Mirae Asset Global Investments

Responsible Investment Policy

Responsible Investment Strategy Center

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MIRAE ASSET
Global Investments

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1. Definitions

1. 'Responsible Investment' refers to an investment philosophy which integrates ESG into investment processes from a long-term perspective and fulfills fiduciary stewardship.

2. 'ESG' is a concept comprising Environmental, Social, and Governance, all of which influence the development of a firm's values and a sustainable business.

3. Specific strategies of 'Responsible Investment,' or 'ESG Investment,' are divided into seven categories that have been proposed by the 'Global Sustainable Investment Alliance (GSIA)'.

    1) Negative (or Exclusive) Screening: Strategy that excludes firms based on activities considered not investable, such as product categories (e.g. weapon, tobacco), company practices (e.g. animal testing, violation of human rights, corruption) or controversies.

    2) Positive (or Best-in-class) Screening: Strategy that Invests in sectors, companies or projects selected for positive ESG performance relative to industry peers, and that achieve a rating above a defined threshold.

    3) Norm-based Screening: Strategy that screens investments against minimum standards of business or issuer practice based on international norms such as those issued by the UN, ILO, OECD and NGOs (e.g. Transparency International).

    4) ESG Integration: Strategy that implements ESG factors into financial analysis of invested firms and portfolio management in an explicit and systematic manner.

    5) Sustainability-themed Investing: Strategy that invests in themes or assets specifically contributing to sustainable (environmental or social) solutions, or associated with one or more of the 17 Sustainable Development Goals (SDG) proposed by the United Nations.

    6) Impact Investing: Strategy that invests to achieve positive, social and environmental impacts – requires measuring and reporting against these impacts, demonstrating the intentionality of investor and underlying asset/investee, and demonstrating the investor contribution.

1. Definitions

7) Corporate Engagement and Shareholder Action: Strategy that employs shareholder power to influence corporate behavior, including through direct corporate engagement (i.e., communicating with senior management and/or boards of companies), filing or co-filing shareholder proposals, and proxy voting that is guided by comprehensive ESG guidelines.

2. Target and Scope

Ⅰ. Target

1. As a global financial group, Mirae Asset Global Investments pursues excellence in investment management to help our clients achieve their long-term objectives. To realize this vision, we conform to the Responsible Investment Principles. The principles represent a promise to integrate ESG (Environmental, Social, and Governance) into our investment management process and to fulfill our stewardship as fiduciaries.

Ⅱ. Scope of Application

1. As a principle, this policy pertains to assets invested through Collective Investment Schemes managed by the firm. However, the characteristics of each asset and clients' mandates that have been established as management strategies should be considered priority.

2. The specific application date and method should be determined through consultation with the portfolio managers and relevant departments of each collective investment scheme. All related activities are based on Clause 5 of the Responsible Investment Principles.

3. Responsible Investment Principles

As a global financial group, Mirae Asset Global Investments pursues excellence in investment management to help our clients achieve their long-term objectives. To realize this vision, we enacted the Responsible Investment Principles. The principles represent a promise to integrate ESG (Environmental, Social and Governance) into our investment management process and to fulfill our stewardship as fiduciaries.

Our Responsible Investment Principles are based on our belief that ESG is a powerful factor in finding new values and managing possible risks in a changing world and capital markets. Climate change is a notably serious threat to human well-being, but mitigating and adapting to climate change also represents an investment opportunity of the century.

As an institutional investor who manages clients' assets in good faith, we adhere to the following principles of Responsible Investment.

1. We recognize Responsible Investment as a significant element of asset management in accordance with Mirae Asset's core values and investment principles.
2. We actively examine ESG from a long-term perspective to generate a stable and sustainable revenue.
3. By incorporating ESG into our investment process, we aim to improve risk-adjusted returns on portfolios.
4. We actively discover new investment opportunities that emerge from an ESG perspective.
5. We consider mutual cooperation and innovative thinking as the bases of all responsible investment activities.
6. We exercise shareholder rights in accordance with the principles on the Stewardship Responsibilities of Institutional Investors.
7. We engage in global responsible investment initiatives and support the principles of initiatives in which we participate.
8. All of our stakeholders can be partners in responsible investment activities.

4. ESG Governance

Ⅰ. ESG Committee

1. As an organization for making decisions regarding ESG business strategies and investment policies, the ESG committee is operated in two divisions depending on the reported or deliberated agenda: ① the ESG business management division and ② the ESG investment division.

2. Topics of deliberation include the development of ESG business strategies, enactment and revision of ESG policies, and participation in public initiatives. Reported topics include the implementation status of ESG projects, ESG investment and products, and ESG-related public disclosure and assessment.

3. The ESG committee is held regularly to report topics regarding ESG business management or ESG investment, and to resolve them. The committee reports the results of the consultations to the Board of Directors. Also, the head of the ESG committee may call a meeting whenever one is needed.

[Organizational Chart of ESG Governance]

4. ESG Governance

II. Organization for Responsible Investment

The firm operates the Responsible Investment Strategy Center dedicated to activities related to responsible investment. The center consists of an ESG strategy division and a Stewardship division to oversee ESG and fiduciary activities respectively.

The ESG strategy division primarily directs firm-wide ESG strategies, including ESG research, assessment of invested companies, and development of ESG investment strategies. The Stewardship division manages fiduciary duties, proxy voting, and shareholder engagement activities.

The Responsible Investment Strategy Center cooperates with each investment division to improve the level of responsible investments and to develop long-term responsible investment strategies systematically.

5. ESG Integration

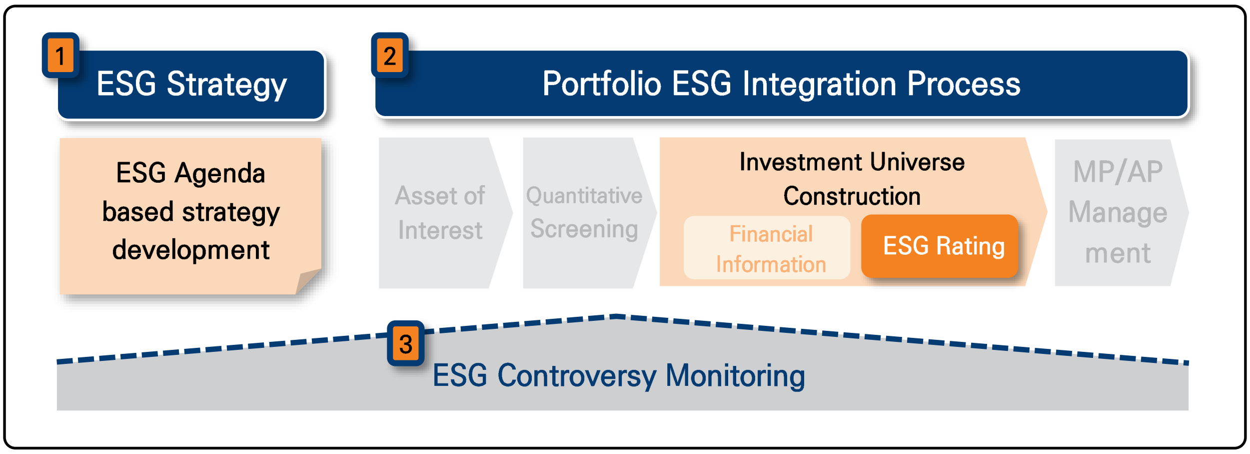
Ⅰ. Proprietary ESG rating model (M-ESG Score)

* Please refer to Responsible Investment Guideline for detailed explanation.

1. (Purpose of Rating) As a part of the ESG Integration strategy, the proprietary ESG rating model (hereafter 'M-ESG Score') aims to assess invested firms' sustainability and management capacity to handle non-financial risk factors.

2. (Usage of Rating)

[M-ESG Score Application Process]



1) (Product Development) In developing ESG investment products, an investment universe based on a sustainability target can be constructed using the ESG Agenda in the M-ESG Scoring model.

2) (Management of Investment Universe) An ESG rating score can be integrated into an investment universe which is constructed by quantitative and qualitative analyses conducted by research and portfolio management division. The integrated outcome can be used to determine the inclusion of rated firms into the investment universe and its weight in investment portfolios.

3) (Monitoring) In the case that a critical ESG-related risk appears, the significance of the issue can be determined through ESG Controversy monitoring.

5. ESG Integration

3. (Management of the M-ESG Score model) The ESG Strategy division manages the M-ESG Score model entirely, including its construction and modification, and should reflect the demands of portfolio managers for assets and strategies that utilize the ratings. Furthermore, tasks that do not alter the structure of the model, such as collecting raw data, can be outsourced to specialized firms.

5. ESG Integration

II. Detailed Structure of the Model

1. (Structure of the model) The ESG rating model consists of sustainable agendas at the top, specific categories in the middle, and actual indicators to assess the firms' data at the bottom. The firms' Agenda scores are aggregated to derive the total ESG integration score.

[Detailed structure in Agenda and Category levels]

Agenda	1			2		3	4			5			6				7			
	Climate Change			Natural Capital		Green Growth	Supply Chain Management			Human Capital			Trust Capital				Governance			
Category	Environment							Social									Governance			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
	E- Governance	Climate Change Mitigation	Climate Change Adaptation	Pollutant Management	Circular Economy	Eco-friendly Goods & Services	Eco-friendly Supply Chain	Fair Trade	Human Rights in Supply Chain	Labor Environment	Health & Safety	Diversity, Equity & Inclusion	Anti-Corruption	Product & Service Safety	Data Security	Transparency	Shareholder Rights	Capability of Board of Directors	Remuneration	Internal Control & Auditing

About 80 Indicators below

1) The rating model consists of agendas at the top, categories in the middle, and indicators at the bottom. By choosing an ESG agenda according to the investment strategies of each portfolio asset, the model can be restructured for customized application.

2) A total of 34 industries are classified according to the MSIC (Miraeasset Standard Industrial Classification). For each industry, the material issues are classified and weighted accordingly.

5. ESG Integration

2. (Rating Methodology)
    1) The ESG rating utilizes a wide scope of accessible data, including third-party rating scores and firms' public report disclosure, alongside external ESG assessment data.
    2) Considering the annual schedule of data generation, such as firm's sustainability reports and the National GHGs Management System, the M-ESG score of each firm should be assessed regularly at least once a year. However, the rating result may be modified to reflect issues including a modification of the model or change in the investment universe.

5. ESG Integration

Ⅲ. ESG Controversy Monitoring

* Please refer to the Responsible Investment Guideline for more details.

1. To manage potential risk in invested assets, ESG-related incidents and issues that may negatively affect a firm's values and sustainable business in the long term are monitored regularly.

2. Through daily ESG Controversy Monitoring, the significance of an incident can be categorized into four levels, considering its severity and frequency. For cases in which the level is 'Wary' or higher, the ESG Strategy division prepares a research report and shares it with portfolio managers regularly for utilization.

[Significance Classification of ESG Controversy]

Status	Materiality of the Case
Red (Severe)	Incident of serious magnitude that causes negative effects on the firm's normal business and its long-term value.
Orange (Wary)	Incident with high probability of causing detriment to the firm's sustainability.
Yellow (Watchful)	Incident that is not currently impactful upon the firm's sustainability, but that still requires continuous monitoring.
Green (Normal)	Status in which the firm's sustainability is not under concern.

6. Stewardship Code

Ⅰ. Development of Internal System for Fiduciary Activities

For effective implementation of our firm's fiduciary activities, we establish and disclose ① the Proxy Voting Guideline and ② the Policy for Conflict of Interest Prevention. We regularly review all policies related to fiduciary duties and revise when needed. The Stewardship division oversees fiduciary activities, while the Compliance division manages issues regarding conflict of interest and legal or ethical issues.

① Proxy Voting Guideline: Statement about the rules, methods, and processes of proxy voting for each type of agenda as a way to improve the long-term profit of investors and clients

② Policy for Conflict-of-Interest Prevention: Statement about conflicts of interest in which the profit of investors and clients may be harmed, and about ways to prevent and respond to such conflicts of interest.

6. Stewardship Code

Ⅱ. Seven Principles of the Stewardship Code

1. Institutional investors, as a steward of assets entrusted by their clients, beneficiaries, etc., to take care of and manage, should formulate and publicly disclose a clear policy to faithfully implement their responsibilities.
2. Institutional investors should formulate and publicly disclose an effective and clear policy as to how to resolve actual or potential problems arising from conflicts of interests in the course of their stewardship activities.
3. Institutional investors should regularly monitor investee companies in order to enhance investee companies' mid- to long-term value and thereby protect and raise their investment value.
4. While institutional investors should aim to form a consensus with investee companies, where necessary, they should formulate internal guidelines on the timeline, procedures, and methods for stewardship activities.
5. Institutional investors should formulate and publicly disclose a voting policy that includes guidelines, procedures, and detailed standards for exercising votes in a faithful manner, and publicly disclose voting records and the reasons for each vote as to allow the verification of the appropriateness of their voting activities.
6. Institutional investors should regularly report their voting and stewardship activities to their clients or beneficiaries.
7. Institutional investors should have the capabilities and expertise required to implement stewardship responsibilities in an active and effective manner.