

# AIKYA

## Statement on Climate Change

The name Aikya means oneness in Sanskrit which reflects our core belief that true stewards align their businesses with the interests of all stakeholders. Environmental, Social and Governance (ESG) considerations are integral to every investment decision we make; we believe that business groups who effectively address ESG issues will be long-term winners. Such groups take a proactive approach to identifying material externalities, even if it means some short-term financial pain. They understand that sustainability challenges should be seen not as a headwind but a tailwind to drive business performance and long-term financial returns. Our mission is to find companies that contribute positively to the development of emerging economies and stay away from businesses with limited or negative social utility.

### Our Commitment

1. Reduce by half the Carbon Intensity<sup>1</sup> for the Aikya Emerging Markets Equity Portfolio (Aikya Portfolio) by 2030 (with 2019 as baseline year) and achieve **net zero** carbon emissions by 2040. Carbon intensity of the Aikya Portfolio is already significantly lower than the MSCI Emerging Markets benchmark.
2. Reduce by half the Environmental Resource Intensity<sup>2</sup> for the Aikya Portfolio by 2030 (with 2019 as baseline year).
3. Seek high quality companies focused on developing solutions to alleviate climate change and biodiversity loss. We will not invest in companies involved in fossil fuel extraction.
4. Provide full transparency to our investors on the performance of our portfolio companies in terms of Carbon Intensity and other climate change related metrics.
5. Engage with companies to take positive actions, both in terms of their own behaviour, and their influence over industry value chains.
6. Reduce emissions in our direct operations and offset whatever emissions we cannot remove. We aim to achieve net zero for Aikya by 2030.

### Engagement and Voting Strategy

Our long holding periods build a sense of partnership with investee companies, who, over time, become increasingly open to engagement. Our relationships allow us to discuss critical governance and sustainability issues with top management; positive engagement on such issues becomes a powerful tool for enhancing the value of our client portfolios.

After setting clear Sustainability Impact Goals on Climate Change for the Aikya Emerging Markets Equity Portfolio (Aikya Portfolio), we have now outlined specific long-term goals for each of our investee companies. The goals will also help us better define engagement agendas with our investee

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<sup>1</sup> Carbon Intensity is defined as Green Gases (Scope 1 and 2) emissions to sales in any given year.

<sup>2</sup> Environment Intensity is defined as the virgin natural resources such as water, non-renewable energy and material a business uses and the waste it generates for every unit of sales. This is an Aikya defined metric and is customised for each industry. For more details please refer to <https://aikya.co.uk/sustainability-impact-report-2020/>

companies, and in general will make our judgement on the quality of stewardship in a company more robust.

## Industry Collaborations

