



Trinetra Investment Management LLP

Engagement Policy

Introduction

Responsible Investment and Engagement are core to our purpose and investment philosophy. It is implicit in our fiduciary duty to our clients and beneficiaries, but moreover, we consider it an obligation to other stakeholders, including a company's employees, its customers, and the wider communities.

The team pro-actively engages with investee company management on the risks and opportunities arising from Trinetra's ethnographic studies of consumers (Immersion research studies). We share our ethnographic analysis with firms to understand their perspective and views.

Consideration of ESG (Environmental, Social and Governance) issues is integrated into each stage of Trinetra's investment process, including engagement activities.

Trinetra Investment Management ("Trinetra") is a signatory of the UN's Principles for Responsible Investment and in March 2022 the firm has been reconfirmed by the FRC as a signatory to the UK Stewardship Code since 2021.

Over what issues will we Engage?

The issues over which we would engage with a company are broader in scope than the policy areas in our Proxy Voting Policy, which is somewhat defined by a company's Annual General Meeting (AGM) agenda. Our engagement is driven foremost by the issues identified during our Immersion studies and by how company management can provide solutions for consumers. Another important issue is the identification of risks and how these can be addressed.

Consumers and Social Issues

Trinetra's purpose is to study people's lives in Emerging Markets to identify investible solutions to the issues they face. Identifying social issues during our Immersion studies gives us valuable insight into the problems, needs, aspirations and future trends of specific groups of emerging market consumers. The immersion studies provide us with insight into how to solve some of the consumers' problems and we seek to invest in companies that are able to supply those consumers with what they see as the answers to their problems.

Engagement on social issues involves providing insights into evolving trends based on our ethnographic studies of consumers – Immersions studies. We provide evidence, including video recordings of consumers discussing their issues, as well as the impact of specific products on their lives. This makes the viewpoints more tangible for management.

If a company appears to us to be behaving unfairly towards their customers, by exploiting them or otherwise profiteering from unduly onerous terms, our engagement aims to make the case that such behaviour hurts the company's long-term prospects.

Risk Identification and Risk Management

We believe a company's exposure to risk, its approach, understanding, management and mitigation of risk has a substantial influence on a company's sustainability. We further believe companies that are more exposed to material risks which they are unable to manage are less likely to succeed.

Before we invest in a company we will perform a bottom-up 'pre-mortem' risk analysis, whereby we project ourselves into the future, imagining that the investment thesis has failed. We then work backwards to visualise the risks that might have caused that failure. The aim is to quantify individual risks objectively and factor these into our valuation assessment for each stock.

In our meetings with companies, we will seek to understand from management the methodology by which they manage their operational, strategic and financial risks, as well as ESG risks. We try to match our understanding with that of management for two key parameters for each risk: likelihood and impact and will engage with management to understand both the detective and preventive controls that they put in place to manage those risks. This process gives us a deeper understanding of how well management undertakes its role, not only in terms of growth, but also in terms of protecting and sustaining the assets and operations of the business.

Further areas we will engage with a company on:

ESG and Sustainability

We believe that over the longer term ESG and sustainability risks have a direct impact on risk adjusted returns. We will encourage companies to act responsibly to manage the risk of regulators imposing penalties as remedies or disincentives and/or consumers shunning their products if a company's damaging behaviour towards its employees, the broader community, or on the environment has been identified.

Regulatory

We encourage companies to comply with all regulation and favour those that seek to back regulation which encourages competition. We look unfavourably on companies that "pull up the drawbridge" and seek to capture regulators in their efforts to do so.

Disclosure

In the absence of comprehensive disclosure and transparency, investors are unable to make a proper assessment of a company. We therefore encourage management to disclose at least sufficient information for investors to gain a fair impression of the company. We invest in markets where regulations and conventions for disclosure, especially ESG-related disclosure, can differ markedly and therefore evaluate the disclosure in the context of the market where each company is located.

Diversity

We support actions that promote greater diversity and believe action needs to start at the Board level. We also believe that diversity goes beyond gender and racial diversity but also need cognitive diversity with people having different backgrounds and education.

Norms and conventions differ in the countries where we invest, but where women are unrepresented on boards, we encourage a shift in attitudes. We further encourage companies to apply policies that ensure equal conditions and opportunities for female and male employees.

While we are sensitive to cultural conventions, we disagree with discrimination on the basis of gender, gender identity, race, religion, nationality, or sexual orientation. We believe that any form of discrimination is not only wrong, but also represents a waste of talent that could otherwise contribute to long-term shareholder value, company sustainability, and economic development.

Governance, Remuneration and Board Composition

As well as the gender diversity that we seek to promote on a company's board, we seek governance structures and processes that help to align management's incentives with the interests of shareholders. We go further in that we look for a governance approach that seeks to align management with the company's customers. Board and executive compensation proposals should therefore be fully disclosed to shareholders and specific, with limited room for ex post discretion, allowing optimal transparency. A board's independence can be useful in

countering some undesirable behaviours, and so we encourage boards to have a majority of independent directors.

Board Remuneration

We seek alignment of remuneration with shareholders' long-term interests, as well as sustainability goals. We also seek remuneration of independent directors that is not excessively generous such that it compromises the independence that their roles necessitate. Long-term alignment should mean that vesting periods are also long-term. The avoidance of discretionary elements in awards helps to establish the clear criteria against which performance is measured.

Auditor Appointment

We believe that excessive terms as company auditor can lead to negative behaviours, or otherwise be a signal for some of those behaviours. We would seek to discourage reappointment of auditors whose terms have been excessive. Local market practices mean that we may act with sensitivity.

Auditors should be sufficiently independent from the company and its management in discharging their fiduciary duties to shareholders.

How we Engage

We consider proxy voting as a formal way for us to convey our support or lack thereof to management on a specified set of issues, including some ESG issues. Our Proxy Voting Policy is available on the [Responsible Investing section of our website](#). Engagement allows more nuanced discussions and sharing of opinions on a broader set of issues.

Engagement is core to Responsible Investment and has several strands. Long-term shareholder value and sustainability are the overarching principles within the discussions that we hold. While the scope of our engagement activity can be broad, it tends to focus on the previously mentioned areas of: social issues identified during our Immersions studies; and identification of risks. These issues are invariably discussed with management on a standalone basis.

For issues other than consumers/social and risk, when engaging, we consider whether to do so on a standalone basis, as the firm, or as part of a collaborative effort. We choose the approach according to what we believe will bring the most effective outcome.

We do not engage in activity, either on a standalone basis or within a collaborative group of investors, where the outcome being sought is a short-term boost for the company and its share price. Our sustainability objectives are inherently long-term and can at times conflict with short-term objectives.

We engage with companies via written communication video calls or face-to-face meetings.

Where a company might be acting in a way that according to our views harms its employees, its customers, its market, or the environment, we would seek to engage, to help them understand why we will not invest in them until they resolve the issue. Our process states that

all ESG risks have to be quantifiable before our analyst performs detailed bottom-up work. If new information comes to light that makes ESG risks unquantifiable for companies that we own, we will sell the position.

As we have a single strategy, the application of this policy is consistent. We believe that a company management's approach to ESG (Environmental, Social, Governance) issues can be a strong indicator of that company's ability to sustainably generate shareholder value for its owners, our clients.

Process

Where Trinetra considers voting "AGAINST" a Board's recommendation, prior to the vote, where relevant, we will engage with the company's management to ensure that the research provided by ISS (Institutional Shareholder Services) is complete and not misleading.

For certain instances where we have voted "AGAINST" a Board's recommendation, we will consider writing to management to explain our reasoning for the vote, and to attempt to encourage a change in the Board's position for future similar votes. Having identified issues where a proxy vote "AGAINST" might be an insufficient means of expressing our disapproval over that issue, we will consider voting against the re-election of management, usually the Chair of the Board or director with specific responsibility for the issue. Sometimes the issue itself may not be the subject of a proxy vote.

If our principles or policies are breached, we will consider selling the entire position. If we consider that the risk has become too high, or the returns too low, over a reasonably long-term time horizon, we would not consider them the right investment for our portfolio.

After internal investment team discussions, we will decide on how to most effectively persuade management to consider changing course. In the first instance, we will decide whether to join or establish a collaborative action with other stakeholders, or to pursue a standalone engagement objective.

For a standalone engagement, we will discuss how best to make our case to management. This relates to the substance of the argument and the medium of engagement, whether letter, email, call, video call or live meeting. We are mindful that our perspectives might be skewed, so are always prepared to hear counter-discussions from companies, and to see the issue from their angle. Disposal becomes a viable conclusion when it becomes unambiguous that management is not aligned with shareholders to a material extent. Beyond one-off, poor decision-making, this can be a pattern or intention of poor capital allocation. In particular this applies when the composition of the company has substantially changed, or is expected to, such that it deviates from our investment rationale.

Each engagement instance is documented, and to conclude, we examine what happened so that we can understand what we can learn from our engagement.

Escalation

Where our attempts to engage are not constructively received, we may choose to escalate in a number of ways. As such we may request meetings with certain Board members or the Chair of the Board. We may also ask certain of the company's advisors to pass on our concerns. As mentioned in "Process" above, we may also escalate a standalone action to a collaborative one. In more extreme circumstances, we would consider making public our 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, we consider the trust between shareholder and management to have been broken. In such circumstances, we are more likely minded to sell the position in the interest of our clients.

Collaborative Engagement

Effective collaboration that results in real impact can take a variety of forms. It can be company specific, or can relate to broader issues, sometimes of global significance. Combining resources, influence and expertise with other investors can mean both higher probability of success and bigger impact. This assumes alignment with others' objectives.

As signatories to initiatives and industry bodies such as the United Nations' Principles for Responsible Investment and the Task Force for Climate-Related Financial Disclosures that facilitate policies and collaborations, we are invited to join collaborative efforts that others have initiated.

We add our support to certain collaborative investor actions by including our name to a list of signatories to letters that aim to highlight issues to a large number of company leaders and beyond, to demonstrate that certain issues are both pressing and have broad support across the finance and investor industry.

For more information and enquiries regarding collective actions, please contact our Compliance Officer at the following address:

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