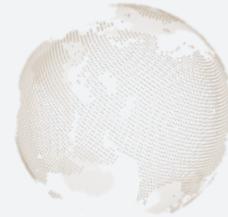




# ROSEFINCH FUND 2022 ESG REPORT

**SUSTAINABLY CREATE VALUE**



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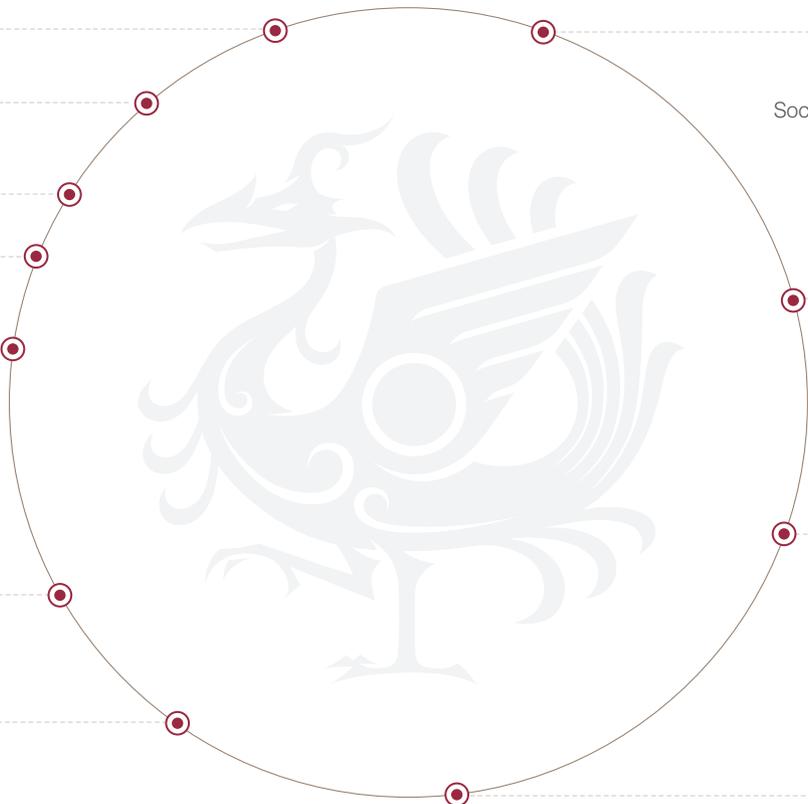
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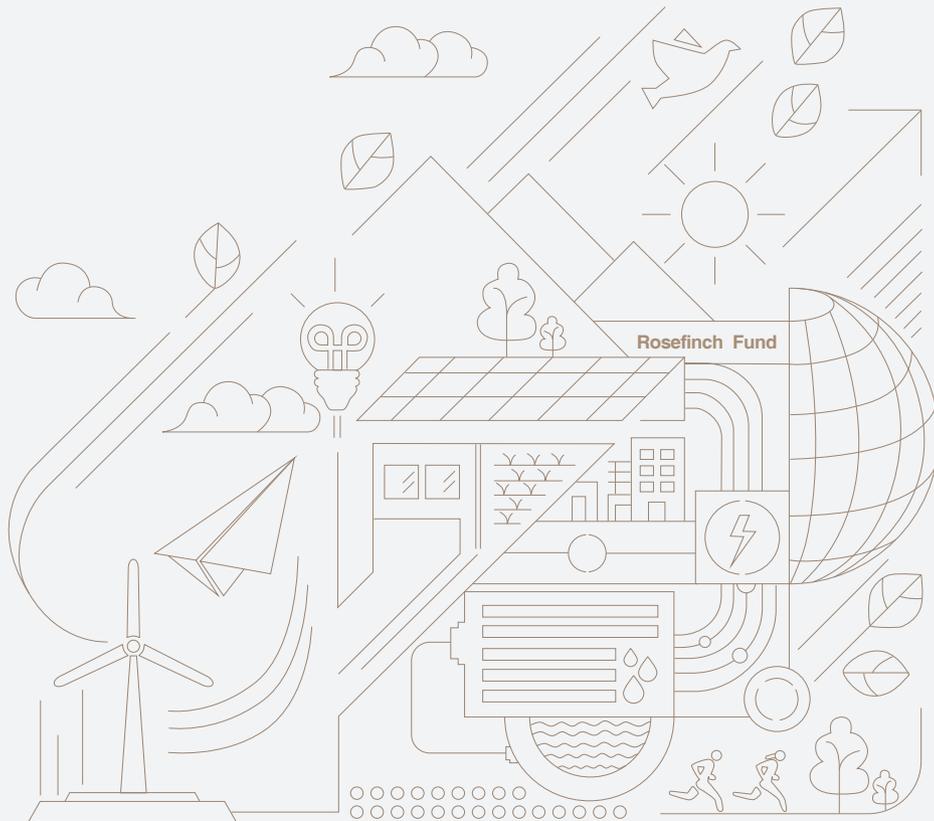
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# ABOUT THIS REPORT

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This report is the inaugural annual ESG report issued by Rosefinch Fund Management Co., Ltd. ("Rosefinch Fund"). This report is issued on an annual basis. This report covers Rosefinch Fund and its subsidiaries. Any change in the reporting parameters will be highlighted in the report. All currencies are denominated in RMB unless otherwise stated.

This report is referenced to Chinese Academy of Social Science' s "China Companies' Social Responsibility Reporting Guideline" (CASS-ESG5.0), GRI Standards and GB/T36001 2015 "Social Responsibility Reporting Guideline." It also references the United Nations' Sustainable Development Goals.

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# GENERAL MANAGER'S STATEMENT



China's economic reform has leaped from the Econ-1.0 era of high-speed growth to the Econ-2.0 era of high-quality development. In the Econ-1.0 era, companies mainly focused on rapid development and financial profits rather than wider external impacts to society. As China enters the Econ-2.0 era, social value and economic benefits are both recognized priorities, and only by integrating ESG elements can long-term development be achieved.

For asset managers, ESG is not only applicable to the corporate profitability and company valuation, but also crucial in incorporating environmental awareness, social responsibility, and governance level to find truly sustainable and high-quality companies. This promotes low-carbon

transformation, achieves social fairness, improves corporate governance, and forms a virtuous cycle between social value and economic benefits.

Rosefinch Fund has been active in the China Asset Management industry since 2007. Our corporate vision is to "sustainably create value." That's why we have always been focusing on active equity management to contribute to China's economic transformations. Our corporate value is highly aligned with UNPRI's goals, which is why we became signatory to UNPRI in 2022, committing to the six principles of responsible investment. At the same time, we have established a responsible investment governance framework to integrate ESG factors into investment research and investment decisions, promote and urge listed companies to accept the concept of sustainable development and to fulfill their corporate social responsibilities.

As the world moves resolutely towards a Carbon-neutral future, we have long been supporting companies at the cutting edge of technological innovation in the fields of new energy and new materials. In 2022, we launched a thematic "Carbon-Neutral" mutual fund and developed an investment framework around China's "Dual-Carbon Target" of achieving Carbon-Peak by 2030 and Carbon-Neutrality by 2060. As of the end of 2022, the ESG ratings of A-share

stock holdings of this thematic fund are all above BB (according to China Securities Index Co., Ltd.). In addition, we also invest heavily in the "green" industries that are crucial in the world's transition to a more sustainable future. The total market value of Rosefinch green industry investments exceeds 17 billion RMB, accounting for more than half of total directly managed investment.

Besides being an asset manager, Rosefinch is also a responsible corporate citizen that actively gives back to society. When the Covid epidemic worsened in Xi'an, we raised about 130,000 RMB worth of medical supplies to support the epidemic prevention and control work of Xi'an Economic and Technological Development Zone. We donated 1 million RMB to Xi'an Red Cross to support their important work. When the epidemic broke out in Shanghai, we donated epidemic prevention supplies worth 60,000 RMB to support government staff on the frontlines of epidemic prevention; company employees also actively joined the volunteer ranks, with 6 team members volunteering for a total of 800 hours during the lockdown period.

In November 2022, Rosefinch Fund Management Co. Ltd, together with Shanghai Rosefinch Asset Management Co., Ltd., donated 3 million RMB to Tsinghua Univer-

sity Education Foundation to support the China Enterprise Development and Mergers and Acquisitions Research Center of Tsinghua University School of Economics and Management. The donation supports industry-upgrading research, incubation of emerging companies and industries, and development of theoretical basis for national policies. This important research will help China's industrial integration and upgrading, and provide think tank-level support for the strategic development of Chinese companies.

Individually, we're but a speck of light, but together, we can become a torch that lights up the road. We believe that ESG investment will promote the growth of a new generation of entrepreneurs and create greater welfare for society. In the future, Rosefinch will strive tirelessly to build a better future together with our global partners.

# BRIEF INTRODUCTION TO ROSEFINCH FUND

## CORPORATE CULTURE

-  **Vision** | To Sustainably Create Value
-  **Value** | Compliance, Transparency, Trust, Passion
-  **Investment Philosophy** | Conservative, Concentrated, Creative and Critical
-  **Investment Methodology** | Allocation by Industrial-chain Logic, Selection by Securities Trading Approach

In September 2018, Rosefinch Fund was approved by the China Securities Regulatory Commission to be established as a mutual fund company. The place of registration is Xi 'an, Shaanxi. The registered capital is 150 million RMB.

Rosefinch Fund is committed to building an equity investment boutique, insisting on active management, looking forward to rising star, embracing Everest, supporting China's social reform and innovation, and sharing Alpha from this era with investors.

“

*Investing in Entrepreneurs as an Entrepreneur*

”

# ROSEFINCH IN NUMBERS

## Rosefinch Fund

<b>Asset Under Management</b> ①		Mutual Fund AUM and # of Products	Managed Account and Investment Advisory Accounts
<b>38.3</b>		<b>20</b> Billion RMB	<b>18.3</b> Billion RMB
Billion RMB		/ <b>8</b> Mutual Funds	/ <b>27</b> Managed Accounts
<hr/>			
<b># of Staff</b>		Staff as Partners ②	Average Age
<b>108</b>		<b>42.6%</b>	<b>32.4</b>
		% of Female Staff	% of Female Managers
		<b>33%</b>	<b>32%</b>

\*As of Dec 31st, 2022.

① Including mutual fund, managed account, and investment advisory accounts.

② Refers to the employees who are shareholders of Rosefinch Fund through Employee Stock Ownership Plan

# RESPONSIBLE INVESTMENT FRAMEWORK OF ROSEFINCH FUND

## 01 PRI



On Oct 28th, 2022, Rosefinch Fund officially signed the UNPRI. We believe ESG investing will support the growth of the new generation of entrepreneurs and create greater benefits for the entire society. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

Principle 1:	We will incorporate ESG issues into investment analysis and decision-making processes.
Principle 2:	We will be active owners and incorporate ESG issues into our ownership policies and practices.
Principle 3:	We will seek appropriate disclosure of ESG issues by the entities in which we invest.
Principle 4:	We will promote acceptance and implementation of the Principles within the investment industry.
Principle 5:	We will work together to enhance our effectiveness in implementing the Principles.
Principle 6:	We will each report on our activities and progress towards implementing the Principles.

## 02 PRINCIPLES OF RESPONSIBLE INVESTMENT

In order to standardize the responsible investment activities of Rosefinch Fund and strengthen the development of Rosefinch Fund' s responsible investment framework, in accordance with the Principles of Responsible Investment initiated by the United Nations Principles ("UNPRI"), and in compliance with relevant rules, laws, and regulations, Rosefinch Fund has established a comprehensive responsible investment governance framework.

Rosefinch Fund' s organizational structure for responsible investment includes three levels: the General Manager, the ESG committee, and other relevant departments.



**General Manager** is responsible for reviewing policies and commitments related to responsible investment, reviewing responsible investment reports and other work provided by the ESG committee.

**ESG Committee** is responsible for formulating company-level responsible investment principles and strategies, organizing and coordinating relevant departments to carry out responsible investment work, organizing the compilation of responsible investment reports, and promoting the orderly development of the company's responsible investment.

**All Relevant Departments**, including but not limited to the research department, mutual fund investment department, managed account investment department, risk management department, industry, and direct sales customer service department, etc. assign specialists responsible for implementing the company's responsible investment policies and undertaking responsible investment work related to their job functions.

## 03 **PRINCIPLE OF ESG INTEGRATION**

ESG integration aims to incorporate ESG factors into investment research decisions and investment analysis. ESG integration work should be carried out in the following aspects, including but not limited to:

### **Industry and Stock Analysis**

In equity investment, ESG factors should be considered in industry selection and stock selection, where the actual and potential impact of ESG factors on financial statements and valuation should be considered.

### **Esg Situation**

The ESG situation of the company must be a necessary input for key research reports for investment decisions, and subject to review by the investment committee.

### **Sustainable Development Strategy**

Analyst' s company evaluation should include analyst' s assessment of the company' s governance, including whether the company has ESG report and/or 3rd party ESG rating for the company. The sustainable development strategy of listed companies reflects the long-term risks and industry opportunities. Therefore, it' s beneficial for the company to formulate a sustainable development strategy to avoid long-term risks and engage in timely transformation. For fund managers, focusing on the medium and long term compared to just focusing on the current performance of enterprises allows better grasp of the future direction and helps the fund manager to make accurate analysis, which increases the long-term value of investor assets.

## 04 **PRINCIPLE OF ACTIVE OWNERSHIP**

Rosefinch Fund shall advocate and urge listed companies to adopt the principle of sustainable development and fulfill their corporate social responsibilities.

### **Company Communication**

Rosefinch Fund shall actively communicate with listed companies about their ESG risks and opportunities, and put forward constructive suggestions, follow up diligently, provide feedback and suggestions on listed companies' ESG information disclosure as well as their corporate governance practices. At the same time, Rosefinch Fund shall protect the interests of investors, submit, or support relevant shareholder resolutions and exercise voting rights when necessary.

### **Regularly Report**

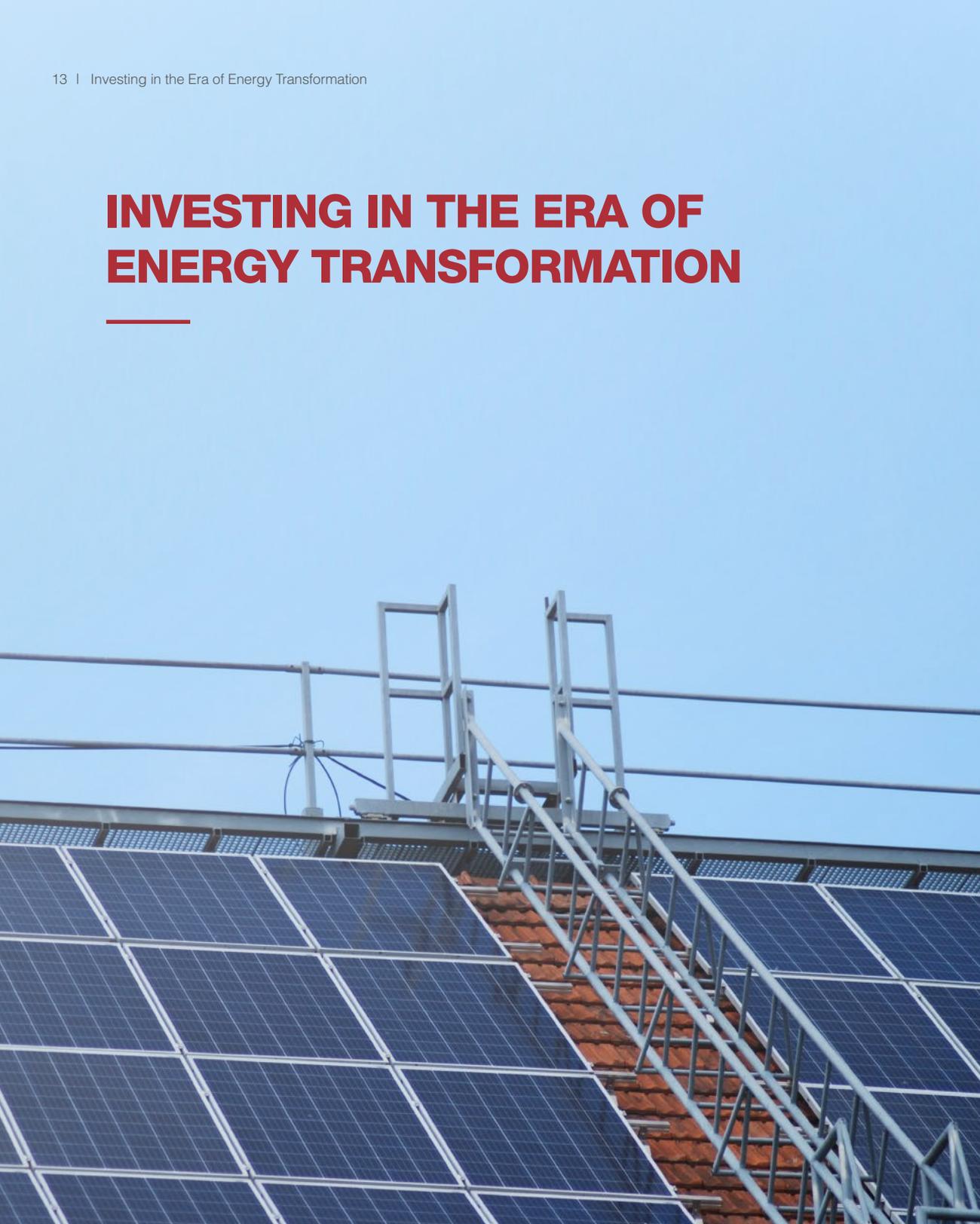
Rosefinch Fund shall regularly report to investors and relevant responsible investment organizations on its progress in responsible investment.

### **Voting Rights**

As per Rosefinch' s internal guidelines, Rosefinch Fund shall exercise voting rights in resolutions for all invested companies with internal ranking of Lower 2nd Tier or higher. The proposed voting intention shall be executed after approval by head of industry chain research team, head of research department, relevant investment manager, and the investment committee. During 2022, Rosefinch voted in 42 shareholder meetings.

# INVESTING IN THE ERA OF ENERGY TRANSFORMATION

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## 01 FOREWORD

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China has made the commitment to achieve peak Carbon Dioxide emissions by 2030 and Carbon neutrality by 2060.

# 3060

These “3060” dual-Carbon targets involve changes in the atmosphere, economy, politics, culture, and society and have an increasingly profound impact: global warming has moved from a scientific consensus to a political consensus, and governments of various countries are taking active response measures. The process of achieving the “3060” dual-carbon target is also the process of replacing global carbon-resources with domestic manufacturing, which has the potential to solve our energy security problems. China’s prominent role in the era of energy transformation can also promote the internationalization of the RMB, maintain financial security, and alleviate aging and lower consumption pressure. It can partially replace infrastructure and real estate in terms of economic activities, and also promote economic transformation towards higher-quality developments.

From an investment perspective, the “3060” investment theme has high certainty, long time horizon, and broad implications on many industries. Whether it’s new or traditional industries, there are many opportunities as companies strive for global or national leadership positions or expand across local regions.

## 02 GREEN INDUSTRY INVESTMENT

As of Dec 31st, 2022, Rosefinch Fund' s investment portfolio has 17.1 billion RMB in Green industries<sup>①</sup>, or 53.9% of total active equity strategy AUM<sup>②</sup>.

Green Industries	2022 AUM (Billion RMB)	2022 % Total
Energy-saving and Environment Protection	<b>14.10</b>	<b>4.45%</b>
Clean Manufacturing	<b>32.33</b>	<b>10.20%</b>
Clean Energy	<b>104.22</b>	<b>32.88%</b>
Infrastructure Green Upgrade	<b>17.05</b>	<b>5.38%</b>
Green Services	<b>3.16</b>	<b>1.00%</b>
Total	<b>170.86</b>	<b>53.91%</b>

\*<sup>①</sup> Refer to the "Green Industry Guidance Catalogue (2019 edition)" to classify the industries invested in.

\*<sup>②</sup> Refer to all active equity managed accounts, investment advisory accounts and mutual funds managed by Rosefinch Fund.

# OUR PORTFOLIO

### CASE STUDY #1

## INVESTMENT IN WASTEWATER AND WASTE GAS TREATMENT COMPANIES

In June 2022, Rosefinch Fund invested in a company that produces metal catalysts. Its main business is to produce metal catalysts to address environmental protection issues, especially wastewater or waste gas treatments and purifications. It has developed Catalytic Wet Oxidation (CWO) techniques where in 2022, the company' s PVC Mercury-free CWO reached industrial production scale, providing strong support for the entire Chlor-Alkali industry' s green sustainable development.

In addition, this company also leveraged its years of industry experience to capture opportunities in the hydrogen-fuel EV

market. It has successfully industrialized production of high-quality low-Platinum fuel cell catalyst, which is invaluable in the development of the hydrogen industry chain. It has already worked closely with other industry participants to apply its products in hydrogen storage and transportation, and low temperature catalytic dehydrogenation.



### CASE STUDY #2

## SUPPORTING PHOTOVOLTAIC COMPANIES



In Oct 2022, Rosefinch Fund participated in the funding of a major photovoltaic company for its high-purity silicone wafer project. Since 2020, high-purity silicone prices have increased repeatedly with limited supplies. This constrained the downstream development of solar power stations. This project therefore addressed

the crucial bottleneck and supported the healthy development of the entire industry value chain.

In Nov 2022, Rosefinch Fund participated in the funding of another major photovoltaic company to support its light-sensitive membrane and assembly parts production. The company is heavily involved in the distributed generation of solar power, so this investment will support the entire society' s energy transformation efforts and truly integrate solar energy into our daily lives.

## ESG PRODUCT: ROSEFINCH CARBON-NEUTRAL MUTUAL FUND

On Sep 7th, 2022, Rosefinch launched the "Carbon-Neutral" Mutual Fund with a 3-year investment holding period. The AUM raised was 382 million RMB, with over 80% of AUM to be invested into companies linked to the "Carbon-Neutral" theme.

Offering Size	<b>3.82</b>	Million RMB
Carbon Neutral Topic Stock Proportion Not Less Than Non-cash Assets	<b>80%</b>	



### Carbon and Carbon Reduction Path

This fund invests in industries related to the goal of carbon neutrality. Starting from carbon emission sources, China's decarbonization path mainly includes decarbonization of the power industry, energy conservation and emission reduction of the industrial industry, intelligent electrification of the transportation industry, green transformation of the building industry, as well as public utilities, TMT and green financial industries that support carbon neutrality. Specific industries and investment themes are as follows:



#### Power Generation

The new energy industry chain mainly includes photovoltaic and wind power as well as related industrial manufacturing, terminal power plant operations, and related manufacturing equipment. Industry companies can be related to nuclear power, hydropower, biomass, natural gas, hydrogen energy, distributed power generation, energy storage and new power system construction.



#### Industrial Production

Energy conservation and emission reduction during industrial production, typically through technological upgrading and process transformation, involving the steel, chemical and other manufacturing industries. Some examples include specialized steel production using electricity or hydrogen energy.



#### Transportation

The new energy vehicle industry chain. This includes EV battery, raw material, Lithium battery production, motor manufacturing, green transportation infrastructure, charging stations, hydrogen stations, car chips, data analysis and ride-sharing.



#### Building Construction

The green building industry chain includes low-carbon construction material, compatible assembly, construction frames, BIPV.



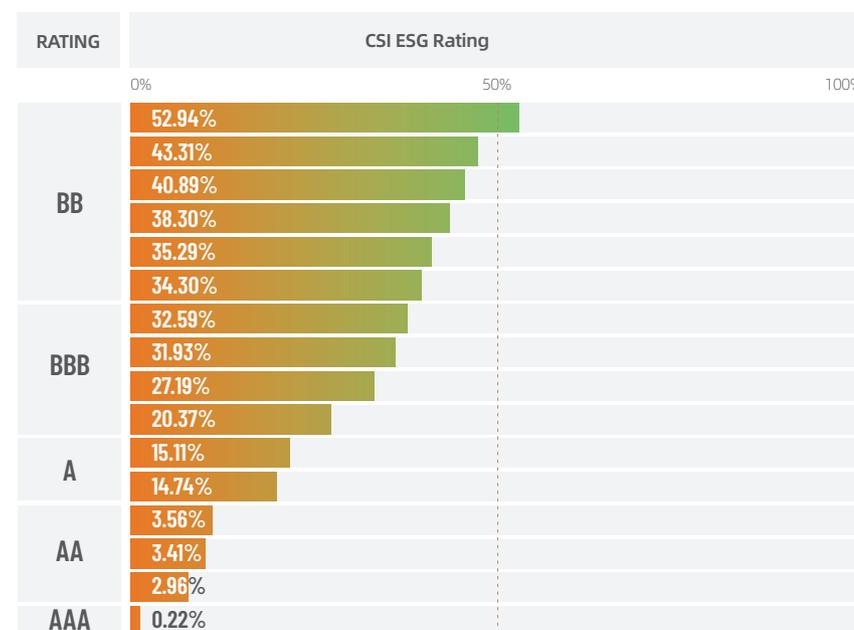
#### Public Utilities

The environmental protection industry includes carbon capture, utilization, storage, and ecosystem restoration.



### Esg Evaluation Data

According to China Securities Index Company, all A-shares held by Rosefinch Carbon Neutral Three Year Fund<sup>①</sup> at the end of 2022 are no lower than BB in CSI ESG rating<sup>②</sup>. The average ESG score of Rosefinch' s A-share holdings ranked at 24.8% in CSI ESG rating scale.



\*<sup>①</sup> Excluding one listed stock with no rating, the market value of the statistical sample accounted for 92.71% of the stock market value of Rosefinch Carbon Neutral Three Year Fund.

\*<sup>②</sup> Data source: China Securities Index Co., LTD., ESG evaluation data updated to April 30, 2023.

# CORPORATE GOVERNANCE



## Board of Directors

The board of directors has six members with extensive relevant experiences including asset management, legal consultancy, and international backgrounds. In the board, there are three or 50% independent board members and two or 1/3 female board members. These diverse board members provide valuable and appreciated input in the board discussions and decisions.



## Committees

Under the Board of Directors, there are Compensation and Compliance and Risk Control Committees that report directly to the Board. Under the General Manager, there are the Product Committee, ESG Committee, Investment Committee, Valuation Committee, Risk Committee, and IT Committee. The committee framework is used extensively to create focused teams to ensure effective implementation of relevant policies and attentive management of key areas. Please find below the organization chart of committees.



## Inspector General

Inspector General (IG) operates independently to oversee Rosefinch Fund' s compliance with relevant rules, regulations, and internal risk management policies. IG will also report periodically to the Board of Directors and industry regulators. These organizational frameworks and other internal policies and procedures form solid governance, allow effective decision-making, execution, and monitoring.

# 01 COMPLIANCE AND ANTI-MONEY-LAUNDERING



## Compliance

Rosefinch Fund believes compliance creates value and expects management team to lead by example to create a strong culture of compliance.

The company establishes a sound compliance management system that allocates corresponding compliance personnel, covers all business areas, runs through the entire process of decision-making, execution, supervision, and feedback. Rosefinch Fund effectively allocates compliance management responsibilities to the board of directors, management team, and staff.

Internally, the company has set up clearly defined departments and positions with documented responsibilities and mutual monitoring to ensure a well-managed business environment which builds a solid foundation for future business growth.



## Anti-money-laundering

Rosefinch Fund also attaches great importance to its anti-money laundering responsibilities, and has established an anti-money laundering internal control system commensurate with the company's risk profile and business scale.

Rosefinch Fund takes "Anti-Money Laundering and Anti-Terrorist Financing Internal Control System" and "Anti-Money Laundering Risk Self-Assessment System" as the basis, combines with the actual business situation, improves the company's anti-money laundering risk management system, and incorporates anti-money laundering risk management into the company's risk culture.

### Anti-money Laundering Risk Management Structure

The company has established a sound anti-money laundering risk management structure with top-down supervision and guidance from the board of directors, supervisors, senior management to ordinary employees. At the business level, anti-money laundering positions are set up in the compliance management department and other relevant business departments, and the compliance management department is in charge of them in a unified manner.

An anti-money laundering work leading group headed by the general manager has also been established as the decision-making body for day-to-day anti-money laundering work, responsible for organizing and coordinating the company's anti-money laundering work.

### During Business Operations

During business operations, the company strictly fulfills customer due diligence, suspicious transactions monitoring and reporting, blacklist monitoring, preservation of client identity materials and transaction records and other legal obligations, through a series of internal inspection and audit to identify anti-money laundering risks and improve the effectiveness of internal money laundering risk management.

At the same time, the company attaches great importance to anti-money laundering training and education work, and carries out a series of public anti-money laundering educational activities to support the investor community.

# 02 RISK MANAGEMENT

The company has established a clear, sound, and effective risk control system composed of the board of directors, compliance and risk control committee, inspector general, management, risk control committee, risk management department and all departments. The board of directors, management and all employees of the company participate in the overall planning, supervision and implementation of risk management, and the responsibilities of risk management are assigned to each department, each post, and each business activity to achieve comprehensive risk management.

Risk management involves risk identification, risk assessment, risk response, risk reporting, risk monitoring and evaluation of the risk management system. It requires timely updates and continuous improvements of risk management framework in accordance with the changes of internal environment, market environment, laws, regulations, and other internal and external factors. Through the establishment and improvement of specific risk management systems and business processes for all risks in business activities, the company promotes the effective identification, assessment, response, and management of various risks.

# SOCIAL RESPONSIBILITY

## 01 SOCIAL RESPONSIBILITY MANAGED ACCOUNT



**In February 2016**, the investment company affiliated to a University entrusted Rosefinch Investment to establish a managed account to manage the donation, after the establishment of Rosefinch Fund, the managed account was managed by Rosefinch Fund.

**By the end of 2022**, the total cash dividends of this account is 4.4 million RMB with 4 distributions, which is used to fight against COVID-19 and support the development of education. At the same time, the market value of this account after deducting dividends increased 4.83 million RMB, creating a total profit of 9.23 million RMB for a net return of 92.3%, which can sustainably contribute to the development of education.



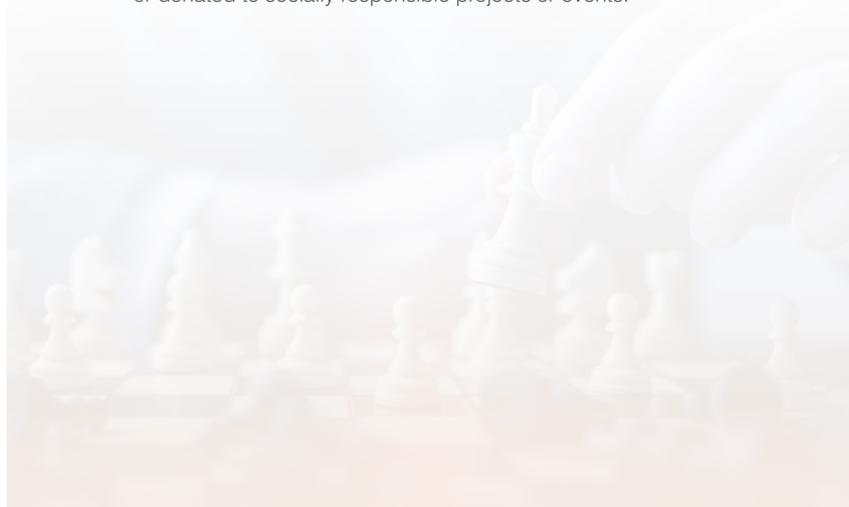
Dividends **4.4** Million RMB

Net Return **92.3%**

## 02 SOCIAL RESPONSIBILITY MANAGED ACCOUNT SCHEME



In terms of the organization of the Social Responsibility managed account, it's originally set up by the company or foundation. The account then engages Rosefinch to manage, with the dividends or distributions directed or donated to socially responsible projects or events.



## 03 PHILANTHROPY ACTIVITIES

### 2022 JANUARY

When the Covid pandemic in Xi'an worsened, Rosefinch Fund immediately raised about 130,000 RMB to provide pandemic prevention and control materials to support the Xi'an Economic and Technological Development Zone. In addition, Rosefinch Fund donated 1 million RMB to Xi'an Red Cross in January 2022 to support the recovery and ongoing care for the local population.



### 2022 MARCH

In March 2022, as soon as Shanghai lockdown started, Rosefinch Fund donated a total of 60,000 RMB worth of epidemic prevention materials to relevant government departments and property management companies in the jurisdiction to support government agency staff on the front line of epidemic prevention. Rosefinch Fund company employees also actively joined the local volunteer teams: during the lockdown period, 6 employees volunteered for a total of 800 hours, proudly representing Rosefinch Fund to stand together with the people of Shanghai.



## 04 ROSEFINCH HIGHLIGHTS

### 2015 MAY

In May 2015, Rosefinch Investment began managing the funds of Shanghai Sino-European International Business School Education Development Foundation. After Rosefinch Fund was established in 2019, it took over the management of these funds. As of December 31, 2022, the fund has generated a cumulative net return of 65.56%.

### 2022 APRIL

In 2022, Shanghai experienced an unusual spring, where the city slowed down its pace dramatically and the Rosefinch Fund's office also quieted down. In order to ensure the stable operation of the company's business and support our investors, many employees stayed at the company for 24 hours a day during Shanghai's lockdown, while many colleagues continued remote work and some also joined the ranks of volunteers. The people of Rosefinch Fund have long built support lines across time and space, created order in chaos, and ensured the smooth operation of the company.



### 2022 NOVEMBER

In November 2022, Rosefinch Fund together with Rosefinch Asset, donated 3 million yuan to the Tsinghua University Education Foundation, earmarked to support the Center for Enterprise Development and Merger and Restructuring under the Tsinghua University School of Economics and Management. The donation is intended for research on case studies of China's enterprise growth, merger, and reorganization, in order to promote industrial upgrading and emerging industry incubation. It shall provide theoretical basis for relevant national policies, and help enhance China's industrial integration as well as provide think-tank level support for enterprise strategic development.

## 05 OFFICIAL RECOGNITIONS

### 2022 APRIL

On April 26, 2022, Xi'an Economic and Technological Development Zone held a signing ceremony for key financial service projects and commendation meeting for outstanding financial enterprises. Rosefinch Fund won the honorary title of "Outstanding Contribution by Financial Enterprise".



### 2022 NOVEMBER

On November 4, 2022, Rosefinch Fund was awarded the honor of "Exemplary Company for Supporting Economic Development in Shaanxi" issued by the General Office of the Shaanxi Provincial People's Government, becoming the only mutual fund management company winning such recognition.



# EMPLOYEE WELLBEING



## 01 STAFF SECURITY



Rosefinch Fund ensures employees' wellbeing through various channels. For example, 100% of Rosefinch Fund employees have official contracts, social security insurance coverage, and employee health checkups.

## 02 EMPLOYEE DEVELOPMENT

Rosefinch Fund provides an average of 30 hours of staff training per year to support their interests and develop their expertise in relevant areas. Internally, there are also clear promotional paths for employees that serve as a map for their career development.



## 03 EMPLOYEE HEALTH AND CARE



### VIP Restroom

To better support employees with young children, Rosefinch Fund has established VIP restroom that is suitable for employees in need of breastfeeding babies.



### Sports Clubs

Rosefinch Fund actively promotes and supports employee sports clubs, which include badminton, running, basketball, football, etc. These clubs hold regular gatherings and compete in tournaments such as the Shanghai Fund Management Association soccer tournament. Our team is proud to showcase the Rosefinch spirit on the soccer pitch!



### Birthday Parties

To further build team spirit and celebrate employees' birthdays, Rosefinch Fund regularly hosts employee birthday parties so that the whole team can celebrate together.



### Photography Competition

In addition, Rosefinch Fund also launched a photography competition to honor "low-carbon lifestyle" in October 2022. It ough out creative photos that demonstrate the concepts of low-carbon, environmentally friendly, and green living. These ideas are aligned with our investment thesis of "3060" as well.



### Internal Competitions

The team also organizes internal competitions, such as the badminton club's annual game in April 2021!



## 04 AWARDING EXCELLENCE

Each year, Rosefinch Fund will award employees who exhibited excellent behaviors or made outstanding contributions. In addition, Rosefinch Fund also recognizes employees with "long-serving awards" for employees as well as partners who have worked 5 and 10 years. The awards also include stipends for family travels which have been very well-received.

# GREEN WORKING



Rosefinch Fund diligently abides by the requirements of laws and regulations related to the Energy Conservation Law, the Environmental Protection Law, etc., and actively advocates low-carbon, environmentally friendly operation. We dig into daily workflow and office management to explore potential energy conservation and emission reduction ideas. This approach makes energy conservation a key priority for us, and it matches the national and industrial green development strategy with our own practices. The actual actions can be summarized in the following five areas:

## 01 ENERGY CONSERVATION

### | Date Center

We reduce energy consumption by shifting server setup from traditional physical single server architecture to hyper-converged architecture. The company's hyper-converged platform currently has 10 server nodes, including 6 hyper-converged servers in the front-end data center that carry 180 virtual machines, and 4 hyper-converged servers in the southern center that carry 50 virtual machines.

Using traditional single-machine servers requires 230 Dell R250 8C/16G/500G configured servers to carry the load. Each hyper-converged server has a power of 300W, while the power of a single Dell R250 machine is 150W. Compared with 230 single-machine servers, the 10 hyper-converged servers can save 276,000 KW per year, equivalent to saving 110,376 KG of coal per year, reducing emissions of 75,000 kilograms of carbon and 216,600 kilograms of carbon dioxide emissions.



### | Remote Meeting

We actively use and encourage video conference systems via the newly installed Feishu platform. By using Feishu for long-distance video conference calls, we have reduced the number of business trips, increased work efficiency, and reduced travel related carbon emissions.

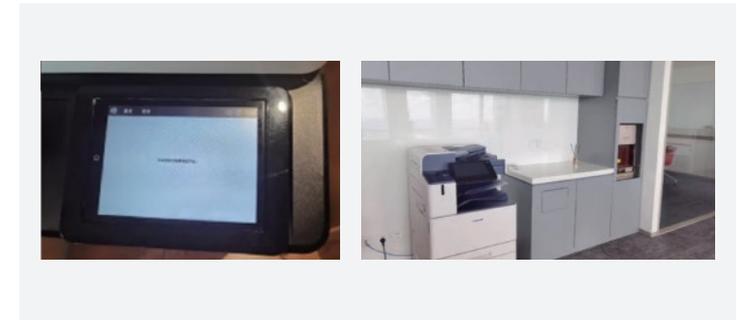
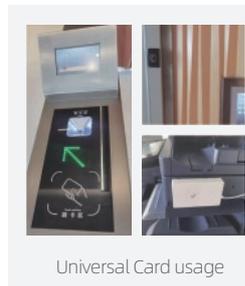
### | Transportation

We have replaced the company's fuel vehicles with electric vehicles, further reducing the carbon emissions for our transportation.

## 02 PAPERLESS OFFICE

Rosefinch Fund has implemented paperless office via its OA system. According to the internal office area management policy, everyone should conserve paper usage by only copying or printing necessary documents. All non-sensitive single-sided documents should be reused for second-side printing. And those documents printed on both sides should be used for other admin purposes such as backboard for claimed receipts.

In July 2021, Rosefinch Fund's new office used "universal card" concept, where the same access card is used for printing as well. Internally, we promoted electronic sharing of documents for approval processes, training processes, and meeting processes. Rosefinch Fund also banned usage of disposable cups or lunch boxes, so that employees should bring their own cups and utensils. Externally, in order to reduce paper usage, we default to sending electronic statements to our investors.



## 03 CONSERVATION OF WATER AND ELECTRICITY

Rosefinch Fund actively conserves water and electricity usage in office premises.

### I Check for Leaking

Regular patrols are conducted to check for leaking water or leaking electricity.

### I Air Conditioning Controls

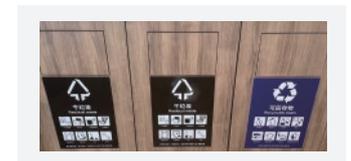
All air conditioning controls are done in line with relevant green environment protection guidelines.

### I Water

Employee drinking water is from filtered water station, thus ensuring safety and reducing plastic bottle usage.

## 04 WASTE MANAGEMENT

Rosefinch Fund actively promotes sorting of waste products, clearly labels different waste types, and encourages recycling wherever possible.



## 05 GREEN PURCHASES

When making purchases, Rosefinch Fund prioritizes suppliers or products that conserve energy, are environmentally friendly, have high quality, and certified accordingly. For example, before Rosefinch Fund moved to our new offices in Qiantan Center, we selected materials and furniture that satisfy national environmental protection standards, prioritized those with low-carbon certification. In terms of office supplies, we prioritize those with environmental protection certifications such as the Forest Sustainability Certificate.

# APPENDIX

ROSEFINCH FUND'S ESG TOPICS		
Environmental (E) Topics:	Social (S) Topics:	Governance (G) Topics:
Climate Change	Gender Diversity and Equality	Responsible Investment
Waste Reduction and Recycling	Community Engagement	Board Structure and Independence
Energy and Water Conservation	Employee Health and Safety	Ethical Business Conduct
	Development and Training	Data Privacy and Cybersecurity Measures
	Customer Engagement	Risk Management and Compliance

## ROSEFINCH FUND AND THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The 17 global development goals (SDGs) formulated by the United Nations are a blueprint for achieving a better and more sustainable future for everyone, aiming to solve development issues in the social, economic, and environmental dimensions through inter-related and comprehensive issues before 2030.

From the four aspects of responsible investment, employee development, public welfare, and green operations, Rosefinch Fund actively supports the United Nations Sustainable Development Goals (SDGs), practices the concept of social responsibility, and creates value for stakeholders such as customers, government and regulatory agencies, employees, shareholders, communities, and the public.



**Responsible Investment**

Practice responsible investment, channeling capital to responsible companies.



**Employee Development**

Encourage team growth and transition in alignment with employee career aspirations.



**Public Welfare**

Show appreciation of society and contribute to social welfare.



**Green Operation**

Engage in green operation.



## COMMUNICATION CHANNEL

Rosefinch Fund actively promotes ESG by engaging interested parties such as investors, government, regulators, employees, partners, communities, and others. By listening to their needs, understanding their aspirations, and sharing our feedback, we can actively develop common goals in society, economy, and environment. Here' s how Rosefinch Fund interacts with these interested parties:

Stakeholders	Communication Channel
Government and Regulators	Frequent Updates Ad-hoc Meetings Joining Associations Self-discipline On-site Inspection and Overall Monitoring
Investors	In Person Meetings Asset Reports Client Satisfaction Surveys
Employees	Online Platform "Rosefinch Family" Team-building Activities Training Employee Manual
Shareholders	Board Meetings Shareholder Meetings
Community and Public	Philanthropy Events Community Activities Wechat Blog and Media Platforms
Suppliers	Rfp Process Ad-hoc Meetings Contracts