

Environmental, Social and Governance Policy

Contacts:

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Environmental, Social and Governance (“ESG”) Policy

At TT International Asset Management Ltd (“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. Consequently, our investment process takes ESG considerations into account when such issues may have a material impact on either investment risk or return.

TT is dedicated to achieving the best possible risk-adjusted returns for our investors. We believe that responsible investment is essential in maximising returns for our clients and commit to bringing differentiated and financially material ESG insights into our investments. We strive to gain an in-depth understanding of the relevant ESG issues applicable to our investments through our internal research process and work to identify such issues before they escalate into events that may potentially threaten the value of our investments. We also believe that responsible investment limits reputational risk for us and our investors.

ESG considerations are incorporated into our investment decision-making process at the stock selection stage as a mandatory part of writing an investment case and, where possible, assessed in terms of its potential financial impact. Typically, ESG analysis will source information from a variety of sources, including (but not limited to) company disclosure, specialist research providers, equity research, and academic and NGO research. We refer to the internationally recognised standards and codes as guidelines for corporate best practice, whilst also taking into account that each company has to be considered with respect to the industry and markets in which it operates. Our ESG integration approach is relevant across all the asset classes, sectors, and markets in which we invest.

TT also has an ESG Committee, comprising of individuals from different areas of the business, who meet on a monthly basis to keep the business updated on ESG developments and ensure all ESG issues are being considered and that all our ESG obligations are consistently met.

ESG Integration into our Investment Process

Who is responsible for ESG integration at TT?

ESG analysis is integrated into the investment process at TT. We have a dedicated Head of ESG, who 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. 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 and companies and their ability to deliver sustainable, long-term shareholder value.

TT’s remuneration policies and their consistency with the integration of sustainability risks

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 prerequisite 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.

Our assessment of sustainability risks and opportunities in the investment decision-making process

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 review how a company ranks versus the portfolio benchmark, its sector, and its home market, as well as identify 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. 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. Our thematic engagements are prioritised according to our broader assessment of ESG risks, and they may also aim to educate our investee companies on an emerging ESG risk. TT strives to vote on all issues on every equity investment; we disclose our votes over the last 12 months on a quarterly basis.
- **Collaboration within the investment industry (Company engagement and voting)**
 TT collaborates within the investment industry where we have greater likelihood of achieving meaningful change as a part of a larger group of investors.

Examples of 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)

Consideration of principal adverse impacts of our investment decisions on sustainability factors

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 carbon emissions and/or have insufficient disclosure. Where companies do not commit to mitigating their adverse impacts, we factor this into our investment decisions as a part of our fiduciary duty and to avoid reputational and financial risks.

We adopted a policy to 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. We also exclude companies that hold more than 50 percent ownership in such entities. This policy is adopted for our long positions; i.e. shorting is permitted for the shares of these companies.

More information on how each product considers principal adverse impacts as part of its investment process can be found in the offering documents.

Firm Approach

This ESG policy applies firm-wide and to all of TT's business activities and investment strategies. It sets out the following six principles:

Principle I: Encourage a work environment which values and respects all employees

TT complies with relevant regulations governing the protection of human rights, occupational health & safety standards and labour, environmental and business practices of the jurisdictions in which we conduct business.

Principle II: Incorporate ESG considerations into investment analysis and decision-making processes

The analysis of ESG criteria is embedded into the decision-making processes for all investments made by TT. The varied nature of some of TT's strategies makes this more relevant to some strategies than others.

Principle III: Ensure firm-wide awareness of ESG issues and compliance with the firm ESG policy

TT's Compliance Team is responsible for maintaining and reviewing the ESG policy in conjunction with improved processes suggested and implemented by the ESG Committee.

Principle IV: Adopt a responsible and ethical approach to governance

TT ensures the implementation of compliance policies and procedures, and of on-going monitoring of the group's systems and controls. TT also ensures that rigorous risk controls are implemented throughout the business.

Principle V: Promote awareness and adoption of ESG considerations

TT undertakes, where appropriate, to share the outcome of any ESG investment analysis with the appropriate personnel at an investment target or counterparty firm, with a view to encouraging better management and communication of ESG concerns.

Principle VI: Inform our investors of this ESG policy and provide them with information on our approach to ESG issues

TT ensures that transparent and objective information on its ESG policy, procedures, and analysis is made available to investors. TT seeks to encourage dialogue on how we can accommodate ESG issues in a way that is consistent with TT investors' initiatives in these areas.

Principles for Responsible Investing

TT is also a signatory of the internationally recognised Principles for Responsible Investment (PRI). This allows 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 to 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.

The PRI is an independent organisation. It encourages investors to use responsible investment to enhance returns and better manage risks, but does not operate for its own profit; it engages with global policy makers but is not associated with any government; it is supported by, but not part of, the United Nations.

Our annual report from the UN PRI is available upon request.

As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, we believe that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios (to varying degrees across companies, sectors, regions, asset classes and through time).

We also recognise that applying these principles may better align investors with broader objectives of society. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

<p>PRINCIPLE 1</p> <p>We will incorporate ESG issues into investment analysis and decision-making processes.</p>	<p>PRINCIPLE 2</p> <p>We will be active owners and incorporate ESG issues into our ownership policies and practices.</p>
<p>PRINCIPLE 3</p> <p>We will seek appropriate disclosure on ESG issues by the entities in which we invest.</p>	<p>PRINCIPLE 4</p> <p>We will promote acceptance and implementation of the principles within the investment industry.</p>
<p>PRINCIPLE 5</p> <p>We will work together to enhance our effectiveness in implementing the principles.</p>	<p>PRINCIPLE 6</p> <p>We will report on our activities and progress towards implementing the principles.</p>