



HAITONG

REGULATION NO. 49

Engagement Regulation of Haitong Bank S.A.

Approved by the Board of Directors

11th of December, 2020

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1. OBJECTIVE

Haitong Bank, SA (“**Haitong Bank**” or “**Bank**”) is an investment bank headquartered in Lisbon and authorised by the Comissão do Mercado de Valores Mobiliários (CMVM) to provide portfolio management services through its Portfolio Management Division (Asset Management Department). The Bank is owned by Haitong Securities Co., Ltd., which is listed on the Shanghai market, being one of the main investment banks in China and providing a wide range of services in the global markets.

In the context of its regulatory obligations under the Shareholder Rights Directive II (Directive (EU) 2017/828), the Bank endeavours to ensure the effective and sustainable engagement of its shareholders.

2. RECIPIENTS

- a. The content of the Engagement Regulation (the "Regulation") represents a minimum standard that shall apply to the Bank and its subsidiaries and branches (“Haitong Bank Group”).
- b. In case of conflict between any provision of this Regulation and the local laws and regulations applicable to any Bank's subsidiary or branch, the relevant local laws and regulations shall prevail.

3. GOVERNANCE

- a. This Regulation is prepared by the Asset Management Department and the Compliance Department.
- b. This Regulation is approved by the Board of Directors.
- c. This Regulation shall be reviewed in the event of any change to the principles laid down herein or any legal or regulatory change that may affect the Bank.

4. DISCLOSURE

- a. This Regulation is available on the Bank's intranet and/or website.
- b. After any amendments are approved to this Regulation, the Compliance Department informs by e-mail all Bank's staff within 30 (thirty) days from the approval date and requests the upload of the most updated versions of the Regulation on the Bank's intranet and/or website.

5. PRINCIPLES

- a. The Regulation lays down the general principles on how the shareholders' engagement is integrated in the Bank's investment strategies, as well the various engagement activities that the bank carries out on behalf of its clients.
- b. The general principles laid down in this Regulation apply to the portfolio management activity in which the Bank invests in shareholdings ("**shares**") on behalf of its clients, irrespective of the place where such shares are admitted to trading and/or in which jurisdiction.

6. MONITORING OF INVESTEE COMPANIES

The Bank's investment process is based, essentially, on a fundamental analysis, with careful definition of the variables that enable us to invest in any given company, such as the macroeconomic background, as well as the prospects for the investee's sector, these factors always being taken into account.

With regard to the process of selection of these companies, the criteria used always imply an analysis of the quality of their management, including their recent track record; their strategy and business plan for the coming years; and the weight of the social accountability component, which involves the three "ESG" - environmental, social and governance - factors, in the investee company's strategy. The Bank believes that a strategy based on the ESG component is a crucial factor for a company's long-term performance.

Other relevant factors include a thorough analysis of the investee company's capital structure and of the main risks that may constitute a threat to its business. The value factor is always a criterion to take into account in the selection of companies and, accordingly, this component is assessed constantly.

Investee companies are monitored on an ongoing basis, their assessment being continuously updated in the light of these criteria.

7. COMMUNICATION WITH INVESTEE COMPANIES

The Bank believes that communication with investee companies is essential for monitoring its investment positions, helping to create value in the long term. The Monitoring of the investee

company's strategy and of its implementation, by the management, it is crucial to assess the investee companies on an ongoing basis.

Communication between the Bank and investee companies takes place through various channels, including one-to-one meetings, group meetings where other shareholders attend, participation in conferences at which the investee company is present and supplies an update of its strategy, or any regular contacts with the management team of investee companies that the Bank may deem necessary.

Issues such as assessment of the investee company's strategy, its prospects, changes to its capital structure and aspects related to the ESG perspective, including identification of potential risks within this component, are discussed in these communications.

8. VOTING RIGHTS

The principles that guide the Bank's voting policies/regulations are not restricted only to issues related to the strategic vision of the investee companies, but, rather, there is a heightened concern in terms of upholding and safeguarding high standards of corporate governance, transparency and principles of social accountability.

However, the Banks's voting rights are only exercised, as a rule, if the shareholding is material with regard to the share capital and its position in the portfolio managed. For voting purposes, the Banks considers the voting rights immaterial when the size of its shareholding in the company is less than 1%. On the other hand, if the shareholding is greater than 1%, the Bank may exercise its voting rights directly or retain proxy voting services

9. COOPERATION WITH OTHER SHAREHOLDERS

The Bank may cooperate with other asset managers if they believe that doing so is in the investors' interests and such cooperation does not breach any laws, regulations or internal policies.

This cooperation usually takes place by means of formal or informal meetings with other assets managers or investment vehicles.

10.COMMUNICATION WITH STAKEHOLDERS

The Bank may communicate with relevant stakeholders, with a view to obtaining more information and points of view that may assist in the Bank's ongoing engagement with investee companies. The Bank selects the approach deemed to be in its clients' best interests and that does not breach any laws, regulations or internal policies.

11.CONFLICTS OF INTERESTS

The Bank is aware of the possibility of potential or actual conflicts of interests arising in the course of its investment activities, having implemented measures to restrict potential/actual conflicts.

The Bank has regulation and procedures¹ intended to detect, prevent and manage conflicts of interests. A key element to mitigate the risk of conflicts of interests is the Bank's structure, which draws a clear line between its investment banking and its portfolio management areas.

Where such conflicts cannot be avoided, The Bank shall identify, manage and monitor the conflicts and, if applicable, disclose them to its clients in order to prevent their interests from being adversely affected.

12.ARCHIVE

- a. The Compliance Department maintains an archive in digital format of this Regulation. This digital archive is maintained in the Compliance Department's shared folder "Comply".

13.ENFORCEMENT

- a. The Compliance Department monitors compliance with this Regulation by ad-hoc testing action.
- b. The Compliance Department coordinates with the Administrative Department this Regulation on the Bank's intranet and website.

¹ ("2 - Conflicts of Interest regulation") and a procedure ("30 - Prevention and Management of Conflicts of Interests").

14.CONTROL OF VERSIONS

Table 1: Information about the Document

Name of the Document	Engagement Regulation
Version	1.0
Prepared by (Name/Department)	Asset Management
Appreciated on (Committee name)	Executive Committee
Approved by (Committee name)	Board of Directors

Table 2: Versions' update

Update and Approval Date	Main Changes
20/09/2020	First draft of the Regulation further to entering into force of GDPR

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Update and Approval Date	Main Changes
1.0	Original version