

## ESG Policy

Krungsri Asset Management Company Limited (“the Management Company”) as the investment manager recognizes our duty to manage investment with good governance responsible, honest, transparent and be able to create growth for sustainable benefits for clients and unitholders as well as to motivate and push listed companies to conduct business with good governance with social and environmental responsibility ("ESG") for long-term sustainability.

ESG Policy is adopted by the Management Company. This policy is a statement of the Management Company’s commitment and is the guidance for making sound investment decisions, and effectively integrating ESG standard in investment processes. This Policy shall apply to the Management Company as a guideline for adopting ESG issues in investment process and ownership rule.

### **The principle of the ESG Policy**

#### **1. Endorsement of a clear written ESG Policy**

The Management Company shall endorse a clear written ESG Policy in regard to the following topics:

- 1.1. Framework on ESG policy which shall be implemented to each investment areas.
- 1.2. Integration of ESG consideration into investment screening and analysis.
- 1.3. Application of Watch List and Restricted List into investment universe and its criteria.
- 1.4. Engagement with investee company and participation in AIMC Collective Action.
- 1.5. Proxy voting methodology.

#### **2. The Management Company shall take into account ESG in its investment screening and process.**

An introduction of security into The Management Company’s investment universe shall incorporate internal ESG score proposed by investment professional. The score, in conjunction with other quantitative and qualitative ratings, shall be subjected to the Investment Committee’s consideration and approval. The ESG score shall be evaluated and monitored annually, or when there’s material incident occurred.

#### **3. Application of Watch List and Restricted List into investment universe and its criteria.**

The Investment Group shall apply Watch List and Restricted List, determined by AIMC's ESG Policy and Collective Action Subcommittee, into the investible universe of Management Company. The Watch List shall consists of 1) the company whose director or management violates or neglects regulations or laws, 2) the company that violates or neglects regulations or laws, 3) the company that is accused by state agencies or relevant enforcement authorities, but is not yet found at fault by Court of First Instance, and 4) the company that fails to submit

financial statements in a timely manner. The Restricted List shall include 1) the company whose director or management that is found to be at fault by judicial decision or Court of First Instance or, 2) the company that violates or neglects regulations, 3) the company that is found to be at fault by judicial decision or Court of First Instance.

**4. The Management Company shall constantly monitor and take engagement to investee company regarding ESG issue.**

4.1 The Management Company shall be active owners and incorporate ESG issues into ownership policies and practices. The Management Company regards the meeting with investee company's management as an essential part of the research process. Investment professionals shall exercise ownership rights to engage with companies in regard to ESG issues that present an inherent material risk to company's financial performance on behalf of clients.

4.2 When the investee company is the subject of news or any public mediums regarding ESG issue that might has adverse impact to investee company's share price or financial valuation and the investee company fails to provide clarification within 5 working days, the Management Company shall designate portfolio manager and/or analyst to directly engage with investee company to seek explanation.

**5. The Management Company shall act collectively with other investors and stakeholders as appropriate.**

5.1 For the company that is determined by ESG Policy and Collective Action Subcommittee to be included in the Watch List, The Management Company shall act collectively with other investors and stakeholders to file an inquiry to the company concerning fact, consequence, resolution, and requesting attendance with company's management, or audit subcommittee, or corporate governance subcommittee, or relevant representatives of the company.

5.2 For the company that is determined by ESG Policy and Collective Action Subcommittee to be included in the Restricted List, additional investment to security, credit and other assets of the company shall be restricted for at least 3 months or until the company presents acceptable resolution, and ESG and Collective Action Subcommittee announces the removal of the company from restricted list.

5.3 For the passive/index investment and some private funds that have some restrictions and limitations to the compatibility of negative list integration into investment framework, the collective action shall be carried out, instead, by exercising of voting rights in The ESG Policy and Collective Action Subcommittee to impose countermeasure to the company who structurally breaches the convention.

**6 The Management Company shall have a clear policy on exercising voting rights and disclosure of voting results.**

- 6.1 The Management Company shall advocate corporate governance through shareholders' meeting voting policies, which is publicly disclosed. The Management Company considers voting policy to be the control mechanism that allows asset management, as a fiduciary duty to the clients, to encourage management teams of investee company to adopt good corporate governance and act in the best interests of its shareholder.
- 6.2 The Management Company intends to exercise votes in all agenda items and shall ensure that proxy is casted based on what believes to be stakeholder value enhancement as a long term investor.
- 6.3 The Management Company's proxy voting shall be proposed by investment professional and shall be subjected to consideration and approval from the Investment Committee before each vote could be casted. Proxy voting result shall be publicly disclosed, along with rationale of all "against" vote.
- 6.4 For the company that is included in the Watch List, The Management Company shall vote against related ESG issue in shareholder or bondholder meeting. In the case of personal misconduct, The Management Company shall vote against the nomination of certain individual.
- 6.5 For the company that is included in the Restricted List, The Management Company shall vote against related ESG issue in shareholder or bondholder meeting. In the event of minor personal misconduct, the Management Company shall object the nomination of certain individual to become director of company and other companies for a period of 1 year. In the case of severe personal misconduct, the Management Company shall object the nomination as well as re-election of certain individual to become director of company and other companies for a period of 3 years.

**7 The Management Company shall regularly disclose the ESG Policy.**

The Management Company shall communicate and publicly disclose the ESG Policy internally and externally to the investors for access and knowledge in the Management Company's website.

.....