Stewardship Principles for Institutional Investors

Eastspring Securities Investment Trust Co., Ltd. (hereinafter referred to as the "Company") is an asset manager whose principal business is securities investment trust business, discretionary investment business, and other businesses approved by the competent authority. The Firm declares that it complies with the "Stewardship Principles for Institutional Investors", and the compliance with the six principles is as follows:

Principle 1 Establish and disclose Stewardship policies

To this end, we have established the Responsible Investment Policies, which cover Stewardship activities to govern our responsibilities to customers, beneficiaries and shareholders, and commit to Stewardship in the investment process and regularly disclose the status of our stewardship fulfilment.

Principle 2 Establish and disclose policies on managing conflicts of interest

In order to ensure that the Firm operates in the interests of our clients or beneficiaries and prevents decisions and actions that are unfavorable to them, the Firm's Compliance team has established relevant policies for conflict of interest management, including the possible situations of conflicts of interest, measure of managing conflicts of interest, and legal compliance.

Principle 3 Regularly monitor investee companies

Our responsible investment approach is deeply aligned with active ownership activities for risk mitigation and value creation over the long term. As active owners, we leverage on our market expertise to foster long-term, collaborative relationships with directly-held investee companies to deepen collective understanding and tackle material issues including ESG risks and opportunities. As such, we consider engagement and proxy voting as key drivers of active ownership.

At Eastspring Investments, investment professionals are responsible for incorporating all factors deemed to materially impact the investment decision making process. ESG integration is an essential component of our investment analysis process. We recognize that opportunities to integrate material ESG issues into investment decisions may differ across LBUs and asset classes and will remain flexible where market- or asset-class-specific considerations affect how ESG issues are incorporated as part of the analysis process. This may include differences in local regulatory developments and data availability. Where there may be deviations, we will adopt a 'comply or explain' approach to be detailed in the respective process documents and approved via the Sustainability Committee. The ESG integration guidelines adopted by Eastspring Investments are outlined below:

- Focus on materiality:
  The ESG landscape comprises many issues. The issues that are the subject of focus at the analysis phase are those that are assessed to have a material impact on an investment's valuation, credit worthiness, or license to operate.

  The relevance and magnitude of impact pertaining to each material ESG issue across a given investment horizon may be considered in the context of the market, sector, level of ownership, and track record of operation. Consideration of the potential impact of the issue should incorporate management's willingness and ability to mitigate material ESG risks and exploit profitable ESG opportunities on a forward-looking basis. Assessments should be monitored and periodically reviewed.

- Active ownership:
  As active investors, assessments of the impact of material ESG issues on a particular direct holding will be monitored and periodically reviewed. Eastspring Investments may play a role in encouraging and motivating changes that improve the material ESG characteristics or mitigating material ESG risks of investments and portfolios.

Principle 4 Maintain an appropriate dialogue and interaction with investee companies

Engagement with investee companies is core to our active ownership responsibilities. We aim to encourage business and management practices that support positive enhancement of material ESG traits or mitigation of material ESG risks across our holdings through constructive engagement based on our in-depth knowledge of our investments in the context of their business environment.

Our investment teams evaluate material ESG risks, which may differ across companies, sectors, and asset classes. The level of engagement will therefore vary based on materiality, the size of investment, and the nature of the risks themselves. As long-term investors, we adopt a patient timeframe, as we believe that this can improve the probability of achieving value-added outcomes.

ENGAGEMENT ESCALATION

Judgement is applied in all engagements and the strategy for escalation will be determined on a case-by-case basis as each having unique circumstances. We do not apply a prescriptive or mechanistic approach to engagement escalation. The following are typical engagement escalation measures we may choose to employ for our direct holdings.

- **Direct dialogue with management:**
  We may highlight our concerns around the Firm's progress in direct dialogues with appropriate management representatives or non-executive directors. By leveraging on our ongoing communication channels, we seek to foster understanding and collaboration in addressing key concerns.
- **Collaborative engagement:**
  We may express our concerns to company management collectively with other investors, as part of a collaborative engagement exercise. By harnessing a collective voice with fellow investors, we seek to maximize investor influence to amplify concerns.
- **Proxy voting:**
  By exercising our votes, we seek both to add value and to protect our interests as shareholders. This may include voting against management-supported resolutions, supporting shareholder resolutions, or voting against or withholding votes in relation to director reelections. Please refer to Section 6.4 for guidance on circumstances where we vote against management.
- **Shareholder resolutions:**

We may signal our concerns to investee companies by submitting shareholder resolutions on specific issues where we believe engagement has failed, subject to the circumstances of the issue.

- **Divestment as last resort:**
  We may choose to exit from the investment as a last resort, where there is evidence to suggest that identified material risks sufficiently impact our conviction, and where we believe engagement is likely to fail. By exercising an exit as a last resort, we seek to uphold accountability and protect our clients' interests as investors.

Principle 5 Establish clear voting policies and disclose voting results

Exercising our voting rights for all equities for which our clients have given us voting authority, subject to barriers in certain markets, it is an integral part of our direct equity investment philosophy and forms a core part of our approach to active ownership.

As a starting point, we are supportive of the boards and management of the companies in which we invest. However, when companies consistently fail to achieve our reasonable expectations, we will consider actively promoting changes via proxy voting. By exercising our votes, we seek both to add value and to protect our clients' interests as shareholders.

The Firm maintains written records of the evaluation and analysis of voting rights exercise, decision-making procedures, and implementation outcomes. Each year, the Firm archives and discloses on the official website the voting results for proposals at investee companies—including approvals, oppositions, and abstentions—as well as the rationale behind voting decisions on major proposals.

For details of the voting policy, please refer to the official website → Sustainability Zone→ Stewardship → (4) Voting policy
For details of the voting record, please refer to the official website → Sustainability → Stewardship → (2) Voting record
https://www.eastspring.com.tw/About-us/Responsibleinvestment

Principle 6 Periodically disclose to clients or beneficiaries about status of

fulfilment of stewardship responsibilities

The Firm regularly discloses its Stewardship status on the website in the third quarter of each year, including: the statement on Stewardship Principles for Institutional Investors and explanations for non-compliance with certain principles; attendance in person or by proxy at shareholders' meetings of an investee company, voting activities, and other material events.

After internal review, there are currently no principles that cannot be enforced or followed. As an asset owner in the investment chain, the Firm adheres to the principle of balancing the interests of shareholders and customers, and formulates relevant policies and statements in accordance with the Stewardship Principles for Institutional Investors, which are jointly reviewed by the Senior Management Team (SMT) such as the Chief Risk Officer and the Chief Investment Officer, and published with the approval of the Chairman to ensure that the content complies with corporate governance and laws and regulations.

To ensure the effective implementation of the Stewardship system, the Firm follows the three-line mechanism of risk management, with the first line of defense (each business and operating unit), the second line of defense (Legal and Compliance Department, Operational Risk Department, etc.), and the third line of defense (audit department) jointly implementing the internal control system.

The Firm also continuously measures the effectiveness of its Stewardship activities by evaluating the achievement of expected goals, improving management processes, and enhancing organizational transparency, and adjusts and optimizes it year by year in accordance with practical operations and regulatory requirements. There were no major conflicts of interest in FY2024, indicating that the management mechanism established by the Firm has been effective and has been effectively implemented.

Eastspring Securities Investment Trust Co., Ltd
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