

ESG Assessment Risk Team's Summary Report 2020

ESG Annual Report 2020
Mirae Asset Global Investments (Hong Kong) Limited

ESG RISK MANAGEMENT

The main objectives of ESG Risk Management are as follows:

- a. Consideration of ESG issues in the recommendation list and portfolio holdings, as well as their impact on long term sustainability of companies.
- b. Set regular alerts on companies with low ESG scores, facilitating constant assessment of the company's long term sustainability risk and facilitate constant engagement with companies on ESG related issues.
- c. Strike a cordial balance between internal sector analysts and external vendors on their assessment of various ESG related issues to mitigate individual bias.
- d. Portfolio level assessment of ESG scores vs BM and assessment of any improvements over a period of time.
- e. Reducing the Firm level exposure to low ESG score companies over the longer run.

In order to achieve the above objectives, we have several steps incorporated in our investment process:

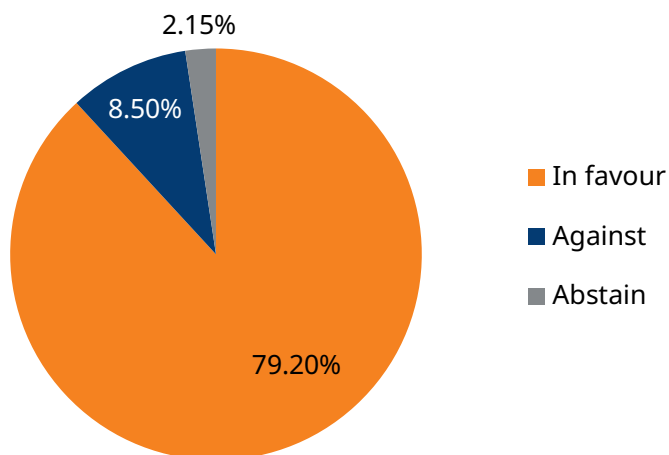
1. Constant communication with sector analysts on low ESG scoring companies and an assessment of the controversial issue.
2. Constantly challenging sector analysts on any discrepancies between their internal vs external vendor's ESG Score and encouraging further analysis to mitigate individual bias.
3. Regular assessment of recommended stocks and their scores within the portfolio compared to that of the benchmark. These scores are crosschecked to see whether there are any improvements for low ESG scoring companies that are in the recommendation list or portfolio.

At the beginning of 2019-20, we had 14 out of total 167 recommended stocks rated "CCC" by MSCI ESG, out of which 3 stocks including Foshan Haitian that had been upgraded by MSCI to "B" during the year. The aggregate firm level exposure to these stocks is less than 4% during the year and the contribution from each stock is far below 2% except for Foshan Haitian which was in the range 2-2.75%. Foshan Haitian had an exposure within the portfolio level range of 1.5-5.5% in some of our key portfolios but has been in declining trend during the year.

Principal adverse impacts of investment decisions on sustainability factors are not currently considered due to the lack of available and reliable data. The situation will however be reviewed going forward.”

Highlighted below is our proxy voting record for 2020 during the course of year, we have also engaged Proxy advisory companies for our key markets like China & India.

Proxy Voting Data



Source: Mirae Asset Global Investments (HK) Limited

The total number of meetings for 2020 came to 574, and the total number of resolutions voted on was 14,442 resolutions.

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