

**Stewardship Annual Report  
2021**



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## I. Bank SinoPac and Responsible Investment

### 1. About Bank SinoPac

Bank SinoPac is a wholly-owned subsidiary of SinoPac Financial Holdings Co., Ltd. (SinoPac Holdings). It was formed by the merger of equals of SinoPac Holdings' Jian Hua Bank and the International Bank of Taipei on November 13, 2006.

The Taipei Mutual Loans and Savings Company was founded on May 4, 1948. It was restructured to Taipei Business Bank in 1978 and again to the International Bank of Taipei on May 14, 1998. On December 26, 2005, the International Bank of Taipei became a wholly-owned subsidiary of Jian Hua Holdings after the stock-swap merger with Jian Hua Holdings. Jian Hua Holdings was renamed SinoPac Holdings on July 20, 2006.

Bank SinoPac and its subsidiaries have around 6300 employees, a capital of NT\$86.9 billion, and total assets of around NT\$2 trillion. Bank SinoPac has 125 domestic branches (including business departments) and offshore banking units. Its ten foreign branches include the Hong Kong Branch, Kowloon Branch, Macau Branch, Los Angeles Branch, Ho Chi Minh City Branch, Vietnam Representative Office in Hanoi, and the Bank SinoPac (China) Ltd. subsidiary (including Nanjing Headquarters, Shanghai Branch, Guangzhou Branch, and Chengdu Branch). Bank SinoPac has also invested in SinoPac Insurance Brokers Ltd. subsidiary in Hong Kong to provide customers with a full range of services.

In response to the digital trend and demand for financial technology innovation, Bank SinoPac continues to integrate data, build an intelligent core, and stay on top of business trends and real-time decision-making through precision marketing. Bank SinoPac's diverse business strategies and platform integration in Taiwan, Hong Kong, Macau, China, the United States, and Southeast Asia and innovative financial products seamlessly combine the physical and virtual channels. We aim to provide the most comprehensive and convenient solutions for cash flow, investment, and financing, bringing customers a brand-new financial experience.

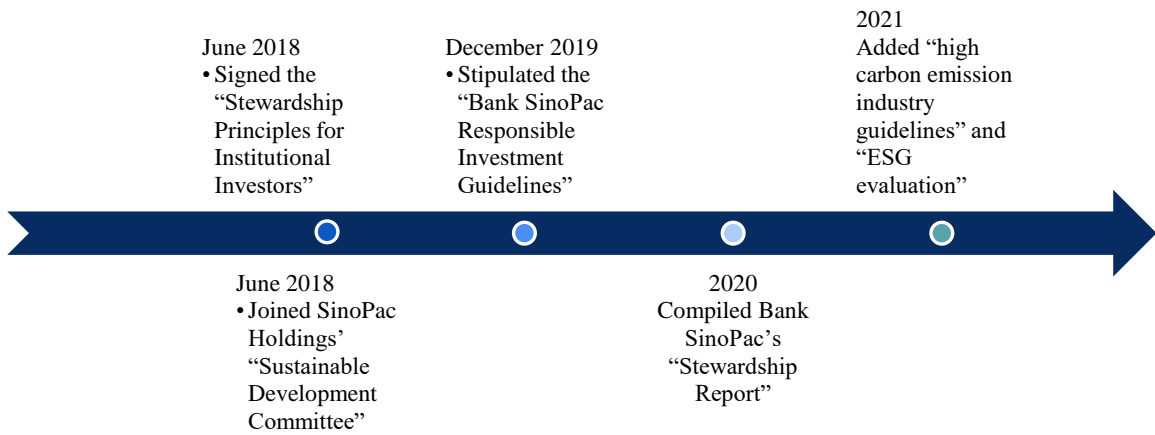
Prospects show that bank operations are still full of challenges. However, Bank SinoPac is customer-oriented and deeply rooted in local services. We will strengthen our human capital, organizational capital, and intellectual capital and continue to be innovative. Our vision is "fulfillment of a beautiful life through finance and building a flexible and wholesome brand that provides customers with comprehensive financial solutions." We strive to become the top Chinese financial brand.

### 2. Responsible investment progress

Bank SinoPac signed the compliance statement of the "Stewardship Principles for Institutional Investors" in June 2018 and updated and released the latest compliance statement in September 2020. In addition, in December 2019, Bank SinoPac stipulated the "Bank SinoPac Responsible Investment Guidelines" in accordance with the "Responsible Investment Guidelines" of the parent financial holding company, using the UN's "Principles for Responsible Investment" (PRI) as reference. Bank SinoPac also responded to the United Nations Sustainable Goals (SDGs). As an institutional investor, we want to carry out sustainable operations and stewardship in the management and use of funds to show the positive influence of institutional investors.

In response to the Stewardship Principles for Institutional Investors, Bank SinoPac has compiled and disclosed stewardship reports and other contents since 2020. Every year, Bank SinoPac updates the stewardship results and the stewardship section on the official website, which are open to customers, investors, and the public. Since 2021, Bank SinoPac has added high carbon emission industry guidelines and ESG evaluation to the investment process. We will continue to improve high carbon emission industries in 2022.

## Bank SinoPac’s Responsible Investment Progress



### 3. Responsible investment committee

In 2015, SinoPac Holdings established the “CSR Promotion Core Group” to plan CSR-related affairs. In 2018, in addition to stipulating the “Corporate Social Responsibility Guidelines,” SinoPac Holdings responded to the international sustainability trend and implemented corporate social responsibility in the financial industry, establishing the “Sustainable Development Committee” to integrate its core financial competencies for sustainable development. The Committee adheres to the four sustainable goals of “integrity, wealth building, environmental sustainability, and social prosperity.” It has set the five sustainable themes of “fulfillment of trustworthy governance,” “fulfillment of a wealthy life,” “fulfillment of a healthy workplace,” “fulfillment of inclusive growth,” and “fulfillment of green operations” based on the three aspects of environment (E), social (S), and governance (G). SinoPac Holdings has taken concrete actions by establishing a sustainable development roadmap and short-, mid-, and long-term goals to fulfill its corporate social responsibility for customers, shareholders, and society.

SinoPac Holdings’ “Sustainable Development Committee” guides the subsidiaries in implementing corporate social responsibility and corporate governance. The Committee has established the five steering groups of corporate governance, customer relations, employee welfare, social engagement, and environmental sustainability. The major goals of the customer relations group include responsible investment, the development of green financial products, and ESG promotion. Bank SinoPac is also an important member of relevant working groups.

#### The Organizational Structure of SinoPac Holdings’ “Sustainable Development Committee”



Chairman Financial Holdings Chairman	Executive Secretary	Committee Member SPH President / Securities Chairman, Bank Chairman, Leasing Chairman, SIT Chairman, Bank President, Securities President	Corporate Governance	Customer Relations
Employee Care --> Employee Welfare	Social Participation - -> Social Engagement	Environmental Sustainability		

4. Personnel statistics on the Company’s ESG-related business engagement

Business Categories	Subsidiary		Personnel
Responsible Investment	Bank	Financial Market Office	10
		Scenic Area Administration	2
		Financial Affairs Office	2

## II. Adding ESG Evaluation to the Investment Process

1. Incorporating ESG issues into investment analysis and decision-making process

This addition strengthens the handling of investment and asset management. We incorporate ESG issues into investment analysis in the application of funds. We also integrate the investment process into ESG evaluation in accordance with the “Responsible Investment Guidelines” and refer to the following relevant indicators:

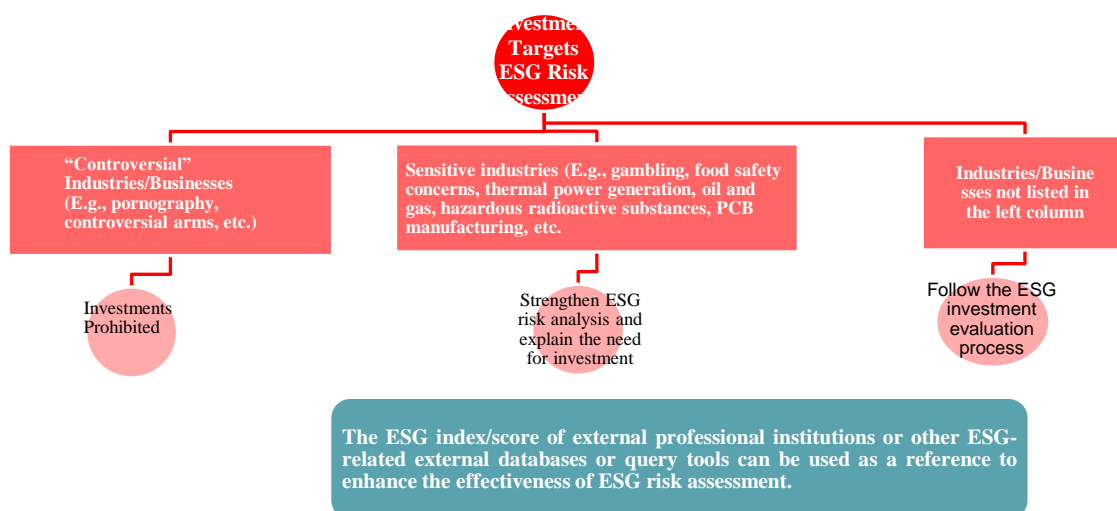
- (I) In the investment evaluation process, due diligence and prudent evaluation should be carried out for known customer information using guidelines and standards of relevant organizations and professional institutions, such as the International Finance Corporation, World Bank, and United Nations, as a reference to incorporate ESG considerations into risk assessment.
- (II) In the investment decision-making process, the ESG scoring criteria of professional institutions, constituent stocks of ESG-related benchmark indexes, and other ESG-related external resources or tools can be used as a reference to strengthen pre-investment evaluation.
- (III) Support thematic investments that are conducive to the development of ESG issues. Invest in industries or investment targets that value ESG issues or increase investment in green bonds.

2. Controversial and sensitive investment list and risk review assessment.

Adhering to the UN’s “Principles for Responsible Investment” and using the parent financial holding company’s “Responsible Investment Guidelines” and the Bank’s “Responsible Investment Guidelines” as a reference, investments in “controversial” industries/businesses such as pornography and controversial arms should be prohibited. ESG risk analysis report should be strengthened for “sensitive” industries/businesses such as gambling, food safety concerns, thermal power generation, oil and gas, hazardous radioactive substances, non-medical genetic engineering harmful to human development, non-coalesced asbestos fiber, and PCB manufacturing. If the evaluation results indicate that future ESG risk factors may worsen, investments should be avoided.

In the investment evaluation and decision-making process, the ESG index/score of external professional institutions or other ESG-related external databases or query tools can be used as a reference to enhance the effectiveness of ESG risk assessment.

## Bank SinoPac’s ESG Risk Review Assessment process

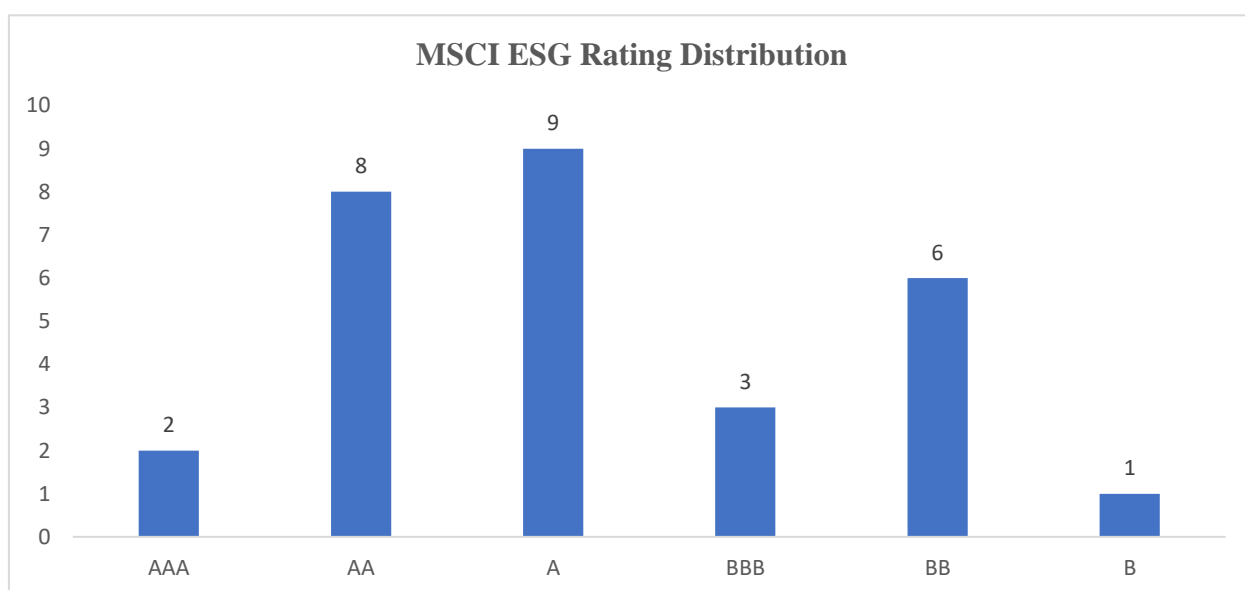


### 3. Monitor and evaluate ESG information of investee companies

In addition to prior ESG investment evaluation and risk review for investment targets, we will continue to monitor the invested targets and regularly check whether the target company continues to appropriately disclose and provide ESG issues and information. If we discover that the issuer or guarantor shows ESG risk symptoms, we will examine the situation and record the relevant risks in the opinion report of the investment services unit.

### 4. Sustainability performance of investee corporate bonds

In 2021, around 29 companies in the investment balance of Bank SinoPac’s foreign currency corporate bonds disclosed MSCI ESG Rating. Bank SinoPac uses MSCI ESG Rating as one of the observation indicators. MSCI defines BBB rating as average. Currently, around 75.9% of Bank SinoPac’s foreign currency corporate bonds have a BBB rating or higher. This shows that most of the companies in Bank SinoPac’s foreign currency corporate bond portfolio are all targets of companies with better ESG performance in sustainable development.



### III. Performing Due Diligence

#### 1. Compliance statement and explanation of non-compliance

Bank SinoPac has signed the compliance statement of the “Stewardship Principles for Institutional Investors” since 2018. The Bank updated and released the latest compliance statement in September 2020. We are committed to exercising the professionalism and influence of institutional investors, fulfilling the responsibilities of an asset owner or manager, and enhancing corporate governance and the long-term interests of customers and shareholders to carry out responsible investment in every way.

✓ As of the end of 2021, there are no principles that Bank SinoPac cannot comply with in the Bank’s compliance statement of the “Stewardship Principles for Institutional Investors.”

#### 2. Shareholders’ meeting attendance, voting, and proxy voting

As of the end of 2021, the Bank attended 74 shareholders’ meetings (including extraordinary shareholders’ meetings) of investee companies, with an attendance rate of 100.00% and a proxy attendance rate of 0.00%. The Bank voted on 264 proposals and was in favor of all 264.

#### Shareholders’ meeting attendance statistics

Attended 74  
shareholders’  
meetings

Voted on 264  
proposals

100.00%  
Attendance in person

Based on the professional judgment of institutional investors, the Company strives for the best interests of its customers and shareholders. Regarding ESG issues, the Company does not absolutely support and agree to all the proposals of investee companies. If necessary, the Company will communicate with the investee company before the shareholders’ meeting. We vote according to the company's operating interests, shareholder value, and ESG principles.

#### Classification and Statistics of Shareholders’ Meeting Proposal Voting

Shareholders’ meeting proposal classification	Total number of proposals	Recognize or in favor of		Against		Abstained	
		Number of proposals	%	Number of proposals	%	Number of proposals	%
1 Recognition of business reports and financial reports	73	73	100%	0	0%	0	0%
2 Earnings Distribution or Loss Make-Up	72	72	100%	0	0%	0	0%
3 Amendments to By-Laws or Operating Procedures	47	47	100%	0	0%	0	0%
4 Election of Directors and Supervisors	32	32	100%	0	0%	0	0%
5 Discharge of Directors and Supervisors	0	0	0%	0	0%	0	0%
6 Lifting the non-compete restriction on directors	27	27	100%	0	0%	0	0%
7 Issuance of Restricted Stock Awards	0	0	0%	0	0%	0	0%

8	Issuance of Employee Stock Options Below Market Value	0	0	0%	0	0%	0	0%
9	Treasury Stocks Below the Actual Average Buyback Price Transferred to Employees	0	0	0%	0	0%	0	0%
10	Company Dissolution, Merger, Acquisition, Share Transfer or Split	0	0	0%	0	0%	0	0%
11	Capital Increase (Surplus, Additional Paid-In Capital, Capital Increase by Bonus Distribution or Issuance of New Shares by Cash Capital Increase)	5	5	100%	0	0%	0	0%
12	Private Placements of Securities	5	5	0%	0	0%	0	0%
13	Capital Reduction/Capital Reduction by Cash (Recovery of Losses or Cash Refund)	2	2	0%	0	0%	0	0%
14	Disgorgement	0	0	0%	0	0%	0	0%
15	Other	1	1	100%	0	0%	0	0%
Total		264	264	100%	0	0%	0	0%

#### IV. Summary of Corporate Engagement Activities

##### 1. Conduct an annual climate change questionnaire for investee companies

In accordance with responsible investment and due diligence principles and in response to the sustainable commitment of the UN's "Climate Change Mitigation and Adaptation" (SDG 13), we integrate the core competencies of green finance and are committed to raising the climate awareness of stakeholders. Together, we engage in low-carbon and emission reduction actions to contribute to climate change mitigation and adaptation. In 2020, Bank SinoPac and the subsidiaries of SinoPac Holdings conducted a "climate change" questionnaire for the main investee companies for the first time to raise the climate change awareness of investee companies. This also allowed us to engage in low-carbon and emission reduction actions with investee companies, thereby contributing to climate change mitigation and adaptation.

The company conducted a questionnaire in December 2021. Twenty questionnaires were sent, and five companies responded. The responses are summarized below:

- Understanding of current international agreements, goals, organizations, initiatives, etc. related to climate change: Companies responded that they know the "Paris Agreement," "RE100," "Equator Principles," and "Science Based Targets initiative." The response rate was 100%.



- The board of directors has incorporated the impact, risks, and opportunities of “climate risks” into operational/business decision-making. 80% of the respondents have incorporated “climate risks” into operational/business decision-making.
- Disclosure of greenhouse gas emissions: 100% of the respondents have disclosed greenhouse gas emissions, which have been verified by an external third party.
- Valuing the importance of climate action mitigation practice through this questionnaire: 60% of the respondents agree that this questionnaire can help interviewed companies value the importance of climate action mitigation practice.

## 2. Cooperative Action of Institutional Investors

SinoPac Holdings has long been committed to promoting ESG and implementing due diligence investment. Every year, SinoPac Holdings integrate internal and external resources and holds ESG seminars. We invite industry, government, and academic experts, financial peers, listed companies, and SinoPac Group colleagues to discuss issues highly related to the financial industry and share practices in the industry.

As a member of SinoPac Holdings, Bank SinoPac participated in the 2020 Taiwan Sustainable Finance Forum” and promoted the establishment of the “Taiwan Sustainable Finance Platform,” becoming a founding member of BCSD Taiwan’s “Taiwan Sustainable Finance Platform.” SinoPac Holdings and its subsidiaries have long used their advantages and resources to support government policies and develop sustainable finance. We have improved our competitive advantages through the practice of sustainable finance. We have also made positive contributions to the economy, society, and environment. We continue to examine the current situation, identify financial market demands, promote the development of sustainable finance, and expand various business opportunities.

SinoPac Securities, a subsidiary of the Group has long been promoting ESG. Since 2016, SinoPac Securities has promoted the ESG investment forum to help outstanding ESG listed companies to show their values. SinoPac invites stakeholders such as corporate clients to follow the development of international climate issues and learn about domestic and foreign responsible investment trends. Bank SinoPac’s investment research team has also participated in the forum.

Since the Group highly values ESG issues, SinoPac Securities Investment Trust has become the first investment trust company to use the Taiwan Index Plus’ sustainable index investment pool to issue the first ESG Taiwan stock active fund. It has also issued and listed SinoPac Taiwan ESG ETF (00888) in 2021, becoming the first company in the investment trust industry to provide both active and passive products for ESG-themed funds in Taiwan stocks. SinoPac Securities Investment Trust hopes to raise awareness about ESG investment issues among the public to encourage passive investment companies to implement environmental protection, social responsibility, and corporate governance, thereby improving investment value. Bank SinoPac also incorporated this fund into the Bank’s wealth management channels.

In response to the government’s sustainable financial policies and to implement SinoPac Holdings’ sustainable strategy, Bank SinoPac becomes the first or is among the first banks in Taiwan to issue green bonds, sustainability bonds, and social bonds (GSS bond). Bank SinoPac joins Taiwan’s sustainable development bond market to enhance the international visibility of the market. Bank SinoPac appointed SinoPac Securities as the financial advisor and subscriber to jointly promote the issuance of GSS bonds. The sum of green bonds issued in 2017 was US\$45 million; the sum of green bonds issued in 2019 was NT\$3 billion; the sum of sustainability bonds in 2020 was NT\$1 billion; the sum of social bonds issued in 2021 was NT\$1 billion.

● ESG Seminars and Forums held by SinoPac Holdings/Bank SinoPac in 2021

Date	Subject	Presenter	Content	Number of Participants
May 4, 2021	2021 SinoPac ESG Seminar	Peter Pu, Managing Director, NE Asia Region, BSI British Standards Institution	To explore the changing landscape of global risks and how the financial industry should respond in order to achieve the goal of sustainable finance.	Around 200

2021 SinoPac ESG Seminar Photos



**V. Handling Conflict of Interest**

The Bank mainly handles the business approved by the Banking Act and Central Competent Authorities. Based on our role as a fund provider, we have a significant impact on investee companies. The Bank established a conflict of interest management system to ensure that the person in charge and all employees perform the business based on the best interests of the responsibilities entrusted by the client and the application of funds. In the event of a conflict of interest (or it is likely to occur), the client’s interests should be the priority. Potential conflicts of interest should also be properly handled. The main management methods include education, transaction control, firewall, division of competencies, reasonable remuneration, and anti-bribery.

The Bank values employee ethical conduct and implements internal control to prevent conflict of interest between the Bank and its employees and the client. No major conflict of interest within the scope of due diligence has occurred in the past year.

- ✓ As of the end of 2021, Bank SinoPac has not had any major conflict of interest within the scope of due diligence in the past year.

**VI. Conclusion**

As an institutional investor, Bank SinoPac encourages investee companies to improve the quality of corporate governance through attention, conversation, and interaction. In recent years, Bank SinoPac has aligned with the UN’s “responsible investment” guidelines, promoting the spirit of ESG investment and encouraging positive development of the industry, economy, and society. Upholding SinoPac Holdings’ vision of “fulfillment of a beautiful life through finance,” Bank SinoPac serves as SinoPac Holdings’ leader in promoting responsible investment. By promoting sustainable finance and sharing ESG investment concepts, we wish to create a future of long-term value and wealth for customers, shareholders, investee companies, other stakeholders, and the entire financial market.

## VII. Contact Us

Please contact us if you have any suggestions or questions about the content of this report:

Services	Contact Information
If you are an investee company, please contact	Yu Tsung-Hsien Telephone: (02) 8161-8181 Email: <a href="mailto:mark.yu@sinopac.com">mark.yu@sinopac.com</a>
If you are a customer/beneficiary/institutional investor, please contact	Customer Service: (02)2505-9999 <a href="https://bank.sinopac.com/MMA8/bank/service/service-index.html">https://bank.sinopac.com/MMA8/bank/service/service-index.html</a>
Bank SinoPac Stewardship Webpage	<a href="https://bank.sinopac.com/sinopacBT/about/operation/mechanism.html">https://bank.sinopac.com/sinopacBT/about/operation/mechanism.html</a>