



2022

INVESTMENT STEWARDSHIP ANNUAL REPORT

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I. SinoPac SITC and Responsible Investment

1. 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's investment research team works closely with various subsidiaries of SinoPac Holdings to share professional and instant investment research resources to invest in public funds, ETFs, discretionary and private equity funds. As of the end of December 2022, our total assets under management (including private equity and discretionary products) amounted to NT\$53.5 billion.

As a professional asset manager, SinoPac SITC not only adheres to the Stewardship Principles for Institutional Investors, but also follows the "Essentials of Responsible Investment Management" 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 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 development of ESG theme funds has won the favor of the majority of investors.

Product Lines in SinoPac SITC

| Passive Fund | Active Fund | Monetary Fund |
|--|--|---|
| <ul style="list-style-type: none">• 1 Index Fund• 7 Equity ETFs• 3 Bond ETFs | <ul style="list-style-type: none">• 4 Domestic Equity Funds• 4 Overseas Equity Funds• 1 Overseas Bond Funds• 2 Fund of Funds• 1 Domestic Balanced Fund | <ul style="list-style-type: none">• 1 Domestic Monetary Fund• 1 Overseas Monetary Fund |

As of Dec. 31, 2022

2. 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, the "SinoPac SITC Responsible Investment Management Guidelines" were formulated based on the "Responsible Investment Management Guidelines" from the parent company in November 2019 by referring to the United Nations (UN)'s Principles for Responsible Investment (PRI) and in response to the UN Sustainable Development Goals (SDGs).

In 2020, the "Policy of SinoPac SITC Stewardship" was revised to include a specific voting policy to continue to strengthen stewardship-related actions, in order to concretely demonstrate the implementation of sustainable management and stewardship

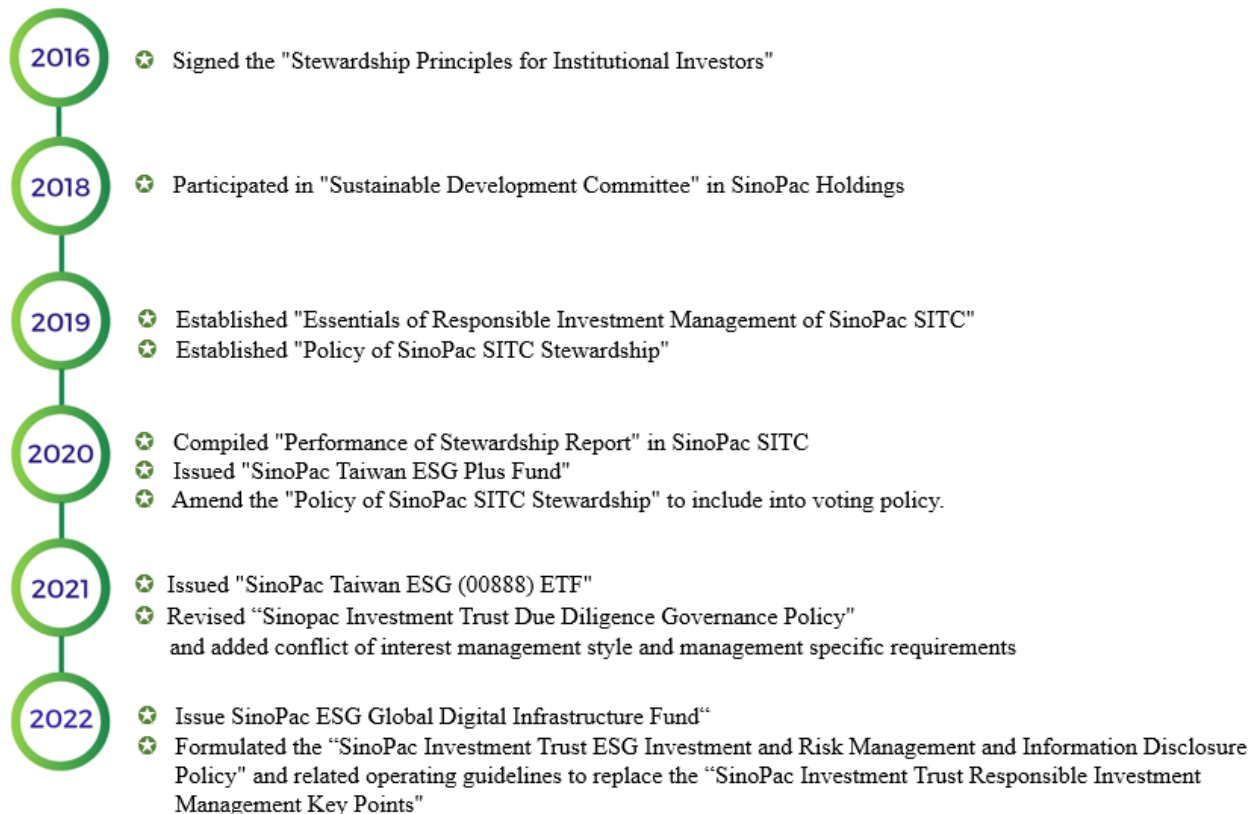
goals for asset management institutional investors, and to bring the positive influence of institutional investors.

In 2020, the "Policy of SinoPac SITC Stewardship" was revised to include a specific voting policy to continue to strengthen stewardship-related actions, in order to concretely demonstrate the implementation of sustainable management and stewardship goals for asset management institutional investors, and to bring the positive influence of institutional investors. Since 2021, the further revision of the "SinoPac SITC Responsible Investment Management Guidelines" to expand the sensitive industry items, including: i) oil and natural gas industry, thermal power generation industry, etc. ii) Enhance ESG assessment process by different asset classes of stocks and bonds, and also set the investment assessment guidelines for high-carbon industries. iii) Increase ESG-themed covering the sustainable topics. iv) To evaluate the different asset classes investment process and high-carbon industries assessment, setup the relevant forms.

We have revised the "SinoPac SITC Stewardship Policy" with reference to "Environmental, Social and Governance (ESG) Investment and Risk Management Practice Flow and ESG Information Disclosure Practice Guidelines for Securities Investment Trusts and Securities Investment Trust and Consulting Association of the R.O.C." in 2022 and established the "SinoPac SITC ESG Investment and Risk Management and Information Disclosure Policy" and related guidelines to replace the "SinoPac SITC Responsible Investment Management Guidelines". In addition to the inclusion of the "SinoPac SITC Responsible Investment Management Guidelines", the "SinoPac SITC ESG Investment and Risk Management and Information Disclosure Policy" also adds: 1. To emphasize the responsibility of the Board of Directors and senior management in overseeing ESG investment and risk management, the responsibilities of the Board of Directors and senior management shall be clearly defined. 2. Adding sensitive industries, including cement and concrete manufacturing and high carbon emission industries such as iron, steel and other metal manufacturing. 3. Further subdivision of sensitive economic activities from sensitive industrial projects. 4. Increase the ESG risk control execution process, and the "SinoPac SITC Stewardship Policy" shall be adjusted in accordance with the above-mentioned amendments.

In response to the Stewardship Principles for Institutional Investors, SinoPac SITC has compiled the "Stewardship Report" since 2020 and regularly discloses the latest stewardship results before the end of first quarters each year, the report is reviewed by auditing and legal compliance departments, and approved by the general manager or above, which is updated in the Stewardship and Responsible Investment Section on the official website for clients, investors, and the public. In April 2020, "SinoPac Taiwan ESG Plus Fund" was issued, the first domestic ESG fund with active management, and in 2021, issued products including the SinoPac Taiwan ESG (00888) ETF, it has been the first local investment company to management both in active and passive ESG Taiwan equity theme funds. In 2022, SinoPac ESG Global Digital Infrastructure Fund will be issued to extend investment in ESG products overseas and create the first product in Taiwan that combines ESG and digital infrastructure themes. In the end of year 2022, the total beneficiaries of SITC ESG-themed products closed to be 92,452.

Process of Responsible Investment in SinoPac SITC



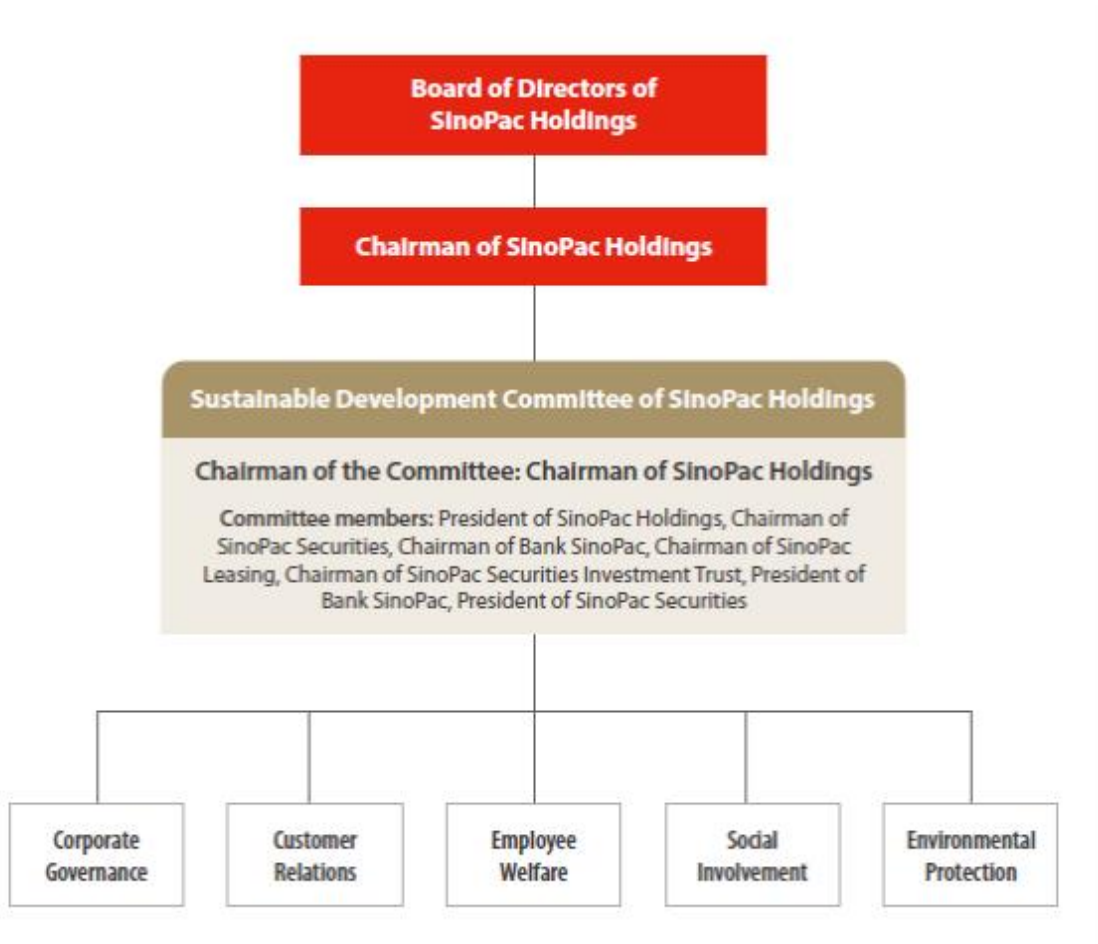
3. Establish the responsible investment team

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

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

activities for years. We also assist in donation and care activities such as remote and disadvantaged groups, and participate in environmental protection activities initiated by the parent company.

Organizational Structure of "Sustainable Development Committee" in SinoPac Holding



II. Incorporation of ESG Assessment and Investment Process

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

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 the 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 (funds and discretionary accounts are 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.

Domestic Stocks Investment

- (1) The top 5% list of annual corporate governance evaluation of listed companies conducted by Securities and Futures Institute, as well as the constituent stock targets of the "FTSE4Good TIP Taiwan ESG Index" compiled by Taiwan Index Plus (TIP) and FTSE Russell, are important references for the selection of investment targets.
- (2) Newly selected companies every quarter are subject to ESG risk assessment, and stocks that do not meet the ESG rating standards must complete a stock ESG risk assessment. Stocks with a "high" level of ESG risk will be prohibited from investment, while stocks with "medium" or "low" ESG risk will be limited to an individual investment cap weighting of 5%.

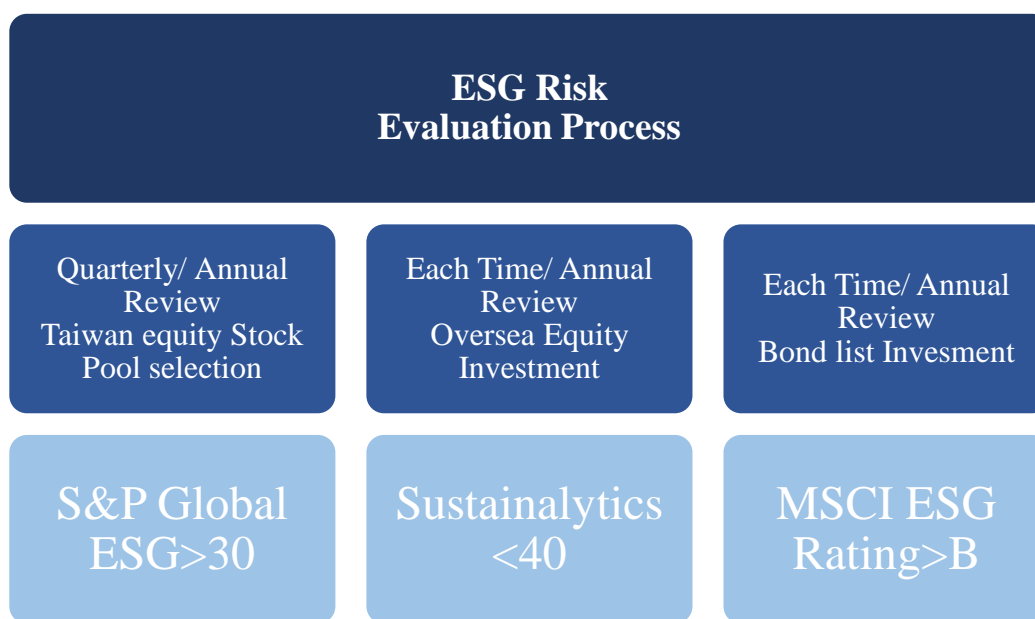
Overseas Stock Investment

All newly purchased targets must go through the ESG risk review process and be recorded in the investment analysis report. Individual stocks that do not meet the ESG rating standards need to complete the stock ESG risk assessment. If the ESG risk level is "high", investment will be prohibited. Those who belong to the ESG risk level of "medium" and "low" risk, limit the proportion of individual target investment to 5%.

Bond Asset 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 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, Bloomberg shall be reviewed for significant negative ESG disclosures in the past year, documented in the investment analysis report and carefully evaluated.
- (3) Bonds with an ESG risk level assessment of "high" shall not be invested in. Each active investment account shall be limited to 30% of the total amount invested in the underlying with a risk level assessment of "medium".

ESG Risk Evaluation Process of SinoPac SITC by Investment Asset Class



2. Screening or exclusion of investment list and evaluation of risk measurement

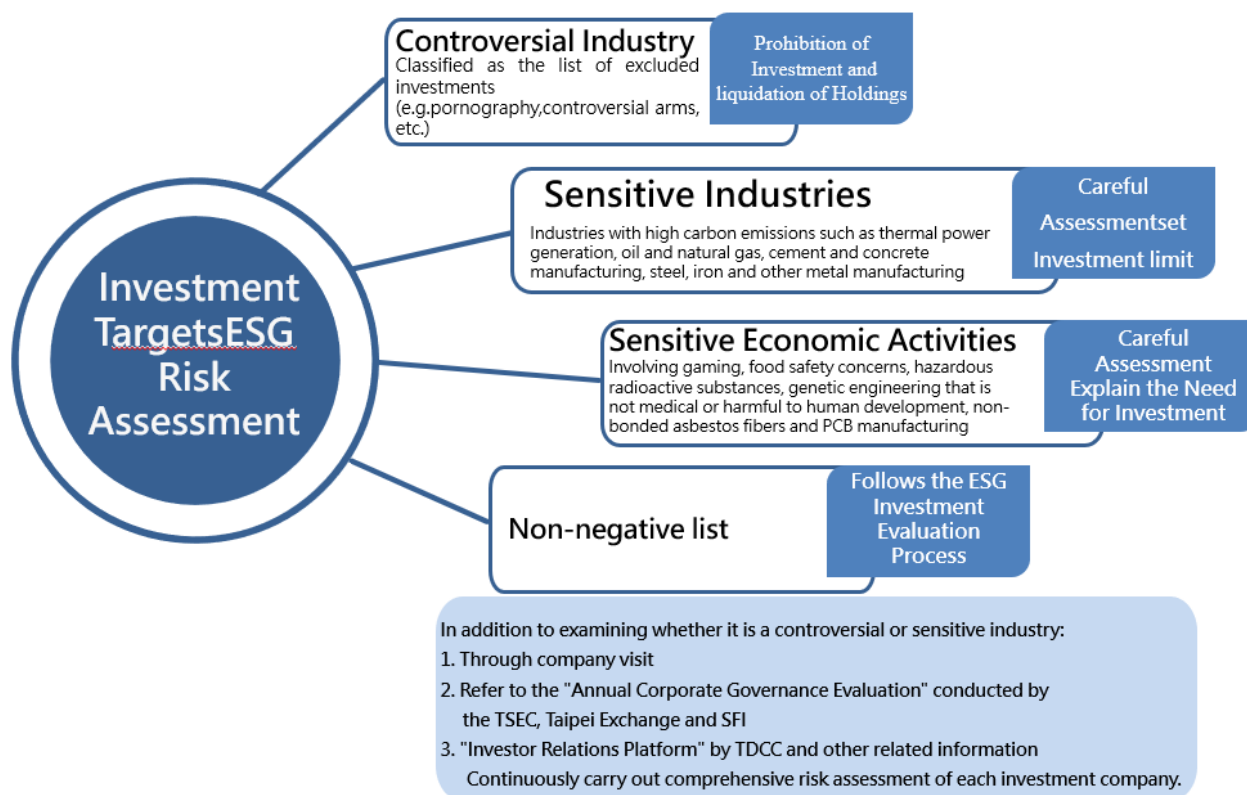
Follow the UN's "Principles for Responsible Investment" and refer to the "Key Points of Responsible Investment Management" of the parent company SinoPac Financial Holdings and the "SinoPac Investment Trust ESG Investment and Risk Management and Information Disclosure Policy". Active investment accounts should follow the following rules when investing Audit evaluation:

- (1). Under known circumstances, it is prohibited to undertake controversial industries, such as: pornography, controversial arms and weapons, etc.
- (2). Prudent assessment is adopted for investment in sensitive industries, such as thermal power generation, oil and natural gas industry, cement and concrete manufacturing, steel, iron and other metal manufacturing industries and other high-carbon emission industries.
- (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 checking whether it is a controversial industry, a sensitive industry or a sensitive economic activity, SinoPac SITC will also conduct company visits, and refers to the "Annual Corporate Governance Evaluation" executed by the Taiwan Stock Exchange Corporation (TWSE), Taipei Exchange, and Securities and Futures Institute (SFI), the "Investor Relations Platform" by TDCC, and other related

information, so as to continuously conduct comprehensive risk assessment of each investment company.

Risk Evaluation Process of SinoPac SITC ESG Investment



3. Expand the ESG Products:

SinoPac SITC Taiwan shares have both active and passive ESG product lines and issue ESG products in combination with the industry, and had three ESG products at the end of 2022.

In April 2020, SinoPac SITC issued the first ESG theme concept fund. "SinoPac Taiwan ESG Plus Fund" is the first domestic stock ESG active fund in Taiwan. 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.

This is the first fund in Taiwan to invest in ESG Taiwan stock companies as its active stock selection criteria. Through the promotion of the ESG investment concept, investors are reminded to pay attention to the positive circular relationship between corporate sustainability and long-term growth, in order to bring positive influence in the corporate investment values and capital market developments.

In addition to the existing "SinoPac Taiwan ESG Plus Fund," SinoPac SITC also issued the SinoPac Taiwan Target Exposure ESG ETF (00888) in March 2021, In July 2022, Taiwan's first global stock-type ESG fund combining ESG and digital infrastructure themes will be launched In July 2022, Taiwan's first global stock-type ESG fund combining ESG and digital infrastructure themes will be launched and plan to issue products covering ESG

investment strategies and investment in ESG bonds and other types of products, from active to passive, from Taiwan to overseas, from stocks to bonds, and continue to support the development of investment products favorable to ESG issues.

4. Monitor and evaluate the ESG information of investee companies and the ESG distribution of investment targets in line with the corporate governance assessment.

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 domestic investment pool issue CSR reports, the contents of the reports, and important ESG issues. Also promptly address the release schedule of the CSR report, the promotion of ESG issues and urge improvements.

In addition, SinoPac SITC also implements the pre-inspection and post-tracking of the ESG investment target. According to the results of the 2021 "Corporate Governance Evaluation" commissioned by the Taiwan Stock Exchange and the Taipei Exchange, a total of 913 listed companies and 726 OTC companies were evaluated. The Company 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 50% of corporate governance evaluations, and by the end of 2022, 89.2% of the targets was in the top 50% of corporate governance ratings, and 83.3% of the targets traded in the year, both numbers were higher than 2021. The detailed distribution of the Company's Taiwan Stock Fund investment targets in terms of corporate governance ratings is as follows:

Statistic of Investment Target with The Top 50 of Corporate Governance Ratings

| Levels | Top 5% | 6%-20% | 21%-35% | 35%-50% | Others |
|-------------------------|--------|--------|---------|---------|--------|
| End of 2021 | 18.4% | 33.3% | 21.5% | 12.7% | 14.1% |
| End of 2022 | 22.8% | 31.7% | 19.8% | 14.9% | 10.8% |
| 2021 Fiscal Year | 15.4% | 30.4% | 20.6% | 13.1% | 20.5% |
| 2022 Fiscal Year | 17.0% | 34.4% | 19.4% | 12.5% | 16.7% |

Data period: January 1, 2021~December 31, 2022, based on the results of the Annual Corporate Governance Review of previous year for the statistic of investment target distribution.

III. Performance Status of Stewardship

1. Compliance statement and explanations of objection

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

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

2. Status of shareholders present, votes, and proxy votes

To safeguard the maximum interests of shareholders, the following items are defined as significant resolutions by the company.

| Principles for Determining Significant Resolutions |
|--|
| 1. Director and Supervisor Compensation |
| 2. Issuance of New Shares by Capitalizing Earnings ∨ Issuance of New Shares through Dividend Capitalization ∨ Private Placement of Common Shares ∨ Distribution of Cash from Capital Surplus ∨ Issuance of Global Depository Receipts (GDRs) / Earnings/Reserves Distribution in New Shares/Cash |
| 3. Merger and Acquisition (M&A) Case |
| 4. Stock Conversion Proposal |
| 5. Subsidiary's Return to Taiwan for Listing Case |
| 6. Investment in Other Companies Case |
| 7. Capital Structure Adjustment Proposal |
| 8. Acquisition or Disposal of Significant Asset |
| 9. Demerger Case |
| 10. ESG-related Case |

The ESG-related cases mentioned encompass the following nine items, which will be assessed to vote against or abstain from voting:

1. Violations of significant climate-related issues.
2. Controversial corporate governance events.
3. Environmental fines and penalties.
4. Major workplace accidents, stakeholder protests, strikes, etc.
5. Incidents involving child labor or forced labor.
6. Wrongdoing by company leadership with significant impacts on business operations, such as misconduct, corruption, fraud, embezzlement, breach of trust, etc.
7. Significant events related to internal control fraud, irregular transactions, or asset stripping.
8. Major events related to illegal political contributions, money laundering, etc.
9. Regulatory penalties leading to business suspension or shutdown.

As of the end of December 2022, the Company has attended 110 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 1,886 on motions, of which 1,880 were in favor, 0 were against and 6 were abstained. The complete voting record of the 2022 Annual General Meeting is disclosed in the Company's Stewardship section.

Statistics on attendance of shareholders' meeting



In the stewardship policy revised by the Company in 2022, for those attending to 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; abstaining proposals related to the election of company directors in which corporate governance disputes have occurred. The implementation in 2022 is as follows :

Supported proposals are as follows:

| The number of attending the top 5% of the Company's shareholders' meeting | Number of Issues |
|---|------------------|
| 32 | 479 |

| The number of attending the top 5% of the Company's shareholders' meeting | Overall Financial Report |
|---|--------------------------|
| 32 | 109 |

Against proposals are as follows:

| Type | Number of Issues |
|--|------------------|
| Violate the major climate-related issues | 0 |

Abstained proposals are as follows:

| Type | Number of Against | Number of Abstain |
|--|-------------------|-------------------|
| Proposals related to the election of directors of companies where corporate governance disputes occurred | 0 | 6 |

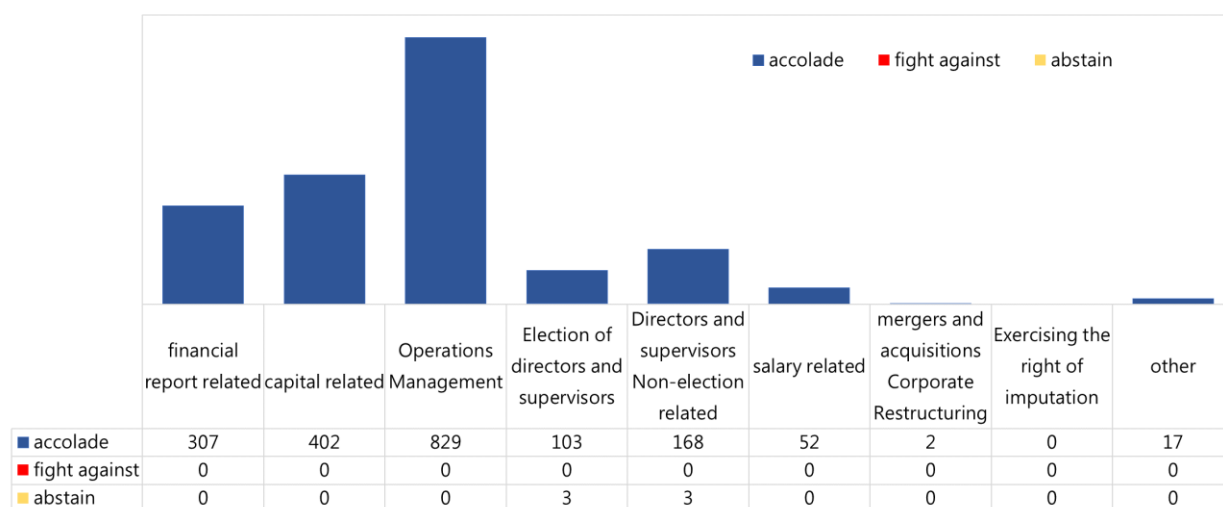
For example, in 2022, one of the investee companies became involved in a dispute over ownership rights. After a thorough assessment by the investment team, it was determined that this case fell within the significant resolution criteria of the company, specifically an ESG-related case - Controversial corporate governance event. Given the ongoing legal uncertainty surrounding the matter, there were doubts about its legality. Therefore, the institutional investor chose to abstain from voting in the board election of that company.

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.

SinoPac SITC shall not use proxy research and proxy voting services for domestic investee companies, and shall personally carry out the interaction and cooperation responsibilities of institutional investors, and a post-meeting report shall be issued by the representative attendee after the meeting.

- ✓ In 2022, SinoPac Investment Trust will attend the shareholder meetings of 110 domestic invested companies in person, without using proxy research and proxy voting services, and 100% of the investment team and relevant members will attend or participate in shareholder meeting voting in person.

Classification statistics of shareholders' meeting voting proposals

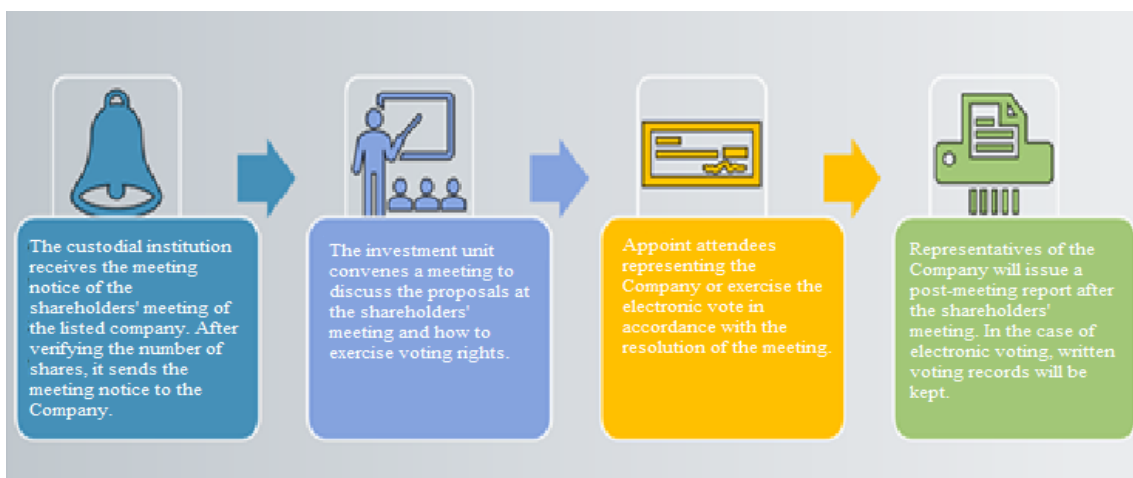


The percentage of support for ESG-related resolutions in 2022

| Types | Quantity | Support Percentage |
|--|--------------|--------------------|
| E-Environmental Cases | 0 | - |
| S-Social Cases | 52 | 100% |
| G-Governance Cases | 1,108 | 99.46% |
| Total(Number of ESG Resolutions) | 1,160 | 99.48% |

No E-Environmental Case Issue in 2022

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



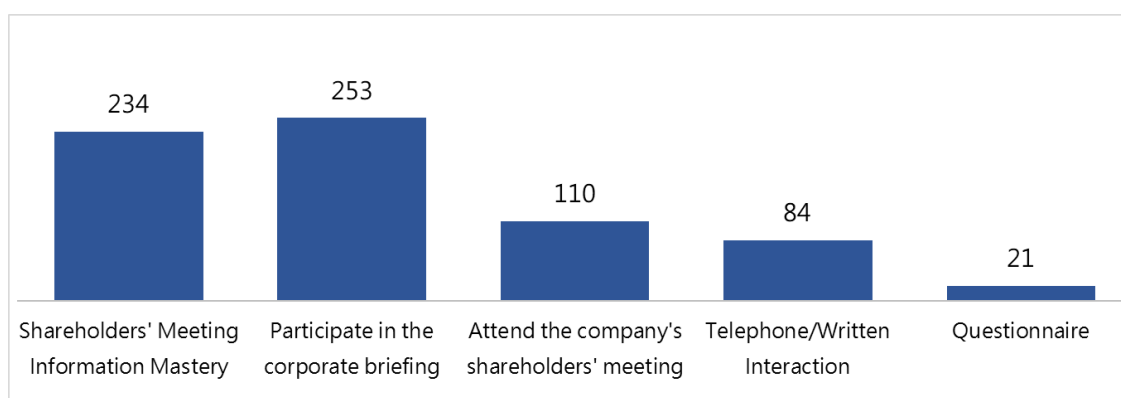
IV. Summary of Corporate Negotiation Activities

1. Status of corporate negotiation:

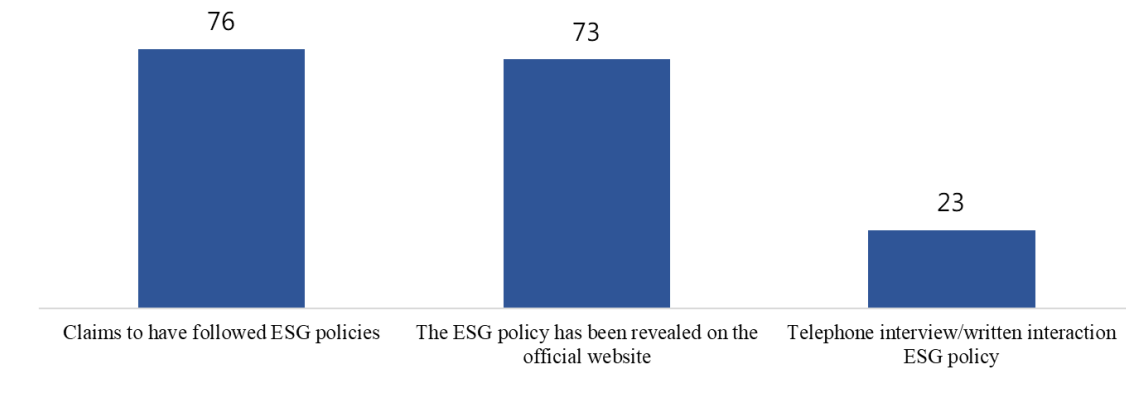
702 interactions with domestic investee companies in 2022, 556 of which involve ESG issues.

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 attention of related issues.

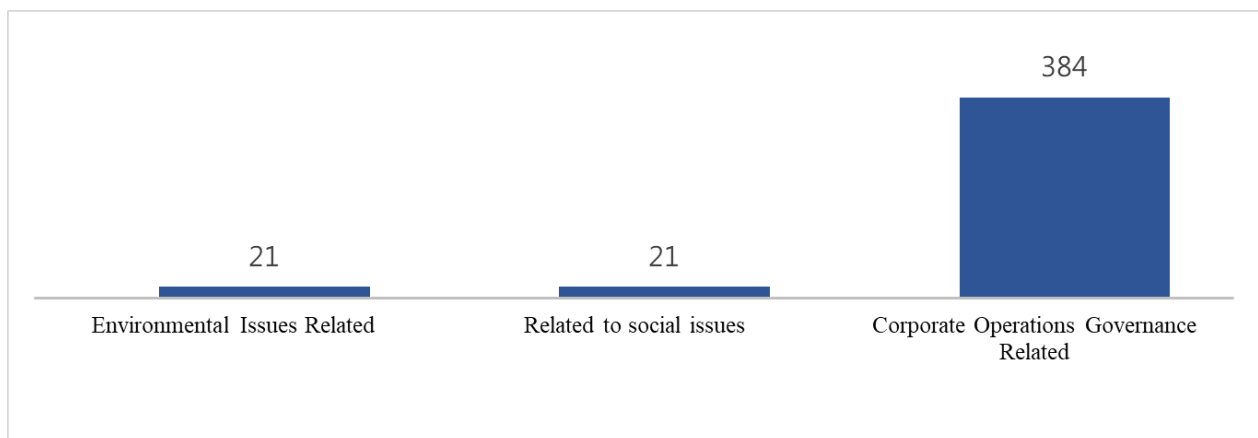
Statistics of SinoPac SITC corporate negotiation



Dialogue statistics on ESG issues and investee companies



Status of dialogues with companies based on Environmental, Social and Corporate Governance issues



✓ As of the end of December 2022, the total number of interactions between SinoPac Investment Trust and domestic investee companies was 702, of which 577 times involved ESG issues.

1. Conduct annual questionnaires on environmental, social and corporate governance (ESG) sustainability issues for invested companies.

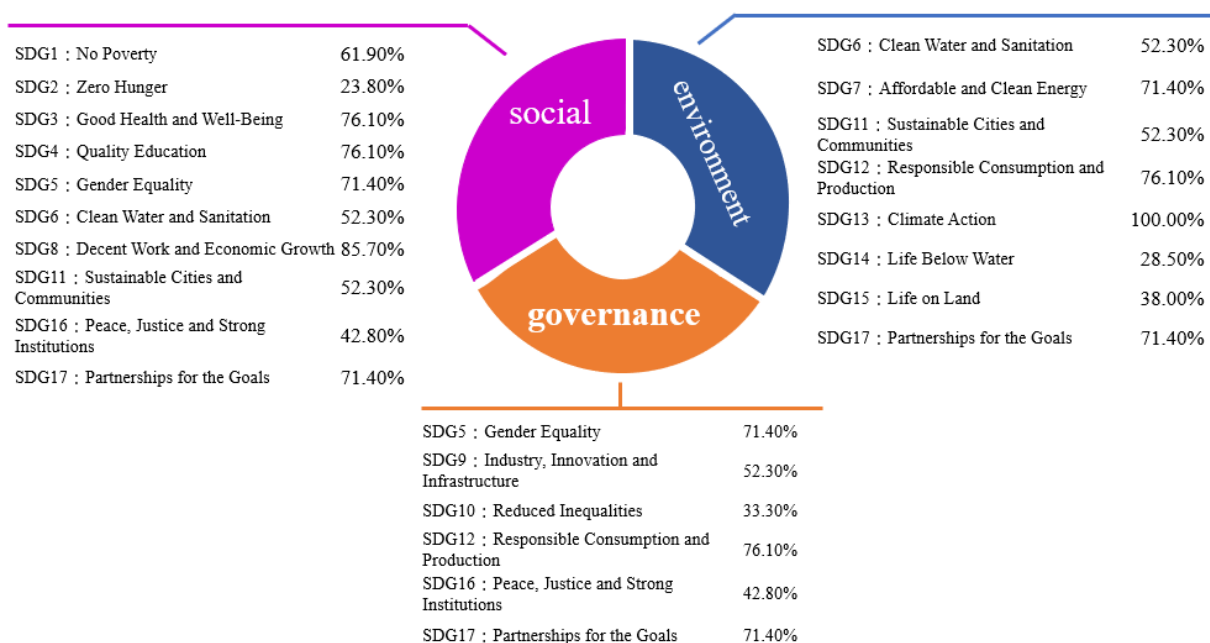
SinoPac Investment Trust echoes the sustainable development goals of the United Nations, combines the core functions of sustainable finance, strives to enhance customers' sustainable awareness, and joins hands with stakeholders to participate in sustainable actions. Through questionnaire surveys, work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

SinoPac SITC conducted an online survey in December 2022, targeting the top 100 investee companies in terms of shareholdings of all public funds and discretionary assets as a percentage of the issuing company (counted until January 2023). 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. Other results are summarized as follows.

[Initiative] The Board of Directors has incorporated sustainable development as a factor in operational/business decisions. In terms of promoting sustainable development, the highest percentage of responses to the Sustainable Development Goals (SDGs) awareness survey was for the SDG13: Climate Action, followed by 85.7% for <SDG8: Employment and Economic Growth>, and other responses are shown in Figure I.

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

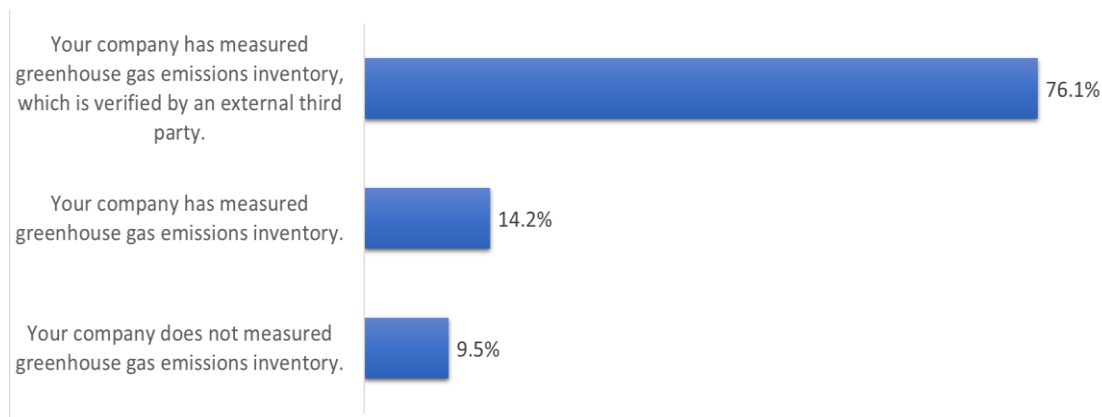


Note: Sustainable Development Goals (Sustainable Development Goals, SDGs), the same goal will appear in the environment, society or corporate governance at the same time.

[Net Zero and Greenhouse Gas emission Disclosure]

According to the survey results, 76.10% of enterprises have checked their greenhouse gas emissions and have been verified by external third parties (see Figure 2), of which 85.7% have established greenhouse gas reduction targets.

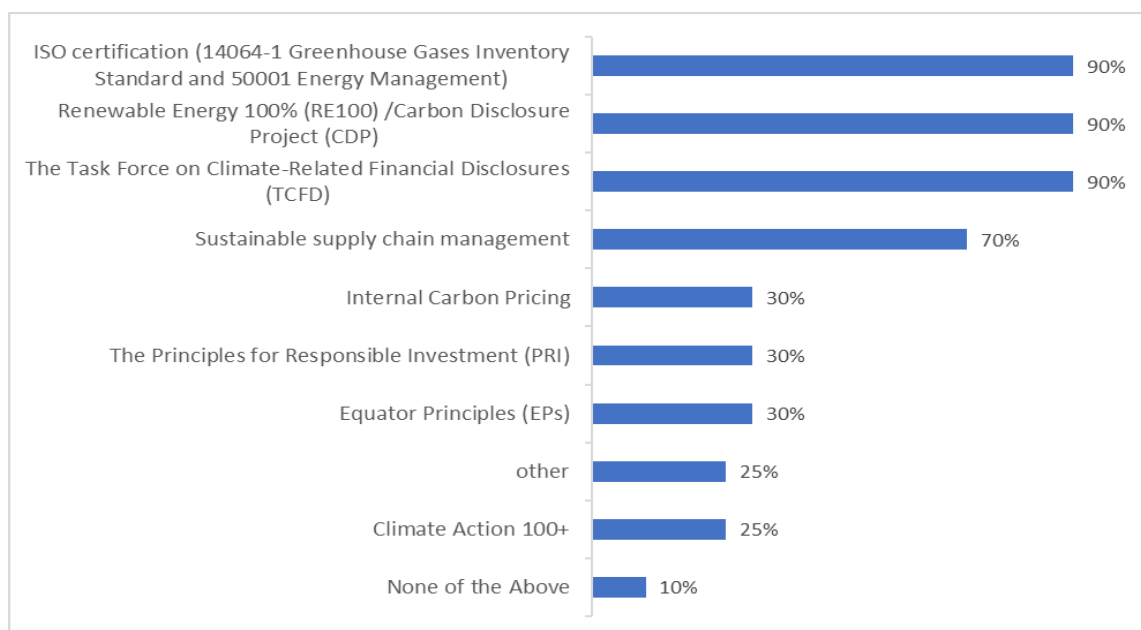
Figure 2: Net Zero and Greenhouse Gas emission Disclosure



[Environment Actions]

According to the survey results, in the part of enterprises to mitigate and adapt to climate change, up to 90% of enterprises have introduced ISO certification, 100% renewable energy initiatives and the introduction of climate-related financial disclosure (TCFD) (see Figure 3). Among the specific behaviors that have been invested to mitigate and adapt to climate change, companies have invested 100% in low carbon/emissions reduction/energy saving (e.g., buildings, office equipment, etc.), and 85.7% in recycling, waste reduction, and waste emission (e.g., paperless, water resources, etc.)

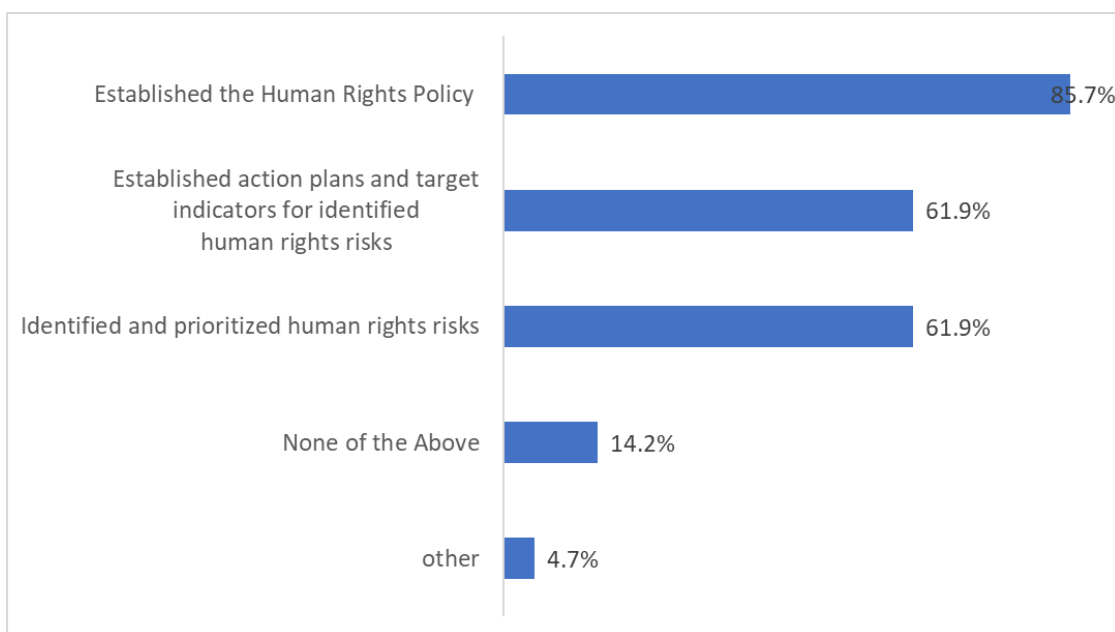
Figure3:Commitments that companies have implemented (ongoing) policies or responded to in order to mitigate climate change



[Human Rights Actions]

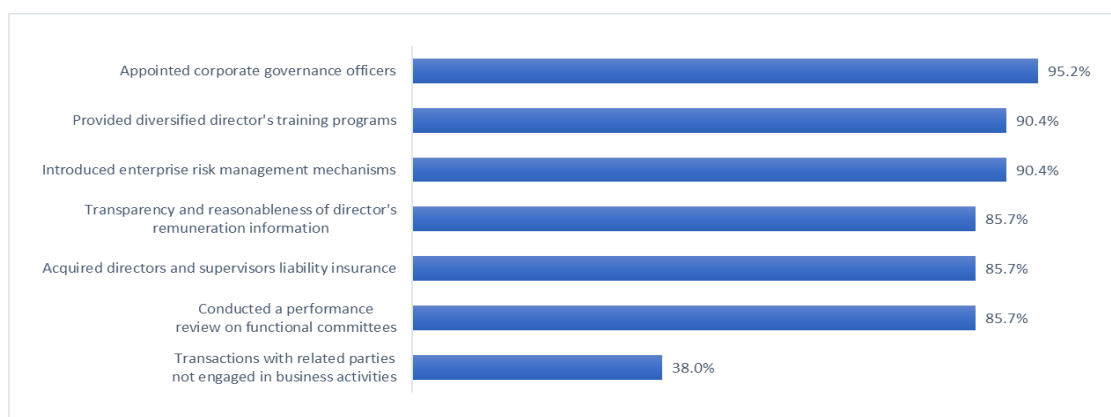
According to the survey results, 85.7% of the companies have established human rights policies to promote the principles related to the protection of human rights in labor conditions (see Figure 4), and 100% of the companies have implemented the principles of respecting human rights in the workplace, safety and health in the workplace, and over 80% of the companies have implemented the principles of respecting human dignity, freedom of association and collective consultation, and the right to life and personal physical safety and privacy.

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



[Corporate Governance Actions] According to the survey results, 100% of the companies have implemented the principle of disclosing the diversity information of the board of directors and the independence of the independent directors, and 95.2% of the companies have achieved the requirement of audit committee approval for quarterly financial statements. In terms of strengthening board functions and implementing board accountability, 95.2% of companies have set up a corporate governance director, and more than 90.4% of companies provide diversified board learning programs and have incorporated them into their corporate risk management mechanisms (see Figure 5).

Figure 5: Strengthening board functions and implementing board accountability



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

The Company follows and implements the "Stewardship Governance of Institutional Investors" commitment. The highlights for evaluating interaction and negotiation with investee companies are as follows:

- (1). Objects: The target companies in the investment pool, and the ESG component targets released by the index compilation company. Prioritize whether the investment target is a controversial industry, sensitive industry or sensitive economic activity within the ESG investment and risk management and information disclosure policy and due diligence governance policy of SinoPac Investment Trust, and its related ESG promotion process.
- (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, and the impact of climate change.
- (3). Tracking, decision-making, and subsequent actions: For ESG risk issues, our investment department will pay attention to industrial trends, company news, financial and operational overviews, as well as interact with the investee company through on-site visits, telephone interviews, legal conferences 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 the target, we will observe the feedback and enhancement of the investee company's ESG risk issues. The investment unit also decides to remove/reduce/not to buy the investee from the investment pool after evaluation.

4. Execute corporate agreements and interactive content in accordance with the stewardship policy.

The Company's stewardship policy includes the following actions:

- (1). Continuously paying attention to investee companies;
- (2). Interacting with the management of investee companies, attending shareholders' meetings, and exercising voting rights;

- (3). Continuously paying attention to ESG issues in the investment process, etc.

The Company actively implements the relevant actions for its investee companies. The executive overview is described as follows:

- (1). Actively seize investment decision-making information: In order to ensure that the Company 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 reports, industry overview, business strategies, environmental protection practices, social responsibility, labor rights, and corporate governance issues.
 - (2). Negotiation actions: The Company's regular negotiation and interaction activities with investee companies, such as teleconferences, in-person visits, participation in legal talks, 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: The purpose of the agreement between SinoPac Investment Trust and the invested company is not only to demonstrate the spirit of due diligence, but also to actively protect the rights and interests of shareholders. The selection of investment targets mainly follows the "SinoPac Investment Trust ESG Investment and Risk Management and Information Disclosure Policy" and related operating guidelines. "Investment scope and investment target selection criteria", and ESG issue assessments are also taken into consideration as important considerations, such as: excluding controversial industries and increasing sensitive industries, sensitive economic activities pre-investment review process, ESG index constituent stocks and corporate governance evaluation The top 5% enterprises are included in the investable targets.
 - (4). Stewardship actions: We continuously review pre- and post-transaction execution differences, monitor and review whether the investee company has violated ESG-related resolutions, and annually disclose the shareholders' meeting voting situation, etc.
5. Negotiation actions: Impact of the agreement, investment decision response, and follow-up.

[Case I]

SinoPac SITC's funds held shares in a listed semiconductor company with KY designation in 2022. One of the primary customers of this company, Phytium, had been placed on the U.S. Entity List by the U.S. Department of Commerce in 2021, citing activities contrary to U.S. national security or foreign policy. Phytium, being the largest single customer, accounted for 25% of the KY company's revenue, signifying significant exposure and potential impact.

During the company visitation process in 2022, researchers from SinoPac SITC continued to monitor the effects of this event. They adhered to ESG (Environmental, Social, and Governance) principles and urged the company to disclose whether there were other potential customers that might also face similar restrictions. Additionally, they inquired about the company's efforts to identify alternative customers to mitigate any potential financial impact and safeguard the interests of investors.

Key Points:

- ✓ **Impact:** Following research and visits conducted by researchers/managers based on ESG principles, the company provided a list of affected customers. It was revealed that in the customer's entrusted design (NRE) business, other customers had already filled the gap left by Phytium, minimizing the overall impact. Furthermore, the company continued to reduce its reliance on customers from mainland China.
- ✓ **Response:** The company publicly announced and emphasized that the U.S. embargo would not significantly affect its overall operations and future profit development. It committed to cooperating with U.S. policies and adjusting its collaboration with the affected customer accordingly. After a comprehensive evaluation and considering the full disclosure of information by the company, it was determined that this situation did not affect the investment's value, and the decision was made to maintain the stock position.
- ✓ **Monitoring:** The organization plans to continue monitoring whether the company gradually reduces its reliance on Chinese customers.
- ✓ **Subsequent Actions:** The company has continued to work with Chinese customers in a legal and compliant manner, while prudently controlling the proportion of revenue derived from a single Chinese customer to below 10%. The disclosed information aligns with the research and visits conducted by researchers/managers based on ESG principles. After evaluation, it was determined that the company adheres to the principles of corporate governance and integrity, and the decision was made to maintain the stock position.

[Case II]

SinoPac SITC's funds held shares in a listed semiconductor power component company in 2022. Based on ESG (Environmental, Social, and Governance) standards and the company's progress in ESG improvement, the company had continued to introduce automation equipment throughout 2022, resulting in an overall reduction in carbon emissions. The company projected that by 2025, it could reduce its overall carbon emissions by approximately 30%. Additionally, due to its involvement in the packaging and testing industry, the use of adhesives in packaging processes had led to environmental pollution. To address this, the company not only reduced adhesive consumption through automation equipment but also implemented a policy for adhesive recycling and reuse. This significantly increased adhesive utilization while reducing environmental pollution. Overall, the company demonstrated progress and commitment to ESG standards.

Key Points:

- ✓ Impact: Following research and visits conducted by researchers/managers based on ESG principles, the company's progress in ESG improvement and the completeness of its documentation aligned with ESG standards.
- ✓ Response: The company had been operating in a relatively high-pollution industry. However, it had been continuously improving its material waste reduction through automation equipment and material recycling mechanisms.
- ✓ Monitoring: The organization planned to continue observing the company's progress in automation equipment implementation, the effectiveness of carbon emission reduction, and the results of reducing pollution from packaging adhesive materials.
- ✓ Subsequent Actions: The company's greenhouse gas emission intensity in 2022 was reported as 5.8 tCO₂e/product, an improvement from the previous year's 6.6. Additionally, regarding the waste production of pressure membrane adhesives, the company collaborated with Taiwan Cement for reuse. Silicon dioxide in pressure membrane adhesives could partially replace aggregate in concrete, resulting in eco-friendly bricks capable of absorbing moisture. This demonstrates the company's commitment to sustainability, carbon reduction, and the conversion of waste into reusable resources. After evaluation, the company was maintained in the stock portfolio list.

[Case III]

SinoPac SITC's funds held shares in a listed energy storage/green energy-related industry company in 2022. This industry primarily supports global green energy development and Taiwan's strengthening trend in the electricity sector, aligning with ESG (Environmental, Social, and Governance) standards. SinoPac SITC conducted company visits to understand the companies held within its funds. These companies, whether in the installation of solar energy generation, the development of energy storage solutions, or Taiwan's recent promotion of resilient grid projects, all complied with green energy and energy storage ESG standards.

Key Points:

- ✓ Impact: Following research and visits conducted by researchers/managers based on ESG principles, the related companies in the industry continued to align with government policies and global green energy initiatives. They were actively involved in the development and improvement of solar power generation, energy storage efficiency, and reducing carbon emissions.
- ✓ Response: The green energy industry is primarily driven by global trends and Taiwan's policies. The companies in this sector continued to develop corresponding green energy equipment and were expected to further enhance the benefits of renewable energy and carbon reduction.
- ✓ Monitoring: Future observations would focus on the progress of green energy installation and policy directions.
- ✓ Subsequent Actions: The company was found to be the first to fully pass Taiwan Power Company's testing for three different frequency modulation reserve capabilities, and it was the first bidder for Taiwan Power Company's energy storage automatic frequency control (AFC) frequency modulation reserve auxiliary service. The company had constructed energy storage stations for

enterprises and achieved a market share of over 50% in Taiwan's frequency modulation reserve energy storage systems with its independently developed MW-level power control system (PCS) in the fourth quarter of 2022. After evaluation, it was determined that the company not only dedicated itself to green energy installation but also assisted clients in reducing carbon emissions. Therefore, the decision was made to maintain the stock position.

6. Institutional investor cooperation action

SinoPac Holdings has devoted in promoting ESG and implementing stewardship governance investments for years. Combines internal and external resources to hold ESG lectures every year. In response to different risk topics, we invite experts in industry, government and institution, financial peers, listed companies, and colleagues within the group. Conducts research and discussion on highly relevant topics in the financial industry, and share industry practices.

SinoPac Bank, a member of SinoPac Holdings, also participated in the 2020 Taiwan Sustainable Finance Forum and promoted the establishment of the "Taiwan Sustainable Finance Promotion Platform," also as the founding members of the "Taiwan Sustainable Finance Promotion Platform" of BCSD Taiwan. SinoPac Holdings and its subsidiaries use their own advantages and resources to support government policies and develop sustainable finance for a long time. Through the practice of sustainable finance, we enhance our competitive advantages, and also bring positive contributions to the economy, society, and the environment. Clarify the current situation and identify the needs of the financial market, promote sustainable financial development, and expand various business opportunities.

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 the 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. We will soon issue ESG Taiwan stocks ETF in the first quarter of 2021 that become the first Taiwanese stocks ESG-themed fund with both active and passive products. In 2022, SinoPac ESG Global Digital Infrastructure Fund will be reissued to extend investment in ESG products overseas and create the first product in Taiwan that combines ESG and digital infrastructure themes. We hope to raise the public's attention to ESG investment issues, and promote passive investment companies to implement environmental protection, social responsibility and corporate governance, in order to achieve the overall improvement in investment value.

New Perception of Global Risks and Towards Sustainable Finance



Photo : Year of 2022 SinoPac ESG Seminar

V. Management of Conflicts of Interest

As an asset management company, SinoPac Investment Trust is responsible for the investment and use of funds delivered by investors, and it also has a significant influence on the invested company. SinoPac Investment Trust has established a conflict of interest management system to ensure that the person in charge of SinoPac Investment Trust and all employees should execute business based on the best interests of fulfilling the responsibilities delivered by customers or beneficiaries and the use of funds, and abide by the five principles of prioritizing customer interests, avoiding conflicts of interest, prohibiting short-term transactions, prohibiting unjust enrichment, and fair handling. Specific management requirements, etc., covering: conflicts of interest between the company and customers, between the company and employees, between employees and customers, between the company and other invested companies, and between the company and affiliated companies, as well as specific requirements for management, etc. When a conflict of interest occurs (or there is a risk of it happening), the interests of the client should be given priority, and the appearance of a possible conflict of interest should also be properly managed. The main management methods include: education and publicity, transaction control Management and inspection, firewall, functional segregation, control mechanism, reasonable salary, anti-bribery and remedial measures, etc.

SinoPac Investment Trust attaches great importance to the moral conduct of all colleagues, implements internal control, and avoids various conflicts of interest between the company and its employees and customers or beneficiaries. There has been no major conflict of interest in the past year.

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

VI. Conclusion

SinoPac SITC has dedicated to the asset management industry near 27 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 the Company 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 |
|--|---|---|---|
| ESG database | Database system | Bloomberg database of responsible investment and ESG ratings | Annual cost is about NT\$500,000 |
| Index constituent stocks | Index licensing | Introduce ESG investment process to SinoPac ESG series funds | Costs about NT\$350,000 per year |
| Investee company negotiation | Investment Division - manpower in equity, research, fixed income, asset management, and new financial instruments | <ol style="list-style-type: none"> 1. Interaction and negotiation with the investee company 2. Evaluation of shareholders' meeting proposal | The annual manpower requirement is about 40 per day |
| Shareholders' meeting voting execution | Manpower of Trading Department | <ol style="list-style-type: none"> 1. Shareholders' meeting voting execution 2. Analysis and collation of shareholders' meeting proposals 3. Voting record statistics and disclosure | The annual manpower requirement is about 15 per day |

| Input Resources | Requirements | Execution | Manpower/Cost Estimation |
|--|--|---|---|
| Money laundering prevention | Sales & Marketing Division, Operation Division_Fund Administration Deptment, Legal & Compliance Division | Anti-money laundering (AML), countering the financing of terrorism (CFT), and prevention, etc. | The annual manpower requirement is about 500 per day |
| Responsible investment and stewardship education training, improvement plan consultant cooperation, etc. | External consultants, financial holdings, and general office 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\$100,000 The annual manpower requirement is about 10 persons per day |
| Stewardship related training program | Issues of responsible Investment, stewardship, ESG, environment education, voting and negotiation, etc. | Participating online and physical training courses hosted by SinoPac SITC, SinoPac Financial Holding, and other third parties | Total 197.3 training hours of stewardship related program participated by all employees in 2022 |

VIII. contact information

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

| Service Contents | Contact Information |
|---|---|
| Relevant Contents in Performance of Stewardship Report | Tel: (02)2361-8110 Email: sri_sitc@sinopac.com |
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| Customer and beneficiary services | Customer Service: (02)2312-5066 https://sitc.sinopac.com/newweb/contact/page.do |
| SinoPac SITC Stewardship and Responsible Investment Website | https://sitc.sinopac.com/newweb/introduction/cTab20210429161047481000000000000738.html |