

Introduction to Stewardship at TT

TT International was founded in 1988 as an active manager of equity assets across international markets. It has always placed great importance on engaging with companies and ensuring that their senior management's expectations are aligned with our own. As a result, engagement has always been integral in our investment processes and we regularly meet with Executive and non-Executive Directors on companies in which we invest. We engage on matters of strategy and financial issues, but also on Environmental, Social and Governance issues. TT is a signatory to the UN Principles for Responsible Investment (UNPRI).

TT has been a supporter of the Financial Reporting Council's UK Stewardship Code since its inception in 2010, and applies its principles to all our long-only equity mandates both in the UK, and Globally. In this document we discuss how TT International complies with the seven Principles of the UK Stewardship Code.

This policy, together with TT's Proxy Voting Policy, ESG Policy, Voting record, and Engagement record are all published on the web site at <https://www.ttint.com/corporate-governance-and-responsibility/>

Principle 1

Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities.

As a Partnership structure, the ethos at TT is very much one of working with our clients to achieve strong long term investment returns. Many of the Investment managers and analysts at TT are Partners and, as such, their interests are aligned with those of our clients. We also have a highly experienced investment team that know their underlying companies extremely well.

The investment process is specifically designed to evaluate Valuation – Verification – Catalysts, including the integrated and mandatory consideration of ESG issues. 'Verification' specifically relates to meeting with investee companies and, where possible, competitors, suppliers, and customers. This enables the fund manager or analyst to better understand the business model of an investee company, and also to test our internal investment thesis. As such, close engagement with investee companies is fully integrated in our investment processes.

Consideration of stewardship processes and disclosure are the responsibility of the ESG Committee which is a multi-disciplinary group chaired by Mike Jennings (jenningsm@ttint.com). Proxy voting is headed by Robert Murray (murrayr@ttint.com), and engagement is the responsibility of the relevant Fund Managers and sector analysts. Voting uses Proxy Edge to highlight and record votes from investee companies, and these are executed in accordance with TT's Proxy Voting Policy. The policy is designed to ensure that TT takes all reasonable steps to vote proxies on behalf of accounts for which it has voting authority in the best interest of clients and in accordance with applicable laws. All issues presented for shareholder vote are voted in what TT believes to be the best economic interest of the beneficial owners of the accounts, in accordance with TT's fiduciary duties to its clients. Where issues arise that do not comply with our voting policy, the relevant Fund manager is consulted and a decision made. TT's compliance team oversee this to check that voting complies with our stated policy.

Engagement with investee companies is thorough and frequent at TT. Issues discussed will vary substantially but frequently include corporate strategy, balance sheet management, composition of the board (experience and the proportion of non-Exec Directors), and remuneration policy. Other issues that may arise include social and environmental issues, and their potential impact on shareholder value.

TT recognises that votes, which it casts on behalf of certain types of account, such as accounts subject to the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA") and accounts of public entities or pension plans, may be subject to special requirements under governing account documents and applicable law. Accounts managed by TT for employee benefit plans which are not governed by ERISA (such as governmental pension plans) may nevertheless involve fiduciary obligations similar to those applicable to ERISA plans; proxy voting requirements for such accounts are addressed by TT exercising its judgment on a case-by-case basis.

Principle 2

Institutional Investors should have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed.

TT is a private partnership and has no outside shareholders or debt. As such the ownership of the business is unlikely to engender any conflicts of interest regarding the stewardship of our clients' assets. We are, however, 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.

All Partners and 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.

Compliance will consider all potential conflicts of interest relating to proxy voting brought to its attention and will determine whether there exists 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 voting the proxy.

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.

Our primary goal is to always act in the best interest of our clients. A copy of TT's Conflicts of Interest Policy is available on request.

Principle 3

Institutional investors should monitor their investee companies.

TT actively monitors all companies in which it invests in order to try to ensure that clients capital is being allocated efficiently and effectively. Prior to purchase, all stocks are subject to deep due diligence from which a written Investment Case is constructed. Our investment process specifically considers and documents Valuation, Verification, and Catalysts (VVC), in conjunction with specific considerations of key issues relating to Environmental, Social, and Governance criteria. Verification usually involves meeting with the company in question (and often competitors, customers, and suppliers), in order to cross check our investment thesis. Once a company is owned in client portfolios, on-going monitoring is crucial. We aim to regularly meet with all companies in which we invest in order to check that our expectations are aligned with the company management.

TT specifically:-

- Seeks to satisfy itself to the extent reasonably practicable, that the investee company's board and committee structures are effective, and that independent directors provide adequate oversight, including by meeting the chairman and, where appropriate, other board members;
- Maintains records of private meetings held with companies, of votes cast, and of reasons for voting against the investee company's management, for abstaining, or for voting with management in a contentious situation; and
- Periodically attends the General Meetings of companies in which it has a major holding, where appropriate and practicable. Publishes annual engagement data by geography on a rolling quarterly basis.

TT reviews a number of quantitative metrics of ESG issues on individual companies. This is not prescriptive, as we recognise that companies vary in their complexity, their geography and their structure. It does, however, help to provide a framework to highlight potential weaknesses or omissions in individual companies. Issues such as CO2 emissions, staff turnover, remuneration policy, and the numbers of independent Directors might be examples of issues that we will actively engage with companies on.

TT considers carefully explanations given for the departure from the UK Corporate Governance Code and makes reasoned judgments in each case. It gives a timely explanation to the company, in writing where appropriate, and is prepared to enter a dialogue if it does not accept the company's position.

TT seeks to identify problems at an early stage in order to minimise any loss of shareholder value. If it has concerns it endeavours to ensure that the appropriate members of the investee company's board are made aware of them.

TT normally does not wish to be made an insider. It expects investee companies and their advisers to ensure that information that could affect TT's ability to deal in the shares of the company concerned is not conveyed without prior consent and the correct Compliance protocols being followed. Compliance oversee and record those instances when we are made insiders.

Principle 4

Institutional investors should establish clear guidelines on when and how they will escalate their stewardship activities.

As an integral part of the investment process at TT, Portfolio Managers and Analysts meet companies on a regular basis. The way in which engagement is undertaken is dependent upon the circumstances and the issues to be discussed. Data on engagement numbers is published on our web site each quarter for the previous 12 months, and usually exceeds 2,000 company meetings per annum.

If an issue gives us cause for concern then TT's initial discussions will take place on a confidential basis in a 1-on-1 meeting or telephone call. However, if a board 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 to specifically to discuss concerns;
- Expressing concerns through the company's advisers;
- Meeting with the chairman, senior independent director, or with all independent directors;
- Intervening jointly with other institutions on particular 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.

Ultimately, as active managers of our clients assets, if we are not satisfied that the company is making necessary amendments to its strategy or policies, we will sell our entire stock holding, rather than place capital at risk.

Principle 5

Institutional investors should be willing to act collectively with other investors where appropriate.

TT normally pursues its concerns with companies on its own rather than collectively. There are, however, circumstances where a collective approach can also be useful, and we have no objection in principle to collective action by investors. These will be considered on a case by case basis.

Topics and issues where we would likely intervene include:-

- Consistent failures or departure from the Corporate Governance code and an assessment that shareholder interest continues to be at risk
- Concerns relating to the execution of strategy or lack of long-term strategic direction which could damage long term shareholder value in the future
- Poor risk management which threatens the business (including the consideration of Environmental and Social issues)
- Significant or compounding financial underperformance by the company
- Other shareholders raising concerns with the company and collaborating with them to raise similar issues TT believes that Stewardship is not just about voting at company meetings (as highlighted in the UK Stewardship Code by the FRC) but also about long-term engagement with companies and the impact this has on company behaviour and generating sustainable long term returns

Collective engagement can occur through AGM, or EGM's, through our investor networks, or through bodies such as the UNPRI. An investor wishing to discuss such a situation should contact Eric Mackay, Partner and Chief Operating Officer (mackaye@ttint.com)

On-going dialogue with investee companies is a fundamental aspect of TT's responsible investment commitment and we undertake these both independently and collaboratively with other investors. Engagement gives us the opportunity to learn about the company's strategy, operations, financial and external challenges and opportunities, all of which are essential for us to exercise our duty effectively. Furthermore, it forms a trusting long-term relationship with the company and enables us to enter into constructive dialogue on contentious issues. This is mutually beneficial to both parties as there is a better understanding of views and expectations which forms the basis of high quality decision making and good judgement. In addition, we focus our efforts on emerging and systemic issues which are developing in the market and regulatory environment.

Principle 6

Institutional investors should have a clear policy on voting and disclosure of voting activity.

TT has a fiduciary duty to clients to exercise its voting rights responsibly. The right to vote is a basic privilege of share ownership and is important given the division of control between the owners of a company (shareholders) and the agents appointed to manage the company in their interest (Directors). In addition, voting is a fundamental tool used by investors to signal support of concern with management actions. This mechanism is one of the valuable methods of promoting good corporate governance in the marketplace.

TT's policy on voting is described under Principle 1 above and the Proxy Voting Policy is published on our web site (see link below). TT actively votes on every holding in client portfolios, in accordance with its Proxy Voting Policy. We publish details on our voting for rolling twelve month periods on a quarterly basis. Readers will note that we do not automatically support the Board and regularly either vote against or abstain. In such circumstances, the company in question is informed of our decision and will frequently precipitate specific engagement on this issue.

TT do lend stock on behalf of pooled funds, but for segregated accounts this is done at the clients discretion. Stock is rarely called back but has been on occasion if there is a vote in which we are keen to participate.

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Principle 7

Institutional investors should report periodically on their stewardship and voting activities.

TT discloses on its web site data relating to company engagement and voting. This is published on a quarterly basis and relates to the prior twelve months data on both topics. TT also makes detailed voting activity reports available by agreement with individual clients. This will be specific to the client in question.

Engagement activity is specifically recorded in TT's proprietary research database where commentary from the meeting (or telephone call) is recorded and, where relevant, discussed and considered by the investment team.

The Process is audited annually by Ernst & Young with their 'AAF' review of TT.