Pillar 4 - Stewardship

1. Stewardship Activity: Engagement activities [iv] have been undertaken on behalf of investors to put stewardship into effect. These activities include:

*Participation in a shareholder meeting
*Casting, abstaining, or withholding a vote on a management or shareholder resolution, on management or shareholder resolution
*Filing a shareholder resolution
*Commencement, continuation, modification, or discontinuation of an engagement with an investee company
*Enforcement of covenants
*Exercise of warrants or embedded options
*Taking a seat on the board of directors of an investee company, hiring, firing, and directing the management of an investee company
*Maintenance and improvement of real estate and physical assets

2. Stewardship Monitoring scope: Our stewardship for investees/potential investees monitoring scopes include the following:

*On material[ii] environmental issues
*On carbon footprint and exposures to climate risk
*On material[ii] social issues
*On material[ii] governance issues
*On capital structure
*On overall material risks

3. Stewardship Team: A dedicated stewardship team [iv] is set up to flag specific companies and issues for engagement which includes the undertakings below:

*All written communications and meeting records, including targeted outcomes of the engagement, are logged in the stewardship management system
*Engagement activities include in-person and virtual meetings, written correspondence, and emails
*Engagement may occur with a company's board of directors, executive management, or investor relations and may be conducted independently or in collaboration with other investors through the fund's proxy voting and engagement service provider

4. Proxy Voting: At the product level, we have transparent proxy voting [iv] policies that are unique to this particular investment strategy:

Yes

Selected: Yes.1

*We may vote against management on an issue, and when the Proxy Voting Committee has voted against management on an issue:

Selected: We may vote against management on an issue, and when the Proxy Voting Committee has voted against management on an issue:

*We engage with companies to encourage best governance practices, including those related to reporting on material ESG information

5. Voting Disclosure: Please select the statements that describe your firm's practices related to

*We disclose our votes and rationale ONLY if an investor asks for disclosure

6. Engagement frequency: Teamwide over the last 1 year, we have engaged with investees/potential investees on the material[ii] issues selected above:

Once a quarter on average

7. Engagement Disclosure: Do you disclose your key engagement activities, along with the outcomes, to investors?

Yes, we disclose but only when investors request for it

8. Actual Example - Please provide an ACTUAL example of how you executed ONE of the following, in a maximum of 500 words.

How your stewardship code/framework/philosophy/methods/approach has, or has, evolved over the years. How do these changes affect investors and the community your firm operates in?

Please briefly describe the critical challenge/s, actions taken, results and lessons learned:.3

Given the Double-Carbon plan and Common Propensity guidance, the regulators are believed to implement more severe regulations on carbon emission and employees’ welfare, which will pose threats to issuers neglecting ESG framework. What is more, climate change and extreme whether do impact developers’ business. For example, during Henan floods this summer, some issuers’ operation had to be halted. This event did affect the bonds’ price. To maintain responsible for our clients’ wealth, we will learn how to manage environment risks exposure and calibrate the issuers contribution and ability to deal with related issues. Finally, we also monitor greenwashing problems. Even though issuers with comprehensive ESG framework are more likely to offer higher risk adjusted return, some rules of the framework may not be strictly implemented. As long as necessary, we will do onsite due diligence and communicate with companies’ management team. Annual report released by certificated agency can also help us manage risks.As to the LGFV sector, we believe that green bonds are effective tools to achieve ESG target. As large amount of fund utilized on public infrastructure, such as sewage treatment, water resources underutilization problem will become alleviated, which is strategically important for the sustainable development western part of China. Because LGFVs play crucial role in China’s public investment, we will still consider supporting issuers whose projects contribute to improving western China’s living and business environment and decreasing development gaps among different provinces.

We are gradually incorporating the engagement framework currently. Considering the shocks from Covid-19 and global economic development, structural changes, especially ESG investment, is irreversible. Given that some companies have already incorporated transparent and comprehensive green framework on their daily operation, they are more likely to become more competitive. Equally, companies which overlook ESG framework might face challenges. Under this circumstance, credit disparity, which is already an obvious trend, will inevitably get enlarged. Specifically, in China, under the guidance of Double-Carbon plan, SOEs, whose investment concentrates on sustainable projects, will enjoy advantages on fund accessibility. Some POEs, which focus only on revenue generating and overlook environment and female employees' rights, will find it difficult to be accepted by market participants. Within the property sector we overweight, some companies have become pioneers and upgraded construction materials to cut carbon emission. Digitalization, also, is utilized by some developers to monitor the working condition of each project. Hence, safety can be guaranteed during each progress. Some issuers, unfortunately fall behind and utilize little resources to establish their own ESG mandate, which might lead to potential risks in the future.