

Doing Good While Doing Well

# 2021 Sustainability Report



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# Report Overview

## Reporting Principles

Disclosures in this report are made in compliance with the GRI Standards core option and the Financial Services Sector Supplement, the TWSE Rules Governing the Preparation and Filing of Corporate Social Responsibility 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. This is the 11<sup>th</sup> consecutive issue of this report. In the 2021 Sustainability Report, TCFHC discloses environmental, social, and corporate governance accomplishments in the year (from January 1, 2021 to December 31, 2021). Some of the information can be traced back to related performance prior to 2021 or to the latest information in 2022 in an attempt to present 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. "TCFHC" in this report refers to Taiwan Cooperative Financial Holding Co., Ltd. and TCFHC Group refers to TCFHC and its 7 subsidiaries.

## 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 Performance section are quoted from audited financial statements.

## Publication

The report will be released on the Company's website continuously on a yearly basis (<https://www.tcfhc.com.tw>). It was previously released in August 2021 and this year, it was released in June 2022. 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 Communique 1 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information".

Environmental Data: ISO 14064-1 (BSI), ISO 50001 (BSI), ISO 14001 (BSI)

Governance Data: BS 10012:2017 (BSI), TPIPAS (BSI), TIPS (IDB of MOEA)

Occupational Health and Safety Data: ISO 45001 (BSI)

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

## Feedback

### TCFHC Sustainability Office

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## Letter from Chairman



Chairman

**Paul C.D. Lei**

Fast spreading COVID-19 and increasingly severe effects of climate change in 2021 drove TCFHC to advance faster in cross-industry integration of financial services and technologies. TCFHC actively deployed innovative thinking to counter risks and take opportunities in order to make the company more resilient and achieve sustainability. Internally, we focused on fintech innovations, and continued to host the annual "Innovation Brainstorming Camp" to invite proposals. The CoLAB was created to organize workshops and courses to encourage CoLABers to think outside the box. Furthermore, given the rapid development of digital applications, trends in information security will demand closer attention. TCFHC has appointed a chief information security officer to take a top-down approach to strengthening information security and protection in the group. Externally, we provided preferred rate financing and supported the government's policy by providing assistance for relief and stimulus, supporting industry transition and returning overseas Taiwanese business owners. Hence, TCFHC managed to achieve excellent profits in spite of the pandemic. The consolidated net profit after tax in 2021 was NT\$21.212 billion or a YOY growth of 23.79%. The amount exceeded the NT\$20 billion threshold for the first time and reached a historic high. The EPS was NT\$1.51, the ROE 8.83%, and the ROA 0.49%.

TCFHC understands resilience and sustainability are two sides of the same coin. A resilient company will develop its environmental, social and governance (ESG) practices, and turn them into a foundation for sustainability. In anticipation of future challenges, with strong support of the Board of Directors, TCFHC created the first sustainability office among state-owned financial holding companies in 2021. The sustainability office is responsible for designing the sustainable strategy and blueprint for the group. Furthermore, in response to climate change related challenges, the sustainable finance task force was created to handle sustainable finance products, responsible finance and climate strategies. It is one of the six task forces, along with the corporate governance, customer commitment, employee care, environmental sustainability, and social inclusion task forces. These task forces devise the short-mid-and-long-term goals of sustainability aimed to reach the UN Sustainable Development Goals (SDGs).

### Deploying capital influence to extend sustainable finance

To expand more quickly in sustainable finance, TCFHC voluntarily complies with the Principles of Responsible Banking and Responsible Investing, and includes ESG in the decision making process for investing and financing. In addition, TCFHC seeks to align itself with sustainability trends and supports international initiatives. We signed to support the Task Force on

Climate-related Financial Disclosures (TCFD) in 2020, and identified the risks and opportunities in climate change. The Board of Directors passed the Sustainability Policy and the Sustainable Financial Policy in 2021 to provide the principles and directions of sustainability. In addition, we signed the Equator Principles in March 2022 and became the first financial holding company in Taiwan to do so. We extend the scope of applicability of the Equator Principles to all of our subsidiaries so that they can implement the principles in their loan evaluation process and deploy their capital influence to protect the environment and care for the community.

Meanwhile, we provide strong support for investments in which the government or industry tries to raise funds for social or environmental benefits. A green bond and a sustainability bond were issued in 2019 and May 2021, respectively. The funds were used to invest in green and social efficiency projects. We were also the first state-owned bank in Taiwan to issue a social responsibility debenture in October 2021 to help first-time homebuyers without a residential property to purchase homes. Meanwhile, in support of net zero, a total of NT\$60.9 billion had been raised in green financing for renewable energies, green technologies, and offshore wind power as of the end of December 2021.

### Applying new fintech ideas to take innovative service to the next level

TCFHC understands that digital innovation plays a crucial role on the path to sustainability. In 2017, we started hiring a large number of students and young people with backgrounds in IT, business process management, and fintech in order to bring fresh ideas into the organization.

In addition to hiring talents from various backgrounds, we continued to convert data into fuel for business growth. Taiwan Cooperative Bank has implemented 18 robotic process automation (RPA) lines since 2020. The lines completed more than 100 data analysis cases and improved sales performance, such as increasing the amount of mortgage add-ons by 30% and raising the promotion success rate of wealth management products. In 2021, an in-house customer insight platform was created to combine customer information and external data from more than 30 public data sources in order to enable instant access to market information and provide faster and friendlier digital services.

Furthermore, we have been hosting "Innovation Brainstorming Camp" to encourage innovative thinking since 2018. In 2019, we created the CoLAB, which works on inspiring innovative thinking in fintech through close interdepartmental collaboration. We work tirelessly to find ways to transform our service and to increase the volume of patent applications and application scenarios. We currently have 63 patent applications for implementation. All



the hard work for innovation has placed Taiwan Cooperative Bank among the Top 100 domestic institutional patent applicants for 4 years in a row. Taiwan Cooperative Bank delivered an impressive performance when it rose to the 18<sup>th</sup> place in 2021. Meanwhile, Taiwan Cooperative Bank is also the first state-owned bank to pass Class A onsite review under the Taiwan Intellectual Property Management System (TIPS). Taiwan Cooperative Bank was also the first state-owned bank in Taiwan to pass TIPS Class A certification in 2021. The successes demonstrated our attention and commitment to intellectual property management.

### TCFHC ranked top in fair customer treatment with both subsidiaries receiving FSC certification

As the ultimate decision making unit at TCFHC, the Board of Directors reviews fair customer treatment regularly, strengthens the knowledge and skills of employees through training, and organizes executive seminars for directors, supervisors, and executive officers. Making the ideas of fair customer treatment and consumer protection an integral part of the corporate culture and routine operations.

Taiwan Cooperative Bank, Taiwan Cooperative Securities, and BNP TCB Life perform customer satisfaction evaluations every year, and handle customer complaints according to the Customer Complaint Resolution Guidelines. Customer satisfaction was 90% or higher for all 3 subsidiaries in 2021. Taiwan Cooperative Bank and Taiwan Cooperative Securities both ranked in the top 20 percentile in the FSC Treating Customers Fairly Principles Assessment Program. TCFHC was the only financial holding company which has 2 subsidiaries on the list.

### Creating a happy workplace with dedication to employee care

Talent is the most important asset of an enterprise. TCFHC provides a well-established remuneration system for developing and retaining talent. In addition to making employee pay raises in 2018 and 2019 and launching the employee stock ownership trust in 2020, TCFHC made a 4% raise since January 2022, which, when combined with the annual performance-based pay increase, made for an average pay raise of 6.6% or higher. Meanwhile, TCFHC provided paid parental care leave, MRA and LDCT health check subsidies for employees with higher risk as well as a range of benefits better than the regulatory requirements or industry average. In 2021, TCFHC took the initiative to purchase COVID-19 vaccination insurance for employees in Taiwan in 2021. TCFHC also implemented quarantine care leave, vaccination leave, and vaccination and screening test subsidies.

TCFHC also extends the scope of employee care to include their families. In 2021, TCFHC started organizing dating events for single employees which the company would play the matchmaker. In addition, the maternity benefit was raised to NT\$100,000 ~ NT\$150,000 from NT\$60,000 ~ NT\$100,000 for the first child to third child in order to encourage employees to have children.

### Promoting financial inclusion for social inclusion

TCFHC invests sufficient funds to sponsor badminton, table tennis, and baseball teams to support sports in the country. The company also promotes sports to encourage the population to live a healthier lifestyle. Tai Tzu-ying, 2021 Olympic women's singles badminton silver medalist, and Lin Yun-Ju and Cheng I-ching, mixed doubles table tennis bronze medalists, are all outstanding athletes that TCFHC has helped to cultivate over the years.

Furthermore, in response to an aging population, TCFHC combines mortgage life insurance products and charity donations to provide Respite Coffee for home caregivers. The Guardian Alliance has been created to help the population become better carers. Following the first-of-its-kind "Seed Staff of Long-term Care" program in 2020, TCFHC invested in training Eldercare Financial Planning Consultants. The 122 Eldercare Financial Planning Consultants at Taiwan Cooperative Bank accounted for 20% of the candidates who passed the first certification exam in 2022. Taiwan Cooperative Bank is the first bank to have more than 100 Eldercare Financial Planning Consultants dedicated to helping customers with trust planning and elderly care advice.

With humanity and pursuing social wellbeing as the core value, Taiwan Cooperative Bank has rolled out a variety of financial products and services. TCB has offered different project loans for small and medium size enterprises, key innovative industries, local creative industry, agricultural and fishery industries, and youth and long-term care institutions. Unemployed under insurance start-up loans and micro start-up phoenix loans received recognition from the Ministry of Labor for their outstanding performance, with an industry leading market share of 27.79% at the end of 2021.

### Fulfilling environmental sustainability and implementing green operations

In fulfillment of environmental sustainability, TCFHC and its subsidiaries all passed the certifications ISO 14064-1 Greenhouse Gas Emissions Inspection, ISO 50001 Energy Management

System, and ISO 14001 Environment Management System in 2020. The management units of TCB and head offices of the other subsidiaries, 23 units in total, obtained these three certifications in 2021. We promise to complete the greenhouse gas inventories and certification for all offices by 2022.

A group-wide lights-out campaign was launched for June to September 2021. The campaign urged consumers to save energy and reduce carbon emissions. It was estimated that the campaign achieved 483,162 kWh in electricity savings, which was the equivalent of 246 tCO<sub>2</sub>e. Furthermore, starting in March 2022, horizontal and vertical signs at the offices and non-essential lights were turned off as part of a more proactive way of saving the planet. Meanwhile, TCFHC is assessing the use of solar panels and renewable energies at the offices and the construction of bank branches designed to receive green building labels.

### Recognition and Awards

TCFHC's efforts have been widely recognized in different forms, including TCSA Taiwan Corporate Sustainability Report Award, Platinum Award, Social Inclusion Leadership Award, and Innovation and Growth Leadership Award of the Taiwan Corporate Sustainability Awards; the BSI Resilience Award of Excellence for the 2<sup>nd</sup> consecutive year; inclusion as one of the 2021 Common Wealth Top 100 Citizens of Sustainability for the first time; the Best Corporate Social Responsibility Award of the Excellence Awards for the 5<sup>th</sup> consecutive year and the Best Innovation Award for the first time; the Best Charity Campaign Award of the Global Views Monthly CSR Awards for the first time; ranking in the top 5 percentile of the 8<sup>th</sup> Corporate Governance Evaluation in 2021; the gold award of the 2021 Happiest Places to Work as voted by users of 1111.com.tw; and the excellence award of the Most Desired Financial Holding Company of the Insurance Dragon and Phoenix Award. Meanwhile, TCFHC has been included in the FTSE4Good Emerging Index, FTSE4Good TIP Taiwan ESG Index, TWSE Corporate Governance 100 Index, TWSE RAFI Taiwan High Compensation 100 Index, and TWSE RA Taiwan Employment Creation 99 Index for consecutive years.

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 encourage its borrowers, investees, and suppliers to strengthen ESG efforts and create value in sustainability.

## Awards and Acknowledgments

### Sustainable Development

- Selected as a constituent of MSCI ESG Indexes
- Selected as a constituent of "FTSE4Good Emerging Index"
- Selected as a constituent of TWSE's "FTSE4Good TIP Taiwan ESG Index"
- Winner of Platinum Medal of "TCSA Taiwan Corporate Sustainability Report Award"
- Named one of "Top 100 Sustainable Corporate Citizen 2021" by Common Wealth Magazine
- Winner of "Best Corporate Social Responsibility Award" by Excellence Magazine

### Corporate Governance

- Named one of Top 5% companies in the 8th "Corporate Governance Evaluation" by TWSE
- Selected again as a constituent of "TWSE Corporate Governance 100 Index"

### Employee Care

- Voted winner of "Happy Enterprise Gold Award" again by 1111 Human Bank office workers in 2021
- 3<sup>rd</sup> place in CRIF 2021 "Taiwan Top 5000 Large Companies" in the consulting service category
- Recipient of AED safe venue certification from Department of Health of Taipei City Government
- Winner of TIVS "Disease Control Gold Award"
- Recipient of "Excellent Breastfeeding Room Certification" from Taipei City Government
- Recipient of Ministry of Health and Welfare "Healthy Workplace Certification"
- Selected as a constituent of "TWSE RAFI Taiwan High Compensation 100 Index"
- Selected as a constituent of "TWSE RA Taiwan Employment Creation 99 Index"





## Sustainable Finance & Customer Commitment

- Received from FSC "Excellent Bank for SME Loans", "Special Award for Balanced Regional Development", "Special Award for Small Enterprise and Startup Financing", and "Special Award for Contribution to Agricultural Industry"
- Winner of "Senior Care Trust Innovation Award- Gold Award", "Urban Renewal Trust Innovation Award- Excellence", "Employee Welfare Trust Innovation Award- Excellence", and "Best Innovative Trust Award- Special Award" of Commercial Times' "Trust Awards for Trust Innovations"
- Winner of Commercial Times "Digital Information Security Award- Excellence"
- Winner of "Best Senior Friendliness Award" of Business Today Wealth Management Bank Evaluation
- Winner of TCSA "Sustainability Performance Award- Innovative Growth Leader Award"
- Winner of Excellence Magazine "Best Innovation Award"
- Winner of Taiwan Clearing House "eDDA Internet/Mobile Banking Dual Service Promotion Award"
- Named one of Top **20%** in FSC "Financial Service Industry Principles for Treating Customers Fairly" Evaluation
- Named "Excellent Securities Dealer in Principles for Treating Customers Fairly" by FSC for 2<sup>nd</sup> consecutive year



## Environmental Sustainability

- Named "Excellent Green Procurement Enterprise" by Taipei City Government
- Head office and new building received EEWB certification
- Recipient of FSC "Green Energy Technology Industry- Special Award", "Biomedicine Industry- Special Award", and "New Agricultural Industry- Special Award"
- Recipient of BSI "Sustainability Excellence Award" for 2<sup>nd</sup> consecutive year
- Completed the Carbon Disclosure Project (CDP) for the first time and was placed on B List



## Social Inclusion

- Winner of 2021 Global View CSR Awards - Excellence in the public interest category
- Winner of TCSA "Sustainability Performance Award- Social Inclusion Leadership Award"
- Recipient of recognition from FSC in the form of Excellent Bank for "Incentive for Domestic Bank to Accelerate Relief Loans", "Evaluation of Trusts Providing Property Trust of Seniors and the Disabled", and "Award for Participation in Campus and Community Campaign for Financial Knowledge"
- Winner of SMEG "Credit Guarantee Gold Award", "Policy Facilitator Award", "Financial Relief Award", "Excellent Application Follow-up Award", and "Corporate Coordinator Award"
- Recipient of Excellent Financial Institution Partner of OCG Fund "COVID-19 Loan Submission by Amount Award"
- Recipient of FSC "Facilitator Award for Insurers Providing Relief or Assistance During Pandemic"
- 21<sup>st</sup> time recipient of FSC Excellent Company for "Enhanced Insurance Coverage for Nationals"
- 3<sup>rd</sup> time winner of Taiwan Insurance Excellence Award
- Recipient of recognition of Ministry of Labor for promoting "Micro/ Women Start-up Loans" and "Loans for the Unemployed Covered by Employment Insurance"
- 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 and field categories for "Insurance Dragon and Phoenix Award- Most Desirable Financial Holding Company to Work For" voted by graduates of finance and insurance
- 13<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" Administration of the Ministry of Education
- Championship winner in the state-owned enterprise group at "President's Cup Slow-pitch Softball Competition"
- Recipient of "Taiwan i Sports Certificate" and "Economically Independent Youth Internship Program - Certificate of Appreciation" from the Ministry of Health and Welfare



# Sustainable Performance

## Corporate Governance



### Gender Equality

- Added **1** seat for female independent director



### Decent Work and Economic Growth

- NT\$ **21.212** billion in consolidated net profit after tax, more than NT\$ **4.433** trillion in total assets with an annual growth of **23.79%**

## Sustainable Finance



### Industry, Innovation and Infrastructure

- The largest market share in loans to Five Plus Two Innovative Industries with an outstanding balance of NT\$ **494.17** billion
- An outstanding balance of NT\$ **139.6** billion in loans to the green technology industry



### Sustainable Cities and Communities

- 136** loans with a total balance of NT\$ **81.993** billion to urban renewal and risky/old building construction projects



### Responsible Consumption and Production

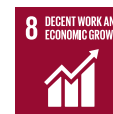
- More than NT\$ **60.9** billion invested in green energy
- Taiwan's first financial institution to sign the Equator Principles as a financial holding company
- Issued green bonds, CSR bonds, and sustainable development bonds for a total of NT\$ **3** billion
- Participated in electronic voting at annual general meetings of **97%** or more of the invested companies
- Total installed capacity of approved renewable energy financing projects reaching **2,162** MW
- TCSIT issued a green finance fund, whose size had reached NT\$ **12.3** billion
- A total of NT\$ **732** million approved in green consumer loans
- A total of **82,095** credit cards made of environmentally friendly materials
- Received carbon labels for TCB LOHAS card and TCB World Master-card as well as for in-branch service

## Customer Commitment



### Good Health and Well-being

- A total of **1,054** Housing Loans for Young Adults approved for a total of NT\$ **4.804** billion
- 5,413** new beneficiaries added in the year to property trusts for seniors and the disabled
- A total of **2,177** Bagful of Happiness loans approved for a total of NT\$ **13.111** billion



### Decent Work and Economic Growth

- A total outstanding loan balance of NT\$ **824.096** billion issued to **68,293** SME accounts
- NT\$ **4.885** billion approved for **6,608** Loans for Youth Entrepreneurs
- NT\$ **86** million approved for **118** Micro/Women Start-up Loans



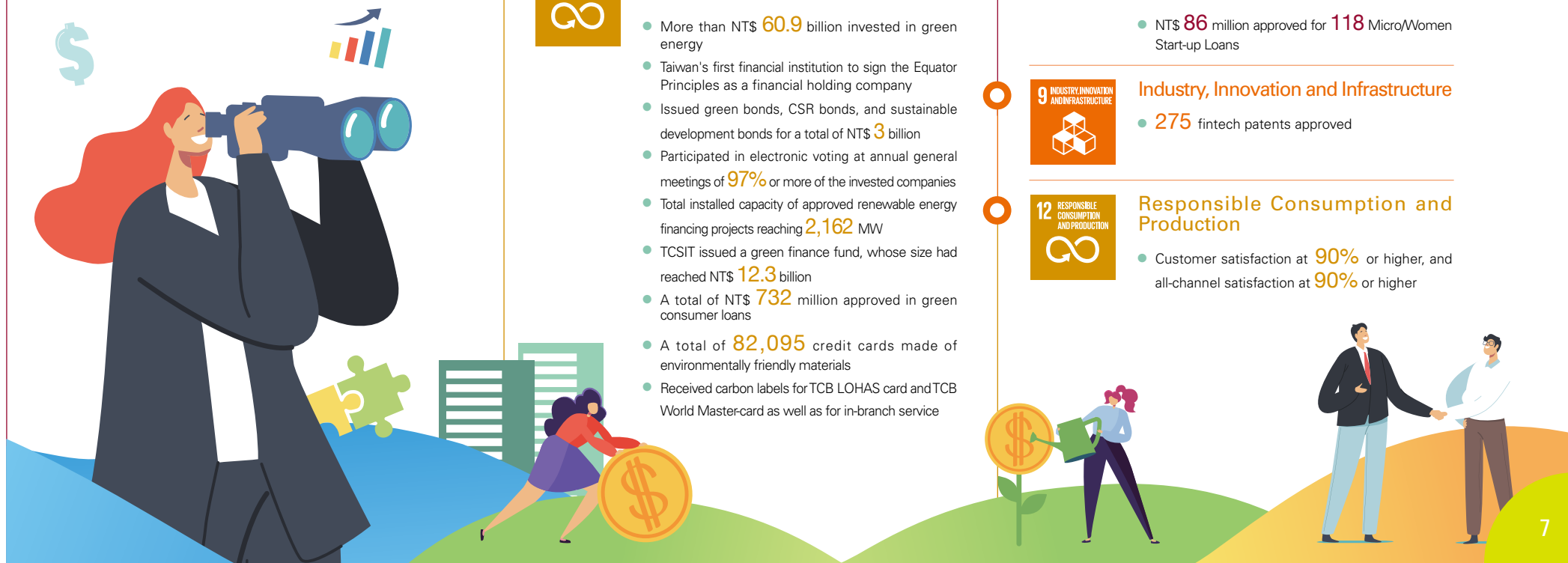
### Industry, Innovation and Infrastructure

- 275** fintech patents approved



### Responsible Consumption and Production

- Customer satisfaction at **90%** or higher, and all-channel satisfaction at **90%** or higher





## Employee Care



### Good Health and Well-being

- NT\$ **4.84** million in physical exam allowances for employees in the Group
- All TCFHC subsidiaries received the "Badge of Accredited Healthy Workplace" from the Health Promotion Administration
- **8,159** people attended "TCB Health Lectures"
- NT\$ **13.84** million in child birth subsidies for employees in the Group
- A total of **18,236.308** million in employee welfare expenses



### Gender Equality

- The percentage of female managers/employees reached **56.76%**



### Decent Work and Economic Growth

- **98.39%** of employees on maternal/parental leave in the Group returned to work
- The 3-year average salary raise at **3.28%** for TCB
- **80%** of interns in the industry-academia cooperation program returned to work full-time at TCB

## Environmental Sustainability



### Sustainable Cities and Communities

- TCB Headquarters generated a total of **28,346** kWh electricity, reducing a total of **14.23** tCO<sub>2</sub>e
- TCB signed the Common Wealth Magazine "Tamsui River Convention"



### Climate Action

- The amount of green procurement reached NT\$ **62.74** million
- A total of **330** visitors attended the environmental education seminar
- **316** cases of domestic suppliers with purchase amount of more than NT\$ **1** million signed the "Commitment of Supplier to CSR and Environmental Sustainability Clauses"
- Carbon emissions from business activities fell by **488.53** tCO<sub>2</sub>e, which was the equivalent of what **1.26** Daan Park could absorb in a year
- **34,940** people participated in the Vegetarian Day and reduced carbon emissions by **2,66** tCO<sub>2</sub>e

## Social Inclusion



### No Poverty

- Donated close to NT\$ **20** million to **56** charity organizations



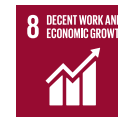
### Good Health and Well-being

- Supported TAFC by providing close to **193** courses through Respite Academy, **17,958** cups of Respite Coffee, and more than NT\$ **17.94** million in donations
- Organized **24** Seed Staff of Long-Term Care seminars, and helped **122** branch employees become certified as Financial Planners for Seniors
- Hosted **4** TCFHC Classrooms, which were attended by a total of **1,483**, to deliver knowledge on LOHAS lifestyle and long-term care



### Quality Education

- Supported social empowerment and award academic research through more than NT\$ **41.1** million in donations
- Donated a total of NT\$ **250,000** to iPower, Teach For Taiwan, and Little Tree



### Decent Work and Economic Growth

- Spent more than NT\$ **3.5** million on buying local innovations and products



# Sustainability Governance

As part of sustainability roadmap planning, TCFHC has established a well-structured sustainable management mechanism that blends sustainable development into the core financial business. TCFHC has also set measurable short-, medium-, and long-term goals to push ahead TCFHC's sustainable development through top-down and systematic management approaches so as to continuously create values for stakeholders.



## Sustainable Strategy and Vision

In order to tackle risks faced with international sustainable developmental trend and climate change, TCFHC has committed itself to sustainable development by implementing the “Sustainability Policy”, the “Sustainable Financial Policy”, and the “Sustainability Best Practices” that combine environmental, social, and governance (ESG) efforts with business operational policies to sketch out the blueprint of sustainable strategy from 6 aspects, namely, corporate governance, sustainable finance, customer commitment, employee care, environmental sustainability, and social inclusion. In the meantime, TCFHC has made United Nations' Sustainable Development Goals (SDGs) 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 so as to fulfill the commitment to achieving corporate sustainable development.

## 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 task forces, which are corporate governance, sustainable finance, customer commitment, employee care, environmental sustainability, and social inclusion. Executive vice presidents and other top level managers 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 regular reports. 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 Sustainable Development Committee met 3 times in 2021. The agendas covered changes of organizational structure (including creating the first sustainability office among state-owned financial institutions, creating a Sustainable Finance Task Force and changing the responsibilities of each task force), setting annual targets for the task forces, tracking progress, and reviewing ESG policies. The chairman and members attended Board meetings regularly and discussed sustainability topics with the Board of Directors as needed.



## Material Issues and Stakeholder Engagement

### • Stakeholder Identification

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, economy, and society. Therefore, the first and most important step in the procedure of sustainable management for TCFHC is to identify both internal and external stakeholders, by which the issues that concern them can be identified.

Based on the extent of interactions and influence between stakeholders and the company, TCFHC has identified 8 major groups of stakeholders, namely, employees, shareholders/investors, customers, suppliers, community, governments and competent authorities, media, academic/consulting units/industries/guilds and associations, and their importance to TCFHC are listed as follows.



## Defining Material Topics

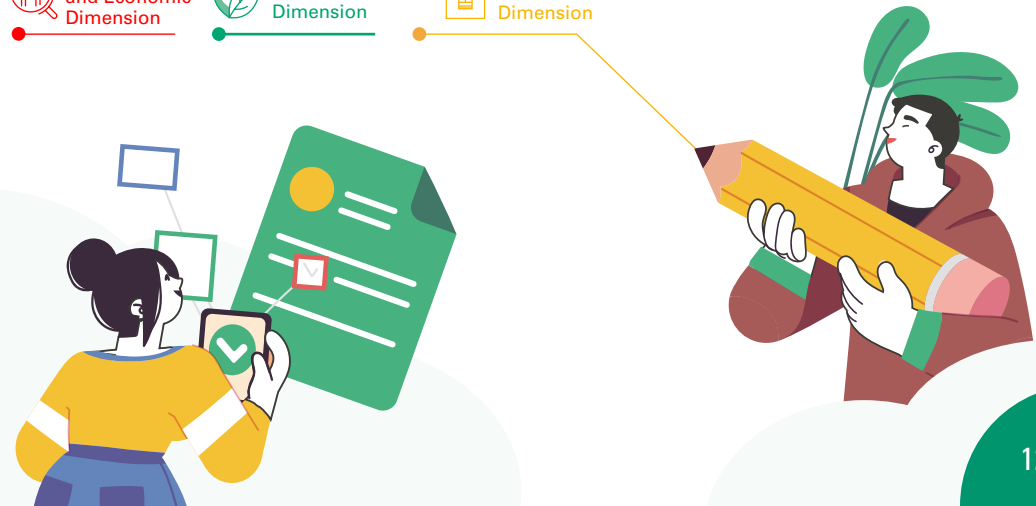
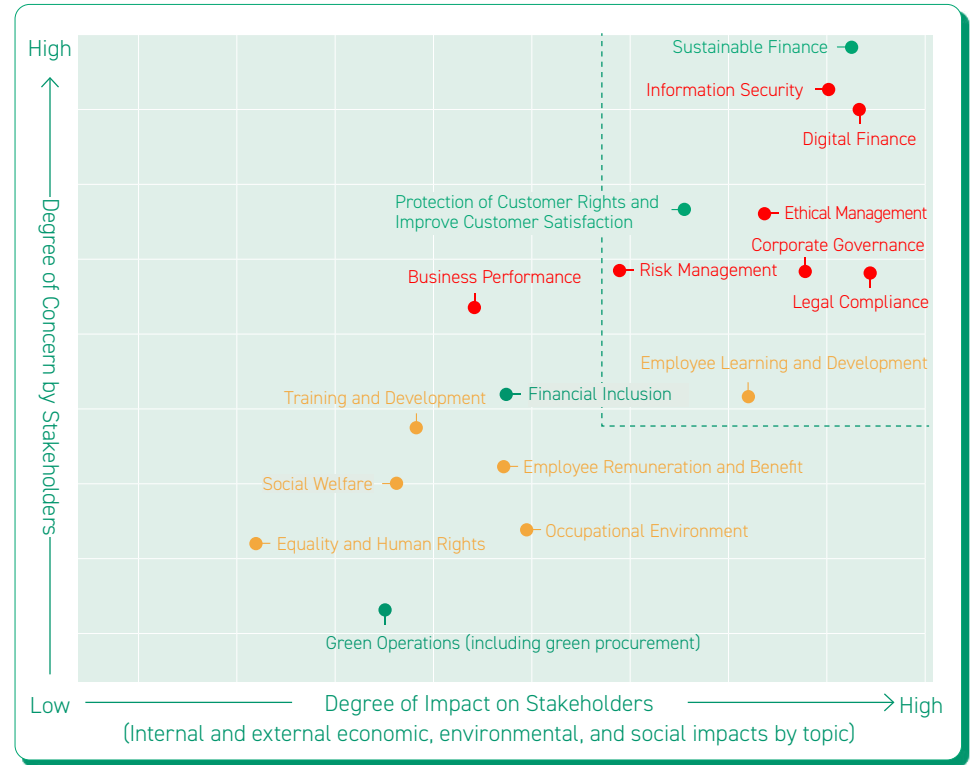
By following GRI standards and having taken account of topics that concern both international and domestic well-known enterprises, we adopt 4 principles, sustainability, materiality, completeness, and stakeholder inclusiveness, to evaluate the degree of impact on the economy, environment, and society and the amount of stakeholder attention, and thus identify material topics to TCFHC in 2021 and further establish connections with United Nations' SDGs.

### The Procedure of Defining Material Topics






Note: The questionnaires include 30 from customers, 67 from employees, 3 from governments and competent authorities, 3 from shareholders/investors, 5 from suppliers, 4 from community (neighborhoods/NGOs), 2 from media and 2 from academic/consultancy units/industries/guilds and associations.




### Matrix of Material Topics






TCFHC has set up management approach for identified material topics to ensure impacts on the operation itself and stakeholders by these topics can be effectively managed through implementation of policy, injection of resources, and management of performance. The GRI Standards, Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, significance to TCFHC, management strategy, the scope of impact corresponding to the material topics and the respective sections are shown in the table below.

| Material Topic   | GRI Standards/Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies | Significance to TCFHC  | Management Strategy  | Scope of Impact   |  | Corresponding Section and Page Number     |
|--|---|--|--|---|--|---|
|  |   |  |  | Internal  | External   |   |
| <br><b>Corporate Governance</b> | GRI 102-18 Governance Structure   | Formation and operation of the Board of Directors and functional committees, as well as the overall developmental strategy | Combining corporate governance structure with governance charters stipulated by referring to actual operations and such bylaws as "Articles of Incorporation" and "Corporate Governance Practice Best Practice Principle" to establish a well-grounded corporate governance system and hence sound operations.   | <ul style="list-style-type: none"> <li>● TCFHC and subsidiaries</li> <li>○ Employees</li> </ul> | <ul style="list-style-type: none"> <li>● Shareholders/Investors</li> <li>○ Customers</li> <li>○ Suppliers</li> <li>○ Community</li> <li>● Governments and competent authorities</li> <li>● Media</li> <li>○ Academic/Consultancy units/Industries/Guilds and associations</li> </ul> | 1.2 Corporate Governance p.44             |
| <br><b>Risk Management</b>      | GRI 102-11 Precautionary Principle or approach  | Different aspects of risk management structure, management approach, and internal control and audit systems                | To achieve the optimal balance between risks and gains through legal compliance with the risk management policy and implementation to make allocation of resources more efficient, one that would further raise benefits of shareholders and capital value.  | <ul style="list-style-type: none"> <li>● TCFHC and subsidiaries</li> <li>○ Employees</li> </ul> | <ul style="list-style-type: none"> <li>● Shareholders/Investors</li> <li>● Customers</li> <li>○ Suppliers</li> <li>○ Community</li> <li>● Governments and competent authorities</li> <li>● Media</li> <li>○ Academic/Consultancy units/Industries/Guilds and associations</li> </ul> | 1.4 Risk Management and Audit System p.49 |
| <br><b>Ethical Management</b> | GRI 102-16 Values, Principles, Standards and Norms of Behavior<br>GRI 205 Anti-corruption                   | Formation of ethical management of corporate culture and internal control mechanism  | To formulate "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" that serve as the norm and basis for ethical management and governance. To designate the "Ethical Management Committee" which is subordinated to the Board of Directors, as the unit in charge of the formulation, supervision, and execution of ethical management. | <ul style="list-style-type: none"> <li>● TCFHC and subsidiaries</li> <li>● Employees</li> </ul> | <ul style="list-style-type: none"> <li>● Shareholders/Investors</li> <li>● Customers</li> <li>● Suppliers</li> <li>○ Community</li> <li>● Governments and competent authorities</li> <li>● Media</li> <li>○ Academic/Consultancy units/Industries/Guilds and associations</li> </ul> | 1.3 Ethical Management p.47               |






| Material Topic  | GRI Standards/Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies  | Significance to TCFHC   | Management Strategy   | Scope of Impact   |  | Corresponding Section and Page Number   |
|---|--|---|---|---|--|---|
|   |  |   |   | Internal  | External   |   |
| <br><b>Legal Compliance</b>    | GRI 307 Environmental Compliance<br>GRI 419 Socioeconomic Compliance   | Legal compliance and anti-money laundering system                         | To establish clarified legal compliance guidelines and mechanism to enable TCFHC and subsidiaries to implement relevant regulations effectively, so as to make the best efforts to avoid any wrongdoings that cause damages, and effectively prevent money laundering and terrorism financing.  | <ul style="list-style-type: none"> <li>● TCFHC and subsidiaries</li> <li>● Employees</li> </ul> | <ul style="list-style-type: none"> <li>● Shareholders/Investors</li> <li>● Customers</li> <li>● Suppliers</li> <li>● Community</li> <li>● Governments and competent authorities</li> <li>● Media</li> <li>● Academic/Consultancy units/Industries/Guilds and associations</li> </ul> | 1.5 Legal Compliance, Anti-Money Laundering and Combat of Terrorism Financing<br>p.52 |
| <br><b>Sustainable Finance</b> | Items to be emphasized under Paragraph 3 of Article 4 of Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies | Products and services provided to create environmental or social benefits | Upholding the spirit of responsible investment and financing while paying attention to ESG issues, reaching out through a variety of business activities to economies and industries to take on more environmental and social responsibilities with the aim to reduce impacts on environment, resources, and human rights, so as to achieve sustainability goals and fulfill corporate social responsibility. | <ul style="list-style-type: none"> <li>● TCFHC and subsidiaries</li> <li>○ Employees</li> </ul> | <ul style="list-style-type: none"> <li>● Shareholders/Investors</li> <li>● Customers</li> <li>○ Suppliers</li> <li>● Community</li> <li>● Governments and competent authorities</li> <li>● Media</li> <li>● Academic/Consultancy units/Industries/Guilds and associations</li> </ul> | 2.2 Sustainable Finance<br>p.75   |
| <br><b>Digital Finance</b>   | Items to be emphasized under Paragraph 3 of Article 4 of Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies | Financial service provided in response to the digital era                 | To optimize existing products and create innovative services in response to digital trends and customer needs for a better customer experience.   | <ul style="list-style-type: none"> <li>● TCFHC and subsidiaries</li> <li>○ Employees</li> </ul> | <ul style="list-style-type: none"> <li>● Shareholders/Investors</li> <li>● Customers</li> <li>○ Suppliers</li> <li>● Community</li> <li>● Governments and competent authorities</li> <li>● Media</li> <li>● Academic/Consultancy units/Industries/Guilds and associations</li> </ul> | 3.2 Digital Finance<br>p.87   |

| Material Topic   | GRI Standards/Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies | Significance to TCFHC  | Management Strategy   | Scope of Impact   |  | Corresponding Section and Page Number                                       |
|--|---|--|---|---|--|---|
|  |   |  |   | Internal  | External   |   |
|  <p>Protection of Customer Rights and Improve Customer Satisfaction</p> | GRI 418 Customer Privacy  | Systematically managing and analyzing feedbacks of customers towards TCFHC services with respect to customer privacy, so as to enhance the quality of customer service                               | To enable TCFHC and subsidiaries to provide financial services and products in context of customer interests being maintained through well-grounded customer information protection measures and legal framework, so as to meet customer needs. | <ul style="list-style-type: none"> <li>● TCFHC and subsidiaries</li> <li>● Employees</li> </ul> | <ul style="list-style-type: none"> <li>● Shareholders/Investors</li> <li>● Customers</li> <li>○ Suppliers</li> <li>○ Community</li> <li>● Governments and competent authorities</li> <li>● Media</li> <li>● Academic/Consultancy units/Industries/Guilds and associations</li> </ul> | 3.1 Protection of Customer Rights and Improve Customer Satisfaction<br>p.86 |
|  <p>Information Security</p>  | GRI 418 Customer Privacy  | Management strategy on information and internet security   | To have information security policy formed for ensuring protection measures and crisis management being in place to achieve accuracy, confidentiality, completeness, and usefulness of information system.                                      | <ul style="list-style-type: none"> <li>● TCFHC and subsidiaries</li> <li>● Employees</li> </ul> | <ul style="list-style-type: none"> <li>● Shareholders/Investors</li> <li>● Customers</li> <li>○ Suppliers</li> <li>○ Community</li> <li>● Governments and competent authorities</li> <li>● Media</li> <li>○ Academic/Consultancy units/Industries/Guilds and associations</li> </ul> | 1.6 Information Security<br>p.56  |
|  <p>Employee Learning and Development</p>                             | GRI 404 Training and Education  | Talent is a core element for sustainable development of an enterprise, and training employees and assisting employees in career development are also fundamental to sustainable development of TCFHC | TCFHC has constructed training programs that provide a variety of courses for employees in different positions, levels, and fields in order to enhance employees' professional skills.  | <ul style="list-style-type: none"> <li>● TCFHC and subsidiaries</li> <li>● Employees</li> </ul> | <ul style="list-style-type: none"> <li>● Shareholders/Investors</li> <li>○ Customers</li> <li>○ Suppliers</li> <li>○ Community</li> <li>● Governments and competent authorities</li> <li>○ Media</li> <li>● Academic/Consultancy units/Industries/Guilds and associations</li> </ul> | 4.3 Career Management and Learning<br>p.110                                 |




## Stakeholder Communication Channels



After identifying and confirming topics that are material to TCFHC in 2021, we 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 along with the sustainability report to the Board of Directors every year. Communication frequency and outcomes are detailed below.

| Stakeholder  | Prioritized Issues of Concern  | Dedicated Contact Person and Method   | Engagement Channels   | Frequency and Result of Communications in 2021   |
|--|--|---|---|--|
| <br><b>Employees</b>                    | Legal Compliance<br>Digital Finance<br>Information Security<br>Employee Learning and Development   | Contact person: Human Resources Department<br>Contact: +886-2-2173-8888   | <ul style="list-style-type: none"> <li>To form labor union, sign collective agreement, hold employment meetings regularly, and form the Employee Welfare Committee and Occupational Health and Safety Committee.</li> <li>To set up employee comment mailbox as the channel for exchanges between the employer and the employed.</li> <li>To set up employee grievance and appeal sections and sexual harassment complaint hotline.</li> <li>To set up a designated tip-off mailbox and hotline on the official website.</li> </ul>   | <ul style="list-style-type: none"> <li>4 employer-employee meetings were held by TCFHC subsidiaries.</li> <li>8,142 participants completed a total of 306 sessions of the Occupational Health and Safety Course and 8,142 training hours.</li> </ul> |
| <br><b>Shareholders/<br/>Investors</b> | Corporate Governance<br>Ethical Management<br>Risk Management<br>Legal Compliance<br>Sustainable Finance<br>Digital Finance<br>Information Security<br>Protection of Customer Rights and Improve Customer Satisfaction | Spokesperson<br>Name: Chun-Lung Chou<br>Title: E.V.P.<br>Telephone: +886-2-2173-8888<br>Email: spokesman@tcfhc.com.tw<br>Deputy Spokesperson<br>Name: Jui-Ling Lu<br>Title: E.V.P.<br>Telephone: +886-2-2173-8888<br>Email: spokesman@tcfhc.com.tw<br>Stock Transfer Agency<br>Name: Yuanta Securities Co., Ltd.<br>Address: B1F, No. 210, Section 3, Chengde Rd., Datong Dist., Taipei City<br>Telephone: +886-2-2586-5859 | <ul style="list-style-type: none"> <li>To hold annual general shareholders' meeting.</li> <li>To hold quarterly institutional investors conference.</li> <li>To publish operational performance every month.</li> <li>To regularly update information on operational status, financial information, and the Company's movement on investor's zone of the website.</li> <li>To disclose required information on the TWSE's Market Observation Post System regularly or whenever needed.</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 general shareholders' meeting and 4 institutional investors conferences were held.</li> <li>A total of 148 major public announcements were made.</li> </ul>   |

| Stakeholder  | Prioritized Issues of Concern  | Dedicated Contact Person and Method   | Engagement Channels   | Frequency and Result of Communications in 2021  |
|--|--|---|---|---|
|  <p>Customers</p> | <p>Ethical Management<br/>Sustainable Finance<br/>Digital Finance<br/>Information Security<br/>Protection of Customer Rights and Improve Customer Satisfaction</p> | <p>Taiwan Cooperative Financial Holding Co., Ltd.<br/>Telephone: +886-2-2173-8888<br/>Website: <a href="https://www.tcfhc.com.tw">https://www.tcfhc.com.tw</a><br/>Taiwan Cooperative Bank, Ltd.<br/>Telephone: +886-0800-033-175 or +886-4-2227-3131<br/>Website: <a href="https://www.tcb-bank.com.tw">https://www.tcb-bank.com.tw</a><br/>Taiwan Cooperative Securities Co., Ltd.<br/>Telephone: +886-2-2752-8000<br/>Website: <a href="https://www.tcfhc-sec.com.tw">https://www.tcfhc-sec.com.tw</a><br/>Taiwan Cooperative Bills Finance Corporation, Ltd.<br/>Telephone: +886-2-2522-1656<br/>Website: <a href="https://www.tcb-bills.com.tw">https://www.tcb-bills.com.tw</a><br/>Co-Operative Assets Management Co., Ltd.<br/>Telephone: +886-2-2382-0868<br/>Website: <a href="https://www.coamc.com.tw">https://www.coamc.com.tw</a><br/>Taiwan Cooperative Securities Investment Trust Co., Ltd.<br/>Telephone: +886-2-2181-5999<br/>Website: <a href="https://www.tcb-am.com.tw">https://www.tcb-am.com.tw</a><br/>Taiwan Cooperative Venture Capital Co., Ltd.<br/>Telephone: +886-2-2395-2115<br/>Website: <a href="https://www.tcfhc-vc.com.tw">https://www.tcfhc-vc.com.tw</a><br/>BNP Paribas Cardif TCB Life Insurance Co., Ltd.<br/>Telephone: +886-0800-033-133<br/>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 the official website as a channel for financial information and service inquiry.</li> <li>To set up a 24/7 toll-free customer service hotline, customer service email, and grievance channel.</li> <li>To formulate customer information protection measures as part of the duty to ensure confidentiality of customer information and to have measures post on the home page of the website and adopt other ways of disclosure as specified by the competent authority.</li> <li>To maintain customer relationship by holding investment and wealth management workshops.</li> </ul> | <ul style="list-style-type: none"> <li>The TCB service performance evaluation showed a satisfaction rate of 91%.</li> <li>TCB wealth management services had a customer satisfaction rate of 94.35%.</li> <li>TCS customer service hotline had a 99.4% customer satisfaction rate.</li> <li>BNP TCB Life customer service had a 96% customer satisfaction rate.</li> <li>A total of 289 financial planning seminars were held and were attended by 4,645 participants.</li> </ul> |







| Stakeholder  | Prioritized Issues of Concern   | Dedicated Contact Person and Method  | Engagement Channels   | Frequency and Result of Communications in 2021   |
|--|---|--|---|--|
| <br>Suppliers                               | Ethical Management<br>Risk Management<br>Legal Compliance<br>Digital Finance      | Tip-off Hotline: +886-2-2173-8913<br>Tip-off Email: 5134@tcfhc.com.tw  | <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 or more.</li> </ul>  | <ul style="list-style-type: none"> <li>A total of 316 declarations were signed in 2021.</li> </ul>   |
| <br>Community                               | Digital Finance<br>Information Security   | Contact Person: Administration Department, TCFHC<br>Telephone: +886-2-2173-8888<br>Website: <a href="https://www.tcfhc.com.tw">https://www.tcfhc.com.tw</a><br>E-mail: pr@tcfhc.com.tw | <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, charity concert, and Pan-Pan flea market, and launch the charity 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>TCFHC donated a total of more than NT\$19.42 million to 56 charity organizations.</li> <li>4 sessions of TCB Lecture Hall lectured in "Slow and Simple Living", 18 Respite Academy courses, 1 online charity concert, and 1 online Pan-Pan flea market were held.</li> <li>The TCB team sent players to compete in a total of 12 games around the world.</li> </ul>   |
| <br>Governments and Competent Authorities | Corporate Governance<br>Ethical Management<br>Risk Management<br>Legal Compliance | Contact Person: Administration Department, TCFHC<br>Telephone: +886-2-2173-8888<br>Website: <a href="https://www.tcfhc.com.tw">https://www.tcfhc.com.tw</a><br>E-mail: pr@tcfhc.com.tw | <ul style="list-style-type: none"> <li>To comply with regulatory frameworks and support supervision and inspection of competent authorities by providing relevant information.</li> <li>To comply with policies of competent authorities and participate in meetings organized by competent authorities.</li> </ul>   | <ul style="list-style-type: none"> <li>To complete external evaluation of the Board of Directors and functional committees.</li> <li>TCFHC has the "Declaration on the Legal Compliance of Ethical Management by Directors and Senior Management" in place. The declaration was signed by 100% of the members of the 4<sup>th</sup> Board of Directors and the executive management team in 2021.</li> <li>TCFHC was selected a constituent of TWSE Corporate Governance 100 Index, TWSE RA Taiwan Employment Creation 99 Index, and TWSE RAFI Taiwan High Compensation 100 Index.</li> <li>Completed signing and filing of the "Stewardship Principles for Institutional Investors" on time.</li> </ul> |

| Stakeholder   | Prioritized Issues of Concern  | Dedicated Contact Person and Method   | Engagement Channels  | Frequency and Result of Communications in 2021  |
|---|--|---|--|---|
| <br>Media  | Corporate Governance<br>Ethical Management<br>Digital Finance<br>Information Security<br>Protection of Customer Rights and Improve Customer Satisfaction                     | Contact Person: Administration Department, TCFHC<br>Telephone: +886-2-2173-8888<br>Website: <a href="https://www.tcfhc.com.tw">https://www.tcfhc.com.tw</a><br>E-mail: <a href="mailto:pr@tcfhc.com.tw">pr@tcfhc.com.tw</a> | <ul style="list-style-type: none"> <li>To hold institutional investors conference regularly so as to increase transparency of business and financial information.</li> <li>To hold press conferences, and publicize product launch events and advertisement release events whenever needed.</li> <li>To arrange for the spokesperson to take media interviews at invitation and to issue press release whenever needed.</li> </ul> | <ul style="list-style-type: none"> <li>4 investor conferences were held.</li> <li>TCFHC issued a total of 108 pieces of press release. Details can be found in the news center on the TCFHC website.</li> </ul> |
| <br>Academic/ Consultancy Units/ Industries/ Guilds and Associations | Corporate Governance<br>Ethical Management<br>Risk Management<br>Legal Compliance<br>Information Security<br>Protection of Customer Rights and Improve Customer Satisfaction | Contact Person: Administration Department, TCFHC<br>Telephone: +886-2-2173-8888<br>Website: <a href="https://www.tcfhc.com.tw">https://www.tcfhc.com.tw</a><br>E-mail: <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>To participate in meetings or forums held by guilds and associations to be updated with changes in relevant regulations by relevant competent authorities to ensure legal compliance on operations.</li> </ul>                    | <ul style="list-style-type: none"> <li>TCFHC attended 40 guilds and associations.</li> </ul>  |











## Goals and Progress on Material Topics 2021





| Goals and Progress 2021   |   |   |  | 2022 Material Topic Short-Term Goal  |  | 2023~2027 Material Topic Medium/Long-Term Goal |  |
|---|---|---|--|--|--|--|--|
| Material Topic  | Goal  | Actual Implementation by Strategy   | Progress   |  |  |  |  |
|  <p>Corporate Governance</p> | <ul style="list-style-type: none"> <li>To conduct performance evaluation of the Board of Directors.</li> <li>All directors to reach an average attendance rate of 85% or higher for Board meetings. All independent directors to reach an average attendance rate of 80% or higher for meetings of functional committees (audit, remuneration, and ethical management committees).</li> <li>To vie for a place in the top 5% TWSE-listed companies on Corporate Governance Evaluation.</li> <li>To vie for a place as a constituent of "TWSE Corporate Governance 100 Index", "TWSE RA Taiwan Employment Creation 99 Index", and "TWSE RAFI Taiwan High Compensation 100 Index".</li> </ul> | <ul style="list-style-type: none"> <li>Board performance was internally evaluated as "Excellent" and results were reported to the Board of Directors.</li> <li>All directors reached an average attendance rate of 85% or higher for Board meetings, and all independent directors reached an average attendance rate of 80% or higher for meetings of functional committees.</li> <li>Ranked in top 5% TWSE-listed companies in the 8<sup>th</sup> Corporate Governance Evaluation.</li> <li>Elected a constituent of "TWSE Corporate Governance 100 Index", "TWSE RA Taiwan Employment Creation 99 Index", and "TWSE RAFI Taiwan High Compensation 100 Index".</li> </ul> |  <p>Completed</p>   | <ul style="list-style-type: none"> <li>To conduct internal evaluation of individual directors/ Board of Directors and functional committees.</li> <li>All directors to reach an average attendance rate of 85% or higher for Board meetings, and all independent directors to reach an average attendance rate of 80% or higher for meetings of functional committees (audit, remuneration, and ethical management committees).</li> <li>Continuously to vie for being listed as top 5% TWSE-listed companies on Corporate Governance Evaluation.</li> <li>To vie for a place as a constituent of "TWSE Corporate Governance 100 Index", "TWSE RA Taiwan Employment Creation 99 Index", and "TWSE RAFI Taiwan High Compensation 100 Index".</li> </ul> | <ul style="list-style-type: none"> <li>Continuously conduct internal evaluation of the Board of Directors every year and external evaluation of the Board of Directors every 3 years.</li> <li>Continuously push for establishment of interlinked review system between remuneration and performance evaluation of the Board of Directors.</li> <li>Continuously to vie for being listed as top 5% TWSE-listed company on Corporate Governance Evaluation.</li> <li>Continuously to be elected a constituent of "TWSE Corporate Governance 100 Index", "TWSE RA Taiwan Employment Creation 99 Index", and "TWSE RAFI Taiwan High Compensation 100 Index".</li> </ul> |  |  |
|   | N/A   | N/A   | N/A  | <ul style="list-style-type: none"> <li>To complete formulating ESG/CSR principles or policies.</li> <li>To create the ESG/CSR Committee and report results regularly to the Board of Directors.</li> <li>The ESG initiative implementation project was added to "compliance with government policy and progress towards the goals" in the evaluation of person-in-charge in the first half of 2022.</li> </ul>   | <ul style="list-style-type: none"> <li>To include ESG/CSR results in evaluation of subsidiaries' performance.</li> <li>To push for either gender to hold 1/3 or more of the seats on the Board of Directors.</li> </ul>  |  |  |
|  <p>Ethical Management</p> | <ul style="list-style-type: none"> <li>To ensure that TCFHC and its subsidiaries reports to each of their Board of Directors at least once a year on the updates of ethical management compliance.</li> <li>To organize educational training on ethical management related issues at least once a year for all employees with a training rate of 100%.</li> </ul>   | <ul style="list-style-type: none"> <li>TCFHC and its subsidiaries have all reported to each of their Board of Directors on the update of compliance with ethical management principles.</li> <li>TCFHC held 3 online digital learning education training courses, 1 for directors and senior management and 2 for employees without supervisory roles. The training rates of TCFHC subsidiaries have all reached 100%.</li> </ul>   |  <p>Completed</p> | <ul style="list-style-type: none"> <li>To make TCFHC at least twice a year and the subsidiaries at least once a year to report to their Board of Directors on updates of ethical management compliance.</li> <li>To organize educational training on ethical management related issues at least once a year for all employees with a training rate of 100%.</li> </ul>   | <ul style="list-style-type: none"> <li>To make TCFHC at least twice a year and the subsidiaries at least once a year to report to their Board of Directors at least twice a year on updates of ethical management compliance.</li> <li>Continuously organize educational training on ethical management related issues at least once a year for all employees with a training rate of 100%.</li> </ul>   |  |  |

N/A indicates that is not applicable.








| Goals and Progress 2021   |   |   |  | 2022 Material Topic Short-Term Goal  |  | 2023~2027 Material Topic Medium/Long-Term Goal   |  |
|---|---|---|--|--|--|--|--|
| Material Topic  | Goal  | Actual Implementation by Strategy   | Progress   |  |  |  |  |
| <br>Risk Management  | <ul style="list-style-type: none"> <li>To establish emerging risk identification mechanism including risk identification, impact evaluation, and buffering measures.</li> </ul> | <ul style="list-style-type: none"> <li>The TCFHC "Risk Management Policy and Guidelines" include emerging risks in the scope of risk management. The addition was approved by the Board of Directors in January 2021.</li> </ul>  | <br>Completed | <ul style="list-style-type: none"> <li>To assist and supervise the subsidiaries in bettering capital planning in response to financial supervisory trend so as to meet supervisory requirements by competent authorities.</li> </ul>   |  | <ul style="list-style-type: none"> <li>To urge TCB to follow the competent authority's deadline for applying 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>  |  |
|   | <ul style="list-style-type: none"> <li>To convey regulatory changes in a timely manner, and construct monitoring mechanisms.</li> </ul>   | <ul style="list-style-type: none"> <li>To search daily for regulatory changes, penalty cases, and draft announcements and convey them to the subsidiaries and related units and publish them on the intranet. In addition, management of regulatory changes in the group is reported monthly.</li> </ul>  |  | <ul style="list-style-type: none"> <li>To introduce REGTECH in Q3 and optimize the legal compliance platform for use in legal compliance and governance as well as prevention of financial crime.</li> </ul>   |  | <ul style="list-style-type: none"> <li>To improve the existing legal compliance platform on an ongoing basis, and follow the competent authorities' policy and key points on supervision of REGTECH. To introduce REGTECH with caution, and monitor legal compliance risks effectively.</li> <li>To support the FSC in activating the "Corporate Governance 3.0 Sustainable Development Blueprint" as well as relevant regulations that other external agencies have set for ESG implementation to track each units' status on changes in internal regulations, so as to increase the sustainable value of TCFHC Group.</li> </ul> |  |
| <br>Legal Compliance | <ul style="list-style-type: none"> <li>To implement group-wide onsite inspection.</li> </ul>  | <ul style="list-style-type: none"> <li>2 onsite audits were conducted on each subsidiary in 2021, and the results were included in legal compliance evaluation.</li> </ul>  | <br>Completed | <ul style="list-style-type: none"> <li>To enforce onsite audits within the group so that the subsidiaries undergo onsite audits at least once every six months with onsite assistance provided as needed In order to evaluate the effectiveness of legal compliance system.</li> </ul>   |  | <ul style="list-style-type: none"> <li>To implement group-wide onsite inspection on an ongoing basis.</li> </ul>   |  |
|   | <ul style="list-style-type: none"> <li>To deepen the corporate legal compliance culture.</li> </ul>   | <ul style="list-style-type: none"> <li>Training on "Latest International AML Standards- U.S. Anti-Money Laundering Act of 2020" was arranged for TCFHC directors, supervisors, and executives.</li> <li>The 2021 AML/CFT tests and mystery guest tests for the group took place. All performance was rated good and carried out effectively.</li> </ul> |  | <ul style="list-style-type: none"> <li>To deepen the corporate compliance culture.</li> </ul> <ol style="list-style-type: none"> <li>1. Training for directors, supervisors, and executives in the Group is organized every year. On-the-job training is provided to employees on an ongoing basis. General tests and mystery guest tests are arranged to raise employees' awareness of legal compliance activities and attract more attention to these activities.</li> <li>2. To supervise the subsidiaries to organize relevant training, and make version differences in the regulations and frequently occurred errors in internal/ external inspections part of training in order to raise awareness.</li> </ol> |  | <ul style="list-style-type: none"> <li>To deepen corporate legal compliance culture on an ongoing basis.</li> </ul>  |  |
|   | <ul style="list-style-type: none"> <li>To increase the percentage of employees with anti-money laundering certificates.</li> </ul>  | <ul style="list-style-type: none"> <li>As of the end of 2021, 5,541 employees, or 59.97% of the group had obtained domestic or foreign AML certificates. The number was up by 16.83% compared to 2020.</li> </ul>   |  | <ul style="list-style-type: none"> <li>To increase the percentage of AML certified employees in the Group to 55%.</li> </ul>   |  | <ul style="list-style-type: none"> <li>To increase the percentage of AML certified employees with a target of 60% by the end of 2023 and 65% by the end of 2025.</li> </ul>  |  |





Goals and Progress 2021

| Material Topic  | Goal   | Actual Implementation by Strategy   | Progress   | 2022 Material Topic Short-Term Goal  | 2023~2027 Material Topic Medium/Long-Term Goal   |
|---|--|---|--|--|--|
|  <p>Information Security</p> | <ul style="list-style-type: none"> <li>To establish information security intelligence sharing mechanism across the Group.</li> </ul>   | <ul style="list-style-type: none"> <li>The Information Security Department to send email to notify all subsidiaries of recommendations against cyber threats immediately after receiving the information from FISAC.</li> </ul>                         |  <p>Completed</p> | <ul style="list-style-type: none"> <li>To 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.</li> </ul> | <ul style="list-style-type: none"> <li>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.</li> </ul> |
|   | <ul style="list-style-type: none"> <li>To conduct drills for all employees of the Group on "social engineering phishing email attack", and have TCB and TCS set a phishing email opening rate of less than 3%.</li> </ul>        | <ul style="list-style-type: none"> <li>The Group completed the drill on "social engineering phishing email attack", and the email opening rate is 1.91% for TCB and 1.33% for TCS.</li> </ul>   |  | <ul style="list-style-type: none"> <li>To conduct drills for all employees of the Group on "social engineering phishing email attack", and TCB and TCS to have a phishing email opening rate of less than 3%.</li> </ul>   | <ul style="list-style-type: none"> <li>Continuously conduct drills for all employees of the Group on "social engineering phishing email attack", and have TCB and TCS set a phishing email opening rate of less than 2%.</li> </ul>  |
|   | <ul style="list-style-type: none"> <li>TCB to hold information security training courses for directors, supervisors, and executives, and organized DDoS defense exercises (including information security incidents).</li> </ul> | <ul style="list-style-type: none"> <li>TCB held information security training courses for directors, supervisors, and executives in March 2021, and completed DDoS defense exercises (including information security incidents) in November.</li> </ul> |  | <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> </ul>                    | <ul style="list-style-type: none"> <li>TCB to continue to provide IT training courses for directors, supervisors, and executives, and TCB, BNP TCB Life, and CAM to continue to conduct DDoS defense exercises (including information security incidents).</li> </ul>      |
|   | <ul style="list-style-type: none"> <li>TCB to implement evaluations on computer-based information system security.</li> </ul>  | <ul style="list-style-type: none"> <li>TCB completed evaluation on computer-based information system security on December 29<sup>th</sup>, 2021.</li> </ul>   |  | <ul style="list-style-type: none"> <li>TCB to implement evaluations on computer-based information system security.</li> </ul>  | <ul style="list-style-type: none"> <li>TCB to continue to implement evaluations on computer-based information system security.</li> </ul>  |
|   | <ul style="list-style-type: none"> <li>TCB to have a personal computer malware infection rate of ≤2%.</li> </ul>   | <ul style="list-style-type: none"> <li>TCB had a personal computer malware infection rate of 1.63%.</li> </ul>  |  | <ul style="list-style-type: none"> <li>PC malware infection rate: TCB ≤1.8%, AMC ≤2%.</li> </ul>   | <ul style="list-style-type: none"> <li>PC malware infection rate: TCB ≤1.5%, AMC ≤2% on an ongoing basis.</li> </ul>   |
|   | <ul style="list-style-type: none"> <li>TCB and BNP TCB Life to renew "ISO 27001 Information Security Management" certification.</li> </ul>   | <ul style="list-style-type: none"> <li>TCB completed a triennial review in January 2021 and a semiannual review in July. BNP TCB Life received an expanded certificate in May 2021.</li> </ul>  |  | <ul style="list-style-type: none"> <li>TCB and BNP TCB Life continuously obtain "ISO 27001 Information Security Management" certification.</li> </ul>  | <ul style="list-style-type: none"> <li>Continuously to encourage subsidiaries to obtain "ISO 27001 Information Security Management" certification. TCB and BNP TCB Life to maintain valid certificates.</li> </ul>   |
|   | <ul style="list-style-type: none"> <li>BNP TCB Life to achieve a target inspection rate of 100% on e-commerce personal information protection.</li> </ul>  | <ul style="list-style-type: none"> <li>BNP TCB Life completed 4 e-commerce applications and personal data protect inspections by the end of December 2021. The inspection rate was 100%.</li> </ul>   |  | <ul style="list-style-type: none"> <li>BNP TCB Life continuously conduct e-commerce personal information protection inspection.</li> </ul>   | <ul style="list-style-type: none"> <li>BNP TCB Life planning to adopt the red team/blue team approach in order to strengthen response to external attacks.</li> </ul>  |

| Goals and Progress 2021   |   |   |  | 2022 Material Topic Short-Term Goal  |  | 2023~2027 Material Topic Medium/Long-Term Goal |  |
|---|---|---|--|--|--|--|--|
| Material Topic  | Goal  | Actual Implementation by Strategy   | Progress   |  |  |  |  |
| <br>Information Security   | <ul style="list-style-type: none"> <li>Subsidiaries to have a completion rate of 100% for the annual information security training.</li> </ul>                  | <ul style="list-style-type: none"> <li>All employees of the companies in the Group completed information security training with a completion rate of 100%.</li> </ul>   | <br>Completed   | <ul style="list-style-type: none"> <li>Subsidiaries to have a completion rate of 100% for the annual information security training and a passing rate of 100% for the information security evaluation. BNP TCB Life to provide secure program development, network security configuration and related courses for IT personnel in order to increase the depth of information security protection.</li> </ul>   | <ul style="list-style-type: none"> <li>Subsidiaries to have a completion rate of 100% for the annual information security training and a passing rate of 100% for the information security evaluation. BNP TCB Life to continue to provide secure program development, network security configuration and related courses for IT personnel in order to increase the depth of information security protection.</li> </ul>   |  |  |
|   | N/A   | N/A   | N/A  | <ul style="list-style-type: none"> <li>To plan to set up a groupbased PC information security event response task force in the TCFHC Group so as to equip the Group with responsive mechanism including regular drills.</li> <li>TCB to implement "ISO 22301 Business Continuity Management System" and obtain certification.</li> <li>To encourage IT personnel of the subsidiaries to obtain international information security certification.</li> <li>TCVC to conduct emergency drills once every six months.</li> </ul> | <ul style="list-style-type: none"> <li>To conduct regular information security drills on an ongoing basis.</li> <li>TCB to maintain valid "ISO 22301 Business Continuity Management System" certification; BNP TCB Life to evaluate the feasibility of obtaining certification.</li> <li>Continuously encourage IT personnel of the subsidiaries to obtain international information security certification.</li> <li>TCVC continuously conduct emergency drills once every six months.</li> </ul> |  |  |
| <br>Sustainable Finance Financing of Urban Renewal and TimeWorn Building Reconstruction Projects | <ul style="list-style-type: none"> <li>TCB aims to approve NT\$63.5 billion to finance 89 urban renewal and timeworn building construction projects.</li> </ul> | <ul style="list-style-type: none"> <li>TCB approved NT\$81.993 billion to finance 136 urban renewal and timeworn building construction projects. The completion rate is 129.12% and 152.81%, respectively.</li> </ul> | <br>Completed | <ul style="list-style-type: none"> <li>TCB continuously approve NT\$84.8 billion to finance 140 urban renewal and time-worn building construction projects.</li> </ul>   | <ul style="list-style-type: none"> <li>TCB continuously increase the number and amount of loans to urban renewal and time-worn building construction projects by 10% every year.</li> </ul>  |  |  |

N/A indicates that is not applicable.

| Goals and Progress 2021   |   |   |  | 2022 Material Topic Short-Term Goal   |  | 2023~2027 Material Topic Medium/Long-Term Goal |
|---|---|---|--|---|--|--|
| Material Topic  | Goal  | Actual Implementation by Strategy   | Progress   |   |  |  |
| <br>Sustainable Finance-Green Financing            | <ul style="list-style-type: none"> <li>TCB to approve NT\$495 billion in "Loans to Five Plus Two Innovative Industries".</li> </ul>   | <ul style="list-style-type: none"> <li>TCB approved NT\$494.17 billion in "Loans to Five Plus Two Innovative Industries", reaching a completion rate of 99.83%.</li> </ul>  | <br>Incomplete  | <ul style="list-style-type: none"> <li>TCB to approve NT\$505 billion in "Loans to Five Plus Two Innovative Industries".</li> </ul>   | <ul style="list-style-type: none"> <li>TCB continuously increase "Loans to Five Plus Two Innovative Industries" by NT\$10 billion each year, achieving a balance of NT\$555 billion by 2027.</li> </ul>  |  |
|   | <ul style="list-style-type: none"> <li>In support of offshore wind power and green industries, TCB to approve 1,850MW in total installed capacity of renewable energy financing by the end of 2021.</li> </ul>                                      | <ul style="list-style-type: none"> <li>TCB had approved 2,162MW in total installed capacity of renewable energy financing with a completion rate of 116.86%.</li> </ul>   | <br>Completed   | <ul style="list-style-type: none"> <li>TCB continuously support offshore wind power and green industries and expect to reach 1,980MW in total installed capacity of renewable energy financing by the end of 2022.</li> </ul>                       | <ul style="list-style-type: none"> <li>TCB continuously support offshore wind power and green industries and aim to increase 130MW per year in total installed capacity of renewable energy financing and reach 2,650MW by the end of 2027.</li> </ul>   |  |
|   | <ul style="list-style-type: none"> <li>TCB to approve NT\$730 million in green consumer loans.</li> </ul>   | <ul style="list-style-type: none"> <li>TCB approved NT\$732 million in green consumer loans.</li> </ul>   |  | <ul style="list-style-type: none"> <li>TCB to approve NT\$803 million in green consumer loans.</li> </ul>   | <ul style="list-style-type: none"> <li>TCB continuously support green consumer loans and star-up loans in green industries and set the green consumer loan target to increase by 10% every year.</li> </ul>  |  |
| <br>Sustainable Finance-Green Investment           | <ul style="list-style-type: none"> <li>To help businesses raise funds for green investment and social investment projects, TCB plans to issue green/CSR/sustainable bonds for a total of NT\$60 billion to be invested in green finance.</li> </ul> | <ul style="list-style-type: none"> <li>TCB invested in green energy businesses and issued green/CSR/sustainable bonds for a total of NT\$60.9 billion to be invested in green finance, achieving a completion rate of 101.5%.</li> </ul>                  | <br>Completed   | <ul style="list-style-type: none"> <li>To help businesses raise funds for green investment and social investment projects, TCB plans to issue green/CSR/sustainable bonds for a total of NT\$65 billion to be invested in green finance.</li> </ul> | <ul style="list-style-type: none"> <li>TCB to issue at least 1 sustainable finance bond every year.</li> <li>To help businesses raise funds for green investment and social investment projects, TCB plans to issue green/CSR/sustainable bonds and the amount invested in green finance is to increase by 3% every year.</li> </ul> |  |
|   | <ul style="list-style-type: none"> <li>TCVC invested NT\$20 million into new green investments in 2021.</li> </ul>  | <ul style="list-style-type: none"> <li>TCVC added one new green investment, which was approved for NT\$50 million.</li> </ul>   |  | <ul style="list-style-type: none"> <li>TCVC to allocate 10% of the total annual newly increased investment amount to green investment.</li> </ul>   | <ul style="list-style-type: none"> <li>TCVC expects to allocate 10% of the total annual newly increased investment amount to green investment.</li> </ul>  |  |
| <br>Sustainable Finance-EcoFriendly Credit Cards | <ul style="list-style-type: none"> <li>TCB to increase the number of ecofriendly credit cards in circulation to 50,000 or higher.</li> </ul>  | <ul style="list-style-type: none"> <li>The number of TCB credit cards made of environmentally friendly materials, such as LOHAS card, i-Enjoy Signature Combo card, i-Sports card and Visa Signature Mortgage card, reached a total of 82,095.</li> </ul> | <br>Completed | <ul style="list-style-type: none"> <li>The number of TCB eco-friendly credit cards to reach 70,000 or higher.</li> </ul>  | <ul style="list-style-type: none"> <li>TCB expects to issue 7,500 eco-friendly credit cards every year and the number of total number to reach 100,000 or higher.</li> </ul>   |  |
|   | <ul style="list-style-type: none"> <li>TCB to obtain carbon footprint certification for LOHAS card and World Mastercard.</li> </ul>   | <ul style="list-style-type: none"> <li>TCB LOHAS card and World Mastercard received carbon footprint certification in November 2021 (which was scheduled for 2022).</li> </ul>  |  | <ul style="list-style-type: none"> <li>TCB to obtain carbon footprint certification for LOHAS card and World Mastercard (completed ahead of schedule in 2021).</li> </ul>   | <ul style="list-style-type: none"> <li>TCB plans to set carbon reduction label certification for credit cards by 2026 as the target.</li> </ul>  |  |



| Goals and Progress 2021  |  |   |  | 2022 Material Topic Short-Term Goal   |  | 2023~2027 Material Topic Medium/Long-Term Goal   |  |   |  |  |
|--|--|---|--|---|--|--|--|---|--|--|
| Material Topic   | Goal   | Actual Implementation by Strategy   | Progress   |   |  |  |  |   |  |  |
|  <p>Sustainable Finance-Responsible Investing</p> | <ul style="list-style-type: none"> <li>TCS and TCSIT to amend the compliance statement for the "Stewardship Principles for Institutional Investors".</li> </ul>  | <ul style="list-style-type: none"> <li>TCS completed the amendment in January and September 2021. TCSIT completed the amendment in September 2021.</li> </ul>   |  <p>Completed</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 to follow the latest compliance statement for the "Stewardship Principles for Institutional Investors" and update on an ongoing basis.</li> </ul> | <ul style="list-style-type: none"> <li>To include ESG topics in the investment decision making process, strengthen communication on ESG topics with invested companies, and improve the content of ESG disclosures in the stewardship report.</li> <li>MSCI Taiwan Select ESG Sustainability High Yield Top 30 Index.</li> </ul> | <ul style="list-style-type: none"> <li>TCB, TCS, and TCSIT to have an electronic voting rate of 92% when attending annual general meetings held by TWSE/TPEX listed companies in which they invest.</li> </ul> | <ul style="list-style-type: none"> <li>TCB, TCS, and TCSIT expect to participate in 96% or more of the electronic voting process at annual general meetings by TWSE/TPEX listed companies in which they invest by 2027.</li> <li>TCB to consider constituents of 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, or Taiwan Corporate Governance 100 Index when selecting domestic stocks. Shareholding in these companies is to increase by 2% every year to 60% by 2027.</li> </ul> |   |  |  |
|  | <ul style="list-style-type: none"> <li>TCB, TCS, and TCSIT to have an electronic voting rate of 92% when attending annual general meetings held by TWSE/TPEX listed companies in which they invest.</li> </ul>     | <ul style="list-style-type: none"> <li>TCB attended 125 annual general meetings in 2021 and used electronic voting. TCB also sent representatives to attend 4 other annual general meetings (97% by electronic voting and 3% in person).</li> <li>TCS participated in electronic voting in 59 annual general meetings, and had a voting rate of 100%.</li> <li>TCSIT participated in 100% of the electronic voting process at the annual general meetings.</li> </ul> |  |   |  |  |  | <ul style="list-style-type: none"> <li>TCB participated in 93% of the electronic voting process at the annual general meetings hosted by TWSE/TPEX listed companies in which it invested, and TCS and TCSIT participated in 94% or more.</li> <li>TCB to consider constituents of 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, or Taiwan Corporate Governance 100 Index when selecting domestic stocks. These companies are to account for 50% or more of TCB's domestic stock portfolio.</li> </ul> | <ul style="list-style-type: none"> <li>TCB, TCS, and TCSIT to have an electronic voting rate of 92% when attending annual general meetings held by TWSE/TPEX listed companies in which they invest.</li> </ul> | <ul style="list-style-type: none"> <li>TCB, TCS, and TCSIT to have an electronic voting rate of 92% when attending annual general meetings held by TWSE/TPEX listed companies in which they invest.</li> </ul> |
|  | <ul style="list-style-type: none"> <li>BNP TCB Life to participate in 90% of the annual general meetings hosted by TWSE/TPEX listed companies in which it invested.</li> </ul>                                     | <ul style="list-style-type: none"> <li>BNP TCB Life attended 11 annual general meeting and achieved an attendance rate of 100%.</li> </ul>  |  |   |  |  |  |   |  |  |
|  <p>Sustainable Finance-Climate Strategy</p>    | <ul style="list-style-type: none"> <li>To establish a groupwide TCFD risk management framework to identify risks and opportunities in climate change in order to manage climate risks more effectively.</li> </ul> | <ul style="list-style-type: none"> <li>TCFD Task Force meetings and trainings were held to identify significant risks and opportunities in climate change.</li> <li>The analyses of physical risk and transitional risk were completed.</li> </ul>  |  <p>Completed</p> | <ul style="list-style-type: none"> <li>To implement climate risk management policies and report assessment results, mitigating measures and performance to the Board of Directors.</li> </ul>   | <ul style="list-style-type: none"> <li>Third party TCFD certification is scheduled to take place by the end of December 2023.</li> </ul>   |  |  |   |  |  |








| Goals and Progress 2021  |   |  |  | 2022 Material Topic Short-Term Goal  |  | 2023~2027 Material Topic Medium/Long-Term Goal |
|--|---|--|--|--|--|--|
| Material Topic   | Goal  | Actual Implementation by Strategy  | Progress   |  |  |  |
|  <p>Sustainable Finance-Responsible Finance</p> | <ul style="list-style-type: none"> <li>To complete evaluation of adoption of the Equator Principles.</li> </ul> | <ul style="list-style-type: none"> <li>The consulting agency of Equator Principles were selected in 2021. The impact assessment report and department interviews have been completed.</li> </ul> |  <p>Completed</p> | <ul style="list-style-type: none"> <li>To complete signing the Equator Principles by the end of June 2022.</li> </ul>  | N/A  |  |
|  | N/A   | N/A  | N/A  | <ul style="list-style-type: none"> <li>TCSIT to include the ESG regulatory principles in the product review process, stating the exclusion policy and risk warnings as well as the applicable stewardship policy and execution.</li> </ul> | <ul style="list-style-type: none"> <li>To include ESG factors in the investing, financing, and product review processes.</li> </ul>  |  |
|  | N/A   | N/A  | N/A  | <ul style="list-style-type: none"> <li>To complete signing SBTi by the end of December 2022.</li> </ul>  | <ul style="list-style-type: none"> <li>To follow the SBTi methodology to set SBTs in 2023 in order to encourage internal parties or influence invested parties to implement carbon reduction.</li> </ul> |  |
|  | N/A   | N/A  | N/A  | <ul style="list-style-type: none"> <li>To set maximum limits on investment or loans to industries generally excluded and high pollution/energy consuming industries.</li> </ul>  | N/A  |  |
|  |   |  |  | N/A  | <ul style="list-style-type: none"> <li>To start implementing green and micro loans at overseas branches in 2026 to protect effectively local environment and community.</li> </ul>                       |  |



N/A indicates that is not applicable.












| Goals and Progress 2021   |   |  |  | 2022 Material Topic Short-Term Goal  | 2023~2027 Material Topic Medium/Long-Term Goal  |
|---|---|--|--|--|---|
| Material Topic  | Goal  | Actual Implementation by Strategy  | Progress   |  |   |
|  <p>Protection of Customer Rights and Satisfaction</p> | <ul style="list-style-type: none"> <li>TCB to pass 2021 "BS10012:2017 Personal Information Management System (PIMS)" review; BNP TCB Life to pass 2021 "BS10012:2017 PIMS" re-certification.</li> </ul>                   | <ul style="list-style-type: none"> <li>TCB passed 2021 "BS10012:2017 PIMS" review; BNP TCB Life passed 2021 "BS10012:2017 PIMS" re-certification</li> </ul>  |  <p>Completed</p> | <ul style="list-style-type: none"> <li>TCB and BNPTCB Life to obtain "BS 10012:2017 PIMS" certification.</li> </ul>  | <ul style="list-style-type: none"> <li>TCB and BNP TCB Life to follow regulations and internal procedures to review and adjust the customer information protection policy and framework on an ongoing basis. TCB and BNP TCB Life continuously to obtain "BS10012:2017 PIMS" validity certification.</li> </ul> |
|   | <ul style="list-style-type: none"> <li>TCS continuously maintain a valid TPIPAS issued dp.mark certificate and pass the interim audit.</li> </ul>   | <ul style="list-style-type: none"> <li>TCS passed TPIPAS interim audit as reviewed by SGS in 2021.</li> </ul>  |  | <ul style="list-style-type: none"> <li>TCS continuously maintain a valid TPIPAS issued dp.mark certificate and pass renewal certification by the end of December 2022.</li> </ul>  | <ul style="list-style-type: none"> <li>TCS continuously maintain a valid TPIPAS issued dp.mark certificate as required by the maintenance institution.</li> </ul>   |
|   | <ul style="list-style-type: none"> <li>All subsidiaries continuously organize Personal Information Protection System training and achieve 100% completion rate.</li> </ul>  | <ul style="list-style-type: none"> <li>All subsidiaries provided Personal Information Protection System training with a completion rate of 100% in 2021.</li> </ul>  |  | <ul style="list-style-type: none"> <li>All subsidiaries to organize personal information protection system training and achieve 100% completion rate.</li> </ul>   | <ul style="list-style-type: none"> <li>All subsidiaries continuously organize personal information protection system training and achieve 100% completion rate.</li> </ul>  |
|   | <ul style="list-style-type: none"> <li>To set TCB, TCS, and BNP TCB Life the target of reaching an all-channel satisfaction rate of 90% or higher or a decrease in number of customer complaint every year.</li> </ul>    | <ul style="list-style-type: none"> <li>Customer satisfaction in the service performance evaluation for TCB business units was 91%, and bankwide customer satisfaction for financial planning services was 94.35%. There were 223 customer complaints in 2021, down by 29 compared to 2020.</li> <li>TCS achieved a customer satisfaction rate of 99.4% with 15 customer complaints in 2021, up by 1 compared to 2020.</li> <li>BNP TCB Life achieved a customer satisfaction rate of 96% with 53 customer complaints in 2021, down by 4 compared to 2020.</li> </ul> |  | <ul style="list-style-type: none"> <li>To set TCB, TCS, and BNP TCB Life the target of reaching a satisfaction rate of 92% or higher or a decrease in number of customer complaints every year.</li> <li>1.TCB to conduct customer satisfaction surveys in the service performance evaluation and bankwide customer satisfaction surveys.</li> <li>2.TCS to conduct customer satisfaction surveys.</li> <li>3.BNPTCB Life to conduct customer satisfaction surveys.</li> </ul> | <ul style="list-style-type: none"> <li>To improve the quality of service on an ongoing basis and set TCB, TCS, and BNP TCB Life the target of reaching an all channel satisfaction rate of 95% or higher or a decrease in number of customer complaints every year.</li> </ul>                                  |
|   | <ul style="list-style-type: none"> <li>TCB, TCS, TCBF, BNPTCB Life, and TCSIT to report implementation of the "Financial Service Industry Principles for Treating Customers Fairly" to the Board of Directors.</li> </ul> | <ul style="list-style-type: none"> <li>TCB, TCS, TCBF, BNP TCB Life, and TCSIT reported implementation of the "Financial Service Industry Principles for Treating Customers Fairly" to the Board of Directors.</li> </ul>  |  | <ul style="list-style-type: none"> <li>TCB, TCS, TCBF, BNP TCB Life, and TCSIT to report implementation of the "Financial Service Industry Principles for Treating Customers Fairly" to the Board of Directors every year.</li> </ul>  | <ul style="list-style-type: none"> <li>TCB, TCS, TCBF, BNP TCB Life, and TCSIT to report implementation of the "Financial Service Industry Principles for Treating Customers Fairly" to the Board of Directors every year</li> </ul>  |
|   |   |  |  |  |   |

| Goals and Progress 2021   |  |   |   | 2022 Material Topic Short-Term Goal   |  | 2023~2027 Material Topic Medium/Long-Term Goal  |
|---|--|---|---|---|--|---|
| Material Topic  | Goal   | Actual Implementation by Strategy   | Progress  |   |  |   |
| <br>Protection of Customer Rights and Satisfaction | <ul style="list-style-type: none"> <li>TCB, TCS, TCBF, BNP TCB Life, and TCSIT to achieve a 100% completion rate for training on the "Principles for Treating Customers Fairly".</li> </ul>  | <ul style="list-style-type: none"> <li>TCB, TCS, TCBF, BNP TCB Life, and TCSIT achieved a 100% completion rate for training on the "Principles for Treating Customers Fairly".</li> </ul>   | <br>Completed    | <ul style="list-style-type: none"> <li>TCB, TCS, TCBF, BNP TCB Life, and TCSIT to achieve a 100% completion rate for training on the "Principles for Treating Customers Fairly".</li> </ul>   | <ul style="list-style-type: none"> <li>The target training completion rate for the "Principles for Treating Customers Fairly" to be 100%.</li> </ul>   |   |
|   | N/A  | N/A   | N/A   |   | <ul style="list-style-type: none"> <li>TCB and TCB to be ranked in top 25% outstanding bank and bill dealer by the "Financial Service Industry Principles for Treating Customers Fairly".</li> </ul> | <ul style="list-style-type: none"> <li>TCB and TCB continuously to be ranked in top 25% outstanding bank and bill dealer by the "Financial Service Industry Principles for Treating Customers Fairly"; and BNP TCB Life to be ranked in top 25% by 2025.</li> </ul> |
| <br>Digital Finance                                | <ul style="list-style-type: none"> <li>The utilization rate of TCB e-channels to increase to 93.5%.</li> </ul>   | <ul style="list-style-type: none"> <li>The utilization rate of TCB e-channels is 93.73%.</li> </ul>   | <br>Completed    | <ul style="list-style-type: none"> <li>TCB to increase total transaction volume through e-channels by 5%.</li> </ul>  | <ul style="list-style-type: none"> <li>The total transaction volume through TCB e-channels to increase by 25% between 2023 and 2027.</li> </ul>  |   |
|   | <ul style="list-style-type: none"> <li>To increase the number of merchants accepting TCB Taiwan Pay QR Code service to 18,200 and the number of card accepting merchants to 11,000.</li> </ul>   | <ul style="list-style-type: none"> <li>The number of merchants accepting TCB Taiwan Pay QR Code service is 19,500, making a completion rate of 107.14%, and the number of card accepting merchants is 12,102, making a completion rate of 110.02%.</li> </ul>   |   | <ul style="list-style-type: none"> <li>TCB to increase the number of Taiwan Pay QR Code accepting merchants to 1,800.</li> </ul>  | <ul style="list-style-type: none"> <li>TCB to increase the number of Taiwan Pay QR Code accepting merchants by 1,800 every year.</li> </ul>  |   |
|   | <ul style="list-style-type: none"> <li>TCS to make plans to combine online account application for securities and banking services with TCB in order to facilitate onestop account application.</li> <li>TCS to make margin account application, public tendering, and regular stock savings plan available online.</li> </ul> | <ul style="list-style-type: none"> <li>TCS had combined online account application with banking services, and the integrated service was launched in January 2022.</li> <li>Margin account application was added to TCS online services in January 2022. Public tendering is expected to be completed in Q2 2022. Regular stock savings plan was added in July 2021.</li> </ul> | <br>Incomplete | <ul style="list-style-type: none"> <li>TCS to make change of personal information available online to subbrokerage 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> </ul> | <ul style="list-style-type: none"> <li>TCS to strengthen online services and continue to optimize the online account application process.</li> </ul>   |   |

N/A indicates that is not applicable.



| Goals and Progress 2021  |  |  |  | 2022 Material Topic Short-Term Goal  |   | 2023~2027 Material Topic Medium/Long-Term Goal |  |
|--|--|--|--|--|---|--|--|
| Material Topic   | Goal   | Actual Implementation by Strategy  | Progress   |  |   |  |  |
| <br>Digital Finance | <ul style="list-style-type: none"> <li>TCB to submit 250 patent applications to the Intellectual Property Office, Ministry of Economic Affairs.</li> </ul> | <ul style="list-style-type: none"> <li>TCB submitted a total of 354 patent applications, making a completion rate of 141.60%.</li> </ul>   | <br>Completed | <ul style="list-style-type: none"> <li>To plan 1 to 2 "FinTech Patent" seminars.</li> <li>To submit 375 patent applications to the Intellectual Property Office, Ministry of Economic Affairs.</li> </ul>  | <ul style="list-style-type: none"> <li>Continuously plan 1 to 2 seminars on "FinTech Patents" every year.</li> <li>To submit a total of 750 patent applications to the Intellectual Property Office, Ministry of Economic Affairs.</li> </ul> |  |  |
|  | <ul style="list-style-type: none"> <li>CoLAB to generate through innovation the guidelines for next generation customer experience.</li> </ul>             | <ul style="list-style-type: none"> <li>For the experience guidelines, 2 interviews with senior management and 1 seminar, 11 interviews with customers, and 39 hours of design thinking activities took place.</li> </ul> |  | <ul style="list-style-type: none"> <li>CoLAB to reallocate under the Electronic Banking Department and become officially organized and charge with regular innovation governance, generation of innovation, and report to the Digital Development Committee on digital innovation and progress.</li> </ul> | <ul style="list-style-type: none"> <li>CoLAB continuously generate innovations and use technologies to connect startup value chains and share benefits of innovation.</li> </ul>  |  |  |
|  | <ul style="list-style-type: none"> <li>TCB intelligent customer services had 10% more users (i.e. 361,900) compared to 329,000 in 2020.</li> </ul>         | <ul style="list-style-type: none"> <li>The number of users of TCB intelligent customer services reached 481,000, making a completion rate of 132.91%.</li> </ul>   |  | <ul style="list-style-type: none"> <li>The number of users of TCB intelligent customer services reached 401,700, up by 11% compared to 2021.</li> </ul>  | <ul style="list-style-type: none"> <li>Continuously improve the intelligent customer services and increase the number of users to 780,000, or by 94%, by 2027.</li> </ul>   |  |  |
|  | <ul style="list-style-type: none"> <li>TCB mobile banking to accept 1.4 million account applications.</li> </ul>   | <ul style="list-style-type: none"> <li>TCB mobile banking received 1.42 million account applications, making a completion rate of 101.43%.</li> </ul>  |  | <ul style="list-style-type: none"> <li>TCB mobile banking to increase the number of accounts by 150,000.</li> </ul>  | <ul style="list-style-type: none"> <li>The target number of new accounts between 2023 and 2027 is 910,000.</li> </ul>   |  |  |
|  | <ul style="list-style-type: none"> <li>The target number of TCB credit cards linked to TCB Taiwan Pay is 100,000.</li> </ul>                               | <ul style="list-style-type: none"> <li>The number of TCB credit cards linked to Taiwan PAY is 127,779, making a completion rate of 127.78%.</li> </ul>   |  | <ul style="list-style-type: none"> <li>The target number of TCB credit cards linked to TCB Taiwan Pay is 130,000.</li> </ul>   | <ul style="list-style-type: none"> <li>The target number of TCB credit cards linked to TCB Taiwan Pay is expected to exceed 180,000 by 2027.</li> </ul>   |  |  |
|  | <ul style="list-style-type: none"> <li>The target increase of TCB ATM cards/accounts linked to Taiwan Pay is 125,000.</li> </ul>                           | <ul style="list-style-type: none"> <li>TCB increased the number of linked cards to 288,502, making a completion rate of 230.80%.</li> </ul>  |  | <ul style="list-style-type: none"> <li>The target increase of TCB ATM cards/accounts linked to Taiwan Pay is 160,000.</li> </ul>   | <ul style="list-style-type: none"> <li>The target increase of TCB ATM cards/accounts linked to Taiwan Pay between 2023 and 2027 is 990,000.</li> </ul>  |  |  |

| Goals and Progress 2021  |  |   |  | 2022 Material Topic Short-Term Goal  |  | 2023~2027 Material Topic Medium/Long-Term Goal |
|--|--|---|--|--|--|--|
| Material Topic   | Goal   | Actual Implementation by Strategy   | Progress   |  |  |  |
| <br>Digital Finance | <ul style="list-style-type: none"> <li>TCB expects to increase utilization of foreign exchange transactions on its digital service platform by 5%.</li> </ul>                    | <ul style="list-style-type: none"> <li>The number and volume of foreign exchange transactions through TCB's digital service platform rose by 7.14% and 46.22%, respectively.</li> </ul> | <br>Completed   | <ul style="list-style-type: none"> <li>TCB to increase utilization of foreign exchange transactions on its digital service platform by 5%.</li> </ul>  | <ul style="list-style-type: none"> <li>Utilization of foreign exchange transactions on the digital service platform to grow by 5% every year.</li> </ul>   |  |
|  | <ul style="list-style-type: none"> <li>The number of TCB digital FCY accounts to increase by 10,000.</li> </ul>  | <ul style="list-style-type: none"> <li>The total number of TCB digital FCY accounts was 133,504, up by 81,865 and making a completion rate of 818.65%.</li> </ul>                       |  | <ul style="list-style-type: none"> <li>TCB to raise utilization of digital FCY accounts in the current year to 20%.</li> </ul>   | <ul style="list-style-type: none"> <li>Utilization of digital FCY accounts in the current year to grow by 5% every year.</li> </ul>  |  |
|  | <ul style="list-style-type: none"> <li>TCB to set the annual target at receiving 15,000 online mortgage and loan applications in the current year.</li> </ul>                    | <ul style="list-style-type: none"> <li>TCB received 15,531 online mortgage and loan applications, making a completion rate of 103.54%.</li> </ul>                                       |  | <ul style="list-style-type: none"> <li>The number of TCB online mortgage and loan applications to grow by 15%, i.e. 5,250 new applications, compared to the target of the previous year.</li> </ul>  | <ul style="list-style-type: none"> <li>TCB continuously optimize operating system functions relevant to online personal loan/mortgage applications, accelerate application processing procedures, and increase public intention to use electronic services.</li> </ul>                             |  |
|  | <ul style="list-style-type: none"> <li>TCB to set the annual target at receiving 4,000 online mortgage and loan applications through mobile banking.</li> </ul>                  | <ul style="list-style-type: none"> <li>TCB received 4,271 online mortgage and loan applications through mobile banking, making a completion rate of 106.78%.</li> </ul>                 |  | <ul style="list-style-type: none"> <li>The number of TCB online mortgage and loan applications through mobile banking to grow by 15%, i.e. 2,400 new applications, compared to the target of the previous year.</li> </ul>   | <ul style="list-style-type: none"> <li>The target to grow by 15% every year between 2023 and 2027.</li> </ul>  |  |
|  | <ul style="list-style-type: none"> <li>BNP TCB Life to increase target premium income from online sales of non-travel insurance by 20% compared to the previous year.</li> </ul> | <ul style="list-style-type: none"> <li>BNP TCB Life increased premium income from online sales of non-travel insurance by 8% compared to the previous year.</li> </ul>                  | <br>Incomplete  | <ul style="list-style-type: none"> <li>BNP TCB Life expects to start offering unit-linked insurance products online in Q2 2022. Apart from allowing BNP TCB Life customers obtain coverage at anytime, BNP TCB Life combines financial planning and investing while developing new products. The target is to increase premium income by 20%.</li> </ul> | <ul style="list-style-type: none"> <li>BNP TCB Life plans to create an online insurance shopping platform, and expects to start expanding the line of products in 2023 as the regulations become more relaxed in order to meet online customers' needs for different areas of coverage.</li> </ul> |  |
|  | <ul style="list-style-type: none"> <li>TCB mobile insurance to grow by 15%, i.e. 2,484 new applications in total.</li> </ul>   | <ul style="list-style-type: none"> <li>TCB mobile insurance system received a total of 2,947 applications, making a completion rate of 118.64%.</li> </ul>                              | <br>Completed | <ul style="list-style-type: none"> <li>TCB mobile insurance to grow by 15%, i.e. 2,857 new applications in the year.</li> </ul>  | <ul style="list-style-type: none"> <li>The number of new mobile insurance cases to grow by 15% every year.</li> </ul>  |  |
|  | <ul style="list-style-type: none"> <li>To connect with China Life Insurance's system.</li> </ul>   | <ul style="list-style-type: none"> <li>TCB mobile insurance is fully connected with China Life Insurance's system.</li> </ul>   | <br>Completed | <ul style="list-style-type: none"> <li>10 insurance products are newly provided to the TCB Mobile Application System.</li> </ul>   | <ul style="list-style-type: none"> <li>60 insurance products to be provided to the TCB Mobile Application System by the end of 2027.</li> </ul>  |  |

| Goals and Progress 2021  |  |  |  | 2022 Material Topic Short-Term Goal  |  | 2023~2027 Material Topic Medium/Long-Term Goal  |  |
|--|--|--|--|--|--|---|--|
| Material Topic   | Goal   | Actual Implementation by Strategy  | Progress   |  |  |   |  |
| <br>Digital Finance                   | <ul style="list-style-type: none"> <li>TCB to design integrated deposit, credit card and other API services, and work with third party service providers to provide a greater variety of retail banking services and scenarios.</li> </ul> | <ul style="list-style-type: none"> <li>API Phase 2 was completed on June 18, 2021 to allow the first TSP to go live.</li> <li>The trainings of open banking API management platform were arranged and related regulations were implemented.</li> </ul> | <br>Completed | N/A  |  | N/A   |  |
|  | N/A  | N/A  | N/A  | <ul style="list-style-type: none"> <li>To create the Digital Development Committee, with the president of TCB as the convener, in order to accelerate implementation of digital transition plans.</li> </ul> |  | <ul style="list-style-type: none"> <li>The Digital Development Committee responds to trends in the digital environment and drives innovations and upgrades in financial products and services on an ongoing basis in order to respond effectively to customers' digital banking needs.</li> </ul> |  |
| <br>Employee Learning and Development | <ul style="list-style-type: none"> <li>TCB to run industry-academia collaboration programs with colleges and universities and provide internships, which have a return rate of 70%.</li> </ul>   | <ul style="list-style-type: none"> <li>TCB hired 90 interns in 2021 and 72 returned as full-time employees, making a return rate of 80%.</li> </ul>  | <br>Completed | <ul style="list-style-type: none"> <li>TCB to run industry-academia collaboration programs with colleges and universities and provide internships with a return rate of 50%.</li> </ul>                      |  | <ul style="list-style-type: none"> <li>TCB continuously run industry-academia collaboration programs and provide internships with an annual return rate of at least 50%.</li> </ul>   |  |
|  | <ul style="list-style-type: none"> <li>TCB to retain 80% of new employees.</li> </ul>  | <ul style="list-style-type: none"> <li>TCB retained 87.31% of new employees in 2021.</li> </ul>  |  | <ul style="list-style-type: none"> <li>TCB should be more proactive in retaining talent and raise retention of new hires to 80%.</li> </ul>  |  | <ul style="list-style-type: none"> <li>TCB to maintain an annual retention rate of at least 80% for new hires.</li> </ul>   |  |
|  | <ul style="list-style-type: none"> <li>The overall turnover in TCFHC to be below 5%.</li> </ul>  | <ul style="list-style-type: none"> <li>The employee turnover in TCFHC is 2.84%(exclusive of retired employees).</li> </ul>   |  | <ul style="list-style-type: none"> <li>The overall turnover in TCFHC to be below 5%.</li> </ul>  |  | <ul style="list-style-type: none"> <li>The employee turnover in TCFHC to stay below 5% every year.</li> </ul>   |  |
|  | <ul style="list-style-type: none"> <li>The average post-parental leave reinstatement rate in TCFHC to exceed 80%.</li> </ul>   | <ul style="list-style-type: none"> <li>The post-parental leave reinstatement rate in TCFHC is 98.36%.</li> </ul>   |  | <ul style="list-style-type: none"> <li>The average post-parental leave reinstatement rate in TCFHC to exceed 85%.</li> </ul>   |  | <ul style="list-style-type: none"> <li>The average post-parental leave reinstatement rate for employees in TCFHC to stay at 85% or higher.</li> </ul>   |  |

N/A indicates that is not applicable.



| Goals and Progress 2021  |   |  |  | 2022 Material Topic Short-Term Goal   | 2023~2027 Material Topic Medium/Long-Term Goal   |
|--|---|--|--|---|--|
| Material Topic   | Goal  | Actual Implementation by Strategy  | Progress   |   |  |
|  <p>Employee Learning and Development</p> | <ul style="list-style-type: none"> <li>The overseas talent database of TCB to exceed the size of 100.</li> </ul>  | <ul style="list-style-type: none"> <li>As of 2021, a total of 15 overseas associate trainee recruitment programs have been held, which has in total added 133 talents individuals to the overseas talent database.</li> </ul>          |  <p>Completed</p> | <ul style="list-style-type: none"> <li>TCB to organize overseas associate trainee recruitment programs and have a talent database of greater than 100 in order to facilitate global expansion in the future.</li> </ul>   | <ul style="list-style-type: none"> <li>TCB continuously hold overseas associate trainee recruitment programs and maintain 100 or more talents in the overseas talent database every year.</li> </ul>                     |
|  | <ul style="list-style-type: none"> <li>TCB to organize campus recruitment and career fairs at 7 universities, and the total number of participants in information sessions to reach 700.</li> </ul> | <ul style="list-style-type: none"> <li>TCB organized campus recruitment and career fairs at 19 universities including NTU. 19 in-person information sessions took place and received 1,966 participants.</li> </ul>                    |  | <ul style="list-style-type: none"> <li>TCB to organize campus recruitment and career fairs at 9 universities, and the information sessions are expected to be attended by 900.</li> </ul>                                 | <ul style="list-style-type: none"> <li>TCB to organize campus recruitment and career fairs at 9 universities every year, and the total number of participants in information sessions to stay at 900 or more.</li> </ul> |
|  | <ul style="list-style-type: none"> <li>TCB to train 30 managers every year.</li> </ul>  | <ul style="list-style-type: none"> <li>TCB organized "Training Seminars for New Managers" to help new managers to improve their management skills and industry knowledge. A total of 52 individuals completed the seminars.</li> </ul> |  | <ul style="list-style-type: none"> <li>TCB to provide "Training Seminars for New Managers" to help managers" improve their management skills and industry knowledge. The seminars expect to train 35 managers.</li> </ul> | <ul style="list-style-type: none"> <li>TCB to train 35 managers or more every year.</li> </ul>   |

N/A indicates that is not applicable.



# Performance of COVID-19 Pandemic Control Measures and Relief Programs

For coping with the COVID-19 pandemic, TCFHC has set up a pandemic response task force 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. Meanwhile, following “sustainable development” as the principle, TCFHC actively supports the government in various financial relief, stimulus, and local investment programs. TCFHC has stepped up the efforts to push for the “Trillion Dollars Based Financial Stimulus Program” which is set to help enterprises speed up investment, assist development of low carbon industry, and facilitate enterprises engaging in international expansion. In addition to encourage employees to spend and inject cash into the local economy, TCB has taken the initiative to act as one of the exchange banks to cash “Quintuple Consumption Vouchers”, an economic stimulus measure implemented by the Executive Yuan.





## Disease Control Measures



### Plans

- Following the competent authority's disease control measures, TCFHC implemented customer/supplier visit registration system and visitor flow management, advocated facial masks, and enforcing body temperature measurement and alcohol disinfection at entry as well as social distancing. A number of digital financial services are also made available to customers.
- Visitors on business are managed, and body temperature sensors are installed in the offices to monitor temperatures of outsiders.



### Going Virtual

- Large gatherings and close contact are avoided. Large meetings and indoor activities are instead conducted over the phone or by video conferencing.



### Rotations

- Working from offsite/home and working in shifts are implemented to reduce the risk of infection among employees.



### Individual Health Management

- Body temperature monitoring and self-monitoring are enforced daily in the workplace. Quarantine leaves are provided as needed.



### Plans

- The cafeteria and dining area are closed and replaced with packed meal boxes.
- The head office and other offices are cleaned and disinfected more frequently. Alcohol is placed at office entrances for disinfection.



### Healthcare

- Allowances and COVID-19 vaccination leaves are provided for employees to get vaccinated.
- The "Occupational Health and Safety Classroom" publishes regularly disease prevention and other health information.



### Flexible Management


- To reduce the risk of infection during commute while maintaining business as usual, 3 sets of hours are implemented (8:50-17:00, 9:20-17:30, and 9:50-18:00) to mitigate the risk of infection during rush hours.
- Provided extenuating circumstances (e.g. during a pandemic), the company will provide necessary equipment for employees to work from home. The company will also provide an electronic signature system to keep administrative tasks uninterrupted.





## Relief and Stimulus Programs

To mitigate the economic and social impacts of the COVID-19 pandemic, TCB is fulfilling its corporate social responsibility by providing 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 if they are not used to making online applications. This way is expected to divert the flow of customers visiting physical branches, so as to reduce unnecessary contact, shorten waiting time, and ultimately lower the risk of infection. In addition, during the severe epidemic period, mobile banking provides money transfer services using QR codes while interbank transfers are free of charge.

| Recipients   | Relief program <sup>Note</sup>  | As of the end of 2021 total number undertaken (case) | As of the end of 2021 total amount approved (NT\$ billion) |
|--|---|--|--|
| <br>Corporate | Support the ministerial agencies of the government and the central bank in providing financing and relief programs and "SME Loans during COVID-19 Pandemic" | 86,168   | 971.221  |

Note: Statistics are recorded based on 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 to the Ministry of Finance and the Financial Supervisory Commission by TCB.

| Recipients   | Relief program  | As of the end of 2021 total number approved (case) | As of the end of 2021 total amount approved (NT\$ billion) |
|--|---|--|--|
| <br>Individual                         | <ul style="list-style-type: none"> <li>Worker bailout loans</li> </ul> To assist financially disadvantaged laborers during the epidemic, TCB fully supported the Ministry of Labor in handling "Worker Bailout Loans". TCB established online bailout loan sections to reduce the risk of clustering and implement epidemic prevention policies. TCB upholds simple, rapid, and easy loan procedures to quickly allocate loans to the borrower's account in the shortest possible time so they can secure their standard of living and reduce family and social problems. | 131,145  | 13.112   |
|  | <ul style="list-style-type: none"> <li>Bailout loan package</li> </ul>  | 5,567  | 48.833   |
| <br>Extension on credit card payments | Extending credit card payment due dates   | 1,357  | 0.104  |
|  | Total   | 138,069  | 62.049   |

## TCB Supports Relief Programs

Ms. Yang is a single mom with two minor children. She used to work as a masseuse at a beauty parlor. It was a hard work but paid enough to support her family. However, the pandemic shut down the beauty business and Ms. Yang was forced to take an indefinite unpaid leave. She suddenly lost most of her income but the bills didn't stop coming. The family was struggling and the relationships became strained. Ms. Yang even thought about taking her own life.

One day quite by chance, Ms. Yang found out TCB was working with the government in offering worker relief loans. Application was easy and the money could be used to pay for everyday expenses for a short while. However, as she was not enrolled in the Labor Insurance and had difficulty obtaining proof of income, Ms. Yang was having trouble meeting the criteria for a loan. The staff and manager at the branch knew about her difficulty and decided to follow the quick and easy rule and help her complete the review process and obtain needed funds.

With the money, Ms. Yang was able to start looking for a new job without having to worry about the next meal. She slowly got her life back on track and recovered her passion for life.



## Recognition from External Parties

TCB takes advantage of its domestic network of branches, which is the largest in the country, and unites all departments in working together to provide financial support. The quick and easy rule is observed when processing relief loans provided by the government or the bank itself. The goal is to help customers get through the difficult time. These efforts have been recognized by the Financial Supervisory Commission who names TCB the winner of nine awards (7 First Places and 2 Second Places) under the "Rewards for Encouraging Local Banks Expediting Relief and Stimulus Loan Program" (Phase 2), which has 13 awards.



|  |  |   |
|--|--|---|
| <p>No. 2</p> <p>Phase 1 Amount category, government sponsored relief loans</p> <p>Phase 2 Amount category, the ratio of TCB's sponsored relief loan to the total credit balance.</p> <p>Phase 2 Efficiency category, extension on existing government sponsored relief loans</p> | <p>No. 1</p> <p>Phase 1 Efficiency category, new government sponsored relief loans</p> <p>Phase 2 Amount category, government sponsored relief loans</p> <p>Phase 2 Amount category, TCB sponsored relief loans</p> <p>Phase 2 Number category, government sponsored relief loans</p> <p>Phase 2 Number category, TCB sponsored relief loans</p> <p>Phase 2 Efficiency category, extension on existing TCB sponsored relief loans</p> <p>Phase 2 Efficiency category, extension on new government sponsored relief loans</p> <p>Phase 2 Efficiency category, government sponsored stimulus loans</p> | <p>No. 3</p> <p>Phase 1 Number category, TCB sponsored relief loans</p> |
|--|--|---|

# Corporate Governance

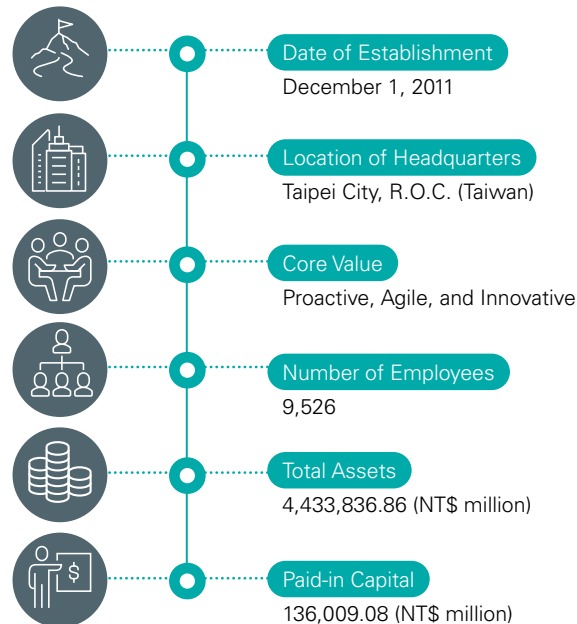
Corporate governance is the first step to corporate sustainability and a key benchmark for measuring sustainable development. Sound corporate governance should be embodied by the Board of Directors and the management achieving business goals and facilitating business management by means aligned with the best interest of the company and its shareholders while providing effective oversight and encouraging the company to utilize resources and become more efficient, thereby improving competitiveness of the company and wellbeing of the population as a whole.



## 1.1 About TCFHC

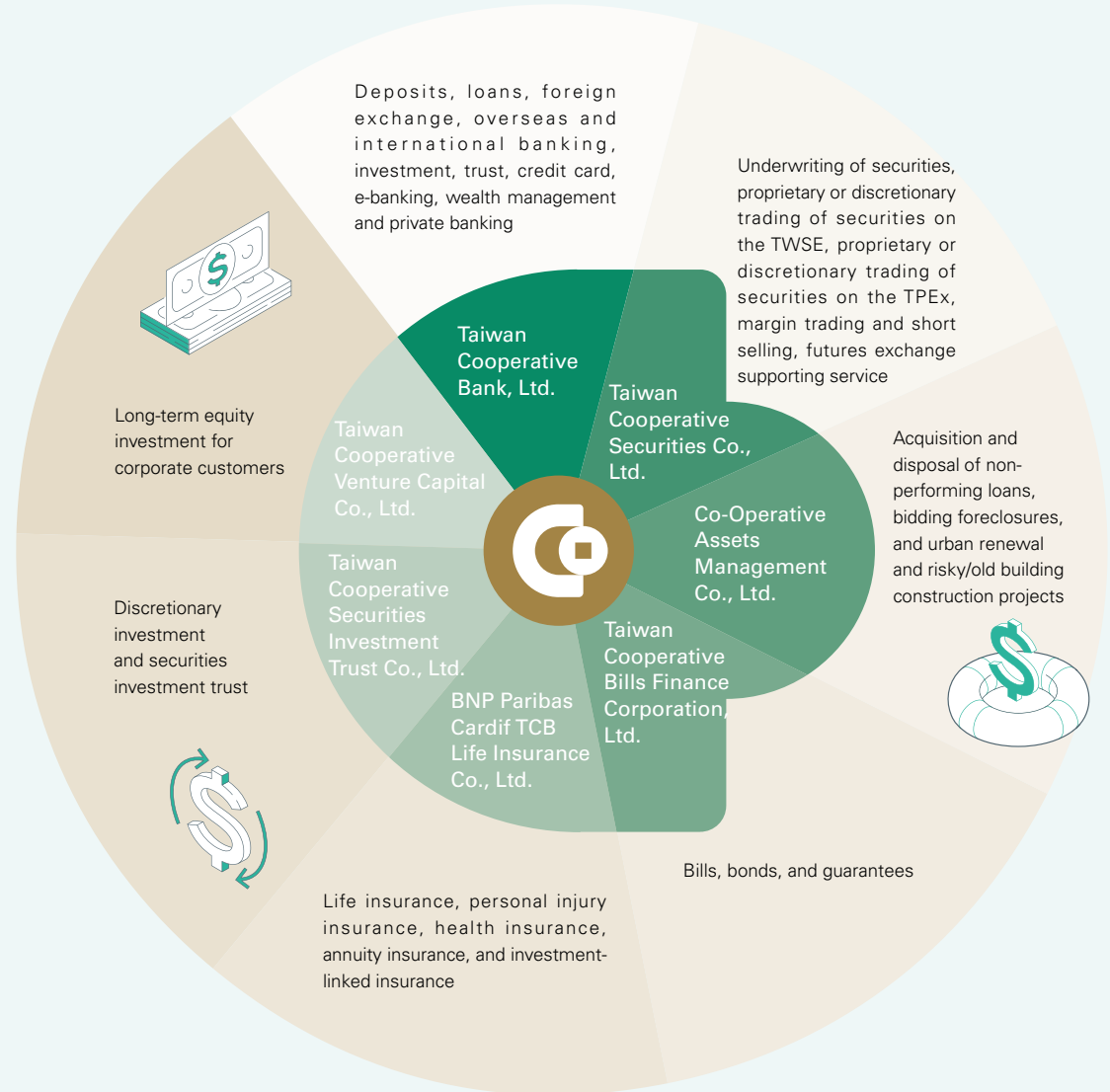
Taiwan Cooperative Financial Holding Co., Ltd. (hereinafter referred to as the “Company” or “TCFHC”) was established on December 1, 2011. The Company currently owns 7 subsidiaries which are Taiwan Cooperative Bank (TCB), Taiwan Cooperative Securities (TCS), Co-Operative Asset Management (CAM), Taiwan Cooperative Bills Finance Corporation (TCBF), BNP Paribas Cardif TCB Life Insurance (BNP TCB Life), Taiwan Cooperative Securities Investment Trust (TCSIT), and Taiwan Cooperative Venture Capital (TCVC). TCFHC is a financial holding group with financial expertise spanning across a broad range of areas, including banking, insurance, securities, bills, investment trust, assets management, and venture capital investment. With TCB being the core business, which has grown through different phases since being restructured as Taiwan Provincial Government’s Co-operative Bank from Taiwan Cooperative Industrial Bank in October 1946, TCFHC has inherited the mission of facilitating development of national economic infrastructure and providing financial assistances to local cooperatives as well as farmers’ and fishermen’s associations. TCB underwent privatization and the merger with Farmers Bank of China during this period. It also started building 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.

### Basic Information



(As of December 31, 2021)

### Scope of Business



## Business Locations








## Business Strategies and Profitability

In response to changes in the financial environment and trends in digital technologies, the Company is giving full attention to driving digital transition, adopting the digital mindset at a faster pace, exploring new business growth drivers, and optimizing the customer service experience. TCFHC follows “a global network, regional management, and local relationships” in developing its international expansion strategy, and takes steps to strengthen and extend its business reach. Going forward, the Company will continue to 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.

As the global economy started recovering in 2021, many uncertainties, including the pandemic, remain. TCFHC continues to pursue growth on a solid business foundation. Meanwhile, all 7 subsidiaries showed growth compared to 2020, and 5 of them reported their highest profits ever. Going forward, TCFHC will keep exploring different profit drivers, enhance the group's business performance, and work with shareholders, employees, and customers to create sustainable value.

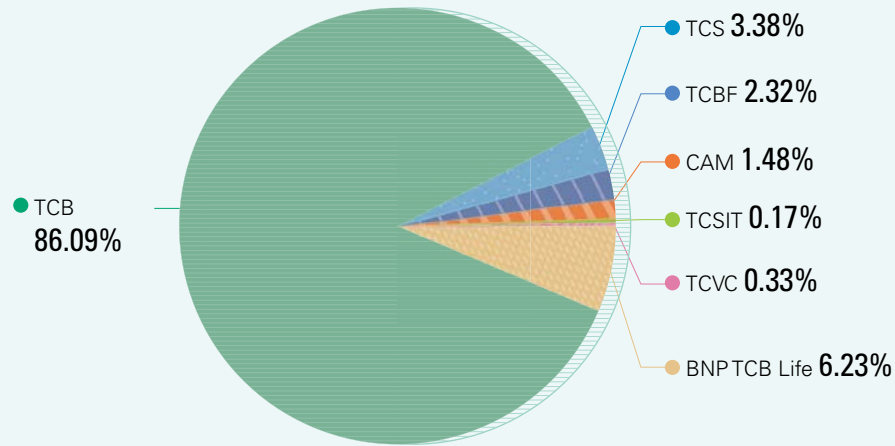
|   |   | 2019       | 2020       | 2021       |
|---|---|------------|------------|------------|
| <br>Business Operations Overview | Total assets (NT\$ million)                           | 3,739,488  | 4,147,041  | 4,433,836  |
|   | Total liabilities (NT\$ million)                      | 3,512,581  | 3,909,359  | 4,190,958  |
|   | Equity (NT\$ million)                                 | 226,907    | 237,682    | 242,878    |
|   | Net worth per share (NT\$)                            | 17.10      | 17.33      | 17.37      |
|   | Net income (NT\$ million)                             | 17,612     | 17,135     | 21,212     |
|   | Average revenue per employee (NT\$ thousand)          | 5,206      | 5,434      | 5,668      |
|   | Average profit per employee (NT\$ thousand)           | 1,868      | 1,799      | 2,210      |
|   | Expense on employee welfare (NT\$ thousand)           | 16,787,527 | 16,573,977 | 18,236,308 |
| <br>Profitability              | Return on assets (% , after tax)                      | 0.49       | 0.43       | 0.49       |
|   | Return on equity (% , after tax)                      | 8.02       | 7.38       | 8.83       |
|   | Net income ratio (%)                                  | 35.87      | 33.10      | 38.98      |
|   | After-tax earnings per share <sup>Note 1</sup> (NT\$) | 1.27       | 1.22       | 1.51       |
| <br>Dividend/Tax/Donation      | Cash dividend per share (NT\$)                        | 0.85       | 0.85       | 1.00       |
|   | Stock dividend per share (NT\$)                       | 0.30       | 0.20       | 0.30       |
|   | Income tax paid in the current period (NT\$ thousand) | 2,321,724  | 4,566,278  | 2,559,366  |
|   | Donation (NT\$ thousand)                              | 285,829    | 332,966    | 347,695    |

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

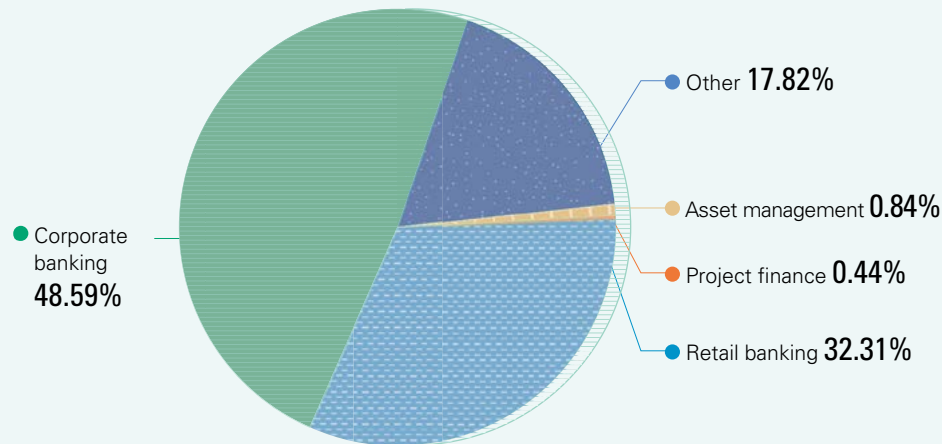
Note 2: The financial information from the table above is excerpted from the 2021 consolidated financial statement of the Company and its subsidiaries.



### Profitability Portfolio by Subsidiary in 2021



### Income Percentage by Business Category



## Tax Governance

### • Tax Governance Policy

TCFHC is an honest taxpayer that fulfills its corporate social responsibility. In response to the growing prevalence of tax governance worldwide, TCFHC has implemented the "Tax Governance Policy" and the "Transfer Pricing Policy" to establish the Company's corporate tax culture and govern and manage tax affairs. 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 subsidiaries implement corporate governance and file and pay taxes honestly in compliance with local regulations and spirit of the law applicable to domestic and overseas offices. TCFHC and subsidiaries also save taxes as is reasonable by taking advantage of tax incentives offered by the governments.

TCFHC and subsidiaries do not adopt anti-tax avoidance business practices. TCFHC and subsidiaries 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 it is 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 handling tax governance are familiar with tax laws, the Group's 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 disclosure of tax information is based on the tax information in 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

We actively communicate tax issues with stakeholders through various channels. We support a better tax environment and strengthened social trust by actually participating in tax initiatives. We take the initiative to engage with tax authorities in discussing ambiguities in the applicability of regulations to routine operations. We also cooperate with auditors.

### Tax Information by Region in 2021

(Unit: NT\$ million)

| Region              | Revenue | Profit (loss) before Tax | Income Tax Accrued (current year) | Income Tax Paid |
|---------------------|---------|--------------------------|-----------------------------------|-----------------|
| Taiwan              | 49,986  | 21,971                   | 2,629                             | 1,761           |
| China and Hong Kong | 1,589   | 209                      | 176                               | 400             |
| Other regions       | 2,838   | 2,249                    | 412                               | 398             |

### Effective Tax Rate and Industry Average in 2020 and 2021

|   | 2020  | 2021  | 2021 Adjusted | Industry Average |
|---|-------|-------|---------------|------------------|
| Book effective tax rate (%) <sup>Note 1</sup> | 13.56 | 13.17 | 20.57         | 20.90            |
| Cash effective tax rate (%) <sup>Note 2</sup> | 23.04 | 10.48 | 17.87         | 21.28            |

Note 1: Book effective tax rate (%) = Income tax expense/pre-tax profit

Note 2: Cash effective tax rate (%) = Income tax paid/pre-tax profit

Note 3: The book effective tax rate is below 20% due to the primary revenue (90% or higher) coming from one single low tax rate region, and certain types of income (e.g. income from trading securities) are tax exempt under the tax laws of the Republic of China, which is why the tax rate is lower than the domestic statutory tax rate.

Note 4: The cash effective tax rate in 2021 is lower than the rate in 2020 due to the income tax being filed and paid in the following year. Profit in 2020 was lower than the profit in 2019, leading to a lower income tax being paid for 2021 compared to 2020.

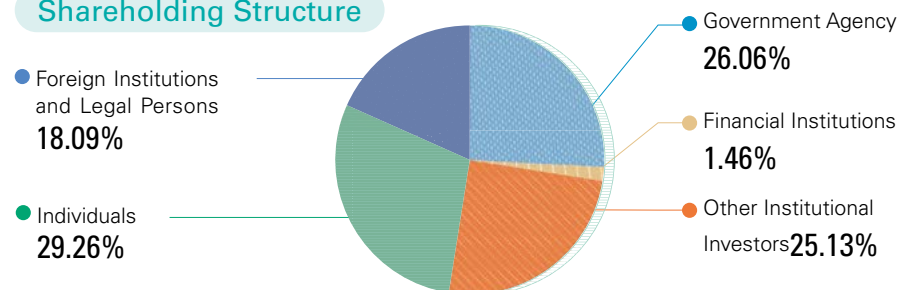
(Unit: NT\$ thousand)

| Item                                     | Book Effective Tax Rate |            | Cash Effective Tax Rate |            |
|--|-------------------------|------------|-------------------------|------------|
|  | 2020                    | 2021       | 2020                    | 2021       |
| Pre-tax profit                           | 19,822,697              | 24,428,522 | 19,822,697              | 24,428,522 |
| Unadjusted income tax expense/taxes paid | 2,687,706               | 3,216,792  | 4,566,278               | 2,559,366  |
| Deductions                               | 1,695,907               | 1,807,037  | 1,695,907               | 1,807,037  |
| Adjusted income tax expense/taxes paid   | 4,383,613               | 5,023,829  | 6,262,185               | 4,366,403  |
| Unadjusted effective tax rate (%)        | 13.56                   | 13.17      | 23.04                   | 10.48      |
| Adjusted effective tax rate (%)          | 22.11                   | 20.57      | 31.59                   | 17.87      |

## 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. Of major shareholders of TCFHC, Ministry of Finance is the largest one in terms of the number of shares held (holding 26.06% of TCFHC shares). With a stable shareholders' structure, other major shareholders include a list of domestic and international enterprises and institutional investors such as Chunghwa Post Company, Taiwan Tobacco and Liquor Corporation, National Farmers' Association, R.O.C. The Company convenes General Shareholders' Meetings annually around the mid-year to report our business overview and discuss matters relating to financial statements, earnings distribution, and regulatory amendments.

### Shareholding Structure



(As of the book closure date on April 19, 2022)

## Participation in Societies and Associations

TCFHC conducts only 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 and the Trust Association of R.O.C. and Asian Bankers Association. TCFHC hopes to extend its influence in the industry through communication and cooperation and build up sustainable competitive advantages. In 2021, TCFHC and subsidiaries spent a total of NT\$320.15 million on participation in associations focused on industry communication and development. In particular, TCFHC donated NT\$305.77 million to the Small and Medium Enterprise Credit Guarantee Fund (SMEG).

### Role in External Association

Director/Supervisor 13



Member 43

### Key Issues

| Key issues   | Association  | Activities   | 2021 Expenditure |
|--|--|--|------------------|
| <ul style="list-style-type: none"> <li>Business Performance</li> <li>Financial Inclusion</li> <li>Protection of Customer Rights and Improve Customer Satisfaction</li> </ul> | Small and Medium Enterprise Credit Guarantee Fund (SMEG) | Assisted SMEs in obtaining financing by providing credit guarantees through SMEG and supported healthy development of SMEs, which in turn contributed to economic growth and social stability in Taiwan. | NT\$305,777,867  |
| <ul style="list-style-type: none"> <li>Business Performance</li> <li>Financial Inclusion</li> <li>Protection of Customer Rights and Improve Customer Satisfaction</li> </ul> | Bankers Association of the Republic of China             | Assisted the government in promoting financial policies, facilitating economic growth, coordinating peer relationships in the industry, and contributing to common interests with peers.                 | NT\$3,663,385    |

## Credit Rating

According to credit rating reports released by domestic and foreign credit rating agencies, TCFHC and rated subsidiaries demonstrate strong corporate values, a diverse customer base, adequate financial structures and risk management, and sound asset quality. 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.

### Taiwan Cooperative Financial Holding Co., Ltd.

| Rating Agency     | Long-term Credit Rating | Short-term Credit Rating | Rating Outlook |
|-------------------|-------------------------|--------------------------|----------------|
| Standard & Poor's | BBB                     | A-2                      | Stable         |
| Taiwan Ratings    | twAA-                   | twA-1+                   | Stable         |

### Taiwan Cooperative Bank, Ltd.

| Rating Agency     | Long-term Credit Rating | Short-term Credit Rating | Rating Outlook |
|-------------------|-------------------------|--------------------------|----------------|
| Standard & Poor's | A+                      | A-1                      | Stable         |
| Taiwan Ratings    | twAAA                   | twA-1+                   | Stable         |

### Taiwan Cooperative Securities Co., Ltd.

| Rating Agency  | Long-term Credit Rating | Short-term Credit Rating | Rating Outlook |
|----------------|-------------------------|--------------------------|----------------|
| Taiwan Ratings | twAA-                   | twA-1+                   | Stable         |

### Co-Operative Assets Management Co., Ltd.

| Rating Agency  | Long-term Credit Rating | Short-term Credit Rating | Rating Outlook |
|----------------|-------------------------|--------------------------|----------------|
| Taiwan Ratings | twA+                    | twA-1                    | Stable         |

### Taiwan Cooperative Bills Finance Corporation, Ltd.

| Rating Agency | Long-term Credit Rating | Short-term Credit Rating | Rating Outlook |
|---------------|-------------------------|--------------------------|----------------|
| Fitch Ratings | AA+(twN)                | F1+(twN)                 | Stable         |

### BNP Paribas Cardif TCB Life Insurance Co., Ltd.

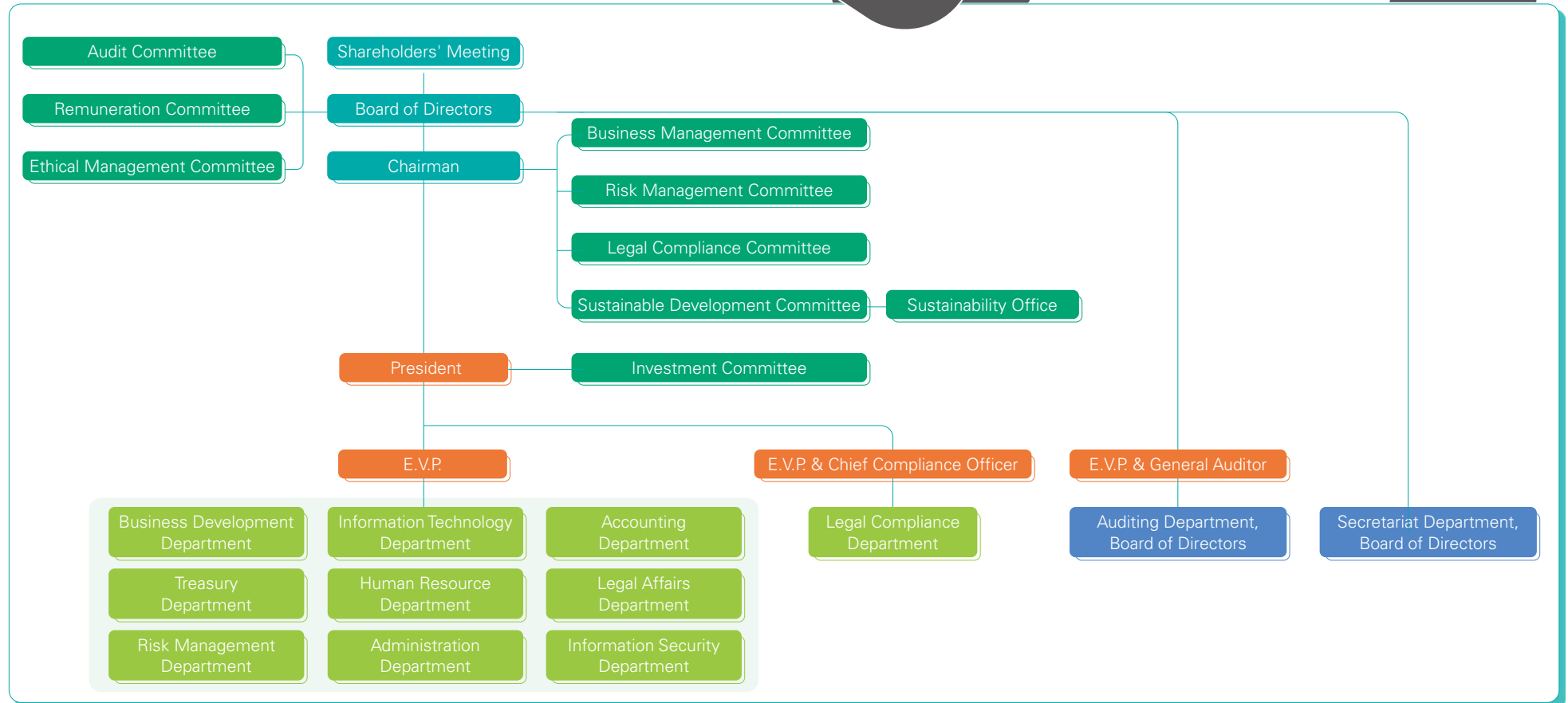
| Rating Agency  | Long-term Credit Rating | Short-term Credit Rating | Rating Outlook |
|----------------|-------------------------|--------------------------|----------------|
| Taiwan Ratings | twAA-                   | --                       | Stable         |

## 1.2 Corporate Governance

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.



### Corporate Governance Framework



## Board of Directors

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.

The Board of Directors have 15 directors, consisting of 1 executive director, 4 independent directors, and 10 non-executive directors. The Board is diverse in gender with 12 males (80%) and 3 females (20%) and in industry experience with 85.7% of the directors having work experience in GICS industries. (CHEN, Mei-tsu is an executive director and therefore not included in the denominator or numerator.)

In 2021, 12 Board meetings and 3 special Board meetings were held. The average attendance rate was 91.56%. The average term of the members of the current Board of Directors is 4.38 years .

### Diversity of the 4<sup>th</sup> Board of Directors

| Area of Diversity    | Basic Composition              | Industry Experience |       |     | Professional Background and Skills |         |           |            |     |            |         |       |           | GICS Work Experience |                              |
|----------------------|--------------------------------|---------------------|-------|-----|------------------------------------|---------|-----------|------------|-----|------------|---------|-------|-----------|----------------------|------------------------------|
|                      |                                | Gender              | Age   |     |                                    | Banking | Insurance | Securities | Law | Accounting | Finance | Taxes | Marketing |                      | Information Technology       |
|                      |                                | <50                 | 50-60 | ≥61 |                                    |         |           |            |     |            |         |       |           |                      |                              |
| Director             | Paul C. D. Lei                 | Male                |       | ○   | ○                                  | ○       |           |            |     | ○          |         |       |           | ○                    | Financials                   |
| Director             | CHEN, Mei-tsu                  | Female              | ○     |     | ○                                  |         |           |            |     | ○          |         | ○     |           | ○                    | Financials                   |
| Director             | DEN, Yen-dar                   | Male                | ○     |     | ○                                  |         |           |            |     | ○          |         |       |           | ○                    | Financials                   |
| Director             | CHIANG, Jui-tang               | Male                |       | ○   | ○                                  | ○       |           | ○          |     |            |         |       |           | ○                    | Financials                   |
| Director             | CHOU, Hui-mei                  | Female              | ○     |     | ○                                  | ○       |           |            |     | ○          |         |       |           |                      | Financials                   |
| Director             | HSU, Kuo-lang                  | Male                | ○     |     | ○                                  |         |           |            |     | ○          |         | ○     |           |                      | Financials                   |
| Director             | MAI, Shen-gang                 | Male                |       | ○   | ○                                  |         |           |            |     | ○          |         |       |           |                      | Financials                   |
| Director             | YANG, Dong-liang               | Male                |       | ○   |                                    |         |           |            |     |            |         | ○     |           |                      | Financials, Consumer staples |
| Director             | CHUNG, Chih-hsi                | Male                |       | ○   | ○                                  |         |           |            |     | ○          |         |       |           |                      | Financials                   |
| Director             | FU, Cheng-hua                  | Male                |       | ○   | ○                                  |         |           |            |     | ○          |         |       |           |                      | Financials                   |
| Director             | CHEN, Jong-rong                | Male                |       |     | ○                                  |         |           |            |     | ○          |         |       |           |                      | Financials                   |
| Independent Director | LIN, Hsuan-chu <sup>Note</sup> | Male                | ○     |     |                                    |         |           |            |     | ○          | ○       |       |           | ○                    | Financials                   |
| Independent Director | Arthur Shay <sup>Note</sup>    | Male                |       | ○   |                                    |         |           | ○          |     |            |         |       | ○         |                      | Communication services       |
| Independent Director | CHANG, Min-chu <sup>Note</sup> | Female              |       | ○   |                                    |         |           | ○          |     |            |         |       |           |                      | --                           |
| Independent Director | LIN, Hann-chyi <sup>Note</sup> | Male                |       |     | ○                                  | ○       |           |            |     | ○          |         |       |           |                      | Financials                   |

Note: The independent directors of TCFHC comply with Article 3 of the “Regulations Governing Appointment of Independent Directors” and meet the following requirements.

1. Have not been employed as an executive by the company in the last five years.
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 parent company and subsidiaries in the last three years.
3. The members of the director's family shall not have been an executive officer of the company or any of its parent company and subsidiaries in the last three years.
4. Not an advisor to the company, not a related party of the company's consulting firm, and not a member of the company's 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 in the last three years.
9. Not involved with any other matters with conflict of interest as deemed by the Board of Directors.

## • Functional Committees

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

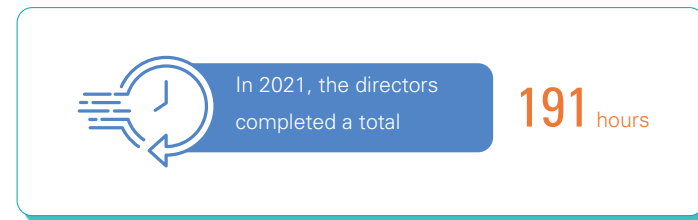
### Responsibilities and Operations of TCFHC's Functional Committees

|                         | Remuneration Committee   | Audit Committee   | Ethical Management Committee   |
|-------------------------|--|---|--|
| <b>Composition</b>      | <ul style="list-style-type: none"> <li>The committee shall consist of 3 or more members, and 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 from one of these independent directors as the convener.</li> </ul> | <ul style="list-style-type: none"> <li>The independent directors make up the entire committee, with at least one member possessing either accounting or finance expertise.</li> </ul>   | <ul style="list-style-type: none"> <li>The independent directors make up the entire committee. The number of members cannot be below 3, and the members will elect 1 person from among themselves to be the convener.</li> </ul>   |
| <b>Responsibilities</b> | <ul style="list-style-type: none"> <li>To establish and regularly review the performance of the directors and managers, as well as the remuneration policies, systems, standards, and structures.</li> </ul>   | <ul style="list-style-type: none"> <li>To review and audit the company's financial statements, independence, performance, and appointment and discharge of CPAs, effective implementation of internal control, compliance of the company with relevant laws and regulations, and to manage and control existing or potential risks in the company.</li> </ul> | <ul style="list-style-type: none"> <li>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.</li> </ul> |
| <b>Operations</b>       | <ul style="list-style-type: none"> <li>Meeting at least twice every year.</li> <li>In 2021, 7 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 2021, 12 meetings were convened with an in-person attendance rate of 97.92%.</li> </ul>   | <ul style="list-style-type: none"> <li>Meeting at least once every year.</li> <li>In 2021, 2 meetings were convened with an in-person attendance rate of 100%.</li> </ul>  |

## 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 with expectation of reinforcing all of the directors' professional capabilities so as to empower corporate governance in the Company.

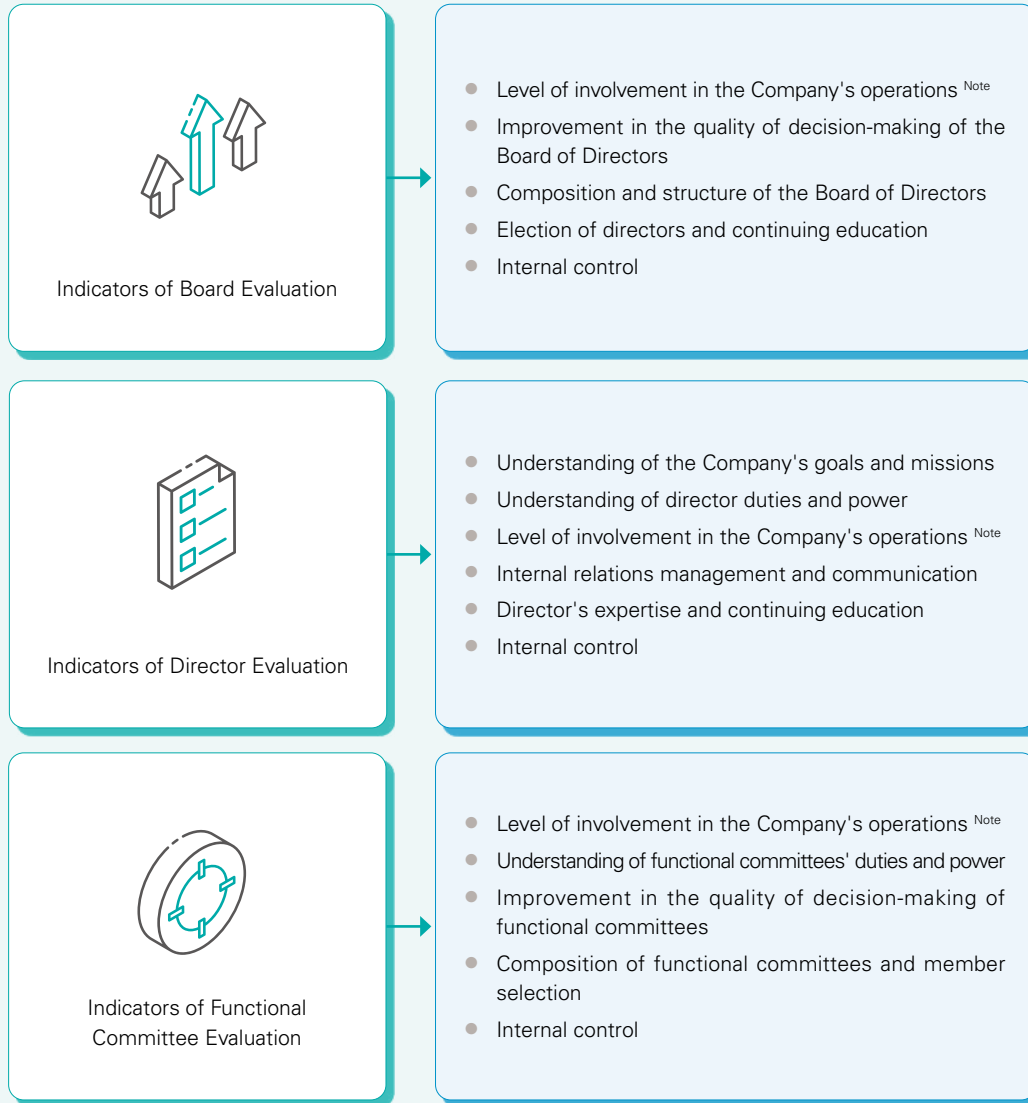
In 2021, the directors completed a total of 191 hours of training encompassing corporate governance, FinTech, information security, anti-money laundering, risk management, and internal auditing. For details of courses that the TCFHC directors have participated, please visit the website of TWSE's Market Observation Post System for inquiry. ([https://mops.twse.com.tw/mops/web/t93sc03\\_1](https://mops.twse.com.tw/mops/web/t93sc03_1))



## Performance Evaluation of Directors

To improve board effectiveness, TCFHC has established "Measures for the Performance Evaluation of the Board of Director". Board performance evaluation shall be carried out by departments involved in meetings of the Board of Directors and functional committees. Internal evaluation shall be performed at least once a year, and external performance evaluation shall be performed by external professional and independent agencies or a team of specialists once every 3 years. 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 evaluation of board performance in 2020. The Company is rated "Advanced" in all 3 aspects of the board, "Structure", "People", and "Process and Information". The scope of internal evaluation for 2021 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 were all "good". More information can be checked on the TCFHC's official website.



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

## 1.3 Ethical Management

To enforce ethical management, TCFHC has the "Ethical Corporate Management Best Practice Principles" and the "Ethical Management Procedures and Code of Conduct" in place to provide direction for the Company's ethical management activities. The ethical management policy and methods are disclosed explicitly in the official website and annual reports and external documents in order to raise awareness and prevent unethical conduct. At least once a year, the Ethical Management Committee reports the status of ethical management in the relevant units and results of investigations regarding tip-off cases.

### Promoting Ethical Management

In order to push ahead with the effective implementation of ethical management, in addition to complying 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 "Ethical Management Procedures and Code of Conduct" by referring to the "Anti-Corruption Act", "Government Procurement Act", and "Act on Recusal of Public Servants Due to Conflicts of Interest". TCFHC expects that a well-planned regulatory framework can help inducing all members and staffs to comply with principles of ethical management and improving the governance mechanism and operational development.

In order to fulfill the commitment to ethical management, TCFHC has the "Declaration on the Compliance of Ethical Management by Directors and Senior Management" in place. The declaration has been signed by 100% of the members of the 4<sup>th</sup> Board of Directors and the executive management team in 2021. Furthermore, 100% of the employees of the Company and TCB signed the Statement of Employee Code of Conduct in 2022. 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 2021 was all reported to the respective Board of Directors in 2022.





## Whistleblowing System

In order to prevent unlawful conduct and ensure the practice of ethical management in the Company, TCFHC established the “Measures for Whistleblowing” in 2018. The Measures for Whistleblowing rules that if any employee with TCFHC 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 Ethical Management Committee through designated email address on the website or internal hotline, then the Auditing Department of the Board of Directors or other designated unit in charge will carry out with the investigation.

All the procedures of investigation and results regarding tip-off cases shall be properly documented and then be submitted to the Ethical Management Committee for reference as well as be reported to the Board of Directors. The identity of the whistleblower shall be kept confidential and neither should there be any damage to the rights and interests of nor any adverse act against the whistleblower. The whistleblower may be rewarded depending on the circumstances of the case. In 2021, there was no such thing as aforementioned being occurring in the TCFHC Group. In 2021, there was a total 4 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.

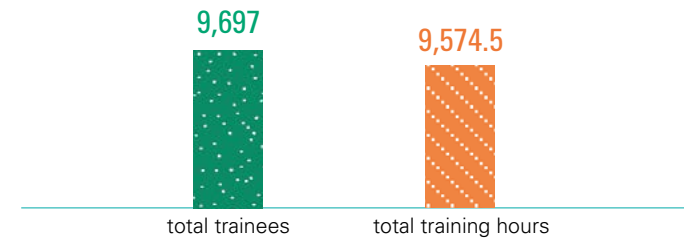


TCFHC's Ethical Management Whistleblowing Channels  
Tip-off Email: 5134@tcfhc.com.tw  
Tip-off Hotline: +886-2-2173-8913

## 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 rate of relevant educational trainings on ethical management conducted in 2021 for all directors, supervisors, senior management and general employees was 100%.



While committed to ethical management, TCFHC also perform ethical management assessments before establishing business relationships with external partners in order to avoid engaging unethical businesses. TCFHC also includes the ethical management policy in its business contracts as part of the effort to uphold ethical management.

## Enforcement of Ethical Management

In 2021 there was not any TCFHC subsidiary violating the principle of ethical management or making any flaw with significant impact. Neither did any of TCFHC subsidiaries 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. Number and value of relevant lawsuit are both 0.

## 1.4 Risk Management and Audit System

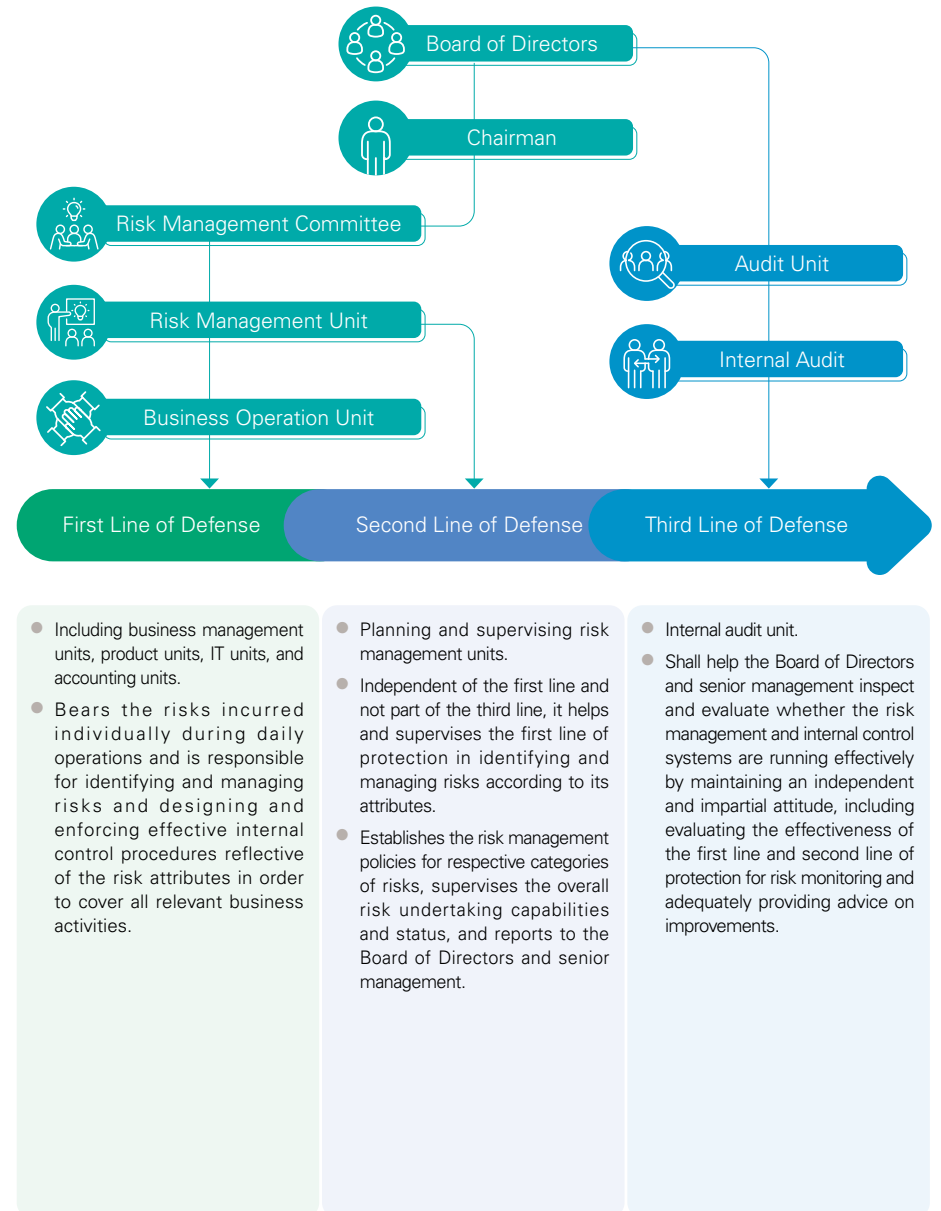
In order to better risk management through the effective implementation of internal audit, TCFHC has formulated the "Principles of Audit" and follows the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" to formulate the "Risk Management 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 Board of Directors is the highest governing body and the ultimate decision-maker in the Group's risk management framework, and the "Risk Management Committee" is composed of the Chairman, President, Executive Vice Presidents, Department Heads, and Presidents of all subsidiaries. The Company has also planned and constructed a risk management organizational structure to link the risk management units (second line of defense) and business units (first line of defense) of the Company and subsidiaries according to the three lines of protection in the internal control system.

The aforesaid Risk Management Committee meets on a quarterly basis. TCFHC and its subsidiaries present reports for the current period on overview of risk management, changes in capital adequacy, response to major irregularities, exposure analysis of key monitored subjects and industries, and progress followup on actions to be taken as decided in meeting minutes. Review results will be submitted to the Board of Directors.



## Major Risk and Emerging Risk Management

### Major Risks

The major risks that the TCFHC Group has been monitoring include credit risk, market risk, operational risk, and liquidity risk, which are managed by looking into authorization mechanism, 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. The Group had a capital adequacy ratio of 124.72% at the end of December 2021, which was consistent with the Board approved target (110.25%).

### Emerging Risks

| Emerging Risks  | Risk Description   | Potential Impacts on Business   | Response Measures   |
|---|--|---|---|
| Large-scale epidemic outbreaks                          | <ul style="list-style-type: none"> <li>Fast, large-scale epidemic outbreaks of microorganisms or viruses cause infectious diseases that are difficult to control and lead to pandemics as well as loss of life and economic damages.</li> </ul>  | <ul style="list-style-type: none"> <li>While the COVID-19 pandemic continues to create uncertainties, any other large-scale epidemic outbreak that is difficult to manage and leads to a pandemic will cause loss of life and economic damages as well as labor shortage, reduced output and rising costs. All of these factors can have an impact on profitability while causing reduced solvency and increased default risks.</li> </ul>              | <ul style="list-style-type: none"> <li>Borrowers in industries that are relatively sensitive to the effects of large-scale epidemic outbreaks are closely monitored. Remote communication channels with these clients are put in place to keep all parties in touch in order to reduce credit and moral risks.</li> <li>Changes in the global financial market are monitored and positions adjusted according to the latest developments in the pandemic. Key businesses that benefit from the pandemic are identified and studied and investment in these businesses are increased in an attempt to turn risks into opportunities.</li> </ul>  |
| New order in the global economy and international trade | <ul style="list-style-type: none"> <li>As emerging economies become more active participants in global finance and international trade, they are contributing more and more to the growth and diversity of the global economy.</li> <li>Restructuring of supply chains and industries are accelerating development of "local production and the short chain revolution".</li> </ul>  | <ul style="list-style-type: none"> <li>The US-China trade war has created two opposing supply chain systems. Renegotiating trade agreements may increase costs to businesses and raise default risks.</li> <li>Business planning and marketing strategies have to adjust and adapt to changes in global economic trends and momentums.</li> </ul>   | <ul style="list-style-type: none"> <li>Global economic and trade activities are watched closely and industry developments are followed in order to improve risk assessment in loans and ensure disclosed risks are verified and important ambiguities clarified.</li> <li>Marketing proposals are designed to follow the new economy model and explore and combine niche markets in order to steadily increase the percentage of overseas profits.</li> </ul>   |
| Development of digital economy                          | <ul style="list-style-type: none"> <li>The pandemic has highlighted the benefits of digital technologies and accelerated development of remotely controlled production processes. It has also driven businesses to change their business models and start the digital transition.</li> <li>The digital economy grows through investment and trade. It changes financial systems, business models, and value chains.</li> </ul> | <ul style="list-style-type: none"> <li>Other financial institutions combine cross-industry platforms and innovative services through digital technologies. With the deregulation of online banks in Taiwan, the ways by which customers need banking services to be delivered are starting to change.</li> <li>FinTechs or BigTechs are entering into financial services, further eroding the market for traditional financial institutions.</li> </ul> | <ul style="list-style-type: none"> <li>TCB created a "Digital Development Committee" in February 2022. The committee focuses digital banking awareness in the bank and makes it easier to improve the digital user experience on an ongoing basis and create enhanced value for digital banking.</li> <li>Active efforts are made to establish cross-industry alliances. The approach to finding new customers is modified through big data, AI, API interface, and data exchange. The aim is to create a financial ecosystem that provides one-stop online banking services for customers.</li> <li>More transition training is provide to employees in the company and active efforts are made to recruit digital talents in order to expand the digital talent pool and make the Group more digitally informed.</li> </ul> |

## Response to Emergencies

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 task force 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.

## Organization and Functioning of Internal Audit

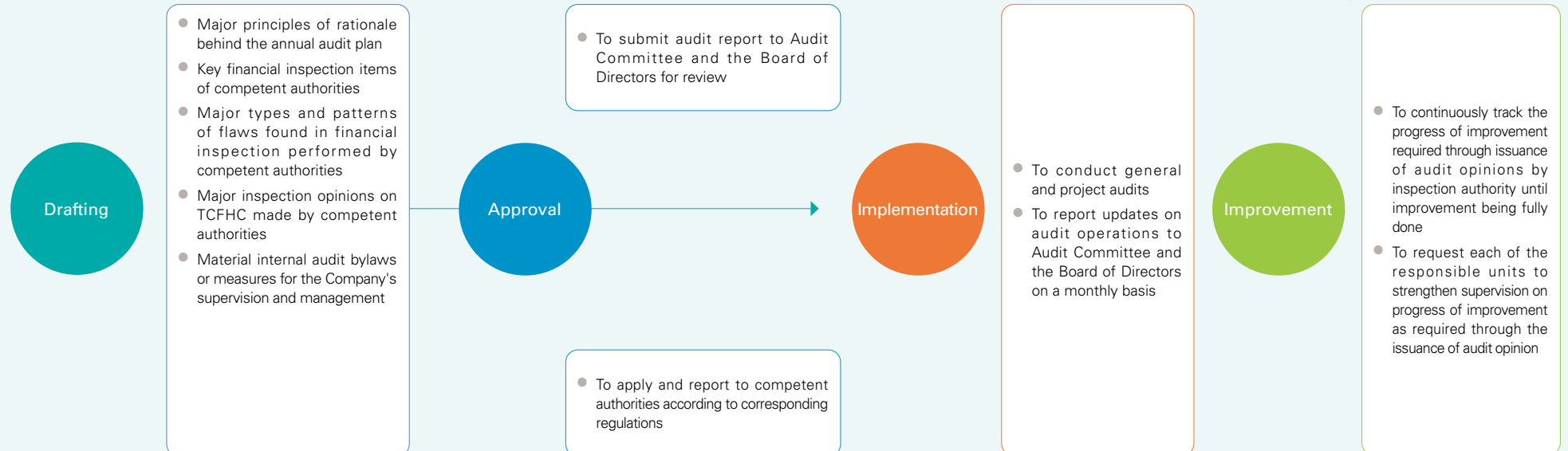
TCFHC has formulated the “Principles of Audit” and established a general auditor system to oversee overall audit operations based on the FSC “Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries”. In addition, the Auditing Department reports to the Board of Directors and performs audits in an impartial manner. It assists the Board of Directors and the management in inspecting and evaluating if

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. Internal audit units continue to follow up on review opinions of or deficiencies identified by financial examination agencies, 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.

In 2021, the Audit Department of TCFHC 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

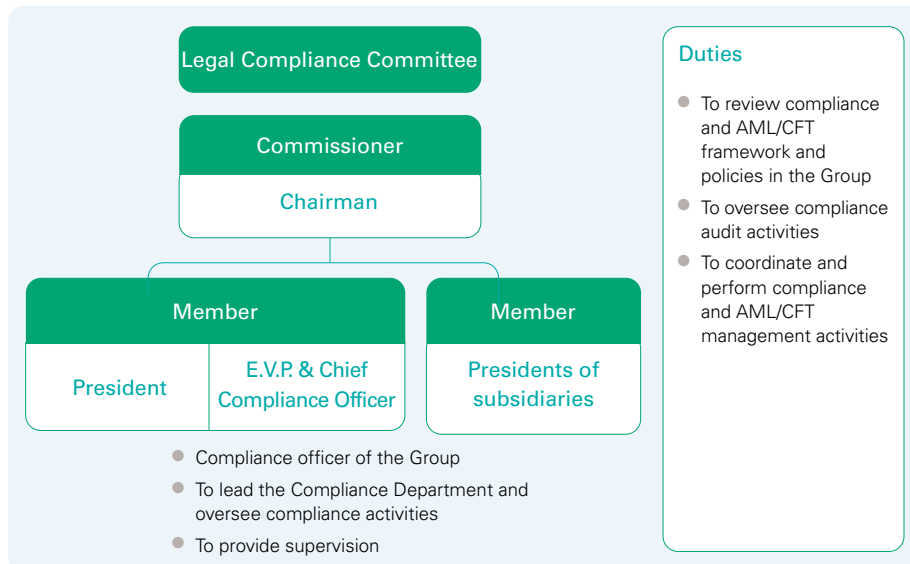


## 1.5 Legal Compliance, Anti-Money Laundering and Counter Terrorism Financing

The compliance system is an important part of internal control and a policy that must be enforced by TCFHC as a financial institution. 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 market changes at any time and supervise its compliance practices and 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

In response to changes in the laws or market conditions, 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 and rules and regulations in order to monitor compliance in the Company.



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. There is a "consistent and real time intercommunications" mechanism set up, 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.

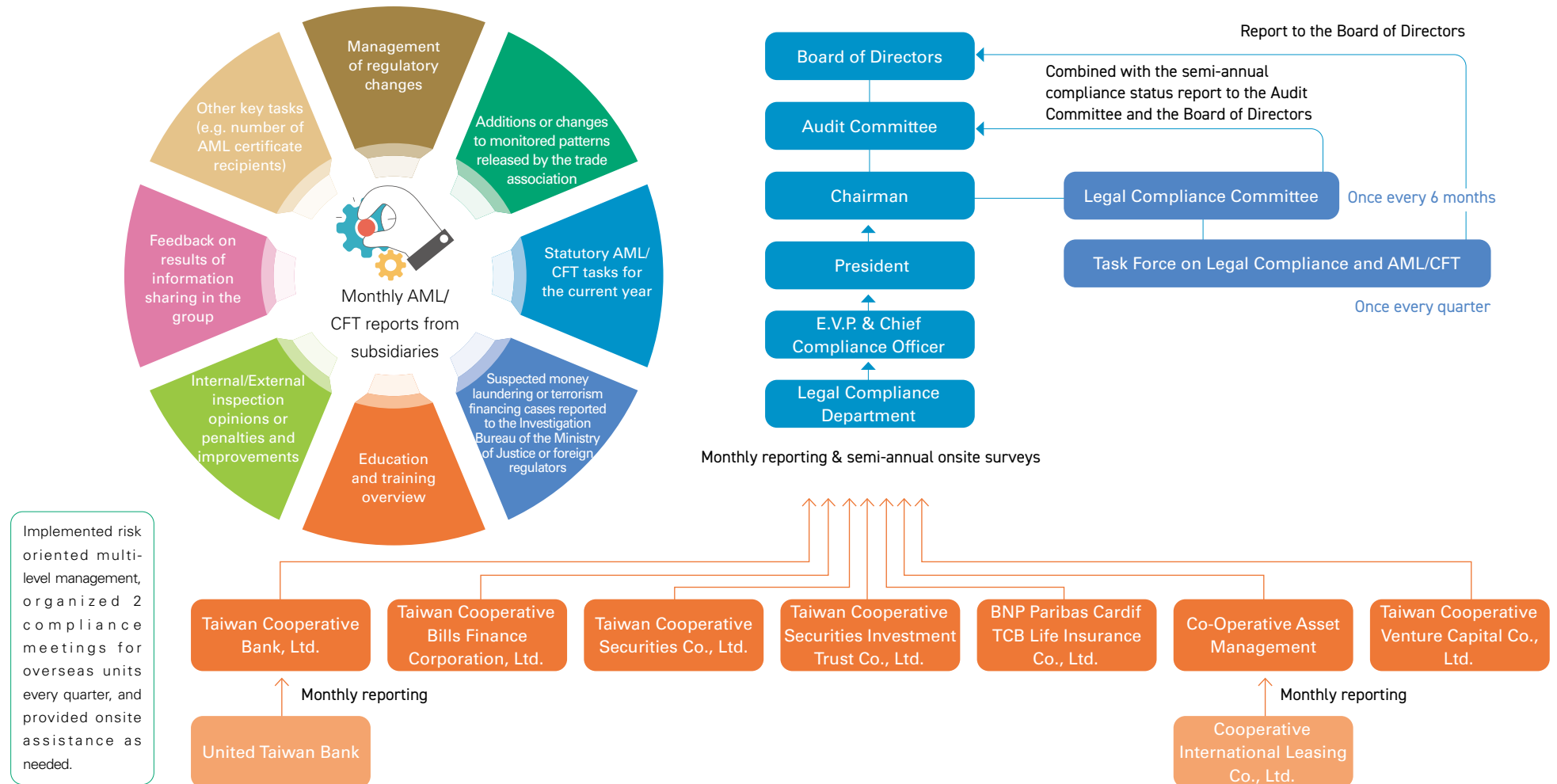
In 2021, TCFHC was not imposed significant fines or non-monetary punishments due to environment, law, or regulations. Yet the remaining punishments as received and related improvements are listed as follows:

### Punishments Imposed on TCFHC and Subsidiaries in 2021 and Corresponding Improvement

| Company  | Applicable Laws  | Reason for Sanction  | Subsequent Improvement   | Fine                          |
|--|--|--|--|-------------------------------|
| Taiwan Cooperative Bank, Ltd.                            | Article 61-1, Paragraph 1 of the Banking Act   | Failure to carefully verify the purpose of funds and the standing of borrowers' parent groups when lending to businesses; and failure to assess the impacts of economic and environmental changes on borrowers.  | The Lending Guidelines are released specifically to establish the processes in response to this shortcoming in order to improve the corporate lending business. In addition, guidelines are put in place for handling loans and to require a full understanding of the guarantor's business and financial standing in order to assess effectively its capacity as a guarantor. | NT\$0 (corrected as required) |
| BNP Paribas Cardif TCB Life Insurance Co., Ltd.          | Article 32, Paragraph 3, Subparagraph 2 of the Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises | Failure to comply with the FSC Letter Jin-Guan-Bao-Cai-Zi No. 10804501250 dated April 3, 2019 and include scope of substantial stakeholders, transactions and patterns, restriction that terms shall not be better than those offered to similar counterparties, approval procedures, and transaction limits in the internal guidelines. | Amendment of the "Guidelines for Stakeholder Transactions Other Than Loans" to include substantial stakeholders in the rules.  | NT\$600,000                   |
| Taiwan Cooperative Securities Investment Trust Co., Ltd. | Article 22, Paragraph 1, Subparagraph 6 of the Regulations Governing Securities Investment Trust Enterprises   | Conducted advertising or other promotional activities for securities investment trust funds that had not been approved by the FSC for offering or had not reached the approved effective date.   | Organized awareness campaigns and training for all personnel and added this error to the compliance self-assessment procedure.   | NT\$0 (corrected as required) |

## Anti-Money Laundering and Counter Terrorism Financing

In order to have anti-money laundering and combat of terrorism financing been properly implemented, TCFHC has formulated “TCFHC and Subsidiaries General Anti-Money Laundering and Counter Terrorism Financing Plan” which clearly specifies identification, evaluation, and management principles of money laundering and terrorism financing risks to comply with. In the meantime, the “Task Force on Legal Compliance, Anti-Money Laundering, and Combat of Terrorism Financing” has been set up with the Chief Compliance Officer to assume the convener, responsible for supervising and coordinating for the execution of tasks on compliance and anti-money laundering and combat of terrorism financing undertaken by different subsidiaries. Update on the operation of the task force is submitted to the TCFHC Board of Directors on a quarterly basis.

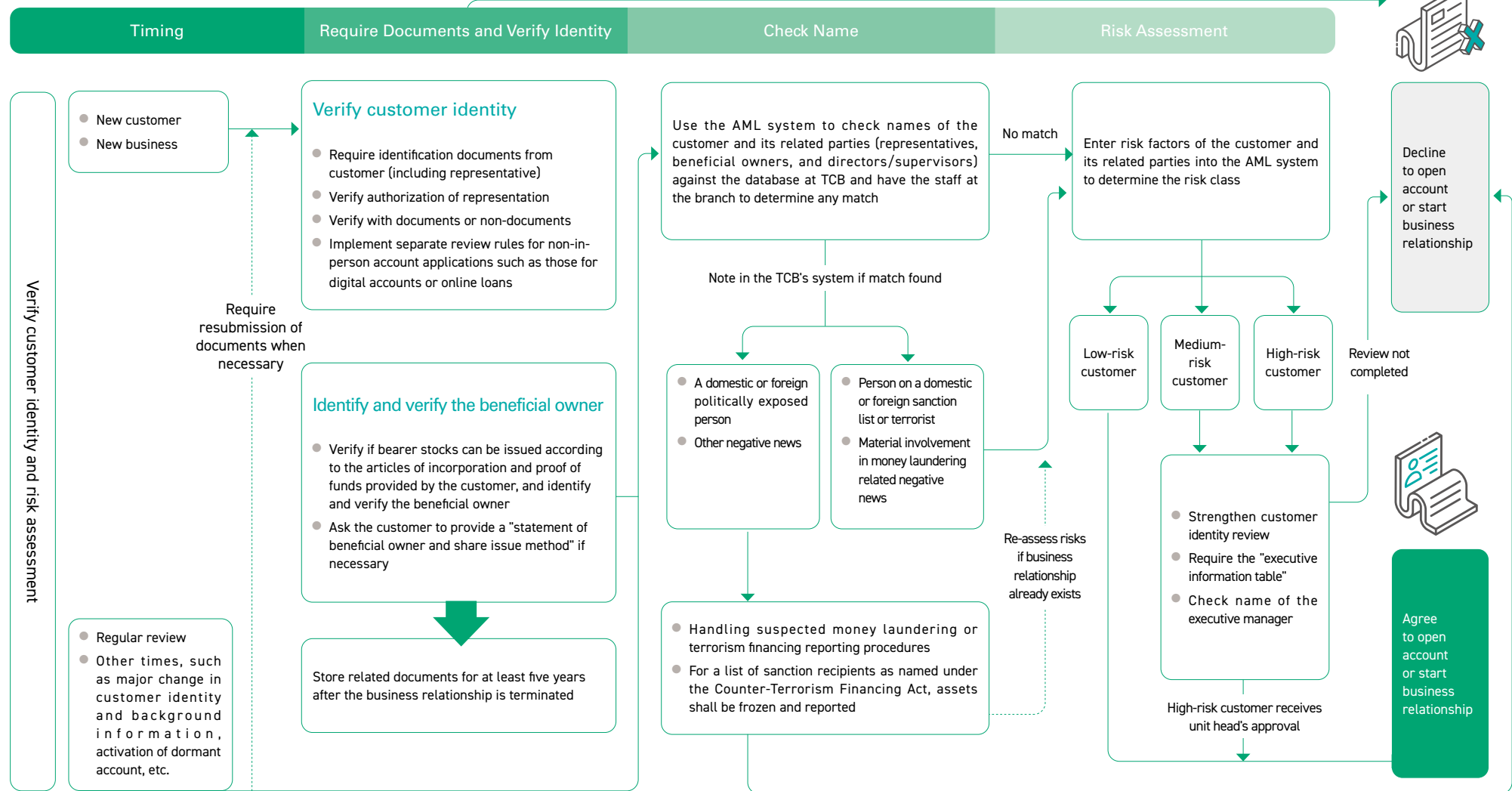




Each subsidiary also works to optimize each of their information system on anti-money laundering and combat of terrorism financing, with which databases are linked and carefully analyzed and monitored to ensure effectiveness of risk control and management on money laundering and terrorism financing. The customer due diligence (CDD) process at TCB is as follows.

### Anti-Money Laundering and Counter Terrorism Financing Flowchart

The customer's identity cannot be verified or reason for decline is present



## Strengthen AML/CFT Capabilities

In order to further increase awareness of regulatory framework on anti-money laundering and combat of terrorism financing among employees, relevant educational trainings that TCFHC Group had organized in 2021, had received a total of 73,115 participants with a total training length of 123,471 hours. Additional education trainings on anti-money laundering and combat of terrorism financing for directors/supervisors, 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) credentials and domestic certification for AML/CTF professionals. As of the end of 2021, 5,541 people, or 59.97%, in the Group had obtained such credentials.

### TCFHC Group's AML/CFT Educational Training Statistics in 2021

|  | 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                                      | 139   | 76      | 19,224  | 6,006   | 0     | 0       | 1,586 | 793     | 0     | 0       | 347          | 231     | 0     | 0       | 0     | 0       |
| Online training by self assessment                                 | 0     | 0       | 7,082   | 9,379   | 0     | 0       | 391   | 391     | 0     | 0       | 347          | 231     | 0     | 0       | 0     | 0       |
| Online group training provided by the compliance/legal departments | 139   | 76      | 33,572  | 25,173  | 0     | 0       | 1,586 | 793     | 0     | 0       | 347          | 231     | 0     | 0       | 0     | 0       |
| Offline training provided by the compliance/legal departments      | 139   | 76      | 9,057   | 1,196   | 672   | 168     | 0     | 0       | 86    | 43      | 347          | 231     | 56    | 56      | 11    | 11      |
| Offline training provided by external experts                      | 0     | 0       | 2,166   | 361     | 108   | 9       | 705   | 37      | 48    | 4       | 84           | 7       | 36    | 3       | 0     | 0       |
| Mandatory annual training courses                                  | 0     | 0       | 42,629  | 26,369  | 108   | 9       | 1,922 | 821     | 134   | 47      | 347          | 231     | 56    | 56      | 0     | 0       |
| Total  | 417   | 228     | 113,730 | 68,484  | 888   | 186     | 6,190 | 2,835   | 268   | 94      | 1,819        | 1,162   | 148   | 115     | 11    | 11      |

123,471 hours in total hours and 73,115 participants



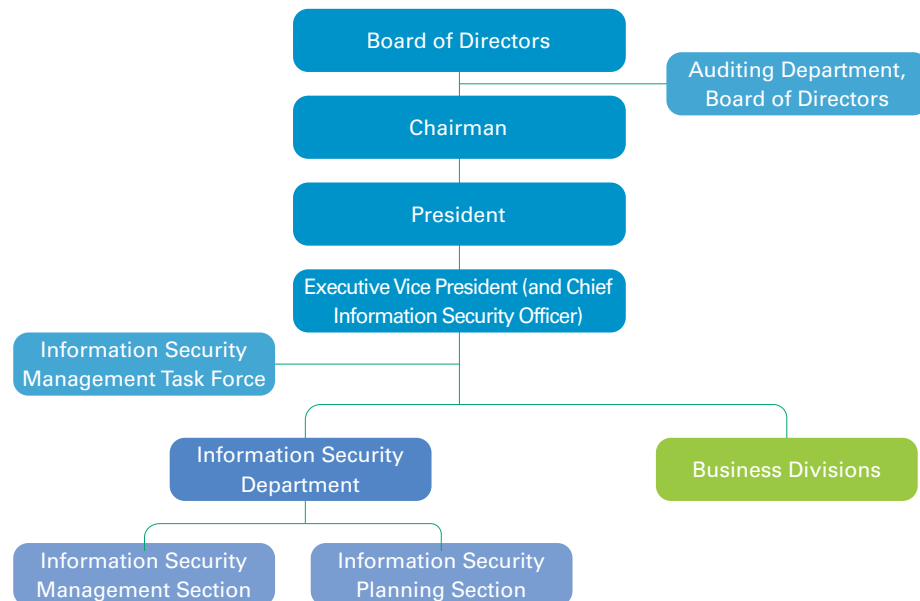
## 1.6 Information Security

Today many things are done online, such as shopping, investing, and socializing. Information security is a part of the everyday life, and ensuring information security is essential to protection of customers' rights and 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", and the "Personal Data Protection Act", to implement information security management policies, install management systems and create task forces in order to enforce information security in the Group. TCFHC 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. TCFHC also refines the protective measures on an ongoing basis.

#### Information Security Risk Management Framework



#### • Executive Vice President (and Chief Information Security Officer):

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

#### • Information Security Management Task Force:

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

#### • Information Security Department:

1. 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.
2. Discuss information security policies, plans, measures, and technical requirements, and study and evaluate security technologies.
3. Devise and implement information security management plans, and regularly evaluate results.
4. Establish official reporting procedures and channels for information security incidents, and implement actions and measures to be taken in response.
5. Discuss security requirements and manage use of data and information systems and protect the systems.

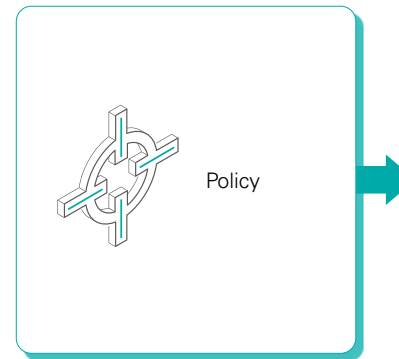


### Information Security Planning Section:

1. Design and manage information security policies and systems.
2. Present annual information security status report and statement.
3. Summarize and comply with information security laws and regulations.
4. Organize information security training courses.
5. Conduct information security evaluation plans for computer systems.

### Information Security Management Section:

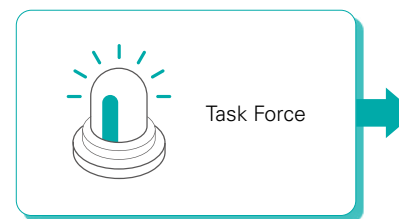
1. Plan, monitor, execute, and inspect information security maintenance procedures.
2. Manage threats and vulnerabilities.
3. Collect, analyze, and process information security data.
4. Manage digital identification.
5. Evaluate information security solutions.



- 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



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



- 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 Risk Assessment and Management

Major information security incidents aimed to attack financial institutions around the world in 2021 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.

Regarding information security risks caused by emerging technologies, TCFHC's subsidiaries implement 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.

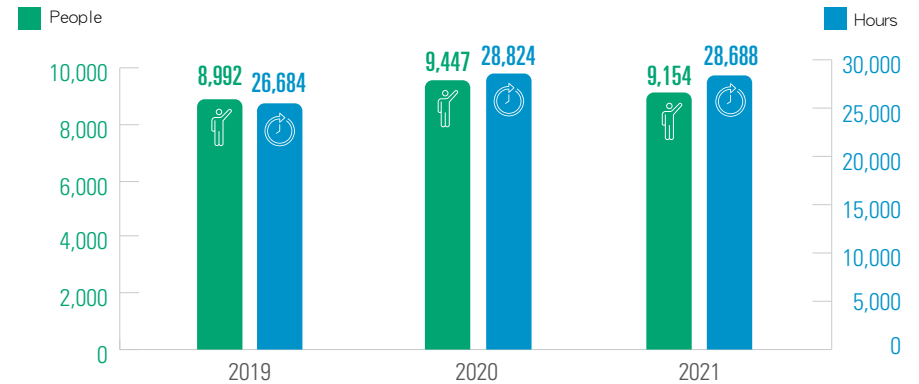
Obtain Information Security Certification

- In 2021, both TCB and BNP TCB Life have again passed certificate of "ISO 27001 - Information Security Management System" issued by British Standard Institute (BSI) for that both 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.

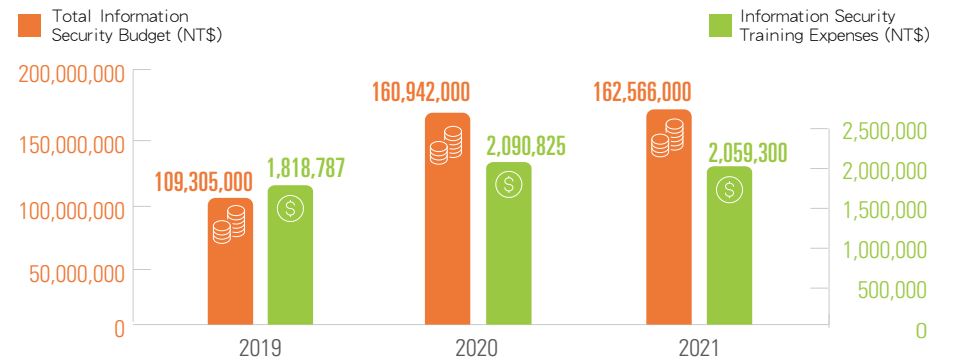
## Information Security Training and Social Engineering Exercises

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 2021. 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 2021.

### 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



## Personal Data Protection Policy and Organizational Structure

Given all financial services provided by the subsidiaries contain a large amount of personal data, for complete personal data protection, TCFHC has the “Personal Information File Security Maintenance Guidelines” and the “Personal Information File Security Audit Mechanisms” in place. In addition, all subsidiaries are equipped with personal data protection management policies or utilization guidelines to govern customer information collection, storage, protection, classification, and utilization. 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 subsidiaries are also equipped with organizations that manage personal data protection. These organizations promote and handle security audits for personal data files as well as risk assessments and self assessments for personal data files. The subsidiaries have internal and external audits performed according to their businesses every year in order to stay updated on their personal data protection practices and make improvements.

## Personal Information Training and Certification

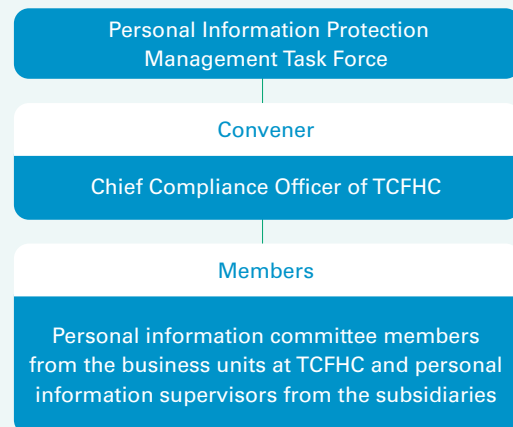
The TCFHC Group regularly organizes personal information protection training. For instance, TCB provided the “personal information incident prevention and emergency response courses”, and BNP TCB Life rolled out “personal information protection courses” on its digital learning platform for raising security and legal awareness on the use of personal information in daily operations. In 2021, the ratio of employee receiving full course of training on personal information protection across the TCFHC Group was 100%.

In 2021, TCB and BNP TCB Life passed the “BS 10012: 2017 Personal Information Management System” certification, and TCS also passed the update verification by Taiwan Personal Information Protection & Administration System (TPIPAS).

## Operation Procedure for Personal Information Security Event

Regarding personal information intrusion incidents, the Group 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 Task Force 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. Furthermore, TCB has the “Employee Rewards and Discipline Guideline” in place. Any employee found leaking business secrets or violating internal regulations will receive matching punishments. In 2021, TCFHC Group encountered no data leakage incidents<sup>Note</sup>, no percentage of data leakage incidents related to personal information and no number of customers affected or violation of personal influence protection.

Note: The scope of data leakage events as defined by TCFHC covers only leakage of personal information of customers that occur when employees use the Internet or email to transmit such personal information.



### Responsibilities of the Task Force:

- Review and supervise personal data protection related incidents.
- Review personal data risk classification and improvement plans.
- Review improvement and preventive measures where a personal data protection self assessment report may violate the law or contain significant errors.
- Present personal data protection work plans.
- Present or review important personal data protection issues at the subsidiaries.
- Report or review other personal data protection activities.



# Sustainable Finance

Facing the risk of global climate change, TCFHC Group actively promotes sustainable finance in compliance with international regulations. TCFHC Group follows the Principles for Responsible Investment (PRI), the Principles for Responsible Banking (PRB), and the Principles for Sustainable Insurance (PSI) and other standards or guidelines and implements sustainable financial policy. TCFHC Group continues to strengthen the link between its ESG strategies and business policies. TCFHC signed the Recommendations of the Task Force on Climate Related Financial Disclosure (TCFD) at the end of 2020. As Taiwan's first financial institution to sign the Equator Principles (EPs) as a financial holding company at the end of March 2022, TCFHC extended the scope of the EPs to include all subsidiaries as part of an active effort to utilize core competencies of a financial institution to work with customers in environmental protection and social care.



## 2.1 Management of Climate Change Risk

The Financial Stability Board (FSB) promulgated the Task Force on Climate-related Financial Disclosures (TCFD) in 2017, which provides a consistent framework for climate-related financial disclosures. It is adopted by the Central Banks and financial supervisory agencies of the world's major countries.

Meanwhile, in response to actions of global sustainable development and international connection, the Financial Supervisory Commission has promulgated the "Green Finance Action Plan 2.0", "Guidelines for Domestic Banks' Climate Risk Financial Disclosure", and "Guidelines on Climate-related Financial Disclosures of Insurance Companies" in 2020 and 2021 respectively. The FSC hopes to guide financial institutions to strengthen their resilience against climate-related risks.

Being highly concerned with climate change-related issues, the Company became a TCFD Supporter in December 2020 and established a cross-subsiary TCFD Task Force 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 task Force meetings according to TCFD's "Governance", "Strategy", "Risk Management", and "Metrics and Targets".

### TCFHC TCFD Annual Performance and Future Promotion Planning from 4 Major Elements

|                            | <u>Execution Results</u>  | <u>Future Promotion Planning</u>   |
|----------------------------|---|--|
| <b>Governance</b>          | <ul style="list-style-type: none"> <li>The Company and TCB have formulated the "Climate Risk Management Guidelines"</li> <li>Establish a linking mechanism between climate management performance and rewards</li> <li>Improve all employees' awareness of and ability to respond to climate change</li> </ul>  | <ul style="list-style-type: none"> <li>Corresponding education and training topics are planned based on the Board of Directors, senior management and employees' learning needs of different climate issues</li> <li>Establish content and procedures for regularly reporting to the Board of Directors and senior management and disclosing information externally</li> </ul>   |
| <b>Strategies</b>          | <ul style="list-style-type: none"> <li>Establish a mechanism for identifying climate risks and opportunities and formulating climate strategies</li> <li>Identify significant climate risks and opportunities</li> <li>Thoroughly conduct scenario analysis of physical risks, transition risk and opportunities and formulate response strategies</li> </ul> | <ul style="list-style-type: none"> <li>The real estate survey form discloses the physical risk level of the area where the collateral is located to accurately assess the guarantee of the creditor and the risk-bearing capacity of the borrower</li> <li>Taking into account the physical risk level of the real estate collateral, the lending rate and loan to value ratio is based on the risk-based pricing principle</li> </ul> |
| <b>Risk Management</b>     | <ul style="list-style-type: none"> <li>Conduct assessment of the Group's industries that are highly sensitive to climate</li> <li>TCB abides by the three lines of defense for internal control and clearly defines the responsibilities of climate risk management for each line of defense</li> </ul>   | <ul style="list-style-type: none"> <li>Carbon-intensive industries are incorporated into the existing risk monitoring mechanism</li> <li>Set investment and financing limits for large polluting and energy-intensive industries</li> </ul>  |
| <b>Metrics and Targets</b> | <ul style="list-style-type: none"> <li>The three aspects, which are GHG emissions, energy usage and green finance, are the Group's climate indicators and targets in first priority.</li> <li>Conduct analysis of investment and financing GHG emissions</li> </ul>   | <ul style="list-style-type: none"> <li>The types and scope of climate indicators has gradually increased to examine the performance of the Group's operations on reducing carbon emissions and implementation of guiding investees and borrowers to transform to a low-carbon economy</li> </ul>   |

## Climate Governance

### • The Importance of Climate Governance

The management and monitoring of climate-related risks by the Board of Directors and senior management is the cornerstone of climate governance to create corporate value. It is an important driving force for leading the Group to respond to climate change issues.

### • Organizational Structure, Authorities, and Responsibilities of Climate Governance

The Company and TCB have formulated the “Climate Risk Management Guidelines”, which clearly define the organizational structure, authorities and responsibilities of climate risk management for the Board of Directors, senior management, relevant committees and working groups, and the three lines of defense for internal control.

#### Board of Directors

As the highest decision-making body of climate risk management, they have the ultimate responsibility for ensuring the establishment and maintenance of an appropriate and effective climate risk management system.

#### Senior Management

They regularly review the implementation of climate risk management, continue monitoring climate risk exposure, and examine whether the response strategies under different climate scenarios are resilient.

#### Relevant Committees and Task Force

1. Risk Management Committee:  
It is the coordinating unit of climate risk management. They are responsible for monitoring and guiding the implementation of climate risk management, reviewing climate risk-related proposals, and submitting climate risk-related information to the Board of Directors.
2. TCB's asset and liability management and business development committee, enterprises investment and trading securities review committee and credit review task force:  
Proposals are reviewed according to each responsibilities and considering climate-related risks and opportunities.

## TCFHC Climate Risk Governance Framework



### • Linking of Climate Management Performance and Rewards Mechanism

The Company has signed to support TCFD in 2020. The introduction and implementation of TCFD has become an important operating policy for the whole Group. The Group links the annual rewards, salary and position adjustment of the subsidiaries' Chairman and president by following its "Regulations for Operations, Management and Evaluation of Subsidiaries" to strengthen relevant management of the whole Group on climate change.

### • Cultivation of Climate Change Response Abilities

100% of the risk management employees from the Company's relevant units and subsidiaries has participated in climate-related education and training in 2021. The Company will continue to conduct climate-related education and training. The training in 2022 will be focused on the domestic and foreign climate-related policies, development trends of regulations, and deliberation of response measures.



## Climate Strategy

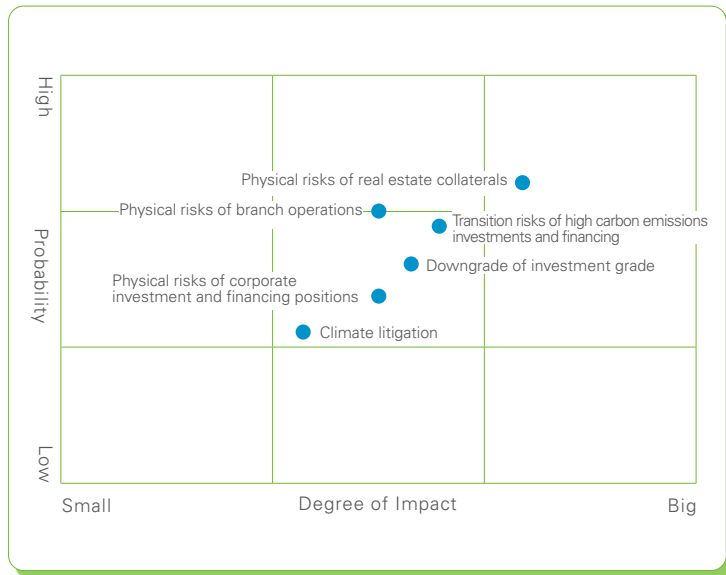
### • Process for Developing Climate Strategies



## Identification of Climate Risks and Opportunities

In order to keep abreast of the climate-related risks and opportunities faced by the Group and the possible impacts. Questionnaire surveys are conducted to comprehend the opinions of each unit and subsidiary on climate-related risks and opportunities. Quantitative analysis on the degree of impact and probability of each climate-related risk and opportunity issue is conducted to comprehensively evaluate its significance and the scope of period of impact.

### Risk Identification Matrix Diagram



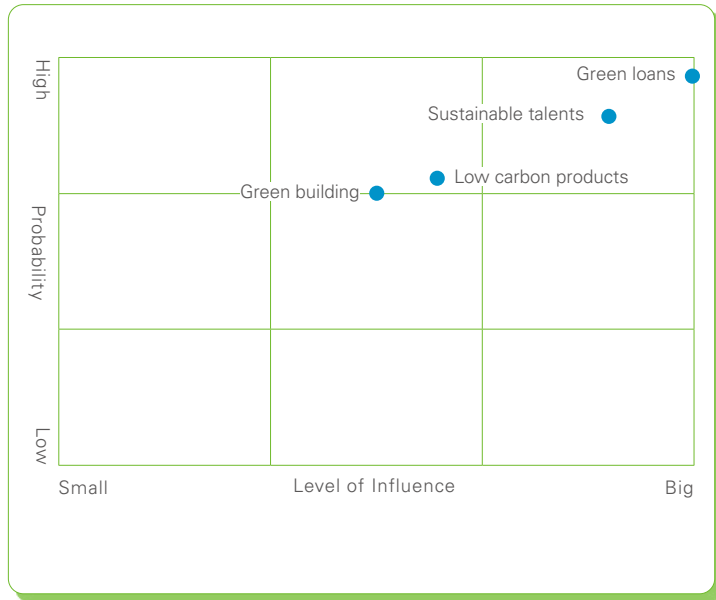
### Description of the Scope of Period of Impact

|            |                  |
|------------|------------------|
| Short-term | ≤1 year          |
| Mid-term   | >1 year ≤7 years |
| Long-term  | >7 years         |

## Results Analysis from the Significant Climate Risk Questionnaire

| Risk Items   | Description  | The Scope of Period of Impact | Materiality Assessment |
|--|--|-------------------------------|------------------------|
| The impact of physical risk on the Group's real estate collateral                                | The severity and frequency of occurrence of incidents such as typhoons, floods, rainstorms and rising sea levels may increase due to climate change. The Group's real estate collateral may be damaged, resulting in a loss of asset value and an increase in credit risk of mortgage loans and corporate loans applied using the real estate as collateral.   | Mid and Long-term             | High                   |
| The impact of lending to and investment in carbon intensive industries on the value of the Group | In response to the global net zero trends, the needs for energy conservation and carbon reduction are gradually increasing. Carbon intensive enterprises (such as steel, petrochemical or cement industries) will be faced with increasingly stringent low-carbon related regulations in the future, which may affect their operations and profitability. This will affect the Group's investment and financing positions in carbon intensive industries, which will increase credit risks and market risks.   | Short, Mid and Long-term      | Medium                 |
| Interruption of branch operations  | TCB branches encountered flood risks due to increase in weather events such as heavy rainfall and wind hazards. These events resulted in increased capital requirements for information equipment maintenance costs and cleaning costs, and even short-term interruption of branch operations.   | Mid and Long-term             | Medium                 |
| Investment institutions reduce their investment positions in the Group                           | International investment institutions have gradually listed the ESG performance of the investment target as one of their evaluation items. The evaluation factors from the environmental aspect (E) include the progress of the greenhouse gas inventory, financial quantification of climate risk and its control mechanism, and phased approach for the 2050 net zero targets. For companies with poor ESG performance, international investment institutions may downgrade their investment grades, which in turn affects the Company's reputation. | Short, Mid and Long-term      | Medium                 |
| The impact of physical risks on the Group's investment and financing positions                   | The severity and frequency of occurrence of incidents such as typhoons, floods, rainstorms and rising sea levels may increase due to climate change. In turn, the operation and finance of the borrower/investee will be negatively affected, and the Company's credit risk/market risk will increase.   | Mid and Long-term             | Medium                 |
| Climate litigation   | As the financial products and services fail to meet the requirements of climate-related regulations, or the Company's operations fail to comply with international sustainability standards or initiatives as promised, the Company will be faced with climate-related litigation risks, resulting in increased litigation costs and liabilities.  | Mid and Long-term             | Medium                 |

### Identification of Opportunities Matrix Diagram



### Results Analysis from the Significant Climate Opportunity Questionnaire

| Opportunities   | Description   | The Scope of Period of Impact | Materiality Assessment |
|---|---|-------------------------------|------------------------|
| Provision of green loans in cooperation with the government policies                  | The "Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity" of Ministry of Economic Affairs has been implemented on January 1, 2021. It regulates large electricity consumers with chartered capacity of more than 5,000 kW. They should install renewable energy equipment with a certain installed capacity, energy storage facility, or purchase a certain amount of renewable energy and certificate within 5 years (2025). According to the assessment of the Bureau of Energy of the Ministry of Economic Affairs, a renewable energy trading market of about 1 million kW can be created. Larger electricity consumers' needs of funds for installing renewable energy equipment, which drives the development of renewable energy-related industries, creating finance-related needs. | Short and Mid-term            | High                   |
| Cultivation of climate capabilities   | We continue to strengthen climate-related trainings for employees and cultivate sustainable talents to respond to the trend of low-carbon transition and enhance climate resilience, which will help create new business opportunities and increase the Company's operating revenue.  | Short and Mid-term            | Medium                 |
| Develop low-carbon financial products, green consumer financial products and services | Environmental protection and carbon emissions have become issues of social concern and have become one of the factors that some financial consumers consider when choosing financial institutions. The Group develops low-carbon investment and financing, green bonds underwriting, sustainability-linked loans, promotes green building loans, and issues low-carbon credit cards. This could improve the financial consumers' impression of the Group's brand, which can indirectly help increase the overall profit.  | Short, Mid and Long-term      | Medium                 |
| Promotion of green buildings  | We promote new buildings to comply with green building standards. This will save energy and water resources and includes four benefits which are ecology, energy saving, waste reduction, and health, and provide employees with a better working environment.  | Mid-term                      | Medium                 |

According to the ranking results of the significant climate risks and opportunities on the matrix diagram, two significant climate risks (physical risk of real estate collateral and transition risk of high carbon emission financing) and one significant opportunity (green loan) are selected for subsequent scenario analysis.





## • Scenario Analysis and Formulation of Response Measures

In order to measure the impact of the risks and opportunities identification results previously disclosed on the Group, the following procedures are followed to conduct quantitative scenario analysis to assess climate-related financial impacts. The relevant response strategies and measures are formulated based on the quantitative results of the impact analysis to strengthen the Group's control and seize opportunities created by specific climate risks.

In the event of heavy rainfall and floods, the impact on collateral for individual mortgage, real estate collateral for corporates and location of operations.

In the NGFS (Central Banks and Supervisors Network for Greening the Financial System) 2050 net zero emissions (temperature shall not rise by more than 1.5°C by the end of this century) scenario, the operating costs of carbon intensive enterprises increased due to changes of regulations and market. In turn, this will affect their debt performance.



Green loan opportunities are created to support Taiwan's policy of promoting energy transition.

## Scenario Analysis Process

### Step 1

#### Significant Risk Identification Results

- A. Physical risks for real estate collaterals and location of operations
- B. Transition risks for carbon intensive creditors

#### Significant Opportunities Identification Results

- C. Opportunities for green loans

### Step 2

#### Target of Analysis

- A1. Real estate collateral for individuals
- A2. Real estate collateral for corporates
- A3. Location of operations
- B. Large carbon emitters
- C. Large energy consumers

### Step 3

#### Climate Scenarios

- A. RCP 2.6(2 °C) heavy rainfall and floods
- B. SBT 1.5 °C- the path of reducing carbon, Net Zero 2050- price of carbon
- C. iNDC (2025 Renewable Energy Target)

### Step 4

#### Management Measures

The relevant response strategies and measures are formulated based on the quantitative analysis results of risks and opportunities

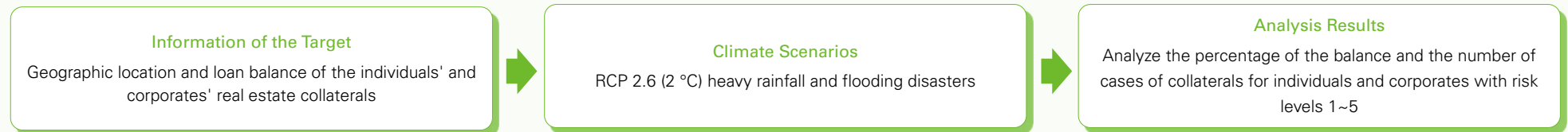
## Physical Risks

### [A1. Scenario Analysis of Flood Risks for Individuals' Real Estate Collaterals] [A2. Scenario Analysis of Flood Risks for Corporates' Real Estate Collaterals]

#### Risk Identification Results

As physical risks increase in the future, there will be frequent and severe heavy rains, resulting in floods. The TCB's real estate collaterals for individuals and corporates located in high flood risk areas in Taiwan may be damaged, resulting in a loss of asset value and increase in credit risks of real estate loan positions.

#### Scenario Analysis Process and Results

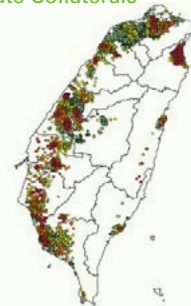


The analysis results show that the balance of individuals' and corporates' collaterals located in areas with flood risk level 4 & 5 accounted for 32.4% and 31.8% respectively at the end of 2021. We requested relevant units to conduct in-depth assessments of the collaterals that might be impacted significantly by the floods in the future and formulate relevant response measures.

#### Analysis Results for Individuals' Real Estate Collaterals

| Flood Risks | Percentage of Balance (%) | Percentage of Cases (%) |
|-------------|---------------------------|-------------------------|
| Level 1     | 12.86                     | 13.89                   |
| Level 2     | 25.66                     | 28.01                   |
| Level 3     | 29.09                     | 27.10                   |
| Level 4     | 19.02                     | 18.03                   |
| Level 5     | 13.37                     | 12.97                   |

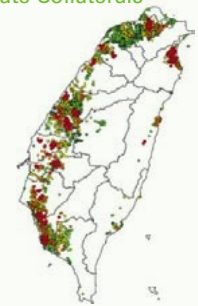
Note: The cases included in the analysis accounted for approximately 76.1% of the total mortgage loan balance.



#### Analysis Results for Corporates' Real Estate Collaterals

| Flood Risks | Percentage of Balance (%) | Percentage of Cases (%) |
|-------------|---------------------------|-------------------------|
| Level 1     | 12.68                     | 14.15                   |
| Level 2     | 23.98                     | 26.66                   |
| Level 3     | 31.59                     | 26.60                   |
| Level 4     | 20.55                     | 19.86                   |
| Level 5     | 11.20                     | 12.73                   |

Note: The cases included in the analysis accounted for approximately 92.3% of the total real estate loan balance for corporates.



#### Current Strategies

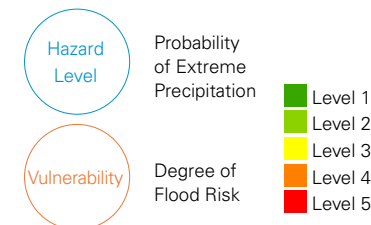
Regarding the location of the real estate collateral, the degree of soil liquefaction susceptibility at the location shall be included in the assessment items of the real estate questionnaire.

#### Future Plans

- The soil liquefaction susceptibility is disclosed in the real estate questionnaire by linking the credit system to the liquefaction susceptibility inquiry system. The level of flood risk in the area where the collateral is located is disclosed to accurately evaluate the guarantee of the creditor and the risk-bearing capacity of the borrower.
- For the case of new, added, renewed and rollover (including modified) real estate collaterals located in high physical risk areas, the interest rate will be increased or the loan to value ration will be decreased according to the risk-based pricing principle.
- The appraisal rules for collaterals in high physical risk areas are revised. Collaterals should be reappraised when borrower rollover loans, increase loan amount or file for a loan after loan repayment.
- The scenario analysis of physical risks is established based on the type of buildings. It is linked with TCB's internal credit rating model to evaluate the financial impact on the Group due to the diminished value of collaterals in physical risk scenarios and to understand the potential future changes in loss ratio. We conduct regular reviews on this basis.

#### Hazard - Vulnerability

Risk Factors      Definition of Factors



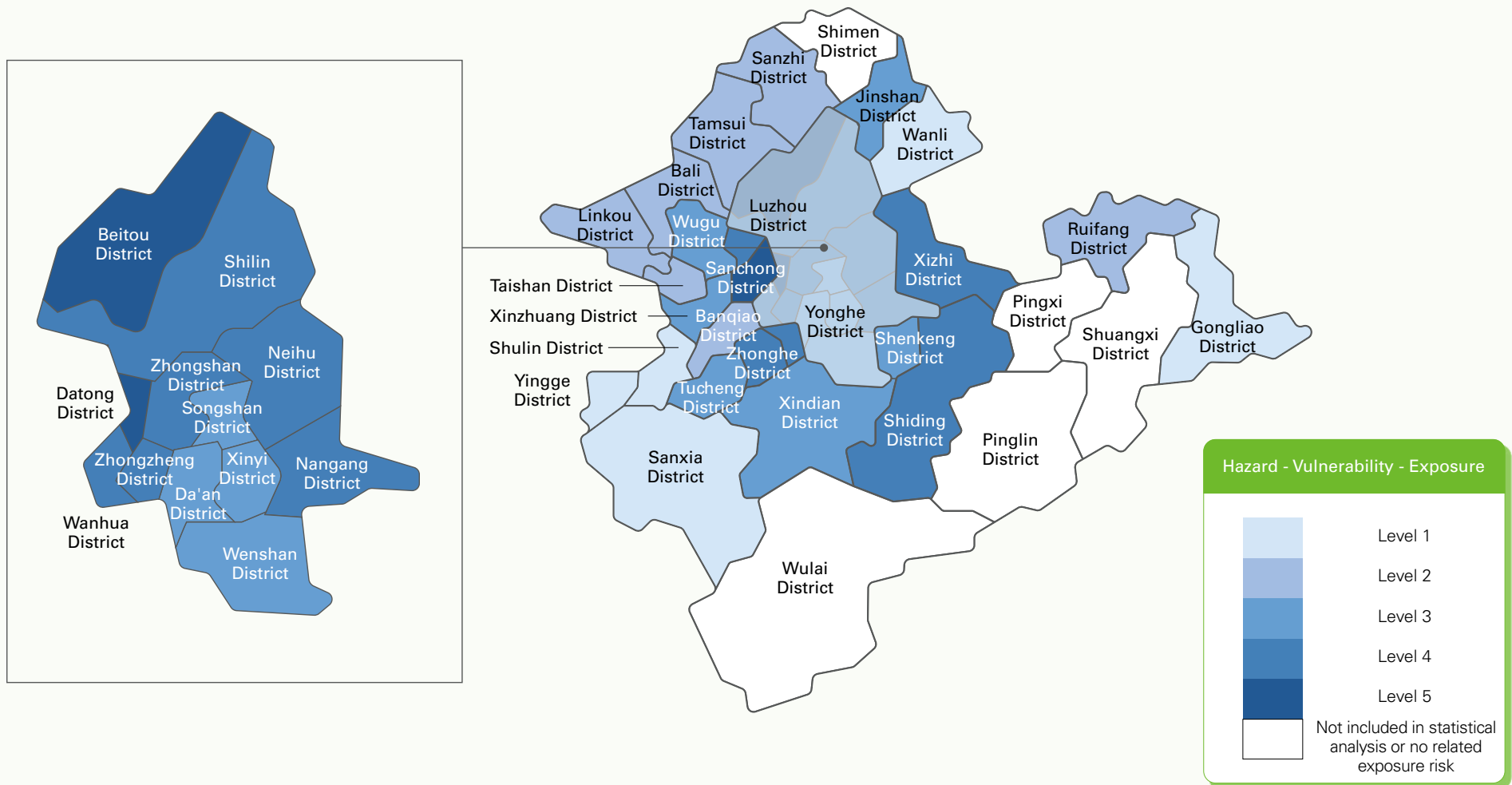
#### Risk Grade Explanation

The flood risk level mainly refers to the hazard X vulnerability scoring chart of the National Science and Technology Center for Disaster Reduction (NCDR) Climate Change Disaster and Adaptation Platform. Five levels, from Level 1 to Level 5, are defined according to the size of the risk. The levels consider both the degree of hazard of extreme precipitation and the spatial distribution of the environmental vulnerability. The highest flood level is Level 5 (red) and the lowest level is Level 1 (dark green).

## Column - Analysis of Impact of Flood Risk on Individuals' Collaterals in Taipei and New Taipei Administrative Regions

Considering that most of TCB individuals' collaterals are concentrated in metropolitan regions, Taipei City and New Taipei City with high risk of exposures are taken as an example to evaluate the risk level corresponding to each collateral. The overall flood risk level of each administrative region is calculated by weighting the loan balance.

The analysis results show that Beitou District, Datong District, and Sanchong District have higher risks, with the risk exposure accounting for about 8.5%. The risks gradually reduce as moving closer to the border of the Taipei Basin. The Group will formulate relevant control measures for real estate collaterals located in the areas with high flood risks impacts in the future. We will continue to monitor the changes of exposure risks in various administrative regions.

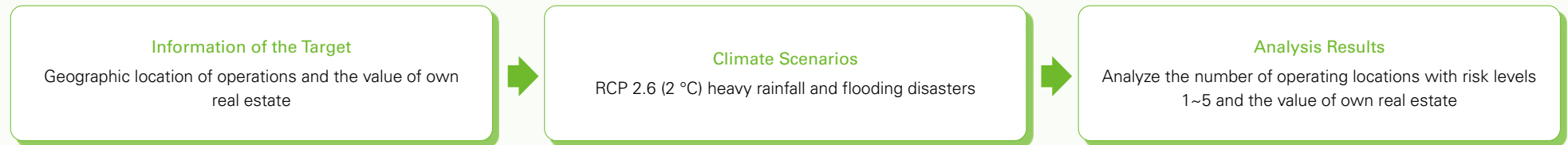


### [A3. Scenario Analysis of Flood Risks for Location of Operations]

#### Risk Identification Results

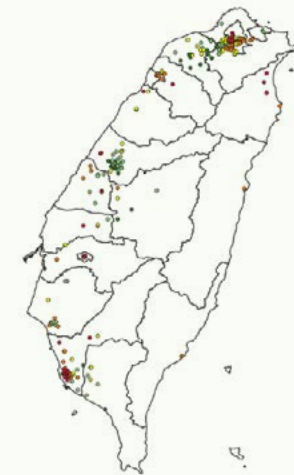
As physical risks increase in the future, there will be frequent and severe heavy rains, resulting in floods. TCB branches located in high flood risk areas throughout Taiwan may be damaged, resulting in operational interruption, increase in related repair costs, or loss of the value of own assets.

#### Scenario Analysis Process and Results



The analysis results show that the number of operating locations with flood risk level 4 & 5 accounted for 36.4% and risk of flood exposure of own operating locations accounted for 23.1% in 2021. We requested relevant units to conduct in-depth assessments of the operating locations that might be impacted significantly by the floods in the future and formulate relevant response measures.

| Flood Risks | Own Location of Operations |                         | All Locations of Operations |
|-------------|----------------------------|-------------------------|-----------------------------|
|             | Asset Value (%)            | Percentage of Cases (%) | Percentage of Cases (%)     |
| Level 1     | 6.99                       | 13.38                   | 12.64                       |
| Level 2     | 15.58                      | 26.75                   | 24.16                       |
| Level 3     | 54.34                      | 24.20                   | 26.77                       |
| Level 4     | 10.78                      | 15.29                   | 18.59                       |
| Level 5     | 12.30                      | 20.38                   | 17.84                       |



#### Current Strategies

1. According to the information on the potential range of each typhoon track, warnings of torrential rain, and other information predicted by the Central Weather Bureau, all units are informed to prepare various precautions and response measures in advance.
2. Emergency response measures for uninterrupted operations are set up, according to "Emergency Response Measures for Non-Operations" and "Emergency Reporting Procedure and External Explanation of Standard Process Operation Rules". Relevant primary and secondary backup units are assigned in groups. Business support services are arranged to ensure that various operations will not be suspended when heavy rainfalls occur and minimize losses. Physical climate risk adaptation will apply to existing and new operations within 5 years. The share of adaption is 88.35% according to the percentage of TCB and TCFHC's net revenue.

#### Future Plans

Domestic operating locations are frequently flooded and cannot be effectively improved, which will affect normal business operations seriously. We will actively evaluate and relocate in a timely manner.

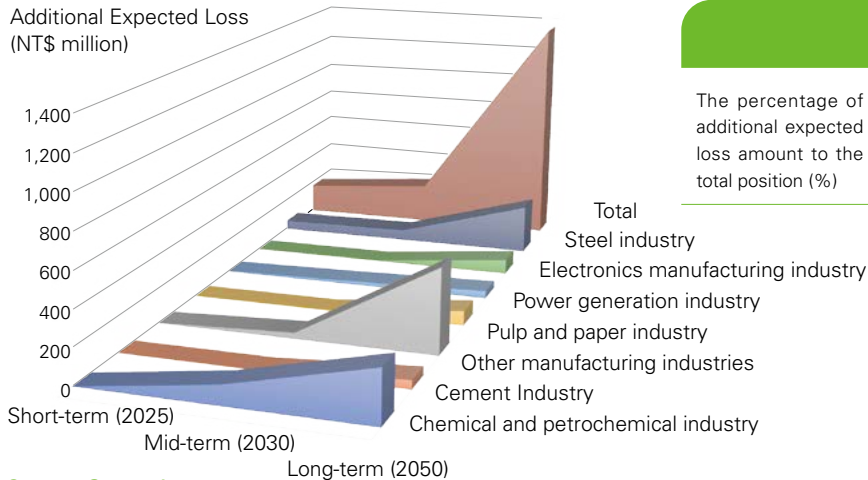
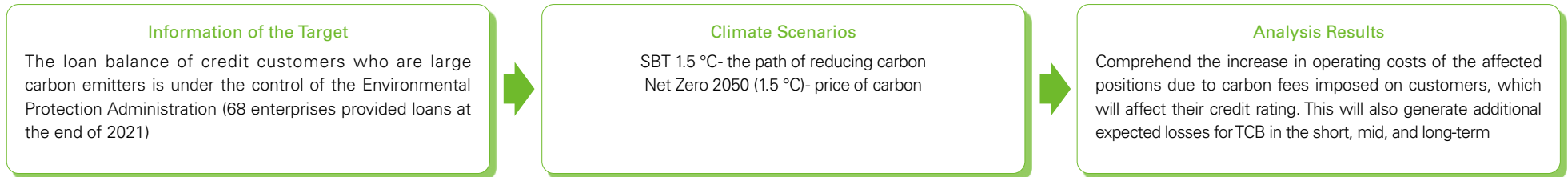
## Transition risks

### [B. Scenario Analysis of Financing Transition Risks for Carbon Intensive Industries]

#### Risk Identification Results

Regarding the trend of global low-carbon transition, carbon intensive enterprises are faced with increasingly stringent low-carbon related regulations, which affect their operations and profits, and may lead to considerable credit risks.

#### Scenario Analysis Process and Results



|   | Short-term (2025) | Mid-term (2030) | Long-term (2050) |
|---|-------------------|-----------------|------------------|
| The percentage of additional expected loss amount to the total position (%) | 0.28              | 0.38            | 2.14             |

The analysis results show that additional expected losses of the Group's credit positions that are large carbon emitters will gradually increase over time. The total position will reach 2.14% as of 2050, among which the chemical and petrochemical industry, other manufacturing industry, steel industry, and other industries might generate more additional expected losses. We plan to prioritize and implement differentiated management measures for the more affected industries.

#### Current Strategies

1. TCB has set up sustainability linked loan project. Those who meet the relevant sustainability indicators can reduce the loan interest rate to guide enterprises to pursue sustainable development.
2. When the credit investigation of creditors that are large carbon emitters announced by the Environmental Protection Administration are conducted, we will disclose their carbon emissions in recent years, strengthen our understanding and disclose whether they should adopt measures of transition risks as references for credit extension reviews.

#### Future Plans

1. The Group proposed to incorporate the management regulations of carbon intensive industries' targets into the existing risk monitoring mechanism and continue to control the percentage of specific carbon intensive industries' risk exposure to the Group's total risk exposure.
2. The Group plans to engage on carbon reduction or climate issues with carbon intensive industries through shareholders' meetings, investor conferences, individual visits, email or telephone interviews.

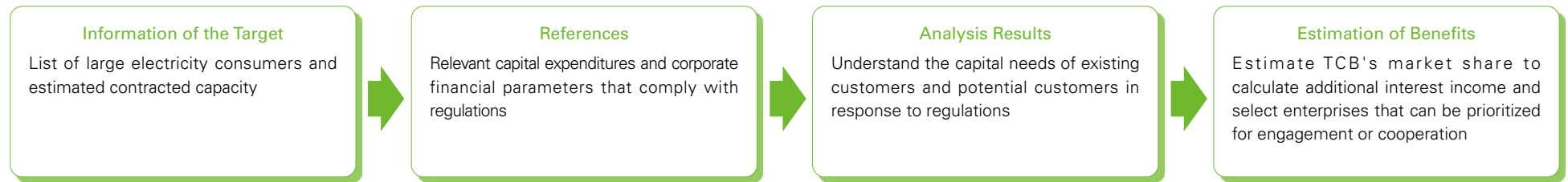
## Opportunities

### [C. Scenario Analysis of Opportunities for Green Loans]

#### Opportunities Identification Results

The Ministry of Economic Affairs stipulates that large electricity consumers should complete the installation of renewable energy equipment with a certain installed capacity, energy storage facility, or purchase a certain amount of renewable energy. The installation of renewable energies or energy storage facilities by large electricity consumers will drive relevant financing needs. Therefore, new business opportunities will be created for the Company in cooperation with the policies to provide loans for green energy equipment.

#### Scenario Analysis Process and Results



#### Current Strategies

1. Actively engage with regulated existing customers or potential customers, understand their relevant capital needs, and provide relevant credit plans to make up for their funding gaps.
2. We formulated the "Guidelines for Loans of Parallel Connected Energy Storage Facilities", actively developed loans for energy storage facilities, and increased incentives for customers to cooperate with TCB by offering preferential interest rates.

#### Future Plans

Continue to pay attention to the changes in policies and regulations and market trends, and keep abreast of the business opportunities created from renewable energy-related markets, such as equipment operation and maintenance, and financial consultation for power sales. We continue to track the follow-up funding needs of customers and plan to provide related products or services.





## Climate Risk Management

### Climate Risk Identification and Assessment

The Group comprehensively checks the climate-related physical and transition risks. The existing risks (such as credit, market, liquidity, operational and reputational risks) may have short, mid and long-term impacts on its own operations, investment and financing and other business activities. The risk level is determined according to the geographic location of the asset or the risk exposure of carbon-related (high carbon emission or high energy consumption) assets to identify risks and conduct materiality assessment. In 2021, the Group refers to the results of domestic and foreign industries' risk research reports to establish its assessment matrix diagram for highly climate-sensitive industries. The Group will continue to make good use of this matrix diagram in the future or develop other climate-related risk assessment tools to strengthen and assist in identifying, evaluating and managing climate risks.

### Three Lines of Defense for Climate Risks

The Group clearly delineates the climate management responsibilities of the Board of Directors, senior management, and relevant committees under the climate governance framework to exert its governance effectiveness. TCB also follows the three lines of defense for internal control to clearly delineate the climate risk management responsibilities of each line of defense.

#### Business Units (First Line of Defense)

Fully understand the climate risks of the business, gradually introduce climate risk factors into various operational management regulations, and set corresponding key indicators and targets.

#### Risk Management and Legal Compliance Unit (Second Line of Defense)

Plan climate risk management mechanisms, discuss climate risk classifications for industries. Verify that climate risk management regulations are in line with relevant regulations, and are updated in a timely manner, and ensure compliance with laws and regulations.

#### Audit Unit (Third Line of Defense)

Evaluate the effectiveness of climate risk monitoring using the first and second lines of defense, and provide recommendations for improvement in a timely manner.

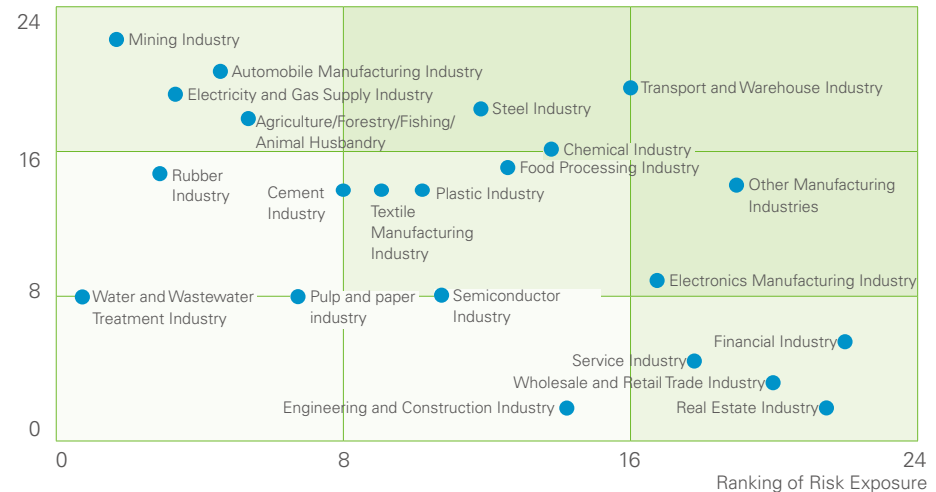
## Column - Analysis of Industries that are Highly Sensitive to Climate

The industries' physical risks and transition risks of climates are classified according to Moody's research report on industries' climate risks. The climate risks by industries are ranked by corresponding to the statistical classification of industries of the Directorate General of Budget, Accounting and Statistics of the Executive Yuan. Risk factors are considered when setting industry limits, and a comprehensive analysis is carried out using these limits and financial exposures of each industry to establish an assessment matrix diagram for highly climate-sensitive industries.

The analysis results in 2021 show that the transport and warehouse industry, other manufacturing industry, electronic manufacturing industry, and steel industry in the upper right corner of the matrix diagram have high levels of risk exposure and climate risk. The Group should pay more attention to these highly climate-sensitive industries and plan to manage or engage with these high risk exposure and high climate-sensitive industries.

### Assessment Matrix Diagram for Climate-sensitive Industries

Ranking of Industry Climate Risks



### Monitoring and Reporting Process of Climate Risks

The Company regularly reports relevant information on climate risk management to senior management and the Board of Directors. Among them, according to the nature of business and asset size, each subsidiary reports important matters of climate risk management on a quarterly basis to the Risk Management Committee. It is incorporated into the report of each subsidiary of the Company's Risk Management Committee. The summary of implementation compiled by the Company's Risk Management Department, relevant response measures and strategies is reported to the Risk Management Committee and Board of Directors. They will continue to monitor and improve matters resolved.

## Climate Metrics and Targets

In order to reduce the impact of climate-related risks and opportunities on the business, the Group holds regular TCFD task force meetings to communicate and understand the management needs of each subsidiary. The Group placed priority on greenhouse gas emissions, energy usage, and green finance and regard them as its climate metrics and targets to be managed with priority. The Group will continue to promote according to its TCFD promotion schedule.

### Summary of Climate Indicators and Targets

| Aspect        | Category  | Implementation Progress in 2021  | Mid and Long-Term Targets from 2022 to 2026   |
|---------------|---|--|---|
| GHG emissions | Own operations<br>Category 1, 2<br>(scope 1, 2)                   | <ul style="list-style-type: none"> <li>Carbon emissions: 27,723 tCO<sub>2</sub>e</li> </ul>  | <ul style="list-style-type: none"> <li>The carbon reduction target has been set according to the Science Based Targets (SBT) methodology, and we expect to submit the target in 2023.</li> </ul>  |
|               | Investment and financing<br>Category 5.4<br>(scope 3 category 15) | <ul style="list-style-type: none"> <li>Carbon emission: 3,666,418 tCO<sub>2</sub>e</li> </ul>  |   |
|               | Internal carbon pricing   | <ul style="list-style-type: none"> <li>Discuss reasonable prices for internal carbon pricing and research the method of use.</li> </ul>  |   |
| Energy usage  | Renewable energy usage  | <ul style="list-style-type: none"> <li>A solar panel power generation system was installed at the building of TCB Headquarters, which has generated a total of 28,346 kWh electricity, and help reduced a total of 14.23 tCO<sub>2</sub>e in 2021.</li> </ul>  | <ul style="list-style-type: none"> <li>We procured 1 million kWh of green power by the end of 2022. The green power used in the headquarters offices will reach 30% by the end of 2027.</li> </ul>  |
|               | Financing of renewable energy                                     | <ul style="list-style-type: none"> <li>The total installed capacity of approved renewable energy financing projects reached 2,162 MW as of the end of 2021.</li> </ul>   | <ul style="list-style-type: none"> <li>The total installed capacity of TCB approved renewable energy financing projects will reach 1,980MW at the end of 2022. From 2023 onwards, the target is to increase 130MW per year, and the total installed capacity of approved renewable energy financing projects is expected to reach 2,650MW by the end of 2027.</li> </ul>  |
| Green finance | Green investment  | <ul style="list-style-type: none"> <li>TCB invested in green energy businesses and issued sustainability bonds, green bonds, and social bonds for a total of NT\$60.9 billion to be invested in green finance as of the end of 2021.</li> <li>In 2021, TCVC passed and implemented the environmental friendliness and marine ecological conservation project, and the investment amount reached 20% of the newly increased investment amount.</li> </ul> | <ul style="list-style-type: none"> <li>In 2022, TCB plans to issue sustainability bonds, with a total of NT\$65 billion to be invested in green finance. From 2023 onwards, TCB expects to issue at least 1 sustainable bank debenture (select one from green/social/sustainability bond) per year. TCB expects that the investment in green finance will increase by 3% every year compared with the previous year.</li> <li>TCVC to plan to use 10% out of the total annual newly increased investment amount on green investment from 2023 onwards.</li> </ul> |

### • Analysis of Investment and Financing Carbon Emissions

The Group has completed all operating locations' greenhouse gas inventory in 2021 to understand the actual impact of TCFHC's operations on climate change. Please refer to the "Green Operations" section for more details. To further manage the potential impact of climate change on the investment and financing portfolio, the Group followed the Partnership for Carbon Accounting Financials (PCAF) guidelines to conduct carbon inventories of financial assets from 2021. It includes long-term loans, financing of power generation projects, commercial mortgage-backed loans, and carbon emissions from stock and bond investment portfolios, assessing the distribution of carbon emissions in the overall financial assets positions. The carbon emission intensity of long-term loans and stock and bond investments are also analyzed by industry to identify carbon intensive industries, which can be used as a reference for strengthening engagements and guiding transition in the future. Meanwhile, we researched the application of the integration of carbon emission factors and investment and financing decision-making processes, hoping to optimize the Group's overall climate risk management.

TCFHC Group actively sets financing targets according to SBTi and devises related mid-term emission reduction targets. TCFHC Group expects to submit goals for review as required by SBTi in the future. Furthermore, in support of the global transition to net zero and the 2050 net zero path in Taiwan, TCFHC Group will follow the net zero path in Taiwan and the net zero requirements of SBTi, and evaluate the suitability of implementing the SBTi net zero standard with the aim to achieve TCFHC Group's long-term goal of decarbonization in investing and financing activities and complete net zero transition.

### Proportion of Carbon Emission Distribution of TCFHC Group Financial Assets in 2020 and 2021

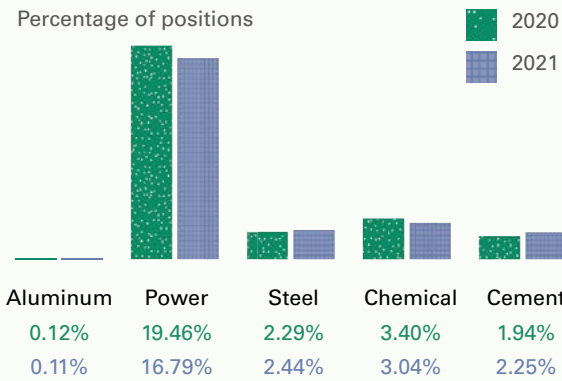
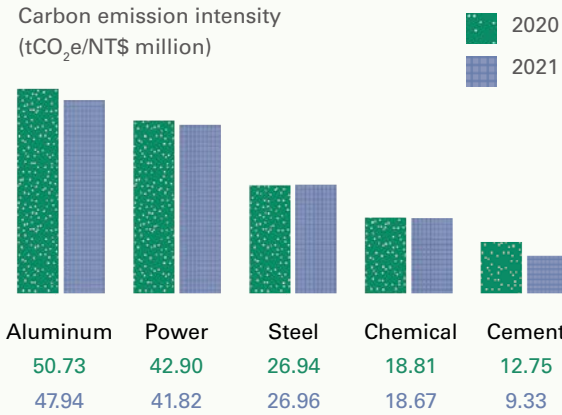
|   | 2020         | 2021         |
|---|--------------|--------------|
| Carbon emission (tCO <sub>2</sub> e)                        | 4,189,232.16 | 3,666,418.39 |
| Carbon emission intensity (tCO <sub>2</sub> e/NT\$ million) | 6.70         | 6.21         |
| Data quality  | 2.96         | 2.90         |
| Percentage of positions                                     | 17.83%       | 15.91%       |

| Asset Category                         | Carbon Emission Intensity (tCO <sub>2</sub> e/NT\$ million) |      | Data Quality |      |
|--|---|------|--------------|------|
|  | 2020  | 2021 | 2020         | 2021 |
| Group investment                       | 10.58   | 9.40 | 2.39         | 2.35 |
| Loans provided by legal persons        | 4.52  | 3.90 | 3.22         | 3.22 |
| Commercial mortgage backed loans       | 1.56  | 1.42 | 4.00         | 4.00 |
| Financing of power generation projects | 0.00  | 0.00 | 3.00         | 3.00 |

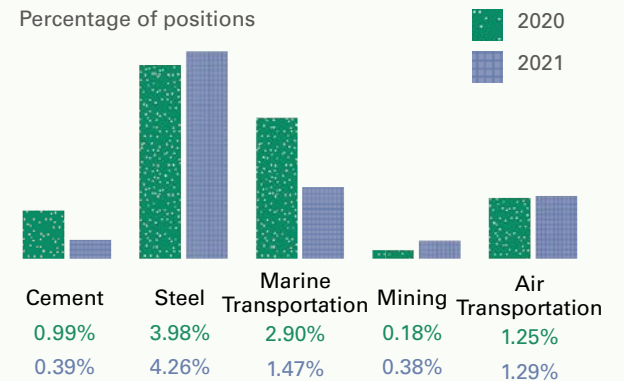
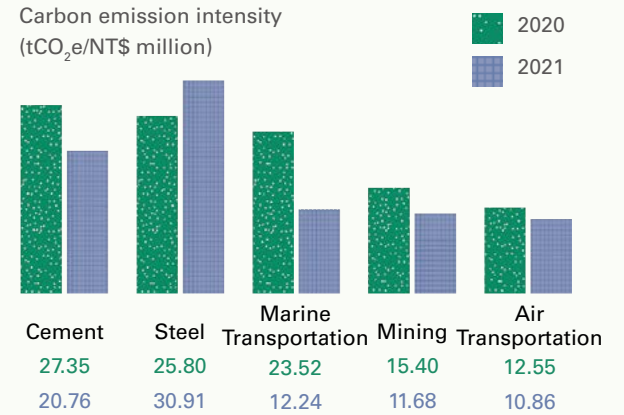
### TCFHC Group 2020 and 2021 Carbon Avoidance Performance in Financing of Renewable Energy Generation Projects

|                                       | 2020     | 2021     |
|---------------------------------------|----------|----------|
| Carbon avoidance (tCO <sub>2</sub> e) | 5,371.44 | 6,961.05 |

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



### High Carbon Emission Intensity of TCFHC Group's Long-term Loan Portfolio Industries



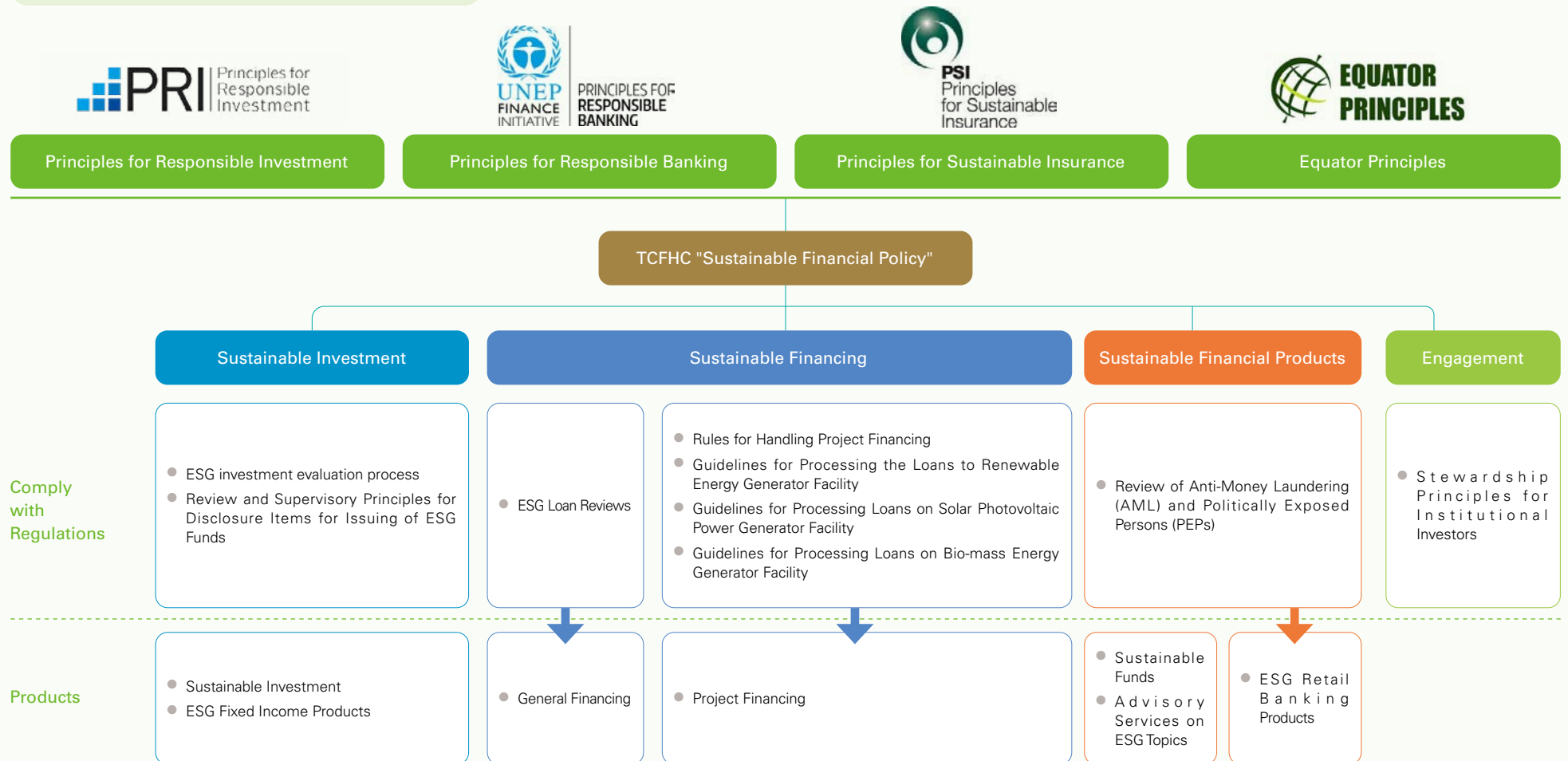
Note: Carbon emission intensity by industries is calculated by dividing the total carbon emissions (tCO<sub>2</sub>e) of the Group's investment or loan portfolio by that industry's total position of the investment or loan portfolio (NT\$ million).

Given that the impact of climate risks is long-term and the international climate risk assessment and quantitative analysis methodology are still being researched and developed, the Group will review the content of climate risk management regularly. The contents are combined with the Group's ongoing science based targets (SBT) program to improve and expand the scope of climate risk management gradually. The Group hopes to actively respond to potential risks from climate change and seize business opportunities, drive investment and financing of green industries, guide industries towards low-carbon transitions, and facilitate industries and financial industries to pursuit a virtuous cycle of green and sustainable development.

## 2.2 Sustainable Finance

Facing the risk of global climate change, the Company and its subsidiaries actively promotes sustainable finance in compliance with international regulations, and continues to strengthen the link between ESG strategies and operating policies and follows 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. Following the above-mentioned regulations, the Company has formulated the "Sustainable Financial Policy" and 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.

### TCFHC Sustainable Finance Framework



## • TCFHC Sustainable Financial Policy

When the Company and its subsidiaries provide 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.

Carefully assess, avoid or prohibit engagements with companies that adversely affect ESG.

The Company and its subsidiaries should combine the concepts of green finance, financial inclusion, and responsible investment and financing to meet the financial needs of enterprises and investors pursuing ESG while keeping abreast of opportunities for sustainable development.



Sustainable Development Committee is the highest guiding body.

Incorporate ESG principles into business decision-makings, strengthen climate change and other environmental protection-related strategies, and risk control measures to move towards sustainable development.

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.

## Regulations for Sustainable Finance

Each subsidiary abides by the international financial sustainability guidelines and regards the Sustainable Financial Policy of the parent company as the prime directive. They formulate and implement relevant regulations for sustainable investment, sustainable financing, and sustainable financial products. TCFHC Group is not engaging in any mining of coal or shale or polar oil at present. The Group will try to engage customers in nonconventional oil and coal industries on low carbon transition. The Group plans to set new financing thresholds for these 2 industries at the end of 2022 and assess the deadline for withdrawing financing every year.



|                       |                   |                           |  |
|-----------------------|-------------------|---------------------------|--|
| Sustainable Financing | General Financing | ESG Loan Reviews          | <p>TCB's sustainable finance risk management incorporated the KYC process of financing businesses. 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 carefully assesses whether there are potential risks from the parties involved or the content of the transactions that will harm the environment and society in order to fulfill social responsibilities and environmental protection.</p> <p>TCB formulated regulations for sustainability-linked loans at the end of 2021. If the enterprise meets the project's ESG conditions, the originally approved interest rate can be reduced. The current approved amount of sustainability-linked loans is NT\$178 million, and TCB has engaged with customers to comply with relevant regulations for sustainability-linked loans. The loan amount approved accounted for 0.01% 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> |
|                       | Project Financing | General Project Financing | <p>For project financing cases, TCB follows the "Rules for Handling Project Financing". In addition to reviewing regulations for general credit investigation and credit when undertaking project financing, TCB should also conduct due diligence. TCB 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 bodies should be commissioned to handle and issue reports when necessary.</p>  |



Sustainable Financing

**Project Financing**

Equator Principles

The Company signed the “Equator Principles (EPs)” in March 2022 and formulated the “Guidelines for Equator Principles”. When conducting financing business, the environmental protection, ethical management, and social responsibilities 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.

```

graph TD
    A[Financing Items] --> B[Amount for the Case and Loan Purpose]
    B --> C[Not Applicable]
    B --> D[Applicable]
    C --> E[General Financing Process]
    D --> F[Environmental and Social Risk Level for the Case]
    F --> G[Category C]
    F --> H[Category A and B]
    G --> E
    H --> I[Equator Principles Process]
    
```

**Category A**  
There will be large-scale, multi-faceted or irreversible impacts.

**Category B**  
The impact is limited to specific areas, and most of them can be recovered or dealt with through mitigation measures.

**Category C**  
There may be slight or no disadvantage.

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Sustainable Financial Products and Services

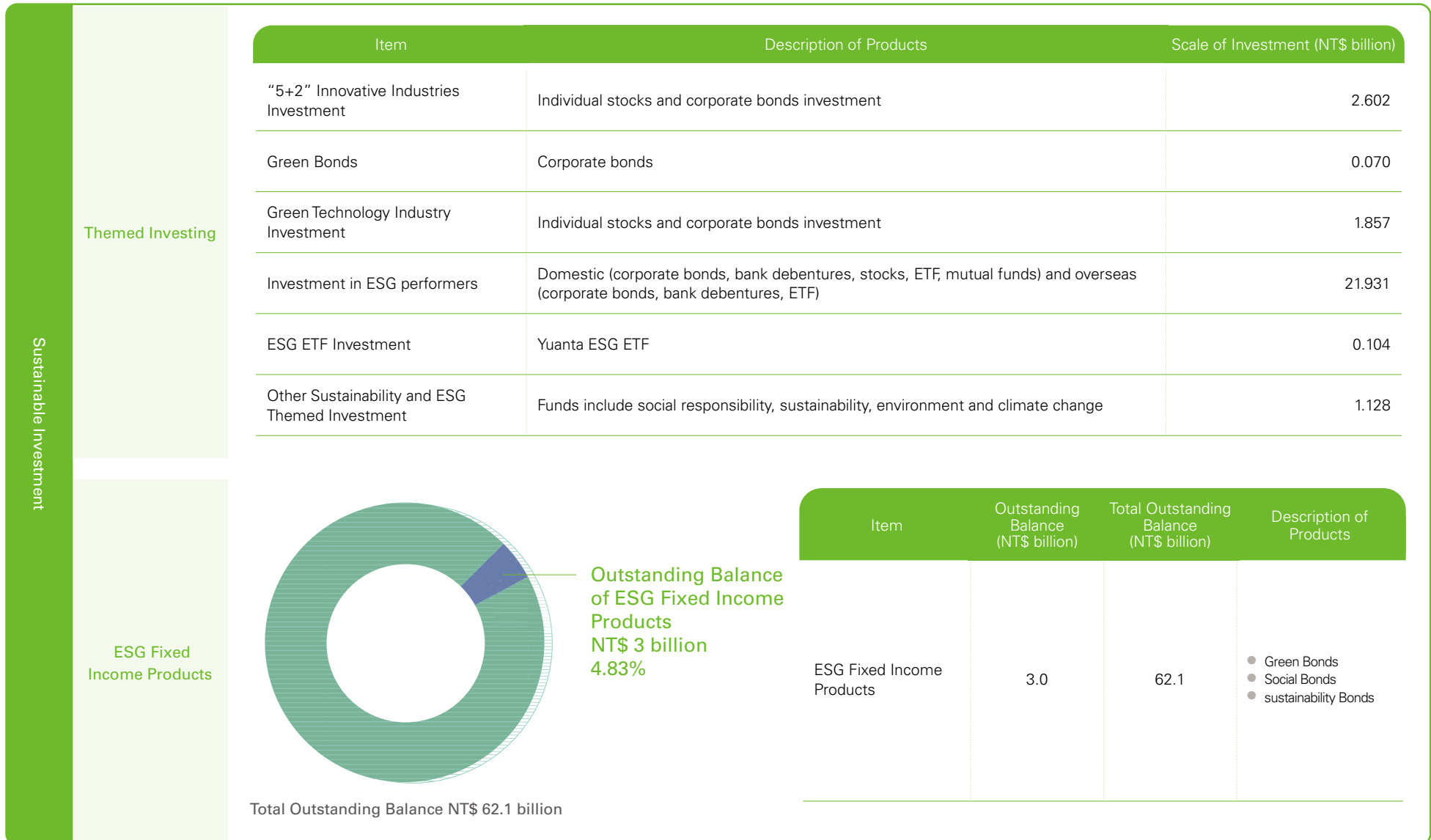
**ESG Risk Assessment (including AML, PEPs and KYC)**

Guideline for Renewable Energy & Solar Power and Biomass Energy

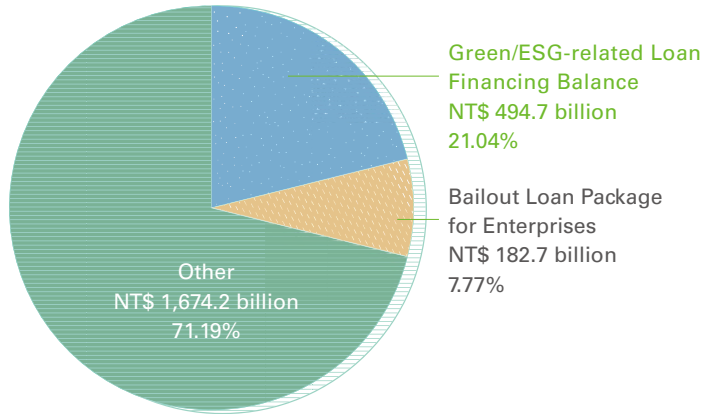
TCB listed the emerging industry loans as a key business promotion to strengthen the support for the development of the green energy industries. In order to support transitions of green industries, TCB has formulated “Guidelines for Processing the Loans to Renewable Energy Generator Facility”, “Guidelines for Processing Loans on Solar Photovoltaic Power Generator Facility”, and “Guidelines for Processing Loans on Biomass Energy Generator Facility” to help financing the purchase or installation of machinery equipment, capital expenditures, and working capital.

In order to control and management the ESG risk assessment of individual customers, TCB conducts KYC procedures based on the customer identities. In addition to including the review of AML and PEPs, TCB also examines whether there are any negative news (the process is also applicable to general financing of sustainable financing mentioned above for ESG reviews). Based on the above factors for risk assessment, TCB conducts risk level assessment for customers and also adopts different approval levels and management mechanisms for different risk levels. If there are major violations that have significant negative impacts on ESG-related issues, the case will be declined.

## Performance of Sustainable Finance



General  
Financing

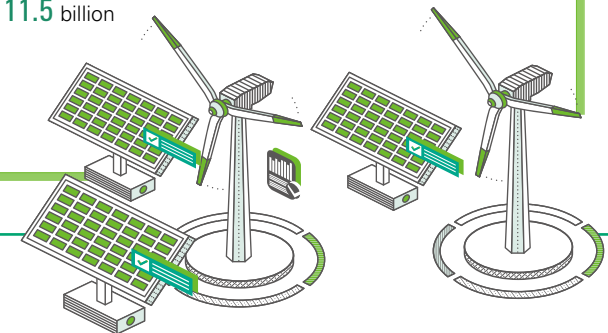
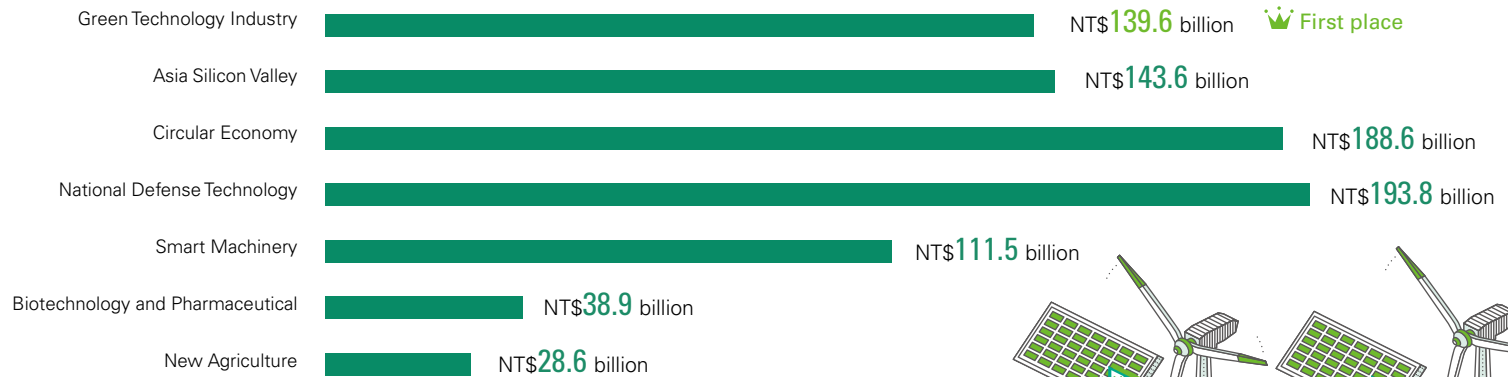


| Item                                     | Loan Amount (NT\$ billion) | Total Loan Amount (NT\$ billion) | Description of Products   |
|--|----------------------------|----------------------------------|---|
| Green/ESG-related Loan Financing Balance | 494.7                      | 2,351.6                          | <ul style="list-style-type: none"> <li>Emerging Industry Loan Projects</li> <li>Long-term care institutions preferential loan projects and improvement of public safety facilities and equipment loan projects for long-term care institutions</li> </ul> |
| Bailout Loan Package for Enterprises     | 182.7                      |                                  | <ul style="list-style-type: none"> <li>Bailout Loan Package</li> </ul>  |

Total Loan Amount NT\$ 2,351.6 billion

As of the end of 2021, the loan balance for “5+2 innovative industries” was NT\$494.17 billion, of which the green energy technology industries’ loan balance was NT\$139.6 billion, ranking first in the market share.

The loan balance for various industries is as follows:








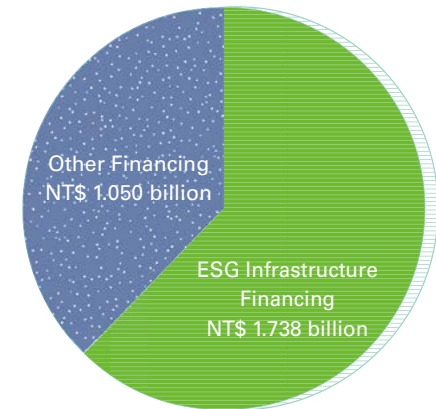
### Project Financing Reviewed through EP or ESG Framework

Number of projects reviewed through EP or ESG framework **4**  
 The percentage of projects for review/number of transactions to total projects **100%**  
 Number of projects having reached financial close **4**  
 Among the above 4 projects that are reviewed under the EP or ESG framework, 3 of them are ESG infrastructure financing projects.  
 As of the end of 2021, TCB had participated in a total of 3 offshore wind power financing projects and issued a total of NT\$839 million in loans.

### ESG Infrastructure Financing

| Project Name  | Level of Risk | Region | Review of the Independent Third Party | Scale of Project Finance <sup>Note</sup> (NT\$ billion) | Assessment Process and Results   |
|---|---------------|--------|---------------------------------------|---|--|
| <br>Company A<br>Offshore Wind Farm        | Grade B       | Taiwan | YES                                   | 81.896  | After TCB's project financing working group has discussed and completed credit investigations and lending process, it is approved by the Board of Directors to allocate allotments. When TCB participates in syndicated loans or bilateral loan organized by other financial institutions, the following procedures shall be followed:<br>1. Assessment and Notification<br>2. On-site Credit Investigation<br>3. Feasibility Assessment and Discussion<br>4. Planning of Loan Structure<br>5. Legal Consultation and Assistance<br>6. Process of Drawing Funds<br>7. Implement Post-loan Management |
| <br>Company B<br>Sewerage System BOT Case | Grade B       | Taiwan | YES                                   | 9.820   |  |
| <br>Company C<br>Solar Power Project     | Grade B       | Taiwan | YES                                   | 15.6  |  |

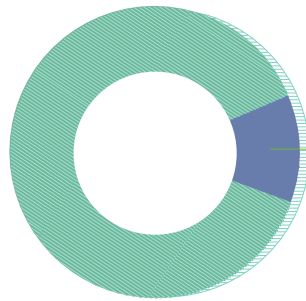
Note: TCB's total allotment amount in the above cases is NT\$6 billion.  
 (Company A: NT\$1 billion; Company B: NT\$2 billion; Company C: NT\$3 billion)



Total Loan Amount NT\$ 2.788 billion  
 Percentage of ESG Infrastructure Financing to Total Loan 62.34%



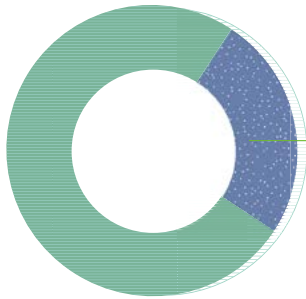
Sustainable  
Funds



Total Asset Size of ESG  
Funds  
NT\$ 29.646 billion  
12.64%

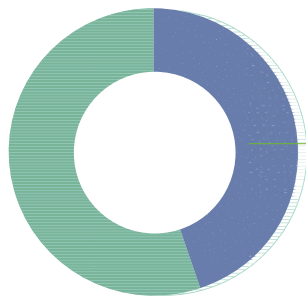
Total Asset Size  
NT\$ 234.599 billion

Advisory  
Services on  
ESG Topics



Total Value of ESG Bond  
Underwriting  
NT\$ 14,033.62 thousand  
25.27%

Total Value of bond underwriting  
NT\$ 55,532.56 thousand



Total Value of ESG  
Consultation Services  
NT\$ 2,617.01 thousand  
44.87%

Total Value of Consultation Services  
NT\$ 5,832.55 thousand

| Item               | Asset Size<br>(NT\$ billion) | Total Asset Size<br>(NT\$ billion) | Description of Products  |
|--------------------|------------------------------|------------------------------------|--|
| Domestic ESG Funds | 12.292                       | 234.599                            | <ul style="list-style-type: none"> <li>Compliant with FSC's "Review and Supervisory Principles for Disclosure Items for Issuing of ESG Funds"</li> </ul> |
| Offshore ESG Funds | 17.354                       |                                    | <ul style="list-style-type: none"> <li>Compliant with SFDR Article 8 &amp; Article 9</li> </ul>  |

ESG Bonds Underwriting

| Item   | Value of Bond<br>Underwriting<br>(NT\$ thousand) | Total Value of Bond<br>Underwriting<br>(NT\$ thousand) | Description of Products  |
|--|--|--|--|
| Green Bonds<br>Underwriting                                    | 70.00  | 55,532.56  | <ul style="list-style-type: none"> <li>Bonds certified as green bonds under the Taipei Exchange Operation Directions for Sustainable Bonds.</li> </ul>       |
| Underwriting<br>Environmentally<br>Friendly Corporate<br>Bonds | 13,963.62  |  | <ul style="list-style-type: none"> <li>Corporate bonds in solar, environmental protection and other environmentally friendly business activities.</li> </ul> |

ESG Fundraise/Capital Increase Consultation and Underwriting

| Item  | Value of Consultation<br>Services<br>(NT\$ thousand) | Total Value of<br>Consultation Services<br>(NT\$ thousand) | Description of Products  |
|---|--|--|--|
| Environmental<br>Friendliness-<br>Related Fundraise /<br>Capital Increase for<br>Underwriting | 2,617.01   | 5,832.55   | <ul style="list-style-type: none"> <li>The Underwriting Department of TSC continues to pay attention to the dynamics of the issuing companies that they are guiding and provides consulting services on ESG-related issues for the issuing companies</li> <li>Assist companies in cases such as issuing green bonds, environment-friendly corporate bonds, and increasing cash capital.</li> </ul> |

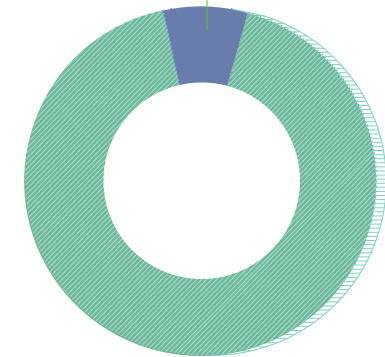
ESG Retail  
Banking  
Products

ESG Credit Lines and Mortgages

| Item   | Credit Amount (NT\$ billion) | Total Credit Amount (NT\$ billion) | Description of Products  |
|--|------------------------------|------------------------------------|--|
| <br>Social Welfare Credit Cards                 | 0.204                        | 909.904                            | In order to encourage personal customers to participate in ESG, TCB has successively issued several charity credit cards, such as "Care Card", "Huizhong Foundation Card", "Heart Disease Children Foundation Card", and "Lugang Mazu Temple Card". When the card holder uses these cards for consumption, TCB will provide a certain percentage of the consumption amount as a reward to card partner organizations, which will be used as a charity. Meanwhile, TCB also issued "TCB LOHAS Card" in 2020, "TCB i Sports Card" in 2021 and other social welfare and green environmental protection credit cards. The cards are made of PETG raw materials and environmentally friendly materials, which will not produce toxic substances when destroyed, reducing the impact on the environment. As of the end of December 2021, approximately 105,820 credit cards related to the above ESG issues were in force, accounting for approximately 16.60% of the total number of credit cards in force. |
| <br>Green Environmentally Friendly Credit Cards | 0.326                        |                                    |  |
| <br>Green Consumption Loans                    | 1.750                        |                                    |  |
| <br>Social Welfare-related Loans              | 74.712                       |                                    |  |
| Total  | 76.992                       |                                    |  |

Percentage to Total Credit **8.46%**

Total ESG Credit Lines and Mortgages  
NT\$ 76.992 billion  
8.46%



Total Credit Amount  
NT\$ 909.904 billion

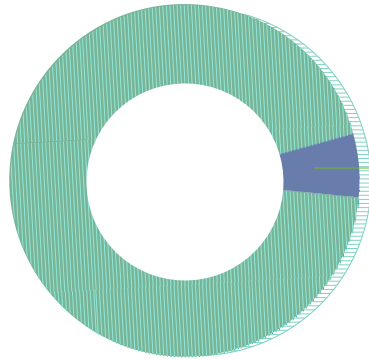
- Loans for Green Buildings  
In order to assist consumers in purchasing green products, TCB has encouraged branches to underwrite mortgages with which green materials are adopted and actively underwrite green consumption loans. As of the end of December 2021, the available amount was NT\$0.732 billion.

- House-for-pension Loans
- Housing Loans
- Bailout Loan Package





ESG Retail  
Banking  
Products



Total Approved Amount  
NT\$ 3,261.543 billion

Total Retail Banking  
Consultation  
Approved Amount  
NT\$ 203.576 billion  
6.24%

Green Transportation

TCB introduces "Preferential Loan Projects for Replacing Large Diesel Vehicles" to assist industries in replacing old diesel vehicles and improving air quality. As of the end of December 2021, TCB has in total underwritten 16 projects with a total loan balance of NT\$ 89 million.

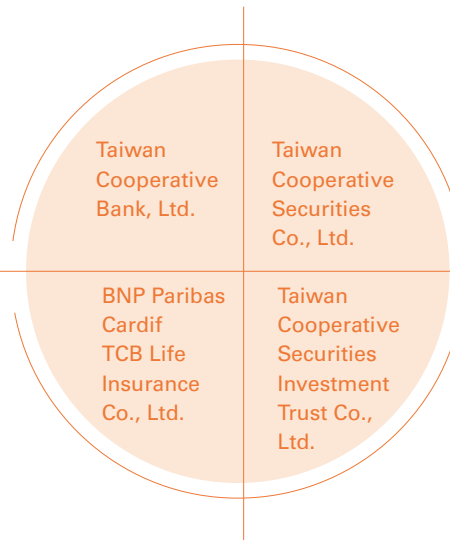
Retail Banking Consultations

| Item   | Approved Amount (NT\$ billion) | Total Approved Amount (NT\$ billion) |
|--|--------------------------------|--------------------------------------|
| Small and Medium Enterprise Credit Guarantee Fund (SMEG) | 186.571                        | 3,261.543                            |
| Loans for Local Creativity                               | 0.041                          |                                      |
| Loans for Urban Renewal Projects                         | 16.964                         |                                      |
| <b>Total</b>   | <b>203.576</b>                 |                                      |

Stewardship  
Principles for  
Institutional  
Investors

Participated in 125 shareholders' meetings of the company and the electronic voting rate reached **97%**

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



The electronic voting rate in shareholders' meetings of 59 TWSE or TPEX-listed companies was **100%**

The electronic voting rate in the shareholders' meeting of TWSE and TPEX-listed companies was **100%**

# Customer Commitment

Providing comprehensive and high-quality services is TCFHC Group's commitment to customers. We are committed to protecting the rights and interests of financial consumers. We formulated policies and strategies based on the "Principles for Treating Customers Fairly" and reviewed and evaluated the effectiveness of various measures every year to ensure that consumers are treated fairly and reasonably. TCFHC Group has smooth communication and complaint channels and is constantly pursuing digital innovation to practice financial inclusion and improve customer satisfaction comprehensively.

03



## 3.1 Protection of Customer Rights and Improve Customer Satisfaction

### Principles for Treating Customers Fairly

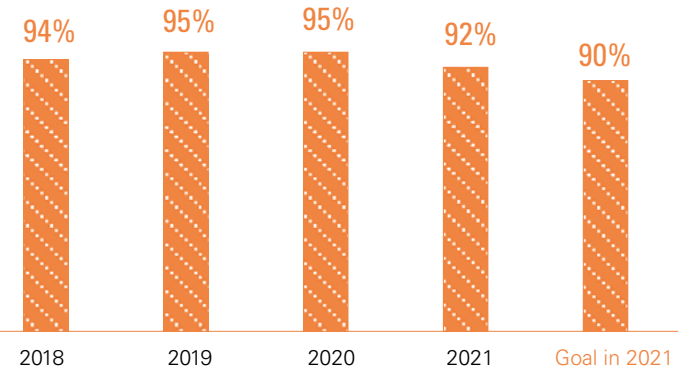
To effectively protect financial consumers' rights and interests, TCB established the "Consumer Protection and Fair Customer Treatment Promotion Committee" in 2019. They are responsible for formulating the policies and strategies concerning principles of treating customers fairly, handling significant consumer disputes and making relevant improvements, and reviewing the progress of promoting fair customer treatment and the evaluation results. TCB, TCS, and BNP TCB Life have all established policies and implementation regulations relating to "Principles for Treating Customers Fairly". 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 to ensure that consumers are treated fairly and reasonably. All employees are also required to abide by the "Ethical Corporate Management Best Practice Principles", "Financial Consumer Protection Act", and "Financial Service Industry Principles for Treating Customers Fairly" to improve customer satisfaction. Moreover, financial consultants are required to sign the "Code of Behavior for Wealth Management Employees" before taking office or performing business.

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 2021, the training completion rates of TCB, TCS, TCBF, BNP TCB Life and TCSIT all reached 100%, and there were no major deficiencies in the evaluation results.

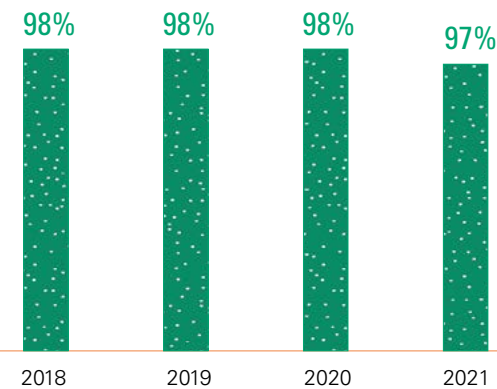
### Maintenance of Customer Relations

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 to understand their opinions and suggestions on the Group's 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 2021, TCFHC Group received a total of 291 customer complaints. TCS has 1 unsettled case, and the remaining 290 cases have been handled and are closed. In addition, TCFHC Group did not receive any complaints about invasion of customer privacy or loss of customer information, and there were no leakage of customer information in 2021.

Customers Satisfaction Rate



Data Coverage Rate (% of revenue)



## Procedures of Product Review and Sales

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 authority before putting up for sale, such products 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 2021

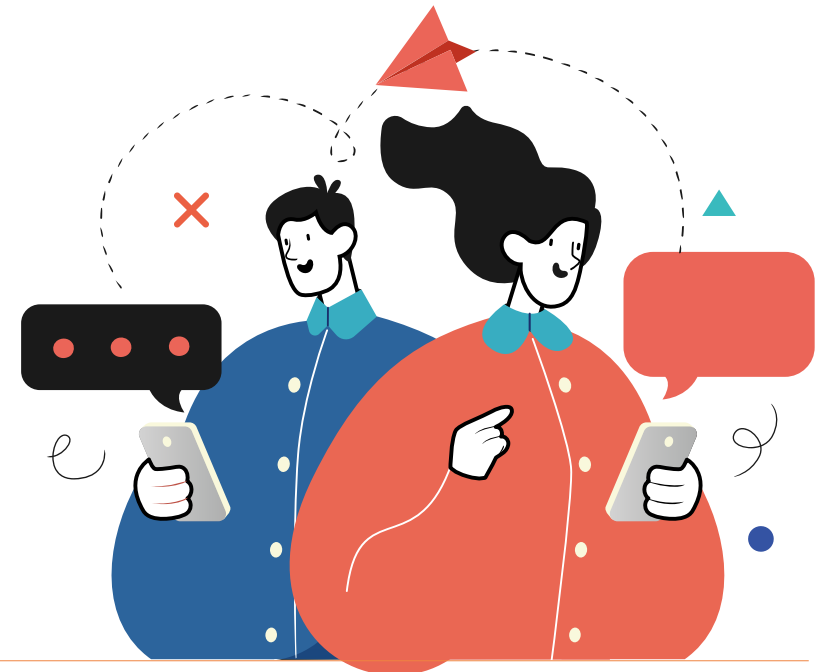
|                             | Taiwan Cooperative Bank, Ltd.  | BNP Paribas Cardif TCB Life Insurance Co., Ltd.  | Taiwan Cooperative Securities Investment Trust Co., Ltd.  |
|-----------------------------|--|--|---|
| Audit Working Group Meeting | 29 times   | 18 times   | 12 times  |
| Number of Products Reviewed | <ul style="list-style-type: none"> <li>139 domestic products</li> <li>169 overseas products</li> </ul> | <ul style="list-style-type: none"> <li>8 new products that have been reviewed and approved/recorded by competent authorities</li> <li>47 products that need adjust and partial changes are recorded</li> </ul> | <ul style="list-style-type: none"> <li>4 products have been reviewed and approved by competent authorities</li> </ul> |

## 3.2 Digital Finance

TCFHC Group utilizes the developmental trend of digital technology plus commercial innovation and values user design and customer experience. The Group creates various customer-centric financial services to create more consumer friendly financial products so as to raise service efficiency, accessibility, utility, and quality and achieve the maximum financial service benefits of digital applications.

### Innovative Digital Finance

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 aim to provide comprehensive digital financial services and make financial products and services more approachable in the real life.



## Achievements of TCFHC Group in Promoting Digital Financial Services in 2021

Taiwan Cooperative Bank, Ltd.

| Electronic Channel   | Online Application for Personal Mortgages and Small Amounts of Personal Credit Loans Business   | Online Application of Mortgage, Credit Loans and Other Services for Customers who Does Not Have Internet Banking Functions  | Open Banking  | Digital Service Platform for Making Foreign Exchange Transactions   | Process of RPA   | Digital Branch   |
|--|---|---|---|---|--|--|
| <p>The percentage of electronic channel transactions to total transactions are recorded.</p> <p>Usage rate is <b>93.73%</b>.</p> | <p>This service is provided for existing customers with Internet banking. In addition, we have created additional value-added functions, such as upload supporting documents online, check progress of cases online, and online guarantee verification to replace the inconvenience of traveling to and from the counter.</p> <p><b>15,531</b> applications for mortgage and credit loans were received online.</p> | <p>In 2021, 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.</p> <p>There were <b>18</b> cases of loan appropriation.</p> | <p>The first phase has been launched, and the product information can be searched on "public information inquiry", including TWD, FCY, and related interest, exchange rate inquiry functions. In the second phase, we cooperated with Taiwan Depository &amp; Clearing Corporation (TSP) to create TWD, FCY balance, and transaction details inquiry functions.</p> <p>It is launched on June 18, 2021.</p> | <p>Customers can open FCY digital account and conduct foreign exchange transactions such as purchase/sale, foreign currency transfer, foreign currency remittance, import letter of credits, fixed deposits, and other foreign exchange transactions online on the digital service platform. In turn, we can reduce carbon emissions generated during over-the-counter transactions, shorten waiting time, and reduce paper usage.</p> <ul style="list-style-type: none"> <li>There were 133,504 digital FCY savings account, an increase of <b>158.53%</b> compared to 2020.</li> <li>624,601 digital FCY transactions were conducted totaling US\$11,623,915,000, an increase of <b>7.14%</b> and <b>46.22%</b> respectively compared to 2020.</li> </ul> | <p>We carried out agile development methodology while focusing on "facilitating business operations and simplifying the complicated" and "providing customers with excellent quality of financial service experience", so that employees can focus more on decision-making items and improve operational quality and performance.</p> <p>There were about 5,686 cases, saving about <b>24,600</b> minutes of manpower.</p> | <p>The equipment mainly used by digital branches 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> |

Taiwan Cooperative Securities Co., Ltd.

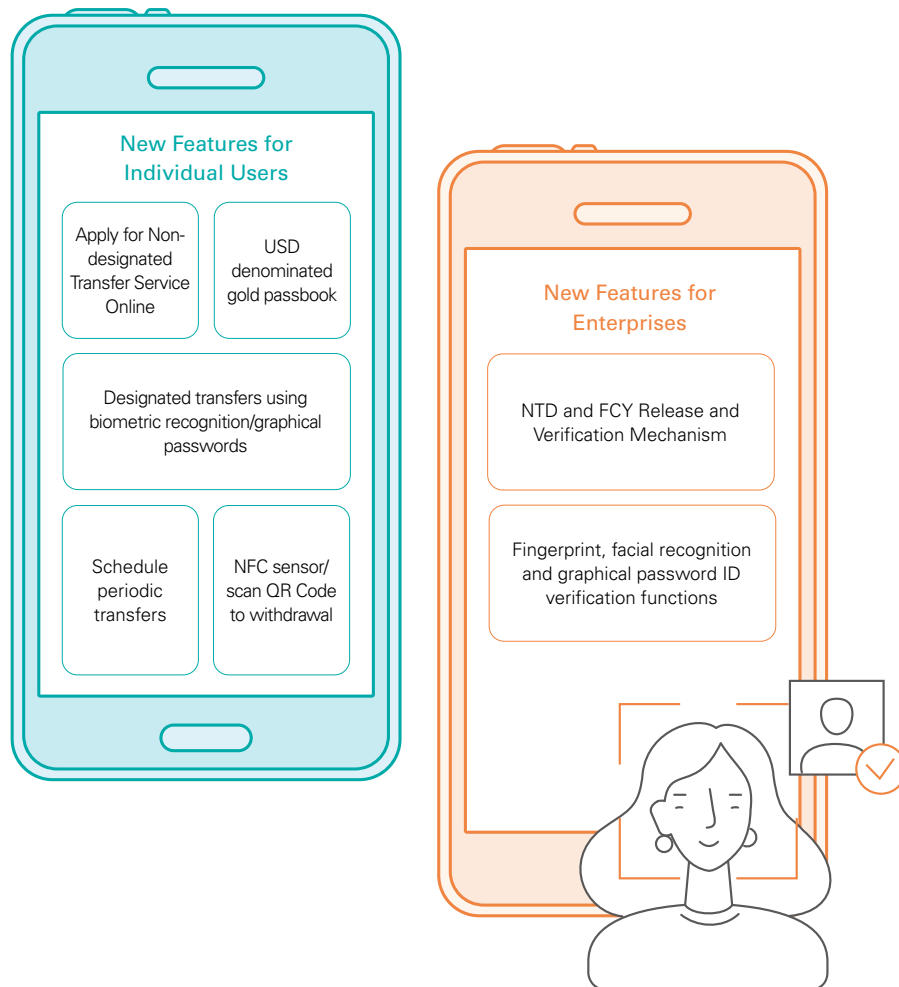
|   |  |  |  |
|---|--|--|--|
| <p><b>Paperless Account Opening System Over-the-Counter</b></p> <p>We open customer's accounts with tablets to reduce paper waste and operational time.</p> <p>Accounted for <b>14.29%</b> of the accounts opened for the whole year.</p> | <p><b>Online Taiwan Stock Investment Using Dollar Cost Averaging Strategy Services</b></p> <p>Increase opportunities for elderly and disadvantaged (including groups or areas without access to financial services) to enjoy securities services and provide customers with the option to set monthly debit dates and amount to buy Taiwan stocks.</p> <p>A total of <b>19,553</b> accounts were opened, and the amount debited was NT\$<b>61.4</b> million.</p> | <p><b>Electronic Orders</b></p> <p>Customers do not have to contact salespersons. They can place orders using their mobile devices or personal computers.</p> <p>The percentage reached <b>86.04%</b>.</p> | <p><b>Application to Activate Online</b></p> <p>Mobile epassbook of Taiwan Depository &amp; Clearing Corporation, electronic daily statements for Taiwan stocks, subcontract electronic monthly and daily statements.</p> <ul style="list-style-type: none"> <li>• A total of <b>43,963</b> applications for Taiwan Depository &amp; Clearing Corporation's epassbook.</li> <li>• A total of <b>9,520</b> people applied for electronic daily statements for Taiwan stocks.</li> <li>• A total of <b>1,774</b> people have applied for sub-brokerage electronic monthly and daily statements.</li> </ul> |
|---|--|--|--|

BNP Paribas Cardif TCB Life Insurance Co., Ltd

|   |   |  |   |
|---|---|--|---|
| <p><b>Online Insurance Purchase</b></p> <p>Customers can apply for insurance through the Internet. They can be protected 24 hours a day at any time and place.</p> <p>There are <b>35,195</b> members with <b>1,349</b> cases of insurance purchased.</p> | <p><b>Electronic Document Launched</b></p> <p>Regular inspection of items that can be added to electronic forms to policyholders in the most convenient and efficient way and improve customer satisfaction.</p> <p><b>100%</b> completed the development and launched.</p> | <p><b>Conversion Ratio of Online Investment Target</b></p> <p>Policyholders 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.</p> <p>The number of online fund conversion accounts for <b>61.50%</b> of the total number of fund conversion.</p> | <p><b>Mobile Insurance Application</b></p> <p>Customers purchasing insurance through the mobile insurance purchase platform can reduce the time for filling out insurance documents, reduce notification ratio, and improve underwriting efficiency.</p> <p>There were <b>2,947</b> cases, accounting for <b>15.37%</b> of new contracts.</p> |
|---|---|--|---|

## Mobile Banking and Mobile Payment

In support of the Executive Yuan's policy of making mobile payment universal, TCB has worked to strengthen service features and interfaces of mobile and online banking to improve the convenience of customers using mobile banking and mobile payment. In 2021, the total number of mobile banking account reached 1.42 million.

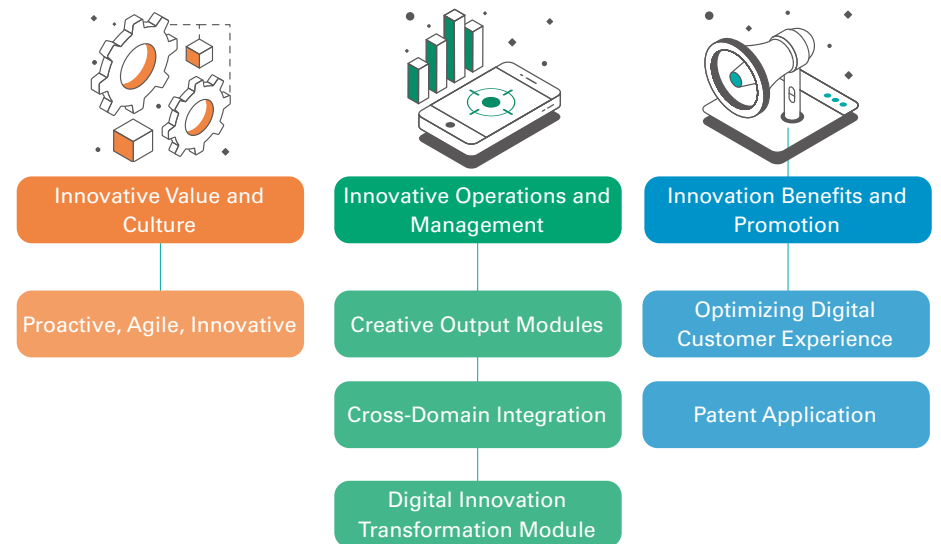


In order to strengthen the adhesiveness with customers, the TCFHC Group has specially launched the "TCB Golden Coin" in 2020. It is a bonus point collection platform that enables customers to gain certain number of points after completing designated events held by TCB, TCS, or BNP TCB Life. These points can be used in exchange of gift coupons for everyday life, entertainment, gourmet, and beverages offered by an array of well-known chained stores. Customers can enjoy multiple discounts on fees such as credit card fees or ATM inter-bank handling fees. Interactive games are used to provide bonus points and lottery draws, which not only create topics but also improve customer satisfaction.

## TCB CoLAB

In order to implement talent development and accelerate the promotion of digital innovation, TCB officially established an innovation lab (CoLAB) in November 2019. The inertial business model has been overcome through agile cross-departmental collaboration to achieve creative outputs and expand possible financial service applications in response to market trends and business needs.

### CoLAB Framework





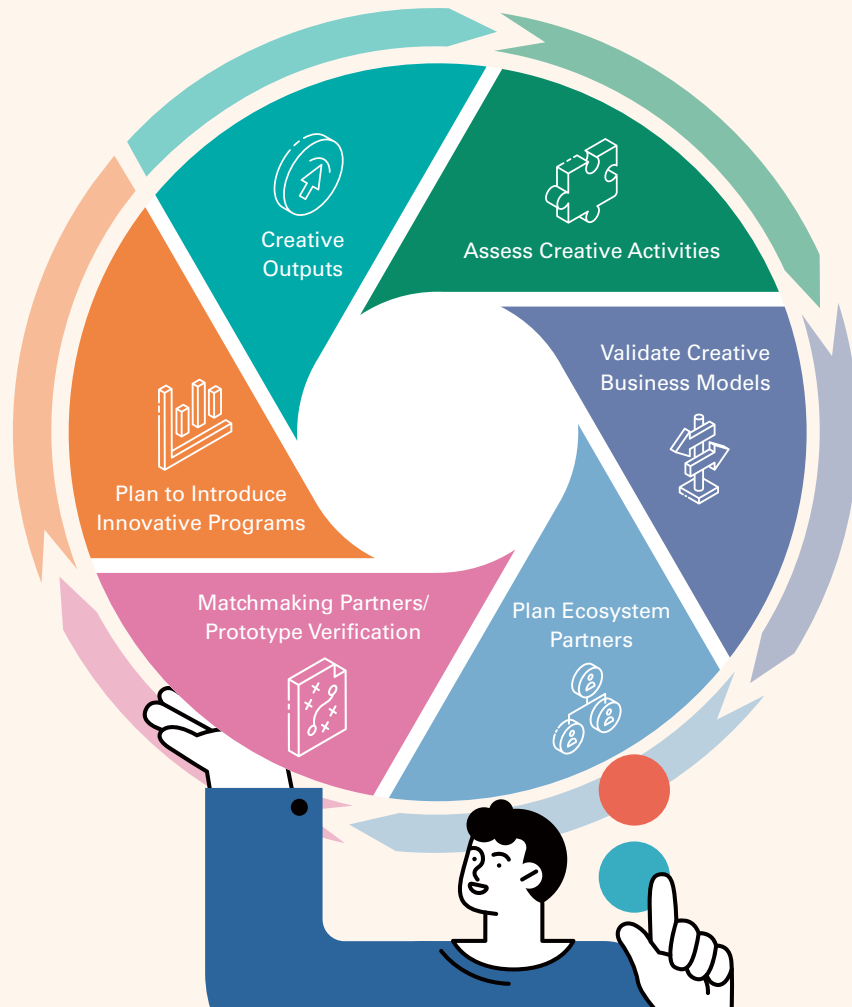
## Innovative Value and Culture

### Proactive, Agile, Innovative

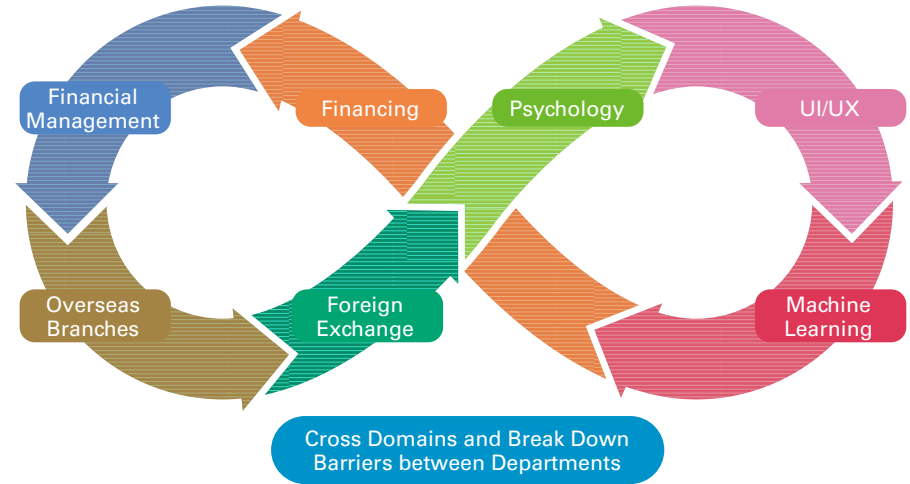
The corporate philosophy of "Proactive. Agile. Innovative". has become CoLAB's core competencies. It has established an operation module that drives digital innovation transformation, hoping to continue nurturing the growth of digital innovation.

## Innovative Operations and Management

### Creative Output Modules



## Cross-Domain Integration



## Digital Innovation Transformation Module

| Description                | Empower Employees  | Implement Sustainable Innovation in Response to Customers' Digital Financial Needs   | Make Good Use of Technology to Connect New Value Chains  |
|----------------------------|--|--|--|
|                            | <ul style="list-style-type: none"> <li>Enhance the cultivation of digital transformation skills</li> </ul>   | <ul style="list-style-type: none"> <li>Increase the output of fintech patents and increase the number of APP users</li> </ul>      | <ul style="list-style-type: none"> <li>Link the resources of startups and suppliers</li> </ul> |
| Actual Performance in 2021 | <ul style="list-style-type: none"> <li>4 Interviews</li> <li>19 Workshops</li> <li>Across 16 departments with more than 600 people</li> <li>Up to 110 hours of training</li> </ul> | <ul style="list-style-type: none"> <li>Obtained 14 patents</li> <li>The number of APP accounts has exceeded 1.3 million</li> </ul> | <ul style="list-style-type: none"> <li>Technical negotiation with 6 startups</li> </ul>        |

## • Innovation Benefits and Promotion

### Optimizing Digital Customer Experience

In the post-epidemic era, consumers have gradually become accustomed to using digital equipment in their daily lives. They are paying more and more attention to health and safety issues, and customers' consumption decisions and purchasing behaviors have also begun to change.

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 dedicate itself to customer care and well-being, from identifying digital channel contact points to drawing journey maps for customers. TCB conducted target customer group analysis and digital experience inspection and designed 4 major digital customer experience guidelines, which are "TCB Family", "Charging Together", "Creating Together", "Traveling Together" and 12 executable items for digital customer experience. TCB endeavors to provide better services in the future and achieve the concept of sustainable business.

### Patent Application

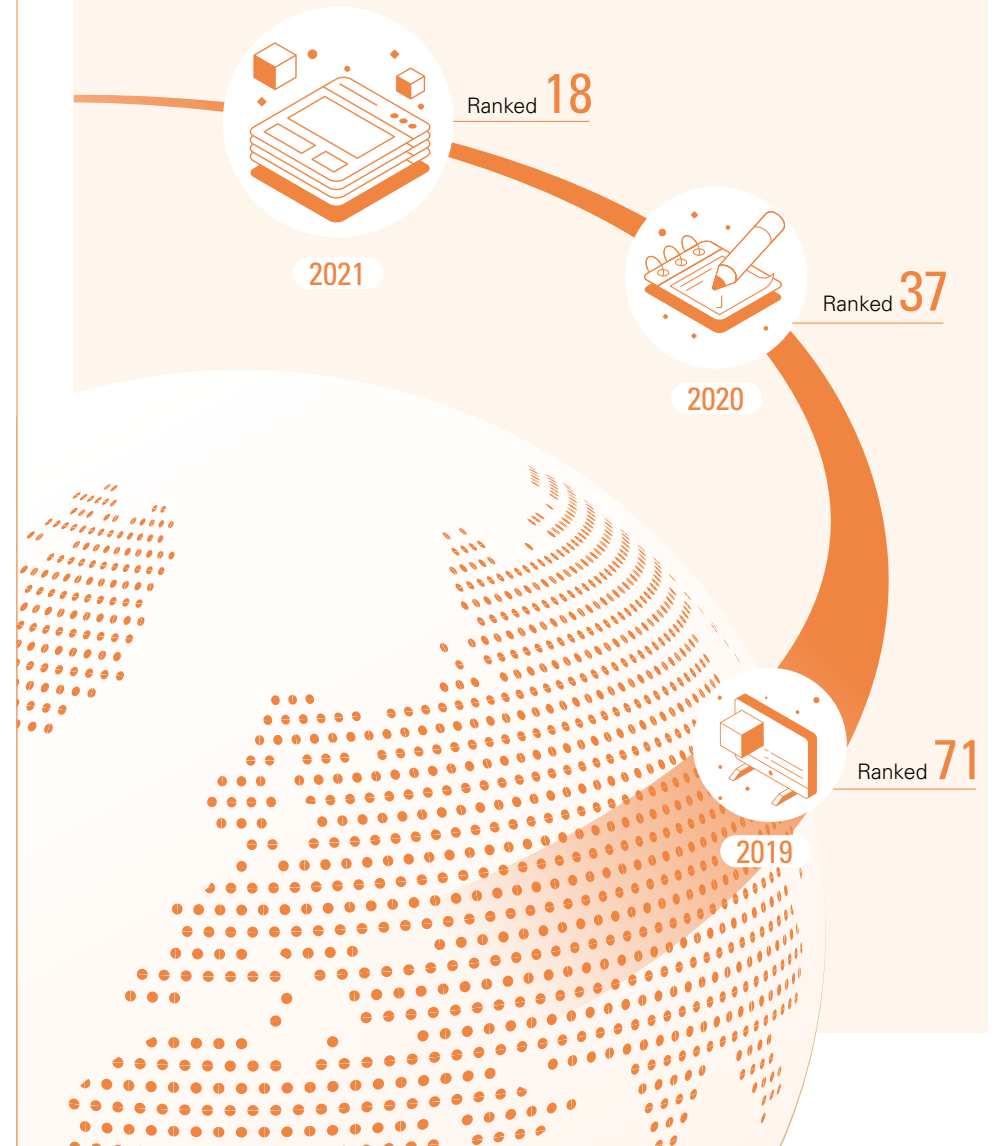
The creative output workshop proposed 5 business ideas, such as physical branch transformation, fundraising trusts, digital investment, and using digital accounts and APPs to apply for a loan. It has obtained 14 patents. In the follow-up, loan application using apps and digital accounts will be verified. They will be launched in February and March 2022, respectively.

## Patent R&D and Management

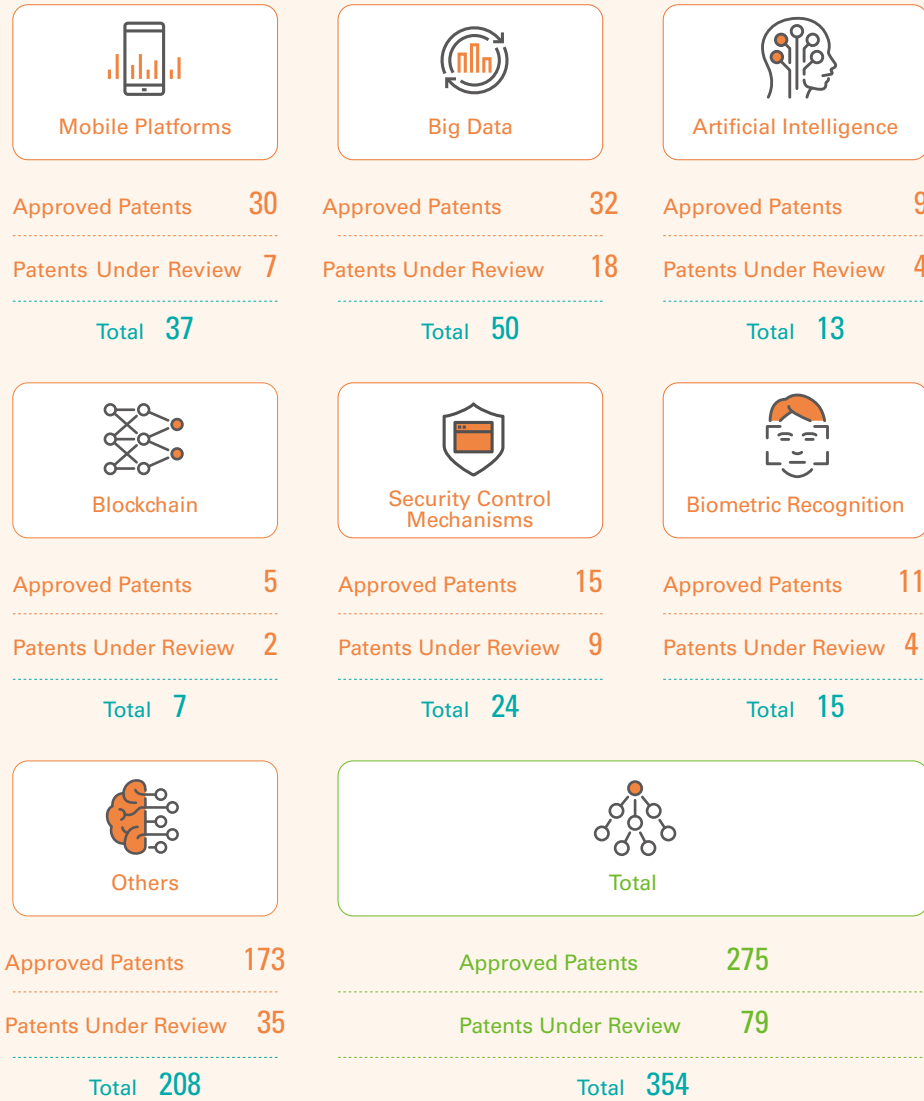
In response to the Financial Supervisory Commission's "Corporate Governance 3.0- Blueprint for Sustainable Development" and that the financial industry should value the establishment of intellectual property management systems, TCFHC Group has actively promoted financial innovation. In 2020, among government-funded banks, TCB took the lead and completed the first on-site review of domestic intellectual property management regulations. In 2021, it was notified by the Institute for Information Industry that it passed the TIPS (A-level) verification review, which actively demonstrated TCB's diligence in investing and implementing intellectual property management.

In 2021, 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 in 2021, 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.

### Ranking in the Top 100 of Patent Application Filed by Domestic Institutions



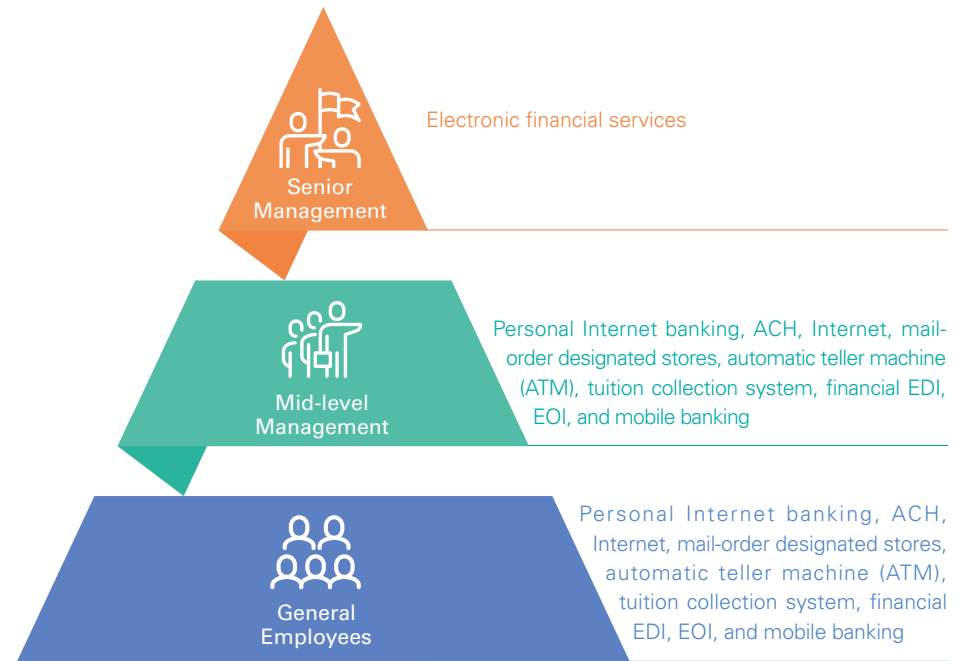
## Number of FinTech Patents that Have Been Approved or Are Under Review by TCB in 2021



## Cultivation of FinTech Talent

In order to enable employees keeping abreast of the latest trend of financial technology and strengthening digital skill so as to grow into digital financial specialist with forward looking vision and beyond-the-boundary thinking, TCB has engaged in collaboration with such academic institutes as National Chengchi University and National Tsing Hua University, established CoLAB to develop seed members, and continuously worked with external consultants to nurture and develop staff with the capabilities of information analysis, technological innovation, or digital marketing through workshops or specialized classes that focus on financial technologies such as blockchains, artificial intelligence, big data, robotic wealth management, and internet of things (IoT).

### Fintech Talent Trainings in 2021



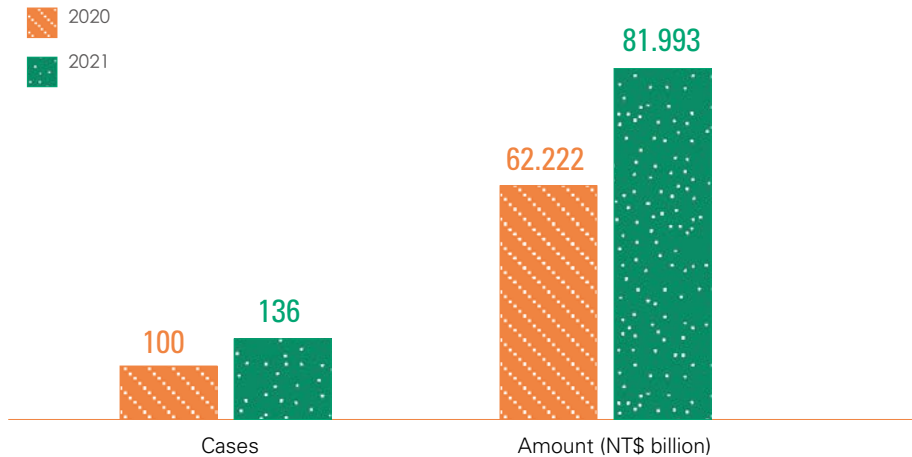
### 3.3 Financial Inclusion

With humanity and pursuing social well beings as the core value, the TCFHC Group has not just rolled out a variety of financial products and services with inclusive nature but has also wielded influence in the financial industry to endeavor to make people with different backgrounds all entitled to fair and reasonable financial services and resources, so as to implement inclusive finance.

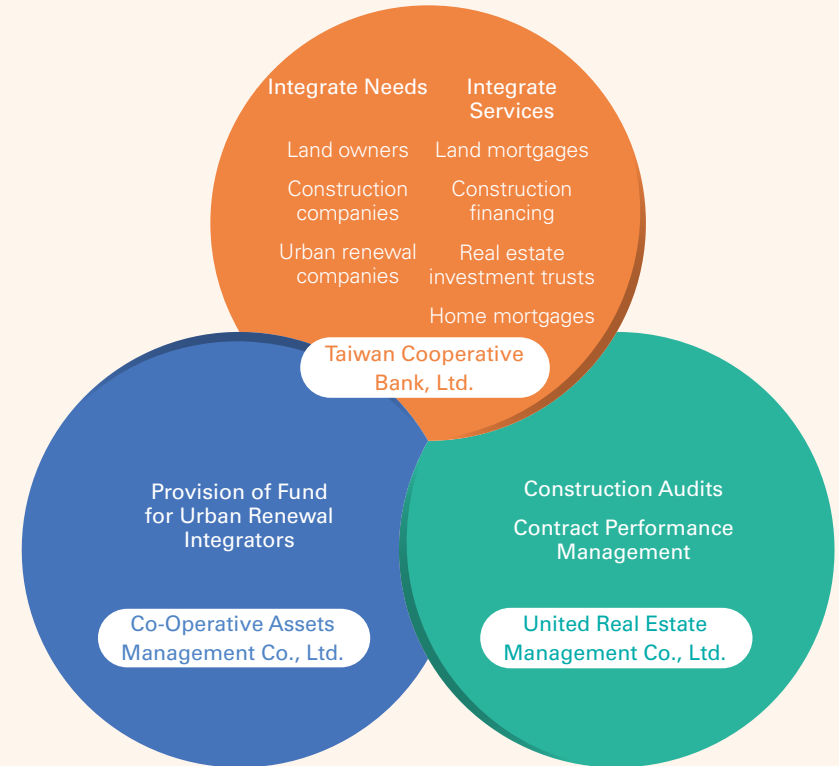
#### Promoting Urban Renewal

In order to support community development and make living environment safer and 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 Reconstruction" 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 2021, the total number of TCB urban renewal and time-worn building reconstruction financing projects being undertaken was 136 totaling NT\$81.993 billion.

#### Financing of Urban Renewal and Time-Worn Building Reconstruction Project



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



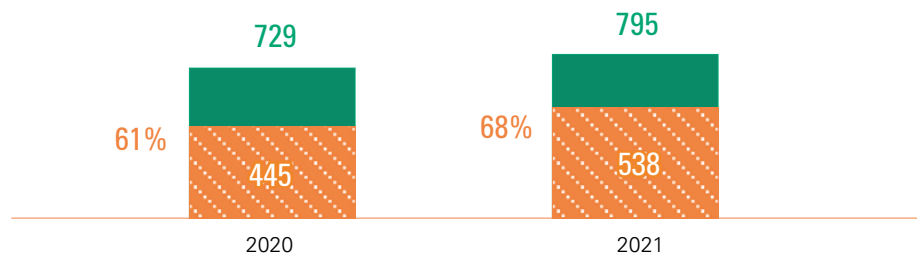
#### Debt Negotiation

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 revival, clearance, or pre-mediation to the court. We endeavor to provide measures that could help mitigate the economic burden of debtors and repay their debts.

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 unsecured debt extension for financially disadvantaged borrowers to help them to settle down and successfully repay their debts.

### Pre-Negotiation Cases

Number of Cases Settled  
Applications for Negotiation



## Create a Friendly Financial Environment

### A Barrier-Free Friendly Service Environment

270 branches 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. As of the end of 2021, TCB had installed 1,119 ATMs for the physically and 9 ATMs for visually impaired. In order to take care of areas with low population density or economically disadvantaged areas, TCB has set up 19 business units and installed 72 ATMs. TCB is providing areas with population density not exceeding 300 people per square kilometer or counties and cities in the bottom 1/3 of economic and employability rankings the same services as other areas.



### Friendly Financial Service Zone

- TCB Internet banking:  
In order to provide better and more convenient online financial services for people with disabilities, the 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 verification, 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:  
We create a friendly and convenient investment environment for people with disabilities, and strive to provide them with accessible financial services. 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 51 bilingual service branches by the end of 2021. 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 are equipped to serve customers from non-native English-speaking countries as well. In addition, the branches in Nanjing East Road, Yuanshan, Zhongli, Taichung, and Kaohsiung where Japanese tourists frequently visit have added Japanese language services to enable foreign tourists to enjoy warm and friendly financial services.

## 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, hoping to achieve common good in the society through finance.

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\$195.702 billion), urban renewal project loan (NT\$16.964 billion), and agricultural and fishery project loan (NT\$17.474 billion). The total amount of the 1,371 cases of overdue loan accounted for 0.2% of the total relevant project loans earmarked for stimulating the development of small enterprise and local community.

## Financial Programs

## Performance in 2021

SMEs and “Small Industries and Start-Ups”

### Loan for Micro and Simple Projects

- Set up loans for micro and simple projects and provide financing services for micro-enterprises with a lending amount of NT\$1 million.

- Undertook 60,061 SMEs with paid-in capital below NT\$30 million and the loan balance totaling NT\$338.6 billion.

### Utilizing the Central Bank's Refinancing Funds to Assist the Disaster-stricken SME Loan Project

- We cooperate with the Central Bank to undertake loan programs for small-scale business operators. Their loans are taken out from the SMEs which are affected by the severe COVID-19 epidemic. We endeavor to assist small-scale business operators to obtain financing so that their operations will not be interrupted and overcome the difficulties encountered during the epidemic.

- There are 26,747 units approved totaling NT\$14.077 billion; 23,116 loan cases totaling NT\$10.292 billion.

SMEs

- To support SMEs, TCB promoted various loans to help businesses obtain funds. In addition to SME loans, TCB provided loans such as the “Taipei City business development incentive program for loans at preferred rates”; “Taoyuan City youth entrepreneurship and SME credit guarantee loans”; and “Tainan City youth entrepreneurship and SME credit guarantee loans.” TCB also participated the Small and Medium Enterprise Administration’s “2021 Financial Competitiveness Program for SMEs,” which provided short or long-term financial diagnosis or financing advice for SME clients.

- As of the end of 2021, TCB had 68,293 accounts with an outstanding SME loan balance that added up to a total of NT\$824.096 billion.

Indigenous People

### Loans of Indigenous People Comprehensive Development Fund

- In order to meet the needs of indigenous people’s microeconomic activities and small amount of working capitals for individuals or families, we assisted the indigenous people in the sound economic and social development and offered indigenous people comprehensive development fund loans.
- We cooperate with the Council of Indigenous People to support the Pandemic Relief Plan 1.0, 2.0, and 4.0. From March 2020 to June 2022. We assist in handling interest-free, principal remission, or loan extension measures to reduce the indigenous people’s loan burdens.

- There are 2,649 existing cases totaling NT\$592 million.

## Financial Programs

## Performance in 2021

### 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.

32 transactions

NT\$ 41 million

Hakka Regional Revitalization Enterprise

### Loan for Youth Entrepreneurship and Startup Capital

- In order to create a favorable environment for youth entrepreneurship and promote entrepreneurial spirit, we offered youth entrepreneurship and start-up capital loans to assist entrepreneurs to obtain the funds needed for operation.

6,068 new transactions

NT\$ 4.885 billion newly disbursed

Youth

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

- We assist 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.

1,054 new transactions

NT\$ 4.804 billion newly disbursed

### 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.

230 transactions

NT\$ 480 million

First-time Buyers Who Have Obtained the "Subsidy Certificate" Approved by the Competent Authorities



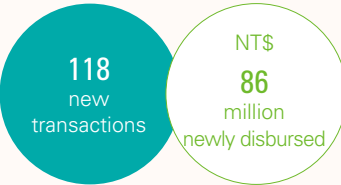
## Financial Programs

## Performance in 2021

Unemployed and Entrepreneurs

### Loan for Start-up Assistance for the Unemployed of Employment Insurance & Micro/Women Start-up Loan

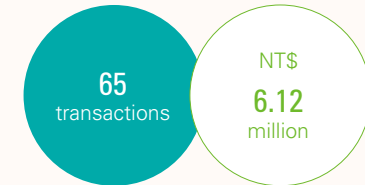
- We adhere to the practice of social responsibility and support for women to start their own businesses. We actively cooperated with the Loan for Start-up Assistance for the Unemployed of Employment Insurance and Micro/Women Start-up Loan handled by the Ministry of Labor. This shall relieve the capital 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.



Indonesian Migrant Workers

### Rapid Remittance for Indonesian Families and Settlement Service

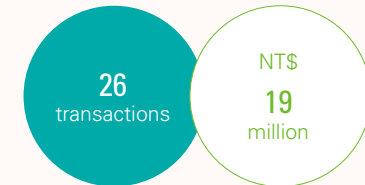
- In order to meet the remittance needs of Indonesian migrant workers, TCB provides rapid remittance for Indonesian families' services. In addition, in order to facilitate Indonesian migrant workers to fill in the remittance information, an Indonesian version of the remittance application form and the Indonesian bank SWIFT CODE comparison table are provided for Indonesian migrant workers as reference. We provide convenient and considerate financial services.



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.



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.



## Startup Story

TCB has launched several inclusive financial products and services. In terms of supporting women's entrepreneurship, not only did TCB provide initial start-up funds for entrepreneurs, but it also provided second-time capital injections to high-quality merchants and enterprises to help them grow and thrive. For example, "Archer King" was founded in 2016. The executive officer Ms. Zhang is committed to developing original flavors by integrating flavors from Taiwan's high-quality tea and Southeast Asia's unique spices to create unique tea flavors. The early food truck sales have already had a place in the market so far, and in the future, they hope to become a popular tourist attraction in Taichung City, attracting more tourists to stop and consume.



## 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, TCB has actively responded to the government trust 2.0 promotion plan and cultivated "Eldercare Financial Planning Consultants" in 2021. TCB is the first bank to have more than 100 Eldercare Financial Planning Consultants dedicated to helping customers with trust planning and relevant consultant service regarding happy living and secure caring.

### • Four-in-One Trust for Building Healthy Co-Sharing Residence

In order to take care of the elderly in all aspects as well as stimulate the development of the long-term care industry, TCB is the first state-owned bank to launch preferential projects for long-term care institutions. It has established "Rules of Loan for Long-term Care Institutions" and "Long-term Care Institutions Improving Public Safety Facilities and Equipment Loan Project". In 2017, TCB was the first bank to provide a one-stop service by adopting a trust mechanism for caregiving institutes and elderly care services. The integrated financial service which has incorporated lease right trust, real estate trust, construction fund trust, advance payment trust, and elderly trust, is set to assist small-and-medium caregiving business operators in developing, constructing, and operating caregiving facilities.

204 units of loans were taken out from TCB by the biotechnology and pharmaceutical industries or long-term care industries in 2021. By the end of 2021, the loan balance of long-term care institutions was NT\$573 million.

## Financial Products for Elderly

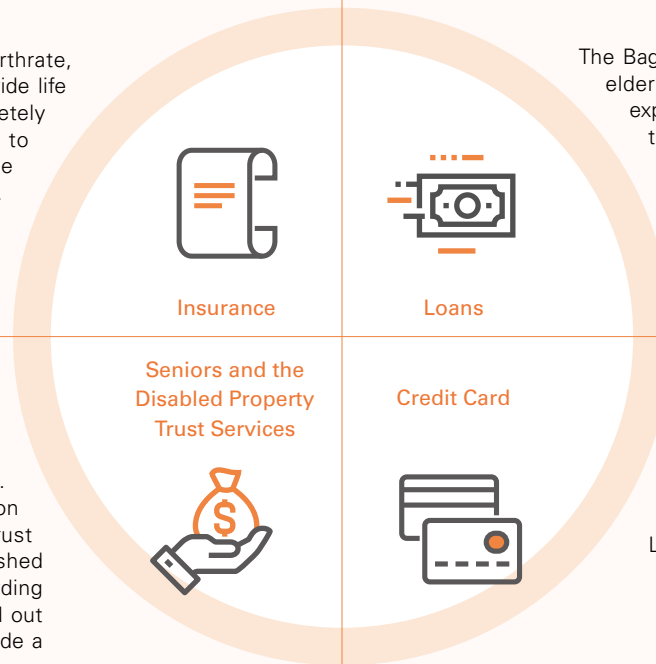
We provide a full range of risk protection for life, including cancer, death, total disability, total disability assistance, major burns and scalds, severe injury and disability pension, and double protection for specific accidental injuries. As of the end of December 2021, there were **38,950** insurance product contracts for elderly (including investment-linked annuity, interest-sensitive annuities, long-term care insurance) with a premium of NT\$**10.241** billion.

### Guard Small Amount Whole Life Insurance Easily

In response to the trends in population aging and declining birthrate, to popularize basic insurance protection for the elderly, we provide life insurance benefits when the insured passes away or is completely disabled. The protection period lasts the whole life. In order to make it easy for the elderly population to purchase insurance, the content of this product should be simple and easy to understand. The premium should be lower than other similar types of life insurance. We hope that this will increase the customer's life insurance amount and ensure a more adequate protection for the customers when related risks or accidents occur.

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 asset security and funds are for exclusive use to provide a complete guarantee for future life.

TCB Seniors and the Disabled Property Trust Services saw an increase of **5,413** more beneficiaries in 2021. The total of trust principal balance was NT\$**6.223** billion as of 2021. The service value reaching NT\$**7.31** million, accounting for about **5.25%** of the total service value of NT\$**139** million.



Insurance

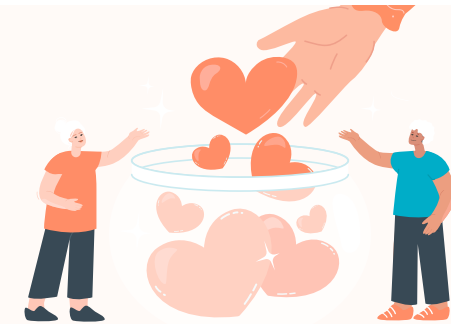


Loans

Seniors and the Disabled Property Trust Services



Credit Card



The Bagful of Happiness loan 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.

In 2021, there were **253** new approved Bagful of Happiness loans totaling NT\$**1.710** billion. TCB has approved **2,177** Bagful of Happiness loans with a total of NT\$**13.111** billion loans approved.

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 2021, TCB has issued a total of **60,114** LOHAS credit cards.



# Employee Care

Talent development is fundamental to any enterprise wishing to pursue sustainable development. Insisting on making the Company a well-being enterprise, TCFHC 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 top executives so as to reduce the possibility of any form of coercion and forced labor. Faced with COVID-19 pandemic, TCFHC has taken the initiative to implement employee care policy by emphasizing the balance between physical and mental health and work life among employees, so as to ensure employees' health and well-being.



## 4.1 Composition of Employee

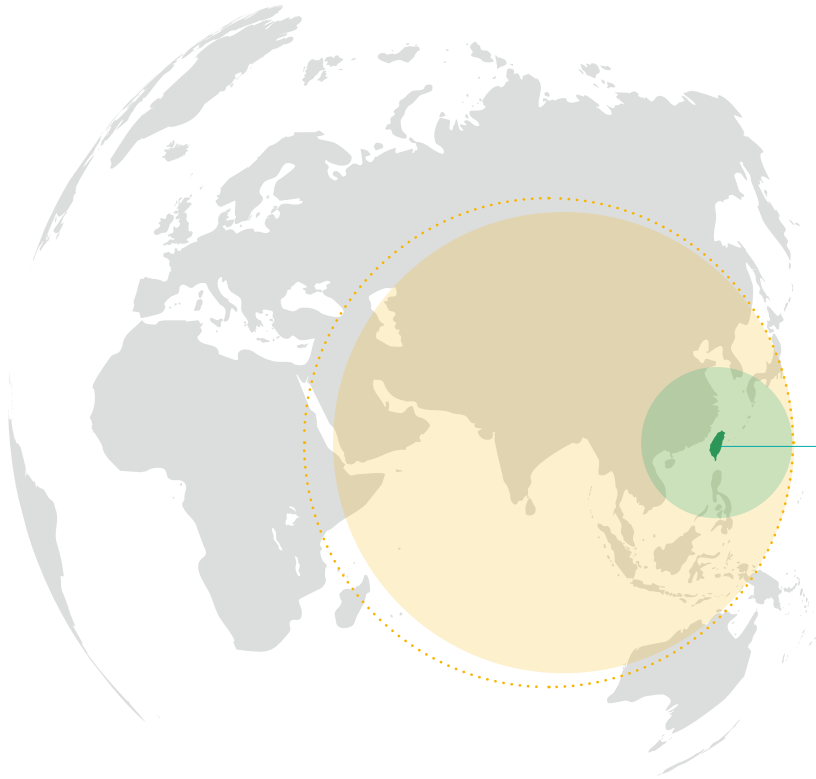
As of the end of 2021, there were a total of 9,526 full-time and part-time employees working for the TCFHC Group, the majority of whom were aged between 30 and 50. There were 5,642 female employees (including 4 part-time employees), 3,884 male full-time employees, and the ratio of female to male was 59:41.

As part of the efforts to help disabled and indigeneous people get employed, TCFHC Group has hired 136 disabled and indigeneous staff to work for the Company, accounting for 1.43% of the total employees, a figure that is higher than the legal requirement of 1%.

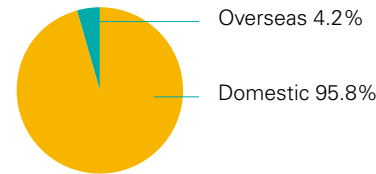
With a full abundance of relevant regulations, the appointment, rewarding, and promotion of employees are protected against discrimination of differences in race, religion, skin color, political party, age, gender, sexual orientation, marital status, and physical or mental disadvantage.

### Types of Employment Contract and Work Location Distribution from 2019 to 2021

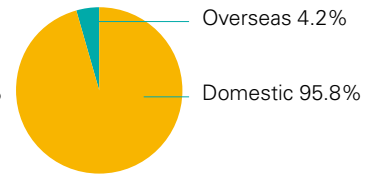
| Year | Employment Contract | Gender |       | Work Location |          | Number of Employees |
|------|---------------------|--------|-------|---------------|----------|---------------------|
|      |                     | Female | Male  | Domestic      | Overseas |                     |
| 2021 | Full-time           | 5,638  | 3,884 | 9,111         | 411      | 9,526               |
|      | Part-time           | 4      | 0     | 4             | 0        |                     |
| 2020 | Full-time           | 5,563  | 3,881 | 9,047         | 397      | 9,448               |
|      | Part-time           | 3      | 1     | 4             | 0        |                     |
| 2019 | Full-time           | 5,473  | 3,873 | 8,957         | 389      | 9,354               |
|      | Part-time           | 3      | 5     | 8             | 0        |                     |



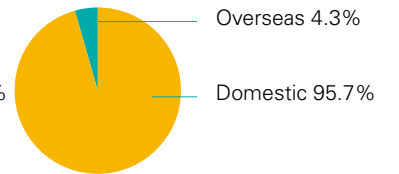
2019 Percentage of FTE by location



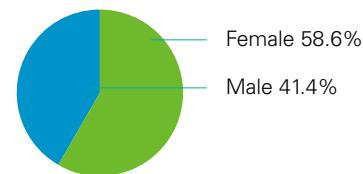
2020 Percentage of FTE by location



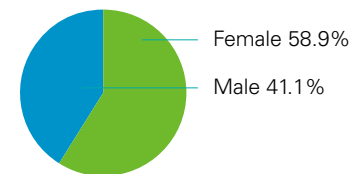
2021 Percentage of FTE by location



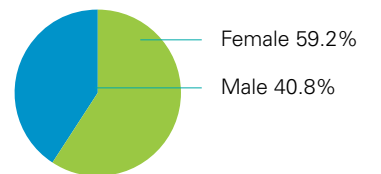
2019 Percentage of FTE by gender



2020 Percentage of FTE by gender



2021 Percentage of FTE by gender

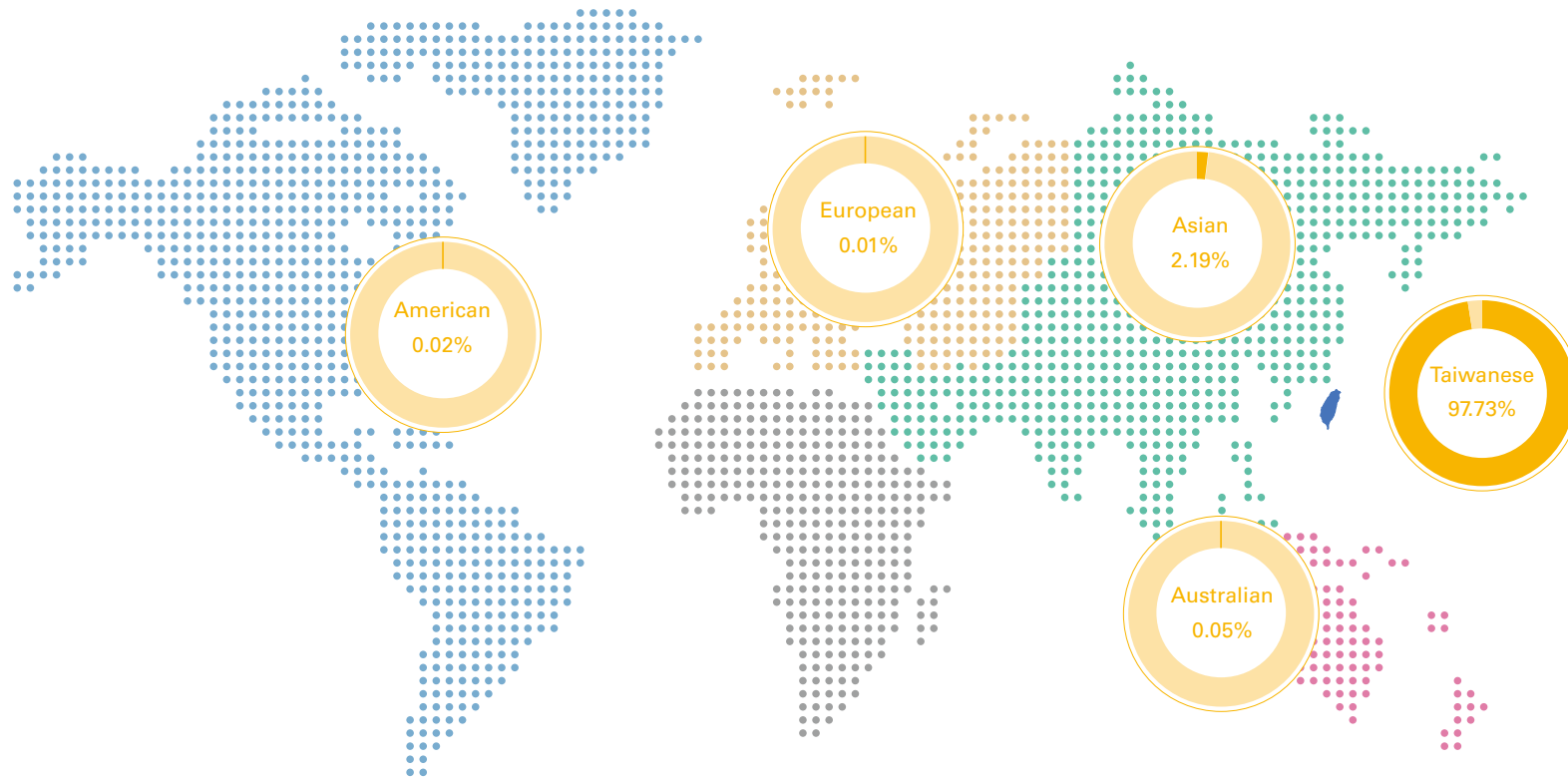


### Distribution of Labor Gender and Diversity from 2019 to 2021

| Year | Gender | Number of People | Ratio to All Employees (%) | Diversity                 |                   |         | Ratio to All Employees (%) |
|------|--------|------------------|----------------------------|---------------------------|-------------------|---------|----------------------------|
|      |        |                  |                            | Persons with Disabilities | Indigenous People | LGBTQI+ |                            |
| 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                 | -       | 1.47                       |
|      | Male   | 3,882            | 41.09                      | 72                        | 31                | -       |                            |
| 2019 | Female | 5,476            | 58.54                      | 22                        | 0                 | -       | 1.21                       |
|      | Male   | 3,878            | 41.46                      | 59                        | 32                | -       |                            |

### Distribution of Cross-national Employees in 2021

| Nationality           | TCFHC | TCB   | TCS | CAM | TCBF | BNP TCB Life | TCSIT | TCVC | Percentage of Cross-national Employees (%) | Ratio to All Managerial Positions (%) |
|-----------------------|-------|-------|-----|-----|------|--------------|-------|------|--|---------------------------------------|
| Taiwanese             | 16    | 8,481 | 402 | 56  | 64   | 232          | 45    | 13   | 97.73                                      | 99.43                                 |
| Asian (Non-Taiwanese) | 0     | 209   | 0   | 0   | 0    | 0            | 0     | 0    | 2.19                                       | 0.49                                  |
| American              | 0     | 2     | 0   | 0   | 0    | 0            | 0     | 0    | 0.02                                       | 0.00                                  |
| European              | 0     | 0     | 0   | 0   | 0    | 1            | 0     | 0    | 0.01                                       | 0.04                                  |
| Australian            | 0     | 5     | 0   | 0   | 0    | 0            | 0     | 0    | 0.05                                       | 0.04                                  |
| Total                 | 16    | 8,697 | 402 | 56  | 64   | 233          | 45    | 13   | 100.00                                     | 100.00                                |



## Distribution of Management in 2021



Note 1: Senior management refers to executive vice presidents or supervisors of the equivalent position or above.  
Note 2: Management refers to those who serve as managers (including junior, middle and senior management).





### 2021 Management Diversity Index

| Diversity Index   | Percentage (%) | Target for 2023                 |
|---|----------------|---------------------------------|
| Percentage of women to all employees in the workplace   | 59.23          | Not less than 50%               |
| Percentage of women to management (including junior, middle and senior management)                | 56.76          | Remain at or not less than 50%  |
| Percentage of women to all junior management  | 57.54          | Not less than 50%               |
| Percentage of women to all senior management  | 40.00          | Remain at or not less than 40%  |
| Percentage of women to managers in revenue-related units  | 57.84          | Not less than 50%               |
| Percentage of women in science, information engineering, and mathematics (STEM) related positions | 33.11          | Increased at least 1.89% to 35% |

## 4.2 Employee Remuneration and Benefits

To create a good working environment and stimulate the enthusiasm and cohesiveness of employees, TCFHC provides comprehensive compensation and benefits programs. It has also set up a "Remuneration Committee" to formulate and review remuneration policy, the related reasonableness, and employee rewarding standards. In addition to offering stable income, TCFHC also provides various types of employee benefits to prompt the health of employees and harmonious industrial relations, so as to build a diversified yet warm and friendly working environment.

### Remuneration Ratio by Gender of TCFHC and TCB in 2021

| 2021                                |                  | Male (%) | Female (%) |
|-------------------------------------|------------------|----------|------------|
| Senior Management <sup>Note 1</sup> | Salary           | 93.82    | 100        |
|                                     | Salary and Bonus | 95.45    | 100        |
| Other Management <sup>Note 2</sup>  | Salary           | 97.96    | 100        |
|                                     | Salary and Bonus | 98.04    | 100        |
| Non-management <sup>Note 3</sup>    | Salary           | 98.33    | 100        |

Note 1: Senior management is the executive vice president or above. They can report directly to the CEO and has a certain degree of influence on the Company's decision-making.

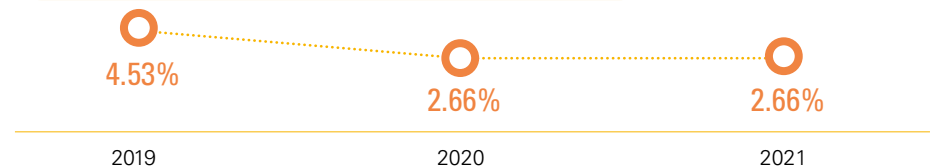
Note 2: Management excludes the senior management in the preceding paragraph.

Note 3: Non-management refer to employees with a level of less than 10 or does not hold a managerial position.

### Employee Remuneration

TCFHC provides a competitive remuneration system. Since 2015, it has been listed in the "TWSE RAFI Taiwan High Compensation 100 Index" for seven consecutive years. TCB conducts annual evaluation, promotion and remuneration adjustment to reflect the operational performance and achievements on the employees' actual compensation. To strengthen the competitiveness of the employees' remuneration, TCB had comprehensively increased remuneration by 4% in 2022. The total remuneration increase will be 6.66% by adding raise from year-end performance and promotion.

### Average TCB Pay Raise in the Last 3 Years



In 2021, the average salary of full-time non-supervisory TCFHC Group employees was NT\$1.456 million, and the median salary was NT\$1.344 million. Both of which have increased significantly from the previous year. Since the recordings of the median salary in 2019, TCFHC has ranked first in the median salary of all financial holding companies in the financial and insurance industry for two consecutive years.

### Salary Information of Full-Time Non-Managerial Employees of TCFHC Group

| Year | Number of Full-time Non-managerial Employees | Average Salary of Full-time Non-managerial Employees (NT\$ million) | Median Salary of Full-time Non-managerial Employees (NT\$ million) |
|------|--|---|--|
| 2021 | 8,352  | 1.456   | 1.344  |
| 2020 | 8,245  | 1.362   | 1.244  |
| 2019 | 8,103  | 1.366   | 1.233  |

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

Note 2: 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.

Note 3: According to the definition in the Q&A for the "Rules Governing the Preparation and Filing of Corporate Sustainability Reports by TWSE Listed Companies" (2019.1.14), "non-managerial" (not managers) staff are determined by the scope of "manager" and are recorded and reported according to Order No. Taiwan-Finance-Securities (III) 920001301 issued on March 27, 2003. In practice, the applicable scope of the "managerial staff" shall be consistent with those of "managerial staff" as filed by each company or the managerial staff revealed in the annual report. It should be adopted consistently in the previous and later periods.

### • Senior Management Remuneration Policy

Senior management remuneration is based on industry averages as well as personal performance and a reasonable link between the Company's business performance results and future risks. The Remuneration Committee makes recommendations for the remuneration policy, which will be submitted to the Board of Directors for review before implementation. The Remuneration Committee regularly reviews the remuneration and assesses the overall remuneration policy every year.

The senior management remuneration includes basic salary, supervisor work overtime allowance, bonus, employee remuneration, meal allowance, health examination subsidy and other items. The remuneration structure can be roughly divided into fixed remuneration and variable remuneration.

### Fixed Remuneration

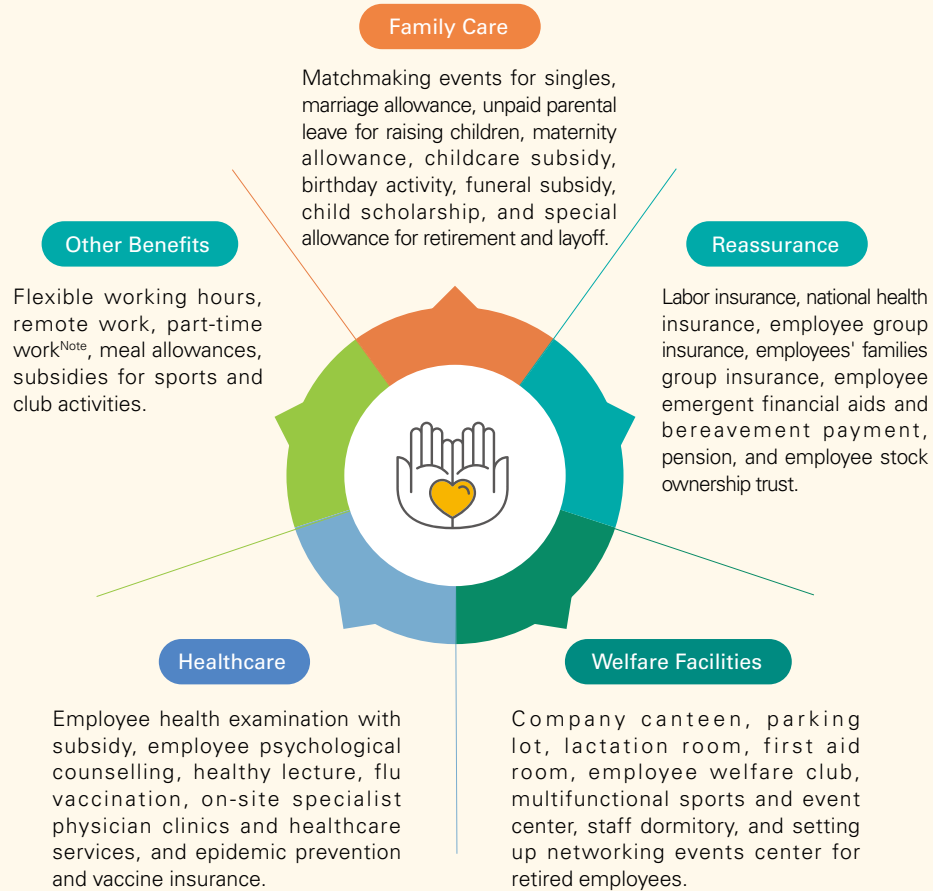
1. Basis: The president's salary is determined by the Board of Directors according to the "Regulations of Salary Standards of the Chairman and General Managers Assigned or Recommended to State-owned and Private Enterprises and Invested Enterprises by the Ministry of Finance" and the Articles of Incorporation. Other senior managers' salary is distributed according to the Company's "Employee Salary Scale".
2. Approval process: The salary payment standards are determined by the Remuneration Committee. It is then submitted to the Board of Directors for deliberation and approval. The salary of the employees that are managers or above is regularly evaluated by the Remuneration Committee.

### Variable Remuneration Includes Business Performance Bonuses and Employee Remuneration, which are Paid in a Deferred Manner

1. Basis: The Company's "Regulations for Business Performance Bonus and Employee Remuneration Distribution", "Guidelines for the Issuance of Bonuses after Performance Evaluation", and "Regulations for the Issuance of Performance Bonuses", "Regulations for the Issuance of Employee Remuneration".
2. Indicators of evaluation of bonuses: Not only the achievement rate of earning targets, return on equity, and return on total assets are included, but also each subsidiaries management and business reform performance during the evaluation period are taken into account. If the subsidiary has major outstanding achievements (including but not limited to corporate governance, business management, green environmental protection, and corporate social responsibilities) or ESG material topics' execution results that improve the Company's reputation can be counted as a bonus item. Each subsidiary's annual business performance evaluation not only includes financial and business indicators but also includes management indicators. The management indicators cover multiple aspects such as legal compliance management, risk management and audit management. In addition, the employee remuneration annual allocation ratio is not only based on the financial and non-financial indicators disclosed above, but it also takes the standard generally adhered by other industries of the same trade into consideration.
3. Although the Group has not currently stipulated relevant regulations for the shareholding of senior management, it has included the Company's financial achievement as one of the evaluation indicators for business performance bonuses. The Group also connects it to the annual performance evaluation and rewards and indirectly ensures the interest of the management and the Company are consistent.
4. The president's performance bonuses are paid in a deferred manner. Before bonuses are issued, if the Company's president is held responsible under civil laws and are legally obligated to indemnify the Company, bonuses will be reduced or not issued.

## Employee Benefits

In order to protect the interests and rights of the employees and prompt the harmony of industrial relations, the Group has provided a comprehensive employee benefit scheme superior to the statutory level. The benefit scheme is adjustable and addable whenever necessary. With good benefit schemes, we hope that we will be able to care for the employees and fulfill the mission of the corporate taking care of the employees.



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

## Family Care

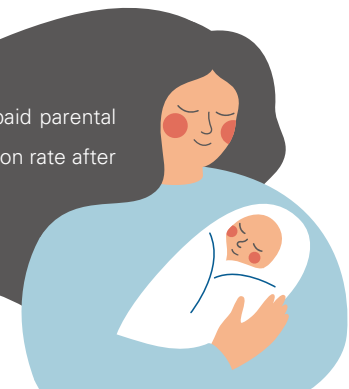
In order to let employee and their dependents benefit more care from the company, TCB provides generous allowance and subsidy scheme for marriage, maternity, childcare, and funeral, as well as child scholarship, emergent financial aids, bereavement payment, and various comfort payments to form a comprehensive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

The 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. 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 three years, and the standards of universities and colleges for the last two years. The scholarship is given according to the subsidy regulation to encourage employees' children to hard work at school.

As we are proactively recruiting new employees in recent years, to embed the concept of creating a happy enterprise, TCB held matchmaking activities for single employees for the first time in 2021. This is to enable single employees who are busy with work to participate in these activities to find the other half and start a family together. Employees will then see TCB as a stable job through the power of family stability and stay and work hard. This becomes the cornerstone of corporate sustainable operations.

In addition, in accordance with the "Gender Work Equality Act", TCB provides for menstrual leave, maternity leave, paternity inspection and paternity leave, maternity inspection leave, family care leave, breastfeeding (collection) time at work, or childcare leave without pay, etc. Through the internal E-platform, we remind employees to schedule vacations, adjust working hours in a timely manner, and balance work and family life. At present, TCB has planned and implemented comprehensive the leave system, which includes 7 days of paid family care leave, 42 days of maternity leave, 8 days of maternity inspection leave, 7 days of paid childbirth leave, and 7 days of paternity inspection and paternity leave. On the day of the spouse's delivery and within 15 days before and after the childbirth, the employee may choose a day to ask for leave, which is better than the statutory provisions.

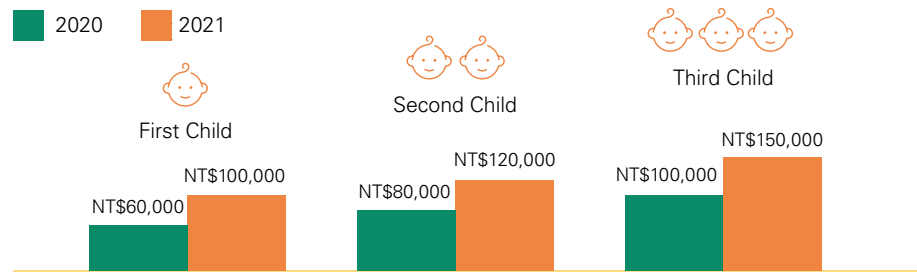
The employee's rate of reinstatement after unpaid parental leave in 2021 reached **98.39%**, and the retention rate after reinstatement also reached **94.03%**



## Maternity Subsidy

In response to Taiwan's aging society and the low birth rate trend, and considering the increase in the number of career women in modern society, female employees need to get sufficient rest after childbirth before returning to the workplace. Therefore, childbirth subsidies increased significantly in 2021.

In 2021, the Group subsidized **151** employees and gave a total of NT\$**13.84** million for maternity allowances.



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

| Gender | 2021   |   |                                       |                          | 2020                                  |  |                      |
|--------|--|---|---------------------------------------|--------------------------|---------------------------------------|--|----------------------|
|        | Number of Applicants Applied for Unpaid Parental Leave | Number of Supposedly Reinstated Staff (A) | Number of Actual Reinstated Staff (B) | Reinstatement Rate (B/A) | Number of Actual Reinstated Staff (C) | Retaining for at Least One More Year From the Day of Reinstatement (D) | Retention Rate (D/C) |
| Male   | 15   | 7   | 7                                     | 98.39%                   | 8                                     | 8  | 94.03%               |
| Female | 117  | 55  | 54                                    |                          | 59                                    | 55   |                      |
| Total  | 132  | 62  | 61                                    |                          | 67                                    | 63   |                      |

## 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.

TCB officially launched an employee stock ownership trust in 2020. The company allocates NT\$1,000 of stock subscription funds each month. This benefit increases employees' salaries, which is equivalent to an average salary increase of about 1.55%. Employees share the TCB's fruitful operating results as shareholders through investing in its stocks using the dollar-cost averaging strategy. It enhances employee benefits and assists in planning for their retirement. As of the end of 2021, 95.7% of TCB employees participated. Other subsidiaries of the Group are also planning in the same direction.



## 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 different types of facilities subject to office size and need of employee such as first aid room, lactation room, employee club, company canteen, and parking lot.

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 give instructions. In order 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. A total of 11 clubs have been registered and established by the end of 2021, and 5 clubs have applied for subsidies. The total subsidy amount was NT\$170,000.

## Healthcare

In order to encourage employees to manage their own health, prevent or treat their health issues in a timely manner, TCFHC provides employees with various health examination subsidies, and entrusts professional health examination institutions to conduct health examinations at each units every 3 years in order to promote employees' health protection.

### Subsidies for Health Examination

#### Qualifications and Subsidy Amount

- The Company provides employees under the age of 40 with a one-day of official leave for health examination every two years. For overseas employees, in addition to the original official leave for health examination, they are given a subsidy of up to NT\$3,500 every three years. In addition, for employees over 40 years old, health examination subsidies ranging from NT\$3,500 to NT\$10,000 is given according to different ages and positions. They are given a one-day official leave for health examinations.

#### Subsidy Method

- Receipts and proofs of payment for subsidy.

#### Total Subsidy Amount

- In 2021, the Group subsidized a total of **741** employees, and the amount of health examination subsidies reached NT\$**4.84** million.

### Preventive Healthcare

#### Qualifications and Subsidy Amount

- Employees aged 50 or older.
- High-risk group employees who are between the age of 45 and below 50, with the first degree of next kin diagnosed with lung cancer.<sup>Note</sup>
- Maximum subsidy of NT\$6,000.

#### Inspection Items (select one)

- Low dose computed tomography (LCDT) and magnetic resonance angiography (MRA)

#### Number of Participants and Subsidy Amount

- In 2021, the Group subsidized a total of **374** employees, and the amount of subsidy for specific items of health examination reached NT\$**2.13** million.

Note: Only applicable to "low dose computed tomography".



### COVID-19 Prevention and Vaccination Insurance.

#### Qualifications

- The whole Group.

#### Number of Participants and Subsidy Amount

- By the end of 2021, there were a total of **9,251** insured employees, with a total premium of NT\$**6.8** million.

### Flu Vaccination

#### Paid Out-of-pocket

#### Qualifications

- The whole Group.

#### Number of Participants and subsidy Amount

- In 2021, TCB held 2 sessions of "Flu Vaccination Stations at Workplaces for Employees Funded by the Company and Paid Out-of-pocket" at the headquarters. There were a total of **284** participants, and the total subsidy amount was NT\$**154,000**.

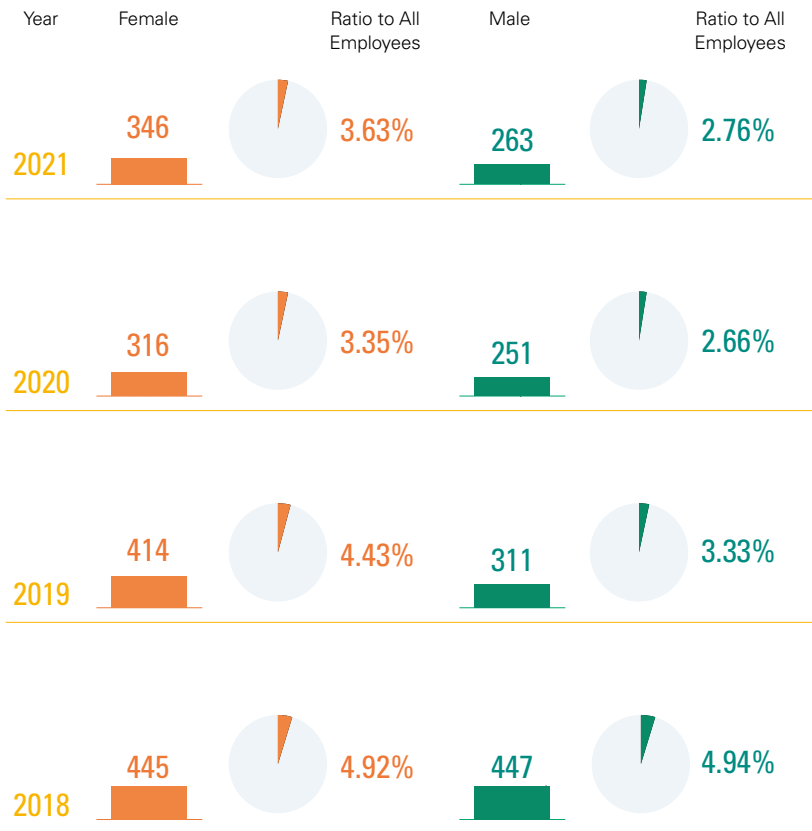


## 4.3 Career Management and Learning

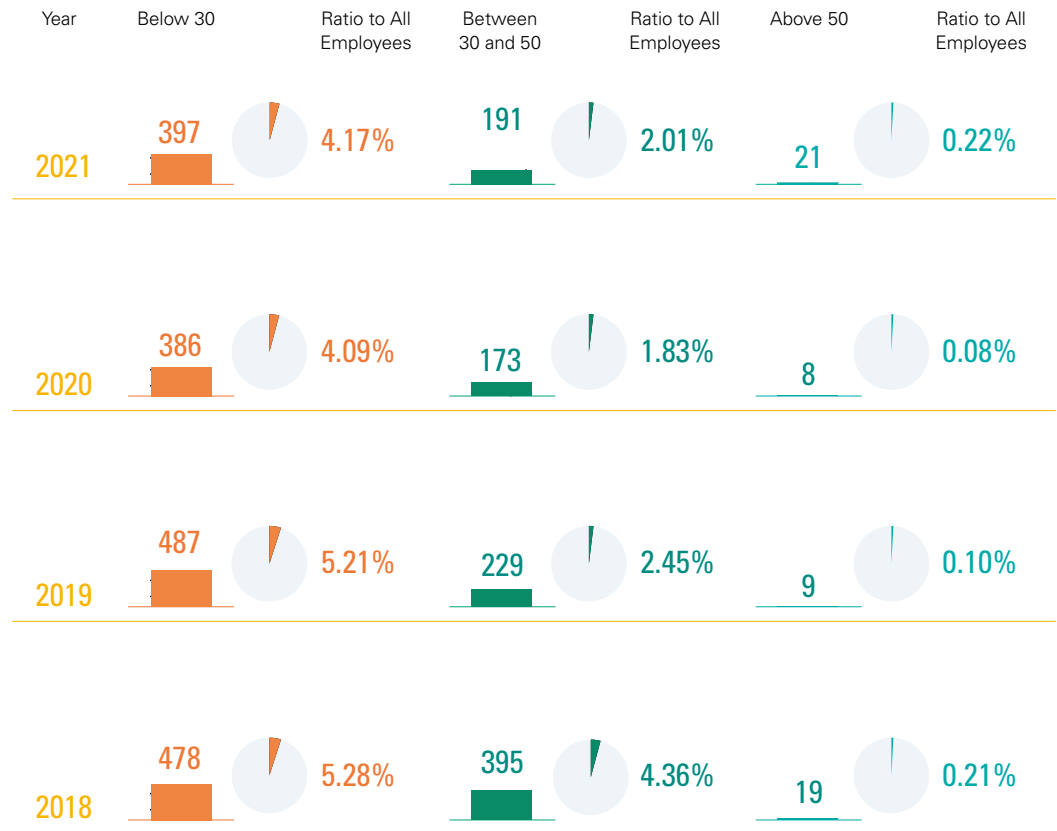
Human resources are a key competitive edge of an enterprise when moving towards sustainable development. TCFHC has managed to bring core corporate value and organizational strategic developmental objectives into the construction of comprehensive educational training and continuous education program that contains a well-planned training blueprint subject to different positions and levels as well as different needs of professional capacity, 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 2021, the Group's employee turnover rate was about 5.3%. After deducting 235 employees who have retired, the actual turnover rate was 2.84%. The retention rate of TCB newly-hired employees in 2021 reached up to 87.31%, achieving the goal of 80% retention rate.

The Percentage of TCFHC Group's Newly-hired Employees by Category from 2018 to 2021

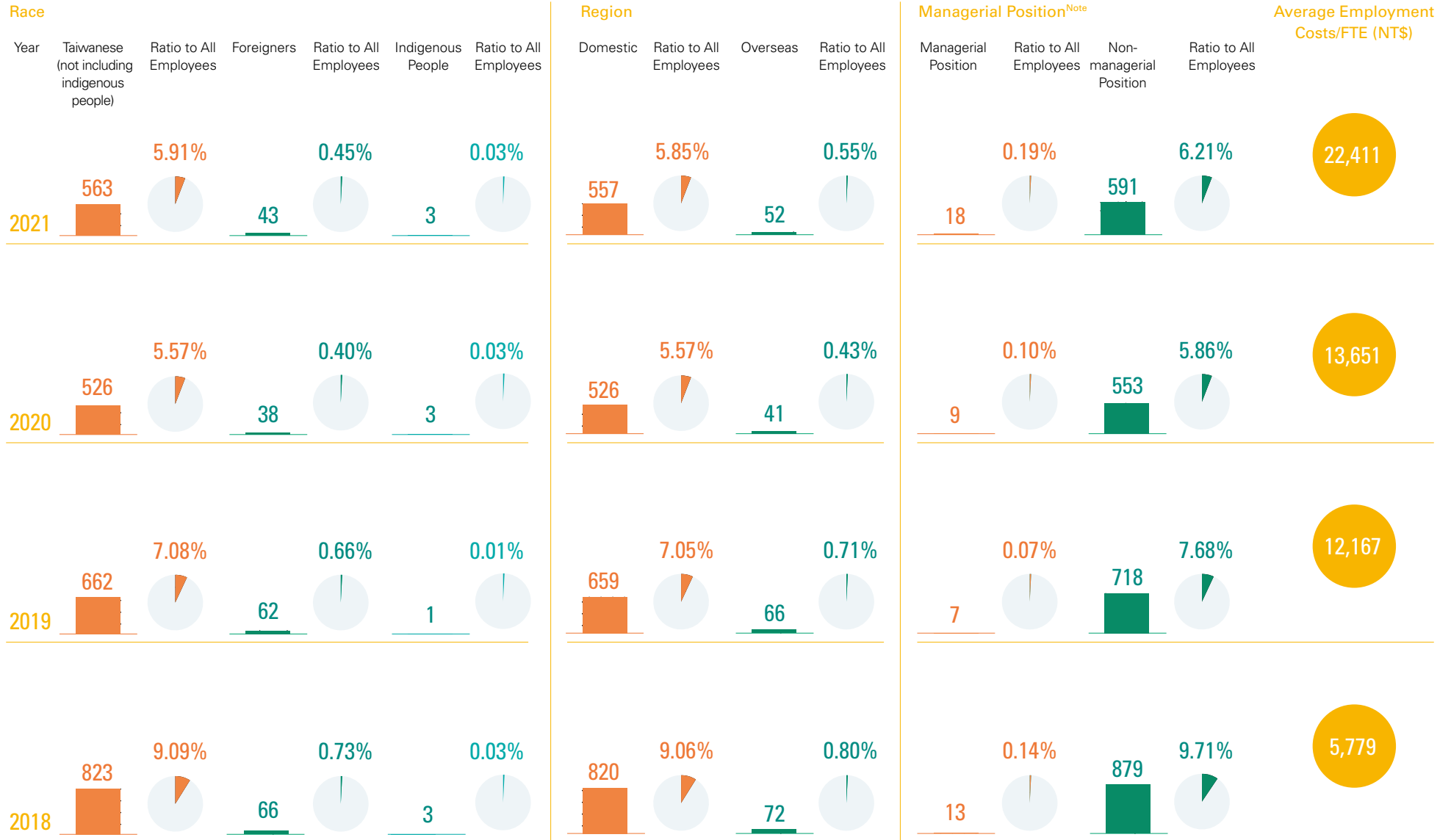
### Gender



### Age



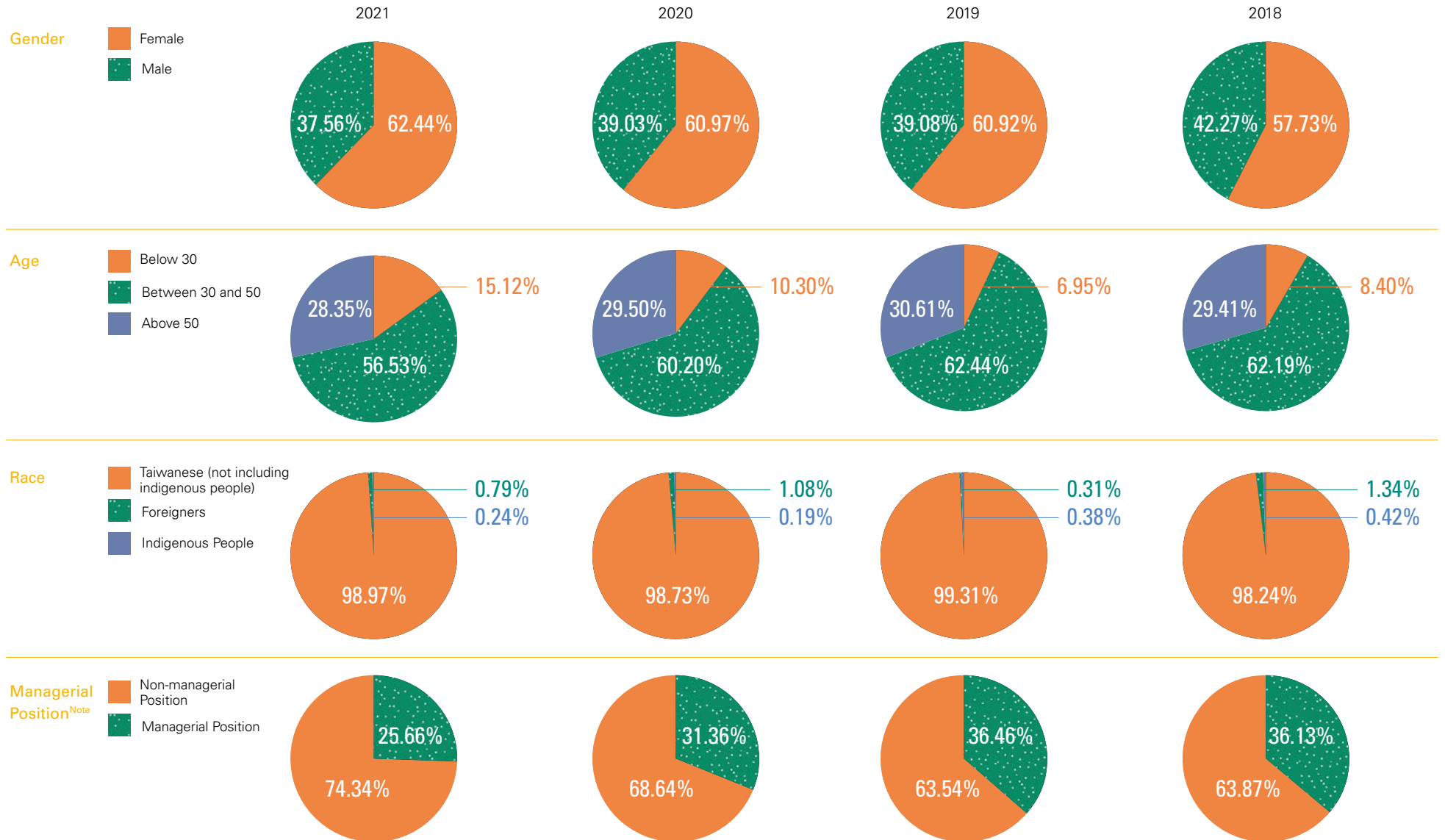
### The Percentage of TCFHC Group's Newly-hired Employees by Category from 2018 to 2021



Note: Managerial position refers to employees who are responsible for management.



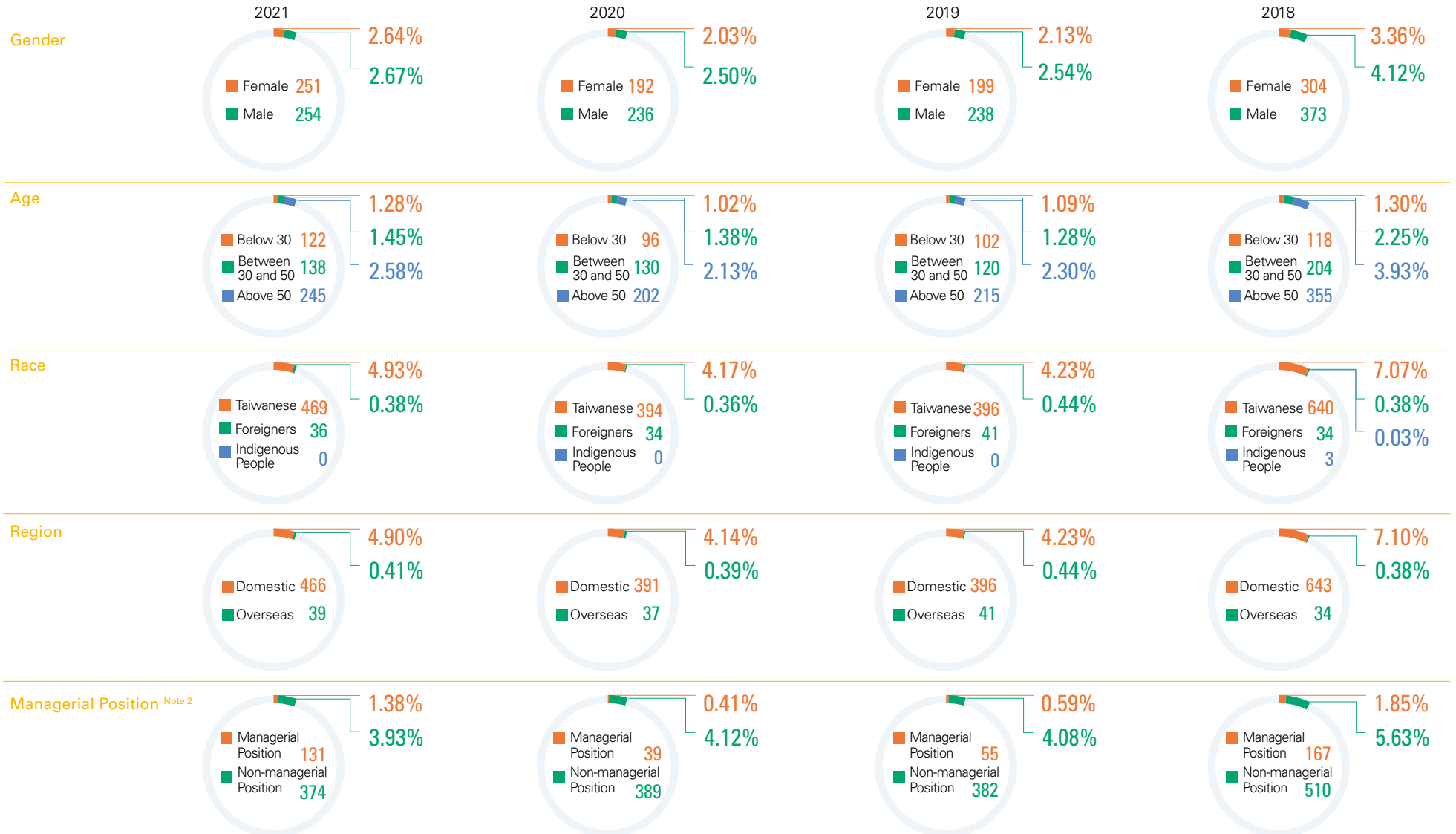
### The Percentage of Internal Transfer or Promotion of TCFHC Group Employees by Category from 2018 to 2021



Note1: Managerial position refers to employees who are responsible for management.

Note2: The percentage of internal transfer or promotion from 2018 to 2021 are 57.16%, 64.37%, 73.50% and 72.92%, respectively.

### The Percentage of TCFHC Group's Terminated <sup>Note 1</sup> Employees by Category from 2018 to 2021



Note 1: The type of termination includes retirement, resignation, death, and lay off. The turnover rates (including retirements and resignations) from 2018 to 2021 are 7.15%, 4.56%, 4.39% and 5.16%, respectively. If excluding retirements, the turnover rates are 3.7%, 2.52%, 2.39% and 2.84%, respectively.

Note 2: Managerial position refers to employees who are responsible for management.

## Diverse Learning and Training Opportunities

In order to motivate employees to pursue growth and strengthen the required 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 or 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 2021, the average training hours per full-time employee is 40 hours, and the average training cost is NT\$1,778. In preparation for global deployment, the expansion of the overseas service network, and the establishment of bilingual branches, TCB has proactively cultivated all-round international talents and regularly held overseas management associate recruitment every year. As of the end of 2021, our overseas talent database contained 133 talents. These recruited talents will be dispatched to overseas service points at appropriate times to facilitate the company's global business expansion.



### Trainings in TCFHC and Subsidiaries in 2021

|                                  | Male       |                | Female     |                | Total      |
|----------------------------------|------------|----------------|------------|----------------|------------|
|                                  | Supervisor | Non-Supervisor | Supervisor | Non-Supervisor |            |
| Total Training Hours             | 7,272      | 142,654        | 9,158      | 213,235        | 372,319    |
| Number of People                 | 234        | 3,541          | 277        | 5,123          | 9,175      |
| Average Training Hours           | 31.08      | 40.29          | 33.06      | 41.62          | 40.58      |
| Training Expenses (NT\$)         | 796,852    | 6,120,053      | 791,357    | 8,603,145      | 16,311,407 |
| Average Training Expenses (NT\$) | 3,405      | 1,728          | 2,857      | 1,679          | 1,778      |

### • Innovation Brainstorming Camp

In order to create an innovative corporate culture, the TCFHC Group has already held an annual "Innovation Brainstorming Camp" for 4 consecutive years since 2018, hoping to inspire staff to generate innovative and creative ideas for business development, upgrade systems and platforms,

and optimize operational procedures. As of the end of 2021, more than 200 proposals, or 80% of the total raised proposals are completed, including TCB Golden Coins collection and exchange program that links with financial products and service provided across the Group. This provides customers with a new experience of point redemption. Also, in response to the development of Open Banking, TCB has actively engaged in the transition to digital finance by integrating internal corporate banking data with external open data to undertake a comprehensive analysis of customer profiles so as to raise the momentum for expanding corporate banking business.

## Performance Evaluation

To inspire employees to unleash their potential and reinforce the organization's operational efficiency, TCFHC Group has set up a fair evaluation and rewarding system. The Group has conducted 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 2021, the employee performance assessment system was gradually combined with the sustainable development goals strengthening the Group's sustainable governance and the employees' recognition of the corporate sustainable spirit. In 2021, 99.33% of supervisors and 98.20% of non-supervisors had gone through performance evaluation.

### Employee Performance Assessment Combined with Sustainable Development Goals

#### Economic Aspects



NT\$ Trillion Revitalization Loan Program

#### Environmental Aspects



Loans for Innovative Industries, Electronic Consolidated Statement

#### Social Aspects



Bagful of Happiness loan for house-for-pension scheme, youth entrepreneurship and start-up loan, bailout loan package, 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 the business goals. This has been taken into account when formulating the Company's business policies in early 2021. 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 sustainable development goals.

## Talent Recruitment

In order to boost human capital and enhance the competitiveness of enterprises, TCFHC Group conducts public recruitments based on the business needs of each internal unit. We recruit talents from various financial fields on campuses and through academic cooperation and other methods to accelerate the optimization of the human resources structure. Despite the pandemic in 2021, TCB continued to carry out campus recruitment programs and corporate talent recruitment presentations to attract graduates who wish to enter the financial industry and seek to initiate direct dialogue with the students. In 2021, a total of 19 physical corporate talent recruitment presentations were held, with a total of 1,966 participants.



Realizing the importance of talent development and recruitment, TCB has rolled out a series of financial-related courses through academic collaboration since 2017, which runs for 12 to 18 weeks. Precious practical experiences and theories are taught by senior employees to help interns enter the workplace. If they perform well during the internship and pass the interview, they can be converted into full-time employees.

### Industry-Academia Collaboration in 2021

The reinstatement rate of interns who participated in industry-academia cooperation program reached 80%



National Taipei University of Business

National Taipei University of Technology



National Taichung University of Science and Technology

National Yunlin University of Science and Technology



National Kaohsiung University of Science and Technology

National Chung Cheng University



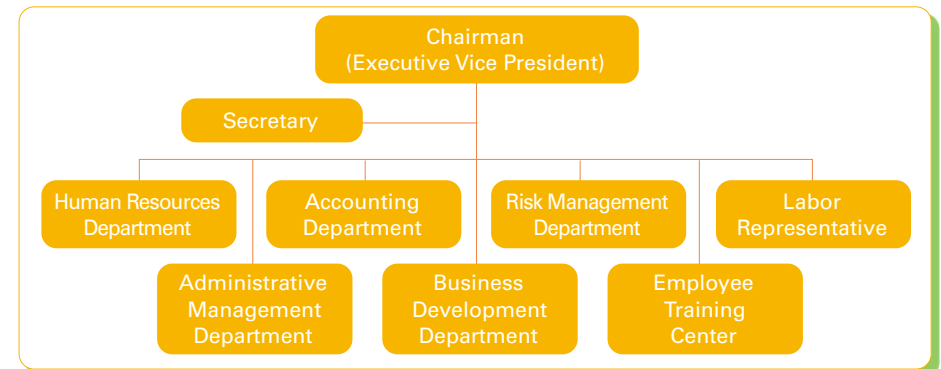
## 4.4 Occupational Safety and Health

TCFHC Group is committed to providing employees with a safe, healthy, and friendly work environment and the concept of occupational health and safety. TCFHC Group makes “employee care, hazard prevention, health promotion, and full participation” its four major focus area of design. TCFHC Group created a healthy workplace and implemented occupational safety and health by convening the Occupational Safety and Health Committee and holding occupational safety education and training. They also created a zero occupational accident, low risks, healthy and safe work environment. The committee holds quarterly meetings, and the labor participation rate is 1/3. The content of the meeting includes occupational safety and health management plan and education and training, safety and health inspection, and health management and improvement.

TCFHC Group has formulated the “Safety and Health Work Code of Conduct” or “Occupational Safety and Health Policy” and formed an occupational safety and health management implementation task force. They have also formulated 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 safety and health management implementation task force 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. In addition to applying to employees, we are also committed to applying occupational safety and health policies to subcontractors, contractors and purchasers. We regulate various operation standards and principles of handling emergencies that is related to occupational safety and health. We promise that TCFHC Group will abide by the occupational health and safety regulations, attain our goals, and continuously improve occupational health and safety performance.

In addition, TCB has included occupational safety-related regulations in the supplier's “Commitment of Supplier to CSR and Environmental Sustainability Clauses”, requiring suppliers also to implement occupational safety and health.

### TCB Occupational Safety and Health Committee



## Occupational Safety Education and Training

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" or "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.

In order to increase employees' knowledge of occupational safety and health and avoid exposure to unintentional hazards in the working environment, TCB implements "Occupational Safety and Health Lectures", "Safety Protection Drills", and "Occupational Safety and Health and Supervision of Safety Maintenance" for business units every year. In 2021, there was no fatal occupational accident taking place across the TCFHC Group.

| Content of Training  | Training Hours | Number of Training or Related Participants |
|--|----------------|--|
| Safety Protection Drill                                      | 1,620 hours    | 810 times                                  |
| Safety Maintenance and Occupational Safety Operation Lecture | 8,142 hours    | 8,142 people                               |

### Emergency Response Plan

"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 is responsible for the construction shall report in accordance with the regulations.

### Occupational Safety and Health Indicators

#### TCFHC and TCB's Absence Rate from 2018 to 2021

| Absence Rate                                | 2018  | 2019  | 2020  | 2021  | Goals for 2021 |
|---|-------|-------|-------|-------|----------------|
| Days of absence <sup>Note 1</sup>           | 5,772 | 8,037 | 7,339 | 6,860 | —              |
| Absence rate of employees <sup>Note 2</sup> | 0.29% | 0.39% | 0.35% | 0.33% | 0.35%          |
| Data coverage                               | 100%  | 100%  | 100%  | 100%  | —              |

Note 1: The days of absence are calculated by adding the number of sick leaves and the number of occupational sick leaves.

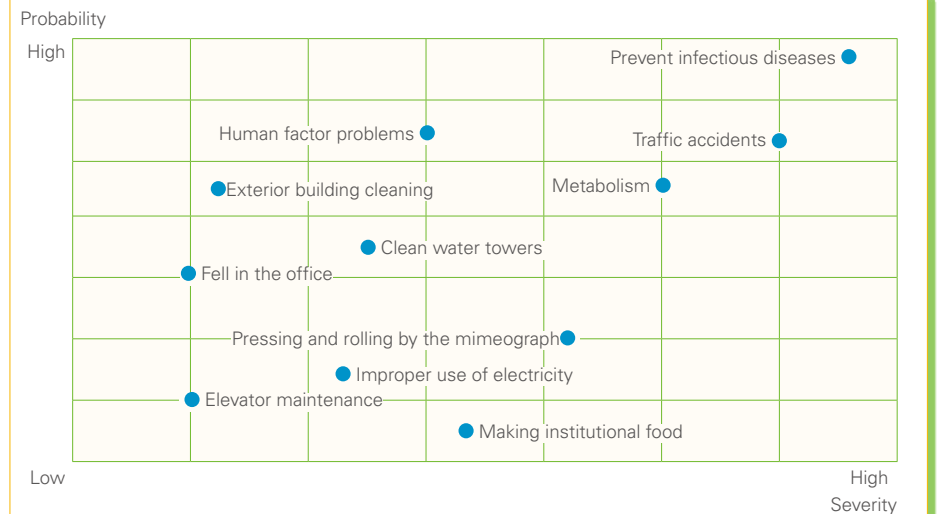
Note 2: Absence rate (AR) refers to the percentage of total absent days to total working days in the same period. Absence rate (AR) = (total absence days/total working days) X100.

## Occupational Safety and Health Risk Assessment

Although TCB is not required by regulations to establish occupational safety and health management system, it actively adopts the management structure of PDCA (Plan-Do-Check-Act). TCB carried out the verification independently and obtained the ISO 45001 Occupational Safety and Health Management System certification in 2020. TCB continued to carry out the re-inspection of the ISO 45001 Occupational Safety and Health Management System in 2021 and established a task force to implement it. The task force jointly formulates management plans, set goals, and implement them with the management. TCB endeavors to promote zero hazards in the workplace environment, fulfill corporate social responsibilities, and practice the corporate philosophy of sustainable operation.

The information on the occupational safety and health risk matrix is collected and analyzed through the annual distribution of questionnaires and feedback and communication from each unit. The high-risk issues in 2021 are the prevention of infectious diseases and traffic accidents, control measures are set for high and moderate risks, and the implementation results are reviewed.

### Occupational Safety and Health Risk Matrix





## Control Measures for Occupational Safety and Health Risk Issues

| Level of Influence | Risk Issues                 | Control Measures   | Implementation Results in 2021   | Quantitative Goals (2022)   | Quantitative Goals (2023-2027)  |
|--------------------|-----------------------------|--|--|---|---|
| High Risk          | Prevent Infectious Diseases | <ol style="list-style-type: none"> <li>1. Hold infectious disease prevention courses.</li> <li>2. Execute subsidies for flu vaccine costs.</li> <li>3. Handle services for influenza vaccination in the workplace.</li> <li>4. Stipulate "Prevention Management Measures for COVID-19".</li> <li>5. Supervise and examine businesses regarding occupational health, safety and epidemic prevention.</li> <li>6. Handle COVID-19 mental health support programs.</li> </ol>   | <ol style="list-style-type: none"> <li>1. A total of 306 online courses for preventing emerging infectious diseases in the workplace were held, with a total of 8,159 people completing the training, and a total of 8,159 training hours.</li> <li>2. Subsidies for influenza vaccine costs are executed annually, and 308 people were subsidized.</li> <li>3. 284 people made use of the influenza vaccination services.</li> <li>4. 270 inspected units' business regarding occupational safety, health, and epidemic prevention have been supervised and examined, and the inspection coverage rate has reached 100%.</li> <li>5. Received the TIVS and Taiwan Centers for Disease Control "Disease Control Gold Award" Certification.</li> <li>6. Hold 60 sessions of COVID-19 mental health support program (video conferencing or telephone interview)</li> </ol>   | <ol style="list-style-type: none"> <li>1. Expect to hold 300 sessions of online courses on infectious disease prevention.</li> <li>2. Subsidies for influenza vaccination costs are estimated to be NT\$2,600,000.</li> <li>3. Expect to hold 2 sessions of influenza vaccination in the workplace.</li> <li>4. Expect to obtain "Anti-influenza epidemic and health friendly workplace".</li> <li>5. Expect to supervise and examine 270 units' businesses regarding occupational health, safety and epidemic prevention.</li> </ol> | <ol style="list-style-type: none"> <li>1. Expect to hold 300 sessions of online courses on infectious disease prevention.</li> <li>2. Subsidies for influenza vaccination costs are estimated to be NT\$2,600,000.</li> <li>3. Expect to hold 2 sessions of influenza vaccination in the workplace.</li> <li>4. Expect to obtain "Anti-influenza epidemic and health friendly workplace".</li> <li>5. Expect to supervise and examine 270 units' businesses regarding occupational health, safety and epidemic prevention.</li> </ol> |
|                    | Traffic Accidents           | <ol style="list-style-type: none"> <li>1. Hold occupational health and safety lectures.</li> <li>2. Establish safety status reporting and accident investigation mechanisms.</li> <li>3. Individual health condition follow-ups and work allocation management.</li> </ol>   | <ol style="list-style-type: none"> <li>1. A total of 306 occupational health and safety lectures were held, with a total of 8,142 participants and a total of 8,142 training hours.</li> <li>2. 0 deaths caused by occupational accidents.</li> <li>3. 26 cases of injuries.</li> <li>4. A total of 26 people participated in the on-site physician health care visit.</li> </ol>  | <ol style="list-style-type: none"> <li>1. 500 participants are expected to participate in the "Occupational Health and Safety Lectures", with a total of 1,500 training hours.</li> <li>2. The estimated number of deaths caused by occupational accidents is 0.</li> <li>3. The estimated number of on-site health services to be held is 96.</li> </ol>   | <ol style="list-style-type: none"> <li>1. 500 participants are expected to participate in the "Occupational Health and Safety Lectures", with a total of 1,500 training hours.</li> <li>2. The estimated number of deaths caused by occupational accidents is 0.</li> <li>3. The estimated number of on-site health services to be held is 96.</li> </ol>   |
| Moderate Risk      | Prevent Metabolic Syndromes | <ol style="list-style-type: none"> <li>1. Hold online courses on the prevention of emerging infectious diseases in the workplace.</li> <li>2. Establish multi-functional cultural and entertainment activity center.</li> <li>3. On-site physician health care visit.</li> <li>4. Set up upload-pressurized fully automatic blood pressure monitors and several AEDs.</li> <li>5. Establish canteens, promote healthy meals, and the 1<sup>st</sup> and 15<sup>th</sup> days of the lunar calendar year of every month is declared "The Group's Vegetarian Day".</li> <li>6. Health examination system superior to the law.</li> <li>7. Promotional materials on the occupational health and safety academy.</li> <li>8. Medical equipment placed at the medical premises (ultrasound body fat testing device and measuring tape)</li> <li>9. Form "Tobacco Hazards Prevention Promotion Working Group" and stipulate "Code of Conduct for Tobacco Hazards Prevention". Indoor smoking bans shall be fully implemented, and the sale or supply of tobacco products or tools shall strictly be prohibited at the employee canteen.</li> </ol> | <ol style="list-style-type: none"> <li>1. A total of 306 online courses for preventing emerging infectious diseases in the workplace were held, with a total of 8,159 people completing the training and a total of 8,159 training hours.</li> <li>2. A total of 11,947 people participated in multi-sport courses (badminton, table tennis, yoga, and qigong).</li> <li>3. 146 sessions of on-site physician health care visit were held, with a total of 852 participants.</li> <li>4. The canteen declares the 1<sup>st</sup> and 15<sup>th</sup> days of the lunar calendar year of every month "The Group's Vegetarian Day", with about 32,000 users every year.</li> <li>5. Issued 12 promotional materials on the occupational health and safety academy, with a 100% browsing rate.</li> <li>6. Obtained the "Badge of Accredited Healthy Workplace" issued by the Health Promotion Administration in 2021.</li> </ol> | <ol style="list-style-type: none"> <li>1. Expect to hold 300 sessions of online courses on infectious disease prevention.</li> <li>2. Expect to apply for the "Healthy Workplace Certificate -Health Activation Label" issued by Health Promotion Administration, Ministry of Health and Welfare.</li> <li>3. The estimated number of on-site health services to be held is 96.</li> </ol>  | <ol style="list-style-type: none"> <li>1. Expect to hold online courses on the prevention of emerging infectious diseases in the workplace.</li> <li>2. Apply for the "Healthy Workplace Certification- Badge of Accredited Healthy Workplace" issued by the Health Promotion Administration, Ministry of Health and Welfare, and continue to conduct relevant health promotion activities.</li> <li>3. The estimated number of on-site health services to be held annually is 96.</li> </ol>   |

| Level of Influence | Risk Issues      | Control Measures   | Implementation Results in 2021  | Quantitative Goals (2022)  | Quantitative Goals (2023-2027)   |
|--------------------|------------------|--|---|--|--|
| Moderate Risk      | Workplace Safety | <ol style="list-style-type: none"> <li>Each unit promotes 3 certificate system.</li> <li>Employ full-time registered nurses and contracted occupational physicians.</li> <li>Implement 4 major employee care programs.</li> <li>Conduct indoor carbon dioxide concentration tests, illumination monitoring, and drinking water quality tests.</li> <li>High-voltage electrical equipment shall be maintained and regularly monitored.</li> <li>Supervise and examine units' businesses regarding occupational health, safety, and safety maintenance.</li> <li>Hold occupational health and safety lectures.</li> <li>Handle promotional materials on the occupational health and safety academy.</li> </ol> | <ol style="list-style-type: none"> <li>The 95% of the employees in each unit hold 3 certificates (occupational safety and health business supervisor, fire administrator, and first-aid personnel).</li> <li>1,549 people executed the 4 major employee care programs, with a completion rate of 95%.</li> <li>5 sessions of CPR+AED first aid training activities were held, with 174 participants and has obtained the badge of the "AED safe workplace certification".</li> <li>0 deaths caused by occupational accidents.</li> <li>270 inspected units' business regarding occupational safety, health, and safety maintenance has been supervised and examined, and the inspection coverage rate has reached 100%.</li> <li>A total of 306 occupational health and safety lectures were held, with a total of 8,142 participants and a total of 8,142 training hours.</li> <li>Issued 12 promotional materials on the occupational health and safety academy, with a 100% browsing rate.</li> <li>The annual air quality, illuminance, and drinking water quality tests all meet the standards.</li> </ol> | <ol style="list-style-type: none"> <li>Expect to obtain the certificate of "ISO 45001 Occupational Health and Safety Management System".</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>Expect to conduct AED+CPR first aid training activities and obtain the "AED safe workplace certification" issued by the Ministry of Health and Welfare.</li> </ol> | <ol style="list-style-type: none"> <li>Expect to obtain the certificate of "ISO 45001 Occupational Health and Safety Management System".</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>Conducted AED+CPR first aid training activities and obtained the "AED safe workplace certification" issued by the Ministry of Health and Welfare.</li> </ol> |

### Employee Assistance Program (EAP)

BNP TCB Life began to introduce employee assistance program (EAP) in 2017, aiming to assist employees to solve problems both on jobs and lives and maintain a balance between family and work. It provides a 360 degree physical and mental balance as well as psychological counselling services. The content of consultation includes parent-child communication, affection and relationship, family and partner, pressure from work. The consultation methods are telephone, letter and face-to-face. The average number of users per month in 2021 was 2.

### Building Healthy Workplace

TCB has been encouraging employees to engage in self-health monitoring and management and 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.

### Medicare Information and Preventive Measures

In order to continuously increase employees' new knowledge and awareness of health, the latest healthcare information is compiled and circulated every month with a particular focus on hot topics to provide employees with healthcare knowledge, information, and pandemic prevention methods.

Meanwhile, the designated unit also plans out relevant pandemic prevention measures to tackle potential risk in the workplace subject to the development of the pandemic and to prevent it before it happens.

### Maternity Care At Workplace

In order to better the maternal health protection measures, the TCFHC Group has provided independent and private lactation space that allows working mothers in the company to be able to collect and store breast milk in a safe environment. In 2019, TCB was awarded the "Excellent Breastfeeding Room Certification" by the Department of Health, Taipei City Government. We have continuously maintained the validity of the certificate every year since then. Meanwhile, TCFHC Group has introduced a maternity health protection program, promoted work hazard assessment investigation and individual medical consultation so as to enhance female occupational care services and therapy.







### Medicare Consultation

TCB has set up independent first aid room with contracted specialist physician to provide regular medical consultation service to employees. There is also an arrangement of physician visit to provide employees either with onsite or online health consultations for employees in different locations.

In 2021, there were in total 146 physician visits being made with a total service hours of 438.



### Health Academy

In response to the epidemic in 2021, classes with the theme of "preventing COVID-19, let's do this together" was held.

306 sessions of the course were held, and 8,159 people completed the training.



### Emergency Medical Service

In 2021, TCB conducted three sessions of CPR+AED first aid skills training activities for all employees in the headquarters.

We obtained the "AED Certification" reviewed and approved by the Department of Health, Taipei City.



## 4.5 Human Rights and Equality

In order to ensure every employees are treated equally in all aspects, TCFHC has complied with relevant regulations of "Universal Declaration of Human Rights", "United Nations Global Compact", and "International Labor Convention". We formulate "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 signs a human rights statement on behalf of all employees, declaring that the Company supports and abides by the human rights policy.

In addition, the TCFHC also abides by local labor-related regulations and the "Act of Gender Equality in Employment" wherever the operation is located. The Company implements the same pay for the same work and avoids the occurrence of differentiated treatments due to different gender or sexual orientation or any form of discrimination so as to ensure diversity and fairness in the workplace.

The TCFHC Group adopts a zero-tolerance attitude towards both sexual and non-sexual harassment. We have set up a well-communicated channel and measures for prevention of and making appeals on sexual harassment, which include an independent investigation mechanism to protect the rights and privacy of the victim. We arrange education and training courses on gender equality and human rights for employees every year. For supervisors, management training courses focusing on internal management and handling of grievances are provided to improve their ability to communicate with employees.

In 2021, TCFHC Group did not receive any human rights-related complaints such as sexual harassment, employing child labor, gender or sexual orientation discrimination, violation of freedom of association, and any coerced or forced labor.

### Human Rights Policy of TCFHC

#### Freedom of Assembly and Association

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

#### Privacy

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.

#### Advocacy

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

#### Labor

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

#### Diversity and Fairness

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 any labor union. The Company endeavors to create a harassment-free workplace environment where dignity, safety, equality are embraced.

#### Health and Safety

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.



## Human Rights Due Diligence

### • Due Diligence Procedure

In order to fulfill its corporate social responsibilities, TCFHC fully implements the human rights policy. We compiled the 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 in the Company is assessed through questionnaires, which will serve as a reference for the Company to formulate business policies and welfare measures in the future.

### • Human Rights Commitment and Survey

In 2022, TCFHC and TCB conducted human rights due diligence for the first time, targeting all employees. It is mainly focused on five aspects which are “implementing diversity in the workplace”, “gender equality”, “maternal health protection”, “work overtime”, and “occupational safety and health”. The survey was carried out by filling in the questionnaires. A total of 25 potential human rights risk issues were compiled and investigated through questionnaires. 8,449 questionnaires were sent out to all employees, and 7,711 valid questionnaires were returned. The questionnaires’ effective response rate was 91.26%. The overall risk ratio of the survey results was relatively low, showing that all employees fully agree with the human rights risk issues that the Company values. The Company has formulated mitigation measures for the 4 potential human rights risk issues identified with relatively high value at risk (VAR) is as follows:

| Stakeholder | Applicable Group Type                            | Issue of Concern   | Risk Mitigation Measures   | Mitigation Percentage | Execution Results   |
|-------------|--|--|--|-----------------------|---|
| Employees   | Taiwanese/Indigenous People (Including disabled) | Promote diversity in the workplace (Example: prohibition of employment discrimination, equal rights to work, and equal remuneration) | The corporate portal website has an employee suggestion box. We regularly hold labor-management meetings to provide multiple communication channels for employees. We will continue to strengthen promotion. Employees are welcome to use multiple communication channels to express their opinions.   | 100%                  | In 2021, 1 case of TCB employee complaint has been properly handled. Promotions will be strengthened in the future. Employees are requested to make good use of the diverse communication channels provided by the company to express their opinions.   |
|             |  | Gender Equality (Example: sexual harassment in the workplace, gender-friendly workplace, and equal remuneration)                     | Gender equality and human rights education courses are provided every year when new hire training courses are held. These courses enable employees to understand the Company’s protection of human rights and the implementation of diversity in the workplace.  |                       | In 2021, we continued to conduct gender equality education and training courses for new hires and invited external lecturers to give lectures. These courses enable employees to understand how TCB protects human rights and implements diversity in the workplace. 427 employees were trained in 2021.                    |
|             |  | Maternal Health Protection   | TCB employs contracted specialist physicians to conduct interviews with employees who are pregnant and breastfeeding for one year after childbirth. The physicians propose appropriate work selection and allocation to the Company, and breastfeeding rooms are set up for employees to use. Nurses who evaluate hazards and risk factors at the workplace will negotiate with safety officers to help eliminate and improve them. The Occupational Safety and Health business supervisors of the affiliated unit are requested to care more about their employees. |                       | In 2021, TCB not only employed contracted specialist physicians to provide regular medical consultation service to the employees, TCB also arranged health services to employees in different locations through on-site and online video conferencing. In 2021, the health services were provided 146 times with 438 hours. |
|             |  | Work Overtime (Example: abnormal workload)   | TCB has pre-arranged vacation function in the personnel attendance management system to help employees plan their work schedule and vacation more efficiently. We will strengthen the promotion of this function to the employees and make sure they effectively use it.   |                       | In 2021, TCB continuously promoted to the employees to make good use of the system that has pre-arranged annual paid leaves function. This function helped employees to plan their life and work more efficiently and allowed their body and mind to get a proper rest.   |

## Updates on Implementation of Gender Equality and Human Rights Education and Trainings in TCFHC Group in 2021

|             | Number of Staff Receiving Training | Total Training Hours |
|-------------|------------------------------------|----------------------|
| TCFHC Group | 2,731                              | 4,216                |

## Comprehensive Communications Channels for Industrial Relations

The TCFHC Group has set up a variety of communication channels for healthy industrial relations and to ensure employees' opinions are effectively heard and responded. Employees are able to communicate with the Company through labor union, Employee Welfare Committee, and employer-employee meeting, or other internal appealing channels. Also, the Company's management is willing to take the initiative to assist employees in solving problems at workplace so as to reduce the occurrence of employment conflict.

In order to protect rights and interests of employees and enable harmonious industrial relations, in 2019, the labor unions of both TCB and TCS had signed to renew collective bargaining agreements and the validity period is 3 years. Based on the principle of integrity, both parties look forward to promoting a harmonious relationship to improve work efficiency, employee welfare and seek common goals for career development, creating a new win-win situation for the labor and management.

### Establishment of Labor Unions in TCFHC's Subsidiaries

| Company Name | Total Number of Employees | Number of Union Members | Percentage of Employee Joining Labor Union |
|--------------|---------------------------|-------------------------|--|
| TCB          | 8,480 <sup>Note</sup>     | 8,312                   | 98.02%                                     |
| TCS          | 402                       | 341                     | 84.83%                                     |

Note: The total number of TCB employees at the end of the year was 8,697, of which 4 were temporary employees, and 213 employees were not employed in Taiwan; therefore, they were not eligible to join the labor union.

## Employee Satisfaction Survey

In order to take the employees' needs and expectations for the company into consideration, TCFHC, TCB, and TCS conducted employee satisfaction surveys to truly understand their level of satisfaction with the company's working environment, learning and development, promotion, welfare, corporate culture, and values. We also listen to various employees' opinions on the company, and take the results of their responses as references when implementing important policies in the future and provide employees with a high-quality working environment.

### Survey Method

TCFHC and TCB adopt the Likert scale. The TCS questionnaire uses a 4-point scale (including strongly agree, agree, disagree, and strongly disagree).

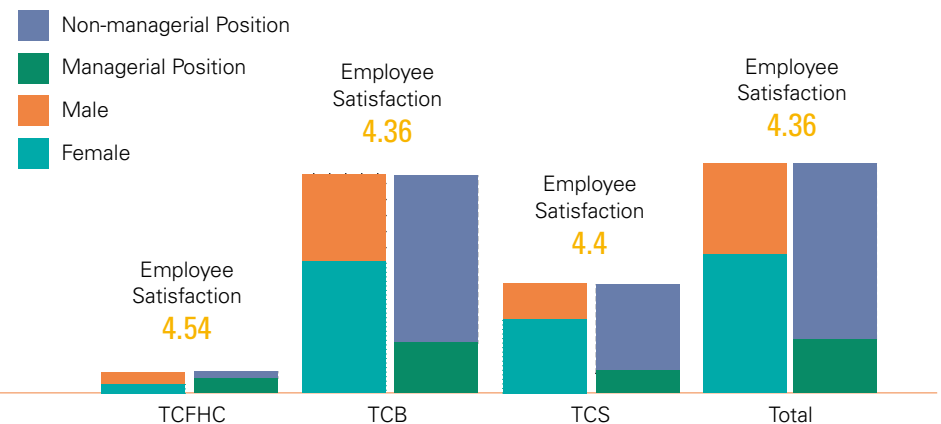
### Survey Aspects

It can be roughly divided into "Working Environment", "Learning and Development", "Promotion and Welfare", and "Corporate Culture and Values".

### Survey Results

A total of 8,850 questionnaires were sent out during this survey, and 8,168 were returned (the return rate was 92.29%). After excluding invalid questionnaires (including unanswered or irregular samples that deviate from the normal value), there were a total of 8,070 valid questionnaires. The questionnaires' effective response rate was 91.19%, accounting for 84.72% of the total number of the Group's employees, which should be enough to reflect the employees' opinions. In addition, the average score of the employee satisfaction survey was 4.36 points (out of 5), which showed that most of the employees were satisfied with the Company's corporate culture and results of policy implementation.

### Statistics of Questionnaire Response



Note: The Group's employee satisfaction is calculated by weighting the valid questionnaires of each company.

# Environmental Sustainability

TCFHC approaches environmental sustainability by starting with itself. In addition to reducing negative impacts of its business activities on the environment, TCFHC works actively to implement international standard management systems, strengthen green operations, and conduct supply chain management in order to achieve resource management, plastic reduction, waste reduction, and energy conservation and carbon reduction.

# 05



## 5.1 Green Operations

To enforce SDG 13 climate action, we try to reduce the impacts of our business activities on the environment and implement green operations in 6 areas, which are energy conservation and carbon reduction, water resources management, fuel management, waste management, green building, and green initiatives.



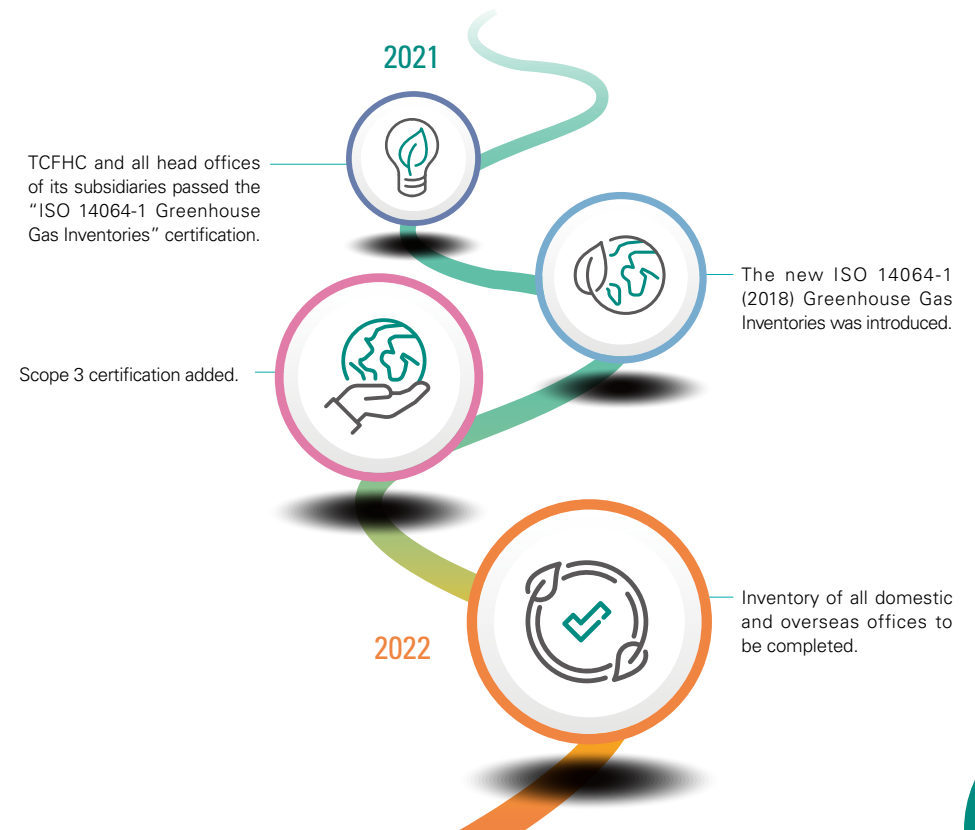
In addition to the Environmental Sustainability Task Force under the TCFHC Sustainable Development Committee, TCB, which is the profit engine and subsidiary with the largest network, created the Environmental Sustainability Section under the Administration Department in February 2022 to be responsible for environmental sustainability tasks for the purpose of expanding the environmental sustainability efforts. The purpose of the section is to enforce low carbon management in the Group and increase resource efficiency and follow a vertical integration approach to systematically mitigate or adapt to the effects of climate change.

## Energy Conservation & Carbon Reduction

Global warming has not only changed the ecosystem, but also had far-reaching impacts on the everyday life in recent years. If humans 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 participates in limiting global warming to 1.5°C for a sustainable future.

### • GHG Emissions

TCFHC and all head offices of its subsidiaries passed the “ISO 14064-1 Greenhouse Gas Inventories” certification in 2021. The new (2018) GHG Inventory was introduced for the first time, and Scope 3 certification was also added. TCFHC and its subsidiaries will continue to complete GHG inventories according to ISO 14064-1 standards every year. Furthermore, TCFHC has promised to finish taking inventory (Scope 1 and 2) of all domestic and overseas offices by the end of 2022 in order to get an overview of GHG emissions and make improvement. TCFHC expects to set GHG reduction targets (Scope 1 and 2) by the end of 2022.



## TCFHC Group GHG Emissions in the Past 4 Years

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

|  | 2018 <sup>Note 1</sup> | 2019 <sup>Note 2</sup> | 2020 <sup>Note 3</sup> | 2021 <sup>Note 3</sup>   |
|--|------------------------|------------------------|------------------------|--------------------------|
| Category 1 (Scope 1) <sup>Note 6</sup>   | 259.30                 | 398.20                 | 543.51                 | 2,574.55                 |
| Coverage rate (%)  | 0.30                   | 3.02                   | 6.93                   | 100.00 <sup>Note 4</sup> |
| Category 2 (Scope 2-location based) <sup>Note 5, 6</sup>                                     | 3,843.47               | 7,255.78               | 9,141.44               | 25,163.33                |
| Coverage rate (%)  | 0.30                   | 3.02                   | 6.93                   | 100.00 <sup>Note 4</sup> |
| Scope 1+2 emission intensity <sup>Note 7</sup> (tCO <sub>2</sub> e/NT\$ million net revenue) | -                      | -                      | -                      | 0.5098                   |

Note 1: Scope 1 and Scope 2 GHG emissions in 2018 are based on conversion by 0.000533 (tCO<sub>2</sub>e/kWh), the electricity carbon emission factor for 2018 as released by the Bureau of Energy of MOEA, and rounded to 2 decimal places.

Note 2: Scope 1 and Scope 2 GHG emissions in 2019 are based on conversion by 0.000509 (tCO<sub>2</sub>e/kWh), the electricity carbon emission factor for 2019 as released by the Bureau of Energy of MOEA, and rounded to 2 decimal places.

Note 3: Scope 1 and Scope 2 GHG emissions in 2020 and 2021 are based on conversion by 0.000502 (tCO<sub>2</sub>e/kWh), the electricity carbon emission factor for 2020 as released by the Bureau of Energy of MOEA, and rounded to 2 decimal places.

Note 4: The coverage rate in 2021 is based on the ratio of offices of TCFHC and 7 subsidiaries that took inventories in the current year. The calculation includes domestic and overseas offices of TCFHC and its seven subsidiaries.

Note 5: There are no market based Scope 2 data.

Note 6: Scope 1 and Scope 2 reduction targets are to be set in Q4 2022.

Note 7: Scope 1 and Scope 2 emission intensity = Scope 1 and Scope 2 emissions/NT\$ million net revenue. In 2022, the 2021 inventories of all domestic and overseas offices of TCFHC and 7 subsidiaries were completed. The net revenue in 2021 was NT\$544.13 million.

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

| Scope 3  | 2020     | 2021     |
|--|----------|----------|
| <b>Category 3 - Transportation</b>                       |          |          |
| Upstream transportation and distribution                 | 0.08     | 0.21     |
| Downstream transportation and distribution               | 61.31    | 97.20    |
| Business travel  | 42.74    | 52.46    |
| Subtotal   | 104.13   | 149.87   |
| Coverage rate <sup>Note</sup> (%)                        | 6.93     | 91.89    |
| <b>Category 4 - Use of sold products</b>                 |          |          |
| Purchased goods and services (upstream)                  | 2,033.73 | 4,673.07 |
| Waste generated in operations (composting, incinerating) | 8729     | 122.48   |
| Subtotal   | 2,121.02 | 4,795.55 |
| Coverage rate <sup>Note</sup> (%)                        | 6.93     | 91.89    |

Note: The calculation of coverage rate is based on the percentage of offices of TCFHC and 7 subsidiaries having undergone inventory in the current year. These offices include domestic and overseas offices of TCFHC and 7 subsidiaries.

### TCFHC Group Energy Consumption in the Past 4 Years

(Unit: MWh)

|  | 2018      | 2019      | 2020      | 2021                   | Goals for 2021 |
|--|-----------|-----------|-----------|------------------------|----------------|
| Total fuel consumption                 | 3,235.33  | 3,087.08  | 3,585.52  | 3,094.67               | --             |
| Total electricity consumption          | 43,209.22 | 43,768.21 | 46,643.77 | 49,097.01              | --             |
| Total non-renewable energy consumption | 46,444.56 | 46,855.29 | 50,229.29 | 52,191.68              | 49,638.63      |
| Total renewable energy consumption     | 28.83     | 27.52     | 27.76     | 28.35                  | --             |
| Coverage rate (%) <sup>Note</sup>      | 92.73     | 92.45     | 92.17     | 100.00 <sup>Note</sup> | --             |

Note: The calculation of coverage rate is based on the percentage of offices of TCFHC and 7 subsidiaries having undergone inventory in the current year. These offices include domestic and overseas offices of TCFHC and 7 subsidiaries.

Faced with the effects of global warming and climate change, TCFHC is actively exercising its influence as a financial institution and implementing stronger climate risk management in order to continue to fulfill the Group's commitment to environmental sustainability and reduce negative impacts of its business activities on the environment. Meanwhile, TCFHC is introducing international standard management systems to achieve resource management, plastic reduction, waste reduction, and energy conservation and carbon reduction.

- Management Plan

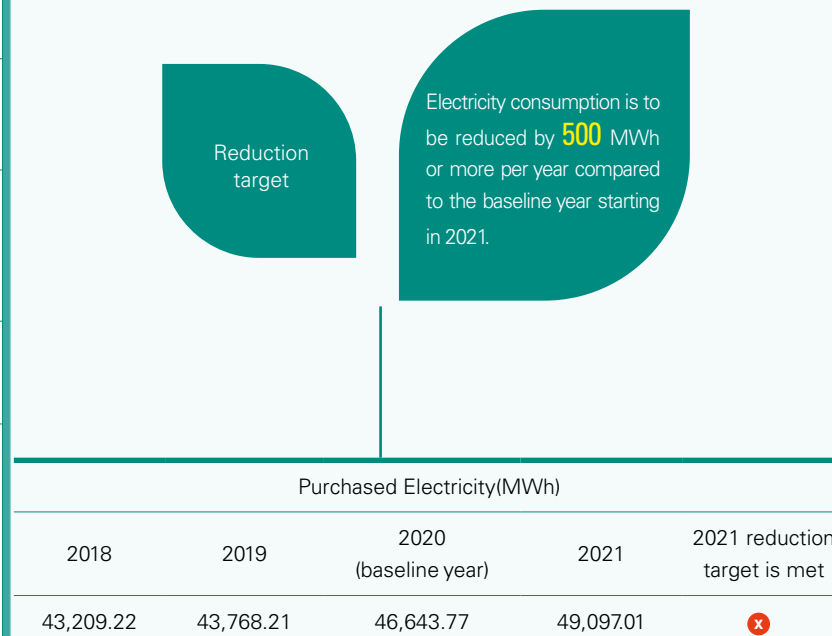
- Based on data from the Group for 2020.
- Policymaking

- TCFHC has an "Energy Policy" within the Group to provide a basis for implementation of energy conservation and carbon reduction programs.
- Implementation of Management Systems

- In 2021, all TCFHC subsidiaries implemented "ISO 50001 Energy Management Systems" and "ISO 14001 Environmental Management Systems" to improve energy efficiency by going through the cycle of "Plan-Do-Check-Act".
- Maintenance of Air Conditioning Units

- The air conditioning temperature is set at 26 °C to 28 °C. The air conditioning units are cleaned and serviced regularly to prolong their useful life and maintain cooling effect.
- Energy Saving Measures

- Office areas (closed to the public) are required to switch off their lights during lunch break for 1 hour.
  - Power-consuming equipment, such as elevators, lights, and air conditioners, are managed. LED lamps and T5 maps with eco-friendly certification are used and timers are installed.
  - Except for the ATM area, all building and unit sign lighting is turned off. Walking exercises are promoted and employees are encouraged to refrain from taking elevators when moving up or down 3 or fewer floors. Water dispensers are set to energy-saving mode during off-peak periods.







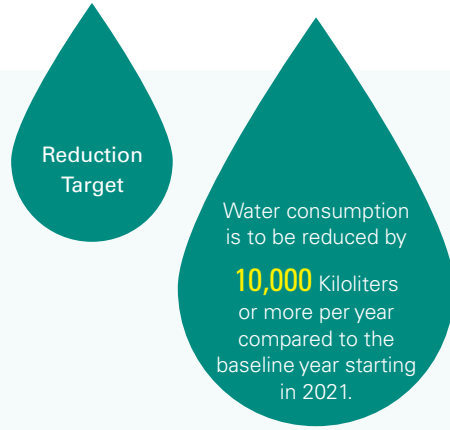
In 2021, TCFHC continued to implement carbon reduction and encourage employees to take public transport instead of taking a car or motorcycle when commuting or traveling on business. TCFHC also encourage employees to replace in-person training and meetings with video conferencing. The saving was estimated to be 488.53 tCO<sub>2</sub>e, which was equivalent to the amount of carbon absorbed by 1.26 Daan Park over a year. In addition, 101 energy efficient vehicles were leased as company cars in order to reduce carbon emissions.

Furthermore, regarding solar power, TCB headquarter building is now equipped with a solar power generation system. It generated a total of 28,346 kWh of electricity in 2021, and reduced carbon emission by 14.23 tCO<sub>2</sub>e<sup>Note</sup>. Meanwhile, the Xinzhong Branch and the Xinxing Branch installed new solar power systems that generated 41,610 kWh and 58,035 kWh, respectively. All of the electricity was sold to the Taiwan Power Company. The generated electricity will be planned for self-use in the future.

Note: Based on 0.000502(tCO<sub>2</sub>e/ kWh), the electricity carbon emission factors for 2020 released by the Bureau of Energy of MOEA.

## Water Resources Management

|                              |   |
|------------------------------|---|
| <b>Management Plan</b>       | <ul style="list-style-type: none"> <li>Based on data from the Group for 2020.</li> </ul>  |
| <b>Rainwater Recycling</b>   | <ul style="list-style-type: none"> <li>A rainwater harvesting system is installed to effectively recycle and reuse water resources.</li> </ul>  |
| <b>Water Saving Measures</b> | <ul style="list-style-type: none"> <li>Water-saving devices are used in water facilities, such as automatic faucets and garden sprinklers with timer.</li> <li>Drip irrigation is put in place of sprinkler irrigation. The system is switched off automatically on rainy days to achieve water-saving efficiency.</li> <li>Equipment with water-saving label is used.</li> </ul> |
| <b>Awareness Campaign</b>    | <ul style="list-style-type: none"> <li>TCFHC utilizes meetings to promote water conservation among employees, and posts water-saving slogans to achieve water conservation.</li> </ul>  |

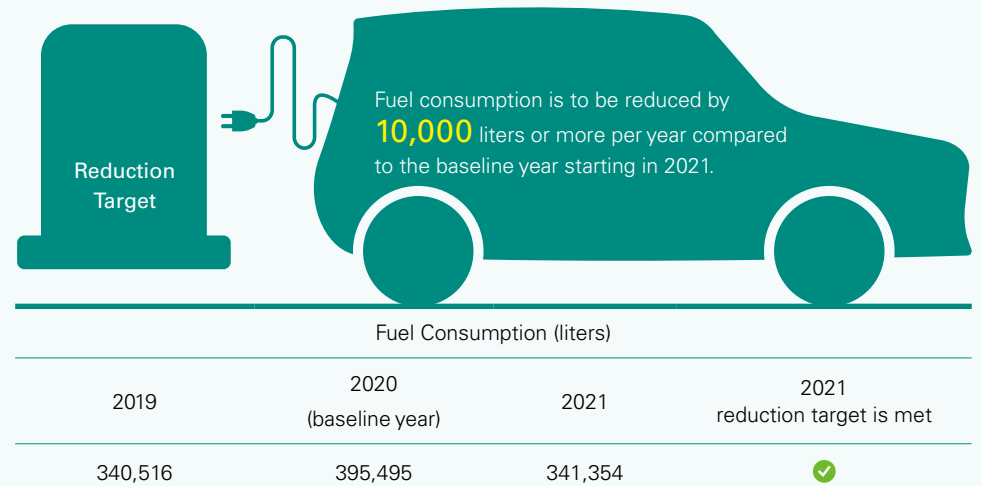


|                                   | 2018    | 2019    | 2020<br>(baseline year) | 2021    | 2021 reduction<br>target is met |
|-----------------------------------|---------|---------|-------------------------|---------|---------------------------------|
| Water consumption (Kiloliters)    | 266,125 | 263,857 | 307,569                 | 288,706 |                                 |
| Coverage rate <sup>Note</sup> (%) | 92.73   | 92.45   | 92.17                   | 91.89   | ✓                               |

Note: The calculation of coverage rate is based on the percentage of offices of TCFHC and 7 subsidiaries having undergone inventory in the current year. These offices include domestic offices of TCFHC and 7 subsidiaries.

## Fuel Management

|   |   |
|---|---|
| <b>Management Plan</b>                            | <ul style="list-style-type: none"> <li>Based on data from the Group for 2020.</li> </ul>  |
| <b>Purchasing Electric or Fuel Efficient Cars</b> | <ul style="list-style-type: none"> <li>TCB head office purchased electric scooters to replace fuel-powered scooters.</li> <li>Fuel efficient vehicles were leased for use of branch employees.</li> </ul> |
| <b>Awareness Campaign</b>                         | <ul style="list-style-type: none"> <li>Employees needing to make long-distance trips are encouraged to share rides or take public transport.</li> </ul>   |



## Waste Management

To reduce environmental impacts and achieve resource sustainability, TCFHC Group implements waste management measures and enforces the 3R policy, which is Reduce, Recycle, and Reuse. The policy is intended to recycle and reuse more waste. A total of 300.23 tons of waste were generated in 2021. In terms of recycling, a total of 130.63 tons of paper (equivalent of 3,135 trees) were recycled in 2021. With a total of 48.06 tons of other categories (bottles, cans, and aluminum cans) recycled, a total of 178.69 tons of resources were recycled. The reduction target set in 2021 specified a reduction compared to 2020 of 2% (approximately 234.10 tons) in waste processed. In addition, a reduction target for 2022 to 2026 was set to reduce waste processed by 2% every year compared to the baseline year.

Food waste was added to the list in 2021. Food waste at each unit is measured every month. TCFHC Group produced a total of 30.25 tons in food waste. 2021 is selected as the baseline year for setting reduction targets for 2022.

Unit: tons

|   | 2020   | 2021   | Goals for 2021 <sup>Note</sup> |
|---|--------|--------|--------------------------------|
| Total waste recycled/reused               | 205.45 | 178.69 | 207.50                         |
| Total waste disposed                      | 238.88 | 300.23 | 234.10                         |
| Waste landfilled                          | 15.92  | 20.01  | -                              |
| Waste incinerated with energy recovery    | 222.96 | 280.22 | -                              |
| Waste incinerated without energy recovery | -      | -      | -                              |
| Waste otherwise disposed                  | -      | -      | -                              |
| Coverage rate <sup>Note</sup> (%)         | 92.17  | 91.89  | -                              |

Note: The calculation of coverage rate is based on the percentage of offices of TCFHC and 7 subsidiaries having undergone inventory in the current year. These offices include domestic offices of TCFHC and 7 subsidiaries.

## Green Building

TCB head office is built according to the four benefits of green buildings, "Eco-friendly, Energy Saving, Waste Reducing, and Healthy". Environmentally friendly, energy saving and other green building related designs were introduced into the plan. The building received another EEWH Silver Label from the Ministry of Interior in 2018. The head office along with the Zhonghe Branch that received certification in late 2020 give TCB 2 offices with EEWH certification.

## Green Initiatives

### Earth Hour Lights Off

In 2022, TCFHC Group participated for the first time in the world's largest voluntary carbon reduction movement, Earth Hour, and turned off unessential lights for one hour between 8:30pm and 9:30pm on March 26. Furthermore, in order to expand the scope and benefit of energy conservation and carbon reduction, TCFHC started voluntarily turning off all vertical/horizontal signs and unessential lights at all offices in March 2022. In response to global climate change, the Company urges everyone to turn net zero into everyday activities in order to save the Earth.



### Signing Environmental Initiatives

Given the value of river resources, TCB supported CommonWealth Magazine's Tamsui River Convention and organized beach cleanups and implemented green procurement. TCB makes an effort to contribute to the sustainability of Taiwan's rivers by making a commitment to plastic and waste reduction.

### Supporting Sustainability Week - Communicate with Public on Sustainability Topics

TCB worked together with Paper Windmill Arts and Educational Foundation and the Legislative Yuan Sustainable Development Goals Advisory Council on the 2021 Taiwan Sustainability Week. The campaign presented the 17 UN SDGs to the population through fun shows and interactive games.



Parents were able to bring their children to learn about sustainability together. The goal was to expose children to sustainability at an early stage so to make it part of their everyday lives.



### Better Environmental Education

Climate change is attracting a lot of attention to issues such as water resources and marine ecosystems. TCFHC Group, in addition to arranging expert talks and courses for executives and new hires, send the sustainability newsletter, "ESG Classroom", by email to all employees every month. The purpose is to use environmental education and campaigns to raise awareness of environmental conservation and sustainability in employees and work together to protect the environment.

### 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 and by extension the burden on the Earth. Vegetarian Day was expanded in 2021 and changed from 1 day a month to 2 days a month (the 1<sup>st</sup> and 15<sup>th</sup> days on the lunar calendar). In 2021, 34,940 people participated in the event and together reduced carbon emissions by 2.66 tCO<sub>2</sub>e.

### Christmas Lights from Discarded Sports Equipment - Sustainability in Sports

In 2021, the TCFHC badminton team spent four days on design, material collection, handmade decoration, scaffolding setup and final touch and created the world's 1<sup>st</sup> Christmas tree decorated entirely with discarded rackets and birdies. Lights on the tree were turned on at the Tianmu Training Center in early December. This symbol of recycle and reuse watched over the athletes while they practiced for their games. Sustainability became part of the holiday message.



## Green Initiatives and Results

TCB achieves green procurement and energy conservation and carbon reduction through various green initiatives. Major energy conservation and carbon reduction projects in 2021 included "TCB energy conservation and carbon reduction" and "lights replacement". They also provided an opportunity to help employees learn about effective use of new power equipment and raise awareness of energy and environmental conservation. A total of NT\$11.3313 million was expected to be invested in energy conservation and carbon reduction projects in 2021 and save a total of 777,699 kWh in power consumption, which was the equivalent of 390.4 tCO<sub>2</sub>e and a saving of NT\$2.7997 million. The average payback period was 4.05 years <sup>Note</sup>.

Note: Average payback period = Expected investment/Expected power savings.

## Major Power Conservation and Carbon Reduction Projects and Achievements

| Project Name                                 | Project Description   | Expected Investment (NT\$ million) | Power Consumption Reduction (kWh) | Actual Carbon Reduction (tCO <sub>2</sub> e) <sup>Note 1</sup> | Expected Power Savings (NT\$ million) <sup>Note 2</sup> |
|--|---|------------------------------------|-----------------------------------|--|---|
| TCB energy conservation and carbon reduction | Closing all horizontal and vertical billboards and nonessential lights at the offices   | 0                                  | 483,162                           | 242.54   | 1.7394  |
| Lights replacement                           | Existing lights in the lobbies, offices, vaults, and meeting rooms in the 53 branches across the country were evaluated and to be replaced by 55W, 32W, or 20W LED lights. A total of 7,112 lights were to be replaced. | 11.3313                            | 294,537                           | 147.86   | 1.0603  |
| <b>Total</b>                                 |   | <b>11.3313</b>                     | <b>777,699</b>                    | <b>390.40</b>  | <b>2.7997</b>   |

Note 1: Based on 0.000502 (tCO<sub>2</sub>e/kWh), the electricity carbon emission factors for 2020 released by the Bureau of Energy of MOEA.

Note 2: Expected power savings are based on the cost of power after the energy conservation and carbon reduction projects compared to the cost before.

## 5.2 Green Procurement and Supplier Management

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

### Green Procurement

As part of the green procurement implementation, TCFHC and its subsidiaries gives priority to environmentally friendly products with government-approved environmental protection label or energy or water saving label. All repair and maintenance of the offices use mostly green materials in order to reduce environmental impacts. In 2021, TCB participated in the Environmental Protection Administration of the Executive Yuan's green procurement project for private enterprises and groups. TCB filed more than NT\$62.74 million in green purchases and was rated excellent. TCB also received a certificate of appreciation for promoting the green procurement project for private enterprises and groups from the Department of Environmental Protection of Taipei City Government.



IT equipment

Green Mark certification

a total of NT\$61.26 million



Large air conditioners

Model that uses eco-friendly refrigerants

a total of NT\$6.99 million



Energy Saving Badge  
Wall-mounted and window air conditioners

Inverter technology and energy-saving labels

a total of NT\$1.48 million



Paper

FSC- and PEFC-certified products or products made from zero-tree felling processes

a total of 201.52 tons



Toilet paper

FSC- and PEFC-certified products or products made from zero-tree felling processes

a total of NT\$916,000



Energy Saving Badge  
Lighting equipment

LED lamps with Energy Label  
Lighting equipment was substituted with LED lamps with Energy Label

the completion rate was 100%

## Supplier Management

TCFHC Group continues to implement the Supplier Management Policy. We requires that suppliers sign the “Commitment of Supplier to CSR to and Environmental Sustainability Clauses”, and include CSR provisions in procurement contracts to require explicitly that suppliers comply with labor rights, human rights, worker health and safety, environmental protection, and ethical management requirements. All these efforts are to enforce supplier management. In 2021, 100% of the domestic suppliers with a purchase of NT\$1 million or higher signed the “Commitment of Supplier to CSR and Environmental Sustainability Clauses”.

### Supplier Management Policy

#### 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.

#### 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 coerce workers to perform work, dismiss workers by force, or engage in matters that endanger the rights of workers.
- Suppliers shall provide employees with a safe, healthy, and comfortable work environment and comply with occupational safety and health laws and regulations.

#### 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 used, 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 a corporate culture that embraces the sustainable development of the environment in order to protect the planet, conserve resources, and save energy.



## 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 government-funded financial institution every year. The conference brings ESG and sustainability to suppliers and loan customers in an effort to create a healthy sustainable ecosystem.



# Social Inclusion

As environmental and social structures change, TCFHC continues to uphold sustainable development and pay close attention to changes and opportunities arising from an aged society. In 2021, TCFHC kept its four-tiered approach to charity with “Joyful Learning, Healthy Living, Tranquil Community, and Nursing and Care”. The Group combined its resources and utilized core competencies to resolve environmental and social problems as part of the commitment to giving back to the community and facilitate social inclusion and mutual benefit.





## TCFHC Group's Strategy for Public Interest



As environmental and social structures change, TCFHC continues to uphold sustainable development and pay close attention to changes and opportunities arising from an aged society. In 2021, TCFHC kept its four-tiered approach to charity with “Joyful Learning, Healthy Living, Tranquil Community, and Nursing and Care”. The group combined its resources and utilized core competencies to resolve environmental and social problems as part of the commitment to giving back to the community and facilitate social inclusion and mutual benefit.

In addition, TCFHC takes “people” as the start point, and encourages employees to participate in various public welfare activities through various channels and methods, thereby cultivating social citizenship. To create a corporate philanthropic culture, TCFHC implemented the “Guidelines for Undertaking Volunteering Services” in 2021. The chairman leads the team as the captain of volunteers in a top-down corporate philanthropic culture. TCFHC tries to instill a giving philosophy into every employee and raise awareness of social citizenship. Some subsidiaries had already planned the volunteer leave and launch volunteer passport to support employees to participate the volunteering events.

## Resource Input Into Public Interests in 2021

| Type of Contribution | Amount (NT\$) |
|----------------------|---------------|
| Cash                 | 19,427,372    |
| Time                 | 1,550,446     |
| In-kind giving       | 251,680       |
| Management overheads | 162,069,113   |

| Charity Donations by Percentage |                      |                      |
|---------------------------------|----------------------|----------------------|
| Charity donations               | Community investment | Commercial donations |
| 65%                             | 12%                  | 23%                  |

### 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.

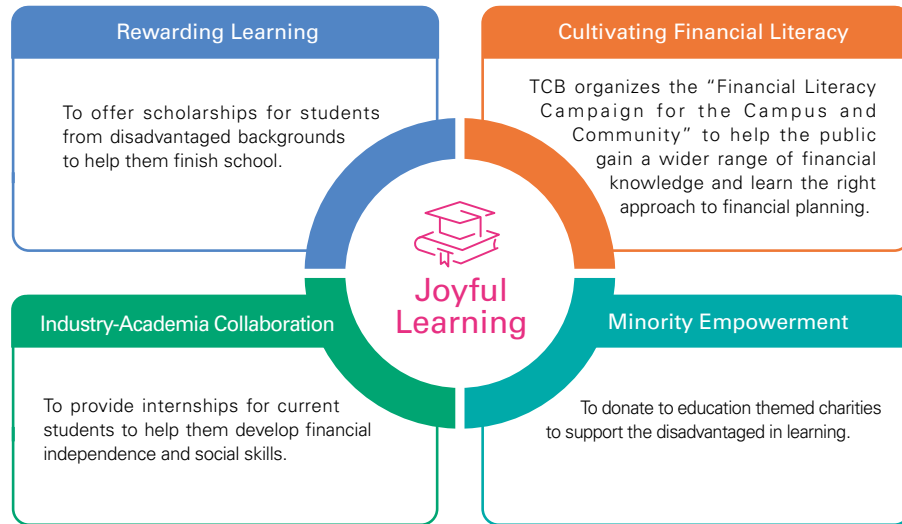
## 6.1 Joyful Learning

TCFHC understands the importance of education to social development, and knows that training is the foundation on which a company can achieve sustainability. 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 opportunity to educational and social resources, achieve financial inclusion, and bring financial knowledge and planning skills to different groups in society.

### Goals for 2023-2027

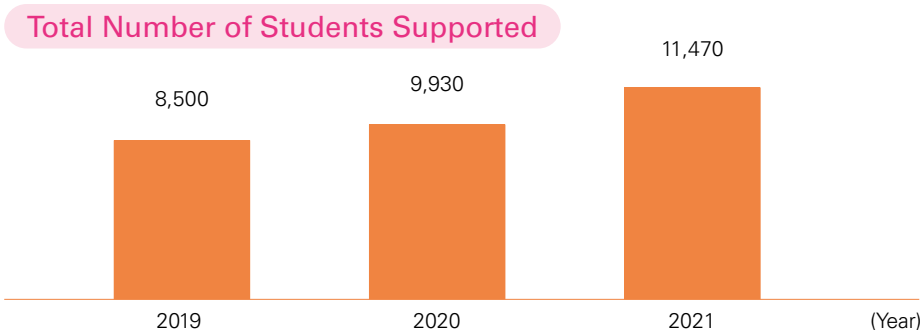
1. TCB to provide more than NT\$55 million in research grants and scholarships by 2027. Research grants are intended to encourage students to study financial innovation, green finance, information security, fintech, and ESG topics and bring new ideas into the financial sector.
2. TCS to donate a total of NT\$1.3 million to 13 social organizations for children in remote areas between 2023 and 2027.
3. TCB to host 5 financial planning camps by 2027 in order to teach school children about the importance of financial planning and the correct approach.
4. Continue to organize TCFHC Classrooms and financial inclusion seminars and forums and reach close to 2,000 sessions by 2027. 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.





## Rewarding Learning

In order to help young students from disadvantaged families finish school and learn more about finance, 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. A total of 11,470 young students benefited from the fund between 2015 and 2021.



As an incentive for undergraduate, graduate, and PhD students to do research in economics and finance, TCB started a scholarship in 1968, 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) |
|------|-------------------------------|---|-------------------------------------|
| 2021 | 38                            | 22                                      | 41.10                               |
| 2020 | 19                            | 25                                      | 38.84                               |
| 2019 | 11                            | 24                                      | 36.86                               |

## Cultivating Financial Literacy

To help consumers broaden financial horizons and learn about correct financial planning concepts, TCB has participated in the "Financial Literacy Campaign for the Campus and Community" organized by the Financial Supervisory Commission. Specifically, professional lecturers from TCB are sent to 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 2021, 38 events were held throughout Taiwan. 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. TCB hosted 289 financial planning seminars in 2021. The events were attended by a total of 5,645 people. TCS organized TWSE listed stocks investment seminars through monthly livestreams to bring financial knowledge to customers. The online TWSE-listed stocks regular investment plan was launched in July 2021 to give low income groups one more investment option. A total of 18,000 people had participated in the online events in 2021.

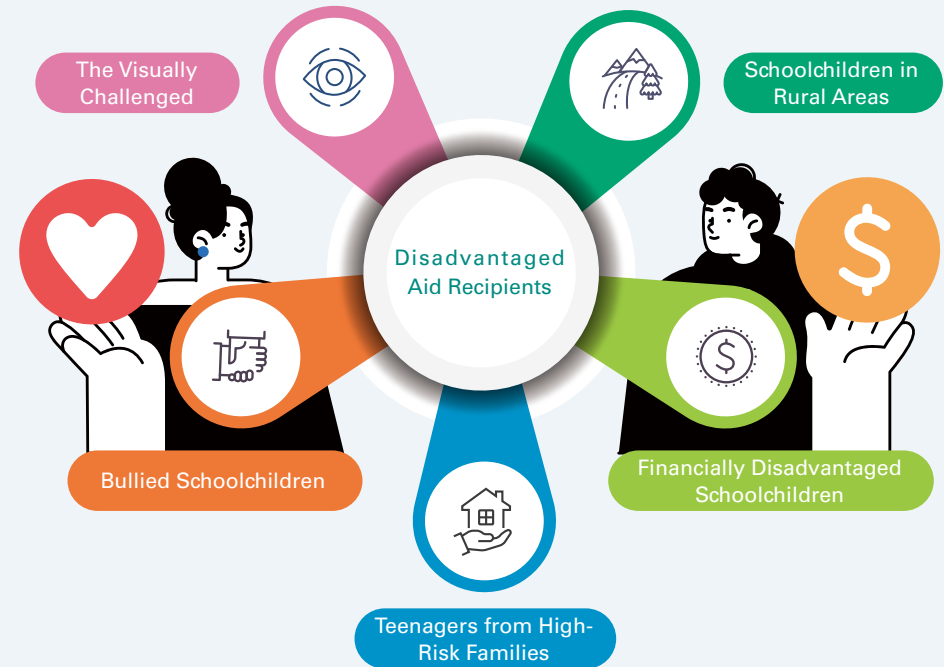
## Empowering Disadvantaged Individuals

TCS collaborated with non-profit organizations, IPower and Teach for Taiwan, in education in remote areas by narrowing the urban-rural gap and creating an equal learning environment through improvement of the problem of insufficient learning resources in remote areas. In addition, TCS participated in the “Bring Love into School” parental seminar organized by the Little Tree. The event called on volunteers to go into offices and campuses and encourage children, parents, teachers, and volunteers to open their hearts to love through immersive activities. The goal was to awaken the ability to love and be loved and to prevent social issues through school education.



The development of teenagers from high-risk families is another key issues TCS follows closely. In 2021, TCS donated to the Yunlin Prison of the Ministry of Justice to subsidize scholarships for children of inmates. The goal was to encourage them to welcome the future and to urge society to open their arms to families of inmates.

As many minority groups were struggling during the pandemic, TCSIT donated to the Institute for the Blind of Taiwan and Da-Keng Elementary School in Taoyuan City in the hope to help support the living and learning expenses of socially disadvantaged groups.



## Industry-Academia Collaboration

To provide better support for youth from financially disadvantaged families, 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 500 internships under the program since 2011. Meanwhile, TCS implemented the “Guidelines for Hiring Interns” to give priority to current university students when the company needs to fill short-term positions. More than 10 current university students have been hired since 2018, and more openings are being offered on an ongoing basis.

## Senior Education

To help the elderly start planning for retirement early and make arrangements for the later years of their lives, TCFHC, the number one brand of “LOHAS and Elder Care”, offers a full range of products and services to help consumers prepare for their senior years. In 2021, a total of 4 “2021 TCFHC Lectures - Happy Retirement Planning Master Class”. The events delivered approaches to a happy retirement and were well received.



### 2021 TCFHC Lectures - Happy Retirement Planning Master Class

As the No.1 brand of “LOHAS and Elder Care”, TCFHC organized TCFHC Lectures to help consumers plan for their retirement with peace of mind. The lectures were hosted by Joyce Liu, a well known news anchor. TCFHC invited nutritionist Michelle Song to share ways to eat well and healthy with seniors; Eric Wu to speak on how to handle a second half of life by setting aside the dream of staying forever young outside and achieving real maturity and happiness inside; and Ms. Lulu to teach the audience how to do quiescent yoga at home for muscle strengthening and better metabolism. All speakers offered their views on ways to approach a LOHAS lifestyle.



A total of **1,483** people participated in the events in 2021

## 6.2 Healthy Living

The TCFHC Group 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 tries to take sports to a grassroots level by combining it with charities, advertisement, and school sports sponsorships. In 2021, TCFHC received another “Taiwan i Sports” Certificate and the 13<sup>th</sup> consecutive “Sports Activist Awards” from the Sports Administration of the Ministry of Education.



### Goals for 2023-2027

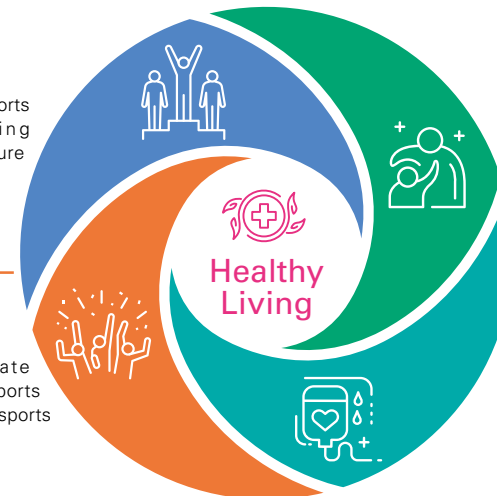
1. Continue to provide NT\$180 million or more every year to support the 3 teams in table tennis, badminton, and baseball.
2. Continue to help players develop a complete career path and transit with ease into the role of a coach, consultant, or bank teller after retiring from sports.
3. Continue cooperation programs with approximately 20 schools every year.
4. Sponsor 40 sports events by 2027.
5. Continue to organize 2 or more charitable health themed events every year to reach a total of 12 by 2027.

### Training Athletes and Supporting Sports from the Bottom

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

### Promoting Sports and Competitions

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



### i Health for the Old and Young

Sponsoring the Yongee Cancer Prevention Health Care Foundation to fund free clinics and medical supplies.

### Blood Drives

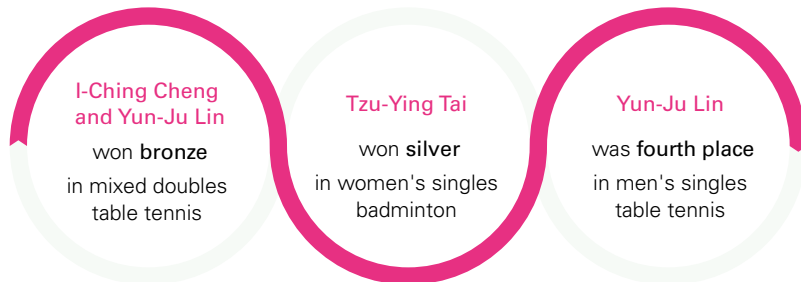
Organizing blood drives to help with the shortage problem.

## Training Athletes and Supporting Sports from the Bottom

Sports is an important soft power that enables Taiwan to connect with the world. Sports stars of TCFHC have been delivering remarkable performance internationally in recent years. They include Tzu-Ying Tai, World No. 1 in women's singles badminton, Tien-Cheng Chou, World No.2 in men's singles badminton, and top table tennis players including I-Ching Cheng, Yun-Ju Lin, Chih-Yuan Chuang, and Chien-An Chen. There are also baseball stars Sheng-Feng Wu, Jia-Yo Lin, and Han Lin. All of them are excellent athletes into whom TCFHC has invested much resources. Although the pandemic stopped some of the competitions in 2021, TCFHC teams stills accomplished much in the year. They won 9 championships, 12 second places, and 5 third places in 14 events. It was a great achievement to be celebrated.



### Highlights from Tokyo 2020 Summer Olympics

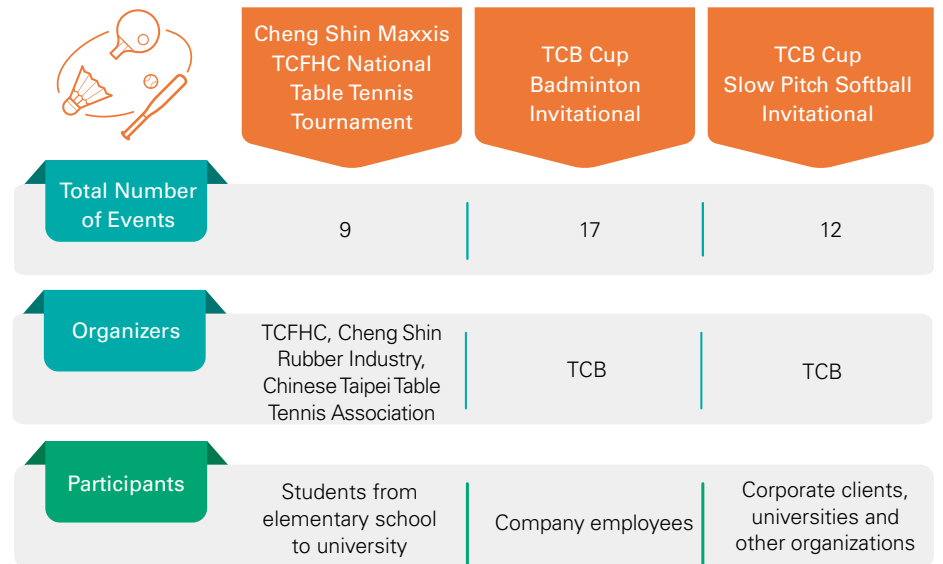


In addition to ensuring support for active sports stars, TCFHC tries to recruit athletes with great potential from national games or schools in TCFHC cooperative programs and provide them with health allowances and competition bonuses in order to ease their financial burden. Outstanding performance will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

## Promoting Sports and Competitions

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

To fulfill the role of a sports sponsor and urge employees to pay attention to health, TCFHC invites corporate clients and their employees to participate in the TCFHC 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.





## i-Health for the Old and Young

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 and alert more people to monitor their own health for effective cancer prevention.



In 2021, the COVID-19 pandemic spread across the globe, and Taiwan went into Level 3 alert. Many disadvantaged groups were in desperate need for disease prevention supplies. On August 11, 2021, CAM teamed up with Yongee Cancer Prevention Health Care Foundation to host an event to raise free disease prevention supplies in Nantou County and offered real support for Xu I Kids and Elder Welfare Concerned Association.

## Blood Drives

To help the government with the blood shortage crisis, TCB and CAM each organized one blood drive in 2021. They urged employees to join in and together the two companies collected 156 bags of blood.



## 6.3 Tranquil Community

The modern world is constantly changing, and more and more of the disadvantaged are falling through the cracks and forgotten. Therefore, TCFHC work together with its subsidiaries in providing 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 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 2023-2027

1. TCFHC Group to organize 150 events in support of various charities by 2027.
2. TCFHC Group to purchase more than NT\$4.5 million in locally produced goods by 2027.
3. Call upon consumers to support charities by using their 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 to enhance the company's image. Total donations are to exceed NT\$35 million by 2027.

### No Poverty

Organized fundraisers to help disadvantaged groups and families in need.

### Zero Hunger

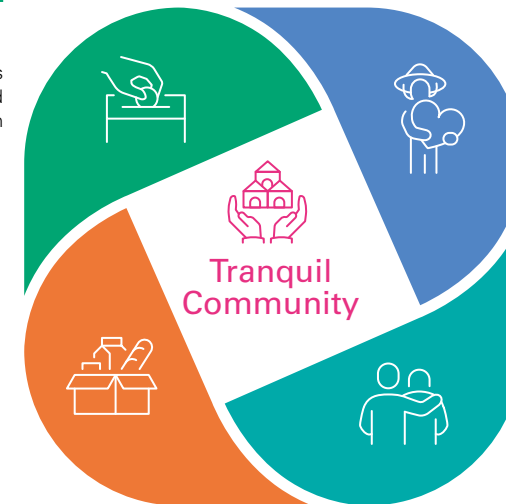
Participated in the "TAIFEX Food Bank" food drive and donated supplies.

### Farming for Love

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

### Supporting Charities and Developing 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 2021, TCFHC organized 56 fundraising events for disadvantaged groups and families in need, and donated close to NT\$20 million. More significant of these events are the following:



### Sponsorship for the Beunen Foundation's St. Francis Senior Long-Term Care Center

Provided shelter for the lone and low-income seniors.



### TCFHC Donation Drive

Reached through 270 branches into the cities to help disadvantaged children and groups in need. Donated a total of NT\$2.6 million to 32 charity organizations in 14 cities. More than 6,000 people benefited from the funds.

### Donations to Taipei Family Helper Center

18 volunteers participated in person in the "Bring Love into Families" fair hosted by TCS and purchased pineapples from pineapple farmers in support of the local agricultural industry. Visitors were able to redeem fair coupons for free pineapples.



## Zero Hunger

TCFHC has been helping to end hunger in community for years. TCFHC participated in the TAIFEX Food Bank for 7 consecutive years since 2015. The campaign donated goods to the impoverished or crisis struck families or marginalized households not eligible for welfare benefits to help them get pass their difficulties.


















## Farming for Love

TCFHC worked hard in promoting local produce and took action to support the industry and help farmers mitigate the problem of overproduction. TCFHC purchased fresh pineapples, mangos, wax apples, pomelos and pears from local farmers' associations and shared them with customers and employees. TCFHC also donated the fruits to share farmers' hard work with charity organizations that it had been supporting for years.

In 2021, TCFHC spent a total of NT\$3.51 million to purchase 6,768 crates, or 63,216 kilograms, of local produce including pineapples, mangos, wax apples, pomelos and pears.

## Supporting Charities and Developing 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 its corporate social responsibility by giving back to society what is received. TCFHC combines resources from the subsidiaries and support charities and emergency relief efforts on an ongoing basis in order to create a strong and environmentally sustainable world.

|  |  |   |  |  |  |
|--|--|---|--|--|--|
| <p><b>TRA Taroko Express Accident</b></p>  <p>TCFHC donated NT\$5 million to help the victims rebuild their lives</p>   | <p><b>Kaohsiung Building Fire</b></p>  <p>TCFHC donated NT\$3 million to help the victims and their families through the difficult time</p>     | <p><b>Donations to Kaohsiung Red Cross Cihhui Garden</b></p>  <p>Paying attention to care of the disabled</p>  | <p><b>Care Card</b></p>                      | <p><b>Issuing Charity Credit Cards</b></p>  <p>Called upon consumers to support charities by using their TCB cards. As of the end of 2021, 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. The total amount reached NT\$27.73 million.</p> | <p><b>Cardiac Children's Foundation Card</b></p>   |
| <p><b>Donations to Kanner Foundation of Taiwan "2021 Longtan Kanner Construction Project" to Raise Funds</b></p>  <p>Helped the foundation build the farm</p> | <p><b>Donations to New Taipei Minsin Children Development Center</b></p>  <p>Assisted disadvantaged groups and supported emergency relief</p> | <p><b>Donations to the Taiwan Green Energy for Charity Association</b></p>  <p>Participated in the Best Solar Panel Purchase Plan. The income from green energy provides stable long-term support for the Chensenmei Social Welfare Foundation</p> | <p><b>Huizhong Foundation Card</b></p>   |  | <p><b>Lugang Mazu Temple Card</b></p>          |



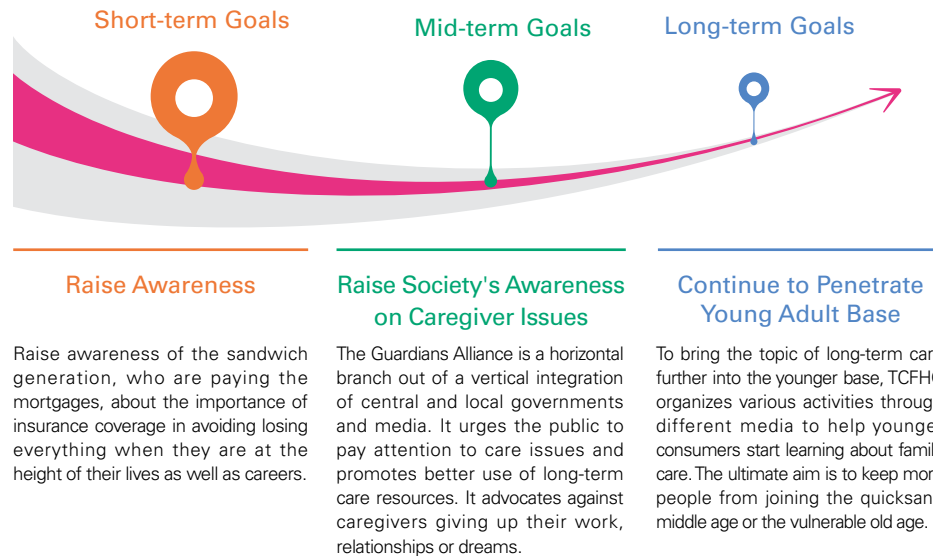
## 6.4 Nursing and Care

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 (T AFC) have been working together to introduce various measures and activities that support and care for family caregivers.

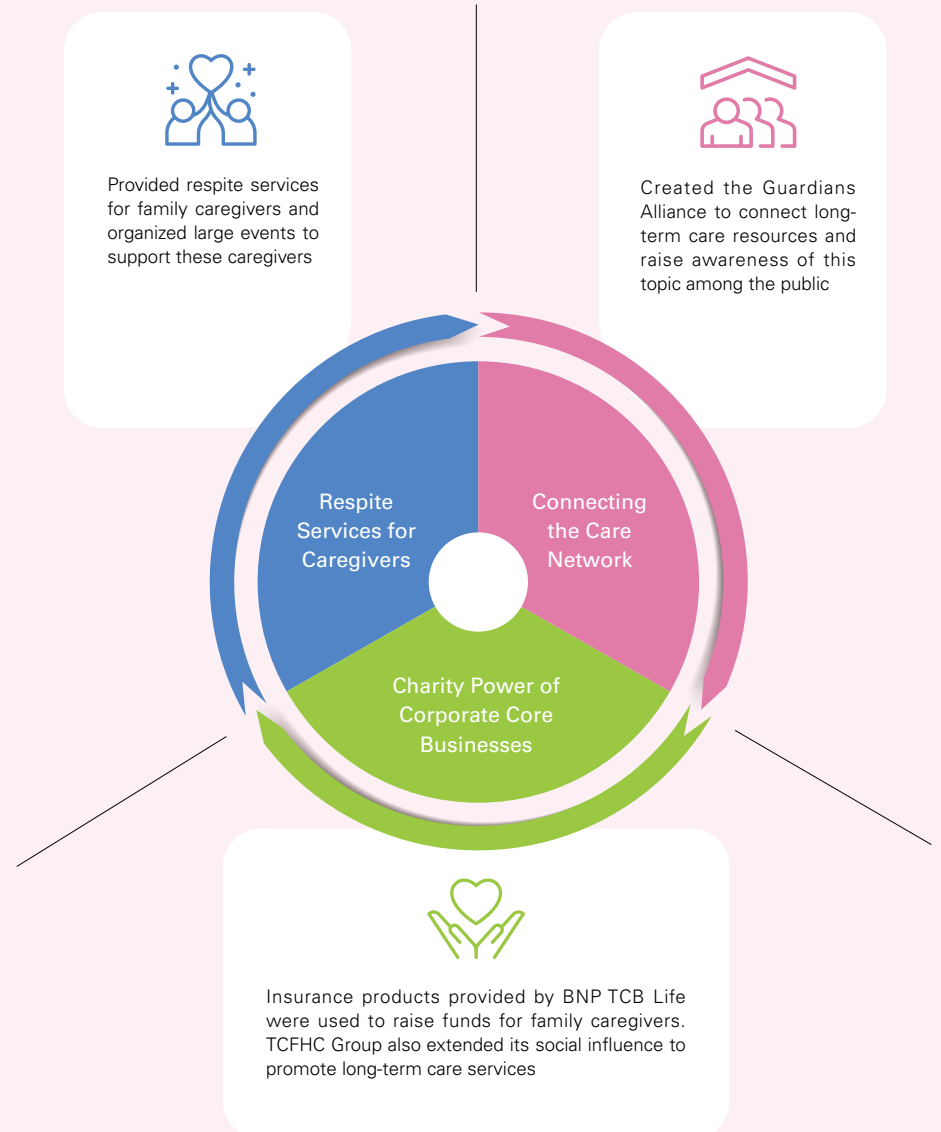
### Goals for 2023-2027

1. Organize 200 Respite Academy classes (including online and offline) with 8,500 participants and provide Respite Coffee to 12,000 family carers by 2027; and continue to invite 8 to 10 companies to join the Guardians League every year.
2. Donate a total of NT\$12 million in mortgage life insurance policies by 2027.
3. Continue to add 2 more innovative care support services every year.
4. Organize a total of 120 long-term care events and trust and long-term care training and seminars by 2027. Continue to provide Trust Association "Eldercare Financial Planning Consultant" certification courses and work with the Trust Association to organize "Family Trust Planner" certification courses.

### Nursing and Care Goals



### Strategy of Public Welfare for Family Care



## Rooted in Charity Power of Corporate Core Businesses

### Safeguarding Well-Being Donation

BPC TCB Life was 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\$ **17.95** million by  
the end of 2021

### 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 as part of the company's effort to achieve "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 the space and time for family caregivers to take a break from the stress of caregiving. Meanwhile, BNP TCB Life was the 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, rice cooker cooking classes, riding courses and other volunteering 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 since 2014.

More than **10,000** people participated in the activities by the end of 2021

## Charity Concert for Family Caregivers

The charity concert has taken place in partnership with local governments and family caregiver support programs for 5 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 concerts had taken place since 2017 and were attended by more than 6,600 people by the end of 2020. The charity concert was taken online in 2021 due to the pandemic. It invited 14 city/county mayors and 114 offices in the country to offer encouragements to caregivers over the Internet. More than 30,000 people watched the livestream.



### 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. More than 2,400 people had participated by the end of 2020. The event was held as an online academic conference in 2021 due to the pandemic.



### Caregiver TV

Following the TAFIC Caregiver TV campaign, TCFHC produced shows such as "Caring not Lonely" and "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.



### Protect PLUS Dance Group

In 2021, BNP TCB Life invited 9 amateur dancers who were also caregivers to form the "Protect PLUS Dance Group" as part of the message that one did not have to give up dreams to care for family. The message also encourages one to be smart and take advantage of social resources, and tries to convey the message to more caregivers and other members of society.



## Connecting the Care Network

### Pan-Pan Charity Bazaar

TCFHC started holding a charity market together with the charity concert in northern, central, and southern Taiwan in 2018. Family caregivers were invited to set up their own stalls. Autographed Pan-Pan bags were auctioned at the event as well. The purpose is to encourage the general public to learn about and support caregivers through the market. Only 1 online charity market was held in 2021 due to the pandemic. The TCFHC subsidiaries and the Guardians Alliance were invited to interact with visitors over the Internet. Ping pong paddles, balls, and jerseys autographed by TCFHC-sponsored athletes, including I-Ching Cheng, Yun-Ju Lin, Tien-Chen Chou, and Tzu-Wei Wang, were auctioned at the event. The online market was viewed by close to 60,000 people and collected close to NT\$40,000 in total product sales.



### Guardian Alliance

In 2016, BNP TCB Life established the "Guardians Alliance", inviting professional institutions, experts, and private corporate groups from diverse disciplines to contribute their expertise, including making donations from product sales and hosting charity lectures, assisting with protecting family caregivers, promoting respite coffee, and raising awareness of long-term care services.



## GRI

| GRI Standards                     | Disclosure Category                                  | Corresponding Section  | Page Number                                   | Supplementary Remarks |                                |
|-----------------------------------|--|--|---|-----------------------|--------------------------------|
| General Disclosures               |  |  |   |                       |                                |
| Organization Overview             |  |  |   |                       |                                |
| GRI 102: General Disclosures 2016 | 102-1  | Name of the organization                                     | 1.1 About TCFHC                               | 38                    |                                |
|                                   | 102-2  | Activities, brands, products, and services                   |   |                       |                                |
|                                   | 102-3  | Location of headquarters                                     |   |                       |                                |
|                                   | 102-4  | Location of operations                                       |   |                       |                                |
|                                   | 102-5  | Ownership and legal form                                     |   |                       |                                |
|                                   | 102-6  | Market served  |   |                       |                                |
|                                   | 102-7  | Scale of the organization                                    |   |                       |                                |
|                                   | 102-8  | Information on employees and others workers                  | 4.1 Composition of Employee                   | 102                   |                                |
|                                   | 102-9  | Supply chain   | 5.2 Green Procurement and Supplier Management | 129                   |                                |
|                                   | 102-10   | Significant changes to the organization and its supply chain | -   | -                     | No significant changes in 2021 |
|                                   | 102-11   | Precautionary principle or approach                          | 1.4 Risk Management and Audit System          | 49-51                 |                                |
|                                   | 102-12   | External initiatives   | 2.2 Sustainable Finance                       | 75                    |                                |
|                                   | 102-13   | Membership of associations                                   | 1.1 About TCFHC                               | 43                    |                                |
|                                   | Strategies   |  |   |                       |                                |
| 102-14                            | Statement from senior decision maker                 | Message from the Chairman                                    | 3-4   |                       |                                |
| 102-15                            | Key impacts, risk and opportunity                    | 2.1 Management of Climate Change Risk                        | 61-74   |                       |                                |
| Ethics and Integrity              |  |  |   |                       |                                |
| 102-16                            | Values, principles, standards, and norms of behavior | 1.3 Ethical Management                                       | 47-48   |                       |                                |
| Governance                        |  |  |   |                       |                                |
| 102-18                            | Governance structure                                 | 1.2 Corporate Governance                                     | 44  |                       |                                |

| GRI Standards                     | Disclosure Category              | Corresponding Section                                      | Page Number                                | Supplementary Remarks |   |
|-----------------------------------|----------------------------------|--|--|-----------------------|---|
| GRI 102: General Disclosures 2016 | Communications with Stakeholders |  |  |                       |   |
|                                   | 102-40                           | List of stakeholder groups                                 | Material Topics and Stakeholder Engagement | 11                    |   |
|                                   | 102-41                           | Collective bargaining agreement                            | 4.5 Human Rights and Equality              | 121                   |   |
|                                   | 102-42                           | Identifying and selecting stakeholders                     | Material Topics and Stakeholder Engagement | 11                    |   |
|                                   | 102-43                           | Approach to stakeholder engagement                         | Communication Channels for Stakeholders    | 16-19                 |   |
|                                   | 102-44                           | Key topics and concerns raised                             | Material Topics and Stakeholder Engagement | 13-15                 |   |
|                                   | Reporting                        |  |  |                       |   |
|                                   | 102-45                           | Entities included in the consolidated financial statements | Report Overview                            | 2                     |   |
|                                   | 102-46                           | Defining report content and topics Boundaries              |  |                       |   |
|                                   | 102-47                           | List of material topics                                    | Material Topics and Stakeholder Engagement | 13-15                 |   |
|                                   | 102-48                           | Restatement of Information                                 | -  | -                     | Information in the previous period has not been revised |
|                                   | 102-49                           | Changes in reporting                                       | -  | -                     | No significant change                                   |
|                                   | 102-50                           | Reporting period   |  |                       |   |
|                                   | 102-51                           | Date of most recent report                                 |  |                       |   |
|                                   | 102-52                           | Reporting cycle  | Report Overview                            | 2                     |   |
|                                   | 102-53                           | Contact point for questions regarding the report           |  |                       |   |
|                                   | 102-54                           | Claims of reporting in accordance with the GRI Standards   |  |                       |   |
|                                   | 102-55                           | GRI content index  |  | 143-147               |   |
| 102-56                            | External assurance               | Appendices   | 156  |                       |   |

| GRI Standards                    | Disclosure Category                   |  | Corresponding Section                      | Page Number | Supplementary Remarks |
|----------------------------------|---------------------------------------|--|--|-------------|-----------------------|
| Material Topics                  |                                       |  |  |             |                       |
| Corporate Governance             |                                       |  |  |             |                       |
| GRI 103 Management Approach 2016 | 103-1                                 | Explanation of the material topic and its Boundary                       | Sustainability Governance                  | 13          |                       |
|                                  | 103-2                                 | The management approach and its components                               | Goals and Progress on Material Topics 2021 | 20          |                       |
|                                  |                                       |  | 1.2 Corporate Governance                   | 44-46       |                       |
| 103-3                            | Evaluation of the management approach |  |  |             |                       |
| GRI 102 General Disclosures 2016 | 102-18                                | Governance structure   |  | 44          |                       |
| Risk Management                  |                                       |  |  |             |                       |
| GRI 103 Management Approach 2016 | 103-1                                 | Explanation of the material topic and its Boundary                       | Sustainability Governance                  | 13          |                       |
|                                  | 103-2                                 | The management approach and its components                               | Goals and Progress on Material Topics 2021 | 21          |                       |
|                                  |                                       |  | 1.4 Risk Management and Audit System       | 49-51       |                       |
| 103-3                            | Evaluation of the management approach |  |  |             |                       |
| GRI 102 General Disclosures 2016 | 102-11                                | Precautionary principle or approach                                      |  |             |                       |
| Ethical Management               |                                       |  |  |             |                       |
| GRI 103 Management Approach 2016 | 103-1                                 | Explanation of the material topic and its Boundary                       | Sustainability Governance                  | 13          |                       |
|                                  | 103-2                                 | The management approach and its components                               | Goals and Progress on Material Topics 2021 | 20          |                       |
|                                  |                                       |  |  | 47-48       |                       |
| 103-3                            | Evaluation of the management approach |  |  |             |                       |
| GRI 102 General Disclosures 2016 | 102-16                                | Values, principles, standards, and norms of behavior                     | 1.3 Ethical Management                     | 47          |                       |
| GRI 205 Anti-Corruption 2016     | 205-2                                 | Communication and training about anti-corruption policies and procedures |  | 48          |                       |

| GRI Standards   | Disclosure Category                   |  | Corresponding Section  | Page Number  | Supplementary Remarks |
|---|---------------------------------------|--|--|--------------|-----------------------|
| Legal Compliance  |                                       |  |  |              |                       |
| GRI 103 Management Approach 2016  | 103-1                                 | Explanation of the material topic and its Boundary   | Sustainability Governance  | 14           |                       |
|   | 103-2                                 | The Management approach and its components   | Goals and Progress on Material Topics 2021                                     | 21           |                       |
|   |                                       |  | 1.5 Legal Compliance, Anti-Money Laundering, and Combat of Terrorism Financing | 52           |                       |
| GRI 307 Environmental Compliance 2016   | 307-1                                 | Non-compliance with environmental laws and regulations                                       |  |              |                       |
| GRI 419 Socioeconomic Compliance 2016   | 419-1                                 | Non-compliance with laws and regulations in the social and economic area                     |  |              |                       |
| Sustainable Finance   |                                       |  |  |              |                       |
| GRI 103 Management Approach 2016  | 103-1                                 | Explanation of the material topic and its Boundary   | Sustainability Governance  | 14           |                       |
|   | 103-2                                 | The management approach and its components   | Goals and Progress on Material Topics 2021                                     | 23-26        |                       |
|   |                                       |  | 2.2 Sustainable Finance  | 75-84        |                       |
| 103-3   | Evaluation of the management approach |  |  |              |                       |
| Digital Finance   |                                       |  |  |              |                       |
| GRI 103 Management Approach 2016  | 103-1                                 | Explanation of the material topic and its Boundary   | Sustainability Governance  | 14           |                       |
|   | 103-2                                 | The management approach and its components   | Goals and Progress on Material Topics 2021                                     | 28-31        |                       |
|   |                                       |  | 3.2 Digital Finance  | 87-90        |                       |
| 103-3   | Evaluation of the management approach |  |  |              |                       |
| Protecting Customer Rights, Improve Customer Satisfaction, and Information Security |                                       |  |  |              |                       |
| GRI 103 Management Approach 2016  | 103-1                                 | Explanation of the material topic and its Boundary   | Sustainability Governance  | 15           |                       |
|   | 103-2                                 | The management approach and its components   | Goals and Progress on Material Topics 2021                                     | 22-23, 27-28 |                       |
|   |                                       |  | 1.6 Information Security   | 56-59, 86-87 |                       |
| GRI 418 Customer Privacy 2016   | 418-1                                 | Substantiated complaints concerning breaches of customer privacy and losses of customer data |  | 59           |                       |



| GRI Standards                                  | Disclosure Category |  | Corresponding Section                         | Page Number  | Supplementary Remarks |
|--|---------------------|--|---|--------------|-----------------------|
| Employee Learning and Development              |                     |  |   |              |                       |
| GRI 103 Management Approach 2016               | 103-1               | Explanation of the material topic and its Boundary   | Sustainability Governance                     | 15           |                       |
|  | 103-2               | The management approach and its components   | Goals and Progress on Material Topics 2021    | 31-32        |                       |
|  | 103-3               | Evaluation of the management approach  | 4.3 Career Management and Learning            | 110-115      |                       |
| GRI 404 Training and Education 2016            | 404-1               | Average hours of training per year per employee  |   | 114          |                       |
| Other Issues                                   |                     |  |   |              |                       |
| Economic Standards                             |                     |  |   |              |                       |
| GRI 201 Economic Performance 2016              | 201-1               | Direct economic value generated and distributed  | 1.1 About TCFHC                               | 40           |                       |
|  | 201-2               | Financial implications and other risks and opportunities due to climate change                     | 2.1 Management of Climate Change Risk         | 61-74        |                       |
| Environmental Standards                        |                     |  |   |              |                       |
| GRI 302 Energy 2016                            | 302-1               | Energy consumption within the organization   |   | 125          |                       |
| GRI 305 Emissions 2016                         | 305-1               | Direct (Scope 1) GHG emissions   |   | 124          |                       |
|  | 305-2               | Energy indirect (Scope 2) GHG emissions  |   |              |                       |
|  | 305-5               | Reduction of GHG emissions   | 5.1 Green Operations                          | 129          |                       |
| GRI 306 Waste 2020                             | 306-3               | Waste generated  |   |              |                       |
|  | 306-4               | Waste diverted from disposal   |   | 127          |                       |
|  | 306-5               | Waste directed to disposal   |   |              |                       |
| GRI 308 Supplier Environmental Assessment 2016 | 308-1               | New suppliers that were screened using environmental criteria                                      | 5.2 Green Procurement and Supplier Management | 130          |                       |
| Social Standards                               |                     |  |   |              |                       |
| GRI 401 Employment 2016                        | 401-1               | New employee hires and employee turnover   | 4.3 Career Management and Learning            | 110-111, 113 |                       |
|  | 401-2               | Benefits provided to full-time employees that are not provided to temporary or part-time employees | 4.2 Employee Remuneration and Benefits        | 107-109      |                       |
|  | 401-3               | Parental leave   |   | 108          |                       |
| GRI 403 Occupational Health and Safety 2018    | 403-1               | Occupational safety and health management system   | 4.4 Occupational Safety and Health            | 116          |                       |
| GRI 405 Diversity and Equal Opportunity 2016   | 405-1               | Diversity of governance bodies and employees   | 1.2 Corporate Governance                      | 45           |                       |

| GRI Standards                                  | Disclosure Category  | Corresponding Section                         | Page Number | Supplementary Remarks |
|--|--|---|-------------|-----------------------|
| GRI 412 Human Rights Assessment 2016           | 412-2 Employee training on human rights policies or procedures                                 | 4.5 Human Rights and Equality                 | 121         |                       |
| GRI 413 Local Communities 2016                 | 413-1 Operations with local community engagement, impact assessments, and development programs | 6 Social Inclusion                            | 132-142     |                       |
| GRI 414 Supplier Environmental Assessment 2016 | 414-1 New suppliers that were screened using social criteria                                   | 5.2 Green Procurement and Supplier Management | 130         |                       |

## TCFD Index

| Aspect              | Proposed Disclosure Category  | Corresponding Section                 | Page Number                           |       |
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| Governance          | a. Description of Board of Directors monitoring climate-related risks and opportunities   | 2.1 Management of Climate Change Risk | 62                                    |       |
|                     | b. Description of the role of management in assessing and managing climate-related risks and opportunities  |                                       |                                       |       |
| Strategies          | a. Description of short, medium, and long-term climate-related risks and opportunities identified by the organization   |                                       | 64-65                                 |       |
|                     | b. Description of the impact of climate-related risks and opportunities on the organization's business, strategies, and financial planning                            |                                       | 64-71                                 |       |
|                     | c. Description of the organization's strategic resilience and consider different climate-related scenarios (including 2°C or more severe scenarios)                   |                                       | 66-71                                 |       |
| Risk Management     | a. Description of the organization's processes for identifying and assessing climate-related risks  |                                       | 2.1 Management of Climate Change Risk | 72    |
|                     | b. Description of the organization's processes for managing climate-related risks   |                                       |                                       |       |
|                     | c. Description of how the organization's process of identifying, assessing, and managing climate-related risks are integrated into its overall risk management system |                                       |                                       |       |
| Metrics and Targets | a. Exposure of indicators used by the organization to assess climate-related risks and opportunities following its strategies and risks                               |                                       | 2.1 Management of Climate Change Risk | 73    |
|                     | b. Exposure of Scope 1, 2 and 3 GHG emissions and associated risks  |                                       |                                       | 73-74 |
|                     | c. Description of the targets used by the organization for climate-related risks and opportunities and performance of implementing its targets                        |                                       |                                       |       |

## G4 Financial Sector Disclosures

| Sector Specific Indicators | Content of Disclosure  | Corresponding Section   | Page Number |
|----------------------------|--|---|-------------|
| FS1/DMA                    | Policies with specific environmental and social components applied to business lines   | 2.2 Sustainable Finance   | 75-78       |
|                            |  | 3.3 Financial Inclusion   | 94-100      |
| FS2/DMA                    | Procedures for assessing and screening environmental and social risks in business lines  | 2.2 Sustainable Finance   | 75-78       |
|                            |  | 5.2 Green Procurement and Supplier Management                       | 130         |
| FS3/DMA                    | Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions |   | 75-84       |
| FS7                        | Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose                  | 2.2 Sustainable Finance   | 94-100      |
| FS8                        | Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose           |   | 75-84       |
| FS13                       | Access points in low-populated or economically disadvantaged areas by type   | 3.3 Financial Inclusion   | 95          |
| FS14/DMA                   | Initiatives to improve access to financial services for disadvantaged people   |   | 94-100      |
| FS15/DMA                   | Policies for the fair design and sale of financial products and services   | 3.1 Protection of Customer Rights and Improve Customer Satisfaction | 86          |
| FS 16                      | Initiatives to enhance financial literacy by type of beneficiary   | 6.1 Joyful Learning   | 133         |

## Items for Enhanced Disclosure According to the Rules Governing the Preparation and Filing of Corporate Social Responsibility Report by TWSE Listed Companies

| Content of Disclosure   | Corresponding Section   | Page Number |
|---|---|-------------|
| The management approach, topic-specific disclosures and reporting requirements for major topics on corporate sustainable finance. The report shall include at least products and services designed by each operating units to create social or environmental benefits.              | 2.2 Sustainable Finance   | 75-84       |
| The number, average salary, and medium salary of non-managerial full-time employees in a given enterprise and differences of these three figures from the previous year.  | 4.2 Employee Remuneration and Benefits                                | 106         |
| The governance of enterprise on climate-related risk and opportunity, actual and potential climate-related impact, and how to identify, evaluate, and manage climate-related risk, as well as indicators and objectives that are set to evaluate and manage climate-related issues. | 2.1 Management of Climate Change Risk                                 | 61-74       |
| Number of information leakage incidents, proportion of information leakage incidents related to personal information, and number of customers affected by information leakage incidents.  | 1.6 Information Security  | 59          |
| The number of loans and the balance of loans to promote the development of small businesses and communities.  | Performance of COVID-19 Pandemic Control Measures and Relief Programs | 35, 94, 97  |
| Number of participants in providing financial education to underserved disadvantaged groups.  | 6.1 Joyful Learning   | 133         |

## 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 | (1) Number of data breaches<br>(2) Percentage involving personally identifiable information (PII)<br>(3) Number of account holders affected  | There was no incident of data breach in TCB in 2021.  | -           |
|   | FN-CB-230a.2. | Qualitative  | Description of approach to identifying and addressing information security risks   | For details of the indicators, please refer to section "1.6 Information Security" of the 2021 TCFHC Sustainability Report.  | 56-59       |
| 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  | For details of the indicators, please refer to section "Performance of COVID-19 Pandemic Control Measures and Relief Programs" and "3.3 Financial Inclusion" of the 2021 TCFHC Sustainability Report.   | 35, 94, 97  |
|   | 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  | For details of the indicators, please refer to section "3.3 Financial Inclusion" of the 2021 TCFHC Sustainability Report.   | 95          |
|   | FN-CB-240a.3. | Quantitative | Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers  | In 2021, 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   | For details of the indicators, please refer to section "6.1 Joyful Learning" of the 2021 TCFHC Sustainability Report.   | 133         |
| 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 113 of the 2021 and 2020 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   | For details of the indicators, please refer to section "2.2 Sustainable Finance" of the 2021 TCFHC Sustainability Report.   | 77, 80-81   |
| 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 2021.  | -           |
|   | FN-CB-510a.2. | Qualitative  | Description of whistleblower policies and procedures   | For details of the indicators, please refer to section "1.3 Ethical Management" of the 2021 TCFHC Sustainability Report.  | 48          |
| 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  | For details of the indicators, please refer to section "1.4 Risk Management and Audit System" of the 2021 TCFHC Sustainability Report.  | 50          |

## General List of Limited Assurance Items

| No. | Object of Assurance  | Applicable Standard  | Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies | Page Number |
|-----|--|--|---|-------------|
| 1   | In 2021, TCFHC Group encountered no data leakage incidents.  | 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 2021.  | Item 1, Subparagraph 3 of Article 4   | 59          |
| 2   | In 2021, TCFHC Group encountered no percentage of data leakage incidents related to personal information.                            | 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 2021 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.<br>Numerator: The number of personal data breaches that occurred in 2021 as defined by TCFHC "Regulations on Handling Computer Security Incidents".<br>Denominator: The total number of data leakage cases in 2021.<br>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%.  | Item 1, Subparagraph 3 of Article 4   | 59          |
| 3   | In 2021, TCFHC Group encountered no number of customers affected or 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.  | Item 1, Subparagraph 3 of Article 4   | 59          |
| 4   | As of the end of 2021, TCB had 68,293 accounts with an outstanding SME loan balance that added up to a total of NT\$824.096 billion. | 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 2021. 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.<br>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). | Item 2, Subparagraph 3 of Article 4   | 96          |

| No. | Object of Assurance  | Applicable Standard  | Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies | Page Number |
|-----|--|--|---|-------------|
| 5   | <p>Statistics are recorded based on 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 to the Ministry of Finance and the Financial Supervisory Commission by TCB. TCB supported the ministerial agencies of the government and the central bank in providing financing and relief programs and "SME Loans during COVID-19 Pandemic". As the end of 2021, the total number undertaken was 86,168 households and the total amount approved was NT\$971.221 billion.</p>  | <p>"Referring to the first and second point of the technical guidance of SASB Commercial Banks Sustainability Accounting Standard-FN-CB-240a.1, the statistics of the number of approved households and cumulative approved limit for various bailout loan packages and COVID-19 bailout loan packages provided by TCB to small-sized businesses which are exempted from registration or small-scale business entities are recorded. The statistics also include the tourism industries, cultural-related industries, medical care institutions, short-term supplementary learning centers, child care centers, or private preschools, and performing arts groups that meets the "Ministry of Economic Affairs Standards for Identifying Small and Medium-sized Enterprises" or SMEs that meet the qualifications in the "Operational Manual of Small and Medium Enterprise Credit Guarantee Fund of Taiwan". 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 applicable standard of this information is based on the "Overview of Bailout Loan Packages Provided by Stateowned Banks" and the "Overview of Various Bailout Loan Packages Supported and Provided by Domestic Banks" reported to the competent authorities by TCB.</p> <p>TCB supported the ministerial agencies of the government and Central Bank re-financing by providing various bailout loan packages and the "COVID-19 Pandemic-Affected SME Project Loan". The packages include existing loan extension measures for enterprises and new loans in response to the epidemic. TCB jointly provides various bailout loan packages with the Ministry of Economic Affairs, Ministry of Transportation and Communications, Ministry of Culture, Ministry of Health and Welfare, Council of Agriculture, National Development Council, and the Ministry of Education. The total number of approved households is the total number of households from the initiation of the project to the end of 2021, and the cumulative approved limit is the total approved limit from the initiation of the project to the end of 2021 (including non-accrual loans)".</p> | <p>Item 2, Subparagraph 3 of Article 4</p>  | <p>35</p>   |
| 6   | <p>As of the end of 2021, the total number of TCB urban renewal and time-worn building reconstruction financing projects being undertaken was 136 totaling NT\$81.993 billion.</p>   | <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 2021. 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.</p> <p>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 2021. The cumulative approved limit is the total approved limit (including non-accrual loans) from the initiation of the project to the end of 2021.</p>   | <p>Item 2, Subparagraph 3 of Article 4</p>  | <p>94</p>   |
| 7   | <p>To help consumers broaden financial horizons and learn about correct financial planning concepts, TCB has participated in the "Financial Literacy Campaign for the Campus and Community" organized by the Financial Supervisory Commission. Specifically, professional lecturers from TCB are sent to 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 2021, 38 events were held throughout Taiwan.</p> | <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 33 of the "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies- Q &amp; A" in 2021 (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 2021 was calculated.</p>  | <p>Item 3, Subparagraph 3 of Article 4</p>  | <p>133</p>  |

| No. | Object of Assurance  | Applicable Standard  | Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies | Page Number |
|-----|--|--|---|-------------|
| 8   | TCB undertook the Housing Loans for Youths by the Ministry of Finance. The performance in 2021 was 1,054 new transactions and the amount newly disbursed was NT\$4.804 billion.  | In 2021, TCB provided qualified parties that meet the the "Principles of Preferential Housing Purchase Loans for Youth Undertook by State-owned Banks" with mortgage.<br>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 2021. The number of new transactions is the total number of newly approved loan accounts in 2021, and the amount newly disbursed is the total amount of the actual loan disbursed in 2021 (including non-accrual loans).  | Item 4, Subparagraph 3 of Article 4   | 97          |
| 9   | TCB undertook the Loan for Start-up Assistance for the Unemployed of Employment Insurance & Micro/Women Start-up Loan. The performance in 2021 was 118 new transactions and the amount newly disbursed was NT\$86 million. | In 2021, TCB provided qualified parties who meet the "Regulations for Micro/Women Startup Loan" with loans.<br>The number of new transactions for start-up assistance for the unemployed of employment insurance and micro/women start up is the total number of newly approved loans in 2021. The amount newly disbursed is the total amount lent in 2021 (excluding non-accrual loans).  | Item 4, Subparagraph 3 of Article 4   | 98          |
| 10  | TCB undertook the Loan for Youth Entrepreneurship and Startup Capital. The performance in 2021 was 6,068 new transactions and the amount newly disbursed was NT\$4.885 billion.  | In 2021, TCB provided qualified parties who meet the "Regulations for Loans for Youth Entrepreneurs and Startup Capital" with loans.<br>The number of new transactions for youth entrepreneurs is the total number of newly approved loans in 2021. The amount newly disbursed is the total amount lent in 2021 (excluding non-accrual loans).   | Item 4, Subparagraph 3 of Article 4   | 97          |
| 11  | In 2021, there were 253 new approved Bagful of Happiness loans totaling NT\$1.710 billion. TCB has approved 2,177 Bagful of Happiness loans with a total of NT\$13.111 billion loans approved.                             | In 2021, TCB provided loans related to "Reverse Mortgage" that meets the "Credit Regulations for Members of the Bankers Association of the Republic of China".<br>Bagful of Happiness loans are loans for domestic natural persons over 60 years old for household consumption and nursing purposes. The number of new loans in 2021 is the total number of loans approved in the current year, and the newly approved loan limit in 2021 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 2021 (excluding non-accrual loans). | Item 4, Subparagraph 3 of Article 4   | 100         |



| No. | Object of Assurance  | Applicable Standard   | Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies | Page Number |
|-----|--|---|---|-------------|
| 12  | TCB Seniors and the Disabled Property Trust Services saw an increase of 5,413 more beneficiaries in 2021. The total of trust principal balance was NT\$6.223 billion as of 2021.   | TCB provides nursing care trusts that meet the regulations of Article 6 of the "Evaluation and Incentive Measures for Trust Industries Promoting Trust 2.0 Program" promulgated by the FSC.<br>The seniors and the disabled property trust services include providing services such as property management, nursing care, and medical care benefits to the seniors and disabled. The new beneficiaries in 2021 are the total number of beneficiaries of the approved cases in the current year. The principal of the trust property refers to the total value of the trust property with entrusted management agreements (excluding non-accrual loans).   | Item 4, Subparagraph 3 of Article 4   | 100         |
| 13  | As of the end of 2021, the loan balance for "5+2 innovative industries" was NT\$494.17 billion.  | As of the end of, 2021, TCB provided the total credit limit and the total balance to the borrowers who meet the definition of the 7 industrial lending projects listed in the "Reward Domestic Banks to Undertake Lending Projects for Innovative Industries" promoted by the Banking Bureau of the FSC. The 7 innovative industries are green technology industry, Asian Silicon Valley, biotechnology and pharmaceutical, defense industry, smart machinery, innovative agriculture and circular economy.<br>The loan balance for "5+2 Innovative Industries" refers to the total loan balance (including non-accrual loans) from the initiation of the project to the end of 2021.   | Item 4, Subparagraph 3 of Article 4   | 80          |
| 14  | As of the end of 2021, TCB had participated in a total of 3 offshore wind power financing projects and issued a total of NT\$839 million in loans.   | As of the end of, 2021, 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".<br>The total number of offshore wind power projects refers to the total of cases since the initiation of the project to the end of 2021, 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 2021.  | Item 4, Subparagraph 3 of Article 4   | 81          |
| 15  | TCB introduces "Preferential Loan Projects for Replacing Large Diesel Vehicles" to assist industries in replacing old diesel vehicles and improving air quality. As of the end of December 2021, TCB has in total underwritten 16 projects with a total loan balance of NT\$ 89 million. | As of the end of, 2021, TCB provided parties with loans related to replacing old diesel vehicles. These parties should meet the conditions of the "Guidelines for Credit Guarantee for Low-Carbon Sustainable Home Project Loans" and "Regulations for Interest Subsidy for Replacing Large Diesel Vehicles" promulgated by the Environmental Protection Administration.<br>The number of cases of loans for replacing old diesel vehicles with remaining balances refers to the total number of cases with remaining balances from the initiation of the project to the end of 2021. The cumulative loan balance refers to the total loan balance from the initiation of the project to the end of 2021 (there are currently no non-accrual loans for this service). | Item 4, Subparagraph 3 of Article 4   | 84          |

| No. | Object of Assurance   | Applicable Standard  | Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies  | Page Number |
|-----|---|--|--|-------------|
| 16  | In order to assist consumers in purchasing green products, TCB has encouraged branches to underwrite mortgages with which green materials are adopted and actively underwrite green consumption loans. As of the end of December 2021, the available amount was NT\$0.732 billion.  | In 2021, 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.<br>The green consumers' loan targets have obtained green building labels recognized by TCB, and the approved limit in 2021 refers to the total amount of newly approved loans in the current year (excluding non-accrual loans).   | Item 4, Subparagraph 3 of Article 4  | 83          |
| 17  | <p>The percentage of TCFHC and TCB male to female employees' salary in 2021 - senior management (salary): Male to female is 93.82:100.</p> <p>The percentage of TCFHC and TCB male to female employees' salary in 2021 - senior management (salary and bonus): Male to female is 95.45:100.</p> <p>The percentage of TCFHC and TCB male to female employees' salary in 2021 - other management (salary): Male to female is 97.96:100.</p> <p>The percentage of TCFHC and TCB male to female employees' salary in 2021 - other management (salary and bonus): Male to female is 98.04:100.</p> <p>The percentage of TCFHC and TCB male to female employees' salary in 2021 - non-management (salary): Male to female is 98.33:100.</p> | <p>The statistics on the percentage of male and female employees' salaries at all levels only include TCFHC and TCB employees in 2021.</p> <p>Employees: Refers to individuals (regardless of Taiwanese or foreigners) who provide services to enterprises under the supervision of the enterprise, and does not include those who only have contractual relationships with the enterprise, outsourced or dispatched; nor does it include directors and supervisors.</p> <p>Definition of all levels: The senior management of TCFHC and TCB is above the deputy general manager level and can report directly to the CEO, and has a certain degree of influence on the company's decision-making; other management levels are those excluded from the senior management level; non-management level refers to employees who have not reached 10 grades or above or who have not held a managerial position.</p> <p>The percentage of the salary of male employees to female employees: Refers to the percentage calculated based on making the average female salary 100. For example, male to female is 98:100 (100 for females and 98 for males).</p> | TCFHC participates in mining or designs other benchmarks by itself according to industry characteristics and its reported performance indicators | 105         |
| 18  | The total electricity consumption of the TCFHC Group in 2021 is 48,908.30MWh.   | <p>According to the electricity consumption data of the whole group audited by BSI in 2021, the data coverage rate is calculated based on the proportion of the business bases of TCFHC and its 7 subsidiaries that have been checked in the current year, including all domestic and foreign companies of TCFHC and its 7 subsidiaries.</p> <p>As of the end of June 2022, TCB completed the audit of power consumption data from 2021, and the data from the other subsidiaries are expected to be audited by the end of September 2022 and published on the TCFHC website.</p>  | TCFHC participates in mining or designs other benchmarks by itself according to industry characteristics and its reported performance indicators | 125         |

## CPA Limited Assurance Report

 **資誠**

**Independent Limited Assurance Report**

PWCM22000665

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 2021 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 "General List of Limited Assurance Items" on page 151 to page 155 of the Sustainability Report. The scope of the aforementioned Subject Matter Information is set out in the "Scope and Boundary" on page 2 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 Statement of Assurance Engagements Standards No. 1, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" in the Republic of China, to identify whether any amendment 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 2021 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 Statement of Auditing Standard No. 46, "Quality Control for Public Accounting Firms" in 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.

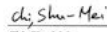
**Limited Assurance Conclusion**

Based on the procedures we have performed and the evidence we have obtained, we are not aware of any amendment 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

For and on behalf of PricewaterhouseCoopers, Taiwan  
30th June, 2022



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