

2Q 2020

Nomura Asset Management U.K. Limited
Nomura Asset Management Singapore Limited
Nomura Asset Management Malaysia Sdn. Bhd.
Nomura Islamic Asset Management Malaysia Sdn. Bhd.

Responsible Investing Report

Introduction

Nomura Asset Management is committed to Responsible Investment, being a signatory to the United Nations Principles for Responsible Investment (“UNPRI”) since 2011, and has a strong track record of acting in a manner that maximises both the experiences of our clients and the other stakeholders impacted by our investments.

Nomura Asset Management U.K. Limited (“NAM UK”) has been integrating Environmental, Social and Governance (“ESG”) research (both proprietary internal research and external data providers) into all individual global equity investment committee reviews since 2013. Our engagement activity and ESG research has been published publicly online since 2Q16 in an effort to promote transparency and increase the impact of our activity. Whereas, Nomura Asset Management Malaysia Sdn Bhd (“NAMM”) and Nomura Islamic Asset Management Sdn Bhd (“NIAM”), as member entities within the NAM group in Malaysia, are also committed to standards encouraged by the UNPRI through its commitment to observe the Malaysian Code of Institutional Investors (“MCII”). Both NAMM and NIAM became signatories of the MCII on 25 April 2017.

The engagement efforts of the NAM UK Fixed Income team have been included within this report since 3Q18, and from 2Q19 has also incorporated the research and engagement processes of Nomura Asset Management Singapore Limited (“NAM SG”) and Nomura Asset Management Malaysia Sdn. Bhd. (“NAMM”). Since 1Q20 the Responsible Investment team of Nomura Asset Management Co., Ltd (“NAM Tokyo”) have also been contributing a selection of engagements with Japanese companies to the report. Through the collaboration of research efforts across offices and asset classes we believe we can maximise the impact of engagement activity and achieve the best outcomes for all stakeholders.

It is our view that Responsible Investment is best undertaken by taking into consideration the impact of a corporation’s existence and the associated investment decisions on all stakeholders, not just ourselves as shareholders and/or bond investors. As responsible investors we must take into account the broader impact of our investment decisions and it is our duty to engage with the businesses we own and/or lend to, and even those we don’t, to push for better practices where necessary. Targets for engagement are identified through our ongoing ESG research programme, which takes into consideration the ESG risks within our client portfolios and ongoing evaluation of the impact that our investee companies have on all stakeholders. An assessment is made as to the severity of the engagement topic and the engagement itself is carried out at the appropriate level. Where we feel our engagement activity is not having the desired effect we will escalate our concerns to more senior management or directly to the board. We are proactive with regards to proxy voting as a means to express our views and we actively seek to collaborate with other investors to maximise the impact of our activity.

"NAM Group" "NAM"	These references relate to the whole Nomura Asset Management organisation and will generally be used when referring to matters such as investment philosophy, style, company structure and other policies which are consistent across the Group.
"NAM UK"	This refers to Nomura Asset Management UK Limited, the UK based subsidiary of NAM Tokyo. NAM UK will typically be appointed as investment manager and will retain responsibility for the management, control and servicing of the client portfolio and relationship.
"NAM Singapore" "NAM SG"	This refers to Nomura Asset Management Singapore Limited.
"NAM Malaysia" "NAMM"	This refers to Nomura Asset Management Malaysia Sdn. Bhd.
"NIAM"	This refers to Nomura Islamic Asset Management Malaysia Sdn. Bhd.
"Our" "We"	This refers to the efforts and practices undertaken within the NAM UK, NAM Singapore and NAM Malaysia offices.

Summary

Over the period 61 companies were reviewed and assigned ESG ratings. Of these, 17 were awarded a rating of 'N' (No Issues), 33 a rating of 'I' (Issues but Improving), 11 a rating of 'I' (Issues, Not Improving). No companies were deemed Uninvestable. In addition, 8 further companies were engaged with, supplementary to full company reviews, to discuss ESG related queries that arose over the period. In total 56 companies were contacted to discuss ESG concerns – of these engagements 16 were focused on Environmental Impact, 16 on Social Impact, 22 Governance and 2 Remuneration. Of the companies we engaged with 5 were based in North America, 4 in Europe, 30 Asia ex Japan and 17 within Japan. Responses were received from 51 companies (91% response ratio).

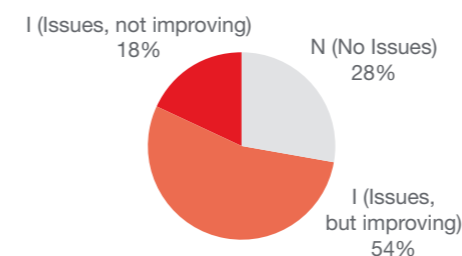
Companies reviewed	
N (No Issues)	17
I (Issues, but improving)	33
I (Issues, not improving)	11
U (Uninvestable)	0
Total	61

Engagements by Region	
Europe	4
North America	5
APAC ex Japan	30
Japan	17
Total	56

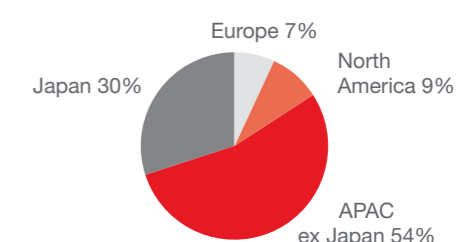
Engagements	
Number of contacts	56
Number of responses	51
Response Ratio	91%

Engagements by Subject	
Capital Allocation	0
Environmental Impact	16
Social Impact	16
Remuneration	2
Governance	22
Total	56

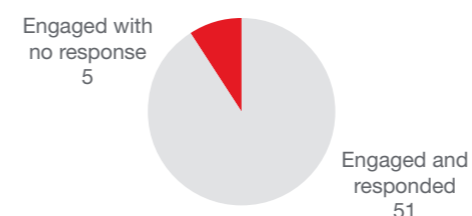
Ratings Assigned Over the Period



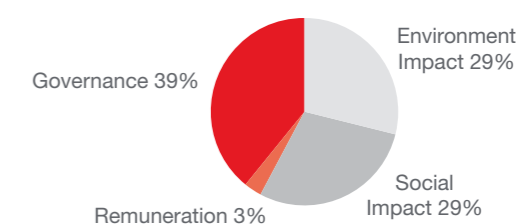
Engagement by Region



Engagement Over the Period



Engagement by Type



Notes from our Responsible Investing Research

- Collaboration:** Over the quarter Nomura Asset Management, in collaboration with Access to Medicine and a number of fellow signatories, supported the development of an open letter to the pharmaceutical industry urging companies to take a responsible approach to any coronavirus response, including the sharing of findings, collaboration and patent enforcement. We also co-led two of the specific company level engagements following on from the open letter engaging on issues specific to individual companies. Nomura Asset Management were also one of more than 100 signatories, representing EUR 11trn of assets, led by the PRI, that wrote to the European Union demanding that pandemic recovery packages support an accelerated transition to a net zero emissions economy. Please see our case study for further details.
- Escalation of Engagement:** Nomura Asset Management have been engaging both directly and through multiple collaborative engagement channels with a high profile US Technology company on a range of governance and social concerns. The company has unfortunately been quite unresponsive to these efforts even despite very broad global asset manager representation across collaborative activity. As part of our escalation strategy we co-filed a shareholder resolution to 'Establish a Human Rights Risk Oversight Committee' which was voted on at the company's annual general meeting in June. Please see our proxy voting case study for further details.
- Environmental Impact and Natural Capital Depletion:** We engaged with companies on issues ranging from the traceability of wood based raw materials within furniture offerings, to the efforts being taken to increase the proportion of products derived from recycled material of a packaging business and the responsible sourcing practices of a rechargeable battery manufacturer, focusing in particular on cobalt and the practices of its suppliers. Over the next quarter we expect to sharpen our focus on engagement impact by better aligning our longer term or ongoing engagements with several of our "Impact Goals", in particular Mitigate Climate Change and Mitigate Natural Capital Depletion. More information on our "Impact Goals" is available in last quarter's Responsible Investment report and our recently published Impact Report. Both can be found at www.nomura-asset.co.uk

Engagement Tracking

To optimise both the efficiency and impact of our engagement activity we operate a prioritised 'engagement tracking' policy. Whilst we seek to engage with all companies that we feel can improve their ESG related practices, we recognise that focused and ongoing engagement activity will have a greater impact on specific ESG concerns and indeed there are certain companies that are more receptive to engagement. For instance we believe we can have a very positive impact by engaging in an active, continued dialogue with retailers in relation to sustainability issues within supply chains. However, for tobacco companies where the primary ESG issue is the impact of their products on consumer health, the effect of our ongoing engagement effort is unlikely to be significant. As such we have identified a number of companies where we believe ongoing engagement has a high likelihood of precipitating change. We typically re-engage with these companies on a quarterly basis (at the very least biannually). A list of ongoing engagements is presented in the following table.

Description	Nature of Engagement	Status of Engagement	Engagements/Notes
US Fashion House	Environmental & Social - Traceability of wood used in fixtures and fittings, the ability to structurally reduce air-freighting and why sustainability targets are set out as far as 2025	Ongoing	Call w/ Head of Sustainability Mar 2019; Call w/ IR Jun 2020 Since our first engagement the company has published a CSR report and notably 6 suppliers were cut due to their inability to meet guidelines. However the traceability of wood has clearly not been a priority and the company are not setting a 100% FSC target. We have also engaged on supplier support through the pandemic which has been excellent. On the 2025 timeline, this has been set to align with certain certification timelines, but it is a moving target and will hit some initiatives sooner
Global Food Services	Social - Ensuring the company is taking the appropriate steps to support its workforce, with a focus on the current Covid-19 crisis	Ongoing	Emailed IR - Shareholder Engagement Mar 2020; Call w/ IR Apr 2020 We started engaging with the company in Mar 2020, as a result of the Covid-19 crisis and concerns about the large workforce that will be unable to work for many weeks
US Communication Services	Social & Governance - Whilst we believe the company to have a broadly positive impact on its stakeholders there are concerns around governance, monitoring of website content, and data protection that we believe the investor community has a responsibility to monitor	Ongoing	Email w/ IR Nov 2017; Email w/ IR Nov 2018; Call w/ Head of Sustainability Dec 2018; Email w/ IR July 2019; Call w/ Head of Sustainability Sep 2019; Signatory sponsored by buy-side 10th Dec 2019; Call w/ Head of Sustainability 12th Dec 2019; Sent resolution letter to Corporate Secretary on 31st Dec 2019; Co-signed collaborative letter to the board Feb 2020; Co-filed shareholder resolution Jun 2020 Commenced engagement following reports of insufficient monitoring of content allowing inappropriate videos to be uploaded in 2017. We have since received a somewhat underwhelming response to our engagement, however progress is being made and we are joining peer investors at company CSR outreach calls. We hope that this collaborative investor pressure will bring about the necessary change. Emailed and posted letter to corporate secretary on 31st Dec 2019 as part of group collaboration. Throughout 1Q20 we have continued our ongoing dialogue with company collaborators. In 2Q20 we co-filed a shareholder resolution on the establishment of a human rights committee
Swiss Food Products	Social - Ensuring the necessary steps are taken to limit the use of child labour in the cocoa supply chain	Ongoing	Call w/ Head of Agricultural Services Dec 2017; Meeting w/ Chairman Mar 2018; Emailed Governance Head Jun 2018; Call w/ Cocoa Manager and Head of IR Nov 2018; Meeting w/ Chairman Feb 2019; Call w/ our peer cocoa supply chain collaborators Sep 2019; Call w/ Head of Cocoa Plan Oct 2019; Call w/ Sustainalytics, UNICEF and VOICE Network Nov 2019; Nomura Asset Management named on front page of Sustainalytics' Engagement Forum Dec 2019; Meeting w/ Chairman Feb 2020 We have been engaging with the company since Dec 2017, through various channels and participated in Sustainalytics' Engagement Forum. During the past two years the company has published its second Child Labour report, indicating that their ultimate goal is to have 100% of their cocoa sourced sustainably by 2025. We will continue to engage with the company and with Sustainalytics' 3 year initiative (up to Q4 2022) on the theme of child labour in the cocoa supply chain targeting the main players including this company
Two Pharmaceutical (one in the US and one in the UK)	Social - Supporting Access strategies and responsible Covid-19 response	Ongoing	Call w/ UK VP of Trust Dec 2019; Signed collaborative statement and co-led engagement with 2 companies May 2020; Calls w/ UK Company VP of Trust and US Company General Counsel Jun 2020 We initially sent a letter with co-lead engagers and followed up with collaborative calls to discuss the response to the Covid-19 pandemic in greater detail
Integrated Oil & Gas (Company A) UK Airline (Company B)	Environmental - A number of companies have advertised that customers can choose to fly or drive carbon neutral, however the intended spend on carbon credits appears far too low. We are engaging with an integrated oil company ('Company A') and airline company ('Company B')	Ongoing	Email exchange w/ IR Company A Oct Nov 2019; Email exchange w/ IR Company B Dec 2019; Call w/ IR Company B Jan 2020; Email w/IR team Company B May 2020 We have requested information on how the value of carbon credit has been calculated. Company A has advised cannot disclose this information - we queried CO2 generation assumptions and explanation in price difference on discount to market price for carbon. Company B has provided somewhat more information and we held a call early in 1Q20. We were disappointed by the seemingly lack of understanding the company had but the company did follow up with extensive detail from the service provider assisting them with this. We are watching closely the actions of the company as the airline industry deteriorates
US Internet Retail	Environmental - limited carbon emission reduction target and policy Social - privacy and data security risks, lagging peers in training staff	Ongoing	Emailed IR 15 Oct 2019; Requested Sustainalytics to engage on our behalf due to lack of response Dec 2019; Sustainalytics reached out to company May 2020 We have reached out to the company to engage on environmental and social concerns. Due to limited response we have requested Sustainalytics engage on our behalf

Responsible Investing Case Study

We have previously written about society’s evolving expectations of corporation behaviour as the world collectively battles the coronavirus pandemic. There has been a shift in what is expected of companies with regards to social responsibility and the appropriate distribution in total value created amongst stakeholders, and the pharmaceutical sector is one of the most exposed to this. The industry has long operated under a business model in which innovation and developing solutions to often crippling diseases can result in strong financial returns. Whilst it is sometimes unpalatable to associate huge profits with, for example, lifesaving cancer or HIV treatment, it has generally been accepted that when companies are responsible (particularly with regards to pricing and access) the benefits of incentivising innovation and capital flows into the sector more than offset this. As the world battles with the coronavirus pandemic, it is clear however that profiting from the coronavirus pandemic is particularly unpalatable to the public, governments and indeed stakeholders within the investment community.

Nomura Asset Management has prioritised ‘Eliminate Communicable Disease’ as one of our six Impact Goals (outlined within our [Impact Report](#)). We are committed to pursuing this through both investment and focused engagement for impact whilst fulfilling our duty to generate returns for our clients. We believe that through engaging with the sector (alongside the efforts of governments, broader society and the media) institutional investors can help support better outcomes, and over the quarter we focused our engagement activity towards supporting a responsible response to the coronavirus pandemic. In collaboration with Access to Medicine and a number of our fellow signatories, we supported the development of an open letter to the pharmaceutical industry urging companies to take a number of actions including:

- Proactively and innovatively reach out, collaborate and share relevant data in a timely manner with governments, the health sector, academia and peers
- Ensure that in the long term research and development processes sufficiently address infectious diseases
- Focus on international cooperation to ensure supply chains are up and running
- Enforcing patents, excessive price setting, non-disclosure of relevant findings or securing extended market exclusivity through, for example, orphan drug designation, should not run counter to the responsibility to respond to pandemic

Following the letter we co-led two individual company engagements to focus on the most relevant actions the respective companies should be taking. We engaged with a UK Pharmaceutical that is a world leader within vaccines but is not currently advanced in the race to develop a treatment. Our conversation was therefore focused around how the company could use its vast resources and footprint to support peers that are currently more likely to develop a treatment. We also engaged with a US Pharmaceutical that is currently at the very forefront of developing a treatment for Covid-19. Here we focused on how the company will responsibly price the treatment and the actions being taken to ensure access in emerging economies through licensing agreements.

ISS Climate Impact Assessment – Aggregate Global Equities Holdings

Nomura Asset Management has contracted Institutional Shareholder Services (ISS) to provide Climate related analysis of our portfolios, based on the stock holdings. This section provides key elements of the analysis done on the aggregated holdings of the portfolios managed by the Global Equity team. It is based on a 99.91% coverage of the underlying holdings by ISS.

Portfolio Overview

Comparison of Global Equity holdings Climate performance relative to the MSCI All Country World Index benchmark as defined by the ISS Climate Impact Assessment.

	Disclosure Number/Weight	Emission Exposure tCO ₂ e			Relative Emission Exposure tCO ₂ e/Mio USD Revenue		Climate Performance Weighted Avg
		Share of Disclosing Holdings	Scope 1&2	Incl. Scope 3	Relative Carbon Footprint	Carbon Intensity	Weighted Avg Carbon Intensity
Portfolio	81.7%/90.3%	253,159	1,311,289	89.41	126.58	82.74	40
Benchmark	57%/81.4%	376,383	1,549,792	132.93	214.24	181.23	36
Net Performance	24.7 p.p./8.9 p.p.	32.7%	15.4%	32.7%	40.9%	54.3%	–

Source: ISS ESG

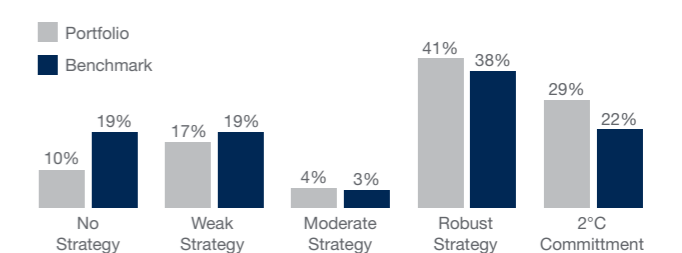
Climate Scenario Analysis

The climate transition will require companies to align themselves with international climate goals and progress on those in the future. Currently 29% of our aggregate holdings by value are committed to keeping to a 2° warming scenario, which compares to 22% for MSCI ACWI. Only 10% of our holdings by value have No Strategy vs 19% for MSCI ACWI. Our current holdings have an emissions profile consistent with the 2° warming target in the near term, but their expected longer term emissions trajectory remains too high and by 2035 will not be consistent with that target. To improve this situation is a key objective for our engagement programme and is why we included “Mitigate Climate Change” as an “Impact Goal” and a focus area for ongoing engagement.

Portfolio Compliance with Emission Budget per Scenario

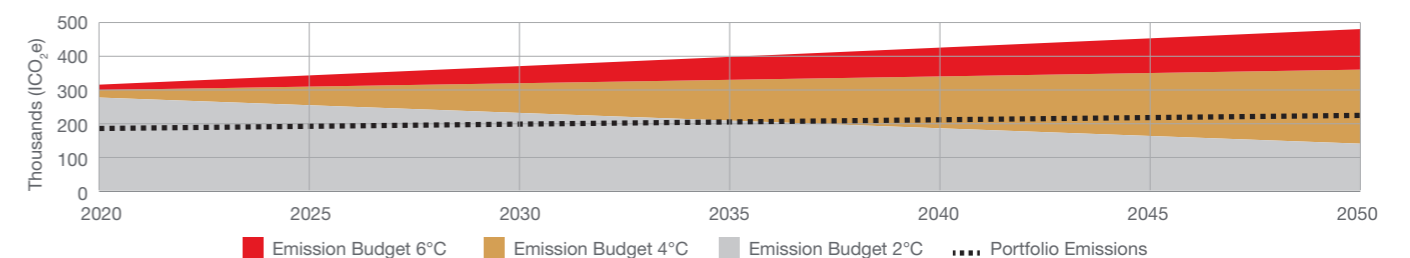
	2020	2030	2040	2050
2°	66.72%	85.96%	118.93%	157.63%
4°	62.72%	62.61%	62.54%	63%
6°	60.28%	55.41%	50.55%	47.55%

Climate Strategy Assessment (% Portfolio Weight)



2035 Until the year 2035, portfolio is aligned with a 2° Celsius warming scenario

Portfolio Emission Pathway vs. Climate Scenarios



Source: ISS ESG

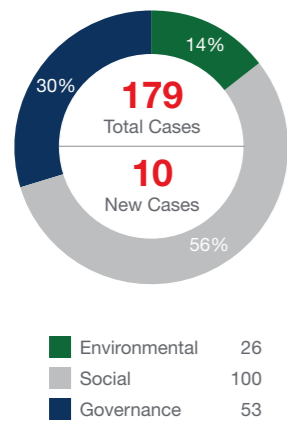
Sustainalytics Engagement (formerly GES International)

In addition to the extensive ESG research and engagement activity carried out at Nomura Asset Management, the services of Sustainalytics' engagement arm (formerly GES International) are used to maximise our engagement voice and ability to push for better practices and fairer outcomes for all stakeholders. The Sustainalytics engagement team has over 40 employees globally dedicated to corporate engagement and represent €1.5 trillion of investments worldwide. We include herein a summary of the engagement activity carried out on behalf of Nomura Asset Management as at May 2020.

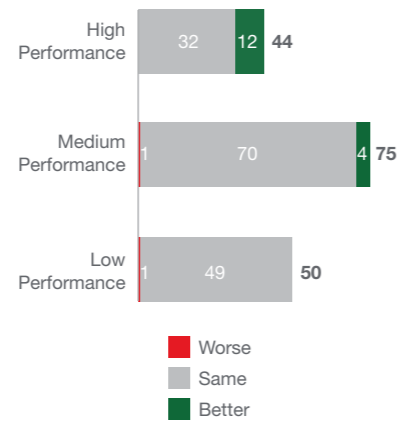
Quarterly Statistics

March – May 2020

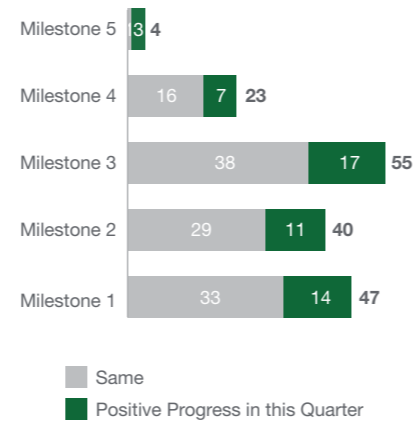
Cases by Theme



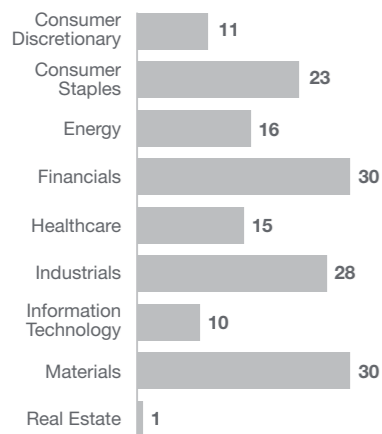
Engagement Performance Overview



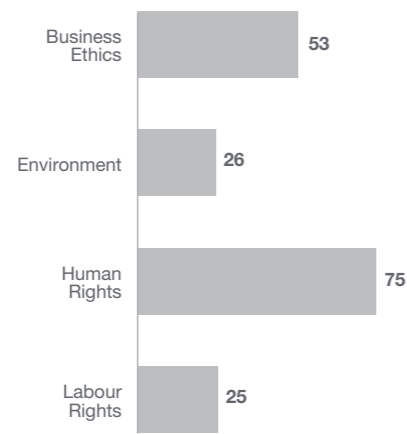
Milestone Overview



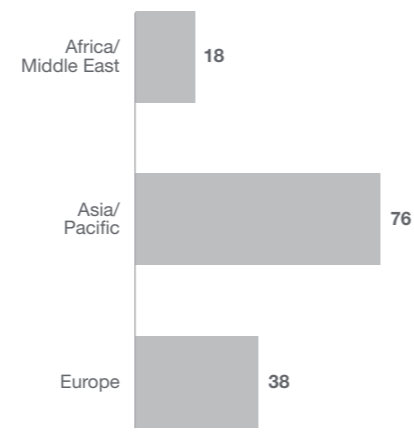
Cases by Sector



Cases by Norm



Cases by Headquarters



Proxy Voting Record 2Q20

NAM seeks to act in a manner most likely to enhance the economic value of the underlying companies owned on our clients' behalf. We engage with companies based on our "Ideal Form of Business Management of Investee Companies" in order to enhance our mutual understanding and to seek changes in their company practices. NAM employs the services of Institutional Shareholder Services (ISS) to efficiently apply our proxy voting policy to individual proposals. ISS are provided with comprehensive and proprietary guidelines set out in our proxy voting policy. NAM will closely consider the voting agenda of a company that meets certain conditions (including, but not limited to, the violation of any applicable laws, inadequate board composition, and financial strategies that are not deemed to be in the best interests of shareholders and other stakeholders). Where we believe that a specific agenda item is not in the best interests of shareholders, NAM will decide either to vote against or to abstain from voting on the item. [Please see the Nomura Asset Management Proxy Voting Policy for full details.](#)

Voting Data

Over the quarter NAM UK, NAMM and NAM SG voted on 6001 proposals across 254 shareholder meetings and 522 ballots. In total 71% of proposals were director related, with a further 15% in relation to 'Routine Business' and 6% 'Capitalisation'. In total NAM UK, NAM MM and NAM SG voted 'With' management on 5558 (93%) proposals and 'Against' management (or 'Withheld' our vote) on 443 (7%) proposals. Examples of where we voted 'Against' management, or elected to 'Withhold' our vote included:

- Voted 'For' a shareholder resolution proposing the Establishment of a Human Rights Risk Oversight Committee for a well-known US Technology company. Nomura Asset Management UK were a co-filer of the resolution. Management had recommended a vote 'Against' the resolution. Please see our proxy voting case study for further details
- Voted 'Against' the election of a director at a Swiss Professional Services business as it was felt that the director is clearly over boarded

Proposals Voted on in 2Q20

Proposal subject	Count	Proportion of Total Votes
Antitakeover	22	0.4%
Capitalisation	360	6.0%
Directorships	4233	70.5%
Compensation	318	5.3%
Reorg/M&A	137	2.3%
Routine Business	868	14.5%
Health/Environment/Social	29	0.5%
Other	34	0.6%
Total	6001	100.0%

Proposals Voted 'Against' Management in 2Q20

Proposal subject	Count	Proportion of Total Votes
Antitakeover	5	1.1%
Capitalisation	48	10.8%
Directorships	234	52.8%
Compensation	77	17.4%
Reorg/M&A	4	0.9%
Routine Business	27	6.1%
Health/Environment/Social	25	5.6%
Other	23	5.2%
Total	443	100.0%

Voting Record vs. Management in 2Q20

	With	Against
Votes	5558	443
Proportion	92.6%	7.4%

Voting Record vs. ISS in 2Q20

	With	Against
Votes	5772	229
Proportion	96.2%	3.8%

Proxy Voting Case Study

Annual General Meeting results on our shareholder resolution

Nomura Asset Management were co-filers of a shareholder resolution to 'Establish a Human Rights Risk Oversight Committee' which was voted on at the company's annual general meeting in June 2020.

Both ISS and Glass Lewis recommended to vote FOR our proposal. At the AGM, one of our lead filers presented on our behalf stating that a board level oversight committee on human rights would reduce business risk for shareholders. It was mentioned that we tried to engage the board without a proxy but were rebuffed and therefore had no other option than to put forth a shareholder proposal in the proxy statement.

The company responded that they follow standards to ensure human rights and that executives across the company already keep the board informed on human rights risks and thus establishment of a new committee on human rights would be a duplication of efforts and therefore the board recommended shareholders vote AGAINST our proposal.

The result was that our proposal was not approved. Approval of our proposal was not expected given the founders own the majority of a special class of shares with super voting rights.

Whilst our proposal was rejected, due to continued employee and shareholder pressure, the company has improved some of its policies regarding human rights such as hiring thousands of human monitors to police online streaming content and stopping forced arbitration of employees that have been subjected to harassment. We intend to continue engaging with the company for further improvements.

ESG queries raised

ESG queries raised			
Description	ESG Rating	Governance	Specific Management/Pay
Belgium Materials Speciality Chemicals	N (No Issues)	Governance is very strong, MSCI rates as top decile	Remuneration of executive management is reasonable
France Industrials Aerospace & Defense	I (Issues but Improving)	Lacked sufficient controls to allow the bribery scandal to manifest. On forward looking basis appears OK, MSCI flag concerns centering on the government's stake and asset/liability recognition	-
Spain Utilities Electric Utilities	I (Issues but Improving)	High concentration of power with CEO/Chairman (combined role) despite attempts to improve this through recent management reorganisation	-
Spain Utilities Electric Utilities	I (Issues but Improving)	Turnover amongst top management roles linked to state ownership and changes at the government level. Opaque disclosure on regulated asset base	-
Switzerland Financials Asset Management & Custody Banks	I (Issues but Improving)	The company has had some issues in the past re AML/KYC however improving as recognised by Swiss authorities	-
UK Consumer Discretionary Restaurants	Contacted Outside Formal Review	-	-
UK Healthcare Pharmaceuticals	Contacted Outside Formal Review	-	-
UK Industrials Airlines	Contacted Outside Formal Review	-	-

ESG queries raised					
Environmental/Social	Investment Consideration	Company Contacted?	Engagement Issue	Company Responded?	Notes from Company Contact
Multiple very positive impacts on the environment through its leading position within batteries for electrical vehicles, emissions reducing auto catalyst operations and metals recycling	The company's exposure to environmental mega trends including mitigating natural capital depletion and climate change (cf. EV batteries) drive very high revenue and earnings growth forecasts	Y	Environmental Impact / Social Impact	Y	Engaged with the company on the sourcing of cobalt and traceability. Reiterated our expectation that the company continue to push suppliers towards better practices (where we have seen issues)
Clearly a number of concerns in relation to operating track record (bribery), just passes our uninvestible framework. Planes contribute significantly to climate change	Better than the Defense sector in terms of stakeholder risk and ahead of major peer within commercial OE aerospace	N	N/A	N	N/A
One of the largest global producers of renewable energy. Emerging market activities are helping to improve access to electricity - although there is concern over lucrative Mexican gas contracts	Positively positioned to benefit from increased investor appetite for renewable assets	N	N/A	N/A	N/A
Transmission network investments will be critical in facilitating increased renewables and longer term electric vehicle infrastructure	Structurally positioned to benefit from move towards decarbonisation	N	N/A	N/A	N/A
Not an organisation of high societal benefit but nor is the impact particularly negative	Limited impact on investment consideration with limited positive or negative considerations	N	N/A	N/A	N/A
As one of the largest employers globally and particularly exposed to covid we are in contact with the company over managing the social risk/ impact of its actions in response	We continue to monitor the company's response	Y	Social Impact	Y	Engaged to find out how company is improving conditions of employees and supporting staff during covid while more than half of their facilities are closed
The company will play an important role in the fight against covid as the leading vaccine company. We are engaging primarily on the collaborative efforts of the company	Industry leading approach supports our investment case	Y	Social Impact	Y	We initially sent a letter with co-lead engagers and followed up with a collaborative call to discuss the response to the covid pandemic in greater detail
The company has committed to net zero carbon emissions, but is facing immense pressure from covid essentially taking revenues to 0	The more sustainable approach taken by the company than peers has a modestly positive impact on our view of 'investability'	Y	Environmental Impact	Y	Given the pressures the company will face from covid we engaged to discuss the company's commitment to funding carbon offsets. The company remains committed to this

ESG queries raised (cont'd)

ESG queries raised			
Description	ESG Rating	Governance	Specific Management/Pay
USA Communication Services Interactive Media & Services	Contacted Outside Formal Review	-	-
USA Consumer Discretionary Apparel Retail	Contacted Outside Formal Review	Surprised and disappointed to find out the company had taken the decision to issue convertible notes that will dilute existing shareholders by 27%	-
USA Consumer Discretionary Apparel Retail	Contacted Outside Formal Review	-	-
USA Consumer Discretionary Restaurants	I (Issues but Improving)	-	Large exit package paid to former CEO
USA Consumer Discretionary Restaurants	I (Issue, not Improving)	MSCI rate as average with minor board related risks including diversity (just one female board member) and two over boarded directors but an independent majority (7/11), and separate CEO/Chair	CEO total remuneration (at 1.0% of EBIT), is higher than that of most comparable US peer, at US\$20.7m in 2019. We note MSCI rates pay as 81th percentile (good)
USA Financials Insurance Brokers	I (Issues but Improving)	-	-
USA Healthcare Pharmaceuticals	I (Issues but Improving)	MSCI Governance rating of A, Combined CEO/Chair flagged	-
USA Healthcare Pharmaceuticals	Contacted Outside Formal Review	-	-

ESG queries raised					
Environmental/Social	Investment Consideration	Company Contacted?	Engagement Issue	Company Responded?	Notes from Company Contact
Submitted co-filed proposal to establish a board level human rights oversight committee to reduce future business risks	The company has implemented policies to protect human rights over the past few years due to employee and shareholder pressure so OK to invest	Y	Social Impact	Y	See case study write-up for Responsible Investor quarterly
-	Negatively impacts on our view of the investment case for holding the company	Y	Governance	Y	We engaged with the company to express our disappointment at its decision to raise such a large amount of equity capital
Going in the right direction but too slowly in our view. It feels like they are not an industry leader on CSR, but the behaviour with suppliers (assuming it is true) is best in class	-	Y	Environmental Impact	Y	Engaged on a range of issues including on wood sourcing (will not commit to 100% FSC yet), factory safety scores. Gave feedback we did not believe the CSR report to be very helpful
History of allegations about labour rights issues involving franchisees. Significant user of palm oil in products. Product safety problem in China in 2014	-	N	N/A	N	N/A
Large employer including franchisees. Low labour management score (3.1) as it has been involved in moderate controversies around pay and working hours	Not suitable for sustainable funds	N	N/A	N/A	N/A
They do not blacklist particular industries however deal with any conflicts vs principles on a case by case basis. Highly rated by MSCI vs peers and also in absolute terms	Neither a particularly positive or negative impact on investment consideration. On balance modestly positive given ranking vs peers as per MSCI	N	N/A	N/A	N/A
Product liability is flagged as a material risk by MSCI though we note this is very typical of the sector and not meaningfully different to large pharma peers	Product liability risk is of note and taken into consideration	N	N/A	N	N/A
The company will play an important role in the fight against covid and is currently leading the race for an approved treatment. We are engaging on pricing	In a very tough position balancing its interests and societal demands/ interest. See considerable risk around pricing of its covid treatment from reputation and regulation standpoint	Y	Social Impact	Y	We initially sent a letter with co-lead engagers and followed up with a collaborative call to discuss the response to the covid pandemic in greater detail

ESG queries raised (cont'd)

ESG queries raised

Description	ESG Rating	Governance	Specific Management/Pay
USA Materials Paper Packaging	I (Issues but Improving)	Historic controversy related to biased selection of auditor resulting in an ongoing SEC and DoJ investigations	Driven by Adjusted EBITDA, but otherwise the drivers are reasonable. CEO pay is on the high side
Australia Real Estate Diversified REITs	N (No Issues)	Independent majority board. On acquisitions, risks and opportunities are assessed against specific criteria including ESG categories	Gender diversity with women comprising 45.8% of management team, continuing toward target of 50% by 2020
China Consumer Discretionary Automotive Retail	N (No Issues)	In the past, free cash flow was weak years ago due to aggressive M&A. Currently, the company has a comprehensive framework in place to assess the attractiveness of acquisitions targets	Company use recruitment platforms such as Zhaopin.com and 51Job to post job descriptions and collect CVs. Rigorous interview process for all employees
China Consumer Discretionary Automotive Retail	N (No Issues)	Strong governance measures in place with proper framework for M&A activities which takes into consideration returns as priority. Framework in place to choose their suppliers	Measures in place include using recyclable materials where possible. Encouraging employees to reduce carbon footprint. Saving electricity and reducing wastage are very important
Hong Kong Financials Financial Exchanges & Data	N (No Issues)	The board has no serious issues while paying more attention to diversity such as gender, professional skill, and nationality	CEO just announced a step-down in the next year while no concrete succession plan is announced. Since the current CEO is well-appreciated due to long good track record, some see it as a risk factor
Hong Kong Real Estate Diversified Real Estate Activities	N (No Issues)	The company has reasonable process in terms of board appointment. The company is reasonably active in terms of dividend payment	The company has reasonable process in terms of compensation for senior managements
India Financials Thrifts & Mortgage Finance	N (No Issues)	There are key roles played by each board member. All members are involved in the strategic decisions of the company. The independence of the independent directors is very clearly seen	-

ESG queries raised

Environmental/Social	Investment Consideration	Company Contacted?	Engagement Issue	Company Responded?	Notes from Company Contact
Single use packaging is a problem, but the company is trying to increase recycled content and the products do increase shelf life and reduce spoilage/breakage	There is an overhang from a historic tax deduction that is under investigation by the IRS and the treatment of the former CFO by the board is also under question	Y	Environmental Impact / Social Impact	Y	Engaged with the company to discuss the proportion of products that are recyclable and currently made from recycled material, and the efforts to increase these
Has a targeted commitment to achieve net zero carbon emissions by 2030 across logistics centres, retirement living communities and corporate head offices	-	Y	Environmental Impact / Social Impact	Y	Conducted through email correspondence with Investor Relations
Gradually adopting activated carbon in the paint shop, changing power source from diesel to electrical energy, using sanding machines and vacuum cleaners to eliminate poisonous gas	No issues for this company, good practices in place	Y	Environmental Impact/ Governance	Y	Call with IR
-	Has reduced its carbon footprint and energy wastage over the years. Interests are aligned with minority and M&A is much less compared to other dealers	Y	Environmental Impact	N	Email communication with Investor Relation
Current focus is to reduce paper consumption with more digitalization. They disclose paper consumption target in CSR report. It is 20% reduction in 3 years towards 2021	We do not see any serious issues for our investment. The company try to keep high ESG standard and to improve overall disclosure and execution of ESG for all listed companies	Y	Governance	Y	Teleconferencing communication with Vice President and Assistant Vice President
The company has been conducting miscellaneous efforts to improve environmental issues	We do not find any material negative issues for investment in this company	Y	Social / Governance	Y	Teleconference with Group General Manager of Corporate Finance and Investor Relations
Environment agenda: they have an exclusion list reviewed by multi-lateral agencies - CDC, IFC, ADB. Strong social agenda - ~60% lending is to economically weak and low income groups	-	Y	Environmental Impact / Social Impact	Y	Conference call with Management on Environmental and Social issues

ESG queries raised (cont'd)

Description	ESG Rating	ESG queries raised	
		Governance	Specific Management/Pay
India Consumer Discretionary Auto Parts & Equipment	I (Issues but Improving)	Governance measures are strong. Audit committee headed by an independent director and independent director participation in strategic decisions are all good	The company was also open to negative share holder feedback on its recent tyre venture and was quick to pull it back
Indonesia Consumer Discretionary Automobile Manufacturers	I (Issues but improving)	System in place to govern against related party transactions, conflict of interest, corruption and to protect whistle blowers	Board of Commissioner is not that independent (only 30% independent directors); reflects small talent pool. 40% of senior management are women
Japan Communication Services Interactive Home Entertainment	I (Issues but Improving)	There are no outside directors with management experience and there are no committees regarding nomination and compensation. Level of overall corporate governance is low	The company owns a large quantity of financial assets and has a weak commitment to the improvement of capital efficiency. Executive compensation is also not directly linked to capital efficiency
Japan Consumer Discretionary Automobile Manufacturers	N (No Issues)	We are concerned by the effectiveness of corporate governance, since there are no outside directors with management experience	-
Japan Consumer Discretionary Automobile Manufacturers	I (Issue, not Improving)	There is a concern over the effectiveness of corporate governance due to lack of appropriate process in relation to both nomination and compensation	-
Japan Consumer Discretionary Automobile Manufacturers	I (Issues but Improving)	-	-
Japan Consumer Discretionary Homebuilding	N (No Issues)	The nomination committee has not done enough to mitigate internal conflicts of interest. Must improve the effectiveness and independence of the nomination committee	-
Japan Consumer Discretionary Homefurnishing Retail	I (Issue, not Improving)	-	-
Japan Consumer Discretionary Leisure Products	I (Issue, not Improving)	Excessive level of financial assets held and there is no medium to long term growth plan	-

ESG queries raised					
Environmental/Social	Investment Consideration	Company Contacted?	Engagement Issue	Company Responded?	Notes from Company Contact
Environment agenda well integrated into product design and R&D. Also won the Energy Conservation award by the Government of India. Social initiatives are strong but they lack gender diversity	Endurance is the best way to play the domestic two-wheeler story in India. Its award winning environmental practices coupled with a governance structure that is open to feedback is a positive	Y	Environmental Impact / Social Impact	Y	Conference call with company management on its initiatives on Environment safety is the key and found to be solid
Clear plans to reduce emissions and environmental impact, improve community on education and creating jobs	-	Y	Environmental Impact / Social Impact	N	Many of the company's business operations are in pollutive industries. However, company has clear policies to reduce social and environmental impact, and help its community
-	There are signs of positive change	Y	Governance/ Remuneration	Y	Established nomination and compensation committees. Utilise operating profit as a KPI. Dividend is also linked to operating profit, thus reflecting capital efficiency to an extent
-	There are signs of positive change	Y	Governance	Y	The company has invited an ex-manager of a non-financial company to join as an outside director
-	No sign of change yet	Y	Governance	Y	Explained to outside directors our views regarding the nomination and compensation processes
Cautious attitude toward TCFD (especially scenario analysis). This approach will be considered a slow response relative to Western companies	Striving for change	Y	Social / Governance	Y	The company advised that they are in the process of improving information disclosure and will be publishing a sustainability databook
-	Striving for change	Y	Governance	Y	The company has changed the constitution of the nomination committee to primarily outside directors
The company explain that they see environmental and social issues as a business opportunity. However we do not believe the company has clearly established the business risk posed by these issues	No sign of change yet	Y	Social / Governance	Y	Shared our views with the company that they must also consider the risks posed by environmental and social issues. The company recognises the need for this risk perspective
-	No sign of change yet	Y	Governance	Y	Engaged with the company on the excessive level of financial assets. The company only addressed immediate regulatory compliance

ESG queries raised (cont'd)

Description	ESG Rating	ESG queries raised	
		Governance	Specific Management/Pay
Japan Consumer Staples Packaged Foods & Meats	I (Issue, not Improving)	Internal and outside directors are aged, long tenured, and lack management experience. Concern especially over the succession plan for one internal director and the effectiveness of corp governance	-
Japan Health Care Pharmaceuticals	I (Issue, not Improving)	-	-
Japan Health Care Pharmaceuticals	I (Issue, not Improving)	A subsidiary business was transferred to the parent company with the consideration deposited with its parent company. This appears to be a peculiar circular transaction which raises concerns over internal conflicts and the company has not provided a sufficient explanation for this	-
Japan Industrials Commercial Printing	N (No Issues)	-	The company owns a large quantity of financial assets and has a weak commitment to the improvement of capital efficiency. Executive compensation is also not directly linked to capital efficiency
Japan Industrials Construction & Engineering	I (Issue, not Improving)	The company holds a large quantity of strategic shareholdings however explanations regarding the benefits and efficiency of the capital are insufficient	-
Japan Industrials Marine Ports & Services	I (Issue, not Improving)	Large amount of cross shareholdings held and the share price remains at a low level. Outside directors are not independent since they are from the parent group company	-
Japan Information Technology Electronic Components	I (Issues but Improving)	High number of internal directors means supervision and execution are not adequately separated. The company has not yet developed an adequate succession plan	-
Japan Materials Commodity Chemicals	I (Issue, not Improving)	Advisory boards that are responsible for developing the nomination and compensation plans for top management are not independent - include both outside experts and a former employee of the company	-

ESG queries raised					
Environmental/Social	Investment Consideration	Company Contacted?	Engagement Issue	Company Responded?	Notes from Company Contact
-	No sign of change yet	Y	Governance	Y	Engaged with the company on our concern over the age of a number for the directors. Following our engagement we do not see any near term issues arising as they are in good health despite their age
The company is currently not able to link its business model and its dealings with environmental and social issues	No sign of change yet	Y	Social / Governance	Y	We gave feedback to management regarding the company's inability to link environmental and social issues to its business model. Management acknowledge our views on the inability to explain this
-	No sign of change yet	Y	Governance	Y	The company explained that the conditions for depositing with parent companies are better than a bank deposit. Withdraw deposit as required to meet financial needs
-	There are signs of positive change	Y	Remuneration	Y	Following discussions at their compensation committee the company announced it will utilise ROE as a KPI
-	No sign of change yet	Y	Governance	Y	Engaged with the company on the strategic shareholdings. It is planning to reduce these in the medium term
-	No sign of change yet	Y	Governance	Y	Will remain under consideration through to the shareholders' meeting next year
-	There are signs of positive change	Y	Governance	Y	The issues surrounding a lack of board independence (given the number of internal directors) and succession planning, are being discussed internally
-	No sign of change yet	Y	Governance	Y	Despite the presence of a previous employee on these advisory boards we believe that they are working well at present

ESG queries raised (cont'd)

Description	ESG Rating	ESG queries raised	
		Governance	Specific Management/Pay
Japan Materials Diversified Metals & Mining	I (Issues but Improving)	-	Executive compensation is not linked to capital efficiency and the company commitment to doing so is insufficient. This is however being tackled through the transformation of the business mix
Japan Materials Paper Products	I (Issues but Improving)	Concern over corporate governance effectiveness and lack of outside directors with management experience. Haven't restructured their low profitable paper business nor revealed its positioning in business portfolio	-
Japan Technology Semiconductors	N (No Issues)	Independent board members make up a minority of the board	Executive compensation is not excessive compared to American peers
Malaysia Consumer Discretionary Automotive Retail	I (Issues but Improving)	Governance is broadly acceptable but we do note the presence of related party transactions as a concern	-
Malaysia Consumer Staples Agricultural Products	I (Issues but Improving)	Governance is broadly acceptable. The company is a family firm and related party transactions are done accordingly with prior approval from minority shareholders	Need to be more transparent on salaries and remunerations of the top management
Malaysia Consumer Staples Packaged Foods & Meats	I (Issues but Improving)	Governance is broadly acceptable but we do note the presence of related party transactions as a concern	-

ESG queries raised					
Environmental/Social	Investment Consideration	Company Contacted?	Engagement Issue	Company Responded?	Notes from Company Contact
Confirmed the progress of preventive measures to reduce recurring incidents, and asked for the transformation of business mix. Also discussed the falsification of quality data	There are some positive signs of change, however these are still relatively minor at this stage and we should not yet overestimate the impact of this	Y	Social Impact/ Remuneration	Y	Engaged on reforming the board of directors as part of preventive measures taken to reduce the recurrence of incidents. Remuneration policy will be discussed as the next step
-	There are some positive signs of change, however these are still relatively minor at this stage and we should not yet overestimate the impact of this	Y	Governance	Y	Will explain in the mid-term business plan which will be announced next year. Invited a person with management experience as outside director
Committed to making the semiconductor manufacturing process more environmentally friendly by reducing energy and pure water usage by 10% per wafer. Clear targets for reduction in CO2	Generally strong on ESG and do not see material risks that might impact our earnings or FV estimates	N	N/A	N/A	N/A
The company is a car distributor which business is highly associated with greenhouse emission	Investible as the company distributes cars that are more energy efficient (power efficient and consume lowest fuel) compared to normal combustion engines	Y	Environmental Impact	Y	The company was very cooperative and responded quickly to stakeholder impact questionnaire on ESG
To assess the strategy in reducing greenhouse emissions and environmental impact	A commendable oil plantation company with strong balance sheet, cash flow and proven management track record. It continues to improve while adhering to the best sustainable practices in the world	Y	Environmental Impact/ Governance	Y	Company has clear policies on sustainability and how to contribute to society. It is also willing to engage with the stakeholders and listen to their feedback
Low environmental impact given nature of operations	Investible as the social impact is highly positive	N	Environmental Impact / Social Impact	N/A	N/A

ESG queries raised (cont'd)

Description	ESG Rating	ESG queries raised	
		Governance	Specific Management/Pay
Malaysia Financials Diversified Banks	N (No Issues)	The company's corporate governance practises are generally well aligned with shareholder interests. However we do note there is lack of female representatives on the board	-
Malaysia Financials Financial Exchanges & Data	N (No Issues)	Corporate governance practices are generally well aligned with shareholder interests; incorporated measures to address any conflict of interests as an operator and regulator of the stock market	-
Malaysia Health Care Pharmaceuticals	I (Issues but Improving)	Governance is broadly acceptable but we do note that the major shareholder has a controlling block and remuneration committee is not fully independent	
Malaysia Industrials Construction & Engineering	I (Issues but Improving)	Governance is broadly acceptable but we do note the company is highly exposed to ethical risks due to its involvements in multiple government infrastructure projects as a turnkey contractor	Lack of disclosure in relation to executive pay
Malaysia Industrials Construction & Engineering	I (Issues but Improving)	Governance is broadly acceptable but we do note the concerns on presence of controlling shareholder and related party transactions	Lack of disclosure in relation to executive pay
Malaysia Industrials Construction & Engineering	I (Issues but Improving)	Governance is broadly acceptable but we do note the concerns on the lack of independent majority and female representatives on the board as well as the major shareholder has a controlling block	Lack of disclosure in relation to executive pay

ESG queries raised		Company Contacted?	Engagement Issue	Company Responded?	Notes from Company Contact
Environmental/Social	Investment Consideration				
The company provides an opportunity and has responsibility to influence and contribute positively to the environment and society by being a responsible bank	Investible. The company creates value in stakeholders in a sustainable way by making responsible financing one of the pillars. It also gives financial access to all segments of society	Y	Environmental Impact / Social Impact	Y	The company was very cooperative and responded quickly to stakeholder impact questionnaire on ESG
The company has responsibility to influence business owners and investors to contribute positively to the environment and society	Investible because as a stock market regulator and operator the company has shown strong commitment to ESG agenda and adheres to the best market practices	Y	Environmental Impact / Social Impact	Y	The company was very cooperative and responded quickly to stakeholder impact questionnaire on ESG
Low environmental impact given the nature of operations	Investible as the social impact is highly positive	N	Environmental Impact / Social Impact	N/A	N/A
The company is highly exposed to environmental and safety issues due to the nature of its work	Investible as various ESG initiatives and requirements are being implemented and the company contributes positively to the wellbeing of the economy and society	Y	Environmental Impact / Social Impact	Y	The company was cooperative but took a while to revert back on the stakeholder impact questionnaire on ESG
The company is highly exposed to environmental and safety issues due to the nature of its work	Investible as the company has Environmental, Safety and Health committees which oversee and monitor actions that can contribute to pollution or cause violation of legal requirements	Y	Environmental Impact / Social Impact	Y	The company responded with very limited information to the stakeholder impact survey on ESG but its sustainability report was detailed and comprehensive
The company is highly exposed to environmental and safety issues due to nature of its work	Investible as the company attempts to recycle rainwater at construction site for washing purposes, reuse timber where applicable and implement program on health and safety	Y	Environmental Impact / Social Impact	Y	The company quickly responded to the stakeholder impact survey on ESG but with very limited information

ESG queries raised (cont'd)

Description	ESG Rating	ESG queries raised	
		Governance	Specific Management/Pay
Malaysia Industrials Industrial Machinery	I (Issues but Improving)	Governance is broadly acceptable. We take note the main shareholder has a controlling stake	-
Malaysia Information Technology Semiconductor Equipment	I (Issues but Improving)	Corporate governance practices are generally well aligned with shareholder interests	-
Malaysia Materials Metal & Glass Containers	I (Issues but Improving)	Governance is broadly acceptable but we do note the board does not have an independent majority and the main shareholder has a controlling stake	-
Malaysia Real Estate Real Estate Development	I (Issues but Improving)	Governance is broadly acceptable but we do note the board does not have an independent majority and the main shareholder has a controlling stake	Lack of disclosure in relation to executive pay
Malaysia Real Estate Retail REITs	I (Issues but Improving)	Governance is broadly acceptable but we do note the board does not have an independent majority and there is presence of related party transactions	Lack of disclosure in relation to executive pay
Philippines Industrials Construction & Engineering	I (Issues but improving)	4 out of 7 board members are independent directors with diverse backgrounds. The board approved stringent RPT (Related Party Transaction) threshold policy (more 1% of total assets of the company)	Currently studying ESOP as a key retention and incentive to select outstanding employees. Only disclose average and total remuneration of the board, do not disclose individual base
Russia Materials Diversified Metals & Mining	Contacted Outside Formal Review	-	-

ESG queries raised					
Environmental/Social	Investment Consideration	Company Contacted?	Engagement Issue	Company Responded?	Notes from Company Contact
Limited opportunities to participate in clean tech markets through its products. Lacks clear strategy to utilise further clean technology opportunities	Investible as there is no major concern on the ESG issues	N	Environmental Impact	N/A	N/A
Limited opportunities to participate in clean tech markets through its products. Lacks clear strategy to utilise further clean technology opportunities	Investible as there is no major concern on the ESG issues	N	Environmental Impact	N/A	N/A
Packaging material and waste: may face lost market access related to new regulations on product packaging and end-of-life recycling or disposal	Investible as the company has continued to ensure productions are done in environmentally responsible manner	Y	Environmental Impact	N	Review done during the research stock selection committee meeting. Nevertheless the company has been contacted and has not responded to our impact survey on ESG
To assess the company's level of readiness and commitment in managing climate and environmental risks	Investible as many of the projects have been and are being constructed using green building materials as well as efficient and sustainable construction methods	Y	Environmental Impact / Social Impact	Y	The company responded with very limited information to the stakeholder impact survey on ESG but its sustainability report was detailed and comprehensive
To assess the company's level of readiness and commitment in managing climate and environmental risks	Investible due to evidence of green building commitment and improvement in energy, water and waste management	Y	Environmental Impact / Social Impact	Y	The company responded with very limited information to the stakeholder impact survey on ESG but its sustainability report was detailed
Recycles (90%) of concrete waste by diverting to other projects, used for concrete blocks. Provides local employment in the community (about 70% of workforce in a site is locally hired)	Has good enough intention to improve and enhance ESG initiatives. Gender diversification on the board and remuneration disclosure policy etc could be overhang of the company on ESG stand point	Y	Social / Governance	Y	Engaged via teleconference on various impacts in relation to ESG issues. We may monitor the progress of gender diversification, remuneration disclosure, and new initiatives during ECQ in the country
Engaged with the company following reports of a significant diesel spill at a power plant	This issue does call into question the maintenance work undertaken by the company which adds risk of other serious incidents and probable repair costs and fines	Y	Environmental Impact	Y	Engaged with the company following reports of a diesel spill, the company sent a presentation detailing its actions in response to the spill

ESG queries raised (cont'd)

Description	ESG Rating	ESG queries raised	
		Governance	Specific Management/Pay
Singapore Real Estate Industrial REITs	N (No Issues)	Board consists of 14 members, 1 executive director, 4 non-executive directors, 9 independent non-executive directors, review 4 times a year on strategy and outlook	-
Singapore Real Estate Specialized REITs	N (No Issues)	Manager's board consists of 7 members, 2 non-executive directors, 5 independent directors. Meet at least 4 times a year to review key activities and strategies	-
South Korea Consumer Discretionary Auto Parts & Equipment	I (Issue, not Improving)	Majority of the board of director members are independent. Since 2019, have appointed shareholder-recommended director. Shareholder return is improving with cash dividend, buyback and cancellation	There are still uncertainties about management succession and circular shareholding. After the withdrawal in 2018, the board of directors working with, but nothing has been decided yet
Taiwan Industrials Industrial Machinery	N (No Issues)	Clear framework for governance structure. Established Ethical Corporate Management Best Practice Principles to reduce risk of corruption and bribery	No contingent liabilities except for pension. However, there is no actuarial valuations but company qualifies that there is no material impact on consolidated statements
Taiwan Information Technology Application Software	I (Issues but Improving)	For the non-independent directors, the company uses cumulative voting method. The newly elected board of directors will plan to amend the future voting method to candidate nomination system	-
Taiwan Information Technology Electronic Components	I (Issues but improving)	Board of directors consists of nine directors, including three independent directors. 2 female board of directors as of now	The Compensation Committee is comprised of two independent directors and one independent member. The Committee meets at least two times a year
Taiwan Information Technology Semiconductor Equipment	I (Issues but Improving)	The company proposed an increase of caps in endorsement and guarantee provision in 2020 AGM. We voted for this after engagement with company although ISS recommended to object the proposal	-

ESG queries raised					
Environmental/Social	Investment Consideration	Company Contacted?	Engagement Issue	Company Responded?	Notes from Company Contact
Company is committed to reduce energy intensity and has achieved BCA green mark rating and higher for new development. Company enhance employee mental health and wellbeing through initiative	We do not see any serious issues for our investment	Y	Environmental Impact/ Governance	Y	Conducted through teleconferencing with Investor Relations
Manager's target zero incidents and safe workplace by implementing the best industry practice. Also recruitment and opportunities are based purely on merit, competence and job fit	We do not see any serious issues for our investment	Y	Environmental Impact/ Governance	Y	Conducted through teleconferencing with Investor Relations
They adopt international standards for environmental issues. Currently produces xEV parts and the contribution is expected to grow going forward	The company has tried to improve board of directors diversification and shareholder return policies. Meanwhile succession and circular ownership issues still remain	Y	Social / Governance	Y	Email communication with IR on board of directors diversification as well as shareholder return policies
Company pays higher than industry average salaries. Disabled personnel are also employed and placed in suitable positions	-	Y	Social / Governance	N	Contact from company engages actively with investors, attending 18 external investor conferences in 2019
-	-	Y	Governance	Y	Email communication with management with regards to nomination of non-independent directors and company will modify their voting methods with international practices
Company complies with every requirement set forth in ISO 14001 Environmental Management System and OHSAS 18001 Occupational Health & Safety Assessment Series	The company still does not have quantitative target for ESG enhancement. The company still at early stage for ESG implementation. We will follow up on ESG angle	Y	Environmental Impact / Social Impact	Y	Conference call with CEO and IR with regards to the ESG related issues
-	We continue to own the stock. This endorsement procedure amendment would have the company with more flexibility and efficiency potential solution. The company has good management track record as well	Y	Governance	Y	Email communication with Vice President with regards to proxy voting

ESG queries raised (cont'd)

ESG queries raised

Description	ESG Rating	Governance	Specific Management/Pay
Taiwan Information Technology Semiconductors	N (No Issues)	The company has detailed governance measures in place. Board representation is fair and ownership is not concentrated on a few shareholders. No crossholding complications	Management were awarded stocks and options to incentivise key personnel. Whistle blower policies are also in place to arrest any abuse
Thailand Health Care Health Care Facilities	I (Issues but Improving)	4 out of 12 board members are independent directors. Company understands and realises the importance of good corporate governance and established the corporate governance guidelines	All remuneration are cash basis and it was fully disclosed in annual report. In addition, doesn't have any plan about stock base remuneration
Thailand Real Estate Real Estate Development	I (Issues but improving)	Has 3 independent board members out of 9 and the company consider it enough. -3 independent board members are head of audit, risk management, and remuneration committee respectively	Has Code of Conduct to cover anti-corruption policy and prohibiting bribery

ESG queries raised

Environmental/Social	Investment Consideration	Company Contacted?	Engagement Issue	Company Responded?	Notes from Company Contact
Many measure are in place to deal with electricity reduction and other environmental protections. CSR reports are produced annually to highlight achievements and progress made	Company has put in place necessary ESG measures and policies	Y	Environmental Impact/ Governance	N	The company has responded openly and with due effort. Links were provided to specific reports that have already been prepared as part of its internal ESR processes
Corresponds well during pandemic period to launch quickly COVID-19 related services like testing and quarantine services etc, collaborated with the government and private hospital association	The company is following the regulation and ESG related requirement well, and trying to continue the current initiatives	Y	Social / Governance	Y	Engaged via teleconference on various impacts in relation to ESG issue including COVID-19 related services. We may monitor the development of environmental initiatives and concrete succession plan
Doesn't face any ESG related issues, court case, and controversial issues etc and keeps trying to defend its brand image. Has provided original energy efficient house concept	Now gradually improving and enhancing its ESG initiatives. Received the ESG 100 award from Thaipat Institute for three consecutive years	Y	Environmental Impact / Social Impact	Y	Engaged via teleconference on various impacts in relation to ESG issues and the current trend of ESG requirement. We may monitor the progress of the company's new ESG related initiative

Glossary

COGS	Cost of Goods Sold
COI	Conflict of Interests
CSR	Corporate Social Responsibility
DTA	Deferred Tax Asset
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EM	Emerging Markets
EPS	Earnings Per Share
ESG	Environmental, Social, Governance
FCF	Free Cash Flow
GSE	Global Sustainable Equity Fund
KPI	Key Performance Indicator
LTIP	Long Term Incentive Plan
ND	Net Debt
Opex	Operating Expense
PSP	Performance Share Plan
PSU	Performance Share Unit
RoA	Return on Assets
ROCE	Return on Capital Employed
ROIC	Return on Invested Capital
RSU	Restricted Share Unit
SAR	Stock Appreciation Rights
SH	Shareholder
SOE	State owned Enterprise
STIP	Short Term Incentive Plan
TSR	Total Shareholder Return
UNSDG	UN Sustainable Development Goals
WC	Working capital

About Nomura Asset Management

The Nomura Asset Management Group is a leading global investment manager with over US\$440 billion of assets under management. Headquartered in Tokyo, Nomura has additional investment offices throughout the world including London, Singapore, Malaysia, Hong Kong, Shanghai, Taipei, Frankfurt and New York. With a global workforce of over 1,300 employees it has been operating in Europe for over 30 years.

Today Nomura Asset Management provides its clients with a wide range of innovative investment strategies including global, regional and single country equities, high yield bonds, alternative investments and global fixed income strategies.

US\$ **443** bn

assets under
management globally

1,348

staff employed
across 14 offices

233

portfolio managers located
strategically around the world

112

dedicated professionals committed to
fundamental and quantitative research

1959

Our investment management capability was
established in Japan over 50 years ago

30 years

Operating in Europe
for over 30 years

Source: Nomura Asset Management as at 31st March 2020

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Nomura Asset Management Malaysia Sdn. Bhd.

Suite 12.2, Level 12, Menara IMC

No. 8 Jalan Sultan Ismail

50250 Kuala Lumpur, Malaysia

Contact Email: namm@nomura-asset.com.my

General Line: +603 2027 6688 Fax: +603 2027 6624

Nomura Islamic Asset Management Sdn. Bhd.

Suite 12.3, Level 12, Menara IMC

No. 8 Jalan Sultan Ismail

50250 Kuala Lumpur, Malaysia

Contact Email: niam@nomura-asset.com.my

General Line: +603 2027 6668 Fax: +603 2027 6612

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NOMURA

Nomura Asset Management U.K. Ltd.

1 Angel Lane

London

EC4R 3AB

+44 (0) 20 7521 2000

Alex Rowe, CFA

Nomura Asset Management U.K. Ltd.

alex.rowe@nomura-asset.co.uk

+44 (0) 20 7521 1059

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