



**CHINA UNIVERSAL
ASSET MANAGEMENT**

Climate Change Investment and Risk Management Policy

October 2025

1. Overview

- 1.1 The rise in global temperatures is considered as one of the significant and ongoing challenges to the world, and climate change has also been recognized as a source of risk and poses potential financial risks for businesses. To further optimize the investment and risk management processes of China Universal Asset Management (Hong Kong) Company Limited (the “Company” or “we”), the Company has incorporated climate-related risks into our investment and risk management processes.
- 1.2 This Climate Change Investment and Risk Management Policy (the “Policy”) is set out to explain the framework that the Company has put in place to take climate-related risks into consideration in its investment and risk management processes (the “Framework”). There are four key elements, namely governance, investment management, risk management and disclosure.
- 1.3 This Policy generally applies to collective investment schemes (“CISs”) managed by the Company with investment discretion, including SFC authorized funds and non-SFC authorized funds (“Funds”).

2. Governance

- 2.1 The board of the Company (“Board”) has ultimate responsibility for establishing and implementing the Framework. The Board is responsible for setting and reviewing the goals in relation to climate-related issues and reviewing the Framework. The Board delegates the climate related risk management oversight to the Climate Related Committee (the “Committee”), which is chaired by the Director/manager-in-charge (“MIC”) of Overall Management Oversight, and its members include the Chief Investment Officer (“CIO”), the Research Director, the MIC of Compliance function, the MIC of Risk Management function and the MIC of Operational Control & Review function. The Committee has been established to assist the Board in establishing and implementing the Framework, and oversight of climate-related issues, which may include:
 - monitoring goal(s) and plan(s) for addressing climate related issues;
 - establishing, reviewing and approving the relevant policies and procedures in relation to climate-related risk management;
 - providing central oversight of the management of climate-related issues;

- reviewing and devoting sufficient resources to manage climate-related issues;
 - providing internal awareness and understanding of climate-related issues;
 - providing guidance, supervision and implementation of the controls and measures in relation to climate-related issues; and
 - updating the Board on significant climate-related issues.
- 2.2 The Committee should monitor the implementation of the Framework and the climate-related issues. Significant climate-related issues should be reported to the Board at least on an annual basis.
- 2.3 The Committee should meet regularly (at least semi-annually) and any Committee's member may also convene meetings when necessary.

3. Investment Management

- 3.1 The Company has incorporated climate-related risks into investment management processes, including investment research and investment decision. The CIO is responsible for guiding and supervising the investment and research personnel, and, where appropriate, reporting the implementation and climate-related issues to the Committee.
- 3.2 The climate-related risks are generally divided into two major categories: (1) risks related to the physical impact of climate change; and (2) risks related to the transition to a lower-carbon economy.

(1) Physical Risks

Physical risks resulting from climate change can be event driven (acute) or longer-term shifts (chronic) in climate patterns. Physical risks may have financial implications for organizations, such as direct damage to assets and indirect impacts from supply chain disruption. Organizations' financial performance may also be affected by changes in water availability, sourcing, and quality, food security, and extreme temperature changes affecting organizations' premises, operations, supply chain, transport needs, and employee safety.

(2) Transition Risks

Transitioning to a lower-carbon economy may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of

financial and reputational risk to organizations.

- 3.3 As part of climate-related integration of investment management, the Company shall assess the relevance and materiality of climate-related risks in the investment. The Company shall, after having considered different relevant factors, including but not limited to the characteristics or features of the Funds (e.g. quantitative fund, passive investment strategies such as index tracking fund, leveraged and inverse products, commodity fund, forex fund, managed futures fund, funds primarily investing in deposits and money market instruments, feeder fund under a master-feeder structure, etc.), assess and determine whether the climate-related risks are irrelevant to its investment and risk management processes. The relevant assessment shall also be properly documented.
- 3.4 When assessing the materiality of the impact of climate-related risks on a Fund or an investment strategy, in general, the Company may consider adopting a quantitative approach (e.g. by using scores developed by third-party providers or developed by the Company or our Group, or by utilizing in-house or third-party data tools to analyse the climate-related risk of the Fund), where appropriate, the Company may consider different approaches including qualitative (e.g. identifying those sectors which are more likely to be adversely affected by the climate-related risks), quantitative or some combination of both if it is considered appropriate and proportionate to the circumstances. The relevant assessment shall also be properly documented.
- 3.5 If climate-related risks are considered to be irrelevant or not material, the Company shall re-evaluate the assessment of relevance and materiality periodically, maintain appropriate records which explain why climate-related risks are irrelevant and comply with relevant disclosure requirements.
- 3.6 In relation to money market funds, such funds invest primarily in short-term deposits and high-quality money market instruments, climate-related risk is deemed irrelevant having regarded the nature and data limitations of underlying investments. In addition, feeder fund under a master-feeder structure is considered as irrelevant to the climate-related risks because it generally invests almost all of its assets in the master fund.
- 3.7 If climate-related risks are considered to be relevant and material to the Funds, the Company will incorporate climate-related risks into investment management processes. The investment team of the Company will generally incorporate climate-related risks into its consideration in the securities selection process as part of its fundamental research process, which may also utilize different tools to analyse and assess the climate-related risk of the Funds, for examples:

- scores developed by third-party providers or developed by the Company or our Group entities;
 - data tools provided by third-party providers or collected by the Company or our Group entities; and/or
 - research reports prepared by third-party providers or our Group entities.
- 3.8 As part of fundamental analysis, where possible and appropriate, the investment team may have discussions with the executives or boards of investee companies and to understand the climate change issues, particularly where we believe that physical or transition risks could impact the investee company's long term financial performance, and may encourage the investee companies to take measures to manage the climate-related issues. In addition, we may engage directly and collaboratively with our peers, using our voting decisions to escalate the issues, where appropriate.
- 3.9 For the companies involving controversial behavior or controversial products, where appropriate, the Company may apply limitation(s) or even exclusion(s).

4. Risk Management

- 4.1 If climate-related risks are considered to be relevant and material to the Funds, apart from the investment management processes, the Company will also incorporate climate-related risks into risk management processes.
- 4.2 Although the investment team managing the Funds has the primary responsibility for managing the risks generated by their investment activities throughout the lifetime of the Funds, the risk management function, which is functionally independent from the investment team of the Company, will also monitor the climate-related risks on an ongoing basis, and where necessary, will escalate the related risks or issues (if any) to the CIO and/or Committee in a timely manner.
- 4.3 Different tools and/or metrics may be utilized to assess and quantify climate-related risks, for examples, the Company may assess climate-related risk by using industry metrics (e.g. Bloomberg MARS Climate which incorporates climate transition risks and physical risks, GHG emission and etc.). These allow the investment team to make assessments of the climate-related risk exposure, as part of the ongoing portfolio management activities.

5. Disclosure

- 5.1 The disclosure requirements shall in general be applicable to the Company if the Company is responsible for the overall operation of Funds only.
- 5.2 The Company shall make appropriate disclosures of information related to climate-related risks to the investors of the Funds via electronic or other means (e.g. on the Company's website), which includes:
- the governance arrangement for oversight of climate-related risks;
 - processes for identifying, assessing, managing and monitoring climate-related risks, including the key tools and metrics used ; and
 - disclosure of any exceptions at the company level or fund level, if the climate-related risks have been assessed to be irrelevant to certain Funds.

Subject to SFC's relevant requirements, if the Company becomes a Large Fund Manager, the Company shall also make appropriate disclosures relating to the climate-related risks, which includes:

- Description of the engagement policy of the Company; and
 - Disclosure of the portfolio carbon footprints of the Scope 1 and Scope 2 GHG emissions associated with the Fund's underlying investments at the fund level, where data is available or can be reasonably estimated.
- 5.3 The Company will also review the disclosures at least on an annual basis, where considered appropriate, will update the disclosures and inform the investors of the Funds of any material changes as soon as practicable.