

Corporate Engagement Policy

China Asset Management Co., Ltd.

I. Objective

The core objectives that ChinaAMC seek to influence through our corporate engagement activities are to support the long-term sustainable development of listed companies and the improvement of their enterprise value. We aim to encourage and help Chinese companies make changes to address their sustainable risks and seize relevant opportunities. To achieve these objectives, in-depth learning of industries, promotion of best ESG practices, and examination of the companies' ESG progress will be applied.

We believe the corporate engagement is a part of investors' assuming of active ownership, which is consistent with our fiduciary duty to our clients. On the one hand, we could help the listed companies enhance their ESG performance and relevant information disclosure, which will present their intrinsic value more profoundly. On the other hand, the engagement work allows us to penetrate into companies, so that we can make more precise analysis of the industries' sustainable risks and opportunities.

II. Framework

ChinaAMC's engagement framework consists of four major levels:

1. Policy

- (1) **Guideline:** Is the company (or its management team) aware of its material ESG risks within the sustainable development? Does the company take any actions in its operating activities to address these risks?
- (2) **Question:** Does the company set any governance arrangements or functional positions that are responsible for its ESG performance (ex. Board oversight)? Does the company (or its management team) have any general statements or announce any attitude towards its ESG risks? Does the company (or its internal departments) have any policies to address its material ESG risks? Does the company have any group-wide policies to address its material ESG risks

(including contractors, vendors, and suppliers, etc.)?

2. Program

- (1) **Guideline:** How well does the company implement its ESG policies to address the material ESG risks in operating activities? How does the company react when involved in controversial events?
- (2) **Question:** What are the company's operation programs to address material ESG risks (ex. water recycle program, waste disposal program, etc.)? Does the company have any certified management systems (ex. ISO 14001)?

3. Target

- (1) **Guideline:** Does the company have any expectations or targets towards its implementation to manage material ESG risks?
- (2) **Question:** Does the company set any ESG targets at firm-wide or function-wide level? Are these targets quantifiable and comparable? Are the targets reflected in the remuneration of the management team?

4. Performance

- (1) **Guideline:** How effective are the company's policy and programs in practice?
- (2) **Question:** Is the management's remuneration related to the company's ESG performance? Has the company made any improvement on its material ESG risks (ex. pollution emission, carbon intensity, etc.)? Does the company achieve its targets within expected time horizon?

III. Methodology

1. **Initiation:** ChinaAMC's corporate engagement can be initiated in two ways:

- (1) Independent engagement: For those ESG engagements initiated by ChinaAMC independently, the ESG analysts of ChinaAMC are main initiators, who can start the communication with a listed company when – 1) controversial events are captured by the risk management team or ESG team; or 2) sustainable risks and opportunities are discovered by the ESG team through industry and stock analysis. In addition, other investment professionals

(portfolio managers and sector analysts) can propose to engage with a listed company on ESG issues, which will be initiated by the ESG analysts after group discussion. Investment teams can also initiate general engagements with companies if no ESG issues are planned during the communication.

(2) Collaborative engagement: For those engagements involved by ChinaAMC and other institutions (ex. through Climate Action 100+), the ESG analysts of ChinaAMC and external collaborators are co-initiators.

2. **Attitude:** Due to the limited awareness of ESG issues in China, ChinaAMC's employees involved in the engagement work should take supportive role to assist listed companies in sustainable development and ESG information disclosure.

3. **Contact:**

(1) **Target person:** If the listed company has a ESG / Sustainability team, the team leader of which will be the preferred point of contact. If the company does not have any ESG functional unit, the Board of Directors Office should be the first point of contact (ex. securities affairs representative, lead of information disclosure, investor relation staff, etc.).

(2) **Contact information:** Since ChinaAMC has been in touch with numerous listed companies, internal sharing is the first option to obtain the target person's contact details. If no internal resources can be provided, the contact can be acquired from collaborators (ex. securities firms, third-party research institutions, other financial institutions, etc.) Email is prioritized among all contact information. If email is not available or the target person does not reply to the email in three days, telephone and WeChat are also acceptable.

4. **Record:** All the contact information, communication emails, meeting minutes, shared documents, and progress review regarding every engagement are collected by the participating ESG analysts, which will be documented at the ChinaAMC's internal share drive for other investment professionals to review.

5. **Review:** ESG analysts review corporate engagement biannually, during which the engagement progress is evaluated and the engagement strategy and plans are made for the next period. The outcome of reviews is provided through internal reports for investment professionals to take reference.

6. **Escalation Strategy:** If engagement activities are deemed unsuccessful, escalation strategies should be applied depending on the characteristics of specific cases. Some recommended approaches include: collaboratively engaging with other investors, submitting a shareholder resolution or proposal, leveraging media tools, voting against related board directors, and divesting, etc.

IV. Topics

The main topics of ChinaAMC's engagement include but not limited to:

1. Environmental issues:

- (1) **Climate change:** Carbon emission management amid the objective of the Paris Agreement, energy efficiency, opportunities in energy transition, etc.
- (2) **Natural resources:** Water conservation, natural resources recycle, etc.
- (3) **Pollution:** Risk management of liquid, solid, and gaseous pollutant, etc.

2. Social issues:

- (1) **Human capital management:** Rights and welfare of employees, talent development plans, labor management through industry chains, etc.
- (2) **Social value:** Relationship with local communities, anti-poverty projects, philanthropic funds, responsible marketing, etc.
- (3) **Corporate culture and ethics:** Management of business ethical risks.

3. Governance issues:

- (1) **Board of directors:** Separation of CEO and chairman, independence and professionalism of the board, etc.
- (2) **Shareholder rights:** One share one vote, cross holdings, related party transactions, etc.

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- (3) **Accounting governance:** Robustness and sustainability of accounting policies, etc.

4. Information disclosure:

- (1) **ESG information disclosure:** Brief introduction of ESG information disclosure frameworks amid international main stream and domestic guidelines, etc.
- (2) **CSR report analysis:** Analysis of the company's Corporate Social Responsibility Report (CSR report) or ESG reports, recommendations based on the analysis, etc.

Other available topics include controversial events that the company involves in and other ad-hoc topics regarding to the company's sustainable development.

V. Conflicts of Interest

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

The core principle of ChinaAMC's management of potential conflicts of interest is that – Client interests always come before those of ChinaAMC and its employees.

All the engagement activities of ChinaAMC should comply with the Company's conflicts of interest policies and measures, which designate related responsibilities of staff, management, and functional teams, enabling us to appropriately manage perceived and potential conflicts of interest and help protect and enhance the long-term value of our client's assets.