

Bank SinoPac Co., Ltd.

Stewardship Policy

Formulation Unit: Risk Management

Division Approval Level: Board of Directors

- Not formulated in accordance with external regulations
- Formulated in accordance with external regulations

Chapter 1. General Principles

Article 1. Purpose

In order to ensure the overall interests of the Bank's fund providers (including clients, beneficiaries, and all shareholders of the Bank), in addition to continuing to pay attention to the operating conditions of investees, the Bank participates in investees' corporate governance by attending their shareholders' meetings, exercising voting rights, engaging in dialogue and interaction with investees' directors or managers, to promote their sustainable development. Therefore, the Policy has been formulated with reference to the Stewardship Principles for Institutional Investors announced by the Taiwan Stock Exchange Corporation (TWSE).

Article 2. Matters regulated by the Policy, such as those added or amended because of relevant external laws and regulations, shall be handled in accordance with added or amended external provisions before the Policy is amended accordingly.

Article 3. Goal and Scope

In accordance with the Stewardship Principles for Institutional Investors, the Bank considers the purpose as well as cost and benefit of investment, and determines the type, degree, frequency, and implementation method of stewardship actions.

The Bank's main business activities are those stipulated in the Banking Act of the Republic of China and approved by the central competent authority. When investing with its own funds, or acting as a trustee with the power to decide on the use of trust assets or acting as a director or supervisor of an investee, the Bank will take stewardship actions while considering the environment, society, corporate governance, and other corporate sustainability factors to increase the value of investment, with the aim of enhancing the overall interests of the Bank's fund providers.

As the scope of investment expands, the scope of stewardship shall be extended from stocks to other types of assets, such as bonds, real estate, Private Equity Fund, and alternative investments, depending on the importance of investment.

Chapter 2. Matters by Which the Bank is Regulated

Section 1. Stewardship Actions

Article 4. Principle and Basis of Management

To implement sound internal management and properly safeguard the interests of the Bank's fund providers, the Bank shall conduct business in compliance with the principles of duty of loyalty, integrity, diligence, prudent management, and professionalism, and has also formulated the Staff Service Guidelines and relevant business management regulations in accordance with the Banking Act of the Republic of China and other relevant laws and regulations, with the content covering the responsibilities to the Bank's fund providers, and the person in charge and the staff of the Bank shall all comply with them.

Article 5. Investees' Issues Under Continuous Focus

To ensure that sufficient and effective investment decision-making information is obtained, the Bank continues to pay attention to investees' issues, including their relevant news, financial performance, overall situation in the industry, medium and long-term business strategy, major environmental protection actions, social responsibility, labor rights, and corporate governance issues, to lay a solid foundation for investment decision-making.

Article 6. Appropriate Dialogue and Interaction with Investees

Through appropriate dialogue and interaction with investees, such as teleconferences, face-to-face meetings, participation in investor conferences, regular shareholders' meetings, or extraordinary shareholders' meetings, the Bank communicates with investees' management or management department to further understand the management's countermeasures against the risks faced by the industry and to strive to reach a consensus on long-term value creation with the investees.

When necessary, the Bank will work with other institutional investors to safeguard the rights and interests of its clients or beneficiaries and enhance investees' sustainable development, while participating in relevant advocacy organizations for specific environmental, social, or corporate governance issues to jointly expand and exert the influence of the Bank.

Article 7. Inclusion of ESG Assessment in Investment Evaluation Process

The Bank's securities investment conducted in accordance with Article 74-1 of the Banking Act of the Republic of China and investment business in accordance with Article 74 of the Banking Act of the Republic of China shall include the environmental, social and governance (ESG) assessment in the investment process.

The following relevant indicators should be adopted for comprehensive risk assessment and should be handled in accordance with the Bank's "Responsible Investment Management Guidelines.":

1. Reference the ESG scoring mechanisms provided by professional institutions.
2. Examine whether the industry is controversial or sensitive. Investments in controversial industries should be prohibited, while investments in sensitive industries should be carefully evaluated.
3. Refer to the "Annual Corporate Governance Evaluation" conducted by the Taiwan Stock Exchange, Taipei Exchange, and Securities and Futures Institute, as well as ESG-related information from the "Corporate Investor Relations Integration Platform" of the Taiwan Depository & Clearing Corporation.
4. Continue to pay attention to and regularly review whether investees appropriately disclose or provide their information on ESG issues.

Section 2. Conflict of Interest Management

Article 8. Principles of Conflict of Interest Management

The Bank shall uphold the duty of care and loyalty as a good administrator in the management of various types of conflicts of interest in line with the principles of prioritizing clients' interests, avoiding conflicts of interest, prohibiting improper gains, and fair dealing.

The person in charge and staff of the Bank shall not only pay attention to their legal liabilities but comply with the relevant regulations on the maintenance of the Bank's reputation and the safety and efficiency of business operations. The Bank shall also be obliged to educate its staff to understand and comply with relevant regulations.

Article 9. Specific Requirements for Conflict of Interest Management

The basic types of conflicts of interest include, but are not limited to, the following:

1. Decisions and actions made in favor of the interests between the company and a client, to the detriment of other clients, beneficiaries, or stakeholders.
2. Decisions and actions made in favor of the interests between the company and its employees, to the detriment of clients, beneficiaries, or stakeholders.
3. Decisions and actions made in favor of the interests between employees and a client, to the detriment of other clients, beneficiaries, or stakeholders.
4. Decisions and actions made in favor of the interests between the company and other invested companies, to the detriment of clients, beneficiaries, or stakeholders.
5. Decisions and actions made in favor of the interests between the company and its affiliated enterprises, to the detriment of clients, beneficiaries, or stakeholders.

The Bank's specific requirements for conflict of interest management include:

1. Decisions or actions involving the basic types of conflicts of interest mentioned above are strictly prohibited.
2. Personal trading of the person in charge, staff, and related parties of the Bank shall be strictly subject to relevant laws and regulations and the Staff Service Guidelines of the Bank.

Article 10. Approaches to Conflict of Interest Management

The Bank's approaches to conflict of interest management include:

1. Implement educational promotion :

The operations and management of the Bank shall comply with the restrictions and regulations of the laws. The person in charge and staff of the Bank shall understand and be subject to the Banking Act of the Republic of China and the Bank's relevant internal regulations. The Bank also organizes employee training on a regular basis, including pre-service training, on-the-job training, and continuous awareness raising of laws.

2. Detection, monitoring, and control mechanisms:

The Bank's staff shall not engage in any acts of loaning of funds, major asset transactions, guarantee provision, or other transactions that conflict with the Bank's interests in the name of themselves or others. Where the Bank's directors and managers consider that they are not able to deal with situations in an objective manner or a manner favorable to the Bank or that relevant transactions in which they are involved are likely to lead to conflicts of interest, they shall take the initiative to report, and deal with or avoid them in a lawful and appropriate manner.

The Bank has established the "Whistleblowing Case Handling Guidelines" to create an internal whistleblowing mechanism and has formulated the "Stakeholder Credit and Transaction Policy and Management Guidelines" to prevent conflicts of interest and avoid irregular transactions.

3. Reasonable remuneration system:

The Bank shall establish a reasonable remuneration system. The performance appraisal standards and remuneration system for managers and business personnel shall be based on the considerations for the Bank's long-term and shareholder's interest and the said personnel shall not be guided to engage in behaviors that exceed the Bank's risk appetite; meanwhile, financial and non-financial indicators shall be considered and regular review conducted to ensure compliance with the Bank's long-term business development policy.

4. Division of Responsibilities:

In accordance with internal control and division of labor principles, the Bank has clearly separated units related to investment operations into three independent functions: trading, risk control, and accounting/settlement. The operations related to the division of responsibilities must comply with the relevant regulations outlined in the "Hierarchical Responsibility Management Guidelines" and the "Three Lines of Defense for Internal Control Implementation Guidelines."

5. Information Management:

The Bank has established a secure and reliable information operating environment to ensure the confidentiality, integrity, and availability of data, systems, equipment, and networks. It also enhances employees' awareness of information security to protect the rights and interests of employees, customers, and partners, while complying with regulatory requirements.

6. Firewall Design:

The Bank's office premises are segregated by department, with necessary access controls in place. Unless required for work purposes, the exchange of business secrets between departments or the disclosure of such information to unrelated personnel, affiliated enterprises, shareholders, or other stakeholders is strictly prohibited. Department heads are responsible for

supervising their staff to ensure strict compliance with confidentiality regulations.

7. Conflict of Interest Management Between Affiliated Enterprises and Clients:

As a subsidiary of a financial holding company, the Bank adheres to the group's risk management guidelines when reporting financial and business information to the parent company. The reported content avoids prior disclosure of details such as "transaction targets," "transaction direction," and "transaction prices" to prevent conflicts of interest.

8. Remedial Measures:

In the event of a significant conflict of interest that harms the rights and interests of clients or beneficiaries, the Bank must provide a summary explanation of the incident and its handling through channels such as website announcements, fax, email, phone, or written communication. Appropriate procedures must be maintained to ensure that the rights and interests of clients and beneficiaries are addressed promptly and adequately.

Section 3. Voting Policy

Article 11. Purpose of Formulation of the Policy

Based on the best interests of fund providers, the Bank refers to the Stewardship Principles for Institutional Investors of TWSE and the Standard Operation Procedure and Directions for Control of "Internal Decision-making Process of Shareholders Meetings Attended by Securities Firms Holding the Companies' Shares and Appointment of Persons to Exercise the Voting Right," to actively exercise its voting rights at shareholders' meetings.

Article 12. Voting Policy

The Bank's voting rights at shareholders' meetings of an investee may be exercised in writing or electronically in accordance with Article 177-1 of the Company Act for the best interests of the Bank and its shareholders. Unless otherwise stipulated in laws, the Bank shall not directly or indirectly participate in the investee's operation or engage in improper affairs.

The Bank may not attend the shareholders' meeting of an investee (domestic publicly listed company) whose shares held by the Bank for less than one year or whose shares held by the Bank does not exceed 3% of the total shares issued by the investee.

Where the Bank receives a shareholders' meeting notice from an investee, the responsible unit shall handle the relevant operating procedures, such as appointment of attendees and the exercise of voting rights, in due course and keep the materials

for reference. The relevant materials shall be kept for at least three years.

For investees that adopt electronic voting for their shareholders' meetings, except for the requirement for appointing personnel to attend on-site for business needs, the Bank shall exercise voting rights electronically.

Article 13. Types of Proposals for Support, Objection, or Abstention

In principle, the Bank supports proposals made by the board of directors or candidates for directors and supervisors of the companies whose shareholding percentage meets the standards specified in Article 26 of the Securities and Exchange Act, but may not absolutely support proposals made by the management. If an investee company proposes ESG initiatives to achieve positive goals in the areas of environment, society, governance, or sustainable development (including but not limited to enhancing corporate governance, climate transition actions, reducing greenhouse gas emissions, compensation policies, employee care, etc.), such proposals will generally be supported. Specific principles are as follows:

1. Voting Guidelines for Governance Factors:

The Bank generally supports proposals and financial reports from companies ranked in the top 5% of the annual corporate governance evaluation. This includes support for:

- (1) Proposals for reasonable dividend distribution, capital increase, capital reduction to offset losses, or refunding capital.
- (2) Director elections adopting a nomination system.
- (3) Proposals to establish an audit committee to replace supervisors.

For companies involved in corporate governance controversies or where the management demonstrates unhealthy practices that may harm the company or shareholder interests, the Bank will abstain or vote against related director election proposals.

2. Voting Guidelines for Environmental Factors:

The Bank generally supports:

- (1) Climate transition proposals with reasonable integrity.
- (2) Plans to reduce greenhouse gas emissions in operations and supply chains.

The Bank opposes proposals that violate major climate-related issues, such as investments causing significant environmental pollution, expansion of high-pollution production lines, or issues causing irreversible and permanent damage to the natural environment and ecosystems. If a company is penalized by relevant authorities for major environmental violations, the Bank will evaluate whether to abstain or vote against such proposals.

3. Voting Guidelines for Social Factors:

The Bank generally supports:

- (1) Issuance of employee stock options below market price.
- (2) Transfer of treasury stock to employees at a price below the actual average buyback price.

(3) Proposals that reasonably care for employees and fulfill corporate social responsibility.

If a company is penalized by relevant authorities for major social violations (e.g., illegal child labor, forced labor, major workplace accidents, safety incidents, strikes, or stakeholder protests), the Bank will evaluate whether to abstain or vote against such proposals.

4. Ensuring External Advisors Align with Internal Voting Guidelines:

If the Bank entrusts professional service providers (e.g., equity research proxy agencies or custodian banks) to conduct certain governance activities (e.g., providing voting recommendations or proxy voting), it will ensure through communication, agreements, or supervision that the entrusted service providers act in accordance with the Bank's requirements to protect the rights of clients and beneficiaries. The Bank retains ultimate responsibility for the management and execution of outsourced matters.

Section 4. Engagement Policy

Article 14. Engagement

When an investee has a material violation of corporate governance principles or may damage the long-term value of the Bank and its shareholders on certain issues, the Bank will inquire the investee's management about the handling situation from time to time and does not rule out the possibility of jointly putting forth appeals with other investors.

The Bank evaluates the targets for voting engagement, prioritizing the Taiwan market due to its highest investment proportion based on geographical location and market factors. Additionally, voting engagement will be prioritized based on the following issues:

1. Environmental Issues

- (1) Climate Change: The investee company belongs to a sensitive industry (including high climate risk industries) as defined in the Bank's "Responsible Investment Management Guidelines" and has been penalized by regulatory authorities (e.g., suspension of operations or business closure) due to climate change factors within the past 12 months.
- (2) Biodiversity: The investee company has been involved in sustainability issues related to biodiversity (including species conservation and habitat preservation) within the past 12 months, resulting in associated risks.

2. Governance Issues

The investee company has experienced the following major corporate governance incidents within the past 12 months:

- (1) Illegal actions by responsible persons that significantly impact the company's operations, such as embezzlement, corruption, fraud, misappropriation, or breach of trust, and have led to prosecution.

- (2) Major incidents involving internal control fraud, irregular transactions, or asset misappropriation, or being subject to legal searches.
- (3) Involvement in significant events such as illegal political donations or money laundering.
- (4) Penalized by regulatory authorities, resulting in suspension of operations or business closure.

3. Social Issues

The investee company has been involved in incidents such as illegal employment of child labor, forced labor, major workplace accidents, stakeholder protests, or strikes within the past 12 months.

The Bank may engage in dialogue or interaction with investees in the following methods:

1. Communicate with the management in writing, by e-mail or phone, or verbally;
2. Express opinions at shareholders' meetings;
3. Submit motions at shareholders' meetings;
4. Cast votes at shareholders' meetings.

If the engagement targets fail to actively respond to the Bank's inquiries or appeals, fail to propose improvement plans, or fail to complete improvements within the specified timeframe, the Bank will, based on the rights and interests of beneficiaries and clients, adopt any of the following feasible measures as appropriate:

1. Vote against relevant proposals or abstain during the shareholders' meeting.
2. Collaborate with other investors to propose shareholder meeting resolutions or jointly express appeals.
3. Reduce part of the holdings or sell all shares.
4. Take other measures that may encourage the engagement targets to actively improve.

Section 5. Performance and Disclosure

Article 15. Disclosure of Stewardship

The Bank discloses its performance in fulfilling stewardship responsibilities annually on its corporate website and conducts regular reviews each year. The stewardship report must be approved by the President before disclosure and should include the following:

1. Compliance statement and explanation of non-compliance;
2. Attendance and voting at the shareholders' meetings of investees, and other material matters, such as types of proposals objected to and reasons for objection and voting by proxy. The exercise of voting rights at shareholders' meetings of

investees (support, objection, or abstention) may be disclosed in a summary or listed in an appropriate manner.

3. Contact channels for stakeholders, such as clients, beneficiaries, investees, or other institutional investors;
4. Engagement summary report;
5. Material conflicts of interest, reasons, and response methods.

Chapter 3. Supplementary Provisions

Article 16. Matters not specified in the Policy shall be governed by relevant laws and regulations.

Article 17. The Policy shall be reviewed every year for amendment or update based on actual business needs or changes in laws and regulations.

Article 18. The Policy shall be implemented upon approval of the Board of Directors; the same procedure shall apply to any amendment.

Approved at the 12th meeting of the 10th Board of Directors on September 25, 2020

Amended and approved at the 8th meeting of the 11th Board of Directors on June 21, 2024