

Mega Securities Co., Ltd.

Stewardship Principles

Chapter 1 General Provisions

Article 1 (Purpose)

The main business of the company is engaged in the securities brokerage business, self-operated business and underwriting business. This means that the asset owner uses his own fund for investment. The Principle is stipulated to comply with TWSE Institutional Investor Stewardship Policy and Principles for Responsible Investment (PRI), exert the expertise and influence of institutional investor, fulfill the responsibility of the asset owner, in order to increase the benefits for a fund provider, and facilitate sustainable development in Environmental, Social, and Governance (ESG) of the investee.

Article 2 (Responsible Unit)

The responsible unit for these Principles is the Planning Office.

Chapter 2 Stewardship Policy

Article 3 (Stewardship Compliance Principles)

The following is the Principles of Stewardship Policy of Investee for the Company:

- I. According to the Corporate Governance Best-Practice Principles for Securities Firms, corporate governance performance implemented in the investee and fulfillment of environmental protection and social responsibility by the investee shall be considered for the Company's investment plans.
- II. According to the Principles for Responsible Investment (PRI) and TWSE Institutional Investor Stewardship Policy, the purpose, cost and efficiency of investment have been put into consideration to

determine the type of information to pay attention to, the degree of attention, the frequency for paying attention, and the way for taking stewardship action. With ESG sustainability performance of investee in consideration, ESG topics are included in the investment analysis and decision making to ensure that the fund use meets social expectations.

III. According to the company's sustainable finance policy, the company shall develop and keep track of the strategy and goal of ESG business opportunity, use the power of the financial market to drive sustainable development, and include the ESG topics into the decision-making process of investment appraisal.

Article 4 (The way to implement the stewardship action)

To fulfill responsible investment, the company shall comply with the Institutional Investor Stewardship Policy and guide stakeholders including the investee and shareholder, to cooperate and pay attention to ESG topics. Participation in the investee's board and shareholders' meeting, occasional visit, communication with the operations management of investee, disclosure of market information, implementation of sustainable development strategy is facilitated, and the ESG performance is disclosed timely. Therefore, the investment value is increased and investment risk is lowered.

The company pays attention to the investee's items, including but not limited to industry overview, opportunity and risk, shareholder structure, business policy, overview of business operations, review of financial conditions, financial performance, environmental impact, social issue and corporate governance, to understand the sustainability development strategy of the investee.

Based on the investment purpose, cost and performance, materiality of

the topic to be paid attention to, the company decided to carry out the stewardship action as follows:

I. Domestic sole proprietorship investment:

For the ones holding at least 300,000 shares of the investee, the ones voting electronically at the General Shareholders Meeting, or the ones holding the domestic sole proprietorship bond, the company carries out the stewardship action by paying attention to the operation of the investee and the ESG topics of investee, attending the General Shareholders Meeting, exercising voting rights, and communicating and interacting with the management level of investee adequately. The company might also pay attention to the operation of the investee and the ESG topics of the investee in other ways.

II. Underwriting business:

If the company serves as the main securities underwriter of investee, the way to carry out the stewardship action includes paying attention to the operation of investee and the ESG topics of investee. The company helps the investee meet the requirement for TWSE or GTSM listing application. The company may pay attention to the operation of investee and the ESG topics of investee, by onsite check, by communicating and interacting with the management level of investee adequately by phone and through meeting, or due diligence, and by attending the General Shareholders Meeting to exercise the voting rights.

III. Other domestic investments:

For the ones holding at least 300,000 shares of the investee, or the ones voting electronically at the General Shareholders Meeting, the company carries out the stewardship action. The company exercises voting rights for the investee adopting electronic voting. For the

investee not adopting electronic voting, the company assigns internal staff to attend the General Shareholders Meeting of the investee.

IV. Foreign sole proprietorship investment:

The company carries out the stewardship action. Besides paying attention to the operating condition of the investee, it also cares about ESG topics.

The company shall focus on the impact on the investee after interaction and engagement, and formulate the issues to be planned and paid attention to for engagement in the future. Therefore, the company can determine the follow-up investment decision.

Where necessary, the company may cooperate with other institutional investors, enhance investee's sustainable development, participate in relevant initiative for specific ESG topics, and expand and elaborate the influence of institutional investors together.

The company does not use proxy voting or voting study for engagement in General Shareholders Meeting and research on proposals associated with the General Shareholders Meeting.

Article 5 (Responsibility Investment Compliance Principles)

To fulfill the responsibility investment, the company shall comply with the Principles below:

- I. Continue to invest in sustainable development, including but not limited to bonds, equity investment, and ESG financial product investment associated with green energy, low carbon, renewable energy and circular economy.
- II. Assist the corporations taking part in environmental protection, fulfilling social responsibility or implementing sustainability governance in sustainability financing (including but not limited to

issuing marketable securities associated with green energy, sustainable development, and fulfillment of social responsibility) or investment. This drives sustainability development by investment and financing, and guides the private fund investment to the real economy.

Article 6 (Measures for evaluation before investment)

The following measures shall be taken before investment:

- I. Refer to domestic and international ESG principles or initiatives (including but not limited to the Principles for Responsible Investment (PRI)) before establishing the domestic sole proprietorship position and the underwriting position of domestic TWSE or GTSM listed company. Basically, the company does not invest in the corporation violating the ESG Principles (not meeting the environmental sustainability screening requirements, not meeting the social responsibility screening requirements, not meeting the corporate governance screening requirements) and without a concrete improvement plan. If the position must be established, perform stewardship, reinforce analysis and carry out evaluation diligently. If it is evaluated that there will be no material adverse impact on sustainability development or the conditional trading is adopted to mitigate the impact, and approval is granted by the General Manager, the position may be established.
- II. Before establishing the position measured at fair value through other comprehensive income (domestic sole proprietorship position and the underwriting position of domestic TWSE or GTSM listed company), it is required to examine whether to disclose adequate ESG topic information of investee and disclose the ESG information in the written report as the reference for investment

decision-making.

- III. Before establishing the international sole proprietorship position, refer to the ESG evaluation of the investee as the reference for investment decision-making.

Article 7 (Investment or post-investment management mechanism)

To fulfill the responsibility investment, investment or post-investment management mechanism is as follows:

- I. The corporations forbidden for investment:

The corporation that is subject to sanction by the competent authority based on the Money Laundering Control Act or Counter-Terrorism Financing Act, the corporation manufacturing or selling illegal weapons, drugs, participating in sex establishment or illegal gambling. If the investee is on the prohibited investment list, the investment department shall clear the position in three business days.

- II. The management mechanism of the sensitive corporation is as follows:

- (I) For the corporations violating the ESG Principles (not meeting the environmental sustainability screening requirements, not meeting the social responsibility screening requirements, not meeting the corporate governance screening requirements) and without a concrete improvement plan, the domestic sole proprietorship position or the underwriting position of domestic TWSE or GTSM listed company will not be established.

- (II) To establish the domestic sole proprietorship position or underwriting position of domestic TWSE or GTSM listed company, it is required to perform stewardship, reinforce

analysis and carry out evaluation diligently. If it is evaluated that there will be no material adverse impact on sustainability development or the conditional trading is adopted to mitigate the impact, and approval is granted by the General Manager, the position may be established.

(III) If the domestic sole proprietorship position established or the underwriting position of domestic TWSE or GTSM listed company established is in the list of the corporations inadequate for investment, the corporation shall be advised or guided to improve and perform improvement. If not possible, under the premise that the rights of the company are not hindered, the investment position may be sold gradually, or the bond liquidity from holding to expiration shall be considered.

III. High-carbon emission industry:

The company shall control the total investment of the high carbon emission industry. The responsible unit stipulated regulations for total investment, industry definition and control method.

IV. The company shall establish the ESG sustainability risk ranking mechanism. Investment risk management measures shall be stipulated for investment cases with high sustainability risk. The responsible unit stipulated regulations for risk ranking and high risk level management.

Chapter 3 Conflict of interest prevention policy

Article 8 (Objective for management policy of conflict of interest prevention)

To ensure that the company and all employees would perform operations based on client's or shareholder's interest, the company stipulated the management policy of conflict of interest prevention.

Article 9 (Status of conflict of interest)

The status conflict of interest may include but is not limited to the condition below:

- I. The conflict of interest occurred between the company and client when the company traded specific valuable securities in a specific period for its own interests.
- II. The first condition is that, a conflict of interest occurred between the investment transaction of the employee and that of the company. For instance, the employee knows about the company investment or trading policy, then buys and sells his account to trade the marketable securities with the same direction and objective as the company. A conflict occurred because he and the company scrambled for making profits or reducing loss. The second condition is that, a conflict of transfer of unjust enrichment occurred. For instance, the transaction between the company and employee's relative, the employee who is in charge of and his relative might exchange the company's interest for the relative's unjust enrichment.
- III. A conflict of interest occurred between the investment transaction of the employee and that of the client. For instance, an employee heard about what a client entrusted for trading. Before and after the client placed an order, he used his account to trade the marketable securities with the same direction and objective as the client. A conflict occurred because he and the client scrambled to make profits or reduce losses.
- IV. A conflict of the transfer of unjust enrichment occurred between the company and affiliated enterprise. For instance, the company required the affiliated enterprise to reduce the trading price in a trade to increase profits for the company.
- V. A conflict of interest occurred between the company and other

investees, including a conflict of the transfer of unjust enrichment. For instance, a staff of the company serves as the director of the investee and exercises his power to demand the investee to lower the trading price when trading with the company to increase the profit for the company. Another type of conflict of interest might occur, which is to hype the stock price of the investee. For example, the company uses the internal information it knows about the investee to hype the stock price of the investee to gain unjust enrichment.

Article 10 (Management method for prevention of conflict of interest)

The employee of the company shall comply with the procedure for the management policy of the prevention of the conflict of interest. The company prevents the conflict of interest via implementation of educational promotion, information control, firewall design, division of authority and responsibility, a mechanism for detection, monitoring and control, reasonable compensation system and remedial measures. The management methods are shown below:

I. Implementation of education promotion:

(I) Internal propagation:

The company shall hold the internal education training and propagation for policy ethical corporate management regularly to promote the importance of integrity.

(II) External propagation:

According to the company's Procedures for Ethical Management and Guidelines for Conduct, the company shall disclose ethical management policy in the internal rules and annual report, and on the company website or promotional materials. Therefore, the supplier and client of the company, or

other institutions and staff associated with other businesses can clearly understand the company's philosophy and rules of ethical corporate management. During the business activity, the company shall explain the ethical corporate management policy and relevant rules to the trading partner. Meanwhile, the company shall also explicitly refuse to provide, promise, request or receive unjust enrichment in any form or name directly or indirectly.

II. Information control:

- (I) The company shall comply with the Regulations Governing Internal Staffs Accepting Orders to Trade Securities, the Regulations Governing Account Opening Performed by the Internal Staff of Futures Introducing Broker and Futures Merchant for Futures Trading, and Regulations Governing Trader Trading and Reporting of Abnormal Behavior by Trader. The company shall follow the regulations above to review and control the investment trading behavior conducted by the internal staff, his spouse and underage children who know about trading information of the company because of his function.
- (II) Based on the internal control system rules of the company, besides the marketable securities, which are specified in the regulations that must not be traded, the company shall create a list of securities that must not be traded. These securities are associated with nonpublic information and conflict of interest. The computer program shall be used to control the transaction.
- (III) The company shall maintain the stakeholder list in the stakeholder management system belonging to the parent financial holding company regularly and occasionally. Before

trading, all departments shall check whether the trading partner is a stakeholder in advance according to the guidelines for the transactions other than credit extension between the company and stakeholder.

(IV) The employees of the company shall abide by the company's Working Guidelines of Procedures for Ethical Management and Guidelines for Conduct. They shall follow the working guidelines for intellectual properties such as trade secret, trademark, patent and literary work. They must not give away the trade secret, trademark, patent or literary work of the company they know. They must not inquire or collect the company's trade secret, trademark, patent or literary work not associated with the employee's position.

III. Firewall design:

The company shall create a firewall system for all businesses. Access control shall be implemented for investment position, and storage and inquiry of trade secret data of different departments. According to the Regulations Governing Responsible Persons and Associated Persons of Securities Firms and the Operations Staff Concurrent or Joint-Appointment Management Guidelines, staff must not serve as the position with conflict of interest.

IV. Division of authority and responsibility:

(I) For the management of conflict of interest for all businesses, hierarchical management is carried out based on the rules for three lines of defense of internal control. The first line is self-control of the business unit. The second line is monitoring of the compliance unit and the risk management unit. The third line is independent monitoring of internal audits.

(II) Based on the Guideline for Trader Transaction and Abnormal

Behavior Reporting in the company, all trading unit supervisors shall investigate the ethics and daily discipline of the trader. If the supervisor suspected abnormal finance or consumption, he shall immediately submit a declaration notice to report to the Human Resource Department. If the unit supervisor is the trader, the upper officer of the unit supervisor will report the abnormality. After the Human Resource Department receives the report, it shall ask the business manager in charge and the audit unit manager to gather and discuss the verification of this issue. If it is proved to be true, report to the General Manager and Chairperson immediately to handle the follow-up issues.

(III) According to the Criteria for Handling Reported Cases of the company, if the reported case is associated with regular employees, it shall be reported to the Chairperson. The person who received the report shall assign staff to immediately investigate the facts associated with the issue. He may ask the relevant unit or subsidiary company to investigate or handle the issue if necessary. The survey report shall be reported to the Chairperson. If the reported case is associated with the director, supervisor or the supervisor who is a manager and above, it shall be reported to all independent directors. The independent director may authorize the investigation of the issue to the audit unit or external professional. The survey report shall be reported to the independent director, reviewed by the supervisor, and reported to the Board of Directors.

V. Mechanism for detection, monitoring and control:

(I) The Guideline for Trader Transaction and Abnormal Behavior Reporting of the company specified that, in order to trade the

securities, the trader of Capital Market Dept. and Financial Products Dept. (including the trader himself, his spouse and underage children) shall fill out the application form and acquire approval from the unit manager before securities trade. After the deal is made, the trader shall fill out the declaration form and report to the unit manager in charge of the trade. Besides inheritance or stock option obtained by the employee, the trader of Proprietary Trading Dept. and the Futures Proprietary Trading Dept. is prohibited from stock trading.

- (II) Based on the Operations Staff Concurrent or Joint-Appointment Management Guidelines of the company, the company's operations staff serving a concurrent position shall submit a written application for control mechanism and the application must pass the internal review. No conflict of interest, a violation against the securities rules or internal control system must be involved in the concurrent position, otherwise specified. If the staff violated the Operations Staff Concurrent or Joint-Appointment Management Guidelines, he shall be punished based on the Employee Rewards and Punishments Procedures of the company.

VI. Reasonable compensation system:

- (I) Appointment, attendance, promotion and evaluation shall be subject to the Regulations Governing Recruitment and Appointment, Regulations Governing Employee Attendance, Regulations Governing Employee Promotion, and Regulations Governing Employee Performance Evaluation. Based on the annual performance evaluation result of the employee, price level and government policy, paying for performance and regular salary adjustment shall be implemented adequately. It

aims to maintain a good corporate culture that balances business performance and ethical conduct.

- (II) Based on the remuneration system for the company's operations staff, the company stipulated a remuneration system for the operations staff offering non-investment financial products or services. The remuneration system shall comply with the Principle of reasonableness. In addition to the Principle of reasonableness, it is required to ensure that the remuneration system for the operations staff offering investment financial product or service does not lead the operations staff to take the action that oversteps risk appetite due to pursuit of remuneration. The company shall also consider client's rights equally, and all risks imposed on the company and customer by financial product or service. The company must not only consider the performance progress of the financial product or service.

VII. Remedial measures:

Based on the Employee Rewards and Punishments Procedures of the company and the Article of Association of Personnel Evaluation Committee, the employee shall be subject to punishment according to the above rules if violating the management rules for conflict of interest.

Article 11 (Disclosure method of material conflict of interest)

The company may regularly or occasionally provide the summary of the cause and handling of the occurred material conflict of interest to shareholders on the company's website or annual report.

Chapter 4 Voting policy of general shareholders meeting

Article 12 (Rules for voting at the general shareholders meeting)

The company actively exercises the voting rights at the General Shareholders Meeting to maximize the profit for the shareholder. The company takes this action based on the Standard Operation Procedure and Directions for Control of “Internal Decision-making Process of Shareholders Meetings Attended by Securities Firms Holding the Companies’ Shares and Appointment of Persons to Exercise the Voting Right.” The Principles are as follows:

- I. The internal decision-making process at the General Shareholders Meeting and staff appointment for voting shall comply with Article 20 of Regulations Governing Securities Firms and the internal regulations of the company.
- II. The company must not take part in the operation of investee or improper arrangement directly or indirectly because it shall maximize profits for the company and shareholder for equity exercise.
- III. After the company received the meeting notice of investee, the department in charge performed relevant operating procedures such as attendee appointment and decision-making of voting right exercise during the General Shareholders Meeting. In addition, relevant information will be filed for reference.
- IV. For the attendees of the General Shareholders Meeting of investee adopting electronic voting, all attendees vote electronically except for the ones that must be present at the General Shareholders Meeting for business needs.
- V. If the General Shareholders Meeting of the investee does not adopt electronic voting and the company owns less than 300,000 shares,

the company does not need to appoint staff to attend the General Shareholders Meeting. The company is not restricted by Paragraph 2, Article 20, Regulations Governing Securities Firms.

- VI. If the General Shareholders Meeting of the investee does not adopt electronic voting and the company owns over 300,000 shares, the company appoints internal staff to attend the General Shareholders Meeting and vote.
- VII. Votes cast by the staff of the company at the General Shareholders Meeting shall be filed for reference.
- VIII. If the staff of the company serve as the directors and supervisors of the investee, internal staff of the company shall serve as the legal representatives. If the internal staffs of the company (excluding the spouse or minor child) are not the one mentioned above, a legitimate reason shall be provided. Appointment of a legal representative shall be filed for reference.

Article 13 (Standard for evaluation of the agenda at the General Shareholders Meeting and communication with the management level)

The following describes the standard for evaluation of the agenda at the General Shareholders Meeting of the investee and the standard for communication with the management level of investee before the company exercises voting rights:

- I. The standard for evaluation of the agenda at the General Shareholders Meeting of the investee before the company exercises voting rights:
 - (I) The company may exercise the voting rights because of the self-owned shares in written or electronic form according to Article 177-1, Company Act. The internal document is required to approve the voting stance before the agenda of the

General Shareholders Meeting of the investee is proposed before the General Shareholders Meeting. The appointment letter is not required for electronic voting. The instruction for exercising voting rights for all agendas must be stated explicitly. The copy of the appointment letter, the attendance card and the attendee's vote (for abstention), and the electronic vote cast by the attendee voting electronically shall be recorded in written or electronic form and filed for reference.

(II) Before exercising voting rights, the responsible departments of the company evaluate the agendas of all General Shareholders Meetings. When necessary, these departments learn about the agenda and communicate with the management level before the General Shareholders Meetings.

II. If material sustainability issues occur to the investee, the company shall communicate before the General Shareholders Meeting with the management level. The communication standard includes:

(I) Determine whether the investee adopted sufficient measures to respond to the sustainability issue.

(II) Determine whether the investee actively implemented response measures.

(III) Determine if the investee did not solve the problem based on the suggestion from the communication process, whether there is a material adverse impact on the company in the short run.

Article 14 (Voting rule)

The company's voting rule for the agenda at the General Shareholders Meeting of the investee:

I. The voting rights of the company include support, objection and abstention. The rules for voting rights are as follows:

- (I) To respect the investee's expertise in operation and facilitate effective development of investee. Basically, the company fully supports the agenda of the investee, but the company does not absolutely support the agenda proposed by the management level.
 - (II) For material agendas or special cases, the department in charge must explain explicitly the material agendas or special cases on the document, suggest a voting plan, and submit the plan to the accountable officer for approval. If the discussed case might hinder the rights of the shareholders, or the General Shareholders Meeting is not convened by the Board of Directors, and the case is controversial, it is allowed to suggest to withdraw.
 - (III) It is allowed to suggest to oppose agendas severely violating sustainability development (such as significantly associated with climate).
 - (IV) When selecting an agenda, if the investee does not adopt the nomination system, or a major controversy occurs to the investee, it is allowed to be suggested to withdraw. If the management level cannot perform robust operations and the right of the company or shareholder is damaged, it is allowed to suggest to withdraw or oppose.
- II. The major agendas mentioned in the above Paragraph, refer to the main content that must be listed and described in the reason for convening stated in the meeting notice, and the issues that must not be proposed as provisional motions, according to Article 172, the Company Act. These issues include election or discharge of director or supervisor, articles of incorporation, capital reduction, application for termination of public issuance, director non-competence

permission, stock dividends of common stock, surplus transferred to common stock, dissolution, merge or division of company, and all subparagraphs of Paragraph 1, Article 185, Company Act.

III. The following is the type of the discussed agenda mentioned in Paragraph 1 of this Article that might damage the shareholder's rights:

- (I) Private placement of valuable securities.
- (II) Issuing of the employee stock option below market price (net value per share).
- (III) Re-purchase the company's shares and transfer them to employees at the price less than the actual average re-purchase price.
- (IV) Issue the limited employee rights new shares.
- (V) The company decided to dissolve, merge or divide.
- (VI) The company decided to exchange shares.
- (VII) Transfer all businesses or properties to others or receive all businesses or properties transferred from others. The transfer and receipt have a significant impact on company operation.
- (VIII) Decide to reduce capital for compensation or return the capital stock.

Article 15 (Disclosure method and frequency)

The company shall record stewardship implementation adequately, and regularly review the stewardship policy, policy for conflict of interest and voting policy, and implementation of these policies. Meanwhile, the effectiveness of stewardship activity shall be evaluated to fulfill responsible investment.

The company shall disclose the stewardship report and voting situation at the annual General Shareholders Meeting of investees on the company

website. The link URL shall be recorded explicitly in the annual report.

The report includes:

- I. The Statement of Compliance with Stewardship Principles for Institutional Investors and the definition for failing to comply with part of the Principles.
- II. The invested internal resource, and stewardship organization structure for implementation of stewardship.
- III. The number of times performing engagement with the investee.
- IV. Case explanation, conversation and interaction with the investee, the engagement result and follow-up.
- V. The cases about cooperation with other institutional investors.
- VI. Attendance or authorized attendance of the General Shareholders Meeting of the investee.
- VII. The voting situation at the annual General Shareholders Meeting (including affirmative and negative votes, and abstention votes for all agendas regarding the invested business), and explanation for the reason of support, objection and abstention of material agendas.
- VIII. The contact for the stakeholder.
- IX. Other major issues (major events about conflict of interest in the past year).

Article 16 (Educational training)

The company shall provide adequate educational training for staff and supervisors performing relevant operations to enhance sustainable operation knowledge of employees and fulfill stewardship.

Article 17 (Issues not covered)

Issues not covered in the Principle shall be performed based on relevant laws and the relevant regulations of the parent financial holding company and this company.

Article 18 (Level of authority)

These principles are implemented with the approval of the Board of Directors and reported to the parent financial holding company for reference. It is amended or repealed in the same manner.

Article 19 (Course)

The Principles were established on December 29, 2021.