RESPONSIBLE INVESTMENT POLICY

VERSION 1.2

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FountainCap
Research & Investment
方瀛研究與投資

1. FountainCap Responsible Investment Philosophy

As a fundamental investor with a long-term investment horizon, Responsible Investment is a core tenet of FountainCap's investment philosophy. Through our in-house research we seek to identify and invest in high quality companies that can generate sustainable long-term returns through in-depth understanding and management of internal and external risks and opportunities. We recognize that Environmental, Social, and Governance (ESG) issues can materially impact a company's business and thus affect our clients' overall investment results. Therefore, as part of our fiduciary duty to our clients, it is paramount that ESG issues are evaluated alongside other fundamental drivers when determining the attractiveness of an investment.

2. ESG Governance

FountainCap's Responsible Investment efforts are led by our Responsible Investment Committee (RIC). The RIC consists of senior leaders in the company who provide oversight into our responsible investment efforts and reports to the company's board of directors and serve to sponsor on-going adoption and implementation of ESG considerations into the business. Key roles of the RIC include:

- Work closely with the investment team to integrate ESG considerations into analysis and decision-making
- Review efficacy of ESG integration and reporting
- Respond to specific client queries on ESG-related matters
- Maintain a thorough understanding of current ESG industry trends and themes
- Foster and nurture a strong ESG culture within the company

The responsible investment landscape is constantly evolving, and each region has a different level of progression. It is of critical importance that staff members keep abreast of new industry developments relating to ESG. The RIC aims to provide regular updates on ESG best practices to staff members and everyone is encouraged to attend ESG related seminars and conferences. Over time, as the company continues to institutionalize, we aim to design and offer personal development programs, including ESG training modules.

3. ESG Issues

As a long-term fundamental investor, we are searching for high quality companies that can deliver sustainable earnings growth and consistent risk-adjusted returns. Taking into consideration the nuances within different sectors and companies, our investment team will evaluate the materiality of the ESG issues affecting those companies we have selected for investment. Where we consider an issue to be material, we will monitor and assess if there is any improvement over time in addressing such issue by the company's management. Below are some (but not limited to) common ESG issues that are of consideration during our research and investment process:

With a global investor base, we understand each investor might have a specific set of ESG issues that they need to consider and upon any specific request, we can adopt a specific set of ESG guidelines for their investment portfolio.

4. Climate Change

FountainCap recognizes that climate change is increasingly becoming an influential risk factor to companies' long-term growth and profitability. Investors need to evaluate business risks arising from climate change ranging from direct physical impact (e.g., extreme flooding and typhoon) to transition risk (e.g., regulatory changes and changing consumption pattern). Despite the increased challenges faced by investors, climate change is also providing numerous investment opportunities in areas such as renewable energy and associated technology in reducing greenhouse gas emission.

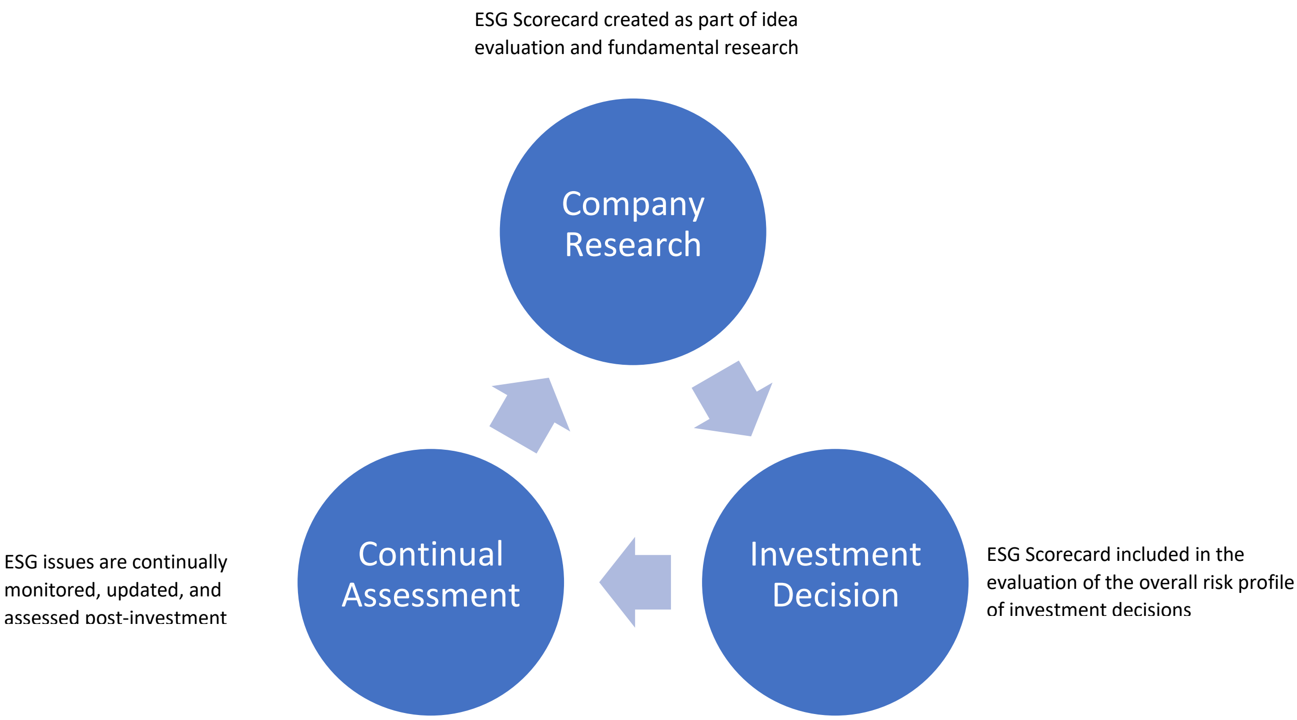
To better prepare the firm for climate related changes, FountainCap signed up for the Task Force on Climate-related Financial Disclosures (TCFD) in February 2022 and continues to enhance integration of climate risks related analysis into our investment process. Each analyst, supported by the in-house ESG specialist, is responsible for evaluating and providing on-going monitoring of investee companies and their actions in addressing climate-related impact to their business operations.

5. ESG Integration Process

FountainCap's ESG considerations are integrated through three stages within our research and investment process as illustrated below.

ESG analysis is predominantly carried out by the analysts and the portfolio managers are active in analyzing the potential effects of ESG issues when making investment decisions. An ESG scorecard is compiled as our analysts conduct their fundamental research on the company, taking into consideration the relevant ESG issues. Issues for further analysis may also arise from data provided by external ESG rating providers, information gathered in the analysts' meetings with companies and from their deep knowledge of industry dynamics and trends. Analysts will rate each of the companies within the portfolio based on a mix of qualitative and quantitative factors leveraging their own knowledge and understanding of the company's current actions on a particular ESG issue together with external ESG data. While our investment professionals have discretion in taking a view on any given ESG risk or opportunity, any investment in a company with a below-average ESG rating versus its peers requires a detailed rationale for the purchase, which will be regularly reviewed. The ESG scorecards are reviewed and updated by analysts at least semi-annually.

On a quarterly basis, a set of ESG reports will be generated summarizing the ESG ratings of our portfolio companies. The reports highlight the companies with any substantial controversies and/or events during the quarter and draw the attention of our analysts to such issues. The RIC will convene on a quarterly basis to review these reports and if necessary schedule meetings with the portfolio managers and analysts to discuss the portfolio from an ESG perspective. External ESG reports will also be monitored, and the analysts are encouraged to research and investigate any material issues documented in the external ESG reports.



6. ESG Exclusion

In general, we find working based on engagement, rather than exclusion, to be better aligned with both consistent long-term investment results and improving ESG performance. Nevertheless, we will consider the exclusion of companies from our investment universe based on specific ESG criteria. Such criteria will be guided by international conventions and applicable laws and directives. For investor-specific mandates we are often asked to screen out certain industries or securities from the investment universe. Examples of investor-specific exclusions may include controversial weapons producers, tobacco companies, and industries that are deemed to have an adverse effect on the society and/or the environment. We consider these client-specific requests on a case-by-case basis and generally accept them.

7. Stewardship

Active ownership is one of our fiduciary duties as an asset manager. Interacting with companies is a core part of FountainCap's research and investment process and ESG topics form part of the standard dialogue with company executives, such as 1-on-1 or group meetings, email correspondence or site visits. The research and investment team may also engage with companies specifically on ESG-related issues if any were identified during their research. Part of our ongoing interaction with company management teams, suppliers, customers, and other stakeholders is to ensure that the companies are managing ESG issues in line with best practices.

If an ESG issue has been identified and the management team does not have a clear plan to address the issue, we will explore other means to actively engage the company including but not limited to:

- Requesting ESG data disclosure
- Meeting with the board of directors/ executives expressing our concerns with a specific agenda for improvement
- Organizing or participating in collective dialogues with other shareholders to amplify our concerns
- Engaging with third party research providers to gain better access to the company ESG information

Appendix B illustrates the criteria for selecting target companies and time schedule for engaging target companies.

As a supporter of TCFD, we may also require investee companies to identify material climate-related risks and opportunities and their progress of incorporating these risks into their business plan, as well as disclose these risks to us in line with TCFD.

We also participate in collaborative engagement with other investors or international organizations. By grouping institutional investors together, the influence of the collective action on the investee companies would be much higher and resulting in a more positive outcome. To date, we have joined or are committed to comply with international ESG initiatives, including:

- Principles for Responsible Investment (PRI)
- Asia Investor Group on Climate Change (AIGCC)

Post any engagement we will continue to monitor management's response in addressing the ESG issue(s) raised. If management does not have a clear plan to address the issue(s) and company's improvement cannot be identified, we will escalate and re-engage with the investee company to discuss any unresolved issue. If a solution cannot be found after several rounds of meeting with the investee company, we will re-evaluate our investment thesis on the company and may consider reducing or divesting our positions in the company completely. All engagement activities conducted by the investment team are recorded, particularly when ESG issues are involved.

As a shareholder of our portfolio companies, it is our fiduciary duty to vote in a prudent manner in ways that best serve the interests of our clients. We believe voting rights are an asset and when exercised in a considered manner, they are a valuable tool to promote good corporate governance when used in conjunction with engagement. We obtain the information needed for an informed vote from a variety of sources including internal and external research, meetings with company's various stakeholders, materials provided by the company, or third-party proxy voting advisers. We seek to vote for all our security holdings where possible. A detailed proxy voting policy can be provided upon request.

We encourage our portfolio companies to consult with investors in advance on any material resolutions that they plan to put forth at general meetings. Where our views are different from those of the company, we will seek to engage privately with the company to try and resolve the differences. If this is not successful, we seek to ensure that management understands the reason for our opposition.

8. Conflicts of Interest

FountainCap has a comprehensive compliance manual and a conflict of interest policy that are designed to identify and manage any potential conflicts of interest between the company and its clients. The documents are available upon request.

Contact Details

Responsible Investment Committee
ResponsibleInvestment@fountaincapri.com

Appendix A - Revision History

Version	Date	Change Description	Approved by:
1.0	08/2020	Inception	Management
1.1	02/2022	Incorporated climate change	Management
1.2	02/2023	Incorporated the criteria and estimated time schedule for engaging target companies	Management

Appendix B – Engagement Criteria and Time Schedule

I. <u>Criteria to select target companies for engagement:</u>

- High contribution to portfolio carbon emission intensity.
- Companies in which our ownership constitutes a higher percentage of their outstanding shares.
- Companies that existed in our portfolio for more than 6 months.

II. <u>Estimated time schedule for engaging target companies*:</u>

Stage	Description	Timeline
0	Identify and finalise new engagement topics	T+Q1
1	Issue(s) identified Initial communication (mainly letters) sent to the target companies	T+Q1
2	Dialogue established a. Meet with the target companies to introduce and explain the purpose of engagement b. Post-meeting follow-up (i.e. objectives discussed with company in more detail)	T+Q1/Q2
3	Company agrees to address the engagement objective a. Acknowledgement of materiality and/or b. Establishment of timeline	T+Q2-Q3
4	Company develops a strategy to address the engagement objective	T+Q2-Q3
5	Issue(s) resolved/ strategy effective a. Ongoing effectiveness of agreed measures and/ or b. Agreed outcomes observed	T+Q4

*The above schedule is an ideal example estimated on the basis that companies actively respond to our engagements. In practice, stage 2 and onwards are highly dependent on companies' desire to collaborate and respond.