



WORLDWIDE
ASSET MANAGEMENT

ESG Report Asian Equities

Q1 2021



ESG RISK RATING

The table below includes ESG Risk scores on the current holdings in the portfolio. The ESG Risk scores are the ESG rank assigned by Sustainalytics on a 1-to-100 scale (1 being the highest score and 100 being the lowest score).

Risk Management and Risk Exposure are the two main components of the overall score, assessing the ESG risk of the individual company and how well the company addresses and manages these risks. The table illustrates the aggregated portfolio scores, as well as the distribution of the holdings scored by Risk Exposure and Risk Management as a percentage of the total portfolio.

	ESG Risk Rating	Risk Management	Risk Exposure
Average Score	24	35	37
	Exposure		
Management	Low	Medium	High
Strong	5%	7%	0%
Average	25%	40%	2%
Weak	12%	10%	0%

Source: Sustainalytics, March 2021

QUARTERLY HIGHLIGHTS

We continue to see positive momentum in terms of management and disclosure of ESG issues at the company level in the portfolio, but also in a broader sense across the region. Based on Sustainalytics data highlighted above, most of the portfolio is considered to have medium exposure to ESG risks, and average management of ESG risks. The most problematic companies, and the one's which would require more careful due diligence are companies assessed as having a high ESG risk profile combined with weak management. We currently have no exposure to this segment.

Governments across the region is playing a role as ESG policy makers. In South Korea, President Moon recently declared that the government will make 2021 the starting year of ESG management and the government will reinforce its disclosure rules on sustainability reporting and roll out ESG standards.

In Indonesia, the government announced its plan to produce battery materials with greener energy and seven special economic zones (SEZs) which will be gradually switched to clean energy.

Finally, in China the annual Two Sessions gathering of the Chinese leadership set out more details on its ambition to reach carbon neutrality in 2060 announced last year.



On the corporate side, the improvement in ESG across the region was largely confirmed in the biennial CG survey report from the Asian Corporate Governance Association (ACGA) assessing the status and quality of corporate governance and ESG integration across 12 markets in the Asia-Pacific.

Across the seven metrics assessed as part of the survey 1. Government & public governance, 2. Regulators, 3. CG rules, 4. Listed companies, 5. Investors, 6. Auditors & audit regulators, and 7. Civil society & media, the overall conclusion is that there is a clear improvement across the region over the past two years since the most recent survey with Malaysia, and Thailand as the two negative exceptions, with both countries suffering from political upheaval, and corruption over the past year or more.

Another takeaway is that ESG reporting to a large degree is still multi-stakeholder focused and not targeted an investor audience. This is not much different what we saw across developed markets a few years ago, and we expect Asian corporates to follow the same journey of gradually incorporating standards e.g., Sustainability Accounting Standards Board (SASB) to increasingly expand their reporting on ESG issues that are of most financial relevance to investors.

As we have highlighted in previous ESG reports, we do see an increasingly acknowledgement of the need to report on and more important mitigate relevant ESG issues when engaging with companies across the region. Most recently, our engagement with Richwave Technology confirmed this.

During the first quarter we became signatory to Climate Action 100+. We see this as a natural next step in our own ESG efforts, as it complements our direct engagement with the companies and the collective engagement we have through Sustainalytics. What Climate Action 100+ has proven over the past couple of years is that collective engagement can be very successful in accelerating the sustainability agenda at companies. Of the 167 focus companies selected for engagement, two companies currently in the portfolio are included: Anhui Conch Cement and Ultratech Cement.

DIRECT ENGAGEMENT

We had a few company calls during the quarter including with Richwave Technology as mentioned above.

RichWave Technology is an example of company which are taking significant steps improving its efforts around ESG and sustainability. While this is improvements not captured yet in the mainstream ESG rankings, we got away with a clear impression of positive direction. Efforts are driven by the company leadership including the CEO, who with see this as an important area for improvement – driven partly by a growing international investor base focusing on this topic.



Our dialogue with the company focused on ESG reporting including initiatives involving external consultants assisting on materiality analysis, environmental performance, supply chain managements, human capital and corporate culture, and corporate governance.

Samsung Electronics responded to a list of sustainability related questions that we have requested feedback on. Those includes questions related to governance and compliance, supply chain management and human rights, and environmental performance.

In 2020, the company introduced more stringent compliance scheme including elevating the compliance team to directly report to the CEO, requiring the Chief Compliance Officer to attend all the board meetings, and revised its anti-corruption policy.

On human rights and supply chain management, Samsung Electronics highlights its internal due diligence based on international standards and assisted by the Responsible Business Alliance. More specifically, Vietnam is highlighted as a country where Samsung Electronics conducted a Human Rights Impact Assessment (HRIA) based on the three principles of UN's Guiding Principles: protection, respect, and remedy.

Please see further engagement actions on Samsung Electronics in the Collective Engagement section below.

COLLECTIVE ENGAGEMENT

Through our cooperation with Sustainalytics, we are currently actively engaging with the following companies in the Asia portfolio:

Samsung Electronics

Corrupt Practices

In 2017, the vice chairman of Samsung was arrested in a corruption scheme involving the impeached president of South Korea. In 2020, Samsung presented an external Compliance Committee to provide recommendations to the board. Samsung updated its internal anti-corruption policy and provides tailor-made compliance training to employees and executives covering awareness and compliance risks. The external Compliance Committee is operating an independent whistle-blower channel and is reviewing the effectiveness of the compliance program. Sustainalytics will continue to monitor outstanding gaps and/or any recommendations provided by the external Compliance Committee.



NEW POSITIONS DURING Q1 2021

Trip.com

Trip.com (China) is a leading one-stop travel service provider consisting of Trip.com, Ctrip, Skyscanner, and Qunar. Trip.com has no significant controversies, and we see the company as relatively low risk with the key issues being human capital, data privacy and cyber security, corporate governance, and anti-trust.

CP All

CP All (Thailand) operates convenience stores in Thailand and China and is the sole operator of 7-Eleven convenience stores in Thailand. In March, CP All announced the acquisition of Tesco assets in Thailand and Malaysia. CP All has no significant controversies, and we see the company as relatively low risk with the key issues being corporate governance, labour practice, energy management, and supply chain management.

Indian Energy Exchange

Indian Energy Exchange is the largest energy exchange in India providing a nationwide, automated trading platform for physical delivery of electricity, Renewable Energy Certificates and Energy Saving Certificates. Indian Energy Exchange has no significant controversies, and we see the company as relatively low risk with a few key issues being corporate governance and data security.

Weimob

Weimob (China) is a provider of cloud-based commerce and marketing solutions. Products are categorised into commerce cloud, marketing cloud, and sales cloud. Weimob has no significant controversies, and we see the company as relatively low risk with the key issues being corporate governance, energy management, and human capital.

QUARTERLY VOTING STATUS

The first quarter of the year lightly kicks off the proxy season. Below are a few highlights of the votes we cast.

PT Bank Rakyat Indonesia

We voted against the items on 1) amendment of the company's articles of association, 2) transfer of treasury stock, and 3) changes in the composition of the boards of the company due to the lack of information disclosed in relation to the proposals.

Ping An Insurance

As in previous years, we voted against management on issuance of equity or equity-linked securities. The need for flexibility must be balanced with providing reasonable protection for shareholder interests. As such, the aggregate share issuance limit (inclusive of share reissuance limit, if any)



should be no more than 10% of the relevant class of shares and the discount limit should not exceed 10%.

Hangzhou Tigermed Consulting

We voted against the proposal for this special meeting to adopt the subsidiary share option scheme of DreamCIS Inc as the directors of DreamCIS eligible to receive options under the scheme are involved in the administration of the scheme.

Please see highlighted voting below. A full list of all votes cast during the quarter is available upon request.

Company	Date	Type	Proponent*	Proposal number	Votable proposal	Proposal text	Management recommendation	Voting policy recommendation	Vote instruction	Vote against management
Top Glove Corporation Bhd	1/6/2021	Annual	Management	11	Yes	Approve Lim Han Boon to Continue Office as Independent Non-Executive Director	For	Against	Against	Yes
PT Bank Rakyat Indonesia (Persero) Tbk	1/21/2021	Special	Management	4	Yes	Approve Transfer of Treasury Stock	For	Against	Against	Yes
PT Bank Rakyat Indonesia (Persero) Tbk	1/21/2021	Special	Management	5	Yes	Approve Changes in Boards of Company	For	Against	Against	Yes
PT Bank Rakyat Indonesia (Persero) Tbk	1/21/2021	Special	Management	1	Yes	Amend Articles of Association	For	Against	Against	Yes
Ping An Insurance (Group) Company of China, Ltd.	3/25/2021	Annual	Management	11	Yes	Approve Issuance of Equity or Equity-Linked Securities without Preemptive Rights for H Shares	For	Against	Against	Yes
Hangzhou Tigermed Consulting Co., Ltd.	3/26/2021	Special	Management	1	Yes	Adopt Subsidiary Share Option Scheme	For	Against	Against	Yes

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