



Sustainable Investment Policy

July 2022

Contents

3	Introduction
4	Goals, Visions and Philosophy
7	ESG Governance Structure
11	Sustainable Investment Analysis
15	ESG Integration Strategy
16	ESG-focused Strategy
18	Climate-related Risk Analysis
19	Sustainable Investment Stewardship
20	Monitoring and Reporting
22	ESG Disclosure
24	Conflicts of Interest Management
25	Miscellaneous



Introduction

China Asset Management (Hong Kong) Limited (“ChinaAMC (HK)”), a wholly-owned subsidiary of China Asset Management Co. Limited, was incorporated in Hong Kong in September 2008. As a top Chinese fund management company in Hong Kong, ChinaAMC (HK) is committed to developing offshore and cross-border asset management businesses by leveraging the expertise of its experienced investment and research teams and its shareholder companies’ resources, services and connections in Mainland China.

ChinaAMC (HK) adheres to the parent company's ESG investment principles and develops detailed ESG investment processes within Hong Kong's regulatory framework and based on Hong Kong market characteristics. China Asset Management Co., Ltd. (“ChinaAMC”) was founded in April 1998 and has since maintained its top position in the asset management industry of China. ChinaAMC provides a full range of services to retail and institutional investors in China and abroad, with funds under its management covering equity, fixed income, money markets, etc.

In March 2017, ChinaAMC signed on to the United Nations-supported Principles for Responsible Investment (PRI), becoming the first full-service asset manager in China to join the organization. ChinaAMC is committed to implementing the responsible investment principles in its investment activities, to persistently explore the feasible environmental, social, and governance (ESG) key issues in China and Hong Kong, as well as to promote Chinese companies’ responsible investment progresses to the global sustainable investors as an ambassador.

ChinaAMC (HK) articulated this Sustainable Investment Policy (“SIP”) with an aim to provide sufficient guidance to portfolio managers and other related employees involved in sustainable investments to ensure investments are made in the best interests of clients and in alignment with our fiduciary duties with ESG centric.

Goals, Visions and Philosophy

Sustainable/ESG investment are becoming more and more important in global industry and investment market, meanwhile government regulators, business operators and investors increasing their attention to sustainable/ESG investment. Sustainable/ESG investment are based on traditional investment analysis and are refined and emphasized for quality and sustainable development. The value orientation of different practitioners may be different. ChinaAMC (HK) carries out practices according to our philosophy and understanding of sustainable/ESG investment, which is derived from internationally recognized principles.

As a China investment expert, ChinaAMC (HK) places particular focuses on the sustainable/ESG investment development in China. The sustainable/ESG investment in China within its continuous evolving infrastructure and ecosystem has seen rapid development over the years. Our practice will continue to be enhanced and deepened with this continuous development.

Philosophy

Our view is that a company with distinguished ESG profile delivers enhanced long-term business performance and competitive advantage that benefits its investors and generates positive societal impact. We believe companies' better performance on "E", "S", "G" will contribute positively to the global natural environment, social efficiency and welfare, and substantially promote the global sustainable development.

We believe that companies should demonstrate some or all of the following in order to be considered as having satisfactory ESG profile:

- For the "E" factor, enhance internal organizational awareness of climate-related risks and take due responsibilities and actions, including but not limited to, recognizing and responding to transition risks and physical risks faced by companies; proactively reduce greenhouse gas and carbon emissions, increase the use of clean and renewable energy, and improve the efficiency of current energy use; improve the efficiency of natural resource use, reduce pollutants, waste emissions and improve treatment capacity.
- For the "S" factor, provide employees with a safe working environment to ensure health and safety hazards are prevented; provide employees a fair treated working environment; improve the safety and health of their products for both users and society; and make best efforts to reduce social poverty and promote rural development.
- For the "G" factor, no involvement in unfair competition; improve the transparency and compliance of accounting and taxation standards; communicate with investors promptly, fairly and transparently; and prevent internal transactions and other acts that infringe on shareholders' rights and interests.

Commitments

ChinaAMC (HK) is committed to becoming a practitioner and promoter of sustainable investment in the asset management industry. ChinaAMC (HK) is committed to practicing our sustainable investment philosophy in our investment strategies and deploying strong efforts to promote sustainable investments worldwide.

ChinaAMC (HK) practices ESG integration strategy in our existing strategies, which includes active equity, active fixed income, and passives (ETFs). ESG analysis is integrated in the daily research process, to ensure that investee companies' business practices align with our sustainable investment philosophy and standards. In view of growing emphasis on sustainable investment, we further extend our ESG strategy through managing ESG focused strategies that target greater sustainability outcomes for the investors.

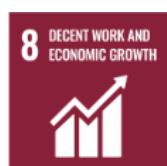
ChinaAMC (HK) also practices and promotes our sustainable investment by conducting engagement activities including proxy voting, especially in ETFs.

With the continuous improvement and standardization of the basic infrastructure and ecosystem of sustainable investment, we strive to continuously deepen our understanding of ESG factors and optimize our sustainable investment practices by embedding ESG analysis more comprehensively into our corporate valuation and investment decision-making.

Company Goals

ChinaAMC (HK) aligns with UNSDGs as firm-wide goals in investment and business operations, and have selected Decent Work, Economic Growth, Reduced Inequality, Climate Action, Peace/Justice/Strong Institution and Partnership as our current focuses.

ChinaAMC (HK)'s ESG Goals in Focus

SUSTAINABLE DEVELOPMENT GOALS


PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL



REDUCE INEQUALITY WITHIN AND AMONG COUNTRIES



TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS



PROMOTE PEACEFUL AND INCLUSIVE SOCIETIES FOR SUSTAINABLE DEVELOPMENT, PROVIDE ACCESS TO JUSTICE FOR ALL AND BUILD EFFECTIVE ACCOUNTABLE AND INCLUSIVE INSTITUTIONS AT ALL LEVELS



PROMOTE PEACEFUL AND INCLUSIVE SOCIETIES FOR SUSTAINABLE DEVELOPMENT, PROVIDE ACCESS TO JUSTICE FOR ALL AND BUILD EFFECTIVE ACCOUNTABLE AND INCLUSIVE INSTITUTIONS AT ALL LEVELS

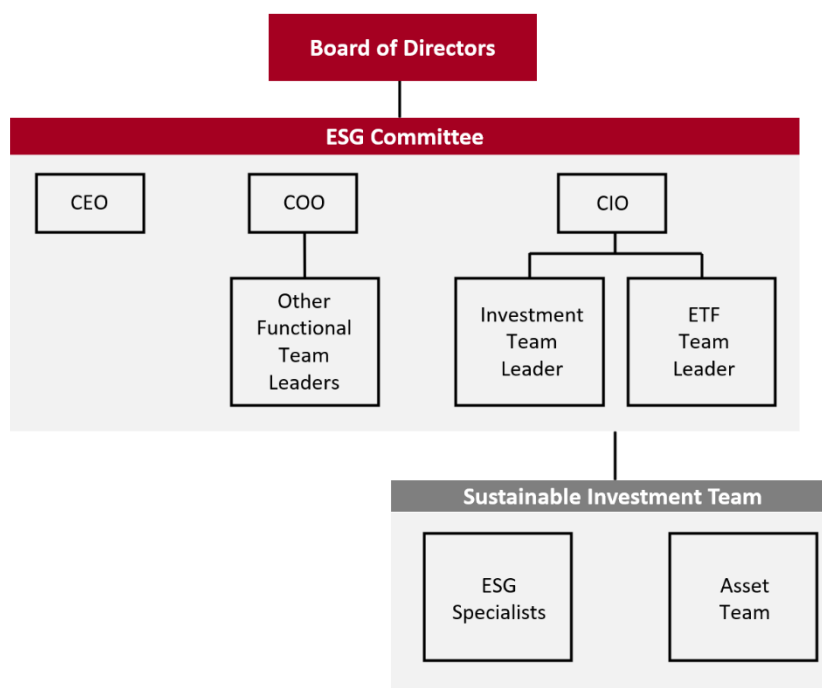
Source: Division for Sustainable Development Goals, United Nations

ESG Governance Structure

Structure

ChinaAMC (HK)'s governance structure in respect of ESG investments consists of three layers – the Board of Directors, the ESG Committee, and the Sustainable Investment Team.

ChinaAMC (HK)'s ESG Governance Structure



Source: ChinaAMC (HK)

Responsibilities

Board of Directors

- Define, review, approve, and maintain progress oversight of the firm's ESG investment and climate-related risk philosophy, commitment, and goals.
- Review and approve Sustainable Investment Policy, Engagement Policy, Proxy Voting Policy, Climate-related Risk Management Policy submitted by ESG Committee, and any proposed updates of abovementioned policies submitted by Sustainable Investment Team semi-annually.
- Review and approve ESG Committee Annual Implementation Reports of ESG investment, proxy voting, engagement and climate-related risk management.
- Review climate-related issues flagged by the ESG Committee from time to time.

- Supervise and scrutinize whether implementation is in violation of the ESG Investment Policy, Engagement Policy and Proxy Voting Policy, and Climate-related Risk Management Policy.

ChinaAMC (HK) ESG Committee

- **Key Members' Responsibilities**

- The CEO is responsible for organizing and convening ESG Committee meetings, discussing related matters, reviewing meeting minutes or reports, and reporting to the Board; the person is also responsible for the human, technical and financial resources required by various departments on responsible investment/ESG matters.
- The CIO is responsible for supervising Investment Department to implement ESG investing such as proper level of ESG integration in investment process (including but not limited to identify climate-related risks and opportunities). This role is also responsible for reviewing and approving key issues in relation to ESG focused strategies, and engagement.
- The COO is responsible for leading operational departments to participate and cooperate in the implementation of ESG investments and the execution of proxy voting, as well as supervising the status and process of climate-related risks at the firm level.

- **Policy Formulation and Modification**

- Develop philosophy, commitment, goals for ESG investment and climate related risks, and submit the updates (if any) to board for approval.
- Formulate Sustainable Investment Policy, Proxy Voting Policy, Engagement Policy and Climate-related Risk Management Policy; lead semi-annual internal review and policy updating as appropriate and necessary for submission for board approval upon clearance from the Legal & Compliance Department.

- **Convening of Meetings and Deliberation of Related Issues**

- The ESG Committee meetings shall be held semi-annually, in which relevant department heads jointly discuss the implementation progresses of ESG initiatives including ESG integration in investment, product plan, implementation of engagement and proxy voting, climate-related risk issues, and flag necessary human, technical and financial resources required to support the implementation of the various ESG initiatives.
- Revision proposals of ESG-related policies (if any) shall be raised by Sustainable Investment Team and discussed in the ESG Committee meetings semi-annually; Annual Implementation Report on ESG-related policies and other climate-related risk issues shall be submitted by Sustainable Investment Team in the ESG Committee meetings annually.

Sustainable Investment Team

The Sustainable Investment Team is responsible for the application of ESG investment and the execution of shareholders rights in accordance with our fiduciary duties and ESG-related policies. It comprises ESG specialists and Asset Team which contains investment personnel from equity, fixed income and ETF investment teams. The roles and responsibilities of Asset Team and ESG specialists are set out below.

- **Asset Team**

- **ESG Analysis**

Apply and integrate ESG analysis in the investment processes of both equity and fixed income asset classes. Conduct relevant ESG researches within our robust research framework on existing and potential investee companies for the securities to be invested or have invested by investment portfolios and form internal scores on each investee company based on the research results.

Maintain internal scoring system and adjust the score of each investee company on a continuous basis by i) monitoring ESG ratings of existing and potential investee companies provided by external vendors; and ii) assessing the investee companies' businesses in relation to internally defined ESG Key Issues. Based on abovementioned analyses and scoring system, provide ESG investment recommendations to portfolio managers.

For funds or portfolios employing ESG-focused strategies specially, Asset Team monitors the ESG performance of companies in the funds or portfolios' investable universes to ensure compliance with pre-determined investment limits in construction of investable universe, portfolio construction and weighting adjustment.

- **Engagement**

Asset Team is the lead in the context of engagements with existing and potential investee companies, with supports from other various involved departments.

- **Proxy Voting**

Assess the voting recommendation provided by third-party voting advisor, Institutional Shareholder Services ("ISS"), to ensure the recommendations are in line with the best interests of clients and the ESG policies. Asset Team may refer the voting decision to CIO for override if the voting decision contradicts any of the principles in this policy.

- **ESG Specialists**

- Assist in ESG analyses conducted by Asset Team.
 - Coordinate with Asset Team and Operations Department on ESG proxy voting and engagement.

- Keep abreast of changes in the ESG landscape, regulations, basic infrastructure and disclosure framework. Explore potential areas of improvement in the firm's ESG integration and ESG-focused strategies.
- Cooperate with Asset Team to conduct sector ESG research; provide thematic commentary on ESG topics for internal and external distribution; conduct researches on implementation of ESG strategies.
- Collaborate with Product and Strategy Department and Asset Team to develop innovative and market-appropriate strategies that fulfil growing demand on ESG investment.
- Lead internal ESG trainings including but not limited to ESG investment blueprint, proprietary ESG framework and our ESG products.

Sustainable Investment Analysis

ChinaAMC (HK) believes in the philosophy of “research creates value”. We combine top-down research with bottom-up analysis to achieve mid and long-term capital appreciation for the clients. As an asset manager, we have the fiduciary duty to ensure the best interest of our clients, and we believe ESG factors are a material aspect of investment analysis. A company's approach to sustainability may present long-term risks or opportunities. Companies focusing on long-term sustainable strategy is more likely to have a better grasp on the future than companies focusing on survival today. Businesses that focus on long-term goals should be better prepared for transition risks associated with climate risks, regulatory and governance changes.

ChinaAMC (HK) has developed proprietary ESG analysis and climate-related risk analysis framework, based on which we extend our sustainable investment practice to investment strategies, corporate and counterparty engagement and proxy voting.

ChinaAMC (HK)'s ESG analysis is primarily based on qualitative assessment supplemented by quantitative assessment, in which we examine whether the investee company's development is of quality and sustainability, and whether the investee company has awareness of and undertakes initiatives in ESG, which we believe influences the valuation of the company and thus the return on investment.

We use the information and data provided by external third-party databases, data disclosed by industry associations, regular announcements of the company, and internal research reports to conduct ESG analyses.

Qualitative Assessment

- **ESG Key Issues**

11 ESG Key Issues set out below have been identified as the focus of our analyses. Additionally, we maintain a list of commonly seen "Significant Risk Events", occurrences of which will negatively impact ESG profiles and subsequently ESG ratings of investee companies. The "Significant Risk Events" will trigger alert to sell the holdings of investee companies, namely "Selling Trigger Events". The list of Significant Risk Events does not mean to be exhaustive and covers all the adverse risk events. If the negative ESG events are not on the list, the Sustainable Investment Team will evaluate the event and its impact on a case-by-case basis and suggest action plan for portfolio manager to consider.

ESG Key Issues and Significant Risk Events

Pillars	Key Issues	Significant Risk Events
E	Climate-related Risks: Carbon Emission	
	Climate-related Risks: Clean Energy, Renewable Energy, Energy Efficiency	
	Water Stress, Land Use and Raw Material Sourcing	
	Toxic Emission and Waste	Significant pollution event
	Financial Environment Impact	
S	Employees and Supply Chain Labour Standards (Health, Safety and Human Rights)	Significant employee safety event
	Externalities of Company Operations	Significant production risk event
	Product Liability	Significant customer interest violation
G	Unfair Competition	Significant unfair competition event
	Fraud	Significant financial, tax, fraud event
	Transparency, Minority Protection, Insider Trading	Significant governance flaw

Source: ChinaAMC (HK)

• Internal Analysis Procedure

○ Sector determination

For each investee company, Asset Team will assess and determine the appropriate sector such company should be categorized to. For the case if a conglomerate company may have a large number of various businesses, Asset Team will assign such company with 5 to 10 sub-sectors.

○ Research materials and data collection

Asset Team, supported by ESG Specialist, will collect important information of each ESG Key Issues of companies and their sector, including but not limited to the external rating on ESG Key Issues, company's current Key Issues status, company's Significant Risk Events reported by the external database, especially for those that have occurred Significant Risk Events before. In addition to the ESG risk exposure mentioned, we focus on their ESG-related risk management as well, including but not limited to whether they have awareness the importance of ESG Key Issues, whether they have strategic

development plan on ESG transition, whether they have internal assessment and evaluation, and their historical handling of emergencies.

- **Proprietary ESG scorecard**

According to ChinaAMC (HK)'s scoring systems, a company's ESG Key Issues will be scored from ESG-related risk exposure and ESG-related risk management within each comparable peers group. The key issues score varies from 1-5 while the aggregate score is weighted average of each key issue score where the weightings vary from group to group.

- **Assess Significant Risk Events**

Firstly, we will analyse whether Significant Risk Events have occurred in the company's operation history, and the company's response. Secondly, we will analyse and determine whether the company has awareness and efficient mechanisms to prevent future events.

- **ESG Key Issues Weights in Different Groups**

- ChinaAMC (HK) refers to external and internal ESG research and set different ESG Key Issues weights for different comparable peers group to reflect the importance of different key issues in different sectors.
- This weight is regularly reviewed and adjusted through our internal research and discussion.

- **Continuous Monitoring**

- Asset Team should continuously monitor existing and potential investee companies' businesses from the perspective ESG Key Issues to capture occurrence of new Significant Risk Events and perform necessary adjustment of scores.
- Asset Team shall report to portfolio managers on ESG Key Issues and Significant Risk Events to portfolio managers once any change occurs.

Quantitative Assessment

- **Database and Technology**

ChinaAMC (HK)'s ESG quantitative research is based on the usage of third-party data, including MSCI, Sustainalytics, FactSet TruValue Labs. These ESG data providers provide differentiated ESG data and corresponding ratings based on their proprietary frameworks, as well as compilation of key ESG trigger events, which offer more perspectives on ESG investing.

In order to integrate ESG data from different providers, a third-party workstation is used as our data delivery and integration platform to facilitate our internal ESG analyses by aligning ESG ratings on the same investee company. Bloomberg Terminal is utilized as well to support and enhance the construction of ESG-related investable universes.

- **Integration**

ChinaAMC (HK) uses abovementioned data to derive our internal ESG scores. Measures are taken to maintain data integrity for further calculation, including but not limited to identifier consolidation, record correction, data standardization. ESG scores are generated through a specialized formula based on the characteristics of each provider's scores, while also incorporating assessment of each provider's methodology.

Judgements on ESG materiality may also vary depending on regional and industrial difference. To make the output data more comparable, the data processing is on comparable peers group level.

ESG Integration Strategy

For funds or portfolios which employ ESG integration strategy, which means ESG factors have been considered during selection of investments with no clear or specific ESG goal in its investment objectives or strategies.

During daily research activities, ChinaAMC (HK) integrates ESG analysis to form research results and generate investment decisions. We combine qualitative and quantitative assessment to measure an investee company's exposure to ESG-related risk – whether the company's development is of quality and sustainability, whether the company has awareness of and makes efforts in the development of ESG, whether the company faces material risk exposure to climate-related issues, etc., all which have an impact on the valuation of the company and thus the return on investment.

Companies with ESG scores below our defined thresholds are invested with caution. On the other hand, ChinaAMC (HK) treats Significant Risk Events as Selling Trigger Events, and for any company who incurs a trigger event, a sell decision will be considered by the portfolio managers.

ESG-focused Strategy

For funds or portfolios which employ ESG-focused strategy, which means the funds or portfolios have clear or specific ESG goal in its investment objectives or strategies, ChinaAMC (HK) employs the following filtering tools are used:

Negative Screening

- **Norm-based Exclusion**

ChinaAMC (HK) will apply norm-based screening to exclude the companies against minimum standards of business practice, based on international norms issued by organisations including but are not limited to the United Nations Global Compact and the Organisation for Economic Co-operation and Development.

All ESG-focused strategies published by ChinaAMC (HK) shall be in line with the 10 Principles of the UN Global Compact, while other norms and standards shall be applied case by case, based on different theme focus.

- **Controversial Weapon Laws**

There is a variety of weapons that cause disproportionate and inhuman harm which continue to remain a threat. ChinaAMC (HK) shall not invest in companies with ties to cluster munitions, chemical or biological weapons, uranium weapons, nuclear weapons and anti-personnel mines.

- **Business Involvement-based Exclusion**

Companies involved in certain businesses should be excluded from investable universe based on the predetermined limits of particular investment strategies. The screening criteria include but not limit to revenue proportion, capacity proportion.

Positive Screening

- **Best-in-class**

The best-in-class approach for sustainable investing means finding the companies that are leaders in their sector in terms of meeting environmental, social and governance (ESG) criteria. ChinaAMC (HK) will consider both internal and third-party ESG scores to identify companies that have best ESG profile.

- **ESG Score Momentum**

Other than ESG scores, ESG score momentum reflects the efforts and transition the company have undertaken in ESG-related issues.

We define the positive ESG score momentum as improvement demonstrated in a company's ESG score overtime. ChinaAMC (HK) would select companies that have better ESG score momentum.

- **Tilting**

ChinaAMC (HK) uses tilting approach to allocate larger weights for those that have better ESG ratings, ESG score momentum or lower carbon emission. The specific method of tilting varies depending on investment strategies.

For passive investment strategies with ESG focus, we shall measure the indices to what extent they utilise the abovementioned approaches defined by ChinaAMC (HK). The indices portfolio level ESG rating, ESG score momentum, carbon emission, etc. will be considered when selecting and/or constructing indices.

Climate-related Risk Analysis

In addition to ESG Key Issues analysis, ChinaAMC (HK) pays particular attention to climate-related risk and conduct quantitative track based on carbon emission level 1, level 2 and level 3 data provided by ISS. The particular analysis in climate-related risk would enhance our analysis in “E” factor and address the most pressing environmental issues through investment decisions.

Please refer to Climate-related Risk Management Policy for details.

Sustainable Investment Stewardship

Engagement

ChinaAMC (HK) actively engages with existing and potential investee companies to gain a deeper understanding of their ESG performance and future development. Our engagement activities can enhance their awareness of ESG issues, promote more sustainable practices and improve their ESG performance.

Our ESG engagement with corporates has following purposes: 1) to drive companies in recognizing the importance of ESG transition and introduce our ESG philosophy to them; 2) to improve companies' ESG performance continuously and promote a just transition.

Please refer to ChinaAMC (HK)'s Engagement Policy for details.

Proxy Voting

Where ChinaAMC (HK) is granted with voting right attached to instruments held by the funds or investment portfolios under its management, ChinaAMC (HK) should seek to exercise its voting right in a transparent manner and for the best interests of the clients, unless exercising these rights is not in the interest of the beneficial owner of the assets or is prohibited by the relevant and applicable regulation.

Voting at annual general meetings, extraordinary shareholder meetings or other similar occasions is a primary and effective tool for engaging with companies to encourage sound governance and improve sustainability performance. Voting records usually are the most visible element of ESG stewardship and engagement as the results are public. We exercise voting rights on behalf of clients to promote ESG development worldwide.

Please refer to ChinaAMC (HK) Proxy Voting Policy for details.

Monitoring and Reporting

We apply two-lines of independent monitoring mechanism to ensure investments are carried out with ESG factors considered and mitigate the company from negligent green washing risk.

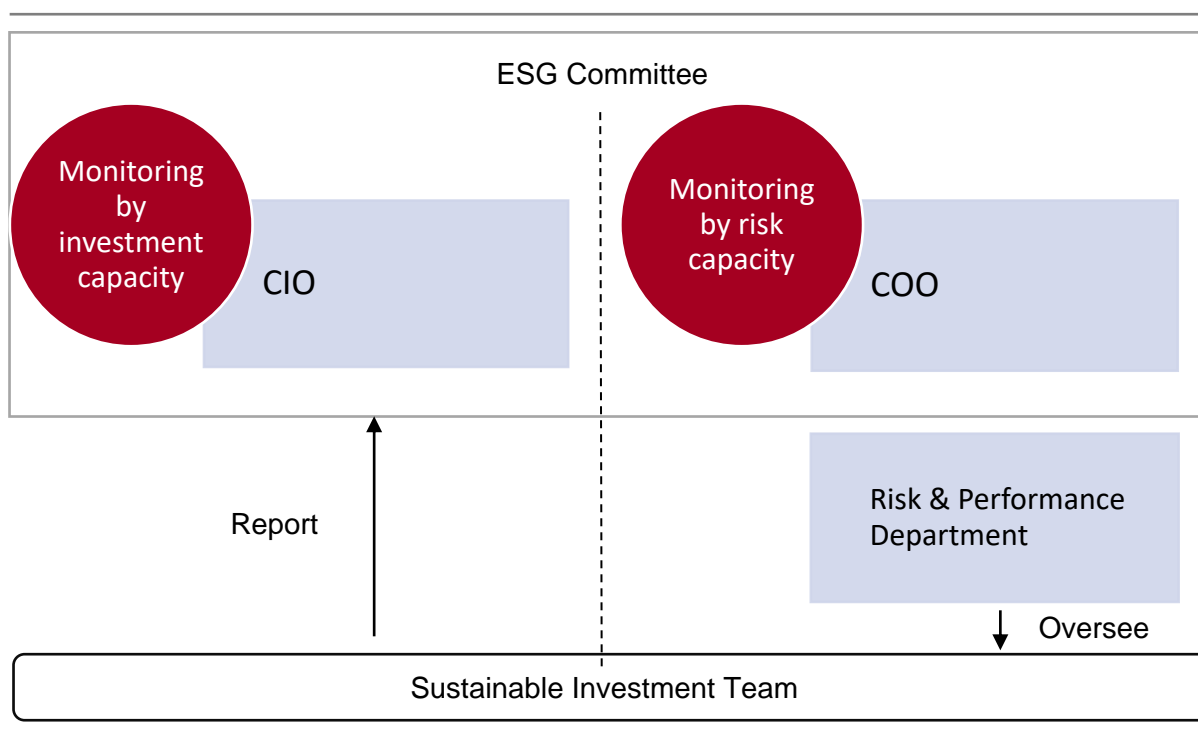
- **Monitoring in investment capacity**

The CIO, who sits on the ESG committee, oversees the implementation of ESG integration practices. The Sustainable Investment Team will carry out sustainable investment analysis and integrate ESG considerations into investment portfolios according to this policy and report to the CIO on a regular basis.

- **Monitoring in risk capacity**

The Risk and Performance Department, an independent team led by the COO, take the responsibility of monitoring ESG-focused strategies each day against pre-set targets. For ESG integration strategies, the team mainly oversees the implementation of ESG integration practices by reviewing annual implementation reports on sustainable investment, engagement activities, and proxy voting.

General Monitoring



Source: ChinaAMC (HK)

Monitoring on ESG-focused Funds

ChinaAMC (HK) will regularly monitor and evaluate the underlying investments to ensure the ESG-focused funds continue to meet the stated ESG focus and requirements set out by relevant regulations on an ongoing basis.

Where an ESG-focused fund no longer wishes to pursue its stated ESG focus, ChinaAMC (HK) will inform investors and the SFC as soon as reasonably practicable. ChinaAMC (HK) as the managers of ESG funds should also comply with the requirements set out in other applicable codes and guidelines by the SFC from time to time.

ESG Disclosure

Investors and potential investors need to be aware of ChinaAMC (HK)'s determination in sustainable investment. Disclosures relating to sustainable investment should be made to allow investors to make an informed determination as to whether their ESG concerns in investments are addressed and if the company's goal matches with theirs.

It is more efficient and environmental-friendly to make the disclosure on a website rather than to each investor individually via paper format. As such, this policy, the proxy voting policy, the engagement policy, together with other ESG related information are disclosed on ChinaAMC (HK)'s website: www.chinaamc.com.hk.

The disclosure is reviewed on a continuous basis with at least one update during a year. If there are any changes to the ESG framework, approach or policies of ChinaAMC (HK), the related disclosure will be updated accordingly in a prompt manner.

Disclosure in Offering Documents

ChinaAMC (HK)'s ESG-focused funds should disclose the followings in their offering documents:

- a description of the fund's ESG focus,
- ESG criteria used to measure the attainment of the fund's ESG focus,
- a description of the investment strategy(ies) adopted by the ESG fund,
- a summary of the process of consideration of ESG criteria,
- a description of whether an exclusion policy is adopted by the ESG fund and the types of exclusion,
- asset allocation,
- reference benchmark,
- additional information reference,
- a description of risks or limitations associated with the fund's ESG focus and the associated investment strategies.

Disclosure of Additional Information

ChinaAMC (HK)'s ESG-focused funds should disclose the following additional information of the ESG fund or the fund manager or the index provider (where the ESG fund tracks an ESG benchmark), as appropriate, to investors to complement the disclosures in the offering documents:

- a description of how the ESG focus is measured and monitored throughout the lifecycle of the ESG fund and the related internal or external control mechanisms;
- a description of the methodologies adopted to measure the ESG focus referred to in paragraph 14(a)(i) above and the fund's attainment of the ESG focus;

- a description of due diligence carried out in respect of the ESG-related attributes of the fund's underlying assets;
- a description of the engagement (including the proxy voting) policies (if any); and
- a description of the sources and processing of ESG data or a description of any assumptions made where relevant data is not available.

Periodic Assessment, Reporting and Disclosure

ChinaAMC (HK) should conduct periodic assessment, at least annually, to assess how the fund has attained its ESG focus of ESG-focused funds, and should review disclosures at least annually, update disclosures where considered appropriate and inform fund investors of any material changes as soon as practicable.

ChinaAMC (HK)'s ESG-focused funds should disclose the following information about its periodic assessment to investors in Annual Implementation reports:

- a description of how the fund has attained its ESG focus during the assessment period,
- a description of the basis of the assessment performed, and
- where the fund has provided previous periodic assessment, a comparison between the current and at least the previous assessment period.

Conflicts of Interest Management

A conflict of interest may arise where there is a conflict between the interests of ChinaAMC (HK) or its employees and the duty ChinaAMC (HK) owes to a client or between the differing interests of two or more of its clients.

The core principle of ChinaAMC (HK)'s management of potential conflicts of interest is that – Client interests always come before those of ChinaAMC (HK) and its employees. Therefore, the company's organizational, administrative and remuneration structures should not incentivize behavior that may lead to conflicts.

ChinaAMC (HK) has adopted an internal Code of Conduct and a series of measures to designate proper reporting lines and responsibilities of various functional teams, enabling us to appropriately detect and manage perceived and potential conflicts of interest.

To guard against possible conflicts of interest, ChinaAMC (HK) has implemented the controls set out below:

- Conduct all transactions in good faith at arm's length and in the best interests of clients on normal commercial terms.
- General or implied disclosure in a fund offering document or client mandate that ChinaAMC (HK) may have a material interest or a conflict in a transaction;
- Specific disclosure of an interest or conflict to a client either in writing or orally before ChinaAMC advises or exercises discretion on behalf of that client. This will usually be necessary in highly sensitive transactions. ChinaAMC (HK) must be able to demonstrate that it has taken reasonable steps to ensure the client is being fairly treated;
- Declining to act; or
- Any other measures stipulated by the Legal and Compliance Department on a case-by-case basis depending on the actual circumstances of the conflicts.

In particular, where such a conflict cannot be avoided, and provided that funds or clients' interests can be sufficiently protected, the conflicts should be managed and minimized by appropriate safeguards and measures to ensure fair treatment of fund investors or clients.

Miscellaneous

All sustainable investment related documents are retained. The documents, includes but not limited to ESG analysis report, investment decisions records, are retained for seven years in accordance with the record keeping requirements of applicable laws and regulations.

The SIP and other ESG policies are available free of charge upon written request.

This policy is subject to annual review and update. The update of such policy needs to be approved by the ESG Committee.