



GTP

GLOBAL THEMATIC PARTNERS

Engagement Policy

April 2020

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. GTP became a signatory of Principles for Responsible Investment (“PRI”) in 2018.

Responsible Investment is an integral part of our investment approach. We seek to work with the companies and relevant stakeholders in which we invest to address complex environmental, social and governance challenges that are in line with the interests of our clients. We aim to help companies unlock shareholder value while generating a positive impact.

We seek an active dialogue with firms and address any material environmental, social and governance issues, but we are not activist investors. We also believe that ongoing iterations of company management are required to corroborate a company’s story, establish consistency and ultimately confidence in the businesses we will invest in. Fortunately, we have not experienced recent situations of company management negligence of ESG principles. We are in constant dialogue with our holdings that have a high contribution from CO2 due to the nature of their business operations to ensure mid- and long-term CO2 reduction goals are feasible and enforced by management and stakeholders. Our Bottom Billion portfolio management team focusses on ESG given the nature of dealing with EM companies.

2. Components of engagement program

- Theme research
- Company analysis
- Management / Analyst meetings
- Portfolio construction
- Client discussion and client restrictions

3. Methods of engagement

- **Company Due Diligence**
ESG issues related to potential investments are identified and considered during the company research process. Our thematic screening process embeds many ESG topics.

GTP utilizes various research sources and tools, including RepRisk and Bloomberg, that provide information related to corporate governance, environmental and social issues. This information is considered within our comprehensive, bottom-up evaluations of each of our portfolio holdings. As the ESG space has evolved over the past few years, we have been selective in the particular use of independent assessment tools.

- **Management Meetings**
Company management meetings and third-party research tools facilitate GTP’s ESG due diligence activities. Our engagement discussions with companies are framed by our thematic process. Most of GTP’s themes have screened out material ESG issues prior to inclusion in our clusters, some themes might offer a solution to a particular ESG concern.

Theme-level ESG issue considerations

OUR THEMATIC SCREENING PROCESS EMBEDS MANY ESG TOPICS

Sufficiency <ul style="list-style-type: none"> Resource depletion, scarcity and efficiency issues Demographics and human development Climate change and pollution 	Future of Construction <ul style="list-style-type: none"> Construction has huge social and environmental impact It consumes 50% of all materials, creates 25-40% of CO2 Low productivity, low profitability, skilled labor shortage
Talent & Ingenuity <ul style="list-style-type: none"> Education and human capital Business rights and legal environment Employment and labor issues 	Personalized Medicine <ul style="list-style-type: none"> Health issues, access and equity Political / legal environment (e.g. medical ethics) Demographics and lifestyle changes
Bottom Billion <ul style="list-style-type: none"> Demographics and human development Equality and equity in economic growth Governance and institutions (e.g. FDI, corruption, labor) 	Supply Chain Dominance <ul style="list-style-type: none"> Security of supply, traceability and customer loyalty Efficiency and logistical issues Global license to operate
Real Life Renaissance <ul style="list-style-type: none"> Focus on experiences over consumption and depletion Reversion to natural and local products Active in fitness, sports, and outdoors 	Future of Money <ul style="list-style-type: none"> Lack of transparency/ fee pool disruption (predatory lending) Pending lawsuits – sins of the past and present New merchants of trust



GLOBAL THEMATIC PARTNERS LLC

RepRisk and Bloomberg inputs on CO2 and ESG Scores, individual GTP analyst observations and management discussion are considered in 4 of GTP's 6 risk factors within its Risk Score Card; regulatory risk, execution/management, balance sheet risk and taste/preference risk.

- ### Proxy Voting

We utilize ISS as a provider of corporate governance and responsible investment solutions which include objective governance research and recommendations, RI data, analytics, and research. ISS helps us to form corporate governance views, identify environmental, social and governance risk, and manage proxy voting wherever needed. Being a global thematic investor, ISS has been helpful to us with expertise in local market voting practices and regulatory requirements in addition to legal, mergers and acquisitions and compensation related issues. Analysts review and provide input on ballot items and will request additional information and escalation to the GTP Proxy Voting Sub-Committee when there is a potential conflict of interest.

- ### Third Party

GTP maintains dialogues with relevant NGOs and supranational governments regarding sustainable practices. GTP will actively seek out new industry groups and organizations to share relevant information.

4. Monitoring and transparency

As described in GTP's Research Policy, analysts are responsible for maintaining company notes which, amongst other things, include discussions on potential ESG issues. Any material ESG issues that are not resolved impact the company's Risk Score and may lead to removal from client portfolios.

Associated Policies: ESG Policy
 Research Policy
 Proxy Voting Policy
 Code of Ethics