



ESG Report

Asia Equities

Q1 2023



ESG Philosophy

Core Beliefs

Our active approach to the stewardship of investments ensures ESG commitment

We emphasize active ownership to influence positive change and progress

The integration of ESG factors is key to our long-term investment research process

Prioritising pro-active engagement rather than excluding and divesting

Investing responsibly is aligned with superior risk-adjusted long-term returns

Our actions

Engaging directly with and voting on investee companies

Researching ESG factors is fully integrated into our overall investment approach

Materiality ensures that we prioritise what matters most

Extensive screening to ensure norm-based alignment

C WorldWide Asia Equities

Quarterly Comments

The EU announced its Net Zero Industry Act – its response to the US Inflation Reduction Act that is both expected to significantly boost growth and capex of targeted industries. Also, the Intergovernmental Panel on Climate Change (IPCC) released its sixth assessment report which again illustrates a critical need to accelerate climate policy action due to a 'rapidly closing window of opportunity to secure a liveable and sustainable future for all'. Also highlighted in the latest IPCC report, global sustainability regulation's enduring and inclusive quality rests on multi-level governance and calculated coordination across multiple policy domains.

Efforts to improve the energy efficiency of everything from cars to home appliances, along with changes in habits and behaviour, will play a crucial role in making the world's energy use more sustainable. A case in point is India. The country is set to outnumber China as the world's largest population by more than 1.425 bn, which will have an increasing impact on socioeconomic and environmentally related areas dependent on actions taken.

In this context, India's Lifestyle for Environment (LiFE) initiative, first introduced by Prime Minister Narendra Modi at COP26 in Glasgow in November 2021, is an important platform that could help lower energy costs, CO₂ emissions, air pollution and inequalities in energy consumption, even though India's net zero targets is 2070 (somewhat later than most countries that have set a 2050 target). However, since India is set to be the world's third largest economy by 2027, as estimated by the IMF, the country's great challenge is to keep ensuring secure and affordable energy for growth for the Indian population while also acting to meet global targets.

Three key areas address the challenge. Firstly, India has launched a target of non-fossil fuel sources contributing to 50% of India's power generation capacity by 2030; an ambition to establish annual renewable hydrogen production of 5Mt and biofuel mandates that target 30% blending of ethanol in petrol. Secondly, India seeks to domesticate parts of the global supply chains critical to its new energy economy. This includes domestic manufacturing of solar PV, advanced batteries, and electric vehicles. Thirdly, steps have been taken to create a national carbon market, incentivising the purchase of electric vehicles, bulk procurement of electric buses for public transport, and standards and labelling of appliances.

As part of India's first presidency for the G20, LiFE is set to be an overarching theme which objective is to mobilise at least one billion Indians and other global citizens to take individual and collective action to protect and conserve the environment in the period 2022-28.

A study by the International Energy Agency (IEA) shows that if all countries adopt the measures recommended by LiFE, they would reduce global CO₂ emissions by more than 2 billion tonnes by 2030. This alone would deliver around 20% of the emissions reductions needed by 2030 to put the world on a trajectory to net zero emissions. Furthermore, the measures would also reduce energy consumption/per capita inequalities between advanced economies and the rest of the world. The per capita CO₂ emissions reductions in advanced economies by 2030 are 3-4x greater than in emerging markets and developing economies.

The actions set to be broadened from LiFE are expected to affect a large part of the Indian economy, which are also considered when we assess the Indian investment opportunities in our strategies.



Investment Screenings

Sanctions Screenings

All investments are screened against Refinitiv World-Check sanctions-screening covering all known sanction bodies

Norms-Based Global Standards Screenings

Convention Breach screenings, compliance with UN Global Compact Principles, OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights

Investment Exclusions

None of the companies within the portfolio exceeds a certain level of involvement in the activities specified

- 0% Controversial Weapons
- 5% Military Contracting
- 5% Small Arms

Portfolio Changes

During Q1, we initiated a new position in the Airports of Thailand and the South Korean semiconductor company Leeno Industrial.

Airports of Thailand

With the worldwide reopening after COVID, we expect an increase in tourists in Thailand, as it was a key destination for Chinese tourists before the pandemic. From an ESG perspective, Airports of Thailand is a low ESG risk company compliant with the 10 principles of the UN Global Compact. The low-risk rating is due to a strong company ESG reporting, and they follow recognised best practices. Moreover, they oversee ESG issues on the board level and have a strong environmental policy. There is always space for improvements, specifically within workers' rights, but overall, we have added a low ESG risk company to the portfolio.

Leeno Industrial

Leeno Industrials is involved in the manufacturing and marketing of probes used for printed circuit board testing and integrated circuit test sockets used for semiconductor testing. It sells integrated circuit test sockets under the brand name LEENO to domestic and overseas markets. The company is assessed as a low-risk company with low exposure risk. Moreover, the company has not been involved in any ESG controversies, but there is still space to develop ESG disclosure further. Compared to peers, Sustainalytics deems Leeno Industrial to have a lower risk rating.

Direct Engagements

During the first quarter of 2023, we met with several companies in the portfolio, including TSMC, and Samsung.

TSMC

We met with TSMC in Taiwan. During the meeting, we discussed the company's culture and focused on people as the key to success. TSMC has, since its inception in 1987, been working with "ICIC": Integrity, Commitment, Innovation, and Customer Trust. TSMC works only with "one PnL". Profit share is, to a large extent, the percentage of net income for the whole firm to create a collaborative structure across the company – again, the ICIC.

ESG was recently implemented as part of the remuneration and created no issues. It was already embedded in the mindset and culture via ICIC and the mindset to do things right. Furthermore, TSMC has policies to ensure a collaborative mindset, e.g., when people are up for promotion, one KPI is their collaborative capabilities. If you have not shown this, it will hinder your promotion.

We also discussed its environmental standpoint. TSMC will not commit to SBTi until they see the company's absolute level of emissions increase for a few more years. The main reason is that TSMC is growing faster than the renewables available are growing. They indicated that Taiwan's (and certain regions overseas) energy infrastructure will reach a point where TSMC can consider SBTi around 2025 and would rather be on a trajectory of decreasing carbon footprint from when they join. Finally, TSMC mentioned that they do not believe they get enough credit for contributing to energy efficiency in the products where TSMC are vital supplier in many areas. These include wind and solar solutions.

Samsung Electronics

The meeting with Samsung was a collective engagement call hosted by Sustainalytics with the scope to get an update on the company's actions taken within business ethics in recent years, specifically to avoid future bribery and corruption incidents.

Ethics training is mandatory for all except the CEO. An external committee, however, assesses him. All executives have KPIs linked to ethics training to emphasise the



importance of broadening learning and continuing training across the company. Training is performed online, and 98% of employees must be completed for the executive KPI to be fulfilled. The training content is changed annually to keep development and consider any changes in surroundings impacting Samsung.

The enhancements to the ethics program and training have led to a shifting perception of how to manage business ethics internally and made it quite clear how to adopt procedures and structures in place following recent years' enhancements.

On a related matter, we also discussed Samsung's whistle-blower program. It is internally managed, i.e., not independently externally managed, which differs from market practice. External auditors, however, do have transparency of the whistle-blower system. Samsung is currently considering third-party management of the whistle-blower program. Ongoing discussions on this are taking place in the Company's Audit Committee.

The call proved that Samsung is on the right trajectory to limit bribery and corruption cases going forward. We are following the development and note that Sustainalytics consider the recent developments very positive, potentially leading to assessment conclusions of the whole engagement case.

Proxy Voting

The proxy season has only briefly begun in Q1; nonetheless, a few companies held their AGMs during the quarter.

Sunac China Holdings

We voted against management on several proposals:

We believe that the board is not sufficiently independent, therefore, we voted against the election of Jing Hong.

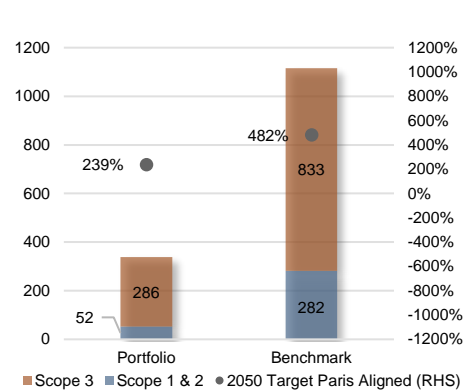
The ESG Policy acknowledges the importance of ensuring that the board is comprised of directors who have a diversity of skills, backgrounds, thoughts, and experiences. The ESG Policy will vote against all members of the nominating and/or governance committee if less than 30% of the board is comprised of women directors at large and mid-cap companies, therefore, we voted against the election of MA Lishan.

Samsung SDI

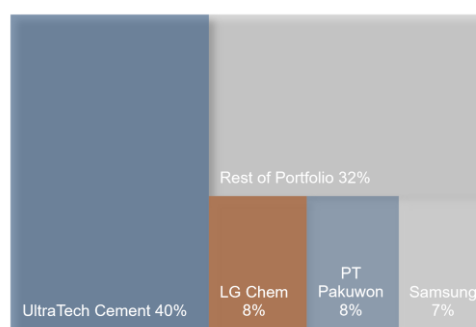
We voted against Glass Lewis on several proposals regarding election of board members. Glass Lewis recommended to vote against management due to insufficient gender diversity. We voted against Glass Lewis as we believe that personal qualifications are just as important.

A full list of all meetings voted is available upon request or can be retrieved directly from the C WorldWide website.

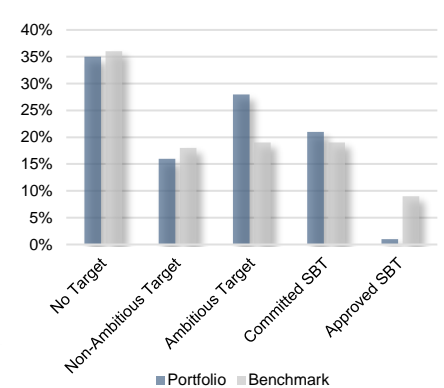
Emissions Exposure & SDS (tCO₂e)



Top 4 Contributors to Portfolio Emissions



Climate Target Assessment



The above graph summarises the portfolio's carbon footprint compared with the benchmark. The Sustainability Development Scenario (SDS) pathway on the right-hand side of the graph is fully aligned with the Paris Agreement. The graph indicates whether the portfolio and benchmark are expected to over-/undershoot against the allocated carbon budget until 2050.

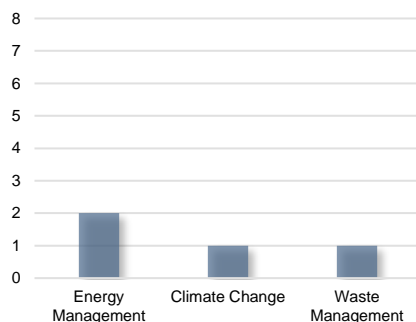
Carbon Intensity (tCO₂e/mill. USD revenue)



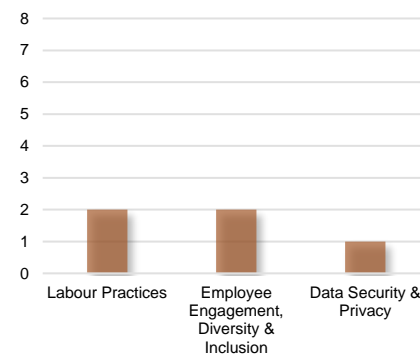
The above graph shows how many of the companies in the portfolio have set climate targets and how ambitious these are. Having ambitious targets, being committed to Science-Based Targets (SBT) or having approved SBT shows close alignment with the Paris Agreement.

Source: ISS Data Desk (Climate Assessment). Based on a portfolio Value of 1,000,000 USD. Portfolio as of 31st of March 2023

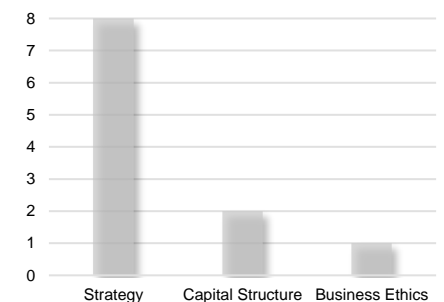
Direct Engagement Topics Environment



Social



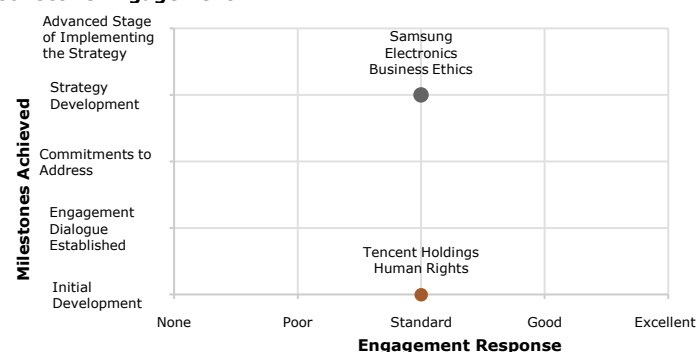
Governance



Total direct company engagements for the portfolio: 8

Throughout the quarter, we conducted several direct engagements with the portfolio companies. Our ESG engagements have most often incorporated an aspect of each subject E, S, and G. The above graphs show the top three engagement topics within environmental, social and governance aspects. There are several sub-topics within each category that can overlap within one engagement.

Collective Engagement



The above graph illustrates our collective engagements with Sustainalytics. The companies are shown within what milestone they have reached thus far and rated according to their communication in relation to the specific engagement topic.

Proxy Voting

Meetings Voted	93%	13
Proposals Voted	78%	89
Proposals Voted Against Management	11%	
Proposal Categories (Top 3)	33%	Board Related
	19%	Capital Management
	14%	Other

We utilise proxy voting to emphasise the topics discussed with the investee companies in our ongoing engagement with them and to vote on key issues important to the governance of the investee companies. The table above shows key topics and how votes have been cast during the quarter.

Source: Sustainalytics. Portfolio as of 31st of March 2023

Source: Glass Lewis Proxy Voting. Portfolio as of 31st of March 2023

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Active Investments

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Our clients are primarily institutional investors and external distribution channels. Our product range includes discretionary asset management services and commingled fund products.

The combination of a unique investment philosophy based on careful stock picking and long-term global trends coupled with a stable team of experienced portfolio managers, has since 1986 resulted in world-class investment performance.

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