ESG MANAGEMENT REPORT 2025

Our sustainable approach

Hong Kong, Pexels - Ronald Pang

Index

1 - Our ESG Vision and the Investment Policy

We implement a normative exclusion policy combined with a “best-in-class” and “best-in-universe” management approach. This allows us to select the highest-rated companies within each sector of our investment universe based on ESG criteria.

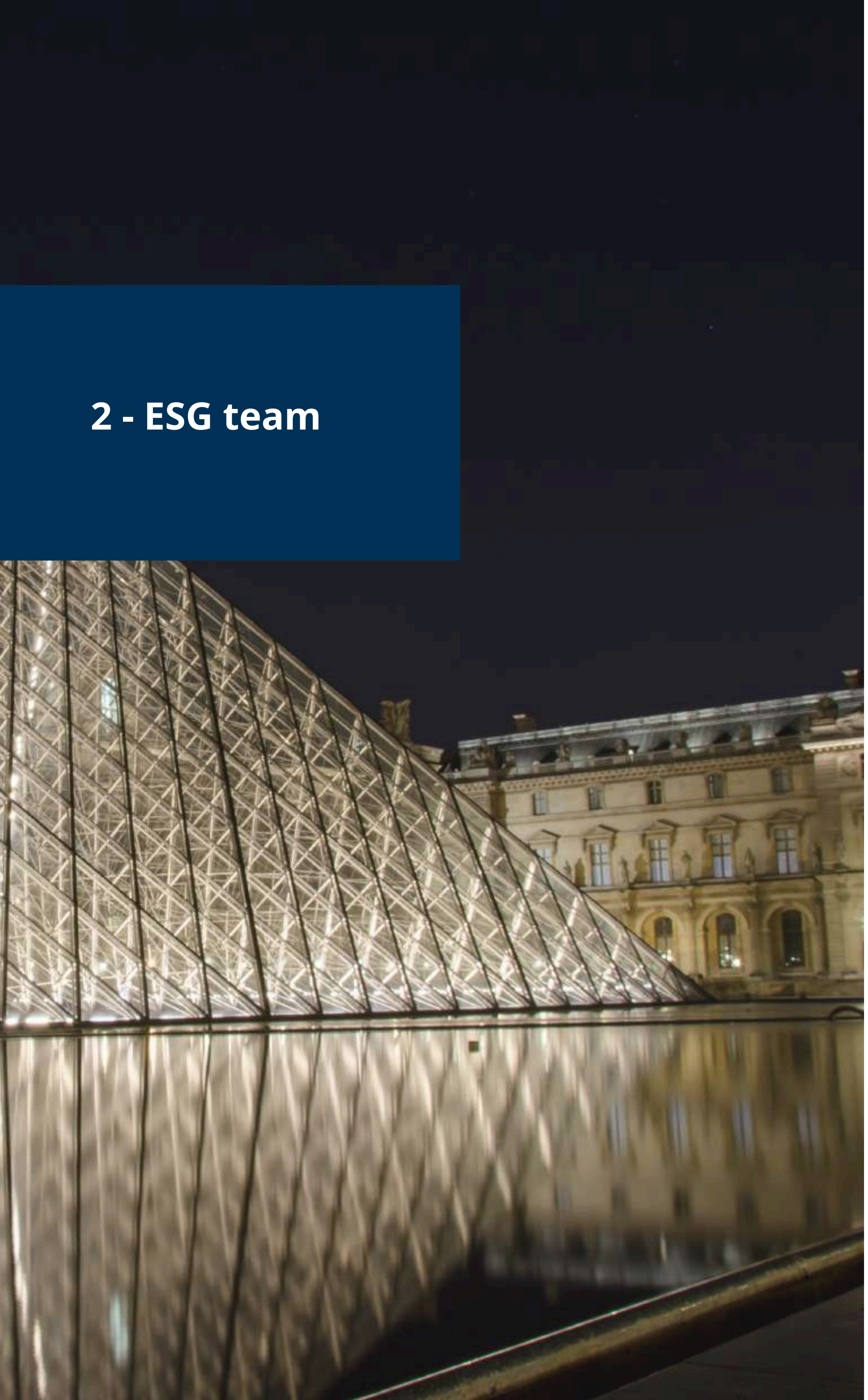
For more than 30 years, corporate governance analysis has been a core part of our stock-picking approach. Close relationships with companies are an integral part of our DNA. Every year our management team conducts over 350 company meetings. Part of each meeting is always designated to ESG. Through shareholder dialogue, we contribute to improving the ESG engagement of the companies we invest in. On top of this, we also hold meetings specifically dedicated to ESG topics. Since the end of 2017, we have subsequently produced formal ESG reporting.

Starting in 2014/2015, Gemway Assets has structured a comprehensive ESG investment approach, defining ESG investment policy, becoming a signatory to the UN-PRI, joining the CDP (formerly Carbon Disclosure Project), selecting Sustainalytics as our extra-financial data provider, and later also selecting S&P Global (formerly Trucost) for carbon footprint calculations.

All the SICAV GemFunds, including GemEquity, GemAsia, GemChina, and GemBond are classified under SFDR Article 8. In early 2020, our three equity funds were all awarded the French government’s ISR Label. In 2023, the ISR V2 label for our three funds was renewed for three years. However, in 2025, in light of the new ISR V3 criteria (including the exclusion of companies headquartered in South Africa, the Philippines, or Vietnam), we decided to give up the ISR Label for the GemEquity and GemAsia funds. Our GemChina fund remains ISR V3-labelled following validation by our auditor in Q2 2025 and is now the one and only China equity fund holding the French state ISR Label.

In 2024, we decided to end our collaboration with Sustainalytics and S&P Global for our equity funds. Therefore, since January 2025, we have been working with MSCI, one of the world’s leading ESG analysis providers, to further strengthen the quality of our ESG assessments.

2 - ESG team



Our team consists of three asset managers, one of whom is the President of Gemway Assets, and all three participate in ESG analysis. Gemway Assets' core belief is that comprehensive analysis should integrate both financial and extra-financial factors, avoiding any perceived opposition between the two. Our portfolio managers conduct analysis, controls and verifications dedicated to ESG.

At the end of 2022 we strengthened the ESG management team with the recruitment of senior financial analyst Rishabh Chudgar and ESG analyst Marion Raffard. Marion Raffard is the primary analyst of a company's ESG, she oversees engagement (voting and shareholder dialogue) and ESG repoting.

Gemway Assets' ESG analysis relies on direct meetings with more than 350 companies in 2025, each including a dedicated ESG component, as well as 30 additional meetings specifically focused on ESG topics. This ESG analysis is also based on external data and assessments from extra-financial rating agencies such as MSCI. As well as this we rely on data provided by leading organizations such as the SBTi and Urgewald.

The General manager is responsible for leading and coordinating the firm's ESG activities. He also plays a key role by liaising with investor associations such as the Principles for Responsible Investment (PRI), the French Asset Management Association (AFG), and ESG rating agencies.

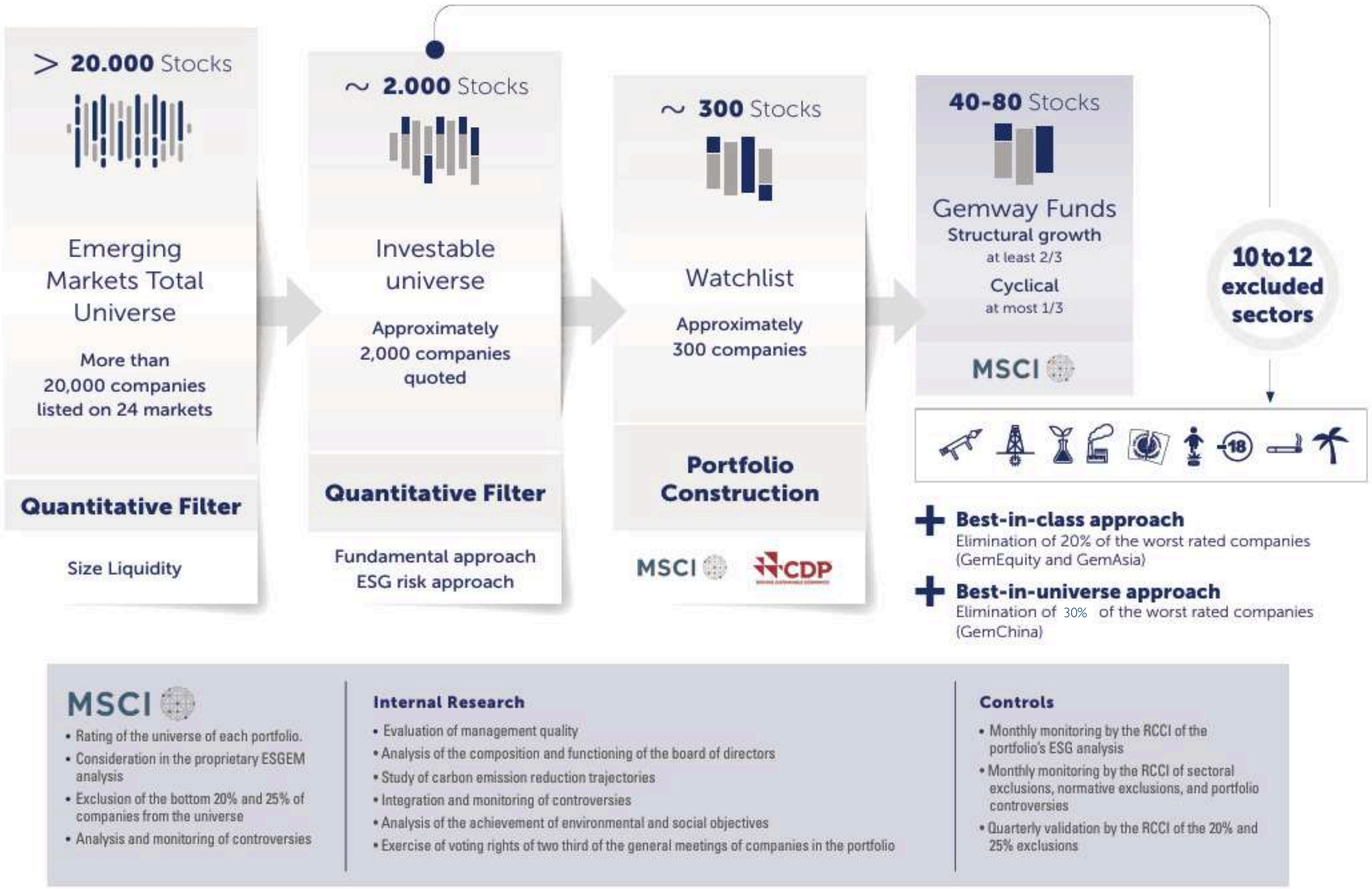
In parallel, the Compliance and Internal Control Officer (RCCI) conducts and formally documents quarterly reviews of the processes implemented and the consistency of the data used.

In March 2025, the entire Gemway team received training in sustainable finance delivered by Agama Group, a leading consulting firm in regulatory compliance.

3 - Description of ESG equity process

A / Introduction to the process

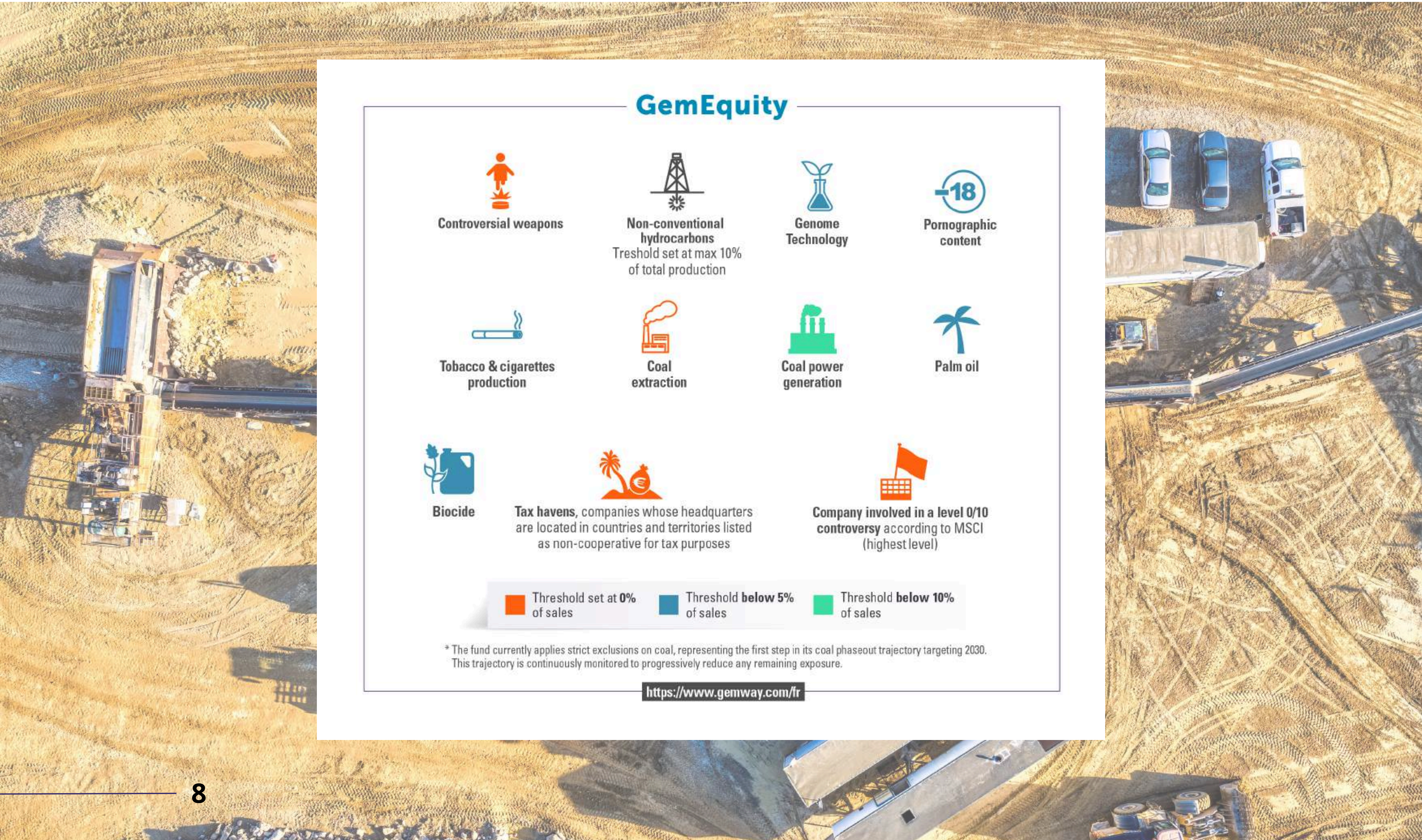
The initial investment universe included more than 20,000 companies. After applying quantitative filters (revenue and market capitalization above $500 million, daily liquidity above $1 million) and qualitative filters (fundamental and extra-financial analysis), the watchlist is reduced to around 300 companies monitored closely by the management teams. Every year our team conducts more than 350 interviews with emerging markets.



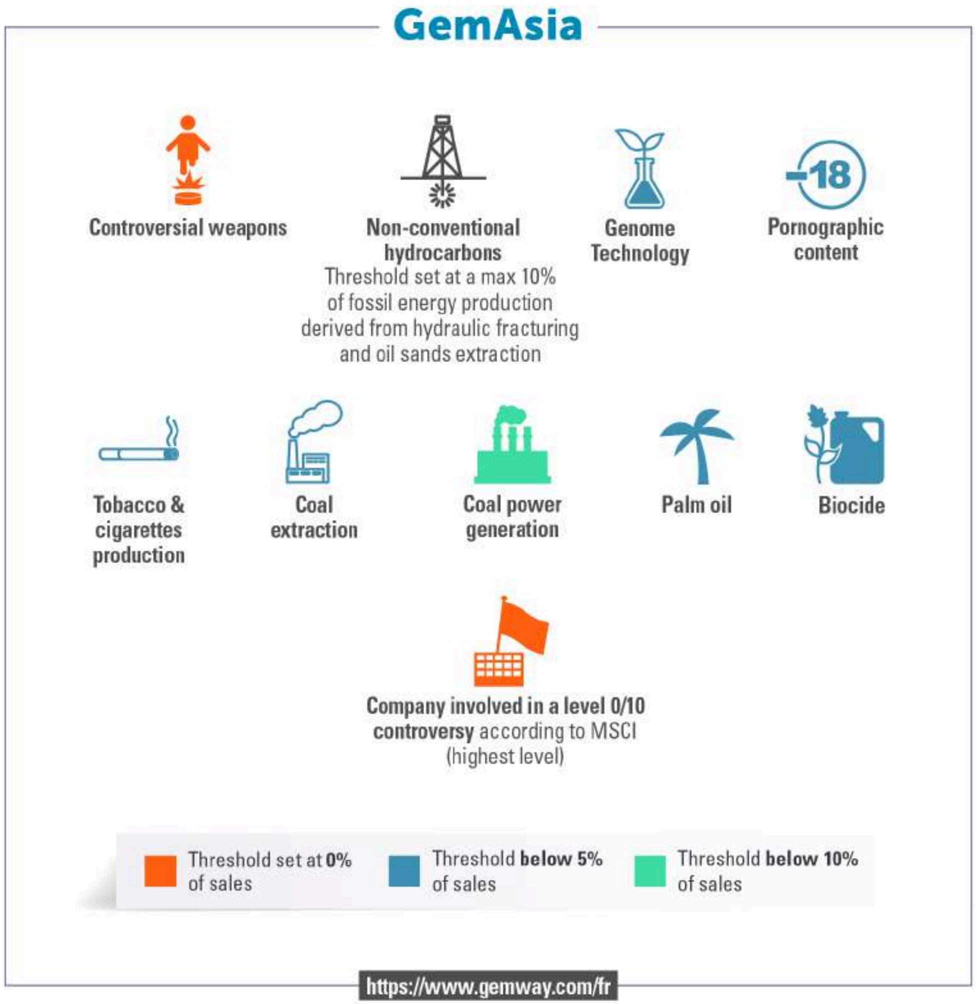
B / Exclusion policy

1 - Our sectoral and normative exclusions

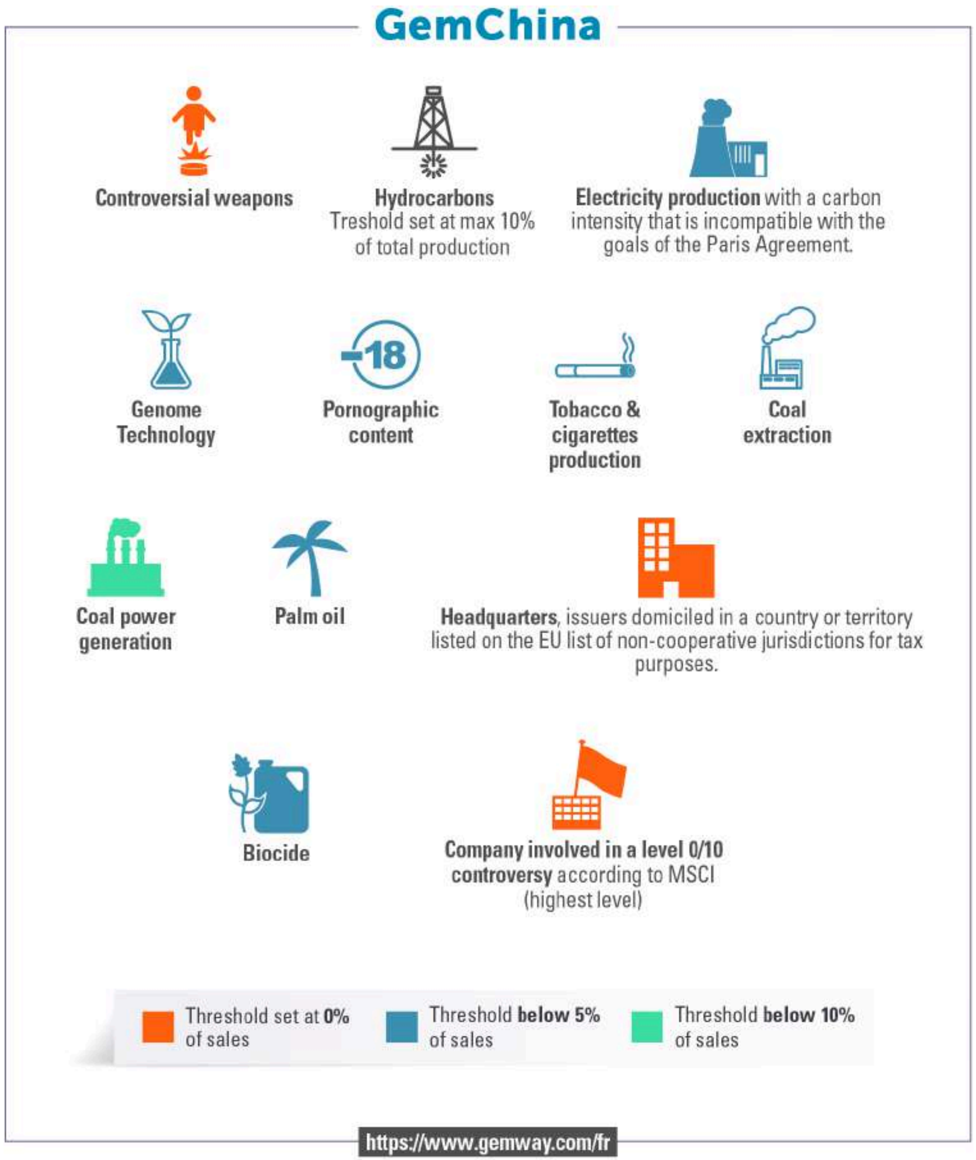
For GemEquity, GemwayAssets follows the exclusion list outlined below:



For GemAsia, GemwayAssets follows the exclusion list outlined below:



For GemChina, GemwayAssets follows the exclusion list outlined below:

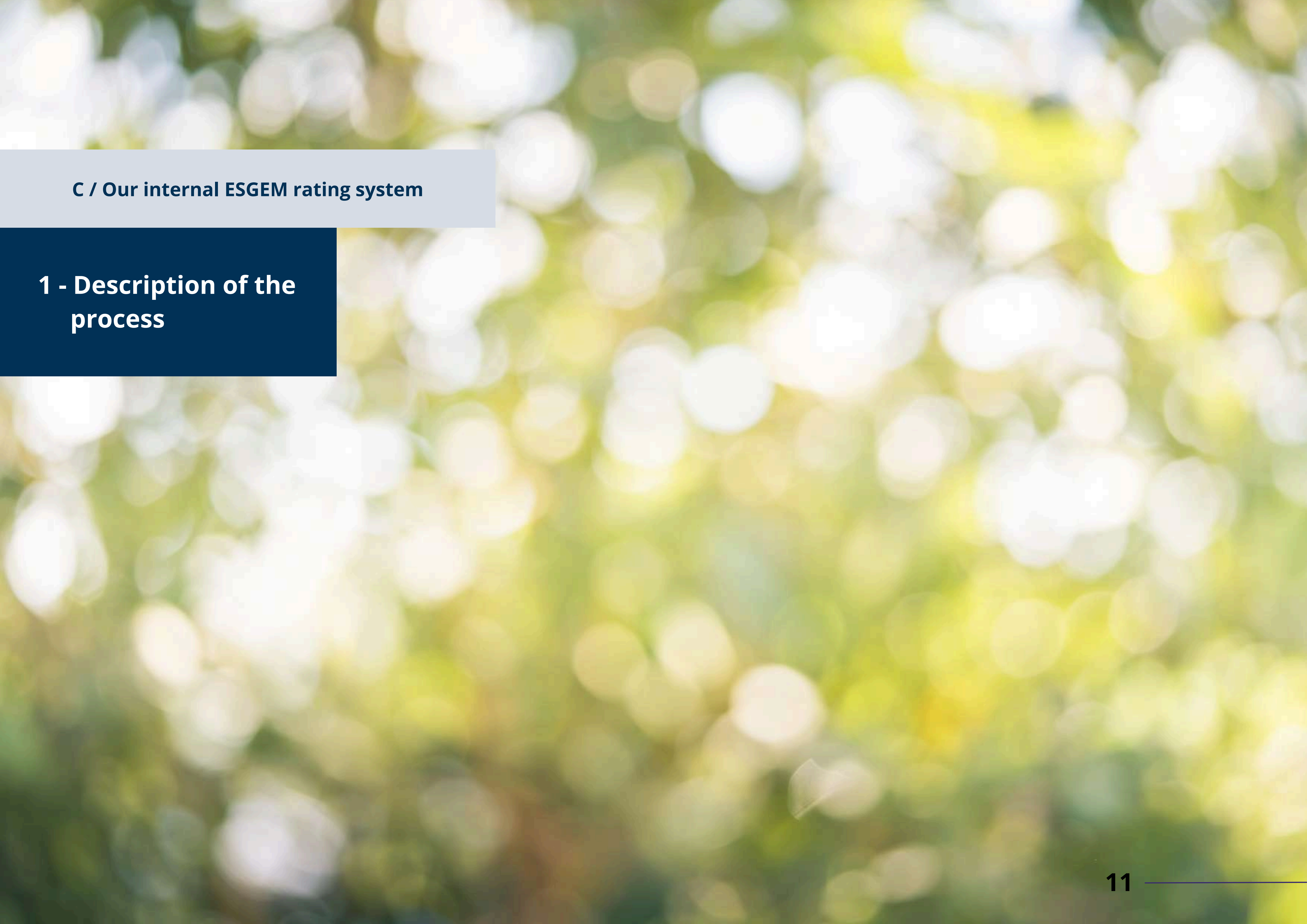


2 - Best-in-class and best-in-universe exclusions

The reference universes do not include specific ESG criteria. Therefore, following normative and sector-based exclusions, our ESG approach incorporates both best-in-class and best-in-universe exclusions. By early 2020, all three of our equity funds were awarded the French ISR (Socially Responsible Investment) Label.

In 2023, the ISR V2 label for our three funds was renewed for three years. However, due to updated ISR V3 criteria, we were required to withdraw the ISR label for the GemEquity and GemAsia funds. For these two funds, their respective universes are still adjusted through a “best-in-class” exclusion. This exclusion, based on MSCI ratings and our internal ESGEM rating removes the bottom 20% of the lowest-rated companies within each sector.

Our GemChina fund obtained the ISR V3 label in April-May 2025. Thanks to transitional provisions, in 2025 we applied a “best-in-universe” exclusion targeting the bottom 25% of the lowest-rated companies in the fund’s universe. As of January 1, 2026, this exclusion will be increased to 30% of the universe, in line with ISR V3 label requirements.



C / Our internal ESGEM rating system

1 - Description of the process

Our close relationships with emerging market companies enable the firm to develop an internal rating system based on 30 qualitative and quantitative indicators. We base our extra-financial analysis on MSCI and CDP, complemented by our internally conducted fundamental analysis.

E

Environnement

- Carbon intensity
- Recycling rate
- Resource management
- Energy consumption
- Purchase of carbon credits
- GHG emissions calculation
  Biodiversity protection
- Use of renewable energy

S

Social

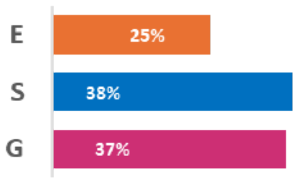
- Human capital
- Employee turnover
- Data security
- Female representation within the company
- Employee benefits
- Workplace accidents
- Workplace well-being
- Training hours

G

Gouvernance

- Management quality
- Directors' profiles
- Regulatory risk
- Gender parity
- Transparency in communication with investors
- Independence

ESG allocation



Moreover, in many new companies the founders hold dominant leadership positions. In such cases, board independence is not necessarily a meaningful measure of governance.

Among the financial indicators :

- ROE
- Cash flow sustainability
- Balance sheet quality

E M

Gemway Assets operates in emerging markets, where standards differ from those in developed economies. Reporting levels are generally lower, making direct engagement with companies essential to obtain information.

Emerging countries serve as the world's producers, and their environmental standards often remain below Western benchmarks.

2 - Concrete illustration: Companhia de Saneamento Basico do Estado de Sao Paulo (Sabesp)

The Companhia de Saneamento Básico do Estado de São Paulo (Sabesp) is currently the largest water and sanitation provider in Brazil and one of the largest in the world. With a market capitalization of $17.3 billion, Sabesp provides drinking water to 29.9 million people and sanitation services to 27 million people, representing approximately 67% of the state of São Paulo's urban population.

Sabesp was established in 1973 following the merger of several public companies and state-controlled sanitation entities. With more than 50 years of operations, the company is responsible for around 30% of all sanitation investments made in Brazil. In July 2024, Sabesp was privatized, this meant the State of São Paulo's ownership reduced from 50% to 18%. By 2029, the company plans to invest nearly 70 billion Brazilian Reais (USD 12.6 billion), prioritizing efforts to expand access to water and strengthen water security.

According to the Brazilian government, in 2025, 17% of the population still don't not have access to running water and nearly 40% live without a sanitation system. Sabesp plays a crucial role in this. However, some of their major social and environmental challenges include the quality of services provided, tariff affordability, continuity of distribution, and user awareness. By 2029, the company aims to ensure universal access to water and sanitation services across all municipalities within its service area.

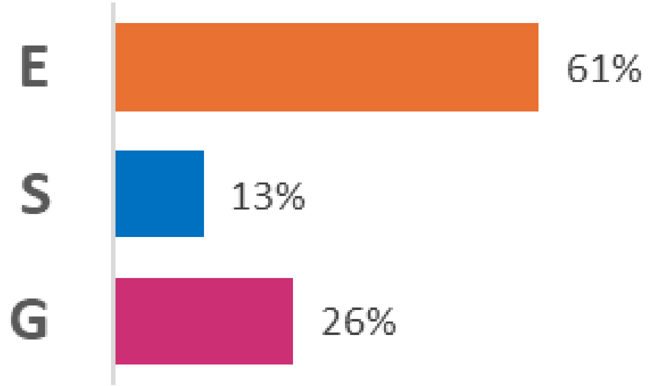
The water and sanitation sectors are intrinsically linked to sustainability. Following privatization, Sabesp's ESG strategy has been structured around a central social objective. This objective aims to provide universal access to water and sanitation services by 2029 across the 371 municipalities it serves. This precedes the deadline established by Brazil's new sanitation regulatory framework by four years.

Key Strengths of the Financial Analysis

- 2025–2028e: Earnings growth: +13% per year
- ROE: 15.5%
- EBITDA margin: 48.6%
- Global leader in the water and sanitation sector: ~28 million customers, 83% of whom are in 375 municipalities in the State of São Paulo
- New regulatory contract model: retrospective Regulatory Asset Base (RAB) with annual tariff updates
- Investment of over BRL 60 billion through 2029: expansion (61%), efficiency (27%), and renovation (11%)

ESG Risk Analysis

For Sabesp, ESG risks are distributed as follows:



The final ESG rating is 6/10, indicating a moderate risk.

*The rating is based on a scale from 0 to 10, where 10 represents the lowest risk and 0 the highest

Environment

- Responsible investment: Sabesp has held the B3 Green Equities designation since 2024
- Water resource management: the total water loss rate stands at 29.4%, below the national average of 37.8% according to the 2024 Water Loss Study by the Trata Brasil Institute
- Pollution control: The Integra Tietê program plans to connect 1.5 million households to the sanitation network by the end of 2026, reducing wastewater discharge and revitalizing the Tietê, São Paulo's largest river

Social

- Diversity: In 2024, Sabesp received the Women on Board label, recognizing the company as a promoter of diversity and the presence of women in leadership
- Inclusion: The number of beneficiaries of the Social Tariff and Vulnerable Tariff programs totals 1,212,000 families, representing 9.3% of all service connections
- Human resources: Since 2016, the Água Legal program has benefited around 1 million people across 635 residential complexes in the São Paulo metropolitan area, with more than 280,000 water connections regularized, 52 billion liters of water saved, and BRL 545 million invested

Gouvernance

- For 2025, 60% of the CEO's objectives are directly linked to ESG topics
- 22% of board members are women
- It is the only Brazilian company represented on the World Water Council, which organizes the World Water Forum, fostering international discussions on water resource management, use, and valuation

Sustainable Development Goals (SDG) Analysis

An SDG score is calculated using MSCI data, based on how it aligns to the company's revenue, as well as the positive or negative impact of its activities on one or more SDGs.

SDG 6: MSCI has assessed that Sabesp's contribution to SDG 6 is over 33% of its revenue. One of the company's strategic priorities focuses on universal access to water and sanitation services by 2029 for the 371 municipalities it serves. In addition, Sabesp is a member of the Movimento + Água initiative, led by the UN Global Compact, Rede Brasil, which aims to universalize sanitation, ensure water security, and positively impact the lives of over 100 million people.

SDG 10: MSCI has determined that Sabesp's operations are aligned with SDG 10 and contribute directly to it. The company has collective labor agreements, is committed to ethics, anti-corruption measures, human rights protection, and is a signatory of the UN Global Compact. Sabesp implements two key tariff inclusion programs: the Social Tariff and the Vulnerable Tariff, targeting socio-economically vulnerable populations. The number of beneficiaries has increased from 953,000 families to 1,212,000 families, representing 9.3% of all service connections.

SDG 12: MSCI has assessed that Sabesp's operations are aligned with SDG 12 and contribute directly to it. 21% of the electricity consumed by Sabesp is covered by Renewable Energy Certificates (RECs). Moreover, a large portion of the company's purchased electricity comes from renewable sources, reflecting Brazil's broader energy mix, which reached 88.2% renewable energy in 2024 according to the 2025 National Energy Balance Summary Report. Sabesp has further intensified its loss-reduction efforts through the implementation of a long-term program.

SDG 14: MSCI has evaluated that Sabesp's contribution to SDG 14 is over 33% of its revenue. For example, the company has implemented a thermal sludge treatment system at its wastewater treatment plants, incorporating both pyrolysis and plasma technology. Sabesp has also implemented Recovery Units to restore and treat tributaries of the Pinheiros River flowing through areas where land-use constraints prevent the installation of conventional sanitation networks. These initiatives reinforce the company's leadership within the sanitation ecosystem and contribute to technological advancement in the sector.

4 - Description of the bond process

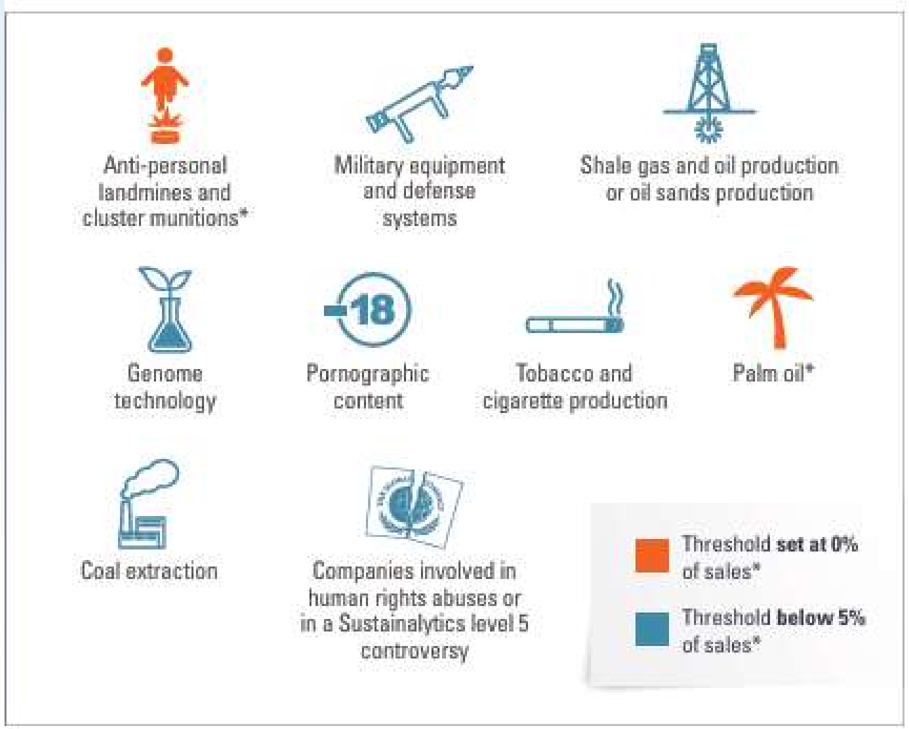
A / Introduction to the process

Our investment universe is made up of both sovereign issuers and private companies. Quasi-sovereign issuers that are fully owned by the state are treated as sovereign issuers, whereas those that are only partially state-owned are classified as private issuers. Given the differing nature of each issuer, ESG analyses need to be tailored to each type. Therefore, we divide our investment universe into two separate categories, each subject to their own specific ESG analyses and filters.

Our initial issuer coverage is determined by the inclusion rules of benchmark emerging market bond indices. As of December 31, 2025, the sovereign issuer universe includes 71 countries represented in USD, and local currency-denominated EM sovereign debt indices, while the corporate issuer universe comprises 893 companies included in USD-denominated EM corporate debt indices.

1 - Our sectoral and normative exclusion (Private Companies)

For GemBond, GemwayAssets follows the exclusion list outlined below:



Note: A threshold of less than 5% of consolidated turnover is imposed (directly or through subsidiaries) except for sectors "*" for which the threshold is set at 0%

2 - Best-in-universe and best-in-class exclusion

GemBond applies a best-in-universe selection for sovereign issuers and a best-in-class selection for corporate issuers, as the reference universes do not initially incorporate specific ESG criteria. For corporate issuers, after applying normative and sectoral exclusions, our ESG process eliminates the bottom 20% of lowest-rated companies within each sector. Bonds in this universe are classified by sector in order to apply this approach. Since the end of 2024, the bottom 20% of lowest-rated sovereigns are no longer systematically excluded from the reference universe. Exposures to these sovereigns are now permitted, but they require justification based on ESG criteria.

C / Rating System

1 - Description of the process

Assessments using ESG ratings, provided by the extra-financial rating agency, Sustainalytics are performed for sovereign issuers. Assessments are also carried out for corporate issuers using ESG ratings provided by the extra-financial rating agency MSCI. The ESG rating coverage of countries and companies in the portfolio must always be over 90%.

a. For sovereign issuers

Environment

- Assessed based on carbon intensity
- Energy intensity,
- Use of renewable energy
- Energy independence
- Flood risk,
- Water stress
- Protection of natural habitats

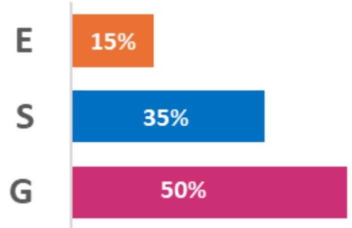
Social

- Assessed based on access to water
- Food security
- Access to electricity
- Life expectancy
- Number of doctors per capita
- Air pollution
- Gender equality
- Enrollment rates
- Internet access

Governance

- Assessed based on quality of institutions
- Respect for rights and freedoms
- Degree of peace and security
- Quality of government policies
- Regulatory quality
- Adherence to the rule of law
- Corruption contro
- Business environment

ESG allocation



b. For corporate issuers

The weighting of E, S, and G criteria varies by sector according to specific materiality analyses, but the ESG risk assessment is structured around the following themes for each criterion:

Environment

- Climate change
- Natural capital
- Pollution and waste
- Environmental opportunities

Social

- Human capital
- Product responsibility
- Stakeholder opposition
- Social opportunities

Governance

- Corporate governance
- Corporate behavior

2 - Illustration of a concrete case : Mexico

B / Fundamental and Extra-Financial Analysis

The Federal Republic of Mexico, located in North America, is a major country in terms of size, population, and regional economic weight. Bordered by the United States to the north, Guatemala and Belize to the southeast, and with coastlines on the Gulf of Mexico, the Caribbean Sea, and the Pacific Ocean, Mexico occupies a strategic position between North and Latin America. It is a member of numerous international organizations, including the UN, OECD, G20, and WTO. With an estimated population of approximately 130M, Mexico is the world's tenth most populous country and the largest Spanish-speaking nation.

Its GDP puts it in the world's top fifteen largest economies, and the World Bank classifies it as an upper-middle-income country. Mexico's economy is closely integrated with that of the United States and is built on a diversified foundation encompassing manufacturing, energy, agriculture, services, and tourism.

Rich in natural resources, Mexico is a major producer of oil, gas, and minerals, and the world's largest producer of silver. It is also one of the most visited countries globally and plays a key role in North American industrial value chains.

However, the country faces significant social inequalities and high crime rates linked to organized crime groups. This unfortunately poses structural challenges for development and social cohesion.

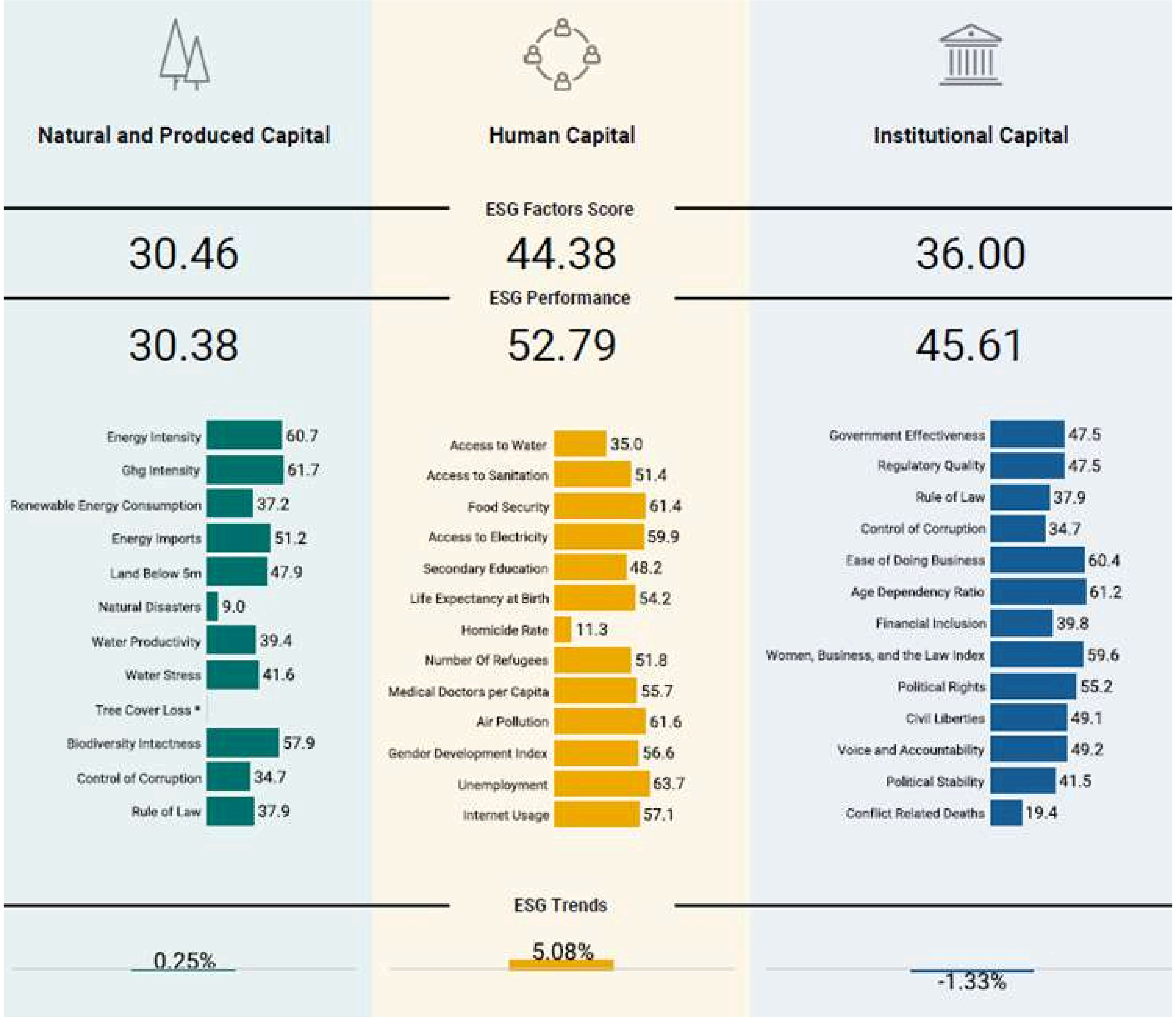
Politically, Mexico is a federal republic composed of 32 entities. Despite the existence of democratic institutions, since the mid-2000s the country has seen the rule of law and governance quality gradually deteriorate, affecting institutional stability and the business environment.

From an environmental perspective, Mexico shows low primary energy intensity (3 MJ/GDP), moderate greenhouse gas emissions (666.3 Mt CO_2e – 5.1 t CO_2e per capita), and good biodiversity protection (19.9% of terrestrial and marine areas protected). However, it is heavily penalized through high exposure to natural disasters, a low share of renewable energy in total consumption (13%), inefficient use of water resources (USD 14/GDP per m^3), and a weak institutional framework (fragile legal environment and high perceived corruption).

On the Social pillar, Mexico generally reports positive indicators, including a low unemployment rate (2.7% of the labor force), low exposure to fine particulate air polution (15 µg/m^3), good food security (3% of the population undernourished), high electricity access (99.7% of the population), and relatively low gender inequality (UN GDI of 0.976). The main weaknesses include limited access to safely managed drinking water (43% of the population) and a very high homicide rate (24.9 per 100,000 inhabitants). This weakens an otherwise strong profile among other emerging and developing countries.

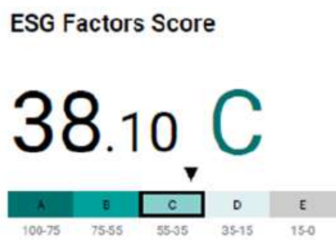
Regarding institutional capital, Mexico benefits from a relatively low dependency ratio (49% of the working-age population), a business-friendly environment (Doing Business index: 72.4), democratic institutions, and generally effective public policies. However, high crime levels exacerbate corruption and weaken governance more broadly (see controversies below). Except for a slight improvement in political stability, the country's main governance indicators have all deteriorated over the past decade.

D / Analysis of ESG risks



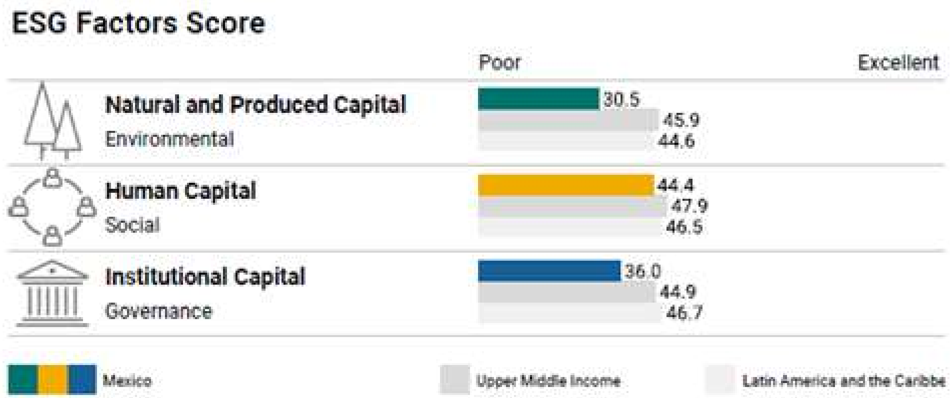
The extra-financial rating agency Sustainalytics identifies two controversies in category 3, conflict and repression, reflecting significant risks to wealth creation associated with the erosion of human and institutional capital. Widely spread organized crime drives structural violence, internal displacement, and persistent impunity, weakening governance and the rule of law despite recent security measures whose effects have so far had limited impact. At the same time, the state's increasing repression, including militarization, weakened judicial independence, and restrictions on civil liberties, further undermines institutions and limits innovation and human investment in the medium term.

After accounting for trends and controversies, the country's overall ESG score is 38.1 (*), below the global average (ranked 117 out of 164 countries). Within our emerging markets universe, it ranks 55th out of 71.



(*) Rated on a scale from 0 to 100, with 0 representing the highest risk and 100 the lowest risk

In terms of human capital management, the country's ESG score is broadly comparable to regional peers at a similar stage of development in regard to their human capital management. However, once controversies are considered it is lower on governance. Mexico's overall score is also penalized by the country's significant underperformance on the environmental pillar compared with its peers.



The Republic of Mexico positions itself as a leader in ESG policy in Latin America. The country supports the financing of projects with high environmental, social, and governance value to promote sustainable and inclusive growth. The national strategy is based on the 2025–2030 National Development Plan (PND) and the Mexican Sustainable Taxonomy (MST) published in 2023. Public spending and sustainable bonds target several priorities including the energy transition, climate change mitigation and adaptation, sustainable rural development, gender equality, and the protection of indigenous peoples. By the end of 2024, 84.5% of budgetary programs were aligned with the Sustainable Development Goals (SDGs), with the sustainable bond market reaching USD 17.8 billion, reflecting Mexico's commitment to structured and transparent ESG financing. However, high levels of crime and corruption remain a risk factor for governance and the effective implementation of sustainable public policies. The new approach adopted by the United States administration towards drug trafficking and more broadly the security risk on the continent presents a short-term risk to Mexico's economic and social stability. However, this also opens up a medium-term opportunity by unlocking development potential which is currently constrained by violence and corruption.

5 - Engagement

Gemway Assets' investment process is primarily based on the fundamental analysis of companies and close engagement on the ground. The management teams conduct more than 350 annual meetings with emerging market companies, systematically incorporating ESG topics. Since 2021, the management team has also organized meetings specifically focused on ESG topics.

In 2025, our management team conducted 30 ESG meetings with emerging market companies, representing, as of the end of December, 28% of the companies in the GemEquity portfolio, 21% of the companies in the GemAsia portfolio, and 28% of the companies in the GemChina portfolio.

Gemway Assets' engagement is structured around the following pillars:

- Continuously outperforming the benchmark on two selected criteria (environmental and governance)
- Ensuring at least 20% of investments in our portfolios are sustainable (meeting all five defined criteria)
- Participating in General Meetings by voting in accordance with our Voting Policy, which includes clear and ambitious ESG requirements
- Conducting individual meetings with portfolio companies on their environmental, social, and governance practices
- Participating in collective shareholder initiatives promoted by the UN-PRI collaborative engagement platform

A / Outperformance criteria

1 - Two engagement criteria

Since 2020, Gemway Assets has committed to outperform the respective benchmark indices of its equity funds on two specific criteria:

- The environmental criterion: carbon intensity (WACI index) with a minimum coverage rate of 90%.
- A governance criterion: board gender diversity with a minimum coverage rate of 70

	Indicator	GemEquity	Benchmark
E	Carbon intensity - WACI (tons CO2/M euros of revenue)	392.6	646.1
	% companies covered	98.8%	98.9%
G	Women on the Board	22.8%	20.3%
	% companies covered	100%	99.7%

Indicator	GemAsia	Benchmark
Carbon intensity - WACI (tons CO2/M euros of revenue)	391.1	626.3
% companies covered	97.6%	99.2%
Women on the Board	23.%	20.8%
% companies covered	100%	99.7%

Indicator	GemChina	Benchmark
Carbon intensity - WACI (tons CO2/M euros of revenue)	346.3	651.3
% companies covered	95%	98.6%
Women on the Board	21.9%	19.2%
% companies covered	100%	100.00%

Source : MSCI, Gemway Assets

2 - Other Monitored Criteria

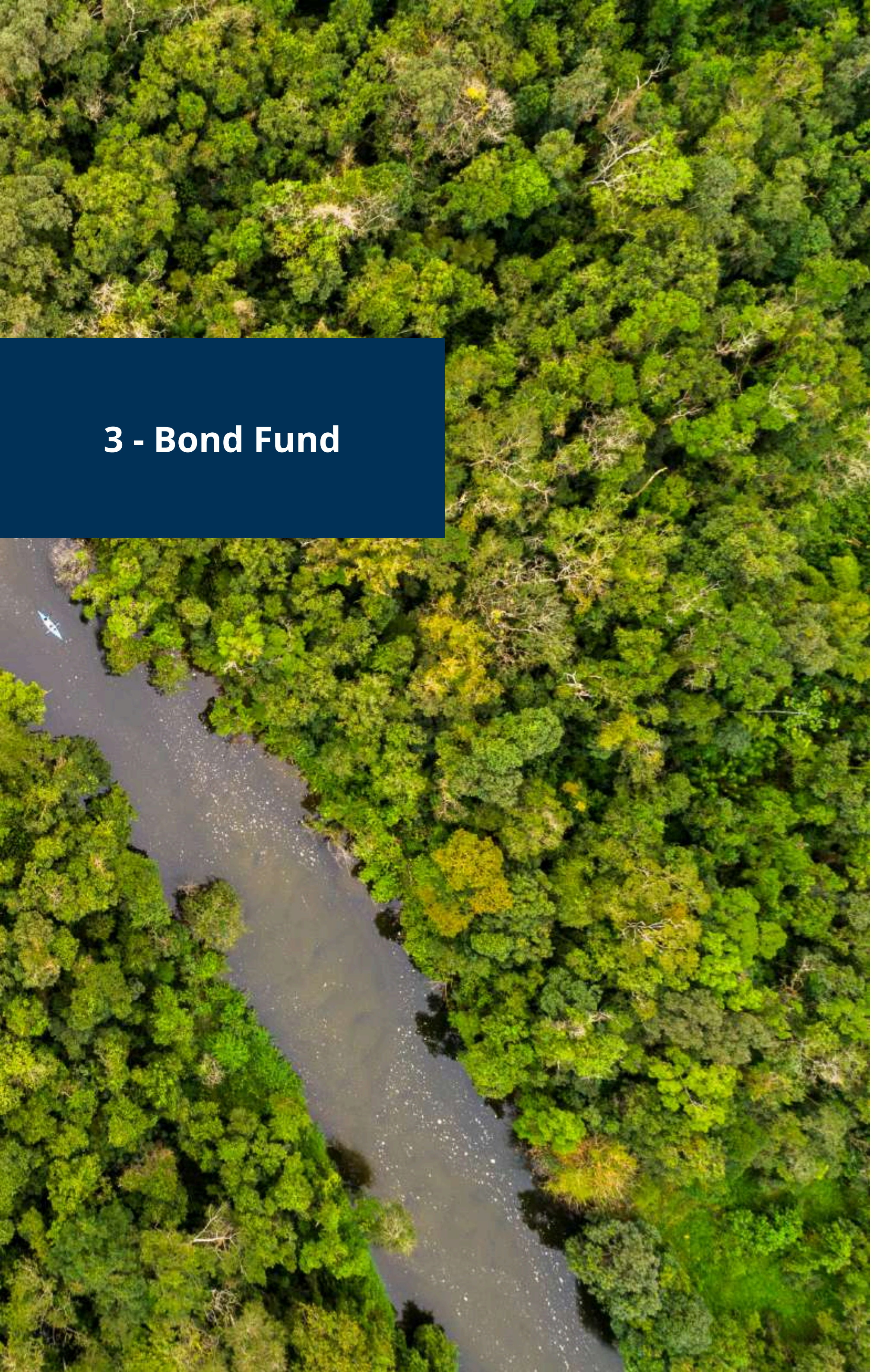
	Indicator	GemEquity	Benchmark
E	Carbon Footprint C/V (tons CO2/M € invested)	135.3	401.0
	Carbon Footprint C/R (tons CO2/M € of revenue)	362.1	774.3
	% companies covered	98.8%	98.9%
S	Training hours per employee	52.0	42.0
	% companies covered	92.0%	100.0%
G	Board independance	55.6%	54.4%
	% companies covered	98.0%	100.0%
HR*	% of the fund exposed to very severe controversies (MSCI level 0/10)	0.0%	

Indicator	GemAsia	Benchmark
Carbon Footprint C/V (tons CO2/M € invested)	141.8	384.0
Carbon Footprint C/R (tons CO2/M € of revenue)	381.0	773.5
% companies covered	97.6%	99.2%
Training hours per employee	54.0	43.0
% companies covered	92.0%	100.0%
Board independance	54.9%	55.6%
% companies covered	97.0%	100.0%
% of the fund exposed to very severe controversies (MSCI level 0/10)	0.0%	

Indicator	GemChina	Benchmark
Carbon Footprint C/V (tons CO2/M € invested)	140.1	537.6
Carbon Footprint C/R (tons CO2/M € of revenue)	353.3	907.7
% companies covered	95.0%	99.0%
Training hours per employee	42.0	35.0
% companies covered	91.0%	100.0%
Board independance	44.7%	47.0%
% companies covered	92.0%	100.0%
% of the fund exposed to very severe controversies (MSCI level 0/10)	0.0%	

* Human rights

Source: MSCI, Gemway Assets



3 - Bond Fund

Since the launch of GemBond at the end of 2021, Gemway Assets has committed to outperforming the fund's benchmark on two specific criteria:

- Environmental criterion: carbon intensity (WACI index) with a minimum coverage rate of 90%.
- A governance criterion: the level of civil liberties and fundamental rights with a minimum coverage rate of 90%

	Indicator	GemBond	Benchmark
E	Carbon Intensity (tonnes CO2 per capita)	5.27	6.28
	% countries covered	100%	100%
S	Civil liberties and fundamental rights ("Weighted Global Freedom Score")	54.1	52.0
	% countries covered	100%	100%

Source : Gemway Assets

B / Sustainable investment

Since 2022, with the implementation of the SFDR regulation, all Gemway Assets funds have been committed to sustainable investing (SFDR Article 8).

To further strengthen this commitment and alignment, five additional criteria have been established for the equity funds. For an investment to be considered sustainable, it must meet all the five following criteria:

The performance of each criterion by fund is detailed in the table below. As of December 2025, all our equity funds have exceeded the minimum threshold, with at least 20% of holdings meeting all five criteria.

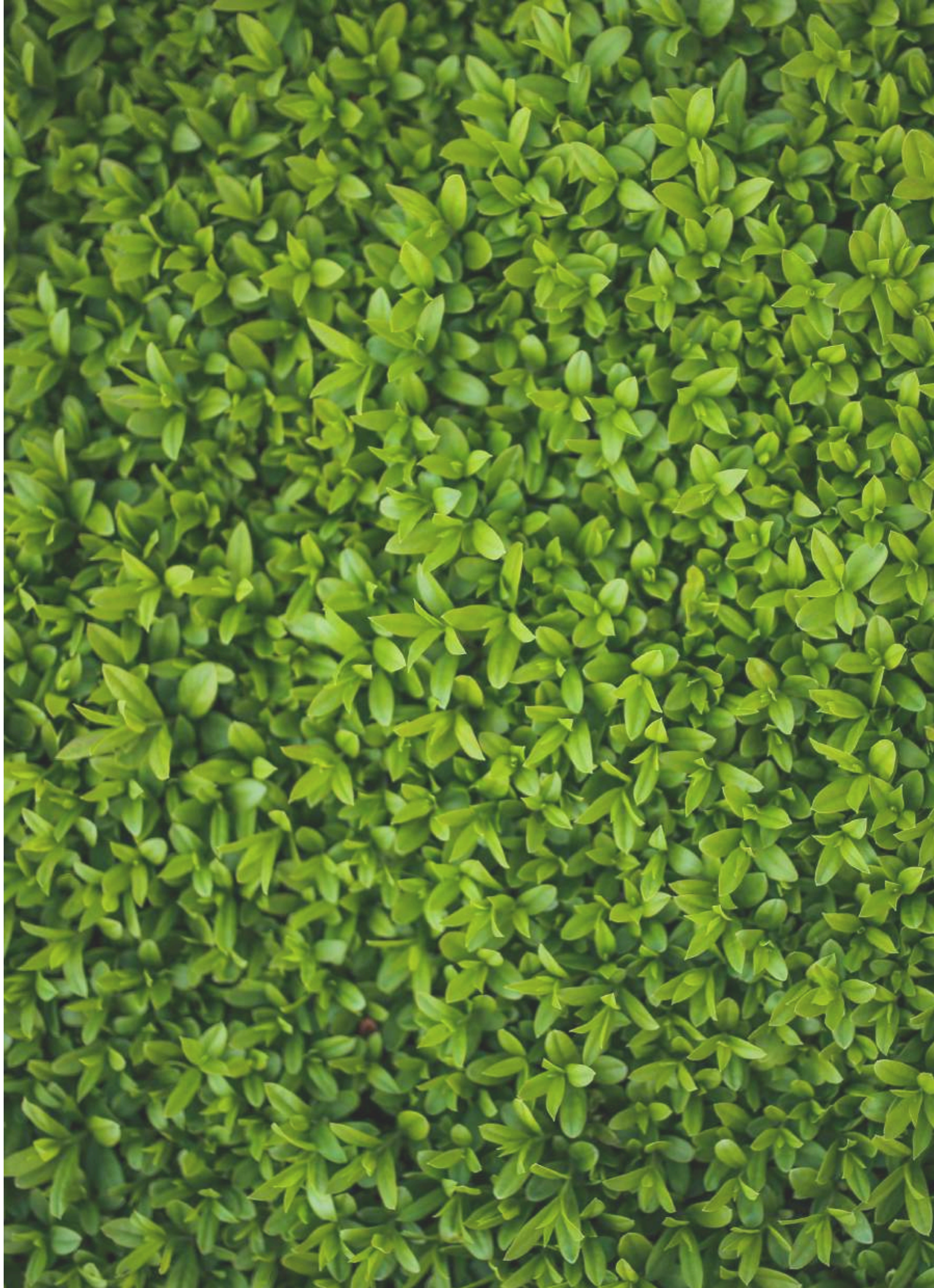
	Indicator	GemEquity	GemAsia	GemChina
		% of companies meeting the criteria		
ENVIRONMENT	Reporting Scope 1 + 2	100.0%	99.0%	99.5%
	Net zero target	74.6%	78.9%	58.3%
	WACI < 20% vs benchmark	69.8%	67.7%	73.4%
SOCIAL	At least 20% female employee	85.2%	85.8%	92.3%
	At least 20h of training per employee per year	78.2%	78.5%	75.1%
	All 5 criteria	39.1%	41.0%	28.4%

Our bond fund, GemBond, also classified as SFDR Article 8, has selected one environmental and one social criterion to define a sustainable investment:

- Be a country with a per capita carbon intensity (WACI) at least 20% below that of the benchmark;
- Be a country considered free or partly free by the NGO Freedom House.

The performance of each criterion is detailed in the table below.
In 2025, GemBond outperformed its minimum threshold of 30% of holdings meeting both criteria.

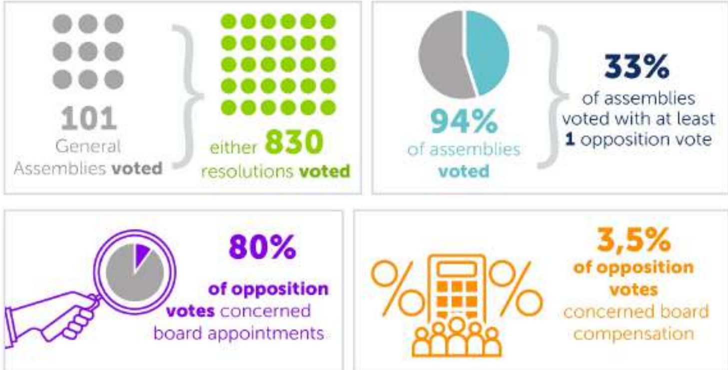
	Indicator	**GemBond**
	% of companies meeting the criteria	
E	Carbon Intensity < 20% vs benchmark	75.0%
S	Free or partially free countries	70.8%
	2 combined criteria	39,10%



C / Voting Policy and Results

Key figures

In 2025, we voted in 101 out of 107 General Assemblies where Gemway Assets held voting rights, representing 94% of exercised voting rights:



To clearly demonstrate our commitment to voting policy, Gemway Assets exercises its voting rights in at least two-thirds of the general meetings of companies in which its funds are invested.

Through rigorous analysis of each company in which Gemway Assets' funds invest ensure stronger quality of governance than in the broader investment universe. The company targets businesses that create shareholder value.

Consequently, there are not normally any reasons to oppose management when discussing the resolutions proposed at shareholders' meetings. These resolutions typically propose changes to the bylaws, approval of financial statements and allocation of results, appointment and removal of corporate bodies, and appointment of statutory auditors.

Gemway Assets carefully reviews any resolution that may be detrimental to the company or minority shareholders and pays particular attention to governance issues (anti-takeover measures, share buybacks, approval of accounts, independence, multiple mandates, remuneration), as well as social aspects (gender balance and composition of the board of directors) and environmental factors (consideration of climate change-related risks).

However, Gemway Assets notes that not all matters subject to a vote in Europe are always presented at shareholders' meetings in emerging markets. More than 80% of proposed resolutions concern the appointment or reappointment of directors.

Gemway Assets - 2025		
Voting statistics - General Meetings		
		%
General Meetings submitted in 2025	107	
Voted meetings	101	94%
Resolutions submitted in 2025	873	
Resolutions passed	830	95%
Meetings passed with at least one dissenting vote	33	33%
Resolutions passed with at least one dissenting vote or abstention	40	40%
Number of resolutions abstaining	35	4%
Number of resolutions voted against	58	7%
Voting statistics (Company based calculation)		
Number of companies having submitted a General Meeting	70	
Number of companies with at least one General Meeting vote	69	
Number of companies with at least one dissenting vote	32	46%
Thematic distribution of opposition votes on GA 2025		
		%
Nominations (Board)	46	79%
So-called regulated agreements	0	0%
Compensation	2	3%
Capital transactions	1	2%
Shareholder resolutions	0	0%
Related-party transactions (insiders)	0	0%
Accounts and audit	9	16%
Various	0	0%
Total	*58*	*100%*

D / Shareholder dialogue

1 - Observations 2025

In 2025, our ESG analyst participated in 30 ESG-focused meetings with portfolio companies, fulfilling our target set at the start of the year.

Overall, we observed a clear improvement in both the depth and relevance of our ESG discussions with companies. In particular, we noted enhanced ESG reporting, strategies, and structuring within companies, especially among Chinese firms. This was the case for CNOOC, the Chinese oil company with which we engaged with in 2023 and 2025. Since our 2023 discussions, the company has established a dedicated ESG team at both operational and top-management levels, directly reporting to the CEO.

On the environmental front, CNOOC has significantly accelerated the use of green electricity in its operations and implemented carbon reduction targets. In 2025, the use of solar and wind Power Purchase Agreements (PPAs) became widespread and is now a preferred strategy for making corporate energy consumption more sustainable. Similarly, outside of Latin America, companies are increasingly moving away from purchasing carbon offset credits in favor of direct green energy procurement.

More broadly, we observed stronger integration of ESG at governance and top management levels. Non-financial and ESG criteria are now frequently linked to executive remuneration. Moreover, many companies actively engage with ESG rating agencies, such as MSCI, aiming to improve their scores via KPI's often integrated into their strategic objectives. As an investor, for example, we helped Mengniu Dairy, a Chinese dairy company, contact MSCI analysts to clarify certain points of their ESG assessment that the company disputed. The analysts specifically communicated to us the challenges faced by their companies in trying to reach MSCI. These often left them unable to present their arguments once the annual ESG assessment was published. We were pleased to aid the connection between the company and MSCI's dedicated team.

We also observed companies improve their ESG communication to investors, notably through regular newsletters. This year, Taiwan Semiconductor Manufacturing Company (TSMC) and Hon Hai Precision Industry (Foxconn) asked us to respond to a questionnaire regarding their ESG strategy and our expectations as an investor.

Our engagement focuses mainly on companies involved in controversies, especially when there is an escalation risk. The management team structures its ESG meetings around a proprietary questionnaire, adapted to each company's sector, activities, and specific issues. Discussions on key controversies and governance matters remain central in our communication.

For guidance, a typical ESG questionnaire is described below.

GENERAL

- Do you have a dedicated ESG team to address these topics? How many members are in the ESG team? Do they have direct access to the CEO or board members?
- What could be the impact of evolving environmental and social regulations on your business?

ENVIRONMENT

- Do you have a carbon neutrality goal? Have you committed to net-zero emissions?
- Do you purchase carbon credits to offset your GHG emissions? What type of carbon credits do you have access to?
- What percentage of your waste is recycled? Do you have a target?
- What percentage of renewable energy is in your energy mix?
- Are there structural constraints to your renewable electricity supply?
- What improvements have you implemented to reduce the environmental impact of your premises?

HUMAN RESOURCES

- What percentage of women hold leadership positions?
- Do you offer training for women to improve their skills and increase their chances of promotion?
- Do you have a non-discrimination policy?
- What percentage of your employees are people with disabilities?
- Do you offer environmental and social topic-related training to your employees?
- Do you calculate the gender pay gap within your company?
- What is your employee turnover rate? What initiatives have you implemented to reduce workplace accidents?
- Does your supplier base produce positive ESG criteria?

GOVERNANCE

- Is the compensation of board members influenced by ESG performance indicators?
- When your board of directors, do you have a committee responsible for sustainability issues? Who attends to it? Who are its tasks?
- How many women are present among the members of your board of directors? Do you aim to increase the number of women in the next elections?
- What is your medium and long-term strategy regarding sustainability?

ANTOFAGASTA PLC

Antofagasta is a Chilean mining group specializing in the production of copper and other by-products such as gold and molybdenum. Its market capitalization amounts to $39.2bn.

The company operates four mines in Chile and is one of the key players in the global copper supply, a metal essential to the energy transition and the development of electrical infrastructure. The Group is committed to improving its environmental performance, contributing to the social development of the regions in which it operates, and maintaining open and transparent communication with local stakeholders.

From an environmental perspective, the company relies on a detailed action plan aiming to achieve carbon neutrality by 2050, as well as reducing its Scope 1 and 2 emissions by 2035. Our discussions also covered water management and freshwater use, one of the main ESG challenges in the mining sector. In this regard, the company has developed its own desalination plants and is progressively using untreated seawater as a resource.

On the social front, the company pays particular attention to employment and the development of local communities located near its mining operations. Our main point of vigilance, inherent to the mining sector, concerns the high proportion of contractors, who represent 76% of the workforce (more than 20,000 people). They benefit from less favorable conditions and social benefits than direct employees. However, regarding safety, which is a corporate priority, the company ensures that it works with service providers that meet high standards both in terms of safety and working conditions.

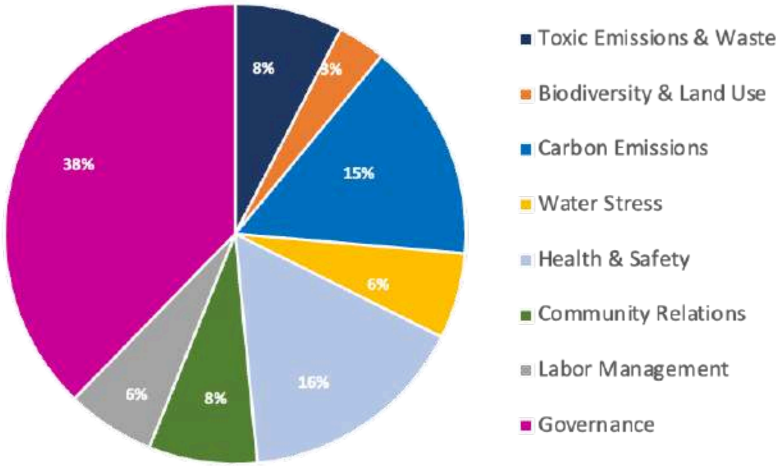
Overall, the company demonstrates a structured and proactive ESG approach, with targeted initiatives to mitigate its main ESG risks. Given the inherent risks in the extractive sector, we maintain a cautious stance and ensure close monitoring of the evolution of these ESG indicators.

Environment:
- Renewable energy: All mining operations source 100% of their electricity from renewable energy contracts
- Water management: commissioning of the new desalination plant at Los Pelambres in 2024
- Biodiversity conservation: 27,808 hectares of protected area in the Choapa Valley

Social:
- Indigenous peoples: No incidents involving violations of Indigenous peoples' rights in 2024
- Diversity: 27% of employees are women
- Local employment: 48% of permanent employees come from the regions where mining operations take place

Governance:
- 6 of the 11 members of the Board of Directors are independent
- 36% of Board members are women
- 64% of Board members reported sustainability expertise in 2024

MSCI Controversies:
Antofagasta is not subject to any ESG controversies.



Grade: 5.7
Medium risk

Hyundai Motor Company is a global leader in the automotive industry, with a market capitalization of $49.5 bn.

The company develops an integrated mobility ecosystem focused on innovation, quality, and customer experience, covering vehicle design, manufacturing, and marketing, as well as smart mobility solutions. Thanks to its global network, HMC operates in more than 200 countries, offering a wide range of products and services from passenger vehicles to electric vehicles and sustainable mobility technologies.

From an environmental perspective, HMC aims to achieve carbon neutrality across its entire value chain by 2045. The company plans to increase its renewable energy consumption but faces challenges related to costs and the availability of renewable energy in certain regions.

We also discussed the numerous controversies identified by MSCI which, according to HMC, do not reflect the reality of the company. For example, one of these controversies concerned the recall of several vehicles and the associated compensation. HMC confirmed that this incident has been fully resolved and that customer safety remains a core priority. Similarly, HMC was affected by a controversy related to forced labor among certain suppliers in China. Once again, the company conducted a thorough investigation and found no evidence supporting this claim. We advised HMC to contact MSCI to clarify these points and provide factual elements so the assessment can be as accurate as possible. MSCI subsequently upgraded Hyundai Motor's ESG rating from CCC to B.

On the social front, HMC benefits from a very active labor union, ensuring some of the best employee benefits among its South Korean peers. The company emphasizes supply chain oversight, with regular assessments, due diligence at the start of partnerships, and continuous monitoring of suppliers throughout the relationship.

Environment:

- Environmentally friendly vehicles: 757,195 annual sales of environmentally friendly vehicles in 2024
- Renewable energy: Signing of the largest domestic clean power purchase agreement ever concluded (444 MW) in 2024
- Circular economy: Implementation of the Car-to-Car project, which enables recycling of materials and components from end-of-life vehicles to produce new cars

Social:

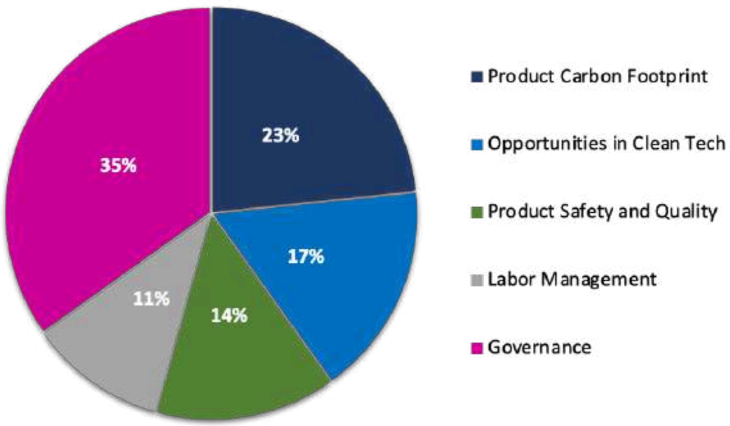
- Diversity: 11.7% of managers at Hyundai Motor Company in 2024 are women
- Supplier management: Implementation of indicators and on-site audits to identify risks related to human rights and ethics
- Human resources: HMC received the Grand Prize at the Great Workplace Awards organized by Edaily, an award presented by the Vice Prime Minister and the Ministry of Economy and Finance in 2024

Governance:

- 7 of the 12 members of the Board of Directors are independent
- 33% of Board members are women
- 83% of Board members report having sustainability expertise

MSCI Controversies:

Hyundai Motor Company is involved in controversies related to customers, labor rights, governance, and environmental impacts. It faces significant concerns regarding product safety and quality as well as labor standards within its supply chain.



Grade: 5.4
Medium risk

Grupo Galicia

Grupo Financiero Galicia is a commercial bank based in Argentina, with a market capitalization of $8.3 bn.

It positions itself as a committed ESG player within the Argentine banking sector. For several years, Grupo Financiero Galicia has integrated ESG principles into all levels of its organization, notably by training all its teams on these topics. In addition, the group supports projects with positive environmental and social impact, such as financing local SMEs, inclusive banking solutions, and sustainable transport or energy.

At first glance, the company's governance may appear less favorable to minority shareholders like us, since 51% of voting rights are controlled by Class A shares held by EBA Holding. However, we were reassured by the steps taken to promote transparency in strategic decision-making and their protection of minority rights. This included facilitated communication with investors and the presence of dedicated Board committees.

From an environmental perspective, Galicia has committed to reducing its carbon emissions by 50% from 2021 levels, by 2030, with the goal of achieving carbon neutrality by 2050. To this end, the bank has increased its renewable energy sourcing and fully offsets unavoidable Scope 1 and 2 emissions through the purchase of internationally certified carbon credits.

We also discussed excluded sectors and the most sensitive industries. Although the bank does not apply strict exclusions, we received confirmation that ESG analyses have been implemented for a significant portion of its banking activities. In a complex Argentine banking environment, Galicia is focusing on rolling out several local initiatives, particularly financing projects with positive environmental and social impact.

Environment:

- Impact: More than $88M allocated to the development of products and services with positive social and environmental impact
- Carbon emissions: 100% of operational CO_2 emissions over the past two years have been offset
- Sustainable finance: Evaluation of projects financed through the green bond issued by Grupo Financiero Galicia

Social:

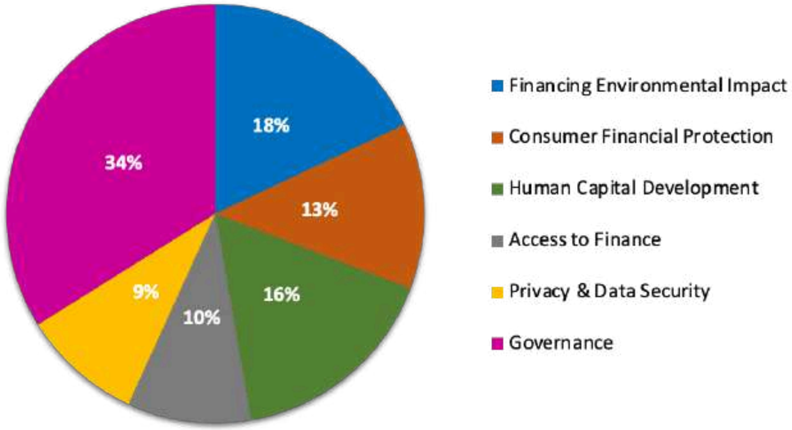
- Diversity: At Grupo Galicia, 36% of strategic leadership positions were held by women in 2024
- Financial inclusion: Galicia reached 10,578,159 people through its financial education content in 2024
- Social development: Galicia granted ARS 8.08 billion in loans to 78,000 unbanked individuals via the Naranja X application in 2024

Governance :

- 4 members of the Board of Directors are independent
- 12% of Board members are women
- Grupo Galicia is controlled by EBA Holding, which owns 100% of Class A shares, representing 17.5% of share capital and 51.5% of voting rights

MSCI Controversies:

Grupo Financiero Galicia is not subject to any ESG controversies according to MSCI.



Grade: 4.7
Medium risk

As one of China's leading life insurance groups, China Life Insurance holds a dominant position in its domestic market and has a market capitalization of $165.8bn.

A key player in the financial sector, the company plays an important role in capital allocation and can therefore influence the transition toward a more sustainable economy.

However, China Life currently demonstrates a limited level of ESG maturity, with an approach primarily focused on reporting and lacking concrete operational initiatives. The absence of ambition and structured ESG strategy makes this engagement particularly important to better understand the company's strategy, priorities, and areas for improvement in ESG performance.

From an environmental perspective, the company has not yet set targets to reduce its carbon emissions, either for its operations or its investment activities. In addition, China Life does not yet disclose its Scope 3 indirect emissions. We have therefore recommended that the company should publish a comprehensive carbon inventory and define a coherent action plan aligned with its own priorities and China's national commitment goal of carbon neutrality by 2060.

Regarding its investment activities, China Life implemented an ESG screening framework in 2024 identifying twelve sectors considered high ESG risk, but it does not have a dedicated team to implement it. The company also lacks a formal policy for sectoral reduction or divestment, and it does not offer products with significant ESG orientation. There appears to be a risk of greenwashing, as the company highlights its sensitivity to green finance without providing concrete solutions for its clients at this stage.

Environment:

- Rural revitalization: Total investment by China Life Insurance reached RMB 103.7bn, approximately $14.5bn, in 2024
- Climate: Integration of NGFS climate scenarios and short-, medium-, and long-term risks into investment analysis

Social:

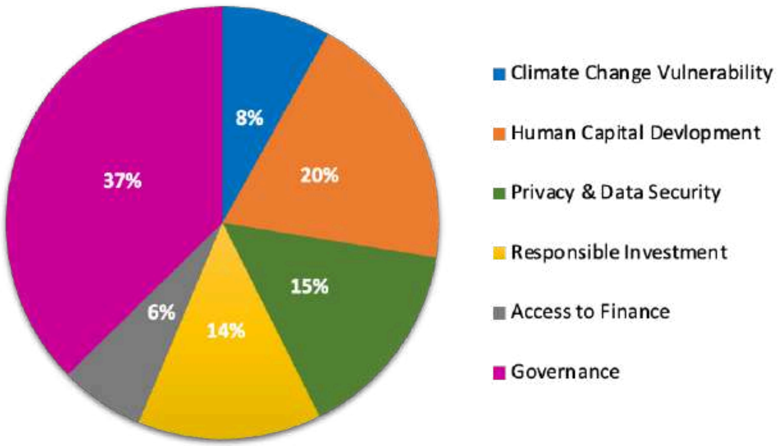
- Diversity: 58% of China Life Insurance employees are women in 2024
- Talent retention: Employee turnover was 1.34% in 2024
- Financial inclusion: China Life Insurance expanded individual insurance in rural areas, adding 270 million new policyholders in 2024

Governance:

- Strengthening ethical governance and corruption prevention through internal controls, regular audits, and disciplinary measures
- 25% of Board members are women
- China Life Insurance (Group) Company, owned by the Ministry of Finance of the People's Republic of China, is the majority shareholder of China Life Insurance Company Limited, holding more than 68% of voting rights

MSCI Controversies:

China Life Insurance is not subject to any ESG controversies according to MSCI.



Grade: 5.6
Medium risk

Delta Electronics is a Taiwanese company specializing in the manufacturing and sale of power supplies and components, with a market capitalization of approximately $73.3bn.

Delta Electronics has historically been very committed to ESG issues, supported by a management team experienced in sustainability. The company positions itself as an ESG leader within its sector and more broadly in Taiwan.

From an environmental perspective, Delta Electronics has committed to the SBTi and currently sources 84% of its energy needs from renewable sources. Several measures have been implemented to help further reduce emissions. These include Power Purchase Agreements (PPAs), renewable energy certificates, on-site renewable installations, and actions to improve energy efficiency in operations and products, thereby helping to reduce carbon emissions for its customers. Other environmental issues, such as water management, waste, and biodiversity, are also considered, although the company does not have a large impact on these sections.

On the social side, Delta Electronics demonstrates strong performance, with an employee turnover rate below 2%. The company has implemented several initiatives promoting diversity across its workforce and runs a training program which supports employee skill development. Furthermore, thanks to its numerous partnerships and strong reputation, Delta Electronics remains a highly attractive option for new talent.

In recent years, Delta has also strengthened ESG integration within its supply chain through training, communication, ESG due diligence, and on-site ESG audits. These efforts are expected to continue developing in the coming years.

Overall, Delta Electronics covers all ESG dimensions, relying on a structured organization, engaged teams, and ambitious targets.

Environment:

- Environmental protection: In 2024, Delta Electronics' total environmental protection expenditure amounted to $73.5 million
- SBTi: Scope 1 and 2 emissions from Delta Electronics' operational sites worldwide decreased by 53.6% in 2024 compared with the baseline year 2021
- Supplier management: In 2024, Delta Electronics launched a "Supply Chain ESG Platform," a digital solution centralizing responsible procurement policies and information, annual questionnaire management, training resources, and on-site audit tracking

Social:

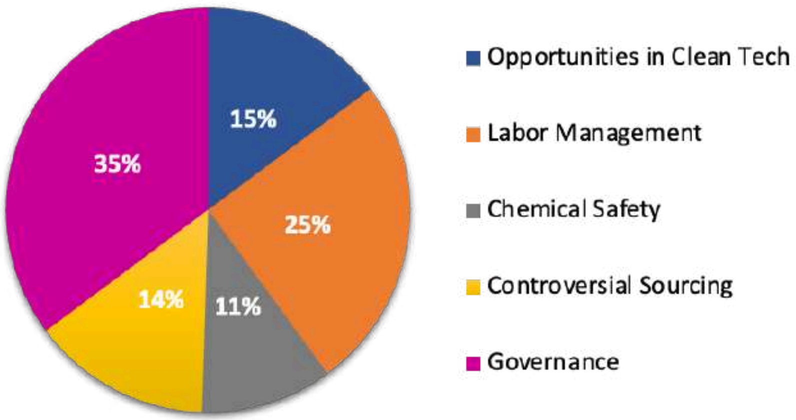
- Attractiveness: In 2024, 91% of candidates who received a job offer accepted it
- Diversity: In 2024, women represented 44% of Delta Electronics' total workforce
- Recognition: Delta Electronics won the "Best Companies to Work for in Asia" award for the fourth time, presented by HR Asia

Governance:

- In 2025, Delta voluntarily published an ESG report compliant with the European CSRD directive
- 33% of Board members are women
- 42% of Board members are independent

MSCI Controversies:

Delta Electronics is not subject to any ESG controversies according to MSCI.



Grade: 6.7
Moderate risk

Jiangsu Hengrui Pharmaceuticals is a Chinese pharmaceutical group specializing in the research, development, manufacturing, and marketing of innovative medicines to address unmet clinical needs, with a market capitalization of $56.7bn.

The company emphasizes scientific innovation and global product expansion, having invested over RMB 50 billion in R&D to date and marketed its products in more than 40 countries worldwide.

Hengrui Pharma's ESG strategy focuses primarily on the quality and safety of pharmaceutical products, as well as integrity and ethics within their business practices. Since our last engagement in 2023, we were pleased to observe significant ESG progress. The company has recently integrated new elements, such as incorporating environmental performance into executive compensation evaluation, implementing energy reduction initiatives, introducing internal carbon targets, and paying increased attention to ESG ratings assigned by specialized agencies. We encouraged the company to demonstrate even greater ambition in developing its ESG strategy.

Hengrui Pharma has also undertaken a strategic transformation. Historically focused on generic drugs, the group has gradually shifted toward innovative treatments, which required reorganizing and optimizing its teams. The employee turnover rate, which reached 22% in 2023, has now decreased to 9.5% in 2024. The company also emphasizes staff training and career development.

While engaging in Hengrui Pharma, one of the main topics we discussed concerned the use of human embryonic kidney cells, a potentially sensitive issue likely to generate controversy. Hengrui Pharma recognizes the sensitivity of this matter and ensures it is carefully managed in strict compliance with regulatory requirements.

Environment:

- Environmental management: The three main production sites have obtained ISO 14001 certification for their environmental management systems
- Environmental strategy: Hengrui Pharma integrates environmental performance among the key criteria for evaluating executive compensation
- Air pollution: In 2024, Hengrui Pharma invested RMB 8.5 million (approximately $1.2 million) to modernize atmospheric emission treatment facilities at its Dapu Industrial Zone site in Lianyungang

Social:

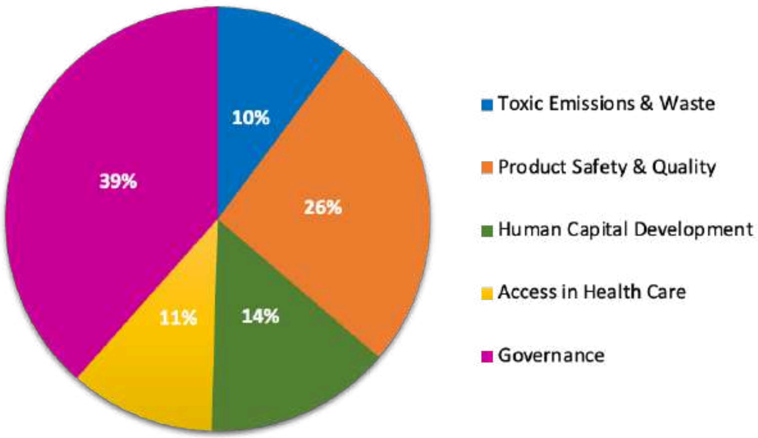
- Attractiveness: Hengrui Pharma received the "Top Employers China" certification for 2024
- Differential pricing: Hengrui Pharma implemented lower pricing for certain medicines in developing countries such as Vietnam, Pakistan, and Bolivia compared with developed countries
- Diversity: In 2024, women represented 44.9% of the total workforce, and employees from ethnic minorities accounted for 3.3%

Governance :

- No corruption or related violations have been reported
- 18% of Board members are women
- 100% of members of the Audit Committee are independent

MSCI Controversies:

Jiangsu Hengrui Pharmaceuticals is not subject to any ESG controversies according to MSCI.



Grade: 5.6
Medium risk

Grupo Financiero Banorte is a leading banking groups in Mexico, offering retail banking, corporate banking, insurance, and asset management services, with a market capitalization of $26.7bn.

The group is internationally recognized for its ESG commitments and participation in initiatives such as the Net Zero Banking Alliance. Banorte has also received sustainability distinctions, including its inclusion in the Dow Jones Sustainability Index Emerging Markets.
Banorte has a strong and structured ESG approach. Management has a dedicated sustainability team of 19 full-time employees who provide the Board with quarterly updates on key ESG projects. Multidisciplinary groups have also been established to drive specific ESG initiatives, ensuring a coordinated and cross-functional approach.
From an environmental perspective, Banorte has implemented concrete actions to reduce its footprint: the company has committed to the SBTi to reduce their Scope 1 and 2 emissions from their 2020 emissions by 42% by 2030. Energy provision through PPAs (Power Purchase Agreement) began in February 2025 and will progressively cover 100% of the group's consumption by 2028. The group has also committed to replanting and restoring one million trees by 2030. We discussed their exposures to key controversial sectors and exclusion policies, and were reassured that exposure to fossil fuels, including coal and unconventional hydrocarbons, will be fully eliminated by 2030.
On the social side, although their employee turnover remains high at 20% in 2024. This is primarily due to contact centers employing many students, Banorte offers attractive packages including profit-sharing, a diverse training program, and targeted support for the professional development of women.

Environment:

- Investment portfolio (financed emissions): Emissions have been measured for 54% of the total portfolio value
- Sustainable finance: In 2024, Banorte launched its first sustainable bond issuance on the Mexican Stock Exchange for MXN 13,064 bn (approximately $763M) to finance projects with positive social and environmental impact
- Carbon footprint: In 2024, Banorte acquired 16,277 I-RECs, representing 16,277 MWh of energy generated from solar and wind sources

Social:

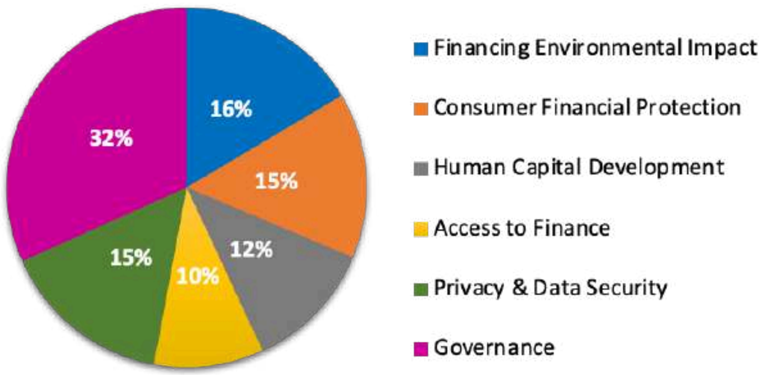
- Financial inclusion: In 2024, Banorte supported over 16,000 SMEs with a total portfolio of approximately MXN 58bn (around $3.2bn)
- Diversity: Recognized as one of the best workplaces for women in Mexico, Banorte has 51% female employees, with 26% in management positions
- Training: In 2024, Banorte delivered 1,069,393 hours of training, averaging 37 hours per employee

Governance:

- Banorte won, for the fifth consecutive year, the 2025 World Finance Banking Awards in the categories "Best Retail Bank" and "Best Corporate Governance in Mexico," awarded by World Finance
- For the fifth consecutive year, Banorte acted as a lead engager with 19 Mexican companies not disclosing ESG data, encouraging them to report actions on climate change, deforestation, and water stress via various CDP questionnaires
- 62% of Board members are independent

MSCI Controversies:

Grupo Financiero Banorte is subject to a moderate-level ESG controversy related to anti-competitive practices. Twenty-one banks and financial institutions, including Banorte, were investigated by the Mexican competition authority over suspected price-fixing involving deferred credit card payment mechanisms.



Grade: 5.5
Medium risk

Shriram Finance is one of the leading non-banking financial companies (NBFC) in India, with a wide presence among individuals and small and medium-sized enterprises (SMEs), with a market capitalization of $20bn.

The company offers a broad range of financing products, including commercial and personal vehicle loans, SME loans, personal loans, and gold loans, tailored to the needs of underbanked populations, positioning it as a key player in the retail credit sector.

Shriram Finance is still at the early stages of its ESG journey, and we were pleased to support the company in its reflections through this engagement. Although its operational environmental impact is limited, as most facilities are leased, Shriram Finance focuses particularly on micro, small, and medium enterprises, lending primarily to the smallest segments, thereby generating significant social impact.

Shriram Finance has launched the Shriram Green Finance initiative, which provides financing solutions for electric vehicles, renewable energy technologies, and EV charging stations. While this initiative is still recent and the number of clients is currently limited, the goal is to reach INR 50 billion in financing for electric vehicles over the next three years. The company has also begun integrating ESG assessments into its risk management, and we have encouraged them to develop and communicate their methodology.

On the social side, the employee turnover rate, around 30%, remains very high, and the share of women employees, approximately 13%, is insufficient.

Environment:

- Sustainable finance: Over 36,000 loans provided under the Shriram Green Finance initiative
- Carbon emissions: Year-on-year reduction in energy intensity per rupee of revenue

Social:

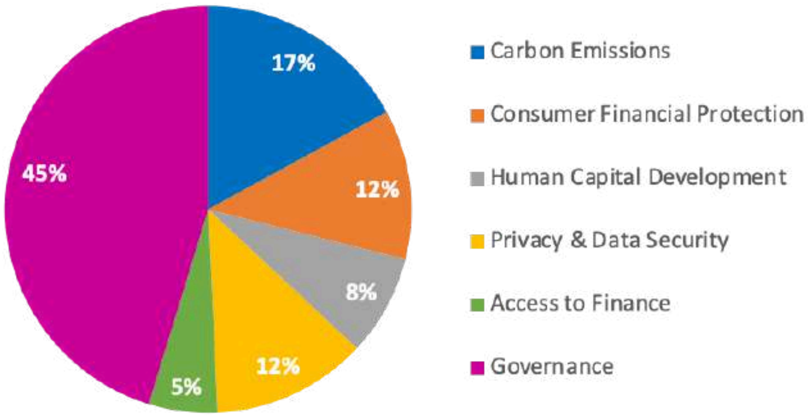
- Partner management: Shriram Finance organized an awareness program for its value chain partners covering ethical practices, ESG governance, green energy, and community engagement, reaching 10% of partners by business value
- CSR: For fiscal year 2024-2025, Shriram Finance allocated an annual CSR budget of INR 131.44 crores (approximately $14.6 million), benefiting over 300,000 people through its various social responsibility projects
- Impact: More than 850,000 clients financed under the Social Finance Framework

Governance:

- Shriram Finance has created a dedicated ESG committee and formalized its commitment through an ESG crter
- 10% of Board members are women
- 56% of Board members are independent

MSCI Controversies:

Shriram Finance is not subject to any significant ESG controversies according to MSCI.



Grade: 5.0
Medium Risk

6 - Improvement of Governance in Asia in 2025

In 2025, Asia experienced significant progress in governance and sustainability. Several countries in the region strengthened their regulations, introduced new reporting requirements, and launched reforms to make companies more accountable and transparent. These developments reflect a clear intention to align local practices with international standards while supporting sustainable economic growth.

In early September, China's Ministry of Finance published a practical guide to implement sustainability disclosure standards, effective since 2024 and set to become mandatory by 2026. Companies must now report not only on their current and future financial impacts but also on the resilience of their strategies and how their activities impact society and the environment. Furthermore, China encourages companies to increase dividend payments and share buybacks to better reward investors. These measures complement the governance and transparency efforts currently in place. This drive for transparency is part of the broader national strategy to combat involution (neijuan), aimed at moving away from excessive quantitative growth that destroys value, in favor of qualitative development that prioritizes long-term profitability and social well-being.

In terms of governance, the South Korean Commercial Code was revised twice this year: in July to strengthen directors' duties toward all shareholders, and in August to increase the number of independent directors to one-third, while clarifying their role. These reforms, as part of the Value-Up program, are expected to improve transparency and shareholder protection, although their implementation may encounter resistance.

In India, the Ministry of Finance introduced a draft national taxonomy for climate finance. It will allow financial institutions to identify climate-friendly projects and limit greenwashing. The goal is to direct around $250 billion per year toward sustainable technologies. At the same time, the Securities and Exchange Board of India eased certain ESG reporting requirements by postponing information on value chain partners by one year and offering greater flexibility in data verification. The Indian regulator also strengthened minority shareholder protection, particularly regarding minimum public shareholding and related-party transactions.

Singapore and Thailand have launched programs to make their markets more attractive. In Singapore, the Value-Unlock initiatives, higher dividends, and improved investor communication are expected to reduce the valuation gap with other regional markets. Thailand offers the JUMP+ program, which supports the growth of listed companies by requiring regular monitoring and board-approved plans, while offering tax incentives for companies that meet their targets.

Overall, 2025 shows a clear trend: Asia is moving toward stronger and more responsible governance. With reinforced ESG obligations, enhanced shareholder protection, and the promotion of green finance, these reforms should foster greater transparency, better risk management, and higher market valuations. Although the road ahead remains long and the implementation process may be complex, the regulatory direction is promising for the future.

7 - ESG Challenges and Outlook in Indonesia

Indonesia, the fourth most populous country in the world with a dynamic emerging economy, has recently seen its sustainable development trajectory steadily strengthen. The integration of Environmental, Social, and Governance (ESG) principles has been built through a combination of progressive regulatory frameworks, market initiatives, and external pressures responding to climate, social, and transparency challenges. Indonesia has demonstrated its ambitions on the global climate stage, with their 2026 carbon neutrality target which they announced at COP26. This encourages the private sector to place ESG criteria at the core of its operations.

Prior to 2024, several key milestones had already been established to structure ESG practices in the country. Starting in 2019, the Indonesian Financial Services Authority, OJK, required financial institutions and listed companies to integrate ESG principles and publish annual reports on their ESG performance. These obligations were gradually expanded, reaching smaller institutions and listed companies between 2022 and 2024. In 2021, an OJK circular established guidelines for sustainability reports, covering ESG strategy, performance, and key indicators. In January 2025, the IDX, in line with annual reporting requirements for issuers and listed companies, launched the ESG Metrics Reporting module. The module features standardized metrics which align with ASEAN standards and international emissions frameworks. This initiative strengthened the comparability and reliability of disclosures.

In February, the Indonesian Sustainable Finance Taxonomy (TKBI) Version 2 was published, broadening the classification of sustainable activities to additional sectors such as construction and real estate, transport and logistics, and agriculture and forestry. A third version is planned for 2026 to align these standards more closely with the ISSB framework.

Also in February 2025, Indonesia launched the sovereign wealth fund Danantara Indonesia, designed to centralize state holdings in public companies and serve as a strategic investment vehicle. Inspired by models such as Temasek in Singapore, the fund could manage more than 900 billion dollars in assets, directing investments toward energy, infrastructure, and technology. Danantara aims to improve governance, streamline decision-making, and enhance operational efficiency. The company aligns with demanding standards, as reflected in its investment partnerships with leading sovereign funds. These include Qatar Investment Authority, Future Fund Australia, and China Investment Corporation.

In June 2025, OJK released a circular strengthening the criteria for banks' periodic governance self-assessment. It's now mandatory for institutions to explicitly integrate sustainable finance, social responsibility, and anti-fraud strategies, with a first report due by December 2025. This reform improves transparency and accountability in the banking sector.

During the summer of 2025, the Sustainability Standards Board of the Institute of Indonesia Chartered Accountants, in collaboration with OJK, finalized the alignment of Sustainability Disclosure Standards (SPK 1 and 2) in accordance with the IFRS Foundation's S1 and S2 frameworks. Its implementation is scheduled for January 2027 and will establish a more rigorous climate reporting framework and strengthen the credibility of disclosed information.

Overall, 2025 appears to be a pivotal year, marked by the consolidation of ESG standards, the formalization of reporting obligations, the emergence of a centralized sovereign fund, and the adoption of stricter disclosure rules. Indonesia is making progress towards systematically integrating ESG criteria into corporate governance, sustainable finance, and market transparency, while preparing for even more ambitious requirements by 2027.