

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name:**  
Mirae Asset ESG Asia Sector Leader Equity Fund

**Legal entity identifier:**  
222100UBBB4EIT0Y4R39

## Environmental and/or social characteristics

Does this financial product have a sustainable investment objective?	
● ● Yes	● ● ✕ No
<input type="checkbox"/> It will make a minimum of <b>sustainable investments with an environmental objective:</b> ____%  <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> It will make a minimum of <b>sustainable investments with a social objective:</b> ____%	<input type="checkbox"/> It <b>promotes Environmental/Social (E/S) characteristics</b> and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments  <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy  <input type="checkbox"/> with a social objective  <input checked="" type="checkbox"/> It promotes E/S characteristics, but <b>will not make any sustainable investments</b>



### What environmental and/or social characteristics are promoted by this financial product?

This Sub-Fund aims at investing in companies with good environmental and/or social characteristics based on our proprietary ESG Scorecard (“the Mirae Asset ESG Scorecard”) through applying a best-in-class methodology. Among others, the environmental pillar includes resource & waste management, biodiversity, emissions, and supply chain management (environmental), the social pillar includes human capital management, health & safety, data security & privacy, while the governance pillar includes corporate governance and business ethics.

Lastly, the Sub-Fund refrains from investing in business activities that are deemed harmful to the environment and society through applying the exclusions.

For further information on our ESG Scorecard, please refer to the below section “*What investment strategy does this financial product follow?*”, within this Annex.

\*The Sub-Fund is actively managed and references the MSCI All Country Asia ex Japan Index (the “Benchmark”) by seeking to outperform it. The Benchmark is a general market index that represents

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

the investment universe and is not used a benchmark to measure whether the Sub-Fund has attained the environmental or social characteristics it sets out to promote.

● ***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

1. The % distribution of the Sub-Fund's net assets to ESG scores (based on the Mirae Asset ESG Scorecard) on a scale of 1 to 5
2. The % of portfolio companies that are not aligned with the exclusions

● ***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable.

● ***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



## Does this financial product consider principal adverse impacts on sustainability factors?

☒ Yes, the Principal Investment Manager considers the principal adverse impacts (PAI) of investment decisions on sustainability factors and intends to report on it periodically in the Sub-Fund's Annual Report.

The list of PAIs considered, with reference to Annex I of the SFDR RTS, are as follows:

PAI Indicator		Actions taken or planned to mitigate PAI
Table 1, #4	Exposure to companies active in the fossil fuel sector	The Sub-Fund excludes investment in companies that have significant (more than 15%) revenue in thermal coal mining and power generation, and unconventional oil & gas.
Table 1, #10	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Companies with violations to Global Norms (i.e., United Nations Global Compact principles, United Nations Guiding Principles for Business and Human Rights, International Labour Organization's fundamental principles) are subject to direct or collaborative engagement.  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 of the Principle Investment Manager will then decide whether to put a buy restriction on these companies.
Table 1, #14	Exposure to controversial weapons	The Sub-Fund excludes investment in companies that have significant (more than 15%) revenue in controversial weapons.

Data availability for PAI indicators may vary between regions and thus some data might be missing or might be estimated. This might negatively impact the figures reported each year. The Principal Investment Manager will review the relevance and availability of data and consider adding more PAI indicators in the future.

☐ No



## What investment strategy does this financial product follow?

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

### (i) ESG Scorecard

The Principal Investment Manager has developed the Mirae Asset ESG Scorecard to ensure ESG scores are tailored to the companies in the Sub-Fund's portfolio based on the sectors and markets they operate in the scoring is based on a 1 to 5 rating (1-rating indicating poor performance and 5-rating indicating excellent performance). This in-house ESG scoring system assesses a company's ESG performance using company data as well as alternate data. Please refer to (ii) Best-in-class methodology of this section

for more information on how the Mirae Asset ESG Scorecard is applied in the investment strategy.

The Mirae Asset ESG Scorecard covers 24 industry groups within 11 sectors and is composed of 14 topics categorized under three pillars further described in the below table. Further, under the Sustainable Development Goals (SDG) pillar, environmental and social opportunities are also reviewed, with regards to contributions to the United Nations SDG.

Pillars	Topics
<b>Environmental</b>	Emissions
	Resources & Waste Management
	Climate Change
	Biodiversity
	Supply Chain Management (Environmental)
<b>Social</b>	Human Capital Management
	Health & Safety
	Data Security & Privacy
	Product Liability & Responsible Marketing
	Stakeholder Engagement
	Supply Chain Management (Social)
<b>Governance</b>	Corporate Governance
	Business Ethics
<b>SDG</b>	Environmental and Social Opportunities

For each industry group, environmental and social topics are chosen based on financial materiality (impact of an activity on a company's profit and losses account) and sustainability materiality (positive or negative impact of activities on the environment/society).

The Mirae Asset ESG Scorecard is updated at least on an annual basis and is audited against and compared with third party ESG scores such as MSCI ESG Rating to guarantee quality and control whilst ensuring scores are reflective of the company's ESG performance based on its first-hand knowledge and expertise. However, the Principal Investment Managers relies on its own proprietary ESG Scorecard as the key ESG assessment tool to define environmental and social characteristics for the Sub-Fund for the following reasons:

- Third party ESG scores do not always cover all stocks in which the Sub-Fund may invest because part of the portfolio may be invested in young, growth companies in emerging markets.
- The Sub-Fund has a regional focus in the China market, and therefore the landscape and applicability of ESG topics and metrics may slightly differ from the broad and developed markets usually covered by ESG scores.
- As ESG is a fast-evolving subject, there may be a lag in the update of third party ratings methodology whereas the proprietary ESG Scorecard can be updated in a timelier manner.

ESG scores for all active holdings are updated on an annual basis. Should there be material ESG controversies or events, the Principal Investment Manager is also responsible to update a stock's ESG score within 3 months if required.

(ii) Best-in-class methodology

We apply a best-in-class methodology following which companies must have good environmental and/or social characteristics whereby companies must be within the top 50% threshold of environmental and/or social scores based on the Mirae Asset ESG

Scorecard. In addition, companies must also have good corporate governance practices whereby companies must be within the top 50% threshold of governance scores based on the Mirae Asset ESG Scorecard.

(iii) Exclusions

We exclude investments in companies that have significant (more than 15%) revenue in weapons, tobacco, adult entertainment, cannabis, and fossil fuels which includes thermal coal mining, unconventional oil & gas, and power generation (thermal coal, nuclear). Companies that fall in these industries are monitored in the ESG restrictive list of the Principal Investment Manager (the “ESG Restrictive List”) that is reviewed in monthly risk meetings and meetings with the Investment Committee of the Principal Investment Manager.

Companies with low ESG scores (i.e., 2-rating or below or CCC MSCI ESG ratings) or violations to Global Norms ( i.e., United Nations Global Compact principles, United Nations Guiding Principles for Business and Human Rights, International Labour Organization’s fundamental principles) also 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 of the Principle Investment Manager will then decide whether to put a buy restriction on these companies.

● ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The binding elements of the investment strategy include that:

- Companies must be within the top 50% threshold of the Mirae Asset ESG Scorecard to be eligible for investment, and
- The Sub-Fund refrains from investing in companies that fall in the ESG Restrictive List.

Of the ESG criteria described above, the best-in-class methodology is binding for a minimum of 70% of the portfolio whilst exclusions apply to 100% of the portfolio (excluding cash and other ancillary assets).

● ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable.

● ***What is the policy to assess good governance practices of the investee companies?***

Good governance practices are assessed as part of the Mirae Asset ESG Scorecard in the governance pillar whereby companies must be within the top 50% threshold of governance scores. Companies’ governance practices are assessed based on corporate governance and business ethics. Within corporate governance, companies are assessed on their shareholder and ownership structure, board composition, remuneration, and accounting and audit. Within business ethics, companies are assessed on their transparency, governance reliance, and business integrity.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.



**Asset allocation** describes the share of investments in specific assets.

**What is the asset allocation planned for this financial product?**

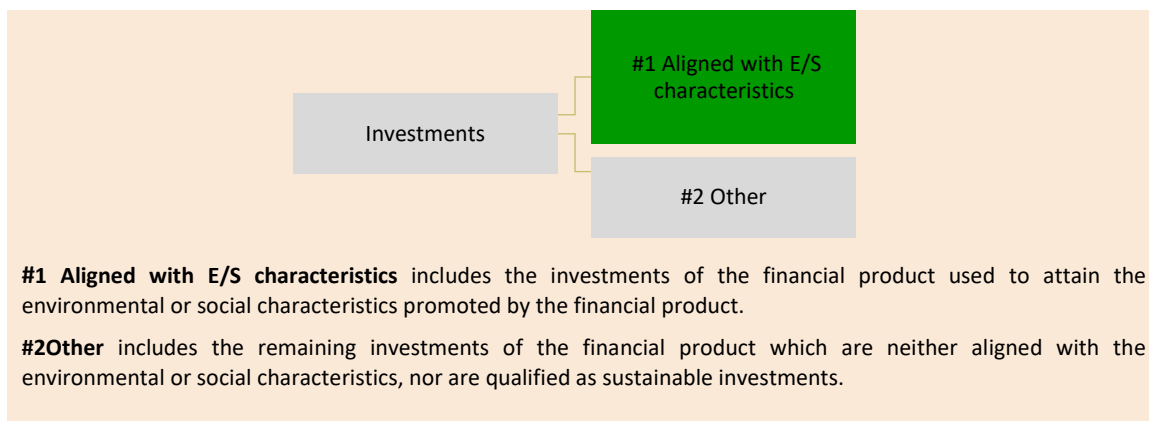
At least 70% of the assets in the Sub-Fund are allocated to investments used to attain environmental or social characteristics promoted by the Sub-Fund.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



- **How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?**

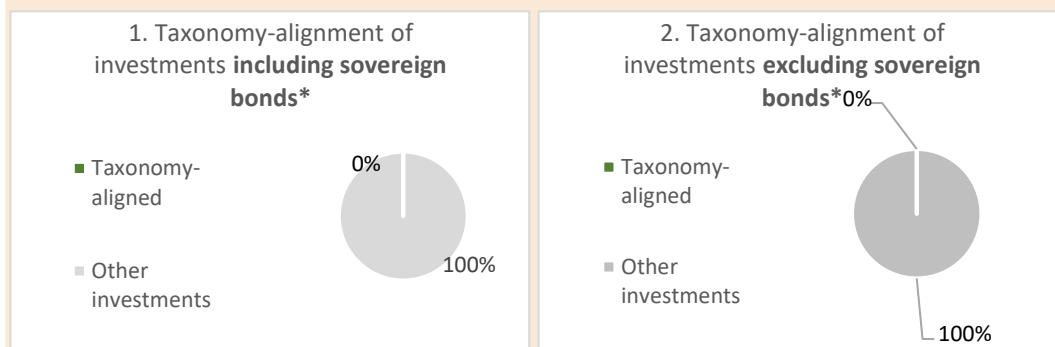
Not applicable.



- **To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Sub-Fund does not currently commit to invest in any “sustainable investment” within the meaning of the Taxonomy Regulation. However, the position will be kept under review as the underlying rules are finalised and the availability of reliable data increases over time.


**The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy-alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy-alignment only in relation to the investments of the financial product other than sovereign bonds.**



\* For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures

- **What is the minimum share of investments in transitional and enabling activities?**



 are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

As the Sub-Fund does not commit to invest any “sustainable investment” within the meaning of the Taxonomy Regulation, the minimum share of investments in transitional and enabling activities within the meaning of the Taxonomy Regulation is therefore also set at 0%.



**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

The Sub-Fund promotes environmental and social characteristics but does not commit to making any sustainable investments. As a consequence, the Sub-Fund does not commit to a minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy.



**What is the minimum share of socially sustainable investments?**

Not applicable.



**What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?**

The “Other” investments may include cash and cash equivalents held as ancillary liquidity, hedging instruments, unscreened investments for diversification purposes or investments for which data are lacking.

As a minimum E/S safeguard, the exclusions also apply to the unscreened investments and the investments for which data are lacking portion of the “Other” investments.

As for the remaining “Other” investments (cash, cash equivalents and hedging instruments), no minimum E/S safeguards are being put in place.



**Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?**

Not applicable.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



**Where can I find more product specific information online?**

More product-specific information can be found on the website: <https://www.am.miraeasset.eu/funds/mirae-asset-sustainable-asia-sector-leader-equity-fund-a-usd/#documents>