

OUR COMMITMENT TO ESG

Responsible investing is an investment approach that implements ESG considerations, alongside financial factors, within portfolios, to create value and generate returns.

Contents

04 ESG Development Milestones

05 Proprietary ESG Scorecard

09 Risk Management & Restrictive List

12 ESG Taxonomy

14 ESG Materiality Matrix





“

ESG integration is a mindset. It's about taking a holistic and long-term perspective in investment decision making to generate sustainable returns. Markets are ever-evolving and so is ESG; having this mindset reminds us to work closely with our portfolio companies and to invest for a sustainable future.

”

RAHUL CHADHA

Chief Investment Officer
Mirae Asset Global Investments (HK) Ltd.

Our ESG Development Milestones

Ongoing

Active Ownership: Engagement with investee companies on ESG issues and proxy voting

Management Oversight: Regular discussion of ESG issues at Investment Committee and Risk Committee meetings

Thematic Investing: Investment in sectors of positive environmental impact

In the future

Continue to enhance **quality and robustness of ESG integration** in investment process and risk analysis

Continue to engage with corporations to enhance ESG performance

2020

Establishment of **Remuneration Policy, Voting Policy, Stewardship Code**

Engagement with proxy voting advisory firms for proxy voting recommendations

Revamp of proprietary ESG scorecard

2016

Subscription to **MSCI ESG Research**, a third-party ESG information aggregator

2015

UNPRI Signatory

Development of proprietary ESG scorecard

Creation of **ESG Negative list**, putting buy restrictions/limits on controversial weapons and tobacco companies

Our ESG Integration Approach

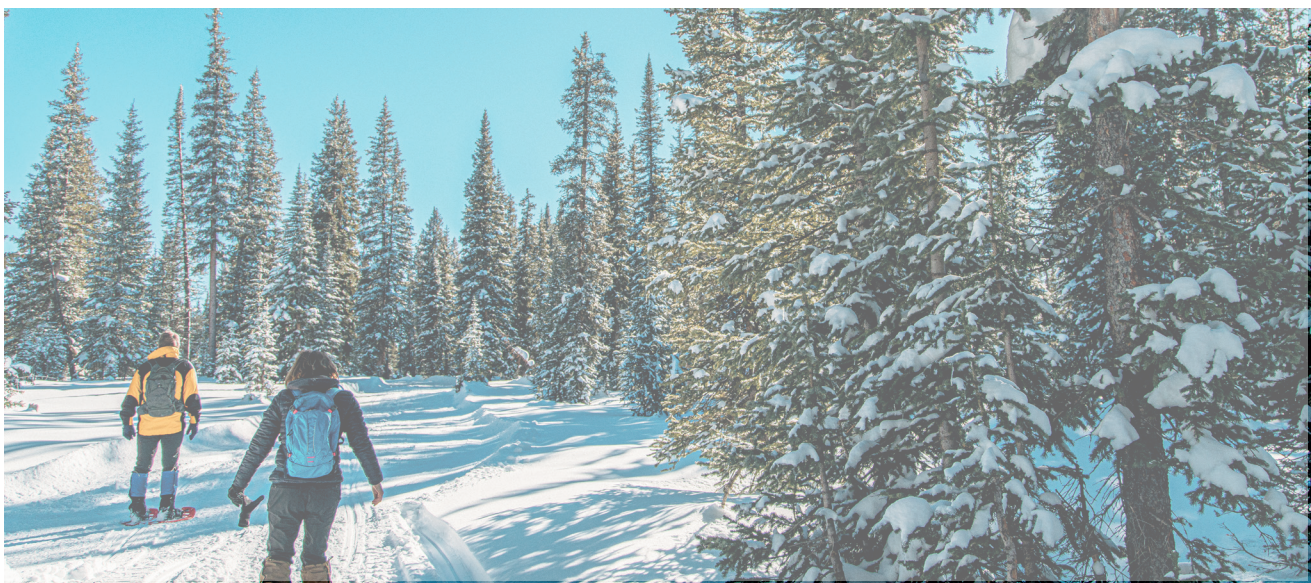
At Mirae Asset, we practice full ESG integration through a two-pronged approach: actively investing in ESG themes and conducting ESG screening and engagement for our portfolios.

Through actively investing in ESG themes, we direct capital to companies that positively impact the environment and society. Through conducting ESG screening and engagement, we adapt our portfolios to be more ESG-friendly by refraining from investing in sectors of negative ESG impact but also encourage ESG poor companies to improve for long-term business resilience and value creation.

Our Proprietary ESG Scorecard

We have developed our proprietary ESG scorecard (Mirae Asset ESG Scorecard) to ensure ESG scores are tailored to the companies in our portfolio based on the sectors and markets they operate in. Our ESG scores are internally audited against third-party ESG scores (MSCI ESG Rating) to guarantee quality and control while ensuring scores reflect the company's ESG performance based on our first-hand knowledge and expertise.

The Mirae Asset ESG Scorecard covers 24 industry groups within 11 sectors and is composed of 14 topics categorized under three pillars: Environmental, Social & Governance. Further, under the Sustainable Development Goals (SDG) Impact pillar, Environmental and social opportunities are also reviewed, with regards to contributions to the United Nations Sustainable Development Goals.





Environmental

- Emissions
- Resources & Waste Management
- Climate Change
- Biodiversity
- Supply Chain Management (Environmental)



Social

- Human Capital Management
- Health & Safety
- Data Security & Privacy
- Product Liability & Responsible Marketing
- Supply Chain Management (Social)



Governance

- Corporate Governance
- Business Ethics



SDG Impact

- Environmental and Social Opportunities

ESG PILLARS

Our Proprietary ESG Scorecard

Governance topics apply to all sectors covering a company's corporate governance and business ethics. Corporate governance includes the company's shareholding and ownership structure, board composition, remuneration, and accounting and audit practices. Business ethics includes transparency, government reliance, and business integrity.

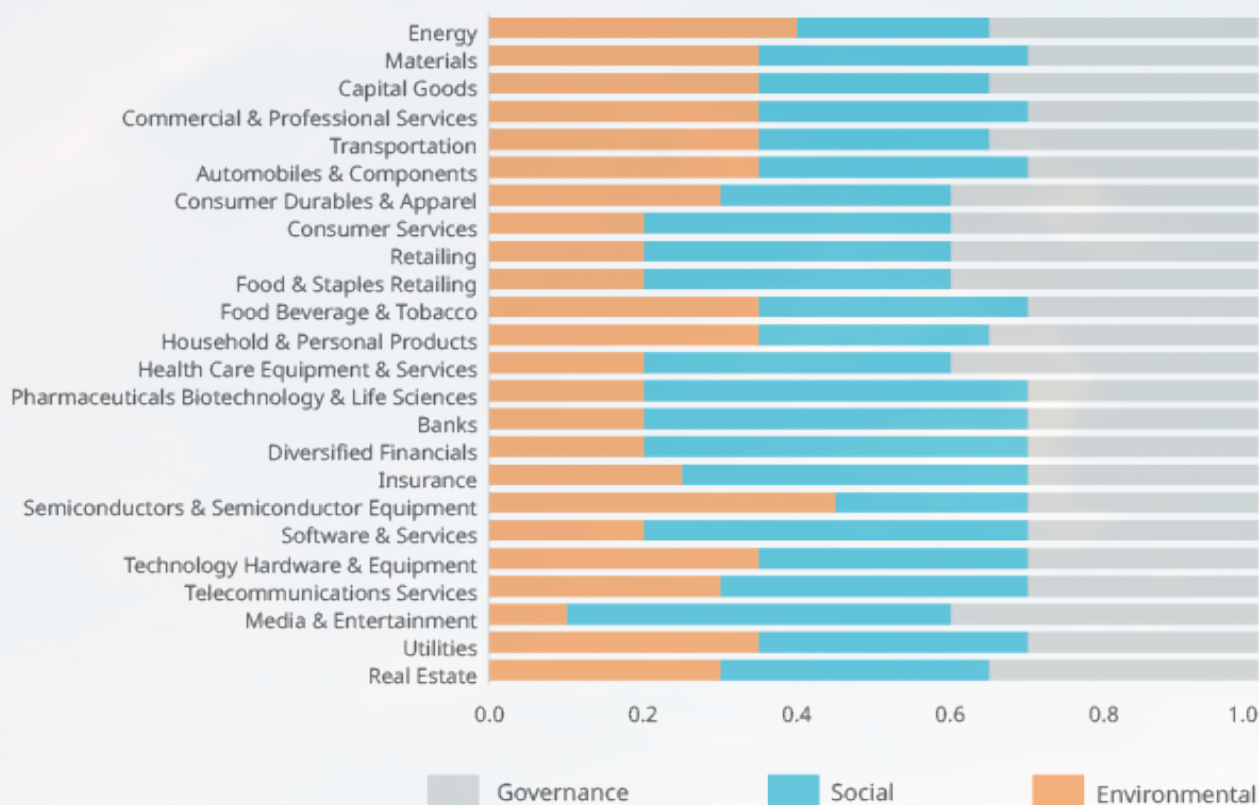
For each industry group, Environmental and Social topics are chosen based on financial materiality (do activities related to this topic impact a company's P&L) and sustainability materiality (do activities related to this topic have positive/negative impacts on the environment/society). A rigorous ESG research exercise that involved a desktop review of a range of literature, from sources including MSCI, SASB, S&P Global Corporate Sustainability Assessment, and other industry research, formed the backbone of the materiality assessment to select sector-specific ESG topics. The final sector-specific ESG topics were validated through multiple discussions with sector analysts. Mirae Asset's ESG Materiality Matrix is provided in the appendix.

Qualitative and quantitative parameters are used for scoring based on a 1 to 5 rating (1-rating indicating poor performance and 5-rating indicating excellent performance). Our

in-house ESG scoring system assesses a company's ESG performance using company data as well as alternate data. For example, a company may be scored based on its Scope 1 and Scope 2 emissions based on its year-on-year trend. Another example is that a company may be scored based on the water stress vulnerability at its operating locations, based on alternate data such as World Resources Institute Aqueduct.

We applied weighting to Environmental, Social, Governance pillars for each industry group based on materiality to arrive at an aggregated ESG score. For example, we applied a 45% weighting to the Environmental pillar for semiconductor companies namely because of the large quantities of "ultra pure" water consumed for cleaning thus exposure to potential exposure to water stress risks, as well as the generation of toxic electronic waste in the manufacturing process. Another example is for software and services IT companies where we applied a 50% weighting to the Social pillar due to demand for highly skilled and diverse technology specialist, and also significant cybersecurity risks and opportunities to manage customer privacy and data security as well as ensure robustness of IT infrastructure to prevent technology disruption.

Environmental, Social, Governance Weighting for Industry Groups



Our sector analysts, who are highly knowledgeable on the respective industries they cover, are responsible for completing the Mirae Asset ESG Scorecard for all stocks in their Recommendation List. Moreover, as sector analysts are the key contact points with investee companies, they can act as effective enforcers of ESG engagement to influence companies to improve their ESG performance if required. ESG scores for all active holdings are updated on an annual basis. Should there be material ESG controversies or events, sector analysts or portfolio managers are also responsible for updating a stock's ESG score within three months if required.

We chose to rely on our proprietary ESG scorecard as the key ESG assessment tool to define sustainable characteristics for our ESG funds because of a few reasons. Firstly, despite

our subscription to third-party ESG scores (MSCI ESG ratings), MSCI does not always cover all stocks in our portfolio because part of the portfolio would be invested in young, growth companies in emerging markets. Secondly, we have a regional focus in the Asia Pacific market, and therefore the landscape and applicability of ESG topics and metrics may slightly differ from the developed markets. Lastly, ESG is a fast-evolving subject – there may be a lag in the update of MSCI ESG Ratings methodology, whereas our own proprietary ESG scorecard could be updated in a timelier manner. Our in-house ESG Specialist is responsible for updating the scoring methodology and material topics underpinning the Mirae Asset ESG Scorecard on an annual basis to be on top of market trends and industry changes.

ESG Risk Management

We consider ESG issues and their impact on long term sustainability of companies in the recommendation list and portfolio holdings. The risk team independently audits the ESG scores analysts provide against independent third-party ESG scores (MSCI ESG ratings). Regular alerts are set on low ESG scores such that should there be material discrepancies or low scorers (e.g. CCC or below MSCI ESG ratings), the respective analyst will need to provide supplementary information as to where the divergence stems from. We work to strike a cordial balance between our sector analysts and third-party vendors on their assessment of various ESG related issues to mitigate individual bias.

We aim to reduce our portfolio's exposure to companies with poor ESG performance over the longer run. Companies with low ESG scores (e.g. 2-rating or below or CCC MSCI ESG ratings) or violations to Global Norms (e.g. United Nations Global Compact principles, United Nations Guiding Principles for Business and Human Rights, International Labour Organization's fundamental principles) will fall in the ESG Restrictive List. Portfolio Managers and relevant sector analysts are required to document remedial plans based on discussions with the company on a bi-annual basis. The Investment Committee will then decide whether to put a buy restriction on these companies.

Principal adverse impacts of investment decisions on sustainability factors are not currently considered due to the lack of available and reliable data. However, we will review and adjust our approach accordingly going forward.

Our ESG Restrictive List

Mirae Asset refrains from investing in companies that have significant (more than 15%) revenue from certain sectors, including but not limited to, conventional or controversial weapons, tobacco, thermal coal mining, and unconventional oil & gas.

Companies that fall in the ESG Restrictive List are monitored and reviewed in monthly risk meetings and Investment Committee meetings. Criteria within the ESG Restrictive List will be reviewed and discussed with regards to the potential of tightening or introducing new restrictions with the Investment Committee regularly.

Our Approach to Active Ownership

Our Stewardship Code¹ sets out our approach in defining the Principles of Responsible Ownership indicated by the Securities & Futures Commission Hong Kong. Our 7 Stewardship Principles oversee our stewardship responsibilities to enhance investor engagement and transparency in consideration of clients' best interests.

Proxy Voting

Voting rights are the fundamental rights of a shareholder, and we recognize that such rights are imperative to improvement of an investee company's corporate governance. We actively vote on shareholdings we are responsible for across all markets. Our Investment Committee works with sector analysts and takes reference to proxy voting recommendations from proxy voting advisory

firms (where applicable). Our Voting Policy² sets out guidelines on legal and regulatory guidance as well as specific guidelines regarding execution of voting rights in different scenarios.

Corporate Engagement

As an active owner, our analysts and portfolio managers consistently interact with companies and undertake site visits to understand companies in their entirety. We believe that such meetings will provide an additional layer of understanding that we cannot achieve purely from accessing sell-side research alone. ESG scorecards and MSCI ESG ratings provide an excellent backdrop on the strengths of the company and highlight critical issues.



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¹ More information on our Stewardship Code, please refer to website of Mirae Asset Global Investments.

² More information on our Voting Policy, please refer to website of Mirae Asset Global Investments.

We have a 7-step escalation strategy for engagement with investee companies:



Engaging with the investee company. We will attempt to coordinate one-on-one meetings with the management team to outline the existing issue. Should both parties not reach an agreement then the matter will be escalated to the next phase.

01



Re-engagement with the investee company. Following the first engagement should a resolution not be reached, we will attempt to meet with the investee company again to address any outstanding unresolved issues.

02



Should the investee company still fail to satisfy the Firm's concerns then we may act in collaboration with other minority shareholders', regulators, or other entities it deems necessary for collective engagement, otherwise known as join representation against the investee company.

03



Further escalation will proceed should the above three steps indicate no progress with the investee company. Formal written communication outlining the issue at hand will be addressed to the investee company. We may further consider exiting the investment should a solution not be found.

04



We may seek legal recourse should it deem necessary instead of exiting the investment.

05



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

06



We may consider a complete exit of its investment with the investee company should the above steps not reach an appropriate resolution.

07

MIRAE ASSET'S ESG TAXONOMY

ENVIRONMENTAL	
→ EMISSIONS	<p>Carbon Emissions / GHG Emissions: Scope 1 and Scope 2 GHG emissions of the company's operations and their efforts to reduce their carbon footprint.</p> <p>Energy Management: Direct and indirect energy consumption from the company's operations and their efforts to reduce energy usage / adopt cleaner sources of energy.</p> <p>Air Pollution: Air pollutants generated from the company's operations (stationary sources e.g. power plants and factories and mobile sources e.g. company vehicles).</p>
→ RESOURCES & WASTE MANAGEMENT	<p>Water Management: Water consumption and wastewater generation/treatment from the company's operations and their efforts to manage water usage. Water stress related aspects covered as part of Climate Change.</p> <p>Waste Management: Hazardous and non-hazardous waste generated by the company and their efforts to treat, store, dispose, reduce and recycle responsibly. Also includes toxic emissions generated due to waste generated.</p> <p>Materials Use: Raw materials used in the company's product manufacturing and their efforts to manage supply and reduce life-cycle environmental impacts.</p>
→ CLIMATE CHANGE	<p>Climate Change Mitigation and Adaptation: Exposure of the company's assets and operations to climate change (physical risks e.g. droughts and rising sea level, and transition risks e.g. carbon pricing and carbon regulations) and their efforts to mitigate and adapt their business model.</p>
→ BIODIVERSITY	<p>Land Use / Ecological Impacts: The impact of the company's operations on ecosystems and biodiversity and their efforts to mitigate / preserve natural habitats.</p>
→ SUPPLY CHAIN MANAGEMENT (ENVIRONMENTAL)	<p>Supply Chain Environmental Standards: The company's management of their supply chains to enhance transparency and quality of environmental standards of suppliers</p>

SOCIAL	
→ HUMAN CAPITAL MANAGEMENT	<p>Talent Attraction and Retention: the company's ability to attract, retain as well as upskill its workforce</p> <p>Labour Practices: the company's ability to uphold commonly accepted labour standards in the workplace and their efforts to maintain so</p> <p>Workplace Diversity: the company's approach to provide equal opportunities in its hiring process and to prohibit discrimination in the workplace</p>
→ HEALTH & SAFETY	<p>Occupational Health and Safety: the company's ability to maintain a safe and healthy workplace, free of work-related injuries, fatalities and illness</p>
→ DATA SECURITY & PRIVACY	<p>Data Security / Cybersecurity: the company's approach to managing cybersecurity risks and collecting, retaining, and use of sensitive, confidential information, e.g. IT infrastructure and other capabilities or mechanisms to ensure security of data</p> <p>Customer Privacy: the company's approach to responsible use of personal identifiable information (PII) collected as part of business operations</p>
→ PRODUCT LIABILITY & RESPONSIBLE MARKETING	<p>Product Quality and Safety: the company's quality management of products sold and exposure to recalls and product safety concerns</p> <p>Product Labelling and Selling Practices: the company's approach to conducting transparent, accurate and comprehensive product labelling and marketing statements</p> <p>Responsible Investment: for financial institutions, the integration of environmental, social and governance factors into investment decision making for long-term value creation</p>
→ STAKEHOLDER ENGAGEMENT	<p>Community relations: the company's approach to engage with local communities and their efforts to main relations / distribute benefits to local communities</p> <p>Tenant engagement: particularly for real estate companies, the company's approach to engage with tenants to promote sustainable practices</p>
→ SUPPLY CHAIN MANAGEMENT (SOCIAL)	<p>Supply chain social standards: the company's management of their supply chains to enhance transparency and quality of social standards of suppliers</p>

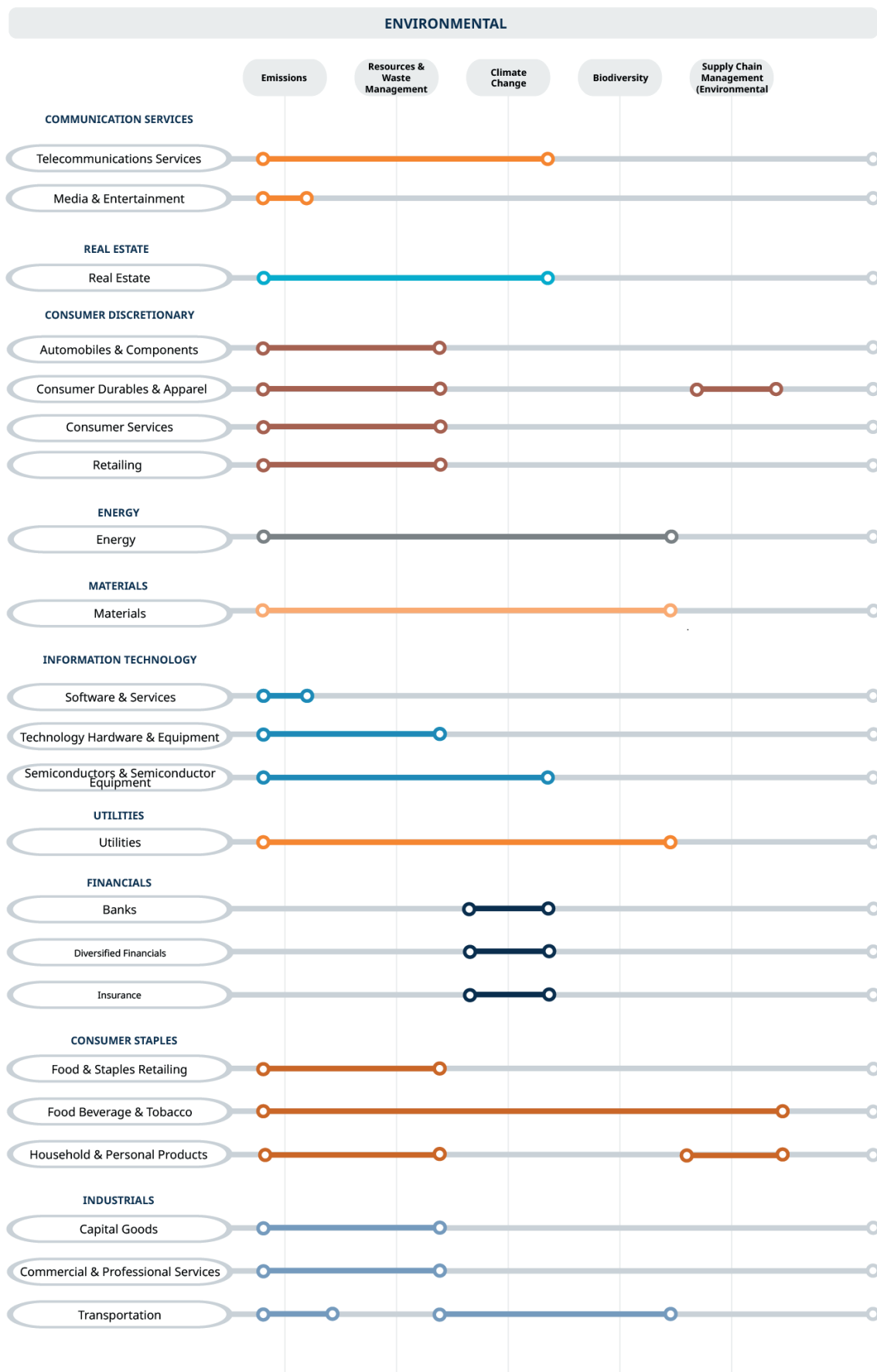
GOVERNANCE

<p>→ Corporate Governance</p>	<p>Shareholding and Ownership Structure: the company's ownership structure and track record of controlling shareholders' execution and alignment of interests with minority shareholders</p> <p>Board Composition: the effectiveness of the Board in overseeing management and protector investor value, as well as composition of the Board taking into account sufficient industry experience, independent, diversity and tenure.</p> <p>Remuneration: the alignment of management pay with corporate strategy and shareholder interests</p> <p>Accounting and Audit: the transparency, independence, timeliness of the company's audit and financial reporting practices</p>
<p>→ Business Ethics</p>	<p>Transparency: the transparency of the company's tax practices and ESG disclosures</p> <p>Government Reliance: the company's political relationships with the government, participation in policy lobbying and extent of policy influence</p> <p>Business Integrity: the company's oversight and management of business ethics issues e.g. fraud, executive misconduct, anti-bribery, anti-money laundering, anti-trust</p>

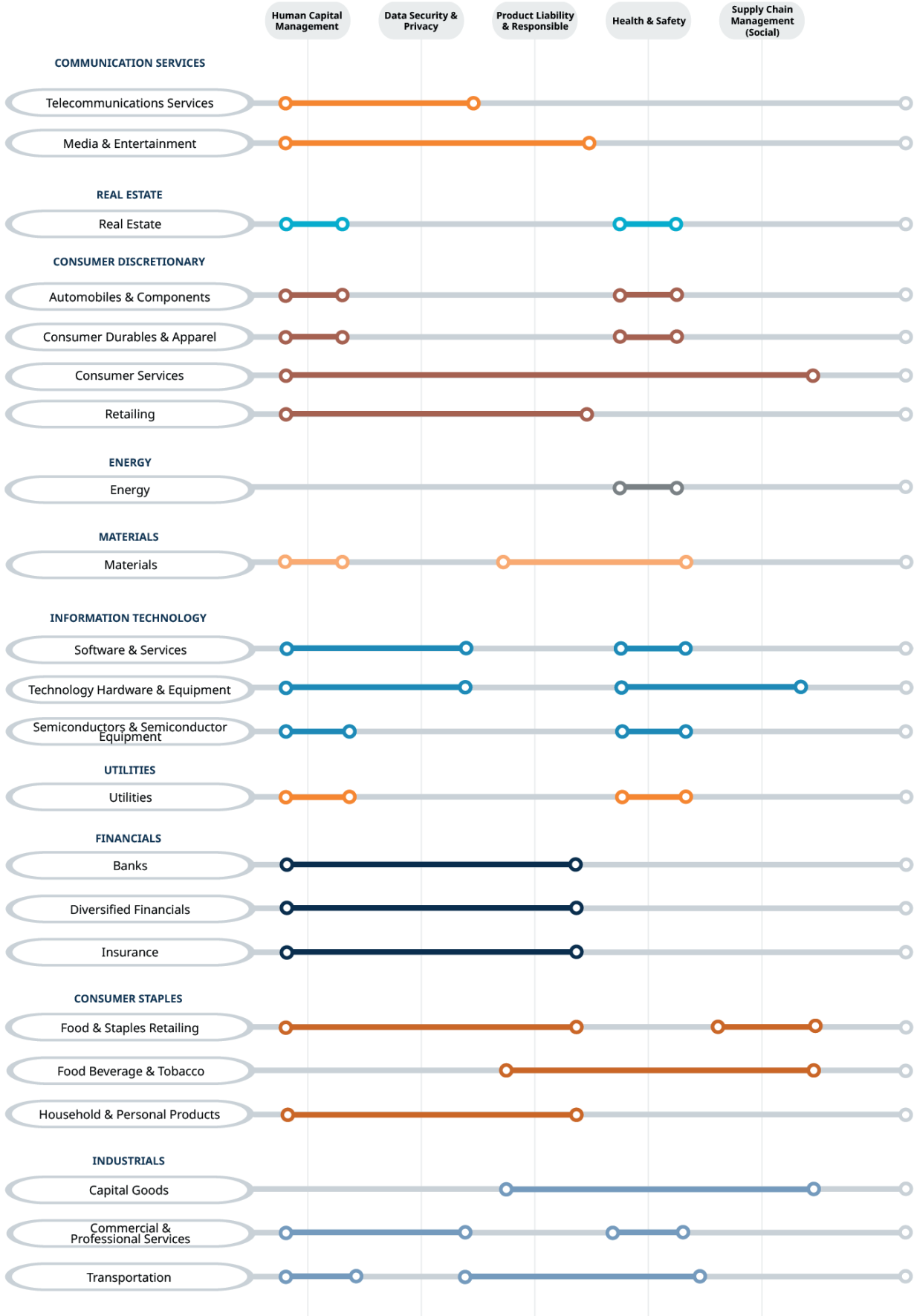
SDG IMPACT

<p>→ ENVIRONMENTAL & SOCIAL OPPORTUNITIES</p>	<p>Market trends / business opportunities, specific to the sector, that generates environmental and social value either from a corporate social responsibility angle or new business stream related to ESG</p> <p>Possible environmental and social opportunities that generate impact on the United Nations Sustainable Development Goals (SDGs), e.g. Access to Communications, Sustainable Cities, Clean and Renewable Energy, Circular Business, Access to Food, Access to Education, Clean and Smart Technology, Access to Healthcare</p>
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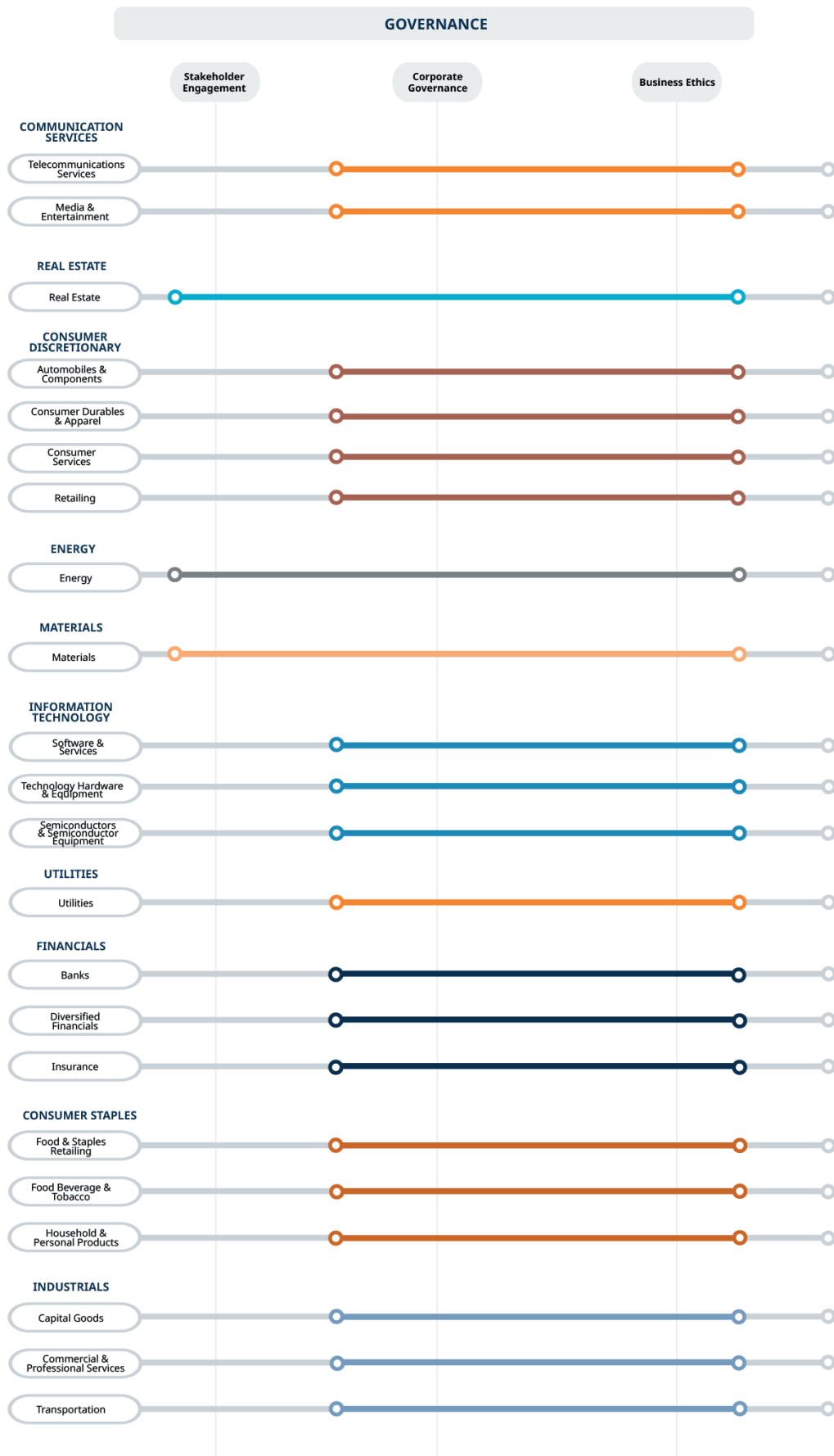
Mirae Asset's ESG Materiality Matrix



SOCIAL



Mirea Asset's ESG Materiality Matrix



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Investment involves risk: Past performance is not indicative of future performance. It cannot be guaranteed that the performance of the Fund will generate a return and there may be circumstances where no return is generated or the amount invested is lost. It may not be suitable for persons unfamiliar with the underlying securities or who are unwilling or unable to bear the risk of loss and ownership of such investment. Before making any investment decision, investors should read the Prospectus for details and the risk factors. Investors should ensure they fully understand the risks associated with the Fund and should also consider their own investment objective and risk tolerance level. Investors are advised to seek independent professional advice before making any investment.

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(EU) 2019/1156: This document is a marketing communication and is intended for Professional Investors only. A Prospectus is available for the Mirae Asset Global Discovery Fund (the "Company") a société d'investissement à capital variable (SICAV) domiciled in Luxembourg structured as an umbrella with a number of sub-funds. Key Investor Information Documents ("KIIDs") are available for each share class of each of the sub-funds of the Company.

The Company's Prospectus and the KIIDs can be obtained from www.am.miraeasset.eu/fund-literature. The Prospectus is available in English, French, German, and Danish, while the KIIDs are available in one of the official languages of each of the EU Member States into which each sub-fund has been notified for marketing under the Directive 2009/65/EC (the "UCITS Directive"). Please refer to the Prospectus and the KIID before making any final investment decisions.

A summary of investor rights is available in English from www.am.miraeasset.eu/investor-rights-summary.

The sub-funds of the Company are currently notified for marketing into a number of EU Member States under the UCITS Directive. FundRock Management Company can terminate such notifications for any share class and/or sub-fund of the Company at any time using the process contained in Article 93a of the UCITS Directive.

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