

# **UOBAM Sustainable Investment Approach**

*Latest Revision: 05/05/2021*

## UOBAM'S Sustainable Investing Vision and Goals

At UOB Asset Management (UOBAM), our vision is to be a leading fund manager in sustainability in Asia that creates long-term value and positive impact for our stakeholders whilst enabling sustainable investments accessible for all.

As an active asset manager, UOBAM believes that it has a fiduciary duty to allocate capital into more sustainable investments and be active owners of our investments and as a signatory to the United Nations Principles for Responsible Investment (PRI), we are committed to adopting and implementing the principles and reporting on our progress towards their implementation. To enable this outcome, UOBAM has made sustainability a key strategic pillar of the firm which helps to drive our commitment and purpose towards creating value for our investors and communities as well as helping them achieve their sustainable investment goals and aspirations.

## UOBAM's Sustainable Investment Framework

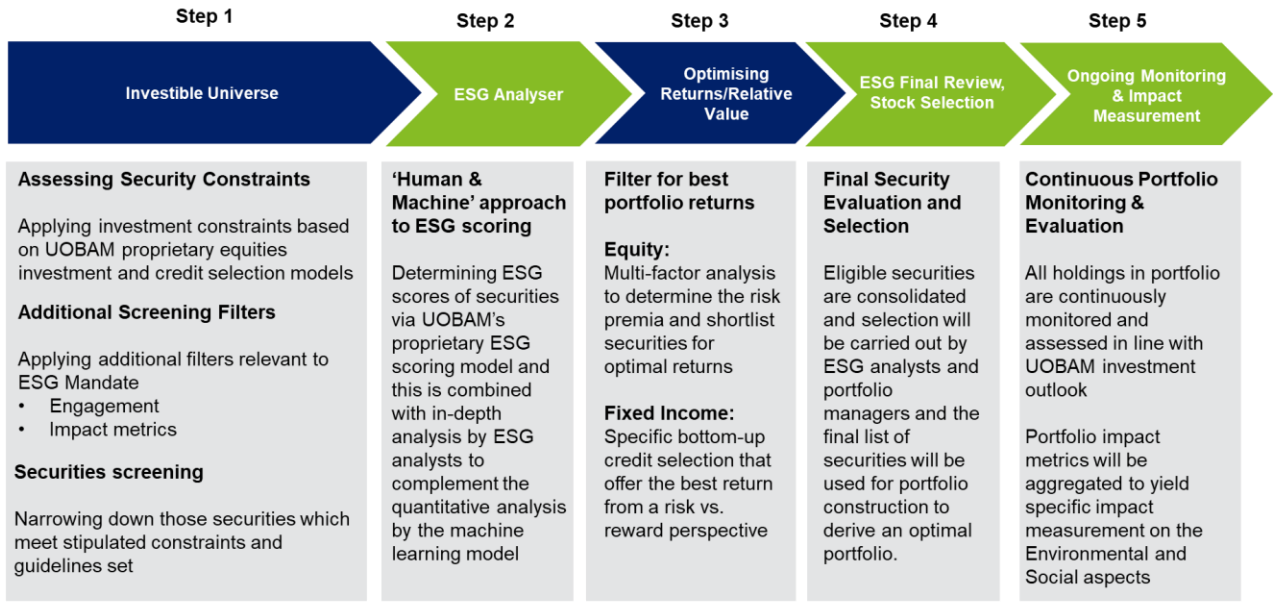
In our commitment towards advancing and supporting the principles of PRI, we have put in place our sustainable investing policy as part of our sustainable investment framework, as set out in the table below.

SUSTAINABLE INVESTMENT FRAMEWORK		
ESG issues will be incorporated into existing investment practices using a combination of two approaches: integration and screening (when applicable in investment mandate).		
Sustainable Investing Strategies	Integration	Screening
UOBAM's Sustainable Investing Policy	✓	✓
Description	Explicitly and systematically including ESG issues in investment analysis and decisions, to better manage risks and improve returns of investments.	Application of filters to lists of potential investments to rule companies in or out of contention for investment, based on best-in-class and negative screening approaches.

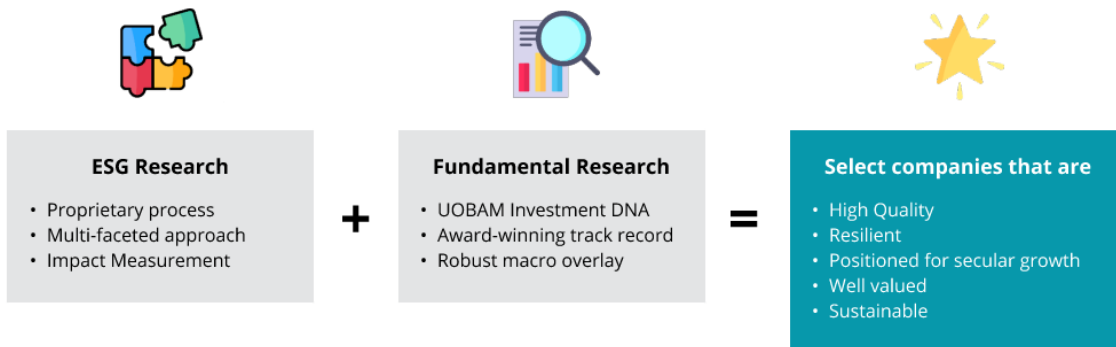
We believe that Environmental, Social, and Governance (ESG) issues are financially material to a company's performance and will translate to material financial impact on the investments that we make. As part of our fiduciary duty to our investors, we have put in place our sustainable investing framework and process which focuses on deep fundamental research, augmented by the use of technology and leveraging on our local expertise.

Our proprietary sustainable investment framework is a common framework that is utilised across the firm, and is implemented through the integration of ESG evaluation within our investment process. The process of ESG evaluation involves the assessment of material ESG factors of companies which is determined by UOBAM’s proprietary materiality map. UOBAM’s proprietary materiality map is developed by referencing the Sustainability Accounting and Standards Board (SASB) materiality map.

UOBAM’s proprietary materiality map also assigns specific E, S and G pillar weights to companies across 11 sectors that are classified using Global Industry Classification Standard (GICS). Below is an overview of how ESG is incorporated into our investment process.



The execution of ESG evaluation and integration into our investment process covers all major asset classes that we invest in and is supported by dedicated resources in our regional investment teams. Overall, we believe that ESG integration into our investment process contributes to performance and risk mitigation by enabling us to identify high-quality companies which are resilient, well-managed, able to grow sustainably and are likely to maintain their competitiveness in the long term.

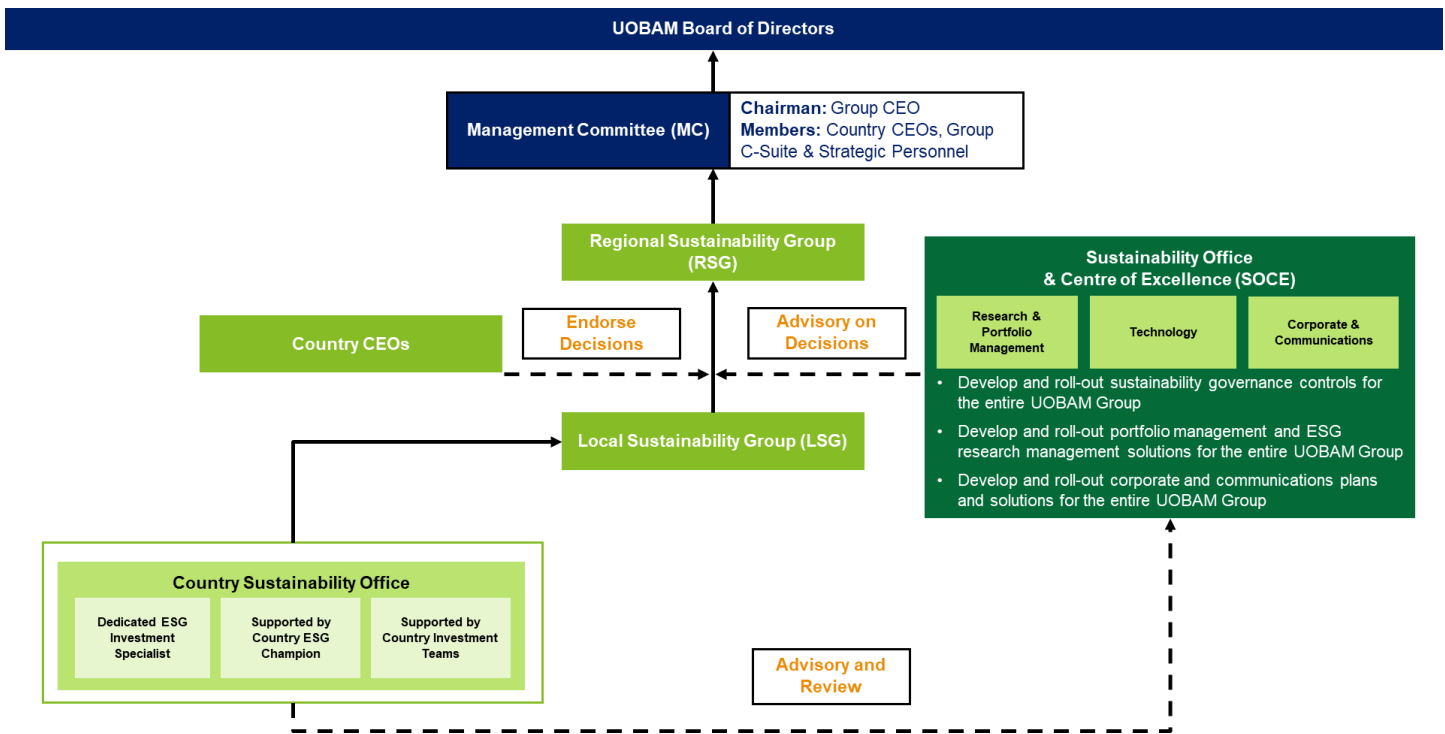


To complement ESG incorporation into our investment process, we also have in place an Active Ownership Policy which has a coverage that aligns to the Sustainable Investment Policy. The Active Ownership Policy serves to facilitate dialogue, engagement, and proxy voting. We will leverage our regional footprint and the local expertise of our regional investment teams to execute meaningful dialogues and engagement which will drive strategic investment decisions for the sustainable investments we make.

To quantify and enable our investors to better understand how their investments are helping to address critical global issues such as climate change and human capital management, we have developed internal capabilities to carry out portfolio impact analysis to highlight how we reduce our environmental footprint, and to make a more tangible contribution to the UN Sustainable Development Goals (SDGs), UOBAM will also integrate impact measurement aligned with these global trends as part of portfolio analysis.

We also continuously monitor on a global and regional basis, the changing regulatory landscape that impacts sustainable investing. Whenever possible, we will participate in responding to regulatory consultations to provide our inputs and help guide and develop ESG policies and guidelines that support the advancement of the six Principles of the PRI. Our responses to such regulatory consultations will be aligned to our sustainable investing policy and will look to support the six Principles of the PRI. To ensure that this alignment is achieved, we have in place our sustainability governance structure that will provide oversight and accountability for our responses.

## UOBAM's Sustainable Investing Governance Structure



Our sustainability governance structure provides oversight and accountability on the implementation of our responsible investment policy. Our UOBAM Board of directors through the Management Committee (MC), reviews long-term business and organisational goals and provides the strategic direction for UOBAM's sustainable investments and sustainability practices. The MC manages the implementation of strategic direction that is handed down by UOBAM's Board of Directors and will be supported by our Regional Sustainability Group (RSG), Local Sustainability Group (LSG), and dedicated Sustainability Offices (SO).

The RSG reports directly to the MC on sustainable investing matters and is made up of the Sustainability Chairs and Champions from each regional office. The RSG coordinates with MC to guide the regional implementation of our sustainable investment mandates as well as sustainability initiatives.

The LSG at each office is supported by dedicated Country SO to monitor and report on the progress of our sustainability activities and mandates. The Country Sustainability Champions take the lead in our corporate sustainability activities, which include ESG product and solution launches, thought leadership and events, sustainability staff training, and corporate sustainability stewardship programmes, and Dedicated ESG Investment

Specialists lead their respective offices in implementing our sustainable investing framework.

UOBAM's dedicated regional SO incorporated into the overall investment organization structure supports our sustainability governance structure with the integration of our ESG investment methodology and implementation of strategic sustainability initiatives. The SOs, each comprising the country's ESG Champion, a dedicated ESG Investment Specialist and Investment Team. These teams possess local expertise and on-ground engagement through the utilization of dedicated ESG resources to execute engagement for companies in the portfolio in the event of a controversy or to determine specific ESG information. Dedicated ESG resources also provide manual ESG scoring coverage on companies that are not covered by major third-party ESG data providers.

The Singapore Sustainability Office and Centre of Excellence (SOCE) works in close collaboration with all UOBAM regional SOs in order to ensure that companies managed in the portfolio are well positioned for secular growth and alpha generation. The SOCE utilises UOBAM's integrated ESG management system to facilitate two-way data transfer and to obtain ESG coverage from regional offices, whilst simultaneously delivering real-time updates on the ESG performance of companies, as well as news alerts, to ensure that controversies detected can be followed up with engagement action. The SOCE also develops the governance controls and systems in place to ensure the implementation of UOBAM's Sustainable Investment policy and corporate and communications plans.

### **UOBAM's Approach to Strategic Partnerships**

We take an inside-out approach to sustainable investing and move beyond just focusing on internal processes such as ESG integration into investment processes and sustainable investment governance. We look to take a proactive approach towards driving sustainable investing externally which ties in closely with the principle of "working together in implementing the principles" where our external efforts include establishing strategic investment partnerships with global sustainability leaders such as Robeco and Fukoku Capital Management.

Through such external partnerships that we aim to further enhance our capabilities and develop the accessibility of sustainability investment opportunities in the Asia region for investors. This will be done through sustainability mandates, working in policy consultation, and responsible investment education and thought leadership.