

Stewardship Principles for Institutional Investors Compliance Statement and Engagement Guidelines

Formulated on June 21, 2024

1. To ensure the overall interests of fund providers (including shareholders and customers), mitigate sustainability-related risks, and seize opportunities, the Company should conduct research and analysis on investee companies with long-term active and passive owned positions. The collected data should be used as a reference for evaluating voting decisions and ongoing business cooperation.
2. Following Principle Four of the "Shin Kong Life Insurance Co., Ltd. Stewardship Principles for Institutional Investors Compliance Statement," appropriate engagement and interaction with investee companies should be conducted. To gain a deeper understanding of their management's perspectives on industry risks, sustainable development strategies, and their views on material ESG issues, the Company actively engages in meaningful dialogues and interactions with investee companies through engagement actions. Our commitment is to collaborate with investee companies to achieve mutual consensus on long-term value creation. The Company's main Engagement Guidelines are listed as follows:
 - (1) The environmental, social, and governance (ESG) issues that the Company focuses on for engagement include but are not limited to:
 - i. Environmental (E): Climate change, biodiversity, environmental pollution.
 - ii. Social (S): Human rights, diversity, equality and inclusion.
 - iii. Corporate governance (G): Ethical corporate management best practices, board performance.
 - (2) The Company regularly prioritizes engagement topics and targets based on the engagement issues of concern to SKFH, the significance of asset exposure, and the specific ESG issues and financial performance associated with counterparties in different industries. The advanced screening criteria for engagement entail including investee companies in the engagement list if they encounter any of the specified (including but not limited to) situations below, with the engagement approach determined based on the engagement guidelines:
 - i. Climate change
 - Investee companies identified as carbon-intensive industries by the Company
 - Investee companies without greenhouse gas reduction targets
 - ii. Biodiversity and environmental pollution

- Investee companies lacking biodiversity protection policies or commitments related to environmental conservation such as marine, forest, water resource conservation, wildlife protection, or plastic reduction initiatives.
- Investee companies involved in significant environmental pollution incidents

iii. Human rights

- Investee companies not adhering to the UN's "Universal Declaration of Human Rights" or the "Guiding Principles on Business and Human Rights"
- Investee companies involved in major human rights violations, child labor, or human trafficking incidents

iv. Diversity, equality, and inclusion

- Investee companies involved in significant incidents of gender discrimination, sexual harassment, or gender-based violations
- Investee companies involved in significant racial discrimination incidents

v. Ethical corporate management best practices, and board performance

- Investee companies lacking commitments or policies relating to ethical corporate management
- Investee companies involved in significant breaches of ethical corporate management
- Investee companies do not disclose relevant board information such as board member backgrounds and meeting records.

Note: For non-listed companies, additional ESG indicators may be applied for screening.

- (3) The Company's engagement methods with investee companies include but are not limited to direct communication (phone calls, meetings), collaborating on improvements, conducting surveys, hosting public forums, expressing positions or submitting resolutions in shareholder meetings, exercising voting rights, or engaging with other public and private sectors, financial institutions, and advocacy groups in Taiwan and abroad. In instances where investee companies pose significant violations of ESG principles or jeopardize the long-term value of the Company's clients and shareholders, the Company will periodically inquire about their handling and communication of improvement measures with the management of the investee company. We may also collaborate with other investors to collectively convey concerns.

- (4) Following engagement actions, if the engaged companies have demonstrated actual improvements and has positive ESG impact or contributions, they should be prioritized on the list of investments, lending, or life insurance. If the engagement results meet the expected goals, or if the engaged companies have been assessed to have achieved maximum improvement, engagement actions may be temporarily deferred. If the engagement results do not meet the expected goals, the Company should increase the intensity of engagement actions based on SKFH's sustainable values, operational considerations, and risk management. The results of the escalating engagement will serve as a basis for decision-making on whether to continue the business relationship, reduce investment or divestment. The methods to enhance the intensity of engagement include but are not limited to increasing the frequency of engagement, raising the level of the representatives of both parties, inviting important stakeholders of engaged companies to join the engagement, issuing public position statements, participating in shareholder meetings to express positions or propose resolutions, and convening extraordinary shareholder meetings, etc.
- (5) The Company should routinely disclose corporate engagement results in order to demonstrate the progress of sustainable finance to external stakeholders.

Engagement Guidelines

To effectively manage the sustainability risks of investee companies and improve their sustainability performance, Shin Kong Life Insurance (SKL) follows the ESG engagement issues that SKFH concerns about to establish the following Engagement Guidelines. These guidelines serve as standards to be followed when initiating engagement actions based on indications related to investee companies and as a basis for subsequent decisions on continued engagement, investment, divestment, and withdrawal.

1. Environment - Climate change

Climate change risk has been identified as one of the top three global risks by the World Economic Forum. SKL believes that failure to effectively mitigate climate change may impact long-term sustainable business goals. To mitigate climate change risks, investment departments should assess whether investee companies have established reduction targets consistent with the Paris Agreement, developed transition plans, and disclosed information consistent with the TCFD framework. If investee companies fail to meet these criteria, investment departments should actively engage with them to encourage improvement actions.

2. Environment - Biodiversity

Promoting biodiversity is seen as contributing to mitigating climate change. The degradation of ecosystems could exacerbate climate change and harm original natural habitats. To reduce climate change and biodiversity risks, investment departments should assess whether investee companies have developed biodiversity policies or commitments, conducted value chain assessments of natural-related risks, or undertaken actions to protect natural capital, including conservation efforts related to oceans, forests, water resources, wildlife conservation, and plastic reduction. If investee companies do not meet these criteria, investment departments may engage with them to encourage improvement actions.

3. Social - Human rights

SKL believes that effectively managing social relationships with stakeholders will contribute to the stable development of enterprises and garner support from investors. To mitigate human rights risks, the Company focuses on whether investee companies respect human rights and avoid violations during business operations. This includes compliance with the UN's Universal Declaration of Human Rights and the Guiding Principles on Business and Human Rights, or the establishment of policies/commitments related to human rights, anti-

child labor, and anti-human trafficking. Investee companies should not only avoid human rights violations in their operations but also manage their supply chains to prevent negative human rights impacts by suppliers. If investee companies fail to meet these criteria, investment departments should actively engage with them to encourage improvement actions.

4. Social - Diversity, Equity, and Inclusion

SKL believes that establishing a diverse, equitable, and inclusive (DEI) workplace environment will enable employees to fully utilize their talents and contribute to sustainable corporate growth. The Company focuses on whether investee companies promote diversity, equity, and inclusion, creating an environment where every employee feels safe, respected, and valued. This includes promoting a DEI culture and related measures, establishing regulations to prevent gender discrimination, sexual harassment, or gender-based violence, and disclosing the gender composition and wage gap of the workforce. If investee companies fail to meet these criteria, investment departments should actively engage with them to encourage improvement actions.

5. Corporate governance - ethical management

SKL believes that good corporate governance and the balance of interests among stakeholders can enhance the stability of operations and support the long-term strategic development of companies. To mitigate governance risks, the Company focuses on whether investee companies practice ethical management. While recognizing significant differences in corporate governance regulations among countries, the Company expects investee companies to comply with local corporate governance frameworks and strive to follow international standards. Investment departments should assess whether investee companies comply with internationally recognized guidelines, such as the UN Global Compact (UNGC) and the International Corporate Governance Network (ICGN) principles, or establish codes/policies for ethical business operations. If investee companies fail to meet these criteria, investment departments should actively engage with them to encourage improvement actions.

6. Corporate governance - board performance

SKL believes that one of the key responsibilities of a corporate board is to supervise and guide management for the best interests of shareholders, thus effective board performance will assist companies in steady development. To mitigate governance risks, the Company focuses on whether investee companies implement effective board oversight. Investment departments should assess whether investee companies disclose board

member backgrounds and meeting information. The Company also encourages investee companies to establish nomination committees to ensure the quality and oversight functions of the board are effectively carried out. If investee companies fail to meet these criteria, investment departments should actively engage with them to encourage improvement actions.