



RESPONSIBLE INVESTMENT POLICY

BEA Union Investment Management Limited

August 2025



1. Introduction

BEA Union Investment (“BU”) regards responsible investing as an integral element in fulfilling our fiduciary duties towards our clients. Core to responsible investing is the integration of environmental, social and governance (“ESG”) factors into our investment decisions to achieve better risk-adjusted returns over the long term. ESG factors can have material impacts on the value of companies and securities, and these issues should be considered alongside traditional financial measures to provide a comprehensive view of the value, risk and return potential of an investment.

This Responsible Investment Policy outlines our philosophy and methodology to ensure that ESG considerations, including how we approach ESG risks and opportunities, are embedded in our investment process.

BU also places strong emphases on effective stewardship and active ownership of the assets we manage through company engagement and proxy voting. Our active ownership efforts target the following outcomes:

- (i) improving corporate disclosure and transparency to benefit investment decision-making, risk management and mitigation;
- (ii) promoting more sustainable practices to maximize long-term risk-adjusted returns; and
- (iii) enhancing stakeholders’ value more broadly as a result.

While we apply this Responsible Investment Policy across all actively-managed portfolios, there are flexibilities in our responsible investing to accommodate the distinct investment approaches, consistent with their investment philosophy and objectives. We also proactively discuss with clients about their ESG requirements and define portfolio restrictions and sector exclusions tailored to their ESG goals.

On top of this Responsible Investment Policy, there may also be policies or frameworks specific to certain portfolios which incorporate ESG factors as their key investment focus and reflect such in the investment objective and/or strategy.

2. ESG Integration Overview

At BU, ESG factor analysis is integrated in our investment process, from initial screening, security research and valuation, to portfolio construction and risk analysis. ESG integration impacts our investment process in three major ways:

- (i) **Which companies we should look at?** ESG screening is one of the steps we take in assessing our investible universe. Supported by ESG research of Union Investment, we generally exclude companies exposed to heightened ESG risks such as weapons and those with controversial business practices under the Principles of the UN Global Compact;
- (ii) **How we assess and value companies?** ESG factors have become increasingly important to the long-term success of corporations at managing risks and capturing opportunities. Identifying and understanding relevant ESG issues is critical for us in assessing valuation of the companies; and

(iii) **How we position ESG in portfolios?** Other relevant factors being equal, we expect a portfolio of securities and investments with higher sustainability ratings translates into better ESG performance. We take into account ESG scores where relevant in our portfolio management.

3. ESG Integration in Action

We integrate ESG analysis into our investment process with the goal of mitigating risks and identifying potential opportunities. Our investment teams, supported with the ESG scores and inputs from Union Investment, systematically factor in the material information in our decision-making. We aim at forming holistic ESG assessments at both security and portfolio levels through our continuous focus on responsible investing.

3.1 Investment Research and Analysis

In the initial screening of securities, we take in the exclusion list from Union Investment to identify relevant risks across portfolios. The list covers companies which may bring negative impacts to portfolios in:

- (i) Controversial business areas, such as outlawed and controversial weapons; and/or
- (ii) Controversial business practices (under Principles of the UN Global Compact), such as violations of International Labor Organization standards (child and forced labor), human rights, environmental protection and corruption.

This exclusion filter is useful in (i) highlighting the controversial businesses and industries with potential ESG risks; and (ii) drawing our attention to the latest ESG development and issues which merit further research focus. Where there is strong evidence to re-assess the exclusion status of the securities, the investment teams will submit recommendations to BU's ESG Committee for review.

Union Investment also supports BU in our ESG research with its proprietary research platform SIRIS, which stands for Sustainable Investment Research Information System. This platform incorporates in-house research of Union Investment and third-party inputs from providers, generating proprietary research covering a wide range of securities, companies and countries.

SIRIS measures corporate sustainability with a rating scale of 0 to 100. The assessment is based on scores from five sub-dimensions:

- (i) Environment
- (ii) Social
- (iii) Governance
- (iv) Sustainable Development Goals
- (v) Controversies

Besides SIRIS score output, we also utilize third-party ESG database in managing climate-related risks and preparing climate-related disclosures. The climate-related data are consolidated on portfolio level for further assessment and report preparation.

When it comes to our research process, our investment teams focus on ESG factors that can impact the long-term financial performance of the companies. We examine key information covering (i) Environmental data such as historical and target greenhouse gas emission, energy consumption, water consumption and carbon neutrality commitment; (ii) Social data such as work-related injury and fatality rate; and (iii) Governance data such as Board composition diversity and expertise, auditor and restructuring history as well as shareholding structure. Data are usually collected via available sources or public disclosures.

Specific to the individual asset classes, ESG considerations are incorporated in portfolio management, in ways consistent with their respective investment approaches.

Fixed income: The Fixed Income Investment Team incorporates ESG analysis into our proprietary credit research model. The engagement dialogues with the companies and the relevant ESG factors may differ across industries. In the process, the team seeks to understand the current ESG status as well as the future planning of ESG policy and its implementation. Overall assessment is made on the company's ESG performance and commitment, making reference to the ESG information provided by Union Investment and third-party providers together with the team's internal assessment. Where it is concluded to be material, there will be adjustments in the financial estimates in our proprietary credit research model.

Equity: The Equity Investment Team integrates and merges ESG analysis into fundamental equity research. Analysts identify the most material ESG issues (both upside and downside) that can influence the sustainability of a company's business model and the investment case. They form part of the evaluation in the different aspects of investment research including industry analysis, management quality assessment and company strategy analysis. Understanding how companies address the ESG issues helps analysts in their fair value analysis, by adjusting forecasted financials such as sales and operating costs, or valuation models through weighted average cost of capital, return on equity, valuation discount/premium, terminal value, etc.

Multi-asset: ESG issues affect investment portfolios from both top-down asset allocation and bottom-up security selection. The BU Investment Committee recognizes the need for an integrated approach, taking ESG into account from both perspectives. ESG issues are considered and discussed in the Investment Committee meetings when deciding asset allocation in order to improve the long-term sustainability of our investment strategies while achieving the desired investment outcomes for our clients.

3.2 Portfolio Construction and Monitoring

In terms of portfolio construction, the outcome of the fundamental research, including ESG assessment, supports the decision on sizing and active positions of the securities.

Where applicable, ESG quality of the portfolios is measured and compared against the ESG scores of the relevant benchmarks. Portfolios with meaningfully lower ESG scores are reviewed with justifications. Assessment of portfolio ESG risk profile is conducted on a monthly basis.

In some cases, clients may specify binding ESG requirements as part of the investment restrictions. Such rules as well as any exceptions thereto are reviewed at both pre-trade and post-trade monitoring by the Compliance Team.

4. Active Ownership

BU actively engages with investee companies to exercise shareholder rights and obligations, and to encourage sustainable business practices. It is our belief that active ownership is an integral part of our fiduciary duty to our clients and their beneficiaries. In our stewardship practices, we focus on assessing the ESG performance of companies, engaging with their management to identify ESG risks and opportunities, and exercising our shareholder rights through proxy voting. Our approach is governed by BU's Engagement Policy and Proxy Voting Policy, respectively.

4.1 Engagement

BU prioritizes our engagement based on how ESG factors may impact the portfolios and how material they may be. Our engagement activities play an important role in our responsible investing strategy and practices.

As long-term investors, BU undertakes engagement in the spirit of partnership and we aim to work with companies to understand and address areas of ESG concern. We believe this partnership and dialogue can lead to improved investment outcomes for our clients.

Common engagement topics often include:

Environmental	Social	Governance
Air Pollution	Labor management	Governance structure and shareholder rights
Carbon transition	Human capital development	Board composition and independence
Natural disasters	Data privacy and security / Digital rights	Compensation and alignment

The number and frequency of our engagement meetings depends on the size of the company, the ownership level of the company, the materiality of the issue and the scale of our investment. We evaluate each situation independently and conclude our action through the collaborative assessment of investment analysts, portfolio managers and Chief Investment Officers. We believe that constructive dialogue directly with key parties in the companies is an effective engagement approach while for selective cases, public action may be deemed appropriate to protect shareholder interests.

We also believe that timing of the engagement and continuous monitoring may create a difference. As an example, being a bond investor, we may engage with bond issuers to raise their awareness of ESG risk management before new bond issuance.

We also believe in monitoring the implementation progress of the issuers' ESG targets. With such active stewardship efforts, bond issuers understand that their attention to ESG improvements is critical for the success of the next round of primary issuance.

4.2 Proxy Voting

BU believes that proxy voting decisions affect the value of shareholdings and we are committed to exercising voting rights in the best interests of our clients. BU generally supports ESG-related resolutions that promote long-term economic interests of clients, as well as social responsibility initiatives that serve community interests. Our Proxy Voting Policy serves as guidelines for proxy voting decisions.

BU engages a third-party proxy voting platform to assist and administer our voting process. Our investment teams actively and regularly reviews and analyzes the resolutions and/or issues (if any). Our Proxy Voting Policy applies to all clients that grant us proxy voting authority.

BU maintains records of proxies voted, and regularly reviews our proxy voting procedures to ensure consistency with internal policies as well as client and regulatory requirements.

5. Risk Management

BU integrates ESG factors from investment process to risk management framework. The investment teams seek to identify material ESG risks and issues relevant to each strategy covered, taking into account risks and issues of different sectors, regions and asset classes. The insights derived from our ESG research and stewardship activities are used to facilitate portfolio managers' investment decision-making, aligned with specific investment objectives, requirements and ESG risk appetite of the respective strategy.

ESG risks are monitored and measured on a regular basis through commonly used industry metrics (e.g. GHG emissions). The investment teams should provide justifications and take appropriate actions if necessary, to ensure ESG risks are properly managed.

6. Governance

The Board of Directors of BU has delegated the formation of the ESG Committee, composed of senior leaders across different business functions within BU. The ESG Committee provides strategic advice and leadership to BU's ESG-related matters, sets our ESG targets and goals, considers and reviews high-priority and/or emerging ESG-related risks and oversees the internal and external communications on our ESG strategy.

The ESG Committee meets at least twice a year or more frequently as may be required. The Chairperson of the ESG Committee reports to the Board on a semi-annual basis such that any relevant ESG issues are adequately escalated and properly considered at the entity level.

The ESG Committee is supported by the ESG Workgroup comprising specialists from our central functional units who have knowledge of current and emerging ESG matters. The ESG Workgroup is responsible for, amongst all (i) driving the development of ESG-related matters within BU; (ii) assisting the ESG Committee in carrying out its functions; and (iii) assessing and performing regular reviews on ESG-related risk management and making recommendations on BU's ESG-related policies.

7. Review of Policy

The ESG Committee reviews this Policy at least annually to consider whether any changes should be made. The ESG Committee makes necessary revisions to this Policy when it sees an opportunity to materially improve outcomes for our clients through changes in our responsible investing approach.

8. Signatory of Normative Codes and Initiatives

We are a signatory of the Principles for Responsible Investment (PRI) and Climate Action 100+ (CA100+).

