TT INTERNATIONAL

2022 Stewardship Report

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Foreword

TT International Asset Management's 2022 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. Following the strengthening of our ESG integration in 2020 and increasing our ESG engagements in 2021, we focussed on launching new sustainable strategies in 2022 – Sustainable Emerging Markets and Sustainable Thematics. Sustainable Emerging Markets is an Article 8 version of our existing EM strategy that actively targets alignment with the UN Sustainable Development Goals using our proprietary scoring framework and seeks to invest at least 80% of the fund's capital in companies that promote the SDGs through their operations and/or products. In our Sustainable Thematics strategy, we seek to invest in a diversified portfolio of small- and mid-cap companies which present the opportunity for long-term growth, within the environmental, technological, demographic and sociological, and top-down opportunistic global themes. These strategies exclude companies that derive more than 10% of their revenues from fossil fuels, tobacco, cannabis, alcohol spirits, gambling, weapons, and adult entertainment, whilst also subjecting each investee company to a UN Global Compact violations filter and excluding companies that have severe and ongoing violations.

In 2022, we had 96 targeted ESG engagements with 76 companies. We voted on 4,121 resolutions at 405 company meetings. We continued to engage with our investee companies on climate risk, biodiversity, human rights, and executive remuneration. We continued our involvement in the Taskforce on Nature-related Financial Disclosures (TNFD) Forum. We analysed company disclosure on biodiversity and sent letters to companies held in our Environmental Solutions Fund which did not previously disclose meaningfully on this topic.

Our Environmental Solutions Fund, an Article 9 investment strategy, reached its third anniversary in May 2023. The 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. For this strategy, we won the ESG Investing Award for 'Best ESG Investment Fund: Global Thematic', as well as the Environmental Finance Sustainable Investment Award for 'Best Thought Leadership Paper on Sustainable Investing, Global' in 2022.

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

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, 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$7.8 billion as of 31 December 2022 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 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 have also participated in other CityHive 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 registered for the 10,000 Black Interns initiative, committing to taking on at least one intern annually for the next five years.

Responsibility

Crucially, our culture promotes 'responsibility', as we believe that high standards of corporate responsibility not only make good business sense and benefit 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 water purification projects in the developing world.

Alignment

Our compensation is based on the performance we generate for clients and most of our investment professionals invest a significant proportion of their liquid assets in our products. Remuneration is also based on following TT's investment processes, which include integrating ESG analysis throughout, helping to enhance returns and mitigate reputational risks for our investors. 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-side 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. Indeed, indices can be so skewed to certain large stocks and countries that investors adjust their behaviour to focus on this narrower set of opportunities as opposed to the whole index, and consequently, disproportionate research capital is allocated to these larger 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 focussed on launching new sustainable strategies – Sustainable Emerging Markets and Sustainable Thematics. Company engagement is a cornerstone for both of 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 can 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 developments. 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.

- **Ideas Factory.** We are proud to be home to a vastly experienced, talented, and diverse group of investment professionals. Our 'Ideas Factory' consists of 25 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 14 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 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 the 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 wider society. Consequently, we are a certified carbon neutral organisation, having independently measured and offset our carbon footprint by funding several conservation and water purification 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 carefully selected environmental charities. The charities we are supporting are Heal

(Rewilding Charity), The University of Western Australia – Oceans Institute, GreenWave, The Global Returns Project, and the Thousand Year Trust:

- 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. In January 2023, Heal acquired its first landholding of 460 acres near Bruton in Somerset, where it will create a new nature reserve. TT International was the largest single donor to the equity for the purchase of the Somerset site.
- 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. We are supporting three academic projects at the Oceans Institute:
    - *Eggs in Two Baskets: Exploring a Climate Change Adaptation Option for Sea Turtles*
    - *Developing a Low-cost Approach to Regional Scale Coastal Hazard Monitoring*
    - *Understanding the Social License of Offshore Renewables in Australia for a Smooth Renewable Energy Transition*
- 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.
- The Thousand Year Trust aims to triple the amount of Atlantic temperate rainforest growing across the UK over the next 30 years from the current assessed 330,000 acres to one million acres.

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, The University of Western Australia – Oceans Institute, and the Thousand Year Trust 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 complete a detailed 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 aims and strategy remain aligned with what we believe adds value and protects minority shareholders. 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 potential 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, we believe we fulfil our fiduciary duty to our clients such as pension plans, university endowments, and sovereign wealth funds, thus helping them to fulfil their own responsible investment obligations.

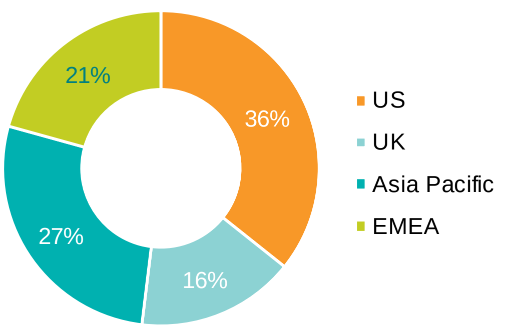
Our Clients (Principle 6, Principle 3)

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

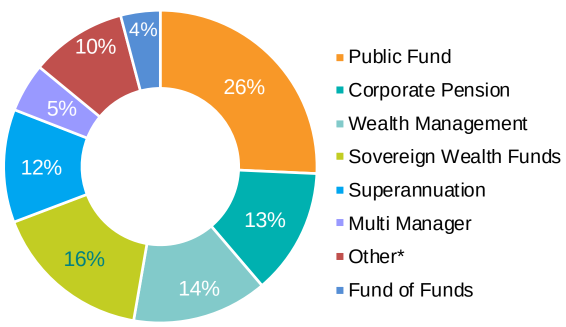
Clients

As of 31 December 2022, we managed US$7.8 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 2022 included:
  - *"Global Emerging Markets Strategy Ukraine update":* We outlined the investment actions we took following the invasion of Ukraine.
  - *"Looking beyond low carbon to holistic environmental investing"*: This paper by TT Environmental Solutions Co-PM Harry Thomas set out the case for supplementing a low carbon approach with an environmental solutions strategy, which we believe will grant investors access to the biggest structural growth opportunity of a generation. This paper received the Environmental Finance Sustainable Investment Awards 2022 for 'Thought Leadership Paper on Sustainable Investing, Global.'
  - *"COP27: What to Expect"*: Our Environmental Solutions Co-PM Harry Thomas discussed some of the expected outcomes from the COP27 conference, as well as the potential opportunities these might present for the themes and sub-themes within the strategy's investable universe.
  - *"COP27: Conclusions"*: Our Environmental Solutions Deputy PM Ross Sterling summarised the outcomes from COP27, arguing that although the conference made progress in certain areas, it also seemed to be a missed opportunity to strive for even greater ambition in climate policy.
- Quarterly proxy voting data
- Annual ESG report

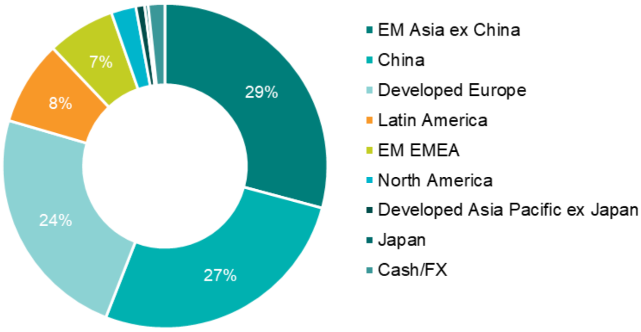
We take great pride in the timeliness, scope, and accuracy of our client reporting. We have made a conscious effort to ensure that our reporting is relevant and useful to our clients, incorporating their feedback and bespoke requests wherever possible. We frequently receive positive feedback on our investment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

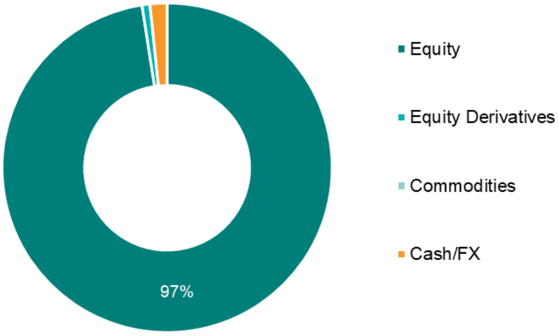
We produce an annual ESG update for our long-only strategies; 86 percent of our assets were in long-only strategies at the end of 2022. This update covers our ESG activities for the year, selected engagements and outcomes, and any relevant outcomes, carbon metrics and comments on the top contributors to portfolio carbon intensity, voting statistics, and selected vote rationales.

70 percent of our assets under management were invested in emerging markets as of end-2022, with the individual regions outlined below. Emerging Asia ex-China was the largest region at 29 percent of our assets under management. China accounted for 27 percent of our assets, whilst Latin America and Emerging Europe, the Middle East and Africa (EMEA) constituted 15 percent. 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. Our investment horizon for our long-only funds is 6 to 18 months, although there are companies that we have held for significantly longer than 18 months in our strategies. The average holding period for our hedge-fund strategies is 4 to 6 months. There will be stocks we hold for two years if the investment is working as expected and there are further milestones, but generally we look for stocks with a clear, near-term catalyst.

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. There was a one-year hiatus in the reporting cycle as PRI worked to improve their reporting interface, and we filed our 2022 report in September 2023, which will be assessed in the coming months. For our most recent assessed 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 has been 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, we provide detailed human rights assessments on relevant portfolios and comments on our due diligence efforts 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 2022, the team completed more than 100 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 2022, 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. The main themes of conflicts of interest we manage remain the same as 2021, but all conflicts are actively reviewed and assessed by the Conflicts of Interest Committee. Specific examples of conflicts of interest we manage are:

- 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 periodically carries out assessments of entities within the SMFG Group and affiliates of those entities 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.

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 worked 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.

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 advises the portfolio managers about proxy voting. Our ESG team also provides 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 to identify and research potential violations of the UN Global Compact Principles and subscribe to ISS-Ethix research on controversial weapons. We subscribe to Eurasia Group research on geopolitical risk and policy and regulatory research. Most recently in February 2023 we became a signatory to the CDP, an international non-profit organisation that helps companies and cities disclose their environmental impact. 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.

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

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 2022 included the energy market upheaval in Europe and longer-term implications, implications of higher rates on renewable projects, the role of nuclear energy in the energy transition and implications for the penetration of renewables, the likelihood of life extensions for existing nuclear plants, latest developments on voluntary carbon markets, negative externalities of desalination plants, feasibility, timing, scale of DAC technology, and whether autonomous driving qualifies as an environmental solution.

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 2022, 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 2022 review of our ESG policy, we specifically referenced access to finance, legal liabilities, and shareholder rights to the ESG factors that we consider. We also directed investors to where they can find more information regarding how our products consider principal adverse impact indicators.

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.

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.
We carefully document our assessments for EU Sustainable Financial Disclosure Regulation (SFDR) and verify compliance with investment guidelines. When reporting positive impact (such as avoided emissions through investee

companies' products), we solely use company-reported data to avoid greenwashing. For our Environmental Solutions strategy, we sought Responsible Investment Certification by the Responsible Investment Association Australasia (RIAA) starting in 2022. The RIAA Responsible Investment Certification is the "leading initiative for distinguishing quality responsible, ethical and impact investment products and services in Australia and New Zealand."[1] We have been recognised as a Responsible Investment Leader by RIAA in its 2023 Benchmark Report, scoring in the top 20 percent of 272 investment managers.

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.

In 2019, we identified climate change and biodiversity loss as market-wide and systemic risks that we seek to factor into our investment and risk management strategies; in fact, this was the motivation for us to launch our Environmental Solutions strategy in 2020, as per the approval of TT's Management Committee. When we created this strategy, we also created an external Research Advisory Board with experts on renewable energy, clean tech, and ecology and conservation to help us understand and navigate these risks better.

The 2018 "IPCC Special Report on the Impacts of Global Warming of 1.5°C Above Pre-Industrial Levels and Related Global Greenhouse Gas Emission Pathways, In The Context Of Strengthening the Global Response to the Threat of Climate Change, Sustainable Development, and Efforts to Eradicate Poverty" was instrumental in shaping our thinking that climate change and biodiversity loss pose a systemic risk to our lives, as well as to financial markets.

We consider climate change and biodiversity as market-wide and systemic because these risks can result in the degradation of life on earth and can also cause involuntary migration, geopolitical strife, loss of food, 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[2].

Climate change

As per the IEA[3], global energy-related CO2 emissions grew by 0.9 percent or 321 Mt in 2022, reaching a new high of 36.8 Gt. Due to Russia's invasion of Ukraine and the resulting move away from Russian gas as well as the spike in gas prices, we observed switching from gas to coal in many countries. In particular, global emissions from coal-fired

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[1] https://responsibleinvestment.org/ri-certification/
[2] Tollerson, Jeff "Why deforestation and extinctions make pandemics more likely". *Nature*. https://www.nature.com/articles/d41586-020-02341-1.
[3] https://www.iea.org/reports/co2-emissions-in-2022

electricity and heat generation grew by 224 Mt or 2.1 percent, led by emerging economies in Asia. Approximately 20 percent of the emissions increase were driven by changing weather itself – driven by cooling and heating demand in extreme weather. As a result, 2022 was the fifth warmest year on record.

Our targeted climate change engagements in 2022 involved 11 companies across 12 separate engagements. These companies accounted for 53 million tonnes of Scope 1 and 2 emissions and had a combined market capitalisation of USD 166 billion as of end-2022, ranging from USD 0.4 billion to USD 86 billion.

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

- With **Plug Power**, a U.S. company that manufactures fuel cells and electrolysers for green hydrogen, we recommended that the company perform an assessment of the carbon it saves through its activities, along with disclosing its Scope 1 and 2 emissions. We gave examples of US corporates that report this metric. Plug Power said they will be publishing their expanded ESG report in Spring 2022, and they worked with consultants and internal teams to enumerate carbon savings from their products. The company did publish these figures in its ESG report.
- With **ENETI**, one of the largest offshore wind turbine installation fleet operators in the world, we discussed the company's compliance with ETS and the economics of running the ships with ammonia and did further diligence on the forecast decline in carbon emissions they expected from the sale of the dry bulk fleet. On a separate occasion, we also discussed the physical and transition climate impacts on the company's business.
- We questioned the compatibility of **Glencore**'s proposed Valeria mine with the company's carbon reduction targets.
- With **Santos**, an Australian gas and LNG company, we questioned the adequacy of the carbon capture and storage plans for the Barossa project, which accounted for more than a fifth of the company's proven and probable reserves.
- With **Terna Rete**, the Italian electricity transmission system operator, we discussed the company's grid losses and proposed measures to curtail these.
- We asked **Befesa**, a circular economy company that recycles steel dust and aluminium and is the global leader in electric arc furnace dust (EAFD) recycling, about its plans to decarbonise its operations.

We subscribe to the MSCI Climate Value-at-Risk data and research and use the information in our analyses. We internally discuss the climate scenarios that are utilised by MSCI and regularly assess which ones are most aligned with our perspectives on renewables penetration. We also sought input on this topic from the Research Advisory Board for our Environmental Solutions strategy. We also have 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.

In 2022, our carbon footprint was 1,360 tonnes of CO_2e, 91 percent of which was air travel. We chose to fund three projects in Democratic Republic of Congo, India, and Eritrea that also fulfil many of the United Nations' Sustainable Development Goals:

- **Reduced deforestation in Congo:** The Mai Ndombe REDD+ Project, located in western DRC, is an ecologically rich and diverse area previously zoned for commercial timber extraction. It is home to chimpanzees, bonobos, and forest elephants, and includes some of the most important wetlands in the world. This project will protect the area from deforestation and serve the community. The VERRA Standard REDD+ project is an "emissions reduction offset". As of November 2022[4], the project had set aside 10,000 hectares of savannah and 2,194 hectares of forest for fire protection and natural regeneration and provided $1.7 million in payments for environmental services.
- **Afforestation in India:** The project involves carbon sequestration of degraded lands through reforestation. Many discrete parcels of degraded land owned by small and poor farmers who do not have the capability of plantation without any external financial support and technical guidance are reforested under Farm Forestry Scheme. The project encompasses 12,437 parcels of land measuring 14,970 hectares owned by 12,002 farmers across three states.
- **Repairing community boreholes in Eritrea:** The project is located in semi-rural districts in Eritrea where local people use wood fuel to purify their drinking, cleaning, and washing water, which results in the release of greenhouse gas emissions from the combustion of wood. This can be avoided if a technology that does not require fuel (wood or fossil) can supply clean water to households. Many existing boreholes have fallen into disrepair because maintenance programmes have been poorly managed or proven too expensive. The work in Eritrea will repair broken boreholes so that they deliver clean, safe water. The projects will ensure that the quality of the water delivered by the boreholes is fit for human consumption for the entire length of projects, which will be a minimum seven years.

In selecting these projects, TT's Environment Committee prioritised projects that protected biodiversity and where the project would not be viable without external financing.

Biodiversity loss

Biodiversity is the total variety of life on earth. WWF's 2022 Living Planet Report estimates that the planet's wildlife populations have declined by 69 percent since 1970 – a staggering loss in half a century. 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.

Biodiversity is commonly said to underpin the world economy. 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 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.

[4] https://www.worldbank.org/en/news/feature/2022/11/15/in-the-democratic-republic-of-congo-people-centered-solutions-to-forest-degradation

The Dasgupta report also points out that "far more global support is 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 a useful 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 provided feedback on this engagement guide. We used this guide for our engagements with companies on biodiversity. We had 38 such engagements in 2022, as a result of our decision to widen our biodiversity engagements through a letter project which aims to raise awareness on biodiversity disclosure and its incorporation into strategy and risk management.

Biodiversity Engagement – Letter Project

We sent out biodiversity disclosure letters to 32 companies in our portfolio which had minimal biodiversity disclosure to educate and guide our investee companies. These letters were directed to the chair of the committee on the board responsible for environmental matters. Where there was no such sub-committee, we wrote to the chair of Nominating and Corporate Governance Committee, and for others, the chairman of the board. We believed that letters in a physical format and addressed to the board would be more likely to gather attention and elicit a response. This was also the most efficient way to engage on the same topic across multiple companies.

In addition, we prepared a presentation detailing the current state of biodiversity disclosure, which was reviewed by Dr Joseph Bull, our research advisory board member who is an expert in biodiversity and conservation and who teaches at Oxford University. Our slide pack for the corporates included information on:

- TNFD (Taskforce on Nature-related Financial Disclosures) and its LEAP approach for corporates
- GRI and EU SFDR biodiversity metrics
- Best practices for setting a biodiversity strategy and policy for own operations and supply chain
- General and industry-specific best-in-class disclosure examples

We received an acknowledgement and response from 41 percent of the recipients. We had fully fledged responses from ten companies including letters from two UK companies (**Ceres** and **SMS**) and follow-up calls with two U.S. companies (**Oatly** and **Plug Power**). We also sent our biodiversity disclosure presentation to all companies, regardless of whether they responded to our initial letter or not.

Biodiversity Engagement – Letter Project (continued)

Following our engagement, we saw significant improvements on biodiversity disclosures at **ReNew Energy Global** and **Nexans**. In its 2020-21 sustainability report, **ReNew**'s disclosure of its efforts to safeguard biodiversity and manage biodiversity risks had little detail on the measures taken to minimise the company's impact on biodiversity. After our engagement, ReNew Energy outlined its five-step approach to biodiversity impact management. ReNew now commissions voluntary site-level Environmental Social Impact Assessment for all projects to map risks to ecosystems. Previously, ReNew had outlined that it conducts local biodiversity screening for any endangered species; however, it did not outline any specific measures being taken and what species were being impacted. In its latest sustainability report, ReNew explained that it installed 23,000 diverters to avoid bird hits and that it now foresees minimal impact to the Great Indian Bustard.

Nexans started to evaluate the risks and opportunities associated with biodiversity as part of its analysis of Corporate Social Responsibility (CSR) risks in 2022 (biodiversity was not among the risks assessed in 2021). In 2022, Nexans also initiated a study to evaluate the impact of its activities on biodiversity. Going forward, the company's global impact will be calculated using the Global Biodiversity Score tool developed by CDC Biodiversity.

We also noted some improvements on biodiversity disclosures at **Rockwool** and **Ceres**. Biodiversity was not mentioned in **Rockwool**'s 2021 sustainability report; however, this year Rockwool conducted an assessment mapping biodiversity sensitive areas in close proximity to its manufacturing sites. The firm will use this assessment to evaluate the need for additional mitigation measures together with opportunities for enhancing biodiversity in some of the areas.

Ceres is now aiming for TNFD disclosure, setting water targets and biodiversity net gain targets. It is also aiming to achieve a CDP rating on climate change, forests, and water security.

Some of the other biodiversity topics we discussed with our investee companies and prospective investments were as follows:

- We discussed with **Fortum Oyj**, a Finnish state-owned energy company, the company's conservation measures at the hydroelectric dams in Finland.
- We discussed with **Pertamina Geothermal Energy**, an Indonesian company, its conservation and reforestation policies and activities.
- We discussed with **Greenvolt**, a Portuguese biomass and renewable energy company, the sourcing of biomass and measures taken to protect biodiversity.

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, The Global Returns Project, and most recently the Thousand Year Trust. 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 investment 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 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 started working on a framework to quantify companies' alignment with the UN Sustainable Development Goals and finalised it

in 2022. 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 are 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. We also strive 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 a 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, nutritional health, access to finance)
- Cost and balance sheet implications (e.g. product recalls, environmental and legal liabilities)
- Brand and reputational issues (e.g. poor health and safety record, weak labour practices, cybersecurity and data protection breaches)
- Supply chain management (e.g. labour relations, human rights)
- Access to raw materials (e.g. biodiversity risks, conflict minerals)
- Shareholder rights (e.g. election of directors, mergers & acquisitions, capitalisation decisions)
- Corporate governance (e.g. board composition, executive remuneration, shareholder rights, bribery and corruption, 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. 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:

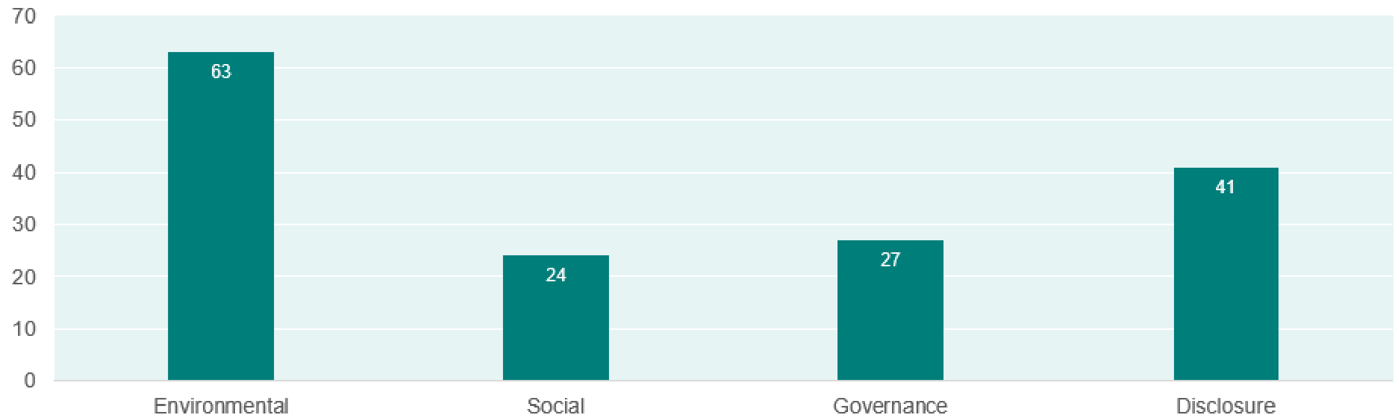
- Understand the competitive environment in which a company operates
- Assess the alignment of management goals and strategy with those of minority shareholders
- Understand key drivers of growth
- Understand a company's risks and vulnerabilities

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. In 2022 we had 96 targeted ESG engagements across 76 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.

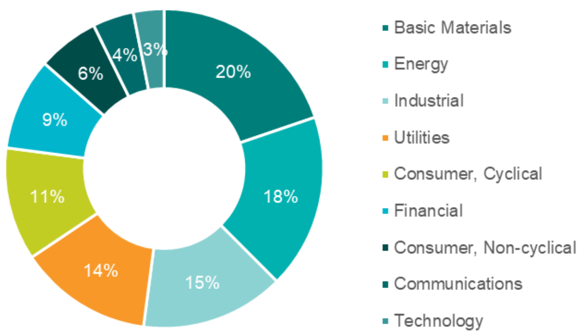
In 2022, 66 percent of our engagements covered an environmental topic, whilst 25 percent discussed a social issue and 28 percent featured governance topics. Disclosure was also an important topic with 40 percent of engagements touching upon it, we continue to work constructively with our investee companies to improve their disclosure. The environmental and disclosure engagements have become amplified in 2022 due to our biodiversity letter project. 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

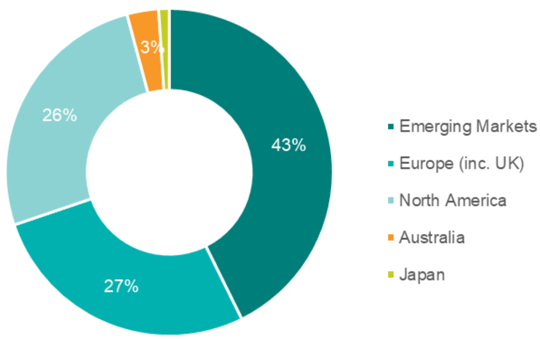


Our thematic engagements are prioritised according to our broader assessment of ESG risks. We continued to prioritise climate change, biodiversity, and human rights in our engagements. In 2022, we saw a substantial disruption in the global commodity markets and observed that in the near term, energy security concerns would result in a ramp-up of renewables, coal, and nuclear at the same time. Energy security did take precedence over climate change concerns, although as we had expected, the war in Ukraine also accelerated the adoption of renewables. As per IEA's research, renewables met 90 percent of the global growth in electricity generation in 2022, and solar PV and wind generation each increased by around 275 TWh, a new annual record. We consider biodiversity to be a systemic risk as discussed previously and made a concerted effort to engage with companies on this topic through a letter project in 2022. Finally, 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.

Targeted ESG engagements by sector



Targeted ESG engagements by region



We measure the outcomes of our engagements as satisfactory, monitoring, or not successful. In 2022, there were 9 companies (12 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, climate risk (12 engagements), biodiversity (38 engagements), and human rights (12 engagements) – drove a substantial number of our engagements in 2022.

In 2022, we also discussed the Russia/Ukraine exposure with our investee companies. Following the invasion of Ukraine, we adopted the Russia Investment Policy which prohibits any new investments in Russian companies across all TT portfolios. In this context, we define Russian companies as those that are domiciled in Russia, as well as those which derive majority of their revenues or operating profit from Russia. For companies that have Russian assets or sales exposure below this threshold (excluding activities that can be considered as humanitarian in nature – such as the provision of essential food, agricultural, and medicine supplies), we encouraged them to cease their operations.

Category	Issue	Engagements per issue	Example engagement	Topic raised
E	Biodiversity	38	ReNew Energy Global	Biodiversity letter project; measures to protect the Great Indian Bustard
	Climate	12	Glencore	Impact of proposed Valeria mine on Glencore's carbon reduction targets
	Environmental Degradation	6	Barrick Gold	Riverine tailings disposal at the Pogera Mine in Papua New Guinea
	Environmental Permitting	1	Plug Power	Reasons behind the cancellation of the Pennsylvania plant
	Environmental Revenues	3	Ecolab	Verifying and substantiating the environmental benefits of the firm's water business
	EU Taxonomy	1	Terna-Rete	Assessing Terna-Rete's taxonomy-aligned revenues
	Green Capex	3	Hyundai Motor Company	Investment plans post the Inflation Reduction Act; use of green steel
	Reforestation	1	Pertamina Geothermal Energy	Type of land and diversity of species used in reforestation
	Waste	1	Constellation Energy	Storage of nuclear waste
	Water	2	Hansol Chemical Co	Setting of water targets
S	Community Relations	2	Veolia Environnement	Managing stakeholder opposition to waste-to-energy projects
	Diversity	1	Axis Bank	Gender diversity at the management and employee level
	Health and Safety	5	Constellation Energy	Nuclear safety; implications of welding issues observed in French reactors
	Human Rights	6	Emaar Properties	Due diligence and risk management measures on forced labour risks
	Child Labour	1	Zijin Mining	Efforts to prevent child labour in operations and supply chains
	Labour Relations	4	Weyerhaeuser	Employee relations after first strike since 1980s
	Russia/Ukraine	5	Owens Corning	Ceasing operations in Russia
	Sexual Harassment	1	Axis Bank	Measures to reduce sexual harassment incidences
G	Anti-Corruption	2	Pertamina Geothermal Energy	Anti-corruption measures for land purchases
	Audit	4	UPL Limited	Accountant resignation and supply-chain financing practices
	Board Composition	1	Petrobras	Substantial turnover in board members
	By-Law Amendments	2	Qatar National Bank	Proposed amendments to the articles of association
	Cybersecurity	3	Americanas	Cybersecurity measures following second cyber attack in three months
	General Governance	1	Eugene Technology	Potential improvements in the company's board composition
	Issuance	1	Eneti	Potential for sizeable issuance due to large increase in authorized common stock
	Legal Liabilities	5	AstraZeneca	Lawsuit claiming payments to Al-Mahdi controlled Iraqi Ministry of Health
	Listing	4	360 Digitech/Qifu Technology	ADR delisting risk; dual-class shares and obtaining Hong Kong listing
	Management Change	1	ReNew Energy Global	CFO departure after short tenure
	Remuneration	6	OCI NV	Proposed changes to remuneration policy

ENVIRONMENT

ReNew Energy Global is one of the largest independent renewable power producers in India and globally. In 2022, we engaged with ReNew on its consideration of biodiversity risks when procuring modules and turbines. The company will require its suppliers to disclose on biodiversity and conservation in the future. ReNew was one of the companies that we engaged on biodiversity disclosure and the company’s chairman responded to our letter, addressing our high-level questions on the strategy, governance, and risk management of biodiversity. For example, ReNew has installed ~ 23,000 birds diverters to avoid any incidence of bird hits on transmission lines. The company also strongly improved its biodiversity disclosure. In its 2020-21 sustainability report, ReNew’s disclosure of its efforts to safeguard biodiversity and manage biodiversity risks had little detail on the steps being taken to minimise biodiversity impact. While ReNew has not made any quantitative biodiversity disclosures in its recent sustainability report, the firm has nevertheless made improvements on its biodiversity reporting. Specifically, ReNew has outlined its five-step approach to biodiversity impact management. ReNew commissions voluntary site level Environmental Social Impact Assessment for all projects to map any probable risks to ecosystems. The company also made more disclosures on the measures taken to protect endangered species including the Great Indian Bustard. We were satisfied with the company's responses and sustainability efforts and no further steps were required.

In January 2022, we communicated to **Glencore** that we were struggling to understand how the proposed Valeria mine in Australia would fit in with the company's carbon reduction targets. We were concerned that adding another 15m tonnes per year of thermal coal production would complicate Glencore's 2035 target to cut its emissions by half. We were also concerned that the Valeria mine would be open-cut pits, rendering it more difficult to capture methane from. Glencore explained that they were undertaking a range of studies related to Valeria, but that Valeria, which was yet to reach the final investment decision, had been factored into their climate change commitments, including the 2026 and 2035 emission reduction targets. Glencore walked away from the $1.5bn Valeria mine in December 2022. Our engagement met its stated objective. Ours was one voice amongst others, but we feel that our bilateral engagement was important in raising one more voice of objection to this mine, which we felt was not congruent with the company's ambition to get to net zero emissions by 2050.

Weyerhaeuser is the largest private timberland owner in North America, and we had previously engaged with the company on bark beetle infestation and management of fire risks. In 2021, we engaged with the company on its physical climate risk and carbon opportunity. Our 2022 engagements focused on water pollution caused by the firm's manufacturing operations adjacent to the Columbia River. Subsequently Weyerhaeuser rerouted one of its stormwater pipes, so that it no longer flows into the Columbia River and instead goes to a waste treatment plant.

We engaged with **Befesa** on steps being taken to reduce CO2 emissions – currently only 20 percent of the company's power needs are procured from renewable power and the company would like this to increase to 80 percent. Befesa has a substantial presence in China where the grid is predominantly coal-fire powered – it is currently ramping up operations at its plant in Henan and is planning a third plant in Guangdong. In 2023 we continued our engagement with the company on climate change.

In the case of **Ecolab**, our engagement efforts have been focusing on verifying and substantiating the environmental benefits of the company's business. We received details regarding the benefits of Ecolab's products compared to its peers, and this helped us class the company as deriving the majority of its revenues from environmental solutions.

SOCIAL

We engaged with **Emaar Properties** on their due diligence and risk management measures on forced labour risks in their business and supply chains. We posed questions on labour relations and human rights, aiming to find out what kind of audits are undertaken, minimum wage policies and conditions for migrant workers. After the company's initial response, we followed up with the following questions:

- We understand that the main contractor conducts monthly audits – could you let us know if they share any information with you, and if you ever audit the conditions yourself / commission a third-party audit?
- Who sits on the workers' welfare committee – are workers also represented on this committee?
- How do you select your contractors, and are there stipulations on human rights in their selection / retention? Are there any contractors that you cease to do business with if you identify problems in their employment practices?

Having received reassuring answers to our questions, especially in our follow-up, no further action or escalation was required.

In 2021 we engaged with **Axis Bank** on sexual harassment cases at the bank and have since monitored female participation and harassment cases. We noted that in FY22, Axis recorded 45 cases of sexual harassment, which was not an improvement in terms of the incidence rate, and we saw that the bank responded by adopting a Policy on Prevention of Sexual Harassment of Women at workplace. We saw that the bank also publicly committed to reaching 30 percent female representation in its workforce by FY27 (female representation had increased 1.3 percent year-on-year to 24.7 percent in FY22.) We posed the following questions to management:

- The bank had improved gender diversity at the management level as of FY21 (from 5.5 percent in 2019 to 8.0 percent in March 2021). Have we seen any further progress there?
- Could you elaborate on any specific measures within the Policy on Prevention of Sexual Harassment that you believe will lead to an improvement? Have you noted any improvement so far?

The bank confirmed further improvement in gender diversity at the managerial level in 2022 and constant training on the policy for prevention of sexual harassment, which were both positive developments. The company's 30 percent female employee target for FY27 is on track. We will continue to monitor the company's progress on human capital management. In terms of its business strategy, Axis had 2.2 million female borrowers under retail microfinance. We believe that the bank's efforts to improve financial access to women and to promote women in its own management will also support its business strategy and loan growth.

We engaged with **Zijin Mining** on the risks from artisanal mining at cobalt mines in the Democratic Republic of Congo. The company was profiled in an Australian public broadcast service documentary, which erroneously alleged that there was child labour at the company's mines. From our analysis, it was clear that the mine in the documentary was not Zijin's Kolwezi mine, which was confirmed by the company. Zijin also responded to the allegations and highlighted their efforts to prevent child labour in their operations and supply chains. The company published their policy and approach to preventing child labour and fostering responsible supply chains for the first time in their 2022 ESG report. The company prohibits child labour and prohibits suppliers from using child labour and, importantly, does not purchase from companies that benefit from child labour.

Zijin takes the following measures to curb artisanal mining:

- The mine is closed in the event of artisanal miners coming in,
- In the surrounding areas, Zijin regulates the behaviour of small-scale artisanal mining, dispenses mining safety information, and
- Zijin's smelters have established a due diligence management system in accordance with the OECD five-step process, ensuring that the upstream mineral raw material suppliers are free from human rights issues such as child labour and environmental and safety issues, and have obtained London Bullion Market Association (LBMA) certification, which is currently being extended to all major metals.

Zijin has carried out detailed due diligence on human rights issues and has not found any serious human rights violations such as child labour or forced labour in the DRC. Zijin's company in the DRC, Musonoi Company, spent more than 50 percent of its total sales on fees, dividends and taxes, including U$13 million in community-related investments. Musonoi built municipal water wells, municipal road systems, and other key infrastructure. The local communities enjoy an employment rate of 86 percent (vs 50 percent for the surrounding community), and the average wage of employees is not only significantly higher than the average income of local government civil servants, but also generally higher than that of similar mining enterprises. More than one thousand local families benefit from working at Zijin's mines in the DRC. We deemed the company's response to be satisfactory, and no further action was taken. In December 2022, MSCI upgraded Zijin's ESG rating by one notch due to improvements in the company's governance and community initiatives.

We engaged with **Vestas** on cybersecurity measures following the disruptive November 2021 cyberattack. We sought to understand who is ultimately responsible for cybersecurity at Vestas; what the reporting lines are; whether there is regular reporting to the board on cybersecurity, as well as what steps have been taken to strengthen the company's cybersecurity; which external organisations they are working with against hacker attacks, and whether there are any industry initiatives on this topic that help guide them. We had an insightful discussion with the people who are working on cybersecurity at the company. We encouraged the company to correct the MSCI data points on cybersecurity training for employees and also followed up with a recommendation on who they could work with to prevent attacks. We were satisfied with Vestas's focus on this topic, so no further steps were necessary. The company is also now correctly designated by MSCI as providing training on data security to its employees.

GOVERNANCE

We engaged with **OCI NV** on the company's proposed change to the remuneration policy, which aimed to allow extraordinary payments to be made to the executives going forward, in addition to a one-off payment in 2022. We voted in favour of the one-off payment but against the change to remuneration policy. OCI's amendment to the remuneration policy fell short of the 75 percent approval required under Dutch corporate governance rules; therefore, the company did not succeed in introducing special awards on an ongoing basis, which helped to maintain relative alignment of executive remuneration with minority shareholders.

We engaged with **Qatar National Bank** (QNB) before the company's annual general meeting due to ISS's recommendation to vote against director election and the corporate governance report due to non-disclosure. However, the company had published the report, which also detailed the backgrounds of the director candidates. We also enquired about the proposed amendments to the articles of association - specifically around the rationale behind the amendment of the corporate objective. We were satisfied with the company's explanations and voted with the management on these resolutions.

We discussed governance improvements with **Eugene Technology.** We explained that one of the areas that screens especially poorly is board independence, and it would be good to split CEO and Chair roles. The company explained that their new co-CEO position is aimed to improve governance. We also asked about risk management expertise on the board. The company explained that there is regular internal management meeting once a quarter on this topic, with significant focus on risk management around cash flow and capital expenditures, and that management reports to board members regularly. The company had experienced financial difficulty in 2012-13, and from that moment they realised the cash management was a key tool to mitigate risk. We appreciated the company's efforts to engage with us on governance and the governance improvement with the appointment of the co-CEO. We believe there is still progress to be made on gender diversity, but the company was not as sanguine on this, explaining that it was difficult to attract female board members as a small-and-medium capitalisation Korean company.

One of the most important areas of risk for our Chinese investments was the ADR delisting risk in the US. The U.S. Public Company Accounting Oversight Board (PCAOB) and Securities and Exchange Commission (SEC) had been under intense pressure from the U.S. Congress to either reach a deal with China that allowed PCAOB with full access to audit papers (with exceptions for certain types of sensitive data) or de-list the Chinese ADRs. We analysed our ADRs in terms of their data sensitivity, share structure (weighted voting rights), eligibility for a secondary listing in Hong Kong, timeline and any impediments to such a listing, and probability of complete delisting. We subsequently engaged with our investee companies with ADRs on their Hong Kong listing plans, which involved specific discussions around the governance structure of these companies.

One of our engagements was with **360 Digitech**, a Chinese technology services provider to financial institutions and SMEs (later named "Qifu Technology") in March 2022. The company's priority was to get "innovative status", which would have allowed it to maintain its weighted voting rights structure and obtain Hong Kong listing; however, it did not succeed in obtaining this status as a finance sector company. Following our engagement around governance and listing, the company's chairman chose to disband the dual class voting structure to become eligible for a Hong Kong listing. The company listed on the Hong Kong Stock Exchange in November. Under its dual class voting structure, the company's share capital was comprised of class A shares and class B shares, with each class B share entitled to 20 votes, while each class A share was entitled to one vote. Immediately following the completion of the listing, the company delisted all class B shares. 360 Digitech/Qifu was a clear example of transformative governance improvements, and our engagement reached its objective.

In May 2022, we discussed the Hong Kong IPO process with **VNET Group**, which offers Internet data centre services. The company believed that they could file their A1 listing application to the Hong Kong Stock Exchange in August/September 2022. If they did not reach the minimum market capitalisation requirement (the minimum for companies with multiple voting classes is either HK$40 billion or HK$10 billion combined with revenue of at least HK$1 billion for the most-recent audited fiscal year), then they would need to ask for waiver for the size requirements and eliminate the B and C share classes. VNET ultimately received a take private offer from its founder and executive chairman and did not proceed with a secondary listing.

Ultimately, the U.S. PCAOB was satisfied that they were able to gain complete access to the auditors and this resolution reset the three-year clock for compliance from 2024 to 2026, removing a near-term delisting risk. However, our engagements helped us understand potential risks in a delisting scenario and also catalysed some of the companies in our portfolio to proceed with their Hong Kong listings and dismantle their dual class voting structures, which was positive for corporate governance and minority shareholders. For the companies that achieved their secondary listing in Hong Kong, this can become their primary listing in an ADR delisting scenario.

CROSS-CUTTING ENGAGEMENTS

We engaged with **Barrick Gold** at the board level on ESG matters, as well as on strategy. The company refuted the allegations about environmental degradation in Argentina. They explained that they will try to reduce sediment in the Porgera Mine in Papua New Guinea. They have taken security measures in Tanzania against trespassing and stated that the overall situation and community relations had improved substantially. Finally, we discussed executive remuneration due to its complexity and suggested that they may want to simplify the structure. Ultimately, we exited our investment in the company in favour of AngloGold Ashanti.

We questioned **POSCO Holdings**, a South-Korean steel-making company, on their ongoing commitment to the Shwe Gas Field and their development of the Samcheok blue coal power plant. On Shwe, POSCO is the main operator with a 51 percent stake, and 45 percent of the project goes to the government. They explained that they are going to continue to operate this; however, due to the EU sanctions against Myanma Oil and Gas Enterprise (MOGE), the dividend payment was not released and POSCO International was working to persuade the stakeholders on extending the dividend suspension. On Samcheok, POSCO explained that they spent KRW 3 trillion on the plant, which they said they intend to make their final coal power plant and would be disposing of their stake (30 percent held by POSCO Energy) in this project over time as they had done with similar projects. We also discussed their green capex and hydrogen strategy.

ESG DISCLOSURE

We engaged with **Johnson Electronics**, an electro-mechanical components provider, on its governance and disclosure of sustainability. It was helpful to establish that the company had already formulated the key tenets of their sustainability strategy in their ESG reporting in 2021 and been in touch with MSCI ESG. We expressed that shareholders are increasingly concerned about the governance of sustainability and would ideally like to see board ownership and oversight of this important topic. We encouraged the company to enumerate its environmental revenues, as they state that many of their products directly target emissions reduction and improved energy efficiency. In their sustainability report published in September 2022, the company provided significantly more information on their suite of products and their environmental and social benefits.

We continued to engage with **Hansol Chemical**, manufacturer and supplier of chemical products, on ESG disclosure improvement and emphasised that the company should prioritise engaging with MSCI to improve their ESG rating. They explained that they had prioritised Korea Corporate Governance Service in their engagement efforts in 2021, but that they would engage with MSCI in 2022, and they indeed gave feedback to MSCI in June 2022. Whilst it did not lead to a ratings upgrade, it was helpful in correcting some erroneous aspects of the ESG research.

RUSSIA AND OTHER GEOGRAPHIC EXPOSURES

We engaged with **Glencore** on the company's Russian exposure. We specifically asked about the offtake agreements with Russian commodity producers such as Rusal and Rosneft, and the company's plans with respect to its stakes in EN+ and Rosneft. At the end of March, the company announced that it will not enter into any new trading business involving Russian origin commodities unless directed by the relevant government authorities but would continue to honour its legal obligations under pre-existing contracts, subject to meeting all applicable sanctions. Glencore also communicated that it had completed the review of its equity stakes in En+ and Rosneft and concluded that there was no realistic way to exit these stakes in the current environment.

We engaged with **British American Tobacco** (BAT) on their compliance with sanctions in April 2022, following Russia's aggression against Ukraine and the company's exposures to Russia and Belarus. We specifically posed the following questions to the company:

- The scope of BAT's Belarus activities
- Understand how BAT made the decision about exiting Russia
- What contributed to BAT getting out of Iran and Myanmar
- If BAT can share any timeline about the Department of Justice (DOJ) investigation that was announced in its 2020 Annual Report
- The internal control improvements for sanctions compliance that BAT have put in place
- Who is responsible for compliance with sanctions at BAT and what the reporting lines are; and
- Who is responsible for the communication with the DOJ

During our call with the company, we established that BAT did cease its relationship with the GTF Neman factory in Belarus following the sanctions designation by OFAC, terminating the contract manufacturing arrangement that was in place. BAT announced its intention to withdraw from Russia, classifying the assets as held-for-sale. In September 2023, the company completed the sale.

We engaged with **Owens Corning** on its exposure to Russia – the firm had two facilities in Russia contributing less than 1 percent of global sales. We cited the withdrawal of many multinational companies from Russia in the aftermath of the invasion and strongly suggested that the company too should consider ceasing its operations in Russia. Following the company's response that they considered matters "beyond the financial impact to Owens Corning," we emphasized that they should at a minimum commit to not expanding operations in Russia and cease to use government-owned suppliers. We also drew the company's attention to the Yale School of Management list of companies that continued to operate in Russia – Owens Corning was one of the 26 American companies that had made no commitments on scaling back operations at the time despite its strong and long-standing commitment to ESG. On 13-April-22, the company announced that it was going to transfer or sell its Russian facilities and exit Russia and that the Owens Corning Foundation had donated to humanitarian efforts in Ukraine, as well as matching employee donations to charities in the region. We strongly believe that shareholder pressure played a role in this outcome. Despite this commitment, Yale continued to list the company as continuing "business as usual". We therefore continued engaging with Owens Corning and drew their attention to other companies that had announced the same strategy and were listed as "withdrawing". We encouraged the company to communicate with Yale University and reiterate their commitment to the exit. The company was recognised by Yale for its commitment to full withdrawal in May 2022. Owens Corning fully exited from Russia in December 2022 via an asset sale.

We engaged with **AstraZeneca** regarding the 2017 lawsuit claims that the Hezbollah-sponsored militia Jaysh al-Mahdi controlled Iraq's health ministry, and that five US and European medical equipment and pharmaceutical companies - AstraZeneca, GE Healthcare, Johnson & Johnson, Pfizer, and Roche - secured medical-supply contracts through payments which benefited this terrorist organisation and are therefore responsible for attacks on US soldiers between 2005 and 2011. In January 2022, the DC Circuit Court reversed the prior dismissal of the case; therefore, we sought to understand what the legal process will be from here on, get an estimate for the timeline and whether there is any possibility of settlement. Our initial conclusion from the company's response was that AstraZeneca was not considering an out-of-court settlement on this issue. Given the difficulty of assessing legal risk in this matter, we continue to monitor this issue.

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

Our preference continues to be 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 are strongly aware that we do not control the companies and can influence them up to a point. 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 may on a standalone basis not constitute a material risk, but when aggregated, point to a corporate culture that is lacking in ethics and responsible business conduct, and it can also be a reason for divestment.

We measure the outcomes of our engagements as satisfactory, monitoring, or not successful. There were 9 companies (18 percent of all companies within our targeted engagements excluding the biodiversity letter project and 12 percent of all companies including the biodiversity letter project) where we did not get a satisfactory initial response to our engagement (as the biodiversity letter project was designed to encourage disclosure, we believe the true rate of measuring the success of engagements is to look at the first statistic above). We fully exited our investment in eight out of these nine companies and for six of these companies, the reason for our exit was also related to ESG concerns.

We engaged with an Indian agrochemicals company about its financial practices (reliance on factoring and supply chain financing) and specifically enquired about the abrupt resignation of its new auditor. We did not find the responses satisfactory or the tone constructive, especially on the change in auditor, and we exited our investment. Our method of escalation was to request an in-person meeting with the management in this instance.

We engaged with an Australian gas and LNG company about one of its projects, which accounted more than a fifth of the company's proven and probable reserves. In addition to the consulting of the indigenous people who challenged the process around the environmental permitting during the permitting process, we questioned the current CCS plans for the project. We were concerned that the delayed start to carbon capture could mean unabated emissions for the early part of the project, and that this was in conflict with the company's decarbonisation strategy. These considerations played a role in our decision to exit our position. Our escalation was to request a conference call with the company to discuss this individual project.

We engaged with a Chinese internet data centre service provider on its Hong Kong IPO process. The company did not choose to eliminate its multiple class share structure, and instead the founder and executive chairman made an offer to take the company private. We ultimately exited the investment as we were concerned about the possibility that financing would not be available to complete the offer.

We engaged with a U.S. green hydrogen company due to our concerns that the company had announced a project that had a positive impact on the company's share price, only to cancel it at a later time; furthermore, we had pre-existing concerns on the company's insider sales that took place prior to an announcement of accounting restatements. We were concerned that governance was deteriorating and exited our investment. We had several meetings with the company, including with the management, in June, August and November 2022 before reaching this conclusion.

We engaged with a Canadian gold company at the board level on environmental and social matters, as well as on strategy and remuneration. While the company had made substantial improvements in its community relations in Tanzania, we remained concerned that environmental degradation issues in Papua New Guinea could not be easily rectified. We were also concerned about the complexity of the remuneration plan and did not believe that it was likely to be addressed. We exited the investment in favour of another gold company trading at a more compelling valuation with upside from cost improvements/life-of-mine expansion and one that had relatively better environmental and social performance.

We engaged with a Brazilian e-commerce company about cybersecurity measures following an attack in February 2022 which took down their website for several days. We had also engaged with them following another data leak in October 2021, and had received an insufficient response. We were generally underwhelmed by their handling of the situation, and we also lost faith in their ability to maintain market share vs their competitors. We exited the investment. The company subsequently went bankrupt in January 2023 following the discovery of inconsistencies related to off-balance sheet supplier financing.

We engaged with a North American timber real estate investment trust about their fine for repeated water quality violations at a mill between October 2020 and November 2021 due to insufficient control of solids and organic materials in discharges and lack of monitoring discharges as required under its permit. The company provided general comments, attributing the issues to other operators in the larger mill complex, but later went on to settle with the plaintiff environmental group and took remedial actions. While the company's initial response was not entirely satisfactory, they did rectify the issue. Despite the relatively low financial amounts involved, we felt it was important for us to enquire this, especially as our investment was motivated by the environmental nature of the company's business. We raised this issue during one of our regular meetings with the company.

We engaged with an Africa-focussed British independent energy company about its remuneration plan ahead of its extraordinary general meeting. We supported certain proposals; however, we considered the dilution from the one aspect of the remuneration plan to be too high. Furthermore, we had concerns about the vesting schedule – a fifth of the options without performance conditions would vest per year, starting in the first year. We had already indicated concerns on remuneration on prior occasions, and we were unable to vote in favour of this proposal.

We engaged with a Dutch-domiciled fertiliser and industrial chemical company for a second year in a row on remuneration. In 2021, this company had sought to amend one 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 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. In 2022, the company proposed to allow extraordinary payments to be made to the executives going forward, in addition to a one-off payment for the year in question. We voted in favour of the one-off payment for the year due to relatively strong share price performance, but against the change to remuneration policy to allow discretionary payments. The company's remuneration policy change fell short of the 75 percent approval required under Dutch corporate governance rules; therefore, the company did not succeed in introducing special awards. However, this was not a satisfactory engagement, as we also did not succeed in persuading the company to not attempt this measure in the first place. We ultimately exited the investment due to relatively strong share price performance which left limited upside.

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 and with their help we engaged with VEON, a Dutch-listed telecommunications company with operations in Russia, Ukraine and Pakistan. In collaboration with other long-term investors holding approximately 10 percent of the company's shares, we were able to appoint an independent director to VEON's board in 2021, with our candidate receiving the highest number of votes. We were continuing our engagement with VEON in 2022; however, when the geopolitical situation became very complex, we had to exit our investment and cease our collaborative engagement.

We joined the Climate Action 100+ collaborative engagement in October 2021. CA100+ focuses on 170 companies that are critical to the net-zero emissions transition. Investors are responsible for driving engagement and developing and implementing company-specific engagement strategies. We were engaging with Gazprom through this engagement; however, we ceased to be shareholders in Gazprom following Russia's invasion of Ukraine, and CA100+ suspended engagements with Russian companies. In 2023 we started engaging with Petrobras through CA100+.

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 97.6 percent of all votable meetings in 2022. We exercised our voting rights for 99.08 percent of our votable shares in 2022.

Of the ten meetings where we could not exercise our votes as we had instructed, five were due to missing power of attorney. In markets like Sweden, Norway, and Brazil, 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. Two meetings were not voted due to share blocking. The other three were due to various technical issues.

Voting by market

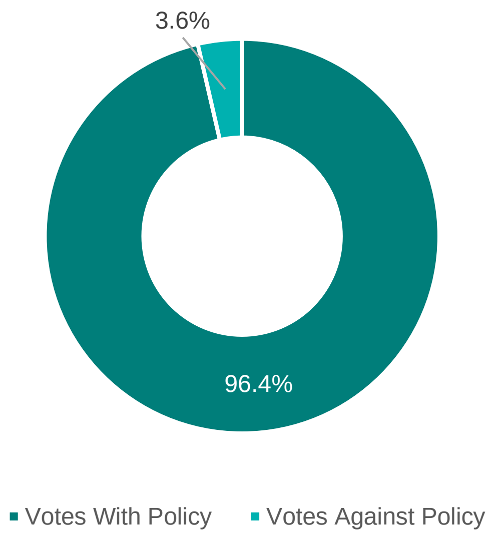
Market	Votable meetings	Voted meetings	Percentage
China	108	108	100%
India	41	41	100%
United Kingdom	38	38	100%
Cayman Islands	27	26	96%
Brazil	25	24	96%
Germany	20	20	100%
South Korea	16	16	100%
Netherlands	14	14	100%
Ireland	13	13	100%
Japan	12	12	100%
USA	12	12	100%
Taiwan	8	8	100%
Greece	7	7	100%
Hong Kong	6	6	100%
France	5	5	100%
Mexico	5	5	100%
Sweden	5	1	20%
Switzerland	5	5	100%
Australia	4	4	100%
Denmark	4	4	100%
Luxembourg	4	3	75%
Indonesia	3	3	100%
Jersey	3	3	100%
Norway	3	0	0%
Spain	3	3	100%
Canada	2	2	100%
Chile	2	2	100%
Finland	2	2	100%
Isle of Man	2	2	100%
Malaysia	2	2	100%
Qatar	2	2	100%
Saudi Arabia	2	2	100%
Slovenia	2	2	100%
United Arab Emirates	2	2	100%
Bermuda	1	1	100%
Italy	1	1	100%
Marshall Isl	1	1	100%
Philippines	1	1	100%
Turkey	1	1	100%
Virgin Isl (UK)	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 track shareholder resolutions on environmental and social matters.

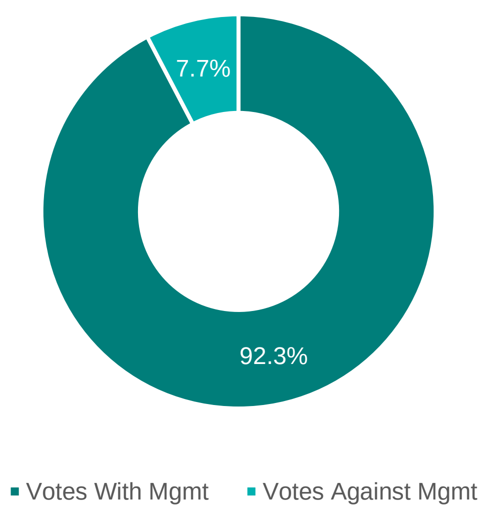
In 2022, we voted on 4,121 resolutions across 405 meetings. 7.7 percent of our total votes were against management, but in 36.1 percent of the meetings, there was at least one resolution where we cast a vote against or abstained. Votes cast during the reporting period were the least in line with management on compensation matters in 2022 (same as in 2021), where 15 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	1/1/22-31/12/22
Shareholder meetings at which our clients' shares voted	405
Shareholder meetings at which our clients' shares voted against or abstained	150
Number of resolutions voted	4,121
Number of resolutions voted against	299
Number of resolutions abstained	47

Vote alignment with policy



Vote alignment with management



We diverged from ISS recommendations on 3.6 percent of all votable items – 39 percent were director related, followed by executive remuneration (26 percent), company articles – amendments (12 percent) and capitalisation (8 percent). Our voting records for the calendar year can be found on our website (https://www.ttint.com/corporate-governance-and-responsibility/).

	Long-only											Hedge Funds	
	GEMS	EM Unconstrained	Asia ex Japan	Asia Pacific	China	Environmental Solutions	Non-US	UK	World ex-US	Sustainable EM*	Sustainable Thematics**	Mid-Cap	Euro Opportunities
Votes with Policy	93%	93%	97%	97%	97%	97%	99%	99%	99%	87%	100%	100%	99%
Votes Against Policy	7%	7.3%	3%	3%	3%	3%	1%	1%	1%	13%	0%	0%	1%
Votes with Management	89%	89%	88.5%	89%	87%	94%	96%	98.5%	97%	93%	100%	98%	93%
Votes Against Management	11%	11%	11.5%	11%	13%	6%	4%	1.5%	3%	7%	0%	2%	7%

** Launched in October 2022*

*** Lauched in December 2022*

Across our long-only strategies our votes against policy ranged between 1.1 and 7.3 percent (excluding the Sustainable EM and Sustainable Thematics funds which were both launched in Q4 2022, at a point when most of the voting for the year had been completed) – this was the highest for our EM Unconstrained strategy and lowest for the TT Non-US strategy. In terms of votes against management, we were most aligned with management for the UK strategy (voting against only 1.5 percent of the time) and least for our China strategy (voting against 13.2 percent of the time). For our China strategy, votes cast during the reporting period were least in line with management on company articles and non-routine business matters, where only 70 percent of votes followed management recommendations. We could not support amendments to company articles and bylaws at several of our holdings due to lack of disclosure. The majority of the non-routine business matters proposals that we voted against related to related-party transactions which include a financial service agreement with the group finance company, which can expose the company to unnecessary risks. We also voted against a proposed private placement which would have allowed the company to issue new shares to controlling shareholder and ultimate controllers at a significant discount to the market price, as this would not have been in the best interests of minority shareholders.

We started voting for our Mid-cap European strategy during 2022, which was a positive development.

SELECTED VOTES AGAINST MANAGEMENT AND OUR RATIONALE

Board accountability

Meituan (05/22) Elect Wang Xing and Mu Rongjun as Director

We voted against executive directors, as management had guidance from regulators on not restricting counterparties through exclusive arrangements without justifiable causes and did not act accordingly. It is the responsibility of the senior management to enforce and supervise compliance with the internal policies and operational procedures as well as conduct regular reviews on such policies and procedures across the company and its subsidiaries. Despite our opposition, the resolutions passed, and these directors were elected to the board.

Stem, Inc. (06/22) Elect Director Laura D'Andrea Tyson and Jane Woodward

We had voted against several proposals last year at the Stem EGM to approve the SPAC transaction – namely the company adopting a supermajority (2/3rds) vote requirement to remove directors and amend the charter and the bylaws, as well as the highly dilutive omnibus stock plan. In the time that passed since then, the company did not remove the supermajority requirements and therefore both ISS and Glass Lewis recommended voting against the two directors who had been on the board since the company went public via the SPAC transaction. As per ISS, a classified board prevents shareholders from holding directors accountable on an annual basis, can entrench management, and can deter takeovers and proxy contests. The supermajority vote requirement could lock in provisions that may not be in shareholders' best interests and may prevent future shareholders from effecting change. The resolutions passed and these directors were elected to the board; however, more than a third of the shareholders voted against these resolutions.

Remuneration

Max Healthcare (09/22) Approve Payment of Remuneration to Anil Bhatnagar as Non-Executive Non-Independent Director

We voted against this resolution because the approval would be valid till perpetuity, and shareholders would not get to review remuneration payments in the future. The resolutions passed with a 10 percent dissent.

OCI NV (05/22) Amend Remuneration Policy

OCI proposed one-off share awards for the CEO for 2021, as the LTIP did not pay out second year in a row. This is worth $700,000 and will vest in three years and be subject to a holding period of 2 more years afterwards. OCI also proposed to institutionalise these special awards into the policy up to 100 percent of salary. Both ISS and Glass Lewis recommended voting against both this year’s special award and the change in policy to include these going forward. We voted against the incorporation of special awards into the policy to maintain alignment of executive remuneration with minority shareholders. The resolution to amend the remuneration policy failed with more than a quarter of the shareholders, including us, voting against.

SELECTED VOTES WHERE WE DIVERGED FROM ISS POLICY AND OUR RATIONALE

Board independence

Centrais Eletricas Brasileiras SA (08/22) Elect Directors Appointed by Shareholder

The proposed board is 82 percent independent (vs 30 percent previously). ISS recommended voting against the entire slate because of one overboarded director (chair of a publicly listed company plus three other public company director roles, apart from Eletrobras). We nevertheless voted in favour of the slate due to the strong improvement in independence, and in the event that cumulative voting got adopted at the meeting, in favour of all directors except the overboarded candidate. The resolution passed with 81.6 percent of the shareholders voting in favour.

Board composition and skillset

Falcon Metals (11/22) Elect Mark Bennett as Director

ISS recommended voting against the election of independent non-executive Chair Mark Bennett on the basis that he has substantial board commitments and was considered to be overboarded under ISS Australian Policy, which stipulates that an executive director should not hold more than one non-executive director role at unrelated listed companies, and as female representation on the board was nil, which does not meet the guidelines of the ASX Corporate Governance Council Principles and Recommendations for companies in the ASX300 Index to have at least 30 percent of each gender represented on the board. The only other role that Mark Bennett had was an executive chair position at S2 Resources, and we felt that a company the size of Falcon was lucky to have such an experienced chair. Furthermore, the board was comprised of only three directors, and we felt it was appropriate to give the chair more time to improve gender diversity. The resolution passed with only 4 percent dissent.

Gender diversity

Just Eat Takeaway.com NV (05/22) Re-elect Adriaan Nuhn to Supervisory Board

ISS recommended voting against the election of Adriaan Nuhn (chair of the board and member of the nominating committee) because the board composition does not comply with the legal requirements on gender diversity. We abstained as we did not think it was fair to punish the board chair for the unplanned departure of the female head of the nominating committee, who also stepped down from two other public company boards. The resolution was withdrawn and Adriaan Nuhn decided to step down, but this was due to leading shareholders' concerns at the way the company has been run. The company's shares had lost approximately 70 percent over the previous year and activist investors were calling for a sale or a spin-off of the recently acquired U.S. unit Grubhub.[5]

Remuneration

Yijiahe Technology Co., Ltd. (04/22) Approve Draft and Summary of Stock Options and Performance Share Incentive Plan

ISS recommended voting against because directors eligible to receive options and performance shares under the scheme are involved in the administration of the scheme. However, the eligible employees were the core employees except 1) Independent directors 2) Supervisors 3) Shareholders (and their relatives) with more than five percent holding in the company. Furthermore, the dilution was manageable at 1.75 percent of the share capital. We supported the employee incentive plan, as we believe these can provide greater alignment between employees and minority shareholders. The resolution passed with minimal shareholder dissent (1.1 percent), corroborating our view.

Standard Chartered Plc (05/22) Approve Remuneration Report

ISS recommended voting against the report due to significant reporting and governance failings identified by the PRA, which have resulted in a record fine being imposed on the bank. Our assessment was that the remuneration committee had taken the PRA fine into account by cutting the bonus by 7 percent, and we voted in favour. The ''Risks and controls'' metric utilised under the annual incentive scorecard for FYI 2021 (15 percent of the total award) included a target to ''maintain effective risk and control governance'' for which the assessment of achievement is disclosed as '' further improvement required on timeliness of risk treatment plans and related risk reduction''. The total outcome for the risk and control measure (which included partial achievement of a cyber risk management plan) was 3 percent, or only a 20 percent achievement. The resolution passed; however, approximately a quarter of the shareholders voted against.

Prosus NV (08/22) Approve Remuneration Policy for Executive and Non-Executive Directors

ISS recommended voting against the remuneration policy which incorporated a new discount-linked short-term incentive being put forth to ensure intense focus is put into material reduction of the discount to net asset value while there would be no long-term incentive issuance for FY2023. The additional short term incentive maximum payout amounts to EUR 3.15 million (CEO, 243 percent of base salary) on successful discount reduction and will be held in reserve until 31 March 2024 and remeasured against a claw-back provision. Despite this, ISS raised concerns that Prosus did not disclose how the actual discount reduction will be measured nor how the 'sustainability' of the discount reduction on 31 March 2024 will be assessed. In this case, we voted in favour, as the company's policy to

[5] "Just Eat Top Investor, Proxy Advisers Urge Opposition at AGM", Bloomberg, 25 April 2022

award executives for reducing the holding discount is precisely what catalysed shareholders returns and why we invested in the company. The resolution passed with 87.9 percent of the shareholders voting in favour.

Smart Metering Systems Plc (05/22) Approve Remuneration Report
ISS recommended voting against the remuneration report due to two structural issues –short vesting period and retesting. The remuneration report disclosed that awards granted to Executive Directors during the year under the Share Option Plan vest in annual tranches within a five-year period, rather than waiting a minimum of three years. The vesting of each annual tranche is subject to annual targets including a market capitalisation target. Where a market capitalisation target is missed, the corresponding tranche of award will automatically vest in future years if the future year market capitalisation target is met or on the occurrence of certain events which would cause all trances to vest. Importantly, the proposed LTIP rectifies both of these structural issues, removing retesting potential and having awards start vesting after three years. We abstained on the remuneration report on balance of these factors. The resolution passed.

Plug Power Inc. (06/22) Advisory Vote to Ratify Named Executive Officers' Compensation
The company has good disclosure of the targets and achievements; has made palpable improvements including removing time-based shares (restricted stock units) from LTIP and put in stretching hurdle rates for the options to vest – Plug Power's three-year goal is to achieve a stock price of $100/share (or more) by 2024. To achieve this goal, the CEO and the management team would have had to more than triple Plug Power's market cap to grow Plug Power to US$60 billion over the next three-year period. We considered this to be a positive sign; however, management could hit those hurdles for any 30-day period within the next three years and still retain the options, which was not structurally sound. Therefore, we abstained on this vote. The resolution passed with 71 percent of the shareholders voting in favour.

Capital allocation

Falcon Metals (11/22) Approve Issuance of Equity or Equity-Linked Securities without Preemptive Rights
ISS recommended voting against on grounds that whilst the company has provided a specific, compelling reason for seeking the authority, it does not appear to have an immediate need for such additional authority based on expected short-term cash outflows. We voted to support management on this resolution. Given the company's exploration phase, micro-capitalisation status and financial position, the additional fundraising capacity through the 10 percent placement facility could provide the company with compelling advantage of speed and certainty in meeting its working capital requirements, ongoing exploration expenditures, and acquisition opportunities. The resolution passed with minimal shareholder dissent (4 percent), corroborating our view.

Zijin Mining Group Co., Ltd. (05/22) Approve Arrangement of Guarantees to the Company's Subsidiaries
ISS recommended voting against since the company would be taking in a disproportionate amount of risk relative to its ownership stake in Tibet Julong Copper and Serbia Zijin Copper Doo, where the company's ownership is 50.1 percent and 63.0 percent respectively. We supported this guarantee – the Tibetan mine is a very important development for Zijin, as it is eventually expected to achieve a final annual mining and processing volume of about 200 million tonnes of ore and annual output of 600,000 tonnes of copper. The resolution passed with 83.7 percent of the shareholders voting in favour.

EVE Energy Co., Ltd. (03/22) Approve Financial Assistance Provision
We voted to support this financial assistance provision of up to RMB 4 billion (approximately 21 percent of Eve's equity) for Hubei Power Co Ltd, which is 98.4 percent owned by Eve Energy. ISS asserted that the company had failed to disclose the identity of the guaranteed entities, but this was their subsidiary, and the overall provision as a percentage of equity was low. The resolution passed despite one third of the shareholders voting against.

Times Neighborhood Holdings Limited (05/22) Approve Issuance of Equity or Equity-Linked Securities without Preemptive Rights
ISS recommended voting against as the aggregate share issuance limit was greater than 10 percent and the company had not specified the discount limit. Given the impact of COVID restrictions on the real estate sector, we decided to support this proposal, so the company would have the flexibility to raise capital and avoid a liquidity problem. The resolution passed with 93.4 percent of the shareholders voting in favour.

Agronomics (02/22) Authorise Issue of Equity
ISS recommended voting against equity issuance, as the proposed amount exceeds recommended limit of 33 percent of issued share capital. Agronomics is an investment company rather than an operating company; therefore, we voted to grant the outsized capacity. The resolution passed.

VOTING ON ENVIRONMENTAL AND SOCIAL TOPICS

The majority of the management proposals on environmental or social issues (21 out of 38) were to approve political donations for UK companies; we voted in favour of all of these. Approximately a quarter of the management proposals (10 in total) were climate-related proposals (five to approve climate change or transition reports, four to approve climate strategy, and one to approve the energy transition progress update). We voted in favour of all except one (Santos’s climate strategy as explained in the box below).

In 2022 we assessed and voted against six shareholder proposals on environmental issues out of six such proposals, in line with ISS recommendations. There were no social shareholder proposals put forward for our investee companies, and in aggregate, there was a substantial decline in the total number of shareholder resolutions in 2022 vs 2021 when we had voted in favour of 17 environmental and/or shareholder resolutions out of 30, or 57 percent. In 2021, we had voted in favour of three climate-related shareholder proposals, in line with ISS’s recommendations. Notably two out of these three also had the management’s support.

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

Santos (AGM, 03-May-2022)

Proposal number 4) Approve Advisory Vote on Climate Change

We voted against this management resolution, as we were concerned that the company's new oil and gas developments may not be aligned with the Paris Agreement, and the absence of tangible Scope 3 targets and specific shorter-term targets for Scope 1 and 2 represented a material deficiency. The shorter term 2025 Scope 1 & 2 targets also were not company-wide and only cover Cooper Basin and Queensland operations. The resolution passed despite more than a third of the shareholder, including us, voting against.

Glencore (AGM, 28-April-2022)

Proposal number 13) Approve Climate Progress Report

We voted in favour of Glencore's climate progress report. In terms of the actual emission reduction performance, the company showed a 13 percent decrease from baseline year of 2019 (the year against which the future targets will be measured). In terms of 2021 industrial capital expenditure of $4.4 billion, Glencore channeled 84 percent to transition metals (43 percent to copper and cobalt, 20 percent to zinc and 14 percent to nickel), whilst 16 percent was channeled to coal. We believe this is also in line with the company's climate strategy. Glencore does not plan additional thermal coal producing capacity producing beyond what it has communicated in the 2020 climate plan (it will look for extension permits at some operations, but these permits are part of the original mine plans and do not represent additional producing capacity). Glencore recently left the World Coal Association, which is an important signal for its lobbying activities. The resolution passed with 76.3 percent support.

Centrica Plc (AGM, 7-June-2022)

Proposal number 17) Approve Climate Transition Plan

We voted in favour of Centrica's transition plan. The company has set targets for net zero business by 2045 and net zero customers by 2050, interim targets across all scopes and has committed to align the near-term target with SBTI. Additionally, their reporting is TCFD aligned. The resolution passed with 80 percent support.

SSE (AGM, 21-July-2022)

Proposal number 21) Approve Net Zero Transition Report

We voted in favour of the company's net zero transition report. There are strong management practices to address carbon emissions, including targets across all 3 scopes – for Scope 1 & 2, the net zero targets have been accelerated to 2040 (vs 2050 previously). SSE's short-term targets are SBTi approved and are now in line with the 1.5-degree pathway. The company has completely exited coal and hydrocarbon production; its reporting is robust and commitments are market leading. The resolution passed with 98.9 percent support.

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

Standard Chartered Plc (AGM, 4-May-2022)

Proposal number 31) Approve Net Zero Pathway

We voted in favour of the company's net zero pathway. The pathway provides short-, medium- and long-term targets and a clear timeline for how it expects to improve its target setting and approach to financed emissions in key sectors. Standard Chartered has accelerated its net zero targets from 2030 to 2025, displaying clear progress against its targets. The resolution passed with 83 percent support.

Standard Chartered Plc (AGM, 4-May-2022)

Proposal number 32) Approve Shareholder Requisition Resolution

A consortium of shareholders had put forward a proposal directing the company to set, disclose and implement a strategy to manage its Fossil Fuel exposure in accordance with a scenario in which global emissions reach net zero by 2050, including: a commitment to no longer provide financing where proceeds would be used for new or expanded fossil fuel projects and short-, medium-, and long-term targets to reduce fossil fuel exposure consistent with the goal of net zero by 2030, avoiding overreliance on negative emissions technologies. If such a resolution were to pass, it would create legal uncertainty as the firm would have to revisit the strategy and objectives that have already been set with input from shareholders. The firm's current climate reporting includes short, medium and long-term objectives and targets, which we considered to be sufficient at this time. We voted against this resolution, which received support from 11.8 percent of shareholders and was not adopted.

BP Plc (AGM, 12-May-2022)

Proposal number 3) Approve Net Zero – From Ambition to Action Report

We voted in favour of the company's climate report. The firm has set net zero targets across Scope 1, 2 and 3 in respect of operations, production and sales, and has outlined clear descriptions of the intended actions to achieve these targets. The company's targets against two of these net zero targets have been recently accelerated. In 2021, BP's total Scope 1 and 2 GHG emissions decreased by 35 percent from the 2019 baseline, and 22 percent year on year, exceeding the 2025 target of 20 percent reduction. The resolution passed with 88.5 percent support.

BP Plc (AGM, 12-May-2022)

Proposal number 24) Approve Shareholder Resolution on Climate Change Targets

A consortium of shareholders, coordinated by Follow This, had filed a resolution requesting the firm to set and publish targets aligned with the goals of the Paris Climate Agreement. We considered BP's climate reporting, which includes short, medium, and long-term objectives and targets, to be strong. This resolution could create uncertainty and distract from execution of the strategy which BP has developed with input from shareholders and key stakeholder groups such as Climate Action 100+. We voted against this proposal. The proposal received 14.9 percent support and was not adopted.

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

Royal Dutch Shell Plc (AGM, 24-May-2022)

Proposal number 20) Approve the Shell Energy Transition Progress Update

We voted in favour of the company's Energy Transition Progress update. Shell has introduced new operational targets for 2030. The firm's plans cover Scope 1, 2, and 3 emissions; and encompass short, medium and long-term timeframes. The update is in line with the Energy Transition Strategy, as submitted for approval in 2021. The company has been making progress against its targets, in 2021 it reduced Scope 1 and 2 emissions by 18 percent, Scope 3 emissions by 16 percent, and the net carbon intensity of energy products by 2.5 percent against the 2016 base year. Shell has also strengthened governance around climate with the creation of its Carbon Reporting Committee and the establishment of the Carbon Management Framework, which embeds carbon budgets in the operating plan. The resolution passed with 79.9 percent support.

Royal Dutch Shell Plc (AGM, 24-May-2022)

Proposal number 21) Request Shell to Set and Publish Targets for Greenhouse Gas (GHG) Emissions

A consortium of shareholders, coordinated by Follow This, had filed a resolution requesting the company to set and publish targets that are aligned with the goal of the Paris Climate Agreement. We voted against this proposal since Shell's Energy Transition Plan, and the report on progress against it, already provided the information sought by the resolution. The resolution is also binding, and its passing could create legal uncertainty. The proposal received 20.3 percent support and was not adopted.

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.

In 2022, we had one interaction with ISS, our proxy advisors, about an Indian meeting regarding research not being delivered close the cut-off date. After our communication, ISS published the report promptly allowing us to assess the resolutions. We also reach out to ISS to understand why certain meetings may not be voted as instructed.