

## Climate Risk Management Framework

### I. Objective

CCB International Asset Management Limited (“CCBIAM” or “we” or “us”) has established this framework in respect of climate risk management to ensure that we incorporate considerations on climate risk into the investment and risk management process of collective investment schemes (each a “CCBI Fund” or “our Fund”) that we manage.

CCBIAM is subject to the Securities and Futures Commission's ("SFC") Circular to licensed corporations on the management and disclosure of climate-related risks by fund managers ("the Circular") issued on 20 August 2021 and any relevant codes, guidelines and circulars that may be issued subsequently by the SFC from time to time. The Circular requires disclosure on our approach to climate risk management including governance, investment management and risk management related disclosures. In this document, we will describe how we incorporate climate-related risks in our governance and management structures and the procedures taken to incorporate relevant and material climate-related risks into our investment and risk management processes.

### II. Governance

The board of directors of CCBIAM (the “Board”) maintains overall oversight responsibility of climate risk issues. The Board is responsible for:

- a. Setting clear roles and responsibilities of the Board and senior management. This includes designating particular personnel with specific functions and responsibilities regarding the oversight of climate risks relating to our Funds;
- b. Setting goals for addressing climate risk issues and overseeing progress towards achieving those goals; and
- c. Remaining informed about climate risk issues, monitoring the status of those issues, and discussing those issues at board meetings held at least once a year.

The Board delegates day-to-day climate risk management oversight responsibility to the Investment Committee, which comprises members from the management and the relevant manager-in-charge of key business lines. The Investment Committee is responsible for:

- a. Ensuring the implementation of the climate risk management processes, as well as tools and metrics to monitor exposures to the risk. This includes the integration of climate risk considerations into investment research, portfolio construction, risk management practices across different asset classes and investment strategies;
- b. Establishing an internal escalation process for managing climate risk, and ensuring that appropriate and timely actions are taken to address the risk;

- c. Allocating adequate resources and staff with appropriate expertise to manage climate risk;
- d. Monitoring the integration of climate risk considerations into investment research, portfolio construction and risk management practices;
- e. Regularly reviewing the effectiveness of the climate risk management procedures and recommending appropriate revisions to the Board; and
- f. Updating the Board on material climate risk issues in a timely manner.

### **III. Investment Management**

The respective Investment team of CCBIAM (“Investment Team”) is responsible for:

- a. Implementing the climate risk management process of this document in the investment process;
- b. Adopting risk acceptance criteria or parameters, with consideration of physical and transitional climate risks and their impacts; and
- c. Making investment decisions within the adopted risk acceptance criteria or parameters.

The Investment Teams are required to properly manage climate risk in accordance with this climate risk management processes as well as each CCBI Fund’s investment objective. Integration of the climate risk management processes into the investment process includes identifying material and relevant climate risks for each investment strategy and fund, and taking reasonable steps to assess the impact of these risks on the performance of investment portfolios.

The Investment Teams shall apply their professional expertise to determine what is relevant and material from a climate risk perspective. Specifically, we undertake a qualitative assessment as to whether climate risk is relevant for each CCBI Fund in light of the fund’s investment strategies and objectives, as well as the fund nature and asset class.

For funds or investment strategies in which climate risks are identified as irrelevant, we maintain appropriate records of explanation. Investment Teams are required to re-evaluate the relevancy periodically, or upon any major changes to a fund's investment strategy, whichever is earlier.

For funds in which climate risks have been identified as relevant, we then assess the materiality of those risks. This assessment process includes the identification of sectors which are more likely to be adversely affected by climate risk, and the evaluation of whether an investment is skewed towards those sectors.

We then take a quantitative approach to facilitate our regular risk management. The aim of this process is to maintain the overall climate risk level of each fund and each individual investment within the risk acceptance criteria or parameters. It is our goal to limit exposure to any investee companies that repeatedly decline to manage their climate risks or show no improvement on vulnerability to climate risk.

#### **IV. Risk Management**

The respective Investment Team and the risk management function team monitors the implementation of climate risk management processes in this document. Specifically, CCBIAM closely monitors and measures climate risks on a regular basis through commonly used industry tools and metrics. With reference to risk rating and materiality assessment results available from international rating institutes, CCBIAM re-assesses the risk and return profile of the relevant CCBI Funds in the event of significant deterioration in climate risks for any particular investee company or sector. This facilitates the making of informed decisions on whether to continue with the investment, make adjustments to the composition of the portfolio, or put in place other mitigating measures to better manage the climate risk in the investment or portfolio.

#### **V. Review and Disclosure**

Industry practices and methodologies with respect to climate risk management are rapidly evolving. Accordingly, these climate risk management processes in this document will be reviewed (and revised if necessary) by the Investment Committee, in conjunction with risk management, legal and compliance function teams on a regular basis and at least annually. Any material changes will be duly disclosed to our investors and stakeholders.

If there is any discrepancy among English version, traditional Chinese version and simplified Chinese version in this document, English version shall prevail.