



# **2023 Stewardship Report**



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## 1. Foreword

Fubon Securities Co., Ltd. (hereinafter referred to as Fubon Securities or the Company) is a wholly-owned subsidiary of Fubon Financial Holding Co., Ltd. (hereinafter referred to as Fubon Financial Holdings). The Company is categorized as an asset owner, with a total capital of NT\$16.259 billion and its primary business activities in securities brokerage, proprietary trading, underwriting, and other operations approved by regulatory authorities.

In November 2018, the Company signed a compliance statement for the "Stewardship Principles for Institutional Investors" issued by the Taiwan Stock Exchange Corporation. In line with the Company's stewardship policy, we have established internal business management regulations and engage externally with investee companies, participating in their shareholders' meetings to exert the influence of institutional investors.

## 2. Reporting Period and Scope

This Report primarily discloses the Company's stewardship practices during 2023. To provide a comprehensive view of our engagement and investment activities, some content includes information from before and after 2023.

## 3. Compliance Statement and Explanation of Non-Compliance Principles

### 3.1 Compliance Statement for the "Stewardship Principles for Institutional Investors"

#### **Compliance Statement for the "Stewardship Principles for Institutional Investors"**

Fubon Securities is categorized as an asset owner, with its primary business activities in securities brokerage, proprietary trading, and underwriting. The Company declares its compliance with the "Stewardship Principles for Institutional Investors," and its adherence to the six principles is outlined as follows:

#### **Principle 1 Establish and disclose stewardship policies**

- (1) The Company's operational objective is to maximize shareholder interests through its brokerage, proprietary trading, and underwriting operations. To achieve this objective, various business management regulations have been established based on securities and futures-related laws and regulations, governing aspects including internal control systems, business authorizations, risk management, whistleblowing mechanisms, and transaction complaint handling processes.
- (2) To fulfill its responsibilities as an institutional investor, the Company annually reviews its stewardship policies, conflict of interest management policies, voting policies, and the effectiveness of its stewardship practices. These are disclosed in the stewardship report.

#### **Principle 2 Establish and disclose policies on managing conflicts of interest**

To ensure that the Company conducts its business in the best interests of its shareholders, a conflict of interest management policy has been established, outlining the types of conflicts of interest and the methods for managing them.

#### **Principle 3 Regularly monitor investee companies**

To ensure the Company acquires sufficient and valid information for assessing the nature, timing, and extent of interactions with investee companies, and to establish a solid foundation for investment decisions, the Company monitors its investee companies with a focus on relevant news, financial performance, industry outlook, business strategies, and corporate governance.

#### **Principle 4 Maintain an appropriate dialogue and interaction with investee**





## **companies**

The Company engages in appropriate dialogue and interaction with investee companies to better understand and communicate with their management regarding industry risks and strategies. Communication with investee company management is conducted annually through conference calls, face-to-face meetings, participation in investor conferences, or by sending representatives to attend general or extraordinary shareholders' meetings. If an investee company significantly violates corporate governance principles or poses a risk to long-term shareholder value on specific issues, the Company will inquire about the handling of such matters with the investee company's management from time to time, and may also consider joining forces with other investors to express concerns collectively.

### **Principle 5 Establish and disclose clear voting policies and voting results**

To maximize shareholder interests, the Company has established a clear voting policy and actively participates in voting on shareholder meeting proposals.

The summary of annual voting records can be found at:  
<https://www.fubon.com/securities/>

### **Principle 6 Periodically disclose the status of fulfillment of stewardship responsibilities**

The Company regularly publishes stewardship reports on its website (or in its annual report/business report) to disclose its stewardship activities. These include the compliance statement and explanations for any non-compliance with specific principles, attendance at investee companies' shareholders' meetings, voting records, and other significant matters.

## **3.2 Explanation of Non-Compliance Principles**

As an asset owner in the investment chain, the Company executes its stewardship governance policies while balancing the interests of shareholders and clients, and relevant compliance statements have been established in accordance with the Stewardship Principles for Institutional Investors. After review, there are no principles that the Company is unable to implement or comply with.

## **4. Content of Stewardship Actions**

Based on the purpose of the investment, cost-benefit analysis, and the significance of specific issues of interest, the Company engages in both regular and ad hoc dialogues and interactions with investee companies. The methods of dialogue and interaction include, but are not limited to, the following:

### **(1) Monitoring investee companies**

During the process of guiding issuing companies, the Company reviews various aspects such as operational risks within their industry, business conditions, financial status, compliance with laws and regulations, any circumstances that may disqualify them from listing, their adherence to listing requirements for specific industries or organizational types, and their corporate governance practices.

### **(2) Written or verbal communication and interaction with management**

Throughout the guidance process, the Company conducts interviews or meetings with the directors, executives, and other relevant personnel of the issuing companies to gather, organize, verify, and compare relevant information for careful evaluation.

### **(3) Participation in investor conferences or conference calls**

### **(4) Participation in voting at shareholders' meetings**

The Company discloses its annual voting activities on its official website.





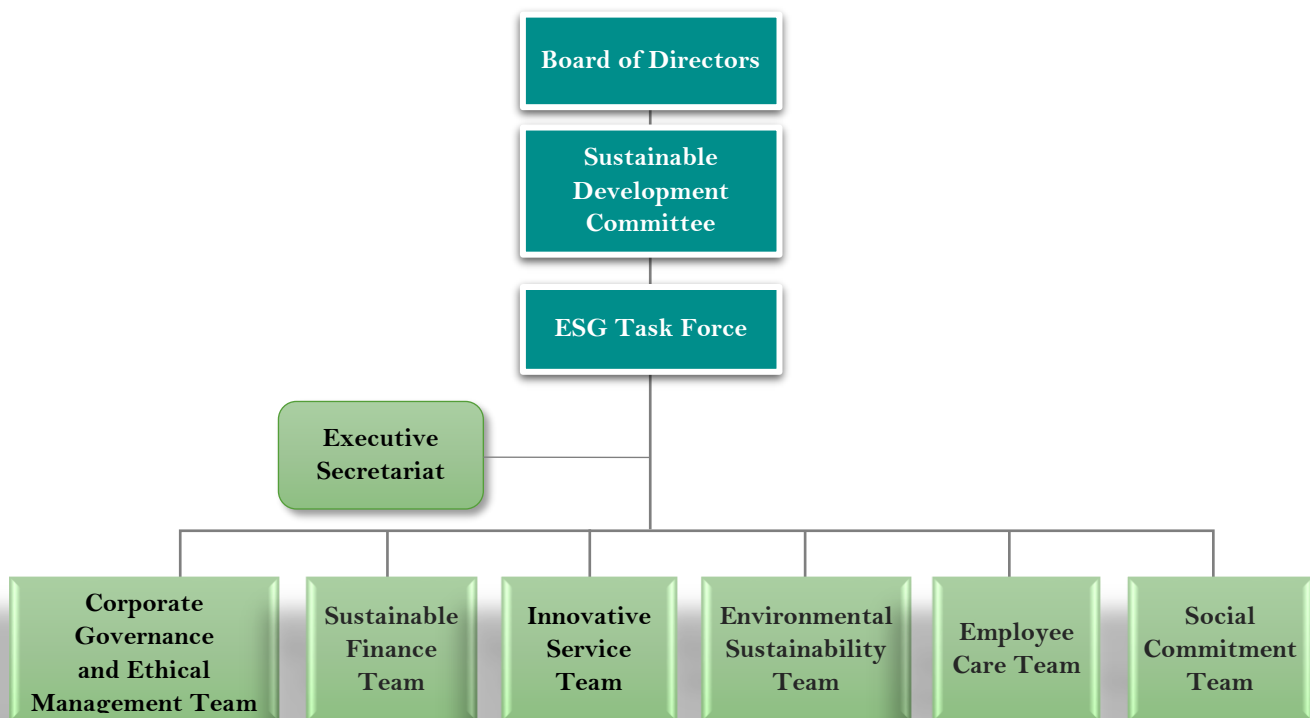
## 5. Organizational Structure and Resource Allocation for Stewardship

### 5.1 Organizational Structure

Since 2015, the Company has participated in the "Sustainability Execution Task Force" under the "Corporate Governance and Sustainability Committee" of Fubon Financial Holdings, working together to promote Fubon Financial Holdings' sustainability vision and goals. In July 2020, the Company established an ESG Task Force, under which there are six working groups: Corporate Governance and Ethical Management, Responsible Finance, Innovative Services, Environmental Sustainability, Employee Care, and Social Commitment.

In 2023, to further enhance sustainable operations and implement the Company's sustainable development philosophy, the Company established the "Sustainable Development Committee" in accordance with the "Corporate Governance Best-Practice Principles for Securities Firms" and the "Corporate Governance Guidelines." The establishment of the committee effectively elevates the decision-making level on sustainability-related issues and strengthens the Company's sustainability governance.

The ESG Task Force under the Sustainable Development Committee is responsible for executing matters related to corporate sustainability. It is required to report its execution results quarterly and develop an annual execution plan each year. The quarterly execution report and annual execution plan must be reviewed by the Sustainable Development Committee and submitted to the Board of Directors for approval.





## 5.2 Stewardship Resource Allocation

Units allocating resources	Execution	Allocated resources
<b>Proprietary Trading Department</b> <b>Equity Derivatives Department</b> <b>Bond Trading Department</b> <b>Bond Underwriting Department</b>	<ul style="list-style-type: none"> <li>✓ Formulate and adhere to stewardship policies, conflict of interest policies, and voting policies.</li> <li>✓ Engage with investee companies, evaluate investments, assess shareholder meeting proposals, and vote.</li> </ul>	<b>6 people</b> Time allocated in 2023: approximately 30 days
<b>Performance Management and Planning Department</b>	<ul style="list-style-type: none"> <li>✓ Formulate and adhere to stewardship policies, conflict of interest policies, and voting policies.</li> <li>✓ Engage with investee companies, evaluate investments, assess shareholder meeting proposals, and vote.</li> </ul>	<b>3 people</b> Time allocated in 2023: approximately 10 days
<b>1<sup>st</sup> to 3<sup>rd</sup> Investment Banking Departments</b>	<ul style="list-style-type: none"> <li>✓ Formulate and adhere to stewardship policies, conflict of interest policies, and voting policies.</li> <li>✓ Provide guidance, interact and engage with investee companies.</li> </ul>	<b>59 people</b> In 2023, we managed 75 issuing companies as the lead underwriter, with an average of 50 days allocated to each company, totaling approximately 3,750 days of time allocated.
<b>Financial Transactions Service Department</b>	<ul style="list-style-type: none"> <li>✓ Formulate and adhere to stewardship policies, conflict of interest policies, and voting policies.</li> <li>✓ Regularly disclose shareholder meeting voting records.</li> </ul>	<b>2 people</b> Time allocated in 2023: approximately 80 days
<b>Compliance and Legal Affairs Department</b>	<ul style="list-style-type: none"> <li>✓ Sign and update compliance statements.</li> <li>✓ Regularly disclose stewardship governance reports.</li> <li>✓ Coordinate operations for the evaluation of the best list of institutional investors for the disclosure of stewardship information.</li> </ul>	<b>3 people</b> Time allocated in 2023: approximately 30 days
<b>Risk Management Department</b>	<ul style="list-style-type: none"> <li>✓ Financial disclosures related to climate change (TCFD) and Fubon science-based targets (SBT).</li> <li>✓ Execute and continuously promote responsible investment management and integrate ESG considerations into relevant investment management decisions.</li> </ul>	<b>2 people</b> Time allocated in 2023: approximately 90 days
<b>Human Resources Department</b>	<ul style="list-style-type: none"> <li>✓ Set target weights for personnel promoting or executing ESG tasks.</li> <li>✓ Regularly remind each team to review the execution of their target tasks.</li> <li>✓ Plan and conduct ESG-related courses and training sessions.</li> </ul>	<b>3 people</b> Time allocated in 2023: approximately 30 days





### 5.3 Stewardship Education and Training

#### 5.3.1 Implementing Internal ESG Capacity Building through Mandatory ESG Courses for All Employees

Since 2022, the Company has regularly organized sustainability-related education and training for all employees and has made sustainability courses mandatory for new hires. The course covers topics including international sustainability requirements and trends, green finance, the role of the financial industry in ESG, and the influence of sustainable finance. The training enhances employees' professional knowledge of ESG topics, enabling them to integrate business with ESG industry trends, thus realizing core sustainable values. By actively offering ESG education courses, the Company strengthens the sustainability mindset of all employees, builds a comprehensive talent pool, and enhances overall corporate competitiveness.

Course	Training recipient	Training hours
Lessons on ESG	New employees	168 participants, 210 hours in total.
ESG Visioning Project	All employees	2,798 participants, 1,399 hours in total.

#### 5.3.2 Actively Cultivating Sustainable Finance Managers to Assist Corporate Sustainable Transformation

To enhance core sustainability expertise, Fubon Financial Holdings has developed and launched a certification program for sustainable finance managers in May 2023. 11 employees of Fubon Securities participated in the course, all of whom obtained professional certification. The program successfully fosters a team of specialized sustainable finance professionals equipped to fulfill the roles of securities firm advisors and financial consultants, assisting companies in driving sustainable transformation and offering sustainable finance services to clients.

#### 5.3.3 Other Stewardship-Related Courses

Course	Training hours
The Underwriting Department invited the Taipei Exchange to conduct a corporate governance course titled: Corporate Governance - Practical Review and Key Considerations for IPO Applications	71 participants, 213 hours in total
The Risk Management Department sent staff to participate in ESG or climate risk-related management training courses, including:  Climate Risk Management Project (Data Collection for Carbon Inventory Forms, PCAF Sovereign Bonds, and Carbon Emission Calculation Explanation), and the Securities Association's corporate governance course, Latest ESG Trends: Sustainable Business Strategies in the Securities (Financial) Industry, etc.	23 records of attendance, 47 hours of training in total.





## 6. Implementing Responsible Investment

### 6.1 Incorporating ESG Considerations into Investment and Financing Decision-Making Processes

#### ◆ Underwriting

##### 1. Investment decision-making process

In the initial phase of undertaking an underwriting case, in addition to assessing the financials, business operations, performance, outlook, industry position, and prospects of the issuing company, the Company also considers whether there are any significant ESG violations. This serves as one of the criteria for determining whether to take on the case. For instance, during the guidance process, the advised company is required to disclose information on the following financial and business aspects that need clarification, ensuring the fulfillment of corporate social responsibility and ethical management:

###### (1) Corporate governance

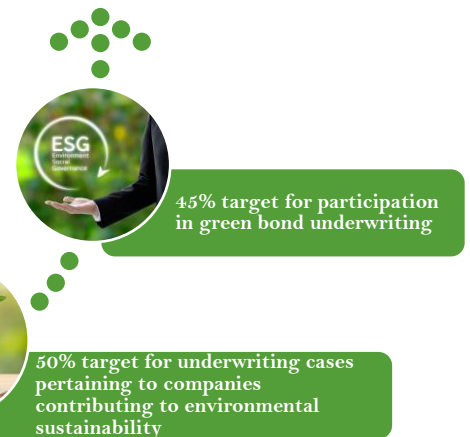
- a. Operation of the board of directors and various committees: including information on the operation of the board of directors, the compensation committee, and the audit committee.
- b. Stakeholder interest protection and relevant explanations.

###### (2) Social welfare

###### (3) Environmental protection and sustainability

##### 2. Setting green finance goals for 2030

For underwriting business, Fubon Securities, in line with Fubon Financial Holdings' green finance goals, has set a target in 2023 to achieve a 45% participation in green bond underwriting and 50% of its underwriting cases pertaining to companies contributing to environmental sustainability by 2030.



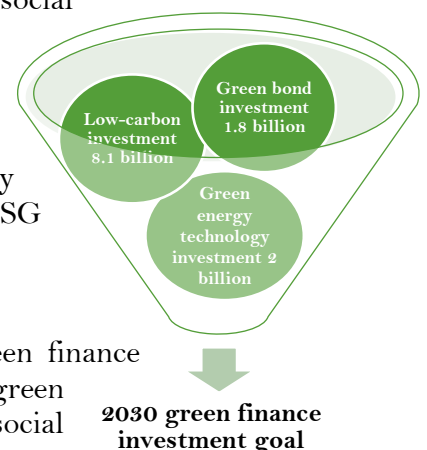
#### ◆ Proprietary Trading

##### 1. Investment decision-making process

The Company implements a three-layer defense mechanism for ESG investments. The first layer is review, i.e., screening the exclusion list for negative impacts. During the second-layer evaluation analysis, the Company evaluates and analyzes whether the investee company fulfills its responsibilities in environmental protection, social responsibility, and corporate governance. The third layer is post-investment tracking. After investment, the Company regularly reviews whether the investee company continues to fulfill its ESG responsibilities. In cases where the investee company is involved in ESG-related news or events, the Company proactively inquires about the situation and strengthens ESG communication with the investee company.

##### 2. Setting green finance goals for 2030

For bond and stock investments, the Company has set a green finance investment target for 2030 in line with Fubon Financial's green finance goals in 2023. It focuses on ESG issues and corporate social responsibility by participating in low-carbon investments, green







energy technology investments, and green bond investments. The green finance investment target for 2030, which includes low-carbon, green bond and green energy technology investments, has been set at NT\$11.9 billion, aiming to guide clients and investee companies to fulfill their environmental protection and social sustainability responsibilities.

## 6.2 ESG Risk Assessment Method

### ◆ Underwriting

When conducting a preliminary review of an issuing company, if any significant issues related to labor disputes, major environmental pollution, litigation, significant irregular transactions, or violations of integrity by directors, supervisors, or managers, and any issues related to ESG are discovered, the Company will carefully assess the severity of the situation before deciding whether to take on the case.

When assessing whether a company is unsuitable for listing (or over-the-counter trading), Fubon Securities will, in accordance with regulations (Note), evaluate whether the issuing company has experienced major labor disputes or environmental issues that affect the company's normal financial operations or business. Regarding corporate governance, the Company will also examine whether the issuing company's directors, president, or actual responsible person has engaged in any behavior violating principles of integrity, or whether the board of directors has fewer than five members.

If any of the above situations exist, the Company will assess whether the issues have been resolved or are being addressed. For those that have not yet been addressed, a plan for improvement should be provided.

Note: The regulations refer to the "Rules Governing the Review of Securities Listings" and "Supplementary Provisions for the Review of Securities Listings" issued by the Taiwan Stock Exchange, as well as the "Taipei Exchange Rules Governing the Review of Securities for Trading on the TPEX" and "Standards for Determining Unsuitability for TPEX Listing under Article 10, Paragraph 1 of the Taipei Exchange Rules Governing the Review of Securities for Trading on the TPEX."

### ◆ Proprietary Trading

The Company has relevant regulations in place, including the "Proprietary Trading Procedures for Securities," "Trading Procedures for NT Dollar-Denominated Fixed Income Securities," and "Trading Procedures for Foreign Currency-Denominated Fixed Income Securities." Before making investments, ESG considerations are required in the evaluation, and investment targets must meet a certain rating threshold. For stocks, the target must have a CMoney ESG rating of level 4 or higher, and for bonds, the issuing company must have an MSCI ESG rating of BB or above. After investment, the ratings of the holdings are regularly reviewed.

### ▼ ESG Risk Assessment Method

ESG risk assessment method	Pre-investment checks	<ol style="list-style-type: none"> <li>1. Establishment of ESG investment risk indicators ESG assessments are conducted based on sustainability reports and other relevant content, with findings disclosed in the investment analysis report.</li> <li>2. Establishment of a negative list Targets that do not meet the ESG rating standards defined by the Company's policies are subject to exception management, requiring approval from authorized supervisors for</li> </ol>
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		investment. 3. Establishment of an ESG asset pool of domestic equities Stocks included in the asset pool must have a CMoney ESG rating of level 4 or above.
	<b>Post-investment checks</b>	1. Bonds in proprietary investments Regular review of the ESG ratings of held bonds is conducted to ensure they meet the established ESG requirements. If a bond's ESG rating falls below the required standard, it will be managed as an exception. 2. Stocks in proprietary investments Regular review of the held stocks is conducted, aiming to achieve the 2030 target for green finance investment amounts.

At the same time, the Company regularly reviews investee companies to ensure they are not involved in industries excluded by the Company, such as pornography or controversial armaments, and to confirm whether they align with favorable categories such as low-carbon investments, green energy technology investments, and green bond investments. The review also considers whether investee companies belong to specific industries under the "Fubon Financial Holdings and Its Subsidiaries Sustainable Finance Policy," with the aim of avoiding investments in industries or companies that could have a significantly adverse impact on environmental or social sustainability.

**▼ Favorable, Excluded and Specific Industries that Require Careful Evaluation**

Item	Description	
<b>Excluded targets</b>	Controversial industries, such as pornography, controversial armaments.	
<b>Favorable targets</b>	Low-carbon investment	Foreign stock and bonds in the MSCI ACWI Low Carbon Target Index constituents
	Green energy technology investment	Green and renewable energy industries, information and digital industries under the scope of the "six core strategic industries"
	Green bond investment	Domestic or foreign green bonds that are recognized by the Taipei Exchange or that comply with the Green Bond Principles (GBP) established by the International Capital Market Association (ICMA)
<b>Specific industries</b>	The Company carefully evaluates industries such as power plants, coal mining, cement, petrochemicals, and steel in accordance with the "Fubon Financial Holding Co., Ltd. and Its Subsidiaries Sustainable Finance Policy." If any controversial issues are identified, these industries are excluded from investment.	

※ Reference: [2023 Fubon Securities Sustainability Report](#)





## 6.3 Evaluation Method of the Sustainability Performance of Investee Companies and Investment Portfolio Ratings

### 6.3.1 Evaluation Method of the Sustainability Performance of Investee Companies

#### ◆ Underwriting

When guiding an investee company in applying for stock listing, Fubon Securities helps the investee company conduct self-assessments on various indicators for corporate governance evaluation. If there are areas of non-compliance, the company must propose improvement plans. The evaluation indicators are as follows: (1) shareholder rights (2) board functions (3) supervisor functions (4) information transparency (5) internal control and internal audit systems (6) business strategy (7) stakeholder relations and social responsibility.

#### ◆ Proprietary Trading

For bond and stock investment positions, the Company has established an ESG responsible investment management mechanism with ESG considerations integrated into the policies and procedures for proprietary securities trading. We regularly review the investee companies to avoid investments in industries or companies that may have a significantly adverse impact on environmental or social sustainability.



### 6.3.2 Investment Portfolio in 2023 and Comparison

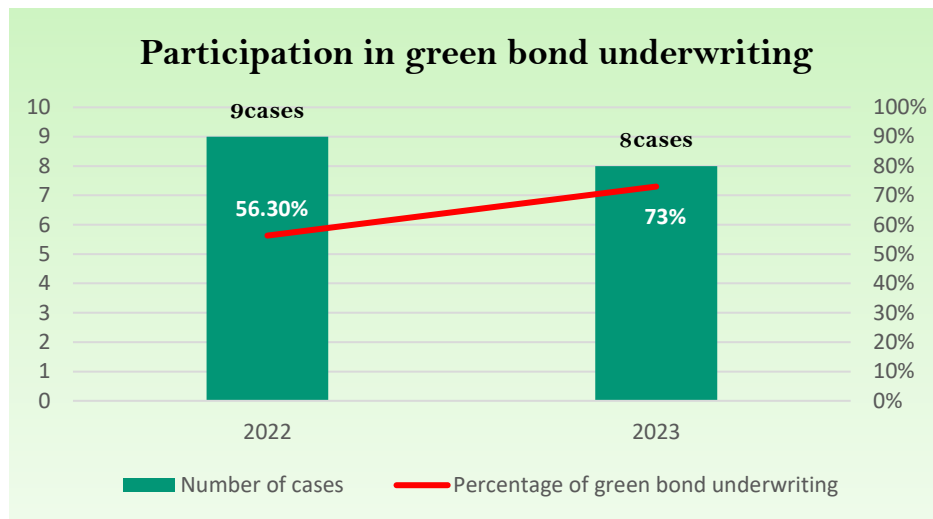
#### ◆ Underwriting

##### 1. Participation in green bond underwriting

Year	Number of cases	Percentage of green bond underwriting (Note)	Comparison description
2022	9	56.3%	In adherence to Fubon Financial Holdings' Sustainable Finance Policy, Fubon Securities continues to assist companies in issuing green bonds in 2023. As a result, the Company's participation in underwriting such bonds has steadily increased.
2023	8	73%	

Note: Number of cases the Company participates in/ Number of cases in the market

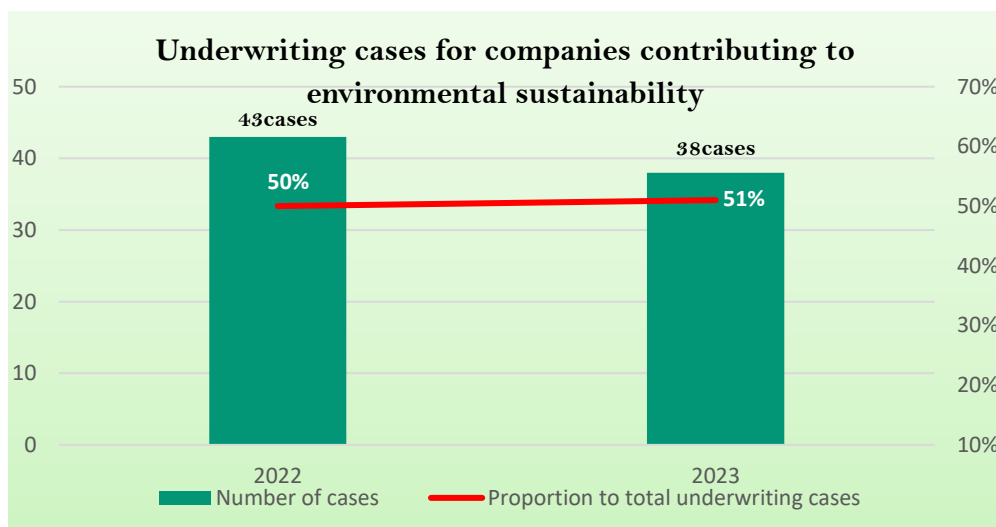




## 2. Underwriting cases for companies contributing to environmental sustainability

Year	Number of cases	Proportion to total underwriting cases (Note)	Comparison description
2022	43	50%	In adherence to Fubon Financial Holdings' Sustainable Finance Policy, Fubon Securities continues to strengthen its responsible investment strategy, proactively participating in underwriting cases contributing to the environment or sustainability. As a result, the Company's participation in underwriting such bonds has steadily increased.
2023	38	51%	

Note: Number of underwriting cases contributing to environmental sustainability/ Number of underwriting cases with a CMMoney ESG score of 7 or above



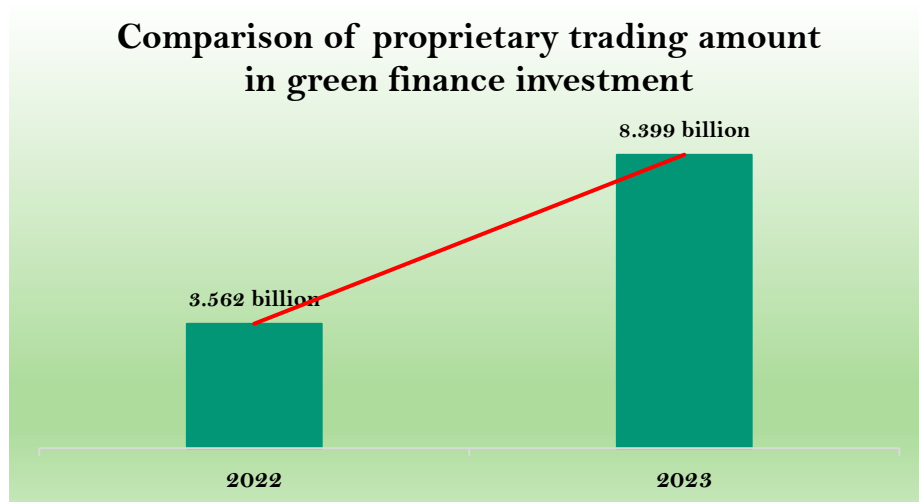


## ◆ Proprietary Trading

### Green Finance Investment Distribution

Year	Low-carbon investment (NTD)	Green energy technology investment (NTD)	Green bond investment (NTD)	Comparison description
2022	2.334 billion	1.228 billion	0	In adherence to Fubon Financial Holdings' Sustainable Finance Policy, Fubon Securities has set targets for green finance under the decarbonization strategy, with investments in 2023 amounting to NT\$8.399 billion, representing a 136% growth compared to NT\$3.562 billion in 2022.
2023	5.167 billion	2.309 billion	923 million	

### Comparison of proprietary trading amount in green finance investment





## 7. Conflict of Interest Management

### 7.1 Conflict of Interest Management Policy and Scenarios

The Company has established a conflict of interest management policy, which outlines the following scenarios of conflicts of interest and their management approaches.

Conflict of interest scenario	Management policy
<p><b>Company and affiliated enterprises</b></p>	<ol style="list-style-type: none"> <li>1. When the Company invests in securities issued by interested parties listed under Article 45 of the Financial Holding Company Act or other relevant regulations, or when conducting transactions with such interested parties, unless covered by general authorization or otherwise stipulated by law, such transactions must be approved by the Board of Directors. Proof must also be provided that the terms of the transaction are no more favorable than those provided to other similar parties.</li> <li>2. The Company adheres to the "Fubon Financial Holding Co., Ltd. and Its Subsidiaries Interested Party Transaction Management Guidelines" and the "General Authorization Internal Control Operational Regulations for Interested Party Transactions Other than Credit Transactions" to prevent conflicts of interest and profit transfers, while protecting the interests of the Company, customers, and shareholders.</li> </ol>
<p><b>Company and customers</b></p>	<p>The Company has established guidelines such as the "Treating Customers Fairly Policy" to ensure that products and services offered take customer interests into account at all stages, from design, advertising, and sales to contract fulfillment, service consultation, and complaint handling, ensuring that products and services meet customer needs, thereby achieving fair treatment and customer rights protection.</p>
<p><b>Company and employees</b></p>	<ol style="list-style-type: none"> <li>1. Employees must comply with the "Fubon Financial Holding Co., Ltd. and Its Subsidiaries Investment Management Employee Conduct Policy" and the "Guidelines for the Management of Personal Transactions by Investment Management Employees." To avoid conflicts of interest, employees are prohibited from exploiting their positions for personal gain. Employees involved in investment management must submit a "Personal Investment Declaration" within ten days of employment and before the 10th of each month to report their investment status before joining the Company and their trading activities from the previous month.</li> <li>2. The Company monitors employees' personal securities accounts through a control system, prohibiting them from trading securities held by their department.</li> <li>3. Employees must follow the "Work Rules," which require honesty in their duties, including complying with government regulations regarding the prohibition of insider trading. They are prohibited from using confidential (including non-public) customer or company information obtained through their positions for personal</li> </ol>





Conflict of interest scenario	Management policy
	<p>gain or the benefit of others.</p> <p>3. Employees must follow the "Work Rules," which require honesty in their duties, including complying with government regulations regarding the prohibition of insider trading. They are prohibited from using confidential (including non-public) customer or company information obtained through their positions for personal gain or the benefit of others.</p> <p>4. Fubon Financial Holdings has established internal policies such as the "Ethical Management Procedures and Code of Conduct" and the "Ethical Management Best Practice Principles," and follows the "Code of Ethical Conduct for Insiders of Fubon Financial Holding Co., Ltd. and Its Subsidiaries." Compliance is required for all employees when performing their duties.</p>
<p><b>Company and investee companies</b></p>	<p>The Proprietary Trading Department is prohibited from selling securities it holds during the underwriting period in which the Underwriting Department is involved. Unpublished information and securities with conflicts of interest are regularly updated on a "restricted trading list" maintained by the Proprietary Trading Department and reported to the Risk Management Department for control.</p>
<p><b>Employees and customers</b></p>	<p>1. Employees must follow the "Work Rules," including adhering to government regulations that prohibit insider trading. Employees are prohibited from using confidential (including non-public) customer or company information obtained through their positions for personal gain or the benefit of others.</p> <p>2. Fubon Financial Holdings has established internal policies such as the "Ethical Management Procedures and Code of Conduct" and the "Ethical Management Best Practice Principles," and follows the "Code of Ethical Conduct for Insiders of Fubon Financial Holding Co., Ltd. and Its Subsidiaries." Compliance is required for all employees when performing their duties.</p>

### 7.2 Purpose of Conflict of Interest Management

1. To ensure that employees engaged in business investments, asset management, and personal investments or financial management activities do not exploit their positions for illicit personal gain, thereby preventing conflicts of interest.
2. To ensure that the Company's management and all employees act in the best interests of customers and shareholders when conducting business, avoiding any transactions or dealings made in the name of employees themselves or others that would conflict with the interests of the Company, customers, or shareholders.



### 7.3 Conflict of Interest Management Approach

Management approach	Description
<p><b>Education and advocacy</b></p>	<p>The Company has the "Investment Management Employee Conduct Policy" in place. All employees under its scope are required to fully</p>





Management approach	Description
	<p>understand the policy. Each year, employees must sign a declaration affirming that they fully comprehend and pledge adherence to the conduct policy. The Company also conducts regular or ad hoc advocacies to reinforce employees' knowledge of conflict of interest prevention and management.</p>
<p><b>Information control</b></p>	<ol style="list-style-type: none"> <li>1. The Company assigns computer system access permissions based on the duties of each department and individual to ensure information security. If an employee's role changes, their permissions are modified or removed accordingly. Additionally, passwords must be changed regularly to prevent leakage.</li> <li>2. System access permissions are assigned based on roles. To prevent improper disclosure, individuals without authorization cannot access unrelated information.</li> <li>3. The Company controls personal securities accounts of employees in investment management through a system, prohibiting the trading of securities held by their department.</li> <li>4. The Company has an internal system that prevents insiders from trading stocks the Underwriting Department intends to sell which were acquired through underwriting, or certain stocks the Proprietary Trading Department intends to trade.</li> </ol>
<p><b>Firewall design</b></p>	<ol style="list-style-type: none"> <li>1. The Company's office layout separates different departments. Responsibilities are clearly defined for each role. Employees from different departments or roles are prohibited from sharing confidential business information unless necessary for their work.</li> <li>2. Firewalls are in place for different business units, preventing one department from accessing another's transaction information.</li> </ol>
<p><b>Division of responsibilities</b></p>	<ol style="list-style-type: none"> <li>1. The front, middle, and back office departments have clear divisions of labor, and operational processes are properly segregated to ensure internal control principles are upheld, with no individual responsible for conflicting or mutually restrictive tasks.</li> <li>2. System access permissions are granted according to job responsibilities, preventing unauthorized access to information.</li> <li>3. If a conflict of interest arises, employees must immediately report it to management. Improvement measures should be proposed, prioritizing customer and shareholder interests.</li> <li>4. Any internal control deficiencies or findings from internal or external audits must be reported to the appropriate level of management, along with proposed improvement measures.</li> <li>5. The Proprietary Trading Department has a control mechanism prohibiting the trading of securities underwritten by the Company during the underwriting period.</li> </ol>
<p><b>Monitoring and supervision mechanism</b></p>	<ol style="list-style-type: none"> <li>1. The Company adheres to the "Fubon Financial Holding Co., Ltd. and Its Subsidiaries Investment Management Employee Conduct Policy" and "Guidelines for the Management of Personal Transactions by Investment Management Employees" to prevent employees from using their position for personal gain, thus</li> </ol>







Management approach	Description
	<p>avoiding conflicts of interest.</p> <p>2. The Company has established whistleblowing guidelines allowing individuals to report any suspected illegal or fraudulent activity by directors, supervisors, vice presidents, or other responsible persons.</p>
<b>Reasonable compensation system</b>	The Company has the "Compensation System Principles for Sales Personnel" in place, which ensures that compensation for employees providing investment-related financial products or services adheres to principles of reasonableness. Rather than focusing solely on the achievement of sales targets, the principles take into account factors such as customer rights and the potential risks posed to the Company by the products or services.
<b>Remedial measures</b>	For major conflicts of interest that could affect the Company's reputation or financial stability, the Company will provide a timely explanation of the situation and its resolution on its website for customers, shareholders, or stakeholders.

#### ◆ Example

When the Company undertakes underwriting cases, it issues a declaration to reduce the risk of compensating or refunding underwriting-related fees to customers under different methods or terms, and to prevent employees from using their positions to collect commissions, kickbacks, or other illicit gains.

##### 1. Conflict of interest scenarios

Company and customer: The Company compensates or refunds underwriting-related fees to the issuing company under different methods or terms.

Employee and customer: Employees use their position during the underwriting process to collect commissions, kickbacks, or obtain other illegal benefits from the issuing company.

##### 2. Management approach

When undertaking underwriting cases, the Company issues a declaration. The content of the declaration includes:

“... have absolutely not directly or indirectly requested, demanded, promised, delivered, or received bribes, and no underwriting-related fees will be compensated or refunded to the issuer, its affiliates, or individuals designated by them under any other method or name. Should any such behavior occur, it would constitute a violation of Articles 20 and 32 of the Securities and Exchange Act. In such cases, the Company will follow the relevant regulations of the Taiwan Securities Association and will be liable for Articles 56, 66, 171, and 174 of the Securities and Exchange Act, as well as other applicable legal responsibilities.”

#### 7.4 Major Conflict of Interest Incidents

As of the end of 2023, Fubon Securities has not experienced any major conflict of interest incidents. Should a significant conflict of interest arise, further explanations will be provided.





## 8. Voting Policy Description

### 8.1 Voting Policy

In accordance with Principle 5 of the Company's "Institutional Investors Stewardship Principles" compliance statement, and to safeguard the best interests of the Company and its shareholders, the Company actively exercises its voting rights for the stocks it holds. This includes strengthening the internal decision-making process for attending shareholders' meetings and assigning representatives to vote. The following voting policy has been established according to the relevant regulations stipulated by competent authorities:

1. The internal decision-making process for attending shareholders' meetings and assigning personnel to exercise voting rights shall follow the provisions of Article 20 of the "Regulations Governing Securities Firms," 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 "Institutional Investors Stewardship Principles," and Fubon Securities' "Guidelines for Assigning Representatives to Attend Shareholders' Meetings."
2. The exercise of voting rights by the Company shall be based on the best interests of the Company and must not directly or indirectly involve participation in the management of the issuing company or improper arrangements.
3. Upon receiving a meeting notice from a company in which the Company holds shares, the responsible unit shall, within the shareholders' meeting period, complete the procedures for assigning personnel to attend and making decisions on the exercise of voting rights, with records retained for future reference.
4. The Company may exercise its voting rights for held stocks in writing or electronically in accordance with Article 177-1 of the Company Act, which will be regarded as valid attendance at the shareholders' meeting.
5. For shareholders' meetings of a public company of which the Company holds over 300,000 shares, the Company shall exercise its voting rights through electronic voting. The voting rights must be exercised by an internal natural person (excluding spouses and minor children).
6. For shareholders' meetings of a company of which the Company holds less than 300,000 shares and electronic voting is not adopted, the Company may choose not to assign personnel to attend the meeting without being subject to the restriction of Article 20, Paragraph 2 of the Regulations Governing Securities Firms.
7. When the Company assigns personnel to exercise voting rights for held stocks, unless using electronic voting, the voting instructions for each proposal shall be clearly stated in the assignment document. These assignment documents and electronic voting records shall be retained for future reference.
8. The Company does not adopt proxy research and proxy voting services. Voting at shareholders' meetings of issuing companies is handled internally, where relevant departments assess and analyze the proposals based on Fubon Securities' "Guidelines for Assigning Representatives to Attend Shareholders' Meetings" and exercise voting rights accordingly.
9. The decision-making process for exercising voting rights should define the types of proposals where support, opposition, or abstention are applicable, and clarify that the Company does not unconditionally support the proposals submitted by the management.





## 8.2 Principles for Exercising Voting Rights on Shareholders' Meeting Proposals and the Types of Proposals Generally Supported, Opposed, or Abstained From

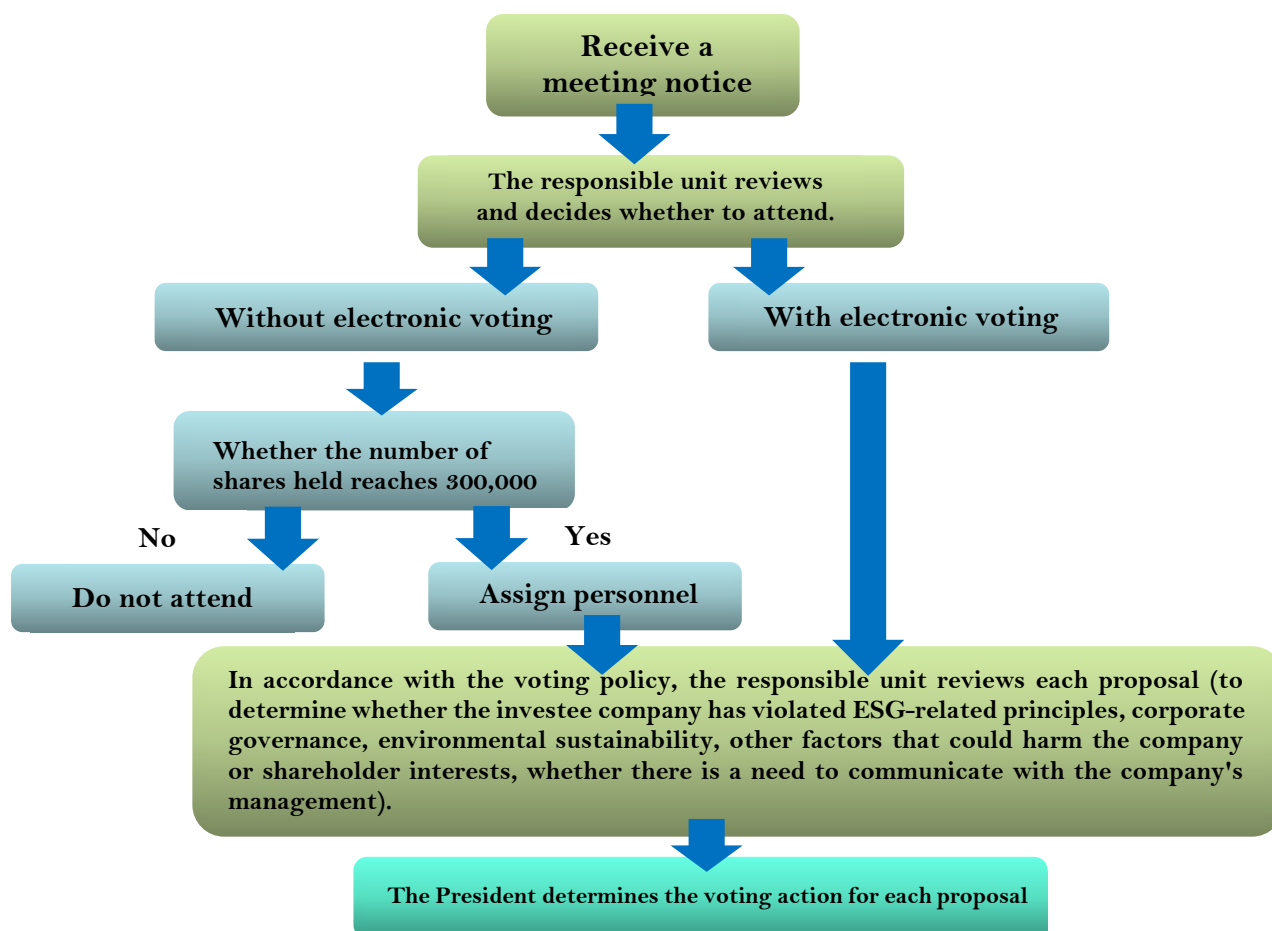
In accordance with the Company's voting policy, the Company generally supports proposals submitted by the board of directors of the issuing company, such as amendments to regulations, operating procedures, or the election of directors and supervisors. However, if the investee company experiences any of the following situations or other issues that may harm shareholder rights, the responsible unit should further evaluate whether to communicate with the management and specify reasons for opposing or abstaining from voting on the proposal, with final approval by the President for action.

1. When the responsible unit uses electronic voting or assigns a natural person to attend a shareholders' meeting to exercise voting rights, the responsible unit must review each proposal to determine whether it aligns with ESG-related principles, such as violations of ESG practices, corporate governance, environmental sustainability, or if the nominated person has committed unethical, illegal, or criminal acts in relation to their duties. Based on this assessment, the responsible unit may decide to vote against or abstain from the proposal.
2. To show respect for the professional management of the investee company and promote its effective development, proposals that align with ESG principles are generally supported. Proposals that violate ESG principles, including those that hinder the sustainable development of the issuing company (e.g., inaccurate financial reports, improper compensation for directors and supervisors), or proposals that negatively impact the environment or society (e.g., environmental pollution, human rights violations, labor rights violations), will not be supported, and the Company will cast a vote of opposition.
3. If the investee company's management engages in unsound business practices that may harm the company or shareholder rights, or if there is a struggle for control between management and other parties that may harm the interests of all shareholders, or if the company has been penalized by relevant competent authorities for violations of environmental, social, or corporate governance principles, the responsible unit will assess and may decide to vote against or abstain.





### Voting Decision-Making Process



### 8.3 Policy for Major Proposals

Major proposals at shareholders' meetings are defined in accordance with Article 172 of the Company Act, which specifies that certain proposals must be included in the meeting notice and cannot be raised as ad-hoc motions. These proposals include:

The election or dismissal of directors or supervisors, amendments to the Articles of Incorporation, capital reduction, application to cease public offering, approval for directors to engage in competitive business, capital increase through surplus earnings or reserves, company dissolution, mergers or splits, matters with significant operational impact such as the conclusion, modification, or termination of contracts related to the leasing of the entire business, entrusting management to others, regular joint operation with others, the transfer of all or a substantial part of the business or assets, or the acquisition of the entire business or assets from others under Article 185, Paragraph 1 of the Company Act.

#### ◆ Example

2023 Taishan Enterprise – Complete Re-election of Directors (including Independent Directors): Following the re-election of directors and supervisors initiated by a major shareholder, Long Bon Inc., at an extraordinary shareholders' meeting, Fubon Securities decided not to intervene in the election of directors and supervisors out of respect for the investee company's professional management and to promote its effective development, hence, we abstained from voting.





2024 TECO Electric & Machinery – Election of the 27th Board of Directors: Since this case involved a power struggle between management and market players that could harm the interests of all shareholders, the Company abstained from voting.

## 9. Voting Disclosure

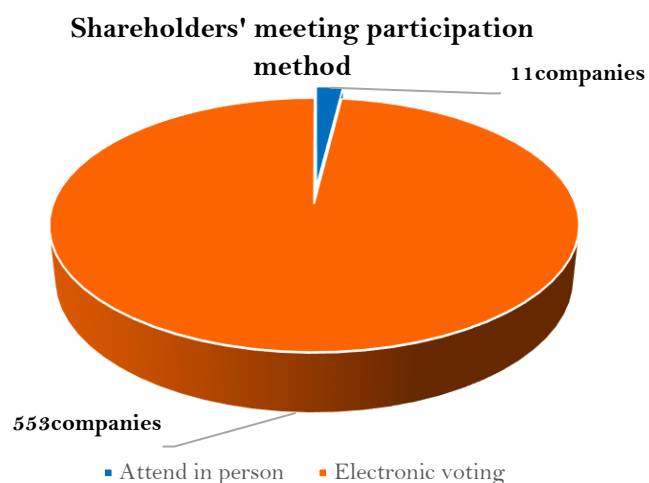
### 9.1 Use of Proxy Research and Proxy Voting Services

Fubon Securities does not use proxy research or proxy voting services. All research and voting decisions are handled internally.

### 9.2 Shareholders' Meeting Attendance in 2023

#### ◆ Shareholders' Meeting Attendance

The Company primarily participates in shareholders' meetings through the Taiwan Depository & Clearing Corporation's e-voting platform. In 2023, the Company participated in a total of 564 shareholders' meetings, including extraordinary shareholders' meetings, for investee companies. Of these, 553 votes were cast electronically, and 11 meetings were attended in person. There were no instances of proxy attendance.





### 9.3 Record of Statements and Issues of Interest at Shareholders' Meetings

In light of the increasing importance placed on ESG issues by enterprises and regulatory authorities, the Company continues to monitor whether investee companies are in alignment with sustainability trends. Starting in 2023, the Company has actively spoken on ESG-related issues during the shareholders' meetings of investee companies. The Company will continue to focus on ESG issues in investee companies in 2024.



◆ **Record of statements at shareholders' meetings in 2023:**

Company (code)	Meeting date	Statement	Company response
<b>Jiu Han System Technology (6903)</b>	May 24, 2023	Please explain whether the company has any related measures or plans regarding ESG. If yes, what are the specific details and the timeline for implementation?	<ol style="list-style-type: none"> <li>In December 2022, with the board's support, the company promoted the implementation plan for ESG corporate sustainability and established relevant corporate governance regulations to continuously promote and implement corporate governance practices.</li> <li>In March 2023, the company established a steering committee, composed of senior executives from various fields, to actively promote ESG operations. It is expected that an ESG report will be completed by June 2024.</li> </ol>
<b>MegaPro Biomedical (6827)</b>	June 1, 2023	Please explain whether the company has any related measures or plans regarding ESG. If yes, what are the specific details and the timeline for implementation?	The company has not yet established a dedicated unit for sustainable development. However, the company is making efforts in the environmental and social areas with regard to ESG considerations, such as complying with regulations on water pollution, air pollution, and waste disposal, and the company plans to establish a dedicated unit to promote ESG efforts once resources become more available after listing.
<b>Mega Union (6944)</b>	June 28, 2023	In response to the need for sustainable corporate management and	<ol style="list-style-type: none"> <li>The company has established internal regulations as required by law, and on April 7, 2023, the board of directors approved the Sustainable Development</li> </ol>





Company (code)	Meeting date	Statement	Company response
		enhancing competitiveness in the capital market, please describe the company's ESG implementation status and medium to long-term plan.	<p>Principles. The Chairman's Office serves concurrently as the unit promoting sustainability efforts. The company will formulate its risk management policy and medium to long-term business strategy and report them to the board.</p> <p>2. Additionally, the company plans to support its proprietor's initiative by planning a net-zero carbon transition and will prepare a sustainability report by the 2025 shareholders' meeting in compliance with regulatory requirements.</p>
<p><b>LOTES (3533)</b></p>	<p>June 16, 2023</p>	<p>Please explain the company's corporate governance strategy related to ESG.</p>	<p>The company responded by emphasizing the strengthening of board functions, protection of shareholder rights, improving transparency of company information, focusing on environmental issues to build a sustainable environment, and emphasizing employee rights and social care to create a people-oriented work and living environment.</p>





◆ **Fubon Securities' statements at 12 investee companies' shareholders' meetings from January to June 2024 have been disclosed on the Company's website. The summary of the statements are as follows:**

Company (code)	Meeting date	Statement	Company response
<b>Mega Union (6944)</b>	June 27, 2024	Please describe the current progress of the company's ESG practices.	The company reported the progress of ESG-related activities to its board of directors on March 21, 2024.  Detailed information on the company's ESG implementation can be found in the company's annual report, and related updates are continuously disclosed on the company's website.
<b>LOTES (3533)</b>	June 13, 2024	From 2020 to 2022, the company's carbon emissions have not shown a significant decrease. Does the company have any future carbon reduction targets?	In recent years, the company has been actively promoting energy management and carbon reduction measures, including systematic energy management procedures. Based on the results of carbon footprint assessments, the company will continue to promote carbon reduction measures and aims to submit a carbon reduction commitment to the Science-Based Targets initiative (SBTi) by the end of 2026.
<b>Nuvotaon (4919)</b>	May 28, 2024	Nuvoton has made remarkable achievements in promoting ESG. Please explain how resource-saving efforts have improved the gross profit of the company's products, and whether these increased profits will be reflected in future dividend policies.	<ol style="list-style-type: none"> <li>1. In 2023, Nuvoton made significant progress in energy conservation and carbon reduction by reducing greenhouse gas emissions in factories and introducing solar power systems.</li> <li>2. Given that the impact of rising carbon costs remains unpredictable, these efforts may not immediately be reflected in short-term operations. However, we believe that these efforts will positively affect future performance and dividend policies.</li> </ol>







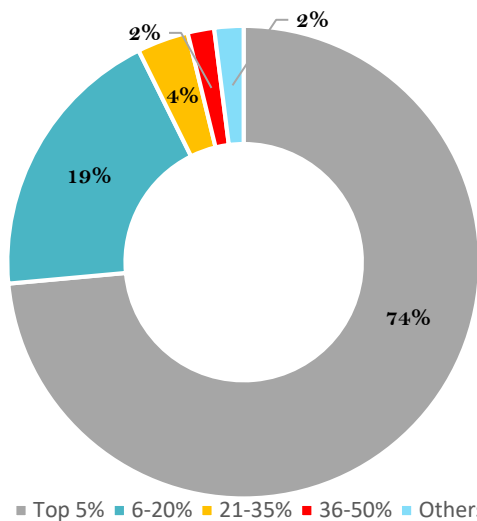
### ◆ Continued Monitoring of Issues After Shareholders' Meeting

Following the participation in the shareholders' meetings of investee companies in 2023, the Company continues to monitor the ESG performance of those companies. Specifically, the governance evaluation rankings of the listed (OTC) companies in which the Company invests are as follows:

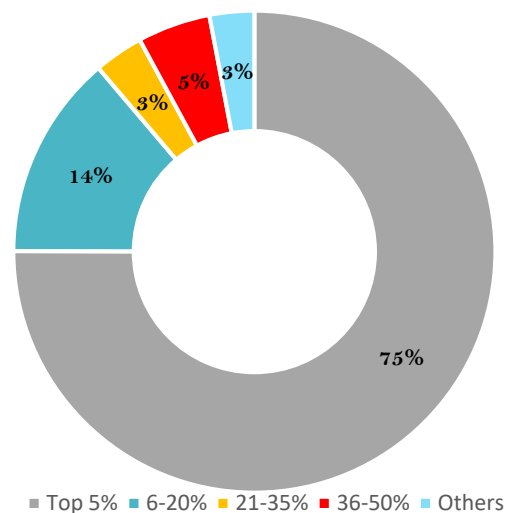
Based on the “2023 Corporate Governance Evaluation” conducted by the Securities and Futures Institute on behalf of the Taiwan Stock Exchange and the Taipei Exchange which covered 952 listed companies and 754 OTC companies, the Company reviewed its stock investments at the end of 2022 and 2023 and found an overall increase in the market value of its investment holdings compared to 2022. Among the companies evaluated, 51 of the Company's investment targets ranked in the top 5% of the corporate governance evaluation, accounting for approximately 75% of the investment amount, a slight increase from 74% in 2022. Furthermore, nearly 90% of the investment amount was in companies ranked in the top 20% for corporate governance.

### Corporate Governance Evaluation Results of Invested Stock Positions

Proportion of investment amount by the end of 2022



Proportion of investment amount by the end of 2023



### 9.4 Definition of Major Proposals and Exercise of Voting Rights

Major proposals at shareholders' meetings are defined in accordance with Article 172 of the Company Act, which specifies that certain proposals must be included in the meeting notice and cannot be raised as ad-hoc motions. Voting rights on these proposals, whether to support, oppose, or abstain, are exercised according to the Company's voting policy.

▼ In 2023, there were 920 major proposals, and the results of supporting, opposing, or abstaining are as follows:

Number of proposals supported	Explanation
916	Fubon Securities generally supports proposals submitted by the board of directors of the issuing company, such as amendments to regulations, operating procedures, or the candidates for directors and supervisors.





Number of proposals opposed	Explanation
1	<p><b>Grand Pacific Petrochemical (GPPC) – A proposal for capital increase from retained earnings proposed by a shareholder holding more than 1% of the issued shares</b></p> <p>We opposed this proposal due to concerns about diluting earnings per share, affecting the company's reputation in the capital market and increasing shareholders' tax burden.</p>
Number of proposals abstained	Explanation
3	<p><b>Taishan Enterprise – A proposal for the complete re-election of directors (including independent directors) and a proposal lifting the non-compete restrictions for new directors (including independent directors) and their representatives</b></p> <p>Taishan Enterprise's major shareholder, Long Bon Inc., called an extraordinary shareholders' meeting for a complete re-election of directors (including independent directors) and discussed lifting the non-compete restrictions for new directors and their representatives. We abstained from voting, respecting the professional management of the investee company to promote its effective development and refrain from harming the company or shareholder interests.</p> <p><b>DAS Technology – A proposal to elect five new directors (including one independent director)</b></p> <p>We abstained from voting due to unfamiliarity with the candidates after the previous management passed away.</p>

If the Company is dissatisfied with the results of major proposals, it will engage with investee companies through conference calls, visits, participation in investor conferences, or attendance at shareholders' meetings to enhance the positive impact on the investee company's operations in the long run.

### 9.5 Voting in 2023

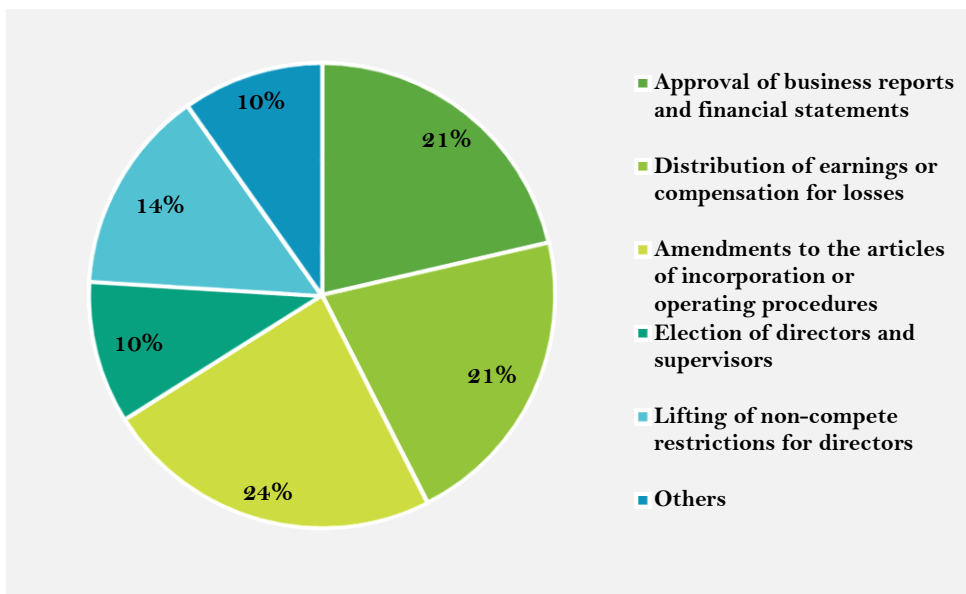
In 2023, the Company participated in the voting of 2,473 proposals at investee company shareholders' meetings. Among these, the Company cast votes to approve or support 2,469 proposals, accounting for 100% of the total participated proposals. There was one proposal that received an opposing vote, and three proposals where the Company abstained. Detailed voting records for each proposal have been disclosed on the Company's website, and all voting decisions were aligned with the goal of enhancing the long-term value of the investee companies.

In 2024, the Company adopted the one-stop "Shareholders' Meeting Voting Result Disclosure System" provided by the Taiwan Depository & Clearing Corporation (TDCC). This system maintains information such as voting reasons and statements, streamlining the disclosure process and improving the overall quality of disclosures, thereby fulfilling the stewardship responsibilities of institutional investors.

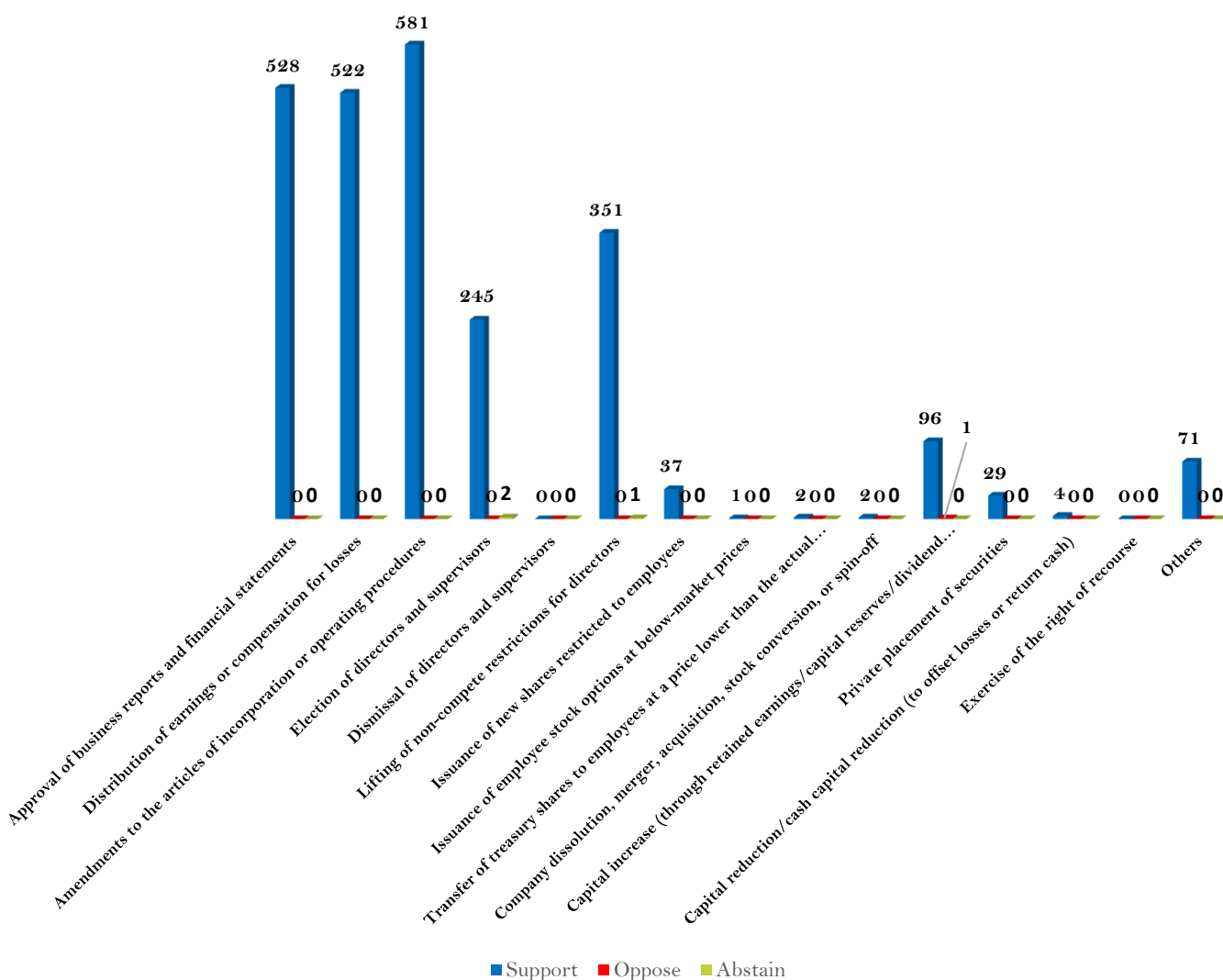




### Distribution of Votes in 2023



### Voting proposal statistics by category





## 10. Engagement Case Execution and Disclosure

### 10.1 Engagement Policy

Fubon Securities engages in appropriate dialogues and interactions with investee companies to better understand and communicate with their management regarding industry risks and strategies. Each year, the Company communicates with the management of investee companies through various means such as conference calls, meetings, participation in investor conferences, or sending representatives to general or extraordinary shareholders' meetings. If an investee company significantly violates corporate governance principles or poses a risk to long-term shareholder value on specific issues, the Company will inquire about the handling of such matters with the investee company's management from time to time, and may also consider joining forces with other investors to express concerns collectively.

The purpose of such engagement is to safeguard shareholder rights and uphold stewardship principles. To evaluate whether engagement activities align with policy goals, the Company conducts assessments of engagement needs, reviews engagement activity data, and enhances the planning of engagement activities in proprietary trading departments.

In addition, the Company follows the "Fubon Financial Holding Co., Ltd. and Its Subsidiaries Engagement Principles" established in 2024. This ensures that the Company continues to focus on the environmental, social, and governance (ESG) aspects of its investment and financing positions, thereby taking appropriate engagement actions to promote sustainability and stewardship endeavors.

### 10.2 Engagement Activity Assessment

To ensure that invested companies comply with listing requirements, the Company conducts evaluations across various aspects, such as operational risks, business/inventory/performance overviews, financial ratio analysis, endorsements and guarantees, commitments and loans, regulatory compliance, disqualification clauses, and ESG performance. During the inspection process, we also guide invested companies in making necessary improvements.

Given the increasing emphasis on ESG issues by enterprises and regulatory authorities, the Company also evaluates whether investee companies are keeping up with trends in sustainability by occasionally inquiring with the investee company's management about these matters. We may also join forces with other investors to collectively express concerns if necessary.

#### Response to Failed Engagement

In principle, the Company will halt the IPO or SPO filing process for that case, and depending on the situation, may reduce its holdings in the investee company.

For bond underwriting, the case will not be processed.



In principle, the Company will respond by no longer increasing or decreasing investment positions.





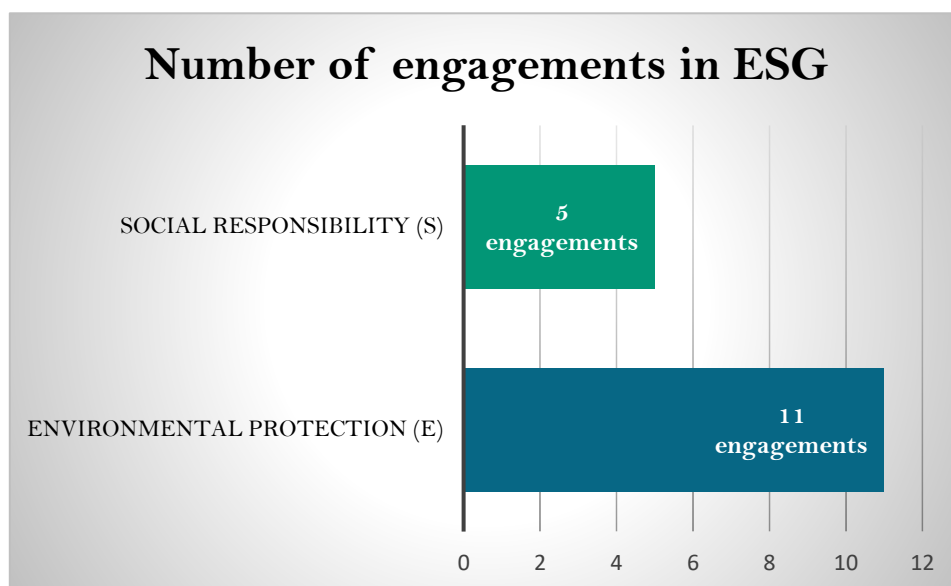
### 10.3 Engagement Activities

The Company's underwriting departments conduct weekly on-site visits to the issuing companies receiving advisory services, with a focus on their business and financial conditions, regulatory compliance, internal audit and control, and corporate governance operations. Through these visits, advice and guidance are provided across the three ESG dimensions to ensure the companies meet listing (or OTC) requirements. In 2023, a total of 1,252 engagements were carried out for our underwriting cases, which included 578 on-site visits, 520 email discussions, 116 phone (or video) conferences, 10 investor conference participations, and 28 shareholder meeting attendances.

As the proprietary trading department's held positions are diversified and involve smaller amounts for any single security often for short-term operations or hedging purposes, there is generally less necessity for interaction or engagement with investee companies. In 2023, the proprietary trading department participated in 26 investor conferences and 32 phone (or video) meetings, totaling 58 engagements involving 48 companies.



Additionally, the Company participated in underwriting sustainable development bonds in 2023, during which 16 engagements with the issuing companies involved discussions on ESG-related topics. These topics covered 11 environmental issues, such as improving energy efficiency and water conservation or recycling, and 5 social responsibility issues, including affordable housing and job creation.

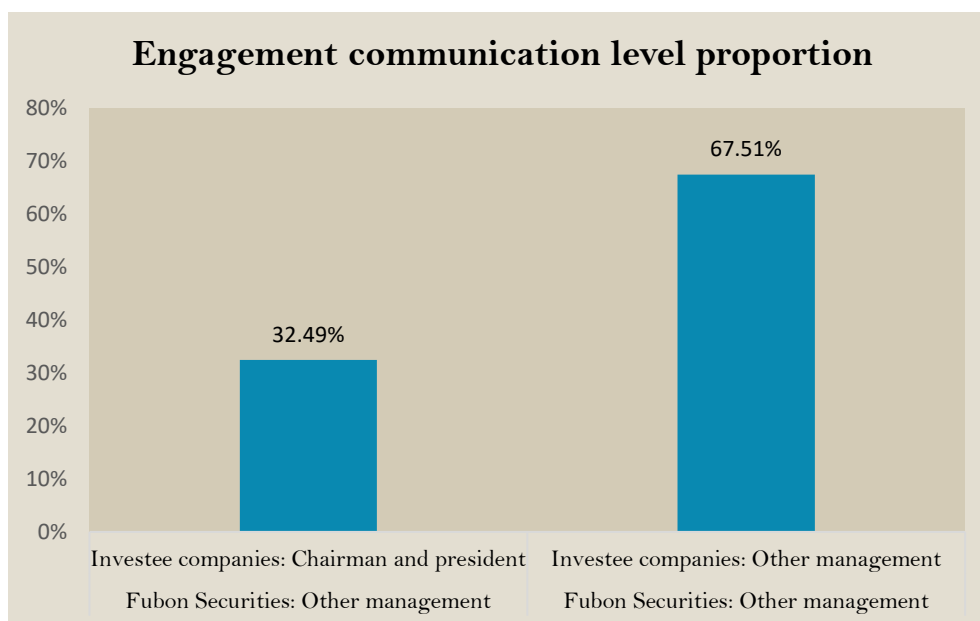




◆ **Communication Level on Both Sides in Engagement**

**Communication Level on Both Sides in Engagements in 2023**

Communication level		Percentage
Investee company	Fubon Securities	
Chairman and president	Other management	32.49%
Other management	Other management	67.51%



◆ **Engagement Milestones in 2023**

Business Engagement milestone		Proprietary trading				Underwriting	
		Stock		Bond		Company count	Proportion to total assets
		Company count	Proportion to total assets	Company count	Proportion to total assets		
Phase One	Propose engagement issues to investee company	1	0.05%	1	59%	26	11%
Phase two	Investee company recognizes the validity of issues proposed	1	0.05%	1	59%	10	13%





Business Engagement milestone		Proprietary trading				Underwriting	
		Stock		Bond		Company count	Proportion to total assets
		Company count	Proportion to total assets	Company count	Proportion to total assets		
Phase three	Investee company formulates strategy in response to the issues proposed	0	--	1	59%	0	--
Phase four	Investee company adopts concrete measures to achieve engagement goals	0	--	1	59%	0	--

#### 10.4 Content of Interaction and Engagement

The Company is the lead underwriter for the issuance of Taiwan Semiconductor Manufacturing Company (TSMC) 2023 Series 2 Corporate Bonds and the lead underwriter for the initial public offering (IPO) of Arch Meter Electric Corporation. The interaction and engagement efforts related to these underwriting cases align with the Company's stewardship policy, which fulfills the Company's responsibilities to shareholders and ensures proper execution and disclosure of stewardship actions.



#### ◆ 2023 Engagement Case 1 – TSMC Green Bond Issuance

<p><b>1. Primary reason for engagement, specific quantifiable targets, issues and scope</b></p>	<p><b>(1) Reason for engagement, specific quantifiable targets:</b></p> <p>The Company provided bond issuance, fundraising, and consulting services to TSMC, helping TSMC raise NT\$20.7 billion. These funds are to be applied to green building projects and environmentally sustainable capital expenditures. The underwriting support for the issuance of green bonds was aimed at assisting TSMC in directing the raised funds toward environmentally beneficial projects.</p> <p><b>(2) Issue and scope of engagement</b></p> <p>The engagement focused on discussing TSMC's green investment plan and its benefits, specifically in the planning of green buildings. Since 2016, green building certification has been a standard for TSMC's newly established fabs and offices. Green buildings not only reduce resource</p>
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	consumption by using more recycled and renewable materials but also reduce construction waste. Furthermore, they incorporate environmental sustainability into the building design to ensure a harmonious coexistence between production and the environment.
<b>2. Engagement impact on TSMC and its stakeholders</b>	Through green building certifications, TSMC can reduce water and electricity consumption during both the construction and operational phases. In addition to conserving energy and reducing CO2 emissions, it minimizes waste generation and environmental impact while increasing the climate resilience of its buildings. By issuing green bonds to fund these projects, TSMC secured stable long-term green investment capital and, through the influence of green bonds, created a friendly environment to the public.
<b>3. Follow-up actions by Fubon Securities</b>	<p>(1) After interaction and engagement, TSMC successfully completed its fundraising in May 2023 through the issuance of green bonds, securing stable long-term green investment capital. This aligns with the engagement goals set between Fubon Securities and the investee company.</p> <p>(2) Following the completion of TSMC's fundraising in May 2023, the Company will continue to track the progress of its green power projects, supporting its ongoing efforts in promoting green manufacturing and achieving green operations.</p>

◆ **2023 Engagement Case 2 – Arch Meter Stock Listing**

<b>1. Primary reason for engagement, specific quantifiable targets, issues and scope</b>	<p><b>(1) Reason for engagement, specific quantifiable targets:</b></p> <p>Fubon Securities provided consulting services for Arch Meter's stock issuance, fundraising, and financial advisory, assisting Arch Meter in successfully listing and securing mid to long-term capital, while continuing to help the company with its ESG transformation.</p> <p>The quantifiable target was for Arch Meter to meet listing requirements, such as appointing three independent directors, including at least one female director.</p> <p><b>(2) Issue and scope of engagement</b></p> <p>The interactions primarily involved conducting on-site visits and providing guidance on business and financial conditions, regulatory compliance, internal audits and controls, and corporate governance. The discussions addressed major labor disputes, significant environmental pollution, litigation, unusual transactions, and violations of integrity by directors, supervisors, or managers, as well as other sustainability issues.</p>
<b>2. Engagement impact on Arch Meter and its stakeholders</b>	<p>(1) During the advisory process, Fubon Securities helped Arch Meter establish a strong internal control system, identify various risks and impacts, strengthen compliance with</p>







	<p>regulations, improve corporate governance, and fulfill corporate social responsibility. After Arch Meter was successfully listed, it was able to raise funds from the capital market, which is beneficial for its long-term development and sustainable operation.</p> <p>(2) Arch Meter is one of the five domestic suppliers qualified to supply smart meters to Taiwan Power Company. Its expertise in power measurement, monitoring, and system integration helps industrial power users and system integrators establish comprehensive energy management systems. Arch Meter is also developing power measurement and leakage detection modules for charging stations to support charging station operators in complying with new regulations on leakage.</p>
<p><b>3. Follow-up actions by Fubon Securities</b></p>	<p>(1) After interaction and engagement, Arch Meter was officially listed on January 29, 2024. By utilizing capital markets for fundraising, Arch Meter obtained long-term capital, which is beneficial for its long-term development and sustainable operations, aligning with the engagement objectives set by Fubon Securities and the investee company.</p> <p>(2) After completing the phased IPO advisory work, the Company will no longer directly offer advisory services to Arch Meter but will continue to monitor its ESG performance and progress in sustainable development. From an underwriting business perspective, we will remain in contact with Arch Meter for follow-up, using this as a reference for evaluating future SPO projects.</p>

### 10.5 Impact on Future Investment Decisions After Interaction and Engagement with Investee Company

Building on the experience gained from the interaction and engagement with TSMC and Arch Meter, the Company will continue to assist companies that contribute to environmental sustainability in raising the necessary funds for their operations. This includes ongoing support for corporate issuance of green bonds or sustainable bonds, assisting companies that develop ESG-themed products and services in their fundraising efforts, and continuing to guide companies that contribute to providing products and services that mitigate climate change or environmental risks in their IPO or OTC listings.





## 11. Participation in ESG-Related Advocacy Organizations and Institutional Investor Cooperation

### 11.1 Participation in ESG Advocacy Organizations

#### ◆ Aligning with International Initiatives

Fubon Financial Holdings adopted the Task Force on Climate-related Financial Disclosures (TCFD) risk management framework in 2018, became a TCFD supporter in September 2019, and published the first TCFD report in Taiwan's financial industry in 2021. For three consecutive years, the group has earned a leadership-level rating from CDP, demonstrating its commitment to international sustainability trends. Fubon Financial Holdings joined the Partnership for Carbon Accounting Financials (PCAF) and the Asia Investor Group on Climate Change (AIGCC) in 2022 and officially became an RE100 member, pledging to use 100% renewable energy across all domestic and international operations by 2040. Fubon has also passed the science-based targets (SBT) assessment, aiming to achieve net-zero carbon emissions by 2050. In January 2023, Fubon became a member of the Taskforce on Nature-related Financial Disclosures (TNFD) Forum and conducted its first nature-related risk assessment in 2023 to understand the state of nature risks in relation to specific industries. To enhance low-carbon transition effectiveness and risk management, Fubon Financial Holdings and its subsidiaries continue to improve both qualitative and quantitative controls.



#### ◆ Fubon Sustainable Future Lecture

On May 23, 2023, Fubon Financial Holdings, the Fubon Cultural & Educational Foundation, National Taiwan University (NTU), and the NTU Risk Society and Policy Research Center jointly host the "Fubon Sustainable Future Lecture" themed "Facing Global Crises: Taiwan's Critical Transformation." Based on the 2023 Global Risks Report released by the World Economic Forum, the lecture focused on how Taiwan can reassess its future positioning in response to the complex and multiple crises caused by COVID-19, severe climate disasters, geopolitical tensions, and global inflation, as well as the international call for net-zero carbon transitions. The discussion aimed to explore the construction of resilience in society, the economy, and energy systems amidst the urgency of climate change and net-zero transitions.

#### ◆ Run For Green™ ESG Initiative

In 2021, Fubon Financial Holdings launched the "Run For Green™" ESG initiative in a consistent effort to expand its corporate sustainability influence across financial and non-financial sectors. This initiative is centered on four main ESG strategies: "decarbonization, digitalization, empowerment, and connection," driving green transformation toward a sustainable, net-zero future.



This initiative includes transforming major marathons including the Taipei Marathon into low-carbon events with carbon reduction commitments. It also sets out to expand efforts to other races. For every 40 kilometers runners accumulate, Fubon Financial Holdings plants a tree on their behalf. Since its launch, the initiative has attracted 160,000 participants, with over 40,000 qualifying to have a tree planted in their name. Moreover,





Fubon has introduced the "Every Hit Counts" initiative, pledging to plant 1,374 trees based on the number of home runs hit by Fubon Guardians baseball players during the year. Players also get to name tree seedlings, further engaging them in sustainable living.

※ Reference: [2023 Fubon Financial Holdings Sustainability Report](#),  
[2023 Fubon Financial Holdings TCFD Report](#)

## 11.2 Institutional Investor Collaboration Policy and Cases

### ◆ Fubon Financial Holdings' Net-Zero and Decarbonization Pathway

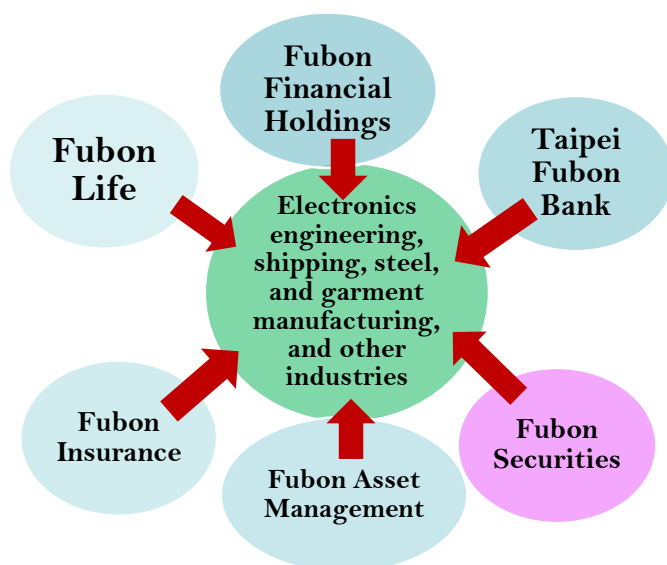
Fubon's decarbonization planning began in 2016 with the commitment to adopt science-based targets (SBT). The Group has focused on conducting carbon footprint assessments and carbon accounting in line with target-setting guidelines for emissions (Scope 3) related to key financing and investment portfolios, as well as its own operational emissions (Scopes 1 and 2). Based on these assessments, a decarbonization pathway was formulated.

Fubon Financial Holdings has listed SBTs and the entry/exit criteria for high carbon emission industries in the "Fubon Financial Holdings and Subsidiaries Sustainable Finance Policy." The green finance targets have been extended from 2025 to 2030. Additionally, in 2024, the Group established engagement and voting guidelines to ensure consistent implementation across all entities, aiming to drive the development of net-zero emissions and decarbonization across industries.

※ Reference: [2023 Fubon Financial Holdings Sustainability Report](#),  
[2023 Fubon Financial Holdings TCFD Report](#)

### ◆ Collaboration Case – Fubon Financial Holdings and Subsidiaries Jointly Host SBT Engagement Workshop

On July 4, 2024, Fubon Financial Holdings joined forces with Taipei Fubon Bank, Fubon Life, Fubon Insurance, Fubon Securities, and Fubon Asset Management in hosting the first engagement workshop, inviting more than 30 publicly listed companies or companies planning to enter the capital market from industries such as electronics manufacturing, shipping, steel, and garment manufacturing. Deloitte & Touche Management Consulting Team shared insights on sustainability trends, introduced SBTs and the application process, and provided guidance on identifying sustainable economic activities. Participants also engaged in group discussions.



▲ Fubon Financial Holdings and its subsidiaries jointly host a SBT Engagement Workshop.





<b>Engagement goals</b>	<ol style="list-style-type: none"><li>1. In accordance with Fubon Financial Holdings' overall decarbonization pathway and Fubon Securities' annual carbon reduction plan to gradually achieve carbon reduction targets, the goal is to leverage the financial institution's role in directing capital flows toward low-carbon pathways by encouraging clients to set SBT goals. This also echoes the policies of competent authorities.</li><li>2. The workshop focused on discussing the decarbonization pathways defined by SBTs for businesses, encouraging clients to set SBTs, and helping them achieve specific carbon reduction goals within set timeframes in line with the engagement goals.</li></ol>
<b>Follow-Up actions or plans</b>	After the workshop as an engagement activity, Fubon Securities will adhere to Fubon Financial Holdings' follow-up efforts with the participating companies to track the engagement results, including the progress of their SBT setting.
<b>Impact on future investment decisions</b>	Following Fubon Financial Holdings' overall decarbonization pathway, the Company will set annual carbon reduction plans, gradually achieve its carbon reduction targets, and guide capital toward low-carbon pathways. The Company will regularly track the global list of companies that have set or committed to SBTs. This list will serve as a reference for portfolio management, allowing the Company to assess the progress of its investment portfolio in achieving carbon reduction targets.





▲Photo source: Money UND's news article on July 5, 2024

## ◆ Collaboration Case – Enhancing the Impact of Sustainable Initiatives through Financial Influence

### 1. Continue to leverage the financial sector to direct capital towards low-carbon pathways

In alignment with Fubon Financial Holdings' SBT project, the Company audits investment portfolio data and quarterly provides its proprietary trading and underwriting departments with a list of companies that have set SBTs as disclosed on the Science Based Targets Initiative (SBTi) website, to serve as a reference for investment evaluations. The proportion of carbon reduction targets within the Company's Scope 3 investment portfolios is also regularly tracked. In 2023, Fubon Securities adopted Fubon Financial Holdings' overall Scope 3 SBT reduction target of 22%. By December 2023, the percentage of companies that had set SBTs in Fubon Securities' investment portfolio reached 9%. Including companies that have submitted SBT commitments or set SBTs, this proportion increased to 18%.

### 2. Joint action in supporting sustainable finance initiatives, exerting impact as an institutional investor

#### (1) Recognition through multiple ESG Awards

#### a. Taiwan Sustainable Investment Awards: Institutional Impact - Exemplary Award and Institutional Impact - Model Award

Fubon Securities has been actively practicing responsible investment and advocating for sustainable finance by incorporating ESG considerations into its investment evaluation standards as well as setting quantitative goals. These efforts have guided both clients and investee companies in fulfilling their environmental protection and social sustainability responsibilities. The Company's effective financial influence was commended with the 2023 Taiwan Sustainable Investment Award for "Institutional Impact - Exemplary Award."

To further enhance its commitment to sustainable governance, the Company





established the "Sustainable Development Committee" under the Board of Directors in 2023, dedicated to promoting sustainable finance. Additionally, the Company actively participated in the Securities Association's climate risk scenario analysis project and was selected as a model for analyzing transition risks, setting an example for peers to strengthen their focus on climate risk management. This contribution was recognized with the 2024 Taiwan Sustainable Investment Award for "Institutional Impact - Model Award."

b. Two Consecutive Years of Recognition in the Taiwan Sustainable Investment Award: "Case Influence in ESG Innovation - Bronze"

In 2023, Fubon Securities received the "Case Influence in ESG Innovation - Bronze" award for its innovative approach to enhancing the U.S. stock investment experience by being the first in the industry to provide ESG ratings for U.S. stocks and enabling investors to actively filter and invest in targets with excellent ESG performance through a regular investment plan, thereby allowing investors to make a greater impact through sustainable investment.

In 2024, the Company further earned recognition for its cross-sector product, the industry's first "ESG Investment Section." It is a dedicated section offering investors transparent and accessible ESG information to guide their investment decisions. In less than a year, the ESG Investment Section attracted 100,000 visits, and the inventory and trading volumes of both Taiwan and U.S. stocks, as well as foreign bonds listed in the section, saw significant growth. The success of promoting sustainable investment earned the Company the "Case Influence in ESG Innovation - Bronze" award for the second consecutive year.

**The 3rd SDG Asia hosted by the Taiwan Institute  
for Sustainable Energy (TAISE) in 2023**



▲Left to right: Fubon Asset Management VP Yu Yu-Hui, Fubon Securities Senior VP Hu Shi-Fang, and Fubon Life Senior Associate Bao Hua-Ling





**The 4th SDG Asia hosted by the Taiwan Institute  
for Sustainable Energy (TAISE) in 2024**



## 12. Effectiveness Evaluation of Fubon Securities' Stewardship

### 12.1 Dedicated Unit and Approval Level for the Stewardship Report

The unit responsible for the institutional investor stewardship project of Fubon Securities is its Regulatory Compliance Department. The Stewardship Principles Compliance Statement and Stewardship Report are compiled using data provided by relevant execution units such as the Proprietary Trading and Underwriting Departments. These are then approved by the Company's President, underscoring the importance the Company places on the stewardship report.

### 12.2 Regular ESG Task Force Review and Monitoring

The Company's ESG Task Force holds quarterly meetings to review ESG implementation and set action plans. The results and plans are reported quarterly to the Sustainable Development Committee and the Board of Directors.

### 12.3 ESG Incorporated into Individual KPI Targets

To enhance climate risk management and promote corporate sustainability, ESG quantitative indicators are integrated into the annual performance targets of all employees, with a minimum weight of 5%-10%. This is linked to the remuneration system to ensure the implementation of various ESG projects. For the Chairman, President, and senior executives with responsibilities related to ESG, the annual ESG target weight is no less than 5%, ensuring the clear promotion and execution of ESG actions.

### 12.4 Implementation of Shareholder Activism

In 2023, Fubon Securities achieved a 100% attendance rate at shareholders' meetings of publicly listed, OTC, and emerging companies through electronic voting.





## 12.5 Commitment to ESG Issues and Corporate Social Responsibility through Low-Carbon, Green Energy Technology and Green Bonds Investments

In 2023, the Company's low-carbon investments amount to NT\$5.167 billion, with a 172% achievement rate; green energy technology investments amount to NT\$2.309 billion, with a 77% achievement rate; green bond investments amount to NT\$923 million, with a 132% achievement rate

## 12.6 Assisting Companies Contributing to Environmental Sustainability in Raising Capital

1. The Company leveraged its underwriting expertise to assist companies in issuing green bonds or sustainable bonds, helping them fulfill their corporate social responsibility.
2. The Company underwrote IPO and SPO cases for companies contributing to products and services that mitigate climate change or environmental risks.

As of December 2023, the Company underwrote 75 IPO and SPO cases, 38 of which were related to environmental sustainability, representing 51% of the total underwriting cases, with a target achievement rate of 119%.

3. The Company continues to guide companies contributing to environmental sustainability toward going public:

INAEnergy (green energy), Tien Li (wind turbine blades), Huang Chieh-KY (lightweight metal composites), Santi Renewable Energy (green energy), GUS Technology (batteries for electronic vehicles and energy storage), IEMC (specialty gas supplier for TSMC), Mega Union (wastewater equipment and services), Ark Solar Energy (green energy), etc.

In conclusion, Fubon Securities' investment activities are fully aligned with its stewardship declaration. Our stewardship practices demonstrate both consistency and effectiveness in promoting responsible investment.







### 13. Contact for Stewardship Information

Service	Contact information
Customer service	Customer service hotline: 0800-073-588 / 02-8178-3018 Customer mailbox: service.sec@fubon.com
Services for investee companies or other institutional investors	<b>【Proprietary trading】</b> Mr. Chen of the Financial Transaction Department Tel. no.: (02)8771-6888 ext. 67942 E-mail: clack.chen@fubon.com
	<b>【Undewriting】</b> Mr. Chen of the Investment Banking Department Tel. no.: (02)8771-6888 ext. 62985 E-mail: stephen.chen@fubon.com
Stewardship report-related information	<a href="https://www.fbs.com.tw/BusinessPublicInfo/InvestorCode">https://www.fbs.com.tw/BusinessPublicInfo/InvestorCode</a>

