GEMWAY ASSETS

MANAGEMENT REPORT ESG 2024

Our sustainable approach

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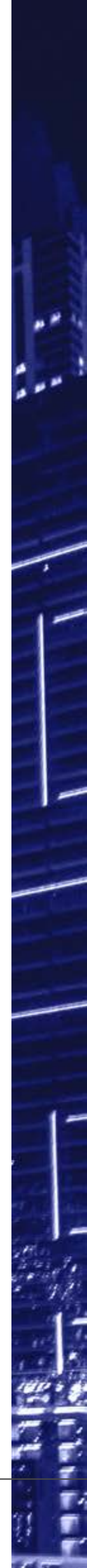


01 Our ESG vision and the Investment Policy

“ For us, the **Environmental, Social, and Governance** (ESG) approach is primarily a **risk-based approach**, increasingly complemented by an impact-driven perspective. The ultimate goal is to **enhance the alpha generation of our funds**. ”

We implement a normative exclusion policy combined with a "Best-in-Class" and "Best-in-Universe" management approach, allowing us to select the highest-rated companies within our investment universe based on ESG criteria.

As dedicated stock-pickers, we have placed strong emphasis on corporate governance analysis for over 30 years. Close relationships with companies are a fundamental part of our DNA. Our management team conducts over 350 company meetings per year, each including an ESG-focused discussion. Through shareholder engagement, we actively contribute to strengthening ESG commitments within the companies we invest in. In this context, we also organize dedicated ESG meetings. As part of this ongoing effort, we have been publishing ESG reports since late 2017.

Since 2014–2015, Gemway Assets has structured a comprehensive ESG investment approach, which includes defining an ESG investment policy, signing the UN-PRI, joining the CDP (formerly the Carbon Disclosure Project), and in selecting Sustainalytics as our extra-financial data provider, followed by S&P Global (formerly Trucost) for carbon footprint calculation. In 2024, we decided to end our collaboration with Sustainalytics and S&P Global on equity funds in order to begin working, as of January 2025, with MSCI, one of the global leaders in ESG analysis, with the aim of strengthening the quality of our ESG assessments.

The entire GemFunds SICAV (GemEquity, GemAsia, GemChina, and GemBond) is classified under SFDR Article 8. In early 2020, all three of our equity funds obtained the French government's ISR (Socially Responsible Investment) label. In 2023, the ISR V2 label for our three equity funds was renewed for three years. However, due to the new criteria of the ISR V3 label (including the exclusion of companies headquartered in South Africa, the Philippines, or Vietnam), we decided to relinquish the ISR label for GemEquity and GemAsia funds. The GemChina fund will remain ISR-labeled, subject to auditor validation in Q2 2025.

02 ESG team

The three analyst-portfolio managers, including the president of Gemway Assets, all contribute to ESG analysis. Gemway Assets' core belief is based on a comprehensive analysis that integrates both financial and extra-financial aspects to avoid any antagonism. As part of their responsibilities, the analyst-portfolio managers conduct ESG analyses, controls, and verifications.

The ESG management team was strengthened at the end of 2022 with the recruitment of senior financial analyst Rishabh Chudgar and ESG analyst Marion Raffard. ESG analysis of companies is primarily conducted by Marion Raffard, who also oversees engagement (voting and shareholder dialogue) as well as various ESG reporting tasks.

Gemway Assets' ESG analysis relies on proprietary meetings with companies, with over 350 meetings scheduled in 2024, each including a dedicated ESG section, as well as 30 ESG-specific meetings in the same year. This ESG analysis is also supported by external data and assessments from extra-financial rating agencies such as Sustainalytics and MSCI.

Bruno Vanier

Lead Analyst, Fund manager

President of Gemway Assets

More than 30 years experience on emerging markets includinga **7 based in Asia**

CIO Equity (2008-2011) at **Edmond de Rothschild**

Fund Manager at **Edmond de Rothschild** specialized in EM (1995-2011)

INSEAD / ESCP Europe | French

Ariel Ying Wang

Analyst, Fund Manager

At Gemway Assets since 2017

18 years experience in financial markets **(including 7 on emerging markets)**

Fund Manager - Global Equity at Banque Transatlantique, **Dubly Douilhet & Pastel** (2007-2017)

ESCP Europe | Chinese / French

Guillaume Riteau

Fund Manager EM Debt

At Gemway Assets since 2021

21 years experience in financial markets (**18 years as analyst-fund manager in fixed income markets**)

10 years experience in EM debt

Fixed income fund manager at **PRO BTP**

SKEMA Business School / CIIA French

Marion Raffard

Analyst - ESG

At Gemway Assets since 2022

3 years experience in ESG analysis

NEOMA Business School French

Rishabh Chudgar

Senior Financial Analyst

At Gemway Assets since 2022

15 years experience in financial analysis (**including 10 years on India**)

Financial Analyst with ENAM (Mumbai – 2011- 2020) and Direct-I (2007-2009)

ESCP Europe / FLAME University Indian

The Chief Executive Officer is responsible for leading and coordinating the company's ESG approach. He also plays a key role in liaising with investor associations such as the Principles for Responsible Investment (PRI), the French Asset Management Association (AFG), and ESG rating agencies.

Michel Audeban

General Manager of Gemway Assets

More than 30 years experience on asset management and development

Sales Director at **Edmond de Rothschild Asset Management**

Executive Director of Commercial at **Fidelity**

Engineer INSA – IAE Aix French

Magali Morel

RCCI - Admin

At Gemway Assets since 2016

14 years of experience as Head of the Product Management team at **La Financière de L'Echiquier**

La Sorbonne French

03 Description of the ESG equity process

A / Introduction to the process

The initial universe consists of more than 20,000 companies.

After applying **quantitative filters** (revenue and market capitalization above \$500M, daily liquidity exceeding \$1M) and qualitative filters (fundamental and extra-financial analysis), **the "watchlist" is narrowed down to approximately 300 companies** closely monitored by the management teams. The teams conduct more than **350 annual interviews** with emerging companies.

> 20.000 Stocks

Emerging Markets Total Universe

More than 20,000 companies listed on 24 markets

Quantitative Filter

Size Liquidity

~ 2.000 Stocks

Investable universe

Approximately 2,000 companies quoted

Quantitative Filter

Fundamental approach
ESG risk approach

~ 300 Stocks

Watchlist

Approximately 300 companies

Portfolio Construction

MSCI CDP

40-80 Stocks

Gemway Funds

Structural growth
at least 2/3

Cyclical
at most 1/3

MSCI

10 to 12 excluded sectors

+ Best-in-class approach
Elimination of 20% of the worst rated companies (GemEquity and GemAsia)

+ Best-in-universe approach
Elimination of 25% of the worst rated companies (GemChina)

MSCI

- Rating of the universe of each portfolio.
- Consideration in the proprietary ESGEM analysis
- Exclusion of the bottom 20% and 25% of companies from the universe
- Analysis and monitoring of controversies

Internal Research

- Evaluation of management quality
- Analysis of the composition and functioning of the board of directors
- Study of carbon emission reduction trajectories
- Integration and monitoring of controversies
- Analysis of the achievement of environmental and social objectives
- Exercise of voting rights of two third of the general meetings of companies in the portfolio

Controls

- Monthly monitoring by the RCCI of the portfolio's ESG analysis
- Monthly monitoring by the RCCI of sectoral exclusions, normative exclusions, and portfolio controversies
- Quarterly validation by the RCCI of the 20% and 25% exclusions

B / Exclusion policy

1 Our sectoral and normative exclusions

Gemway Assets commits to adhering to the following exclusion list for **GemEquity**:

GemEquity

Controversial weapons
Anti-personnel land mines and cluster munitions

Non-conventional hydrocarbons

Genome Technology

Pornographic content

Tobacco & cigarettes production

Coal extraction

Coal power generation

Palm oil

Biocide

Tax havens, companies whose headquarters are located in countries and territories listed as non-cooperative for tax purposes

Company involved in a level 0/10 controversy according to MSCI (highest level)

Threshold set at **0%** of sales

Threshold **below 5%** of sales

Threshold **below 10%** of sales

https://www.gemway.com/fr

Gemway Assets commits to adhering to the following exclusion list for **GemAsia**:

GemAsia

- **Controversial weapons**
  Anti-personnel land mines and cluster munitions
- **Non-conventional hydrocarbons**
- **Genome Technology**
- **Pornographic content**
- **Tobacco & cigarettes production**
- **Coal extraction**
- **Coal power generation**
- **Palm oil**
- **Biocide**
- **Company involved in a level 0/10 controversy** according to MSCI (highest level)

Threshold set at **0%** of sales | Threshold **below 5%** of sales | Threshold **below 10%** of sales

https://www.gemway.com/fr

Gemway Assets commits to adhering to the following exclusion list for **GemChina**:

GemChina

- **Controversial weapons**
  Anti-personnel land mines and cluster munitions
- **Hydrocarbons**
- **Electricity production** with a carbon intensity that is incompatible with the goals of the Paris Agreement.
- **Genome Technology**
- **Pornographic content**
- **Tobacco & cigarettes production**
- **Coal extraction**
- **Coal power generation**
- **Palm oil**
- **Headquarters**, issuers domiciled in a country or territory listed on the EU list of non-cooperative jurisdictions for tax purposes.
- **Biocide**
- **Company involved in a level 0/10 controversy** according to MSCI (highest level)

Threshold set at **0%** of sales | Threshold **below 5%** of sales | Threshold **below 10%** of sales

https://www.gemway.com/fr

❷ Best-In-Class and Best-in-Universe exclusion

“The reference universes do not include specific ESG criteria. Thus, after normative and sectoral exclusions, our ESG process incorporates so-called «Best in Class» and «Best in Universe» exclusions. At the beginning of 2020, all three of our equity funds obtained the French state ISR (Socially Responsible Investment) label.
In 2023, the ISR V2 label for our three funds was renewed for three years. However, due to the new criteria of the ISR V3 label, we are compelled to relinquish the ISR label for the GemEquity and GemAsia funds. For these two funds, their respective universes are adjusted according to a «Best in Class» exclusion, eliminating the bottom 20% of companies per sector based on MSCI ratings.
Our GemChina fund will continue to be ISR-labeled in 2025, subject to auditor validation in Q2 2025. We will apply a «Best in Universe» exclusion, eliminating the bottom 25% of companies in the GemChina universe for 2025. Starting January 1, 2026, we will apply a 30% exclusion from the universe, in line with the ISR V3 label requirements.”

C / Our internal ESGEM rating system

1 Description of the process

Proximity to emerging companies has enabled the asset management firm to develop an internal rating system based on **30 qualitative and quantitative indicators**. We work with MSCI and the CDP as the basis for extra-financial analysis, with their data complementing the fundamental analysis conducted in-house.

Environnement

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

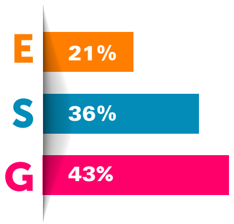
Social

- Human capital
- Employee turnover rate
- Social security coverage rate
- Gender representation in the company
- Social benefits
- Workplace accidents
- Employee well-being
- Training hours

Gouvernance

- Quality of management
- Executive profile
- Regulatory risk
- Gender parity
- Transparency in communication with investors
- Independence

ESG allocation *



* Average weighting of different criteria in our EM ESG rating

Among the financial indicators:

- Return on equity
- Sustainability of cash flows
- Solidity of the balance sheet

Emerging Markets

Gemway Assets operates in emerging markets where standards differ from those in developing countries. Firstly, the level of reporting is lower. It is crucial to be in direct contact with companies to obtain the necessary information.

Furthermore, many companies are newly established, often with a predominance of founders in management positions. The independence of the board of directors is not necessarily a significant indicator.

Lastly, emerging countries are the world's producers, and as such, their environmental standards tend to fall short of Western norms.

a Detailed fundamental and extra-financial analysis

2 Concrete illustration: HDFC BANK

HDFC Bank is a fully private Indian bank, holding the largest assets among all private banks in India. In July 2023, it merged with its parent company, HDFC, adding a significant volume of loans to its portfolio, but with a considerably lower volume of deposits.

Recognized as one of the country's most important financial institutions, **HDFC Bank stands out for its strong growth strategy** and promising outlook in a banking sector where approximately 20% of the adult population still lacks a bank account.

With a **current market capitalization of $148.5 billion**, HDFC Bank is one of India's top companies in terms of market value. Additionally, it publishes a high-quality sustainability report and is committed to meeting ambitious environmental and social goals, including achieving **carbon neutrality in its operations by 2032**.

Financial datas

	2022	2023	2024	Evolution
Revenue ($M)	14 637	15 791	30 650	94 %
Var y/y %	12 %	8 %	94 %	1075 %
Operating results	6 819	7 646	9 219	21 %
% Marge EBITDA	47 %	48 %	30 %	-38 %
ROE	16.7 %	17.1 %	17.2 %	1 %
ROA	1.9 %	2 %	2 %	0 %
Tier 1	17.7 %	17 %	16.6 %	-2 %

Social

	2022	2023	2024	Evolution
Nb of employee	141 579	173 222	213 527	23 %
% Women	19 %	23 %	26 %	15 %
% Women in top management	14 %	14 %	15 %	5 %
Turnover rate	27.6 %	34.15 %	26.9 %	-21 %
Training hours	101.75	18.02	31	72 %
Accidents rate (%)	0 %	0 %	0 %	
Total labor cost as a % of turnover	15.7 %	17 %	14.1 %	-17 %
Total labor cost (10M rupees)	15897.03	20016.85	22240.21	11 %

Governance

	2022	2023	2024	Evolution
% Board independance	73 %	58 %	50 %	-14 %
% Women on board	27 %	25 %	25 %	0 %
Total CA Remuneration (Crore Rupees)	8	15	8	-46 %
% Revenue	0.008 %	0.012 %	0.005 %	-60 %
Turnover (10M rupees)	101 519	118 057	157 773	34 %

Environment

	2022	2023	2024	Evolution
Total emissions GHG CO2	1.94	1.75	1.91	9 %
Total emissions tCO2e	351 237	385 260	649 025	68 %
GES Scope 1 (k ton CO2)	20 877	29 829	84 180	182 %
GES Scope 2 (k ton CO2)	287 667	306 840	501 899	64 %
GES Scope 3 (k ton CO2)	42 693	48 591	62 946	30 %
Carbon offsets (tCO2e) (tCO2e)	N/A	N/A	N/A	
Total water consumption (m3)		2 167 000	481 616	-78 %
% Of reused water	N/A	N/A	N/A	
Total waste generated (tons)	N/A	N/A	4 203.52	
% Recycled waste	N/A	N/A	3.3 %	
Total energy consumed (M GJ)	1.60	1.98	3.04	54 %
% Renewable energy	N/A	0.52 %	0.39 %	-26 %

Source: Company data, Gemway Assets

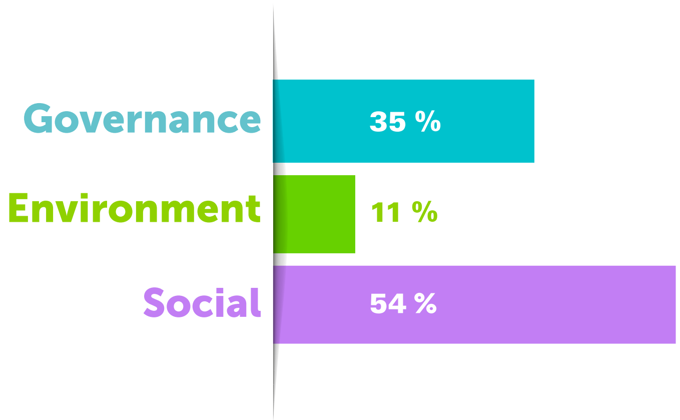
b Analysis of ESG risks

HDFC BANK

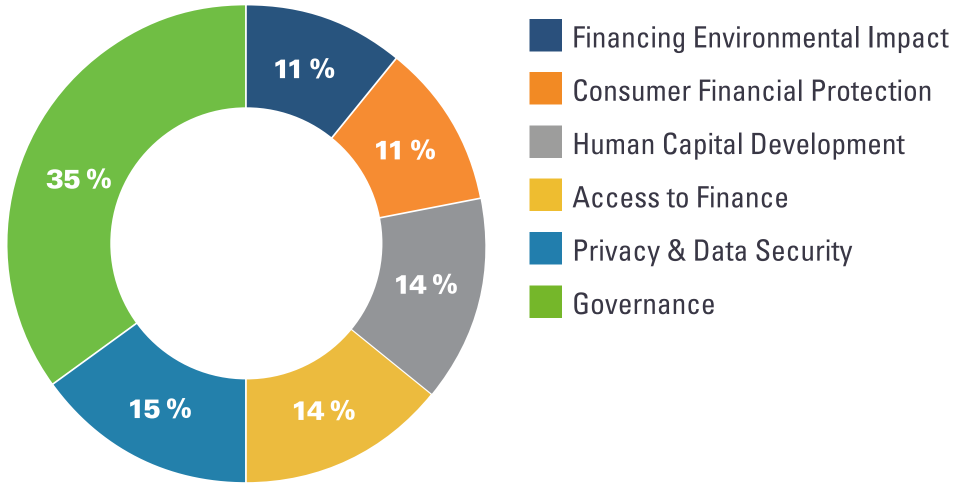
The banking sector, and more specifically HDFC Bank, is primarily concerned with social issues, mainly related to its customer base. Indeed, HDFC Bank predominantly serves retail customers, many of whom are less financially literate, making the quality of the products and services offered, their marketing, and cybersecurity major risks.

In India, the banking sector is a key economic pillar, making the quality and effectiveness of governance crucial. Furthermore, the environmental aspect is particularly important in light of the government's objectives for expanding renewable energy production capacity.

Within HDFC Bank, ESG risks are distributed as follows:



ESG Risk Analysis



C Impact analysis and Sustainable Development Goals

A Sustainable Development Goal (SDG) score is calculated based on data provided by MSCI, assessing the alignment of the company's revenue and the positive or negative impact of its activities on one or more SDGs.

Controversy analysis

We assign negative points to a company's ESG score if it is involved in major controversies. In the case of HDFC Bank, the level of controversies is insignificant.

Positive contribution through **products and services**:

SDG 1 : MSCI has assessed HDFC Bank's contribution to SDG 1 at more than 6% of its revenue. One of the company's strategic focuses is on financing affordable, smart, and eco-friendly housing. The Indian government has launched a national program, «Housing for All», aimed at enabling more Indians to become homeowners. Several initiatives, such as the Credit Linked Subsidy Scheme (CLSS), have been created for this purpose to support low- and middle-income households. HDFC Bank has the highest number of home loan customers who have benefited from CLSS advantages.

SDG 5 : MSCI has determined that HDFC Bank's internal operations are aligned with and directly contribute to SDG 5. The bank has at least one woman on its board of directors, a diversity policy for its workforce, diversity programs to foster inclusion, and at least 20% female representation across its staff, all of which positively impact SDG 5. HDFC Bank places diversity at the heart of its talent acquisition strategy through dedicated female recruitment campaigns and partnerships with women-only educational institutions.

SDG 7 : MSCI has evaluated that HDFC Bank's internal operations align with and directly contribute to SDG 7. The bank has set several greenhouse gas (GHG) reduction targets, including achieving carbon neutrality by 2032. Its energy consumption intensity has decreased by over 5% in the past three years, positively impacting SDG 7. HDFC Bank has made significant efforts to reduce its carbon footprint, notably by incorporating renewable energy sources into its consumption, installing solar panels in select offices, and signing green electricity supply contracts.

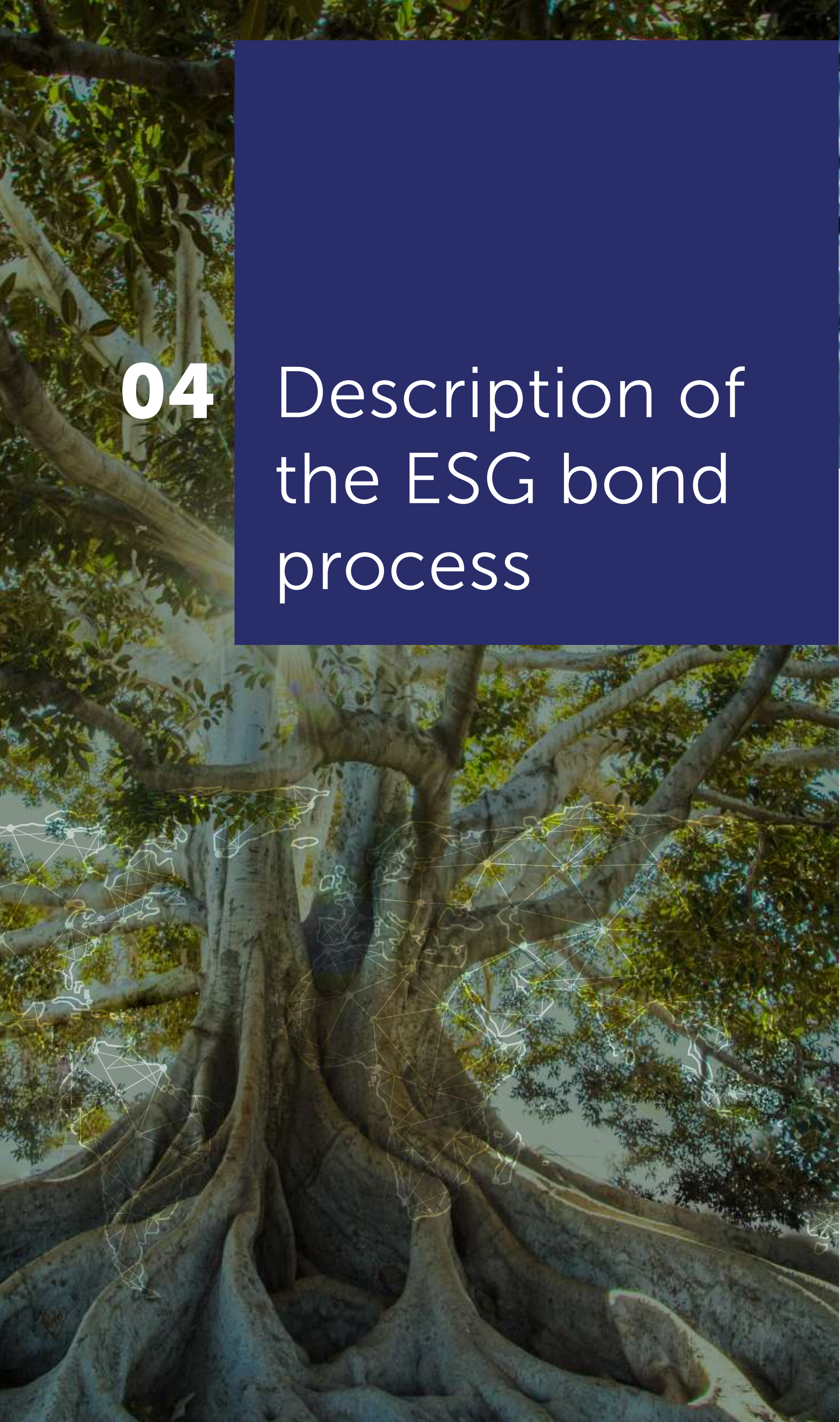
SDG 8 : MSCI has assessed HDFC Bank's contribution to SDG 8 at more than 6% of its revenue. One of HDFC Bank's commitments is to extend banking solutions to the most remote and underserved regions, allowing underbanked communities to access formal financial channels. The bank has an extensive physical network and a full range of digital banking solutions, ensuring broad coverage across India. Notably, 52% of its branches are located in semi-urban or rural areas. Its banking solutions improve financial connectivity through mobile applications such as BHIM, UPI, USSD, Scan and Pay, as well as Aadhaar, and RuPay, compatible micro-ATMs.

SDG 9 : MSCI has evaluated HDFC Bank's contribution to SDG 9 at more than 6% of its revenue. The bank's diverse product portfolio includes pre- and post-harvest crop loans, agricultural development and investment loans, two-wheeler loans, car loans, tractor loans, and small agribusiness loans. This comprehensive offering has enabled the bank to establish a strong presence in rural areas. Additionally, HDFC Bank has played a leading role in the Agriculture Infrastructure Fund program, consistently meeting government targets during recent campaigns.

SDG 10 : MSCI has determined that HDFC Bank's internal operations align with and directly contribute to SDG 10. The bank has implemented numerous policies to promote human rights, combat corruption, and uphold a strict code of ethics. Furthermore, HDFC Bank follows an inclusion, equity, and diversity focused policy designed to protect and uphold employees' rights. These codes and policies are publicly available and regularly updated to align with best practices. All these initiatives contribute positively to SDG 10, which addresses the reduction of inequalities.

Scoring scale: 0 to 10, where 10 represents the lowest risk and 0 the highest risk.

> “HDFC Bank receives a final score of 6.5/10, indicating a moderate risk.”



04 Description of the ESG bond process

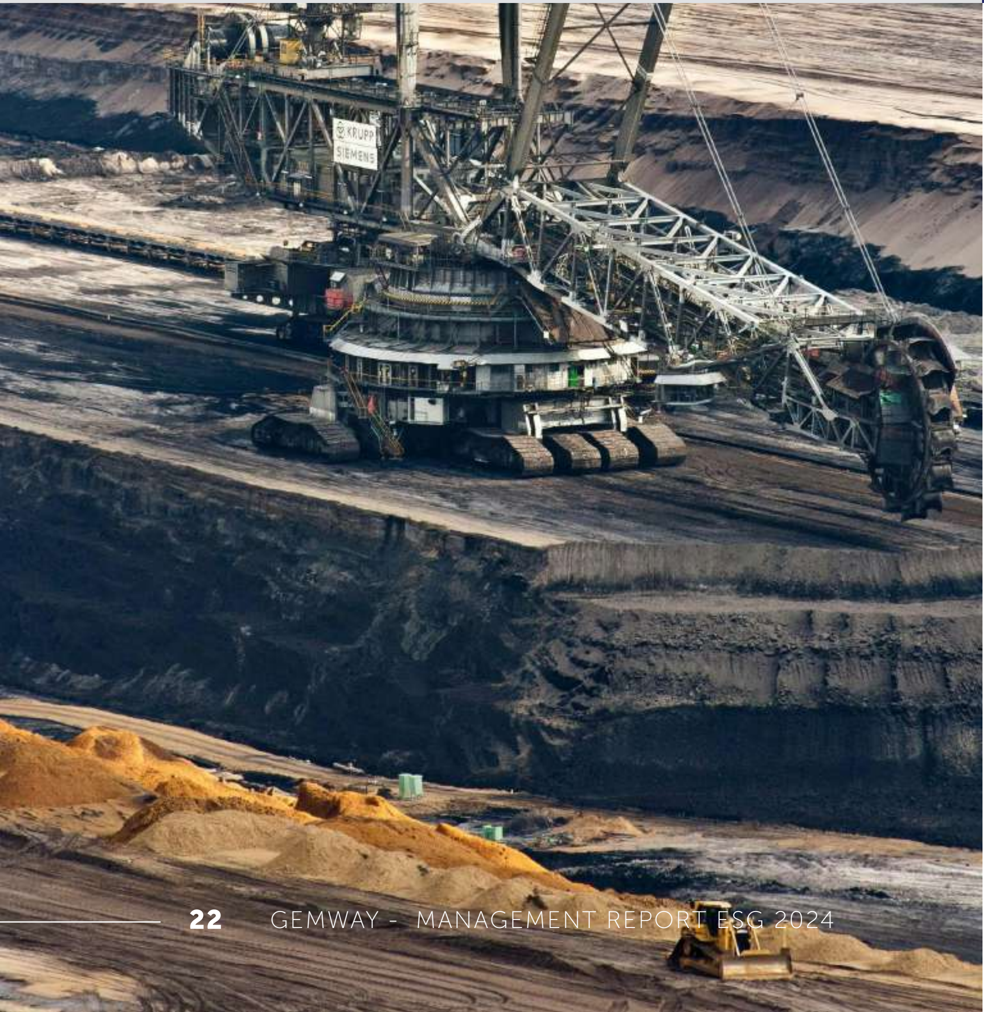
A / Introduction to the process

The investment universe consists of **sovereign issuers as well as private companies**. It is important to note that quasi-sovereign issuers that are 100% owned by their sovereign entity are considered sovereign issuers, while quasi-sovereign issuers that are only partially state-owned are classified as private issuers. Given their fundamentally different nature, **specific ESG analyses** must be conducted for each type of issuer. As a result, we divide our investment universe into two distinct categories, each subject to **dedicated ESG analyses and filters**.

Our initial issuer scope is defined based on the inclusion criteria of benchmark emerging market bond indices. The sovereign issuer scope consists of countries generally represented in USD-denominated EM sovereign debt indices as well as local currency-denominated EM sovereign debt indices, totaling 72 countries as of 12/31/2024. The corporate issuer scope includes companies typically represented in USD-denominated EM corporate debt indices, amounting to 902 issuers as of 12/31/2024.

B / Exclusion policy

1 Our sectoral and normative exclusions



Gemway Assets commits to adhering to the following exclusion list for GemBond:

- Anti-personal landmines and cluster munitions*
- Military equipment and defense systems
- Shale gas and oil production or oil sands production
- Genome technology
- Pornographic content
- Tobacco and cigarette production
- Palm oil*
- Coal extraction
- Companies involved in human rights abuses or in a Sustainalytics level 5 controversy

Threshold **set at 0%** of sales*

Threshold **below 5%** of sales*

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 states and a Best-in-Class selection for companies. The reference universes do not have specific ESG criteria. Our bond process applies a Best-in-Universe selection for states and a Best-in-Class selection for companies. The reference universes do not have specific ESG criteria. For companies, after normative and sectoral exclusions, our ESG process includes a Best-in-Class exclusion. Bonds within the reference universe are categorized by industry sector, and the bottom 20% of the lowest-rated companies in each sector are eliminated. For sovereigns, the bottom 20% of the lowest-rated countries were excluded from the reference universe until December 2024. After a year of underperformance mainly explained by the outperformance of excluded issuers, which usually happens during «garbage rally» episodes (when the worst ESG-rated countries achieve the best returns), we decided to modify our Country ESG approach to avoid being penalized in these specific market environments. Since December 2024, the bottom 20% of the lowest-rated countries are no longer excluded from the reference universe. Exposures to «non-eligible» sovereign issuers are tactical in nature with the aim solely to hedge the fund's risk relative to its investment universe in specific situations of asymmetry in risk/return profiles, and are strictly limited to their respective representations within the reference universe."

C / Rating system

1 Description of the process

The evaluation is conducted for both states and companies based on ESG ratings provided by the extra-financial rating agency Sustainalytics. The ESG rating coverage rate for countries and companies in the portfolio must always exceed 90%.

a For sovereign issuers

The weighting of the E, S and G criteria in the overall rating for sovereign assets is:

Environment
- Carbon intensity
- Energy intensity
- Use of renewable energy
- Energy independence
- Flood risk, water stress
- Protection of natural habitats

Social
- Access to water, food security
- Access to electricity
- Life expectancy
- Number of doctors per capita, air pollution
- Gender equality
- School enrollment rate
- Internet access

Governance
- Quality of institutions
- Respect for rights and freedoms
- Level of peace and security
- Quality of government policies
- Regulatory quality
- Rule of law enforcement
- Corruption control
- Business environment

b For companies

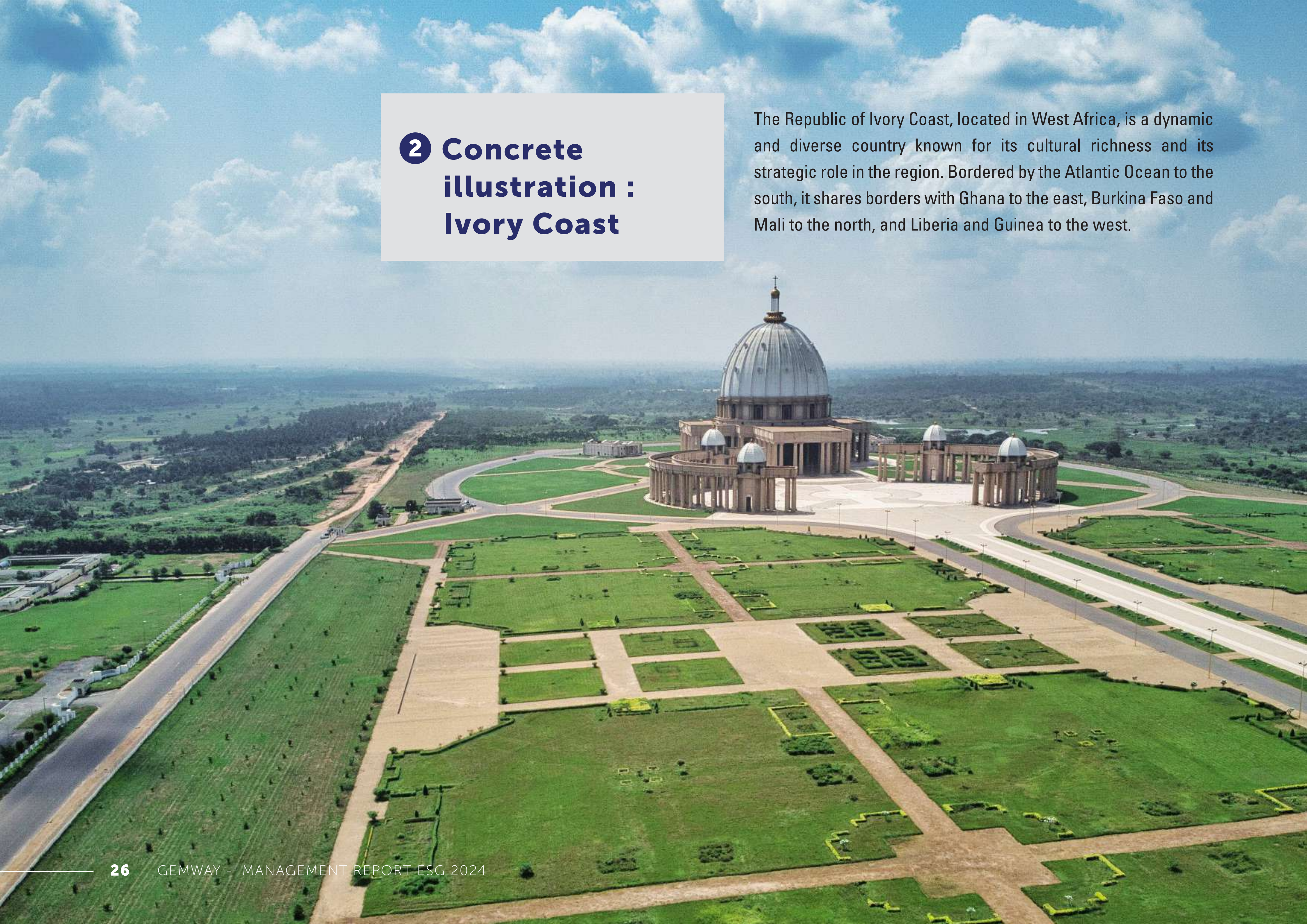
The weighting of E, S, and G criteria varies by sector based on specific materiality analyses, but ESG risk assessment is structured around the following factors for each criterion:

Environment
- Waste management
- Carbon emissions
- Product environmental impact
- Protection and use of land and biodiversity
- Use of natural resources

Social
- Relations with local communities
- Human resources
- Respect for human rights
- Occupational health and safety

Governance
- Corruption
- Business ethics
- Data security
- Product governance

* Average of the weightings of the different criteria in our EM ESG rating



2 Concrete illustration : Ivory Coast

The Republic of Ivory Coast, located in West Africa, is a dynamic and diverse country known for its cultural richness and its strategic role in the region. Bordered by the Atlantic Ocean to the south, it shares borders with Ghana to the east, Burkina Faso and Mali to the north, and Liberia and Guinea to the west.

a Fundamental and extra-financial analysis

The country is part of the Economic Community of West African States (ECOWAS). With a population of 32.9 million people and a GDP of $95.5 billion, the country is classified by the World Bank as a lower-middle-income country. Since gaining independence in 1960, Ivory Coast has established itself as a major player in the West African economy due to its natural and agricultural resources. It is one of the world's leading producers of cocoa and cashew nuts. In addition to these products, the country possesses significant natural resources such as oil, gas, and timber, which support its economic development. Ivory Coast is also focusing on diversifying its economy through investments in the industrial, service, and technology sectors. The political stability achieved in recent years has strengthened investor confidence and contributed to sustained economic growth.

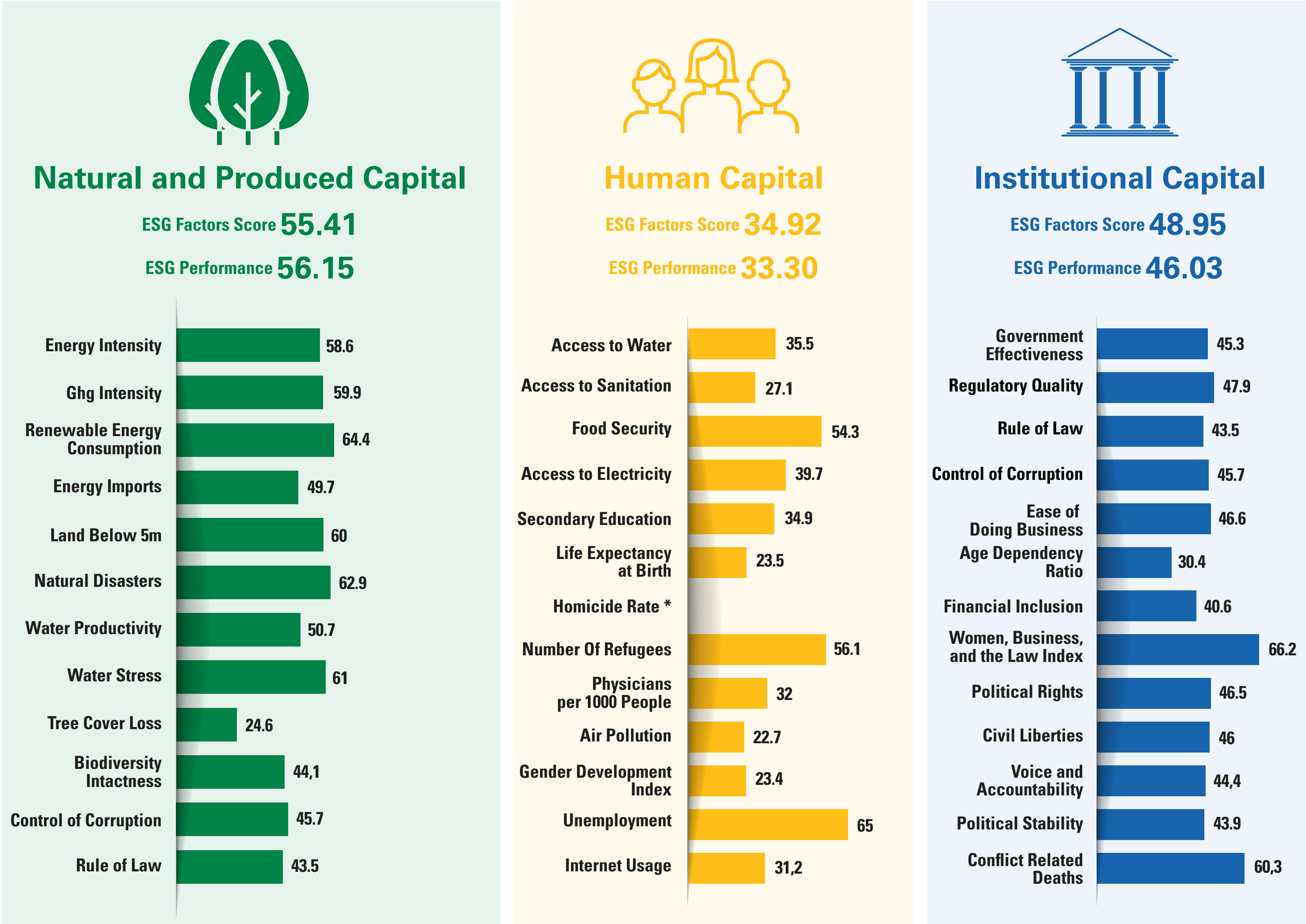
Environmentally, Ivory Coast reports generally good and consistent indicators. The country stands out for its high percentage of energy consumed from renewable sources (58.2%), a low level of potable water usage relative to available water resources (5.1%), a low primary energy intensity (3.3 MJ/GDP), and moderate greenhouse gas emissions (36.2 Mt CO2e – 1.2 t CO2e per capita). The only negative factor is the high level of tree cover loss (190,000 hectares), which slightly diminishes an otherwise very positive picture.

On the social pillar, Ivory Coast is distinguished by a very low unemployment rate (2.4% of its active population), good food security, and a small number of refugees. Aside from these three points, the country, like most Sub-Saharan African countries, does not stand out for its social indicators. It must continue to implement relevant structural policies to reduce fine particulate emissions in the air (49.5 µg/m3), promote gender equality (United Nations gender inequality index at 0.9), improve life expectancy at birth, which currently stands at 58.9 years, and significantly increase the percentage of people with access to safe sanitation networks (17.4%).

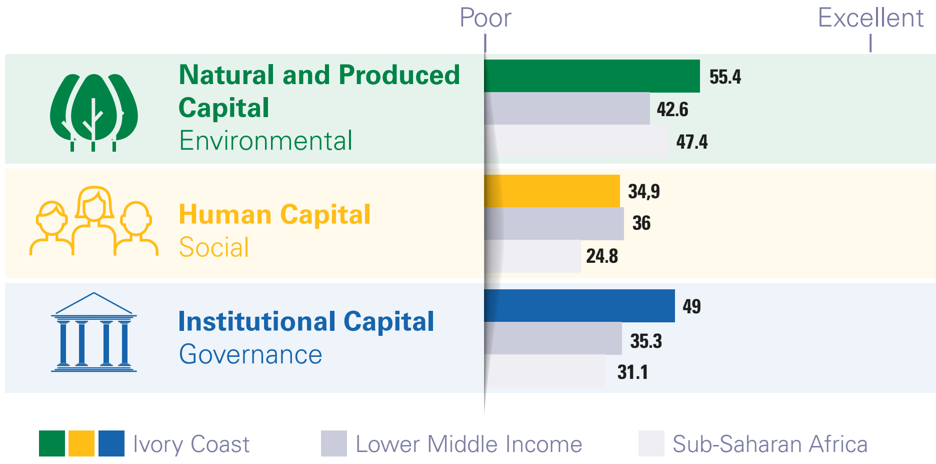
In terms of governance, Ivory Coast is distinguished by **laws and regulations that favor the development of economic opportunities for women.** The gender parity index (0.92) related to education should gradually approach 1, and the participation rate of women in the active population should continue to converge with that of men (ratio of 78.2%). The country was recognized in 2024 by the OECD for its policies in this area, and it was acknowledged as the African country most advanced in the fight against gender discrimination. Regarding traditional governance indicators, the country shows satisfactory results, particularly concerning the quality of regulations and the control of corruption. All indicators have improved consistently since the end of the Ivorian crisis in 2011. While political stability has undoubtedly improved, it remains fragile.

b Analysis of ESG risks

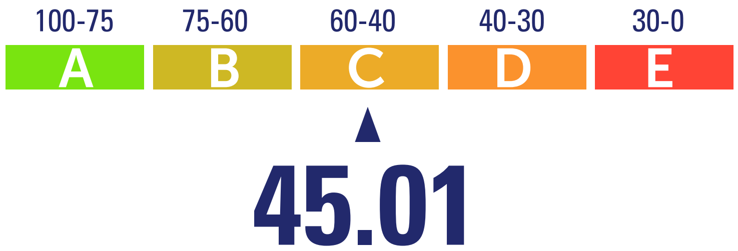
No event presenting a sustainability risk has been identified by the extra-financial rating agency. After adjusting for trends, the country's overall ESG rating stands at 45(*), which is generally in line with the global average (ranked 93rd out of 164 countries). Within our EM investment universe, the country ranks 43rd out of 78.



* Rating scale from 0 to 100, where 0 represents the highest risk and 100 represents the lowest risk



ESG Factors Score



The country clearly outperforms its regional peers and similarly developed nations across all selected criteria. It offers an institutional framework more comparable to that of higher development level countries.

The Republic of Ivory Coast stands as a benchmark for ESG policy in Africa. The country supports the implementation of projects with high environmental, social, and governance value, contributing to the establishment of sustainable and inclusive growth for its population. It has had an ESG framework document since June 2019, revised in 2021. This document includes four main categories of eligible projects based on their objectives: improving access to basic infrastructure, improving access to basic services, enhancing employment and competitiveness, and promoting the environment and sustainable development. The country's ESG development actions are primarily part of the National Development Plan (PND), a multi-year investment plan set for the 2021-2025 period. Among the government's goals are reducing the poverty rate from 39.4% in 2018 to 31.5% in 2025, increasing electricity access from 98% in 2020 to 100% in 2025, raising the rate of universal healthcare coverage from 17% in 2019 to 50% in 2025, and achieving 100% primary education enrollment by 2025, compared to 82.2% in 2019. The government is currently working on the future plan for the 2026-2030 period.

05 Engagement

Gemway Assets is a company whose investment process is primarily based on fundamental analysis of companies and close field proximity. The management teams conduct over 350 annual interviews with emerging companies, systematically incorporating ESG topics. Since 2021, the management team has also organized interviews specifically dedicated to ESG.

In 2024, our management team conducted **30 ESG interviews** with emerging companies, which, as of December, represents 47% of the companies in the GemEquity portfolio, 52% of the companies in the GemAsia portfolio, and 36% of the companies in the GemChina portfolio.

Gemway Assets' commitment is centered around the following pillars:

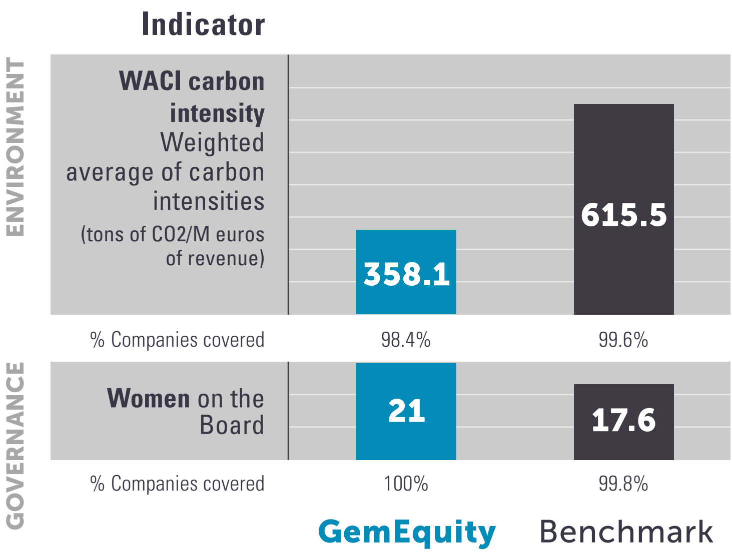
- Continuously **outperform** the benchmark index on two selected criteria (environmental and governance)
- **Have at least 20% of sustainable investments in our portfolios** (five defined criteria must be met)
- **Participate in General Assemblies** by voting in line with our Voting Policy, which incorporates clear and ambitious ESG requirements
- **Conduct individual interviews with portfolio companies** about their environmental, social, and governance practices
- **Participate in collective shareholder initiatives** proposed by the collaborative engagement platform UN-PRI

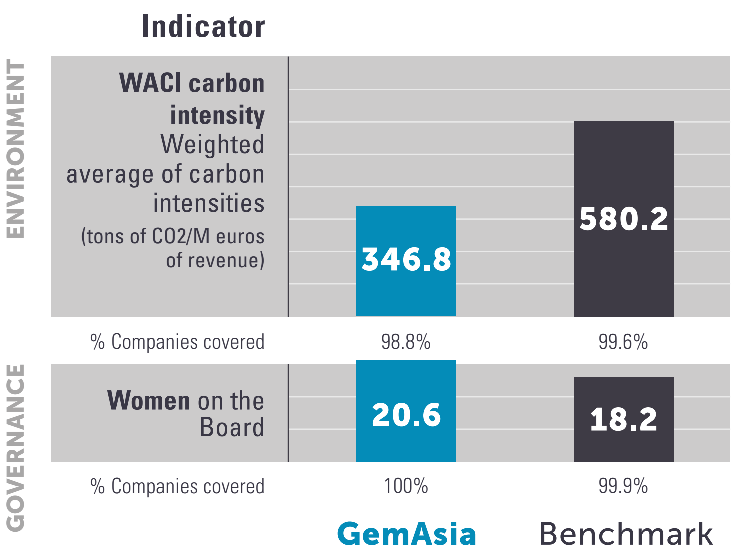
A / Outperformance criteria

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

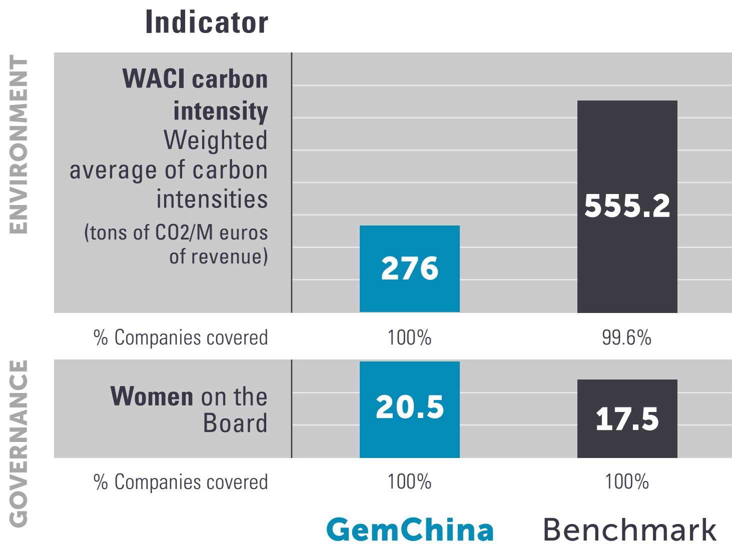
- **The environmental criterion:** carbon intensity (WACI index) with at least 90% coverage
- **A governance criterion:** the gender diversity of the board with at least 70% coverage

❶ Two criteria for engagement





As of December 30, 2024, the results are as follows:



Source: MSCI, Gemway Assets

❷ Results of other criteria

Additionally, we have been monitoring and publishing **additional ESG criteria** since 2019.

GemEquity

	Indicator	GemEquity	Benchmark
ENVIRONMENT	**Carbon footprint C/V** (tons CO2/M euros of invested)	168.7	460.1
	Carbon footprint C/R (tons CO2/M euros of revenue)	320.4	663.8
	% Companies covered	98.4%	99.6%
SOCIAL	**Training hours** per employee	40	36
	% Companies covered	85%	64%
GOV.	Board **independence**	62.7	61.1
	% Companies covered	100%	100%
HR*	% Fund exposed to very severe controversies (MSCI level 0/10)	MSCI level 0/10 : 0%	

Source: MSCI, Gemway Assets

GemAsia

	Indicator	GemAsia	Benchmark
ENVIRONMENT	**Carbon footprint C/V** (tons CO2/M euros of invested)	176	437
	Carbon footprint C/R (tons CO2/M euros of revenue)	327	665
	% Companies covered	98%	99%
SOCIAL	**Training hours** per employee	42	37
	% Companies covered	88%	66%
GOV.	Board **independence**	60.8	61.4
	% Companies covered	100%	99%
HR*	% Fund exposed to very severe controversies (MSCI level 0/10)	MSCI level 0/10 : 0%	

Source: MSCI, Gemway Assets

* HR: Human Rights

GemChina

	Indicator	GemChina	Benchmark
ENVIRONMENT	**Carbon footprint C/V** (tons CO2/M euros of invested)	163.1	600.9
	Carbon footprint C/R (tons CO2/M euros of revenue)	293.3	765
	% Companies covered	100%	100%
SOCIAL	**Training hours** per employee	41	36
	% Companies covered	90%	59%
GOV.	Board **independence**	53.2	56
	% Companies covered	100%	100%
HR*	% Fund exposed to very severe controversies (MSCI level 0/10)	MSCI level 0/10 : 0%	

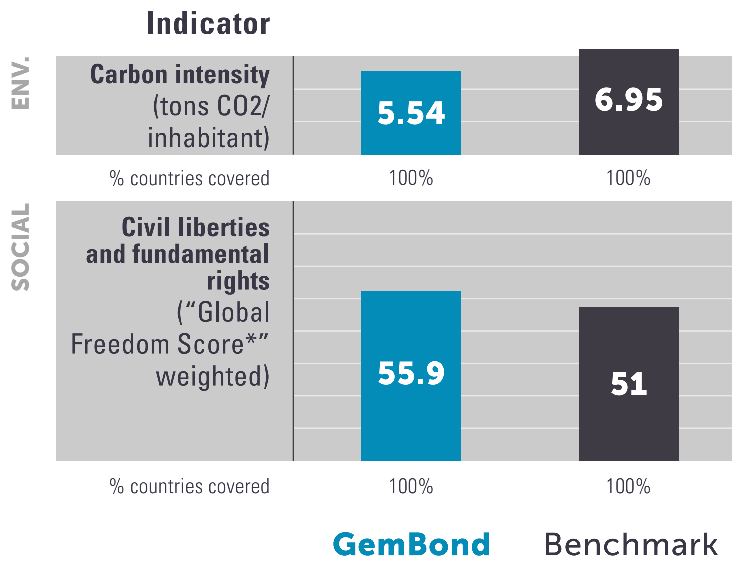
Source: MSCI, Gemway Assets

* HR: Human Rights

3 Bond fund

Since the inception of GemBond in late 2021, Gemway Assets has committed to outperforming the fund's benchmark index on two specific criteria:

- **An environmental criterion: carbon intensity (WACI index)** with at least 90% coverage
- **A governance criterion: the degree of civil liberties and fundamental rights** with at least 90% coverage



B / Sustainable investment

Since 2022, with the implementation of the SFDR regulation, all Gemway Assets funds also have a **commitment to sustainable investment** (SFDR Article 8).

To further enhance engagement and alignment, **five additional criteria have been defined for equity funds.** For an investment to be considered sustainable, **the following five criteria must be met:**

1. Publish Scopes 1 and 2
2. Have a zero-carbon emission target
3. Have a carbon intensity (WACI) 20% below index
4. Have at least 20% women in the workforce
5. Provide at least 20 hours of training per employee per year

The results of each criterion and by fund are detailed in the table below. We can thus observe that **by December 2024, our equity funds have all outperformed** the minimum threshold set at 20% of securities meeting all five criteria.

% of companies meeting criteria

	Indicator	GemEquity	GemAsia	GemChina
ENV.	Reporting scope 1 and 2 emissions	94.6 %	98.3 %	99.5 %
	With a net zero target	66.6 %	68.3 %	51.7 %
	With a WACI 20% below that of the index	71.5 %	65.7 %	86 %

	Indicator	GemEquity	GemAsia	GemChina
SOCIAL	At least 20% female employees	78.1 %	78.2 %	85.6 %
	At least 20 hours of training per employee per year	67.8 %	71.6 %	73.6 %
	Companies meeting all 5 criteria	**25.3 %**	**26.6 %**	**29.3 %**

Source: Gemway Assets

Our bond fund, GemBond, also classified under SFDR Article 8, has selected one environmental and one social criterion for defining sustainable investment:

- **Be a country with carbon intensity (WACI) per capita** at least 20% lower than that of the benchmark index
- **Be a country considered free or partially free** by the NGO Freedom House.

The results of each criterion are detailed in the table below.

In 2024, GemBond outperformed its minimum threshold of 30% of securities meeting these two criteria.

% of countries meeting the criteria

	Indicator	GemBond
ENV.	Carbon intensity < 20% vs benchmark	77.6 %
SOCIAL	Free or partially free countries	71.4 %
	2 combined criteria	63 %

Source: Gemway Assets

C / Voting policy and results

In order to clearly demonstrate our commitment to the Voting Policy, within Gemway Assets, **we commit to exercise our voting rights at least in two thirds of the General Assemblies of companies in which the funds are invested.**

Given the rigorous analysis applied to each company in which Gemway Assets' funds become shareholders, the quality of governance of these companies is better than in the investment universe. The management company invests in companies that create value for their shareholders. As a result, there are no fundamental reasons to oppose management on resolutions it asks to approve during the shareholders' general meetings. These decisions include those modifying the bylaws, approving accounts and allocating results, appointing and revoking board members, and designating legal auditors of accounts.

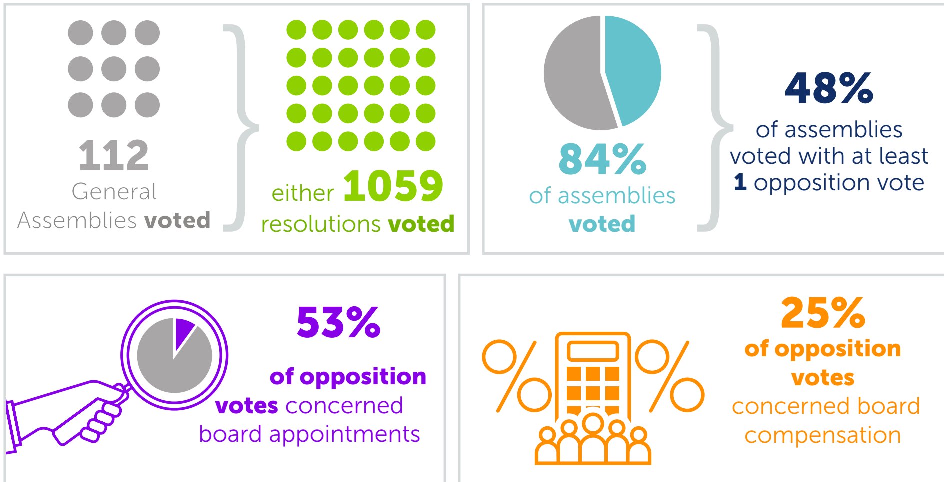
HongKong, AdobeStock

Gemway Assets carefully considers any resolution unfavorable to the company's or minority shareholders' interests and is particularly vigilant on governance issues (anti-takeover measures, share buybacks, approval of accounts, independence, mandate accumulation, compensation), as well as social (gender composition of the board) and environmental aspects (consideration of climate change risks).

However, Gemway Assets wishes to point out that not all topics open for vote in Europe are necessarily available in the shareholder meetings of emerging market countries. More than 80% of proposed resolutions concern the appointment or renewal of board members.

Key figures

In 2024, we voted in 112 out of 133 General Assemblies where Gemway Assets held voting rights, representing 84% of exercised voting rights:



Gemway Assets - 2024

Voting Statistics - General Meetings		
		%
General meetings submitted in 2024	133	
Voted meetings	112	84 %
Resolutions submitted in 2024	1219	
Resolutions passed	1059	87 %
Meetings passed with at least one dissenting vote	54	48 %
Resolutions passed with at least one dissenting vote or abstention	61	54 %
Number of resolutions abstaining	144	14 %
Number of resolutions voted against	134	13 %

Voting statistics (Company based calculation)		
Number of companies having submitted a General Meeting	83	
Number of companies with at least one General Meeting vote	71	
Number of companies with at least one dissenting vote	48	58 %

Thematic distribution of opposition votes on GA 2024		
		%
Nominations (Board)	71	53 %
So-called regulated agreements	0	0 %
Compensation	34	25 %
Capital transactions	5	4 %
Shareholder resolutions	0	0 %
Related-party transactions (insiders)	0	0 %
Accounts and audit	17	13 %
Various	7	5 %
Total	**134**	**100 %**

Source: Gemway Assets

D / Shareholder dialogue

Heng Kong, AdobeStock

❶ 2024 observations

In 2024, the management team at Gemway Assets strengthened its shareholder engagement. We conducted **30 ESG-focused interviews with portfolio companies**, in the presence of our ESG analyst, thus achieving the goal set at the beginning of the year.

Overall, we observed a notable improvement in the quality of our discussions with companies on ESG topics. This progress was particularly evident with the Chinese companies in our portfolio, which reacted quickly to the announcement by the Shanghai, Shenzhen, and Beijing stock exchanges regarding the implementation of more advanced ESG reporting requirements. Several companies reached out to us, either during the interviews or afterwards, to better understand investor expectations regarding indicators, reporting quality, or ESG targets. A notable example is the company Inovance, which, following our interview, sent us a questionnaire intended for all its stakeholders to gather their sustainability expectations.

We also engaged with industry-leading companies that have regularly been criticized by the media, NGOs, and ESG rating agencies for not complying with the 10 principles of the Global Compact. Among these are China Telecom, Hon Hai Precision, and Tencent, which are leaders in telecommunications, electronics manufacturing, and internet and mobile services respectively. We directly questioned them on their responses to these accusations, the foundations of those accusations, and the actions taken to improve their compliance with the Global Compact principles.

This year, we deepened our focus on two key topics: supply chains and companies' decarbonization pathways. The consideration of supply chains in ESG strategies varies significantly across companies, countries, and sectors. However, it is crucial that companies play an active role in influencing their suppliers and subcontractors by strengthening environmental and social requirements. Furthermore, we observed an increase in decarbonization announcements from companies and governments in recent years. In the interest of transparency, we encouraged companies to provide clear and precise decarbonization roadmaps and to have their commitments validated by internationally recognized organizations.

The management team structures its ESG interviews around a proprietary questionnaire, tailored to each company's sector, activities, and specific challenges. Discussions on major controversies and governance issues remain central to our conversations.

Pexels - Tim Durgan

2 ESG questionnaire

For guidance, a typical questionnaire is described below.

GOVERNANCE

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

GENERAL

- Do you have a dedicated ESG team to address these topics? How many members are in this 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?

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 audit process include ESG criteria?

ENVIRONMENT

- Do you have a carbon neutrality goal? What is your strategy for managing your GHG 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?

❸ Examples of shareholder dialogue

Shanghai, Pexels

a Tencent Holdings Limited **China**

Tencent is a Chinese company specializing in internet and mobile services, video games, and online advertising. Tencent's market capitalization stands at $501.1 billion.

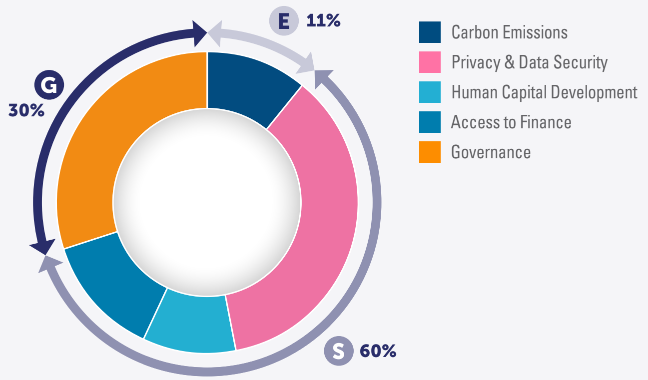
The company connects over a billion people worldwide, enabling them to stay in touch with friends and family, access transportation, benefit from everyday services, and be entertained. Tencent is committed to promoting environmental sustainability, addressing social issues, and supporting transparent corporate governance.

On the environmental front, our discussions with Tencent focused on the company's goals, commitments, and progress, as it takes a leading position. Tencent has committed to achieving carbon neutrality by 2030, and its emission targets were validated by the Science-Based Targets initiative (SBTi) in 2023. In addition to improving energy efficiency in its production processes, Tencent is working to increase its renewable energy production capabilities.

On the social front, we encouraged the company to enhance its communication with rating agencies, particularly regarding the social pillar. Tencent has implemented several initiatives, including efforts to increase the representation of women within the company and strengthen the ESG assessment of its suppliers. Tencent also signed on to the 10 Principles of the United Nations Global Compact in 2023. However, ESG rating agencies remain cautious due to past controversies surrounding the company. We have therefore encouraged Tencent to adopt better standards for communication and transparency in order to provide the necessary assurances to improve its ESG rating.

We are pleased to have had discussions with Tencent and will continue to closely monitor their ESG progress.

ESG rating (E: Environment / S: Social / G: Governance)



Sustainable Development Goals

Overall ESG score

Severe Risk — 0 - 1.99
High Risk
Medium Risk ← **4.89**
Moderate Risk
Low Risk — 8 - 10

Environment	Criteria	2021	2022	2023	Evolution
GHG emissions*	Total GHG emissions per unit of revenue (tCO2e/RMB million)	10.5	10.4	9.5	-9 %
	Total emissions (tCO2e)	5 871 780.70	5 739 723.70	5 793 823.80	1 %
	GHG Scope 1 (tCO2e)	18 797.80	172 137.90	275 373.50	60 %
	GHG Scope 2 (tCO2e)	2 471 041.10	2 650 073.30	2 561 328.30	-3 %
	GHG Scope 3 (tCO2e)	3 381 941.80	2 917 512.50	2 957 122	1 %
Water	Total water consumption (tons)	6 201 652	8 152 482	8 191 328	0 %
	Percentage of water reused	N/A	N/A	N/A	
Waste	Total waste (tons)	30 174	34 113.40	47 858	40 %
	Percentage of waste recycled	N/A	8.52 %	9.75 %	14 %
Energy	Total energy consumption (kWh)	4 375 253	5 046 045.10	51 651 168.2	2 %
	Percentage of renewable energy	1.49 %	7.10 %	12.2 %	72 %

Social	Criteria	2021	2022	2023	Evolution
	Number of employees	68 226	61 328	56 780	-10 %
	Percentage of women	29.05 %	28.8 %	28.7 %	-1 %
	Percentage of women in top management	N/A	N/A	N/A	
	Turnover rate	12.4 %	21.7 %	17 %	75 %
	Training hours	41	36.3	25.8	-11 %
	Work-related injury rate (number of injuries/millions of hours worked)	0.25	0.09	0.13	-64 %
	Total labor cost as a percentage of revenue	17 %	20 %	18 %	18 %
	Total labor cost (RmbMn)	95 523	111 182	107 675	16 %

*Greenhouse gas

Mercado Libre **Argentina**

MercadoLibre is the leader in e-commerce in South America, with a market capitalization of $87.9 billion. The company has created a reliable, agile, and people-centered ecosystem of solutions, comprising Mercado Libre, its online commerce business, and Mercado Pago, its fintech. Through these two entities, MercadoLibre operates in 18 countries in the region.

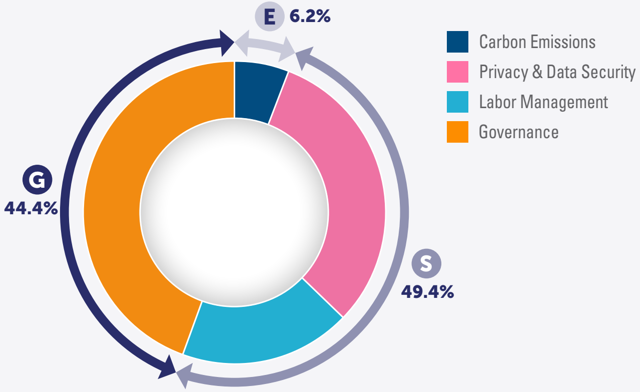
On the environmental front, MercadoLibre is currently not disclosing its carbon emission targets. The company is facing challenges in obtaining ESG data from sellers on its e-commerce platform, particularly regarding their scope 3 emissions. These sellers, mainly small businesses, make it difficult to control the environmental impact across its entire value chain. We have therefore encouraged them to raise awareness among their sellers about environmental issues and to green the transportation of goods, notably by increasing the proportion of electric vehicles in their fleet.

Additionally, we raised several controversies related to the presence of prohibited products for sale on the platform. MercadoLibre assured us of its full cooperation with local authorities and the implementation of an effective identification system using artificial intelligence.

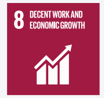
On the social front, we encouraged the company to publish more information about the training provided to its employees, including the average number of training hours per employee per year. The development of skills and the well-being of employees are key aspects of the company's social approach. We therefore emphasized the importance of making this key social data publicly available.

We are pleased to see MercadoLibre's progress and look forward to continuing our discussions on ESG issues in the best interest of the company and our clients.

ESG rating (E: Environment / S: Social / G: Governance)



Sustainable Development Goals



Overall ESG score

Severe Risk — 0 - 1.99
High Risk
Medium Risk ← 5.7
Moderate Risk
Low Risk — 8 - 10

Environment	Criteria	2021	2022	2023	Evolution
GHG emissions*	Total GHG emissions per unit of revenue (tCO2e/RMB million)	183	135.4	135.4	0 %
	Total emissions (tCO2e)	1 293 925	1 426 856	1 959 475	37.3 %
	GHG Scope 1 (tCO2e)	343 554	318 140	567 156	78.3 %
	GHG Scope 2 (tCO2e)	11 510	17 844	16 864	-5.5 %
	GHG Scope 3 (tCO2e)	938 861	1 090 872	1 375 455	26.1 %
Water	Total water consumption (tons)	70 620	177 891	585 229	229 %
	Percentage of water reused	N/A	N/A	N/A	
Waste	Total waste (tons)	19 100	27 915	36 705	31.5 %
	Percentage of waste recycled	85 %	90 %	88 %	-2.1 %
Energy	Total energy consumption (kWh)	N/A	6 165 461	7 929 560	28.6 %
	Percentage of renewable energy	14 %	30 %	44 %	47.5 %

Social	Criteria	2021	2022	2023	Evolution
	Number of employees	29 957	39 951	58 313	46 %
	Percentage of women	40.6 %	41 %	44 %	6.3 %
	Percentage of women in top management	29 %	27 %	28 %	3.7 %
	Turnover rate	21 %	13 %	5 %	-61.5 %
	Training hours	N/A	N/A	N/A	
	Percentage accidents	N/A	N/A	N/A	
	Total labor cost as a percentage of revenue	11 %	12 %	13 %	2.1 %
	Total labor cost (millions $)	798.4	1296.7	1818.6	40.2 %

*Greenhouse gas

PT Bank Central Asia

Indonesia

BCA is a commercial bank based in Indonesia, with a market capitalization of $74.2 billion.

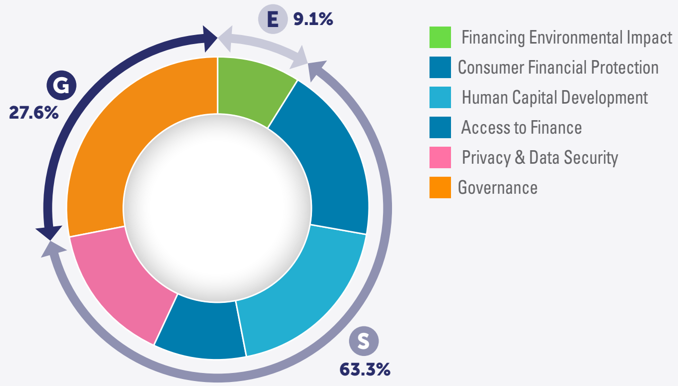
It has established itself as an ESG leader in the Indonesian banking sector. For several years, BCA has integrated ESG principles at all levels of its organization, including training all its teams on these issues. Additionally, the bank finances projects with a positive environmental and social impact, such as funding small businesses and sustainable transportation.

On the environmental front, few Indonesian banks, or even Southeast Asian ones, are committed to reducing their carbon footprint or adopting carbon neutrality targets. Although BCA has no formal commitments, it is working on improving the quality of its carbon inventory, particularly for scope 3 emissions. We encouraged BCA to set specific medium- and long-term emission reduction targets. Regarding its exposure to coal, BCA does not yet have a structured exit plan. Similarly, there is no formal exclusion policy for tobacco or controversial weapons. While we understand that such practices are not common among Indonesian banks, which typically focus on exclusions related to gambling, we encourage them to review their exclusion list and establish clear divestment timelines for the most problematic sectors in terms of environmental and social issues.

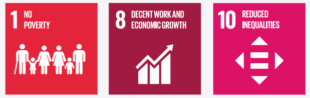
During our meeting, we also discussed cybersecurity challenges linked to the growing digitalization of banking services. Digitalization is crucial to include marginalized populations that do not yet have access to banking services, but it also poses a major risk for banks and their clients. BCA has implemented robust cybersecurity systems and was able to reassure us about its management of these critical risks.

We are pleased to see the improvement in the data published in their report and the increased level of transparency at BCA.

ESG rating (E: Environment / S: Social / G: Governance)



Sustainable Development Goals



Overall ESG score

Severe Risk — 0 - 1.99
High Risk
Medium Risk ← **5.54**
Moderate Risk
Low Risk — 8 - 10

Environment	Criteria	2021	2022	2023	Evolution
GHG emissions*	Total GHG emissions per unit of revenue (tCO2e/RMB million)	1.33	1.63	3.09	89.5 %
	Total emissions (tCO2e)	104 442	142 720	309 024	116.5 %
	GHG Scope 1 (tCO2e)	401	806	4 840	500.5 %
	GHG Scope 2 (tCO2e)	102 516	137 019	143 260	4.6 %
	GHG Scope 3 (tCO2e)	1 570	4 958	160 924	3 145.7 %
Water	Total water consumption (tons)	47 823	302 646	403 748	33.4 %
	Percentage of water reused	N/A	N/A	N/A	**
Waste	Total waste (tons)	57 (paper only)	518	589	13.7 %
	Percentage of waste recycled	N/A	N/A	N/A	
Energy	Total energy consumption (kWh)	118 611 628	156 040 072	172 492 313	10.5 %
	Percentage of renewable energy	N/A	N/A	0.17 %	***

Social	Criteria	2021	2022	2023	Evolution
	Number of employees	23 952	24 508	26 917	9.8 %
	Percentage of women	61.65 %	61.40 %	61.70 %	0.5 %
	Percentage of women in top management	48 %	49.1 %	61.1 %	24.5 %
	Turnover rate	5.1 %	4.8 %	3.6 %	-25 %
	Training hours	28	39	44	13.4 %
	Percentage accidents	0	0	0	
	Total labor cost as a percentage of revenue	17 %	16 %	17 %	8.9 %
	Total labor cost (Billion rupiah)	13 487	13 651.458	16 987.811	24.4 %

*Greenhouse gas
**Water consumption in 2022 includes BCA's head office and 100 branches.
***9 buildings equipped with solar panels and approximately 300 MWh of electricity produced in 2023.

Zomato India

Zomato is an Indian company specializing in home meal delivery, with a market capitalization of $30.6 billion.

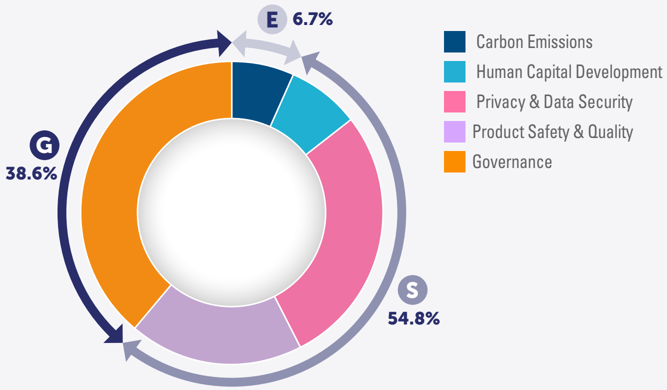
Zomato has made significant investments in ESG issues, taking several ambitious commitments, including the goal of becoming Net Zero by 2033 for its food ordering and delivery value chain. Since 2022, the company has offset the emissions from its deliveries by purchasing carbon credits that fund renewable energy projects in India.

During our discussions with Zomato, we reviewed their commitments. In 2023, Zomato joined the Science Based Targets initiative (SBTi). Scope 1 and Scope 2 emissions, although low and difficult to reduce, are currently offset by carbon credits. Zomato is therefore focusing its efforts on reducing Scope 3 emissions, which represent the company's main environmental impact. To reduce emissions related to delivery, Zomato actively promotes the use of electric vehicles among its delivery personnel, particularly through awareness campaigns and by providing financial and logistical support to facilitate the purchase or rental of clean vehicles.

In addition, the social aspect is a major concern for Zomato. Delivery personnel work as independent contractors, a status that is less protective than that of employees. We questioned the company about the safety and protection measures in place. Delivery personnel receive mandatory training, particularly on road safety, and Zomato provides dedicated rest areas. However, we encouraged the company to go further by offering comprehensive health insurance, beyond just accident coverage.

We are pleased with the dialogue we have with Zomato and look forward to following the evolution of its ESG approach.

ESG rating (E: Environment / S: Social / G: Governance)



Sustainable Development Goals

Overall ESG score

Severe Risk — 0 - 1.99
High Risk
Medium Risk ← **5.84**
Moderate Risk
Low Risk — 8 - 10

Environment	Criteria	2021	2022	2023	Evolution
GHG emissions*	Total GHG emissions per unit of revenue (tCO2e/RMB million)	2.427	1.182	0.887	-33 %
	Total emissions (tCO2e)	134 453	102 730	120 209	15 %
	GHG Scope 1 (tCO2e)	15	8	7	-11 %
	GHG Scope 2 (tCO2e)	315	67	82	18 %
	GHG Scope 3 (tCO2e)	134 123	102 655	120 120	15 %
Water	Total water consumption (tons)	9 473	789.5	925.3	15 %
	Percentage of water reused	N/A	N/A	N/A	
Waste	Total waste (tons)	0.06 (partiel)	8.12	14.97	46 %
	Percentage of waste recycled	100 %	36.7 %	78.22 %	53 %
Energy	Total energy consumption (kWh)	1 706,28	481.2	515.8	-7 %
	Percentage of renewable energy	N/A	0 %	0 %	

Social	Criteria	2021	2022	2023	Evolution
	Number of employees	3 517	4 184	4 756	12 %
	Percentage of women	26.36 %	20.91 %	22.41 %	7 %
	Percentage of women in top management	N/A	N/A	N/A	
	Turnover rate	36 %	41 %	37 %	-12 %
	Training hours	24	14,7	N/A	
	Percentage accidents	0	0	0.26	0 %
	Total labor cost as a percentage of revenue	29.5 %	16.9 %	12.2 %	0 %
	Total labor cost (million INR)	16 331	14 650	16 590	12 %

*Greenhouse gas

China Telecom

China

China Telecom is a telecommunications company in China, a leader in both fixed and mobile networks, with a market capitalization of $85.5 billion.

Although listed in Hong Kong and New York, the company is more than 70% state-owned. Due to a board of directors largely composed of government representatives, China Telecom is limited to following regulatory reporting recommendations without making significant commitments.

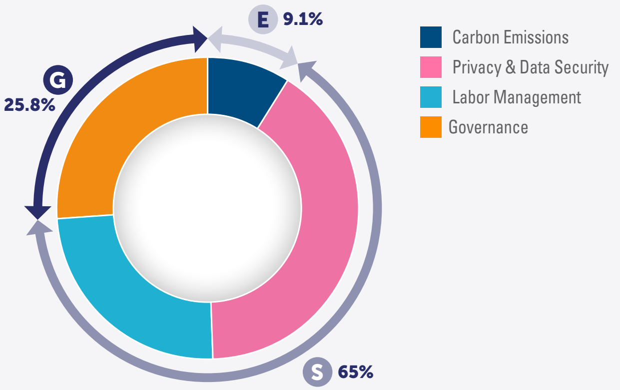
On the environmental front, China Telecom invests in and promotes innovation as well as the development of green and low-carbon technologies aimed at improving energy efficiency. However, regarding the management of its own emissions, the company does not have clear goals, a defined trajectory, or a complete inventory of its scope 3 emissions. We advised them to establish an ESG committee within the board of directors and a dedicated team to develop a concrete action plan.

On the social front, human resources management, with over 280,000 employees, is a strong point. The company boasts a very low employee turnover rate and has been able to make itself attractive in a competitive, innovation-focused environment. It has focused its efforts on recruitment by establishing partnerships with universities and improving the conditions offered to its employees.

China Telecom also shared its confusion regarding the criticisms from rating agencies concerning private data security. The company, which operates internationally, holds several recognized certifications for its private data management system. However, like other Chinese companies, it sometimes faces difficulties in contacting rating agencies and improving its scores.

We are pleased to have had discussions with China Telecom and hope that it will implement an ambitious action plan to address these challenges.

ESG rating (E: Environment / S: Social / G: Governance)



Sustainable Development Goals

Overall ESG score

Severe Risk — 0 - 1.99
High Risk
Medium Risk ← **4.6**
Moderate Risk
Low Risk — 8 - 10

Environment	Criteria	2021	2022	2023	Evolution
GHG emissions*	Total GHG emissions per unit of revenue (tCO2e/RMB million)	35.17	32.76	29.54	-9.8 %
	Total emissions (tCO2e)	15 460 000	15 770 000	15 170 000	-3.8 %
	GHG Scope 1 (tCO2e)	280 000	200 000	170 000	-15 %
	GHG Scope 2 (tCO2e)	15 180 000	15 570 000	1 500 000	-3.7 %
	GHG Scope 3 (tCO2e)	N/A	N/A	N/A	
Water	Total water consumption (tons)	34 760 000	33 760 000	40 070 000	18.7 %
	Percentage of water reused	N/A	N/A	N/A	
Waste	Total waste (tons)	80 347.31	77 273.41	44 751.96	-42.1 %
	Percentage of waste recycled	N/A	N/A	N/A	
Energy	Total energy consumption (kWh)	27 336 820.2	27 690 911.34	28 195 050.61	1.8 %
	Percentage of renewable energy	N/A	N/A	3.92 %	

Social	Criteria	2021	2022	2023	Evolution
	Number of employees	278 922	280 683	278 539	-0.8 %
	Percentage of women	20.89 %	21.30 %	31.92 %	49.9 %
	Percentage of women in top management		21.30 %	21.94 %	3 %
	Turnover rate	1.57	1.25	1.34	6.7 %
	Training hours	43.16	31.65	75.11	137.3 %
	Percentage accidents	0	0	0	

*Greenhouse gas

Hapvida

Brazil

Hapvida is the leading healthcare operator in Brazil, with a market capitalization of $2.7 billion.

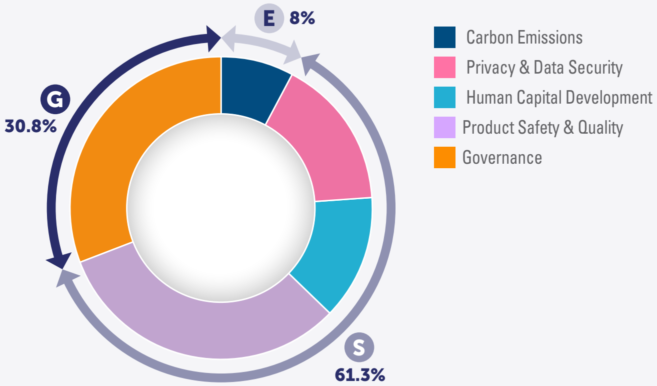
The company places the quality of care and services, as well as patient satisfaction, at the heart of its priorities. These factors are also integrated into the compensation system for board members.

However, the recent merger with Notre Dame Intermédica in 2023 has delayed the definition and implementation of realistic and achievable ESG goals for both entities until the completion of the unification process. As a result, the publication of carbon emission reduction goals has not been a priority, although discussions are now underway. Despite this, Hapvida has already undertaken initiatives to reduce its environmental impact, including investing in renewable energy through a contract with an energy supplier. We are optimistic about the company's management of environmental issues and look forward to the full completion of the merger to better understand their approach.

On the social front, we addressed several points, including the number of training hours, which we believe is insufficient, as well as workplace safety, especially following the death of an employee. Additionally, Hapvida has a strong ability to recruit talent. Brazil has a large, growing network of healthcare professionals supported by a high-quality medical education system. We encouraged them to develop a diverse range of training programs accessible to all employees to strengthen their skills.

We look forward to seeing Hapvida's progress and future goals, which we believe are promising and ambitious.

ESG rating (E: Environment / S: Social / G: Governance)



Sustainable Development Goals

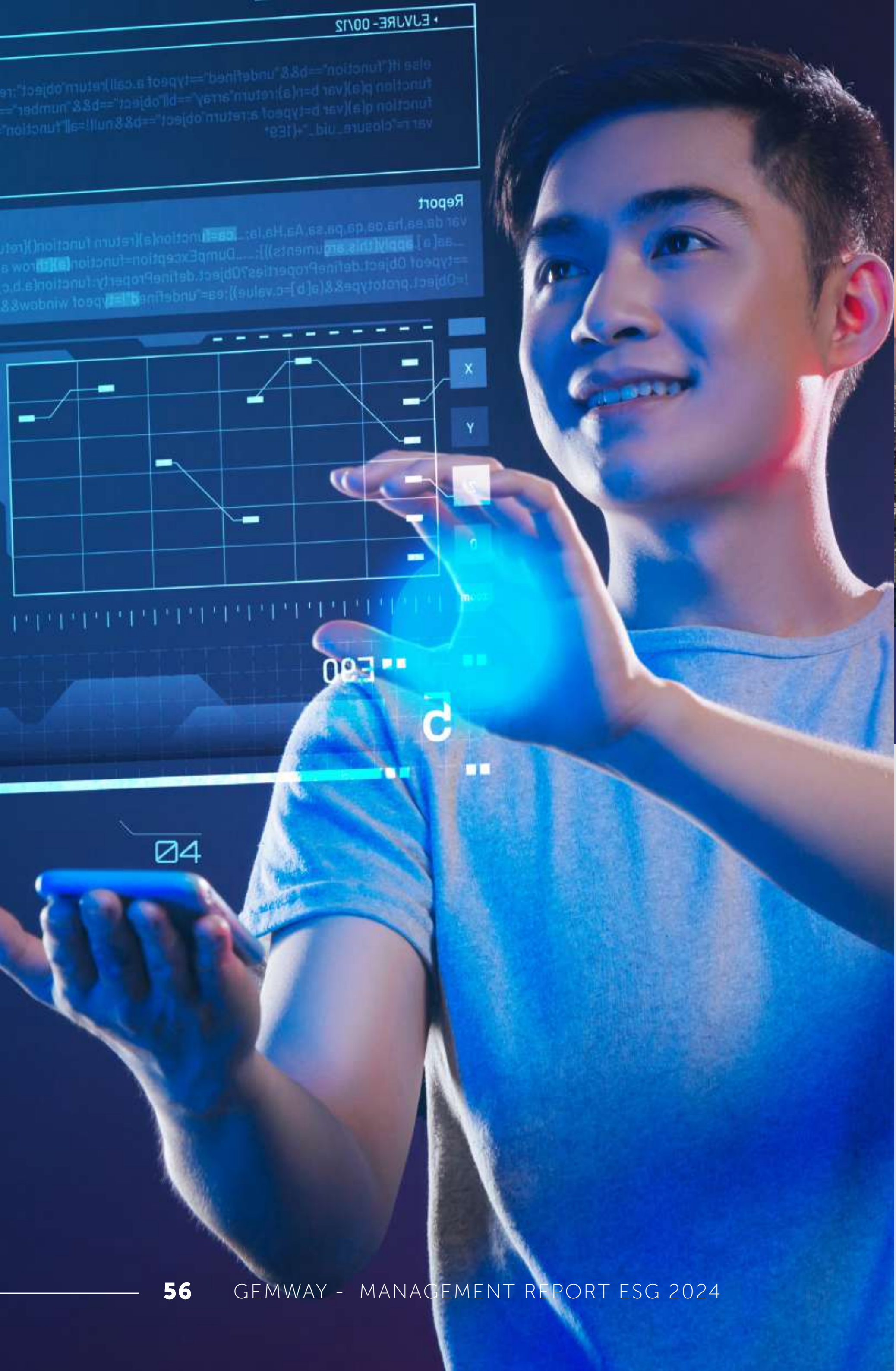
Overall ESG score

Severe Risk — 0 - 1.99
High Risk
Medium Risk ← **5.2**
Moderate Risk
Low Risk — 8 - 10

Environment	Criteria	2021	2022	2023	Evolution
GHG emissions*	Total GHG emissions per unit of revenue (tCO2e/RMB million)	1.63	0.68	0.82	20.6 %
	Total emissions (tCO2e)	N/A	24 772	44 139	78.2 %
	GHG Scope 1 (tCO2e)	N/A	12 746	17 812	39.7 %
	GHG Scope 2 (tCO2e)	N/A	3 814	5 696	49.3 %
	GHG Scope 3 (tCO2e)	N/A	8 211	20 630	151.2 %
Water	Total water consumption (tons)	376.3	N/A	N/A	
	Percentage of water reused	N/A	N/A	N/A	
Waste	Total waste (tons)	11 100	9 143.61	15 493.55	69.4 %
	Percentage of waste recycled	46.85 %	15.74 %	24.07 %	53 %
Energy	Total energy consumption (kWh)	434 299.9	587 720.75	710 821.35	20.9 %
	Percentage of renewable energy	0.83 %	N/A	N/A	

Social	Criteria	2021	2022	2023	Evolution
	Number of employees	39 504	70 676	70 170	-0.7 %
	Percentage of women	68.2 %	73.76 %	75.03 %	1.7 %
	Percentage of women in top management	59.6 %	70 %	62 %	-11.6 %
	Turnover rate	3.6 %	N/A	2.67	
	Training hours	9	9.75	7.83	-72.6 %

*Greenhouse gas



Hon Hai Precision Industry

Taiwan

Hon Hai is a Taiwanese industrial group specializing in the manufacturing of electronic products, with a market capitalization of $77.9 billion.

The company has set ambitious goals, with its roadmap to achieve carbon neutrality by 2050, covering scope 1, 2, and 3 emissions, having been validated by the Science-Based Targets initiative (SBTi).

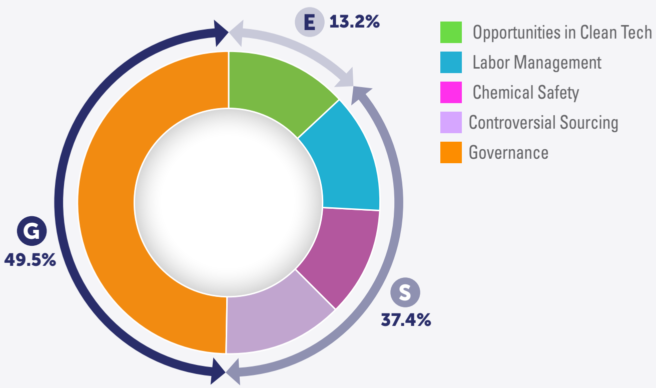
Environmentally, Hon Hai positions itself as a leader. In recent years, the company has reduced its carbon emissions, increased the share of renewable energy in its energy mix, and improved its energy efficiency. With a reduction of over 50% in its scope 1 and 2 emissions compared to 2020, the results of Hon Hai's plan are undeniable. Additionally, the company is optimizing its production processes to limit the use of certain chemicals.

On the social front, Hon Hai employs a large number of temporary workers, which causes fluctuations in its payroll. The company places a high priority on ensuring the safety of its employees by offering mandatory safety training and verifying its effectiveness through audits conducted by third-party organizations. However, we recommended that they increase the number of audited suppliers, which we currently believe to be insufficient.

Nevertheless, a controversy surrounding forced labor exploitation persists. Hon Hai denies these allegations and has commissioned several audits of its own sites as well as those of its suppliers, publishing the results to demonstrate compliance with employee rights and the absence of forced labor. Despite these efforts, communication with rating agencies appears challenging, which continues to fuel the controversy, to the detriment of the company.

We appreciated our discussions with Hon Hai, and given this controversy, we are closely monitoring the situation's evolution.

ESG rating (E: Environment / S: Social / G: Governance)



Sustainable Development Goals

Overall ESG score

Severe Risk — 0 - 1.99
High Risk
Medium Risk ← 4.8
Moderate Risk
Low Risk — 8 - 10

Environment	Criteria	2021	2022	2023	Evolution
GHG emissions*	Total GHG emissions per unit of revenue (tCO2e/RMB million)	N/A	N/A	0.432	
	Total emissions (tCO2e)	6 220 782	5 757 619	5 700 616	-1 %
	GHG Scope 1 (tCO2e)	237 946	222 295	258 108	16.1 %
	GHG Scope 2 (tCO2e)	5 982 836	5 535 324	5 442 507	-1.7 %
	GHG Scope 3 (tCO2e)	28 742 201	27 175 367.83	end of 2024	-5.5 %
Water	Total water consumption (tons)	5 677 000	4 201 801	14 250 630	239,2 %
	Percentage of water reused	6.60 %	5.24 %	7.58 %	44.7 %
Waste	Total waste (tons)	1 001 774	818 453	112.07	-100 %
	Percentage of waste recycled	N/A	84.99 %	81.66 %	-3.9 %
Energy	Total energy consumption (kWh)	38 108 897	38 838 433	35 138 495.63	-9.5 %
	Percentage of renewable energy	N/A	8.28 %	60.96 %	636.2 %

Social	Criteria	2021	2022	2023	Evolution
	Number of employees	946 111	764 044	597 290	-21.8 %
	Percentage of women	22.73 %	36 %	40.1 %	11.3 %
	Percentage of women in top management	20 %	21 %	21.55 %	1.5 %
	Turnover rate	11.8 %	18.2 %	11.43 %	-37.2 %
	Training hours	77.2	75.05	87.42	16.5 %
	Percentage accidents	0.12 %	0.11 %	0.19 %	67.9 %

*Greenhouse gas

Shenzhen Inovance Technology

China

INOVANCE

Inovance is a Chinese company specializing in the production and sale of electrical equipment, including control solutions for industrial automation and robotics. Its market capitalization exceeds $21.6 billion.

The company designs and manufactures green technologies essential to the energy transition, such as electrical equipment critical for the operation of wind turbines, energy storage, and the development of hybrid and electric vehicles.

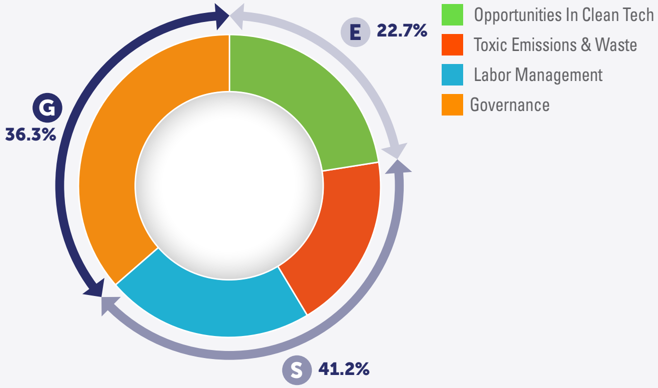
Environmentally, Inovance has set the goal of achieving carbon neutrality by 2050, with a 30% reduction in its operational emissions by 2030. However, the currently published information does not allow for an assessment of the feasibility of this plan. We therefore recommended that they publish a detailed roadmap with quantified objectives and have this action plan validated by a recognized body.

From a social perspective, Inovance focuses on employee safety through regular training and continuous improvement of working conditions. Furthermore, the company has integrated an ESG approach into the management of its supply chain, conducting ESG audits of its suppliers, with stricter criteria for strategic suppliers.

During our discussion, we noted the particular interest of the ESG team in the expectations and vision of investors regarding ESG issues. A few weeks after our conversation, the company sent out a questionnaire to all its stakeholders to gather their expectations and feedback on various ESG topics.

We are pleased with the dialogue established with Inovance and look forward to following their progress.

ESG rating (E: Environment / S: Social / G: Governance)



Sustainable Development Goals

Overall ESG score

Severe Risk — 0 - 1.99
High Risk
Medium Risk ← **5.9**
Moderate Risk
Low Risk — 8 - 10

Environment	Criteria	2021	2022	2023	Evolution
GHG emissions*	Total GHG emissions per unit of revenue (tCO2e/RMB million)	3.62	3.52	4.05	15.1 %
	Total emissions (tCO2e)	64 939	81 410	1 006 881	1136.8 %
	GHG Scope 1 (tCO2e)	1 933	1 602	1 808	12.9 %
	GHG Scope 2 (tCO2e)	63 005	79 808	121 345	52 %
	GHG Scope 3 (tCO2e)	N/A	N/A	883 728	
Water	Total water consumption (tons)	357 570	541 028	748 134	38.3 %
	Percentage of water reused	N/A	N/A	N/A	
Waste	Total waste (tons)	791	1 060	1 464.4	38.2 %
	Percentage of waste recycled	N/A	N/A	41.35 %	
Energy	Total energy consumption (kWh)	117 551	149 238	231 859.6	55.4 %
	Percentage of renewable energy	4.09 %	3.47 %	3.77 %	8.6 %

Social	Criteria	2021	2022	2023	Evolution
	Number of employees	16 938	20 256	25 487	25.8 %
	Percentage of women	24 %	25 %	26 %	6.6 %
	Percentage of women in top management	N/A	N/A	6.6 %	
	Turnover rate	N/A	27.9 %	24.4 %	-12.5 %
	Training hours	15	23.5	26.9	14.5 %
	Percentage accidents	N/A	N/A	0.6 %	
	Total labor cost as a percentage of revenue	16 %	17 %	16 %	-7.3 %
	Total labor cost (million RMB)	2 805.3	3 962.8	4 856.5	22.6 %

*Greenhouse gas

06 Regulatory Developments in 2024: Strengthening ESG and Governance Considerations in Asia

The year 2024 has seen several significant advances in the recognition of ESG criteria. In China, a set of policies has been implemented to **align with the country's environmental goals**. To this end, the three major Chinese stock exchanges, Beijing, Shanghai, and Shenzhen, announced **new ESG disclosure requirements in April 2024**. These rules will compel listed companies to provide detailed information on their environmental and social impacts. The new requirements are based on the principle of "double materiality," consistent with European practices.

In South Korea, notable progress was also made in May 2024. The Korea Sustainability Standards Board presented a draft of new sustainability disclosure standards, aligned with IFRS S1 and S2, including obligations related to sustainability and the impact of climate risks and opportunities on financial performance. Furthermore, **significant advances have been made in governance with the launch of the Value-Up program in February 2024.** This key initiative aims to close the valuation gaps between South Korean listed companies and their Asian counterparts. Inspired by methods applied in Japan, it includes reductions in corporate tax rates and dividend taxes. This year, listed companies have shown greater recognition of shareholders, with stock buybacks and increased dividends. According to the Seoul Exchange, as of December 27, 2024, 220 listed companies in Korea announced stock buyback decisions, a 49% increase from the previous year, when 148 companies made similar announcements. The amount planned for these buybacks surged by 214.7%, from 3.76 trillion wons last year to 11.83 trillion wons this year.

Other Asian regions have followed this trend. This is the case for the Hong Kong Stock Exchange, which proposed changes to listing rules in June 2024. These proposals include measures on director training, limiting the tenure of independent directors, and improving board diversity. These reforms

will complement other sustainability reporting requirements, which, after a consultation phase in 2024, should come into force in 2025.

Overall, **these reforms reflect a broader regional trend aimed at attracting global investments** by improving corporate governance standards and enhancing transparency.

India, for its part, plans to announce a series of measures in 2025 to promote climate finance availability. The development of a climate finance taxonomy, announced in the 2024-2025 Union Budget, will improve access to capital for climate adaptation and mitigation. These initiatives come at a critical time as emerging and developing economies (EMDEs) face significant challenges in securing sufficient climate financing, while the $300 billion per year target announced at COP29 has not met their expectations.

Shenzhen, AdobeStock

While so-called developed countries, especially in Europe and the Americas, have rapidly adopted ESG principles, African countries still seem to have a long way to go. However, **South Africa stands out as an exception**, positioning itself at the forefront by moving toward mandatory environmental, social, and governance reporting.

Currently, **some South African companies are already required to submit their financial statements via the XBRL (Extensible Business Reporting Language) system.** This requirement applies to public, parastatal, and private entities meeting specific criteria, such as a high public interest score or fiduciary assets exceeding 5 million rands (approximately $279,000).

07 ESG Issues and Perspectives in South Africa

In August 2023, a bill amending corporate law was introduced. It proposes major updates, including new provisions related to ESG. In October 2024, the Companies and Intellectual Property Commission (CIPC) enhanced its XBRL taxonomy with a sustainability disclosure module aligned with the IFRS S1 and IFRS S2 standards of the International Sustainability Standards Board. Although this module is currently voluntary, its mandatory adoption is being considered in the future.

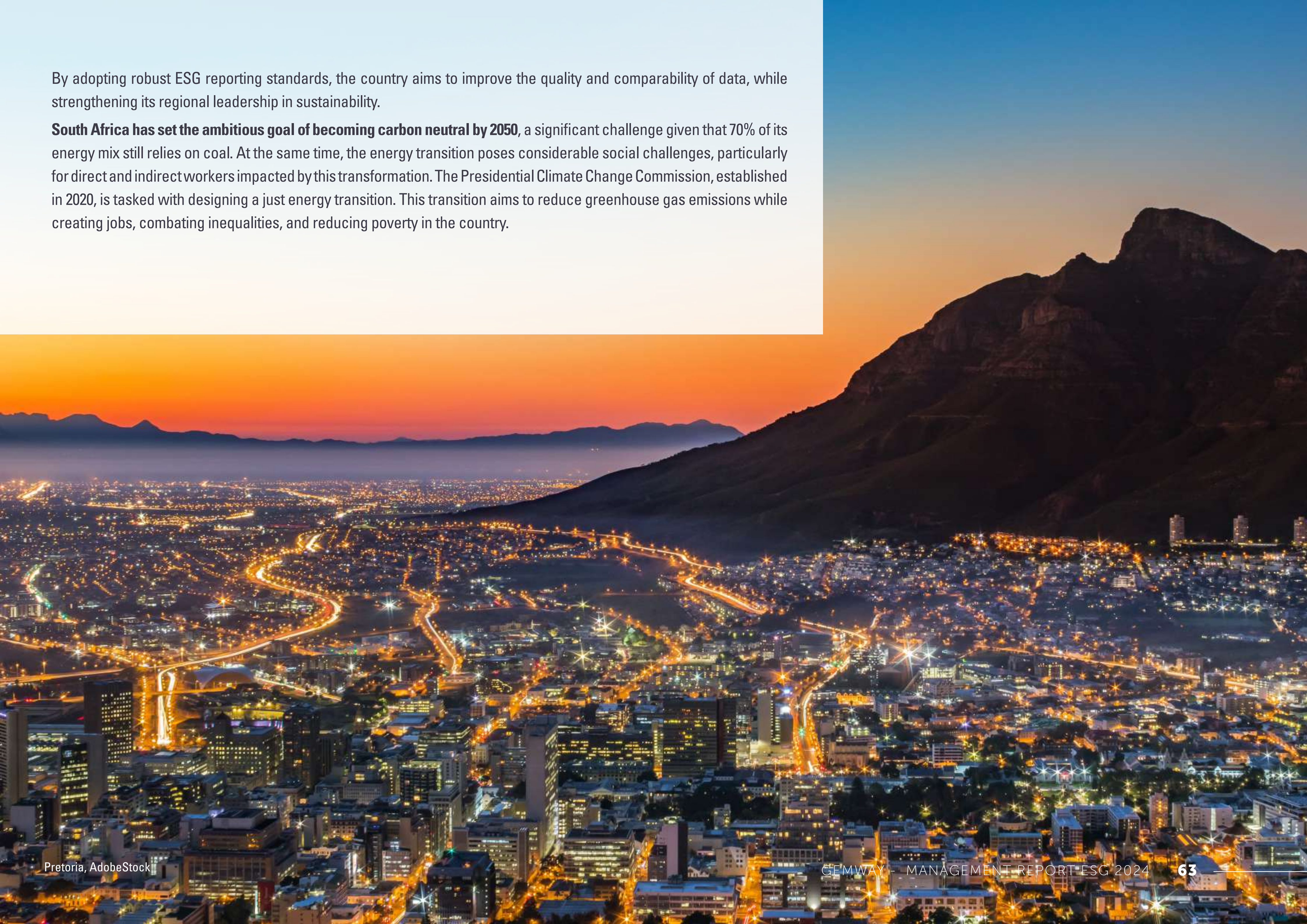
This transition toward mandatory ESG reporting is a continuation of existing frameworks, such as the King Code on Corporate Governance and the Johannesburg Stock Exchange (JSE) guidelines on sustainability disclosure. Since 2022, JSE-listed companies have already complied with these guidelines, focusing on ethical practices, transparency, and responsible leadership.

Although ESG reporting remains voluntary for now, the South African government, formed by a coalition between the African National Congress (ANC) and the Democratic Alliance (DA), seems ready to support its mandatory nature. This shift would bring South Africa closer to international standards, particularly the European Union's Corporate Sustainability Reporting Directive (CSRD). Initially, the climate will be at the heart of this transition, with specific government directives on governance and climate risk management.

These efforts represent a major step forward in South Africa's carbon neutrality strategy.

By adopting robust ESG reporting standards, the country aims to improve the quality and comparability of data, while strengthening its regional leadership in sustainability.

South Africa has set the ambitious goal of becoming carbon neutral by 2050, a significant challenge given that 70% of its energy mix still relies on coal. At the same time, the energy transition poses considerable social challenges, particularly for direct and indirect workers impacted by this transformation. The Presidential Climate Change Commission, established in 2020, is tasked with designing a just energy transition. This transition aims to reduce greenhouse gas emissions while creating jobs, combating inequalities, and reducing poverty in the country.



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