

## BOCOM International Asset Management Limited

### Disclosure Document on Climate-related Risks Management

The Securities and Futures Commission (SFC) issued a circular to licensed corporations on 20<sup>th</sup> August 2021 on the management and disclosure of climate-related risks by fund managers, which requires fund managers managing collective investment schemes (CIS) to take climate-related risks into consideration in their investment and risk management processes and make appropriate disclosures. We understand that investors are very concerned about our investment and risk management approach. The following is how BOCOM International Asset Management Limited (“BIAML”) incorporates climate-related risk considerations into its governance, investment and risk management processes.

#### **Governance**

The Board of BIAML (the “Board”) has appointed a Climate-related Risk Management Working Group (the “Working Group”) to lead and oversee the implementation of climate-related policy and investment strategies within BIAML. The Board is responsible for overseeing the process of incorporating climate-related risk considerations into investment management and risk management processes, and overseeing progress towards goals set to address climate-related matters.

The Working Group is primarily responsible for leading and overseeing the implementation of climate-related policies and investment strategies and meets at least semi-annually to monitor the progress closely. Responsibilities of the Working Group include presiding over the formulation and implementation of incorporating climate-related considerations into investment and risk management processes, developing and reviewing internal control procedures, monitoring the status and progress of climate-related risk management, and devoting adequate human and technical resources for the proper performance of the duty to manage climate-related risks, etc. The Working Group will set and review goals and develop action plans for addressing climate-related matters, establish satisfactory internal controls, monitor industry developments and relevant regulatory updates to ensure compliance with relevant regulatory requirements, and report climate-related issues to the Board at least once a year. Responsible staff should regularly report to members of the Working Group about the status and progress of efforts to manage climate-related risks.

#### **Investment Management**

In the investment management process, the investment research team of BIAML will assess whether climate-related risks are relevant and material for each investment strategy and fund under BIAML’s management. For investment strategies and funds that are considered relevant and material to climate-related risks, the investment research team will conduct a climate-related risk assessment on the positions held semi-annually, and the assessment results will be collected by the quality and risk control team of BIAML and then reported to the Working Group. Where climate-related risks of an investment strategy or fund are deemed irrelevant, BIAML will disclose such exceptions and maintain appropriate records explaining why climate-related risks are irrelevant, while periodically revising the relevant assessment.

#### **Risk Management**

BIAML will use appropriate tools, metrics, and databases to identify, assess, manage, and monitor the climate-related physical risks and transition risks for each investment strategy and fund which has been deemed relevant and material. To identify and assess climate-related risks, we use an internal climate risk scoring mechanism to understand climate risk exposure by considering the characteristics

of the holdings (such as industry and geographic location, etc.), as well as the potential physical and transition risks that these characteristics may be associated with. From the assessment, we pay attention to the distribution of risks our holdings may have and analyse whether the fund is inadvertently biased towards high climate-related risks. To manage and monitor climate-related risks, after analysing results of the climate-related risk assessment, we will consider establishing appropriate management measures and regularly monitor related risks and investment holdings to mitigate and control the climate-related risks exposures.

*BIAML will review disclosures at least annually and update in a timely manner to ensure that the information disclosed are proportionate to the degree climate-related risks are considered in the investment and risk management processes. If there are any material changes, we will inform our investors as soon as practicable through the official website of BIAML. If there are any questions, please contact us at [qrc\\_am@bocomgroup.com](mailto:qrc_am@bocomgroup.com).*