

# 2020 Stewardship Report

# Compliance statement

Finance and Financial Market Group

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Taishin International Bank signed a Statement of Compliance with the “Stewardship Principles for Institutional Investors” issued by the Taiwan Stock Exchange Corporate Governance Center on December 5, 2018. Further, to step up ESG topics, we renovated the “Stewardship Principles for Institutional Investors” compliance statement on December 15, 2020.

For the purpose of sustainable management, Taishin International Bank undertakes stewardship governance actions to enhance investment value in the best interests of its fund providers. In order to safeguard the long-term benefits of these fund providers (including trust clients, beneficiaries, and bank shareholders), proper attention to and dialogue with the invested enterprises and positive interaction with them improve the quality of corporate governance at those invested enterprises, which also benefits the industries they are in and the overall economy.

Taishin International Bank has declared that it will follow the sixth principles of its “Stewardship Principles for Institutional Investors” and regularly disclose to its clients and beneficiaries its performance in stewardship. In 2020, the bank also made a disclosure on its stewardship practice.

# Stewardship Principles

After signing the “Stewardship Principles for Institutional Investors” compliance statement, the bank instituted the “Code of Stewardship Principles for Institutional Investors” on April 18, 2019 for internal compliance.

To ensure that the Bank receives sufficient and useful information to evaluate the nature, timing and intensity of dialogue and interaction with its invested companies, and to create a good foundation for its investment decisions, the Bank monitors its invested companies through related news, financial performance reports, industry overviews, business strategy, environmental protection, social responsibility, labor rights, and corporate governance.

The Bank determines the means, intensity and frequency of its stewardship governance actions based on its investment objectives, costs, and benefits. These actions include continuous monitoring of the operating conditions of the invested companies, proper dialogue and interaction with the invested companies, participation and voting in the shareholders’ meetings of those invested companies, etc., all in order to enhance the value of the Bank’s investments and enhance the long-term interests of its fund providers.

# Rules regarding exercising rights associated with shares

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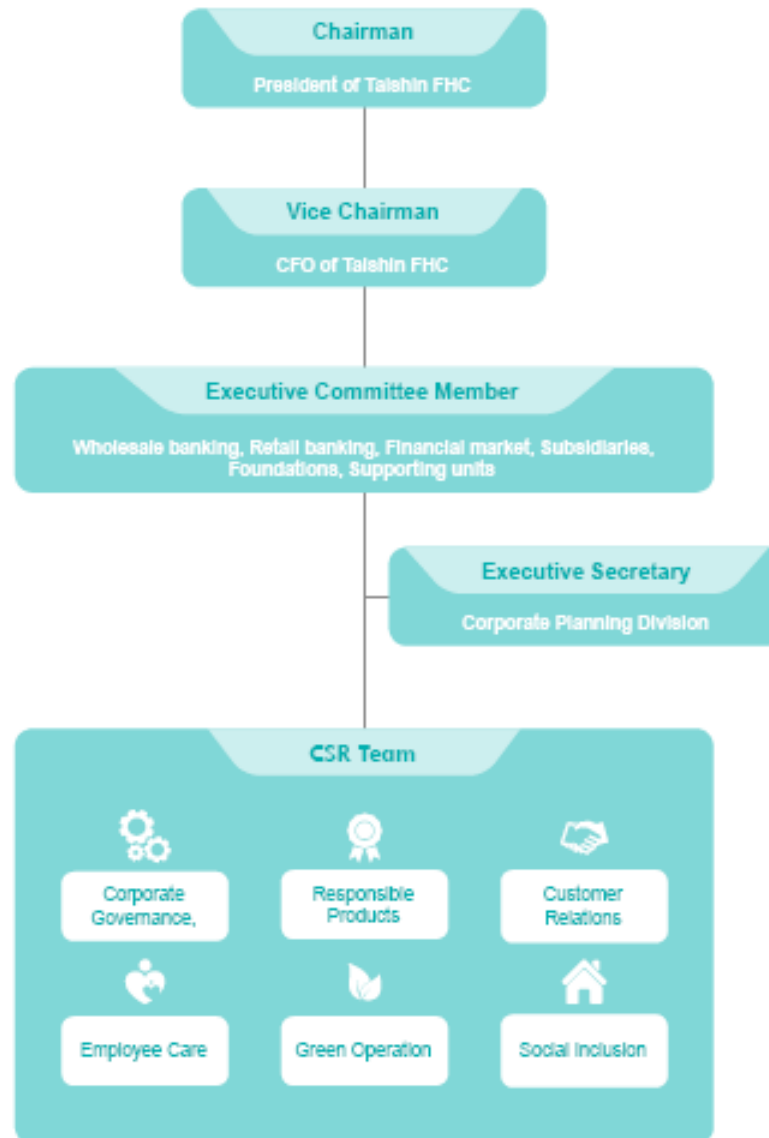
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The Bank's exercise of the voting rights of shares held shall be handled in accordance with the Board's decisions regarding exercising those voting rights. Voting rights exercised by electronic means do not require a power of attorney. Powers of attorney must clearly state instructions for exercising the voting rights regarding proposals. Powers of attorney in person or the electronic voting records of the original rights holders shall be kept in writing or electronically for future reference.

This method pursues the best interests of the fund providers and enables active exercising of voting rights at the shareholders' meetings of invested companies in accordance with shareholding and investment under stewardship governance.

# CSR Committee

Finance and Financial Market Group



# Stewardship Governance Affairs

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Taishin Financial Holdings became the first financial institution in Taiwan to be selected for both the DJSI Sustainability World Index and Emerging Markets Index in 2018 and was selected for the third consecutive year in 2020. Taishin Financial Holdings has been selected as a constituent of the DJSI Sustainability Indices and was ranked by MSCI as an AA Leader among global companies with outstanding ESG performance. We have received the highest rating among evaluated companies in Taiwan. Taishin Financial Holdings has also been selected as constituent stocks of the "TWSE Corporate Governance 100 Index", "Taiwan High Compensation 100 Index", and "FTSE4Good TIP Taiwan ESG Index" for consecutive years. We have received the Sustainability Excellence Award for outstanding performance from the British Standards Institution (BSI) and the Top 50 Corporate Sustainability Award from Taiwan Institute for Sustainable Energy (TAISE).

The subsidiary Taishin Bank signed the Equator Principles in November 2019 to construct a more comprehensive and systematic "project financing" credit system. We have organized the Roundtable Discussion of International Climate and Sustainability Dialogue with Taiwan Institute for Sustainable Energy for three consecutive years to help companies learn about and respond to climate change issues. It is worth mentioning that Taishin Financial Holdings has voluntarily complied with the United Nations Principles for Responsible Banking (PRB) to promote more responsible financial services and regulations under a sustainable development framework. We also voluntarily complied with the United Nations Principles for Responsible Investment (PRI) and included ESG in investment and financing evaluations. We then encouraged investees to focus on environmental protection, corporate social responsibility, and corporate governance. Taishin Bank, Taishin Securities, and Taishin Securities Investment Trust have signed the "Stewardship Principles" and regularly disclose stewardship activities and reports.

## Green Finance Principles

In 2018, Taishin Financial Holdings adopted its “Green Finance Principles” for the entire holding, extending to all subsidiaries and businesses in the group. The standards clearly lay out the investment targets that they may support or must avoid. ESG risk management is included in transaction reviews and post-transaction management.

To encourage invested companies to pay attention to environmental protection, corporate social responsibility and corporate governance practices, as well as Taishin’s own emphasis on responsible investment, Taishin Financial Holdings actively follows the six principles of the Principles for Responsible Investment (PRI) as a basis for its operations and disclosures.

With regard to responsible investment commodities in sustainable financing, Taishin conducts ESG risk assessments of 100% of its transaction activities and financial commodities through the group’s Green Finance Principles, and has incorporated environmental and social risk assessments into its financing and investment policies, whose scope covers all subsidiaries.

# Stewardship Governance Affairs

金融市場總處

## 2020 Roundtable Discussion of 2020 International Climate and Sustainability Dialogue 國際氣候外交圓桌會議

再生能源前瞻

Foresights on Renewable Energy



主辦單位 Organizers



**TAISE**  
台灣永續能源研究基金會

協辦單位 Co-organizers



## Taishin International Bank Adopts the Equator Principles

November 11, 2019 | EP Secretariat | Adoption News

Taipei, 11 November 2019

Today Taishin International Bank has become a signatory of the Equator Principles.

To date, 100 international financial institutions in 37 countries are signatories of the Equator Principles.



# Stewardship Governance Affairs

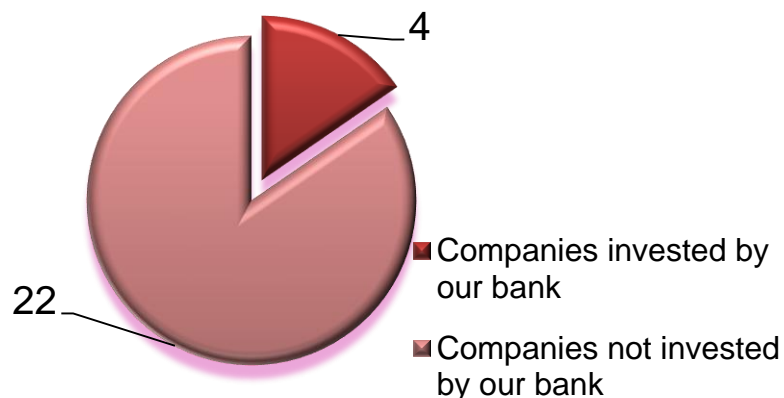
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## Stewardship governance of investment targets

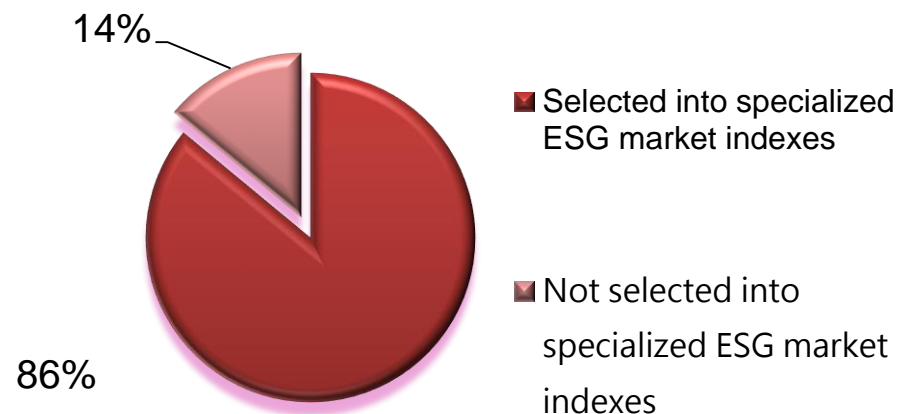
In the 2020 list of constituent stocks of the Dow Jones Sustainability Indices (DJSI), Taiwanese companies increased to 26, four of which were companies invested in by Taishin.

In 2020, 86% of our invested companies were included as constituent companies in the DJSI, Taiwan Corporate Governance 100 Index, MSCI Index, or other specialized ESG market indexes.

### Selected by Dow Jones Sustainability Indices in 2020



### Invested companies selected into specialized ESG market indexes



# Summary of votes in shareholders' meetings in 2020

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The bank actively exercised its voting rights in shareholders' meetings of its invested companies. In 2020 we voted on 38 motions in the shareholders' meetings of seven invested companies. Our votes on motions are disclosed as follows:

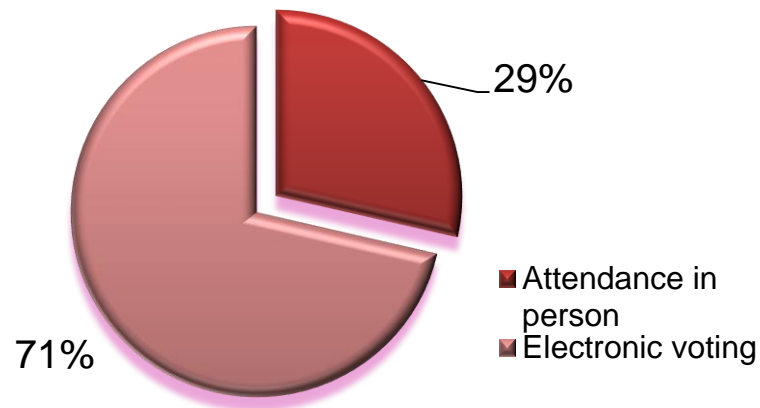
Motion	Total number of motions	Support		Oppose		Abstain	
		Number of motions	%	Number of motions	%	Number of motions	%
Recognition of business reports and financial reports	5	5	100%	0	0%	0	0%
Surplus distribution or loss off-setting	7	7	100%	0	0%	0	0%
Amendments to articles of association or operating procedures	8	8	100%	0	0%	0	0%
Elections of directors and supervisors	1	1	100%	0	0%	0	0%
Lifting a non-compete ban on directors	14	14	100%	0	0%	0	0%
Capital increase (surplus/capital reserve/dividend distribution toward capital increase or cash capital increase to issue new shares)	1	1	100%	0	0%	0	0%
Others	2	2	100%	0	0%	0	0%
Total	38	38	100%	0	0%	0	0%

# Methods of attending shareholders' meetings in 2020

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Our bank interacts with its invested companies by actively participating in investors conferences, seminars and shareholders' meetings. The bank actively exercised its voting rights at shareholders' meetings of invested companies. In 2020, we participated in shareholders' meetings by "attendance in person" and through "electronic voting." The methods of attendance are disclosed as follows:

## Invested company



## Motion

