

# **Nan Shan Life Insurance Co., Ltd.**

## **Investment Policy Guidelines**

Established on January 1, 2007  
Amended on February 6, 2025

### Article 1 Basis for Formulation

This Investment Policy and related matters are formulated in accordance with the “Self-Regulatory Regulations for Asset Management in the Insurance Industry” and the Company’s “Comprehensive Investment Policy.”

### Article 2 Outsourced Investment Operations

Outsourced investment operations shall be conducted in accordance with the “Self-Regulatory Regulations for Discretionary Investment of Insurance Industry Funds” issued by the Life Insurance Association of the Republic of China (hereinafter referred to as the “Life Insurance Association”), as well as relevant laws and regulations.

The transaction principles and policies, operating procedures, internal control systems, and internal audit mechanisms related to outsourced investment operations shall be governed by the Company’s “Regulations Governing Discretionary Investment Management of Funds.”

### Article 3 Criteria for Selection of Counterparties

The selection of counterparties shall be carried out in accordance with the Company’s “Guidelines for Selection, Evaluation, and Concentration Management of Investment Counterparties and Intermediaries” and other relevant internal regulations.

### Article 4 Criteria for Selection and Evaluation of Custodians

The selection criteria of custodians shall comply with the relevant standards set forth by competent authorities and the Life Insurance Association.

Custodian selection shall be carried out in accordance with the Company’s “Guidelines for the Selection and Evaluation of Custodians,” and the same applies to any changes. Upon approval of the selection, the Finance and Actuarial Function shall be responsible for handling subsequent related matters.

Prior to entering into custody agreements or other related contracts with custodians, the agreements shall be reviewed by the Legal Department and executed in the name of the Company; the same applies to any amendments.

The Finance and Actuarial Function shall continuously monitor the asset protection practices of custodians, conduct evaluations in accordance with the “Guidelines for the Selection and Evaluation of Custodians,” and report the results to the Chief Financial Officer.

The Risk Management Department shall review changes in custodians’ credit ratings daily. When necessary, the Chief Financial Officer shall be notified immediately to take appropriate contingency measures.

The Internal Audit Department shall include the aforementioned matters within its audit scope.

### Article 5 Methods and Frequency for Performance Measurement and Analysis

The Investment Function shall submit a monthly report to the Investment Committee on the overall portfolio status, investment performance, and the cost of policyholder funds.

The report shall also incorporate analysis of global economic trends, domestic and international interest rate and exchange rate movements, and industry prospects, and shall present recommendations on future investment strategies to the Investment Committee.

The Real Estate Department shall submit a monthly report to the Investment Committee on the status of real estate investment positions, investment performance, and operational reviews, and shall provide a quarterly report outlining future investment action plans.

#### Article 6 Regulations Applicable to Investment Personnel

Investment personnel shall comply with the Company's internal regulations, including the "Employee Code of Conduct," the "Regulations for Personal Investment and Trading by Personnel Involved in Domestic Equity Investments," the "Regulations for Transaction Approval and Audit Procedures," and the "Guidelines on the Offering or Acceptance of Benefits by Investment Personnel."

#### Article 7 Response Measures for Unlawful Conduct

In the event of unlawful conduct, actions shall be taken in accordance with the Company's internal regulations and procedures, including the "Guidelines for Handling Fraud Cases Involving Employees," the "Regulations Governing the Handling of Whistleblower Cases," and the "Guidelines for Handling Material Contingency Events."

#### Article 7-1 Investment Principles for AML and CFT

Before adding new investment targets (issuers and quota control institutions) into the system, each unit within Investment Function shall obtain inquiry results confirming whether the prospective investee enterprise has implemented anti-money laundering (AML) and countering the financing of terrorism (CFT) measures. If the inquiry results indicate that the enterprise is listed on a sanctions or weapons proliferation list (hereinafter referred to as the "Sanctions List"), investment is prohibited.

For existing investment targets already established in the system, the Investment Services Department shall conduct weekly inquiries into the Company's high-risk list database and, on an ad hoc basis, respond to notifications of changes in the Sanctions List issued by the Compliance Department. If an entity is found on the Sanctions List, the investment front office shall be notified to cease initiating any new investment positions. If positions are already held in such entities, the investment front office shall assess whether to continue holding or to dispose of them. The Investment Services Department shall compile and submit a quarterly report to the Chief Investment Officer. When necessary, the Investment Function may consult the Compliance Department for legal and regulatory advice.

If an investee previously listed on the Sanctions List is later found to have been removed, the Investment Services Department shall notify the investment front office that new investments may proceed and inform the Compliance Department simultaneously.

#### Article 7-2 Implementation of Responsible Investment Principles and Management of Climate-Related Investment Risks

To continuously strengthen responsible investment capabilities and implement the provisions of Article 4, Paragraph 2 of the Company's "Comprehensive Investment Policy," the following measures shall be adopted:

1. Prior to adding any of the following investment targets, one legal entity shall be selected for analysis based on the attributes of the target, using indicators related to environmental, social, or corporate governance (ESG) aspects. Reference

may be made to databases such as MSCI and RepRisk, as well as any other available and credible information sources. A statement shall be provided identifying at least one element that demonstrates the selected legal entity's commitment to and implementation of sustainable development practices:

- (1) Issuers of common stock, preferred stock, or depositary receipts.
  - (2) Issuers, parent companies, or guarantors of corporate bonds or financial debentures.
  - (3) Issuing (or managing) institutions of listed REITs or companies with controlling power over such institutions.
  - (4) Issuing (or managing) institutions of private equity funds or infrastructure funds.
  - (5) Issuing (or managing) institutions of securities investment trust funds, collective trust funds, index funds, or ETFs.
2. When adding investment targets under Items 4 and 5 of Subparagraph 1, Paragraph 1 above, the fund's investment strategy shall be evaluated to determine whether it significantly violates ESG principles.
  3. When adding new investment counterparties and intermediaries for securities and derivative financial instruments, the account opening process shall include a review to confirm whether the counterparty, intermediary, or their parent company meets at least one of the following criteria:
    - (1) Has signed or endorsed international ESG-related principles, including but not limited to the United Nations Principles for Responsible Investment (PRI), the Equator Principles (EPs), and the Principles for Sustainable Insurance (PSI).
    - (2) Discloses reports in accordance with relevant standards such as those of the Global Reporting Initiative (GRI), the Task Force on Climate-related Financial Disclosures (TCFD), the Sustainability Accounting Standards Board (SASB), and the Carbon Disclosure Project (CDP).
  4. For newly developed real estate projects undertaken by the Company, sustainability issues (including energy, water, and waste) shall be evaluated during the project assessment and design stages to fulfill the Company's responsibility to protect the ecological environment.
  5. The Company shall continuously monitor and evaluate investment opportunities in thematic industries that promote human health and well-being, green energy, low-carbon development, green technologies, biotechnology and pharmaceuticals, innovative agriculture, circular economy, public infrastructure, and social welfare. Investment evaluations shall be conducted in alignment with the Company's investment strategy to leverage the influence of sustainable finance.

Prior to attending shareholders' meetings of domestic investee companies, matters related to personnel (such as the election of directors and supervisors) shall be excluded from evaluation. However, for proposals involving financial performance, employee welfare, shareholder rights, or corporate governance, an assessment shall be conducted to determine whether the proposals involve material violations of ESG principles, or material adverse climate risks. If the proposal involves a low-carbon transition plan, a vote in favor shall be cast.

When managers or analysts of the Investment Function have the opportunity to conduct telephone interviews or direct conversations with the investees listed under each item of Subparagraph 1, Paragraph 1, they shall proactively initiate discussions or exchange views on topics related to sustainable development.

The Company shall conduct quarterly reviews of its investment holdings as follows:

1. For investment holdings under Items 1 to 3 of Subparagraph 1, Paragraph 1, the RepRisk Index (RRI) score from the RepRisk database shall be referenced. If the score increases by more than 25 points compared to the previous quarter, the investment shall be included in a risk assessment, and disposal plans shall be proposed.
2. For investment holdings under Items 4 and 5 of Subparagraph 1, Paragraph 1, the investment strategy shall be reviewed to determine whether it involves any material violations of ESG principles. If such violations are identified, an evaluation and analysis shall be conducted, and disposal plans shall be proposed.

During the first quarter of each year, the Company shall review whether existing counterparties and intermediaries under Subparagraph 3, Paragraph 1 have endorsed international principles related to ESG issues. If not, they shall be included in the evaluation process beginning in the first quarter and continuing until improvements are observed within the same year. Additionally, the Company shall advocate for the adoption of such international principles by counterparties and intermediaries that have not yet endorsed them.

In accordance with the provisions of Subparagraph 3, Article 7 of the Company's "Climate-Related Risk Management Policy," the Company shall establish the following investment management mechanisms for climate-related risks:

1. In addition to the review mechanisms described in Paragraph 1 above, enhanced screening mechanisms shall be applied to investment targets that involve higher climate-related risks:
  - (1) When adding new investment targets, if their industry classification falls under the carbon-intensive industries list reported by the Risk Management Department and approved by the Board, the following screening procedures shall be conducted:
    - i. Verify whether the entity has proposed a carbon reduction plan—such as one aligned with the host country's net-zero pathway, science-based targets, international organizations' carbon reduction roadmaps, or other concrete decarbonization strategies. If no such plan exists, the target shall not be added.
    - ii. If the new investment target is classified in the MSCI database under the Low Carbon Transition (LCT) Score category of "Asset Stranding" or "Uncategorized," it must undergo further review to determine whether it has made any commitments to net-zero or carbon neutrality. If no such commitment exists, the target shall not be added. This requirement does not apply to targets acquired through passive allocation.
  - (2) At least once a year, the investment holdings shall be reviewed to identify whether any investee falls within the carbon-intensive industries list, as reported by the Risk Management Department and approved by the Board. The following screening procedures shall then be conducted:
    - i. Review whether a carbon reduction plan has been proposed in accordance with the provisions of Item 1-1. If no such plan exists, no additional investments shall be made.
    - ii. Review whether the investee has made a commitment to net-zero emissions or carbon neutrality in accordance with the provisions of Item 1-2. If no such commitment exists, the investee shall be included on the stranded assets list.

- (3) For investment holdings identified under Item 2, the following actions shall be taken if any of the conditions below are met:
  - i. Item 2-1: For TWSE- or TPEX-listed stocks that have not proposed a carbon reduction plan in accordance with Item 1-1, the Company shall engage with the investee to recommend the implementation of carbon reduction measures.
  - ii. Item 2-2: For investees that have not committed to net-zero emissions or carbon neutrality in accordance with Item 1-2, the Company shall initiate advocacy efforts.
2. The Company shall assess changes in climate-related risks associated with investment targets at least once per year. For those included on the stranded assets list under Item 2-2 of Subparagraph 1 and identified as having significant transition risks, remaining on the list for three consecutive years shall serve as a basis for adjusting investment positions.
3. The scope of investment targets referred to the preceding two items shall be limited to those specified in Items 1 and 2 of Subparagraph 1, Paragraph 1.

The Responsible Investment Team under the Corporate Sustainability Committee shall convene quarterly meetings to monitor the implementation status of Paragraphs 1 through 6 of this Article by each Investment Function unit and the Real Estate Department. The Team shall also review and discuss cases submitted by the Investment Function units in accordance with Paragraph 4. Cases submitted to the Responsible Investment Team during the current month shall be reported to the Investment Committee in the following month.

The Investment Function and the Real Estate Department shall submit a semi-annual special report on the implementation status of responsible investment to the Corporate Sustainability Committee.

#### Article 8 Implementation

These Investment Policy Guidelines shall be approved by the President of the Company prior to implementation. The same procedure shall apply to any subsequent amendments.