

## **" Stewardship Principles for Institutional Investors " Compliance Statement**

SinoPac Securities (hereinafter referred to as "the Company") is engaged in securities brokerage, proprietary trading, and underwriting business and acts as an asset owner. The Company's Statement complies with " Stewardship Principles for Institutional Investors ", and the compliance based on the six principles is as follows:

### **Principle 1 Establish and disclose stewardship policies**

The Company's operating objective is to achieve the best interests of shareholders through the business of securities brokerage, proprietary trading and underwriting. To achieve this goal, the Company has drawn up business regulations related to proprietary trading and underwriting according to Securities and Exchange Act and related regulations to implement stewardship actions and participate in shareholders' meeting of the investees to enhance the value of the investment and the long-term interests of the Company and its shareholders.

### **Principle 2 Establish and disclose policies on managing conflicts of interest**

To ensure that the Company performs its business based on the interests of shareholders, the Company formulates related management regulations targeting at conflict of interest from employees, including management approaches for matters such as prohibition against conflict of interest with the Company or other clients.

### **Principle 3 Regularly monitor investee companies**

To ensure that the Company obtains sufficient and effective information to evaluate the nature, time and extent of dialogue and interaction with the investees and establish a good foundation for the Company's investment decisions, the Company is focused on items about the investees including related news, financial performance, industry general situations, management strategy, environmental protection measures, social responsibility and labor rights as well as corporate governance issues.

### **Principle 4 Maintain an appropriate dialogue and interaction with investee companies**

Through appropriate dialogue and interaction with the investees, the Company further understands and communicates the risks faced by the industry and strategies from the perspectives of its management. The Company communicates with the management of the investees through telephone conferences, interviews, participation in institutional

investors' conferences, shareholders' meetings or major special shareholders' meetings with attendance of our personnel. When the investee has a major violation of corporate governance principles or may damage the long-term value of the Company's shareholders on a specific issue, the Company will from time to time inquire the management of the investees about the handling situation, and does not rule out the collaboration opportunity with other investors to demand the response.

**Principle 5 Establish clear voting policies and disclose voting results**

Based on the best interests of the shareholders, the Company actively participates in voting of proposals in the shareholders' meeting, and does not absolutely support the proposals raised by the management. The summary of each year's voting situation is disclosed on the Company's website (<http://securities.sinopac.com/>)

**Principle 6 Periodically disclose to clients or beneficiaries about the status of fulfillment of stewardship responsibilities**

The Company discloses the implementation of stewardship on the Company's website on a regular or irregularly basis every year, including the Compliance Statement and explanations for failure to comply with part of the Principles, situations of attendance at shareholders' meeting of the investees and voting as well as other major issues.

**Signatory SinoPac Securities**

**July 16, 2018**