




2024

# INVESTMENT STEWARDSHIP ANNUAL REPORT

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## I. SinoPac SITC and Responsible Investment

### (I) About SinoPac SITC

SinoPac SITC was established in 1997 and has become a 100% owned subsidiary of SinoPac Holdings since July 2007. Adhering to the business philosophy of "professional management, honest service, and excellent performance," abide by the duties and responsibilities of good managers, we strive to pursue the best interests for our investors.

SinoPac SITC and its parent company, SinoPac Holdings work closely with various subsidiaries of SinoPac Holdings to leverage group synergies and share professional to invest in public funds, ETFs, discretionary and private equity funds. As of the end of 2024, our total assets under management (including private equity and discretionary products) amounted to NT\$103.7 billion.

As a professional asset manager, SinoPac SITC not only adheres to the Stewardship Principles for Institutional Investors, but also follows the "Sustainable Finance Policy" and "Responsible Investment Management Guidelines" established by the parent company, SinoPac Holdings, to implement shareholder activism, striving to put effort to the influence of institutional investors and enhancement of investment value. In addition, we incorporate Environmental, Social, and Corporate Governance (ESG) sustainability issues into long-term investment considerations in order to protect clients, beneficiaries, and shareholders' rights and promote the sound institutional development of the overall capital market. In recent years, the company has focused on developing ESG-themed products, which have gained significant popularity among investors.

#### Product Lines in SinoPac SITC

Passive Fund	Active Fund	Money Fund
1 Index Fund	4 Domestic Equity Funds	1 Domestic Money Fund
8 Equity ETFs	4 Foreign Equity Funds	
4 Bond ETFs	4 Foreign Bond Funds	
	2 Fund of Funds	
	1 Balanced Fond	
	1 Overseas Multi-Asset Fund	

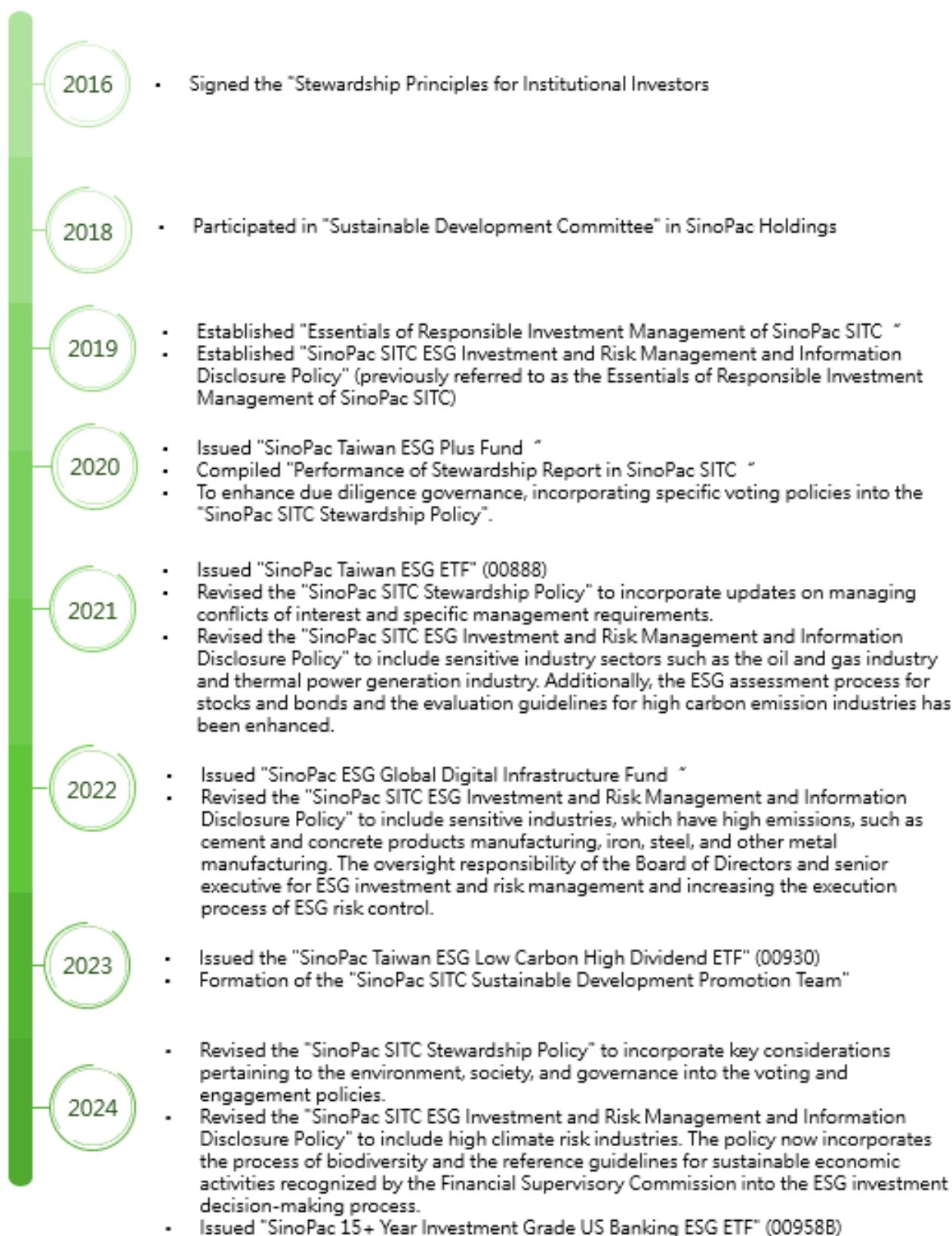
As of December 31, 2024

### (II) Process of responsible investment

SinoPac SITC, as one of the first financial institutions in Taiwan, signed the "Stewardship Principles for Institutional Investors" in July 2016 for compliance purpose, and updated and announced the newest compliance statement in September 2020. In addition, in 2019, the "SinoPac SITC Stewardship Policy" and "SinoPac SITC ESG Investment and Risk Management and Information Disclosure Policy" (previously referred to as the SinoPac SITC Responsible Investment Management Guidelines) from SinoPac SITC were formulated based on the SinoPac Holdings "Sustainable Finance Policy" and "Responsible Investment Management Guidelines" from SinoPac Holdings by referring

to the United Nations (UN)'s The Principles for Responsible Investment (PRI) and in response to the UN's United Nations Sustainable Goals (SDGs).

### Process of Responsible Investment in SinoPac SITC

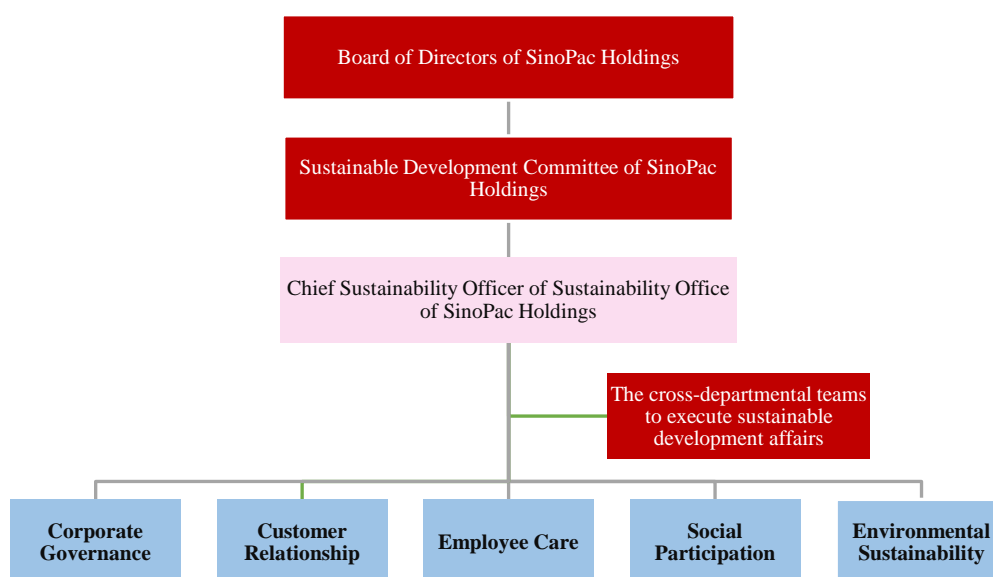


### (III) Establish a responsible investment team

SinoPac Holdings established a "CSR Promotion Core Group" in 2015 to actively organize Corporate Social Responsibility (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 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 responsible for managing the operational activities of the financial holding company and its subsidiaries, as well as their risks and impacts on the economy, environment, and society. 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 SITC also serves as an important member of the customer relations group. In the field of social participation, SinoPac SITC promoted various public welfare activities and encouraged colleagues to participate in. We also assist in donation and care activities such as remote and disadvantaged groups, and colleagues participate in environmental protection activities various time initiated by SinoPac Holdings.

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



To enhance the management of sustainable development, SinoPac SITC has implemented the Sustainable Development Governance Structure to promote sustainable practices. In 2023, we established a Sustainable Development Promotion Team to effectively manage the risks and impacts of our operational activities on the economy, environment, and society. This team is responsible for promoting various policies and plans for sustainable development within SinoPac Holdings. The SinoPac SITC Sustainable Development Promotion Team, led by General Manager, comprises eight promotion teams, including Corporate Governance, Task Force on Climate Related Financial Disclosures (TCFD), Information Security, Employee Care, Responsible Finance, Customer Service and Products, Environmental Sustainability, and Social Engagement. These teams collaborate with various departments to promote sustainable development activities. The Responsible Finance team works in conjunction with the SinoPac Holding Customer Relations team and is responsible for implementing responsible investment, developing green financial products, and promoting ESG initiatives.

The SinoPac SITC "Sustainable Development Promotion Team" holds quarterly meetings and convenes ad hoc meetings as necessary. It provides quarterly reports to the Board of Directors on the implementation of significant sustainable initiatives.

**Organizational Structure of SinoPac SITC "Sustainable Development Promotion Team"**



(IV) About this Report

In compliance with the Stewardship Principles for Institutional Investors, SinoPac SITC has been producing an "Investment Stewardship Annual Report" since 2020. This report is finalized by the end of the first quarter of each year to disclose the most recent advancements in corporate governance for the preceding year. It undergoes review by the audit and compliance divisions and receives executive-level approval from the General Manager. The report is updated in the "Stewardship" section of the official website, enabling customers, investors, and the general public to access it.



## (V) Awards and Performances

SinoPac SITC has garnered significant recognition from both internal and external stakeholders for its unwavering dedication to responsible investment and diligent governance. In recent years, the company has been honored with the following awards:

### Awards and Performances of Responsible Investment in SinoPac SITC

 2024	<ul style="list-style-type: none"><li>🌟 Taiwan Sustainable Investment Awards: Role Model Award of Securities Investment Trust Group in the Institutional Leadership Award</li><li>🌟 Taiwan Sustainable Investment Awards: Gold Award of Sustainability Thematic Investment Award in the Exemplary Case Impact Recognition</li></ul>
 2023	<ul style="list-style-type: none"><li>🌟 The "List of companies with better institutional investor stewardship disclosure" by the Taiwan Stock Exchange</li><li>🌟 "Benchmark" Fund of the Year Awards: Impact Thematic - Sustainable Investing (Outstanding Achiever), Impact Thematic - Sustainable Investment ETF (Outstanding Achiever)</li><li>🌟 Taiwan Sustainable Investment Awards: Excellent Award in the Investment Trust Group</li><li>🌟 ESG ETF Issuance Incentive Award</li></ul>
 2022	<ul style="list-style-type: none"><li>🌟 The "List of companies with better institutional investor stewardship disclosure" by the Taiwan Stock Exchange</li><li>🌟 Taiwan Sustainable Investment Awards: Excellent Award in the Investment Trust Group</li></ul>
 2021	<ul style="list-style-type: none"><li>🌟 The "List of companies with better institutional investor stewardship disclosure" by the Taiwan Stock Exchange</li><li>🌟 The 1st Taiwan Sustainable Investment Awards: Role Model Award of Securities Investment Trust Group</li></ul>

## II. Incorporation of ESG Assessment and Investment Process

### (I) Incorporate ESG issues into investment analysis and decision-making processes

In order to increase the consideration of ESG issues when handling investment and asset management funds, SinoPac SITC follows the "SinoPac SITC ESG Investment and Risk Management and Information Disclosure Policy" as the guideline for promoting and implementing responsible investment and risk management.

SinoPac SITC incorporates ESG issues into the investment analysis and decision-making process, conducts sustainable investment research and Stewardship investigations to understand whether the investee company is committed to environmental protection, corporate governance, and social responsibility, etc. For active funds and discretionary accounts (hereinafter referred to as the "active investment accounts"), SinoPac SITC uses the ESG scoring mechanism of professional institutions and evaluates them separately according to different asset classes of stocks and bonds.

## 1. Domestic Stock Investment

- (1) Companies that rank in the top 5% of the annual Corporate Governance Evaluation conducted by the Securities and Futures Institute, or are listed in the jointly compiled "Taiwan ESG Index" by Taiwan Index Plus Corporation and FTSE Russell, are automatically included in the stock pool screening.
- (2) Every quarter, new companies must undergo an ESG risk assessment process. Stocks that fail to meet the ESG rating criteria must undergo a stock-specific ESG risk evaluation. Each active investment account that invests in a "low" ESG risk stock should be thoroughly evaluated, explaining the necessity of investing in this industry or company. The total market value of stocks with a "medium" ESG risk invested in any active investment account should not exceed 5% of the net asset value at the time of investment.

## 2. Foreign Stock Investment

New purchasing targets must undergo an ESG risk assessment process and be recorded in the investment analysis report. Stocks that fail to meet the ESG rating criteria must undergo a stock-specific ESG risk evaluation. Each active investment account that invests in "low" ESG risk stock should be thoroughly evaluated, explaining the necessity of investing in this industry or company. The total market value of stocks with "medium" ESG risk invested in any active investment account should not exceed 5% of the net asset value at the time of investment.

## 3. Bond Investment

- (1) If the underlying is a sustainable development bond, it shall be considered "low" risk and proceed directly to the credit rating analysis.
- (2) The issuing company or parent company of the newly purchased underlying shall undergo an ESG risk review process, which shall be documented in the investment analysis report, and bonds that do not meet the ESG rating criteria shall complete an ESG risk assessment of the bonds. In addition to 3 situations below: ESG-related index constituents that meet SFDR Article 9, or meet SFDR Article 8 and have a carbon emissions/sales weighting below the average for the same type of company as defined by Bloomberg, non-compliant cases must be reviewed again to determine whether there have been significant negative ESG disclosures in the past year in Bloomberg, and document in the investment analysis report and carefully evaluated.
- (3) Bonds with an ESG risk level assessment of "high" shall not be invested in. The total market value of investments in assets assessed as "medium" risk for each active investment account shall not exceed 30% of the account's net asset value at the time of investment.



## SinoPac SITC ESG Risk Assessment Process for Various Asset Categories



### (II) Screening or exclusion of investment list and evaluation of risk measurement

In line with the UN PRI and referencing SinoPac Holdings' "Sustainable Finance Policy", "Responsible Investment Management Guidelines", and "SinoPac SITC ESG Investment and Risk Management and Information Disclosure Policy", active investment account investments should be assessed based on the following criteria:

1. Where informed, it is strictly forbidden to be involved in contentious industries, including the pornography industry, arms and weapons industry, and others.
2. Where informed, it is crucial to thoroughly evaluate investments in sensitive industries, (including industries with high climate risk). This evaluation should prioritize the necessity of investing in such industries or enterprises. The industries with high carbon emissions, such as the oil and gas industry, power generation industry, and cement industry, should be subject to additional scrutiny in accordance with the Sustainable Finance Disclosure Regulation (SFDR) of the European Union.

Sensitive industries, (including industries with high climate risk), encompass the oil and gas industry, power generation industry, metal mining industry, chemical material manufacturing, agriculture, forestry, fishing, and animal husbandry, traditional manufacturing industry - automobile and machinery manufacturing, traditional manufacturing industry - metal and metal products manufacturing, cement industry, shipping industry, aviation industry, and other public utilities.

3. Where informed, investments in sensitive economic activities shall be carefully evaluated and the need to invest in such industries or businesses shall be explained. Sensitive economic activities shall be defined as those involving gaming, food safety concerns, hazardous radioactive substances, non-medical or harmful human development genetic engineering, non-bonded sponge fiber, and PCB manufacturing.

4. For non-negative listings, the ESG investment evaluation process shall be adopted as the investment evaluation.

In addition to examining whether it is a controversial industry, sensitive industry (including industries with high climate risk), or sensitive economic activities, the Company also conducts company visits and refers to the "Annual Corporate Governance Evaluation" executed by the Taiwan Stock Exchange, Taipei Exchange, and Securities and Futures Institute, ESG-related information in the "Investor Relations Platform" by TDCC, so as to continuously conduct a comprehensive risk assessment of each investee company.

### (III) Expanding the development of ESG products

SinoPac SITC is actively promoting the issuance of ESG products. Since 2020, ESG products have been launched annually. As of the end of 2024, there will be a total of five active and passive product lines available, combining specific industries with ESG. These products have a total scale of NT\$18.7 billion and have already benefited over 120,000 individuals.

SinoPac SITC plans to continue launching an ESG-sustainable thematic product line in the future. This line will include ESG issues interest income products, covering a range from active to passive, from Taiwan to overseas, and from stocks to fixed-income asset classes, striving to devote to supporting the development of investment products that are conducive to ESG issues. Below is a concise description of the 5 ESG products:

SinoPac Taiwan ESG Plus Fund	<ul style="list-style-type: none"> <li>★ First Domestic ESG Active Investment Fund</li> <li>★ The fund investment directly adopts TIP and FTSE Russell jointly compiled "FTSE4Good TIP Taiwan ESG Index" as an investment stock pool, combining ESG and high dividend investment characteristics, and integrating Taiwan's high-quality large leading companies as the core investment targets.</li> </ul>
<b>Issued in April 2020</b>	
SinoPac Taiwan ESG ETF (00888)	<ul style="list-style-type: none"> <li>★ SinoPac SITC is the first domestic security-investing trust facility to provide a range of active and passive ESG products.</li> <li>★ The FTSE Taiwan Target Exposure ESG Index tracks the performance of ESG scores in selecting constituent stocks.</li> </ul>
<b>Issued in March 2021</b>	
SinoPac ESG Global Digital Infrastructure Fund	<ul style="list-style-type: none"> <li>★ The first global equity ESG fund in Taiwan that combines ESG and digital infrastructure themes to extend the investment of ESG products overseas.</li> <li>★ Conduct ESG rating filtering, excluding controversial industries and companies with lower ESG scores.</li> </ul>
<b>Issued in July 2022</b>	

<p>SinoPac Taiwan ESG Low Carbon High Dividend ETF (00930)</p>	<ul style="list-style-type: none"> <li>★ This investment indirectly helps mitigate climate issues by investing in companies with three main features: ESG, low carbon, and high interest.</li> <li>★ The Taiwan ESG Low Carbon High Dividend 40 Index tracks companies based on specific selection criteria as below: These criteria include considering corporate carbon emissions and dividend stability, and only choosing companies with a rating of BBB or higher in the "Taiwan Sustainable Evaluation" ESG rating.</li> </ul>
<p>Issued in July 2023</p>	
<p>SinoPac 15+ Year Investment Grade US Banking ESG ETF (00958B)</p>	<ul style="list-style-type: none"> <li>★ This fund focuses on 15+ Year investment grade US banking bonds.</li> <li>★ It tracks the ICE 15+ Year Investment Grade US Banking ESG Index, with constituent bonds required to have a Sustainalytics ESG risk rating of 30 or below, while excluding bonds without a Sustainalytics ESG risk score.</li> </ul>
<p>Issued in September 2024</p>	

(IV) Monitor and evaluate the ESG information of investee companies and the ESG distribution of investment targets in line with the Corporate Governance Evaluation.

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 in the domestic stock pool issue Corporate Social Responsibility reports or the Sustainability reports, and important ESG issues. Also promptly address the release schedule of the CSR report, the promotion of ESG issues, and urge improvements.

In 2024, SinoPac SITC identified 320 companies that meet the ESG standards out of a total of 469 domestic stocks on the investment list, accounting for approximately 68.23%. In 2023, 340 out of 522 domestic stocks met ESG standards, with a ratio of 65.13%, showing an increase in 2024 compared to 2023. Additionally, the number of ESG-compliant stocks held in the domestic stocks rose from 286 in 2023 to 293 in 2024. The display indicates that SinoPac SITC considers ESG standards as important reference indicators when selecting investment targets. Furthermore, for companies that do not meet these standards or lack third-party ESG ratings, we will monitor whether they have issued Sustainability reports and encountered any negative news in recent years. We will conduct regular tracking at least every six months.

Year	Total	Investment List Number of ESG- compliant Companies	Percentage	Number of Invested Companies
2024	469	320	68.23%	293
2023	522	340	65.13%	286

In addition, SinoPac SITC also implements the pre-inspection and post-tracking of the ESG investment target. For stocks, according to the results of the 2024 "Corporate Governance Evaluation" commissioned by the Taiwan Stock Exchange and the Taipei Exchange, a total of 952 listed companies and 754 OTC companies were evaluated. SinoPac SITC reviewed the distribution pattern of ESG evaluation results of its active Taiwan equity funds based on the evaluation results. The investment targets were among the top 35% of Corporate Governance Evaluations, and by the end of 2024, the proportion of these targets reached 74.7%, and the proportion of targets traded throughout the year also reached 72.3%, demonstrating a significant emphasis on and commitment to investing in companies with excellent corporate governance. The detailed distribution of the SinoPac SITC's Taiwan Stock Fund investment targets in terms of corporate governance ratings is as follows:

The fund investment targets are stocks that fall within the top 35% of the Corporate Governance Evaluation.

<u>Levels</u>	<u>Top 5%</u>	<u>6%-20%</u>	<u>21%-35%</u>	<u>Total</u>
<b>End of 2023</b>	20.7%	37.3%	17.7%	75.7%
<b>End of 2024</b>	18.5%	35.3%	20.9%	74.7%
<b>Fiscal year 2023</b>	19.1%	33.5%	19.7%	72.3%
<b>Fiscal year 2024</b>	16.7%	36.0%	19.6%	72.3%

Data Period: January 1, 2023 to December 31, 2024

Based on the results of the previous year's "Corporate Governance Evaluation" to be announced for investment target distribution.

For bond investments, SinoPac SITC refers to the ESG scoring mechanisms of professional institutions. Investment targets can include sustainable development bonds or those that meet any of the following ESG evaluation criteria: S&P Global ESG score above 30, Sustainalytics score below 40, or MSCI ESG Rating above B. Under this selection criterion, the proportion of SinoPac SITC's bond fund investments meeting these ESG rating standards remained above 90% in both 2023 and 2024, demonstrating a strong commitment to sustainable investing.

Statistics on ESG Scores of Bond Funds

<u>Year</u>	<u>Percentage of Investment Targets Meeting ESG Scoring Standards</u>
<b>End of 2023</b>	99.78%
<b>End of 2024</b>	98.42%

Data Period: January 1, 2023 to December 31, 2024

### III. Performance Status of Stewardship

#### (I) Compliance statement and explanations of objection

SinoPac signed the "Stewardship Principles for Institutional Investors" compliance statement in 2016, and completed the latest version of the statement update in September 2021, in order to better implement and exert the professional influence of institutional investors, and improve the asset management responsibility of the industry. Furthermore,

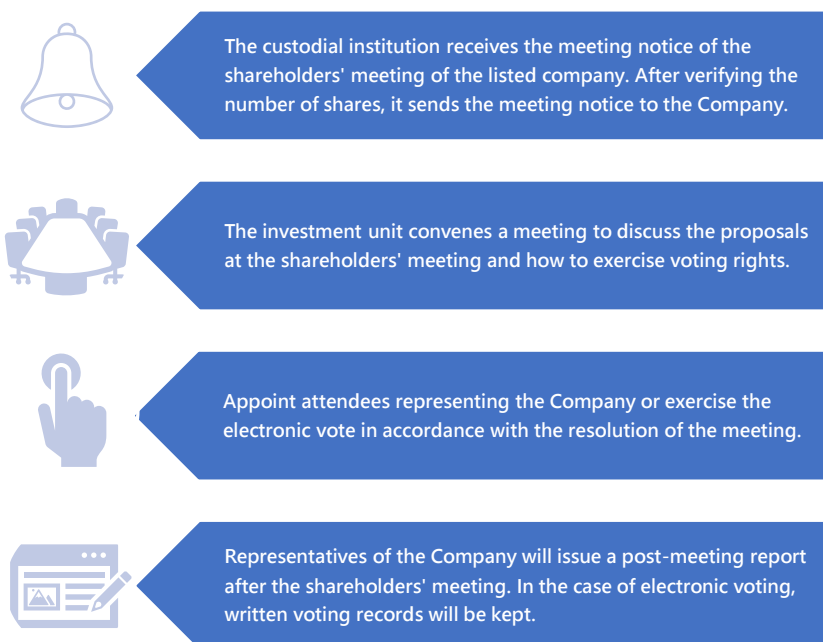
it also enhances corporate governance, and the long-term interests of customers and shareholders to fully implement the spirit of responsible investment.

✓ **As of the end of December 2024, there has been no unfulfilled principle in SinoPac SITC's compliance statement in the "Stewardship Principles for Institutional Investors."**

(II) SinoPac SITC the voting standards of attending shareholders' meeting and operation process of attending domestic listed company's shareholders' meeting

SinoPac SITC has implemented a voting policy as part of the "SinoPac SITC Stewardship Policy". The policy not only sets thresholds for exercising voting rights at shareholder meetings but also establishes rules for pre-voting evaluation and communication. Furthermore, it provides comprehensive criteria for supporting, opposing, or abstaining from various types of proposals based on environmental, social, and governance factors. SinoPac SITC, based on the professional judgment of institutional investors and in the best interest of its clients and beneficiaries, shall not take an absolute supportive stance on all motions proposed by investee companies, but shall rather evaluate and discuss them with the investment team and, if necessary, communicate with the investee company before the shareholders' meeting and exercise its voting rights based on the evaluation of corporate operating interests, shareholder value and ESG principles.

Operation process of SinoPac SITC attending domestic listed company's shareholders' meeting



Before exercising voting rights, SinoPac SITC will conduct an evaluation and analysis of the voting rights exercise. However, it does not absolutely support the proposals put forward by the management. If the investee company proposes ESG resolutions to achieve positive goals in environmental, social, governance, or sustainable operations, they will be supported to reflect the enhancement of the long-term value of the investee company. If a decision is made to vote against or abstain, the reasons should be stated and records should be kept.

### Significant Resolutions Defined by SinoPac SITC

Factor	Principle Support	Principle of Opposition or Abstention
<b>Environment</b>	<ul style="list-style-type: none"> <li>● Proposal for a Rational and Comprehensive Climate Transition</li> <li>● Operational and Supply Chain Greenhouse Gas Emissions Reduction Plan</li> </ul>	<ul style="list-style-type: none"> <li>● The proposal includes violations of major climate-related issues (such as investments in significant environmental pollution, expansion of highly polluting production lines, and issues that cause irreversible and permanent impacts on the overall natural environment and ecosystems). Those who violate these significant environmental matters may face penalties from the relevant competent authorities.</li> </ul>
<b>Social</b>	<ul style="list-style-type: none"> <li>● Issuance of warrants issued to employees at a price below the market value</li> <li>● The treasury stock is valued lower than the actual average repurchase price for employee transfers</li> <li>● Proposal for Providing Reasonable Care for Employees and Fulfill Corporate Social Responsibility</li> </ul>	<ul style="list-style-type: none"> <li>● Individuals who have been penalized by competent authorities for violating significant social issues (such as the illegal employment of child labor, forced labor, major occupational accidents, industrial safety incidents, strikes, and conflicts with stakeholders).</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>● Proposals and Financial Reports of the Top 5% of Companies in the Corporate Governance Evaluation</li> </ul>	<ul style="list-style-type: none"> <li>● If there are corporate governance disputes or inadequate management that could harm the company or shareholders' interests, we will abstain from or vote against the relevant proposals for board director elections or management decisions.</li> </ul>

### (III) Status of shareholders present, votes and proxy votes

As of the end of December 2024, SinoPac SITC has attended 269 shareholders' meetings (including ad hoc meetings) of domestic investee companies, with an attendance rate of 100% and 0% by proxy. The Company voted a total of 1,859 on motions, of which 1,858 were in favor, 0 against, and 1 were abstained. The complete voting record of the 2024 Annual General Meeting is disclosed in the Stewardship section on the SinoPac SITC office website.



### Statistics on attendance of shareholders' meeting



In the "SinoPac SITC Stewardship Policy", for those attending the shareholders' meeting of the investee company, the specific principles for the types of exercising supporting, opposing, or abstaining to votes are set: supporting proposal among the top 5% of the Companies in the annual corporate governance evaluation and corporate financial reporting proposals; opposing proposals that violate major climate-related issues; in one investee company, an internal factional dispute arose, but the proposal did not impact the company's business. After evaluation by the investment team, it was decided not to participate in the company's internal disputes; therefore, an abstention vote was cast on the proposals at the company's shareholder meeting. The implementation in 2024 is as follows:

Supported proposals are as follows:

The number of attending the top 5% of the Company's shareholders' meeting	Number of Issues
42	545

The number of attending the top 5% of the Company's shareholders' meeting	Overall Financial Report
42	85

Against proposals are as follows:

Types	Number of opposed proposals
Important proposals that violate major climate-related issues	0

Abstained proposals are as follows:

Types	Number of opposed proposals	Number of abstained proposals
Proposals related to the election of company directors in which corporate governance disputes have occurred	0	1

Case Explanation:

1. Case 1 [**Abstention Vote**]

In 2024, one of SinoPac's investee companies faced a shareholder resolution due to internal factional disputes. After evaluation, the investment team determined that the proposal would not have a significant impact on the company's business. As a result, it was decided not to intervene in the internal disputes, and an abstention vote was cast on the relevant shareholder meeting proposal. The voting results for this case are shown in the table below:

Company	Proposal	Voting Opinion	Explanation
○○ Financial Holding Co., Ltd.	Please file a lawsuit against independent director Chen ○○ in accordance with the law	Abstention	This proposal concerns a vote on initiating a criminal lawsuit against independent director Chen ○○, brought by a faction within the ○○ Group against another faction within the same group. Although the company's right of management remains relatively unstable, the core bills and securities business of ○○ remains competitive within the industry. Therefore, it was determined that the power struggle would not impact existing business operations, leading to a decision to abstain from voting on this proposal.

## 2. Case 2 [On-Site Voting Proposal]

In 2024, the merger between Tai○○ Financial Holding Co., Ltd. and Shin ○○ Holding Co., Ltd. was successfully approved at the extraordinary shareholders' meeting on October 9. After evaluation, the investment team determined that the merger would have a significant impact on the future competitiveness and market position of both companies. As a result, the decision was made to support the merger proposal. The voting results for this case are shown in the table below:

Company	Proposal	Voting Opinion	Explanation
Tai○○ Financial Holding Co., Ltd.	Merger with Shin ○○ Holding Co., Ltd.	In Favor	This proposal concerns the merger between Tai○○ Financial Holding Co., Ltd. and Shin ○○ Holding Co., Ltd. After the shareholder vote, the approval rate for common shares reached 92.76%, demonstrating strong shareholder support for the merger. Following the merger, Tai○○ Holding Co., Ltd. will become the fourth-largest financial holding company in Taiwan. The company plans to expand its life insurance business to enhance its competitive advantage. This decision not only helps strengthen market positioning but also allows for more efficient resource integration, creating long-term value for shareholders.

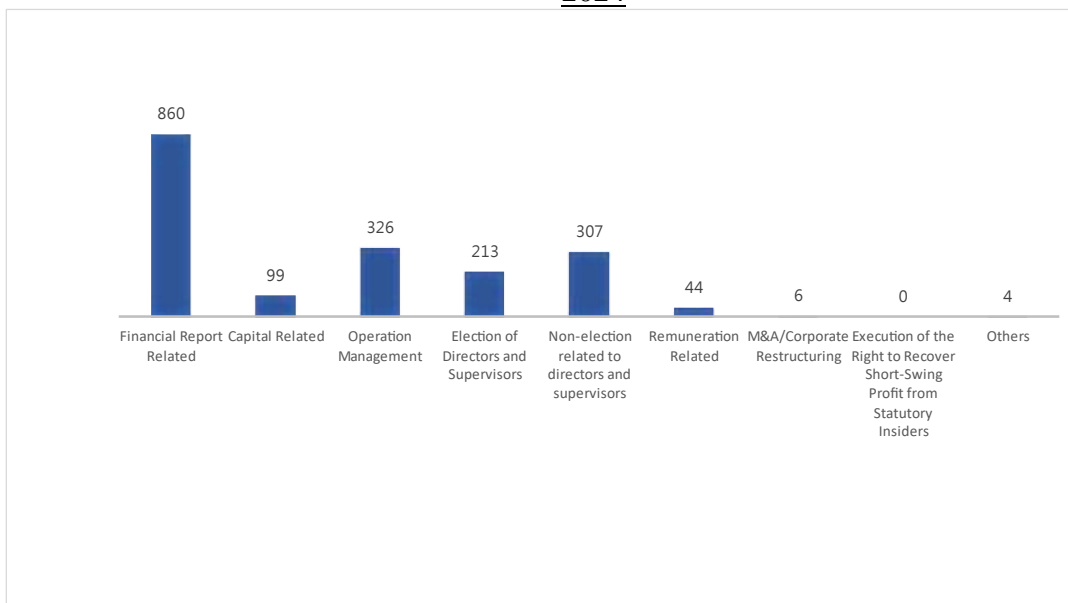


Source: Tai○○ Financial Holding Co., Ltd. 2024 First Extraordinary Shareholders' Meeting

For domestic investee companies, SinoPac SITC does not use proxy research and proxy voting-related services in 2024. The Company will implement the interaction and negotiation responsibilities of institutional investors in person, and after attending the meeting, representatives attending the meeting will issue a post-meeting report.

✓ **SinoPac SITC attended 269 domestic shareholders' meetings of the investee companies in 2024 without using proxy research and proxy voting services. 100% of the investment team and related members have attended or participated in voting at shareholders' meetings in person.**

Classification Statistics for Voting Results of Shareholders' Meeting Voting Proposals in 2024



### Support Percentage for ESG-related Resolutions in 2024

Types	Number of Issues	Number of Approvals	Support Ratio
<b>Environmental Issue</b>	0	0	-
<b>Social Issue</b>	44	44	100%
<b>Governance Issue</b>	1,815	1,814	99.94%
<b>Total Number of ESG Issues</b>	1,859	1,858	99.95%

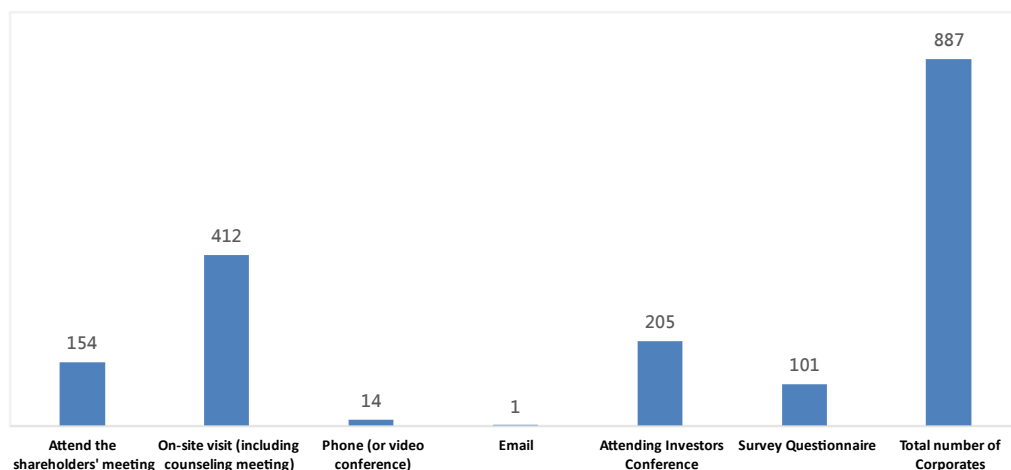
Note: There are no issues related to the environment in 2024.

## IV. Summary of Corporate Negotiation Activities

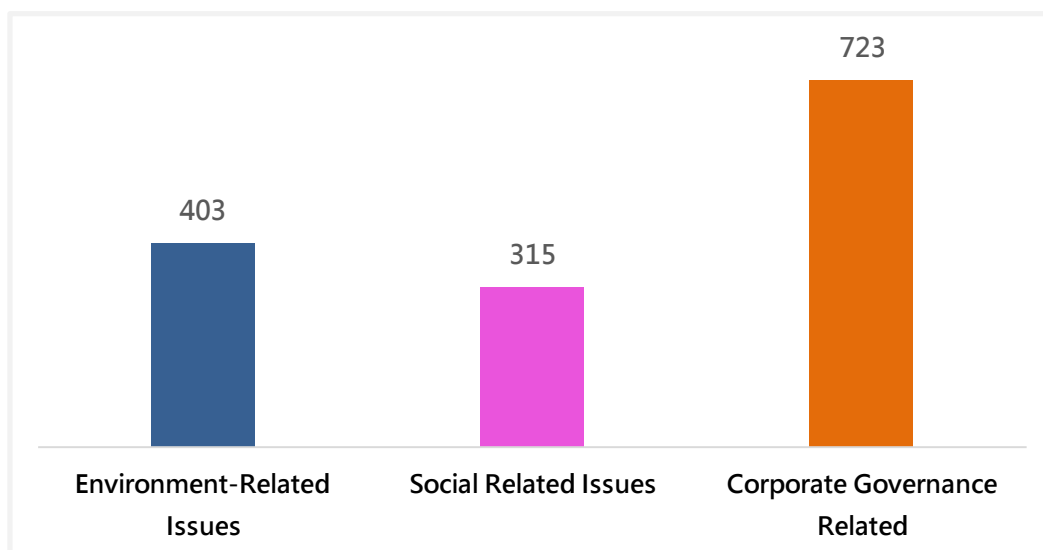
### (I) Status of corporate negotiation

In 2024, SinoPac SITC had a total of 887 interactions with domestic investee companies, 1,441 of which involved ESG issues. The Company actively engages in conversations and interactions with investee companies by attending the Company's shareholders' meeting in person, institutional investors conference, and mastering the Company's shareholders' meeting information. 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 corporates' attention to related issues.

#### Statistics of SinoPac SITC and Corporates negotiation



#### Statistics on Dialogues with Companies Regarding Environmental, Social, and Corporate Governance Issues



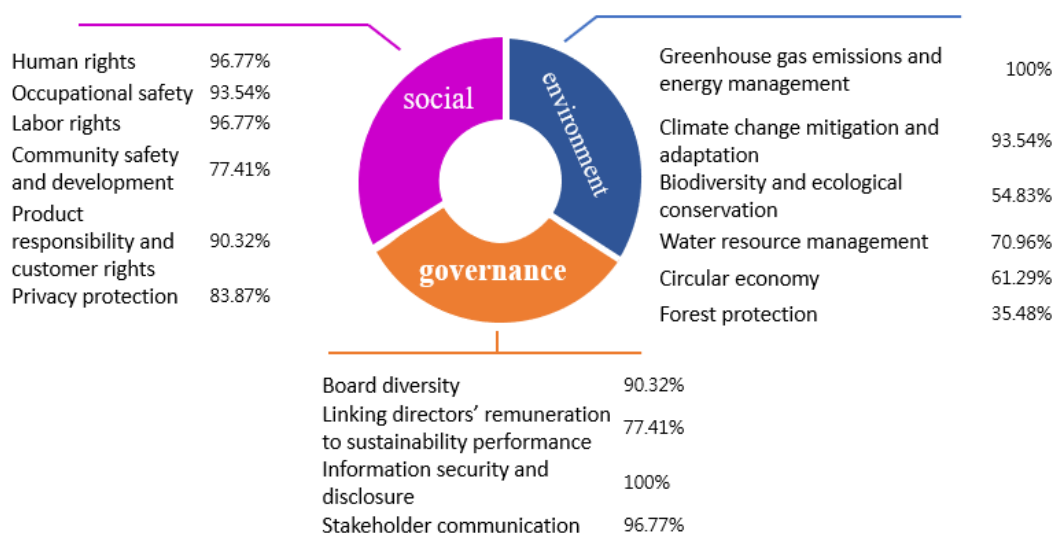
✓ SinoPac SITC had a total of 887 interactions with domestic investee companies in 2024, of which 1,441 had involved ESG issues. The interaction and negotiation process complied with the Company's Stewardship Policies and regulations.

(II) Annual Survey Questionnaire on ESG Sustainability Issues for Investee Companies

SinoPac SITC aligns with the United Nations Sustainable Development Goals by integrating sustainable finance core functions and actively promoting customer awareness of sustainability. We also collaborate with stakeholders to drive sustainable actions. We collaborate with investee companies through questionnaire surveys to promote sustainable development, identify climate risks, enhance climate resilience, and maintain continuous communication and engagement with stakeholders.

SinoPac SITC conducted an online survey in December 2024, targeting the top 100 investee companies in terms of shareholdings of all public funds and discretionary assets as a percentage of the issuing company, along with one bond issuing company, totaling 101. The survey includes advocacy, zero and greenhouse gas information disclosure, environmental-specific actions, human rights-specific actions, corporate governance-specific actions, etc., According to the survey results, all companies have pledged to continue to collect and master the company's knowledge on how to promote sustainable development through various channels (e.g. media/newspapers and magazines/seminars) and implement it in business operations and agree to arrange for employees or invite stakeholders to attend internal and external seminars and educational training related to sustainability, in order to continuously enhance the climate awareness of employees and stakeholders. The company's Board of Directors has incorporated sustainable development into its operational and business decision-making. The proportion of responses regarding other sustainable development goals is shown in Figure 1.

Figure 1. Percentage of awareness of environmental, social, and corporate governance in relation to corporate concerns about sustainable development goals



### (III) Evaluation of the Interaction and Negotiation with the Investee Companies

SinoPac SITC follows and implements the "Stewardship Principles for Institutional Investors" commitment. The highlights for evaluating interaction and negotiation with investee companies are as follows:

1. **Subject:** SinoPac SITC's negotiation targets include both equity and bond investments. When considering investment positions based on geographical location and market factors, priority should be given to target exposures with a holding period of more than one year and account for more than 0.5% of the company's outstanding shares in the Taiwan market. Additionally, it is important to pay special attention to whether the investment targets belong to sensitive industries, (including high-risk climate industries), as defined by SinoPac SITC ESG Investment and Risk Management and Information Disclosure Policy and their progress in ESG promotion.
2. **Topic:** For the interaction and negotiation of the investee company, it mainly focuses on fundamental financial and operational information, research reports, news information, industrial development information, development of new technologies, the impact of climate change, environmental protection, occupational safety, employee benefit, shareholder rights, and corporate governance, among other important issues. The following topics are given priority in negotiation:
  - (1) **Environmental topic:** Particularly climate change and biodiversity.
  - (2) **Governance topic:** Addressing significant legal violations and internal control failures within the past 12 months.
  - (3) **Social topic:** Cases involving child labor, forced labor, and major workplace accidents.



- (4) Domestic funds: Domestic asset management companies that have not signed the Stewardship Principles for Institutional Investors.
3. Follow-up, decision, and countermeasure: For ESG risk issues, the investment department in SinoPac SITC will pay attention to industrial trends, company news, and financial and operational overviews, as well as interact with the investee company through on-site visits, telephone interviews, investor conference and shareholders' meetings, etc., as appropriate, or use other relevant information to evaluate whether to continue to track the target. If it is decided to continue to track, we will observe the feedback and enhancement of the investee company's ESG risk issues. The investment unit also decides to remove/reduce/not buy the investee from the investment pool after evaluation.

(IV) Execute corporate agreements and interactive content in accordance with the stewardship policy.

Actions of stewardship in SinoPac SITC Stewardship Policy includes the following actions:

1. Continuous focus on investee companies
2. Engage with the management of investee companies and bond issuers, participate in shareholder meetings, and exercise voting rights.
3. The investment process remains focused on ESG issues and actively encourages invested companies to take relevant actions.

The executive overview is described as follows:

1. Actively seize investment decision-making information: In order to ensure that SinoPac SITC obtains sufficient information to facilitate investment decision-making, we also evaluate the nature, time, and extent of the negotiation and execution with the investee company as a good basis for investment decision-making; we pay attention to the main projects of the investee company, including corporate news, quarterly financial statements, industry overview, business strategies, environmental protection practices, social responsibility, labor rights, and corporate governance issues.
2. Negotiation actions: SinoPac SITC's regular negotiation and interaction activities with investee companies, such as email communication, teleconferences, in-person visits, participation in investor conferences, attendance at general shareholders' meetings or ad hoc shareholders' meetings on major issues, etc. Meanwhile, the Company also exercises voting rights by attending shareholders' meetings, communicates with the management, actively grasps the business risks, opportunities, and response strategies and strives for the positive influence of the investee companies in the long-term operating value.
3. ESG-related assessment: SinoPac SITC and its investee companies have agreed to negotiate in order to demonstrate the spirit of stewardship and to actively protect shareholders' rights and interests. Meanwhile, the selection of investment targets mainly follows the "SinoPac SITC ESG Investment and Risk Management and Information Disclosure Policy" and "Investment Scope and Investment Target Selection Criteria." At the same time, we also consider ESG issues as important

evaluation criteria. For example, we will exclude controversial companies and sensitive industries, enhance the pre-investment review process for sensitive industries, and include the top 5% of ESG Index constituents and companies with corporate governance ratings as investment targets.

4. Stewardship actions: We continuously review pre- and post-transaction, monitor and review whether the investee company has violated ESG-related resolutions, and annually disclose the shareholders' meeting voting situation, etc.

#### (V) Negotiation Milestones and Cases

SinoPac SITC has established negotiation milestones to effectively advance the outcomes of negotiations. The milestones are divided into four stages: Stage 1 - Raising issues of concern with the investee company, Stage 2 - The investee company responds to the issues, Stage 3 - The investee company formulates measures, Stage 4 - The investee company implements the response measures. Stage 4 is further divided into three sub-items for tracking: E, S, and G. By September 2025, SinoPac SITC will disclose the number of negotiated companies at each milestone stage for 2024, along with their proportion of total assets.

SinoPac SITC's influence on proposed cases, investment decision response, and follow-up are detailed below according to stocks and joint negotiations:

##### 1. Stocks [**Stock Case 1**]

Unimicron is the world's largest PCB (Printed Circuit Board) company, primarily engaged in the development, manufacturing, processing, and sales of PCBs, high-density interconnect (HDI) boards, flexible boards, rigid-flex boards, substrate-like PCBs (SLP), IC testing, and burn-in systems. In Taiwan, the company operates 13 factories located in Taoyuan and Hsinchu, including six PCB plants and six substrate plants. In China, the company has five production bases in Shenzhen, Suzhou, Kunshan (two sites), and Huangshi. The PCB manufacturing process requires significant water consumption and generates hazardous industrial waste, such as sludge, acidic etching solution, alkaline etching solution, and tin stripping solution. As environmental regulations become increasingly stringent, developing green manufacturing processes has become an urgent challenge. The company has long been a core holding closely monitored by SinoPac SITC and is the leader in the PCB industry. During SinoPac SITC's individual stock research in 2024, analysts continued to track the company's progress in wastewater and air pollution control. In line with ESG principles, SinoPac SITC urged the company to clearly disclose its future targets.

- ✓ Impact: In accordance with ESG principles, researchers and managers visited the company's Senior Vice President of Finance Department and conducted an investigation. Researchers and managers found that air pollutants generated in the PCB manufacturing process mainly include acidic, alkaline, and volatile organic emissions. If discharged untreated, these pollutants could cause severe air pollution. As for liquid waste, key substances include acidic and alkaline etching solutions and tin stripping solutions. If directly discharged into the sewage system, they could lead to heavy metal contamination, resulting in an ecological disaster.

- ✓ **Response:** In air pollution control, the company has improved the front-end of its acid scrubbers, achieving a sulfuric acid mist removal efficiency of 75–96% and a hydrochloric acid mist removal efficiency of 91–98%. Additionally, by leveraging the high vapor pressure of organic waste gas and the low vapor pressure of brine ice, along with a newly designed scrubber structure, the company has effectively captured organic waste gas, achieving a removal efficiency of 90%. In terms of wastewater control, the company employs innovative and cost-effective wastewater treatment technologies, focusing on internal recycling. By utilizing proprietary treatment methods, waste liquids are converted into reusable metal resources. The discharged ammonia-copper waste solution undergoes zero-pollution recovery, with copper ions extracted and refined into 99.99% pure copper tubes, creating economic value. Additionally, the company reduces the ammonia nitrogen concentration in wastewater to  $\leq 10$  ppm, well below the discharge limit for the electronics industry.
- ✓ **Monitoring:** The company's progress in wastewater and air pollution treatment will continue to be monitored.
- ✓ **Subsequent Actions:** Although Unimicron has made significant progress in wastewater and air pollution treatment, its factories have experienced frequent fire incidents in recent years. Moving forward, the company will be urged to strengthen risk management regarding such industrial safety incidents. After a comprehensive assessment, the stock will remain in the stock pool.

### [Stock Case 2]

BizLink is a global leader in cable and wire harness solutions. Its products are applied in IT cables, computer peripherals, data center wiring, consumer electronics, home appliances, automotive wiring, medical equipment, optical communication devices, solar connectors, industrial equipment, and semiconductor equipment, including cables and connectors. BizLink's core strengths lie in high-tech and customized component manufacturing, with a diversified and differentiated product development strategy. The integration of INBG will bring cutting-edge technology and market leadership in the industrial sector, enhance product value, expand European and American presence, strengthen regional complementarities, and maximize synergies. The company currently operates 34 manufacturing facilities across Europe, the U.S., China, Malaysia, and Mexico. In 2024, the company's growth momentum was primarily driven by the strong demand for semiconductor equipment and HPC. The company has long been a core holding closely monitored by SinoPac SITC and is the leader in the cable industry. During SinoPac SITC's individual stock research in 2024, analysts continued to track the company's progress in environmental pollution control. In line with ESG principles, SinoPac SITC urged the company to clearly disclose its future targets.

- ✓ **Impact:** After visits and investigations with the company's CFO conducted by researchers and managers in accordance with ESG principles, it was found that the outer material of most cable products is PVC (polyvinyl chloride). PVC is one of the most toxic plastics, as its production releases carcinogenic vinyl chloride monomer (VCM), its usage poses risks of exposure to plasticizers, and its disposal through incineration generates dioxins. Environmental groups have long advocated for a ban on PVC due to these concerns.
- ✓ **Response:** As a cable manufacturer, BizLink's raw material usage is closely tied to environmental resources. To ensure environmentally friendly raw

material procurement, BizLink included all 34 production sites in its 2023 procurement assessment. The total procurement volume was approximately 51,358 metric tons, with the two largest categories being cables and copper. BizLink pledges not to use prohibited substances and materials in its production processes. Through its Green Product Initiative, BizLink carefully selects raw materials and suppliers while actively adopting environmentally friendly technologies to reduce pollution. Additionally, BizLink continuously improves and prevents pollution, ensuring the efficient use of raw materials and minimizing resource waste. The company's raw material management is primarily reflected in product design and manufacturing. Where functionality is not compromised, recycled materials are utilized, and recycling technology development is invested in to convert waste materials from electronic products back into usable raw materials. For high-risk substances, suppliers are required to provide corresponding test reports or undergo company testing to ensure compliance with customer requirements, regulations, and documentation standards.

- ✓ **Monitoring:** The company's production process will continue to be monitored to ensure it does not use prohibited substances or materials. Additionally, attention will be given to whether the company reduces PVC usage or enhances exhaust gas control measures to mitigate PVC's environmental impact.
- ✓ **Subsequent Actions:** Research indicates that, at this stage, reducing dependence on PVC in cable production remains challenging. Many companies have opted for vertical integration to lower operational costs, even establishing or acquiring PVC manufacturing facilities. BizLink, for example, has set up a PVC extrusion plant in Slovakia to strengthen its competitive edge and market potential in PVC cable production. After an in-depth investigation, it was found that BizLink has obtained ISO 14001 certification for 18 production sites and conducts carbon footprint assessments in accordance with standards. The company ensures that its environmental management system operates effectively and complies with regulatory requirements. Throughout the product lifecycle—from development and production to use and disposal—the company strives to achieve environmentally friendly goals such as low pollution, low energy consumption, and recyclability. After a comprehensive evaluation, it is recommended to maintain holdings of the company's stock.

### **[Stock Case 3]**

Foxsemicon Integrated Technology Inc. (FITI) is a subsidiary of the Hon Hai Technology Group, with operations established in both the United States and mainland China. The company specializes in the research, development, manufacturing, and sales of semiconductor and automation equipment, as well as system integration. Its semiconductor-related products are used in equipment, modules, and critical components for industries such as semiconductors, solar energy, display panels, and medical devices. Meanwhile, its automation equipment products are applied in areas including connectors (such as cables and connectors) and semiconductor processes. In the future, the company aims to actively expand into energy and medical-related equipment. The company has long been a core holding closely tracked by SinoPac SITC and is a leading company in the automation equipment industry. When FITI experienced a cyberattack in 2024, SinoPac SITC assessed that the incident had a broad impact. In response, following ESG principles, SinoPac SITC promptly commissioned SinoPac Inv.Service to investigate the impact of the incident on FITI's operations.

- ✓ **Impact:** On January 8, 2024, FITI's U.S. subsidiary experienced a cyberattack in which its servers were targeted, and documents were encrypted. Subsequently, on January 16, the company's website was also hacked. The attackers went further by directly posting threats on the website, warning customers and employees that if FITI failed to respond, customer data would be publicly exposed, and employees would lose their jobs. FITI subsequently issued a significant announcement, stating that relevant defense mechanisms and recovery operations have been initiated, and declared that there is no substantial impact on the company's operations.
- ✓ **Response:** Following the ransomware attack, negotiations were held to address the following questions.
  - Has the company obtained ISO 27001 Information Security Management certification? If not, when is it expected to be obtained?
  - Does the company have an information security organizational structure or standard operating procedures (SOPs) in place, including regular cybersecurity management processes and operational control maintenance?
  - Is the company currently monitoring the risks and handling measures related to cybersecurity and the potential leakage of customer and employee privacy, such as those outlined in the SEMI E187 standard?
  - The press release mentioned that the IT department immediately activated relevant defense mechanisms and recovery operations when the incident occurred. Was the attack detected immediately by the company? Was it proactively discovered, or was the company notified by the hackers? Is there an internal SOP for reporting such incidents? Has the company clarified what information was stolen or accessed by the hackers?
  - While the initial assessment indicated no significant impact, is there any risk of lawsuits or complaints related to the leakage of customer or employee personal data?
- ✓ **Monitoring:** FITI has assessed that this cybersecurity incident did not cause significant damage to operations or lead to major personal data leaks. The company has not yet obtained ISO 27001 Information Security Management certification but plans to adopt ISO 27001 standards in the future. Additionally, semiconductor process equipment undergoes security checks based on customer cybersecurity requirements before shipment, while semiconductor automation equipment is also self-inspected using the SEMI E187 checklist before delivery, ensuring a basic level of security. After a third-party investigation was completed, the company immediately implemented emergency response measures and security enhancements for affected computers. Subsequent monitoring has not detected any ongoing impact or other anomalies.
- ✓ **Subsequent Actions:** FITI successfully passed the ISO 27001 external audit in January 2025 and is expected to obtain certification by the end of March. In terms of cybersecurity organizational structure and management processes, the company appointed a Chief Information Security Officer (CISO) in 2024 and established a dedicated Information Security Management Department. This department is responsible for formulating and overseeing information security policies, conducting audits, implementing protective monitoring, and managing emergency response measures. Additionally, the company provides quarterly reports to the Board of Directors on cybersecurity status and improvement progress. After a comprehensive assessment, the stock will remain in the stock pool.



## 2. Bonds [**Bond Case**]

Far Eastern New Century Corporation (formerly Far Eastern Textile Ltd.) is one of Taiwan's largest and most diversified manufacturers of textiles and related products. Its business operations span five major sectors: chemical fibers, textiles, petrochemicals, land development, and investment. FENC has long been committed to balanced development across environmental, social, and corporate governance (ESG) dimensions, emphasizing communication with stakeholders and actively integrating sustainable development strategies into its corporate culture to maintain a competitive edge and create a win-win situation for the company, society, and the environment.

The purpose of this negotiation is to assess FENC's progress in sustainable development and examine its concrete actions in environmental, social, and corporate governance (ESG) aspects. A questionnaire response from the Senior Manager of the Chairman's Office at FENC provided insight into how FENC's Board of Directors has incorporated multiple sustainability issues into its operational decision-making and is actively taking steps to address climate change, protect biodiversity, safeguard human rights, and strengthen corporate governance. FENC has not only set science-based greenhouse gas reduction targets but has also publicly committed to achieving net-zero emissions, demonstrating its firm dedication to sustainable development. The following sections present the company's efforts in environmental sustainability, social responsibility, and corporate governance:

- ✓ **Environmental Sustainability:** FENC has demonstrated significant efforts in environmental sustainability. FENC's initiatives span greenhouse gas and energy management, climate change mitigation and adaptation, biodiversity and ecological conservation, water resource management, the transition to a circular economy, and forest protection. The company has completed a greenhouse gas emissions inventory, obtained third-party verification, and implemented several concrete measures such as tracking total electricity and water consumption, as well as waste generation across the company/facilities. The company actively utilizes renewable energy and has introduced digital energy management systems to enhance energy efficiency. To further mitigate climate change, FENC is committed to low-carbon initiatives, emission reduction, energy conservation, and pollution prevention. The company has also improved production processes to optimize energy use and adopted circular recycling practices to minimize waste generation and disposal. In terms of biodiversity conservation, the company actively participates in species preservation and the protection of marine and terrestrial ecosystems. The company has also adjusted business policies and organized public welfare activities related to ecological conservation.
- ✓ **Social Responsibility:** FENC has demonstrated a strong commitment to social responsibility. The company has established a human rights policy, identified and prioritized human rights risks, and developed action plans and performance indicators to address these risks. In practice, FENC is dedicated to respecting workplace human rights, providing a safe and healthy work environment, promoting community safety and development, and upholding product responsibility and customer rights.
- ✓ **Corporate Governance:** In corporate governance, FENC strives to enhance board diversity, link director compensation to sustainability performance, strengthen information security and disclosure, and improve stakeholder



communication. The company has established a robust Board of Directors and independent director management system, implemented enterprise risk management mechanisms, and increased transparency in director compensation. Additionally, FENC has developed an internal control system and operating procedures for managing sustainability information to ensure the quality and reliability of ESG disclosures. In terms of ESG information disclosure, FENC has published a sustainability report, which has undergone third-party verification or assurance and is reviewed by the Board of Directors, demonstrating FENC's commitment to information transparency.

- ✓ **Enhanced Strategy:** To further drive sustainable development, FENC has established a dedicated ESG/sustainability unit and actively gathers relevant knowledge through various channels. To prevent greenwashing, the company is formulating or planning sustainability disclosure standards and organizing sustainability-related seminars and training sessions for employees and stakeholders to enhance climate awareness continuously.
- ✓ **Negotiation Conclusion:** Overall, FENC has demonstrated significant efforts across ESG dimensions and has set concrete carbon reduction targets and action plans. The company exhibits a strong commitment to sustainable development and actively engages with stakeholders to maintain a competitive edge in a rapidly evolving business environment. To ensure effective due diligence in governance, we will continue to monitor FENC's progress on various ESG issues based on this engagement. Through periodic assessments and tracking, we can comprehensively understand FENC's sustainable development efforts and achievements, providing valuable insights for future collaboration and improvements. We look forward to seeing FENC refine its ESG strategies and create greater value for the company, society, and the environment.

### 3. Fund Negotiation:

Upon review, all the fund management companies that issued domestic funds by the end of 2024 have signed the Stewardship Principles for Institutional Investors. Therefore, there were no fund management companies requiring negotiation for in 2024.

### 4. Joint negotiations

#### **[Joint Negotiation Case 1]**

SinoPac SITC, along with Bank SinoPac, SinoPac Inv. Service, and two other investment trust peers, jointly visited the spokesperson and corporate governance officer of TECO Electric & Machinery Co., Ltd. to negotiate with the company.

TECO is a leading domestic manufacturer of electric motors and a major producer of heavy electrical and household appliances. The company has four production plants (in Zhongli, Guanyin, Tamsui, and Xinzhuang) and is the first domestic professional manufacturer of electric motors according to international standards. The company started with the production of motors for heavy electrical products and extended its core technology to household appliances. Its motor sales hold over 50% of the domestic market share, making it one of the top five heavy electrical manufacturers globally and one of the top three household appliance brands domestically. In 2020, TECO was included in the Dow Jones Sustainability Index (DJSI), being the only new electromechanical company from Taiwan to be selected.

Given the critical role of motors in industrial production, when the EU Carbon Border Adjustment Mechanism (CBAM) is officially implemented in 2026, Taiwan will also implement a carbon fee system. Using innovative materials and variable frequency technology motors will directly achieve efficiency, low-carbon production, and ensure operational performance and quality, thereby ensuring sustainable corporate operations.

TECO has always been a core holding tracked by SinoPac SITC due to its high industry status. In the 2024 joint negotiation, SinoPac SITC fund managers continued to monitor the company's progress in energy conservation, carbon reduction, and new high-efficiency motors, urging the company to clearly disclose future goals based on ESG principles.

- ✓ **Impact:** Opinions were exchanged with the company on issues such as energy conservation, carbon reduction, sustainable operations, and corporate governance, with the hope that the company will continue to progress towards the goals disclosed in its sustainability report.
- ✓ **Response:** The company plans to achieve a "50% reduction in emissions over ten years" by 2030. Currently, it prioritizes larger production plants, covering 84.6% of its operational scope, and aims to reach 100% by 2026, at which point it will start evaluating SBTi. Over the past three years, the company's CAPEX for emission reduction efforts, mainly on environmental protection and emission reduction equipment (including renewable energy), amounted to approximately NT\$200 million. From 2021 to 2023, it has reduced about 30,000 tons of CO<sub>2</sub>e.
- ✓ **Monitoring:** The company aims to achieve RE30 by 2030. Future observations will focus on whether the company meets its carbon reduction progress and when it will start evaluating SBTi.
- ✓ **Subsequent Actions:** The company has been recognized four times by international sustainability organizations, including the DJSI and the S&P Global Sustainability Yearbook. In 2021, the company announced a project goal to reduce carbon emissions by 50% over ten years and immediately expanded the implementation of the plan to overseas plants starting from the base year of 2021, making group-wide efforts to reduce carbon emissions. Since the disclosed matters align with the investigation report by our researchers/managers based on ESG principles, the stock remains in the stock pool after evaluation.

### **[Joint Negotiation Case 2]**

SinoPac SITC, along with SinoPac Securities, SinoPac Inv. Service, seven other investment trust peers, and two life insurance companies, jointly visited the planning and finance departments of Evergreen Marine Corporation to negotiate with the company.

Evergreen Marine is a major domestic container shipping service provider, primarily operating on ocean routes with a service network spanning five continents. It is the largest domestic and the seventh-largest global shipping company, with a current fleet capacity of 1.65 million TEU and 214 vessels (156 equipped with scrubbers). In 2023, its global routes comprised 42% to the Americas, 26% to Europe, 19% to Asia, and 13% to other regions.

The EU Emissions Trading System (ETS) reform bill will extend to the shipping industry starting in 2024. This bill applies to all large vessels over 5,000 tons. For voyages entirely within the EU, all carbon emissions must be paid for; for vessels entering the EU from outside, half of the voyage's carbon emissions must be paid for. This bill will primarily impact the shipping industry, which accounts for 3% of global carbon emissions. As the seventh-largest global shipping company, Evergreen Marine must prepare for the new regulations, considering options such as optimizing sailing routes, using low-sulfur/biofuels, or purchasing methanol dual-fuel ships.

Evergreen Marine has always been a core holding tracked by SinoPac SITC due to its high industry status. In the 2024 joint negotiation, SinoPac SITC fund managers continued to monitor the company's progress in energy conservation, carbon reduction, new energy ships, and biodiversity, urging the company to clearly disclose future goals based on ESG principles.

- ✓ Impact: Opinions were exchanged with the company on issues such as low-carbon shipping, biodiversity, and crew welfare, with the hope that the company will continue to progress towards the goals disclosed in its sustainability report.
- ✓ Response: The company's carbon intensity has already decreased by over 60%, and it is committed to meeting its 2024 emission reduction targets. In the long term, it aims for net-zero carbon emissions by 2050 and is currently applying for SBTi certification for its emission reduction pathway. The company plans to allocate biofuel or alternative fuel needs for each route to meet annual emission reduction targets. In response to the increasing European carbon tax starting in 2024, the company will gradually replace its fleet with dual-fuel new ships to reduce tax impacts. Using green methanol can reduce greenhouse gas emissions by 95-96%, while blue methanol can reduce emissions by 45-50%. Regarding biodiversity, the company is committed to Arctic ecological conservation and other biodiversity efforts, including slowing down, rerouting, and reducing underwater noise. Additionally, 100% of the group's ships have ballast water sterilization and certification, using infrared sterilization to prevent the introduction of non-native species.
- ✓ Monitoring: The company aims to achieve net-zero carbon emissions by 2050 and expects to obtain SBTi target certification by 2025. We will continue to monitor the progress to ensure these goals are met.
- ✓ Subsequent Actions: Evergreen Marine is the first Taiwanese container shipping company to obtain dual certification for carbon inventory (ISO14064 and GHG protocol). It also plans to implement ISO14067 carbon footprint and ISO14083 supply chain inventory standards for freight, comprehensively calculating carbon emissions from the parent company, overseas subsidiaries, fleet, and suppliers, in compliance with FSC regulations for listed companies and international standards. All bills of lading will help customers calculate carbon emissions during container operations based on IMO reference values, addressing customer needs for "Scope 3" carbon tax operations and leading the industry in providing third-party certified carbon certificates. Since the disclosed matters align with the investigation report by our researchers/managers based on ESG principles, the stock remains in the stock pool after evaluation.

## (VI) 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 share industry practices.

Bank SinoPac, a member of SinoPac Holdings, also participated in the 2020 Taiwan Sustainable Finance Forum and promoted the establishment of the "Taiwan Sustainable Finance Initiatives Network" as well as the founding members of the "Taiwan Sustainable Finance Initiatives Network" of BCSD Taiwan. SinoPac Holdings and its subsidiaries use their 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.

SinoPac Securities, a subsidiary of the group, has continuously invested in ESG promotion for a long term. Since 2016, it has promoted ESG investment forums, assisted ESG outstanding listed companies to demonstrate their value, 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. The investment research team in SinoPac SITC also actively participates in the forum activities.

Since the Group highly values ESG issues, SinoPac SITC has become the first investment company to use the perpetual index investment pool from TIP to issue the first ESG Taiwan stock active fund. As of 2024, a total of five ESG-themed funds have been launched.

SinoPac SITC continues to promote ESG investment principles through a diverse product line to meet the needs of various investors. SinoPac SITC actively participates in the development and promotion of international ESG standards, aiming to lead market trends and become a leading brand in ESG investment. In the future, SinoPac SITC will continue to uphold the philosophy of "Sustainable Operation and Innovative Development," creating long-term stable returns for investors while also having a positive impact on society and the environment.



Source: Photograph of 2024 SinoPac ESG Lecture

## V. Management of Conflicts of Interest

SinoPac SITC is an asset management industry, responsible for the investment and utilization of investors' funds, and has a significant impact on investee companies. SinoPac SITC established a conflict of interest management system to ensure that the responsible personnel and all employees performing the business from the customers or the beneficiary are based on the best interests of using funds. This prioritizes customer interests, avoids conflicts of interest, prohibits short-term trading and improper gains, and ensures fair dealing. The specific requirements for managing conflict of interest patterns and management cover various relationships: between the company and customers, between the company and employees, between employees and customers, between the company and other investee companies, and between the company and associates. When there is a conflict of interest (or there is a risk of occurrence), the interests of the customer should be prioritized, and the situation of the conflict of interest that may occur should be properly considered. Appropriate management methods include: education and promotion, transaction control, firewall, functional division, reasonable remuneration, anti-bribery and remedial measures, etc.

SinoPac SITC 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.

✓ In 2024, there have been no major conflicts of interest incidents in SinoPac SITC.

## VI. Conclusion

SinoPac SITC has been dedicated to the asset management industry for more than 28 years. In recent years, we follow the United Nations "Responsible Investment" principle, carrying the ESG investment spirit forward. We work with investee companies to guide positive operation



and development as an important mission for institutional investors. Following the vision of "Financial Achievement for a Better Life," SinoPac SITC 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. SinoPac SITC's Stewardship Input Resources

The resources invested by SinoPac SITC in performing stewardship include related manpower, systems, and foreign investment consultants, and the related annual costs are shown in the following table:

Input Resources	Requirements	Execution	Manpower/Cost Estimation
<b>ESG database</b>	Database system	Bloomberg database of responsible investment and ESG ratings	The annual cost is about NT\$500,000
		ESG Evaluation System for Listed and OTC Companies in Taiwan by SinoPac Securities Investment Service Corp.	The annual cost is about NT\$400,000
<b>Index constituent stocks</b>	Index licensing	Introduce ESG investment process to SinoPac ESG series funds	Costs about NT\$350,000 per year
<b>Investee company negotiation</b>	Personnel from the Investment Division - the Equity Investment Department, Investment Research Department, Fixed Income Investment Department, Asset Management Department, and Quantitative and Index Investment Department.	<ol style="list-style-type: none"> <li>1. Interaction and negotiation with the investee company</li> <li>2. Evaluation of shareholders' meeting proposal</li> </ol>	The annual manpower requirement is about 40 per day
<b>Shareholders' meeting voting execution</b>	Manpower of Trading Department	<ol style="list-style-type: none"> <li>1. Shareholders' meeting voting execution</li> <li>2. Analysis and collation of shareholders' meeting proposals</li> <li>3. Voting record statistics and disclosure</li> </ol>	The annual manpower requirement is about 30 persons per day
<b>Money laundering prevention</b>	Personnel from the Marketing Division, Operations Division - Fund and Stock Affairs Services Department, Legal & Compliance	Anti-money laundering (AML), countering the financing of terrorism (CFT), and prevention, etc.	The annual manpower requirement is about 600 persons per day



Input Resources	Requirements	Execution	Manpower/Cost Estimation
	Division, and Audit Division.		
<b>Responsible investment and stewardship education training, improvement plan consultant cooperation, etc.</b>	External consultants, SinoPac Holdings and office of General Manager support manpower, etc.	Assist SinoPac SITC and SinoPac Holdings to improve the implementation of responsible investment and stewardship policies.	The annual cost is about NT\$170,000 The annual manpower requirement is about 10 persons per day
<b>Relevant Education and Training Hours for Employees</b>	Responsible Investment and Stewardship ESG, environmental education, voting, and negotiation matters	Attend relevant physical or online courses organized by external organizations, SinoPac Holdings, and SinoPac SITC	Total hours for 2024: 826.9 hours

## VIII. SinoPac SITC's stewardship and contact information

If there are comments or information consultation on the content of this report, please contact SinoPac SITC:

Service Contents	Contact Information
Relevant Contents in Investment Stewardship Annual Report	Tel: (02)2361-8110 Email: sri_sitc@sinopac.com
Investee companies and other institutional investors	Tel: (02)2361-8110 Email: sri_sitc@sinopac.com
Customer and beneficiary services	Customer Service: (02)2312-5066 <a href="http://sitc.sinopac.com/newweb/contact/page.do">http://sitc.sinopac.com/newweb/contact/page.do</a>
<b>SinoPac SITC Stewardship Website</b>	<a href="https://sitc.sinopac.com/newweb/introduction/cTab202105030950233960000000000000793.html">https://sitc.sinopac.com/newweb/introduction/cTab202105030950233960000000000000793.html</a>