

# Trinetra

Investment Management LLP

## Report on: UK Stewardship Code

For the year to 31 December 2024

Certified



Corporation

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***All photos in this report have been taken by members of Trinetra during their ethnographic studies.***

## Introduction

This report seeks to provide Trinetra's clients and stakeholders with information regarding our Stewardship approach and explains how we embed the Principles of the Stewardship Code, set by the Financial Reporting Council (FRC), throughout our organisation.

The FRC defines Stewardship as:

***"The responsible allocation, management and oversight of capital to create long term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society."***

As a signatory of the UK Stewardship Code, we fully support its objectives and comply with all its principles. The UK Stewardship Code establishes a standard of Stewardship for all investments, and we seek to apply the same principles globally, taking into account local practice and laws.

Trinetra's 2024 Stewardship Report follows the 12 Principles for Asset Owners and Asset Managers outlined in the updated Code and has regard to UK rules implementing the requirements of the EU Shareholder Rights Directive 2007/36/EC.

This report details how Trinetra:

- has applied the Code's Principles over the 12-month period ending 31 December 2024;
- allocates, manages and oversees capital to generate value for investors;
- supports the code through its purpose, process, policies and procedures; and
- has performed as stewards of its investors' capital over the 12-month period ending 31 December 2024.

Trinetra is proud to be a signatory to the UK Stewardship Code and has aimed to make this report useful and informative.

Tassos Stassopoulos  
Managing Partner & CIO  
Trinetra Investment Management

# Principle 1

## Purpose, Strategy and Culture

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.

### Context

Trinetra Investment Management LLP (Trinetra) is a 100% employee-owned investment boutique whose purpose is to study people's lives in Emerging Markets, to identify investible solutions to the issues they face. It became a Certified B Corporation in April 2022 with a B Impact Score of 149.2, significantly above the 80-level required to be certified. It also received in 2022 two "Best For The World" awards in the Customers and Governance impact areas.



*Girls from underprivileged communities being fed at the kitchens of Alsea Foundation - part of an active engagement project with Alsea*

Trinetra believes that humanity's biggest challenge is to meet the needs of all within the boundaries of our planet. Although we have solutions to help us understand the limits of our planet and how to live within them, nearly half of the planet's population lives in poverty, so there is much work to be done to ensure that the needs of all are met.

The research conducted to understand the needs of people in Emerging Markets, and identifying investible solutions to their problems, is at the core of Trinetra's purpose. Trinetra



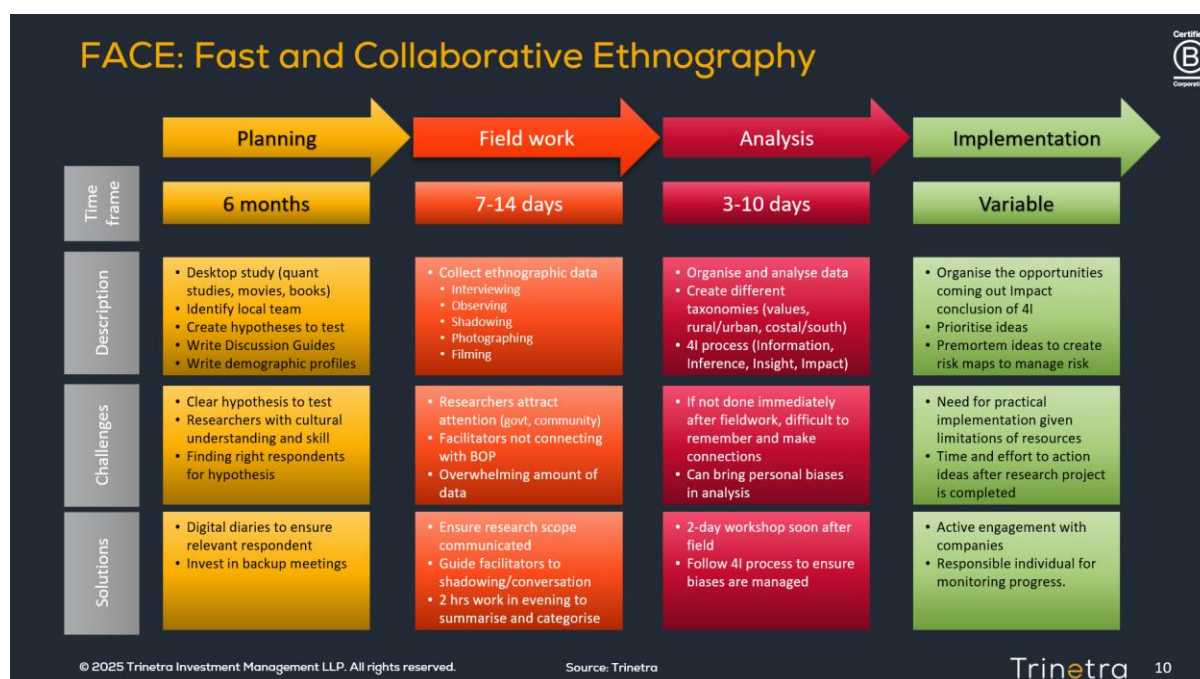
aims to generate strong risk-adjusted returns by using ethnographic research to understand consumers, their hopes, dream, aspirations and anxieties, and the solutions that they see to their own problems.

Trinetra believes that when holding positions over a long term, i.e., more than five years, investors need to follow a holistic process to risk-adjust returns, accounting for all risks, including Environmental Social and Governance (ESG) impacts, and to ensure that the investment addresses a sustainable trend which provides a social or environmental solution.

## Ethnographic research provides insights into solutions to social issues

Ethnographic research aims to produce profound insights through intimate, empathetic interactions. Intimacy takes trust, and trust takes time; that is why traditional ethnographic fieldwork takes months, if not years, and concentrates on a few key interlocutors. Ethnographic insights are not based on the quantity but on the quality of the information.

Long research periods produce unique insights into a group's lives, values and motivations by understanding people in profound and intimate ways. However, these insights often arrive too late to be actionable. That is why, Trinetra developed a method that embraces the intimacy and empathy of ethnographic fieldwork, while using collaboration to work faster. Trinetra calls it FACE: Fast and Collaborative Ethnography.



Source: Trinetra

In 2011, members of Trinetra conducted their first ethnographic research trip, travelling through the grasslands of Inner Mongolia, meeting farmers and herdsman in their homes, to understand the issues they faced, their anxieties, and their dreams for a better tomorrow for themselves and their children.

Over subsequent years, Trinetra's team members have performed over 30 studies in 15 different Emerging Markets, trying to understand the challenges and opportunities that people face. Typically, these studies entail approximately six months of planning, with the investment team spending 7-14 days on the ground to carry them out. During this time, interviews with

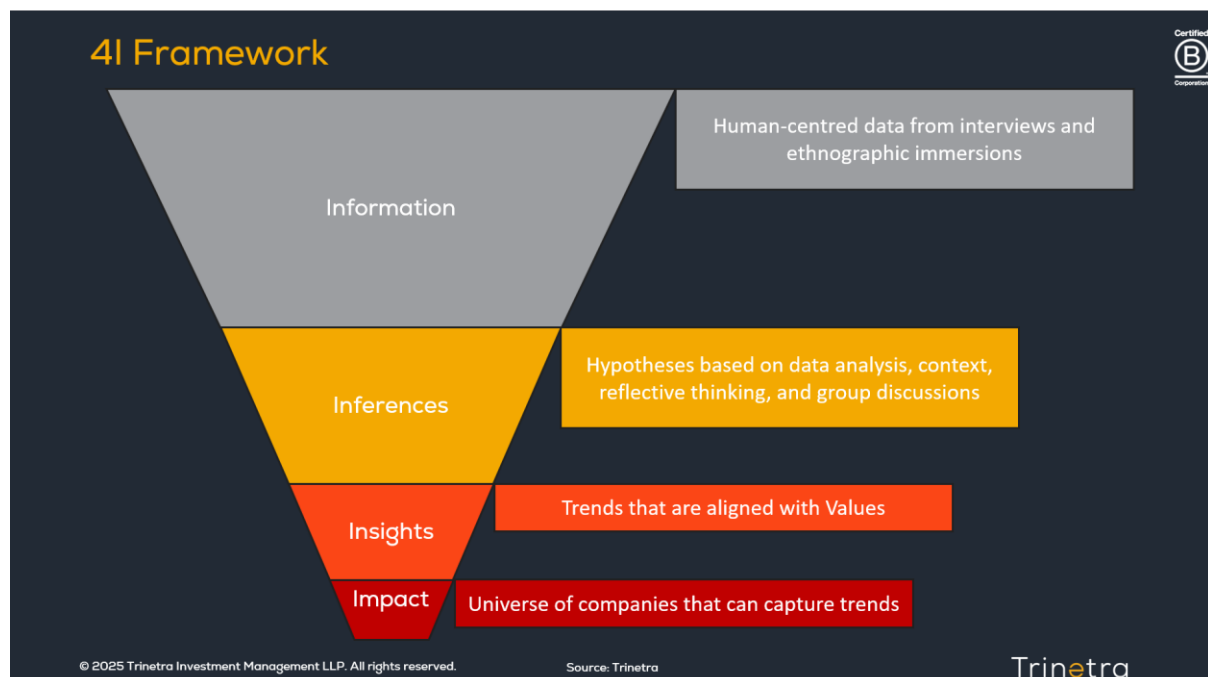
respondents are streamed live to the remaining Trinetra team via video link, enabling their involvement in the post-visit analysis.

## Solution Development Using the 4“i” Framework

In this phase, Trinetra applies its proprietary 4“i” Framework – a structured approach to translating identified problems into actionable investment opportunities. The process unfolds as follows:

- **Information** – Data gathered from ethnographic research.
- **Inferences** – Hypotheses on the underlying drivers of observed trends.
- **Insights** – Sustainable trends aligned with enduring consumer values.
- **Impact** – Identification of companies offering solutions to these trends.

This framework ensures a disciplined transition from raw data to high-conviction investment themes.



Source: Trinetra

Historically, Trinetra has conducted quarterly discussions with local ethnographers across different Emerging Markets (EMs) with whom it collaborates on studies, to obtain real-time feedback on societal changes. In 2023, Trinetra initiated a pilot program with PhD candidates at the Anthropology Department at Cambridge University. PhD candidates have to spend a year within a community as part of their research. As part of this program, Trinetra will direct up to 25% of the PhD candidates' time toward its research engagement programs. Trinetra has been working with a PhD candidate in Mexico City on an engagement project with one of the portfolio companies focused on the transition from informal to formal employment. Further information on this work can be found under Principles 4, 7 and 9.

Trinetra believes that providing solutions to consumers not only allows investors to capture growth opportunities in Emerging Markets but also creates a more just and sustainable planet.

Trinetra's research identified six trends that act as multi-year engines of social transformation in Emerging Markets:

- **Digital Revolution:**  
Universal access to digital technologies is accelerating the pace of social transformation.
- **Education**  
Inclusive, equitable education and promoting lifelong learning.
- **Health & Wellness**  
Access to quality healthcare, nutritious, sustainably produced food and maintaining a physically healthy body.
- **Financial Inclusion**  
Reorientating the flow of capital to accelerate sustainable development and empowering the 'unbanked'.
- **Sustainable Urbanisation**  
Supporting inclusive and connected cities closer to people's families and friends.
- **Circular Economy & Decarbonisation**  
Decoupling consumption from production to reduce waste and using leap-frogging technologies to accelerate the transition to Net-Zero.



Source: Trinetra

Trinetra's ethnographic research targets five socioeconomic groups for which social transformation trends should drive the biggest changes in consumption patterns:



Source: Trinetra

- People at the bottom of the pyramid aspiring to join the middle class.
- Women seeking to find productive employment and accelerate their families' transition to the middle class.
- Migrants trying to escape informal employment and uprooting themselves to provide better education, healthcare, financial security for their families and themselves.
- Youth from disadvantaged communities searching for opportunities to participate in their countries' progress.
- Older adults aiming to extend their working lives and continue contributing to their families and communities.

Trinetra believes that by promoting social equality and empowering each of the above five groups to live their lives in accordance with their own values, we can strive towards a world where no-one is left behind.

## Trinetra's Purpose and Philosophy

Trinetra believes that consumers not companies ultimately dictate trends. By conducting ethnographic studies, Trinetra aims to understand consumers' hopes, aspirations, anxieties and dreams, and the solutions that they ultimately see to their own problems.

This helps to form an independent view of how trends are evolving, and by investing in companies that provide solutions to consumers, investors are able to capture growth opportunities in Emerging Markets. Since its founding in 2016, Trinetra has followed a clear purpose and mission.

### Purpose

Trinetra's purpose is to study people's lives in EMs to identify investible solutions to the issues they face.

### Trinetra's Mission is to:

- study the lives of people within their communities, in order to understand the social and environmental challenges they face;
- accelerate positive social transformation in EMs through efficient allocation of our clients' capital to companies which can provide solutions to those issues; and
- drive lasting and sustainable change across EMs by sharing Trinetra's ethnographic research insights and cooperating with other stakeholders.

### Philosophy

Trinetra aims to generate strong risk adjusted returns by rigorously employing a philosophy developed over the past two decades:



- **Active:**

Our on the ground ethnographic research provides unique perspectives which guide our opportunity set. We use these insights to help us look for quality companies with strong fundamentals to invest in.

- **Stock pickers:**

We like growing businesses that can earn an attractive and sustainable return on capital over the course of a business cycle.

- **Concentrated Portfolio:**

We manage a focused portfolio of around 40-stocks to drive returns. Position sizes are conviction weighted and allow us to adapt to the market environment.

- **Long-Term Holding**

Our typical investment periods are over 5 years. We believe this allows for resilience in multiple market environments. Anticipating EM social and environmental trends through ethnographic research.



*Respondent in Wuhu, Tier 4 city, China*

Trinetra invests in companies that directly benefit from the rise in domestic consumption, and for which domestic consumption is the main driver of investment returns.

By understanding Emerging Markets consumers' values and how they evolve, Trinetra can anticipate developing trends. Capturing these trends requires fundamental research and active engagement with company managements to ensure a shared understanding of the opportunities highlighted by ethnographic studies, as well as the risks faced. Trinetra believes that a benchmark agnostic strategy and fundamental research lead to good stewardship and work in the best interests of clients.

## Trinetra's Culture & Values

### Culture at Trinetra

Trinetra believes that effective Stewardship requires a collaborative culture that is focused on delivering long-term value for clients, and a team aligned in its vision for a more inclusive, equitable and regenerative economy.

To understand social and environmental trends in Emerging Markets, the team assesses the values which drive culture, and map these according to the quadrant model explained by Schwartz' Motivational Quadrants<sup>1</sup>, as illustrated below. This framework can be used to

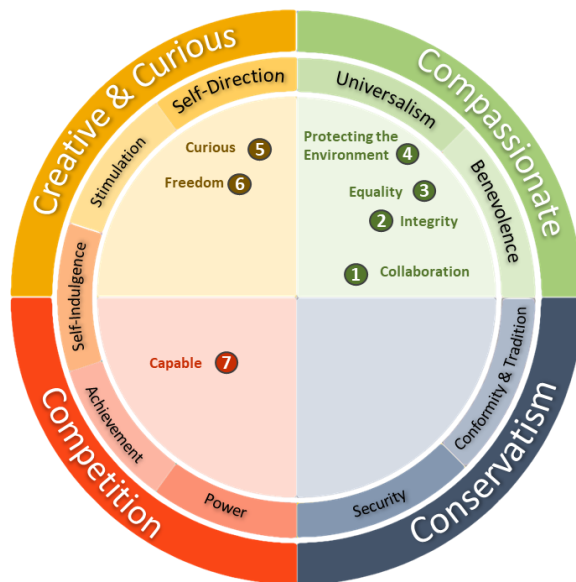
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<sup>1</sup> Schwartz, S. H. (2012). An Overview of the Schwartz theory of Basic Values, Online Readings in Psychology and Culture

consider values across the spectrum of societies and can be applied effectively to individuals, families, socioeconomic groups, and even entire countries.

To understand and assess Trinetra's own cultural drivers, the team assesses and maps its own values at least every two years.

## Mapping of Values in Schwartz Motivational Quadrants



Source: Schwartz, Trinetra

The top 7 values at Trinetra ranked in order of importance.

Rank	Motivational Type	Single value item	Description
1	Benevolence	Collaboration	A purpose we all believe in, and we will work collaboratively to deliver the best results, to the best of our abilities, for all stakeholders
2	Benevolence	Integrity	Genuine, sincere and transparent, uncompromising adherence to principles and values
3	Universalism	Equality	Equal opportunities for all
4	Universalism	Protecting the Environment	Preserving nature
5	Self-Direction	Curious	On a continuous learning journey to understand what we don't know and prove ourselves wrong on our assumptions
6	Self-Direction	Freedom	Freedom to think outside the constraints of benchmarks, traditional research methodologies. Freedom to act in the best way to deliver on our purpose
7	Achievement	Capable	Competent, effective, efficient

Source: Trinetra

## Enabling Effective Stewardship

Trinetra is a 100% employee-owned firm with a strong team culture. Trinetra seeks to grow, not by setting AUM targets, but by sharing its insights and cooperating with likeminded investors to bring about lasting, sustainable change. Trinetra believes in transparency and in sharing insights from its ethnographic studies to foster informed debate. The investment team deals directly with clients, allowing them to maintain a clear understanding of clients' goals and beliefs.

Trinetra is a single strategy firm with a four-person investment team, investing in fewer than 50 publicly listed companies. The small number of companies in which Trinetra invests, in combination with the dedicated investment team, allows for an integrated sustainability approach that is consistently applied across its investment process.

Sustainability and consideration of all stakeholders is embedded in Trinetra's purpose. Trinetra's process includes not only considerations of its clients but also the employees of the companies in which it invests, and the consumers who buy the products and services of those companies.

Considerations of the interests of wider stakeholders is fully integrated in Trinetra's own business and is reflected in its processes, from ethnographic research to engagement with investee companies, and to clients' involvement in its research.

In February 2021, Trinetra's commitment to sustainability and wider stakeholders' interests became part of its constitutional document to ensure that governance, decision making, and practices are guided by this objective.

Trinetra also ensures that its clients understand from the beginning of their relationship that Trinetra aims to deliver strong risk-adjusted returns while being benchmark agnostic. Trinetra compiles an investible universe from the companies, identified during its ethnographic studies, which it believes will capture consumer trends and can provide solutions to consumers' problems.

## Biennial values assessment

In May 2024 the team conducted its periodic team values assessment. The aim of these assessments is to further embed and encourage effective stewardship within the business, and to better understand any gaps in the team's values. Trinetra's values are effectively the organisation's cultural operating system, defining what behaviours need to be in place for delivering its purpose and mission.



*Group of women receiving microfinance loans from Gentera (a portfolio company) explaining the issues with new channels of repayment of loans.*

Trinetra believes that a clear and transparent alignment of investors' values and culture with their investment objectives provides for long-term effective stewardship. Trinetra's approach has been built around its investment beliefs and culture. Trinetra discusses its investment philosophy with clients in detail to ensure that their requirements, especially around ESG, are fully aligned with Trinetra's approach and that their interests are met.

The next values assessment is planned for Q2 2026.

### Sharing of insights from ethnographic research

Aligned with Trinetra's mission, Trinetra shared its ethnographic studies insights and views on Emerging Markets investing via blogs, podcasts and at keynote speeches and at presentations with clients' investment teams.

opportunities and how AI through the use of large language models can analyse ethnographic interview transcripts. These ethnographic studies' insights were presented to clients and their wider investment teams, not only to help them to understand what is happening in Emerging Markets, but also to inform their decisions across other markets.

Topics included how embracing interdisciplinary thinking can unlock transformative insights, how examining fridges can influence investment

## Sustainability of Operations

Trinetra considers sustainability issues for its own business, as well as for companies in which it invests. Since December 2019, 100% of the energy powering its office has been derived from low-impact renewable sources. Trinetra chose its current office space provider because of its active involvement in environmental initiatives relating to the premises. The office space provider seeks to manage its own environmental impact through energy efficiency systems, chemical reduction exercises and recycling programs. With its current office space provider, emissions relating to Trinetra's office (electricity, water consumption and treatment and waste disposal) have been efficiently minimised.

Since 2022, Trinetra has completed a detailed assessment of its carbon footprint using the UK Government Environmental Reporting Guidelines and its conversion factors and offset its carbon footprint since inception in February 2017 with the purchase of Certified Emissions Reductions (CERs) from projects with verified benefits to local communities and ecosystems. In 2023, Trinetra's carbon footprint included an additional 20% to account for potential calculation errors and in 2024, an additional 24%.





*Rural communities outside Yogyakarta that were part of the 2024 ethnographic study in Indonesia.*

Trinetra's carbon footprint falls fully within Scope 3 emissions since the firm operates from a shared office space. For a conservative approach in the office space calculations, although electricity is all from renewable sources, Trinetra includes electricity Transmission & Distribution and Indirect emissions. Also includes emissions related to water supply and treatment, and waste management emissions. In the business air travel calculations, emissions with

direct and indirect climate change effect are included, and for both air and land travel the calculations incorporate upstream Scope 3 emissions associated with the extraction, refining and transportation of the raw fuels before they are used to power the transport mode. Further included in the carbon footprint are emissions from business hotel stays, employee commuting and homeworking.

Trinetra's chosen office space provider is environmentally conscious and has programs in place to minimise the carbon footprint of our offices, including using 100% renewable energy. They have cut single use plastic from cleaning products, 0% of the office waste goes to landfill, food composting has tripled, and recycling has increased by over 7% to 60% of all waste collected in 2024, via installation of appropriate recycling points and instructions. They also choose to use the services of sustainable and environmentally conscious business and are working with B Corps for the supply of fruit and milk, catering and facility management services.

In 2024, our employees spent on average around 90 hours volunteering in the community. Giving back and contributing to the wider society is an important element of Trinetra's values and the firm provides the necessary flexibility to employees to participate in these activities.

Trinetra believes that the practices within its business have provided alignment with clients' and beneficiaries' interests. In 2024, a revised application for the registration of the Trinetra Foundation to the Charity Commission was submitted. Following receipt of feedback from the Commission, the corporate structure for the Foundation was reassessed and it was decided that a charitable company status was not the most suitable for the work. Ultimately, the objective of Trinetra is to use its research and its partners' private resources to benefit wider communities. In late 2024, the firm started drafting a new strategy of how to achieve this goal.

## Outcomes

Trinetra has made strides in disseminating its insights not only to clients and the investment community but also to academic institutions. This includes specific project collaboration with universities. Trinetra is committed to making its research publicly accessible, fostering broader collaboration that ultimately enhances long-term value for clients and beneficiaries. This

approach contributes to sustainable benefits for the economy, environment, and society at large.

## B Corporation certification

In 2022 Trinetra was accepted as a Certified B Corporation (B Corps). Certified B Corporations are for-profit companies that use the power of business to build a more inclusive and sustainable economy. They meet the highest verified standards of social and environmental performance, transparency, and accountability.

Certified B Corps amend their constitutional documents so that, by law, they can make decisions and implement practices that consider not only shareholder value, but also the impact on all stakeholders, employees, customers, society, and the environment.

Trinetra's constitutional document includes the governance requirement expected of Certified B Corps, making its commitment to stewardship, sustainability and consideration for wider stakeholders' interests a legal obligation.

Throughout 2023 and 2024, Trinetra published its Impact Reports and team members continued to collaborate and share best practices with other B Corps or those looking to obtain the certification. The impact report is designed to provide a progress report on the positive impact of the firm in the five areas of customers, workers, community, environment and governance. Trinetra launched its B Corp re-certification process in Q3 2024, which is expected to be completed in Q2 2025.



# Principle 2

## Governance, Resources and Incentives

Signatories' governance, resources, and incentives support stewardship.

### Executive Committee

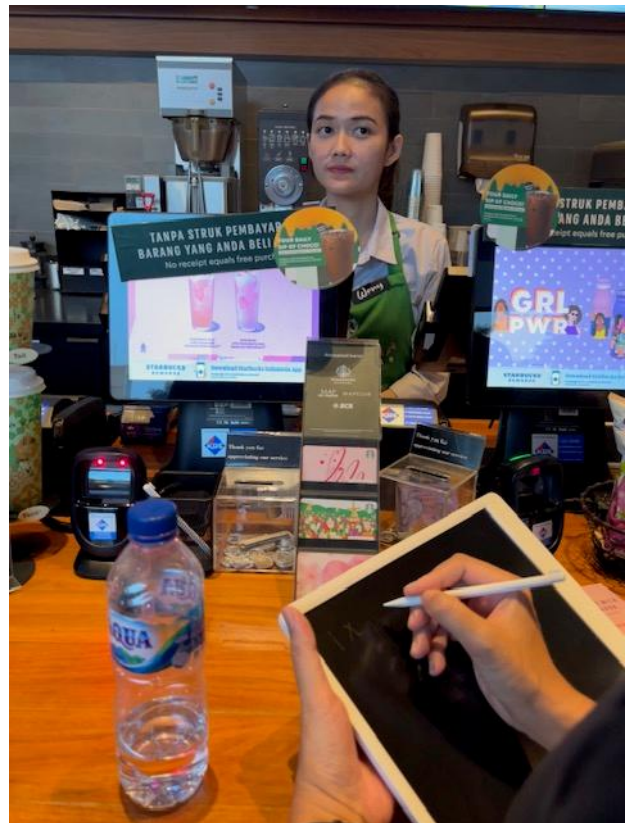
The implementation and monitoring of Trinetra's stewardship activities rest with the firm's Executive Committee (EC). Trinetra's Partnership agreement (modified in February 2021 as part of its B Corp application) states that it is required to consider the impact of its business on all stakeholders.

#### Qualifications of the EC for ESG oversight

The EC is responsible for ensuring that investments are aligned with Trinetra's culture and beliefs, which include using the power of business to build a more inclusive and sustainable economy, while being held to the highest standards of governance, and striving to ensure that groups of people in Emerging Markets are not left behind.

The EC provides oversight on Trinetra's stewardship activities through its quarterly meetings. As part of its agenda the EC is responsible for:

- Approving collaborative engagements
- Ensuring the integration of Sustainable Investing in the investment process through monitoring of:
  - voting activity
  - engagement activity of companies
  - collaborative engagements
  - ESG research
  - ESG thought leadership
  - Sustainability within Trinetra's own operations



*A deaf employee, part of Mitra Adiperkasa's program of having sign language Starbucks stores in Indonesia*

## Implementation of ESG, Oversight and Incentives

Trinetra believes that a diversity of experience and backgrounds provides for better oversight and decision. All members of the EC are experienced in analysing ESG issues and work exclusively for the company.

### **Tassos Stassopoulos**

In the 1990s, Tassos worked for Arthur Andersen helping organisations understand and manage their risks, which included social and environmental risks. Over the past 12 years he performed ethnographic studies in 15 Emerging Markets, aiming to understand from the people on the ground the social and environmental issues that they face and solutions that they see to their own problems.

### **Andy Reiss**

Andy has two decades of experience in research and worked as a senior economic policy adviser to the UK government, addressing issues including the structure of the pensions market, access to finance for small businesses, financial inclusion, and genomics. He has participated in ethnographic studies at Trinetra since 2017 and has written extensively on topics such as financial inclusion and regulation. He works with two human rights charities which counter discrimination and inequality.

### **Beatriz Urgel**

Between 2007-2013, Beatriz was Carbon Development Director for Camco Clean Energy, a climate and impact fund management firm, working in emerging markets on clean energy transition. Previously she worked as a consultant for Carbon Resource Management to set up its carbon operations and compliance function. Prior to that, she worked as a project manager for Temenos, a banking software developer, and as a management consultant for KMPG.

### **Oliver Crawley**

Oliver joined Trinetra in April 2024 as a Partner and is a member of the EC. Previously, he spent 17 years at Somerset Capital Management LLP where he was an initial partner at the firm's inception in 2007 and prior to this worked at Barclays Capital. Oliver has worked with global institutional and wealth management clients during his career, which has focused on specialist Global Emerging Markets Equity investment products

### **Stephanie Winterhagen**

Stephanie became a member (non-partner) of the EC in June 2024. Stephanie started her financial services career in 1998 at the investment management boutique Pall Mall Partners, where she held various roles including Head of Compliance and MLRO of the venture capital business. Since then, she has worked as Compliance Officer across asset classes and regions, for global investment manager AllianceBernstein and the real assets/PE manager Stafford Capital Partners.

## ESG Implementation

ESG is core to Trinetra's process and is fully integrated into the way in which it operates, from its purpose and values to its governance, investment process, ethnographic research, risk management, portfolio construction, and stewardship.



Trinetra believes that ownership of the entire process provides members of the EC with information that helps them to better assess risks and to actively engage with management of the investee companies.

## Executive Committee review of ESG performance

The EC (equivalent to the Board of Directors) meets quarterly and conducts a review of the firm's social and environmental performance, as well as identified ESG risks in the portfolio. The review focuses on proxy voting records and ESG engagement records with investee companies, as well as any ESG matters of relevance in the period.

## Training on ESG and company mission

Understanding social issues by speaking to people in their homes requires expertise, something very different from the training which financial services firms tend to provide. Trinetra, for



*Street seller in Guatepec, Mexico City*

example, collaborates with a leading ethnographic research boutique in India. The Trinetra team has been trained on similar techniques to those used by their ethnographers. For example, “transactional analysis” helps researchers to better understand people or “projective techniques” assist in obtaining more accurate responses for subjects where people think that their intentions may be unflattering.

Trinetra publishes market insights and trends in podcasts and blogs, and gives presentations, interviews and webinars. Team members are expected to watch, read and/or participate in them, and to take associated follow-up tests, when available, in programmes that provide Continuous Education Credits as part of their continued professional development.

The most effective employee training is provided as “training on the job”. Stock reviews involve a structured process with which an analyst proposes a new investment idea for the portfolio. The entire investment team is required to participate in stock reviews. ESG considerations are a critical part of the research conducted by analysts. All investment team members are subject to a continuous training process by participating in stock reviews. The firm's internal risk handbook provides a detailed guide on how analysts quantify the ESG risks to adjust the cost of capital threshold in order to be able to make an investment.

The investment team conducts weekly review meetings where the portfolio is reviewed and discussed. Every team member is expected to participate collaboratively. The agenda includes performance, liquidity, risks, and ESG objectives, e.g., company engagement.

ESG performance is fully integrated in Trinetra's decision-making processes. All team members are appraised in Trinetra's mission and purpose, which remains unchanged since the firm's creation. Trinetra has developed policies that consolidate the processes that it follows to ensure that ESG is part of every decision. These include its Responsible Investing and ESG Policy, Engagement Policy, and Proxy Voting Policy, by which team members must abide. Links to these documents are available on Trinetra's website.

## Performance reviews incorporate ESG metrics

Performance reviews are conducted annually for all team members. As an FCA regulated firm, Trinetra must complete competence assessments for all team members involved in a regulated activity, and those subject to the Senior Managers & Certification Regime, including members of the investment team.

ESG objectives are included in the reviews as they are an essential element of Trinetra's mission and of clients' performance expectations. Analysts are expected to:

- monitor the ESG performance of their stocks by mapping social and/or environmental objectives to at least one of the 17 UN Sustainable Development Goals (SDGs);
- engage with investee companies on identified ESG issues and follow up on those engagements; and
- ensure all votable ballots are voted, and in accordance with Trinetra's proxy voting policy.



*Respondents whose lives Trinetra has studied*

## Sources of ESG Information

Trinetra believes that social issues cannot be identified or understood from a top-down perspective or from an unsuitable setting, like in an office in London, New York or Hong Kong.

Rather they need to be understood on a bottom-up basis, by visiting people in their homes in villages and towns across Emerging Markets.

To understand social issues, investors, Trinetra believes, should use the same data collection techniques used by social anthropologists in their fieldwork. Trinetra's ethnographic fieldwork is designed to collect this data. It involves the collection of ESG information in 6 different ways:

### Pre-fieldwork:

Working with ethnographic research firms and field researchers, Trinetra commissions respondents to record, in diaries, their daily lives, routines, values, dreams, anxieties and what is important to them.

### Fieldwork

Trinetra captures data by recording on video and audio and then transcribing discussions with respondents. During these discussions, the team may ask about the experiences of the respondent's friends and relatives who might work for some of the potential investee companies.

### Post-fieldwork 4-i process

The research team analyses the data captured in ethnographic research using a process referred to as the 4 "i" process to drive the transformation of Information to Impact:

- **Information:** Purely factual information captured in the field, e.g., "We observed respondent X doing Y". This is an observation of "what" is happening.
- **Inference:** This is Trinetra's understanding "why" something is happening.
- **Insight:** A much deeper understanding of "why" can be gained by interconnecting different pieces of ethnographic studies information from different respondents. This is an "aha moment" for the research team.
- **Impact:** How can Trinetra drive returns or manage risk in the portfolio from these insights?

### Post-fieldwork follow-ups with respondents

Trinetra maintains discussions (via calls or social media) with respondents, facilitated by an ethnographer, after completion of the fieldwork. This allows the research team to study people's lives longitudinally, and to capture data to understand how their lives are evolving.

### Periodic discussions with field ethnographers

Trinetra hosts conference calls at least quarterly with field ethnographers from the ethnographic research firms with which it works closely to discuss any changes to trends or new trends that they are picking up in their fieldwork.



*Studying shifting eating habits in Queretaro, Mexico*



To create risk maps, Trinetra analysts use the data from ethnographic research, together with information from annual reports, press releases and other publicly available sources, discussions with management and raw ESG data from Bloomberg.

## Cambridge PhD anthropologist



*Low-income single mother who created a business from a microfinance loan*

In September 2023, Trinetra launched a pilot program working with PhD Candidates at the Anthropology Department at Cambridge University. PhD candidates are required to spend a year immersing themselves in communities pertinent to their research. Under this initiative, Trinetra stands to benefit from the continuous ethnographic data collected by the PhD candidates, who will dedicate 25% of their time to research relevant to Trinetra's portfolio holdings. Trinetra intends to cover the UK PhD student fees throughout the collaboration period. Trinetra's objective is to establish processes to facilitate the management of up to four PhD candidates annually, spanning various Emerging Markets within its portfolio. During 2024, the pilot entailed a PhD candidate on a project in Mexico City, which is detailed in Principles 4, 7 and 9.

## Team Incentives

The team conducts biennial reviews, evaluating each team member's values to ensure alignment with Trinetra's culture, beliefs, and purpose. The team uses this opportunity to consider what values the team needs to achieve its purpose. Trinetra understands that all team members come with their own values and understanding of what drives their actions. This helps Trinetra to better understand the risks within the organisation.

The outcome of the biennial review held in May 2024 is disclosed under Principle 1. The next review is planned for one year ahead in Q3 2025 as there are two new team members who were not part of the 2024 review.

Trinetra is 100% owned, funded and managed by its Partners, all of whom work full time at Trinetra. Each of the partners is invested in Trinetra's funds to ensure alignment with client interests. The Partners have contributed a material part of their net worth as Partnership capital and receive a share of the net income of the firm. Partners are therefore incentivised to achieve long-term growth and success for the business.



Both performance reviews and the application of the remuneration policy, which includes



*Respondent in Surabaya, Indonesia ranking all the household products based on effectiveness and cost*

stewardship criteria, involve assessment of each team member's performance through the lens of Trinetra's culture, its purpose, and the specific goals set by and for the team member. Trinetra's team understands that good stewardship is central to long-term performance, which ties in with its purpose and values.

For example, collaboration is key to Trinetra's culture and contributes to its ability to remove individual biases in ethnographic

studies. Trinetra also collaborates closely as a team when attaining a broader view of risks, including ESG risks.

A further example is that part of Trinetra's purpose is to help companies to overcome their behavioural biases. Analysts are expected to actively engage in both sharing ethnographic research and in helping companies to better understand the risks that the team perceives they face.

Trinetra has been actively enhancing its methods for measuring the effectiveness of its stewardship activities, which includes adopting the B Corporation's 'Impact Assessment' model. By tapping into a network of purpose-driven businesses, Trinetra identifies opportunities for continuous improvement by leveraging best practices from various sectors, not just finance.

Trinetra uses SDGs as its sustainability indicators and as measure of performance. Trinetra maps its ESG indicators to be consistent with the Sustainable Development Investments (SDI) taxonomy. The SDI taxonomy was developed by a group of asset owners to classify and standardise a company's products and services as they relate to contribution towards an SDG. This should facilitate comparison with other financial products held by the firm's clients.

## **ESG performance is integral part of executive team compensation**

As a Limited Liability Partnership, the partners constitute the executive team, which is led by the Managing Partner and Chief Investment Officer, Tassos Stassopoulos.

Consideration of ESG is embedded in Trinetra's processes, from investment decision-making to the day-to-day running of the firm. The LLP Agreement has since February 2021 incorporated a legal commitment to stewardship, sustainability and consideration of wider stakeholders' interests.

The executive team's compensation is therefore tied into social and environmental performance at all levels. Trinetra's Remuneration Policy Statement clearly outlines this.

## Diversity & Inclusion Policy

Ethnographic research requires a collaborative approach between diverse team members to help remove the biases and preconceptions that each person carries as an individual, based on their upbringing and experiences. The team members hold passports from six nations between them, representing varied cultural backgrounds.



*Low-income responder who is establishing a new business, Mexico City.*

Trinetra is committed to being an equal opportunities employer and operates under a comprehensive Diversity and Inclusion Policy. Its recruitment, promotion and all other selection processes are based on an objective set of criteria, aimed at avoiding all forms of discrimination. The process is transparent to the wider partnership and team members can challenge in confidence a potential breach of any policy in accordance with the firm's Whistleblowing policy.

Trinetra's culture will not tolerate any discrimination, and all colleagues are

required to sign a declaration on an annual basis, attesting to having understood the Diversity Policy, and agreeing to work to the standards expected, treating colleagues, visitors and all external parties with respect and dignity. It underscores the need to encourage all employees to fulfil their potential, and to ensure the selection process for employment and promotion is based on ability and aptitude. The policy applies in the workplace as well as certain settings outside of the workplace.

Trinetra's Diversity and Inclusion Policy contains a section on ethnographic studies interviews, setting out the need for ethnographers with whom it works to act within the scope of Trinetra's policy, albeit in the context of the cultural norms in the countries where they work. When interviewing respondents, Trinetra employees are required to be non-judgemental, even when respondents may shock, offend, or when they might breach Trinetra's Diversity Policy, to which they have not been required to adhere.

### Diversity Metrics for 2024

Trinetra believes that diversity is a core strength that contributes to its collective culture. As a small boutique, it does not have specific targets for diversity. Trinetra's team members all come from many different cultural backgrounds. As of 31 December 2024:

- 37.5% of Trinetra's team are women – (25% of partners)
- 12.5% identifies as LGBT (25% of partners)
- 25% are from ethnic minorities

Trinetra makes extensive use of ethnographic consultants. These are highly labour-intensive studies, and it is difficult to obtain an accurate measure of the hours spent by local consultants.

For example, in 2018, a consultant firm recorded the hours worked on a Trinetra project and provided an analysis of the 4,000 hours (effectively 2 FTEs):

- 74% are women
- 56% are from the bottom of the pyramid

## Outcomes

As a Limited Liability Partnership, Trinetra is governed by the Executive Committee. The Managing Partner is the firm's CIO. The members of the Executive Meeting are the 4 partners of the firm and the Chief Compliance Officer (CCO), all of whom work full time within the firm.

Analysts are responsible for monitoring their respective portfolio positions on a daily basis for changes in social and environmental factors. Any major changes are immediately flagged or are otherwise discussed at the weekly Portfolio Review Meeting. During that meeting, the team agrees on the course of action, with the CIO making any investment-related decision.

Major stewardship actions are communicated quarterly to the Executive Committee by the CIO. This structure ensures that the Executive Committee is fully involved in all aspects of stewardship and its integration in the investment processes.

The Executive Committee meets quarterly and conducts a review of the firm's social and environmental performance as well as identified ESG risks in the portfolio. The review focuses on proxy voting records and ESG engagement records with investee companies. The Executive Committee monitors these records to ensure timely execution of any open engagement.

On a quarterly basis, the Executive Committee performs a full review of all risks faced by the firm, which includes ESG risks, using the same pre-mortem method that the investment team uses in its stock reviews. This process is explained in Principle 7.

In April 2024, Trinetra completed the search for a senior hire to fill the role of Investment Specialist, which resulted in the admission of a new Partner. Trinetra's management believes the role is critical to enhancing the effectiveness of client communications relating to the investment team's research. The aim is to increase the awareness amongst client allocators of the research work done by Trinetra's team.

The addition of the CCO as a member of the EC, who is not a partner or owner, enhances the firm's governance body and oversight structure.

Trinetra believes that the current governance structure is appropriate for its business and has proven to be effective in promoting stewardship in the organisation and ensuring its integration in all aspects of the business operations.

# Principle 3

## Conflicts of interest

**Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.**

A key element of good Stewardship is the duty of care, acting in the best interests of clients and other stakeholders. Trinetra recognises that conflicts of interest can arise in the course of investment management business from time to time and has therefore taken steps to mitigate or otherwise manage situations involving possible conflicts of interest that may arise.

Core to managing these risks is Trinetra's Conflicts of Interest Policy, which outlines the requirements to identify, manage, mitigate, record and disclose potential conflicts. The aim of the policy is to ensure that the interests of clients are always protected, and that Trinetra and/or any associated parties are not unfairly favoured at the expense of others.

## Examples of Conflicts of Interest

Conflicts could arise for the firm or a relevant person in the context of:

- **Creating a new product**  
A new product or service can generate a conflict of interest as it could take capacity and liquidity away from the existing products and clients. Moreover, it could generate a conflict of focus and resources, including staff working on the legacy products in preference to new products. For that reason, Trinetra is, and intends to remain, a focused, single strategy firm.
- **Ownership Structure**  
A conflict of interest could arise between delivering long term performance for clients, for which the investment team is responsible, and managing the profitability of the asset management firm, for which management is responsible. To avoid this conflict, Trinetra has not accepted any external capital, and the Executive Committee runs the firm, funded 100% by the partners' personal capital.
- **Gifts and Entertainment**  
Employees, through their interactions with clients and suppliers, could accept gifts or benefits which could be seen as an inducement and might result in actions which are not in the best interest of clients. It is Trinetra's policy not to pay for or accept any third-party gift or benefit unless it is designed to enhance the service and delivery to clients and does not impair compliance with the Firm's duty to act honestly, fairly and professionally and in the best interests of its clients. All gifts or entertainment between £35 and £70 need to be notified to the Compliance Officer, and any above £70, or which are reasonably expected to be above that figure, require prior approval by the Compliance Officer.
- **Remuneration**  
In the case of discretionary bonuses, there is a risk that employees put their interests above those of clients in order to meet bonus targets. Trinetra does not set any bonus targets. In addition, Executive Committee members are all partners, and no discretionary bonuses are paid to them. Instead, Executive Committee members receive a percentage of the firm's profits. Discretionary bonuses to employees are linked to the overall performance of the



firm and of the funds over multi-year periods with longer periods, such as three- and five-year performance given greater weighting than single-year performance, therefore reducing the risk of a short-term focus.



*The Trinetra field team made of 2 recruiters who have identified the relevant subject, respondent, facilitator, translator and 2 Trinetra team members*

- **Personal Account Dealing**

Employees of financial services firms who make personal investments could give rise to a conflict of interest risk between their personal trades and those placed by the firm. Trinetra's Personal Account Dealing Policy therefore requires pre-approval from the Compliance Officer for any personal trades of team members. The policy also restricts trading of any Emerging Markets equity issuer or a developed market issuer with more than 20% of profits in Emerging Markets, thereby removing any company that is in Trinetra's investable universe, or that could otherwise enter it with reasonable likelihood in the future.

- **Allocation of orders between different client accounts**

There is a risk of differing treatment of different accounts, for example, pooled vehicles and segregated mandates, that the firm manages. This potential risk is managed through Trinetra's Trade Allocation Policy, the substance of which is pre-programmed in the Firm's Order Management System, Bloomberg AIM. When a single trade is to be allocated across multiple accounts, that allocation is always dictated when the trade is entered into the Bloomberg AIM system prior to the execution of the trade. If a trade to be allocated across multiple accounts is partially filled, then the allocation is calculated such that all accounts are scaled down by the same proportion, namely the proportion that the eventual trade represents of the intended trade. Allocations for IPOs are calculated by the CIO and approved by the Compliance Officer to reduce the risk of conflict, applying the same principle of proportion.

- **Inside Information**

From time to time, investment firms are offered the option to be given material non-public information (MNPI), or inside information. If accepted, an information barrier must be created, and the employee who is in receipt of the information must ensure that it is not shared with any other persons, either in the firm or outside of the firm. Procedures for management of inside information are detailed in Trinetra's Compliance Policies and Procedures Manual. It states that the firm will generally choose not to be "taken inside". The only factor that may cause Trinetra to voluntarily receive MNPI would be if it is in the firm's clients' interests to do so. Having been taken inside, voluntarily or involuntarily, Trinetra's procedures dictate that the relevant stock or stocks is/are put on the firm's Restricted List, and trading in the stock or stocks is not permitted until the MNPI concerned has been made public. Such restrictions on trade might not be in the clients' best interests and might not represent good stewardship of their funds, consequently, no member of the team has accepted being taken inside at the time of this report.

Related to this point, the firm does not engage with Expert Networks which may carry incremental risk of receiving MNPI.

## Conflicts of Interest Register

Any real or potential conflicts of interest are reported to the Compliance Officer, who records them as per SYSC 10.1.6, in a Conflicts of Interest register. Any information recorded forms part of the Compliance Report to the Executive Committee. During 2024, no material conflicts or potential conflicts that would require disclosure to clients were recorded.



*Trinetra ethnographic field research team in Queretaro, Mexico*

## Conflicts of Interest Policy

The Conflicts of Interest Policy covers:

- identification of conflicts, including some examples of types of conflicts;
- recording of conflicts;
- conflict management and avoidance;
- conflict disclosure;
- conflict monitoring; and
- conflicts training.



The policy can be accessed here <https://www.trinetra-im.com> under Governance.

All partners and employees are required to read and sign a quarterly attestation that confirms their adherence to the policy. The Executive Committee is responsible for ensuring that controls and procedures are adequate to identify, manage and monitor conflicts of interest. The Compliance Officer updates the policy annually. It is then approved by the Executive Committee.

## Risk Committee



*The Trinetra field research team at the Starbucks store in Jakarta implementing sign language*

Trinetra's Risk Committee meets on a quarterly basis and assesses the probability and materiality of the risks faced by the business, including those relating to conflicts of interest. Where a risk of conflict of interest has been identified, processes are put in place to monitor and control the risk. Any failure to adhere to the firm's policies may be held to be a breach of an employee's contract, including failure to declare an interest. Such a failure will be regarded as misconduct and may lead to disciplinary

action being taken against the individual concerned, including potential termination of the employment.

## Beyond Trinetra's Conflicts of Interest Policy

Alignment with Trinetra's clients' interests is reinforced as members of Trinetra's Executive Committee have invested a material proportion of their liquid wealth in the Trinetra Emerging Markets Growth Fund. Trinetra believes that this ensures and supports good stewardship through alignment of incentives with its clients' interests.

## Outcomes: actual or potential conflicts of interest

No actual or potential material new conflicts were identified in the reporting period.

# Principle 4

## Promoting well-functioning markets

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

### Identifying Market-wide and Systemic Risks

There are 5 elements to the process through which Trinetra identifies market-wide and systemic risks:

- Investment Process
- External Networks
- Communicating its Research and receiving feedback from clients and other market participants
- Collaborative Engagements
- Ethnographic Research

#### Investment Process

As reported under Principle 1, Trinetra believes that strong risk-adjusted returns can be generated from long-term investing by understanding and predicting consumer trends and by analysing the companies that can benefit by capturing these trends with their products and services. This requires investors to take a holistic approach to all risks, including Environmental, Social and Governance (ESG) risks.



*Public transportation during rush hour, Mexico City*

Trinetra believes that its long-term focus helps to promote a more efficient and well-functioning financial system. Trinetra approaches its investments with a minimum investment horizon of five years and engages with management to ensure that they have an equivalent mindset, especially with respect to their appreciation of the various risks faced by their companies, as well as their approach to managing those risks. It is important to encompass all risks, including ESG risks, enabling management to address long-term challenges, which include climate change.

Trinetra selects the companies in which it invests through in-house, fundamental research. The process begins with ethnographic studies, as described under Principle 7. This

structured selection process, with the insights from ethnographic studies, enables the team to



identify companies suitable for investment consideration. By virtue of its long-term focus, combined with engagement with investee companies, Trinetra constructs a portfolio that optimises risk-adjusted returns while building resilience against market-wide systemic risks. Trinetra believes that companies contribute to mitigating systemic risk through robust internal risk management controls. Moreover, Trinetra believes that such contributions are amplified in companies aligning their goods and services with SDGs, aspiring to foster a more equitable and sustainable world by 2030.

In its engagement with companies, the team communicates and deliberates on its independent risk assessments, emphasizing material risks that may impact the companies' outlook, encompassing market-wide systemic risks like environmental factors. Trinetra advocates for management to prioritize long-term considerations overreacting to short-term fluctuations, fostering a more strategic and sustainable approach.

Likewise, this engagement serves to enhance understanding of the systemic risks perceived by the companies and the corresponding measures they have implemented to mitigate them.

Trinetra's research focuses on understanding social and environmental issues in Emerging Markets. Its ethnographic research is effective in reaching an in-depth understanding of the social issues that people face, and on identifying solutions to those issues. Trinetra invests in companies that directly benefit from the rise in domestic consumption and believes that domestic consumption is an inescapable driver of investment returns.

For example, in its ethnographic studies Trinetra encounters women in both rural and urban areas that lack access to sufficient information to enable them to lead healthy lives. The use of sanitary napkins reduces the risk

of infections from cloth alternatives and promotes healthier reproductive lives. Similarly, the use of nappies reduces the burden of childcare as it allows for a good night sleep for both the child and the mother. The use of such products supports six SDGs: SDG 1 – No Poverty; SDG 3 – Good Health and Wellbeing; SDG 4 – Quality Education; SDG 5 – Gender Equality; SDG 8 – Decent Work and Economic Growth; and SDG 10 – Reduced Inequalities. Under the SDI taxonomy, the issue described above would be mapped to SDG 6 – Clean Water and Sanitation and SDG 5 – Gender Equality. Trinetra believes this taxonomy provides better alignment of its SDGs reporting to clients.

These products nevertheless cause environmental pollution. This is exacerbated by the fact that many rural areas have no access to landfill sites, so many consumers rely on incineration



*Study of GenZ, Mexico City*

for their disposal. Trinetra consequently focuses on investments that aim to minimise the adverse impact they have on the environment. For example, in the case of one of Trinetra's investment, the percentage of renewable energy used in the production aligns with SDG 7 – Affordable and Clean Energy; the level of reduction in packaging material per unit of sale aligns with SDG 12 – Responsible Consumption and Production; and the number of disposable paper diaper recycling facilities the company operates aligns with SDG 9 – Industry, Innovation and Infrastructure.

## External Networks

Trinetra's analysts are experienced in their respective sectors and have an in-depth understanding of market-wide and systemic risks. Trinetra augments its analysis with the SDGs and the Sustainability Accounting Standards Board (SASB) checklists for sustainability risks by Industry to ensure that all material risks have been considered.



*Positioning of dairy products in convenience stores, Yogyakarta, Indonesia*

Trinetra believes that the SDGs provide a uniform framework that can help investors to understand both the positive contributions that companies make in meeting those goals and the risks to which the companies are exposed.

For example, higher-income consumers in emerging markets (EMs) are increasingly shifting toward healthier eating habits, often associating this with higher protein intake. Our recent ethnographic study in Indonesia revealed that many parents are concerned about stunting impairing their children's growth, with inadequate protein intake perceived as a key factor.

While food is essential for health and well-being, the sector accounts for around 19% of global greenhouse gas (GHG) emissions. In agriculture, the primary contributors are not CO<sub>2</sub> but methane—which has 28 times the warming potential of CO<sub>2</sub>—and nitrous oxide, which is 265 times more potent. Approximately 1 billion cattle are raised worldwide, generating 2 billion tons of CO<sub>2</sub> equivalent, or about 4% of total emissions.

However, in EMs, dairy production often has a lower environmental footprint. For instance, Cisarua Mountain Dairy, an Indonesia-based portfolio holding, sources milk from over 15,000 subsistence farmers. Studies suggest that such farmers produce just 1/55th of the carbon emissions of their U.S. counterparts, as

they rely less on fossil fuel-powered machinery.

When evaluating investments in dairy companies, analysts must weigh the positive impacts (e.g., nutrition, rural livelihoods) against the negative ones (e.g., methane emissions) in relation to the Sustainable Development Goals (SDGs).

### Positively Affected SDGs (Aligned with Protein Demand & Stunting Reduction)

1. **SDG 2: Zero Hunger**
  - Higher protein intake helps combat child stunting (linked to malnutrition).
  - Increased dairy/animal protein consumption in EMs improves nutrition.
2. **SDG 3: Good Health & Well-being**
  - Reducing stunting leads to better cognitive and physical development.
  - Healthier diets lower long-term disease risks (e.g., diabetes, heart disease).
3. **SDG 1: No Poverty**
  - Supporting subsistence farmers (e.g., Cisarua Mountain Dairy's supply chain) boosts rural incomes.
  - Economic growth in EMs allows families to afford better nutrition.
4. **SDG 8: Decent Work & Economic Growth**
  - Dairy farming creates jobs in rural areas (e.g., Indonesia's smallholder farmers).
  - Local food production stimulates agribusiness growth.
5. **SDG 12: Responsible Consumption & Production**
  - If protein sources are locally & sustainably produced (e.g., small-scale dairy), emissions per unit are lower than industrial farming.

### Negatively Affected SDGs (Due to Environmental Trade-Offs)

1. **SDG 13: Climate Action**
  - Methane (CH<sub>4</sub>) from cattle and nitrous oxide (N<sub>2</sub>O) from fertilizers contribute significantly to global warming.
  - If demand for animal protein grows unsustainably, emissions could rise sharply.
2. **SDG 15: Life on Land**
  - Expansion of livestock farming can lead to deforestation (e.g., for cattle grazing or feed crops).
  - Biodiversity loss if natural ecosystems are converted to farmland.
3. **SDG 6: Clean Water & Sanitation**
  - Livestock farming consumes large amounts of water and can pollute waterways with manure runoff.
4. **SDG 7: Affordable & Clean Energy**
  - Industrialized animal farming relies on fossil fuels (machinery, transport, feed production).

## Communicating Trinetra's Research and getting Feedback

Trinetra's investment team regularly contributes to the investment community through keynotes, webinars, podcasts, blogs, interviews and articles, discussing risks which are relevant to investors, and assessing ongoing market events and trends.

Throughout 2024, Trinetra delivered insightful presentations and shared its research on pivotal market-wide topics. Specifically:

- **Keynote: A change of perspective is worth 80 IQ points:** Trinetra's Chief Investment Officer (CIO) actively participated in the Portfolio Construction Forum in Australia as a member of its faculty and delivered a keynote where he explores the transformative power of shifting perspectives, inspired by Alan Kay's insight that "a change in perspective is

worth 80 IQ points." Drawing on examples from history, popular culture, and personal experience, Stassopoulos illustrates how stepping away from traditional, specialised thinking can lead to ground-breaking solutions.

- **Presentation: How to identify can capture trends:** Trinetra's CIO presented on two separate occasions to the investment teams and the workforce of a UK consultant on how to create processes that help to anticipate and identify new trends.



*Tassos Stassopoulos, Trinetra's CIO, presenting at Portfolio Construction Forum in Sydney in Aug 2024*

- **LCP Podcast:** Trinetra's Portfolio Manager, Tassos Stassopoulos discussed ethnographic investing with Lane Clark & Peacock. The podcast is available via <https://www.lcp.com/our-viewpoint/2024/04/investment-uncut-using-ethnographic-research-to-capture-growth-opportunities-in-emerging-markets-with-tassos-stassopoulos>
- **Publications:** Two major 2024 publications highlighted the Trinetra's innovative approach to studying consumption patterns:
  - **Frostbite: How Refrigeration Changed our Food, our Planet, and Ourselves (June 2024):**
    - Authored by Nicola Twilley, this book features the pioneering work of Trinetra's CIO, Tassos Stassopoulos, who analysed refrigerator contents across emerging markets to anticipate future consumption trends.
    - The narrative spans from early freezing experiments (including Sir Francis Bacon's fatal 1626 attempt to freeze a chicken) to modern refrigeration systems, exploring how cooling technology shapes global food habits.
  - **Wired Magazine:**
    - Inspired by "Frostbite", Wired magazine commissioned this article<sup>1</sup> from Twilley delving deeper into Trinetra's research.
    - The piece examines how fridges influence investment opportunities, drawing on Trinetra's latest ethnographic study in Indonesia.
- **AI & Ethnography Research with the University of Cyprus:** Partnered with Professor Dikaiakos to evaluate how large language models (e.g., GPT, Llama, Mistral) analyse

<sup>1</sup> <https://www.wired.com/story/get-rich-peeping-inside-fridges/>.



ethnographic interview transcripts compared to human experts—assessing accuracy, cost, and scalability.

- **Blogs and podcasts:** Regular updates on social/environmental trends from fieldwork are available on Trinetra's website under <https://www.trinetra-im.com/insights>

In its monthly newsletter, Trinetra also discusses current market topics or longer-term trends, often following questions from clients.

Trinetra aspires to foster a more profound discourse on market- wide systemic risks, aiming to spur sustainable capital allocation and management. Through sharing insights, Trinetra seeks to inspire structured discussions among participants, urging them to engage in proactive risk assessment rather than merely reacting to market fluctuations. At the same time, Trinetra received feedback that allows it to improve its processes.

## Collaborative Engagement

Trinetra's core skills are in conducting ethnographic research and understanding consumers and trends. Trinetra feels that it can generate more value by acting as consultants to the companies in which it invests. Trinetra seeks to join collaborative initiatives when they are aligned with the work it does, and when such actions enhance the value to its clients and beneficiaries.

Trinetra is a supporter of the Task Force on Climate-related Financial Disclosures (TCFD) and encourages the companies in which it invests to report in a way that is consistent with TCFD recommendations. While Trinetra is a TCFD supporter, under current FCA regulation in the UK it is exempt from any reporting requirements.

With the introduction of the EU Sustainable Finance Disclosure Regulation (SFDR), disclosures by investee companies are becoming more relevant. Since 2022, Trinetra has engaged with portfolio companies to inform them about the regulation, the data they may need to provide, highlighting the gaps between their disclosures and SFDR requirements, and encouraging better disclosure to investors.

These engagements with companies will promote access to more accurate information on the systemic risks related to climate change and sustainability related issues, and on how these companies are contributing or can contribute to their mitigation. Since 2017, Trinetra has been a signatory to the UN Principles for Responsible Investment (PRI), which promotes sustainable investment practices through incorporating environmental, social and governance (ESG) factors into investment process. Trinetra believes that this network of investors will promote more efficient capital markets.

In 2024 Trinetra collaborated directly with the PRI on several occasions.

Following the creation of the Sustainable Systems Investment Managers Reference Group (SSIMRG) in 2023, Trinetra as a member has actively participated in its quarterly meetings and working groups, which have been focused on the development of the Progression Pathways (a new voluntary framework to better support and incentivise signatory progression on responsible investment with a step-by-step journey), identification of barriers to the responsible investment industry's ability to bring about a sustainable financial system, stewardship resourcing and ESG related costs, investor action on nature and biodiversity, sovereign engagement, non-climate and social issues and a sustainable impact framework.

Trinetra provided its formal feedback on the PRI Strategy Consultation 2024, which seeks to establish a new strategic plan to better equip the PRI to deliver on its mission to create a sustainable financial system that benefits the environment and society as a whole. Trinetra also completed a feedback survey on the PRI reporting framework, following completion of the reporting cycle.

Trinetra also participated in the Signatory General Meeting and voted on the PRI Board Annual Election using its ballots, as it does every year.

Trinetra believes that participation in these initiatives is crucial to ensure that the PRI remains a relevant and influential body, which can deliver maximum value to signatories in a rapidly evolving environment and contribute to market efficiency.

Trinetra continues to endorse and collaborate with two initiatives that engage with pharmaceuticals companies to include objectives for medicine and vaccine access in their business models and executive remuneration:

- The Access to Medicine Foundation, which stimulates and guides pharmaceutical companies to do more for the people living in low- and middle-income countries without access to medicine.
- A PRI group leading engagement with pharmaceuticals companies to promote linking vaccine and medicine access to executive remuneration practices. Since 2023, Trinetra has engaged with a pharma company in its portfolio. More details are provided in Principle 9.



*Trinetra field research team with a GenZ respondent in Mexico City*

Both initiatives are aligned with Trinetra's core beliefs and could address market inefficiencies, with the potential for significant positive impact. Trinetra understands that addressing systemic risks and engaging with companies is a lengthy process. Nevertheless, the meetings and calls held with those pharma companies have facilitated a constructive discussion, and underlined the case that investor pressure can act as an important motivator. Further details

on these initiatives and their outcomes can be found under Principle 9 and 10.

Another significant environmental market-wide risk is plastic pollution, which was globally recognised with the unanimous agreement in February 2022 for the adoption of a mandate for an International Negotiating Committee (INC) to develop a legally binding UN Treaty on Plastic Pollution. Trinetra has continued to support the Business Coalition for a Global Plastics Treaty (BCGPT), launched by the collaboration run by Ellen MacArthur Foundation and WWF.

The BCGPT was created with the objective to provide input to the INC from business and NGOs and to support the development of concrete global rules to address plastic pollution. With INC negotiations reaching their final meeting (INC-5 ) in December 2024, the work of the Coalition in 2024 focused on the coordination of communication and advocacy efforts with participating governments in the negotiations to achieve the treaty with the most ambitious global commitment. More details are provided under Principle 10.

In 2024, Trinetra was selected as co-lead investor at PRI SPRING for one of its portfolio companies and as collaborator for another investee company. SPRING is a PRI stewardship initiative for nature, convening institutional investors to use their influence to halt and reverse global biodiversity loss by 2030. SPRING aims to address the systemic risk of nature loss to societies and long-term portfolio value creation by enhancing corporate practices on forest loss and land degradation. During 2024, the initiative focused on gathering research from other institutional investors external stakeholders and NGO's, to develop the engagement strategy, including an assessment framework and KPIs, to address biodiversity loss on these companies' operations.

Trinetra believes that its participation in initiatives like those above is an effective way to contribute to the identification of and response to market-wide systemic risks, and the promotion of better functioning markets. Further details on these initiatives and their outcomes can be found under Principle 10.

## Ethnographic Research

Finance theory views the pursuit of profit as the core driver of people's behaviours. While the calculation of the financial value of a company based on future cash flows has barely changed over the past century, the way in which we risk-adjust returns has. For example, society today would be less tolerant of a company dumping chemicals into a local river or using child labour, regardless of the future cashflows that it would generate on the back of those activities.

Trinetra believes that it is important to understand such shifts in culture and values as part of the assessment of market-wide and systemic risks.

Trinetra uses ethnographic research to understand and map values across Emerging Markets and how they are shifting. Ethnography has for years been the essential means of garnering consumer insights to map changes and the reasoning behind them.

### Case Study 1: Alsea Employee Retention Research & Pilot Program

Following from our case study highlighted in last year's report, Trinetra partnered with Alsea,



Latin America's leading restaurant operator (holding master franchises for Burger King, Starbucks, and Domino's with over 75,000 employees), to tackle its most pressing ESG risk: high employee turnover. Recognizing that solutions needed to extend beyond compensation, Trinetra conducted ethnographic research in collaboration with Fundacion Alsea to uncover the root causes of attrition and identify sustainable retention strategies.

Source: PRI



*Member of the Trinetra team studying the lives of Starbucks employees in Mexico City*

The research involved in-depth interviews with employees across Alsea's brands as well as mothers whose children benefited from the company's charitable meal programs. These insights revealed a critical disconnect between formal employment structures and the needs of vulnerable workers. Notably, the study found that the most engaged and satisfied employees came from two key demographics: single mothers and individuals from underprivileged backgrounds. For these groups, workplace value extended beyond wages—they prioritized community support, physical and financial security, convenience, and opportunities for skill development.

Based on these findings, Alsea launched a targeted pilot program designed to attract and retain these high-potential employees. The initiative focuses on young women graduating from "Villa de las Niñas," a nonprofit that provides education to girls from rural communities. Each year, 500

graduates—who would typically return to agricultural work despite their vocational training—will now have access to structured employment pathways within Alsea's restaurant brands.

To ensure success, the program includes tailored onboarding and training, addressing the unique challenges these employees face. After an initial year in entry-level roles, participants will have opportunities to advance across Alsea's portfolio of brands, creating a clear path for long-term growth. This approach not only aims to reduce turnover but also transforms Alsea's workforce strategy into a competitive advantage while delivering meaningful social impact.

### PRI Awards

This engagement initiative was shortlisted for a PRI Award 2024 in the System Stewardship category. The judges' comments on the official webpage commended it highly: **"Companies needed workers, but workers often found informal work more appealing. Trinetra's simple intervention was primary research into why. By gathering and sharing these insights with its investee company, Trinetra's stewardship was precisely targeted to the labour market failure it identified."**

The test case and judges' comments can be seen on the PRI official awards page [here](#).

## Market-wide and systemic risks

Trinetra invests in companies that directly benefit from the rise in domestic consumption in Emerging Markets and for which domestic consumption is the main driver of investment



returns. When identifying companies that provide solutions to social issues in Emerging Markets, Trinetra looks for the following characteristics, as it believes that they provide the right profile for long term resilience:

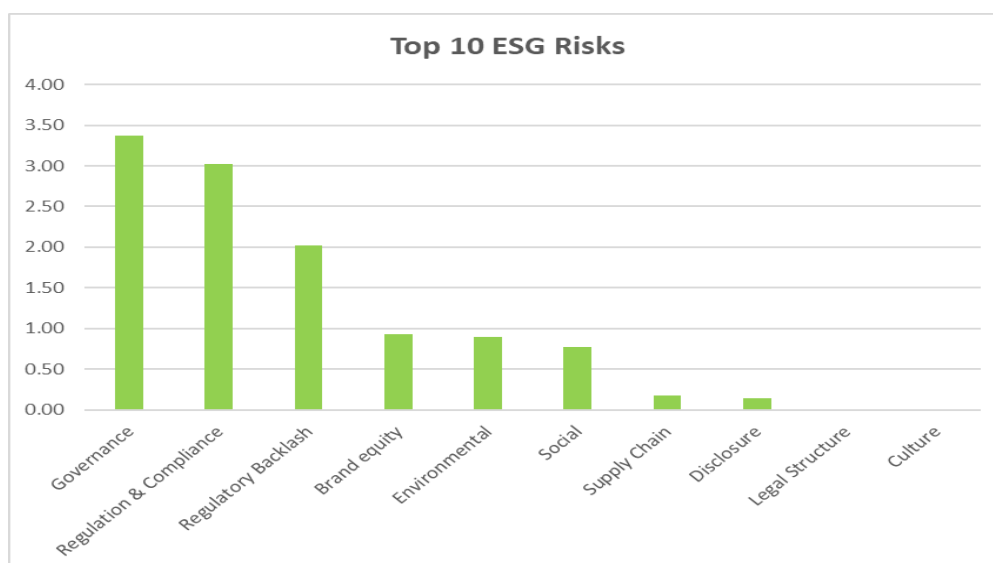
- They can offer a solution to people's problems and therefore capture a growth trend.
- They have sustainable business models.
- They have quality management, who:
  - have interests that are aligned with investors' interests;
  - have demonstrated past discipline in managing cashflows and balance sheets such that one can reasonably expect to receive incremental returns when management has deployed incremental capital;
  - have implemented strong risk management frameworks.

Trinetra has found that companies with strong internal risk management frameworks are often receptive to input on potential risks, especially from work such as ethnographic studies, as this improves their chances of success and their resilience to market-wide systemic risks. Trinetra continually monitors companies on how they address the issues raised during engagement. Trinetra considers collaboration with other investors if in its opinion it would enhance the results of the engagement in terms of clients' and beneficiaries' interests.

## Outcomes: Market-wide and Systemic Risks

Although identification of risks is conducted on a bottom-up basis, overall risks are aggregated at the portfolio level to give an overview of how systemic these risks are, or how significant a risk is in the context of Trinetra's portfolio. The team provides a score out of 10 for each risk on the basis of the probability that a risk will materialise, its significance in terms of impact on the valuation of the company should it materialise, and the extent to which the risk is priced in.

To assess market-wide and systemic risks, Trinetra aggregates the risks relating to all positions in the portfolio.



Source: Trinetra

The biggest ESG risk in 2024 for the Trinetra portfolio is Governance followed by Regulatory & Compliance risk (in 2023 Regulatory & Compliance Risk was the top score, but this was reduced following exit from two positions which had material exposure to regulatory risk). Regulation & Compliance risks have been increasing in recent years largely due to newly introduced

regulation in several areas, not least SFDR, and the heightened scrutiny that it is likely to bring about. Furthermore, as employees of many companies have been working away from their office locations, compliance has become harder to monitor.

Governance risk is high because Trinetra invests in companies in Emerging Markets where many founders have significant control, and where there is lower mandated independent oversight of managements.

However, Trinetra believes this is a systemic risk for many of the boards of the companies that it researches. Although there are positive steps to bring gender and ethnic diversity to some boards, where the lack of diversity is easy to identify, Trinetra has been engaging on cognitive diversity, which requires more in-depth understanding of the independent board members' backgrounds. Having diverse skill sets and backgrounds in a board, can help management to navigate forward-looking challenges.

For example, Trinetra has advocated for enhanced board diversity, emphasizing cognitive diversity in its engagement with a pharma company in its portfolio, recognizing the company's growing vaccine business in Africa and the board's lack of relevant expertise. Trinetra has successfully engaged on this issue and in late 2024, the company confirmed the appointment of a new independent director with vaccine expertise, expected to join in early 2025.

To address this systemic risk, since 2022 Trinetra has made the area of board background and



*Worker turning coffee to dry in the sun, Chikkanagaluru, India*

skills, which Trinetra calls cognitive diversity, one of its ESG focus areas for engagement with managements. More detail on the case study highlighted above has been provided in Principle 9.

Environmental risk has also been increasing. Several changes to some countries' regulations have improved disclosure by companies, allowing for better assessment of the risk for each company. Trinetra has seen an increase in collaborative initiatives

driven by investor groups that seek to influence and demonstrate that the financial sector demands action by governments and regulatory bodies in the implementation of policies and rules to address the systemic risk that climate change, biodiversity loss, pollution and others, represent. Trinetra believes that these collective actions are efficient when it comes to raising attention to market-wide and systemic risks. Trinetra intends to continue to join collective actions when they are aligned to the risks identified in its research.

# Principle 5

## Review and assurance

Signatories review their policies, assure their processes and assess the effectiveness of their activities.

### Policy Governance

Trinetra reviews each of its policies periodically, at least annually. Policy reviews are often driven by regulatory changes, but feedback from team members and clients can also act as triggers for reviews.

For its annual review process, Trinetra engages specialist regulatory consultancy firms to provide guidance and support. The consultancy firms help to ensure that Trinetra's policies cover every element of newly applicable rules in the relevant jurisdictions, and that its processes incorporate the necessary changes for their effective application.

As a small investment firm with a single, long-only equity strategy, Trinetra's processes are often simple. Trinetra therefore considers it sufficient to engage external regulatory consultancy firms to support and advise the internal dedicated Compliance Officer with the policy review process to ensure that any inconsistencies or gaps in procedures are identified. Further external assurance that Trinetra receives in relation to stewardship within its policies and procedures is provided by:

- **UN PRI:** As PRI signatories, Trinetra's policies are subject to review and to scrutiny during the annual transparency report, which rates Trinetra's responsible investing, stewardship and ESG integration.
- **EU Sustainable Financial Disclosure Regulation (SFDR):** Although as a UK investment manager Trinetra is not obliged to report under SFDR, the Trinetra UCITS ICAV must comply with the required disclosures, which inherently include scrutiny over Trinetra's policies and procedures regarding ESG.
- **B Corporation Certification,** a process managed by the B Lab, is the outcome of a very granular, highly selective assessment and verification process. Companies must document their positive impact to qualify, undergoing re-certification every three years to maintain their Certification.

Trinetra's Executive Committee is responsible for the approval of all of the firm's policies. On an annual basis, team members are provided with reviewed and updated policies and procedures and are required to sign attestations confirming their understanding and adherence to them, while encouraging them to raise any issues they may have.

Policies are formulated to be aligned with the firm's philosophy and beliefs, which incorporate stewardship and sustainability principles at their core. Trinetra engages with and listens to its stakeholders and continuously aims to implement changes to its policies and procedures that will improve stewardship.

It is Trinetra's objective to be transparent about its stewardship activities and to provide clear and detailed reporting to its stakeholders and to the public. Linking to its mission, Trinetra believes that sharing its findings and experiences can contribute to positive impact across the



industry and the wider community by providing lessons learned and good examples of what works best. It is with this objective in mind that Trinetra develops reporting that gives a complete picture of the why, what and how it does it, and that is easily understandable by all, by using plain language and comprehensive examples.

## Examples of improvement of stewardship policies and processes

- **SEC Registration:** Trinetra obtained registration as an Investment Adviser with the U.S. Securities and Exchange Commission (SEC) in August 2024, which led to the implementation of a specific SEC Compliance Manual (alongside its existing FCA



*Trinetra field team with a respondent who works as an informal taxi driver in Cuauhtémoc, Mexico City*

Compliance Manual and Ontario Securities Commission Compliance Manual), as well as amendments to its internal policies and procedures. Legal and compliance advice in the local jurisdiction was used to ensure compliance with local legislation, and the Executive Committee oversaw the process together with the Compliance Officer.

- **Cybersecurity policy:** With the heightened global threat of cyber breaches and following a due diligence process carried out on Trinetra by one of its customers, this policy was enhanced by including additional provisions to ensure service provider oversight regarding their

cybersecurity processes and procedures.



*Trinetra team with the respondents whose lives we study at the coffee plantation in Chikkanagaluru, India*



# Principle 6

## Client and beneficiary needs

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

### Trinetra's Clients

Trinetra is a boutique asset manager which manages a single strategy. It invests in listed Emerging Markets equities and focuses on companies that it believes will benefit from the rise in domestic consumption, and where domestic consumption is the main driver of investment returns.



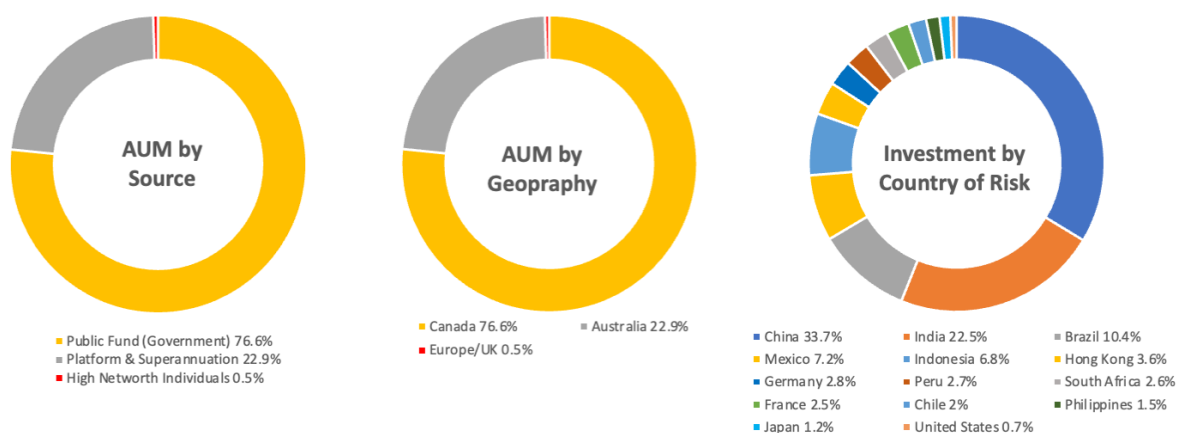
*Young mother respondent working in informal market, Mexico City*

is included in model accounts by local consultants.

Trinetra's strategy does not allow investment in any other asset classes, in derivatives, and nor do its portfolios employ leverage. At the end of 2024, the portfolio held 41 Listed Equity positions. Prices for the pooled vehicles are published daily by the designated Fund Accounting firms and Trinetra publishes all portfolio positions with a one-month delay. Trinetra therefore believes that its business model is transparent, especially given the low level of complexity.

Client assets are in both pooled and segregated accounts. Trinetra's clients are a combination of pension funds and wealth management providers and are located predominantly in Australia and Canada. Government pension plans constitute the largest class of investors in the strategy. Trinetra does not market directly to retail investors, however they can access its Australian registered vehicle through retail platforms in Australia, where the vehicle

## Assets under Management



Source: Trinetra

At the end of December 2024, Trinetra's Assets under Management amounted to \$222.2 million, with 76.6% of the assets from Canadian clients and 22.9% from Australia, and the remaining 0.5% coming from clients in Europe and the UK. The assets that Trinetra manages are invested in Emerging Markets equities. Trinetra defines Emerging Markets based on the location of revenues and profits rather than the country of listing or incorporation. A small percentage of assets are held in cash to ensure liquidity.

## Investment time horizon

Trinetra's investment time horizon is five or more years. Trinetra is focused on long-term performance driven by its research findings. Trinetra's ethnographic research into consumer culture and behaviour is designed to provide insight into long-term Emerging Markets consumption trends, and to identify these trends before they are manifest in data produced by companies and governments.

The long-term nature of Trinetra's investment strategy is explicitly aligned with multi-year investment objectives required by retired pension plan scheme members, which represent the largest client group.

## Communicating with clients

Because of Trinetra's distinct approach to responsible investing, the team spends a substantial amount of time working with clients to ensure that they understand Trinetra's investment philosophy and methodology. Trinetra recognises that transparency is an important feature of effective stewardship. Trinetra has been open about sharing details of its in-depth research, approaches and activities with clients and other interested parties.

## Transparency with the Public

Trinetra's mission to share its proprietary ethnographic research, insights and views with the wider community, highlights the recognition of transparency as an important feature of effective stewardship by the firm.

Examples include:

- **Responsible Investing Report:** An annual analysis of the responsible investing activities of Trinetra such as process, engagement by issues, engagement by SDG as well as case studies from Trinetra's ethnographic studies. In response to client feedback regarding significant overlap with the FRC Stewardship Report, Trinetra now provides all clients with its FRC Stewardship Report instead.
- **Responsible Investing and ESG Policy:** This policy explains how Responsible Investing and ESG is integrated in the Trinetra Investment approach.
- **UN PRI submission:** Trinetra has been a signatory to the Principles for Responsible Investment since its inception. Trinetra's annual Transparency Reports are available online on the UNPRI website.
- **Proxy voting records:** Trinetra publishes its voting record quarterly on its website. The record provides details on each company's proposed resolutions, the management recommendation, the proxy voting policy recommendation, and how the team voted, whether for, against, withheld or abstained, and the rationale.



*Indonesian youth respondent, Surabaya, Indonesia*

- **Proxy voting policy:** This Policy provides clarity to Trinetra's clients as well as to companies in which it invests on how it intends to discharge consistently and responsibly its proxy voting obligations.

- **Engagement Policy:** This Policy provides transparency to both clients and companies on the issues over which Trinetra will engage.

- **Conflicts of Interest Policy:** This

Policy provides transparency on the steps Trinetra takes to ensure that conflicts and potential conflicts are managed objectively, and that clients are treated fairly.

- **Monthly performance factsheets:** These publications show performance for Trinetra's Australian registered vehicle and positioning of the portfolio by company, sector and country.
- **Consultant databases:** Trinetra provides monthly and quarterly updates to eVestment, Mercer's GIMD, MorningStar and Refinitiv to allow clients to compare performance and positioning relative to peers.

All documents are available on the Trinetra's website at [trinetra-im.com](http://trinetra-im.com).

- **Keynote: A change of perspective is worth 80 IQ points:** Trinetra's Chief Investment Officer (CIO) actively participated in the Portfolio Construction Forum in Australia as a member of its faculty and delivered a keynote where he explores the transformative power of shifting perspectives, inspired by Alan Kay's insight that "a change in perspective is worth 80 IQ points." Drawing on examples from history, popular culture, and personal experience, Stassopoulos illustrates how stepping away from traditional, specialised thinking can lead to ground-breaking solutions.



- **Presentation: How to identify can capture trends:** Trinetra's CIO presented on two separate occasions to the investment teams and the workforce of a UK consultant on how to create processes that help to anticipate and identify new trends.
- **LCP Podcast:** Trinetra's Portfolio Manager, Tassos Stassopoulos discussed ethnographic investing with Lane Clark & Peacock. The podcast is available via <https://www.lcp.com/our-viewpoint/2024/04/investment-uncut-using-ethnographic-research-to-capture-growth-opportunities-in-emerging-markets-with-tassos-stassopoulos>
- **Publications:** Two major 2024 publications highlighted the Trinetra's innovative approach to studying consumption patterns:
  - **Frostbite: How Refrigeration Changed our Food, our Planet, and Ourselves (June 2024):**
    - Authored by Nicola Twilley, this book features the pioneering work of Trinetra's CIO, Tassos Stassopoulos, who analysed refrigerator contents across emerging markets to anticipate future consumption trends.
    - The narrative spans from early freezing experiments (including Sir Francis Bacon's fatal 1626 attempt to freeze a chicken) to modern refrigeration systems, exploring how cooling technology shapes global food habits.
  - **Wired Magazine:**
    - Inspired by "Frostbite", Wired magazine commissioned this article<sup>1</sup> from Twilley delving deeper into Trinetra's research.
    - The piece examines how fridges influence investment opportunities, drawing on Trinetra's latest ethnographic study in Indonesia.
- **AI & Ethnography Research with the University of Cyprus:** Partnered with Professor Dikaiakos to evaluate how large language models (e.g., GPT, Llama, Mistral) analyse ethnographic interview transcripts compared to human experts—assessing accuracy, cost, and scalability.



*Emanuel, Mexico City*

<sup>1</sup> <https://www.wired.com/story/get-rich-peeping-inside-fridges/>.



- **Blogs and podcasts:** Regular updates on social/environmental trends from fieldwork are available on Trinetra's website under <https://www.trinetra-im.com/insights>

## Bespoke reporting to clients

- o **Monthly or Quarterly Reporting:** Clients of Trinetra's pooled vehicles receive monthly reports detailing fund performance, discussions that the research team has held, portfolio movements, analysis of the top contributors to and detractors of returns, and the rationales for proxy voting on proposals where Trinetra voted against management or against the firm's own policy. Trinetra also provides bespoke monthly or quarterly reporting according to prescribed content formats for its clients.
- o **Presentation of ethnographic study findings:** Trinetra presents its findings to its clients, including to their colleagues who invest in public equities. Trinetra discusses how its findings relate to major trends and to market-wide and systemic risk.



*Field research team with respondent in Queretaro, Mexico*

- o **Company Research:** Analysts maintain their research notes and presentations on specific portfolio holdings, which cover among other things the team's findings from **ethnographic** studies, investment cases, market outlook, competitive analysis, ESG and risk reviews, and key SDG metrics for the company. Details of these are shared with clients on request.

- o **Why Trinetra owns each company in the portfolio:** The

research team maintains a summary document with the investment cases for each stock held in the portfolio in order to help clients to better understand how the portfolio is constructed and the strategy and rationale behind it.

- o **ESG case studies:** Trinetra records ESG case studies of engagement with companies, which are reported to its clients to try to help them better understand social issues in Emerging Markets, and how Trinetra works towards providing solutions to those issues.

## Taking Account of Clients' Views

As a boutique asset manager offering a customised service, Trinetra always seeks to take into account its clients' views. Aligned with Trinetra's mission to accelerate positive social transformation in Emerging Markets through efficient allocation of our clients' capital to companies which can provide solutions to those issues, Trinetra places emphasis on educating and informing clients about its insights. Trinetra strives to understand its clients' existing views and perspectives as context in which to frame discussions about its ethnographic research.



*Respondent explaining the importance of various cosmetics products to her wellbeing, Jakarta, Indonesia*

This client-focused engagement is conducted via regular Emerging Markets trend updates, using blogs, white papers or podcasts, with current market analysis e-mails to clients, and regular fund review meetings. For communications sent via Trinetra's distribution list, Trinetra monitors and evaluates the effectiveness of blogs or podcasts to ensure that clients receive

information in the most suitable formats. In meetings with clients, Trinetra encourages discussion on the items presented and frequently fields questions on a range of Emerging Markets and sector topics.

Trinetra's fund review meetings' agendas always include a feedback or suggestions item where it asks how the team could better address the clients' needs and also look to discuss any potential areas of collaboration. Trinetra prefers to have direct communication with clients for a more open dialog and to ensure their needs are met.

## Managing assets in alignment with clients' stewardship and investment policies

Trinetra was established 8 years ago as a dedicated investment boutique that uses ethnographic research to capture growth opportunities in Emerging Markets. Trinetra's focus on the "social" element of ESG is welcomed by investors looking to go beyond the immediate social impact within the companies in which they invest, seeking to encompass wider social impacts that affect a company's customers and even broader sets of stakeholders.

Trinetra's clients are mainly institutional investors and approach stewardship with diligence and sophistication, which is reflected in clear guidelines, restrictions and obligations defined in the investment mandates (usually as part of an Investment Management Agreement) that govern Trinetra's investment management services.

Trinetra agrees with its clients the reporting obligations in order to provide transparency and visibility on how their assets are managed in alignment with their stewardship and investment



policies. These reports are varied and depend on each client's requirements. Proxy voting and sustainability reports are standard elements of Trinetra's communication with clients.

Any investment policies or stewardship requirements of clients are programmed, where applicable, into Trinetra's pre-trade compliance systems and they are monitored at the Weekly Portfolio Review Meeting.



*Coffee picking in Karnataka, India*

Trinetra makes all major policies available to clients on request. Others are available on Trinetra's website. For certain clients, the provision of the policies and any future updates is embedded in the contractual obligations as part of the Investment Management Agreement that is signed with each client.

Before a client engages Trinetra's services, the team

goes through a detailed Due Diligence process. This allows both sides to assess how well the service required by the client and the service offered by Trinetra are matched. The opportunity arises to identify areas of concern and regulatory obligations, as well as whether and how they can be bridged. Therefore, when Trinetra begins to act as an investment manager for a client, it is well aware of that client's needs.

Trinetra's approach to understanding clients' needs is based on transparent reporting, direct engagement with clients and constant communication. Trinetra's institutional client base is attuned to its investment philosophy, and the team keeps an open approach to discussing with clients any changes they might consider appropriate to fulfil their needs.

## Outcomes

Based on feedback received, Trinetra believes that it has been effective in taking into account its clients' and beneficiaries' needs, and in communicating to them the activities and outcomes of its stewardship and investment.

Trinetra has clear capacity targets for AUM at which its strategy will be soft and hard closed. Trinetra will evaluate the need to put a limit on the number of client accounts that it will manage, to ensure that it continues to offer the current level of customised service.

# Principle 7

## Stewardship, investment and ESG integration

Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

### Principles of Trinetra's ESG Integration

As outlined under Principle 1, Trinetra runs a single strategy. Its long-term, active engagement approach has stewardship and sustainability at its core and is fully integrated in Trinetra's investment philosophy and process. Trinetra's Responsible Investing and ESG Policy was developed to document its policies and practices relating to responsible investment. It contains details of the integral role that ESG plays in the investment process and decision making across Trinetra's strategy. It also contains details of the Voting Policy, Engagement Policy, and compliance with certain regulations. Trinetra's RI and ESG Policy can be accessed at <https://www.trinetra-im.com> under Governance.

One of Trinetra's core beliefs, and one that drives its ESG integration approach, is that addressing social issues is fundamental to ensuring environmental sustainability. Trinetra believes that this is best understood by the Doughnut Economics Framework.



*Study of changing eating habits of middle-class household in Shanghai*

### Doughnut Economics

The framework created by Oxford University economist Kate Raworth

is useful for considering climate risks in the context of social risks that are key to Emerging

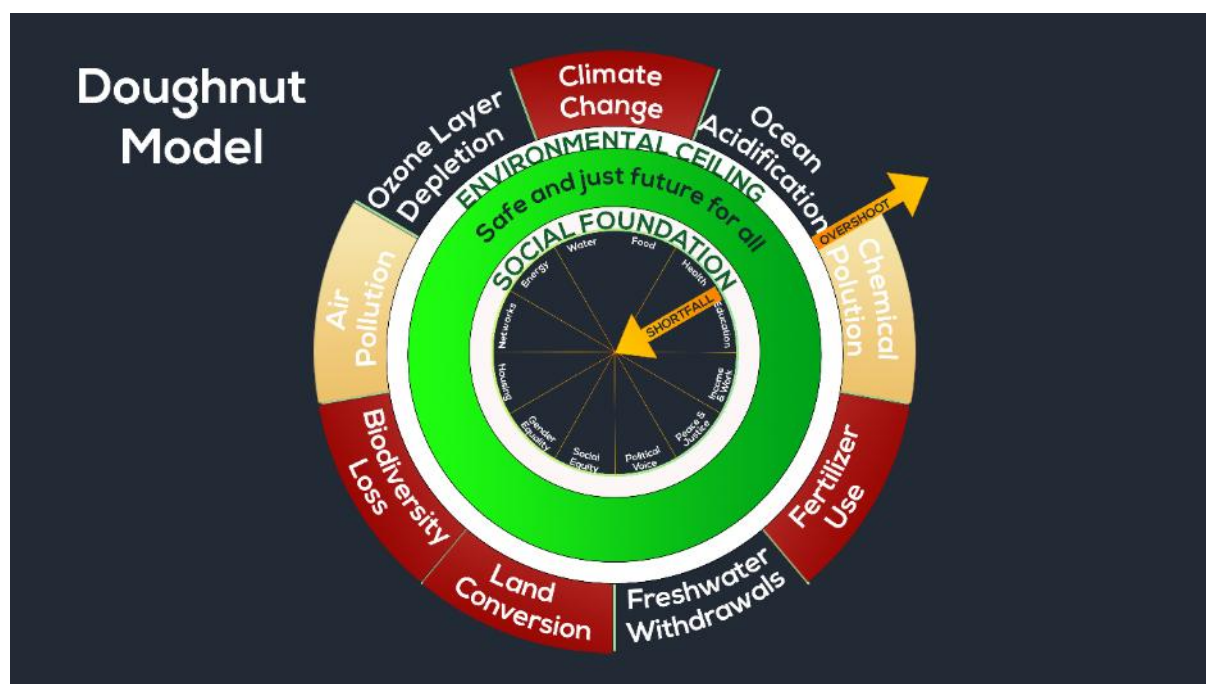


Markets investing. In her book *Doughnut Economics: Seven Ways to Think Like a 21st-Century Economist*, Raworth represented the “Planetary Boundaries” with a doughnut’s outer ring, offering a framework to ensure “that collectively we do not overshoot our pressure on Earth’s life-supporting systems”.

Raworth added an inner ring that represents “life’s essentials, to which we must aim to raise everyone, to create a fair and just world.”

Concerns over environmental damage are the key priority for many ESG investors, but social aspects are often overlooked, particularly those which are hard to measure. Trinetra believes that addressing the challenges for those left behind is not only the right thing to do, but ultimately also makes good environmental sense, notwithstanding difficulties in measurement.

Trinetra’s opinion is that over the long term, the “doughnut” shows that environmental solutions will prove to be unstable unless Emerging Markets social issues are solved, for example, increasing populations or responsible consumption.



Source: Johan Rockström and Mattias Klum (2015) *Big World, Small Planet*, Yale University Press, Raworth, Kate (2017). *Doughnut Economics: Seven Ways to Think Like a 21st Century Economist*. Trinetra

ESG is integrated in Trinetra’s investment process, with the following stages contributing towards Trinetra’s investment decisions:

1. **Ethnographic Research:** The purpose of these studies is to identify investible solutions to social and environmental issues faced by people in Emerging Markets. Companies offering such solutions form the investment universe for Trinetra.
2. **Fundamental Research and Active Engagement:** Through fundamental analysis, Trinetra identifies material risks, including ESG factors, affecting companies. This assessment is used to risk adjust returns and serves as the foundation for active engagement and proxy voting.
3. **Measuring ESG Progress and Adverse Impact of Investments:** Trinetra measures and tracks progress of key social and environmental indicators of the portfolio, in line with

the UN Sustainable Developments Goals. This measurement helps evaluate both ESG progress and the adverse impact of investments.

## Ethnographic Research

Trinetra conducts ethnographic studies in Emerging Markets to identify investible solutions to the challenges faced by people in Emerging Markets. Through this process, Trinetra meets with consumers in their homes or places of work, in villages and towns, to understand the social and environmental issues they encounter, as well as the solutions they see to their own problems. As described above, Trinetra studies the lives of people within different socioeconomic groups, predominantly: people at the bottom of the pyramid; women; migrants; youths from less advantaged regions; and older adults extending their working lives.

Ethnography, a discipline centred on the study of culture and values, enables Trinetra to garner insights into how these factors will translate into viable investment opportunities. Given its qualitative nature, ethnography offers unique perspectives and trends that may not yet be captured by existing quantitative data or analytical methods.

Following each ethnographic study, Trinetra compiles a universe of companies that it deems capable of addressing the challenges faced by consumers. Some of these companies, products, and services are mentioned by respondents during the research, while others are identified through research into companies expected to offer relevant solutions in the future.

Unlike a traditional ESG approach, which typically involves defining a benchmark and narrowing down to a select group of companies based on predefined quantitative criteria for screening, Trinetra is benchmark-agnostic. It operates without a predetermined universe. Instead, potential investment candidates are discovered through ethnographic research. Subsequently, the research team conducts in-depth analysis of companies within this universe during the security selection process.



*Children waiting to be fed at the Kitchens of the Alsea Foundation*

**Case Study: Understanding companies' roles in assisting their countries in escaping the Middle-Income trap by facilitating the entry of the bottom of the pyramid into formal employment**

In the 2023 report we presented Trinetra's most ambitious ethnographic study to date, with potential benefits extending far beyond its portfolio. Initiated in December 2022, the study was completed in Q3 2024 and in Q4 2024, and recommendations resulting from it were put into practice with two pilot projects, as detailed in Principle 4 and 9. Progress is expected to be reported to Trinetra during the second half of 2025.

Countries in the middle-income trap are in a stagnating puzzle; they cannot compete with low-income economies' cheap exports and with high-income economies' high-skill innovations. Most of them, particularly in Latin America, have been trapped for decades with no apparent alternatives. Trapped Latin American economies are characterised by a fragmented society with a persistent informal sector that employs half of the workforce and represents over a third of the GDP. Informality drives inequality and social vulnerability while reducing productivity.

Most debates on how to escape the middle-income trap emphasise the role of government in improving education, modernising infrastructure, funding innovation, and creating stronger institutions. Academic research doesn't seem to believe there is anything for businesses to do.

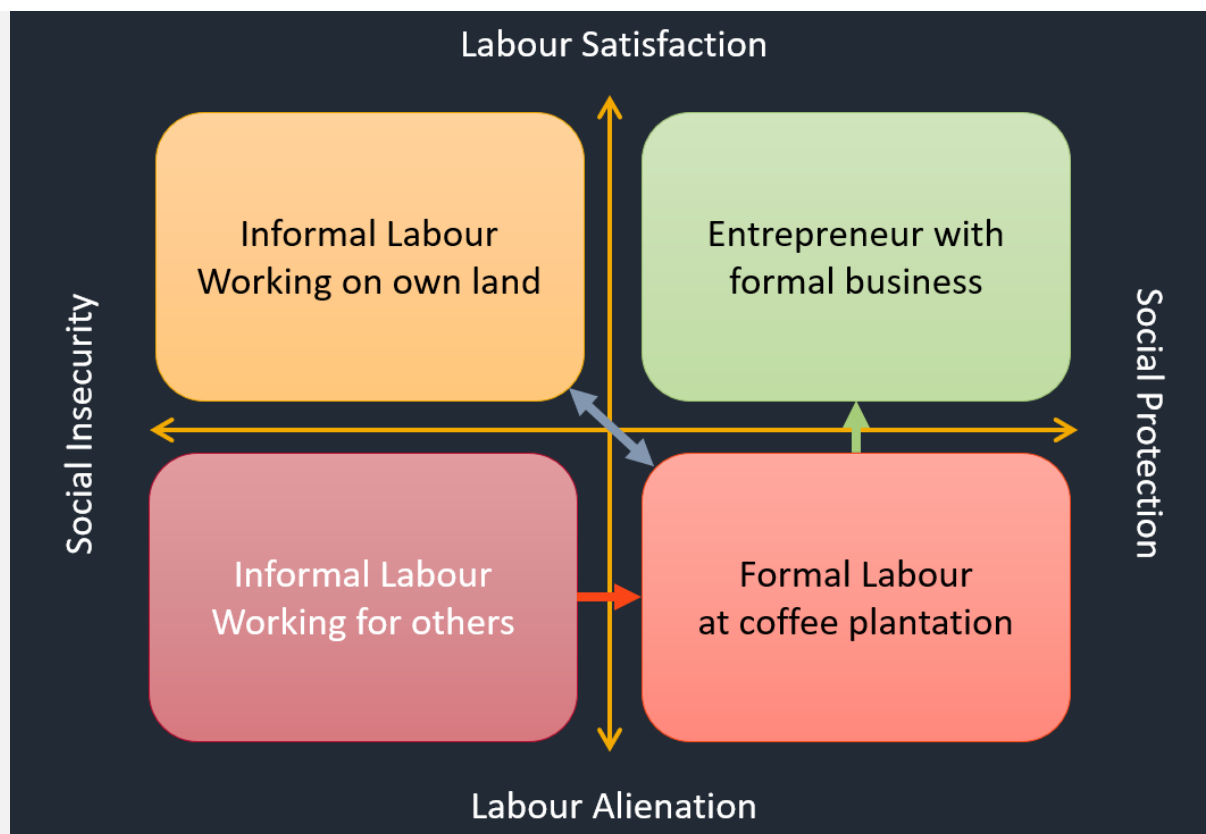
Trinetra believes the private sector has galvanising potential to bridge economic fragmentation. They can do so by reducing labour informality and inequality, thus building the societal coalitions needed to push for the right political solutions.

There is a common expectation that informality will naturally disappear with industrial expansion. But widespread informality persists despite growth and rising wages in large middle-income economies.

In December 2022, as part of an ethnographic study in India, Trinetra researched the social needs of the rural populations engaged in the informal sector. These individuals demonstrate a willingness to uproot themselves for a better future in formal employment for themselves and their families.

Trinetra studied migrants in cities in Goa, Karnataka and Maharashtra, and spent five days at a coffee plantation near the hill station of Chikkanagaluru in rural Karnataka, to study migrants from poorer rural areas such as Madhya Pradesh, picking coffee with them, sharing meals and trying to understand the social issues that they face, and the solutions that they see to their own problems.

The ethnographic insights from Trinetra's research are best illustrated by the following four-quadrant diagram. On the left, we have social insecurity prevalent in informal employment sectors. Moving towards the right, as individuals transition to formal employment, they gain access to social protections such as unemployment benefits and healthcare. At the top of the diagram lies labour satisfaction, while at the bottom, we find labour alienation – a consequence of rigid schedules, standardisation leading to low job satisfaction, and detachment from one's family and community.



All the migrants whose lives we studied in India, were rural labourers without land ownership. In Madhya Pradesh, they could, on average, secure employment for approximately half of the days in a year, earning around £2 per day. Due to surplus male labour, their wives struggled to find work in the fields, resulting in an average daily income of £1. This made it difficult to afford even one meal for the family, placing them in the lower-left quadrant of the diagram above.

After being employed by a contractor and relocating to the plantation, these individuals transition to the lower-right quadrant of the diagram. Given that men are not inherently faster pickers, both husband and wife work, each earning approximately £5.50 per day, making an 11-fold increase in income. As depicted in the pictures below, the entire family, including parents and children, move together, enabling them to safeguard their family unit, a significant aspect of their identities.





These migrant workers perceive their lives unfolding in two distinct chapters. In the initial chapter, their employment in blue collar jobs allows them to save money and “upgrade” themselves. By “upgrade” they refer to enhancing their skills, the way they dress, the cosmetic products they use. Many believe that this “upgraded” self can transition to entrepreneurship, thus entering the top-right quadrant as entrepreneurs, running formal businesses and employing others.

The journey for these migrant workers was somewhat facilitated by the combination of push factors, such as the lack of employment opportunities in their villages, and pull factors, including the chance to relocate with their families for better prospects. Yet, many individuals we examined find themselves in the top-left quadrant, such as farmers who possess their own land and perceive themselves to have greater control over their destinies.

In 2023, the study was extended to understand people in the top-left quadrant in Mexico and China. Trinetra sees that these people stay in informal employment due to the daunting prospect of transitioning to the formal market, which entails navigating uncertainties and making significant sacrifices. The decision is not easily made. While alternative opportunities may exist, many opt for informality because it aligns more closely with their needs and preferences.

Informality grants flexibility, a sense of community, and a daily cash inflow. Formal workplaces, on the other hand, tend to impose rigid schedules, standardisation, and distant payments. Informality persists because the formal workplace fails to appeal to marginalised communities, particularly working mothers and caring fathers.

Many informal workers identify strongly with their role as caretakers family and friends, which they built thanks to the flexibility of their work. They are driven by creativity and the opportunity to personalise their working tools, and they place great value on close human relationships. For these people, the formal workplace often appears distant, rigid, and alienating. Even when they desire to transition, they may lack sufficient savings to sustain themselves and their families until their first pay check. Moreover, many who do make the leap, regret it and return to the informal sector, as depicted by the two-directional blue arrow in the diagram above.

By transforming the workplace, private businesses can play a vital role in tackling informality and inequality and, ultimately, pushing Emerging Markets out of the middle-income trap.

Trinetra views the integration of informal workers in the formal workplace as the galvanising move middle-income countries have been waiting for. This transformation would not only ensure everyone's fundamental human rights, such as labour inclusion and access to decent work, but also provide an opportunity for major employers in industries like retail, manufacturing, and hospitality to maximize their social impact.

Informal workers are part of a culture of opportunity, yet transitioning out of informality currently presents an insurmountable challenge. Formalisation isn't solely a demographic question; it's a psychographic one.

During 2024 Trinetra partnered with the charitable foundation of one of its portfolio companies, which operates in the Mexican quick service restaurants sector, to study its workforce and offer recommendations on how to make employment more attractive to its new and existing employees, avoiding the move back to the informal sector.

The results of this collaboration have been reported in more detail under Principle 4 and 9. Trinetra believes that this ground-breaking research and identified potential solutions can be applied to other portfolio holdings and sectors, offering employment opportunities to workers from informal sectors.

### **Ethnographic Consulting firms support the integration of stewardship and investment**

To be able to meet consumers in their homes, Trinetra works closely with ethnographic research consultants, who recruit subjects for its ethnographic research studies and facilitate the discussions. Under Principle 8, more detail is provided on the services that they provide.

In 2023, Trinetra completed the planning for two but only conducted one such ethnographic study because of conflicts with scheduling. Trinetra generally begins the planning process six months ahead of a study. At that stage, Trinetra presents to the local ethnographer the ESG issues it would like to address in the studies. The consultant provides feedback on how those specific issues might need to be adapted for the respective market and will also bring to Trinetra's attention any other ESG issues that their on-the-ground ethnographers believe to be relevant.

Over the subsequent three months, Trinetra and the ethnographers collaborate closely to define the ESG topics to be studied. Once the topics are defined, the ethnographers proceed to design demographic questionnaires, describing the type of individual whose life will need to be studied, seeking to achieve a representative cross section of society. The field recruiters will then identify suitable individuals.

In starting to work with ethnographers months ahead of the study, and providing continuous feedback, Trinetra ensures that the ethnographic research firms understand clear and actionable selection criteria. By effectively communicating the criteria and helping ethnographers to understand Trinetra's objectives, they are able to help the team to adapt to most unforeseen issues that may arise during ethnographic research studies in the field.

## **Fundamental Research and Active Engagement**

The integration of ESG factors in fundamental research and active engagement encompasses three key elements:

- Suitability Evaluation
- Risk-adjusting Returns for ESG Risks
- Active Engagement, Escalation and Proxy Voting

### **Suitability Evaluation**

The initial suitability evaluation comprises three stages, conducted prior to any detailed bottom-up analysis:

1. Industry screening filter
2. Fit-for-purpose evaluation
3. Governance assessment

#### **1. Industry screening filter**

Trinetra focuses on investing in companies that directly benefit from the growth of domestic consumption in Emerging Markets. Trinetra does not invest in energy producers, mining companies or utilities, as these fall outside the scope of its ethnographic research focus.

Additionally, Trinetra does not invest in companies that the Bloomberg Classification Standard (BICS)<sup>4</sup> has classified as gambling-related entities like bookmakers and casinos, as well as those engaged in the production or distribution of spirits, hard liquor, or tobacco products. These sectors are deemed detrimental to consumers' well-being and are thus excluded from the investment portfolio.

## 2. Fit-for-purpose evaluation



*Respondent explaining the rationale behind her purchases, Yogyakarta, Indonesia*

The analyst assesses the degree to which a company's products or services can address the challenges identified in an ethnographic study. Trinetra sets a threshold, mandating that a minimum of 20% of the company's revenues, profits, or net assets align with the identified solution. This threshold is deliberately conservative at 20% because solutions capturing emerging

trends can swiftly gain traction within a company's portfolio. Consequently, Trinetra aims to capture growth opportunities at an early stage.

## 3. Governance assessment

During the governance assessment the analyst aims to identify and screen out companies that may:

- i. *Operate in a breach of legislation or in a grey area of legislation.* For example, a company addressing financial inclusion through consumer loans, might impose opaque charges, exceeding the regulated interest rates; or
- ii. *Exhibit misalignment between management's interest and those of investors; or*
- iii. *Demonstrate a history of undisciplined management of cashflows and balance sheets.* For instance, investing in value-destructive or non-core acquisitions.

## Risk-adjusting Returns for ESG Risks

Risk assessment is a crucial aspect of the security selection process, aiming to assign risk scores to each company. These risk scores, analogous to beta, are intended to risk-adjust the expected Internal Rate of Returns (IRRs) for companies by adjusting the cost of capital.

<sup>4</sup> The Bloomberg Industry Classification Standard (BICS) supports the investment process by organizing legal entities and securities into consistent peer groups according to specific activities and risk categories.



Trinetra utilises these risk assessment scores to risk-adjust returns. The risk assessment incorporates operational, strategic, financial and ESG risks. Companies with higher risks receive higher risk scores, resulting in lower risk-adjusted returns. Consequently, their position size in the portfolio may be reduced, may be sold outright, or not purchased at all.

Additionally, Trinetra analyses and evaluates the extent to which a company's environmental, social and governance risks can impact its long-term returns.



*Changing eating habits of consumer benefitting from nearshoring in Mexico, Queretaro.*

Examples of ESG risks considered by Trinetra are provided below for illustrative purposes and are not exhaustive:

- **Environmental risks** affect the quality and functioning of the natural environment and natural systems. Examples include greenhouse gas emissions, climate change resilience, pollution (air, water, noise, and light), biodiversity/habitat protection and waste management.
- **Social risks** pertain to the rights, well-being and interests of people and communities. Examples include workplace safety, cybersecurity and data privacy, human rights, local stakeholder relationships, and discrimination prevention.
- **Governance risks** relate to the management and oversight of companies. Examples include independence of the chair/board, meeting fiduciary duties, board diversity,

executive compensation and bribery and corruption.

### **Pre-mortem analysis**

Trinetra fine-tunes an analyst's risk score in a process that it calls "pre-mortem." This involves imaginatively projecting themselves forward, assuming failure of the investment thesis, and asking "what has caused this failure?" This change in "tense" within the question is a psychological tool that helps to provide a more realistic perspective to a theoretical, future event. Each risk and their scores are then discussed by the team, using a large wall chart or interactive feedback tools to aid visualisation of the probability and materiality of each risk. The objective is to bring to bear different experiences and knowledge of the analyst team members in a collaborative process that seeks to eradicate analyst bias.

## Active Engagement, Escalation and Proxy Voting

### Active Engagement

Trinetra brings to company managements' attention the risks and opportunities that are articulated by consumers during its ethnographic studies. Trinetra engages with companies during its research prior to any investment, and this interaction is a crucial criterion for determining inclusion in the investment universe. If Trinetra already holds a position in a company, monitoring these engagement activities may prompt potential downsizing of the position or exiting it altogether.

Furthermore, Trinetra engages with management over its assessment of the risks faced by their companies (ESG, financial, operational and strategic). Discussions revolve around the significance and likelihood of each risk, as well as any preventive or detective controls implemented by management.

Moreover, Trinetra seeks to identify areas for improvement in companies' risk management processes. This endeavours to help identify risks that may have been overlooked by either Trinetra or the company's management. It also fosters a deeper understanding of management's effectiveness, not only in terms of growth but also in safeguarding and sustaining the assets and operations of the business.



*Newly married respondent, Yogyakarta, Indonesia*

Examples of Trinetra's engagement with companies in 2024 have been reported in the case study above and in more detail under Principle 9.

### Escalation

In the event that an issue remains unresolved after engagement with management, Trinetra will consider escalating the matter by initiating formal discussions, potentially involving the chair or other members of the senior management team. Trinetra may express its concerns by voting against the appointment of specific directors or other proposals. It may also provide written explanations for its voting actions, in accordance with the Engagement Policy, which is available on Trinetra's website <https://www.trinetra-im.com> under Governance.

### Proxy voting

Each investment analyst is responsible for voting in the meetings of the companies they cover. Trinetra does not delegate voting responsibilities to a separate governance or ESG team, nor does it outsource this task to an external provider. Analysts submit their votes through an

online proxy voting service provider, Institutional Shareholder Services, or ISS, on its ProxyExchange platform. While the platform offers research and customised voting recommendations, the analysts are not obliged to adhere to these recommendations.

The analysts are required to verify the information used by ISS to draw their conclusions by referencing to the original documents.

Trinetra discovered that ISS does not send reports to companies for comment on factual accuracy, leading to recommendations based on inaccurate data. For example, ISS recommended voting AGAINST a resolution due to insufficient information, but management directed Trinetra to publicly available data on their website. After contacting ISS, the recommendation changed to FOR.

In 2023, the investment team agreed that they would not vote AGAINST, in line with the ISS recommendation, unless they have written to the company to ensure that the management had a chance to provide any public data. If based on the data an AGAINST vote was warranted, the investment team would engage on the necessary steps to rectify it and the time frame for doing so. Examples of this engagement in 2024 are detailed under Principle 12.

In compliance with the European Union's Revised Shareholder Rights Directive (SRD II), Trinetra discloses its voting record on its website on a quarterly basis.



*Studying Chinese Millennials in Wuhu, Tier 2 city, China*

An overarching principle when voting is to ensure that management's interests are aligned with those of the company's shareholders. Furthermore, Trinetra believes that management's interests need to be aligned with the interests of a broader set of stakeholders, encompassing consumers, communities local to the company operations' sites, other inhabitants of the planet, and the environment. This is in line with Trinetra's commitment as a certified B Corporation.

Trinetra's Proxy Voting Policy is publicly available on its website under Governance on <https://www.trinetra-im.com>.

## Measuring ESG Progress and Adverse Impact of Investments

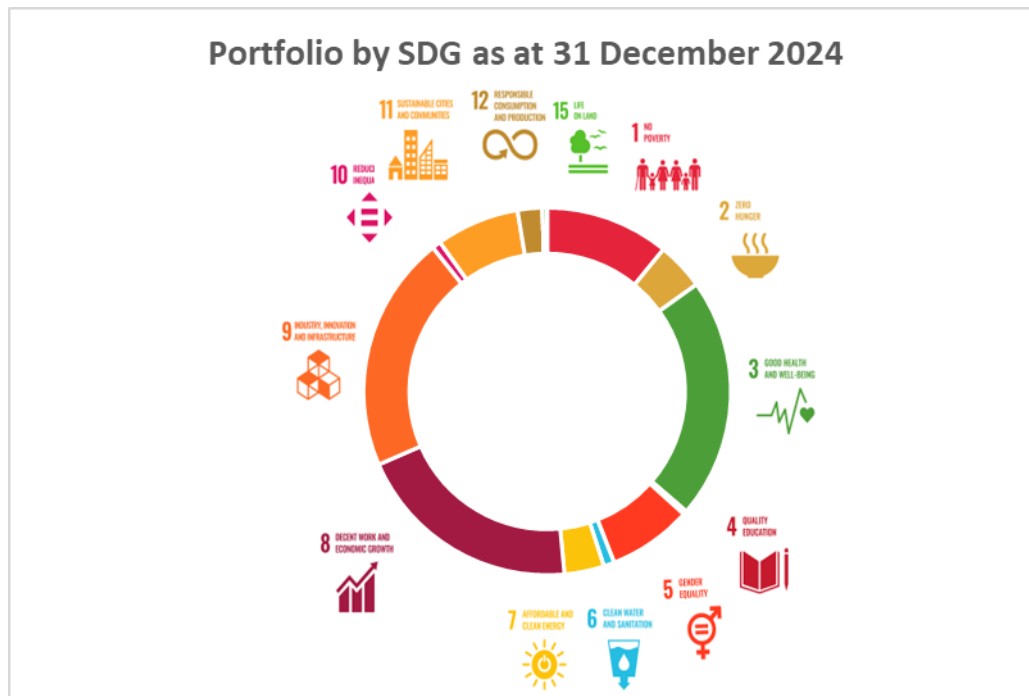
Trinetra measures progress of key social and environmental indicators in its portfolio in alignment with the UN Sustainable Developments Goals (SDGs).

Each stock in the portfolio is mapped to at least one of the 17 SDGs, and up to a maximum of three, that are pertinent to the investment case for owning the specific company. For each SDG, the analyst identifies at least one relevant measurable parameter that can be tracked over multiple years. When engaging with management, Trinetra emphasizes the significance of these specific parameters as measures of the company's sustainability.



Trinetra aligns its ESG indicators with the Sustainable Development Investments (SDI) taxonomy. The SDI taxonomy was developed by a consortium of asset owners to standardise the classification of a company's products and services based on their contribution towards achieving an SDG. This approach facilitates comparison with other financial products held by Trinetra's clients.

The chart here shows Trinetra's portfolio holdings broken down by SDG as of 31 December 2024.

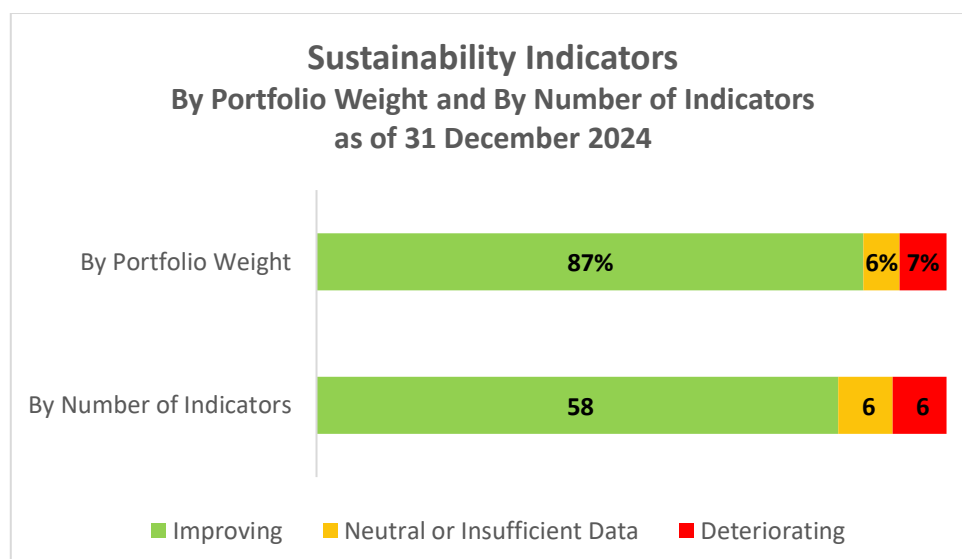


Source: Trinetra

To measure progress towards the SDG, each investment is tracked against up to three impact indicators. These sustainability indicators are measured as either “improving,” “neutral/insufficient data” or “deteriorating” compared to the prior reporting period.

On 31 December 2024, there were 70 sustainability indicators from the different portfolio holdings that had been mapped to different SDGs, compared to 69 in the previous period to 29 December 2023. The main change this year was that in the previous year, 11 indicators were either neutral or lacked sufficient data for comparison. In the current year, no indicators had insufficient data, and the number of neutral indicators dropped to six.

The chart below summarises the overall performance of the sustainability indicators in two ways: their performance weighted by the size of the position; and the performance based on the indicators unweighted by the portfolio position they relate to.
















Source: Trinetra

The performance is broken down into three categories:

- **Improving:** 87% of the indicators based on portfolio weight, compared to 85% for 2023.
- **Neutral:** 6% of indicators based on portfolio weight, compared to 9% for 2023.
- **Deteriorating:** 7% (6 indicators) of indicators based on portfolio weight, compared to 6% for 2023.

The table below shows the performance of the sustainability indicators by SDG:

SDG		Portfolio Weight	Improving	Neutral	Deteriorating
1: No Poverty		10.1%	8	1	
2: Zero Hunger		4.3%	1	1	1
3: Good Health and Well-Being for People		19.7%	13	1	3
4: Quality Education		0.3%	1		
5: Gender Equality		8.8%	6	1	

6: Clean Water and Sanitation		0.8%	1		
7: Affordable and Clean Energy		3.1%	2		
8: Decent Work and Economic Growth		18.8%	8		2
9: Industry, Innovation, and Infrastructure		23.2%	10		
10: Reducing Inequalities		0.8%	1		
11: Sustainable Cities and Communities		7.9%	4	1	
12: Responsible Consumption and Production		1.8%	2	1	
15: Life on Land		0.4%	1		
Total		100.00%	58	6	6

Source: Trinetra

Six indicators relating to three SDGs deteriorated. The reasons were:

1. **SDG 2: Zero Hunger (1 indicator):**

- a. *Universal Robina*: Target 2.2 under SDG 2 aims to improve food quality for all. Universal Robina reports the percentage of its products meeting Wellness Criteria 3, which declined from 90% to 86%. This decrease was driven by a weak consumer environment in the Philippines, where rising food inflation and lower disposable incomes led consumers to trade down from premium products to more value-oriented alternatives.

2. **SDG 3: Good Health and Well-Being for People (3 indicators):**

- a. *Apollo Hospitals*: One key indicator for Apollo Hospitals is the number of preventive health checks which fell from 800,000 to 575,000. This decline may be partly due to the dramatic increase from 346,000 in previous years. However, other monitored indicators—admissions and outpatient numbers—continued to show improvement.



- b. *Raia Drogasil*: The number of pharmacies offering vaccination services decreased from 420 to 379. During the pandemic, vaccination services expanded rapidly from 251 to 420 to ensure easy access. Some of these services have since been consolidated into larger pharmacy formats that offer additional patient care.
- c. *Adidas*: The number of athletic shoes sold declined following the discontinuation of one of its sub-brands.

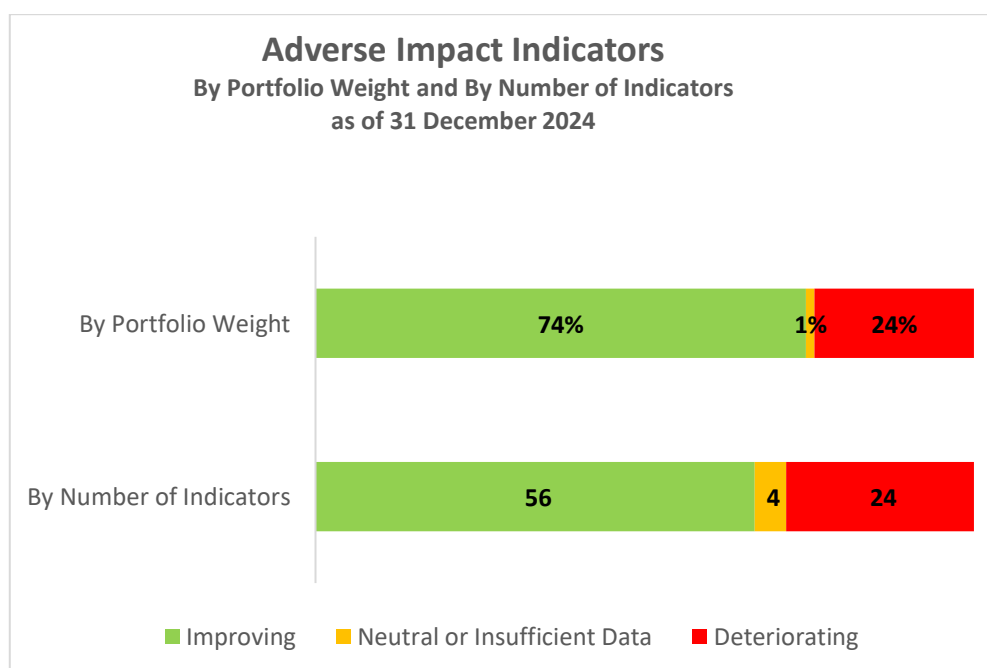
### 3. SDG 8: Decent Work & Economic Growth (2 indicators):

- a. *Alsea*: Alsea provides employment opportunities to individuals from the informal sector, offering social security, healthcare, and income stability. However, its workforce declined from 78,944 to 71,008, likely due to a reduction in part-time employment post-COVID. On a positive note, employee turnover decreased from 71% to 66%, reducing the risk of workers returning to informality.
- b. *Lojas Renner*: Similar to Alsea, Lojas Renner hires workers from the informal sector for its retail stores. Employment fell by 3.5% to 24,364. Although this decline is marginal, it should be monitored as it may indicate a long-term shift away from physical stores toward Chinese eCommerce platforms.

## Adverse Impact of Investments

Trinetra uses SDGs to map what it considers as principal adverse impacts, e.g., the most critical ESG issues, specific to each investment. On 31 December 2024, there were 80 sustainability indicators relating to adverse impacts from the different portfolio holdings that had been mapped to different SDGs (80 in 2023).






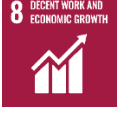





The chart below summarises the overall performance of the principal adverse impact indicators in two ways – the performance based on the indicators unweighted by the portfolio positions to which they related to; and performance weighted by the size of the position.



Source: Trinetra

Overall, 74% of the principal adverse impact indicators by portfolio weight improved, 24% deteriorated and 1% were neutral.

The table below shows the performance of the principal adverse impact indicators by SDG:

SDG		Portfolio Weight	Improving	Neutral	Deteriorating
1: No Poverty		0.2%	1		
3: Good Health and Well-Being for People		0.6%	1		
5: Gender Equality		0.2%	1		
6: Clean Water and Sanitation		3.2%	4		3
7: Affordable and Clean Energy		3.8%	3		
8: Decent Work and Economic Growth		1.7%	1		
9: Industry, Innovation, and Infrastructure		0.5%	1	2	
11: Sustainable Cities and Communities		2.8%	3		
12: Responsible Consumption and Production		85.4%	39	1	21
13: Climate Action		0.8%	1		
15: Life on Land		0.8%	1		
Total		100.00%	56	3	24

Source: Trinetra

The deteriorating principal adverse impact indicators relate to two SDGs: SDG 6 (Clean Water and Sanitation) and SDG 12 (Responsible Consumption and Production).

By weight, 74% of the portfolio's SDG indicators showed improvement (up from 55% in 2023), while in absolute terms, 56 measures improved (compared to 39 in 2023). Correspondingly, both the weight and number of deteriorating measures declined in 2024 (25% by weight, down from 37% in 2023, and 24 measures, down from 31 in 2023).

While the increasing proportion and absolute number of improving measures are encouraging, it is important to consider the ongoing reasons behind those that have deteriorated:

1. **SDG 6: Clean Water and Sanitation**

The deterioration primarily relates to water consumption intensity, particularly among Chinese companies. China lifted its lockdown restrictions in late 2022, and as a result, activities that had been significantly curtailed in 2022 resumed. During the lockdown period, Scope 2 emissions from energy and water consumption were artificially suppressed due to reduced office occupancy, remote working, and lower industrial activity. This included savings on lighting, air-conditioning, and water usage in office settings. As businesses returned to normal operations in 2023, office-based electricity and water consumption naturally increased compared to 2022.

2. **SDG 12: Responsible Consumption and Production**

The deterioration primarily relates to carbon intensity. While some companies reported higher carbon intensity, this is often a direct consequence of returning to pre-pandemic operational levels. The temporary reductions seen during COVID-19 lockdowns were not necessarily indicative of long-term efficiency improvements but rather the result of restricted business activities.

## Outcomes

As described in detail in the three stages of ESG integration in Trinetra's investment process, stewardship sits at its core, and information gathered during the application of this process defines all investment decisions.

As described in Principle 6, Trinetra's clients are mainly institutional investors, who approach stewardship with diligence and sophistication. This is reflected in clear guidelines, restrictions and obligations defined in the investment mandates (usually as part of an Investment Management Agreement) that govern Trinetra's investment management services.

Based in feedback received from its clients, Trinetra is confident that its application of stewardship serves the best interest of its clients and beneficiaries, as highlighted in the Case Study.



# Principle 8

## Monitoring managers and service providers

**Signatories monitor and hold to account managers and/or service providers.**

Trinetra has an integrated team that works on all aspects of its stewardship and engagement activities. The research team members complete a risk profile for every investment, using data collected from:

- Company publications, such as quarterly, annual and sustainability reports;
- Governance and proxy research providers;
- Ethnographic research firms that facilitate Trinetra's studies in consumers' homes, which help the team understand the impact that the products and services Trinetra invests in have in the consumers' lives; and
- Sell side research.

Trinetra does not use sustainability ratings from sustainability data providers. Trinetra believes that the discrepancy in ratings between different data providers, whereby companies may have a high score from one rating agency but a low score from another, highlights issues of objectivity and even credibility, something that has been described in detail in academic literature<sup>5</sup>. It underlines weaknesses in processes that involve blindly following ratings. The ratings are in part influenced by how different rating agencies choose different peer groups, by how different companies report data using different methodologies, and how they make different inferences based on data gaps, often resulting in “apples and oranges” comparisons.



*Young married respondent, Jakarta, Indonesia*

<sup>5</sup> Lucie Gyönyöröová, Martin Stachoň, Daniel Stašek, ESG ratings: relevant information or misleading clue? Evidence from the S&P Global 1200, Journal of Sustainable Finance & Investment, 10.1080/20430795.2021.1922062, (1-35), (2021).  
Elroy Dimson, Paul Marsh, Mike Staunton, Divergent ESG Ratings. The Journal of Portfolio Management Oct 2020, 47 (1) 75-87; DOI: 10.3905/jpm.2020.1.175

Trinetra does not believe that responsibility for this research should be outsourced. Trinetra believes the data should be analysed and discussed with company management to address consistency and data gaps. The risk of data inconsistency exists with any provider that applies quantitative methodologies to aggregate the data and uses that data as the basis for their decisions. It is therefore the analysts' responsibility to ensure that they reconcile any such data back to source documents, for example in the case of proxy voting research.

For this reason, Trinetra does not outsource or employ external resources for any stewardship-related decision-making. Analysts are responsible for the whole process, from making the decision in consultation with the team, to communicating it to the company, to factoring any issues into the company risk assessment, and undertaking further active engagement to understand how the company mitigates this risk. Trinetra will not include in its investible universe any company for which the investment team cannot gain a clear understanding of and quantify its risks, including ESG risks, and it is each analyst's responsibility to ensure they have gathered the relevant data to complete this assessment.

## Review of Suppliers

The companies Trinetra uses for certain services are detailed below:

### International Shareholder Services (ISS)

ISS provides Trinetra with independent corporate governance reports and voting recommendations, in accordance with its policy, ahead of votable meetings. Analysts use the reports for informational purposes only, since analysts are responsible for reaching their own decisions.



*Fridgeonomics - Genz, Mexico City, Mexico*

Analysts are responsible for checking whether the ISS reports have captured the correct information from the company reports. For instance, in 2024, ISS recommended voting against the appointment of an independent director at PVRINOX, an Indian multiplex operator, citing concerns over the independence of another board member. The director in question was a partner at a major law firm that received approximately 1.35% of PVRINOX's legal and professional fees in FY2024. However, this director was set to retire the following month, and the company had committed to replacing her with an independent director free from any conflicts. Given the clear timeline for resolving the issue, Trinetra saw no need to signal discontent by opposing the

**appointment**, which could have caused unnecessary short-term disruption to the company.

Trinetra discovered ISS does not send reports to companies for comment on factual accuracy, leading to recommendations based on inaccurate data. For example, ISS recommended voting AGAINST a resolution due to insufficient information, but management directed Trinetra to publicly available data on their website. After contacting ISS, the recommendation changed to FOR.

In 2023 and 2024, the investment team agreed that they would not vote AGAINST, in line with the ISS recommendation unless they have written to the company to ensure that the management had a chance to provide any public data. If based on the data an AGAINST vote was warranted, the investment team would engage on the necessary steps to rectify it. In early 2025, this process was formalised by becoming part of Trinetra's official proxy voting policy.

In Trinetra's monthly letter to investors, the rationale is disclosed for cases where it has voted against management or abstained, as well as any instances where it has voted against the ISS recommendation.

The Executive Committee is responsible for oversight of this service. Before the renewal of Trinetra's annual contract with ISS, the service offering is discussed to ensure that it remains cost effective and meets the standard of service expected.

Trinetra found the research produced by ISS during the period to be valuable. Most reports contained substantial amounts of useful detail, generally presented objectively and consistently, and specifically geared towards helping the team to make decisions with respect to Trinetra's proxy voting obligations. The voting recommendations themselves were nearly always consistent with a reasonable interpretation of the facts, even if Trinetra did not always concur. The research regularly highlighted topics for engagement with the companies in question, and the rationales presented make for clear and concise points to discuss with management. Moreover, the research often provokes team discussions.

Trinetra is aware of the limitations of ISS's analysis, especially in that they must rely on publicly available data without access to management that might otherwise help to clarify ambiguities. This means that they might reach judgements that could reasonably be different in light of additional explanation and nuance that discussions with management might allow.

Trinetra asserts that the process of Institutional Shareholder Services (ISS) could be enhanced by providing reports to company managements for their input on factual accuracy and has provided this feedback. This step would ensure that the information presented is both accurate and comprehensive. However, ISS responded stating that sending all reports to management would be excessively time-consuming. Trinetra disagrees, emphasizing that this aspect is pivotal to investors' stewardship responsibility, as reliance on inaccurate information is untenable. Moreover, it burdens investors, particularly smaller firms like ours, with the arduous task of disproving ISS data errors and awaiting corrected reports.

Trinetra is satisfied with their standard of service and continued to subscribe to their service in 2024, however Trinetra will raise again the issue of checking for factual accuracy with company managements in 2025, as it has done in 2024 and 2023.

## **Bloomberg**

### **Bloomberg AIM**

Trinetra uses Bloomberg AIM as its Order Management System/Portfolio Management System where it codes pre-compliance checks that help to ensure that the various limits that

are required by its clients are not breached. Trinetra finds the AIM support team to be extremely responsive and have been assisted during negotiations with prospective clients to ensure that all the requested rules can be programmed without the need to rely on manual processes.

### **Bloomberg Terminal**

**Portfolio analytics:** Trinetra uses portfolio analytics from Bloomberg for its clients' reporting requirements. The current service is sufficient for the needs of Trinetra's existing clients, but a new service in this area is available which Trinetra will consider if its clients' requirements change.

### **Raw ESG data**

Trinetra sources company-level ESG data from Bloomberg, which is incorporated into its ESG risk assessment. The team checks the quality/accuracy of the data by cross referencing against what the company reported. For example, Trinetra reconciles company reported greenhouse gas emissions against those provided by Bloomberg. As described under Principle 7, Trinetra uses this data in its risk assessments.

### **Company news flow and reporting**

Trinetra also uses Bloomberg as a global news provider for its investible universe. As well as relying on companies' own websites, investor relations websites and emails, Trinetra uses Bloomberg to further monitor company releases, upcoming reporting schedules, details for management calls and transcripts.

Trinetra conducts two-yearly reviews covering the entire scope of the Bloomberg offering, including both the AIM and Terminal Relationships. Trinetra is satisfied with the service levels of both products. The Executive Committee reassessed this relationship in late 2024 and intends to continue partnering with them.



### **Ethnographic Research firms**

*Studying changing attitudes to health and wellness post COVID*

**Trinetra engages ethnographic research firms operating on the ground in Emerging Markets to:**

- identify and recruit individuals for its studies, ensuring representation across various socioeconomic groups;
- assist in designing discussion guides tailored to the research objectives;
- coordinate visits to recruited individuals in their homes, across multiple villages and towns;
- provide ethnographers fluent in the relevant local dialect, as needed, to facilitate discussion with participants;
- translate and transcribe meetings for comprehensive analysis; and



- capture video recordings of meetings and transmit them live to Trinetra team members who are not physically present during the study.

In 2024, Trinetra completed two ethnographic studies in Indonesia and in Mexico. Trinetra is satisfied with the service provided by ethnographic research providers, and in how innovation enhances the value of their services, including from how they adapt to hurdles encountered in the field.

### **Brokers' sell side research**

In some Emerging Markets countries, local brokers that Trinetra uses for trading securities also provide access to their research. The primary use of this research for Trinetra is to help to understand what is priced in by local market participants. Trinetra does not take into account any of the sell side analysts' recommendations. Trinetra assesses the value of the research by subtracting the notional execution-only global broker's costs from the local broker's costs. This is the implied research cost. This cost is reported twice a year to clients. Trinetra reports this information in letters to investors and presents it to the board of the Trinetra UCITS ICAV, giving an opportunity to the independent directors to scrutinise the cost/benefit of the research services that Trinetra receives.

Trinetra believes that access to the research received in 2024 justified the implied research cost, and the firm is satisfied with the service provided by its brokers.

## **Summary Review**

As well as a review of individual providers, the Executive Committee reviews the full scope of Trinetra's operations and focuses on identifying areas that might benefit from additional services.

Trinetra prioritises suppliers that prove to have and apply diversity and equality policies and which have a positive social impact in their local communities when providing their services. For example, for the ethnographic research firms that Trinetra engages for its research in emerging markets, Trinetra has a requirement that a majority of the resources involved in the work are provided by women and by people from the bottom of the pyramid.

Trinetra has also implemented a process to complete annual due diligence on service providers to ensure that they have processes and/or statements regarding Modern Slavery, where in scope.

When selecting suppliers for a relatively standardised service, Trinetra also looks to engage firms that are Certified B Corporations, have an environmental program or are involved in social initiatives (local and/or global), for example, companies that are, or have tangible plans to become, carbon neutral or carbon negative, make public their environmental policy and/or voluntary carbon footprint reporting, and endorsement to global commitments like the Paris Agreement.

# Principle 9

## Engagement

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

Companies frequently view their world through the lens of their existing operations. Ethnographic research makes it possible for Trinetra to provide companies with an independent view on how trends are evolving, and how well they are positioned to capture those trends.

Trinetra believes that such engagement enables it to communicate the social and environmental issues that consumers are facing, and how companies can address their needs. When companies offer what consumers want and address their concerns, they not only drive better returns, but they also tend to improve environmental and social outcomes.



*Young married couple explaining their shifting diet patterns, Jakarta, Indonesia*

As part of these engagements, Trinetra tries to understand the processes that managements have in place to monitor their risks, as well as the risks that they view as having the greatest likelihood of occurrence and the greatest materiality should they occur. This also helps in Trinetra's own risk assessment process, allowing it to identify any mitigating controls that managements have put in place.

Trinetra runs a single strategy, so different funds contain broadly the same set of stocks. Any engagement is conducted on behalf of all holdings in all funds for any company in question and Trinetra will use the most appropriate engagement approach. Trinetra invests in 15-20 geographic markets at any given time, so it adapts its approach to escalation in each geography according to local laws and conventions. ISS policies that are adapted for each market assist Trinetra in this process. Trinetra also adapts its geographic approach to escalation based on its appreciation of the cultural norms and sensitivities as Trinetra understands them.

When Trinetra decides to engage with a company management, it considers various means of communication including letters, emails, voice and video calls, and face-to-face meetings. As also mentioned above, Trinetra's engagement often revolves around the insights that it gains

from its ethnographic studies, and as such is usually intended as a constructive and cooperative sharing of insights.

Trinetra's engagement policy is publicly available at <https://www.trinetra-im.com> under Governance.

## Selection and prioritisation of issues

Trinetra tries to prioritise the most pressing social and environmental issues in each market. Trinetra identifies those through:

- ethnographic studies with consumers;
- post-fieldwork communication with consumers whose lives Trinetra has studied;
- quarterly calls with ethnographers to update Trinetra on any new issues/trends that they are identifying in their markets.

Trinetra found that the easiest way to engage with management on social issues is by presenting the issue through the eyes of each of the five groups on which Trinetra focuses during ethnographic studies. These are the groups that Trinetra believes are seeing the biggest changes in their consumption patterns:

- People at the bottom of the pyramid
- Women
- Migrants
- Youth
- Older adults extending their working lives

As explained under Principle 6, Trinetra communicates the items above to its clients and seeks feedback on what they see as most important to address their needs and goals.

To drive consistent change across investee companies, team members discuss their engagement priorities and agree common overall engagement priorities. These priorities are assessed regularly and allow for flexibility to address individual issues with companies.

For 2024 the engagement priorities of the team included:

- **Role of companies in reducing the informal sector**

This is explained in detail in the Case Study under Principle 4, 7 and on the Case Studies below. Trinetra believes that by transforming the workplace, private businesses have a vital role to play in tackling informality and inequality and, ultimately, pushing Emerging Markets out of the middle-income trap. Informality persists because the formal workplace fails to appeal to marginalised communities, particularly working mothers and caring fathers. By transforming the workplace, private businesses can play a vital role in tackling informality and inequality and, ultimately, pushing Emerging Markets out of the middle-income trap.

- **Importance of a forward-looking board**

Trinetra believes that the issue of the diversity should go beyond gender and racial diversity, and should consider cognitive diversity, which relates to the skillsets and backgrounds of board members, which can help the board to navigate forward-looking challenges.

- **Executive remuneration linked to impact**

Executive teams lead the direction of their business and are responsible for the impact it has on its stakeholders, the wider society and the environment. It is therefore important that in order to ensure businesses are truly incentivised to act responsibly, the remuneration of their executive teams is linked to impact.

- **Nature and biodiversity**

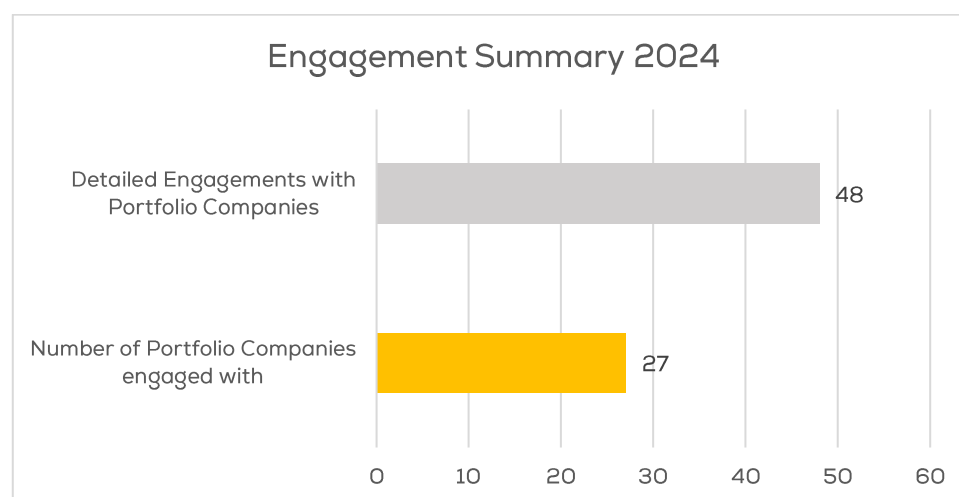
Biodiversity, and the ecosystem services it supports (e.g., pollination, food production, infectious disease control, carbon sequestration, coastal protection) underpin our financial and economic systems. The planetary crisis – encompassing climate change, biodiversity loss, and pollution – therefore presents a systemic risk with material impacts for institutional investors and other stakeholders.

- **Circular economy**

The circular economy is a model of production and consumption which involves sharing, leasing, reusing, repairing, refurbishing and recycling existing materials and products as much as possible.

## Engagements in 2024

The chart below summarises Trinetra's 2024 engagements with portfolio companies.



Source: Trinetra

During the year, Trinetra held 48 active engagement meetings with investee companies and a further 21 engagement meetings with companies that are considered potential investment candidates. Each engagement is unique to the specific risks that the company faces.

The number of active engagement meetings increased to 48, up from 35 the previous year, driven partly by the major collaborative project with Alsea (highlighted in the case study below). These engagement figures do not account for the hundreds of hours the anthropologist spent working for Trinetra—meeting with employees of Alsea-owned Starbucks, Domino's, and Burger King at their workplaces, as well as with single mothers who brought their children to the Alsea Foundation's charity kitchens for lunch.

The companies with which Trinetra engaged during 2024 represented 73% of the portfolio's value as of 31 December 2024.



Trinetra also held calls with ethnographers, policy experts and academics to understand the courses of action open to companies such as Board Diversity, Regulation, Equality and Climate Change.

## Engagement by SDG

In line with Trinetra's purpose and mission, as outlined in Principle 1, Trinetra seeks to have a positive impact on the communities in which its portfolio companies are operational, by investing in companies that can provide solutions to the issues identified during its ethnographic studies.

As described in Principle 7, Trinetra's investment process includes the mapping of each stock to at least one SDG that relates to the investment case for owning the specific security. This provides alignment with the way Trinetra's clients, fund beneficiaries and stakeholders look at the issues on which Trinetra engages with companies, and aims to meet clients' needs and reporting requirements, as explained in more detail under Principle 6.

The top 3 engagements by SDG were on:

- *SDG 8: Decent Work and Economic Growth*
- *SDG 3: Good Health and Well-Being for People*
- *SDG 9: Industry, Innovation, and Infrastructure*

## Case Studies

The team's engagement activity in 2024 included:



*Trinetra's anthropologist at a Starbucks in Mexico City studying the lives of employees*

### ***Alsea Employee Retention Research & Pilot Program***

Trinetra partnered with Alsea, Latin America's leading restaurant operator (holding master franchises for Burger King, Starbucks, and Domino's with over 75,000 employees), to tackle its most pressing ESG risk: high employee turnover. Recognizing that solutions needed to extend beyond compensation, Trinetra conducted ethnographic research in collaboration with Fundacion Alsea to uncover the root causes of attrition and identify sustainable retention strategies.

The research involved in-depth interviews with employees across Alsea's brands as well as mothers whose children benefited from the company's charitable meal programs. These insights revealed a critical disconnect between formal employment structures and the needs of vulnerable workers. Notably, the study found that the most engaged and satisfied employees came from two key demographics: single mothers and individuals from underprivileged backgrounds. For these groups, workplace value extended beyond wages—they

prioritized community support, physical and financial security, convenience, and opportunities for skill development.

Based on these findings, Alsea launched a targeted pilot program designed to attract and retain these high-potential employees. The initiative focuses on young women graduating from "Villa de las Niñas," a nonprofit that provides education to girls from rural communities. Each year, 500 graduates—who would typically return to agricultural work despite their vocational training—will now have access to structured employment pathways within Alsea's restaurant brands.

To ensure success, the program includes tailored onboarding and training, addressing the unique challenges these employees face. After an initial year in entry-level roles, participants will have opportunities to advance across Alsea's portfolio of brands, creating a clear path for long-term growth. This approach not only aims to reduce turnover but also transforms Alsea's workforce strategy into a competitive advantage while delivering meaningful social impact.

#### **PRI Awards**

This engagement initiative was shortlisted for a PRI Award 2024 in the System Stewardship category. The judges' comments on the official webpage commended it highly: "Companies needed workers, but workers often found informal work more appealing. Trinetra's simple intervention was primary research into why. By gathering and sharing these insights with its investee company, Trinetra's stewardship was precisely targeted to the labour market failure it identified."

The test case and judges' comments can be seen on the PRI official awards page [here](#).

#### ***Engagement on Biodiversity Impact Through PRI SPRING Initiative***

Trinetra has been actively collaborating with two portfolio companies - China Mengniu Dairy Company Limited and Contemporary Amperex Technology Co. Limited (CATL) - to address their biodiversity impact through participation in the PRI's SPRING initiative (Stewardship for Nature Initiative).

As a collaborative platform for institutional investors, PRI SPRING focuses on mitigating systemic risks from nature loss by improving corporate practices related to forest conservation and sustainable land use. The initiative aligns long-term portfolio value creation with the urgent global goal of reversing biodiversity loss by 2030.

In 2024, Trinetra was appointed to significant roles within SPRING engagements:

- Serving as co-lead investor for China Mengniu Dairy Company Limited
- Participating as collaborating investor for CATL

The current engagement work has prioritized developing comprehensive assessment frameworks to evaluate and manage supply chain risks. Key focus areas include:

- Implementation of responsible sourcing policies
- Enhancement of supply chain transparency and disclosure practices

This strategic engagement demonstrates Trinetra's commitment to addressing material biodiversity risks while creating long-term value for both investors and portfolio companies.

#### ***Aspen Engagement: Advancing Healthcare Access & Board Diversity***

Trinetra has partnered with the Access to Medicine Foundation, an independent non-profit organization dedicated to improving healthcare access in low- and middle-income countries by encouraging pharmaceutical companies to expand distribution of essential medicines. This collaboration focuses on one of the Fund's portfolio companies that has emerged as a key vaccine provider to Africa - a region historically underserved by major pharmaceutical firms.

- Vaccine Access KPIs and Executive Compensation

In late 2022, Trinetra initiated a process to request the incorporation of vaccine and medicine access metrics into the company's management remuneration framework. Following this engagement:

- The Chair of the Remuneration Committee agreed in principle to include these KPIs
- Implementation is planned for the 2025 compensation cycle
- Progress was reported in Q4 2024, with commitments to:
  - o Enhance disclosure and policy frameworks
  - o Expand global ESG metrics (beyond South Africa)
  - o Increase patient reach in emerging markets from FY2024 baselines

The company has developed a measurement methodology focusing exclusively on:

- Proprietary critical medicines (excluding OTC products and third-party manufactured drugs)
- Business division scorecards (with ~5% ESG weighting)
- A 95% performance threshold for incentive qualification

▪ **Board Cognitive Diversity Initiative**

Trinetra has concurrently advocated for enhanced board diversity, emphasizing cognitive diversity – the inclusion of varied skillsets, professional experiences, and educational backgrounds to better address future challenges. Recognizing the company's growing vaccine business in Africa and the board's lack of relevant expertise, Trinetra successfully engaged on this issue. In Q3 2024, the company confirmed the appointment of a new independent director with vaccine expertise, expected to join in early 2025.

This dual-focus engagement demonstrates how targeted stewardship can simultaneously address critical healthcare gaps while strengthening corporate governance – creating both social impact and long-term shareholder value.

## Outcomes

### Lessons from 2024: A Framework for Effective Engagement

Trinetra's engagements with issuers in 2024 revealed two broad categories:

- **Engagement for Additional Disclosure** – The PRI Spring framework has proven effective here, demonstrating to issuers why enhanced transparency benefits investors, especially when collaborating with other participants.
- **Engagement for Change** – Trinetra learned that driving change requires creating new knowledge for management.

The success of the Alsea collaboration exemplifies this. By providing Alsea's leadership with data-driven insights into employee well-being, Trinetra revealed a key finding: the happiest employees were those who found community, security, and skill-building opportunities at work. This discovery is now reshaping Alsea's recruitment strategy and workplace culture.

In 2025, Trinetra aims to apply this framework to other businesses hiring directly from informal labour markets, leveraging actionable insights to foster meaningful change.

# Principle 10

## Collaboration

**Signatories, where necessary, participate in collaborative engagement to influence issuers.**

Trinetra conducts ethnographic research to understand consumer trends and selects companies which can benefit from capturing those trends. It aims to act as a team of consultants to the companies in which it invests. Trinetra seeks to join collaborative initiatives when they are aligned with the work that it does, when team members can add value to, or learn from, the initiative, and when such collaboration enhances value to its clients and beneficiaries.

Before establishing a position, Trinetra aims to engage with a company to understand management's perception of the investment trends and the strength of their internal risk assessment processes. Trinetra will not invest in companies that do not provide the detailed information required for this assessment.

### Collaboration through PRI



*Indonesian mother explaining hacks to cook healthy meals and save time to work, Surabaya, Indonesia*

Since 2017, Trinetra has been a signatory to the UN Principles for Responsible Investment (PRI), which promotes sustainable investment practices through incorporating environmental, social and governance factors into investment processes. The membership provides Trinetra with a globally recognised standard against which it can benchmark its own internal assessment of the integration and scope of ESG factors in its investment process and decisions. The assessment helps identify areas of improvement. In the 2024 assessment, Trinetra scored 5 stars, the highest possible, in the Policy, Governance and Strategy module and the Direct - Listed Equity module, and 4 stars in the Confidence Building Measures module.

The PRI also provides opportunities to engage with policymakers via participation in consultations, for instance when governmental bodies want to understand how regulatory changes and/or proposals for enhancement of supervision, transparency and accountability would affect market participants.



Another valuable benefit of PRI membership is the collaboration platform which provides insights into specific challenges and issues, where collaborative engagement could bring about positive outcomes in line with Trinetra's environmental and social objectives. The team finds this platform to be a powerful tool to promote change in areas that are important to Emerging Markets consumers, such as circular economy or healthcare.

Since Trinetra joined the PRI initiative focusing on Human Rights, Advance, it has worked to enhance its ability to capture human rights risks within its portfolio companies, including considering whether an investee company has a human rights policy. As of the end of 2024, 72% of the portfolio companies had such a policy, compared to 65% in 2023.

In 2024 Trinetra collaborated directly with the PRI on several occasions.

Following the creation of the Sustainable Systems Investment Managers Reference Group (SSIMRG) in 2023, Trinetra as a member has actively participated in its quarterly meetings and in specific working groups, which have been focused on the development of the Progression Pathways (a new voluntary framework to better support and incentivise signatory progression on responsible investment with a step-by-step journey), identification of barriers to the responsible investment industry's ability to bring about a sustainable financial system, stewardship resourcing and ESG related costs, investor action on nature and biodiversity, sovereign engagement, non-climate and social issues and the development of a sustainable impact framework.

Trinetra provided its formal feedback on the PRI Strategy Consultation 2024, which seeks to establish a new strategic plan to better equip the PRI to deliver on its mission to create a sustainable financial system that benefits the environment and society as a whole. Trinetra also completed a feedback survey on the PRI reporting framework, following completion of the reporting cycle.

Trinetra also participated in the Signatory General Meeting and voted on the PRI Board Annual Election using its ballots, as it does every year.

Trinetra believes that participation in these initiatives is crucial to ensure that the PRI remains a relevant and influential body, which can deliver maximum value to signatories in a rapidly evolving environment and contribute to market efficiency.

## **Collaboration with the pharmaceutical sector**

During its ethnographic studies in Emerging Markets, Trinetra regularly hears stories from people about loved ones lost to a disease that is often curable in the developed world and could be routinely cured in Emerging Markets with access to affordable and effective pharmaceuticals. With limited access to COVID-19 vaccines in Emerging Markets, this became an even more critical issue.

Since 2020, Trinetra has endorsed the Access to Medicine Foundation (ATM), an independent non-profit organisation that seeks to transform the healthcare ecosystem by motivating and mobilising companies to expand access to their essential healthcare products in low- and middle-income countries. The ATM index is a tool for driving change in the pharmaceutical industry. It identifies best practice, tracks progress and shows where critical action is needed to improve access to medicine for those on low incomes. The ATM index follows 20 major pharmaceutical companies. The group includes none of Trinetra's investee companies. Trinetra's engagement agenda for pharmaceutical companies therefore includes a discussion

item on access to vaccines and medicines within their business models. Trinetra also discusses the extent to which executive remuneration metrics relate to accessible medicines. Trinetra further encourages joining the ATM and using the ATM index as a source of guidance on best practices.

Trinetra joined a PRI group leading engagement with pharmaceuticals companies to promote linking access to executive remuneration practices. Since 2022, Trinetra has engaged directly with one of its portfolio companies, which is becoming instrumental in the provision of vaccines for various diseases to Africa, a region that has long been underserved and overlooked by big pharmaceutical companies. Trinetra believes that incorporating appropriate KPIs into the management remuneration plan is critical. Through this engagement, the company has begun a process to incorporate relevant KPIs and criteria on which management remuneration will depend, which are planned to become part of the management remuneration plan in 2025. More detail on the outcomes and next steps for this engagement can be found under the case studies in Principle 9.

Both initiatives above are aligned with Trinetra's core beliefs and contribute to SDG 3. They could address market inefficiencies with potential for significant positive impact.

## Collaboration with PRI SPRING

The worldwide deterioration of nature is a source of risk for institutional investors, as their ability to create long-term value is dependent on a wide range of ecosystem services through the issuers that they invest in. The investment value chain, and the ability to optimise overall risk-adjusted returns to end- clients and beneficiaries, depends on and may impact biodiversity and ecosystem services.

As a collaborative platform for institutional investors launched in 2024, PRI SPRING focuses on mitigating systemic risks from nature loss by improving corporate practices related to forest conservation and sustainable land use. The initiative aligns long-term portfolio value creation with the urgent global goal of reversing biodiversity loss by 2030.



*Respondent explaining how tattoos represent his values, Queretaro, Mexico*

Trinetra has been actively collaborating with two portfolio companies – China Mengniu Dairy Company Limited and Contemporary Amperex Technology Co. Limited (CATL).

In 2024, Trinetra was appointed to significant roles within SPRING engagements:

- Serving as co-lead investor for China Mengniu Dairy Company Limited
- Participating as collaborating investor for CATL

The current engagement work has prioritized developing comprehensive assessment frameworks to evaluate and manage supply chain risks. Key focus areas include:

- Implementation of responsible sourcing policies
- Enhancement of supply chain transparency and disclosure practices

The PRI has developed a Company Assessment Framework (CAF) to track and report on company performance. The CAF provides a set of standardised indicators and will be applied to track progress of focus companies on an annual basis, providing common indicators that allow comparability over time.

The PRI will publish annual progress reports that will include data on 1) company performance, 2) the investor-company engagement process, provided by each of Spring's Company Engagement Groups, 3) proxy data on real-world outcomes, and 4) individual case studies to provide examples of concrete improvements against the objectives of Spring. Trinetra will provide an update on this progress in upcoming reports.

## Collaboration with OICD

Trinetra started working in 2021 with OICD (Organisation for Identity and Cultural Development), with its Managing Partner being a member of the Advisory Board. OICD is a not-for-profit that seeks to ethically and intelligently repair identity-based divisions through real world educational activities and interventions.

Trinetra has been working with one of its portfolio companies to foster a cultural shift among staff—moving beyond a sole focus on medical outcomes toward greater empathy in patient care. In 2024, Trinetra collaborated with medical anthropologists from the OICD Advisory Committee, experts in healthcare access, to design a structured research approach for this initiative.

As part of this effort, Trinetra is seeking an anthropology PhD student to conduct fieldwork in India in the near future, dedicating approximately 25% of their time to the project.

Additionally, OICD provided feedback on the University of Cyprus research project (detailed below).

## University of Cyprus research collaboration

In 2024, Trinetra partnered with the University of Cyprus and Professor Dikaiakos to evaluate how large language models (LLMs) – including GPT, Llama, and Mistral – analyse ethnographic interview transcripts in comparison to human experts. The study assessed key factors such as accuracy, cost-effectiveness, and scalability of LLM-powered analysis.

## Task Force on Climate-related Financial Disclosures (TCFD)

Trinetra is a supporter of the Task Force on Climate-related Financial Disclosures (TCFD) and encourages the companies in which it invests to report in a way that is consistent with TCFD recommendations. While Trinetra is a TCFD supporter, under current FCA regulation in the UK it is exempt from any reporting requirements.

With the introduction of the EU Sustainable Finance Disclosure Regulation (SFDR), disclosures by investee companies are becoming more relevant. Since 2022, Trinetra has been engaging with portfolio companies to inform them of the data they need to provide, the underlying regulation, and why this is a valuable exercise for all parties involved, given that it will be an annual requirement for many investment vehicles and investment managers going forward. This is also relevant because similar regulations are being implemented across all financial markets and investors may need access to such sustainability data in order to invest in these companies.

Trinetra believes that this process allows investee companies to identify gaps in their processes and areas for improvement. These gaps might include: analysis of governance issues; changes in operation that can have an environmental positive impact; or the need for socially focused policies.

## Other collaborations in 2024

- Collaborative engagements with policy makers:
  - In January 2023, Trinetra responded to the FCA's initial SDR consultation CP22/20. In April 2024 Trinetra participated in the FCA follow-up consultation (CP24/8), regarding the final rules and the extension of the SDR rules and labelling regime from asset managers to portfolio managers. The FCA proposes that generally everyone is in scope (which is what Trinetra had supported in the initial consultation). Firms offering portfolio management services to professional clients can opt in to the labelling part of the regime. The labelling and naming and marketing requirements, and the associated consumer-facing and pre-contractual disclosures, come into force on 2 December 2024. Firms will need to start producing ongoing product-level disclosures from one year later.
  - Trinetra joined a roundtable run by the Financial Reporting Council (FRC) on the consultation on the updated UK Stewardship Code. Trinetra has been accepted as a signatory of the Code since 2021.
  - After signing the initial March 2023 Investor Statement in support of Robust EU Forced Labour Regulations (following the publication of the European Commission proposal in September 2022), Trinetra co-signed a multi-stakeholder letter in furtherance of its initial support to ensure that this new and important law gets passed and to urge all MEPs to vote in favour of the EU Forced Labour Regulations to prohibit forced labour products in the EU market.



*Respondent explaining the role of cosmetics in forming an identity at the workplace, Surabaya, Indonesia*



- Trinetra completed the survey on European Study on the SDGs organised by the UN Global Compact Network UK to showcase existing measures of business sustainability and facilitate corporate action on Agenda 2030.
  - Trinetra signed the Private Financial Sector Statement to INC-4 Negotiations on Plastics International Legally Binding Instrument (ILBI). This statement took inspiration from multilateral environmental agreements such as the Paris Agreement on Climate Change and the Kunming-Montreal Global Biodiversity Framework which set a clear mandate for countries to require the financial sector to align its activities with climate and biodiversity goals.
  - Via the Business Coalition for a Global Plastics Treaty (BCGPT), Trinetra reviewed and approved the proposal of a letter to be sent to all governments ahead of INC-4. The purpose of this letter was to:
    - Reassure governments that there are a number of realistic and achievable globally binding rules that can and should underpin the treaty text
    - Advocate for a start-and-strengthen approach in the negotiations, focusing initially on three critical areas where there is sufficient alignment (restrictions and phase-outs, product design requirements, and EPR)
  - Via the Votes Against Slavery initiative, Trinetra joined the co-signature of letter to House of Lords in the UK, calling for a set of principles to be included in the new Modern Slavery Bill. This follows a letter sent in 2023.
  - Trinetra supported a joint statement for the introduction of requirements on the disclosure of key sustainability-related information, as per the International Sustainability Standards Board's (ISSB) standards, which establish a global baseline of sustainability information for capital markets to promote alignment.
- Collaborative engagement for climate, pollution nature and biodiversity:
    - Trinetra continued its support and is a Member of the BCGPT. The coalition was launched ahead of the start of the negotiations for the International Legally Binding Instrument (ILBI). The focus of the work of the BCGPT in 2024 was the coordination of advocacy efforts with governments participating in the negotiations, ahead and during the last Intergovernmental Negotiating Committee meetings (INC-4 and 5) in 2024. Regretfully, the last INC meeting concluded without a formal decision, which means that member states did not meet the ambition under the UNEA 5.2 mandate to deliver a treaty. However, a resumed meeting will be held likely during 2025. The BCGPT's efforts going forward will focus on engaging with member states on reaching agreement on the main areas of contention, which should lead to reaching the most ambitious treaty. Further details can be found [here](#).
    - As part of the work with BCGPT, Trinetra co-signed several letters and declarations to member states ahead of the Intergovernmental Negotiating Committee meetings emphasising its recommendations for the treaty and highlighting the minimum threshold for specific areas to ensure a meaningful and successful treaty.
    - Trinetra continued to support the Microfiber initiative (since 2021), a group engagement by institutional investors to engage global manufacturers of commercial and domestic washing machines to commit to fitting microfibre filters on new machines as a standard feature, preventing up to 90% of microplastics from entering the world's marine ecosystems. The initiative looks for ways to advocate with manufactures and policy makers to take action against this global environmental issue.
    - Trinetra signed on the 2024 Global Investor Statement to Governments on the Climate Crisis

From 2017 to 2022, the partner networks of The Investor Agenda have worked collaboratively to deliver a Global Investor Statement to Governments on the Climate Crisis to advocate for greater public policy action to enable investors to meet their climate commitments and limit global warming in line with the objectives of the 2015 Paris Agreement.

- Trinetra joined the FAIRR initiative (FAIRR), a collaborative investor network that raises awareness of the environmental, social and governance (ESG) risks and opportunities in the global food sector. FAIRR's mission is to build a global network of investors who are aware of the issues linked to intensive animal production and seek to minimise the risks within the broader food system. This is relevant to some of Trinetra's portfolio holdings and FAIRR's research is highly valuable to support investee engagement
- Collaborative engagement for human rights:
  - Trinetra is an endorser of the PRI collaborative stewardship initiative on social issues and human rights "Advance", whose objective is to advance human rights and positive outcomes for people through investor stewardship. Through this initiative, Trinetra can identify areas of engagement with its portfolio companies.
  - In 2024 Trinetra continued to endorse the Votes Against Slavery initiative to engage with non-complaint FTSE 350 companies who have failed to meet reporting requirements of section 54 of the Modern Slavery Act 2015. The initiative expanded its target to also include FTSE AIM companies and it proposes writing to the Board of each non-compliant company with a tailored letter explaining the nature of non-compliance, the steps needed to achieve compliance, and a clear explanation that members of the engagement coalition will consider withholding their support for the approval of the Annual Report and Accounts at the company's next AGM should changes not be implemented. This initiative has achieved great success in 2024, as in the preceding years: 31 of the 32 FTSE350 companies targeted became compliant and 1 committed to make changes. Of the 126 AIM companies targeted, 83 become complaint and 9 committed to make changes. The remaining companies will be targeted again in 2025.

## Outcomes

Trinetra views itself as an active, not activist investor. Trinetra is a bottom-up, concentrated, fundamental stock picker. Its ethnographic research points to companies that can solve social issues. Because Trinetra's investment process expressly selects for companies that it believes behave responsibly, Trinetra relatively rarely observes an investee company's behaviour that warrants serious intervention.

Trinetra's investment philosophy weighs heavily on direct engagement with its investees. Collaborative efforts therefore focus less on specific companies and more on initiatives whose objectives align with its values and purpose, and that seek to change approaches and outcomes across countries and their economies by leveraging on industry knowledge and joint action.

The collaboration with the investor group to engage with pharmaceutical companies has provided Trinetra with valuable knowledge on how the sector can work more efficiently, not only in the provision of affordable vaccines and medication, but also in terms of effective changes that can drive organisations to deliver improved accessibility to medicine. Trinetra's engagement with a pharmaceutical company in its portfolio shows that there is a viable path

for positive impact towards SDG 3, as companies make commitments to introduce KPIs that link executive remuneration to access metrics. Trinetra considers this to be an example of successful engagement with an investee company, where a collaborative dialogue is built and where the investee company management can benefit from the insights received by Trinetra from its ethnographic research and from the participation in investor initiatives, effectively acting as a bridge between the stakeholders.

Participation in PRI SPRING as co-lead investor and collaborator on the engagement with two portfolio companies, has provided a valuable opportunity to combine institutional investors' and NGO's knowledge on these companies' biodiversity impact and enhance access to managements to influence their implementation of corporate practices to halt biodiversity loss by 2030.

Trinetra's 2024 collaboration with the Business Coalition for a Global Plastics Treaty has focused on supporting communication and advocacy efforts with participating governments in the negotiations to achieve the treaty with the most ambitious global commitment, including both legally binding and voluntary measures. With the negotiations coming to an end in December 2024 without an agreement, the BCGPT vows to continue its work engaging with member states to resolve the main areas of contention and to advocate with INC members and enforce the message that a treaty with concrete global rules is required to deliver real impact.



*Preparing coffee beans picked during the day for weighting*



# Principle 11

## Escalation

**Signatories, where necessary, escalate stewardship activities to influence issuers.**

As explained under Principle 9, Trinetra brings to management's attention the risks and opportunities as articulated by consumers during ethnographic studies.

Trinetra engages with management over its assessment of the risks they face (ESG, financial, operational, and strategic) and discusses the significance and likelihood of each risk, as well as any preventive or detective controls that management has put in place.

If an issue has not been adequately dealt with or explained by management, Trinetra will escalate the matter by addressing it more formally, including with the chair or with other members of the senior management team. Trinetra may also express its concerns by voting against the appointment of certain directors, and by writing to explain Trinetra's voting actions, in accordance with its Engagement Policy, which is publicly available on its website under Governance on <https://www.trinetra-im.com>.

As a single strategy asset manager, Trinetra's different funds contain broadly the same set of stocks. Any escalation is conducted on behalf of all holdings in all funds for any company in question. The portfolio usually contains securities from issuers based in between 15 and 20 different countries, and at varying stages of economic development. As a result, Trinetra is conscious of different regulations, practices, standards and norms, as well as certain cultural sensitivities.

When making the decision as to escalate a matter, the parameters of a decision will inevitably vary. These parameters provide Trinetra with a framework for decision-making and prioritising escalation. They are a combination of:

- the degree to which Trinetra believes a particular principle or objective may be breached by a management's actions or proposals;
- the extent to which the action may or may not represent a cultural norm in the market where the company is based; and
- the likely impact of Trinetra's intervention.

The context of the parameters is often nuanced. Trinetra will nonetheless challenge cultural norms, for example, if it believes that management may be willing or able to break from those norms. The substance of a company's response, if any, will then dictate the outcome of any decision as to whether to escalate further.

When Trinetra decides to engage with a company's management, it considers the most appropriate channel including letters, emails, voice and video calls, and face-to-face meetings. Trinetra's engagement often revolves around the insights that it gains from its ethnographic studies, and as such is usually intended as a constructive and cooperative sharing of insights. In that regard, escalation sometimes involves management offering meetings with other members of their management team for whom Trinetra's insights may be especially pertinent.



Where Trinetra's attempts to engage are less enthusiastically received, it may choose to further escalate in a variety of ways. Trinetra may request meetings with certain Board members or the Chair of the Board. It may also ask certain of the company's advisors to pass on its concerns. As mentioned above, Trinetra may also escalate a standalone action to a collaborative one. In more extreme circumstances, Trinetra would consider making public its concerns or submitting shareholder resolutions. However, when the lack of alignment between a company's management and its shareholders' long-term interests is sufficiently material and manifest, Trinetra considers the trust between shareholder and management to have been broken. In such circumstances, Trinetra is often minded selling the position in the interest of its clients.

In 2023 Trinetra did not have to downsize or exit a position because of its engagement activities.

## Escalation example

Trinetra sees the most critical role of the board not as a backward-looking function but how it sets strategy and ensures that the company has the right culture in place to deliver the strategy.



Respondent in front of mural painted outside his house, Mexico City, Mexico

This is even more critical when a company changes strategic direction. An investee company's strategy was set to evolve to focus on vaccines and providing access to vaccines in Africa. The team established that the company had no board members with a background in the area of vaccines and only one independent board member with pharmaceutical experience, increasing the risk to the successful implementation of the new strategy.

The concern of having no independent board member with the background to provide meaningful challenges and an independent view on the new strategic direction was discussed with CEO and CFO (both Board members).

Management agreed that the Board should have been looking to bring in someone

with specific expertise in injectables and vaccines, who can open doors within the industry and help to formulate a strategy.

Separately the team used a collaborative engagement with other investors that aims to link vaccine access to executive remuneration practices for vaccine producers. Trinetra took the lead to engage with the investee company and 15 other investors and pension plans co-signed the letter and Trinetra co-signed the letters for 9 other companies.

In 2023 and 2024 Trinetra had a meeting with the Chair of the Nominations and Remuneration committee where the company laid out the process for both the hire of the independent director and also the process for setting up KPIs linked to access to medicine for management.

Between the meetings, Trinetra remained in touch and had multiple email exchanges, directly with the Chair of Nominations and Remuneration Committee.

As per the last engagement with the Chair of the Nominations and Remuneration committee, a new board member is expected to be appointed in 2025.

Evidence of reduction of risk through these two stewardship activities will allow the analyst to reduce their risk score, increasing risk-adjusted returns, and could result in increasing the size of the position.



*Field research team with GenZ respondent, Surabaya, Indonesia*



# Principle 12

## Exercising rights and responsibilities

Signatories actively exercise their rights and responsibilities.

### Exercising Voting Rights

Trinetra's overarching principles on proxy voting are:

- Trinetra votes in the interests of its clients and beneficiaries, and also takes into account the interests of all possible stakeholders
- Trinetra aims to exercise all its voting rights
- Trinetra makes all voting decisions in-house
- There is no presumption of support for an investee company's Board or the Executives
- Trinetra is prepared to abstain or to vote against resolutions
- Trinetra is prepared to deviate from its voting policy where risks pertaining to specific situations would justify doing so
- Trinetra publishes Vote Disclosure Records summarising its voting activity



*Indonesian youth explaining her consumption choices, Yogyakarta, Indonesia*

Voting is at the core of Trinetra's engagement with companies. Trinetra seeks to vote on every item and every meeting on which it is legally entitled to vote. A rare exception of Trinetra declining to vote might include when share blocking would result in shares being locked up, denying the valuable flexibility to make use of market opportunities. Trinetra does not loan securities and therefore does not have to recall shares to exercise its voting rights.

Trinetra's Proxy Voting Policy has been articulated with the varying culture, norms and legal standards of different countries in mind. Trinetra applies the policy in the context of the respective markets where its investee companies operate, considering what course of action is believed to likely result in the best outcome for investors. The policy applies to all of Trinetra's funds, both pooled and segregated.

Votes are decided by the analyst in whose coverage the relevant stock falls as Trinetra believes that sustainability and stewardship considerations are central to its investment

philosophy and relevant to each investment case. Trinetra does not employ a separate Responsible Investment team, however research from International Shareholder Services (“ISS”), its proxy advisor, helps to inform the analyst. Trinetra does not use default recommendations, so no overriding process is required. Decisions to vote against management and abstentions are discussed within the investment team. The Chief Investment Officer approves all votes and has the power to amend any vote.

Trinetra has never received a request from a client to override its policy. Segregated account clients can opt to vote directly, rather than authorise Trinetra to vote on their behalf. They can request that a specific policy be applied. One of Trinetra’s segregated account clients votes directly but expects to be notified in the event that Trinetra does not vote in line with the ISS recommendation, and to be provided with the justification for that vote. This allows the client to take a broader view based on the evidence, and to vote any other proxy votes for the same security held by other fund managers.

Trinetra would not be able to accept a client in a pooled account to direct vote or to override its policy.

Trinetra’s Proxy Voting Policy is available on its website at <https://www.trinetra-im.com> under Governance. Responsibility and oversight of the policy and its implementation lie with the firm’s governing body, the Executive Committee, which reviews the policy on an annual basis.

All of Trinetra’s votes are recorded and its voting activity is published on a quarterly basis on its website under [Governance](#) on <https://www.trinetra-im.com>.

## Proxy voting policy

Key policy approaches include:

### ESG and Sustainability

In line with Trinetra’s mission to accelerate positive social transformation in Emerging Markets through efficient allocation of clients’ capital to companies which can provide solutions to those issues, it seeks to support management who both promote and report sustainability activities for their companies. As such, Trinetra believes that shareholders’ long-term interests are aligned with those of other stakeholders in the company, including employees and customers.

### Diversity, Boards and Committees

Trinetra favours boards of companies that are experienced, independent and diverse. While Trinetra is sensitive to cultural conventions, it strongly disagrees with discrimination on the basis of gender, gender identity, race, religion, nationality or sexual orientation. Trinetra believes that discrimination, in addition to being fundamentally unfair, represents a waste of talent that could otherwise contribute to long-term shareholder value, company sustainability, and economic development. Trinetra is, however, aware that progress with respect to diversity can take time in some Emerging Markets. For example, Trinetra will in general vote against the election or re-election of male board members when there are no women on the board unless the management has shown that they have a plan to address it in future appointments.

Further, Trinetra believes that the issue of Board Diversity should include consideration of the collective experience and expertise of the Board. Boards which comprise largely financial or investment experts, Trinetra believes, may fail to provide appropriate strategic guidance. As



such, Trinetra believes that Boards need to be constituted by members with operational and strategic expertise that reflects the direction of the company.

## Board Remuneration



*Respondent explaining the shift to healthier eating habits, Mexico City, Mexico*

Alignment with shareholders' interests is paramount with respect to remuneration. Trinetra is unsupportive if proposals lack clarity, fail to focus on long-term shareholder value, or permit payments for poor performance.

## M&A and Capital Structure

Trinetra considers the terms of each proposed deal on their own merits. In particular, it considers whether its investment rationale has been breached and examines the context of acquisition

track records and broader stakeholder impact.

## Stock Lending

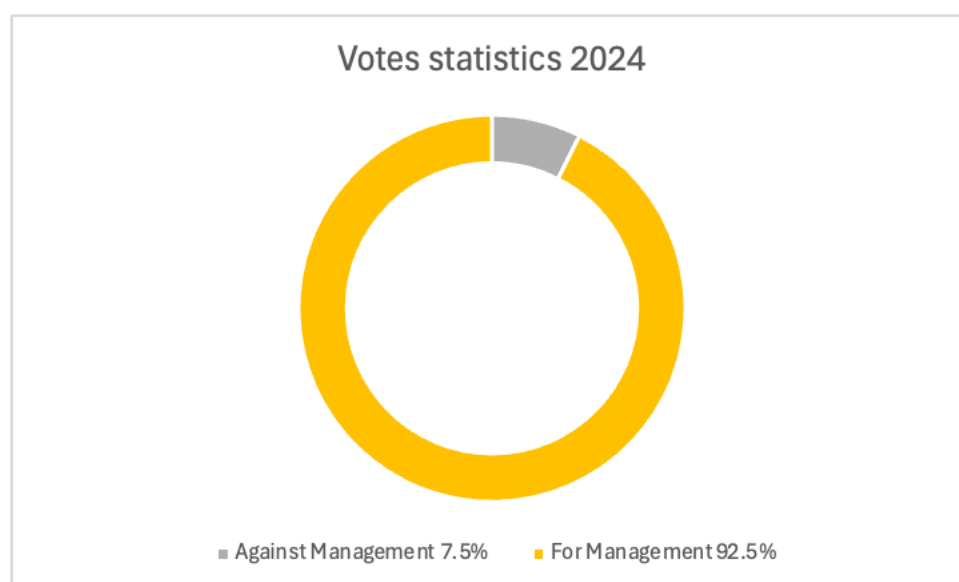
Trinetra does not undertake any stock lending activity. Trinetra believes that this helps to keep voting rights unambiguous.

## Proxy voting record

In 2024:

- Trinetra voted in 55 meetings on 69 ballots, with 91.3% of those votable ballots being processed, as per the issue reported below.
- Trinetra submitted votes through ISS in 100% of votable items, with 401 separate resolutions or 86.2% of those being accepted by ISS, as explained below.
- A processing error caused a delay in the renewal of the POA required for proxy voting in Brazilian investee companies, which resulted in the rejection of the votes cast for 4 meetings on 64 items.

The chart below shows votes cast by Trinetra in ballots during 2024. In 92.3% of cases, Trinetra's votes were aligned with management. The ISS Benchmark Policy recommendations were 91.5% aligned with management recommendations. This difference demonstrates Trinetra's commitment to voting based on its own decisions, and not to follow ISS recommendations, when deciding how to vote.



*Source: ISS, Trinetra*

### Analysis of Voting Record in 2024

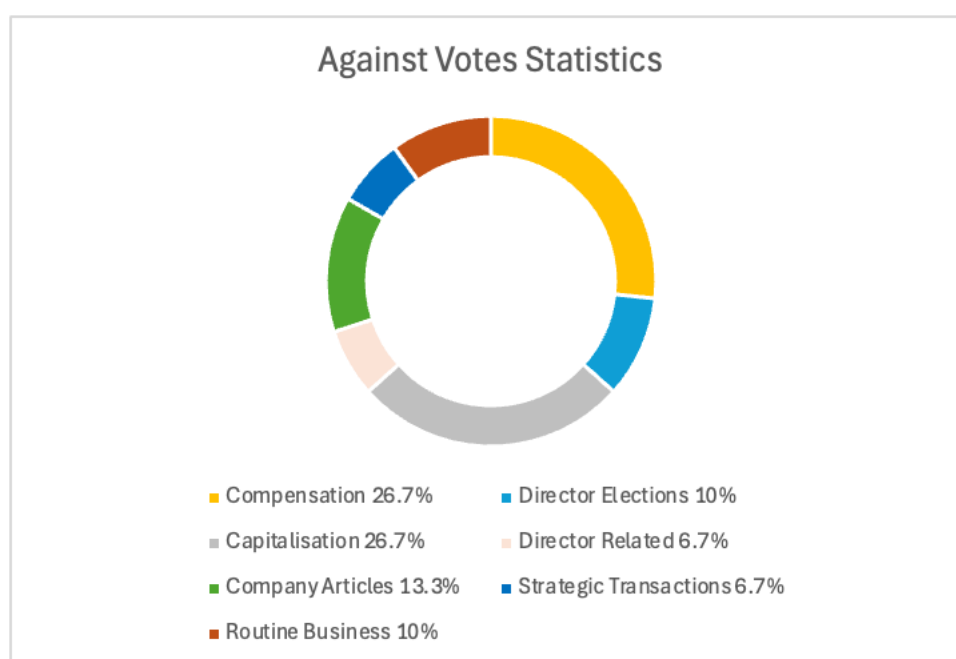
Compensation and Capitalisation issues were the most prominent rationales for voting against management recommendations, accounting for 26.7% of the votes against management respectively.

Salaries and incentives should be within market rates and preferably linked to long-term returns on capital employed. Trinetra's analysts engage with companies where remuneration policies differ from its guidelines. In cases where engagement does not result in a satisfactory result, for example, when the proposal is not clear or emphasises short term results, Trinetra would generally vote against management.

The joint most prominent rationale for voting against management in 2024 was Capitalisation, with 26.7% of votes against management. This is because of difference in the standards set by ISS and the standards set by local exchanges. For example, ISS advises to vote against the reissuance of repurchased shares that will result in aggregate share issuance limit to exceed 10% and because a discount limit has not been specified in the case of Hong Kong issuers. However, the companies believe it is superfluous to set the limit as this is dictate by the Hong Kong Stock Exchange rules. Trinetra engages with the companies and votes against in these instances and engages with the companies to provide in the resolutions the disclosure required by ISS, even if the deem it unnecessary.

These were followed by Company Articles and Director Elections with 13.3% and 10% of the votes against management respectively. This arises primarily in Brazil because of differences in local stock engage rules and standards applied by ISS (see explanation below) .

## Analysis of votes AGAINST management in 2024



Source: ISS, Trinetra

## Examples of voting rationales

Trinetra voted against Board recommendations on 31 resolutions during 2024. Trinetra is not aware of any of these occasions when the resolution did not pass. None of the against votes were viewed as material enough on the governance of the issuer that would warrant a review of Trinetra's shareholding in the issuer. In 2024 every analyst contacted management before casting any AGAINST vote to get their take and, if deemed appropriate, to reach an agreement on the steps to be taken to rectify it. The analyst team closely monitors company releases and Investor Relations frequently emails the results to the analyst.

A number of votes against Director Elections pertain to Brazilian companies. Novo Mercado-listed companies are required to ensure that at least 20% of board members are independent. ISS sets a higher bar than the local legislation, requiring a majority of independent directors. Despite Trinetra's against votes, such resolutions are likely to pass given the adherence to local rules.

Trinetra intends to continue to be proactive by highlighting to management the benefit of complying with a higher level of governance that would reduce risk and potentially draw a wider pool of international investors which could help stocks to re-rate.

Trinetra abstained on 0 proposals during the year, in line with Trinetra's policy.

## Shareholder Resolutions

Shareholder resolutions are not commonplace among Emerging Markets companies. There was no shareholder resolutions put forward in 2024 compared to 6 in 2023.

## Deviations from Voting Policy

Trinetra does not believe that it deviated from its voting policy in 2024. On 3 resolutions with two different issuers, Trinetra voted against the recommendations of its proxy voting service provider. Trinetra believed their assessments to have taken too narrow a view and not considered the wider risk complications on the issuer. Trinetra considered that voting in alignment with ISS recommendations would have constituted violations of its voting policy in these instances.

### Case 1:

PVRINOX, an Indian cinema operator's proxy voting was subject to a recommendation by ISS that Trinetra believed would have increased governance risk instead of reducing it and cause disruption to the board unnecessarily. ISS recommended voting AGAINST the re-election of a director for the cinema operator, as it argued that board independence norms were not met. ISS had no specific concerns about the independence of this director but had concerns on the independence of another director, who was a partner at a major law firm that received approximately 1.35% of PVRINOX's legal and professional fees in FY2024.

However, this director was set to retire the following month, and the company had committed to replacing her with an independent director free from any conflicts. Given the clear timeline for resolving the issue, Trinetra saw no need to signal discontent by opposing the appointment, which could have caused unnecessary short-term disruption to the company.

### Case 2:

In the case of Adidas, Trinetra voted FOR on a resolution to approve the remuneration report. Concerns by ISS, who recommended voting AGAINST the remuneration package for the incoming CEO, were noted. Nevertheless, the actual target achievement exceeded the minimum guarantee. In addition, the new shares awarded to the CEO were to compensate for loss of variable compensation at his previous employment. Further, Trinetra believed that the 4-year minimum holding period aligns with shareholder interests. Moreover, when comparing his compensation package to relevant peers, Trinetra believes ISS did not include suitable international peers in the sporting goods sector such as Nike, Under Armour, ANTA Sports Products, Sketchers and Lululemon, which Adidas, included as relevant peers.

### Case 3:

Also related to Adidas, ISS recommended an AGAINST vote in the appointment of a director on concerns of overboarding and gender diversity. Trinetra believed that a vote FOR was warranted given that the director's re-election was limited to 1 year. This would ensure the stability and continuity of the chairman whilst the group continued to implement its recovery strategy under the new CEO. If Adidas attempts to re-elect this director in future periods, Trinetra intends to vote against.

## Monitoring of Shares and Voting Rights

Trinetra's custodians monitor the shares and voting rights. Regular reconciliations are performed between Trinetra and its respective funds' custodians to ensure that all holdings and the number of shares for each holding are in complete agreement. Reconciliation is performed either daily or monthly according to the respective fund requirements. When votes arise by virtue of the rights that Trinetra holds, the custodians ensure that eligible votes are



entered into the proxy voting platform, ProxyExchange, provided by ISS, Trinetra's proxy voting advisors.

## Outcomes

Trinetra regularly monitors outcomes of votes in which it participates. The practice of writing to managements ahead of any AGAINST vote in 2023 and 2024 has provided a useful channel of communication with managements to understand their views. As a result, it became part of the proxy voting policy in early 2025.

This practice provides an opportunity to the analyst to consider if the vote is material enough to warrant reducing or exiting the position.

Many of the AGAINST votes, relate to differences between the ISS policy and what is expected by the local exchanges where the issuers are listed on. Trinetra tries to explain to issuers why it is important to elevate their standards to improve governance but also believes that ISS can do a better job explaining to the issuers these standards.

Trinetra voted AGAINST a resolution at a Hong Kong company's Annual General Meeting "to grant a general mandate to the Directors to issue, allot and deal with additional shares of the Company, not exceeding 10% of the number of issued shares of the Company". Trinetra voted against the resolution because the company had not specified the discount limit for the issuance of additional shares.

Trinetra voted AGAINST related resolutions, for example "to approve the amendments to the Share Award Scheme" and "to approve the amendments to the Share Option Scheme."

The rationale for voting AGAINST these resolutions was that the proposed awards of the schemes exceed 5% of the company's issued capital, and that the Share Award Scheme in particular lacks challenging performance criteria and meaningful vesting periods. Moreover, the directors eligible to receive awards under the schemes are involved in their administration.

Similar rationales are commonplace among Hong Kong listed companies.

For two issuers, Trinetra voted AGAINST the reappointment of three directors due to overboarding concerns. In both cases, Trinetra's analysts proactively engaged with management to:

1. Communicate our concerns, and
2. Provide an opportunity to address potential inconsistencies or present extenuating circumstances that might warrant deviation from ISS recommendations.

However, management failed to provide valid justification for retaining these overboarded directors.

By engaging with companies on all AGAINST recommendations Trinetra have been able to bring about positive change in governance as it provides an additional opportunity for engagement with managements.

# Definitions and Acronyms

The United Nations Principles for Responsible Investment PRI defines responsible investment as a strategy and practice to incorporate environmental, social and governance (ESG) factors in investment decisions and active ownership.

Below is a table containing definitions of some of the key terms and acronyms used in this document. The descriptions are those used by the PRI.

Term or Acronym	UN PRI Description
Responsible Investment	A strategy and practice to incorporate environmental, social and governance (ESG) factors in investment decisions and active ownership.
ESG	Environmental, Social and Governance
ESG Integration	The explicit and systematic inclusion of ESG issues in investment analysis and investment decisions
Environmental (E)	Issues relating to the quality and functioning of the natural environment and natural systems. These include: biodiversity loss; greenhouse gas (GHG) emissions, climate change, renewable energy, energy efficiency, air, water or resource depletion or pollution, waste management, stratospheric ozone depletion, changes in land use, ocean acidification and changes to the nitrogen and phosphorus cycles.
Social (S)	Issues relating to the rights, well-being and interests of people and communities. These include: human rights, labour standards in the supply chain, child, slave and bonded labour, workplace health and safety, freedom of association and freedom of expression, human capital management and employee relations; diversity; relations with local communities, activities in conflict zones, health and access to medicine, HIV/AIDS, consumer protection; and controversial weapons.
Governance (G)	<p>Issues relating to the governance of companies and other investee entities. In the listed equity context these include: board structure, size, diversity, skills and independence, executive pay, shareholder rights, stakeholder interaction, disclosure of information, business ethics, bribery and corruption, internal controls and risk management, and, in general, issues dealing with the relationship between a company's management, its board, its shareholders and its other stakeholders. This category may also include matters of business strategy, encompassing both the implications of business strategy for environmental and social issues, and how the strategy is to be implemented.</p> <p>In the unlisted asset classes governance issues also include matters of fund governance, such as the powers of Advisory Committees, valuation issues, fee structures, etc.</p>
Active Ownership	Active ownership is the use of the rights and position of ownership to influence the activity or behaviour of investees. This can be applied differently in each asset class. For listed equities it includes both engagement and (proxy) voting (including filing shareholder resolutions). For other asset classes (e.g., fixed income), engagement may still be relevant while (proxy) voting may not.

Engagement	Engagement refers to interactions between the investor and current or potential investees (which may be companies, governments, municipalities, etc.) on ESG issues. Engagements are undertaken to influence (or identify the need to influence) ESG practices and/or improve ESG disclosure.
Proxy (voting) and shareholder resolutions	Voting refers to voting on management and/or shareholder resolutions as well as filing shareholder resolutions.

Below is a table describing some of the key definitions and acronyms used in this document, as defined by Trinetra.

Term or Acronym	Trinetra's Adopted Description
Ethnographic research	The study of culture, values, and social organisation of particular groups or communities.
Ethnographic studies	On the ground ethnographic studies that allow researchers to immerse themselves in a person's life, to gather anthropological data, and to drive analysis and insights into people, settings and ways of life.

### Important Information

Trinetra Investment Management LLP is incorporated in England and Wales under company number OC415873 with registered address at 7 Stratford Place, London W1C 1AY and is authorised and regulated by the Financial Conduct Authority, with Firm reference number: 772919.

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Not all strategies are available in all jurisdictions.

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