

Trinetra

Trinetra Investment Management LLP

Responsible Investing and
Environmental Social and Governance Policy

April 2023

Trinetra Investment Management LLP 7 Stratford Place London W1C 1AY

Tel: +44 20 3908 8900 www.trinetra-im.com

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 (Firm reference number: 772919).

Table of Contents

1. Foreword – Trinetra and ESG
2. Trinetra's Purpose and Philosophy
3. Scope of this Document
4. Sources of ESG Information
5. No formal Exclusion Lists
6. Principles of ESG Integration
7. ESG Reporting, Transparency and Disclosure
8. Definitions and Acronyms

1. FOREWORD – TRINETRA AND ESG

Trinetra Investment Management LLP (“Trinetra”) is a dedicated investment boutique that uses ethnographic research, to capture growth opportunities in Emerging Markets (“EMs”).

Trinetra believes that alpha can be generated from long-term investing by understanding consumers who ultimately dictate trends, and by analysing the companies which can benefit by capturing these trends with their products and services. As such, any long-term investment process must involve an independent understanding of consumers at its core.

Trinetra believes that to be able to hold positions over the long term, i.e., five years or more, investors need to employ a holistic process to risk-adjust returns, accounting for the perceived risks, including Environmental Social and Governance (“ESG”) risks. Trinetra intends that all of its investments address a sustainable trend through providing a social or environmental solution.

ESG a deciding factor in risk adjusting returns and determining position sizing.

Long-term holdings require investors to take a more holistic view of all risks, including ESG risks. For example, companies that pollute, or that excessively exploit their customers, face ESG risks. Those risks might include governments and regulators curtailing or shutting down their activities.

To understand the social challenges in Emerging Markets, you need to speak to consumers, not to companies.

During immersions research, Trinetra meets Emerging Market consumers in their homes, in villages and towns, to gain an understanding of the social and environmental issues that they face, as well as the answers that they see to their challenges. Trinetra believes that providing solutions to these issues and challenges allows investors to capture growth opportunities in EMs.

Responsible business with a purpose.

As a 100% employee-owned firm, and a Certified B-Corporation, Trinetra’s purpose is to improve outcomes for clients while creating an inclusive, equitable and regenerative economy. Trinetra believes that it needs to meet the needs of all without breaking the environmental boundaries of the planet.

2. TRINETRA'S PURPOSE, MISSION AND PHILOSOPHY

Trinetra believes that humanity's biggest challenge is to meet the needs of all within the boundaries of our planet.

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
- 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:

- Anticipating EM social and environmental trends through ethnographic research
- Identifying companies that can capture those trends and have sustainable business models with quantifiable risks
- Backing managements whose interests are aligned with all stakeholders, and who have shown discipline in managing their cashflows and balance sheets

3. SCOPE OF THIS DOCUMENT

Trinetra runs a single investment strategy, and this Responsible Investing and ESG Policy applies to all of Trinetra's investment activities.

This policy describes Trinetra's practices relating to Responsible Investment. It contains details of the integral role that ESG plays in Trinetra's investment process and decision making.

The Firm's managing body, the Executive Committee, oversees the Responsible Investing Policy and is responsible for its implementation.

All members of the investment team are accountable for discharging the policy. There is no separate ESG function. The Executive Committee is required to ensure that each member of the investment team receives regular training to help them to consistently and accurately comply with this policy.

4. SOURCES OF ESG INFORMATION

ESG a deciding factor in risk adjusting returns and determining position sizing.

Long-term holdings require investors to take a more holistic view of all risks, including Environmental, Social and Governance risks.

Trinetra believes that social issues need to be understood on a bottom-up basis, by visiting people in their homes, in villages and towns across EMs. To understand these social challenges, and potential longer-term risks, investors should utilise the same data collection techniques used by social anthropologists in their fieldwork.

Trinetra's immersions fieldwork is designed to collect this data through a structured process:

- **Pre-fieldwork:** Working with ethnographic research firms and field researchers, Trinetra commissions respondents to document 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, Trinetra might ask about the experiences of respondents' friends and relatives who may work for some of the potential investee companies, which can help us to independently ascertain the level of adherence to the Principles of the UN Global Compact ("UNGC").
- **Post-fieldwork:** The research team analyses data captured in the ethnographic research, and assesses how it is relevant to sector and company research.
- **Post-fieldwork social media follow-ups:** Trinetra maintains discussions with respondents, facilitated by an ethnographer, after completion of the fieldwork. This allows the research team to study peoples' 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 the appearance of new trends that they may be picking up in their fieldwork.

The insights and data gained from ethnographic research, as well as information from annual reports, discussions with management, and raw ESG data from Bloomberg are used to create risk maps. These ESG risks identified in the risk maps are used to calculate a Cost of Equity for each investment, and therefore are fully integrated into valuations.

Limitations to methodologies and data.

The environmental or social characteristics promoted by Trinetra's strategy are primarily social issues in Emerging Markets. Trinetra uses Immersions studies, ethnographic research where it meets consumers in their homes in Emerging Markets, in villages and towns, to understand the social and environmental issues that they face, as well as solutions to their own problems. This is the main source of data to determine the environmental and social characteristics promoted by the strategy.

The investment focus is on Emerging Markets and investee companies in those countries may not routinely report data required in relation to ESG. Trinetra engages with investee companies to overcome this limitation and to obtain the relevant data.

Where investee companies in Emerging Markets are not familiar with applicable ESG regulations, Trinetra engages with them in order to increase awareness and facilitate the process to make relevant data available in future reporting periods.

5. TRINETRA'S APPROACH TO EXCLUSION LISTS

Trinetra invests in companies that directly benefit from the rise in domestic consumption and believes that domestic consumption is the main driver of investment returns. While the firm does not maintain a specific exclusion list, Trinetra cannot foresee investing in energy producers, extractive industries, utilities, upstream industrial manufacturers, or arms manufacturers, because these are outside of the scope of its immersions research and will therefore not fall within our investible universe.

Similarly, Trinetra's immersions research sees products through the eyes of EM consumers. Thus, Trinetra does not invest in activities which these consumers consider to be obstacles, for example, to improving their health and wellness. These might include companies specialising in gambling, such as bookmakers and casinos, and companies manufacturing or producing spirits and hard liquor or tobacco.

6. PRINCIPLES OF ESG INTEGRATION

Sustainability is integrated at the following levels in Trinetra's investment decisions:

1. Immersions Research:

Trinetra uses ethnographic research to identify consumption trends that can provide growth opportunities in EMs. For this research, team members "immerse" themselves in the lives of consumers, meeting them in their homes to understand the social and environmental issues that they face, as well as the solutions that they see to their own problems.

From these discussions, Trinetra forms a universe of companies that can provide solutions to these problems. The solutions focus on Health & Wellness and Equality; Equality for the people at the bottom of the pyramid, as well as migrants, women, youth from less advantaged regions, and older adults seeking to extend their working lives.

2. Security Selection:

- a. Trinetra blocks from investment any company for which the investment team cannot gain a clear understanding of, and quantify, its ESG risks.
- b. Trinetra's risk assessment scores for each company are used to risk-adjust returns. As part of the risk assessment, the top 10 risks are then classified into four different categories: ESG, operational, strategic and financial risks. Companies with higher ESG risks will be given higher risk scores, and so will offer lower risk-adjusted returns, which will result in reduced position sizing in the portfolio, outright sale, or no purchase at all.

The ESG risk considerations will include both social and environmental risks. These include the following:

Environmental risks

- Air pollution
- Ozone layer depletion
- Climate change
- Ocean acidification
- Chemical pollution
- Fertiliser use
- Freshwater withdrawals
- Land conversion
- Biodiversity loss

Social risks

- Access to:
 - Housing
 - Food
 - Water
 - Energy
 - Healthcare
 - Education
 - Income & work
- Peace and justice
- Political voice
- Social equality
- Gender equality
- Networks

In addition, Trinetra engages with firms regarding their stance on Modern Slavery.

3. Active Engagement and Escalation:

- a. Trinetra brings to management's attention the risks and opportunities as articulated by consumers during immersions research.
- b. The investment team engages with management over Trinetra's assessment of the risks they face (ESG, financial, operational, and strategic) and discusses the materiality and likelihood of each risk, as well as any preventive or detective controls that management has put in place.
- c. In the event that an issue has not been adequately dealt with by management, Trinetra will formally escalate the matter, including to the chair or other members of the senior management team.
- d. Trinetra's Engagement Policy has been made available on its website at <https://www.trinetra-im.com/responsible-investing>.

4. Voting

- a. Trinetra seeks to vote on every item and every meeting where it is legally entitled to vote.
- b. The overarching voting principles are sustainability and alignment between the management of a company and shareholders' long-term interests, with the objective of optimising shareholder value over time.
- c. Each investment analyst is responsible for voting in the meetings of the companies that they follow. Trinetra does not delegate voting to a separate governance or ESG team, nor to an external provider. The analyst submits votes through an online proxy voting service provider, Institutional Shareholder Services, or ISS, on its ProxyExchange platform.
- d. The ISS platform also offers research and customised voting recommendations. The analyst is not obliged to follow these recommendations, especially when there is a belief that voting in line with the recommendation may compromise the company's sustainability.
- e. 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. In addition, details on any Abstentions or Against votes are provided to clients through the Investment Manager's monthly reporting.
- f. Trinetra's Proxy Voting Policy is posted at <https://www.trinetra-im.com/responsible-investing>.
- g. An overarching principle when Trinetra votes is that a management's interests need to be aligned with those of the company's shareholders. Moreover, Trinetra believes that management needs to be aligned with the interests of a broader set of stakeholders, including consumers, communities local to their main operations' sites, other occupants of the planet, and the environment.

5. UN Sustainable Development Goals

Each investment is mapped to at least one of the UN's 17 Sustainable Development Goals (UN SDG) to ensure alignment and benchmarking with international sustainability frameworks. For every goal, the analyst takes at least one relevant measurable parameter that can be tracked over multiple years. In addition, again mapping to one of the UN SDGs, the analyst takes at least one parameter to measure principal adverse impacts of a firm's sustainability factors. These are also tracked over time.

7. ESG REPORTING, TRANSPARENCY AND DISCLOSURE

Trinetra believes that change can be achieved more effectively through collaboration and transparency. Trinetra is a member of several industry organisations that operate in the ESG field.

- Trinetra is a signatory to the United Nations' Principles for Responsible Investment (UN PRI), as the principles align with Trinetra's investment policies, investment practices, and values.
- In the 2020 assessment, Trinetra scored A in each of the 3 modules on the scorecard. In the 2021 assessment, with the new scoring methodology, Trinetra scored 5 stars (the highest possible) in all modules for which it was assessed and received the highest possible marks in 62 out of 65 indicators. The latest PRI assessment report can be provided upon request.
- Trinetra is the manager of an Article 8 fund under the EU Sustainable Finance Disclosure Regulation (SFDR) and reports in line with the regulation. This includes details on principal adverse impacts on sustainability factors considered by Trinetra. These are set out in more detail in the fund's SFDR Annex IV – Periodic Disclosures.
- Trinetra is a certified B-Corporation with a score of 149.2 (applicants require a minimum score of 80 to become certified). In 2022 Trinetra was recognised with two "Best For The World" awards, for "Customers" and "Governance" respectively.
- Trinetra is an approved signatory to the UK Financial Reporting Council's Stewardship Code. The UK Stewardship Code 2020 sets high stewardship standards for asset owners and managers, defining 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."
- Trinetra is a supporter of the Taskforce for Climate-Related Financial Disclosures (TCFD).

A range of Trinetra's ESG research can be found at <https://www.trinetra-im.com/insights/categories/esg>

In line with the European Union's Revised Shareholder Rights Directive, SRD II, Trinetra produces an annual statement which is posted at <https://www.trinetra-im.com/responsible-investing>. As noted above, voting records can be found at the same location.

8. 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>

Term or Acronym	UN PRI Description
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.
Ethnographic research	The study of culture, values, and social organisation of particular groups or communities.
Immersion research	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.