Sustainable Investment Statement

Harvest provides comprehensive asset management solutions to clients across a diverse spectrum of asset classes and investment objectives. Harvest is focused not only on the sustainable growth of investors' wealth, but also on pivoting capital to support the sustainable development of the economy and society. We believe sustainable investment has the potential to create profound positive impact on the environment and society, which ultimately transfer into long-term sustainable returns for investors. Therefore, we are fully committed to sustainable investment.

This statement provides an overview of our approach to sustainable investment at Harvest. It explains what sustainable investment means to us, how we integrate it across asset classes including equities, fixed income and alternatives, and how our governance structure supports the development and implementation of our sustainable investment policies. This statement will be reviewed, updated and approved on a regular basis as we continuously adapt and refine our approach in this fast-evolving market. We may also choose to disclose our sustainable investment implementation approach and progress to external stakeholders whenever necessary.

Our Definition of Sustainable Investment

We define Sustainable Investment as an inclusive investment approach that incorporates Environmental, Social and Governance (ESG) factors into the investment decision-making process. This approach aims to effectively manage risk and generate sustainable long-term returns, while also striving to enhance positive impacts on the environment and society. Companies that can adequately address these issues are likely to be better positioned to achieve sustainable growth and create long-term value for investors. We firmly believe that combining traditional investment approaches with ESG-driven analysis is in line with our fiduciary duty to our clients.

At Harvest, we believe that asset managers have an important role in steering capital towards the long-term sustainable development of the society and economy. As a leading asset manager with a long-term vision and a strategic focus on sustainable investing, we are committed to fostering high-quality and sustainable growth of the economy and society.

We see ourselves as long-term fiduciary stewards of our clients' capital, committed to preserving and enhancing the long-term value of the assets entrusted to us. Our objective is to generate attractive and sustainable risk-adjusted returns that are aligned with clients' investment objectives by integrating ESG insights holistically into our investment policies and processes.

Our Approach to Sustainable Investing

Harvest implements sustainable investment principles through the following approaches:

- **ESG Integration**

ESG integration is a systematic process of incorporating material environmental, social and governance considerations into investment research and investment decision-making process. This approach aims to enhance risk-adjusted returns, regardless of whether a strategy has a sustainability mandate. ESG integration is aligned with our fiduciary duty to safeguard our clients' assets, as material ESG factors are inherently economic and have the potential to impact investment risk and returns over time.

- **Stewardship Practices: Proxy Voting and Engagement**

As a fiduciary investor, we undertake ownership practices in the best interests of our investor clients. This includes engaging with companies on material ESG issues and voting at shareholder meetings based on our proprietary research and voting guidelines. We actively promote sound corporate governance and sustainable business practices among our investee companies.

- **Sustainable Investment Solutions**

Harvest is committed to implementing sustainable investment strategies covering a variety of asset classes, and constantly promoting the innovation of sustainable investment solutions. Our sustainable investment strategies include but are not limited to:

- **Exclusion/Negative Screening**: Excluding assets with significant negative ESG impacts or in violation of sustainability norms or standards.
- **Best-in-class Selection/Positive Screening**: Selecting and investing in assets that demonstrate superior ESG performance or ESG impacts compared to their peers.
- **Thematic Investing:** Investing in certain areas or business models that can deliver sustainable impact so as to capitalize on the long-term growth potential associated with sustainability trends.
- **Stewardship:** Promote the improvement of governance and sustainability capabilities of invested companies through engagement and proxy voting activities.

Sustainable Investment Governance and Accountability

Harvest has established a company-wide Sustainable Investment Committee comprised of executive management across investment functions, which is chaired by the Chief Executive Officer of Harvest. Committee members include head of ESG business, head of ESG investment, Chief Investment Officer of Equities, Chief Investment Officer of Fixed Income, head of Smart-Beta and Index Investing, and the Chief Executive Officer of Harvest Global Investment. The Sustainable Investment Committee is responsible for formulating and overseeing the company's sustainable investment policies and implementation processes.

Harvest has established a dedicated ESG team to carry out proprietary ESG research and implement the various aspects of Harvest's ESG integration and stewardship program, in accordance with the policies, plans and approaches set and supervised by the Sustainable Investment Committee, The ESG team work closely with the investment teams, to evaluate and act upon ESG investment risks and opportunities, as well as to carry out company engagement and stewardship activities.

Harvest is committed to maintaining and enhancing the skills and competencies required to effectively implement. Our senior management and relevant teams will continuously update their required knowledge and skill sets to ensure that all investment activities aligned with our Sustainable Investment Policy. To support this, we will provide ongoing professional development, training programs, and access to other external resources as needed.

ESG Integration

We adopt a systematic approach to integrating ESG considerations into our investment decision-making process. This approach is founded on our proprietary ESG research framework and our proprietary ESG knowledge, with ongoing input from investment team on a regular basis.

We integrate ESG factors into our overall investment processes through the following approaches:
- **Proprietary ESG research and analysis**
- **ESG risk screening & management**
- **Portfolio ESG analytics and management**
- **Stewardship**

Proprietary ESG Research and Analysis

The ESG team is responsible for maintaining and updating our proprietary ESG framework and methodology, with valuable input and feedback from investment analysts and portfolio managers regarding the materiality of ESG issues across different asset classes and sectors. In collaboration with investment analysts, the ESG team conducts in-depth ESG research and analysis on issuer, sector and portfolio levels. The synthesis of ESG-related insights integrates quantitative and qualitative data to support investment decision-making process.

The proprietary ESG research insights, data and analytics tools are integrated into our centralized investment platform powered by cutting edge AI technologies. This platform is accessible to our internal investment teams on a daily basis, enabling them to incorporate these valuable ESG resources directly into their investment decision-making processes.

Harvest's proprietary ESG research framework is aligned with global ESG frameworks, with a focus on adapting material issues and scoring criteria to China-specific considerations and market realities.

Given that ESG considerations tend to evolve and manifest over long investment horizons, Harvest's ESG research framework and model is designed to be dynamic and is continuously being iterated. We review and update our framework at least annually, with comprehensive research on sustainability related policies and market developments, as well as consultations with internal and industry experts. The ESG team also provides training to internal investment analysts on a regular basis to ensure that all investment teams are aligned in their efforts to integrate ESG considerations into their analysis.

Advanced techniques, including but not limited to large language models, machine learning and data mining, may be utilized within the public domain to extract material information and derive risk signals which could impact the values of our clients' assets. ESG risk identification and alerts are an important component of ESG monitoring. The investment teams must account for ESG risk exposure present in client assets in accordance with investment policies and respond to emerging issues and events in a timely manner.

ESG Risk Screening and Management

We categorize our investment universe into different risk levels according to companies' ESG performance, controversies and risk exposure, based our proprietary ESG database which incorporates internal data and various external data sources. Our investment universe is then systematically monitored and screened for ESG risks on a regular basis.

We have established escalation processes to make sure material ESG risks identified through the screening process are properly addressed by:

- Conducting in-depth due diligence and impact analysis jointly by ESG analysts and investment analysts, based on publicly available information and engagement information to validate risk levels.
- High-risk names are subject to in-depth risk analysis and will be escalated to the investment committee for formal approval prior to making investment decisions. Risk control decisions made by investment committee may include, but are not limited to, mandatory underweight positions, valuation discounts, dedicated engagement, or exclusion from the portfolio .

Portfolio ESG Analytics and Management

Our portfolios are monitored regularly for material ESG risks or negative impacts to ensure that portfolios are invested in accordance with our sustainable investment policies. Adherence to specific ESG principles or mandates are also required based on investment guidelines as dictated by the client.

The ESG team is responsible for preparing the regular portfolio ESG reports independently based on third-party ESG research and proprietary ESG data. The ESG team also facilitates discussions on ESG issues and investment objectives with portfolio managers and the investment committee.

Stewardship

Stewardship is at the core of our sustainable investment approach. Harvest actively engages in stewardship practices mainly through proxy voting, engagement with issuers and relevant stakeholders.

Harvest believes that companies operating with higher standards of corporate governance, environmental and social practices have greater potential to enhance long-term value creation and investment returns. As a fiduciary manager, effective and responsible stewardship has long been a core part of our approach. Engagement and proxy voting are integral to our investment process. We are committed to executing voting rights in the best interests of our clients and actively engaging with the leadership of investee companies to enhance corporate governance and ESG management, within the sphere permitted by relevant local and global laws and regulations.

- **Proxy Voting**

The exercise of voting rights enables investors to influence the governance and ESG practices of investee companies. It is a key component of our fiduciary duty to safeguard the investments entrusted to us. The fundamental principle guiding our approach to voting is to act in line with our fiduciary duty in what we deem to be the interests of our clients.

It is our policy to vote all shares at all meetings, except where there are restrictions that make it onerous or expensive to vote compared with the benefits of doing so (for example, share blocking practice whereby restrictions are placed on the trading of shares which are to be voted). Given our focus on ESG integration and stewardship to enhance returns, we encourage clients to grant voting discretion to Harvest whenever possible. If clients provide specific voting principles and guidelines, we will vote in accordance with those instructions. Otherwise, we will vote based on our own voting guidelines, which include detailed voting principles and guidelines on material governance and sustainability issues. Deep dive voting research is conducted by investment analysts and ESG analysts collaboratively, with reference to inputs from qualified voting research providers, before voting decisions are derived.

We leverage our proprietary platform to process proxy voting instructions electronically, ensuring efficiency and accuracy. We regularly review voting records to ensure alignment with our policies and may provide detailed records based on regulatory requirements or institutional clients' requests.

"Corporate Governance" refers to the processes and structures through which a business or company is governed. We consider matters relating to the structure and remuneration of the board, mechanisms to ensure shareholders' voting rights on material matters, internal control and financial reporting accountability, transparency and attention to long-term sustainability issues, to fall within the scope of corporate governance. Our positions on corporate governance and voting execution processes are set out in the voting guidelines provided in the appendix.

Despite individual companies may have different corporate structures and management practices, we generally support the rationale of ensuring sufficient disclosure. This allows investors and other stakeholders to assess a company's governance practices and respond in an informed manner.

• **Engagement**

Harvest's ESG team, in collaboration with our investment teams, actively engages with our investee companies on material ESG issues. Engagement is becoming an increasingly important mechanism for us to enhance communication and understanding with investee companies and achieve sustainable investment goals.

We generally engage for at least one of the following reasons:

- o To seek additional insights through dialogues and information exchange with investee companies, thereby enhancing our ESG and fundamental analysis.
- o To drive changes that will protect and enhance the value of investments we manage.
- o To advocate for sustainable business practices in order to unlock long-term investment value where necessary.
- o To carry out specific engagement requests on behalf of our clients.

Our engagement activities are mainly guided by assessments of material sustainability issues by our portfolio managers, investment analysts and ESG analysts collectives to form a comprehensive and in-depth view of the issuer we engage and formulate specific engagement priorities and expectations.

Our engagement mechanism and tools typically involves the following:

- One-on-one meetings and phones calls with company representatives and management, either collaboration with our investment analysts and portfolio managers.
- On-site company visits.
- Written letters and emails.
- Discussions with company advisers and stakeholders.
- Collective engagement with other investors.

We set our priority engagement topics based on the materiality of sustainability issues, and select engagement targets based on our exposure to investee companies determined by investment value or shareholding. We take a top-down approach to identifying priority ESG engagement topics based on material sustainable policies and trends at the market and sector level. We then formulate engagement programs to address these topics over the medium to long term. Our investment teams and ESG team collaborate to identify priority engagement themes and specific areas that warrant discussion with individual companies. We proactively arrange engagement sessions with key holdings that are assessed as ESG laggards or triggered by material negative ESG incidents.

Harvest participates in select collective engagement initiatives when it is determined that such action is necessary to protect the interests of our client's investment. We believe these initiatives can enhance our engagement efforts and our influence to achieve engagement goals. However, our participation is subject to the condition that these actions are not prohibited by law or regulation or our clients.

Harvest participates in various collective engagements initiatives, including:

- Climate Action 100+ (APAC)
- Carbon Disclosure Project
- China Climate Engagement Initiative

• Conflict of Interest Related to Stewardship

When conducting stewardship activities, Harvest will manage conflict of interest in accordance with relevant regulations, as well as the relevant provisions of internal polices including "Harvest Fund Procedures to Address Conflict of Interest", "Harvest Fund Code of Compliance", "Harvest Fund Sustainable Investment Statement".

Our Approach to Climate Investing

Harvest has made climate change and low-carbon transition as a strategic priority of our investment strategies and targets. We have clarified the management responsibilities for climate-related risks and opportunities in our governance structure, continuously improving our ability to respond to climate change and initiative in climate action. The Sustainable Investment Committee is responsible for formulating the climate investment strategy, supervising the implementation of climate risk management, and regularly reporting to the board of directors and related committees regarding climate investing issues. The ESG team is responsible for building climate related risk and opportunity assessment framework and databases, carrying out climate-related stewardship activities, and collaborating with investment teams to integrate climate change risk factors and capitalize on the investment opportunities.

We have formulated a three-pillar approach to addressing climate issues in our investment process:

• Pillar One: Systematically integrating climate-related factors into research and investment decision-making process

Addressing climate related risks and opportunities requires systematic and comprehensive identification and assessment of climate risks and opportunities across asset classes. On one hand, Harvest identifies and measures potential climate related risks that may impact asset value and investment returns, to inform our strategic asset allocation and enhance risk management against systematic long term risks. On the other hand, we seek out long-term low-carbon investment opportunities, and strategically position ourselves to capitalize on the potential growth opportunities in the transition to low-carbon economy.

Harvest identifies and assesses climate-related investment risks and opportunities, based on well recognized international and domestic standards and methodologies. Harvest has established a localized framework for assessing climate transition risks that reflects China's climate policy frameworks, industrial structure, and market development stage. By combining qualitative and quantitative analysis, climate factors are systematically integrated into stock valuation models and credit assessments. We also leverage our climate research findings and data to continuously identify companies that could benefit from the green and low-carbon transition in the long run.

To manage climate related investment risks, Harvest has established a climate risk identification, monitoring, and management system at the portfolio level. We measure climate related risks of the portfolio through multiple dimensions, including weighted average carbon emissions intensity, exposure to physical and transition risks, and alignment with carbon reduction targets. Given that climate risks are long-term, global, and structural in nature, Harvest actively explores and conducts forward-looking climate risk scenario analysis, and explores strategic asset allocation and portfolio decarbonization pathways that are in line with the national climate goals and timelines.

• **Pillar Two: Developing climate investing strategies and products**

Harvest has launched a series of climate-themed products both domestically and internationally, covering a variety of asset classes and strategies, including equities and fixed-income products. We have strategically deployed investment in issuers throughout the green and low-carbon value chain, by launching a series of sector focused funds investing in green and low carbon sectors. We are committed to pivoting more capital towards industries and business models that facilitate low-carbon transition of the economy.

• **Pillar Three: Focusing on climate stewardship**

Climate change is a priority theme in our stewardship program. Harvest is committed to addressing climate-related risks and opportunities and driving low carbon transition of investee companies through engagement and proxy voting. Our goal is to encourage investee companies to set science-based climate targets within different time horizon, develop credible and reliable low carbon transition plans and pathways, and enhance their climate-related disclosures.

In terms of engagement, we primarily leverage one-on-one meetings with management and site visits to discuss climate issues and express our expectations. We also collaborate with other institutional investors in select and credible collaborative engagement initiatives such as CA 100+ and CCEI in China to jointly promote the climate transformation of target companies. We regularly assess the progress and outcomes of our engagements to ensure that companies are making meaningful efforts and improvements.

Procedures to Address Conflict of Interest

Harvest has formulated the "Harvest Fund Procedures to Address Conflict of Interest" and the "Code of Conduct" in accordance with relevant laws and regulations. These documents set out our principles and rules to address conflict of interest including aspects such as employee behavioral norms, prohibited actions, and mechanisms to monitor and prevent conflict of interest, as to fulfill our fiduciary duty, safeguard the legitimate rights and interests of clients, and ensure that the company's investment management activities are fair, just, and transparent.

The requirements are as follows:

- Strictly abide by applicable laws, regulations, rules, and normative documents, industry standards and self-discipline rules, internal policies, as well as the professional ethics and codes of conduct commonly followed in the industry.
- Establish a strong awareness of compliance and risk control, and adhere to the principles of being long-term oriented, prudent, and responsible to beneficiaries. Act with integrity, honesty, self-discipline, and fair competition. Fulfill responsibilities independently, objectively, and professionally. Engagement in illegal activities, or activities without proper permission or authority, or that could harm the interest of beneficiaries, are strictly prohibited. Exploiting one's position to seek improper benefits, or participation in activities that conflict with the interest of the duties performed are also strictly prohibited.
- Investment and research personnel shall make independent, objective, and impartial judgments on investment or research matters within their authorized mandate, free from external interference when providing investment recommendations.
- Keep abreast with developments in policies, laws, regulations, and industry trends to continuously enhance compliance awareness and improve professional skills.

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Disclaimer

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