

## SinoPac Securities Corporation Stewardship Policy

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

Formulation Unit: President Office

Division Approval Level: Board of Directors

Number: Management/Directors/ President Office/006

### Chapter 1 General Principles

#### Article 1 Purpose

In order to ensure the overall interests of SinoPac Securities' (hereinafter referred to as "the Company") fund providers, in addition to continuing to pay attention to the operating conditions of investee companies, the Company participates in investee companies' corporate governance by attending their shareholders' meetings, exercising voting rights, engaging in dialogue and interaction with investee companies' 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 Company considers the purpose as well as cost and benefit of investment, and determines the type, degree, frequency, and implementation method of stewardship actions.

The Company's main business activities are securities brokerage, proprietary trading and underwriting. When investing with its own funds, or acting as a director or supervisor of an investee, the Company 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 Company'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 Regulating the Company

Section 1 Stewardship Actions

Article 4 Principle and Basis of Management

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

The Company trades securities for its own account or sells securities acquired under underwriting shall adopt a trading policy and related procedures in accordance with relevant securities and futures regulations. Except as otherwise provided by the competent authority, the operational procedures for trade analysis, decision-making, execution, change, and review have been included in its internal control system to fulfill the responsibilities of institutional investors.

Article 5 Regularly Monitor Investee Companies' Issues

To ensure that sufficient and effective investment decision-making information is obtained, the Company continues to pay attention to investee companies' issues, including their relevant major news, quarterly financial performance, overall future 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 Maintain an Appropriate Dialogue and Interaction with Investee companies

Through appropriate dialogue and interaction with investee companies, such as teleconferences, face-to-face meetings, participation in investor conferences, regular shareholders' meetings, or extraordinary shareholders' meetings, the Company participates in shareholders' meetings, exercises voting rights, communicates with investee companies' 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 investee companies.

When necessary, the Company will work with other institutional investors to

safeguard the rights and interests of its clients or beneficiaries and enhance investee companies' 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 Company.

Article 7 Inclusion of ESG Assessment in Investment Evaluation Process

In order to strengthen the Company's consideration of the environmental, social and governance (ESG) and other issues in its own capital investment, securities investment and asset management business, the Company formulated "Responsible Investment Management Guidelines" clearly in 2019 as a guideline for the promotion and implementation of responsible investment by referring "The Principles for Responsible Investment, UN PRI" and the "Stewardship Principles for Institutional Investors", and in accordance with the parent company's "Responsible Investment Management Guidelines".

The Company's investment process shall include ESG assessment and adopt the relevant indicators below:

1. Incorporate ESG issues into investment analysis and decision-making processes.
2. Prohibit any investment in controversial industries (such as pornography and controversial arms and weapons); prudently evaluate the investment in sensitive industries (such as gaming, food safety concerns, harmful radioactive substances, non-medical or harmful genetic engineering, non-bound asbestos fiber, and polychlorinated biphenyl manufacturing).
3. Continue to pay attention to and regularly review whether investee companies appropriately disclose or provide their information on ESG issues.

Section 2 Conflict of Interest Management

Article 8 Principles of Conflict of Interest Management

The purpose of the Company's conflict of interest management is to ensure that the person in charge and staff of the Company should execute business based on the interests of clients or shareholders.

The Company 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 Company shall not only pay attention to their legal liabilities but comply with the relevant regulations on the maintenance of the Company's reputation and the safety and efficiency of business operations. The

Company 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 Company's specific requirements for conflict of interest management include:

1. The Company shall not make decisions or take action unfavorable to clients, beneficiaries, or stakeholders for the benefits of the Company itself or stakeholders.
2. The Company shall not make decisions or take action unfavorable to other clients for the benefits of specific clients.
3. Personal trading of the person in charge, staff, and related parties of the Company shall be strictly subject to relevant laws and regulations and the “Working Guidelines” and “Regulations Governing Insiders of Trading” of the Company.

According to the laws and contract requirements, Staff of the Company shall conduct business with the duties of care and fiduciary as a good administrator and in faith rules as follows:

1. According to Article 74 of “Securities and Exchange Act”, unless otherwise stipulated by laws and regulations, the Company shall not during the underwriting period acquire for its own account securities which it has underwritten either on a firm commitment or a best efforts basis. In addition, in accordance with Article 9 of the “Self Disciplinary Convention of Taiwan Securities Association”, during the underwriting period, where the underwriting division participates in the underwriting of securities, the division trading securities for the dealer’s own account shall not sell such securities which it holds (except securities dealers recommending any emerging stock who have the obligation to sell or purchase the recommended stock, in-kind subscription to stock index types of securities investment trust funds, repurchase or relevant hedging activities, hedging activities engaged due to the issuance of subscription (put) options and engagement of transactions of derivative financial products).
2. The company invests the securities issued by the stakeholders or linked with the stakeholders that listed in “Company Act” Article 369-1 to Article 369-9, “Financial Holding Company Act” Article 45 or securities-related laws and regulations, unless the transactions meet the general authorization or otherwise provided by laws and regulations, proof that the terms of such transactions are not more favorable than offered to similarly situated counterparties shall be provided and submitted to the board of directors for a special resolution.

Article 10 Approaches to Conflict of Interest Management

The staff of the Company should follow the relevant operating procedures for preventing conflicts of interest. The “Internal Control System”, “Regulations Governing Insiders of Trading” and “Regulations Governing Employee Bonuses, Employee compensation payment and formulation” are submitted to the board of directors for approval. The approaches to conflict of interest management include:

1. Implement education promotion:

The operations and management of the Company shall comply with the restrictions and regulations of the laws. The person in charge and staff of the Company shall understand and be subject to the regulations of the competent authority and the Company's relevant internal regulations, the Company also organizes education and promotion from time to time by cooperating with the supervision of external agencies and the revision of regulations

2. Firewall design:

The Company's hosts or servers of formal and test operating environment are separated by different network segments and firewalls, and the access rights between each other are restricted. The principle of firewall should be listed in the front as far as possible and follow the principle of minimum authorization. If there is a violation of the principle of minimum authorization, the evaluation report should be attached and approved by the responsible supervisor.

During stock market trading hours, except for auditors and authorized personnel in the trading room, personnel from other departments are prohibited from entering, and office premises with different functions should be properly separated.

3. Division of powers and responsibilities:

The Company has formulated the “Regulations Governing Insiders of Trading” to standardize the Company's various business conflicts of interest related control mechanisms, and incorporate the self-inspection and internal audit items of the internal control system. Each department head and audit supervisor is responsible for supervision and implementation to ensure the internal control and audit system operate effectively to prevent conflicts of interest or unlawful conducts.

4. Supervision and control mechanism:

In addition to the relevant regulations of the competent authority and surrounding units, the Company has established the “Internal Control System”, and “Regulations Governing Insiders of Trading”. The internal personnel

transaction account control measures and inspection procedures have different specifications according to their duties, including restriction of transaction targets, regular review and update of internal personnel account and control list, regular production of abnormal reports of comparison with internal personnel account and proprietary account transaction, and review by supervisors, etc., to implement the control mechanism to confirm whether the Company's internal personnel and the transactions of related parties are involved undisclosed information and conflicts of interest with the company or other clients.

According to the Company's "Working Guidelines", the staff should truly comply with the confidentiality obligations stipulated by the "Financial Holding Company Act", the "Personal Information Protection Act", the "Securities and Exchange Act", the "Regulations Governing Responsible Persons and Associated Persons of Securities Firms", and relevant internal regulations (the scope of confidentiality includes commercial confidentiality, business strategies, clients information, and other similar assets belonging to the Company, etc.), and no matter on the job, transferred, leave without pay or after resign, the staff shall not collect, process, use, or disclose to any third party or transmit all information across borders to benefit themselves or others in a way that harms or may harm the rights of the Company or clients.

5. Reasonable salary system:

The Company has formulated the "Regulations Governing Employee Bonuses, Employee compensation payment and formulation". All business bonus specifications should conform to the principle of reasonableness. The achievement of financial products or service performance goals should not be considered only. Customer rights, the various risks to the Company and clients of financial products or service, non-financial indicators, the Company's long-term overall profit, shareholders' interests and other factors should be comprehensively considered. Among them, financial indicators and non-financial indicators should be reviewed regularly to ensure compliance with the Company Long-term business development policy.

6. Personnel punishment:

If the internal personnel violate the conflict of interest clearly, they should be punished appropriately in accordance with the Company's internal reward and punishment regulations.

Section 3 Voting Policy and Engagement

Article 11 Purpose of Formulation of the Policy

Based on the best interests of fund providers, the Company refers to the “Regulations Governing Securities Firms”, 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 Company’s voting rights at shareholders’ meetings of the investee companies may be exercised in writing or electronically in accordance with Article 177-1 of the “Company Act”, and for the investee companies which the Company holds less than 300,000 shares not adopting electronic voting at a shareholders' meeting, the Company is not subject to the restrictions of Article 20, Paragraph 2 of the “Regulations Governing Securities Firms” and may elect not to appoint personnel to attend said meeting. For the best interests of the Company and its shareholders, unless otherwise stipulated by laws, the Company shall not directly or indirectly participate in the investee companies’ operation or engage in improper affairs.

If the Company has served as a director or supervisor of a company that the Company holds shares, its legal representative should be an insider of the Company (excluding spouses and minor children). If not an insider of the Company, there should be reasonable grounds; and its legal representative procedures for appointment of persons shall be kept for future reference.

Where the Company 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. If necessary, it is possible to understand and communicate with the management of the investee companies before the shareholders' meeting.

When the Company exercises the voting rights of holding stocks, except for electronic voting do not need an appointment letter, the instructions for exercising voting rights on various proposals shall be clearly stated in the appointment letter; appointment letter of attending in person or record of electronic voting shall be kept in writing or electronically for future reference.

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

In principle, the Company 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. Specific principles are as follows:

1. Principle of support: Proposals made and corporate financial reports submitted by the companies ranking among top 5% in the annual corporate governance evaluation.
2. Principle of objection: Proposals that violate major climate-related issues.
3. Principle of objection or abstention: Where the management of the company has conducted business in unsound operations, which is likely to damage the rights and interests of the company or its shareholders, or the company is imposed with penalties by relevant competent authorities for violation of sustainable development principles in the aspects of environment, society, and corporate governance and other material circumstances.

#### Article 14 Engagement

When an investee has a material violation of corporate governance principles or may damage the long-term value of the Company and its shareholders on certain issues, the Company 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 Company may engage in dialogue or interaction with investee companies 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.

#### Section 4 Performance and Disclosure

##### Article 15 Disclosure of Stewardship

In the first quarter of each year, the Company regularly discloses the previous year implementation of stewardship on the official website. If there are new additions to strengthen stewardship matters, the disclosure will also be updated from time to time, the contents including:

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



exercise of voting rights at shareholders' meetings of investee companies (support, objection, or abstention) may be disclosed in a summary or listed in an appropriate manner.

3. Internal resources invested in implementing of stewardship during the reporting period.
4. Contact channels for stakeholders, such as clients, investee companies, or other institutional investors;
5. Engagement summary report;
6. Material conflicts of interest, reasons, and response methods.

If the Company entrusts other professional service organizations (such as equity research agencies or custodian banks) to carry out some implementing of stewardship activities (such as providing voting recommendations or proxy voting) on their behalf, it will not relieve the Company from its existing responsibilities to shareholders; the Company will continue to ensure that the entrusted service organizations act according to requirements through communication, agreement or supervision to protect the rights and interests of shareholders, and disclose in accordance with the preceding paragraph.

The above disclosures shall be made in a reader-friendly manner and supplemented by diagrams for proper explanation.

### Chapter 3 Supplementary Provisions

Article 16 Matters not specified in the Policy shall be governed by relevant laws and regulations issued by the competent authority, the parent company's "Responsible Investment Management Guidelines", the Company's regulations and general securities practices.

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 11th Board of Directors on September 30, 2020