



## DISCLOSURE ON INVESTMENT MANAGEMENT

### Incorporating ESG into Investment Decision-Making

Considerations of ESG factors are embedded in our investment processes. This is driven through the Investment Governance Framework (IGF), which governs all aspects of investment activity and represents best practice. With respect to ESG for the Investment function, ESG considerations have been structurally embedded through, amongst others, our Investment Standards on ESG, Research Process, and Proxy Voting. The ESG Standard describes AIA's philosophy towards ESG investment, establishes the Investment function's focus, the factors to be considered and sets out the functional ownership of ESG issues.

Given the increasing importance of ESG scores, representing best practice, and the insights that these can provide, AIA has developed internal ESG scores through our ESG Rating Scorecard. In designing this, AIA has reviewed and considered ESG assessment methodologies from leading international ESG ratings agencies and external investment managers. Our ESG Rating Scorecard quantifies the assessment by AIA research analysts of ESG risks and opportunities in our investee companies, and scores these across the individual Environmental, Social and Governance pillars. The methodology is based on a number of weighted factors and material themes, together with a number of industry-specific factors, and with independent points of reference provided by external data providers. The overall ESG assessment is then mapped to a five-grade scale from A to E, with A being the highest grade. The scorecard is designed to complement the fundamental analysis conducted by AIA's research analysts. This methodology enhances our existing research process and has been externally validated to ensure fitness for purpose. It is being implemented within our equities and fixed income asset classes.

In addition, AIA has also developed a Third-Party Investment Manager ESG Assessment which considers their ESG practices, including the review of their approach to both ESG engagement with investee companies and assessment of ESG factors for investment decisions. Based on their responses in an ESG questionnaire (ESG DDQ) developed by Group Investment, the third-party investment manager is assigned a rating ranging from 'A' (excellent) to 'D' (below average).

With respect to consideration of relevance and materiality, the investment team have considered the factors relating to their specific asset class as follows:

1. Equities
2. Fixed Income
3. Fund of Funds

### Equities

The following steps were taken by the equities team in the review of the equity portfolios to assess the relevance and materiality of climate-related risks :

1. Relevance: Classify the equity fund as relevant, if the fund contains securities that may be exposed to climate-related risks.
2. Materiality:
  - a. List the issues pertaining to climate-related risks that are considered and provide a short definition to the issues.
  - b. Using Bloomberg Classification Level 4, classify each sector which may be subject to climate risks.
  - c. Aggregate the portfolio holdings exposure of the climate risk sectors identified in 2(b), above. If the total exposure is more than the Threshold Level\*, it will be considered material and reported to AIMHK Investment Committee members at their next meeting.
  - d. Monitoring of this process will be performed by AIMHK Compliance team, and portfolios will be reviewed on a semi-annual basis.

### Fixed income

The following steps were taken by the fixed income team in the review of the fixed income funds to assess the relevance and materiality of climate-related risks:

1. Relevance: Classify the fixed income fund as relevant, if the fund contains debt securities that may be exposed to climate-related risks.
2. Materiality:
  - a. Design materiality assessment methodology i.e. using market value of sector or issuer, identifying classification method and benchmark for assessment.
  - b. Measure exposures by total market value on each sector for corporate bond fund (breakdown by Bloomberg Classification Level 4) and each issuer for government bond fund.
  - c. Review total actual exposure on defined climate-related risk sector(s) (taking into consideration of internal and external requirements) and country /region(s) (compared to ND-GAIN Country Index).
  - d. Defined as “material” if the total exposure of climate-related risk sector(s) or country/region(s) is higher than the Threshold Level\* of the fund AUM.
  - e. Monitoring of this process will be performed by AIMHK’s Compliance team, and portfolios will be reviewed on a semi-annual basis in addition to ad hoc reviews when there is any significant change.

### Fund of Funds (ITCIS and DIS)

Relevance Test: A fund-of-funds (including feeder funds) is considered to have relevant climate-related risks if any one of the underlying funds fails to meet the following criteria:

1. Investment objective of the underlying funds requires tracking a particular index passively (i.e. without any discretion); or
2. Investment manager of the underlying funds does not adjust the weights of portfolio constituents or excludes them from the portfolio based on their ESG ratings; or

3. Investment manager of the specific underlying funds does not managed the material climate-related risks of the portfolio constituents through exercising stewardship (e.g. proxy voting) or engage with index providers to enhance ESG considerations in index design.

Materiality Test: Once a FoFs is deemed relevant, it is considered to have material exposure to climate-related risk if more than the Threshold Level\* of the FoFs' investment invests in the underlying funds which is:

1. Rated "D" based on the ESG DDQ; and
2. "2" or below with Morningstar Sustainability Globe Rating; and
3. BBB or below on MSCI ESG Rating.

If the underlying fund does not have either a ESG rating from Morningstar and/or MSCI, the result will be based on the remaining rating(s).

\*Threshold Level in respect of materiality is determined by the members of the AIMHK ESG Committee to be 30% of the AUM of the fund.

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## 投資管理的披露

### 將環境、社會及管治因素納入投資決策

我們已透過投資管治框架 (IGF)，將對環境、社會及管治因素的考量納入投資決策。該框架規管投資活動的所有方面，代表最佳實踐。至於投資部門的環境、社會及管治方面，環境、社會及管治考量因素已在架構上得到體現，被納入（其中包括）關於環境、社會及管治的投資準則、研究流程及代理投票中。該環境、社會及管治準則描述了友邦保險的環境、社會及管治投資理念，明確了投資部門的重點，列出了需要考慮的因素，以及部門對於環境、社會及管治成果的職能擁有權。

鑒於代表最佳實踐的環境、社會及管治評分的重要性與日俱增，以及其能提供的洞見，友邦保險透過環境、社會及管治評級評分卡，將內部環境、社會及管治評分融入我們的評估及研究流程之中。友邦保險已審核和考慮來自國際領先的環境、社會及管治評級機構和外部投資管理公司的環境、社會及管治評估方法，設計專屬環境、社會及管治評級評分卡。藉此，友邦保險研究分析員對我們所投資的公司在環境、社會及管治風險和機會所作出的評估可於個別的環境、社會及管治支柱上進行量化及評分。該方法基於若干加權因素和重大主題以及若干行業特定因素，並由外部數據提供商提供獨立參考。其後將環境、社會及管治總體評估分為 A 至 E 的五個等級，A 為最高等級。該評分卡旨在補充友邦保險研究分析員所進行的基本因素分析。該方法改善現有的研究流程，並已經對外驗證，確保符合其目的。該方法正應用於我們投資領域中的股票及固定收益資產類別。

此外，友邦保險亦已設立第三方投資經理環境、社會及管治評估，以考慮有關投資經理的環境、社會及管治實踐，包括審查與所投資公司在環境、社會及管治方面的議合協作，及作投資決定期間評估環境、社會及管治因素所採取的方法。根據投資經理對集團投資部門制定的環境、社會及管治問卷 (ESG DDQ) 的回應，第三方投資經理獲評為「A」（優異）至「D」（低於平均水平）不等的評級。

考慮相關性及重大性時，投資團隊考慮了以下與其特定資產類別相關的因素：

1. 股票
2. 固定收益
3. 組合型基金

### 股票

股票團隊在審核股票投資組合時採用以下步驟，以評估氣候相關風險的相關性及重大性：

1. 相關性：倘股票基金包含可能面臨氣候相關風險的證券，則將其歸類為相關。
2. 重大性：

- a. 列出與獲考慮氣候相關風險相關的議題，並簡單界定議題。
- b. 利用彭博行業分類標準第 4 級（**Bloomberg Classification Level 4**）將可能承受氣候風險的每個行業分類。
- c. 匯總上文 2(b)中識別的氣候風險界別的投資組合持倉的風險承擔。倘總風險承擔超過限制水平\*，將被視為重大，並在下一次會議上向 AIMHK 投資委員會成員報告。
- d. AIMHK 合規團隊將監控此過程，並每半年審核投資組合一次。

## 固定收益

固定收益團隊在審核固定收益基金時採用以下步驟，以評估氣候相關風險的相關性及重大性：

1. 相關性：倘固定收益基金包含可能面臨氣候相關風險的債務證券，則將其歸類為相關。
2. 重大性：
  - a. 制定重大性評估方法，即使用行業或發行人的市值，識別分類方法和評估基準。
  - b. 按每個行業（就企業債券基金而言）（按彭博行業分類標準第 4 級細分）及每個發行人（就政府債券基金而言）的總市值衡量風險承擔。
  - c. 審核已界定氣候相關風險行業（經考慮內部和外部規定）及國家／地區（相對於全球適應倡議國家指數（**ND-GAIN Country Index**））的實際總風險承擔。
  - d. 倘氣候相關風險行業或國家/地區的總風險承擔高於基金管理資產的限制水平\*，則被定義為「重大」。
  - e. AIMHK 的合規團隊將監控此過程，除了在出現任何重大變化時進行臨時審核外，亦將每半年審核投資組合一次。

## 組合型基金（ITCIS 與 DIS）

相關性測試：倘任何一個組合型基金所投資的基金（簡稱投資相連基金）不符合以下準則，則組合型基金（包括聯接基金）被視為具有相關的氣候相關風險：

1. 投資相連基金的投資目標需要被動追蹤特定指數（即不具有任何投資酌情權）；或
2. 投資相連基金的投資經理並無根據其環境、社會及管治評級調整投資組成份股的權重或將其排除在投資組合之外；或
3. 特定投資相連基金的投資經理並無透過行使盡責管理權（例如代理投票）或與指數提供商合作以在指數構建過程中加強環境、社會及管治考慮，從而管理投資組成份股的氣候相關重大風險。

重大性測試：當組合型基金被視為相關，若該組合型基金於具有以下評級的投資相連基金的投資額超過限制水平\*，則被視為具有重大氣候相關風險承擔，即：

1. 根據 ESG DDQ 評級為「D」；及
2. 晨星可持續性環球評級（**Morningstar Sustainability Globe Rating**）為「2」或以下；及
3. MSCI ESG 評級（**MSCI ESG Rating**）為 BBB 或以下。

倘投資相連基金並不具有晨星及／或 MSCI 的環境、社會及管治評級，將按照剩餘的評級得出結果。

\*重大性的限制水平被 AIMHK 環境、社會及管治委員會的成員釐定為基金管理資產的 30%。

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