EAST CAPITAL

East Capital Global Emerging Markets Sustainable

H2 2024 Impact Report

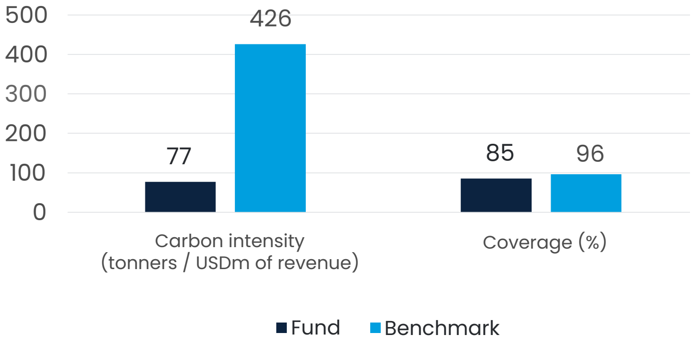
This report sets out the Principal Adverse Impact ("PAI") indicators according to the EU's Sustainable Finance Disclosure Regulation ("SFDR"). It then highlights the key metrics the portfolio management team uses to assess the impact of the fund's investee companies on the surrounding world.

Principal adverse impact indicators	Units	Metric		% Coverage	
		Fund	Benchmark[1]	Fund	Benchmark[1]
Climate and other environment-related indicators					
Scope 1	Tonnes	1,147	–[2]	77%	77%
Scope 2	Tonnes	5,523	–[2]	77%	77%
Scope 3	Tonnes	43,270	–[2]	74%	73%
Carbon footprint	Tonnes / EURm invested	23	164	77%	79%
GHG intensity (Scope 1 + 2)	Tonnes / USDm revenue	77	426	85%	96%
Exposure to fossil fuel sector	%	3[3]	8	91%	99%
Non-renewable energy consumption	%	84	85	49%	69%
Non-renewable energy production	%	0[3]	6	33%	43%
Negative biodiversity impact	%	0	4	91%	99%
Emissions to water	Tonnes / EURm invested	0.00	0.00	0%	0%
Hazardous waste	Tonnes / EURm invested	0.4	1.37	73%	78%
Social and employee indicators					
Violation of UNGC or OECD guidelines[4]	%	2[4]	8	91%	99%
Lack of compliance mechanisms	%	70	71	85%	98%
Gender pay gap	%	0	12	0%	0%
Female board members	%	21	19	92%	99%
Controversial weapons[4]	%	0[4]	0	91%	99%
Voluntary indicators					
Lack of deforestation policy	%	72	77	85%	98%
Lack of human rights policy	%	20	23	90%	99%

- Our fund's **GHG intensity is 82% below the benchmarks**. We do not invest in fossil fuel companies and would typically not invest in companies with a GHG intensity considerably higher than their peers.
- Our fund's **exposure to negative biodiversity impact / hazardous waste is nil / very low**, we would not invest in high risk companies as we avoid misalignment with SDG. We are TNFD early adopters and actively engage with portfolio holdings within Nature Action 100 initiative.
- Due to lack of data on gender pay gap in emerging markets, we focus on **board gender diversity**. Our portfolio previously lagged the benchmark, but we are now above it as the proportion of female board members has increased materially to 21% from 14% in H1 2023. It remains a topic on which we often engage with our holdings. Read more here.
- As a Financial Sector Deforestation Action (FSDA) member, we map deforestation risks in our portfolio and engage with high risk companies on deforestation issues.

[1] MSCI Emerging Markets Index. No specific index has been designated as a reference benchmark for the purpose of attaining environmental or social objectives.
[2] We do not report data for the benchmark because this is an absolute measure that is related to the size of the fund, i.e. owning 1% of a company with 100 tonnes of Scope 1 emissions would result in 1 tonne of Scope 1 emissions attributable to the fund.
[3] This relates to a port management company whose fossil fuel exposure is insignificant (i.e. less than 5%) and purely for internal use.
[4] While coverage by the data provider is below 100%, our investment and screening processes imply full portfolio coverage on this parameter. There is one company that is assessed as being in breach of international norms according to a data provider; this is discussed on page 3.

Carbon intensity versus benchmark



- While the data in the table on the first page is sourced from an external provider, we also calculate fund carbon intensity based on reported emissions in our internal database (i.e. we include emissions of companies that may not be picked up by data providers).

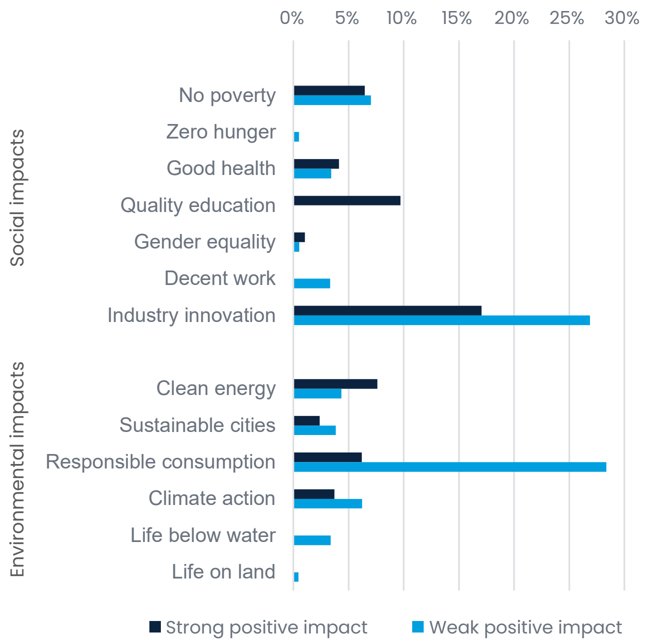
- Data coverage has been increasing dramatically in the last few years, in part due to regulation (particularly in India), though also engagement efforts from investors like ourselves; for example, we actively participate in the CDP Non-Disclosure Campaign to **improve environmental data** including climate data, targeting all our holdings in the fund which do not report to CDP. See a case study published by CDP.

SDG impact

- We assess SDG impact using a proprietary tool, which is explained in detail in a PRI case study and featured as a best practice responsible investment example for China.

- East Capital SDG VCA (value chain analysis) combines revenue exposure and SASB mapping to identify the two most material SDGs for a company's value chain. The tool gives a score of -100 to 100, based on current impact and 3-5 year outlook. Impact is assessed based on **materiality, intentionality, additionality** and **criticality**.

- We currently assess that **56%** of the fund has a **strong positive impact** on one or more SDGs. Because we require a score of above 25 ("weak positive impact") to be included in the portfolio, **100%** of our companies have **a positive impact on one SDG**.



Case studies

SDG 1: No poverty
Gentera is the leading microfinance institution in Mexico and Peru, providing financial services to the underserved segment in the region. They have been the gateway to the financial system for more than 13 million people.

SDG 3: Good health and well-being
Yatharth Hospitals is a private hospital chain based in northern India that focuses on bringing cutting-edge medical treatments to the smaller cities; for example they performed the first liver transplant in Noida.

SDG 7: Affordable and clean energy
Renew, India's largest renewable energy company by total energy generation capacity, with a total portfolio of 10.0 GW as of Q2 2024, around 7% of India's total renewable capacity (excluding hydro).

SDG 9: Industry, innovation and infrastructure
Hyundai Electric is a large transformer producer, which is a key (and undersupplied) input into the electrification value chain. The company is a member of RE 100 and is targeting fully renewable power use in its Korean factories by 2040.

SDG 11: Sustainable cities and communities
Empower, the world's largest district cooling company listed in Dubai. District cooling is 50% more energy efficient than air conditioning, which is crucial in the UAE where air conditioning accounts for 70% of overall GHG emissions.

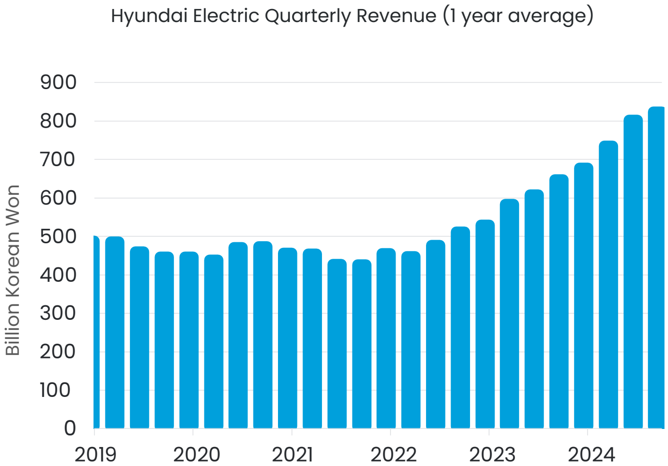
Stewardship

- During 2024, we voted at **104** meetings (94%) of the **111** shareholder meetings where we were able to vote; in **45** meetings (43%) we voted against some items.

- We voted against items that are not aligned with our voting policy, part of our ESG policy, such as insufficient gender diversity at board level or overly long auditor tenure.

Voting is an important part of our active ownership efforts, and we typically follow up with management when we vote against items to ensure they understand the rationale for our actions.

Case study SDGs as a lens for structural growth: Revenue growth for Hyundai Electric, a leading transformer producer from Korea



In 2024, we visited the production facilities of Hyundai Electric in Korea, but our phones were confiscated before the factory tour.

As the world rapidly electrifies, there is a huge demand for transformers, turning a rather sleepy industry into one of the tightest and most lucrative parts of the electrification value chain.

This is clearly evidenced by our portfolio company Hyundai Electric's earnings, which have almost doubled since 2022 on the back of rising transformer prices.

The stock returned 240% in 2024, generating 192 bps of alpha to our fund.

Sustainable investment definition

- ESG analysis at East Capital is done by the Portfolio Managers and Analysts who cover the companies using robust proprietary tools, such as **East Capital ESG scorecard** and **East Capital SDG VCA**, and reviewed by the ESG team.
- We classify "sustainable investment" using 3 binding elements that leverage the results of these proprietary tools. These elements are outlined to the right.
- As of 31 December 2024 we assess that **97%** of the fund is classified as sustainable. There was one holding, representing 1.6% of NAV, which did not meet our test for sustainable investments. This holding meets our sustainability assessment, but the standard quarterly review shows that this company does not meet global standards as assessed by an external provider. As a result, we are currently reviewing the position and have decided to classify the holding as non-sustainable.
- The remainder of the "not sustainable" investments (1.3% of the NAV) was represented by cash which the Investment Manager maintains for liquidity reasons.

1. Sector based and norms-based screening

I. Companies with >5% of their revenues from fossil fuels, weapons, tobacco, gambling, pornography and alcohol;
II. We also use a third-party provider to check for breaches of UN Global Compact.

2. SDG VCA tool of at least 25

I. This ensures companies have a net positive impact on the SDGs

3. Company is classified as sustainable as per our "three step test"

I. Contribution to E and/or S	>60% score in E&S section of ESG scorecard.
II. No significant harm to E or S	No red flags related to E&S issues and compliance in screening.
III. Good governance practices	>60% in G section of ESG scorecard and no more than 2 red flags related to G.