



Value Partners Group

Responsible Investing Policy

2020

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Introduction

Value Partners Group (the “Group”) employs a bottom-up approach to stock selection, one that is based on our value investing discipline and focuses on intensive fundamental research. Being a pioneer value investor in Asian markets since 1993, we conduct frequent in-depth due diligence meetings and develop our own proprietary financial models for companies we cover. We provide comprehensive investment services ranging from equities, fixed income, alternatives, multi-asset portfolios and quantitative investment solutions.

We believe that environmental, social and corporate governance (“ESG”) issues can affect the performance of investment portfolios, as ESG factors tend to play out over the longer term. The Group recognizes that integrating ESG analysis in the investment process can help identify those business models that are most likely to sustainable returns and resist competitive pressures, and is consistent with our investment philosophy.

In July 2019, we formally became a signatory of the United Nations Principles for Responsible Investment (“UNPRI”), and are committed to actively support and promote responsible investment initiatives in the markets that we operate in. Our firm is also firmly aligned with the SFC’s Principles of Responsible Ownership as a regulated entity under the SFC. In addition, we are strictly abiding by the ESG disclosure requirements on the Hong Kong Stock Exchange as a listed member.



Governance & Culture

The Group treats Responsible Investing with great importance and has established a robust governance framework to increase the uptake of such standards.

Oversight comes directly from the Board of Directors, co-Chairmen, co-Chief Investment Officers, and President. Chaired by the Group's co-Chief Operating Officer as ESG Champion, an ESG Committee is formed to mobilize the whole company to embrace Responsible Investing.

The Committee reviews the ESG scores of our portfolio and challenges holdings of low scores. The Committee will also evaluate engagement activities and proxy voting participation.

To nurture a strong ESG culture, we are committed to providing regular ESG training to all of our employees.

ESG Governance Structure



Oversight

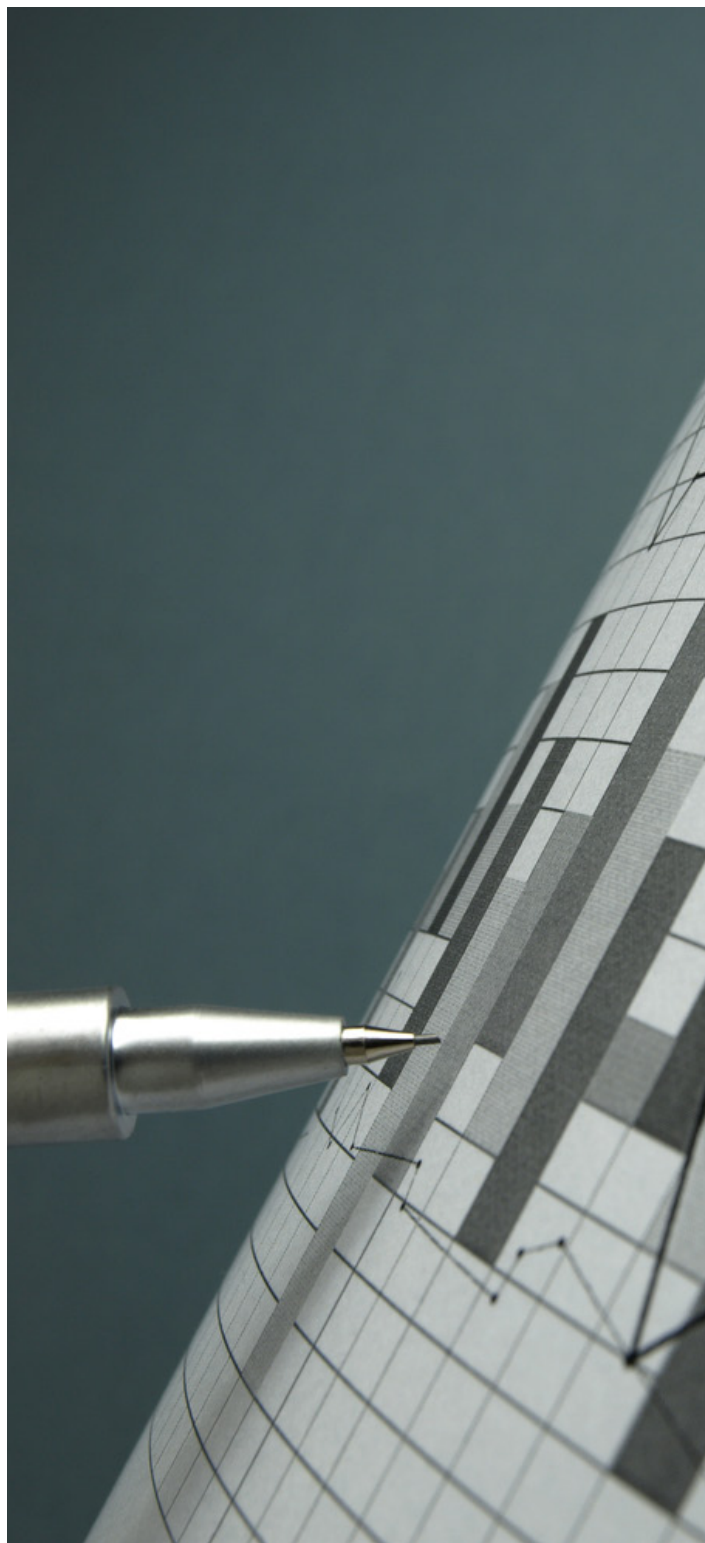
Oversight & Implementation

Implementation

Investment Practices

ESG analysis is an integral part of the Group's investment process. We believe that ESG issues can exert a material influence on company long-term fundamentals, reflecting investment opportunities and risks. The Group prides ourselves on our thorough fundamental research and bottom-up analysis of our investable universe.

We incorporate ESG principles into our fundamental research, and actively engage with companies within our investable universe. When making investment decisions across asset classes and strategies, we take into account all available ESG data to us, using our in-house analysis, third party research and data providers as well as information gathered from individual company engagement.



ESG Factors

Depending on specific request from clients, we may design to adopt particular ESG factors in their investment portfolios. We list some common issues that are of consideration during the ESG-compliant investment process. They can include, but not limited to:

ENVIRONMENT	SOCIAL		GOVERNANCE
Environmental footprint	Community relations	Employee relations	Corporate governance
Climate change, GHG emissions, and global pollution	Human rights abuses, corporate complicity	Forced labor	Corruption, bribery, extortion, money laundering
Local pollution	Impacts of communities	Child labor	Executive compensation issues
Impacts of landscapes, ecosystems, and biodiversity	Local participation issues	Freedom of association and collective bargaining	Misleading communication
Overuse and wasting of resources	Social discrimination	Discrimination in employment	Fraud
Waste issues		Occupational health and safety issues	Tax evasion or optimization
Animal mistreatment		Poor employment conditions	Anti-competitive practices
			Minority shareholders rights

Engagement

We invest and own companies on behalf of our clients and serve a fiduciary duty. As an active owner, we also seek ways to positively influence corporate behaviors. Understanding the companies that we invest in is a core part of our firm's fundamental research process, and we have been practicing this long before we became a UNPRI signatory. We organize regularly meetings with company stakeholders to foster our understanding of their business operations and strategy, signal our support or concerns with management actions, help companies reduce risks and add value to society.

After signing up to the UNPRI, we formally incorporated ESG issues in our engagement process and will continue to refine to meet the constantly rising standards within the investment industry. We believe that company engagements will reinforce a positive feedback loop with our investees to increase their ESG disclosures as well.

In addition to our commitment to the UNPRI, we are also firmly aligned with the Principles of Responsible Ownership issued by the Securities and Futures Commission of Hong Kong, which serves as a guidance to assist investors to determine how best to meet their ownership responsibilities.





Process of Engagement

As part of the overall engagement strategy, we set clear and concise objectives of each engagement to help steer the company towards desirable corporate behaviors in the future. We prioritize our engagement on the basis of size of holdings and the significance of ESG factors, our overall exposures to these issues, and client requests.

We identify the appropriate parties at the investee companies to effectively engage on the issues. In addition to investor relations, we engage with other parties such as key directors and management of investee companies through individual and group meetings. As part of our longstanding investment process, we also verify information collected in the process of speaking to competitors, customers, vendors and other stakeholders in order to arrive at a holistic picture of an investee's business operations.



Collaborative Engagement

We may engage with investees alongside with other investors in a number of collaborative engagements:

- Where the issue is a matter of complexity and challenging and collaborating with others would provide scale and maximize influence
- To enable pooling of resources and expertise especially in areas of geographic limitations or different cultural context
- To have better access to the companies, especially when the holdings are passive and thereby able to exert more influence in the outcome or impact and share resources

Proxy Voting

Exercising voting rights is an integral part of our investment process. We believe that voting is essential in order to promote good corporate governance, which aligns with our interests and goals as long-term investors. In line with our fiduciary obligations, we vote in a diligent and prudent manner, based on our reasonable judgement of what will best serve the economic interests of our clients.

Please refer to our Proxy Voting Policy for further details.

Conflict of interest

We strive to place clients' interest first. Thus, we closely monitor and actively manage any potential conflicts of interests. Conflicts of interest could arise from dealings between Value Partners and employees, its customers, or service providers. We maintain mechanisms to avoid any personal interests from coming before our professional obligations. Where potential conflicts are identified, we would ensure that they are effectively and fairly managed to prevent these conflicts from damaging our clients' interests, and to enhance the long-term value of their shareholdings.

Detailed policies are found in our Employee Handbook and Code of Ethics.

Exclusion

The Group maintains an exclusion list which is primarily applied to take out significant violators of ESG principles from our investment universe. The exclusion list is reviewed on a periodic basis and integrated into our pre-trade and post-trade investment process.



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Value Partners Hong Kong Limited

43rd Floor, The Center,
99 Queen's Road Central,
Hong Kong

T +852 2143 0688
F +852 2565 7975
E investservices@vp.com.hk

Value Partners Asset Management Singapore Pte. Ltd.

9 Raffles Place, #13-04,
Republic Plaza,
Singapore 048619

T +65 6718 0380
E vpams@valuepartners.com.sg

Value Partners Asset Management Malaysia Sdn Bhd

Level 28, Integra Tower The Intermark,
348 Jalan Tun Razak,
50400 Kuala Lumpur,
Malaysia

T +60 3 2775 7688
E vpmy-enquiry@valuepartners-group.com

Value Partners Fund Management (Shanghai) Limited

1505C, Taiping Finance Tower,
488 Yincheng Road Middle,
Pudong New District,
Shanghai 200120,
China

Value Partners Investment Management (Shanghai) Limited

1505A, Taiping Finance Tower,
488 Yincheng Road Middle,
Pudong New District,
Shanghai 200120,
China

T +86 21 6187 1300

Value Partners (UK) Limited

16 Berkeley Street,
London W1J 8DZ,
United Kingdom

T +44 (0) 20 3907 3870
E hrc@valuepartners-group.com