TT INTERNATIONAL

2021 Stewardship Report

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Foreword

TT International Asset Management's 2021 Stewardship Report is organised along the principles of the UK Stewardship Code and explains our stewardship philosophy, resources, process, and activities.

TT is dedicated to achieving the best possible risk-adjusted returns for our investors. We believe that responsible investment is essential for maximising returns for our clients and limiting reputational risk. After strengthening our ESG integration in 2020, our key goal in 2021 was to increase our engagement with companies, including through collaborative engagement.

In 2021, we had over 2,750 company meetings and 76 targeted ESG engagements with 53 companies. We voted on 4,378 resolutions at 408 company meetings. The highlights of the year include us joining Climate Action 100+ in October 2021. CA100+ focuses on 166 companies that are critical to the net-zero emissions transition; investors are responsible for driving engagement and developing and implementing company-specific engagement strategies. As a part of this engagement, we liaised with Environmental Defense Fund, a US-based non-profit environmental advocacy group, about methane emissions in the oil and gas industry.

In collaboration with other investors and guided by Association of Institutional Investors (API), we also successfully appointed an independent director at VEON, a Dutch-domiciled telecommunications company.

We started a thematic biodiversity engagement with a subset of the investee companies in our Environmental Solutions Fund using our biodiversity engagement guide. In 2022, we will expand this engagement effort through a letter project to all companies in the strategy which have minimal disclosure on this topic. We also joined the TNFD Forum, a global and multi-disciplinary consultative network of institutional supporters who share the vision and mission of the Taskforce of Nature-related Financial Disclosures.

Our Environmental Solutions strategy reached its first anniversary in May 2021. TT Environmental Solutions Fund seeks to generate strong long-term returns by investing in companies that enable the green transition and protect against ecosystem destruction. In 2021, we also built the framework for scoring companies on their contributions to the UN Sustainable Development Goals, which is the precursor to our plans to launch dedicated ESG strategies in 2022. Our investment team has been integral to the development of our SDG framework, and we expect that we will use this framework in our company engagements as well.

We manage assets for some of the world's most sophisticated institutional investors with long investment horizons. This requires us to understand and correctly interpret the investment implications of ESG issues surrounding our investments, so that we can preserve and enhance our clients' capital. By incorporating the ESG insights we glean from our stewardship activities into our investment decisions, we believe we can generate even stronger risk-adjusted returns for our clients. By serving our investors diligently as a responsible investor, we believe we fulfil our fiduciary duty to our investors such as pension plans, university endowments, and sovereign wealth funds, thus helping them to fulfil their own responsible investment and stewardship obligations.

Eric Mackay

Managing Director, TT International Asset Management

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Our Purpose, Strategy and Culture (Principle 1)

Signatories' purpose, investment beliefs, strategy and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

Firm Overview

TT International Asset Management ("TT") was founded in 1988 to manage assets for a highly regarded global macro strategy. Two years later we began managing long-only equities, using the same basic philosophy of combining informed top-down views with rigorous bottom-up company analysis. Over the ensuing three decades, we continued to harness this philosophy to build a suite of award-winning long-only equity and alternative products.

Our long-only strategies now span Asian, Chinese, Environmental, Global Emerging Markets, International ex-US, and UK equities, while our alternative strategies comprise Equity Long/Short and Global Macro. Having achieved strong risk-adjusted performance and asset growth, particularly in our Emerging Markets strategies, we managed US$11.3bn as of 31 December 2021 for some of the world's most sophisticated institutional investors. Headquartered in London, we also have an investment research office in Hong Kong, an office in New York specialising in marketing and client servicing, and a representative office in Tokyo.

After 27 years of being structured as an unlimited liability partnership, in early 2020 we were acquired by Sumitomo Mitsui Financial Group, a leading Japanese bank. As well as complementing our naturally conservative culture, this partnership provides us with a stable capital base and scope for growth in one of the world's largest institutional markets. Crucially, we retain the investment autonomy, key people, and management and incentive structures that have proven so successful over the past three decades. We also continue to limit the capacity in all our strategies to a level that maximises our chances of delivering strong returns for our clients.

Our purpose is to produce exceptional risk-adjusted returns for our clients. By doing so, we hope to enable people to have a comfortable retirement and generate wealth for countries and their citizens, as well as for university endowments. We aim to reduce risks for our clients – both to their capital and their reputation – by assessing and mitigating the environmental, social, and governance risks associated with our investments. As part of these efforts, we actively engage with our investee companies on ESG issues and try to drive improvements through our engagement and voting activities. We have a market-leading offering for clients seeking pure responsible investment mandates, whilst for other clients simply looking to improve the ESG credentials of their investments, we help to implement their exclusions and objectives on portfolio decarbonisation.

Values

Our ultimate aim is to produce strong risk-adjusted returns and provide exceptional client service. Whilst this aim is not unusual amongst our peers, how we achieve it is, because we will always remain true to our unique values:

Excellence

We continuously strive for excellence in all aspects of our business. Dedicated solely to asset management, we deliberately limit our product range to areas where we possess a genuine competitive advantage and offer only authentically active, concentrated portfolios with 30 to 60 stocks and high active share. Similarly, our focus on a relatively small number of sophisticated institutional investors means that each of our clients receives a bespoke service.

Collaboration

We are proud to be home to a vastly experienced, talented, long serving, and diverse group of professionals. By providing a collegial environment, clear opportunities for career progression, and powerful incentivisation, we can successfully attract, retain, and motivate these people to help our clients achieve their goals. Our culture is a balance of collegiality and individual accountability. Investment cases are discussed thoroughly amongst the entire team to test the robustness of our analysis and ensure that the portfolio benefits from a wide range of perspectives. We regularly review the investment ideas that are most accretive to performance as well as the biggest detractors. Even when reviewing the latter, our culture remains collaborative and supportive. Discussions are constructive and objective, incorporating robust challenge without ‘finger pointing’. Importantly, our collegial approach does not prevent accountability, as ultimate responsibility for a portfolio rests with a Lead Portfolio Manager who oversees activities such as position sizing, risk management, and portfolio construction.

As a firm we encourage diversity in all forms, including nationality, background, and gender. From an investment perspective, we particularly seek cognitive diversity to encourage multi-dimensional thinking on investment ideas. We are an equal opportunities employer, and all recruitment is focused on as wide and diverse a group of suitably qualified people as possible. Our HR team ensures that every staff member is aware of TT’s Equal Opportunities policy. We recognise and value people’s different backgrounds, knowledge, skills, and experiences and use that blend to create a productive, motivated, and effective workforce whilst at the same time enabling people to realise and achieve their potential.

We are a member of CityHive, a network for change within the asset management industry. Some of our staff are enrolled on their “City Stars” programme – a coaching programme aimed at middle manager females within the industry, and we are also participating in their cross-industry mentoring scheme. We are actively working with CityHive to look at further initiatives to improve diversity at TT, including using their job portal, which uses data science to gender neutralise job descriptions (one of our hires was successfully sourced through CityHive). We have partnered with The Talent Keeper Specialists, specifically offering their “Comeback Coaching” programme for women on and returning from maternity leave. We also had a number of our colleagues participating in their mentoring programme, which is open both to female and all ethnic minority staff members.

We were one of the initial participants in the #100blackinterns initiative in 2021 and were delighted to host one intern as part of the scheme for a 6-week internship with our investment team. Our intern continued after his six-week placement to work in other departments on a part-time basis before returning to university. He successfully completed an ESG project where he analysed executive remuneration details for holdings in our Environmental Solutions strategy. Following on from the inaugural scheme, we are also registered for the 10,000 Black Interns initiative so will be taking on at least one intern annually for the next five years.

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Responsibility

Crucially, our culture promotes ‘responsibility’, as we believe that high standards of corporate responsibility not only make good business sense and benefit the wider society, but also have the potential to protect and enhance investment returns. By incorporating differentiated and material ESG analysis into our long-only and long/short equity strategies, we believe we can generate even stronger risk-adjusted returns for our clients and channel capital towards companies with strong ESG practices. We have a market-leading environmental equity strategy specifically designed to invest in companies that are providing solutions to the world’s biggest environmental problems. This fund has a Research Advisory Board comprised of world-renowned experts on environmental regulation, technology, ecology, and green finance, and meets on a quarterly basis to discuss portfolio positioning, sustainability, environmental policy and technology. We leverage their expertise across our investment management activities. One-third of the strategy’s management fee is donated to environmental charities, and we have been lobbying for this to become the norm in the sustainable investment industry. Finally, we are proud to be a certified carbon neutral organisation, having measured and offset our carbon footprint by funding conservation and renewable energy projects in the developing world. In 2021, we went beyond offsetting our carbon footprint in full, and also commissioned tree planting in the UK.

Alignment

Our compensation is based almost exclusively on the performance we generate for clients and most of our investment professionals invest a significant proportion of their liquid assets in our products. In fact, many are the largest individual investors in their own strategies. Clients can rest assured that our interests are aligned. Moreover, we limit capacity in all our strategies, which allows us to remain nimble and maximise our chances of delivering outperformance. Rather than simply being asset gatherers, we pride ourselves on our investment-led culture that focuses on doing what is right for our existing clients.

Investment Philosophy and Process

We believe we can deliver strong risk-adjusted returns for our clients by integrating top-down and bottom-up analysis to identify undervalued growth companies.

- **Top-down/bottom-up integration.** We believe that structural inefficiencies within global equity markets offer attractive opportunities for active managers to exploit. Such inefficiencies are partly the result of insufficient analysis of the interplay between macro factors and individual company outcomes. They also stem from a distinct lack of in-depth analysis by the sell- and buy-side communities, which can result in significant mispricing. Finally, we believe that such inefficiencies are the result of behavioural biases created by the skewed composition of many indices. The indices can be so skewed to some large stocks and large countries that investors adjust their behaviour to focus on this narrower set of opportunities as opposed to the whole index, and disproportionate research capital is allocated to the large capitalisation stocks and countries, and compelling investment opportunities in smaller markets can be overlooked. Our process aims to exploit these inefficiencies in an attempt to consistently add value for our investors. To this end, we:
    - use a combination of top-down and bottom-up research as a means of allocating capital,

- perform detailed bottom-up fundamental analysis on stocks that we own or may consider owning,
- focus on companies with superior growth, strong free cash flow, and solid balance sheets.

Our process begins with our top-down research, which uses an objective framework to compare and contrast macroeconomic drivers, valuations, and earnings growth in all the markets in our investment universe and directs an assessment of where our teams should allocate research resources. The top-down research alone never buys a stock; each investment we make needs to satisfy our bottom-up process in its own right. The ultimate output of the top-down element of our process is to identify countries that are most likely to enjoy outperformance and, crucially, to form a view on the sectors that are most favourably placed to benefit from the macroeconomic and reform tailwinds we have identified. We then allocate our bottom-up research resources to focus on these attractive areas.

Our rigorous bottom-up research is based on our proprietary 'VVC-ESG' approach, where we examine the Valuation case for every investment, Verify our assumptions using a wide range of sources, identify clear Catalysts to realise the outperformance, and make a fully integrated assessment of the ESG considerations.

- **ESG and Stewardship.** We believe that investing in companies with strong and/or improving ESG credentials will help to produce superior risk-adjusted returns for our clients. Consequently, we analyse the ESG risks and indeed opportunities associated with every potential investment. Such analysis enhances our understanding of a company and its ability to deliver sustainable long-term shareholder value. We endeavour to understand material ESG issues that have investment ramifications and incorporate them into our valuation process. Our Head of ESG has remuneration targets reflecting the inclusion of a sustainable risk analysis framework within our investment approach as a firm. Our analysts and portfolio managers in turn have explicit KPIs related to following TT's investment processes, which include the incorporation of ESG risks and opportunities in their investment research. In May 2020, we launched an Environmental Solutions fund to invest in companies with products or services that tackle a particular environmental problem. This fund has a Research Advisory Board comprised of world-renowned experts on environmental regulation, technology, ecology, and green finance. We leverage their expertise across our investment management activities. In 2022 we will launch ESG investment strategies in emerging markets and global small-and-medium capitalisation companies. Company engagement will be a cornerstone for these strategies.

- **Sell discipline.** Our sell discipline is a critical part of the process and an area of competitive advantage. Knowing when to sell is as important as knowing when to buy. Sales are also triggered by the 'VVC-ESG' process. If the price target on our stock has been reached, the investment case has changed, the expected catalyst has failed to materialise, or the company's ESG credentials have deteriorated, then we will return to our original thesis and reassess. If the stock cannot be justified at a revised price target, then it will be sold. Put simply, we do not tolerate any passengers in the portfolio.

- **Risk management.** TT's hedge fund heritage ensures that our risk management capabilities are outstanding and are thus able to play an important role in the investment process. Risk reduction is embedded in the philosophy of our funds, as our teams place significant emphasis on balance sheet strength and robust governance. The teams also focus heavily on valuation as they believe that stocks that trade at a significant premium to their intrinsic value are inherently risky. ESG factors are considered and analysed separately, as we believe these constitute material risk factors that require a different set of analytical tools. The focus on all these risk factors is enhanced by the fact that our portfolio managers have a significant portion of their wealth invested in our funds. This helps to ensure that absolute, as well as relative, risk is considered. As well as measuring overall portfolio risk, we also disaggregate tracking error into its components. To this end, our independent risk team produces detailed daily risk reports, which measure stock-specific risk as well as systematic risk factors including market, region, sector, and style. Using these reports and regular meetings with the Risk and ESG teams, the investment team can ensure that a portfolio's risk budget is deployed in the areas where it is intended.

We hold regular ESG risk meetings on our portfolios with the portfolio managers and TT Risk team. At these meetings, we review the holdings with relatively high governance risks including accounting and audit flags, low external ESG scores, and controversies and ESG news. We also calculate the portfolio's weighted average carbon intensity and analyse the companies that contribute most substantially to this metric, as well as their decarbonisation plans and commitments and compare them to their peers in terms of their carbon intensity.

- **Ideas Factory.** We are proud to be home to a vastly experienced, talented, and diverse group of investment professionals. Our 'Ideas Factory' consists of 23 investment experts whose collective knowledge can be drawn upon for all our strategies. As mentioned earlier, by providing a collegial environment, clear opportunities for career progression, and powerful incentivisation, we can successfully attract, retain, and motivate these people to help clients achieve their goals. Indeed, many members of our investment team are extremely long-serving; our Portfolio Managers have an average tenure of over 12 years at TT. Once an idea has been proposed by an analyst, the investment case will be discussed thoroughly amongst the entire team to test the robustness of the analysis and ensure that a portfolio benefits from a wide range of perspectives. Discussions are constructive, supportive, and objective, incorporating robust challenge without 'finger pointing'. Following these discussions, if a portfolio manager feels that a certain issue has failed to be addressed to their satisfaction, the analyst will be asked to revisit the investment case. Thus, research at TT is an iterative process in which an analyst may have to develop their thesis and refine their forecasts several times until they have satisfied the portfolio manager. We believe this ensures that our research remains high-quality, ultimately allowing us to achieve our overarching goal of delivering strong risk-adjusted returns for clients.

- **Genuine active management.** We offer only authentically active, high-conviction portfolios with high active share and are comfortable taking large positions well away from the benchmark in our long-only products. As an investment manager that takes significant active positions in our portfolios, we aim to engage with the management of all the companies we own on a regular basis, including on ESG issues. The purpose of such engagement is to ensure that management objectives and expectations are closely aligned with the goals of our clients. We also actively vote on all issues on every stock that we own as long as there is no share-blocking. We believe that our active ownership adds value to our investment decisions. Our company engagement and proxy voting records are shared with clients on a quarterly basis.

- **Capacity constrained.** We firmly believe that investment performance suffers from diseconomies of scale if assets under management grow too large. To preserve the integrity of our investment process, we limit the capacity in all our strategies to a level that maximises our chances of delivering strong returns for our clients. Being capacity constrained not only enables us to access many small and mid-cap companies, where structural mispricing opportunities are often more significant, but it also affords us greater flexibility when addressing losers and taking profits in winners. When a stock has performed well and reached its price target, we will re-evaluate the price target to see if there is any further upside, but we are willing to reallocate capital to better opportunities if there is not. Meanwhile, when stocks are not performing in line with expectations, we will revisit the investment case and work out why the stock is not working. When the investment case is intact, we will happily add to our position, but when it is broken, we will again recycle capital into higher conviction positions. In all cases it is extremely important to remain nimble by being capacity constrained.

- **Stakeholder consideration.** Our primary goal is to deliver strong risk-adjusted returns for our clients. In pursuit of this objective, we devote a significant amount of time to analysing how potential investee companies treat external shareholders – ultimately our clients – and the rights they afford them. This is part of the reason that we have a specific focus on free cash flow in our investment process. We find it incredibly useful to frame our discussions with management around the use of excess cash generation. For example, do they have high return-on-invested-capital projects, or would they be willing to return the capital to shareholders? A focus on cash allocation promotes an alignment of interests between management and external shareholders. Another example of our integration of stakeholder analysis would be state-owned enterprises (SOEs), where the interests of external shareholders undoubtedly rank lower than those of the government. For this reason we are less likely to own such companies, as they would need to have a significantly higher hurdle rate to be accepted as a suitable investment and we would require a higher discount rate to compensate for the higher risk. Shareholder rights are also a key consideration in our ESG research; we carefully review companies' track records of treating minorities fairly and their alignment of executive remuneration with shareholders.

  Of course, we are acutely aware that our remit is far wider than simply our duty to clients. We aim to create a positive impact for the companies and countries in which we invest, as well as for the wider society. Consequently, we are a certified carbon neutral organisation, having independently measured and offset our carbon footprint by funding several conservation and renewable energy projects in the developing world. We also engage with our investee companies on issues such as environmental externalities and worker rights. Finally, our Environmental Solutions strategy aims to have a direct positive impact on nature by donating one-third of its revenues to environmental charities. The charities we are supporting are Heal (Rewilding Charity), The University of Western Australia – Oceans Institute, GreenWave, and The Global Returns Project:

  - Heal's primary focus is on rewilding and restoring ecosystems so that nature can take care of itself. Heal also aims to promote conservation, and economic and community development.
  - The University of Western Australia – Oceans Institute addresses challenges facing the world's oceans, including climate change, marine biodiversity loss, and unsustainable human use. It does this through research innovation and education of future ocean leaders.

- GreenWave works to replicate the regenerative ocean farming model in coastal communities throughout North America to create a blue green economy—built and led by ocean farmers—that ensures we all make a living on a living planet.
- The Global Returns Project aims to channel private investor capital – a significant but largely untapped source of funding – into a selection of the most effective not-for-profit organisations tackling the climate and nature crisis.

We selected these charities because of their alignment with our strategy, and because our support can make a difference for their mission. Heal's, GreenWave, and The University of Western Australia – Oceans Institute address biodiversity on land and in the oceans through active programmes as well as academic research. We have interviewed a number of environmental charities and required them to fill a due diligence questionnaire in our selection process.

The crucial importance of active ownership and stewardship to our investment strategies

TT has always placed great importance on engaging with companies and ensuring that their senior management's expectations remain aligned with our own. As a result, engagement has always been integral to the firm's investment processes, and we regularly meet with executive and non-executive directors of companies in which we invest. We engage on strategic and financial matters, as well as on environmental, social and governance (ESG) issues.

We believe that high standards of corporate responsibility and responsible business conduct make good business sense and have the potential to protect and enhance investment returns for our clients. By incorporating differentiated and material ESG insights into our analysis, we believe we can generate stronger risk-adjusted returns for our investors. We also believe that responsible investment limits reputational risk for us and our clients.

We integrate ESG considerations into all our long-only products, and our long/short equity strategies also consider these factors from a financial materiality perspective. We screen our investments on environmental and social factors and analyse corporate controversies and violations of the United Nations Global Compact principles. We measure the carbon intensities of our portfolios and engage with the companies that have sizeable emissions and insufficient disclosure or decarbonisation plans. We exclude from our investment universe companies involved in the manufacturing, supply/distribution, stockpiling, and maintenance of cluster munitions, anti-personnel mines, chemical weapons, and biological weapons. Where companies do not commit to mitigating their adverse environmental or social impacts, we can factor this into our investment decisions as a part of our fiduciary duty and to avoid reputational and financial risks.

By serving our investors diligently as explained above, we believe we fulfil our fiduciary duty to our investors such as pension plans, university endowments, and sovereign wealth funds, thus helping them to fulfil their own responsible investment obligations.

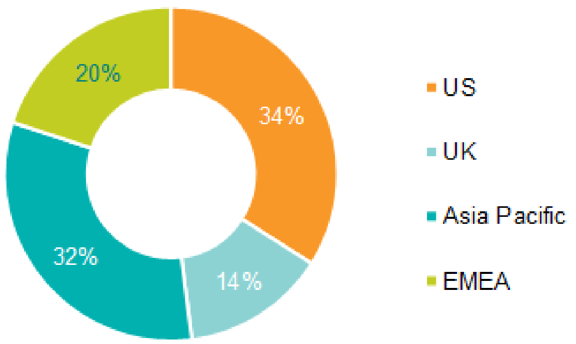
Our Clients (Principle 6, Principle 3)

Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

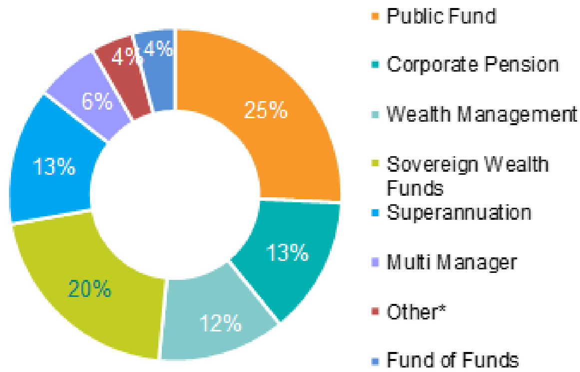
Clients

As of 31 December 2021, we managed US$11.3 billion for many of the world's most sophisticated institutional clients, including leading global pension funds, sovereign wealth funds, endowments and foundations, and family offices. Our clients are diverse by both type and geography, as can be seen below.

Split by Client Domicile



Split by Client Type



We are committed to providing exceptional client service and have built a highly experienced specialist team of five people to help achieve this. The following information is provided to investors:

- 'Flash' monthly performance email (third business day following month end)
- Detailed monthly/quarterly performance reports (tenth business day following month end)
- Regular thought leadership pieces covering topical issues and investment themes. Topics we visited in 2021 included:
  - "COP15 Part 1, COP26 and the Role of Biodiversity in Financial Markets": We published a written form of a webinar we hosted on the key takeaways on biodiversity from the COP15 and COP26 conferences.
  - "China's new regulatory regime – an on the ground perspective on the risks and opportunities" – We published a written form of a webinar discussion between China Portfolio Manager Marco Li and Dr Ma Jun, former Chief Economist of the PBOC.
  - "Impact investing 2.0: revenue sharing with charities to directly improve the environment": Our Environmental Solutions Co-PM Harry Thomas argued for Impact Investing 2.0, where sustainable

funds give one-third of their management fees to carefully selected environmental charities, as the TT Environmental Solutions strategy does.
    - "2020 – The year that ESG went mainstream": With ESG becoming an ever-greater focus for investors, TT's Head of ESG Basak Yeltekin provided our analysis of an extraordinary year due to the emergence of COVID, and how we practiced ESG integration at a time of growing ESG risks due to increasing physical climate change risks and higher health and safety risks.
- Quarterly company engagement and proxy voting data
- Annual ESG report for each strategy

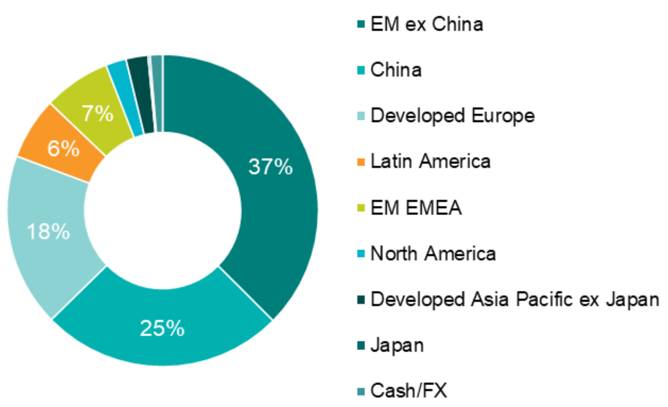
We take great pride in the timeliness, scope, and accuracy of our client reporting. We have made a conscious effort to ensure that our reporting is relevant and useful to our clients, incorporating their feedback and bespoke requests wherever possible. We frequently receive positive feedback on our investment reporting.

In addition to these reports, we hold regular meetings with our clients – either virtually or face-to-face – to allow them to develop a deeper understanding of key performance drivers and positioning. These meetings usually feature a member of the investment team.

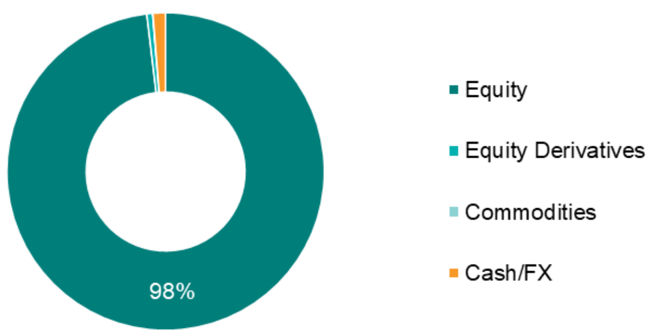
We produce an annual ESG update for each of our long-only strategies; 89 percent of our assets were in long-only strategies at the end of 2021. This update covers our ESG activities for the year, selected engagements and outcomes, and any relevant outcomes, carbon metrics and comments on the top contributors to portfolio carbon intensity, voting statistics, and selected vote rationales. We plan on producing these updates for our long/short equity strategies from 2022 reporting year.

76 percent of our assets under management were invested in emerging markets as of end-2021, with the individual regions outlined below. Emerging Asia ex-China was the largest region at 37 percent of our assets under management. China accounted for 25 percent of our assets, whilst Latin America and Emerging Europe, the Middle East and Africa (EMEA) were 13 percent respectively. Virtually all our assets are invested in equities and equity derivatives.

Split by Asset Region



Split by Asset Class



Communication of our activities and outcomes

We manage assets for some of the world's most sophisticated institutional investors with long investment horizons. This requires us to understand and correctly interpret the investment implications of ESG issues surrounding our investments, so that we can preserve and enhance our clients' capital.

We are a signatory to the UN PRI and file an annual transparency report with the UN PRI where we summarise our ESG policies, practices, and activities. For our 2021 submission, we received five stars (out of a maximum of five) for our listed equity ESG incorporation and four stars for investment and stewardship policy, listed equity voting, long/short hedge fund ESG incorporation and long/short hedge fund voting. Our UK Stewardship Report was an important improvement in our communication to our clients, including those overseas, who use it to review our active ownership philosophy, resources, and activities.

We also provide ad-hoc and periodic written reports and assessments to our clients based on their needs and regulatory requirements. Our clients routinely request calls on our ESG integration and specific ESG topics or issues surrounding our investee companies. In jurisdictions where our clients have reporting requirements such as for the Modern Slavery Act of 2018 in Australia, they request detailed human rights assessments on relevant portfolios and comments on our due diligence on forced labour. We also provide portfolio carbon footprint and company specific ESG assessments to our investors as requested.

Our client services team is responsible for completing questionnaires from our clients, prospects, and their consultants. In 2021, the team completed 107 such questionnaires, liaising with various other teams around the business, including our ESG team. The vast majority of these questionnaires included sections on ESG and diversity, and the team noted a material increase in client interest in these areas. In response to this, we increased our ESG resources, adding another member to the ESG team.

Putting our Clients and Beneficiaries First

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

TT is a limited company wholly owned by the Sumitomo Mitsui Financial Group. As such, the ownership of the business has the potential to create conflicts of interest regarding the stewardship of our clients' assets, but policies and procedures are in place to identify and manage any such conflicts at the earliest opportunity. We are also aware that conflicts of interest may arise from many other sources, such as private interests of our staff, managing pension fund assets belonging to listed companies, or voting affiliated with companies that we may have other business arrangements with.

Compliance identifies, maintains, and regularly reviews a record of the types of activities undertaken by or on behalf of TT in which a conflict of interest arises to assess whether our controls effectively meet regulatory requirements and expectations. Systems and controls are also put in place to prevent and manage all conflicts of interest. Furthermore, all employees of TT are under a duty to report to Compliance any potential conflict of interest of which they become aware regarding voting proxies for client accounts. Upon any such report being made, Compliance will determine how the conflict or potential conflict of interest is to be resolved. Our primary goal is to always act in the best interest of our clients.

Compliance will consider all potential conflicts of interest relating to proxy voting brought to its attention and will determine whether there is a material conflict of interest. A conflict of interest will be considered material if Compliance determines that it has the potential to influence TT's decision-making in its proxy voting.

Where Compliance determines that a material conflict of interest does exist, either as determined by Compliance (i) the proxy shall be voted subordinating the interest of TT to that of the client, or (ii) the material conflict shall be disclosed to the client together with TT's recommendation for voting the proxy, and the client's consent shall be sought on whether the proxy may be voted as recommended by TT. Whilst this has not happened to date, if our clients feel strongly about an upcoming vote or feel there may a be a conflict of interest, they can also contact us, and we can vote their shares accordingly.

For our clients which are affiliated with a publicly traded company (such as the pension plan for that company), we eliminate conflicts of interest by not investing in that company's shares. Such investment restrictions are automated. For both pre- and post-trade compliance, TT uses an automated order management and trading platform called Longview, supplied by software firm, Linedata Services, that has a compliance module built into it enabling checks on such restrictions. We also use this system for coding firm-wide investment restrictions and exclusions such as on controversial weapons.

TT's Compliance and Legal departments are responsible for translating the investment guidelines into TT's internal client restriction matrix. This is passed over to Middle Office to code into TT's compliance and trading system, Longview. The guidelines, restrictions, and manual checks are then explained to the respective departments (Portfolio Administration, Risk, and Treasury). The portfolio managers receive a copy of investment guidelines and are aware of the restrictions on specific accounts. The portfolio managers are in frequent dialogue with the Compliance team regarding these guidelines.

At the pre-trade level, if the system deems a trade to be in breach of these fund restrictions or guidelines, it will automatically hold it back from the Traders and alert Portfolio Administration, who will analyse accordingly and consult with Compliance as necessary.

Should a breach occur, details are escalated immediately to the Chief Compliance Officer so that any remedial action can be taken and recorded in TT's breaches register. On a monthly basis, Compliance will produce a report of such incidents to TT's Post Mortem Committee ("PMC"). The PMC comprises senior executives of the firm who review all errors to determine what, if any, mitigating actions should take place to prevent such errors reoccurring, to ensure that the appropriate actions were followed, and that all parties were treated fairly. The financial impact of incidents will be considered by the committee. Where a client has benefited as a result of the error, the client will retain that gain. However, if a client has been adversely impacted, the client will be compensated. TT maintains comprehensive insurance cover to address any errors or omissions. Clients are informed of breaches.

TT has a Conflicts of Interest committee which meets on a quarterly basis to discuss existing conflicts as well as any new conflicts that have arisen, with a written report prepared and presented to the Management Committee. In the event that TT's internal conflict management procedures are not sufficient to ensure, with reasonable confidence, that a conflict of interest will be avoided, TT would make a comprehensive disclosure detailing the exact nature and sources of the conflict to the client. This is to enable the client to make an informed decision of the conflict. A copy of TT's Conflicts of Interest Policy is available on request.

During 2021, we closely monitored potential and actual conflicts of interest on both a periodic and ad hoc basis through our quarterly Conflicts of Interest Committee and by ensuring all staff understood their obligation to disclose potential and actual conflicts of interest as soon as they become of aware of their existence. Specific examples of conflicts of interest we have managed this year are described below:

- We identified instances of staff relationships with external parties in the same industry, some of whom were counterparties of TT. These were identified as a consequence of staff members bringing the relationships to the attention of TT's Compliance team, indicating that training provided to staff on conflicts of interests has been effective. To manage these conflicts, applicable staff were advised that directing client capital to counterparties with whom they have a relationship is permissible only if it is in the best interests of the client to do so and is done so in compliance with TT's Best Execution policy. Furthermore, controls were incorporated into TT's Compliance Monitoring Programme to specifically monitor these conflicts.

- As a result of being acquired by SMFG, TT carried out an assessment of entities within the SMFG Group and affiliates of those entities in 2021, to identify any new potential conflicts of interest. It was identified that some of these entities operate in the same industry, and therefore there is a risk that TT favours these entities and affiliates in receiving brokerage or other services despite not being in the best interests of our clients. To mitigate this conflict of interest, a Compliance Monitoring Programme control was incorporated to monitor TT's engagement with relevant counterparties, ensuring that a bona fide business reason exists when these counterparties are engaged. Best execution for clients is always the paramount objective.

TT's Governance, Resources, Incentives for Stewardship (Principle 2)

Signatories' governance, resources, and incentives support stewardship.

Governance of TT's stewardship activities

TT has an ESG Committee, which is composed of individuals from different areas of the business – Investments, Risk, Operations, and Compliance – who meet on a monthly basis to keep the business and our management updated on ESG developments and ensure all ESG issues are being considered and all our obligations are consistently met. The ESG Committee reports to the TT Management Committee. In October 2021, we reported to TT's board of directors on ESG, which was an important step in improving the governance of our stewardship activities.

TT Management Committee

TT ESG Committee

Basak Yeltekin *Head of ESG*	**Harry Thomas** *Portfolio Manager*	**Chris Stoate** *Head of Risk*
Rob Murray *Head of Voting*	**Peter Fox** *Chief Compliance Officer*	**Katie Queening** *Senior Compliance Officer*

Resources for TT's stewardship activities

ESG analysis is integrated into the investment process at TT. We have a dedicated Head of ESG, Basak Yeltekin, who is a part of the investment team and reports to Niall Paul, Head of International and Emerging Markets Equities and member of the TT Management Committee. The Head of ESG develops the framework and process to integrate ESG across our products and proactively works with our fund managers and analysts on ESG analysis and company engagement. Before joining TT in 2020, Basak spent six years at Norges Bank Investment Management, the Norwegian sovereign wealth fund, where she collaborated closely with the Investment teams and senior management to integrate ESG into the investment process. Prior to Norges, she was a portfolio manager at Harvard University's endowment fund, investing in emerging markets in a long/short equity strategy. Basak is supported by an ESG Analyst who joined the team in 2021.

ESG integration is primarily carried out by TT's investment analysts; however, our portfolio managers also actively review and analyse ESG issues and themes when making investment decisions. Such analysis enhances our understanding of sectors, companies, and their ability to deliver sustainable, long-term shareholder value. Our Head of ESG trains our analysts and portfolio managers on ESG data sources, as well as how to incorporate these factors as we make and review our investments on an ongoing basis. She also informs them about regulatory changes and market developments, including ESG flows and exclusion trends. Finally, she can provide further analysis when we identify significant ESG risks.

We subscribe to MSCI ESG research and RepRisk, a news controversy screening service. We also receive ESG data and news alerts from Bloomberg as well as thematic research from Bloomberg New Energy Finance, which helps us with our research into environmental topics. We use Institutional Shareholder Services (ISS) for our proxy voting requirements. We subscribe to ISS and Glass Lewis proxy research which helps us better understand company governance, including management remuneration and capital allocation decisions. We use ISS norms-based research and subscribe to ISS-Ethix research on controversial weapons. We subscribe to Eurasia Group research on geopolitical risk and policy and regulatory

ESG SOURCES	
ESG research and data providers	• MSCI ESG • RepRisk • Bloomberg and BNEF • ISS – Norms-based research • Eurasia Group • Equity research
Proxy voting analysis	• ISS • Glass Lewis
Business involvement screening	• ISS-Ethix

research. We use equity research to deepen our analysis on company and sector specific ESG issues. Finally, we also review NGO research on sectors, companies, and their supply chains. We believe that NGOs do invaluable work to shed light on companies' impacts on the society and through their supply chains.

In May 2020, we launched our Environmental Solutions strategy to invest in companies with products or services that tackle a particular environmental problem. This fund has a Research Advisory Board comprised of world-class experts on regulation, technology, ecology, and green finance. We leverage their expertise across our investment management activities, and their backgrounds are detailed below.

	Policy	Technology	Ecology	Green Finance
				
	Dr Ma Jun	James L. Brown	Dr Joseph Bull	Karen McClellan
Experience	• Special advisor to the Governor of the People's Bank of China (PBOC) • Co-chair of the G20's Green Finance Study Group	• Renewable energy expert • Currently responsible for building a European and North American offshore wind project pipeline	• Quantitative conservation scientist with an academic background in ecology and physics. • A university lecturer and consultant	• Advisor, board member and investor in clean tech companies and emerging market clean energy projects • Background in senior banking positions

The topics we discussed with the Research Advisory Board in 2021 included China's 2060 net zero pledge and 2021's 5-year plan, Vestas' positioning in the offshore wind market, likely evolution of floating offshore wind technology and discussion of turbine economics, biomass for Bioenergy with carbon capture and storage (BECCS), biodiversity impact of bioplastics, dietary impact on land use, decentralised application of hydrogen fuel technology, and the environmental agenda of the Biden administration in the U.S.

TT's incentivisation of the workforce to integrate stewardship and investment decision-making

TT's Head of ESG, who is a member of the investment team, has remuneration targets reflecting the inclusion of a sustainable risk analysis framework within our investment approach as a firm. Our analysts and portfolio managers in turn have explicit key performance indicators related to following TT's investment processes, which include the incorporation of ESG risks in their investment research. Adhering to TT's investment processes and procedures is a pre-requisite for all employees and is assessed at the semi-annual review process ahead of the more quantitative assessment of investment performance contributions to our clients' portfolios. We believe that robust ESG analysis helps us evaluate investment opportunities better, identify investments that can capitalise on relevant ESG themes, and avoid companies with hidden liabilities.

Assessing Our Policies and Processes (Principle 5)

Signatories review their policies, assure their processes, and assess the effectiveness of their activities.

TT's policies are reviewed on at least an annual basis unless there are any regulatory or other developments that would require an ad hoc update to existing policies.

In December 2021, we reviewed and updated our ESG Policy, elaborating further on our active ownership priorities and refreshing the ESG factors that we consider to be most material to our investments and strategies. In our 2021 review of our ESG policy, we added net zero commitments, biodiversity risks, board oversight on sustainability and cybersecurity and data protection to the ESG factors that we consider.

TT monitors for compliance with its regulatory obligations and effectiveness of existing processes via its quarterly Compliance Monitoring Programme. This is a comprehensive monitoring programme comprising a schedule of pre-defined tests and on-going reviews designed to assess whether the business, operational controls and procedures meet relevant domestic and international standards. The efficacy of TT's policies and procedures is evaluated via this comprehensive programme, as well as internal and external audits. Results are reviewed on a continual basis and escalated to senior management at least on a quarterly basis. In 2021, our ESG activities were included in the scope of our internal audit where we shared our internal ESG screens and governance model and model documentation, as well as our ESG risk reviews for long-only and hedge fund strategies, and ESG related recommendations and investment decisions that document performance vs relevant country index.

Finally, our senior management reviews and signs off on our policies and submissions such as our annual UN PRI report as well as our Stewardship Report. These submissions are also always reviewed by our Compliance team.

Our Identification of and Response to Systemic Risks (Principle 4)

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

We identified climate change and biodiversity loss as market-wide and systemic risks that we seek to factor into our risk management and investment strategies. We consider these issues as market-wide and systemic because these risks can result in the degradation of life on earth and can also cause geopolitical strife and pandemics. Pandemics can arguably be linked to biodiversity loss. As biodiversity declines due to deforestation and urbanisation, the risk of pandemics such as COVID-19 increases. As some species go extinct, those that tend to survive and thrive are more likely to host potentially dangerous pathogens that can make the jump to humans[1].

Climate change

Countries around the world have responded to COVID-19 with substantial stimulus plans, in many cases including ambitious climate and environmental objectives. In 2020, US$1.7 trillion was earmarked for green stimulus, with the European Union leading the way, both in terms of ambition and regulation. The Democratic administration in the United States will also look to contribute to the global green stimulus. Meanwhile Asia's largest economies – China, Japan, India, and Korea – all committed to net-zero emissions, albeit not all by 2050. This will require a substantial increase in renewable energy generation – renewables still supply only a quarter of the world's electricity – as well as investments in technologies to decarbonise heavy industry. Following the 7 percent fall in global CO2 emissions in 2020 due to widespread economic lockdowns, we saw global emissions rise by 6 percent or 2 billion tonnes in 2021[2].

Our targeted climate change engagements in 2021 involved 16 companies across 24 separate engagements. These companies accounted for 393 million tonnes of emissions and had a combined market capitalisation of USD 436 billion as of end-2021, ranging from USD 0.7 billion to USD 108 billion. The emerging markets companies that we engaged with accounted for 3.7 percent of the total emissions of the MSCI EM constituents, and the developed markets companies that we engaged with accounted for 3.3 percent of the emissions of MSCI All Country World Index. One single company, Gazprom, accounted for 222 million tonnes of scope 1 and 2 emissions, and we therefore engaged with the company both bilaterally, as well as through Climate Action 100+. We will discuss this engagement in greater detail under our Collaborative Engagements.

Some of the topics we discussed with our investee companies were as follows:

- With Renewi, a UK-headquartered waste management company with majority operations in the Netherlands and Belgium, we discussed the company's decarbonisation initiatives, especially focusing on the truck emissions and the economics of using zero emission vehicles, as well as EU regulation and the expected impact on incinerators, which would be a positive for Renewi.
- With SK Materials, a Korean industrial gases company, we enquired about the potential of F2 gas to replace NF3 due to NF3's substantial climate warming potential.
- With Jet2, a UK-based travel and leisure business, we raised the implications of EU climate regulation on the company and the sector, including the impact from fuel taxes.
- With OCI, a Dutch-domiciled global producer and distributor of nitrogen products, we discussed the company's green and blue hydrogen initiatives.
- We asked Karoon, an Australian oil and gas exploration company with Brazilian assets, about the company's action points for emissions reduction such as the contemplated gas well inversion project, as well as the company's carbon offset strategy and internal carbon pricing.

[1] Tollerson, Jeff "Why deforestation and extinctions make pandemics more likely". *Nature*. https://www.nature.com/articles/d41586-020-02341-1.
[2] https://www.iea.org/news/global-co2-emissions-rebounded-to-their-highest-level-in-history-in-2021

- We discussed the methane emissions from Glencore's Australian mines with the company. We also enquired about the disclosure of methane emissions and measures taken to manage potentially dangerous methane explosions.

In 2021, we subscribed to the MSCI Climate Value-at-Risk data and research modules and started using this in our analyses. We internally discussed the climate scenarios that are utilised by MSCI and debated which ones are most aligned with our perspectives on renewables penetration. We created an internal real-time carbon measurement tool which calculates the weighted average carbon intensity of our long-only strategies vis-à-vis their benchmark.

TT also seeks to make an impact in relation to our organisation's carbon footprint. As such, we have had our market-based carbon footprint independently calculated and assessed by an external body – Carbon Footprint Ltd – and have chosen to offset it.

We have chosen to fund three projects in Brazil, Bulgaria and India that also fulfil many of the United Nations' Sustainable Development Goals:

- Protecting the Amazon through the Amazon/Pacajai REDD+ Project has positive implications for biodiversity and indigenous people. This project is aligned with SDG 8 (Decent Work and Economic Growth), SDG 13 (Climate Action), and SDG 15 (Life on Land). The VERRA Standard REDD project protects the Amazon and is an "emissions reduction offset" by avoiding deforestation.
- The Kubratovo wastewater treatment plant in Bulgaria is an award-winning and innovative plant operated by Veolia. The main purpose of the project is to transform the existing low tech sludge treatment process at Kubratovo that existed before implementation of the project into a modern advanced treatment process matching the best sludge treatment practice available in Western Europe. This transformation has a major effect on the environment through dramatically reducing the existing methane gas emissions (80 times more warming potential vs CO_2) at the plant while also reducing the volume of sludge (to as much as 50 percent) that needs to be transported. This Gold Standard project is aligned with SDG 6 (Clean Water and Sanitation), SDG 11 (Sustainable Cities and Communities), and SDG 13 (Climate Action).
- The Indian solar project (480 MW capacity with expected annual avoided emissions of approximately 850,000 tonnes of CO_2e) is a grid-connected, relatively large-scale project aimed to avoid emissions. The India solar project reduces the dependency on fossils fuel which are predominantly used for electricity generation in India and helps reduction of climate change impacts and is an "avoided emissions offset." This VERRA Standard project is aligned with SDG 7 (Affordable and Clean Energy), SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation, and Infrastructure), and SDG 13 (Climate Action).

In addition, as an additional benefit to nature, we went beyond carbon offsetting and commissioned tree planting in Peterborough, which is one of the most biodiversity depleted and largest agricultural areas in England. Tree-planting is a "GHG removal offset" which physically removes emissions from the atmosphere.

Biodiversity loss

Biodiversity is the total variety of life on earth. WWF's Living Planet Report estimates that the planet's wildlife populations have declined by 68 percent since 1970 not including extinctions. Live coral reefs have nearly halved in the past 150 years, while a third of fish stocks are over-exploited, and more than 85 percent of the area of wetlands has been lost. As the Dasgupta Review on the Economics of Biodiversity asserts, “our economies, livelihoods and well-being all depend on our most precious asset: Nature.”

Biodiversity is commonly said to underpin the world economy. Biodiversity loss threatens the health of ecosystems that provide services to the economy such as animal pollination of food crops, natural water treatment, and fertile soil. Biodiversity loss also accelerates climate change. Deforestation alone is responsible for just over 10 percent of global greenhouse gas emissions. Healthy ecosystems absorb large amounts of carbon, mitigating the climate-changing effects of greenhouse gases. Furthermore, human disturbance of ecosystems and biodiversity loss are increasingly linked to the occurrence and spread of zoonotic diseases according to the World Health Organization.

The aforementioned Dasgupta report also pointed out that “far more global support was needed for initiatives directed at enhancing the understanding and awareness among financial institutions of Nature-related financial risks, learning and building on the advances on climate-related financial risks.” Therefore, in 2021, we endorsed the Taskforce on Nature-related Financial Disclosures (TNFD) and joined the TNFD forum, a consultative group of institutional supporters that will make available global, cross-sector expertise to support the work of the TNFD. As a global asset manager with the vast majority of our investments in emerging markets, we consider biodiversity loss to be a systemic risk and one that can exert a disproportionate impact on people and businesses in the countries we invest in. We believe that responsible investors have a vital role to play in helping to mitigate the biodiversity crisis by channelling capital towards companies protecting against ecosystem destruction and engaging with companies on their impacts on nature. We believe TNFD can provide an invaluable framework for companies to report on biodiversity and investors to identify these risks and opportunities.

In 2020 we had compiled a biodiversity engagement guide for our investment team including sector-specific questions and metrics for companies facing heightened biodiversity risk. These sectors are forestry, agriculture, fisheries, and aquaculture, solar and wind technology & project developers, waste management and recycling, water, engineering & construction services, metals & mining, electric vehicles and batteries, oil & gas (exploration and production and midstream). Dr Joseph Bull, a conservation scientist who serves on our Research Advisory Board, also gave his feedback on this engagement guide. We used this guide for our engagements with companies on biodiversity. We had six such engagements in 2021.

Some of the biodiversity topics we discussed with our investee companies were as follows:

- We discussed Chalice Mining’s activities in the state forest with the company and the monitoring of species.
- With Accyss we discussed the implications of the company’s Accoya and Tricoya acetylated wood products on biodiversity; we also discussed transport emissions with the company.
- We engaged with KWS SAAT, a German agricultural seed company, on the biodiversity impacts of their products and the impact of climate change on major crops.
- We reached out to two companies – XPENG and Hansol Chemical – operating in the electric vehicle and battery supply chain questions about biodiversity considerations for battery metals procurement and biodiversity reporting.

In 2022, we will widen our biodiversity engagements through a letter project which aims to raise awareness on biodiversity disclosure and its incorporation into strategy and risk management.

TT's investment strategy in response to identified systemic risks

In May 2020, we launched the TT Environmental Solutions Fund, where *all* investments must produce products or services that tackle an environmental problem, with 80 percent of the capital invested in companies that derive the majority of their revenues or operating profit from environmental solutions. This strategy has three key objectives:

- generate strong long-term returns by investing in the leading global structural growth theme,
- drive capital to companies delivering the green transition and protecting against ecosystem destruction,
- directly benefit the environment by directing 33 percent of all management fees to a select number of environmental charities. As discussed before, the charities we selected are Heal (Rewilding Charity), The University of Western Australia – Oceans Institute, GreenWave, and The Global Returns Project. These charities address biodiversity and climate change in their programmes and activities.

We also look to leverage our expertise in environmental investing to include such opportunities in our other strategies as appropriate. We believe that this thematic is the biggest structural growth opportunity of a generation where we can find investment opportunities across global markets.

ESG Integration (Principle 7)

Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

ESG analysis is integrated into the investment process at TT and is formalised into our investment case template. ESG integration is primarily carried out by TT's investment analysts, but our portfolio managers also actively analyse potential ESG factors when making investment decisions. The ESG team supports the investment analysts with additional research and data as required. The final investment decisions lie with the portfolio managers; however, the Head of ESG helps to frame ESG issues in terms of financial materiality, potential impact, and timeframe in which they are likely to become relevant. We hold monthly ESG risk reviews of the long-only portfolios and bi-monthly ESG risk reviews with the Long/Short portfolios with the portfolio managers, the Head of ESG, and the Head of Risk. We monitor ESG controversies on a daily and indeed real-time basis and highlight financially material and reputational issues to our investment team.

We endeavour to understand material ESG issues that have investment ramifications and incorporate them into our valuation process. ESG performance can provide a proxy for the quality of management and as such can be integrated into stock valuation. Salient examples of ESG issues that have financial relevance include corporate governance failures, carbon intensity and changing regulations, environmental liabilities, severe labour controversies, product liabilities, and corruption, conduct problems, and fraud. Our analysis of ESG risks and opportunities are incorporated into our investment decisions. On the opportunities side, we also actively screen for companies that provide solutions to the world's most pressing environmental problems.

TT’s approach to integrating ESG factors into our investment analysis includes the following activities:

- **In-depth research, including our proprietary ESG company screen, SDG screen, and ESG checklist**
  We maintain an ESG screen for our portfolios, as well as a single company view that helps the investment team easily see how a company ranks versus the portfolio benchmark, its sector, and its home market, as well as identifying the most significant ESG controversies and governance risks. We developed in-house models to measure our portfolio carbon footprint and corporate governance risks. We monitor significant ESG controversies, as well as ESG ratings changes on our portfolios on a real-time basis. In 2021, we worked on a framework to quantify companies’ alignment with the UN Sustainable Development Goals. Our proprietary scoring framework specifically quantifies companies’ contribution to the following goals through their operations: No Poverty (SDG 1), Good Health & Well-being (SDG 3), Quality Education (SDG 4), Gender Equality (SDG 5), Industry, Innovation and Infrastructure (SDG 9), Reduced Inequalities (SDG 10), Responsible Consumption and Production (SDG 8), Climate Action (SDG 13), and Peace, Justice and Strong Institutions (SDG 16). We selected these SDGs because we believe that they are most closely aligned with sustainable growth. We will be using our SDG framework in addition to our ESG company screen in our engagements with our investee companies.

- **Active ownership (Company engagement and voting)**
  We engage with existing and potential investments to enhance shareholder value. TT also strives to vote on all issues on every equity investment as long as there is no share-blocking. The information we get from our voting activities is an important tool in our understanding of companies and their alignment with minority shareholders.

- **Collaboration within the investment industry**
  TT collaborates within the investment industry where we have greater likelihood of achieving meaningful change as a part of a larger group of investors.

Identification of ESG factors that have investment implications

Examples of financially material ESG factors that our investment teams may consider as part of their company and industry analysis include:

- Changes to regulation (e.g. carbon taxes)
- Physical climate risk (e.g. extreme weather, flooding, drought) and transition climate risk (e.g. decarbonisation strategy and degree of alignment with the Paris Agreement, net zero commitments)
- Product evolution (e.g. energy-efficient products, EV batteries, nutritional health)
- Cost and balance sheet implications (e.g. product recalls, environmental liabilities)
- Brand and reputational issues (e.g. poor health and safety record, weak labour practices, cybersecurity and data protection)
- Supply chain management (e.g. labour relations, human rights)
- Access to raw materials (e.g. biodiversity risks, conflict minerals)

- Shareholder rights (e.g. director elections, mergers & acquisitions, capital amendments)
- Corporate governance (e.g. board structure, executive remuneration, bribery and corruption risks, and board oversight on sustainability)

Company Engagements and Targeted ESG Engagements (Principle 9)

Signatories engage with issuers to maintain or enhance the value of assets.

Engagement is a cornerstone of our stewardship activities. We primarily engage with companies through meetings with management. In 2021, we had over 2,750 company meetings. Members of the investment team regularly have one-on-one meetings with senior management or investor relations of companies across our various investment universes. The purpose of such engagement is manifold, including to:

- Understand the competitive environment in which a company operates
- Assess the alignment of management goals and strategy with those of minority shareholders
- Understand key drivers of growth
- Understand a company's risks and vulnerabilities

Company Engagements 1/1/21-31/12/21

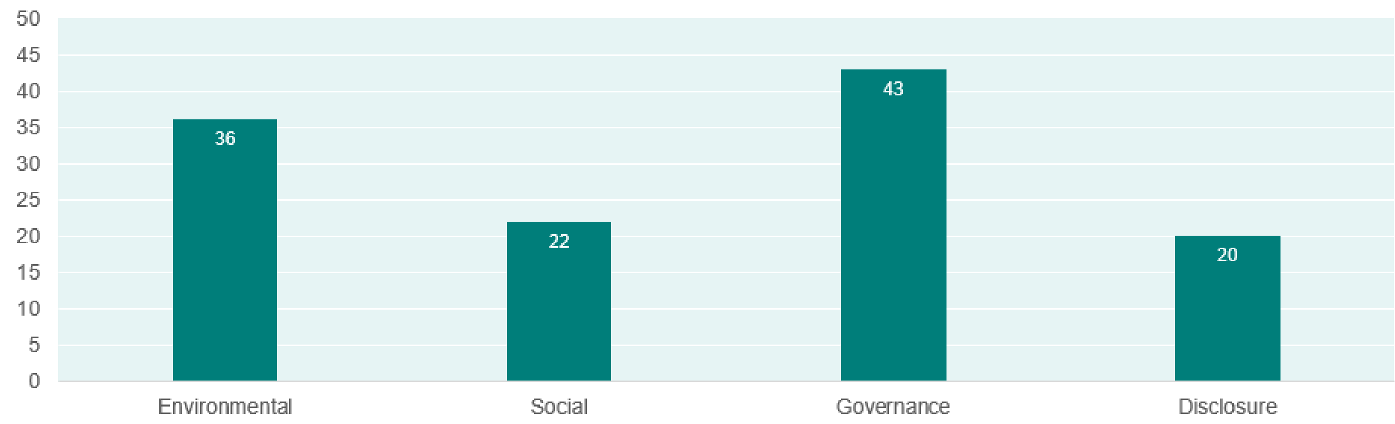
Region	Company Engagements
Asia ex Japan	406
China	979
Emerging Markets Ex Asia	279
Europe (inc UK)	1,052
Japan	23
North America	50
Total	2,789

We prioritise our stewardship activities on the basis of heightened financial and reputational risk and the size of our investments, including where we are amongst the largest investors in a company. We also engage with our investee companies to help them improve their ESG disclosure and market perception. We meet with the chair or other board members and, on occasion, write letters to companies to raise our concerns. Our analysts work with the Head of ESG on these targeted ESG engagements.

We track our targeted ESG engagements internally including the outcomes. We had 76 targeted ESG engagements in 2021 across 53 companies. Some of our engagements focus on a single topic, whilst others cover a multitude of ESG issues. It is important to stress that we raise ESG issues during our company engagements more widely; however, the targeted engagements are those where there is a more significant ESG risk facing the company and where we need to understand the company's handling of this risk.

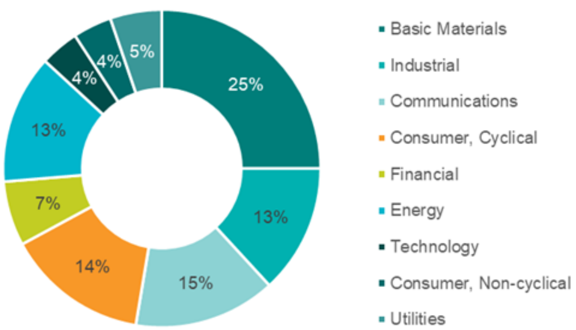
In 2021, 47 percent of our engagements covered an environmental topic, whilst 29 percent discussed a social issue and 57 percent raised a governance theme. Disclosure was also an important topic with 26 percent of engagements touching upon it, we continue to work constructively with our investee companies to improve their disclosure. We believe our companies and the market as a whole benefit from improved non-financial disclosure as investors and market participants pay ever increasing attention to this area.

Targeted engagements by theme

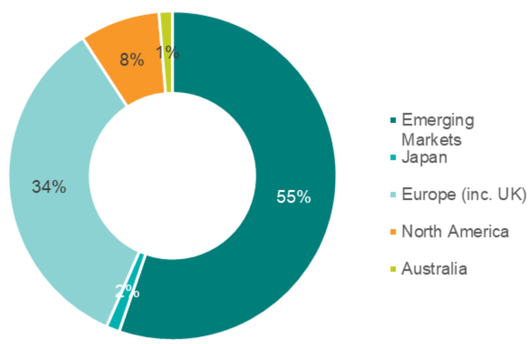


Our thematic engagements are prioritised according to our broader assessment of ESG risks. We determined the “high priority” ESG areas for 2021 as physical and transition climate risk, biodiversity, and human rights risks in supply chains. As of December 2021, more than 70 countries had set net-zero targets, including the European Union (2050), the US (2050), Brazil (2050), China (2060) or India (2070). These countries represent more than 70 percent of global carbon dioxide emissions. Reaching net zero will require a substantial increase in renewable energy generation – renewables still supply only a quarter of the world’s electricity – as well as investments in technologies to decarbonise heavy industry. Notwithstanding the 7 percent fall in global CO2 emissions in 2020 due to widespread economic lockdowns, we continued to see physical climate risks materialise at an accelerating pace – from one of the most dangerous wildfire seasons in the western United States to the Arctic experiencing record high temperatures. In 2021, with post-COVID reopening, we saw global emissions rise by 6 percent or 2 billion tonnes. Today, we see substantial disruption in the global commodity markets and observe that in the near term, energy security concerns will result in a ramp-up of renewables, coal, and nuclear at the same time. It is also possible that energy security may take precedence over climate change concerns in the near-term, although we expect the war in Ukraine to accelerate the adoption of renewables. We consider biodiversity to be a systemic risk as discussed previously. Finally we have been concerned that Covid-19 is exacerbating poverty and greatly increasing the probability of human trafficking and modern slavery.

Targeted ESG engagements by sector



Targeted ESG engagements by region



We measure the outcomes of our engagements as satisfactory, monitoring, or not successful. In 2021, there were 7 companies (13 percent of all companies within our targeted engagements) where we did not get a satisfactory response to our engagement. We fully exited our investment in two of these seven companies, while for the others we did not deem the lack of responsiveness to be a major enough hurdle to investment or staying invested. However, these companies remained on our engagement list and at least for one case, we were able to get a satisfactory outcome. These are discussed further under "Escalation of our Stewardship Activities" (Principle 11).

Selected ESG engagements by themes

We include some of our targeted engagements in the table below, including the topic raised and the number of targeted engagements that focussed on this topic. As discussed previously, our high priority ESG topics – climate risk (24 engagements), biodiversity (6 engagements), and human rights risks in supply chains (4 engagements) – drove a substantial number of our engagements in 2021.

Category	Issue	Engagements per issue	Example engagement	Topic raised
E	Biodiversity	6	KWS SAAT	Biodiversity impact of company products; impact from the loss of polinators
	Circular Economy	1	Chicony Electronics	Waste management for electronics
	Climate	24	Glencore	Strategy to deplete coal assets and mid-term climate targets
	Deforestation	1	Chalice Mining	Company's potential impact on the Julimar State Forest
	Environmental Degradation	2	Lundin Mining	Environmental breaches in Chile
	Environmental Impact	1	Planet Labs	Use of satellite technology in environmental protection
	Pollution	4	Zijin Mining	Alleged pollution at the Serbian mine and smelter
S	Child Health	1	China Feihe	Iron content in infant formula and child development
	Community Relations	4	Glencore	Operational impact from the community protests in Peru
	Diversity	2	OCI NV	Inclusion of gender diversity as a non-financial KPIs in LTIP
	Health and Safety	8	Zijin Mining	Tailings dam safety
	Human Capital Management	1	EDF	Measures to alleviate shortage of technical knowledge / nuclear engineers
	Human Rights	6	PEPCO	Company's human rights due diligence and audit process
	Labour Relations	2	Impala Platinum	Impact of safety incidents on 2022 wage negotiations
	Product Marketing	1	Owens Corning	Inflammability of foam insulation and Foamular marketing
	Restitution	1	VALE	Delay in Renova fund restitution to Samarco dam victims
	Sexual Harassment	1	Axis Bank	Steps taken for redressal of sexual harassment complaints
G	Accounting	1	Oatly Group	Strengthening internal controls
	Anti-Corruption	8	Alstom	Culture at Bombardier; ethics compliance
	Anti-Money Laundering	2	VTB Bank	Learnings after Mozambique loan scandal; AML and anti-corruption efforts
	Audit	1	iClick Interactive Asia	Material weaknesses identified by the auditor
	Board Composition	6	LG Chem	Board composition (gender diversity and risk management)
	Board Diversity	1	Karoon Energy	Improving gender diversity at the board
	Board Independence	4	Omega Energia	Board independence
	By-Law Amendments	1	VEON	By-law amendments to reduce board oversight over internal M&A
	Cybersecurity	5	Americanas	Hariexpress leak in October 2021
	Government influence	1	EDF	French government's influence on the company and management
	Issuance	1	Savannah Energy	Proposed issuance without pre-emptive rights
	M&A	2	Omega Energia	Synergies and valuation in merger with Omega Desenvolvimento
	Product Liabilities	1	LG Chem	Battery fires
	Remuneration	12	Wizz Air Holdings	Substantial long-term incentive award to CEO
	Risk Management	1	LG Chem	Risk management expertise on the board
	Shareholder Rights	4	Knorr-Bremse	Demand for a shareholder vote on the proposed Hella acquisition
	Tax	1	Lundin Mining	Chilean tax environment post-elections

ENVIRONMENT

We engaged with Gazprom on the physical and regulatory climate risks facing the company. We discussed the company's infrastructure and resilience against temperature swings, methane leaks, and the use of satellite technology, and the likelihood of a carbon tax in Russia. Whilst the company was sanguine on climate risks and dismissive of the accuracy of satellite technology in detecting leaks, they started using spatial monitoring themselves. We joined the

CA100+ Initiative for Gazprom in October 2021 and had three subsequent meetings with the company, including one at the board-level.

We engaged with Weyerhaeuser, the largest private timberland owner in North America, on the company's physical climate risk and carbon opportunity. Weyerhaeuser's carbon removal activities store the equivalent of 32 million metric tonnes of CO2 in their wood products annually, the equivalent of taking 7 million cars off the road as per company statistics. We were satisfied with the company's response to our concerns on the management of fire risk and encouraged by the formation of its new business unit, 'Natural Climate Solutions', which is on course to generate $100 million EBITDA by 2025.

We engaged with KWS SAAT, a German agricultural seed company, on the biodiversity impacts of their products and the impact of climate change on major crops. Our questions ranged from the assistance provided to farmers on pesticide use, to the impact on their business from the loss of pollinators, to the impact on corn yields from climate warming. KWS has team of agronomists in each region and gives advice with respect to efficient pesticide use; however, this is not their main focus as they are not the agricultural chemicals producer. On the pollination question, the company pointed out that some crops are also self-pollinating, and KWS tries to provide a broad range of products (24 crops, including many bee-friendly catch-crops) to maintain the diversity in their farmers' rotation and fields. Regarding the impact of climate change on corn yields, the company believes that lower corn yields will primarily result from the most productive land being farmed, but breeding and modern genomics will help to increase yields and provide solutions to climate change.

SOCIAL

We engaged with Zijin Mining on the reports of labour and pollution problems at their Serbian mine and smelter. We also asked more general questions about their human rights policies and practices. The company does not currently conduct human rights due diligence for their contractors but has signalled their intention to start. We had a further engagement with Zijin where we posed questions on tailings dam safety and discussed the safety measures taken on the dams. Whilst the company has not experienced a very high severity tailings dams incident since 2010, there has been increased scrutiny on this particular facet of the industry in the aftermath of major tailings dam failures in Brazil.

We posed specific questions on tailings dam safety and discussed the safety measures taken on the company's tailings dams:

- Are all tailings facilities designed with a full understanding of the site conditions, all reasonably expected operating conditions and longer-term historical weather data (30 year+)?
- Are they constructed and operated in accordance with defined thresholds and performance indicators with particular reference to containment integrity and overtopping?
- How often is compliance and performance verified?
- Is there a plan to have the above items independently verified by suitably qualified professionals?
- Which certification system does the company use for its tailings dams?
- Is there any plan to disclose more on the structures themselves – such as coordinates, status, and operating methodology?
- Which jurisdictions in which you operate do you consider to be subject to more vs less stringent standards, and how do you reconcile the regional regulatory differences in your policy for tailings management?

The company's willingness to discuss and engage on this topic was much better than expected, but we will continue to monitor this issue as the company had three tailings dam incidents – one of very high severity – in 2010.

We noted that Axis Bank was an outlier in terms of sexual harassment complaints in its sector relative to its size; and that gender diversity had not improved at the broad workforce level. We posed questions on which steps the company is taking for redressal of sexual harassment cases and the current levels of gender diversity at the senior / management level and how this had progressed over the past three years, and what steps the company was taking to improve gender diversity. Axis Bank outlined clear actions in this regard; it is monitoring the female participation in the workforce and sexual harassment cases. There has also been some improvement in gender diversity at the management level (from 5.5 percent in 2019 to 8.0 percent in March 2021). We will be monitoring their progress.

We engaged with the Chief Impact Officer of Planet Labs, an Earth imaging company, on the protection of human rights, environmental impact, and the monitoring of customer usage of data. The outcome from the call was an array of clear examples that assuaged our ethics concerns including cases where the company refused to sell their data to third parties due to the assessment of the ethics committee. We subsequently engaged with the company on their ESG disclosure, specifically disclosure of carbon emissions. The company said that they had completed a full inventory of their 2020 emissions and would be offsetting the balance. Planet Labs announced in February 2022 that they had become a carbon-neutral company.

We spoke to Pepco's CEO about the company's human rights due diligence process prior to the IPO. We were satisfied that the company directly sources most of its merchandise and therefore can influence the suppliers and reduce its human rights risks in its supply chain; we invested in the company at the IPO.

We raised the topic of the health implications of iron content in infant formula with China Feihe, citing a Chilean study that found a correlation between iron content with worse developmental outcomes in children. The company confirmed that their iron content is indeed approximately the same as the one in the Chilean study; however, they asserted that this is regulated according to the national standards in China.

GOVERNANCE

We wrote a letter in March 2021 to the Chairman and head of Nomination Committee of LG Chem to communicate that we would not be able to support the non-independent director nominee Mr Dong Seok Cha at the annual general meeting due to the insufficient level of board independence. We advocated an improvement in the board's independence and the appointment of at least one qualified female director. We also strongly advocated adding specific risk management expertise to the board, following our previous dialogue on the company's health and safety measures. LG Chem confirmed that they will be adding a female director to the board at the next AGM, and Mr Ahn Young-ho, who has a professional relationship with the company and therefore is not independent, will step down. The company added not only one but two female directors, and Mr Young-ho did step down as promised.

We engaged with Knorr-Bremse, a German manufacturer of braking systems for rail and commercial vehicles, in July 2021 on the proposed acquisition of Hella, a German automotive parts supplier. We did not believe that the target was a good strategic fit for Knorr-Bremse and strongly suggested that the company put the transaction to a shareholder vote. As a result of significant shareholder opposition, the company pulled out of the transaction.

We engaged with Renew Energy Global, an Indian renewable energy generation company, on capital allocation and suggested that the company consider a share buyback. The company announced a $250 million share repurchase program in February 2022, which was funded through cash received from the company's recent sale of its solar rooftop portfolio.

In collaboration with other long-term investors holding approximately 10 percent of the company's shares, we started engaging with VEON in 2020 on their general corporate governance and proposed a director to the board to improve board independence and shareholder value. Whilst our candidate was not included on the ballot in 2020 due to a technicality, we continued to engage with the company at the board level on remuneration, listing venue (we advocated a Moscow-listing to get VEON included on the MSCI EM index which would attract inflows), and board composition. We repeated our effort in 2021, and in collaboration with other long-term investors, we were able to appoint an independent director to VEON's board – our candidate received the highest number of votes. In December 2021, the company announced that it is also aligning its executive remuneration with shareholders. This was a very satisfactory outcome; we had given the company clear and specific guidance on executive remuneration and were pleased to see that they took our suggestions on board.

We engaged with Wizz Air on the proposed changes to the remuneration policy. We had voted against the remuneration in 2020 along with approximately 50 percent of the shareholder base because the company had wanted to pay the CEO a bonus despite not meeting his targets, whilst receiving government aid and furloughing the workforce. In response, the board refreshed the board's remuneration committee with two new members and a new chair. The new remuneration committee proposed to pay £100m for 15 percent CAGR over 5 years and then increased the hurdle to 20 percent following shareholder feedback. There will be no other remuneration for the CEO during this five-year period, no bonus payout for 2021, and no base pay increases whilst the government loans are outstanding. The board explained that there was a risk of the CEO leaving if the remuneration did not receive shareholder support. We voted in favour of the remuneration policy; however, we emphasised the need to build a managerial bench and depth, so that such a package is not necessary for managerial retention in the future, and the company can ensure a smooth succession in due course.

We spoke to Kingsoft about their data security measures. The company explained that they had regular conversations with the cyberspace security regulator and were deemed to be compliant. Their customers (state-owned enterprises and the healthcare sector) were also comfortable with Kingsoft's handling of cybersecurity risks.

We engaged with the management of iClick Interactive Asia during the AGM and informed the Chairman/CEO that we would be unable to vote in favour of his election to the board, as we believed these functions should be separated.

CROSS-CUTTING ENGAGEMENTS

We engaged with Glencore in September 2021 to clarify their 50 percent emissions reduction target by 2035 and anti-corruption measures. The company confirmed that mining in Cerrejon will cease by 2031, and it will be closed within the subsequent three years, while the South African reserves will deplete by 2035. We also discussed the company's Australian thermal coal reserves and their compatibility with Glencore's medium-term climate targets. The company said that they are not interested in acquiring any further coal assets, as this would not be compatible with the climate plan that they put forth to shareholders at the 2020 AGM, which received 96 percent approval. On corruption, Glencore discussed how they did not exit high-risk geographies, but they did cut out the third-party intermediaries/trade agents on the ground and centralised the compliance department, which is the only centralised function in an otherwise decentralised business. Following our initial engagement on climate/corruption, we also engaged with Glencore on environmental and social issues ranging from cobalt processing in the DRC, security provision in the DRC, community protests (not specifically targeting Glencore) and any disruption to operations in Peru, and the methane emissions from the Australian mines and measures for management of potentially dangerous methane explosions at the Oaky Creek coal mine.

We wrote a letter to Karoon Energy's chairman about the board's gender diversity and followed up with a call to the chairman on this topic. On the call, we also discussed Karoon's individual action points on carbon emissions reduction, carbon offset strategy and internal carbon pricing. Our engagement was satisfactory on the gender diversity and board composition front - the chairman is resolved to improve gender diversity, and future appointments will depend on the geographic expansion and M&A strategy.

We engaged with Smurfit Kappa on environmental and social matters spanning the relationship with the indigenous population in Colombia, biodiversity, and the discrepancy in health and safety performance in the Americas vs Europe. We also discussed the company's increase in the carbon targets after achieving a 37.3 percent reduction by 2020 vs 2005. Smurfit Kappa recently increased its existing 2030 CO2 intensity reduction target from 40 percent to 55 percent through energy efficiency and a shift towards renewable energy and is targeting at least net zero emissions by 2050; therefore, we asked about the drivers of the additional carbon reduction. We discussed carbon pricing and potential supply constraints due to higher carbon prices; and finally, the commercial opportunity from innovative products.

We spoke to Vale's board ahead of the AGM; they addressed our questions about board composition and skillset, the reasons behind the delay in the Renova Foundation disbursements for the Samarco dam failure, and their strategy around China's decarbonisation targets and European regulation (how well they are equipped to deal with increasing scrap steel use, for instance). We were satisfied with our engagement due to the substantial governance improvements they achieved and supported the board on all resolutions at the AGM.

We had several engagements with OCI, where we discussed the company's decarbonisation strategy, blue and green ammonia projects, exposure to climate regulation (carbon-border adjustment mechanism and ETS), and adoption of "stretching targets" for the non-financial key performance indicators in its long-term incentive plan. The company has not yet formally communicated its non-financial remuneration targets; we will continue to engage with OCI about these topics in 2022.

ESG DISCLOSURE

We provided comprehensive feedback Chicony Electronics on the company's ESG disclosure using the SASB materiality framework and our own analysis. We arranged a follow-up call in January 2022 where we raised waste management for electronics and the company's employee turnover at its factories.

In January 2021, we engaged with Installed Building Products (IBP), a leading U.S. new residential insulation installer regarding their ESG policies and lack of carbon emissions disclosure. The company shared with us their existing policies and committed to increasing ESG disclosure and subsequently published its inaugural ESG report in October 2021. In its report, IBP detailed its scope 1 and 2 carbon emissions and initiatives to reduce these and how its business is providing energy efficiency solutions. Notably, it also disclosed its EU Taxonomy eligible revenues, which was positive for a US company as it is not technically under the scope of the EU Corporate Sustainability Reporting Directive.

Escalation of Stewardship Activities (Principle 11)

Signatories, where necessary, escalate stewardship activities to influence issuers.

If an issue gives us cause for concern, then TT's initial discussions will take place on a confidential basis in a one-on-one meeting. However, if a company does not respond constructively, then TT will consider whether to escalate its action, for example by:

- Holding additional meetings with a wider group of management specifically to discuss concerns
- Meeting with the chairman, senior independent director, or with all independent directors
- Writing a formal letter to the company's board
- Expressing concerns through the company's advisers
- Collaborating with other institutions on specific issues
- Making a public statement in advance of the AGM or an EGM
- Submitting resolutions at shareholders' meetings; and
- Requisitioning an EGM, in some cases proposing to change board membership

CASE STUDY: ACTIVE OWNERSHIP AT VEON

Business overview

VEON provides connectivity and digital services to 212 million customers in nine markets (Russia, Pakistan, and Ukraine accounts for 3/4ths of the company's revenues).

ESG factors considered

Governance: LetterOne controls more than 50% of VEON's shares. VEON had significant changes at the board level in 2021, with four directors appointed in 2020 no longer on the board.

Corruption: VimpelCom and UNITEL paid over $114 million in bribes in exchange for influence over decisions made by Uzbek Agency for Communications and Information (UzACI) concerning Uzbekistan's telecommunications market. In February 2016, VEON resolved a Foreign Corrupt Practices Act enforcement action concerning conduct in Uzbekistan by entering a three-year deferred prosecution agreement (DPA) and paying $397.5 million in settlement and also agreeing to engage a compliance monitor. The DPA concluded in October 2020.

Remuneration: The company lacked a meaningful share-based executive compensation.

Outcome

In collaboration with other long-term investors holding ~10% of the company's shares, we engaged with the company on their general corporate governance and proposed a director to VEON's board to improve board independence and improve shareholder value. The company did not include our independent director candidate on the ballot due to the submission being made after a specific deadline in 2020.

We continued to engage with the company at the board level on remuneration, listing venue (we advocated a Moscow-listing, to get the company included on the MSCI EM index which would attract flows), and board composition.

CASE STUDY: ACTIVE OWNERSHIP AT VEON

We repeated our effort in 2021, and in collaboration with other long-term investors, we were able to appoint an independent director to VEON's board. This process required liaising with our custodians to ensure that our votes held in segregated accounts could vote for this nomination. Our candidate received the highest number of votes of any of the director nominees on the slate. We had numerous discussions with the Association of Institutional Investors (API) during this process, who coordinated between shareholders. API is Russia's leading corporate governance organization which consolidates shareholders in Russian public companies for nomination and elections of Board of Directors members.

Following the appointment of an independent director, we continued to engage with VEON on executive remuneration. In December 2021, the company announced that it is also aligning its executive remuneration alignment with shareholders. The CEO committed to holding six times his salary in shares and will not be able to sell for two years after he leaves the company. Other management will also be required to hold anywhere between two and six times their salary in shares. This was a very satisfactory outcome; we had given the company clear and specific guidance on executive remuneration and were pleased to see that they took our suggestions on board.

Our preference is to stay invested and work constructively with our investee companies. The majority of our escalation is through further company engagement – whether at the management or board level. Ultimately, as active managers of our clients' assets, if we are not satisfied that the company is making necessary improvements to its strategy, policies, or practices, we will sell our entire stock holding, rather than place capital at risk. As a minority investor we can work to affect change at companies, but we do not control them. Frequently, our exit decisions are motivated by an assessment of an acute ESG risk the company is facing, which is either not remedied well or is not correctly assessed by the market. In a minority of cases, we find numerous risk flags that, when aggregated, point to a corporate culture that is lacking in ethics and responsible business conduct.

We measure the outcomes of our engagements as satisfactory, monitoring, or not successful. There were 7 companies (13 percent of all companies within our targeted engagements) where we did not get a satisfactory initial response to our engagement. We fully exited our investment in two of these seven companies, while for the others we did not deem the lack of responsiveness to be a major enough hurdle to investment or staying invested. However, these companies remain on our engagement list and at least for one case, we were able to get a satisfactory outcome.

We engaged with a Dutch-domiciled fertiliser and industrial chemical company on its amendment of the measures in the long-term incentive plan within the existing framework of its remuneration policy. Our feedback was that we understood the rationale for including decarbonisation and diversity & inclusion as key performance indicators (KPIs) in the long-term incentive plan (LTIP), as these do not always get priced in the company's share price, and we believe that these are important goals and should enter into the LTIP as quantifiable and stretching objectives. However, operational excellence – or asset utilisation – should be captured in the company's share price performance, and we asserted that this should not be a KPI in the LTIP. We suggested that the company incorporates non-financial KPIs of decarbonisation and diversity & inclusion at a weight of 25 percent of the LTIP and relative TSR should constitute the balance (at 75 percent weight). We also asserted that any changes should be prospective and that the company should ideally bring this amendment to a vote at the AGM. Unfortunately, the company did not take our suggestions into account and did not put the amendment to a vote despite stating that they would do so in the prior year. Nevertheless, we subsequently kept engaging with the company, so that they would adopt stretching targets for the non-financial KPIs in LTIP.

We engaged with a Korean sportswear producer on its cotton supply chain risks. The company acknowledged that it needs to track its cotton and diversify its cotton supplies for its US clients, which would have a significant cost element. We exited the investment due to high likelihood of supply chain risks.

We engaged with a Dutch-domiciled telecommunications company on the by-law amendments proposed at the AGM. If the amendments passed, the board would be allowed to delegate to the management matters of internal corporate restructuring, such as the mergers and acquisitions, reorganisations, and financing transactions only with respect to companies belonging to the group. We did not want the board to reduce its oversight over M&A for group companies and inter-company transactions given the geographies the company is operating in and the previous deferred prosecution agreement. API and Glass Lewis also recommended voting against the by-law amendments. ISS recommended voting in favour of the by-law amendments because "the scope of the potential delegation is limited to the companies belonging to the group, which is in line with the market practice, (and) the transactions with the third parties remain within the exclusive competences of the board of directors." The bylaw amendments passed - we did not support them, but they did not change our thinking on the company. At the same meeting, we were able to appoint an independent director to the board.

We engaged with a UK headquartered medical devices company on its anti-corruption investigation in India and the key performance indicators the company stated it introduced around the effectiveness of the compliance function. Unfortunately, this was very dissatisfactory; we received no substantive answers despite sending the company our questions ahead of time. We exited the investment shortly thereafter.

We engaged with an Irish-headquartered paper and packaging company on a variety of topics spanning environmental, social and governance areas. Afterwards, we followed up with questions on water intensity and hurdles to supplying 100 percent chain-of-custody paper. We did not receive a response on these. On balance we did not feel that the lack of responsiveness was grave enough for us to reconsider our investment.

We engaged with a Danish wind turbine manufacturer on the cybersecurity attack the company suffered. We sought to understand the type of cybersecurity attack but received no real answer except to rule out a supply chain attack, or further clarification about the cybersecurity measures taken. We found it concerning that it was not clear initially who was responsible for cybersecurity at the company. We subsequently had a call with the relevant team at the company on the cybersecurity initiatives taken over the previous year.

We engaged with a Chinese EV manufacturer about biodiversity. We specifically directed them the following questions:

- Could you describe how you are managing sustainability risks in your supply chains, particularly for the sourcing of lithium, cobalt and rare earth metals? Do you source metals through verified high-bar standards/certification schemes (such as the Initiative for Responsible Mining Assurance) or through industry self-monitoring?

- Do you explicitly take into account biodiversity and conservation when procuring metals? Have you decided against procuring from certain regions due to heightened biodiversity risk, and if yes, were you able to find alternative producers at a comparable cost?
- Could you discuss your recycling strategy to reduce primary demand for battery metals?

Unfortunately we did not receive any response on this. In 2022, we will send the company a letter with high level questions on biodiversity.

Collaborative Engagements (Principle 10)

Signatories, where necessary, participate in collaborative engagement to influence issuers.

TT has also been a signatory of the internationally recognised Principles for Responsible Investment (PRI) since 2016, allowing us to publicly demonstrate our commitment to responsible investment. The PRI is the world's leading proponent of responsible investment. It works to understand the investment implications of ESG factors and support its international network of investor signatories in integrating these factors into their investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole.

We also participate in collaborative engagements with companies. We are a member of Association of Institutional Investors (API), Russia's leading association of institutional investors. In collaboration with other long-term investors holding approximately 10 percent of the company's shares, we started engaging with VEON in 2020 on their general corporate governance and proposed a director to the board to improve board independence and shareholder value. Whilst our candidate was not included on the ballot in 2020 due to a technicality, we continued to engage with the company at the board level on remuneration, listing venue (we advocated a Moscow-listing to get VEON included on the MSCI EM index which would attract inflows), and board composition. We repeated our effort in 2021, and in collaboration with other long-term investors, we were able to appoint an independent director to VEON's board – our candidate received the highest number of votes. In December 2021, the company announced that it is also aligning its executive remuneration with shareholders. This was a very satisfactory outcome; we had given the company clear and specific guidance on executive remuneration and were pleased to see that they took our suggestions on board.

We joined the Climate Action 100+ collaborative engagement in October 2021. CA100+ focuses on 166 companies that are critical to the net-zero emissions transition. Investors are responsible for driving engagement and developing and implementing company-specific engagement strategies.

In June 2021, we engaged twice with Gazprom on the physical and regulatory climate risks facing the company. As described earlier, Gazprom's 222 million scope 1 and 2 emissions ranked as the highest on a nominal basis in MSCI EM index. We discussed the company's infrastructure and resilience against temperature swings, methane leaks, and the use of satellite technology, and the likelihood of a carbon tax in Russia. Whilst the company was sanguine on climate risks and dismissive of the accuracy of satellite technology in detecting leaks, they started using spatial monitoring themselves. Gazprom encouraged us to be a part of the Climate Action 100+ collaborative engagement, which we joined in October 2021 and had three subsequent meetings with the company, including one at the board-level. We asserted that utilities companies (which accounts for 40 percent of Gazprom's emissions) need to have plans that go beyond energy efficiency, i.e. transferring away from gas to renewables. As a part of this engagement, we spoke to Environmental Defense Fund, a US-based non-profit environmental advocacy group, about methane emissions in the oil and gas industry and raised this topic with Gazprom.

We also emphasised the need for more ambitious long-term targets as well as the need to set shorter-term targets and improve granularity of disclosure, and shared examples of best-in-class disclosure by oil and gas companies. The company accepted that the current targets were highly unambitious when compared to the substantial realised intensity reduction which was achieved by replacing the old gas transportation infrastructure. We would have expected much more ambitious targets in May 2022, which would have been published as part of the long-term scenarios, which would lead to at least a net zero by 2060 Scope 1&2 target in line with the Russian government's target. On Scope 3 emissions, the company's main focus was hydrogen, but we did not believe that they were ready to publish targets for Scope 3 emissions. We ceased to be shareholders in Gazprom following Russia's invasion of Ukraine, and CA100+ suspended engagements with Russian companies as well.

Exercising Our Voting Rights as a Responsible Investor (Principle 12)

Signatories actively exercise their rights and responsibilities.

TT uses leading proxy advisory firm Institutional Shareholder Services (ISS) for its proxy voting requirements and adopts ISS' proxy voting policies. We have chosen to not create a custom-made voting policy at this time, as we believe that ISS has sufficiently stringent and principles-based policies in place. We diverge from these policies when our investee companies have specific circumstances that principles-based voting may not take into account, or where we do not see a misalignment between executives and shareholders such as in executive remuneration. We also diverge from the policy where principles-based voting may bring about undesirable outcomes such as reducing board independence. We provide explanations for selected votes where we diverged from policy to explain our thinking to our clients in our annual fund updates, as well as in this Stewardship Report.

TT strives to votes on all issues on every equity investment unless there is share blocking. We have a share lending program; however, we always retain a minimum stake for voting purposes. Our shares were successfully voted at 94.9 percent of all votable meetings in 2021. We exercised our voting rights for 99.95 percent of our votable shares in 2021.

We had difficulties voting our Irish meetings because after Brexit our holdings were moved from Crest to Euroclear, and Euroclear applied share blocking, but this was ultimately lifted, which restored our ability to vote our shares. During this process, we liaised with our custodian Northern Trust to unblock the shares. In Sweden and Norway, we need a power of attorney in order to vote, and therefore some meetings did not get voted as we had instructed them, except for the accounts that had the power of attorney.

TT INTERNATIONAL

Voting by market

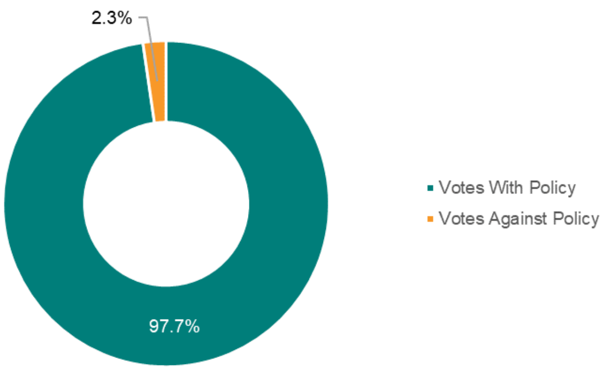
Market	Votable meetings	Voted meetings	Percentage
China	69	69	100%
United Kingdom	46	46	100%
Cayman Islands	43	43	100%
Brazil	29	29	100%
India	26	26	100%
USA	24	24	100%
Ireland	23	18	78%
South Korea	15	15	100%
Germany	14	14	100%
Japan	13	13	100%
Netherlands	13	13	100%
Sweden	13	1	8%
Taiwan	9	9	100%
Bermuda	8	8	100%
France	7	7	100%
Greece	7	7	100%
Russia	7	6	86%
South Africa	6	6	100%
Finland	5	5	100%
Jersey	5	5	100%
Switzerland	5	5	100%
Denmark	4	3	75%
Australia	3	3	100%
Canada	3	3	100%
Hong Kong	3	3	100%
Isle of Man	3	3	100%
Kazakhstan	3	3	100%
Norway	3	0	0%
Spain	3	3	100%
Belgium	2	2	100%
Indonesia	2	2	100%
Italy	2	2	100%
Mexico	2	2	100%
Philippines	2	2	100%
Singapore	2	2	100%
Slovenia	2	2	100%
Austria	1	1	100%
Luxembourg	1	1	100%
Portugal	1	1	100%
Turkey	1	1	100%

We have a dedicated Head of Voting, Robert Murray. Robert facilitates our voting activities as well as corporate actions. ISS provides us the proxy research, which is then reviewed by TT. Whilst we are guided by ISS in this regard, we will always vote in what we believe is our clients' best interests. We specifically discuss meetings where ISS issues a recommendation against management and hold internal discussions. Our Head of ESG and Head of Voting help advise the portfolio managers, but the voting decisions are ultimately the portfolio managers' responsibility. We internally record our rationale where we diverge from ISS recommendations. We also tracked shareholder resolutions on environmental and social matters.

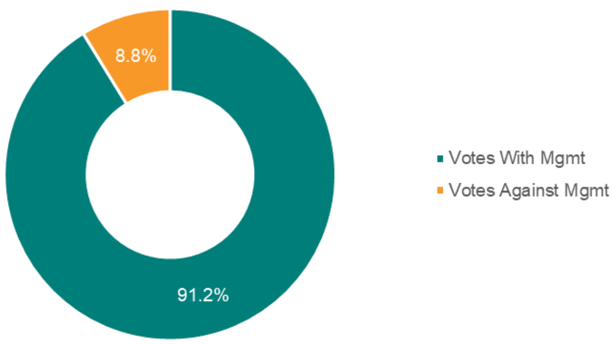
In 2021, we voted on 4,378 resolutions across 408 meetings. 8.8 percent of our total votes were against management, but in 39.5 percent of the meetings, there was at least one resolution where we cast a vote against or abstained. Votes cast during the reporting period were the least in line with management on executive compensation matters, where 22 percent of our votes went against management recommendations. Executive remuneration is a crucial topic and exposes where management's interests may diverge from those of minority shareholders. In our governance analysis, we pay special attention to remuneration parameters, as well as discretion and derogation clauses that can give the board leeway in paying executives even when shareholder outcomes are not favourable.

Voting Disclosure	1/1/21-31/12/21
Shareholder meetings at which our clients' shares voted	408
Shareholder meetings at which our clients' shares voted against or abstained	170
Number of resolutions voted	4,378
Number of resolutions voted against	412
Number of resolutions abstained	92

Vote alignment with policy



Vote alignment with management



We diverged from ISS recommendations on 2.3 percent of all votable items – half these cases (50 percent) were on director elections, followed by executive remuneration (23 percent), and capitalisation (11 percent). Compared to 2020, our divergence from ISS policy increased most markedly on executive remuneration. Our voting records for the calendar year can be found on our website (https://www.ttint.com/corporate-governance-and-responsibility/).

	GEMS	EM Unconstrained	Asia ex Japan	Asia Pacific	China	Environmental Solutions	TT Non-US	UK	World ex-US
Votes with Policy	96%	96%	97%	97%	97%	97%	100%	99%	98%
Votes Against Policy	4%	4%	3%	3%	3%	3%	0%	1%	2%
Votes with Management	91%	92%	83%	83%	86%	91%	94%	98%	95%
Votes Against Management	9%	8%	17%	17%	14%	9%	6%	2%	5%

** Launched in September 2021*

Across our long-only strategies, our votes against policy ranged between 1.4 and 4.4 percent (excluding our TT Non-US fund which was only launched in September 2021, at a point when most of the voting for the year had been completed) - this was the highest for our GEMS strategy and lowest for our UK strategy. In terms of votes against management, we were most aligned with the management for the UK strategy (voting against only 2.4 percent of the time) and least for our Asia Pacific strategy (voting against 17.0 percent of the time). For our Asia Pacific strategy, votes cast during the reporting period were least in line with management on capitalisation matters, where only 62 percent of our votes followed management recommendations. The reason for this is because Hong Kong companies routinely ask shareholders to grant the board of directors a 'general mandate to issue shares' without preemptive rights up to 20 percent of capital. This allows companies to issue shares up to prescribed limits at a discount to market prices of up to 20 percent, unless a lower limit is specified. Unless the company has liquidity problems and may need flexibility, we vote against issuances for more than 10 percent of capital, with a maximum discount of 10 percent.

SELECTED VOTES AGAINST MANAGEMENT AND OUR RATIONALE

Board accountability

Samsung Electronics (03/21) Elect Mr B Park, Mr J Kim & Mr S Kim as Outside Directors

We voted against incumbent directors as they collectively had failed to remove criminally convicted directors from the board. We considered this inaction to be a material failure of governance and oversight.

Board independence

LG Chem (03/21) Elect Cha Dong Seok as Inside Director

We voted against the appointment of the non-independent director nominee Dong Seok Cha due to insufficient independence of the board. As detailed in our engagements, we wrote to the chairman of the board (also chair of the nomination committee) to advocate more independence, gender diversity, and risk management expertise.

Remuneration

AstraZeneca Plc (05/21) Approve Remuneration Policy

ISS recommended voting against the policy, as the company proposed significant increases to variable pay for the second consecutive year without sufficiently compelling rationale. We were sympathetic to the company’s argument that overall pay is conservative vis-à-vis global peers; this is a global business, and the Alexion acquisition will increase the company’s scale. However, we were concerned that they are going off-cycle to adjust policy after getting a three-year policy approved in 2020; therefore, we did not vote in favour.

TT INTERNATIONAL

SELECTED VOTES WHERE WE DIVERGED FROM ISS POLICY AND OUR RATIONALE

Board independence

Alibaba Group (09/21) Elect Directors Joseph C. Tsai & J. Michael Evans

ISS recommended voting against non-independent director candidates on the basis that the company's board is not majority independent. We noted that the board's independence improved with Eric Jing, the Chairman and CEO of Ant Group, stepping down. This raised the board independence from 45 percent to 50 percent, even when a stricter independence criterion is applied (10 members composed of 4 executives, 1 Softbank candidate, and 5 independent directors). When deciding our vote, two factors carried the most weight – the board's improved independence and Joe Tsai's role as the co-founder of the company.

Board composition and skillset

Vale SA (04/21) Elect Ken Yasuhara as Director

We spoke to Vale's board on board composition and skillset ahead of the AGM. We concluded that Ken Yasuhara is a better fit for the board, because he adds an international perspective and brings sector knowledge, which the candidate ISS supported did not have. Furthermore, as board independence is greater than 50 percent, we did not see a clear reason to support the dissident candidate. We were satisfied with our engagement due to the substantial governance improvements the company achieved and supported the board on all resolutions at the AGM.

Gender diversity

Karoon Energy (11/21) Elect Bruce Phillips as Director

ISS recommended voting against the chairman due to gender diversity being less than 30 percent of the board. We did not want to vote against the chairman, as he is well-respected and had significantly improved the management team at Karoon and put an end to the nepotism that took place before his arrival. Therefore, we wrote a letter to the chairman and engaged with him on his plans to improve the board's gender diversity.

Remuneration

OCI NV (05/21) Advisory Vote to Ratify Named Executive Officers' Compensation

We could not support OCI's remuneration report despite ISS not advising to vote against the management. The company reduced the weight on total shareholder return metric in the long-term incentive plan from 100 percent to 60 percent (this is a substantial reduction, with operational excellence at 15 percent weight, which we believed would be incorporated more appropriately in the short-term incentive plan). Furthermore, this significant change was not put to a shareholder's vote although the company had committed to doing so at the previous year's AGM.

National Express Group Plc (05/21) Approve Remuneration Policy

ISS recommended voting against National Express' remuneration policy due to the proposed increase to the maximum LTIP opportunity from 150 percent to 200 percent of salary for all executive directors. We considered that this was not egregious; furthermore, the targets were appropriately stretching.

Wizz Air (05/21) Approve Remuneration Policy

ISS recommended voting against the remuneration policy on grounds that the company had not provided a compelling rationale for the retentive or motivational effects of the Value Creation Plan for the CEO (who already held a considerable number of shares), along with excessive quantum. As detailed earlier, we engaged with the chair of the Wizz Air remuneration committee on the proposed policy changes. The committee proposed a 20% TSR hurdle per annum, no bonus pay-out for 2021 and no base pay increases whilst the government loans are outstanding. The remuneration committee chair also explained that there was a risk of the CEO leaving if the remuneration did not receive shareholder support. We voted in favour of the remuneration policy; however, we emphasized the need to build a managerial bench so that such a package is not necessary for retention in the future, and the company can ensure a smooth succession in due course. Our vote in support of the policy was fitting with our fiduciary duty to our investors, as a potential departure of the CEO would have been value destructive.

Impala Platinum (10/21) Advisory Vote to Ratify Named Executive Officers' Compensation
ISS recommended voting against the special retention award granted to the CFO in the form of restricted shares on grounds that the award lacked performance conditions and had a short vesting period without any rationale provided for the exceptional award. The company apologised that the rationales and link to performance was not included in the original document. The CFO 's remuneration had remained below market peer-group benchmarks after three years of service. It is important for the company to retain a highly qualified executive, which is also in the interest of shareholders; therefore, we supported the company.

Solarpack Corporacion (04/21) Approve Remuneration Policy
ISS recommended voting against the remuneration policy on grounds that it includes open-ended one-off awards and as it is unclear whether the sign-on awards are subject to performance conditions. The policy indeed allowed for sign-on bonuses to compensate for lost remuneration from the previous employer. Without this flexibility, we believe it is significantly more difficult for these businesses to attract strong executives in a sector that sees substantial competition for talent.

KWS SAAT SE & Co. KGaA (12/21) Approve Remuneration Policy
ISS recommended voting against the remuneration policy, as it allows for special remuneration. According to the policy, any "special remuneration is only permissible if its purpose is in the interests of the company and brings a future-oriented benefit to the company". This language is required by the 2020 German Stock Corporation Act; furthermore, KWS has a ceiling for management remuneration. We therefore supported the management.

Smart Metering Systems Plc (05/21) Approve Remuneration Report
ISS recommended voting against the remuneration report, as SMS paid transaction-related bonuses (an individual cash bonus of 40 percent of salary) related to the successful completion of the company’s meter assets disposal. We did not see a problem voting for this given that SMS's policy allows for a bonus grant ''to recognise an exceptional contribution to a discrete project outside the ordinary course of business''. Furthermore, this sale resulted in a transformation of the company's capital structure by allowing SMS to repay all outstanding debt on its revolving credit facility, whilst also demonstrating the inherent value present within the meter assets. Finally, we believe the cash bonus was not exorbitant, and the overall remuneration quantum was low.

Audit

Weichai Power Co. (06/21) Vote to Elect Directors to the Audit Committee

ISS recommended voting against the directors on the audit committee for lack of disclosure of the audit fees; however, this would have meant that we would have voted against the only independent members of the board. We therefore voted in favour of the independent directors on the board.

Times China Holdings Limited (05/21) Approve Auditors and Authorize Board to Fix Their Remuneration

ISS recommended voting against the auditor's approval due to non-audit fees exceeding the total audit fees paid to the company's audit firm in the latest fiscal year without satisfactory explanation. The management explained that the non-audit fees were for preparing an interim results review following the CFO's dismissal for a personal conduct scandal, a bond issuance comfort letter for onshore bond issuances, and tax advisory services. There has been a change in CFO, and these expenses were incurred to adopt best practices and increase disclosure.

Capital allocation

Ganfeng Lithium Co., Ltd. (12/21) Approve/Amend Loan Guarantee to Subsidiary

ISS recommended voting against Ganfeng Lithium's loan guarantee to subsidiaries on grounds that the company would be taking in a disproportionate amount of risk relative to its ownership stake without compelling justification (the company maintains a 60.9% stake in one subsidiary (Ganfeng LiEnergy), whilst the rest of the subsidiaries in question are wholly owned). The company and its subsidiaries will apply to cooperative banks for a comprehensive credit line amounting to CNY 7.9 billion, of which CNY 2.2 billion will be guaranteed by way of joint liability guarantees provided by the company. We did not consider this to be a large enough sum to necessitate us voting against. Furthermore, the provision of guarantees is needed to meet the development, production, and operational needs of the company and its subsidiaries.

Agronomics Ltd (05/21) Authorise Issue of Equity without Pre-emptive Rights in Connection with the Fundraising, Broker Option, and Warrants

ISS recommended voting against this issuance, as it would be highly dilutive to non-participating shareholders, and the proposed amounts under the general authority included in these resolutions exceeded the recommended limit of 10% of issued share capital for share issuances without pre-emptive rights. While the issuance was at a significant discount to the price immediately prior announcement, the share price had been highly volatile, and the placing was done at a substantial premium to NAV, which is the basis for valuation. Finally, we did not want to vote against an issuance that we participated in.

RATIONALE FOR SELECTED VOTES WHERE WE VOTED ON ENVIRONMENTAL AND SOCIAL ISSUES

Amazon.com, Inc. (AGM, 26-May-2021)

Proposal number 4) Report on Customers' Use of its Surveillance and Computer Vision Products Capabilities or Cloud Products Contribute to Human Rights Violations and Proposal number 14) Report on Potential Human Rights Impacts of Customers' Use of Rekognition

Management recommended voting against a report on the highly contentious use of facial recognition software and its impact on human rights. We agreed with ISS's recommendation and voted in favour of the proposal, as an independent report on the company's process for determining whether customers' use of its products or services violates human rights would allow shareholders to better gauge how well Amazon is managing human rights related risks.

Proposal number 6) Report on Gender/Racial Pay Gap

Management recommended voting against a report on the gender / racial pay gap at the company. We agreed with ISS's recommendation and voted in favour of the proposal, as the current reporting methodology is not in line with best practice. Additionally, shareholders would benefit from more information allowing them to better measure the progress of the company's diversity and inclusion initiatives and management of related risks.

Proposal number 8) Report on the Impacts of Plastic Packaging

Management recommended voting against a report on the use of plastic packaging by the company. We agreed with ISS's recommendation and voted in favour of the proposal, as Amazon trails peers in this area and its packaging programs cover less than 1% of products sold. Shareholders would benefit from additional information on how the company is managing risks related to plastic waste.

Proposal number 9) Oversee and Report on a Civil Rights, Equity, Diversity and Inclusion Audit

Management recommended voting against Proposal 9. We agreed with ISS's recommendation and voted for the proposal as an independent racial equity audit would help shareholders better assess the effectiveness of Amazon's efforts to address the issue of racial inequality and its management of related risks, particularly in light of the recent discrimination lawsuits.

Proposal number 11) Report on Board Oversight of Risks Related to Anti-Competitive Practices

Management recommended voting against Proposal 11. We agreed with ISS's recommendation and voted for the proposal as anti-competitive behaviour is a key risk for the company, and there is no board committee with specific responsibility for the risk. Additionally, shareholders would benefit from more robust disclosure of the company's processes and oversight mechanisms for managing risks related to anticompetitive practices, particularly in light of recent regulatory developments and Amazon's involvement in related controversies.

RATIONALE FOR SELECTED VOTES WHERE WE VOTED ON ENVIRONMENTAL AND SOCIAL ISSUES

Amazon.com, Inc. (AGM, 26-May-2021)

Proposal number 13) Report on Lobbying Payments and Policy

Management recommended voting against Proposal 13. We agreed with ISS's recommendation and voted for the proposal as additional disclosure of the company's state-level lobbying, indirect lobbying-related expenditures, and board oversight mechanisms would help shareholders better assess the risks and benefits associated with the company's participation in the public policy process.

BHP Group Plc (AGM, 14-October-2021)

Proposal number 22) Align lobbying activity with the Paris Agreement

Shareholders requested that BHP strengthen its review of industry associations to ensure that it identifies areas of inconsistency with the Paris Agreement. Where an industry association's record of advocacy is, on balance, inconsistent with the Paris Agreement's goals, shareholders recommend that BHP suspend membership, for a period deemed suitable by the Board. BHP management also recommended voting for this shareholder proposal given its alignment with the groups existing approach. ISS also recommended voting for the proposal as it will strengthen the company's review of industry associations in line with the Paris agreement goals. We voted for the proposal as a review of industry associations and lobbying to ensure alignment with the Paris agreement is in the long-term interests of shareholders. Notably in the year prior we had voted against a proposal that called for a review of advocacy activities undertaken by BHP's Industry Associations relating to economic stimulus measures in response to COVID-19, as BHP had been highly transparent about its policies and those of its industry association partners and reviews material differences on a regular basis. Despite this, given the company's support for this resolution, we also voted in favour.

Proposal number 23) Approve Capital Protection

Management and ISS recommended voting against proposal 23 due to the company already taking appropriate steps to keep the market and shareholders informed of its operations and management of climate risk. We decided to vote against the proposal given that we believe the company is currently taking sufficient action to keep the market informed of its actions around climate risk. Additionally, the company currently makes a submission to the CDP (formerly known as Carbon Disclosure Project) and also discloses in line with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations.

In aggregate, in 2021 we voted in favour of seventeen shareholder proposals on environmental and social issues out of 30 such proposals, supporting 57 percent of such shareholder resolutions. Five of the proposals we supported were related to lobbying and political contributions; a further five were on diversity, sexual harassment, gender/racial pay gap. Four of these were on environmental issues asking for reports on climate-related risks and opportunities and impacts of plastic packaging, and climate-related lobbying. Two were on the human rights impact of cloud-based products including facial recognition and one was on anti-competitive practices. We did not support shareholder proposals that we deemed were too prescriptive.

Interactions with Service Providers (Principle 8)

Signatories monitor and hold to account managers and/or service providers.

TT International Asset Management Ltd and the wider TT International group (“TT”) policy is to only conduct business with third-party suppliers, including brokers, administrators and custodians, distributors, and other service providers, collectively referred as “Counterparties”, that have undergone appropriate due diligence assessments.

Before entering into any arrangements with any Counterparty, TT will determine the materiality of those arrangements on a risk-based and proportionate basis, considering the nature, scale, and complexity of their operations and the potential impact of an outsourcing or third-party arrangement on TT's safety and soundness, including:

- its operational resilience
- its ability to comply with legal and regulatory obligations
- the risk that TT’s ability to meet its regulatory obligations could be compromised if the arrangement is not subject to appropriate controls and oversight

Greater oversight and controls are provided over any arrangements where TT has a greater dependence to those outsourced and third-party service providers. As a regulated firm, TT continue to be responsible and accountable for the services and activities contracted to Counterparties. This responsibility/accountability is not capable of delegation.

In conducting initial analysis of a potential Counterparty, TT follows the below procedure, to:

- Have a clear and documented rationale in support of the decision to use the service provider
- Ensure the service is suitable for the firm and consider any relevant legal or regulatory obligations
- As part of the due diligence exercise, ensure that in entering into an agreement, this action does not worsen the firm’s operational risk
- Verify that suitable arrangements for dispute resolution exist
- Consider the relative risks of using one type of service over another – such as public versus private ‘cloud’
- Maintain an accurate record of contracts between the firm and its service provider
- Know which jurisdiction the service provider’s business premises are located in and how that affects TT
- Mitigate modern slavery and human trafficking risk in our operations, customers, and supply chain
- Request a Modern Slavery Statement from relevant Counterparties
- Know whether its contract with the service provider is governed by the law and subject to the jurisdiction of the UK. If it is not, TT should still ensure effective access to data and business premises for the firm, auditor, and relevant regulator
- Consider any additional legal or regulatory obligations and requirements that may arise such as through the Data Protection Act 2018, and take account of the provider’s adherence to international standards as relevant to the provision of IT services (such as, for example, the ISO 27000 series)

- Consider whether the arrangement constitutes “outsourcing” according to FCA Handbook and abide by TT’s Outsourcing and Third Party Policy as applicable; and
- Where services are related to a regulated activity being provided, identify all the service providers in the supply chain and ensure that the requirements on the firm can be complied with throughout the supply chain. Similarly, where multiple providers form part of an overall arrangement (as distinct from a chain) the requirements should be complied with across the arrangement.

We manage all our assets internally. In terms of third-party providers, we assess our ESG research providers on an annual basis and compare their products and data provision with other providers. We pay close attention to external ESG research, especially where the research does not fully factor in an investee company’s ESG qualities and performance, including environmental management certifications and clean energy opportunities a company is exposed to through its activities or product involvement. We raise such discrepancies with our investee companies and encourage them to communicate with the service providers. We engage with ESG research providers directly when there is a potentially erroneous interpretation of product involvement that may lead to an exclusion under our policies and ask the service providers to communicate with the company in question and verify the involvement. We strongly believe that these activities help to improve market efficiency by improving companies’ investability.

We also engaged with our custodian when we need to improve the voting chain (such as when we could not vote our Irish shares due to Brexit, as described earlier) and our clients’ custodians when we sought to appoint an independent director, so that we could pool our votes behind the independent director candidate at one of our investee companies.