

KGI Commercial Bank Co., Ltd.

Statement of Compliance with the “Stewardship Principles for Institutional Investors”

KGI Commercial Bank Co., Ltd. conducts business in accordance with the Banking Act and other operations approved by the central competent authority. In pursuit of the long-term interests of capital providers (including clients, beneficiaries, or shareholders of the bank, hereinafter referred to as “capital providers”), the Bank declares its compliance with the “Stewardship Principles for Institutional Investors.” The Bank’s compliance with the six principles is outlined below:

- Principle 1: Establish and Disclose Stewardship Policies

The Bank’s operational goal is to maximize the interests of capital providers through banking operations. To achieve this goal, the Bank declares compliance with the “Stewardship Principles” and has established a “Responsible Investment Policy,” which includes responsibilities to capital providers and the implementation and disclosure of stewardship actions.

1. The Bank’s main business is conducted under the Banking Act and other approved operations. When investing with proprietary funds, acting as a trustee with discretion over trust assets, or serving as a director or supervisor of an investee company, the Bank will implement stewardship actions, consider sustainable business factors, and aim to enhance investment value and long-term interests of stakeholders such as shareholders, customers, and employees.

2. When engaging in securities trading or long-term strategic investments, the Bank analyzes financial data, operational status, and industry outlook of investment targets. Environmental (E), Social (S), and Governance (G) issues are incorporated into the investment decision-making process. Investments should be avoided if the main business involves:

- Environmental: Coal mining industry.
- Social: Industries with concrete evidence of involvement in pornography, drugs, money laundering, terrorism financing, forced labor, child labor, or human rights violations.
- Governance: Companies with concrete evidence of board misconduct violating laws, articles of incorporation, or shareholder resolutions, significantly impacting shareholder or investor rights.

If such issues arise during the investment period, the Bank will assess whether the investee has made improvements or has plans to do so, and reflect this in the investment strategy evaluation report.

To effectively allocate stewardship resources, the Bank will implement stewardship actions for domestic securities investments (including listed, OTC, emerging, or publicly issued companies) where:

- Shareholding exceeds 5% of issued shares, or

- Investment exceeds NT\$300 million and is held for over one year under FVOCI (Fair Value through Other Comprehensive Income).

3. The Bank will fulfill stewardship responsibilities through attending shareholder meetings, exercising voting rights, and engaging in dialogue with investee company management.

4. The Bank will disclose stewardship implementation status on its website and update at least annually.

- Principle 2: Establish and Disclose Conflict of Interest Management Policies

To ensure the Bank acts in the best interest of capital providers, a conflict of interest management policy has been established, including types of conflicts and management methods:

1. Types of conflicts include but are not limited to:

- Between the Bank/employees and clients/beneficiaries.
- Between stakeholders and clients/beneficiaries.
- Among clients or beneficiaries.

2. Unless otherwise regulated, the Bank's trading department may not acquire or sell equity securities underwritten by the underwriting department during the underwriting period.

3. The Bank has regulations to prevent conflicts of interest, prohibiting employees (including those within six months of leaving) from trading securities or assets based on non-public information obtained through their role, within 18 hours before or after public disclosure.

4. Investments involving related parties under the Company Act or Financial Holding Company Act must be approved by the Board and not offer preferential terms compared to similar transactions.

5. According to the Bank's work rules and ethical conduct guidelines, employees must not engage in lending, major asset transactions, guarantees, or other dealings that create conflicts of interest.

6. Employees must follow procedures to prevent conflicts of interest through education, layered responsibilities, information control, firewalls, and supervision mechanisms.

7. The Bank will disclose major conflict of interest incidents and resolutions on its website periodically.

- Principle 3: Continuously Monitor Investee Companies

1. To ensure sufficient and effective information for investment decisions and interactions, the Bank monitors investee companies through news, financial performance, industry trends, strategies, environmental actions, social responsibility, labor rights, and governance.

2. The Bank continuously analyzes ESG-related risks and opportunities and understands the sustainability strategies of investee companies.

- Principle 4: Engage in Appropriate Dialogue and Interaction with Investee Companies

The Bank engages in dialogue with investee companies to understand management's strategies and risks, aiming to reach consensus on long-term value creation.

1. Communication methods include written correspondence, email, conference calls, meetings, investor briefings, and participation in shareholder meetings.
2. The impact of interactions will be considered in future investment decisions. If governance violations or risks to long-term shareholder value arise, the Bank may inquire about resolutions and collaborate with other investors to express concerns.
3. The Bank will disclose a summary of engagement records from the previous year on its website.

- Principle 5: Establish and Disclose Clear Voting Policies and Voting Records

To maximize capital providers' interests, the Bank has established clear voting policies and actively participates in shareholder meetings. It does not automatically support management proposals.

1. Voting decisions and representative appointments follow legal and internal regulations.
2. Voting is based on the best interests of the company and shareholders. The Bank must not participate in management or engage in improper arrangements.
3. For domestic securities investments exceeding 5% shareholding or NT\$300 million held over one year under FVOCI, the Bank will assign representatives and retain records. Electronic voting is preferred when available.
4. Before voting, the Bank evaluates proposals. It generally supports management but opposes proposals with governance concerns or negative environmental/social impacts.
5. If serving as a director or supervisor, representatives are selected based on company size, shareholder background, and experience. External appointments must be justified and documented.
6. Voting participation records must be retained.
7. Annual voting summaries will be disclosed on the Bank's website and updated at least once a year.

- Principle 6: Periodically Disclose Stewardship Implementation

The Bank will periodically disclose stewardship implementation on its website, including this statement, explanations for non-compliance, shareholder meeting attendance, voting records, and other major matters.

Signed by: KGI Commercial Bank Co., Ltd.

Initial Signing Date: May 30, 2018

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