

## AEGON-INDUSTRIAL Fund Management Co., Ltd

### Responsible Investment Policy

AEGON-INDUSTRIAL Fund Management Co., Ltd was established on September 30th, 2003 (henceforth referred to as "AEGON-INDUSTRIAL Fund" or "the Company"). Since its establishment, the company's primary philosophy has been "maximizing the interests of fund holders". The company follows the business policy of honesty, standardization and stability, with a rigorous, realistic and efficient management style. With its risk controlling, long-term investment, and value investment philosophy, professional dedicated and innovative methods, AEGON-INDUSTRIAL Fund provides domestic and foreign, institutional and individual investors with first-class asset management services. AEGON-INDUSTRIAL Fund is the pioneer to introduce responsible investment concept to domestic asset management industry. In 2008, the company established first domestic responsible investment theme fund, AIFMC Social Responsibility Hybrid Fund. In 2011, the company set up first green theme fund in China, AIFMC Green Investment Hybrid Fund (LOF).

In February 2020, AEGON-INDUSTRIAL Fund formally joined the UN Principles for Responsible Investment (henceforth referred to as "UNPRI" or "PRI") and further integrated the concept of responsible investment into the company's strategy. This policy explains our strategic framework of responsible investment and the company's philosophy, position and basic methods of implementation.

#### Chapter I: General Principles

**Article 1** The responsible investment policy is established to standardize AEGON-INDUSTRIAL Fund's responsible investment practice and strengthen the responsible investment system's construction. The policy corresponds to the company's current situation and shall comply with relevant domestic and regional laws and regulations.

**Article 2** The term "Responsible Investment" refers to an investment strategy: besides the investee companies' financial performance, their environmental, social responsibility and corporate governance (ESG factors) are also brought into the process of investment evaluation, decision-making, and active ownership. Integrating ESG issues into investment process is of great significance to enhance long-term risk-adjusted returns, protecting the interest of clients and promote sustainable development of enterprises and society.

**Article 3** While carrying out responsible investment, AEGON-INDUSTRIAL Fund follows the primary principle of "maximizing the interests of fund holders", adhering to the investment philosophy of risk controlling, long-term investment, and value investment. AEGON-INDUSTRIAL Fund analyzes the ESG risks in a professional, rigorous, and realistic manner, in order to provide fund holders with first-class services.

**Article 4** This policy is shall apply to all relevant departments involved in responsible investment and applies to all asset classes.

## **Chapter II: Contents and Commitments of AEGON-INDUSTRIAL Fund's Responsible Investment**

### **Article 5** Contents of Responsible Investment

AEGON-INDUSTRIAL Fund will implement responsible investment mainly through the following two aspects: ESG integration and active ownership.

(1) ESG integration aims to analyze and integrate of ESG factors in the investment-analysis and decision-making processes, with the integration, both internal and external factors are taken into consideration.. ESG integration is of great significance to enhance long-term risk-adjusted returns. (2) Active ownership aims to engage in constructive dialogues with investee companies. AEGON-INDUSTRIAL Fund promotes sustainable development of the investee companies, practices corporate social responsibility, and protects the core interests of clients by submitting shareholder proposals, exercising voting rights, etc.

## **Article 6** Commitment of Responsible Investment

As one of the initiating practitioners of responsible investment in mainland China, AEGON-INDUSTRIAL Fund has been actively promoting the development of responsible investment, and has been committed to creating long-term sustainable returns for clients.

AEGON-INDUSTRIAL Fund analyze and integrate of ESG factors in the investment-analysis and decision-making processes embrace active ownership, and actively cooperate with international and domestic responsible investment institutions to promote responsible investment philosophy to the industry.

## **Chapter III: Scope**

**Article 7** This policy applies to all asset classes. Related personnel in AEGON-INDUSTRIAL Fund shall consider ESG factors in the researching, decision-making and risk-controlling process. The in-depth analysis of ESG factors shall apply to the entire investment cycle of all funds. Related departments shall provide support to the company's responsible investment practices.

## **Chapter IV: Organization Structure of Responsible Investment**

**Article 8** AEGON-INDUSTRIAL Fund carries out comprehensive responsible investment and fully integrates the requirements of responsible investment into its management and investment processes. The organization structure of responsible investment includes the following four levels: board of directors, the ESG Committee, the ESG dedicated department and other related departments.

**Article 9** The board of directors of AEGON-INDUSTRIAL Fund is responsible for overseeing the commitment, implementation and performance of the responsible investment policy. The board also gives hearing to the responsible investment report ESG Committee.

**Article 10** The ESG Committee is responsible for formulating the company's responsible

investment strategies, goals and related policies, setting up and working structure of ESG working groups, leading and supervising the implementation of responsible investment and raising opinions on responsible investment to the board and promoting its orderly development. The members of the ESG Committee mainly include the company's management team, and ESG working groups shall be set up in accordance with actual needs.

**Article 11** The ESG dedicated department is chosen by the ESG Committee, responsible for organizing and implementing the company's responsible investment policies, formulating corresponding plans, and coordinating various departments when the responsible investment policies are put into practice. The ESG dedicated department organizes research on the industry's responsible investment development, to raise strategic improvements or policy adjustments to the ESG Committee. The ESG dedicated department regularly summarizes the policy's implementing progress, reports the results to the ESG Committee, ESG Committee.

**Article 12** Relevant departments, including research department, fund management department, separately managed accounts department, fixed income department, risk management department, compliance management department, marketing department and other relevant departments elect specialists in charge of the responsible investment policies' implementation ,and the department related responsible investment affairs.

## **Chapter V: Implementation of Responsible Investment Policies**

### **Article 13 Implementation of Responsible Investment Policy**

AEGON-INDUSTRIAL Fund fulfills the responsible investment philosophy through its entire investment and management process. The company promotes research of responsible investment, embraces active ownership, develops responsible investment products, and continually enhances its responsible investment capabilities. AEGON-INDUSTRIAL Fund is guided by the value of sustainable investment, in pursuit of long-term stable investment income with social responsibility.

#### **Article 14 Investment and Research Integration**

AEGON-INDUSTRIAL Fund fully incorporates ESG factors into its investment analysis. The company attaches great importance to its internal ESG evaluation system, and the ratings are based on the topics' substantiality, its potential impact on stakeholders, and the correlation between investments. AEGON-INDUSTRIAL Fund actively cooperates with professional international and domestic institutions, and set its own ESG evaluation system with reference to the data of professional rating agencies, based on internal investment evaluation methods.

AEGON-INDUSTRIAL Fund incorporated its ESG evaluation system into investment process, and thoroughly considers the potential impact and risks of ESG factors on the investment target.

#### **Article 15 Active Ownership**

AEGON-INDUSTRIAL Fund promotes the investee companies sustainable development through direct communication, shareholder advocacy and active ownership. While communicating with investee companies, AEGON-INDUSTRIAL Fund actively shares its responsible investment philosophy and proposes standards, to guide investee companies to create sustainable ESG benefits. AEGON-INDUSTRIAL Fund actively engages with the investee companies and participates in corporate governance through the exercise of shareholders' rights, in accordance with the "*Guidelines for the Governance of Listed Companies*".

#### **Article 16 ESG Themed Products**

AEGON-INDUSTRIAL Fund implements the concept of responsible investment by issuing responsible investment theme products. These products directly integrate ESG factors in investment philosophy and analysis methods. In other products, ESG factors shall be considered in research and the screening of stock pools.

AEGON-INDUSTRIAL Fund will introduce responsible investment concept to clients, and obtain long-term and stable investment returns together with social benefits for clients.

#### **Article 17 Capacity Building**

AEGON-INDUSTRIAL Fund attaches great importance to the capacity building of responsible investment. The company regularly organizes relative training, inviting professional institutions to conferences, so as to enhance the employees' awareness of responsible investment, deepen their understanding of responsible investment methods and accelerate its practices.

## Chapter VI: Caring for Climate

**Article 18** All countries are needed to work together to reduce greenhouse gas emissions considering climate change as a well-known global issue. China has joined *The Paris Agreement* and pledged the country's carbon peak by 2030 and carbon neutrality by 2060. AEGON-INDUSTRIAL Fund recognizes the significance of *The Paris Agreement* and will pay close attention to the latest climate change issues following the guidance of the national carbon emission goals and transition policies. AEGON-INDUSTRIAL Fund will gradually take climate change factors into investment considerations, the company will focus on low-carbon strategies' investment opportunities and actively conduct research on low-carbon theme products as well as reduce its own carbon emission.

## Chapter VII: Cooperation and Development

**Article 19** AEGON-INDUSTRIAL Fund actively participates in domestic and global conferences and forums related to responsible investment, to cooperate with organizations that advocate responsible investment and promote its development together with the industry. Extensive international cooperation help companies broaden its horizons, enhance communication on responsible investment and improve the company's own research and practice capabilities. AEGON-INDUSTRIAL Fund actively seeks to cooperate with leading professional institutions in the field of responsible investment, discusses the application of responsible investment methods, sorts out the research results and practical experience of responsible investment, and promotes the construction of the company's internal responsible investment framework.

## Chapter VIII: Report and Disclosure

**Article 20** AEGON-INDUSTRIAL Fund attaches great importance to the responsible investment report and disclosure. The company regularly reports its relevant responsible investment practices and performance through company's social responsibility reports, PRI reports and official website.

## Chapter IX: Supplementary Provisions

**Article 21** The policy is formulated by AEGON-INDUSTRIAL Fund Management Co., Ltd and the ESG Committee is responsible for the policy's interpretation and maintenance. The ESG Committee conducts annual review and shall revise the policy if necessary. This policy shall comply with domestic and regional applicable laws and regulations and AEGON-INDUSTRIAL Fund's existing policies, as well as all forthcoming developments and changes.