



SEATOWN HOLDINGS INTERNATIONAL

# ESG INTEGRATION APPROACH



JUNE 2023

# SEATOWN'S APPROACH TO ESG

Consistent with fiduciary responsibilities, SeaTown recognizes its obligation to act in the best interests of clients by playing an active role beyond being a provider of capital.

ESG considerations are integrated throughout the investment process:



To act in the best interests of our clients



Environmental, Social and Governance topics are assessed for each company based on the SASB framework of sector-specific materiality.



**ASSESSMENT**

All prospective investments are assessed based on their carbon intensity, carbon emissions, and carbon cost scenario analysis.

Companies are regularly monitored for controversies, such as impacts on local communities, labor conditions, and ethical supply chains.

All prospective investments are assessed for potential governance risks, such as business ethics, risk management and board independence.

**POSITIVE FACTORS TO LOOK OUT FOR**

- Commitment to reduce carbon emissions
- Positive enabler of the green transition
- Strong environmental risk management practices

- Responsible supply chain
- Diversity and inclusion

- Board independence
- Risk management
- Robust internal control environment

**EXCLUSIONS**

We restrict direct exposure to prostitution and pornography, illegal drugs, tobacco, and other high-risk industries.

Exclusionary screens may result in a smaller investable universe.

However, SeaTown believes that it is vital to protect the organization and clients from reputational risk and controversies.

# STEWARDSHIP

SeaTown exercises stewardship responsibilities with the goal of maximising investment value. Its approach is customised by asset class. SeaTown’s ESG team supports all funds in their stewardship efforts.

PUBLIC EQUITY

PRIVATE EQUITY

PUBLIC CREDIT

PRIVATE CREDIT

## DIRECT ENGAGEMENT

*Open discussions with investees on ESG issues*



## COLLABORATIVE ENGAGEMENT

*Evaluating investor networks and coalition efforts*



## PROXY VOTING

*Exercising proxy votes in accordance with ESG principles*



## CAPACITY BUILDING

*Sharing of best practices and implementation of ESG roadmaps*



HIGHEST PRIORITY

LOWEST PRIORITY

Maximising investment value





When exercising proxy votes, the SeaTown investment team is guided by certain proxy voting principles:

- Board independence, diversity and expertise
- Protection of shareholder rights
- Board accountability and oversight of environmental & social risks
- Increased transparency and enhanced disclosure on climate-related issues
- Credible and feasible climate change strategies for carbon-intensive companies