

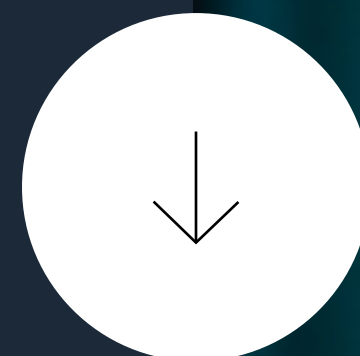


**Case Study:**  
Tower Bersama Infrastructure Group

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# How we consider ESG factors in our investment analysis and company engagement

June 2023



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### Opportunity

TBIG is held across several ESG-tilted mandates.

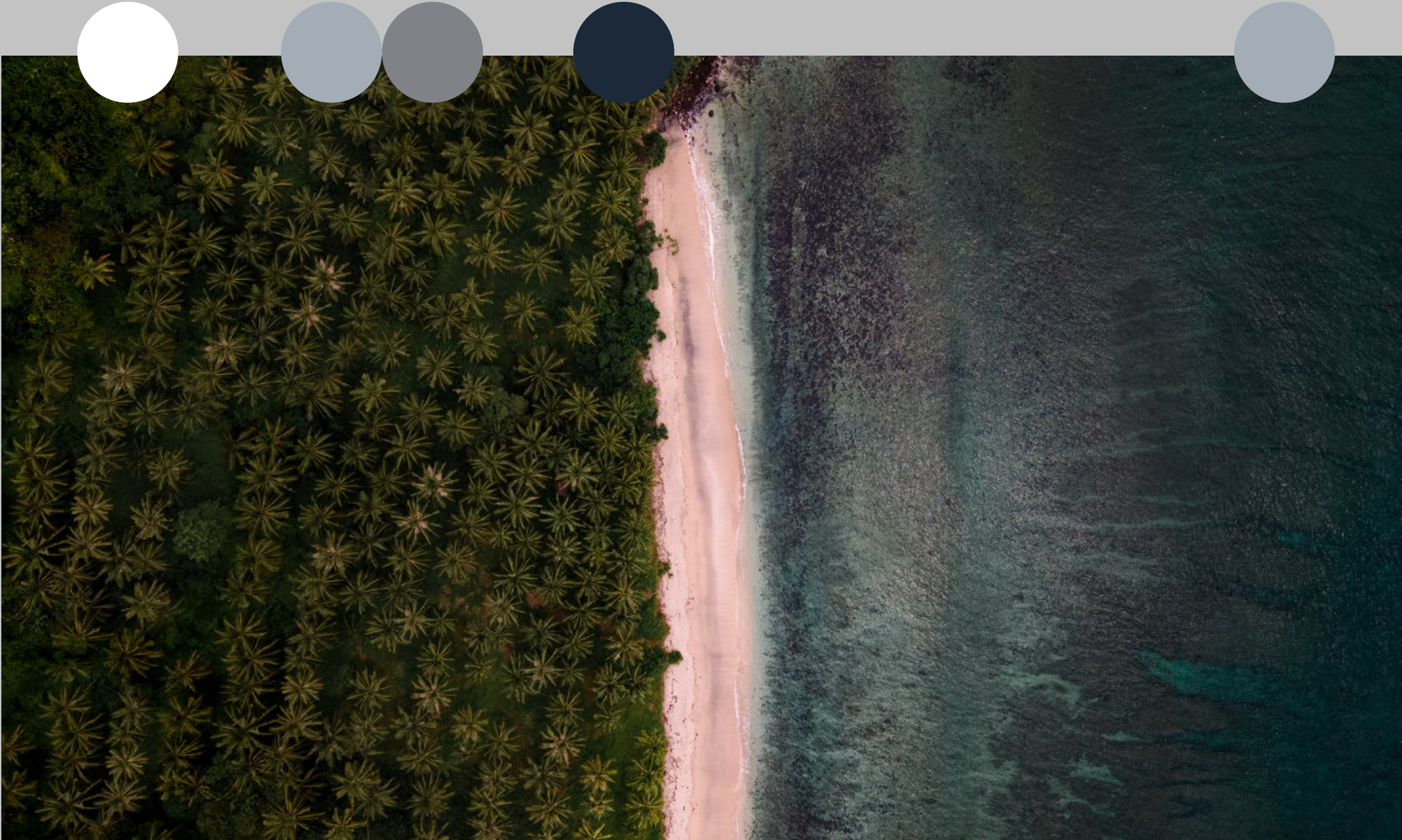
This includes the AIB ESG Enhanced Credit mandate which focuses primarily on an engagement driven approach.



Overview

### We invest in

Tower Bersama Infrastructure Group (TBIG), one of the leading independent telecommunications tower companies in Indonesia.



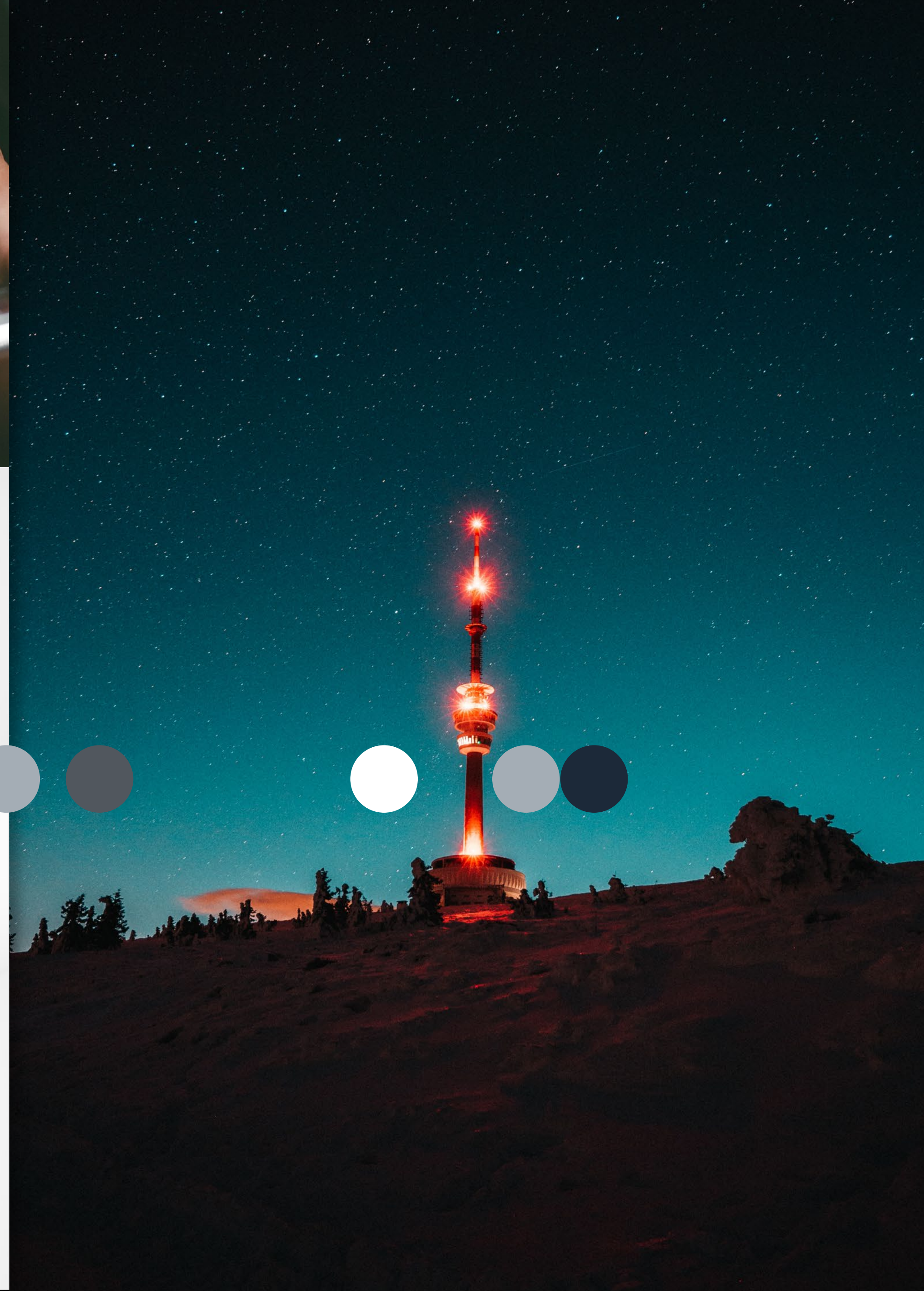




Active  
engagement

## Active engagement

- We have closely followed TBIG's ESG progress through **continuous active engagement**.
- Our initial engagement was in 2019 where we identified TBIG had no ESG strategy or disclosure in place, nor was the company's management team able to articulate **ESG risks and opportunities**.
- We noted **two key milestones**:
  1. Improve the diversity of the Board of Commissioners
  2. Disclose on ESG issues most material to the business.
- In March 2020, TBIG published their **inaugural sustainability report**, albeit with significant gaps in disclosure quality.





## Minimising risk, maximising opportunity



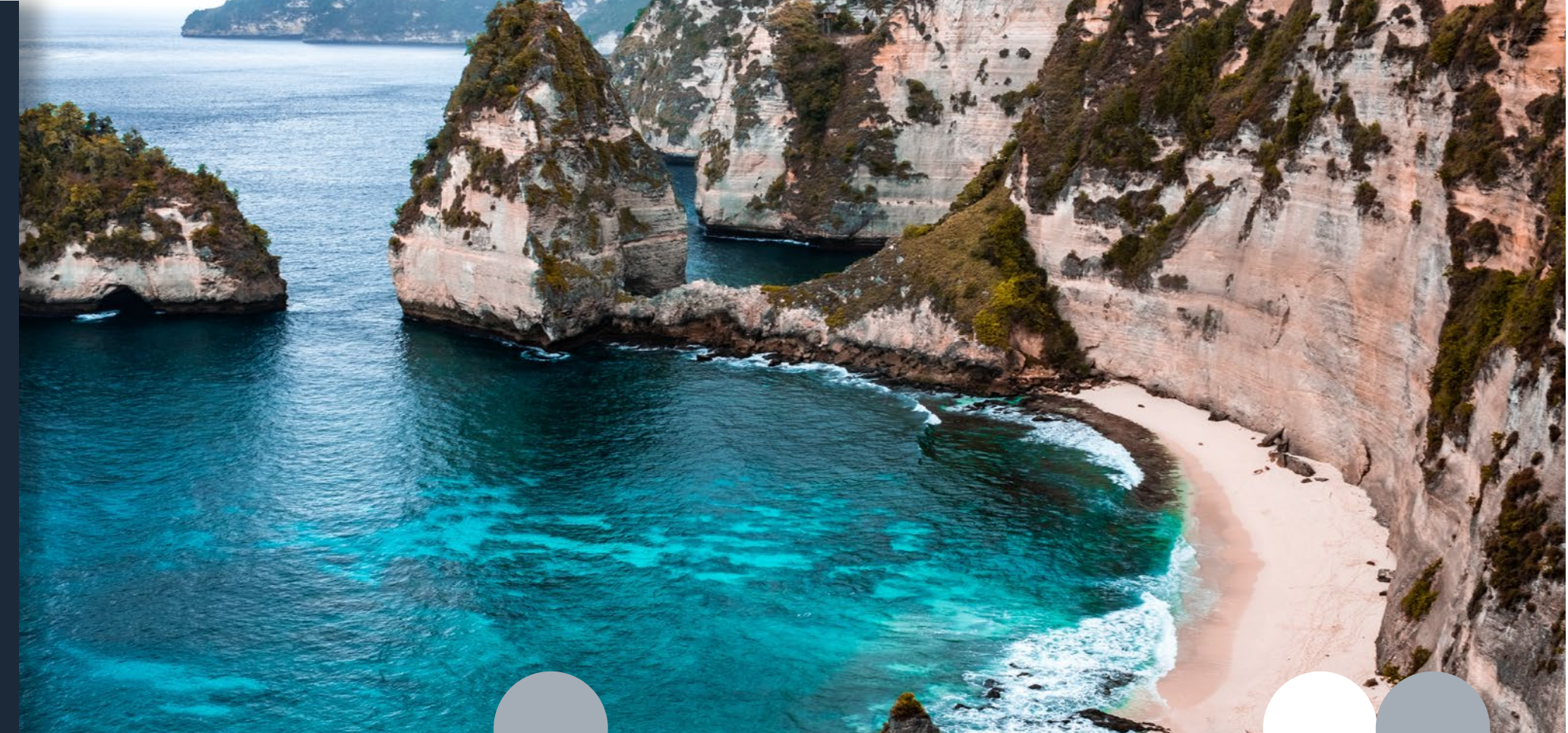
Following a series of engagements, **TBIG has significantly improved ESG management**, meeting many of the milestones we've laid out:



- Conducted a **full ESG assessment**
- Developed a **sustainability strategy**
- Put in place **ESG reporting in line with international standards**
- Established **strong targets around carbon emissions, ESG governance and supply chain oversight**



TBIG is demonstrating a **clear commitment to addressing investors' ESG expectations** and positioning themselves as a leader in the space.





## Ongoing engagement

Progress



From our work with TBIG from a credit and ESG perspective, **we view corporate governance and behaviour quite favourably**, despite it being rated below average by rating agencies (using metrics of ownership and independence).



TBIG management has communicated its challenges with **reflecting their ESG efforts and impacts in external ESG ratings**, describing themselves as often misunderstood by such agencies, and therefore impact has been misrepresented.

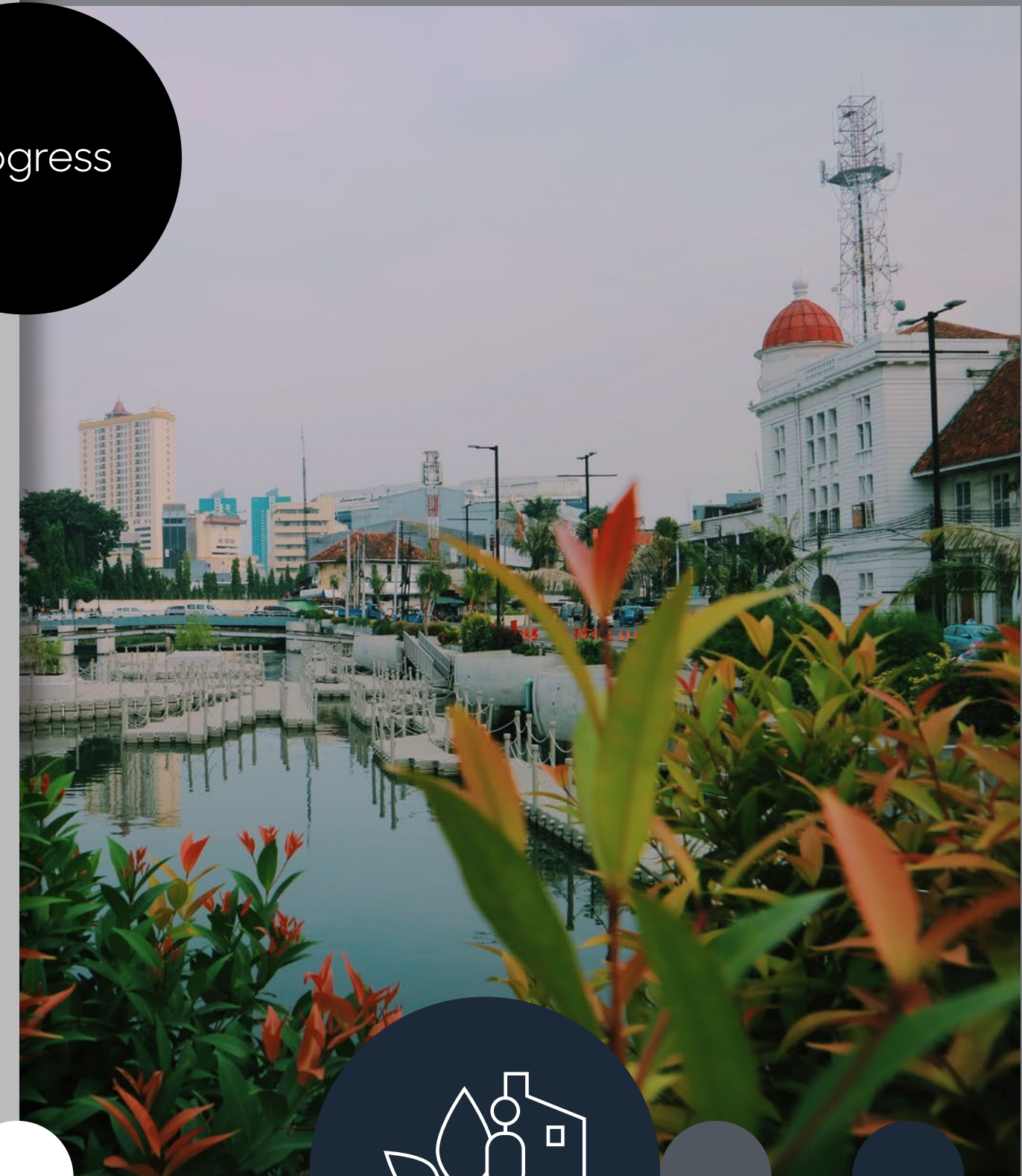


For example, data protection is often assigned as a key material issue by rating agencies, despite **TBIG not directly handling customer data** as they are in the business of building and operating towers.



Conversely, their role in **improving Indonesia's internet and mobile accessibility** has not been reflected (e.g., almost half their towers are ex-Java and Bali, in areas where connectivity remains an unmet need).

This is something we have encouraged the company to speak proactively with rating agencies on.



We view this as an example of **how engagement leads to positive ESG improvements, better data quality and more nuanced insights**, allowing us to more clearly identify bright spots and leaders in ESG.





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