



# GTP

GLOBAL THEMATIC PARTNERS

## Environmental, Social, and Corporate Governance (“ESG”) Investment Policy

August 2019

# 1. Policy Statement

Global Thematic Partners, LLC (“GTP”) views Environmental, Social, and Corporate Governance (“ESG”) issues as important to organizational success and incorporates such considerations into our investment and proxy voting decisions.

One of the hallmarks of our belief system is: “that which is unsustainable, will not be sustained”. We believe that earnings streams reliant, for instance, on resource depletion, unfair competition or inhumane business practices are in general unsustainable over the medium term and will be diminished one way or another by: governments who regulate them away; courts which issue judgments against them; increasingly-informed customers who refuse to do business with them; labor who refuse to work for them; or investors who refuse to provide capital to them. In short, such businesses generally do not represent attractive long-term investments, and we often observe that our objectives as thematic investors overlap with commonly recognized ESG principles. GTP became a signatory of Principles for Responsible Investment (“PRI”) in 2018.

This policy defines GTP’s approach to ESG issues at three levels of our investment process: the GTP company level, our thematic research and our company due diligence activities. It serves to outline the considerations and processes employed by investment personnel in regard to ESG issues. The policy establishes the multiple factors which are scrutinized in various investment process stages, including:

1. Ongoing Company Due Diligence / Pre-Investment
2. Portfolio Holdings
3. Proxy Voting

It is recognized that no single policy can address every ESG circumstance that may arise within our investment process. As such, this policy is intended to complement and reinforce GTP’s Code of Ethics, which articulates and defines GTP’s fiduciary duty to its clients/investors.

## 2.1 Firm Level

GTP’s portfolio management experience related to due diligence and review of ESG topics and issues should be integrated into all appropriate facets of our organization and investment process. Firm-level ESG activities of GTP include:

1. Maintaining dialogues with relevant NGOs and supranational governments regarding sustainable practices.
2. Maintaining policies and procedures related to investment research, ESG, and proxy voting.
3. Conducting a review of company/portfolio ESG matters, when appropriate, within our Risk and Compliance Sub-Committee.
4. Adhering to PRI and other organizations GTP may commit to.

## 2.2 Theme Level

GTP’s global themes represent major shifts in economics, social science and natural science which we expect to drive valuation and, accordingly, price movements. These themes are structural trends and, therefore, fundamentally incongruous with major ESG violations.

Specific ESG topics and issues are identified and monitored for each theme as appropriate. Relevant ESG topics and issues are imbedded within the themes screening process. Most of our themes interact with one or more ESG issues – such as climate change and pollution in Sufficiency, or health access and equity in Personalized Medicine. These considerations are embedded in our thematic screening process, and we

seek to be aware of and comfortable with their implications before initiating a theme or a position in a company.

## 2.3 Stock Level

In evaluating securities for inclusion within our portfolio a variety of factors are used to assist in the identification of ESG issues. Such factors are relevant to both initial company due diligence and ongoing monitoring of portfolio holdings. Activities supporting GTP’s assessment of ESG factors for prospective/current holdings include:

- **Company Due Diligence**

- At the company level, we perform rigorous and thorough fundamental analysis tailored to each theme. Where applicable, ESG issues related to potential investments are identified and considered during the research process. ESG issues and topics may include, but are not limited to:

Environmental	Social	Corporate Governance
<ul style="list-style-type: none"> <li>• Natural Habitat</li> <li>• Soil Degradation</li> <li>• Hazardous Waste</li> <li>• Pollution</li> <li>• Greenhouse Gases</li> <li>• Resource Consumption</li> </ul>	<ul style="list-style-type: none"> <li>• Labor &amp; Human Rights</li> <li>• Health &amp; Safety</li> <li>• Tobacco</li> <li>• Human Development</li> <li>• Diversity &amp; Equality</li> <li>• Animal Testing</li> <li>• Defense and Weapons</li> <li>• Digitalization</li> </ul>	<ul style="list-style-type: none"> <li>• Management Structure</li> <li>• Executive Compensation</li> <li>• Employee Relations</li> <li>• Board Composition</li> </ul>

- GTP utilizes market data and proprietary resources to identify potential ESG issues of a prospective investment and to monitor the development of issues within existing holdings.
- Where applicable/appropriate, ESG milestones are defined for companies and monitored by the investment team.

- **Management Meetings**

- GTP conducts meetings with the management of new potential investments as well as regular meetings with the managements of existing holdings. These management meetings are part of the in-depth research conducted on all investments. Such meetings assist the investment team in identifying any ESG issues and objectively evaluating the business decisions of management.
- GTP requires transparency from company managements with respect to potentially material ESG issues - providing information on and discussing ESG topics and issues where applicable.

- **Screening Tools**

- GTP utilizes various third-party research tools (including RepRisk) to screen investments for ESG issues.
- As the ESG space has evolved over the past years, we have been selective in the particular use of independent assessment tools.
- Specifically, for select portfolio holdings RepRisk is used to monitor ESG topics and company news flow against internal and international standards.

### **3. Proxy Voting**

With increasing frequency, shareholder proposals are submitted relating to social and political responsibility issues. GTP's Proxy Voting Policy, which takes into consideration ESG topics and issues, is applied to all proxies of portfolio holdings.

### **4. Client-Specific Guidelines**

GTP implements client-specific investment guidelines and restrictions for institutional separate account mandates. Such guidelines/restrictions may relate to ESG matters defined by the client.