



Environmental, Social and Governance Policy

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Introduction

BOCI-Prudential Trustee Limited ('BOCPT') is a joint venture incorporated in Hong Kong and founded by BOC Group Trustee Company Limited and Prudential Corporation Holdings Limited. BOCPT has registered as a trust company in 1999 and mainly provides trustee, fund administration and custody as well as transfer agency and registry services for a variety of funds and retirement schemes.

Being an Environmental, Social and Governance ('ESG') committed company, BOCPT has its vision to act responsibly as a financial service institution by adopting sustainable investing for customers and instill discipline in considering ESG factors in conducting activities.

By making reference to the Sustainability Policy of BOC Hong Kong (Holdings) Limited and the relevant sustainable development principles under the laws and regulations where applicable, BOCPT has formulated the 'Environmental, Social and Governance Policy' (the 'Policy'). The Policy outlines our ESG beliefs in the area including, but not limited to, corporate governance structure, environmental protection, community investment, information disclosure and stakeholder's communication. The principles for adopting sustainable investing in the investment and risk management processes of MPF funds, that is Governance, Strategy, Risk Management and Disclosure has been incorporated in the Policy. We aim to promote the sustainable development of the environment and society in the business operations while balancing its stakeholders' interests and impact on the environment, society and economy.

Principles

Corporate Governance Responsibilities

- Adopt a two-tier sustainability governance structure on the implementation and oversight of ESG issues:
 - ☑ The ESG Focus Group with an assigned ESG Champion to discuss, work and/or implement the ESG related matters where applicable. The ESG Focus Group is formed with composition of staff members and management team from different background and functions
 - ☑ The Management Committee and the Board of Directors take up the monitoring and oversight responsibilities over the ESG issues. Two other designated committees - Investment Committee and Risk Committee will support the Management Committee and the Board of Directors on the ESG related matters including the monitoring of ESG risks by investment managers where applicable
- Comply with the laws and regulations stipulated in the jurisdictions of business operations, and the requirements of regulatory authorities. Regularly review corporate governance standards and procedures and strive to measure up to the international and local best practices
- Adopt a 'Three Lines of Defence' mechanism for risk management, define the respective authorities and accountabilities of each level for risk management. Business units are the 'First Line of Defence' which are responsible for assessing and monitoring the risk of their business; Risk management units and supporting units are the 'Second Line of Defence' which are responsible for conducting independent risk management; Internal audit is the 'Third Line of Defence' which is responsible for conducting independent audit exercise
- Formulate a comprehensive investment and risk management framework in order to

identify, measure, monitor and manage various categories of risks. Consider ESG factors in the investment and risk management processes of MPF funds

- Oversee the selection, appointment and monitoring processes of investment managers and understand the integration of ESG factors into the investment and risk management processes of MPF funds by the investment managers
- Consider ESG factors with no prejudice for the objective of obtaining an appropriate risk-return profile on purely financial grounds
- Formulate the 'Environmental, Social and Governance Policy' and its plan with review and endorsement from the Board of Directors and the Management Committee on a regular basis
- Adopt diversity and inclusion in the succession planning, selection, nomination, operation and evaluation of the Board of Directors and senior management. Follow the gender representation on the Board of Directors and senior management to meet the principle of equality of opportunity

Environmental Protection Responsibility

- Comply with the relevant environmental legislation, regulations and approved codes of practice that are relevant to business operations and service
- Continue to enhance the environmental protection measures in the ordinary business operations
- Improve our environmental protection performance, for example, reduce waste by upholding the reduce, reuse and recycle principles, as well as promoting paperless measures through innovative technology
- Monitor paper and electricity consumption during the course of business, strive to preserve natural resources
- Adopt environmentally responsible business practices during provision of services and products to customers
- Neither support nor engage in financing activities which deliberately violate laws and regulations associated with environmental protection
- Assist to the acceleration of the transition to low-carbon economy to realise green and sustainable development

Social Responsibility

- Undertake 'Responsible Investment' which is an important investment approach embracing with ESG aspect, the long-term economic performance, as well as impacts on sustainability, in order to minimise associated risks on ESG
- Provide products and convenient services to the society through digital transformation and innovative finance, in order to benefit economic development and the community's livelihood
- Enhance customers experience through delivering a reliable and secure service experience that complements customers' everyday life
- Encourage suppliers to improve their sustainability performance, promote long-term sustainability determination and commitment. Take into considerations of elements of environmental conservation in the procurement of products and services, wherever feasible, and encourage suppliers to provide suitable environmentally friendly products, with the aim of influencing the suppliers' activities
- Promote a diverse range of charitable and community activities and encourage and support employees to participate in voluntary and community works
- Proactively advocate our business values, being 'Provide Excellent Service', 'Innovate

with Prudence’, ‘Uphold openness and inclusiveness’ and ‘Collaborate for mutual growth’, and strives to establish a corporate culture that promotes the prudent operation, safeguards customers’ interests, and supports the sustainable development

- Create a heart-warming and energetic people-centric culture, care for employees, stimulate workforce vitality, to realise continuous growth of both employees and the company
- Create a disciplined and strong compliance culture, proactively implement regulatory requirements, regularly review and optimise related management mechanisms, and promote appropriate employee behaviour
- Integrate our corporate value into daily business operations and internal management in order to motivate business development and to achieve cultural development
- Provide training and engagement opportunities for our people in sustainability leadership and responsibility. On a continuous basis, improve their awareness of sustainability-related initiatives, and establish and maintain a good corporate culture

Communication and Disclosure

All staff members are responsible for implementing our ESG commitments. We communicate and raise the ESG awareness of our staff members to understand and manage ESG in our business operations and services.

A Business Culture Group has been formed within BOCPT in September 2020 to share any culture and value news to all employees through the group email. Business Culture Group aims to promote engagement and interaction with and among employees to raise employees’ loyalty and sense of belonging to the BOCPT.

With reference to regulators disclosure requirements and international and local best practices and standards, timely disclose the performance of sustainability-related work through various communication channels so that stakeholders can gain understanding on the relevant situation.

Where applicable, prepare and publish a report on ESG matters for MPF schemes on a regular basis in accordance with applicable regulatory requirements. The report shall disclose ESG integration strategies and implementation progress including the metrics and targets adopted for MPF schemes and be reviewed prior to publication on the official channel(s) as appropriate.

Oversight and Review

The nominated ESG champion of BOCPT with the management committee oversees our company’s ESG strategies and initiatives. BOCPT maintains a continuous dialogue with our stakeholders and considers industry and ESG specific requirements.

Regular updates on the ESG matters will be made to management committee. The ESG policy will be updated with reference to internal and external requirement/development where applicable, and managed and reviewed by management committee on an annual basis.

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