

E Fund Responsible Investment Statement

As one of the largest asset managers in mainland China, and a signatory to the UN-backed Principles for Responsible Investment (PRI), E Fund embraces and implements responsible investments with a focus on long term sustainability. This statement provides an overview of what responsible investment means at E Fund, how our corporate governance structures support responsible investment, the responsible investment approaches used in different asset classes, and our participation in global responsible investment networks and initiatives. The statement is reviewed, updated and approved annually, to reflect our dynamic business and on-going changes in the China market environment, given that the focus on responsible investments in China is still in an emerging stage.

I. Definition of Responsible Investment at E Fund

We define responsible investment as the practice of incorporating environmental, social and corporate governance (ESG) factors into the entire investment processes and investment decision making, in addition to traditional financial return considerations. To promote long-term sustainable return for our clients, E Fund practices responsible investment through two major aspects: ESG incorporation and active ownership.

ESG incorporation aims to integrate material ESG factors into our research and investment processes, helping to enhance our long-term investment return through a more holistic view, which not only considers business value but also the impact of externalities. Active ownership aims to initiate active and constructive dialogue and work with companies, casting proxy votes and submitting shareholder proposals, to help protect our clients' core interests. Engagement with companies enables E Fund to exercise our shareholders' rights and therefore actively protect our investment value and mitigate risks.

II. Responsible Investment Oversight and Governance

E Fund has a dedicated ESG Team, which provides ESG input into investments across major asset classes: active equity/quant, fixed income and index investment. Designated ESG representatives from each asset class and supporting business line are responsible for the development and implementation of best practices in ESG integration that are appropriate for their respective team. The ESG Team also monitors the active ownership effort and is responsible for ESG reporting. E Fund has a separate ESG Management Committee, chaired by the President of the company and comprised of senior management from each asset class and business line. The ESG Management Committee is responsible for ESG strategy initiatives including environmental issues/climate change and oversees their implementation. Senior management in each asset class and business line has the oversight to ensure effective and efficient implementation.

III. Responsible Investment Approaches and Asset Class-specific Policies

At E Fund, ESG factors are integrated into our research and investment procedures through a structured

framework. Responsible investment approaches are adopted for asset classes including active equity/quant, fixed income, and index strategies. We regularly conduct thorough case studies on representative companies and refine our framework accordingly, providing us comparative advantages on adopting ESG analysis. Integrating ESG factors into investment accounts for asset class-specific differences.

For active equity/quant and fixed income strategies, implementation of responsible investment takes place through the following responsible investment approaches: Exclusion, ESG integration, and Engagement.

- **Exclusion:** exclude companies whose practices are fundamentally misaligned with our ESG principles, or make the exclusion decisions based on clients' requests. The ESG exclusion criteria include but are not limited to tobacco & gambling, nuclear & cluster weapon, bribery, severe safety incidents or pollution penalties, etc.
- **ESG Integration:** systematically integrate material ESG factors into our research processes and investment decisions in addition to traditional financial analysis, which helps to reveal hidden risks and achieve better risk-adjusted returns. The proprietary three-level ESG assessment framework consists of more than 20 material ESG factors, facilitated by our AI-powered ESG technology platform Ark.ESG.
- **Engagement:** engage with listed companies/bond issuers and work collaboratively with relevant stakeholders such as other institution investors, NGOs, communities to improve the sustainability of the investees' business practices and to push for positive changes over time.

For index strategies, the research and investment teams actively communicate with index providers and related research institutes. E Fund conducts thorough analysis on the index providers' index-forming methodologies with ESG factors considered. Additionally, for index enhanced funds, E Fund applies exclusion strategy when selecting from stock pool and underlying stock's weight within portfolio can be adjusted based on ESG scores.

IV. ESG Data and Artificial Intelligence (AI) Uptake at E Fund

E Fund has developed proprietary technology systems, "Ark.James" and "Ark.ESG", to generate quality ESG data, measure ESG risks from each of the three areas, and facilitate ESG integration into our asset classes with an easily comprehended approach.

Ark.James is the ESG data collection & processing system featuring high speed and high concurrency. It automatically identifies and collects ESG-related scattered data from over 70,000 data sources on 24*7 basis, including regulators, government reports, courts, company announcements and reports, extracting relevant and up-to-date ESG information and turning into structured format. Supplemented by third-party ESG data vendors from domestic and abroad, our ESG database covers over 4000 (100% in the market)

A-Share listed companies and over 5000 (>99% in the market) credit bond issuers in China with more than 5 years of historical data

The evaluation system, Ark.ESG, takes advantage of AI and big data technologies to perform in-depth ESG analysis and support E Fund's responsible investment. The framework of Ark.ESG is built based on our own ESG evaluation model and regularly refined to adapt to the dynamic China market. The system dashboard shows companies' E/S/G performance respectively, and offers rankings on a weighted sum of scores. Research analysts and portfolio managers across asset classes have access to the Ark.ESG dashboard, and can refer to the comprehensive ESG information of listed companies/credit bond issuers and better understand targeted underlying from a responsible investing perspective.

V. Responsible Investment Networks and Initiatives

E Fund builds up collaborative networks on responsible investment globally with institutes, companies and our peers. As one of the earliest fund managers in mainland China to sign the UN Principles for Responsible Investment (PRI) in 2017, E Fund actively contributes to PRI's research. E Fund is also a member of the Asian Corporate Governance Association (ACGA) and one of the two pilot Chinese asset management firms who join the UK-China Financial Sector Environmental Information Disclosure Group, which is one of the major driving efforts to form industry ESG standards for listed companies and asset managers. Our strategic partnership with APG of the Netherlands brings out the world's first China A share active equity and fixed income sustainable investing strategy.

E Fund believes in and recognizes the importance to address climate related risks and opportunities and natural loss issues (deforestation, water, oceans and biodiversity) during responsible investing. Since 2020, we become a public supporter of the TCFD recommendations and the Paris Agreement. And we actively conduct collaborative engagement on climate topics as a signatory to the Climate Action 100+ Initiative.