TT
INTERNATIONAL

2020 Stewardship Report

Contacts:

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Contents

Foreword

TT International Asset Management's 2020 Stewardship Report is organised along the principles of the UK Stewardship Code and explain 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. Our key goal in 2020 was to strengthen ESG integration further and ensure that nascent ESG risks were accurately identified and accounted for. We hired our dedicated Head of ESG to develop the framework and process to integrate ESG across our products and proactively work with our fund managers and analysts on ESG analysis and company engagement.

In 2020, we had nearly 2,400 company meetings and 48 targeted ESG engagements. We voted on 4,315 resolutions at 366 company meetings. The highlights of the year include the launch of our Environmental Solutions strategy in May 2020. 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; the fund finished the year up 96.8 percent gross of fees. This strategy donates one third of its fees to environmental charities. We formally supported the Task Force on Climate-related Financial Disclosures (TCFD) and have done further research on biodiversity, which culminated in our biodiversity engagement guide.

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 investments, 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 Emerging Markets, International ex-US, and UK equities, while our alternative strategies comprise Equity Long/Short, Event Driven and Global Macro. Having achieved strong risk-adjusted performance and asset growth, particularly in our Emerging Markets strategies, we now manage US$10.7bn (as of 31 December 2020) for some of the world's most sophisticated institutional investors. Headquartered in London, we also have an investment research office in Hong Kong and an office in New York specialising in marketing and client servicing.

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.

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 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 areas 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 in order to encourage multi-dimensional thinking on investment ideas. We are an equal opportunities employer and all recruitment is focused on as wide and diverse a group of suitably qualified people as possible. Our HR team ensures that every staff member is aware of TT's Equal Opportunities policy. We recognise and value people's different backgrounds, knowledge, skills and experiences and use that blend to create a productive, motivated and effective workforce whilst at the same time enabling people to realise and achieve their potential.

We have become a member of CityHive, a network for change within the Asset Management industry. So far we have enrolled one staff member on their "City Stars" programme – a coaching programme aimed at middle manager females within the industry and we are also participating in their cross-industry mentoring scheme. We are actively working with them to look at further initiatives to improve diversity at TT, including using their job portal, which uses data science to gender neutralise job descriptions (a recent hire 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.

Responsibility

Crucially, our culture promotes 'responsibility' in another sense of the word. 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 commendable 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 issues. 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. 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 several tree planting and renewable energy projects in the developing world.

Alignment

Our compensation is based almost exclusively on the performance we generate for clients and most of our investment professionals invest a significant proportion of their liquid assets in our products. In fact, many are the biggest personal investors in their own strategies. Clients can rest assured that we have skin in the game and that our interests are aligned. Moreover, we limit capacity in all our strategies, allowing 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 existing clients. Several of our products are closed to new investors after having reached capacity.

The client services team is also responsible for completing questionnaires from our prospects, clients, and their consultants. In 2020 the team completed 73 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 are increasing our ESG resources, adding another member to the ESG team.

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 fortunes. They also stem from a distinct lack of analysis by the sell- and buy-side communities, creating significant opportunities for mispricing. Finally, we believe that such inefficiencies are the result of behavioural biases created by the skewed composition of many indices. 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 the universe and directs an assessment of where our teams should allocate research resources. The top-down research 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 ESG issues.

- **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. Importantly, 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. These processes 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.

- **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 with a new 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 in the sense that balance sheet strength and robust governance are two aspects that our teams place significant emphasis on. The teams also focus heavily on valuation as they believe that stocks that trade at a significant premium to their intrinsic value are inherently risky. ESG factors are considered and analysed separately as we believe these constitute material risk factors that require a different set of analytical tools. The focus on all of 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 component parts. 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 team, the investment team can ensure that a portfolio's risk budget is deployed in the areas where it is intended.

- **Ideas Factory.** We are proud to be home to a vastly experienced, talented, and diverse group of investment professionals. Our 'Ideas Factory' consists of 27 investment experts whose collective knowledge can be drawn upon for all our strategies. By providing a collegial environment, clear opportunities for career progression and powerful incentivisation, we can successfully attract, retain, and motivate these people to help clients achieve their goals. Indeed, many members of our investment team are extremely long-serving; our Portfolio Managers have an average tenure of over 12 years at TT. Once an idea has been proposed by an analyst, the investment case will be discussed thoroughly amongst the entire team to test the robustness of the analysis and ensure that a portfolio benefits from a wide range of perspectives. Discussions are constructive, supportive, and objective, incorporating robust challenge without 'finger pointing'. Following these discussions, if a portfolio manager feels that a certain issue has failed to be addressed to their satisfaction, the analyst will be asked to revisit the investment case. Thus, research at TT is an iterative process in which an analyst may have to develop their thesis and refine their forecasts several times until they have satisfied the portfolio manager. We believe this ensures that our research remains high-quality, ultimately allowing us to achieve our overarching goal of delivering strong risk-adjusted returns for clients.

- **Genuine active management.** We offer only authentically active, high-conviction portfolios with high active share and are comfortable taking large positions well away from the benchmark in our long-only products. As an investment manager that takes significant active positions in our portfolios, we aim to engage with the management of all the companies we own on a regular basis, including on ESG issues. The purpose of such engagement is to ensure that management objectives and expectations are closely aligned with the goals of our clients. We also actively vote on all issues on every stock that we own. Our company engagement and proxy voting records are shared with clients on a quarterly basis.

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

- **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? 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, where the interests of external shareholders undoubtedly play second fiddle to those of the government. For this reason we are unlikely to own such companies as they would need to have a significantly higher hurdle rate to be accepted as a suitable investment. We would require a higher discount rate to compensate for the higher risk. Of course, we are acutely aware that our remit is far wider than simply our duty to clients. We aim to create a positive impact for the companies and countries in which we invest, as well as for the wider society. Consequently, we are a certified carbon neutral organisation, having independently measured and offset our carbon footprint by funding several tree planting and renewable energy projects in the developing world. We also engage with our investee companies on issues such as environmental harms, worker rights and board composition. Finally, our Environmental Solutions strategy has a direct positive impact by donating one-third of its revenues to environmental charities. The two charities that we have selected are The Woodland Trust and Heal (Rewilding Charity).

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

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

At TT, 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. 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. By incorporating differentiated and material ESG insights into our analysis, we believe we can generate even stronger risk-adjusted returns for our clients. We also believe that responsible investment limits reputational risk for us and our investors.

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

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

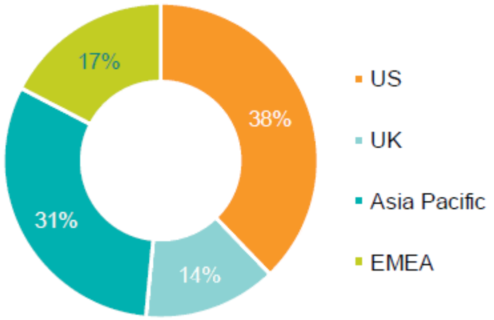
Our Clients (Principle 6, Principle 3)

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

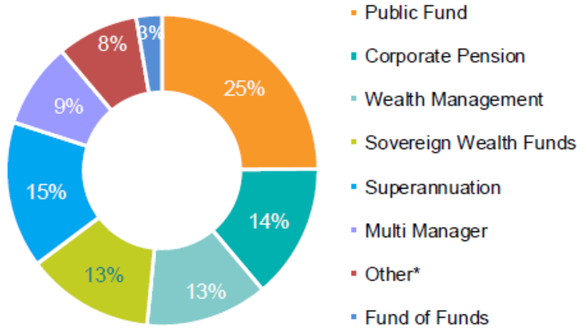
Clients

As of 31 December 2020, we managed US$10.7 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 (10th business day following month end)
- Regular thought leadership pieces covering topical issues and investment themes. Recent topics included:
    - "2020: The year that ESG went mainstream": We published a white paper providing a summary of how we integrate ESG analysis into our process to help generate superior risk-adjusted returns for our clients.
    - "Impact investing 2.0: revenue sharing with charities to directly improve the environment" – we issued a rallying cry to the wider industry calling for sustainable funds to give one-third of their management fees to carefully selected environmental charities, as the TT Environmental Solutions strategy does. This piece was also featured in industry publications.
- Quarterly company engagement and proxy voting data
- Annual ESG report for each strategy

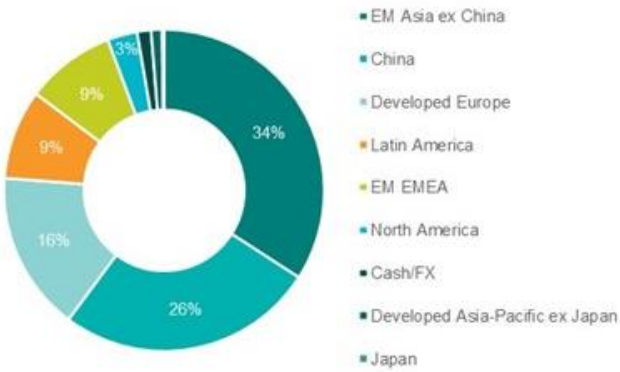
We take great pride in the timeliness, scope, and accuracy of our client reporting. We have made a conscious effort to ensure that our reporting is relevant and useful to our clients, incorporating their feedback and bespoke requests wherever possible. We frequently receive positive feedback on our investment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

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

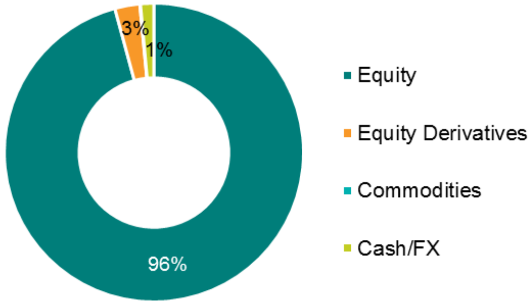
We produce an annual ESG update for each of our long-only strategies; 89 percent of our assets were in long-only strategies at the end of 2020. This update covers our ESG activities for the year, selected engagements and any relevant outcomes, carbon metrics and voting statistics.

78 percent of our assets under management were invested in emerging markets as of end-2020, with the individual regions outlined as below. Emerging Asia ex-China was the largest region at 34 percent of our assets under management. China accounted for 26 percent of our assets, whilst Latin America and Emerging Europe, the Middle East and Africa (EMEA) were 9 percent respectively. Virtually all our assets are invested in equities and equity derivatives.

Split by Asset Region



Split by Asset Class



Communication of our activities and outcomes

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

We are a signatory to the UN PRI and file an annual transparency report with the UN PRI where we summarise our ESG policies, practices, and activities. In 2020 our score improved to an 'A', and we were pleased to see our active ownership practices rank ahead of our peers. 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 issues. In jurisdictions where our clients have reporting requirements, such as for the Modern Slavery Act of 2018 in Australia, we run detailed human rights assessments on relevant portfolios. We also provide portfolio carbon footprint and company specific ESG assessments to our investors as requested.

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 the 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.

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/manual checks are then explained to the respective departments (Portfolio Administration, Risk and Treasury). 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 with regard to 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 partners of the firm and senior staff 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 conflict management procedures are not sufficient to ensure, with reasonable confidence, conflict would be unavoidable, 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.

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, comprising of individuals from different areas of the business – Investments, Risk, Operations, and Compliance – who meet monthly to keep the business updated on ESG developments and ensure all ESG issues are being considered and that all our obligations are consistently met. The ESG Committee reports to the TT Management Committee. In 2021, we will start reporting to TT's board of directors on ESG, which will be an important step in improving the governance of our stewardship activities.

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 the Norwegian Sovereign Wealth Fund (Norges Bank Investment Management), where she collaborated closely with the Investment teams and senior management to integrate ESG into their investment process. Prior to Norges, she was a portfolio manager on Harvard University's endowment fund, investing in emerging markets in a long/short equity strategy.

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.

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 environmental topics. We use Institutional Shareholder Services (ISS) for our proxy voting requirements. ISS research also helps us better understand company governance, including management remuneration. We use ISS norms-based research and subscribe to ISS-Ethix research on controversial weapons. Finally, we use equity research to deepen our analysis on specific ESG issues.

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

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-class experts on regulation, technology, ecology, and green finance. We leverage their expertise across our investment management activities, as detailed below.

Policy

Dr Ma Jun

Experience
- Special advisor to the Governor of the People's Bank of China (PBOC)
- Co-chair of the G20's Green Finance Study Group

Technology

James L. Brown

Experience
- Renewable energy expert
- Currently responsible for building a European and North American offshore wind project pipeline

Ecology

Dr Joseph Bull

Experience
- Quantitative conservation scientist with an academic background in ecology and physics.
- A university lecturer and consultant

Green Finance

Karen McClellan

Experience
- Advisor, board member and investor in clean tech companies and emerging market clean energy projects
- Background in senior banking positions

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 developments that would require an ad hoc update to existing policies.

In December 2020, we reviewed our ESG Policy in preparation of the European Union's Sustainable Finance Disclosure Regulation and updated it to discuss TT's remuneration policies and their consistency with the integration of sustainability risks and the consideration of principal adverse impacts of our investment decisions on sustainability factors. We also incorporated our exclusion of controversial weapons into our policy.

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, and operational controls and procedures meet with 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.

Our senior management reviews our policies and submissions such as our annual UN PRI report. Starting in 2021, we will start reporting to TTIAM's board on ESG matters, which we consider to be an important improvement.

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.

Due to our on-the-ground presence in Hong Kong and our extensive network of contacts, we became aware of a flu-like illness in Wuhan in late 2019/ early 2020 that was spreading far quicker than commonly believed. Our initial interpretation was that the economic impact would almost certainly be larger than experienced during SARS in 2003 and that the virus would disrupt economic activity in China and further afield in the short term as global supply chains suffered protracted disruption. We also highlighted the risk of significant outbreaks in other emerging markets and that their response may be less effective and organised compared to China. COVID-19 heightened ESG risks for companies that entered the downturn with stretched balance sheets, raising the risk of equity dilution and related party transactions. Corporates have responded to the crisis by cutting their capital expenditure and headcount, thus increasing the likelihood of adverse health & safety outcomes and associated liabilities.

Pandemics can arguably be linked to biodiversity loss. As biodiversity declines due to deforestation and urbanisation, the risk of pandemics such as COVID-19 increases. As some species go extinct, those that tend to survive and thrive are more likely to host potentially dangerous pathogens that can make the jump to humans[1].

We have identified climate change and biodiversity loss as market-wide and systemic risks that we seek to factor into our risk management and investment strategies.

Climate change

Countries around the world have responded to COVID-19 with substantial stimulus plans, in many cases including ambitious climate and environmental objectives. In 2020, US$1.7 trillion was earmarked for green stimulus, with the European Union leading the way, both in terms of ambition and regulation. The Democratic administration in the United States will likely double the global green stimulus. Meanwhile Asia's largest economies – China, Japan, and Korea – all committed to net-zero emissions. This will require a substantial increase in renewable energy generation – renewables still supply only a quarter of the world's electricity – as well as investments in technologies to decarbonise heavy industry. Notwithstanding the 7 percent fall in global CO2 emissions in 2020 due to widespread economic lockdowns, we continued to see physical climate risks materialise at an accelerating pace – from one of the most dangerous wildfire seasons in the western United States to the Arctic experiencing record high temperatures.

We formally supported the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in November 2020. We developed an in-house model to measure our portfolio carbon footprint and started calculating carbon metrics for our long-only portfolios and their benchmarks in line with the recommendations of the TCFD. Physical climate risk was one of our "high priority" ESG topics in 2020, and we raised this topic in our engagements.

We engaged with two companies in our emerging market portfolios that face higher acute physical climate risks – CPFL Energia (a Brazilian hydro energy producer/distributor) and Banco do Brasil (a Brazilian bank that lends heavily to the agriculture sector and farmers) – and sought to understand their exposure to the ongoing heavy drought in Southern Brazil.

We also engaged with Norilsk Nickel (a Russian mining company) given our positive view on nickel and the burgeoning electric vehicle market. Notwithstanding the company's plan to spend substantial capital expenditure on their infrastructure after the May 2020 accident, we remained concerned that further industrial accidents due to physical climate risk could materialise before the structures could get fortified.

We reached out to the PRI and Ceres to discuss the Climate Action 100+ initiative, an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. Joining Climate Action 100+ with an investee company remains an important goal for us in 2021.

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

[1] Tollerson, Jeff "Why deforestation and extinctions make pandemics more likely". *Nature*. https://www.nature.com/articles/d41586-020-02341-1.

chosen to offset it. We have chosen to fund three projects in India, Brazil, and Kenya that also fulfil many of the United Nations' Sustainable Development Goals. The Kenya tree planting project is a "GHG removal offset" which physically removes emissions from the atmosphere, whilst the REDD project protects the Amazon and is an "emissions reduction offset" by avoiding deforestation. The India solar project reduces the dependency on fossils fuel which are predominantly used for electricity generation in India and helps reduction of climate change impacts, and is an "avoided emissions offset".

Biodiversity loss

Biodiversity is the total variety of life on earth. WWF's Living Planet Report estimates that the planet's wildlife populations have declined by 68 percent since 1970 not including extinctions. Live coral reefs have nearly halved in the past 150 years, while a third of fish stocks are over-exploited, and more than 85 percent of the area of wetlands has been lost.

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

We 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).

We also supported an investor statement through the UN PRI on the need for biodiversity impact metrics. Biodiversity reporting is one of the most nascent parts of non-financial reporting, and we strongly believe it will become a focus area for a greater number of investors in the coming years.

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 (The Woodland Trust and Heal (Rewilding Charity))

We also look to leverage our expertise in environmental investing to include such opportunities in our other strategies as appropriate.

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 Head of ESG 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 basis and highlight financially material 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. Our analysis of ESG risks and opportunities are incorporated into our investment decisions. We also 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 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 governance risks. We monitor significant ESG controversies, as well as ESG ratings changes on our portfolios on a real-time basis.

- **Active ownership (Company engagement and voting)**
  We engage with existing and potential investments to enhance shareholder value. TT also strives to vote on all issues on every equity investment.

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

Identification of ESG factors that have investment implications

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

- Changes to regulation (e.g. carbon taxes)

- Physical climate risk (e.g. extreme weather, flooding) and transition climate risk (e.g. decarbonisation strategy and degree of alignment with the Paris Agreement)
- Product evolution (e.g. energy-efficient products, renewable energy)
- Cost and balance sheet implications (e.g. product recalls, environmental liabilities)
- Brand and reputational issues (e.g. poor health and safety record, weak labour practices)
- Supply chain management (e.g. labour relations, human rights)
- Access to raw materials (e.g. conflict minerals, bribery, and corruption risks)
- Shareholder rights (e.g. election of directors, capital amendments)
- Corporate governance (e.g. board structure, executive remuneration)

Company Engagements and Targeted ESG Engagements (Principle 9)

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

Engagement is a cornerstone of our stewardship activities. We primarily engage with companies through meetings with management. In 2020, we had nearly 2,400 company meetings. Members of the investment team regularly have one-on-one meetings with senior management or investor relations of companies across our various investment universes. The purpose of such engagement is manifold, including to:

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

Company Engagements 1/1/20-31/12/20

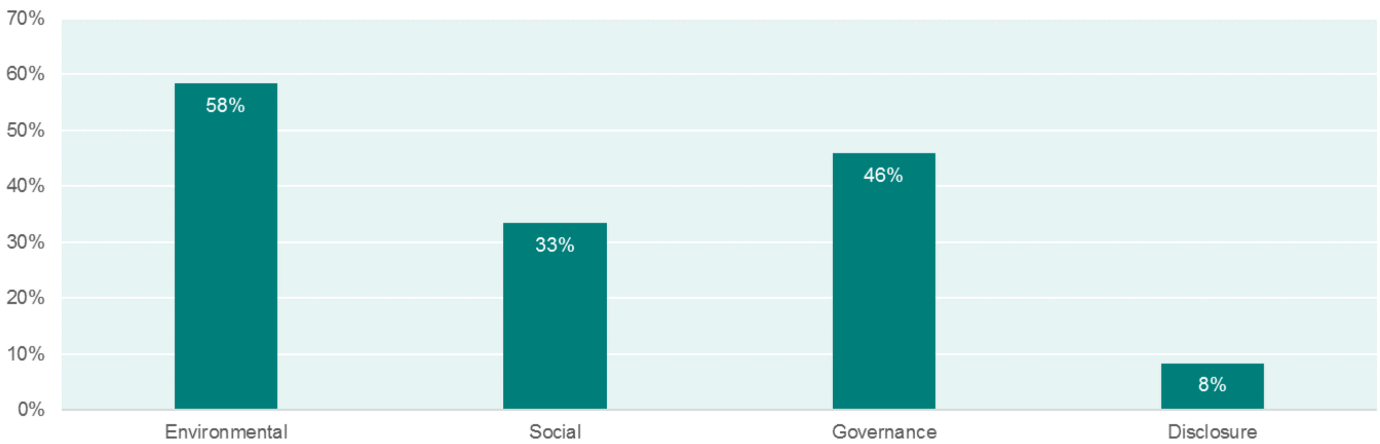
Region	Company Engagements
Asia ex Japan	488
China	967
Emerging Markets Ex Asia	57
Europe (inc UK)	802
Japan	27
North America	50
Total	2,391

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

We track our targeted ESG engagements internally including the outcomes. We had 48 targeted ESG engagements in 2020 across 39 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.

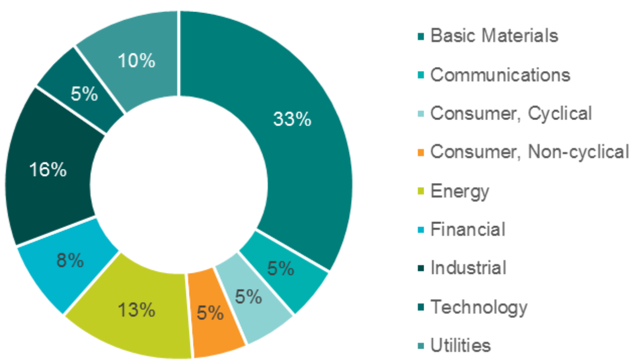
In 2020, 58 percent of our engagements covered an environmental topic, whilst 33 percent mentioned a social issue and 46 percent raised a governance theme. Whilst coming in less than 10 percent, disclosure was also an important topic on to itself as we worked constructively with our investee companies to improve their disclosure. We believe our companies and the market as a whole benefit from improved non-financial disclosure as investors and market participants pay ever increasing attention to this area.

Targeted engagements by theme

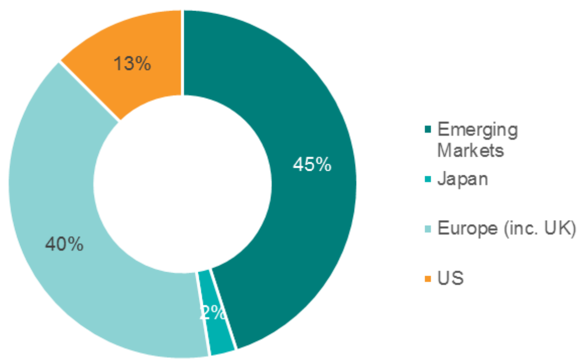


Our thematic engagements are prioritised according to our broader assessment of ESG risks. In the 2020, we determined the "high priority" environmental and social issues as physical climate risk and health & safety. Notwithstanding the 7 percent fall in global CO_2 emissions in 2020 due to widespread economic lockdowns, we saw physical climate risks materialise at an accelerating pace – from one of the most dangerous wildfire seasons in the western United States to the Arctic experiencing record high temperatures. Corporates have responded to the crisis by cutting their capital expenditure and headcount, thus increasing the likelihood of adverse health & safety outcomes and associated liabilities. We engaged with issuers that were facing heightened risks on these issues due to their industry or their geographical location.

Targeted ESG engagements by sector



Targeted ESG engagements by region



We measure the outcomes of our engagements as satisfactory, monitoring, or unsuccessful. There were 7 companies (18 percent of all companies within our targeted engagements) where we were not able to get comfortable with the company's response to a significant ESG risk, and this played a role in our investment decisions as discussed further under "Escalation of our Stewardship Activities" (Principle 11).

CASE STUDY: VALE SA

Business overview

Vale is the world's largest producer of iron ore, pellets, and nickel.

ESG factors considered

The company swiftly decommissioned and assessed its tailings dams following the Brumadinho dam failure and has been deploying more than US$2 billion to bolster its infrastructure.

Vale is one of the lowest carbon intensity steel companies in MSCI EM. In terms of disclosure, the company is one of the relatively few companies in emerging markets that report to the CDP (Carbon Disclosure Project) on its climate risks and opportunities. The company has done an exhaustive ESG 'gap analysis' and is working to improve its perception by investors, including by improving its governance. Finally, it has added a new commitment "New Pact with Society" to make a positive impact on the society, which is crucial for the company to keep its social license to operate.

Outcome

We invested in Vale in December 2019 after a thorough analysis of the ESG challenges facing the company. We continued to engage with the company on the safety of their tailings dams, operational health and safety, as well as their legal proceedings and restitution activities in Brazil. The company has announced its settlement with the state of Minas Gerais in February 2021.

The company was upgraded to investment grade by Moody's due to the improvement in its ESG practices; Fitch has also upgraded Vale citing lower risks of future dam failures and strong cash generation.

Vale's shares had outperformed the Bovespa index by 57 percent from the inception of our investment through the end of 2020.

Selected ESG engagements by themes

We include some of our targeted engagements in the table below, including the topic raised and the number of targeted engagements that focussed on this topic. As discussed previously, our high priority ESG topics – climate change (18 engagements) and health and safety (12 engagements) – drove a substantial number of our investments in 2020.

Category	Issue	Targeted engagements	Company	Topics raised
E	Biodiversity	4	Solarpack	Biodiversity strategy and ecological impact
	Circular economy	3	Nestle	Plastic recycling
	Climate	18	Savannah Energy	Climate disclosure
	Deforestation	1	Corbion	Palm oil and deforestation
	Water	2	Sibanye-Stillwater	Water management strategy
	Policy & initiatives	2	New World Development	Sustainability initiatives
S	Community relations	1	MMG Ltd	Community relations
	Health and Safety	12	LG Chem	Safety measures and incorporation into remuneration
	Supply chain	1	JBS SA	Treatment of suppliers
	Human Rights	2	Kingsoft	Use of facial recognition technology in software
G	Accounting and audit	2	Ormat Technologies	Tax audit
	Anti-corruption	4	Veolia	Corruption risks and compliance
	Anti-trust	2	Knorr-Bremse AG	Fair competition
	Board composition	2	Pacific Textiles Holdings	Time commitment of directors
	Legal Liabilities	3	Kingspan	Product testing and verification problems
	Remuneration	4	VEON	Executive remuneration and alignment with shareholders
	Shareholder rights	1	Noah Holdings	Dividend policy; listing
	Succession planning	2	Steico	Succession planning

We engaged with Solarpack on the company's biodiversity strategy and ecological impact. Our questions ranged from the company's efforts to identify key species / habitats to the consideration of biodiversity during the procurement process. We were satisfied that the company is committed to minimising and mitigating any potential environmental impact caused by the construction and operation of its projects.

We engaged with Sibanye Stillwater on occupational health and safety and the company's relationship with AMCU (one of the primary unions in South Africa, which had initiated the 2018 strike at the company's gold operations). We engaged with the company again following a fatality incident in the Platinum Group Metals (PGM) operations in December. We continued to monitor the safety statistics and sustaining capital expenditure spend at the company.

We enquired about the safety measures taken following the India factory incident in May 2020 and the incorporation of safety into remuneration at LG Chem.

We spoke to VEON's Head of Risk Committee about the potential for listing the company on relevant stock exchanges, which can provide additional liquidity to the shares by attracting new investors and flows from index-tracking funds. We also reiterated our feedback on executive remuneration to keep the topic high on the board's agenda and ensure that the new long-term incentive plan will provide greater alignment with shareholders.

We sent a letter to the chairwoman of Noah Holdings where we recommended that the company reinstates its dividend and stays as a publicly listed entity.

We informed Pacific Textiles Holdings that we intended to vote against a board candidate serving on six public boards and reiterated our view that board members need to be able to devote sufficient time to their duties.

TT INTERNATIONAL

We spoke to New World Development (NWD) about their ESG initiatives. The NWD board established a sustainability committee and sets sustainability goals that are incorporated into remuneration throughout the organisation. The company has also increased board diversity (25% female directors).

We engaged with Hansol Chemical regarding the company's ESG disclosure, as the company was getting penalised due to lack of disclosure and had received a low ESG rating from MSCI. Hansol Chemical made their sustainability report available on their website after our engagement (they had relevant sustainability information reported already at the Hansol Group level).

We engaged with Savannah Energy on the company's ESG reporting, with a specific emphasis on climate change and gave the company detailed guidance to improve its ESG disclosure.

We provided feedback to ITM Power on how they could improve their ESG disclosure, advocating the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. We also explained that the external ESG ratings analysis substantially missed the company's environmental opportunity and encouraged the company to communicate with the ratings company.

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

We measure the outcomes of our engagements as satisfactory, monitoring, or not successful. There were 7 companies (18 percent of all companies within our targeted engagements) where we were not able to get comfortable with the company's response to a significant ESG risk, and this played a role in our investment decisions. In six cases, we exited the investment or decided not to invest. In the remaining one case, our takeaways from our engagement and more in-depth analysis of ESG issues at stake determined the size of our investment.

We considered a Russian mining company as a potential investment given our positive view on nickel and the burgeoning market for electric vehicle batteries and engaged with the company; however, in the aftermath of a diesel spill in May 2020, we could not get comfortable that there would not be other industrial accidents before they could fortify their infrastructure, especially because permafrost thawing will continue, and Arctic summers will continue to be mild.

We engaged with a Brazilian meat processing company on all ESG pillars - whether environmental policies are adopted across the entire company with the same level of standards, health and safety at the abattoirs and treatment of suppliers, and the US regulatory situation and its management and decided to exit the investment due to our concerns that the company was at heightened risk of incurring penalties from the U.S. Department of Justice, and their improved margins were at risk of not persisting.

We exited our investment in an U.S. geothermal energy producer due to governance concerns after several engagements on matters ranging from remuneration to tax.

We avoided investing in a Canadian chemical recycling company because of our concerns about governance and the unresolved questions on their technology and intellectual property.

We engaged with a European insulation maker regarding the shortcomings of the testing and verification process that were disclosed during the Grenfell Tower Inquiry. We exited our investment due to our concern that there could be material legal and product liabilities, as well as reputational damage to the company.

We discussed with a Hong Kong-listed mining company the community protests against their Peruvian mine. We asked for a detailed audit of the situation and the contributions the company made to the local community. We were concerned that the company was not managing the community relations as well as it could, which was a factor in our decision to exit.

We sought to engage with a Chinese e-commerce company regarding a U.S. Securities and Exchange Commission accounting investigation. We subsequently grew concerned about the regulatory pressures they were facing in their domestic market, which led us to reduce our investment.

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. In 2020, we supported an investor statement on the need for biodiversity impact metrics through the PRI.

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. Through API and in collaboration with other long-term investors, we engaged with VEON (a telecoms company with a significant Russian footprint) on their corporate governance including on executive remuneration and provided our recommendations for a long-term incentive plan that is simple, transparent, and strongly aligned with shareholders.

Finally, in 2020, we reached out to the PRI and Ceres to discuss the requirements and the process for joining Climate Action 100+, an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. Joining Climate Action 100+ with an investee company remains an important goal for us in 2021.

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 more stringent policies in place than custom-made policies.

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 95.8 percent of all votable meetings in 2020. We exercised our voting rights for 98.8 percent of our votable shares in 2020.

Voting by market

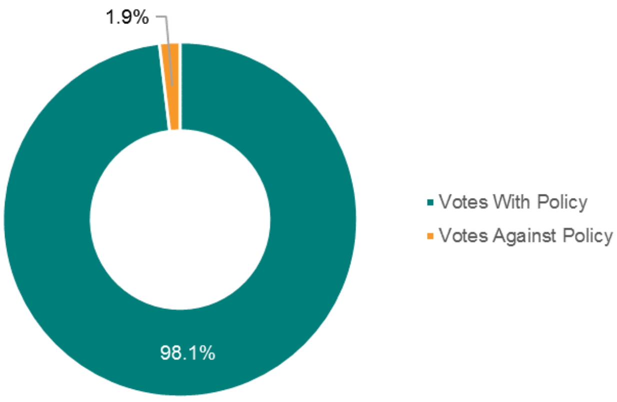
Market	Votable meetings	Voted meetings	Percentage
United Kingdom	52	52	100%
Cayman Island	37	37	100%
China	28	28	100%
India	25	25	100%
Germany	20	19	95%
USA	20	20	100%
Netherlands	17	16	94%
Ireland	15	15	100%
Japan	13	13	100%
Brazil	12	12	100%
Sweden	12	3	25%
Switzerland	10	10	100%
Bermuda	9	7	78%
France	9	9	100%
Hong Kong	9	9	100%
Taiwan	9	9	100%
South Korea	7	7	100%

We have a dedicated Head of Voting, Robert Murray. 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. The voting decisions are ultimately the portfolio managers' responsibility. We internally record our rationale where we diverge from ISS recommendations. We also started tracking shareholder resolutions on environmental and social matters in 2020.

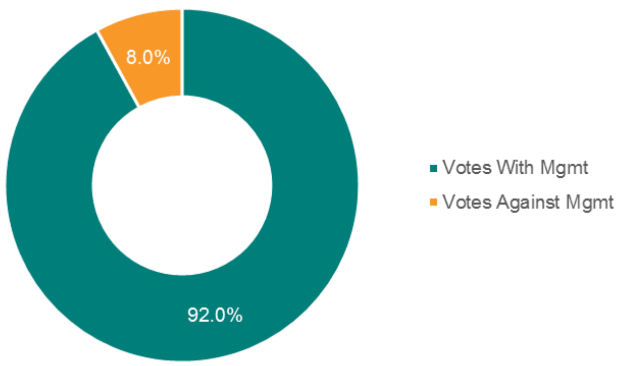
Voting Disclosure	1/1/20-31/12/20
Shareholder meetings at which our clients' shares voted	366
Shareholder meetings at which our clients' shares voted against or abstained	161
Number of resolutions voted	4,315
Number of resolutions voted against	380
Number of resolutions abstained	64

In 2020, we voted on 4,315 resolutions across 366 meetings. 8 percent of our total votes were against management, but in 44 percent of the meetings, there was at least one resolution where we cast a vote against or abstained. Votes cast during the reporting period were the least in line with management on executive compensation matters, where 21 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. We analyse the remuneration parameters, as well as any discretion and derogation clauses for our investee companies.

Vote alignment with policy



Vote alignment with management



We diverged from ISS recommendations on 1.9 percent of all votable items – more than half these cases (56 percent) were on director elections, followed by capitalisation (18 percent) and executive remuneration (13 percent). Our voting records for the calendar year can be found on our website (https://www.ttint.com/corporate-governance-and-responsibility/).

RATIONALE FOR SELECTED VOTES WHERE WE DIVERGED FROM VOTING POLICY

Polyus PJSC (EGM, 22-June-2020)

Resolution 1) Approve increase in share capital through issuance of 3,130,000 shares via closed subscription.

The company sought to issue the shares in part to finance the Long-Term Incentive Plan (LTIP) approved by the decision of the board in December 2018, as well as to increase the company's participation in the Sukhoi Log deposit joint venture. ISS recommended voting against this issuance on the basis that the company did not disclose the terms of the LTIP. We decided to support the company as the dilution was not excessive at 2.3 percent, and more importantly, the Sukhoi Log joint venture is an important value driver for Polyus.

Kaz Minerals Plc (AGM, 30-April-2020)

Resolution 3) Approve remuneration report.

ISS recommended voting against the remuneration report, as the number of shares awarded in March 2020 under the LTIP was significantly higher than in FY2019 following a significant fall in the share price. We voted in line with the management, as the board followed the same formula as the past six years in awarding the performance shares, and mining is a cyclical industry. Furthermore, we did not see a misalignment between pay and total shareholder return, and the vesting of these shares in full is subject to the company being in the upper quartile in its share price performance vs. peers. Finally, the remuneration committee reduced the annual bonus by 11 percent due to the company's safety performance, which showed a degree of responsibility.

Vista Oil & Gas SA de CV (AGM, 21-April-2020)

Resolution 6) Extend for term of years Loan Agreement which was approved by AGM on April 25, 2019.

ISS recommended voting against due to the lack of disclosure regarding the specific terms and conditions of the financing, as the company did not specify whether this could be a convertible issue, which would dilute existing shareholders. The $500 million financing was already approved in 2019 for one year – Vista sought to extend the term by five more years. We did not want to curtail the company's flexibility to raise capital during COVID-19.

As an example of our vote against the board, at the LVMH Moet Hennessey Louis Vuitton SE annual and special meetings on 30 June 2020, we elected to vote against all remuneration-related proposals due to the lack of adequate disclosure on key performance indicators for the bonus payments and the undemanding LTIP criteria. We also voted against the remuneration policy which allowed for exceptional remuneration without including a cap or detailed criteria.

We voted against three shareholder proposals on environmental and social issues (excluding one that was withdrawn by the proponent). One notable example was the shareholder proposal to "approve suspension of memberships of industry associations where COVID-19 related advocacy is inconsistent with Paris Agreement Goals" at the BHP Group

Plc AGM in October 2020. We believe that BHP has been highly transparent about its policies and those of its industry association partners and reviews material differences on a regular basis.

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, that have undergone appropriate due diligence assessments.

Before entering a new business relationship, 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
- 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 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 the 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.