



# RESPONSIBLE INVESTMENT POLICY

VERSION 2.2

April 2026

## Table of Contents

1. FountainCap Responsible Investment Philosophy .....	3
2. ESG Governance.....	3
Executive Management Committee (EMC) .....	3
Responsible Investment Committee (RIC).....	3
ESG Specialist .....	4
Risk Committee (RC) .....	4
3. ESG Issues.....	4
4. Climate Change .....	5
5. Human Rights and Modern Slavery .....	5
6. ESG Integration Process.....	6
7. ESG Exclusion .....	8
8. Stewardship .....	8
9. Proxy Voting.....	9
10. Conflicts of Interest.....	10
11. Training .....	10
12. Contact Details.....	10
Appendix A – Engagement Criteria and Time Schedule .....	11
IMPORTANT INFORMATION .....	12

## 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 (EMC)

The Executive Management Committee, which consists of Board members, and senior executive-level staff, is responsible for the overall management of the company including the design, implementation and review of our ESG strategy. To ensure alignment with our investment philosophy and risk appetite, the EMC has established the Responsible Investment Committee (RIC) to provide oversight and direction on the company's ESG policies and practices, including climate-related matters. The RIC reports directly to the EMC on an annual basis, with material issues escalated by the RIC or the ESG Specialist promptly.

### Responsible Investment Committee (RIC)

FountainCap's Responsible Investment efforts are led by our Responsible Investment Committee. The RIC is chaired by the ESG Specialist and comprises the Risk Officer and representatives from various functions and departments within the company, such as investment, risk, operations, and compliance, ensuring that climate considerations are evaluated through a multi-disciplinary lens. The RIC oversees our responsible investment efforts and serves to sponsor on-going adoption, implementation and enhancement of ESG and climate-related considerations into the business operations. In particular, the RIC oversees the development of ESG methodologies and tools, including enhancements to the ESG Analytic Toolkit and stewardship frameworks, and monitors the effectiveness of our ESG and climate integration processes. The RIC meets quarterly to review the company's climate objectives and progress, assess the implementation of this Policy, and identify and assess emerging ESG trends, regulatory developments, and potential risks that may influence our investment approach. In addition, the RIC engages with external stakeholders, such as clients, regulators, industry associations and NGOs, to exchange views and insights on evolving ESG expectations and best practices.

Key roles of the RIC include:

- **Evaluation and Management of Climate-related Issues:** Oversees and manages all climate-related matters within the company and escalates significant issues to the EMC.
- **ESG Integration:** Works closely with the investment team to ensure that ESG and climate considerations are systematically integrated into investment research and decision-making processes.
- **ESG Review:** Reviews the effectiveness of ESG and climate integration practices, internal monitoring and reporting outputs.
- **Client Communication:** Supports responses to client queries related to ESG and climate matters, ensuring consistency and transparency in communication.
- **Industry Trends Monitoring:** Maintains an up-to-date understanding of broader ESG and climate-related market developments, regulatory changes and thematic trends.

- **ESG Culture Promotion:** Helps to fosters a strong ESG culture within the company by promoting awareness, facilitating cross-team collaboration and supporting ongoing capability development.

### ESG Specialist

Day-to-day climate integration is led by the ESG Specialist, who is responsible for implementing FountainCap’s climate framework across research, monitoring, engagement, and reporting. The ESG Specialist conducts climate and ESG due diligence during the pre-investment process, evaluates material climate risks for each investment case, and monitors issuers for changes in environmental performance or emerging controversies. This independence serves to mitigate potential biases from analysts and enhances the comprehensive assessment of all ESG risks.

The role also involves providing independent technical guidance to investment analysts, supporting stewardship activities focused on climate-related matters, and preparing climate reports for the RIC and EMC.

### Risk Committee (RC)

An established Risk Committee, functioning as a sub-committee of the Board of Directors, is responsible for overseeing all risk management duties. The RC primarily supervises enterprise operational risk and investment risk, including risks related to climate change. The company’s Risk Officer is a member of the RIC.

## 3. ESG Issues

Category	Environmental	Social	Governance
<b>Issues</b>	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

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<sup>1</sup> 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

<sup>1</sup> 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: [SASB Standards overview - SASB \(ifrs.org\)](https://www.sasb.org/))

changing trends and regulations related to ESG issues and update our materiality assessment accordingly.

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.

#### **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. The latest report is available on our official website or you may request it by sending an email to [sustainability@fountaincapri.com](mailto:sustainability@fountaincapri.com).

In line with evolving industry expectations, we continue to enhance our climate-related analysis by incorporating forward-looking considerations, including scenario analysis and transition pathway assessments where appropriate. We also seek to better articulate sustainability outcomes through portfolio-level metrics, such as carbon intensity trends, and through targeted engagement on climate-related issues.

#### **5. Human Rights and Modern Slavery**

FountainCap is deeply committed to upholding and promoting human rights in accordance with international human rights norms and the principles set forth in the United Nations Principles for Responsible Investment (UNPRI). We recognize that respecting human rights is fundamental to achieving sustainable development and fostering equitable and just societies.

Our commitment to human rights is reflected in the integration of due diligence processes within our investment activities. These processes are designed to identify, assess, prevent and mitigate actual and potential adverse human rights impacts, and, where relevant, to support remediation through engagement. We also seek to maintain transparency on how such impacts are addressed throughout the investment lifecycle, in line with recognised international standards. We strive to ensure that our operations and those of our portfolio companies do not contribute to human rights abuses, including modern slavery and human trafficking.

We align our policies and practices with key international human rights frameworks, including:

- The Universal Declaration of Human Rights (UDHR)
- The International Labour Organization's (ILO) core conventions
- The United Nations Guiding Principles on Business and Human Rights (UNGPs)

These standards guide our approach to human rights due diligence and inform our engagement with portfolio companies, encouraging them to adopt similar frameworks and practices.

In addition, we are progressively enhancing our human rights due diligence approach by aligning our assessments with the United Nations Global Compact principles. This includes identifying potential areas of non-alignment and incorporating such considerations into our investment analysis and engagement activities.

Modern slavery, including forced labor, debt bondage, and human trafficking, is a severe violation of human rights and a critical area of focus for our responsible investment strategy. We are committed to:

- Conducting thorough due diligence to identify and mitigate risks of modern slavery in our investment portfolios
- Collaborating with industry peers, NGOs, and other stakeholders to enhance transparency and accountability in supply chains
- Advocating for stronger regulatory frameworks and enforcement mechanisms to combat modern slavery

Through these efforts, we aim to create a positive impact on human rights and contribute to the global fight against modern slavery.

## 6. 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, analyse 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.	<ul style="list-style-type: none"> <li>• Materiality Assessment</li> </ul>	<ul style="list-style-type: none"> <li>• SASB Materiality Mapping</li> <li>• ESG Data Provider</li> </ul>
Monitor	Continuously track and assess ESG factors relevant to our investment portfolio and asset management operations.	<ul style="list-style-type: none"> <li>• Data Collection</li> <li>• Market Trends and Regulatory Landscape Monitoring</li> </ul>	<ul style="list-style-type: none"> <li>• Miotech</li> <li>• RepRisk</li> <li>• Bloomberg</li> </ul>

Analyse & Evaluate	Evaluate ESG performance of assets and integrate findings into investment strategies.	<ul style="list-style-type: none"> <li>Company Research and Analysis</li> </ul>	<ul style="list-style-type: none"> <li>ESG Analytic Toolkit</li> </ul>
Engage	Engage with companies to drive positive ESG outcomes.	<ul style="list-style-type: none"> <li>Stewardship Activities</li> </ul>	<ul style="list-style-type: none"> <li>Proxy Voting Advisor</li> <li>RepRisk</li> </ul>

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 following the review and determine that the proposed investment does not meet our ESG standards and expectations. In such cases, the assessment will be shared with portfolio managers.

As part of the continued enhancement of our ESG Analytic Toolkit, we incorporate internationally recognised frameworks, including the United Nations Global Compact (UNGC) Principles. Portfolio companies are assessed against the ten UNGC principles across human rights, labour, environment, and anti-corruption. Potential breaches or controversies are identified through third-party data sources, including Miotech and RepRisk, and are incorporated as qualitative inputs into our ESG assessments.

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. We seek to further refine our ESG integration framework by enhancing sector-specific metrics aligned with SASB standards, strengthening governance-related assessments, and improving consistency in ESG analysis across the investment team.

## 7. 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.

## 8. 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 our standard dialogue with company executives, such as through 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 estimated 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)

Following 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.

We have also formalised our escalation approach by establishing internal guidelines that define when and how escalation may be undertaken. Escalation actions may include intensified engagement with senior management or board representatives, collaboration with other investors, or reassessment of our investment position.

Escalation is considered based on a combination of factors, including the severity and persistence of ESG issues (e.g. controversies identified through external data providers), the level of responsiveness to prior engagement, the materiality of the issue to the company's operations or valuation, and our level of ownership and ability to influence outcomes. While escalation outcomes may vary depending on company responsiveness and market context, these guidelines provide a consistent framework for decision-making.

To ensure that our stewardship efforts and results are communicated across the organisation and integrated into our investment decision-making, we have established a regular ESG reporting mechanism encompassing 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.

To enhance the robustness of our stewardship activities, we have introduced a more structured approach to tracking engagement outcomes. Engagement progress is assessed using defined categories, including acknowledgement of issues, commitments made by the company, and achievement of specific milestones. This enables more consistent monitoring of progress and supports evidence-based reporting of engagement effectiveness.

## 9. 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.

In general, 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 and 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.

#### **10. 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 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.

#### **11. Training**

It is of critical importance that staff members keep abreast of new industry developments relating to ESG. The RIC provides 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 personalized development programs, including ESG training modules.

#### **12. Contact Details**

Responsible Investment Committee  
[sustainability@fountaincapri.com](mailto:sustainability@fountaincapri.com)

## Appendix A – Engagement Criteria and Time Schedule

### I. Criteria to select target companies for engagement:

- Companies in which our ownership constitutes a higher percentage of their outstanding shares.
- Companies that existed in our portfolio for more than 6 months, unless a material or urgent ESG issue arises, in which cases, engagements may be initiated on a timely basis.

### 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.

## IMPORTANT INFORMATION

This document has been prepared solely for the purpose of information. The information herein does not constitute and should not be construed as an offer, solicitation, invitation, marketing, advertisement, inducement, or representation of any kind, nor as investment advice or a recommendation to buy or sell any security or to participate in any trading strategy or the provision of investment services or investment research. This document is neither a contract nor a commitment of any sort.

This document presents FountainCap's current priorities, methodologies and actions which are progressive in nature and are subject to change. It should not be assumed that FountainCap's investment process in the future will accomplish its goals or will equate to the processes described herein. FountainCap will make investment decisions that are not based solely on climate-related and ESG considerations. FountainCap may conclude that other attributes of an investment outweigh climate-related and ESG considerations when making investment decisions.

Access to the information herein is limited to investors who qualify as an Accredited Investor and Qualified Purchaser under the U.S. federal securities laws, as a "professional investor" as defined in the Hong Kong Securities and Futures Ordinance, and who are otherwise deemed to be sophisticated in financial matters and capable of evaluating the investment strategy and risks of the relevant investments in accordance with applicable laws and regulations. The information herein is communicated without taking into account the specific investment objectives, financial situation or particular need of any particular investor. Investments described herein, if any, will involve significant risk factors which will be set out in the offering documents for the relevant investments and are not described in this document. Such investments are only suitable for eligible investors who have familiarized themselves with the offering documents related to such investments and meet certain investment sophistication levels in order to make such investments and must be able to fully absorb the risks associated with such investments.

While particular attention has been paid to the contents of this document, no guarantee, warranty or representation, express or implied, is given to the accuracy, correctness or completeness thereof. Any information given in this document may be subject to change or update without notice. FountainCap accepts no liability whatsoever for any direct or indirect loss or damage of any kind arising out of the use of all or any part of this document.

This document and information contained herein must not be copied, reproduced, distributed or passed to any person other than the intended recipient without the prior written consent of FountainCap.