

# TRIUM CAPITAL LLP

## RESPONSIBLE INVESTMENT AND ESG POLICY

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### INTRODUCTION

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Trium Capital LLP (“**Trium**” or the “**Firm**”) is dedicated to achieving the best possible risk-adjusted returns for its investors and believes that Responsible Investment (“**RI**”) and Environmental, Social and Governance (“**ESG**”) are important factors to consider when delivering this.

Trium recognises that strong governance alongside a workplace with an environment and culture that respects, values, stimulates and enables opportunities for all, will contribute positively to its financial performance and operational efficiency. Trium also believes it is essential that our workplace practices and values are aligned with the investment principles it applies as a responsible investor. As a result, Trium has identified the importance of having a strong ESG policy.

Trium takes ESG factors into account while ensuring that assets under its stewardship are managed in a way which maximises value for its clients. ESG principles help Trium uncover company risks as is consistent with its fiduciary duty. Consequently, this document outlines a broad policy approach to consider RI and ESG factors in Trium’s investment process.

Trium recognises that this ESG policy is part of a continuous and long-term process that will evolve over time to reflect changes in industry best practice and internal processes. It will therefore be reviewed as necessary to ensure that Trium continues to realise and exceed its objectives to remain a responsible investor.

### DEFINING ESG

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**ESG investment** covers the range of investment activities which explicitly acknowledge the relevance of environmental, social and governance (ESG) factors in investment decisions, with the long-term return of an investment portfolio in mind. It aims to correctly price social, environmental and economic risks and opportunities.

**ESG integration** is the inclusion of ESG considerations, including the analysis of a range of risks and opportunities related to ESG drivers, within financial analysis and investment decisions. This can be done in various ways, tailored to the investment style and approach of the Portfolio Manager.

**Exclusion list** is a formal list of companies involved in activities which are not compatible with the Firm’s basic principles and which Portfolio Managers may not invest in. Trium recognises that some investors have concerns over specific activities which they do not want their investment exposed. Where appropriate, we will work with investors to define the criteria used to avoid investment in companies operating in those industries, and will maintain that exclusion on an ongoing basis.

**Impact investment** describes investments made with the intent of generating specific positive social and environmental benefits whilst delivering financial return.

**Responsible investment** is a strategy and practice to incorporate ESG factors into investment decisions and active ownership. It considers both how ESG might influence the risk-adjusted return of an asset and the stability of an economy, as well as how investment in and engagement with assets and investees can impact society and the environment.

**Sustainable investment** means an investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

**Sustainability factors** mean environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

**Sustainability risk** means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

## **POLICY OBJECTIVE**

The purpose of this document is to establish Trium's firmwide approach to Responsible Investment, and Corporate Social Responsibility ("CSR"), detailing how RI and ESG factors are considered in its investment decision-making process.

The different strategies managed by Trium have different abilities and approaches for implementing RI. Whilst this policy details Trium's philosophy and rationale for the inclusion of ESG within the investment process of the funds at the firm, the individual strategies may also have their own separate, and distinct policy which can be provided upon request.

The motivation to consider RI and ESG is driven throughout Trium, from the top of the company down.

## RESPONSIBLE INVESTMENT APPROACH

### RI Governance and Management

The ultimate responsibility for the oversight and management of Trium's ESG policy and approach rests with Kate Sullivan, Head of ESG. Further to this, RI matters form part of the reporting pack on each strategy and are discussed at each Portfolio Managers' Investment Committee meetings ("TIC"), typically held on a Monthly basis.

### Considering ESG in the investment process

Trium encourages the consideration of ESG factors in its investment process when it may have a material impact on an investment.

Given the multiple investment strategies and teams investing at Trium, it is not straightforward to have one overarching ESG framework. Therefore, ESG factors should be considered, where relevant and appropriate, to each underlying portfolio manager and their strategy.

Trium's ESG approach is a continuous and long-term process, which will evolve over time to reflect changes in industry best practice, investor demands and its own internal processes.

### Integration of sustainability risks in investment decisions

Trium acts as the Investment Manager for a number of strategies and investment funds. The Portfolio Managers of these strategies and investment funds in turn report to the TIC. Consequently, the integration of sustainability risks is both fund specific and firm wide.

Trium integrates sustainability risks in investment decisions through a combination of firmwide policies in relation to sustainability factors and the adherence to responsible business conduct codes.

Trium adheres to a number of business conduct codes. These are as follows:

- FCA:** Trium is an FCA regulated firm, and as such adheres to the FCA's '11 Principles for business', and the FCA's Conduct of Business rules.
- PRI:** The PRI is the world's leading proponent of responsible investment. It works to understand the investment implications of environmental, social and governance (ESG) factors and to support its international network of investor signatories in incorporating these factors into their investment and ownership decisions.
- SBAI:** The SBAI is a standard-setting body for the alternative investment industry and custodian of the Alternative Investment Standards. The SBAI provides a mechanism for creating a framework of transparency, integrity and good governance designed to improve how the alternative investment industry operates, facilitates investor due diligence and complements public policy. The SBAI has produced detailed papers to help its members consider ESG aspects.
- AIMA:** The Alternative Investment Management Association (AIMA) is the global representative of the alternative investment industry, with around 2,000 corporate members in over 60 countries. AIMA draws upon the expertise and diversity of its membership to provide leadership in industry initiatives such as advocacy, policy and regulatory engagement, educational programmes and sound practice guides. AIMA has produced detailed papers to help its members consider ESG aspects.

### Access to quality ESG data

The consideration of ESG data is a component of Trium's approach to RI. Each Portfolio Manager has access to ESG data to strengthen their understanding of an investee company's ESG profile, performance, risks and opportunities.

Trium's Portfolio Managers may undertake their own research including collecting ESG information from third-party ESG data providers to strengthen their understanding of a company's ESG profile. This enables the managers to identify the ESG performance of an investee company, which may contribute to the decision to include or not include a particular equity in their portfolio.

The results of the ESG research is discussed with the relevant Portfolio Managers during their monthly TIC meetings. This methodology will be reviewed on an on-going basis to ensure it continues to meet Trium's requirements. Further information on the research process can be provided upon request.

The ESG data providers currently available to Trium Portfolio Managers are:

**MSCI:** <https://www.msci.com/>

Trium Portfolio Managers have access to MSCI ESG ratings which provides industry specific ESG company ratings including; Industry Sector Reports, Company Profiles and Thematic Research.

**Integrum:** <https://www.integrumesg.com/>

Trium Portfolio Managers have access to the Integrum ESG Data & Dashboard. This allows Portfolio Managers to track ESG risks in their portfolios, analyse the ESG risks in any company or country they are tracking, and incorporate the SDGs and impact across their portfolio.

**Bloomberg:**

Trium Portfolio Managers also have access to Bloomberg ESG Data including Sustainalytics and ISS scores via BBG.

## **Exclusion Policy**

Trium fully support the following international conventions, and will not knowingly hold any security that is involved in the production, stockpiling, transfer and use of these weapons.

**The Convention on Cluster Munitions (2008):** prohibits the production, stockpiling, transfer and use of cluster munitions

**The Ottawa Treaty (1997):** prohibits the production, stockpiling, transfer and use of antipersonnel landmines

**The Chemical Weapons Convention (1997):** prohibits the use, stockpiling, production and transfer of chemical weapons

**Biological Weapons Convention (1975):** prohibits the use, stockpiling, production and transfer of biological weapons.

Trium will retain a list of such issuers and the purchase of securities will be prohibited in Trium's Order Management System ("OMS"). The list of these issuers can be made available, upon request.

Trium use information made available through the Norges Bank Exclusion list, the Robeco Exclusion List, and Stop Explosive Investments website to help keep its exclusion list up to date. This list is reviewed annually, or on an adhoc basis as appropriate, to ensure that it is kept current.

Trium recognise that some investors have concerns over specific activities which they do not want their investment exposed. Should investors require, we are willing to investigate individual managed accounts to allow us to work with investors to define the criteria used to avoid investment in companies operating in those industries and will maintain that exclusion on an ongoing basis.

In addition to the firm wide restrictions outlined above, some of Trium's strategies may have standalone exclusion lists which also include other sectors (for example, nuclear weapons and tobacco). A strategy specific exclusion list can be made available upon request.

## **Engagement/Stewardship**

As part of its commitment to be a responsible investor, Trium engages with its investees on ESG issues within some of its strategies. This explicitly addresses the PRI Principle 3, to which Trium is a signatory, and which states that, *"We seek appropriate disclosure on ESG issues by the companies we invest in"* (PRI).

It is important to note that Trium's structure of investment means not all investment strategies allow effective engagement. As an example, a Global Macro strategy, where no single stock positions are held, does not lend itself to shareholder engagement. Where able, Trium prioritises its engagement activities based on the materiality of the ESG issue, its exposure to the investee and the expected benefit to our investors.

Trium has considered the recent updates to the Stewardship Code in January 2020 and the Shareholder Rights Directive II that took effect in June 2019. The Financial Conduct Authority and the Financial Reporting Council have acknowledged that certain aspects of the Stewardship Code are not directly relevant to all managers.

Trium is a fund manager to a number of alternative and regulated funds and strategies and it pursues an investment strategy to which the aims of the Stewardship Code are not fully relevant. Trium believe the Stewardship Code offers good guidance and the Firm seeks to be in adherence to it in material matters.

While the Firm supports the general objectives that underlie the Code and the Directive, the provisions of the Code are not relevant to the type of activity currently undertaken by the Firm because it does not adopt an overall active approach to shareholder participation.

Trium have been signatories to the United Nations Principles for Responsible Investment since 2015 and are committed to following the principals and guidelines that help companies to address social, ethical, environmental and corporate governance issues into the investment process.

In 2018, Trium became a signatory to the CDP (formerly the Carbon Disclosure Project), an independent organisation that runs the global disclosure system for investors, companies, cities and states to measure and manage their environmental impacts. Trium participate in the CDP's engagement campaigns, including the annual non-disclosure campaign, and the SBTI campaign.

### **Proxy-Voting**

Trium as a regulated full scope AIFM and investment manager to UCITS Funds, Trium may be given the authority and discretion to vote by proxy in those listed stocks held on behalf of the funds and managed accounts.

Furthermore, as an SEC Registered Investment Adviser, it is the policy of the Firm to vote all proxies in the best interests of its investors, in accordance with Rule 206(4)-6 of the Advisers Act.

Trium recognises the importance of making considered use of voting rights and aims to exercise these voting rights where practicable. Trium has developed the following Proxy Voting Policies and Procedures (the "Policy") in order to ensure that it votes proxies or gives proxy voting advice that is in the best interests of the investors.

### **Role of Custodians and Prime Brokers**

In the case of the UCITS Funds, the firm uses Broadridge ProxyEdge platform, provided by the custodian (Northern Trust). The service collects all eligible ballots and enables Trium to vote online.

In the case of AIFs, physical custody of the relevant securities is undertaken by the prime brokers in their parallel role of custodian/depositary, and legal ownership of the securities, to which the right to vote attaches, is vested in them.

On receipt of a corporate action, the custodian/prime broker concerned will contact the Firm (usually through Trium's Operations Department) seeking advice on which way to vote the proxy voting right.

In advising the custodian/prime broker on which way to vote the proxy the guidance set out in this Policy will be followed.

### **Proxy Voting Procedures and Guidelines**

The Portfolio Manager will seek to utilise proxy voting where the PM views this is in the best interest of the investor and will take into account the following guidelines:

- ▶ support a current management initiative if Trium's view of the issuer's management is favourable;
- ▶ vote to change the management structure of an issuer if it would increase shareholder value;
- ▶ vote against management if there is a clear conflict between the issuer's management and shareholder interest;
- ▶ in some cases, although Trium supports an issuer's management, there may be corporate governance issues that Trium believes should be subject to shareholder approval; and/or
- ▶ may abstain from voting proxies when it is determined that the cost of voting the proxy exceeds the expected benefit to its clients.

The Operations Department will pass all proxy voting requests received from the custodian/prime brokers to the relevant Portfolio Managers to determine how to vote each such proxy.

Upon making a decision, the Portfolio Managers will instruct the Head of Operations on how to vote. It is the responsibility of the Head of Operations either to vote the shares or to instruct the custodian/prime broker of the Firm's voting decision in order to update the client's proxy voting record.

The Head of Operations must ensure that the voting of all proxies is completed in a timely manner and must monitor the effectiveness of these policies.

The firm uses Broadridge ProxyEdge platform, provided by the custodian (Northern Trust). The service collects all eligible ballots and enables Trium to vote online.

For systematic strategies, which typically have highly diversified portfolios and short holding periods, it is not practical to engage in proxy voting. The Firm's policy is therefore to abstain from proxy voting in these instances.

For securities held on CFD, while there is typically no voting right attached, where we view a vote to be important we will work with our Prime Brokers to seek to ensure a vote is cast. If needed we can move the position to a cash position to ensure that the Portfolio Manager has the right to vote.

A full version of Trium's Proxy Voting Policy is available to investors upon request.

### **Conflicts of interest**

As a matter of policy, neither the Firm nor its Portfolio Managers or any of its employees or affiliated may be influenced by outside sources who have interests which conflict with the interests of Trium's clients when voting proxies for those clients. In order to ensure that Trium votes proxies in the best interests of the client, the guidelines and procedures set out in this Policy have been implemented to properly deal with a material conflict of interest.

In determining a proxy vote in accordance with the guidelines set out above, the Firm will first assess the issue to see if there is any possible conflict of interest involving Trium or an affiliated person of Trium. If there is no perceived conflict of interest, the Firm may then vote the proxy according to the guidelines.

If anyone in the Firm has actual knowledge of a conflict of interest, the Firm will normally use another independent analyst to do additional research on the particular issue in order to make a recommendation to Head of the Investment Committee on how to vote the proxy in the best interests of the client.

The Investment Committee, together with the Head of Operations and the Head of Compliance, will then review the proxy voting materials and recommendation provided by the independent analyst to determine how to vote the issue in a manner which the Firm believes is consistent with this Policy and in the best interests of the client.

## CORPORATE SOCIAL RESPONSIBILITY

### Governance

Trium recognise that strong governance alongside a workplace with an environment and culture that respects, values, stimulates and enables opportunities for all, will contribute to financial performance and operational efficiency. Trium believe it is essential its workplace practices and values are aligned with those it applies into its investment process as a responsible investor.

Trium's Executive Committee is responsible for the management and long-term success of the company, taking into account the best interests of the Company and its staff, and also its investors.

Trium's commitment to corporate responsibility is applied both externally, as detailed in the earlier part of this policy, through RI and the incorporation of ESG factors in the investment process, and also internally where we aim to promote a healthy, respectful and sustainable working environment.

We believe that the highest levels of sustained performance can only be achieved within the right environment. This applies to all aspects of asset management, not just investing. Our guiding principles - collectively our 'ethos' - help us to create and maintain the conditions to maximise success for our clients and, thereby, for ourselves.

By looking at the larger picture, Trium hopes to lay the foundations of a durable and robust business, which can withstand economic cycles and uncertainty for years to come; moreover, a workplace and investment manager that is the vanguard of the industry.

Trium truly believe that our future success depends on our staff, we take pride that our employees come from a variety of backgrounds, nationalities and cultures, and employment history. Trium are an equal opportunities employer, and we aim to recruit the best talent available in what is a highly competitive market.

The purpose of this section of Trium's RI & ESG policy is to establish a framework to strengthen Trium's governance, workplace environment and culture, and are committed to ensuring that it:

- ▶ Benefits the Company's decision-making and creates tangible value for the company.
- ▶ Is synonymous with the values applied in its investment making practices
- ▶ Is meritocratic and without prejudice
- ▶ Is a stimulating and rewarding environment where all employees feel valued, respected, able to contribute and know they can realise their potential; and
- ▶ Realises the opportunities derived from diversity of thought and diversity of people.

There is significant commitment to ensure that any initiatives implemented are substantive and material.

### Diversity & Inclusion

Trium is committed to providing a diverse and inclusive environment for all employees. As a company we believe it is important that we maintain, support and encourage diversity across all levels and areas of our business. True diversity comes from diversity of experience and diversity of thought, and we recognise that everyone benefits when we leverage our differences; it often creates a more interesting, productive and enriching environment.

Trium aims at all times to:

- ▶ ensure that all job applicants and employees receive fair and equal treatment;
- ▶ recruit, develop and promote on the basis of experience, capability, qualifications and performance;
- ▶ provide a working environment free from harassment and bullying;
- ▶ treat seriously and deal promptly with any complaints of alleged discrimination, bullying, harassment or victimisation, ensuring a thorough investigation, and the implementation of remedial action if necessary. Further details on this procedure can be found in the staff handbook.
- ▶ oppose all forms of discrimination, harassment and bullying.

It is Trium's policy to ensure that no job applicant or employee receives less favourable treatment on the grounds of gender, sexual orientation, age, race, colour, nationality, ethnic origin, religion, belief, disability, marital status, or trade union membership or is disadvantaged by conditions and requirements which cannot be shown to be justifiable.

We are committed to ensuring that our job descriptions and adverts are 'neutral' and are not discriminatory. This will help ensure that candidates applying for roles at the company are not dissuaded from applying for roles with the organisation and will help us to encourage broader and more representative participation.

Trium recognise that traditionally the sector within which it operates is male dominated and still attracts a higher percentage of men, and fewer women. As a firm Trium are committed to improving female gender representation across all levels of the organisation, and particular in Investment & senior level roles.

The Head of ESG agrees to continue monitoring job descriptions/specs to ensure neutrality when sending these to recruiters and posting job availabilities.

Trium is committed to working with organisations to improve the opportunities for employment within the asset management industry for younger people with diverse backgrounds. To this extent, Trium are involved with the following initiatives;

### **Sutton Trust Pathways to Banking & Finance**

Launched in 2017, Pathways to Banking and Finance is a pioneering programme that seeks to improve social mobility in banking and finance by providing industry access to high-achieving students from disadvantaged backgrounds and building essential life skills.

Rationale for partnership: to help affect industry-wide change, change the perception of banking and finance, and increase diversity in the workplace. Building a partnership with the Sutton Trust will enable Trium to:

- ▶ Build a diverse pipeline of graduate talent.
- ▶ Review best practice for reaching and attracting less advantaged candidates.
- ▶ Engage diversity champions across the business with the topic of social mobility.
- ▶ Play a part in addressing the broader societal issue of social mobility, contributing to the Trust's efforts to transform 5,000 lives each year.

### **Lumsden Leadership Summit**

The Lumsden Club is an all-female registered Scottish charity at the University of St Andrews dedicated to supporting women's and children's charities as well as promoting the arts. To date, The Lumsden Club has 36 members, and has raised over £30,000 within the last six years in support of various charities.

The Trium x Lumsden Leadership Summit Internship offers a summer internship each year with the hope of attracting more female applicants to the industry.

### **Staff Training**

Trium have a Learning and Development Policy which makes opportunities for training and career development equally available to all staff. The Company's policy is to provide learning and development to increase the efficiency of the organisation, increase job satisfaction and improve career prospects for its entire staff by improving working skills and developing their capabilities to the fullest extent.

Staff are entitled to take paid study leave of up to a total of 5 days in a calendar year. Trium will also make a full or partial contribution to exam fees and training materials for the first attempt at an exam.

Promotion within the Company is based on personal merit and the reasonable requirements of the job.

### **Flexible Working**

We believe that the highest levels of sustained performance can only be achieved within the right environment. Trium believe that for our business to be successful our staff should be able to work in a flexible and supportive environment, and part of this includes our staff having the right to manage their 'work-life' balance.

Trium's managers work with their staff who request flexible working arrangements and are committed to fully considering, and making every effort to accommodate all such requests.



## Charitable Giving and Sponsorship

Giving back to the community provide opportunities to those that are facing more challenging environments, while helping foster cross-departmental team building between staff. Participation in charitable endeavours is therefore actively encouraged at Trium, with employees regularly taking part in sponsored activities or other charitable work. Flexible working options help our staff maintain their charitable commitments alongside their core Trium responsibilities.

Trium have established a charity working scheme for its employees enabling them to take one workday per annum to dedicate to charitable fund raising or volunteering. Under this initiative, the charities supported by employees are to be discussed with and agreed by the ESG co-ordinator.

Trium have a 'Social Impact Group' made up of employees across different departments to help identify ways in which we can help give back to its community, in ways which matter to its employees.

## Environment and Sustainability

At Trium we believe that companies and businesses are responsible for achieving good environmental practice and operating in as sustainable manner as possible. We are committed to minimising our environmental impact where feasible, and are continually looking to improve our environmental performance.

The key points of our approach to achieve this are:

- ▶ Minimise our waste and actively promote recycling.
- ▶ As far as possible purchase products and services that do the least damage to the environment and encourage others to do the same.
- ▶ Ensure that all employees and members understand the importance of good environmental practice and conform to the Company's approach.

## Carbon Offsetting

Trium are committed to offsetting all carbon emissions for business flights taken by staff, and aim to minimise the amount of emissions related to our business.

Trium identified C-Level [www.clevel.co.uk](http://www.clevel.co.uk) to be the organisation used for offsetting these emissions. C-Level support indigenous forest projects around the world, ranging from a co-operative multi-benefit community scheme in Uganda, to mangrove conservation and development projects in Kenya, to supporting local farmers engaged in reforestation and the protection of biosphere reserves in Mexico.

## ACCESS TO EXPERT KNOWLEDGE

In June 2018, Trium partnered with Kukua to help it realise and exceed its RI and related objectives. Kukua are a multi-disciplinary and specialist RI advisory practice which, through its methodology and experience, support a range of capital market participants.

In January 2021, Trium partnered with NorthPeak Advisory, a dedicated ESG advisory firm, to further develop its ESG practices. NorthPeak Advisory are a boutique firm addressing the growth in demand to navigate and manage the evolving ESG landscape and creating a long term ESG approach. They have an experienced team with a diverse, international and complementary skillset within ESG from allocator, consultant and fund manager backgrounds.

### Measures of effectiveness and independent review

Trium's independent specialist ESG and RI advisory practice, NorthPeak Advisory, will annually review its RI framework. The review will ensure that Trium's RI policy, approach and processes:

- ▶ Remain fit for purpose;
- ▶ Achieve their objectives; and,
- ▶ Continue to be strengthened by identifying and acting upon opportunities to stay consistent with appropriate RI, ESG and market-place trends and developments.

### Review

The Trium Executive Committee approves the Trium Responsible Investment and Environmental, Social & Governance Policy which is reviewed at least annually.