TT INTERNATIONAL

2020 Stewardship Report

Contacts:

TT International Asset Management Ltd

62 Threadneedle Street
London
EC2R 8HP

TT INTERNATIONAL

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. 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. 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.

Eric Mackay

Managing Director

TT International Asset Management

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.

TT International ("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 and alternative products.

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. Having achieved strong risk-adjusted performance and asset growth, particularly in our Emerging Markets strategies, we managed US$10.7 billion for some of the world's most sophisticated institutional investors at the end of 2020.

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 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 integrate ESG considerations into all our long-only products, and our long/short equity strategies also consider these factors from an investment 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 in order 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 obligations.

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 on a monthly basis 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.

TT Management Committee

TT ESG Committee

Basak Yeltekin *Head of ESG*	**Harry Thomas** *Portfolio Manager*	**Chris Stoate** *Head of Risk*
Rob Murray *Head of Voting*	**Peter Fox** *Chief Compliance Officer*	**Katie Queening** *Senior Compliance Officer*

Resources for TT's stewardship activities

ESG analysis is integrated into the investment process at TT. We have a dedicated Head of ESG, Basak Yeltekin, who is a part of the investment team and reports to Niall Paul, Head of International and Emerging Markets Equities and member of the TT Management Committee. The Head of ESG develops the framework and process to integrate ESG across our products and proactively works with our fund managers and analysts on ESG analysis and company engagement. Before joining TT in 2020, Basak spent six years at Norges Bank Investment Management, 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. 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.

	Policy	Technology	Ecology	Green Finance
				
	Dr Ma Jun	**James L. Brown**	**Dr Joseph Bull**	**Karen McClellan**
Experience	• Special advisor to the Governor of the People's Bank of China (PBOC) • Co-chair of the G20's Green Finance Study Group	• Renewable energy expert • Currently responsible for building a European and North American offshore wind project pipeline	• Quantitative conservation scientist with an academic background in ecology and physics. • A university lecturer and consultant	• Advisor, board member and investor in clean tech companies and emerging market clean energy projects • Background in senior banking positions

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.

Principle 3

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.

TT has a Conflicts of Interest committee which meets on a quarterly basis to discuss existing conflicts and also 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 in order 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 INTERNATIONAL

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 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.

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

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.

TT also seeks to make an impact in relation to our organisation's carbon footprint. As such, we have had our market-based carbon footprint independently calculated and assessed by an external body – Carbon Footprint Ltd – and have chosen to offset it. We have chosen to fund three projects in India, Brazil, and Kenya that fulfil many of the United Nations' Sustainable Development Goals.

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

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

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.

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.

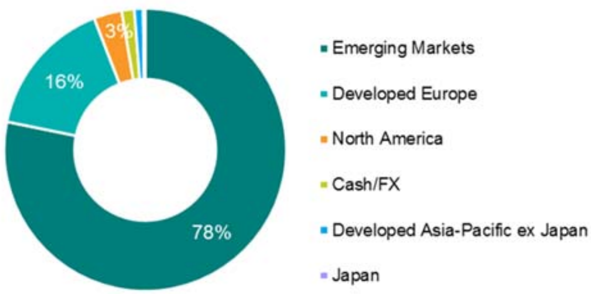
Principle 6

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

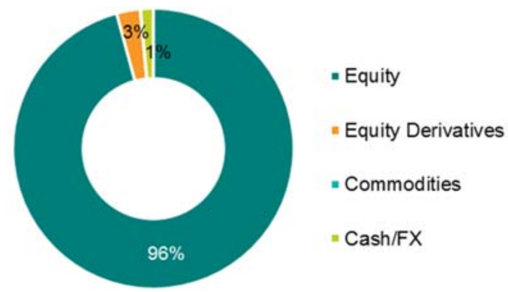
We produce an annual ESG update for each of our long-only strategies; 89 percent of our assets were in long-only strategies at the end of 2020. This update covers our ESG activities for the year, selected engagements and any relevant outcomes, carbon metrics and voting statistics.

78 percent of our assets under management were invested in emerging markets as of end-2020. Virtually all our assets are invested in equities and equity derivatives.

Split by Asset Region



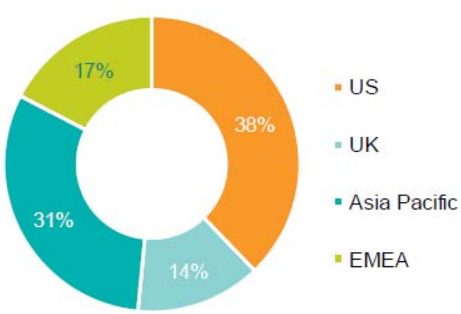
Split by Asset Class



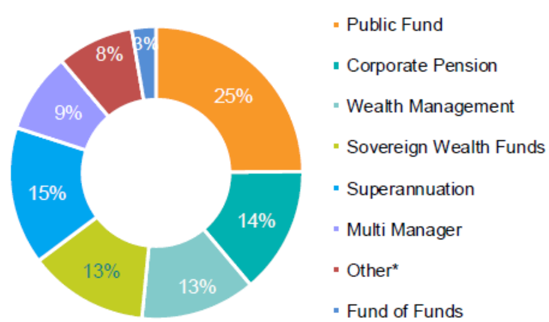
Communication of our activities and outcomes

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.

Split by Client Domicile



Split by Client Type



We are a signatory to the UN PRI and file an annual transparency report with the UN PRI where we summarise our ESG policies and practices. In 2020 our score improved to an 'A', and we were pleased to see our active ownership practices rank ahead of our peers. We provide ad-hoc and periodic written reports and assessments to our clients based on their needs and regulatory requirements. We also have calls with them on ESG integration and specific ESG issues as requested. In jurisdictions where our clients have reporting requirements, such as 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.

TT INTERNATIONAL

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 vs. 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)

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 into 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 e.g. 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 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. 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. We believe these activities help to improve market efficiency.

Principle 9

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

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

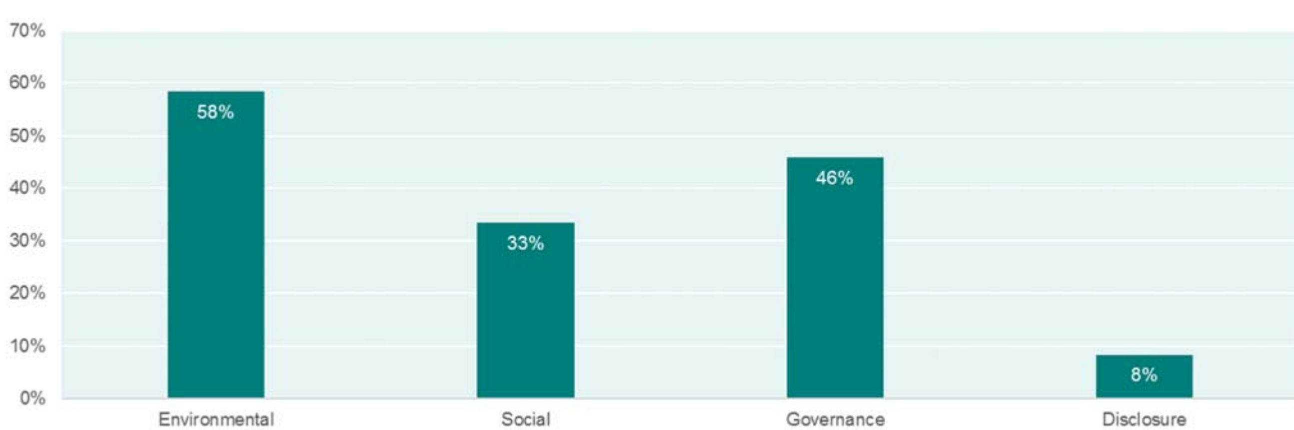
Company Engagements 1/1/20-31/12/20

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 perception. We also 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 engagements.

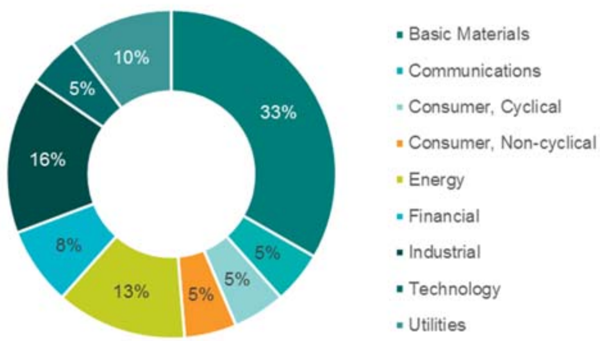
We track our targeted ESG engagements internally. We had 48 targeted ESG engagements in 2020 across 39 companies. Some of our engagements focus on a single topic, whilst other cover a multitude of ESG issues. It is important to stress that we raise ESG issues during our company engagements more widely; however, the targeted engagements are those where there is a more significant ESG risk that we needed to understand and factor into our investment case and understand the company's handling of this risk.

Targeted engagements by theme

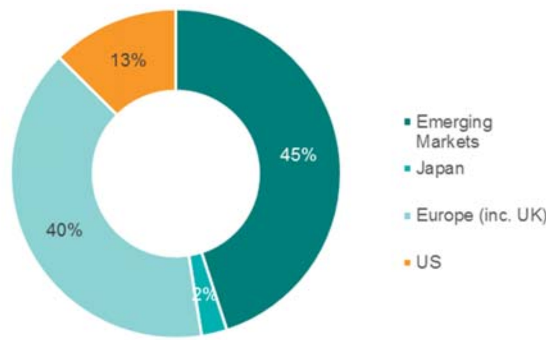


Our thematic engagements are prioritised according to our broader assessment of ESG risks. In the 2020, we determined the "high priority" environmental and social issues as physical climate risk and health & safety. Notwithstanding the 7 percent fall in global CO2 emissions in 2020 due to widespread 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.

Targeted engagements by sector



Targeted 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 Principle 11.

Selected company engagements

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

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 the legal proceedings 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.

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.

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 1-on-1 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
- Expressing concerns through the company's advisers
- Meeting with the chairman, senior independent director, or with all independent directors
- 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

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

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. In five cases, we exited the investment or decided not to invest. In the remaining two cases, our ESG analysis played a factor in the size of our investment.

Principle 12

Signatories actively exercise their rights and responsibilities.

TT uses leading proxy advisory firm Institutional Shareholder Services for its proxy voting requirements and hence complies with their proxy voting policies. TT strives to votes on all issues on every equity investment, unless there is share blocking. We have a share lending programme; 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.

TT INTERNATIONAL

Voting by market

Market	Votable meetings	Voted meetings	Percentage
United Kingdom	52	52	100%
Cayman Islands	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%
Denmark	6	5	83%
Finland	6	6	100%
Italy	6	6	100%
Luxembourg	6	5	83%
Russia	6	6	100%
Canada	5	5	100%
Jersey	4	4	100%
Mexico	4	4	100%
Turkey	4	4	100%
Australia	3	3	100%
Greece	3	3	100%
Isle of Man	3	3	100%
Philippines	3	3	100%
Singapore	3	3	100%
South Africa	3	3	100%
Spain	3	3	100%
United Arab Emirates	3	3	100%
Austria	1	1	100%
Belgium	1	1	100%
Cyprus	1	1	100%
Indonesia	1	1	100%
Norway	1	1	100%
Portugal	1	0	0%
Slovenia	1	1	100%

Voting responsibilities

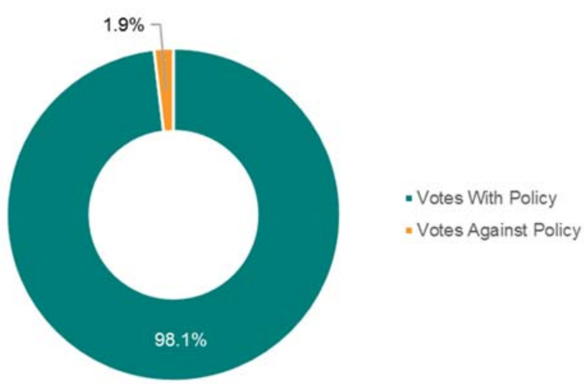
We have a dedicated Head of Voting, Robert Murray. ISS provides us the proxy research, which is then reviewed by TT. Whilst we are guided by ISS in this regard, we will always vote in what we believe is our clients' best interests. We specifically discuss meetings where ISS issues a recommendation against management and do further analysis. The voting decisions are ultimately the portfolio managers' responsibility. We methodically record our rationales 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

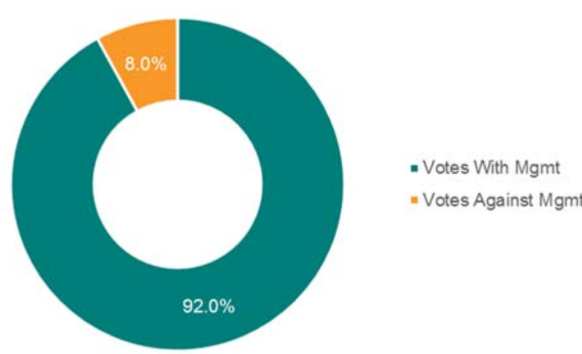
Voting activities

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 least in line with management on executive compensation matters, where 21 percent of our votes were against management recommendations.

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/)

Voting examples

As an example of a vote against the board, at the LVMH Moet Hennessey Louis Vuitton SE annual / 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 bonus payments and undemanding LTIP criteria. We also voted against the remuneration policies which allowed for exceptional remuneration without including a cap or detailed context.

We voted against three shareholder proposals on environmental and social issues (excluding one withdrawn by the proponent). One 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 the company has been transparent about its policies and those of its industry association partners and reviews material differences on a regular basis, and therefore did not support this proposal.

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 and also to increase its participation in the Sukhoi Log deposit JV. 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 JV 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.