



Value Partners Group

Responsible Investing Policy

June 2025



Table of Contents

Introduction2

ESG governance.....3

Overview of the Group’s ESG analysis and tools.....4

1. Risk-based Exclusion.....5

2. Proprietary ESG Risk Assessment.....5

3. Active Engagement.....6

4. Post-trade Monitoring.....6

Engagement.....8

Proxy voting9

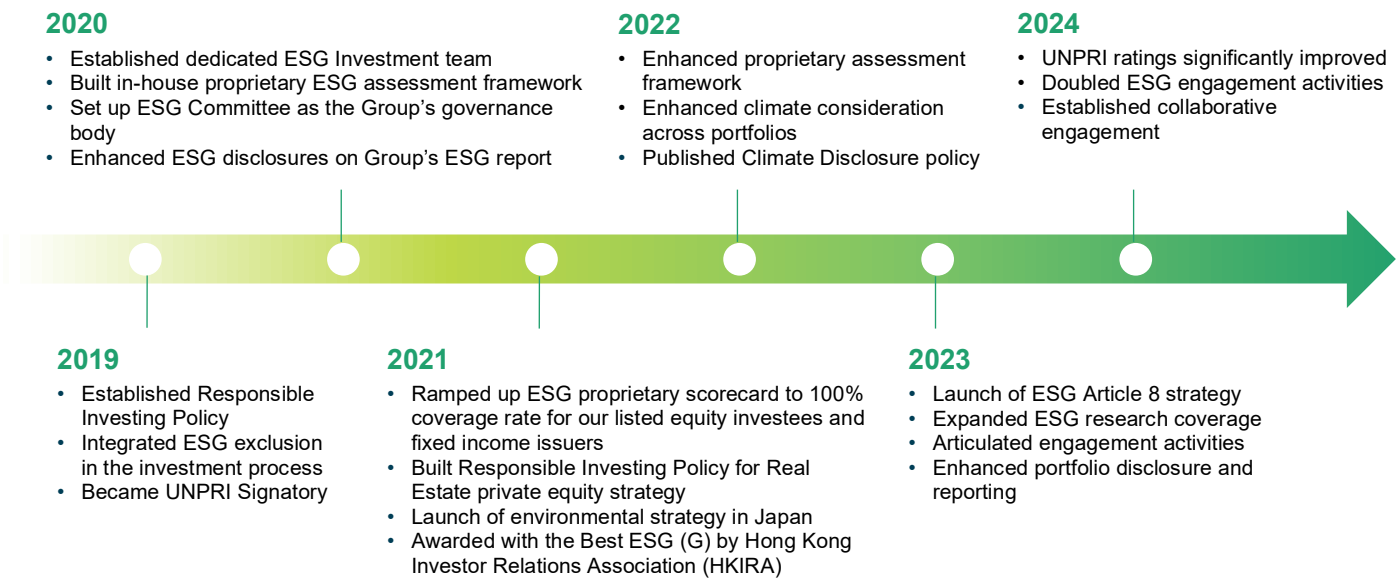


Introduction

It is our belief that Environmental, Social, and Governance (ESG) factors are key considerations for business sustainability and the company’s long-term success. These factors could materially affect businesses and, in turn, investment portfolios. Our ESG integration into the investment process is indispensable, as it strengthens our overall approach to identifying opportunities and mitigating risks.

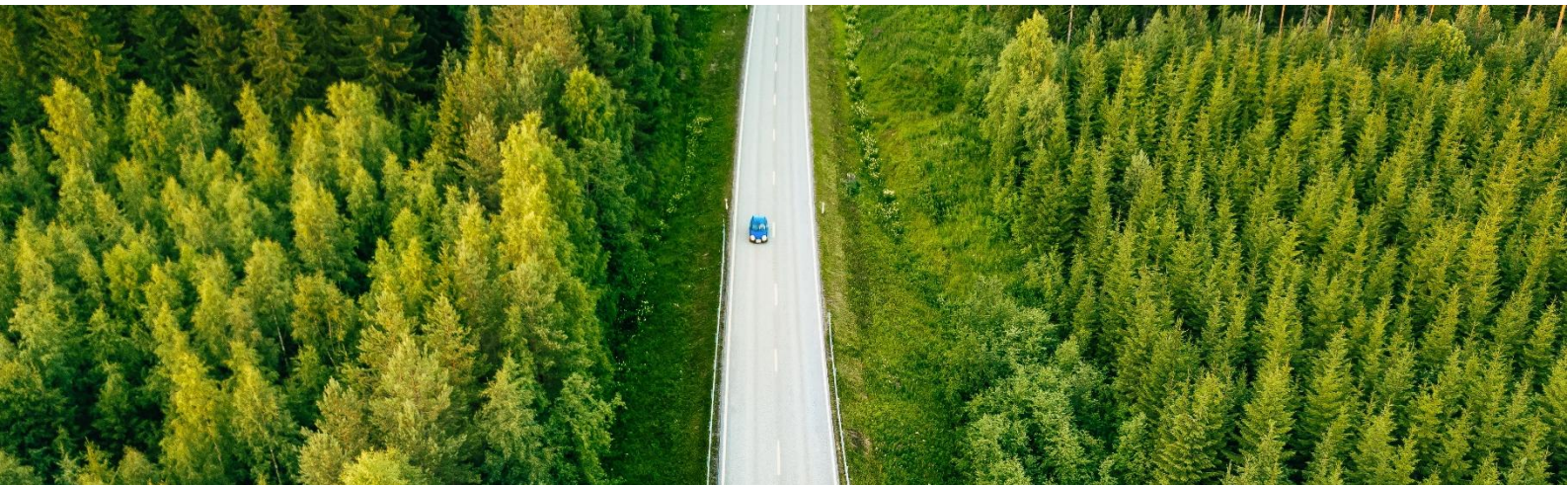
Since 2019, ESG considerations have officially become an intrinsic part of Value Partners’ investment process, and we have reached several milestones in our journey.

A snapshot of Value Partners’ responsible investing and ESG journey



The establishment of our proprietary ESG assessment framework and reaching 100% coverage of our ESG assessment for all our listed investees across equities and fixed income security holdings were among the most crucial and essential milestones in our ESG journey, as they set the ESG foundations of Value Partners’ investment process and enable ESG research developments in the inefficient emerging Asia markets.

Our Responsible Investing Policy explains in detail Value Partners’ process of integrating and embedding ESG factors in our investments. This Policy is applied in all Value Partners’ investees across our asset classes and the regions we invest in. As our ESG journey is ongoing, we will update this document as needed as we make enhancements to our ESG proprietary assessment and engagement processes.



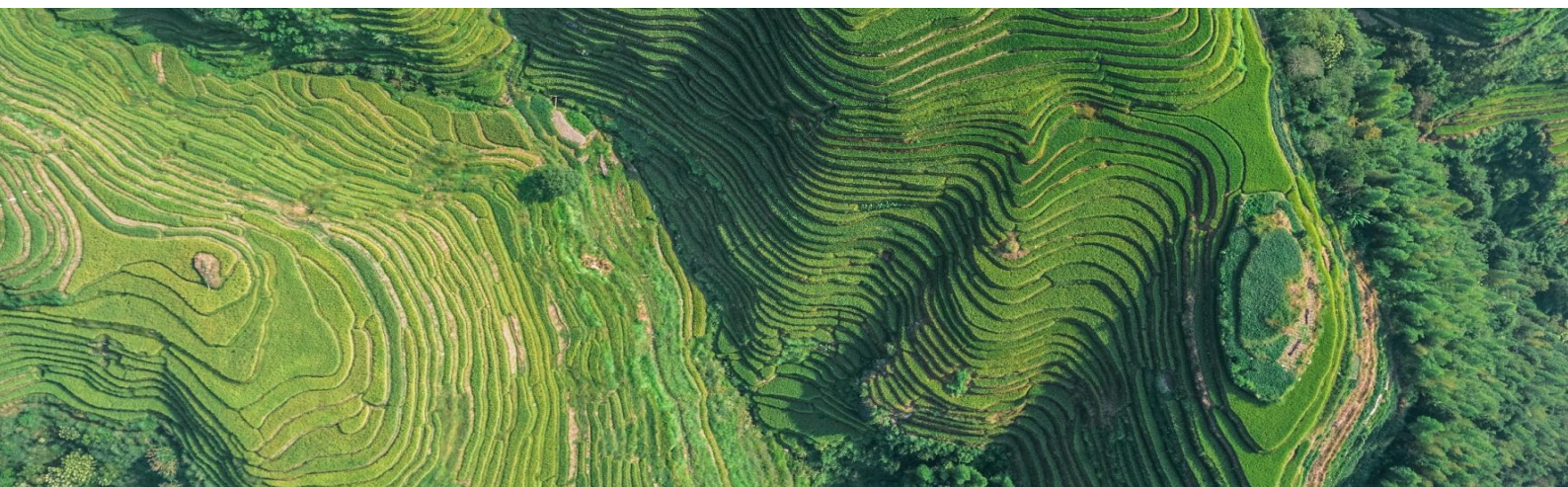
ESG governance

The Group's Board of Directors (the "Board") provides direction on the management of sustainability issues and ESG risks. The implementation of ESG initiatives is carried out by the ESG Investment team, ESG Committee, Company Secretary, and the Group's relevant functional areas with approval by the Board.

The ESG Committee meets quarterly and is chaired by Investment Director. To ensure a comprehensive oversight and governance on ESG-related subjects, the ESG Committee is composed of key internal stakeholders, including the senior members from investment management, compliance, risk, operation, sales and marketing units.

The initiatives steered by the ESG Committee will drive the ESG development on both the Group level and the investment level. On the Group level, the ESG Committee endeavors to proactively enhance the disclosure quality and nurture the ESG culture internally. On the investment side, it is responsible for reviewing the latest ESG regulation, risks of our portfolios, reviewing our engagement and voting activities and progressively articulating Responsible Investing Policy.

ESG Committee and Governance Framework:



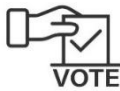
Overview of the Group's ESG analysis and tools

Value Partners integrates ESG considerations in the investment decisions we make as it is an integral part of the Group's investment process. It is our belief that the Responsible Investing framework is a crucial factor to identify **Risks** and **Opportunities**.

An overview of Value Partners' bottom-up investment process and how ESG factors are integrated



Our Responsible Investing approach involves four key steps that are integrated into our investment process, with the responsible parties for each step illustrated as follows:

	What we do	Who's in charge
1. Risk-based exclusion Initial step	Negative screens  →  ESG investible universe	ESG Analysts
2. Proprietary risk assessment The core pillar of our ESG investment process	 +  Proprietary ESG pipeline assessment Double materiality considered & industry-specific ESG evaluation	ESG Analysts Investment Management Team
3. Active engagement The core pillar of our ESG investment process	  Engagement with investees to address concerns & track progress Fiduciary duty	ESG Analysts Investment Management Team
4. Post-trade monitoring Risk management	 Scope of review: • RI policy enforcement • Monitor ESG scoring on group and portfolio levels	Compliance Team



1. Risk-based Exclusion

In our first step of ESG integration, our approach is to apply negative screening to identify companies with undesired ESG criteria. The investment universe is screened based on controversial business involvements. The exclusion list is validated by the ESG and Investment Management teams based on the materiality and relevance of respective business involvements. To administer the trades, the Group's ESG Investment and Compliance teams are responsible for the maintenance of the list which is also integrated into the Charles River Order Management System (CRD) to ensure no breach of investment guidelines.

2. Proprietary ESG Risk Assessment

The proprietary ESG risk assessment is the core pillar of our responsible investing process to get a thorough picture of a company's ESG performance. This provides additional information that supplement our financial model from an ESG perspective. In this step, our assessment builds upon tailored forward-looking evaluation of companies' ESG pipelines and leverages third-party ESG data with a comprehensive, industry-specific, and double materiality-based methodology applied. By evaluating the environmental, social, and governance performance and forward-looking indicators, individual companies are assigned a score from 1 to 5 (1 being the poorest, 5 being excellent). The ESG quantitative ratings allow us to gain insights into how a company performs in various ESG aspects, and develop a more holistic view of its overall sustainability profile.

Value Partners' Proprietary ESG Assessment Scores:

ESG Rating	Category	Description
4-5	ESG Leader	These companies have robust ESG governance structures to manage critical sustainability issues and lead respective ESG agendas ahead of their peers.
3-4	ESG Improver	These companies are ramping up their ESG foundations (i.e., policies) and show consistent improvements in managing ESG issues and establishing respective agendas.
2-3	ESG Watchlist	These companies have become more ESG-aware and are in the early stage of establishing ESG policies. They tend to have controversial ESG issues, and engagement is critical to understand how management rectifies issues.
1	ESG Laggard	These companies lack ESG disclosures and have engaged in severe ESG principles violations without a near-term rectification plan.





3. Active Engagement

Engagement with companies is the next critical step to fine tune our assessment and to exercise our fiduciary duty to drive our ESG agenda.

Value Partners' ESG team drives ESG related engagement. Engagement will be based on our proprietary ESG assessment scores, which are the foundation for our meeting agenda with the investees. The engagement focuses on three key agendas:

1. Data and sustainable-related policy/practice validation
2. Communicate our proprietary ESG rating and our areas of focus
3. Track progress towards sustainable-related goals

After the engagement, ESG Analysts will review the company's risks and opportunities profile based on the outcomes of the engagement, revise the rating (if needed) and communicate with portfolio managers and sector analysts, who assess the materiality of potential impacts to the company's financial model.

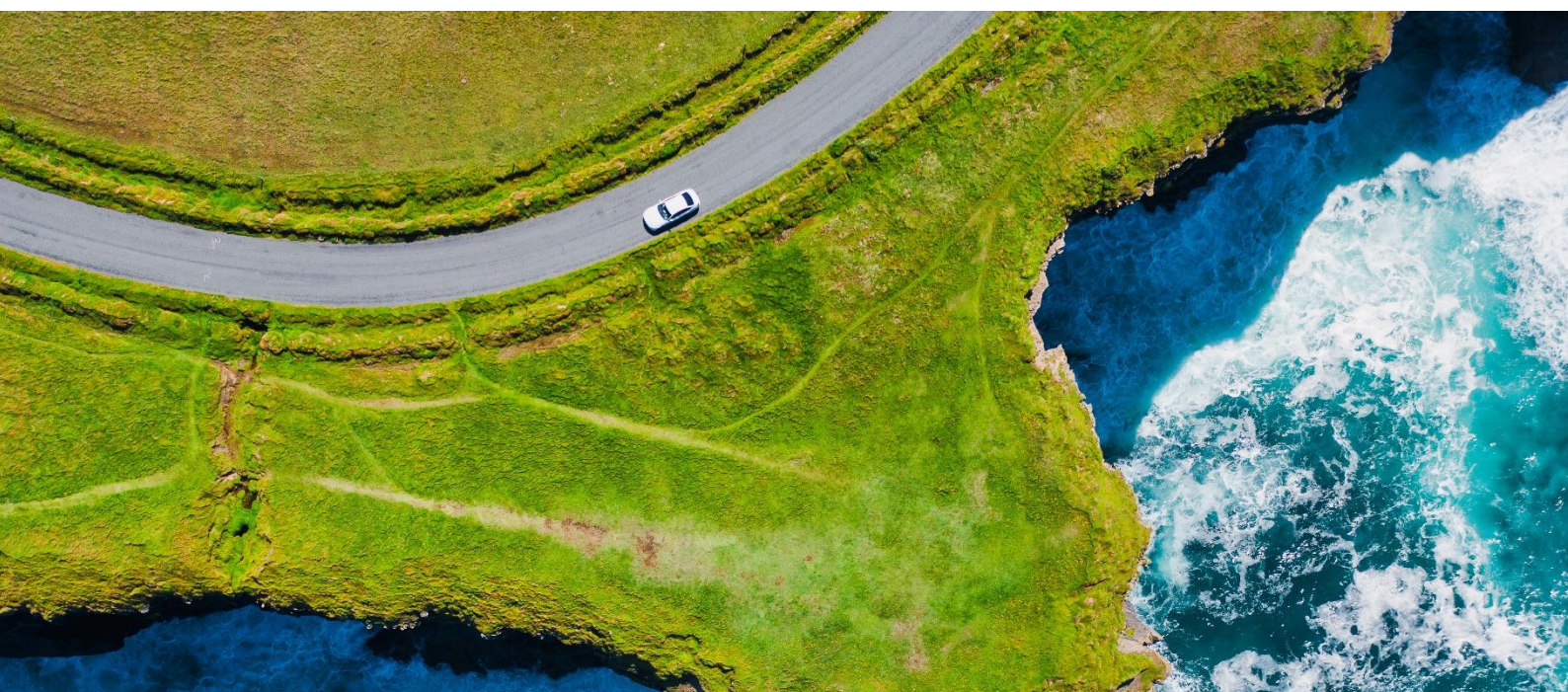
To ensure ESG assessment is embedded in our investment process, if a portfolio contains a company with a lower-than-average (below 3 out of 5) ESG score, the ESG Investment team must justify with an additional investment thesis that the respective companies are either ESG improvers or that the ESG risks are of low materiality. Divestment of low ESG-rated securities may occur if no progress is made and the risks identified become significant.

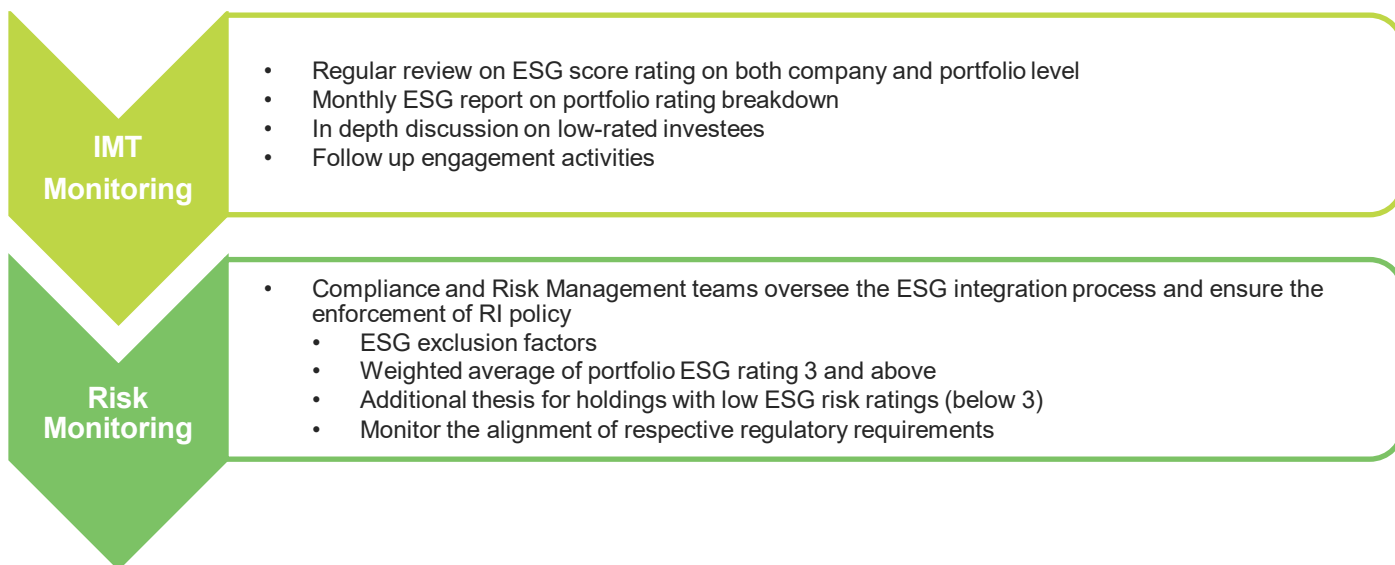
To manage ESG risks, the target portfolio's total weighted average ESG score must also have a minimum threshold of 3 (out of 5) to ensure effective proprietary ESG integration.

4. Post-trade Monitoring

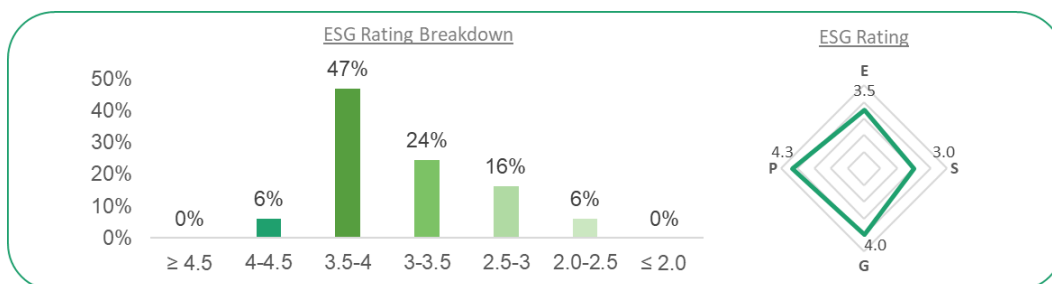
Stocks are constantly monitored by the ESG Investment and Compliance teams to ensure compliance with the investment process, vehicle limits and regulatory requirements. The ESG and Investment Management teams regularly monitor individual investees' ESG status and alert ESG rating changes on both company and portfolio levels.

ESG reports are also generated monthly to provide portfolio managers with a holistic overview of the portfolio ESG score, rating breakdown and distribution, and individual security ESG strengths and weaknesses.





ESG Report Sample





Engagement

Objective of engagements

Engagement with companies is a key component of our investment process to maintain an ongoing due diligence exercise with our investees. The proprietary ESG assessment is central to reflect our engagement agenda to raise ESG awareness and concerns and encourage positive changes in sustainability terms. It is pivotal for us to host discussions with investees on ESG-related practices, and literally lead to sustainable value creation and long-term resilience. We believe these actions revolve around promoting ESG awareness and support positive change momentum.

Internal Engagement Procedures

(i) Criteria for engagement

We prioritize our engagement considering aspects listed below:

- **Size of holdings:** The selection would be on sizeable as these could pose the biggest risk to the portfolio. The size of holdings criteria would be applied on a case-by-case basis, depending on the overall AUM of the portfolio, dispersion of holdings, sector exposure especially if there are high-risk sector exposures within the portfolio.
- **Significant change of ESG status:** Engagement will be arranged in the wake of events that drive significant change of an investee's ESG status. The information in respect of ESG events could be from external data providers, disclosures or public news on the companies or internal research.
- **Client request:** If there was a specific mandate or request from clients for an engagement in regard to ESG issues, the request would be studied to evaluate the impact, timing, manner, scope, and objective of engagement.

(ii) Engagement Approach

Engagement consists of a constructive dialogue with the investee companies on how they manage ESG risks and seize business opportunities associated with sustainability challenges. The proprietary ESG rating provides insight of our assessment and is a foundation for our engagement agenda with the investees.

The engagement focuses on 3 areas:

- Data and sustainable-related policy/practice validation
- Communicate our proprietary ESG rating and our areas of focus
- Track progress towards sustainable-related goals

(iii) Evaluate Engagement

Once the decision to have an engagement has been made, it is important for the engagement dialogue to be followed up to assess the effectiveness of the engagement and achievement of the outcomes.

ESG analysts will review the company's risks and opportunities profile based on the outcomes of the engagement, revise the rating (if needed) and communicate with portfolio managers and sector analysts, who assess the materiality of potential impacts to the company's financial model. Apart from the assessment of the materiality of potential impacts to the company's financial model, engagement outcomes may also trigger further actions and impact voting decisions.



Escalation strategies

In the event that the engagement did not achieve its intended outcome and if the portfolio manager has determined that the issues raised are of significance, the portfolio manager may consider the following options:

- Escalate to more senior management in the investee company
- Collaborating with other investors to strengthen the engagement
- Filing or submitting a shareholder resolution asking the company to take action on the issues identified
- Voting against the resolutions or the annual financial report
- Reducing exposures or divesting the holdings in extreme

Proxy voting

The Group has a detailed Proxy Voting Policy that guides formal approval or disapproval through voting on resolutions and proposing shareholder resolutions. 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, Value Partners votes in a diligent and prudent manner, based on our reasonable judgement of what will best serve the economic and reputational interests of our clients. Value Partners has engaged professional third-party proxy advisory firm to provide information to assist Value Partners in voting on an informed basis with respect to issues presented by proxies and it applies to all regions. In addition to professional advice, Value Partners will also incorporate findings from our investment and ESG research on our investees to vote in a manner that is in the best interest of our investors. Value Partners may supplement its knowledge by reference to publications or other readily available public sources but Value Partners does not expect to independently investigate facts relating to issues presented by proxy statements.

Please refer to our [Proxy Voting Policy](#) for further details.



Explore
more on our
website

Follow us on



惠理集团