RBC BlueBay
Asset Management

RBC Asian Equity team
Responsible Investment Report 2026

For professional investors only |
Marketing communication

Contents

Foreword

We are pleased to share the RBC Asian Equity team's annual Responsible Investment report.

Having recently stepped into the role of leading the team, I am delighted to share this year's annual Responsible Investment (RI) report. ESG integration has always been instrumental to my philosophy, and has also been a key part of the team's process in the last decade. I believe that continuous learning and improvement is a vital factor for long-term success, and this is very much part of the team's culture. The team have constantly sought to evolve and refine its approach over the years.

We believe that incorporating material ESG factors in our process allows for a more robust risk assessment, and ultimately helps us unearth high quality, stable business models that can succeed over the long term.

In this year's report, we explore a range of ESG topics. We also report on our activities as active owners, including proxy voting as well as company engagement.

Engagement continues to form an important component of our approach. We work to cultivate in-depth and ongoing dialogues, establish long-term relationships with the management teams of the companies in which we invest and seek to understand how a company is approaching ESG issues. We believe that, over time, our interactions can lead to risk/reward benefits, and in this year's report we share a number of company case studies where we are observing material improvements in their ESG practices.

Whilst our ESG analysis is primarily conducted at company level, being aware of material factors at country level is useful for overall portfolio strategy and risk management. Countries with improving or high ESG scores are more likely to deliver sustainable growth compared to those with falling or low scores.

In this report, we analyse changes in country performance across environmental, social and governance indicators. We also deep dive into various ESG topics across select markets; we explore the risks of labour and skills shortages posed by AI in Japan, the implications of Australia's social media age ban, and the pillars behind China's battery dominance.

We hope that you enjoy these insights into our RI activities, and we welcome any feedback on how we can improve our future efforts.

Phil Langham
Head of RBC Emerging Market Equities

"We believe that incorporating material ESG factors in our process allows for a more robust risk assessment, and ultimately helps us unearth high quality, stable business models that can succeed over the long term."

Our approach to Responsible Investment

RI is an umbrella term used to describe a broad range of approaches for incorporating ESG factors into the investment process.

On the RBC Asian Equity team, we have considered material ESG issues since our track record began in 2014. ESG factors form an important part of our fundamental, active investment management process. We believe that incorporating these factors into our process allows for a more robust risk assessment, and ultimately helps us to unearth high quality, stable business models that can succeed over the long-term.

Exhibit 1: Our investment process

Investable Universe ~2,000 stocks	**Systematic prioritisation** ~1,000 stocks	**Fundamental research** 200-250 stocks	**Portfolio construction** 50-70 stocks
Asia ex-Japan companies Market cap and liquidity filter	In-house quant scoring model Deprioritise stocks with suboptimal risk / returns ESG[1] / Integrity of financial information	Team interaction / documentation Management meetings Investment checklist / Research note	Analyst best ideas High conviction stock picking High awareness of risk, aligned with stock conviction

Source: RBC GAM, as at May 2026.

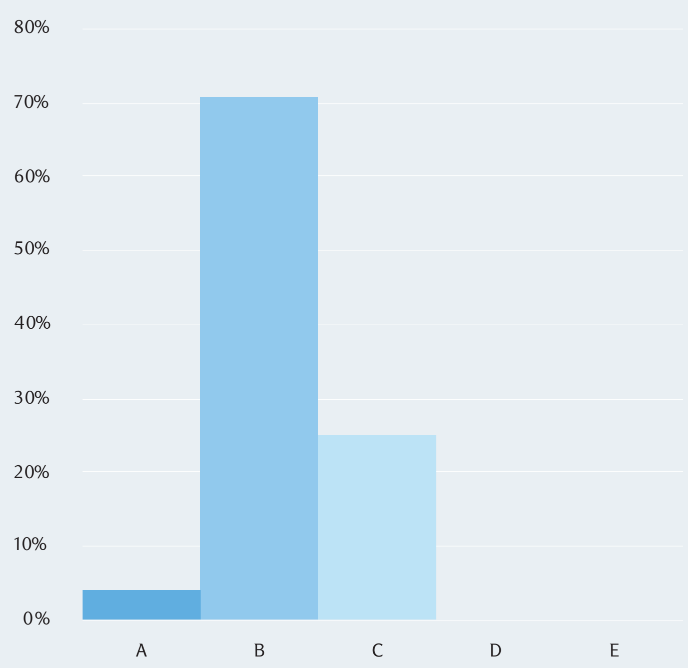
[1] This refers to ESG integration/analysis and relates to equity holdings. Certain asset types, such as cash or cash equivalents, do not integrate ESG factors.

As Exhibit 1 illustrates, we leverage our in-house quantitative scoring model to allow us to deprioritise stocks with suboptimal risk-adjusted returns. This model incorporates various accounting ratios and third-party ESG data sources alongside fundamental factors, adding focus and depth to our fundamental research as we deprioritise companies with unsustainable business practices.

Our subsequent fundamental research, conducted by the responsible specialist, includes explicit and in-depth consideration of ESG factors. Materiality is evaluated based on company operations, industry dynamics, geography, and the nature of the investment vehicle for which it is being purchased. Given that material ESG factors vary by sector and region, bottom-up analysis is essential to identify sector- and country-specific risks and opportunities.

We summarise our overall ESG view in an in-house checklist, which is then translated into an ESG score from A-E. To be considered for investment, companies must score a rating of C or above (Exhibit 2).

Exhibit 2: In-house ESG ratings for RBC Asian Equity fund holdings



Source: RBC GAM, as at 3 March 2026. A total of 227 companies are held across RBC Asia Pacific ex-Japan strategy, RBC Japan Equity strategy and RBC China Equity strategy.

Various sources feed this checklist, including third-party research providers, however given lower ESG disclosure standards in Asian markets, our fundamental research and direct issuer engagement form the foundation of our assessment. This, along with other key insights in the form of research notes, is shared and discussed with the broader team.

Our common culture of ESG awareness allows our investment views to be more holistic, thorough and long-term in nature, characteristics that align with our overall investment philosophy. This approach supports the construction of high-conviction portfolios comprising quality companies with strong governance frameworks and resilient business models. When it comes to portfolio construction, ESG risk forms a key consideration when evaluating overall portfolio risk.

Our ESG review of investee companies is an iterative process and continues throughout the holding period (Exhibit 3). We work to cultivate in-depth and ongoing dialogues, establish long-term relationships with management teams and seek to understand how a company is approaching material ESG issues. We convey our views through proxy voting and engagement and believe that, over time, our interactions can lead to positive change.

Exhibit 3: ESG is integrated into our fundamental, active investment management approach

	Quantitative	Qualitative	Beyond[2]
Key activities	Proprietary quant process / tools Accounting quality screens In-house audit / quant specialists 3rd party data / research (GMT, MSCI ESG, Sustainalytics, HOLT Risk)[1]	In-house research note and investment checklist with ESG rating 3rd party data specialising in ESG e.g. past several years of company's litigations or media coverage	Company meetings / calls firsthand On-the-ground channel checks Country and industry perspectives / discussions Interviews e.g. industry experts, regulators, competitors, local investors
Outcomes	Integrity of financial information Sustainability of cash flows	Holistic, thorough, consistent process Long-term view	Industry / company specific ESG perspective

Entire investment process. Each and every investment team member

Source: RBC GAM, as at May 2026.

1 MSCI ESG and Sustainalytics are third-party ESG vendors. GMT and HOLT provide analysis on accounting practices.

2 Refers to communication between investors and the boards, management teams, or other applicable representatives of the company, as well as other stakeholder groups of relevance to the company. The outcome of an engagement is generally not the sole factor in an investment decision. Instead, the information obtained from engagements on material ESG factors helps inform the investment case. Further details available within this document.

Summary

We consider material ESG factors as part of our investment process, facilitating robust risk and reward assessments of each stock we consider, and of the portfolio as a whole. At the same time, we are conscious that ESG considerations form a broad and expanding landscape, and we are constantly seeking to evolve and improve our practices to refine our approach. We hold ourselves accountable, and through continuous learning we believe our rigorous process supports our aim of finding great businesses led by reliable management that can outpace market expectations.

Proxy voting

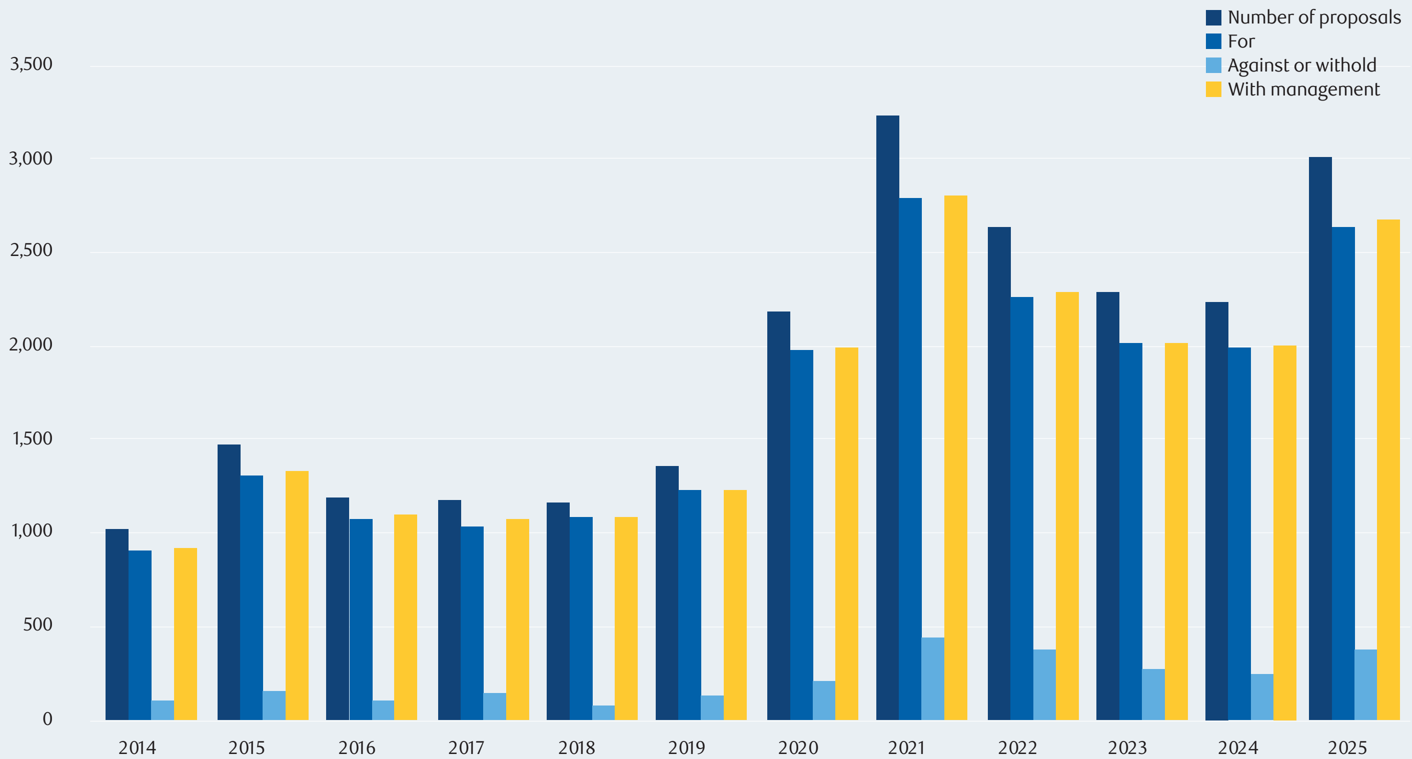
We approach the proxy voting process with due consideration, exercising our voting rights as part of our active ownership approach and our fiduciary duty. We believe that proxy voting provides an important way for us to convey our views to company boards and management teams, offering an opportunity to escalate concerns where required.

As a team, we benefit from the support and expertise of RBC GAM's RI team and work closely with the team throughout the proxy voting process. RBC GAM has a set of custom proxy voting guidelines (RBC GAM: Proxy Voting Guidelines) that outline our views as a firm on corporate governance best practices. These custom guidelines provide an overview of the principles and practices we believe will enhance the long-term value of securities held in our portfolios and how we will generally vote on particular issues.

In Asian markets where the guidelines do not apply, we reference the local proxy voting policies of Institutional Shareholder Services (ISS). This offers important insight, but each vote is still carefully reviewed internally, utilising data from research firms as well as our own assessment of company-specific circumstances to help inform our decisions.

Exhibit 4 highlights our team's voting history. Since 2014, we have participated in 22,972 proposals, voting 89.2% of these in accordance with management recommendations. Our decision to invest in a company reflects, at least in part, our confidence in its management, and is why we often support management on routine matters.

Exhibit 4: RBC Asian Equity team voting history since 2014



Source: RBC GAM, as at January 2026. From 2014-2019, this reflects combined voting data from RBC Asia Pacific ex-Japan Equity strategy and RBC Japanese Equity strategy. From 2020-2025, this reflects combined voting data from RBC Asia Pacific ex-Japan Equity strategy, RBC Japanese Equity strategy and RBC China Equity strategy.

Exhibit 5 illustrates our voting patterns across various categories. Whilst we predominantly align with management recommendations, we will not hesitate to withhold our support or oppose management if we believe that it is in the best interests of shareholders and our clients to do so.

Exhibit 5: RBC Asian Equity proxy voting proposal categories since inception

Proposal category	Number of proposals	With management	Against management	Against management (%)
Elect director	9,834	9,234	600	6%
Approve auditors and their remuneration/ratify auditors	810	785	21	3%
Appoint internal statutory auditors	562	503	59	10%
Approve remuneration of directors	480	418	62	13%
Approve issuance of warrants/ convertible debentures	257	249	8	3%
Approve issuance of shares for a private placement	215	187	28	13%
Approve issuance of equity without pre-emptive rights	205	68	137	67%
Approve remuneration policy or report	174	151	23	13%

Source: RBC GAM, as at January 2026. Figures reflect combined voting data from RBC Asia Pacific ex-Japan strategy, RBC Japanese Equity strategy and RBC China Equity strategy. Only key proposal categories have been listed for clarity purposes.

Engagement case studies

We engage with our investee companies and, where practical and possible, engagement on ESG practices is preferred over divestment. We conduct a significant number of in-person company meetings and calls every year where we discuss ESG matters directly with company management. During these meetings, we raise material ESG-related concerns, so we can better understand how a company is approaching these risks and opportunities. We also conduct channel checks and consult our industry experts to help ensure we have a holistic and unbiased view of the companies we invest in.

Samsung Life Insurance – delivering on South Korea's "Value-up" programme

Samsung Life Insurance is South Korea's leading life insurer, maintaining a 34% market share across industry assets and 21% share of premium income. The company represents a compelling case study in executing South Korea's corporate value-up programme (CVP) through strategic subsidiary restructuring and aggressive shareholder return policies.

The South Korean "Value-Up" programme

In 2024, the South Korean government announced its intention to promote CVP, offering a welcome boost to the country's equity markets. This initiative is similar to the Japanese government's efforts to enhance firms' corporate governance and shareholder returns.

The programme is in its early stages but already gaining traction, with numerous South Korean companies announcing measures such as dividend increases. Initiatives such as the government's one-year tax incentive scheme to encourage retail investors to repatriate overseas equity capital into the domestic market are further driving efforts.[1]

Shareholder return policy

In our recent engagement with Samsung Life, we discussed the company's own progress with regards to the CVP, noting that during earnings calls in 2025, Samsung Life's CFO articulated shareholder returns as the company's "number one priority", with a commitment to expanding payouts on a continued basis toward a 50% dividend payout target.[2]

The material opportunity stems from Samsung Fire's planned treasury share reduction. In April 2024, Samsung Life incorporated Samsung Fire & Marine Insurance as a subsidiary, under the Insurance Business Act. As such, this planned treasury share reduction is projected to significantly increase Samsung Life's earnings and dividends. As Samsung Fire optimises its capital structure, reducing treasury shares while potentially altering its own dividend policy, Samsung Life stands to benefit substantially from improved subsidiary profitability and enhanced dividend contributions flowing up to the parent.

Governance structure

Beyond shareholder returns, we used our recent meeting with Samsung Life to raise other material ESG matters, seeking further information on a new independent director. The director in question has connections to Lee & Ko law firm (which also advises Samsung Group), raising questions over possible conflicts of interest.

Management were able to effectively address this through transparent disclosure of Samsung Group's diversified use of tier-one legal counsel, and the candidate's relevant background as former Minister of Health. The company also advised on its director selection process, operating a robust independent director nomination process through its Candidate Recommendation Committee. This process:

- Accepts nominations from shareholders, employees, and other stakeholders;
- Conducts comprehensive vetting of expertise, ethics, and independence qualifications;
- Applies a skills matrix covering seven core competencies: accounting, finance, economics, insurance/risk management, health, and consumer protection;
- Maintains a three-year initial tenure structure with potential for reappointment (maximum six consecutive years).[3]

Third-party assessment of the company's ESG practices offers further comfort here, with MSCI awarding the company an "A" rating, scoring ahead of its peer group.[4] We will continue to monitor this issue in future interactions with the company.

Summary

Samsung Life Insurance offers a strong example of how leading Asian financial institutions navigate government-sponsored corporate governance initiatives to unlock shareholder value. The company's strategic positioning through Samsung Fire's subsidiary restructuring, combined with its commitment to 50% dividend payouts and strong capital base, positions it as a core value-up beneficiary within South Korea's financial sector.

[1] HSBC Global Investment Research, Best Ideas in Korea, February 2026.
[2] Samsung Life Insurance Q1 2025 Earnings Call.
[3] Samsung Life Insurance ESG Report 2023.
[4] MSCI ESG, June 2026.

ASICS Corporation – strategic inventory management and sustainable business growth

ASICS Corporation is a leading sports performance and lifestyle brand, guided by its founding philosophy of "Anima Sana in Corpore Sano" (Sound Mind, Sound Body). The Japanese company has demonstrated a sophisticated approach to balancing commercial success with environmental responsibility. Through our recent engagement with the company, we have gained valuable insights into how ASICS is leveraging demand cycles not simply to maximise short-term revenue, but rather to advance both profitability and sustainability objectives through intelligent supply chain management.

Riding demand while managing sustainability risk

The Sports Style product category has experienced exceptional demand, driven largely by the "Y2K" trend that continues to captivate global markets. In our direct engagement with ASICS management, we learned that rather than pursuing a traditional approach of maximising production to capture this windfall, the company has adopted a disciplined inventory management strategy that exemplifies forward-thinking supply chain optimisation.

Specifically, through our engagement discussions, ASICS disclosed that it has reduced inventory days for Sports Style products from approximately 150 days to around 80 days. This represents a 47% reduction in inventory holding periods – a significant operational achievement that directly translates into sustainability benefits. By maintaining leaner inventory levels, the company has successfully mitigated several environmental risks inherent to traditional fashion cycles:

1. **Reduced product waste:** shorter inventory cycles minimise the risk of excess stock becoming obsolete or requiring clearance at the end of trend cycles. This directly reduces disposal waste and associated environmental costs.
2. **Lower transportation emissions:** by holding products for shorter periods and reducing overall inventory volume, ASICS decreases the frequency and scale of transportation movements throughout its supply chain, thereby reducing greenhouse gas emissions associated with logistics and storage.
3. **Minimised warehouse footprint:** extended storage periods require significant warehouse capacity and the associated energy consumption for climate control and operations. Inventory optimisation reduces these facility-level emissions.

Breaking the cycle: a new model for fashion retail

ASICS's approach represents a departure from the traditional cycle of overproduction, overstocking, and product waste that has long characterised the apparel industry. This model carries particular relevance for Japanese retail, where seasonal trends and consumer preferences can shift rapidly. By maintaining a dynamic, demand-responsive inventory system, ASICS positions itself to capitalise on emerging trends without the downside risk of stranded inventory.

The strategic rationale is compelling: rather than treating inventory reduction as a cost-cutting measure divorced from business performance, ASICS has positioned it as a value-creation mechanism. Faster inventory turnover improves return on assets, enhances cash flow, and reduces the financial burden of carrying excess stock. Simultaneously, it delivers measurable sustainability outcomes. Management's willingness to discuss this trade-off strategy in detail suggests strong conviction in this approach and confidence in its long-term viability.

Environmental impact in context

In 2024, ASICS achieved a 43.1% reduction in Scope 1 and 2 emissions compared to 2015 levels, with the company's efforts being recognised by CDP, which awarded ASICS its highest climate change rating ("A") for the first time.[5] The inventory optimisation strategy contributes to this performance, though it represents just one element of a comprehensive sustainability framework. ASICS has established ambitious targets across its value chain, including commitments to 100% renewable energy sourcing by 2030 and circular product design initiatives such as the NIMBUS MIRAI™ running shoe, which delivers 57% lower emissions than industry average.[6]

Summary

ASICS's strategic inventory management for Sports Style products exemplifies how companies can achieve simultaneous gains on financial and environmental dimensions. By reducing inventory days by approximately 47%, the company has minimised product waste, transportation emissions, and facility-level resource consumption while maintaining strong business growth – net sales reached record levels in 2024, exceeding ¥100 billion in profit. This case demonstrates that breaking away from traditional cycles of overproduction is both environmentally responsible and commercially prudent, offering a template for peers across the Asian retail and apparel sectors.

[5] ASICS Sustainability Report 2024.[6] Ibid.

China Resources Land – ESG momentum in a state-owned enterprise

China Resources Land (CRL) is one of China's leading real estate developers with significant diversified activities across the Asia-Pacific region. As a state-controlled entity, the company has historically operated within a different governance framework than many of its multinational peers. However, recent MSCI ESG rating improvements demonstrate that CRL is successfully navigating the complexities of ESG management whilst maintaining operational efficiency and shareholder value – an achievement that warrants recognition within the context of state-owned enterprise (SOE) challenges.

Since we first bought into the stock in 2019, we have observed tangible progress across multiple ESG dimensions. Notably, the company was recently upgraded to "AA" by MSCI ESG, the second highest possible rating. This trajectory is particularly notable given CRL's status as an SOE; historically, these companies have faced structural headwinds in ESG assessments with third-party providers due to issues such as governance complexity and state ownership concentration, alongside broader barriers such as language, and overall depth of ESG knowledge. Yet the company has demonstrated measurable improvement over the past 18 months, reflecting systematic enhancements to management practices and operational oversight.

Social pillar strength: health and safety as a driver

Particularly compelling evidence of management commitment emerges in the Social pillar, namely within health and safety management. Between September 2025 and June 2026, CRL's Health & Safety score improved substantially from 3.4 to 6.0 – a 76% improvement in less than nine months. This dramatic uplift reflects not incremental refinement but fundamental reorientation of management priorities.[7]

Underpinning this performance are demonstrated practices that extend well beyond baseline compliance: the company maintains comprehensive health and safety policies applicable to contractors, embeds safety performance in CEO compensation metrics, dedicates an executive body to strategy and performance oversight, and includes contractors in disclosed health and safety metrics. Total Recordable Injury Rate and Lost Time Incident Rate scoring (6.9 and 6.5 respectively) coupled with a fatalities score of 10.0 indicates robust operational discipline.[8]

CRL also scores highly for Product Safety & Quality, falling into the highest quartile performers in its peer group. This strength reflects established practices in responsible marketing, supplier training on quality standards, and quantitative performance reporting, areas where many regional competitors lag.

Navigating governance complexity

As a state-owned enterprise, CRL has substantial government ownership, which warrants closer scrutiny and can pose inherent conflicts between maximising minority shareholder returns and state policy objectives. However, the company's stable management team, demonstrated by a long track record of consistent execution, provides reassurance on stewardship quality. This stability is further evidenced by healthy financial metrics and a disciplined capital allocation approach, reflected in a consistent dividend payout ratio of 37% over the past several years, signalling that management has successfully prioritised sustainable shareholder returns alongside state policy objectives.

Environmental performance

We regard green building practices to be a key opportunity for CRL, with the company operating 384 green-certified projects, and 100% of new projects designed to green building standards.[9] This scale of implementation positions CRL among leading Chinese developers in green building integration.

The company differentiates itself in this area through technical sophistication. CRL has established an R&D partnership with Tsinghua University's Institute focused on sustainable development and Dual Carbon goals, developing proprietary solutions in building thermal comfort, daylight optimisation, and intelligent heating/cooling systems. Operationally, these translate to measurable outcomes: the company's 26 newly-completed commercial projects achieved average annual energy savings of 30.7 GWh versus industry baselines.[10] Specific examples underscore execution capability, including the company's design of Wuhan Guanggu Mixc World, which realised a 60.19% comprehensive energy-saving rate and 34.47% carbon reduction rate.[11]

2030 targets signal management commitment to sustained acceleration: 100% high-star green certification for wholly-owned operational real estate, three carbon-neutral demonstration buildings, and zero-carbon power across all premium shopping centres.[12] Critically, CRL has monetised these capabilities through premium tenant partnerships, notably a strategic sustainability collaboration with Kering Group on "zero-carbon store" pilots, demonstrating that green building performance translates to commercial value. For equity investors, this represents environmental performance that is neither rhetorical nor constrained by legacy portfolio challenges, but actively driving asset differentiation and lease economics.

Summary

China Resources Land's ESG trajectory over the past nine months demonstrates that state ownership need not preclude ESG progress. The magnitude of health and safety improvement, coupled with maintained product quality standards and increasing governance transparency, suggests management has internalised stakeholder expectations around ESG materiality. The team will continue to monitor execution on green building performance and further governance transparency, validating the trajectory of the company's ESG profile.

[7] MSCI ESG Ratings Full Report, China Resources Land Limited, 23rd March to 15th June 2026. [8] Ibid. [9] China Resources Land Sustainability Report 2025. [10] Ibid. [11] Ibid. [12] Ibid.

Country level ESG assessment

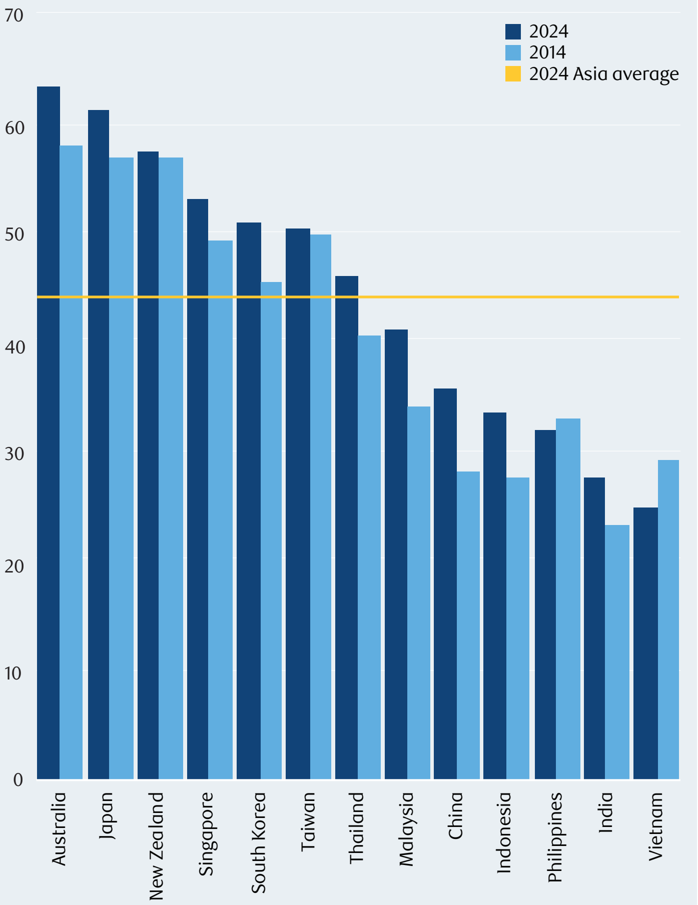
This section of the report focuses on country level ESG factors based on external research. Companies are affected by the environment of the countries in which they operate. We believe that countries with improving or higher ESG performance are more likely to deliver sustainable growth compared to countries with falling or lower performance. In this section, we track changes in ESG performance measured by independent third-party providers.

Methodology
For the environmental factor, we use Yale University's Environmental Performance Index ("EPI").[13] Using 58 performance indicators across 11 issue categories, the EPI ranks 180 countries on climate change performance, environmental health, and ecosystem vitality.

For the social factor, we use Freedom House's Freedom in the World Index ("FWI").[14] FWI evaluates the state of freedom based on two subcategories: political rights and civil liberties. Each country is assigned a score between zero to four points across 25 indicators, for a potential total score of 100.

For country governance, we use Transparency International's Corruption Perceptions Index ("CPI").[15] The CPI draws on at least 3 and up to 13 surveys and expert assessments to measure public sector corruption in around 180 countries and territories, giving each a score from zero (highly corrupt) to 100 (very clean).

Environmental
Exhibit 6: Asia's EPI by country (out of 100)



Source: Yale University EPI, as at 2026.

[13] Yale Center for Environmental Law & Policy, Environmental Performance Index, 2024.
[14] Freedom House, Freedom in the World Index, 2026. [15] Transparency International, Corruption Perceptions Index, 2025.

Observations
The average EPI in Asia was 44.3 in 2024, an increase over the 2014 average of 40.8 (Exhibit 6). Overall, Asia had a lower EPI score than the global average of 46.9, which increased over the 2014 global average of 44.5.

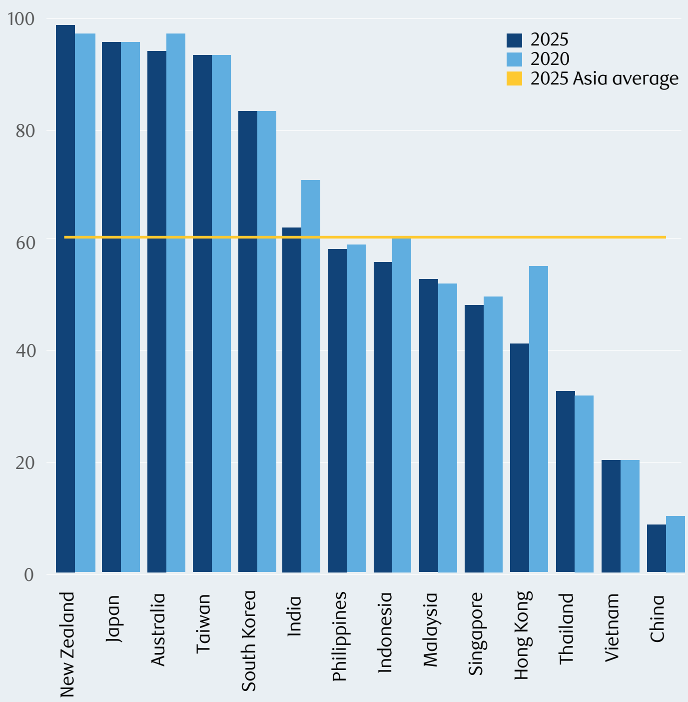
Unsurprisingly, the more developed countries in Asia have a higher environmental score, as they are financially able to address their environmental footprint. It is positive to see that most developing countries in Asia have shown progress into 2024, notably India who had previously made little progress in the ten years to 2022. Exceptions were Vietnam and the Philippines, which both regressed.

The countries with the most significant improvements include China, Malaysia and Indonesia. China has contributed to improvements in global warming and air quality, by reducing its black carbon emissions. Indonesia and Malaysia have helped to slow the decline in biodiversity and improve carbon capture by keeping their losses of primary forests at record lows.

Vietnam was the only country showing notable regression within Asia. Over the last decade the country's coal usage nearly tripled as its economy expanded rapidly, especially in the industrial sector. Severe drought and heatwaves have affected the country's ability to generate hydro-electric power. The country also scored poorly on climate change, with high growth of greenhouse gases.

Vietnam's 10-year EPI regression puts it in a notable position of environmental risk, with worsening threats to biodiversity already affected by habitat loss. Policies have been implemented to accelerate the deployment of more sustainable energy sources like solar and wind, but its distribution grid has struggled to adapt to these less consistent sources of energy.

Social
Exhibit 7: Asia's FWI by country (out of 100)



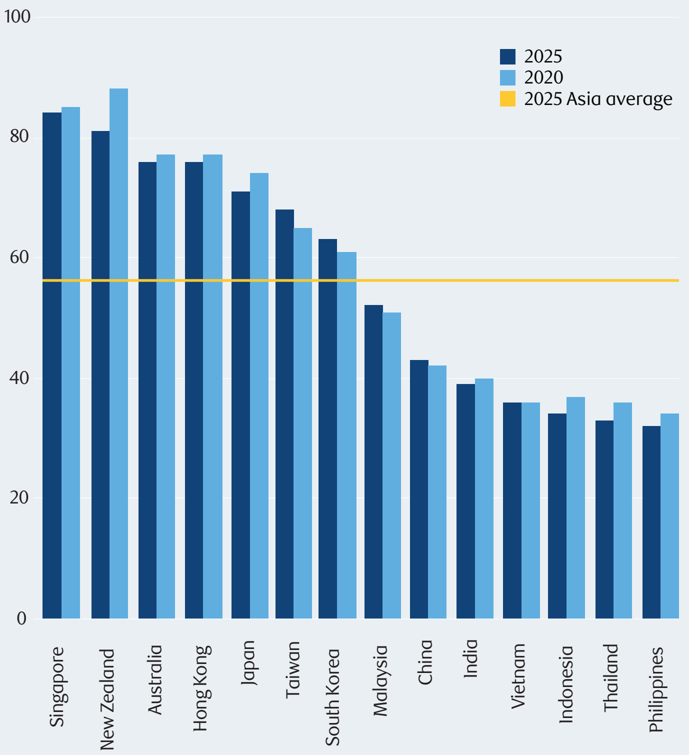
Source: Freedom House, as at 2026

Observations
In Asia and globally, we have seen a deterioration in the political rights and civil liberties of citizens. The average FWI in Asia was 60.4 in 2025, a decline from the 2020 average of 62.6 (Exhibit 7).

Hong Kong's FWI score has decreased by 14 points since 2020. India also experienced a marked decline in its FWI score, falling by 9 points since 2020. The BJP continued to consolidate political power nationwide over the course of 2025. The party regained control of Delhi for the first time in 27 years in February's state elections, and in November, Modi's National Democratic Alliance (NDA) coalition secured a decisive win in the Bihar state assembly elections. Opposition leaders accused the BJP of manipulating the polls in Bihar by imposing unduly burdensome eligibility verification requirements on voters in the months ahead of the vote.[16]

Furthermore, a terrorist attack in April on a group of tourists in Indian-administered Kashmir sparked a brief but serious military clash between India and Pakistan, whose forces traded air strikes and artillery bombardments before declaring a fragile truce.[17]

Governance
Exhibit 8: Asia's CPI by country (out of 100)



Source: Transparency International, as at 2026.

Observations
The average CPI across our covered regions of Asia was 56.3 in 2025, a small decline from the 2020 average of 57.4 (Exhibit 8). Overall, Asia had a higher CPI score than the global average of 42.0, which was slightly down compared to the 2020 global average of 43.3.

We have seen improvements from the last set of published data (2024) in Hong Kong, Japan, South Korea, China and New Zealand. Countries that have regressed include Malaysia, India, Vietnam and Indonesia.

The survey considers metrics such as the openness of civic space, indicating that, as it becomes more restricted, anti-corruption environments typically become weaker. In 2025, frustration within the Asia Pacific region surrounding weak governance and limited accountability was evident. In the Philippines, allegations that a substantial amount of public funds were lost to a fake flood relief project exacerbated discontent, particularly amongst the country's younger generations.[18] In Indonesia, anti-government protests were met with violence, culminating in hundreds of injuries and multiple deaths.

In other countries, we have seen a marked improvement in anti-corruption policies, South Korea included. The long-term improvements reflect sustained momentum with reforms and broad political consensus in favour of clean governance. Over the past 10 years, South Korea has tightened rules for conduct of public servants and stronger institutional safeguards, including whistleblower protection.[19]

Summary
We believe that the world will struggle to make meaningful progress with regard to climate risk without improvement from India and China, which, along with the United States, continue to account for over half of global greenhouse gas emissions.[20] In the areas of social and governance, Asia has seen a small decline but continues to perform better than the rest of the world. The country analysis highlights that countries with high ESG risk within Asia include Vietnam (environmental), China (social), and the Philippines (governance). When we meet management teams of companies that are based in, or operate in, these countries, we need to be particularly aware of the specific risks. Countries that have shown positive trajectories include China (environment), New Zealand (social) and Taiwan (governance).

[16] Freedom House, Freedom in the World Index – India, 2026. [17] Freedom House, Freedom in the World 2026. [18] Gulf News, Philippines flood control scam by the numbers: 421 of 8,000 are 'ghost projects', October 2025. [19] Transparency International, Corruption Perceptions Index, 2025. [20] Yale Center for Environmental Law & Policy, Environmental Performance Index, 2024.

ESG thought pieces

Japan's IT services paradox

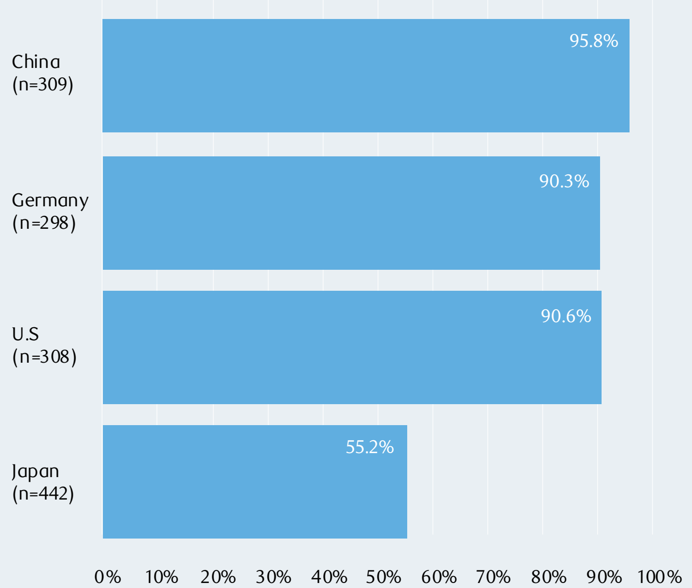
Key takeaways

- For the global IT services sector, financial markets have spent the past 18 months increasingly pricing in a challenging narrative: that AI will disrupt the industry by enabling end-user companies to build capabilities in-house, and risk rendering external providers obsolete.
- An "Anthropic shock" from the U.S. AI company Anthropic in early 2026 further crystallized this fear, triggering a broad sell-off across systems integrators (SIers) around the world.
- While disruption risk for SIers may be legitimate in markets such as the U.S. and Europe, applying the same thesis to Japan, in our view, overlooks important nuances arising from the country's demographic and social make-up.
- For Japan, this potentially creates an IT services paradox: the same AI trend that threatens demand for SIers globally may increase corporate reliance on them in Japan – but as Japan faces an acute shortage of IT talent, that reliance could quickly become a material ESG risk.

Japan as an outlier

As global IT services companies come under pressure from AI-led efficiency gains reducing the need for external services, Japan appears to be something of an outlier. The country's relatively low tech-fluency and limited integration help explain why Japan does not necessarily fit the global narrative. We can see this in the rate of business use of generative AI among Japanese companies, where Japan significantly lags other countries at just 55%, versus 90% or more across other markets (Exhibit 9).

Exhibit 9: Japan significantly lags global peers when it comes to AI adoption
Rate of Generative AI use in business operations by company (by country)



Source: Ministry of Internal Affairs and Communications, BofA Global Research, as at April 2026.

In addition to the lower adoption rate, Japanese companies also report lower user satisfaction levels, as well as narrower application: businesses have primarily been implementing AI across non-mission-critical, and typically more basic, systems, prioritising its implementation in administrative tasks.[21]

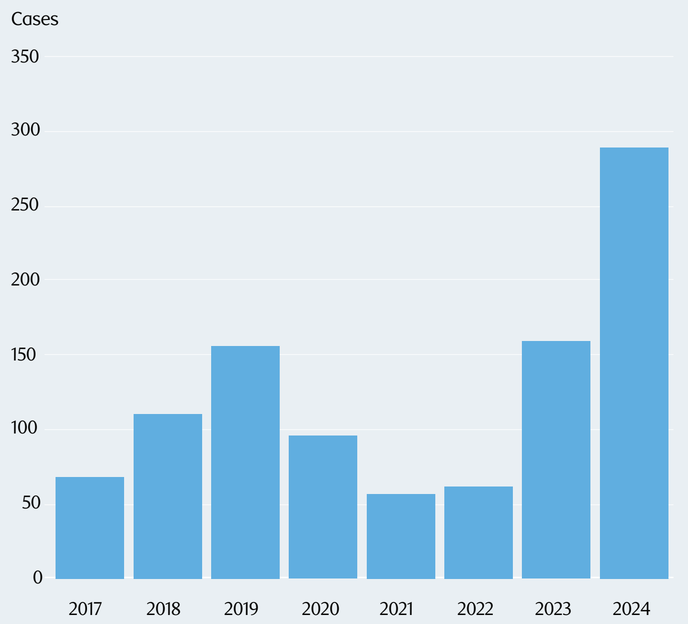
Furthermore, Japan has a notably small pool of IT professionals, representing just 2.5% of the country's total workforce (for comparison, this figure rises to 3.5% in the U.S., 4.0% in the UK, and 5.7% in Germany).[22] What is particularly striking about this pool, however, is the fact that just 25% of it is made up of in-house IT professionals (compared to 63% in the U.S., and 60% in both the UK and Germany), with the remaining talent being concentrated in the IT sector.[23] As a result, this leaves end-user companies in Japan with limited internal capacity.

This, then, is the paradox at the heart of Japan's IT services market: while many countries are seeing a shift away from SIers as AI reduces the need for their services, Japan appears to be becoming increasingly dependent on SIers in order to help companies navigate and build out AI capabilities.

Social and demographic headwinds

Beyond the need for external IT expertise, Japan's demographics also pose a significant risk to the ability of Japanese companies to serve this demand. Indeed, on a broader market scale, the country's aging population, coupled with lower fertility rates, is contributing to a shrinking working-age population. This has left Japanese companies increasingly referencing labour shortages in their annual reports (Exhibit 10), with this squeeze even becoming a material bankruptcy risk given increasing competition and wages for workers.[24]

Exhibit 10: Bankruptcies as a result of labour shortages are on the rise

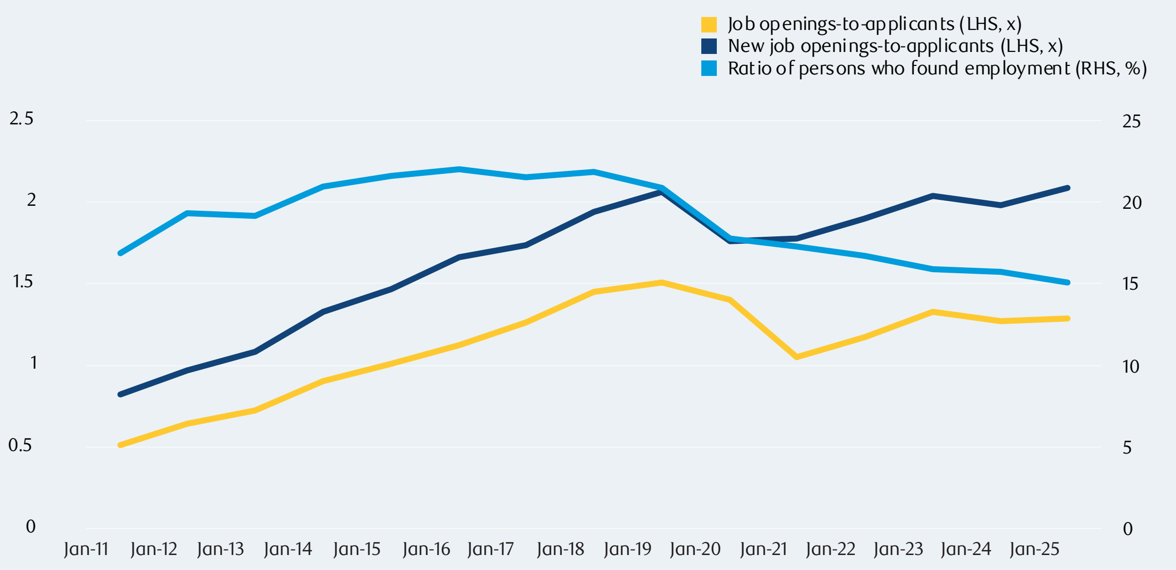


Source: Goldman Sachs, Tokyo Shoko Research, Mynavi Career Research Lab, as at December 2024.

[21] BofA Global Research, Deep-dive Japan IT Services: structural differences limit AI disruption, 15 April 2026. [22] Ibid. [23] Ibid. [24] Goldman Sachs, Labour Risks – How companies are adapting to aging and declining labour pools, 12 November 2025.

Crucially, a skills gap appears to be emerging: although the number of job openings per applicant has increased over the last 15 years, the ratio of applicants who were able to find work has decreased (Exhibit 11). This indicates that, not only are there not enough skilled applicants to meet current demand, but this shortage will likely only escalate in the future given digital transformation needs are expected to increase.

Exhibit 11: A skills gap appears to be emerging as job openings increase but successful applicants decrease

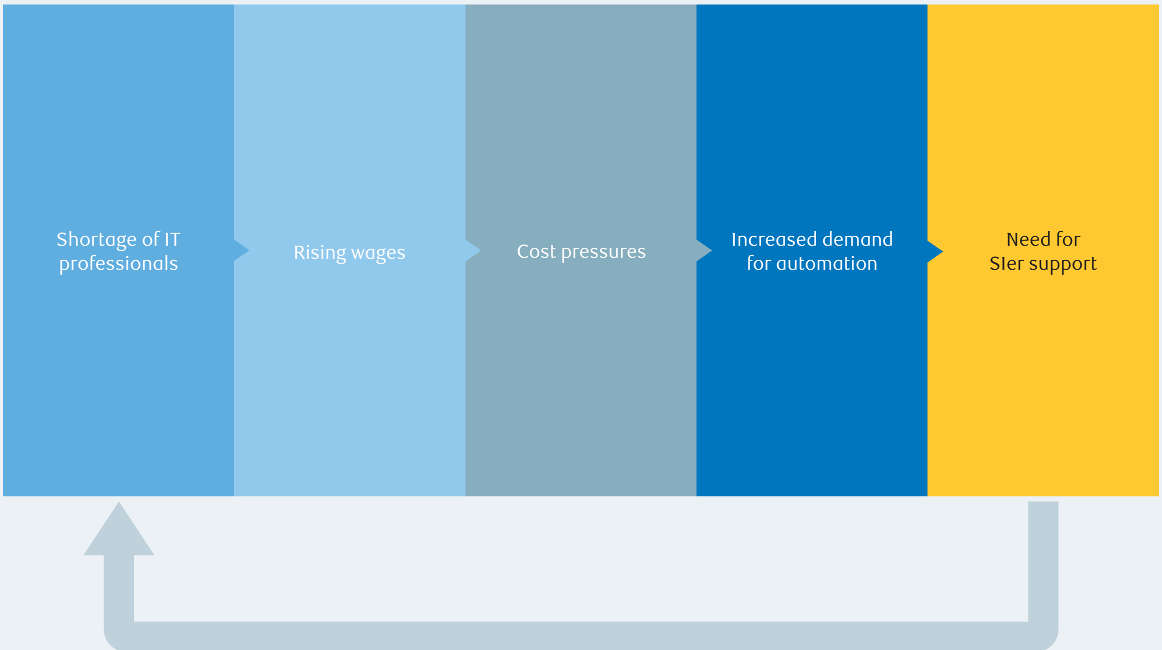


Source: Ministry of Health Labour and Welfare of Japan, Goldman Sachs Global Investment Research, as at January 2025.

Broader societal issues compound this structural challenge: the gender imbalance within tech (and poor participation of women in STEM more broadly), low labour mobility and limited opportunities for retraining, high urban concentration draining regional areas of skilled workers, and Japan's immigration policies which limit the influx of external talent.

Facing these cumulative headwinds, Japan appears to be stuck in a supply-demand feedback loop: fewer IT professionals lead to higher wages and rising cost pressures for companies, driving demand for automation and increased SIer support, even as SIers themselves face existing talent shortages (Exhibit 12).

Exhibit 12: Existing talent shortages



Source: RBC GAM, as at July 2026.

ESG materiality
As Japanese companies navigate these challenges, their management of the associated ESG risks and opportunities is worth considering. Businesses with a strong understanding of these have the opportunity to create competitive advantages in a market where the talent pool is arguably tighter than ever.

In a labour market where IT professionals are scarce, companies need to be forward-thinking: better-positioned companies will expand their addressable talent pool through diversity initiatives; they will offer retraining and career mobility that keeps talent for longer and reduces costly attrition; and they will demonstrate genuine work-life balance to attract talent from competitors clinging to legacy operating models. In sum, those companies that recognise talent scarcity as a permanent feature of Japan's future – and not just a temporary constraint – will have the opportunity to build durable competitive advantages.

Risks to the thesis
While a bull-case for Japan's SIers appears to be emerging, it is important to be cognisant of the risks to the sector given the pace at which frontier AI models are evolving. Indeed, subsequent technological innovations could have significant disruptive power: for example, the emergence of autonomous software, capable of handling everything from understanding initial requirements to implementation, has the potential to replace traditional engineering roles.

In addition, despite widespread labour shortages, we may still see a move by client companies to in-source system development. As examined earlier in this piece, this has historically not been the preferred approach in Japan, but with AI agents using natural language for development, negating the need for professional engineers, and the cost-saving benefits versus outsourcing to SIers, we may yet start to see a shift in corporate habits.

Investment implications
Taken together, these market conditions, along with the disruption of AI, have the potential to lead to a structural realignment of the IT services sector – where margin expansion and consolidation could become defining characteristics. As AI utilisation increases, the largest SIers could capture margin expansion by reducing outsourcing costs – although this might come at the expense of subcontractors engaged in downstream processes

So far, Japan's SIers have demonstrated more resilience than their global peers in response to the rise of generative AI, leveraging partnerships with global IT vendors to their advantage. Historically, these vendors have penetrated Japan's market through partner-led sales via SIers, an ecosystem that is well-established, and one that has been gaining traction with major global AI players. Indeed, this year we have seen Anthropic announce a strategic collaboration with NEC, a leading Japanese IT services company, to roll out industry-specific AI products to the Japanese market.

For investors in the region, an active and ESG-conscious approach to portfolio management is key to understanding these market conditions and how they may evolve. Japan's unique demographic and social characteristics mean the country's outlook for IT services does not necessarily align with broader global trends. The opportunity, then, lies in identifying which businesses may be best positioned to thrive in such a rapidly evolving environment.

Scale, scope and strategy: the pillars behind China's battery dominance

Key takeaways

- China's resilience in global export market share has been remarkable – even in the face of trade tensions and protectionism – supported by deliberate scale, scope and strategic intent
- With dominance in battery technology, reinforced by vertical integration and a wide competitive moat, China's national champions are playing a leading role in advancing global decarbonisation
- For equity investors, this creates a compelling opportunity, in our view, to gain exposure to one of the most important structural growth themes in the global energy transition

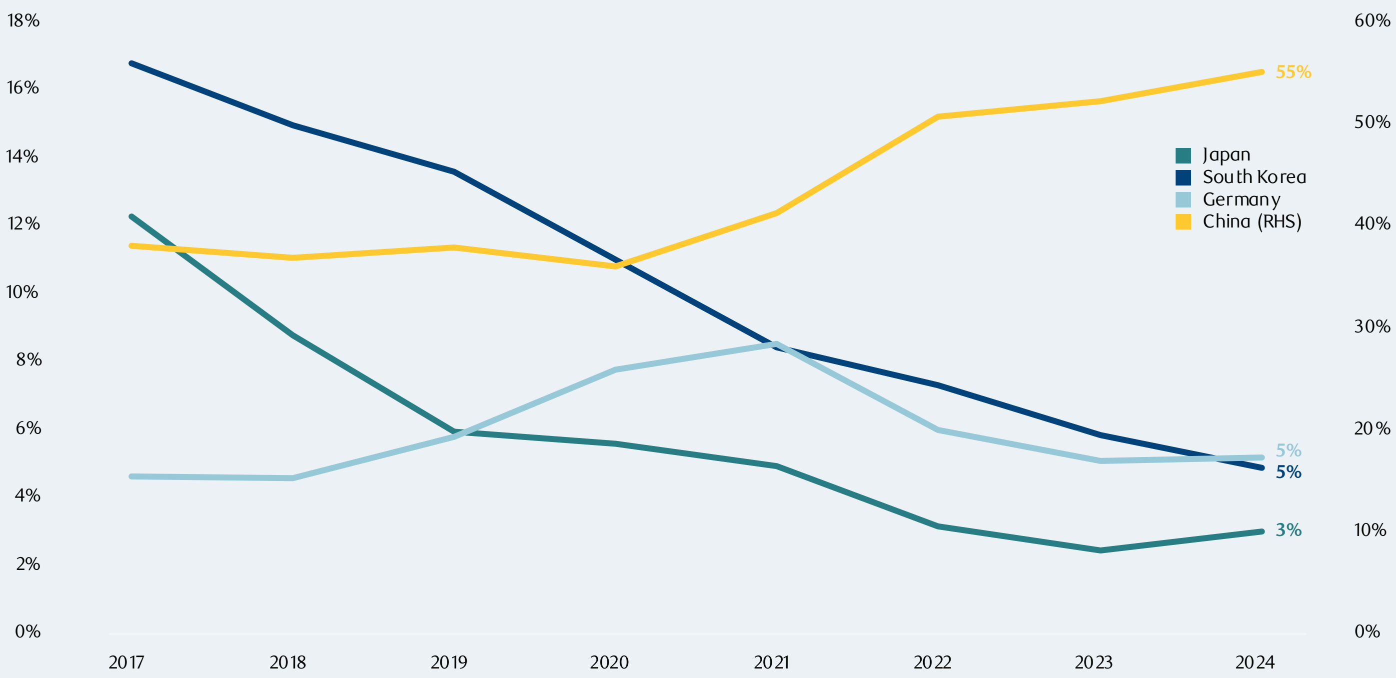
A picture of global export dominance

China's position in the global export market has proven remarkably resilient. Even against a backdrop of persistent trade tensions and continued protectionism, the country has continued to steadily gain export market share, running a trade surplus with 177 out of 225 economies and accounting for 15% of global exports, a figure that is expected to reach 16.5% by 2030.[25]

The foundation for China's competitive edge is robust – based on the pillars of scale, scope and strategic intent – and should allow it to sustain its dominance in global manufacturing. This stands even as trade partners look to diversify away from the market in response to geopolitical tensions, U.S. tariff uncertainty, and concerns over over-reliance on Chinese supply chains.

New energy technology is just one area where China maintains a wide competitive moat, with the government laying out ambitious plans to further advance this sector in its 15th Five-Year Plan (governing the period 2026 to 2030). The country holds significant market share in solar products and electric vehicle (EV) exports (at 46% and 25%, respectively), but its dominance in the lithium battery market is greater still: accounting for 54% of global exports, China has taken significant market share from Japan and South Korea during the past five years (Exhibit 13).[26]

Exhibit 13: China has been winning significant market share in battery exports from Japan and South Korea
Global export share: lithium-ion batteries



Source: WITS, Morgan Stanley Research.

[25] Morgan Stanley, Why China will widen its lead in global manufacturing exports, 7 December 2025.
[26] Ibid.

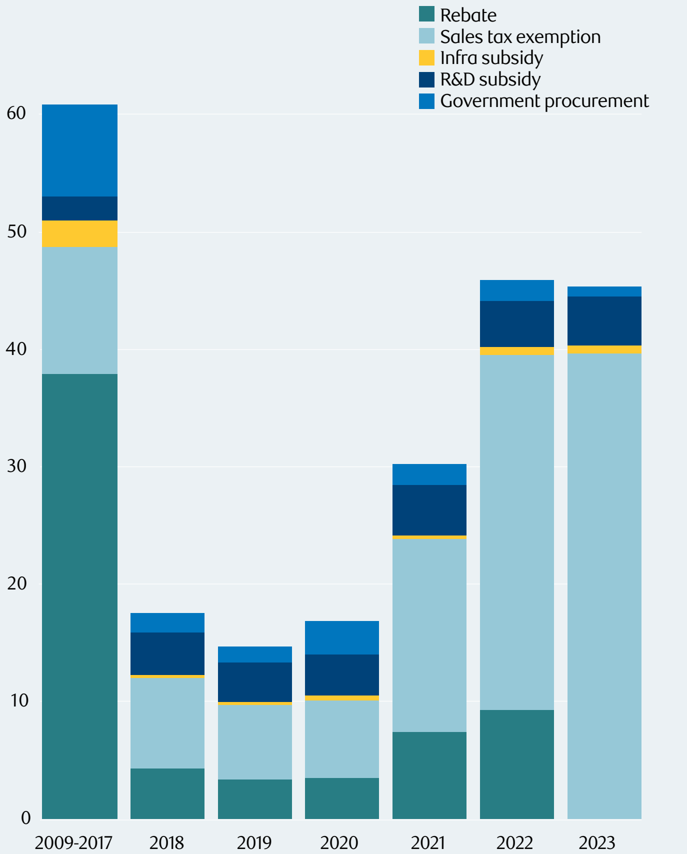
How China built its moat

China's dominance in battery technology has been carefully and deliberately built during the past decade, resting on three foundational elements: strategic acquisition of foreign technology, significant state subsidies and an intensely competitive domestic market. Together, these elements have propelled the country to become a global leader in battery technology, building high barriers to entry and securing its dominant position in the green technology movement.

China initially began building out its capabilities in battery technology in the mid-2000s, leveraging foreign direct investment to achieve technological "catch-up." International firms were drawn to the country's vast domestic market, although they were generally granted access only through the formation of joint ventures and sharing technology with local partners. This allowed Chinese firms to adopt and localise foundational technologies, effectively bypassing years of research and development to achieve cutting-edge technology.

This foundation was bolstered by extensive government support in the form of subsidies, with state-financed supply-side production and consumer rebates creating dual-pronged fiscal support that cultivated significant growth. The "Ten Cities, One Thousand Vehicles" program, launched in 2009, is one example of this, helping to subsidise the entire EV value chain, including lithium-ion battery manufacturers. This program ran until 2012, but other initiatives have ensured a steady stream of government support, demonstrating its strong commitment to new energy technology (Exhibit 14).

Exhibit 14: Chinese government support for the full EV value chain has been extensive and sustained
Industry policy spending for China's EV sector (USD billion)



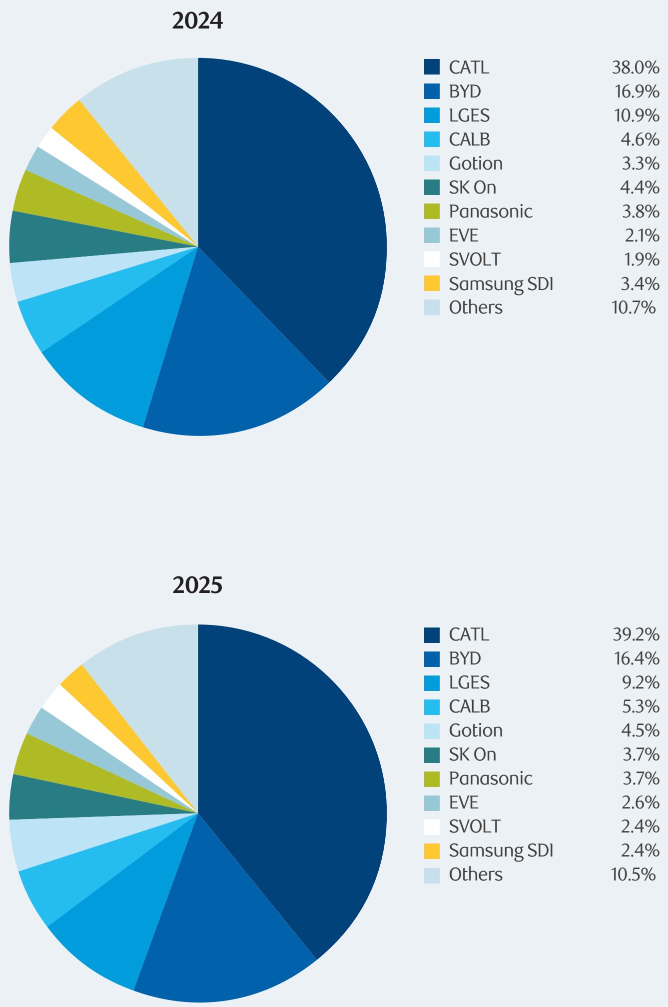
Source: Center for Strategic and International Studies, Natixis.

Alongside this significant state support, the government has helped to foster an environment of intense competition in the sector. Price wars among domestic firms are weeding out inefficiencies and leading to the emergence of globally competitive businesses, with China's battery export prices falling since the end of 2023.[27] Businesses are compressing profit margins to gain market share – a dynamic that is likely to accelerate industry consolidation and support the emergence of an oligopoly.

China's leading players drive consolidation and vertical integration

This intensely competitive environment has resulted in rapid consolidation, with China's battery sector increasingly dominated by a handful of powerhouse manufacturers. Two companies in particular, Contemporary Amperex Technology Co., Limited (CATL) and Build Your Dreams (BYD), have emerged as the clear leaders in the battle for scale, together capturing over half of global market share. Even among these two champions there is a clear winner in the space, with CATL accounting for more than twice BYD's market share and more than three times that of the next runner-up, LG Energy Solution (South Korea) (Exhibit 15).[28]

Exhibit 15: CATL stands out as the main contender in global battery markets, steadily gaining market share
Global EV battery market share (%)



Source: UBS Research, SNE Research.

[27] Natixis, China green tech and its industrial policy, May 2026. [28] UBS, Contemporary Amperex Technology: Natural winner of 2026 battery teardown, February 2026.

CATL's ascent to global leadership illustrates China's strategic approach to building out the sector, bolstered by sustained domestic policy support. It also introduces another competitive advantage of China's leading battery manufacturers: vertical integration.

China has established and maintained commanding positions in critical mineral processing, with this upstream integration creating significant competitive advantages for Chinese battery makers. The country has a near-monopoly on global refining capacity, accounting for nearly 90% of rare earth processing, 70% of graphite refining and 60% of lithium chemical conversion.[29] This means that, even as material extraction occurs globally, the value-added processing that transforms ore into battery-grade materials remains concentrated in China. Accordingly, this geographic concentration of processing capacity creates a bottleneck that competitors cannot easily bypass.

CATL has carefully leveraged this home-advantage, constructing a supply chain spanning the entire battery value chain. The company pursues multiple strategies simultaneously: expanding into upstream mineral resources, engaging in self-production of critical materials, securing long-term supply contracts and maintaining strategic investments in suppliers.[30] This integration delivers substantial competitive advantages: it helps insulate CATL from raw material volatility, strengthens supply chain resilience during disruptions and drives down costs to levels well below those of overseas competitors.

Beyond this vertical integration, the company's strong leadership in product technology and manufacturing amplifies its moat. Propelled by China's highly competitive domestic landscape, CATL maintains high research and development (R&D) spending across its entire value chain, accelerating breakthroughs in battery materials, architecture and AI-driven management systems.[31]

A catalyst for global decarbonisation

With businesses such as CATL dominating battery markets, China's role in global decarbonisation becomes increasingly significant. The cost reductions driven by Chinese battery makers have made EV adoption economically viable for mass-market consumers and original equipment manufacturers (OEMs) globally, particularly in developing economies where cost remains a primary barrier to technology adoption. This represents a genuine catalyst for global decarbonisation: lower battery costs are accelerating EV penetration and enabling renewable energy deployment at a pace that would arguably have been impossible with higher-cost alternatives, supporting the world's collective climate transition. Globally, we are seeing battery EV (BEV) market penetration steadily rising, with Europe's BEV penetration expected to reach 40% by 2030 and China's edging towards the 50% mark.[32]

The benefits of broader access to this type of green technology are clear; in China alone, BEV penetration of approximately 34% could avoid at least one billion tonnes of emissions – the equivalent of Japan's total emissions in 2020.[33] Battery recycling practices have also significantly improved during the past few years, with China's waste EV battery collection rate reaching 90%.[34] These practices not only bring significant environmental benefits but also enhance the country's resource security as valuable metals recovered in the process can be used as raw materials.

Investment implications

China's commanding position in global battery markets represents far more than a commercial triumph – it is a cornerstone of the global decarbonisation agenda. By driving down battery costs through scale, technological prowess and vertical integration, Chinese manufacturers such as CATL are enabling widespread access to clean energy technology, contributing to mass-market EV adoption and renewable energy deployment across developed and emerging economies alike.

For equity investors, this convergence of environmental imperative, sustained competitive moats and robust policy support creates a compelling opportunity: China's battery champions are not merely positioned to capitalise on a structural shift toward decarbonisation, but are actively building the infrastructure that will help underpin the global clean energy transition.

[29] UBS, Net Zero Transition Materials, November 2025. [30] CICC, Contemporary Amperex Technology: Global lithium-ion battery leader starting a new chapter in global expansion, December 2025. [31] Ibid. [32] Deutshce Bank Research, European Automotive: Kickstarting Electrification, December 2025. [33] Bloomberg Intelligence, February 2023. [34] UBS, APAC Focus: Battery recycling in China - don't waste the opportunity, September 2023.

Australia's social media age ban: a digital turning point for society and markets

Key takeaways:

- A global first — and a warning shot for platforms: at the end of 2025, Australia became the first country to ban under-16s from social media, with penalties of up to AUD49.5 million for platforms that fail to comply.
- Where Australia leads, the world follows: the regulatory wave is spreading fast, with countries such as Malaysia, Singapore, Japan, France and the UK following suit, and a potential 83 million children across Asia Pacific (APAC) and Europe impacted.
- A policy shift re-shaping portfolios: for equity investors, a societal policy change of this magnitude presents some near- to medium-term risks, as well as strategic opportunities across multiple sectors. How companies respond to these new societal and legislative shifts will be key.

On December 10, 2025, the Australian Government's social media ban for children under the age of 16 (under-16s) came into force, restricting access to major platforms and requiring companies to adopt age-based controls. Platforms that fail to comply face penalties of up to AUD49.5 million.

These restrictions mark a significant response to mounting evidence that social media is contributing to rising levels of anxiety, depression and other mental health challenges among young people: Australia's National Mental Health Commission has found that "half of all adult mental health challenges emerge before the age of 14."[35]

While Australia's restrictions represent a global first, other nations are likely to follow suit with similar measures. As regulatory responses take shape, they will likely carry important implications not just for society but also for markets and investors across APAC and beyond.

The catalyst for change

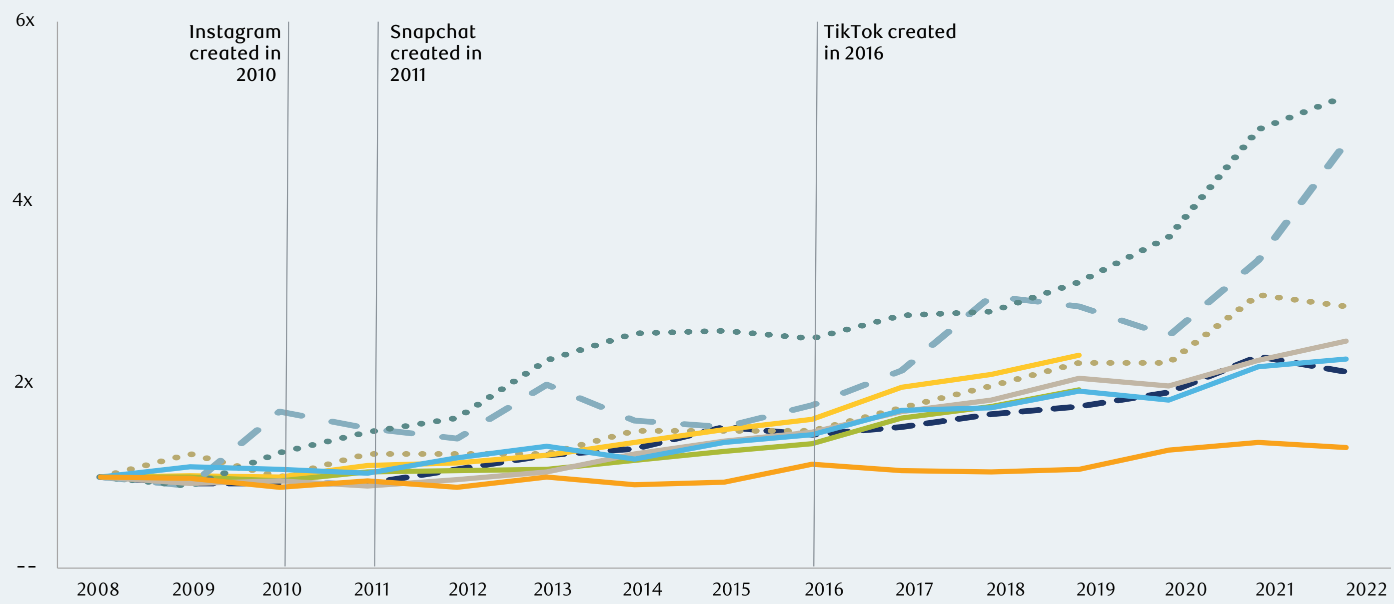
A growing body of research around the world has examined the youth mental health crisis and its links to smartphones and social media (Exhibit 16). Jonathan Haidt, a New York University Stern professor and author of The Anxious Generation, has been particularly instrumental in this movement – indeed, his work was

Exhibit 16: Examining links between mental health trends and the creation of major social media platforms

Incidence of anxiety and depression in US teens

- Major depressive episodes in the last year (US teenage boys)
- Percent of US undergraduates with anxiety
- US emergency department visits for self-harm (boys aged 10-14)
- Percent US anxiety prevalence (age 18-25)
- Percent US anxiety prevalence (age 35-49)
- Major depressive episodes in the last year (US teenage girls)
- Percent of US undergraduates with depression
- US emergency department visits for self-harm (girls aged 10-14)
- Percent US anxiety prevalence (age 26-34)

	X 2008	% of population
Depression - teen girls	2.9x	11.5%
Depression - teen boys	2.2x	28%
Depression - undergrads	2.3x	12.28%
Anxiety - undergrads	2.5x	19.95%
Anxiety (35-49)	1.3x	7.54%
Girls self-harm (10-14)	5.2x	635/100k
Boys self-harm (10-14)	2.5x	134/100K



Source: UBS Evidence Lab, National Survey on Drug Use and Health, American College Health Association, CDC, company data, as at December 2022.

[35] Australian Government, National Mental Health Commission, September 2023.

a catalyst for nationwide legislation in Australia after the wife of South Australia Premier Peter Malinauskas read Haidt's book, and urged her husband to act.

Haidt's research identified several concerning trends among global youth, including sharp upticks in self-reported anxiety, hospitalizations for self-harm, and suicide rates over the past 15 years.[36] Examining causality, Haidt observed that childhood had moved from "play-based" to "phone-based," exposing minors to a broadly unregulated world of online harassment and harmful content.[37]

After studying Haidt's work, Premier Malinauskas drove the campaign for a social media ban for young people. With over three-quarters of Australians backing the ban, the government passed the legislation in November 2024.[38] Such broad-based support reflects the scale of ongoing concern around the links between youth mental health and early social media exposure.

Societal benefits

An important theme behind Australia's pioneering legislation is that it places the burden of compliance firmly with the platform and not the user. Measures intended to restrict platform usage among Australia's under-16s include requiring platforms to deactivate and remove existing accounts, introduce ID-based age verification, and prevent workarounds through the use of virtual private networks (VPNs).

A key intention of the legislation is to reduce the negative impact of social media's design features intended to maximise user engagement, such as "infinite scroll" and "autoplay." By doing so, policymakers are hoping that young people will be empowered to build their community and identity offline, reclaiming a more traditional, play-based childhood.

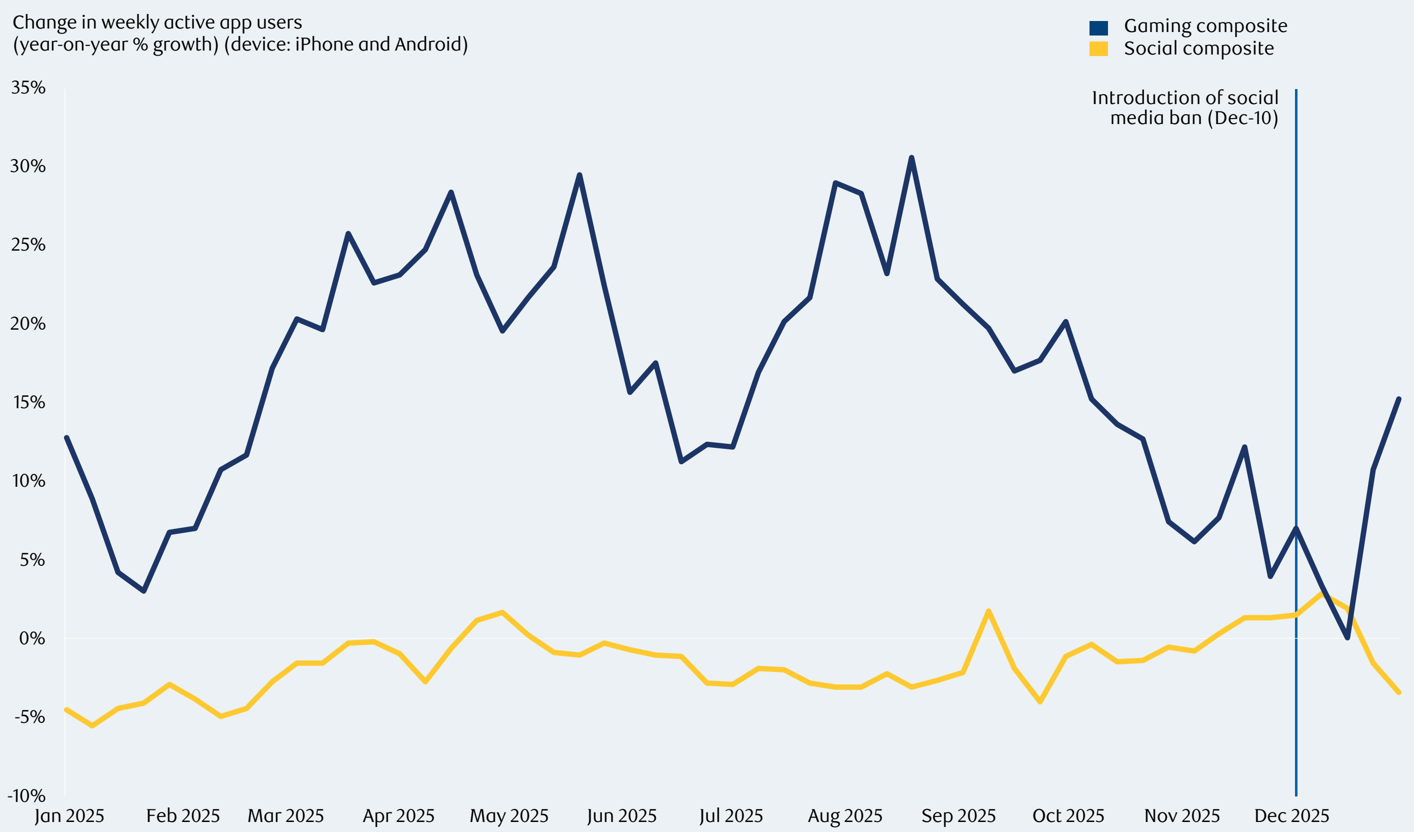
If the ban works as intended, the societal benefits could be substantial: improved health as a result of increased physical activity, stronger communities built on face-to-face interaction, and longer-term productivity gains due to improved sleep, mental resilience, and reduced burnout.

The story so far

In the few days following the law coming into force, 4.7 million accounts were reportedly closed across in-scope platforms.[39] Given that children aged 8 to 15 account for approximately 5%, or 2.6 million, of Australia's population, this suggests many young users held multiple accounts across different platforms. Tempering that success, however, other data point to more mixed results, while media reports have also highlighted gaps in age-verification enforcement protocols.

Despite these initial stumbling blocks, there are signs of behavioural shifts: social media usage has declined since the ban, while gaming composites have seen user growth (Exhibit 17). While seasonality remains a consideration at this early stage of monitoring, the trend so far points to a displacement rather than a reduction in young people's screen time.

Exhibit 17: Social media usage falls following the ban, as gaming sites appear to win displaced users



Source: UBS Evidence Lab, Sensor Tower, as at January 2026.
NB: composites made from simple average: social (Facebook, Instagram, Snapchat, TikTok, Twitch, X and YouTube) and gaming (Oculus, PlayStation, Roblox, Steam, Xbox).

[36] The Anxious Generation, Jonathan Haidt. [37] Ibid. [38] YouGov, Support for under-16 social media ban soars to 77% among Australians, November 2024. [39] Australian government: Social media age restrictions. 16 January 2026: eSafety reports that age-restricted platforms removed access to 4.7 million under-16 accounts across Australia by mid-December 2025.

Stumbling blocks
Although the catalyst for a youth social media ban might be broadly similar across countries, regulation is likely to vary. In particular, we see regulatory fragmentation regarding age thresholds, where, for example, Australia's ban affects under-16s, but proposals in France and some other European countries appear to be aimed at children under the age of 15 (under-15s). This creates complexity for global platforms, requiring them to navigate a potentially contradictory regulatory landscape. In some cases, those companies that operate globally may find it more efficient to adopt the most restrictive standard worldwide, affecting users even in regions without bans.

Australia's early experience also highlights a more fundamental challenge: the societal experience of social media is not universally negative. While platforms can expose young people to harmful content, those same platforms can also provide crucial resources and support networks for vulnerable populations. Indeed, a recent research report shows that 73% of young people across Australia accessing mental health support did so through social media.[40] Furthermore, organisations including the Australian Human Rights Commission argue that social media restrictions could curb a "right to freedom and cause isolation, limiting access to information and support", particularly crucial for vulnerable or remote communities.[41]

The impacts of this ban, then, could be widespread, with social media playing a role in education, job searches, and social mobility. Mindful of the "law of unintended consequences", such well-intended restrictions in Australia and elsewhere could contribute to a significant digital divide between population groups with and without such access.

Regulatory change spreads
While the longer-term behavioural and regulatory outcomes for this legislation remain uncertain, other nations, within APAC and beyond, are already taking steps to follow Australia's lead.

Within the APAC region, Malaysia has approved an under-16s social media ban, Indonesia is looking to follow suit, Japan has introduced tighter content controls and usage limits, and Singapore has rolled out app store content regulation requiring app stores to establish a user's age and adjust content accordingly. Further afield, in Europe, France has passed a social media-ban bill for under-15s while already banning mobile phone use in schools for children aged 11 to 15, and the UK has also considered similar measures, including a recently announced ban on smartphones across schools in England.

Approaches may differ, but the direction of travel looks clear, with governments in aggregate moving toward stricter regulation of young people's access to social media platforms. As a measure of the potential scale of this change, if we were to see a rollout of social media bans across APAC and European markets, an estimated 83 million children aged 10 to 14 – around 12% of the global cohort – could be affected.[42]

Implications for investors
For equity investors, a societal policy shift of this magnitude presents some near- to medium-term risks, as well as a number of strategic opportunities across multiple sectors. In particular, convergence in regulatory frameworks across countries and regions could accelerate the financial impact on affected companies.

Compliance costs could rise as platforms are required to invest in age verification, trust and safety, and content moderation infrastructure. For advertising, the impacts are likely to be more nuanced – ranging from changes in user acquisition and channel strategy among younger demographics, to a shift in social media engagement over the medium term.

But while there are risks, there are opportunities too. As young people shift from social media to other media channels, this could favour more traditional, often local media outlets, such as television and radio. Elsewhere, gaming platforms, currently exempt from age-based restrictions, could see an uplift if youth migrate from social media to gaming (as the trend in Exhibit 17 so far indicates). Furthermore, social media legislation highlights opportunities for global, scalable, and privacy-preserving digital identity and verification software.

Summary
Australia's social media ban represents an important turning point for society and markets alike. By positioning the youth mental health crisis as a central risk to society, fast-moving legislation is signalling a growing willingness by governments across countries and regions to intervene more directly.

How companies respond to these new societal and legislative shifts will be key. It is clear that for companies, the risk of digital harm is evolving from a reputational risk to a financially material one – as a result, strong corporate governance will be increasingly important as they seek to navigate this change.

For investors, an active approach is essential to monitoring these developments, and identifying those businesses that can successfully adapt to a new legislative and business environment. Companies with strong transparency, particularly in areas such as AI use, as well as robust board oversight and well-aligned incentives, are likely to be better positioned.

[40] Bernstein Research, Societe Generale Group, US Internet: Big Tech's Big Tobacco Moment? Not quite, March 2026. [41] Ibid. [42] Ibid.

Phil Langham
34 years of experience
Managing Director & Senior Portfolio Manager, Head of Emerging Markets Equities

CPA, CA (1990); BSc (Economics) (1987), University of Manchester, U.K.

Phil is managing director, senior portfolio manager and head of the RBC Emerging Markets Equities team. Prior to joining the firm in 2009, he was head of Global Emerging Markets at Société Générale Asset Management in London, UK. His previous experience includes roles at the Kuwait Investment Office in London, where he managed the Global Emerging Markets, Asian, Latin American and U.S. portfolios, and as the director and head of Asia and Emerging Markets at Credit Suisse in Zurich. Phil started his career in the investment industry in 1992.

Asian Equity team profiles

Derek Au
13 years of experience
Portfolio Manager, Asia ex-Japan Equities

CPA, CA (2011), MAcc (2009), BSc (Accounting and Financial Management) (2008), University of Waterloo, Canada.

Derek is a portfolio manager on the RBC Asia ex-Japan Equity team and the lead manager for the team's Asia ex-Japan strategy. Previously, he also led the team's research initiatives for the information technology and communication services sectors. Derek joined the firm in 2013 as part of a graduate program that allowed him to work in a variety of roles in Toronto and Hong Kong across fixed income, Canadian equities, and Asian equities. He had earlier worked at global accounting firm Ernst & Young, where he was responsible for the financial advisory and audit of publicly listed corporations in Toronto. He started his career in the investment industry in 2013.

Siguo Chen
14 years of experience
Portfolio Manager, Asia ex-Japan Equities

MSc (Finance) (2012), HEC Paris, France; BSc (Mathematics and Applied Mathematics) (2010), Beijing University of Aeronautics and Astronautics, China.

Siguo is a portfolio manager on the RBC Asia ex-Japan Equity team, and the lead manager for the team's China strategy. Previously, she also led the team's research initiatives for the healthcare sector. Prior to joining the firm in 2017, Siguo was a sell-side equity analyst with UBS. She started her career in the investment industry in 2012.

Asian Equity team profiles

Chris Lai, CFA

14 years of experience
Portfolio Manager, Japanese Equities

CFA (2014); MBA (Finance and Strategy) (2012), London Business School, U.K.; BBA (Finance) (2007), The McDonough School of Business, Georgetown University, U.S.

Chris is a portfolio manager on the RBC Japanese Equity team, and the lead manager for the team's Japan strategy. Previously, he also led the team's research initiatives for the financials and real estate sectors. Prior to joining the firm in 2015, Chris was a sell-side equity analyst at Bank of America, where he specialised in the financials sector across Asia. He had earlier worked at HSBC in a number of sales and risk management roles in different parts of the world. Chris started his career in the investment industry in 2012.

Selina Lu, CFA

16 years of experience
Portfolio Manager, Asia ex-Japan Equities

CFA (2015); CMT (2022); FRM (2013); MBA (2018), Rotman School of Management, Canada; BBA (Accounting) (2010), University of Toronto, Canada.

Selina is a portfolio manager on the RBC Asia ex-Japan Equity team, and the lead manager for the team's India strategy. Previously, she also led the team's research initiatives for the consumer and utilities sectors. Selina joined the firm in 2018 as a part of a graduate program that allowed her to work in a variety of roles in Toronto and Hong Kong across North American equities and Asian equities. Prior to this, she worked at Scotiabank, gaining experience in corporate banking, credit risk, and finance. Selina began her career in the investment industry in 2010.

David Soh

21 years of experience
Head of Research, Portfolio Manager

Doctor (Business Administration) (2025), Hong Kong University of Science and Technology, H.K.; MSc (Investment Management) (2013), Hong Kong University of Science and Technology, Hong Kong; BSc (Political Science) (2005), Korea University, South Korea.

David is head of research and a portfolio manager for the RBC Asia ex-Japan Equity and RBC Japanese Equity teams. In addition, he serves as a member of the IFRS Capital Markets Advisory Committee. Prior to joining the firm in 2014, David worked at Credit Suisse, specialising in quantitative investment strategies for Asian equities, having earlier worked as a management consultant at McKinsey & Company. Outside of RBC, he serves as a member of the IFRS Capital Markets Advisory Committee. He started his career in the investment industry in 2007.

Julia Zhu

10 years of experience
Associate Portfolio Manager, Asia ex-Japan Equities

MSc (Finance) (2016), Case Western Reserve University, U.S., BSc (Economics) (2014), Renmin University of China, China

Julia is an associate portfolio manager on the RBC Asia ex-Japan Equity team. In this role, she is responsible for research on China. Prior to joining the firm in 2026, Julia worked as an associate portfolio manager for Pengyang Asset Management, having also previously worked as a buy side analyst. Julia started her career in the industry as a sell side analyst in 2016.

Asian Equity team profiles

Cornelius Gilbert
2 years of experience
Analyst, Asia ex-Japan Equities

BSc (Quantitative Finance and Risk Management) (2024), The Chinese University of Hong Kong

Cornelius is an analyst on the RBC Asia ex-Japan Equity team. In this role, he is responsible for research on South East Asia. He works closely with portfolio managers to support bottom-up research across all sectors in the Asia Pacific region. Cornelius joined the firm in 2024, which is also when he started his career in the investment industry.

Robert Johnson
7 years of experience
Analyst, Japanese Equities

MBA (2023), London Business School, with an exchange at Hong Kong University of Science and Technology; BSc (Computer Science) (2016), Durham University, UK.

Robert is an analyst on the RBC Japanese Equity team. In this role, he works closely with portfolio managers to support bottom-up research. Prior to joining the team in 2025, Robert was on the RBC Wealth Management Generalist Program, rotating through multiple positions across RBC Global Asset Management. Before this, he had spent time as a long/short analyst at London-based hedge fund Sloane Robinson, as well as multiple years as a specialist at Bloomberg. He started his career in the investment industry in 2019.

Ryotaro Nagai
6 years of experience
Analyst, Japanese Equities

LL.B. (2020), The University of Tokyo

Ryotaro is an analyst on the RBC Japanese Equity team. In this role, he works closely with portfolio managers to support bottom-up research. Prior to joining the firm in 2025, he was an equity analyst at Point72 Asset Management in Tokyo, where he completed the one-year Point72 Academy training program and contributed to long/short strategies. He started his career in the investment industry in 2020.

Keigo Shimada
11 years of experience
Analyst, Japanese Equities

LL.B. (2015), Keio University

Keigo is an analyst on the RBC Japanese Equity team. He works closely with portfolio managers to conduct bottom-up research and generate investment ideas. Prior to joining the firm in 2026, Keigo was a Vice President in Morgan Stanley’s Investment Banking division, advising corporate clients in the technology, media, and telecommunications sector on M&A and capital raising. Before this, he worked as an Investment Banking Analyst at Mizuho Securities. He started his career in the investment industry in 2015.

Asian Equity team profiles

Qian Yu

9 years of experience
Analyst, Asia ex-Japan Equities

MEng (Technology Management for Innovation) (2017), University of Tokyo, Japan; BEng (Electronic and Electrical Engineering) (2014) (Fudan-Birmingham undergraduate 3+1 collaboration), University of Birmingham, U.K.; BSc (Microelectronics) (2014), Fudan University, China.

Qian is an analyst on the RBC Asia ex-Japan Equity team. In this role, he is responsible for research on South Korea, Taiwan, and China. Prior to joining the firm in 2021, Qian was a sell-side equity analyst at UBS Securities in Shanghai, where he specialised in the China industrials sector. He started his career in the investment industry in 2017.

Owen Ou, CFA

12 years of experience
Portfolio Engineer

CFA (2018); MStat (2020), University of Hong Kong; BEng (Civil Engineering) (2014), BBA (2014), Hong Kong University of Science and Technology, Hong Kong.

Owen is a portfolio engineer for the RBC Asia ex-Japan and RBC Japanese Equity teams. In this role, he is focused on portfolio construction and risk analysis. Prior to joining the firm in 2018, Owen was an analytics consultant at a financial data and software company FactSet, specialising in quantitative modelling and portfolio analytics. He started his career in the investment industry in 2014.

Camilla Bryden

8 years of experience
Institutional Portfolio Manager

MA (English Literature) (2015), University of St Andrews, United Kingdom

Camilla is an Institutional Portfolio Manager on the RBC Asia ex-Japan and RBC Japanese Equity teams. She assumed this role in 2024 after working closely with the team since 2022. Camilla joined the firm in 2021 as a client services manager, where she was responsible for managing and developing relationships with institutional clients. Prior to joining the firm, she worked across sales and marketing at Ocean Dial Asset Management, specialising in Indian equities. She started her career in the investment industry in 2018.

Clement Cheng

21 years of experience
Head of Asian Equity Trading

MBA (2010), Australian Graduate School of Management, Hong Kong; BComm (Accounting) (2002), Macquarie University, Australia.

Clement is head of Asian equity trading for the RBC Asia ex-Japan and RBC Japanese Equity teams. In this role, he manages the Hong Kong trading desk and executes trades for the firm's Asia Pacific, Japan, and China strategies. Prior to joining the firm in 2014, Clement had gained experience at major buy-side and sell-side institutions, including Harvest Global Investments Limited and BEA Union Investment, as an equity trader. He started his career in the investment industry in 2005.

Asian Equity team profiles

Kathy So

10 years of experience
Senior Asian Equity Trader

MA (Philosophy) (2017), The Chinese University of Hong Kong; BSc (Economics and Finance) (2011), The University of Hong Kong.

Kathy is a senior Asian equity trader for the RBC Asia ex-Japan and RBC Japanese Equity teams. She joined the firm as an equity trader in 2016, which is when she started her career in the investment industry, specialising in Asian markets. Kathy began her career in financial journalism with experience anchoring Now Business News Channel, covering Asia, Europe, and US markets.

Contact us

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To ensure that we continue to meet our key stakeholder needs and interest, we welcome feedback on how we can improve our future efforts. Details of how to contact us are provided below.

marketing@bluebay.com

RBC Global Asset Management (UK) Ltd
100 Bishopsgate
London EC2N 4AA

RBC BlueBay
Asset Management