



ESG Policy Statement

Yinhua International Capital Management Limited

("the Company")

November 2022

FOR PROFESSIONAL INVESTORS ONLY

This material is a marketing communication.



ESG Policy

This Environmental, Social and Governance (ESG) policy applies to the Company's investments in publicly traded equities. Sustainable investing refers to the consistent consideration of key ESG factors to inform or define the investment process.

Sustainable investing is a lens that applies to all stages of the investment process across all asset classes. While we also recognize that the scope of ESG factors relevant to investing will continually evolve, the ESG factors that we believe are most relevant to our investments may include below (not an exhaustive list):

- Board structure, diversity, and oversight
- Executive compensation: structure, performance metrics, and oversight
- Minority shareholder rights protection
- Capital management, dividend pay-outs, and dilution
- Corporate actions (e.g., Merges and Acquisitions) and corporate plan and strategy
- Climate change, pollution, natural resources utilization, and other environmental issues
- Health and safety, labour relations, diversity and other social issues
- Human rights, respect for the community and other stakeholder expectations
- Cyber security and privacy Quality of ESG disclosure and transparency

Investment Approach

As part of our investment process we assess a range of ESG factors, particularly climate change risk. The Company believes that climate change-related risks, in particular a company's greenhouse gas (GHG) emissions, will have a material effect on a company's long-term profitability, sustainability and investor returns.

In addition, the Company may evaluate companies' management structures, financial strength, resources, products & services, business practices, future earnings, sustainable impacts to the world around them, and a wide range of additional relevant factors to identifying investment opportunities, and the consideration of ESG factors.



ESG monitoring process will also be one of our risk control process that helps to identify investments that may require an elevated level of research, review, and debate. If needed, we may employ industry available third-party ESG data in our investment process together with our own proprietary analysis.

We will use our best efforts to stay alert of any exposure to critical ESG issues and act accordingly. such as including involvement in controversial behaviours, possible human rights violations according to a comprehensive assessment of international norms, the general ESG quality of their holdings as well as ratings for climate transition risks and opportunities and exposure to controversial sectors.

Engagement

We actively engage on ESG to help us understand, quantify and influence a company's exposure to climate change-related risks and the way it is managing those risks.

Emissions Disclosure

We expect companies in which we invest to make appropriate and timely public disclosure of carbon and other GHG emissions. Such disclosure should include targets for emissions intensity reduction and absolute level reduction.

Low-Carbon Transition Plans

We expect companies in which we invest to have a credible, publicly-disclosed plan to reduce GHG emissions.

Actions that should be included in a low-carbon transition plan are:

- Change business processes to reduce the company's carbon footprint;
- Introduce efficient energy management into buildings and factories;
- Source low carbon energy through direct generation or power purchase agreements;
- De-carbonise transport fleets, e.g. through electric vehicles;
- Offset emissions from corporate travel, e.g. through afforestation;
- De-carbonise supply chains and helping customers lower their carbon intensity;
- Advocate for regulations which drive the de-carbonisation of their industry to ensure its sustainability.



Governance

The Risk Committee of the Company will assume responsibility for oversight of climate-related risks, corporate governance matters and ESG initiatives in order to understand, assess and manage potential material climate-related risks or related ESG risks that may impact the portfolio or funds or accounts that the Company is acting as an investment manager.

Training

The Company will source relevant and applicable ESG related training for their employees and encourage them to attend such training to understand and manage ESG risks and opportunities that may affect portfolio or funds or accounts that the Company is managing and to manage any potential ESG related issues that may impact the operation and business management of the Company as well.

Voting

The Company shall refer to any company ESG reports as a proxy for how ESG issues are being managed by the relevant Issuer.

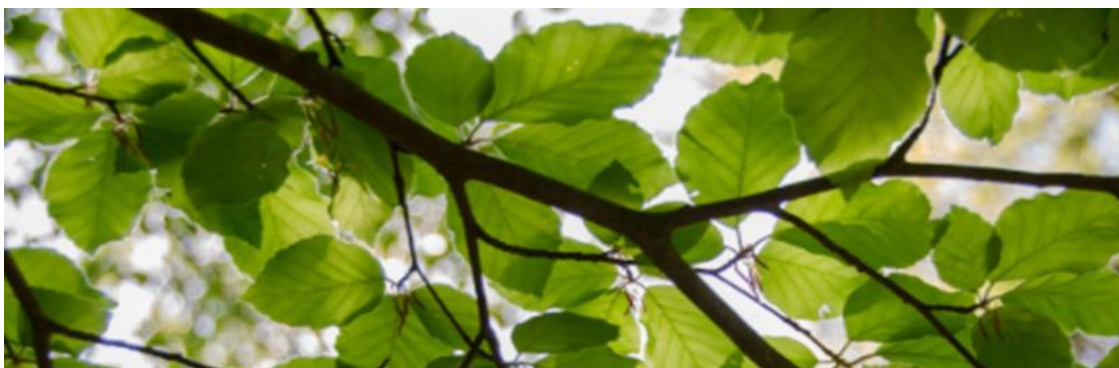
We may vote against all directors of portfolio companies which do not publicly disclose their emissions and do not have a credible plan for their reduction.

Company low-carbon transition plans should be published and voted on by shareholders at the annual general meeting (AGM).

We may also vote against auditors where the Annual Report and Accounts fail to report material climate risks.

Divestment

We will also evaluate divestment where a portfolio company refuses to disclose its emissions and does not have a credible plan for their reduction.



Investor Reporting

On an annual basis, we will disclose to all of our investors how we vote and report on the ESG performance of our portfolio companies. We will also explain to our investors the rationale behind our voting at portfolio company AGMs.

The Company will update this document in line with any revisions to our ESG position in accordance with regulation, stakeholder feedback, or any international charters or principles.

Additional Notes

This document explains how the Company approaches sustainability risk management and matters related to ESG. It is for information of any intended recipients only.

Potential investors or investors or third parties or stakeholders have no right to rely on this document, nor do we accept any duty of care or liability in relation to our interpretation and application of this document.

In particular, it is important to understand that, while the Company seeks to ensure implementation of the Policy, the Company has no control over the actions of any related companies or issuers or other listed companies.

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Important information:

The information contained herein is based on sources/information believed to be reliable and has not been independently verified. Reasonable care has been taken by the Company to ensure the accuracy of the information or opinions contained in the document. The Company will not be responsible for damages arising out of any person's reliance upon this document. The document would generally be updated as soon as practicable in case there is a material change in the procedures or methodology applied in identifying, assessing, monitoring and managing ESG risks. The Company is not obligated to provide any notice on the change of the policy in its website. The information presented in this document is for information and reference only. It should not be reproduced or further distributed to any person or entities without prior permission of the Company. It contains a general description on the Company's sustainable investing philosophy only. The document does not constitute any recommendation, offer, invitation or solicitation to buy or sell any investment.