

## Status of the company in fulfilling management of integrity and measures

| Item  | Operating status (Note 1) |    | Summary description   | Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reason (Note 2) |
|---|---------------------------|----|---|---|
|   | Yes                       | No |   |   |
| 1. Establishment of ethical corporate management policy and plans   |                           |    |   |   |
| (1) Has the company implemented a board-approved business integrity policy and stated in its regulations and external correspondence the business integrity policy and practices, as well as the active commitment of the board of directors and management towards enforcement of such policy?   |                           |    | For the purpose of developing a culture of integrity and sound business practices, Taishin FHC has established the Ethical Corporate Management Best Practice Principles with board approval as part of the implementation of its core values, "Integrity, Commitment, Innovation and Cooperation". The code demonstrates Taishin FHC's business integrity policy and practices, as well as the active statement and commitment of Taishin's board of directors and management towards enforcement of such policy.  | No deviation  |
| (2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies? | ✓                         |    | To ensure full implementation of business integrity, Taishin has implemented an unethical conduct risk assessment mechanism and established the Ethical Corporate Management Best Practice Principles, as well as relevant codes of conduct and prevention measures for business activities that are more likely to involve unethical conduct, such as those listed under Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies involving offering or taking of bribes; making illegal political donations, inadequate sponsorship or charity donations; and providing or receiving improper gifts, treatments, or other unjustified benefits.   |   |
| (3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?  |                           |    | To ensure full implementation of its business integrity policy, Taishin has established the Ethical Corporate Management Best Practice Principles based on its core values of "Integrity, Commitment, Innovation and collaboration". The company has provided therein clear guidelines on the procedures for preventing unethical conduct, as well as the obligations and responsibilities of reporting. The Personnel Review Committee is responsible for executing disciplinary actions and handling appeals., as well as evaluating ethical risks.<br>Taishin has the Employee Code of Conduct in place to regulate grievance procedures on illegal and unethical conduct. The code of conduct can be found on the company website under: Homepage/Investor Relations/Corporate Governance/Internal Policies and Procedures.<br>The URL is as follows: <a href="https://www.taishinholdings.com.tw/tsh/governance/regulations/">https://www.taishinholdings.com.tw/tsh/governance/regulations/</a> |   |

| Item  | Operating status (Note 1) |    | Summary description   | Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reason (Note 2) |
|---|---------------------------|----|---|---|
|   | Yes                       | No |   |   |
| 2. Enforcement of ethical corporate management  |                           |    |   |   |
| (1) Does the company assess business partners' records of integrity, and include a moral clause in the contracts with its business partners?  |                           |    | Supplier selection and the tender process of Taishin are governed by the Supplier Maintenance and Management Guidelines to ensure products and quality consistently meet requirements. Only suppliers that conform with the requirements can be certified and registered to provide services or products to the company.  | No deviation  |
| (2) Does the company have a unit responsible for business integrity on a full-time basis under the board of directors which reports the business integrity policy and programs against unethical conduct regularly (at least once a year) to the board of directors while overseeing such operations? | ✓                         |    | <p>1. In 2020, Taishin established the Nomination committee under the Board of Directors, which is responsible for auditing business integrity policies, as well as examining their implementation results. Furthermore, the Compliance Division is the unit responsible for implementing business integrity matters, including the planning, management, and execution of such. The Compliance Division reports on the implementation status of business integrity to the Nomination committee and Board of Directors at the end of each year.</p> <p>2. Taishin ensures effective implementation of the business integrity policy. Details of implementation in 2020, which has been reviewed by the nomination committee and presented to the board of directors on March 25, 2021, are as follows:</p> <p>(1) Training and education</p> <p>In 2020, we stepped up the implementation of group-wide business integrity. In addition to online courses on fair treatment of customers, business integrity principles, and whistleblowing policies, our banking subsidiary held multiple fair customer treatment physical courses each quarter, with a total of 36,758 attendees throughout the year.</p> <p>Furthermore, new hire training incorporates important information to prevent unethical business practices, such as "forbidden concurrent employment and avoidance of conflicting interests", "gifts and entertainment policy", and "protection of intellectual property rights".</p> <p>(2) Compliance campaign</p> <p>Dedicated units raise awareness from time to time through compliance case studies of penalties imposed by the competent authorities. The contents include violations of the law due to unethical conduct by financial institution employees, and recommendations for future internal audit and control practices. Details of the campaigns are mailed to all units of the company to reiterate important rules to observe in business activities.</p> <p>(3) Communication channels</p> <p>Employees are able to give feedback to management and other departments through a wide range of open channels. Taishin actively discloses its business integrity policy and implementation on the company website, and in the annual reports and other public documents.</p> <p>(4) Regular review</p> <p>Unethical conduct is prevented from happening through evaluation of ethical risks, and the audit unit performs independent audits to ensure uninterrupted operation of the organization as a whole. The units work together to manage and prevent unethical conduct.</p> <p>(5) Reporting procedures and whistleblower protection</p> <p>Taishin has established the Taishin FHC Whistleblowing System to make clear the whistleblowing channels and procedures. All reports are handled and investigated by dedicated units. Any person from within or outside the company who discovers criminal, fraud, or violation is entitled to report misconduct according to the system. Taishin's whistleblowing system states explicitly that the following measures should be taken to protect whistleblowers:</p> <p>A. The identity of the whistleblower shall be kept confidential. Information sufficient to identify a person shall not be disclosed.</p> <p>B. Taishin shall not take any report made by a whistleblower and use it against the said whistleblower as cause for dismissal, discharge, demotion, pay reduction, damage to the rights to which said whistleblower is entitled by law, contract, or convention, or any other detrimental treatment.</p> |   |

| Item   | Operating status (Note 1) |   | Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/ GTSM Listed Companies" and reason (Note 2) |
|--|---------------------------|---|--|
|  | Yes                       | No  |  |
| (3) Does the company have a conflict of interest management policy in place, provide adequate reporting channels, and enforce the rules accordingly?   |                           |   | No deviation   |
| (4) Does the company have effective accounting and internal control systems in place to implement business integrity? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits? | ✓                         | Taishin FHC has established guidelines for avoiding conflict of interest under the Board of Directors Meeting Policy and Employee Code of Conduct, and has reporting channels in place to accept verbal, written, or electronic reports of violations of such regulations.<br><br>Accounting and internal control systems<br>1. Accounting system:<br>The company's accounting policies are formulated in accordance with the Securities and Exchange Act, the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Business Entity Accounting Act, and the Generally Accepted Accounting Principles (GAAP). These accounting policies have been designed to faithfully and thoroughly record the company's business activities, and to present the company's financial and business performance in ways that are consistent with laws and the GAAP, thereby achieving effective internal supervision and reflecting financial status and operational results so as to serve as reference in strategic decision-making.<br>2. Internal control system<br>The company's internal control system has been created in accordance with Article 51 of the Financial Holding Company Act and Article 6 of the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries. The system embodies five major principles:<br>(1) To enable a corporate culture of management supervision and control.<br>(2) To facilitate risk identification and assessment.<br>(3) To control activities and segregate duties.<br>(4) To facilitate information sharing and communication.<br>(5) To monitor and correct business activities.<br>The company has appropriate policies and operating procedures in place to guide its operations. Its rules of organization, management principles, business guidelines, and manuals are amended whenever deemed necessary. Individual units of the Company conduct regular self-assessments and are audited by the internal audit unit periodically.<br>3. In accordance with Taishin FHC's Ethical Corporate Management Best Practice Principles, the Audit Division examined the compliance with such regulation based on ethical risks and did not find any major deficiencies. "Review compliance with the Ethical Corporate Management Best Practice Principles based on ethical risk assessment results" has been added as a major audit task on the 2021 audit plan. |  |
| (5) Does the company organize internal or external training on a regular basis to maintain business integrity?   |                           | The company arranges for its directors, supervisors, and accounting, finance and audit personnel to attend corporate governance and ethical corporate management courses both on a regular and ad hoc basis. Courses on corporate ethics, financial regulations, and code of conduct are mandatory for attendance by all new recruits.<br>In 2020, 100% of the workforce attended courses on ethical corporate management or related topics. In total, 36,758 people finished their training in 46,475.49 hours.  |  |
| 3. Whistleblowing system   |                           |   |  |
| (1) Does the company have a well established whistleblowing and reward system and an accessible reporting channel in place, and appoint suitable representatives for approaching accused individuals?  | ✓                         | Taishin has established the Taishin FHC Whistleblowing Policy to make clear the whistleblowing channels and procedures. All reports are handled and investigated by dedicated units. Any individual inside or outside the company who discovers any potentially criminal, corrupt, or illegal conduct may report the case by following the whistleblowing procedures. A report may be filed by any of the following means:<br>1. By Mail: Whistleblowing Mailbox, No. 118, Sec. 4, Ren'ai Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.)<br>2. By E-mail: <a href="mailto:whistling@taishinholdings.com.tw">whistling@taishinholdings.com.tw</a><br>3. By Telephone: (02) 2325-6076   |  |



| Item  | Operating status (Note 1) |   | Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/ GTSM Listed Companies" and reason (Note 2) |
|---|---------------------------|---|--|
|   | Yes                       | No  |  |
| (2) Does the company have in place standard operating procedures for investigating and processing reports, as well as follow-up actions and relevant post-investigation confidentiality measures?   | ✓                         |   | No deviation   |
| (3) Has the company provided proper whistleblower protection?   |                           | All reports that Taishin receives should be investigated by the appropriate units as stated in the investigation procedures. The identity of the whistleblower should be kept strictly confidential. No information sufficient to identify the whistleblower may be released.<br><br>Taishin's whistleblowing system states explicitly that the following measures should be taken to protect whistleblowers:<br>1. The identity of the whistleblower shall be kept confidential. Information sufficient to identify a person shall not be disclosed.<br>2. Taishin shall not take any report made by a whistleblower and use it against the said whistleblower as cause for dismissal, discharge, demotion, pay reduction, damage to the rights to which said whistleblower is entitled by law, contract, or convention, or any other detrimental treatment. |  |
| 4. Enhancing information disclosure   |                           |   |  |
| Does the company disclose the ethical corporate management best practice principles and its results on the company website and the Market Observation Post System?  | ✓                         | Taishin is a publicly listed company (TWSE stock code: 2887), and discloses its Ethical Corporate Management Best Practice Principles on the TWSE's Market Observation Post System.<br><br>The company has the Taishin FHC Ethical Corporate Management Best Practice Principles in place, and discloses its measures and implementation of business integrity on the company website: Homepage/Investor Relations/Corporate Governance/Corporate Governance Practices. The URL is as follows:<br><a href="https://mops.twse.com.tw/nas/STR/288720210203PN001.pdf">https://mops.twse.com.tw/nas/STR/288720210203PN001.pdf</a>   | No deviation   |
| 5. Describe the deviations, if any, between actual practice and the ethical corporate management principles, if the company has implemented such principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies: No deviation.  |                           |   |  |
| 6. Other useful information for explaining the status of ethical corporate management practices: Useful information (e.g., the company's review or revision of its ethical corporate management guidelines): Taishin FHC established the Nomination committee Charter upon approval by the Board of Directors on August 20, 2020, as to audit business integrity policies, as well as examine their implementation results. Moreover, the Board of Directors approved the amendment to the Ethical Corporate Management Best Practice Principles on the same date, establishing the Compliance Division as the unit responsible for implementation of business integrity matters. |                           |   |  |

Note 1: Provide details in the comments regardless of the answer.

Note 2: Non-TWSE/TPEX-listed financial holding companies are not required to complete the column "Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation".

#### **h. The company with corporate-governance guidelines and related regulations must disclose their methods for inquiry**

Please refer to the company's website at <https://www.taishinholdings.com.tw/tsh/> or Taiwan Stock Exchange at <https://mops.twse.com.tw>.

#### **i. Other important information conducive to the understanding of the corporate governance of the company**

Please refer to the explanation of item d "Status of the Holding's corporate governance and its deviation from the guidelines for the practical corporate governance of the holdings industry and reasons."