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# Report Overview

## Reporting Principles

Disclosures in this report are made in compliance with the GRI Standards 2021, the TWSE Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, the FSB Task Force on Climate-Related Financial Disclosures (TCFD) and the SASB standards for commercial banks.

## Reporting Period

TCFHC has been publishing CSR Report every year since 2011. The report was renamed Sustainability Report in 2021 and has been published for 12 consecutive years. This report discloses the results that TCFHC has achieved on environmental, social, and corporate governance in the 2022 fiscal year (January 1, 2022 through December 31, 2022). Part of the information can be either traced back to the outcome achieved prior to 2022 or extended to the latest development in 2023 in an attempt to present to overall performance or data changes.

## Scope and Boundaries

This report covers TCFHC and its 7 subsidiaries (Taiwan Cooperative Bank (TCB), Taiwan Cooperative Securities Company (TCS), Taiwan Cooperative Bills Finance Corporation (TCBF), Co-operative Assets Management Company (CAM), Taiwan Cooperative Securities Investment Trust Company (TCSIT), Taiwan Cooperative Venture Capital Company (TCVC), and BNP Paribas Cardif TCB Life Insurance Company (BNP TCB Life)). The scope of this report covers primarily operating activities in Taiwan. The term "The Company" referred to in this report refers to Taiwan Cooperative Financial Holding Co., Ltd. (TCFHC), while "The Group" covers the Taiwan Cooperative Financial Holding Co., Ltd. (TCFHC) and its 7 subsidiaries. If there are specific disclosure requirements for the indicators, the detailed scope and calculation method will be noted in the relevant data and paragraphs.

## Basis for Calculation

All information and data in this report came from in-house statistics and surveys. Data and information were collected, measured, and calculated according to regulations. International standards are used where no regulations apply. If there are no international standards available, industry or applicable standards are used. All financial data in this report are expressed in New Taiwan Dollars (NTD). Some financial data in the [Business Strategies and Profitability](#) Performance section are quoted from audited financial statements.

## Publication

The report will be released on the Company's website continuously on a yearly basis (<http://www.tcfhc.com.tw>). It was previously released in June 2022 and this year, it was released in June 2023. An English version of the report is published every year since 2018. It is available for download at the Sustainable Development section of the TCFHC website.

## Report Management

**Internal Audit:** This report was published after the review and approval by the Board of Directors of TCFHC.

**External Certification**<sup>Note:</sup>

- Financial Data: Audit report with an unqualified opinion (Deloitte & Touche)
- Sustainable Data: Independent limited assurance was provided by PwC Taiwan in compliance with the ROC Assurance Guidelines 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information".
- Environmental Data: ISO 14001[BSI], ISO 14046[BSI], ISO 14064-1[BSI], ISO 14067[BSI], ISO 20400[BSI], ISO 50001[BSI], TCFD[BSI]
- Governance Data: BS 10012:2017 (BSI), ISO 22301 (BSI), ISO 27001 (BSI), TPIPAS (BSI), TIPS (IDB of MOEA)
- Occupational Health and Safety Data: ISO 45001 (BSI), TOSHMS (BSI)

Note: Some of the certifications are passed by certain subsidiaries and do not apply to the other members of the Group.

## Feedback

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## Message from the Chairman

In 2022, while the COVID-19 pandemic began to ease, the world had just entered a “new normal” in the post-pandemic period. However, the outbreak of the Russo-Ukrainian War has led to a new cycle of food and energy crises. Nevertheless, the “Global Risks Report 2023” released by the World Economic Forum points out that the environmental and social crises will be the biggest challenges in the next decade. Top three risks are “failure to mitigate climate change,” “failure of climate change adaptation,” and “natural disasters and extreme weather events.” This shows that the challenges of sustainability remain arduous.

In the face of the irreversible trend of sustainability, we fully understand that resilience and management in sustainability are two sides of the same coin. In particular, corporate governance is crucial, and the Board of Directors must take on a heavy responsibility of supervising and leading TCFHC toward sustainability. With the support of the Board of Directors, TCFHC has established the “Sustainability Office” in 2021. By taking such a precedent action among Taiwan’s state-owned financial institutions, the office aims to formulate the Group’s sustainability strategy blueprint. In March 2022, TCFHC became the first financial institution in Taiwan to be a signatory of the Equator Principles under the name of a financial holding company. In addition, TCFHC joined the Science Based Targets initiative (SBTi) in July of the same year to align with Taiwan’s Pathway to Net-Zero Emissions in 2050. TCFHC also became the first state-owned financial holding company that commits to setting carbon reduction targets using the SBTi methodology. TCFHC is now proactively preparing its medium- and long-term carbon reduction targets for review. In addition, as of the end of 2022, TCB has invested NT\$65.5 billion in green energy projects and issued sustainable finance bonds. The outstanding balance of the “Sustainability-Linked Loan Project” has reached NT\$12.053 billion. These endeavors demonstrate TCFHC’s extension of its financial influence and collaboration with its customers to strive to limit global warming to less than 1.5°C by the end of the century.

When facing complex ESG issues, TCFHC has always maintained a resolute attitude and joined hands with stakeholders to tackle difficult challenges. Internally, we have strengthened information security and improved risk management. In 2022, we obtained the “ISO 22301 Business Continuity Management” and established emergency responses and business continuity capabilities. In terms of climate change governance, we have demonstrated high resilience, as our “Task Force on Climate-related Financial Disclosures (TCFD)” was conferred the highest level of certification, “Level-5: Excellence,” by the British Standards Institution (BSI). Meanwhile, we also focus on sustainable finance and accelerate the integration of financial business and technology. To encourage innovation, TCB continues to hold the “Innovation Brainstorming Camp” every year to encourage innovation. In 2022, TCB officially designated the Electronic Banking Department to oversee its CoLAB. Through close collaboration across departments, TCB aims to stimulate innovative thinking in FinTech. In 2022, it rose to 11<sup>th</sup> place in the Top 100 of Patent Application

Filed by Domestic Institutions, making it the top financial institution in Taiwan. Externally, we proactively assist our customers in facing the challenges of carbon-induced anxiety and carbon tariffs. We held the "Sustainable Finance Transformation Consensus Camp" to call on more than 1,500 enterprises from various industries, including manufacturing industries, engineering and construction industries, wholesale and retail industries, transportation and warehouse industries, and service industries. They participated enthusiastically by brainstorming solutions for reducing carbon emissions in enterprises, and preparing for early transformation.

In addition, TCFHC fully understands the competitive landscape we face has changed, and ESG is redefining the value of enterprises. In terms of implementing low-carbon operations, conducting a greenhouse gas inventory has been defined as a key for enterprises to keep abreast of climate issues. Therefore, in 2022, TCFHC accelerated to complete greenhouse gas inventories at all domestic and overseas branches to set up its own carbon reduction goals. Moreover, it continues to promote energy resource management measures, install self-sufficient solar power generation equipment and has procured 3.6 million kWh of renewable energy for 3 years. TCFHC subsequently plans to introduce an internal carbon pricing mechanism to "internalize the external costs" of greenhouse gas emissions to strengthen the low-carbon awareness of its employees and external stakeholders. In addition, to unite and build consensus, besides holding various ESG seminars to enhance employees' knowledge on sustainability, TCFHC also links stakeholders concerning material ESG topics with subsidiaries' KPIs. TCFHC also connects work performance to the incentive system by holding power-saving competitions between departments and promoting incentive measures for green finance. This allows TCFHC, its subsidiaries, and employees at different levels to stand united and work for the sustainable development goals.

On the path towards sustainability, our care for employees is consistent. TCFHC provides a well-established remuneration system for developing and retaining talent. In addition to launching the employee stock ownership trust, TCFHC made an average pay rise of 6.6% or higher since January 2022. Meanwhile, TCFHC provides paid parental care leave, general and special health examinations subsidies for employees and a range of benefits which surpass regulatory requirements or industry average. During the severe outbreak of the pandemic, TCFHC took the initiative to purchase COVID-19 vaccination insurance for employees in Taiwan and also implemented quarantine care leave, paid vaccination leave, and vaccination and screening test subsidies. On the other hand, we are also pay close attention to gender equality in the workplace and strive to build a gender-friendly workplace. In 2023, TCFHC receiving international recognition when it participated in the Bloomberg Gender Equality Index (GEI) evaluation for the first time and was selected for ranking.

Due to the impact of the pandemic, whether the United Nations Sustainable Development Goals (SDGs) can be achieved by 2030 is filled with uncertainties. However, in terms of social participation, TCFHC is always present. In responding to the national security crisis caused by the aging

population and low birth rate, and following the first-of-its-kind "Seed Staff of Long-term Care" program, TCFHC makes investment in training "Eldercare Financial Planning Consultants." As of the end of 2022, TCFHC has 290 "Eldercare Financial Planning Consultants", ranking first in the industry in providing customers with professional trust planning, and happy living and secure caring consultation services. By upholding core values that are people-centric and pursuing social wellbeing, TCFHC has rolled out a variety of financial products and services. It offers different project loans for SMEs innovative industries, local creative industries, agricultural and fishery industries, and youth and long-term care institutions. The promotion of Loans for Start-up Assistance for the Unemployed of Employment Insurance, Loans for Start-up Assistance for Unemployed Middle-aged Persons and Elderly Persons, and Micro/Women Start-up Loans received recognition from the Ministry of Labor for their outstanding performance. They had an industry-leading market share of 28.73% at the end of 2022.

TCFHC's efforts in ESG have been widely recognized by domestic and foreign institutions. In 2022, TCFHC was conferred the National Sustainable Development Awards of the National Council for Sustainable Development; the Corporate Sustainability Report Award, and Innovation and Growth Leadership Award of the Taiwan Corporate Sustainability Awards (TCSA); the BSI Resilience Award of Excellence for the 3<sup>rd</sup> consecutive year; inclusion as one of the Common Wealth Top 100 Citizens of Sustainability; Gold Award for Taiwan Sustainability Action Awards (TSAA); Taiwan Sustainable Investment Awards - Gold Award for Sustainable Thematic Investment of Case Impact, Best ESG Award and Best Performance of Social Inclusion Award. Meanwhile, TCFHC has been included in multiple ESG indexes such as the MSCI ESG Indexes, FTSE4Good Emerging Index, FTSE4Good TIP Taiwan ESG Index, and TWSE Corporate Governance 100 Index.

The United Nations defined "sustainable development" as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." To practice sustainability, no one can remain indifferent, and although we may be facing a lot of uncertainties, now is full of opportunities. We should face and seize these opportunities proactively, and take action immediately. Looking forward, TCFHC will continue to adopt international initiatives, fulfill SDGs, and take forward-looking action to achieve sustainability. TCFHC will also extend its financial influence to collaborate with stakeholders to implement ESG, and create value in sustainability while benefiting the Earth.

Chairman

**Paul. C. D. Lei**

## Awards and Acknowledgments

### Sustainable Development

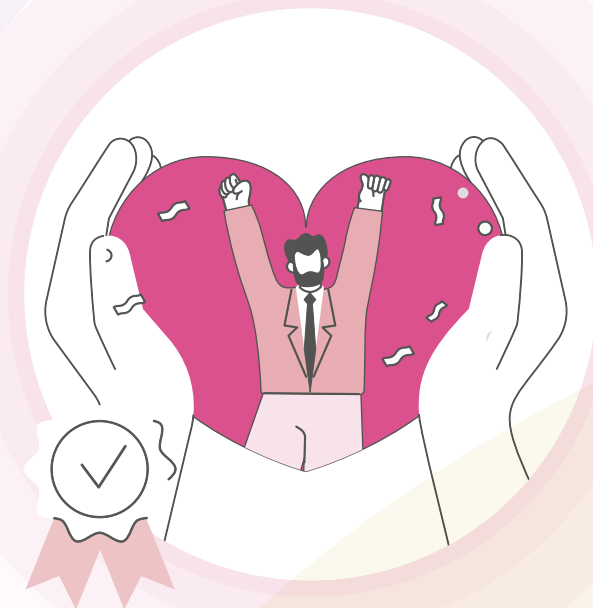
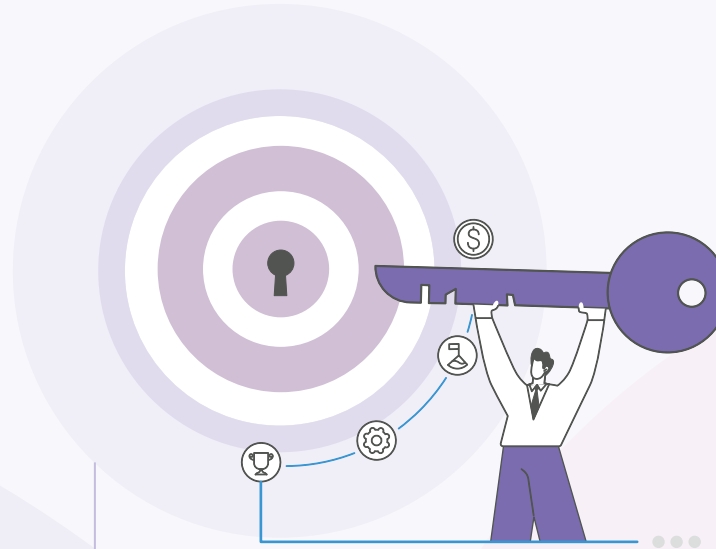
- + "2022 National Sustainable Development Award" from National Council for Sustainable Development (NCSD)
- + Golden Medal for "TCSA Taiwan Corporate Sustainability Report Award"
- + "Top 100 Sustainable Corporate Citizen 2022" by CommonWealth
- + 2022 Best Bank Rating Survey "Best ESG Sustainability Award"
- + Selected as a constituent of MSCI ESG Indexes
- + Selected as a constituent of "FTSE4Good Emerging Index"
- + Selected as a constituent of TWSE "FTSE4Good TIP Taiwan ESG Index"

### Corporate Governance

- + Top 5% companies in the 9<sup>th</sup> "Corporate Governance Evaluation" by TWSE
- + Selected as a constituent of "TWSE Corporate Governance 100 Index" for 8<sup>th</sup> consecutive year
- + CAM came in the 4<sup>th</sup> place in "CRIF Taiwan Top 5000 Large Companies" in the consulting service category
- + TCB has been awarded by the Joint Credit Information Center as an outstanding institution in "Credit Information Security Control", and has been awarded the "Golden Security Award"

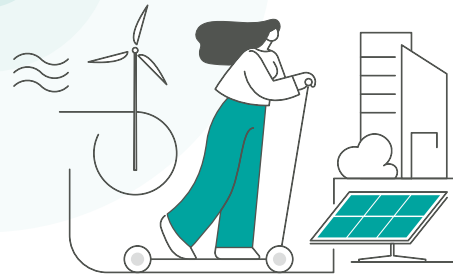
### Employee Care

- + "Golden Award for 2022 Happy Enterprise Financial Management and Consulting Industry" from 1111 Job Bank
- + AED safe venue certification from Department of Health of Taipei City Government
- + TIVS "Disease Control Gold Award"
- + "Excellent Breastfeeding Room Certification" from Taipei City Government
- + "Healthy Workplace Certification" from Ministry of Health and Welfare
- + Selected as a constituent of "Taiwan High Compensation 100 Index"
- + Selected as a constituent of "Taiwan Employment Creation 99 Index"
- + Selected as a constituent of "Bloomberg GEI Index"



## Sustainable Finance & Customer Commitment

- + TCFD obtained the highest level certification of Level-5:Excellence by BSI
- + "Taiwan Sustainable Investment Awards- Impactful Case Award with Sustainable Thematic Investing-Gold Award" from TCSA
- + One of Top 25% in FSC "Financial Service Industry Principles for Treating Customers Fairly" evaluation
- + FSC "Excellent Bank for SME Loans", "Special Award for Balanced Regional Development in Central Taiwan", "Special Award for Balanced Regional Development in Hualien and Taitung", and "Special Award for Small Enterprise and Startup Financing"
- + FCS "Best Trust Award", "Senior Care Trust Award", "Employee Welfare Trust Award" and "Innovation Award for Trust Services" of "Trust 2.0 Project Evaluation Phase 1 Promoted by Trust Association"
- + "Best SME Finance Award" of the 11<sup>th</sup> Finance Best Practice Award and excellent award for "Best Personal Trust Finance Award"
- + Central Bank "Outstanding Performance Award" and "Financial Inclusion Award" of the "SME Project Loan provided by Financial Institutions with Outstanding Performances"
- + TCSA "Sustainability Performance Award - Innovative Growth Leader Award"
- + "Best Senior Care Trust Innovation Award - Gold Award", "Best Trust Products Integration Innovation Award - Gold Award", "Best Urban Renewal Trust Innovation Award - Gold Award", "Family Trust Innovation Award - Excellence," and "Cross-industry Cooperation Recommendation Award - Excellence" of the 2<sup>nd</sup> "Trust Awards for Trust Innovations"
- + "Best Senior Friendliness Award", "Best Risk Control Award" by Business Today on its 2022 Wealth Management Bank Evaluation
- + CAM was awarded "Taiwan Urban Renewal and Risky/Old Building Reconstruction Team Award" by "Wealth Magazine"
- + 2022 "Best Sustainable Products Award of the Year" from Mastercard International Organization

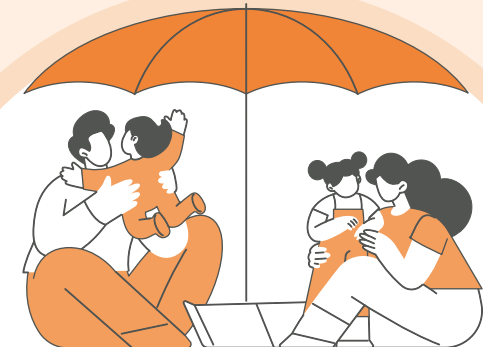


## Environmental Sustainability

- + All 334 domestic and foreign offices have passed the verification of "ISO 14064-1 Greenhouse gas (GHG) Inventory" for the first time
- + The Group has passed the verification of "ISO 20400 Sustainable Procurement - Guidance"
- + Building A and B of TCB's head office and its Information Technology Department building has passed the verifications of "ISO 14046 Water Footprint"
- + 23 locations of the the Group have passed the verification for "ISO 50001 Energy Management Systems" and "ISO 14001 Environmental Management Systems"
- + A certificate of outstanding performance and appreciation for "Promoting the Green Procurement Project for Private Enterprises and Groups" from the Department of Environmental Protection of Taipei City Government
- + A total of 6 locations have obtained the EEWL certification
- + Excellent award for "2022 Taipei City Zero Carbon Emission Benchmark Award"
- + Received the "Sustainability Excellence Award" from BSI for 3<sup>rd</sup> consecutive year
- + The CDP was placed on B List
- + CAM "Self-owned real estate sales service" BNP TCB Life "Life Insurance Services Policy" obtained "ISO 14067 Carbon Footprint" certificate

## Social Inclusion

- + "2022 Taiwan Sustainability Action Awards-Gold Award" by TSAA
- + "2022 Outstanding Public Relations Award - Corporate Social Responsibility Excellence Award" by Foundation for Public Relations
- + 2022 Best Bank Rating Survey "Best Social Inclusion Award"
- + Winner of SMEG "Credit Guarantee Gold Award", "Policy Facilitator Award", "Financial Relief Award", "Excellent Application Follow-up Award", and "Corporate Coordinator Award"
- + Recipient of recognition from FSC for promoting the "Award for Being Passionate about Participation in Campus and Community Campaign for Financial Knowledge"
- + 22<sup>nd</sup> time recipient of FSC Excellent Company for "Enhanced Insurance Coverage for Nationals"
- + Recipient of recognition of Ministry of Labor for excellent performance on promoting "Micro/Women Start-up Loan," "Loan for Start-up Assistance for the Unemployed of Employment Insurance," and "Unemployed Middle-Aged and Elderly Citizens Business Start-up Loan"
- + 4<sup>th</sup> time recipient of Excellence Award for "Insurance Dragon and Phoenix Award - Most Desirable Financial Holding Company to Work For" voted by graduates of finance and insurance
- + Recipient of Excellence Award in the office for the 6<sup>th</sup> time and field categories for the 2<sup>nd</sup> time for "Insurance Dragon and Phoenix Award - Most Desirable Financial Holding Company to Work For" voted by graduates of finance and insurance
- + 14<sup>th</sup> consecutive time recipient of Gold Quality Award in the promotion, sponsorship, and long term sponsorship categories of "Sports Sponsor Award from the Sports" from Administration of the Ministry of Education
- + Championship winner in the state-owned enterprise group at "President's Cup Slow-pitch Softball Competition"
- + 3<sup>rd</sup> time recipient of "Taiwan i Sports Certificate" and "Economically Independent Youth Internship Program - Certificate of Appreciation" from the Ministry of Health and Welfare



## Sustainable Performance

✦ Consolidated net Income was NT\$**20.817** billion, the total assets exceeds NT\$**4.476** trillion, with an annual growth rate of **0.95%**

- ✦ A total of **1,523** Housing Loans for Young Adults approved for a total of NT\$**7.857** billion
- ✦ **6,383** new beneficiaries added in the year to property trusts for seniors and the disabled
- ✦ A total of **2,471** Bagful of Happiness Loans approved for a total of NT\$**14.967** billion
- ✦ A total outstanding loan balance exceeds NT\$**820** billion issued to nearly **71,000** SME accounts

- ✦ NT\$**3.649** billion approved for **4,921** Loans for Youth Entrepreneurs
- ✦ NT\$**92** million approved for **120** Micro/Women Start-up Loans
- ✦ **415** fintech patents approved
- ✦ Customer satisfaction at **93%** or higher

### Corporate Governance

- ✦ The second largest market share in loans to Six Core Strategic Industries with an outstanding balance of NT\$**562.923** billion
- ✦ An outstanding balance of NT\$**252.432** billion in loans to the green power and renewable energy
- ✦ **206** loans with a total balance of NT\$**137.603** billion to urban renewal and risky/old building construction projects
- ✦ Invested in green energy businesses and issued sustainability bonds for a total of NT\$**65.509** billion
- ✦ Taiwan's first financial institution to sign the Equator Principles as a financial holding company
- ✦ Taiwan's first state-owned financial holding company committed to following SBTi in setting carbon reduction goals
- ✦ Issued green bonds, CSR bonds, and sustainable development bonds for a total of NT\$**8** billion

### Sustainable Finance

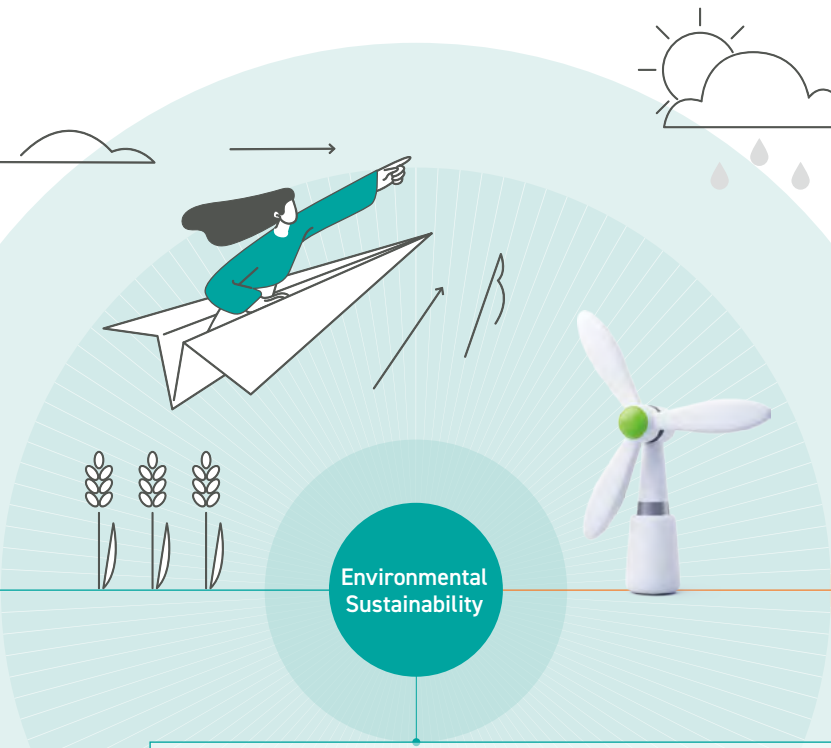
- ✦ Total installed capacity of approved renewable energy financing projects reaching **2,595** MW
- ✦ TCSIT issued a green finance fund, whose size had reached NT\$**3.812** billion
- ✦ A total of NT\$**1,849** million approved in green consumer loans
- ✦ A total of **134,979** credit cards made of environmentally friendly materials
- ✦ Received carbon labels for TCB LOHAS card and TCB World Mastercard as well as for in-branch service
- ✦ TCS have been **4** cases of underwriting sustainable bonds

### Customer Promise

- ✦ NT\$**23.73** million in physical exam allowances for employees in the Group
- ✦ All subsidiaries of the Group have received the Badge of Accredited Healthy Workplace: Health Promotion from the Health Promotion Administration
- ✦ Three "TCB Health Lectures" were held, with **18,330** participants
- ✦ NT\$**18.98** million in child birth subsidies for employees in the Group
- ✦ A total of **17,545.07** million in employee welfare expenses
- ✦ The percentage of female managers/employees reached **56.48%**
- ✦ **97.09%** of employees on maternal/parental leave in the Group returned to work
- ✦ The 3-year average salary raise at **3.99%** for TCB
- ✦ **50%** of interns in the industry-academia cooperation program returned to work full-time at TCB

### Employee Care





Environmental Sustainability

- ✦ A total of **20** sessions of environmental protection promotion or education and training on ESG issues and energy conservation were held. **25** environmental sustainability campaigns were posted. These promotions have reached a total of **240,384** people, with a total duration of **26** hours
- ✦ Set up solar photovoltaic power generator facilities in **4** locations, with a total of **36,602** kWh of electricity generated, reducing approximately **18.63** kgCO<sub>2</sub>e of carbon emissions
- ✦ TCB has purchased 3 years of **3.6** million kWh of renewable energy
- ✦ Replace fuel-powered scooters with electric scooters and lease **103** company cars with green marks or energy labels
- ✦ Employees needing to make long-distance trips are encouraged to share rides or take public transport, reducing carbon emission by **413.15** tCO<sub>2</sub>e due to business activities



- ✦ Donated close to NT\$**14** million to **71** charity organizations
- ✦ Held close to **217** courses through Respite Academy with TAFC, providing **20,466** cups of Respite Coffee, and more than NT\$**21.45** million in donations
- ✦ Organized **29** Seed Staff of Long-Term Care seminars, and helped **290** branch employees become certified as Financial Planners for Seniors
- ✦ Hosted **4** TCFHC Classrooms, which were attended by a total of **1,629**, to deliver knowledge on LOHAS lifestyle and long term care
- ✦ Supported social empowerment and award academic research

Social Inclusion

- ✦ The amount of green procurement has reached NT\$**57.24** million
- ✦ There were **347** domestic suppliers with a purchase of NT\$1 million or higher signed the "Undertaking on Supplier CSR and Environmental Sustainability Clauses"
- ✦ TCB implemented waste management measures and practiced the 3R environmental policy. In 2022, approximately **452.61** metric tons of waste were generated, including about **153.83** metric tons of recyclable paper (equivalent to **3,692** trees) and about **62.43** metric tons of other recyclables (such as bottles, cans, and aluminum cans)
- ✦ The lights out campaign reduces approximately **1,681,450** kWh of electricity consumption, and decreases approximately **855.86** tCO<sub>2</sub>e of carbon emissions.
- ✦ A total of **817** video conferences were held instead of on-site meetings or training meetings, reducing approximately

- through more than NT\$**43** million in donations
- ✦ Donated a total of NT\$**405,300** to Teach For Taiwan, Little Tree, and Eden Social Welfare Foundation
- ✦ Spent more than NT\$**4.88** million on buying local innovations and products



- 629.68** tCO<sub>2</sub>e of carbon emissions
- ✦ Attracting **36,763** participants to take part in the Group's Vegetable Day, who together had reduced carbon emission by **2.79** tCO<sub>2</sub>e
- ✦ TCB promotes energy conservation and carbon reduction projects such as "TCB energy conservation and carbon reduction," "Replace office equipment and refrigerators," and "Replace and reduce the number of lightings", TCB have invested approximately NT\$**15.3667** million and saved approximately **3,371,814** kWh of electricity, reducing approximately **1,716.25** tCO<sub>2</sub>e of carbon emissions.
- ✦ Support the Environmental Protection Administration, Executive Yuan in promoting **28** measures of green office
- ✦ Signed a **3** year contract with the Parks and Street Lights Office, Public Works Department, Taipei City Government to adopt **7** sidewalk trees

## Sustainability Initiative and Assessment

TCFHC Group is committed to the development of corporate sustainability and actively implements the United Nations Sustainable Development Goals (SDGs). TCFHC Group prepares sustainability reports annually in accordance with GRI, SASB, TCFD, and other standards to improve the transparency of consultation and establish effective communication with stakeholders. To actively align itself with international efforts in promoting sustainable finance, the Company has formulated sustainable financial policies in accordance with standards or guidelines such as PRI, PRB, and PSI. It has strengthened the link between its ESG strategies and operational policies. The Company has also signed the Equator Principles (EP) and committed to setting mid-term carbon reduction targets based on the Science-Based Targets (SBT) to extend its financial influences and collaborate with customers to move towards low carbon transition. In addition, TCFHC also actively participates in international assessments such as DJSI, S&P Global, and CDP to examine and continuously improve its own ESG practices. The Company has been included in S&P Global Sustainability Yearbook Member, MSCI ESG Indexes, and the FTSE4Good Emerging Markets Index.

Sustainability Initiative or Assessment

Handling Status

Assessment Results

### United Nations Sustainable Development Goals (SDGs)

TCFHC Group is committed to the development of corporate sustainability. It combines ESG with business policies and develops sustainable strategy blueprints in 6 areas, which are corporate governance, sustainable finance, customer commitment, employee care, environmental sustainability, and social inclusion. At the same time, TCFHC Group incorporates SDGs and ESG factors into its operational policies, continues to improve its sustainable strategies and goals, and actively extends its influence in the financial industry through innovative financial products and services.

Please refer to  "Sustainable Performance" for relevant results.

### Science-Based Targets initiative (SBTi)

TCFHC is committed to setting a mid-term carbon reduction target using SBTi in July 2022, and is currently formulating a mid-term carbon reduction target in accordance with its investment and financing goals. TCFHC expects that the target will be submitted for review within 2 years after commitment. Furthermore, TCFHC is committed to setting net-zero target in July 2023.

### GRI Standards

To improve the transparency of the information disclosed in the report and better meet the expectations of the stakeholders, TCFHC prepares sustainability reports annually following the GRI standards and refers to these standards and the 5 principles of the AA1000 Stakeholder Engagement Standards. TCFHC designs a stakeholder survey based on these standards to understand the material topics of concern to our stakeholders and formulate relevant response measures.

### Sustainability Accounting Standards Board (SASB) Guidelines

Disclose the ESG results annually in accordance with SASB standards for commercial banks. The disclosed indicators shall also be certified by a third-party.

### Equator Principles (EP)

In March 2022, TCFHC signed to support the Equator Principles, becoming the first financial institution in Taiwan to sign and join as a financial holding company.

Sustainability Initiative or Assessment

Handling Status

Assessment Results

Principles for Responsible Investment (PRI)

Principles for Responsible Banking (PRB)

Principles for Sustainable Insurance (PSI)

Facing the risk of global climate change, TCFHC Group actively promotes sustainable finance in compliance with international regulations. TCFHC Group follows PRI, PRB, PSI, and other standards or guidelines and implements sustainable finance policies. TCFHC Group continues to strengthen the link between its ESG strategies and business strategies.

Task Force on Climate Related Financial Disclosure (TCFD)

The Company became a TCFD Supporter in December 2020 and established a cross-subsidiary TCFD Taskforce. The Company has gradually established the Group's climate-related risks identification, measurement, monitoring, reporting and other management procedures according to TCFD's "Governance" "Strategy" "Risk Management" and "Metrics and Targets."

S&P Global (CSA)

Since 2022, TCFHC has proactively responded to the CSA questionnaires and actively improved the Company's ESG practices based on the content of the questionnaires.

Carbon Disclosure Project (CDP)

Since 2021, TCFHC has started to respond to the climate change questionnaire from the international non-profit organization CDP. TCFHC conducts self-assessments of the impacts of its business operations on the environment through the questionnaires and the climate risks and opportunities it faces and formulates relevant response measures.

MSCI

Selected as a constituent of MSCI ESG Indexes

FTSE Russell

Selected as a constituent of FTSE4Good Emerging Index

Sustainalytics







Medium Risk

# CH1 About TCFHC



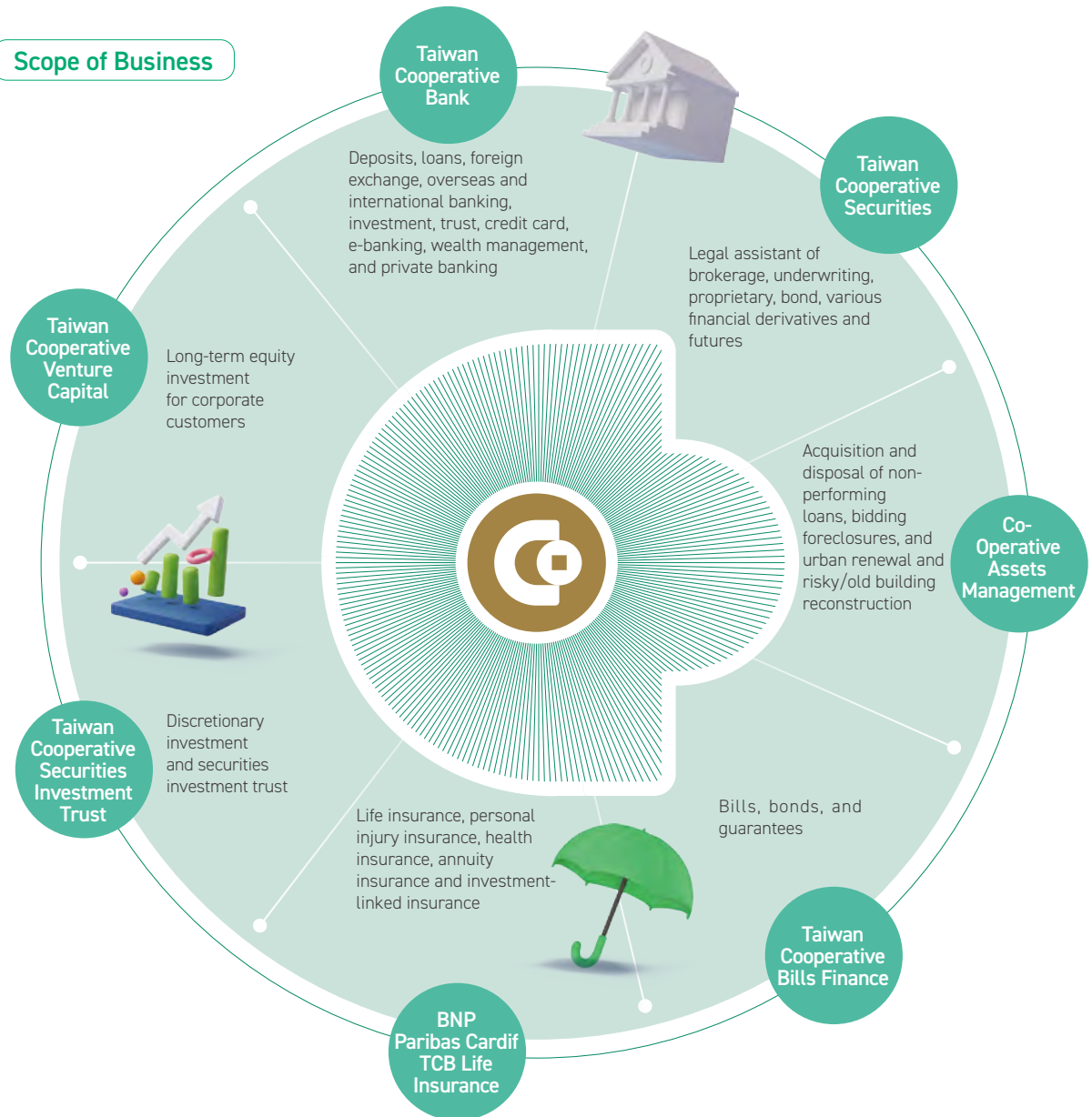
## 1.1 Introduction of TCFHC

Taiwan Cooperative Financial Holding Co., Ltd. (TCFHC) (hereinafter referred to as the Company) was established on December 1, 2011. It has a total of 7 subsidiaries, including Taiwan Cooperative Bank (TCB), Taiwan Cooperative Securities (TCS), Co-Operative Asset Management (CAM), Taiwan Cooperative Bills Finance (TCBF), BNP Paribas Cardif TCB Life Insurance (BNP TCB Life), Taiwan Cooperative Securities Investment Trust (TCSIT), and Taiwan Cooperative Venture Capital (TCVC). With TCB being the core business, which has been restructured as Taiwan Provincial Government's Co-operative Bank from Taiwan Cooperative Industrial Bank in October 1946, TCB underwent privatization and the merger with Farmers Bank of China. It also gradually expanded its business up to a financial holding company, which became TCFHC that has the most extensive service networks in Taiwan in terms of the number of physical branch.

	Date of Establishment	December 1, 2011
	Location of Headquarters	Taipei City, R.O.C. (Taiwan)
	Core Value	Proactive, Agile, Innovative
	No. of Employees	9,642
	Total Assets	NT\$ 4,476,168 million
	Paid-in Capital	NT\$ 140,089 million

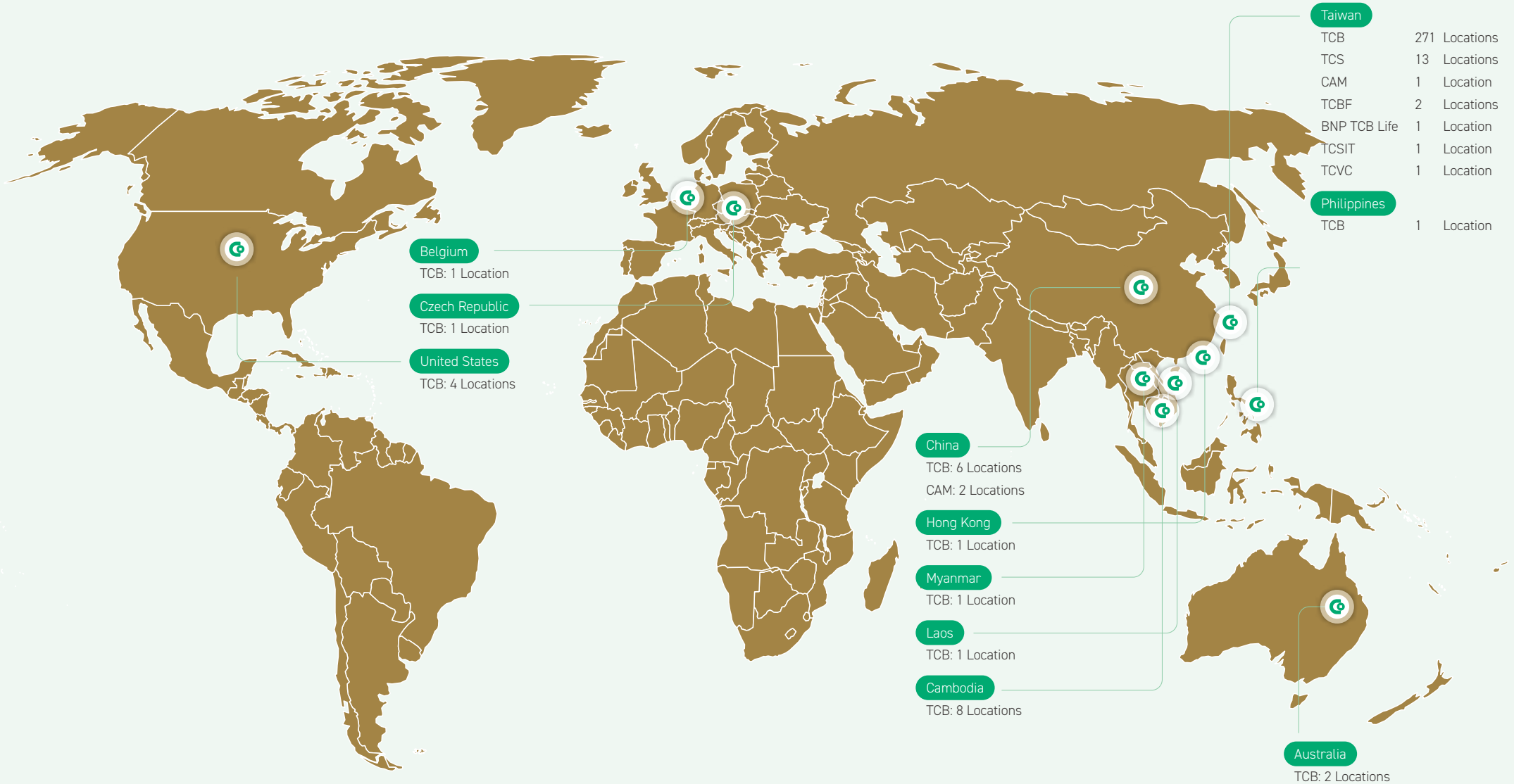
(As of December 31, 2022)

### Scope of Business



## Offices

The location of TCFHC Group headquarters is in Taiwan, and its location of operations span across 4 continents, including Asia, Europe, America, and Oceania, covering major financial centers. Its overseas expansion is focused on countries in Asia, focusing on developing in the emerging markets in Southeast Asia. As of the end of 2022, the total number of location of operations for TCFHC around the world is 318, including 290 domestic locations and 28 overseas locations distributed across 11 countries.






## 1.2 Business Strategies and Profitability

In 2022, with wide customer base and synergy of the Group, the Company's net income after taxes was ranked first among state-owned financial holding for the year. The consolidated net income after taxes for 2022 was NT\$20.817 billion, and the after-tax EPS was NT\$1.45, while the return on equity after taxes and after-tax return on assets were 8.98% and 0.47%, respectively. Despite the turbulent, the Group delivered outstanding results and will continue to pursue excellence in the future.

To response to changes in the financial environment in the post-pandemic era and trend in digital technologies, the Company continues to develop a culture of digital innovation within the Group, fostering innovative forward-thinking that seeks changes and thinks out of the box. The Company encourages innovation of FinTech through arranging Innovation Brainstorming Camp and CoLAB (innovation lab) regularly and actively promotes digital development. At the same time, the Company follows "a global network, regional management, and local relationships" in actively adjusting its international development strategies, and takes steps to strengthen and extend its business reach. The Company currently have 28 overseas locations with plans for further expansion. In the future, the Company will actively strengthen its overseas expansion and combine resources in the Group to provide a full range of quality financial services and build itself up to a regional financial institution in Asia. In addition, the Company continues to promote the concept of sustainable development and actively introduces ISO international standards to strengthen the sustainability and resilience of the Group. The Company will continue to extend its influence in the financial market to guide enterprises to pay attention to sustainable issues and support them to ensure long-term stable growth, striving to achieve the development of social and economic sustainability.



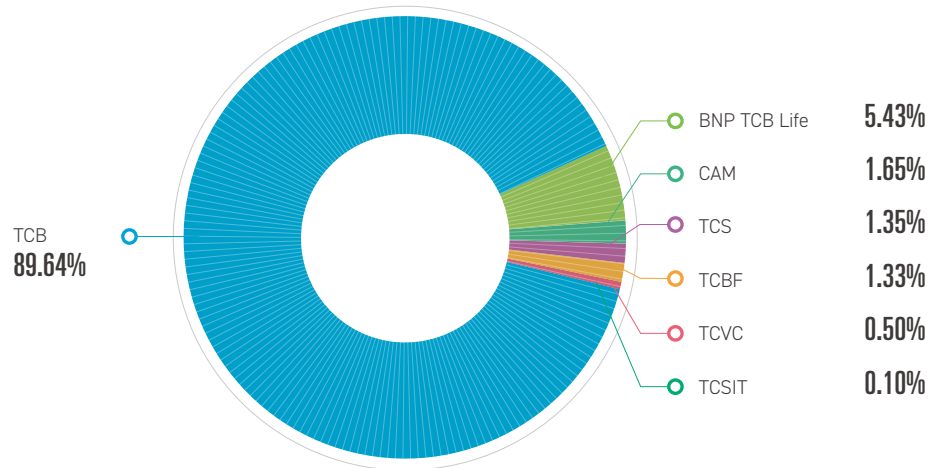
### Business Performance

	2020	2021	2022	
 Business Operations Overview	Total assets (NT\$ million)	4,147,041	4,433,836	4,476,168
	Total liabilities (NT\$ million)	3,909,359	4,190,958	4,255,405
	Equity (NT\$ million)	237,682	242,878	220,763
	Net worth per share (NT\$)	17.33	17.37	15.38
	Net income after taxes (NT\$ million)	17,135	21,212	20,817
	Average revenue per employee (NT\$ thousand)	5,434	5,668	5,475
	Average profit per employee (NT\$ thousand)	1,799	2,210	2,143
	Expense on employee welfare (NT\$ thousand)	16,573,977	18,236,308	17,541,280
 Profitability	Return on assets (% , after tax)	0.43	0.49	0.47
	Return on equity (% , after tax)	7.38	8.83	8.98
	Net income ratio (%)	33.10	38.98	39.14
	After-tax earnings per share (NT\$) <sup>Note 1</sup>	1.18	1.47	1.45
 Distribution of Dividend/ Tax Donation	Cash dividend per share (NT\$)	0.85	1.00	0.50
	Stock dividend per share (NT\$)	0.20	0.30	0.50
	Income tax paid (NT\$ thousand)	4,566,278	2,559,366	3,473,534
	Donation (NT\$ thousand)	332,966	347,695	363,645

Note 1: When the earnings per share is calculated, impacts from bonus shares issued have been included as part of retroactive adjustments.

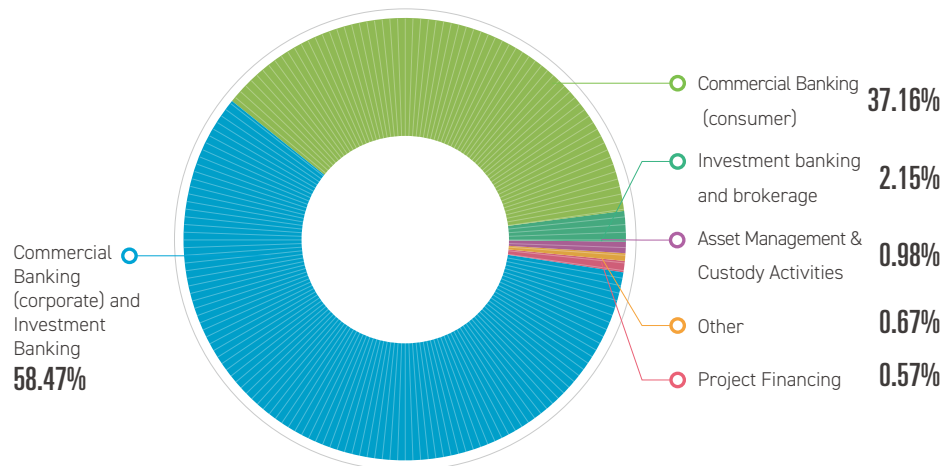
Note 2: The financial information from the table above is excerpted from the 2022 consolidated financial statement of the Company and its subsidiaries.

### Profitability Portfolio by Subsidiary in 2022



Note: Material of the investor seminar in the 4<sup>th</sup> quarter, 2022

### Income Percentage by Business Category



## Tax Governance

### Tax Governance Policy

In response to the growing prevalence of tax governance worldwide, TCFHC has implemented the "Tax Governance Policy" and the "Transfer Pricing Policy for Related Party Transactions" to establish the Company's corporate tax culture, govern tax affairs and manage tax risks. The Board of Directors is the ultimate tax risk management unit responsible for approving the "Tax Governance Policy" and reviewing the policy to reflect international tax trends and assessing the need for revision every year.

TCFHC and all of its subsidiaries implement corporate governance, commit to operating in compliance with tax law and file and pay taxes honestly in compliance with local regulations and spirit of the law applicable to domestic and overseas offices. TCFHC and all of its subsidiaries honestly declare and pay taxes, and properly use the government's tax incentive policies to save taxes reasonably.

TCFHC and all of its subsidiaries do not adopt anti-tax avoidance business practices, refuse to set up offices in tax havens or low tax regions to reduce tax burdens, and prohibit manipulation of profits or losses through any non-arm's length transaction or special transaction structure.

### Tax Governance Risk Management

**Tax Compliance Risk and Management:** TCFHC and all of its subsidiaries file and pay taxes in compliance with the tax regulations. In particular, income taxes for profit seeking enterprises are prepared and audited by certified accountants and then reported according to internal regulations on the level of authority. The Accounting Department is the tax management unit and responsible for conducting 2 independent compliance audits each year to ensure that tax personnel comply with internal operating procedures and tax laws for routine tax filing, filing for suspension of payment, annual filing and payment, and filing of various types of income. It is also responsible for reporting tax management to the Board of Directors.

**Tax Law Management:** In the event of changes in tax laws, in addition to consulting related personnel, we actively inquire the opinions of other financial institutions and discuss response strategies with our accountants to adjust internal operating procedures and related policies at appropriate times and ensure that internal operations and management are consistent with regulations.

**Improvement of Tax Governance Capabilities:** To ensure personnel in charge are familiar with tax laws, the CPA provides information on the latest developments in tax laws whenever necessary. Personnel also participate in external tax courses whenever necessary to improve their professional skills.

**Disclosure of Tax Information:** The Group's tax information is based on the financial statements audited and certified by the CPA firm, and it is disclosed through public channels such as the official website and the annual report for the shareholders' meeting.



## Stakeholders' Communication and Management of Tax Issues

The Company actively communicate tax issues with stakeholders through various channels. We support to improve tax environment and strengthen social trust by actually participating in tax initiatives. We take the initiatives to engage with tax authorities in discussing issues related to taxes and cooperate with auditors as well.

### 2022 Tax Information by Region

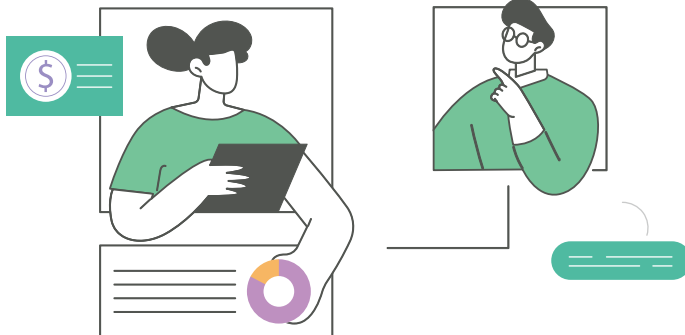
Unit: NT\$ million

Tax Jurisdiction	Primary Activities	No. of Employees	Net Revenue	Profit (Loss) before Tax	Income Tax Accrued (Current Year)	Income Tax Paid
Taiwan	Banking, insurance, securities, bills, assets management, investment trust and venture capital	9,240	49,425	21,612	3,155	2,867
United States	Banking	65	1,136	1,413	196	173
Cambodia	Banking	157	1,187	805	139	282
Hong Kong	Banking	33	476	465	0	-56
Australia	Banking	27	309	198	47	91
Laos	Banking	15	119	87	3	3
Belgium	Banking	10	151	37	22	22
Philippines	Banking	12	151	33	0	0
China	Banking, financing and leasing	154	228	-264	7	92

### Business Locations and Major Operations

Tax Jurisdiction	Subject Name (Entity Included in the Consolidated Statement)	Primary Activities
Taiwan	TCFHC	Investment and management of invested enterprises
	TCB	Deposits, loans, foreign exchange, overseas and international banking, investment, trust, credit card, e-banking, wealth management, and private banking
	BNP TCB Life	Life insurance, personal injury insurance, health insurance, annuity insurance and investment-linked insurance
	TCS	Legal assistant of brokerage, underwriting, proprietary, bond, various financial derivatives and futures
	TCSIT	Discretionary investment and securities investment trust
	TCBF	Bills, bonds, and guarantees
	TCVC	Long-term equity investment for corporate customers
	CAM	Acquisition and disposal of non-performing loans, bidding foreclosures, and urban renewal and risky/old building reconstruction
United States	TCB-Los Angeles Branch	Commercial lending, foreign exchange, international syndicated loans, investment in securities
	TCB-Seattle Branch	Deposits (U.S. citizens or residents must deposit more than \$250,000 for the first time), commercial lending, foreign exchange, international syndicated loans, investment in securities
	TCB-New York Branch	
	TCB-Huston Branch	
Cambodia	TCB-Phnom Penh Branch	
	TCB-Tuek Thla Sub-Branch	
	TCB-Pur Senchey Sub-Branch	
	TCB-Siem Reap Sub-Branch	
	TCB-City Center Sub-Branch	
	TCB-Veng Sreng Sub-Branch	
	TCB-Sihanouk Ville Sub-Branch	
Hong Kong	TCB-Tuol Kouk Sub-Branch	Deposits, commercial lending, foreign exchange, international syndicated loans, investment in securities
	TCB-Hong Kong Branch	

Tax Jurisdiction	Subject Name (Entity Included in the Consolidated Statement)	Primary Activities
Australia	TCB-Sydney Branch	Deposits, commercial lending, foreign exchange (import and export, exchange), international syndicated loans, investment in securities
	TCB-Melbourne Branch	
Laos	TCB-Vientiane Capital Branch	Deposits, lending and foreign exchange (import and export, remittance)
Belgium	United Taiwan Bank	International syndicated loan, investment securities
Philippines	TCB-Manila Offshore Banking Branch	Foreign currency banking business other than Philippine currency (peso): investment in securities, foreign exchange, deposits, credit (including international syndicated loans and self-loans).
China	TCB-Suzhou Branch	Deposits, loans and foreign exchange (import and export, exchange)
	TCB-Suzhou New District Sub-Branch	
	TCB-Tianjin Branch	
	TCB-Fuzhou Branch	
	TCB-Changsha Branch	
	Cooperative International Leasing Corporation Limited	Leasing, financial leasing, purchase of leased property at home and abroad, disposal of residual value of leased property, maintenance, lease transaction consultation.



### 2021 and 2022 Effective Tax Rates, Cash Tax Rate and Industry Average

	2021	2022	Average	Industry Average
Effective Tax Rate <sup>Note 1</sup>	20.33%	22.02%	21.18%	20.90%
Cash Tax Rate <sup>Note 2</sup>	10.48%	14.24%	12.36%	21.28%

Note 1: Effective tax rate = Income Tax expense after adjustment/earning before tax x 100%.

2: Cash tax rate = Cash tax paid /earning before tax x 100%.

3: The Group's main revenue (more than 90%) comes from Taiwan. Taiwan's statutory income tax rate is 20%, which is lower than the average effective tax rate of 20.9% in the global banking industry. The effective tax rate before adjusting and adding back time differences and tax-free income is lower than Taiwan's statutory tax rate. In 2022, the effective tax rate after adjustment and addition is 22.02%, which is higher than the global banking industry average of 20.9%.

4: The cash tax rate in 2022 is higher than that in 2021, because the income tax is declared and paid in the next year. The profit in 2021 is higher than that in 2020, resulting in an increase in the amount of income tax paid in 2022 compared to 2021.

Unit: NT\$ thousand

	2021	2022	Average	
Earnings before Tax (A)	24,428,522	24,386,344	24,407,433	
Income Tax Expense (B)	3,216,792	3,569,052	3,392,922	
Cumulative Acceptable Adjustments (C)	Time Difference	58,415	-251,601	-96,593
	Tax-Free Income	-1,807,037	-1,548,794	-1,677,916
Effective Tax Rate((B-C)/A)	20.33%	22.02%	21.18%	
Cash Taxes Paid (D)	2,559,366	3,473,534	3,016,450	
Cash Tax Rate (D/A)	10.48%	14.24%	12.36%	

## Participation in Societies and Associations

TCFHC conducts finance related operations, and participates in industry associations and initiatives around the world. For example, TCFHC is a member of 43 associations including the Bankers Association of the Republic of China, the Trust Association of R.O.C, and Asian Bankers Association (ABA). Among these associations, there are 16 senior executives of the Group as directors/supervisors. TCFHC hopes to extend its influence in the industry through communication and cooperation and build up sustainable competitive advantages. In 2022, TCFHC and subsidiaries spent a total of NT\$331.01 million on participation in associations focused on industry communication and development. In particular, TCFHC donated NT\$313.72 million to the Small and Medium Enterprise Credit Guarantee Fund (SMEG).

Unit : NT\$ dollar

	2019	2020	2021	2022
Small and Medium Enterprise Credit Guarantee Fund (SMEG)	253,186,300	297,433,868	305,777,867	313,718,580
Bankers Association of the Republic of China	3,924,830	3,518,600	3,663,385	3,618,270
Taiwan Financial Services Roundtable	2,500,000	2,500,000	2,500,000	2,500,000
Other	6,482,887	8,714,619	8,210,002	11,175,119
<b>Total</b>	<b>266,094,017</b>	<b>312,167,087</b>	<b>320,151,254</b>	<b>331,011,969</b>
Data Coverage Rate	100%	100%	100%	100%

Note: The Company has not made any donations or related expenditures to political organizations or lobbying activities in the past 4 years.

The Group has participated in and long-term supported public associations such as the Bankers Association and the Society of Circular Economics. In 2022, the aforementioned public associations actively cared about climate issues and exert influence. The Taiwan Society of Circular Economics held a seminar on net-zero trends in the cement industry, construction industry, etc., to assist these industries in formulating carbon reduction operation strategies. The Bankers Association has formulated climate risk financial disclosure guidelines with reference to the TCFD framework, actively promoting climate change information disclosure and conducting stress tests. TCB is also a member of the climate change risk management task force of the Bankers Association, and participated in the research and completion of the "Domestic Banks' Climate-Related Risk Management Practice Handbook". In 2022, the Group did not participate in lobbying activities related to climate issues.

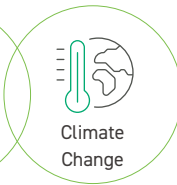
### Key Issues



Financial Inclusion



Sustainable Finance



Climate Change

Association

- Taiwan Financial Services Roundtable
- Small and Medium Enterprise Credit Guarantee Fund (SMEG)

Bankers Association of the Republic of China

Operation

- Chairman of TCFHC and TCB, Paul C.D. Lei, served as the director of Taiwan Financial Services Roundtable. The Association continues to manage the Charity Fund for Financial Services Industry Education in 2022, helping underprivileged students complete their studies and promoting courses related to finance.
- President of TCFHC, Mei-Tsu Chen, served as the director of Small and Medium Enterprise Credit Guarantee Fund (SMEG). The Fund supports and promotes government policies and assist enterprises affected by the pandemic in 2022. In addition, to assist young entrepreneurs in obtaining funds for operation, the Fund actively provides "Credit Guarantees for Youth Entrepreneurship and Startup Loans" to implement financial inclusion.

Chairman of TCFHC and TCB, Paul C.D. Lei, serves as a Chairman of the Bankers Association Of the Republic Of China (hereinafter referred to as the Bankers Association). The Bankers Association has incorporated important contents from the Equator Principles 4.0 guidelines into the Guidelines for Managing Credit Business by Members of the Bankers Association of the R.O.C. and required each member of the Banker Association's support. The Bankers Association hopes to guide finance enterprises to implement ESG through capital influences and encourage industries to pursue sustainable development and move towards net zero transition. In addition, the Bankers Association has also completed the TCFD research guidelines and established task forces to formulate the "Domestic Banks' Climate-Related Risk Management Practice Handbook" The handbook provides suggestions for climate-related financial disclosures, and regulates that banks shall carry out climate-related financial disclosures of the previous year before the end of June every year starting from 2023. This assists banks in identifying climate risks and responding in advance, as well as keep abreast of sustainable business opportunities.

2022 expenditure

NT\$ 316,218,580

NT\$ 3,618,270

## Credit Rating

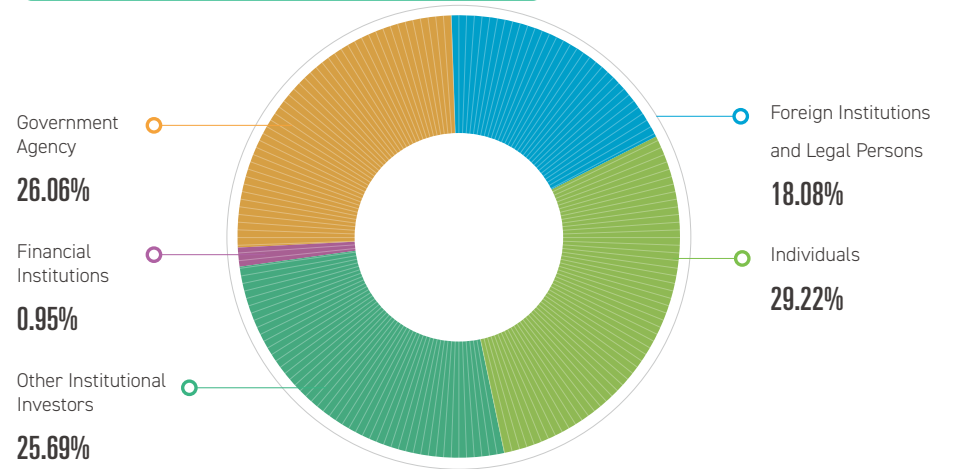
According to credit rating reports released by domestic and foreign credit rating agencies, the Group has a strong market presence and strong corporate values in the Taiwan's banking industries. In addition, the subsidiary TCB has a robust capital level, with its source of funds and liquidity structure rated as stable and adequate, respectively. Most of the outlooks hold at "Stable", which shows the Group's excellent competitive advantages and corporate governance performance in the market as well as trustworthiness to customers and investors.

Company	Rating Agency	Short-term Credit Rating	Long-term Credit Rating	Rating Prospect
TCFHC	S&P Global Ratings	A-2	BBB	Stable
	Taiwan Ratings	twA-1+	twAA-	Stable
TCB	S&P Global Ratings	A-1	A+	Stable
	Taiwan Ratings	twA-1+	twAAA	Stable
TCS	Taiwan Ratings	twA-1+	twAA-	Stable
CAM	Taiwan Ratings	twA-1	twA+	Stable
TCBF	Fitch Ratings	F1+ (tw)	AA+ (tw)	Stable
BNP TCB Life	Taiwan Ratings	-	twAA-	Stable

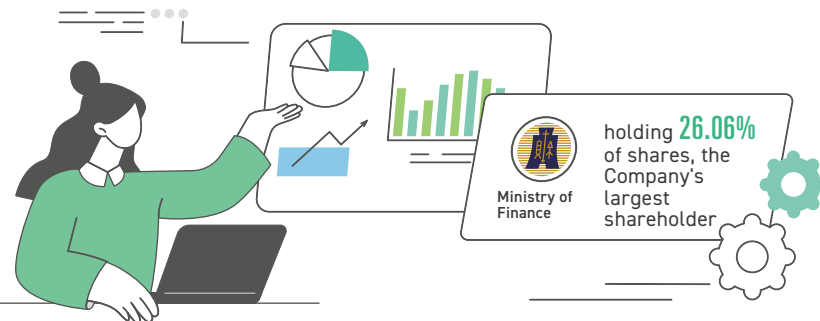
## Shareholders' Structure

The Company is a financial holding company established in accordance with the "Financial Holding Company Act" and the "Company Act". Matters pertaining to corporate governance and business management are carried out in accordance with regulatory requirements and the "Company's Articles of Incorporation". The Ministry of Finance is the Company's largest shareholder (holding 26.06% of shares). Apart from the Ministry of Finance, no other government agencies hold any shares. Other major shareholders include Chunghwa Post Co., Ltd., Taiwan Tobacco and Liquor Corporation, and National Farmers' Association, R.O.C., other domestic and foreign enterprises and institutions, reflecting a stable shareholding structure and no preferred stocks are issued. The general shareholders' meeting of the Company is held annually around the mid-year, in which updated relevant business operation overview is reported along with discussions on financial statements, distribution of earnings, and amendments of bylaws etc. .

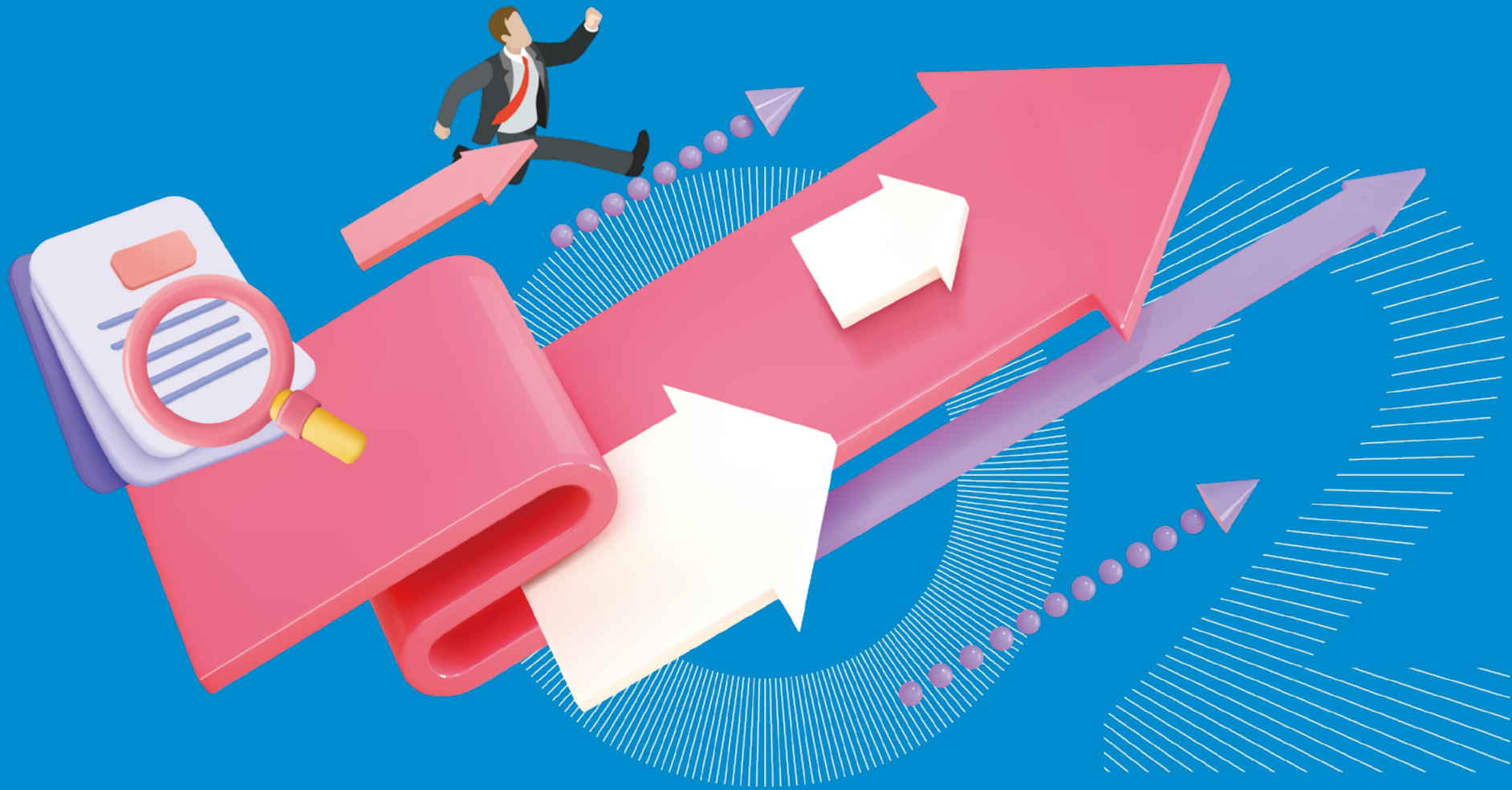
### Shareholding Ratio of the Shareholders



(As of the book closure date on April 18, 2023)



# CH2 Sustainability Development



## 2.1 Sustainable Strategy and Vision

In order to tackle risks faced with international sustainable developmental trend and climate change, the TCFHC group has committed itself to sustainable development by implementing the "Sustainability Policy", the "Sustainable Financial Policy", and the "Sustainable Development Best Practice Principles" as the highest guiding principles for each subsidiary to understand ESG risks and opportunities. It combines environmental, social, and governance (ESG) efforts with business operational policies to sketch out the blueprint of sustainable developmental strategy from six aspects, namely, corporate governance, sustainable finance, customer commitment, employee care, environmental sustainability, and social inclusion. The Group has made United Nations' Sustainable Development Goals (SDGs), Taiwan sustainable development goals and ESG factors part of the business guidelines with refined strategy and goals. The aim is to extend reach as a financial institution through innovative financial products and services and work together with stakeholders to pursue economic, environmental and social inclusions.

## 2.2 Sustainable Development Committee

For the purpose of ensuring corporate sustainability and adopting international sustainability practices on an ongoing basis, TCFHC has created the Sustainable Development Committee as well as a full-time Sustainability Office to assist the committee in overseeing implementation of the Group's sustainability policies, systems, and plans. The committee reports results regularly to the Board of Directors.

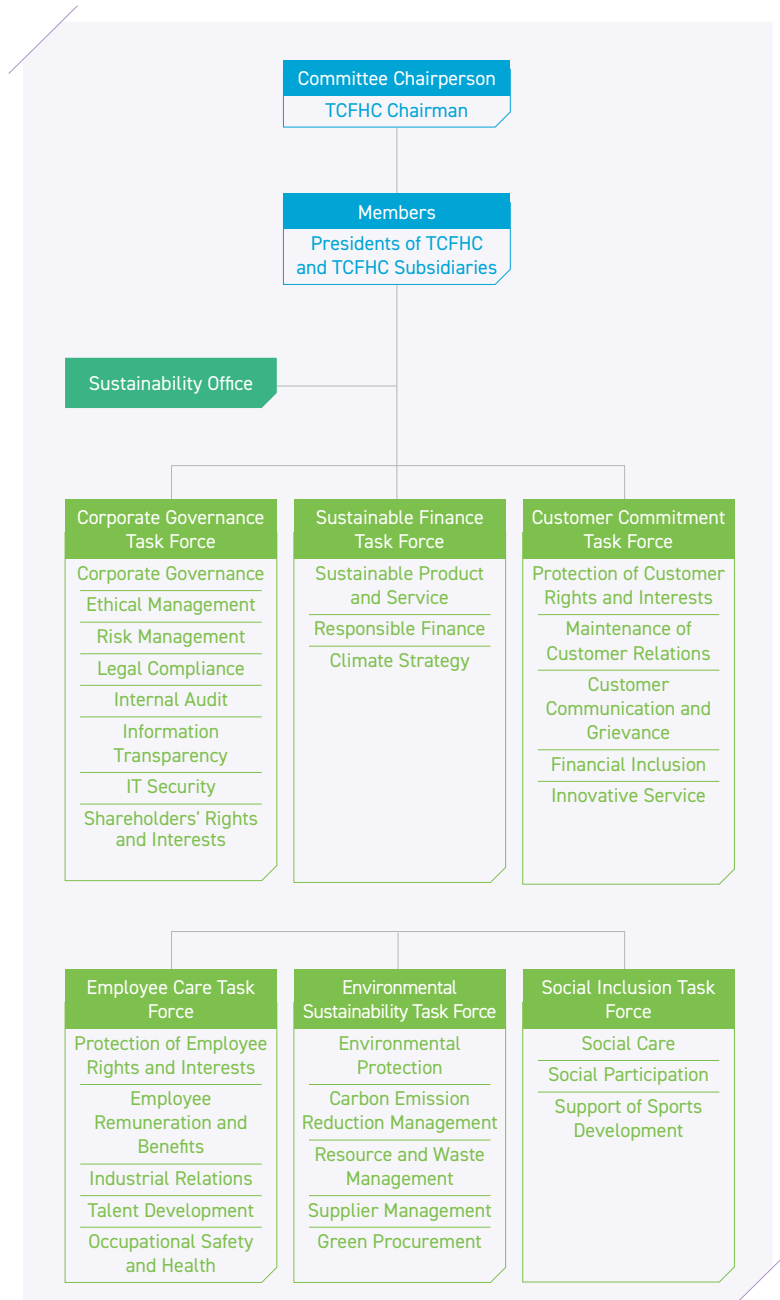
The Sustainable Development Committee is chaired by the chairman of TCFHC and formed by the presidents of TCFHC and its subsidiaries. The committee leads 6 major executive task forces, which are corporate governance, sustainable finance, customer commitment, employee care, environmental sustainability, and social inclusion. Executive vice presidents serve as conveners of these task forces. Short-, medium-, and long-term specific and measurable targets are set for each task force. Progress of each sustainability target is tracked, and plans are modified on an ongoing basis. The Sustainable Development Committee and the Board of Directors receive reports at least once every year. The aim is to follow a top-down systematic approach to advance sustainability effectively and create sustainable value for stakeholders on an ongoing basis. The Company's execution results of the sustainable development, short-, medium-, and long-term goals, and relevant matter regarding sustainable development are reported to the Sustainable Development Committee on June 1<sup>st</sup>, 2022, and the Board of Directors on June 27<sup>th</sup>, 2022.

The Sustainable Development Committee met 3 times in 2022. The agendas covered setting annual targets for the task forces, tracking the progress and implementation status of other projects, and reviewing ESG policies and regulations. The Chairman and members attended board meetings regularly and discussed sustainability topics with the Board of Directors as needed.

In 2022, the Sustainable Development Committee and 6 major executive task forces reported on matters related to sustainable development to the Board of Directors a total of six times. The proposals approved by the Board of Directors include:

1. The management approach, policies, and guidelines related to ESG was amended on February 21<sup>st</sup>, 2022.
2. TCFHC signed the Equator Principles as a financial holding company on February 21<sup>st</sup>, 2022.
3. The Company committed to setting mid-term carbon reduction targets in line with the Science-based Targets initiative (SBTi), and is expected to submit the target within 2 years for review on June 27<sup>th</sup>, 2022.
4. The explanation of the greenhouse gas inventory plan stipulated in "Sustainable Development Roadmap for TWSE/TPEX Listed Companies" is reported on June 27<sup>th</sup> and October 24<sup>th</sup>, 2022.
5. The Company's execution results of the sustainable development and settings of short-, medium-, and long term goals are reported on June 27<sup>th</sup>, 2022.
6. The Company's mid-, long-term carbon reduction targets were set on December 26<sup>th</sup>, 2022.

The aforementioned agendas were all approved after the directors made relevant suggestions during the meeting to improve the implementation results of the Company's sustainable development.



## 2.3 Material Topics and Stakeholder Engagement

### Communications with Stakeholders

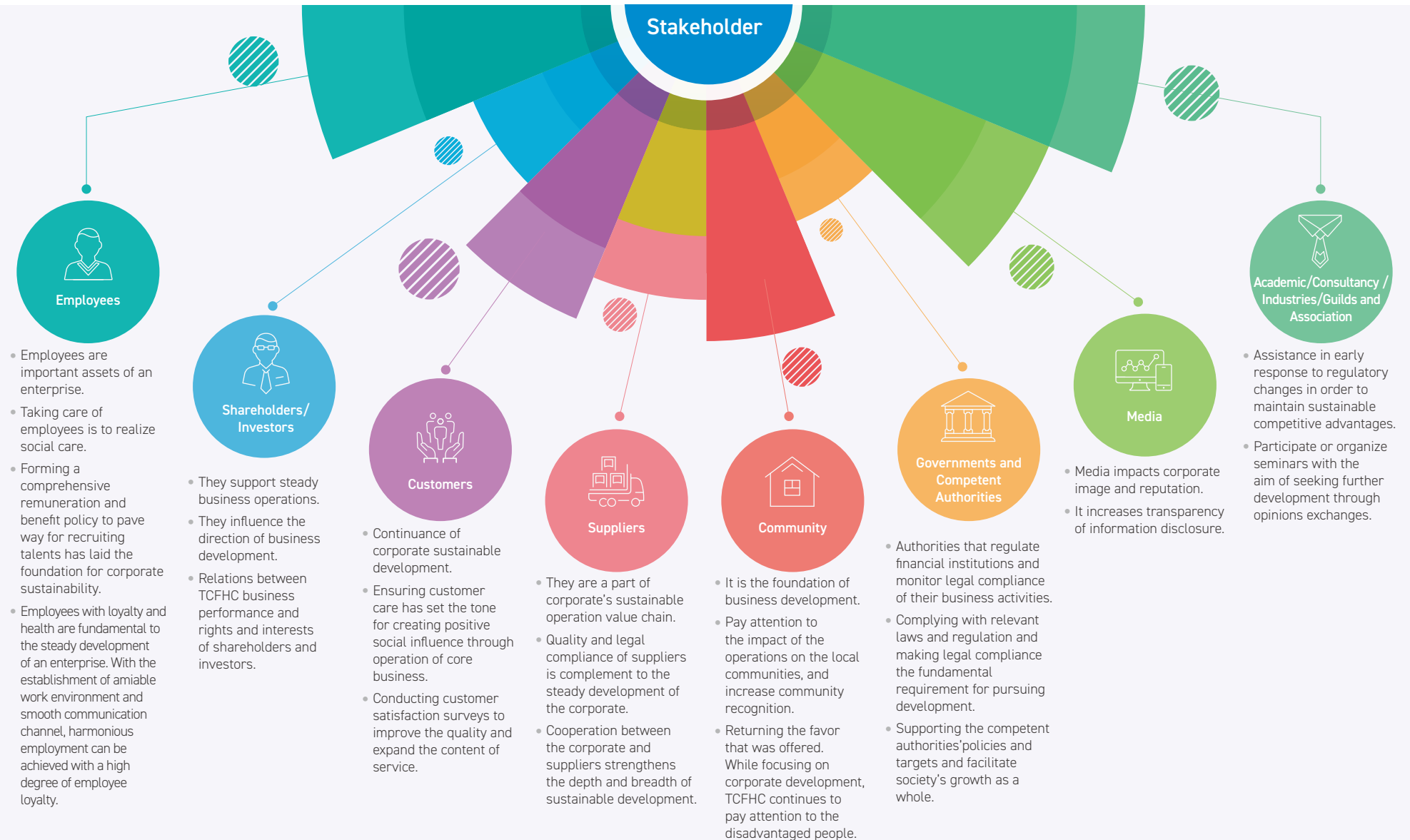
While the purpose of seeking sustainable development is to create benefits for shareholders and refining customer service, it can also facilitate a harmonious development on aspects of environment, finance, and society. Therefore, the primary step for TCFHC to pursue sustainable development is to identify internal and external stakeholders, further understand their issues of concerns, and set up a "Stakeholder" section on the "Sustainable Development" webpage. Through transparent and smooth communication channels, the Company collects stakeholders' concerns about sustainable topics, discloses relevant information in this report, and responds promptly by taking appropriate response measures. In 2022, a total of 51 events were held, with 7,886 participants, to help stakeholders understand the United Nations Sustainable Development Goals and Taiwan's sustainable development policies.



Company Name	Directors, Supervisors and, Senior Management Personnel		Employees		Corporate Customers		Other		Total	
	No. of Sessions of Activities	No. of Participants	No. of Sessions of Activities	No. of Participants	No. of Sessions of Activities	No. of Participants	No. of Sessions of Activities	No. of Participants	No. of Sessions of Activities	No. of Participants
TCFHC	2	450	2	233	0	0	4	1,600	8	2,283
TCB <sup>Note</sup>	7	1,111	17	1,759	3	1,500	1	5	28	4,375
BNP TCB Life	0	0	1	235	0	0	0	0	1	235
TCS	0	0	8	870	0	0	0	0	8	870
TCSIT	1	8	5	115	0	0	0	0	6	123
<b>Total</b>	<b>10</b>	<b>1,569</b>	<b>33</b>	<b>3,212</b>	<b>3</b>	<b>1,500</b>	<b>5</b>	<b>1,605</b>	<b>51</b>	<b>7,886</b>



Note: TCB organizes education and training related to sustainable development on a regular basis every year, and develops training plans for directors, supervisors, senior executives, employees and corporate customers. The training courses include sustainable development trends, expanding sustainable loan business, energy and environmental system education training and consensus camp on sustainable financial transformation for small and medium enterprises.

Based on the 5 major principles, which are dependency, responsibility, influence, representative, and diversity of the AA1000 Stakeholder Engagement Standard (SES), TCFHC has identified 8 major categories of stakeholders who are most influential and relevant to TCFHC's operations, namely, employees, shareholders/investors, customers, suppliers, community, governments and competent authorities, media, academic/consulting/industries/guilds, and associations. Their importance to TCFHC is listed as follows:








TCFHC established engagement means and channels for each stakeholder category in order to ensure continuous communication and collect their opinions and feedback. Actual communications with stakeholders are also presented to the Board of Directors every year. Communication frequency and results in 2022 are detailed below:

Communication Frequency and Results with Stakeholders in 2022				
Stakeholder	Prioritized Issues of Concern	Dedicated Contact Person and Method	Engagement Channels	Frequency and Result of Communications
 Employees	Legal Compliance Information Security Risk Management Green Operations Protection Customer Rights	Contact Person: Ms. Chen, A.V.P. & Senior Manager of TCFHC's Human Resources Department Telephone: +886-2-21738888 Ext. 3011	<ul style="list-style-type: none"> <li>• Form a corporate union, sign a collective bargaining agreement, and hold periodic employer-employee meetings, Employee Welfare Committee meetings and Occupational Safety and Health Committee meetings.</li> <li>• Set up the Employee Feedback Section to facilitate two-way communication between employer and employees.</li> <li>• Set up an exclusive section for employees to file complaints and a hotline to report sexual harassment.</li> <li>• Set up a complaint mailbox and telephone on the official website.</li> </ul>	<ul style="list-style-type: none"> <li>• Subsidiaries of the Group have held 4 employer-employee meetings.</li> <li>• 8,621 staffs received education and training on occupational health and safety</li> <li>• TCB and TCS renewed their collective bargaining agreements</li> </ul>
 Shareholders/ Investors	Sustainable Finance Digital Finance Protection of Customer Rights Financial Inclusion Information Security	<p><b>Spokesperson</b>                      Name: Chun-Lung Chou                      Title: E.V.P.                      Telephone: +886-2-2173-8888                      Email: spokesman@tcfhc.com.tw</p> <p><b>Deputy Spokesperson</b>                      Name: Jui-Ling Lu                      Title: E.V.P.                      Telephone: +886-2-2173-8888                      Email: spokesman@tcfhc.com.tw</p> <p><b>Stock Transfer Agency</b>                      Name: Yuanta Securities Co., Ltd.                      Address: B1F, No. 210, Sec. 3, Chengde Rd., Datong Dist., Taipei City                      Telephone: +886-2-2586-5859</p>	<ul style="list-style-type: none"> <li>• Convene yearly general shareholders' meetings.</li> <li>• Convene quarterly investor seminars.</li> <li>• Release business performance on a monthly basis.</li> <li>• Periodically announce the management overview, financial information, and updates of the Company on the Investor Relations section of the Chinese and English websites of TCFHC.</li> <li>• Disclose matters to be announced on the Market Observation Post System periodically/from time to time.</li> <li>• To set up a stakeholder zone on the official website providing contact information such as phone number and email address.</li> <li>• To provide a feedback form in the Sustainable Development section of the official website.</li> </ul>	<ul style="list-style-type: none"> <li>• 1 shareholders' meeting and 4 investor seminars were held.</li> <li>• A total of 120 material information in Chinese and English and 19 announcements are made.</li> </ul>

Communication Frequency and Results with Stakeholders in 2022

Stakeholder	Prioritized Issues of Concern	Dedicated Contact Person and Method	Engagement Channels	Frequency and Result of Communications
 Customers	Protection of Customer Rights Digital Finance Information Security Legal Compliance Sustainable Finance Management of Climate Change Risk	<p><b>TCFHC</b>                      Telephone: +886-2-2173-8888                      Website: <a href="https://www.tcfhc.com.tw">https://www.tcfhc.com.tw</a></p> <p><b>TCB</b>                      Telephone: +886-0800-033-175 or +886-4-2227-3131                      Website: <a href="https://www.tcb-bank.com.tw">https://www.tcb-bank.com.tw</a></p> <p><b>TCS</b>                      Telephone: +886-2-2752-8000                      Website: <a href="https://www.tcfhc-sec.com.tw">https://www.tcfhc-sec.com.tw</a></p> <p><b>TCBF</b>                      Telephone: +886-2-2522-1656                      Website: <a href="https://www.tcb-bills.com.tw">https://www.tcb-bills.com.tw</a></p> <p><b>CAM</b>                      Telephone: +886-2-2382-0868                      Website: <a href="https://www.coamc.com.tw">https://www.coamc.com.tw</a></p> <p><b>TCSIT</b>                      Telephone: +886-2-2181-5999                      Website: <a href="https://www.tcb-am.com.tw">https://www.tcb-am.com.tw</a></p> <p><b>TCVC</b>                      Telephone: +886-2-2395-2115                      Website: <a href="https://www.tcfhc-vc.com.tw">https://www.tcfhc-vc.com.tw</a></p> <p><b>BNP TCB Life</b>                      Telephone: +886-0800-033-133                      Website: <a href="https://my.tcb-life.com.tw">https://my.tcb-life.com.tw</a></p>	<ul style="list-style-type: none"> <li>To provide customers with product information on official website as a channel for financial information and service inquiry.</li> <li>Set up a 24/7 toll-free customer service hotline, customer service email, and the complaint channel.</li> <li>Establish customer data confidentiality measures to fulfill the confidentiality obligation towards customers' personal information, and place these on the homepage of the official website, disclosed in the ways designated by the competent authority or made extensively known to customers.</li> <li>To maintain customer relationship by holding investment and wealth management workshops.</li> </ul>	<ul style="list-style-type: none"> <li>Satisfaction in TCB's service performance evaluation was 92%.</li> <li>Satisfaction rate among TCB's wealth management customers reached 94.95%</li> <li>TCS customer service hotline gained 100% satisfaction rate.</li> <li>BNP TCB Life gained a customer satisfaction rate of 97.71%.</li> <li>A total of 290 financial planning seminars were held and were attended by 5,675 participants.</li> </ul> 
 Suppliers	Information Security Digital Finance Financial Inclusion Legal Compliance Sustainable Finance	<p>Contact Person: Mr. Shi, Deputy Director of the TCFHC Administration Department                      Telephone: +886-2-21738888 Ext. 3205</p> <p>Contact Person: Mr. Fang, A.V.P. &amp; Senior Manager of General Affairs Team, TCFHC Administration Department                      Telephone: +886-2-21738888 Ext. 3260</p>	<ul style="list-style-type: none"> <li>Suppliers are required to sign the "Commitment of Supplier to CSR and Environmental Sustainability Clause" when the amount of a procurement project reaches NT\$1 million.</li> </ul>	<ul style="list-style-type: none"> <li>A total of 347 declarations were signed in 2022.</li> </ul>

### Communication Frequency and Results with Stakeholders in 2022

Stakeholder	Prioritized Issues of Concern	Dedicated Contact Person and Method	Engagement Channels	Frequency and Result of Communications
 Community	Financial Inclusion Legal Compliance Management of Climate Change Risk Corporate Governance Digital Finance	Contact Person: TCFHC Administration Department Telephone: +886-2-2173-8888 Website: <a href="https://www.tcfhc.com.tw">https://www.tcfhc.com.tw</a> Email: <a href="mailto:pr@tcfhc.com.tw">pr@tcfhc.com.tw</a>	<ul style="list-style-type: none"> <li>To hold winter philanthropic activities every year and support local sports activities.</li> <li>To participate in charity and academic events and charity marathons as well as organize fundraising events every year.</li> <li>To promote long-term care policy, hold "TCB Lecture Hall", respite care academy, immersive music theaters and caring life exhibition, and launch the stamp collection passbook to encourage employees to take part in charity activities.</li> <li>To invest resources to cultivate national table tennis, baseball, and badminton players in support of athletic events every year.</li> </ul>	<ul style="list-style-type: none"> <li>The Group donated a total of more than NT\$14 million to 71 charity organizations.</li> <li>4 sessions of TCB Lecture Hall held Happy Living and Secure Caring and Financial Planning Forum, 24 Respite Academy courses, and 6 immersive music theaters of "Hello! Calling Star Teammates" and caring life exhibition "Future! Please Answer."</li> <li>The TCB sports teams sent players to compete in a total of 45 games around the world.</li> </ul>
 Governments and Competent Authorities	Sustainable Finance Training and Developing Equality and Human Rights	Contact Person: TCFHC Administration Department Telephone: +886-2-2173-8888 Website: <a href="https://www.tcfhc.com.tw">https://www.tcfhc.com.tw</a> Email: <a href="mailto:pr@tcfhc.com.tw">pr@tcfhc.com.tw</a>	<ul style="list-style-type: none"> <li>Compliance with laws and regulations and provision of relevant information in cooperation with supervision and inspections by competent authorities.</li> <li>Compliance with policies of the competent authorities and participation in various meetings held by them.</li> </ul>	<ul style="list-style-type: none"> <li>Internal evaluations on the Board of Directors and functional committees were completed.</li> <li>Formulated the "Declaration on the Compliance of Ethical Management by Directors and Senior Management" and has since received a total of 108 signed declarations from all directors and senior management of TCFHC and its subsidiaries, attaining a 100% of signing rate in 2022.</li> <li>TCFHC was selected as a constituent of the TWSE CG 100 Index, TWSE RA Taiwan Employment Creation 99 Index, and TWSE RAFI Taiwan High Compensation 100 Index.</li> <li>TCB, TCS, TCSIT and BNP TCB Life regularly disclose the stewardship principles for institutional investors report on their official website every year.</li> </ul>
 Media	Corporate Governance Ethical Management Digital Finance Information Security Protection of Customer Rights	Contact Person: TCFHC Administration Department Telephone: +886-2-2173-8888 Website: <a href="https://www.tcfhc.com.tw">https://www.tcfhc.com.tw</a> Email: <a href="mailto:pr@tcfhc.com.tw">pr@tcfhc.com.tw</a>	<ul style="list-style-type: none"> <li>Hold investor conferences periodically to enhance the transparency of the financial information.</li> <li>Hold press conferences and publicize product launch and advertisement events whenever needed.</li> <li>Invite media whenever needed, arrange interviews by spokespersons, and provide related press releases.</li> </ul>	<ul style="list-style-type: none"> <li>4 investor conferences were held.</li> <li>A total of 133 pieces of press release was issued by TCFHC itself. For details, please refer to the <a href="#">news center</a> on TCFHC's official website.</li> </ul>
 Academic/Consultancy/Industries/Guilds and Association	Sustainable Finance Legal Compliance Training and Development Management of Climate Change Risk Green Operations	Contact Person: TCFHC Administration Department Telephone: +886-2-2173-8888 Website: <a href="https://www.tcfhc.com.tw">https://www.tcfhc.com.tw</a> Email: <a href="mailto:pr@tcfhc.com.tw">pr@tcfhc.com.tw</a>	<ul style="list-style-type: none"> <li>To hold forums or academic seminars whenever needed to update the latest developmental trends in financial industry through exchange of opinion.</li> <li>Participate in meetings and forums that are held periodically by societies and associations in order to keep track of regulatory changes by competent authorities and to ensure compliance by operations every year.</li> </ul>	<ul style="list-style-type: none"> <li>The Group has joined a total of 43 guilds and associations.</li> </ul>

## Defining Material Topics

TCFHC integrates risk management for organizations and applies them to the process of identifying material topics on sustainability. TCFHC follows the 2021 version of the GRI Standards for sustainability and refers to the development trend of domestic and overseas financial industries and material topics concerned by both international and domestic well-known enterprises every year. At the same time, the Company evaluates its operating status based on the 4 principles, which are sustainability, materiality, completeness, and stakeholder inclusiveness. TCFHC invites the 6 major executive task forces members of the Sustainable Development Committee to discuss and compile suggestions from external stakeholders. TCFHC takes the double materiality in financial and non-financial reporting into account to evaluate the positive and negative impacts of material topics on the economy, environment, and population (including human rights) and use it as the basis for identifying material topics for 2022 and responds to SDGs. In addition, the evaluation results of the material topics will be included in the operational assessment items of each subsidiary to integrate material topics into Enterprise Risk Management (ERM).

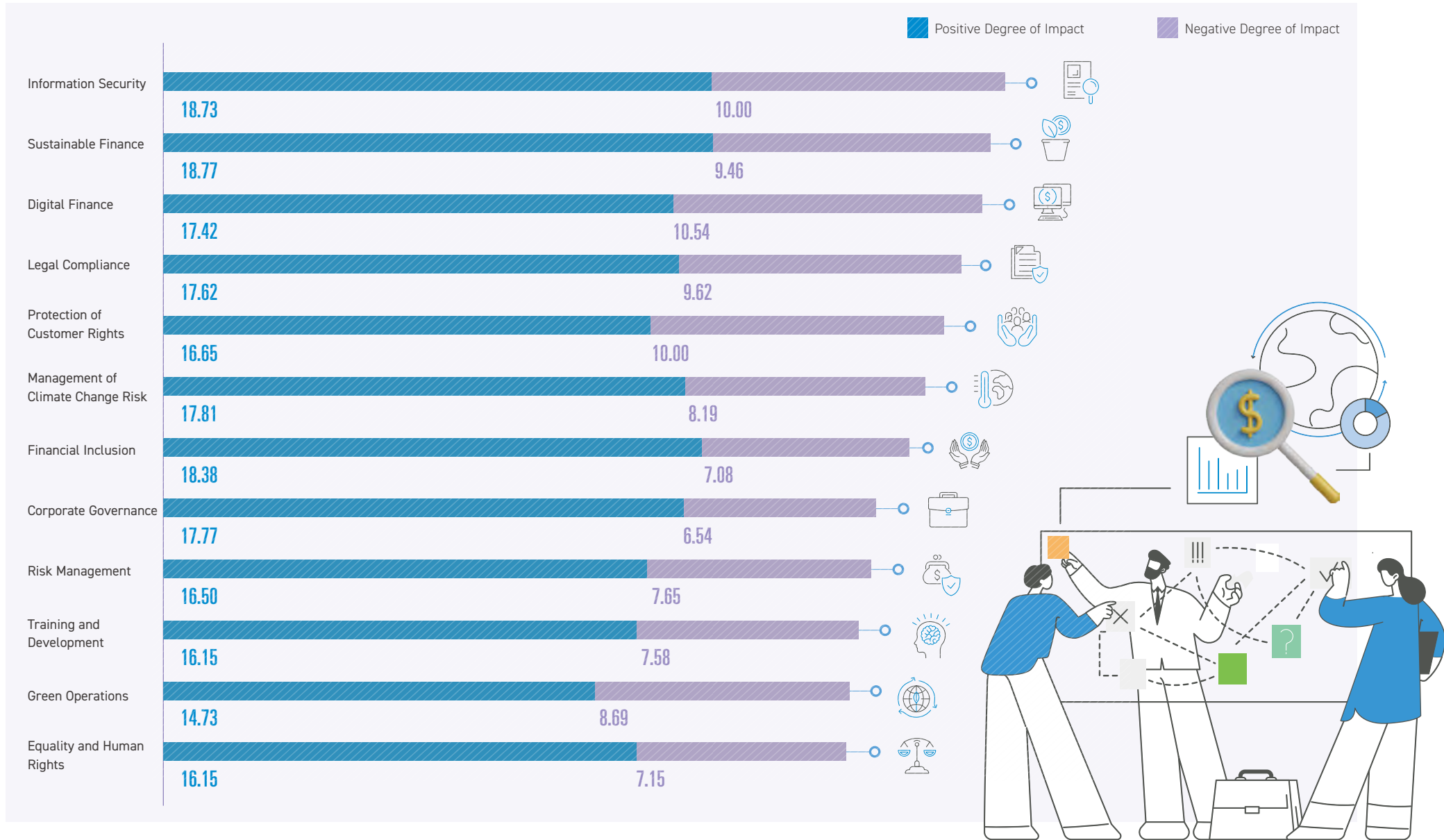


Note 1: Questionnaires on the degree of impact: A total of 26 valid questionnaires were collected and they were filled out by Sustainability Office, other senior managements and 6 taskforces of corporate governance, sustainable finance, commitment to customer, and social inclusion.

Note 2: The impact assessment is divided into positive and negative impacts according to the 2021 GRI Sustainability Standards. The aspects evaluated for positive impacts are the probability of occurrence, and scale and scope of impact, while the aspects evaluated for negative impacts are the probability of occurrence and degree of severity.

Note 3: Questionnaires on degree of concern are 56 from customers, 216 from employees, 3 from government and competent authorities, 18 from shareholders/investors, 8 from suppliers, 20 from communities, 3 from medias, 19 from academic/consultancy /industries/guilds and associations. According to the statistics of the Company, the top 5 material topics of concern to external stakeholders, ranked by score, are sustainable finance, financial inclusion, compliance, digital finance, and protection of customer rights.






### The Results of the Degree of Impact of Material Topics










## Material Topics and Management Approach

TCFHC has set up management approach for identified material topics to ensure impacts on the operation and stakeholders by these topics can be effectively managed through implementation of policy, injection of resources, and management of performance.

### The Scope of Impact for Material Topics in 2022

Material Topic	Significance to TCFHC	Main Impacts on Stakeholders	Scope of Impact	Impact on External Stakeholders and Dimensions	
 <b>Information Security</b>	Protecting transactions and confidential information, setting information and network security comprehensive management strategy to ensure the rights and interests of customers and the reputation of the Group.	<ul style="list-style-type: none"> <li>* TCFHC and Subsidiaries</li> <li>* Employees</li> <li>* Shareholders/Investors</li> </ul>	<ul style="list-style-type: none"> <li>* Customers</li> <li>* Governments and Competent authorities</li> <li>* Media</li> </ul>	<ul style="list-style-type: none"> <li>* Operations</li> <li>* Products/Services</li> </ul>	<ul style="list-style-type: none"> <li>* Society</li> <li>* Consumers/End Users</li> </ul>
 <b>Sustainable Finance</b>	Leveraging the core financial influence to guide capital flows towards sustainable industries or projects and provide products and services that enhances environmental and social benefits, and establish an assessment mechanism for ESG risk.	<ul style="list-style-type: none"> <li>* TCFHC and Subsidiaries</li> <li>* Shareholders/Investors</li> <li>* Customers</li> <li>* Community</li> </ul>	<ul style="list-style-type: none"> <li>* Governments and Competent Authorities</li> <li>* Media</li> <li>* Academic/Consultancy / Industries/Guilds and Association</li> </ul>	<ul style="list-style-type: none"> <li>* Operations</li> <li>* Products/Services</li> <li>* Supply Chains</li> </ul>	<ul style="list-style-type: none"> <li>* Environment</li> <li>* Society</li> <li>* Consumers/End Users</li> </ul>
 <b>Digital Finance</b>	In response to the trends in digital banking transformation, establishing a digital financial system to facilitate and popularize financial products and services.	<ul style="list-style-type: none"> <li>* TCFHC and Subsidiaries</li> <li>* Shareholders/Investors</li> <li>* Customers</li> <li>* Community</li> </ul>	<ul style="list-style-type: none"> <li>* Governments and Competent Authorities</li> <li>* Media</li> <li>* Academic/Consultancy / Industries/Guilds and Association</li> </ul>	<ul style="list-style-type: none"> <li>* Operations</li> <li>* Products/Services</li> </ul>	<ul style="list-style-type: none"> <li>* Environment</li> <li>* Society</li> <li>* Consumers/End Users</li> </ul>
 <b>Legal Compliance</b>	Implementing legal and regulatory compliances can reduce operational risks and avoid penalties, thereby promoting businesses and expanding the scale of operations.	<ul style="list-style-type: none"> <li>* TCFHC and Subsidiaries</li> <li>* Employees</li> <li>* Shareholders/Investors</li> <li>* Customers</li> <li>* Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>* Community</li> <li>* Governments and Competent Authorities</li> <li>* Media</li> <li>* Academic/Consultancy / Industries/Guilds and Association</li> </ul>	<ul style="list-style-type: none"> <li>* Operations</li> <li>* Supply Chains</li> <li>* Products/Services</li> </ul>	<ul style="list-style-type: none"> <li>* Environment</li> <li>* Society</li> <li>* Consumers/End Users</li> <li>* External Personnel (such as supply chains and contractors)</li> </ul>
 <b>Protection of Customer Rights</b>	Pay attention to customer privacy and systematically managing and analyzing customer feedback towards financial products and services to enhance customer satisfaction and maintain a competitive advantage in the market.	<ul style="list-style-type: none"> <li>* TCFHC and Subsidiaries</li> <li>* Employees</li> <li>* Shareholders/Investors</li> <li>* Customers</li> </ul>	<ul style="list-style-type: none"> <li>* Governments and Competent Authorities</li> <li>* Media</li> <li>* Academic/Consultancy / Industries/Guilds and Association</li> </ul>	<ul style="list-style-type: none"> <li>* Operations</li> <li>* Products/Services</li> </ul>	<ul style="list-style-type: none"> <li>* Consumers/End Users</li> </ul>





Material Topic	Significance to TCFHC	Main Impacts on Stakeholders		Scope of Impact	Impact on External Stakeholders and Dimensions
 <b>Management of Climate Change Risk</b>	The physical and transition risks caused by extreme climates on the financial systems are becoming more apparent. In addition to identifying, assessing, and managing climate change risks, enterprises need to combine their business strategies to address the risks and opportunities brought about by climate change.	<ul style="list-style-type: none"> <li>★ TCFHC and Subsidiaries</li> <li>★ Employees</li> </ul>	<ul style="list-style-type: none"> <li>★ Customers</li> <li>★ Academic/Consultancy / Industries/Guilds and Association</li> </ul>	<ul style="list-style-type: none"> <li>★ Operations</li> <li>★ Products/Services</li> <li>★ Supply Chains</li> </ul>	<ul style="list-style-type: none"> <li>★ Environment</li> <li>★ Consumers/End Users</li> <li>★ External Personnel (such as supply chains and contractors)</li> </ul>
 <b>Financial Inclusion</b>	Introduce inclusive financial products and services to make people with different backgrounds all entitled to fair financial services or resources.	<ul style="list-style-type: none"> <li>★ TCFHC and Subsidiaries</li> <li>★ Employees</li> <li>★ Shareholders/Investors</li> </ul>	<ul style="list-style-type: none"> <li>★ Customers</li> <li>★ Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>★ Products/Services</li> </ul>	<ul style="list-style-type: none"> <li>★ Society</li> <li>★ Consumers/End Users</li> </ul>
 <b>Corporate Governance</b>	Sound corporate governance is the foundation of sustainable development, strengthening the stability and transparency of business operations and enhancing enterprises' long-term competitiveness.	<ul style="list-style-type: none"> <li>★ TCFHC and Subsidiaries</li> <li>★ Shareholders/Investors</li> </ul>	<ul style="list-style-type: none"> <li>★ Governments and Competent Authorities</li> <li>★ Media</li> </ul>	<ul style="list-style-type: none"> <li>★ Operations</li> <li>★ Products/Services</li> <li>★ Supply chains</li> </ul>	<ul style="list-style-type: none"> <li>★ Society</li> <li>★ Consumers/End Users</li> <li>★ External Personnel (such as supply chains and contractors)</li> </ul>
 <b>Risk Management</b>	To respond to changes in the financial environment, various emerging risks and business crises, appropriate risk management policies should be formulated, and effective risk management mechanisms should be established to ensure sound and sustainable business development.	<ul style="list-style-type: none"> <li>★ TCFHC and Subsidiaries</li> <li>★ Shareholders/Investors</li> <li>★ Customers</li> </ul>	<ul style="list-style-type: none"> <li>★ Governments and Competent Authorities</li> <li>★ Media</li> </ul>	<ul style="list-style-type: none"> <li>★ Operations</li> <li>★ Products/Services</li> <li>★ Supply Chains</li> </ul>	<ul style="list-style-type: none"> <li>★ Society</li> <li>★ Consumers/End Users</li> <li>★ External Personnel (such as supply chains and contractors)</li> </ul>
 <b>Training and Development</b>	Talent is the most important asset of an enterprise, and training employees and assisting employees in career development are also fundamental to sustainable development.	<ul style="list-style-type: none"> <li>★ TCFHC and Subsidiaries</li> <li>★ Employees</li> <li>★ Shareholders/Investors</li> </ul>	<ul style="list-style-type: none"> <li>★ Governments and Competent Authorities</li> <li>★ Academic/Consultancy / Industries/Guilds and Association</li> </ul>	<ul style="list-style-type: none"> <li>★ Operations</li> </ul>	<ul style="list-style-type: none"> <li>★ Society</li> </ul>
 <b>Green Operations</b>	To support Net Zero by 2050 policy and the risks and opportunities of climate change, measures should be adopted to mitigate and adapt to climate change to reduce greenhouse gas emissions, and minimize the impact on the environment.	<ul style="list-style-type: none"> <li>★ TCFHC and Subsidiaries</li> <li>★ Employees</li> </ul>	<ul style="list-style-type: none"> <li>★ Governments and Competent Authorities</li> <li>★ Suppliers</li> <li>★ Shareholders/Investors</li> </ul>	<ul style="list-style-type: none"> <li>★ Operations</li> <li>★ Supply Chains</li> </ul>	<ul style="list-style-type: none"> <li>★ Environment</li> <li>★ Society</li> <li>★ External Personnel (such as supply chains and contractors)</li> </ul>
 <b>Equality and Human Rights</b>	Implementing sexual equality, prohibiting discrimination, and protecting the right to work are the responsibilities of enterprises to protect human rights and are fundamental principles valued internationally.	<ul style="list-style-type: none"> <li>★ TCFHC and Subsidiaries</li> <li>★ Employees</li> </ul>	<ul style="list-style-type: none"> <li>★ Customers</li> <li>★ Governments and Competent Authorities</li> </ul>	<ul style="list-style-type: none"> <li>★ Operations</li> <li>★ Supply Chains</li> </ul>	<ul style="list-style-type: none"> <li>★ Society</li> <li>★ External Personnel (such as supply chains and contractors)</li> </ul>




## Description of Impact Management of Material Topics in 2022

Material Topic	Positive Impact	Potential/Actual Negative Impact	Channels for Filing Complaints and Seeking Remedies	Remedial Measures	Process of Internal Improvements and Tracking Methods
 <b>Information Security</b>	Strengthening the safety net of information security and employee awareness of information security to prevent intrusions by hackers and customer privacy breaches and to protect the rights and interests of stakeholders and the company's important operational information.	Information leakage, stealing, or losing customer data can violate the privacy of stakeholders or expose them to ransomware risks, which may violate the law, and the Company may face litigation risks.	<ul style="list-style-type: none"> <li>• Employee complaint mailboxes and internal communication channels.</li> <li>• A 24/7 toll-free customer service hotline, customer service email, and the complaint channel.</li> <li>• Tip-off hotline and email address.</li> <li>• Set up a stakeholder zone on the official website providing corresponding contact channels.</li> </ul>	<ul style="list-style-type: none"> <li>• Formulate "Personal Data Protection Management Policy".</li> <li>• Incidents responded in a timely manner, and reporting and prevention of incidents are handled according to relevant internal guidelines. If the rights of customers are violated or business operations are affected, competent authorities shall be reported within a specified time limit.</li> <li>• Conduct education and training on the protection of personal information and information security for employees to increase their protection awareness.</li> <li>• Seeking compensation from suppliers who violate information security or clauses of the non-disclosure agreement.</li> <li>• The personnel involved in the violation will be discussed and punished according to the employee reward and punishment system.</li> </ul>	<ul style="list-style-type: none"> <li>• Hold a Computer Information Security Incident Response Team (CSIRT) meeting to monitor and review information security incidents and strengthen and implement the effectiveness of information security response mechanisms in each unit.</li> <li>• The Chief Compliance Officer of TCFHC convened the Personal Information Protection Management Committee to review and supervise personal data protection related incidents.</li> <li>• Hold a business continuity plans test semi-annually.</li> </ul>
 <b>Sustainable Finance</b>	Upholding financial influences with concerns on ESG issues and guiding capital flows towards sustainable industries or items through diversified business, reducing impacts on the environment and human rights, thereby implementing sustainable development goals.	The lack of ESG factors in the process of making investment and financing decisions may lead to misjudgment of the long-term value of the target and result in financial losses, as well as indirectly causing negative impacts on the environment and labor rights.	<ul style="list-style-type: none"> <li>• Employee complaint mailboxes and internal communication channels.</li> <li>• A 24/7 toll-free customer service hotline, customer service email, and the complaint channel.</li> <li>• Set up a stakeholder zone on the official website providing corresponding contact channels</li> </ul>	Strengthen ESG education, training and professional capabilities of employees to reduce the risk of misjudgment of ESG factors in investment and financing decisions.	<ul style="list-style-type: none"> <li>• <b>Financing:</b> ESG principles have been included in the review of the credit process to reduce ESG risks involved in the process of making financing decisions. Regular reviews and follow-ups are also conducted to strengthen post-loan management to protect creditor rights.</li> <li>• <b>Investments:</b> Conduct regular review on the investment targets and monitor the implementation status of green finance through external information such as the Market Observation Post System (MOPS), sustainability reports, and ESG reports from credit rating agencies. If the invested company violates the ESG principles, it will be discussed in a meeting whether to continue to hold or to be disposed of.</li> </ul>
 <b>Digital Finance</b>	Establish digital financial systems, optimize service processes and operational efficiency, reduce carbon emissions by reducing paper usage, increase financial service penetration rate, and enhance customers' digital service experience.	The technical risks have increased, such as technical failures in information technology systems, which may cause market disruptions, trade stagnation, transfer difficulties, or inability to ensure normal transaction due to capacity or operation issues, thus violating customer rights.	<ul style="list-style-type: none"> <li>• A 24/7 toll-free customer service hotline, customer service email, and the complaint channel.</li> <li>• Customers also seek assistance from the personnel at the business locations during operating hours.</li> </ul>	<ul style="list-style-type: none"> <li>• Subsidiaries have established emergency response measures to ensure uninterrupted operations. When the system encounters abnormalities, it should be reported to the corresponding contact person immediately and contact relevant suppliers to identify the cause and eliminate the abnormal situations.</li> <li>• After identifying the root of the problems, remedial measures will be formulated in collaboration with the relevant business management unit.</li> </ul>	<ul style="list-style-type: none"> <li>• Assign dedicated personnel to review system operations periodically and maintain contact with the corresponding contact person to deal with abnormal situations immediately when they occur.</li> <li>• Improve the professional knowledge and skills of information-related personnel.</li> <li>• Conduct regular maintenance, inspection, updates, and maintenance of equipment and systems, or upgrading hardware equipment.</li> </ul>





Material Topic	Positive Impact	Potential/Actual Negative Impact	Channels for Filing Complaints and Seeking Remedies	Remedial Measures	Process of Internal Improvements and Tracking Methods
<p>Legal Compliance</p>	Regulatory compliance can reduce operational risks, avoid penalties, protect the natural environment, and the rights and interests of stakeholders.	The human rights of the stakeholders are violated due to illegal activities, or the environment is polluted due to environmental crimes and other negative impacts, or even penalties imposed by competent authorities.	<ul style="list-style-type: none"> <li>Employee complaint mailboxes.</li> <li>A 24/7 toll-free customer service hotline, customer service email, and the complaint channel.</li> <li>Tip-off hotline and email address.</li> <li>Set up a stakeholder zone on the official website providing corresponding contact channels.</li> </ul>	<ul style="list-style-type: none"> <li>Review the deficiencies in each specific case of which penalties are imposed and make improvements accordingly.</li> <li>Incorporate deficiencies of relevant legal compliance into the assessment criteria for the implementation of subsidiaries' regulatory compliance systems.</li> <li>The personnel involved in the violation will be discussed and punished according to the employee reward and punishment system.</li> </ul>	<ul style="list-style-type: none"> <li>Whenever a major regulatory violation is discovered, it should be reported to the Board of Directors immediately, and report to the Audit Committee and Board of Directors on compliance matters every 6 months. The report shall contain an analysis of the causes of significant deficiency or malpractice in compliance matters, possible impacts, as well as recommendations for improvement.</li> <li>Follow up the improvement status in the "Task Force on Legal Compliance and AML/CFT" meetings held every quarter and the "Compliance Committee" meetings held every 6 months.</li> </ul>
<p>Protection of Customer Rights</p>	Provide a comprehensive customer communication mechanism to understand customer feedback on financial products and services promptly and protect the rights of customers from being violated.	If customers are treated unfairly, or the Company fails to understand their needs, this may violate customer rights due to operating procedures or services, resulting in customer distrusts.	<ul style="list-style-type: none"> <li>A 24/7 toll-free customer service hotline, customer service email, and the complaint channel.</li> <li>Set up customer feedback boxes at business locations.</li> <li>Require business management units or business locations dedicate personnel or supervisors responsible for customer complaints for timely and appropriate handling.</li> </ul>	<ul style="list-style-type: none"> <li>Conduct regular education and training for employee, and collect and compile customer complaint cases to strengthen education and training, and promotion.</li> <li>Incorporate actions of handling customer complaints into the performance assessments to improve each unit's quality of handling complaints and prevent incidents from occurring.</li> <li>When handling complaint cases, in addition to informing customers of the preliminary actions taken, the Company should also understand the cause of the complaint and adopt appropriate measures based on the level of risks and severity of the case.</li> </ul>	<ul style="list-style-type: none"> <li>Establish a "Consumer Protection and Fair Customer Treatment Promotion Committee" who are responsible for formulating and supervising "Fair Customer Treatment Policy" and "Strategy of the Principles for Treating Customers Fairly." They review and improve the handling of customer complaints and financial consumer dispute cases, as well as measures for improving fair customer treatments, and reports them to the Board of Directors.</li> <li>Regularly collect messages and compile and report the reasons analyzed and improvement plans reviewed by each business management unit.</li> <li>Regularly monitor the business management unit's implementation of resolutions made by the "Consumer Protection and Fair Customer Treatment Promotion Committee".</li> </ul>
<p>Management of Climate Change Risk</p>	Assessing the financial impacts of climate change and investing resources to develop sustainable financial products in advance to improve global warming issues, promote sustainable market, and develop new business models related to sustainability.	Fail to evaluate and take relevant actions on climate change in advance has led the company to face climate-related financial losses and indirectly contribute to worsening global warming, extreme weather, and biodiversity extinction crisis.	Set up a stakeholder zone on the official website providing corresponding contact channels.	Identify, assess, response to significant climate risks, and establish limits for "large polluting and carbon intensive industries."	Monitor and report on risk exposures of "large polluting and carbon intensive industries" on a monthly basis, and submit various risk management information to the Risk Management Committee, Audit Committee and the Board of Directors every quarter.



Material Topic	Positive Impact	Potential/Actual Negative Impact	Channels for Filing Complaints and Seeking Remedies	Remedial Measures	Process of Internal Improvements and Tracking Methods
 <b>Financial Inclusion</b>	<p>To protect the rights of various groups to access financial services and introduce inclusive financial products to promote social equity and realize inclusive growth.</p>	<p>Disadvantaged groups are unable to access affordable financial services or lack of barrier-free facilities resulting in the violation of the rights of people with disabilities.</p>	<ul style="list-style-type: none"> <li>• Business units, 24-hour customer service hotline and mailboxes on the official website.</li> </ul>	<ul style="list-style-type: none"> <li>• "Inclusive Financial Policy" is newly formulated.</li> <li>• The Company actively and continuously follows the "Friendly Financial Service Guidelines for Banks" to provide friendly financial services to people with disabilities and affordable financial services to disadvantaged groups.</li> <li>• The Company cooperate with insurance companies to promote "micro personal accident insurance" and "small amount whole life insurance", enabling specific groups or economically disadvantaged groups to obtain basic protection.</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthening the education and training on friendly financial services to establish a corporate culture that values friendly financial services.</li> <li>• Record the implementation status of friendly financial service measures every year and optimize barrier-free facilities that needs improvements in accordance with relevant regulations.</li> </ul>
 <b>Corporate Governance</b>	<p>Combining corporate governance structure with governance charters stipulated by referring to actual operations and such bylaws as "Articles of Incorporation" and "Corporate Governance Best Practice Principle" to establish a well-grounded corporate governance system and hence sound operations.</p>	<p>Poor management by the Board of Directors and functional committees has led to incorrect decisions regarding operations and business development, financial losses of the Company, violation of customer rights and other negative impacts.</p>	<ul style="list-style-type: none"> <li>• Employee complaint mailboxes.</li> <li>• A 24/7 toll-free customer service hotline, customer service email, and the complaint channel.</li> <li>• Tip-off hotline and email address.</li> <li>• Set up a stakeholder zone on the official website providing corresponding contact channels.</li> </ul> 	<ul style="list-style-type: none"> <li>• Relevant laws and regulations are formulated and are complied with accordingly.</li> <li>• Regularly conduct relevant education and training for the Group's senior executives and all employees, appropriately arrange directors' advanced training, and participate in lectures, seminars, and seminars covering corporate governance topics such as finance, risk management, business, legal affairs, accounting, or internal control systems.</li> </ul>	<ul style="list-style-type: none"> <li>• Internal performance evaluations are carried out by both the Board of Directors and the functional committees every year. External institutions, teams of experts or scholars are commissions to carry out evaluation at least every 3 years, and the results of the internal and external performance evaluation will be reported to the Board of Directors.</li> <li>• The meeting minutes of the "Ethical Management Committee" and the "Remuneration Committee" are submitted to the Company's Board of Directors for reference.</li> <li>• The Company conducts the "Communication Symposium between the Audit Committee and the Internal Audit Supervisor" and the "Symposium between Responsible Persons (Directors) and Internal Auditors" every 6 months.</li> </ul>
 <b>Risk Management</b>	<p>Establish an effective risk management mechanism to ensure a quick recovery, and safeguard the asset security when crisis occur, and maintain the stability of financial market.</p>	<p>Fail to manage risks in advance may cause damage to the rights and interests of customers, and the Company will face financial losses, operational crises, damage to reputation or other negative impacts that are difficult to measure.</p>	<ul style="list-style-type: none"> <li>• Employee complaint mailboxes.</li> <li>• A 24/7 toll-free customer service hotline, customer service email, and the complaint channel.</li> <li>• Tip-off hotline and email address.</li> <li>• Set up a stakeholder zone on the official website providing corresponding contact channels.</li> </ul>	<p>Relevant concentration limits determined according to the categories of industries, industry of concerns, country, same group, operational risks and reporting of significant credit risk and other operation regulations are formulated.</p>	<p>Monitor and report on various limits and risk exposures on a monthly basis, and submit various risk management information to the Risk Management Committee and the Board of Directors every quarter.</p>

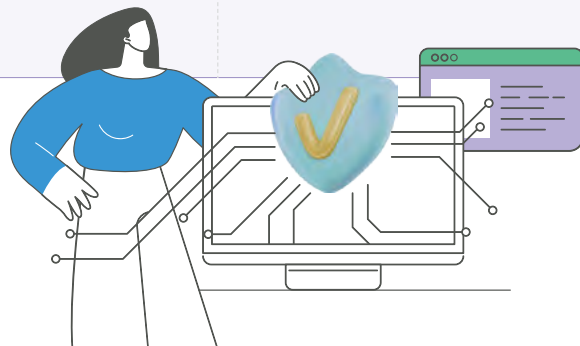
Material Topic	Positive Impact	Potential/Actual Negative Impact	Channels for Filing Complaints and Seeking Remedies	Remedial Measures	Process of Internal Improvements and Tracking Methods
 Training and Development	To allow employees to develop in positions that match their abilities, and improve their competitiveness and promote talent development.	Employees are not used appropriately and their career plans are unclear have affected the competitiveness of the company and the industry.	<ul style="list-style-type: none"> <li>Employee complaint mailboxes and internal communication channels.</li> <li>Performance evaluation and feedbacks.</li> </ul>	Provide corresponding training resources for employees who need to improve professional knowledge and skills and promote talent development.	To identify the gaps between employees' professional capabilities and the business needs and development through performance evaluations and provide corresponding education and training. The Company then follows up on the effectiveness of improvements through interviews with internal supervisors and performance evaluations.
 Green Operations	To reduce the Company's energy and resources consumption, utilize renewable energy to reduce carbon emissions, manage water and resource consumption, and waste disposal effectively to protect the ecological environment.	The Company's carbon emission generated from operations increased has led to a raise in energy expenses, and indirectly enlarged environmental impact, accelerating the rise of sea levels and causing climate disasters for island countries, as well as accelerating the pace of global warming.	<ul style="list-style-type: none"> <li>The Company's official website, intranet, employee complaint mailboxes, and each unit's bulletin board all have diverse communication channel.</li> <li>The Company exchanges ideas, discusses, and gives feedback on the problem through education and training on environmental sustainability, energy conservation, meetings, and forums.</li> </ul>	<ul style="list-style-type: none"> <li>The Company actively introduces various ISO international standard management systems to effectively manage the consumption of various energy and resources.</li> <li>Set short, medium, long term performance goals for various green operations.</li> </ul>	<ul style="list-style-type: none"> <li>The Company continues to introduce various international standards and participates in CDP assessments every year to review and improve its energy and resource consumption flexibly. The Company continues to reduce the impact of its own operations on the environment.</li> <li>Every 6 months, through stage-target review meetings, the effectiveness of short, medium, and long-term performance targets is tracked to implement green operations.</li> </ul>
 Equality and Human Rights	All groups have equal rights to work, equality and diversity of employees are promoted, the level of working environment friendliness is improved, and employment discrimination is eliminated.	Employees work overtime, gender-friendly workplace is not implemented, and employment discrimination appears.	<ul style="list-style-type: none"> <li>Employee complaint mailboxes.</li> <li>Sexual harassment complaint hotline.</li> <li>Regular employer-employee meetings are held quarterly.</li> </ul>	<ul style="list-style-type: none"> <li>Regular reviews are conducted on the status of each units working overtime every month to avoid abnormal workloads.</li> <li>The "Human Rights Policy" is formulated to prevent discrimination and sexual harassment, the "Measures of Prevention, Correction, Complaint, Investigation, and Punishment of Sexual Harassment at Workplace" is formulated, and the "Sexual Harassment Complaints Review Committee" is established to handle cases of sexual harassment complaints.</li> </ul>	<ul style="list-style-type: none"> <li>In addition to conducting audits on units with abnormal number of hours worked overtime, personnel are also irregularly assigned to inspect the implementation status of each units working overtime.</li> <li>Conduct human rights due diligence annually to review the frequency of occurrence and level of influence of human rights risks regularly, and propose improvement measures, and review the execution result of "Human Rights policies".</li> </ul>



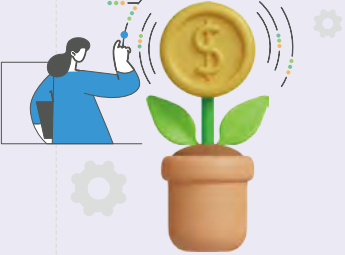



## Goals and Progress on Material Topics 2022

Material Topic	Goals and Progress 2022		Progress	2023 Material Topic Short-Term goals	2024~2028 Material Topic Medium/Long-Term Goal
	Goal	Actual Implementation by Strategy			
 Information Security	To conduct drills for all employees of the Group on "social engineering phishing email attack" and to have TCB and TCS to set a phishing email opening rate of less than 3%.	The Group completed the drill on "social engineering phishing email attack", and the email opening rate is 0.72% for TCB and 0.16% for TCS.	 Completed	To conduct drills for all employees of the Group on "social engineering phishing email attack" and to have TCB and TCS to set a phishing email opening rate of less than 2.5%.	Continue to conduct drills for all employees of the Group on "social engineering phishing email attack" and to have TCB and TCS to set a phishing email opening rate of less than 2%.
	TCB, BNP TCB Life, and TCS obtain "ISO 27001 Information Security Management" certifications.	TCB and BNP TCB Life renewed their certifications and TCS obtained a new "ISO 27001 Information Security Management" certifications.		TCB, BNP TCB Life, and TCS maintained the validity of the "ISO 27001 Information Security Management" certifications.	Continuously encourage subsidiaries to obtain "ISO 27001 Information Security Management" certifications.
	TCB to implement "ISO 22301 Business Continuity Management System" and obtain certification.	TCB has completed the implementation and has obtained certification.		TCB to maintain the validity of "ISO 22301 Business Continuity Management System" certification.	TCB to maintain the validity of "ISO 22301 Business Continuity Management System" certification; BNP TCB Life to evaluate the feasibility of obtaining certification.
	To establish information security intelligence sharing mechanism across the Group.	The Information Security Department to send email to notify all subsidiaries of recommendations against cyber threats immediately after receiving the information from F-ISAC and weekly information security intelligence reports.		Continuously establish an information security intelligence sharing mechanism across the Group to receive information on cyber threats worldwide and to give subsidiaries early warnings and protection recommendations.	
	To set up a group-based PC information security event response task force in the Group so as to equip the Group with responsive mechanism including regular drills.	<ul style="list-style-type: none"> <li>The "Guidelines for Responding to Computer Information Security Emergencies" is formulated, the Computer Information Security Incident Response Team of the Group is established, and each subsidiary has also completed formulating relevant regulations on information security responses.</li> <li>Conducted a drill on the procedure of computer information security incident response reporting for TCFHC.</li> </ul>		Continue to hold 1 simulation drill of Group's information security incidents and emergency response plan every 6 months.	
	<ul style="list-style-type: none"> <li>TCB to provide IT training courses for directors, supervisors, and executives, and TCB, BNP TCB Life, and CAM to conduct DDoS defense exercises (including information security incidents).</li> <li>Subsidiaries to have a completion rate of 100% for the annual information security training, and the pass rate on information security to reach 100% in the Group.</li> </ul>	<ul style="list-style-type: none"> <li>TCB's IT training courses for directors, supervisors, and TCB, BNP TCB Life, and CAM to conduct DDoS defense exercises (including information security incidents) were completed.</li> <li>Subsidiaries to have a completion rate of 100% for the information security training, and the pass rate on information security to reach 100% in the Group.</li> </ul>		Each subsidiary of the Group continues to conduct educational training on information security every year, with a completion rate of 100%, and the pass rate on information security reached 100% (including TCB's information security education and training courses for directors, supervisors, and senior management).	
	To encourage IT personnel of the subsidiaries to obtain international information security certification.	TCB obtained 101 international information security certifications, 5 for TCS, and 5 for BNP TCB Life.		Continue to encourage IT personnel of each subsidiary to obtain international information security certifications and incorporate the subsidiary's information security execution result as an evaluation item.	
	BNP TCB Life provide courses related to secure coding and network system's security settings for IT personnel according to "Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises" to enhance the overall protection of information security in depth.	BNP TCB Life has completed relevant information education and training courses for IT personnel.		BNP TCB Life continues to provide courses related to secure coding and network system's security settings for IT personnel through attending professional external training and conferences to enhance the overall protection of information security in depth.	

Material Topic	Goals and Progress 2022		Progress	2023 Material Topic Short-Term goals	2024~2028 Material Topic Medium/Long-Term Goal
	Goal	Actual Implementation by Strategy			
 Sustainable Finance	TCB has handled 140 loan cases on urban renewal and time-worn reconstruction with a total amount of NT\$84.8 billion.	TCB has handled 206 loan cases on urban renewal and time-worn reconstruction with a total amount of NT\$137.603 billion.	 Completed	TCB has handled 213 loan cases on urban renewal and time-worn reconstruction with a total amount of NT\$142 billion.	TCB continuously to increase the number and amount of loans to urban renewal and time-worn building construction projects by 10% every year.
	TCB to approve NT\$535 billion in "Six Core Strategic Industries".	TCB approved NT\$562.923 billion in "Six Core Strategic Industries".		TCB to approve NT\$600 billion in "Six Core Strategic Industries".	TCB to increase NT\$10 billion in "Six Core Strategic Industries" every year.
	TCB supports offshore wind power and green industries and reaches 1,980MW in total installed capacity of renewable energy financing by the end of 2022.	TCB has approved 2,595MW in total installed capacity of renewable energy financing.		TCB to support offshore wind power and green industries and reach 2,667MW in total installed capacity of renewable energy financing by the end of 2023.	TCB continuously to support offshore wind power and green industries, increase 130MW every year and expect to reach 3,317MW in total installed capacity of renewable energy financing by the end of 2028.
	TCB to add NT\$803 million green consumer loans.	TCB added NT\$859 million in green consumer loans.		TCB to add NT\$883 million green consumer loans.	TCB to set annual growth rate of 10% on the total amount of green consumer loan.
	TCB issued green/CSR/sustainable bonds for a total of NT\$65 billion to be invested in green finance.	TCB supported in green energy businesses and issued green/CSR/sustainable bonds for a total of NT\$65.509 billion to be invested in green finance.		TCB issued green/CSR/sustainable bonds for a total of NT\$67 billion to be invested in green finance.	TCB issued green/CSR/sustainable bonds, increasing the amount of investment in green finance by 3% compared to the previous year.
	TCB to increase the number of eco-friendly credit cards in circulation to 70,000 or higher.	TCB has increased the number of eco-friendly credit cards issued to 135,000 or higher.		TCB to increase the number of eco-friendly credit cards issued to 160,000 or higher.	TCB to issue 20,000 eco-friendly credit cards every year and the number of total eco-friendly credit cards to reach 260,000 or higher.
	TCB to obtain carbon footprint certification for LOHAS card and World Mastercard.	TCB obtained carbon footprint certification for LOHAS card and World Mastercard.		<ul style="list-style-type: none"> <li>TCB to participate in Mastercard's "Priceless Planet Coalition" global reforestation program.</li> <li>TCB to strengthen the promotion of e-bill.</li> </ul>	TCB to obtain carbon reduction label certification for credit cards by 2026.










Material Topic	Goals and Progress 2022		Progress	2023 Material Topic Short-Term goals	2024~2028 Material Topic Medium/Long-Term Goal
	Goal	Actual Implementation by Strategy			
 <p>Sustainable Finance</p>	<ul style="list-style-type: none"> <li>• TCS:                             <ol style="list-style-type: none"> <li>To set negative/exclusion criteria for long-term investments.</li> <li>To define proposals explicitly and cast votes for/against/forfeit on a by company and by case basis.</li> <li>To disclose regularly stewardship information on the website every year.</li> </ol> </li> <li>• TCSIT:                             <p>To follow the latest compliance statement for the "Stewardship Principles for Institutional Investors" and update on an ongoing basis.</p> </li> </ul>	<ul style="list-style-type: none"> <li>• TCS:                             <p>Formulated "Stewardship Policies" including negative/exclusion regulations for long-term investment. Defined proposals explicitly and casted votes for/against/forfeit on a by company and by case basis. The 2021 stewardship report is approved by the Board of Directors and disclosed on the official website.</p> </li> <li>• TCSIT:                             <p>The latest version of compliance statements of the "Stewardship Principles for Institutional Investors" was announced on the official website in September, 2022. ESG topics have been included in the investment decision making process, strengthened interactions on ESG topics with invested companies, and improved the content of ESG disclosures in the stewardship report.</p> </li> </ul>	 <p>Completed</p>	<ul style="list-style-type: none"> <li>• TCS, TCSIT:                             <ol style="list-style-type: none"> <li>To disclose regularly stewardship information on the website every year.</li> <li>To continue to monitor invested companies and engage with them in a timely manner to fulfill the duty of stewardship.</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>• TCS, TCSIT:                             <p>Taiwan Cooperative Securities Co., Ltd.</p> <p>To include ESG topics in the investment decision making process, strengthen interactions on ESG topics with invested companies, and improve the content of ESG disclosures in the stewardship report.</p>  </li> </ul>
	<p>TCB has an electronic voting rate of over 93%, while TCS and TCSIT have over 94% when attending shareholders' meetings held by TWSE/TPEX listed companies in which they invest.</p>	<p>TCB has an electronic voting rate of 100%, while TCS has 98.33%, and TCSIT has 100% of the TWSE/TPEX listed companies in which they invested in 2022.</p>		<p>TCB has an electronic voting rate of over 94%, while TCS has over 94.4%, and TCSIT has over 96% when attending shareholders' meetings held by TWSE/TPEX listed companies in which they invest.</p>	<p>TCB has an electronic voting rate of over 97%, while TCS has over 96.4%, and TCSIT has over 98% when attending shareholders' meetings held by TWSE/TPEX listed companies in which they invest in 2028.</p>
	<p>TCB to consider constituents of FTSE4Good TIP Taiwan ESG Index, MSCI Taiwan ESG Sustainability High Dividend Yield 30 Index, Taiwan Employment Creation 99 Index, TWSE RAFI Taiwan High Compensation 100 Index, or Taiwan CG 100 Index when selecting stocks. These companies are to account for 50% or more of TCB's domestic stock portfolio.</p>	<p>As of the end of December, the constituents of indexes related to ESG invested by TCB account for 89.44% of domestic stock portfolio.</p>		<p>TCB to consider constituents of FTSE4Good TIP Taiwan ESG Index, MSCI Taiwan ESG Sustainability High Dividend Yield 30 Index, Taiwan Employment Creation 99 Index, TWSE RAFI Taiwan High Compensation 100 Index, or Taiwan CG 100 Index when selecting stocks. These companies are to account for 60% or more of TCB's domestic stock portfolio.</p>	<p>TCB to consider constituents of FTSE4Good TIP Taiwan ESG Index, MSCI Taiwan ESG Sustainability High Dividend Yield 30 Index, Taiwan Employment Creation 99 Index, TWSE RAFI Taiwan High Compensation 100 Index, or Taiwan CG 100 Index when selecting stocks. Shareholding in these companies is to increase by 2% every year to 70% by 2028.</p>
	<p>BNP TCB Life was present in 90% of the annual general meetings hosted by TWSE/TPEX listed companies in which it invested.</p>	<p>BNP TCB Life was present in 100% of the annual general meetings hosted by TWSE/TPEX listed companies in which it invested.</p>		<p>BNP TCB Life was present in 90% of the annual general meetings hosted by TWSE/TPEX listed companies in which it invested.</p>	
	<p>To complete signing SBTi by the end of 2022.</p>	<p>Has completed signing and joining SBTi in July.</p>		<ul style="list-style-type: none"> <li>• To follow the SBTi methodology to set SBTs in order to encourage internal parties or influence invested parties to implement carbon reduction.</li> <li>• Conduct inventories on amount of carbon emission and carbon emission intensity of the investment and financing portfolio in scope 3.</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to conduct inventories on amount of carbon emission and carbon emission intensity of the investment and financing portfolio in scope 3.</li> <li>• 35.7% of the listed equity and bonds portfolio by invested value will have set science-based targets by 2027.</li> <li>• 35% of the corporate loan portfolio (long-term debt) by loan value within the fossil fuel, steel, pulp and paper, cement, transportation, electronic manufacturing sectors will have set science-based targets by 2027.</li> </ul>

Material Topic	Goals and Progress 2022		Progress	2023 Material Topic Short-Term goals	2024~2028 Material Topic Medium/Long-Term Goal
	Goal	Actual Implementation by Strategy			
 Digital Finance	<p>TCB to increase total transaction volume through e-channels by 5%, or 37,363,603 transactions.</p>	<p>TCB's total electronic transactions volume reached 41,156,967.</p>	 Completed	<p>TCB to increase the actual transaction volume through e-channels by 5% compared to previous year.</p>	<p>The total transaction volume through TCB e-channels to increase by 25% between 2024 and 2028.</p>
	<ul style="list-style-type: none"> <li>• TCS:</li> </ul> <ol style="list-style-type: none"> <li>1. To make change of personal information available online to sub-brokerage customers and to optimize the online account application process in order to reduce the need to visit a branch and make the process more user friendly.</li> <li>2. To provide online application for loans for any purpose.</li> </ol>	<ul style="list-style-type: none"> <li>• TCS:</li> </ul> <p>Has completed setting up account opening services for sub-brokerage customers, and online application for loans for any purpose on the official website.</p>		<ul style="list-style-type: none"> <li>• TCS:</li> </ul> <ol style="list-style-type: none"> <li>1. "Simple management of stock pledged as collateral": Add functions of stock to be pledged as collateral (i.e. loans for any purpose) to the TCS app.</li> <li>2. Plan to self-develop a securities wealth management app.</li> <li>3. Optimize the securities mobile app and provide real-time quotes of U.S. stocks for people who have applied for sub-brokerage.</li> </ol>	<p>TCS continues to strengthen its online service functions.</p>
	<ul style="list-style-type: none"> <li>• TCB:</li> </ul> <ol style="list-style-type: none"> <li>1. Plan for 1 to 2 "FinTech Patent" seminars.</li> <li>2. Submit 375 patent applications to the Intellectual Property Office, Ministry of Economic Affairs.</li> <li>3. CoLAB reallocates to under the Electronic Banking Department and become officially organized, and report to the Digital Development Committee on digital innovation and progress.</li> </ol>	<ul style="list-style-type: none"> <li>• TCB:</li> </ul> <ol style="list-style-type: none"> <li>1. Has completed holding 2 sessions of FinTech Patent seminars.</li> <li>2. As of the end of December, a total of 574 patent applications have been submitted.</li> <li>3. CoLAB is reallocated to under the Electronic Banking Department in February, 2022. CoLAB has promoted the concepts in the "customer experience guidelines" and has completed the review of 3 projects. The total number of visits to the loan marketing website as of the end of December exceeded 130,000 times, resulting in the successful approval of thousands of loan. The trust experience creation program has completed 2 innovation capability evaluations, 7 topics with a total of 10 courses, and 309 people has received training.</li> </ol>		<ul style="list-style-type: none"> <li>• TCB:</li> </ul> <ol style="list-style-type: none"> <li>1. Hold at least 2 courses related to "intellectual property management."</li> <li>2. Submit 550 patent applications to the Intellectual Property Office, Ministry of Economic Affairs.</li> <li>3. Continue to adopt innovation governance to train CoLAB members as seed staff to assist in promoting significant digital transformation projects or promote innovative programs to verify commercial viability on a small scale.</li> </ol>	<ul style="list-style-type: none"> <li>• TCB:</li> </ul> <ol style="list-style-type: none"> <li>1. Plan to hold 1 to 2 related courses or seminars continuously each year and continue to evaluate the feasibility of patent proposals and applications from each unit.</li> <li>2. Submit 1,050 patent applications to the Intellectual Property Office, Ministry of Economic Affairs.</li> <li>3. CoLAB continues to respond to the project goals and trends in adroitly organizations to promote a flexible project organization with CoLAB members as seed staff and lead various large innovative projects and introduce innovative technologies of TCB. CoLAB hopes to promote a culture of sustainability and innovation and the concept of adroitly organizations.</li> </ol>
	<p>The number of users of TCB intelligent customer services reached 401,700.</p>	<p>The number of users of TCB intelligent customer services was 405,400.</p>		<p>The actual number of users of TCB intelligent customer services increase by 45,000 compared to the previous year.</p>	<p>The number of users of TCB intelligent customer services increase by 440,000 in 2028 compared to 2023.</p>
<p>TCB mobile banking to increase the number of accounts by 150,000.</p>	<p>TCB mobile banking to increase the number of accounts by 197,800.</p>	<p>TCB mobile banking aims to increase the number of accounts by 180,000.</p>	<p>TCB mobile banking aims to increase the number of accounts by 940,000 from 2024~2028.</p>		




Material Topic	Goals and Progress 2022		Progress	2023 Material Topic Short-Term goals	2024~2028 Material Topic Medium/Long-Term Goal
	Goal	Actual Implementation by Strategy			
<b>Digital Finance</b>	TCB to set the target number of credit cards to bundle with Taiwan Pay mobile payment is 144,000.	150,000 cards have been bundled in total as of the end of December.	Completed	TCB to set the target number of credit cards to bundle with Taiwan Pay mobile payment is 166,000.	TCB to set the target number of credit cards to bundle with Taiwan Pay mobile payment to be over 231,600 by 2028.
	TCB to set the target number of newly added ATM cards/accounts to bundle with Taiwan Pay mobile payment is 160,000.	TCB to set the target number of newly added ATM cards/accounts to bundle with Taiwan Pay mobile payment is 255,400.		TCB to set the target number of newly added ATM cards/accounts to bundle with Taiwan Pay mobile payment is 220,000.	TCB to set the target number of newly added ATM cards/accounts to bundle with Taiwan Pay mobile payment to be 1.11 million from 2024~2028.
	The number and amount of foreign exchange transactions through TCB's digital service platform rose by 5%.	The number and amount of foreign exchange transactions through TCB's digital service platform rose by 122.98% and 48.69%, respectively.		The number and amount of foreign exchange transactions through TCB's digital service platform rose by 5% every year.	
	TCB to raise utilization of digital FCY accounts to 20%.	TCB's utilization of digital FCY accounts is 28.34%.		TCB to raise the overall utilization of digital FCY accounts to 30%.	TCB's overall utilization of digital FCY accounts to grow by 5% every year.
	TCB received 2,400 new online mortgage and loan applications through mobile banking.	TCB received 3,014 new online mortgage and loan applications through mobile banking.		TCB received 3,690 new online mortgage and loan applications through mobile banking.	The target to grow by 15% every year between 2024 and 2028.
	BNP TCB Life has launched new investment-linked insurances, which can be purchased online in the 2 <sup>nd</sup> quarter of 2022 and developed new products, with a growth of 20% of the premium.	<ul style="list-style-type: none"> <li>• The online insurance purchase platform selling investment-linked insurance products was launched in the 2<sup>nd</sup> quarter of 2022.</li> <li>• The premium income in 2022 was NT\$1.4878 million, a growth of 41% compared to 2021.</li> </ul>		BNP TCB Life joined the FundRich protection-type products platform in 2023 and expanded its line of products, with a growth of 20% of the premium compared to the previous year.	BNP TCB Life plans to create an online insurance shopping platform, and expand the line of products as the regulations become more relaxed in order to meet online customers' needs for different areas of coverage.
	10 new insurance products has been launched onto TCB's mobile insurance application.	11 new insurance products have been launched.		10 new insurance products have been launched onto the mobile insurance application.	60 new insurance products has been launched onto TCB's mobile insurance application system.
	1,800 new contracts to be signed with merchants providing TCB's Taiwan Pay QR Code services.	3,363 new contracts were signed with merchants providing TCB's Taiwan Pay QR Code services.		1,800 new contracts was signed with merchants providing TCB's Taiwan Pay QR Code services every year.	
	TCB to receive 5,250 new online mortgage and loan applications.	TCB received 5,047 new online mortgage and loan applications.		TCB received 5,800 new online mortgage and loan applications.	TCB continues to optimize the functions of the online mortgage and loan application system.
TCB mobile insurance to grow by 15%, i.e. 2,857 new applications in the year.	A total of 1,258 applications.	Incomplete	TCB mobile insurance to grow by 15% compared to the actual applications in the previous year.		










Material Topic	Goals and Progress 2022		Progress	2023 Material Topic Short-Term goals	2024~2028 Material Topic Medium/ Long-Term Goal
	Goal	Actual Implementation by Strategy			
 <p><b>Legal Compliance</b></p>	Each subsidiary shall conduct on-site audit at least once every 6 months with on-site assistance provided as needed to review the effectiveness of the regulatory compliance system.	All subsidiaries have completed onsite audits, and the results were included in implementation status of legal compliance evaluation.	 Completed	Each subsidiary shall conduct on-site audit at least once every 6 months with on-site assistance provided as needed to review the effectiveness of the regulatory compliance system.	To implement group-wide onsite inspection on an ongoing basis.
	Training for directors, supervisors, and executives in the Group is organized. On-the-job training is provided to employees on an ongoing basis and general tests and mystery guest tests are arranged.	Training on "Sharing of domestic and international financial crime trends" was arranged for directors, supervisors, and executives in the Group. General tests and mystery guest tests are completed, and performance was rated good.		Training for directors, supervisors, and executives in the Group is organized every year. Relevant on-the-job training is provided to employees on an ongoing basis and general tests and mystery guest tests are arranged.	Continue to strengthen the foundation of AML/CFT.
	Continue to supervise the subsidiaries to organize relevant training on compliance, AML/CFT, and whistleblowing system, and make version differences in the regulations and frequently occurred errors in internal/external inspections part of training in order to raise awareness.	The handling status of each subsidiary has been followed up continuously through the monthly AML/CFT reports, legal compliance and AML/CFT quarterly meetings held by the task forces, and meetings of the Legal Compliance Committee held once every half year. It is also included in the review of on-site inspections conduct once every half year.		Continue to supervise the subsidiaries to organize relevant training on compliance, AML/CFT, and whistleblowing system according to the educational and training plan for the year. Make version differences in the regulations and frequently occurred errors in internal/external inspections part of training in order to raise awareness.	To deepen corporate legal compliance culture on an ongoing basis.
	To increase the percentage of AML certified employees in the Group to 55%.	As of the end of 2022, 6,435 employees, or 72.47%, of the Group had obtained domestic or foreign AML certificates.		Continuous follow-up and supervision in the quarterly legal compliance and anti-money laundering and combating terrorism working group meetings.	
 <p><b>Protection of Customer Rights</b></p>	<ul style="list-style-type: none"> <li>TCB, TCS, and BNP TCB Life reached a satisfaction rate of 92% or higher or a decrease in number of customer complaints compared to the previous year.</li> </ul> <ol style="list-style-type: none"> <li>TCB to conduct customer satisfaction surveys in the service performance evaluation and customer satisfaction surveys.</li> <li>TCS and BNP TCB Life to conduct customer satisfaction surveys.</li> </ol>	<ul style="list-style-type: none"> <li>Satisfaction rates or customer complaints of TCB, TCS, BNP TCB Life:</li> </ul> <ol style="list-style-type: none"> <li>Customer satisfaction in the service performance evaluation for TCB business units was 92%, with 216 of customer complaints, down by 7 compared to the previous year. TCB's customer satisfaction for wealth management services was 94.35%.</li> <li>TCS achieved a customer satisfaction rate of 100% with 4 customer complaints, down by 11 compared to the previous year.</li> <li>Satisfaction toward customer service of BNP TCB Life was 97.71%.</li> </ol>	 Completed	<ul style="list-style-type: none"> <li>TCB, and BNP TCB Life reached a satisfaction rate of 92.5% or higher or a decrease in number of customer complaints every year.</li> <li>TCS reached a satisfaction rate of 92% or higher or a decrease in number of customer complaints every year.</li> </ul>	TCB, TCS, and BNP TCB Life reached a satisfaction rate of above 95% or yearly decrease in number of customer complaint.

Material Topic	Goals and Progress 2022		Progress	2023 Material Topic Short-Term goals	2024~2028 Material Topic Medium/ Long-Term Goal
	Goal	Actual Implementation by Strategy			
 Protection of Customer Rights	TCB, TCS, TCBF, BNP TCB Life, and TCSIT to achieve a 100% completion rate for training on the "Principles for Treating Customers Fairly".	ALL achieved a 100% completion rate for training on the "Principles for Treating Customers Fairly".	 Completed	TCB, TCS, TCBF, BNP TCB Life, and TCSIT to achieve a 100% completion rate for training on the "Principles for Treating Customers Fairly".	
	TCB and BNP TCB Life to obtain "BS 10012:2017 PIMS" certifications.	Both have obtained "BS 10012:2017 PIMS" certifications.		TCB and BNP TCB Life continued to maintain the validity of the "BS 10012:2017 PIMS" certifications.	
	To have validity of TPIPAS issued dp.mark certificate remained for TCS.	TCS has passed the verification for renewal.		TCS continuously maintain a valid TPIPAS issued dp.mark certificate as required by the maintenance institution.	
	All subsidiaries organize personal information protection system training and achieve 100% completion rate.	All subsidiaries have organized Personal Information Protection System training and achieve 100% completion rate.		All subsidiaries continuously organize Personal Information Protection System training and achieve 100% completion rate.	
	TCB and TCS be ranked in top 25% by the "Financial Service Industry Principles for Treating Customers Fairly".	<ul style="list-style-type: none"> <li>TCB be ranked in top 25% outstanding bank by the "Financial Service Industry Principles for Treating Customers Fairly" in July, 2022.</li> <li>TCS was ranked in the top 6 securities dealer that adhered to the Principles for Treating Customers Fairly by FSC in 2021.</li> </ul>		TCB and TCS continuously to be ranked in top 25% by the "Financial Service Industry Principles for Treating Customers Fairly". BNP TCB Life to be ranked in top 25% by 2025.	
 Management of Climate Change Risk	To implement climate risk management policies and report assessment results, mitigating measures and performance to the Board of Directors.	<ul style="list-style-type: none"> <li>TCFHC has completed formulating the "Climate Risk Management Guidelines".</li> <li>The scenario analysis of the Group's physical risks, transition risks and opportunities, response measures formulated with relevant units, and business adjustment plans are reported to the TCFHC's Board of Directors.</li> </ul>	 Completed	<ul style="list-style-type: none"> <li>3<sup>rd</sup> party TCFD certification is to take place by the end of 2023.</li> <li>Expand the scope of scenario analysis of physical risks, transition risks to investment positions.</li> <li>Prepare the Group's TCFD report to strengthen its management of climate change risk and increase information transparency.</li> </ul>	Continue to improve the relevant application of climate scenario analysis and stress tests according to international researches and the development of domestic regulations stipulated by the competent authorities.








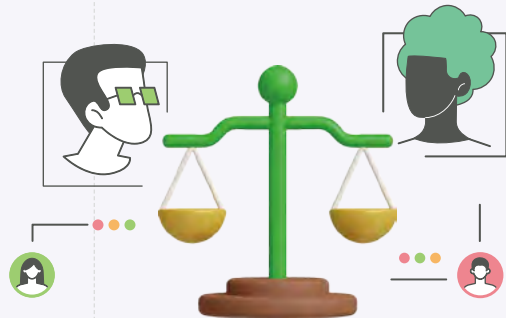
Material Topic	Goals and Progress 2022		Progress	2023 Material Topic Short-Term goals	2024~2028 Material Topic Medium/ Long-Term Goal
	Goal	Actual Implementation by Strategy			
 <p>Financial Inclusion</p>	Bilingual branches are established evenly in Northern, Central, and Southern Taiwan, with a total of 40 branches being established.	40 bilingual branches has been established.	 Completed	Bilingual branches are established evenly in Northern, Central, and Southern Taiwan, with a total of 40 branches being established.	<ul style="list-style-type: none"> <li>Continue to establish 46 bilingual branches each year between 2024 and 2025.</li> <li>To establish a total of 47 bilingual branches in 2026 and all branches offer bilingual services.</li> </ul>
	1,300 new housing loans for youths are approved.	1,523 new housing loans for youths are approved.		1,365 new housing loans for youths are approved.	The new approved cases for housing loans for youth increased by 5% every year compared to the previous year.
	2,000 new loans for youth entrepreneurs are approved.	2,647 new loans for youth entrepreneurs are approved.		2,000 new loans for youth entrepreneurs are approved.	The new approved cases for loans for youth entrepreneurs increased by 5% every year compared to the previous year.
	28 new loans for students studying aboard are approved.	30 new loans for students studying aboard are approved.		29 new loans for students studying aboard are approved.	The new approved cases for loans for students studying aboard increased by 5% every year compared to the previous year.
	60 loans accounts from biotechnology and pharmaceutical industry or long-term care industry are added.	73 loans accounts from biotechnology and pharmaceutical industry or long-term care industry were added.		60 loans accounts from biotechnology and pharmaceutical industry or long-term care industry are added.	More than 250 loan accounts from biotechnology and pharmaceutical industry or long-term care industry are added.
	TCB to add 5,000 new beneficiaries to the property trust of seniors and the disabled.	TCB added 6,383 new beneficiaries to the property trust of Seniors and the disabled.		TCB to add 5,250 new beneficiaries to the property trust of seniors and the disabled.	The number of beneficiaries added to the property trust of seniors and the disabled from 2024 to 2028 is 5,500, 5,750, 6,000, 6,250, and 6,500 people, respectively.
	TCB to increase the amount of reverse mortgage by NT\$1.38 billion.	TCB increased the amount of reverse mortgage by NT\$1.856 billion.		TCB to target to increase the amount of reverse mortgage by NT\$1.85 billion.	TCB to increase the amount of reverse mortgage with a annual growth of 15%.
	<ul style="list-style-type: none"> <li>BNP TCB Life:</li> <li>1. To develop new products and targets according to the needs of insurance for the elderly customers, including USD denominated whole life insurances.</li> <li>2. To develop the mass market by promoting protection-type insurance products and investment-linked annuity insurance products through online purchases.</li> </ul>	<ul style="list-style-type: none"> <li>BNP TCB Life</li> <li>1. Has developed USD-denominated whole life insurances and offers conservative investment options.</li> <li>2. Online insurance purchase platform selling investment-linked insurance products was launched in the 2<sup>nd</sup> quarter of 2022, providing customers with new options of wealth management online.</li> </ul>		<ul style="list-style-type: none"> <li>BNP TCB Life:</li> <li>To join the FundRich protection-type insurance products platform to offer small amount whole life insurance, term life insurance, and critical illness insurance products.</li> </ul>	<ul style="list-style-type: none"> <li>BPC TCB Life:</li> <li>1. To launch 10 products, including one spillover insurance policy, for elderly customers.</li> <li>2. To organize charity events to impart correct insurance planning concepts.</li> </ul>
	125 new micro startup phoenix loans are approved.	120 new micro startup phoenix loans were approved.		125 new micro startup phoenix loans are approved.	The new approved cases for micro startup phoenix loan increased by 5% every year compared to the previous year.
	336 new composite loans for farmers are approved.	274 composite loans for farmers are approved.		336 new composite loans for farmers are approved.	The new approved cases for composite loans for farmers increased by 5% every year compared to the previous year.
The SME loan increased by NT\$10 billion compared to the previous year, with the annual goal of NT\$834.096 billion.	There were nearly 71,000 SMEs, and the balance of loans exceeded NT\$ 820 billion, but did not reach NT\$ 830 billion.	The SME loan increased by NT\$10 billion compared to the previous year.	With reference to the estimated economic growth rate for the current year, TCB aims to increase loans for SMEs from NT\$10 to 15 billion in the current year.		
TCB to underwrite for more than 10 overseas loan cases endorsed by trust fund for overseas operations with an accumulated amount of US\$3,500,000.	TCB underwrote 3 overseas loan cases endorsed by trust fund for overseas operations with an accumulated amount of US\$1,300,000.	TCB to underwrite for more than 10 overseas loan cases endorsed by trust fund for overseas operations with an accumulated amount of US\$3,500,000.	TCB to underwrite a total of 40 overseas loan cases endorsed by trust fund for overseas operations with an accumulated amount of US\$1,400,000.		
			 Incomplete		

Material Topic	Goals and Progress 2022		Progress	2023 Material Topic Short-Term goals	2024~2028 Material Topic Medium/ Long-Term Goal
	Goal	Actual Implementation by Strategy			
 Corporate Governance	To conduct internal evaluation of individual directors/Board of Directors and functional committees.	The 2022 internal performance evaluation results showed that the functional committee was "excellent", and the Board of Directors and individual directors were "good".	 Completed	To conduct internal evaluation of individual directors, Board of Directors and functional committees.	Continue to conduct internal performance evaluations of the individual directors, Board of Directors, and functional committees every year, and conduct external performance evaluations every 3 years. To continue to push for establishment of interlinked review system between remuneration and performance evaluation of the Board of Directors.
	All directors to have an average attendance rate of over 85% for the Board of Directors meeting in the current year. All independent directors to reach an average attendance rate of 80% or higher for meetings of functional committees (audit, remuneration, and ethical management committees).	All directors to have an average attendance rate of 95% for the Board of Directors meeting in the current year. All independent directors to reach an average attendance rate of 100% for meetings of functional committees.		All directors to have an average attendance rate of over 85% for the Board of Directors meeting in the current year. All independent directors to reach an average attendance rate of 80% or higher for meetings of functional committees (audit, remuneration, and ethical management committees).	To continue to push for establishment of interlinked review system between remuneration and performance evaluation of the Board of Directors.
	Being listed as the top 5% TWSE-listed companies on Corporate Governance Evaluation.	Ranked in top 5% TWSE-listed companies in the 9 <sup>th</sup> Corporate Governance Evaluation.		Continue to vie for top 5% ranking among TWSE-listed companies in the Corporate Governance Evaluation.	
	To be selected as a constituent of "TWSE Corporate Governance 100 Index".	Has been selected as a constituent of "TWSE Corporate Governance 100 Index".		Continue to be selected as a constituent of "TWSE Corporate Governance 100 Index".	
 Risk Management	To assist and supervise each subsidiary in bettering capital planning in response to financial supervisory trend so as to meet supervisory requirements by competent authorities.	In order to comply with the internal capital management requirements of Domestic Systemically Important Banks (D-SIBs), TCB has formulated its goals of capital adequacy ratio in 2022, and set goals for risk assets in the risk appetite framework. TCB continuously monitored and reviewed these goals on a monthly and quarterly basis and made flexible adjustments to improve the efficiency of capital utilization more efficiently.	 Completed	<ul style="list-style-type: none"> <li>To optimize the identification, measurement, monitoring, and control procedures of emerging risks.</li> <li>To urge TCB to support the competent authority's deadline for making preparations to apply for adoption of the internal ratings-based (IRB) approach to capital reserve in order to increase capital utilization. The adoption of the IRB approach is expected to optimize internal rating models, refine credit risk evaluation methods, and enable more effective risk management.</li> </ul>	Continuously improve various risk management mechanisms in response to increasingly strict international supervisions.
 Training and Development	The Group's average post-parental leave reinstatement rate to exceed 85%.	The average post-parental leave reinstatement rate was 97.09%.	 Completed	The Group's average post-parental leave reinstatement rate to exceed 85%.	
	TCB to run industry-academia collaboration programs with colleges and universities and provide internships with a return rate of 50%.	TCB hired 82 interns and 41 returned as full-time employees, making a return rate of 50%.		TCB continuously to run industry-academia collaboration programs and provide internships with an annual return rate of at least 50%.	
	TCB to retain 80% of new employees.	TCB retained 92.52% of new employees.		TCB to maintain an annual retention rate of at least 80% for new hires.	
	The Group's employee turnover rate to be below 5%.	The employee turnover rate is 3.01% (excluding retired employees).		The Group's employee turnover rate to stay below 5% every year.	
	TCB to organize recruitment of overseas associate trainees, with more than 100 overseas talents being listed in the overseas talent database.	A total of 16 overseas associate trainee recruitment programs have been held, which has in total listed 144 talents individuals in the overseas talent database.		TCB continuously to hold overseas associate trainee recruitment programs and maintain 100 or more talents in the overseas talent database every year.	
	TCB to organize "Training Seminar for New Managers," training 30 managers every year.	TCB organizes "Training Seminar for New Managers," training a total of 58 managers.		TCB to organize "Training Seminar for New Managers," training at least 35 managers every year.	

Material Topic	Goals and Progress 2022		Progress	2023 Material Topic Short-Term goals	2024~2028 Material Topic Medium/Long-Term Goal
	Goal	Actual Implementation by Strategy			
 Green Operations	The greenhouse gas inventory for all offices of the Group to be completed by the end of 2022, and short, medium, and long-term carbon reduction goals are set.	The greenhouse gas inventory for all offices of the Group was completed, and short, medium, and long-term carbon reduction goals were being formulated based on the result.	 Completed	Follow the SBTi within 2 years to complete the short-term, medium-term and long-term goals.	
	Collect information on carbon pricing issues and practices by industries of the same trade, and seek assistance from consulting firms.	Using the implicit carbon price method, the internal carbon pricing is calculated with reference to energy-saving benefits of equipment purchases, purchase costs, and estimated service life. The average carbon price in 2022 is between NTD\$4,279 and 7,814 per ton.		TCB to determine the price for internal carbon pricing.	Each subsidiary has determined internal carbon pricing by the end of 2025.
	<ul style="list-style-type: none"> <li>To make 2020 the base year, to which the annual decrease of 2% in the amount of carbon emissions due to taking public transport during business activities.</li> </ul>	<ul style="list-style-type: none"> <li>The goal for 2022 is 272,440kgCO<sub>2</sub>e. As of the end of December, the Group has reduced approximately 413,154kgCO<sub>2</sub>e of carbon emissions by taking the high-speed rail, which has met the goals. This is equivalent to the amount of carbon emissions absorbed by 1.06 Daan Parks in a year.</li> </ul>		2022 is the base year for carbon emissions generated from business trips (Taiwan High Speed Rail and airlines at home and abroad), decreasing by 3% annually.	
	<ul style="list-style-type: none"> <li>To make 2020 the base year, to which the annual decrease of 2% in the amount of carbon emissions due to holding video conferencing instead of on-site meetings or trainings.</li> </ul>	<ul style="list-style-type: none"> <li>The goal for 2022 is 230,560kgCO<sub>2</sub>e. As of the end of December, the Group has reduced approximately 629,682kgCO<sub>2</sub>e of carbon emissions by holding 817 video conferences. This is equivalent to the amount of carbon emissions absorbed by 1.62 Daan Parks in a year.</li> </ul>		<ul style="list-style-type: none"> <li>To close all horizontal and vertical billboards and nonessential lights at the offices.</li> <li>Gradually replace horizontal and vertical LED billboards at the offices or adopt non-energy usage methods.</li> </ul>	
	To close all horizontal and vertical billboards and nonessential lights at the offices.	All horizontal and vertical billboards and nonessential lights at the offices have been closed, saving 1,681,450 kWh of electricity and reducing 855,858kgCO <sub>2</sub> e of carbon emissions.			



Material Topic	Goals and Progress 2022		Progress	2023 Material Topic Short-Term goals	2024~2028 Material Topic Medium/ Long-Term Goal
	Goal	Actual Implementation by Strategy			
 Green Operations	To make 2020 the base year, to which an increase of 1% in recycled resources each year is maintained to compare.	The goal for resource recycling in 2022 is 180,748 kg. As of the end of December, the total amount of resource recycling for the Group is 231,764 kg, which has met the goals.	 Completed	Resource recycling rate >30.	
	To make 2020 the base year, to which the annual reduction of 2% in the amount of waste is maintained to compare.	The goal for waste target for 2022 is not to exceed 295,457 kilograms. As of the end of December, the total amount for the whole Group is 257,543 kilograms, which has met the goals.		Waste is reduced by an average of 2% compared to the past three years.	
	To make 2021 the base year, to which the annual decrease of 1% in the amount of carbon emissions due to decreased kitchen waste is maintained to compare.	The carbon emission reduction goal for 2022 resulting from decreased kitchen waste is 212 kgCO <sub>2</sub> e. As of the end of December, the amount of kitchen waste is 39,317 kg, and amount of carbon emission is 277.97 kgCO <sub>2</sub> e for the Group, which did not meet the goals.		An average increase of 1% compared to the last 2 years due to a decrease in kitchen waste, resulting in a decrease in carbon emissions.	
	<ul style="list-style-type: none"> <li>• Purchase 1 million kWh of green power.</li> <li>• To collaborate with other organizations to adopt nonprofit green power model to create more meaningful green power sources.</li> </ul>	<ul style="list-style-type: none"> <li>• Has purchased 1 million kWh of green power.</li> <li>• Has inquired the non-profit green organizations, but the Company is still exploring more unique cooperation models.</li> </ul>	 Incomplete	<ul style="list-style-type: none"> <li>• The headquarters of TCB has procured 1 million kWh of green power.</li> <li>• Other subsidiaries purchased green power equivalent to 10% of the total electricity consumed by their headquarters.</li> </ul>	<ul style="list-style-type: none"> <li>• The headquarters of each subsidiary aim to consume 50% of green power by the end of 2025 and 100% by the end of 2023.</li> <li>• To collaborate with other organizations to adopt nonprofit green power model to create more meaningful green power sources.</li> <li>• To achieve more efficient energy use through energy control and power generation and energy consumption prediction.</li> </ul>
<ul style="list-style-type: none"> <li>• Water: ≤ 279,002 liters.</li> <li>• Electricity: ≤ 48,597,010 kWh.</li> <li>• Oil: ≤ 347,226 liters.</li> </ul>	<ul style="list-style-type: none"> <li>• Water: 310,334 liters.</li> <li>• Electricity: 45,594,588 kWh.</li> <li>• Oil: 406,296 liters.</li> </ul>	The annual reduction targets for basic energy sources (water, electricity, and oil consumption) are compared with the average of the previous 3 years 1% reduction.			

Material Topic	Goals and Progress 2022		Progress	2023 Material Topic Short-Term goals	2024~2028 Material Topic Medium/ Long-Term Goal		
	Goal	Actual Implementation by Strategy					
 <p>Equality and Human Rights</p>	<p>Each subsidiary within the Group shall establish promotion, performance evaluation, and reward systems that are open and transparent and pay attention to equality in the workplace.</p>	<ul style="list-style-type: none"> <li>Companies within the Group has established their own employee assessment mechanism. In addition to the results of regular and annual assessment being used as the basis for future promotion evaluations, corresponding regulations for promotion procedures shall be formulated to be used as the basis for allocating annual business performance bonuses. The aim is to establish promotion, performance evaluation, and reward systems that are open and transparent and continue to maintain equality in the workplace.</li> <li>At present, courses on sexual equality courses are included in all training programs for new employees. Measures of prevention of sexual harassment at workplace and the complaint channels are promoted.</li> <li>Of the total number of TCB's promoted employees in 2022, the ratio of women being promoted reached 56.44%; and by the end of 2022, the ratio of female supervisors had reached 57.01%.</li> </ul>	 <p>Completed</p>	<ul style="list-style-type: none"> <li>Each subsidiary within the Group shall establish promotion, performance evaluation, and reward systems that are open and transparent and pay attention to equality in the workplace.</li> <li>TCB should establish a multi-dimensional performance evaluation system.</li> </ul> 	<p>The Group shall establish promotion, performance evaluation, and reward systems that are open and transparent and continue to pay attention to equality in the workplace and other issues.</p>		
	<p>The ratio of disabled employees hired by the Group reached 1%.</p>	<p>In 2022, the total number of disabled employees employed by the whole Group was 94 (including 27 severely disabled), and the employment rate reached 1.25%.</p>				<p>The ratio of disabled employees hired by the Group reached 1%.</p>	<p>The Group continues to maintain the employment of employees with disabilities at a rate of over 1%.</p>
	<p>90% of TCB and TCS employees joined the labor union.</p>	<p>8,791 employees of TCB and TCS joined the labor union, accounting for 98.40%.</p>				<p>More than 90% of TCB and TCS employees joined the labor union.</p>	

# CH3 Corporate Governance

## Stakeholders of Concern



## Corresponding Material Topics

- ✦ Information Security
- ✦ Risk Management
- ✦ Corporate Governance
- ✦ Legal Compliance



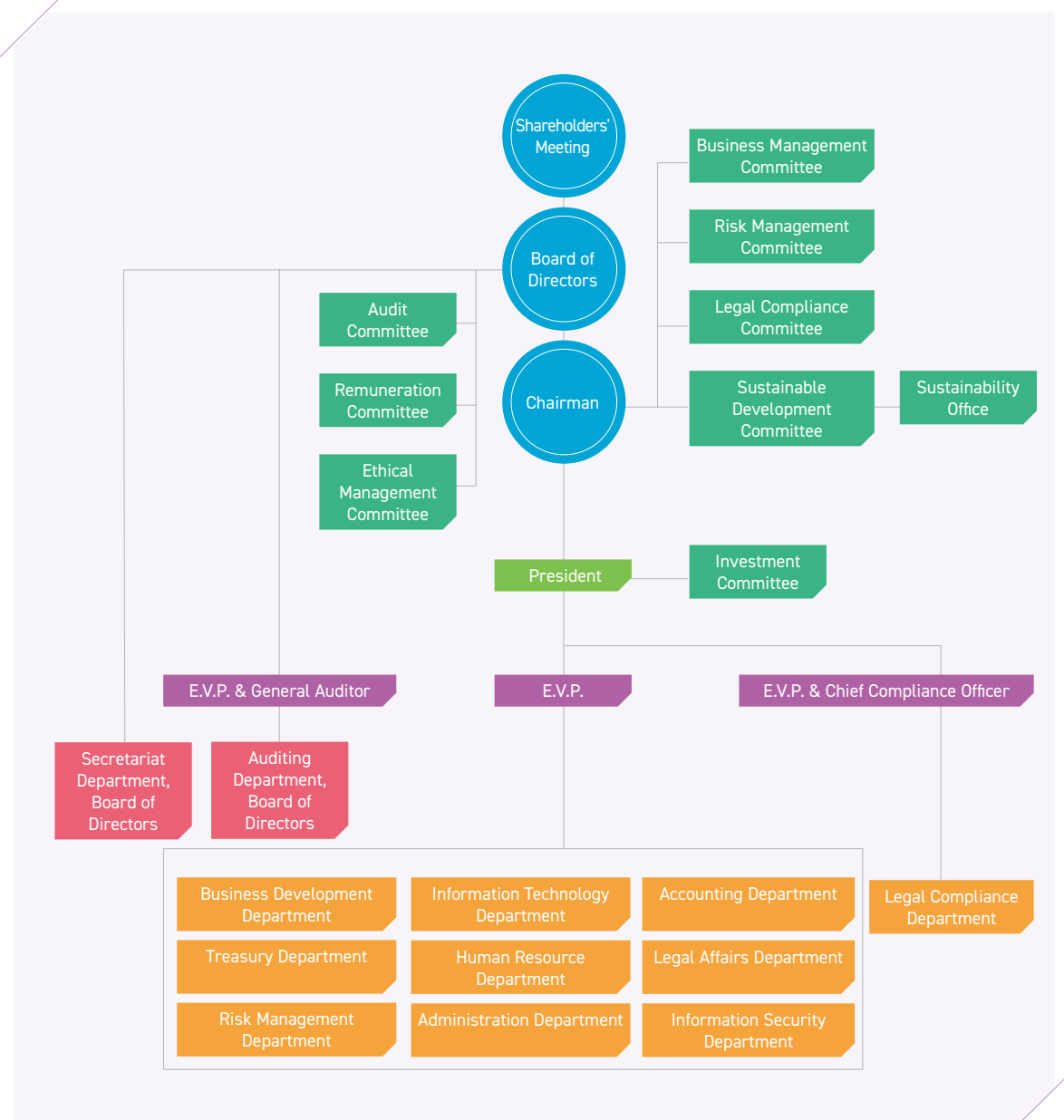


### 3.1 Corporate Governance

Corporate governance is the first step to corporate sustainability and a key benchmark for measuring sustainable development. Sound corporate governance is embodied by the Board of Directors and the management operating in the context of the best interests of the company and stakeholders, providing effective oversight and assistance to the company's management and operations to achieve business goals. Meanwhile, it also encourages the company to utilize resources and become more efficient, thereby strengthening competitiveness of the company and wellbeing of the population as a whole.

#### Corporate Governance Framework

TCFHC follows the FSC "Corporate Governance 3.0 - Sustainable Development Roadmap" and the TWSE and SFI "Corporate Governance Evaluation of TWSE/TPEX-Listed Companies" to enforce corporate governance practices in order to effectively advance corporate governance and business results, facilitate a healthy organization, and protect the rights of shareholders, employees, customers, and other stakeholders.



## Structure of Board of Directors and Operations Mechanism

TCFHC has a well-defined corporate structure and complies with governance related regulations including "Articles of Incorporation", "Corporate Governance Best Practice Principles", "Ethical Corporate Management Best Practice Principles", and "Sustainability Best Practice Principles", based on which the Board of Directors is entrusted with the highest authority in corporate governance to be responsible for sustainable development decisions on economic, social, and environmental aspects.

Since 2021, the directors and independent directors are elected following the candidate nomination system by shareholders from the list of candidates for directors and independent directors and serve a term of 3 years. In 2022, 12 Board of Directors meetings were held and the attendance rate of all 4<sup>th</sup> directors was 100% (including attendance by proxy). The average term of office of the members of the 4<sup>th</sup> Board of Directors was 4.27 years.

The Board of Directors have 15 directors, consisting of 1 executive director, 4 independent directors, and 10 non-executive directors. The Chairman of the Board and the President are not the same person, spouses, or close relatives within the second degree of kinship. The relationships between the directors are not spousal or familial relationships within the second degree of kinship, and independent directors serve a maximum of 3 consecutive terms. All these ensure the independence of the Company's Board of Directors.

The members of the Company's Board of Directors possess rich experience and expertise in various fields, including business management, leadership and decision-making, knowledge of the industry, international perspectives, financial accounting, and law. Among them, 2 independent directors have served for less than 3 years, while 2 independent directors have served for more than 3 years but less than 6 years. Currently, 3 directors in the Company are employees (including employees from affiliates). The number of directors concurrently serving as the Company's manager does not exceed one-third of the total number of directors. The age distribution of the directors is diverse, with 1 director below the age of 50, 6 directors aged between 50 and 60, and 8 directors aged 61 or above. In terms of gender, there are 12 male directors (80%) and 3 female directors (20%). Regarding industry experience, 85.71% of the directors have relevant Global Industry Classification Standard (GICS) financial work experience (Mei-Tsu Chen is an executive director and therefore not included in this calculation). The implementation of diversity by the 4<sup>th</sup> Board of Directors is as follows:

Area of Diversity	Name	Independence <sup>Note</sup>	Basic Composition				Independent Directors Tenure		Industry Experience			Professional Background and Skills						GICS Work Experience		
			Nationality	Gender	Age			<3years	>=3years <6years	Banking	Insurance	Securities	Law	Accounting	Finance	Taxes	Marketing		Information Technology	Risk Management
					<50	50-60	61>=													
Non-Executive Director	Paul C.D. Lei	Independent Director	R.O.C(Taiwan)	Male																Financials
Executive Director	CHEN,Mei-tsu	Executive Director	R.O.C(Taiwan)	Female																Financials
Non-Executive Director	DEN,Yen-dar	Independent Director	R.O.C(Taiwan)	Male																Financials
Non-Executive Director	CHIANG,Jui-tang	Independent Director	R.O.C(Taiwan)	Male																Financials
Non-Executive Director	CHOU,Hui-mei	Independent Director	R.O.C(Taiwan)	Female																Financials
Non-Executive Director	HSU,Kuo-lang	Independent Director	R.O.C(Taiwan)	Male																Financials
Non-Executive Director	MAI,Shen-gang	Independent Director	R.O.C(Taiwan)	Male																Financials
Non-Executive Director	CHIANG,Lin-ping	Independent Director	R.O.C(Taiwan)	Male																Financials
Non-Executive Director	LIN,His-ming	Independent Director	R.O.C(Taiwan)	Male																Financials
Non-Executive Director	FU,Cheng-hua	Independent Director	R.O.C(Taiwan)	Male																Financials
Non-Executive Director	CHEN,Jong-rong	Independent Director	R.O.C(Taiwan)	Male																Financials
Independent Director	Lin,Hsuan-chu	Independent Director	R.O.C(Taiwan)	Male																Financials
Independent Director	Arthur Shay	Independent Director	R.O.C(Taiwan)	Male																Communication Services
Independent Director	CHANG, Min-chu	Independent Director	R.O.C(Taiwan)	Female																--
Independent Director	LIN,Hann-chyi	Independent Director	R.O.C(Taiwan)	Male																Financials

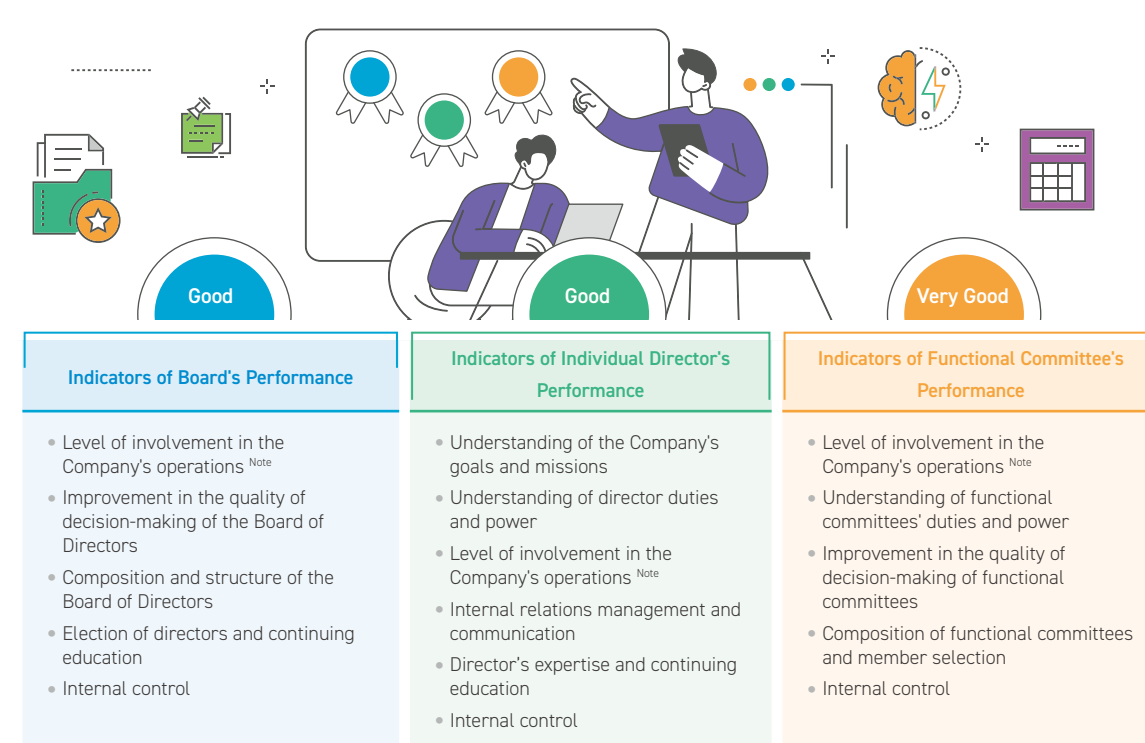
Note: The Independent Directors must meet the following criteria for independence. Directors must be non-executive directors and meet at least 4 of the 9 following indicators and meet at least 2 of the first 3 indicators.

1. Have not been employed as an executive by the Company in the last year.
2. The director and members of his/her family shall not have received more than US\$60,000 per year in compensation from the Company and its subsidiaries every year.
3. The members of the director's family shall not have been an executive officer of the Company or any of its subsidiaries.
4. Not an advisor to the Company, not a related party of the Company's consulting firm, and not a member of the Company executive management team.
5. Not a related party of any of the Company's key clients or suppliers.
6. Not in a personal service agreement with the Company or any member of the executive management team.
7. Not a related party of any NGO receiving material donations from the Company.
8. Not an auditor or accountant to the Company.
9. Not involved with any other matters with conflict of interest as deemed by the Board of Directors.

## Performance Evaluation of Directors

"The Board of Directors Performance Evaluation Guidelines" are established to enhance the operating efficacy of the TCFHC's Board of Directors. The Board of Directors and functional committees (including the Audit Committee, Remuneration Committee, and Ethical Management Committee) shall conduct internal performance evaluations each year according to the evaluation procedures and indicators outlined in this regulation. They shall also commission external professional independent institutions or teams of external experts and scholars to evaluate at least once every 3 years. The results of both internal and external performance evaluations shall be reported to the Board of Directors by the end of March of the following year. The result of such evaluations is taken as reference for appointing or nominating directors, whereas the result of each individual director's evaluation is taken as reference for arranging each of their individual remuneration.

External consultants had completed external performance evaluation of the Board of Directors in 2020. The Company is rated "Advance" in 3 aspects of the Board "Structure", "People", and "Process and Information". The scope of the Board of Directors' internal evaluation for 2022 included the Board, individual members of the Board, and functional committees. Evaluation methods were internal self-assessment and director/member self-assessment. The evaluation results are classified into "good," "good," and "excellent." The evaluation cycle, evaluation period, evaluation scope, evaluation method, and evaluation results of the performance of TCFHC's Board of Directors are all announced on the [Company's official website](#).



Note: The level of involvement in the Company's operations includes a minimum attendance requirement of 80%.

## Continuing Education for Directors

In order to continue to strengthen professional capacity of the Board of Directors, TCFHC followed the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies" and arranged training for every director to reinforce all of the directors' professional capabilities so as to empower corporate governance in the company.

In 2022, the directors completed a total of 213 hours of training encompassing corporate governance, FinTech, IT Security, anti-money laundering, risk management, and internal control and audit. In addition, to enable directors to effectively keep abreast of ESG issues and development trends, each director participated in one or more ESG-related courses. For details of courses that the TCFHC directors have participated, please visit the [website of TWSE's Market Observation Post System](#) for inquiry.



## Functional Committees

To leverage the roles and strengthen independence of the Board of Directors, the Company has established 3 functional committees under the Board of Directors which are Audit Committee, Remuneration Committee, and Ethical Management Committee. In addition, special committees have been established under the Chairman to enhance corporate governance and improve risk management and legal compliance systems.

### Responsibilities and Operations of TCFHC Functional Committees

	Remuneration Committee	Audit Committee	Ethical Management Committee
 <b>Composition</b>	<p>The committee shall consist of 3 or more members, all of whom are to be appointed by the Board of Directors. More than half of the members must also be serving as independent directors. The members shall elect 1 of these independent directors as the convener.</p>	<p>The independent directors make up the entire committee, with at least 1 member possessing either accounting or finance expertise.</p>	<p>The independent directors make up the entire committee. The number of members cannot be below 3, and the members shall elect 1 person from among themselves to be the convener.</p>
 <b>Responsibilities</b>	<p>To establish and regularly review the performance of the directors and managers, as well as the remuneration policies, systems, standards, and structures.</p>	<p>To supervise and review the Company's financial statements, the appointment, dismissal, independence and performance of CPAs, effective implementation of internal control, compliance with laws and regulations, and control of existing and potential risks.</p>	<p>To be responsible for formulating policy of ethical management, to facilitate incorporating ethics and moral values into operational strategies of the Company, to implement fraud prevention measures for ensuring ethical management and effective implementation including planning and designing the whistle blowing system, to promote awareness on ethical management, and to report regularly on the status of implementation of ethic management policy to the Board of Directors.</p>
 <b>Operations</b>	<ul style="list-style-type: none"> <li>Meeting at least twice every year.</li> <li>In 2022, 8 meetings were convened with an in-person attendance rate of 100%.</li> </ul>	<ul style="list-style-type: none"> <li>Meeting at least once every quarter.</li> <li>In 2022, 13 meetings were convened with an in-person attendance rate of 100%.</li> </ul>	<ul style="list-style-type: none"> <li>Meeting at least once every year.</li> <li>In 2022, 2 meetings were convened with an in-person attendance rate of 100%.</li> </ul>
 <b>Performance Evaluations</b>	<p>Regularly conduct internal and external performance evaluations in accordance with the "The Board of Directors Performance Evaluation Guidelines".</p>	<p>Regularly conduct internal and external performance evaluations in accordance with the "The Board of Directors Performance Evaluation Guidelines".</p>	<p>Regularly conduct internal and external performance evaluations in accordance with the "The Board of Directors Performance Evaluation Guidelines".</p>

## Remuneration of Directors and Senior Management

The remuneration of the directors of the Company includes monthly remuneration, subsidies for health examinations (reimbursement based on actual expenses), and director remuneration. The Board of Directors is authorized to formulate the monthly remuneration for directors (excluding the Chairman) according to the recommendations of the Remuneration Committee. The Board not only considers their involvement in the Company's operation and value of their contributions but also the Company's business performance and standard generally adhered by other industries of the same trade. In addition, regular internal and external performance evaluations of directors' are conducted, and the evaluation results are reported to the Remuneration Committee as a reference for the Remuneration Committee to evaluate regularly and formulate the director remuneration. The director remuneration is based on the profit pre-tax before deducting employee remuneration and director remuneration in the current year, allocating a maximum of 1% of the amount recommended by the Remuneration Committee. The remuneration is submitted to the Board of Directors for review and reported at the shareholders' meeting. The remuneration of the Chairman is 1.25 times the total remuneration received by the President.

Senior management (including the President) remuneration can be divided into fixed and variable remuneration, including basic salary, supervisor work overtime allowance, meal allowance, health examination subsidy (reimbursed based on actual expenses), bonuses, and employee remuneration. However, the President does not receive employee remuneration in accordance with the regulations.

### Fixed Remuneration

The standard of the monthly remuneration for the President is determined by the Board of Directors according to the Company's Articles of Incorporation and is submitted in advance to the Remuneration Committee for suggestions according to the regulations. The senior management is paid according to the standard of the job grade on the "Employee Remuneration Table". The standards and approval processes for the aforementioned "Employee Remuneration Table" and issuance of the supervisor work overtime allowances and meal allowances are also proposed by the Remuneration Committee and implemented after submitted to the Board of Directors for review and approval. The results are regularly reviewed and evaluated by the Remuneration Committee every year.

### Variable Remuneration

Variable Remuneration mainly refers to operating performance bonuses, including appraisal bonuses, performance bonuses and employee remuneration, etc., which are all paid in a deferred manner.




The annual performance evaluation of the President are determined by factors such as financial indicators include pre-tax profit target achievement rate and growth rate, return on equity(ROE) achievement rate and growth rate, output rate achievement situation and growth rate, non-performing loans ratio, loan coverage ratio excluding government agency loans and expected loan coverage ratio. It also take financial indicators such as the achievement rate of the Company's profit target, return on equity (ROE), return on total assets (ROA) and non-financial indicators such as specific achievements in management and business reform of subsidiaries into comprehensive consideration. These indicators

are taken into consideration to determine the allocation of the variable remuneration (including evaluation and performance bonuses) of the President. Additionally, the comparison of the Company's financial performance with other industries of the same trade is used as a reference for the upper limit of the allocation of bonus. The 0.6% variable salary is deferred for 6 years in the form of employee stock ownership trust. If the President faces civil liabilities before the allocation of the bonuses, the bonuses will be reduced or not awarded.

In recent years, in order to improve the Group's ESG results, senior management personnel are incentivized to pay attention to sustainable developments for corporates. In addition to records of rewards and disciplines and attendance rates, a major performance section has been specially set up in the assessment form for senior management personnel. The annual execution results of material topics and major outstanding performances for ESG (including but not limited to corporate governance, business management, environmental protection, and CSR) are considered as key evaluation item in the overall assessment, ultimately determining the final assessment. Therefore, senior management personnel are required to include ESG development as the main initiative in their annual planning. Furthermore, the scope of the performance evaluation of subsidiaries will also include the execution results of material topics on ESG and the important operational policies. Relevant facts and supporting evidence may be provided to earn additional points. TCFHC Group links the performance evaluation of senior management personnel and subsidiaries to ESG, hoping to enhance sustainable development of the TCFHC Group and bring positive impacts to stakeholders through top-down initiatives.



### Linking the Performance of Material Topics to the Rewards for Senior Managers

Material Topics	Senior Managers	Major Outstanding Performances
 Information Security	Chief Information Security Officer	Participate in the information security drill organized by the FSC to verify TCB's response procedures and standard operating processes for information security risks.
		In response to FSC's "Financial Cyber Security Action Plan," TCB has obtained the international standard certification for "ISO 22301 Business Continuity Management System".
		Provide counsel to 15 overseas branches and 15 units in the headquarters to complete the self-evaluation on information security.
		Implement personal information protection system and renew the BSi's BS10012:2017.
 Digital Finance	Executive Vice President	Utilize innovative management thinking on patents to assist pharmaceutical e-commerce industries in building a new business ecosystem and provide fast, secure, and convenient financial services. We won the "TCSA Sustainability Performance Award - Innovative Growth Leader Award" in 2022.
		Financial Information Service Co., Ltd. held the "2022 QR Code Standard Incentive Program", and TCB came in third in the first quarter and second in the third quarter in the bill promotion category. TCB consistently secured third place from the first quarter to the third quarter in providing acquiring services and store expansion category.
		To support the Ministry of Economic Affairs' "Stimulating Consumption and Promoting Diversity with the Quintuple Consumption Vouchers Project", TCB collaborated with Taiwan Pay to conduct related promotional activities. During this period, TCB ranked second among state-owned banks in terms of transaction amount.
 Sustainable Finance	Executive Vice President	In the end of 2022, with a total of NT\$5.5 billion of ESG bonds issued, ranking first among state-owned banks.
		There were 41,283 cases of loan appropriation for "Preferential Housing Loans for Youths", with a total of NT\$163.692 billion approved and market share of 11.84%, ranking third among lending banks.
		In response to the long-term care policies, we have strengthened the promotion of the "Bagful of Happiness Loan" for house for pension. There were 2,471 cases of loan appropriation, with a total of NT\$14.967 billion approved, ranking first among state-owned banks in terms of market share.

### Median or Average Ratio of the Remuneration of the CEO and Employees

	Multiple
The annual remuneration of the CEO is about a multiple of the average annual remuneration of other employees.	3.07
The annual remuneration of the CEO is about a multiple of the median of the annual remuneration of other employees.	3.38

### Shareholding

Although the Group has not currently stipulated relevant regulations for the shareholding of senior management, it has currently included the company's financial achievement as an evaluation indicator for business performance bonuses. The Group also connects it to the employee's performance evaluation and rewards, hoping the long-term interest of the management and the company will gradually become consistent. The shareholding of the CEO and other senior management has gradually increased over the years. Furthermore, since 2020, TCB has launched an employee stock ownership trust and raised the maximum withholding amount for employees to NT\$20,000 per month by the end of 2021. This actively encourages senior management to purchase and hold the company's stock during their tenure. The multiple of CEO and other senior management's shareholding and remuneration in 2022 were 2.37 times and 1.53 times, respectively (2.26 times and 1.39 times, respectively, in 2021).

Position	Name	Shareholding		Fixes Remuneration (NT\$)	Average Stock Price <small>Note 2</small>	Ratio of No. of Shares Held to the Multiple of Annual Basic Remuneration
		Common Shares	Preferred Shares			
Director and CEO	Mei-Tsu Chen	370,695	---	4,060,800	9,638,070	2.37
Other Senior Management <small>Note 1</small>		562,054	---	2,387,600	3,653,351	1.53

Note 1: Other senior management refers to the executive vice president (or equivalent position) or above of TCFHC and TCB.

Note 2: The stock price is calculated based on the closing price of NT\$26 at the end of 2022.

## 3.2 Ethical Management

The Board of Directors of the Company shall exercise the duty of care to urge the company to prevent unethical conduct, always review the results of the preventive measures, and continually make adjustments. The Ethical Management Committee is established under the Board of Directors. It reports to the Board of Directors regularly (at least once a year) to ensure thorough implementation of its ethical corporate management policies.

The Company's Ethical Management Committee is a designated unit to promote ethical management, and it is composed of all 4 independent directors. Their major responsibilities include assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations, formulating programs to prevent unethical conduct and setting out the standard operating procedures and conduct guidelines concerning the company's business, promoting and coordinating awareness and educational activities concerning ethics policy, and developing a whistle-blowing system and ensuring its operating effectiveness.

The Company shall report to the Ethical Management Committee at least once a year on its implementation status of ethical management, measures taken, and results of investigations on reported cases (twice in 2022). The content of report includes 5 aspects, which are the formulation of ethical management policies and programs, actions for implementing ethical management (including an overview of education and training), the operation of the whistleblowing system, reinforcing information disclosure, and other important information that helps the Committee to understand the operation of the Company's ethical management.

In addition, the Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in unethical conduct and conduct reviews regularly to ensure that the design and enforcement of the systems are showing results. The Company's Auditing Department of the Board of Directors will also include the system compliance in the preceding paragraph in the audit items and prepare audit reports. The Company shall regularly report on the results of implementation of improvement of any deficiency to the Audit Committee and the Board of Directors.



## Implement Ethical Management

In order to push ahead with the effective implementation of ethical management and comply with regulations governing business conducts, including the "Financial Holding Company Act", "Company Act", "Securities and Exchange Act", "Business Entity Accounting Act", and "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies", TCFHC has stipulated of its own bylaws of [Ethical Corporate Management Best Practice Principles](#), and [Procedures for Ethical Management and Guidelines for Conduct](#) as ethical management policies for the Company to comply with by referring to the "Anti-Corruption Act", "Government Procurement Act", and "Act on Recusal of Public Servants Due to Conflicts of Interest". The Company has these policies aim to prohibit the provision or acceptance of improper benefits, political donations, donations or sponsorship, anti-corruption, and bribery, prohibition of insider trading, agreement of confidentiality, avoidance of conflicting interests, avoidance of transactions with unethical operators, manage business activities ethically, prohibition of unfair competition acts, handling of reports related to unethical conducts and internal promotion, establishment of reward and punishment systems, reporting mechanisms, disciplinary actions, integration of ethical management policies with employee performance evaluations, and other measures. In addition, the Company has established the [Employee Service and Norms of Behavior Guidelines](#), [Measures of Whistleblowing](#), and "Guidelines for Handling Reported Cases," and clearly stated its ethical management policies and practices on its official website, annual reports, and external documents to promote and prevent unethical conducts.

The Company has formulated regulations such as the "Human Rights Policy" and the "Employee Service and Code of Conduct Guidelines" to regulate all employees. In case any managers or employees violates the code of conduct, the Company will report to the Review and Evaluation Committee in accordance with the "Employee Rewards and Discipline Guideline" and "Employee Performance Evaluation Guidelines". The severity of the violation will be considered to determine the corresponding disciplinary action and the grade for the year-end performance. For severe violations, the labor contract will be terminated in accordance with relevant regulations. The disciplinary actions or results for year-end performance evaluation mentioned above will affect the employee's annual reward in accordance with the "Regulations on the Distribution of Performance Bonuses" to ensure effective implementation of internal code of conduct.



Ethical Corporate Management Best Practice Principles



Procedures for Ethical Management and Guidelines for Conduct



Employee Service and Norms of Behavior Guidelines

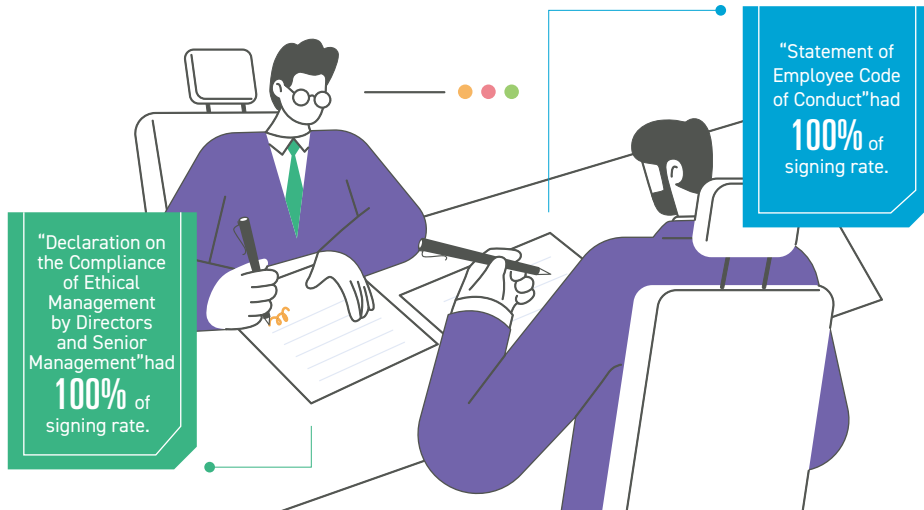


Measures of Whistleblowing

In order to further fulfill commitment to ethical management, the Company stipulated "Declaration on the Compliance of Ethical Management by Directors and Senior Management" and has since received a total of 108 signed declarations from all directors and senior management of the Company and its subsidiaries in 2022, attaining a 100% of signing rate. Furthermore, 100% of the employees of the Company and TCB signed the "Statement of Employee Code of Conduct". All subsidiaries report the status of compliance with the Ethical Corporate Management Best Practice Principles to their respective Board of Directors every year. The status of compliance with the Ethical Corporate Management Best Practice Principles in 2022 was all reported to the respective Board of Directors in 2023.

In addition to operating with the spirit of ethical management, the Company also needs to conduct an integrity management assessment before establishing business relationships with external partners to avoid transactions with dishonest operators, and incorporate the ethical management policy into the terms of the contract to implement the concept of ethical management.

In 2022, the subsidiaries of the Group have no violations of integrity management or major impacts, and no corruption, fraud, bribery, insider trading, money laundering, conflict of interest, discrimination, violation of customer privacy, anti-competitive behavior, anti-trusts, monopoly, market manipulation, improper political contributions, improper charitable donations and sponsorship violating the Code of Conduct, while the amount of related legal proceedings and penalties is 0.



## Ethical Management Educational Trainings

TCFHC has added elements and rules of ethical management to the "Guidelines of Service and Conducts by Employees" and the "Supplier Management Policy". The purpose is to require employees not directly or indirectly provide, promise, demand or accept any inappropriate benefit or engage in any other unethical behavior in the process of conducting a business activity or performing a duty.

In order to let all employees understand the importance of ethical management, TCFHC holds ongoing ethical management related educational trainings every year and requires all employees undergo the training.



The training take-up rate for the relevant educational trainings on ethical management conducted in 2022 for all directors, supervisors, senior management and general employees



Total Number of Staff Receiving Training  
**10,250**



Total Hours  
**10,750.2** hours

## Whistleblowing system

In order to prevent unlawful conduct and promote sound operations of the Company, protect whistleblowers, and support the whistleblowing mechanism, the Company established the [Measures for Whistleblowing](#) and Guidelines for Handling Reported Cases. The measures and guidelines rule that if any employee with the Company or its subsidiaries is found to have provided, received, promised, or requested any illegitimate benefits in order to receive or maintain benefits, or to have engaged in any conduct that may break integrity or entrusted compulsory, or to have been suspected for committing crime or fraud, or violating financial related regulations, anyone can raise such a case or report to the designated unit which is the Ethical Management Committee through designated email address on the website or internal hotline. All incidents reported through the whistleblowing channels are recorded properly and handled with careful follow-up by the Company.



After the Company receives a reported case, the Auditing Department of the Board of Directors or the designated dedicated unit will investigate according to the types of cases. If the person handling the reported case discovers that they have a personal interest in the reported matter, they should voluntarily recuse themselves. If the investigation reveals a material violation or potential material damage to the Company or its subsidiaries, a report must be promptly prepared and inform the Company's independent directors in writing. In the event of a material contingency or illegal case, it shall be proactively reported or tipped off to the relevant authorities.

All the acceptance, investigation process, investigation results, and related documents of reported cases shall be recorded for preservation. The investigation results shall be sent to the Ethical Management Committee for future reference, and the reported cases, handling methods and follow-up review and improvement measures shall be reported to the Board of Directors. If the person who is reported is a director, supervisor, or a managerial officer in a position equivalent to an executive vice president or higher of the Company and its subsidiaries, the Company's independent directors shall first be reported, and the investigation report shall be reported to the Company's Audit Committee for review. The rest shall be investigated by the Auditing Department of the Board/ subsidiaries or the responsible unit with no conflict of interest with the reported person and has independent functions designated by Auditing Department of the Board. If the reported person is personnel of the Company's General Auditor or Auditing Department of the Board, he/she will be investigated by the Company's Compliance Department or responsible unit with independent functions designated by the Compliance Department. If there is evidence of unethical or illegal conducts, it should be reported to the Company's Board of Directors.

Except in cases where the whistleblower cannot be contacted, the whistleblower will be informed of the investigation results in writing or by other means within 30 days after the investigation is completed. If the audit report meets the requirements for reporting to the competent authority, it shall be submitted to the competent authority within 2 months from the end date of the audit for declarations.

The whistleblower's identity shall be kept confidential, and no information that may be used to identify that person shall be disclosed. The whistleblower shall not be terminated, dismissed, downgraded/ relocated, given a reduction in pay, impairment to any entitlement under the law, contract or customs, or other unfavorable disposition due to the reported case.

If the tip-off case is found to be true, the Company or its subsidiaries will resort to relevant punitive measures against those who are reported or involved and the whistleblower will be rewarded according to the seriousness of the case. If the internal personnel make false reports or malicious accusations, they shall be disciplined, hoping to strengthen and embed the corporate culture of ethics and transparency.

TCFHC's Ethical Management Whistleblowing Channels

Tip-off Email: 5134@tcfhc.com.tw

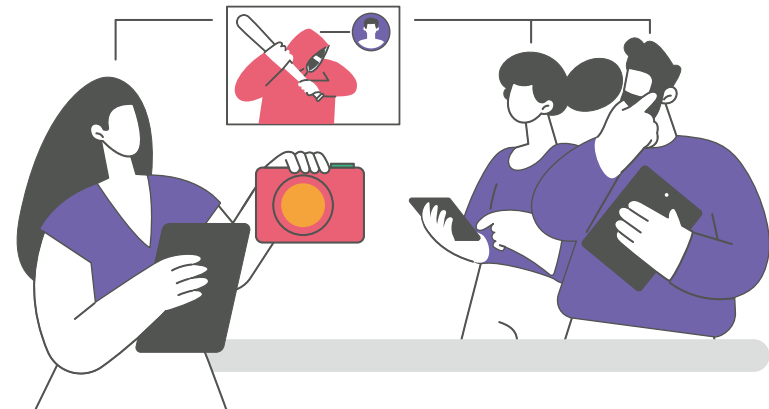
Tip-off Hotline: (02)2173-8913



## Status of Handling Reported Cases in 2022

In 2022, there was no such thing as aforementioned being occurring in the TCFHC Group. In 2022, there was a total 6 cases being reported via the tip-off email address, and all of the cases had been investigated and closed without having any evidence of violation found out. Only one of the cases was reported to have issues with leadership in the management, and the financial holding company has already sent a letter to its subsidiary to supervise and improve the situation. The investigation results of the reported cases received by the Group in 2022 have been reported to the Ethical Management Committee according to the Company's reporting regulations for record keeping.

Received a total of 6 reported cases				1 is true, 5 are false	
Number of Reported Cases	External Whistleblowing	Named	0	True	0
				False	0
		Unnamed/ Anonymous	4	True	0
				False	4
	Internal Whistleblowing	Named	1	True	1
				False	0
Unnamed/ Anonymous	1	True	0		
		False	1		



### 3.3 Risk Management and Audit System

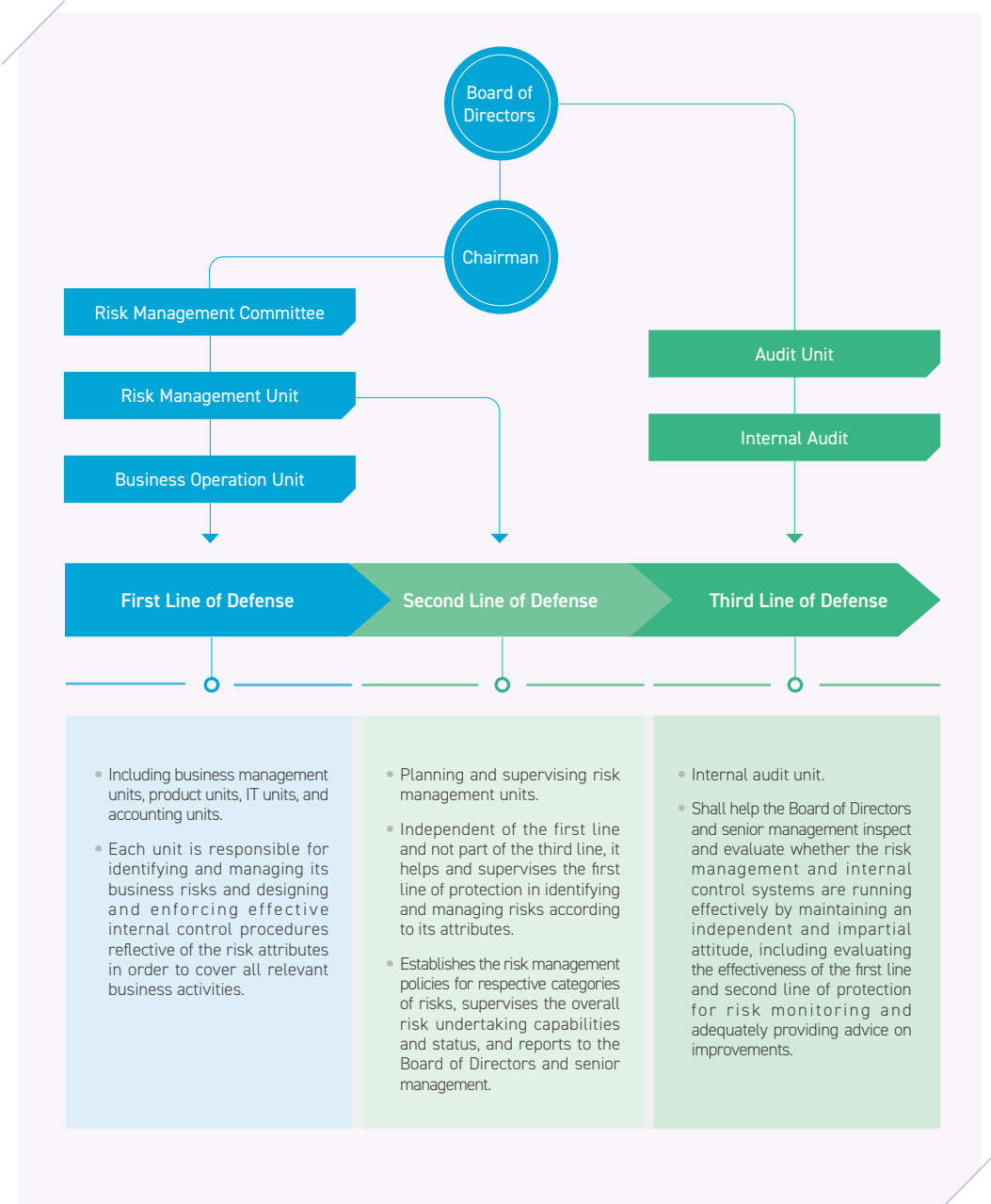
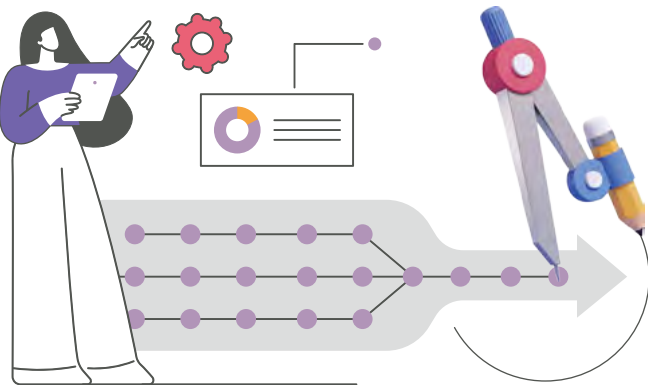
To ensure the healthy development of the Group, ensure capital adequacy, and achieve reasonable risk and benefit targets, the Company follows the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" to formulate the "Risk Management Policy and Guidelines" as a basis for risk management.

TCFHC and major subsidiaries are equipped with risk management committees that are responsible for designing risk management systems, policies, and indicators for monitoring and for carrying out risk management activities. The purpose is to ensure healthy development of the Group, ensure capital adequacy, and achieve reasonable risk and return targets.

#### Risk Management Strategy and Structure

The Company's Board of Directors serves as the highest decision making body and the final bearer of the Group's risk management and "Risk Management Committee" consisting of the chairman, president, executive vice presidents, heads of unit, and president of each subsidiary is set up to establish connections with risk management units (2<sup>nd</sup> line of defense) and business operation units (1<sup>st</sup> line of defense) of TCFHC and each of its subsidiaries.

The highest management level of risk management is the Risk Management Committee. The Risk Management Committee is chaired by the chairman of TCFHC. The highest management level of the highest risk monitoring and auditing is the chief auditor, who all report to the Board of Directors. The Risk Management Committee is held quarterly and reported by the Company and its subsidiaries. Overview of current risk management, changes in capital adequacy, handling of major abnormal events, risk analysis of key monitoring objects and industries, and tracking of the progress of matters that should be implemented in previous meeting resolutions, etc. .



## Major Risk and Emerging Risk Management

### Major Risks

The TCFHC Group assesses the internal and external operational risks when providing financial-related services every year. The Group reports the risk-bearing capacity, response measures, and implementation of risk management to the Board of Directors and senior management, which are managed by looking into authorization mechanisms, limit management, indicator monitoring, and risk report. In addition, the subsidiaries are required to establish risk indicators and control procedures based on nature of product, size of business, and risk attributes. To monitor risk management, the Company regularly monitors the Group's credit risk exposures and relevant limit controls on a monthly basis. This includes the categories of industries, industries of concerns, high-risks in mainland areas, country risks, risk-bearing capacity in mainland areas, limits for large groups, and other information on limit controls. In addition, the Company also uploads statutory statements to the FSC website on a monthly basis according to the prescribed deadlines to regularly monitor changes in exposures and risk management. After assessing internal and external risks and considering the potential impacts on the Company's business, the 2 major risks in 2022 are credit risk and operating risk. The relevant risk appetite and mitigation measures are explained as follows:

Risk Categories/ Types	Explanation of Risk Tolerance	Mitigation measures
Credit Risk	The loss assessed for creditor rights in the overseas region or exposures in investment exceeds equivalent of US\$10 million.	<ul style="list-style-type: none"> <li>Requesting borrowers to provide collaterals, TCB has established guidelines for scope of eligible collaterals, collateral appraisal, procedures for management and disposal to assess and manage collaterals, calculate the discounted collateral value to ensure the creditor rights.</li> <li>Creditor's rights protection, collateral clauses, and offset clauses are stipulated in the credit agreements, which clearly defines that in the event of a credit event, the credit limit may be reduced, the loan repayment period may be shortened, or the full amount of loan may be treated as matured. The obligor's debts may be offset through various deposits at TCB and its subsidiaries to reduce credit risks.</li> <li>To avoid excessive concentration of credit risks, TCB and its subsidiaries establish concentration limits based on the categories of industries, country, collateral categories, group, and construction financing. These limits are reviewed and revised on a regular or irregular basis.</li> </ul>
Operating Risk	The initial expected loss exceeds equivalent of NT\$1 million.	<ul style="list-style-type: none"> <li>Using "self-assessment on operating risks" to identify various potential risks in business, assess the level of exposure for operating risks, review the effectiveness and stages of implementing controls, and strengthen business management.</li> <li>Based on the important risk items identified during the self assessment process, key indicators for operating risk are established. Quantitative indicators are used to monitor changes in risk and establish a precautionary mechanism.</li> <li>Review the causes of risk events and improve operating procedures through reporting and managing operational risks</li> <li>Improve professional training for personnel and select employees to participate in various business-related training courses to improve their professional knowledge and reduce the probability of operating risks.</li> </ul>

### • Sensitivity Analysis and Stress Test

We regularly conduct sensitivity analysis and stress testing on financial and non-financial risks to review the risk management mechanism and risk tolerance. In terms of financial risk, based on the content set in the stress test scenario meeting, TCB conducts market risk factors (including interest rates and equity securities prices) inspection. If the interest rate curve rises by 100 basis points, the value of the transaction book will drop by NT\$ 51.733 million; if the equity security price increases by 15%, the trading book value will increase by NT\$72.875 million. In terms of non-financial risks, TCB analyzes the operational risk impact in the event of misappropriation of customer deposits. The test results show that the capital adequacy ratio, first-class capital ratio, common equity ratio and leverage ratio all meet the requirements of the competent authorities.



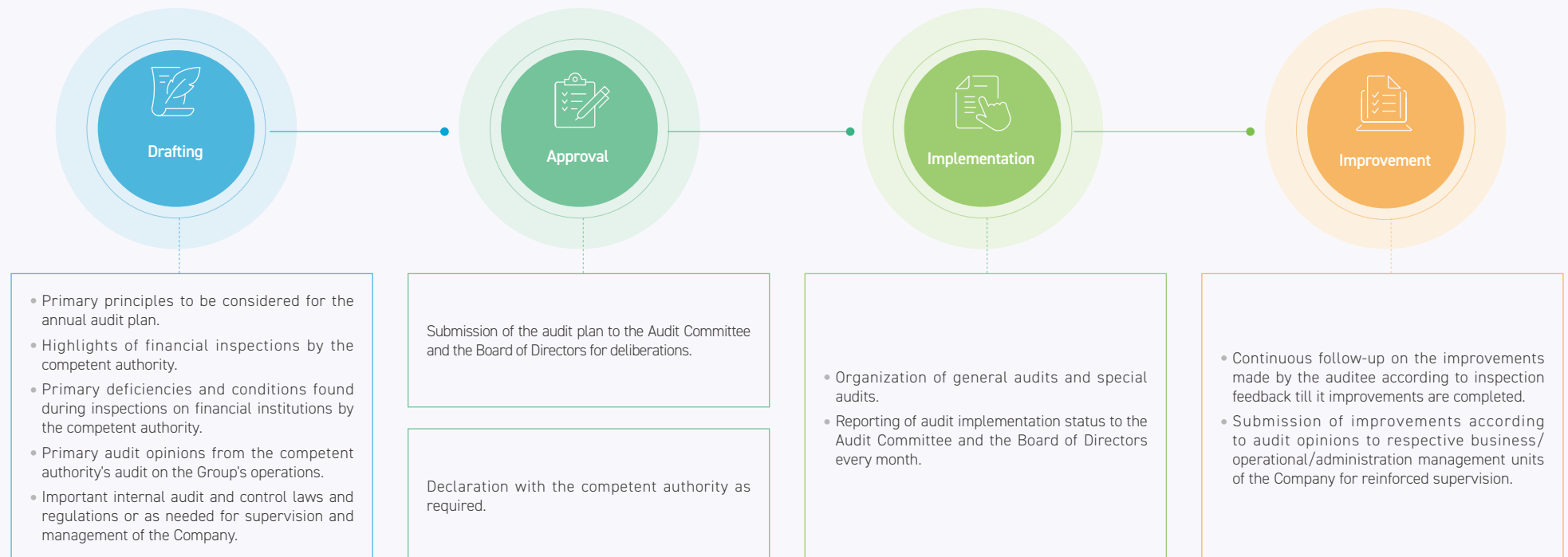
Note: Please refer to page 229~230, 291~305 of the Company's 2022 Annual Report for more details on the risk factors, causes and countermeasures.

## • Organization and Functioning of Internal Audit

To establish an effective internal audit system and ensure risk management is carried out, the Company has a set of "Audit Guidelines" in place and also follows the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" promulgated by the Financial Supervisory Commission to create a general audit system for overseeing audit operations. The Auditing Department, established under the Board of Directors, performs internal audits on the Company and each subsidiary every 6 months. It assists the Board of Directors and the management in inspecting and evaluating the internal control system operates effectively and provides timely improvement advice, so as to both ensure internal control system can be effectively operated and make it as the reference for further review and revision. Furthermore, the competent authority (FSC) conducts regular inspections every 2 years as well as irregular project inspections of the Company. The Company is committed to cooperating with the inspection opinions to improve its practices and establish appropriate risk management mechanisms. Regarding this, internal audit units continue to follow up on review opinions or deficiencies identified by FSC, accountants, internal audit units and internal units as well as improvements listed in internal control statements. Improvements are submitted in writing to the Board of Directors and the Audit Committee and used as an important item for penalties and rewards and performance evaluations of related units. This further promotes the benefits of the Group's overall operations and risk management.

In 2022, the Auditing Department of Board of Directors had not just accomplished all the tasks scheduled to complete in the year, but also made a list to track improvement status as being required by each unit of TCFHC and each subsidiary, so as to prompt the gains on overall operational and risk management of the Group.

### Internal Audit

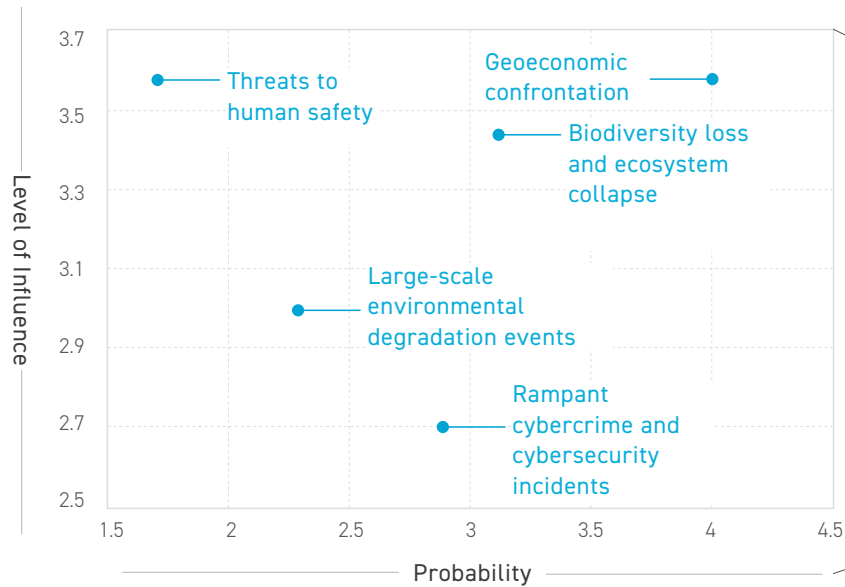


## Emerging Risks

### Emerging Risk Identification Procedures



### Prioritization of Emerging Risks



## Identification and Mitigation Actions of Emerging Risks in 2022

Emerging Risk	Category	Risk Definition and Description	Impact on Business	Mitigation Actions/Response Strategies
Biodiversity loss and Ecosystem Collapse	Environment	<ul style="list-style-type: none"> <li>The extinction of species and the reduced resilience of terrestrial and marine ecosystems lead to the destruction of natural capital, resulting in environmental degradation and supply chain disruptions. For example, monoculture farming may lead to a sharp decline in crop pollinators, resulting in reduced yields and even severe crop failures.</li> <li>Future regulatory trends aim to put an end to deforestation, marine pollution, overfishing, and protect the natural environment. If enterprises are not prepared, they may violate the laws and face reputational damage and litigation risks.</li> </ul>	<ul style="list-style-type: none"> <li><b>Customers' business impact</b> If the business items, production materials, or methods of production of TCB's investment and financing subjects involve issues such as overexploitation of land, excessive deforestation, overfishing in seas, or coral reef destruction, or if their location of operations or production bases are located near natural reserves for flora and fauna, it is possible to exert pressure and cause damage to local biodiversity and ecosystems. This can lead to conflicts, litigation, or penalties imposed by the competent authority, resulting in a decrease in revenue and an increase in operating costs, as well as increased credit risks, market risks, and reputational damage for us.</li> <li><b>Financial market turmoil</b> If biodiversity loss and ecosystem destruction events lead to changes in human habitats, abnormal fluctuations in commodity prices and financial market, this will result in increased business management costs, weakened solvency, increased credit risks for our credit position, market risk for investment positions, and losses due to depreciation in wealth management customer's assets.</li> <li><b>Policy and regulatory risks</b> Protecting biodiversity, government actions, consumer habits, pricing mechanisms, and other factors may exert pressure on current business models. Investment and financing subjects that have previously operated in legal gray areas or even violated the law (such as deforestation) without facing penalties may now face significant litigation, thereby increasing the risk of credit defaults. This poses potential negative impacts on our investment portfolio's profitability and credit risks in financing.</li> </ul>	<ul style="list-style-type: none"> <li><b>Continue to participate in sustainability initiatives</b> Responded to and signed the "Tamsui River Convention" initiated by Commonwealth Magazine, and signed the e "Ocean Leads the Way – Promotional Project on Wetland Conservation and Wise Utilization of Qingkunshen Fan-Shaped Salt Fields" with the Taiwan Wetland Conservation Alliance to jointly promote the sustainable development of the country. We will continue to pay attention to international initiatives related to biodiversity and implement environmental sustainability with concrete actions.</li> <li><b>Gradually integrated into the business operation process</b> In addition to signing the Equator Principles and incorporating biodiversity indicators into environmental and social risk management factors, we expect competent authorities and investors care more about biodiversity risk issues. Therefore, we will continue to pay attention to international research and supervision trends in the future, and gradually integrate biodiversity risk factors into business operations and expose related exposures.</li> <li><b>Support industries dedicated to biodiversity</b> In the future, we will continue to issue relevant green bonds and provide green loans to provide funds for renewable energy, circular economy, ecotourism, urban biodiversity, sustainable agriculture, forestry and fishery, etc., so as to mitigate the risks brought about by the loss of biodiversity and promote environmental protection and ecological conservation.</li> </ul>
Geoeconomic Confrontation	Geopolitics	<ul style="list-style-type: none"> <li>Adopt global or regional economic means to split the economic interaction between countries and impose restrictions on goods, knowledge, services, or technologies, including monetary policies, investment restrictions, country's assistance and subsidies, and trade controls on food, energy, minerals, and technology, which may lead to the prevalence of tariff barriers and trade protectionism, resulting in increased trade costs. Energy and food shortages can easily cause a significant increase in the prices of oil and agricultural products. Economic sanctions can easily lead to deterioration in financial conditions and an increase in the default risks of foreign debts.</li> <li>Geoeconomic conflicts may lead to the trend of restructuring supply chains and trade fragmentation, changing the global economic and trade cooperation model, impacting low-income countries, reducing development opportunities for emerging economies, and may lead to global economic depression in the long run.</li> </ul>	<ul style="list-style-type: none"> <li><b>Customers' business impact</b> If customers have factories or provide services in one of the regions with geo-economic conflicts, the import of raw materials or export of products output is hindered due to mutual sanctions, relevant regulations, or technical restrictions imposed by the two parties, or their local services must be suspended, these may cause the obligors' trade costs to increase, encounter operational difficulties, reduce debt-paying ability, and increase the credit risk of the overdue loan.</li> <li><b>Default risks of foreign debts</b> Due to being subjected to trade and economic sanctions, the prices of oil and agricultural products have increased, leading to inflation and recession in the sanctioned countries, resulting in credit rating downgrades and foreign debt defaults, increasing the credit risk and market risk of our investment and financing risk exposure.</li> <li><b>Financial market turmoil</b> Geopolitical tensions have affected global capital flows and aggravated fluctuation in global financial markets. If investors' risk aversion increases and sell their financial products, this may increase the difficulty of our trading operations of financial assets, thus, affecting the profits made from investments.</li> <li><b>The pressure for restructuring industrial chain</b> The development of competition among major economies in the world may lead to global supply chain restructuring. If we fail to keep abreast of the relevant business opportunities in the relevant upstream and downstream industries and provide timely financing and cash flow services to meet customer needs, we will hinder future business development and affect the growth in profit.</li> </ul>	<ul style="list-style-type: none"> <li><b>Continue to monitor country risks</b> There is a national risk management policy in place, and we will continue to strengthen the evaluation of the impact of geoeconomic conflicts on customers' debt-paying ability and avoid concentrated risks exposure in specific countries. We will also continue to pay attention to and monitor the developments of major countries' political and economic relations, and adjust credit and investment policies dynamically in response to relevant economic and industrial changes to further avoid risks and keep abreast of trends of business opportunities.</li> <li><b>Expand the risk information sharing network</b> In addition to engaging in the Taiwan market, we also continues to expand overseas markets in the United States, Europe, Australia, Asia, and other regions to diversify business risks and establish the Group's mechanism for sharing risk information overseas to jointly address and reduce geopolitical risks.</li> <li><b>Strengthen trade finance products and services</b> We will strengthen and continue to provide investment and financing customers with diversified tools and platform for making trading and financial transactions and assist and guide them towards diversified management.</li> <li><b>Assist customers in improving asset management</b> Continue to develop and provide diversified investment products to protect the asset value of customers during significant fluctuations in the financial market.</li> </ul>

## Shaping Risk Culture

In order to improve the Group's risk management, establish a climate governance culture, enhance the Group's directors, supervisors and senior managers' awareness of risks and the latest international development trends and concept changes, risk management courses are arranged every year. In 2022, education and training on "Climate Change International Development Trends and Response Strategies" for the Group's directors and senior managers was held. In addition, in order to enhance employees' risk awareness, strengthen their awareness of laws and regulations related to AML/CTF, and enhance their information security protection capabilities and awareness, in order to establish an overall risk management culture, and effectively implement the Group's risk management policies, we encourage employees to participate in various internal and external risk management-related education and training. Not only physical courses, but also digital technology is used to hold online education and training. On the other hand, the latest risk management regulations, trends or practices are also communicated to facilitate internal educational training use.

### Education and Training of Second Line of Defense in 2022

Courses	Attendance	Total Training Hours
Risk Management	6,335 people	7,658 hours

To strengthen crisis management mechanism, resolve and alleviate emergency events quickly or resume operations to manage time and minimize losses, TCFHC has the "Regulations Governing Emergency and Crisis Management" in place to activate the group-wide emergency reporting and communication system in the event of a manmade or natural disaster, faulty internal control, employee fraud, security maintenance, significant financial loss in business, or negative media coverage that can affect the Company's reputation and normal operation. The Crisis Management Taskforce is also in place to be in charge of handling emergencies, giving instructions and speak on behalf of the Company to outsiders according to the guidelines for spokespersons as needed.

## Refining Risk Culture

The Group encourages employees to provide optimization suggestions for the operation process. If the suggestions are adopted, bonuses will be given to employees. In 2022, a total of NT\$148,000 are awarded and 253 proposals provided by employees including branch terminal system transaction optimization, mobile online banking optimization, credit card reconciliation system improvement, and e-loan system optimization, etc., to strengthen operational management efficiency and enhance risk management.

The Group has formulated the "Operational Risk and Control Assessment Management Directions", and colleagues who are familiar with the business process are responsible for the operation process analysis and risk identification. The operation risk self-assessment process completed in 2022 includes 116 from head office management units and 60 from business units. Through the self-assessments results of risk control, the operational risks that should be paid attention to are summarized, and for projects with high risks, action plans are developed to respond in advance to reduce possible future operational losses, improve colleagues' awareness and attention to risks, and integrate risk management awareness into in daily business processes.

## 3.4 Legal Compliance, Anti-Money Laundering and Counter Terrorism Financing

The compliance system is an important part of internal control and regulations that must be enforced by financial institutions. The system serves an anti-money laundering and counter terrorism financing purpose while deterring other illegal activities. It also prevents key compliance items that endanger the Company's operations and cause disruption in the financial market. TCFHC implements relevant organizational frameworks, regulations, and rules to equip itself with abilities to address regulatory or environmental changes at any time and supervise its legal compliance status. TCFHC also provides internal training in order to avoid legal risks arising from violation of law and to fulfill a financial institution's role by protecting customers' rights.

### Compliance Operations

TCFHC has established the "Rules for Implementation of Regulatory Compliance System" according to the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries". The "Legal Compliance Committee" is also put in place to devise relevant organizational structures, rules and regulations in order to monitor regulatory compliance.



Regarding compliance audits by the FSC and regulators of affiliated business units, all penalties should be reported immediately to the relevant departments to ensure appropriate response and prevent repeat or further losses. TCFHC set up "consistent and real time intercommunications" mechanism, which requires each subsidiary report to the TCFHC's Legal Compliance Department the full account of inspections on legal compliance and AML/CFT during the entire course from inception of the inspection to completion of the draft if it happens to have financial competent authority to inspect.

## Punishment Imposed on TCFHC and Subsidiaries by Financial Competent Authority and Affiliated Business Units in 2022 and Corresponding Improvements

In 2022, TCFHC was not imposed significant penalties or disciplinary measures by competent authorities due to the violation of environmental or social law, or regulations. Yet the remaining punishments as received and related improvements are listed as follows:

Company	Applicable Laws	Reason for Sanction	Subsequent Improvement	Fine
TCB	Paragraph 1 of Article 130, and the proviso of Article 134 of the Banking Act.	On February 24, 2021, the loan for borrowers to purchase lands for which construction has not been initiated was approved, and the retention rate was less than 10%.	<ul style="list-style-type: none"> <li>• The difference of less than 10% has been recovered.</li> <li>• The business units are requested to handle loans for land purchases and relevant regulations that corporates should pay attention to when taking out loans to purchase residential properties. They should regulate and strengthen reviews and post-loan management and incorporate the regulations of the Central Bank into credit management and the management of legal compliance's performance evaluation of legal compliance, and enhance internal education and training.</li> </ul>	NT\$1,000,000
TCS	Article 65 of the Securities and Exchange Act	<ul style="list-style-type: none"> <li>• Fail to cancel or convert the status of accounts with insider qualifications or identities to exclusive accounts when accepting customers' applications to open accounts for entrusted securities trading.</li> <li>• Fail to check and judge the accounts opened, and implement the credit limit control and management for related accounts accordingly.</li> <li>• The salespersons were found of misconducts with safekeeping deposit books of customers, trading securities as agent on behalf of others, and trading orders in their own accounts by non-electronic means.</li> <li>• Fail to establish the control mechanism and verify the abnormality in sending customers' statements to the e-mail address used by the internal personnel of the securities firm.</li> <li>• Fail to establish the price inspection procedures for the foreign bond trading of the bond department.</li> <li>• Fail to retain the verification records of the subscribers participating in public subscription of securities to whom have used, or fraudulently used the name of another person.</li> </ul>	<ul style="list-style-type: none"> <li>• A comprehensive inspection of the internal personnel accounts is performed and all internal personnel, and customer ID numbers are checked using the inspection system every week.</li> <li>• Comprehensive inspections are performed to see whether if there are still related accounts that have not been filed, amend the explanation for the inspection of related accounts, and re-examine every 6 months.</li> <li>• Add control measures for salespersons to manage customer's passbooks, establish a control function in the trading system to prevent salespersons from trading securities using their own securities account, and regularly inspect the IP addresses used by the system and add a system control mechanism that restricts non-internal personnel from using the Company's IP address for placing orders every 6 months.</li> <li>• A comprehensive inspection has been conducted, and customer's electronic statements will be inspected every 6 months to see whether the information received is the same as the email of the internal personnel. In addition, a new inspection program has been added to automatically review the changes that the customers made to their emails.</li> <li>• Regulations of relevant assessment procedures have been formulated.</li> <li>• Correcting the public subscription inspection program.</li> </ul>	NT\$480,000 and 1 directive of correction
	Article 135, paragraph 2, Article 138, paragraph 2, and Article 144 of the Operating Rules of the Taiwan Stock Exchange Corporation	<ul style="list-style-type: none"> <li>• Fail to adopt multi-factor authentication when logging in to place orders online.</li> <li>• Fail to monitor and analyze the records of login failures on the core system.</li> <li>• Delayed reporting of information security events.</li> <li>• When the protection of the verification method for certificate application and renewal on the online ordering system is inadequate, immediate modifications are not made, and the services provided by the system are not suspended, nor did the system adopt other real-time verification mechanisms to confirm the customer's identity and other measures to strengthen protection.</li> <li>• Fail to review internal control systems in a timely manner and execute them effectively.</li> </ul>	<ul style="list-style-type: none"> <li>• The multi-factor authentication mechanism for placing orders online has been launched.</li> <li>• The monitoring of daily records of accounts on the online trading platform to which customers fail to login and non-customers accounts to which they attempt to login has been implemented.</li> <li>• The report of information security events will be handled according to the prescribed deadline.</li> <li>• The verification process for certificate applications and renewal on the online ordering system has added an OTP authentication mechanism.</li> <li>• Relevant internal control matters that require implementations have been improved.</li> </ul>	<ul style="list-style-type: none"> <li>• A fine of NT\$210,000</li> <li>• Warning was given to the most senior information security supervisor</li> </ul>





Each subsidiary also works to optimize each of their information system on anti-money laundering and combat of terrorism financing, with which databases are linked and carefully analyzed and monitored to ensure effectiveness of risk control and management on money laundering and terrorism financing. The content of anti-money laundering and counter terrorism financing regulations for each subsidiary includes but is not limited to the following:

### Designated Supervisor and Unit

Each subsidiary company should allocate sufficient AML designated personnel and resources according to its size and risks and appoint one senior management designated by the Board of Directors as the designated supervisor.

### Employee Selection and Hiring

Each subsidiary should ensure the establishment of selection of high-quality employees and hiring procedures.

### Employee Training Plan

The AML designated personnel and designated supervisors, supervisors at domestic and overseas business units and AML supervisors and personnel should participate in the on-the-job training on AML according to the regulations. The directors, supervisors, presidents, legal compliance personnel, internal audit personnel and sales person should also arrange training and education according to the nature of the business.

### Sharing of Information

The Company and the subsidiaries with foreign branches (or subsidiaries) shall formulate information-sharing policies and procedures within the Group in compliance with information confidentiality regulations. Information on the Group's legal compliance, auditing, and anti-money laundering and counter terrorism financing is shared, and security measures are adopted on the use and confidentiality of the exchanged information.

### Internal Audit

The internal audit unit of the subsidiary shall conduct risk assessments on anti-money laundering and terrorism financing and formulate a plan to prevent money laundering and counter terrorism financing. The unit shall check whether the audit complies with regulatory requirements, implemented, and the effectiveness of the implementation. Audit opinions shall be provided.

### Verify Customer Identity and Conduct Due Diligence

- Using reliable documents and documents from independent sources or data and information on the non-documents to identify and verify the identity of customers (the method of non-documents include compare with other information provided by other financial institutions and conduct a phone interview with the customer within 1 week after opening an account to confirm), in case of proxy, verify authorization of representation.
- For customers who are legal entities, groups or trustees, understand their ownership and control structure, identify the beneficial owner, and adopt reasonable measures to verify.
- When establishing business relationships with high-risk customers or customers with specific high-risk factors, review measures should be reinforced. The process should be approved by the unit's supervisor before handling and reinforced continuous monitoring should be implemented.
- Conduct ongoing due diligence on the customer and reconfirm the customer identity at specific times.
- In terms of due diligence for non-face-to-face customers, in addition to following the review method for face-to-face customers mentioned above, strengthened control measures should be implemented (such as If there is a name match or an evaluation of high risk during account opening through a remote video teller machine (VTM), the customer should be asked to switch to an in-person account opening. If there are abnormalities when applying digital deposit account opening, identity inspections should be strengthened and continuously monitor whether the account is involved in any illegal activities).

### Watch List Filtering

- The Anti-Money Laundering (AML) system conducts watch list filtering of customers and related parties (including representatives, beneficial owners, and senior management), compares and confirms whether they match the following lists:
  1. The customer is an individual, a legal person or an organization sanctioned under the Terrorism Financing Prevention Act, or a terrorist or terrorist group identified or investigated by a foreign government or an international organization.
  2. Current or former important political officials in the domestic or foreign government or international organization and as well as their family members or close associates.
  3. Involving money laundering or other negative news.
- Based on the above assessment results, determine whether to establish business relationships, handle reporting operations, or include customer risk assessments. High-risk customers can only open accounts or establish business relationships after the approval of the unit's supervisors.

### Monitor Accounts and Transactions Continuously

- Establish policies and procedures for account and transaction monitoring based on a risk-based approach and utilize information system to assist in the detection of suspicious money laundering or terrorism financing transactions.
- Once watch-listed transactions that may be money laundering or terrorist financing are identified, the reasonableness of identified watch-listed transactions shall be determined on a case-by-case basis, and records of the inspection shall be retained. The reasons for the exclusion shall be analyzed, or reporting operations should be conducted as soon as possible.



### Record Retention

- All business relations and transactions with its customers shall be recorded in hard copy or electronic form and kept for at least 5 years.
- Transaction records maintained must be sufficient to reconstruct individual transactions so as to provide, if necessary, evidence of criminal activity and may be available swiftly to the responsible units.

### Reports of Transactions

- Reports of cash transactions above a certain amount.
- Reports of suspected money laundering or terrorism financing.
- Reporting on the properties or property interests and locations of designated sanctioned individuals or entities

## Independent Audit Mechanism for the Year

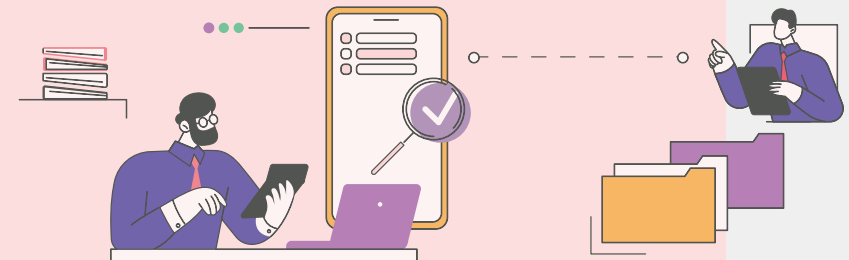
### Internal Audit

The Group's audit unit conducts periodically/irregular audits every year, and has included the implementation of anti-money laundering, counter terrorism financing, and counterproliferation into the annual audit plan to monitor the implementation of the management mechanisms for anti-money laundering and counter terrorism financing. No significant deficiencies were found in the audit in 2022.

1. Verify the effectiveness of the plan for implementing anti-money laundering and counter terrorism financing, as well as whether the relevant regulations comply with the laws and regulations.
2. The methods of the audit include tests for independence, high-risk products, customers, and territory evaluated by the auditee, screening for suspected money laundering/terrorism financing, and verifying regulations that have implemented anti-money laundering and counter terrorism financing effectively.
3. For deficiencies identified during regular financial audits or periodic project audits on anti-money laundering and counter terrorism financing by competent authorities or the audit unit of the Group. The dedicated AML unit supervises the auditees to make improvements, and the follow-up reviews are conducted by the audit unit.
4. If intentional concealment of significant violations is detected and not disclosed, the relevant responsible unit shall handle it appropriately.

### External Audit

In addition to regular financial audits or irregular project audits by competent authorities, TCB and TCBF commissioned accountants to conduct annual audits of anti-money laundering and counter terrorism financing mechanisms in compliance with the regulations. Other subsidiaries or those required by competent authorities also commissioned accountants to conduct project audits on anti-money laundering and counter terrorism financing.



## Strengthen AML/CFT Capabilities

In order to further increase awareness of regulatory framework on anti-money laundering and counter terrorism financing among employees, relevant educational trainings that TCFHC Group had organized in 2022, had received a total of 45,363 participants with a total training length of 106,495 hours. Additional education trainings on anti-money laundering and counter terrorism financing for directors, independent directors, senior management, and employees are also held every year with the expectation to raise awareness of legal compliance and professional capability. The Group also encourages employees to obtain the Certified Anti-Money Laundering Specialist (CAMS) and domestic certification for AML/CTF professionals. As of the end of 2022, 6,435 people, or 72.47%, in the Group had obtained such credentials.

### TCFHC 2022 AML/CFT Educational Training Statistics

	TCFHC		TCB		TCBF		TCS		TCSIT		BNP TCB Life		CAM		TCVC	
	Hours	Persons	Hours	Persons	Hours	Persons	Hours	Persons	Hours	Persons	Hours	Persons	Hours	Persons	Hours	Persons
Online training by case study	0	0	15,079	4,824	0	0	1,604	802	0	0	793	315	0	0	0	0
Online training by self assessment	0	0	2,618	7,863	0	0	572	381	0	0	717	239	0	0	0	0
Online group training provided by the compliance/legal departments	0	0	29,187	16,364	0	0	1,604	802	0	0	793	315	0	0	0	0
Offline training provided by the compliance/legal departments	154	77	9,199	1,248	207	193	0	0	155	93	0	0	88	88	12	12
Offline training provided by external experts	0	0	6,078	643	132	13	0	0	37	3	0	0	36	3	0	0
Mandatory annual training courses	0	0	34,405	9,650	132	13	2,176	1,183	0	0	717	239	0	0	0	0
<b>Total</b>	<b>154</b>	<b>77</b>	<b>96,566</b>	<b>40,592</b>	<b>471</b>	<b>219</b>	<b>5,956</b>	<b>3,168</b>	<b>192</b>	<b>96</b>	<b>3,020</b>	<b>1,108</b>	<b>124</b>	<b>91</b>	<b>12</b>	<b>12</b>

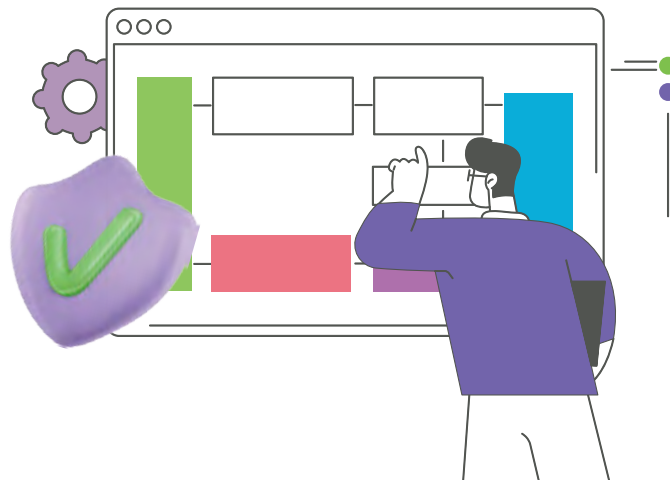
## 3.5 Information Security

In recent years, due to the impact of the pandemic, human lifestyles have changed significantly, and many things can be done online. Information security is a part of the everyday life, and ensuring information security has become an important issue to protect customers' rights and the stability of financial markets.

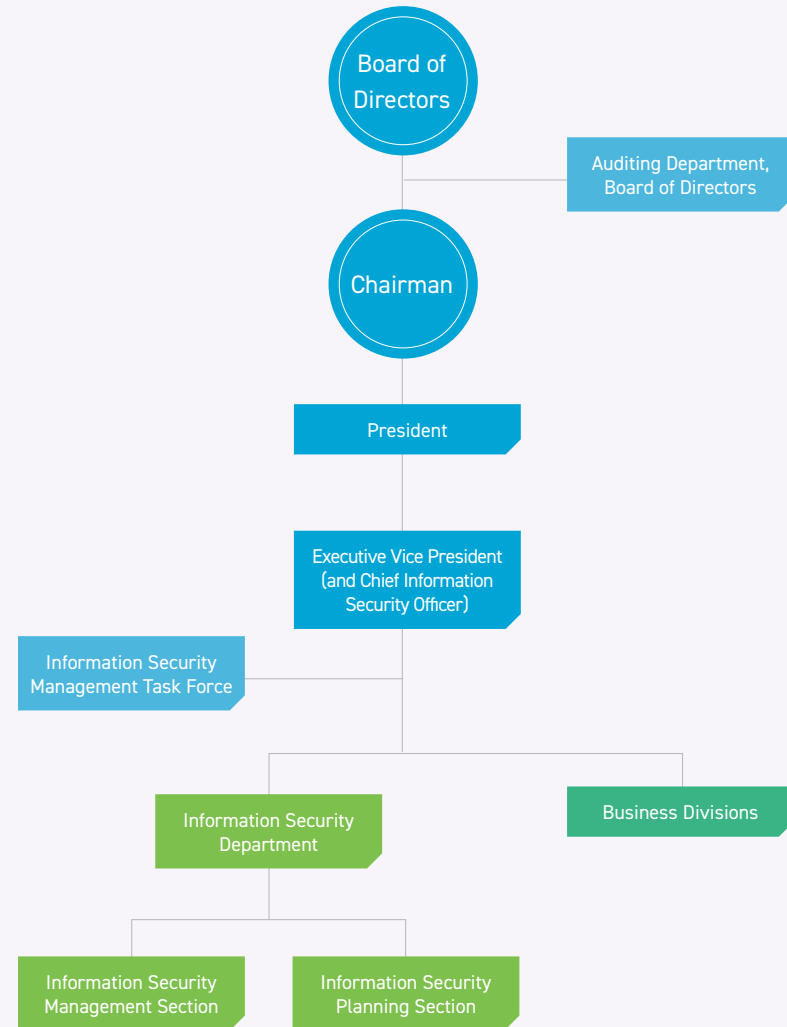
### Information Security Governance Strategy

TCFHC follows domestic and foreign regulations, guidelines and business requirements on information security, such as the "Financial Holding Company Act", the "Guidelines for Cross Marketing among Subsidiaries of Financial Holding Company", "Information Security Protection Criteria for Financial Institutions", and the "Personal Data Protection Act", to implement "Information Security Policies", install management systems and create task forces in order to enforce information security in the Group. Based on this, TCB established the "Information Security Management Taskforce" to build an information security risk management framework and established a Chief Information Security Officer position in accordance with the "Financial Cyber Security Action Plan" promoted by the Financial Supervisory Commission in 2021. TCFHC also established a Chief Information Security Officer position equivalent to the position of Executive Vice President in 2022, to oversee the implementation and coordination of information security policies and allocate resources and enhance the ability to implement and respond to information security issues. To increase the understanding of the Board members on information security and include information security risks in business decision-making substantially, TCB has held information security courses for its directors, supervisors, and senior management. In addition, TCB and BNP TCB Life have also commissioned external information security professionals to participate in information security management meetings, provide consultations and suggestions on information security issues, and report the overall implementation status of information security in the previous year to the Board of Directors annually.

In order to strengthen information security protection and improve information security governance, TCB continues to prepare budgets for various information security protection measures. The total information security budget for 2022 accounted for about 6.9% of the overall information budget to build new systems and optimize the current information security protection system.



### Information Security Risk Management Framework



**\*Independent Director with Information Technology Background**

The proposal of information security and information-related issues reviewed by the Audit Committee.

**\*Executive Vice President (and Chief Information Security Officer)**

Oversee implementation and coordination of information security policies and allocate resources.

**\*Information Security Management Taskforce**

- Review information security organizational structure, policies, and important regulations.
- Review information security risk assessments.
- Review design and implementation of information security plans and regular evaluation results.
- Perform reviews necessary for information security, and improve performance effectiveness of information security systems.
- Coordinate and supervise execution of interdepartmental information security related tasks.
- Supervise and manage information security management systems at overseas branches.

**\*Information Security Department**

- Information security risk assessments are performed for information operations according to relevant laws and regulations. The purpose is to ensure the fulfillment of information operation security requirements and take appropriate and sufficient information security measures to ensure the safety of information collection, processing, transmission, storage, and circulation.
- Discuss information security policies, plans, measures, and technical requirements, and study and evaluate security technologies.
- Devise and implement information security management plans, and regularly evaluate results.
- Establish official reporting procedures and channels for information security incidents, and implement actions and measures to be taken in response.
- Discuss security requirements, use management and protection of data and information systems.



**Policy**

- Information Security Management Guidelines for Subsidiaries
- Customer Information Confidentiality Measures for TCFHC and its subsidiaries
- Information Security Management Policy
- Guidelines for Responding to Computer Information Security Emergencies



**Management systems**

- Introduce firewalls, anti-virus, and intrusion detection systems
- Strengthen network vulnerability scans



**Task force**

Create a computer information security response team to stay constantly updated on and able to allocate support to and report information security incidents within any member of the Group

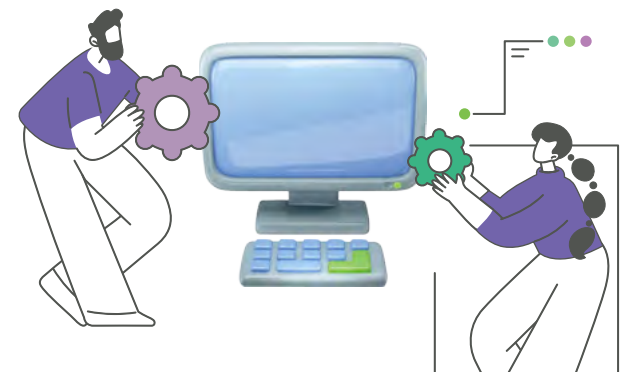
**Information Security Emergency System**

The Company has the "Guidelines for Responding to Computer Information Security Emergencies" and an interdepartmental "Information Security Response Team" in place as well as a reporting system. Regular drills are organized to ensure employees are able to respond and to effectively reduce the impacts of information security incidents. To mitigate financial losses and impacts caused by system intrusion and to quickly resume operations, TCB has purchased "Cyber Liability Insurance" in 2022, hoping to effectively reduce property losses through risk transfer.

**Information Security Joint Defense, Information Sharing and Collaboration**

The whole group currently has 60 information security personnel. The information security and protection measures and implementation status for each subsidiary are reviewed periodically every 6 months. The information security joint defense meeting of TCFHC Group is held to review the management and implementation of the information security joint defense. The information security classification and information security governance system of the Group is established to continue to strengthen overall information security and data protection.

To enhance information security intelligence sharing among financial institutions, the Company and subsidiaries (TCB, TCS, BNP TCB Life, TCSIT, and TCBF) have all joined the Financial Information Sharing and Analysis Center (F-ISAC). Through sharing information on information security among members, the Company can assist in evaluating and suggesting regulations on information security and continue to improve relevant protection measures.



## Obtain International Standard Certification

To manage the confidentiality, integrity, availability, and legality of information security and to prevent improper use, disclosure, alteration, damage, or loss of information and assets that may occur due to human neglect, intentional destruction, or natural disasters, impacting on business operations and harm the rights and interests of the Company and its customers, the relevant subsidiaries have introduced the "ISO 27001 Information Security Management System" and the "ISO 22301 Business Continuity Management System". It enhances the capabilities to respond to and manage information security incidents, protects the assets of the Company and its customers, and ensures the continuity of business operations without interruption in the event of any adverse incidents.

Company	International Standard Certification	Validity of Certification
TCB	ISO 27001 Information Security Management System	February 17, 2021 to February 16, 2024
	ISO 22301 Business Continuity Management System	December 19, 2022 to December 18, 2025
BNP TCB Life	ISO 27001 Information Security Management System	May 31, 2021 to May 21, 2023
TCS	ISO 27001 Information Security Management System	December 22, 2022 to October 31, 2025

## Information Security Risk Assessment and Management

Major information security incidents aimed to attack financial institutions around the world in 2022 can be divided into DDoS attacks, ATM hacks, ransomware attacks, online phishing, financial institution supply chain hacks, fake financial institution apps, social engineering attacks, malware attacks and other known or potential risks. The frequency of these attacks has been rising every year, and most of the sources are international hacker organizations. In 2022, the Group did not violate any information security or other internet security events, and there were no situations where revenue was reduced or fines were imposed due to abnormal IT equipment. However, on April 6, 2022, the Taiwan Stock Exchange imposed a fine on TCS for not adopting multi-factor authentication when logging in to place orders online and inadequate protection of verification methods for certificate application and renewal on the online ordering system. For details of the penalty reasons and subsequent improvement, please refer to [§3.4. Legal Compliance, Anti-Money Laundering and Counter Terrorism Financing.](#)

Regarding information security risks caused by emerging technologies, each subsidiary implements assessments and checks, perform information security system testing, and obtain information security certification as means to enforce information security management.



### Assessments and Checks

TCB amended the rules and established the "Information Security Compliance Assessment for New Products, Services, or Businesses" for the business units to implement or assess risks when using emerging technologies. The aim is to improve service quality and better protect customers' rights while complying with the regulators' requirements.



### Information Security System Testing and Monitoring

- Internet weakness scanning, source code weakness scanning, and website infiltration test are carried out, and risks are tracked by level so as to update or repair loopholes in the system.
- Intrusion detection and prevention systems to monitor irregularities.
- Email and network filtering and personal data protection systems to protect and monitor emails and network transmission of personal data.
- Regularly perform equipment enhancement checks.
- Malware and other information security checks.
- Install an information security log management system to perform associative analysis across different log events with different information security facilities to monitor any abnormal external connections.
- Outsource to external risk assessment service providers to carry out analysis on type, frequency, and source of potential attack trends, so as to understand vulnerabilities not under control or make improvement on unintentionally leaked information.



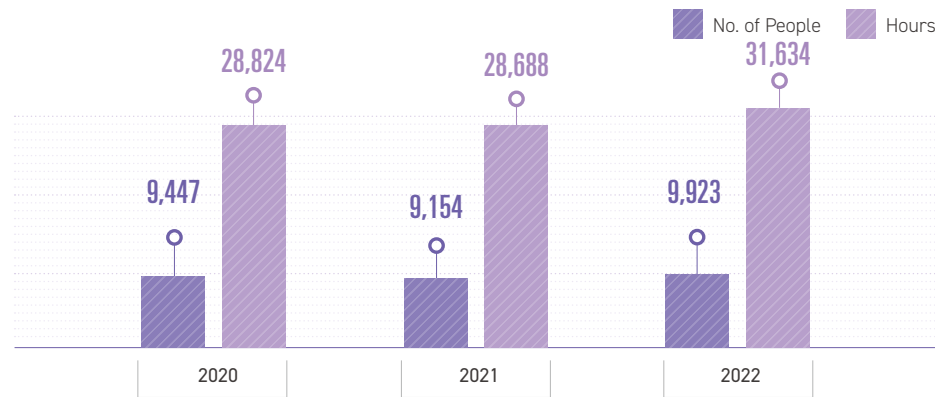
### Obtain Information Security Certification

In 2022, both TCB and BNP TCB Life have again passed certificate of "ISO 27001 Information Security Management System" issued by BSI whereas TCS passed for the first time. The companies have followed circular management spirit of Plan-Do-Check-Action as advocated by ISO 27001 to engage in information security risk assessment regularly by looking into both internal and external audit opinions and concerned issues, so as to be fully informed of threat to the overall information security and vulnerabilities. For high risk vulnerabilities, both have generated corresponding improvement plan and followed such plan to get improvement done.

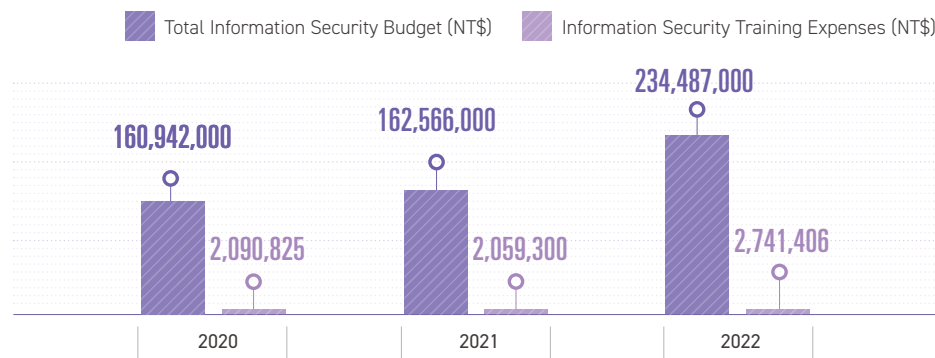
## Information Security Training and Social Engineering Exercises

In order to make employees more aware of information security and more able to safeguard information, TCFHC continues to organize group-wide information security trainings every year. The completion rate for employees is 100% in 2022. In addition, both "social engineering email attack drills" and "DDoS attack drills" were held to strengthen the ability to respond to email and network attacks. The open rate and the click-to-open rates for links and attachments in the "social engineering email attack drills" had to be under 3%. All the rates were under 3% for the Group in 2022.

Number of Participants and Hours of Information Security Training and Social Engineering Exercises



Total Budget for Information Security Training and Social Engineering Exercises and Expenses for Information Security Training



## 3.6 Privacy Protection

### Privacy Protection Policies and Management

As financial businesses operated by each subsidiary contain a large amount of personal information, the Group has improved the content of privacy protection through 3 aspects, which are [Customer Information Confidentiality Measures](#), [Customer Data Sharing Privacy Declaration](#), and "protection of personal information." It has incorporated related management measures in the dedicated unit's "Checklist of self-evaluation on Legal Compliance" conducted every 6 months to self-assess regularly and ensure compliance.

### Customer Information Confidentiality

The Company has formulated the "Customer Information Confidentiality Measures for TCFHC and its Subsidiaries" and has announced it on the official websites of each subsidiary. The content specifies the methods of collecting customer data, storage, and safekeeping methods, information security and protection methods, data classification, scope and items of use, purposes of using, disclosure parties, customer data modification methods, handling of customer's refusal to receive messages of cross-marketing or to allow the Group cross utilize customers' information, and disclosure of subsidiaries that crossly utilize customer data.

### Customer Data Sharing Privacy Declaration

To improve the convenience of customers, strengthen the Company's risk management, and promote cooperation among financial institutions to ensure consumer rights, the Company has formulated the "Regulations for TCFHC Sharing Data between Financial Institutions" under the principle of information security, allowing appropriate use of customer data. The Company has established a control mechanism for sharing data among financial institutions for the Group. It also disclosed the [Customer Data Sharing Privacy Declaration](#) on the Company's website, which includes customer protection measures when sharing data and methods for protecting customer rights and interests to improve the Group's transparency in sharing data and customer trust.





## Protection of Personal Information

The Company has formulated the "Personal Data Protection Management Policy", which is applicable to the Company, its subsidiaries, and suppliers entrusted by the Company and its subsidiaries to collect, process or use personal data, so as to implement the Group's protection of personal data and privacy rights. Meanwhile, there are "Personal Data File Security Maintenance Measures" and "Personal Data File Security Audit Mechanism". In addition, all subsidiaries are equipped with personal data protection management policies or utilization guidelines. TCB governs the nature of customer data, method of use, retention period, access, transfer, amendment, deletion, disclosure to third parties, and freedom of choice whether to provide relevant personal data and types of data and other customer rights and interests and fully disclose them on the official website to inform customers. Full disclosures or notifications are provided in the products or services. In addition, guidelines are put in place for changing related information, cancelling utilization, and filing grievances.

The Company and its subsidiaries also set up an operational organization for personal data protection management to promote and handle the security audit of personal data files, develop acceptable risk values for personal data files, and conduct risk assessment operations and self-assessment operations for personal data files. In addition, according to the "Personal Data Protection Management Policy", the Company should conduct internal audits on a regular basis to check the effectiveness of the personal data protection management system and implementation. If required by competent authorities, an external organization should be entrusted by subsidiaries to conduct the audit. For example, TCB entrusts an accountant to conduct a special audit of personal data protection every year, BNP TCB Life entrusts an accountant to handle the implementation degree inspection every year, and TCBF entrusts an accountant to handle the internal control system with the content of personal data protection is also included in the review, so as to grasp the situation of personal data protection management and to

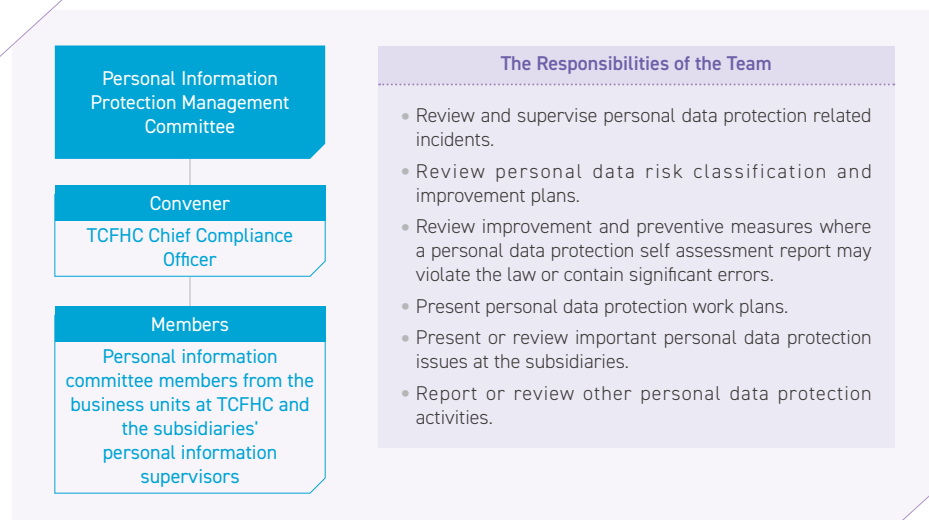
improve. In 2022, TCB and BNP TCB Life obtained the "BS 10012: 2017 Personal Information Management System" certification, passed regular reviews, and maintained the validity of the certificate. TCS also completed the external verification by Taiwan Personal Information Protection & Administration System (TPIPAS), passed the updated verification successfully, and continued to maintain the validity of TPIPAS verification.

## Procedures for Handling Privacy Protection

In response to security breaches, including personal data being stolen, altered, damaged, destroyed, or disclosed, the Company has established the "Response Notifications and Preventions of Personal Information Breach" for responding timely, reporting, and preventing security breaches. Each subsidiaries has also implemented personal data incident response and reporting procedures. For example, TCB follows the "Guidelines for Handling and Reporting Personal Information Security Incidents" in handling personal information incidents involving information leaks. For general personal information incidents, the units in charge should be notified first, and the response procedure will include investigating the cause, notifying the parties involved, and discussing corrective and preventive measures. Where it involves customer information and is classified as material event, the Crisis Management Taskforce will be assembled to perform post-incident response measures while staying in close communication with the customer, and issue a standard news release if necessary. In addition, the Group also has regulations such as "Personal Data Protection Management Policy" and "Employee Reward and Punishment Points". Any employee found leaking business secrets or violating internal regulations will receive reprimands, demerits, or even termination of labor contracts as punishment. In 2022, TCFHC Group encountered no personal data leakages, no percentage of information breaches related to personal data, no number of customers affected, and no violation of personal information protection. In addition to no personal data leakage and legal proceedings related to customer privacy, TCB fully monitors the use of customers' personal data and about 21.53% of customer data is used for the second time without violating relevant laws and agreements with customers.

## Training and Education on Privacy Protection

The Group regularly organizes personal information protection training. For instance, TCB provided the "Personal Information Incident Prevention and Emergency Response Courses", and BNP TCB Life rolled out "Personal Information Protection Courses" on its digital learning platform for raising security and legal awareness on the use of personal information in daily operations.



# CH4 Sustainable Finance

## Stakeholders of Concern



### Corresponding Material Topics:

- ✦ Sustainable Finance
- ✦ Management of Climate Change



## 4.1 Management of Climate Change Risk

Climate change has become a global issues that cannot be ignored. As an important player in the capital market, the financial industry should become a leader in climate change management. The Company became a TCFD Supporter in December 2020 and established a cross-subsidiary TCFD Taskforce within the Group. The Company has gradually established the Group's risks and opportunities identification, measurement, monitoring, reporting and other management procedures through education and training and taskforce meetings according to TCFD's "Governance," "Strategy," "Risk Management," and "Metrics and Targets."

Following the "Task Force on Climate-Related Financial Disclosures (TCFD)" launched by the Financial Stability Board (FSB) in 2017, financial supervisory agencies around the world have gradually formulated climate risk management-related disclosure norms, including the "Climate Risk Financial Disclosure Guidelines for Domestic Banks" and "Climate Risk Financial Disclosure Guidelines for the Insurance Industry" issued by Taiwan's Financial Supervisory Commission (FSC) in 2021. The Company also follows the "comply or explain" principle when making financial disclosures. The summary of implementation results are as described in this chapter. For the full disclosure, see [2022 TCFHC Task Force on Climate-Related Financial Disclosure Report](#).

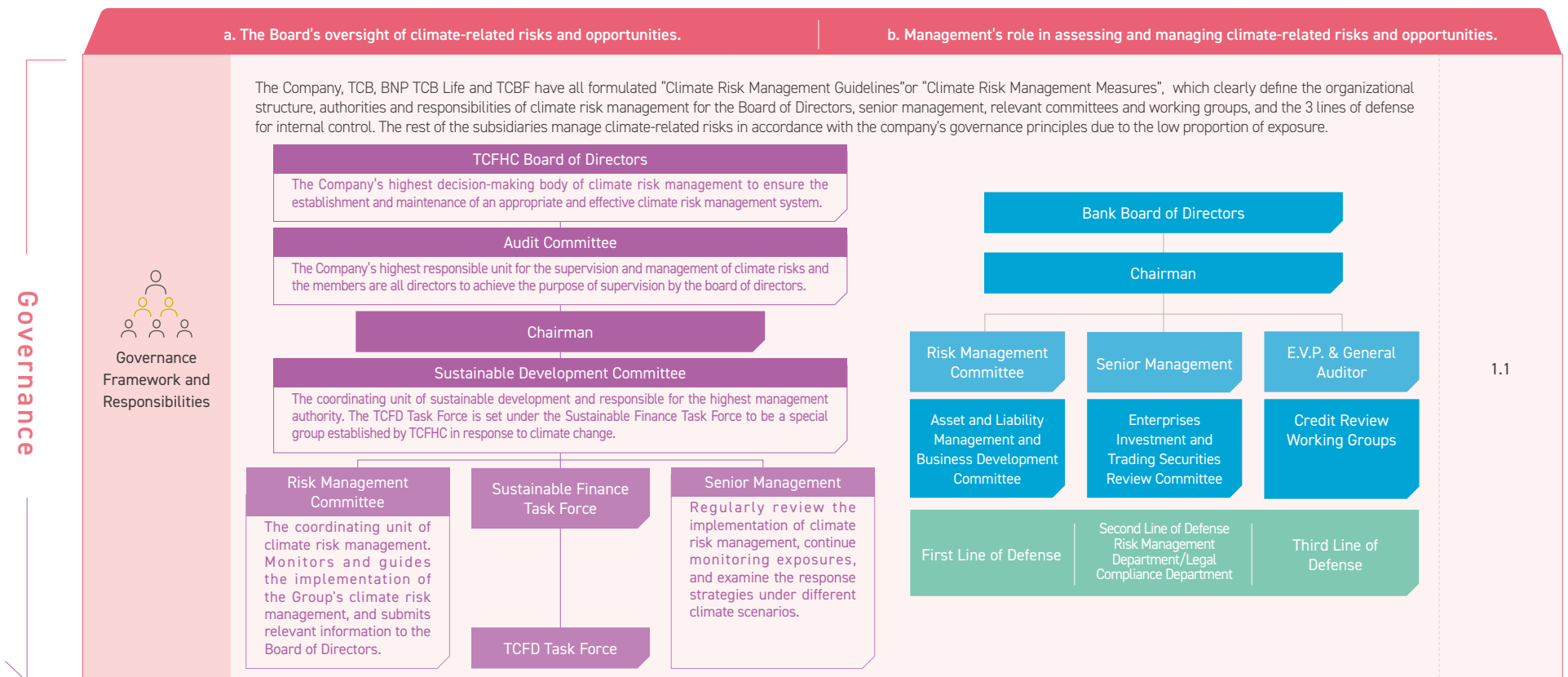


2022 TCFHC TCFD Report

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Execution Results




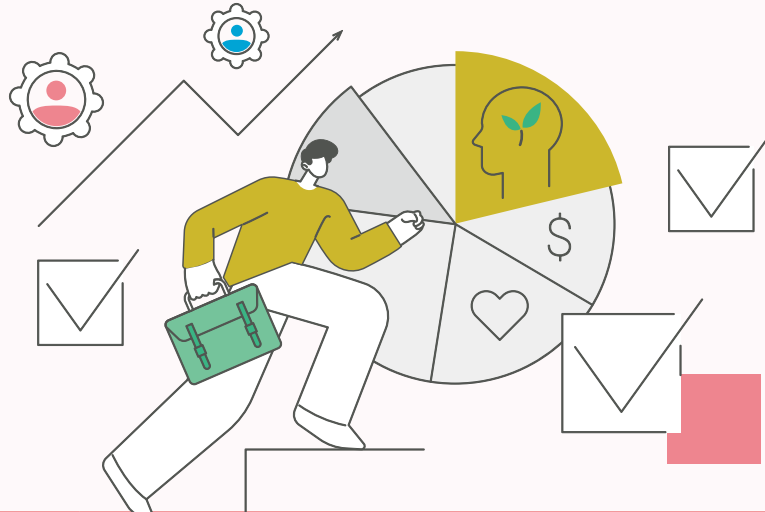
Corresponding  
TCFD Chapter



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		a. The Board's oversight of climate-related risks and opportunities.	b. Management's role in assessing and managing climate-related risks and opportunities.
Governance	 <b>Reporting Mechanism</b>	<ul style="list-style-type: none"> <li>Each business unit regularly reports the implementation status of climate-related issues to the risk management unit according to its business activities.</li> <li>Risk management units reports important climate risk management issues to the Risk Management Committee on a quarterly basis.</li> <li>The Risk Management Committee regularly reports climate risk identification results and management processes to the Board of Directors.</li> </ul>	1.2
	 <b>Cultivating Knowledge and Skills</b>	<ul style="list-style-type: none"> <li>In 2022, 100% of risk management personnel across the Company's various units and subsidiaries attended climate-related training.</li> <li>In 2023, the Company will further develop more comprehensive differentiated training structures based on the business activities of each unit to ensure the training content meets each unit's needs.</li> </ul>	1.3
	 <b>Climate-Related Management Incentives</b>	<p>To provide incentives for the management of climate change issues, the Company has linked the annual bonuses, raises, and job reassignments of the chairman and general manager of subsidiaries with climate risk management in the "Subsidiary Operation Management Evaluation Measures", establishing climate-related performance indicators to strengthen the Group's management of climate change related issues.</p>	

TCFD Aspects/  
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Execution Results

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TCFD Chapter

a. The climate-related risks and opportunities the organization has identified over the short, medium, and long term.

Gather and study domestic and foreign climate-related research literatures and consider the climate risk and opportunity management issues of peers in the financial industry to establish an identification survey on 6 climate-related risks and 10 climate related opportunities. The survey allows TCFHC to better understand how each unit and subsidiary views climate risks and opportunities.

**Materiality Assessment Threshold Setting**

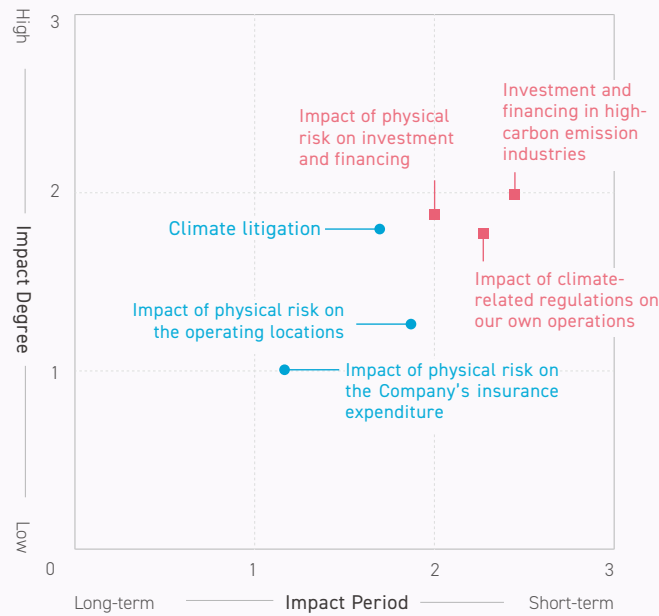
Based on domestic and foreign literatures and financial peer review results, we follow the steps below to determine major climate risks and opportunities:

- Analyze results of the questionnaire, and sort by multiplying the "impact degree" and "impact period".
- Refer to the average ratio of major risks and opportunities in the financial industry to select the top 40% of risks and opportunities.

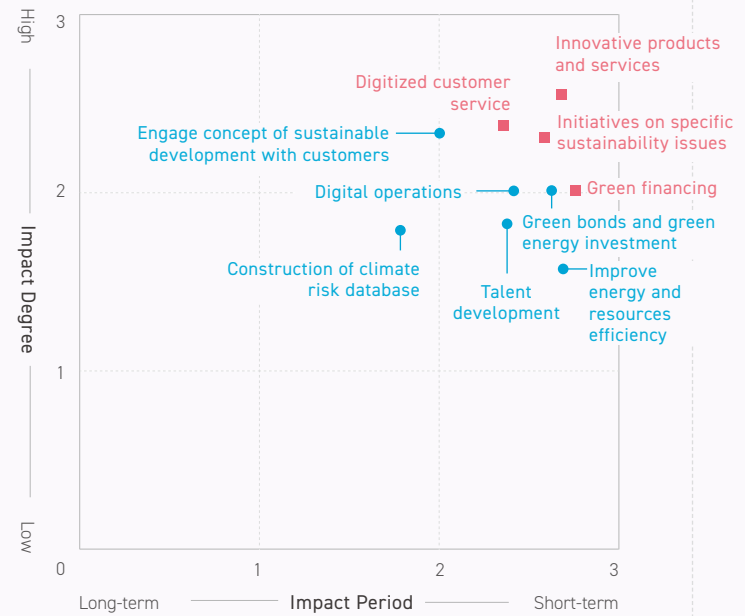
Strategies

Identification and Results of Climate Risks and Opportunities

Climate Related Risk Matrix



Climate Related Opportunity Matrix



2.1

TCFD Aspects/  
Disclosure Indicator

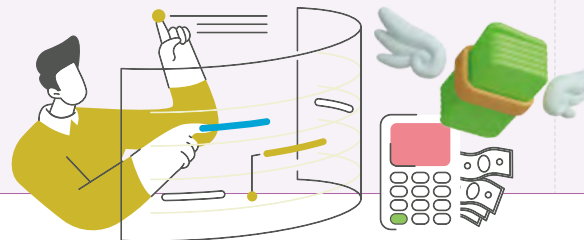
Execution Results

Corresponding  
TCFD Chapter

b. The impact of climate-related risks and opportunities on the organization's business, strategies, and financial planning

Risk Items	Description	Impact Value Chain	Financial Impact	Links to Existing Risks
Investment and financing in high-carbon emission industries	Investing and financing in high carbon emission industries will increase the Company's operating risks and may also affect the Company's public image.	<ul style="list-style-type: none"> <li>Financing</li> <li>Investment</li> </ul>	<ul style="list-style-type: none"> <li>Asset value loss</li> </ul>	<ul style="list-style-type: none"> <li>Credit risks</li> <li>Market risks</li> <li>Reputational risks</li> </ul>
Impact of climate related regulations on our own operations	The "Climate Change Response Act" was officially issued. Failure to respond properly and plan may cause penalty.	<ul style="list-style-type: none"> <li>Own operations</li> </ul>	<ul style="list-style-type: none"> <li>Asset value loss</li> <li>Compliance costs increase</li> <li>Indirect costs increase</li> </ul>	<ul style="list-style-type: none"> <li>Operating risks</li> <li>Compliance risks</li> </ul>
Impact of physical risk on investment and financing	Extreme climate events may cause negative impacts on the operations and finances of investment and financing objects, or cause a decrease in the value of real estate collateral located in high climate risk areas.	<ul style="list-style-type: none"> <li>Financing</li> <li>Investment</li> </ul>	<ul style="list-style-type: none"> <li>Asset value loss</li> </ul>	<ul style="list-style-type: none"> <li>Credit risks</li> <li>Market risks</li> </ul>
Climate litigation	As regulations become stricter and investor expectations increase, the Company faces climate-related litigation risks because fail to comply with international sustainability standards or initiatives as promised, or financial products and services fail to meet the disclosure requirements of climate-related laws and regulations.	<ul style="list-style-type: none"> <li>Own operations</li> </ul>	<ul style="list-style-type: none"> <li>Litigation fees or fines increase</li> <li>Compliance costs increase</li> <li>Indirect costs increase</li> </ul>	<ul style="list-style-type: none"> <li>Operating risks</li> <li>Reputational risks</li> </ul>
Impact of physical risk on operating locations	Climate events can expose the Company to the risk of operational disruption or equipment damage.	<ul style="list-style-type: none"> <li>Own operations</li> </ul>	<ul style="list-style-type: none"> <li>Direct cost increase</li> <li>Indirect costs increase</li> <li>Asset value loss</li> </ul>	<ul style="list-style-type: none"> <li>Operating risks</li> </ul>
Impact of physical risk on the Company's insurance expenditure	As the frequency of extreme climate events increase, insurance costs have also increased, which may increase the Company's operating costs.	<ul style="list-style-type: none"> <li>Own operations</li> </ul>	<ul style="list-style-type: none"> <li>Direct cost increase</li> <li>Indirect costs increase</li> <li>Asset value loss</li> </ul>	<ul style="list-style-type: none"> <li>Insurance risks</li> </ul>

Strategies



2.1

TCFD Aspects/  
Disclosure Indicator

Execution Results

Corresponding  
TCFD Chapter

b. The impact of climate-related risks and opportunities on the organization's business, strategies, and financial planning

Strategies

Opportunities	Description	Impact value chain	Financial impact
Innovative products and services	Sustainability has become a key issue for consumers in recent years. In response, financial peers successively launch green products or low carbon economic value-added services, not only improving customer's impression of the Company but also indirectly increasing overall revenue.	<ul style="list-style-type: none"> <li>Financing</li> <li>Own operations</li> <li>Customers</li> </ul>	<ul style="list-style-type: none"> <li>Revenue increase</li> <li>Goodwill increase</li> </ul>
Initiatives on specific sustainability issues	Abiding by international initiatives regarding sustainability can accelerate the Company's efforts to carry out more diverse sustainable actions on climate issues, thereby grasping climate-derived business opportunities and enhancing corporate image.	<ul style="list-style-type: none"> <li>Financing</li> <li>Investment</li> <li>Customers</li> <li>Own operations</li> </ul>	<ul style="list-style-type: none"> <li>Revenue increase</li> <li>Goodwill increase</li> </ul>
Green financing	To encourage industries to move towards a low-carbon economy, the government has introduced many low-carbon transformation policies, which in turn have led to a lot of capital needs. Investing in green financing will not only help with this industrial transformation, but also increase the Company's future earnings.	<ul style="list-style-type: none"> <li>Financing</li> </ul>	<ul style="list-style-type: none"> <li>Revenue increase</li> <li>Goodwill increase</li> </ul>
Digitized customer service	Digital finance has become the mainstream. By moving toward paperless services and optimizing contactless customer experience, the Company creates low-carbon value and meets market expectations.	<ul style="list-style-type: none"> <li>Customers</li> </ul>	<ul style="list-style-type: none"> <li>Revenue increase</li> <li>Indirect costs decrease</li> <li>Goodwill increase</li> </ul>
Green bonds and green energy investment	As net-zero emissions becomes the global consensus and trend, the capital market is gradually investing funds in the green bond and green energy markets to practice a more sustainable economic model and increase asset diversification.	<ul style="list-style-type: none"> <li>Investment</li> </ul>	<ul style="list-style-type: none"> <li>Revenue increase</li> <li>Investment opportunities increase</li> <li>Goodwill increase</li> </ul>
Digital operations	Transferring physical operations online not only reduces waste and greenhouse gas emissions but also allows employees to reduce the repetitive everyday operations, thereby improving the Company's operational efficiency.	<ul style="list-style-type: none"> <li>Own operations</li> </ul>	<ul style="list-style-type: none"> <li>Revenue increase</li> <li>Indirect costs decrease</li> </ul>
Improve energy and resources efficiency	Improving existing buildings will allow more efficient use of energy resources and provide employees with a better working environment.	<ul style="list-style-type: none"> <li>Own operations</li> </ul>	<ul style="list-style-type: none"> <li>Indirect costs decrease</li> <li>Goodwill increase</li> </ul>
Engage concept of sustainable development with customers	By negotiating and communicating with customers through diverse channels, the Company can give customers a better understanding of its low carbon products, thereby increasing operating revenue. At the same time, this might encourage high climate risk customers to adopt response measures to improve financial resilience.	<ul style="list-style-type: none"> <li>Customers</li> </ul>	<ul style="list-style-type: none"> <li>Revenue increase</li> <li>Goodwill increase</li> </ul>



Impact of  
Climate Related  
Opportunities

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
TCFD Aspects/  
Disclosure Indicator

Execution Results

Corresponding  
TCFD Chapter

b. The impact of climate-related risks and opportunities on the organization's business, strategies, and financial planning

Strategies

Opportunities	Description	Impact value chain	Financial impact
 Impact of Climate Related Opportunities	<b>Talent development</b> Strengthen the training to cultivate sustainable talents in response to the trend of low-carbon transition and enhanced climate resilience.	<ul style="list-style-type: none"> <li>Own operations</li> </ul>	<ul style="list-style-type: none"> <li>Business development costs decrease</li> <li>Goodwill increase</li> </ul>
	<b>Construction of climate risk database</b> Strengthen the Company's control of climate risks and the grasp and management of climate-related opportunities, so as to enhance competitiveness and profitability.	<ul style="list-style-type: none"> <li>Own operations</li> </ul>	<ul style="list-style-type: none"> <li>Business development costs decrease</li> </ul>
 Climate Response Strategies and Actions	<b>Low carbon transformation of investment and financing</b> <ul style="list-style-type: none"> <li>Set financing thresholds and the deadline for withdrawing financing for related industries such as coal-fired power generation, coal mining, purchase and sale of coal, and nonconventional oil industries. Meanwhile, engage customers on low-carbon transitions.</li> <li>Set a financing and investment cap on "high pollution and high carbon emissions industries" and include it in the investment and financing decision-making management and risk assessment process.</li> <li>Establish "Guidelines for Processing the Loans to Renewable Energy Generator Facility", "Guidelines for Processing Loans on Solar Photovoltaic Power Generators Facility" and "Guidelines for Processing Loans on Biomass Energy Generator Facility", and list "Six Core Strategic Industries Loan Project" as key promotion businesses. In order to support the transformation of the green energy industry, provide financing services such as construction, purchase of machinery and equipment, capital expenditures, and operating working capital.</li> <li>Establish the "Sustainable Linked Loan Project" to link credit conditions with sustainable development indicators, and encourage enterprises to value sustainable development through the active profit-sharing model of reducing the original approved interest rate.</li> </ul>		2.1
	<b>Incorporate climate factors in financial products and services</b> <ul style="list-style-type: none"> <li>Launch an eco-friendly credit card and collaborate with Mastercard on the Priceless Planet Coalition crossover tree planting program.</li> <li>Issue green bonds, sell green bonds and ESG related bonds.</li> <li>Provide ESG related investment targets in investment products for customers to choose from.</li> <li>Establish a ESG fund disclosure section on the official website for investors to reference.</li> </ul>		2.3
	<b>Carbon reduction and improved resilience in own operations</b> <ul style="list-style-type: none"> <li>Introduce SBTi, and set short-, medium-, and long-term goals. In addition to tracking the implementation situation every quarter, the Company also conducts rolling reviews and refines energy-saving and carbon-reduction measures through semi-annual phased goal review meetings.</li> <li>In addition to implementing the "ISO 14064-1 Greenhouse gas (GHG) Inventory" at all domestic and foreign offices, also adopted corresponding reduction strategies based on its carbon reduction goals. This includes increasing the proportion of renewable energy, promoting the "ISO 50001 Energy Management Systems" and "ISO 14001 Environmental Management Systems" continuously, and implementing energy-saving and carbon reduction measures to implement green operations.</li> <li>Regularly track climate drills, grasp the possibility of climate disasters in real time, and formulate policies to continue operations and respond quickly in the event of an emergency.</li> </ul>		



TCFD Aspects/  
Disclosure Indicator

Execution Results

Corresponding  
TCFD Chapter

c. The resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

In order to measure the impact of the risks and opportunities identification results previously disclosed on the Group, scenario analysis is conducted on 12 targets in 4 major business aspects, assessing climate-related financial impacts through quantitative impact analysis. The results of the quantitative impact analysis is used to develop response strategies and measures, strengthening the Group's ability to manage risks and seize opportunities created by specific climate risks.



Strategies



Climate Scenario Analysis

Aspect	Target	Climate Related Risks	Risk Description	Region	Climate Scenarios
Financing	Credit in high carbon emission industries	Transition risk - policy and regulations, market.	Transition risks for credit in high carbon emission industries	Taiwan	<ul style="list-style-type: none"> <li>• SBT 1.5</li> <li>• NGFS Net Zero 2050</li> </ul>
	Real estate collateral for individuals	Physical risk - floods	Impact of heavy rainfall and potential flooding on real estate collateral for individuals	Taiwan	<ul style="list-style-type: none"> <li>• RCP 2.6</li> <li>• RCP 8.5</li> </ul>
	Real estate collateral for corporates	Physical risk - floods	Impact of heavy rainfall and potential flooding on real estate collateral for corporates	Taiwan	<ul style="list-style-type: none"> <li>• RCP 2.6</li> <li>• RCP 8.5</li> </ul>
	Large energy consumers	Opportunity - market	Opportunities for green loans	Taiwan	Intended Nationally Determined Contribution (INDC)
Investment	Equity position of listed companies	Transition risk - policy and regulations, market.	Impact of carbon fee collection on high-carbon emission industries indirectly affects the equity position of listed companies	Global	<ul style="list-style-type: none"> <li>• NGFS Delayed Transition</li> <li>• NGFS Net Zero 2050</li> </ul>

2.2

TCFD Aspects/  
Disclosure Indicator

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TCFD Chapter

c. The resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Strategies	 Climate Scenario Analysis	Insurance products	Personal insurance death claim	Physical risk - long-term	Impact of global warming on personal insurance death claim amounts	Taiwan	<ul style="list-style-type: none"> <li>RCP 2.6</li> <li>RCP 8.5</li> </ul>	2.2
			TCB bank locations	Physical risk - floods	Impact of heavy rainfall and flooding on locations of operation	Taiwan	<ul style="list-style-type: none"> <li>RCP 2.6</li> <li>RCP 8.5</li> </ul>	
		Own operations	The Group's investment property	Physical risk - floods	Impact of heavy rainfall and flooding on investment properties	Taiwan	<ul style="list-style-type: none"> <li>RCP 2.6</li> <li>RCP 8.5</li> </ul>	
			Group locations of operations	Transition risk - own operations	Impact of low-carbon transition compliance costs on own operations	Taiwan	<ul style="list-style-type: none"> <li>SBT 1.5</li> <li>Intended Nationally Determined Contribution (INDC)</li> </ul>	
	Domestic bank climate change scenario analysis planning	<ul style="list-style-type: none"> <li>Enterprise credit</li> <li>Personal credit</li> <li>Passbook investment position</li> </ul>	<ul style="list-style-type: none"> <li>Physical risk - immediate</li> <li>Transition risk - policy and regulations</li> </ul>	Impact of physical and transition risk on various asset categories	Global	<ul style="list-style-type: none"> <li>Orderly Transition Scenario</li> <li>Disorderly Transition Scenario</li> <li>No Policy Scenario</li> </ul>		
	 Climate Strategy Resilience	Further consider the impact of relevant financial implications on capital adequacy based on scenario analysis results. The assessment shows a slight decrease in capital adequacy, but still within the acceptable range of internal control. Therefore, the current climate strategy is considered resilient. The Group will continue to develop climate response strategies and actions to increase operational resilience and progress towards climate sustainability.						

TCFD Aspects/  
Disclosure Indicator

Execution Results

Corresponding  
TCFD Chapter

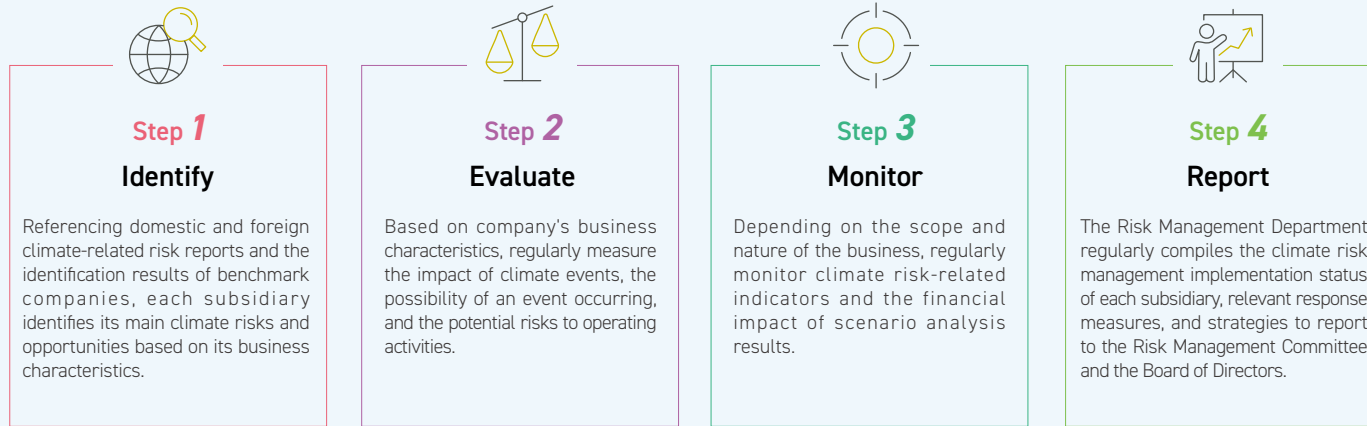
a. The organization's processes for identifying and assessing climate-related risks

b. The organization's processes for managing climate-related risks

Comprehensively check the climate-related physical and transition risks on own operations, investment and financing and other business activities, which may cause existing risks (such as credit, market, liquidity, operation and reputation risks) in the short-, medium- and long-term impacts. The risk level is determined according to the geographic location of the asset or the risk exposure of carbon-related (high pollution or carbon emission) assets to identify risks and conduct materiality assessment. The climate risk identification and assessment process is mainly divided in to 4 major steps: identify, evaluate, monitor, and report.

Risk Management

Risk Identification, Assessment, and Management Procedures



3.3

TCFD Aspects/  
Disclosure Indicator

Execution Results

Corresponding  
TCFD Chapter

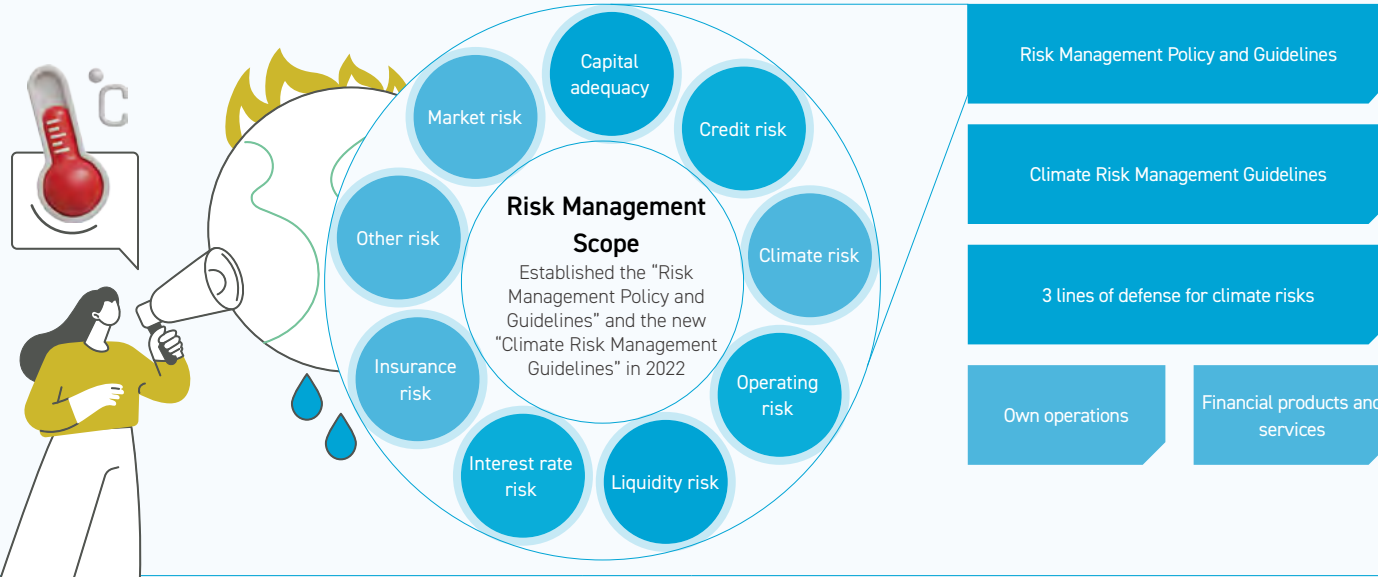
c. How processes for identifying, assessing, and managing climate-related risks are integrated into its overall risk management

- In 2022, the "Climate Risk Management Guidelines" was established based on the "Risk Management Policy and Guidelines", incorporating climate risks into the existing risk management structure and integrate issues related to climate risks and opportunities into business, strategy and financial planning. The Guidelines apply to the Group and all its subsidiaries.
- According to the Company's "Risk Management Policy and Guidelines", the Board of Directors is the ultimate undertaker of overall risk management. It is clearly stipulated that the Company and its subsidiaries should establish risk identification, measurement, supervision and control procedures. Senior managers and risk management units are respectively responsible for supervising and implementing risk management policies, and reporting the implementation status in accordance with regulations.
- Clearly divide climate management responsibilities based on the 3 lines of defense of internal control in order to achieve effective governance.

Risk Management



Risk Management Framework and Policies



3.1



Risk Appetite and Limit

- Climate risk appetite declaration: The Company and its subsidiaries support transformation goals consistent with the "Paris Agreement" and "Taiwan's Pathway to Net-Zero Emissions in 2050", assessing the impact of physical risks and transformation risks to formulate corresponding climate risk mitigation and adaptation measures.
- Climate risk limit/indicator: In line with its climate risk appetite declaration, TCFHC established the Group's risk exposure limit for "high pollution and high carbon emissions industries" to monitor the risk exposure of highly climate sensitive industries.

3.2

TCFD Aspects/  
Disclosure Indicator

Execution Results

Corresponding  
TCFD Chapter

b. Disclose Scope 1, Scope 2 and, Scope 3 GHG emissions and the related risks.



Own Operations  
GHG emissions

- In 2022, for the first time, all locations in Taiwan and overseas passed "ISO 14064-1 Greenhouse Gas Inventory" certification. Detailed verification data of each category refers to [ee 7.1 Green Operation.](#)
- In 2022, the carbon emissions of category 1 and 2 of the Company's own operations will be reduced by 6.04% compared with the previous year. Carbon emissions is expected to reduce 50.4% by 2032, with an average annual reduction of 4.6%.
- Participate in the Carbon Disclosure Project (CDP) and introduce "ISO 50001 Energy Management Systems" and "ISO 14001 Environmental Management Systems", continuously reducing GHG emissions.



Investment and  
Financing  
GHG Emissions

- Since 2021, the Company has complied with the directions of the Partnership for Carbon Accounting Financials (PCAF) to conduct carbon accounting on financial assets, covering the carbon emission of long-term loans, the financing of power generation projects, commercial mortgage backed loans, and stock and bond investment portfolios to assess the carbon emission distribution of the Company's overall financial assets.
- The Company is actively planning and formulating relevant mid-term emission reduction targets based on the investment and financing target requirements of SBTi (Science-Based Carbon Reduction Target Initiative), and has already submitted targets in line with SBTi for review in 2022.
- In 2022, investment and financing emissions are 6,445,412 metric tons of CO<sub>2</sub>e in total. Detailed inventory data of each category refers to [Appendix 7 Analysis of Carbon Emissions of Financial Assets](#)

4.1

a. The metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

c. The targets used by the organization to manage climate-related risks and opportunities and performance against targets.



Other Climate  
Metrics and  
Targets

In addition to greenhouse gas emission indicators and targets, the Company also established key climate indicators and targets for energy use, transition risks, climate-related opportunities, internal carbon pricing, climate governance, engagement and communication.

4.2



Climate  
Indicators and  
Target Monitoring  
Mechanisms

In order to reduce the impact of climate-related risks and opportunities on the business, the Company's TCFD taskforce meets regularly to communicate and understand the management needs of each subsidiary. The taskforce also compiles annual key climate indicators developed by subsidiaries and the targets they have met, submitting them according to stipulated procedures.

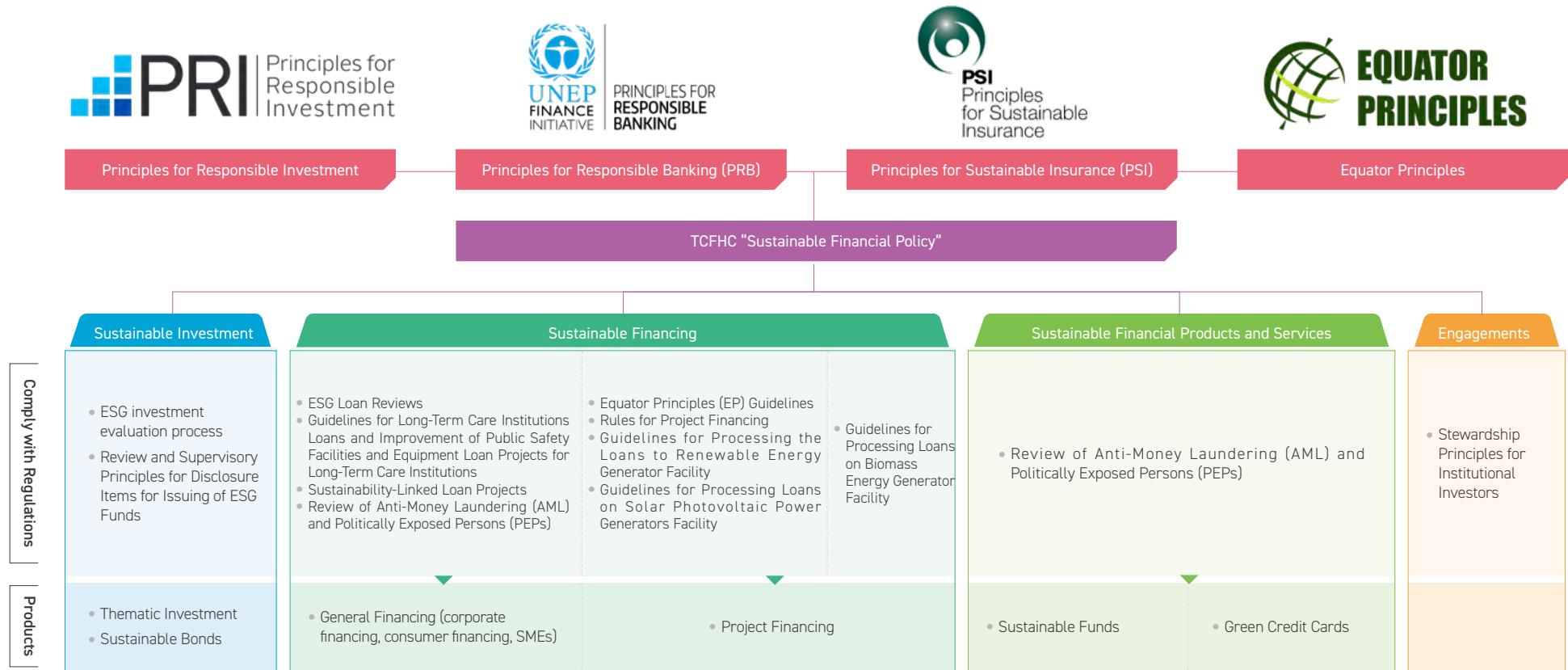
4.1-4.2

Metrics and Targets

## 4.2 Sustainable Finance

Facing the risk of global climate change, financial institutions can play a decisive role in guiding the transformation of enterprises on the net-zero path through the power of investment and financing. In order to make full use of the financial industry in combination with its core business to enhance sustainable development, the Group actively in line with international norms to promote sustainable finance, following the Principles for Responsible Investment (PRI), Principles for Responsible Banking (PRB), and Principles for Sustainable Insurance (PSI) and other standards or guidelines. It signed the Equator Principles (EPs) by the end of March 2022 and also signed to join the Science Based Targets initiative (SBTi) in July of the same year. Following the mentioned international standards or initiative, the Company has formulated the "Sustainable Financial Policy". The Company incorporated ESG factors into the development strategies and operating procedures of core businesses such as investment, financing, underwriting, and insurance to implement and promote sustainable finance and achieve the Group's long-term goals of low-carbon transitions for investments and finance.

### TCFHC "Sustainable Financial Policy"



## TCFHC "Sustainable Financial Policy"

"Sustainable Development Committee" is the highest guiding body.

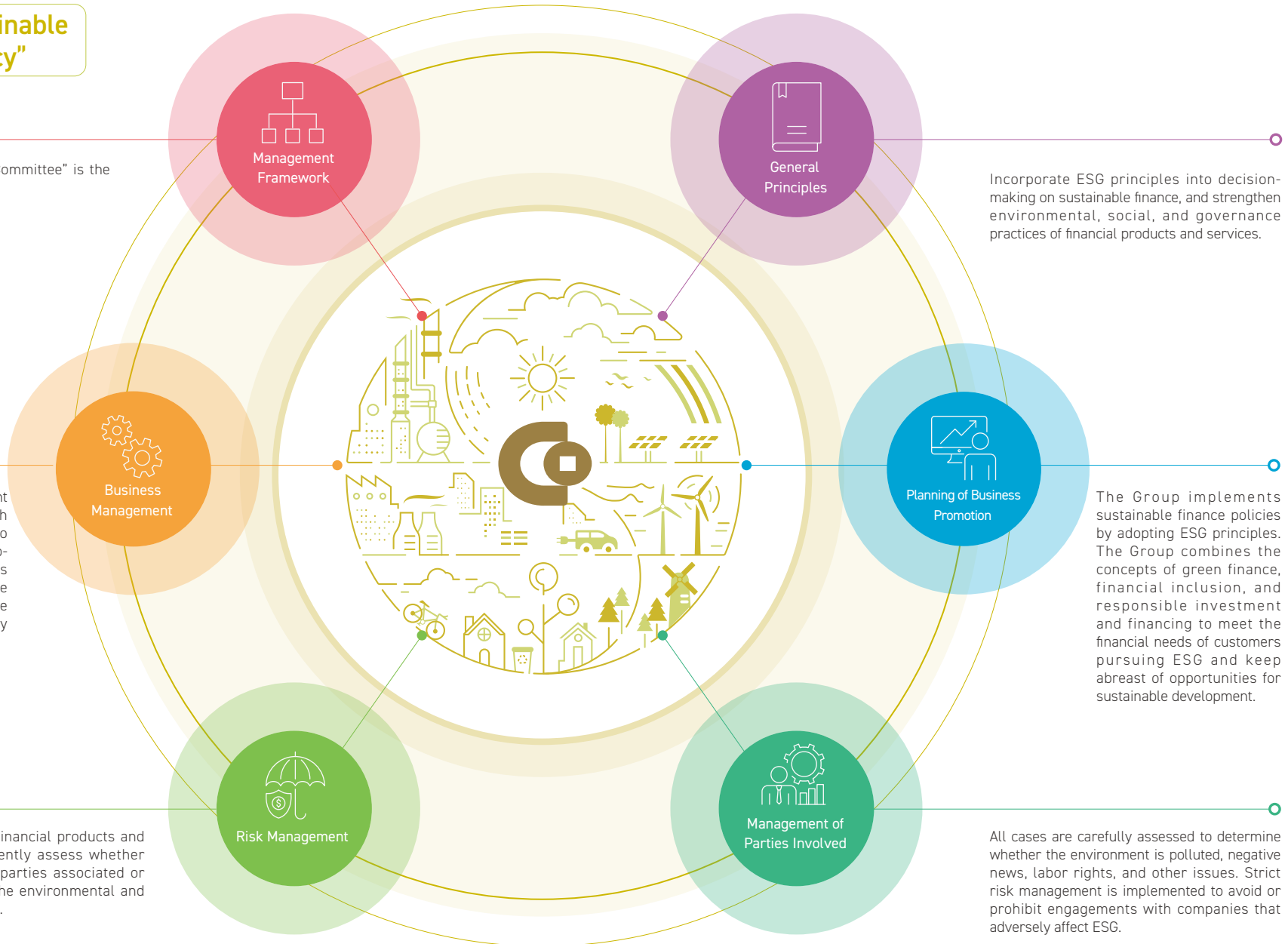
Establish open and transparent communication channels with all stakeholders. Continue to pay attention to and stay up-to-date on issues and trends related to sustainable finance at home and abroad to improve corporate sustainability performance.

Before the Group provides financial products and services, they should prudently assess whether there are ESG risks in the parties associated or transactions, and improve the environmental and social risk control mechanism.

Incorporate ESG principles into decision-making on sustainable finance, and strengthen environmental, social, and governance practices of financial products and services.

The Group implements sustainable finance policies by adopting ESG principles. The Group combines the concepts of green finance, financial inclusion, and responsible investment and financing to meet the financial needs of customers pursuing ESG and keep abreast of opportunities for sustainable development.

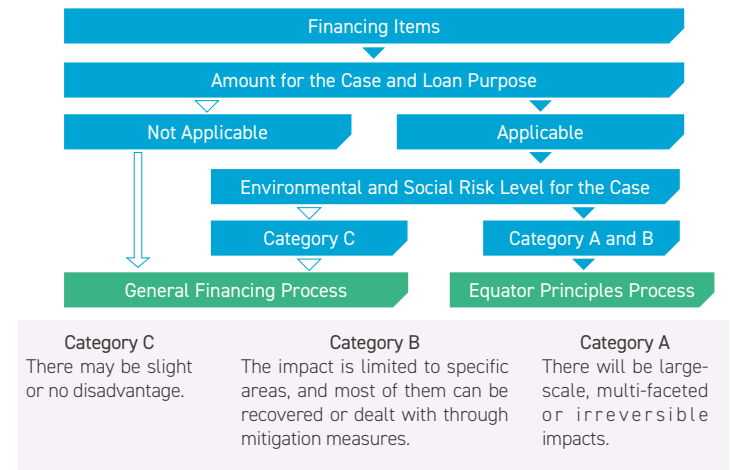
All cases are carefully assessed to determine whether the environment is polluted, negative news, labor rights, and other issues. Strict risk management is implemented to avoid or prohibit engagements with companies that adversely affect ESG.



## Regulations for Sustainable Finance

Each TCFHC's subsidiary regards the "Sustainable Financial Policy" of the parent company as the prime directive. They abide by the international sustainable financial guidelines to formulate and implement relevant regulations for sustainable investment, sustainable financing, and sustainable financial products. At present, the Group is not engaging in any mining of coal or shale or polar oil. For related industries such as coal power, coal mining, coal trading, and unconventional oil and gas, TCFHC formulates "Investment and Financing Business Standards for Coal Phase-Out and Unconventional Oil and Gas Exploration" to set investment and financing thresholds and deadlines. Before the phase-out commitment TCFHC discusses investment and financing customers with their carbon reduction actions or net zero plans, and continuously engages with them on low-carbon transformation.

Sustainable Financing	General Financing	ESG Loan Reviews	<p>TCB's sustainable finance incorporates risk management into the KYC process of corporate finance, consumer finance, and SMEs (including sole proprietorships and partnerships) and other financing business. TCB not only reviews anti-money laundering and counter terrorism financing, but it also notes in the credit application and approval letter whether the creditor has been listed in the pollutant release and transfer register (PRTR) in the recent year. TCB also examines whether there are any arrear wage payment funds or workers' retirement reserve funds and negative events related to ESG. TCB considers whether the customers have fulfilled their responsibility to protect the environment and whether corporates have fulfilled ethical management and social responsibility. In addition, TCB stipulates the "Instructions on Managing Sustainable Financing". In the second article, factors of concern are formulated, and ESG factors such as human rights and climate change are listed. When standardizing the process of knowing customers (KYC) and customer due diligence (CDD), it is necessary to evaluate the counterparty's performance on ESG issues. TCB continues to cooperate with customers to engagement with clients on sustainability-linked risks and opportunities. If significant ESG risks are found in the transaction, further communication and supervision should be made for improvement. If there is no actual improvement, it should be evaluated whether to process the transaction. TCB continuous to expand its financial influence, urges its financing costumers to actively strengthen their ESG practices and implement risk management to achieve CSR goals.</p> <p>TCB formulated "Sustainability-Linked Loan Projects". If the enterprise meets the project's ESG conditions, the originally approved interest rate can be reduced. The current approved balance of "Sustainability-Linked Loan Projects" is NT\$12.053 billion. TCB has engaged with customers to comply with sustainability-linked loans and the loan amount approved accounted for 0.79% of the total loan amount for corporates. The maintenance status of the sustainability indicators will be reviewed year by year. If the standards for discounts are not met, the preferential interest rate will not be applicable to that item henceforward.</p> <p>In the collateral review, TCB includes soil liquefaction and flooding risks in the assessment scope in order to implement ESG spirits in various financial products and services.</p>
	General Project Financing	<p>For project financing cases, TCB follows the "Rules for Project Financing". In addition to reviewing regulations for general credit investigation and credit when undertaking project financing, TCB should also conduct due diligence and should also assess the feasibility and risk of the project plans' finance, laws, insurance, technology and tax. External experts, lawyers, accountants, professional consultants, or third-party testing and certification organizations should be commissioned to handle and issue reports when necessary.</p>	
	Project Financing	Equator Principles	<p>The Company signed the "Equator Principles (EPs)" in March 2022 and formulated the "Guidelines for Equator Principles" by following the international standards of The Equator Principles Association and referred to Equator Principles 4.0 Guidelines of The Bankers Association of The Republic of China Members' Credit Guidelines. When conducting financing business, the environmental protection, ethical management, social responsibilities, biodiversity, climate change and other factors are referred to when reviewing the creditors' cases. If creditors violate the spirit of the "Equator Principles" and have no reasonable reasons, they are ineligible for new loans or to increase the loan amount, and their amount or the period for the original loan will be reduced, or part or the whole credit amount will be deemed as matured. These conditions are clearly listed in the credit agreement to strengthen the monitoring of creditors' responsibilities and to implement responsible finance.</p> <p>The risk grading applicable to credit loans is verified by the "Environmental and Social Risk Task Force." This task force is established based on the assigned missions, and the members are from TCB's Credit Management Department, Corporate Banking Department, Credit Analysis and Research Department, International Department, and Risk Management Department. In addition, employees with relevant environmental engineering backgrounds may also join to confirm the applicable environmental and social risk level. If the case belongs to categories A or B, it will be processed according to the Equator Principles. If the case belongs to category C, it will be processed according to the general financing process.</p>
	Guidelines for Renewable Energy & Solar Power and Biomass Energy	<p>In order to increase the support for the development of green power industries, TCB has formulated "Guidelines for Processing the Loans to Renewable Energy Generator Facility", "Guidelines for Processing Loans on Solar Photovoltaic Power Generators Facility", and "Guidelines for Processing Loans on Biomass Energy Generator Facility."The "Six Core Strategic Industries Loan Project" has also been listed as one of the key business promotion to support transitions of green power industries and to help financing the installation or purchase of machinery equipment, capital expenditure, and working capital.</p>	





**Sustainable Financial Products and Services**

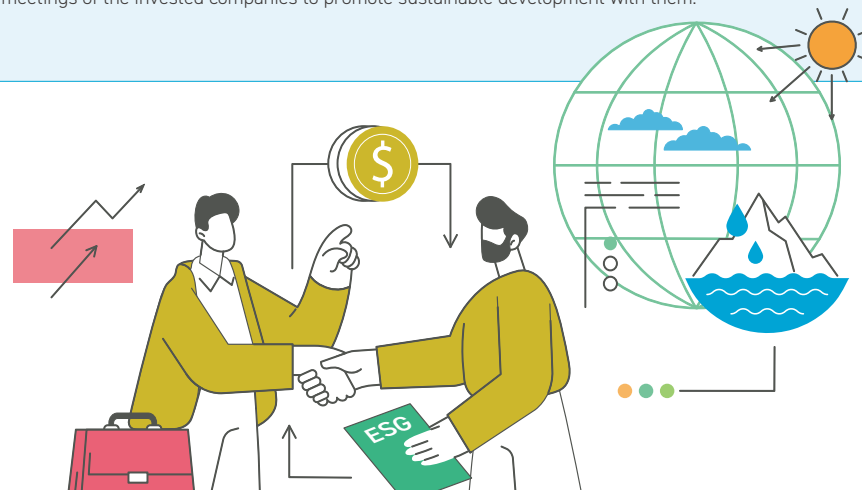
**ESG Risk Assessment (including AML, PEPs and KYC)**

For customers who purchase sustainable financial products and services, such as credit card applicants and trust product investors, TCB implements KYC procedures such as AML, PEPS and negative news review. On the other hand, the risk attributes of trust product investors are divided into 3 categories, which are conservative (low risk tolerance level), stable (medium risk tolerance level), and active (high risk tolerance level). In order to fully understand the customer, according to the KYC form and the "Risk Tolerance Test Form" filled out by the customer, comprehensively assess and classify the customer's identity, financial background, income and source of funds, risk preference, past investment experience, and entrustment purpose and needs, so as to ensure the suitability of investment products.

TCSIT also implements KYC procedures such as AML, PEPS and negative news review, and follows the principles for the review and supervision of ESG fund information disclosure matters released by FSC when issuing mutual funds.

**Sustainable Investment**

<b>Evaluation of ESG Investment</b>	<b>Assessment</b>	Incorporate ESG assessment into investment analysis and decision-making, use external databases to check ESG scores or ratings of invested companies in advance, and incorporate capital utilization plans for green-related investment targets into the review process. The invested companies must fulfill environmental protection, corporate integrity and social responsibility (such as prohibit investment in the tobacco industry), implement anti-money laundering and counter terrorism financing. FTSE4Good TIP Taiwan ESG Index, MSCI Taiwan Select ESG Sustainability High Yield Top 30 Index, TWSE RA Taiwan Employment Creation 99 Index, TWSE RAFI Taiwan High Compensation 100 Index, and Corporate Governance Index and other constituent stocks are taken into consideration when investing in domestic stocks.
	<b>Review</b>	Regularly review ESG performance of invested companies (including stocks, bonds and ESG-related themed funds).
	<b>Treatment</b>	When invested companies violate relevant circumstances, whether to continue to keep, dispose of or reduce the investment position will be decided in the investment policy meetings.
<b>Stewardship Principles for Institutional Investors</b>	TCB, TCS, BNP TCB Life and TCSIT all signed the "Stewardship Principles for Institutional Investors" compliance statement, regularly disclose information such as due diligence reports, annual voting records, and negotiation records. Upheld the spirit of the principle, continue to pay attention to the implementation of ESG by the invested companies, conduct appropriate dialogue and interaction and actively implement shareholder activism by participating in the shareholders' meetings of the invested companies to promote sustainable development with them.	



## Performance of Sustainable Finance




		Unit: NT\$ billion			
		Item	2021	2022	Description of Product Content
Sustainable Financing	Corporate General Financing & Loan Projects	Green loans, social loans, sustainable loans	24.167	23.263	ESG Machinery and Equipment Upgrading Loan Projects and green power and renewable energy industries among the six core strategic industries that assist the development of independent green energy industries, Preferential Loan Projects for Long-Term Care Institutions, Loan Projects for Improving Public Safety Facilities and Equipment for Long-Term Care Institutions which are related to ESG Industrial and other credit cases are the basis for data collection.
		Sustainability-linked corporate loans	-	0.036	Inspection indicators related to sustainable development are added in the credit conditions. If the enterprise meets the inspection standards, it will be able to obtain a reduction in the interest rate.
		Total sustainable value	24.167	23.299	
		Total value of corporate lending	61.637	53.809	
		Percentage of total sustainable value over total value	39.21%	43.30%	
<p>Note 1: The above table collects data for new cases in 2021 and 2022.</p> <p>2: In 2022, the ratios of green credit and perpetual linked credit amount submitted by TCB to the Joint Credit Information Center to the total balance of corporate loans are 3.87% and 0.79% respectively.</p> <p>3: As of the end of 2022, TCB handled a loan balance of NT\$ 562,923 million for the "Six Core Strategic Industries Project Loans".</p>					
		Unit: NT\$ billion			
		Item	2021	2022	Description of Product Content
Sustainable Financing	SMEs Sustainable Financing	Sustainable SME loans	16.409	11.833	ESG Machinery and Equipment Upgrading Loan Projects and green power and renewable energy industries among the six core strategic industries that assist the development of independent green energy industries, which are related to ESG Industrial and meet the definition of SMEs are the basis for data collection.
		Total value of SME lending	46.228	31.422	
		Percentage of total sustainable value over total value	35.50%	37.66%	
<p>Note 1: The above table collects data for new cases in 2021 and 2022.</p> <p>2: In 2022, the ratio of TCB's new loan balance to SMEs to private enterprises' new loan balance is 9.33%.</p>					

### EP or ESG Cases

	Quantity/ Percentage
Number of projects reviewed through EP or ESG framework	3
Number of projects reviewed as percentage of total projects/deals	100%
Number of projects having reached financial close	3
Number of projects declined	0
Reasons for refusing the projects	0

### Loan for Green/ Sustainable Infrastructures

Unit: NT\$ billion

Item	Amount	Total amount of loan lend	Description of Products
 Offshore Wind Farm Projects	1.609	2,707.4	Wind power generation infrastructure financing
 Sewerage Treatment Projects (Sewerage System BOT Case)	0.785		Sewerage treatment infrastructure financing
 Solar Power Project	1.070		Solar power generation infrastructure financing
<b>Total</b>	<b>3.464</b>		
<b>Percentage to Total Loan</b>	<b>0.13%</b>		

### EP or ESG Financing Cases in 2022

In order to deepen sustainable finance, TCB actively promotes the Equator Principles financing cases. Case A is the construction of a natural gas plant with a loan amount of USD 15 million. It is inspected by a 3<sup>rd</sup> party verification unit for pollution prevention, biodiversity and local residents and other aspects. The valuation result of case A is that it does not involve in major development of wetlands and its pollution prevention and control technologies have met requirements of the best available technology in the local area. Meanwhile, it committed to invest and develop in local communities. Case A's environmental and social risk level is assessed as category A. Case B is the construction of a medical building, with a scale of about NT\$5 billion. Comprehensive assessment has found that there is no impact on the development site, environment and society. According to the environmental and social risk assessment table of TCB, case B rated as category C. Case C combines aquaculture fishery and solar photovoltaics to build solar photovoltaic facilities, with a loan amount of NT\$ 700 million. After the 3<sup>rd</sup> party verification unit inspects biodiversity, pollution prevention and other aspects, case C all has appropriate response measures. TCB will continue to promote renewable energy-related project loans, provide more low-carbon power sources, and make good use of financial influence to implement sustainable finance.

As of the end of 2022, TCB had participated in a total of 4 offshore wind power financing projects, issuing a total of NT\$2.099 billion in loans. Among these projects, there are 2 project financing with a total of NT\$1.609 billion in loans issued.

As of the end of 2022, TCB's total installed capacity of approved renewable energy financing projects reached 2,595 MW and the green power generated by renewable energy devices will replace the consumption of traditional electricity and reduce the environmental impacts. To actively respond to the demands and expectations of stakeholders and use the environmental profit and loss assessment (EP&L) method to quantify the impact of green electricity production, the Group has referred to the impact of quantifying the CO<sub>2</sub> emitted equivalent to the social cost coefficient of carbon emissions in the Technical Report on Social Cost of Carbon Emissions (Ahlroth, 2009) published by the US Environmental Protection Agency to calculate the environmental benefits of reducing GHG emissions produced by renewable energy devices, which generates green power. For the selection of coefficient, the Company has used the CO<sub>2</sub> emitted per ton equivalent to the social cost of NT\$1,863.18 in 2022. The Group's total installed capacity of renewable energy projects in 2022 is 2,595 MW, which can generate 20.76 million kWh of green power (calculated based on 8 hours of power generated per day). This can reduce 10,566.84 metric tons of CO<sub>2</sub>e and can create a NT\$19.69 million benefit from carbon reduction. TCFHC supports projects that have positive impacts on the development of ESG by using its core business, and expanding its financial influence to lead the environment and society towards a low-carbon transition and economic development.



		Green Loan or Mortgage			
		2021	2022	Description of Products	
Sustainable Financing	Consumer Financing	Sustainable loans and mortgages	2,445	2,715	Data collection is based on green building marks, green marks, and other green consumption loans
		Total value of personal and mortgage lending <sup>Note 1</sup>	144,340	132,726	
		Percentage of total sustainable value over total value	1.69%	2.05%	

Unit: NT\$ billion

Note 1: Total value of personal and mortgage lending only includes house purchase loans and consumer loans in the mortgage business.  
2: The data collected on the new cases in 2022 and 2021 is presented in the above table.

		Item	Amount	Total Asset Size	Description of Products
		Sustainable Products and Services	Sustainable Funds	Domestic ESG Funds	4,470
Offshore ESG Funds	57,049			Compliant with SFDR Article 8 & Article 9	
Total	61,519				
Percentage to Total Asset Size	23.54%				

Unit: NT\$ billion

		Item	Debit Amount	Total Debit Amount	Description of Products
		Sustainable Products and Services	Green Credit Cards	 Social Welfare Credit Cards	1,736
 Green Environmentally Friendly Credit Cards	3,073			LOHAS card, Kanahei Animals Co-Branded Easy Card	
Total	4,809				
Percentage to Total Debit (%)	11.34%				

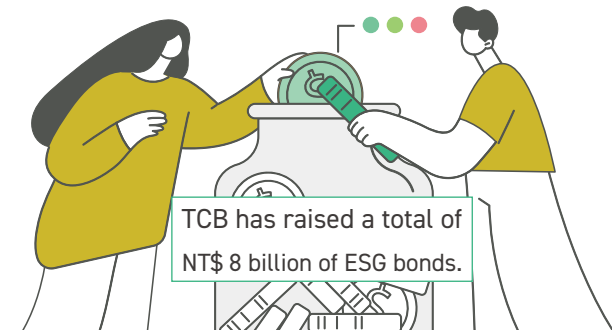
Unit: NT\$ billion

## ESG Bonds Publication

TCB issued green, sustainable, and social bonds and other ESG bonds. As of the end of March 2023, TCB has raised a total of NT\$ 8 billion, surpassing other state-owned banks and is the only state-owned bank that has completed the 3 ESG issuance goals. The funds raised from these bonds are fully utilized for loans on green investments and social benefits investment projects.

Date of Publication	Types of Bonds	Publication Amount	Specific Benefits
November 28, 2019	2019 phase 2 unsecured general green bonds with lien priority	1 billion	There were a 96 cases of loan appropriation to support green investment projects, with a total of 24,2683 million kWh of energy generated, which is equivalent to reducing CO <sub>2</sub> e by approximately 12,183 metric tons.
May 31, 2021	2021 phase 1 sustainable bonds	1 billion	Green investment loans amounted to NT\$350 million, with 13 cases of loan appropriation. Social benefit investments amounted to NT\$650 million, with 336 cases of loan appropriation. These appropriations have benefited a total of 103 individuals and 264 enterprises, with a total of 132.435 million kWh of energy generated, which is equivalent to reducing CO <sub>2</sub> e by approximately 66,482 metric tons.
October 29, 2021	2022 phase 2 social bonds	1 billion	Has assisted 137 individuals who do not own a house to purchase a house by providing loans to support social investment projects and reduce the burden of first-time homebuyers.
September 28, 2022	2022 phase 3 sustainable bonds	2.5 billion	As of the end of March 2023, green investment loans amounted to NT\$ 77 million, with 9 cases of loan appropriation. Social benefit investments amounted to NT\$1.755 billion, with 444 cases of loan appropriation. These appropriations have benefited a total of 180 individuals and 153 enterprises.
March 20, 2023	2023 phase 2 sustainable bonds	2.5 billion	As of the end of March 2023, social benefit investments amounted to NT\$10.6 million, with 11 cases of loan appropriation and have benefited 11 enterprises.

Note: In 2022, the ratio of the total issuance balance of social responsibility bonds and sustainable development bonds issued by TCB in accordance with the key points of sustainable development bond operation to the balance of financial bond issuance is 4.15%.



## Engagement with Corporate Financing Customers

To promote sustainable finance, TCB has actively engaged with its obligors and has set up "Sustainable Linked Loan Projects." The terms and conditions of the loans are linked to sustainable development indicators, and TCB uses a proactive interest rate reduction model to encourage enterprises to pay attention to sustainable development. In 2022, a leasing company agreed to comply with sustainability-related requirements, such as the generation of renewable energy and carbon emissions. If the total amount of renewable energy generated increases or the carbon emissions produced from goods and services decrease compared to the previous year, preferential interest rates can be received. Using this method of engagement, TCB cooperates with its customers to promote sustainable development.

In order to support the government's energy transformation and industrial transformation policies, assist enterprises in obtaining funds, and expand the Group's sustainable financial business, TCB has formulated the "Incentive Measures for Handling ESG Loan Business" for ranking business personnel (Account Officer, AO) with excellent performance in promoting ESG loan business in Taiwan's business units. ESG loan business includes loan business related to climate issues, such as energy storage, energy-saving equipment, and sustainable-linked loans. The incentive measures are to rank loan approval amount during the evaluation period, and give the top 10 AOs incentive bonus of NT\$ 5,000 individually.

### Percentage of Top 10 Industries in ESG Engagement of TCB Corporate Financing Customers

Industry	Weight (%)	Industry	Weight (%)
1 Financial Leasing Industry	46.02	5 Tires Manufacturing Industry	4.15
2 Wholesale of Computers, Computer Peripheral Equipment and Software Industry	13.27	6 Smelting and Refining of Iron and Steel Industry	3.07
3 Liquid Crystal Panel and Components Manufacturing Industry	8.63	7 Integrated Circuits Manufacturing Industry	2.49
4 Pulp Manufacturing Industry	4.98	8 Monitors and Terminals Manufacturing Industry	2.42
		9 Coatings, Dyes and Pigments Manufacturing Industry	2.20
		10 Seasoning Manufacturing Industry	1.90

Note: The ESG engagement of TCB corporate banking customers are all overlapping issues of ESG, accounting for 100%.

## Engagement with Consumer Financing Customer

TCB actively discusses ESG risks and opportunities with obligors. Through social media such as Facebook and its official website, TCB promotes ESG green consumptions using related promotional materials, such as using promotional messages like "prioritize in purchasing green buildings, conserve energy effectively, and realize a green lifestyle" for mortgages services and "replacing old with new, pay attention to recycling to safeguard a sustainable and beautiful home together" for credit loan services to increase engagement with customers.



### Stewardship Principles for Institutional Investors

**TCB**

- Ratio of electronic voting in invested TWSE and TPEX-listed companies is 100%.
- As of the end of 2022, the constituents of indexes related to ESG invested by TCB account for 89.44% of domestic stock portfolio.

**TCS**

Ratio of electronic voting in invested TWSE and TPEX-listed companies is 98.33%.

**TCSIT**

Ratio of electronic voting in invested TWSE and TPEX-listed companies is 100%.

**BNP TCB Life**

The attendance rate in the shareholders' meetings of TWSE or TPEX-listed companies is 100%.

## Extend Financial Influence to Support Sustainable Development in the Society

To expand its financial influence, TCFHC seizes the opportunity to communicate with the general public face to face and actively promotes green financial products, services, and knowledge. In June and August of 2022, the Company participated in the "ESG Summit" and the "Asia Pacific Sustainability Action Exposition" respectively. Both events attracted tens of thousands of people, achieving not only the benefits of international exchanges on sustainability but also increasing exposure through media to increase social influences. The Company also closely exchanged with stakeholders, industries, government, academia, and the general public, to share the results of sustainability.

TCFHC offers green financial products such as eco-friendly credit cards, green investment, and finance, designing to be closely aligned with people's lives. The Company engages with the public through question games to convey the concept of sustainability in an interesting way. The venue also showcases TCFHC's efforts in conserving energy and reducing carbon through actions such as green buildings, energy and resource management, and waste management in recent years. These efforts actively reduce the impact on the environment during operations. Through such exchanges and sharing, the Company invites everyone to implement environmental sustainability starting from daily lives.

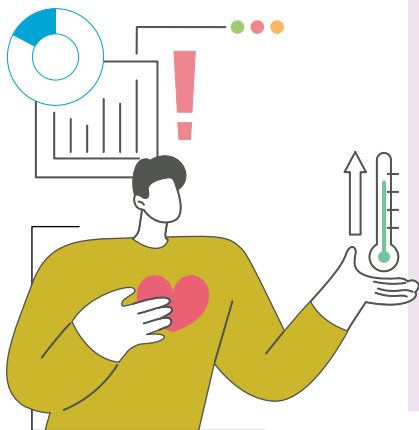


## Collaboration between Finance and Technology to Promote Green Transition

The "2022 Global Risk Report" published by the World Economic Forum shows that global implementation is still insufficient, and the risk of "climate action failures" has surpassed "extreme weather" to become the foremost risk among all risks. "Sustainable finance" has become a new field of knowledge for the financial industry's business development. By taking the lead in expanding ESG practices, the financial industries will also drive other industries and customers to pay more attention to ESG, driving a positive cycle of a sustainable financial ecosystem and promoting coexistence and mutual prosperity among finance, enterprises, and the social environment.

Therefore, since 2021, TCFHC has joined the "Finance x ESG Research Networking Platform" co-established by the Taipei Foundation Of Finance, the British Standards Institution (BSI), and Google Taiwan. At present, more than 20 major financial holding companies, securities companies, and insurance companies in Taiwan have invited representatives from the industry, government, and academia to participate in the "industries panel discussions for exchanging and sharing information." The discussions are held once every 2 months to discuss and provide suggestions for promoting the sustainable development of Taiwan's financial x ESG ecosystem.

In February 2023, TCFHC served as the rotating Chairman and discuss how the financial industry can bring solutions to the national security and social crisis due to aging and low birth rate. Hoping domestic financial institutions can accelerate to keep up with the world, the Company has also invited a professor from National Chung Hsing University to discuss "nature-based low-carbon solutions" and explore how enterprises can use natural carbon sinks to move towards net-zero and whether carbon sinks can be exchanged for carbon credits and other issues.



# CH5 Customer Commitment



Employees



Shareholders/  
Investors



Customers



Suppliers



Community



Government and Competent  
Authorities



Media



Academic units/  
Consultants/  
Industries/  
Association



## Corresponding Material Topics:

- ✦ Digital Finance
- ✦ Financial Inclusion
- ✦ Protection of Customer Rights





## 5.1 Protection of Customer Rights

### Principles for Treating Customers Fairly

To effectively protect the rights and interests of financial consumers, TCB established the "Consumer Protection and Fair Customer Treatment Promotion Committee" in 2019, with a president who serves as a convener. The committee is composed of 5 executive vice presidents, a E.V.P & Chief Compliance Officer, and 22 supervisors from the business management unit of the headquarters as the committee members. They are responsible for formulating policies and strategies concerning principles for treating customers fairly, handling significant consumer disputes and making relevant improvements, and reviewing the progress of promoting fair customer treatment and the evaluation results. The committee compiles the review and improvement progress of significant customer complaint cases and various types of cases every quarter and reports to the Board of Directors the following month for discussions. TCB assess the implementation status and makes amendment and improvements accordingly through annual self-assessment of principles for treating customers fairly. In 2022, there were no significant customer cases above level B.

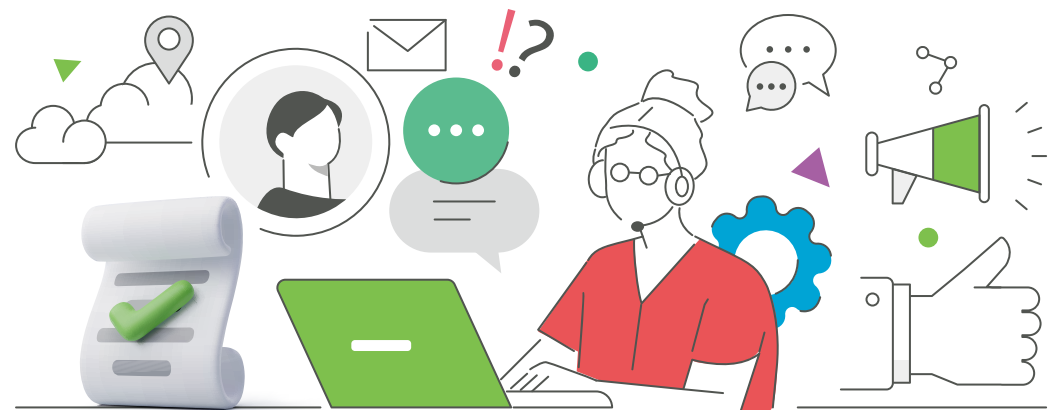
TCB, TCS, BNP TCB Life, and TCBF have all established policies and implementation regulations relating to Principles for Treating Customers Fairly and formulated relevant friendly financial service regulations and coordinated the implementations of relevant departments through a dedicated unit. These policies and regulations require all employees to fulfill ethical and fiduciary duties in product and service sales, advertising and soliciting, protection of the right to complain, and professionalism of salespersons and abide by the "Ethical Corporate Management Best Practice Principles," "Financial Consumer Protection Act," and "Financial Service Industry Principles for Treating Customers Fairly" to ensure that consumers are treated fairly and reasonably. We also require our financial consultants to sign the "Code of Behavior for Wealth Management Employees" before taking office or performing business to ensure the rights and interests of customers and improve customer satisfaction.

In order to implement the principle of friendly financial services, TCB regularly reviews and reports the reasons for the occurrence and handling methods of the cases involving messages left by seniors and disabled customers. TCB continues to optimize the operating system for customer messages and the webpage of the website's mailbox for the public to ensure its products and services meet the needs of customers and protect financial consumers' rights.

Meanwhile, in order to grasp the implementation status of the principle of treating customers fairly and improve accordingly, we regularly conduct employee education and training, internal assessments, activate mystery shoppers testing mechanism, and conduct annual credit audits on the financial consultants. In 2022, a total of 9,286 employees from TCB, TCS, TCBF, BNP TCB Life, and TCSIT are expected to participate in education and training on the principle of fair treatment of customers, with a target training completion rate of 100%. In addition, there are no major deficiencies in the internal assessment results.

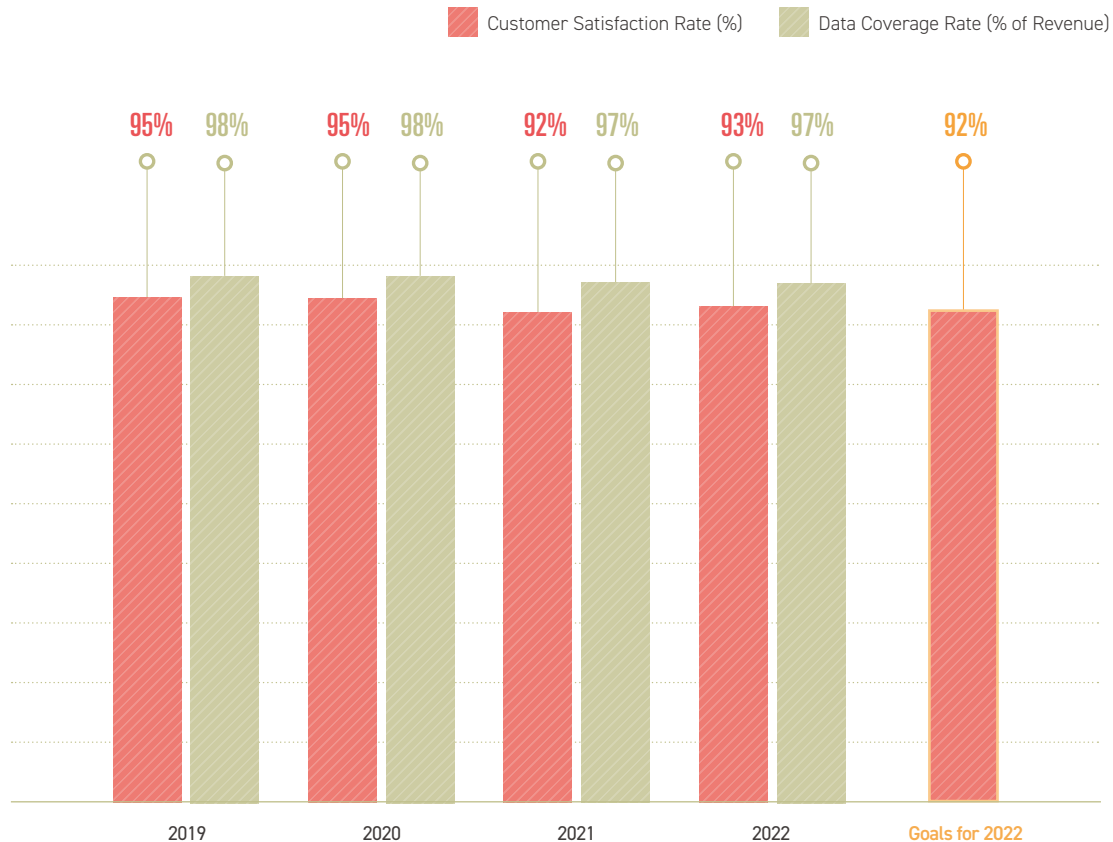
### The Target Training Completion Rate for the "Principles for Treating Customers Fairly"

Subsidiary	Number of Employees Expected to Participate in Training (people)	Number of Employees Completed the Training (people)	Completion Rate (%)
TCB	8,525	8,525	100
TCS	413	413	100
TCBF	60	60	100
BNP TCB Life	238	238	100
TCSIT	50	50	100
<b>Total</b>	<b>9,286</b>	<b>9,286</b>	<b>100</b>



## Maintenance of Customer Relations

Having a sound customer relationship is an integral element for stimulating the TCFHC Group to raise its competitiveness. TCB, TCS, and BNP TCB Life engages with the consumers every year, listen attentively and understand their opinions and suggestions on the financial products and services and improve the quality of customer services. TCFHC Group has smooth communication and complaint channels. Consumers can make complaints through dedicated lines and e-mails. After the Group receives customer's complaints, the complaints will be handled according to the customer complaint operational procedures. The process of handling the complaints are based on the regulations of the "Personal Data Protection Act" to protect customers' privacy. The handling process and improvement measures will be reported to the President to improve customer services. In 2022, the total customer complaint cases that the TCFHC Group received were 318, all of which were dealt and closed.



## Procedures of Product Review

All of the financial products introduced by the TCFHC Group meet the regulatory requirements set by each of the subsidiary's industries. The products have also gone through internal reviews to make sure that they do not contain inappropriate content, untruthful statements, misleading information, or violation of relevant regulations and self-regulatory rules. If products require prior approval from competent authorities before putting up for sale, such products still have to go through further post-sale review on the content of the product subject to actual sales performance, consumers' reactions and opinions, and changes of relevant regulations, so as to ensure that all the financial products meet both the regulations and the needs of consumers.

### Product Audit Meetings in 2022

	TCB	BNP TCB Life	TCSIT	TCS
Audit Working Group Meeting	23 times	18 times	12 times	5 times
Number of Products Reviewed	<ul style="list-style-type: none"> <li>9 domestic products</li> <li>195 overseas products</li> </ul>	<ul style="list-style-type: none"> <li>12 new products that have been reviewed and approved/recorded by competent authorities</li> <li>195 products that need amendment and partial changes are recorded</li> </ul>	<ul style="list-style-type: none"> <li>2 products have been reviewed and approved by competent authorities</li> <li>1 product approved by the competent authorities</li> </ul>	<ul style="list-style-type: none"> <li>5 ETFs reviewed</li> </ul>

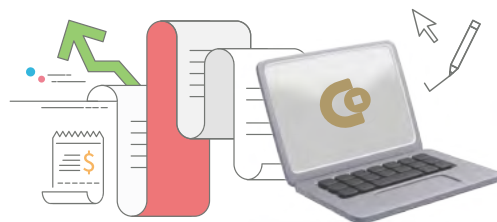
## 5.2 Digital Finance

In response to the trend of the digital economy, financial products are becoming increasingly diverse and complex. At the same time, internet entrepreneurs and technology companies are being introduced to the field of digital banking, intensifying the pressure from the competition but bringing opportunities and challenges. The key issue lies in how to integrate digital transformation and innovative business models. The Group utilizes the development trend of digital technology, combines business innovation, attaches great importance to user design and customer experience, creates various financial services centered on customers, shapes more friendly financial products, and improves service efficiency, accessibility and usability and quality, to create professional financial services that are not limited by time and place, to help customers keep abreast of account and capital dynamics, and to achieve the greatest financial service benefits of digital applications.

### Innovative Digital Financial Products and Services

The TCFHC Group has been actively promoting innovative digital finance in response to the development of FinTech and the internet-only banking trends. Our efforts include optimizing customer experience through data driven decisions and using big data analysis, robotic process automation (RPA), customer feedback information along with artificial intelligence technology to link automated procedures. Our efforts aimed to provide comprehensive digital financial services and make financial products and services more approachable in the real life.

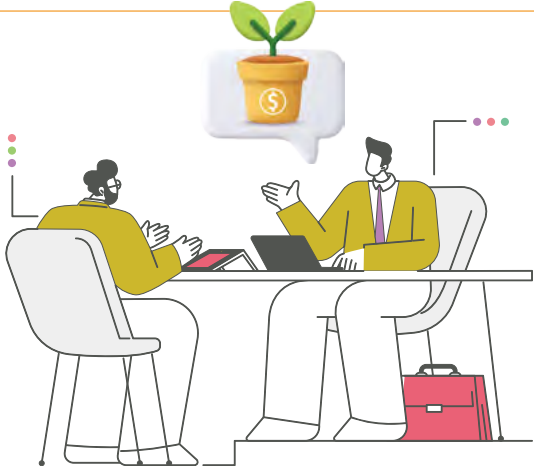
The Group is committed to improving digital banking services to reduce paper consumption in traditional financial services. It also actively responds to the demands and expectations of stakeholders and use the environmental profit and loss assessment (EP&L) method to quantify the impact generated by its operational processes. The TCFHC Group has referred to the impact of quantifying the CO<sub>2</sub> emitted equivalent to the social cost coefficient of carbon emissions in the Technical Report on Social Cost of Carbon Emissions (Ahlroth, 2009) published by the US Environmental Protection Agency to calculate the environmental benefits of paperless digital banking services. The social cost of carbon refers to the monetized social impact and losses caused by carbon emissions. The assessment items include human health, damage to buildings and assets, economic losses, agricultural and forestry losses, desertification, and other ecosystem services. In terms of the selection of coefficient, the Group calculated the CO<sub>2</sub> emitted per metric ton equivalent to the social cost at NT\$1,863.18 in 2022. By reducing paper consumption through providing digital services, the Group saved 19,288,097 sheets of paper in 2022. This reduction is equivalent to a decrease of 146.59 tCO<sub>2</sub>e and creates benefits from carbon reduction of NT\$273,123. This improves the operating model of its core financial business and mitigates environmental impacts, leading its customers towards sustainable living.



### The Achievements of TCFHC Group's Digital Financial Service Promotion in 2022

TCB

<b>Electronic channel</b>	The total transaction volume through e-channels increased by 5%.	Achievement rate was <b>110.15%</b> .
<b>Mobile banking and mobile payment</b>	<ul style="list-style-type: none"> <li>New features for individual users: Intelligent voice service/English versions/ remittance through phone numbers and integration of contact lists/ parent-child account management/intelligent financial services/trust account opening online/income tax can be filed using a cellphone through TCB E Pay, which connects with the National Taxation Bureau.</li> <li>New features for enterprises: The existing verification features have added multiple debits or credit transactions in NT\$ as well as remittances in the same foreign currencies.</li> </ul>	The total number of mobile banking account reached <b>1.62</b> million.
<b>Online application for personal mortgages and small amounts of personal credit loans</b>	Additional functions are added to the services provided for existing customers with Internet banking, such as uploading missing supporting documents online, checking progress of cases online, and online guarantee verification to replace the inconvenience of traveling to and from the counter.	<b>20,578</b> applications for mortgage and credit loans were received online.
<b>Online application of mortgage, credit loans and other businesses for customers who does not have Internet banking functions</b>	The mobile banking APP has added "information on borrower's non-digital deposit account in other banks" ID verification mechanism for users who are not TCB customers.	There were <b>288</b> cases of loan appropriation.

TCB	<p><b>Open banking</b></p> <ul style="list-style-type: none"> <li>Collaborate with the Taiwan Depository &amp; Clearing Corporation (TDCC) to provide customers access to various items such as checking balances for demand and time deposits in TWD and foreign currencies and transaction details through the TDCC e-Passbook APP.</li> <li>Collaborate with Far EasTone Telecommunications to provide customers access to various items such as checking balances for demand deposits in TWD, transaction details, credit card limit, and bill transaction details through the friDay Wealth Management + APP.</li> </ul>	<ul style="list-style-type: none"> <li>Taiwan Depository &amp; Clearing Corporation's e-Passbook: <b>42,439</b>.</li> <li>Far EasTone friDay Wealth Management +: <b>190</b>.</li> </ul>	TCB	<p><b>Process of RPA</b></p> <p>By applying business process analysis, TCB has digitized specific operating procedures through human-machine collaboration to simplify operations. This is to enhance digital competitiveness of the employees and TCB's digital operational efficiency.</p>	<p>RPA processed around 15,500 cases, saving approximately <b>88</b> personnel per day.</p>
	<p><b>Wealth management iCooper</b></p> <p>The Wealth Management iCooper system advances with time, combining algorithms and computer systems to create an intelligent wealth management system in the era of fast-growing AI technologies and rapidly evolving global markets. It constructs the most appropriate investment portfolio through rational analysis and no human interventions.</p>	<p>The Wealth Management iCooper was officially launched on January 27, 2022. As of the end of 2022, nearly <b>13,000</b> people have completed account opening, and the amount subscribed exceeded NT\$<b>100</b> million.</p>		<p><b>Digital branch</b></p> <p>The equipment mainly used includes virtual teller machine (VTM), ATM with fingerprint recognition, computers for public use and touch screen panels for guidance. The digital branches provide customers with instant account opening/card issuance and experience of Internet banking/mobile banking and other electronic platforms and mobile payment methods. We endeavor to gradually educate and guide customers to switch to online transactions to reduce the workload of employees at the counter and costs.</p>	<p>We plan to establish 50 digital branches every year, and achieve the goal of establishing <b>270</b> branches in Taiwan by 2027, all of which are digital branches.</p>
	<p><b>Digital service platform for making foreign exchange transactions</b></p> <p>Customers can open digital FCY savings accounts online and conduct foreign exchange transactions such as deposits, remittances, time deposits, and import letters of credit through online banking to reduce the carbon footprint and paper usage during over-the-counter transactions.</p>	<ul style="list-style-type: none"> <li>There were a total of 222,605 digital FCY savings account, an increase of <b>66.74%</b> compared to 2021.</li> <li>1,392,744 foreign exchange transactions were conducted through Internet banking totaling US\$17,283,944 thousand, an increase of <b>122.98%</b> and <b>48.69%</b> respectively compared to 2021.</li> </ul>		<p><b>FinTech Taipei 2022</b></p> <p>CoLAB Innovation Lab collaborated with TCB to participate in FinTech Taipei for the first time. TCB has effectively increased its brand awareness and received positive feedback from the on-site audiences and industries of the same trade at the physical exhibition.</p>	<p>Attracted over 2,500 visitors to the exhibition, featured in 12 media reports, and had over 3,200 interactions on social media. The number of visits to the relevant loan marketing website even reached <b>100,000</b> people.</p>
					

TCS	<b>Account opening online</b>	Customers can complete ID verification and link settlement accounts through TCB's Internet banking. Account opening can also be applied 24/7, increasing the accessibility of banking and securities services for the elderly and socially disadvantaged groups (including groups or locations where financial services are inaccessible) and improving customer convenience.	<b>2,320</b> cases of account opening online, accounting for <b>9.25%</b> of the total account opening for the year.
	<b>Paperless account opening system over-the-counter</b>	We open customer's accounts with tablets to reduce paper waste and operational time.	<b>1,627</b> cases of paperless account opening system over-the-counter, accounting for <b>6.49%</b> of the total account opening for the year.
	<b>Online Taiwan stock investment using dollar-cost averaging strategy services</b>	Provide customers with mediocre incomes with diversified investment options. They can set their own monthly deduction dates and amounts online.	<b>22,491</b> dollar-cost averaging accounts were opened, and the amount debited with NT\$ <b>789</b> million.
	<b>Credit applications online</b>	Customers can apply for credit account opening, and renewal and adjust their credit limit online without going to the bank.	A total of <b>688</b> online credit applications were received.
	<b>Orders made electronically</b>	Customers do not have to contact salespersons to place their orders. They can place orders using their mobile devices or personal computers.	Percentage of orders placed electronically was <b>86.49%</b> .
	<b>Application to activate online</b>	Mobile epassbook of Taiwan Depository & Clearing Corporation, electronic daily statements for Taiwan stocks, subcontract electronic monthly and daily statements, and online application for public tendering is added in 2022.	<ul style="list-style-type: none"> <li>A total of <b>16,917</b> applications for Taiwan Depository &amp; Clearing Corporation's epassbook.</li> </ul>
			<ul style="list-style-type: none"> <li>A total of <b>9,913</b> people applied for electronic daily statements for Taiwan stocks.</li> <li>A total of <b>3,630</b> people have applied for sub-brokerage electronic monthly and daily statements.</li> <li>There are <b>19</b> applications online for public tendering</li> </ul>

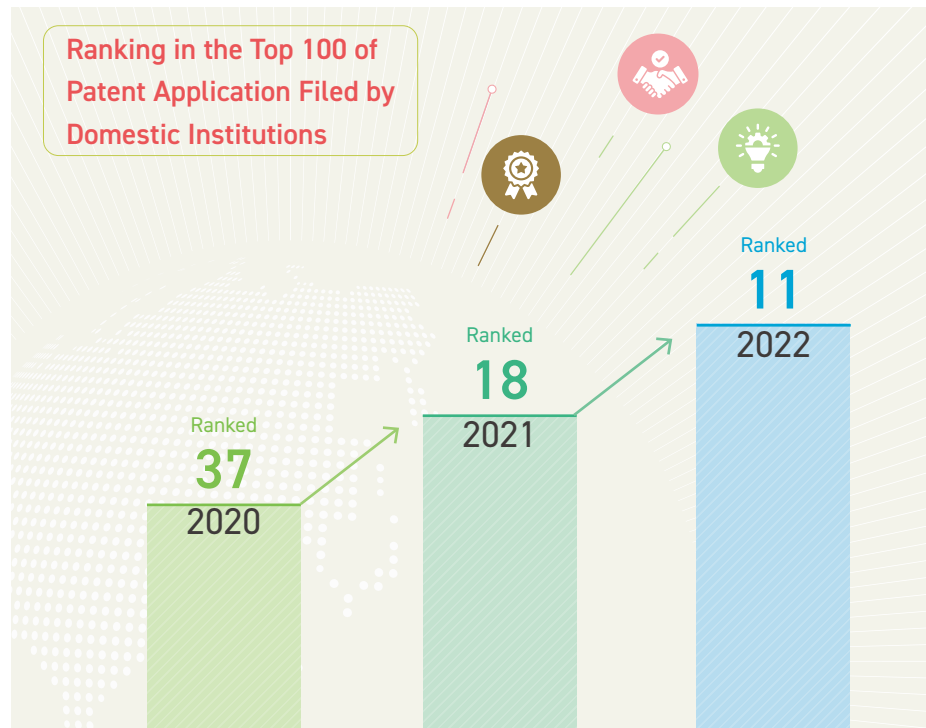
TCS	<b>Tax filing certification services</b>	Using TCS electronic certificate for filing individual income tax online.	There were <b>1,534</b> cases of tax filing through TCS electronic certificates.
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BNP TCB Life	<b>Online insurance application</b>	Customers can apply for insurance through the Internet. They can be protected 24 hours a day at any time and place.	There are <b>50,311</b> members who purchased insurance online with <b>1,884</b> cases of insurance purchased.
	<b>Electronic document launched</b>	Regular inspection of items that can be added to electronic forms to send various forms to policyholders in the most convenient and efficient way.	<b>100%</b> completed the development and launched.
	<b>Conversion ratio of online investment target</b>	Customers can perform conversion operations through the online policyholder service zone. In turn, they can avoid the delivery time and increase the time required for application.	The number of online fund conversion accounts for <b>58%</b> of the total number of fund conversion.
	<b>Mobile insurance application</b>	Purchasing insurance through the mobile insurance purchase platform can reduce the time for filling out insurance documents, reduce notification ratio, and improve underwriting efficiency.	There were <b>1,184</b> mobile insurance applications, accounting for <b>5.8%</b> of new contracts.

## Innovative Patent R&D and Management

In response to the Financial Supervisory Commission's "Corporate Governance 3.0 - Blueprint for Sustainable Development" and that the financial industries should value the establishment of intellectual property management systems, TCFHC Group has actively promoted financial innovation. In 2020, among state-owned banks, TCB took the lead and completed the first on-site review of domestic intellectual property management regulations. In 2022, it was again notified by the Institute for Information Industry that it passed the TIPS (A-level) verification review.

In 2022, TCB continued to implement provision of incentives for patent application and encouraged employees to develop patents. TCB continued to hold "Seminars on Fintech Patent" to develop employees' concept of intellectual property protection and familiarize themselves with the important information on FinTech patent applications. TCB has obtained a variety of invention patents, which are not just certificates issued by Intellectual Property Office, Ministry of Economic Affairs, but have already been actually utilized in banking operations, including credit facility and loan release, debt management, foreign exchange, business and marketing, anti-money laundering, and electronic finance. It has improved operational efficiency and reduced operational risks.



### Number of FinTech Patents Approved or Under Review by TCB in 2022



## Cultivation of FinTech Talent

In response to the development and challenges of the FinTech era, TCB actively cultivates core talents of FinTech, and improves the employees' innovative and transformative thinking and digital skills. TCB supports the "Fintech Skills Certification" mechanism promoted by the Financial Supervisory Commission. In 2022, TCB's internal training courses, including forums and lectures, trained 377 senior management, panel discussion courses (Bank4.0, artificial intelligence, mobile payments, project management, and digital marketing) trained 435 employees, video courses (digital currency and blockchain, legal compliance in digital finance) trained 16,778 employees, and workshops (user experience, business design, and product planning) trained 158 employees.

At the same time, TCB also supports employees to participate in the first "Fintech Capability Certification" open training course. This certification is divided into 6 job categories in the banking industry, including business analysis, user interface and experience design, digital marketing, product design, data analysis, and digital compliance and risk control, covering the domains of competence and core skills for FinTech comprehensively. The first open course held 7 sessions in 2022, with 26 participants who received training for the certificate, and the total training hours was 1,035 hours. In December 2022, the number of participants and those who passed the exam and obtained the certificate for the first round were announced, with both results ahead of the industries of the same trade. 23 people obtained the certificates, with a pass rate of over 85%, demonstrating TCB's determination in talent cultivation and digital transformation.



## TCB CoLAB

To continue promoting the momentum of innovation within TCB and developing innovative management capabilities, and achieve its long-term goal of promoting a culture of sharing innovation and sustainable innovation, TCB has collaborated with academic institutions such as National Chengchi University and National Tsing Hua University and establish CoLAB to cultivate seed personnel. TCB continuously cooperates with external consultants. CoLAB completes creative outputs and expands the possibilities of financial service applications through nurturing seed personnel and building innovative business models by means of collaboration between different departments, sharing and exchanging business experience with different teams within and outside TCB, in response to market trends and business needs.

### CoLAB Framework



Innovative Value and Culture

Proactive, Agile, Innovative



Innovative Operations and Management

Creative Output Modules

Cross-Domain Integration

Digital Innovation Transformation Module



Innovation Benefits and Maintenance

Assisting in Promoting 4 Major Digitalized Matters

Optimizing Digital Customer Experience

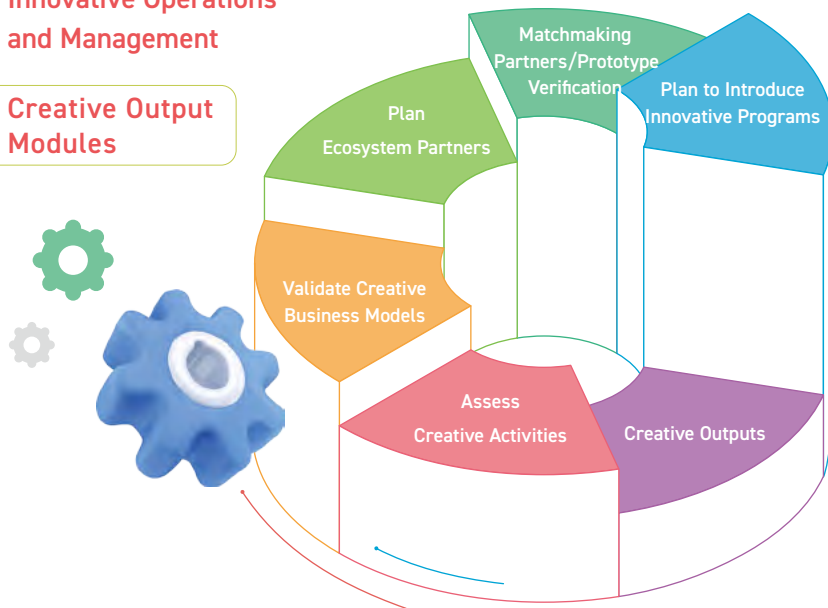
### • Innovative Value and Culture

#### Proactive, Agile, Innovative

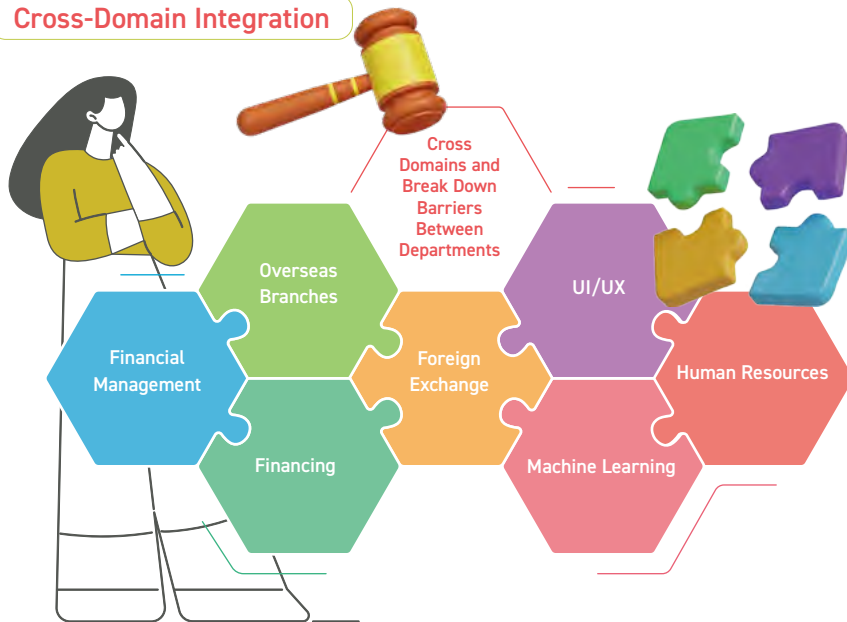
The corporate philosophy of "Proactive, Agile, Innovative." has become CoLAB's core competencies. It has established an operation module that drives digital innovation transformation to continue promoting the growth of digital innovation.

**Innovative Operations and Management**

**Creative Output Modules**



**Cross-Domain Integration**



**Digital Innovation Transformation Module**

	Empower employees to enhance the digital transformation skills	Sustainable innovation is implemented in response to customers' digital financial needs	Making good use of technology to connect new value chains
Performance in 2022	<ul style="list-style-type: none"> <li>2 sessions of innovation capability evaluations</li> <li>7 topics</li> <li>10 courses</li> <li>309 people received training</li> </ul>	<p>Increase FinTech patent output and obtain 28 patents</p>	<ul style="list-style-type: none"> <li>Technical negotiation with 1 startups</li> <li>3 idea workshops</li> </ul>

**Innovation Benefits and Maintenance**

Internal Benefits	External Benefits
<p>In 2022, assistance was provided to the Digital Development Committee to promote 4 major projects concerning corporate banking and retail banking, and technology infrastructures, as well as 13 digital projects that serve individual and corporate customers. With the implementation of "Digital Customer Experience Guide", it further accelerates the improvement of customers' positive digital experience.</p>	<p>TCB's "Digital Customer Experience Guide" created a shared spirit of creation and design and increased cross-team coordination running from online to offline. TCB provides a consistent digital customer experience and promises to continue to increase customer satisfaction, from identifying digital channel contact points to drawing journey maps for customers. TCB conducted target customer group analysis and digital experience inspection. Among the industries in the same trade, CoLab Taskforce has took the lead in establishing digital customer experience guidelines, which are "TCB Family," "Charging Together," "Creating Together," "Traveling Together" and 12 executable items to experience. TCB designs services for each project based on different target customers and project scope to take into account the needs of different groups. In 2022, reviews have been conducted on 3 projects, and 4 sessions for startup exchanges, promotion, and patent applications have been held.</p>



## 5.3 Financial Inclusion

### Financial Inclusion Policy

In response to the sustainable development goals of the United Nations to promote financial inclusion and provide basic financial services to disadvantaged groups, the TCFHC Group adhere to the people-oriented concept to promote the well-being of the public, launching tailor-made financial products and services that meet the needs of all sectors of society or different ethnic groups. In order to implement financial inclusion and promote financial inclusion services, the Company has enacted [Financial Inclusion Policy](#) that applies to itself and its subsidiaries.






Financial Inclusion Policy

### Relief and Stimulus Programs

To mitigate the impacts of the COVID-19 pandemic, TCB provides an array of financial relief programs for struggling businesses and their employees. TCB has also initiated contact with existing clients to offer extensions on loans, penalty waivers, and late interest waivers to help them survive a difficult time.

Meanwhile, TCB has expedited optimizing features of its online loan application platform – “Microenterprise e-Loans” so as to make it easier for customers to make online loan applications. A dedicated hotline is in place along with dedicated counters in branches across the island so that customers can make telephone enquiry or appointments with their preferred branches. This way is expected to divert the flow of customers visiting physical branches, and lower the risk of infection. In response to the severe outbreak of the pandemic, mobile banking also provides remittances through scanning QR codes and interbank transfer with no transaction fees.

Recipients	Relief Program	Number of Cases Undertaken as of the end of 2022	Total Amount Approved as of the end of 2022 (NT\$ billion)
 <b>Corporate</b> <sup>Note</sup>	TCB supports the government and the Central Bank in providing bailout loan packages, as well as the “COVID-19 Pandemic Affected SME Project Loan”.	88,644	1,055.105
 <b>Individual</b>	<b>Labor Relief Loan</b> TCB fully cooperates with the Ministry of Labor in handling the “Labor Relief Loan”, providing principal or principal and interest 6-month deferment and extended loan period co-ordination measures to assist economically disadvantaged workers. In addition, in order to reduce the risk of large gathers and implement pandemic prevention policies, an online application section for bailout loan packages is established to quickly deposit funds to the borrowers' accounts in the shortest possible time.	131,145	13.112
 <b>Credit Card Accounts</b>	Extension on credit card payments.	1,679	0.124
<b>Total</b>		Corporate:88,644 Individual + Credit Card Accounts:132,824	1,068.341

Note: Based on the statistics from the “Overview of Bailout Loan Packages Provided by State-owned Banks” and the “Overview of Various Bailout Loan Packages Supported and Provided by Domestic Banks” reported by TCB to the Ministry of Finance and the Financial Supervisory Commission.

## • Recognition from External Parties

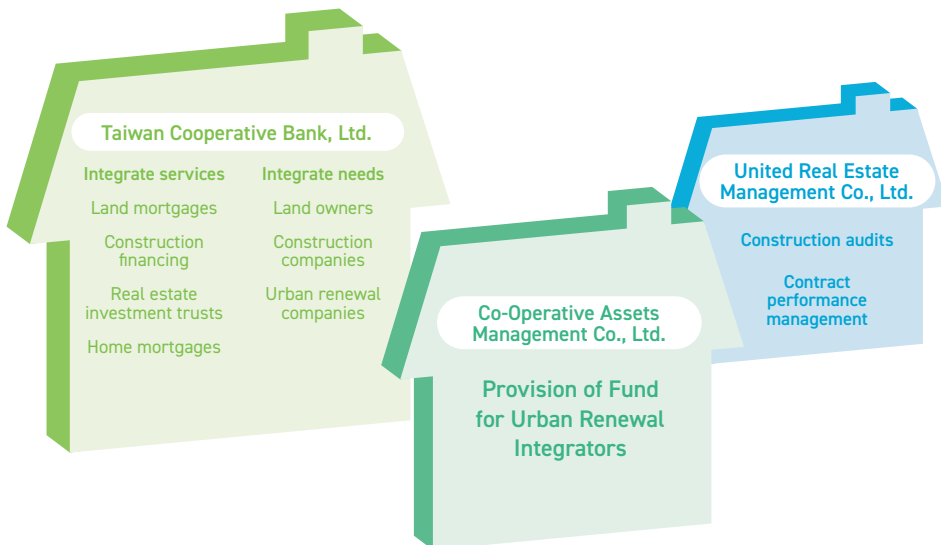
TCB has made use of its extensive service network in Taiwan, to take up the role of financial supports by making relief loan application "simpler, quicker, and easier" for either the government's relief program or initiatives by the bank, just hoping to help clients getting through the difficult time. These efforts were rewarded with the "Outstanding Performance Award" and "Financial Inclusion Award" for the "Financial Institution with Outstanding Performance in the Central Bank's SME Loan Program".



## Promoting Urban Renewal

In order to support community development and make living environment more secured, the TCFHC Group has set up "Urban Renewal and Time-worn Buildings Reconstruction Task Force" and launched "Advance Payment for Urban Renewal and Time-worn Buildings Re-construction" with real estate trust, construction fund trust, and financing plan. Integrated services are provided through partnering with United Real Estate Management Co. Ltd. to assist urban project integrators in acquiring working capital, construction audit, and management of contract enforcement and provide customers with one-stop innovative financial services. As of the end of 2022, the total number of TCB urban renewal and time-worn building reconstruction financing projects being undertaken was 206 totaling NT\$137.6 billion.

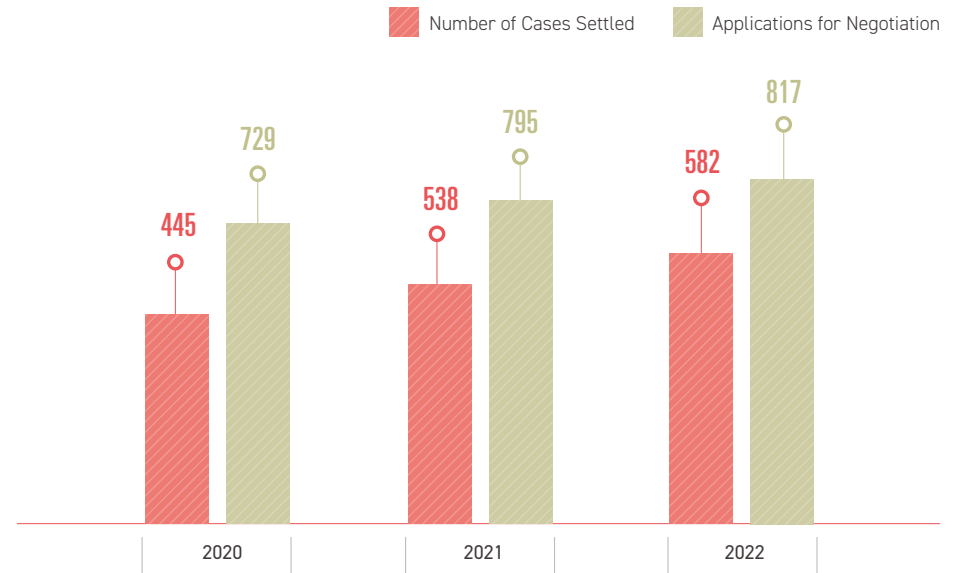
### One-Stop Services for Urban Renewal and Risky/Old Building Reconstruction



## Debt Negotiation

In order to reduce family and social problems and help people to regain confidence and normal living pace they used to have, the TCFHC Group has provided a number of solutions to assist consumers in clearing their debts, including debt negotiation or enforcing the agreement reached in pre-negotiation, re-negotiated debt repayment scheme, or the debtors who failed to reach pre-negotiation agreement could request pre-mediation, revival, or clearance to the court. We endeavor to provide measures that could help mitigate the economic burden of debtors and repay their debts. TCB signed 581 debt pre-negotiation cases in 2022. TCS reached an agreement with defaulting customers for repayment by installments, helping them clear their debts, reduce their financial burden, and repay the defaulting debts; TCS completed 1 case in 2022.

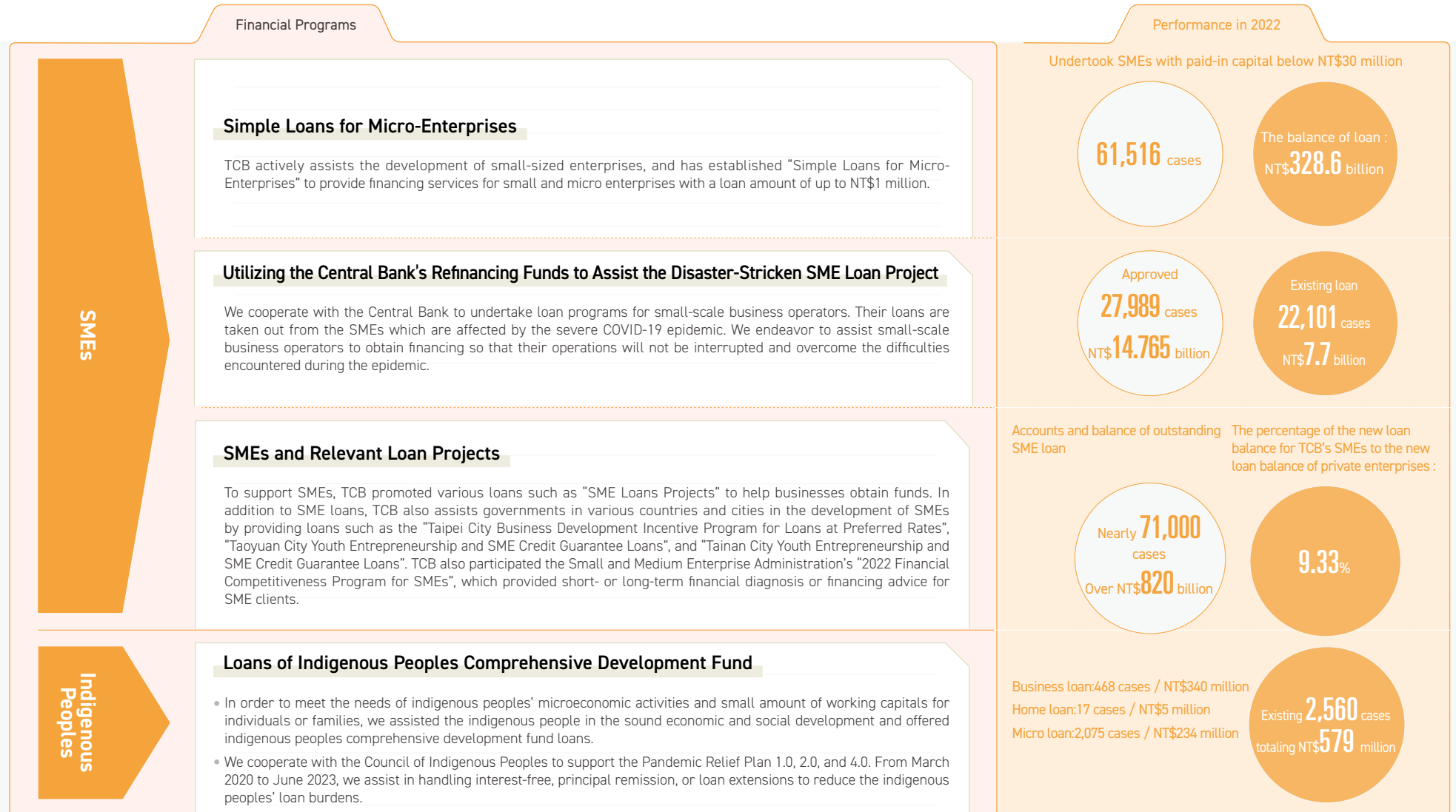
### Pre-Negotiation Cases



For the financially disadvantaged who have difficulties repaying their unsecured debts for 3 months or longer, such as low-income borrowers, borrowers with major illness, moderately disabled borrowers, victims of major natural disasters, and borrowers who have been involuntarily unemployed for 3 months or longer, TCB also offers "Project for Consumer Finance Unsecured Debt Extension for Financially Disadvantaged Borrowers" to help them to settle down and repay their debts.

## Cultivating the Financial Power of Diverse Groups

In order to promote economic and social development, TCFHC Group integrated resources to provide diversified financial programs to meet the different needs of customers to achieve common good in the society. Of different project loans for stimulating the development of small enterprise and local community that TCB has underwritten, the ones with the amount exceeding NT\$5 billion are COVID-19 pandemic relief loan (NT\$142.202 billion), urban renewal project loan (NT\$19.686 billion), and agricultural and fishery project loan (NT\$13.764 billion). The total amount of the 3,289 cases of overdue loan accounted for 0.4% of the total relevant project loans earmarked for stimulating the development of small enterprise and local community.



Financial Programs

Performance in 2022

Hakka Regional Revitalization Enterprise

**Hakka Regional Revitalization Preferential Loan**

Assist SMEs in the Hakka region to obtain financing to support them in enhancing their service capabilities or expanding their operational scale.

30 transactions

NT\$28 million

Youth

**Loan for Youth Entrepreneurship and Startup Capital**

In order to create a favorable environment for youth entrepreneurship and promote entrepreneurial spirit, TCB underwrote youth entrepreneurship and start-up capital loans to assist entrepreneurs in obtaining the funds needed for operation.

Newly approved: 4,921 cases

New loan appropriation NT\$3.649 billion

**Health Insurance or Injury Insurance**

Provides protection for young people when they are ill or have an accident, and mitigates life risks caused by illnesses or accidents.

4,139 cases

NT\$40.89 million

**Housing Loans for Youths by the Ministry of Finance**

TCB underwrites Ministry of Finance 's Preferential Housing Loans for Youths and assists those who do not own a house to purchase a house and provide a loan of up to 80% with a maximum amount of NT\$8 million.

Newly approved : 1,523 cases

New loan appropriation NT\$7.857 billion

First-Time Buyers Obtained the "Subsidy Certificate" Approved by the Competent Authorities

**Ministry of the Interior Purchasing Loan**

We abide by the "Description of Financial Institutions offering "Housing Subsidy" for Self-purchasing and Repairing Home Loans" stipulated by the Construction and Planning Agency Ministry of the Interior, R.O.C to provide housing loans for the people who have obtained the subsidy certificate, so as to reduce people's loan burdens.

366 cases

NT\$758 million

Financial Programs

Performance in 2022

Unemployed and Entrepreneurs

**Loan for Start-up Assistance for the Unemployed of Employment Insurance, Unemployed Middle-Aged and Elderly Citizens Business Start-up Loan, and Micro/Women Start-up Loan**

We adhere to the practice of social responsibility and support for women to start their own businesses. TCB underwrote the Loan for Start-up Assistance for the Unemployed of Employment Insurance and Micro/Women Start-up Loan. This shall relieve the capital pressure on women, middle-aged and elderly residents from offshore islands in the early stage of business, and allow them to operate their business steadily.

Newly approved :  
**120** cases

New loan appropriation NT\$**92** million

Indonesian Migrant Workers

**Rapid Remittance for Indonesian Families and Settlement Service**

- In order to meet the remittance needs of Indonesian migrant workers, TCB continues to launch the fast Indonesian remittance settlement service in 2022, providing the Indonesian version of the remittance application form and the Indonesian bank SWIFT CODE comparison table. In addition, TCB utilizes a global account verification platform to verify overseas beneficiary bank account information directly. After verification, the USD is automatically converted into IDR according to the local regulations of Indonesia. The funds are then credited to the beneficiary's account on the same day or the next day, providing convenient and considerate financial services for Indonesian migrant workers in the most efficient way.
- The "rapid remittance for Indonesian families and settlement services" has been introduced since August 2021. In that year, the service was provided to 48 people with a total of 65 transactions, amounting to NT\$6.16 million, accounting for 21.77% of the total personal remittances to Indonesia bankwide. The "Rapid Remittance from Indonesian Families and Settlement Services" were provided to 176 people in 2022, with a total of 261 transactions, and amounted to NT\$22.46 million, accounting for 25.18% of the total personal remittances to Indonesia bankwide.

From August 2021 to the end of 2022

**224** applications  
**326** remittances

NT\$**28.62** million

Students Studying Abroad

**The Ministry of Education Subsidizes Student Loans for Students Studying Aboard**

We assist Taiwanese students studying for their master's and doctoral degrees in compliance with the regulations of the Ministry of Education in their tuition by offering them student loans subsidized by the Ministry of Education.

**30** cases

NT\$**19** million

Socially Disadvantaged Groups

**Charitable Trust**

TCB serves as a trust institution to manage the charitable trust. The goal of continuously helping the disadvantaged can be achieved without the trustor personally intervening in the execution of charitable affairs. The general public can also donate or join the charitable trust to provide opportunities for enthusiastic people to participate.

**2** cases

The balance of trust assets NT\$**34** million

Mr. Hung grew up in a traditional factory where his family worked hard to make ends meet. Therefore, he often thought about how to use automation to complete work more efficiently. After obtaining his Master's degree, Mr. Hong joined a world-renowned technology company, where he worked on upgrading automated production management systems and accumulated energy for starting a business in the future. In 2013, he cooperated with like-minded partners to establish a company.

During the early stages of entrepreneurship, although the team had strong technical skills, they lacked business management skills, leading to operating losses. Fortunately, after participating in the entrepreneurship training program provided by the Ministry of Labor, Mr. Hong discovered the company's business weaknesses and received funds from the TCB Micro Start-up Loan program. This allowed the company to transform and grow, and its products have won numerous awards while profits continue to increase. Regarding the sales channels, in addition to the online shopping mall created on his own, there are more than 10 experience stores in the six major cities in Taiwan. By combining online and offline channels, the company provides a complete consumption experience.

In the face of the difficulties, setbacks, and years of losses in the early stages of entrepreneurship, Mr. Hong is grateful not only for the training courses and consultants provided by the Ministry of Labor but also for the support of the TCB's micro start-up loans, as well as their companionship and guidance towards the company, which has contributed to the current scale of the enterprise. Mr. Hong upholds the ideals of "returning the favor that was offered" and will continue to contribute to society in the future, passing on the knowledge he has gained!



## Guarding LOHAS and Elder Care

In support of the government's efforts in building a nationwide long-term care system as well as an environment for development of healthcare industry in context of aging society, the TCFHC Group has continuously integrated different resources to offer a variety of innovative and inclusive financial products and services to the elderly, with an aim of becoming the number 1 brand in LOHAS and elder care so as to leverage its influence as a member of financial industry.

### • Talent Cultivation for Products for Elderly

In 2020, TCB has partnered with Taiwan Association of Family Caregivers to launch "Seed Staff of Long-Term Care" training program by contributing its core competitiveness of 270 branches service network to create a warm and compressive product and long-term care services interlinked network to support customers at all aspects and tap into social resources to solve difficulties.

In addition, starting in 2021, TCB invested in training Eldercare Financial Planning Consultants. TCB is the first bank to have more than 100 Eldercare Financial Planning Consultants dedicated to helping customers with trust planning and elderly care advice. By the end of 2022, 290 employees have obtained the Eldercare Financial Planning Consultant certification, ranking first in the industry of the same trade.

TCS provides the "Eldercare Financial Planning Consultant" courses and subsidizes the examination fees to encourage employees to obtain certificates. It also hires external lecturers to conduct education and training on the protection of the rights and interests of the elders and people with disabilities, prevention of dementia, relevant cases, and guidelines in the super-aging society. This is to improve the employees' service quality for the elders.

### • Trust 2.0

Taiwan has entered an aging society, and the aging and chronic diseases resulting from the aging population have led to a significant increase in the number of people with disabilities. On the other hand, the impact of declining birth rates, changes in the concept and value of children's ability to support their parents, and filial piety have led to a rise in the proportion of people living alone. No longer relying on children to support their parents in their senior years has become a prevailing trend, and to ensure the security of their property and receive proper care in their senior years will be a major issue for Taiwanese people. To assist the public in managing assets and ensure financial security through trust mechanisms, and exert the power of social stability, TCB continues to actively support Financial Supervisory Commission's Trust 2.0 "Comprehensive Trust" promotion plan and various social policies. In addition to strengthening organizational functions of departments, cultivating professional talent, and industry-academia cooperation, TCB has also reinforced cross-industry alliances with long-term care and medical service providers and is committed to providing up-to-date and comprehensive trust services to the public.

### • Innovative Trust Services - Trust 2.0 Dual Engine

To meet the needs of the public for asset management, TCB has created a "Trust 2.0" dual engine and launched an innovative service called "Family Welfare Trust x Long-term Care Financial Manager." The "Family Welfare Trust" is based on the family as a unit, breaking away from the past perspective of "individual". Trust agreements are formulated according to each family, taking into account the various needs of family members in different stages of life. By combining self-benefit trusts and other interest oriented trust, family members can support and take care of each other, achieving the goal of safeguarding the family and providing mutual care. In addition, TCB was the first to provide "Long-term Care Financial Manager" service, which automatically pays for expenses for long-term care expenses at home through trust properties. Long-term care institutions are incorporated into the trust ecosystem, resolving the difficulties of elders who are unable to pay due to disability or dementia in their senior years. In addition to ensuring that the elders can still enjoy comprehensive care in their senior years, it also helps long-term care providers simplify the payment process, reduce labor and operational costs, stabilize the source of revenue, and improve service quality.

Financial Products for Elderly

Provide a full range of risk protection for life, including cancer, death, total disability, total disability assistance, major burns and scalds, severe injury and disability pension, and double protection for specific accidental injuries for the elderly. As of the end of December

2022, there were **41,410** insurance product contracts for elderly (including investment-linked annuity, interest-sensitive annuities, long-term care insurance, and small amount whole life insurance) with a premium of NT\$**42.26** billion.

Guard Small Amount Whole Life Insurance Easily

Small Amount Whole Life Insurance: In response to the trends in population aging and declining birthrate, to popularize basic insurance protection for the elderly and make it convenient and easy for the elderly population to purchase insurance, the content of the product should be simple and easy to understand and lower premium, we provide small amount whole life insurance. As of the end of 2022, **2** cases were offered and amounted to NT\$92,000.

Health and injury insurance: In order to provide complete health and life risk protection for the elderly, comprehensive health insurance and injury insurance are provided, with a total of 16 cases and a premium of NT\$50,000.



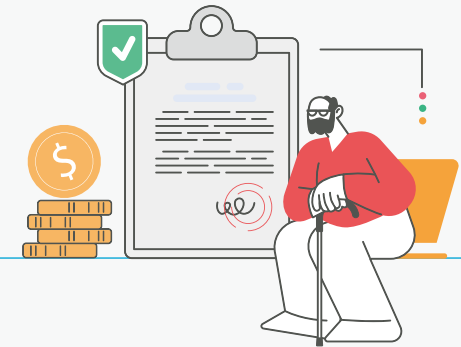
TCB introduced credit cards specifically for the elderly population and promoted a variety of exclusive offers to enable the elderly to live a rich and fulfilling life during old age.

As of the end of 2022, TCB has issued a total of **65,400** LOHAS credit cards.

Seniors and the Disabled Property Trust Services

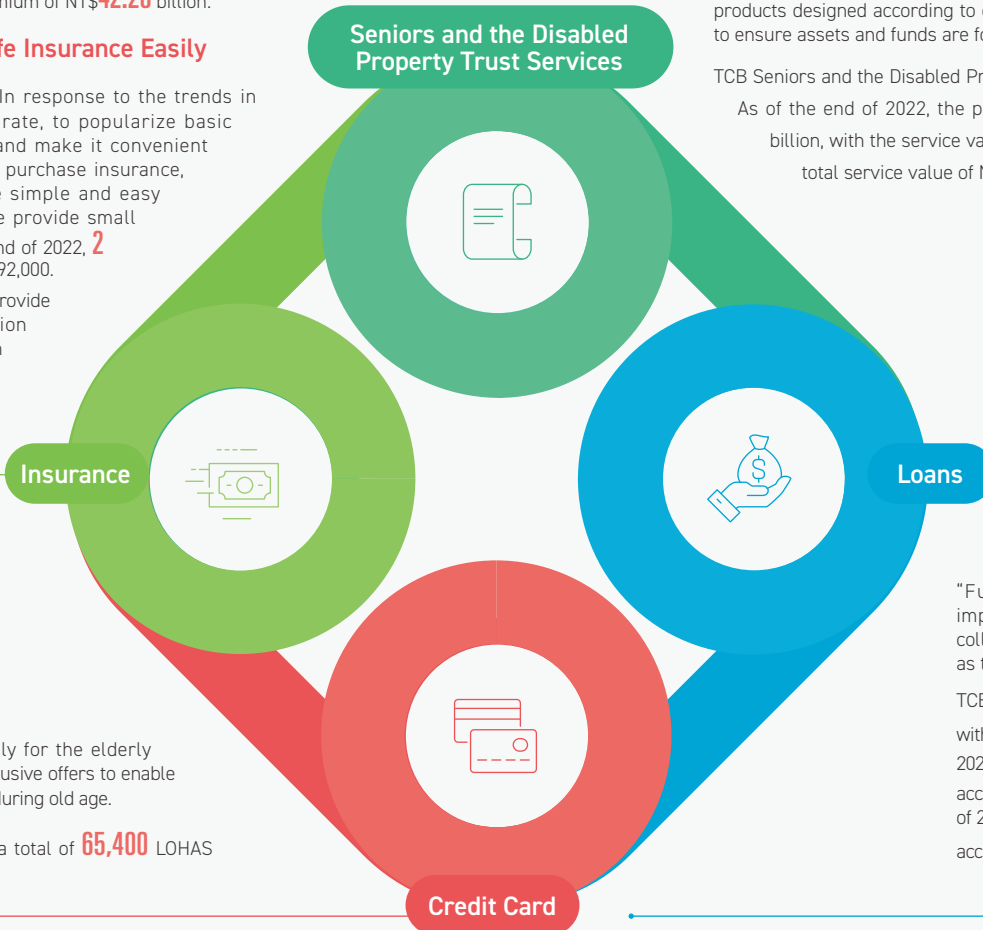
Risks that may occur during old age and retirement include insufficient pension prepared, misappropriation or fraud by their children or others, lose all their savings due to improper investment, lack of trustworthy people to help manage properties, and inability to manage properties due to illness, aging or accidents. TCB offers a comprehensive asset plan for the elderly population through a trust mechanism. The plan includes discretionary trust agreements, family trust services, one-stop services accomplished through trust mechanisms, and trust products designed according to different financial plans and beneficiaries. The plan is carried out to ensure assets and funds are for exclusive use to provide a complete guarantee for future life.

TCB Seniors and the Disabled Property Trust Services in 2022 has increased **6,383** beneficiaries. As of the end of 2022, the principal balance of the trust property amounted to NT\$**8.983** billion, with the service value reaching NT\$**8.17** million, accounting for about **4.59%** of the total service value of NT\$**178** million.



"Full Loan for Housing-based Elderly Care" that TCB has implemented allows the elderly to use their own properties as collateral to receive living expenses on a monthly basis for as long as they live and ensure their quality of life during old age.

TCB has undertaken the "Full Loan for Housing-based Elderly Care" with **294** new cases and approved loans totaling NT\$**1.856** billion in 2022. There are **2,471** loans approved for a total of NT\$**14.967** billion, accounting for **1.91%** of the total amount of mortgage. As of the end of 2022, the loan amount of "Full Loan for Housing-based Elderly Care" accounts for **0.18%** of the total mortgage business amount.



Uncle Rong came to Taiwan during the government's retreat in 1949 and had 2 sons after marrying Auntie Rong. Unfortunately, by some quirk of fate, their eldest son passed away by accident during his high school years. Although the second son served as a pilot, he was involved in a plane crash during a training for aviation and suffered a serious head injury. His cognitive abilities remained at the level of a 3 year-old, and he requires lifelong care from others.

Under the attentive care of the couple, their son's physical condition gradually improved, but the brain damage was irreversible. As a result, the couple have been taking care of their son for over 30 years, never leaving his side. Uncle Rong is now over 90 years old, and Auntie Rong passed away over a year ago, leaving only him and their son depending on each other. Uncle Rong can never be unanxious with his son, who will "never grow up" and has been frugal for many years to prepare for his care funds. However, because he has no relatives or trusted individuals to manage the funds, even though he has found a suitable care institution, he cannot entrust them with the funds.

After understanding Uncle Rong's needs, employees of TCB tailor-made a trust deed for him. The agreement specifies that the monthly expenses for his son's care will be paid from the dedicated trust account. If there are remaining trust assets after his son passes away, they will all be donated to a designated charity group to spread love. Furthermore, to facilitate future communications related to trust services, TCB suggested that Uncle Rong appoint a trust supervisor. After several months of persistent efforts by employees at the branch, they finally got hold of Parents' Association for Persons with Intellectual Disability, Taiwan, which agreed to act as the supervisor and monitor the performance of the trustee and care institution. TCB serves as the custodian of the assets and manages the funds, thereby separating the responsibilities of the caregiver and the fund manager and reducing potential conflicts of interest among the parties involved. Lastly, considering the possibility that unscrupulous people may covet Uncle Rong's inheritance after his passing and seek custody of his son, a request was made to the court to declare a guardian for Uncle Rong's son, and the Department of Social Welfare, Taipei City Government was declared as the legal guardian.

After signing the trust deeds for his son, Uncle Rong also established his retirement trust to prepare for any needs for care in the future. The bank will handle care expenses and other related matters on his behalf and sign agreements that any remaining trust assets after his passing will be transferred to his son's trust for future use. Uncle Rong said that after signing these two trust deeds, he can leave without any worries.



## Create a Friendly Financial Environment

### A Barrier Free Friendly Service Environment

270 branches of TCB across Taiwan have all had different types of barrier-free facilities or measures in places, including a barrier-free slope for enabling physically or mentally impaired people or other disadvantaged to enter, tactile floor tiles and



service bell, barrier-free service counter and ATM, and designated service staffs to assist with financial businesses. Moreover, we collaborate with the Taiwan Association of Sign Language Interpreters to provide sign language interpretation services. To enhance the friendliness of financial services for people with disabilities, TCB waives interbank ATM cash withdrawal fees, especially for account holders with disabilities by applying through bank counters, mail, or online methods. As of the end of 2022, TCB had installed 1,189 ATMs the physically impaired and 67 ATMs for the visually impaired, accounting for 5.63% of total ATMs. In order to take care of areas with low population density (not exceeding 300 people per square kilometer) or economically disadvantaged areas (counties and cities in the bottom 1/3 of economic and employability rankings), TCB has set up 19 business units and installed 72 ATMs, providing the same services as other areas. TCB also offers a variety of channels, such as intelligent customer services, live chat customer services, Internet, APP, voice call, and telephone service representatives, to enable users to choose a suitable way to inquire about businesses or express their opinions.

All of TCS's business locations received the "Dementia-Friendly Label" from the Ministry of Health and Welfare in 2022. In addition to setting up elderly and barrier-free service areas for the elders and people with



disabilities at all business locations in Taiwan, TCS provides barrier-free slopes, tactile floor tiles, barrier-free service counters, and braille labels for elevators. TCS also deploys qualified first aid personnel, provides elderly customers with reading glasses and blood pressure monitors, and actively cares for the elders and customers with disabilities when providing over-the-counter services at the same time. After relocating its headquarters at the end of 2022, TCS has planned the height of its service counters to be suitable for elderly customers who use wheelchairs to fill out account opening-related documents. TCS also provides various consulting services to elders, such as calling a taxi or borrowing a wheelchair; we will assign dedicated personnel to assist with these services.



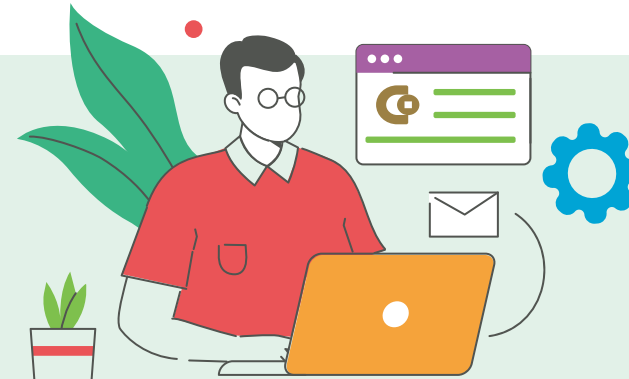
## Friendly Financial Services Section

### • TCB Internet Banking

In order to provide better and more convenient online financial services for people with disabilities, the live chat customer services, official website of TCB, personal internet banking, Internet ATMs, and eATMs with simple functions have all obtained the National Communications Commission (NCC) Website Accessibility Guideline Version 2.0 with conformance level AA. It provides the visually impaired and other people functions and interfaces that are easier to operate and can enjoy interbank ATM withdrawal fee discounts 3 times a month. In addition, credit card application, card issuance, reporting of lost credit cards, and other services can also be handled through various channels such as Internet banking and mobile banking.

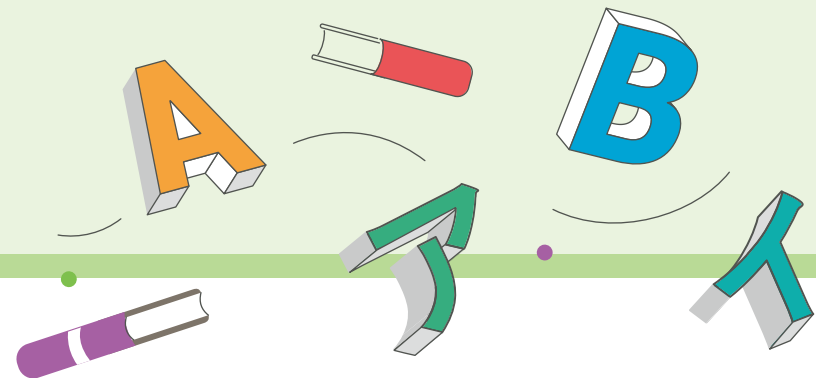
### • TCS Official Website

To create a friendly and convenient investment environment for people with disabilities and commit to provide barrier free financial services, TCS's friendly service section on its official website has obtained the "A-Accessibility Website Label" certification. We comply with the friendly financial measures stipulated by competent authorities to provide diverse order placing and account opening services, such as phone, voice, and electronic ordering. We also integrate non-discriminatory digital services to make it more intuitive and convenient for customers to operate. In addition, various online financial services can eliminate the inconvenience of visiting the counter, save time, and provide professional and complete electronic transaction services 24 hours a day.



## Building a Bilingual Financial Service Environment

- TCB has established 91 bilingual service branches by the end of 2022. We provide exclusive English service counters, document forms commonly used by foreigners, bilingual signs and ticket dispensers in the business lobby, and multi-language translation machines to serve customers from non-native English-speaking countries. In addition, the branches in Nanjing East Road, Yuanshan, Zhongli, Taichung, and Kaohsiung where Japanese tourists frequently come and go have added Japanese language services to enable foreign tourists to enjoy warm and friendly financial services.
- TCS has actively responded to the "Blueprint for Developing Taiwan into a Bilingual Nation by 2030" by setting up bilingual signs at its service locations and providing bilingual versions of commonly used application forms at its counters. Important business locations are staffed with personnel who are capable of providing services in English. In the future, TCS will continue to provide more bilingual services to meet the financial needs of foreigners and connect with the international community.



# CH6 Employee Care

## Stakeholders of Concern



Employees



Shareholders/  
Investors



Customers



Suppliers



Community



Government and Competent  
Authorities



Media



Academic units/  
Consultants/  
Industries/  
Association



## Corresponding Material Topics

- ✦ Training and Development
- ✦ Equality and Human Rights



## 6.1 Talent Recruitment and Retention

Talent development is fundamental to any enterprise wishing to pursue sustainable development. Committed to being a “happy enterprise”, the Group has been working to build an employee friendly and healthy workplace, providing comprehensive remuneration and benefit packages as well as well-planned career development scheme, flourishing multiple channels for talent recruitment, and establishing effective communication channels between employees and executives so as to reduce the possibility of any form of forced labor. Faced with COVID-19 pandemic, the Group has taken the initiative to pay extra care to employees’ physical and mental health as well as work-life balance, so as to ensure employees’ health and well-being.

### Talent Recruitment

In response to rapid changes in the financial environment and the vigorous development of digital banking, the Group is working to cultivate talents and improve competitiveness, actively recruiting elites in the field of finance based on the needs of each department through open recruitment, campus recruitment, and industry-academia collaborations. Additionally, to keep up with the digital era and break traditional stereotypes regarding public banks, the Group actively makes use of new media, conducting digital marketing from multiple angles, including social media curation, content marketing, ad placement, and search engine optimization (SEO). As of 2022, TCFHC has been selected as a constituent of the “Taiwan Employment Creation 99 Index” for 6 consecutive years, and consistently wins the award for being the “Most Desirable Financial Holding Company to Work For” by graduates of finance and insurance in the Insurance Dragon and Phoenix Awards, which shows how TCFHC has been recognized for how much we value talents.

To foster a culture of inclusivity and diversity, employment discrimination is absolutely prohibited. Aside from prohibiting the employment of those under the age of 16 (child labor), recruitment of new employees must not be influenced by candidates’ race, religion, skin color, political affiliation, age, gender, sexual orientation, marriage status, or disabilities. Discrimination in employment is absolutely prohibited. Although in 2020, the number of new employees and the ratio of new employees both declined compared the previous year due to the impact of the COVID-19 pandemic, these numbers have shown a small but steady growth over the past 2 years. In 2022, TCFHC recruited 652 new employees, accounting for 6.76% of all employees at the end of the year, with approximately 60% of new employees being under the age of 30, demonstrating the effectiveness of the Company’s recruitment policy reforms in recent years. Additionally, the gender ratio of new employees in recent years falls between 40% to 60%, showing no obvious bias towards any gender, which is in accordance with the Company’s policy against gender discrimination.



### 2019-2022 Distribution of New Employees

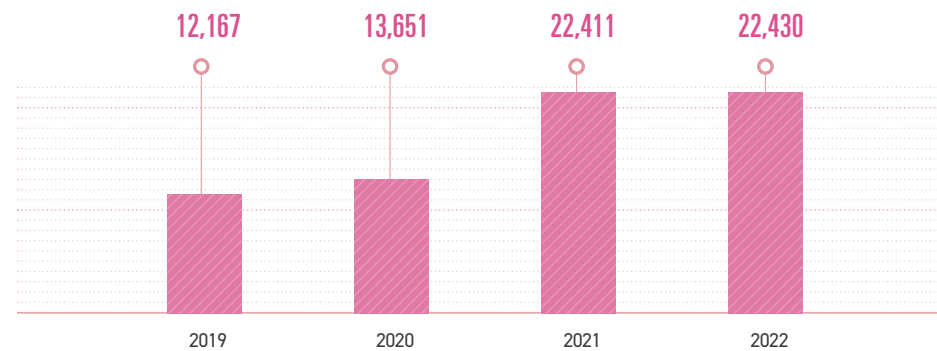
	2019	2020	2021	2022
No. of employees at the end of the year	9,354	9,448	9,526	9,642
No. of new employees <sup>Note 1</sup>	725	567	609	652
New employee hiring rate <sup>Note 2</sup>	7.75%	6.00%	6.39%	6.76%
Male	311	251	263	258
Female	414	316	346	394
Below 30	487	386	397	392
Between 30 and 50	229	173	191	235
Above 50	9	8	21	25
Managerial position	7	9	18	24
Non-managerial position	718	553	591	628

Note 1: For details on new employees of each subsidiary, see Appendix 1.

Note 2: New employee hiring rate = No. of new employees / No. of employees at the end of the year.

### 2019-2022 Average Employment Cost of New Employees

Unit: NT\$ dollar



Note: Average employment cost = New employee employment cost / No. of new employees.

## Campus Recruitment and Career Fair

To attract potential graduates who are interested in working in the financial industry and communicate with students directly, TCB has continued to expand campus recruitment and career fair events since 2019, inviting employees to share their experience and introduce TCB at their alma maters to give students a better understanding of TCB's system and culture. In 2022, TCB organized 20 campus recruitment and career fairs and 7 employment fairs at 20 universities including National Taiwan University. The 20 career fairs were attended by approximately 1,800 university students.

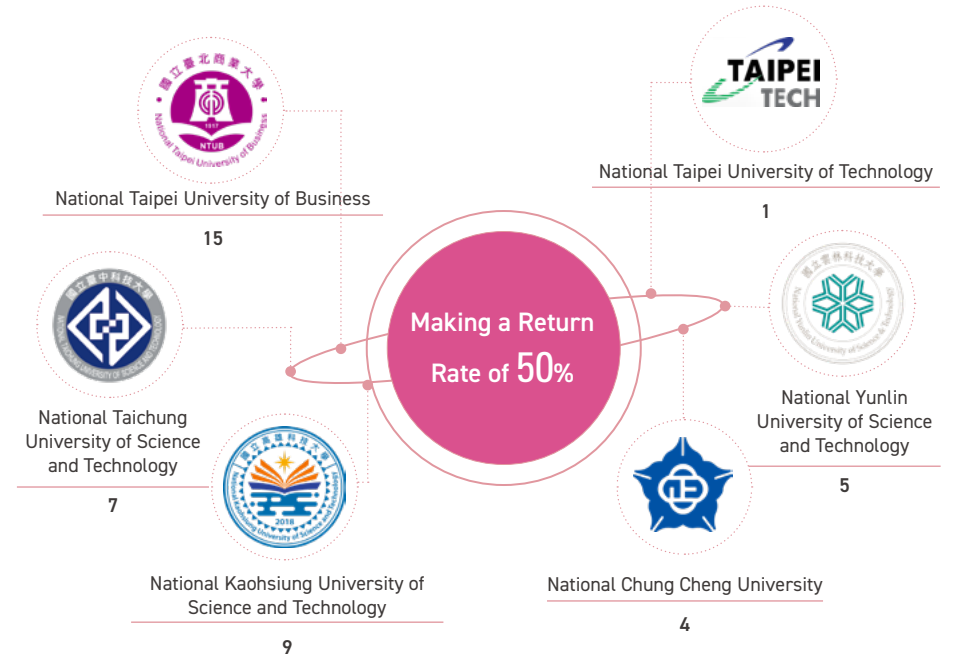
Since 2020, TCB also invited young employees to participate in filming promotional videos introducing the Company's work environment and responsibilities. These videos are posted on social media to garner the public's understanding and recognition. Compared to one-way promotional campaigns, these videos by TCB are a more creative approach with better reach, grabbing the attention of younger generation, thereby achieving successful marketing with multiplier effects. The relevant videos have garnered over 23,000 views on YouTube.



## Industry-Academia Collaboration

To support local education and increase community recognition in nearby communities, TCB actively facilitates industry-academia collaborations with universities near its branches for local students to join. Since 2017, TCB has carried out industry-academia collaborations with 8 universities, providing internship opportunities to students who are about to graduate. In addition to senior employees sharing practical experience about working in finance, the combination of actual practices and theories help students bridge the gap between academic theory and practical application, so that they can quickly adjust to the workplace. During the internship, those who perform well and have passed the interview shall be promoted to a permanent employee, securing a job as soon as they graduate. In 2022, TCB's industry-academia collaboration programs recruited 82 interns, 41 of which returned as full-time employees, making a return rate of 50%, achieving the goal of hiring local talents for operation centers and enhancing community recognition.

### 2022 Industry-Academia Collaboration Partners and No. of Recruitment



### • Summer Internship

With the goal of cultivating and recruiting talent in mind, TCB provides summer internship opportunities to students of National Tsing Hua University and National Chengchi University. The 2-month internship program helps students prepare for the workforce and industry and develop skills they need to prepare for the future and solve problems. Panel discussions are also held at the end of the program so that TCB can get feedback from the interns and improve the internship program going forward.

## Employee Remuneration

To create a good working environment and inspire employees' enthusiasm and synergy, TCFHC has a comprehensive remuneration and benefits program, providing stable remunerations and multi-faceted employee benefits to better the employees' mental and physical health and create a "happy workplace".

### Remuneration Policy

The basic salary of new employees is determined by job position and responsibilities, will not differ because of race, religion, skin color, political affiliation, age, gender, sexual orientation, marriage status, disabilities, or group association, and is always higher than the local minimum wage.

To ensure that the Company's operating performance and achievements are reflected in employee remuneration, annual employee bonuses and remuneration are given according to the Company's overall performance evaluation results that year. The personal performance of individual employees will also be evaluated to determine potential raises or bonuses. For overseas employees, TCB will also refer to the local index and industry remuneration standards when approving remunerations adjustments and bonuses each year.

In 2022, the Group implemented a group-wide pay increase. TCFHC and TCB saw a pay increase of 4% and a total increase of up to 6.66% after accounting for year-end bonuses and promotions for those who passed performance evaluations. Other subsidiaries also saw an average pay increase of over 3%, depending on business type and overall performance evaluations. The pay increase not only boosted employee morale but also strengthened the Group's competitiveness in terms of remuneration.

TCFHC has been selected as a constituent of the "Taiwan High Compensation 100 Index" for 8 consecutive years since 2015, meaning that the Group's remuneration level is among the top of all listed companies. For 2 consecutive years since 2019, TCFHC had the highest median salary of all financial holding companies in the financial and insurance industry. Although it dropped slightly to second place in 2021, the median salary offered by TCFHC is still the highest among state-owned holding companies. Impacted by fluctuations in the global financial market, the Group's 2022 average salary of full-time non-managerial employees was NT\$1.422 million, and the median salary was NT\$1.324 million, both of which have decreased slightly from the previous year, but still the highest among state-owned holding companies.

### 2020-2022 Median Salary of Full-Time Non-Managerial Employees

Year	No. of Full-Time Non-Managerial Employees (person)	Average Salary of Full-Time Non-Managerial Employees (NT\$ million)	Growth Rate (%)	Median Salary of Full-Time Non-Managerial Employees (NT\$ million)	Growth Rate (%)
2020	8,245	1.362	-	1.244	-
2021	8,352	1.456	6.90	1.344	8.04
2022	8,427	1.422	-(2.34)	1.324	-(1.49)

Note 1: The data includes TCFHC, TCB, TCS, and BNP TCB Life.

- The contents of salary expenses are defined by the "Directions for Reporting Operations of Full-Time Non-Managerial Staff Salary Declaration and Applicable Q&A" issued by Taiwan Stock Exchange.
- According to the definition in the Q&A for the "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" (January 14, 2019), "non-managerial" staff (not managers) are determined by the scope of "manager" and are added and declared according to Order No. Taiwan-Finance-Securities (III) 920001301 issued on March 27, 2003. In terms of practical operations, it should be consistent with the scope of report of internal personnel (managers), disclosed in the annual report of the shareholders' meeting (managers) by each company, and adopted consistently before and after.

### 2022 Gender Pay Gap Analysis at TCFHC Group

Index	Disparity (%)
Mean gender pay gap	1.53
Median gender pay gap	0.22
Mean bonus gap	-(1.80)
Median bonus gap	-(6.02)

Note: The percentage of gender pay gap =  $\frac{\text{Compensation for male (average compensation / median compensation)} - \text{Compensation for female (average compensation / median compensation)}}{\text{Compensation for male (average compensation / median compensation)}} \times 100\%$

## Employee Welfare

In addition to offering generous compensation, to protect the interests and rights of the employees and prompt the harmony of industrial relations, the Group also provides employee benefit measures that are superior to regulatory standards, making adjustments and additions whenever necessary. With these good benefit measures, the Group hopes to look out for employees and fulfill its corporate mission to take good care of employees.



Note 1: In case of business needs or special circumstances (such as quarantine during the epidemic), the Company provides necessary remote connection operation equipment system for employees to handle official duties, and is equipped with an electronic official document signing system to maintain smooth administrative management and efficiency, ensuring uninterrupted business of the Group.

2: Employees who are raising children under the age of 3 may apply to reduce the number of working hours per day.

## Family Care

In order to let employee and their dependents benefit more care from the Company, TCFHC provides generous allowance and subsidy scheme for marriage, maternity, childcare, and funeral, as well as child scholarship, emergent financial aids, bereavement payment, and various comfort payments to establish a comprehensive employee and dependent care structure.

### • Matchmaking Events

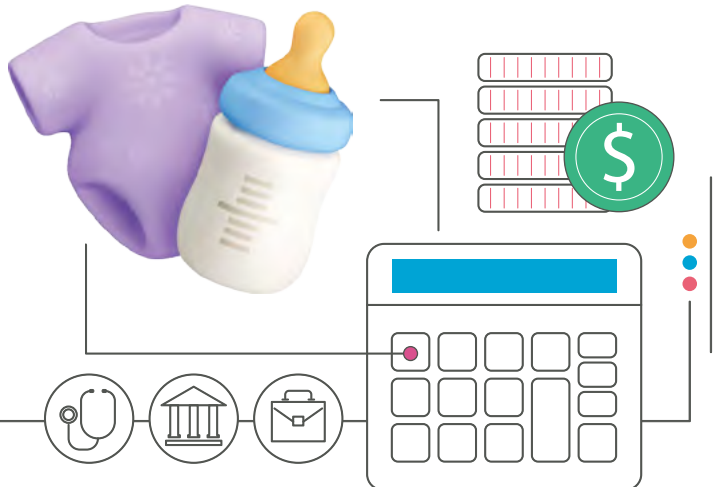
To further the ideal of establishing a "happy enterprise", TCB organized its first matchmaking event for single employees in 2021. The event was a hit, so another one was held in 2022, with professional event organizers hired to plan the event in hopes that introducing more engaging activities will encourage more employees to take part. In 2023, the matchmaking event is no longer exclusive to TCB employees, giving busy single employees a chance to expand their social circles and find their partner in life, so that the stability of family life will encourage employees to stay working at TCB.



### • Childbirth Subsidy and Childcare Service

In response to the aging population and low birth rate in Taiwan, and considering the increase of women in the workforce in modern society and how female employees need adequate time to recuperate after childbirth before returning to the workforce, TCFHC significantly increased childbirth subsidies in 2021 from up to NT\$100,000 for each pregnancy to NT\$150,000. TCB employees also get childcare subsidies from the Employee Welfare Committee, meaning that they can receive up to NT\$160,000 for each pregnancy. In 2022, a total of 163 employees of the Group applied for the subsidy, resulting in the highest ever total subsidy amount of NT\$18.984 million. Both the number of employees applying for the subsidy and the total subsidy amount have increased compared to 2021.

Childbirth Subsidy	2021	2022	Difference from Previous Year
No. of employees subsidized	151	163	12
Total subsidy amount (NT\$ million)	13.84	18.984	5.144



For employees that meet the requirements of the "Act of Gender Equality in Employment", TCFHC will not only approve the unpaid leave application but also retain the job position until the leave period ends. In 2022, there are 458 employees eligible for childcare unpaid leave, 114 of which applied and was approved. In that year, aside from 3 of these employees who resigned voluntarily to pursue different career plans, the others were all reinstated, resulting in a reinstatement rate of 97.09%. In the previous year, 98.36% of employees who took childcare leave were reinstated and stayed on for at least one year, demonstrating that TCFHC's benefits system is well regarded by employees.

### Application for Unpaid Parental Leave and Reinstatement by TCFHC Employees

Gender	2022				2021		
	No. of Applicants Applied for Unpaid Parental Leave	No. of Supposedly Returned Staff (A)	No. of Actual Returned Staff (B)	Return to work rate (B/A)	No. of Actual Returned Staff (C)	Still employed 12 months after their return to work (D)	Retention Rate (D/C)
Male	22	17	15	97.09%	7	7	98.36%
Female	92	86	85		54	53	
<b>Total</b>	114	103	100		61	60	

TCFHC has also signed a corporate childcare service contract with Hess Educational Enterprise Co., Ltd. to provide employees with childcare support, including registration discounts, extended childcare service hours, and occasional information on campus activities as well as parenting education consultation seminars and publications. The TCB Employee Welfare Committee gives childcare subsidy twice a year. For employees whose children are between the age of 1 and under 5, each child will receive a subsidy of NT\$1,000 each time. NT\$2,500 to NT\$3,500 of scholarship will be given to children receiving education from schools at all levels accredited by the government to encourage employees' children to hard work at school. The education includes master's degree and doctoral programs, universities and colleges, senior high schools, and the five year vocational schools are compared to the standards of senior high schools for the first 3 years, and the standards of universities and colleges for the last 2 years.

TCFHC not only complies with the "Act of Gender Equality in Employment", but also has a comprehensive leave system that is superior to statutory requirements, offering female employees full-paid menstrual leave, pregnancy leave, pregnancy check-up leave, and miscarriage leave. TCFHC also provides 42 working days of maternity leave, which amounts to 8.3 weeks which, when combined with holidays, means that employees can rest for up to 10 weeks. These measures take full care of mothers. After employees return from maternity leave, TCFHC also offers breastfeeding time so that female employees can take care of their baby's health while at work. For male employees, TCFHC not only provides pregnancy checkup accompaniment and paternity leave that are superior to statutory requirements, but also allows up to 7 days of full-paid family care leave or childcare extended unpaid leave for those with childcare needs. The work rules also clearly stipulate that if employees are raising children under the age of 3, they may apply for a reduction of working hours by 1 hour per day. These measures allow employees to adjust their working hours according to their needs, providing a childcare friendly workplace where employees can balance their work life and family life.

### Maternity Protection Measures Superior to Statutory Requirements

	Statutory <sup>Note 1</sup>	TCFHC (superior to statutory requirements) <sup>Note 2</sup>
Menstrual leave	Half-paid	Full-paid
Tocolysis leave	Not stipulated	Full-paid+ 1.3 weeks of calendar days
Pregnancy checkup leave	7 days	1.4 weeks of calendar days
Miscarriage leave (pregnancy under 2 months)	Unpaid+5 days	Full-paid+14 days
Miscarriage leave (pregnancy lasted 2-3 months)	Unpaid+1 week	Full-paid+14 days
Miscarriage leave (pregnancy lasted over 3 months)	4 weeks	Miscarriage after 3-5 months of pregnancy: 21 days Miscarriage after 5 months of pregnancy: 42 days
Paid parental leave for the primary caregiver	8 weeks	11 weeks of calendar days
Pregnancy checkup accompaniment leave and paid parental leave for the non-primary caregiver	7 days	1.3 weeks of calendar days (Extended application period. Employees may apply for leave within 15 days before or after the day of delivery)
Family care leave	Unpaid	Full-paid

Note 1: Statutory maternity leave/miscarriage leave is calculated by calendar dates (including public holidays with no additional leave given).

2: TCFHC leave is calculated by business days (excluding off days, weekends, and public holidays)

### Reassurance

In order to protect employees' life and work against uncertainty, TCFHC has enrolled its employees in labor insurance, national health insurance, and employee group accidental injury insurance to make sure each employee are being provided with the care they deserve during their duty hours. Employee's dependents are also entitled to join group insurance. When an employee retires or is laid off, relevant benefits would be handled according to "Employee Retirement, Casualty and Severance Regulations," and Employee Welfare Committee would also provide relevant subsidies.

As for the post-retirement life, TCFHC has set up an employee retirement system according to "Labor Standards Act" and "Labor Pension Act", with which TCFHC makes monthly contribution equivalent of 6% of each employee's insured monthly salary as the labor pension to provide security to employees' retired lives. In addition, TCB has also set up a retiree networking center as a venue for retirees to meet and interact with each other.

To improve its competitive edge and increase employees' willingness to work long-term at the company, TCB established an employee stock ownership trust in 2020. Full-time employees who have stayed at the company for more than 6 months can opt to participate in the stock ownership trust. For participants, TCB allocates NT\$1000 of stock subscription (company allocated funds) to encourage employees (including senior level managerial employees) to invest in the company's stocks through systematic investment plan. This not only allows employees to share the fruits of the company as a shareholder, but also has the effect of additional salary. Employees can get back the full amount of self-allocated funds when they leave or retire, while company-allocated funds will be given based on employees' membership years, thereby increasing employee's willingness to stay with the company.

As of the end of 2022, 96.8% of TCB employees are part of the employee stock ownership trust, and the overall implementation has shown great results. The Group is planning to establish employee stock ownership trusts for TCFHC and other subsidiaries to build solidarity between employees and improve overall business performance.

### Welfare Facilities

The TCFHC Group has been concerned with the health of employee, striving to create a happy workplace, an effort that has propelled each subsidiary and their branches to set up facilities subject to office size and the needs of employee, such as infirmaries, breastfeeding rooms, employee clubs, company canteens, and parking lots.

In addition, there are multifunctional courts, gyms, yoga, and dance classrooms in the Cultural and Recreational Activity Center of the TCB headquarters. Employees can form teams to play basketball, badminton, and other ball activities, or take aerobic, yoga, dance, and other lessons and hire a professional coach to teach lessons. To encourage employees to participate in club activities after work, eliminate stress from work, and enhance interaction among employees, starting from 2020, any clubs registered and established according to the "Guidelines for the Management of TCB Employee Clubs" can apply for the subsidies for expenses generated from club-related activities. As of the end of 2022, a total of 13 clubs have been registered, with a total subsidy amount of NT\$277,000.





## Healthcare

In order to encourage employees to manage their own health, prevent or treat their health issues in a timely manner, the Group provides employees with various health examination subsidies, and entrusts professional health examination institutions to conduct health examinations at each units every 3 years. In addition, in the past 3 years, the Group has fully implemented the self-paid influenza vaccine subsidy for employees in order to promote the health protection of colleagues.

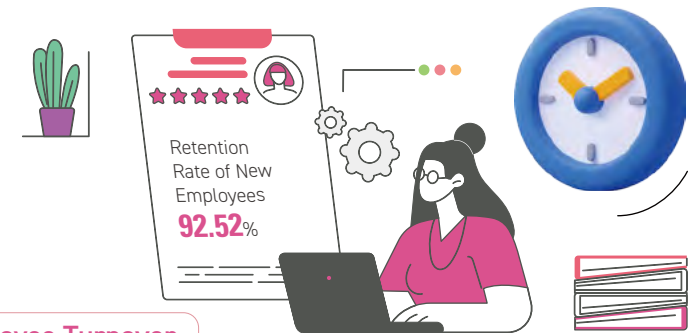
Subsidies for Health Examination	Eligibility and Subsidy Amount	<ul style="list-style-type: none"> <li>Employees under the age of 40 are entitled to 1 day of official leave for health checks every 2 years.</li> <li>Employees between the ages of 40 and 50 are entitled to a health check subsidy of NT\$3,500 and 1 day of official health check leave every 2 years.</li> <li>For employees over the age of 50, health check subsidies ranging from NT\$3,500 to NT\$10,000 are given based on different job positions in addition to 1 day of official leave for health checks.</li> <li>In addition to the existing official leave for health checks, employees stationed abroad are entitled to a subsidy of up to NT\$3,500 every 3 years.</li> </ul>
	Subsidy Method	<ul style="list-style-type: none"> <li>Receipts and proofs of payment for subsidy.</li> </ul>
	Total No. of People Subsidized and Amount	<ul style="list-style-type: none"> <li>In 2022, TCB conducted its triennial employee health check, with a total of 7,740 employees participating.</li> <li>In 2022, the Group provided subsidies to 4,004 employees with a total health check subsidy amount of NT\$21.107 million, a significant increase from 2021.</li> </ul>
Preventive Healthcare	Eligibility and Subsidy Amount	<p>The following employees are eligible for verified subsidy of up to NT\$6,000 once every 2 years.</p> <ul style="list-style-type: none"> <li>High-risk group employees who are between the age of 45 and 50, with the first degree of next kin diagnosed with lung cancer <sup>Note</sup>.</li> <li>Employees aged 50 or older.</li> </ul>
	Inspection Items (select one)	<ul style="list-style-type: none"> <li>Computed tomography (LCDT) and magnetic resonance angiography (MRA).</li> </ul>
	Total No. of People Subsidized and Amount	<ul style="list-style-type: none"> <li>In 2022, the Group subsidized a total of 466 employees, and the amount of subsidy for specific items of health examination reached NT\$2.626 million.</li> </ul>
Flu Vaccination Paid Out-of-Pocket	Qualifications	<ul style="list-style-type: none"> <li>The whole Group.</li> </ul>
	Total No. of People Subsidized and Amount	<ul style="list-style-type: none"> <li>In 2022, TCB organized 2 "employee state-funded/out-of-pocket flu vaccination stations", and BNP TCB Life continuously invited doctors to give flu vaccines to colleagues on the spot. A total of 469 people from the Group participated.</li> <li>In 2022, the total flu vaccine subsidy amount was NT\$527.6 thousand, and a total of 682 people received subsidies.</li> </ul>

Note: Only applicable to "computed tomography".

## 6.2 Career Management and Learning

Human resources are a key competitive edge of an enterprise when moving towards sustainable development. TCFHC has managed to bring core corporate value and strategic developmental objectives into the construction of comprehensive educational training and continuous education program that contains a well-planned training blueprint subject to different positions and levels as well as different needs of professional capacity, to establish effective career development training for employees, aiming to achieve the objective of talent development, talent retention, and employee attaining career goal, a win-win situation where the enterprise and employee grow together.

In 2022, the turnover rate of TCFHC Group is approximately 5.64%. Excluding 254 employees that reached retirement age or applied for early retirement, voluntary turnover rate is 3.01%. Although the turnover rate has been gradually increasing over the past 4 years, it is still far lower than the average turnover rate of 13.8% in Taiwan's financial industry. Additionally, the retention rate of new employees at TCB in 2022 was 92.52%, demonstrating that the working environment provided by TCFHC is favored by most employees.



### 2019-2022 Employee Turnover

	2019	2020	2021	2022
Employee Turnover Rate	4.67%	4.53%	5.30%	5.64%
Voluntary Turnover Rate (Excluding Retirement)	2.52%	2.39%	2.84%	3.01%
Involuntary Turnover Rate	0.12%	0.14%	0.15%	0.15%
Data Coverage Rate	100%	100%	100%	100%

Note 1: For the turnover rate at each company in the Group, see Appendix 1.

2: Voluntary turnover: retirement, early retirement, and resignations.

Involuntary turnover: death and lay off.

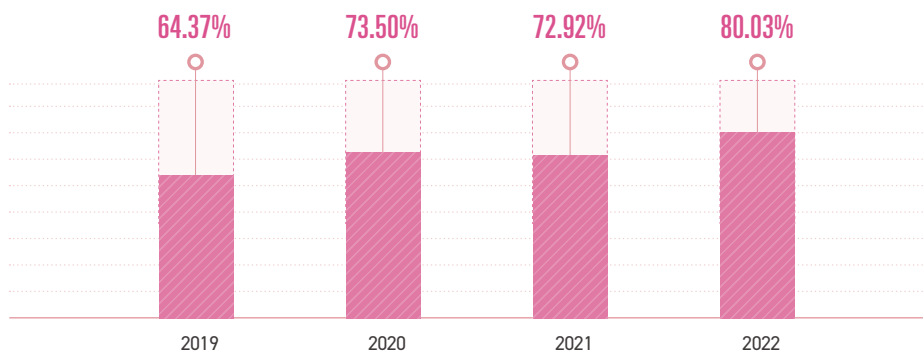
3: Involuntary/voluntary turnover rate = no. of employees who involuntarily/voluntarily resigned/no. of employees at the Group at the end of the year.

In recent years, in response to the development of sustainable finance and the FinTech trend, the need for digital transformation is becoming more urgent than ever. In addition to actively recruiting professional talents in digital technology to improve the Group's digital banking literacy, TCFHC also strengthened internal workforce transformation training so that employees can directly fill vacancies. These internal and external measures work in tandem to improve the Group's overall competitiveness. Recruiting professional talent, improving employee's bilingual proficiency, training talents to keep up with international standards, and expanding employees' global vision are all important talent development policies at TCFHC.

### 2018-2022 Talent Recruitment Information

Year	Type of Talent					
	Global Associate (GA)	Information	Information Security	Digital Finance	Legal Compliance	ESG
2018	19	8	6	0	28	0
2019	53	44	2	7	8	0
2020	41	27	6	0	1	0
2021	47	26	5	6	0	1
2022	51	28	1	1	0	4

### 2019-2022 Employee Internal Transfer or Promotion Rate



Note: Internal transfer rate refers to the proportion of job vacancies filled by internal staff.  
 Internal transfer rate = No. of employees with transferred positions/no. of employees at the end of the Group of the year.

## Diverse Learning and Training Opportunities

### Employee Education and Training

In order to motivate employees to pursue growth and strengthen professional skills, each year the TCFHC Group generated different annual training program that contains various types of professional lectures and training courses either held internally and arranged externally through collaborations with different training institutions, schools, or government agencies. The Group has encouraged staff to learn autonomously or take part in external training courses. The Group also held celebrity speech events from time to time and arranged multiple learning channels hoping to develop employees' professional skills and competency and increase the competitiveness of the entire group.

In recent years, to instill the ideals of corporate sustainability into the corporate culture, the Group has gradually included ESG related topics into its training materials, covering issues such as information security, ethical management, human rights equality, TCFD, sustainable finance, and green operations. TCB also plans to allocate an annual budget of NT\$11.18 million on sustainable transformation courses such as "Senior Seminar on Fair Customer Treatment Principles", "TCB Health Lectures", "TCB Seminars", and "Financial Consultant for Senior Citizens Training Course".

In 2022, the average training hours for employee is 52 hours with the average training expense of NT\$2,072. Although many courses were conducted online due to the COVID-19 pandemic, both numbers saw a significant uptick from 2021 (40 hours, NT\$1,768).

### 2022 Group Trainings

	Male		Female		Total
	Supervisor	Non-Supervisor	Supervisor	Non-Supervisor	
Total Training Hours	64,521	137,596	83,290	211,724	497,131
No. of People	987	2,942	1,281	4,432	9,642
Average Training Hours	65.37	46.77	65.02	47.77	51.56
Total Training Expense (NT\$)	4,377,768	4,024,429	5,372,760	6,202,674	19,977,631
Average Training Expense (NT\$)	4,435	1,368	4,194	1,400	2,072

TCB continues to provide complete and comprehensive training on 3 main fronts which are new employee training, global associate training, and leadership management training, so that employees are given diverse learning and development opportunities throughout their career. Also, in preparation for global deployment, the expansion of the overseas service network, and the establishment of bilingual branches, TCB is actively cultivating well-rounded international talents and providing support for employees to obtain professional certificates and language proficiency certification in order to cultivate talents with international vision.

To welcome the wave of digital transformation among banks and FinTech, TCB is also actively implementing innovative talent training plans, organizing the "Innovation Brainstorming Camp" in 2018 and establishing "Innovation LAB (CoLAB)" in 2019, both of which served as important incubators of innovative talents and new FinTech patents.

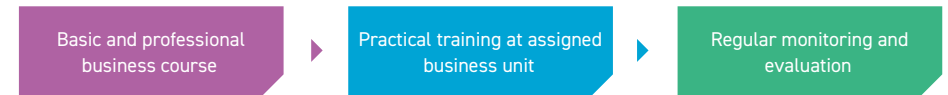
## New Employees

TCB has a large number of new employees each year. To help newcomers quickly get the hang of their responsibilities, TCB organizes new employee seminars and new employee ETABS (front desk computer system) courses. The training courses gradually increase in difficulty and introduces theories before hands-on practice, covering topics like practical operations, operational risk loss, friendly financial service, information security literacy, ESG issues, and occupational safety education. Practical exercises include identifying subpoenas and balancing loans, as well as operating simple payment transactions. These courses also introduce the ETABS interface and troubleshooting methods. Trainees then practice more complicated cases, then take on more advanced courses on things like fixed deposits, cash accounts, and checking accounts.



## Global Associate (GA)

In preparation for global deployment, the expansion of the overseas service network, and the establishment of bilingual branches, TCB is actively training international talent with comprehensive skillsets. In particular, the "Global Associate Training Program" is one of TCB's most valued talent training projects. TCB launched the Global Associate Program in 2011, providing solid professional courses and internal rotations that allow trainees to learn core operations in order to develop international banking talents. The program has been organized for 10 years, training over 200 global associates. In recent years, TCB increases the no. of recruitment in hopes of recruiting talents with at least a master's degree, intermediate or high English proficiency, and background in any field of study in order to revitalize the company's organization in preparation of the new era. As of 2022, 183 people (64%) have completed training or been assigned to the head office or an overseas branch.



## Leadership and Management Training

To expand the talent pool for potential managers, TCB regularly selects outstanding employees for training, organizing elementary, intermediate, and senior manager training courses as well as new manager courses based on the different responsibilities of managers at different levels. In 2022, a total of 376 employees received training, with courses that covered business developments and digital banking industry analysis. Industry experts, scholars, and consultant companies were also invited to speak on diverse topics like "key systematic customer management skills", "effective communication management skills", and "outstanding team leadership" to improve managers' leadership skills, help them understand global trends and industry supply chain demands, and improve their ability to communicate with customers, establishing sustainable competitiveness.

### 2022 TCB Manager Training Status

Training and Education	No. of People Trained
Elementary Manager Course	129
Intermedia Manager Course	117
Senior Manager Course	71
Junior Manager Course	59

## Company-wide English Courses

In the wave of globalization and internationalization, having international communication skills and a global vision is an important part of improving corporate competitiveness. To follow the government's "Bilingual 2030 Policy" and provide friendly bilingual financial services, TCB is committed to comprehensively improving employee's English listening, speaking, reading and writing, organizing both classroom courses and courses on professional online learning platforms, which have been attended by over 3,000 people.

Since 2021, TCB has partnered with ICRT to organize physical English speaking courses with professional foreign teachers. The 13 week course is 1 hour per week and conducted in groups in a small class of 20 people. The course includes group discussions and reports, which allow participants to practice their English speaking and teamwork, and overcome the fear of speaking. The topic of the report is also relating to banking, so that employees can contribute what they have learned at work, tap into their creativity, and convey their thoughts and suggestions in complete statements, effectively improving their English speaking skills.

Additionally, TCB provides online English learning programs for all employees through the professional online English learning platform FUNDAY, allowing employees to complete courses by choosing articles they are interested in. Those who have completed 100 hours of online courses within a year and shown improvement in language proficiency exams will receive bonuses at different levels. At the same time, language proficiency test results are a bonus assessment criteria when it comes to promotions. Over 2,000 people signed up for the courses, demonstrating that TCB has successfully increased employees' willingness and motivation to learn English.

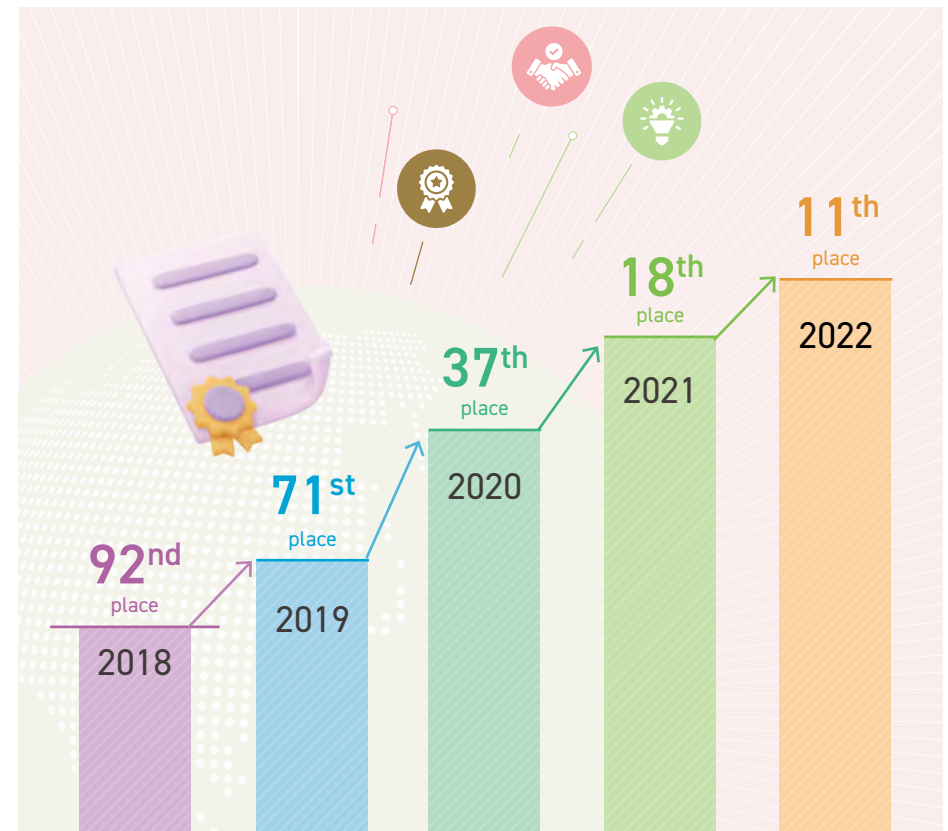
Aside from language skills, TCB also actively trains talents in international affairs in order to have talents that can handle matters of an international bank. TCB also established the interdepartmental task force Co-FAST (Foreign Affair Special Task-Force). In the event of international affairs like foreign visitors, international conferences, or overseas roadshows, Co-FAST will be dispatched to effectively improve the quality and quantity of handling international matters with their professional skills and training in international affairs, helping TCB accumulate influence overseas and realize its long-term goal of becoming a international bank.

## Innovative Talent Cultivation Programs

In 2019, TCB established "Innovation LAB (CoLAB)", a flexible interdepartmental program that gathers outstanding millennial age global associates from a range of different fields, including talents in overseas branches, wealth management, credit granting, foreign exchange and other business areas, as well as inventors of FinTech patents and those who came up with excellent proposals at TCB's "Innovation Brainstorming Camp". These talents work together to inspire innovative FinTech ideas, seek out opportunities for financial service transformation, and accelerates the quality, quantity, and application of patent applications. CoLAB members are rotated each year to maintain a flexible culture of creative discussion.

Through the interdepartmental collaboration and passionate spirit of CoLAB, TCB established a culture of robust innovation, cultivating new innovative talents to establish the ability to continue providing innovative services in the digital ecosystem, which is a core part of digital transformation. TCB also actively applies for financial patents to protect its innovative technologies, making the list of Top 100 of Patent Application Filed by Domestic Institutions for 5 consecutive years since 2018, ranking in 11<sup>th</sup> place in 2022. As of the end of 2022, TCB has successfully obtained 415 patents on a variety of technologies including Big Data, mobile platform, AI, and security control mechanisms, and actively applies these technologies to its business.

### TCB's Patent Application Ranking Rises Each Year





## Innovation Brainstorming Camp

To incorporate innovative thinking into the corporate culture, TCFHC Group began holding the annual "Innovation Brainstorming Camp" since 2018. During the event, employees at all levels are encouraged to propose innovative ideas on various business developments as well as financial products and FinTech, breaking away from the traditional top-down decision making model in hopes that a bottom-up model will allow all employees to participate in the Company's development. The number of participants and proposals continue to hit new records each year. In 2022, over 500 employees have contributed their creative ideas, submitting 603 different proposals. Those proposals which have been adopted so far have completed more than 330 cases.

In order to carefully evaluate each proposal, the "Innovation Brainstorming Camp" is always held with the strongest lineup and the highest standards. Proposals go through several rounds of selection, with senior management and the person putting forward the proposal attending the Innovation Brainstorming Camp together. A comprehensive analysis of each proposal is conducted, and the outstanding proposals selected in the end are carried out by the business management department, with the progress updated in monthly senior management meetings.

In recent years, in response to the development of sustainable finance and FinTech trends, proposals focused on 5 major directions, namely "ESG, digital banking, sales promotion, product innovation, and joint marketing", including innovative sales and marketing strategies, diverse talent training, optimizing internal operating procedures, and plans for upgrading various systems. Examples include the family finance account, interactive mobile banking APP, reverse mortgage 2.0, and customer service satisfaction scoring systems at each branch, which were all implemented in 2022. The latter allows the Company to gather valuable customer feedback and suggestions, so that operating process and user experience can be improved to better suit customers' needs as part of the Company's effort to promote friendly financial service and follow the principles of fair customer treatment.

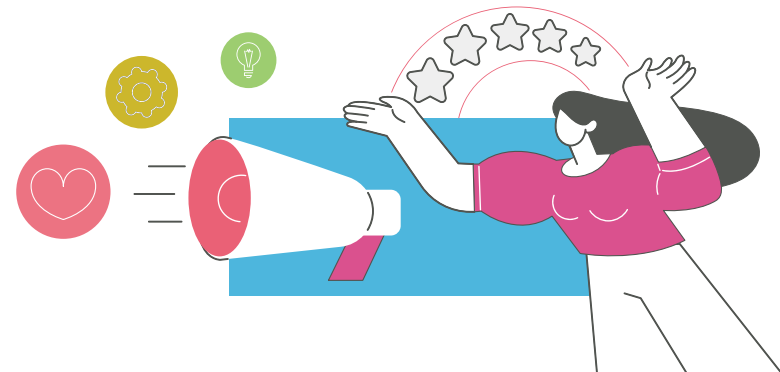
## Employee Development Program

In addition to providing employees with basic job training, language, and mandatory, compliance, or basic occupational health and safety training programs, the Group also plans special employee development plans in recent years, hoping to improve and develop employees' professional skills in order to improve the overall operating performance.

Item	Description	Estimated Program Objective and Business Benefits	Quantitative Impact of Business Benefits	% of FTEs Participating in the Program
ESG Nurturing Program	Talent is the key to the sustainable operation. The Group has implanted the concept of sustainable operation into the corporate culture, and organized education and training, lectures, and drills on ESG-related topics.	<ul style="list-style-type: none"> <li>Organize relevant education training and drills, ESG lectures.</li> <li>Complete the "Social Engineering Email Attack Drill" to ensure information security. The email opening rate of TCB and TCS should be less than 3%.</li> </ul>	<ul style="list-style-type: none"> <li>TCB plans to allocate a budget of NT\$11.18 million per year to conduct sustainable transformation courses such as "Seminars on the Principle of Fair Hospitality", "TCB Health Lectures", "TCB Seminars" and "Financial Consultant for Senior Citizens Training Course".</li> <li>ESG-related education and training courses cover information security, ethical management, personal data protection, principles of fair hospitality, etc., and the training completion rate is 100%.</li> <li>Completed the group-wide "Social Engineering Email Attack Drill", with an open rate of 0.72% for TCB and 0.16% for TCS.</li> </ul>	100%

Item	Description	Estimated Program Objective and Business Benefits	Quantitative Impact of Business Benefits	% of FTEs Participating in the Program
Senior Management Development Program	Help junior executives shorten the painful period of becoming senior executives, and share experiences by current and retired managers to replicate successful models for business expansion.	<ul style="list-style-type: none"> <li>Improve the promotion rate and reduce the shock of retirement tide.</li> <li>From 2018 to 2022, there were 345 manager associates, and 121 were actually appointed.</li> </ul>	<ul style="list-style-type: none"> <li>Manager associate's turnover rate from 2018-2022 is 0%.</li> </ul>	0.83%
Fin-tech Talent Cultivation Program	In response to the development and challenges of the Fin-tech era, and cooperate with the FSC to implement the "Fin-tech Capability Certification" mechanism, cultivate core talents with Fin-tech capabilities, and enhance employees' innovative thinking and digital capabilities.	<ul style="list-style-type: none"> <li>Strengthen innovative capability and develop innovative management mechanism.</li> <li>Actively respond to market trends and business needs to achieve the goal of digital transformation.</li> </ul>	<ul style="list-style-type: none"> <li>As of 2022, there are 220 new patent applications and 140 newly obtained patent certificates.</li> <li>CoLAB filed 38 patent applications and obtained 27 new patents and 1 design patent certification.</li> </ul>	6.75%

Item	Description	Estimated Program Objective and Business Benefits	Quantitative Impact of Business Benefits	% of FTEs Participating in the Program
Salesperson Training Program	Weekly courses on Taiwan stocks, economic situation, treat customers fairly, speaking skills, etc. are arranged to strengthen the training of front-line salespersons (including managers).	<ul style="list-style-type: none"> <li>The revenue from sub-brokerage has significantly increased.</li> <li>The number of futures trading lots has increased.</li> <li>Customer complaints decreased compared with the previous year; customer satisfaction increased.</li> <li>Over 70% of employees hold anti-money laundering certifications.</li> </ul>	<ul style="list-style-type: none"> <li>The total volume of sub-brokerage reached NT\$436 million, reaching the target of the annual budget (NT\$200 million).</li> <li>The futures trading volume of 1,730,105 lots achieved the annual budget target (1,000,000 lots), and the revenue increased by 33.11% compared with the previous year.</li> <li>There were 4 customer complaints, 11 fewer than the previous year's 15; customer satisfaction was 100%.</li> <li>133 salespersons obtained anti-money laundering certifications accounting for 88.66% of all salespersons.</li> </ul>	39.18%



## Performance Evaluation

To inspire employees to unleash their potential and reinforce the organization's operational efficiency, the Group has set up a fair evaluation and rewarding system, organizing both regular and irregular performance evaluations according to different duty natures. The performance evaluation results are then taken as a reference for future improvement, reward, or punishment. In recent years, the performance assessment system was gradually combined with the sustainable development goals strengthening the Group's sustainable governance. In 2022, 99.42% of employees in managerial roles and 98.54% of employees in non-managerial roles had gone through performance evaluation.

Management by Objectives

- TCFHC conducts annual business performance assessments for each subsidiary. In addition to financial and business indicators, the assessment targets also include management indicators to strengthen risk management and internal control. "Excellent deeds", "important operating policy implementation" and "ESG major topics implementation results" are included as bonus items. Through the combination of performance assessments and sustainable development goals, the Group's sustainable governance will be strengthened, and employees' awareness of the Company's sustainable development will be enhanced.
- TCB branches hold weekly morning (afternoon) meeting and other regular business meetings in which supervisors and employees discuss and review business performance together, giving recognition to those who hit their target and encouraging employees to do even better, and offering counseling for those who did not, establishing and following up on improvement plans.
- BNP TCB Life has supervisors and employees conduct annual performance evaluation together and establish goals for the coming year, stipulating that supervisors at all levels must at the least communicate and reach an agreement with employees during midterm and end-of-term interviews. BNP TCB Life hopes that these regular talks will give employees a better understanding of their job performance, the goals and key tasks expected of them going forward, how to continue improving, and future development plans.
- TCS conducts monthly performance reviews of brokerage service personnel in the probationary period of their employment, offering communication and counseling and filling out the "brokerage service personnel counseling interview record form" as a reference for their probation assessment every month. For new proprietary traders, supervisors will not only establish a probation performance evaluation target but also settle the performance of traders every 6 months, not only requiring those who has losses submit a performance review and improvement plan, but also filling out counseling interview records after monthly interviews.



Multidimensional Performance Appraisal

- To encourage employee communication and interaction, improve team cohesion and efficiency, thereby promoting organizational reform and development, TCB hopes to conduct a fair and impartial evaluation of all employees with a 360-degree perspective. Since 2022, customer service scoring devices have been added to branches to quantify evaluation standards. In addition to optimizing customer service experience, relevant suggestions can also be used as a reference for employee performance evaluations. From 2023 onwards, the usual evaluation of employees gradually includes evaluations from indirect supervisors and self-evaluations, as well as employees' evaluation of unit supervisors and other indicators, in hopes of comprehensively measuring each employee's personal morality, work performance, absence rate, professional knowledge, and talent potential, as well as how well they follow the principle of treating customers fairly and implement ESG, etc. The annual performance evaluation results serve as a foundation for the following year's target, and will affect future promotions, salary raises, annual bonuses, and remuneration.

Team-based Performance Appraisal

- The first goal in the performance evaluation at BNP TCB Life is "departmental target", the second is "company performance target", and the last is based on its' corporate culture. It is clear that all the goals regard the employee as part of a team instead of assessing them individually.
- TCB holds performance annual evaluations for business and management units, at beginning of each year, establishing each year's performance evaluation targets based on the scale of the unit and the previous year's performance, and including issues like services quality and handling customer complaints into management performance evaluations to improve the quality and efficiency with which each unit handles customer complaints, thereby preventing repeated complaints. The performance evaluation of management units also includes opinions of business units, which will conduct a comprehensive assessment of the management unit's understanding of the business, the tone and politeness of personnel, efficiency, problem-solving skills, and overall satisfaction. This assessment will be included in the "service quality" criteria of the management unit's annual performance evaluation, so that feedback and opinions from business units can strengthen the communication skills and service quality of management units. At the end of each year, evaluation results will determine the performance evaluation ranking of business units and management units, thereby affecting the performance bonus of the employees of each unit.

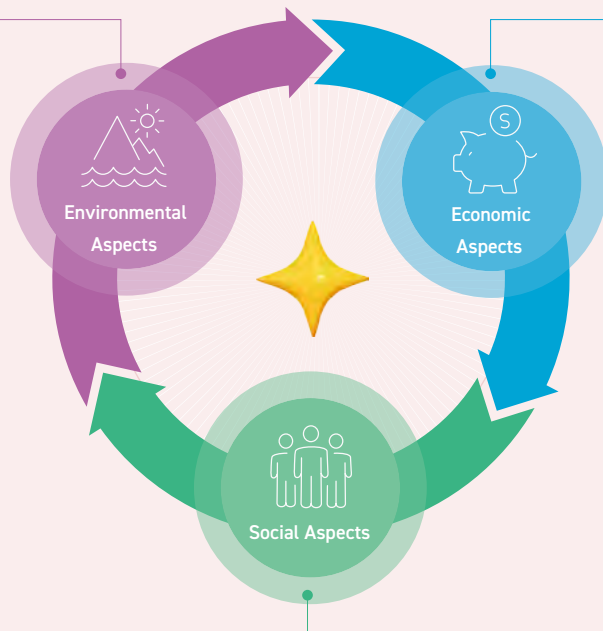
Agile Conversations

- TCB branches hold weekly morning (afternoon) meeting and other regular business meetings in which supervisors and employees discuss and review business performance together, manage employee performance and understand job issues through conversations and ongoing feedback, giving recognition to those who hit their target and encouraging employees to do even better. In case of special circumstances, supervisors will communicate with employees instantly, in order to achieve work goals and enhance employees' solidarity.

### Employee Performance Assessment Combined with SDGs

Six Core Strategic Industry Loans, digital comprehensive statement

Trillion NTD Revitalization Loan Program



Bagful of Happiness Loan for house-for-pension scheme, youth entrepreneurship and start-up loan, SME loans, digital NTD and FCY savings account, personal Internet banking accounts, mobile Internet banking accounts, property trust of seniors and the disabled, employee welfare trust, credit card promotion (LOHAS card, i Sports card)

TCFHC Group has included corporate governance, operational management, green environmental protection, and corporate social responsibility as indicators for each subsidiary's annual business performance evaluation. Each subsidiary will closely link the spirit of sustainable development with business goals. When formulating companies' business policies in early 2022, the business objectives of each department are set according to the spirit of sustainable development to evaluate their annual operational performance results. The employee's year-end performance is evaluated while linked with performance bonuses to motivate employees to implement SDGs.

## 6.3 Occupational Safety and Health

### Occupational Safety and Health Management System

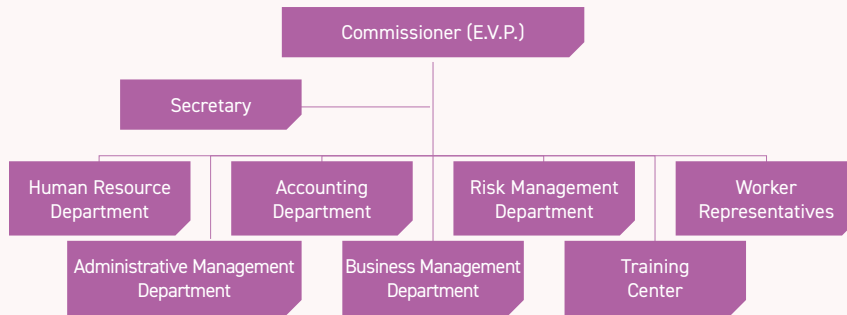
The Group is committed to providing a safe and healthy environment for employees, contractors, buyers, and customers alike with the "Safety and Health Work Code of Conduct" or "Occupational Safety and Health Policy". The Group continues to promote occupational health and safety based on the 4 main themes of "employee care, disaster prevention, health promotion, and full participation". Abiding by workplace health and safety regulations and automatic inspection plans, the company convenes the "Occupational Safety and Health Committee" every quarter. The 11 members of the committee include employers, worker representatives, and department supervisors, with workers accounting for 1/3 of members. The Committee pays attention to employee health while monitoring and managing the implementation status of workplace environment related issues. Every quarter, the "Occupational Health and Safety Implementation Report" is reviewed and passed by the "Occupational Safety and Health Committee" and submitted to the Board of Directors for approval.

After introducing the "ISO 45001 Occupational Health and Safety Management Systems" in 2020, TCFHC Group established the "Occupational Health and Safety Management Implementation Taskforce", formulating a general management plan for occupational safety, health, and safety maintenance, aiming at strengthening occupational safety and health management and safety and health education and training. They implemented automatic safety and health inspections and other safety and health promotion matters and set priorities and action plans that should be executed annually. The "Occupational Health and Safety Management Implementation Taskforce" is convened by the executive vice president. The E.V.P. is mainly responsible for the implementation and supervision of the occupational safety and health management system, as well as managing the effectiveness of the operation of the system. The "Occupational Health and Safety Policies" applies to employees, subcontractors, contractors and suppliers, regulating various operation standards and principles of handling emergencies that is related to occupational safety and health while promising that TCFHC Group will abide by the occupational health and safety regulations, attain quantitative targets, and continuously improve occupational health and safety performance. In order to ensure the occupational safety and health policy goals and continuously maintain the effectiveness of "ISO 45001", internal audit operations are carried out regularly, and 30 employees have obtained internal auditor qualification certificates.

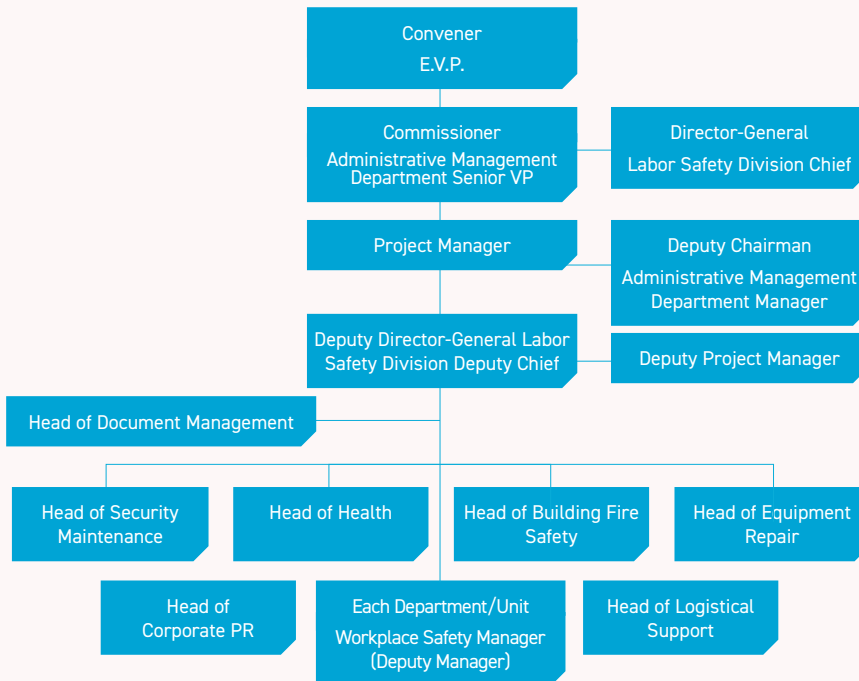
In 2022, TCB introduced the Ministry of Labor's Taiwan Occupational Safety and Health Management Systems (TOSHMS), aiming to create a comfortable and safe working environment with zero workplace accidents and low risks through the internationally and nationally certified PDCA (Plan-Do-Check-Act) measures. Each year, the company conducts an internal audit to review, manage, and correct the overall workplace environment and hires a third-party institution to verify the audit to maintain the system's effectiveness. In addition, TCB has included occupational safety-related regulations in the supplier's undertaking on "Supplier CSR and Environmental Sustainability Clauses", requiring suppliers also to implement occupational safety and health.



### TCB Occupational Safety and Health Committee



### TCB Occupational Health and Safety Management Systems Implementation Taskforce



## Creating a Healthy Workplace

In order to ensure that all employees are fully informed with occupational safety and health regulations and the Group's safety maintenance operational mechanism, the TCFHC Group has formulated "Guidelines for Safety and Sanitation Works" and "Guidelines for Handling Emergent Injury and Illness" to regulate operational standard on occupational safety and sanitation and principles of handling emergent accidents. Meanwhile, we implement regular occupational disaster online reporting operations according to the law to stay abreast of employees' health and safety status and reduce the recurrence of accidents.

TCFHC's "Regulations Governing Emergency and Crisis Management" is formulated as the basis for handling emergencies. This would effectively control TCFHC Group's risks and damages arisen from these emergencies, stabilize the operation of the company and enable each unit to coordinate with each in advance and handle the aftermath rapidly. The headquarter, each regional center, and each business unit have formed "emergency response teams" to assist each unit in handling various hazards and emergencies. In addition, when contractors are disabled due to injuries or passed away due to incidents, the supervisor of the unit responsible for the construction shall report in accordance with the regulations.

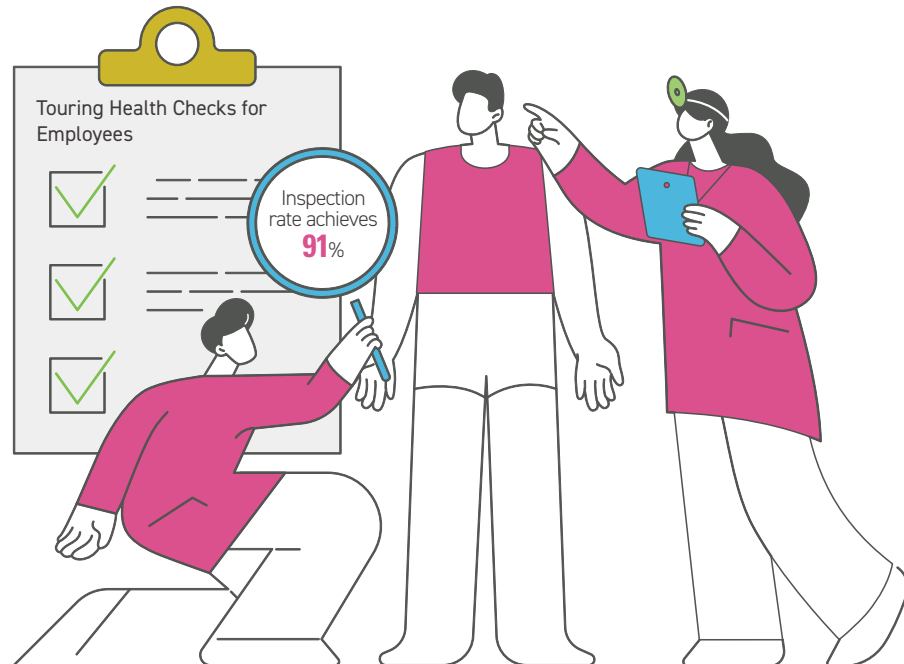
To encourage employees to monitor and manage their own health, TCB has been actively providing healthcare information, health promotion, and consultation services for employees suffering from diseases and the top 10 irregular findings of health examination. To support the "Occupational Safety and Health Act", TCB has rolled out 4 different hazard prevention measures including "ergonomic hazard prevent program," "maternity health protection at the workplace," "prevention of overwork related illness," and "prevention of unlawful infringement while performing duties" to ensure continuing supports for employee's healthcare.

TCB provides an excellent maternity subsidy program and continuous care for female colleagues who are pregnant or within 1 year after delivery. The occupational health and safety manager will conduct a risk assessment of the work environment, while doctors providing on-site services will conduct a risk assessment based on the working and health conditions of pregnant employees. In 2022, 64 employees received these outreach interviews.

After analyzing the age range and health inspection results of each unit, TCB organized "TCB Health Lectures" on 3 topics, namely "bone and muscle strength", "young to know senior care knowledge", and "facing emotional blackholes", helping employees prevent cramps from sitting too long and encouraging them to eat well and exercise so that they can lead healthier and longer lives, thereby promoting a healthy lifestyle. The lectures were attended by 18,330 people.

All subsidiaries of the Group, except TCB's head office has obtained the certification in 2021, all other subsidiaries have successfully passed the National Health Administration's "Healthy Workplace Certification - Health Promotion Label" certification by the end of 2022. To actively promote the health of all employees, TCB is planning health promotion campaigns on proper posture, healthy eating, chronic illness prevention, and mindfulness-based stress reduction at 30 branches and obtain the "Badge of Accredited Healthy Workplace" from the Health Promotion Administration. TCB also continues to provide maternal care and breastfeeding rooms for female employees, receiving "Excellent Breastfeeding Room Certification" from the Taipei City Government for the 2<sup>nd</sup> time.

TCB organizes touring health checks for employees once every 3 years. The employee health check items provided in 2022 is superior to "Occupational Health Protection Regulations, with increased screening for major cancers (pancreatic cancer, ovarian cancer, lung cancer), cardiovascular sclerosis screening, and fundus photography out of concern for modern people's overuse of electronics products. 91% of employees received the health check.



## Occupational Health and Safety Training

Every TCB unit has an occupational health and safety supervisor, fire safety management personnel, and first-aid personnel. In addition to drills mandated by the competent authority, TCB also holds regular employee training to improve health and safety knowledge and skills.

Although the Group's work environment is not required to install AEDs, TCB nevertheless provides AED equipment at 10 buildings to protect employees' health and create a safe environment. It also provides regular CPR+AED training and has obtained "AED safe workplace certification".

Content of Training	Training Hours	No. of Training or Related Participants
Safety Protection Drill	2,352 hours	1,965 times
Safety Maintenance and Occupational Safety Operation Lecture	8,918 hours	8,621 people

## Occupational Safety and Health Indicators

### 2019-2022 Absentee Rate

	2019	2020	2021	2022	Targets for 2022 <sup>Note 3</sup>
Total Days of Absence <sup>Note 1</sup>	9,080	8,634	8,336	7,177	-
Absentee Rate <sup>Note 2</sup>	0.40%	0.38%	0.36%	0.31%	The annual target absentee rate is 0.35%, which was achieved in 2022.
Employee Coverage Rate	100%	100%	100%	100%	-

Note 1: Total days of absence refers to the total days of sick leave or work-related injury leave taken by the Group's employee that year.

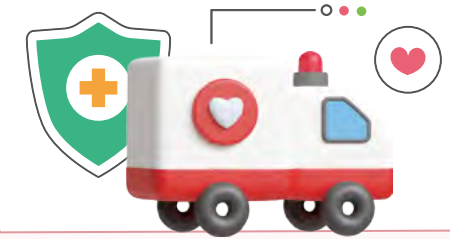
Note 2: Absentee rate = (Total days of absence/ total working days) X 100%.

Note 3: The target absentee rate of 2022 is set based on the actual absentee rate and target of industry peers in 2021.

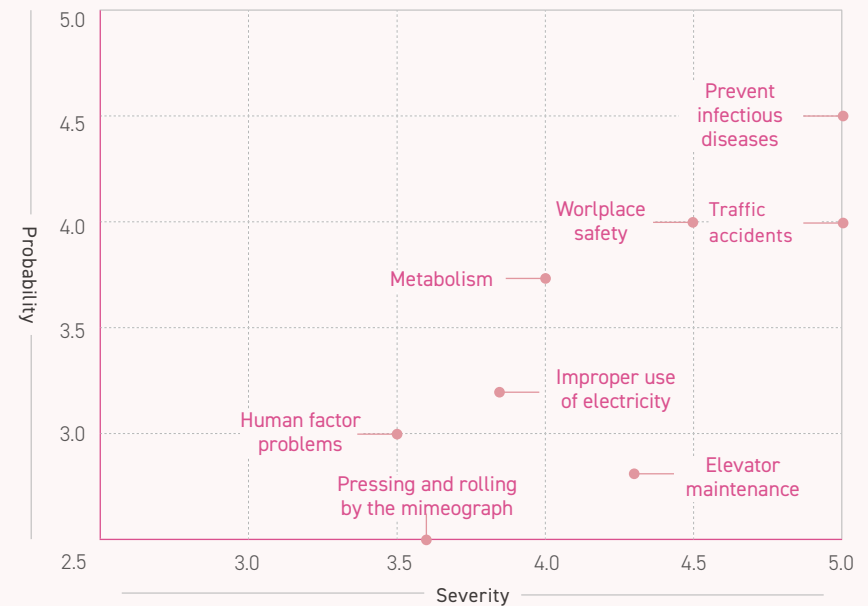
Note 4: Since 2022, the statistical data extends to TCFHC Group as a whole, and the data from 2019 to 2021 is adjusted retrospectively.

## Occupational Safety and Health Risk Assessment

TCB plans new annual health management plans and activities based on indicators like employee health inspection, the effectiveness of health management measures, and epidemiology, with activities like on-site doctor services, health lectures on a diverse array of topics, and promoting healthy exercise. After the risk assessments conducted by the occupational safety and health management systems, the target management plan formulated includes measures for preventing the COVID-19 epidemic, metabolic syndrome prevention, and work commute traffic accident prevention, etc. The high-risk issues in 2022 are the prevention of infectious diseases and traffic accidents, and control measures are set for high and medium risks, and the implementation effectiveness is reviewed.



### Occupational Safety and Health Risk Matrix



### Control Measures for Occupational Safety and Health Risk Issues

Level of Influence	Risk Issues (Priority Matters)	Control Measures (Action Plan)	2022 Implementation Result	2023 Quantitative Targets	2024-2028 Quantitative Targets
High Risk	Prevent Infectious Diseases	<ul style="list-style-type: none"> <li>Subsidies for influenza vaccination cost NT\$2,600 thousand.</li> <li>Organize 2 sessions of influenza vaccination in the workplace.</li> <li>Supervise and examine 270 units regarding occupational health, safety and epidemic prevention.</li> <li>Obtain "Anti-Influenza Epidemic and Health Friendly Workplace" certification.</li> </ul>	<ul style="list-style-type: none"> <li>Provide subsidies for influenza vaccine, 682 people were subsidized with the total subsidy amount of NT\$527.60 thousand.</li> <li>TCB organized 2 out-of-pocket flu vaccine stations. BNP TCB Life invited doctors to give flu vaccines on the spot. A total of 469 people from the Group participated.</li> <li>Supervise and examine 270 units regarding occupational safety, health, and epidemic prevention have been supervised and examined, and the inspection coverage rate has reached 100%.</li> <li>TCB and TCS continue to obtain the Ministry of Health and Welfare's CDC and Taiwan Vaccine Promotion Society (TIVS)'s Influenza Prevention Friendly and Healthy Workplace Certification "Enterprise Prevention Epidemic Alliance" affirmed, and won the "Gold Award for Epidemic Prevention Pioneer" and "Top Epidemic Prevention Soldier Silver Award" medal.</li> </ul>	<ul style="list-style-type: none"> <li>Subsidies for influenza vaccination cost NT\$2.6 million.</li> <li>Organize 2 sessions of influenza vaccination in the workplace.</li> <li>Supervise and examine 270 units regarding occupational health, safety and epidemic prevention.</li> <li>Obtain "Anti-Influenza Epidemic and Health Friendly Workplace" certification.</li> </ul>	<ul style="list-style-type: none"> <li>Annual subsidies for influenza vaccination cost NT\$2.6 million.</li> <li>Organize 2 sessions of influenza vaccination in the workplace each year.</li> <li>Supervise and examine 270 units regarding occupational health, safety and epidemic prevention each year.</li> <li>Continued to obtain "Anti-Influenza Epidemic and Health Friendly Workplace" certification.</li> </ul>
Medium Risk	Traffic Accidents	<ul style="list-style-type: none"> <li>Organize "Occupational Health and Safety Lectures", with 500 people attending.</li> <li>Organize 96 on-site health services.</li> </ul>	<ul style="list-style-type: none"> <li>Organize "Occupational Health and Safety Lectures", with 8,621 people attending.</li> <li>A total of 31 traffic injuries in the Group when commuted to and from work.</li> <li>Organize 96 on-site health services, with 641 people attending.</li> </ul>	<ul style="list-style-type: none"> <li>Organize "Occupational Health and Safety Lectures", with 2,000 people attending.</li> <li>Organize 96 on-site health services.</li> </ul>	<ul style="list-style-type: none"> <li>Organize "Occupational Health and Safety Lectures" each year, with 2,000 people attending.</li> <li>Organize 96 on-site health services each year.</li> </ul>
	Workplace Safety	<ul style="list-style-type: none"> <li>Obtain "ISO 45001 Occupational Safety and Sanitation Management System" certification.</li> <li>The 3 certificates system for occupational safety and health business supervisor, fire administrator, and first-aid personnel is implemented by every unit.</li> <li>Conduct indoor carbon dioxide concentration tests, illumination monitoring, drinking water quality tests, and regular maintenance and inspection of high-voltage electrical equipment.</li> <li>Hire full-time registered nurses and work with doctors to organize on-site health service and consultation services and health promotion campaigns.</li> <li>Supervise and examine businesses regarding occupational health, safety, and safety maintenance.</li> <li>Handle promotional materials on the occupational health and safety academy.</li> </ul>	<ul style="list-style-type: none"> <li>Obtained "ISO 45001" re-certification and newly got "TOSHMS" certification.</li> <li>100% holding rate of 3 certificates in each unit. 416 employees received annual first-aid personnel training.</li> <li>The annual air quality, illuminance, and drinking water quality tests all meet standards.</li> <li>Implemented the 4 major hazard prevention plans (ergonomic, abnormal workload, maternal, unlawful infringement) for 15,521 employees.</li> <li>TCB, BNP TCB Life, CAM hold 14 sessions of CPR+AED first aid trainings in total, with 681 participants, and obtained the "AED Safe Workplace Certification" badge from 12 building units.</li> <li>Supervised and examined 270 units regarding occupational safety, health, and safety maintenance, and the inspection coverage rate has reached 100%.</li> <li>Issued 77 promotional materials on the occupational health and safety academy, with a 100% browsing rate.</li> </ul>	<ul style="list-style-type: none"> <li>Obtain "ISO 45001" and "TOSHMS" occupational safety and sanitation management systems certification.</li> <li>500 participants are expected to participate in the "Occupational Health and Safety Lectures," with a total of 3,000 training hours.</li> <li>Organize AED+CPR first-aid training activities.</li> <li>Organize "TCB Health Lectures" on 3 topics.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to obtain annual "ISO 45001" and "TOSHMS" occupational safety and sanitation management systems certification.</li> <li>500 participants are expected to participate in the annual "Occupational Health and Safety Lectures" with a total of 3,000 training hours.</li> <li>Organize annual AED+CPR first-aid training activities.</li> <li>Organize annual "TCB Health Lectures" on 3 topics.</li> </ul>

## Employee Assistance Program (EAP)

BNP TCB Life Insurance began introducing the employee assistance program (EAP) in 2017, helping employees to relieve work-related stress and handle problems at work and in life. The program provides comprehensive physical and mental balance as well as psychological counselling services through phone calls, letters, or face-to-face consultation, helping employees achieve work life balance. Topics of consultation include parent-child communication, affection and relationship, family and partner, pressure from work. In 2022, an average of 3 employees utilize these services each month.

To help employees relieve stress, TCB conduct regular physical and mental health promotion courses, inviting professional therapists or psychiatrists to talk about stress relief and mindfulness skills. The company also provides a "List of Mental Health Services Provided by TCB or Available in Taiwan" for employees with counseling needs to utilize internal or external therapy channels. TCB also regularly publishes "Occupational Safety and Health Academy" literature to promote the importance of physical and mental health balance and help employees become more attuned to the physical and mental health of their fellow colleagues.

## Epidemic Prevention Measures and Employee Healthcare

For coping with the COVID-19 pandemic, the Group has set up a pandemic response taskforce and follows the guidelines promulgated by Central Epidemic Command Center to take emergency measures such as an SOP for disease prevention and off-site backup so as to ensure the health of employees and continuity of business. During the pandemic, the Company continued to provide employee care. Employees who must quarantine at home after contracting the virus are not only given paid quarantine leave and vaccination leave but also a care package. After they return to work, the Company also provides doctor outreach services to reduce employee's mental and economic stress.

### Disease Control Measures

#### Control Measures

- Following competent authorities' epidemic prevention measures, the Company implements masking, temperature taking, and disinfection measures, promotes social distancing, and encourages customers to choose digital banking services.
- To prevent the pandemic from affecting operations, the Company established an interdepartmental Emergency Response Team, which held 37 meetings to make rolling adjustments to epidemic prevention measures based on the development of the pandemic.

#### Remote/Online work

- When organizing large meetings and events, the Company limited the number of participants to ensure social distancing can be implemented, combining physical events with remote video calls to avoid crowds that can increase the risk of spreading the virus.

#### Staggered Scheduling

- Implement off-site office measures and divert flexible commuting to reduce employees' risk of contracting COVID-19.

### Employee Care

#### Response Measures

- Making rolling adjustments to the cleaning and disinfection frequency of the Head Office and operating branches. All entrances and exits are equipped with automatic temperature scanners and hand sanitizer dispensers.
- Canteens are set up with dividers and hand sanitizer. Employees are also urged to their own plates, reducing the chance of food sharing.

#### Individual Health Management

- Implement employee temperature monitoring and individual health management reporting mechanisms and provide quarantine leave.

#### Healthcare

- Encourage employees to get fully vaccinated for COVID-19 and provide vaccination leave.
- Regularly promote information on epidemic prevention policies, management measures, reporting procedures, and health protection through email and the epidemic prevention section of the official website.
- Deliver care packages to over 3,500 employees who contracted COVID-19 to provide timely care while employees are in quarantine.
- Provide doctor outreach services to care for employees' health.



## 6.4 Human Rights and Equality

### Human Rights Policy

In order to ensure every employees are treated equally in all aspects, TCFHC has complied with regulations in the "UN Universal Declaration of Human Rights", "The United Nations Global Compact", and "International Labor Convention", formulating **Human Rights Policy** to express the determination of maintaining and guarding basic human rights as well as to shoulder the responsibility of respecting and protecting human rights. The President signed our human rights statement on behalf of all employees, declaring that the Company supports and abides by human rights policies, and expects partners including suppliers and customers to jointly raise awareness of human rights issues and the management of related risks with the same standards.

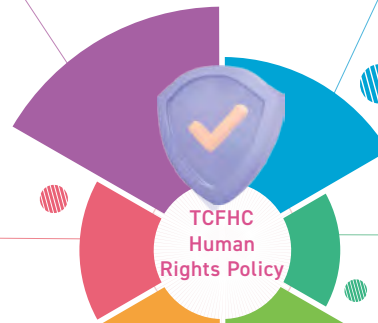
The Company respects employees' freedom of association and the right to collective bargaining and regularly convenes employer-employee meetings to establish a communication platform for employers and employees that protects and enhances employee rights.



The Company adheres to occupational safety and health-related laws and regulations; continues to improve workplace safety and health, reduces the risks of occupational hazard, and provides employees with a safe, healthy, and clean workplace environment.



The Company implements diversity in the workplace and does not allow any differentiated treatment or any form of discrimination to occur due to race, social class, language, thought, religion, political party, place of origin, birthplace, gender, sexual orientation, age, marital status, appearances, facial features, disabilities, horoscope, blood type, or past membership in the labor union. However, this is not limited to those based on seniority, rewards and punishments, performance or other justifiable reasons that are not based on gender or sexual orientation. The Company endeavors to create a harassment-free workplace environment where dignity, safety, equality is embraced.



The Company protects the privacy of employees, customers, and other stakeholders, and ensures that the collection, handling, and use of personal information are compliant with laws and regulations.



In addition to actively implementing CSR and human rights protection policies and applying the same standards to our partners, including suppliers and customers, the Company endeavors to pay more attention to human rights issues and places high value on relevant risk management.



TCFHC strictly abides by local labor-related regulations and the "Act of Gender Equality in Employment" as well as prohibits human trafficking, hiring child labor, any form of discrimination, and any business activities that involve violation of freedom of association or any forced labor.

To carry out the Constitution's spirit of eliminating gender discrimination and promoting substantive gender equality, TCB is committed to promoting gender equality policies, not only planning gender equality and human rights education-related training courses for employees every year, but also including gender equality in the training courses for new recruits to strengthen employees' awareness of gender equality. In 2022, there are a total of 448 TCB employees to be trained. In addition, internal management and complaint resolution are key parts of the training courses for management, so as to improve supervisors' ability to communicate and handle problems. To promote gender equality, TCB is committed to constructing a gender-friendly workplace, establishing many leave and benefit systems that are more favorable than statutory requirements (see [Maternity Protection Measures Superior to Statutory Requirements](#)). In 2023, the Company participated in the Bloomberg GEI assessment for the first time, gaining the index's recognition, which demonstrates how the Company's active efforts to implement gender equality policies have gained international recognition.

TCFHC Group has zero-tolerance towards both sexual and non-sexual harassment. To prevent the occurrence of sexual harassment and protect the rights and interests of victims, the Company established workplace sexual harassment prevention policies that strictly prohibit sexual harassment conduct in the workplace. Violators will be penalized according to the severity of the situation. In addition to posting anti-sexual harassment literature, the Company also established the "Sexual Harassment Prevention and Complaints Review Committee", which consist of external experts who will professionally and impartially handle reports of sexual harassment. The Company also established a Sexual Harassment Complaints Hotline, establishing an open reporting channel that will handle employee complaints with confidentiality, allowing employees to safely work in a workplace environment free of sexual harassment, ensuring diversity and fairness in the workplace.

In 2022, TCFHC Group received 1 report of sexual harassment. The "Sexual Harassment Complaints Review Committee" has been convened according to the "Sexual Harassment Prevention, Grievance and Investigation Guidelines". Investigation of the sexual harassment allegation are conducted with objectivity, fairness, and professionalism, with plenty of opportunities for the parties involved to make statements and give answers. After the deliberation of the case, appropriate punishments have been given to the perpetrator, and assisted the involved in receiving counseling and providing legal consultation and assistance. The entire case has been properly handled. Extra courses on gender equality will also be provided to new employees to prevent similar situations from happening again.

In 2022, there were no instances of the Company receiving penalties for violating the "Act of Gender Equality in Employment". There have also been no instances of other human rights-related complaints such as the use of child labor, gender or sexual orientation discrimination, violations to the freedom of association or any forced labor.

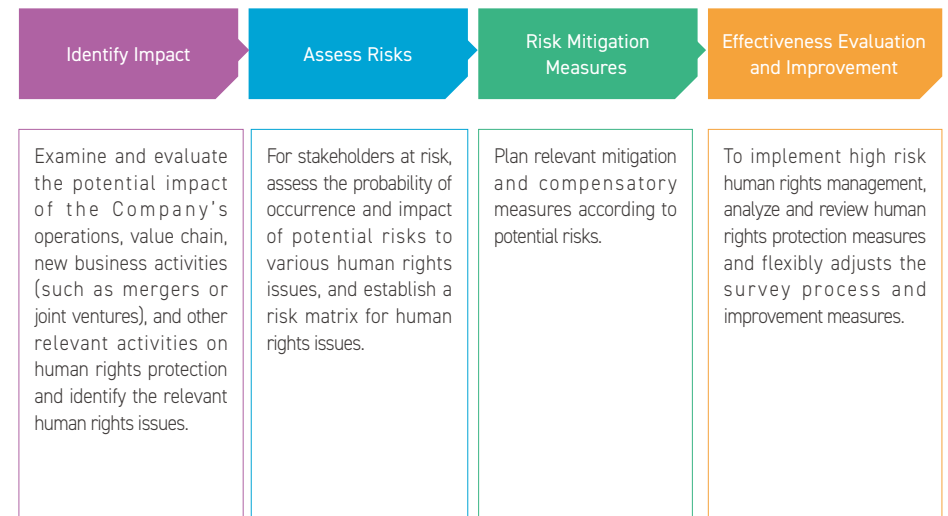
## Human Rights Due Diligence

To implement human rights risk management, the Company not only established a group "Human Rights Policy", but also continuously follows up on recent human rights cases and analyzes prominent international human rights issues. Every year, important human rights issues that are highly relevant to the Company are regularly selected as the main assessment items for the implementation of human rights due diligence in that year, so as to systematic periodic review human rights risk issues and formulate mitigation and compensation measures.

In 2021, the Company implemented "employee" human rights due diligence for the first time. In 2022, the main subjects of due diligence surveys included not only "employees" but also "key suppliers". Through data surveillance and questionnaires, the Company evaluated potential human rights risks, establishing a human rights risk matrix. The Company formulate relevant mitigation and compensatory measures for any high-risk human rights issues identified and continues to follow up on improvements made. Going forward, the Company expects all partners to continue improving human rights awareness, and strengthen human rights risk management.

## Human Rights Due Diligence Process

In order to fully implements its human rights policy, the Company compiled potential and possible human rights issues during corporate operational processes through internal and external communication channels and the development trend of human rights issues at home and abroad. The frequency of occurrence and impact of the risk of issues related to human rights is assessed through questionnaires, which will serve as a reference for the Company to formulate business policies and welfare measures in the future.



Identify Impact

Survey Scope	Survey Subjects	Potential Human Rights Issues	Groups at risk of human rights issues	Survey Method
Own Operations	Employees	<ul style="list-style-type: none"> <li>Diversity in the workplace and gender Equality (Including issues like equal remuneration, freedom of association, the right to collective bargaining, discrimination, and sexual harassment)</li> <li>Maternal health protection</li> <li>Work overtime</li> <li>Forced labor (including child labor)</li> <li>Occupational health and safety</li> </ul>	<ul style="list-style-type: none"> <li>Own employees</li> <li>Women</li> <li>Indigenous peoples</li> <li>Disabled</li> <li>Children</li> </ul>	Employee human rights due diligence
Value Chain	Suppliers	<ul style="list-style-type: none"> <li>Diversity in the workplace and gender equality</li> <li>Maternal health protection</li> <li>Work overtime</li> <li>Forced labor (including child labor)</li> <li>Occupational health and safety</li> </ul>	<ul style="list-style-type: none"> <li>Children</li> <li>Women</li> <li>Indigenous peoples</li> <li>Migrant workers</li> <li>Third-party employees</li> </ul>	Supplier's human rights due diligence (Please refer to p.147)
New Business Relationship	Business Partners	<ul style="list-style-type: none"> <li>Discrimination</li> <li>Work overtime</li> <li>Forced labor (including child labor)</li> <li>Human trafficking</li> <li>Occupational health and safety</li> <li>Freedom of association</li> <li>Right to privacy</li> </ul>	<ul style="list-style-type: none"> <li>Children</li> <li>Women</li> <li>Indigenous peoples</li> <li>Migrant workers</li> <li>Third-party employees</li> </ul>	Human Rights Due Diligence

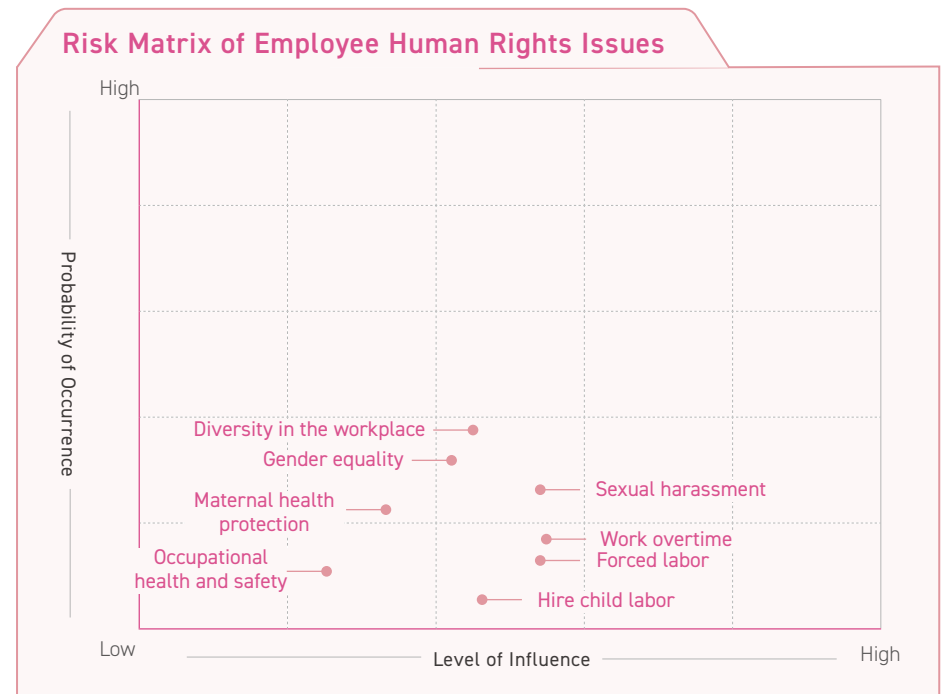
Note: The Group did not have any new business relationship (such as mergers or joint ventures) in 2022, and therefore did not conduct human rights due diligence in this respect.

Human Rights Risk Assessment

In 2022, TCFHC Group conducted an "employee" human rights due diligence survey, focusing on 6 major human rights issues, namely "diversity in the workplace", "gender equality", "maternal health protection", "Work overtime", "forced labor", and "occupational health and safety", so as to compiled 25 related potential human rights risk issues. The survey is conducted with a questionnaire formulated by compiling relevant potential human rights risk issues, the probability of the risks occurring, and the severity of the impact of these risks were they to occur. The survey aims to help the Company gain a comprehensive understanding of the potential impact of human rights risk issues in order to plan risk mitigation measures in advance.

For the survey, 9,265 questionnaires were given to employees throughout the Group, and 8,368 valid completed questionnaires were collected, resulting in a completion rate of 90.32%. The survey found middling and lower risks of human rights risk occurrence and impact. This demonstrates that the Company's measures to prevent human rights risks is recognized by most employees. The Company has formulated mitigation measures for the 5 potential human rights risk issues identified with relatively high value at risk (VAR) is as follows:

Risk Matrix of Employee Human Rights Issues





TCFHC formulates risk mitigation measures based on potential human rights risk issues with higher risks as identified by the human rights due diligence.

Subject Under Evaluation	Risk Assessment Coverage Rate <sup>Note 1</sup>	Key Topics	Demographic May be Impacted	Human Rights Risk Percentage <sup>Note 2</sup>	Total Risk Percentage	Risk Mitigation Measures	Mitigation Measure Implementation Rate	Execution Results
Employees	100%	Diversity in the workplace and gender equality (sexual harassment)	<ul style="list-style-type: none"> <li>Employees</li> <li>Female</li> <li>Indigenous peoples</li> <li>Disabled employees</li> </ul>	0.97%	2.78%	<ul style="list-style-type: none"> <li>Commit to protecting gender equality in employment and facilitate substantive gender equality in accordance with the "Act of Gender Equality in Employment".</li> <li>Hire people with disabilities in accordance with Article 38 of the "People with Disabilities Rights Protection Act".</li> <li>Establish an accessible work environment for people with disabilities.</li> </ul>	100%	<ul style="list-style-type: none"> <li>The salary of new employees is determined based on job level, with no discrepancies due to gender or sexual orientation.</li> <li>Hire persons with disabilities according to regulations.</li> <li>In 2023, the Company participated in the Bloomberg GEI for the first time and was selected.</li> </ul>
		Maternal health protection	<ul style="list-style-type: none"> <li>Employees</li> <li>Female</li> <li>Indigenous peoples</li> <li>Disabled employees</li> </ul>	0.66%		<ul style="list-style-type: none"> <li>Provide proper work environment or identification and evaluation of workplace hazards to strengthen workplace care and outreach in accordance with the maternal health protection plan.</li> <li>Through regular on-site health inspections, have doctors evaluate the risk of workplace hazards and employee health. In 2022, 64 pregnant employees received relevant counseling and pregnancy-related health education materials.</li> <li>Provide maternity leave, pregnancy checkup leave, and family care leave that are superior to regulatory standards. Employees who qualify for childcare unpaid leave may apply for unpaid leave.</li> </ul>		<ul style="list-style-type: none"> <li>Continue to implement maternal protection measures (such as various leave superior to statutory requirements, childbirth subsidies, and daycare measures).</li> <li>The TCB head office building received the "Excellent Breastfeeding Room Certification" from Taipei City Government for the 2<sup>nd</sup> time in 2022.</li> </ul>
		Work overtime	<ul style="list-style-type: none"> <li>Employees</li> <li>Female</li> <li>Indigenous peoples</li> <li>Disabled employees</li> </ul>	0.75%		<ul style="list-style-type: none"> <li>Establish leave and overtime related measures according to the "Labor Standards Act".</li> <li>The attendance system includes the notification and "annual leave pre-scheduling" functions to encourage employees to plan adequate vacation for their mental and physical health and promote work-life balance.</li> <li>Pay attention to units with abnormal overtime hours and have supervisors inquire employees about their workload and reasons for working overtime, making adjustments to their responsibilities or helping them improve work efficiency.</li> </ul>		<p>In 2022, there is 1 case of TCSIT getting fined by competent authority for insufficient overtime payment. The Company requires subsidiaries to establish an accountability mechanism for overtime work.</p>
		Forced labor (including child labor)	<ul style="list-style-type: none"> <li>Employees</li> <li>Female</li> <li>Indigenous peoples</li> <li>Disabled employees</li> </ul>	0%		<ul style="list-style-type: none"> <li>In compliance with the "Employment Service Act", disclose information honestly in recruitment advertisements, does not keep applicants' ID documents, and does not withhold property from applicants nor collect deposits.</li> <li>Provide new employee with a formal appointment notice clearly stipulating the appointment conditions for the employee to consent to. Check documents of applicants before hiring and prohibit hiring those under the age of 16.</li> <li>Does not use any non-voluntary labor and comply with relevant labor regulations.</li> </ul>		<p>There is no forced labor case in 2022.</p>
		Occupational health and safety	<ul style="list-style-type: none"> <li>Employees</li> <li>Female</li> <li>Indigenous peoples</li> <li>Disabled employees</li> </ul>	0.40%		<ul style="list-style-type: none"> <li>To protect employees' health and safety, the Company has formulated various occupational health and safety standards and regulations to prevent occupational disasters.</li> <li>Regularly hold "Occupational Safety and Sanitation Affairs Class" and "Safety Protection Drill", and conduct on-site inspection on all of the safety operations.</li> <li>Set up the "Occupational Safety and Health Committee" and hold regular meetings in accordance with regulations to facilitate discussions between labor and management on relevant occupational safety and health management plans, education and training, health and safety audits, health promotion and disease prevention, and other issues that can improve the health and safety of employees.</li> </ul>		<ul style="list-style-type: none"> <li>For occupational disasters that actually occurred, report the matter according to regulations and provide occupational injury leave depending on the severity of the situation.</li> <li>In 2022, 70% of workplace disaster cases reported occurred during employees' commute to and from work. The Company has continued to promote commuter safety to employees.</li> <li>TCB introduced the "ISO 45001 Occupational Health and Safety Management Systems" in 2021 and successfully passed the third party certification by BSI. The parent company TCFHC and other subsidiaries are planning their certifications.</li> </ul>

Note 1: Certain issues may involve all survey subjects, resulting in a 100% employee human rights risk rate. This does not mean that human rights risks on the issue have occurred or has a high likelihood of occurring.

2: Employee human risk rate (%) = No. of employees that impacted by risk event/total no. of employees.

3: Human rights issues included in the Company's human rights risk identification procedures this year include: workplace inclusivity, forced labor, human trafficking, child labor, sexual harassment, work overtime, equal remuneration, occupational health and safety, employee health management, maternal protection, freedom of association, and the right to collective bargaining. The risk identification process has identified the 5 major issues listed.

## Comprehensive Collective Bargaining

TCFHC Group spares no effort in establishing diverse and smooth communication channels to effectively receive and respond to employee feedback. Companies in the group all have an "Employee Feedback Section" or "Message Board" in the intranet for employees to provide timely feedback. Employees can also engage in constructive communication with the Company through the corporate union, Employee Welfare Committee, and quarterly employer-employee meetings. Meanwhile, company management also actively helps employees handle problems in the workplace to reduce instances of labor dispute.

In order to protect rights and interests of employees and enable harmonious labor relations, TCB and TCS both renewed collective bargaining agreements with the corporate union in 2022 for a validity period of 3 years. Based on the principle of integrity, the parties aim to promote harmonious employer-employee relationship and work together to increase work efficiency, improve employee welfare, and seek common goals for career development, creating a win-win situation for the labor and management.

Currently, a total of 8,791 employees at TCB and TCS have joined the corporate union, accounting for approximately 98.40% of eligible employees. This means that over 90% of the Group's employees are protected by the union or collective bargaining agreements. Additionally, companies in the group all have a personnel management system that complies with the collective bargaining agreements to protect the rights and interests of employees on the basis of harmonious employer-employee relations, mutual trust, and mutual benefits.

### Labor Union in the TCFHC Group

Company	Total No. of Employees	No. of Employees Participating in Labor Union	Proportion of Employees Participating in Labor Union
TCB	8,518	8,433	99.00%
TCS	416	358	86.06%

Note: At the end of the year, the total number of employees of TCB was 8,783, including 2 temporary employees and 263 non-Taiwan employees who are not eligible to join the labor union.

## Employee Satisfaction

In order to listen to and understand employee's satisfaction and opinions on the Company's management system, TCFHC regularly conducts employee satisfaction surveys, compiling employee opinions as a reference for future Company policies and facilitate shared prosperity with employees, hopefully providing even better working environments in the future.

Starting in 2022, to promote employee work-life balance, the Company made proper adjustments to the questionnaire to get a better understanding of employees' thoughts about their workplace as a reference for future adjustments to Company benefits and policies. The Company aims to make employees happier so that they better identify with the Company, thereby creating a true "happy enterprise".

**Survey Method**

Uses the Likert scale as the benchmark for comparing satisfaction scores, with 5 points based on level of agreement. "Strongly agree" is 5 points, "agree" is 4 points, "normal" is 3 points, "disagree" is 2 points, and "strongly disagree" is 1 point.

**Survey Aspects**

The survey includes 6 major aspects, namely "job satisfaction", "purpose", "happiness", "stress", "trust", and "leadership management".

**Survey Results**

A total of 9,070 questionnaires were sent out, and 8,450 were returned (the return rate was 93.16%). After excluding invalid questionnaires (including unanswered or irregular samples that deviate from the normal value), there were a total of 8,448 valid questionnaires. The effective response rate was 93.14%, which should be enough to reflect employees' opinions. The average score of this employee satisfaction survey was 4.13 points (out of 5), which showed that most employees were satisfied with the Company's corporate culture and results of policy implementation.

### 2019-2022 Employee Satisfaction Survey Results

	2019	2020	2021	2022
Employee Survey Score	N/A	N/A	4.36	4.13
Employee Survey Participation Rate	N/A	N/A	91.19%	93.14%

Note 1: TCFHC, TCB, and TCS conducted employee satisfaction surveys for the first time in 2021.

2: Survey includes all companies in the TCFHC Group since 2022.



2022 Annual Goal:  
The average employee satisfaction score is above **4** points every year

# CH7 Environmental Sustainability

## Stakeholders of Concern



Employees



Shareholders/  
Investors



Customers



Suppliers



Community



Government  
and Competent  
Authorities



Media



Academic units/  
Consultants/  
Industries/  
Association



## Corresponding Material Topics

+ Green Operations



## 7.1 Green Operations

To assist in achieving the United Nations Sustainable Development Goals (SDGs), TCFHC implements green operations and reduces the impact of its business activities on the environment in 6 areas, which are "Energy Conservation and Carbon Reduction", "Water Resources Management", "Fuel Management", "Waste Management and Circular Economy", "Green Building", and "Green Initiatives".



To expand the environmental sustainability efforts, TCFHC not only established Environmental Sustainability Taskforce under the TCFHC Sustainable Development Committee, TCB, which is the profit engine and subsidiary with the largest network, also created the Environmental Sustainability Section under the Administration Department in January 2022 to be responsible for TCFHC's environmental sustainability tasks. In this way, the Group can enforce low carbon management and increase resource efficiency using a vertical integration approach to systematically mitigate or adapt to the effects of climate change.

## Energy Conservation and Carbon Reduction

In recent years, global warming has not only changed the ecological environment but has also deeply affected people's daily life. If we continue to ignore the imminent crisis and keep on with unstrained energy and resource consumption, global warming will become worse and cause irreversible damages to the ecosystem. In an attempt to slow down climate change, TCFHC actively manages GHG emissions and commits to participate in limiting global warming to 1.5°C. It has also set Science Based Targets (SBT) and commits to reducing its absolute emissions from its own operations (category 1 and 2) by 50.4% compared to the baseline year of 2021 by 2032. At the same time, it has set short-, medium- and long-term performance goals, puts in place rolling reviews, and improves energy-saving and carbon-reducing measures through performance review meetings every 6 months, in addition to tracking the implementation status every quarter, to realize its vision for a sustainable future.

### • GHG Emissions

To understand the GHG emissions of the whole Group, TCFHC completed the "ISO 14064-1 Greenhouse gas (GHG) Inventory" verification in 2022 for 334 domestic and foreign offices, including categories 1 to 5 emissions. Additionally, TCFHC participates in the Carbon Disclosure Project (CDP) every year and has introduced the "ISO 50001 Energy Management Systems" and "ISO 14001 Environmental Management Systems" to reduce GHG emissions continuously.

In 2023, in addition to implementing the "ISO 14064-1 Greenhouse gas (GHG) Inventory" continuously at all domestic and foreign offices, TCFHC adopts corresponding reduction strategies based on its carbon reduction goals. This includes increasing the proportion of renewable energy, promoting the "ISO 50001 Energy Management Systems" and "ISO 14001 Environmental Management Systems" continuously, and implementing energy-saving and carbon reduction measures to implement green operations.



### TCFHC 2019~2022 Total Amount of Greenhouse Gas Emissions

Unit: tCO<sub>2</sub>e

Category <sup>Note 1</sup>	2019 <sup>Note 1</sup>	2020	2021	2022 <sup>Note 5</sup>	2022 Goals	
Category 1 and 2 Direct & Indirect GHG Emissions	Direct GHG Emissions	398.20	543.51	2,574.55	2,720.60	2,456.12
	Coverage Rate <sup>Note 2</sup> (%)	3.02	6.93	100.00	100.00	-
	Indirect GHG Emissions- Location Based <sup>Note 3</sup>	7,255.78	9,141.44	25,163.33	23,339.48	24,005.82
	Coverage Rate <sup>Note 2</sup> (%)	3.02	6.93	100.00	100.00	-
	Direct & Indirect GHG Emissions- Location-Based Emission Intensity (tCO <sub>2</sub> e/NT\$ million Net Revenue) <sup>Note 4</sup>	-	-	0.5098	0.4900	-
Category 3 – Category 5 <sup>Note 6</sup>	4,528,371.93	4,214,974.17	4,775,706.74	6,473,333.58	-	

Note 1: In 2019, TCFHC conducted inventories by adopting organizational and operations scope and boundaries of "ISO 14064-1:2006 Greenhouse Gas (GHG) Inventory". Since 2020, inventories are conducted according to the GHG inventory categories in the reporting boundaries of "ISO 14064-1 :2018 Greenhouse Gas (GHG) Inventory". In response to the update of "ISO 14064-1 Greenhouse Gas (GHG) Inventory" to the 2018 version, starting from 2020, GHG inventory for any one of categories 3 to 6 is required.

2: The data coverage rate is calculated based on the proportion of the Group's operating locations that have been audited in the current year.

3: Indirect GHG emissions are calculated based on the past electricity carbon emission coefficient set by the Bureau of Energy, Ministry of Economic Affairs (unit: tCO<sub>2</sub>e/kWh). The electricity carbon emission coefficient in 2022 is 0.000502, and in 2019 and 2021 is 0.000509. During the 2022 data verification period, the electricity carbon emission coefficient of the current year has not yet been announced, so 0.000509, the electricity carbon emission coefficient in 2021, is temporarily used to calculate.

4: Direct & indirect GHG emissions - location-based emission intensity = category 1 + category 2 - direct & indirect GHG emissions - location-based/ NT\$ million net revenue. Net revenue in 2021 was NT\$54,413 million, and 2022 was NT\$53,182 million..

5: The data of GHG emissions for 2022 has been verified in June 2023.

6: The emissions of scope 3 (category 3 – category 5) adopts a multivariate inventory model, and relevant inventory methods include mixed methods, average data methods, cost-based methods, etc..

The categories of "Scope 3" that the Group completes the inventory in 2022 include 11 categories which are the purchased products and services, capital goods, fuel-and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, employee commuting, downstream transportation and distribution, use of sold products, end-of-life treatment of sold products, and downstream leased assets. The 5 categories in Scope 3 that have been verified by a third party include purchased products and services, fuel- and energy-related activities, upstream transportation and distribution, waste generated in operations and business travel. In addition, a reduction target for business travel (domestic high-speed rail and domestic and overseas airways) is set in 2022, with 2022 as the base year, and an annual reduction of 3% from 2023 onwards.

### 2022 TCFHC Group Scope 3 Greenhouse Gas Emissions

Unit: tCO<sub>2</sub>e

Category of Scope 3	Emission (tCO <sub>2</sub> e)	Data Coverage Rate (%)
C1 Purchased Goods and Services	84.74	100
C2 Capital Goods	8,728.89	93.41
C3 Fuel- and Energy-Related Activities	4,126.83	100
C4 Upstream Transportation and Distribution	0.11	4.19
C5 Waste Generated in Operations	111.75	100
C6 Business Travel	105.39	100
C7 Employee Commuting	12,750.00	93.41
C8 Upstream Leased Assets	Although TCFHC Group has leased real estates, the energy consumption incurred during the operational processes is paid by the Company, and the associated GHG gas emissions have been included in the Company's Scope 1 and Scope 2 emissions. Therefore, this item is not applicable to the Company.	
C9 Downstream Transportation and Distribution	1,092.41	93.41
C10 Processing of Sold Products	TCFHC Group belongs to the financial industry, and thus it does not engage in the processing of sold products. Therefore, this item is not applicable to the Company.	
C11 Use of Sold Products	82.66	93.41
C12 End-of-Life Treatment of Sold Products	38.21	93.41
C13 Downstream Leased Assets	800.10	93.41
C14 Franchises	TCFHC Group belongs to the financial industry, and all its branches operate directly with 100% ownership, without any franchising business models. Therefore, this item is not applicable to the Company.	
C15 Investments	6,445,412.49	Detailed methodology and reduction targets have been disclosed in the <a href="#">Sustainable Finance</a> and the TCFD report.

Note: The data coverage rate is calculated based on the proportion of the Group's operating locations that have been audited in the current year.

### 2019~2022 TCFHC Group Energy Consumption

	2019	2020	2021	2022 <sup>Note 4</sup>	2022 Goals
Total Fuel Consumption <sup>Note 1</sup> (MWh)	3,089.36	3,588.16	3,240.96	3,686.15	3,150.23
Total Electricity Consumption (MWh)	43,768.21	46,643.77	49,097.01	45,594.59	48,597.01
Total Non-Renewable Energy Consumption (Fuel + Electricity Consumption) (MWh)	46,857.57	50,231.93	52,337.97	49,280.74	51,747.24
Total Non-Renewable Energy Consumption (Fuel + Electricity Consumption) <sup>Note 1</sup> (GJ)	168,722.22	180,872.13	188,456.00	177,446.97	-
Energy Intensity (GJ/NT\$ million Net Income) <sup>Note 2</sup>	3.44	3.49	3.46	3.34	-
Total Renewable Energy Consumption (Self-Sufficient) (MWh)	27.52	27.76	28.35	36.60	-
Data Coverage Rate <sup>Note 3</sup> (%)	92.45	92.17	100.00	100.00	-

Note 1: Total oil consumption (MWh) and total non-renewable energy consumption (fuel + electricity) (GJ) are accounted according to the unit conversion of the parameters of the unit calorific value table of the product of Energy Statistics Manual by the Bureau of Energy of MOEA. The gasoline for motor vehicles in 2019~2022 is 7,800 kcal/liter, and the electricity (consumption side) is 860 kcal/kWh.

2: The net income from 2019 to 2022 are NTD\$ 49,096 million, NTD\$51,766 million, NTD\$54,413 million and NTD\$53,182 million respectively.

3: The data coverage rate is calculated based on the proportion of the Group's operating locations that have been audited in the current year.

4: The data of energy consumption for 2022 has been verified in June 2023.

In response to the impacts of global warming and climate change, TCFHC has actively extended its influence in the financial industry, strengthened its climate risk management, and continued to fulfill its environmental sustainability commitments. TCFHC has formulated an "Environmental Sustainability and Energy-Related Policy" as a basis for implementing various energy-saving and carbon-reduction programs. It also continues to introduce the international standard management systems of "ISO 50001 Energy Management System" and "ISO 14001 Environmental Management System". Through the cycle of Plan-Do-Check-Act, TCFHC improves energy efficiency, promotes various energy-saving measures, effectively manages resource consumption, and achieves energy-saving, carbon reduction, water-saving, and waste reduction goals.



Environmental Sustainability and Energy-Related Policy



Electricity consumption was reduced by 500,000 kWh compared to 2021.

The goal in 2022 is **48,597,010** kWh.

TCFHC + TCB	46,199,350 kWh
TCBF	291,255.86 kWh
TCS	1,260,443.63 kWh
BNP TCB Life	450,714 kWh
TCSIT	164,781.43 kWh
TCVC	66,228.37 kWh
CAM	164,236.92 kWh



### 2019~2022 TCFHC Group Purchased Electricity

Unit: MWh

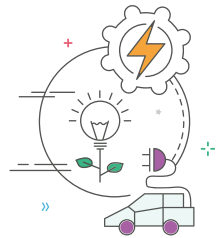
Purchased Electricity (MWh=1,000kWh)					Achievement of 2022 Reduction Target
2019	2020	2021	2022 <sup>Note</sup>		
43,768.21	46,643.77	49,097.01	45,594.59	✓	

Note: The data of purchased electricity for 2022 has been verified in June 2023.

## • Results of Energy Conservation and Carbon Reduction

TCFHC achieves "green procurement" and "energy conservation and carbon reduction" through various green initiatives. Major projects in 2022 included "energy conservation and carbon reduction", "replacing office equipment and refrigerators", "replacing and reducing lighting fixtures". At the same time, it also allows employees to understand how to effectively use new power equipment, enhance energy conservation and environmental protection awareness, and contribute to the carbon reduction of the earth.

A total of NT\$15.3667 million is invested in energy conservation and carbon reduction projects in 2022 and save a total of 3,371,814 kWh in power consumption, reducing carbon emissions by about 1,716.25 tCO<sub>2</sub>e, which is equivalent to the annual carbon absorption of 4.41 Da-an Forest Parks <sup>Note 1</sup>. It is estimated that about NT\$12.1495 million can be saved and the average payback period is 1.26 years <sup>Note 2</sup>.



## • Renewable Energy

In line with the government's 2050 net-zero emission target and the promotion of energy transformation policies, 4 locations of TCB have completed the installation of solar panel power generation systems. The actual total power generation has reached 36,602 kWh, and the reduced carbon emissions are about 18.63 metric tons of CO<sub>2</sub>e <sup>Note 3</sup>, which is equivalent to the annual carbon absorption of 0.05 Da-an Forest Park. With the construction of solar panel power generation systems in another 5 locations, a total of 9 locations have built solar panel power generation systems, with an annual power generation of about 300,000 kWh. In addition, we purchased 3.6 million kWh renewable energy for 3 years. All of these can reduce carbon emissions by a total of about 763.50 metric tons of CO<sub>2</sub>e <sup>Note 3</sup> each year, which is equivalent to the annual carbon absorption of 1.96 Da-an Forest Park to implement sustainable management.

Note 1: The annual carbon absorption of Da-an Forest Parks is 389 tCO<sub>2</sub>e.

Note 2: Average payback period= project investment cost / cost expected to save.

Note 3: During the 2022 data verification period, the electricity carbon emission coefficient of the current year has not yet been announced, so 0.000509 (tCO<sub>2</sub>e/kWh), the electricity carbon emission coefficient in 2021, is temporarily used to calculate.

Note 4: This refers to the electricity cost saved before and after the implementation of the energy saving and carbon reduction project (calculated at NT\$ 3.4 to NT\$4.5 for 1 kWh of electricity).

Energy Saving Measures	Project Name	Project Description	Project Investment Cost (NT\$ thousand)	Expected Reduction Power Consumption (kWh)	Carbon Reduction Performance <sup>Note 3</sup> (tCO <sub>2</sub> e)	Costs Expected to be Saved <sup>Note 4</sup> (NT\$ thousand)
Energy Conservation and Carbon Reduction		<ul style="list-style-type: none"> <li>Close horizontal and vertical billboards and nonessential lights.</li> <li>Adjust the usage time of photocopiers and air conditioners.</li> <li>Set water dispensers to energy-saving mode during off-peak hours to conserve energy.</li> <li>Supervise employees to shut down personal computers (including monitors) after work.</li> <li>The air conditioning temperature is set at 26~28°C, and the air conditioning units are cleaned and serviced regularly to prolong their useful life and maintain cooling effect.</li> </ul>	-	1,700,890	865.75	6,122.0
	Replacing Office Equipment and Refrigerators	Replace 18 office machines and 2 refrigerators with those with energy labels.	43.8	2,298	1.17	7.9
	Replacing and Reducing Lighting Fixtures	<ul style="list-style-type: none"> <li>Replace the lights in the lobby, offices, vaults, and meeting rooms with LED lights. A total of 9,671 lights were replaced.</li> <li>The lighting configuration was adjusted, and a total of 3,740 lights were reduced.</li> </ul>	15,322.9	1,668,626	849.33	6,019.6
<b>Total</b>			<b>15,366.7</b>	<b>3,371,814</b>	<b>1,716.25</b>	<b>12,149.5</b>
Awareness Campaign		<ul style="list-style-type: none"> <li>Post green office-related promotional materials and slogans in the office area, such as "turn off the power when you leave" posted near light switches.</li> <li>For units that are not open for business, it is announced that the lights should be turned off for 1 hour during the noon break.</li> <li>Walking exercises are promoted and employees are encouraged to refrain from taking elevators when moving up or down 3 or fewer floors.</li> </ul>				

## Fuel Management

In order to encourage employees to go green daily at the offices, in 2022, TCFHC continued to encourage them to use public transportations for commuting and business trips instead of automobiles and motorcycles or share rides with colleagues when dispatching official vehicles. The carbon emissions reduced from the use of public transportation for business needs was approximately 413.15 tCO<sub>2</sub>e, which is equivalent to the annual carbon absorption of 1.06 Da-an Forest Parks. In addition, 817 physicals meetings or training sessions were replaced by video conferencing, resulting in a reduction of approximately 629.68 tCO<sub>2</sub>e, which is equivalent to the annual carbon absorption of 1.62 Da-an Forest Parks. At the same time, 103 company cars with green marks or energy labels were leased to reduce carbon emissions.



### Oil Saving Measures

- Replace fuel-powered scooters with electric scooters.
- Lease 103 company cars with green marks or energy labels.
- Maintain and inspect company cars regularly and ensure the tire pressure is maintained in good condition.



### Awareness Campaign

- Employees need to make long-distance trips are encouraged to share rides or take public transport.
- Encourage video conferencing to reduce energy and resource consumption.
- Promote the avoidance of stomping on the gas pedal and frequent braking while driving, reducing idling, maintaining appropriate temperatures inside the vehicle and avoiding setting excessively low temperatures, and reducing unnecessary load weight among employees.



### 2019~2022 TCFHC Group Fuel Consumption

	2019	2020	2021	2022	Achievement of 2022 Reduction Target
Fuel Consumption	340,516	395,495	357,226	406,296	⊗

Note: The data of fuel consumption for 2022 has been verified in June 2023.

## Water Resources Management

Due to global climate change, water scarcity has become more and more severe. In response to the sustainability indicators of UN Sustainable Development Goal 6 for clean water and sanitation, TCB headquarters and IT department building passed the verification of the "ISO 14046 Water Footprint". By conducting a water footprint impact analysis, TCB reduces the environmental damage caused by water consumption.



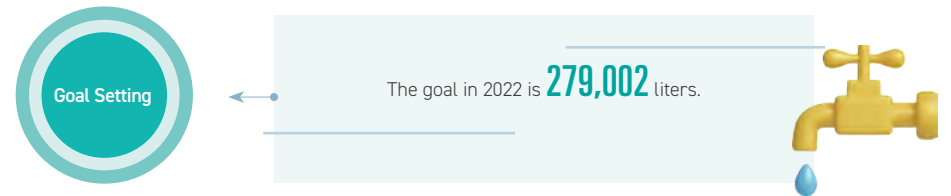
### Water Saving Measures

- A rainwater harvesting system is installed to effectively recycle and reuse water resources.
- Water use facilities have all been installed with water saving devices such as censored water tap and water spreader with timer for horticultural use.
- Drip irrigation is put in place of sprinkler irrigation. The system is switched off automatically on rainy days to achieve water-saving efficiency.
- Equipment with water-saving label is used.



### Awareness Campaign

Utilize meetings to promote water conservation among employees, and posts water-saving slogans to achieve water conservation.



### 2019~2022 TCFHC Group Water Consumption

	2019	2020	2021	2022	Achievement of 2022 Reduction Target
Water Consumption	263,857	307,569	289,002	310,334	⊗
Coverage Rate <sup>Note 1</sup> (%)	92.45	92.17	91.89	100.00	⊗

Note 1: The data coverage rate is calculated based on the proportion of the Group's operating locations that have been audited in the current year.

Note 2: Water consumption (million cubic meters) = Water consumption (liters)/100,000.



## Waste Management and Circular Economy

To reduce the environmental impact and achieve resource sustainability, TCFHC has formulated waste management measures to promote circular economy through resource recycling, green procurement and rent instead of buying. In addition to practicing the 3R environmental protection policy, which is reduce, recycle, and reuse, increasing the benefits of waste recycling and reuse, TCFHC also purchases environmentally friendly products, green building materials, and recyclable products with environmental protection, energy-saving, and water efficiency labels approved by the government. TCFHC promotes resource recycling and reduces environmental impact, and the amount of green procurement reached NT\$57.24 million in 2022.

In 2022, TCFHC generated approximately 452.61 tons of waste. In terms of resource recycling, approximately 153.83 tons of paper were recycled (equivalent to 3,692 trees), and about 62.43 tons of other materials (such as plastic bottles, tin cans, and aluminum cans) were recycled. The amount of total waste recycled/reused was approximately 212.26 tons, while the amount of total waste disposed was approximately 236.35 tons. These figures meet the reduction goals set by TCFHC. TCFHC also measured the monthly kitchen waste generated by each unit, and the total amount of kitchen waste produced was approximately 39.32 tons. The carbon emissions generated by kitchen waste management were about 0.28 tCO<sub>2</sub>e. TCFHC continues to promote avoiding food waste among its employees to reduce producing food waste.

To enhance employees' concept of circular economy and resource sustainability, TCFHC continues to promote these concepts through relevant meetings and educational training. TCFHC also sends the sustainability newsletter, "ESG Classroom", regularly by email to promote relevant knowledge such as resource recycling, waste reduction, and improving resource efficiency. In the future, TCFHC will not only continue to implement waste management measures, resource recycling and reuse, and green procurement measures, but also encourage employees to extend the life cycle of their items through holding second-hand markets. This will optimize resource efficiency and achieve a circular vision of reducing waste.



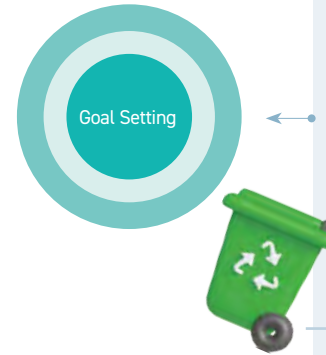
### Waste Reduction Measures

- Implement waste sorting and resource recycling for waste generated at the offices.
- Recycle and sort office supplies such as folders, paper bags, paper clips, and binder clips for reuse.
- Recycling of used batteries
- Avoid using disposable items such as disposable tableware, plastic bags, and bottled water during events or meetings.



### Awareness Campaign

Utilizes meetings to promote waste sorting measures, avoid food waste when ordering, and reduce kitchen waste among employees.



The goals for 2022:

<b>Total waste recycled/reused</b>	Increase the amount of total waste recycled/reused by 1% of 2020, with a target of 180.75 tons.
<b>Total waste disposed</b>	Decrease the amount of total waste disposed by 2% of 2020, with a target of 286.46 tons.
<b>Amount of carbon emission generated from kitchen waste</b>	Reduce 1%, with a target of 0.21 tons.

### 2020-2022 TCFHC Amount of Waste Disposal

Unit: tons

	2020	2021	2022 <sup>Note 3</sup>	Achievement of 2022 Reduction Target
<b>Total Amount of Waste</b>	444.33	469.92	452.61	-
<b>Total Waste Recycled/Reused</b>	205.45	178.69	216.26	✓
<b>Total Waste Disposed</b>	238.88	291.23	236.35	✓
<b>Waste Landfilled</b>	15.92	19.41	16.37	-
<b>Waste Incinerated with Energy Recovery</b>	222.96	271.82	219.98	-
<b>Amount of Carbon Emission Generated from Kitchen Waste<sup>Note 1</sup> (tCO<sub>2</sub>e)</b>	0.21	0.21	0.28	✗
<b>Data Coverage Rate<sup>Note 2</sup>(%)</b>	92.17	91.89	91.62	-

Note 1: Converted according to the Tainan Science Park's kitchen waste (landfill) coefficient 0.00707 (tCO<sub>2</sub>e / ton) announced on the Carbon Footprint Information Platform in 2014.

Note 2: The data coverage rate is calculated based on the proportion of the Group's operating locations that have been audited in the current year.

Note 3: The data of waste disposal for 2022 has been verified in June 2023.

## Green Building

The headquarters building of TCB was built based on the 4 scopes of green building, which are "Ecology, Energy Conservation, Waste Reduction, and Health". It incorporates various environmentally friendly and energy-saving designs that comply with green buildings. TCB was awarded the EEWH Silver Label Certification by the Ministry of the Interior in 2018, and the certification is still valid now. In 2022, the employee training center, Qian-zhen Branch, Sin-shu Branch, and Chi-shan Branch of TCB newly obtained the certification, in addition to the previous certification obtained by the Headquarters and Jhong-he Branch, a total of 6 sites have obtained the Green Building Mark certification.

In response to the global net-zero trend, TCFHC is committed to energy conservation and carbon reduction. 23 offices have continued to pass the "ISO 50001 Energy Management Systems" and "ISO 14001 Environmental Management Systems" verifications, to achieve effective management of building energy and environment.

## Green Initiatives

### Earth Hour Lights Off

In 2022, TCFHC participated for the first time in the world's largest voluntary carbon reduction movement, Earth Hour, and turned off unessential lights for 1 hour between 8:30pm and 9:30pm on March 26.

### Closing All Horizontal and Vertical Signs and Unessential Lights at Business Units

In order to expand the scope and benefit of energy conservation and carbon reduction, TCFHC started voluntarily turning all vertical/horizontal signs and unessential lights at business units in 2021. It is estimated that it can save about 1,681,450 kWh of electricity per year, reducing carbon emissions by approximately 855.86 tCO<sub>2</sub>e, which is equivalent to the annual carbon absorption of 2.20 Da-an Forest Parks. In response to global climate change, the Company urges everyone to turn net zero into everyday activities in order to save the earth.

### Better Environmental Education

Climate change is attracting lots of attention to issues such as water resources and marine ecosystems. TCFHC, in addition to arranging expert talks and courses for executives and new hires, sends the sustainability newsletter, "ESG Classroom", by email to all employees regularly. A total of 20 sessions of environmental protection campaigns or educational training have been conducted, with 25 environmental sustainability newsletters distributed. The number of people reached through these efforts exceeds 240,384 per year, and over 26 hours per year were spent on these campaigns. The purpose is to use environmental education and campaigns to raise awareness of environmental sustainability in employees.

### Promoting Low Carbon Diets

TCFHC started promoting "TCFHC Group Vegetarian Day" in 2019. The event encourages employees to carry their own utensils and reduce the use of plastic utensils in order to lighten the burden on the planet. In 2021, the Vegetarian Day was extended from the 1 to 2 days every month (the 1<sup>st</sup> and the 15<sup>th</sup> on the lunar calendar). In 2022, 36,763 people participated, resulting in a reduction of approximately 2.79 tCO<sub>2</sub>e, which is equivalent to the annual carbon absorption of 0.01 Da-an Forest Park.

### Electricity Saving Contest

In order to implement the power saving goals, Taiwan Cooperative Bank has formulated the "Power Saving Competition Incentive Measures for Business Units". The reduction target of each business unit is allocated according to the electricity consumption of the business units in each service location in Taiwan. Each year, each business unit will be ranked according to the unit power saving and annual reduction target achievement rate, and based on the ranking results, incentives ranging from NT\$60,000 to NT\$100,000 will be awarded. In 2022, domestic business units consume 26,285,268 KWh, a decrease of 2,317,143 KWh compared with 2021, saving electricity by 8.1%. In addition, the carbon emissions converted from electricity consumption reductions is 1,179 tCO<sub>2</sub>e<sup>Note</sup>, which is equivalent to the annual carbon absorption of 3.03 Da-an Forest Park.

### Green Office

The Green Office Policy of the Environmental Protection Administration of the Executive Yuan includes energy conservation, resource reduction, green procurement, environmental greening and beautification, and publicity initiatives. The Group has responded to a total of 28 items, driving employees to realize green office and implement green life in daily life.



Note: During the 2022 data verification period, the electricity carbon emission coefficient of the current year has not yet been announced, so 0.000509 (tCO<sub>2</sub>e/kWh), the electricity carbon emission coefficient in 2021, is temporarily used to calculate.





## Internal Carbon Pricing

In order to implement corporate carbon reduction management, TCFHC introduces Internal Carbon Pricing in 2022. Through the internalization of "external costs" of greenhouse gases, the cost of carbon emissions generated by operations are examined, and relevant costs will be included in future energy conservation. Project investment considerations, while actively improving energy efficiency, to further achieve energy conservation and carbon reduction management. TCFHC adopts the implicit carbon price method, and calculates the internal carbon price with reference to the energy-saving benefits of equipment purchases, purchase costs, and estimated service life. The average carbon price in 2022 ranges from NT\$ 4,279 to NT\$7,814 per ton.

## Promotion of Natural Resource Conservation

To implement SDG4 Quality Education, SDG11 Sustainable Cities and Communities, SDG13 Climate Action, SDG15 Life on Land, and SDG17 Partnership for the Goals, TCB actively promotes the conservation of natural ecologies and resources.

- Given the value of river resources, TCB continues to support the Commonwealth Magazine's "Tamsui River Convention", working together to contribute to the ecological environment of the rivers. In addition, TCB implements measures for resource recycling and waste reduction, strengthens the promotion of environmental sustainability concepts to suppliers, and increases the proportion of green procurement. TCB makes an effort to contribute to the sustainability of Taiwan's rivers by making a commitment to plastic and waste reduction.
- Starting from 2020, TCB signed a 3-year contract with the Parks and Street Lights Office, Public Works Department, Taipei City Government to adopt 7 sidewalk trees from Ln. 451, Sec. 1, Ba-de Rd. to Dun-hua North Rd., and jointly promoted environmental protection.
- To bring about a win-win situation for the conservation of national lands, combine with green finance and promotion of environmental sustainability, TCB actively cooperates with State-owned Property Administration of the Ministry of Finance to promote the "national non-public use marginal land environmental protection adoption plan". In March 2023, TCB officially partnered with Wetlands Taiwan, launching the "Ocean Leads the Way – Promotional Project on Wetland Conservation and Wise Utilization of Qingkunshen Fan-Shaped Salt Fields". This is to jointly maintain the wetland environment, monitor, maintain, and manage habitats, and promote the development of resource and sustainable communities through training local volunteers, promoting environmental education, low-carbon actions, and waste and resource recovery. TCB's goal is to conserve the biodiversity of endangered species and substantially put environmental sustainability into action.

## TCFHC Sustainability Week

- In order to implement the concept of environmental sustainability, respond to "Earth Day" and encourage employees to implement green actions such as energy conservation, carbon reduction, and net-zero green life, TCFHC held "Sustainability Week" in April 2023. Events included speeches, second-hand book exchanges, competitions to win green dots, green challenges and "Sustainability Day" outdoor activities, with a total of about 1,700 people participated. During this week, total carbon emission reduction of energy saving and carbon reduction, green office and paperless operations was about 4,703 kgCO<sub>2</sub>e, which is equivalent to the daily carbon absorption of about 4.4 Da-an Forest Parks. On the "TCFHC Sustainability Day" on April 22<sup>nd</sup>, we went to Taoyuan Wudu Ecological Park to learn about organic farming, respond to green diet measures, and implement ecological sustainable development. Additionally, we went to Qingkunshen Fan-Shaped Salt Fields Wetland to provide habitat services, including oyster shell reef building and wetland cleaning to clean up 154 kg of garbage. We committed to protecting the pure land of the country, achieving the goal of conserving biodiversity, and promoting waste recycling activities such as oyster shell flower art, and promoting the sustainable development of resources and communities.
- The "Sustainability Week" activities implemented SDG2 Zero Hunger, SDG4 Quality Education, SDG11 Sustainable Cities and Communities, SDG12 Responsible Consumption and Production, SDG15 Life on Land, and SDG17 Partnership for the Goals, and distributed 1,093,500 points of environmental protection green point instead of gifts or bonuses during the event in order to encourage employees to implement habits like "green consumption" and "green living" to reduce waste of resources and mitigate environmental impact.

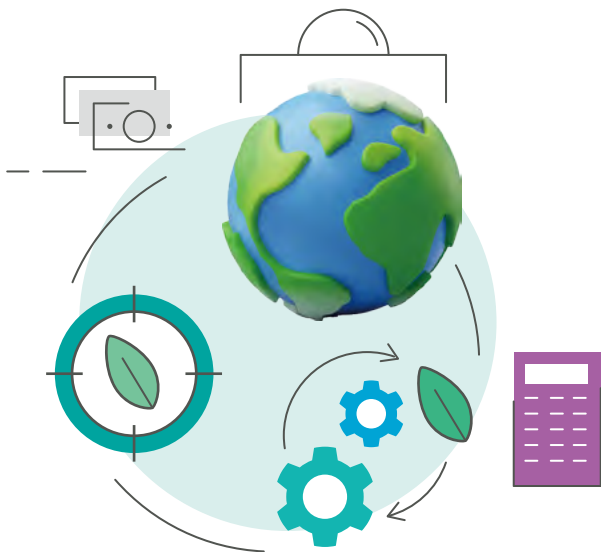


## 7.2 Supplier Management and Green Procurement

For TCFHC, key suppliers are suppliers of IT equipment and systems. In support of the government's green procurement policy, the Group makes sustainability an element in the procurement process, and encourages suppliers to implement sustainable management while working with suppliers to achieve environmental sustainability.

### Supplier Management

TCFHC continues to implement the "Supplier Management Policy". TCFHC requires suppliers with a purchase of NT\$1 million or higher to sign the "Undertaking on Supplier CSR and Environmental Sustainability Clauses," and list the CSR provisions in procurement contracts to require explicitly that suppliers should comply with worker safety and health, environmental protection, and principal of integrity requirements. All these efforts are to enforce supplier management. In 2022, there were 347 domestic suppliers with a purchase of NT\$1 million or higher signed the "Undertaking on Supplier CSR and Environmental Sustainability Clauses".



#### Supplier Management Policy



##### Environmental Sustainability

- Suppliers shall abide by the principles of protecting natural resources when using raw materials during business operations. They shall prioritize using raw materials that are recycled, reused, or repeatedly usable, providing that product quality requirements are fulfilled, in order to reduce any negative effects on the environment and avoid using materials that are harmful to the environment.
- Suppliers shall establish concrete environmental protection and energy-saving measures. They shall not impact the environment significantly and negatively or violate environmental laws and regulations. They shall effectively implement environmental sustainability in order to protect the planet, conserve resources, and save energy.



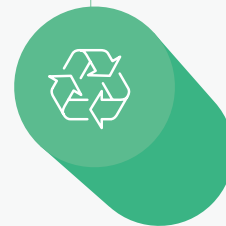
##### Labor and Human Rights

- Suppliers shall comply with national labor laws, protect employees against infringement of their legal rights, respect internationally recognized basic labor and human rights, and shall not force employment, layoffs, or matters that endanger the labor rights.
- Suppliers shall provide employees with a safe, healthy, and comfortable work environment and comply with occupational safety and health laws and regulations.



##### Ethical Management

- Suppliers shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.
- In the process of engaging in commercial activities, suppliers shall not, whether directly or indirectly, offer, commit to, request, or accept any illegitimate benefits, or be involved in any conducts that would be construed as dishonest, illegal or in breach of trust for the purpose of acquiring or maintaining benefits.



Supplier Management Policy

## Supplier's Human Rights Due Diligence

To implement supplier management policies and urge suppliers to comply with relevant labor laws and follow International Bill of Human Rights regulations concerning the protection of employee rights, human rights due diligence questionnaires are provided to suppliers. The questionnaire summarizes potential and possible human rights issues among suppliers and keeps abreast of the frequency of occurrence and level of influence of risks regarding human rights issues. The Group will conduct human rights due diligence regularly, so as to systematic periodic review human rights issues and formulate mitigation measures. The Group will conduct human rights due diligence regularly, so as to systematic periodic review human rights issues and formulate mitigation measures. This information will serve as a reference for future improvements to the supplier management policy.

## Supplier Human Rights Due Diligence Results and Responsive Measures

TCFHC compiled 26 potential human rights risk issues based on human rights issues like "diversity in the workplace", "gender equality", "maternal health protection", "work overtime", "forced labor", and "occupational health and safety", formulating a questionnaire to survey suppliers (contractors) with an annual transaction amount of NT\$1 million or more. A total of 106 questionnaires were sent out, with a return rate of 100%. The results that the overall risk is relatively low. This self-evaluation identified 3 potential human rights risk issues with higher risk exposure, so the following responsive measures are established:

Subject	Key Topics	Risk Mitigation Measures	Mitigation Measure Implementation Rate
Supplier (Contractor)	Diversity in the Workplace Your company does not have barrier-free facilities in the office	<ul style="list-style-type: none"> <li>Divide suppliers (contractors) into categories and assist them in the formulation of phased and zoning improvement implementation plans and deadlines</li> <li>Formulate the priority order of improvement for barrier-free facilities of various buildings.</li> <li>Provide consultation and guidance on drafting alternative improvement plans.</li> </ul>	100%
	Work Overtime Your company does not follow the "Labor Standards Act", which requires employees to work no more than 8 hours a day and a total of 40 hours a week, and limits overtime to 46 hours per month, including working on holidays.	<ul style="list-style-type: none"> <li>Examine suppliers (contractors) that have engaged in forced labor (forced work, forced overtime, underreported working hours) or high risks when making procurement decisions.</li> <li>For suppliers (contractors) that engaged in force labor, shall provide counseling and verify improvements are made.</li> </ul>	
	Occupational Health and Safety Your company does not set up an "Occupational Safety and Health Committee" and hold quarterly meetings in accordance with regulations to facilitate discussions between labor and management on relevant occupational safety and health management plans, education and training, health and safety audits, health promotion and disease prevention, and other issues that can improve the health and safety of employees.	<ul style="list-style-type: none"> <li>Encourage suppliers (contractors) to establish an "Occupational Safety and Health Committee", make suggestions on their health and safety policies, and review, coordinate, and make recommendations on health and safety-related matters.</li> <li>Make health and safety a point of consideration in planning supplier (contractor) "procurement incentive" measures.</li> </ul>	







## Supplier Conference

Climate change is an important issue that all businesses have to face. To extend its influence and work together with partners in pursuit of environmental sustainability, TCFHC supports the "Supplier Conference", which is hosted in turn by different state-owned financial institution every year. The conference extends the concept of ESG and sustainable development to suppliers and credit customers to create a sound sustainable development ecosystem.



## Green Procurement

To practice green procurement and implement environmental protection, TCFHC prioritizes the use of the green mark, energy labeled, water efficiency labeled, sustainable forestry labeled, and other environmentally friendly products. Upholding the principle of "green operations and eco-friendly," the TCFHC uses green building materials for office repairs and constructions and implements low-carbon operations. In 2022, the green procurement amounted to NT\$57.24 million. For 3 consecutive years, TCB has been recognized by the Taipei City Government's Department of Environmental Protection and granted a letter of gratitude for its outstanding performance in participating in the "Private Enterprise and Groups Green Procurement Promotion Plan".

 <p><b>IT equipment</b></p> <p>Green Mark certification NT\$18.8 million</p>	 <p><b>Wall-mounted and window air conditioners</b></p> <p>Inverter technology and energy-saving labels NT\$4.64 million</p>	 <p><b>Large air conditioners</b></p> <p>Model that uses eco-friendly refrigerants NT\$2.29 million</p>
 <p><b>FSC paper</b></p> <p>FSC- and PEFC-certified products or products made from zero-tree felling processes 229.85 tons</p>	 <p><b>Toilet paper</b></p> <p>FSC- and PEFC-certified products or products made from zero-tree felling processes NT\$1.14 million</p>	 <p><b>Green building materials</b></p> <p>Green Building Material Label NT\$10.18 million</p>

## Sustainable Procurement

In response to the global sustainable development trend, TCB is the first to adopt the "ISO 20400 Sustainable Procurement - Guidance" in April 2022, which has been approved by the British Standards Institution (BSI). TCB has formulated sustainable procurement policies to comply with and implemented the concept of sustainability in the procurement unit and expanded it to its suppliers with whom it cooperates. In addition, TCFHC and all other subsidiaries have also passed the BSI audit in January 2023. In the future, TCFHC Group will adhere to the concept of sustainability in the procurement process as a direction for procurement management and jointly move towards with suppliers and contractors the goal of sustainable development.

# CH8 Social Inclusion

## Stakeholders of Concern



Employees



Shareholders/  
Investors



Customers



Suppliers



Community



Government and Competent  
Authorities



Media



Academic units/  
Consultants/  
Industries/  
Association



## 8.1 Public Welfare Strategies



As environmental and social structures change, TCFHC continues to uphold sustainable development and pay close attention to effects and opportunities arising from an aged society. TCFHC kept implementing its 4 major public welfare strategies with "Joyful Learning, Healthy Living, Tranquil Community, and Nursing and Care". The Group actively use the core competencies of finance to launch a number of innovative products to solve social and environmental problems. At the same time, we also continue to integrate group resources to give back to the society and expand social influence

In addition, TCFHC takes "people" as the starting point and encourages colleagues to participate in public welfare activities, thereby cultivating social citizenship awareness. In 2021, the "Implementation Points of Volunteer Service of TCFHC " was formulated. The chairman leads the team as the captain of volunteers, establishes a top-down corporate culture of public welfare, and passes on the feedback spirit of "taking from society and using in society" to every employee. BNP TCB Life has also planned a public welfare leave system and launched a "Public Welfare Passport" to support employees to participate in public welfare activities.

### Resource Input into Public Interests in 2022

Type of Contribution	Amount (NT\$)
Cash contributions	15,947,194
Time input	1,963,238
Non-monetary input	118,900
Management overheads	195,899,390

### Charity Donations by Percentage

Charity donations	31%
Community investment	23%
Commercial donations	46%

#### Volunteer Passport

Volunteers who have participated 3 or more TCFHC volunteering events will be given a volunteer passport.



#### Achievement Certificate

Volunteers or units that have provided excellent service will be given achievement certificates by the Group as well as public recognition.



## 8.2 Joyful Learning

TCB understands the importance of education and talent development for the sustainable development of corporates and society. Hence, for years, TCFHC has been working closely with the community, schools, and other institutions in order to support education and academic research. TCFHC tries to give every child equal educational and social resources, achieve financial inclusion, and bring financial knowledge and the concept of financial management to different groups in society.

### Goals for 2024-2028

1. TCB to provide more than NT\$56 million in research grants and scholarships by 2028. Research grants are intended to encourage students to study financial innovation, green finance, information security, fintech, and ESG topics and bring new ideas into the financial sector.
2. Continue to organize TCFHC Classrooms and financial inclusion seminars and forums over 2,000 sessions by 2028. These sessions include cross industry trust information sessions at social groups, medical institutions, schools and care facilities intended to educate the public on trust services. Financial planning seminars and other information sessions will help participants learn more about the financial products offered by TCFHC Group and make an early start on retirement planning.
3. TCB to host 5 financial planning camps by 2028 in order to teach school children about the importance of financial planning and the correct approach.
4. TCS to donate a total of NT\$1.4 million to 14 social organizations for children in remote areas in 2028.

#### Senior Education

Hold the TCFHC Lectures to provide senior product services and information, help the public start planning for retirement early and make arrangements for the later years of their lives.

#### Rewarding Learning

To offer scholarships for students from disadvantaged backgrounds to help them finish school.

#### Cultivating Financial Literacy

TCB organizes the "Financial Literacy Campaign for the Campus and Community" to help the public gain a wider range of financial knowledge and learn the right approach to financial planning.

#### Industry-Academia Collaboration

To provide internships for current students to help them develop financial independence and social skills.



Joyful Learning

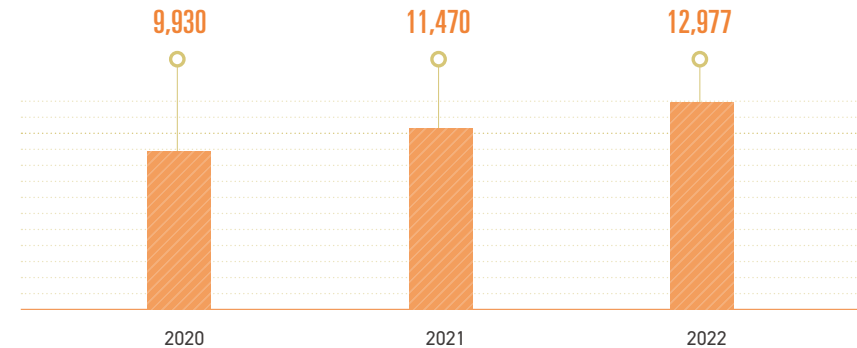
#### Minority Empowerment

To donate to education themed charities to support the disadvantaged in learning.

## Rewarding Learning

TCB has been actively taken a role in the "Charity Fund for Financial Services Industry Education", which was launched by Taiwan Financial Services Roundtable with donations from different financial agencies and financial institutional members. The fund provides NT\$100 million in scholarships and subsidies every year to help young students from poor and disadvantaged families to finish school and to organize financial courses to improve financial knowledge. A total of 12,977 young students benefited from the fund between 2015 and 2022.

### Total Number of Students Supported



As an incentive for undergraduate, graduate, and PhD students to do research in economics and finance, TCB started a scholarship in 1954, and the scholarship has been helping schools develop talent. From 1997 on, for educational institutions above high schools that deposit operating funds in the bank or request the bank to collect tuition fees and local governments that contract the bank to collect various types of fees or to distribute compensation, TCB provides scholarships to current students with excellent performance or children of the faculty or staff in related schools.

Year	Number of Approved Recipients	Number of Scholarship Receiving Schools	Total Amount Donated (NT\$ million)
2022	22	16	43.02
2021	38	22	41.10
2020	19	25	38.84



## Cultivating Financial Literacy

To support the policies stipulated by competent authorities, TCB has participated in the “Financial Literacy Campaign for the Campus and Community”. Specifically, professional lecturers from TCB visit different areas, where they will impart financial knowledge to different people, including elementary school students, junior high school students, senior high and vocational high school students, college students, and communities, women’s groups, indigenous people, new immigrants, elderly people, people with physical and mental disabilities, military officers, correction institutions, and social welfare groups. In 2022, 108 events were held with 8,950 participants. The themes covered financial and debt planning, credit card use, and rights of financial consumers. Our efforts have won the recognition of the Financial Supervisory Commission.

In addition, TCB organized 290 financial planning seminars in 2022, with a total of 5,675 participants. TCB held 19 cross industry trust information sessions include at social groups, medical institutions, schools and care facilities intended to educate the public on trust services. TCS continued to hold 258 online investment courses, seminars, and investor conferences in 2022, with a total of 2,885 participants throughout the year. We also continued to promote Taiwan stock investments using dollar-cost averaging strategies business, if the investing amount is less than NT\$10,000, only NT\$1 fee will be charged, to distributing profits to customers with mediocre incomes and the other groups with limited use of funds, so as to develop the habit of regular savings and investment. In 2022, a total of 22,491 accounts opened, and a total of 809 clients agreed to only 1 investment target each month, with a total transaction size of NT\$3,402,613.

## Minority Empowerment

To care for the education in rural areas, reduce urban-rural gap, and create an equal and high-quality learning environment, TCS collaborated with Teach for Taiwan and Eden Social Welfare Foundation to hold a “You Order, We Donate” charity marketing event in 2022. During the event, if customers’ orders meet certain conditions, TCS will donate NT\$10 to these charity organizations. In addition, TCS also participated in the “Love Festival” charity event organized by Little Sapling Association during summer vacations, calling on volunteers from different locations to go into enterprises and campuses to immerse themselves in love activities. The event opened the hearts of children, parents, teachers, and volunteers, awakening their ability to love and be loved and preventing social issues through school education.



The development of teenagers from high-risk families is another key issue TCS follows closely and continuously. In 2022, TCS donated to the Bornanew Youth Caring Association and Yunlin Prison of the Ministry of Justice, providing assistance to juvenile offenders to reintegrate into their families and schools, as well as subsidizing scholarships for children of inmates. The goal was to encourage them to welcome the future and to urge society to open its arms to families of inmates without discrimination.

As many minority groups were struggling during the pandemic, TCS donated to the Institute for the Blind of Taiwan in the hope to help support the living and learning expenses of socially disadvantaged groups.

## Industry-Academia Collaboration

In 2011, TCB started sponsoring the “Economically Independent Youth Internship Program” initiated by the Youth Development Administration of the Ministry of Education. TCB helps current students from financially disadvantaged families complete internships in a secure environment to build a work experience and learn to be financially independent at the same time. TCB has provided over 500 internships under the program since 2011. TCS implemented the “Guidelines for Hiring Interns”. The guidelines give priority to current university students when the company needs to fill short-term positions. More than 10 current university students have been hired up to now. More openings are being offered on an ongoing basis.

## Senior Education

As “the number 1 brand of LOHAS and elder care”, TCFHC group continues to offer a full range of products and services to help the public plan for their life after retirement and make arrangements for the later years of their lives in advance. In 2022, a total of 4 “TCFHC Lectures - Happy Living and Secure Caring and Retirement Financial Planning Forum,” with more than 1,600 people discussing plans about second lives. In the same year, 1 “Orange Generation, Living a Happy and Carefree Life” elderly care and brain-teasing friendly experience event with 120 people, was held to help the public understand issues related to personal physiology, psychology, social relationships, and asset security in an aging society.



## 2022 TCFHC Lectures- Happy Living and Secure Caring and Financial Planning Forum

The theme for 2022 focused on the risk management of retirement life and 5 major asset allocation strategies for the new generation of retirees. Experts from various fields discussed from different perspectives, and the event was hosted by the well-known news anchor Joyce Liu. Speakers include Chih-Chieh Lin, the Chairman of the Financial Ombudsman Institution, financial writer Hsien-Cheng Lai, and senior financial advisor Yen-Li Lu, are invited to discuss topics such as "elderly care trusts", "high-end services" and "smart consumption", providing the public with consumption and financial advice, so they can enjoy their retirement life with ease.



### "The Orange Generation, Living a Happy and Carefree Life" Elderly Care and Brain-Teasing Friendly Experience Events

To improve public awareness of the cognitive and physical abilities of elderly people with dementia, this event combines 3 major elements, which are "lectures, experiences, and challenges". Through on-site experiences, participants can understand their own physical and cognitive abilities and gain knowledge about relevant spatial and cognitive disorders of people with dementia. The content of the lectures consists of a full range of trust products, such as retirement assets protection and wealth inheritance were analyzed, case studies were shared, and long-term care with 4 kinds of subsidies, including assistive devices and home-based barrier free services were introduced. The seminar raises the elderly people's and their families awareness of long-term care resources and related financial products.

## 8.3 Healthy Living

TCFHC has been providing sponsorships in the sports industry for years and has discovered and nurtured a myriad of rising young sports stars. TCFHC had assembled a table tennis team (in 1947), a baseball team (in 1949), and a badminton team (in 1992) in the past, paying an annual average of NT\$100 million in support of these teams. The funds are spent on development and training of these teams, provision of well-maintained training facilities, accommodation and other benefits, and financial sponsorship for athletes to attend various domestic and international games and tournaments, all of which are essential to enable Taiwan to compete on the global stage. Meanwhile, TCFHC combines sports with charities, advertisement, and school sports sponsorships. In 2022, TCFHC received the "Taiwan i Sports" Certificate for the 3<sup>rd</sup> time and the 14<sup>th</sup> consecutive "Sports Activist Awards" from the Sports Administration of the Ministry of Education.



### Goals for 2024-2028

1. Continue to provide NT\$180 million or more every year to support the 3 teams in table tennis, badminton, and baseball.
2. Continue to help players develop a complete career path and transit with ease into the role of a coach, consultant, or bank teller after retiring from their sports.
3. Continue cooperation programs with approximately 20 schools every year.
4. Sponsor 50 sports events by 2028.
5. Continue to organize 3 or more charitable health themed events every year to reach a total of 15 by 2028.



### Nurturing Sports Talents

Training Taiwan's sports stars and seeking international exposure through sports.

### i-Health for the Old and Young

Sponsoring Health Care Foundation related to disease or cancer prevention to fund free clinics and medical supplies.

### Healthy Living

#### Blood Drives

Organizing blood drives to help with the shortage problem.

#### Promoting Sports and Competitions

Providing corporate sponsorships for sports events to promote sports in the country.

## Nurturing Sports Talents and Supporting Grassroots Sports

Sports is an important soft power that enables Taiwan to connect with the world. Sports stars of TCB have been delivering remarkable performance internationally in recent years. They include world class player Tzu-Ying Tai and Tien-Cheng Chou, and top table tennis players including I-Ching Cheng, Yun-Ju Lin, Chih-Yuan Chuang, Chien-An Chen. There are also baseball stars Sheng-Feng Wu, Jia-Yo Lin, Han Lin. All of them are excellent athletes into whom TCB has invested much resources. In 2022, the TCB team sent players to support 45 sports events. TCB players performed outstandingly in various domestic and international competitions, winning multiple championships and runner-up titles, achieving excellent results, and showcasing Taiwan's abilities to the world.

In addition to ensuring support for active sports stars, TCB tries to recruit athletes with great potential from national games or schools in TCB cooperative programs and provide them with health allowances and competition bonuses in order to ease their financial burden. Outstanding performance will be rewarded with an offer to become a full-time player on a team and can continue work at TCB after retiring from the team.

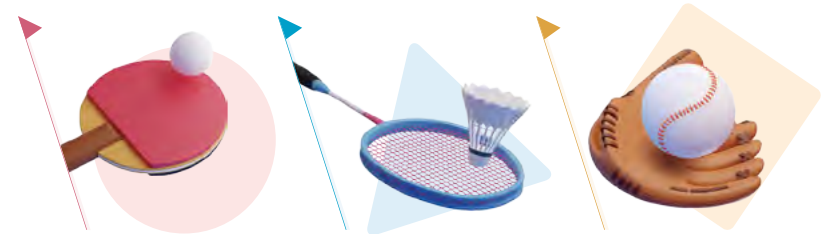
TCB supports grassroots sports in Taiwan. In 2022, TCB organized baseball and badminton charity events to support grassroots sports in Nantou and Kaohsiung. We provided tangible resources and valuable experience for players to inherit, cultivating more sports leaders for the country.



## Promoting Sports Events

TCB is committed to not only supporting talented athletes to enable Taiwan to compete globally but encouraging its employees to pay attention to health and exercise. TCB organizes sports events to invite all members of the public to be active.

TCB invites corporate clients and their employees to participate in the TCB badminton, table tennis, and slow pitch softball games every year. The games provide an opportunity for participants to meet other people with same interests and to relieve stress from work. The ultimate goal is to promote sports in Taiwan.



	Cheng Shin Maxxis TCFHC National Table Tennis Tournament	TCB Cup Badminton Invitational	TCB Cup Slow Pitch Softball Invitational
Total number of events	9	18	13
Organizer(s)	TCFHC, Cheng Shin Rubber Industry Co., Chinese Taipei Table Tennis Association	TCB	TCB
Participants	Students from elementary school to university	Company employees	Corporate clients, universities and other organizations

## i-Health for the Old and Young

TCS continuously donates to the Mennonite Social Welfare Foundation and actively supports care services for elderly people and people with disabilities in Hualien and Taitung. Given the lack of medical resources in that area, TCS has donated to the South-Link Medical Foundation to help improve medicare services for economically disadvantaged people in rural areas and increase emergency financial aid grants. TCS has also entered cultural and health stations and care centers for the elderly people in various villages, providing health education and free physiological monitoring, in the hope of reducing the inequality in medical care in rural areas and ensuring that residents in rural areas can receive comprehensive medicare and care. TCS has also co-organized the "Love Our Children" love fair with the Taiwan Fund for Children and Families and recruited volunteers to assist in the "free clinics" booth.

CAM donates to Yongee Cancer Prevention Health Care Foundation to sponsor traveling free clinics and promote preventive cancer screening. The sponsorship is intended to promote cancer prevention and correct medical knowledge. In July 2022, CAM and the Yongee Cancer Prevention Health Care Foundation held a charity event of donating blood and pandemic prevention kits in Yancheng District, Kaohsiung City, raising a total of 246 bags of blood. In November 2022, a free clinic event was held in Niasong District, Kaohsiung City, hoping to help people detect and treat cancer in advance through the free clinic, with a total of 110 participants.



## Blood Drives

To help the government with the blood shortage crisis, TCB and CAM each organized 1 blood drive in 2022. They urged employees to join in and together the 2 companies collected 175 bags of blood.



## 8.4 Tranquil Community

The modern world is constantly changing, and more and more of the disadvantaged are falling through the cracks and forgotten. Therefore, TCFHC Group continues to provide donations of supplies or funds to improve the quality of life for the disadvantaged and bring more learning resources to children and the disabled in rural areas. In addition, TCFHC Group purchases local produce as a means to contribute to local agricultural development and improvement of farmers' lives. TCFHC cares for the disadvantaged and fulfills its corporate social responsibility in the process.

### Goals for 2024-2028

1. TCFHC Group to organize 175 events in support of various charities by 2028.
2. TCFHC Group to purchase more than NT\$4.5 million in locally produced goods by 2028.
3. TCFHC and its subsidiaries organize 30 volunteer activities by 2028.
4. Call upon consumers to support charities by using TCB credit cards and affinity cards. A certain percentage of card spending will be donated to the Child Welfare League Foundation, the Huizhong Foundation, the Cardiac Children's Foundation Taiwan, and the Lugang Mazu Temple. Total donations are to exceed NT\$40 million by 2028.

### No Poverty

Organized fundraisers to help disadvantaged groups and families in need.

### Farming for Love

Purchased local produce from local farmers' associations to help farmers mitigate the overproduction problem.

### Zero Hunger

Participated in the "TAIFEX Food Bank" food drive and donated supplies.

### Sponsoring Arts and Support Cultural Development

Supporting the development of Taiwan's cultural industries and sponsoring various arts and cultural activities.

### Supporting Charities and Community Watch

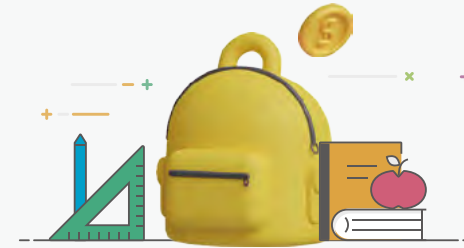
Donated to charity groups or major disasters as a means to add to the strength to rebuild.



## No Poverty

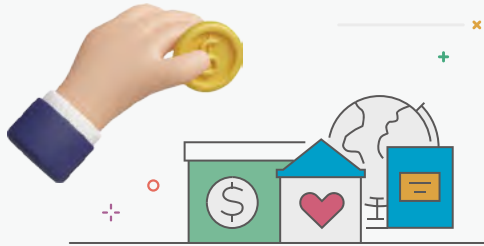
TCFHC is committed to giving back to society and continues to uphold The Group's charity policy. In 2022, TCFHC organized 71 fundraising events for disadvantaged groups and families in need, and donated close to NT\$14 million. More significant of these events are the following:

71 Fundraising Events and Donated Close to NT\$ 14 million



### Donations for the War in Ukraine

TCFHC group donated a total of NT\$4 million to assist the refugees from the war in Ukraine.



### TCFHC Donation Drive

Reached through 270 branches into the cities to help disadvantaged children and groups in need. Donated a total of NT\$2.95 million to 45 charity organizations in 14 cities. More than 6,000 people benefited from the funds.



### "Bring Love into Families Fair" hosted by Chiayi Family Helper Center

TCS continues to co-organize "Bring Love Into Families Fair" with Chiayi Family Helper Center. In addition to providing free sports towels to customers who purchase fair tickets and reach the required spending threshold, TCS arranges 10 volunteers to provide free clinics at the booth. In addition, TCS continues to take action to support the fruit farmers and purchased atemoya and pomelos and donated them to Family Helper Center and other charity organizations. TCS shares these nutritious fresh fruits grown by Taiwan's fruit farmers with disadvantaged groups and helps them get past their difficulties together.



## Zero Hunger

TCFHC has been helping to end hunger in community for years. TCFHC participated in the TAIFEX Food Bank for 8 consecutive years since 2015. The campaign donated goods to the impoverished or crisis struck families or marginalized households not eligible for welfare benefits.

TCS continuously orders coffee beans from the Future Cafe, established by the Bornanew Youth Caring Association, and pastries from other charity organizations, with a total of NT\$129,000 this year. TCS supports public welfare through actions and also urges disadvantaged groups to be able to support themselves.

## Farming for Love

TCFHC worked hard in promoting local agri-foods and took action to support the industry. TCFHC purchased fresh atemoya, pomelos, jujube from Pingtung, and tankan from local farmers' associations and shared them with customers, employees and donated to the charity organizations that it had been supporting for years to help farmers mitigate the problem of overproduction.



In 2022, TCFHC purchased local produce a total of

NT\$4.88 million

8,238 crates.

nearly 40,079 kilograms

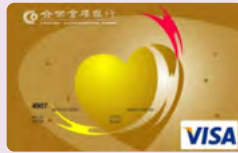


## Supporting Charities and Community Watch

TCFHC not only extends its core competencies and influence as a financial institution to develop a wide range of financial products for consumers, but also fulfills the spirit of "Taking from Society and Using in Society". TCFHC combines resources from the Group and support charities and emergency relief efforts on an ongoing basis.

### TCB Issuing Charity Credit Cards

Called upon consumers to support charities by using their TCB cards. A certain percentage of card spending was donated to the Child Welfare League Foundation, the Huizhong Foundation, the Cardiac Children's Foundation Taiwan, and the Lugang Mazu Temple. As of the end of 2022, the total donations reached NT\$30.69 million.



Care Card



Huizhong Foundation Card



Cardiac Children's Foundation Card



Lugang Mazu Temple Card

### TCSIT donated to the Music Foundation for the Blind in Taipei and Institute for the Blind of Taiwan

Paid attention to care of the disabled.



### TCBF donated NT\$115,000 to the Teacher without Border Association "Polaris Program"

Caring for the disadvantaged's accessibility in education and areas lacking learning resources, strengthening the competitiveness of schoolchildren in extremely remote rural areas through sports and enriching their life experiences.

### TCVC donated NT\$50,000 to the New Taipei City Jiale Social Service Association

Assisted in tutoring young seedlings.

### TCBF donated NT\$100,000 to the Taiwan Lung Foundation and NT\$75,000 to the Taiwan Pancreas Foundation

Supported the prevention of lung and pancreatic diseases in Taiwan.

### TCVC donated NT\$20,000 to the Taichung City Tan-Zi Farmers' Association

Supported the Taichung City Government's "Blue Sky White Cloud Action Plan" to improve air quality.

## Sponsoring Arts and Support Cultural Development

TCB supports the development of Taiwan's cultural industries, sponsors various arts and cultural activities, and holds concerts. It provides a stage for artists to freely express themselves and develops Taiwan's arts and cultural industries.

TCB held the "TCB Concert for Christmas Celebration" and the 2023 New Year Concert, inviting National Taiwan Normal University's brass quintet and string quartet to perform. In addition to sharing the joy of Christmas and New Year with the public and employees, also provide opportunities for students to perform and promote the development of arts and culture.



TCB sponsored over NT\$ 6 million for various arts and cultural events, including the charity concert of Taipei Kuan Yin-Line Psychological and Social Service Association, the 2022 Projection Mapping Show featuring the Presidential Office Building on National Day organized by The General Association of Chinese Culture, and the 2022 Fireworks Show on National Day in Chiayi County Government in 2022.



## 8.5 Nursing and Care

### Rooted in Charity Power of Corporate Core Businesses

Long-term care is an increasingly popular topic in an aging population with a low birth rate. However, most seniors or disabled persons in Taiwan who are unable to care for themselves are often being cared for by their family members. These family members face tremendous stress as a result, and some are even encountering problems at work or facing other economic or social issues. They are also often overlooked by society. Therefore, since 2013, BNP TCB Life and Taiwan Association of Family Caregivers (TAFC) have been working together to introduce various measures and activities that support and care for family caregivers.

#### Goals for 2024-2028

1. Organize 200 Respite Academy classes (including online and offline) with 8,600 participants and provide Respite Coffee to 13,000 family caregiver by 2028.
2. Donate a total of NT\$12 million in mortgage life insurance policies by 2028.
3. Continue to add 2 more innovative care support services every year.
4. Organize long-term care events, and promote through exposing 500 articles of online news, 100 articles of print media, and 50 trust and long-term care training and seminars by 2028. Continue to provide Trust Association "Financial Planner for Seniors" certification courses and work with the Trust Association to organize "Family Trust Planner" certification courses.

#### Nursing and care Goals



Raise awareness of the sandwich generation, who are paying the mortgages, about the importance of insurance coverage in avoiding losing everything when they are at the height of their lives as well as careers.



Urges the public to pay attention to care issues and promotes better use of long term care resources through vertical integration of central and local governments and media. It advocates against caregivers giving up their work, relationships or dreams.



To bring the topic of long-term care further into the younger base, TCFHC organizes various activities through different media to help younger consumers start learning about family care. The ultimate aim is to keep more people from joining the quicksand middle age or the vulnerable old age.

#### Strategy of Public Welfare for Family Care

##### Connecting the Care Network

Connect long term care resources and raise awareness of this topic among the public

##### Respite Services for Caregivers

Provided respite services for family caregivers and organized large events to support these caregivers.



#### Charity Power of Corporate Core Businesses

Insurance products provided by BNP TCB Life were used to raise funds for family caregivers. TCFHC also extended its social influence and invest to promote long term care services.

## Charity Power of Corporate Core Businesses

### Safeguarding Well-Being Donation

BPC TCB Life was the first to combine mortgage life insurance and donations to support family caregivers. A NT\$300 donation is made to TAFC from each single premium mortgage life insurance policy. This is a way of product differentiation, and secures the leading position in mortgage life insurance while giving the salesforce values that they can identify with.

Total donations had reached NT\$**21.45** million by the end of 2022

### Caregiver-Friendly Workplace

BNP TCB Life starting working with TAFC on promoting long-term care preparatory courses and long-term care resources matching service in 2016. A designated contact was appointed under the Human Resources Department to be responsible for matching external resources and refer employees in need of long term care assistance to TAFC. Employees who are caregivers are also provided with a family care allowance that is better than the statutory requirement to promote "a work-caregiving balance".

## Respite Services for Caregivers

### Respite Café

Since their launch in 2016, the "Caregiver Cafe" and the "Community Information Station" have provided more than 3,000 free cups of respite coffee as well as long term care advice and stress relieving activities. They provide family caregivers a break from the stress of caregiving. Meanwhile, BNP TCB Life was first to offer a value-added policyholder service that provided 10 cups of Respite Coffee every year to customers who make claims and need long term care.

### Respite Academy

Organized movie days, yoga, baking classes, flower arranging courses and other activities to provide a break for participating caregivers and help them apply for respite services. Close to 30 sessions of the Respite Academy had taken place every year since 2014.

More than **13,000** people participated in the activities by the end of 2022

### Charity Activities for Family Caregivers

The charity concert has taken place in partnership with local governments and family caregiver support programs for 6 consecutive years. The concert invited caregivers and their families, the public, local groups, and mortgage life insurance salespersons so that caregivers who had been caring for their family members for years would have a chance to relieve stress through music and songs. A total of 18 philanthropic concerts were held from 2017 to 2020, and were attended by over 6,600 participants. It was held online due to the pandemic in 2021 and also attracted 30,000 viewers.

In 2022, a total of 6 immersive music theater of "Hello! Calling Star Teammates" and lifestyle exhibition "Future! Please Answer" were held, allowing the public to learn and experience issues related to long-term care. BNP TCB Life interacts with the public through asking questions and answering using the "Ginseng Cultivation" mini game on the official Line account. There were nearly 1,500 participants.





## Connecting the Care Network

### International Forums for Family Caregiver

Under the instruction of the Ministry of Health and Welfare, TCFHC invites industry, government, academic representatives working in long-term care in different countries and regions to discuss long-term care policies, research, and current development and to present results that can provide a basis for future long-term care policies. The event is attended by 300 people every year since 2013. The event was held as an online academic conference in 2021 due to the pandemic. After resuming in 2022, over 2,500 people have participated by the end of the year.



### Caregiver TV

Following the TAFC Caregiver TV campaign, TCFHC produced shows such as "Caring not Lonely", "Long Term Care Classroom" and "Caregiving Chef" so to help caregivers who were unable to leave the house and young people who had not been exposed to care issues to learn more about care issues and possible solutions.



### Guardian Alliance

The "Guardian Alliance" launched in 2016 by BNP TCB Life has been participated by various professional institutions, expert from different disciplines, and private enterprises, which have donated part of their revenue from product sales and held charity lecture to organize public interests activities, help family caregivers, and promote respite coffee as well as long-term care services.



Mr. Hsieh from Beitou bought a mortgage life insurance from BNP TCB Life 10 years ago. In November 2022, he received a notification from BNP TCB Life about flexible respite services. He called the Taiwan Association of Family Caregivers (referred to as "TAFC" below) and stated that he has severe disabilities from congenital infantile paralysis and Parkinson's disease and has applied for long-term care services. However, the dementia of his 83-year-old mother, who lives with him, has gradually become more severe, and the government's long-term care services are not enough to meet their needs.



After understanding Mr. Hsieh's situation, the volunteers from TAFC immediately reviewed the care arrangements. They also reorganized the long-term care resources for Mr. Hsieh and his mother. They also applied for the flexible respite services provided by the BNP TCB Life. Volunteers accompanied Mr. Hsieh's mother to enjoy the festive atmosphere of the New Year's Eve on December 31, 2022.

## Appendix 1. Composition of Employee

### Types of Employment Contract and Work Location Distribution from 2020 to 2022

Year	Employment Contract	Gender		Work Location		Number of Employees
		Female	Male	Domestic	Overseas	
2022	Permanent	5,708	3,928	9,201	435	9,642
	Temporary	4	2	6	0	
2021	Permanent	5,638	3,884	9,111	411	9,526
	Temporary	4	0	4	0	
2020	Permanent	5,563	3,881	9,047	397	9,448
	Temporary	3	1	4	0	

### Distribution of Permanent and Contract Employees in 2022

Company	Permanent				Temporary (contract)				Employment Contracts with No Guaranteed Hours (Hourly employees, temporary employees)				Total
	Domestic		Overseas		Domestic		Overseas		Domestic		Overseas		
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
TCFHC	9	6	0	0	0	0	0	0	0	0	0	0	15
TCB	3,412	4,934	173	262	0	2	0	0	0	0	0	0	8,783
TCS	145	271	0	0	0	0	0	0	0	0	0	0	416
CAM	35	24	0	0	0	0	0	0	0	0	0	0	59
TCBF	33	29	0	0	2	0	0	0	0	0	0	0	64
BNP TCB Life	90	149	0	0	0	0	0	0	0	0	0	0	239
TCSIT	24	26	0	0	0	1	0	0	0	1	0	0	52
TCVC	7	7	0	0	0	0	0	0	0	0	0	0	14
<b>Total</b>	<b>3,755</b>	<b>5,446</b>	<b>173</b>	<b>262</b>	<b>2</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>9,642</b>

## Distribution of Full-time and Part-time Employees in 2022

Company	Full-time				Part-time (including Employment Contracts with No Guaranteed Hours)				Total
	Domestic		Overseas		Domestic		Overseas		
	Male	Female	Male	Female	Male	Female	Male	Female	
TCFHC	9	6	0	0	0	0	0	0	15
TCB	3,412	4,936	173	262	0	0	0	0	8,783
TCS	145	271	0	0	0	0	0	0	416
CAM	35	24	0	0	0	0	0	0	59
TCBF	35	29	0	0	0	0	0	0	64
BNP TCB Life	89	149	0	0	1	0	0	0	239
TCSIT	24	27	0	0	0	1	0	0	52
TCVC	7	7	0	0	0	0	0	0	14
<b>Total</b>	<b>3,756</b>	<b>5,449</b>	<b>173</b>	<b>262</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>9,642</b>

## Labor Gender and Diversity Distribution from 2020 to 2022

Year	Gender	Number of People	Ratio to All Employees (%)	Diversity			Ratio to All Employees (%)
				Persons with Disabilities <sup>Note</sup>	Indigenous Peoples	LGBTQI+	
2022	Female	5,713	59.25	34	2	0	1.36
	Male	3,929	40.75	60	35	0	
2021	Female	5,642	59.23	37	2	0	1.43
	Male	3,884	40.77	64	33	0	
2020	Female	5,566	58.91	35	1	0	1.47
	Male	3,882	41.09	72	31	0	

Note : The number of persons with disabilities (includes persons with severe disabilities) in 2022 is 27.

## Distribution of Cross-national Employees in 2022

Nationality	TCFHC	TCB	TCS	CAM	TCBF	BNP TCB Life	TCSIT	TCVC	Percentage of Employees of that Nationality (%)	Percentage of Employees of that Nationality in the Managerial Positions (%)
Taiwanese	15	8,552	416	59	64	237	52	14	97.58	99.74
Asian (Non-Taiwanese)	0	222	0	0	0	1	0	0	2.31	0.22
Americans	0	5	0	0	0	0	0	0	0.05	0.00
European	0	0	0	0	0	1	0	0	0.01	0.04
Australian	0	4	0	0	0	0	0	0	0.04	0.00
<b>Total</b>	<b>15</b>	<b>8,783</b>	<b>416</b>	<b>59</b>	<b>64</b>	<b>239</b>	<b>52</b>	<b>14</b>	<b>100.00</b>	<b>100.00</b>

## Distribution of Managerial Employees in 2022

Item	TCFHC		TCB		TCS		CAM		TCBF		BNP TCB Life		TCSIT		TCVC	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Senior Management <sup>Note1</sup>	0	2	6	2	3	2	4	0	2	3	4	2	3	2	2	0
Managers <sup>Note2</sup> (including junior, middle and senior management)	5	5	886	1,189	38	44	14	3	14	11	19	20	8	7	3	2
Total Number of Employees	8	7	3,585	5,198	145	271	35	24	35	29	90	149	24	28	7	7
Percentage of Managers to all Employees(%)	66.67		23.63		19.71		28.81		39.06		16.32		28.85		35.71	

Note 1: Senior management refers to position above executive vice presidents or supervisors of the equivalent position.

Note 2: Managers refers to those who serve as managers (including junior, middle and senior management).

## 2022 Management Diversity Indicator

Diversity Indicator	Percentage (%)	Target for 2024
Share of women in total workforce	59.25	Not less than 50%
Share of women in all management positions (including junior, middle and top management)	56.48	Remain at or not less than 50%
Share of women in junior management positions (i.e. first level of management)	57.26	Not less than 50%
Share of women in top management positions (i.e. maximum two levels away from the CEO or comparable positions)	35.14	Expect to increase by 5%, accounting for over 40%
Share of women in management positions in revenue-generating functions (e.g. sales)	57.73	Not less than 50%
Share of women in STEM-related positions	32.87	Expect to increase by 8%, accounting for over 40%

## Distribution of New Employees, Transferred Internally or Promoted in 2022

### • Classified by Gender

Company	Number of New Employees		Number of Employees Transferred Internally or Promoted	
	Male	Female	Male	Female
TCFHC	0	0	0	0
TCB	191	304	1,113	1,407
BNP TCB Life	34	48	15	22
TCS	23	22	10	25
CAM	2	3	0	0
TCBF	3	4	9	7
TCSIT	4	12	2	1
TCVC	1	1	0	2
Total	258	394	1,149	1,464

### • Classified by Age

Company	Number of New Employees			Number of Employees Transferred Internally or Promoted		
	Below 30	Between 30 and 50	Above 50	Below 30	Between 30 and 50	Above 50
TCFHC	0	0	0	0	0	0
TCB	371	119	5	396	1,302	822
BNP TCB Life	4	68	10	1	29	7
TCS	8	34	3	2	24	9
CAM	3	0	2	0	0	0
TCBF	3	4	0	1	11	4
TCSIT	1	10	5	0	2	1
TCVC	2	0	0	0	2	0
Total	392	235	25	400	1,370	843

## • Classified by Work Territory

Company	Number of New Employees	
	Domestic	Overseas
TCFHC	0	0
TCB	436	59
BNP TCB Life	82	0
TCS	45	0
CAM	5	0
TCBF	7	0
TCSIT	16	0
TCVC	2	0
Total	593	59

## • Classified by Race

Company	Number of New Employees			Number of Employees Transferred Internally or Promoted		
	Taiwanese (not including indigenous people)	Foreigners	Indigenous peoples	Taiwanese (not including indigenous people)	Foreigners	Indigenous peoples
TCFHC	0	0	0	0	0	0
TCB	439	54	2	2,508	4	8
BNP TCB Life	82	0	0	37	0	0
TCS	45	0	0	35	0	0
CAM	5	0	0	0	0	0
TCBF	7	0	0	16	0	0
TCSIT	16	0	0	3	0	0
TCVC	2	0	0	2	0	0
Total	596	54	2	2,601	4	8

## • Classified by Managerial Positions

Company	Number of New Employees		Number of Employees Transferred Internally or Promoted	
	Managerial Position	Non-managerial position	Managerial Position	Non-managerial position
TCFHC	0	0	0	0
TCB	0	495	806	1,714
BNP TCB Life	11	71	9	28
TCS	6	39	14	21
CAM	1	4	0	0
TCBF	1	6	5	11
TCSIT	5	11	3	0
TCVC	0	2	2	0
Total	24	628	839	1,774

## Distribution of Turnover of Employees in 2022

### • Classified by Gender

Company	Male				Female			
	Voluntary		Involuntary		Voluntary		Involuntary	
	Resignation	Retirement	Death	Lay Off	Resignation	Retirement	Death	Lay Off
TCFHC	0	0	0	0	1	0	0	0
TCB	72	106	3	1	114	143	2	2
BNP TCB Life	15	1	0	0	35	0	0	0
TCS	10	1	0	1	15	1	1	2
CAM	0	1	0	0	0	0	0	0
TCBF	5	1	0	1	0	0	0	0
TCSIT	0	0	0	0	8	0	0	1
TCVC	1	0	0	0	0	0	0	0
Total	103	110	3	3	173	144	3	5

## • Classified by Age

Company	Under 30				Between 30 and 50				Over 50			
	Voluntary		Involuntary		Voluntary		Involuntary		Voluntary		Involuntary	
	Resignation	Retirement	Death	Lay Off	Resignation	Retirement	Death	Lay Off	Resignation	Retirement	Death	Lay Off
TCFHC	0	0	0	0	1	0	0	0	0	0	0	0
TCB	117	0	0	2	68	6	1	1	1	243	4	0
BNP TCB Life	3	0	0	0	39	0	0	0	8	1	0	0
TCS	4	0	0	0	14	0	0	1	7	2	1	2
CAM	0	0	0	0	0	0	0	0	0	1	0	0
TCBF	0	0	0	0	4	0	0	1	1	1	0	0
TCSIT	0	0	0	0	6	0	0	0	2	0	0	1
TCVC	0	0	0	0	0	0	0	0	1	0	0	0
Total	124	0	0	2	132	6	1	3	20	248	5	3

## • Classified by Race

Company	Taiwanese (not including indigenous people)				Foreigners				Indigenous peoples			
	Voluntary		Involuntary		Voluntary		Involuntary		Voluntary		Involuntary	
	Resignation	Retirement	Death	Lay Off	Resignation	Retirement	Death	Lay Off	Resignation	Retirement	Death	Lay Off
TCFHC	1	0	0	0	0	0	0	0	0	0	0	0
TCB	141	249	5	3	45	0	0	0	0	0	0	0
BNP TCB Life	50	1	0	0	0	0	0	0	0	0	0	0
TCS	25	2	1	3	0	0	0	0	0	0	0	0
CAM	0	1	0	0	0	0	0	0	0	0	0	0
TCBF	5	1	0	1	0	0	0	0	0	0	0	0
TCSIT	8	0	0	1	0	0	0	0	0	0	0	0
TCVC	1	0	0	0	0	0	0	0	0	0	0	0
Total	231	254	6	8	45	0	0	0	0	0	0	0



## • Classified by Work Territory

Company	Domestic				Overseas			
	Voluntary		Involuntary		Voluntary		Involuntary	
	Resignation	Retirement	Death	Lay Off	Resignation	Retirement	Death	Lay Off
TCFHC	1	0	0	0	0	0	0	0
TCB	137	249	5	3	49	0	0	0
BNP TCB Life	50	1	0	0	0	0	0	0
TCS	25	2	1	3	0	0	0	0
CAM	0	1	0	0	0	0	0	0
TCBF	5	1	0	1	0	0	0	0
TCSIT	8	0	0	1	0	0	0	0
TCVC	1	0	0	0	0	0	0	0
Total	227	254	6	8	49	0	0	0

## • Classified by Managerial Positions

Company	Managerial Position				Non-managerial position			
	Voluntary		Involuntary		Voluntary		Involuntary	
	Resignation	Retirement	Death	Lay Off	Resignation	Retirement	Death	Lay Off
TCFHC	0	0	0	0	1	0	0	0
TCB	1	132	1	0	185	117	4	3
BNP TCB Life	7	1	0	0	43	0	0	0
TCS	2	2	0	0	23	0	1	3
CAM	0	1	0	0	0	0	0	0
TCBF	2	0	0	1	3	1	0	0
TCSIT	1	0	0	1	7	0	0	0
TCVC	1	0	0	0	0	0	0	0
Total	14	136	1	2	262	118	5	6

## • 2019-2022 Salary and Welfare Expense Investment and Income Ratio

	2019	2020	2021	2022
Total Revenue (a)	49,096,125	51,765,987	54,412,693	53,182,152
Total Operating Expenses (b)	25,786,246	25,861,904	27,667,803	28,309,753
Total Employ-related Expenses (c)	16,787,527	16,573,977	18,236,308	17,541,280
Return on Human Capital Investment (ROI)=[a-(b-c)]/c	2.3885	2.5629	2.4666	2.4179
Total Employees	9,430	9,527	9,600	9,713

Note: Relevant data is based on the company's consolidated financial report.

## Appendix 2. Employee Satisfaction Survey

Company	Questionnaires Sent Out	Completed Questionnaires		Valid Questionnaires						Employee Satisfaction Score	
	Quantity	Quantity		Female		Male		Below 30	Between 30 and 50		Above 50
				Managerial Position	Non-Managerial Position	Managerial Position	Non-Managerial Position				
TCFHC	16	16	Quantity	5	3	6	2	1	3	12	4.48
			Satisfaction Score	4.52	4.52	4.53	4.17	4.67	4.33	4.48	
TCB	8,224	7,619	Quantity	1,039	3,485	743	2,352	1,070	3,580	2,969	4.14
			Satisfaction Score	4.28	4.04	4.39	4.14	4.09	4.06	4.25	
BNP TCB Life	238	237	Quantity	15	131	19	72	12	193	32	3.99
			Satisfaction Score	4	4	4	4	4	4	4	
TCS	412	408	Quantity	44	222	38	104	9	263	136	4.19
			Satisfaction Score	4.18	4.15	4.29	4.25	4.41	4.18	4.19	
CAM	55	55	Quantity	3	20	10	22	6	35	14	3.82
			Satisfaction Score	3.88	3.74	4.03	3.78	3.95	3.71	3.80	
TCBF	63	60	Quantity	8	18	12	22	5	33	22	4.21
			Satisfaction Score	4	4	5	4	4.39	4	4	
TCSIT	51	44	Quantity	5	19	4	14	3	31	8	3.40
			Satisfaction Score	3.19	3.34	3.49	3.53	4.21	3.31	3.46	
TCVC	11	11	Quantity	2	5	2	2	4	6	1	4.21
			Satisfaction Score	3.74	4.31	4.92	3.87	4.20	4.14	4.84	
Average										4.13	
Coverage Rate										93.14%	

## Appendix 3. GRI Standards Index

Terms of Use	TCFHC report was prepared according to the GRI standards, and the period of the information disclosure for the Report is from January 1, 2022, to December 31, 2022.
GRI Used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	GRI has not announced its sector standards.

## General Disclosures

GRI Standards	Disclosure Category	Corresponding Section	Page Number	Supplementary Remarks
<b>The organization and its reporting practices</b>				
	2-1 Organizational details	1.1 Introduction of TCFHC	11	
	2-2 Entities included in the organization's sustainability reporting	Report Overview	1	
	2-3 Reporting period, frequency and contact point		1	
	2-4 Restatements of information	-	-	Information in the previous period has not been revised
	2-5 External assurance	Appendix 10. CPA Limited Assurance Report Appendix 11. Summary of Assurance Items	180-189	
<b>Activities and workers</b>				
	2-6 Activities, value chain and other business relationships	1.1 Introduction of TCFHC	11	
	2-7 Employees	Appendix 1 Composition of Employee	160-168	
GRI 2 : General Disclosures 2021	2-8 Workers who are not employees		-	
<b>Governance</b>				
	2-9 Governance structure and composition	3.1 Corporate Governance	47	
	2-10 Nomination and selection of the highest governance body		48	
	2-11 Chair of the highest governance body		48	
	2-12 Role of the highest governance body in overseeing the management of impacts	3.1 Corporate Governance	48	
	2-13 Delegation of responsibility for managing impacts		73	
	2-14 Role of the highest governance body in sustainability reporting	4.1 Management of Climate Change Risk		
	2-15 Conflicts of interest	3.1 Corporate Governance	48	
	2-16 Communication of critical concerns	3.1 Corporate Governance 4.1 Management of Climate Change Risk	48 73	

GRI Standards	Disclosure Category	Corresponding Section	Page Number	Supplementary Remarks	
GRI 2 : General Disclosures 2021	2-17 Collective knowledge of the highest governance body	3.1 Corporate Governance	49		
	2-18 Evaluation of the performance of the highest governance body	4.1 Management of Climate Change Risk	73		
	2-19 Remuneration policies	3.1 Corporate Governance	51		
	2-20 Process to determine remuneration		51		
	2-21 Annual total compensation ratio		52		
	<b>Strategy, policies and practices</b>				
	2-22 Statement on sustainable development strategy	Message from the Chairman	2-3		
	2-23 Policy commitments	1.1 Introduction of TCFHC	14		
		3.2 Ethical Management	53		
		4.1 Management of Climate Change Risk	73		
		4.2 Sustainable Finance	84		
		5.1 Protection of Customer Rights	95		
		5.3 Financial Inclusion	103		
		6.4 Human Rights and Equality	132		
	2-24 Embedding policy commitments	7.1 Green Operations	140		
		1.1 Introduction of TCFHC	14		
		3.2 Ethical Management	53		
		4.1 Management of Climate Change Risk	73		
		4.2 Sustainable Finance	84		
		5.1 Protection of Customer Rights	95		
5.3 Financial Inclusion		103			
2-25 Processes to remediate negative impacts	6.4 Human Rights and Equality	132			
	7.1 Green Operations	140			
	2-26 Mechanisms for seeking advice and raising concerns	2.3 Material Topics and Stakeholder Engagement	30-33		
	2-27 Compliance with laws and regulations	3.2 Ethical Management	54-55		
	2-28 Membership associations	3.4 Legal Compliance, Anti-Money Laundering, and Counter Terrorism Financing	61		
	<b>Stakeholder engagement</b>				
	2-29 Approach to stakeholder engagement	1.2 Business Strategies and Profitability	17		
2-30 Collective bargaining agreements	2.3 Material Topics and Stakeholder Engagement	21			
	6.4 Human Rights and Equality	136			

## Material Topics

### • Disclosures on Material Topics

GRI Standards	Disclosure Category	Corresponding Section	Page Number	Supplementary Remarks
GRI 3 : Material Topics 2021	3-1 Process to determine material topics	2.3 Material Topics and Stakeholder Engagement	26	
	3-2 List of material topics		27	
	3-3 Management of material topics		28-33	

### • Particular Topic Standards

GRI Standards	Disclosure Category	Corresponding Section	Page Number	Supplementary Remarks
<b>Management of Climate Change</b>				
201 Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	4.1 Management of Climate Change Risk	81-83	
<b>Green Operations</b>				
302 Energy 2016	302-1 Energy consumption within the organization	7.1 Green Operations	140	
	302-2 Energy consumption outside of the organization		140	
	302-3 Energy intensity		140	
	302-4 Reduction of energy consumption		140	
	302-5 Reductions in energy requirements of products and services		140	
303 Water and Effluents 2018	303-1 Interactions with water as a shared resource	7.1 Green Operations	142	
	303-2 Management of water discharge-related impacts		-	Not applicable for non-manufacturing industry
	303-3 Water withdrawal		142	
	303-4 Water discharge		-	Not applicable for non-manufacturing industry
	303-5 Water consumption		-	Not applicable for non-manufacturing industry
305 Emissions 2016	305-1 Direct (Scope 1) GHG emissions	7.1 Green Operations	139	
	305-2 Energy indirect (Scope 2) GHG emissions		139	
	305-3 Other indirect (Scope 3) GHG emissions		139	

GRI Standards	Disclosure Category	Corresponding Section	Page Number	Supplementary Remarks
305 Emissions 2016	305-4 GHG emissions intensity	7.1 Green Operations	139	
	305-5 Reduction of GHG emissions		139	
	305-6 Emissions of ozone-depleting substances (ODS)		-	Not applicable for non-manufacturing industry
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		-	Not applicable for non-manufacturing industry
306 Waste 2020	306-1 Waste generation and significant waste-related impacts	7.1 Green Operations	-	Not applicable for non-manufacturing industry
	306-2 Management of significant waste-related impacts		-	Not applicable for non-manufacturing industry
	306-3 Waste generated		143	
	306-4 Waste diverted from disposal		143	
	306-5 Waste directed to disposal		143	
<b>Training and Development</b>				
404 Training and Education 2016	404-1 Average hours of training per year per employee	6.2 Career Management and Learning	120	
	404-2 Programs for upgrading employee skills and transition assistance programs		121-124	
	404-3 Percentage of employees receiving regular performance and career development reviews		125	
<b>Human Rights and Equality</b>				
405 Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	3.1 Corporate Governance	48	
	405-2 Ratio of basic salary and remuneration of women to men	6.1 Talent Recruitment and Retention	115	
406 Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	6.4 Human Rights and Equality	132	
409 Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor		-	No incident of forced labor occurred this year
<b>Legal Compliance</b>				
417 Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	3.4 Legal Compliance, Anti-Money Laundering, and Counter Terrorism Financing	61, 95	
	417-2 Incidents of non-compliance concerning product and service information and labeling		-	No relevant violations this year
	417-3 Incidents of non-compliance concerning marketing communications	5.1 Protection of Customer Rights	-	No relevant violations this year
<b>Protection of Customer Rights and information Security</b>				
418 Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	5.1 Protection of Customer Rights	71	

## Appendix 4. Comparison Table of Sustainability Accounting Standards Board (SASB)

Disclosed Topic	Code/Metric	Nature	Disclosure Indicator	Description	Page Number
Data Security	FN-CB-230a.1.	Quantitative	<ul style="list-style-type: none"> <li>Number of data breaches</li> <li>Percentage involving personally identifiable information (PII)</li> <li>Number of account holders affected</li> </ul>	There was no incident of data breach in TCB in 2022.	71
	FN-CB-230a.2.	Qualitative	Description of approach to identifying and addressing information security risks	3.5 Information Security	67-70
Financial Inclusion and Capacity Building	FN-CB-240a.1.	Quantitative	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	5.3 Financial Inclusion	103-109
	FN-CB-240a.2.	Quantitative	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	5.3 Financial Inclusion	105
	FN-CB-240a.3.	Quantitative	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	In 2022, there was no such circumstance occurring to TCB of providing unbanked or underbanked customers with no-cost retail checking accounts.	-
	FN-CB-240a.4.	Quantitative	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	8.2 Joyful Learning	150-151
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	FN-CB-410a.1.	Quantitative	Commercial and industrial credit exposure, by industry	For details of the indicators, please refer to page 112 of the 2022 and 2021 TCB unconsolidated financial statements. TCB's industries with more than 2% risk exposures include the railway transportation, real estate development, financial leasing, computer and peripheral equipment manufacturing, petroleum and coal products manufacturing, iron and steel refining, electronics, wholesale of electronic equipment and parts, spinning of cotton and yarn, and shipping agency services.	-
	FN-CB-410a.2.	Qualitative	Description of approach to incorporation of ESG factors in credit analysis	4.2 Sustainable Finance	84-93
Business Ethics	FN-CB-510a.1.	Quantitative	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anticompetitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	There was no similar incidents occurring in TCFHC in 2022.	53-55
	FN-CB-510a.2.	Qualitative	Description of whistleblower policies and procedures	3.2 Ethical Management	53-55
System Risk Management	FN-CB-550a.1.	Quantitative	Global Systemically Important Bank (G-SIB) score by category	This indicator is not applicable to TCB given that TCB is not categorized as a G-SIB.	-
	FN-CB-550a.2.	Qualitative	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	3.3 Risk Management and Audit System	56-67

## Appendix 5. Items for Enhanced Disclosure as Specified in the Rules Governing the Preparation and Filing of Sustainability Report by TWSE Listed Companies

Content of Disclosure	Corresponding Section	Page Number
Number of information leakage incidents, proportion of information leakage incidents related to personal information, and number of customers affected by information leakage incidents	3.5 Information Security	71
The number of loans and the balance of loans to promote the development of small businesses and communities	5.3 Financial Inclusion	103~109
Number of participants in providing financial education to underserved disadvantaged groups	5.3 Financial Inclusion	150~151
Products and services designed by each operating units to create social or environmental benefits	4.2 Sustainable Finance	84~93

## Appendix 6. TCFD Index

Aspect	Proposed Disclosure Category	Corresponding Section	Page Number
Governance	Description of Board of Directors monitoring climate-related risks and opportunities	4.1 Management of Climate Change Risk	73~74
	Description of the role of management in assessing and managing climate-related risks and opportunities		73~74
Strategies	Description of short, medium, and long-term climate-related risks and opportunities identified by the organization		75
	Description of the impact of climate-related risks and opportunities on the organization's business, strategies, and financial planning		76~78
	Description of the organization's strategic resilience and consider different climate-related scenarios (including 2°C or more severe scenarios)		79~80
Risk Management	Description of the organization's processes for identifying and assessing climate-related risks		81
	Description of the organization's processes for managing climate-related risks		81
	Description of how the organization's process of identifying, assessing, and managing climate-related risks are integrated into its overall risk management system		82
Metrics and Targets	Exposure of indicators used by the organization to assess climate-related risks and opportunities following its strategies and risks		83
	Exposure of Scope 1, 2 and 3 GHG emissions and associated risks		83
	Description of the targets used by the organization for climate-related risks and opportunities and performance of implementing its targets	83	



## Appendix 7. Analysis of Carbon Emissions of Financial Assets

From 2021, the Group follows the guidelines of the Carbon Accounting and Finance Partnership (PCAF) to carry out carbon inventory of financial assets, covering long-term debts, electricity generation project finance, commercial mortgage backed loans, and equity and bond investment portfolios. For long-term debts and equity and bond investment, we also analyze carbon emission intensity by industry to identify industries with higher carbon emissions, as a reference for strengthening negotiation and counseling transformation, and at the same time study the integration and application of carbon emission factors and investment and financing decision-making processes in order to optimize the overall climate risk management. In the future, reference and evaluation will be introduced to SBTi and Taiwan's net-zero path to assist the Group in decarbonizing investment and financing and transforming to net-zero.

### • Overview of Carbon Emissions from Financial Assets of TCFHC

	2021	2022
Carbon Emissions (tCO <sub>2</sub> e)	4,750,901	6,445,412
Carbon Emission Intensity (tCO <sub>2</sub> e/NT\$ million)	7.60	5.90
Data Quality	2.83	3.19
Percentage of Positions	16.81%	28.30%

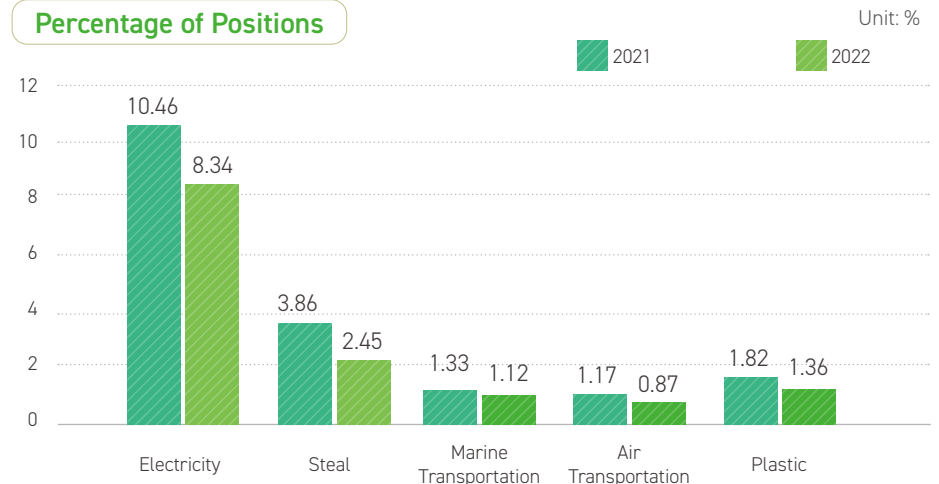
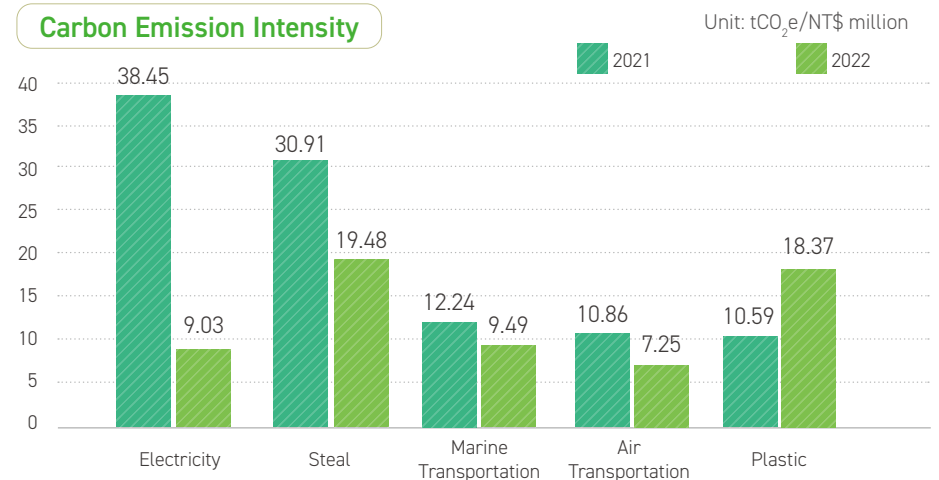
Note: Please refer to the 2022 TCFD report of TCFHC for detailed carbon emission information of previous years.

Asset Category	Carbon Emission Intensity (tCO <sub>2</sub> e/NT\$ million)		Data Quality	
	2021	2022	2021	2022
Group Investment	9.05	9.93	2.20	2.10
Loans Provided by Legal Persons	7.49	4.79	3.22	3.50
Commercial Mortgage Backed Loans	1.42	0.95	4.00	4.00
Electricity Generation Project Finance	0.00	28.82	3.00	3.00

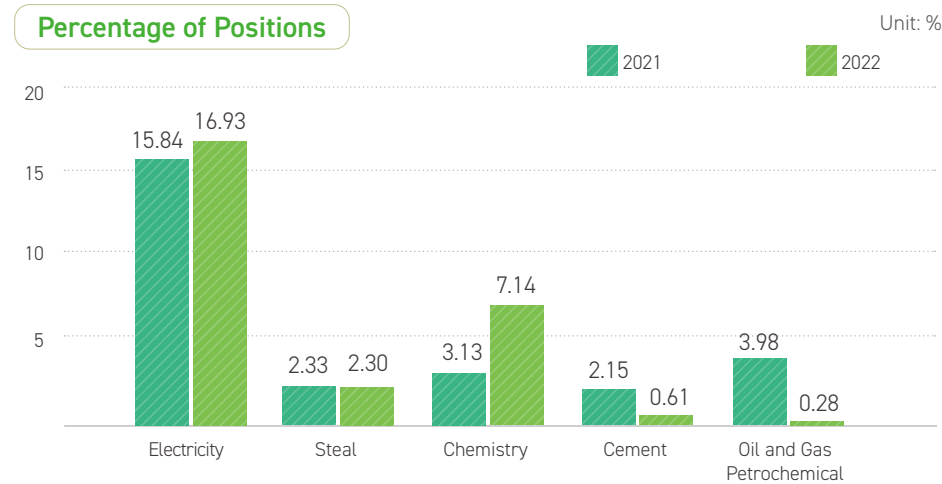
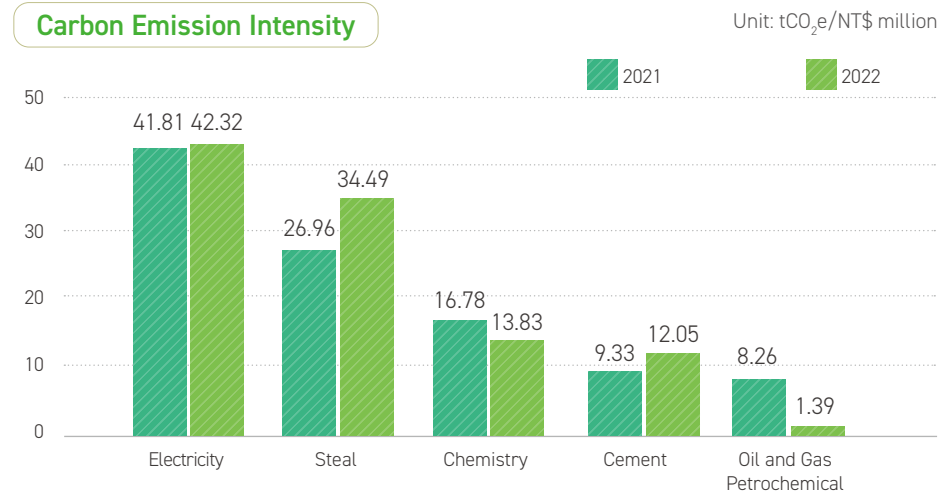
### • Carbon Avoidance Benefits of TCFHC Group's Renewable Energy Power Generation Project Finance

	2021	2022
Carbon Emission Avoidance (tCO <sub>2</sub> e/NT\$ million)	6,961	806

### • Industries with High Carbon Emission Intensity of TCFHC Group's Long-Term Loan Portfolio

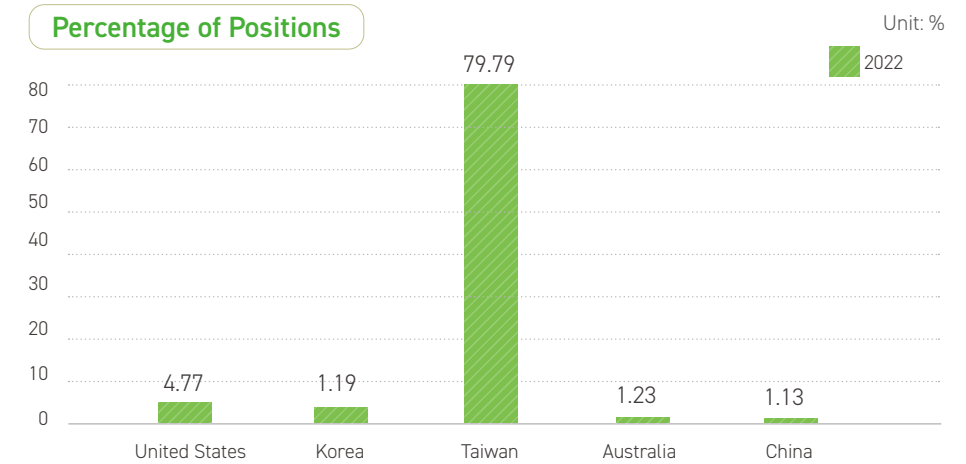
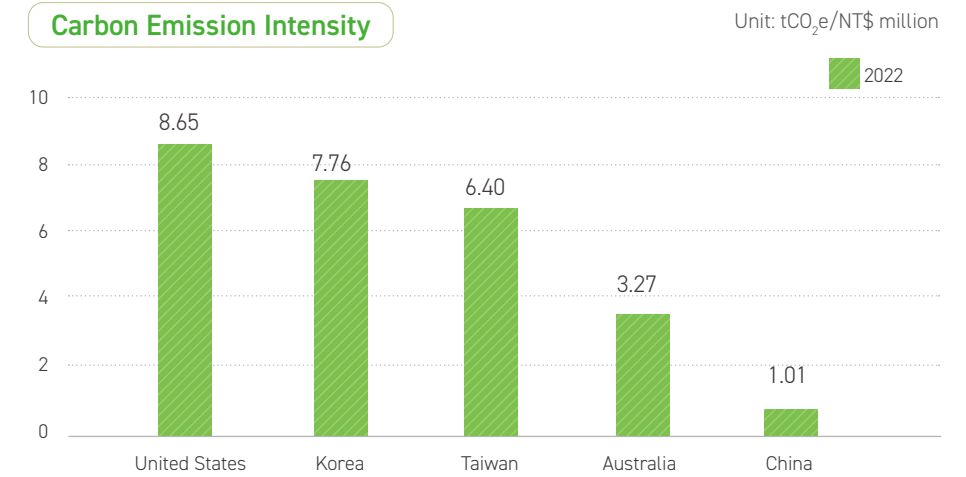


• Industries with High Carbon Emission Intensity of TCFHC Group's Stock and Bond Portfolio



Note: Carbon emission intensity by industry is calculated by dividing the total carbon emissions (tCO<sub>2</sub>e) of the Group's investment or loan portfolio by that industry's total position of the investment or loan portfolio (NT\$ million).

• Countries with High Carbon Emission Intensity in TCFHC Group's Investment and Financing Portfolio



Note: Carbon emission intensity by country is calculated by dividing the total carbon emissions (tCO<sub>2</sub>e) of the Group's investment or loan portfolio by that country's total position of the investment or loan portfolio (NT\$ million).

## Appendix 8. SBT Target Information

### Scope 1 and 2:

TCFHC commits to reduce absolute Scope 1+2 GHG emissions 50.4% by 2032 from a 2021 base year.

### Scope 3 Portfolio Targets

Headline Target: TCFHC commits to achieve SBTs in electricity generation project finance, corporate loan, listed equity and bonds by 2030 from a 2021 base year. TCFHC's portfolio targets cover 15% of its total investment and lending activities by monetary value.

#### • Scope 3 Asset Class Level Targets

Asset Class	Target
Electricity Generation Project Finance	TCFHC commits to continue financing renewable electricity through 2030.
Corporate Loan - Commercial Real Estate	TCFHC commits to reduce GHG emissions from the commercial real estate within its corporate loan portfolio 53.4% per square meter by 2030 from a 2021 base year.
Corporate Loan -Electricity Generation	TCFHC commits to reduce GHG emissions from the electricity generation sector within its corporate loan portfolio 43.2% per MWh by 2030 from a 2021 base year.
Corporate Loan -Other Long-Term Debt	<ul style="list-style-type: none"> <li>• TCFHC commits to reduce GHG emissions from the finance, retail, service, food and lodging, real estate development sector within its corporate loan portfolio (long-term debt) 52.8% per square meter by 2030 from a 2021 base year.</li> <li>• TCFHC commits that 35.0% of its corporate loan portfolio (long-term debt) by loan value within the fossil fuel <sup>Note</sup>, steel, pulp and paper, cement, transportation, electronic manufacturing sectors will have set science-based targets by 2027.</li> </ul> <p>Note: The target cover 100.0% our fossil fuel corporate loan.</p>
Listed Equity and Bonds (common / preferred stock, corporate bonds, ETFs, investments in REITs, and mutual funds)	TCFHC commits that 35.7% of its listed equity and bonds portfolio by invested value will have set science-based targets by 2027.

## Appendix 9. Comparison Table of the Implementation Status of Climate-related Information of TWSE Listed Companies

### The risks and opportunities associated with climate change on the Company and related responsive measures adopted

Item	Page Number
Description of the role of the Board of Directors and managers in monitoring and managing climate-related risks and opportunities	73-74
Description of the impact of climate-related risks and opportunities identified on the organization's business, strategies, and financial planning (short-, medium-, long-term)	75-78
Description of impacts of extreme climates and transition actions on finance	80
Description of how the organization's processes for identifying, assessing, and managing climate-related risks are integrated into the overall risk management system	81-82
If scenario analysis is adopted to evaluate climate resilience, the scenario, parameters, assumptions, factor analysis, and main financial impacts should be explained	75-78
If there is a transition plan for managing climate-related risks, explain the contents of the plan and the indicators and targets used to identify and manage physical and transition risks	83
If internal carbon pricing is adopted as a planning tool, the basis for price determination should be explained	145
If climate-related goals are set, the activities included, scope of GHG emissions, schedule plan, annual achievement progress and other information should be explained. If carbon offsets or renewable energy certificates (RECs) are adopted to achieve relevant targets, the sources and quantity of carbon offset credits or the quantity of RECs should be explained	35 138-141
GHG Inventory and the status of limited assurance	139

### GHG Inventory and the status of limited assurance

Basic Information of the Company	According to the regulations of the Sustainable Development Roadmap for TWSE/TPEX Listed Companies, at least the following should be disclosed
<input checked="" type="checkbox"/> Companies whose capital is more than NT\$10 billion, steel industry, cement industry	<input checked="" type="checkbox"/> Inventory of individual parent companies <input type="checkbox"/> Consolidated financial report on the subsidiaries' inventories
<input type="checkbox"/> Companies whose capital is between NT\$5 billion and NT\$10 billion	<input type="checkbox"/> Limited assurance of individual parent companies <input type="checkbox"/> Consolidated financial report on the subsidiaries' limited assurance
<input type="checkbox"/> Companies whose capital is less than NT\$5 billion	

Scope 1	Total Carbon Emission (tCO <sub>2</sub> e)	Intensity <sup>Note2</sup> (tCO <sub>2</sub> e/ NT\$ thousand)	Limited Assurance Institutions	Explanation of Limited Assurance
TCFHC	35.69	0.00000174	British Standards Institution(BSI)	<ul style="list-style-type: none"> <li>The direct GHG emissions of TCFHC during the period from January 1, 2022 to December 31, 2022 are shown in the total emission data on the left.</li> <li>No major errors were found in the calculation of GHG emissions for the period from January 1, 2022 to December 31, 2022.</li> <li>Data quality certification complies with "ISO 14064-1:2018" regulations.</li> <li>The 2022 electricity carbon emission coefficient has not yet been announced during the verification period, and the 2021 electricity carbon emission coefficient of 0.509 kg CO<sub>2</sub>e/kWh is temporarily used to calculate GHG emissions.</li> </ul>
TCB <sup>Note1</sup> 、BNP TCB Life、TCS、TCSIT、CAM、TCBF、TCVC	2,684.91	0.00006148	British Standards Institution(BSI)	<ul style="list-style-type: none"> <li>The direct GHG emissions of The Group during the period from January 1, 2022 to December 31, 2022 are shown in the total emission data on the left.</li> <li>No major errors were found in the calculation of GHG emissions for the period from January 1, 2022 to December 31, 2022.</li> <li>Data quality certification complies with "ISO 14064-1:2018" regulations.</li> <li>The 2022 electricity carbon emission coefficient has not yet been announced during the verification period, and the 2021 electricity carbon emission coefficient of 0.509 kg CO<sub>2</sub>e/kWh is temporarily used to calculate GHG emissions.</li> </ul>
合計	2,720.60	0.00004241		

Scope 1	Total Carbon Emission (tCO <sub>2</sub> e)	Intensity <sup>Note2</sup> (tCO <sub>2</sub> e/ NT\$ thousand)	Limited Assurance Institutions	Explanation of Limited Assurance
TCFHC	120.24	0.00000587	British Standards Institution(BSI)	<ul style="list-style-type: none"> <li>The indirect GHG emissions of TCFHC during the period from January 1, 2022 to December 31, 2022 are shown in the total emission data on the left.</li> <li>No major errors were found in the calculation of GHG emissions for the period from January 1, 2022 to December 31, 2022.</li> <li>Data quality certification complies with "ISO 14064-1:2018" regulations.</li> <li>The 2022 electricity carbon emission coefficient has not yet been announced during the verification period, and the 2021 electricity carbon emission coefficient of 0.509 kg CO<sub>2</sub>e/kWh is temporarily used to calculate GHG emissions.</li> </ul>
TCB <sup>Note1</sup> 、BNP TCB Life、TCS、TCSIT、CAM、TCBF、TCVC	23,219.24	0.00053168	British Standards Institution(BSI)	<ul style="list-style-type: none"> <li>The indirect GHG emissions of The Group during the period from January 1, 2022 to December 31, 2022 are shown in the total emission data on the left.</li> <li>No major errors were found in the calculation of GHG emissions for the period from January 1, 2022 to December 31, 2022.</li> <li>Data quality certification complies with "ISO 14064-1:2018" regulations.</li> <li>The 2022 electricity carbon emission coefficient has not yet been announced during the verification period, and the 2021 electricity carbon emission coefficient of 0.509 kg CO<sub>2</sub>e/kWh is temporarily used to calculate GHG emissions.</li> </ul>
Total	23,339.48	0.00036379		

Note: 1.The total emission of Scope 1 of TCB is 2,559.40 tCO<sub>2</sub>e, and the intensity is 0.000052419 tCO<sub>2</sub>e / NT\$ thousand; The total emission of scope 2 is 22,004.52 tCO<sub>2</sub>e, and the intensity is 0.000450672 tCO<sub>2</sub>e / NT\$ thousand.

2. For the calculation of Intensity, TCFHC, CAM, BNP TCB Life, TCSIT and TCVC are calculated using operating income, TCB and TCBF are calculated using net income, and TCS are calculated using income.

## Appendix 10. CPA Limited Assurance Report

 **資誠**

**Independent Limited Assurance Report**

PWCMZ1900074

To Taiwan Cooperative Financial Holding Co., Ltd.:

We have been engaged by Taiwan Cooperative Financial Holding Co., Ltd. ("Company") to perform assurance procedures on the sustainability performance information identified by the Company (hereinafter referred to as the "Subject Matter Information") and reported in the 2022 Sustainability Report, and have issued a limited assurance report based on the result of our work performed.

**Subject Matter Information and Applicable Criteria**

The sustainability performance information identified by the Company and the respective applicable criteria are stated in the "Summary of Assurance Items" on page 181 to page 189 of the Sustainability Report. The scope of the aforementioned Subject Matter Information is set out in the "Scope and Boundary" on page 1 of the Sustainability Report.

The respective applicable criteria referred to above are the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability and FAQ issued by TWSE Listed Companies and related laws and regulations and the other criteria referred to or designed by the Company based on the Company's industry characteristics and sustainability performance information reported.


**Management's Responsibilities**

The Management of the Company is responsible for the preparation of the sustainability performance information disclosed in the Sustainability Report in accordance with the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports and FAQ (issued by TWSE Listed Companies and related laws and regulations and the other criteria referred to or designed by the Company based on the Company's industry characteristics and sustainability performance information reported, and for such internal control as management determines is necessary to enable the preparation of the sustainability performance information that is free from material misstatement, whether due to fraud or error.

**Our Responsibilities**

We conducted our assurance work on the Subject Matter Information disclosed in the Sustainability Report in accordance with the Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" of the Republic of China, to identify whether any misstatement is required of the Subject Matter Information to be prepared, in all material respects, in accordance with the respective applicable criteria, and issue a limited assurance report.

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 **資誠**

We conducted our assurance work in accordance with the aforementioned standards including identifying the areas where there may be risks of material misstatement of the Subject Matter Information, and designing and performing procedures to address the identified areas. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

The extent of the assurance work we performed were based on the identified risk areas and determined materiality, and given the circumstances of the engagement, we designed and performed the following procedures:

- Made inquiries of the persons responsible for the Subject Matter Information to understand the processes, and the relevant internal controls relating to the preparation of the aforementioned information, to identify the areas where there may be risks of material misstatement; and
- Based on the above understanding and the areas identified, performed analytical procedures on the Subject Matter Information and performed selective testing to obtain evidence for limited assurance.

We do not provide any assurance on the 2022 Sustainability Report as a whole or on the design or operating effectiveness of the relevant internal controls.

**Compliance of Independence and Quality Control Requirement**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Standard on Quality Management 1, "Quality Management for Public Accounting Firms" of the Republic of China and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Inherent Limitation**

Certain Subject Matter Information involves non-financial data which is subject to more inherent limitations than financial information. Qualitative interpretations of the relevance, materiality and the accuracy of data are subject to individual assumptions and judgments.

**Limited Assurance Conclusion**

Based on the procedures we have performed and the evidence we have obtained, we are not aware of any misstatement that is required of the Subject Matter Information to be prepared, in all material respects, in accordance with the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports and FAQ issued by TWSE Listed Companies and related laws and regulations and the other criteria referred to or designed by the Company based on the Company's industry characteristics and sustainability performance information reported.

 **資誠**

**Other Matter**

The Management of the Company is responsible for maintaining the Company's website. If the Subject Matter Information or the applicable criteria are modified after this limited assurance report is issued, we are not obliged to re-perform the assurance work.

*Chi, Shu-Mei*

Chi, Shu-Mei

For and on behalf of PricewaterhouseCoopers, Taiwan  
30th June, 2023

## Appendix 11. Summary of Assurance Items

No	The selected key performance indicators	Applicable Standard	Rules Governing the Preparation and Filing of Sustainability Report by TWSE Listed Companies	Page Number
Indicator 1	In 2022, TCFHC Group encountered no personal data leakages.	Referred to the first point of the technical guidance of SASB Commercial Banks Sustainability Accounting Standard-FN-CB-230a.1 and based on the definition of data leakage of TCFHC's "Regulation on Handling Computer Security Incidents", the number of data leakage cases of personal information during Internet data transmission and e-mail was calculated at TCFHC, its subsidiaries (TCB, TCBF, TCS, CAM, BNP TCB Life, TCSIT, and TCVC) and sub-subsidiaries (United Taiwan Bank and Cooperative International Leasing Corporation Limited) in 2022.	Attachment 1-3 of Article 4 (Number1)	71
Indicator 2	In 2022, TCFHC Group encountered no percentage of information breaches related to personal data.	Referring to the second point of the technical guidance of SASB Commercial Banks Sustainability Accounting Standard-FN-CB-230a.1 and based on the scope of data leakage defined in TCFHC "Regulations on Handling Computer Security Incidents", the 2022 statistics of TCFHC, its subsidiaries (TCB, TCBF, TCS, CAM, BNP TCB Life, TCSIT, and TCVC) and its sub-subsidiaries (United Taiwan Bank and Taiwan Cooperative International Leasing Corporation Limited) percentage of personal data leakage due to data leakage are recorded. Numerator: The number of personal data breaches that occurred in 2022 as defined by TCFHC "Regulations on Handling Computer Security Incidents". Denominator: The total number of data leakage cases in 2022. Considering that the data leakage defined by TCFHC refers to personal data leakage through data transmission on the Internet and e-mail, the numerator equals the denominator. If there are data leakages, the percentage of data leakage related to personal information will be 100%.	Attachment 1-3 of Article 4 (Number1)	71
Indicator 3	In 2022, TCFHC Group encountered no number of customers affected, and no violation of personal influence protection.	Referred to the third point of the technical guidance of SASB Commercial Banks Sustainability Accounting Standard-FN-CB-230a.1 and based on the definition of data leakage of TCFHC's "Regulation on Handling Computer Security Incidents", the number of customers affected due to data leakage during Internet data transmission and e-mail was calculated at TCFHC, its subsidiaries (TCB, TCBF, TCS, CAM, BNP TCB Life, TCSIT, and TCVC) and sub-subsidiaries (United Taiwan Bank and Cooperative International Leasing Corporation Limited) in 2021."	Attachment 1-3 of Article 4 (Number1)	71

No	The selected key performance indicators	Applicable Standard	Rules Governing the Preparation and Filing of Sustainability Report by TWSE Listed Companies	Page Number
Indicator 4	As of the end of 2022, TCB had nearly 71,000 accounts with an outstanding SME loan balance that accumulated loan balance exceeded NT\$820 billion.	<p>Referring to the first and second point of the technical guidance of SASB Commercial Banks Sustainability Accounting Standard-FN-CB-240a.1, and based on the qualifications as SMEs defined by the "Ministry of Economic Affairs Standards for Identifying Small and Medium-sized Enterprises" and the "Operational Manual of Small and Medium Enterprise Credit Guarantee Fund of Taiwan", the total number of SMEs with loans from TCB and the total loan amounts are recorded as of the end of 2022. The statistics of the number of households for debt collections and non-accrual loans are recorded based on the first and second point of the technical guidance of SASB Commercial Banks Sustainability Accounting Standard-FN-CB-240a.2.</p> <p>The number of SMEs loan accounts with remaining balance includes the total number of SMEs with NTD and FCY loans, loans lent from customers deemed to be SMEs, land construction financing cases, and customers who have not fully repaid their loans. The loan balance is the total of the outstanding balance of the customers in the cases mentioned above (including non-accrual loans).</p>	Attachment 1-3 of Article 4 (Number2)	105
Indicator 5	As of the end of 2022, the total number of TCB urban renewal and time-worn building reconstruction financing projects being undertaken was 206 totaling NT\$137.6 billion.	<p>Referring to the first and second point of the technical guidance of SASB Commercial Banks Sustainability Accounting Standard-FN-CB-240a.1 and based on the scope of urban renewal and risky/old building reconstruction defined in the "Urban Renewal Act", and the "Statute for Expediting Reconstruction of Urban Unsafe and Old Buildings", the statistics of the cumulative number of approved accounts and the cumulative approved limit for the urban renewal and risky/old building reconstruction that meet the requirements of TCB are recorded as of the end of 2022. The statistics of the number of accounts for debt collections and non-accrual loans are recorded based on the first and second point 2 of the technical guidance of SASB Commercial Banks Sustainability Accounting Standard-FN-CB-240a.2. The urban renewal and risky/old building reconstruction services include urban renewal and risky/old building reconstruction cases that have been approved by the government or are in the process of being approved. The total approved accounts are the total accounts from the initiation of the project to the end of 2022. The cumulative approved limit is the total approved limit (including non-accrual loans) from the initiation of the project to the end of 2022.</p>	Attachment 1-3 of Article 4 (Number2)	104
Indicator 6	To support the policies stipulated by competent authorities, TCB has participated in the "Financial Literacy Campaign for the Campus and Community". Specifically, professional lecturers from TCB visit different areas, where they will impart financial knowledge to different people, including elementary school students, junior high school students, senior high and vocational high school students, college students, and communities, women's groups, indigenous people, new immigrants, elderly people, people with physical and mental disabilities, military officers, correction institutions, and social welfare groups. In 2022, 108 events were held.	<p>Referred to the first point of the technical guidance of SASB Commercial Banks Sustainability Accounting Standard-FN-CB-240a.4, TCB provided the definition of disadvantaged groups that meets Point 36 of the "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies- Q &amp; A" in 2022 (such as students, teenagers, new immigrants, the elderly, ethnic minorities, and low-income households) and TCB's own definition of disadvantaged groups (such as the members of the military, correctional institutions, and social welfare groups) who are less likely to obtain financial information. The number of financial education and training sessions provided by TCB to disadvantaged groups who lack financial services in 2022 was calculated.</p>	Attachment 1-3 of Article 4 (Number3)	151
Indicator 7	In 2022, TCB undertook the Housing Loans for Youths by the Ministry of Finance with 1,523 new transactions and the amount newly disbursed was NT\$7.857 billion.	<p>In 2022, TCB provided qualified parties that meet the the "Principles of Preferential Housing Purchase Loans for Youth Undertook by State-owned Banks"with mortgage.</p> <p>The disclosure of the preferential housing loans for youths only includes the number of loan accounts with preferential interest rates and the loan amount disbursed in 2022. The number of new transactions is the total number of newly approved loan accounts in 2022, and the amount newly disbursed is the total amount of the actual loan disbursed in 2022 (including non-accrual loans).</p>	Attachment 1-3 of Article 4 (Number4)	106



No	The selected key performance indicators	Applicable Standard	Rules Governing the Preparation and Filing of Sustainability Report by TWSE Listed Companies	Page Number
Indicator 8	In 2022, TCB undertook the Loan for Start-up Assistance for the Unemployed of Employment Insurance, Unemployed Middle-Aged and Elderly Citizens Business Start-up Loan, and Micro/Women Start-up Loan with 120 new transactions and the amount newly disbursed was NT\$92 million.	In 2022, TCB provided qualified parties who meet the "Regulations for Start-up Assistance for the Unemployed of Employment Insurance", "Directions for Business Start-up Loan and Interest Subsidy for the Unemployed Middle-Aged and Elderly Persons" and "Regulations for Micro/Women Startup Loan" with loans. The number of new transactions for start-up assistance for the unemployed of employment insurance, Start-up Assistance for Unemployed Middle-aged Persons and Elderly Persons and micro/ women start up is the total number of newly approved loans in 2022. The amount newly disbursed is the total amount lent in 2022 (excluding non-accrual loans).	Attachment 1-3 of Article 4 (Number4)	107
Indicator 9	In 2022, TCB undertook the Loan for Youth Entrepreneurship and Startup Capital with 4,921 new transactions and the amount newly disbursed was NT\$3.649 billion.	In 2022, TCB provided qualified parties who meet the "Regulations for Loans for Youth Entrepreneurs and Startup Capital" with loans. The number of new transactions for youth entrepreneurs is the total number of newly approved loans in 2022. The amount newly disbursed is the total amount lent in 2022 (excluding non-accrual loans).	Attachment 1-3 of Article 4 (Number4)	106
Indicator 10	TCB has undertaken the "Full Loan for Housing-based Elderly Care", with 294 new cases and approved loans totaling NT\$1.856 billion in 2022. There are 2,471 loans approved for a total of NT\$14.967 billion.	In 2022, TCB provided loans related to "Reverse Mortgage" that meets the "Credit Regulations for Members of the Bankers Association of the Republic of China". Full Loan for Housing-based Elderly Care are loans for domestic natural persons over 60 years old for household consumption and nursing purposes. The number of new loans in 2022 is the total number of loans approved in the current year, and the newly approved loan limit in 2022 is the total approved loan limit (excluding non-accrual loans) in the current year. The cumulative approved loan limit is the total approved loan limit from the initiation of the project to the end of 2022 (excluding non-accrual loans).	Attachment 1-3 of Article 4 (Number4)	109
Indicator 11	TCB Seniors and the Disabled Property Trust Services in 2022 has increased 6,383 beneficiaries. As of the end of 2022, the principal balance of the trust property amounted to NT\$8.983 billion.	Total number of beneficiaries added to the Seniors and the Disabled Property Trust Services by TCB in 2022 and the balance of trust property principal as shown in the 2022 Q4 Trust Business Statistics Quarterly Report published by the Trust Association of R.O.C. in 2022.	Attachment 1-3 of Article 4 (Number4)	109
Indicator 12	As of the end of 2022, TCB handled a loan balance of NT\$ 562,923 million for the "Six Core Strategic Industries Project Loans".	As of the end of 2022, TCB provided total credit limit and total outstanding balance to the loan recipients defined in the loan programs for 6 industries listed in the "Program for Promoting Six Core Strategic Industries" approved by the Executive Yuan on May 21, 2021. 6 industries include information and digital industries, cybersecurity industry, precision health industry, green and renewable energy industry, national defense and strategic industries, and strategic stockpile industries.	Attachment 1-3 of Article 4 (Number4)	88

No	The selected key performance indicators	Applicable Standard	Rules Governing the Preparation and Filing of Sustainability Report by TWSE Listed Companies	Page Number
Indicator 13	As of the end of 2022, TCB had participated in a total of 4 offshore wind power financing projects, issuing a total of NT\$2.099 billion in loans. Among these projects, there are 2 project financing with a total of NT\$1.609 billion in loans issued.	As of the end of, 2022, TCB provided definitions of offshore wind farms related loans for "Special Purpose Company (SPC or SPV)", investors, initiators, or winning tenderers that won important government procurements. The definition meets "TCB's Rules for Handling Project Financing". The total number of offshore wind power projects refers to the total of cases since the initiation of the project to the end of 2022, and the cumulative loan balance refers to the total of the loan balance (excluding non-accrual loans) from the initiation of the project to the end of 2022.	Attachment 1-3 of Article 4(Number4)	89
Indicator 14	The amount of green consumption loans of TCB is NT\$1.849 billion at the end of 2022.	In 2022, TCB undertook business related to green consumption loans in accordance with the "Administrative Directions of Applying for Approval of Green Building Label" promulgated by the Ministry of the Interior. The green consumers' loan targets have obtained green building labels recognized by TCB, and the approved limit in 2022 refers to the total amount of newly approved loans in the current year (excluding non-accrual loans).	Attachment 1-3 of Article 4 (Number4)	90
Indicator 15	<p>Mean gender pay gap at TCFHC Group in 2022 is 1.53%.</p> <p>Median gender pay gap at TCFHC Group in 2022 is 0.22%.</p> <p>Mean bonus gap at TCFHC Group in 2022 is -1.80%.</p> <p>Median bonus gap at TCFHC Group in 2022 is -6.02%.</p>	<p>The percentage of gender pay gap=</p> $\{ [\text{Compensation for male (average compensation / median compensation)}] - [\text{compensation for female (average compensation/median compensation)}] / [\text{Compensation for male (average compensation/median compensation)}] \} \times 100\%$ <p>Targets of which information is collected: The individuals of TCFHC and its subsidiaries (TCB, TCBF, TCS, CAM, BNP TCB Life, TCSIT, and TCVC) who provide services to enterprises under the supervision of enterprises (excluding foreign salaried employees), does include those who only have contractual relationships with enterprise, outsourcing or dispatched labor, and also does not include directors and supervisors.</p> <p>Salary: Refers to regular salaries such as salary, food allowance, supervisor's delay allowance, etc, excluding overtime pay, salaries for unused leaves, and other salaries payable.</p> <p>Bonus: Refers to irregular earnings, including performance evaluation bonuses/ festival bonuses, performance bonuses, and employee remuneration.</p> <p>The difference in the average and median bonuses between male and female exclude targets of which information is collected who have not received bonuses."</p>	TCFHC refers to the characteristics of its industry and the reported performance indicators or other standards formulated by itself.	115
Indicator 16	The total electricity consumption of the Group in 2022 is 45,594.59MWh.	According to the 2022 electricity consumption data of the whole Group audited by BSI, the coverage rate is calculated based on the proportion of inspected business locations of TCFHC and its subsidiaries (TCB, TCBF, TCS, CAM, BNP TCB Life, TCSIT, and TCVC), including all domestic and foreign business locations of TCFHC and its 7 subsidiaries and based on that.	TCFHC refers to the characteristics of its industry and the reported performance indicators or other standards formulated by itself.	140

No	The selected key performance indicators	Applicable Standard	Rules Governing the Preparation and Filing of Sustainability Report by TWSE Listed Companies	Page Number
Indicator 17	<p>The Company signed the "Equator Principles (EPs)" in March 2022 and formulated the "Guidelines for Equator Principles" by following the international standards of The Equator Principles Association and referred to Equator Principles 4.0 Guidelines of The Bankers Association of The Republic of China Members' Credit Guidelines. When conducting financing business, the environmental protection, ethical management, social responsibilities, biodiversity, climate change and other factors are referred to when reviewing the creditors' cases. If creditors violate the spirit of the "Equator Principles" and have no reasonable reasons, they are ineligible for new loans or to increase the loan amount, and their amount or the period for the original loan will be reduced, or part or the whole credit amount will be deemed as matured. These conditions are clearly listed in the credit agreement to strengthen the monitoring of creditors' responsibilities and to implement responsible finance.</p>	<p>TCB formulates "Guidelines on Equator Principles Management" according to the international standards of the Equator Principles Association. This is to promote the development of sustainable finance and lead enterprises to pay attention to environmental protection and social responsibility.</p>	<p>TCFHC refers to the characteristics of its industry and the reported performance indicators or other standards formulated by itself.</p>	86
Indicator 18	<p>Total days of absence of the Group in 2022 7,177days.</p> <p>Absentee Rate of the Group in 2022 0.31%.</p>	<ol style="list-style-type: none"> <li>Absentee rate = (total absent days/ total working days) x 100%.</li> <li>The total absent days refers to the total absent days of various sick leaves or undisclosed reasons, taken by employees of TCFHC and its subsidiaries (TCB, TCBF, TCS, CAM, BNP TCB Life, TCSIT, and TCVC) during the year, such as occupational injuries, diseases, and flu, but excluding scheduled or permitted absences such as holidays, study leave, maternity leave, or parental leave.</li> <li>Total working days =number of employees at the end of year x number of working days.</li> </ol>	<p>TCFHC refers to the characteristics of its industry and the reported performance indicators or other standards formulated by itself.</p>	129
Indicator 19	<p>The total water consumption of the Group in 2022 is 310,334 liters.</p>	<p>According to the 2022 water consumption data of the whole Group audited by BSI, the coverage rate is calculated based on the proportion of inspected business locations of TCFHC and its subsidiaries (TCB, TCBF, TCS, CAM, BNP TCB Life, TCSIT, and TCVC), including all domestic and foreign business locations of TCFHC and its 7 subsidiaries. According to the 2022 water consumption data of the whole Group audited by BSI, it includes the TCFHC building, and subsidiaries' domestic and overseas branches, and is based on that.</p>	<p>TCFHC refers to the characteristics of its industry and the reported performance indicators or other standards formulated by itself.</p>	142

No	The selected key performance indicators	Applicable Standard	Rules Governing the Preparation and Filing of Sustainability Report by TWSE Listed Companies	Page Number
Indicator 20	<p>TCFHC's Ethical Management Committee is a designated unit to promote ethical management, and it is composed of all 4 independent directors. Their major responsibilities include assisting in incorporating ethics and moral values into the company's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations, formulating programs to prevent unethical conduct and setting out the standard operating procedures and conduct guidelines concerning the company's business, promoting and coordinating awareness and educational activities concerning ethics policy, and developing a whistle-blowing system and ensuring its operating effectiveness.</p> <p>In order to push ahead with the effective implementation of ethical management and comply with regulations governing business conducts, including the "Financial Holding Company Act", "Company Act", "Securities and Exchange Act", "Business Entity Accounting Act", and "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies", TCFHC has stipulated of its own bylaws of Ethical Corporate Management Best Practice Principles, and Procedures for Ethical Management and Guidelines for Conduct as ethical management policies for the Company to comply with by referring to the "Anti-Corruption Act", "Government Procurement Act", and "Act on Recusal of Public Servants Due to Conflicts of Interest". The Company has these policies aim to prohibit the provision or acceptance of improper benefits, political donations, donations or sponsorship, anti-corruption, and bribery, prohibition of insider trading, agreement of confidentiality, avoidance of conflicting interests, avoidance of transactions with unethical operators, manage business activities ethically, prohibition of unfair competition acts, handling of reports related to unethical conducts and internal promotion, establishment of reward and punishment systems, reporting mechanisms, disciplinary actions, integration of ethical management policies with employee performance evaluations, and other measures. In addition, the Company has established the "Employee Service and Norms of Behavior Guidelines", "Measures of Whistleblowing", and "Guidelines for Handling Reported Cases," and clearly stated its ethical management policies and practices on its official website, annual reports, and external documents to promote and prevent unethical conducts.</p>	<p>Referring to the technical guidance of SASB Commercial Banks Sustainability Accounting Standard-FN-CB-510a.1 and based on TCFHC's "Ethical Corporate Management Best Practice Principles," "Ethical Management Procedures and Code of Conduct," "Whistleblowing Measures," and "Guidelines for Handling Reported Cases," TCFHC and its subsidiaries (TCB, TCBF, TCS, CAM, BNP TCB Life, TCSIT, and TCVC) did not violate the principle of ethical management or making any flaw with significant impact in 2022. Neither did they commit any conduct involving fraud, insider trading, anti-competition, anti-trust, or monopoly, nor such conduct as manipulating the market, making inappropriate charity donations or sponsorships in violation of the code of conduct. "</p>	<p>TCFHC refers to the characteristics of its industry and the reported performance indicators or other standards formulated by itself.</p>	53-55

No	The selected key performance indicators	Applicable Standard	Rules Governing the Preparation and Filing of Sustainability Report by TWSE Listed Companies	Page Number
Indicator 20	<p>TCFHC has formulated regulations such as the "Human Rights Policy" and the "Employee Service and Code of Conduct Guidelines" to regulate all employees. In case any managers or employees violates the code of conduct, the Company will report to the its Review and Evaluation Committee in accordance with the "Employee Rewards and Discipline Guideline" and "Employee Performance Evaluation Guidelines". The severity of the violation will be considered to determine the corresponding disciplinary action and the grade for the year-end performance. For severe violations, the labor contract will be terminated in accordance with relevant regulations. The disciplinary actions or results for year-end performance evaluation mentioned above will affect the employee's annual reward in accordance with the "Regulations on the Distribution of Performance Bonuses" to ensure effective implementation of internal code of conduct.</p> <p>In order to further fulfill commitment to ethical management, TCFHC stipulated "Declaration on the Compliance of Ethical Management by Directors and Senior Management" and has since received a total of 108 signed declarations from all directors and senior management of TCFHC and its subsidiaries in 2022, attaining a 100% of signing rate. Furthermore, 100% of the employees of TCFHC and TCB signed the "Statement of Employee Code of Conduct". All subsidiaries report the status of compliance with the Ethical Corporate Management Best Practice Principles to their respective Board of Directors every year. The status of compliance with the Ethical Corporate Management Best Practice Principles in 2022 was all reported to the respective Board of Directors in 2023.</p> <p>In addition to operating with the spirit of ethical management, TCFHC also needs to conduct an integrity management assessment before establishing business relationships with external partners to avoid transactions with dishonest operators, and incorporate the ethical management policy into the terms of the contract to implement the concept of ethical management.</p>	<p>Referring to the technical guidance of SASB Commercial Banks Sustainability Accounting Standard-FN-CB-510a.1 and based on TCFHC's "Ethical Corporate Management Best Practice Principles," "Ethical Management Procedures and Code of Conduct," "Whistleblowing Measures," and "Guidelines for Handling Reported Cases," TCFHC and its subsidiaries (TCB, TCBF, TCS, CAM, BNP TCB Life, TCSIT, and TCVC) did not violate the principle of ethical management or making any flaw with significant impact in 2022. Neither did they commit any conduct involving fraud, insider trading, anti-competition, anti-trust, or monopoly, nor such conduct as manipulating the market, making inappropriate charity donations or sponsorships in violation of the code of conduct.</p>	<p>TCFHC refers to the characteristics of its industry and the reported performance indicators or other standards formulated by itself.</p>	53-55

No	The selected key performance indicators	Applicable Standard	Rules Governing the Preparation and Filing of Sustainability Report by TWSE Listed Companies	Page Number
Indicator 20	<p>In 2022, the subsidiaries of the group have no violations of integrity management or major impacts, and no corruption, fraud, bribery, insider trading, money laundering, conflict of interest, discrimination, violation of customer privacy, anti-competitive behavior, anti-trusts, monopoly, market manipulation, improper political contributions, improper charitable donations and sponsorship violating the Code of Conduct, while the amount of related legal proceedings and penalties is 0.</p>	<p>Referring to the technical guidance of SASB Commercial Banks Sustainability Accounting Standard-FN-CB-510a.1 and based on TCFHC's "Ethical Corporate Management Best Practice Principles," "Ethical Management Procedures and Code of Conduct," "Whistleblowing Measures," and "Guidelines for Handling Reported Cases," TCFHC and its subsidiaries (TCB, TCBF, TCS, CAM, BNP TCB Life, TCSIT, and TCVC) did not violate the principle of ethical management or making any flaw with significant impact in 2022. Neither did they commit any conduct involving fraud, insider trading, anti-competition, anti-trust, or monopoly, nor such conduct as manipulating the market, making inappropriate charity donations or sponsorships in violation of the code of conduct.</p>	<p>TCFHC refers to the characteristics of its industry and the reported performance indicators or other standards formulated by itself.</p>	<p>53-55</p>
	<p>In order to prevent unlawful conduct and promote sound operations of TCFHC, protect whistleblowers, and support the whistleblowing mechanism, TCFHC established the Measures for Whistleblowing and Guidelines for Handling Reported Cases. The measures and guidelines rule that if any employee with the Company or its subsidiaries is found to have provided, received, promised, or requested any illegitimate benefits in order to receive or maintain benefits, or to have engaged in any conduct that may break integrity or entrusted compulsory, or to have been suspected for committing crime or fraud, or violating financial related regulations, anyone can raise such a case or report to the designated unit which is the Ethical Management Committee through designated email address on the website or internal hotline. All incidents reported through the whistleblowing channels are recorded properly and handled with careful follow-up by TCFHC.</p>	<p>Referring to the technical guidance of SASB Commercial Banks Sustainability Accounting Standard-FN-CB-510a.2 and based on the TCFHC's "Whistleblowing Measures" and "Guidelines for Handling Reported Cases," measures are formulated to prevent illegal conducts, promote sound management of the TCFHC, and protect whistleblowers and support the whistleblower mechanism.</p>		
	<p>After TCFHC receives a reported case, the Auditing Department of the Board of Directors or the designated dedicated unit will investigate according to the types of cases. If the person handling the reported case discovers that they have a personal interest in the reported matter, they should voluntarily recuse themselves. If the investigation reveals a material violation or potential material damage to TCFHC or its subsidiaries, a report must be promptly prepared and inform TCFHC's independent directors in writing. In the event of a material contingency or illegal case, it shall be proactively reported or tipped off to the relevant authorities.</p>			

No	The selected key performance indicators	Applicable Standard	Rules Governing the Preparation and Filing of Sustainability Report by TWSE Listed Companies	Page Number
Indicator 20	<p>All the acceptance, investigation process, investigation results, and related documents of reported cases shall be recorded for preservation. The investigation results shall be sent to the Ethical Management Committee for future reference, and the reported cases, handling methods and follow-up review and improvement measures shall be reported to the Board of Directors. If the person who is reported is a director, supervisor, or a managerial officer in a position equivalent to an executive vice president or higher of TCFHC and its subsidiaries, TCFHC 's independent directors shall first be reported, and the investigation report shall be reported to the Company's Audit Committee for review. The rest shall be investigated by the Auditing Department of the Board/ subsidiaries or the responsible unit with no conflict of interest with the reported person and has independent functions designated by Auditing Department of the Board. If the reported person is personnel of TCFHC's General Auditor or Auditing Department of the Board, he/ she will be investigated by the Company's Compliance Department or responsible unit with independent functions designated by the Compliance Department. If there is evidence of unethical or illegal conducts, it should be reported to TCFHC's Board of Directors.</p> <p>Except in cases where the whistleblower cannot be contacted, the whistleblower will be informed of the investigation results in writing or by other means within 30 days after the investigation is completed. If the audit report meets the requirements for reporting to the competent authority, it shall be submitted to the competent authority within 2 months from the end date of the audit for declarations.</p> <p>The whistleblower's identity shall be kept confidential, and no information that may be used to identify that person shall be disclosed. The whistleblower shall not be terminated, dismissed, downgraded/ relocated, given a reduction in pay, impairment to any entitlement under the law, contract or customs, or other unfavorable disposition due to the reported case.</p> <p>If the tip-off case is found to be true, TCFHC or its subsidiaries will resort to relevant punitive measures against those who are reported or involved and the whistleblower will be rewarded according to the seriousness of the case. If the internal personnel make false reports or malicious accusations, they shall be disciplined, hoping to strengthen and embed the corporate culture of ethics and transparency.</p>	<p>Referring to the technical guidance of SASB Commercial Banks Sustainability Accounting Standard-FN-CB-510a.2 and based on the TCFHC's "Whistleblowing Measures" and "Guidelines for Handling Reported Cases," measures are formulated to prevent illegal conducts, promote sound management of the TCFHC, and protect whistleblowers and support the whistleblower mechanism.</p>	<p>TCFHC refers to the characteristics of its industry and the reported performance indicators or other standards formulated by itself.</p>	<p>53-55</p>



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