



2022

履行盡職治理  
報告書

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INVESTMENT  
STEWARDSHIP  
ANNUAL REPORT

# Table of Contents

<b>I. SinoPac Securities and Responsible Investment</b> .....	2
1. About SinoPac Securities.....	2
2. Process of responsible investment.....	3
3. Establish a responsible investment team.....	4
<b>II. Incorporation of ESG Assessment and Investment Process</b> .....	5
1. Decision-making process of incorporating ESG into the investment analysis .....	5
2. List of controversial and sensitive investments and evaluation of risk measurement.....	6
3. Observation and evaluation of the information from the investee ESG, ESG rating status of Portfolio.....	7
<b>III. Performance Status of Stewardship</b> .....	10
1. Compliance statement and explanations of objection.....	10
2. Stewardship effectiveness evaluation.....	10
3. Invest internal resources to implement stewardship.....	10
4. Status of shareholders present, votes and proxy votes.....	11
<b>IV. Summary of Corporate Negotiation Activities</b> .....	14
1. Status of corporate negotiation.....	14
2. Execute the ESG sustainability issues questionnaire for investee companies.....	15
3. Evaluation of the interaction and negotiation with the investee companies.....	19
4. Follow the Stewardship policy to implement corporate negotiation and interaction, etc.....	19
5. Negotiation case.....	20
6. Institutional investor cooperation action.....	20
7. Advocate organization participation.....	22
<b>V. Management of Conflicts of Interest</b> .....	23
<b>VI. Conclusion</b> .....	23
<b>VII. Contact Information of SinoPac Securities</b> .....,,	24

## I. SinoPac Securities and Responsible Investment

### 1. About SinoPac Securities

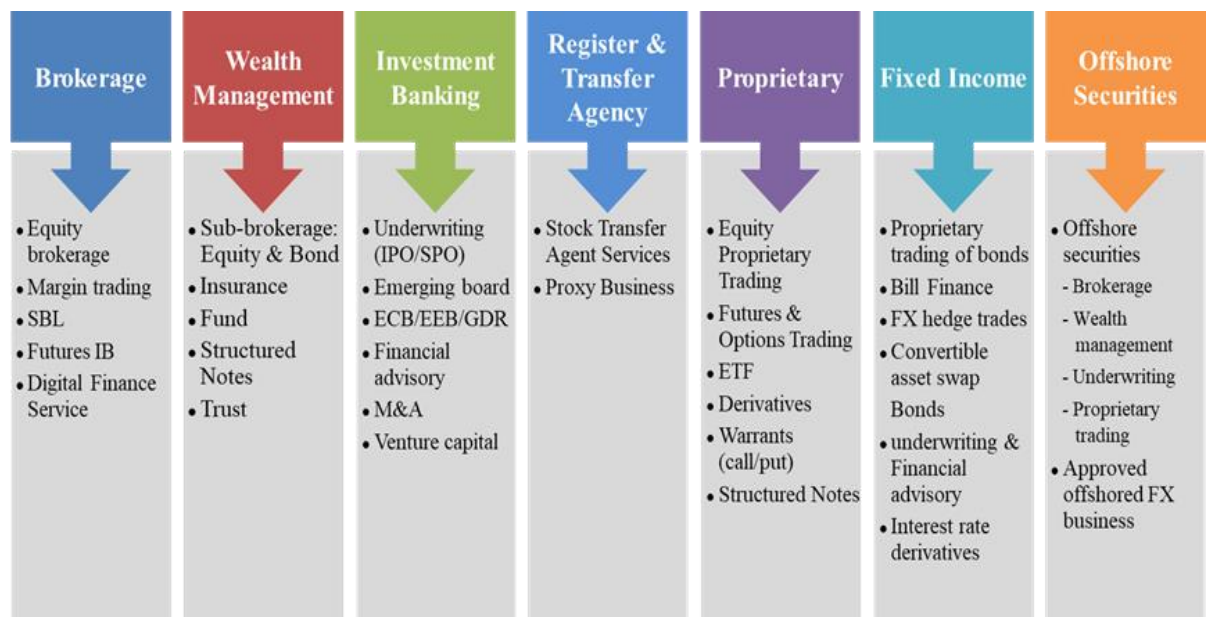
SinoPac Securities, established in 1988 and the first among its peers to list on Taiwan’s TPEX market, is a fully-owned subsidiary of SinoPac Financial Holdings Company Limited (SinoPac Holdings). SinoPac Securities’ service scope spans broking, proprietary trading, underwriting, fixed income, new financial products, etc. SinoPac Securities is a major integrated securities firm in Taiwan with a paid-in capital of NT\$16.212 billion and 47 service locations, and the business rankings are among the leading positions in the industry.

Aside from the domestic market, SinoPac Securities has also been aggressively deploying overseas with business locations in Hong Kong, Shanghai, and London to provide an optimized financial services integration platform. As an innovator in the industry, SinoPac Securities fully embraces the digital finance revolution. Through effective branding and development strategies, SinoPac Securities aims to be a digital leader in the securities industry and the first choice for seamless wealth management services, in accordance with the mission to be a premier integrated financial services provider.

Looking towards the future, SinoPac Securities shall continue to reinvent and innovate the business, strengthen its compliance and risk management, implement strict risk controls, engineer financial products as per market demand, expand the scale of our “digital finance” offerings, provide specialty products and services, and maintain the optimal asset allocation in agreement with shifting economic trends. SinoPac Securities upholds the vision of “Fulfillment of a Beautiful Life Through Finance” and emphasizes human values, professionalism, and the principles of good faith when providing clients with sound financial solutions.

As a an asset owner, SinoPac Securities not only abides by the "Stewardship Principles for Institutional Investors," but also complies the " Guidelines on Responsible Investment Management " formulated by the parent company, SinoPac Holdings. We strive to bring the influence of being an institutional investor and enhance investment value. Incorporate sustainability issues, including environment, social, and governance (ESG), into long-term investment considerations to enhance the overall interests of company and its shareholders, and promote the development of a healthy system into the capital market.

#### SinoPac Securities Business Scope



## 2. Process of responsible investment

SinoPac Securities signed the compliance statement of the "Stewardship Principles for Institutional Investors" in July 2018, and then updated and released the latest compliance statement in September 2020. In addition, we followed " Guidelines on Responsible Investment Management" from SinoPac Holdings to establish " SinoPac Securities Corporation Guidelines on Responsible Investment Management " in December 2019, referring to "The Principles for Responsible Investment" (PRI) from United Nations, and in accordance with the "United Nations Sustainable Development Goals" (SDGs). In 2020, we established " SinoPac Securities Corporation Stewardship Policy" to concretely show that as an asset owner implements the sustainable operation and stewardship goals, and bring the positive influence as an institutional investor.

In 2021, the " SinoPac Securities Corporation Guidelines on Responsible Investment Management " and " SinoPac Securities Corporation Stewardship Policy " will be revised, and sensitive industry projects will be added to the " SinoPac Securities Corporation Guidelines on Responsible Investment Management ", including: oil and gas industry, thermal power generation industry, etc., and add ESG risk inspection process for different asset classes of stocks and bonds, high carbon emission industry evaluation guidelines and related evaluation forms. In addition, in the Stewardship Policy, the content of conflict of interest management types and specific requirements are added, covering: between the company and customers, between the company and employees, between employees and customers, between the company and other investee companies, between the company and affiliated companies, etc., and the addition of standards for communication with the investee's management level before shareholders' meetings, etc. In 2022, the " SinoPac Securities Corporation Guidelines on Responsible Investment Management " will be further revised, and sensitive industry items will be added, including high-carbon-emission industries such as cement and concrete manufacturing and iron, steel and other metal manufacturing.

In response to "Stewardship Principles for Institutional Investors," SinoPac Securities has disclosed the voting results of investees' shareholders' meetings from 2019 and compiled the "Stewardship Report" from 2020. We regularly disclose the latest results of the performance status of stewardship in the first quarters in each year, and update in the section of stewardship on the official website. The section is provided for customers, investors and the general public with access.

### Process of Responsible Investment in SinoPac Securities

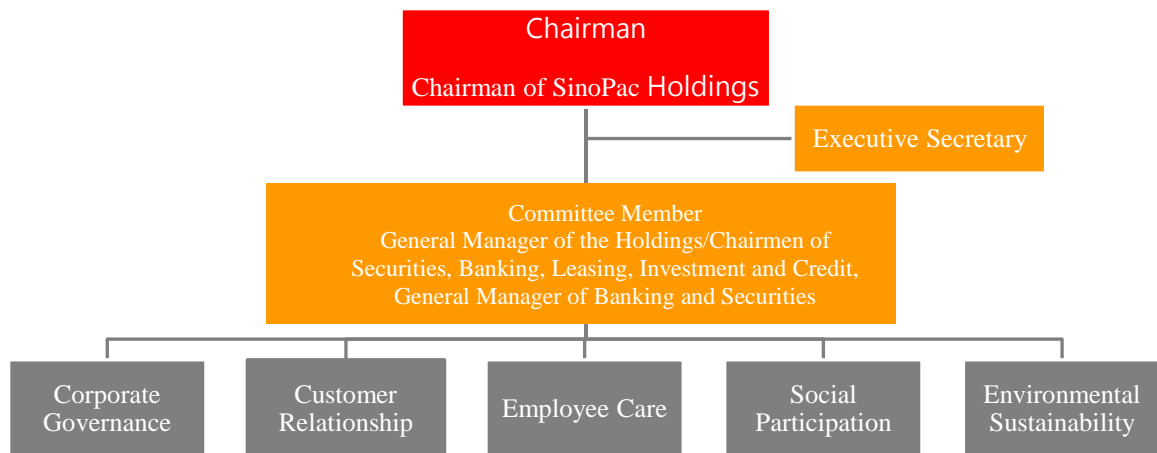


### 3. Establish a responsible investment team

SinoPac Holdings established a "CSR Promotion Core Group" in 2015 to actively organize CSR related affairs. In 2018, in addition to formulating the "Principles of Corporate Social Responsibility," we also actively responded to international sustainability trends and implemented social corporate responsibilities in the financial industry. "Sustainable Development Committee" was officially established in 2018 to emphasize the integration of the financial industry to promote sustainable development. Based on the four sustainable missions of "integrity and solidity, eternal wealth, environmental sustainability, and social prosperity," also taking the three major aspects of environment (E), society (S), and governance (G) as the foundation, we proposed the five eternal principles of "beautiful and honest life," "beautiful and rich life," "beautiful and affectional life," "beautiful and balanced life," and "beautiful and vivid life." We formulated sustainable development blueprints and short, medium and long-term key work plans based on the five axes to specifically respond to the customers, shareholders and society, and fulfill corporate social responsibilities.

The "Sustainable Development Committee" in SinoPac Holdings is led by the parent company and carried by subsidiaries to implement corporate social responsibility and corporate governance policies. Under the committee, there are five established promotion groups including corporate governance, customer relations, employee care, social participation, and environmental sustainability. In the customer relations group, the introduction of responsible investment, the development of green financial products, and the promotion of ESG are listed as important work goals. SinoPac Securities also serves as an important member of the relevant working group. In the field of social participation, SinoPac Securities have encouraged colleagues and promoted various public welfare activities for years. We also assist in care activities such as remote and disadvantaged groups, and under the call of the environmental sustainability group, we participate in environmental protection activities initiated by the parent company.

#### Organizational Structure of "Sustainable Development Committee" in SinoPac Holdings



SinoPac Securities also manages the risks and impacts of the company's operating activities on the economy, environment and society, and effectively promotes various policies and plans for the sustainable development of SinoPac Financial Holdings. In November 2022, set up the "Sustainable Development Promotion Team" of SinoPac Securities, responsible for the proposal and implementation of sustainable development policies, systems and related management plans. The general manager serves as the convener, and the committee members are the directors of business divisions and managers designated by the general manager. There are five working groups, including corporate governance, customer relations, employee care, environmental sustainability, and social participation, to coordinate with each unit to promote sustainable development activities, the Customer Relations Working Group is responsible for promoting important work objectives such as introducing responsible investment, developing green financial products, and promoting ESG. The "Sustainable Development Promotion Team" of SinoPac Securities holds quarterly meetings, which may be held as needed, and reports on performance and planning to the board of directors on a quarterly basis.

## Organizational Structure of "Sustainable Development Promotion Team " in SinoPac Securities



## II. Incorporation of ESG Assessment and Investment Process

### 1. Decision-making process of incorporating ESG into the investment analysis

In order to strengthen the handling of investment and asset management business. Follows SinoPac Securities' "Guidelines on Responsible Investment Management," incorporating ESG assessment into the investment process:

- (1) In the investment appraisal process, based on known information, due diligence and prudent assessment should be conducted, referring to related organizations and professional institutions such as International Finance Corporation, The World Bank, United Nations, etc. The guiding principles and standards include ESG considerations into the risk assessment.
- (2) In the process of investment decision-making, we refer to the ESG scoring mechanism of professional institutions, ESG-related benchmark index stocks, or other ESG-related external resources or tools to strengthen the pre-investment assessment.

For example: refer to Bloomberg's ESG evaluation analysis and SinoPac Securities Investment Service's ESG evaluation report, and incorporate investment analysis considerations

- Bloomberg provides ESG disclosure scores, environmental disclosure scores, social responsibility disclosure scores, and corporate governance disclosure scores on the characteristics of the industry based on the three-dimensional disclosure integrity of ESG, which can make it easy for investors to understand the company's ESG-oriented disclosure level and give weight analysis based on the relevant Indicators.
- SinoPac+ Corporate Sustainability Evaluation System of SinoPac Securities Investment Service based on SASB's framework is based on the company's latest corporate social responsibility report (or sustainability report). It follows SASB SICs® 77 industries to screen Taiwan listed companies in 63 industries and sets financially significant sustainability indicators based on the characteristics of the industries. At the same time, in order to comprehensively evaluate the sustainability performance and risks of the company, it combines the five sustainability aspects of SASB environment, social capital, human capital, business model and innovation, leadership and corporate governance to evaluate cross-industry sustainability indicators. This evaluation method is applicable to the evaluation standards of Taiwanese companies, it is not only relevant, complete, comparable, and more transparent. This method is used to evaluate the ESG performance and risk of a company. The higher the score, the more it shows that the company has high mastery of sustainability factors that have a significant financial impact, reveals transparently, and effectively reduces risks; on the contrary, the score is lower. Investors can use the SinoPac+ Corporate Sustainability Evaluation System to judge the company's ESG performance and whether it has sustainable actions.

- (3) Support thematic investments that are conducive to the development of ESG issues, invest in industries or investment targets that focus on ESG issues, or increase green bond investment.

## 2. List of controversial and sensitive investments and evaluation of risk measurement

Follow the United Nations "Principals of Responsible Investment" and refer to the " Guidelines on Responsible Investment Management" of SinoPac Holdings and the " Guidelines on Responsible Investment Management" of SinoPac Securities. If we are aware that we should exclude involvement in controversial industries such as prostitution, controversial weapons, etc. As for sensitive industries, such as oil and gas industry, thermal power generation industry, gambling, unhealthy food, toxic radioactive substance, non-medical treatment, harmful human genetic engineering, non-adhesive asbestos fiber and Polychlorinated biphenyls (PCBs) manufacturing, we should be carefully evaluated to avoid major adverse effects on the sustainable development of ESG.

In addition to reviewing whether it is a controversial or sensitive industry, and through company visits, refer to the "Annual Corporate Governance Evaluation" conducted by TWSE, TPEX, and the Securities and Futures Institute, and TDCC IR platform etc. related information, and execute ESG risk inspection process for different asset classes, continue to conduct comprehensive risk assessment of the investee company.

### (1) Taiwan stock investment:

- The top 5% companies in the annual corporate governance evaluation of listed companies conducted by the Securities and Futures Institute or the constituent companies of the "Taiwan Sustainability Index" co-edited by Taiwan Index Companies and FTSE Russell are exempt from ESG risks. Inspection process.
- The newly added OCI stocks that do not meet the preceding paragraph need to go through the ESG risk inspection process, and the stocks that do not meet the ESG rating standards need to complete the stock ESG risk assessment form, and the transaction authorized quota for medium and low risk stocks is limited.
- If the new target is the oil and gas industry and thermal power generation industry, the total carbon emissions and the carbon emissions per revenue should be assessed in accordance with the high carbon emission industry assessment guidelines.

### (2) Overseas stock investment:

- Newly purchased OCI stocks need to go through the ESG risk inspection process, and stocks that do not meet the ESG rating standards need to complete the stock ESG risk assessment form, and the transaction authorized quota for medium and low risk stocks is limited.

### (3) Bond investment:

- If the target is a perpetual bond, it must not go through the ESG risk inspection process.
- The issuing company or parent company of the newly added OCI bond that is not a perpetual bond needs to go through the ESG risk inspection process, and the bonds that do not meet the ESG rating standards need to complete the bond ESG information disclosure assessment form.

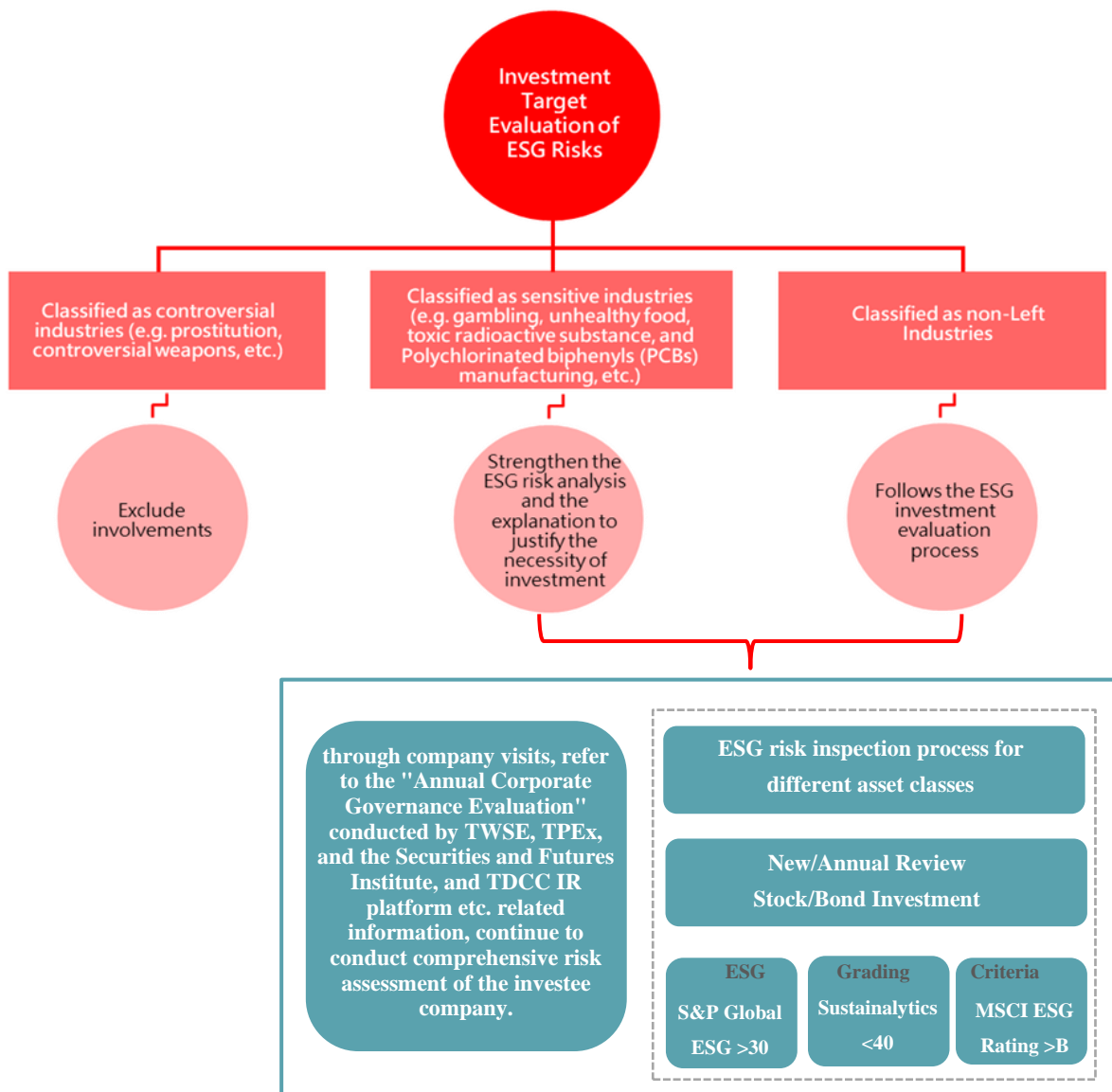
### (4) Underwriting emerging stock investment (general board and PSB strategic new board):

- Newly subscribed emerging stocks need to go through the ESG risk inspection process, and those whose subscription costs exceed a certain amount need to complete the stock ESG risk assessment form.

### (5) Underwriting TWSE and TPEX listing investment (current increase and CB, etc.):

- Newly subscribed current increase and CB etc. need to go through the ESG risk inspection process, and those whose subscription costs exceed a certain amount and do not meet the ESG rating standards that need to complete the stock ESG risk assessment form.
- If the cost of new subscription current increase and CB etc. exceed a certain amount and belong to the oil and gas industry and thermal power industry, the total carbon emissions and carbon emissions per revenue should be assessed in accordance with the high carbon emission industry assessment guidelines.

## Risk Evaluation Process of SinoPac Securities ESG Investment



### 3. Observation and evaluation of the information from the investee ESG, ESG rating status of Portfolio

In addition to the prior ESG investment assessment and risk evaluation for investment targets, we will continue to monitor the existing investment targets, and regularly review whether the target company continues to appropriately disclose and provide information on ESG issues and information. This includes whether the targets issue CSR reports, the contents of the reports, and important ESG issues. Also promptly address the release schedule of the CSR report, the promotion of ESG issues and urge improvements.

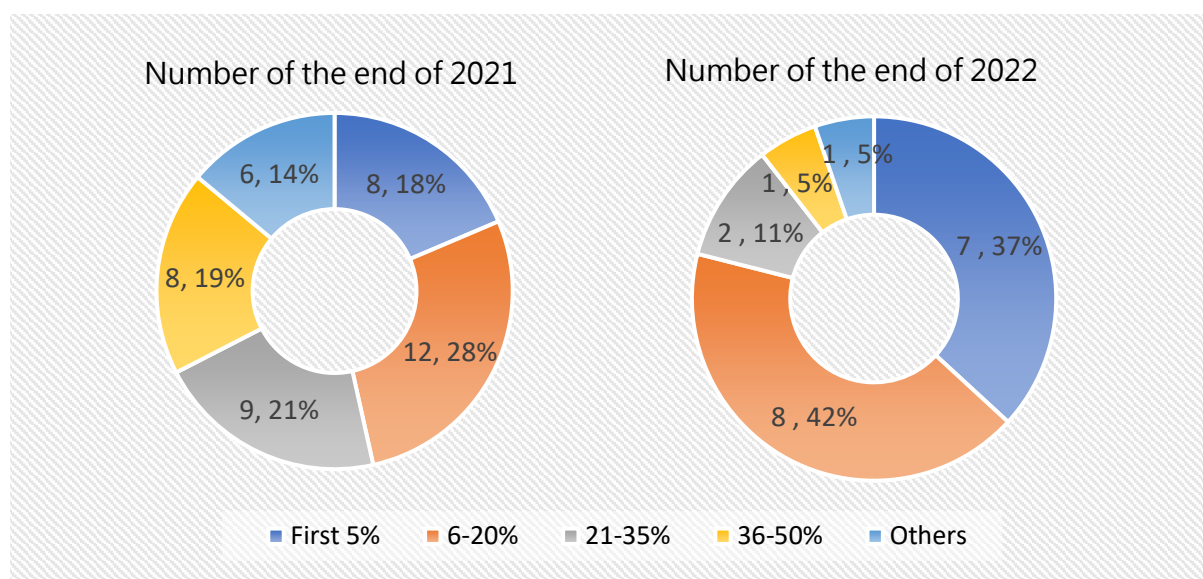
Besides, SinoPac Securities also implements the pre-examination and post-tracking of the investment ESG performance. Based on the results of 913 listed companies on TWSE and 726 listed companies on TPEX of "2021 Corporate Governance Evaluation of Listed Companies" conducted by the Securities and Futures Institute, and entrusted by TWSE and TPEX, examining the level of evaluation results of SinoPac Securities' long-term investment stocks at the end of 2021 and 2022. In 2022, when financial market volatility is intensifying and global stocks and bonds are falling together, considering the financial performance of investment targets and ESG-related non-financial indicators, the overall number of investors and shareholdings will decrease compared with 2021. However, in 2022, there are 7 companies in the top 5% of corporate governance evaluations, accounting for about 37%, an increase from 18% in 2021, and the top 20% of corporate governance evaluations accounted for nearly 80%. In addition, although the market capitalization of companies holding the top 5% of corporate governance evaluations has decreased compared with the end of 2021, the proportion of the total



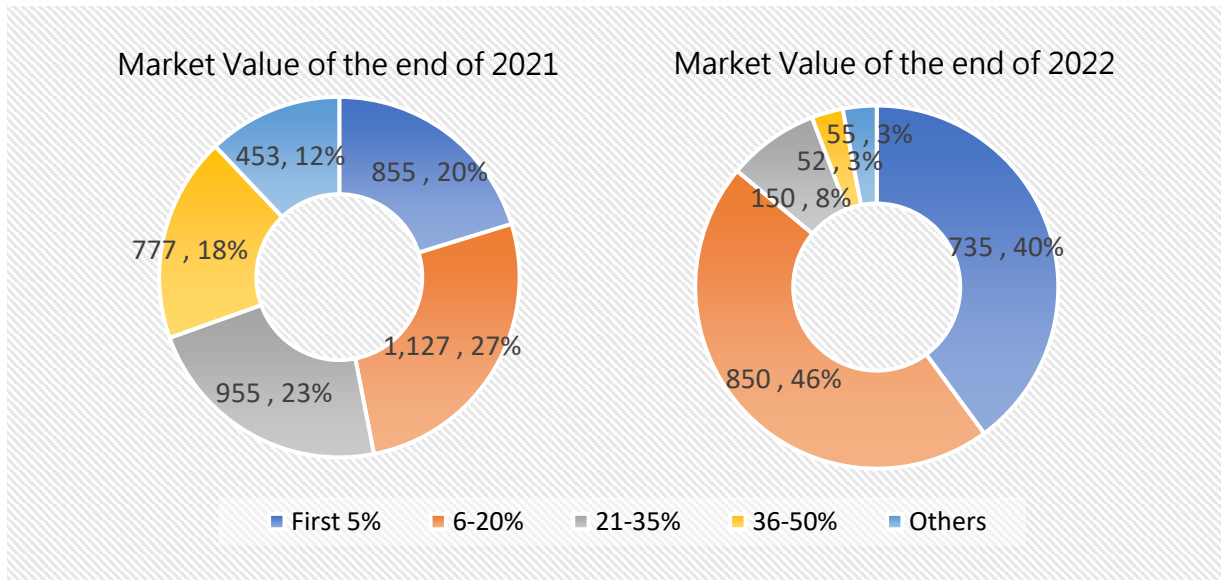
investment balance of long-term investment stocks has increased from 20% to 40%, and the top 20% of corporate governance evaluations accounted for nearly 90%.

Distribution of corporate governance evaluation rating for long-term investment stocks

investee companies	First 5%		6-20%		21-35%		36-50%		Others		Total	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
<b>The end of 2021</b>	8	18%	12	28%	9	21%	8	19%	6	14%	43	100%
<b>The end of 2022</b>	7	37%	8	42%	2	11%	1	5%	1	5%	19	100%



Market Value (NTD million)	First 5%		6-20%		21-35%		36-50%		Others		Total	
	Market Value	%	Market Value	%	Market Value	%	Market Value	%	Market Value	%	Market Value	%
<b>The end of 2021</b>	855	20%	1,127	27%	955	23%	777	18%	511	12%	4,225	100%
<b>The end of 2022</b>	735	40%	850	46%	150	8%	52	3%	55	3%	1,842	100%



### III. Performance Status of Stewardship

#### 1. Compliance statement and explanations of objection

SinoPac Securities has signed the "Stewardship Principles for Institutional Investors" compliance statement in 2018 and completed the latest version of the statement update in September 2020, in order to better implement and exert the professional and influence of institutional investors, and also improve asset owner responsibility of the industry. Furthermore, it also enhances the long-term interests of company and shareholders to fully implement the spirit of responsible investment.

✓ As of the end of December 2022, there has been no unfulfilled principle in SinoPac Securities' compliance statement in the "Stewardship Principles for Institutional Investor".

#### 2. Stewardship effectiveness evaluation

SinoPac Securities' stewardship report has been reviewed by the Legal & Compliance Division and published on official website after approval by the President. The establishment of relevant systems is gradually improving, and the implementation also had preliminary results. The brief list is as follows:

- (1) Under the leadership of the customer relations group of the "Sustainable Development Committee" of SinoPac Holdings, we will introduce responsible investment, develop green financial products, and promote ESG etc.
- (2) The stewardship statement has been signed and disclosed.
- (3) The stewardship policy, the conflict of interest management policy, and the voting policy have been formulated and disclosed, and timely review whether relevant policies need to be revised.
- (4) Continue to have dialogues and interactions with the investee company, and the attendance rate of shareholders' meetings in person reaches 100%.
- (5) In 2020, the survey questionnaire on climate change issues will be sent to the investee companies for the first time, and in 2022, topics on social (human rights) and corporate governance will be added to understand the investee companies' awareness of international climate-related initiatives and sustainability-oriented management status, and all the responding companies expressed their willingness to participate in the forums or activities related to sustainability held by the company, which shows that the invested companies are paying more and more attention to sustainability issues.
- (6) Expose the situation of performing stewardship on the official website by user-friendly interface and provide relevant contact information to facilitate investor feedback.

#### 3. Invest internal resources to implement stewardship

In addition to invest resources of related manpower, systems, and consulting companies by SinoPac Securities to implement stewardship, the 100% owned subsidiary SinoPac Securities Investment Services also actively invests resources to promote ESG. The 2022 costs are listed in the following table:

Invest Resources	Demand Content	Executive Instructions	Manpower and Cost Estimation
Negotiate with the investee company	Manpower of Principal Investment and Derivatives Division, Investment Banking Division, Fixed Income Division	1.Interaction and negotiation with the investee company 2.Evaluation and attendance of shareholders' meeting	The manpower requirement is about 46 man-days
Voting at the shareholders' meeting	Manpower of President office	1.Execution of electronic voting for shareholders' meeting	The manpower requirement is

			2. Analysis and collation of shareholders' meeting proposals 3. Statistics and disclosure of voting record 4. Attend shareholders meeting	about 80 man-days
Money laundering prevention	Manpower of Legal & Compliance Division		Prevention of Anti-Money laundering and countering the financing of terrorism etc.	The manpower requirement is about 50 man-days
ESG Database	Database system		Bloomberg ESG rating database	Cost about NTD 1.4 million
ESG research report	Database system and Manpower of SinoPac Securities Investment Services		1. Build the ESG evaluation system 2. Writing ESG research reports	Cost about NTD 0.90 million The manpower requirement is about 500 man-days
ESG Forum	Manpower of SinoPac Securities Investment Services		Holding ESG-related investment forums	The manpower requirement is about 30 man-days
ESG development and promotional activities	Manpower of External consultant Activity cost		1. Consultancy services to improve the effectiveness of ESG projects 2. Sustainability-related publicity activities	1. Cost about NTD 0.69 million 2. Cost about NTD 2.58 million
ESG education training	Channel Division, Principal Investment and Derivatives Division, Investment Banking Division, Fixed Income Division, Digital Finance Division, Operations Management Division, Finance Management Division, Information Technology Division, President office		1. 【ESG Lecture】 2. 【BSCD Sustainable Future Academy】 3. Sustainable management strategy and environmental sustainability, etc.	A total of 135 people participated in education and training, with a total of 303 hours 1.68 persons/75 hours 2.44 persons /125.5 hours 3.23 persons /102.5 hours

#### 4. Status of shareholders present, votes and proxy votes

In 2022, SinoPac Securities has attended 852 shareholders' meetings of domestic invested companies (including extraordinary shareholders' meetings). Voting rights were exercised by physical attendance at 44 and electronic voting at 808. The attendance rate was 100%, and the proxy attendance rate was 0%. A total of 4,787 proposals were voted, of which 4,752 cases were in favor, 3 case was opposed, and 32 cases were abstained.

Statistics on attendance of shareholders' meeting



In the stewardship policy formulated by SinoPac Securities in 2020, for the investee companies which SinoPac Securities holds adopting electronic voting at a shareholders' meeting, electronic voting shall be used to exercise voting rights; for the investee companies which SinoPac Securities holds less than 300,000 shares not adopting electronic voting at a shareholders' meeting, SinoPac Securities 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 investee companies which SinoPac Securities holds more than 300,000 shares not adopting electronic voting at a shareholders' meeting, SinoPac Securities should assign internal personnel to attend the shareholders’ meeting in person to exercise voting rights. If SinoPac Securities hold the stock exceeds one year and more than 5% of the investee company’s outstanding shares, SinoPac Securities’ investment team should communicate with the investee company’s management before the shareholders’ meeting and exercise the voting rights of the shareholders’ meeting after evaluation.

For those attending to the shareholders' meeting of the investee company, in principle, SinoPac Securities 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: Principle of support: Proposals made and corporate financial reports submitted by the companies ranking among top 5% in the annual corporate governance evaluation; Principle of objection: Proposals that violate major climate-related issues; 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. The implementation in 2022 is as follows:

Supported proposals are as follows:

Attending the shareholders' meeting of the Corporate Governance Evaluation top 5% companies		Number of supported proposals of financial report
Number of companies	Number of supported proposals	
68	410	798

Opposed proposals are as follows:

Types	Number of opposed proposals	Expatiation
Proposals that violate major climate-related issues	0	No proposal of this type of the shareholders’ meeting of the invested company in 2022

Opposed or abstained proposals are as follows:

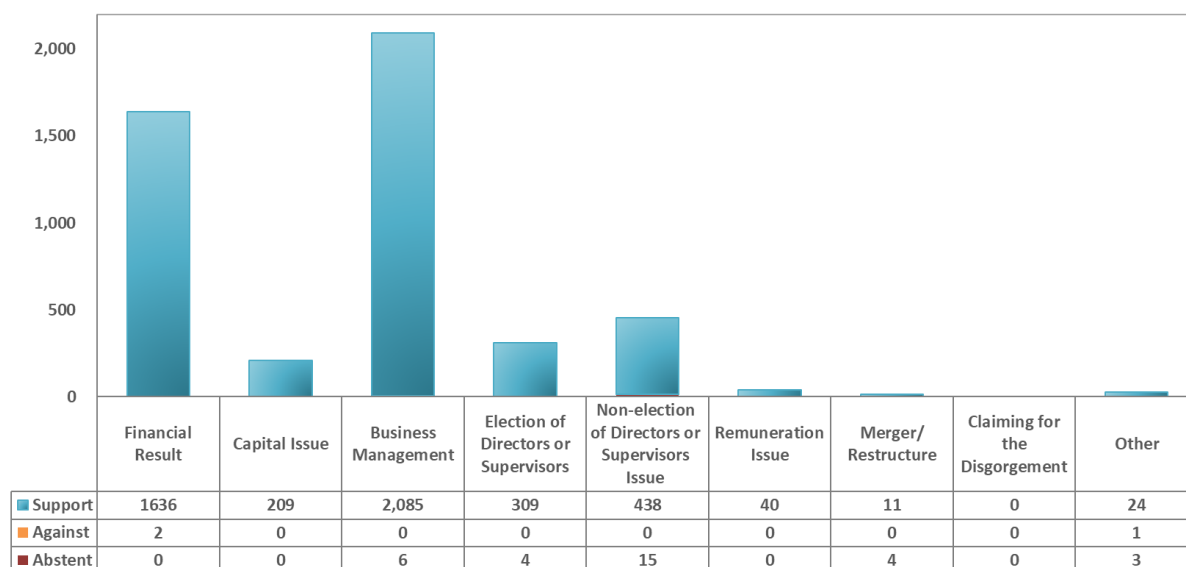
Types	Number of abstained proposals	Expatiation
Proposals related to the election of company directors in which corporate governance disputes have occurred	3	Based on the fact that SinoPac Securities is a professional investment institution, after evaluation, we support the proposal of the company's board of directors in principle. Therefore we have opposed from voting for the proposal of capital reduction and surplus distribution of shareholders.

Types	Number of abstained proposals	Expatiation
Proposals related to the election of company directors in which corporate governance disputes have occurred/ Proposals related to companies that cause losses to corporate bond holders	32	Regarding the proposals of shareholders' meeting of the investee company, after evaluation, Since SinoPac Securities is a professional investment institution and should not be involved in company management disputes. Therefore, we have abstained from voting for the election of company directors that involve competition for management rights, and with different opinions on the principles of handling securities with equity.

Based on the professional judgments of institutional investors, SinoPac Securities is not absolutely support and agree with the various proposals put forward by the investee company. Each proposal is evaluated internally, and if necessary, there may be inquiries and discussions with the investee company before the shareholders' meeting, and the vote will base on SinoPac Securities' operating interests, shareholder value, and ESG principles. For domestic investee companies, SinoPac Securities does not use proxy research and proxy voting related services. SinoPac Securities will implement the interaction and negotiation responsibilities of institutional investors in person.

- ✓ As of the end of December 2022, SinoPac Securities has attended 852 domestic shareholders' meetings of the investee companies. Each proposal is evaluated internally without using proxy research and proxy voting services, and SinoPac Securities has attended or participated in voting at shareholders' meetings in person.

### Classification statistics of shareholders' meeting voting proposals



SinoPac Securities exercises the voting rights of holding stocks, and the responsibility department handles the approval procedures of the assignment of attendees and how to exercise voting rights according to the content of the proposal, and clearly states the instructions for exercising the voting rights of each proposal; the appointment letter or the electronic voting record shall be kept for reference by the responsibility department.

#### Operation process of SinoPac Securities attending investee company's shareholders' meeting



#### IV. Summary of Corporate Negotiation Activities

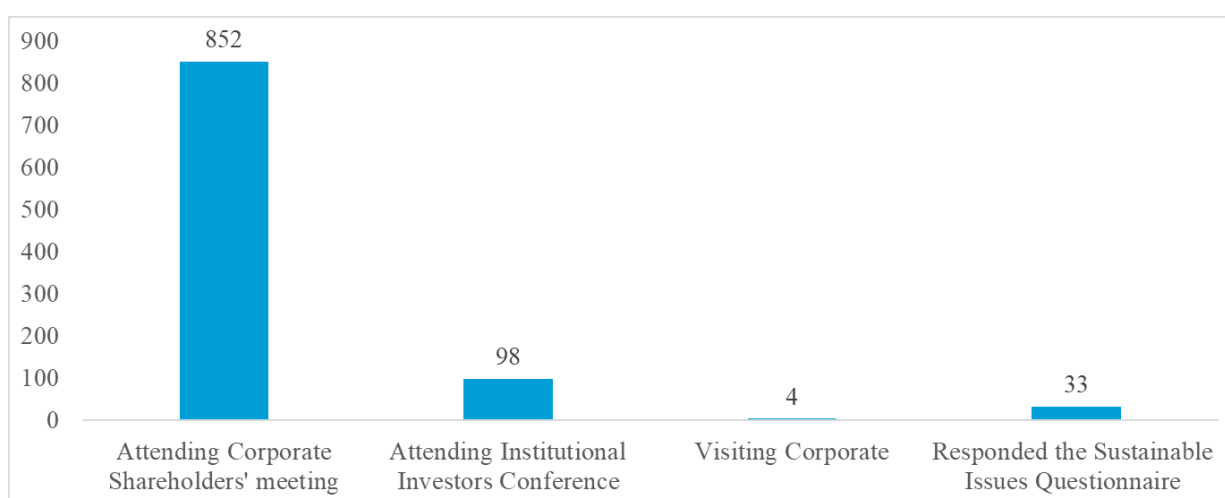
- Status of corporate negotiation: SinoPac Securities has attended 852 corporate shareholders' meetings, 98 institutional investors conferences, and visited investee companies 4 times, and 33 companies responded to the sustainable issues questionnaire in 2022.**

SinoPac Securities actively engages in conversations and interactions with investee companies by attending the investee companies' shareholders' meeting in person, institutional investors conference, and visiting investee companies. In 2022, SinoPac Securities personally attended the shareholder meeting of C Company, speak and propose ESG issues, and ask question 1: Due to the risk issues brought about by climate change, Taiwan has officially announced 2050 as the target year for net zero transformation. Does your company plan to set out the target year of zero net emissions and the goals to be achieved in the short, medium and long term? and question 2: Your company has adopted

renewable energy in the United States and Changzhou, China. From the perspective of the whole company, have you set a future annual target for the proportion of renewable/clean energy? C company explained at the meeting that the original 2030 goal of carbon emission reduction will reduce the carbon emission intensity by 42% compared with 2020. As of the first quarter of 2022, C Company has achieved a reduction of 36%. They expect that the original 2030 carbon reduction target will be achieved ahead of schedule in 2023, and according to C Company's statistics, the total amount of renewable energy will account for about 6% by 2021. In the future, new factories will also plan for green power resources, and continue to evaluate the proportion of renewable energy used. After the meeting, the chairman of C Company communicated with our colleagues about it was the first time that a dealer participated in the shareholders' meeting to propose ESG issues, and gave affirmative support for environmental protection and carbon reduction.

In addition, a questionnaire was used to discuss sustainability-related issues with the investee companies, and total of 33 investee companies responded. We also seize every interactive opportunity to communicate with the investee company on ESG-related policy issues. In addition to actively grasping the investee company's ESG and other actions, we also hope to arouse the attention of related issues.

#### Statistics of SinoPac Securities corporate negotiation



#### Statistics of ESG issues negotiation

ESG	Negotiation method	Issues	家數
(E) Environment	Questionnaire	Focus on Sustainable Development Goals, SDGs	25
		Measured Greenhouse Gas Emissions Inventory	23
		Has not Measured Greenhouse Gas Emissions Inventory	10
		Established a Greenhouse Gas Reduction Target	17
		Has not Established a Greenhouse Gas Reduction Target but Plans To Do So in the Future.	15
		Has Implemented (been Implementing) or Commitments Responded (been Responding) to Eps, RI, CDP, TCFD etc.	23
		Invested in Implementing Specific Actions in Mitigating and Adapting to Climate Change	29
(S) Social	Exercising voting rights at	Employee Benefits Related	40



	shareholders' meeting		
	Questionnaire	Focus on Sustainable Development Goals, SDGs	25
		Established the Human Rights Policy	19
		Identified and Prioritized Human Rights Risks	12
		Has Implemented to Respected workplace human rights, Provided a healthy and safe workplace, Respected freedom of association and collective bargaining, Protected Privacy, Protected Human dignity, Protected Rights to life and personal safety etc.	32
(G) Governance	Exercising voting rights at shareholders' meeting	Capital Issue	831
		Election of Directors or Supervisors etc.	413
		Business Management	802
	Questionnaire	Focus on Sustainable Development Goals, SDGs	25
		Has Implemented to the diversification of board members, strengthening duties functions and independency of independent directors and audit committees	33
		Has Implemented to strengthen board duties and functions and implement accountability of the board of directors etc.	29
		Disclosed Sustainability Report	23
		No Disclosed Sustainability Report	10

✓ In 2022, SinoPac Securities has attended 852 corporate shareholders' meetings, 98 institutional investors conferences, and visited investee companies 4 times, and 33 companies responded to the sustainable issues questionnaire.

## 2. Execute the ESG sustainability issues questionnaire for investee companies

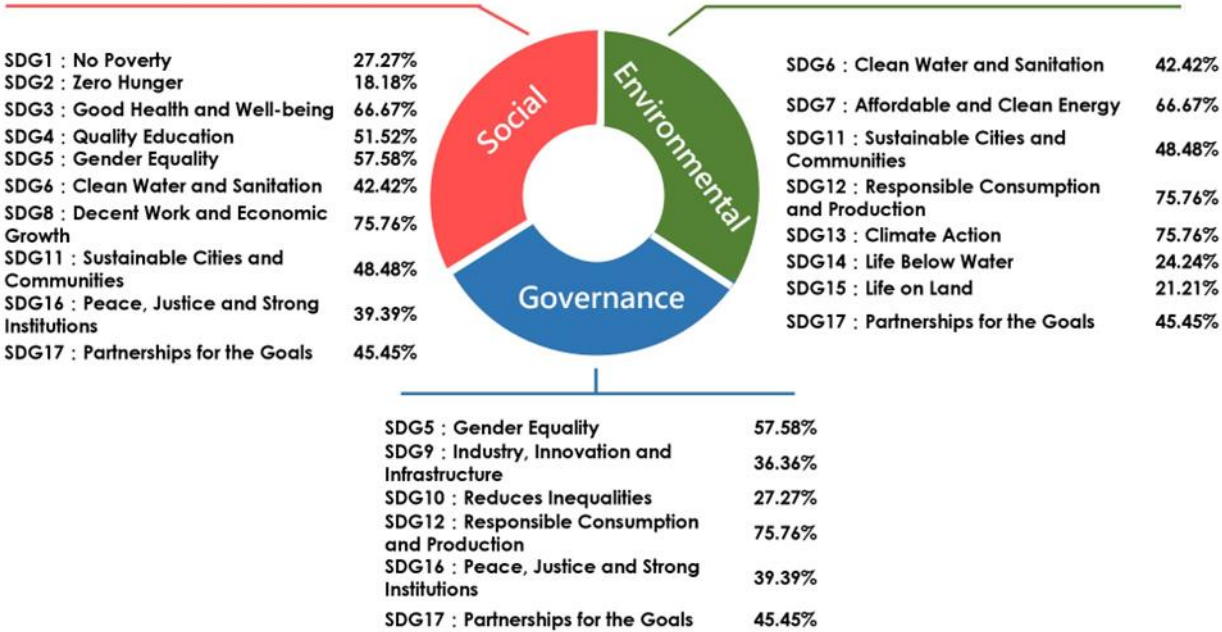
SinoPac Securities echoes the sustainable development goals of the United Nations, combines the core functions of sustainable finance, strives to enhance customers' sustainable awareness, and joins hands with stakeholders to participate in sustainable actions. Through questionnaire surveys, work together with the investee companies to promote sustainable development, identify climate risks and strengthen climate resilience, and continue to communicate/negotiate with stakeholders.

In December 2022, SinoPac Securities conducted an online questionnaire survey to the companies which we have subscribed the positions of listed companies and unlisted companies with a share capital of more than 1 billion of underwriting current increase, CB, and initial listing cases, and the companies of OCI investment (until November 2022). Total of 42 copies were sent and 33 copies were returned. This questionnaire includes initiatives, net zero and greenhouse gas information disclosure, environmental actions, human rights actions, corporate governance actions etc., according to the statistics of the companies that responded to the questionnaire, 100% agree to arrange employees or invite stakeholders to participate in internal and external lectures and education and training related to sustainability, so as to continuously improve the climate awareness of employees and stakeholders. Other statistical summary of the responses to the questionnaire is as follows:

**[Initiative]** 94% of the interviewed companies' Board of Directors have incorporated sustainable development as a factor in operational/business decisions. In terms of promoting sustainable development, the highest percentage of responses to the Sustainable Development Goals (SDGs)

awareness survey was for the <SDG8: Employment and Economic Growth>, <SDG12 : Responsible Consumption and Production>and <SDG13: Climate Action> both 76% , and other responses are shown in Figure I.

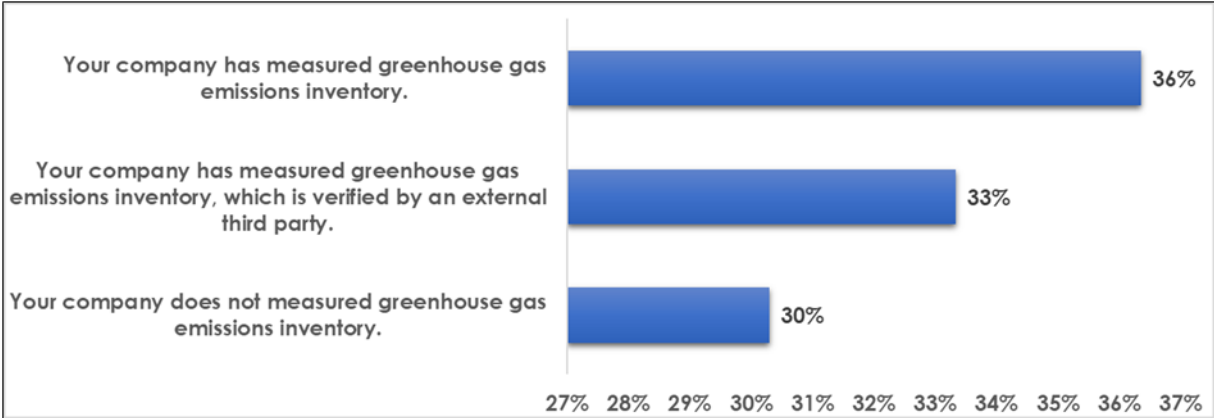
Figure I: Percentage of awareness of environmental, social and corporate governance in relation to corporate concerns about sustainable development goal.



Note: Sustainable Development Goals (Sustainable Development Goals, SDGs), the same goal will appear in the environment, society or corporate governance at the same time.

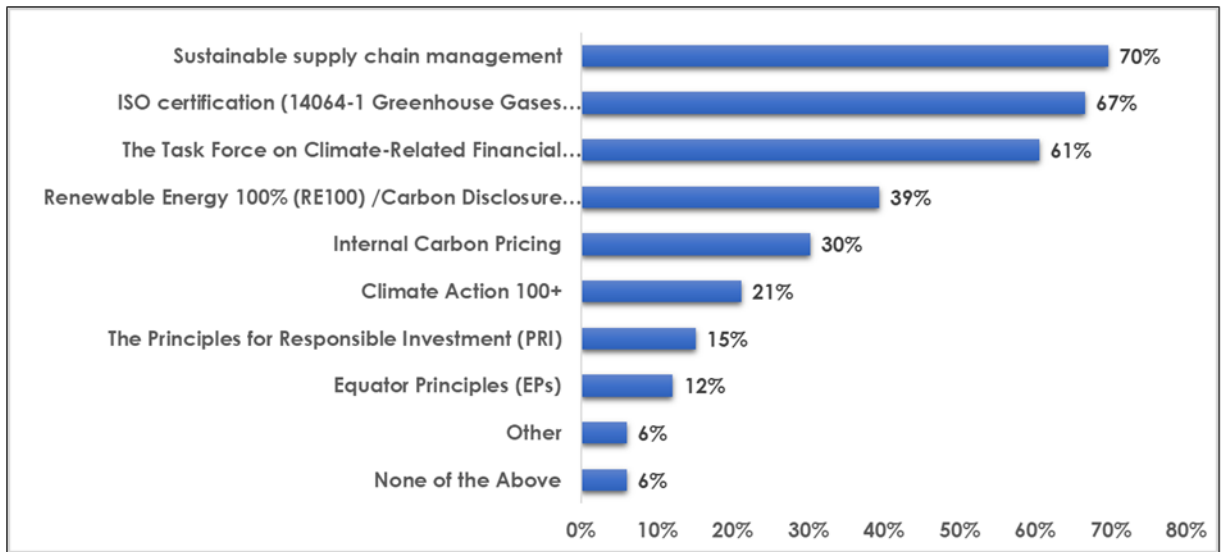
**[Net Zero and Greenhouse Gas emission Disclosure]** According to the survey results, 33% of enterprises have checked their greenhouse gas emissions and have been verified by external third parties (see Figure 2), of which 52% have established greenhouse gas reduction targets.

Figure 2: Net Zero and Greenhouse Gas emission Disclosure



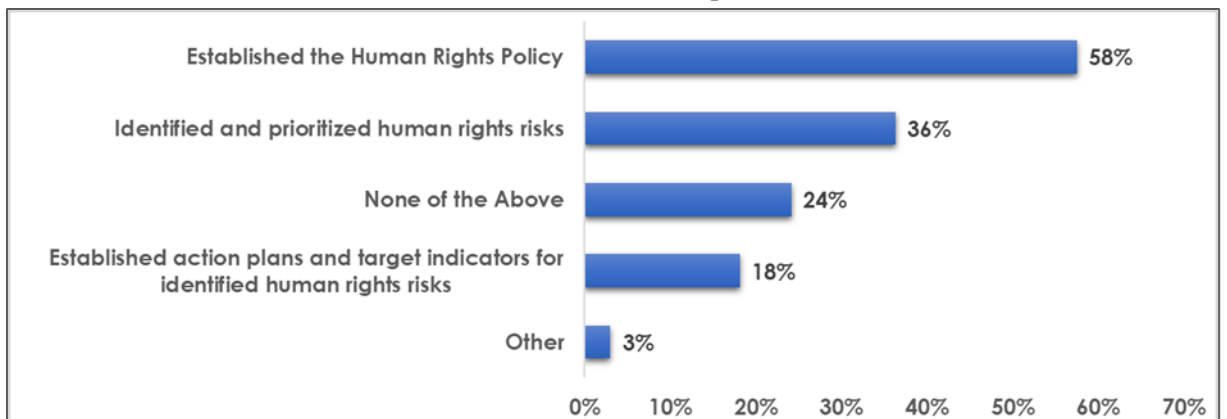
**[Environment Actions]** According to the survey results, in the part of enterprises to mitigate and adapt to climate change, 67% of enterprises have introduced ISO certification (see Figure 3). Among the specific behaviors that have been invested to mitigate and adapt to climate change, companies have invested 88% in low carbon/emissions reduction/energy saving (e.g., buildings, office equipment, etc.), and 85% in recycling, waste reduction, and waste emission (e.g., paperless, water resources, etc.)

Figure3:Commitments that companies have implemented (ongoing) policies or responded to in order to mitigate climate change



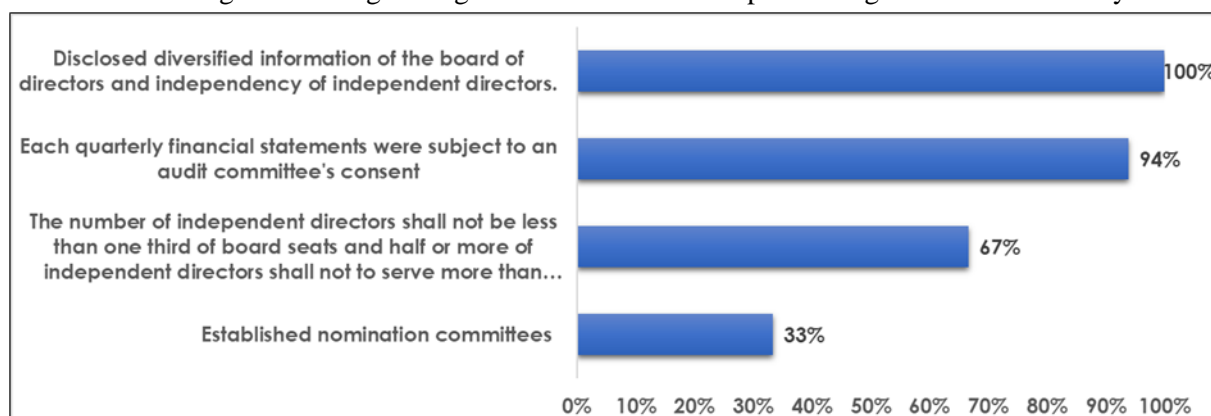
**[Human Rights Actions]** According to the survey results, 58% of the companies have established human rights policies to promote the principles related to the protection of human rights in labor conditions (see Figure 4), and 97% of the companies have implemented, safety and health in the workplace, and 88% of the companies have implemented the principles of respecting human rights in the workplace, and the right to life and personal physical safety and privacy.

Figure 4: International promotion of human rights related principles of labor conditions protection



**[Corporate Governance Actions]** According to the survey results, 100% of the companies have implemented the principle of disclosing the diversity information of the board of directors and the independence of the independent directors, and 94% of the companies have achieved the requirement of audit committee approval for quarterly financial statements (see Figure 5). In terms of strengthening board functions and implementing board accountability, 88% of companies have provided diversified director's training programs and acquired directors and supervisors liability insurance, 79% of companies have set up a corporate governance director.

Figure 5: strengthening board functions and implementing board accountability



### 3. Evaluation of the interaction and negotiation with the investee companies

SinoPac Securities follows and implements the "Stewardship Governance of Institutional Investors" commitment. The key points of evaluating the interaction and negotiation with the investee company are as follows:

- Issue: It mainly focuses on fundamental financial and operational information, news information, industrial development information, development of new technologies, major environmental protection actions, social responsibility, labor rights, corporate governance, and impact of climate change issues.
- Track: For ESG risk issues, SinoPac Securities will evaluate whether to continue to track the target by focusing on industry trends, company news, financial and operational overviews or other relevant information. If decides to continuously track the target, we will observe the feedback and improvement of the relevant ESG risk issues of the investee company and evaluate whether the investee company meets the relevant ESG issues through relevant major news or CSR report disclosure information. If the investee company is involved in a decision that contradicts the ESG issue, SinoPac Securities' investment team will actively communicate and interact with the investee company, and as a basis for deciding to reduce or temporarily stop buying, etc. after careful evaluation.

### 4. Follow the Stewardship policy to implement corporate negotiation and interaction, etc.

SinoPac Securities' stewardship policy related stewardship actions include: (1) Continue to observe the investee company; (2) Appropriate dialogue and interaction with the investee company; (3) The investment evaluation process includes ESG evaluation, etc.

SinoPac Securities actively implements relevant negotiating actions for the investee companies. The implementation overview is described as follows:

- (1) Actively grasp investment decision-making information: In order to ensure that sufficient information is obtained, SinoPac Securities evaluates the nature, time and degree of negotiation with the investee company as a good basis for investment decision-making; the main items that pay attention to the investee company include corporate news, quarterly financial reports, industry overview, business strategies, environmental protection practices, social responsibility, labor rights and corporate governance etc. issues.
- (2) Negotiation actions: SinoPac Securities' regular negotiation and interaction activities with the investee company, such as teleconferences, personal visits, participation in analyst meeting, attendance at shareholders' meetings or extraordinary shareholders' meetings on major issues, etc., and at the same time exercise voting rights by attending shareholders' meetings, dialogue and communicate with the business class, actively grasp the business risks, opportunities and response strategies, and strive for the positive influence of the investee company in the long-term business value.
- (3) ESG-related assessment: SinoPac Securities and the investee company negotiated for the purpose of demonstrating the spirit of due diligence and actively safeguarding shareholders' rights and interests. The selection of investment targets also follows SinoPac Securities' "Guidelines on Responsible Investment Management" and incorporates ESG issue assessment into important

considerations, such as eliminate controversy and improve the pre-investment review process for sensitive industries, etc.

- (4) Stewardship: Continue to pay attention to and review whether the investee company has violated ESG-related issues, and disclosed the voting status of the shareholders' meeting every year.

## 5. Negotiation case

- (1) Background: SinoPac Securities has invested in A company and B company. A company is an important manufacturer of electronic components in Taiwan, with a stable dividend distribution. It is a constituent stock of the Taiwan Sustainability Index, and its ESG performance is better than its peers. Therefore, SinoPac Securities further communicated with A company whether there is any plan to cooperate with Taiwan's Net Zero emission policy in the future. B Company is the largest online human resource company in Taiwan. It is a domestic service-oriented industry and has no manufacturing base. At present, there is no ESG score from an international organization. Therefore, SinoPac further concerned about ESG sustainable development planning and disclosure.
- (2) Stewardship assessment: A company has compiled a sustainability report, which discloses the introduction of SBTi and TCFD projects, has identified major climate risks and opportunities, and formulated quantitative management goals for energy conservation and carbon reduction for the next ten years. B company has compiled a sustainability report, revealing that the company's sustainable development focuses on a happy workplace and environmental sustainability. A and B companies have already paid attention to ESG.
- (3) Content of communication and negotiation: When SinoPac Securities visited A Company, we continued to discuss and inquire about the company's plans to increase the use of renewable energy and achieve specific goals, and expressed the importance of promoting the upstream and downstream supply chains to jointly understand the sustainable development of ESG. When SinoPac Securities communicated with B Company, also discussed whether B company has further specific goals in terms of energy saving and carbon reduction. We hope can encourage A and B companies to pay more attention to ESG sustainable management.
- (4) Impact on the investee company: A Company said that they will invest 200 million in solar power generation on the roof of the factory area in the future. They are expected to set an annual goal in 2023 and aim to use 100% green energy as the ultimate goal of carbon reduction towards RE100. B company said that they are in the human service industry, and ESG development will focus on creating a happy workplace and providing a good environment for employees. B company has adopted methods such as replacing LED lighting and setting the temperature of indoor air conditioners to save energy.
- (5) Follow-up tracking and impact on investment decisions: A and B companies are excellent companies with long-term profits and stable dividend distribution. SinoPac Securities will continue to maintain good interaction with the management level in the future, and will continue to track and pay attention to the progress of the renewable energy use target of the A Company and the energy-saving and carbon reduction achievements of the B Company. A and B companies are both SinoPac Securities' long-term investment observation stocks.

## 6. Institutional investor cooperation action

SinoPac Holdings has devoted in promoting ESG and implementing stewardship governance investments for years. Combines internal and external resources to hold ESG lectures every year. In response to different risk topics, we invite experts in industry, government and institution, financial peers, listed companies, and colleagues within the group. Conducts research and discussion on highly relevant topics in the financial industry, and shares industry practices. SinoPac Bank participated in the 2020 Taiwan Sustainable Finance Forum and promoted the establishment of the "Taiwan Sustainable Finance Promotion Platform," also as the founding members of the "Taiwan Sustainable Finance Promotion Platform" of BCSD Taiwan. In 2022, SinoPac Holdings and Bank cooperate with the ROC Enterprise Sustainable Development Association to hold the "2022 ESG Forum" "Using Sustainable Finance to Assist Taiwan's Net Zero". SinoPac Holdings also officially passed the Net Zero target in March 2022, promising to achieve net zero emissions from their own operations before 2030, and net zero emissions from the entire asset portfolio before 2050, and they were officially approved by the board of directors to promote the international climate action, and join hands with stakeholders to start low-carbon transformation.

SinoPac Securities has promoted ESG investment forums since 2016. And held large-scale "ESG Investment Forum" publicly every year, invited legal person customers and other stakeholders to participate the forum, and jointly mastered the development of international climate-related issues and understood the responsible investment in domestic and foreign trends. In May 2022, SinoPac Securities and the TWSE jointly held the online "Taiwan Investment Forum", with foreign investors as the main target. SinoPac Inv.Service delivered a special speech on "Towards Unified Sustainable Exposure: Investors' Expectations" to explain ESG sustainable investment of Taiwan to foreign investors., and the trend of the latest international regulations and disclosure guidelines. ESG disclosure is gradually moving in the direction of integration, making it easier for companies to introduce ESG norms. In addition, in the third and fourth quarter industrial investment forums, SinoPac Securities introduced important domestic and foreign sustainability laws/guidelines, the status of sustainability information disclosure by listed companies, and the prospect of sustainable investment trends in 2023.

SinoPac SITC also has become the first investment company to use the perpetual index investment pool from TIP to issue the first ESG Taiwan stock active fund, and issue ESG Taiwan stocks ETF in the first quarter of 2021 that become the first Taiwanese stocks ESG-themed fund with both active and passive products. In 2022, ESG Global Digital Infrastructure Fund be issued to extend ESG product investment overseas and create the first product in Taiwan that combines ESG and digital infrastructure themes. They hope to arouse the attention of the investing public on ESG investment issues, and then promote the investee companies to implement environmental protection, social responsibility and corporate governance, so as to achieve a comprehensive increase in investment value.

SinoPac Holdings and its subsidiaries use their own advantages and resources to support government policies and develop sustainable finance for a long time. Through the practice of sustainable finance, we enhance our competitive advantages, and also bring positive contributions to the economy, society, and the environment. Clarify the current situation and identify the needs of the financial market, promote sustainable financial development, and expand various business opportunities.

Participate in ESG seminars and forums held by SinoPac Holdings Group in 2022

Date	Issue	Participating external institution
2022/3/16	ESG Lecture - "Using Sustainable Finance to Assist Taiwan's Net Zero", discussing global climate politics and Net Zero transformation trends, the carbon reduction path of the financial industry, and new business opportunities for the industry to move towards Net Zero	<ul style="list-style-type: none"> <li>➤ Office of Energy and Carbon Reduction, EY</li> <li>➤ BSI North-east Asia</li> <li>➤ Formosa Plastic Group</li> <li>➤ Industrial Technology Research Institute</li> </ul>
2022/5/16-5/24	SinoPac Securities and the Taiwan Stock Exchange co-hosted the online "Taiwan Investment Forum", and the investment advisory panel lectured "Towards Unified Sustainable Disclosure: Investors' Expectations"	<ul style="list-style-type: none"> <li>➤ TWSE</li> <li>➤ Investment trust and other foreign-funded legal institutions (32 persons)</li> </ul>
2022/9/6	SinoPac Securities 3rd Quarter Investment Forum - In the ESG session, the topic of "sustainable investment seems to be true" will be lectured by investment consultants, focusing on important domestic and foreign sustainable laws/guidelines in recent years, and the disclosure status of sustainable	<ul style="list-style-type: none"> <li>➤ Investment trust, bank and other foreign-funded legal institutions (20 persons)</li> </ul>

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information of listed companies, and the actions that financial market participants should take.

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2022/12/13	SinoPac Securities 4th Quarter Investment Forum - In the ESG session, investment consultants will give lectures on the topic of "Sustainable Investment Net Zero Investment", mainly reviewing the sustainable investment market and the performance of listed companies in Taiwan in 2022, and looking forward to the sustainable investment trend in 2023.	➤ Investment trust, life insurance and other foreign-funded legal institutions (27 persons)
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ESG Forum - Assisting Taiwan's Net Zero with Sustainable Finance



**7. Advocate organization participation**

In addition to holding relevant forums, SinoPac Holdings also actively participates in various advocacy organizations. In 2018, it joined the "Republic of China Business Sustainability Association (BCSD)", which is one of the global partners of the World Sustainable Development Association WBCSD and has been following the sustainability issues of the WBCSD initiative for a long time, and actively communicating with regional partners to enable Taiwanese companies to follow the international sustainability trend.

## V. Management of Conflicts of Interest

SinoPac Securities is engaged in securities brokerage, proprietary trading, and underwriting business. In order to ensure the overall interests of SinoPac Securities' fund providers and SinoPac Securities has a significant impact on the invested company. We established a conflict of interest management system to ensure that the responsible personnel and all employees performing the business from the customers or the shareholders are based on the best interests of using funds. When there is a conflict of interest (or there is a risk of occurrence), the interests of the customer and the shareholders should be prioritized, and the situation of the conflict of interest that may occur should be properly considered. Appropriate management methods include education promotion, firewall, division of powers and responsibilities, supervision and control, reasonable salary, and personnel punishment, etc. For internal personnel who may use the information from their duties or business, including information about SinoPac Securities or customers trading or about to trade certain securities, futures or derivative products, to benefit themselves or their related parties, SinoPac Securities not only implement propaganda and internal audits, but also established the "Regulations Governing Insiders of Trading", and 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., in order to avoid the occurrence of internal personnel and their related parties transactions involving undisclosed information and conflicts of interest with SinoPac Securities or other customers.

In 2021, the content of conflict of interest management types and specific requirements are added, covering: between the company and customers, between the company and employees, between employees and customers, between the company and other investee companies, between the company and affiliated companies

SinoPac Securities attaches great importance to the ethics of all colleagues, implements internal control, and avoids the occurrence of various conflicts of interest between the Company and its employees, and customers or beneficiaries. There have been no major conflicts of interest in the past year.

- ✓ As of the end of December 2022, there have been no major conflicts of interest incidents in SinoPac Securities.

## VI. Conclusion

SinoPac Securities encourage the investee company to improve the quality of corporate governance through attention, dialogue, and interaction with the investee company as an institutional investor. In recent years, we follow the United Nations "Responsible Investment" principle, carrying the ESG investment spirit forward to promote the sound development of industry, economy and society. Following the vision of "Financial Achievement for a Better Life," SinoPac Securities serves as the leader in the promotion of responsible investment by SinoPac Holdings, and looks forward to serving customers, shareholders, investee companies and their relevant personnel, and the overall financial market through the promotion of sustainable finance and the delivery of ESG investment philosophy. Together we can create a future of long-term value and wealth.



## VII. Contact Information of SinoPac Securities

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Customer Services	Customer Service: (02)6630-8899 Email: <a href="mailto:service.sec@sinopac.com">service.sec@sinopac.com</a> <a href="https://www.sinotrade.com.tw/CSCenter/CSCenter_13_6">https://www.sinotrade.com.tw/CSCenter/CSCenter_13_6</a>
SinoPac Securities Stewardship and Responsible Investment Website	<a href="https://securities.sinopac.com/seGovern/20200930131652733000000000000035.html">https://securities.sinopac.com/seGovern/20200930131652733000000000000035.html</a>