

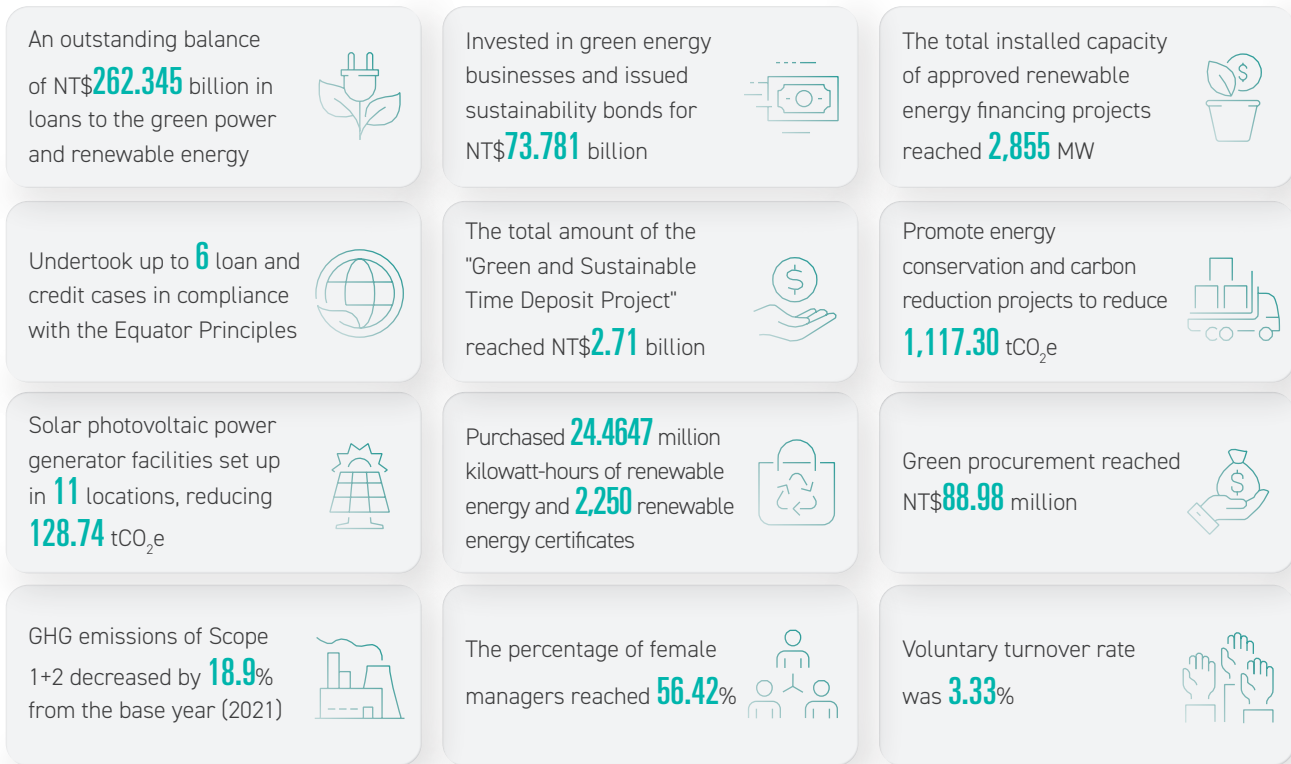


Doing Good
While Doing Well

2023

ESG INSIGHT

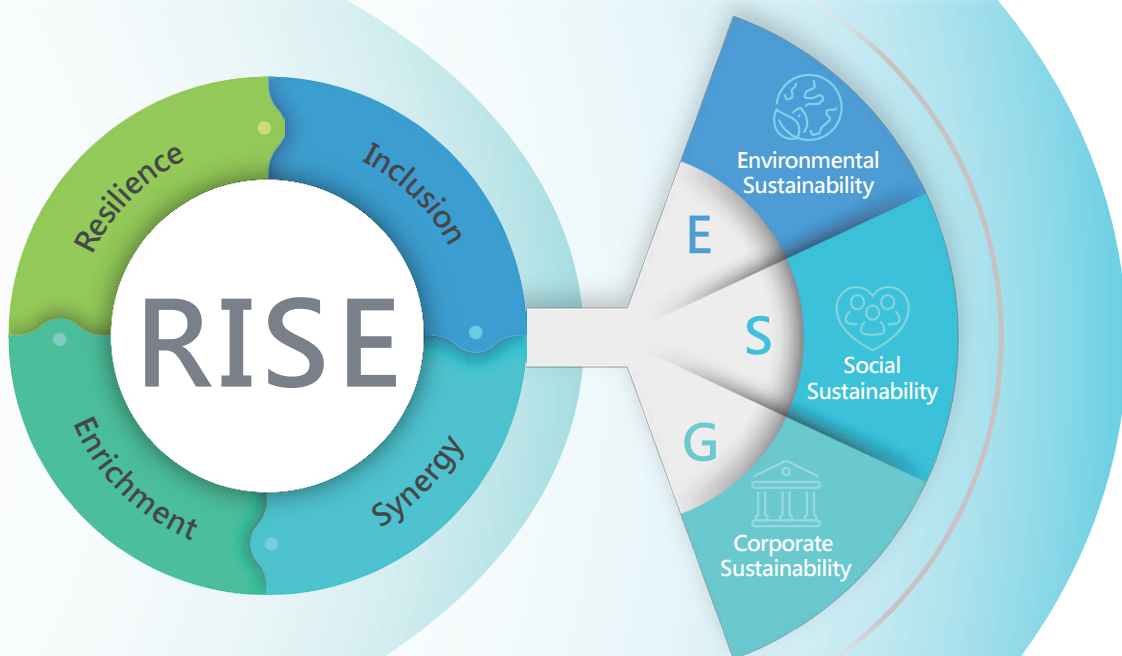
ESG Overview



Sustainable Strategy Blueprint

TCFHC Group's sustainable strategic blueprint takes "Corporate Sustainability, Environmental Sustainability, and Social Sustainability" as the vision, and combines the 3 major aspects of ESG with the sustainable finance of core business to formulate "RISE" - "Resilience, Inclusion, Synergy and Enrichment" as the main strategic axes to focus on development direction and strengthen goal promotion.

In order to tackle risks of international sustainable developmental trend and climate change, TCFHC has implemented the "Sustainability Policy", the "Sustainable Financial Policy", and the "Sustainable Development Best Practice Principles" that combine ESG efforts with business operational policies in order to work together with stakeholders to pursue economic, environmental and social inclusions.



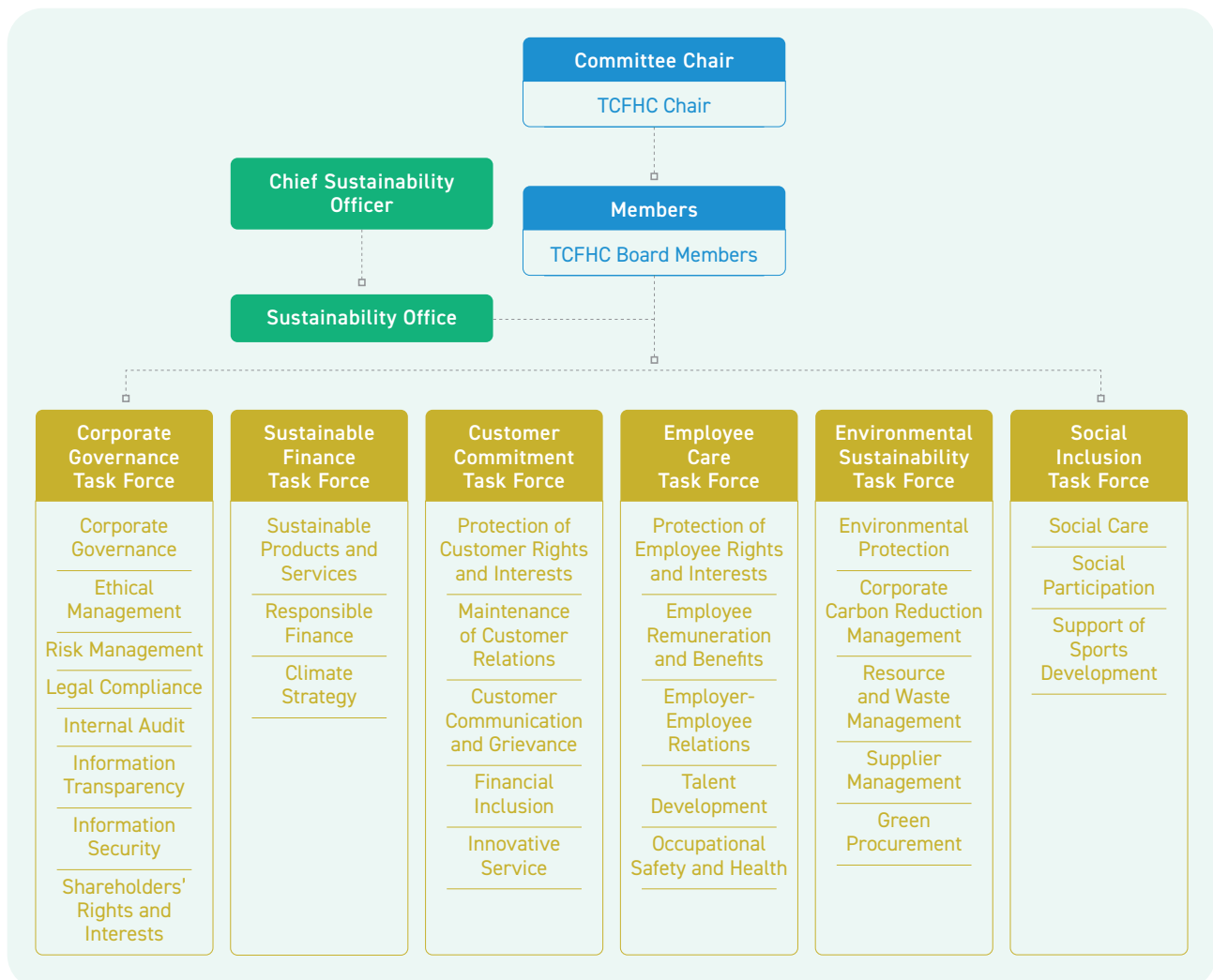
Sustainability Development Committee

TCFHC has created the Sustainable Development Committee as well as a full-time Sustainability Office for overseeing implementation of the Group's sustainable development. In order to continue to improve sustainable governance, the Ethical Management Committee was merged as part of the Sustainable Development Committee in 2023, and the Sustainable Development Committee was upgraded to a functional committee supervised by the Board of Directors, meeting at least once a quarter. In addition, the "Sustainability Office" was restructured into a formal management unit, and a Chief Sustainability Officer (CSO) with the rank of executive vice president or above was added, with the first appointment being TCFHC's CEO.

The Sustainable Development Committee met 4 times in 2023, and reported matters concerning sustainable development to the Board of Directors 18 times in total, including:

- The GHG inventory plan stipulated in "Sustainable Development Roadmap for TWSE/TPEX Listed Companies"
- Amendment of 7 policies and guidelines related to ESG
- The Sustainability Report (including the accomplishments in sustainable development), TCFD Report, and SBTi commitment of setting the net zero target
- Organizational adjustment in sustainability and the newly-defined "Organizational Rules of the Sustainability Development Committee"
- Assignment of members of the Sustainable Development Committee
- Review of research fees for the members of the Sustainability Development Committee to attend meetings

Organization Chart of Sustainable Development Committee



Major Awards & Recognitions

Constituent Stocks	
• "World Index" and "Emerging Market Index" of DJSI	• TWSE RAFI Taiwan High Compensation 100 Index
• MSCI ESG Indexes	• TWSE RA Taiwan Employment Creation 99 Index
• FTSE4Good Emerging Index	• TWSE Corporate Governance 100 Index
• TWSE's "FTSE4Good TIP Taiwan ESG Index"	
Rated As	
• BSI "Sustainable Resilience Award"	• Carbon Disclosure Project (CDP) "B Management Level"
• TCFD obtained BSI "Level-5+: Excellence"	• Silver Award of "National Enterprise Environmental Protection Awards"
Management Certifications	
Environmental Data: ISO 14001 【BSI】 , ISO 14046 【BSI】 , ISO 14064-1 【BSI、AFNOR】 , ISO 14067 【BSI】 , ISO 20400 【BSI】 , ISO 46001 【BSI】 , ISO 50001 【BSI】 , TCFD 【BSI】	
Governance Data: BS 10012:2017 【BSI】 , ISO 22301 【BSI】 , TPIPAS 【BSI】 , TIPS 【IDB of MOEA】	
Occupational Health and Safety Data: ISO 45001 【BSI】 , TOSHMS 【BSI】	
Information Security Management: ISO 27001 (BSI)	

Credit Ratings

Legal Entity	Rating Agency	Long-term Credit Rating	Short-term Credit Rating	Rating Outlook
Taiwan Cooperative Financial Holding Co., Ltd.	Standard & Poor's	BBB	A-2	Stable
	Taiwan Ratings	twAA-	twA-1+	Stable
Taiwan Cooperative Bank, Ltd.	Standard & Poor's	A+	A-1	Stable
	Taiwan Ratings	twAAA	twA-1+	Stable
Taiwan Cooperative Securities Co., Ltd.	Taiwan Ratings	twAA-	twA-1+	Stable
Co-Operative Assets Management Co., Ltd.	Taiwan Ratings	twA+	twA-1	Stable
Taiwan Cooperative Bills Finance Corporation, Ltd.	Fitch Ratings	AA+(tw)	F1+(tw)	Stable
BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taiwan Ratings	twAA-	-	Stable



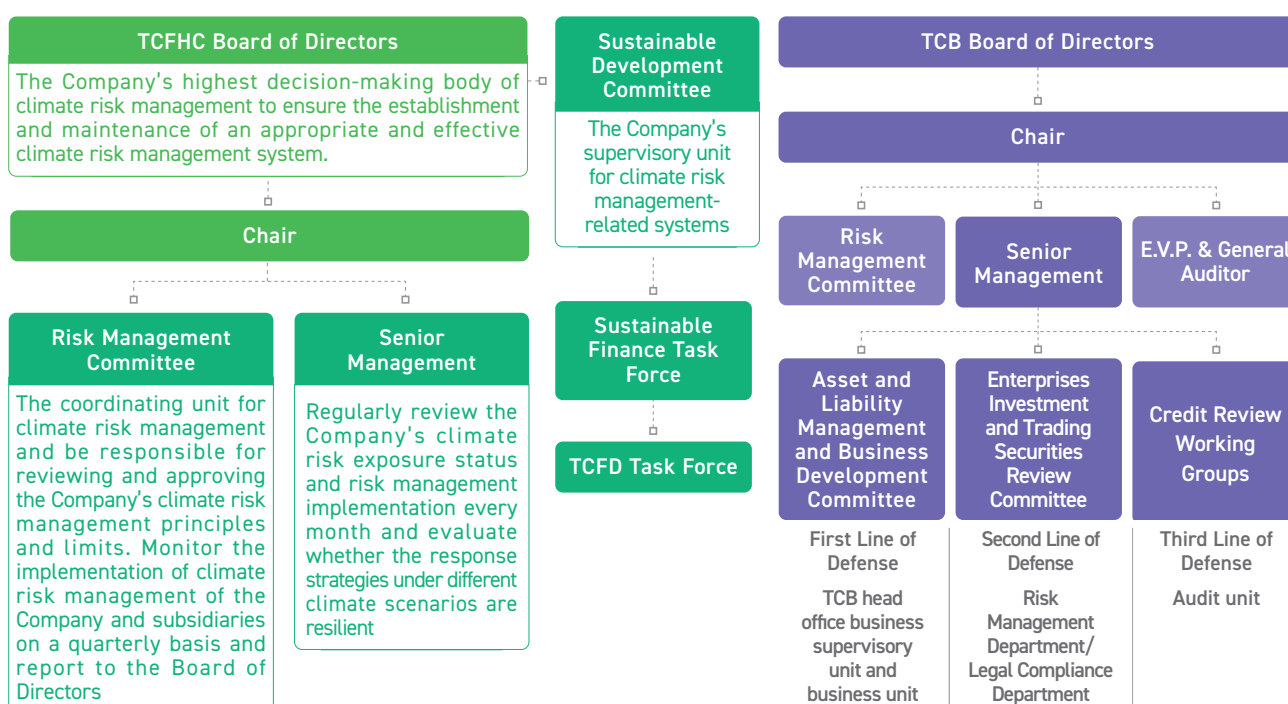
Environmental

Climate Strategies and Actions

Being highly concerned with climate change-related issues, TCFHC became a TCFD Supporter in December 2020 and established a cross-subsidiary TCFD Task Force within the Group. Furthermore, having declared its determination to support sustainable development and changes in the global natural environment, the Company was approved as a forum member of the "Nature-related Financial Disclosure Working Group" in December 2023, becoming the 1st of its kind in Taiwan.

Climate Risk Governance Framework

The Company, TCB, BNP TCB Life and TCBF have all formulated "Climate Risk Management Guidelines" or "Climate Risk Management Measures", which clearly define the organizational structure, authorities and responsibilities of climate risk management for the Board of Directors, relevant committees, senior management, working groups, and the 3 lines of defense for internal control. The rest of the subsidiaries manage climate-related risks in accordance with the Company's governance principles due to the low proportion of exposure.



Climate Metrics and Targets

Own Operations GHG Emissions	<ul style="list-style-type: none"> All locations in Taiwan and overseas passed "ISO 14064-1 Greenhouse Gas Inventory" certification. In 2023, the carbon emissions of category 1 and 2 of the Company's own operations are 22,480.80 tCO₂e, reduced by 18.9% compared with 2021. Participated in the Carbon Disclosure Project (CDP) and introduced "ISO 50001 Energy Management Systems" and "ISO 14001 Environmental Management Systems", continuously reducing GHG emissions.
Investment and Financing GHG Emissions	<ul style="list-style-type: none"> Since 2021, the Group has complied with the directions of the Partnership for Carbon Accounting Financials (PCAF) to conduct carbon accounting on financial assets, covering the carbon emission of business loans, equity and bond investment portfolios, sovereign debt investments, project finance, commercial real estate loans, mortgages, and motor vehicle loans to assess the carbon emission distribution of the Company's overall financial assets. The Group's carbon reduction target has been validated by the Science-Based Targets Initiatives (SBTi) in 2023. In 2023, investment and financing emissions are 14,210,397 tCO₂e in total.
Other Climate Metrics and Targets	<ul style="list-style-type: none"> In addition to GHG emission indicators and targets, the Company also established key climate metrics and targets for energy use, transition risks, climate-related opportunities, internal carbon pricing, climate governance, engagement and communication.
Climate Metrics and Targets Monitoring Mechanisms	<ul style="list-style-type: none"> In order to reduce the impact of climate related risks and opportunities on the business, the TCFD Task Force holds regular meetings to communicate and understand the management needs of each subsidiary, while the Risk Management Department compiles the key climate metrics and targets achievement status developed by the subsidiaries every year and submits reports according to prescribed procedures.

Climate-Related Management Incentives

To provide incentives for the management of climate change issues, the Company has linked the annual bonuses, raises, and job reassignments of the chairs and CEOs of subsidiaries with climate risk management in the "Appraisal Measures for Subsidiary's Business Management", establishing climate-related performance indicators to strengthen the Group's management of climate change related issues.

Countermeasure of Natural Risk

Strategies	Description
Avoid Undertaking High-Risk Cases	Thresholds for investment and financing cases and divestment years have been set for coal-fired power generation, coal mining, coal trading and unconventional oil and gas and other related industries. The Group has signed the Equator Principles and will continue to prudently assess whether project investment and financing cases involve natural capital and other issues to avoid or prohibit dealings with companies that have an adverse impact on natural capital. In the future, the Group also plans to gradually introduce this process into all business risk assessments process.
Define Natural Capital Risk Policy	Continue to plan the inclusion of nature-related risks in the overall risk management framework and define specific risk preferences, risk evaluation, and risk mitigation policies.
Strengthen Nature-Related Due Diligence	Before undertaking business, each subsidiary of the Group has considered the risks and opportunities associated with the objects or targets related to climate, forests and water, biodiversity, human rights, etc., and will incorporate the assessment of corporate's natural capital dependence and impacts into the decision-making processes of investment and financing in the future.
Set Up Natural Capital Risk Limits	In the future, limits over concentration of the natural capital risk will be set reflective of risk preferences in order to control the risk exposure scale in high-risk fields.
Continue to Introduce LEAP Methodology	Since 2023, the Group has followed suggestions of the TNFD framework by gradually introducing the LEAP methodology. In the future, it will keep an eye on international trends to grasp the Group's natural risks and opportunities.
Reinforce Nature-Related Information Disclosure	Continue to follow the requirements of TNFD and other frameworks, strengthen the disclosure of natural capital risk information year by year, and improve transparency.

GHG Management

Based on the carbon reduction target that has passed the SBT review, the Group's own operations (Scope 1 plus Scope 2) will reduce absolute emissions by **50.4%** in 2032 compared with the base year (2021), with an average annual decrease of **4.58%**.

Key Environmental Goals and 2023 Results

Aspect	2023	2023 Goals	Target Met
Total Purchased Electricity (MWh)	42,020.18	46,640.67	✓
Fuel Consumption (Liters)	409,772.00	382,476.00	✗ Note 1
Total Energy Consumption (Purchased Electricity + Fuel) (MWh)	43,512.73	50,110.71	✓
Water Withdrawal (Kiloliters)	265,997.00	299,279.00	✓
Total Waste Recycled/Reused (tons) (Resource recycling rate %)	276.31 (44.73%)	Resource recycling rate>30%	✓
Total Waste Disposed (tons)	341.42	250.30	✗ Note 2
Amount of Carbon Emission Generated from Kitchen Waste (tCO ₂ e)	0.51	0.24	✗ Note 2

Note 1. The fuel consumption did not meet the standard due to the increase in external business promotion work after the epidemic was lifted. As a result, the set target was not reached in 2023. In the future, old official vehicles will be gradually replaced, and employees will continue to be promoted and encouraged through education, training, and literature to take more public transportation and other means in order to achieve the goal of reducing fuel consumption.

2. Because the data coverage rate was increased to 100% in 2023, the target was calculated based on a 2% reduction in the average waste volume in the previous 3 years, so the set target was not reached in 2023. In order to achieve the goal of waste reduction, we will continue to promote relevant knowledge to employees through education, training, and literature to promote waste reduction, resource recycling and reuse, and improve resource use efficiency to achieve the goal of waste reduction.

Environmental Metrics

Item		Unit	2020	2021	2022	2023
GHG Emissions						
Scope 1 (Category 1) Direct GHG Emissions		GHG Emissions: tCO ₂ e (Data Coverage Rate ^{Note 1} : %)	543.51 (6.93)	2,574.55 (100.00)	2,720.60 (100.00)	2,781.54 (100.00)
Scope 2 (Category 2) Energy Indirect GHG Emissions - Location Based ^{Note 2}		GHG Emissions: tCO ₂ e (Data Coverage Rate ^{Note 1} : %)	9,141.44 (6.93)	25,163.33 (100.00)	23,339.48 (100.00)	19,699.26 (100.00)
Scope 1 (Category 1) + Scope 2 (Category 2) GHG Emissions Intensity - Location Based ^{Note 3}		tCO ₂ e/ NT\$ million net revenue	-	0.5098	0.4900	0.3663
Scope 3 (Category 3 ~ Category 5) Other Indirect Emissions ^{Note 4}	C1 Purchased Goods and Services	GHG Emissions: tCO ₂ e (Data Coverage Rate ^{Note 1} : %)	2,033.73 (6.93)	4,673.07 (100.00)	84.74 (100.00)	121.70 (100.00)
	C2 Capital Goods		-	-	8,728.89 (93.41)	8,269.51 (93.13)
	C3 Fuel- and Energy- Related Activities		-	-	4,126.83 (100.00)	4,001.91 (100.00)
	C4 Upstream Transportation and Distribution		0.08 (0.60)	0.21 (4.50)	0.11 (4.19)	0.23 (6.27)
	C5 Waste Generated in Operations		87.29 (6.93)	122.48 (100.00)	111.75 (100.00)	158.23 (100.00)
	C6 Business Travel		42.74 (6.93)	52.46 (100.00)	105.39 (100.00)	197.65 (100.00)
	C7 Employee Commuting		-	-	12,750.00 (93.41)	6,789.37 (100.00)
	C8 Upstream Leased Assets		Although the Group leases real estates, the energy consumption incurred during the operational processes is paid by the Company, and the associated GHG emissions have been included in the Company's Scope 1 and Scope 2 emissions. Therefore, this item is not applicable.			
	C9 Downstream Transportation and Distribution		61.31 (0.90)	97.20 (1.80)	1,092.41 (93.41)	1,037.53 (6.27)
	C10 Processing of Sold Products		The Group belongs to the financial industry, and it does not engage in the processing of sold products. Therefore, this item is not applicable to the Company.			
	C11 Use of Sold Products		-	-	82.66 (93.41)	65.04 (93.13)
	C12 End-of-Life Treatment of Sold Products		-	-	38.21 (93.41)	30.86 (93.13)
	C13 Downstream Leased Assets		-	-	800.10 (93.41)	704.79 (93.13)
	C14 Franchises		The Group belongs to the financial industry, and all its branches operate directly with 100% ownership, without any franchising business models. Therefore, this item is not applicable.			
	C15 Investments		4,189,232.16 (17.83)	4,750,900.53 (16.81)	6,445,412.49 (28.30)	14,210,397.00 (68.87)
Scope 3 Subtotal	GHG Emissions	tCO ₂ e	4,214,974.17	4,775,706.74	6,473,333.58	14,231,773.82
	Carbon Emission Intensity	tCO ₂ e/NT\$ million	6.70	7.60	5.90	4.98
Energy Consumption						
Non-Renewable ^{Note 5}	Total Purchased Electricity Consumption	MWh	46,643.77	49,097.01	45,594.59	39,775.52
	Total Fuel Consumption		3,588.16	3,240.96	3,686.15	3,737.21
Renewable	Total Purchased Energy Consumption		-	-	-	2,244.66
	Total Self-Sufficient Consumption		27.76	28.35	36.60	260.08

Item	Unit	2020	2021	2022	2023
Total Purchased Electricity Consumption	MWh	46,643.77	49,097.01	45,594.59	42,020.18
Data Coverage Rate ^{Note 1}	%	92.17	100.00	100.00	100.00
Water Resources					
Water Withdrawal	Kiloliters	307,569	289,002	310,334	265,997
Data Coverage Rate ^{Note 1}	%	92.17	91.89	100.00	100.00
Waste					
Waste Recycled/Reused	tons	205.45	178.69	216.26	276.31
Waste Disposed		238.88	291.23	236.10	341.42
Total Waste Amount		444.33	469.92	452.61	617.73
Data Coverage Rate ^{Note 1}	%	92.17	91.89	91.62	100.00

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

2. Energy indirect GHG emissions are calculated based on the past electricity carbon emission coefficient set by the Bureau of Energy, Ministry of Economic Affairs (unit: tCO₂e/kWh). The electricity carbon emission coefficient in 2020 is 0.000502, 2021 is 0.000509, 2022 is 0.000495, and 2023 is 0.000494. The electricity carbon emission coefficient of the current year has not yet been announced, so the electricity carbon emission coefficient of the previous year is temporarily used to calculate.

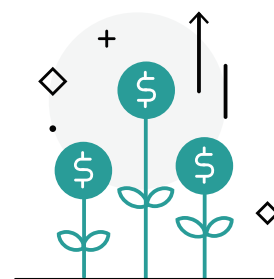
3. GHG emissions intensity = (Direct GHG emissions + indirect GHG emissions)/NT\$ million net revenue. Net revenue in 2021 was NT\$54,413 million, 2022 was NT\$53,182 million, and 2023 was NT\$61,377 million.

4. The emissions of scope 3 (category 3 ~ category 5) adopt a multivariate inventory model, and relevant inventory methods include mixed methods, average data methods, and cost-based methods.



5. Total oil consumption (MWh) and total non-renewable energy consumption (fuel + electricity) (GJ) are converted according to the historical Energy Statistics Handbook - Energy Product Unit Heating Value of the Bureau of Energy, MOEA. The gasoline for motor vehicles in 2020-2022 was 7,800 kcal/liter, diesel was 8,400 kcal/kWh, electricity (consumption side) was 860 kcal/kWh, Mwh=1,000 kWh and 1 kcal=4.187KJ. However, the energy statistics manual for the current year has not yet been released during the verification period, and calculations are based on 2022 data.


Sustainable Finance

Since 2021, the Group has complied with the directions of PCAF to conduct carbon accounting on financial assets. For long-term debts and equity and bond investment, we also analyze carbon emission intensity by industry to identify industries with higher carbon emissions, as a reference for strengthening negotiation and counseling transformation, and at the same time study the integration and application of carbon emission factors and investment and financing decision-making processes in order to optimize the overall climate risk management.



In 2022, TCFHC finished setting its investment and financing targets based on the SBTi carbon reduction path, planned and prepared applicable carbon reduction strategies and actions, and regularly tracked the carbon reduction progress, hoping to fulfill its long-term investment and financing targets of decarbonization and net-zero transformation.

Category	Assets/Scope	2023 Targets	Fulfillment of 2023 Targets	Near-Term Targets	Long-Term Targets
 Investment	Listed Equity and Corporate Bonds	15.9% of TCFHC's listed equity and corporate bonds portfolio by invested value will set SBTs in 2023	The proportion of setting SBT in relevant position reached 17.3%	TCFHC commits that 35.7% of its listed equity and corporate bonds by invested value will set SBT by 2027	Support "Taiwan's 2050 Net-Zero Emission Path" to achieve net-zero emission targets for financial assets
 Loans	Electric Power Supply Project Finance	Continue to provide renewable energy power supply project finance	There's only renewable energy power supply project finance in relevant position	TCFHC commits to continue to provide renewable energy power supply project finance through 2030	
	Commercial Real Estate Loans	The GHG emission intensity (kgCO ₂ e/m ²) from the commercial real estate loans will decrease 12.9% in 2030 from the base year 2021	Emission intensity reduced by 39.0%	TCFHC commits the GHG emission intensity (kgCO ₂ e/m ²) from the commercial real estate loans will decrease 53.4% by 2030 from the base year 2021	

Category	Assets/Scope	2023 Targets	Fulfillment of 2023 Targets	Near-Term Targets	Long-Term Targets
 Loans	Corporate Long-Term Loans	The GHG emission intensity (tCO ₂ e/MWh) from the electric power supply will decrease 9.9% by 2023 from the base year 2021	Emission intensity increased by 5.3%	TCFHC commits the GHG emission intensity (tCO ₂ e/MWh) from the electric power supply will decrease 43.9% by 2030 from the base year 2021	Support "Taiwan's 2050 Net-Zero Emission Path" to achieve net-zero emission targets for financial assets
		The GHG emission intensity (kgCO ₂ e/m ²) from the commercial real estate long-term loans will decrease 12.8% by 2023 from the base year 2021	Emission intensity reduced by 12.4%	TCFHC commits the GHG emission intensity (kgCO ₂ e/m ²) from the commercial real estate long-term loans will decrease 52.8% by 2030 from the base year 2021	
		15.0% of its corporate loan portfolio (long-term debt) by loan value within the fossil fuel, steel, pulp and paper, cement, transportation, electronic manufacturing sectors will set SBT in 2023	Set SBT target ratio for relevant position to reach 6.6%	TCFHC commits that 35.0% of its corporate loan portfolio (long-term debt) by loan value within the fossil fuel, steel, pulp and paper, cement, transportation, electronic manufacturing sectors will set SBT by 2027	

Overview of Carbon Emissions of Financial Assets

	2021	2022	2023
Carbon Emissions (tCO ₂ e)	4,750,901	6,445,412	14,210,397
Carbon Emission Intensity (tCO ₂ e/NT\$ million)	7.60	5.90	4.98
Data Quality	2.83	3.19	3.10
Percentage of Positions (%)	16.81	28.30	68.87

Note: Please refer to the [2023 TCFD&TNFD Report](#) of TCFHC for detailed carbon emission information of previous years.

Financial Carbon Emission Proportion and Carbon Emission Intensity of Each Asset Category in 2023

Category	Carbon Emissions (tCO ₂ e)	Carbon Emissions Ratio (%)	Carbon Emission Intensity (tCO ₂ e/NT\$ million)
Business Loans	8,587,934	60.5	7.24
Listed Equity and Corporate Bond Investments	2,624,029	18.5	9.12
Sovereign Debt Investments	2,562,566	18.0	6.22
Project Finance	48,149	0.3	0.72
Commercial Real Estate Loans	128,196	0.9	0.87
Mortgages	259,520	1.8	0.35
Motor Vehicle Loans	3	0.0	0.60



For related industries such as coal power, coal mining, coal trading, and unconventional oil and gas, TCFHC formulates the "Investment and Financing Business Standards for Coal Phase-Out and Unconventional Oil and Gas Exploration" and sets investment and financing case thresholds and divestment years. TCFHC will discuss with investment and financing customers about their carbon reduction actions or net zero plans, and will continuously engage with them on low-carbon transformation.

Regulations for Sustainable Finance

Sustainable Investment	ESG Assessments for Investment Targets	<ul style="list-style-type: none"> ESG assessment is included in the investment analysis, decision-making, and regular reviewing process.
Sustainable Deposit	Regulations of Fund Utilization	<ul style="list-style-type: none"> TCB prepared the "Green and Sustainable Time Deposit Plan" and launched the "Green and Sustainable Time Deposit" project. The raised funds will be utilized primarily in green investment plans and public interest investment plans featuring affordable housing, creation of job opportunities, and alleviation or avoidance of unemployment as a result of socioeconomic crises.
Sustainable Financing	ESG Loan Reviews	<ul style="list-style-type: none"> TCB begins KYC and CDD procedures and evaluates ESG factors during the financing review procedure. <ol style="list-style-type: none"> Does it cause environmental pollution Does it violate labor right Is there any negative news Is the collateral located in a high climate-risk area Have occupational hazards or industrial accidents occurred Money-laundering blacklist Other ESG issues Prohibited parties: <ol style="list-style-type: none"> Those under sanction in accordance with applicable Anti-Money Laundering Prevention Act and the Countering the Financing of Terrorism Act Highly controversial industries
	General Project Financing	<ul style="list-style-type: none"> For project financing cases, TCB follows the "Rules for Handling Project Financing". When undertaking project financing, TCB conducts 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.
	Equator Principles	<ul style="list-style-type: none"> The Company signed the "Equator Principles" in March 2022 and formulated the "Guidelines for Equator Principles". 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.
	Guideline for Renewable Energy, Solar Power and Biomass Energy	<ul style="list-style-type: none"> 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.
Sustainable Financial Products and Services	ESG Risk Assessment (including AML, PEPs and KYC)	<ul style="list-style-type: none"> For customers who purchase sustainable financial products and services, TCB implements KYC procedures such as AML, PEPs and negative news review. The risk attributes of trust product investors are divided into 3 categories, which are conservative, stable and active levels. According to the KYC form and the Risk Tolerance Test Form filled out by the customer, we comprehensively assess and classify the customer's identity, financial background, income and source of funds, risk preference, past investment experience, and entrustment purpose, age and needs, so as to ensure the suitability of investment products.
Engagement	Corporate Financing	<ul style="list-style-type: none"> TCB set up "Sustainable Linked Loan Projects", which the terms and conditions of the loans are linked to sustainable development indicator. TCB uses a proactive profit-sharing model to encourage enterprises to pay attention to sustainable development.

Note: For details and process flows regarding sustainable finance, please refer to [our website](#).

Social

Human Rights Protection

TCFHC follows applicable requirements in the "UN Universal Declaration of Human Rights", "The United Nations Global Compact", and "International Labor Convention" while defining its human rights policy that is applicable to subsidiaries throughout the Group to express its duties in the protection and fulfillment of the respect and protection available for human rights. CEO signed our human rights statement on behalf of all employees, declaring that the Company supports and abides by human rights policies, and expects partners including suppliers and customers to jointly raise awareness of human rights issues.

The Company implements diversity in the workplace and does not allow any differentiated treatment or any form of discrimination to occur. The Company endeavors to create a harassment-free workplace environment where dignity, safety, equality is embraced.

*In 2023, there was **NO** human rights-related complaints such as sexual harassment incidents, penalties caused by violations of the "Gender Equality at Work Act", child labor, gender or sexual orientation discrimination, or violations of freedom of association in the Group.*



Human Rights Commitment and Survey

*In 2023, TCFHC Group conducted human rights due diligence targeting all employees and suppliers (contractors) with an annual transaction amount of more than NT\$1 million. Mainly focused on **7** major human rights issues:*

- Diversity in the workplace
- Gender equality
- Maternal health protection
- Work overtime
- Human trafficking
- Forced labor
- Occupational health and safety

Employees

9,530 questionnaires were given to employees throughout the Group, and 8,650 valid completed questionnaires were collected, resulting in a completion rate of 90.76%. The survey results showed that **the occurrence rate and impact of human rights risks were both at a medium to low level.**

Suppliers (contractors)

A total of 143 questionnaires were sent out, with a response rate of 100%. **The overall risk ratio of the survey results was low.**

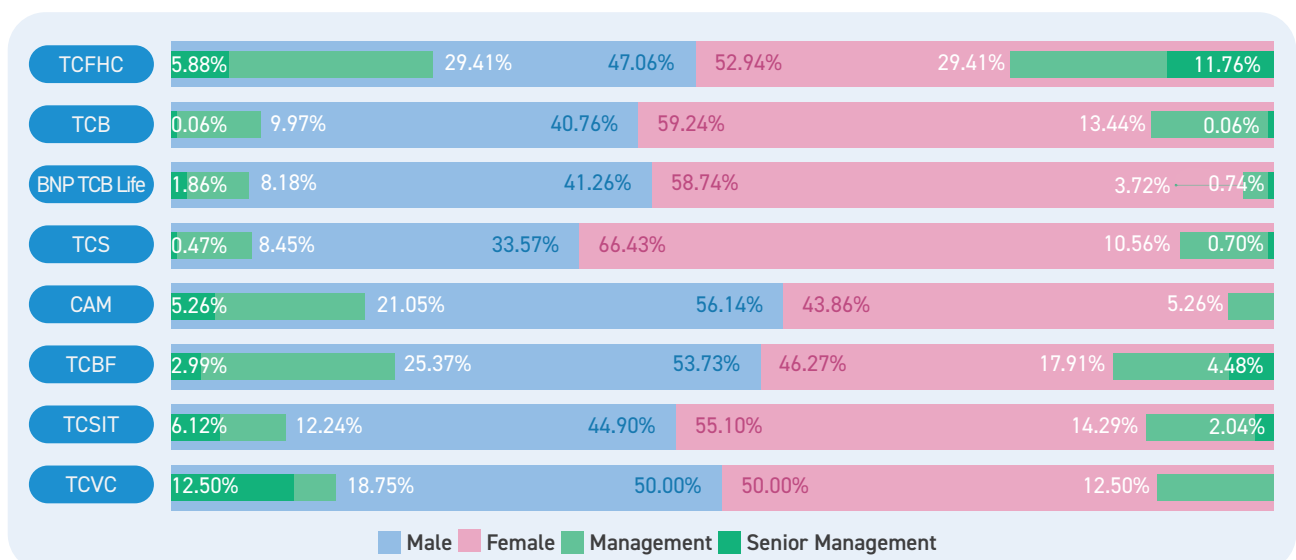
Type of Stakeholder	Issue of Concern	Risk Mitigation Measures
Employees	Workplace Diversity	<ul style="list-style-type: none"> • Hire people with disabilities according to regulations. • Establish an accessible work environment for people with disabilities.
	Gender Equality (Sexual Harassment)	<ul style="list-style-type: none"> • Strive to protect gender equality in work rights and promote substantive equality in gender status.
	Maternal Health Protection	<ul style="list-style-type: none"> • Provide proper work environment or identification and evaluation of workplace hazards to strengthen workplace care and outreach. • Through regular on-site health inspections, have doctors to evaluate the risk of workplace hazards and employee health. In 2023, 35 pregnant employees received relevant counseling. • Provide maternity leave, pregnancy checkup leave, and family care leave that are superior to regulatory standards. Employees who are qualified for childcare unpaid leave may apply for unpaid leave.

Type of Stakeholder	Issue of Concern	Risk Mitigation Measures
Employees	Work Overtime	<ul style="list-style-type: none"> Establish leave and overtime related measures. The attendance system includes the notification and "annual leave prescheduling" functions to encourage employees to plan adequate vacation for mental and physical health. Have supervisors inquire employees about their workload and reasons for working overtime to make adjustments.
	Human Trafficking	<ul style="list-style-type: none"> Applicable requirements of the "Human Trafficking Prevention Act" are precisely followed. Ensure that all workers are hired directly or through legitimate manpower dispatch service providers and no violation of employees' will in terms of having them to engage in work that is obviously non-comparable between the extent of labor and the compensation provided is involved. Ensure that none of the operational activities involve sexual transactions or applicable illegal items such as removal of human organs.
	Forced Labor (including child labor)	<ul style="list-style-type: none"> Honestly disclose information in recruitment advertisements, does not keep applicants' ID documents, and does not withhold property from applicants nor collect deposits. Provide new employee with a formal appointment notice clearly stipulating the appointment conditions. Prohibit hiring those under the age of 16. Does not use any non-voluntary labor.
	Occupational Health and Safety	<ul style="list-style-type: none"> Formulate various occupational health and safety standards and regulations to prevent occupational disasters. Regularly hold "Occupational Safety and Sanitation Affairs Class" and "Safety Protection Drill", and conduct on-site inspection on all of the safety operations. Set up the "Occupational Safety and Health Committee" and hold regular meetings to facilitate discussions between labor and management on relevant occupational safety and health management issues.
Suppliers (contractors)	Workplace Diversity	<ul style="list-style-type: none"> Divide suppliers (contractors) into categories and assist them in the formulation of phased and regional improvement implementation plans and deadlines. Formulate the priority order of improvement for barrier-free facilities of various buildings. Provide consultation and guidance on drafting alternative improvement plans.
	Occupational Safety and Health	<ul style="list-style-type: none"> Encourage suppliers (contractors) to establish an "Occupational Safety and Health Committee", make suggestions on their health and safety policies and related matters. As a reference for planning supply (contractor) "procurement incentive" measures.

Note: For details and process flows regarding human rights commitments, please refer to our website on "[Employee Care](#)" and "[Supplier Management and Green Procurement](#)" section.

Diversity and Equality

Employee Structure



Goals for Management Diversity

Diversity Indicator	%	Target for 2025
Share of female in total workforce	59.32	Remain at or not less than 50%
Share of female in all management positions (including junior, middle and senior management)	56.42	Remain at or not less than 50%
Share of female in junior management positions	57.42	Remain at or not less than 50%
Share of female in senior management positions	41.03	Expect to increase by 3%, or remain at or not less than 40%
Share of female in management positions in revenue-generating functions	57.90	Remain at or not less than 50%
Share of female in STEM-related positions	40.11	Expect to increase by 3%, or remain at or not less than 40%

Gender Pay Gap

Index	Disparity (%)
Mean gender pay gap	1.86
Median gender pay gap	-0.95
Mean bonus gap	-0.18
Median bonus gap	-6.07

Note:

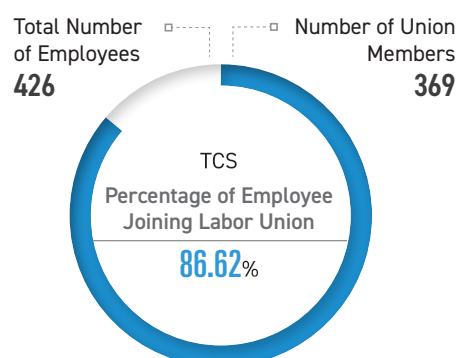
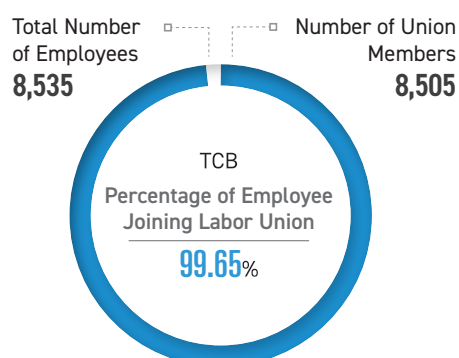
The percentage of gender pay gap =

$$\frac{[\text{Compensation for male (average compensation/median compensation)}] - [\text{Compensation for female (average compensation/median compensation)}]}{[\text{Compensation for male (average compensation/median compensation)}]} \times 100\%$$

Turnover Rates

The Percentage of Terminated Employees by Category (%)		TCFHC	TCB	BNP TCB Life	TCS	CAM	TCBF	TCSIT	TCVC
By gender	Male	5.88	2.36	6.69	3.52	10.53	0.00	14.29	12.50
	Female	5.88	2.94	17.84	3.52	5.26	2.99	12.24	12.50
By age	< 30	5.88	1.18	1.86	0.94	3.51	2.99	6.12	0.00
	30 ~ 50	0.00	1.06	16.36	4.23	8.77	0.00	14.29	25.00
	> 50	5.88	3.05	6.32	1.88	3.51	0.00	6.12	0.00
By race	Taiwanese (not including indigenous people)	11.76	4.81	24.54	7.04	15.79	2.99	26.53	25.00
	Foreigners	0.00	0.46	0.00	0.00	0.00	0.00	0.00	0.00
	Indigenous People	0.00	0.02	0.00	0.00	0.00	0.00	0.00	0.00
By working location	Domestic	11.76	4.81	24.54	7.04	15.79	2.99	26.53	25.00
	Overseas	0.00	0.48	0.00	0.00	0.00	0.00	0.00	0.00
By managerial position	Managerial position	5.88	1.46	1.12	1.17	8.77	0.00	8.16	0.00
	Non-managerial position	5.88	3.84	23.42	5.87	7.02	2.99	18.37	25.00

Freedom of Association



2023 Employee Training

TCFHC Group general training includes ESG Training topics such as ethical management, risk management, anti-money laundering and countering the financing of terrorism (AML/CFT), information security, and treating customers fairly, etc.

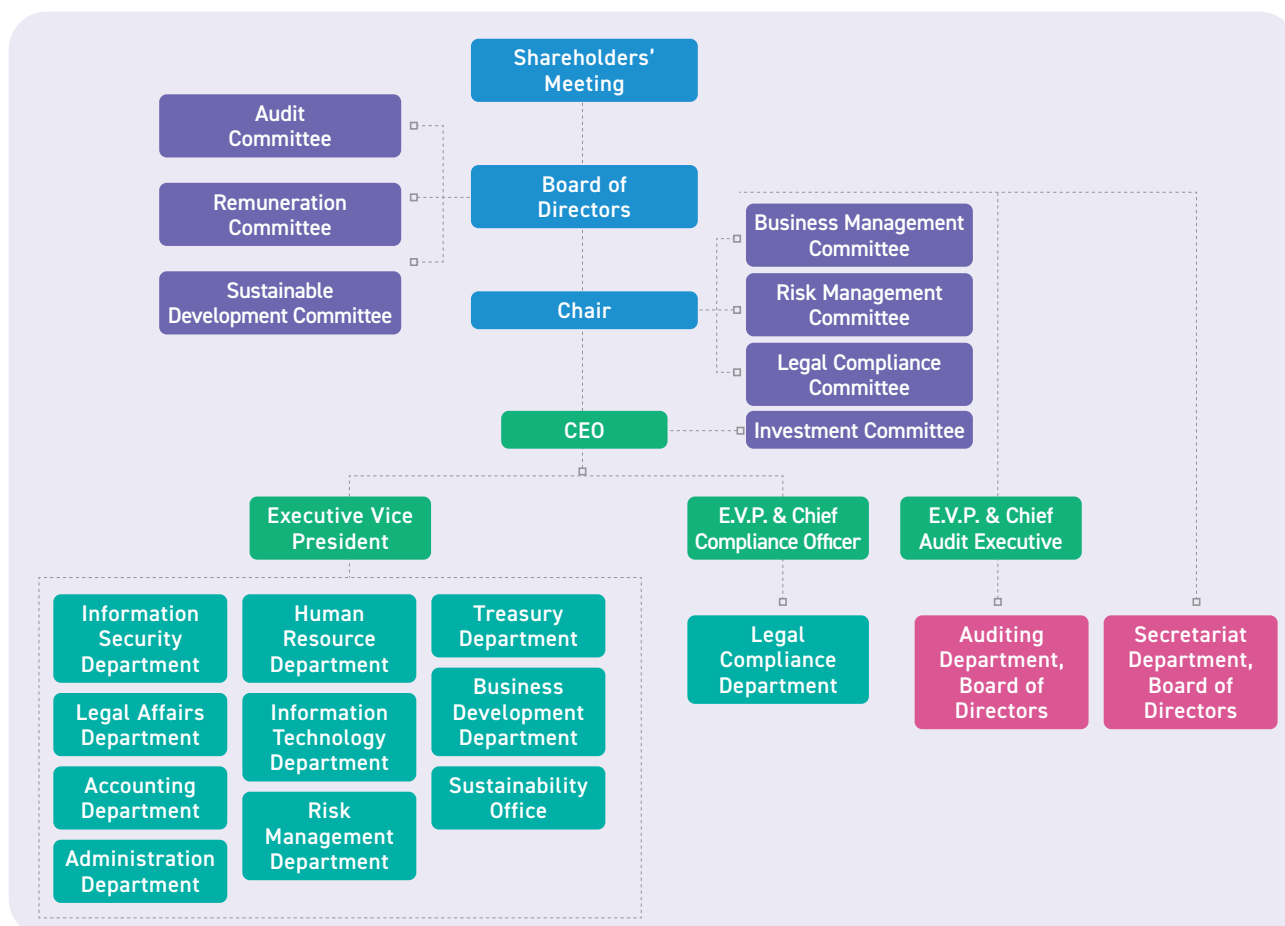
	Hours	Participants
General Training	662,960	9,687
Ethical Management	10,867	10,275
Risk Management	40,146	53,952
AML/CFT Training	24,768	14,945
Information Security Training and Social Engineering Exercises	31,548	9,857
Safety Protection Drill	2,430	810 (times)
Safety Maintenance and Occupational Safety Operation Lecture	16,906	16,906
Treating Customers Fairly	9,327	9,327
Privacy Protection	Coverage & Completion Rate 100%	
Ethical Management		
Information Security		
Treating Customers Fairly (TCB, TCS, TCBF, BNP TCB Life, TCSIT)		

In 2023, there were a total of **80** intern students who have completed the industry-university cooperation training, and 40 of which returned as full-time employees, making a return rate of **50%**.



Governance

Corporate Governance Framework

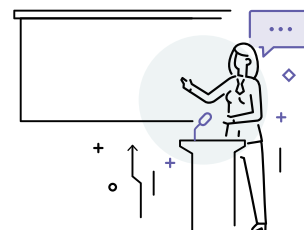


Diversity of Board of Directors

In 2023, 17 Board meetings were held. The average attendance rate was 95%. The average term of the members of the current Board of Directors is 3.6 years.

Title	Name	Gender	Age
Director	Ray B. Dawn	M	≥ 61
Director	Chen, Mei-Tsu	F	≥ 61
Director	Den, Yen-Dar	M	≥ 61
Director	Chiang, Jui-Tang	M	≥ 61
Director	Lee, Chung-Yung	M	<50
Director	Shiu, Jia-Hau	M	<50
Director	Mai, Shen-Gang	M	≥ 61
Director	Lee, Wen-Cheng	M	≥ 61
Director	Su, Yu-Ning	M	<50
Director	Huang, Ta-Chien	M	50-60
Independent Director	Lin, Hsuan-Chu ^{Note}	M	<50
Independent Director	Arthur Shay ^{Note}	M	≥ 61
Independent Director	Chang, Min-Chu ^{Note}	F	50-60
Independent Director	Lin, Hann-Chyi ^{Note}	M	≥ 61
Independent Director	Liu, Beatrice ^{Note}	F	50-60

Note: The independent directors of TCFHC comply with Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".



20% Female Board Representation

Functional Committees

Functional Committee	Members	2023 Meetings Held	Average Attendance
Remuneration Committee	Except that the Chair serves as the Chair of the Sustainability Committee, all other functional committees are composed of all 5 independent directors, and the members shall elect 1 person from among themselves to be the convener: • Ray B. Dawn (Chair of Sustainability Committee) • Lin, Hsuan-Chu • Arthur Shay • Chang, Min-Chu • Lin, Hann-Chyi • Liu, Beatrice	8	100%
Audit Committee		14	100%
Ethical Management Committee (Combined as part of the Sustainable Development Committee in October 2023)		1	100%
Sustainable Development Committee (Upgraded to be a functional committee in October 2023)		1	100%



Performance Evaluation

Internal evaluation shall be performed 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. In 2023, the Company authorized a third-party institution to evaluate the external performance of the Board of Directors; the overall performance in 3 major aspects, namely, "Structure", "People", and "Process and Information" were rated "Advanced", "Advanced", and "Benchmark", respectively.

Continued Education of Directors

In 2023, the directors completed a total of 214.6 hours of training encompassing corporate governance, FinTech, IT Security, anti-money laundering, risk management, and internal control, audit and ESG-related courses.

For details of courses that the TCFHC directors have participated, please visit the website of TWSE's Market Observation Post System for inquiry.



Integrity and Ethics

At least once a year, the Sustainable Development Committee reports the status of ethical management in the relevant units and the results of investigations regarding tip-off cases.

- + **100%** of all directors and senior management of the Company and its subsidiaries have signed up the "**Declaration on the Compliance of Ethical Management by Directors and Senior Management**" in 2023.
- + **100%** of the employees of the Company and TCB have signed the "**Statement of Employee Code of Conduct**" in 2023.
- + 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 2023 was all reported to the respective Board of Directors.

Ethical Management Training

TCFHC holds ongoing ethical management-related educational training every year and requires all employees to undergo the training.

In 2023, except for TCS, no subsidiaries of the Group was found with violations of integrity management or major impacts, and no corruption, fraud, bribery, insider trading, money laundering, discrimination, violation of customer privacy, anti-competitive behavior, anti-trusts, monopoly, market manipulation, improper political contributions, improper charitable donations and sponsorship violating the Code of Conduct; the amount of related legal proceedings and penalties was 0.

Whistleblowing System

In order to prevent unlawful conduct and support the whistleblowing mechanism, TCFHC established the "Measures for Whistleblowing".

If any employee with TCFHC or its subsidiaries is engaged in any conduct that may break the integrity or entrusted compulsory or has been suspected of committing a crime or fraud



Anyone can raise such a case through designated email address on the website or internal hotline



The Auditing Department of the Board of Directors or other designated units in charge will carry out the investigations

☒ Allows for anonymous reporting

☒ Non-retaliation policy

For all reported cases are addressed and investigated, their investigation findings and related documentation shall be recorded for preservation. Investigation findings shall be submitted to the Sustainable Development Committee for future reference, and the reported cases, how they are addressed, and subsequent reflection upon improvement measures shall 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.

In 2023, **22** cases in total reported through the whistle-blowing mailbox of the Group were addressed. Except for 2 of them with some of the items reported being investigated by the law enforcement unit, investigation reports had been completed for the remainder and the cases were closed; 1 of the cases was found to be partially true and 19 untruthful and **no** major violations were discovered.

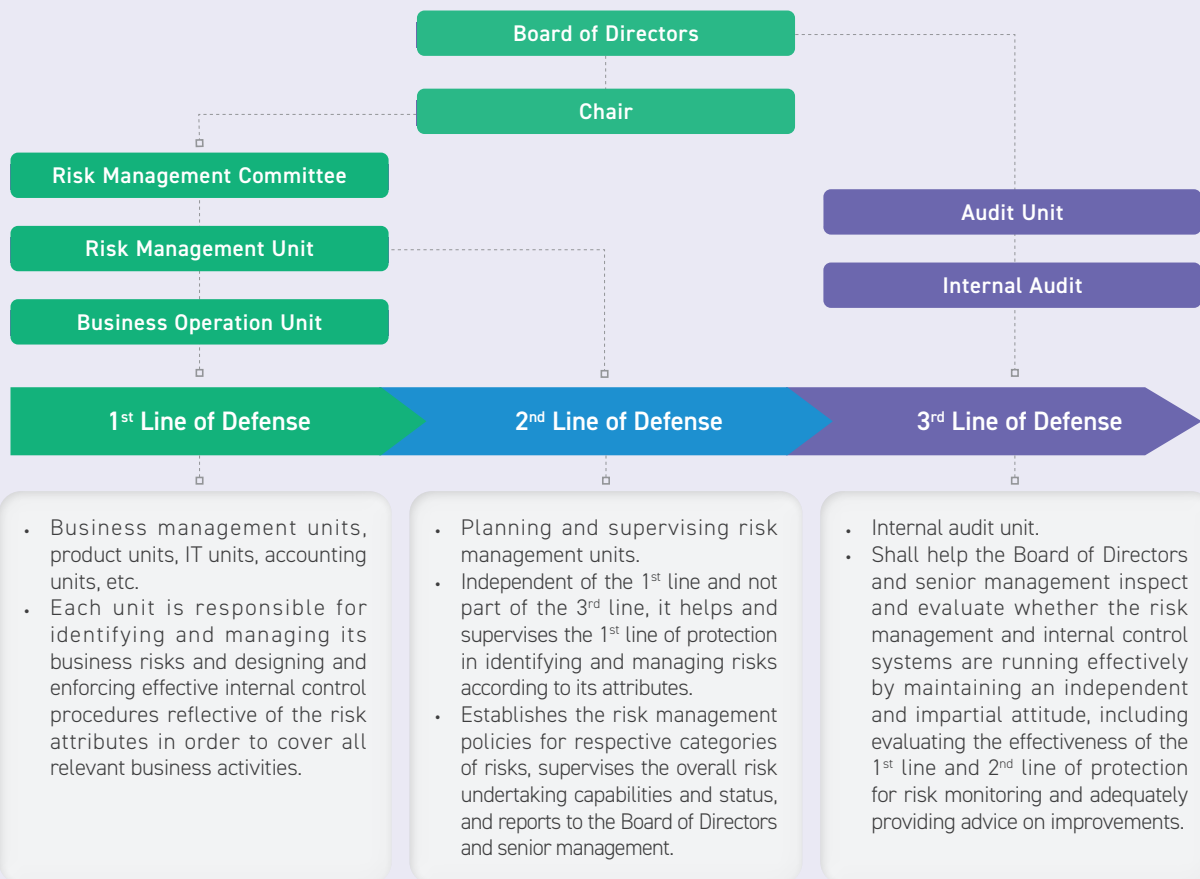
Risk Management and Internal Audits

Risk Management Committees

- TCFHC and major subsidiaries are equipped with Risk Management Committees, conducting meetings on a quarterly basis.
- TCFHC's "Risk Management Committee" consists of the chair of the Board of Directors, CEO, vice presidents, E.V.P & Chief Compliance Officer, unit heads, and CEOs of respective subsidiaries.

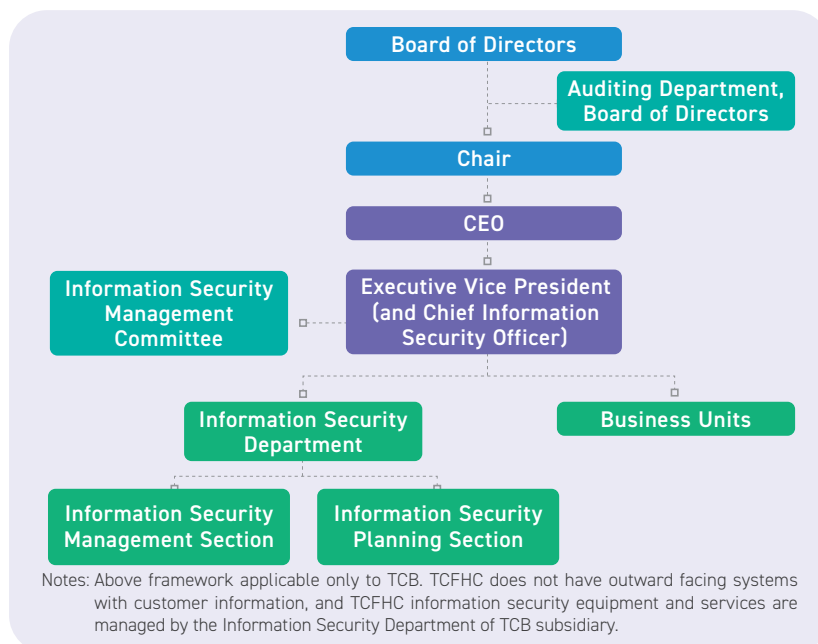
Internal Audit

- TCFHC has established a general auditor system to oversee overall audit operations.
- The Auditing Department reports updates on audit operations to the Audit Committee and the Board of Directors on a monthly basis.



Information Security

To strengthen information security and protection in the Group, TCB and TCFHC has appointed a chief information security officer in 2021 and 2022 respectively.



Information Security Training and Social Engineering Exercises

TCFHC continues to organize group-wide information security training every year. Both "social engineering email attack drills" and "DDoS attack drills" were held to strengthen the ability to respond to email and network attacks.

100%

The completion rate of employees' information security training was 100% in 2023.

< 3%

The open rate and the click-to-open rates for links and attachments in the "social engineering email attack drills" were all under 3% for the Group in 2023.

Personal Information Protection

Management Systems in Place

In 2023, TCB and BNP TCB Life obtained the "BS 10012: 2017 Personal Information Management System" certification and passed regular reviews. TCS also passed the update verification by Taiwan Personal Information Protection & Administration System (TPIPAS).

Training Programs in Place

In 2023, the ratio of employees receiving a full course of training on personal information protection across the TCFHC Group was 100%.

Operation Procedures in Place

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.

*In 2023, TCFHC Group encountered **NO** data leakage incidents, **NO** percentage of data leakage incidents related to personal information, and **NO** number of customers affected or violation of personal influence protection.*

Tax Governance

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.

TCFHC Group does not adopt anti-tax avoidance business practices. TCFHC Group refuses 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.



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