

Taishin International Bank

Stewardship Principles for Institutional Investors

Enacted upon authorization by the CEO of Finance and Financial Market Group on April 18, 2019

Chapter I. General Provisions

Article 1 (Purpose)

In order to seek the long-term interests for the fund providers (including clients, beneficiaries or shareholders), enhance the corporate governance quality of the investees by focusing on and communicating with the investees and through fair interaction, and drive the industrial and economic development therefor, the Bank enacts the Principles in accordance with its “Compliance Statement on Stewardship Principles for Institutional Investors.”

Article 2 (Businesses)

When processing the businesses authorized by the Banking Act of the Republic of China and the central competent authority, making investments with its own capital, acting as a fiduciary with the power to utilize the fiduciary assets, or acting as a director or supervisor of any investee, the Bank uses its best effort to increase the value of investment and seek the maximum interest for the company and fund providers by upholding the management philosophy about business sustainability and following a stewardship policy.

Article 3 (Target-Focused)

With respect to the investment in stock of any domestic public company held for more than one year and with shareholding of more than 5% or investment cost amounting to more than NT\$300 million, by investing its own capital or acting as a fiduciary with the power to utilize the fiduciary assets, the Bank shall perform the stewardship policy.

Article 4 (Regulation and Management)

The Principles governs stewardship, conflict of interest and management thereof, and exercise of voting rights on investees, including the liability fulfilled for fund providers, performance of stewardship, prevention of conflict of interest, and active exercise of voting and disclosure of the motions proposed at shareholders’ meetings of investees.

Chapter II. Stewardship Policy

- Article 5 The Bank's operation aims to seek the maximum interest for fund providers through provision of banking services. To this end, the Bank enacts the “Regulations Governing Management of Investees and Risk Control Thereon” and “Regulations Governing Subsidiaries” pursuant to the related laws including the Banking Act of the Republic of China and implements the same accordingly.
- Article 6 In order to ensure that the Bank can access sufficient and valid information so as to assess the nature, timeline and level of communication and interaction with investees and create a good foundation for the Bank's investment policy, the Bank's focuses on the investees cover the issues including related news, financial performance, industrial overview, business strategies, environmental protection, social responsibility and labors’ interest and right, and corporate governance.
- Article 7 The Bank decides the mode, level and frequency of stewardship policy subject to the purpose, cost and effect of the investment, including continued focus on the investees’ operation overview, adequate communication and interaction with investees, participation in shareholders’ meetings of the investees and exercise of voting rights, in order to increase the value of investment and enhance the long-term interests of fund providers.
- Article 8 The Bank shall disclose the status about performance of the stewardship policy on its official website or in its annual report, updating it at least once per year.

Chapter III. Prevention of Conflict of Interest and Management Thereof

- Article 9 In order to seek the maximum interests for fund providers, the Bank shall prevent conflicts of interest when carrying out its businesses.
- Article 10 According to Article 74 of the Securities and Exchange Act, unless otherwise provided, the Bank shall not during the underwriting period acquire for its own account securities which it has underwritten either on a firm commitment or a best efforts basis. When the underwriting department is participating in underwriting of equity securities, if any, the trading department is not allowed to dispose of such equity securities already held by it.
- Article 11 In order to ensure that the Bank carries out its businesses for the interest of fund providers, the Bank has provided the requirements about employees’ recusal for conflict of interest in the “Code of Conduct for Employees,”

which are primarily intended to prohibit employees from benefiting themselves or any third party by virtue of their job duties or identity, and from engaging in any activities posing conflict of interest with the Bank via a third party (including relatives, cooperation partners or friends) to evade certain regulations.

Article 12 Before carrying out any transaction involving the Principles, the Bank shall check whether the trading counterpart refers to the stakeholder, related party of the financial holding company, or substantive related party of the Bank as defined under Article 45 of the Financial Holding Company Act. If the trading counterpart refers to said stakeholder or substantive related party, the terms of such transaction shall not be more favorable than offered to similarly situated customers, and such transaction requires the concurrence of at least four-thirds of the directors present at a meeting attended by at least two-thirds of all of the Bank's directors.

Article 13 The Bank shall train employees about, and promote and manage, the operations related to compliance with requirements about prevention of conflict of interest and prevent occurrence of conflict of interest by controlling information and dividing responsibilities and powers.

Chapter IV. Exercise of Equity

Article 14 The Bank shall exercise the voting right vested in the stock held by the Bank in accordance with the policy about exercising voting rights. For those exercising the right in an electronic form, no letter of appointment is required. Notwithstanding, the instruction on exercise of voting right on various motions shall be expressly specified. The letter of appointment for those attending meetings in person or the e-votes for those exercising the right in an electronic form shall be retained for three years, in writing or in an electronic form, for record.

Article 15 According to Article 177-1 of the Company Act, the Bank may exercise its voting right in writing or in an electronic form.

Article 16 In order to seek the maximum interest for fund providers, the Bank shall use its best effort to exercise the voting right at shareholders' meetings of investees, with respect to the investment in stock subject to the stewardship policy.

Article 17 Before exercising the voting right, the Bank shall carefully assess the contents of various motions. In order to respect the investees' expertise in

business management and facilitate their development effectively, the Bank shall support the motions proposed by the investees, in principle. Notwithstanding, if any specific motion raised by an investee materially violates the corporate governance best-practice principles or injures the long-term value of the Bank's fund providers, the Bank will not support such motion, in principle. That is, the Bank might not necessarily tend to support any motion proposed by the management.

Article 18 The Bank shall annually disclose the summary about annual total votes on its official website or in its annual report once a year.

Chapter V. Supplementary Provisions

Article 19 Any matters not covered herein shall be implemented in accordance with the competent authority's requirements and the Bank's internal regulations.

Article 20 The Principles shall be enforced upon authorization by the CEO of Finance and Financial Market Group. The same shall apply where the Principles are amended.