

Proxy Voting and Engagement Policy for Exchange Traded Funds



ETF Unit

Mirae Asset Global Investments (Hong Kong) Limited

1. POLICY

Mirae Asset Global Investments (Hong Kong) Limited (“**Mirae Asset**” or the “**Company**”) views proxy voting and corporate engagement as an integral part of its ownership responsibilities. This Proxy Voting and Engagement Policy for Exchange Traded Funds (the “**Policy**”) has been adopted and implemented by Mirae Asset to ensure that it votes proxies and engages investee companies for its exchange traded funds (the “**ETFs**”) in the best interests of clients.

[This Policy applies to the ETFs listed in our website.](#)

2. ETF PROXY OVERSIGHT COMMITTEE

All proxies for which the Company has been granted voting authority shall be voted in accordance with this Policy. Mirae Asset’s ETF Proxy Oversight Committee (the “**Committee**”) is responsible for overseeing the Company’s proxy voting activities. The Committee shall review the adequacy of this Policy at least on an annual basis to determine whether they continue to be reasonably designed to ensure proxies are voted in the best interests of the Company’s clients and they are consistent with regulatory requirements and industry best practices. The Committee shall also review the proxy voting guidelines adopted by the Company (the “**Guidelines**”) on an annual basis and decide whether any changes are necessary. The Committee is comprised of the Chief Executive Officer, Chief Operating Officer and the Head of Asia ETFs of the Company.

3. PROCEDURES FOR VOTING PROXIES

In order to meet its proxy voting obligations, Mirae Asset has retained proxy voting-related services provided by the custodians of the ETFs, including access to ProxyEdge, an electronic voting application designed to streamline the voting process. The portfolio managers of the Company’s ETF Unit are responsible for conducting voting through ProxyEdge, whilst other teams within the Company such as the Fund Operations Team provide support in terms of operational implementation, reconciliation of share positions and record retention. Mirae Asset reserves the right to leverage its internal capabilities as well as services provided by third-party service providers to vote proxies automatically for matters that are clearly addressed by the Guidelines.

To further assist in its responsibility for voting proxies, Mirae Asset has retained an independent third-party proxy adviser to provide research and voting recommendations for its equity ETFs. The voting recommendations provided by the third-party proxy adviser (the “**Voting Recommendations**”), which are based on the Guidelines, are accessed by the Company through a research platform developed and maintained by the third-party proxy adviser. Prior to the retention of the third-party proxy adviser and periodically after retention, the Company shall ensure that the adviser is independent from Mirae Asset, possesses the capacity and competency to adequately analyse proxy issues, and is able to discharge its services in an impartial manner and in the best interests of the Company’s clients. Mirae Asset shall also review the third-party proxy adviser’s conflict of interest policies and procedures and the effectiveness of the implementation of such policies and procedures.

The custodians and the third-party proxy voting adviser are subject to regular performance reviews conducted by the Company. At least on an annual basis, the Company will perform an assessment of the service providers’ capabilities in terms of personnel, technology and internal controls.

The portfolio managers of the Company’s ETF Unit retain full discretion with respect to proxy voting decisions. In most cases, votes will be determined in accordance with the Guidelines and the Voting Recommendations. However, there may be circumstances when after consideration of clients’ best interests, the portfolio managers depart from the Guidelines and Voting Recommendations. Any determinations made by the portfolio manager will be documented and maintained in the Company’s records. The portfolio managers may also elect to abstain from voting if it is deemed to be in clients’ best interests. The rationale for abstention will be documented and maintained in the Company’s records. Whilst it is the policy of Mirae Asset to vote all proxies, there may be certain circumstances where the Company refrains from voting, for example where the economic costs of voting outweigh the potential benefits to clients.

On a semi-annual basis, the Committee shall perform a review of proxy voting activities to determine whether the portfolio managers are voting in accordance with the Policy. The Committee shall also review cases where the portfolio managers exercised discretion with respect to proxy voting decisions as well as cases where they elected to abstain or refrain from voting. The rationales provided by the portfolio managers will be considered to assess whether they are consistent with clients’ best interests. Any material errors or inconsistencies that are identified shall be reported as appropriate to the Company’s Board of Directors, relevant teams within the Company such as the Compliance Team as well as stakeholders of the ETFs.

As proxy voting is a relatively rare event in the realm of fixed income investing compared to equity investing, Mirae Asset has not retained a third-party proxy adviser to provide voting recommendations for its fixed income ETFs. The Company’s Fixed Income ETF Portfolio Management Team is responsible for performing research and determining voting decisions based on the Guidelines. The same procedures outlined above with respect to abstention and semi-annual review of voting activities by the Committee are applied to fixed income ETFs.

4. PROXY VOTING GUIDELINES

Mirae Asset’s Guidelines cover an extensive list of common voting issues. In terms of governance, the Guidelines are based on the four core tenets of accountability, stewardship, independence and transparency, and aim to promote long-term shareholder value creation and risk mitigation by supporting responsible corporate governance practices. The Guidelines take into consideration relevant laws, customs and best practice codes of each market and region.

- **Accountability:** Boards should be accountable to shareholders by holding regular board elections, by providing sufficient information for shareholders to be able to assess directors and board composition, and by providing shareholders with the ability



to remove directors. Directors should respond to investor input such as those expressed through vote results on management and shareholder proposals and other shareholder communications. Shareholders should have meaningful rights on structural provisions, such as approval of or amendments to the corporate governing documents and a vote on takeover defenses. In addition, shareholders' voting rights should be proportional to their economic interest in the company - each share should have one vote. In general, a simple majority vote should be required to change a company's governance provisions or to approve transactions.

- **Stewardship:** A company's governance, social, and environmental practices should meet or exceed the standards of its market regulations and general practices, and should take into account relevant factors that may impact significantly the company's long-term value creation. Issuers and investors should recognize constructive engagement as both a right and responsibility.
- **Independence:** Boards should be sufficiently independent so as to ensure that they are able and motivated to effectively supervise management's performance and remuneration for the benefit of all shareholders. Boards should include an effective independent leadership position and sufficiently independent committees that focus on key governance concerns such as audit, compensation and the selection and evaluation of directors.
- **Transparency:** Companies should provide sufficient and timely information that enables shareholders to understand key issues, make informed vote decisions, and effectively engage with companies on substantive matters that impact shareholders' long-term interests in the company.

In terms of sustainability, the Guidelines support standards-based ESG shareholder proposals that enhance long-term shareholder and stakeholder value while aligning the interests of the company with those of society at large. The Guidelines support social and environmental proposals that seek to promote good corporate citizenship and particular focus is placed on resolutions seeking greater transparency and/or adherence to internationally recognized standards and principles. In determining votes on shareholder on social and environmental proposals, the following factors are considered:

- Whether the proposal itself is well framed and reasonable;
- Whether adoption of the proposal would have either a positive or negative impact on the company's short-term or long-term share value;
- The percentage of sales, assets and earnings affected;
- Whether the company has already responded in some appropriate manner to the request embodied in a proposal;
- Whether the company's analysis and voting recommendation to shareholders is persuasive;
- What other companies have done in response to the issue;
- Whether there are significant controversies, fines, penalties, or litigation associated with the company's environmental or social practices; and
- Whether implementation of the proposal would achieve the objectives sought in the proposal.

In terms of climate change, the Guidelines generally recommend to:

- Vote for shareholder proposals seeking information on the financial, physical or regulatory risks it faces related to climate change on its operations and investments or on how the company identifies,

measures and manages such risks;

- Vote for shareholder proposals calling for the reduction of GHG emissions;
- Vote for shareholder proposals seeking reports on responses to regulatory and public pressures surrounding climate change and for disclosure of research that aided in setting company policies around climate change; and
- Vote for shareholder proposals requesting a report/disclosure of goals on GHG emissions from company operations and/or products.

5. CONFLICTS OF INTEREST

Mirae Asset recognises that in certain circumstances a conflict of interest may arise when voting a proxy. All conflicts of interest will be presented to the Committee, which will be responsible for determining how to handle each conflict on a case-by-case basis. All conflicts and the Committee's determination for each will be documented in the Company's records.

6. RECORDKEEPING AND CLIENT REPORTING

Mirae Asset shall maintain voting records in electronic format for at least 7 years and shall make available proxy voting records upon request. The Company reserves the right to restrict disclosure where appropriate, for example, disclosure of voting records to a client of an ETF may only cover the period during which such client was invested in the relevant ETF.

7. CORPORATE ENGAGEMENT

Mirae Asset performs corporate engagement on the investee companies of its actively managed ETFs for which the Company exercises full discretion on security selection and asset allocation. Engagement is undertaken on a regular basis through meetings, written communications and on-site visits. Priority is placed on investee companies that are determined by internal ESG research to be high risk companies.

General meetings with investee companies are conducted confidentially with the objective of enhancing shareholder value. If Mirae Asset is dissatisfied with the with the investee company's response, a 7-step process to escalate the matter will be initiated:

1. Engaging with the investee company - Mirae Asset will attempt to coordinate one-on-one meetings with the management team to outline the existing issue. Should the parties not reach an agreement then the matter will be escalated to the next phase.
2. Re-engagement with the investee company - Following the first engagement should a resolution not be reached, Mirae Asset will attempt to meet with the investee company again to address any outstanding unresolved issues.
3. Should the investee company still fail to satisfy the Firm's concerns then Mirae Asset may act in collaboration with other minority shareholders, regulators, or other entities it deems necessary for collective engagement, otherwise known as a joint representation against the investee company.
4. Further escalation will proceed should the above three steps result in immaterial progress with the investee company. Mirae Asset may consider voting against the reappointment of directors or respective management committees at the investee company's subsequent Annual General Meeting (AGM). Formal written communication outlining the issue will be sent to the investee company.
5. Mirae Asset may seek legal recourse should it deem this necessary



instead of exiting the investment.

6. Mirae Asset may consider enacting a blanket ban on the investee company if there is no engagement improvement or a resolution is not met.

7. Mirae Asset may consider a complete exit of its investment in the investee company should the above steps not reach an appropriate resolution.

Mirae Asset actively undertakes collaborative engagement initiatives such as the Climate Action 100+ with the objective of reducing reliance on fossil fuels and encouraging companies to lower their operational carbon footprints. Mirae Asset prioritises its climate engagement efforts on companies that are top contributors to its financed emissions and those that are exposed to the highest physical and transition climate risks within the Company's investments. Mirae Asset encourages its investee companies to:

1. Identify material climate-related risks and opportunities and establish plans to address them;
2. Enhance carbon reduction efforts and target setting, in line with the Paris Agreement goals; and
3. Publish quality and transparent climate disclosures with reference to the Task Force for Climate-related Financial Disclosures.