



2024

Sustainability Report

Long-term Investment / Value Investment/Responsible Investment

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About the Report

This is the fifth annual sustainability report (formerly the "ESG Investment Report", hereinafter referred to as the "Report") released by Southern Asset Management Co., Ltd. ("Southern Asset Management," the "Company," or "we/us"). It gives a true and objective view of the progress in making responsible investments and performing corporate social responsibility by Southern Asset Management and its branches in 2024.

Reference of Preparation

The Report is prepared with reference to *Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No.17 - Sustainability Reporting (Trail)* and *Hong Kong Exchanges and Clearing Limited (HKEX) Environmental, Social and Governance Reporting Guide*. The climate-related disclosures align with *IFRS S2 Climate-related Disclosures*.

In conjunction with the Report, we issued the third *Environmental Information Disclosure Report* to meet the disclosure requirements of Shenzhen for financial institutions set out in the *Regulations of Shenzhen Special Economic Zone for Green Finance*. Accordingly, the environmental information disclosure report was prepared in accordance with the *Guidelines for Environmental Disclosure by Financial Institutions in Shenzhen* (Shen Jin Jian Gui [2022] No.5).

Reporting Period

Reporting Period: From January 1, 2024 to December 31, 2024. Some parts of the Report may go beyond this timeframe to ensure consistency.

Release Interval: The report is released annually.

Report Access and Feedback

This report is written in both Chinese and English. In case of any discrepancy, the Chinese version shall prevail. The report is released in electronic form and can be browsed or downloaded on the ESG section of Southern Asset Management official website.

Southern Asset Management maintains regular communications and good relationships with stakeholders. If you have any comments on the sustainability report or related performance, please feel free to make contact via:

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Message from the CEO

Chasing the Light and Sailing into the Starry Sea of High-Quality Development

Though winds and waves, we rise and sail. The year 2024 marks a pivotal stage for fully implementing the guiding principles from the 20th CPC National Congress and advancing the "14th Five-Year Plan". Despite global headwinds, China's economy has grown more resilient and robust, making steady progress on the path of high-quality development, and achieved a growth rate of 5%, injecting much-needed stability and certainty into the backdropping world economy recovery. Under red banners, we march and prevail. With the guidance of Xi Jinping Thought on Socialism with Chinese Characteristic for a New Era, the public fund industry steadfastly upholds its fiduciary duty to act on behalf of and in the best interests of its clients, while pursuing high-quality development. We continue to support real economy, enhance investor experiences, mitigate financial risks, and fulfill social responsibilities.

Sail far, never anchor. As one of China's pioneering public fund managers, we navigate the vast frontiers of high-quality development with unwavering resolve. We pursue progress relentlessly, walking alongside our investors; we act with purpose, aligning with national strategies to advance the five key financial priorities: Technology Finance, Green Finance, Inclusive Finance, Pension Finance, and Digital Finance.

Technology Finance: Channeling New Capital to Core Technologies

Pioneers prevail, innovators lead. As emphasized by the General Secretary Xi Jinping, developing new quality productive forces is both a strategic imperative and a catalyst for high-quality growth. Aligned with this vision, we have built a comprehensive technology investment ecosystem. By the end of 2024, we have launched 15 thematic funds targeting technology-related sectors including robotics, computing, semiconductors, photovoltaics, biotech, and other frontier technologies. We launched the New Horizon Research Series to provide deep-dive analysis on investment opportunities in new quality productive forces, and to direct new capital to high-growth tech enterprises.

Green Finance: Safeguarding Nature Through Low-Carbon Economy and Green Sustainability

Where greenery flourishes, promise blooms. We have taken to heart the guidance from the General Secretary Xi Jinping's principle of "lucid waters and lush mountains" are invaluable assets. As a founding member of the China Climate Engagement Initiative (CCEI), we have been continuously enriching our green finance product offerings. By the end of 2024, the company had launched 15 ESG theme products, covering ESG investing, raw energy, carbon neutrality, and regional environmental protection. Through concrete actions, we consistently channel capital into green and low-carbon industries as well as enterprises aligned with sustainable development principles, driving the transition towards a low-carbon economy and society.

Inclusive Finance: Enhancing Investor Well-being through Cost Reduction and Serving Real Economy

Miles traversed, yet purpose unshaken. We have enhanced our strategic role and fostering stronger investor alignment by reducing management and custody fees for funds and expanding offerings of floating-rate products. Simultaneously, we infuse distinctive Chinese financial culture with traditional values, leveraging digital platforms to enhance full-cycle client engagement. Through multifaceted approaches, we continuously improve investors' sense of fulfillment and financial well-being.

Pension Finance: Empowering Siler Economy through Long-Term Allocation and Future-Planning

Far-sighted vision bears lasting fruits. As one of the first fund management companies licensed for pension business, Southern Asset Management adheres to the investment philosophy of "long-term, value-driven, and responsible investing". We have strategically prioritized the development of pension management as a core business, delivering consistent investment excellence. By the end of 2024, 15 of our products had introduced dedicated Pension Y-shares, continuously addressed the tailored needs of third-pillar pension clients while generated sustainable long-term value for investors.

Digital Finance: Intelligence-Driven, Powering the Financial Ecosystem with Data

Vast horizon awaits, sail with winds. We harness digital finance to drive high-quality growth, creating an integrated smart finance ecosystem. Internally, we have developed the Euler Asset Management System, effectively integrating product development, marketing, research, investment, trading, risk control and operations, and an intelligence-empowered platform covering the full-cycle of investment process; Externally, we enhance applications of AI tools across trading, risk management and marketing, leveraging digital innovation to deliver client value and accelerate our digital intelligence transformation.

As we stand at this pivotal moment on the new journey towards high-quality development - having just made our initial strides and now poised to redouble our efforts - we will firmly bear in mind General Secretary Xi Jinping's profound instruction: "Finance must provide high-quality services for economic and social development." We are committed to our mission with the pioneering resolve of a wave-rider daring to stand at the crest, a deep-seated commitment to the well-being of all stakeholders, and the unwavering tenacity to hold steadfast to our goals. Through this dedication, we aim to share the fruits of development with all investors and contribute our strength to charting the financial blueprint for Chinese modernization.

Southern Asset Management Co., Ltd.

General manager: Yang Xiaosong




About Us

Company Profile

Founded on March 6, 1998, Southern Asset Management is one of China's first standardized fund managers approved by the China Securities Regulatory Commission (CSRD), marking China's entry into the "new era of funds." As a pioneering integrated asset manager with over two decades of market leadership, we have grown into a trillion RMB AUM industry leader - a pivotal participant in China's capital markets and steadfast practitioner of value investing, committed to helping clients achieve wealth appreciation through consistent long-term returns.



Headquartered in Shenzhen, the Company operates six branches in Beijing, Shanghai, Shenzhen, Nanjing, Chengdu, and Hefei, along with two subsidiaries: Southern Capital Management Co., Ltd. in Shenzhen and CSOP Asset Management in Hong Kong. CSOP Asset Management is the first overseas branch of a domestic fund management company approved by the Chinese government.

We offer extensive solutions including public funds, tailored asset management, pension services, and international business for individual, institutional, and corporate clients. Ranked among industry leaders in AUM, cumulative fund profits, and dividends, our products include stock funds, mixed funds, bond funds, currency funds, index funds, QDII funds, and FOF funds. Over its 27-year history, Southern Asset Management stands as one of China's most diversified, high-performing fund managers with top-ranking AUM size.

ESG Awards and Recognitions

In 2024, Southern Asset Management was honored with multiple prestigious awards from authoritative institutions, including the Shenzhen Green Finance Association and Cailian Press, in recognition of our outstanding contributions and exemplary practices in green finance as well as the ESG and sustainability. These awards demonstrate the industry's high level of recognition for the company's sustainable development achievements.

Awards for Sustainable Development Achievements in 2024

- 2024 Green Finance Governance Exemplary Award**
 Shenzhen Green Finance Association
- 2024 Best Practice Award for Sustainability Disclosure**
 Shenzhen Green Finance Association
- 2024 Lucid Waters and Lush Mountains Award - ESG Investment Practice Award**
 Cailian Press
- 2024 Evergreen Awards - Sustainable Innovation Award**
 Caijing Magazine
- Green Finance Forum Pioneer Case - ESG Investment Case**
 International Financial News
- Contributor of Excellence in ESG Business of 2024**
 China Central Depository & Clearing Co., Ltd.
- Capital Market Crystal Ball Award - 2024 Best ESG Managed Fund Company**
 Securities Market Weekly
- 2024 ESG Green Corporate Star**
 Investment Times
- ESG & Sustainable Development Practice Award**
 Family Office
- Golden Bridge Awards - 2024 Outstanding ESG Practice Enterprise**
 Investor.com

Annual Highlights

Systematic Stewardship Promoting High-Quality Capital Market Development

In 2024, as a defined "active owner", Southern Asset Management consistently drove improvements in business practices and social responsibility performance of invested enterprises through corporate governance participation and proxy voting, thereby establishing a virtuous cycle of "capital influence - governance enhancement - value creation."

We conducted proxy voting for 368 listed companies, covering 765 shareholder meetings, with evaluation and voting carried out on 6,357 proposals. This included 6,318 affirmative votes, 31 dissenting votes, and 8 abstentions.

This included

6,318 affirmative votes

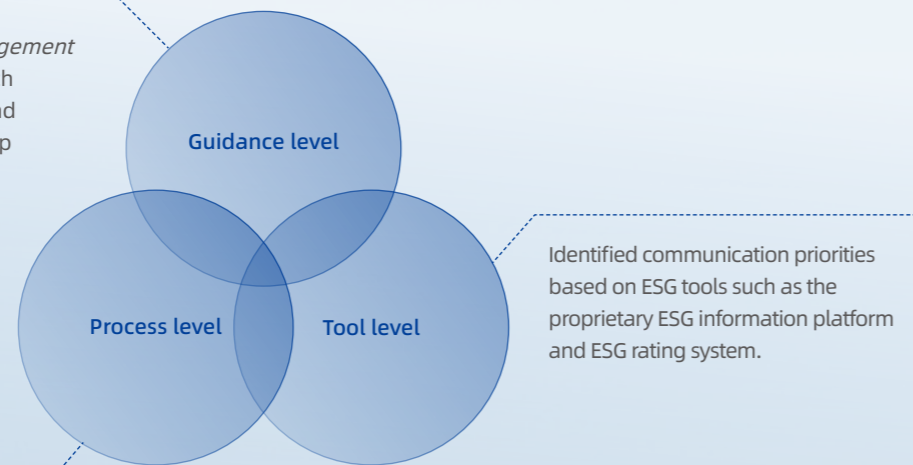
31 dissenting votes

8 abstentions

The Company has established a relatively complete stewardship framework

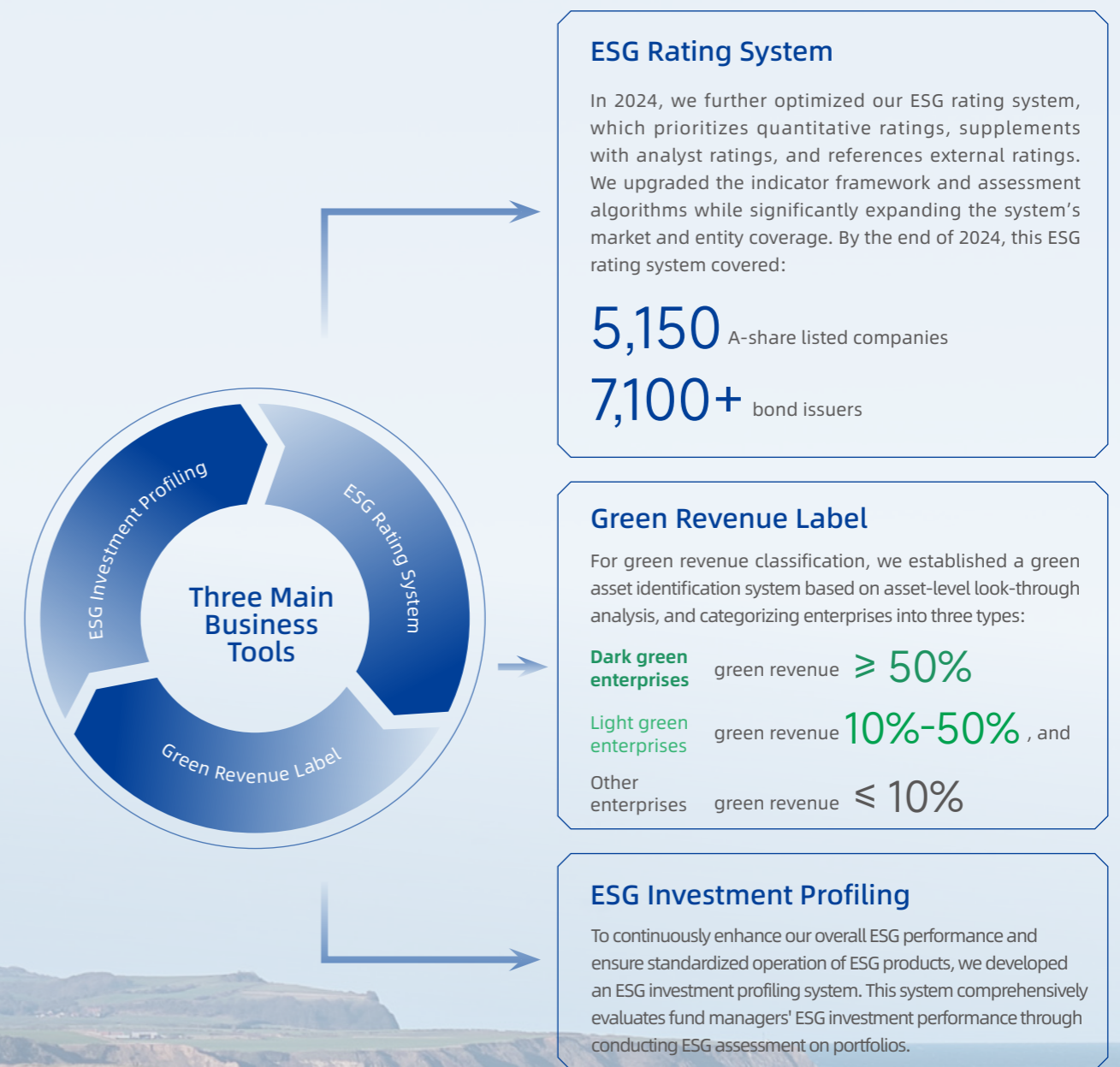
Issued the *Southern Asset Management ESG Investment Guidelines*, which clarify key ESG topics of focus and provide guidance on stewardship implementation.

Developed an internal framework for stewardship execution and continuously improved related procedures.



Strengthening Digital Technology Applications to Empower ESG Business Development

Through systematic digital transformation of ESG tools, we have deeply integrated ESG investment principles throughout our investment research process.



2024 By the Numbers

ESG Investment

We achieved a total green investment scale of RMB **66.762** billion in 2024, increasing **35.2%** compare to 2023. We launched **15** ESG products with a combined outstanding scale of RMB **9.543** billion.

ESG thematic products	2024	2023
Newly launched ESG thematic funds	3	4
Total operating ESG thematic funds	15	12
Total AUM of ESG thematic funds	9.543 billion	11.357 billion

ESG Operations

Environmental Domain	2024	2023	2022
Total GHG Emissions (scope 1 and scope 2)	4,716.9 tons of carbon dioxide equivalent	4,775.8 tons of carbon dioxide equivalent	4,429.0 tons of carbon dioxide equivalent
GHG emissions (scope 1)	281.7 tons of carbon dioxide equivalent	286.9 tons of carbon dioxide equivalent	206.7 tons of carbon dioxide equivalent
GHG emissions (scope 2)	4,435.2 tons of carbon dioxide equivalent	4,488.9 tons of carbon dioxide equivalent	4,222.3 tons of carbon dioxide equivalent
GHG emissions per employee (scope 1 and scope 2)	4.5 tons of carbon dioxide equivalent/employee	4.7 tons of carbon dioxide equivalent/employee	4.7 tons of carbon dioxide equivalent/employee
GHG emissions per unit of area (scope 1 and scope 2)	0.1 tons of carbon dioxide equivalent/m ²	0.1 tons of carbon dioxide equivalent/m ²	0.2 tons of carbon dioxide equivalent/m ²

Note: Scope 1 and 2 GHG emissions data are calculated by converting all greenhouse gases to CO₂ equivalents based on their Global Warming Potential (GWP) values.

Sustainability Guiding Principles

Carbon Neutrality Strategic Goals

Guided by China's "30-60" dual carbon goal, Southern Asset Management has established a dual-dimensional carbon neutrality implementation pathway driven by both investment and operations. We are committed to achieving carbon neutrality in our operational activities while contributing our asset management capabilities to facilitate green and low-carbon transitions across our investment portfolio.

Investment Dimension

We continue to deepen research and management of climate-related risks within our investment portfolio, measuring and assessing the carbon emissions of select holdings. As our carbon management system evolves, we will progressively expand the scope and depth of emissions measurement to better inform investment decisions.

Operational Dimension

Through systematic carbon accounting, we identify and manage Scope 1 (direct) and Scope 2 (indirect) emissions, implementing energy efficiency and resource conservation measures to reduce emissions at the source. We are also actively exploring and expanding the coverage of our Scope 3 (value chain) emission accounting for a more comprehensive carbon management. By combining internal reductions with high-quality carbon offset projects, Southern Asset Management has maintained operational carbon neutrality for five consecutive years, demonstrating our leadership in climate action.

Sustainable Development Governance Framework

Southern Asset Management has embedded ESG principles into long-term development strategy, advancing sustainability across own operation, investment and industry collaboration. As a responsible industry practitioner, we have established a dual-layer governance structure comprising an "ESG Leadership Group" (chaired by the CEO) and "ESG Working Groups", supported by professional departments, creating a three-tier governance system of "strategy-execution-monitoring". Senior executives oversee ESG implementation across working groups, with periodic reporting to the Board of Directors. In 2024, we integrated market and technology departments into the ESG governance framework to enhance interdepartmental coordination and execution efficiency, thereby strengthening organizational support for achieving ESG strategic objectives.



Our Sustainability Development Department is the industry's first dedicated department responsible for sustainable investment and sustainability strategies

- Internally: facilitates the integration of ESG investment and research, builds an ESG rating system, conducts research on ESG issues and policies to address climate change, and develops ESG product strategies.
- Externally: performs stewardship, participates in policy making, shares ESG practices, and promotes ESG ecosystem building.

Stakeholder Engagement

Southern Asset Management has identified and categorized key stakeholders based on the principles of impact and materiality, establishing systematic communication channels. During the reporting period, we maintained regular engagement with stakeholders, actively listening to and addressing their expectations

Stakeholders	 Government and regulators	 Clients	 Shareholders
Demands and Expectations	<ul style="list-style-type: none"> Compliance with laws and regulations Follow and implement of regulatory policies Response to national strategies by releasing investment strategies and products Participation in policy formulation 	<ul style="list-style-type: none"> Investment performance with ESG integration Risk management and fiduciary duty fulfillment User-friendly services Timely information disclosure 	<ul style="list-style-type: none"> Effective corporate governance Stable financial performance Transparent disclosure
Communication Channels	<ul style="list-style-type: none"> Policy dialogues and roundtables Routine report Training programs 	<ul style="list-style-type: none"> Service hotline, Wechat and Email Product requirements surveys Client satisfaction surveys Client Feedback 	<ul style="list-style-type: none"> Shareholder meetings Regular reports and announcements

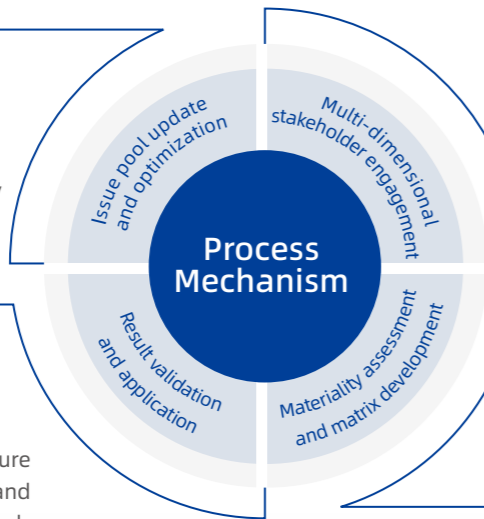
Stakeholders	 Employees	 Community	 Suppliers
Demands and Expectations	<ul style="list-style-type: none"> Protection of labor rights Equal, diverse and inclusive workplace Comprehensive compensation and benefits Clear career development paths 	<ul style="list-style-type: none"> Local development support Philanthropic engagement 	<ul style="list-style-type: none"> Sustainable procurement practices Ethical cooperation Knowledge sharing
Communication Channels	<ul style="list-style-type: none"> Employee training and technical support Team-building activities Employee health-caring activities Labor union Meeting of employees' representatives 	<ul style="list-style-type: none"> Community and voluntary services Financial literacy initiatives Donations Community outreach 	<ul style="list-style-type: none"> Supplier screening and evaluations Supplier trainings

Materiality Analysis

In 2024, Southern Asset Management further deepened our management of material ESG issues, systematically reviewing and evaluating material issues in accordance with the latest sustainable development policy requirements. While maintaining the stability of our methodological framework, we further optimized issues screening criteria and stakeholder engagement mechanisms through the following processes:

Through consultations with external ESG experts, we updated the annual issue pool by incorporating the latest global and domestic ESG standards, regulatory changes, industry best practices, and emerging trends.

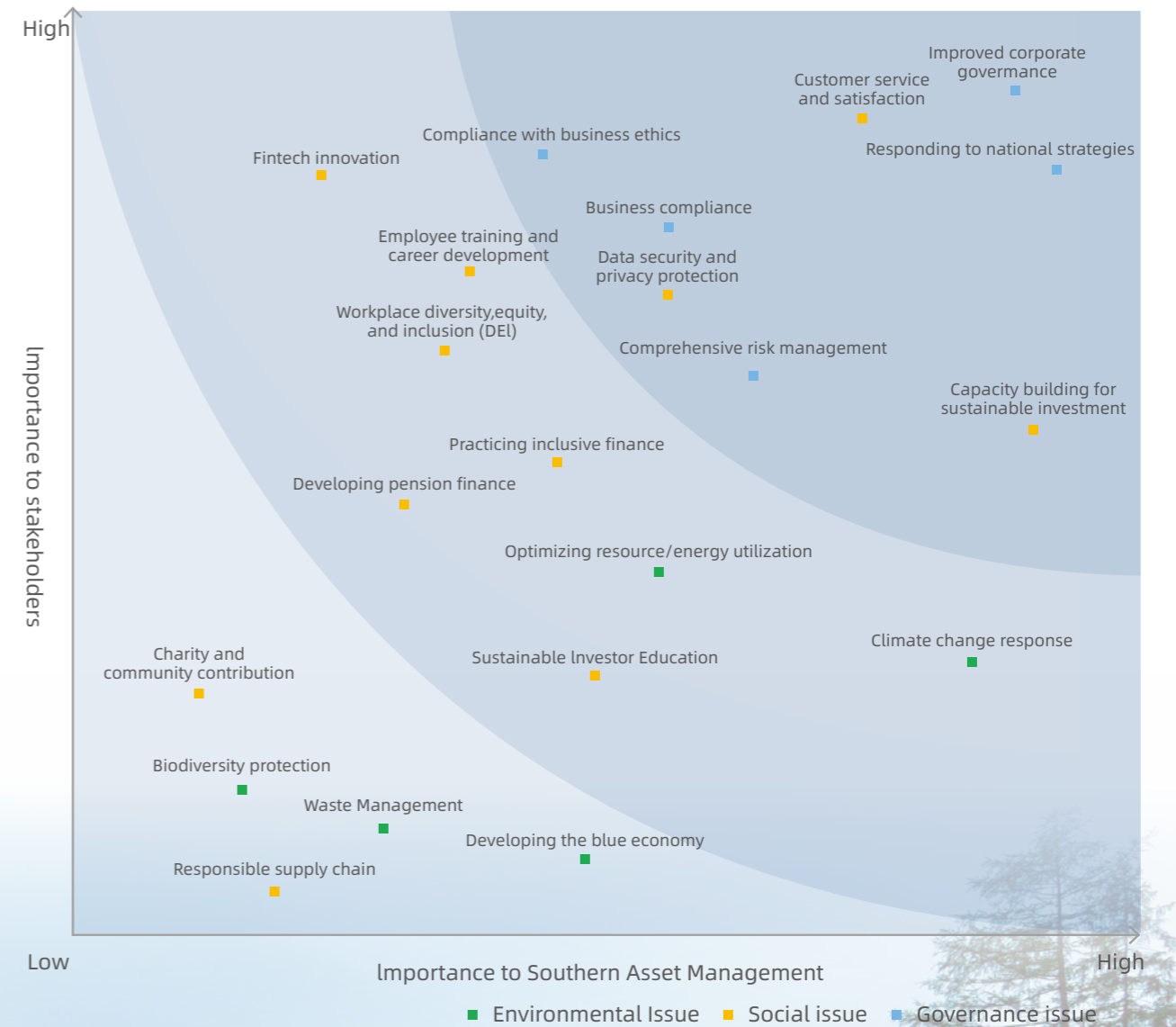
After reviews by the company's ESG Leadership Group and senior management, high-priority issues were identified as the annual ESG management focus and key disclosure items in this report, while medium and low-priority issues were incorporated into routine management systems.



Using the Issue list as a basis, we comprehensively gathered feedback from internal and external stakeholders through in-depth interviews, thematic workshops, and client surveys.

We developed a materiality matrix based on two key dimensions which are Importance to Southern Asset Management and Importance to Stakeholders. We categorize 21 issues (5 environmental, 11 social and 5 governance) into three levels: high, medium, and low priority.

ESG Materiality Matrix of Southern Asset Management for 2024



Responsible Investment Supporting Sustainable Development

Against the backdrop of accelerating global sustainable development goals and deepening low-carbon transformation, 2024 has emerged as a pivotal year for institutionalizing ESG practices in domestic and global capital markets. With the formal introduction of *China Corporate Sustainability Disclosure Standards-General Standards (Trial)*, and comprehensive enhancement of ESG information disclosure requirements by the Shanghai, Shenzhen and Beijing stock exchanges, combined with international society's high expectations for China's dual carbon goal, the ESG investment ecosystem is undergoing profound transformation—from concept popularization to institutional refinement, from voluntary disclosure to standardized operations. This officially marks the development into a new era of ESG standardization.

Southern Asset Management has fully integrated sustainable development principles into its medium- and long-term corporate development planning. In 2024, adhering to the concept of “long-term investment, value investment, and responsible investment”, Southern Asset Management further deepened and refined its ESG investment strategic framework, promoting the deep integration of ESG factors into asset allocation, risk management, and product innovation. Southern Asset Management continues to optimize ESG data collection and evaluation models, enriching the development and application of investment research tools to support the continuous improvement and strengthening of sustainable investment systems, driving investment deployment in key industries such as green low-carbon technology, new energy, and energy conservation and environmental protection, leading the industry's gradual transition toward green and low-carbon transformation.



ESG Investment Strategy

Southern Asset Management actively responds to the national dual carbon goal and high-quality development requirements, integrating ESG principles into the company's long-term development strategy. This aligns with national policies such as the *Guiding Opinions on Building a Green Financial System* and *the Action Plan for Carbon Peaking Before 2030*, systematically incorporating sustainable development requirements throughout investment decision-making, product innovation, and risk management. In advancing sustainable socio-economic development, China Southern Asset Management has established a professional ESG research system and evaluation framework, continuously enhancing ESG investment research capabilities, committed to gradually transforming ESG investment into the company's distinctive competitive advantage while achieving development of both investment returns and social value. Beyond the strategic level, we have established specific business development objectives from both macro and micro perspectives:

Macro Level

Southern Asset Management is committed to promoting the achievement of sustainable development goals through ESG investment, further advancing society's sustainable development and fostering a virtuous cycle of ecological environment, harmonious society, and economic development.

Micro Level

Southern Asset Management pursues the gradual establishment of an evaluation framework based on financial data while incorporating more diverse perspectives, striving to achieve early warning of tail risks and identification of potential opportunities, thereby optimizing portfolio risk-return ratios and enhancing value creation resilience.

ESG Investment Process

As a pioneer in ESG investment, building on years of practice and experience accumulation, Southern Asset Management has constructed a comprehensive, multi-dimensional ESG investment system and process framework covering "pre-investment assessment, investment integration, and post-investment tracking". In 2024, the Company further optimized implementation standards and supporting tools for each stage, strengthening the systematic application of ESG factors in investment decision-making. The Company's ESG investment system achieves deep integration of ESG factors with traditional investment analysis through the following seven key stages:

Southern Asset Management ESG Investment System

Stage	Step	Definition	Examples
Pre-investment Assessment: Systematic Infrastructure Development	Process & System Enhancement	Establish comprehensive ESG management frameworks across investment, research, and risk control functions for effective strategy implementation.	<ul style="list-style-type: none"> ■ Southern Asset Management Listed Company ESG Assessment Management System ■ Southern Asset Management Credit Product ESG Management Regulations ■ Southern Asset Management ESG Investment Risk Management System
	Investment Objective Setting	Define portfolio performance and risk targets based on product specifications and client requirements.	<ul style="list-style-type: none"> ■ Exclude targets with lower ESG ratings through negative screening strategies ■ Set differentiated screening criteria according to product requirements
	ESG Investment Tools	Develop ESG rating systems and information platforms to support investment research and decision-making processes.	<ul style="list-style-type: none"> ■ ESG rating system ■ ESG integrated information platform ■ Green revenue label
Investment Execution: Integration of ESG Investment Principles	Fundamentals and ESG research	Conduct fundamentals and ESG research, considering traditional financial metrics and ESG factors to comprehensively assess a company's investment value.	<ul style="list-style-type: none"> ■ Corporate fundamental research ■ ESG research and assessment
	Portfolio Construction	Apply ESG investment strategies including integration, screening, and thematic approaches in and portfolio construction.	<ul style="list-style-type: none"> ■ Ensure portfolio construction aligns with product ESG requirements and objectives for ESG products or clients with additional ESG investment requirements
Post-investment Tracking: Dynamic Monitoring & Management	Stewardship Engagement	Execute active engagement through company communication and proxy voting to enhance investee ESG performance.	<ul style="list-style-type: none"> ■ Promote corporate ESG performance improvement through stewardship engagement and proxy voting ■ Monitor stewardship progress and effectiveness
	Portfolio ESG Performance Review	Assess ESG impact on portfolio performance through attribution analysis and integration evaluation for risk identification and strategy optimization.	<ul style="list-style-type: none"> ■ Advance ESG investment and research integration through ESG investment profiling tools ■ Assess ESG performance of portfolios

ESG Investment Strategy Application

As of 2024, Southern Asset Management has fully integrated ESG investment across multiple asset categories, including equity, fixed income, and hybrid products, establishing a comprehensive responsible investment framework.

In ESG investment application, Southern Asset Management applies ESG integration, positive screening, negative screening, and active stewardship. Leveraging the Company's integrated investment and research platform, we identify and evaluate investment targets' ESG performance and its impact on long-term value creation capacity. This approach enables the selection of high-quality listed companies and entities across various sectors that demonstrate strong fundamentals, superior ESG performance, and long-term value growth potential, thereby enhancing investment research quality.

Investment Strategy	Definition	Application
ESG integration	The investment manager explicitly and systematically incorporates ESG factors into traditional financial analyses to gain a comprehensive understanding of the sustainability and social responsibility performance of investees.	<ul style="list-style-type: none"> We and systematically integrate ESG factors into our investment analysis and decision-making processes to gain a comprehensive view of investees' ESG performance. This enhances our ability to manage ESG risks and optimize the risk-reward ratio of our investment portfolios. Due to the wide variety of ESG risks, it is crucial to focus on the key ESG risks of company's industry when using the ESG integration strategy, and adjust valuations accordingly.
ESG positive screening	We prioritize investments in sectors or companies which have better ESG performance than peers	<ul style="list-style-type: none"> Based on the internal and external ESG evaluation results, we prioritize investing in listed companies with better ESG performance in the same industry. Since improvements in ESG performance often lead to better operations and higher returns, we encourage fund managers to increase investments in listed companies that show significant progress in their ESG practices.
ESG negative screening	We exclude certain sectors, companies, or businesses from our portfolios based on specific ESG guidelines to mitigate potential risks and promote sustainable development	<ul style="list-style-type: none"> We adopt an absolute exclusion strategy for enterprises that have violated domestic or international laws, bans, or agreements, as well as for investment targets likely to have adverse societal impacts, such as those involved in the manufacture of weapons of mass destruction. Portfolios purchasing low ESG-rated stocks and bonds will receive risk warnings.
Stewardship	We actively drive corporate sustainability initiatives through direct interviews with staff members of the company, submitting or co-submitting proposals, and proxy voting in accordance with comprehensive ESG guidelines.	<ul style="list-style-type: none"> We regularly monitor the ESG performance of our investees and incorporate ESG issues into our communications with them. This helps raise their awareness of ESG matters and encourages improvements in their governance structures and overall ESG performance. We actively participate in major business decisions and regulatory discussions of the companies we invest in, promoting sustainable development through voting and other means.
ESG thematic investment	We focus on investing in themes or assets related to sustainable development.	<ul style="list-style-type: none"> We prioritize ESG topics that materially impact economic and social sustainability and are highly regarded both domestically and internationally. These include climate change, the dual carbon goal, corporate governance structures, the sustainable blue economy, and just transition.

ESG Investment Tools

ESG Rating System

Southern Asset Management has independently developed a comprehensive ESG rating system with extensive coverage and Chinese market characteristics. In 2024, we further refined our ESG rating framework—which is primarily based on quantitative assessments, supplemented by analyst evaluations and informed by external ratings—by optimizing our indicators and evaluation algorithms, and expanding our market and issuer coverage.

As of 2024, our ESG rating system has covered

5,150 A-share listed companies

7,100+ bond issuers

Key Features of ESG Rating System

Localization

Southern Asset Management has conducted in-depth exploration into the localization of ESG practices. Drawing on our ESG research experience in the Chinese market, we have incorporated locally relevant indicators into our rating system to deliver more targeted assessments and investment recommendations.

Buy-Side Perspective

Southern Asset Management has developed an ESG rating system from a buy-side perspective, with rating outcomes that not only reflect corporate ESG performance but also integrate with ESG investment practice.

Tech-empowered

Artificial intelligence is embedded in the rating process to assist with data mining and processing, effectively enhancing the efficiency and scope of ESG data acquisition.

Sector Materiality

Drawing on both industry and ESG research expertise, Southern Asset Management classifies ESG indicators based on sector-specific materiality, and dynamically adjusts indicator weights across sectors to enhance rating effectiveness and accuracy.

Multi-Source Data Integration

We continuously expand our ESG data sources and conducts cross-validation of data quality from different providers. High-quality ESG indicators are selected to improve rating reliability.

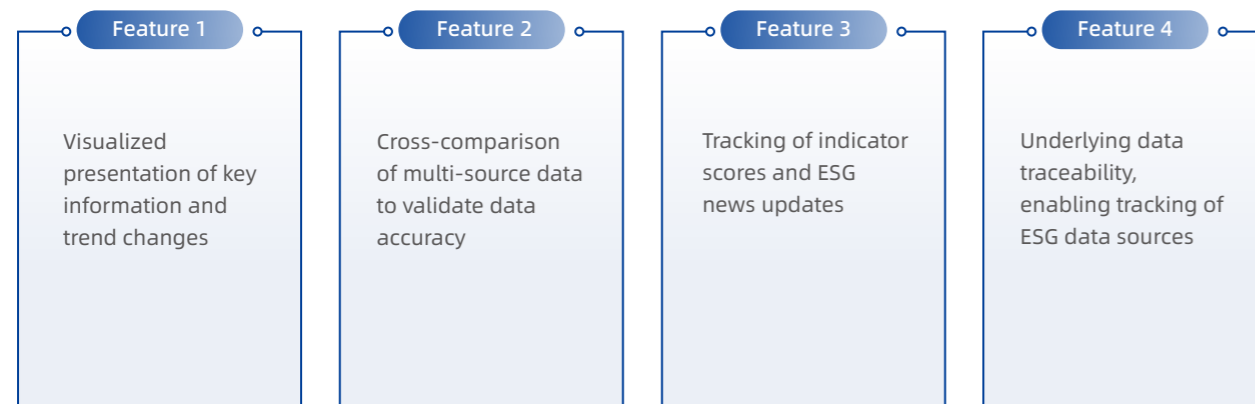
Controversial Events Monitoring

Long-term and close monitoring of ESG-related controversies are maintained. We evaluate the risk implications of such events, and when significant negative controversies occur, we promptly assesses the severity and determines whether rating adjustments are necessary.

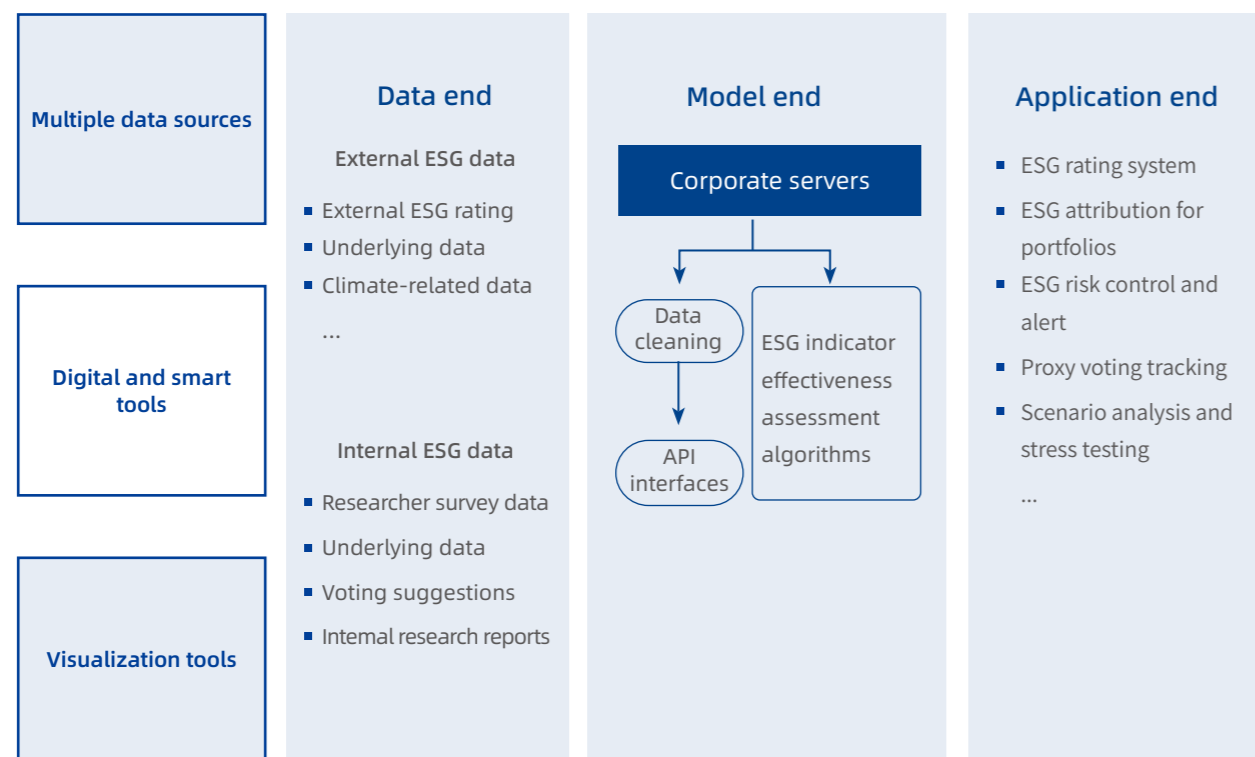
ESG Integrated Information Platform

In line with our commitment to digital transformation, Southern Asset Management leverages technology to support investment research and has built a digital ESG research platform—the ESG Integrated Information Platform. This platform consists of data, modeling, and application modules, and integrates multi-dimensional ESG information to support portfolio management, risk control, and model development with comprehensive data and insights.

Key Features of the ESG Integrated Information Platform

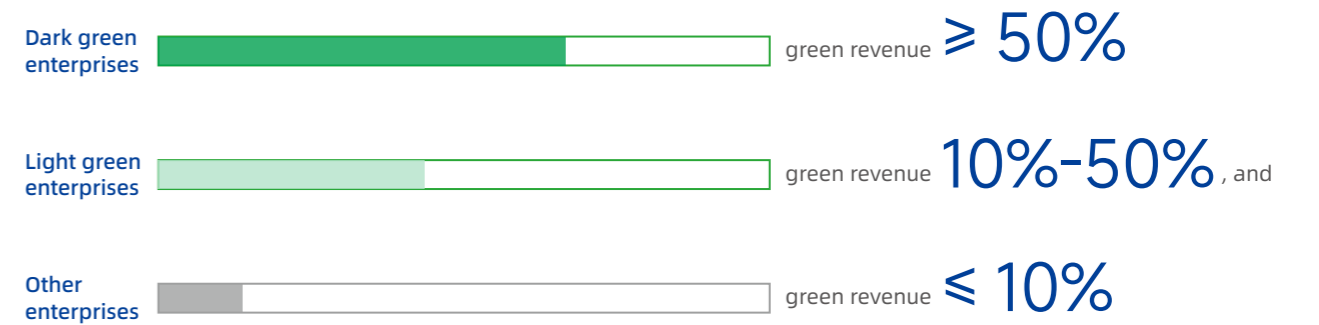


ESG Integrated Information Platform



Green Revenue Labeling

The company identifies and builds label system for green assets by conducting a look-through analysis of its underlying portfolio holdings.



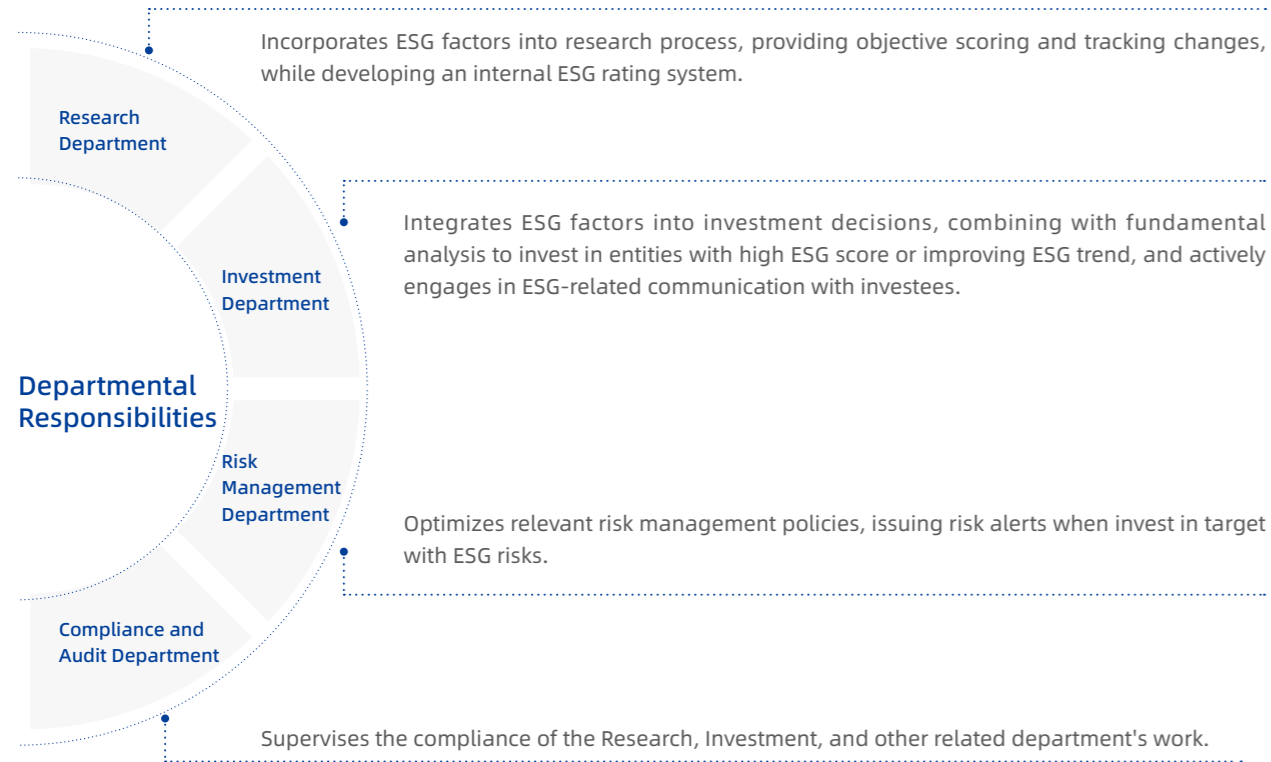
ESG Investment Profiling

To enhance overall ESG performance and ensure compliance of ESG products, Southern Asset Management has developed an ESG investment profiling system. The system evaluates the ESG performance of fund managers by assessing the ESG characteristics of their portfolios.

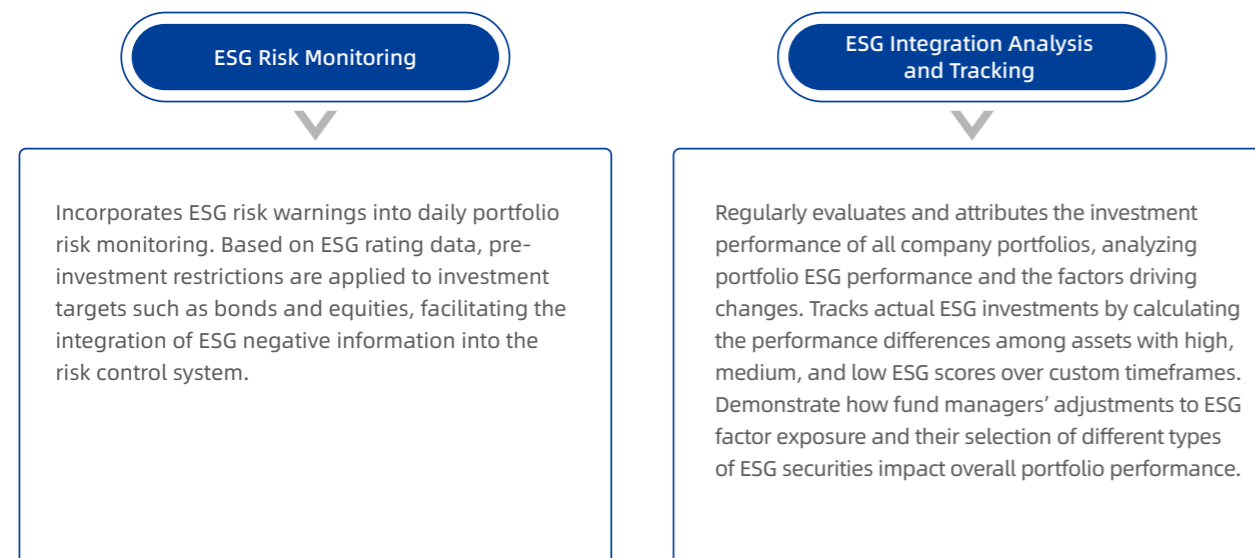


ESG Risk Management

Southern Asset Management has established the *ESG Investment Risk Management Policy*, which applies to the investment portfolios managed by us as well as to the investment advisory services we provide externally. The policy clearly defines ESG investment risks as encompassing three primary aspects: environmental social responsibility, and corporate governance. Effective ESG risk management is implemented across all departments during operations.



Specific ESG Risk Management Measures



Research Output

In 2024, Southern Asset Management continued to deepen its sustainable finance research, focusing on climate risk management and low-carbon transition investments. Published a series of professional research reports to provide market practitioners with practical references and theoretical support in sustainable investing.

Asset Management Industry Supporting Corporate Low-Carbon Transition

In December 2024, Southern Asset Management published the report titled *"Asset Management Industry Supporting Corporate Low-Carbon Transition."* The report elaborates on the different impacts and roles of companies in various high-carbon sectors during their low-carbon transitions. It systematically introduces common domestic and international methods for evaluating corporate transition capabilities, presents portfolio analysis based on listed companies' transition capability assessments, and shares practical case studies. The report aims to establish a sector-specific corporate transition capability evaluation model, apply the analysis results in investment decisions, and thereby guide capital to better support the low-carbon transition of the real economy.



Navigating Climate Risks and Opportunities: How Institutional Investors Can Respond to Carbon-Intensive Industry Transition

The report takes the analysis of transition pathways in high-carbon industries as its starting point, systematically outlining structural challenges and strategic opportunities during the transition process. It delves into the application pathways of innovative investment tools such as transition finance. By selecting key sectors as case studies, and conducting company-level analyses, the report highlights the core risk factors, value reshaping opportunities, and critical decision-making considerations faced by traditional carbon-intensive industries in their green and low-carbon transition journey.



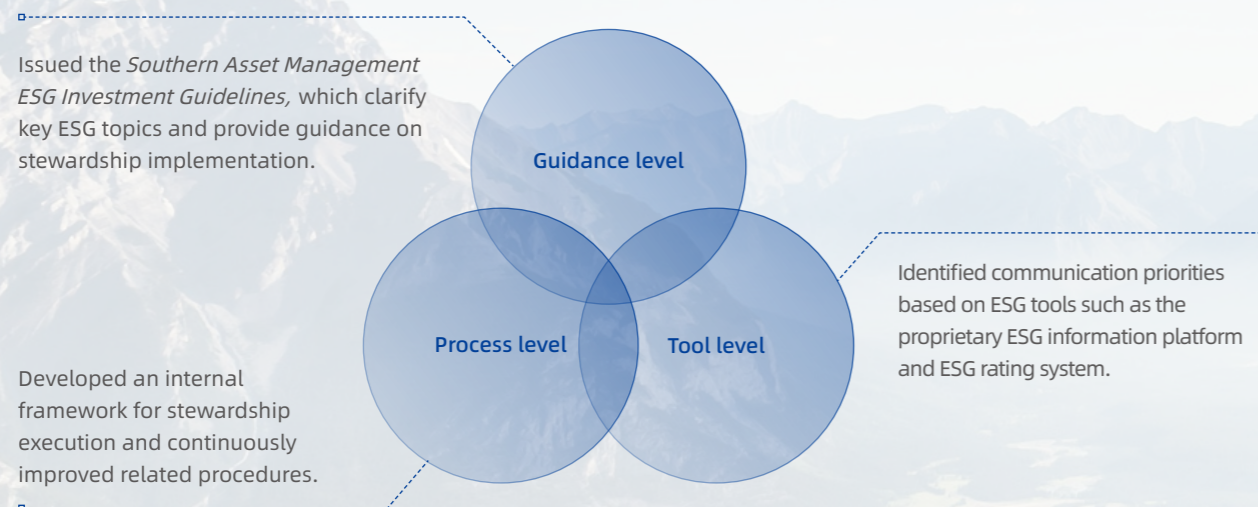
Spotlight 1

Fostering a Virtuous Cycle Between Capital Influence and Sustainable Development Through Stewardship

In recent years, with the sustained growth of China's economy and the deepening reform of its capital markets, institutional investors have managed increasingly large volumes of assets and become a vital force in corporate governance. In May 2025, the Asset Management Association of China released *the Rules for the Administration of Publicly Offered Securities Investment Fund Managers' Participation in Listed Companies' Governance*, which aim to systematically standardize how public fund managers act as "active shareholders" in corporate governance, reinforce stewardship responsibilities, and promote the high-quality development of capital markets.

Southern Asset Management has always recognized that investors should be active owners, integrating ESG factors throughout the entire investment process. Through engagement in corporate governance, proxy voting, and other channels, the firm continuously encourages investee companies to improve ESG performance, enhance business practices, and fulfill social responsibilities. This approach seeks to better promote the virtuous cycle of capital influence-governance improvement- value creation.

The Company has established a relatively complete stewardship framework



Dual Objectives of Stewardship

To better fulfill the responsibilities of an asset manager, Southern Asset Management is committed to implementing stewardship strategies by maintaining ongoing dialogue and building healthy, stable relationships with investee companies. This aims to both protect and grow client assets steadily, while promoting the achievement of broader social sustainability goals through investment.

Client perspective

Upholding the principle of "putting fundholders' interests first", we focus on long-term and sustainable investment to enhance portfolio value resilience.

Corporate perspective

Collaborating with investee companies to advance toward more sustainable business models.

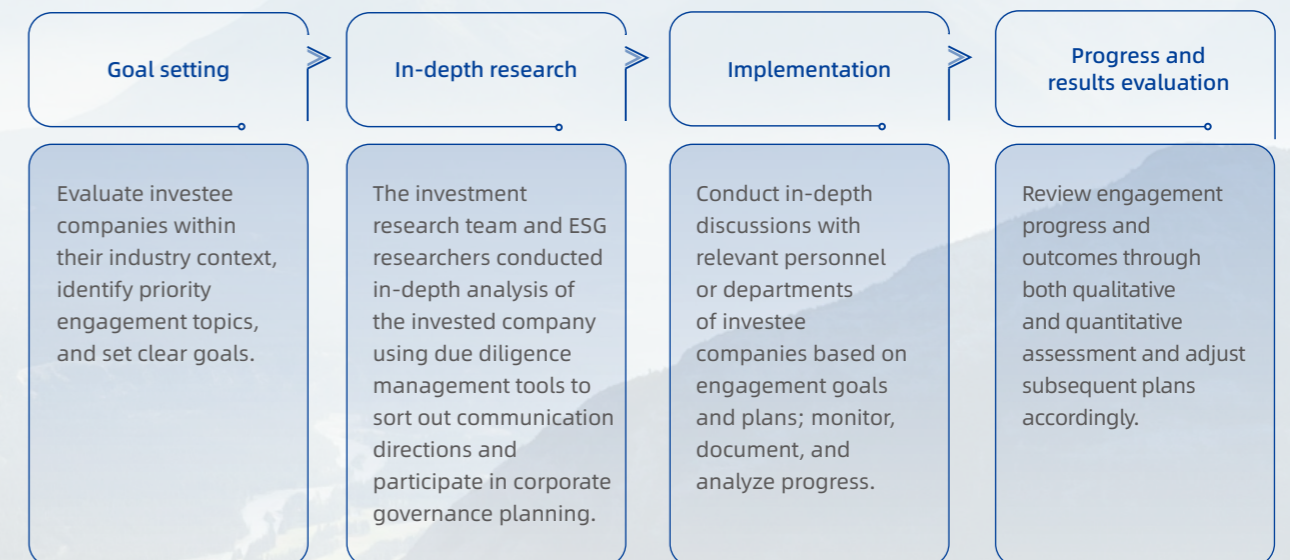
Engagement in Corporate Governance

Establishing a two-way communication channel between the capital market and the real economy provides a channel for us to comprehensively understand the governance and operation of the invested enterprise, and further strengthen the identification and management of ESG risks and opportunities.

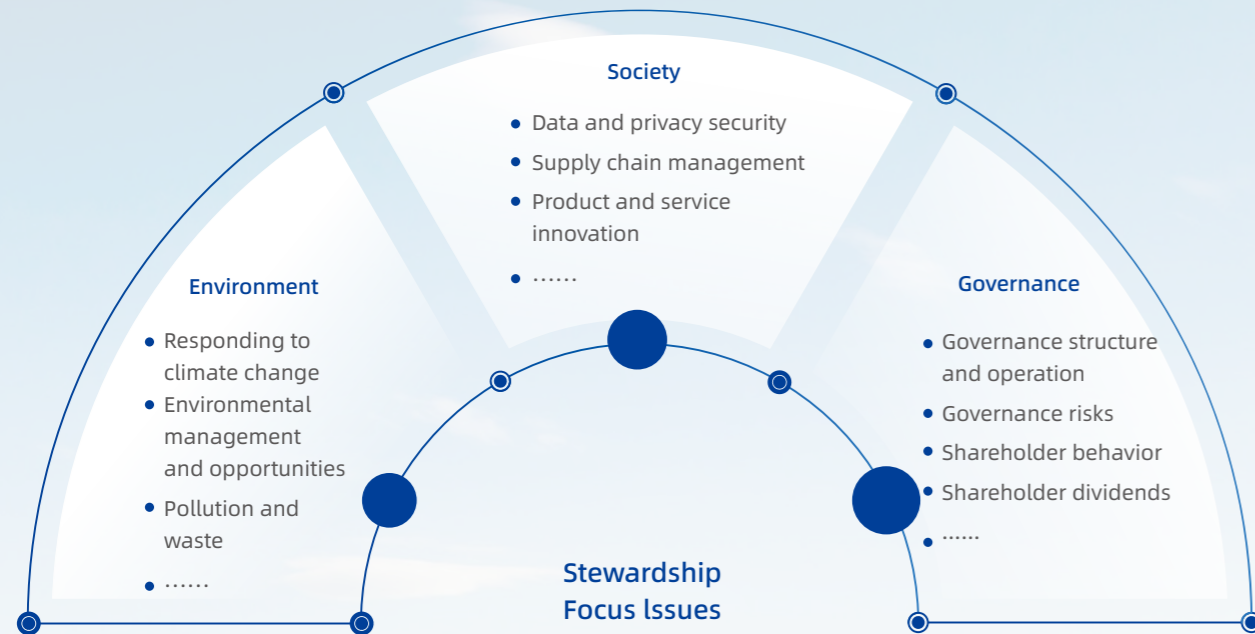
From a professional buyer-side perspective, Southern Asset Management engages in corporate governance by providing recommendations to support sustainable development practices and operations. Moreover, the outcomes of such engagement serve as an important reference for us to make subsequent proxy voting decisions.

We communicate with investee companies' boards, management teams, and relevant departments through on-site visits, conference calls, emails, and formal inquiries, aiming to raise concerns and provide suggestions on factors that may impact long-term sustainability.

The engagement process includes



Key Engagement Topics



In addition to engagement, Southern Asset Management is a signatory/member of multiple influential domestic and international initiatives and organizations, including the Principles for Responsible Investment (PRI), Climate Action 100+, CDP, the China Climate Engagement Initiative (CCEI), and the China ESG Leaders Organization. By collaborating with like-minded asset managers, corporate shareholders, and stakeholders through these platforms, we promote sustainable development in target companies and enhances the effectiveness and impact of governance activities.

Organizational Participation

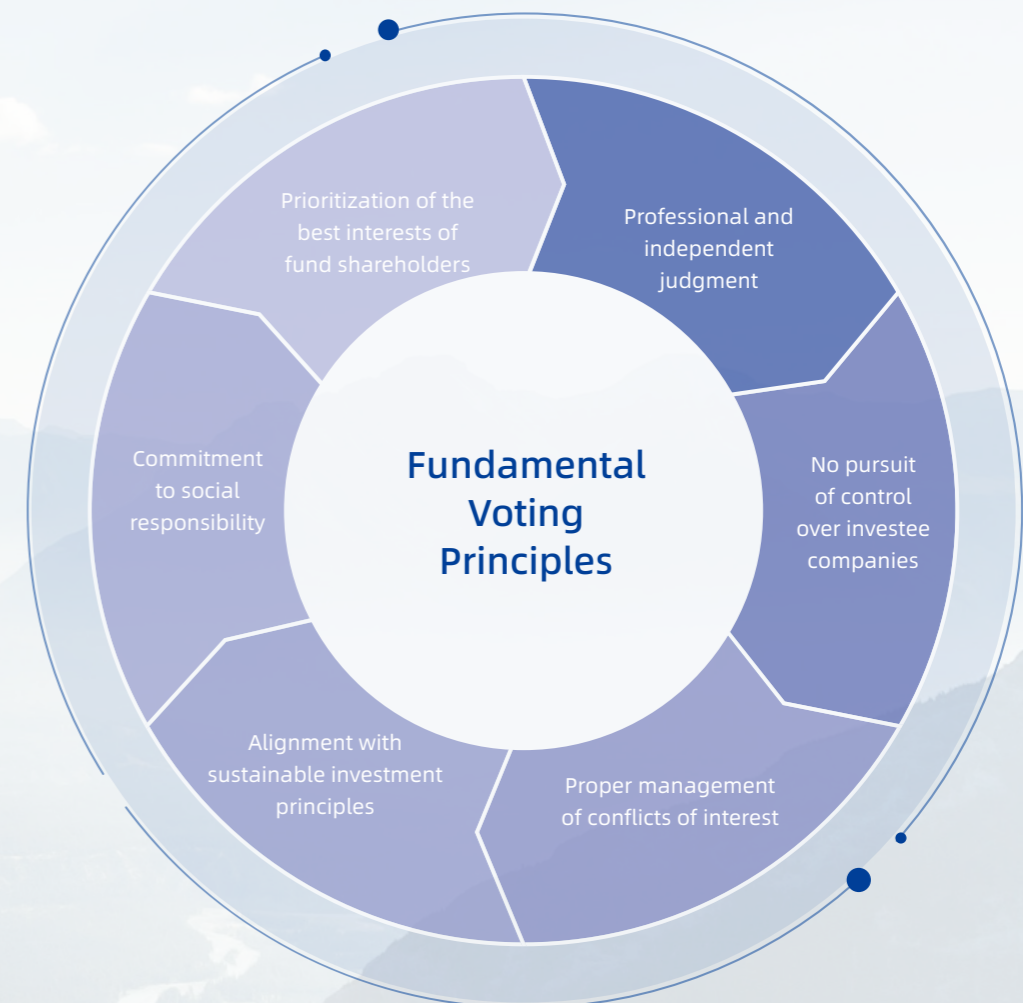
Year	Organization/ InitiativeName	Role
2018	Principles for Responsible Investment (PRI)	Signatory
2019	China ESG Leaders Association	Council member
2020	Climate Action 100 +	Signatory
2021	Task Force on Climate-Related Financial Disclosure (TCFD)	Supporter
	The United Nations Environment Programme Finance Initiative(UNEP FI)	Signatory
2022	Carbon Disclosure Project (CDP)	Signatory
	Transition Pathway Initiative (TPI)	Signatory
	The Global Investor Statement to Governments on Climate Change	Signatory
2023	China Climate Engagement Initiative (CCEI)	Initiator

Proxy Voting

At shareholder meetings of listed companies, bondholder meetings, and special meetings, Southern Asset Management exercises voting rights via proxy to express our well-researched views on relevant proposals. This helps companies make decisions conducive to long-term sustainable development while safeguarding client investment returns.

Proxy Voting Process

Southern Asset Management stipulates that, when exercising voting rights at shareholder meetings of portfolio companies, its funds and investment portfolios shall adhere to the following principles:



The proxy voting process of us covers the full lifecycle from monitoring to execution and record-keeping, including:



Voting Overviews

In 2024, the Company participated in proxy voting for a total of 368 listed companies, covering 765 shareholders' meetings. ESG assessment and voting were conducted on 6,357 proposals. Among these, 6,318 votes were cast in favor, 31 against, and 8 abstained.

6,318 votes were cast in favor **31** against **8** abstained

Case Active Corporate Engagement to Strengthen ESG Systems and Mitigate Business Risk Exposure

The investee company is an OEM manufacturer of consumer goods, with its products primarily sold to major overseas clients. These international customers place significant emphasis on ESG brand building and have imposed stringent ESG practice and compliance requirements on their suppliers.

During the investment research process, Southern Asset Management conducted an in-depth assessment of the company's ESG performance and exposure to ESG-related risks. The research team noted that, given the company's high reliance on overseas markets, there was substantial room for improvement in its ESG practices. It was recommended that the company strengthen its sustainability capabilities, enhance ESG system development, and proactively disclose ESG-related information. A detailed responsible investment engagement plan was developed in alignment with the ESG expectations of the company's major clients.

The research team conducted on-site investigations and management discussions with the investee, providing recommendations on establishing an ESG governance framework, setting reasonable carbon peak and neutrality goal and decarbonization pathway, implementing supplier ESG management processes, and conducting compliant ESG disclosures. With continuous follow-up and engagement from the research team, the company launched its first sustainability disclosure, set carbon reduction targets, and took concrete steps to lower its emissions. It also established a comprehensive ESG supplier management system. As a result, the company saw a marked improvement in its ESG performance and external ESG ratings, while effectively reducing ESG-related risk exposure in its overseas operations.

Case Proactive Responsible Investment to Support Environmental Risk Avoidance and Long-Term Value Creation

On December 10, 2024, Southern Asset Management, as a convertible bondholder of a listed livestock company, participated in voting on a key proposal concerning the termination of certain capital-raising projects and the reallocation of the use of proceeds. The proposal aimed to terminate two planned livestock farming projects and redirect funds to six new projects, including biosecurity upgrades in pig farming, in response to regional land shortages and wastewater treatment challenges.

During our analysis and decision-making process, the fixed income research team assessed not only financial considerations but also environmental risk factors. The research found that the original project locations faced land use constraints and lacked sufficient land for wastewater treatment facilities. Proceeding with the projects under such conditions could have resulted in environmental compliance failures, jeopardizing the company's long-term operational stability and the security of its outstanding bonds.

From the ESG perspective, the proposal was seen as a proactive move by the issuer to mitigate environmental risks and optimize resource allocation. The newly proposed projects, particularly the pig farming biosecurity upgrades, were expected to significantly enhance the company's environmental management and product safety standards, thereby supporting sustainable value creation. Based on this holistic ESG-integrated assessment, Southern Asset Management voted in favor of the proposal.

Green Development Building a Beautiful China

Southern Asset Management actively respond to China's "dual carbon" strategy and earnestly implements the development priorities laid out in the *Five Financial Articles*. We have deeply embedded the concept of green development throughout the entire investment and operational management process. As a responsible and professional asset management institution, we continue to enrich our offerings of green products and services, guiding the social capital to promote the low-carbon transformation of real economy by leveraging our role in capital allocation. At the same time, we are continuously improving our internal green operations system, further clarifying our own carbon emissions situation, and steadily advancing the green practice of energy saving and emission reduction.



Green Investment Practices

Southern Asset Management fully implements the major strategic decisions of the CPC Central Committee and the State Council on carbon peaking and carbon neutrality, positioning sustainable investment as a key approach to supporting China's dual carbon goal. We structurally implement our ESG investment philosophy and actively develop green financial products and services to steer capital toward enterprises undergoing low-carbon transformation. As of 2024, our total green investment portfolio amounted to RMB 66.76 billion.

Green Investment and Financing Activities

	Green Investment Scale by the End of the Reporting Period (RMB billion)	Percentage in Total Green Investment
Energy Conservation and Carbon Reduction Industry	12.89	19.30%
Environmental Protection Industry	2.76	4.14%
Resource Recycling Industry	2.35	3.53%
Green and Low-carbon Energy Transition	34.01	50.94%
Ecological Protection, Restoration and Utilization	0.70	1.04%
Green Upgrade of Infrastructure	13.01	19.48%
Green Services	1.05	1.57%

The green investment scale is measured based on the Catalogue for Guiding the Transition of Industries to Green and Low-carbon Energy (2024). The measurement scope covers all A-share and bond holdings in the Company's portfolios as of December 31, 2024. The calculation methodology has been updated compared to previous years.

Green Financial Products

We continuously deepen the deployment of green financial products by building a multi-tiered product system covering carbon neutrality, ESG and environmental protection themes, aiming to provide investors with a professional green investment platform. In 2024, we launched 3 ESG-related products. As of 2024, we totally had 15 ESG-related products under management, with total assets under management reaching RMB 9.543 billion, accounting for 1.43% of the company's total assets under management (publicly offered funds only).

As of 2024

we totally had

with total assets under management reaching RMB

15 ESG-related products under management

9.54 billion

Product Name	China Southern ESG Pure Bond (017053)
Launch Day	May 25, 2023
Fund-raising Size	RMB 2.68 billion
ESG Strategies Taken	Negative Screening strategy, Positive Screening strategy, ESG Integration strategy, Stewardship
Investment Scope	This fund invests less than 80% of its non-cash fund assets in bonds selected through ESG investment methodologies. It primarily employs ESG investment strategies to construct an ESG bond candidate pool, including screening strategies and integration strategies. The focus lies on specific bonds within the candidate pool, such as green bonds, sustainability-linked bonds, rural revitalization bonds, carbon-neutral bonds, and high-growth bonds. Additionally, emphasis is placed on the issuers of these bonds, with the aim of selecting high-quality bonds that gain market recognition over the medium to long term.
Screening Criteria	Through a negative screening strategy, the management team excludes bonds with lower internal ESG ratings to establish the fund's foundational bond pool, ensuring that issuers included in the pool have not recently experienced significant environmental, social, or governance (ESG) controversies. Through a positive screening strategy, the management team selects bonds issued by issuers ranked in the top 40% of the foundational bond pool, ultimately forming the ESG bond candidate pool for the Southern ESG Pure Bond Fund. This pool is periodically or ad hoc updated and adjusted to provide clear reference points for investment decisions.

Product Name	China Southern CSI 300 ESG Benchmark ETF (560180)
Launch Day	April 13, 2023
Fund-raising Size	RMB 518 million
ESG Strategies Taken	Negative Screening Strategy, ESG Integration Strategy, Stewardship
Investment Scope	This fund primarily invests in constituent stocks of the target index and alternative constituent stocks. To better achieve its investment objectives, the fund may allocate a small portion of its assets to non-constituent stocks, derivatives, bonds, asset-backed securities, bond repurchases, bank deposits, interbank certificates of deposit, money market instruments, and other financial instruments permitted by the China Securities Regulatory Commission (CSRC) (subject to CSRC regulations).
Screening Criteria	The sample universe consists of constituents of the CSI 300 Index. The selection methodology involves excluding the bottom 20% of securities with the lowest ESG scores within each CSI primary industry, with the remaining securities serving as the index sample.

Green Operations

We strictly comply with national environmental protection regulations and consistently promote our green office practices. Through our active exploration to improve energy efficiency, reduce consumption and enhance energy utilization, we are committed to embedding sustainability principles into our daily operations.

Carbon Neutrality Practices

As the first public fund management company in the industry to achieve operational carbon neutrality, we have established a carbon neutrality framework centering around the key pathway of "governance–verification–reduction–offsetting":

Carbon Neutrality Measures	Details
Carbon Management	We continuously advance carbon management efforts by clarifying the accounting responsibilities and standardized procedures for carbon accounting across our operation system, thereby laying a foundation for green operations.
Carbon Inventory	We continuously conduct annual operational carbon inventory, covering both Scope 1 (direct) and Scope 2 (indirect) emissions. We are also gradually extending inventory scope of Scope 3 emissions to provide a solid data basis for carbon reduction strategies.
Carbon Reduction	We promote the green transformation of daily operations, initiating paperless office, optimizing energy consumption structures, and reducing business travel emissions, so as to continuously lower the company's operational carbon footprint.
Carbon Offset	We monitor developments in domestic green electricity, and green certificates, achieving operational carbon neutrality through the purchase and retirement of verified carbon offset credits.

Energy Management

We adhere to reasonable, necessary, and economical use of energy. Centering around our headquarter building, we implement refined energy control around three dimensions—equipment energy conservation, system optimization, and ecological adjustment. We have installed high-efficiency facilities which significantly reduce power consumption, such as the Variable Air Volume (VAV) balanced air-conditioning system, double-glazed energy-saving curtain walls, and intelligent lighting control systems. We also actively utilize renewable energy, including solar power and solar water heating systems, to reduce reliance on traditional energy sources. In addition, by expanding the greenery on the garden floor, we optimize natural ventilation and microclimate regulation to support passive cooling and shorten the operation time of equipment, so as to lower the energy consumption of the building, practicing the concept of green operation.

In 2024, the per capita total electricity consumption of Southern Asset Management decreased by about

0.10%

compared with 2023.

Resource Conservation

Water Resource Management

We have established a water recycling system at our headquarters building to achieve "zero waste water discharge" through reclaimed water treatment system and rainwater harvesting system. In daily operations, we promote the use of low-flow water-saving fixtures and direct drinking water systems, while encouraging employees to bring their own water cups to reduce the use and waste of bottled water.

Office Paper Management

We are committed to promoting paperless office by leveraging electronic document systems, e-billing, and digital meeting materials to reduce paper consumption. Smart printing management is implemented through default double-sided printing, color printing permission control and paper use monitoring, while reuse of printed materials is also encouraged. In addition, we extend our green practices to customer services, actively guiding investors to customize e-bills via customer service channels, reducing the use of paper bills and minimizing resource consumption.

Waste Management

We strictly comply with the *Shenzhen Municipal Domestic Waste Classification Regulations* and have established a full-process waste management system covering classification, collection and disposal. Waste classification facilities are provided on all floors, along with employee guidance for proper separation of general office waste, electronic waste and hazardous waste, etc. At the same time, we actively promote waste reduction at source, strengthen employees' environmental awareness through measures including environmental protection promotion, paperless office initiative and "Clean Plate Campaign", thus reducing the total volume of waste.

Climate Change Response

We are committed to dynamically identifying, assessing and responding to risks and opportunities presented by climate-change, and promoting low-carbon transformation and sustainability. We have established a full-process control mechanism of "identification - assessment - monitoring", and gradually incorporated quantitative analysis methods to assess the potential impact of climate risks. This enables us to dynamically adjust our investment strategies and risk management practices.

Climate Risk Identification and Management

In previous years, we have actively identified climate-related risks and opportunities, analyzing the potential impact of both transition risks and physical risks on our investment portfolios and business operations. We continue to monitor evolving climate policies in China and overseas, industry low-carbon transformation trends and corporate ESG performance, and we dynamically adjust our investment strategies and risk mitigation measures.

Risk Type	Content	Actions
Physical Risks	Acute ■ Short-term impact (e.g. impact of extreme weather events, etc.) on assets and operations	■ Formulate emergency plans to ensure immediate response
	Chronic ■ Long-term impact (e.g. impact of temperature changes, sea-level rise, etc.) on assets and operations	■ Optimize resource use and green facility construction to enhance resilience
Transition Risks	■ Impact of transitions (e.g. policy changes and market transformation, etc.) on business	■ Actively monitor climate-related policies, identify opportunities in green transition products, and promote low-carbon transformation of assets.

Measures to Respond to Climate Opportunities

We proactively respond to climate change on risk control, not only emphasize the risk management measures, but also actively assess and seize investment opportunities brought by low-carbon transformation, driving green investment and business innovation, thus achieving win-wins in sustainability.

Opportunity Type	Response Measures
Green transformation investment and financing opportunities	■ To meet the growing investment demand in the green financial market, we will actively promote innovation in relevant products and services to provide professional support for the low-carbon transition of the economy.
Resource efficiency improvement	■ By implementing energy-saving and emission-reduction measures, we reduce our operating costs and gradually promote the green transformation of our facilities. Also, we further enhance the operational resilience and sustainability of enterprises by optimizing resource allocation and improving energy efficiency.
Brand building and market influence	■ Actively convey the concept of sustainability by strengthening external promotion and communication on climate change, thus establishing a benchmark position in the field of sustainable finance and creating green values with all stakeholders.

Carbon Neutrality Action Plan

In 2021, we launched the first "Carbon Neutrality" action plan in the public fund industry, advancing carbon neutrality goals through company operations, information disclosure, risk control, product development, and ESG advocacy. In 2024, based on the internal carbon neutrality action plan, we continued to deepen our efforts in carbon neutrality and promote the five core tasks:

Enhance carbon emission management

Conducted carbon inventory for 5 years consecutively, and gradually refined the data foundation for scope 3 emission calculation.

Strengthen information disclosure capabilities, form a long-term mechanism of information disclosure

Disclosed the *Sustainability Report* for 5 consecutive years.
Released the *3rd Environmental Disclosure Report*.

Incorporate climate factors into risk control

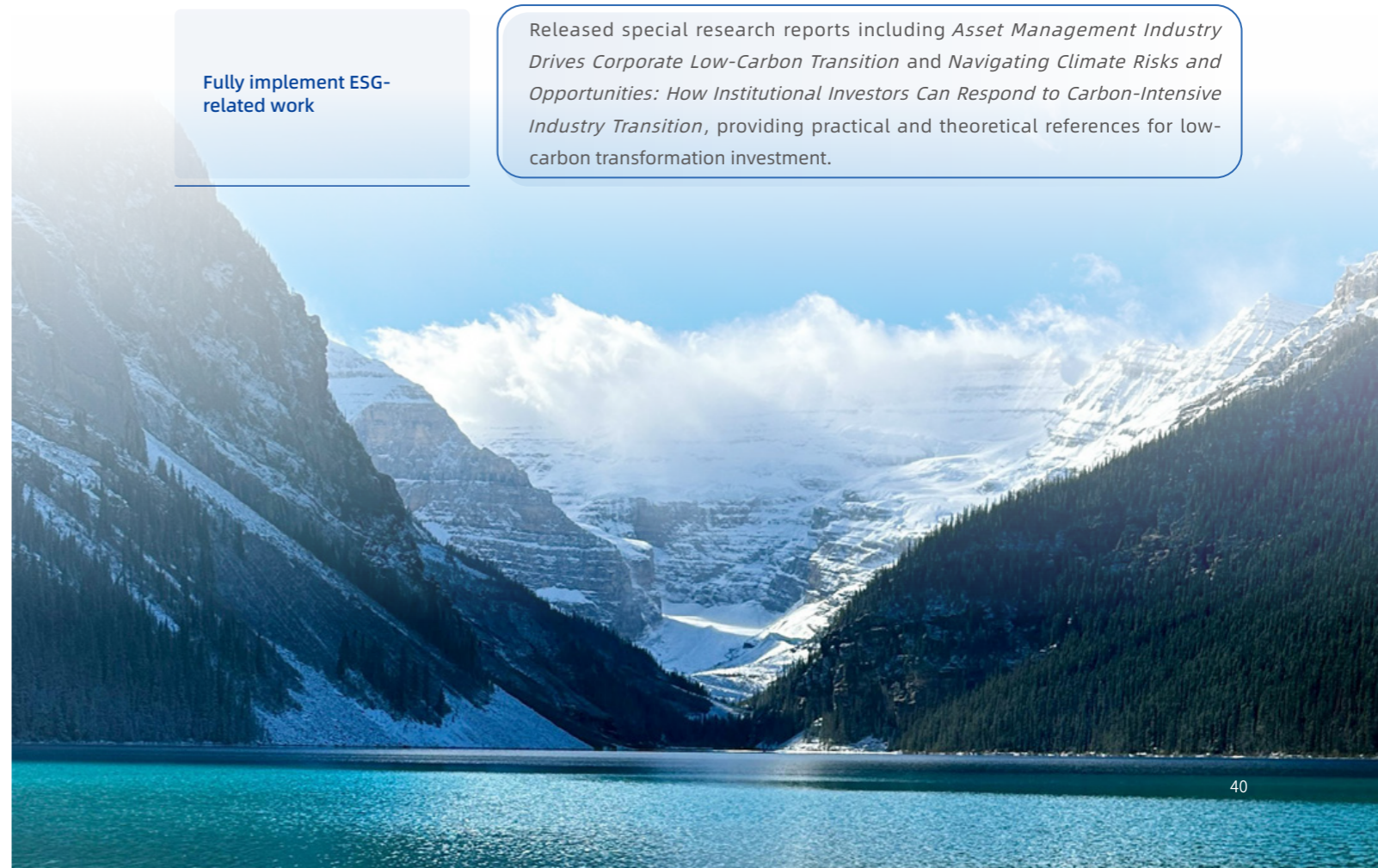
Established climate change risk management processes and further expanded the scope of environmental benefit assessment for product.

Strengthen research and product innovation

As of 2024, we developed a total of 15 ESG-themed products.

Fully implement ESG-related work

Released special research reports including *Asset Management Industry Drives Corporate Low-Carbon Transition* and *Navigating Climate Risks and Opportunities: How Institutional Investors Can Respond to Carbon-Intensive Industry Transition*, providing practical and theoretical references for low-carbon transformation investment.



Environmental Risk Emergency Management

In 2024, we enhance our management of environmental exposure risks by establishing standardized operating procedures for typhoon and rainstorm disaster, which will improve our capabilities of management and emergency response, effectively mitigate potential casualties and property losses, and ensure public safety.

Environmental risk emergency management mechanism

Emergency Preparedness

After receiving the early warning signal, all staff of the administrative department and property management center enter a state of alert and conduct inspections of all protective measures.

During blue and yellow warning signals

- The managers and directors who responsible for the building must be on duty 24 hours a day;
- Stop dangerous operations on the tower and podium rooftop or on height;
- Arrange employees to inspect the workplace and vacant units;
- Reinforce easily blown structures such as tower roof window cleaning machines, outdoor billboards, and lobby glass doors to ensure the stability of components;
- Arrange emergency response staff from each department to strengthen duty, closely monitor the disaster situation, and implement response measures; prepare flood control materials such as sandbags, submersible pumps, wooden strips, and ropes.

During orange and red alert

- Issue notices to all office personnel in the building, enter the emergency typhoon defense stage, and remind them to pay attention to travel safety;
- Management personnel are on duty at the building site, responsible for coordinating and commanding the required protective work;
- Arrange fire evacuation elevators for emergency material transportation and personnel evacuation;
- Complete the installation of single-layer window fasteners on the garden floor and reinforce the vegetation on the garden floor;
- Prepare sufficient water and food to meet the needs of building employees during typhoon duty;
- Ensure that all building employees have implemented protective measures in accordance with the company's relevant work guidelines.

Environmental Key Performance

Greenhouse Gas Emissions

Indicators	Unit	2024
Greenhouse gas emissions (Scope 1 + Scope 2)	tons of carbon dioxide equivalent	4,716.9
Per capita greenhouse gas emissions (Scope 1 + Scope 2)	tons of carbon dioxide equivalent / person	4.5
Greenhouse gas emission intensity (Scope 1 + Scope 2)	tons of carbon dioxide equivalent / square meter	0.1
Scope 1: Greenhouse gas emissions (direct emissions)	tons of carbon dioxide equivalent	281.7
Greenhouse gas emissions from fixed sources	tons of carbon dioxide equivalent	152.0
Greenhouse gas emissions from mobile sources	tons of carbon dioxide equivalent	75.2
Greenhouse gas emissions from refrigerant	tons of carbon dioxide equivalent	54.6
Scope 2: Greenhouse gas emissions (indirect emissions)	tons of carbon dioxide equivalent	4,435.2
Scope 3: Greenhouse gas emissions (indirect emissions)	tons of carbon dioxide equivalent	3,605.9
Purchased goods and services	tons of carbon dioxide equivalent	14.5
Waste generated in operations	tons of carbon dioxide equivalent	86.1
Business travel	tons of carbon dioxide equivalent	3,505.3

Energy Consumption

Indicators	Unit	2024
Direct energy		
Gasoline consumption of own vehicles	Liters	33,620.34
Natural gas consumption	Cubic meters	69,529.64
Refrigerant consumption	Kilograms	492
Indirect energy		
Total purchased electricity consumption	Kilowatt-hours	8,265,430.15
Per capita electricity consumption	Kilowatt-hours / person	7,834.53
Water Resource Consumption		
Total water consumption	Tons	13,125.30
Per capita water consumption	Tons / person	12.44

Paper and Materials

Indicators	Unit	2024
Office paper		
Total office paper consumption	Tons	7.24
Per capita office paper consumption	Tons / person	0.01
Other materials		
Business cards	Kilograms	62.5
Posters	Kilograms	12.25

Waste Emissions

Indicators	Unit	2024
Total waste	Tons	165.59
Non-hazardous waste	Tons	165.47
Hazardous waste	Tons	0.12

Spotlight 2

Integrating Sustainability Principles into REITs Investment Practice

As infrastructure-based assets aiming to provide public services, with long-term horizons, stable liquidity and predictable cash flows, REITs align with the investment preferences of long-term investors while demonstrating strong consistency with sustainability principles. Recognizing this synergy, we have systematically identified sustainability-related topics and evaluation metrics throughout our operations and management of public REITs, deeply integrating sustainability investment principles into our business practice.

In implementing public REITs investments, we faithfully fulfill our fiduciary duties, focusing on the financial stability and operational efficiency of projects, while also placing high importance on their comprehensive performance and long-term value creation capabilities in environmental, social and governance (ESG) aspects and long-term value creation capabilities. To effectively implement sustainability principles throughout our entire business chain, based on a well-established ESG governance framework, we have initiated cross-departmental collaboration to conduct sustainability research and governance work for REITs projects, while actively practicing stewardship strategies to ensure sustainability principles are fully reflected throughout the investment and project implementation processes. Looking ahead, we will leverage platform empowerment, digital intelligence drivers, and comprehensive process systems to deepen the integration and application of sustainability principles across assets, operations, and markets in our REITs business practice, thereby contributing sustainable solutions to capital markets in service of national strategies.

ESG Investment Process in REITs

To strengthen the integration of sustainability investment principles, we enhance engagement with originators and key stakeholders, fostering consensus on sustainability pathways and management practices in the underlying REITs asset management and operation process. We are committed to embedding sustainability principles throughout the entire lifecycle of REITs projects which is from preparation and operation to maintenance, continuously improving asset resilience and sustainability.

In terms of investment process we have applied a full-cycle "Pre-investment-Investment-Post-investment" foundational ESG investment framework, tailored to REITs projects to facilitate their transition from stable operations to sustainable operations.

Full process of ESG investment for REITs investment

01 Project Evaluation and Screening

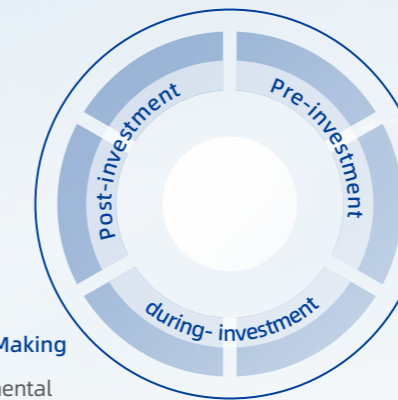
Incorporate ESG factors into the screening criteria for REITs projects, excluding assets with significant ESG risks or compliance concerns.

02 Due Diligence

Collaborate with relevant parties to conduct due diligence on the project's originator and underlying assets, examining the actual ESG practices.

03 Investment Evaluation and Decision-Making

Incorporate ESG metrics alongside fundamental indicators in investment decision-making; establish a dual-tier ESG scoring framework to evaluate both the project entity and asset-level ESG performance



04 ESG Performance Monitoring

Continuously track REITs projects' ESG performance, with heightened focus on preidentified material topics.

05 Stewardship

Implement stewardship strategies to address identified ESG gaps or improvement opportunities in REITs projects, driving enhanced ESG outcomes.

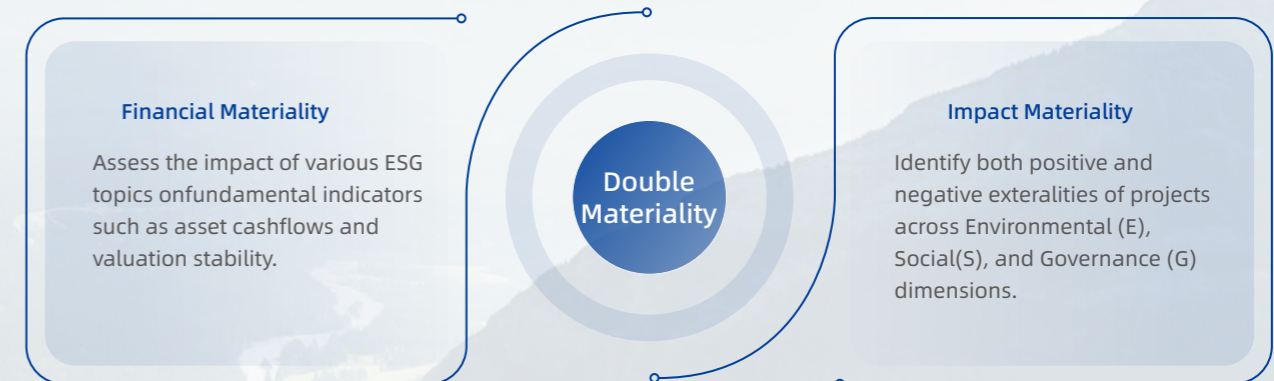
06 ESG Disclosure

Disclose REITs projects' ESG practices to strengthen sustainability reporting transparency.

Material Topic Identification and Management

In conducting our REITs business, we identify and manage material topics based on the "Double Materiality" principle. The selection of material issues considers both the operational characteristics and regulatory dynamics of Chinese REITs assets across key sectors including logistics warehouses, industrial parks, public utilities, and data centers, as well as guidance from international organizations like PRI and TCFD.

The "Double Materiality" principle comprises two specific dimensions



Key material topics we focus on for REIT projects include, but are not limited to:

ESG Material Topics Considered During Due Diligence



Case Study: Integration of Sustainability Principles into REITs Projects

Considering significant differences among infrastructure REITs classes in operational models, resource consumption, and external impacts, we have established a sector-specific material issue adaptation mechanisms based on a unified materiality assessment framework. This facilitates the evolution of ESG management from standardization to refined and differentiated implementation.

We identify critical ESG issues by focusing on the industry characteristics of each asset, embedding them into post-investment management, performance monitoring, and collaboration mechanisms, forming targeted ESG management pathways.

Warehousing and Logistics: Advancing Green Energy and Sustainable Leasing

For REIT Product A, Southern Asset Management prioritizes two key ESG themes including green energy supply and sustainable leasing practices. In terms of environment, we emphasize increasing the proportion of renewable energy usage in industrial parks, which is critical for reducing operational carbon footprints and aligning with China's energy transition. We think that this initiative helps enhancing the assets' resilience and long-term sustainability. In terms of society, we collaborate with project operators to integrate ESG criteria into leasing agreements, encouraging tenants to adopt energy-efficient practices, resource optimization, and green operations. This collaborative approach strengthens the overall environmental and social performance of the parks while fostering shared value for stakeholders.

Data Centers: Enhancing Energy Efficiency and Energy Structure Management

For REIT Product B and C, we place high importance on the Power Usage Effectiveness (PUE) metric as a key indicator of the operational energy efficiency and environmental impact of data center. As a typical high-energy-consumption infrastructure, the per-unit energy consumption level of data center will affect the operational costs and technical efficiency of assets. Therefore, we incorporate energy efficiency into materiality issue assessments and will continue to monitor and research it in subsequent management to strengthen the identification and mitigation of ESG risks.

Financial Synergy Create Long-Term Value

Adhering to a business philosophy of "Client-oriented, Value-driven, Innovation-led", we continuously advance financial service innovation. We actively support national strategies, help build a modern economic system through our diversified product system, with focused participation in developing pension third pillar. At the same time, we refine our full-process service system, improve investor experience, strengthen investor protection mechanisms, and popularize financial management knowledge through multi-channel investor education. We launch high-quality financial products and solutions tailored to China's capital market characteristics and investor needs, committed to becoming a trusted long-term wealth management partner.



Contributing to Pension Management

Pension Business System

We strategically prioritize pension business, establishing a comprehensive pension asset management system spanning the First, Second and Third Pillars of China's pension system. With the outstanding medium-and long-term investment performance, pension business has become one of our cornerstone businesses. As one of the first financial institutions in China granted pension investment management qualifications, we have delivered consistent and robust returns in the market-oriented investments operations of national social security funds and annuity funds, leveraging our professional investment management expertise.

Capitalizing on our full license suite for pension investment management, we have built an integrated service platform covering all three pension pillars:



As of the third quarter of 2024, the scale of pension assets managed by Southern Asset Management ranked

third in the industry.

Concept Popularization and Ecological Construction

The individual pension system is an important measure to enhance people's happiness and security. We actively pioneer innovative models of pension investment education, helping to improve investors' understanding and cognition of pension policies through diversified ways which integrate online and offline channels while balancing broad outreach and targeted engagement.

>> Online



Launched the "Southern Little Fund Elf" video account and the short videos series "Talking About Pension Matters", which effectively convey the concept of pension preparation by integrating everyday scenarios and traditional cultural elements.



Aligning with the festive atmosphere, we carried out livestream events such as "Climbing Without Limits, Life is More Carefree" to share creative saving tips with young people; on the 2nd anniversary of the launch of the personal pension system, we held "Calling for Pension Experts, Talking About Your Pension Philosophy", interacting with investors and conveying the concept of pension preparation.



Online courses

On the day new personal pension policy was announced, we invited investment research experts to deliver the special session "Policy Boost: Pension's 12.12 Opportunity" to decode policy updates. The "Hello Friend Southern!" courses further familiarized investors with pension operations, reaching nearly one million viewers.

Knowledge communities

Launched activities such as "If you could retire tomorrow, what would you do?" through official accounts and Weibo, attracting more than 200 comments from investors, stimulating broader social discussions on pension planning.



Offline

Community Education Initiatives

Throughout 2024, we maintained direct engagement with investors through targeted community programs. We conducted campaigns at Futian Science and Technology Museum U Station, Shenzhen Talent Park, Gaoqiao Community, etc. in 2024 to popularize personal pension knowledge and enhance investors' ability to prevent pension fraud.

Thematic lectures

Building upon nationwide lecture tour "Rainbow Journey", we hosted offline seminars including investment strategy conferences and thematic salons to introduce the more evidence-based pension planning to the investors. At the same time, we developed investment education manuals such as "Personal Pension Selected Questions and Answers," which was distributed during on-site lectures. The extended outreach to lower-tier cities such as Huangshan and Lu'an drives the penetration of pension investment education into grassroots communities.



Case In-depth research and professional insight: Release of 2024 China Individual Pension Development Report



We actively responded to national pension finance policies by publishing *the 2024 China Individual Pension Development Report* based on the in-depth analysis of our existing client data and behavioral insights from over 30,000 online surveyed investors. The report delivers a comprehensive analysis of current investor behavior patterns and preferences within China's individual pension system, providing critical references for policy refinement while providing data-driven foundations for targeted delivery of the company's pension investment education initiatives. The report was officially released at the 21st Century Fund Industry Annual Conference held in December 2024. On the day of the release, we partnered with 21st Century Business Herald to hold an online release forum, which was simultaneously broadcast via media livestreams including Nancai Video, China Securities Journal, China Fund News, etc., ultimately reaching millions of viewers. This multi-platform dissemination amplified core principles of pension investing and enhanced public understanding of regulatory frameworks.



Empowering New Quality Productive Forces

We have been consistently aligning with national strategic priorities, actively deploying resources in new quality productive forces to fuel technological innovation and industrial upgrading through financial solutions.

Upholding the "Technology-Industry-Finance" synergy principle, we intensify capital allocation toward critical technologies and innovative with national industrial policy frameworks, thereby comprehensively enhancing equity financing services for science and technology innovators.

Over the past year, we launched the "Marching Toward Innovation" column, conducting in-depth analysis of investment opportunities within new-quality productive forces sectors. This initiative focuses on identifying enterprises aligned with national strategies which possess high-growth potential—particularly in emerging fields such as 5G, artificial intelligence, and green energy. Additionally, we introduced thematic products reflecting new-quality productive forces, including the Southern CSI A500 ETF and Southern SSE 180 ETF, to address industrial transformation and capital market reform imperatives.

Upgrading Digital Intelligence Services

Building a Digital China serves as a crucial engine for advancing Chinese modernization, with digital finance accelerating the transformation of industry ecosystems as a pivotal component. Guided by a user-centric philosophy, we have established a self-developed digital platform driven by digital technology. This platform enables the integration across the full business chain cycle, including product development, marketing, investment research, transaction, risk control, and operations, and forming an integrated solution framework with consolidated knowledge.

In addition, we have established a comprehensive information technology management system, including standardized protocols such as the *Southern Asset Management Information Technology Management Measures and Information System Requirement Submission and Project Establishment Management Measures*, aiming to ensure the structured and orderly digital transformation of Southern Asset Management and accelerate the move towards "digitalization, intellectualization, and platformization".

Intelligent Internal Platform

Based on the cloud-native technology architecture, we have built a high-efficiency AI technology platform enabling the unified scheduling and elastic management of AI computing resources. We innovatively adopt the dual-track approach of "human + AI, application + AI", and have developed an AI intelligent assistant matrix covering core scenarios such as office, technology, trading, and marketing. Through deep integration with business scenarios, AI technology has been widely applied in key business links, including intelligent research report summary generation, ETF dividend intelligent distribution, automatic conversion of investment risk control rules, IDEal intelligent customer service, automatic processing of regulatory letters, and intelligent analysis of marketing data. This technological integration has significantly enhanced work efficiency and decision-making precision while promoting intelligent workflow.

Mobile Terminal Innovation Services

Throughout 2024, we advanced the construction of a digital intelligence platform centered on the direct sales channels, strengthening the integrated, scenario-based, and client-centric digital ecosystem while continuously optimizing user experience.

App innovation and HarmonyOS adaptation

In 2024, we pioneered to achieve the native HarmonyOS adaptation for our mobile application, and successfully launched it on the Harmony App Store. This industry-leading implementation earned us the "HarmonyOS Pioneer - Excellent Innovation Award" at the Huawei Developer Conference (HDC 2024) for technological innovation.

Function iteration and optimization

Through multiple version iterations, we have launched nearly 200 innovative functions such as "bond market barometer" and "market thermometer", further streamlining transaction processes, improving operational efficiency and user experience.

Intelligent decision-making tools

The rollout of intelligent decision-supporting tools such as "stock-bond spread" tool and "account panorama" analysis empowers investors to optimize asset allocation through quantitative analytics, enhancing investment decision precision.

Balancing security and convenience

We introduced multi-scenario bio-identification technology to provide users with a more convenient experience, while strengthening risk control to improve platform security.

Protecting Rights and Interests of Clients

Upholding our "client first" principle, we provide professional and transparent investment services. In order to improve the client experience and satisfaction, we have strictly implemented product suitability management, enhanced investor education and proactive risk disclosures, and established a comprehensive privacy protection mechanism.

In 2024, we improve the investor protection system by revising *the Investor Complaint and Dispute Handling Procedures* and *Investor Appropriateness Management Framework* in accordance with the latest regulatory requirements and business development, thus further improving customer experience. In terms of investor education, integrating new regulations and practical experience, we updated the *Investor Education Work Management Regulations* and revised relevant policies including internet investment education base management and propaganda management, building a more complete client service and rights protection mechanism.

Enhancing Client Experience

To deliver seamless client experiences across the entire lifecycle, we built an omni-channel network, including the national customer service hotline, 7x24-hour full-time intelligent customer service, online customer service, WeChat service, email, etc. We also launched "online private meetings" with a dual service model of "financial advisor + portfolio managers", deepening client engagement and investment education. At the same time, we conducted client satisfaction survey, analyzed transaction behavior data and established an optimization mechanism across different departments to ensure that reasonable suggestions from customers are efficiently transformed into product and service upgrading, achieving continuous evolution and value enhancement of service experience.

In 2024, Southern Asset Management collected

25,081 customer questionnaires

with a service satisfaction rate of

99.67 %

In 2024

120 customer needs were fulfilled

including the net value accuracy improvement of

32 public funds and direct sales fixed investment functions optimization.

To further improve service capabilities and investor satisfaction, we have established a sound complaint handling mechanism, reinforced by the revised *Investor Complaint and Dispute Handling System of Southern Asset Management*. Through complaints classification, procedure formalization and time control, and periodic data analytics, we identify key operational bottlenecks and potential risks, so as to drive optimization of critical business processes.

In 2024, we totally received 125 client complaints involving fund performance, business rules, etc. By communication, fact-checking, and clarification of product operation rules and mechanisms, we responded and resolved these issues efficiently. An investigation mechanism has also been established to implement early intervention in potential complaint risks, preventing the escalation of problems. We regularly conduct complaint analysis, find the potential reasons and raise improvement suggestions, while coordinating relevant departments to optimize processes, and finally build a closed-loop management mechanism covering prevention, problem solution, and final improvement.

Client Privacy Protection

In strict accordance with the *Data Security Law* and the *Personal Information Protection Law*, as well as our provisions on data security management, we classify and protect clients' private and sensitive information to ensure the data security. In 2024, we revised the *Electronic Direct Sales Personal Information Management Regulations*, and followed industry standards such as the *Security Specifications of Mobile Internet Application in Securities and Futures Industry*, thereby further strengthening privacy protection to reinforce customers' trust.

Investor Education

We have attached great importance to investor education, committed to improving investors' financial knowledge and helping them make more rational investment decisions. In accordance with relevant regulatory requirements, we continuously refine our investor education system and have formulated a series of regulations including the *Investor Education Management Regulations*, *Investor Protection Rules* and *Publicity Management Rules*.

Southern Asset Management primarily leverages its investor education base as the main platform for its investor education initiatives. Through the collaborative efforts of various departments and branches, we ensure that all investor education tasks are effectively implemented. We have created multiple specialized investor education programs, which include a wide array of educational materials such as printed manuals, electronic courseware, graphic articles, and videos. This diverse approach ensures that investors of all levels can benefit. Simultaneously, Southern Asset Management has developed an investor education base website, a WeChat service account and WeChat video account to collectively publish various investor education materials, offering diverse learning resources.

Regarding specific activities, Southern Asset Management continuously strengthens investors' practical skills and risk awareness by organizing video live lectures, securities investment competitions, and financial knowledge fairs. Furthermore, the company actively cooperates with regulatory authorities to conduct specialized training sessions like "anti-fraud" and "financial empowerment." These initiatives target key groups, including students, the elderly, grassroots workers, small and medium-sized enterprise operators, community residents, and retired veterans, effectively helping to improve their financial literacy.

Southern Asset Management promotes financial knowledge and concepts of rational investment through various channels including customer salons and enterprise visits. through various channels including customer salons and enterprise visits. In 2024, we carried out a total of

520 online exchange activities

516 offline customer activities were carried out

with over

77 million people engaged

(Former) Shenzhen Stock Exchange Investor Service Center **"2024 Annual Investment Education Pioneer Team"**

Securities Market Weekly **"2024 Best Investor Education Fund Company"**

Case Crossing mountains and seas, walking with warmth: "Rainbow Journey" national investor lecture tour for 18 consecutive years

We deepened investor education through the "Rainbow Journey" nationwide investor lecture tour. In 2024, the program expanded to 89 lectures across 35 cities through partner channels, engaging nearly 7,000 investors, which set participation records.

With industry experts invited to conduct in-depth exchanges with investors, the activities explained professional knowledge on core topics including macroeconomic analysis, market trend judgment, and fund investment knowledge through keynote speeches, roundtable discussions, and interactive Q&A. The activities not only helped investors improve their financial literacy but also effectively conveyed our core concepts of "long-term investment, value investment, and responsible investment".

Our "Rainbow Journey" series of activities won two industry awards in 2024: the "Annual Influential Investment Education Activity Award" from Caixin Society and the "Most Influential Investment Education Project Award" from Sina Finance, reflecting the recognition of our investment education work from all sectors of society.



Photographs from the event venue

Case Going to youth, growing towards the sun: "Hello, Classmates!" series of campus investment education activities

China Southern Asset Management actively supports the national talent development strategy through our upgraded "Hello, Students!" campus program in 2024, aligning closely with the Asset Management Association of China's "One Company, One Province, One University" initiative.

We established strategic partnerships with leading universities across multiple programs. These included hosting the "9th Securities Investment Research Competition" with Peking University, launching a specialized "Financial Literacy Education for University Students" program with Southern University of Science and Technology, conducting the "University ETF Knowledge and Financial Planning Competition" with Xiamen University, and creating a "Pre-enrollment Joint Training Camp" for incoming Master of Finance students at Shanghai Jiao Tong University. These collaborative efforts provided professional practice platforms for over 1,000 university students throughout the year.

Beyond program development, our executive team actively engaged with students through on-site discussions and case studies sessions. By bringing cutting-edge industry insights and practical experience directly to campuses, these initiatives effectively bridged the gap between financial theory and practice, enhancing students' professional competencies while demonstrating our strong commitment to nurturing the next generation of financial professionals.



Photographs from the event venue

case Rooted in tradition, facing the future: Creating characteristic investment education empowered by traditional culture

We innovatively launched the traditional culture investment education series "Financial Management · Culture Talk" which implemented the spirit of national policies and integrated traditional Chinese culture with modern financial knowledge. Through videos and infographics, our program translates professional financial concepts into relatable everyday scenarios, effectively improving investors' financial capabilities. We have been releasing this series and our "24 Solar Terms Poster" series for three consecutive years, achieving the organic combination of cultural inheritance and financial education. The "Financial Management · Culture Talk" column won the bronze award in the 2024 "Shareholders Come" Investor Protection Video Competition with its innovative form and high-quality content, demonstrating our remarkable achievements in investment education innovation.



Investor Education Section



Moving Towards Goodness Collaboratively Painting a Bright Future

Southern Asset Management establishes a comprehensive social responsibility system that includes employees, communities, and partners. In terms of employee relations, we regard talent as our most valuable asset. By implementing systematic career development plans and fostering a diverse and inclusive corporate culture, we create a healthy, fair, and harmonious work environment to stimulate employees' innovative potential. Regarding community development, Southern Asset Management focuses on areas such as financial inclusion, educational empowerment, and rural revitalization. Through the design of specialized public welfare projects, we respond to societal development needs, achieving sustainable co-prosperity between the enterprise and the community.



Setting the Stage for a Dream

Lawful Employment

Southern Asset Management regards the protection of employee rights as a foundation of corporate governance. In adherence to the national labor legal framework, including the *Labor Law*, the *Labor Contract Law*, and the *Social Insurance Law in China*, we deeply integrate financial industry regulatory requirements. Internally, we have established a suite of policies, such as the *Southern Asset Management Labor Contract Management Measures*, the *Southern Asset Management Labor Contract*, and the *Southern Asset Management Employee Attendance Management Measures*. These measures aim to build a robust mechanism for employee rights protection through systematic management and standardized operations. We have achieved standardized management in key areas such as talent acquisition, contract execution, attendance, and leave, thereby effectively protecting the legitimate rights and interests of our employees.

We uphold the principles of "fairness, justice, and transparency" and adheres to the employment criteria of "both ability and integrity are important, with integrity as the first priority," providing equal competitive opportunities for qualified candidates. We explicitly prohibit any form of discrimination in the workplace based on ethnicity, religion, gender, age, and nationality, as well as any instances of harassment. Additionally, we have established a stringent recruitment mechanism, conducting comprehensive verification of candidates' qualifications during the interview and hiring stages. We are resolute in preventing illegal practices such as child labor and forced labor, thereby ensuring compliance with employment regulations.

In 2024, we did **not encounter** any incidents of child labor or forced labor

Recruitment

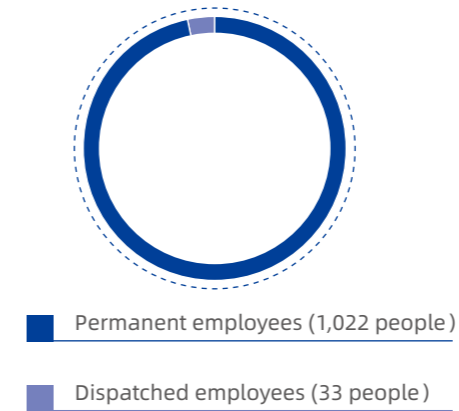
We consistently prioritize the development of our workforce and talent pipeline as a core strategy of the Company. Adhering strictly to national laws and regulations, industry regulatory requirements, and internal management standards, we have formulated and refined the *Southern Asset Management Recruitment Management Measures*. This comprehensive framework systematically standardizes the criteria for employment, procedural standards, and management authorities.

In 2024, we enhanced the quality and efficiency of talent acquisition by optimizing recruitment standards and processes, while also focusing on improving the overall job application experience for candidates. In terms of recruitment channel development, we established a diversified talent acquisition system. Internally, we refined open recruitment and internal recommendation mechanisms, while externally, we expanded headhunting collaborations and campus recruitment resources. Through a combined "online" and "offline" campus recruitment model, we successfully attracted a cohort of outstanding graduates possessing both professional expertise and innovative potential, continuously injecting fresh talent into our talent pipeline.

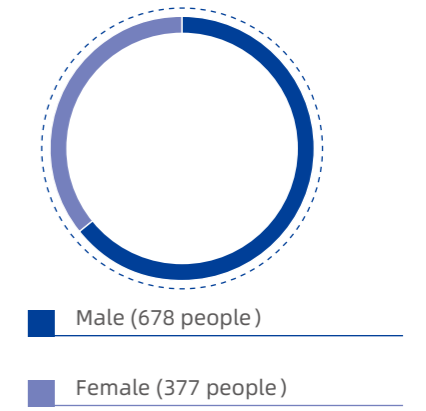
Total Employees

In 2024, the total number of employees at Southern Asset Management was 1,055. Among them:

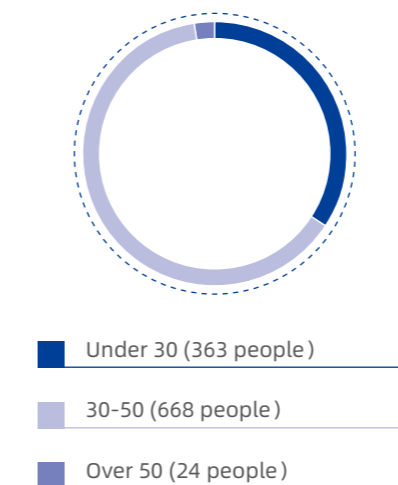
By employment relation



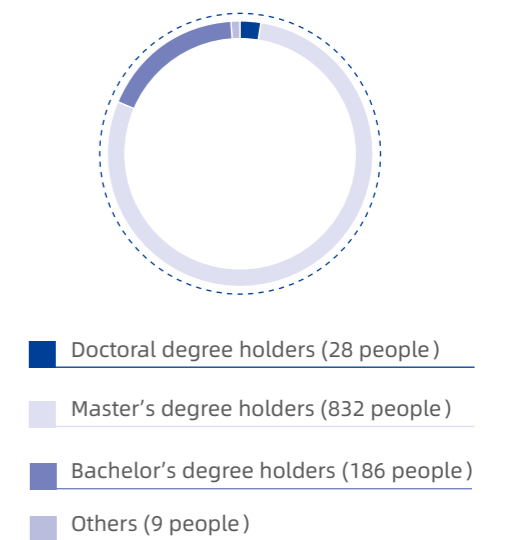
By gender



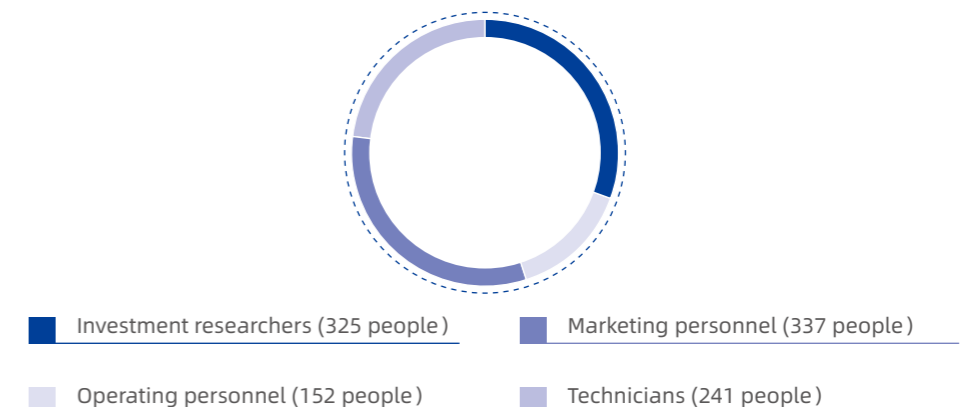
By age group



By academic degree



By Department

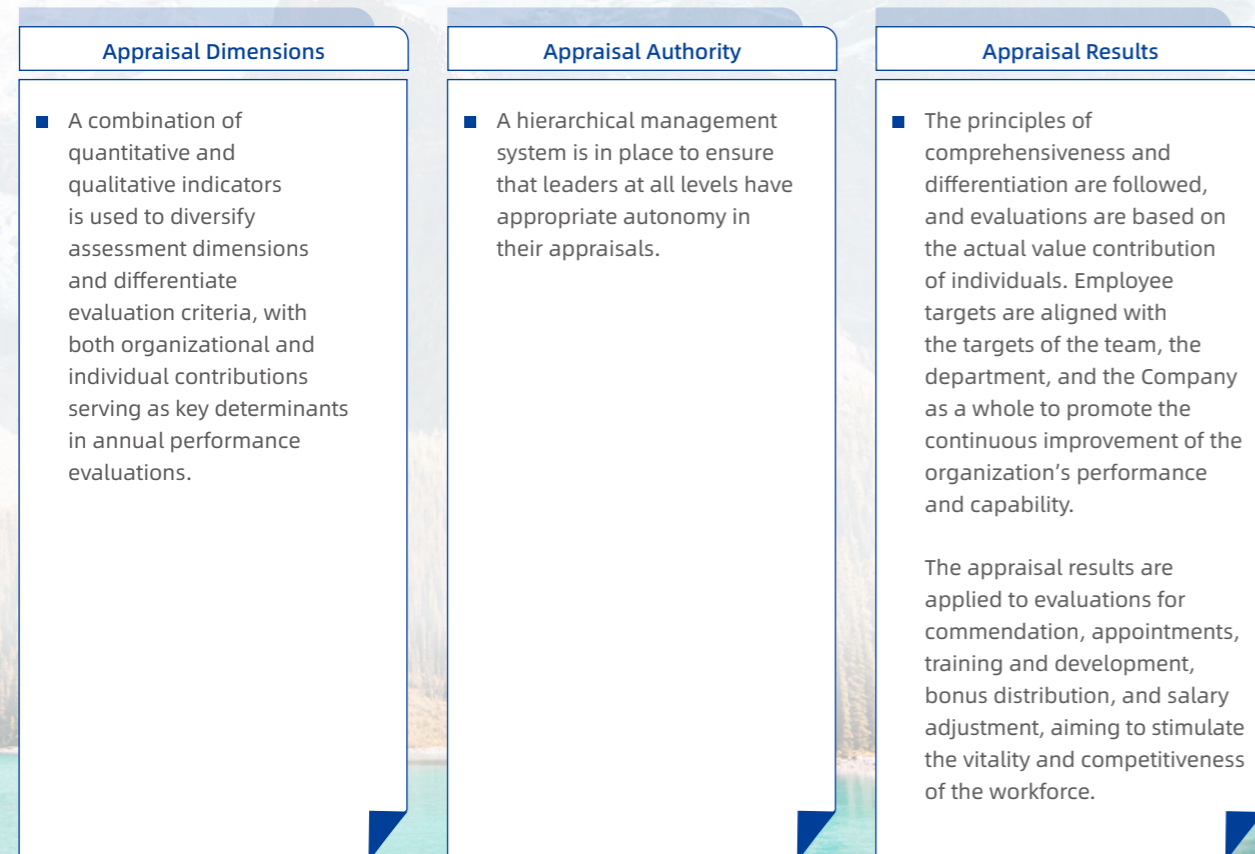


Performance Management and Incentive and Restraint System

Performance Management

In terms of performance management, we based on our industry positioning, regulatory guidance, and corporate strategy, comprehensively benchmarks against the market and industry standards. Grounded in the three principles of objectivity and fairness, comprehensive assessment, and long-termism, we have established an employee performance appraisal mechanism through a top-down decomposition of our operational objectives.

Southern Asset Management Performance Evaluation Mechanism



Employee Training and Development

Employee Training

To meet the strategic and business development needs of our company, we have formulated the *Employee Training Management Measures*. This initiative aims to strengthen personnel management through institutionalized and standardized training, solidify corporate culture building, guide employees in fostering correct values, and enhance their professional ability, work skills and performance, and compliance and risk control capabilities.

We have established a multi-tiered training system grounded in corporate culture, interconnected by the enhancement of three core competencies, including general abilities, professional abilities, and managerial abilities. This system mainly focuses on four key themes which are improvement of personal qualities, enhancement of professional skills, expansion of knowledge domains, and development of leadership. The training system covers the entire lifecycle of employees, encompassing the "initial entry, adaptation, growth, and maturity" phases. This comprehensive approach not only promotes the holistic development of talent but also supports the mutual growth of employees and the company.

In 2024, we prepared and implemented a diverse range of training programs for different levels of employees, including mid-to-senior management, experienced business personnel, new hires, and interns. The training programs enhance learning outcomes and drive business development effectively. Throughout the year, we conducted a total of 18 internal training sessions and organized employees to participate in 47 external training programs, cumulatively reaching over 3,599 participants. Notably, within the New Employee Training Camp, courses such as "Company History, Corporate Culture, and Our Responsibilities" and "Industry Development Trends and Policy Interpretation" were offered. These courses facilitated employees' in-depth understanding and reflection on industry sustainability, ESG, and related policies.

Southern Asset Management integrates ESG into its training system



Indicator	Unit	2024
Employee training participants	Person-times	3,599
Employee training hours	Hours	53,985

Career Development

Southern Asset Management takes "people-oriented, recognizing and utilizing talent effectively, balancing virtue and ability, and fostering self-awareness and self-discipline" as the philosophy of talent selection. We fully comply with the principles of "Party manages cadres and talent." In the talent selection process, we not only assess candidates' professional competence and business skills but also place a strong emphasis on evaluating their moral character and value alignment. This ensures that our talent selection is highly aligned with the company's strategic development direction, providing a solid talent foundation for high-quality growth.

In terms of talent cultivation, we promote the diversified development of our workforce. In addition to strictly adhering to the selection criteria of "both ability and integrity are important, with integrity as the first priority," we have optimized the career advancement system (MD System) to establish a more open and transparent promotion mechanism. This creates equitable career development opportunities for all our employees. Through annual promotion reviews, we ensure that every employee can show their abilities in a fair environment, facilitating the dual integration of individual career goals with the company's development objectives.

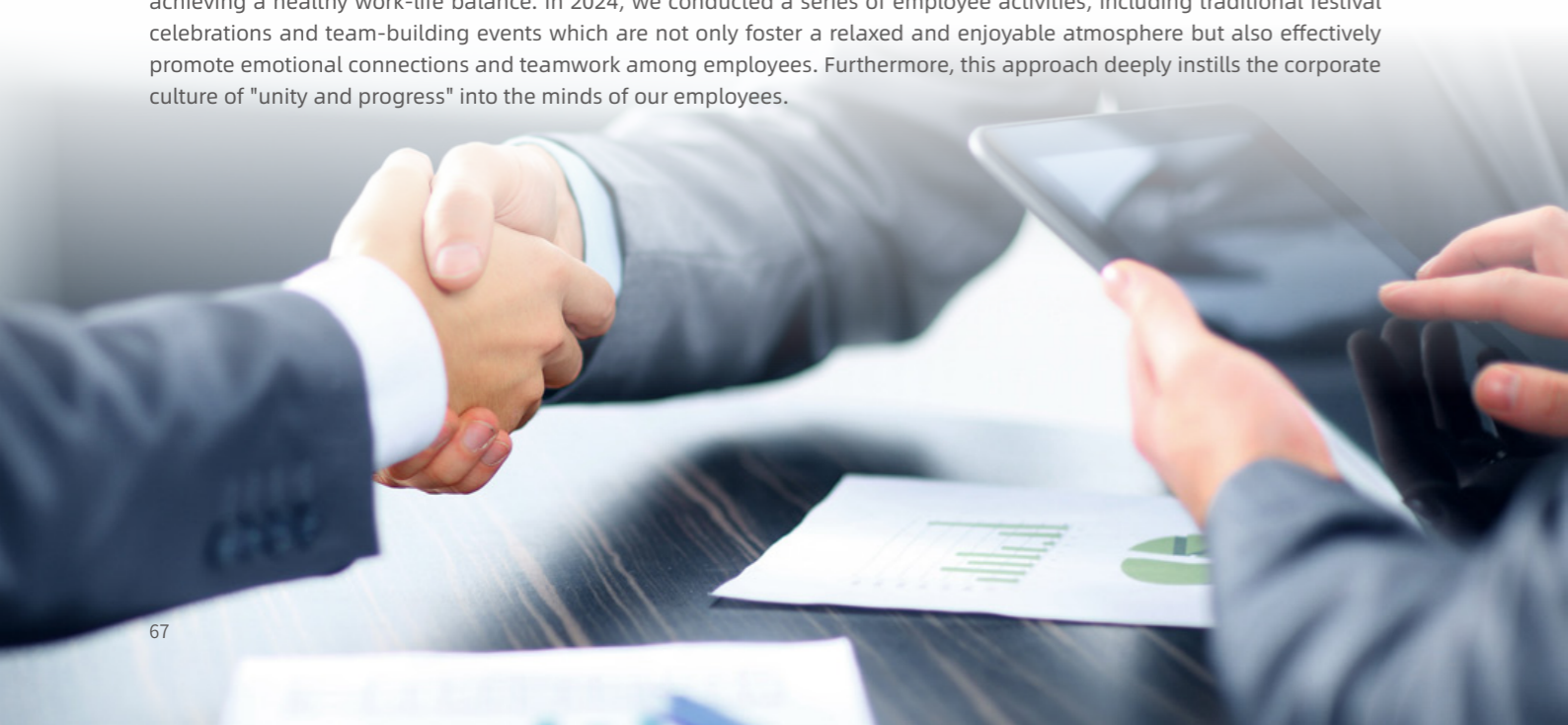
Employee Communication

We place a high priority on communication with our employees and have developed an intelligent communication platform centered around the OA system, integrated with instant messaging tools such as Enterprise WeChat and Feishu. This platform facilitates full-process online communication channels, ranging from policy promotion to daily collaboration.

At the institutional level, we have established a regularized mechanism for employee feedback. Through democratic management forms such as the Meeting of employees' representatives, we ensure that employee concerns are fully expressed and effectively addressed. This guarantees the timeliness and transparency of information dissemination, and through institutionalized communication channels, we protect legitimate rights and interests of our employees.

Employee Care and Activities

In order to enhance organizational cohesion and cultural identity, a diversified employee care and activities have been conducted by us. These activities help our employees feel a sense of belonging while relaxing their minds and bodies, achieving a healthy work-life balance. In 2024, we conducted a series of employee activities, including traditional festival celebrations and team-building events which are not only foster a relaxed and enjoyable atmosphere but also effectively promote emotional connections and teamwork among employees. Furthermore, this approach deeply instills the corporate culture of "unity and progress" into the minds of our employees.



Strengthening Data Security

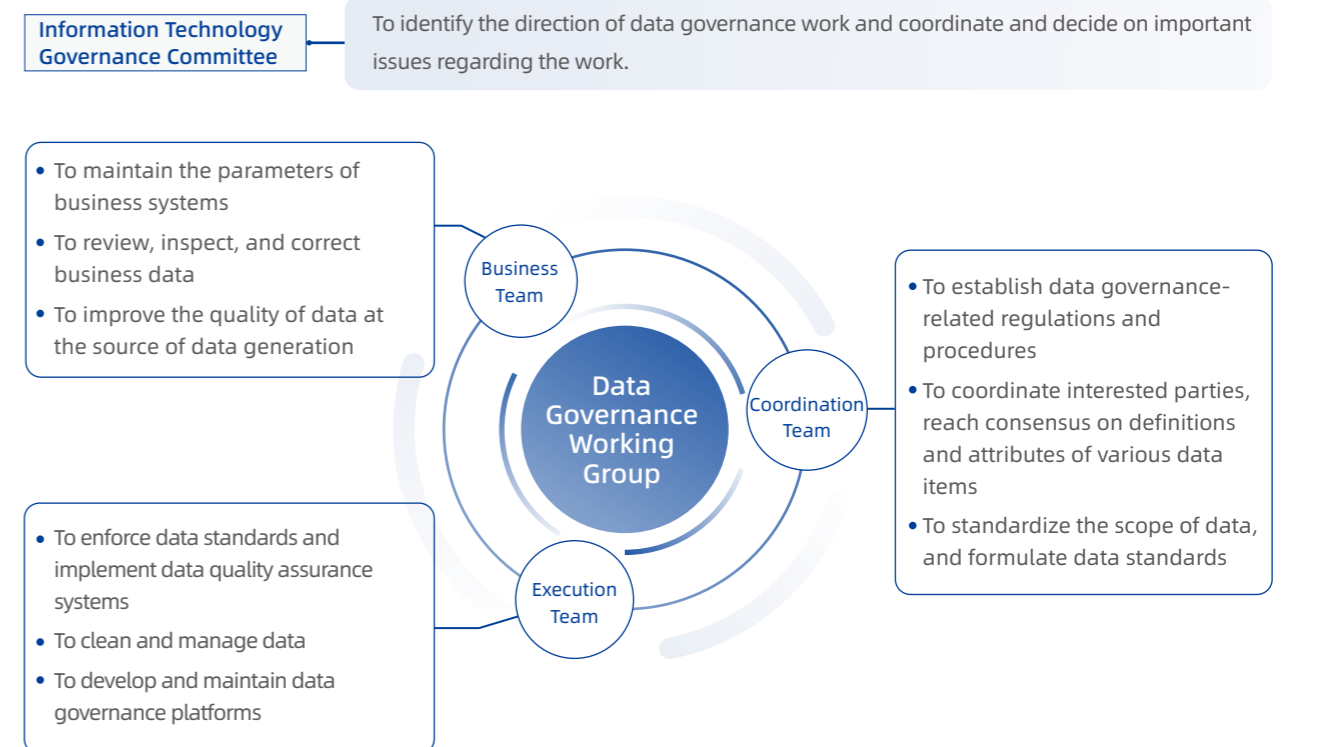
Southern Asset Management has constructed a comprehensive data governance framework that incorporates policy regulations, organizations, technical platforms and procedure control, allowing for a systematic management across the full data lifecycle. We strictly follow national laws and regulations such as the *Data Security Law* and the *Personal Information Protection Law* and aligns with industry standards including the *Financial Data Security Specification for Data Lifecycle Security* and the *Guidelines for Data Classification and Grading in the Securities and Futures Industry*, thereby establishing a comprehensive data security management system.

In 2024, we conducted a comprehensive optimization of our data governance policies, revising and refining core policies such as the *Data Security Management Regulations*, the *Lifecycle Management Regulations*, and the *Data Management Assessment Regulations*, continuously enhancing the standardization and effectiveness of data governance. In addition, we have obtained the App Security Certification in Securities and Futures Industry and have completed the grade protection assessments for multiple systems as required by regulations.

Data Governance System

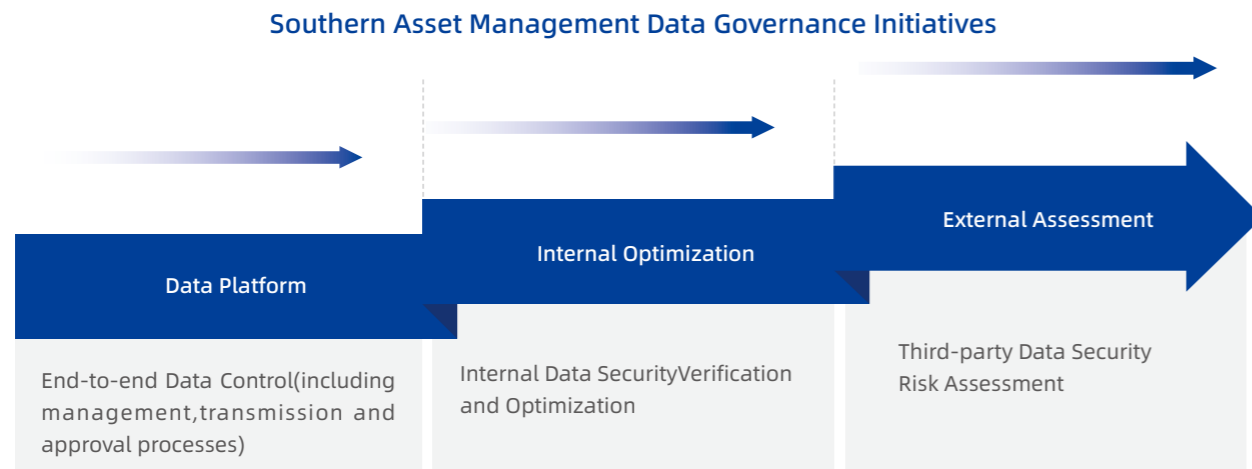
Southern Asset Management ensures the efficient, standardized, and secure implementation of data governance through a model that involves coordination by the decision-making level, execution by the operational level, and collaboration by cross-department. Under the coordination of the Information Technology Governance Committee, the Data Governance Working Group guides the execution teams working to ensure the effective implementation and coordinated advancement of all data governance measures.

Data Security and Governance Organizational Structure



In the comprehensive advancement of our digital transformation strategy, we adhere to the principle of "balancing between security and development" we integrate data security protection throughout the entire digital transformation process. This is achieved through multifaceted measures, including system improvements, technology upgrades, and management optimization, continually enhancing data security capabilities. These efforts provide strong support for protecting investor interests and ensuring the company's sound operations.

Data Sorting, Verification and Protection Measures



Data Governance Platform

Southern Asset Management enhance the development of our data governance platform, leveraging systematic approaches to implement data classification and tiered protection, as well as personal information protection measures across diverse business scenarios. The platform enables streamlined management of data requests and issue resolution, significantly strengthening critical aspects such as data security controls, encrypted transmission, and access authorization.

The core modules of the platform cover metadata management, standardized frameworks, quality monitoring, and security protection. By establishing clear data ownership responsibilities, unified standards, and a routine auditing mechanism, the platform ensures data quality and consistency. Additionally, the function of batch collection with real-time synchronization guarantees high data timeliness.

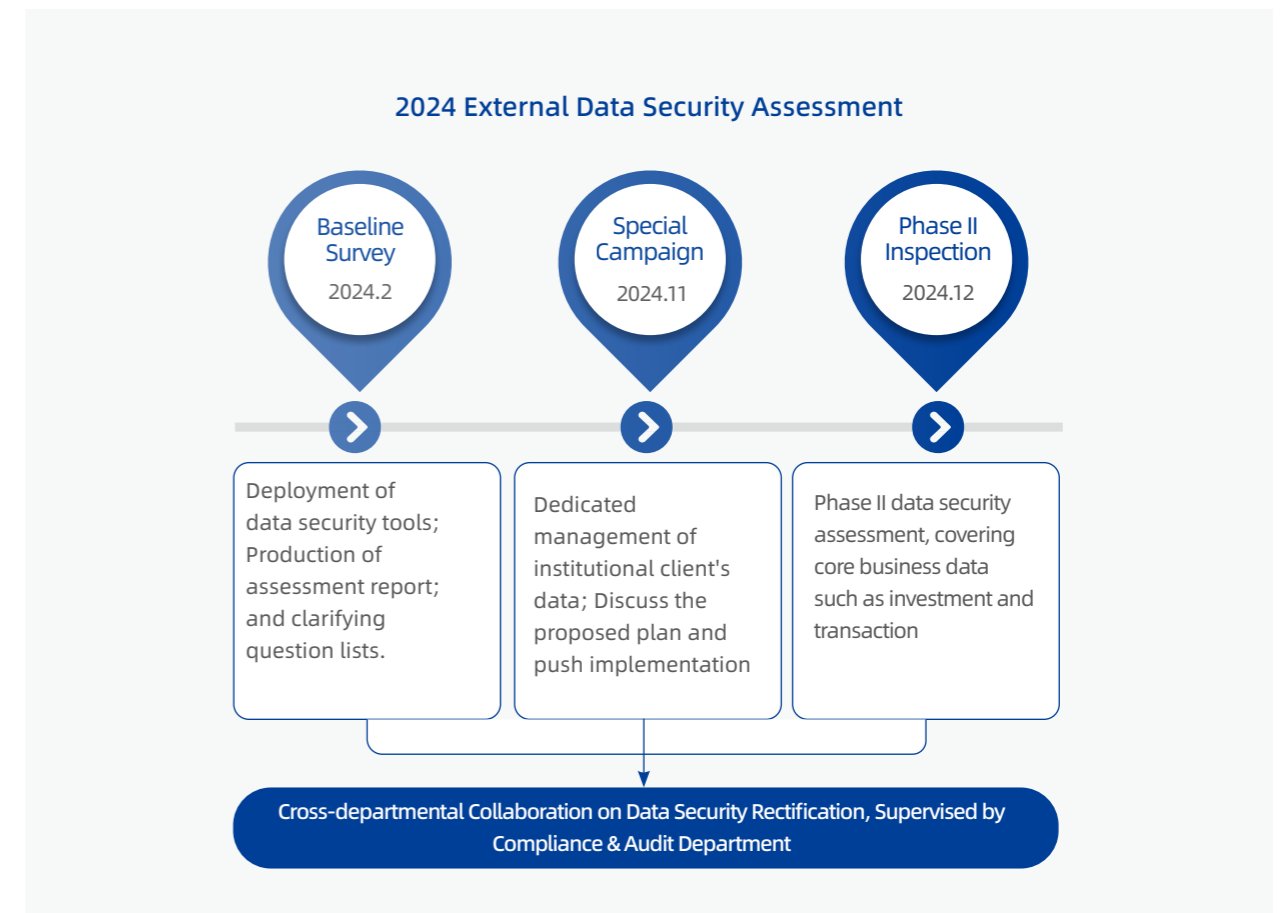
Internal Optimization

In 2024, we systematically advanced internal data security governance through the coordination mechanism of our Data Governance Working Group. A comprehensive self-assessment was conducted in data security management, and full-process control over client privacy data was refined. At the same time, a regular data quality verification mechanism was established to continuously enhance the accuracy and timeliness of data, while optimizing processing workflows and rigorously enforcing classification and tiered standards.

In terms of access control, we strictly adhere to the principle of least privilege, conducting quarterly system permission audits and big data platform access reviews. We also implemented data desensitization in development and testing environments, along with an expired data cleanup mechanism. In November, a special optimization of business report access permissions was carried out, restricting employees to only the report data relevant to their job responsibilities, ensuring that access rights align precisely with job roles. During the year, additional measures were taken to strengthen the data security protection system, including APP security authentication, upgrades to national encryption algorithms, HTTPS encrypted transmission, and data encryption and desensitization.

External Evaluation

In 2024, to further enhance the company's data security protection capabilities and effectively protect investor interests, we commissioned an external third party to conduct the first phase of a data security risk assessment on the company's core business systems, particularly those involving sensitive and personal information. This assessment aims to identify potential risks and promptly adjust and optimize data security measures accordingly.



Data Security Emergency Plan

To ensure the effective operation of our data security protection system, we thoroughly revised our information system emergency response plan in 2024, further enhancing the emergency response mechanisms for data security incidents. The revisions encompass emergency handling scenarios for various types of data security incidents, and through targeted emergency drills, we strengthened our overall emergency response capabilities.

In terms of ensuring network security during major events, we actively participated in an industry-wide cybersecurity drill organized by the Ministry of Public Security, reinforcing the company's network security protection measures. Additionally, to enhance overall cybersecurity awareness, the company organized a specialized training session on "Cybersecurity Awareness" and facilitated remote observation of the cybersecurity drill in the securities and futures industry through video conferences. These efforts further strengthened the emergency preparedness and data security awareness of all employees.

Leveraging the Strength of Charities

Southern Asset Management has always integrated corporate social responsibility into our core values, actively fulfilling our social responsibilities and striving to contribute to the sustainable development of society. Through the Southern Asset Management Charity Foundation platform, we efficiently drive social welfare initiatives, covering a wide range of areas including education, rural revitalization, and environmental protection. Adhering to the principles of philanthropy, we are dedicated to promoting social harmony and sustainable development. In 2024, we carried out multifaceted social welfare activities in areas such as environmental protection, talent development, and rural revitalization. Through precise investments and long-term collaboration, we have fostered deep integration and sustainable development across various sectors.

Keyword: Environmental Protection

In March 2024, the Beautiful Shenzhen Public Welfare Foundation launched the "Five Year Million Trees - Urban Greening" initiative. Southern Asset Management made a targeted donation of RMB 25,000 to support the "Central and Local Government Units Cooperation in Building Forests" project near the Party School of the Futian District Municipal Committee, contributing to urban greening and ecological environmental protection.

Keywords: Environmental Protection, Talent Training

In 2024, we jointly launched the "One Yangtze River" Environmental Protection Program with He Yi Green Foundation and Huatai Foundation for college students, aiming to provide financial support and expert guidance for them. We hope to guide the students to carry out environmental protection actions more scientifically and rationally, contribute youth strength to the environmental protection industry, and effectively improve their comprehensive abilities.

Keywords: Rural Revitalization, Talent Training

In recent years, Southern Asset Management has carried out a series of practical actions focused on rural revitalization. These efforts include donating agricultural product processing equipment to underdeveloped areas, funding elderly care projects, participating in the development of Baimei Village's tourism infrastructure, and supporting returning youth in developing specialized agriculture. Over RMB 1.5 million has been invested to support industry development, entrepreneurship, and rural talent cultivation, contributing to the comprehensive enhancement of rural economies and social structures.

Keywords: Rural Revitalization, Health Care, Cultural Development

In April and June 2024, Southern Asset Management made two donations totaling RMB 200,000 to Xinghe County, Inner Mongolia. The funds were used to improve grassroots healthcare, introduce advanced medical equipment, and support cultural and tourism assistance projects to stimulate the county's economy. This initiative aims to promote a "Health" and "Culture" dual-driven revitalization model, contributing to the comprehensive revitalization of rural areas.

Case

Innovative Assistance Models Supporting Rural Revitalization - Southern Asset Management Charity Foundation's Sustainable Poverty Alleviation Practices in Fenxi County and Xinghe County

The Charity Foundation of our company has continuously deepened our support in the key assistance regions of Fenxi County and Xinghe County, achieving significant social benefits and a demonstrative impact through systematic and sustainable charitable investments. Since launching the targeted assistance program in 2017, the foundation has adhered to a project-based approach and precision-driven strategies. It has made cumulative investments of millions of donations in areas such as rural revitalization, educational support, and infrastructure development, creating a charity assistance model with demonstrative significance.

In Fenxi County, the foundation has innovatively implemented the "Photovoltaic+" industrial poverty alleviation model. By establishing "solar farms" as a self-sustaining poverty alleviation project, the foundation not only created a stable source of income for the local population with limited labor capacity but also achieved an organic integration of economic and ecological benefits. This project uses the advanced "agriculture-photovoltaics complementary" concept, where agricultural and breeding industries are developed beneath solar panels. It also provides employment opportunities for local impoverished individuals with labor capacity, forming a virtuous cycle of "industry-driven employment and employment-driven income growth."

The foundation places a high value on the long-term benefits of educational assistance. Through strategic collaborations with professional organizations such as the Shanghai True Love Dream Foundation, the foundation has continuously supported impoverished students in completing their education and invested dedicated funds to improve teaching facilities. In 2022, the foundation donated RMB 700,000 for the repair and renovation of the playground at Fengxiang Primary School, significantly enhancing the local educational infrastructure and creating a conducive environment for cultivating talent for the new era.

Indicator	Unit	2024
Total external donations	Ten thousand RMB	42.5
Investment in rural revitalization	Ten thousand RMB	20

Steady Progress and Long-Term Development Strengthening the Foundation of Governance

Southern Asset Management has always regarded stable operations as the core guarantee for achieving sustainable development. The company upholds the principle of Party leadership in our development, integrating the Party's political and organizational advantages into business management through strengthened Party discipline and integrity construction, thus transforming them into a powerful driver for high-quality development. At the same time, we improve our modern governance system, consistently strengthening our compliance and risk control foundations, and focusing on cultivating a distinctive corporate culture to build a solid foundation for long-term, stable growth.

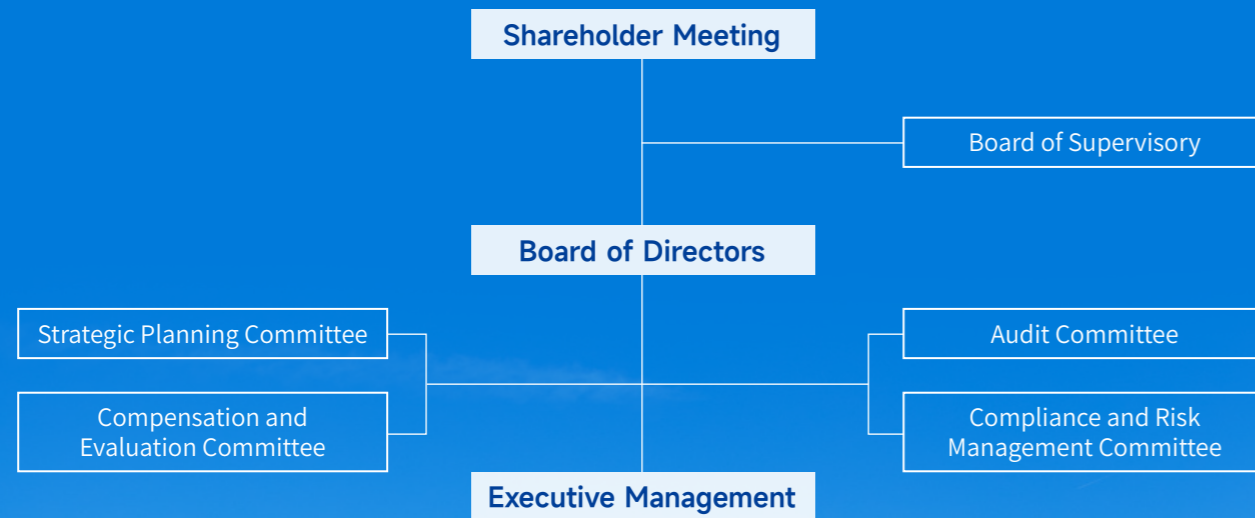


Corporate Governance

Corporate Governance Structure

Southern Asset Management has established a well-rounded modern corporate governance structure with the "Three Meetings and One Layer" framework, consisting of the Shareholders' Meeting, Board of Directors, Supervisory Board, and Management, each performing their duties efficiently. We prioritize upholding Party leadership as our foremost responsibility, continually improving our corporate governance structure. We emphasize clear delineation of rights and responsibilities to ensure accurate positioning, seamless coordination, and effective checks and balances between the Party Committee and the "Three Meetings and One Layer."

Corporate Governance Structure



Robust Operation

Internal Control and Compliance

Southern Asset Management has established a well-defined compliance and risk management framework, with the Risk Control Committee serving as the decision-making body, the Chief Inspector acting as an independent oversight entity, and the Compliance and Risk Management Department functioning as the specialized execution team. Additionally, dedicated full-time and part-time compliance and risk control officers within each business department act as the first line of defense. This structure ensures comprehensive risk management throughout all processes and fosters a pervasive culture of compliance among all employees. Through multi-dimensional measures including institutional development, process control, system support, and training and education, we have constructed a robust, all-encompassing risk defense network characterized by strong prevention capabilities, timely warnings, and efficient incident resolution.

We strictly adhere to the *Securities Investment Fund Law*, the *Guiding Opinions on Regulating Asset Management Business of Financial Institutions*, and other relevant laws, regulations, and supervisory requirements in China, establishing a comprehensive internal control system. We have established several regulatory documents, including the *Southern Asset Management Compliance Management System*, the *Compliance Handbook*, and the *Data Compliance Management Regulations*, covering key business areas such as investment research, trade execution, product development, marketing, and customer service. The policy framework is designed to regulate and manage key processes such as investment decision-making, trade execution, and risk control, based on the overall operations of the company and each aspect of fund management. The framework aims to prevent operational risks and ensure the compliance and orderly management of fund operations. Additionally, we continuously strengthen the development of a compliance culture by utilizing diversified communication methods to enhance compliance awareness across all employees.

Risk Management

Adhering to the core principles of "comprehensive coverage, independent supervision, clear division of responsibilities, and continuous optimization," we have formed a risk control chain encompassing pre-event prevention, in-event monitoring, and post-event evaluation. In terms of institutional development, we have implemented a series of management regulations, including the *Risk Management System*, *Inspection and Auditing Management System*, *Investment Management Personnel Regulations*, the *Trading Management Measures*, and the *Information Technology Risk Management Measures*. These regulations cover various business areas, including investment decision-making, trade execution, operational support, and information security.

Business Ethics

Professional Integrity

We have established a clear and well-defined governance system for integrity in professional conduct, underpinned by a suite of institutional documents including the *Internal Control System for Integrity in Professional Conduct*, the *Financial Expenditure Management Measures*, the *Information System Tendering and Procurement Management Measures*, the *Compliance Performance Management System*, and the *Accountability Management Measures*. These documents rigorously regulate all types of financial transactions, clearly articulating internal control requirements, normative standards for integrity in professional conduct, and the procedures for handling violations.

In 2024, we enhanced our integrity management system by introducing the *Southern Asset Management Regulations on Employment Management and Integrity in Professional Conduct for Departing Personnel from the CSRC System and Public Institutions* and the *Southern Asset Management Procurement Management Measures*. Additionally, the company revised existing documents such as the *Southern Asset Management Compliance Manual* and the *Southern Asset Management Guidelines for Marketing Services in Distribution Channels*. These initiatives aim to improve the internal integrity framework, ensuring that employees adhere to the company's code of conduct at every stage.

In terms of governance structure, Southern Asset Management had established a multi-dimensional integrity governance system characterized by "Party Committee leadership, Discipline Inspection Commission oversight, and full employee participation." By implementing a responsibility system for the construction of Party conduct and clean governance, we had formed a collaborative mechanism where the Party Committee provides unified leadership, the Discipline Inspection Commission coordinates, the Board of Directors and the Supervisory Board offer supervisory guidance, and various functional departments execute specific measures. We rigorously enforce the requirements for integrity in professional conduct, with internal control systems clearly defining the management responsibilities related to integrity for directors, supervisors, senior management, and personnel at all levels. This proactive approach aims to prevent, address, and report risks associated with integrity in professional conduct.

Integrity Construction Governance Framework

The Company's Party Committee

Party Committee is the primary entity responsible for Party conduct, integrity, and anti-corruption affairs, progressing the development of relevant policies and measures.

The Discipline Inspection Committee

Discipline Inspection Committee oversees the enforcement of the accountability system for Party conduct and clean governance and investigate and handle disciplinary and legal violations.

The Board of Directors and the Board of Supervisors

The Board of Directors and the Board of Supervisors play decision-making and supervisory roles in integrity building.

Functional departments

These functional departments play key roles in collaborative management and are responsible for professional integrity management in respective areas.

In 2024, Southern Asset Management organized comprehensive self-inspections on integrity in professional conduct for all employees in May and December, reinforcing the principle that "upholding integrity in professional conduct is the responsibility and baseline for every employee of the company." Since the establishment of the integrity management and control mechanism, we have not experienced any issues related to Party conduct and clean governance among our Party member leaders, nor have we faced regulatory accountability due to violations of relevant laws and regulations pertaining to integrity in professional conduct.

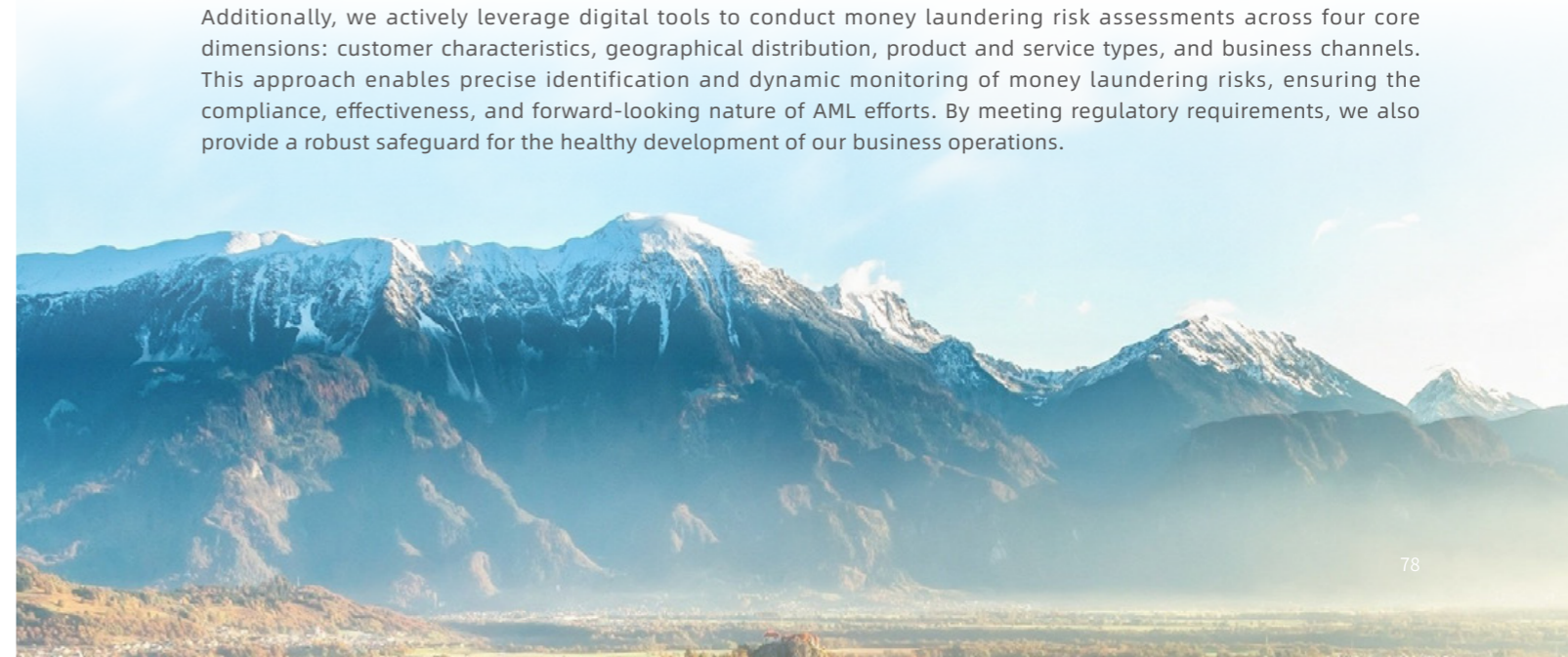
Anti-Money Laundering

Southern Asset Management strictly adheres to the requirements of the *Anti-Money Laundering Law*, the *Counter-Terrorism Law in China*, and the *Regulations on Anti-Money Laundering by Financial Institutions* and other relevant laws and regulations. By establishing an internal regulatory framework that includes the *Laundering and Terrorist Financing Risk Management System*, the *Internal Control System for Anti-Money Laundering*, and the *Product Money Laundering Risk Assessment Rules*, we strengthen anti-money laundering efforts across our headquarters, departments, and subsidiary institutions. This ensures that anti-money laundering management requirements are effectively applied to all business processes and branches.

Furthermore, we have established a clear and well-defined anti-money laundering risk management organizational structure that encompasses the governance, management, and executive levels of the company. This structure clearly delineates the specific responsibilities of the Board of Directors, the Supervisory Board, senior management, the compliance department, and various business lines.

To enhance internal control over anti-money laundering (AML) risks, Southern Asset Management has adopted multi-dimensional and end-to-end control measures to comprehensively upgrade our risk prevention capabilities. We integrated money laundering risks into our overall risk management framework, systematically optimizing the construction of our AML information system. Key areas such as customer due diligence, transaction monitoring, and sanctions list screening have been significantly strengthened, ensuring comprehensive AML review coverage across both headquarters and branch offices.

Additionally, we actively leverage digital tools to conduct money laundering risk assessments across four core dimensions: customer characteristics, geographical distribution, product and service types, and business channels. This approach enables precise identification and dynamic monitoring of money laundering risks, ensuring the compliance, effectiveness, and forward-looking nature of AML efforts. By meeting regulatory requirements, we also provide a robust safeguard for the healthy development of our business operations.



Intellectual Property Protection

Southern Asset Management has established a systematic intellectual property (IP) protection mechanism, leveraging both organizational structure and management systems to protect innovation and research and development (R&D). We strictly adhere to the requirements of the *Copyright Law*, the *Trademark Law*, and the *Patent Law*, among other relevant laws and regulations in China. By establishing an Information Technology and Intellectual Property Rights Working Group, we coordinate the confirmation and protection of innovative achievements.

Furthermore, we have formulated clear IP management standards, encompassing the entire process of software copyright registration, patent application, and technical secret protection. By combining pre-emptive measures, ongoing control, and post-incident safeguards, we not only fully protect our proprietary IP but also effectively mitigate infringement risks, thereby constructing a solid institutional barrier and legal framework to support continuous innovation.

In addition, Southern Asset Management places a high priority on fostering an IP culture, continuously enhancing the IP protection awareness of all employees through various forms of educational and promotional activities.

In 2024, Southern Asset Management successfully filed three new patent applications and received one new patent grant. Additionally, we submitted four new applications for software copyrights and secured three new software copyright authorizations.



Appendix

C1 Index to Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (For Trial Implementation)

Dimension	Issue	Chapter Index
Environment	Climate response	Climate Change Response
	Pollutant discharge	Green Operations
	Waste disposal	Green Operations
	Ecosystem and biodiversity conservation	Green Investment Practices
	Environmental compliance management	Green Operations
	Energy utilization	Green Operations
	Water resources utilization	Green Operations
	Circular economy	Green Operations
Society	Rural revitalization	Gathering Public Welfare Forces
	Social contribution	Gathering Public Welfare Forces
	Innovation	Empowering New Quality Productive Forces Contributing to Pension Management Upgrading Digital Intelligence Services
	Product and service safety and quality	Protecting Rights and Interests of Clients
	Data security and customer privacy	Strengthening Data Security
	Employees	Setting the Stage for a Dream
	Sustainability-related governance	Due diligence
Stakeholder engagement		Sustainability Guiding Principles
Anti-commercial bribery and anti-corruption		Business Ethics



C2 Index to Hong Kong Exchanges and Clearing Limited's Environmental, Social and Governance Reporting Guide

Main Category	Description	Chapter
"Comply or Explain" Provisions		
A. Environment		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Green Operations
Key Performance Indicator A1.1	Types of emissions and respective emission data.	Green Operations
Key Performance Indicator A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Green Operations
Key Performance Indicator A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Operations
Key Performance Indicator A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Operations
Key Performance Indicator A1.5	Description of emissions target(s) set and steps taken to achieve them.	Green Operations
Key Performance Indicator A1.6	Description of methods for handling hazardous and non-hazardous waste, and description of waste reduction targets and steps taken to achieve these targets.	Green Operations
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Green Operations
Key Performance Indicator A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Green Operations
Key Performance Indicator A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Green Operations

Main Category	Description	Chapter
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Green Operations
Key Performance Indicator A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green Operations
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change Response
Key Performance Indicator A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change Response
B. Social		
Employment and Labor Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti	Setting the Stage for a Dream
Key Performance Indicator B1.1	Total workforce by gender, employment type (for example, full- or part	Setting the Stage for a Dream
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Setting the Stage for a Dream
Key Performance Indicator B2.1	The number and ratio of work-related fatalities annually over the past three years (including the reporting year).	Setting the Stage for a Dream
Key Performance Indicator B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Setting the Stage for a Dream

Main Category	Description	Chapter
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Setting the Stage for a Dream
Key Performance Indicator B3.1	Percentage of trained employees by gender and employee category (e.g., senior management, middle management).	Setting the Stage for a Dream
Key Performance Indicator B3.2	Average training hours completed per employee, by gender and employee category.	Setting the Stage for a Dream
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Setting the Stage for a Dream
Key Performance Indicator B4.1	Description of measures to review employment practices to avoid child and forced labour.	Setting the Stage for a Dream
Operations Management		
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters .	Protecting Rights and Interests of Clients
Key Performance Indicator B6.2	Number of products and service related complaints received and how they are dealt with.	Protecting Rights and Interests of Clients
Key Performance Indicator B6.3	Description of practices relating to observing and protecting intellectual property rights.	Customer Privacy Protection
Key Performance Indicator B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Protecting Rights and Interests of Clients

Main Category	Description	Chapter
Aspect B7: Anti- corruption		
General Disclosure	Information on: (a) the policies (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Business Ethics
Key Performance Indicator B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Business Ethics
Key Performance Indicator B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Business Ethics
Key Performance Indicator B7.3	Description of anti-corruption training provided to directors and staff.	Business Ethics
Social		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Gathering Public Welfare Forces
Key Performance Indicator B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Gathering Public Welfare Forces
Key Performance Indicator B8.2	Resources contributed (e.g. money or time) to the focus area.	Gathering Public Welfare Forces



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