



中國人壽信託有限公司
CHINA LIFE TRUSTEES LIMITED

China Life MPF Master Trust Scheme
Governance Report

China Life MPF Master Trust Scheme

GOVERNANCE REPORT

For The Year
Ended 31 December 2023

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SECTION ONE

TRUSTEE'S GOVERNANCE FRAMEWORK

China Life Trustees Limited ("CLT") is appointed as a trustee of China Life MPF Master Trust Scheme (the "Scheme"). CLT signed the Mandatory Provident Fund Schemes Authority (the "MPFA")'s Governance Charter for MPF Trustees in May 2018 and committed to uphold and abide by the following core values at all times –

- Value-for-money MPF schemes and services;
- Act in the best interest of members;
- Lift governance standards;
- Understand and respond to members' needs;
- Engage members through transparency and communications; and
- Serve with honesty and integrity.

The board of directors (the "Board") of CLT has the primary responsibility to oversee the conduct of CLT and is ultimately responsible for the overall compliance of the CLT. The Board is responsible for the risk management and internal controls of CLT and for reviewing their effectiveness, and for regularly monitoring compliance with regulations governing the operation of CLT. CLT, being a trust company and a MPF approved trustee, is required, inter alia, to safeguard MPF members' interests.

The Board supervises the management of the Company which, in turn, is responsible for the day-to-day operational activities. The Board should probe the decision-making process of the management to ensure that it has considered all of the material facts and outcomes of its decisions.

1.1 Board Composition

The Board currently consists of five directors, three of whom are non-executive directors. Two of the non-executive directors are independent. The Board has considered and is satisfied that 40% of the board composition is made up of non-executive independent directors is an appropriate balance for the Board.

The directors' biographies, collectively demonstrate a breadth of industry experience, institutional knowledge and members' perspective which enable them to provide oversight and proper governance of CLT. The Board is committed to maintaining an appropriate balance of skills, experience, independence and knowledge amongst its members.

1.2 Fit and Proper and Suitably Qualified

The Board reviews its performance on an annual basis. An evaluation process has been implemented for the Board and its committees. Each individual director also requires to declare their interest and their professional conduct to ensure that all board members are fit and proper and suitably qualified to perform their duties. The Board is satisfied with the current evaluation and declaration process.

1.3 Committees of the Board

The Board has established an Investment Committee and a Compliance and Internal Audit Committee. The directors have delegated certain functions to these committees.

- Investment Committee mainly comprises of independent directors and investment specialist. The Board has designated an independent director as the chairman of the committee. The Investment Committee is responsible for assessing and reviewing the funds' performance, monitoring the performance of the investment managers, overseeing the integration of ESG factors into the investment and risk management processes of the investment managers.
- Compliance and Internal Audit Committee is established to monitor the internal control and compliance with regulations governing the operation of CLT acting as a trustee. The Board has designated a non-executive director with relevant experience in compliance and regulatory matters as the chairman of the committee.

1.4 Reporting Mechanism

The Board is provided with timely and accurate information so that the Board is able to take responsibility for monitoring compliance of an approved trustee's operation.

The Board meets semi-annually and ad hoc basis as required. CLT determines appropriate reporting protocols to communicate to the Board from time to time. The report to the Board covers but not limited to:

- Non-compliance events, complaint, conflict of interest events;
- Key issues arising from compliance/ risk assessment reviews and findings concerning compliance issues;
- Material legislative, regulatory or policy changes and their potential impact on the business operations of CLT;
- Strategic planning of CLT and the development of major plan;
- Latest business and financial figures.

SECTION TWO

ASSESSMENT AREAS

(I) VALUE FOR MONEY ASSESSMENT

The concept Value for Money is simple but in practice, particularly for retirement savings schemes, it could be complex and far-ranging. A good Value for Money MPF Scheme should provide investment returns within a fee structure that assist most individuals to meet their retirement savings goals and that the entirety of the scheme offerings should be well balanced in its services to members and employers, in a robust, secure and proven governance framework.

CLT is committed to look for constant, ongoing improvement in its Value for Money proposition for its members. CLT conducts an annual on-going assessment to review whether the Scheme could continuously deliver good value for money and reasonable outcome to scheme members, including fund performance, level of fees and charges, quality of service, suitability of MPF products. CLT will report and discuss any identified issues in the CLT's Board meetings.

2.1.1 Investment Performance

The performance of constituent funds ("CFs") is a core pillar for assessing the Scheme value to members. The table below illustrates the Scheme investment returns over 1-year, 5-year, 10-year periods and since launch. The table also illustrates the weighting of members' assets to each investment option and the benchmark (and/or fund performance target of the fund category).

Investment Performance Table	Scheme Asset (HK\$ million)	1-Year Annualized Return (% p.a.)		5-Year Annualized Return (% p.a.)		10-Year Annualized Return (% p.a.)		Since launch Annualized Return (% p.a.)	
			Benchmark / Fund's Performance Target		Benchmark / Fund's Performance Target		Benchmark / Fund's Performance Target		Benchmark / Fund's Performance Target
		Fund		Fund		Fund		Fund	
China Life Joyful Retirement Guaranteed Fund ^(Note 3)	1,432.4	3.51	1.35	-0.86	1.35	0.95	1.35	2.04	1.35
China Life Growth Fund ^(Note 1)	684.1	4.50	9.22	3.00	5.32	2.69	4.78	4.48	6.02
China Life Hong Kong Equity Fund ^(Note 1)	423.2	-15.53	-11.81	-4.44	-4.14	-0.03	0.29	1.51	2.80
China Life Balanced Fund ^(Note 1)	410.2	4.24	8.22	2.15	4.10	2.10	3.92	4.05	5.59
China Life MPF Conservative Fund ^(Note 4)	407.4	3.20	0.76	1.06	0.19	0.58	0.10	0.56	0.39
China Life Core Accumulation Fund ^(Note 2)	251.8	16.07	14.03	6.75	6.49	-	-	5.25	5.28
China Life Retire-Easy Global Equity Fund ^(Note 1)	249.3	34.98	22.07	6.37	12.22	4.36	8.59	2.39	6.14
China Life Age 65 Plus Fund ^(Note 2)	142.5	8.47	7.22	2.06	1.73	-	-	1.57	1.59
China Life US Equity Fund ^(Note 1)	135.5	34.88	25.98	-	-	-	-	-4.81	1.07
China Life Greater China Equity Fund ^(Note 1)	69.4	-9.41	-1.86	-	-	-	-	-18.01	-11.90

Note 1: The benchmark figures are obtained from Investment Managers

Note 2: The benchmark figures are obtained from FTSE MPF DIS Reference Portfolios

Note 3: The fund's performance target: net guaranteed rate (1.35% per annum)

Note 4: The fund's performance target: Prescribed Saving Rate (www.mpf.org.hk/en/info-centre/fund-information/prescribed-savings-rate)

Source: CLT

Comparing the overall performance with industry benchmark and/or fund performance target, six CFs of the Scheme outperformed their respective benchmarks: China Life Joyful Retirement Guaranteed Fund (in 1-year and since launch), China Life MPF Conservative Fund (in 1-year, 5-year, 10-year and since launch), China Life Core Accumulation Fund (in 1-year and 5-year), China Life Retire-Easy Global Equity Fund (in 1-year), China Life Age 65 Plus Fund (in 1-year and 5-year) and China Life US Equity Fund (in 1-year).

There are three CFs which underperformed against their benchmarks over all periods (in 1-year, 5-year, 10-year and since launch). They are China Life Growth Fund, China Life Hong Kong Equity Fund and China Life Balanced Fund. For the actions taken by CLT, please refer to “2.1.10 Summary of Key Actions Taken”.

2.1.2 Fees and Charges

The fees and charges are an important metric for assessing if the Scheme is offering value of money for scheme members. CLT monitors the Management Fees (“MF”) and Fund Expense Ratios (“FER”) of the CFs against the relevant industry information annually. Comparisons between the Scheme’s CFs MF and FER with their peers are regularly presented and reviewed at Board meeting.

The table below discloses MF and FER of the Scheme. The stated FER of the Scheme is the actual expenses members were charged as a percentage of fund assets while MF includes fees charged by the trustee, custodian, administrator, investment managers of the Scheme and its underlying funds.

Fees and Charges	Scheme Asset (HK\$ million)	Latest Management Fee (% p.a.)			Latest Fund Expense Ratio (% p.a.)		
		Fund	Industry median	Deviation	Fund [^]	Industry median	Deviation
China Life Joyful Retirement Guaranteed Fund	1,432.4	2.00*	2.00	Same as median	2.06	2.06	Same as median
China Life Growth Fund	684.1	1.50	1.45	Above median	1.41	1.51	Below median
China Life Hong Kong Equity Fund	423.2	0.95	1.18	Below median	0.86	1.28	Below median
China Life Balanced Fund	410.2	1.50	1.38	Above median	1.41	1.40	Above median
China Life MPF Conservative Fund	407.4	0.85	0.85	Same as median	1.15	1.08	Above median
China Life Core Accumulation Fund	251.8	0.75	0.75	Same as median	0.83	0.80	Above median
China Life Retire-Easy Global Equity Fund	249.3	1.40	1.33	Above median	1.55	1.41	Above median
China Life Age 65 Plus Fund	142.5	0.75	0.75	Same as median	0.83	0.80	Above median
China Life US Equity Fund	135.5	0.86	1.12	Below median	1.31	1.28	Above median
China Life Greater China Equity Fund	69.4	1.18	1.18	Same as median	1.28	1.28	Same as median

* Include Guarantee Charge

Source: MPFA Fund Platform

[^] For the year ended 31 December 2022 (2023 figures are not yet available as of the date of preparation of this report (21 May 2024))

The Scheme published MF which were proven to be competitive within the industry, 7 out of 10 being better than or in line with the industry median for most of its available asset classes. The MF of China Life US Equity Fund has been reduced from up to 1.19% per annum to up to 0.86% per annum after fund restructure effective from 1 February 2023.

The FER of 40% of our CFs being better than or in line with the industry median for its available asset classes. The FER of China Life MPF Conservative Fund in financial year 2022 increased by 71% compared to financial year 2021 (from 0.33% in 2021 to 1.15% in 2022). The reason is due to the fact that according to section 37(7) of MPF Regulation, the previous administrative expenses have been deducted from the amount of the excess of the fund in 2022 whereas no administrative expenses have been deducted in 2021. For other CFs which are slightly higher than the median, the excess is due to the increase in running costs such as indemnity insurance, printing expense etc.

Among the 10 available constituent fund choices, 3 of them are classified as Low Fee Fund¹ according to MPFA. They are China Life Hong Kong Equity Fund, China Life Core Accumulation Fund and China Life Age 65 Plus Fund.

2.1.3 Quality Services to Scheme Members

The parameters for Value for Money extend beyond performance and fees, it also includes services to scheme members. CLT provides members with a balanced and an ever improving suite of member and employer services and functions. CLT reviews the quality and level of services provided to Scheme members regularly and report any observations and suggestion for enhancement in the board meeting.

2.1.4 Employer Experience

While employers have discretion in choosing the MPF Scheme for their employees, it is important to keep a positive experience of employer by offering comprehensive scheme service and supports. The services provided by CLT are comprehensive and integrated in remitting contributions, generating reports, enrolling and terminating members. CLT also offers e-enrollment online platform for employers to enroll employees, which provides a convenient and efficient way of onboarding new hires. Key highlights of China Life MPF Master Trust Scheme's Employer experience include:

EMPLOYER EXPERIENCE	SERVICES PROVIDED
Multiple Pre Contribution Reminder Methods	Y
Multiple Contribution Payment Methods	Y
Multiple Contribution Data Submission Methods	Y
Payroll Software provision to Employers	Y
Provision of online information and functionality for Employers	Y
e-enrollment for employees	Y
Workshop on e-service	Y
Contribution reminders and alerts	Y
Regular Employer Communications and Reporting	Y

2.1.5 Member Experience

As the popularity of e-services among the MPF industry, employees expect to manage their MPF accounts more efficiently and effectively. CLT offers varied online services and supports toward members to enhance their experiences on account opening, contributions, managing accounts, and transfer and withdrawal of MPF benefits. Key highlights of China Life MPF Master Trust Scheme's Member experience include:

¹ MPFA's Low Fee Funds refer to funds with a Fund Expense Ratio (FER) $\leq 1.3\%$ p.a. or current management fees $\leq 1\%$ p.a. For a list of Low Fee Funds, please visit the Fund Information Table on MPFA's MPF Fund Platform (https://mfpmpp.org.hk/mobile/eng/mpp_list.jsp)

MEMBER EXPERIENCE

SERVICES PROVIDED

Online Investment Rebalancing	Y
Member Hotline Services	Y
Online Personal Account Opening	Y
Online TVC Account Opening	Y
Online SVC Account Opening	Y
Online MPF Transfers from other Schemes	Y
Member App	Y

2.1.6 Communication and Education

CLT provides several communication tools and promotion channels toward members and also has in place free financial planning advice as a significant value add to the member experience. Key highlights of China Life MPF Master Trust Scheme's Communication and Education experiences include:

COMMUNICATION AND EDUCATION

SERVICES PROVIDED

TVC Promotions	Y
Member Alerts	Y
Newsletters	Y
On Social Media	Y
Dedicated Complaints Hotline	Y
Free Financial Planning Advice	Y

2.1.7 Range of MPF Funds and Suitability

CLT plays an active role in reviewing the range and suitability of its MPF funds manual. CLT aims to provide a greater varieties of fund choices to our scheme members and speed up the feasibility studies of launching new funds after the onboarding to eMPF Platform.

Apart from providing diversified fund choices, CLT is also dedicated to optimize the existing CFs under the China Life MPF Master Trust Scheme to improve its investment structure with better investment returns to scheme members. With effective from 1 February 2023, China Life US Equity Fund was restructured with a change of investment manager to China Asset Management (Hong Kong) Limited and reduction of management fee from up to 1.19% per annum to up to 0.86% per annum.

The Scheme presently consists of a series of constituent fund choices and Default Investment Strategy with diversified investment objectives, risk levels and portfolio are offered, covering money market fund, mixed assets funds, equity funds and guaranteed fund. The investment portfolio is suitable for nearly all age range and risk profiles and, with the diversified options, the series of constituent fund choices are likely to provide the retirement savings goals of all members.

RANGE OF MPF FUNDS AND SUITABILITY

Number of Fund Choices	10
Choice of Mixed Asset Funds	Y
Choice of HK & China Equity Funds	Y
Global Equity Fund	Y
US Equity Fund	Y
Guaranteed Fund	Y
Money Market Fund	Y
Default Investment Strategy	Y
Use of Multiple External Fund Managers	Y

2.1.8 Investment Manager Selection, Ongoing Review and Monitoring

Being an MPF Trustee, CLT has a statutory duty to invest the contributions of scheme members of the Scheme and monitor the fund performance in order to safeguard scheme member's interest. CLT conducts fund performance monitoring of CFs on monthly basis.

CLT regularly engages with investment managers on fund performance and oversee portfolio of each CF. CLT monitors the investment managers to ensure performance of each CF is consistent with its investment objective.

In addition, starting from February 2022, CLT has appointed Goji Consulting Limited ("Goji"), as an independent fund consultant, to on-going monitor fund performance of our CFs over different time horizons. Goji provides monthly fund performance reports for CLT's review. The report includes past performance, risk profile, trend analysis of CFs and whether there are any underperforming funds in past 3 consecutive months and 3 consecutive quarters. The monitoring mechanism is reviewed by CLT on a pre-determined period or whenever necessary.

While there are any CF underperforming continuously, CLT will monitor and assure enhancement will be in place and remedial action will be taken by the respective investment manager. In December 2023, CLT issued an underperformance letter toward FIL Investment Management (Hong Kong) Limited since the respective underlying funds of the CFs (China Life Growth Fund, China Life Balance Fund and China Life Hong Kong Equity Fund) underperformed in past 3 consecutive quarters. FIL Investment Management (Hong Kong) Limited provided CLT a six-month remedial action plan. The fund performance improved as of March 2024 following the issuance of the underperformance letter. The 3-month cumulative returns of China Life Balanced Fund (2.73%) outperformed against the benchmark (2.70%); while the 3-month cumulative returns of China Life Growth Fund (3.94%) and China Life Hong Kong Equity Fund (-2.76%) hit the respective benchmarks.

In the previous assessments, CLT observed the performance of China Life Joyful Retirement Guaranteed Fund is continuously under-performed. With effect from 23 June 2023, Taiping Assets Management (HK) Company Limited ceased to be the investment manager of the underlying fund of China Life Joyful Retirement Guaranteed Fund and Schroder Investment Management (Hong Kong) Limited was appointed as the investment manager of the underlying fund. Furthermore, the statement of investment policy and objective ("SIPO") of China Life Joyful Retirement Guaranteed Fund was amended to increase the relative proportion of intended investments in fixed income, remove the restriction in bond investment maturity and relax the targeted geographical distribution restriction of the assets.

2.1.9 Conflict of Interest Monitoring

CLT maintains conflict of interest policies and procedures for identifying, assessing and managing actual and potential conflicts. All the investment managers of the Scheme and its underlying funds appointed are independent of CLT. The fees and charges (include the fees paid to CLT) borne by the Scheme are clearly disclosed in the scheme brochure. Each individual director of CLT requires to declare annually that he/she is free of any conflict of interest that would interfere with the proper performance of the responsibilities of a director.

2.1.10 Summary of Key Actions Taken

In order to improve value for MPF scheme members, the following key actions were taken by CLT during the financial year from 1 January 2023 to 31 December 2023.

Investment Performance

- CLT engages with Goji on monitoring fund performance and overseeing portfolio of each CF on regular basis.
- In the previous assessments, CLT observed the performance of China Life Joyful Retirement Guaranteed Fund is continuously under-performed. With effect from 23 June 2023, Taiping Assets Management (HK) Company Limited ceased to be the investment manager of the underlying fund of China Life Joyful Retirement Guaranteed Fund and Schroder Investment Management (Hong Kong) Limited was appointed as the investment manager of the underlying fund. Furthermore, the SIPO of China Life Joyful Retirement Guaranteed Fund was amended to increase the relative proportion of intended investments in fixed income, remove the restriction in bond investment maturity and relax the targeted geographical distribution restriction of the assets.
- CLT issued underperformance letter toward the FIL Investment Management (Hong Kong) Limited in December 2023 for those funds (China Life Growth Fund, China Life Balance Fund and China Life Hong Kong Equity Fund) that were underperformed. FIL Investment Management (Hong Kong) Limited provided CLT a six-month remedial action plan. The fund performance improved as of March 2024 following the issuance of the underperformance letter. The 3-month cumulative returns of China Life Balanced Fund (2.73%) outperformed against the benchmark (2.70%); while the 3-month cumulative returns of China Life Growth Fund (3.94%) and China Life Hong Kong Equity Fund (-2.76%) hit the respective benchmarks.

Fees and Charges

- CLT conducted annual review of the CF's FER and fee levels are in line with peers. CLT continues to monitor fees and charges applied by the respective CFs.
- To address the observation on room for reduction of management fee, CLT restructured China Life US Equity Fund effective from 1 February 2023, as a result, the management fee of China Life US Equity Fund has been reduced from up to 1.19% per annum to up to 0.86% per annum.

Quality Services to Scheme Members

CLT regularly reviews the type of services offered to scheme members. Over the year, various enhancement had been launched to improve engagement with scheme members after reviewing quality of services annually.

- Effective from 23 July 2023, CLT has enhanced the password preview function which allow our scheme members can view the password before login and/or reset password at our online platform.
- To encourage our existing employers to experience a more efficient process using our online enrolment function, CLT had implemented a promotion from June 2023 to November 2023. As of December 2023, the average monthly employee e-enrollment rate increased by 3.2 times year-on-year.

- On 4 August 2023, CLT held a workshop for employers to introduce the e-enrollment service and educate on administrative procedure, aiming to provide better communication.
- Effective from 4 August 2023, CLT has uploaded User Guide and Manual for e-enrollment at our public website under Diversified Services section in order to facilitate our employers to understand the flow of online enrolment.
- Effective from 13 December 2023, CLT has created a minisite of Key Scheme Information Document (KSID) at our public website. The KSID Mini Site provides key information including contribution methods, investment fund selection and risks, transfer or withdrawal of MPF funds and other useful information etc. In addition, voice navigation function has been implemented to enhance web content accessibility.

2.1.11 Conclusion

On an overall basis, CLT is satisfied that scheme members have been consistently receiving Value for Money for the year ended 31 December 2023. The China Life MPF Master Trust Scheme is clearly well balanced across various assessment criteria in a robust, secure and proven governance framework. The scheme provides performance and features that should assist most members to meet their retirement savings goals.

(II) SUSTAINABLE INVESTING STRATEGY AND IMPLEMENTATION PROGRESS FOR THE SCHEME

Environmental, social and governance (“ESG”) factors could be a source of financial risk with financial impact on the value of the MPF schemes. CLT is committed to work with the investment managers (“IMs”) of the constituent funds and/or their underlying funds in the integration of ESG factors into the investment and risk management processes in accordance with the MPFA’s “Principles for Adopting Sustainable Investing in the Investment and Risk Management Processes of MPF Funds” (the “Principles”) issued in November 2021.

2.2.1 The Impact of ESG Factors to the Value of MPF Investment Portfolio

CLT considers that ESG factors, including climate change, can have a financially material impact over the investment risk and return outcomes of the Scheme, particularly given their long term nature. It is in members’ best interests that ESG factors are taken into account in the investment and risk management processes.

2.2.2 ESG Integration Strategy for the Scheme

CLT has developed an ESG integration strategy at the scheme level in accordance with the Principles. Consistent with the Principles, as the investment management functions is carried out by IMs, CLT set the expectation to IMs that they should take account of financially material ESG considerations when making investment decisions and provide relevant information to CLT to allow CLT understand the respective ESG policies, their processes for identifying, assessing and managing ESG factors, and how these processes are integrated into the IMs’ overall risk management.

2.2.3 Implementation of ESG Integration Strategy

CLT expects the IMs of constituent funds and their underlying funds to take into account of financially material ESG considerations when making investment decisions. CLT has incorporated ESG integration into its IM selection, appointment and monitoring processes. CLT would engage with IMs who are signatories (or who is looking to have the signatory) to the United Nations Principles for Responsible Investment (“UNPRI”) going forward. Such signatories commit to integrate ESG issues into investment analysis and decision-making processes. CLT regularly monitors the IMs’ approach to ESG and alignment with the scheme’s ESG integration policy.

For the constituent funds which are investing in a single approved pooled investment fund (“APIF”), CLT incorporates in its APIF selection and on-going monitoring and review process to ensure the ESG integration strategies of IMs align with the integration strategy for the Scheme adopted by CLT. CLT expects IMs of the APIFs to take into account of financially material ESG considerations when making investment decisions.

For the constituent fund investing passively in index-tracking collective investment funds (“ITCISs”) where the IM of the ITCISs cannot use ESG factors in the stock selection process without changing the index construction of the funds, CLT considers how the IM of the ITCISs positively engages with index constituent companies whether there is scope to improve the way ESG factors are taken into account when running a company.

2.2.4 Monitoring of ESG Integration Progress by the CLT’s Board

The board of directors of CLT monitors the ESG integration implemented by the IMs of the constituent funds and their underlying funds regularly. Directors will be informed of ESG integration and development updates formally at Board Meeting and/or through Investment Committee meetings. ESG integration forms a standing agenda item for discussion at every Investment Committee meeting.

2.2.5 Incorporation of ESG Factors into Relevant Investment Strategies

CLT requests information on the ESG policies adopted by IMs of the constituent funds and/ or their underlying funds from time to time to ensure they align with our scheme ESG integration policy. Please refer the IM's ESG policies set out below or at IMs or their group website.

IMs of the constituent funds and/or their underlying funds:

- China Asset Management (Hong Kong) Limited
<https://www.chinaamc.com.hk/sustainable-investing/>

- Taiping Assets Management (HK) Company Limited

Taiping Assets Management (HK) Company Limited ("Tai Ping"), which is a SFC licensed corporation, commenced to perform the carbon emission risk assessment of existing positions since the end of November 2022. In March 2023, Tai Ping has also implemented group "Green Finance and ESG Risk Management" policy. In the year of 2024, the self-established green finance and ESG indicator system has been further implemented.

IMs of the underlying funds of the constituent funds:

- FIL Investment Management (Hong Kong) Limited
<https://www.fidelity.com.hk/en/sustainable-investing/reports-and-policies>
- Franklin Templeton Investments (Asia) Limited (The Scheme ceased to invest in the respective underlying funds since 1 February 2023)
<https://www.franklintempleton.com.hk/en-hk/about-us/sustainable-investing-and-stewardship/index>
- Invesco Hong Kong Limited
<https://www.invesco.com/hk/en/investment-ideas/esg-and-responsible-investing/2021-esg-investment-stewardship-report.html>
- J.P. Morgan Asset Management (Asia Pacific) Limited
<https://am.jpmorgan.com/us/en/asset-management/institutional/investment-strategies/sustainable-investing/>
- Schroder Investment Management (Hong Kong) Limited (The Scheme has commenced to invest in the respective funds since 26 June 2023)
<https://www.schroders.com/en/global/individual/about-us/what-we-do/sustainable-investing/our-sustainable-investment-policies-disclosures-voting-reports/industry-involvement/>

Each IM of the constituent funds and/ or their underlying funds has a unique approach to their ESG strategy due to their respective approaches to investing, their philosophy, risk profile and investment objectives. However, currently, most of the IMs of the constituent funds and/ or their underlying funds are signatories to the UNPRI which shows evidence of IMs' commitment to comply with the global ESG investment standards.

2.2.6 Incorporation and Establishment of ESG Risk Identification, Assessment and Management in the Investment Managers' Investment Process

When meeting with the IMs, CLT ascertains from them how relevant and material ESG factors are taken into account in their investment and risk management processes. IMs demonstrated to CLT a structured integration of ESG factors and data into the investment decision making process with examples.

Effective from the 4th quarter 2023, CLT appointed Goji to produce a MSCI ESG Score report for all CFs on a quarterly basis for CLT review.

Below is the extraction of the MSCI ESG Score report of the Scheme as of 31 December 2023. All CFs (except China Life MPF Conservative Fund ^(Note 3)) and Default Investment Strategy (DIS) (including China Life Core Accumulation Fund and China Life Age 65 Plus Fund) ^(Note 4) exhibited consistent ESG Rating. All of them ranked mid-to-high end of the average category. On a Quarter on Quarter (QoQ) basis, their ESG Scores had been consistent and no unusual movement was observed comparing with Q3 2023.

As at 31/12/2023				
Constituent Fund	Manager/ Underlying Manager	MSCI ESG Rating	MSCI ESG Score	Leader / Laggard
China Life Balanced Fund	Fidelity	A	6.58	Average
China Life Growth Fund	Fidelity	A	6.64	Average
China Life Joyful Retirement Guaranteed Fund ^(note 1)	Schorders	A	6.37	Average
China Life Retire-Easy Global Equity Fund ^(note 2)	ChinaAMC	A	6.99	Average
China Life Hong Kong Equity Fund	Fidelity	A	5.92	Average
China Life Greater China Equity Fund	JPMorgan	BBB	5.39	Average
China Life US Equity Fund ^(note 2)	ChinaAMC	A	6.83	Average
China Life MPF Conservative Fund ^(note 3)	Taiping	n/a	n/a	n/a
China Life Core Accumulation Fund ^(note 4)	Invesco	n/a	n/a	n/a
China Life Age 65 Plus Fund ^(note 4)	Invesco	n/a	n/a	n/a

MSCI ESG Rating - Conversion Table

Letter Rating	Leader/Laggard	Final Industry-Adjusted Company Score
AAA	Leader	8.571 - 10.0
AA	Leader	7.143 - 8.571
A	Average	5.714 - 7.143
BBB	Average	4.286 - 5.714
BB	Average	2.857 - 4.286
B	Laggard	1.429 - 2.857
CCC	Laggard	0.0 - 1.429

Notes

1. MSCI fund ESG quality score of Schorders is based on the weighted average of the underlying holdings, excluding cash and currency holdings.
2. The information in this material reflects prevailing market data as of this date, which are subject to change. China AMC are not obliged to inform of any such change. In preparing this material, China AMC have relied upon and assumed without independent verification, the reliability of all information available from public sources, but China AMC do not represent that it is complete or accurate.
3. Taiping does not apply ESG research on Money Market strategy, which is for deposit placement only.
4. Invesco adopted internal proprietary ESG Intel tool. The ESG proprietary data by Invesco is not accessible to the public.

Source: MSCI, ESG Ratings Methodology.

2.2.7 Investment Managers' Policies on Engagement Activities

CLT expects IMs to use their influence as institutional investors to pursue CLT's rights and duties as a shareholder including voting, along with, where relevant and appropriate, engaging with underlying investee companies to promote good corporate governance, accountability and positive change.

2.2.8 Investment Managers' Reporting on ESG Integration

CLT requires that the IMs report to CLT on ESG and stewardship matters on a regular basis and be responsive to queries from CLT. The IMs of the constituent funds are also invited to report on their ESG related information in the Investment Committee meeting.

2.2.9 Summary of Key Actions Taken

- CLT regularly engages with investment managers on the updates on ESG integration.
- Effective from the fourth quarter of 2023, CLT has appointed Goji to produce a MSCI ESG Score Report for all CFs on a quarterly basis to evaluate ESG integration of IMs if they have taken account of financially material ESG considerations when making investment decisions.

BOARD ENDORSEMENT

The China Life MPF Master Trust Scheme Governance Report has been endorsed by the Board of China Life Trustees Limited on 24 May 2024.