



Trinetra Investment Management LLP

Responsible Investing and
Environmental Social and Governance Policy

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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).

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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.

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 its ethnographic studies, 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 Emerging Markets.

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 Emerging Markets 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 Emerging Markets through efficient allocation of our clients' capital to companies which can provide solutions to those issues
- drive lasting and sustainable change across Emerging Markets, by sharing Trinetra's ethnographic research insights and cooperating with other stakeholders

Philosophy

Trinetra aims to generate strong risk adjusted returns by:

- Anticipating Emerging Markets 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 Emerging Markets. 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 ethnographic 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 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. PRINCIPLES OF ESG INTEGRATION

Trinetra's sustainability and ESG approach is built upon three core elements:

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 the Investment Manager.
2. **Fundamental Research and Active Engagement:** Through fundamental analysis, the Investment Manager 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:** The Investment Manager 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.

1. 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.

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.

Trinetra's ethnographic studies focus on five socioeconomic groups:

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

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.

2. Fundamental Research and Active Engagement

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

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

I. Suitability Evaluation

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

a) 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 Industry Classification Standard (BICS)¹ has classified as gambling-related entities like racetracks, internet gambling, casino services, beverage companies classified under wines-spirits, or tobacco products. These sub-industries are deemed detrimental to consumers' well-being and are thus excluded from the investment portfolio.

Trinetra has implemented a pre-compliance check on its Order Management System. This check stops investments in companies classified within specific industries based on their activities according to the BICS:

| Sector | Industry | Sub-Industry |
|-----------------|------------|--------------------------|
| Basic Materials | Iron/Steel | Metal-Iron |
| Basic Materials | Iron/Steel | Steel-Producers |
| Basic Materials | Iron/Steel | Steel-Specialty |
| Basic Materials | Mining | Diamonds/Precious Stones |
| Basic Materials | Mining | Gold Mining |
| Basic Materials | Mining | Metal - Aluminium |
| Basic Materials | Mining | Metal - Copper |
| Basic Materials | Mining | Platinum |
| Basic Materials | Mining | Silver Mining |

¹ 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.

| | | |
|-----------------------|---------------------------|-----------------------------|
| Consumer Cyclical | Entertainment | Casino Services |
| Consumer Cyclical | Entertainment | Gambling (Non-Hotel) |
| Consumer Cyclical | Entertainment | Internet Gambling |
| Consumer Cyclical | Entertainment | Night Clubs |
| Consumer Cyclical | Entertainment | Racetracks |
| Consumer Non-Cyclical | Agriculture | Tobacco |
| Consumer Non-Cyclical | Beverages | Beverages-Wines/Spirits |
| Energy | Coal | Coal |
| Energy | Oil&Gas | Oil Comp-Explor&Prodtn |
| Energy | Oil&Gas | Oil Comp-Integrated |
| Energy | Oil&Gas | Oil Refining&Marketing |
| Energy | Oil&Gas | Oil&Gas Drilling |
| Energy | Oil&Gas | Oil-US Royalty Trust |
| Energy | Oil&Gas Services | Oil Field Mach&Equipment |
| Energy | Oil&Gas Services | Oil-Field Services |
| Energy | Pipelines | Pipelines |
| Industrial | Aerospace/Defense | Aerospace/Defense |
| Industrial | Aerospace/Defense | Aerospace/Defense-Equipment |
| Industrial | Aerospace/Defense | Electronics-Military |
| Industrial | Miscellaneous Manufacture | Explosives |
| Industrial | Miscellaneous Manufacture | Firearms & Ammunition |
| Utilities | Electric | Electric-Distribution |
| Utilities | Electric | Electric-Transmission |
| Utilities | Gas | Gas-Distribution |
| Utilities | Gas | Gas-Transportation |

b) Fit-for-purpose evaluation

Trinetra 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.

c) 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 its investors; or*
- iii. *Demonstrate a history of undisciplined management of cashflows and balance sheets.* For instance, investing in value-destructive or non-core acquisitions.

II. 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. 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.

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

- a) 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.
- b) Social risks pertain to the rights, well-being and interests of people and communities. Examples include labour standards in the supply chain, workplace safety, cybersecurity and data privacy, human rights, local stakeholder relationships, and discrimination prevention.
- c) 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.

III. Active Engagement, Escalation and Proxy Voting

a) Active Engagement

Trinetra aims to actively engage with the management of any company it identifies as being suitable for investment.

Trinetra brings to the attention of a company's management, 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 the 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.

b) Escalation

In the event that an issue remains unresolved after engagement with the company's 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/>.

c) 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. 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 the proxy voting service provider to draw their conclusions by referencing to the original documents. Trinetra publishes its voting record quarterly on its website.

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's operations sites, other inhabitants of the planet that may be affected by the company's operations, and the environment.

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

3. 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.

6. 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. A transparency report is completed on a yearly basis. 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, which is published together with the fund's audited financial statements.
- Trinetra is a certified B-Corporation with a score of 164.4 (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. On a yearly basis, between re-certification, B Corps are expected to publish annual impact reports as a way to show progress towards creating real impact in the five assessment areas. Impact reports are available on the website at <https://www.trinetra-im.com/>
- 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." Annual reporting on compliance with the code is available on the website at <https://www.trinetra-im.com/>.
- 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/>.
- 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>.

As noted above, voting records can be found at the same location.

7. 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. |

| Term or Acronym | UN PRI Description |
|--|---|
| 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. |
| 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. |