

## Statement of Haitong Securities Co., Ltd. on the External Exercise of Voting Rights

To standardize the external exercise of voting rights by Haitong Securities Co., Ltd. (hereinafter referred to as "Haitong Securities" or the "Company") and its subordinate companies, properly handle interest conflicts, prevent tunneling, and protect the interests of the Company or fund shareholders, the Company has made this Statement in accordance with relevant laws and regulations, including the *Company Law of the People's Republic of China*, the *Securities Investment Fund Law of the People's Republic of China*, the *Guidelines for the External Exercise of Voting Rights by Fund Management Companies on Behalf of Funds*, and the *Measures for the Administration of Privately Offered Asset Management Business of Securities and Futures Institutions*.

The Company has upheld the philosophy of positive ownership, taken its responsibilities as a trustee, and actively exercised voting rights on behalf of the Company or fund shareholders at shareholders' general meetings (shareholders' meetings) and bondholders' general meetings of invested companies to promote the constant improvements of the invested companies' governance levels and ESG performance, thereby better protecting the legitimate rights and interests of the Company or fund shareholders.

### I. Organization and Management

#### 1. Organizational structure

To promote systematic advancement of ESG management, the Company has established a sound ESG management structure, namely, the Development Strategy and ESG Management Committee of the Board of Directors, the Leading and Working Groups of ESG Development, and the Competent Department of ESG Development, to fully integrate ESG and investment activities. For details of the specific functional structure, please see the *Responsible Investment Statement of Haitong Securities Co., Ltd.*

At the investment business level, the Company has actively planned asset management business transformation and set foot in the public offering market. While striving to create a system of privately offered asset management products that fully covers different customer types, investment markets and investment strategies, it has made active efforts in proprietary investment. The Company's subsidiaries responsible for investment business and their main business description are presented in the following table.

#### Haitong Securities' Subsidiaries Related to Investment Business and Their Business Contents

Full name	Abbreviation	Business type	Main business description
Haitong Innovation Securities Investment Co., Ltd.	Haitong Innovation Securities	Direct equity investment	It is engaged in direct equity investment in the primary market and carries out registration-based co-investment and financial product investment in accordance with regulations.

Full name	Abbreviation	Business type	Main business description
Haitong International Securities Group Limited	Haitong International	Asset management and privately offered investment funds	It provides comprehensive financial services such as private wealth management, corporate finance, asset management and global markets to global and local enterprises, institutions and high-net-worth clients, and has built up a financial services network covering the world's major capital markets such as Hong Kong, Singapore, New York, London, Tokyo, Mumbai and Sydney.
Haitong Capital Investment Co., Ltd.	Haitong Capital	Privately offered investment funds	It is engaged in private equity investment fund management business in the primary market.
Shanghai Haitong Securities Asset Management Co., Ltd.	HT Asset Management	Asset management	HT Asset Management is an asset management institution with full strategies, complete product lines, and a profound foundation. Its business covers cash management, fixed income, quantitative hedging, portfolio investment, equity investment, alternative investment, asset securitization, bailout funds, QDII services, and other fields.
HFT Investment Management Co., Ltd.	HFT Investment	Public offering of funds	It is one of the first batch of Sino-foreign joint venture fund management companies approved by the Chinese government. Its business covers public funds, special accounts, enterprise annuities, occupational annuities, national social security fund, basic pensions insurance, pension products, investment advisory services, and overseas business.
Fullgoal Fund Management Co., Ltd.	Fullgoal Fund	Public offering of funds	It is one of the 10 most lasting fully licensed public fund companies. It has business qualifications including public offering funds, social security fund, basic pension insurance, annuities, special accounts, QDII, RQFII (through its Hong Kong subsidiary) and QFII services, and fund investment advisory services.

## 2. Basic principles

The Company shall follow the following basic principles in its external exercise of voting rights:

(1) Giving priority to the interests of holders. The Company's exercise of voting rights shall be based on the principle of being conducive to the security and appreciation of fiduciary assets. The Company shall exercise voting rights in an active, effective, and

prudent manner to safeguard the rights and interests of holders.

(2) Professional and independent judgment. In its exercise of voting rights, the Company shall study issues pending voting-based resolution adoption and their impacts on fiduciary assets and the interests of holders, before making professional judgments that are objective and independent, without being affected by other factors.

(3) Not seeking control. The Company's exercise of voting rights on relevant proposals of invested enterprises is not intended to seek substantial control over the operational management of the invested enterprises or interfere with the normal production and operations of the invested enterprises, unless otherwise stipulated by laws, regulations, or the China Securities Regulatory Commission.

(4) Standardizing the handling of interest conflicts. Interest conflicts arising from the Company's exercise of voting rights shall be properly handled pursuant to the principle of fairness and in accordance with relevant policies and procedures to prevent tunneling.

## **II. Issues of Concern in Voting**

### **1. Issues of general concern**

The Company votes on the following material issues by attending shareholders' general meetings (shareholders' meetings) and bondholders' general meetings:

(1) Division, merger, dissolution, or liquidation of the Company or reduction of the Company's registered capital;

(2) The Company's M&A, restructuring, equity structure changes, plans to implement management trusteeship, or plans for delisting;

(3) Amendments to the *Articles of Association* that involve shareholders' rights and interests;

(4) Appointment or removal of members of the Board of Directors;

(5) The Company's purchase or sale of material assets within one year, or the amount of guarantees exceeding 30% of the Company's latest audited total assets;

(6) Assumption of or exemption from liability for major debts;

(7) Material related-party transactions;

(8) Share incentive plans;

(9) Profit distribution plans;

(10) Other material issues that may have a substantial impact on the Company's business development and shareholders' rights and interests.

### **2. ESG-related topics**

The Company formulated the *ESG Risk Management Measures of Haitong Securities Co., Ltd. (Trial)* and the *Guidance on Client ESG Due Diligence of Haitong Securities Co., Ltd.*, which standardize the ESG risk management mechanisms and procedures for investment transactions, making sure all business activities are operated in an orderly manner within their respective acceptable ESG risk limits. The Company pays active attention to the possible financial impacts of investment targets' ESG

management levels. If a plan involving the external exercise of voting rights includes ESG-related matters, the corresponding project team will actively follow up to support and facilitate the improvement of ESG governance by the investment targets. The ESG issues of concern in the Company's external exercise of voting rights are as follows:

(1) Environmental (E):

- Environmental management: Environmental management system, environmental management structure, environmental management objectives, environmental compliance, and environmental information disclosure
- Response to climate change: Energy management, carbon emission management, and energy conservation and carbon emission reduction measures
- Emission and waste management: Wastewater management, waste gas management, general waste management, and hazardous waste management
- Resource utilization: Water resources management
- Biodiversity: Biodiversity conservation

(2) Social (S):

- Employee management: Labor contracts, social insurance, equal employment opportunity, occupational health and safety, employee training and development, and performance appraisal and promotion
- Supply chain management: Supplier management and supplier ESG risk management
- Customer management: Product quality, customer service, and data security and privacy protection
- Community management: Community relationships

(3) Governance (G):

- Corporate governance: Governance structure, systems of internal control, shareholder rights protection, and information disclosure
- Business ethics: Anti-corruption, anti-monopoly, tax transparency, and IPR protection

On the basis of the Company's overall management standards, the subsidiary Haitong International has made it clear in the *HTIASM Voting Policy* that it votes on the following ESG issues:

(1) Board of Directors issues: Including (but not limited to) director candidates, Board of Directors composition, employee and/or worker representatives, director independence, director accountability, directors' duty performance, committee responsibilities and expectations, as well as audit, remuneration, and nomination/governance committees in uncontested elections, or director candidates, nominal Board of Directors chairpersons, etc., in contested elections.

(2) Remuneration items: Including (but not limited to) remuneration practices, remuneration plans, non-executive directors' remuneration, and compensation and

liability clauses for directors, senior executives and auditors.

(3) Environmental issues: Including (but not limited to) climate transition plans and environmental sustainability reports.

(4) Social issues: Including (but not limited to) demographic traits of the Board of Directors and employees, gender pay gaps, worker/human rights standards, and racial equity audits.

### **III. Policies and Procedures for the External Exercise of Voting Rights**

The Company's subsidiaries responsible for investment business have formulated management measures for the external exercise of voting rights based on actual business development needs to standardize the procedures for the enterprises' external exercise of voting rights. The specifics are as follows.

#### **1. HT Asset Management**

HT Asset Management has formulated the *Management Measures for the External Exercise of Voting Rights of Shanghai Haitong Securities Asset Management Co., Ltd.* as the policy basis for voting by relevant departments and personnel. The decision-making and exercise procedures for HT Asset Management's voting rights mainly include:

Investment managers of HT Asset Management shall notify relevant researchers of issues that require voting. The researchers shall pay timely attention to, collect and notify (at least one trading day prior to voting or within one trading day after an announcement) to the investment managers relevant information on the material issues of listed companies or bond issuers that require voting, including the time and locations of shareholders' general meetings and bondholders' general meetings, deadlines for equity registration, issues to be deliberated, and voting methods. The researchers shall initiate the *Voting Approval Form for Shareholders' General Meetings of Listed Companies* or the *Voting Approval Form for Bondholders' General Meetings* procedure, fill in the Approval Form with basic information such as stock code, security name, equity registration date, and number of shares held, put forward preliminary voting suggestions, and submit the same to the investment managers for approval.

The investment managers shall analyze the issues that require voting, fully assess their impacts on the investment targets, the issuing companies and the asset management products, and prudently examine and approve the researchers' preliminary voting suggestions. The investment managers may give voting instructions that are different from the researchers' suggestions. Instructions given by the investment managers shall ultimately prevail.

If the researchers or investment managers identify any related party relationship between the relevant listed companies or bond issuers and the managers or asset management products during the decision-making process, they shall notify the Risk Control and Audit Department in a timely manner and follow relevant procedures in accordance with the Company's related-party transaction policies.

#### **2. HFT Investment**

HFT Investment has formulated the *Management Measures for the External Exercise of Voting Rights of HFT Investment Management Co., Ltd.* as the policy basis for

voting by relevant departments and personnel. The decision-making and exercise procedures for HFT Investment Management's voting rights mainly include:

(1) Initiation of issues that require voting: Equity researchers shall carefully analyze the possible impacts of issues that require voting on the Company, provide portfolio investment managers with voting suggestions, and write a *Voting Paper for the External Exercise of Voting Rights*.

(2) Review of voting opinions: The Research Director expresses voting opinions and leaves traces on the *Voting Paper for the External Exercise of Voting Rights*.

(3) Expression of voting opinions: Fund managers or investment managers express voting opinions and leave traces on the *Voting Paper for the External Exercise of Voting Rights*. In principle, the fund managers or investment managers shall share the same opinions with the researchers. In case of any clear disagreement, the fund managers or investment managers shall notify relevant heads in charge and discuss reasonable investment opinions with the researchers.

(4) Approval from department heads in charge: Relevant department heads in charge approve the voting opinions and leave traces on the *Voting Paper for the External Exercise of Voting Rights*.

(5) On-site voting (5A): Authorized person prepare proof of the authorization of voting by proxy and initiate an ordinary seal-use procedure through the OA system;

Online voting (5B): The fund managers or investment managers give voting instructions, the Trading Department executes the voting opinions, and the researchers follow up on the voting results.

(6) Data archiving: The Trading Department is responsible for collecting and archiving the *Voting Paper for the External Exercise of Voting Rights* that has been approved upon deliberation.

(7) Compliance review: The Supervision and Audit Department conducts random inspections of the written files on the voting instructions, documents and relevant procedures.

(8) External information disclosure: Led by the Supervision and Audit Department, the Trading Department and investment research and compliance specialists assist in, within three months after the end of each year, submitting specific information on the participation in the exercise of voting rights by the funds under their management in the previous year to the Asset Management Association of China.

### **3. Haitong Capital and Haitong Innovation Securities**

Haitong Capital has formulated the *Post-investment Project Management Policy of Haitong Capital Investment Co., Ltd.*, setting out clear requirements for different post-investment management tasks. Haitong Innovation Securities makes external investments with its own funds. By formulating the *Implementation Rules for Equity Investment Business of Haitong Innovation Securities Investment Co., Ltd.*, it clarifies the work procedures of the investment project management phase to achieve real-time and dynamic management of investment projects. The decision-making and exercise procedures for Haitong Capital's and Haitong Innovation Securities' voting rights mainly include:

(1) Based on reality, Haitong Capital and Haitong Innovation Securities participate in the major decision-making of invested companies and dynamically track the project progress by dispatching employees to join the boards of directors and boards of supervisors of the invested enterprises or entrusting shareholder representatives to attend the shareholders' general meetings of the invested enterprises, among other means. The dispatched directors, supervisors and shareholder representatives (referred to as the "Dispatched Personnel") shall abide by laws, administrative regulations and the invested enterprises' articles of association, and have a duty of loyalty and a duty of diligence to the Company and the invested enterprises. The Dispatched Personnel shall exercise their powers in accordance with the law and shall not abuse their rights or use their related party relationships to harm the interests of the Company or the invested enterprises.

(2) According to project needs, Haitong Capital and Haitong Innovation Securities dispatch directors and supervisors to, on behalf of the Company, join the boards of directors and boards of supervisors of invested enterprises. In principle, relevant meeting materials and proposals shall be submitted to the investment decision-making committees five working days in advance, and issues pending resolution adoption at the meetings shall be submitted to the investment decision-making committees for discussion. The dispatched directors and supervisors shall join the boards of directors and boards of supervisors of the invested enterprises according to the authorization of the investment decision-making committees. In case of external reasons, such as the enterprises' failure to provide relevant materials of the boards of directors and boards of supervisors on time or their submission of interim proposals at the meetings, the dispatched directors and supervisors need to submit the meeting materials and proposals to the investment decision-making committees after the relevant meetings are held and based on the opinions of the investment decision-making committees, cast their votes.

Shareholder representatives shall attend the shareholders' meetings of the invested enterprises on behalf of the Company. In principle, they shall submit relevant meeting materials and proposals to the investment decision-making committees three working days in advance, follow relevant seal use procedures, and attend the shareholders' meetings of the invested enterprises according to the authorization of the Company.

#### **4. Haitong International**

Haitong International Asset Management (HK) Limited, Haitong International Asset Management Limited, and Haitong International Investment Managers Limited are in charge of the asset management business of Haitong International. Haitong International has formulated the *HTIASM Voting Policy* and the *HTIASM Engagement Policy* as the policy basis for voting by relevant departments and personnel.

#### **5. Fullgoal Fund**

In the routine supervision and management, Fullgoal Fund pays active attention to the sustainable investment practices of invested enterprises and maintains constant communication with the invested companies to facilitate the enhancement of their sustainability performance. Fullgoal Fund restricts and standardizes behaviors that are not in line with the principles of sustainable investment by exercising voting rights. It has formulated the *Management Measures for the External Exercise of Voting Rights on Behalf of Funds of Fullgoal Fund Management Co., Ltd.* and the *Management Measures for the Exercise of Voting Rights for Domestic Entrusted Portfolios of the*

*National Council for Social Security Fund (Trial).*

Fullgoal Fund revised relevant voting policies in accordance with the latest requirements in the *Management Measures for the Exercise of Voting Rights for Domestic Entrusted Portfolios of the National Council for Social Security Fund (Trial)* in 2023, adding "sustainable investment voting principles" to the basic principles and clarifying that "in the exercise of voting rights for sustainable investment portfolios managed by the Company and other investment portfolios designated by the National Council for Social Security Fund, the Company shall, in accordance with the philosophy of sustainable investment, pay attention to target enterprises' relevant topics in environmental friendliness, social responsibility and corporate governance, promote the target enterprises to carry out information disclosure related to sustainable development, and facilitate sustainable development".

The approval and implementation procedures for Fullgoal Fund's external exercise of voting rights are as follows:

- (1) The Centralized Trading Department is responsible for initiating a procedure for the exercise of voting rights according to the announcements of the Shanghai Stock Exchanges and Shenzhen Stock Exchanges;
- (2) Relevant researchers issue corresponding research reports in the internal system four hours prior to the deadlines for participation in voting, the content of which includes summaries of issues that require voting, whether to participate in voting, and voting opinions;
- (3) Relevant investment managers make the final voting decisions;
- (4) The Centralized Trading Department makes corresponding refinements and improvements to the voting rights procedures at any time based on changes in relevant regulations;
- (5) Relevant researchers are responsible for tracking voting results and submitting the voting results in a timely manner in the voting procedures.