Climate Change Statement 2022

First Sentier Investors

Contents

Our approach

At First Sentier Investors (FSI), we believe that society must drastically reduce greenhouse gas emissions if we are to avoid the worst consequences of the climate crisis. We accept the science of climate change and support the transition to a low carbon economy, in line with the goals of the Paris Agreement[1] that is already underway.

As allocators of capital, stewards of our clients' assets and active shareholders in companies, we know that the individual and collective decisions we make as investors will influence the nature and speed of this transition.

We acknowledge that we have a wider responsibility to contribute to a sustainable economy and society through our investment activities and business operations. We understand that different assets will be affected by the transition in different ways, both in relation to their contribution to climate change in the form of greenhouse gas emissions, but also their exposure to changes occurring in the physical environment.

In addition to managing climate risk, we are focused on the opportunities presented by the transition to a low carbon economy. Some companies are well-positioned to provide the solutions needed to reduce greenhouse gas emissions and to adapt to a changing climate. These companies can offer compelling, long-term, risk-adjusted investment returns aided by changes in policy, technology and consumer demand. Over the last five years, we have provided case studies of both kinds in our responsible investment (RI) and stewardship reports.

Beyond its direct effects, climate change often acts as a multiplier of other risks and opportunities that investors have traditionally managed. For example, while companies have always had to manage impacts of extreme weather events, climate change is making these more frequent and intense. Similarly, while technological disruption has always occurred, the urgency and scale of changes needed to shift to a low-carbon economy are unprecedented.

Challenges abound. There is a significant gap between the capital investment required to meet the climate change objectives of the Paris Agreement and the amount currently being deployed across the globe. Investors require support from policy-makers to shift capital at the speed and scale required. However, as stewards of our clients' assets we believe we cannot simply wait for this to occur, because the long-term interests of our clients are tied to a stable climate.

We will up-skill our employees, work closely with stakeholders and deploy capital towards achieving financial, social and environmental objectives.

We believe this approach will help us better protect and grow our clients' capital. There is a rapidly expanding pool of high-quality investments being developed to fill the investment and financing gap. Investors who understand the issues and see the opportunities will be the ones best-placed to deliver for their clients.

This shared responsibility requires transparency from all stakeholders. In light of this, we have prepared this document to align with the Task Force on Climate-Related Financial Disclosures (TCFD).

For further information on our approach and the targets we have set, please visit the 'Our climate metrics and target' section of our website.

[1] The Paris Agreement is a legally binding international treaty on climate change. It was adopted by 196 Parties at COP 21 in Paris, on 12 December 2015 and entered into force on 4 November 2016. Its goal is to limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels.

Key updates

Over the past year FSI has developed, and has begun to implement, a comprehensive Climate Risk Management Plan (CRMP) which maps FSI's progress against TCFD recommendations and associated regulations and guidance, and which identifies 59 actions to pursue in 2021 and 2022. Actions include enhancing governance and oversight of climate risks; expanding company level policy parameters; and increasing the management and disclosure of climate-related risks and opportunities at an individual investment team level. The CRMP was reviewed by the Climate Change Taskforce and approved by the RI Steering Group in December 2021,[2] and is intended to be used as a dynamic risk management plan, updated and adjusted in line with new climate risk-related government policy and regulations.

Over the course of 2021, each of our investment teams built on the extensive climate-related work already undertaken in previous years and mapped out the steps that we reasonably believe would need to be taken to reduce greenhouse gas emissions across our portfolios in line with a target of net zero emissions by 2050 (or sooner). We also made a commitment to net zero emissions in our business operations by 2030 (or sooner). This work was overseen by our Climate Change Taskforce, and substantiates our firm-wide net zero commitment announced in early 2022.

We developed a comprehensive Climate Action Plan, which sets out our net zero transition strategy to achieve the targets outlined above, including how we will transition existing investments and our operations to net zero; develop new products; work with stakeholders including clients, investee companies and regulators; and monitor progress and measure success.

We invested in additional ESG data and information sources in 2021, including physical risk assessments and scenario analysis (which we had previously run on a pilot basis). We worked closely with our data provider to ensure that all relevant parts of the FSI business are well informed on how to use the data most effectively and its limitations.

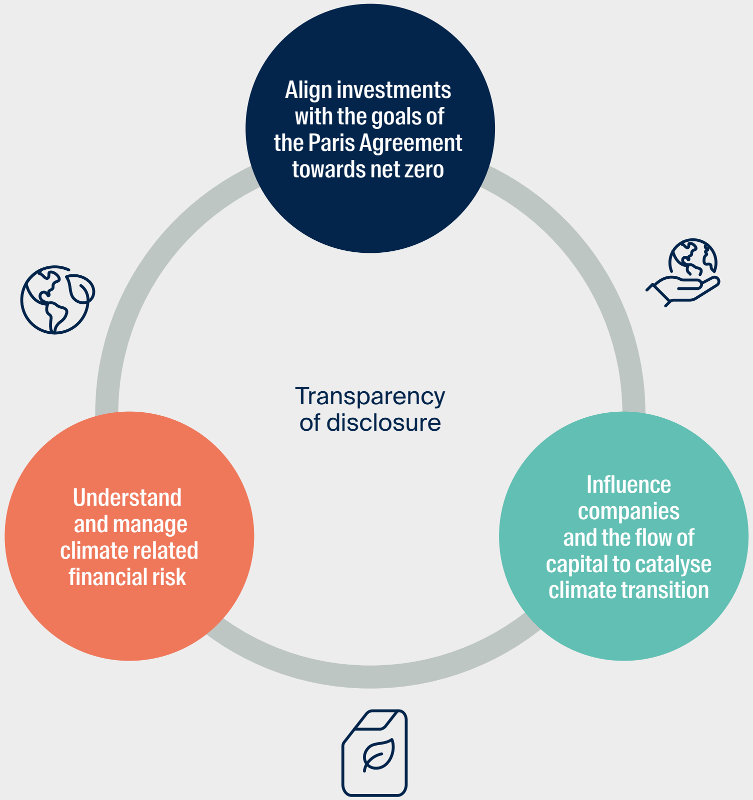
[2] See the section on 'Governance' below for details on the governance of climate-related risks and opportunities.

Strategy

At FSI, our purpose is to deliver sustainable investment success for the benefit of our clients, employees, society and our shareholder, and our vision is to be a provider of world-leading investment expertise and client solutions, led by our responsible investment principles.

We want to be recognised as a leader in RI and Corporate Sustainability, in terms of both advocacy and our own operations. This is a key strategic pillar for the firm, and climate change is one of the four key ESG themes we are prioritising.

Our climate strategy is centred on ensuring transparency of disclosure on climate change, with the aim to align investments with the goals of the Paris Agreement towards net zero, understand and manage climate-related financial risks, and influence companies and the flow of capital to accelerate climate transition.



We have articulated our formal net zero transition strategy in our Climate Action Plan, and more broadly, climate change is a key feature of our group-wide RI strategy. Our governance structures and strategy have been designed so that they are flexible enough to cater to the needs of our diverse investment capabilities, while remaining clear and practical.

Given the diversity of our investment capabilities, and consequently the range of risks and opportunities posed by climate change, we believe this integrated approach is the effective way forward.

Our existing RI framework ensures that complex issues, which have implications for multiple investment teams, are captured and managed through the governance structures and committees outlined in the Governance section below.

The elements of our RI strategy which are directly related to climate change are:

- Our RI Learning & Development program provides targeted training to different stakeholder groups across the firm (board and executive leadership; investment teams; distribution, marketing, product, legal, communications, compliance and risk management; and whole of firm). Climate change education is a key part of this program and includes inviting external experts to present and engage with the different stakeholder groups.
- Our ESG Data Strategy aims to ensure that we continue to enhance the ESG data (including climate-related data) that is available for investment teams, clients and management to make more informed decisions and to allow us to be more transparent.
- Each FSI investment team incorporates climate change into the investment process and portfolio company engagement activities, along with other environmental, social and corporate governance issues.
- *Our Global Responsible Investment & Stewardship Policy and Principles* sets out the key investment team commitments in relation to RI generally and climate change specifically.
- We actively engage with our clients to ensure we can anticipate and meet their needs now and into the future.
- We actively engage with stakeholders including regulators, industry bodies, civil society organisations and collaborative initiatives, to raise awareness and advocate for the necessary policy settings to enable us to deploy capital to meet global climate objectives.
- We continue to enhance our internal ESG governance process based on the evolving regulatory landscape and client requirements.

Investment team strategies

At FSI, we take a decentralised approach to RI, where individual investment teams are primarily responsible for ESG integration and active ownership in relation to their investments.

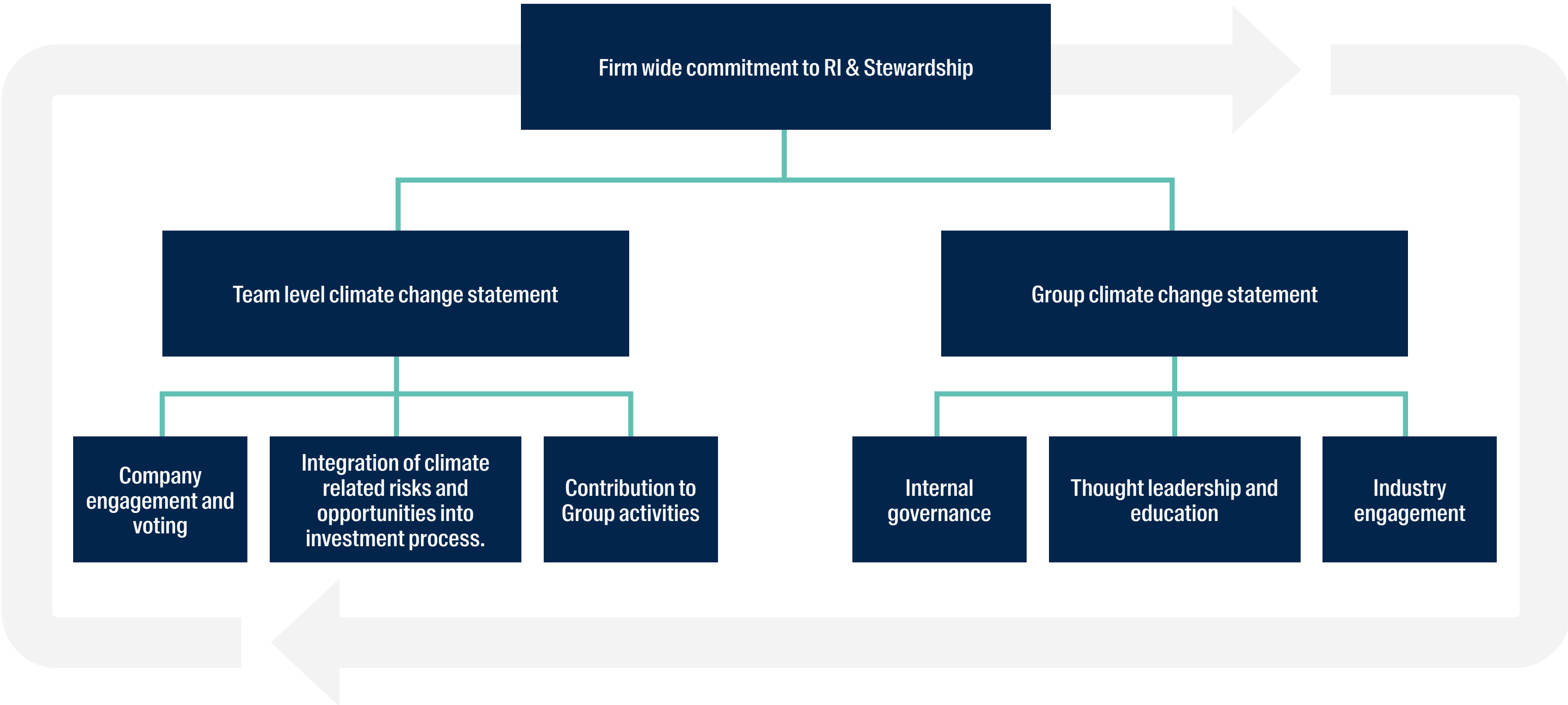
The way in which climate change, among other ESG factors, is incorporated into our investment decision-making and ownership practices is described in our annual RI Report and in each investment team's profile on our website.

As a diverse group of primarily bottom-up, active investment management teams, we believe that the investment experts within each team are best placed to factor in and manage the specific ways in which climate change will manifest itself for their investments.

Each investment team has provided its own Climate Change Statement in their respective website profiles, which are designed to show how they identify and address climate-related risks and opportunities in the investment process and the targets they have set.

This includes identifying which climate-related issues are considered to be relevant and material for which time horizon; how they are expected to impact the team's portfolios and underlying investee companies; what data and inputs they use to identify risks and opportunities; and how this is addressed in the investment process. We also provide interactive carbon footprints for each of our listed equity investment teams that allow stakeholders to drill down into portfolio level metrics.

While we recognise the unique expertise each team has, the broader organisation still has a responsibility to ensure that views of each team are tested and teams are accountable. This is achieved through the governance mechanisms described below.



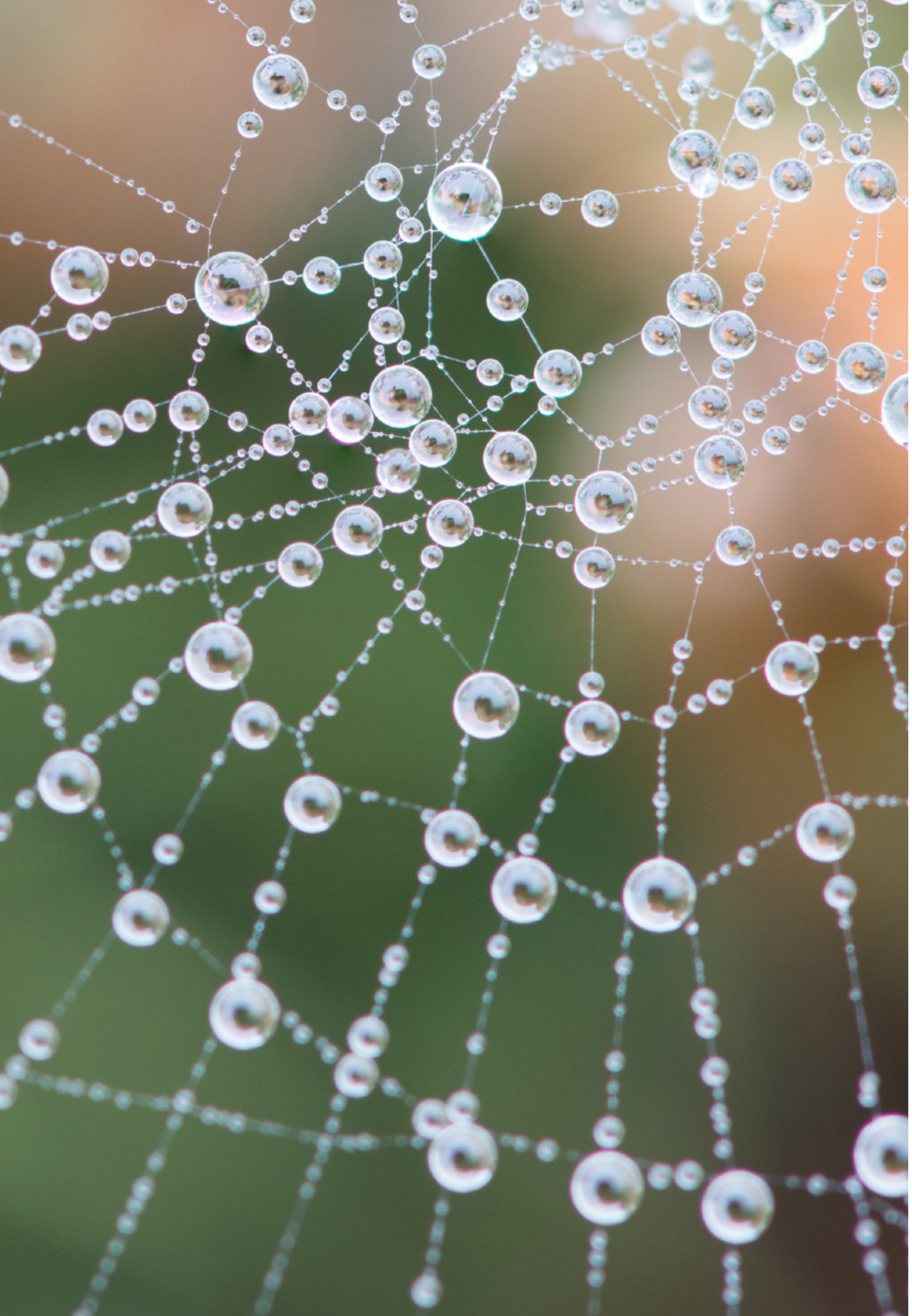
Key updates

‘Becoming a leading advocate of, and performer in, responsible investing and corporate sustainability’ has been included as a strategic pillar by FSI’s Executive Leadership Team (ELT), which includes a focus on climate change.

We developed a formal decarbonisation strategy through our Climate Action Plan.

Climate-related scenarios have been incorporated into Global Investment Committee analysis.

Investment teams updated their respective Climate Change Statements, which are designed to show how they identify and address climate-related risks and opportunities in the investment process and the targets they have set.



Governance

Over 50 people across our global organisation are part of our RI and stewardship governance structure.

In 2021 and 2022, FSI Boards and ELT focused on formalising FSI's approach to climate change governance and further embed it into the business.

Our current governance structure, as it relates to assessing and managing climate-related risks and opportunities, includes the following key elements:

Board oversight:

- **First Sentier Investors Holdings Pty Limited (FSIH) Board:** receives biannual reporting and discussion on climate-related risks and opportunities, and approves climate-related strategy and risk appetite for the overall business.
- **Audit and Risk Committee:** this FSIH Board committee is responsible for overseeing processes for identifying and managing risk, including climate-related risk.
- **Global Subsidiary Boards:** receive biannual reporting in relation to climate-related risks and opportunities, where they are regulated entities or otherwise, as required by local law.

Management responsibility:

The FSIH Board has delegated to FSI's Chief Executive Officer (CEO) overall management responsibility for ensuring climate-related risks and opportunities are integrated into FSI's business' strategy, risk management, business operations and oversight functions. The CEO will provide regular reporting to the FSIH Board.

The CEO has established the following management committees, with responsibility for the assessment and management of climate related risks and opportunities forming part of their overall responsibilities:

- **Executive Leadership Team:** responsible for ensuring climate-related risks and opportunities are addressed across the business and their specific areas of responsibility, and approval of the firm's operational climate disclosures.
- **RI Steering Group:** responsible for setting the direction and strategy of RI and approval of the RI policy framework and disclosures.
- **Global Investment Committee:** responsible for monitoring the management of investment risks, including sustainability risk (which includes climate-related risks) across our global business. This committee meets quarterly and is chaired by our CEO. The Global Investment Committee includes regular reporting on a number of ESG metrics, including a series of climate-related metrics.
- **Global Risk Committee:** responsible for oversight of risks assumed by FSI in the course of managing its business, including climate-related risks to the business.

Specific committees have also been established to ensure appropriate assessment and management of climate related risks and opportunities:

- **ESG Impacts Committee:** comprising representatives from each investment team (RI Representatives), the ESG Impacts Committee is a forum for identifying research areas to deepen our understanding of how ESG issues impact investment and business performance. The focus is on crosscutting issues that affect multiple investment teams and human rights risks and creating working groups to consider and deepen our knowledge of these issues. The ESG Impacts Committee meets on a biannual basis. Previous climate-related working groups of the ESG Impacts Committee include the Stranded Assets Working Group (2013-2014) and the Climate Change Working Group (2015-2018). The outputs of this group (a toolkit and a series of 5 white papers) are available on our website.

- **Climate Change Taskforce:** established in 2021 for the purpose of overseeing the development of a Climate Change Action Plan and accompanying firm-level targets for investment portfolios and also FSI group operations. Now that these actions have been completed, the group has been disbanded.

Climate related risks and opportunities are also supported by:

- **Policy and process framework:** key documents in this framework include this Climate Change Statement and each investment team's Climate Change Statement, our Climate Action Plan and our Global Responsible Investment and Stewardship Policy and Principles.

- **RI team:** a dedicated team of 6 located across Australia, Hong Kong and London, this team engages with and coordinates the FSI business to effectively deliver on the RI strategy, and reports directly into the CEO.

- **Corporate Sustainability team:** this team works in partnership with teams across FSI's global business to deliver and execute on a strategy to effectively manage our ESG impacts from our own operations and by doing so, reinforce our position as a Responsible Investor.

Key updates

In 2021/2022, FSI Group and several subsidiary boards, together with FSI senior management, received training and reporting on climate-related risks and opportunities and implications for FSI, and will continue to receive biannual reporting going forward.

How we identify and address ESG risks and opportunities (including climate-related risks), and execute on our strategy outlined above, has been included in KPIs for FSI's ELT and the remuneration framework for FSI investment teams. Investment professionals are assessed against how they manage risks associated with measuring and delivering short-term and long-term performance, including an assessment of sustainability risks. Our Executive Leadership Team's KPIs are directly linked to the implementation of our strategy, which includes a pillar in relation to RI and Corporate Sustainability.

In 2022, our Corporate Sustainability function was established to execute on a strategy to effectively manage our ESG impacts from our own operations.

We have invested in specialist third party systems to enable us to access better climate-related data to facilitate enhancements to our ESG risk oversight and monitoring capabilities.

Risk management

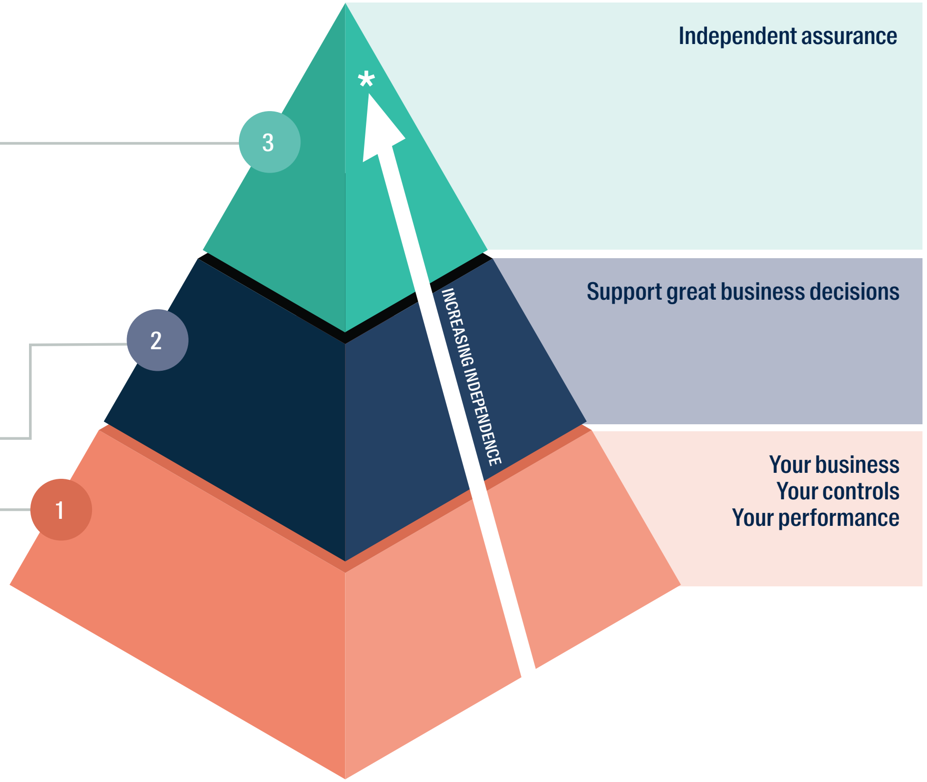
FSI's risk culture is based on doing the right thing by our clients, employees, society and our shareholder. The FSIH Board, senior management and employees are expected to be risk-aware, and understand the role they play in managing risks, and the value that effective risk management adds to the organisation.

FSI's philosophy with respect to responsibilities for risk management can be articulated in the *3 Lines of Accountability/Defence Model*:

Line 1: Business Management: Responsible for identifying and managing risks and ensuring their activities are compliant with legal, regulatory, industry code and organisational requirements.

Line 2: Risk Support Functions (e.g. Risk Management, Compliance, Investment Product Research and Assurance, Finance): Support the business in managing risks and achieving compliance, monitoring risk and compliance levels in the business and reporting on risk and compliance matters to management and governance forums.

Line 3: Internal & External Audit: Provide independent assurance on risk management systems and quality of implementation.



This model applies to climate-related risks within our business and investment strategies as follows.

	Climate-related operational risks	Climate-related investment risks
Line 1	Corporate Sustainability	Investment teams
Line 2	Risk Management Compliance	Investment Product Research and Assurance
Line 3	Internal and external audit	

Risk management framework

Our Risk Appetite Statement (RAS) sets out the risk appetite for each of FSI's material risk categories and contains qualitative statements of risk appetite and risk tolerances, and is supported by key risk indicators (KRIs). Responsible Investment Risk is a category of Investment Management Risk, one of the seven material risk categories identified in the RAS, and climate change is referred to as a key area of focus under this risk category in the Risk Management Strategy (RMS). Responsible Business Risk is a category of Strategic Risk. Both relate to climate change.

As responsible investing becomes regulated across the markets we operate in globally, there is a growing need for the Compliance team to help the business identify, assess, manage and report on ESG compliance risks and obligations. We are currently leveraging and enhancing our global compliance frameworks to ensure we continue to meet the swiftly evolving ESG regulatory requirements around the globe. In addition, our Internal Audit team regularly review investment team processes to ensure that they are compliant with stated ESG and RI policies and principles.

Tabled below is FSI's operational material climate related risk, opportunities, mitigation strategy and key performance metrics:

Market and business transition

FSI has a global operating footprint. There is a risk of increasing prices of raw materials, tariffs on energy supply and increase in carbon pricing in some regions where FSI operates and this could result in increased operating costs for the business.

To avoid the impact of rising operating costs, FSI is in the process of developing a property framework to ensure that environmental standards and relevant minimum standards are applied to new office locations. Using the Greenhouse Gas Protocol (GHG Protocol), FSI will also establish baseline data for Scope 1, 2 and certain aspects of its Scope 3 emissions to ensure business practices are continually improving towards lowering a company's carbon footprint. This may also result in reducing operating costs for FSI.

Reputational

There is an expectation from FSI's stakeholders (clients, employees, wider society and shareholder) to ensure that FSI's own business is taking actions to address climate change, consistent with or at a higher standard to what we would expect of the companies in which we invest our client's capital. Failure to do so may risk FSI's own business operations being misaligned with FSI's Responsible Investment philosophy. This could result in negative media coverage for greenwashing, impact client engagement activities or lead to withdrawal of investment.

To mitigate the risk of reputational damage FSI will monitor its progress towards net zero by 2030 (or before); attain globally recognised certifications such as ISO 14001 Environmental Management System for its operations (pilot project to start in July 2022 in Edinburgh headquarters); and communicate progress to FSI's stakeholders. This will reinforce FSI's positioning to its stakeholders.

Regulatory and Legal Risk

FSI operates in a multi-jurisdictional environment, where there are different regulatory requirements for countries it operates in amongst a complex and evolving ESG landscape. Should FSI fail to meet any mandatory reporting requirements, there may be a risk of added regulatory pressure, fines and penalties for not meeting regulatory requirements accusations of greenwashing. To mitigate this risk, FSI horizon scans for new and evolving regulation in relevant markets, with advice and input from internal and external legal advisors and regulatory compliance teams. In many instances the requirements cross both FSI's Investment practices and its own operations and so the Responsible Investment team and Corporate Sustainability will work together to meet these requirements. Additionally, a new ESG Policy and Regulation role is being appointed within the Responsible Investment team to provide a dedicated resource to focus on this area.

Physical Risk

Extreme weather events such as heatwaves, floods and bushfires, chronic heat stress and sea level rise can have physical impacts on FSI offices and data centres but also have an impact on FSI's staff health and wellbeing

To mitigate this risk FSI will ensure FSI offices are located in resilient buildings that can cope with physical risks. FSI will identify physical climate related risk for high risk regions and ensure climate emergency plans are integrated as part of the buildings emergency plan.

Business Issue	Description	Risks	Target & Mitigation Strategy	Metrics & Progress	Opportunities
TRANSITION RISK					
Market and business transition	• Carbon price increase in global markets • Increase in energy tariffs & rates • Increase cost of raw materials	• Risk of higher operating costs for FSI	• Ensure FSI offices are in buildings with high Energy and Water performance ratings • Lower business operating costs by having offices in resource efficient buildings with high green building standards • Develop a purposeful (sustainable) travel strategy	• Develop a Sustainable Property Guide by Q4 2022 to ensure FSI offices are in buildings that meet minimum sustainable criteria • Establish baseline data for energy and water for all FSI offices	• Lower operational costs for FSI offices globally
Reputational	• Expectation from stakeholders (clients, employees, wider society and shareholder) to take leadership position in addressing climate change within own operations	• Misalignment with Responsible Investment philosophy • Loss of competitive advantage • Clients/investors withdrawing funds and new investments • Negative media coverage for not following Responsible Investment principles for FSI operations and potential greenwashing	• Development of targets and action plan to reduce environmental impact of FSI operations • Establish an Environmental Management Platform to monitor progress against FSI's Net Zero Commitment by 2030 • Attain globally recognised environmental certifications for FSI's operations to certify actions taken • Introduce sustainability awareness programs for stakeholders on FSI's positioning on climate change in its operations	• Develop FSI's material Climate Risk Matrix by Q2 2022 (completed). • Establish GHG baseline for Scope 1 and 2 by Q4 2022.	• Reinforce FSI's position as a Responsible Investor • Communication of progress to key stakeholders (clients, employees, wider society and shareholder) • Attracting and retaining staff in a responsible business

Business Issue	Description	Risks	Target & Mitigation Strategy	Metrics & Progress	Opportunities
Regulatory and legal risks	• Carbon price / regulatory cap & trade obligations	• Financial implications of higher operating costs if carbon pricing mechanisms are increased or introduced before FSI's operations are transitioned to net zero emissions • Enhanced emissions reporting obligations	• Target to achieve Net Zero Carbon for FSI operations by 2030 (or before) including Scope 1, 2 and certain aspects of Scope 3 • Reduction of GHG use including using 100% renewable energy for FSI's offices or the purchase of Renewable Energy Certificates. • Electrification: transition away from gas and diesel use in our Edinburgh office. • Establish carbon reduction targets for Corporate Travel	• Support global FSI offices to transition to renewable energy and purchase of renewable energy certificates for applicable offices • Sydney and London office 100% renewable.	
	• Complexity of regulatory landscape	• Operating a multi-jurisdictional business where there are different regulatory requirements for different countries. • Fines and penalties for greenwashing and not following protocols.	• FSI to look for new and evolving regulation in relevant markets including with Responsible Investment team. • A new ESG Policy and Regulation role is being appointed within the Responsible Investment team to provide a dedicated resource to focus on this area.		

Business Issue	Description	Risks	Target & Mitigation Strategy	Metrics & Progress	Opportunities
PHYSICAL RISK					
Increasing temperatures	• Chronic heat stress due to sustained high temperatures	• Offices unable to maintain comfortable or safe working conditions for staff, affecting their wellbeing. • Relocation of staff to more comfortable locations • Increased operational costs associated with energy and water supply to the offices and data centres and ensuring wellbeing of FSI staff.	• Ensure FSI offices are in buildings with high Energy and Water performance ratings, so they can better manage heat loads. • For the office that FSI manages, ensure energy efficiency measures are implemented. • Ensure plant condition is sufficient to manage sustained heat load	• Develop a Sustainable Property Guide by Q3 2022 to ensure FSI offices are in buildings that meet minimum sustainable criteria	• Improved preparedness to manage operations during sustained high temperatures
Sea level rise	• Rising sea levels	• Staff safety and wellbeing • Impact to building infrastructure, security and IT systems in FSI offices and data centres	• Future climate analysis or flood reports to be included in office buildings that are at risk of sea level rise.	• Include resilience criteria in the Sustainable Property Guide to ensure flood reports and other risk mitigation methods are reviewed as part of the lease process.	

The key climate-related risks we identify and manage across our investments, and how we assess the impact of these risks on investment performance, are outlined in the individual team Climate Change Statements on our website. We take a proportionate approach to managing climate-related risks, and the climate information we disclose is proportionate to the degree that climate-related risks are considered in each investment team's investment and risk management processes.

Scenario Analysis

Having piloted the use of climate scenario analysis over several years for a number of funds, in 2021 we appointed ISS as a scenario analysis provider to understand how aligned our portfolios are with various pathways to a low-carbon economy, using the IEA Sustainable Development Scenario (SDS), Announced Pledges Scenario (APS), and Stated Policies Scenario (STEPS). Top down climate scenario analysis poses challenges, including the large number of assumptions we needed to get comfortable with before selecting a provider and the lack of available and up to date data. However, we do find that this forward looking analysis allows us to gain a more complete picture of a portfolio's expected carbon emissions over time, as well as improvements on the commitments the underlying companies have made for the future. This is particularly the case when combined with backward looking metrics such as historical carbon emissions, together with an assessment of how prepared a company is to transition to a low carbon economy. The extent to which individual investment teams use this analysis is outlined in their team's Climate Change Statements. At firm level, we held two dedicated sessions on this topic for the Global Investment Committee in 2021, and intend to incorporate this on an ongoing basis into Global Investment Committee reporting going forward.

Key updates

Sustainability is one of the key investment risk indicators monitored by the Global Investment Committee and was formally added to periodic reporting in 2021. This has also been included within FSIH Board reporting packs.

The FSIH Board was engaged in an update of the Risk Appetite Statement and associated documents, which involved the inclusion of Responsible Investment Risk and Responsible Business Risk as material risk categories.

In 2020 and 2021 the Global Investment Committee held a number of deep dive sessions on climate-related risks and opportunities our investment teams are facing, as portfolios were assessed based on metrics including carbon footprint and intensity, exposure to fossil fuels, transition risk and scenario analysis.

Metrics and targets

Data is critical to helping us understand climate-related risks and opportunities, measure where we are, how far we have come and our progress against targets.

Our Corporate Sustainability team is collating carbon foot printing and other environmental data for our offices and business activities to give us a clearer picture of the environmental risks and impact, and how to manage them.

We use a range of metrics to assess climate-related risks and opportunities for our investments. We publish these annually in our RI Report and below, but also provide interactive disclosure for our listed equities teams on our website.

Figure 1. Reporting on progress
This table shows the following key carbon metrics for all investment teams, as recommended by the Taskforce for Climate-Related Financial Disclosures (TCFD):

	Listed Equities	Fixed Income	Multi-Asset Solutions	Direct Infrastructure
Coverage (AUM)	95%	75%	Listed Equities: **88%** Sovereign debt: **93%**	100%
Weighted average carbon intensity (Scope 1+2/$million sales)	205.3	Corporate fixed income: **246.5** Sovereign debt: **461.6**	Listed equity: **80.3** Sovereign debt: **213.1**	746
Difference weighted average carbon intensity vs benchmark (aggregated)	-35.1%	Corporate fixed income: **0.3%** Sovereign debt: **-1.2%**	Listed equity: **-38%**	n/a
Average fossil fuel companies	9.2	5.9	33.7	2.8
Carbon footprint (tCO2e/$m invested)	110.4	n/a	19.8	294
Difference carbon footprint vs benchmark (aggregated)	-58.3%	n/a	-66.9%	n/a
Total Carbon Emissions (tCO2e, Scope 1+2)	11,421,559	n/a	2,822	3,182,660
Scope 1 (tCO2e)	9,238,534	n/a	1,634	3,028,781
Scope 2 (tCO2e)	2,153,541	n/a	1,188	153,879
Scope 3 (tCO2e)	34,352,338	n/a	15,293	n/a

Carbon footprint: the carbon emissions of a portfolio per US $m invested. Scope 1 and 2 emissions are allocated to investors based on an equity ownership approach (if an investor owns 10% of a company's total market capitalisation, then they own 10% of the company and therefore 10% of the company's emissions). This is then normalised by portfolio value.

Weighted average emissions intensity: portfolio weighted average of each company's greenhouse gas emissions intensity (scope 1 & 2) per $m sales.

Total carbon emissions: this metric measures the absolute greenhouse gas emissions associated with a portfolio (Scope 1 and 2) expressed in tCO2e*. Scope 1 and 2 emissions are allocated to investors based on an equity ownership approach (as with the carbon footprint).

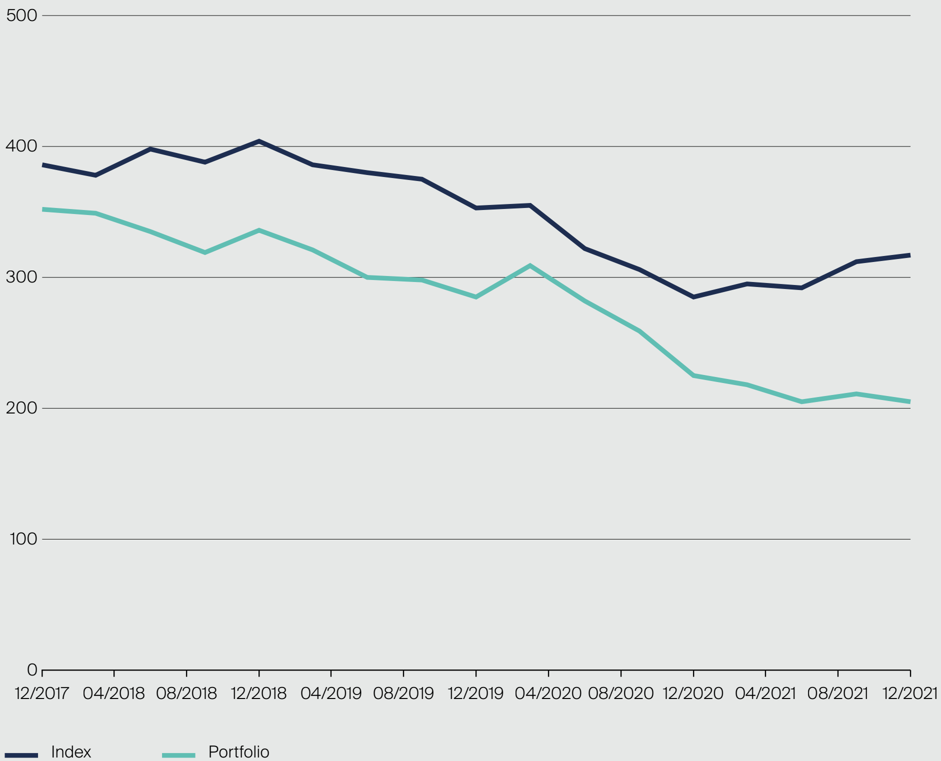
Fossil fuel companies: average number of fossil fuel companies per portfolio. This includes companies who mine fossil fuels as well as generators of fossil-based energy sources as well as other users of fossil fuels.

Carbon footprint reports for each listed equity investment team, and an explanation of how each measure is calculated, on First Sentier Investors' website, in "Carbon footprint" under "Responsible Investment" tab.

* tCO2e refers to tonnes of carbon dioxide equivalent

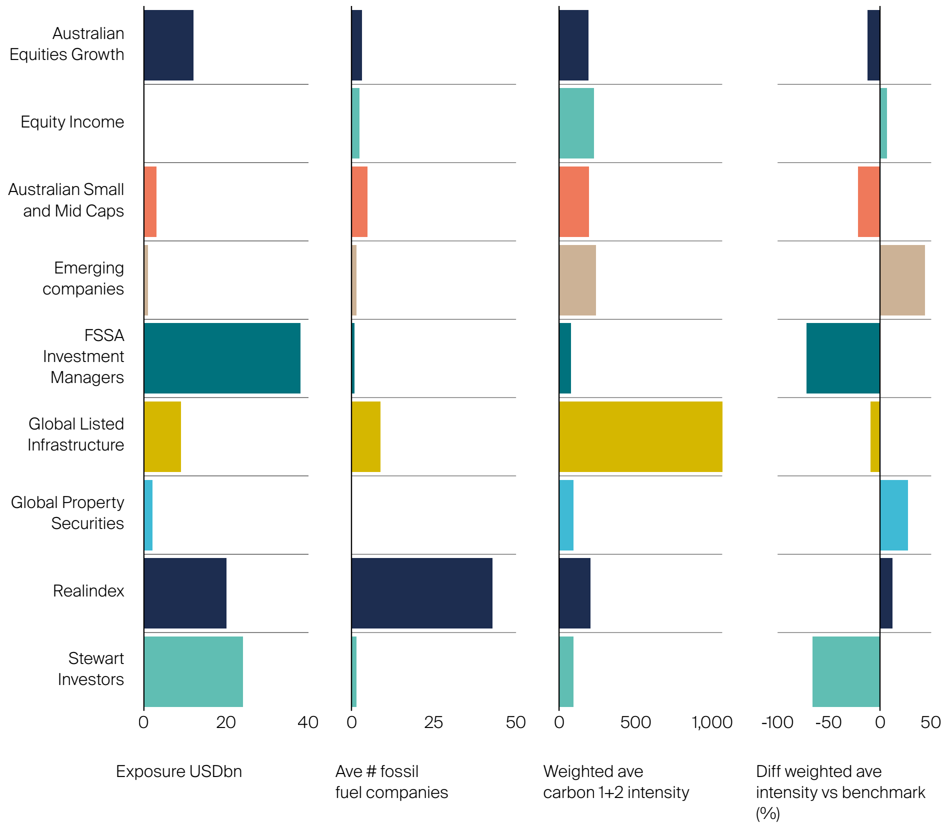
The chart below shows the change over five years in Weighted Average Carbon Intensity for all our Listed Equities portfolios vs the benchmark (aggregated).

Figure 2. Listed Equities Wtd. Avg. Carbon Intensity
tCO2e/US$m sales



Source: First Sentier Investors, MSCI. Data as at 31 December 2021

Figure 3. Listed equity teams emissions profile



Source: First Sentier Investors, MSCI. Data as at 31 December 2021

The targets we have set and our progress against these targets are outlined in each investment team's Climate Change Statements, and in our Climate Action Plan.

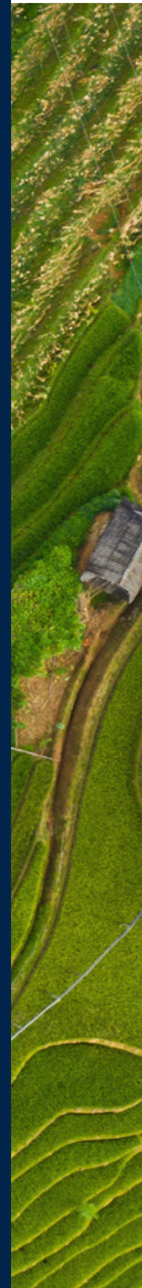
Key updates

We set targets across our investment portfolios and business operations.

Looking forward

Our priorities for the year ahead and beyond include:

- Continuing to develop and enhance our ESG Data Strategy, including by making data available across more asset classes to support investment teams, to provide better reporting to management and to be more transparent with clients and other stakeholders.
- Strengthening our governance structure and frameworks in relation to RI and emerging ESG regulations more broadly.
- Reviewing our RI investment beliefs.
- Ensuring RI and climate change are appropriately reflected in investment team KPIs.
- As we build out our Corporate Sustainability function, refreshing our assessment of material climate risks across the organisation as a whole.
- Incorporating scenario analysis and a net zero assessment of our portfolios into Global Investment Committee reporting on an ongoing basis.
- Developing a comprehensive set of environmental metrics for our business operations.
- Include a summary of climate-related risks in our emerging risk report and Enterprise Risk Radar.



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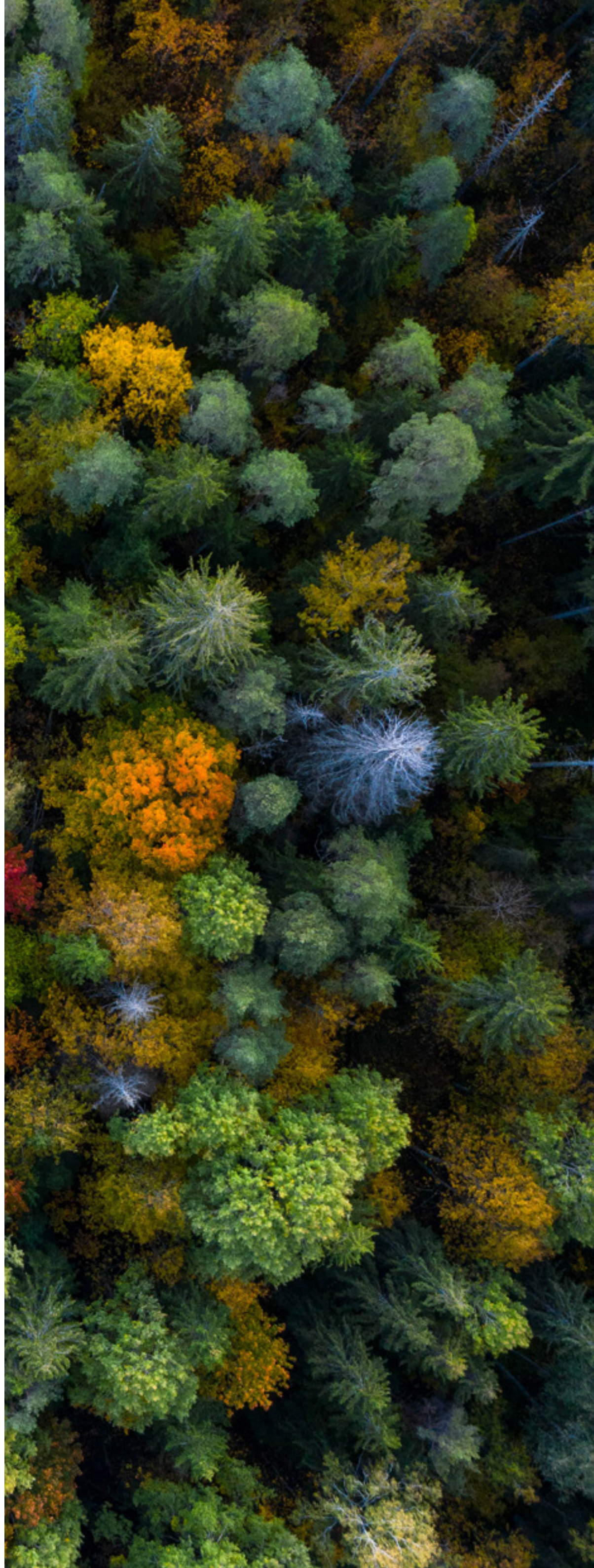

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