

Extract of Responsible Investment Policy

Sun Hung Kai & Co. Limited and its subsidiaries (the “**Group**”) recognises the growing awareness of sustainability issues and the global shift towards sustainable investing. Responsible investment is an approach that incorporates ESG risks and opportunities into investment processes to drive the sustainable development of businesses and society.

This Responsible Investment Policy (this “**Policy**”) provides a framework for the Group to achieve its commitment in incorporating responsible investment principles, which include integrating ESG considerations into investment decision-making and management practices, as well as committing to active ownership and engagement, where appropriate.

This Policy defines thematic investment as a principle for delivering positive ESG impacts alongside attractive financial returns, often focusing on sustainability, climate change, social equity, and governance. Our evaluation of companies for investment will include their contributions to building a sustainable society that are aligned with the United Nations Sustainable Development Goals (UNSDGs). An investment is considered to have ESG aspects embedded if the investee companies or financial intermediaries have aligned to at least one of the following ESG principles: supporting sustainable development, improving social outcomes, supporting participation by under-represented groups in important business roles, contributing to net-zero emissions, reducing environmental pollution, conserving natural resources, and strengthening governance structure and operations.

This Policy establishes a management framework for the Group to implement responsible investment, assigning specific responsibilities to the Board of Directors, and dedicated functional departments and personnel. This Policy applies to all investments with minor exception. In instances where the Group does not maintain direct investment discretion, including when participating in pooled funds or having our investments managed by third-party fund managers, the investment teams may engage investee companies by sharing with them this Policy and requesting from them their Responsible Investment Policy, Sustainability Report, and ESG Statements, if available. If such documents are not available, investment teams will conduct online screenings of the financial intermediaries and the investee’s holding or associated companies to ensure ESG considerations are integrated into the investment process.

The Group is committed to integrating ESG considerations into investment processes across various asset classes, including Public Markets, Alternatives (excluding hedge funds and long-only public funds), and Real Estate. We strive to achieve responsible investment through four main approaches:

Norm-based Screening

The norm-based screening evaluates companies against international laws and norms to excluding or divesting in companies that breach international laws and norms concerning human rights, modern slavery, labour standards, anti-bribery and corruption, and ethics of animals research. Prior to investment and during the holding period, all investee companies and financial intermediaries are screened, monitored and assessed for violations. If significant negative publicity regarding breaches of international laws and norms is identified, we will refrain from investing. In the post-investment phase, we conduct annual screenings. If breaches of international law are found and cannot be satisfactorily remedied, we shall divest from those assets or companies while taking into consideration market conditions, liquidity, and other operational constraints.

ESG Rating-based Screening

The ESG rating-based screening evaluates and scores companies based on their performance in three key areas. The approach takes into account various sources of information, including but not limited to ESG rating agencies' research reports (e.g. MSCI and Sustainalytics) and publicly available company disclosures. A proprietary methodology is in place to conduct ESG screening based on the ESG performance of investee companies and financial intermediaries, subject to data availability.

Exclusion Screening

The Group recognises that activities which are unethical, harmful to society, in substantial breach of laws or regulations or controversial are particularly sensitive and require a cautious approach. This Policy implements the Hard Exclusion and Conditional Investment criteria to the screening process to avoid potential investments associated with these activities during both the pre-investment and post-investment phases. The Exclusion List is applicable to actively managed asset classes.

The Hard Exclusion section prohibits investments in specific categories deemed unacceptable due to ethical concerns, including controversial weapons and nuclear weapons. The Conditional Investment section outlines categories that are conditionally acceptable, subject to limits on a certain percentage of the overall investment portfolio at the time of investment. If these limits are exceeded, we will refrain from proceeding with the investment. The Group shall regularly review the criteria to minimise exposure to investments that would pose material reputational risks related to ESG considerations.

UNSDG Portfolio Alignment

To remain dedicated to supporting the UNSDGs, we have incorporated the UNSDGs into our existing Private Assets Portfolio Management System to track our sustainable investment alignment. We shall develop a framework to assess portfolio companies for UNSDGs alignment prior to investment and incorporate the UNSDGs into portfolio management assessments, consistently evaluating the alignment of company practices with the UNSDGs. Additionally, we shall set a target to maintain a certain percentage of the Group's investment portfolio aligned with the UNSDGs and review the target annually.

(This is an extract of the Policy and if there is any inconsistency and ambiguity between the English version and the Chinese version, the English version shall prevail.)