



# INVESTMENT STEWARDSHIP ANNUAL REPORT 2025

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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 2025, our total assets under management (including private equity and discretionary products) amounted to NT\$107.6 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	

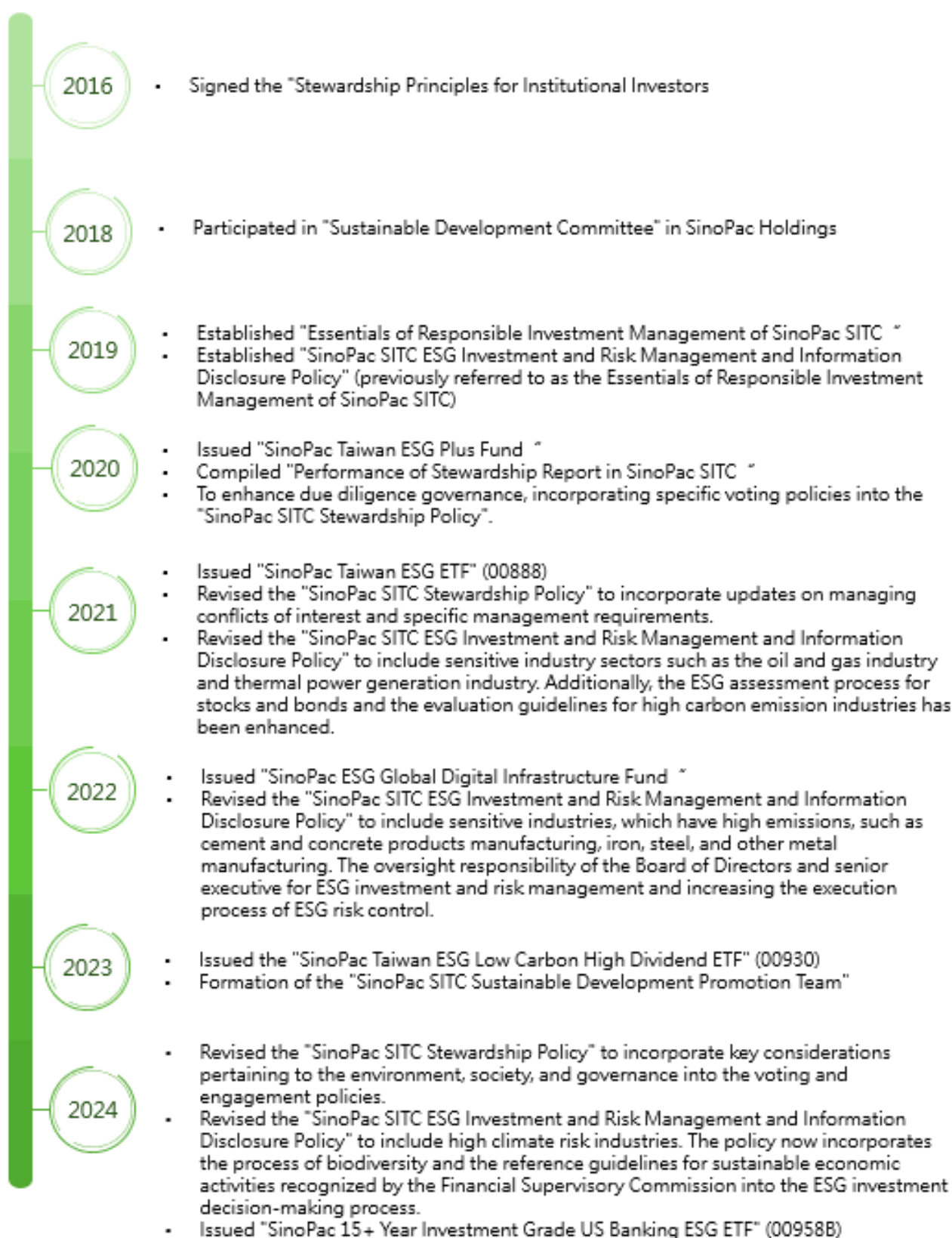
As of December 31, 2025

### (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

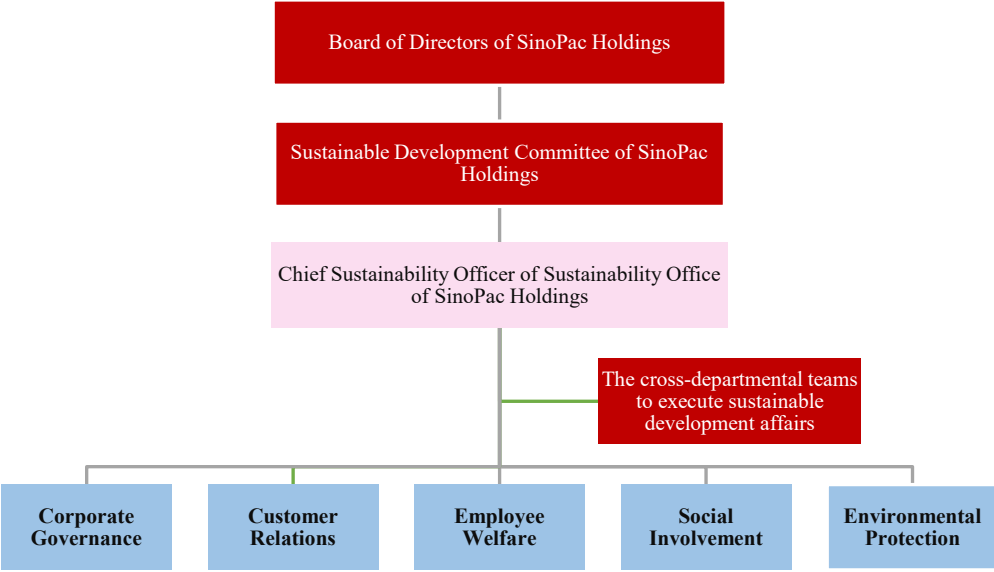


### (III) Establish a responsible finance task force

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 "Fulfillment of Trustworthy Governance," "Fulfillment of Innovative Service," "Fulfillment of Healthy Workplace," "Fulfillment of Green Operations," and "Fulfillment of Inclusive Growth." 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" of SinoPac Holdings is responsible for overseeing the operating activities of the holding company and its subsidiaries, as well as the associated risks and impacts on the economy, environment, and society. Under the Committee, five task forces have been established to promote initiatives related to corporate governance, customer relations, employee care, social participation, and environmental sustainability. Within the Customer Relations Task Force, the introduction of responsible investment, the development of green financial products, and the promotion of ESG initiatives have been identified as key objectives. SinoPac SITC also serves as a key member of this task force, driving the development and issuance of ESG-related products while closely collaborating with the Group to jointly implement sustainable finance objectives. In investment practice, SinoPac SITC has incorporated environmental, social, and governance (ESG) factors into its investment decision-making process in order to uphold the principles of responsible investment, promote the sustainable operations of investee companies, and safeguard the long-term interests of investors.

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 Sustainable Development Task Force of SinoPac SITC convenes quarterly meetings and may hold ad hoc meetings when necessary, and reports on the execution of key sustainability-related initiatives to the Board of Directors on a quarterly basis.

## 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

- 🏆 2025
- ★ The "List of Companies with Better Institutional Investor Stewardship Disclosure" by the Taiwan Stock Exchange
  - ★ Taiwan Sustainability Investment Awards- Institutional Leadership Award Category- Investment Trust Group- Role Model Award
  - ★ Taiwan Sustainability Investment Awards- Exemplary Case Impact Recognition Categories-Shareholder Activism Awards- Bronze Award
  - ★ The 22nd National Brand Yushan Awards  
-Best Product Category- Sinopac Asset Management's ESG Fund Practices Sustainable Finance
  - ★ 2025 China Times Financial Services Awards-Sustainability Award

 2024	<ul style="list-style-type: none"> <li> Taiwan Sustainability Investment Awards- Institutional Leadership Award Categories-Investment Group- Role Model</li> <li> Taiwan Sustainability Investment Awards- Exemplary Case Impact Recognition Categories-Sustainability Thematic Investment Award-Gold Award</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 Sustainability Investment Awards- Investment Group- Blue-Chip</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 Sustainability Investment Awards- Investment Group- Blue-Chip</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 Sustainability Investment Awards- Investment Group- Role Model</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, including ESG-related risks and opportunities that are financially material. 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 determining whether an investee belonged to controversial industries, sensitive industries (including high-climate-risk industries), or sensitive economic activities, ongoing comprehensive ESG risk assessments were carried out for each investee company. These assessments were conducted through company visits and by referring to ESG-related information contained in the Taiwan Stock Exchange Corp. and the Taipei Exchange jointly promoted "Corporate Governance Evaluations system," as well as in the Taiwan Depository & Clearing Corp.'s "Company Investor Relations Integration Platform. "

(III) Expanding the development of ESG products

SinoPac SITC has also actively promoted the issuance of ESG-related products. Since initiating ESG product development in 2020, SinoPac SITC had launched five ESG products as of the end of 2025, covering both active and passive product lines. These products combine specific industry themes with ESG considerations, reaching a total asset scale of NT\$13.5 billion and benefiting nearly 90,000 investors.

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:

<p>SinoPac Taiwan ESG Plus Fund</p> <p><b>Issued in April 2020</b></p>	<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>
<p>SinoPac Taiwan ESG ETF (00888)</p> <p><b>Issued in March 2021</b></p>	<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>
<p>SinoPac ESG Global Digital Infrastructure Fund</p> <p><b>Issued in July 2022</b></p>	<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>

<p>SinoPac Taiwan ESG Low Carbon High Dividend ETF (00930)</p> <p><b>Issued in July 2023</b></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>SinoPac 15+ Year Investment Grade US Banking ESG ETF (00958B)</p> <p><b>Issued in September 2024</b></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>

(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 2025, among the 479 domestic equities included in the investable universe of SinoPac SITC, 381 companies met ESG standards, representing approximately 79.54%, a significant increase from 68.23% in 2024. Among the domestic equities actually held in 2025, 275 companies met ESG standards, accounting for 94.83% of total holdings by number of companies, also showing notable growth compared with 86.94% in 2024. These results indicate that SinoPac SITC places ESG standards as an important reference criterion when selecting investment targets and continues to strengthen the sustainability of its investment portfolio. In addition, for potential investment targets that do not meet the aforementioned standards or lack ESG ratings from third-party institutions, the Company will continue to monitor whether such companies have issued sustainability reports in recent years and review any related negative news. Follow-up reviews are conducted at least annually.

Year	A – Total Number of Investable Companies in Taiwan Stock Listings	B – Total Number of ESG-Compliant Companies in Taiwan Stock Listings	B/A – Ratio (%)	C – Total Number of Companies Held by Taiwan Stock Funds	D – Total Number of ESG-Compliant Companies Held by Taiwan Stock Funds	D/C – Ratio (%)
2025	479	381	79.54%	290	275	94.83%
2024	469	320	68.23%	337	293	86.94%

In addition, SinoPac SITC has implemented both ex-ante ESG screening and ex-post monitoring of its investment targets. For equities, according to the 2024 "Corporate Governance Evaluation" results released in 2025, a total of 976 TWSE-listed companies and 773 TPEx-listed companies were assessed. Based on these evaluation results, SinoPac SITC reviewed the distribution of ESG evaluation rankings among the holdings of its actively managed Taiwan equity funds. As of the end of 2025, 72.42% of the investment targets held by its Taiwan equity funds were ranked within the top 35% in the Corporate Governance Evaluation. When calculated based on all securities traded during the year, the proportion was 70.03%. The overall ratio remained above 70%, reflecting SinoPac SITC's strong emphasis on and consistent commitment to investing in companies with high standards of corporate governance. The detailed distribution of Taiwan equity fund investment targets of SinoPac SITC across Corporate Governance Evaluation rankings is as follows:

Statistics on investment targets (domestic equities) ranked within the top 35% in 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 2024</b>	18.50%	35.30%	20.90%	74.70%
<b>End of 2025</b>	17.59%	33.45%	21.38%	72.41%
<b>Fiscal year 2024</b>	16.70%	36.00%	19.60%	72.30%
<b>Fiscal year 2025</b>	15.85%	32.85%	21.33%	70.03%

Data Period: January 1, 2024 to December 31, 2025

Investment target distributions are compiled annually based on the Corporate Governance Evaluation results of the preceding year, with relevant data calculated to two decimal places.

For bond investments, SinoPac SITC references ESG rating methodologies from professional agencies. Bonds eligible for investment include sustainability-linked bonds or those that meet at least one of the following ESG rating criteria: S&P Global ESG score above 30, Sustainalytics risk score below 40, or MSCI ESG Rating above B. Under these screening criteria, the proportion of investments in SinoPac SITC bond funds that met the aforementioned ESG scoring standards remained above 90% in both 2024 and 2025, demonstrating a determination to pursue sustainable investment.

Statistics on ESG Scores of Bond Funds

<u>Year</u>	<u>Percentage of Investment Targets Meeting ESG Scoring Standards</u>
<b>End of 2024</b>	98.42%
<b>End of 2025</b>	99.16%

Data Period: January 1, 2024 to December 31, 2025

### 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

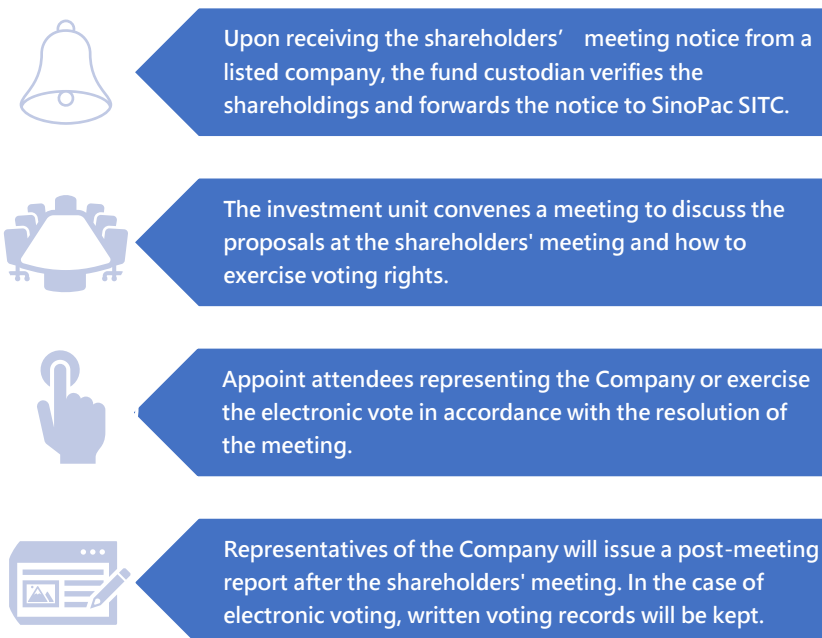
investors, and improve the asset management responsibility of the industry. Furthermore, it also enhances corporate governance, and the long-term interests of customers and shareholders to fully implement the spirit of responsible investment.

✓ **As of the end of December 2025, 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

In 2025, SinoPac SITC participated in a total of 292 shareholder meetings, attending 151 meetings of domestic investee companies (including extraordinary general meetings) in person, achieving a 100% in-person attendance rate and 0% proxy attendance. A total of 1,879 proposals were voted on, with all 1,879 proposals approved, and 0 opposed or abstained. The complete shareholder meeting voting records for 2025 have been disclosed on the “Stewardship” section of the SinoPac SITC website. The implementation details are as follow:

### Statistics on attendance of shareholders' meeting



Supported proposals are as follows:

The number of attending the top 5% of the Company's shareholders' meeting	Number of Issues
38	500

The number of attending the top 5% of the Company's shareholders' meeting	Number of Financial Report Proposals
38	76

Against proposals are as follows:

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

Abstained proposals are as follows:

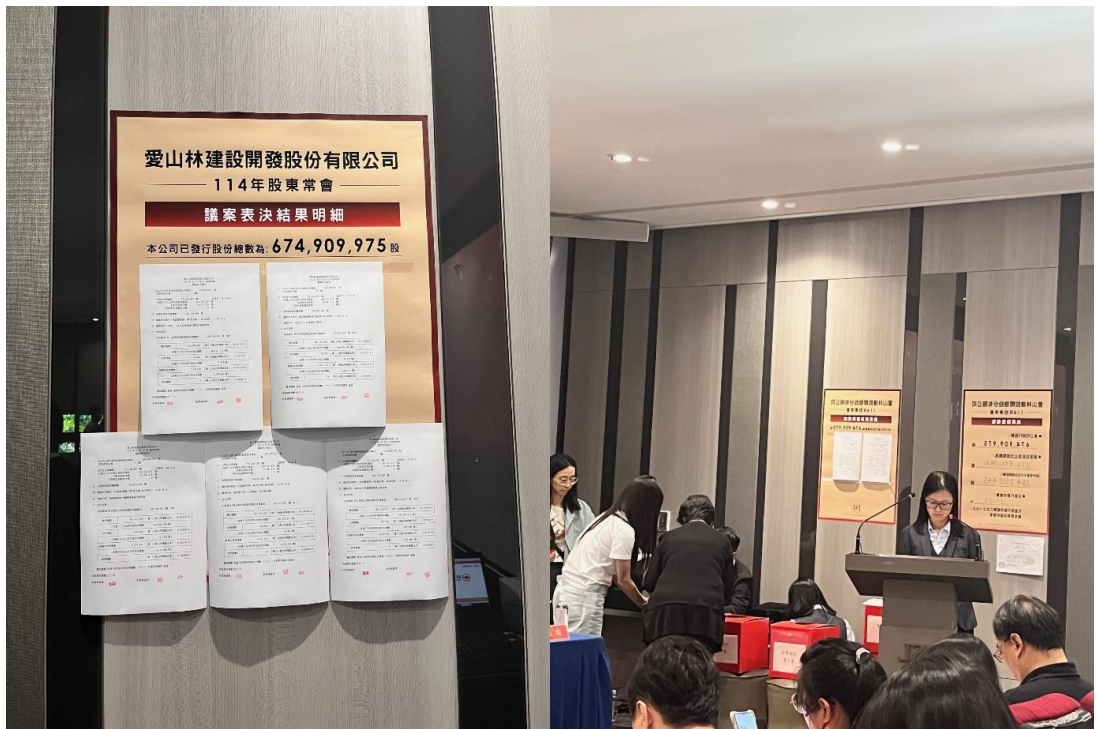
Types	Number of Issues
Proposals related to the election of company directors in which corporate governance disputes have occurred	0

Case Explanation:

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

In 2025, managerial offices of SinoPac SITC personally attended the 2025 Annual General Meeting of JSL Construction & Development Co., Ltd. and participated in on-site voting for the proposals. The relevant details are presented as follows:

Company	Proposal	Voting Opinion	Resolution Status
JSL Construction & Development Co., Ltd.	Passed the lifting of restrictions on competition among Directors in Board of Directors.	In Favor	This proposal was approved by more than two-thirds of the voting rights of the shareholders present, with shareholders representing more than half of the total issued shares in attendance.

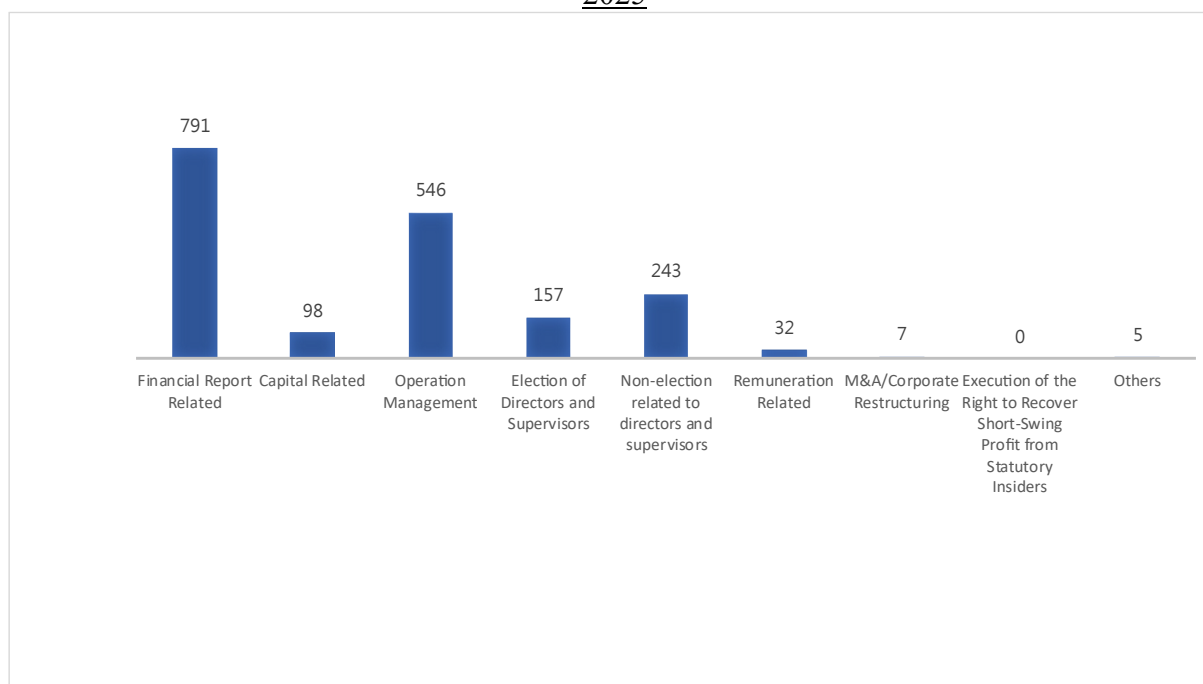


Source: Annual Shareholders' Meeting of JSL Construction & Development Co., Ltd.

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.

✓ In 2025, SinoPac SITC participated in the shareholders' meetings of 292 domestic investee companies. SinoPac SITC did not use proxy research or proxy voting services, and 100% of the voting decisions were exercised directly by the investment team and relevant personnel, either through in-person attendance at shareholders' meetings or by participating in voting on meeting proposals.

#### Classification Statistics for Voting Results of Shareholders' Meeting Voting Proposals in 2025



#### Support Percentage for ESG-related Resolutions in 2025

Types	Number of Issues	Number of Approvals	Support Ratio
<b>Environmental Issue</b>	0	0	-
<b>Social Issue</b>	32	32	100%
<b>Governance Issue</b>	1,847	1,847	100%
<b>Total Number of ESG Issues</b>	1,879	1,879	100%

Note: There are no issues related to the environment in 2025.

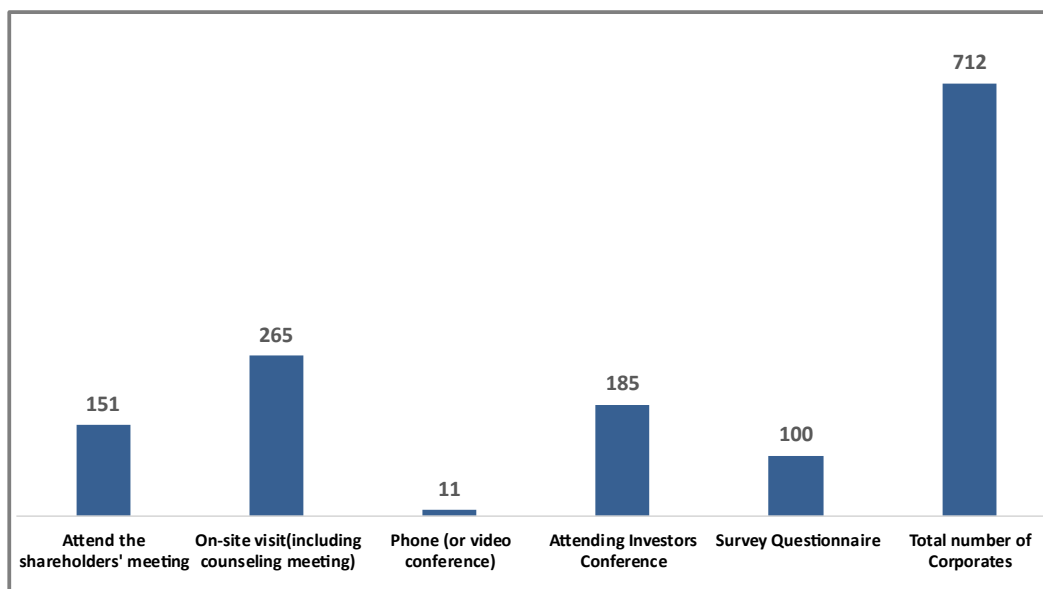
## IV. Summary of Corporate Negotiation Activities

### (I) Status of corporate negotiation

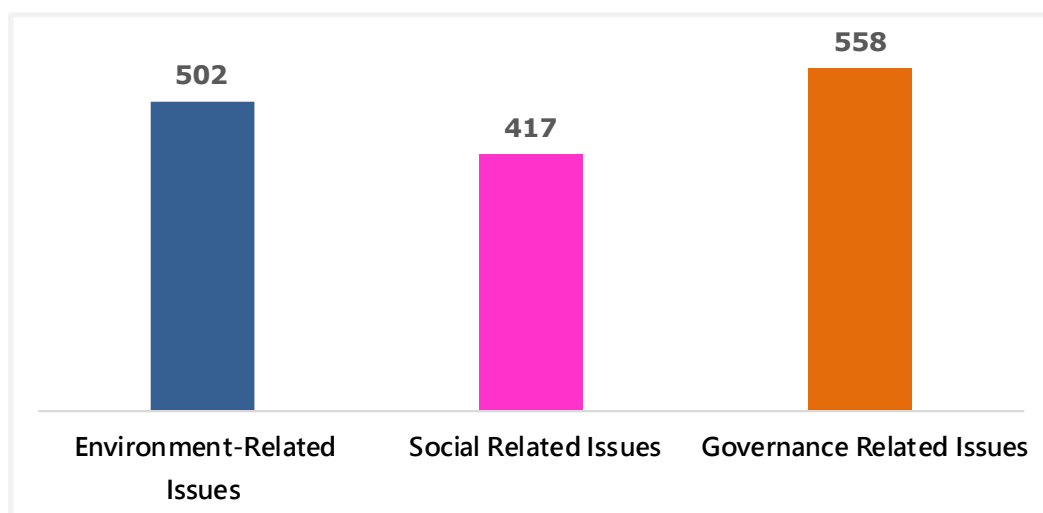
In 2025, SinoPac SITC engaged with domestic investee companies 712 times, with 1,477 dialogue items involving ESG-related topics. Through channels such as personally attending shareholder meetings of investee companies, participating in corporate investor conferences, and keeping abreast of shareholder meeting information, the Company actively conducted dialogue and engagement with investee companies. SinoPac SITC also made use of every interaction opportunity to communicate with investee companies

on ESG-related policy issues in order to gain a deeper understanding of their practices. Beyond seeking to closely monitor the ESG initiatives undertaken by investee companies through each engagement, the Company also aims to raise corporate awareness of the importance of these issues.

Statistics of SinoPac SITC and Corporates negotiation



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



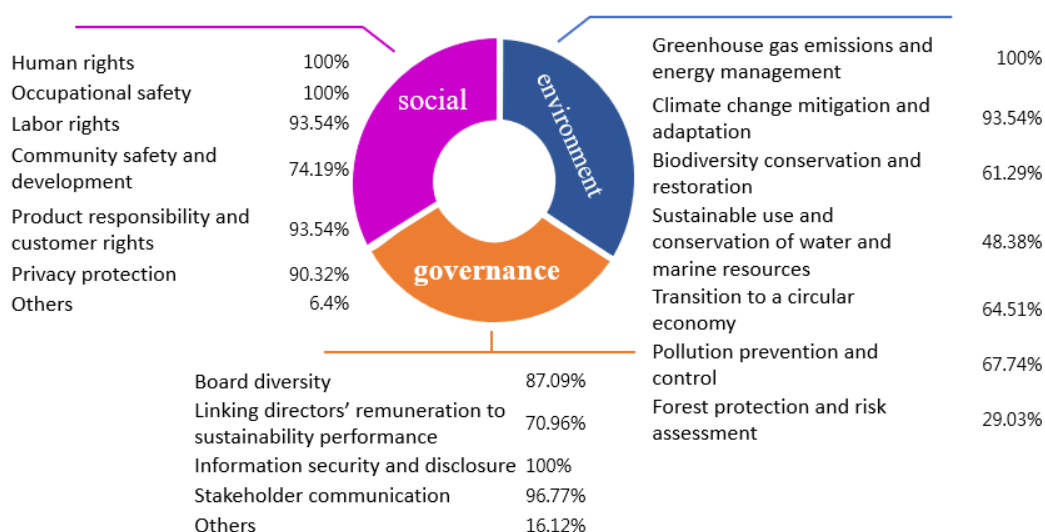
✓ In 2025, SinoPac SITC conducted a total of 712 engagements with domestic investee companies, with 1,477 dialogue items involving ESG-related topics. The interaction and engagement processes were carried out in accordance with the relevant provisions of the Company’s Stewardship Policy.

(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.

In December 2025, SinoPac SITC conducted an online survey targeting the top 100 investee companies in which the shareholdings of all publicly offered funds and discretionary investment mandates accounted for the largest proportions of the issuing companies' outstanding shares. The survey covered topics including advocacy initiatives, net-zero and greenhouse gas information disclosure, specific environmental actions, specific human rights actions, and corporate governance practices. Based on the responses received, the results indicate that the Boards of Directors of the responding companies have incorporated sustainable development into their operational and business decision-making considerations. The response ratios for other items related to the promotion of sustainable development are illustrated 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: SinoPac SITC conducts ongoing pre-investment and post-investment reviews, monitoring and assessing whether investee companies have violated ESG-related issues, and discloses the status of shareholder meeting voting on an annual basis.

#### (V) Negotiation Milestones and Cases

To effectively advance engagement outcomes, SinoPac SITC has established engagement milestones, which are divided into four stages: Stage 1: Raising areas of concern with the investee company; stage 2: The investee company responds to the issues raised; stage 3: The investee company formulates response measures; stage 4: The investee company implements the response measures; stage 4 is further tracked under three sub-categories corresponding to Environmental (E), Social (S), and Governance (G) aspects. During the year, due to regulatory adjustments to disclosure timelines, the original indicator data could not be obtained prior to the publication of the Stewardship Report. Accordingly, the measurement standards and processes were revised to enhance transparency and reliability. The assessment methodology is based on industry classification lists and scoring across the three ESG pillars—Environmental (E), Social Responsibility (S), and Corporate Governance (G)—and compares the peer percentiles of the most recent two fiscal years, excluding years with missing data. The scope of engagement tracking continues to focus on companies with which engagement activities were actually conducted during the year. This approach ensures compliance with sustainable development-related regulations while strengthening the fairness, accuracy, and comparability of the data. The table below details the number of engaged

companies at each milestone in 2025 and their proportion of total assets under management:

SinoPac SITC Negotiation Milestones

Milestone Stage	Number of Negotiated Companies	Proportion of Total Assets
<b>Stage 1 - Raising issues of concern with the investee company</b>	381	19.47%
<b>Stage 2 - The investee company responds to the issues</b>	361	18.25%
<b>Stage 3 - The investee company formulates measures</b>	219	13.82%
<b>Stage 4 – Investee company implementation of response measures – E (Annual indicator improvement): Peer percentile ranking of Environmental (E) pillar items in the assessment list</b>	123	9.77%
<b>Stage 4 – Investee company implementation of response measures – S (Annual indicator improvement): Peer percentile ranking of Social Responsibility (S) pillar items in the assessment list</b>	132	9.39%
<b>Stage 4 – Investee company implementation of response measures – G (Annual indicator improvement): Peer percentile ranking of Corporate Governance (G) pillar items in the assessment list</b>	113	7.22%

Data Period: January 1, 2025 to December 31, 2025

SinoPac SITC provides the following case studies to illustrate the impact of engagement, corresponding investment decision responses, and subsequent follow-up, categorized by equities, bonds, funds, and collaborative engagement, as follows:

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

Historically, the primary sources of revenue for Lite-On Technology Corporation were information and consumer products, including notebooks (NB), desktop computers (DT), gaming consoles, and multifunction printers. In recent years, the company has restructured its business units and expanded its R&D scope, placing greater emphasis on optoelectronics (such as optoelectronic components, automotive electronics products, advanced driver-assistance systems (ADAS), and outdoor lighting solutions) as well as the Cloud and Internet of Things (IoT) segment (including data centers, servers, networking equipment, AI, IoT, smart devices, and intelligent imaging solutions). As the group has increasingly focused on high-margin and high-growth strategies in recent years, the revenue mix by application in 3Q 2025 was distributed as follows: information and consumer products accounted for 36%, cloud and IoT for 48%, and the optoelectronics segment for 16%. The production of power supplies involves considerable carbon emissions. These

emissions mainly arise from energy conversion losses during the "use phase" and from materials and "manufacturing processes" during the production phase. Amid increasingly stringent environmental regulations, improving power conversion efficiency (e.g., to above 93%) can significantly reduce carbon emissions during product usage. Lite-On Technology Corporation has long been a core holding continuously tracked by SinoPac SITC and is a major supplier in the power supply industry. During company visits conducted by the firm's managerial managers in 2025, the progress of the company's carbon reduction initiatives was closely monitored. In accordance with ESG principles, the portfolio managers also urged the company to clearly disclose the expected impact of its future targets.

- ✓ **Impact:** Following an ESG-based engagement meeting with the President Mr. Chiu of Lite-On Technology Corporation, managerial officers of SinoPac SITC learned that the lower the power supply conversion efficiency, the greater the energy waste and the higher the carbon emissions. Had high-efficiency conversion technologies (such as 80 PLUS certification) been adopted, energy saving and carbon reduction would have been achieved.
- ✓ **Response:** In the "use phase" of power supply products, Lite-On Technology Corporation manufactures power supplies with high-efficiency conversion that comply with the 80 PLUS Certification, including Bronze, Silver, and Gold levels, and meet mainstream international safety certification standards, thereby enhancing overall power conversion efficiency. In the "manufacturing phase" of power supply products, Lite-On Technology Corporation references the latest international trends, regulatory requirements (including IEC 62474, as well as standards exceeding those set by Restriction of Hazardous Substances Directive (RoHS), Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), California Proposition 65, and the Montreal Protocol), together with customer requirements, to formulate the "Lite-On LS301 Technical Standard for Hazardous Substance Management," for the management and control of all products and materials. In addition, the company requires its suppliers and contractors to jointly comply with Lite-On's Green Procurement Guidelines.
- ✓ **Monitoring:** SinoPac SITC will continue to monitor whether Lite-On Technology Corporation further improves its power conversion efficiency and whether its manufacturing processes create any environmental impacts.
- ✓ **Subsequent Actions:** Currently, the energy conversion efficiency of 3C power supply products of Lite-On Technology Corporation has improved by 8.17% compared with 2016, helping users reduce approximately 530,414 metric tons of carbon emissions annually. For server power supply products, the company has adopted optimized system loop integration design to reduce the use of electronic components, thereby improving energy conversion efficiency and lowering carbon emissions by 235,037 metric tons. These results demonstrate the company's continued investment in R&D for high-efficiency power conversion products and the tangible outcomes achieved. Following a comprehensive evaluation, the stock remains included in the stock pool.

## [Stock Case 2]

KINIK Company initially focused its business on traditional grinding wheels. After obtaining licensing for diamond disk technology patents, the company entered the semiconductor industry in response to the localization strategies of its wafer foundry customers. KINIK currently operates three major business divisions: the Abrasive

Business Unit (ABU), the Diamond Business Unit (DBU), and the Semiconductor Business Unit (SBU). As of 3Q 2025, the revenue composition was ABU (including abrasive subsidiaries such as HONGIA, KTC, MKS, and MGT) 24%, DBU 31%, and SBU 45%. Headquartered in Yingge District, New Taipei City, the company mainly manufactures grinding wheel and diamond-related products at its Yingge, Shulin, and Hukou plants, while reclaimed/test wafers are primarily produced at its Zhubei and Zhunan facilities in Hsinchu. In addition, the company operates one plant in Japan and two plants in Thailand. KINIK's growth in 2025 has primarily benefited from the volume ramp-up of N3 and N2 process technologies at Taiwan Semiconductor Manufacturing Company. KINIK has long been a core holding continuously tracked by SinoPac SITC and is a global leader in diamond disks and reclaimed wafers. During company visits conducted by the SinoPac SITC's managerial officer in 2025, the progress of the company's carbon reduction initiatives and corporate governance practices was closely monitored.

- ✓ **Impact:** After a SinoPac SITC managerial officer interviewed Vice President Pai of KINIK in accordance with ESG principles, the managerial officer learned that the company had not established a scope 3 emissions reduction target and had not announced a medium to long-term plan to join the SBTi. In terms of corporate governance, the research team also observed that all members of the company's Board of Directors are male, which does not align with the corporate governance trend of board gender diversity.
- ✓ **Response:** KINIK responded that, although it had not established a scope 3 emissions reduction target, it had been proceeding in accordance with the plan. In 2025, KINIK completed a comprehensive Scope 3 greenhouse gas inventory (covering all 15 categories) under the Greenhouse Gas Protocol for 2024 across the Group. The results indicated that Scope 3 emissions accounted for 67.3% of total emissions, with the majority of Scope 3 emissions—67.0%—originating from purchased goods and services. In 2026, the company plans to initiate a supplier greenhouse gas inventory survey and organize supplier workshops to assist suppliers in verifying the accuracy of their carbon emissions data. Following verification, the company will formulate subsequent supplier emission reduction plans. Regarding corporate governance, KINIK explained that the semiconductor industry has historically been dominated by male professionals, resulting in a relatively low proportion of female participation in related fields. Going forward, KINIK will endeavor to increase the number of female board members and plans to nominate at least one director of a different gender during the next board re-election, with the aim of gradually achieving gender diversity on the board.
- ✓ **Monitoring:** SinoPac SITC will continue to monitor whether the company establishes Scope 3 emission reduction targets and will track whether female directors are nominated in the next board election.
- ✓ **Subsequent Actions:** According to surveys, the gender ratio among senior executives in the technology industry is approximately 89% male to 11% female, and in the semiconductor industry, the disparity is even more pronounced at 95% male to 5% female. Under such long-standing workforce imbalance, it is not uncommon for semiconductor companies to have all-male boards of directors. Nevertheless, KINIK has expressed its intention to align with ESG corporate governance trends and has committed to nominating female directors. Following a comprehensive evaluation, the stock remains included in the stock pool.

### [Stock Case 3]

BizLink Holding Inc. is one of the world's leading connector companies, with its headquarters located in Fremont, California. As of 3Q 2025, the company's product revenue mix consisted of industrial applications (34%), information technology (44%), automotive (11%), and electrical appliances (10%). The company's core competencies lie in high-technology and customized component manufacturing, with product development driven by diversification and differentiation strategies. Following the integration of INBG, the company has further strengthened its advanced technologies and market-leading position in the industrial sector, enhanced the value-added of its product portfolio, expanded its presence in Europe and North America to increase local market share, achieved regional complementarities, and generated stronger post-merger synergies. Currently, BizLink operates 34 manufacturing facilities across Europe, the United States, China, Malaysia, and Mexico. The company's growth momentum in 2025 has mainly benefited from the strong expansion of semiconductor equipment and high-performance computing (HPC) demand. The company has long been a core holding closely tracked by SinoPac SITC and is a leading company in the cable and connector industry. Given that its ESG-related initiatives often set industry benchmarks, the managerial officers of SinoPac SITC have continued to monitor the company's progress and achievements across various ESG dimensions during company visits conducted in 2025.

- ✓ **Impact:** Following an ESG-based engagement, managerial officers from SinoPac SITC interviewed the Chief Sustainability Officer of BizLink and identified that the company has set a clear target to reduce carbon emissions by 50% by 2030 compared with 2022 levels. As this target represents a relatively aggressive decarbonization approach, it may have a significant financial impact on the company. In addition, the company was removed from the SBTi list after failing to complete the review process within the required timeframe, which may hinder its ability to achieve the net-zero target previously committed under the Science Based Targets initiative (SBTi).
- ✓ **Response:** BizLink responded that it is confident in achieving its 2030 carbon reduction target and will continue to refine its decarbonization strategy. Progress toward the target is reviewed at least four times annually, with the ESG Committee—reporting directly to the Board of Directors—providing quarterly updates to the Board of Directors, while implementation is carried out through top-down execution by management. Given BizLink's strong profit growth in recent years, the decarbonization initiatives are not expected to place significant pressure on the company's financial position. In addition, because the Science Based Targets initiative (SBTi) requires 80% renewable electricity usage by 2025 (while BizLink's level was 15% in 2023), the company plans to resubmit its application, potentially as early as 2027, with the review process expected to be completed within two years.
- ✓ **Monitoring:** Future monitoring will focus on whether the company progressively achieves its 2030 carbon reduction target and whether its renewable electricity usage increases significantly year by year.
- ✓ **Subsequent Actions:** After evaluation, BizLink's carbon reduction target is considered relatively ambitious among listed companies in Taiwan. The company's practice of tracking progress four times annually and reporting to the ESG Committee can serve as a benchmark for the interconnect and cable industry. Although the company has not yet joined SBTi, it has plans to

resubmit its application. Based on this overall assessment, the stock will continue to be maintained within the stock pool.

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

SinoPac SITC continued to follow up on the 2024 engagement outcomes with Far Eastern New Century Corporation (formerly Far Eastern Textile Ltd.), monitoring the company's actions and progress on sustainability (ESG) issues. Far Eastern New Century is a major chemical fiber and textile manufacturer in Taiwan and has long placed emphasis on environmental, social, and corporate governance matters. SinoPac SITC engaged with the senior manager of the Chairman's Office at Far Eastern New Century and conducted information collection regarding the company's sustainability initiatives. The key summary is provided below to ensure that bond investments maintain transparency and sound governance in sustainability-related matters:

### ✓ Impact:

- **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.

- ✓ Response: 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.
- ✓ Monitoring: Building on the engagement priorities of previous years, SinoPac SITC continues to monitor indicators including the company's decarbonization pathway and progress toward targets, energy transition and efficiency improvements, circular economy initiatives, human rights risk management, and governance transparency. Attention is also paid to third-party verification results and the quality of public disclosures, ensuring the sustainability risks of bond investment targets remain transparent and comparable.
- ✓ Subsequent Actions: Building on the 2024 engagement outcomes, SinoPac SITC will continue to periodically review Far Eastern New Century's ESG implementation and major developments (such as target adjustments, updates to governance mechanisms, changes in external ratings, or emerging risks). When necessary, follow-up engagements will be initiated or improvement recommendations proposed. The results of this monitoring will be incorporated as an important reference for future investment and engagement decisions.

### 3. Fund Negotiation:

As of the end of 2025, a review of funds issued by domestic asset management companies in which investments were made confirmed that all such asset managers had signed the Stewardship Principles for Institutional Investors. Therefore, no fund management companies required engagement during 2025.

### 4. Joint negotiations

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

SinoPac SITC, together with Bank SinoPac, SinoPac Securities, and five other domestic asset management firms, jointly visited Mr. Chuang, Spokesperson and Corporate Governance Officer of EMC (Elite Material Co., Ltd.), and conducted an engagement meeting with the company.

EMC is a domestic manufacturer specializing in copper clad laminates (CCL). Its primary products include copper clad laminates, prepreg (PP), and multilayer laminates. As of 1Q25, its end-market applications were approximately Handheld (20–25%), Infrastructure (65–70%), and Automotive (10–15%). Historically, the company's core strengths have been halogen-free materials and PP formulations for mobile devices. Since PP margins are higher than the industry average, and the increasing penetration rate of the iPhone has driven demand, the company's operations have shown steady growth in recent years. In recent years, the company has also actively transformed its business toward applications in base stations, servers, and automotive electronics, achieving notable progress in the AI server sector. The company had long been a core holding under SinoPac SITC's long term

monitoring and was the leading domestic CCL manufacturer. During the 2025 joint engagement, SinoPac SITC's fund managerial officers continued to track the company's progress on Energy Saving and Carbon Reduction and halogen-free products and, in accordance with ESG principles, urged the company to provide clear disclosure of its future target.

- ✓ Impact: Exchanged views with the company on topics including energy conservation and carbon reduction, renewable energy adoption, environmental protection, and corporate governance, and encouraged the company to continue progressing toward the sustainability goals disclosed in its sustainability report.
- ✓ Response: The company has set 2023 as the baseline year for its carbon reduction target, aiming to reduce emissions by 30% by 2030. As the Malaysia plant will only commence operations in 2025, and its carbon emissions have not yet reached peak levels, it is currently excluded from the scope of the carbon reduction target. Regarding renewable energy, the company plans to install self-generated rooftop solar photovoltaic systems at its Taiwan facilities and intends to apply for Taiwan Renewable Energy Certificates (T-REC) to meet its green electricity and carbon reduction targets at various stages. In terms of environmental protection, the company has strengthened controls over waste storage and classification management. Any changes—including cross-site storage or joint waste disposal operations—must follow the company's EHS risk change management procedures and comply with legal requirements by submitting amendments to waste disposal plans. The company has also reinforced internal awareness of waste classification and storage requirements. Currently, halogen-free products account for approximately 90% of the company's revenue, and the company is the global leader in environmentally friendly halogen-free copper clad laminates (CCL), with a market share exceeding 30%. Driven by growing demand for AI servers and high-performance computing, shipments of high-end materials (M6 and above) continue to increase. The proportion of advanced materials and environmentally friendly halogen-free products is expected to grow further in the future. Regarding corporate governance, the company has upgraded its Corporate Sustainable Development Committee to a functional committee directly under the Board of Directors, which meets at least once annually.
- ✓ Monitoring: Future monitoring will continue to focus on the company's progress in energy conservation and carbon reduction, renewable energy adoption, environmental protection, and corporate governance. In addition, since the company had previously violated waste disposal regulations on multiple occasions, further attention will be paid to whether any additional regulatory violations occur.
- ✓ Subsequent Actions: EMC has been recognized among the top 5% in the 11th Corporate Governance Evaluation and ranked within the top 10% among listed electronic companies with a market capitalization exceeding NT\$10 billion. The company has also been continuously selected as a constituent of the "TWSE Corporate Governance 100 Index" by the Taiwan Stock Exchange. In addition, the company has been invited to participate in the 2025 S&P Global Corporate Sustainability Assessment (CSA) and the Carbon Disclosure Project (CDP), demonstrating its ongoing efforts to align with international ESG standards and evaluations. Given that the company's ESG practices are consistent with the stewardship principles pursued by SinoPac SITC, it has been assessed that the company continues to meet the investment criteria, and therefore the stock will remain in the stock pool.

## [Joint Negotiation Case 2]

SinoPac SITC, together with SinoPac Securities, three peer asset management companies, two life insurance companies, one non-life insurance company, and one securities firm, conducted a joint engagement with Formosa Plastics through a meeting with the company's senior manager Liu.

Formosa Plastics Corporation is primarily engaged in the manufacturing of downstream petrochemical products, particularly plastic and fiber raw materials. As part of the Formosa Plastics Group—the largest petrochemical conglomerate in Taiwan—the company is the largest PVC producer in Asia and the third largest globally. In Taiwan, its annual PVC powder production capacity reaches approximately 1.785 million tons, with major production bases located in Mailiao, Yunlin; Renwu and Linyuan, Kaohsiung; and Ningbo, China. In terms of investments, the company holds 28.56% of Formosa Petrochemical Corporation and 22.66% of Formosa Plastics Corporation USA. The revenue contribution by major products is as follows: PVC: 22%; caustic soda: 8%; HDPE: 5%; LLDPE: 7%; EVA: 7%; PP: 15%; AE: 9%; SAP: 4%; AN: 5%; others: 11%.

The company had long been a core holding tracked by SinoPac SITC on a long term basis, and was the largest PVC manufacturer in Asia. During the 2025 joint engagement, SinoPac SITC fund managerial officers continued to track the company's progress on stewardship and sustainable operation, and, in accordance with ESG principles, urged the company to provide clear disclosure of its future target.

- ✓ Impact: Exchanged views with the company on topics including energy conservation and carbon reduction, workplace safety incidents, biodiversity, and corporate governance, and encouraged the company to continue progressing toward the sustainability goals disclosed in its sustainability report.
- ✓ Response: The company has implemented internal carbon pricing since 2022, linking carbon emissions with financial evaluation as an important basis for promoting internal initiatives. In 2024, the internal carbon price was set at NTD 100 per ton of CO<sub>2e</sub>, while emissions exceeding plant-level limits were priced at NT\$1,500 per ton of CO<sub>2e</sub>. Through a self-developed greenhouse gas calculation system, the company incorporates monthly greenhouse gas emission costs—including excess emission costs—into operational performance assessments, thereby strengthening emission reduction efforts across all facilities. Regarding occupational safety incidents, the company has established internal reporting procedures and regulatory frameworks. Following the major industrial safety accident at the Renwu plant in March 2025, an investigation report has been completed. The plant has resumed operations and returned to normal production, and the company has reached settlements with the parties involved and the families concerned regarding the company's share of responsibility. The company prioritizes compliance with local biodiversity-related regulations, such as environmental impact assessments, when establishing production facilities globally. Adjustments and evaluations are conducted in accordance with the requirements of local regulatory authorities in each region. Regarding corporate governance, certain independent directors have served more than four consecutive terms. In accordance with the latest regulatory requirements, during the next board re-election in 2027, the three independent directors will not be eligible for

reappointment. This adjustment is expected to gradually align the company's governance structure with evolving ESG governance standards.

- ✓ **Monitoring:** the company has committed to achieving carbon neutrality by 2050. SinoPac SITC will continue to monitor the company's progress toward this target. In addition, given the frequent industrial safety incidents within the petrochemical industry, ongoing monitoring will also focus on whether any further major occupational safety accidents occur.
- ✓ **Subsequent Actions:** The company successfully passed the review of the Science Based Targets initiative (SBTi) in January 2023, becoming one of the first petrochemical companies in Taiwan to receive official approval under the "Science Based Targets initiative." The company has also clearly established short-, medium-, and long-term emission reduction targets. Base year: 2020 greenhouse gas emissions of 8.635 million tons; short-term target: By 2025, reduce emissions by 20% from the base year (to 6.908 million tons); mid-term target: By 2030, reduce emissions by 40% from the base year; long-term target: Achieve carbon neutrality by 2050. Since the currently disclosed information is consistent with the ESG-based engagement findings conducted by the company's analysts and managerial officers, the evaluation concluded that the company continues to meet the relevant investment criteria, and therefore the stock will remain in the stock pool.

#### (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.

SinoPac ESG Forum - Toward a Global Circular Vision:  
The GCP Framework and Taiwan's Path to Industrial Circular Practices



Source: Photograph of 2025 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 2025, 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

SinoPac SITC allocates resources to implement its stewardship responsibilities, including relevant personnel, systems, and support from consulting firms. The associated costs are presented separately in the table below:

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 Securities</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 Management Division - the Equity Investment Department, Investment Research Department, Fixed Income Investment Department, Discretionary Investment Department, and Quantitative Investment Department.	1. Interaction and negotiation with the investee company 2. Evaluation of shareholders' meeting proposal	The annual manpower requirement is about 40 per day

Input Resources	Requirements	Execution	Manpower/Cost Estimation
<b>Shareholders' meeting voting execution</b>	Manpower of Dealing Department	<ol style="list-style-type: none"> <li>Shareholders' meeting voting execution</li> <li>Analysis and collation of shareholders' meeting proposals</li> <li>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 Sales & Marketing Division, Operations Division - Fund Administration Department, Legal & Compliance Division, and Audit Division.	Strengthening anti-money laundering (AML), counter-terrorism financing (CTF), and enhancing the prevention and monitoring patterns for suspicious transactions	The annual manpower requirement is about 600 persons per day
<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\$400,000 The annual manpower requirement is about 20 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 2025: 1,585 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/cTab20210503095023396000000000000793.html">https://sitc.sinopac.com/newweb/introduction/cTab20210503095023396000000000000793.html</a>