

SEATOWN
HOLDINGS

**TASK FORCE ON CLIMATE-
RELATED FINANCIAL DISCLOSURES**

20

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GOVERNANCE

Disclose the organization's governance around climate-related risks and opportunities.

TCFD Recommendations

Key Points

Describe the board's oversight of climate-related risks and opportunities

SeaTown's Board of Directors has ultimate oversight of the firm's sustainability-related risks and opportunities. The Board has approved a multi-year ESG roadmap and reviews implementation progress through quarterly updates.

Describe management's role in assessing and managing climate-related risks and opportunities

SeaTown's ESG Committee, which consists of the CEO, COO, CIO, Managing Director of Risk & Performance, and Director of ESG, is responsible for SeaTown's ESG policies and procedures.

SeaTown's ESG Team has day-to-day oversight of ESG processes.

STRATEGY

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.

TCFD Recommendations

Key Points

Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term

The transition to a low-carbon economy is a megatrend that can have significant financial impacts on investment portfolios.

The main risks to SeaTown as an investment manager can be categorized as follows:

MARKET RISK

The transition to the low-carbon economy may cause significant shifts in market dynamics and investment outcomes.

Companies that are direct contributors to themes like decarbonization and electrification may thrive, while other high-emitting sectors may be negatively impacted.

Carbon pricing for emission-intensive sectors, as well as stricter measures against companies involved in environmental incidents, may affect the profitability of some businesses.

TCFD Recommendations

Key Points

REGULATORY RISKS

With ESG regulations tightening in jurisdictions across the world, SeaTown as a global investor must be prepared to meet these requirements.

REPUTATIONAL RISKS

Asset managers who invest in companies with negative environmental impacts may be exposed to public criticism.

Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

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

SeaTown believes that successful ESG integration of these factors in analysis and decisions across the investment lifecycle improves the long-term outcomes of the investments.

TCFD Recommendations

Key Points

Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

According to IMF research¹, reduction of emissions sufficient to maintain a 2-degree level of warming can be achieved through an international carbon price floor of US\$25 for low-income countries, US\$50 for middle-income countries, and US\$75 for high-income countries.

SeaTown measures carbon price earnings sensitivity under 4 carbon price scenarios: US\$25, US\$50, US\$75, and US\$100 per ton of CO₂e. This analysis shows the potential value-at-risk of SeaTown's investments based on their carbon emissions and subsequent carbon cost, and is considered at the point of investment.

1. 'Economic and Environmental Benefits from International Cooperation on Climate Policies' by Jean Chateau, Florence Jaumotte, Gregor Schwerhoff (17 March 2022)

RISK MANAGEMENT

Disclose how the organization identifies, assesses, and manages climate-related risks

TCFD Recommendations

Key Points

Describe the organization's processes for identifying and assessing climate-related risks

INVESTMENT-LEVEL ESG INTEGRATION

SeaTown has developed a standardized ESG assessment that draws from both TCFD and SASB frameworks. Investment teams must assess companies on their carbon emissions and potential financial impact from carbon pricing, as well as assess material ESG topics. Governance is also a required topic to be assessed for all investments.

SeaTown has developed a proprietary ESG tool to provide our analysts data from S&P Trucost on a company's carbon emissions and carbon price earnings sensitivity. The tool also provides relevant ESG topics based on SASB's sector-specific guidance.

The ESG assessment is required to be presented to and considered by relevant investment approvers. The ESG team attends all Investment Committee meetings to vet ESG issues.

TCFD Recommendations

Key Points

**PORTFOLIO-LEVEL ESG
INTEGRATION**

SeaTown performs portfolio-level tracking of ESG metrics such as Weighted Average Carbon Intensity for each fund.

SeaTown also performs portfolio-level scenario analysis to assess the resilience of the portfolio to transitional climate risks.

Describe the organization's processes for managing climate-related risks

If material ESG risks are identified during the investment approval process, investment teams are encouraged to engage with the company on mitigating action. A company may also be designated under Enhanced Monitoring requirements if it meets certain criteria that put it at higher ESG risk. This would require closer monitoring on certain metrics. If the company's response is deemed inadequate, SeaTown will consider escalation options.

SeaTown believes that it has a responsibility as an investor to exercise proxy voting rights and provide careful consideration for each vote. The ESG team is an available resource for investment teams to consult when faced with ESG-related votes, especially shareholder proposals on ESG issues.



TCFD Recommendations

Key Points

Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management

ESG-related risks are included in the Enterprise Risk Management framework. Controls related to ESG risks are subject to internal audit.

METRICS & TARGETS

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material

TCFD Recommendations

Key Points

Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process

SeaTown uses Weighted Average Carbon Intensity (WACI) as a key metric to assess climate-related risks.

Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks

SeaTown measures and offsets Scope 1, 2 and selected categories of Scope 3 emissions.

SeaTown's emissions for 2022 are as follows:

Direct Emissions	0 tCO ₂ e
Purchased Electricity	39 tCO ₂ e
Fuel and Energy-Related Activities	11 tCO ₂ e
Business Air Travel	375 tCO ₂ e
Employee Commute	27 tCO ₂ e

TCFD Recommendations

Key Points

Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets

SeaTown has been operationally carbon neutral² as a corporate organization from 2021.

2. Scope 1 emissions are not applicable as SeaTown has no company-owned sources of emissions.

Scope 2 emissions include Purchased Electricity and Cooling. Emission factors are sourced from Singapore's Energy Market Authority.

Scope 3 emissions include Business Travel, Employee Commute, and Fuel & Energy-Related Activities. Emission factors are sourced from the UK government's Department for Business, Energy & Industrial Strategy (Government Conversion Factors for Company Reporting of Greenhouse Gas Emissions).