

# Policy on Responsible Investing

Mirae Asset Global Investments (Hong Kong) Limited



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## 1. Philosophy

At Mirae Asset, we believe that we must invest in companies with long-term, sustainable competitiveness to best-capture growth opportunities in any market. For companies to achieve sustainable competitiveness that translates to stable, long-term earnings growth, they must in turn practice good corporate governance and act as responsible members of our society. By doing so, we believe these companies stand a better chance to produce earnings growth and attractive valuations.

This philosophy has been at the core of our investment process since the firm's establishment in 1997, long before we became a signatory to the United Nations Principles for Responsible Investment (UNPRI) in April 2015. Since our establishment, our investment staff has focused on directly engaging with company management to ensure that good corporate governance is being practiced. Entrusted by our clients to grow their assets, we have a duty to act in their best interests and exercise prudent and thorough due diligence. For us, this is an inherent component of any successful investor and we believe that it simply makes good business sense.

## 2. ESG Integration

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 have positive impacts on 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 impacts, but also encourage ESG-poor companies to improve for long-term business resilience and value creation.

### Our Proprietary ESG Scorecard (The Mirae Asset ESG Scorecard)

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

PILLARS	TOPICS
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
	Stakeholder Engagement
GOVERNANCE	Supply Chain Management (Social)
	Corporate Governance
	Business Ethics
SDG	Environmental and Social Opportunities

Companies are scored against ESG topics that are material to the industry group they are in. Environmental and Social topics are chosen based on financial materiality and sustainability materiality. Governance topics apply to all sectors covering a company's corporate governance and business ethics. 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). For each industry group, scores have differential weights for Environmental, Social, and Governance pillars based on materiality before arriving at an aggregated ESG score.

Sector analysts are responsible for completing the Mirae Asset ESG Scorecard for all stocks in their Recommendation List as well as holdings in our SFDR Article 8 funds. ESG scores are updated on an annual basis. Should there be material ESG controversies or events, sector analysts or portfolio managers are also responsible to update a stock's ESG score within 3 months if required. The ESG Team 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.

We have taken a sector-specific approach to ESG analysis because there is no one size fit all for ESG; the way ESG issues impact companies / the impact companies have on the society and environment are all different. As such, we currently do not have firm-wide policies on specific ESG issues such as water use, pollution & waste or gender & diversity. The said ESG issues are included as part of the ESG scorecard, please refer to the Annex for more information on the composition of the ESG scorecard. We conduct ESG analysis, using sector-specific ESG scorecards, to assess a company's impact or the impact it has on ESG issues that are material to them. Examples of ESG scorecards are provided on the website. We review the relevance and necessity to establish firm-wide policies on specific ESG issues regularly, spearheaded by the ESG Team with oversight from the Investment Committee.

ESG issues such as oppressive regimes and death penalty are deemed not relevant to the Asian equities landscape. Moreover, as our investment strategies are primarily equity strategies, certain ESG issues like forward contracts on agricultural commodities are deemed not relevant.

### **ESG Risk Management**

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.

At the portfolio level, the Risk Team monitors the ESG performance (using holdings' MSCI ESG ratings averaged by portfolio weight) of each SICAV fund, compared against the benchmark, on a monthly basis.

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 of Global Norms (to be specific, United Nations Global Compact principles (UNGC) and The Organization for Economic Cooperation and Development (OECD)) will be flagged for discussion with the Investment Committee at risk meetings. Portfolio Managers and relevant sector analysts are required to document remedial plans based on discussions with the company on a bi-annual basis.

Should violations to the Global Norms remain after one year and/or Portfolio Managers and relevant sector analysts deem up to three engagement attempts with the company to be unsuccessful or remedial actions insufficient, we will vote against the reappointment of directors or respective management committees at the company's subsequent AGM. Should the situation remain unchanged a year following this, the Investment Committee will hold a meeting to discuss whether to put a buy restriction on the company.

In respect of our ESMA ESG Funds (funds that comply with the ESMA Guidelines on funds' names using ESG or sustainability-related terms ([ESMA34-472-440](#)), the non-compliant stocks are not subject to this phase-out rule. Instead, divestment is required within fifteen business days once an existing holding company is included in the above-mentioned lists.

We consider the principal sustainable adverse impacts (PAI) of our investments, as defined by the SFDR. For more information on our PAI approach please refer to our [PAI Statement](#).

Specific to ESMA ESG Funds and Other ESG Funds<sup>1</sup>:

- Mirae Asset's SFDR Article 8 funds adopt a best-in-class methodology whereby companies must be within the top 50% threshold of environmental, social and governance scores based on the Mirae Asset ESG Scorecard. This best-in-class ESG criteria is binding for investments made by a minimum of 80% of the ESMA ESG Fund's net assets, and 70% of the Other ESG Funds'.
- For each SFDR Article 8 fund, Mirae Asset ESG Scorecards should be completed for 90% of the portfolio as best practice (70% as hard limit). Companies for which Mirae Asset ESG Scorecards were not completed due to newly listed companies or new addition to the portfolio should be completed within three months.
- On an annual basis, once Mirae Asset ESG scorecards are updated, the ESG Specialist and the Risk Team will screen the investment universe to check that the investment universe is reduced by at least 20% as a result of this best-in-class selection, utilising third-party ESG ratings (e.g. MSCI ESG Ratings) for companies that are not invested by SFDR Article 8 funds.

### **ESG Restrictive List**

For our traditional active investments where we are principal investment managers, Mirae Asset refrains from investing in companies that have significant exposure (based on revenue thresholds) to activities we deem controversial and of negative impact on the environment and society. Investment restrictions are placed on weapons, tobacco, fossil fuel, power generation, adult entertainment and cannabis for our SICAV product range. ESG restrictions that apply to the ESMA ESG Funds<sup>2</sup> and Other ESG Funds are more stringent. For segregated mandates, ESG restrictions are applied as instructed by clients. Please refer to the Annex for sector-specific policies.

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 regard to the potential of tightening or introducing new restrictions with the Investment Committee regularly.

### **ESG Breaches**

Temporary breaches of ESG requirements will be treated in the same way as the company's current compliance procedure for passive breach violations. Portfolio Managers should rectify the position for their managed portfolios within fifteen business days.

## **3. Climate Integration**

As a TCFD Supporter, we have a firm-wide policy on climate change that sets out our position and approach to integrating climate change into our investment decisions. We have also set initial net zero targets. Please refer to the [Position Statement on Climate Change](#) published on the website.

On an annual basis, we carry out a climate relevance and materiality assessment on all funds managed by MAGI HK to determine which funds are deemed relevant and material to climate-related risks. Newly launched funds within the year will be assessed at their launch. We assess climate relevance based on the nature of the investment strategy. We assess climate materiality using a proprietary climate materiality assessment framework which evaluates a portfolio's level of materiality based on portfolio holdings' materiality to climate risks by sector and

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<sup>1</sup> Effective from 19<sup>th</sup> May 2025, ESMA ESG Funds include the Mirae Asset ESG Asia Sector Leader Equity Fund, Mirae Asset ESG Emerging Asia ex China Equity Fund, Mirae Asset ESG Asia Great Consumer Equity Fund and Mirae Asset ESG Asia Growth Equity Fund, and Other ESG Funds include the Mirae Asset India Sector Leader Equity Fund and Mirae Asset China Growth Equity Fund. All above mentioned funds are SFDR Article 8 funds.

<sup>2</sup> For the avoidance of doubt, the exclusion criteria for ESMA ESG Funds referred to as the "Paris - aligned Benchmark" (PAB) exclusions contained in Article 12(1)(a) to (g) of CDR (EU) 2020/1818, applied for the purpose of aligning with the ESMA Guidelines on funds' names using ESG or sustainability - related terms (ESMA 34 - 472 - 440).

location. This framework is adjusted accordingly, to use different data sources and scoring weightings, if the portfolio includes sovereign bonds.

A **portfolio climate materiality score** is computed based on the weighted average of its holdings' **climate materiality scores** which considers:

1. **Sector-specific climate materiality:** The company's materiality to climate-related **transition risk and physical risks** are assessed with reference to SASB's Climate Risk Map.
2. **Location-specific climate materiality:** If climate-related physical risks are deemed material in the above step, the company's exposure to physical risks (based on its operating locations) is assessed using the **Physical Risk Score** from a third-party data provider.

At least annually, the Risk Team monitors climate-related risks of funds managed by MAGI HK deemed relevant and material to climate-related risks, comparing to their benchmarks as appropriate.

Climate metrics monitored for portfolios include:

- Portfolio carbon footprint, e.g. absolute emissions (Scope 1, 2 and 3 GHG emissions), weighted average carbon intensity by market cap and by revenue
- Physical risks, e.g. level of projected physical risk (by climate hazards) exposed by sector and security, potential value at risk from financial impacts of physical risks
- Transition risks, e.g. portfolio exposure to thermal power generation and fossil fuel reserves, portfolio temperature alignment
- Progress towards net zero targets, e.g. progress towards portfolio decarbonisation target (for each fund), and progress towards engagement threshold target (at asset level)

The ESG Specialist will work with the Risk Team, supported by the Compliance team, to review Mirae Asset's climate integration processes on an annual basis and update relevant policies accordingly. A TCFD Report will also be published on an annual basis.

## 4. Active Ownership

Our [Stewardship Code](#) sets out our approach in defining the Principles of Responsible Ownership indicated by the Securities & Futures Commission Hong Kong. Our seven Stewardship Principles oversees 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 of proxy voting recommendations from proxy voting advisory firms (where applicable).

We have engaged third-party external partners to provide proxy voting recommendations for our key markets.

### Corporate engagement

As an active owner, our analysts and portfolio managers consistently interact with companies, through 1-on-1 or group meetings, email correspondences, or 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. We particularly target engaging companies that we view as risky (based on our ESG assessment) with objectives to discuss ways to improve their ESG scores. We also actively partake in corporate engagement activities to reduce reliance on fossil fuels and to encourage companies to lower their operational carbon footprints.

We endeavour to establish engagement priorities on an annual basis to focus our engagement efforts. Engagement priorities shall be published in the annual Responsible Investments Report.

We are members of Climate Action 100+ initiative where we join with other investors to collaboratively engage with high carbon emitters in the region.

For more information on our stewardship activities, please refer to our [Voting & Engagement Policy](#) and [Stewardship Code](#).

## **5. ESG Reporting**

Mirae Asset practices a transparent approach to reporting our activities to clients. We work towards publishing an annual ESG report to document our ESG integration and stewardship efforts, as well as annually completing the UNPRI assessment report. Upon request, we respond to client queries in a timely manner and provide reports detailing voting rights exercised at shareholder meetings.

## **6. Industry Collaboration**

In April 2015, Mirae Asset (HK) became a signatory to the PRI, the UN-backed network of international investors established in 2006. Our investment philosophy naturally adheres to good ESG practices and we believe this aligns us well with the UNPRI Principles.

As a signatory to the UNPRI Principles, we applaud and encourage initiatives to improve corporate governance and, ultimately, shareholder value. Thus, while we are not an authorized asset manager in either Japan or the United Kingdom, we support the key principles that drive both the UK and Japanese Stewardship Codes, both in our investment philosophy and in practice.

In August 2021, Mirae Asset (HK) officially became a TCFD supporter, demonstrating our commitments to work towards the implementation of the recommendations by Task Force on Climate-related Financial Disclosures (TCFD).

In August 2021, we also became a member of AIGCC (Asia Investor Group on Climate Change), an investor network that collaborates on investment activity, analysis, risk management, engagement and policy related to climate change. We actively partake in AIGCC's meetings, working groups and projects, as well as regional and international initiatives to collaboratively drive solutions to climate risks and opportunities in the Asia region.

In January 2023, we signed up as Signatory to the Net Zero Asset Managers Initiative. We commit to work in partnership with our clients to reach net zero emissions by 2050 or sooner, and have set net zero targets for our investment portfolios in line with the global decarbonisation trajectory to keep global warming to 1.5°C.

## **Annex**

### **The Mirae Asset ESG Scorecard**

#### Composition of the Mirae Asset 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.

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.

Our sector analysts, 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 to update a stock's ESG score within 3 months if required.

We chose to rely on our own 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 (e.g. 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 Team 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.

## Mirae Asset's ESG Taxonomy

The table below lists out the assessment scope for ESG topics that are included in our ESG analysis.

PILLARS	TOPICS	DESCRIPTION
ENVIRONMENTAL	Emissions	<p><b>-Carbon emissions / GHG emissions:</b> Scope 1 and Scope 2 GHG emissions of the company's operations and their efforts to reduce their carbon footprint.</p> <p><b>-Energy management:</b> Direct and indirect energy consumption from the company's operations and their efforts to reduce energy usage / adopt cleaner sources of energy.</p> <p><b>-Air pollution:</b> 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><b>-Water management:</b> 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><b>-Waste management:</b> 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><b>-Materials use:</b> 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><b>-Climate change mitigation and adaptation:</b> 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><b>-Land use / ecological impacts:</b> 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><b>-Supply chain environmental standards:</b> The company's management of their supply chains to enhance transparency and quality of environmental standards of suppliers</p>
SOCIAL	Human Capital Management	<p><b>-Talent attraction and retention:</b> The company's ability to attract, retain as well as upskill its workforce</p> <p><b>-Labour practices:</b> The company's ability to uphold commonly accepted labour standards in the workplace and their efforts to maintain so</p> <p><b>-Workplace diversity:</b> The company's approach to provide equal opportunities in its hiring process and to prohibit discrimination in the workplace</p>
	Health & Safety	<p><b>-Occupational health and safety:</b> The company's ability to maintain a safe and healthy workplace, free of work-related injuries, fatalities and illness</p>
	Data Security & Privacy	<p><b>-Data security / cybersecurity:</b> 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><b>-Customer privacy:</b> The company's approach to responsible use of personal identifiable information (PII) collected as part of business operations.</p>

GOVERNANCE	Product Liability & Responsible Marketing	<p><b>-Product quality and safety:</b> The company's quality management of products sold and exposure to recalls and product safety concerns.</p> <p><b>-Product labelling and selling practices:</b> The company's approach to conducting transparent, accurate and comprehensive product labelling and marketing statements</p> <p><b>-Responsible investment:</b> For financial institutions, the integration of environmental, social and governance factors into investment decision making for long-term value creation</p>
	Stakeholder Engagement	<p><b>-Community relations:</b> The company's approach to engage with local communities and their efforts to main relations / distribute benefits to local communities</p> <p><b>-Tenant engagement:</b> Particularly for real estate companies, the company's approach to engage with tenants to promote sustainable practices</p>
	Supply Chain Management (Social)	<b>-Supply chain social standards:</b> The company's management of their supply chains to enhance transparency and quality of social standards of suppliers
	Corporate Governance	<p><b>-Shareholding and ownership structure:</b> The company's ownership structure and track record of controlling shareholders' execution and alignment of interests with minority shareholders</p> <p><b>-Board composition:</b> 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><b>-Remuneration:</b> The alignment of management pay with corporate strategy and shareholder interests</p> <p><b>-Accounting and audit:</b> The transparency, independence, timeliness of the company's audit and financial reporting practices</p>
	Business Ethics	<p><b>-Transparency:</b> The transparency of the company's tax practices and ESG disclosures</p> <p><b>-Government reliance:</b> The company's political relationships with the government, participation in policy lobbying and extent of policy influence</p> <p><b>-Business integrity:</b> The company's oversight and management of business ethics issues e.g. fraud, executive misconduct, anti-bribery, anti-money laundering, anti-trust</p>
	Environmental and Social Opportunities	<p><b>-Market trends / business opportunities,</b> 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><b>-Possible environmental and social opportunities</b> 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>
SDG		

## Mirae Asset's ESG Materiality Matrix

This ESG Materiality Matrix is reviewed annually and updated as needed.

[illegible]

<b>Consumer Staples</b>	Food & Staples Retailing													
	Food Beverage & Tobacco													
	Household & Personal Products													
<b>Industrials</b>	Capital Goods													
	Commercial & Professional Services													
	Transportation													

## Policy on Weapons

<b>MIRAE ASSET'S POSITION:</b>	<p>Weapons are used to kill and wound individuals. Particularly nuclear weapons can create mass destruction to humankind. The production and use of weapons are deemed unacceptable under international conventions. Civilian firearms and other weapons are illegal in some jurisdictions. Military weapons cause severe harm to civilians during conflicts and war. Moreover, international arms trade is exposed to risks of corruption and money laundering, and may finance terrorism.</p> <p>Mirae Asset supports the Convention on Cluster Munitions, therefore prohibits investment in the use, stockpiling, production and transfer of cluster munitions.</p>
<b>DEFINITIONS:</b>	<p><b>Controversial Weapons:</b> Companies that have any ties (including manufacturing, using, repairing, putting up for sale, selling, distributing, importing or exporting, transporting) to cluster munitions, landmines, biological / chemical / nuclear weapons, depleted uranium weapons, blinding laser weapons, incendiary (white phosphorus) weapons, and/or non-detectable fragments.</p> <p><b>Conventional Weapons:</b> Companies that derive revenue from weapons systems, components, and support systems and services for conventional weapons.</p>
<b>SCOPE:</b>	Sub-funds under MA Discovery Fund, or segregated mandates as instructed by clients
<b>REVENUE THRESHOLD:</b>	<p>0% for Controversial Weapons</p> <p>5% for Conventional Weapons</p>
<b>RESTRICTIONS:</b>	0% investment cap

## Policy on Tobacco

<b>MIRAE ASSET'S POSITION:</b>	<p>Tobacco consumption is a public health issue. Tobacco products are addictive and science has proven tobacco has negative health impacts on individuals who smoke. Not only is there no safe level of cigarette smoking, but smoking also has indirect negative effects on surrounding individuals through second-hand smoking. There is increasing global regulation and growing consumer awareness on the health impacts and dangers of smoking.</p> <p>On a firm-wide basis, we have capped restrictions to 2% of NAV as we see emergence of alternative tobacco products such as electronic cigarettes that may have less adverse health impacts and could potentially be used as smoking cessation aids. However, there is inconclusive scientific evidence and therefore we will continue to monitor regulations and scientific conclusions in this space.</p>
<b>DEFINITIONS:</b>	Companies that derive revenue from cultivation and production of tobacco.
<b>SCOPE:</b>	Sub-funds under MA Discovery Fund, or segregated mandates as instructed by clients
<b>REVENUE THRESHOLD:</b>	<p>General: 15%</p> <p>ESMA ESG Funds: 0%</p>
<b>RESTRICTIONS:</b>	<p>General: 2% investment cap</p> <p>ESMA ESG Funds: 0%</p>

## Policy on Fossil Fuel

<b>MIRAE ASSET'S POSITION:</b>	<p>The burning of fossil fuels (coal, oil and gas) is the main source of greenhouse gas emissions that contribute to global warming. The majority of deaths from air pollution are due to particulates and harmful gases from fossil fuels. In 2021, the International Energy Agency concluded that no new fossil fuel extraction projects can be opened if the global economy and society want to avoid the worst effects of climate change.</p> <p>The sector is also increasingly exposed to stringent regulations as countries worldwide make carbon reduction pledges and as part of national decarbonisation plans are transitioning fuel mix away from fossil fuels.</p> <p>We negatively screen for companies with business exposure to fossil fuel-related activities based on revenue threshold, and exclude from our portfolios.</p>
<b>DEFINITIONS:</b>	<p>Companies involved in the exploration, mining, extraction, distribution or refining of hard coal and lignite; companies involved in the exploration, extraction, manufacturing or distribution of oil fuels; companies that involved in the exploration, extraction, manufacturing or distribution of gaseous fuels.</p>
<b>SCOPE:</b>	<p>Sub-funds under MA Discovery Fund, or segregated mandates as instructed by clients</p>
<b>REVENUE THRESHOLD:</b>	<p>ESMA ESG Funds: 1% for coal; 10% for oil; 50% for gas General: 15% for thermal coal mining; 15% for unconventional oil &amp; gas</p>
<b>RESTRICTIONS:</b>	<p>General: 2% Article 8 funds: 0%</p>

## Policy on Power Generation

<b>MIRAE ASSET'S POSITION:</b>	<p>Power generation using fossil fuels produce large amounts of greenhouse gases such as carbon dioxide (CO<sub>2</sub>), nitrous oxide (N<sub>2</sub>O) during coal combustion. These emissions are contributors of global warming. Also, the burning of coal causes severe environmental impacts, such as acid rain, smog that also has negative impacts on human health like lung damage.</p> <p>Despite nuclear power being a reliable and low-carbon energy source, there are considerable health and safety risks as well as varied policy support associated. Waste generated by nuclear reactors remain radioactive for thousands of years. Nuclear power plant accidents such as Chernobyl and Fukushima released radiation into the environment, causing damage and loss to life in surrounding areas.</p> <p>We negatively screen for companies with business exposure to fossil fuel or nuclear power generation based on revenue threshold, and exclude from our portfolios. If companies have exposure but do not meet the revenue threshold, we monitor accordingly to ensure the company's business exposure is not increasing.</p>
<b>DEFINITIONS:</b>	<p>Companies involved in fossil fuel-based power generation and nuclear energy-based power generation.</p>
<b>SCOPE:</b>	<p>Article 8 funds</p>
<b>REVENUE THRESHOLD:</b>	<p>ESMA ESG Funds: 50% for power generation from fossil fuel Other ESG Funds: 15% for power generation from fossil fuel and nuclear</p>
<b>RESTRICTIONS:</b>	<p>Article 8 funds: 0%</p>

## Policy on Cannabis

<b>MIRAE ASSET'S POSITION:</b>	<p>Cannabis, also commonly known as marijuana, is a cannabinoid drug. The main ingredient of cannabis, tetrahydrocannabinol (THC), attaches to user's brain cannabinoid receptors and could lead to delusions, disorganised thinking and speech. In addition, cannabis also takes a toll on user's physical health. Smoking cannabis on a regular basis could increase the chance of having cancer, recurrent lung infections and decrease in bone density.</p> <p>Cannabis is decriminalized and allowed for medical use in several regions of North America, Africa, Australia, Europe and South America. But it remains prohibited in Middle Eastern countries and Asia.</p>
<b>DEFINITIONS:</b>	<p>This sector includes companies engaged in the production, retailing or pharmaceutical research of cannabis. Cannabis products and derivatives usually come from the dried leaves and flowers of the Cannabis sativa or Cannabis Indica plant. It has a psychoactive substance that can be used for both medicinal, recreational use. Tetrahydrocannabinol (THC) is one of its major chemical compositions and it is effective against vomiting and nausea during medical treatments. Additionally, it can also induce a euphoric high, which lets users experience a state of relaxation.</p>
<b>SCOPE:</b>	Article 8 funds only, or segregated mandates as instructed by clients
<b>REVENUE THRESHOLD:</b>	15%
<b>RESTRICTIONS:</b>	0% investment cap

## Policy on Adult Entertainment

<b>MIRAE ASSET'S POSITION:</b>	<p>The adult entertainment sector is widely criticised and denounced for the adverse impacts it has on the society as well as its consideration as a sin by most religions in the World.</p> <p>Adult entertainment is banned by law in many countries in the World (in most of Africa, the Middle-East, East-Asia and Southeast Asia). It is also subject to regulation in India, Australia, Russia, South-Africa and in the UK.</p> <p>The sector is also deemed a privately-owned industry with very limited number of publicly-listed producers.</p>
<b>DEFINITIONS:</b>	<p>This sector includes companies that are involved in the production, distribution or retailing of adult entertainment products. Adult entertainment products are defined as material in which the dominant theme is “sexually explicit” conduct, specifically the depiction or description of sexual or excretory activities in a lascivious way.</p>
<b>SCOPE:</b>	<p>Sub-funds under MA Discovery Fund, or segregated mandates as instructed by clients</p>
<b>REVENUE THRESHOLD:</b>	<p>15%</p>
<b>RESTRICTIONS:</b>	<p>0% investment cap</p>

## Position on Biodiversity

### MIRAE ASSET'S POSITION:

Biodiversity is the variety of life on Earth – the variety of animals, plants, microorganisms within any habitat including but not restricted to terrestrial, marine and desert ecosystems. Biodiversity is crucial for the planet as it contributes to the functioning of ecosystem services that provide for all living organisms including humans.

Human consumption driven industrial and commercial activities is destroying ecosystems and posing threats to biodiversity. Deforestation is one of the most direct threats to biodiversity; palm oil plantations are particularly a key contributor.

As part of the Mirae Asset ESG Scorecard, we assess biodiversity for industry groups where we deem business activities may have material impacts on biodiversity, including energy, materials, utilities, food & beverage & tobacco and transportation industry groups.

When assessing companies, we look at the following aspects, supported by quantitative third-party data where possible:

- Are the company's operating locations in regions with fragile / protected ecosystems / biodiversity-sensitive areas?
- Does the company have in place restoration or rehabilitation programs to minimise disturbances to areas of operations? Does the company conduct biodiversity / environmental impact assessment prior to commencing operations in new areas?
- (Specific to palm oil producers) Are you a member of the Roundtable of Sustainable Palm Oil (RSPO)? What percentage of land is RSPO-certified for palm oil cultivation?

Should major controversies be detected related to the company's negative impact on biodiversity, Portfolio Managers and relevant analysts, with inputs from the ESG Specialist, are expected to engage with the company and report to the Investment Committee regularly.

We have in place an escalation policy should engagement attempts be unsuccessful or Portfolio Managers and relevant sector analysts deem remedial actions to be insufficient. For instance, we may consider voting against the reappointment of directors or respective management committees at the company's subsequent AGM.

### DEFINITIONS:

Biodiversity is a topic within the Mirae Asset ESG Scorecard where companies are assessed based on the impact their operations have on ecosystems and biodiversity, and their efforts to mitigate / preserve natural habitats.

## Net Zero Targets

We acknowledge that there is an urgent need to accelerate the transition towards global net zero emissions and for asset managers to play their part to help deliver the goals of the Paris Agreement and ensure a just transition. As Net Zero Asset Managers Initiative (NZAMI) Signatories, we are committed to work in partnership with our clients to reach net zero emissions by 2050 or sooner. We have set net zero targets for our investment portfolios in line with the global decarbonisation trajectory to keep global warming to 1.5°C.

### Scope of Targets

We will initially commit to manage 26% of MAGI HK AUM<sup>3</sup> to be in line with net zero.

The current proportion of AUM in-scope of net zero targets includes our traditional investments in mutual funds, such as our UCITS product range, which we have direct investment discretion over. This range of products are those that meet the most stringent ESG investing standards within the firm, as such we have put them in scope first. We will reassess this scoping on an annual basis and aim to ratchet upward to include other active investments such as our Korean domiciled funds and active ETFs if possible.

Other products such as passive, fixed income and sovereign ETF products, are excluded for now due to challenges in data estimations and limited investment discretion. We will periodically review the feasibility to include more AUM in-scope of our targets. We also strive to pro-actively work with Mirae Asset Headquarters and other offices to review readiness for setting net zero targets at the Group level.

### Net Zero Targets

We adopt IIGCC's Paris Aligned Investment Initiative (PAII) Net Zero Investment Framework (NZIF) and have set 2 interim net zero targets as follows:

#### **1. Portfolio decarbonisation reference target**

**TARGET:** Reduce portfolio carbon footprints<sup>4</sup> by 2030 against 2021 baseline, as measured by Weighted Average Carbon Intensity (tCO<sub>2</sub>e/\$million revenue), in a way that is consistent with a fair share contribution of the 50% global reduction in carbon emissions to limit global warming to 1.5°C.

We adopt a point-in-time emissions reduction approach following the decarbonization pathway set out in the IEA's NZE2050 scenario for emerging markets and developing economies.

Funds in scope of the target will by default adopt a self-decarbonization approach to target setting at the minimum, but funds that have already achieved significant decarbonisation relative to the benchmark at the base year will adopt the benchmark-relative approach.

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<sup>3</sup> As of 2021, as base year for net zero targets

<sup>4</sup> Portfolio carbon footprints include Scope 1 & Scope 2 GHG emissions, collected and estimated (where data is not available) by third party ESG data provider. Scope 3 will be considered at a later stage when data availability and measurement methodologies are more mature

## **2. Engagement threshold**

**TARGET:** By 2025, ensure at least 70% of financed emissions in material sectors have achieved/aligned net zero or are subject to direct/collaborative engagement and stewardship actions. By 2030, ensure at least 90% of financed emissions in material sectors have achieved/aligned net zero or are subject to direct/collaborative engagement and stewardship actions.

### **Baseline Re-calculation**

We review the scope and targets setting approach of our net zero targets and base year financed emissions on an annual basis. We consider the following circumstances to trigger a re-calculation of base year emissions:

- Significant changes to in-scope funds, such as liquidation
- Significant changes to fund investment objectives and/or portfolio composition, such as significant shifts in the fund's sectoral exposure
- Significant changes to carbon emissions data, such as data coverage, availability or quality

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The Company’s Prospectus and the PRIIPS KIDs/UCITS KIIDs can be obtained from <http://www.am.miraeasset.eu/fund-literature>. The Prospectus is available in English, French and German,

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### Policy on Responsible Investing

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A summary of investor rights is available in English from [www.am.miraeasset.eu/investor-rights-summary](http://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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