RESPONSIBLE INVESTMENT POLICY

VERSION 2.0

April 2024

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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

Executive Management Committee

The Executive Management Committee (EMC), which consists of Board members, and senior executive-level staff, is responsible for overseeing the management of the company's ESG strategy. To ensure our ESG strategy is aligned with our investment philosophy, the Board has delegated the responsibility of handling all ESG issues to the Responsible Investment Committee (RIC). The RIC reports climate-related issues to the EMC on a quarterly basis. Material climate-related issues shall be escalated to the EMC by the RIC or the ESG Specialist as promptly as possible.

Responsible Investment Committee

FountainCap's Responsible Investment efforts are led by our Responsible Investment Committee (RIC). The RIC comprises representatives from various functions and departments within the company, such as investment, risk, operations, and compliance. The RIC also 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. The RIC meets quarterly to review and update the company's climate progress, ESG framework, and guidelines, as well as to identify and assess emerging ESG trends and risks. The RIC also engages with external stakeholders, such as clients, regulators, industry associations and NGOs, to exchange views and insights on ESG issues.

Key roles of the RIC include:

- ESG Integration: The RIC works closely with the investment team to integrate ESG into analysis and decision-making processes.
- ESG Review: The RIC reviews the efficacy of ESG integration and reporting.
- Client Communication: The RIC responds to specific client queries on ESG-related matters.
- Industry Trends Monitoring: The RIC maintains a thorough understanding of current ESG industry trends and themes.
- ESG Culture Promotion: The RIC fosters and nurtures 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.

<u>ESG Specialist</u>

Our ESG Specialist bears the day-to-day responsibility of implementing the company's ESG strategy and our Responsible Investment Policy. This involves seamlessly integrating climate considerations into the investment process, portfolio construction, risk management, and reporting, all in alignment with our Responsible Investment Policy. Additionally, the ESG Specialist independently evaluates and monitors the portfolio's ESG risk and wields the authority to influence portfolio construction based on their ESG perspectives. This independence serves to mitigate potential biases from analysts and enhances the comprehensive assessment of all ESG risks.

Furthermore, the ESG Specialist actively engages in other essential activities, including internal training, stewardship practices, and regular monitoring and reporting of climate-related matters to the RIC on a quarterly basis.

3. ESG Issues

As a long-term fundamental investor, we look for high quality companies that can provide sustainable earnings growth and steady risk-adjusted returns. We use a materiality-based approach to identify the most relevant and impactful ESG issues for our investment strategy, which considers both the financial and non-financial aspects of each issue. We believe that material ESG issues influence the long-term value and risk of the companies we invest in, as well as the broader environmental and social effects of their activities.

We follow the SASB standard[1] to guide our materiality assessment framework. We use the SASB standard to find the material ESG issues for each sector and company we invest in, and to measure how well they manage and report these issues. We also use other sources of information, such as company reports, third-party research, and direct engagement with the management, to learn more about the ESG performance and practices of the companies we invest in. We also monitor the changing trends and regulations related to ESG issues and update our materiality assessment accordingly.

Category	Environmental	Social	Governance
Issues	Natural resource use	Workforce health & safety	Board independence
	Carbon emissions	Diversity/opportunity policies	Board diversity
	Energy efficiency	Employee training	Shareholder rights
	Pollution/waste	Privacy/data security	Management compensation policy
	Sustainability initiatives	Community programs	Business ethics

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 strive to adopt a specific set of ESG guidelines for their investment portfolio.

[1]The SASB Standards are industry-based disclosures about sustainability-related risks and opportunities that affect an entity's financials. They're recognized globally and used for consistent, comparable sustainability disclosures. (Website: <u>SASB Standards overview - SASB (ifrs.org)</u>)

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.

As part of our commitment to the TCFD, we publish an annual report that discloses our climate-related governance, strategy, risk management, and metrics and targets. This report provides a comprehensive overview of how we address the financial implications of climate change across our business activities and investment processes. If you are interested in our latest TCFD report, you can request it by sending an email to sustainability@fountaincapri.com .

5. ESG Integration Process

Our ESG integration process aims to incorporate material environmental, social and governance factors into our investment decisions and portfolio management. We believe that ESG factors can have a significant impact on the long-term value creation and risk profile of our portfolio companies. Therefore, we seek to identify, monitor and engage with the companies on these issues, as well as communicate our ESG performance to our stakeholders.

The ESG integration process consists of four steps: identify, monitor, analyze and evaluate, and engage. These steps are aligned with the SASB Materiality Mapping, which provides a framework for identifying the most relevant ESG issues for each industry. The ESG Analytic Toolkit is a tool that we use to facilitate the analysis and evaluation of ESG performance of our portfolio companies. The toolkit incorporates both quantitative and qualitative data from various sources, including Miotech, and Bloomberg, and enables us to compare and benchmark the companies against their peers and best practices.

The following diagram illustrates the ESG integration process and the tools that we use at each step:

Steps	Purpose	Actions	Tools
Identify	Identify ESG risks and opportunities within our investment universe.	• Materiality Assessment	• SASB Materiality Mapping • ESG Data Provider (Miotech)
Monitor	Continuously track and assess ESG factors relevant to our investment portfolio and asset management operations.	• Data Collection • Market Trends and Regulatory Landscape Monitoring	• ESG Data Provider • Miotech • Bloomberg

Analyse & Evaluate	Evaluate ESG performance of assets and integrate findings into investment strategies.	• Company Research and Analysis	• ESG Analytic Toolkit
Engage	Engage with companies to drive positive ESG outcomes.	• Stewardship Activities	• Proxy Voting Advisor

We apply the ESG integration process at both the pre-investment and post-investment stages. At the pre-investment stage, we conduct an ESG due diligence on the potential investee companies to identify any material risks or opportunities. We also discuss the ESG issues with the analysts and the portfolio managers and incorporate them into our investment decision-making process. The ESG Specialist acts as an independent "gatekeeper" to assess the ESG performance of each proposed company before we make an investment decision. The ESG Specialist will use the ESG Analytic Toolkit and other sources to evaluate the ESG risks and opportunities of the company and provide a recommendation to the investment committee based on the ESG score and rating. The ESG Specialist will also review the ESG due diligence reports prepared by the analysts and ensure that they have adequately addressed the ESG issues relevant to the company and the sector. The ESG Specialist may have a differing view than the analyst post review that deem the investment proposal does not meet our ESG standards and expectations upon which the assessment will be shared with portfolio managers.

At the post-investment stage, we continue to monitor the ESG performance of our portfolio companies, using the Miotech platform and other sources to track any changes in their ESG scores and ratings, as well as any controversies or events that may affect their ESG profile. We also engage with the companies on ESG issues, either directly or through proxy voting, to encourage them to improve their ESG disclosures and practices, and to address any concerns or expectations that we may have. We report our ESG activities and outcomes to our investors and other stakeholders on a regular basis, using the TCFD framework as a guideline.

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. These include companies that are involved in the production, trade or use of controversial weapons, such as anti-personnel mines, cluster munitions, biological or chemical weapons, nuclear weapons or depleted uranium ammunition or companies that are deemed to have a significant 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/or 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 stakeholders/shareholders to amplify our concerns
- Engaging with third party research providers to gain better access to the company's ESG information

Appendix A 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 discuss their progress of incorporating these risks and opportunities into their business plan, as well as disclose these risks and opportunities 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(s). If a solution cannot be found after several rounds of meetings 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.

To ensure that our stewardship efforts and results are communicated across the organisation and feed into our investment decision-making, we have established a regular ESG reporting mechanism that covers both our engagement and voting activities. Our ESG Specialist prepares quarterly reports that summarise the key highlights and outcomes of our stewardship activities, as well as any relevant market trends and developments. These reports are shared with our senior management, and investment teams. Additionally, our ESG Specialist presents the main findings and insights from our stewardship activities at our quarterly RIC meetings, where any potential implications to our investment strategies and portfolios are discussed. Furthermore, as mentioned above in the "ESG Integration Process", the ESG Specialist collaborates closely with our investment analysts and portfolio managers to provide inputs and advice on specific ESG issues or controversies that may affect our investee companies. By sharing our stewardship efforts and results across the organisation, we aim to enhance our ESG integration and promote a culture of responsible investing.

8. Proxy Voting

We have a proxy voting policy that describes how we conduct voting activities on behalf of our clients. The policy covers the principles and procedures that guide our voting decisions, as well as the roles and responsibilities of our staff and service providers involved in the voting process. The policy is reviewed and updated periodically to reflect changes in best practices, regulations, and market conditions. We provide a copy of our proxy voting policy to our clients upon request.

We vote in favour of resolutions that are expected to advance progress on our stewardship priorities, including affirming a company's good practice or prior commitment. We also vote against resolutions that are likely to undermine the long-term value of our investments, such as those that entail excessive risk, poor governance, or misalignment of interests. We evaluate each resolution on a case-by-case basis, taking into account the specific circumstances of the company and the market in which it operates, as well as our engagement history and objectives with the company. We generally apply our own independent judgment and do not automatically follow the recommendations of management or third-party advisers. We also consider the views and expectations of our clients and other stakeholders who may be affected by our voting decisions.

9. Conflicts of Interest

FountainCap recognizes that there may be situations where our stewardship activities on behalf of our clients involve a potential or actual conflict of interest with our own interests or those of other clients. Such situations may arise, for example, when we vote on resolutions involving related parties, such as our parent company, affiliates, directors, officers, employees, or service providers; or when we engage with companies that have business relationships with us or our clients.

We are committed to managing any such conflicts of interest in a fair and transparent manner, in accordance with our fiduciary duty to our clients and our code of ethics. To this end, we have adopted the following measures:

- We maintain a register of potential and actual conflicts of interest that may affect our stewardship activities, and update it regularly.
- We disclose any material conflicts of interest to our clients before undertaking any stewardship activities on their behalf, and seek their consent if necessary.

- We refer any complex or contentious cases to our RIC, which is composed of senior executives and has the authority to decide on the appropriate course of action.
- We abstain from voting or engaging on any matters where we have a direct or substantial conflict of interest that cannot be resolved or mitigated, unless we have obtained specific instructions from our clients.
- We inform our clients about our stewardship actions and results on a regular basis through the regular reports of clients or mandates, and include information on how we have handled any conflicts of interest, if any.

10. Contact Details

Responsible Investment Committee
RIC@fountaincapri.com

Appendix A – Engagement Criteria and Time Schedule

I. Criteria to select target companies for engagement:

- 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. Estimated time schedule for engaging target companies*:

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.