

TT International Asset Management Ltd – Engagement and Voting

Pursuant to the publication of FCA Policy Statement PS19/13, enacting the EU Shareholder Rights Directive II, below is TT International Asset Management's ("TT") group-wide policy covering our dialogue with companies that we invest in and their stakeholders, our voting decisions, and our cooperation with other shareholders. It should be read in conjunction with TT's ESG Policy and Conflicts Policy.

Company Engagement and Stewardship

As active managers, we strongly believe in frequent and in-depth engagement with our investee companies, as well as with those in the broader investment universe. As such, we engage with a large number of companies on a regular basis. As firm believers in transparency, we publish statistics on our company engagements on our website. We would normally expect to engage with all of our holdings at least once per year.

Engagement is a cornerstone of our stewardship activities. We primarily engage with companies through meetings. Members of the investment team and our ESG team regularly have one-on-one meetings with senior management or the investor relations. 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, including salient sustainability risks

Environmental, Social and Governance

As ESG is fully integrated into our bottom-up investment process, any relevant ESG issues are discussed alongside financial and strategic issues during company assessment and engagement. We also arrange meetings with the sole objective of discussing companies' environmental, social, and governance practices. 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 of the board or other directors and, on occasion, write formal letters to companies to raise our concerns. Our analysts work with the Head of ESG on these targeted ESG engagements. Examples of the topics that we raise with companies are detailed in our ESG Policy.

We believe that investing in companies with strong and/or improving environmental, social, and governance performance is likely to generate superior risk-adjusted returns for investors. We track our targeted ESG engagements internally, including their outcomes. Some of our engagements focus on a single topic, while 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 involve cases where there is a significant ESG risk facing the company and where we need to understand the company's handling of this risk.

TT is a signatory to the UN PRI and the UK Stewardship Code and is compliant with the Local Government Pension Scheme Advisory Board's Code of Transparency. We also are a part of the Net Zero Asset Managers Initiative and Climate Action 100+.

We also expect companies to integrate systemic sustainability risks to their corporate strategy, risk management, and reporting. We prioritise engaging on systemic sustainability risks with our investee companies. 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. 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.

Climate Change

Our expectations from investee companies on climate change include:

- Integration of climate change risks and opportunities into policies and strategies
 - Commitment to net-zero by 2050 and alignment of the business strategy with the goals of the Paris Agreement
 - Assessing and disclosing the resilience of the organisation's strategy and capital expenditure, taking into consideration different climate-related scenarios, including a 2°C or lower scenario
- Incorporation of material climate change risks into risk management
- Disclosure of the scope 1, scope 2, and material scope 3 emissions and reporting in line with the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD)
- Review of membership of industry associations and ensuring that these industry associations are not advocating against the goals of the Paris Agreement

Biodiversity

Our expectations from investee companies on biodiversity include:

- Acknowledging biodiversity as a key resource in processes and operations, including supply chains
- Having an environmental policy that explicitly addresses biodiversity, or a standalone biodiversity policy
- Identification and disclosure of biodiversity risks and adopting programmes to address identified risks in own operations and within supply chains
- Working to disclose quantifiable metrics on biodiversity in line with the recommendations of the Taskforce for Nature related Financial Disclosure (TNFD)

Human Rights

In line with the UN Guiding Principles on Business and Human Rights, companies have a responsibility to respect and uphold human rights in their own operations as well as their supply chains. As responsible investors, we prioritise engaging with companies on human rights.

Our expectations from investee companies on human rights include:

- Having a human rights policy that covers salient human rights risks in own operations and supply chains
- Conducting ongoing due diligence on salient human rights risks and responding to severe or emerging negative human rights violations and providing grievance mechanisms and remedies
- Conducting audits into supply chains
- Providing regular training to employees on human rights and communicating ethical sourcing policies to staff and suppliers
- Consulting with affected groups and other stakeholders, such as NGOs

Voting Policy

In line with our active management approach, we vote on all issues on every stock that we own unless there is share-blocking. We have a share lending program; however, we always retain a minimum stake to be able to exercise our voting rights. We publish our voting statistics and vote decisions on our website every quarter.

TT uses the 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 stringent policies in place which can be more demanding than custom-made policies. ISS provides research and voting recommendations for each meeting. Details of any contentious votes (with recommendations to vote against management) will be sent to the fund managers to decide what action TT should take. We hold internal discussions on meetings where ISS issues a recommendation against management. In specific cases, we also seek to engage with companies prior to finalising our vote.

Importantly, TT makes the ultimate decision on how we vote. All issues presented for shareholder vote are voted in what TT believes to be in the best interests of our clients, in accordance with our fiduciary duty. If we have material concerns about the management or governance of a company in which we are invested, we will vote against management, engage with them on the topic, and may ultimately decide to sell the shares.

Voting is executed by our dedicated Proxy Voting team, in consultation with the relevant portfolio manager. The voting decisions are ultimately the portfolio managers' responsibility. We internally record our rationale where we diverge from ISS recommendations. We also assess management and shareholder resolutions on environmental and social matters. If we do not believe that the company is taking adequate action on a systemic sustainability risk, we may express our view through our voting decisions.

TT also has an ESG Committee to oversee voting policy and recommend improvements to our internal processes. It reports to the Firm's Management Committee. The ESG Committee consists of: Basak Yeltekin (Head of ESG and Chair); Harry Thomas (Portfolio Manager); Chris Stoate (Chief Risk Officer); Rob Murray (Head of Voting), and Peter Fox (Chief Compliance Officer) / Katie Queening (Senior Compliance Officer).

Shareholder Cooperation

While we do not usually collaborate directly with other investment managers, we do have the ability to do so and will do so if we think it is in the best interests of investors. We also participate in collaborative engagements with companies on systemic sustainability risks such as climate change, as we believe that collective voice can be more powerful in bringing about change.

Conflicts of Interest

TT has policies and procedures in place to identify and manage actual and potential conflicts of interest arising from its engagement with companies and its voting activities. TT's Compliance department 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, (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.

Engagement and Voting Policy

TT will publish annually on its website details of any such conflicts including information on how the conflicts were dealt with.