



Table 1

Principal adverse sustainability impacts statement

Financial market participant **Eastspring Investments (Luxembourg) S.A. (LEI: 213800Z86L7S11SJUK24)**

**1. Summary**

**Eastspring Investments (Luxembourg) S.A. (LEI: 213800Z86L7S11SJUK24)** considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated principal adverse sustainability impacts statement of Eastspring Investments (Luxembourg) S.A. and covers the whole range of its products. Eastspring Investments (Luxembourg) SA is acting as designated management company and alternative investment fund manager for Eastspring Investments SICAV, for which Eastspring Investments (Singapore) Limited is acting as delegated investment manager.

This principal adverse impacts statement covers the reference period from **1 January 2022 to 31 December 2022.**

The name of the financial participant to which the adverse sustainability impacts relates is **Eastspring Investments (Luxembourg) S.A. (LEI: 213800Z86L7S11SJUK24)** Each of the PAIs noted below were considered within the management of our relevant funds to the degree that they are deemed material throughout the period of [1 January 2022 to 31 December 2022]. The below summary table represents the consolidated statement of principal adverse indicators on sustainability factors:

Applicable to	Theme	PAI Indicator	Table	Number
Portfolio companies	Climate and other environmental themes	GHG Emissions	1	1
		Carbon Footprint	1	2
		GHG Intensity of investee companies	1	3
		Exposure to companies active in the fossil fuel sector	1	4
		Share of non-renewable energy consumption and production	1	5
		Energy consumption intensity per high impact climate sector	1	6
		Activities negatively affecting biodiversity- sensitive areas	1	7
		Emissions to water	1	8
		Hazardous waste ratio	1	9
		Investments in companies without carbon emission reduction initiatives	2	4
	Human Rights and other social themes	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	1	10
		Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	1	11
		Average unadjusted gender pay gap of investee companies	1	12
		Average ratio of female to male board members in investee companies	1	13

		Exposure to controversial weapons (anti- personnel mines, cluster munitions, chemical weapons and biological weapons)	1	14
Sovereigns and Supranational	Climate and other Environmental themes	GHG intensity	1	15
	Human Rights and other social themes	Investee countries subject to social violations	1	16
		Investments in companies without workplace accident prevention policies	2	1
		Lack of a human rights policy	2	9

## 2. Indicators applicable to investments in investee companies

Adverse sustainability indicator		Metric	Impact [Year 2022]	Explanation	Actions taken, and actions planned, and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS					
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	1,290,649.98 tons CO <sub>2</sub> e	N/A	<b>Actions taken:</b> Eastspring has adopted an engagement model as the primary method to reduce climate risks within its portfolios. By effectively engaging with portfolio companies, Eastspring is more likely to effect real-world change. To that end, a group of the most carbon intense issuers have been selected and assessed in relation to both historical metrics and forward strategy. Engagements are multi-year activities and may be either bilateral or collaborative. Engagements are assessed utilizing milestone achievement in order to monitor progress towards expected climate risk management outcomes. For a range of strategies, thermal coal producers and energy generators where revenues exceed 30% have been
		Scope 2 GHG emissions	257,509.71 tons CO <sub>2</sub> e		
		Scope 3 GHG emissions	7,308,314.62 tons CO <sub>2</sub> e		
		Total GHG emissions	8,856,230.64 tons CO <sub>2</sub> e		
	2. Carbon footprint	Carbon footprint	581.23 tons CO <sub>2</sub> e / EUR M invested		
	3. GHG intensity of investee companies	GHG intensity of investee companies	1,275.90 tons CO <sub>2</sub> e / EUR M revenue		
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	8.70 %		

	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage	90.42 %	
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	Total: 81.13 GWh / EUR M revenue  Sector A: 0.04 GWh / EUR M revenue  Sector B: 69.20 GWh / EUR M revenue  Sector C: 2.15 GWh / EUR M revenue  Sector D: 7.79 GWh / EUR M revenue  Sector E: 0.38 GWh / EUR M revenue  Sector F: 0.13 GWh / EUR M revenue  Sector G: 0.35 GWh / EUR M revenue	divested. During the period, a tool was in development to identify and assess issuers with material risks in relation to operational carbon emissions, energy efficiency, product carbon emissions and physical risks. In addition, work commenced on sectoral decarbonization pathway analysis.

			Sector H: 0.95 GWh / EUR M revenue  Sector L: 0.15 GWh / EUR M revenue		
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0.15 %	N/A	<b>Actions taken:</b> During the period, work commenced on a tool for investment teams to identify and measure issuers with material biodiversity risks within certain sectors. In addition, an engagement programme commenced in relation to selected 'worst performers' amongst palm oil producers, an industry with particular biodiversity challenges.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	253.99 tons / EUR M invested	N/A	<b>Actions taken:</b> During the period, work commenced on an internal tool for investment teams to identify and assess issuers. In relation to water management. This tool considers the materiality of this issue within relevant sectors.
Waste	9. Hazardous waste ratio	Tonnes of hazardous waste generated by investee companies per million EUR invested, expressed as a weighted average	288.29 tons / EUR M invested	N/A	<b>Actions taken:</b> During the period, work commenced on a tool to consider the materiality of, and assess the management of pollution, waste and product lifecycles for certain sectors.

**SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS**

Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0.71 %	N/A	An engagement programme commenced with portfolio companies that were deemed to be 'red flags' in relation to the United Nations Global Compact by an independent third party data vendor. This involved analysis of the underlying root causes and the issuers responses to-date, along with Eastspring's expectations for resolution. A milestone monitoring process has been developed to assess effectiveness of engagement, and escalation options have been documented in Eastspring's Responsible Investment Policy in the event that milestones are not achieved.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	53.05 %	N/A	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	17.24 %	N/A	<b>Actions taken:</b> During the period, work commenced on a tool to be made available to investment teams that measures the materiality of employee treatment and inclusion. It seeks to assess management capability on this issue.

	13. Board gender diversity	Average ratio of female to male board members in investee companies	29.42 %	N/A	<b>Actions taken:</b> During the period, work commenced on an internal tool to assess the board quality of an issuer, which is considered material across all sectors.
	14. Exposure to controversial weapons (anti- personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0.09 %	N/A	<b>Actions taken:</b> Eastspring uses an alternative data provider to identify and exclude controversial weapons manufacturers.

Indicators applicable to investments in sovereigns and supranationals					
Adverse sustainability indicator		Metric	Impact [Year 2022]	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Environmental	15. GHG intensity	GHG intensity of investee countries	Data not available	N/A	Data Not Available
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	4.94 %	N/A	<b>Actions taken:</b> During the period, Eastspring commenced work on a tool designed to identify and measure issuers with material exposure to social risks relating to privacy and cybersecurity, product safety and responsible marketing and community and stakeholders. In addition, we continually monitor portfolio companies for controversy events including social violations.

Indicators applicable to investments in real estate assets					
Adverse sustainability indicator		Metric	Impact [Year 2022]	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	N/A	N/A	Data Not Available
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	N/A	N/A	Data Not Available

*Table 2*  
**Additional climate and other environment-related indicators**

Adverse sustainability impact	Adverse sustainability impact (qualitative or quantitative)	Metric	Impact [Year 2022]	Explanation	Actions taken
Indicators applicable to investments in investee companies					
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS					
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	41.47 %	N/A	-

Table 3

**Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters**

SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS					
Adverse sustainability impact	Adverse sustainability impact (qualitative or quantitative)	Metric	Impact [Year 2022]	Explanation	Actions taken
Indicators applicable to investments in investee companies					
Social and employee matters	1. Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy	23.65 %	N/A	<b>Actions taken:</b> During the period, Eastspring commenced work on a tool to be made available to investment teams that identifies and assesses issuers with material exposure to occupational health and safety risks.
Human Rights	9. Lack of a human rights policy	Share of investments in entities without a human rights policy	11.57 %	N/A	-

**3. Information on any other adverse impacts on sustainability factors used to identify and assess additional principal adverse impacts on a sustainability factor**

Not Applicable.

#### **4. Description of policies to identify and prioritise principal adverse impacts on sustainability factors:**

Eastspring has a Group Responsible Investment Policy, an updated version of which was approved in December 2022, which is overseen by the Eastspring Sustainability Committee, implemented by the Investment team and supported by the Sustainability team. It can be found here <https://www.eastspring.com/docs/librariesprovider2/responsible-investments/2023/es-group-ri-policy-brochure.pdf>. The policy outlines the group's exclusion policy, as well as Eastspring's approach to active ownership on ESG issues which includes the principal adverse indicators from a sustainability perspective. We utilize a range of data sources including from multiple ESG data vendors.

Under our central engagement programme, investee companies' principal adverse impacts will be reviewed and ESG topics will be outlined prior to engagement with the company. Engagement topics discussed includes environmental, social and corporate governance which may cover but are not limited principal adverse impacts relating to Greenhouse emissions, biodiversity, waste management and social and employee matters.

#### **5. Engagement policies:**

Engagement with investee companies is core to our active ownership responsibilities. We aim to encourage business and management practices that support positive enhancement of material ESG traits or mitigation of material ESG risks across our holdings through constructive engagement based on our in-depth knowledge of our investments in the context of their business environment. Our investment teams evaluate material ESG risks, which may differ across companies, sectors, and asset classes. The level of engagement will therefore vary based on materiality, the size of investment, and the nature of the risks themselves. As long-term investors, we adopt a patient timeframe, as we believe that this can improve the probability of achieving value-added outcomes. Engagement can be for a variety of purposes. These can be a fact-finding exercise or in response to specific ESG controversies. By better understanding an issuer's approach to material ESG risks and opportunities, we can incorporate these insights to create a holistic view of a company's investment profile. Engagement can also be undertaken to encourage improvements within an issuer itself. Our process incorporates a range of milestones reflecting time-bound expectations regarding acknowledgement of issues, strategy development, implementation, as well as reporting and disclosures. The purpose of these engagements, which are long-term in nature, is to ensure that the issuer understands and manages material ESG risks in a suitable way and to a timeframe that meets our expectations, ultimately improving its valuation. Where appropriate, we will work with issuers to address material ESG risks, acknowledging a company management's specialty knowledge in their field.

#### Indicators for adverse impacts considered in engagement policies?

Under active ownership, topics are outlined prior to engagement with targeted investee companies. Based on our judgement on materiality to investment portfolio, the topic discussed may include either one or all of the following; Environmental, Social and Corporate Governance. Each topic may also cover a single or multiple of the Principal Adverse Indicators covered in tables 1,2 and 3 above.

#### How engagement policies will be adapted where there is no reduction in principal adverse impacts over more than one period reported on?

Eastspring's Responsible Investment Policy outlines our approach to escalation in the event of a lack of progress or a regression in outcomes on engagement topics. We take each issue on a case-by-case basis, and have a range of options available in the event that escalation is required, including but not limited to: collaborative engagements, proxy voting (including the potential to vote against directors), proposing shareholder resolutions, and divestment as a last resort.

In case where investee company PAIs score is deemed acceptable, we will continue to monitor outcomes.

## 6. References to international standards:

Eastspring utilises internal and external resources to assist in the management of adverse impacts. As part of the ongoing evolution, we continue to assess external sources of information to ensure our approach has the appropriate tools to aid in applying our best judgment. More information can be found in our Responsible Investment Policy ([www.eastspring.com/docs/librariesprovider2/responsible-investments/2023/es-group-ri-policy-brochure.pdf](http://www.eastspring.com/docs/librariesprovider2/responsible-investments/2023/es-group-ri-policy-brochure.pdf)).

### 6.1 Greenhouse Gas Emissions

#### Link to Sustainability Indicator:

Table 1, PAI 1-6

#### Methodology and data used:

Eastspring believes in the need for a just and inclusive transition, in a way that actively places the considerations of emerging and frontier market economies at the forefront of discussions. We are focusing our support on accelerating the clean energy transition through engagement and opportunities for financing,

rather than solely divestment. In addition, we consider environmental risks, including climate risks, and opportunities in the assessment of current and potential portfolio companies. We continue to make strides in our climate change mitigation, portfolio resilience, and risk management efforts across various fronts. Partnering with our parent company, Prudential Group, we have a collective 2050 net-zero ambition.

For forward-looking metrics, we have been exploring forward looking metrics such as Climate Value at Risk ("CVaR") and Implied Temperature Rise ("ITR") to gain a better sense of the forward-looking risk profile of our portfolios. Leveraging on analysis conducted by our parent company, three representative scenarios have been selected. We use the orderly transition, disorderly transition and hot house world scenarios aligned to those provided by the Network for Greening the Financial System ("NGFS"), to identify risks over the short, medium, and long term. These scenarios are very rich in detail, providing high levels of insight into the financial implications that could emerge from such pathways.

These three scenarios provide plausible future outcomes and are constructed to simulate the complex and non-linear interactions between energy, economy, and climate systems. They also account for various policy and technology developments, supporting a sophisticated exploration of different plausible futures, and an understanding of the impacts from trade-offs between the policy and technology options.

Data is obtained and derived from MSCI.

## 6.2 Respect for Human Rights

### Link to Sustainability Indicator:

Table 1, PAI 10, 11

### Methodology and data used:

Eastspring recognises the International Bill of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work as cornerstone legal instruments that establish the minimum standards for internationally recognised human rights. In addition to the duty of individual states to protect human rights, we believe that companies have a responsibility to respect human rights and, where applicable, support remediation to communities affected as a result its activities. We commit to applying these standards and will consider the United Nations Guiding Principles and Human Rights ("UN Guiding Principles") and Organisation for Economic Cooperation and Development's Guidelines for Multinational Enterprises ("OECD Guidelines") when monitoring the assets that we manage.

The UNGC is a non-binding United Nations pact to encourage businesses to adopt sustainable and socially responsible policies, and to report on their implementation. The ten principles of the UNGC are derived from international agreements on four topics: human rights, labour, environment, and anti-corruption. Using third-party vendor data, we classify companies into three categories:

- Fail – Violating one or more of the ten UNGC principles
- Watch List – Close to violating one or more of the ten UNGC principles
- Pass – Not violating the ten UNGC principles

As part of our Central Engagement Program, we conduct engagement with companies labelled as “Fail” and will continue to monitor companies labelled as “Watch List” when making investment decisions for both existing and new holdings.

Data is obtained and derived from MSCI.

### **6.3 Controversial Weapons**

#### **Link to Sustainability Indicator:**

Table 1, PAI 10, 11

#### **Methodology and data used:**

Eastspring deems companies with a verified involvement to cluster munitions, anti-personnel mines, biological weapons, chemical weapons, and nuclear weapons outside of the UN Treaty on the Non-Proliferation of Nuclear Weapons (“NPT”) as companies to be excluded for controversial weapons. We identify and exclude these companies in accordance with definitions set by international conventions and treaties. To ensure this alignment, we utilise independent third-party data for identifying companies for exclusion.

The following details our exclusions and their alignment to international standards and policies:

- Cluster Munitions: The Convention on Cluster Munitions (“Oslo Treaty”)
- Anti-Personnel Mines: UN Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction 1997 (“Ottawa Convention”)
- Biological Weapons: UN Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their Destruction
- Chemical Weapons: UN Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on Their Destruction
- Nuclear Weapons Non-NPT: UN Treaty on the Non-Proliferation of Nuclear Weapons (“NPT”)

Data is obtained and derived from ISS.

## **7. Historical comparison:**

*Not available. Earliest historical comparison will be available in June 2024*