

## **Shin Kong Life Insurance Statement of Compliance with the Stewardship Principles for Institutional Investors**

The Company is primarily engaged in providing life insurance, and is an asset owner that utilizes its own funds and various reserves for investments. As an institutional investor, the Company aims to pursue the long-term best interests of our company, clients, beneficiaries, and shareholders through stewardship actions. Therefore, the Company has formulated this code of conduct in accordance with the "Stewardship Principles for Institutional Investors" issued by the Taiwan Stock Exchange Corporation. A summary of such compliance with respect to the six main principles is presented below:

### **Principle 1 Establish and Disclose Stewardship Policies**

The operational objective of the Company is to maximize the interests of our clients, beneficiaries, and shareholders through the provision of life insurance services. The main contents of the Company's stewardship policies are as follows:

- I. Stewardship actions: The Company continuously pays attention to the business and financial situation of the investee company by regularly participating in the company's legal and shareholders' meetings, or visiting the investee company from time to time (including personal visits to the plant and telephone calls) and interacting with the management of the investee company, and formulates investment decisions through dialogues and interactions with the investee company, and reports significant investment decisions to the Company's Board of Directors for consideration.
- II. The Company follows the "Insurance Act" and related legal interpretations and carefully evaluates the contents of all proposals at each shareholders' meeting before attending the shareholders' meetings of investee companies in order to facilitate the exercising of the Company's voting rights. In addition, in accordance with the policy of the Taiwan Depository & Clearing Corp. (TDCC), where an investee company provides electronic voting, electronic voting will be the primary method of choice.
- III. The Company adheres to the "SKFH Sustainable Finance Policy" formulated by our parent company, Shin Kong Financial Holdings, as the guiding principle for promoting sustainable investment. To practice sustainable investment, we support relevant regulations and regulatory policies related to sustainable investment, consider ESG factors before making investments, and pay attention to investee companies' ESG issues. In the event of significant ESG issues, we engage in dialogue and communication with the investee companies, monitor their improvement progress, and assess the need to adjust our investment strategies.
- IV. The Company incorporates ESG strategies and thinking into our financial operations, including investments, loans, and insurance, and collaborates with clients, business partners (including

suppliers), and various stakeholders to promote responsible financial products and services. In the future, we will continue to stay informed of sustainable development trends, gradually increase the proportion of responsible investments, and effectively keep pace with global sustainability movements and opportunities.

- V. The Company discloses our performance in fulfilling stewardship activities on a dedicated section of our website, updating it at least once a year.

### **Principle 2 Establish and Disclose Policies on Managing Conflicts of Interest**

The management policy for conflicts of interest has been established to ensure that the Company operates in the interests of our customers and beneficiaries, and to avoid conflicts of interests.

The main contents of the Company's management policy for conflicts of interest are as follows:

- I. Considering the Company's operational processes, potential patterns of conflicts of interest may include but are not limited to: between the Company and clients, between the Company and employees, between employees and clients, between the Company and other investee companies, and between the Company and related parties.
- II. To prevent and address conflicts of interest, the Company has established relevant regulations. Key methods for managing conflicts of interest may include: information controls, firewall design, management of transactions involving stakeholders, division of responsibilities, implementation of education and awareness programs, and a fair compensation system.
- III. For significant incidents of conflicts of interest that have occurred, the Company should periodically or irregularly provide clients or beneficiaries with a summary explanation of the incident's background and the resolution approach.

### **Principle 3 Regularly Monitor Investee Companies**

The Company's focus on investee companies aims to assess the impact of relevant information on the long-term value of the investee companies, clients, or beneficiaries, and determine the appropriate methods and timing for further dialogue and interaction with investee companies as references for future investment decisions.

To ensure that the Company obtains sufficient and effective information and establishes a solid foundation for investment decisions, the Company's areas of focus regarding investee companies include relevant news, financial performance, industry overview, business strategies, environment (climate change, biodiversity, environmental pollution), social aspects (human rights, gender equality), and corporate governance (integrity in business operations, board performance), among other issues.

The Company will pay attention to, analyze, and evaluate relevant risks and opportunities of

investee companies based on environmental, social, and corporate governance (ESG) information. This will help us understand the investee companies' sustainable development strategies.

#### **Principle 4 Maintain an Appropriate Dialog and Interaction with Investee Companies**

The Company maintain an appropriate dialogue and interaction with investee companies to further understand and communicate their management's views on industry risks and strategies, as well as their opinions and positions on significant ESG issues. We strive to reach consensus with investee companies on long-term value creation.

Each year, the Company communicates with investee companies' management through methods such as conference calls, meetings, participation in investor conferences, or sending representatives to attend shareholder meetings. In scenarios where an investee company may violate ESG principles or pose risks to the long-term value of our clients and shareholders, the Company will periodically inquire about the investee companies' progress in handling and improving the situation and may collaborate with other investors to express concerns.

The Company places importance on the impact of interactions and discussions with investee companies, and we develop plans and focus areas for future engagements to determine subsequent investment decisions.

The Company may participate in relevant advocacy organizations related to specific environmental, social, and corporate governance (ESG) issues to expand and leverage the influence as an institutional investor.

The main contents of the Company's engagement policy are as follows:

- I. The Company follows the Group's engagement policy to ensure the overall interests of fund providers (including shareholders and clients), mitigate sustainable-related risks, and seize opportunities. For long-term holdings in our proprietary positions, we conduct research and analysis on investee companies and use the collected data as references for evaluating voting decisions and maintaining ongoing business collaborations.
- II. The ESG engagement issues and guidelines that the Company focuses on are as follows. If investee companies experience the following situations, they will be included in the priority engagement list, and we will determine the engagement approach on a case-by-case basis (in the order of the Company's level of concern for the issues):
  - Climate change:
    - Investee companies identified by the Company as carbon-intensive industries
    - Investee companies that have not set greenhouse gas reduction targets
  - Social Issues: Investee companies that commit significant violations of human rights or gender equality

- Corporate Governance Issues:
  - Investee companies that fail to disclose relevant board information
  - Investee companies that commit significant violations of integrity in business operations
- Biodiversity
  - Investee companies involved in significant environmental pollution incidents
  - Investee companies without biodiversity policies, commitments, or relevant actions regarding marine, forest, water resources, conservation of flora and fauna, or plastic reduction

Note: Non-listed companies may be included in the engagement list based on applicable ESG indicators

III. The engagement methods of the Company include but are not limited to direct communication with investee companies, collaborative efforts for improvement, questionnaire surveys, organizing public forums, participating in shareholder meetings to express positions and propose motions, exercising voting rights, or engaging in joint engagements with other public and private entities, financial institutions, and domestic and international advocacy organizations.

IV. After engagement actions, if the investee company demonstrates genuine improvement and has a positive impact on ESG or contributes to SDGs, it should be given priority in the investment list. If the engagement results meet the expected targets or if the assessed improvement is maximized for the engagement target, the engagement actions may be temporarily suspended. If the engagement results do not meet expectations, the engagement intensity should be enhanced based on the Group's sustainable values, operational needs, and risk management. The upgraded engagement results should be used as a basis for decisions on continued interaction, capital reduction, or divestment.

V. The Company should regularly disclose the outcomes of corporate engagement to provide external stakeholders with updates on the progress of sustainable finance initiatives.

### **Principle 5 Establish Clear Voting Policies and Disclose Voting Results**

The exercise of voting rights by the Company should be based on the information obtained about the investee company and considering the impact of the resolutions on the long-term interests of clients, beneficiaries, and the investee company. The Company may express support, opposition, or abstain, and is not obliged to unconditionally support resolutions proposed by the investee company.

The main contents of the Company's voting policy are as follows:

- I. When holding shares of domestic investee companies and exercising voting rights at shareholder meetings, the Company may exercise voting rights in writing or electronically in accordance with Article 177-1 of the domestic Company Act. The Company exercises voting rights for all investee companies without setting a threshold for voting rights exercise. The Company may attend investee company shareholder meetings in person or exercise voting rights through electronic voting. In addition, in accordance with the policy of the Taiwan Depository & Clearing Corp. (TDCC), where an investee company provides electronic voting, electronic voting will be the primary method of choice.
- II. Prior to attending investee company shareholder meetings, the Company will carefully evaluate the content of all proposals and prepare written explanations of the voting rights exercise evaluation and analysis. This facilitates the exercise of the Company's voting rights, and if necessary, the Company may communicate with the management of the investee company before the shareholder meeting.
- III. The Company's voting principles for investee company shareholder meeting proposals are as follows:
  - (1) To respect the management expertise of the investee company and promote its effective development, the Company generally supports motions proposed by the management that are beneficial to the sustainable development of the invested company or the long-term interests of shareholders.
  - (2) The Company expresses support for proposals that effectively support or improve environmental, social, and corporate governance (ESG) issues.
  - (3) The Company opposes proposals that significantly violate ESG principles (e.g., proposals that negatively impact the investee company's sustainable development through violations of corporate governance, ethical management, or financial reporting, proposals related to environmental pollution, human rights violations, climate issues with negative impacts, or proposals that could harm the interests of the Company or shareholders due to inadequate management).
  - (4) In the case of director or supervisor elections at the shareholder meeting, the Company abstains from exercising voting rights in accordance with Article 146-1, paragraph 3 of the domestic Insurance Act. Therefore, the Company can only express abstention on the motion for the election of directors and supervisors.
- IV. Principles for exercising voting rights on ESG proposals:

The ESG factors that the Company values are as follows:

  - (1) Environmental Factors (E): Climate change is one of the most challenging global issues. This includes proposals related to investee companies' commitment to net-zero carbon

strategies, setting carbon reduction targets, climate change risk policies, and publishing climate transition reports to mitigate climate change.

- (2) Social Factors (S): Sustainable development should begin with supporting human rights, gender equality, and employee well-being. This includes issues related to protecting employee working conditions and welfare, such as resolutions on issuing restricted stock for employees, issuing employee stock options below market price, and transferring treasury stocks to employees below the actual average repurchase price to enhance employee benefits.
- (3) Corporate Governance Factors (G): Sustainable development should prioritize corporate governance, ethical management, financial reporting accuracy, board performance, and the rights of shareholders and stakeholders. This includes resolutions related to mergers, acquisitions, share transfers, divisions, and changes in capital.

When ESG-related proposals that the Company values arise, the voting procedures should be conducted in accordance with the provisions outlined in 3.

- V. The voting activities and results at investee company shareholder meetings should be properly documented in writing and disclosed annually on the Company's website or in institutional investor stewardship reports.
- VI. This policy also applies to external proxy voting service providers. When engaging external proxy voting service providers, the Company should ensure that their voting recommendations align with the Company's internal voting policy principles.

### **Principle 6 Periodically Disclose Fulfillment Status of Stewardship Responsibilities to Clients or Beneficiaries**

The Company periodically reviews our stewardship responsibilities, conflicts of interest policy, voting policy, and the implementation of stewardship practices, while assessing the effectiveness of these activities.

Stewardship reports are published on the Company's website annually.

**Signatory: Shin Kong Life Insurance Co., Ltd.**