Climate Change Statement

First Sentier Investors

For professional clients only | March 2020

Our approach

We accept the science of climate change and that a transition to a low carbon global economy is underway. As investors we understand this will impact different assets 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 risk we recognise that some companies are well positioned to provide the solutions needed to reduce emissions and adapt to a changing climate. These companies may offer compelling long term risk adjusted investment returns aided by changes in policy, technology and consumer demand. Over the last several years we have provided case studies of both kinds in our responsible investment and stewardship reports.

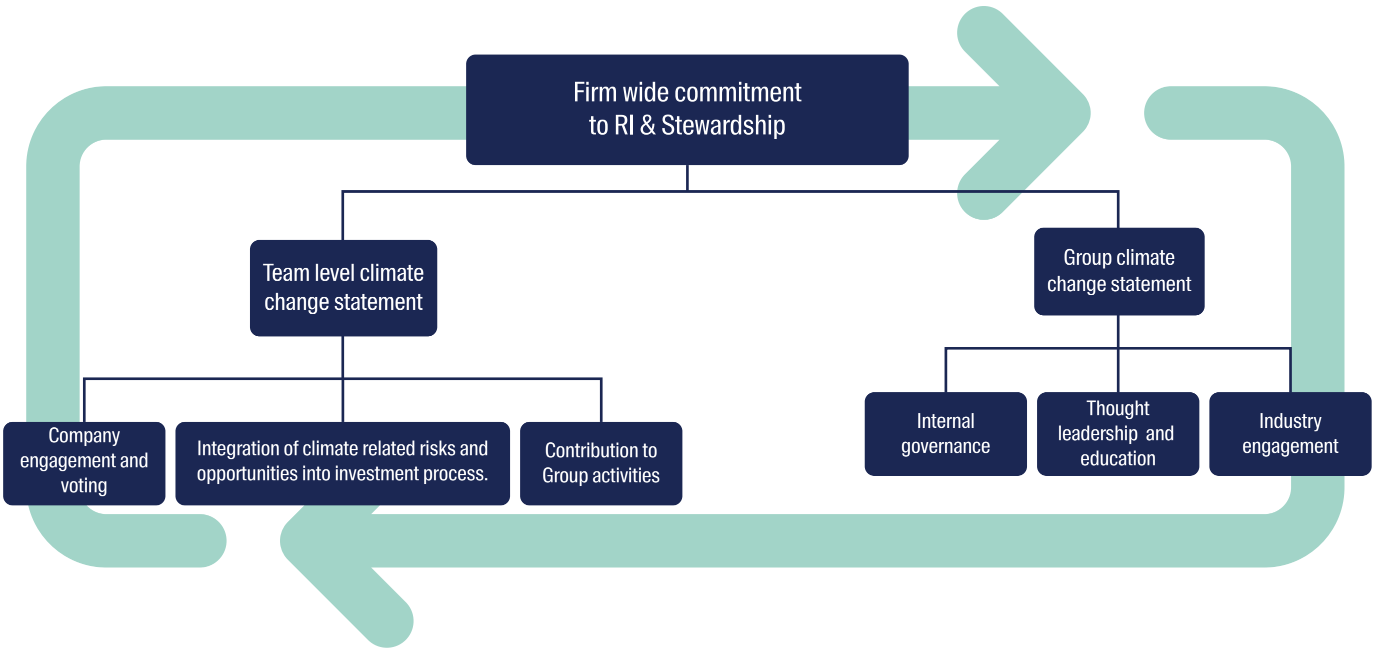
Rather than always being of direct relevance, climate change often acts as a multiplier of other risks and opportunities that investors have traditionally managed. For example while companies have always had to manage impacts of extreme weather events, climate change is making these events more frequent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

We also accept that as allocators of capital, stewards of our clients' assets and as active shareholders in companies on their behalf, the individual and collective decisions we make as investors will influence the nature and speed of the transition. We recognise our responsibility to be a positive influence in this regard.

The gap between the capital investment required to meet climate change objectives and that currently being deployed is significant. Investors require support from policy makers to shift capital at the speed and scale required. However, as stewards of our clients' savings we cannot simply wait for this to occur because the long-term interests of our clients are tied to a stable climate. We must do our part by skilling-up our employees and working closely with a wide variety of stakeholders to deploy capital towards achieving financial, social and environmental objectives.

We believe this approach will help us better protect and grow our clients capital with a rapidly growing number of high quality investment opportunities being developed to fill the investment and financing gap. Investors who best understand the issues will be well positioned to deploy the capital required.

This shared responsibility requires transparency from all stakeholders. In this light we have been following the growing trend towards improved climate change disclosure. We have prepared dedicated climate change disclosure to align with the Task Force for Climate-Related Financial disclosures (TCFD) and The Investor Group on Climate Change's guide to investor disclosure Transparency in Transition.



Governance

Global Investment Committee

The Global Investment Committee is responsible for monitoring the risk and performance of all investment capabilities across our global business and meets quarterly. The committee is chaired by the CEO and includes the Chief Investment officers of each asset class except unlisted infrastructure.

Climate change, and in particular the carbon footprinting of portfolios, was raised at the Global Investment Committee in March 2016. In December 2016 we appointed MCSI to provide carbon and related data which we are now reporting to the committee and publicly.

ESG Committee - Climate Change Working Group

In late 2015 a climate change working group was established as a subgroup of the ESG committee. The group includes members from a cross section of our investment teams. The group was charged with developing guidance for all investment teams on the integration and management of climate change risks and opportunities.

The group has completed its work with our series of climate change papers fundraising its findings and providing investment guidance.

ESG Committee - Stranded Assets Working Group (Completed)

In late 2013 we established a stranded assets working group which like the climate change working group comprised a cross section of investment teams
to develop guidance. The group developed guidance which is available in the reports and policies section of this website.

Responsible Investment (RI) Specialists

The RI team helps support investment teams in a number of ways as it relates to climate change. In addition to supporting the various committees and working groups described above, the team also distributes research, provides advice and engages with clients and the industry on climate change related issues and feed these back into the organisation through the various governance forums and teams.

The team also leads our work with industry groups and other stakeholders on climate change related activities. We are active members of the Investor Group on Climate Change (IGCC) among others. The IGCC conduct national and international policy advocacy, investor engagement and education, and outreach to other important stakeholders.

Strategy

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 more effective than a stand-alone strategy.

Climate change is incorporated into our broader responsible investment strategy. The governance structures and strategy we have in place have been designed so that they are flexible enough to cater to the needs of our diverse investment capabilities while remaining clear and practical.

Our existing responsible investment framework ensures that complex issues which have implications for multiple investment teams are\ captured and managed through the Responsible Investment Steering Group, Global Investment Committee and ESG Committee. This in turn has resulted in the stranded assets and climate change working groups being formed.

The key elements of our Responsible Investment Strategy which are directly related to climate change are:

- Integration of carbon and other climate related data into our systems and reporting processes including portfolio assessments for climate change risks.
- Incorporation of climate change into each investment teams investment process and company engagement activities, along with other environmental and social governance issues.
- Actively engaging with our clients to ensure we can anticipate and meet their needs now and into the future.
- Incorporating climate change education in our employee training program. This includes inviting external experts to present and engage with our investment teams.
- Improved disclosure of climate change as a material business and investment issue.
- Continued support of the IGCC and other industry bodies who are working on climate change.

Investment team strategies

The way in which climate change among other ESG factors is incorporated in our investment decision-making and ownership practices is described in our annual RI Report and in each 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 team has provided a climate change statement in the profiles on our website so that the way they consider climate change and related issues for their specific investment strategies is clear to clients and other stakeholders. We also provide interactive carbon footprints for each our listed equity investment teams.

While we recognise the unique expertise each team has, the broader organisation still has a responsibility to ensure that views are tested and there is accountability through the governance mechanisms described above. For this reason we are improving our data and reporting, both internally and for clients.

Risk Management

Climate change has been considered and incorporated as an investment risk, including in relation to product strategy as described above.

Our climate change working group considered risks and opportunities across five areas:

- Physical Impacts of Climate Change
- Carbon Emissions / Regulatory Intervention
- Business Transition / Stranded Asset Risk
- Fiduciary Duty / Legal Risk
- License to Operate/Reputational Risk

These will help us review and enhance our governance of climate risk in the future. In addition we will test our organisation against these risks and opportunities to ensure they are being managed either directly or by our parent company.

Metrics and Targets

Currently our climate change targets are milestone based and relate to improvements in climate related data sources, internal and external reporting, and increasing our dialogue with clients.

As an asset manager who predominantly works for institutional clients, like pension funds, we believe that creating strategies with more explicit inclusion of climate change (or other ESG) considerations including setting targets is best achieved in partnership with clients.

An important part of furthering the conversation with clients in this regard is good quality information. To this end in addition to the climate change statements made by each team we are also providing fossil fuel related exposures and carbon footprinting analysis for most listed equity teams in their profile pages (available through the top navigation bar).

When viewed together with the rest of each investment team's profile, which outlines their approach to ESG issues generally. We believe clients and other stakeholders receive a good overview of the risks and opportunities, and approach being taken to manage them by the respective investment teams.