



EASTSPRING INVESTMENTS ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE STANDARDS

March 2020

INTRODUCTION

We believe that the quality of corporate governance practices, and how companies manage the environmental and social aspects of their operations, can be material to delivering superior longer term shareholder value.

We apply a holistic approach by incorporating material risks, including ESG issues, as part of our investment decision making processes.

In acknowledging the importance of ESG issues, and given they may not have been a central focus in financial markets historically, we are committed to making the assessment of ESG factors explicit for the benefit of our investment processes. This is an ongoing and long term process of improving our approach to integrating ESG into our investment processes, which we expect will evolve over time.

By taking ESG issues into account, we can meet our clients' financial expectations, serve their other long-term interests and meet the expectations of society.

RESPONSIBLE INVESTMENT

At Eastspring Investments, responsible investing principles drive our asset management practice. Responsible investment includes the explicit incorporation of relevant ESG issues into every aspect of our activities as an investor – both before we make investment decisions and during the time we hold an investment. We seek to identify and take account of these issues into our investment decision-making processes and in the way we conduct stewardship activities.

In our role as a steward of clients' assets we maintain a dialogue with the entities in which we invest, where this is feasible. In this dialogue, we address relevant ESG issues, to ensure they are understood and managed appropriately. The goal of our proxy voting policy and decisions is to protect our clients' interests and to reflect our belief that sustainability and ESG issues can be material to us as an investor and significant for society as a whole. Our engagement includes encouraging companies to disclose relevant ESG information to investors and other stakeholders.

ENGAGEMENT

Engagement is core to our Stewardship responsibilities. We aim to encourage business and management practices that support sustainable financial performance through constructive engagement based on our in-depth knowledge of the companies and their business environment.

Where appropriate, we will play an active role in seeking to effect changes to maximise shareholder value. We are active members of collaborative organisations. From time to time, we may participate in collaborative engagement initiatives where we believe it to be in our client's best interests to do so.

ESG INTEGRATION

Each of our investment teams has its own approach to integrating ESG matters, which is dependent on the characteristics of each asset class and each investment strategy. Accordingly, investment teams have developed, or are in the process of developing, Environmental, Social, and Corporate Governance Policies, that formalise their specific approach to ESG issues, and are explicitly integrated into investment processes.

All investment professionals are responsible for incorporating all factors deemed to impact the investment decision making process. As part of this, investment teams are responsible for the integration of ESG issues into the investment process, rather than outsourcing this responsibility to dedicated ESG or stewardship specialists.

INTERNATIONAL STANDARDS OF BUSINESS CONDUCT

As a responsible company, Eastspring Investments expects the entities in which we invest to operate according to internationally recognised standards of business conduct, which includes ESG issues.

CLIMATE CHANGE

Climate change is a sustainability challenge facing us all. For investors, climate change and the need for a rapid transition to a low-carbon economy present significant financial risks as well as investment opportunities. Accordingly, we seek to consider material risks in our decision making processes – including current and potential regulatory changes, physical impacts and technology developments relating to climate change.

MARKET WIDE ENGAGEMENT

As an active and responsible market participant, we seek to encourage and influence market-wide standards and regulation in ways that promote high standards of practice on ESG issues by entities in which we invest.

COLLABORATION

We believe that collaboration among investors is an effective way to address ESG issues and maximise investor influence. It helps to ensure consistency in the messages companies, regulators and others receive from investors. We therefore take part in relevant collaborative initiatives and lead such activities where appropriate.

UN-SUPPORTED PRINCIPLES FOR RESPONSIBLE INVESTMENT

To demonstrate our commitment to responsible investment, Eastspring Investments is a signatory to the UN-supported Principles for Responsible Investment. We encourage participants in the investment industry with which we interact to accept and implement the Principles.

TRANSPARENCY AND REPORTING

We strive for transparency to clients and other interested stakeholders in our implementation of this policy. In addition to our annual reporting to the PRI, we will publish an annual responsible investment report and other updates.

RESPONSIBLE INVESTMENT FRAMEWORK AND GOVERNANCE STRUCTURE

At Eastspring, we have wide-ranging investment expertise and diverse investment approaches – and so work under the premise that there is not a single, universal approach to Responsible Investment.

All investment teams are informed by our Responsible Investment Standards, including ESG, Stewardship, Proxy Voting and Best Execution. Each asset class and investment strategy has its own unique characteristics, and investment teams are empowered to own their approach to ESG integration and engagement.

All investment professionals are responsible for incorporating all factors deemed to impact the investment decision making process. The results of this effort are monitored at the portfolio level where the aggregate ESG score is reported along with performance on a monthly basis.

Supporting each of these approaches is an overarching Responsible Investment Framework and Governance Structure, which informs our Responsible Investment Standards and associated policies.

The Eastspring Management Committee (EMC) drives and oversees the day-to-day operation of the firm globally. Eastspring Investments Responsible Investment Taskforce (RIT) is designated responsibility to oversee Eastspring Investments Responsible Investment activities by the EMC. The RIT provides a forum to determine the strategic direction for Responsible Investment. It comprises of cross-functional representation of investment teams across our business.

The Eastspring Responsible Investment Working Group (ERIWG), which comprises of representatives across Eastspring Investments Local Business Units (LBUs), is a sub-committee of the RIT. It assists the RIT in implementing our Responsible Investment Framework. In turn, locally-represented Responsible Investment Committees are formed, as needed, to discuss practical and operational issues encountered in the application of the investment teams' policies.

We are committed to an ongoing and long term process of improving our approach to integrating ESG into our investment processes. We expect that ESG Policies will evolve over time to reflect changes in business practices, structures, technology, and the law.