ESG-Related Investment Policy of Matthews Asia Funds

Matthews Asia Funds, is an investment company organized under Luxembourg law as a *société anonyme* qualifying as *a société d'investissement à capital variable* (the "Fund"). Matthews International Capital Management, LLC acts as the Investment Manager for the Fund. References to the Investment Manager hereafter may also include its affiliates, as the case may be.

The following ESG-Related Investment Policy reflects the requirements set by the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, as may be amended from time to time ("SFDR"), whereby the Fund is obliged to classify its Sub-Funds in accordance with SFDR, and further disclose the manner in which sustainable investments, sustainability risks, and, as applicable, the principal adverse impacts of investment decisions on sustainability factors, are integrated into investment decisions of its Sub-Funds. This Policy may be amended and/or supplemented from time to time.

Article 8 Sub-Funds: Sub-Funds That Promote Environmental and/or Social Characteristics

Each of the Article 8 Sub-Funds does not have an objective of making sustainable investments, but does promote some characteristics including, among others, environmental or social characteristics, or a combination of those characteristics. These Article 8 Sub-Funds may have investments that are not aligned with environmental and/or social characteristics, and there could be instances where the Investment Manager is unable to assess whether target companies follow good governance practices.

1. Investment Process

In order to achieve the promotion of environmental and/or social characteristics for the Article 8 Sub-Funds, the Investment Manager will take into account principles of sustainable investing when selecting the Sub-Fund's investments. The Investment Manager seeks to invest in companies mitigating climate change and those with sound corporate governance. Such companies may include, for example, those that are reducing their ecological footprint by having less involvement with fossil fuel exploitation.

The Investment Manager's investment process is carried out through a combination of exclusionary ESG screens and the use of ESG data, including consideration of the principal adverse impact (PAI) indicators. The Investment Manager also evaluates underlying investments in companies according to the good governance criteria outlined in the SFDR as appropriate in accordance with the underlying investment type and where relevant data is available.

The Investment Manager sources Sustainability Risk, governance information and data from in-house analysis, direct engagement and interaction with companies and other issuers, and from third parties. For its in-house analysis, the Investment Manager takes a top-down as well as bottom-up approach to evaluate the promotion of environmental and/or social characteristics of its portfolio investments. The Investment Manager typically considers sustainability factors of issuers such as the quality, diversity, and composition of its board of directors, and the company's management of material environmental and social risk, among other factors. The Investment Manager reviews these sustainability factors and governance information on a regular basis, and may integrate them into the investment process of the relevant Article 8 Sub-Fund. The Investment Manager uses various sources of information, including but not limited to third-party ESG rating firms, in analyzing whether a company satisfies its ESG standards. However, it is the Investment Manager's determination, based on its own analysis, as to whether a company satisfies those standards and is eligible for investment by the Sub-Fund.

In addition, the Article 8 Sub-Funds may use both activity-based and norm-based exclusions, further detailed in the investment strategy below.

EXCLUSIONS

A. Activity-based Exclusions

The Investment Manager will exclude direct investment in corporate issuers which have exposure to, or ties with, certain sectors as described below. Specifically, issuers deriving revenues in the following manner will be excluded from investment:

Any revenue from:

- Controversial weapons

Revenues exceeding 5% of total annual revenues from:

- Adult Entertainment
- Artic oil, gas exploration and extraction
- Thermal coal extraction
- Weapons production (civilian and military firearms)
- Tobacco (manufacturing)

Revenues exceeding 10% of total annual revenues from:

- Military contracting for weapons, weapons-related products and/or services.
- Thermal coal power generation, unless a transition plan towards renewable energy is in place

Revenue exceeding 50% of total annual revenues from:

- Trading and/or wholesale of tobacco (product retail)
- Palm oil production and distribution

B. Norm-based exclusions.

The Investment Manager may exclude companies that may be viewed as inconsistent with the ten principles of the UN Global Compact or the OECD Guidelines for Multinational Enterprises. However, the Investment Manager may invest in and/or hold such companies if the Investment Manager determines the company provides positive sustainability outcomes that may outweigh other non-sustainable issues. Such determination may be based on utilization of data and research, including from third party sustainability service providers and/or engagement with the company's management.

UN Global Compact has formulated ten principles that define the minimum fundamental requirements for conducting business in a responsible way. These include principles on human rights, labor rights, environmental principles, and an anti-corruption principle, and can be found on https://www.unglobalcompact.org/what-is-gc/mission/principles.

The OECD Guidelines for Multinational Enterprises (OECD Guidelines) are the comprehensive international standard set by the OECD on responsible business conduct (RBC). The OECD Guidelines reflect the expectation from governments to businesses on how to act responsibly. They cover all key areas of business responsibility, including human rights, labor rights, environment, bribery, consumer interests, as well as information disclosure, science and technology, competition, and taxation.

The Investment Manager believes that these principles should be respected regardless of where a company is active. Therefore, the Investment Manager will exclude from direct investment, such companies that are in severe breach of any of the ten UN Global Compact principles, or in severe breach with the principles of the OECD Guidelines for Multinational Enterprises.

It is the Investment Manager's expectation that the ESG-related investment guidelines of the applicable Sub-Funds will evolve and advance over time as improved data and more research on this subject becomes available. To undertake this analysis, the Investment Manager may use data generated internally by the Investment Manager and/or its affiliates or provided by one or more third party ESG research providers. However, when ESG information from such third-party data providers is unavailable, or the Investment Manager considers such ESG information to be incomplete or is in disagreement with respect to a specific corporate issuer, the Investment Manager may carry out and apply its own analysis in line with the applicable investment guidelines of the Sub-Fund.

2. Engagement

The Investment Manager may engage with its portfolio companies on sustainability matters through active dialogue and by encouraging enhanced ESG disclosure and implementation. The Investment Manager also incorporates its ESG team's analysis on how Sustainability Risks and opportunities may differ between issuers within regional and sector peer groups. In certain cases, the Investment Manager, if it deems necessary, may exercise its voting rights in accordance with its sustainability standards, or engage with the investee company when (1) the company is not acting in line with the above-described activity-based and/or norms-based exclusions; or (2) the company is found to be involved in material ESG controversies that have arisen.

The Investment Manager may determine to maintain the Sub-Fund's investment in investee companies that are in breach of the above exclusion policy criteria, and continue to monitor such company if the company provides a reasonable plan to eliminate or mitigate the causes for the failure within a reasonable period of time.

The Investment Manager will make available its engagement actions on a periodic basis when such engagement actions are linked to the portfolio holdings of a relevant Sub-Fund.

3. Risk Monitoring

The Investment Manager shall consider Sustainability Risk as defined by the SFDR: an environmental, social and governance event or condition that, if it occurred, could cause a negative material impact on the financial value of the Sub-Fund.

4. Additional Sustainability-Related Disclosures

ADVERSE IMPACT INDICATORS:

The Investment Manager considers the principal adverse impacts (PAI) of investment decisions on sustainability factors as defined by SFDR. PAI is defined as "Negative, material or likely to be material effects on sustainability factors that are caused, compounded by or directly linked to investment decisions and advice performed by the legal entity." These PAI indicators that range in (i) climate and environment, (ii) social and employee matters, (iii) social and human rights and (iv) anti-corruption and anti-bribery.

These indicators could include the following for the investee companies: greenhouse gas (GHG) metrics, fossil fuels involvement, share of non-renewable energy consumption and production, energy consumption breakdown share in companies located in sensitive ecosystem zones, tons of water emissions, tons of waste, share in companies that violate the UN Global Compact principles, average unadjusted gender pay gap, gender ratio of the board members, among others. These indicators may include for investment in government bonds: carbon intensity, share of investee countries subject to social violations, among others.

The Investment Manager makes available a report on Adverse Impact Indicators at the Sub-Fund level in accordance with the regulation.

EU TAXONOMY ELIGIBILITY:

The EU taxonomy for sustainable activities is a list of economic activities that are considered environmentally sustainable for investment purpose. The taxonomy identifies these activities with performance criteria for their contribution to six main environmental objectives:

1. climate change mitigation,
2. climate change adaptation,
3. sustainable use and protection of water and marine resources,
4. transition to circular economy (waste, prevention and recycling),
5. pollution prevention and control, and
6. protection of healthy ecosystems.

While the Investment Manager does not commit to investing in any sustainable investment within the meaning of the EU taxonomy or the SFDR, the Investment Manager invests in companies engaged in EU taxonomy eligible activities and anticipates a potential future alignment. Investors should draw attention to the fact that EU taxonomy eligibility differs from Taxonomy alignment, and thus there can be a substantial discrepancy between both concepts. The eligibility of an activity implies that such activity is included in the delegated acts on climate change mitigation or climate change adaptation, but it does not mean that such activity/investment qualifies as sustainable investment, nor that it is aligned with the EU taxonomy. Examples of EU taxonomy eligible activities in which the Investment Manager may invest include, for example, electric vehicle (EV) manufacturers, EV chipmakers, EV battery manufacturers, and battery equipment manufacturers to reduce carbon emissions, increase energy efficiency, and contribute to the circular economy.

The Investment Manager reports on the portion of the portfolio invested in EU taxonomy eligible activities, at least annually in the annual report of the Fund or otherwise in accordance with the regulation.