

Nomura Asset Management Taiwan

Proxy Voting Policy

Investment Division

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1. INFORMATION SHEET & REVISION HISTORY

Purpose:

- The objective of this policy is to provide guidance of conducting proxy voting and disclosing the voting results for investee companies in an aggregate manner.

Target Audience :

- Investment Division

New/ Replace :

- New Version, approved and effect by Session 8-13 board of directors' meeting dated 22 March, 2018
- Version 1.1: Amendment article 5 (5), approved and effect by Session 8-26 board of directors' meeting dated 30 January, 2019.
- Version 1.2: Amendment article 6 and 6 (6), approved and effect by Session 8-44 board of directors' meeting dated 27 April, 2020.

2. REFERENCES

1.Regulatory Requirement :

Nil

2. Others :

Stewardship Principles for Institutional Investors

3. Introduction

Nomura Asset Management Taiwan Ltd. (hereafter the Company) serves as an asset manager and bears fiduciary duty to the Company's clients and beneficiaries. This policy reflects our fiduciary duty based on Stewardship Principles to vote proxies in a manner consistent with the best interests of the Company's clients and beneficiaries.

The Company will closely examine the voting agenda of each investee company and proactively votes at shareholders' meetings; however, it does not mean we necessarily support proposals made by management of the investee company.

4. Scope of Conducting Proxy Voting

Taiwan stocks listed in Taiwan Exchange and Taipei Exchange

5. Conduct of Proxy Voting

The Company shall comply with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" and the "Regulations Governing Securities Investment Trust Enterprises" and conduct proxy voting in accordance with below procedures:

- 1) The Company's exercise of proxy voting can be done in written or electronic manner.
- 2) The Company's conducting of proxy voting, except stipulated by regulation which can delegate to third party, should appoint representatives from the Company's personnel to exercise.
- 3) The Company's conducting of proxy voting should be consistent with the best interests of our clients and beneficiaries and may not directly or indirectly participate in the management of the investee companies or in other inappropriate arrangements. Besides, proxy voting rights what the Company obtain cannot be transferred, sold or collected other benefits.
- 4) Before attending shareholders' meeting of an investee company, the Company should prepare an assessment and analyze the basis on proxy voting, including obtaining and adopting voting recommendation reports made by proxy advisory firms.
- 5) When an investee company doesn't adopt electronic proxy voting system and the following condition is met, the Company has the discretion to exercise proxy voting or not:
 - Any single mutual fund managed by the Company holds investee company's shares less than 300,000 shares and all mutual funds managed by the Company hold investee company's shares less than 1,000,000 shares.

However, when an investee company adopts electronic proxy voting system, the Company shall conduct all proxy voting.

6. Proxy Voting Guidance

The Company closely examines the voting agendas of investee companies. Once a specific agenda item is harmful to the interests of shareholders, the Company shall decide either to vote oppose

or abstain for the item. In addition, the Company may leverage service of proxy voting recommendations provided by third party (such as ISS) to conduct proxy voting; however, the final voting results will be still based on actual researches of investee companies as well as internal discussion among the agenda items. Proxy voting guidance is applied in terms of different agenda types listed as below:

1) Business report and financial report

The Company will generally vote “approve” for business report and financial report, unless:

- a) The CPA firm issues an “Adverse Opinion” financial report; or
- b) Poor accounting procedures are identified that rise to a serious level of concern, such as fraud; misapplication of accounting principles, etc.

2) Surplus distribution or deficit appropriation

The Company will generally vote “approve” for surplus distribution or deficit appropriation, unless it significantly impacts its book value, such as an investee company pays huge dividends which causes its book value per share below stock face value per share (\$10 TWD).

3) Enactment or amendment of articles of incorporation

The Company will generally vote “approve” for enactment or amendment of articles of incorporation, unless:

- a) The enactment/amendment negatively impacts the rights and interests of shareholders; or
- b) The enactment/amendment endangers the continuity of the investee company, or is not in line with the long-term sustainable development of the business.

4) Remunerations of directors and supervisors

The Company will generally vote “approve” for remunerations of directors and supervisors, unless:

- a) The remunerations are not in line with the investee company’s articles of incorporation; such as the remuneration is beyond the limit what articles of incorporation is enacted,
- b) The remunerations are significantly increased but the investee company has a net loss on the year; or
- c) The remunerations include golden handshakes or golden parachutes clause.

5) Remunerations of employees including issue of restricted employee shares

A solid employee remuneration system is crucial for business development in order to inspire employee morale and sustain talents; thus the Company will generally vote “approve” for remunerations of employees, unless:

- a) The remuneration is not in line with the investee company’s articles of incorporation; such as the remuneration is beyond the limit what articles of incorporation is enacted;
- b) The remuneration includes special retirement benefit; or

c) The issue of restricted employee shares will severely damage interests of shareholders.

6) Elect or discharge directors or supervisors

Besides supporting specific candidates for directors and supervisors in terms of leveraging third party proxy voting recommendation service, the Company will generally support directors or supervisors which are nominated by the investee company and will equally allocate the votes to the nomination list, unless:

- a) The nominees of directors or supervisors had a severe financial crime record in the past (such as fraud or corruption); or
- b) The nominees of independent directors or supervisors have interest conflict with the investee company

However, when the Company adopts electronic proxy voting system and nomination list is unavailable or the information is insufficient, the Company will then vote "Abstain".

As for discharge of directors or supervisors, it will be case by case, and the Company will make a record on the reason to decide voting "Approve", "Oppose" or "Abstain".

7) Cancel non-competition rules on directors

The Company will generally vote "approve" for cancelling non-competition rules on directors if it is conducive to business development; however, if there is an evident showing a severe conflict of interest; such as being a concurrent role of CEO of other competitors, the Company will vote "Oppose" or "Abstain".

8) Company dissolution, merger, acquisition, share conversion or split

In regard to dissolution, merger or acquisition, voting will be made on case-by-case basis, and the Company will make a record on the reason to decide voting "Approve", "Oppose" or "Abstain".

As for share conversion or stock split, the Company will generally vote "approve" if there is no impact on interests of shareholders.

9) Change of capital structure including private placement, capital increase or decrease

The Company will generally vote "approve" for change of capital structure, unless:

- a) The term of capital structure change is unfavorable to the rights and interests of current shareholders; or
- b) The new issuance of shares is not "one share", "one vote" (i.e. with multiple voting rights).

10) Others

In regard to other agendas which are not included in abovementioned, it will be decided on case-by- case basis.

7. Disclosure of Voting Results

The Company should register and manage notices of shareholders' meetings and certificates of attendance from investee companies. For shareholders' meeting what is attended, the Company shall keep written records for assessment and analysis of proxy voting, decision making and proxy voting results. The records shall be preserved for a period of at least 5 years.

In addition, the Company shall disclose votes cast in agree, oppose or abstain from various types of agendas made by investee companies on annual basis. The relevant proxy voting results are summarized in terms of following agendas as below:

Agenda Type	Voting Rights	Approve	Oppose	Abstain
1. Admit business report and financial report				
2. Surplus distribution or deficit appropriation				
3. Enactment or amendment of articles of incorporation, including remunerations of employees, directors and supervisors				
4. Elect or discharge directors or supervisors				
5. Cancel non-competition rules on directors				
6. Issue restricted employee shares				
7. Company dissolution, merger, acquisition, share conversion or split				
8. Private Placement				
9. Capital increase or decrease				
10. Others				