

# 2022 SUSTAINABILITY REPORT



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# **About This Report**

The following is the 2022 Sustainability Report (hereinafter referred as the Report) of Taishin Financial Holding Co., Ltd. (hereinafter referred as Taishin FHC or Taishin) It is the tenth Corporate Sustainability Report of Taishin FHC, and the Chinese and English versions of the past year reports can be downloaded at the official website under the "Sustainability "section. The Report discloses the current progress of the 2022 corporate sustainable development, and for the comparability of disclosed information, partial data were not limited to the current year. The Report is prepared and published on an annual basis. The reporting period, scope, contact information, and other relevant information are highlighted below:

nition	Report Management	Taishin FHC has implemented "Sustainability Reporting Guidelines" to manage its preparation procedures and methods to maintain the consistency of related operations. The Corporate Sustainability Office is responsible for the preparation of this report and the coordination and integration of the applicable targets. Depending on the structure of the report and the need for content collection, the Corporate Sustainability Office requires each responsible unit to assign dedicated staff to assist in the preparation of the report. The preparation procedures include planning and analysis, data collection, report preparation, and assurance, etc. Taishin FHC's sustainability report is approved by the Corporate Sustainability Committee.
	Boundaries and Data	The Report covers Taishin FHC, its subsidiaries (namely Taishin Bank, Taishin Securities, Taishin Securities Investment Trust, Taishin Securities Investment Advisory, Taishin Asset Management, and Taishin Venture Capital), and the three non-profit foundations (namely Taishin Charity Foundation Taishin Bank Foundation for Arts and Culture and Taishin Youth Foundation). It describes the steps and progress the group has made toward fulfilling its corporate sustainability development. The boundaries of the terms "Taishin FHC", "Taishin", or "the Company" mentioned in this report include all business units of the aforementioned entities. The financial data in this report are based on the consolidated financial statements of Taishin FHC audited by the CPA. Please refer to the Company's 2022 Annual Report for the entities, affiliates, and investees included in the consolidated financial statements. The scope of the disclosure of environmental and social data consists of the main operations in Taiwan and all entities in Taishin FHC. If specific information or data boundaries are inconsistent with the aforementioned principles, a note will be included to explain the location of the disclosure of such data.
	Reporting Principle	Information of the Report has been disclosed in accordance with the latest version of the Global Reporting Initiative's sustainability reporting standards (GRI Standards), the Commercial Banks (CB) issued by the Sustainability Accounting Standards Board (SASB), ,"Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies," and policies or guidelines of relevant authorities. The report has also been structured based on the IR framework stipulated by the International Integrated Reporting Council (IIRC). The Report covers corporate governance, environmental sustainability, and social care issues. The Company publishes the Report in June each year. The report is structured based on the Integrated Reporting (IR) framework stipulated by the International Integrated Reporting Committee (IIRC). The previous report was published in June 2022 and the next report is scheduled to be published in June 2024.
	Verification and Assurance	The Company has entrusted BSI Taiwan for verification in accordance with the latest version of the GRI Standards and the AA1000AS v3 Type 2 Medium Level Assurance. The assurance report is disclosed in the appendix of the Report. The Company has entrusted KPMG to conduct limited assurance on specific performance indicators in accordance with ISAE3000. The assurance report is disclosed in the appendix of the Report. of the Report.
	Feedback	Sustainability       Sustainability       Stakeholder's Questionnaire       Taishin Financial Holding Co., Ltd. Corporate Sustainability Office         Address: No. 118, Section 4, Ren'ai Road, Da'an District, Taipei City       TEL : +886-2-23268888, #3061       Fax : +886-2-37076680



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# Message From The Chairman

Year 2022 was an important year for Taishin FHC. It marked not only Taishin's 30th anniversary. but also the beginning of a new commitment to sustainability. Following the spirit of conscientiousness and sustainability, Taishin set "Dedicated to Sustainability & Living Green" as the vision and "Climate Action", " Financial Prosperity ", and "Empower People" as the three core strategies for sustainability. All planning, promotion, and practice in different areas follow the same vision and strategies. Taishin will watch closely sustainability trends and climate change impacts around the world, and will use our core banking services to guide industries to support sustainable development.

### Climate Action: Net zero by 2050 in business operations and investment/financing portfolio

The World Economic Forum's Global Risks Report 2023 points to failure to mitigate climate change and failure to adapt to its effects as the two most severe risks to be faced in the next decade. It shows climate change has become a major challenge shared by all businesses around the world. Meanwhile, the government passed the Climate Change Response Act in early 2023, which promises to share the responsibilities of global environmental protection and promote net zero in the country by 2050.

In support of the net zero vision shared by the world and our nation, Taishin FHC has set long term goals to reach net zero in our own business operations by 2030 and in our portfolio by 2050. To achieve these goals, we took initiative to set science-based targets (SBT) and received SBTi approval in July 2022, marking us Asia's fifth and Taiwan's third SBTi-approved financial institution. As a TCFD supporter, Taishin fully implements recommendations of Task Force on Climate-related Financial Disclosure (TCFD). Our approaches of climate change and ESG risks and opportunities evaluation and business implementation have been started in Taishin's 2022 Climate-related Financial Disclosures. In addition, Taishin strives to lead counterparties in our investing and financing businesses to embark on decarbonization transformations.

### Financial Prosperity: Combining fintech and partnership to promote financial inclusion and ecosystem of sustainable finance

Taishin FHC follows a customer centric approach and tries to make financial services more friendly and more accessible. As part of the financial inclusion effort, Taishin continues to develop innovative fintech and invests heavily in AI and big data analytics. We provide financial services in real time based on actual needs of customers and enhance the development of financial ecosystem collaborating with cross-sector partners, in order to further promote financial inclusion. By supporting small and medium enterprises and with fintech, Taishin supports disadvantaged groups and provides banking and financial services in remote regions, and helps people living in remote regions break down the barriers of time and space through product innovation so that they are able to access Taishin's services with greater ease and the reach of financial inclusion can be extended.

Taishin has been an active supporter of charities and disadvantaged groups for years. Our efforts are focused on five areas including charity and welfare, arts and culture development, sports sponsorships, academic exchange, and teen volunteer empowerment. Taishin also takes an active approach to UN Sustainable Development Goals (SDGs) and the social and environmental issues reflected in these goals. Apart from resources from the Group, we work with our employees, customers, suppliers, and key partners to take part in community involvement and social inclusion.

### Empower People: Providing employee care and incentives to make sustainability an integral part of Taishin

Taishin FHC understands that the success of aforementioned climate action and financial inclusion depends on shared commitment of our employees. Therefore, Taishin FHC works hard to integrate sustainability into business and talent management philosophies of the holding company and its subsidiaries. In addition, Taishin FHC promotes healthy corporate governance and risk management systems on an ongoing basis. Given that talent is key to corporate sustainability, we pay attention to human rights and gender equality and welcome a wide range of talents. We provide well-established training and incentive programs with the aim to make sustainability a part of the daily routine for our employees and take the sustainability culture into all corners of Taishin.

As climate change is crucial to everyone, we believe anyone can go from Zero to Hero and take part in reverting the climate crisis. Taishin FHC upholds integrity, commitment, innovation, and collaboration at the core of business philosophy. Guided by a customer centric approach. Taishin utilizes innovative thinking and provides excellent financial services. We work hard to extend the reach of sustainable finance and climate disclosure and create sustainable value for stakeholders in order to become an intelligent partner in sustainability for customers as well as the society.

Chairman of Taishin FHC Tonglay



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In 2022, the world was ravaged by the war in Ukraine and the pandemic. Inflation rose sharply and the economy declined. Climate change and social issues were also factors that pushed people to change their way of life. A constantly changing world may create many challenges, but also offers a great opportunities for reflection of company growth and business strategies. Despite volatility in domestic and foreign markets, Taishin FHC and all of our employees showed strong resilience and delivered a solid performance in 2022. In addition to the Taiwan market, Taishin actively sought growth overseas to achieve the goal of establishing ourselves as an integrated regional Asian Pacific financial institution with a network covering China and the Asian Pacific market.

Taishin FHC aligns ourselves with global trends in sustainability and has received recognition for our efforts in various areas in the country and overseas. In 2022, Taishin FHC was included in Dow Jones Sustainability (DJSI) World and Emerging Market Indices for the fifth consecutive year and rated as sector leader (AA) by MSCI ESG for the third consecutive year. We were also rated leadership level (A-) in climate change by CDP in 2022. Moreover, Taishin has been the components of several local sustainability indices, including the TWSE Corporate Governance 100 Index, Taiwan High Compensation 100 Index, and Taiwan Sustainability Index for years. In 2022, Taishin FHC received over 110 awards in corporate sustainability, fintech, innovative products, quality services, and business performance. In particular, Taishin received five awards at the 2022 Taiwan Corporate Sustainability Awards (TCSA) and was named one of the Top 100 Sustainable Businesses in Taiwan for the sixth time.

# Governance: Establishing board level sustainability committee to further promote sustainable finance

Regarding corporate governance, Taishin FHC takes a top-down approach to raise sustainability awareness among our employees. To embed sustainability in daily operations, the Corporate Sustainability Committee was elevated to being one of board level functional committee in 2022. Corporate sustainability office was set up directly under the CEO of Taishin FHC, responsible for the execution of Taishin's sustainability-related projects and regularly monitoring the achievements of the six functional sub-groups. In this way, ESG believes can be integrated into business operations and processes to achieve sustainable transition of Taishin and our clients as a whole.

Regarding promotion of sustainable finance, Taishin actively implements responsible investing/financing and engages with our clients in developing green/sustainable products and services with an aim to support green businesses and low carbon economy. Meanwhile, Taishin establishes corresponding strategies to support competent authority's "Green Finance Action Plan 3.0" and "Corporate Governance 3.0 Sustainable Development Roadmap". All of our subsidiaries have implemented "the Stewardship Principles for Institutional Investors" and are dedicated to responsible investment and decarbonization actions, including setting clear timetable to phase out financing to coal and oil and gas companies, implementing the Equator Principles in project finance, as well as actively supporting green and environment friendly businesses to grow through product and service development. In 2022, our lending and investment exposure to relevant businesses have reached NT\$1.168 trillion.

### Environment: Building a green lifestyle from our operation to customers

Taishin is committed to energy conservation and carbon reduction in our own business operation. In 2022, Taishin implemented ISO14064-1:2018 greenhouse gas inventory certification and ISO14001 environment management certification for the Group, and ISO 50001 energy management certification for Taishin FHC and Taishin Bank. In 2025, the scope of GHG inventories and certification will expand to all subsidiaries on the consolidated financial statements. Self assessment is performed regularly to track progress on environmental targets to effectively manage our impacts on energy, water, and waste of our own operations.

To leverage on a financial institution's role in guiding capital flows, Taishin was the first in the industry to launch preferred loans for buildings with energy efficiency labels. Taishin Bank supports the Ministry of Interior's new net zero building policy and introduces preferred loans for buildings with energy efficient building labels. Taishin hopes to urge more applications of energy efficient buildings, more replacements of energy consuming equipment, and more installation of energy efficient lighting fixtures to save energy for our customers. We also work with businesses to achieve environmental sustainability. Taishin Bank connects and combines systems inside and outside the bank through Taishin SME eco ECO Digital Financial Service Platform, making Taishin the first bank in the country to help SMEs in green digital transition and achieve ESG in an easy and friendly way, which has received positive feedback from SME clients.

Regarding retail banking services, Taishin Bank works actively to develop digital services and innovation. Taishin Bank also keeps optimizing online loans and other transaction services. Such optimization includes offering credit card rewards for purchase of electric cars and sharing rides. The Gogoro Rewards co-branded card encourages consumers to switch to low carbon living and directs public attention to environmental sustainability.

# Society: Utilizing technology and innovation to achieve financial inclusion and offering various services to disadvantaged groups

Taishin offers micro insurance and loans for disadvantaged groups and seniors. We also provides venture capital for startups. In 2022, Taishin's digital banking brand, Richart, became Taiwan's first digital banking service to allow foreign nationals to open an account online. Taishin created a foreigner friendly digital banking service and holds an over 20% market share in digital banking. Taishin has been the digital banking market leader for six years in a row. Richart Life is a first-of-its-kind lifestyle ecosystem in Taiwan, which combines payment and reward in a lifestyle ecosystem. The sustainable business section, healthy living section, and charity section were added in 2022 to provide all financial services under one roof.

Looking forward, Taishin will strive to be competitive in sustainability by considering carefully the environmental and social impacts of our business operations while pursuing strong growth. No one is an outsider when it comes to climate issues. We believe anyone can go from Zero to Hero as long as one is willing to do one's part to save the planet and revert the crisis.

planet and revert the crisis.

President of Taishin FHC

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# **About Taishin**

# Company Profile

### Basic information

Established in 2002, Taishin FHC is committed to leading its subsidiaries and related companies with innovative business models based on the core values of "Integrity, Commitment, Innovation, and Collaboration" to continue to provide more comprehensive services and innovative products. With high-quality services, we have earned the recognition and trust of society, worked side-by-side with our clients, and become their "Smart Partner". We aim to become a consistently growing and trustworthy financial institution, a role model in corporate governance and social responsibilities, a leader of Taiwan's financial industry, and a leading brand of the Chinese community.

Headquarter Address	No.118, Sec.4, Ren-ai Rd., Taipei City106, Taiwan
Country of Operation	Taiwan, China, Hong Kong, Singapore, Japan, Australia, Malaysia, etc.
Capital Amount (NT\$ thousand)	130,741,476
Total Assets (NT\$ thousand)	2,764,804,547
Permanent Employees	10,804
Department	private sector
Industry	Financial services
Stock Code	2887

Global Operation Strategy

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represer Hong Kong (Ta Ho Chi Minh City (Taishin

> Labuar Singa

Shanghai (Taishin Finar

101 domestic branch 4 overseas repr

12 domestic business loc

Taishin Life

business locations

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3 dom

business l

Chongqing (Taishin Financial L Dongguan (Taishin Financial L Yangon (Taishin representative c

Bangkok (Taishin representative of Longan (Taishin F Leasing-preparing for establis

In order to establish a complete financial network, accelerate the internationalization of business goals, and strengthen its competitiveness, Taishin FHC completed the merger of Prudential Life Insurance on June 30, 2021 and the name change to Taishin Life, becoming a comprehensive financial holding company with banking, insurance, and securities services as its three core drivers. Other subsidiaries operate diverse financial services including venture capital, securities investment trust, securities investment advisory, asset management, and leasing.

In terms of its overseas deployment, Taishin FHC has targeted the Asia and Pan-Pacific regions, and has responded to the government's New Southbound Policy, meeting the financial service needs and business opportunities of Taiwanese businesses while focusing on ASEAN countries. The subsidiary Taishin Bank has submitted an application to the State Bank of Vietnam to establish a branch in Long An, Vietnam, and is currently actively preparing for its establishment. In addition, the representative office in Bangkok, Thailand, the Labuan Branch, and the Kuala Lumpur Marketing Office in Malaysia was established, further expanding the ASEAN market. Furthermore, in order to provide convenient financial services to clients from China, Hong Kong, and Taiwan, Taishin FHC not only invested and established a financial leasing company in Nanjing, China through its subsidiary Taishin Venture Capital in the Greater China market, but also successively founded branch offices in Dongguan, Suzhou, Shanghai, Chongqing, Wuhan, etc., with services offered through its operation network in 19 cities of China. Moreover, the Taishin Bank's established Shanghai Representative Office. Taishin Bank currently has branches in Hong Kong, Singapore, Japan (Tokyo), Australia (Brisbane), and Malaysia (Labuan Branch and Kuala Lumpur Marketing Office) as well as representative offices in Vietnam (Ho Chi Minh City), Myanmar (Yangon), China (Shanghai), and Thailand (Bangkok). In the future, we will continue to deepen our overseas market deployment. We will replicate Taishin's high-quality financial services overseas and continue to expand the market with the goal of integrating excellent financial institutions in the Asia-Pacific region.

### Main Business

Financial Leasing)	Taishin Bank	Taishin Securities	
cial Leasing) al Leasing) easing) (Taishin Financial Leasing)	Wealth management, retail banking, wholesale banking, finance and financial market , digital banking, and trust service.	Proprietary securities trading, securities brokerage, securities underwriting, futures introducing broker.	
ffices)	Taishin Life	Taishin Securities Investment Trust	
fices) nancial hment) shin Bank g office) ncial Leasing / tative offices)	Providing life insurance coverage, retirement planning/asset accumulation, health and accident insurance, among other insurance businesses, Taishin Life insurance takes on a customer-centric approach to deliver high- quality, comprehensive solutions to customers.	Raising of securities investment trust funds against issuance of beneficial certificates, and investment of funds in securities and other related instruments.	
ishin Bank branches)	Taishin Securities Investment Advisory		
representative offices) n (Taishin Bank branches) pore (Taishin Bank branches) risbane (Taishin Bank branches)	Providing research resources to Taishin group.	Acquires monetary debts from financial institutions; rates and sells debt; provides debt management and overdue accounts receivable management services.	
hin Bank	Taishin Venture Capital Investment		
nes   <mark>5</mark> overseas branches presentative offices	Research the development of emerging industries and invest in startup industries with	Taishin Youth Foundation aims to cultivate young leaders, promote the concept of volunteer service, improve the literacy of society, and organize cultural education events, among other charity services. (E.g.: Holding the Taishin Youth Volunteer Award and establishing a volunteer service exchange platform, etc.	
Securities cations   19 co-selling offices	growth potential.		
c service counters	Taishin Charity Foundation	Taishin Bank Foundation for Arts and Culture	
ecurities Taishin ent Trust Financial Leasing nestic locations leasing offices in China	By upholding our commitment to giving back to society, we plan charity activities and hold " Power of Love" to support small and medium- sized social welfare organizations in Taiwan.	Promoting arts in Taiwan (ex. sponsors and provides incentives to outstanding art/cultural workers and organizations; sponsors and organizes art/cultural.	

Note: Date as of December 31, 2022



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# **Business Performance**

The net profit after tax of Taishin FHC in 2022 was NT\$14.9 billion. This represented an EPS of NT\$1.09, a ROE of 8.34%, and a net worth per ordinary share of NT\$13.01. Financial markets remained volatile in 2022 due to disruptions such as slower overall economic growth, inflationary pressure, and geopolitical tensions. However, the Company's core businesses remained stable. The subsidiary Taishin Bank's total balance of loans in 2022 increased by 6.7% and the annual growth rate of the total balance of loans was 13.8%, which represented stable growth. Taishin Bank has continuously invested in digital finance innovations. The market share in terms of number of Richart digital accounts as of the end of 2022 exceeded 20% and it has remained first in the market

Highlights of Operating Performance



in the last six years. In terms of credit card businesses in 2022, the annual growth rate of transaction amount and total revenue from service fees reached 9.6% and 12.1%, respectively. The number of valid cards also continued to increase to more than 4.26 million cards, which was the highest in the industry. Taishin Life has launched new products and benefited from the strong sales performance of banking and insurance channels. In early 2022, first year premium (FYP) revenue amounted to NT\$13.145 billion, which was an increase of more than 70% compared to 2021. The total insurance premium income for the year was NT\$28.535 billion, which was an increase of 32.2%. The cumulative net profit after tax for the year totalled NT\$1.396 billion, which was an increase of more than 50% compared to the same period in 2021. The number of cases and total value of underwriting by the subsidiary Taishin Securities in capital market operations reached record highs since the establishment of Taishin Securities. The cumulative brokerage market share remained at 2.2% in 2022, and electronic orders accounted for 89%, which was higher than the market average (79%).

# Financial Performance

Year	2020	2021	2022	Unit
Total assets	2,196,059,206	2,512,560,489	2,764,804,547	NT\$ thousand
Total equity	186,109,382	198,101,328	202,893,812	NT\$ thousand
Return on common shareholders' equity	9.05	12.34	8.34	%
Debt/ Equity ratio	1,079.98	1,168.32	1,262.69	%
Debt/ Asset ratio	91.53	92.12	92.66	%
Net profit rate	32.82	31.83	22.36	%
Return on assets	0.69	0.86	0.56	%
Earnings per share	1.06	1.55	1.09	NT\$
Cash dividend per common share	0.55	0.605	0.51	NT\$
Stock dividend per common share	0.45	0.495	0.42	NT\$
Net Income	14,488,827	20,298,713	14,855,893	NT\$ thousand
Group's capital adequacy ratio	130.04	123.40	135.56	%
Revenue per employee	4,528	6,205	6,071	NT\$ thousand
Profit per employee	1,486	1,975	1,357	NT\$ thousand
Employee benefits	14,467,600	16,202,294	16,143,154	NT\$ thousand



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# Capital Adequacy Ratio of Taishin Bank

(Unit: NT\$ thousand)				
Component	2020	2021	2022	
(Basel III) Tier 1 Capital	160,776,638	166,787,110	169,156,320	
(Basel III) Underlying Exposure (Exposure of Balance Sheet)	2,210,027,371	2,324,024,677	2,553,039,784	
(Basel III) Leverage ratio	7.27%	7.18%	6.63%	

# Tax Policy

Taishin FHC has implemented its own tax policy to accommodate the tax laws of different countries as it expands. This tax policy enables effective management of taxation risk and helps create value over the long term.

The Board of Directors passed the "Tax Governance Policy" in 2022, and we implement the following principles through the policy:

x Comply with the spirit of tax laws of each country, accurately calculate taxes in accordance with the law and pay taxes as scheduled.

Do not use tax structures intended for tax avoidance (without commercial substance), do not transfer value created to low tax jurisdictions, or use secrecy jurisdictions (known as tax havens) to avoid taxes. Make advance tax analysis to avoid double taxation, reduce tax costs, and create shareholder value. Companies in the group do not engage in non-arm's length transactions, and prepare transfer pricing reports or substitute documents as required by law.

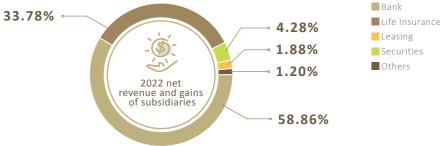
Maintain sound communication with tax authorities of each country. Discuss tax issues and provide practical views and opinions on the industry in a timely manner to help improve the tax environment and system.

Evaluate impacts of changes in laws, new regulations or/and the Company's major business decisions. Depending on business needs, appoint or consult with external professional tax and legal advisors.

Properly disclosing tax related information for enhancement of the transparency of corporate information.

nt Pay attention to changes in laws and regulations in various countries, and continuously train talents to enhance the tax professional.



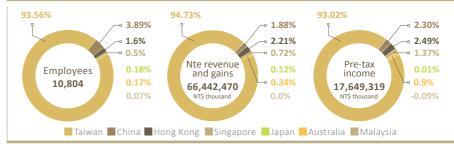


# 2022 net revenue and gains and income before income tax weight by country

Country/ Region/Subsidiaries			Pre-tax income
Taiwan	10,109	62,923,295	16,417,563

Taishin Bank (includes Taishin Real-Estate Management and Taishin D.A. Finance), Taishin Securities (includes Taishin Capital, Taishin Securities Venture Capital, Taishin Futures and Taishin Health Investment), Taishin Life, Taishin Securities Investment Trust, Taishin Securities Investment Advisory (including Credidi Inc.), Taishin Asset Management and Taishin Venture Capital Investment

China (Taishin Financial Leasing)	421	1,251,316	405,942
Hong Kong (Taishin Bank, Hong Kong branch)	173	1,465,292	438,976
Singapore (Taishin Bank, Singapore branch)	54	480,431	242,404
Japan (Taishin Bank, Tokyo branch)	20	77,023	1,796
Australia (Taishin Bank, Brisbane branch)	19	226,332	159,224
Malaysia (Taishin Bank, Malaysia Branch)	8	9,781	-16,586
Total	10,804	66,442,470	17,649,319



Note: Please see "Main Business" on page 4 for main business of the subsidiaries



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# Amounts of income tax paid by Taishin FHC by country for 2021 and 2022:

2021	(Unit: NT\$ thousand)				
Country/Region	Income tax paid		Income tax accrued	Effective tax rate	Statutory tax rate
Taiwan	1,694,593	79.74%	2,112,609	11.46%	20%
China	160,989	7.58%	62,549	25.68%	25%
Hong Kong	103,330	4.86%	27,347	16.23%	16.50%
Singapore	71,194	3.35%	60,630	17.90%	17%
Japan	20,817	0.98%	50,061	31.98%	23.20%
Australia	74,156	3.49%	47,592	30.10%	30%
Malaysia	0	0.00%	0	0.00%	24%
Total	2,125,079	100.00%	2,360,788	12.34%	

2022	(Unit: NT\$ thousand)				
Country/Region	Income tax paid	Income tax paid	Income tax accrued	Effective tax rate	Statutory tax rate
Taiwan	1,390,033	79.94%	1,974,923	15.27%	20%
China	160,989	9.26%	62,549	24.72%	25%
Hong Kong	0	0.00%	113,348	18.22%	16.50%
Singapore	63,144	3.63%	53,344	20.53%	17%
Japan	34,443	1.98%	8,883	374.94%	23.20%
Australia	90,174	5.19%	8,062	31.23%	30%
Malaysia	0	0.00%	0	0.00%	24%
Total	1,738,783	100.00%	2,221,109	15.83%	

		(Unit: NT\$ thousand)
(Unit: NT\$ thousand)	2021	2022
Pre-tax income	23,155,501	17,649,319
Income tax expense	2,856,788	2,793,426
Effective tax rate (%)	12.34	15.83
Income tax paid	2,125,079	1,738,783
Cash tax rate (%) (Note)	9.18	9.85

Note: The Group's cash tax rate for 2022 was lower than the effective tax rate mainly because of financial accounting practices and the Income Tax Act recognize certain transactions at different timing, which created temporary difference.

### Comparison between the Group's effective tax rate and Taiwan GICS average effective tax rate for the banking industry

Cause of difference	of difference Pro-forma tax effect (Unit: NT\$ thousands)			
Tax law of single Jurisdiction	2021	2022		
Difference between Taiwan's statutory tax rate and average effective tax rate of industry peers	208,400	158,844		
Difference from tax-exempt income in Taiwan	2,699,431	529,624		
Difference from other adjustments under Taiwan tax laws	-925,119	206,814		
Total	1,982,712	895,282		
Description				

Global average effective tax rate of peer industries was 20.9% in 2021 and 2022, respectively higher than that of the Group. This was because the Group operates mainly in Taiwan, where the applicable statutory tax rate was 20% in 2021 and 2022. Furthermore, the Group's pre-tax income included tax-exempt OBU income, ceased to be imposed securities trading income, unrealized share of profit of associates accounted for using equity method, and other items subject to adjustment according to the tax laws of Taiwan.

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# SCIENCE

Sustainability **Highlights** 



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

# SBTi approved net zero project

Prosperity ×

This net zero project makes Taishin the third financial institution in Taiwan and the fifth in Asia to receive SBTi approval for active net zero efforts in following emission reduction targets for business operation and investment / financing activities.

# **Building Taishin SME eco ECO Digital Financial** Service Platform to bring SMEs into net zero

Climate

Action

mutual benefits.

Taishin SME eco ECO Digital Financial Service Platform is the first and only all-encompassing platform that covers customer acquisition, application, submission, credit check, rating, and review in the domestic banking sector. It connects and combines systems inside and outside the bank. Close to a thousand small- or medium-sized enterprises (SMEs) have benefited from the system. The customer base is growing steadily at more than 100 new accounts a month. Green Loans were introduced in the first guarter of 2023. Taishin offers preferred interest rates and an accelerated review process for applicants whose industry classification is "green finance" in order to work with SMEs in achieving Net Zero in Taiwan by 2050.



# Taishin 30 Net Zero Forum Calls From Zero to Hero

No one is an outsider when it comes to climate issues. We believe anyone can go from Zero to Hero as long as one is willing to do one's part to save the planet and revert the crisis. Taishin 30 Sustainable Net Zero Summit: Committing to Net Zero and Sustainability 2030 was held to promote net zero. The event gathered more than 1,800 experts and academics, business leaders and directors and supervisors, and sustainability experts from around the world.

# **Encouraging consumers to adopt** green living and utilizing fintech to facilitate a green lifestyle and sustainable environment

Taishin Bank Gogoro Rewards co-brand card works with the brand new Gogoro Rewards program to offer 10% points rebate on daily commute and everyday spending. Gogoro Rewards points collected can be used 100% to deduct battery charges. The card offers a better payment experience for more than 700,000 scooter owners in Gogoro and Powered by Gogoro Network and supports zero carbon transportation.

-0









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# Climate Fina

Financial Prosperity × People

# **Technology & Partners & Inclusion**

As a fintech leader, Richart has an over 20% market share in terms of number of accounts. It has been the market leader for the last six years and introduced ESG investment portfolios. First-of-its-kind everyday banking platform that includes sustainable businesses to encourage green spending

# The "Banking Innovation Lab" creates new interaction, new business model, and new coopetition in the digital sustainability ecosystem



Richart is Taiwan's first digital account to

foreigners and to advertise ESG portfolios

In 2022. Richart was the first in Taiwan to offer "online digital account

application for foreigners". It was followed by the addition of several

well received features and services as well as brand new ESG portfolios.

The ESG portfolios offer a selection of ESG investments around the

world that allows young digital users to start investing in small amounts and support the sustainable businesses philosophy at the same time.

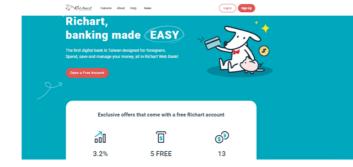
accept online account applications from

Sustainability Highlights

Focusing on developing digital banking, the lab combines resources in the group and works through cross industry alliances to simulate an ecosystem of the future. Different everyday scenarios can be created through the use of technology, transformation of business processes, and cross industry alliances spanning technology, transportation, payment service, retail, and food and drinks. The process also reflects innovative banking and business applications in the future. More than a hundred tours have taken place since establishment, and more than a thousand guests have been invited to visit the Taishin Banking Innovation Lab. Experiential marketing gives visiting merchants a firsthand experience of innovative banking applications and provides one-stop solutions to increase the chance of a successful close. Apart from a win-win situation, the approach also contributes to friendly partnerships in different areas.

# Richart Life - first everyday banking platform

In 2022, sections including sustainable business offers / iHealth ecosystem/charities, integrated payments, shopping, coupons, points, and financial services were added to the platform. These additions can, when used properly, offer easy payment as well as lower prices. As an advocate that promotes a green lifestyle, the platform works with many industry partners to start within the company and urge employees and customers to make changes in the everyday life in order to achieve sustainability together.





# Taishin credit cards launched "Power to Change" Project

Since 2018, Taishin Bank has advocated cardholders to change paper statements to digital statements. Taishin Bank will help the vulnerable to replace energy-saving appliances on behalf of cardholders. By the end of 2022, more than 1.35 million cardholders have been called upon to use digital statements, lighting up nearly 510 vulnerable households in Taiwan. The cumulative carbon emissions of this project have been reduced by nearly 450 thousand kg, which is equivalent to the carbon adsorption capacity of 1.2 Daan Forest Park per year (Note).

Note: Converted by the Council of Agriculture, each hectare of forest can absorb 15 metric tons of carbon per year, and a Daan Forest Park (25.8 hectares) can absorb 384.6 metric tons of carbon per year.





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Sustainability Highlights

# Training MA with sustainability in their DNAs

The Taishin FHC MA Program will cover sustainability training courses in the hope to develop more seeds of sustainability and give every Taishin MA to become a sustainability MA able to promote sustainable finance in different areas of business. Sustainability MAs will be able to lead business partners towards sustainable management and provide a wide range of innovative and inclusive financial products and services. The ultimate goal is to achieve Taishin's sustainability strategy, "true sustainability and green living".





Sustainability talent development X Social group empowerment X Platform to improve employment

Internally, Taishin organizes sustainability training in order to instill every employee's DNA with a culture of sustainability. Externally, Taishin guides social welfare

organizations in following international sustainability trends and assists in cultivation of seedlings and tree planting, thereby creating opportunities for income. Furthermore, household cleaning services are provided to customers through credit card products, which creates job opportunities for the disadvantaged.

Empower

People





# Power of Love

6

Social groups had to select from the 17 UN SDGs with which their charity proposal were aligned at the time of registration. This was intended to encourage social groups to adopt international standards and consistent with the Taishin 30 true sustainability theme. In 2022, Taishin donated to 178 social groups and had 140 businesses participating in the Strength of Love campaign.

# "Trees for All" was first to launch "dual circularity and sustainability"

Taishin purchased 4,000 saplings from Green Hope Spring and invited 12 social groups from Taitung to plant them. After 1 year of nursing them to 50cm stocks that can be planted in soil, these stocks were bought back by Green Hope Spring with twice the money and planted on the Chihpen Campus of Taitung University. In addition to offsetting carbon emissions from Taishin employees, the project generated a steady stream of income for nonprofit organizations through plant nursing and buyback. These two cycles brought environmental and charitable efforts together and created and maintained positive momentum. This project is the first of its kind in Taiwan.

# Taishin Rose Giving card & Yellow885

The Rose Giving card teamed up with visionary Yellow885 to create a friendly service platform that offered four popular household services. It not only alleviated employment issues faced by minorities, but contributed to environmental protection. Close to 700 air conditioning units have been cleaned since the partnership between the Rose Giving card and Yellow885 started more than two years ago. Based on an average useful period of 4 months a year, the partnership reduced a total of 215,600 kg carbon emissions for Taiwan and contributed to environmental protection while facilitating the vision of a mutually beneficial arrangement between the bank and the community. In 2022, household cleaning services saw a YOY growth of 348% by utilization and created close to 300 jobs.

Sustainability Project

15 LIFE ON LAND

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# Sustainability Awards and Recognition

Winner of more than **110** domestic and international awards in **2022** 

A constituent of DSJI World and DSJI Emerging Markets

by the Dow Jones Sustainability Index (DJSI) for the 5<sup>th</sup> consecutive year

- [Taishin FHC] Winner of Top 100 Sustainable Businesses in Taiwan, CSR Report Award - Platinum, Leader of Innovation and Growth Award, Cybersecurity Leadership Award, and CSR Report Award - English Report Silver by Taiwan Institute for Sustainable Energy (TAISE)
- [Taishin FHC] Named one of HR Asia Best Companies To Work For In Asia
- [Taishin FHC] Winner of BSI Sustainable Resilience Award
- [Taishin FHC] Winner of Commonwealth Magazine's Corporate Citizen Award
- [Taishin FHC] Winner of Sports Administration Sports Sponsorship Award -Sponsorship Gold
- sustainability [Taishin FHC] Named one of OSHA Outstanding Companies in Occupational Health and Safety Indicator Disclosures in Sustainability Reports
  - [Taishin FHC] Winner of EPA National Enterprise Environmental Protection Award Bronze
  - [Taishin FHC] Winner of BOE Energy Conservation Elite, Excellence in Innovation Award
  - [Taishin FHC] Supported and obtained the National Green Life Movement Green Office Certification of the Environmental Protection Administration
  - [Taishin Bank] Received a green building label for the Nantun Building
  - [Taishin Bank] Named best for wealth transfer/succession planning in Taiwan
  - [Taishin Bank] Winner of PBI Highly Commended: Outstanding Private Bank, Asia Pacific
- Wealth anagement [Taishin Bank] Winner of Best Wealth Management in Taiwan Award for Digital Experience by The Digital Banker
  - [Taishin Bank] Winner of Wealth Magazine Best Wealth Management Services
     Domestic Banks, Best Wealth Appreciation Domestic Banks, Best Digital and Smart Systems - Domestic Banks, and Best Banking Innovations - Domestic Banks.

- Taishin Bank Named one of Global Finance Best Payment and Presentation and the Best Financial Innovation Labs in the World
- Taishin Bank Won the Best Private Asian Bank Award for Big Data and AI application presented by The Banker and PWM
- Taishin Bank Winner of IDC Digital Innovation Award

Fintech

Innovative

products &

services

- Taishin Bank Named one of Euromoney Market Leaders in Digital Solutions (Taiwan) and Best in Diversity and Inclusion (Taiwan)
- Taishin Bank Winner of Retail Banker International (RBI) Best Mobile Wallet initiative, Best Open Banking Providers, and Best Customer Strategies and Big Data Analytics
- Taishin Bank Winner of IDC Best Customer Interaction in Asia Award and Financial Insights Innovation Award
- Taishin Bank Winner of the Asset Best Social Media Banking Experience
- Taishin Bank Winner of Global Finance Best Retail Bank Taiwan and Best Loyalty/Reward Program
- Taishin Bank Named Best Digital Banking outstanding and Best Retail Banking - outstanding by Taiwan Academy of Banking and Finance
- [Taishin Bank] Winner of the Digital Banker Best ATM Customer Experience
- Taishin Life Insurance Received SGS Taiwan PIMS certification
- Taishin Life Insurance Received two major awards from Faith, Hope & Love Awards by RMi Inc. They were Best Insurance Achievement Award for Eunice Chen, Executive Life Advisor and Best Professional Advisor Award for Eric Wang, Agency Manager of Wealth Field Agency.
- Taishin Life Insurance Rated twAA- by Taiwan Ratings with a "Stable" outlook



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# **1.1 Sustainability Core Strategy**

Taishin FHC celebrated its 30th anniversary in 2022. Over the past 30 years, Taishin has exemplified dedication and innovation and has established the sustainability proposition "Dedicated to Sustainability & Living Green". Together with our strategic allies, customers, and other partners, we build alliances to integrate the spirit of sustainability into the financial ecosystem, and implement responsible investment and financing in our core business to maximize the impact of our efforts in everyday life. Taishin FHC provides comprehensive financial services and strictly manages funds based on the spirit of sustainability, working together with strategic partners and customers to create shared value, and realize the vision of co-prosperity in society and green lifestyles.

Furthermore, Taishin FHC stays up-to-date with the latest sustainability trends and endeavors to stay in line with international standards. We examine our corporate sustainability development strategy and compile sustainability issues and topics that are considered key areas of focus for internationally famous and authoritative ratings or research institutions, such as MSCI, Sustainable Fitch, S&P, the World Economic Forum (WEF), McKinsey, and Moody's. We also reference international advocacy topics, the competent authorities' regulations, and the actions of benchmark financial companies from home and abroad to conduct in-depth analysis and determine the areas that Taishin FHC should pay special attention to. The perspectives from inside and outside Taishin FHC were also compiled through multiple interviews and discussions with high-level executives. Three key issues were determined as the primary areas of focus: Climate Action, Financial Prosperity and Empower People. These serve as the fundamental directions for future sustainabile development, thereby strengthening Taishin FHC's external communications regarding our sustainability philosophies and allowing the creation of sustainable collaborations with our various partners.

# Taishin FHC's Sustainability Strategy



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# **1.2 Identification of Stakeholders and Material Topics**

# 1.2.1 Identification of Material Topics

# Procedures for the Identification of Material Topics

This year, Taishin FHC identified material topics based on the recommended procedures in the new GRI Standards and the concept of double materiality. We started by determining the financial significance of the 19 sustainability issues identified in the past. We then analyzed the Economy, Environment, and People impacts of these material topics. We also considered the recommendations of experts and external stakeholders at each step to determine the material topics to be included in the ESG Report. The analysis procedures implemented this year are explained below.

Analysis rocedures	1.Definitions of impact	2.Evaluation o	of materiality	3.Ranking	and calibration of evaluation results	4.Approval of the management
Description	<ul> <li>Taishin FHC used the list of 19 sustainability issues identified in 2021 as the basis and appointed an external professional sustainability consultant to redefine the list based on the impact of the issues.</li> <li>Taishin FHC refocused on the potential positive and negative economy, environment, and people, and social impacts of each issue. For instance, the "climate change strategy" issue was redefined as "climate finance" and "climate change impacts" based on the direction of the impact/ influence. They refer to positive/negative impacts of climate change.</li> <li>After refocusing on the list of 19 sustainability issues, Taishin FHC identified 10 issues with positive influence and 14 issues with negative impact.</li> </ul>	Taishin FHC e impacts based The compreh- value chain of significance o through relev The compreh-	21 units under the jurisdiction of the Sustainability Committee of hin FHC evaluated the impact of the 24 positive influences/negative acts based on the degree of impact and the likelihood of occurrence. comprehensive assessment of the degree of impact focuses on the ie chain of the impact (e.g., whether it involves multiple value chains), ificance of the impact, and whether it can be mitigated or remedied ough relevant management measures. comprehensive assessment of the likelihood of occurrence accounts for number of related impacts that had occurred in the past and their juency.		lysis process, add special weights s three major sustainability including negative impact on this and the number of value ected by the impact. initial evaluation, the external lity consultants shall propose nt recommendations for the e placement of issues. gement of Taishin FHC also used ignificance, the other aspect of nateriality", to provide a corrective in tis impact on the Company's nd financial performance from ective of the management. d the 19 sustainability issues in nateriality based on the defined nd analysis results.	<ul> <li>We presented the analysis results to the Board of Directors for final approval and confirmed the material topics for the Sustainability Report this year.</li> </ul>
Review of e opinions takeholders nd experts	<ul> <li>We appointed external professional sustainability consultants to provide recommendations on how to define the economic, environmental, and social impacts of these issues.</li> </ul>	must give due communicatio Customer Consumer banking	ng the likelihood of the occurrence of an issue, relevant units consideration to the opinions of stakeholders in day-to-day on, including but not limited to: For Wholesale Banking customers, identify whether they are involved in corporate governance, environmental pollution, and human rights violations to determine the impact of relevant issues on the value chain. Reference their opinions and the complaints and verify whether there are infringements of related rights and interests such as privacy rights or other rights and interests of customers: Reference their opinions and the complaints and verify whether there are cases involving workplace safety and infringements of human rights. Reference their opinions and evaluation results and verify whether there are cases involving corporate governance, environmental pollution, and infringements of human rights.	chain on r evaluatior	ermining the impact of the value elevant issues and calibrating the results, the Company shall also iews of stakeholders into account. include: Adjust the materiality of the issues where appropriate based on day-to-day communication with institutional investors and the changes in their ESG ratings. Adjust the materiality of the issues where appropriate based on related ratings, penalties, and policies of competent authorities (e.g., commitment to Net Zero by 2050 and implementation of the Green Finance Action Plan 3.0).	• The Corporate Sustainability Committee jointly reviews and discusses the analysis results of material topics and confirmed the 15 material topics for 2022.



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### • Results of the Materiality Analysis and Material Topics Matrix

Based on the evaluation results for 2022, a total of 8 issues were identified as highly material, 7 issues were identified as moderately material, and 4 issues were identified as general topics. In the identification of material topics, Taishin FHC referenced the recommendations of stakeholders and external experts and decided to recognize sustainable issues that are ranked moderately material or higher as material topics, 15 material topics identified for 2022 .Refer to the table below for the changes and explanation of the 19 sustainability issues compared to the previous year. Please refer to the "List of Material Topics" for an explanation of the material topics.

Sustainability Topics	2022	2021	Explanation of Change
Corporate Governance and Business Integrity	High materiality	High materiality	No changes in the analysis results this year
FinTech/ Digital Innovation	High materiality	High materiality	No changes in the analysis results this year
Sustainable Finance	High materiality	High materiality	No changes in the analysis results this year
Business Continuity and Technology Risk Management	High materiality	High materiality	No changes in the analysis results this year
Climate Change Strategies	High materiality	Moderate materiality	In response to the net zero emissions targets of the international community and Taiwan and the expectations of international institutional investors, we considered Taishin FHC's ability to exert influence through capital investment on this issue and decided to support the Taishin FHC's sustainability strategy for climate actions. We therefore elevated its materiality.
Remuneration, Benefits & Employee Care	High materiality	High materiality	No changes in the analysis results this year
Hiring and Talent Development	High materiality	High materiality	No changes in the analysis results this year
Green Operation Management	High materiality	High materiality	No changes in the analysis results this year
Information and transaction security	Moderate materiality	High materiality	We reevaluated the material topics based on impact this year. As the influence of this issue in the value chain is focused on the companies' operations and customers, and considering that Taishin FHC has not had significant information security incidents affecting customers in recent years, its materiality was reduced to moderate.
Risk management and internal control	Moderate materiality	High materiality	We reevaluated the material topics based on impact this year. As the influence of this issue in the value chain is focused on the companies' operations, and considering that Taishin FHC has established a risk management system and there have been no related penalties in recent years, its materiality was reduced to moderate.
Customer relationship management	Moderate materiality	Moderate materiality	No changes in the analysis results this year
Protection of Privacy	Moderate materiality	Moderate materiality	No changes in the analysis results this year
Human Rights and Gender Equality	Moderate materiality	General	We reevaluated the material topics based on impact this year. As this issue can create an impact in several parts of the value chain, and Taishin FHC has not had significant work safety accidents or significant occupational disasters in recent years, so its materiality was reduced to moderate.
Occupational Health and Safety	Moderate materiality	High materiality	We reevaluated the material topics based on impact this year. As the influence of this issue in the value chain is focused on the companies' operations and contractors, its materiality was reduced to moderate.
Financial Inclusion	Moderate materiality	General	In response to the expectations of international institutional investors, we considered Taishin FHC's ability to exert influence by supporting financially disadvantaged groups on this issue and decided to support the Taishin FHC's sustainability strategy for sustainable empowerment. We therefore elevated its materiality to moderate.
Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT)	General	General	No changes in the analysis results this year
Local Care	General	General	No changes in the analysis results this year
Labor-Management Relations	General	Moderate materiality	We reevaluated the material topics based on impact this year. As the influence of this issue in the value chain is focused on the companies' operations, and considering that Taishin FHC has established a diversified employer and labor communication channels, its materiality was reduced to general.
Supplier Sustainable Management	General	General	No changes in the analysis results this year



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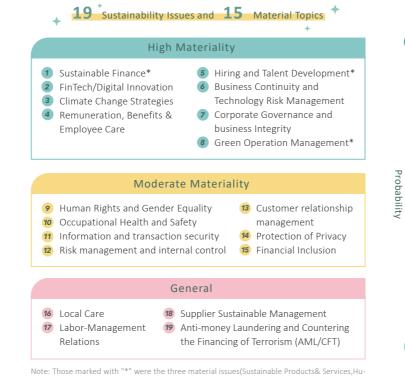
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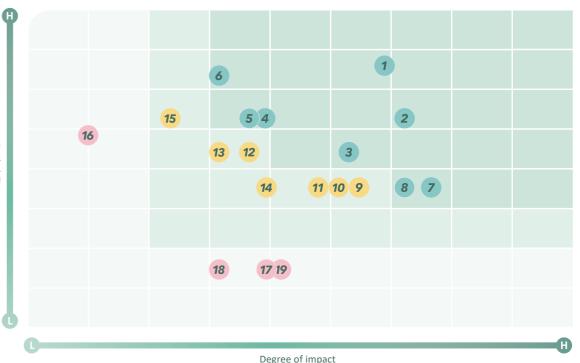
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# Material Topics Matrix



man Capital& Development Talent, Environmental Management System) that have the



List of material topics

greatest impact on Taishin's business.

We identified 15 material topics this year, with changes from the previous year in issues such as "Human Rights and Gender Equality", "Financial Inclusion", and "Labor-Management Relations". The main reasons for the changes were:



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# List of Material Topics and Description of Impact

Material Topic(Note)	Financial materiality	Sustainability impact category	Direction of impact	Description of impact
Sustainable Finance*	High	Sustainability influence of financial services	Positive	[Economy/Environment] Leverage the business and investment activities of Taishin FHC to direct capital to sustainable industries and economic activities, reduce economic, environmental, and social problems, reduce energy and resource consumption, and enhance the environmental resilience of the overall economy.
Sustainable Finance	nigii	Inappropriate ESG risk management in financial services	Negative	[Economy/Environment/People] Failure to incorporate ESG factors into business and investment decisions and processes can lead to external costs such as ethical and integrity issues, high carbon emissions/pollution, and human rights disputes in customers of investment and business transactions, resulting in irreparable damage to the economy, environment, and people.
FinTech/ Digital Innovation*	High	Digital finance innovation	Positive	[Environment/People] In response to advancements in FinTech, create a digital financial ecosystem and cultivate talents in to increase the convenience and digitization in customers' financial service experience. Reduce energy and resource consumption by increasing efficiency.
Climate Change Strategies*	Medium	Climate finance	Positive	[Economy/Environment] Leverage the business and investment activities of Taishin FHC to direct capital to low-carbon economic activities that support climate adaptation and enhance the climate resilience of the overall economy.
ennate enange strategies	Mediam	Climate change impact	Negative	[Environment] Failure to implement climate adaptation and effective management of greenhouse gases may exacerbate the greenhouse effect and its climate disasters derived therefrom, which in turn affect the environment for the survival of humans.
Remuneration, Benefits & Employee Care*	Medium	Fair remuneration and benefits	Positive	[Economy/People] Use a comprehensive remuneration and benefits system to motivate employees and enhance the overall competitiveness of the Company. Provide comprehensive care to employees and their families in different stages of their lives and thereby increase the overall stability of the financial industry.
Hiring and Talent Development*	Medium	Diverse talent recruitment and development	Positive	[People] Implement the Company's diversity and non-discrimination policy, and implement zero discrimination on the basis of race, gender, age, or physical and mental disabilities in hiring, evaluations, and promotions so that employees have fair career development opportunities.
Business Continuity and Technology Risk Management*	High	Business disruption	Negative	[Economy] Failure to provide critical services due to negligence in the operational continuity plan, information system recovery plan, and contingency funding plan may violate the rights and interests of customers and stakeholders. In severe cases, it may affect the overall stability of the financial market.
Corporate Governance and Business Integrity*	High	Misconduct in corporate governance and business integrity incidents	Negative	[Economy] Poor corporate governance and failure to implement an integrity management culture may lead to incidents of unethical conduct and corruption, which directly damages the reputation of the Company and the rights and interests of stakeholders and may even affect the overall stability of the financial market.
Green Operation Management*	Medium	Impact on the operating environment	Negative	[Environment] Failure to implement effective management of energy, water resources, and waste may create irreversible burdens on the environment, such as pollution of the environment (soil, air, water, etc.)
Human Rights and Gender Equality*	Low	Infringement of human rights in the workplace	Negative	[People] Issues involving labor rights such as overtime work and forced labor may damage employees' work rights. Gender and other forms of discrimination may damage employees' work rights.
Occupational Health and		Health promotion	Positive	[People] Organize employee health promotion activities and action plans to improve employees' health and prevent potential additional expenditures for health issues.
Safety*	Low	Occupational safety and health hazards	Negative	[People] The occurrence of workplace safety and health hazards could increase the rate of employee injuries and illnesses, which has a negative impact on the quality of life and health of employees.
Information and transaction security*	High	Data breach	Negative	[People] A security breach or cyberattack or blackmail by hackers may lead to the breach of confidential information of the Company, tampering, or business disruption, which would violate the rights and interests of customers and stakeholders.
Risk management and internal control*	High	Inappropriate risk management and internal control	Negative	[Economy] Inappropriate management of external, emerging, or market risks or internal credit, operational, liquidity and other risks in business operations that exceed the Company's risk appetite, or idle capital may result in material non-compliance or operating losses that affect the interests of customers, shareholders, and other stakeholders
Customor rolationship		Customer experience optimization	Positive	[People] Continuously optimize customer experience and improve the quality and efficiency of financial services to provide them with access and use of superior financial services.
Customer relationship management*	High	Infringements of customers' rights and interests	Negative	[People] Poor quality of financial products and services or failure to implement fair customer treatment may result in complaints for damage to customers' rights and interests.
Protection of Privacy*	High	Privacy infringements	Negative	[People] Leaks of personal data of customers, employees, or other stakeholders may infringe upon their privacy.
Financial Inclusion*	Medium	Financial Inclusion	Positive	[Economy/People] Provide preferential or diverse financial services to disadvantaged or special groups to increase the convenience of financial services. Support the transformation and development of small and medium-sized, environmental and social organizations or enterprises to promote business activities with social benefits.
Local Care	Low	Social involvement and charity	Positive	[Economy/People] Use the Company's resources and expertise to help disadvantaged groups, rural groups, and people who need help in the society to fulfill corporate citizenship responsibilities.
Labor-Management Relations	Medium	Labor communication issues	Negative	[People] Inadequate or ineffective labor consultation and communication may prevent employees from voicing their opinions and infringe upon their work rights and interests.
Supplier Sustainable	Medium	Procurement-driven industrial development	Positive	[Economy] Contribute to industrial development with routine procurement activities, such as using green procurement and local procurement to support environmentally friendly products/services and local enterprises.
Management	Weduin	Inappropriate supplier ESG management	Negative	[Economy/Environment/People] Neglecting ESG risks of suppliers may cause problems in governance, ethical management, environmental pollution, and labor rights, which impact the overall value chain.
Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT)	High	Money laundering and terrorist financing crimes	Negative	[Economy] Money laundering and terrorist financing offenses may damage the reputation of the Company and the rights and interests of stakeholders and may even affect the overall stability of the financial market.

Note: Those not marked with "\*" were sustainable issues of the current year



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# Management of the impact of sustainable issues on the value chain

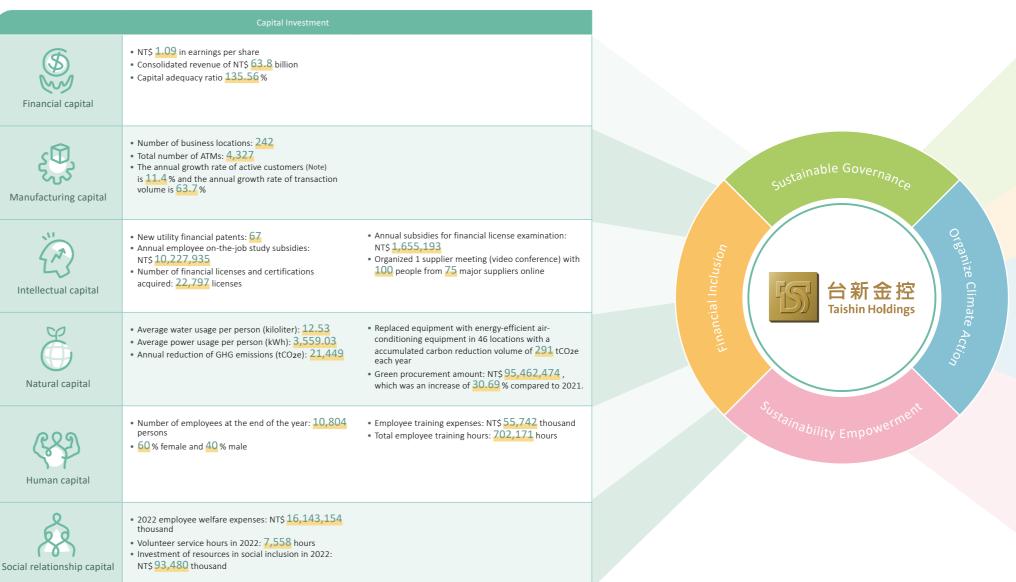
Sustainability topic				chain impact manag			
		Direct occurrence	Occur	rence due to busine	ess relationships/ac		Corresponding Chapter
		Operations		Customer		Local community	
1	Sustainable Finance	V		V	V		5. Sustainable Finance
2	FinTech/ Digital Innovation	V		V			6.1 FinTech and Digital Innovation
3	Climate Change Strategies	V	V	V	V		3. Climate Strategy
4	Remuneration, Benefits & Employee Care	V					7.2 Remuneration, Benefits & Employee Care
5	Hiring and Talent Development	V					7.1 Hiring and Talent Development
6	Business Continuity and Technology Risk Management	V					2.3 Business Continuity Management
7	Corporate Governance and Business Integrity	v	V	V	V		<ul> <li>Operations: 2.1 Corporate Governance and Business Integrity</li> <li>Suppliers: 2.5 Supplier Sustainable Management</li> <li>Customers and investments: 5. Sustainable Finance</li> </ul>
8	Green Operation Management	V	V	V	V		<ul> <li>Operations: 4. Green Operations</li> <li>Suppliers: 2.5 Supplier Sustainable Management</li> <li>Customers and investments: 5. Sustainable Finance</li> </ul>
9	Human Rights and Gender Equality	v	V	V	V		<ul> <li>Operations: 7.5 Human Rights and Gender Equality</li> <li>Suppliers: 2.5 Supplier Sustainable Management</li> <li>Customers and investments: 5. Sustainable Finance</li> </ul>
10	Occupational Health and Safety	V	V				<ul> <li>Operations: 7.3 Occupational Health and Safety</li> <li>Suppliers: 2.5 Supplier Sustainable Management</li> </ul>
11	Information and transaction security	V		V			2.4 Information and Transaction Security
12	Risk management and internal control	V					2.2 Risk Management and Internal Control
13	Customer relationship management	V		V			6.2 Customer Relationship Management and Consumer Protection
14	Protection of Privacy	V		V			6.3 Privacy Protection
15	Financial Inclusion	V		V		V	6.4 Financial Inclusion
16	Local Care	V				V	8. Social Inclusion
17	Labor-Management Relations	V					7.4 Labor-Management Relations
18	Supplier Sustainable Management	V	V				2.5 Supplier Sustainable Management
19	Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT)	V					2.6 Anti-Money Laundering and Counter Terrorism Financing



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# Creating Sustainable Value About This Report Message From The Chairman Message From The President \$ About Taishin M Sustainability Project Financial capital Sustainability Awards and Recognition **1. Sustainability Strategy** 1.1 Sustainability Core Strategy 1.2 Identification of Stakeholders and Material Topics volume is 63.7 % Manufacturing capital 1.3 Sustainability Implementation Framework and Performance 2. Sustainability Governance 3. Climate Strategy NT\$ 10,227,935 4. Green Operations Intellectual capital 5. Sustainable Finance 6. Smart Services 0 7. Employee Care 8. Social Inclusion Natural capital persons Human capital thousand

# 1.2.2 Impact Valuation and Measurement



Note: "Active customer" refers to those who have logged into the online banking website in the past six months, completed the identity verification process with their online bank ID, and conducted personalized information inquiries or opened the mobile banking app.

	Material Sustainability Topic		Value Creation		Beneficiary Stakeholder	Associated SDGs
Contents About This Report Message From The Chairman Message From The President About Taishin Sustainability Project Sustainability Awards and Recognition <b>1. Sustainability Strategy</b>	Sustainable governance	<ul> <li>Strengthen the functions of the Board of Directors and functional committees</li> <li>The results of the performance evaluation of the Board and functional committees were "target exceeded"</li> <li>A total of 14 board meetings were held in 2022, the average attendance rate was 100%</li> </ul>	<ul> <li>Improve risk management and the compliance system</li> <li>1,550 risk management proposals were filed which was a 29.6% increase compared to the previous year.</li> <li>The unit compliance evaluation qualification rate was 100%</li> <li>A total of 31,254 personnel participated in trainings on ethical corporate management or related topics, accumulating 46,241 hours of training, successfully reaching a training completion rate and coverage rate of 100% of the workforce.</li> <li>Zero system hacks that resulted in impact on operations</li> </ul>	<ul> <li>Strengthening supplier sustainable management and building a sustainable supply chain</li> <li>258 suppliers completed 100% human rights risk review and 100% training</li> <li>The Company convened a supplier conference for four consecutive years. In 2022, Taishin adopted "From Zero to Hero: Conscientiousness and Sustainability for Net Zero Emissions" as the theme of the supplier conference to discuss how companies respond to net zero emissions and share Taishin's energy conservation measures for the net zero target.</li> </ul>	<ul> <li>Customer</li> <li>Suppliers</li> <li>Competent authorities</li> </ul>	12 standard An strong COO
<ol> <li>1.1 Sustainability Core Strategy</li> <li>1.2 Identification of Stakeholders and Material Topics</li> <li>1.3 Sustainability Implementation Framework and Performance</li> <li>2. Sustainability Governance</li> </ol>	Financial inclusion	<ul> <li>Expanding fintech and integrating digital banking services into everyday life</li> <li>Promoted cross-industry alliances, integrated a point-based economy and connected customers' everyday life</li> <li>Accumulated to 2022, a total of 100,132 merchants became part of Taishin Pay' partner channels, with cumulative members increasing by 24% and transaction volume growing by 405%</li> </ul>	<ul> <li>Taishin was the first to introduce the ATM Interremittance services through Taishin ATMs, whe languages, thus solving migrant workers' pain</li> <li>Promoted shared QR codes, and assisted more introduce mobile payment by the end of 2022</li> </ul>	e than 15,156 small- and medium-sized merchants to	<ul><li>Customer</li><li>Suppliers</li><li>Community</li></ul>	8 RECEIVENCE AND EXCEPTION OF AND EXCEPTION EXCEPTI
<ol> <li>Climate Strategy</li> <li>Green Operations</li> <li>Sustainable Finance</li> <li>Smart Services</li> <li>Employee Care</li> <li>Social Inclusion</li> <li>Appendix</li> </ol>	Organize Climate Action	<ul> <li>Promoting green finance and expanding our corporate influence</li> <li>Comply with the "Principles for Responsible Investment" and support the "Principles for Responsible Banking"</li> <li>Establishment of the "Environmental and Social Risk Management Sector Guidelines"</li> <li>Conducted ESG risk assessments on 100% of all trading activities and financial products using the Green Finance Assessment Worksheet</li> <li>Teamed up with DOMI Earth to promote the use of digital statements for cardholders. By the end of 2022, more than 1.35 million cardholders have been called upon to switch to digital statements, supporting nearly 510 vulnerable households with energy-saving appliances in Taiwan</li> <li>Undertook 2,745 credit extension cases for the green energy and environmental protection industries, which amounted to NT\$88.817 billion</li> </ul>	<ul> <li>Improving environmental protection performance</li> <li>Promoted paperless operations and reduced annual paper consumption by 14,132,941 pieces of paper, which reduced carbon emissions by 300 tons CO2e</li> <li>Green procurement reached NT\$95,462,474, a 30.69% increase compared to 2021</li> <li>Taishin Bank popularizes smart electronic scooter, recruiting 16 thousand scooters by the end of 2022, and generating NT1,200 million spending in total. Besides, Taishin Bank also provides rewards that can be redeem electric scooter tariffs</li> </ul>	<ul> <li>Actively formulating climate change response measures</li> <li>Taishin Financial Holdings became the third financial company in Taiwan and the fifth in Asia to pass the SBT target assessment</li> <li>Joined the Taiwan Alliance for Net Zero Emission, received the Net Zero Green Label, and committed to using 100% renewable energy by 2030 and achieving Net Zero by 2050</li> <li>Implemented TCFD assessments for risk analysis, and signed the Carbon Disclosure Project (CDP) as an institutional investor</li> </ul>	<ul> <li>Shareholders/ Investors/ Rating Agencies/ Analysts</li> <li>Competent authorities</li> <li>Suppliers</li> <li>Community</li> </ul>	7     HISSORIE MO LOURDER     13     JUMIK       12     BORNARES MORRORCELLA     17     PRINISCH FR
	Sustainability empowerment	<ul> <li>Establishing our reputation as an employer and cultivating talents</li> <li>In 2022, the Early Win workplace experience program had 490 participants, and 96 interns transferred to full-time positions</li> <li>Signed industry-academia cooperation projects with 80 colleges and universities, strengthening our reputation as an employer</li> <li>Full implementation of the successor development plan</li> <li>Offering competitive remuneration and welfare packages</li> <li>Selected as constituent stock of the Taiwan High Compensation 100 Index for 9 consecutive years</li> <li>Employee engagement reached 80%</li> </ul>	<ul> <li>Emphasizing workers' occupational health and safety rules</li> <li>Implemented employee care, promoted disease prevention, and received the Bronze Award for Epidemic Prevention by the Centers for Disease Control, Ministry of Health and Welfare in 2022</li> <li>Promoted the ISO 45001 Safety and Health Management System certification</li> <li>Total training hours of occupational health and safety courses reached 17,118 hours, with a completion rate of 100%</li> <li>There were no major occupational hazards (deaths/disabilities) in 2022</li> </ul>	<ul> <li>Implementing a gender-equal workplace</li> <li>Overall female personnel accounted for 60% of the workforce, with female supervisors making up 48% of the total number of supervisors</li> <li>Provided maternity protection related-benefits, with a parent retention rate of 76.7%</li> <li>Supporting non-profit organizations (including disadvantaged groups)</li> <li>A total of 178 social welfare groups benefited from the charity fund in 2022</li> <li>A total of 140 companies were invited to participate in the Strength of Love activities in 2022</li> <li>A total of 94 companies participated in the social welfare group support courses in 2022</li> </ul>	<ul> <li>Employees</li> <li>Competent authorities</li> <li>Community</li> </ul>	1     %     8     ISOTA MORIANO, MARKATANANA       3     MORIANA MARKATANANA     10     ISOTA MORIANO, MARKATANANA       3     MORIANA MARKATANANA     10     ISOTA MORIANO, MARKATANANA       4     MUATANANA     11     ISOTA MORIANO, MARKATANANA       5     MUATANANA     ISOTA MORIANO, MARKATANANA     ISOTA MORIANO, MARKATANANA



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# Sustainability Impact Valuation

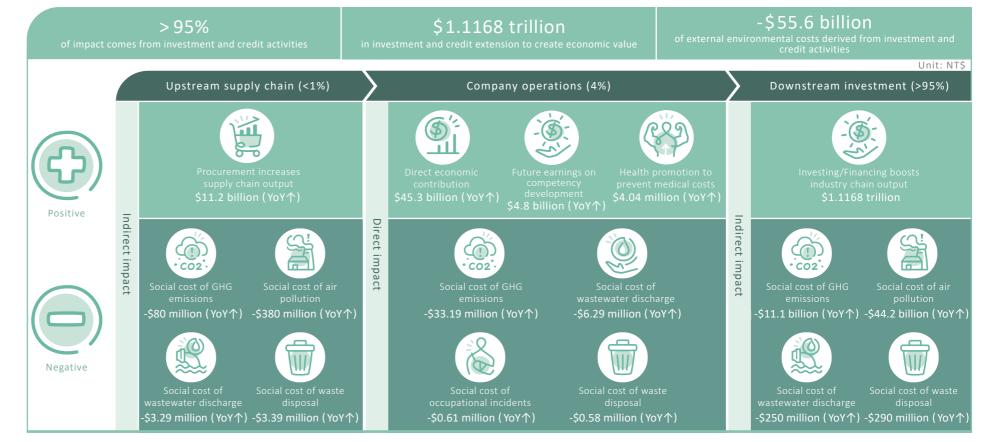
Taishin FHC views impact as a core element of corporate sustainability to be used to create long term value for stakeholders. As a facilitator of progress in the business, Taishin pays more attention to how society can benefit from capital injection. In addition, Taishin actively supports transformation of the industry in order to create a more sustainable business model.

To quantify the impact, we start with profit and loss and follows the Triple Bottom Line (TBL) approach to consider economic, environmental, and social factors. Costs and benefits to society are identified in value chain activities based on an impact pathway analysis. Inherent value created by a company's business activities is presented in a transparent and quantified manner.

According to the analysis result, Taishin FHC's impact on society is found primarily in investment and financing activities (95% or higher) in downstream. Due to investment, financing, and credit activities in 2022, the development of relevant industries was boosted, with an economic output value of NT\$1.168 trillion, but derived external environmental costs of NT\$55.6 billion. (Figure 1)

To keep expanding the effects of sustainable investing, Taishin FHC has gradually implemented the Green Finance Principles, the Environmental and Social Risk Management Sector Guidelines, the Decarbonization Pathways for Coal and Unconventional Oil and Gas Industries, and high carbon emission industries and adopted the Equator Principles (EPs) and the Principles for Responsible Investment (PRI) promoted by the UN, the Task Force on Climate-Related Financial Disclosures (TCFD), and the Science Based Targets (SBTs) since 2018. The goal is to include the sustainability factors of the three major aspects of ESG into investment and financing assessment processes. In doing so, the company hopes to enhance the sustainability of the industrial chain and bring positive impact to stakeholders.

# • Figure 1. 2022 Taishin FHC Sustainable Influence on Value Chain



Methods for Measurement

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### Input/output Impact Valuation **4** Impact Dimensions 5 types of stakeholders **3** Major Value Chain Phases Provide employment opportunities Direct economic contribution Promote economic Supply chain / industry chain outpu Employees Upstream/ Supplier Social cost of occupational hazards Socioeconomic Climate change / desertification Shareholders/ Future earning of career development CR2 Human health £3 Own Operation Suppliers Acidification of water sources /eutrophicatio Û Ecology / resource depletion Improve professional skills Ecosystem $\widehat{\mathbf{m}}$ Government Social cost of water Competency development $(\begin{subarray}{c} \begin{subarray}{c} \be$ Downstream/ Investment Depletion of Community Natural resources Social cost of waste Not including in the assessment due to the methodology is still under development

Boundary	Scope	Operation		Methodology description	References		
	Economic	Procurement by suppliers	Powering industrial	<ul> <li>We used the input-output analysis approach to assess the indirect economic values created by procurement and investment activities in the mutual dependent</li> </ul>			
Upstream/		Industry investments	development	relationships among industries in the industry chain. Then, the external costs of per- unit pollutant from our own operations is applied to assessand evaluated the impact	<ul> <li>Directorate-General of Budget, Accounting and Statistics (2017)</li> <li>Bureau of Energy (2012)</li> </ul>		
Downstream	Environmental	Procurement by suppliers	<ul> <li>Social cost of Carbon</li> <li>Damage to human</li> </ul>	on the environment brought by the greenhouse gas emissions, water pollution (COD), waste disposal (incineration) and air pollution (PM2.5, NOx, SOx, NMHC, and Pb) generated by the supply chain. The upstream/downstream social externalities are	<ul> <li>US EPA (2016)</li> <li>UNEP/SETAC (2017)</li> <li>PWC UK (2015)</li> </ul>		
		Industry investments	health	not included in this evaluation as it is difficult to obtain such activity data.			
	Economic	Financial income and expenditures	Direct economic contribution	<ul> <li>To evaluate the social and economic benefits created by the operational activities for the stakeholders, we also considered salaries (employees), dividends(shareholders/ investors), taxes(government), depreciation (suppliers), and other expenses as positive economic value in addition to revenue.</li> </ul>	Taishin FHC annual report		
		Greenhouse gas emissions	Social cost of carbon	Our assessment included both damage to human health and potential social cost	• US EPA (2016) • PWC UK (2015)		
Own Operation	Environmental	Water consumption	<ul> <li>Damage to human health</li> </ul>	from water use, greenhouse gas emissions, waste incineration and disposal to landfill, but excluded degradation of ecosystem quality and resource depletion.	ReciPe (2016)     EPA (2017)     UNEP/SETAC (2017)     USEtox (2017)		
		Waste disposal					
	Social	Employee career development	<ul> <li>Increased future earning</li> </ul>	<ul> <li>Because social externalities involve a variety of aspects, and many methodologies have not been fully developed, we only considered the social costs of occupational hazards, the economic benefits of employees' career development, and the use of health promotion activities to reduce employees' health risks.</li> </ul>	<ul> <li>Chun-Chieh Ho (2005)</li> <li>Chieh-Hsien Li (2009)</li> <li>WHO (2008)</li> </ul>		

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# 1.2.3 Stakeholder Identification and Communication

# Stakeholder Identification Process

Taishin adopts the stakeholder engagement approach recommended by AA1000SES:2015, and uses quantitative data of "dependency, responsibility, influence, diverse perspective and tension", which identified 7 types of stakeholders whom are significance to Taishin. We've evaluated each stakeholder's degree of influence on Taishin as weightage reference while prioritizing the topic rankings. In order to learn the true voices of our stakeholders, Taishin has not only enabled multiple communication channels, but also engaged stakeholders through departments that worked closest with them. Through monitoring topics that concerned the stakeholders, the stakeholders' feedbacks served as important motives for internal growth.

# Communication Channels and Frequency of Stakeholders

Stakeholders	Significance to Taishin	Communication Channels	Main Concerned Topics	Corresponding Contents	Communication Results
Customers	Builds productive relationship and earns trust; accomplishing success as customers' smart partner	relationship and earns trust; accomplishing success as • Quarterly: Branch service telephone surveys • Green Operation		<ul> <li>Plans to improve digital forensics capacity over the next 3 years and construct a security operation center.</li> <li>Implement "Management Regulations on Personal Information Misuse Incidents" and received no penalty from the authority for violation of personal information in 2021.</li> <li>Implement "Ethical Corporate Management Best Practice Principles" and "Employee Code of Conduct" to supports integrity and culture of the organization.</li> </ul>	Customer satisfaction rate: 86%
Employees	Having a stable and competitive work force is key to success in a highly competitive business; employees are also an important capital to the company	<ul> <li>Immediately: Employee relation mailbox and phone, HR Representatives</li> <li>Quarterly: Taishin Morning Meetings, labor-management meetings</li> <li>Annually: Employee opinion surveys for certain divisions</li> <li>Biennially: Employee opinion surveys</li> </ul>	<ul> <li>Corporate Governance and Business Integrity</li> <li>Green Operation Management</li> <li>Remuneration Benefits &amp; Employee Care</li> </ul>	<ul> <li>Conducts market-wide salary surveys and reviews employees' compensation on a yearly basis. Taishin has been a composition of "Taiwan High Compensation 100 Index" for 9 consecutive years since 2014.</li> <li>Established a diverse range of communication channels for employees.</li> <li>Organize health promotion events for high-risk groups and increase the participation.</li> </ul>	Engagement rate: 80%
Shareholders / Investors / Rating agencies/ Analysts	Investors' / shareholders' trust and support provide the foundation for the business survival and growth, which Taishin returns with exceptional governance	<ul> <li>Immediately: IR email/hotline, website</li> <li>Monthly: Market Observation Post System</li> <li>Quarterly: Investor seminars, Roadshow/IR Conference</li> <li>Annually: Shareholders meeting</li> <li>Ad hoc: Physical mail and replies</li> </ul>	<ul> <li>Corporate Governance and Business Integrity</li> <li>Climate Change Strategy</li> <li>Remuneration Benefits &amp; Employee Care</li> </ul>	<ul> <li>Recorded a net after-tax profit of NT\$ 14.9 billion in 2022, after-tax earnings per share of NT\$1.09, a return on shareholders' equity of 8.34%, and a net share value of NT\$13.01at the end of the year.</li> <li>Plans to improve its digital forensics capacity over the next 3 years and construct a security operation center</li> <li>Reviews the Risk Management Policy, risk appetite, limit transfer, and the integrated risk management report.</li> </ul>	Inclusion in Both Dow Jones Sustainability Indices (DJSI) World and DJSI Emerging Markets for 5 consecutive years since 2018.

Contents	Stakeholders	Significance to Taishin	Communication Channels	Main Concerned Topics	Corresponding Contents	Communication Resluts
About This Report Message From The Chairman Message From The President About Taishin Sustainability Project Sustainability Awards and Recognition <b>1. Sustainability Strategy</b> <b>1.1 Sustainability Core Strategy</b> <b>1.2 Identification of Stakeholders</b>	Competent authorities	Government policy and supervisory intensity directly affect the ways business operate and grow; Taishin adopts the principle of delivering top-notch performance under strict compliance with relevant laws	<ul> <li>Immediately: phone, e-mail or physical mail and reply</li> <li>Ad hoc: policy seminars and conferences, supervision and inspection exercises</li> </ul>	<ul> <li>Risk Management and Internal Control</li> <li>Green Operation Management</li> <li>Labor-Management Relations</li> </ul>	<ul> <li>All existing directors have met the requirements of "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies."</li> <li>Has zero tolerance to employees who commit major violation against work ethics, and report incident and assist the competent authority in various investigations.</li> <li>Reviews the Risk Management Policy, risk appetite, limit transfer, and the integrated risk management report.</li> </ul>	The internal evaluation result of the board of directors and functional committees in 2022 is "exceeding the target" (the external evaluation is performed every three years, and the latest external evaluation has been completed in 2021).
and Material Topics 1.3 Sustainability Implementation Framework and Performance 2. Sustainability Governance 3. Climate Strategy 4. Green Operations 5. Sustainable Finance 6. Smart Services	Suppliers	High-quality materials, equipment and stable working relationships are helpful for maintaining business operations and building a sustainable supply chain	<ul> <li>Immediately (contract renewed or newly): Supplier Commitment Statement</li> <li>Annually: human rights risk assessment and education, supplier self-assessment</li> <li>Ad hoc: business seminars, price negotiation meetings</li> </ul>	<ul> <li>Corporate Governance and Business Integrity</li> <li>Green Operation Management</li> <li>Human Rights and Gender Equality</li> </ul>	<ul> <li>Implement "Ethical Corporate Management Best Practice Principles".</li> <li>Recorded a net after-tax profit of NT\$14.9 billion in 2022.</li> <li>Implement the mechanism of supplier management and organize supplier conferences regularly.</li> </ul>	In 2022, Taishin adopted "From Zero to Hero: Conscientiousness and Sustainability for Net Zero Emissions" as the theme of the supplier conference to discuss how companies respond to net zero emissions and share Taishin's energy conservation measures for the net zero target.
7. Employee Care 8. Social Inclusion Appendix	Community	Opinions of the community and general public provide businesses with the motivation to direct attention towards public interest and cater for the benefits of the community and local residents	<ul> <li>Twice a week: Friday Noon Concerts</li> <li>Monthly: e-newsletter of Taishin Charity Foundation</li> <li>Annually: Christmas / Lunar new year festivals, Taishin Art Award, Power of Love campaign</li> <li>Ad hoc: community investment seminars, financial education camps, Taishin Volunteer events, activities related to charity/ arts/ sports/ academic etc.</li> </ul>	<ul> <li>Information and Transaction Security</li> <li>Green Operation Management</li> <li>Financial Inclusion</li> </ul>	<ul> <li>Focus on charity and welfare, arts and culture, sports sponsorship and academic exchange.</li> <li>Implement "Ethical Corporate Management Best Practice Principles".</li> <li>Actively build the cross-industry alliances to support core businesses and cooperate with FinTech.</li> </ul>	Brand preference and recognition: 91%
	Media	Conveying correct information to the general public helps maintain positive corporate image	<ul> <li>Immediately: press conference or seminar, spokesperson policy</li> <li>Ad hoc: media gathering</li> </ul>	<ul> <li>Corporate Governance and Business Integrity</li> <li>Green Operation Management</li> <li>Remuneration Benefits &amp; Employee Care</li> </ul>	<ul> <li>Publishes press releases or statements on major issues.</li> </ul>	Communicates important information in a timely manner, reducing damage to the Company because of incorrect information.

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# 1.2.4 Response to Matters of Concern to Stakeholders

### Chang Hwa Bank Investment Project

Taishin FHC participated in the open bidding for 1.4 billion preferred shares of CHB on July 22, 2005, and won the bid with a total price of approximately NT\$36.568 billion. Taishin FHC made the investment after obtaining approval from the Financial Supervisory Commission, and became the single largest shareholder of CHB. The Ministry of Finance issued an announcement and official correspondence in July 2005, and made a commitment to transfer control of CHB to the winning bidder. The correspondence reads: "The Ministry shall maintain its policy to support the largest shareholder in acquiring control over the bank, provided that the winning bidder remains the largest investor before the Ministry's shares are sold." The the Ministry agreed to support the winning bidder in acquiring more than half of director and supervisor seats in CHB. However, during the directors' election of CHB in 2014, breach of contract by the Ministry of Finance caused the Company to lose control over CHB, and the Company filed a civil lawsuit against the Ministry of Finance, the course of litigation is summarized below:

- Taiwan Taipei District Court confirmed on April 27, 2016 that there is a contractual relationship between the Ministry of Finance and the Company.
- The Taiwan High Court confirmed on May 17, 2017 that while the shares in Chang Hwa Bank held by the Ministry of Finance are not sold and Taishin FHC remains the largest shareholder of Chang Hwa Bank, and the Ministry of Finance shall support Taishin FHC's representatives in securing the majority of general director seats on Chang Hwa Bank's board of directors.
- The Supreme Court on May 23, 2019 reversed and remanded the original judgment that confirmed the contractual relationship between the parties and litigation expenses, and sent it back to Taiwan High Court for retrial.
- The Taiwan High Court (retrial) confirmed on August 21, 2020 that while the shares in Chang Hwa Bank held by the Ministry of Finance are not sold and Taishin FHC remains the largest shareholder of Chang Hwa Bank, and the Ministry of Finance shall support (including but not limited to) Taishin FHC's representatives in securing four general director seats on Chang Hwa Bank's board of directors. The parties have filed an appeal to the Supreme Court for parts of the ruling that they objected to.

The Company reached an agreement with the Ministry of Finance on August 10, 2022 to resolve the dispute, and withdrew its claims from the Supreme Court the same day.



### Improving the Conduct of Financial Advisors

### Background

With consideration to the importance attached by the competent authority, investors, customers, and media to the ethical conduct of financial advisors, Taishin Bank not only continued risk management measures for the conduct of financial advisors, but also adjusted the remuneration regulations for financial advisors in 2022, in order to create a corporate culture of compliance and treating customers fairly.

## Taishin's Response

- Taishin Bank established risk management mechanisms according to its risk management needs, and enhanced the management of financial advisors. If a financial advisor or branch manager is verified to have severely violated internal or external regulations, a penalty (including but not limited to reporting them to the Disciplinary Board, or Insurance Agent Disciplinary Committee) will be imposed on related personnel according to related regulations of Taishin Bank (including but not limited to the Employee Reward and Discipline Guidelines).
- Taishin Bank continues to improve the Financial Advisor Remuneration regulations and strengthens non-financial indicators, bonuses are directly linked to MBO to influence evaluations and remuneration of financial advisors, including adjusting the performance calculation rules for financial advisors to prevent financial advisors from engaging in improper sales for their bonus. Taishin Bank also linked the indicators "balanced product development" and "customer diversity" to the year-end bonus of financial advisors, in order to prevent them from only recommending a single product while neglecting the customer's product suitability.
- From the perspective of corporate governance, the conduct of financial advisors is an issue of compliance and ethical corporate management. Taishin Bank shows that it values the culture of compliance and ethical corporate management from the top down through a series of culture forming measures. Taishin Bank formulates the policy (including strategy) of the principle of fair treatment of customers, including promoting ethical corporate management culture and sound development, establishing internal accountability mechanisms and related measures. The Board of Director plays a supervisory role in related processes. The Legal & Compliance Division must collect the data described above each quarter and provide it to the Secretariat to be forwarded to directors.
- In addition to internal management measures, Taishin Bank continues to educate and communicate with customers. For example, Taishin Bank sends "Important Customer Rights" via EDM each quarter to explain restrictions and requirements on financial advisors. Furthermore, Taishin Bank put up warning signs in the lobby of branches, writing table, service counter, and desktop of financial advisors, and shows a promotional clip of "Measures to prevent financial advisors from embezzling customers' funds" at branches, on the official website, and during customer briefings.



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# **1.3 Sustainability Implementation Framework and Performance**

1.3.1 Sustainable Development Framework

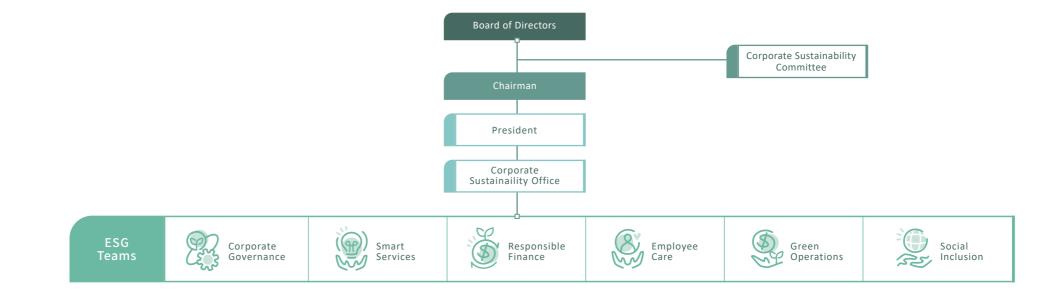
## Operations and Organizational Structure of the Corporate Sustainability Committe

Taishin FHC established the "Taishin FHC Sustainable Development Best Practice Principles" to implement corporate sustainability, and established the Corporate Sustainability Committee to oversee the sustainable development of Taishin FHC and its subsidiaries. The committee reports the results of sustainability actions and major plans to the Board of Directors each year, and supervises and manages the group's impact on the economy, environment, and people. Taishin amended the Taishin FHC Sustainable Development Best Practice Principles in 2022, and raised the level of the Corporate Social Responsibility Committee (CSR Committee) to a functional committee under the Board of Directors, and was renamed the Corporate Sustainability Committee (ESG Committee) to step up efforts for sustainable development.

Corporate Sustainability Committee members shall be directors of either Taishin FHC or its subsidiaries, and shall be appointed through a resolution from Taishin FHC's Board of Directors. The Committee shall be composed of at least three members, at least one of whom is an independent director of the Company. Its responsibilities include reviewing the sustainability policy and system, reviewing the strategic direction and annual plans for sustainable development, and other major topics requiring approval. After the sustainable development policy and system is approved by the committee, it must be submitted to the Board of Directors for review. The Corporate Sustainability Committee shall convene at least two meetings a year. Extraordinary meetings may be convened as needed.

Corporate Sustainability Committee members shall be directors of either Taishin FHC or its subsidiaries, and shall be appointed through a resolution from Taishin FHC's Board of Directors. The Committee shall be composed of at least three members, at least one of whom is an independent director of the Company. Its responsibilities include reviewing the sustainability policy and system, reviewing the strategic direction and annual plans for sustainable development, and other major topics requiring approval. After the sustainable development policy and system is approved by the committee, it must be submitted to the Board of Directors for review. The Corporate Sustainability Committee shall convene at least two meetings a year. Extraordinary meetings may be convened as needed.

A total of 2 meetings were convened in 2022, including the 2023 ESG Project planning, adjustment to the sustainability organization, establishment of a climate task force, review of the sustainability ethos, review results for SBT investment and lending goals, and the implementation status of sustainable finance. Annual sustainability results and major plans were also reported to the Board of Directors of Taishin FHC.



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	+ Major Sustainable Finance Milestones	
2022 -	<ul> <li>The Corporate Sustainability Committee was upgraded to a functional committee under the Board of Directors and a dedicated unit for implementing sustainable development was also established – Corporate Sustainability Office.</li> <li>Inclusion in DJSI World and DJSI Emerging Markets for 5 consecutive years.</li> <li>Received an AA rating, which is in the leader category, from MSCI ESG Research for 3 consecutive years.</li> </ul>	<ul> <li>SBTs were approved by the Science-based Target initiative (SBTi), and became the 3rd financial institution in Taiwan and the 5th in Asia to obtain approval for SBTs.</li> <li>Taishin established the ethos of "conscientious and sustainable green lifestyles" on its 30th anniversary, upholding the spirit of "conscientiousness" and working towards "sustainability" from year 30.</li> <li>Rated at the Leadership Level A- by the CDP.</li> </ul>
2021	<ul> <li>Named on both Dow Jones Sustainability Indices (DJSI) World and Emerging Markets for 4 consecutive years.</li> <li>Received the "AA" in the MSCI ESG rating for 2 consecutive years.</li> </ul>	<ul> <li>Credited as one of the Top 100 Companies with excellent performance in emerging markets for 3 consecutive years by the ESG rating agency, Vigeo Eiris.</li> <li>Commencement of the TCFD transaction counterparty climate sensitivity identification and assessment.</li> <li>Setting of Science Based Targets.</li> <li>Becoming on of the founding members of the Taiwan Alliance for Net Zero Emission.</li> </ul>
2020 -	<ul> <li>Both Dow Jones Sustainability Indices (DJSI) World and Emerging Markets for 3 consecutive years.</li> <li>Received the "Leader AA for the Finance Industry" in the MSCI ESG rating.</li> <li>Ranked on Carbon Disclosure Project A List for climate change.</li> </ul>	<ul> <li>Established the Environmental and Social Risk Management Sector Guidelines.</li> <li>Real estate scenario analysis for wholesale banking under the Task Force on Climate-related Financial Disclosures (TCFD) framework.</li> </ul>
2019	<ul> <li>Continued to be included in the "World Index" and "Emerging Market Index" under the Dow Jones Sustainability Index (DJSI).</li> <li>Recognized as the 100 most advanced companies in Vigeo-Eiris Emerging Market Universe.</li> <li>Continued to won Taishin a climate change rating of B in CDP 2019.</li> </ul>	<ul> <li>Signed the Equator Principles.</li> <li>Became a supporter of TCED.</li> <li>Adopt ISO 45001 - Occupational Health and Safety Management Systems.</li> <li>Held the first supplier conference.</li> </ul>
2018 -	<ul> <li>Inclusion in Both Dow Jones Sustainability Indices (DJSI) World and Emerging Markets in 2018.</li> <li>Established "Green Finance Principles"</li> <li>Adopt ISO 14001 - Environmental Management System</li> <li>Expanded ISO 14064 GHG Emissions Survey to the entire bank branches</li> </ul>	

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# 1.3.2 Sustainable goals and KPIs

Taishin referenced the GRI Standards and provided a comprehensive explanation of the boundaries, risks and opportunities, and management strategies of all 19 sustainability issues. We continue to disclose our commitments and implement management. The boundaries of the value chain start from upstream procurement to the development of Taishin's own operations, products, and services, sales, and end-user usage. We clarify the location of the impact based on the methods including direct, facilitated, and business relations. In addition, we also assign related departments to verify the possible risks and opportunities of the 19 sustainability topics on Taishin. By establishing policies, embracing accountability, and active actions, we use the management strategies to avoid, mitigate, and transfer the impact of risks, and identify Taishin's opportunities to develop future business opportunities. In 2022, except for one performance indicator (hours of corporate volunteer participation) that did not reach the pre-set target due to the escalation of the epidemic and the suspension of related activities, the rest will all meet the targets. The short-term, medium-term and long-term goals set by the sustainability issues are described below:

Sustainability Issues in 2022	Key Performance Indicator	Achievement in 2022	2024	2025	2030
	Corporate governance evaluation ranking	Maintain exceptional performance	Maintain exceptional performance	Top5%	Top5%
Corporate Governance and	Board of directors performance valuation	above 90%	Score 80% or above in internal performance evaluations	Maintain good performance in internal and external evaluations	Enhance performance of the board of directors and functional
Business Integrity	Directors attendance rate	100%	Maintain above 80%	Maintain above 80%	committee and create long-term value for shareholders, businesses, customers and employees
	Integrity course completion rate	100%	100%	100%	100%
	Group's capital adequacy ratio	135.56%	≥ 100%	≥ 100%	≥ 100%
Risk Management and Internal Control	Department compliance assessment pass rate	100%	100%	100%	100%
	Risk Management Committee members' attendance rate	100%	Above 90%	Above 90%	Above 90%
	Hacker attacks that caused operational or business impact	No incidence	No incidence	No incidence	No incidence
Information and Transaction Security	Annual hours of external information security education of information security professionals	15 hrs	15 hrs	20 hrs	30 hrs
	Customer complaints about the leakage of personal or sensitive data due to phishing	No case	No case	No case	No case
Business Continuity and Technology Risk Management	Frequency of performing business continuity drills	completed a drill	At least once a year	At least once a year	At least once a year
	Supplier Commitment Statement signing rate	100%	100%	100%	100%
Supplier Sustainable Management	Regular audits of major suppliers (Tier one) Note: Major suppliers have a procurement amount of NT\$2.5 million and above. Due to the different types of procurements by the General Affairs Department, major suppliers are further divided into level 1 and level 2 by amount.	10%	15%	20%	100%
	Annual growth rate of green procurement amount	NT\$95,462,474 (30.7% increase compared to 2021)	1%	1%	1%
Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT)	AML/CFT education completion rate	100%	100%	100%	100%
Sustainable Finance*	Green Finance Business Development	Issued 1 ESG fund	Introduce the Equator Principles mechanism and draw up "Environmental and Social Risk Management Sector Guidelines"	Develop and implement the industry specific environmental and social risk management mechanisms	Green financial products (such as green finance funds) are offered; The proportion of green financial services (such as green investment) are increased
	SBT science-based goals	Making SBT ommitments and setting goals	Periodically compile inventories and track SBTs for Scope 1-3 emissions	Guide low-carbon investment and financing in accordance with the set investment and financing goals gradually	Achieve the goals set by SBT, and continue to review gradually



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Sustainability Issues in 2022	Key Performance Indicator	nance Indicator Achievement in 2022		2025	2030
FinTech/ Digital	Numbers of Cross-industry collaboration partners	5	7	10	15
Innovation	Process robot working hours	6,200 hours/month (target > 5,000 hours/month)	> 6,500 hours/month	> 8,500 hours/month	> 10,500 hours/month
	Retail banking customers satisfaction	86.0%	86.7% 0.33%improvment over the previous year	87% Achieve the desired goal 87%	87% Maintain ideal goal 87%
Customer Relationship Management	Securities customer satisfaction	86.44% (goal : 85%)	86.5%+	87% Achieve the desired goal 87%	87%
	Percentage of banking customers' complaints resolved within timeframe	100%	100%	100%	100%
Privacy Protection	Personal information protection education completion rate	100%	100%	100%	100%
Financial Inclusion	Richart usage	5.4% growth	Maintain growth	Maintain growth	Maintain growth
Financial inclusion	Number of online transactions	25.4% growth	9% growth	Maintain growth	Maintain growth
	Renewable energy promotion results	759.3 thousand kWh (Reached about 1.8% for renewable energy use)	8.7 million kWh (Reached about 21% for renewable energy use)	10.7 million kWh (Reached about 26% for renewable energy use)	100% for renewable energy use
Climate Change Strategy	TCFD Implementation	Include climate risk into business evaluations	Complete implementation and evaluate climate sensitive industries	Analyze the financial impact of climate change	Analyze other sensitive industries Adjust management and climate strategies in response to analysis results Improve climate governance mechanisms
	Greenhouse Gas Emission Reduction (The base year for SBT figures including Taishin Life Insurance is 2019 = 22,223 tCO2e)	21,449	21%	25%	46%
	Electricity consumption reduction (Base year 2018 =44,864,147 kWh)	40,199,251 kWh	6%	7%	12%
Concern Operation	Water usage reduction (Base year 2018 =14.65 kiloliter/ per person)	12.35 kiloliter/per person	4%	4.5%	5%
Green Operation Management*	Waste reduction (Base year 2018 =0.0758 ton/per person)	0.0704 ton/per person	4%	4.5%	5%
	Scope of ISO verification and certification	<ul> <li>14064 : Taishin FHC</li> <li>14001, 50001 : Taishin Tower, Neihu Building</li> </ul>	<ul> <li>14064 \ 14001 : Taishin FHC</li> <li>50001 : Taishin Tower, Neihu Building</li> </ul>	<ul> <li>14064 \ 14001 : Taishin FHC</li> <li>50001 : Taishin Tower, Neihu Building</li> </ul>	• 14064 \ 14001 \ 50001 : Taishin FHC
	Enhance reputation as an employer	Jointly implemented internship programs with over 80 universities and provided over 490 students with the opportunity to experience the workplace in advance.	Establish diverse recruitment channels in campuses	Expand recruitment channels local and abroad, and continually manage the external talent bank	Develop reputation as a preferred employer for attracting talents
Hiring and Talent Development*	Employer Reputation Enhancement	Jointly implemented internship programs with over 80 universities and provided over 490 students with the opportunity to experience the workplace in advance.	Establish diverse recruitment channels in campuses	Expand local and abroad recruitment channels. Continuously managing the external talent bank	Develop reputation as a good employer for talent attraction
	Retention rate of top talents	93%	93%	93%	93%
	Project implementation rate of Succession Development Program	100%	100%	100%	100%

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Sustainability Issues in 2022	Key Performance Indicator	Achievement in 2022	2024	2025	2030
Remuneration, Benefits & Employee Care	Offering of competitive compensation package	Selected in TWSE "Taiwan High Salary 100 Index" by the Stock Exchange for 9 consecutive years	To be selected in TWSE's "Taiwan High Compensation 100 Index"	To be selected in TWSE's "Taiwan High Compensation 100 Index"	To be selected in TWSE's "Taiwan High Compensation 100 Index"
	Number of Major Occupational Accident Cases	Passed ISO45001 occupational safety and health management system certification	100% improvement rate of internal/external audit defects	Bank-wide completion of safety and health training - 100%	ISO 45001 certification and completeness of management organization (availability of branch safety and health officer/ first-aid officer) - 100%
	Case of major occupational hazard incidents	0	0	0	0
Occupational Health and Safety Labor-Management Relations	Improved health management for high-risk groups	The result of the previous health check was severe, and the health management coverage of abnormal groups was 100%	The result of the previous health check was severe, and the health management coverage of abnormal groups was 60%	The result of the previous health check was severe and moderate, and the health management coverage of abnormal groups was 40%	The result of the previous health check was severe and moderate, and the health management coverage of abnormal groups was 50%
	Infectious disease	100% employee health anomaly and contact history reported	100% employee health anomaly and contact history reported	Published 30 health education contents for emerging communicable diseases	Continuous implementation of workplace vaccination for influenza or emerging communicable diseases
	Employee Engagement Survey Execution Rate	100%	100%	100%	100%
Human Rights and Gender	Human rights training completion rate	100%	100%	100%	100%
Equality	Case of discrimination or sexual harassment	0	0	0	0
	Corporate volunteering hours (Note1)	7,558	12,000	12,000	Enforcement of the volunteer system
Social Involvement	Support for charity organizations	<ul> <li>Held 1 physical and 5 online SDGs sustainable workshops, with a total of 511 staff members of social welfare organizations participating.</li> <li>Organized a public welfare tree planting plan for mutual benefit. Taishin purchased 4,000 Taiwan camphor tree seedlings and provided them to 12 social welfare groups in Taitung area referred by the Taishin Bank Charity Foundation for cultivation.</li> <li>The social welfare organizations involved in the "Power of Love" project must comply with the United Nations SDGs for their public welfare proposals. A total of 178 social welfare organizations received donations from Taishin.</li> </ul>	Host Power of Love workshops and promote high-quality social welfare organizations through Podcasting marketing.	Expand the organization of training courses, handle ESG/ SDGs courses, and assist social welfare to integrate with enterprises.	Cultivate social welfare groups, strengthen regional management, and continue to train non-profit organizations in the use of technology.
	Expansion of Taishin Arts Award	Selected 17 shortlisted works, winners of 3 major awards, and sponsored the promotion project for 12 selected works. 2022 marked the 20th anniversary of the Taishin Arts Award. Besides producing a film on the past two decades, we collaborated with the Museum of National Taipei University of Education (MoNTUE) in organizing "NEXT: Taishin Arts Award 20th Anniversary Exhibition," and invited over 40 winners from the past to participate in the exhibition, which attracted over 14,000 participants.	<ul> <li>Integration of the foundation's official website, website members, and database was completed.</li> <li>Completed a new version and optimization of the ARTalks website.</li> <li>Promoted and supported exchanges of works in the Taishin Arts Award with international exhibitions.</li> </ul>	The online art review platform supports the exchange of artists with enterprises and the public through the cooperation and promotion of exhibitions.	With the art awards as the main theme, we have created a new promotion project with the aim of supporting contemporary artists and public promotion.

Note1: The participation hours of corporate volunteers in 2022 did not meet the standard, due to the increase in the number of confirmed cases of the epidemic, the suspension of related activities and volunteer visits. Note2: Those marked with "\*" were the three material issues(Sustainable Products& Services Human Capital& Development Talent Environmental Management System) that have the greatest impact on Taishin's business.



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# **2.1 Corporate Governance and Business Integrity**

# 2.1.1 Governance Framework

Taishin upholds the corporate values of "integrity, commitment, innovation, and collaboration" and integrated resources from multiple dimensions to ensure the Company's operation efficiency and reduce operational risks. In 2022, we organized continuing education courses on sustainability issues for directors, pushed major subsidiaries to establish Corporate Governance Best Practice Principles, and raised the level of monthly risk management meetings to continue improving our corporate governance performance. In terms of corporate governance, Taishin has maintained good performance in the "Corporate Governance Evaluation" organized by Taiwan Stock Exchange Corporation and was selected as a constituent of the "Taiwan High Compensation 100 Index" in June 2015. We have also been selected in the Dow Jones Sustainability Index (DJSI) Sustainability World Index and Emerging Markets, which are closely monitored by global investors, for five consecutive years since 2018. Taishin was given an AA rating, which is in the leader category, from MSCI ESG Research for 3 consecutive years since 2020.It is evident that Taishin has received international recognition from investors for its corporate governance performance.

Taishin FHC believes that a robust corporate governance framework combined with an efficient board make the foundation for sound corporate governance. A strong framework not only improves corporate governance and risk management performance, but also enables the management full control over the Company's business strategies, goals and execution, and enhances its ability to lead the Company through changes in the economic cycle and competitive environment.



### Operating Status of Functional Committees in 2022

Commitee	Convener	Meetings	Attendance Rate
Audit Committee 🔗	ttee & Chang, Min-Yu (Independent Director) 12 times		100%
Remuneration Committee ∂	Lin, Yi-Fu (Independent Director)	ector) 3times	100%
Risk Management Committee ♂	4TIMAS		100%
Nomination Committee 🔗	Kuo, Jui-Sung (Director)	2times	100%
Corporate Sustainability Committee 🔗	ability Wu, Iong-Llang, (New committee established		100%

# 2.1.2 Composition and Functionality of the Board of Directors

## 1. Composition of the Board of Directors

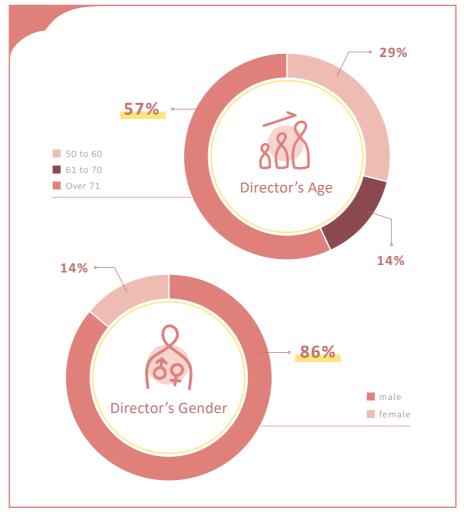
Taishin FHC elects its board members according to the "Taishin FHC Director Election Policy." Taking the diversity into account, composition of the board of directors is not limited by gender, age, ethnicity and nationality, we also takes into consideration of their knowledge and skills.

At least three directors are nominated by the Board of Directors to form the Nomination Committee, more than half of all members must be independent directors. The Nomination Committee recommends a list of director candidates after comprehensively considering independence, professionalism, and diversity (The nomination and selection of directors in the future will evaluate whether the candidate has the ability to manage the impact of the organization) according to Taishin FHC Regulations Governing the Election of Directors. The Board of Directors then votes on the candidates, the impact of candidates on the organization's management ability will be evaluated when nominating and selecting directors in the future. Please see the Taishin FHC 's official website for details on the member selection method and qualifications for functional committees under the Board of Directors.

The board of directors serves a term of 3 years. The current board was elected in July 23,2021, comprised of <u>7 members</u>, including 3 independent directors (1 of whom was female and a certified public accountant). As of December 2021, members of the current board averaged 13.42 years in service. Three of the directors are independent directors, accounting for 42.85% of all directors.



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Board members exhibit <u>diverse backgrounds</u> that cover a wide range of expertise including: banking, securities, investment, insurance, other industries, SME, accounting, leadership, international experience, government and public policy, non-profit organization, information technology, and academic research. All directors possess the relevant risk management experience and expertise needed to supervise major decisions of the management team. Independent directors are appointed according to TWSE's "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," and the Chairman does not hold any concurrent position as senior manager. Directors' independence is one of the ways through which the Company enforces sustainable governance.

Title	Name	Number of public listed companies in which the Director serves concurrently as a director (Note1)	Independence of Directors (Note2)	GICS Level 1
Chairman	Wu, Tong-Liang, Representative of Chia Hao Co., Ltd.	0		<ul> <li>Financials</li> <li>Industrials</li> <li>Consumer Discretionary</li> </ul>
Director	Wu, Cheng-Ching, Representative of TASCO Chemical Co., Ltd.	0	0	<ul><li>Financials</li><li>Energy</li><li>Industrials</li></ul>
Director	Kuo, Jui-Sung, Representative of Hsiang-Chao Co., Ltd.	1	0	<ul><li>Financials</li><li>Industrials</li><li>Utilities</li></ul>
Director	Wang, Chu-Chan, Representative of Santo Arden Co., Ltd.	0	0	<ul><li>Financials</li><li>Industrials</li></ul>
Independent Director	Lin, Yi-Fu	3	0	<ul> <li>Financials</li> <li>Healthcare</li> <li>Consumer Discretionary</li> </ul>
Independent Director	Chang, Min-Yu	0	0	<ul><li>Financials</li><li>Communication</li></ul>
Independent Director	Kuan, Kuo-Lin	0	0	Financials

Note1: Taishin Financial Holdings and Taishin Bank / Taishin Life are calculated as one company and not separately calculated. The number published in the 2018-2019 CSR Report indicated the number of all companies in which the Director serves concurrently as a director. The number in the 2020 CSR report is the number of the Director serves as a Director in listed company.

- Note2: The Company reviews the independence of Directors in accordance with the independence criteria defined in domestic laws (Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies) review the independence of each director and disclose it in the annual report, and also implements the following independence review criteria (i.e., Directors must meet at least 4 of the 9 following indicators and meet at least 2 of the first 3 indicators):
  - 1. The Director has not been employed as a senior executive of the Company at any time during the past year. 2. The Director or his/her family member did not accept any compensation from the Company or any of its
  - subsidiaries exceeding US\$60,000 in current fiscal year unless otherwise permitted by the US SEC 4200 clause.
  - The Director's family members have not been employed by the Company as senior executives.
     The Director is not a consultant of the Company or the management team and has no conflict of interest with consultants of the Company.
  - The Director has no conflict of interest in the Company's main customers or suppliers.
  - The Director has not entered into any service contract with other companies or suppliers.
  - 7. The Director has no conflict of interest in non-profit organizations whose main sources of revenue are donations from the Company.
  - 8. The Director has not been employed and has not served as a partner of the Company's external auditor at any time during the past three years.
  - 9. The Director has no conflict of interest with the independent operations of the Board of Directors.
- Note3: The chairman presides over the highest governance body (Board of Directors) of Taishin FHC, and the president is a senior manager.

# 2. Avoidance of Conflicting Interests

According to the conflict of interest rules specified in Taishin FHC's "<u>Board of Directors</u> <u>Meeting Policy</u>," all directors are required to disclose any interests they (or the companies they represent) may have in the proposed motion. If their interests pose a conflict against those of the Company, the directors will be instructed to disassociate from further discussion and voting of the motion. Furthermore, they are not permitted to exercise voting rights on behalf of other directors.



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#### 3. Directors' Continuing Education

To enhance corporate governance, Taishin not only invites the industry's elites to undertake director position, but also devotes significant attention to directors' continuing education and training. All existing directors have met the requirements of "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies," and average about 13.57 hours of continuing education each in 2020. Experts from Taishin Securities Investment Advisory are invited to brief and keep the directors updated on global political and economic trends on a monthly basis.

We plan continuing education for Directors based on the economic and environmental conditions of the current year and we shall continue to organize courses on corporate governance, risk management, business, commerce, accounting, law, anti-money laundering, countering terrorism financing or Corporate Sustainability to strengthen the professionalism and capabilities of Directors and grasp the latest management trends. The Company's Nominating Committee referenced the Group's policies, plans, and other topics to plan the Directors' continuing education courses for the year:

- 1. Risk management and regulatory compliance: The Company provides Directors with the necessary information on business development trends and corresponding risk types including but not limited to anti-money laundering and counter terrorism financing, digital banking risks, overall information security management and risk assessment, and creation of a corporate culture of compliance.
- 2. Industry trends and corporate governance: Provide industry trends and corporate governance-related information in accordance with the strategic direction of the Taishin FHC, including but not limited to climate finance trends and sustainable development, the application of digital finance in the market, and the recent development of financial technology and financial supervision technology.

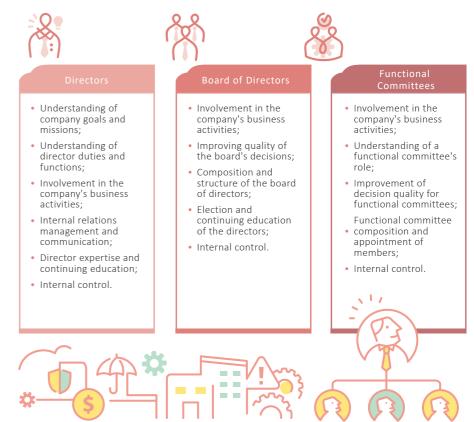
3. Courses required based on regulations or requirements of the competent authority.

2022	Course	Number of Directors in attendance	Number of hours	Total Participation hours
	Climate finance trends and sustainable development	7	3	21
	FinTech and AML	7	3	21
	Taishin 30 Sustainability and Net Zero Summit – Transform to Net Zero	6	3	18
	Corporate Governance Forum – Friendly Financial Services that Treat Customers Fairly	5	3	15
Courses completed by Directors	Corporate Governance Forum – Management of Treating Customers Fairly from the Perspective of Corporate Governance	4	3	12
by Directors	Sustainable development roadmap industry promotion	1	2	2
	Announcement of guidelines for independent directors and the Audit Committee to perform duties and meeting for directors and supervisors in 2022	1	3	3
	International Economic Situation, China's Political and Economic Changes, and Responses of Taiwanese Businesses	1	3	3
Total		32	-	95
Average train	ing hours per Director		13.57	

#### 4. Performance of the Board of Directors

Taishin held 14 Board of Directors meetings in 2022, and averaged an attendance rate of 100%. According to the "Regulations of the Board Performance Evaluation," including performance evaluation of functional committees, the organization is required to conduct internal assessments at least once a year and external assessments involving outside experts at least once every three years. The internal assessment was implemented in 2016 and the latest round was completed in 2022. The external assessment has been implemented since 2018 and the latest round was completed in 2021. The assessment results have been disclosed in the Annual Report (data based on information from the most recent round prior to the publication date of the Annual Report) and the "Corporate Governance" section on the Company's website. We have established an objective evaluation system to enhance the performance of Directors. In addition to the items listed below, the ability to manage impacts on the organization will be included in the Company's board performance evaluations in the future.

#### Self-Assessment Dimension





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#### 2.1.3 Remuneration Policy of Senior Executives

Taishin FHC has established the Remuneration Committee under the Board of Directors and three Independent Directors currently serve as members of the Committee. Remuneration for directors and managers of Taishin FHC is annually recommended by the Remuneration Committee after taking into consideration various factors such as peer level, individual performance, corporate performance and future risks while taking into consideration the remuneration policy, system, standards and structure, and is ultimately subject to board of directors' review.

Taishin FHC has adopted a long-term incentive program for managers since 2012 that includes a deferral and clawback mechanism. Managers' execution bonus is linked to the Company's long-term share price and deferred by up to 5 years. This system not only reflects future equity value, but also associates managers' compensation more closely with the Company's performance. A recall clause has also been implemented to empower Taishin to call back unpaid incentives should managers violate the employment contract or exhibit any significant error or deterioration in work performance.

Deliberated by the Remuneration Committee and approved by the Board of Directors, Taishin FHC has established the "Directors' Remuneration Payment Standards" and "Directors' Remuneration Payment Method" as the basis for the directors' remuneration policy. Directors' remuneration standards are determined based on the Company's business performance, industry standards, director's juristic person representative experience and qualifications, degree of participation in the company's operation and management, and contribution to performance. In order to link the reasonableness of the correlation between the company's operational performance and future risks, the Company considers the business risk situation, and after deliberation by the Remuneration Committee and approval of the Board of Directors, plans a deferral mechanism for directors' remuneration to link future risks; during the deferred period, only when there is no specific evidence of the misconduct that shall be attributed to the director, which causes the shareholder to initiate a lawsuit or legal procedure against the company / Board of Directors, and the company / Board of Directors is determined to be held responsible by a court judgment or a ruling by a relevant agency, can the deferred remuneration will not be paid. If any director commits the aforementioned misconduct, such retained remuneration will not be paid.

#### Performance and Compensation Dimensions for the President and Managers

Assessment Dimensions	Content	Weight (%)	Description			
Managerial Capabilities	Practice enterprise core value	50%	Including recognizing and practicing core values (i.e., integrity, commitment, innovation, and collaboration) and demonstrating Leadership.			
	Financial indicators		Including profitability, growth rate, market leadership, return on equity, etc.			
Goal Achieving and Performance	Non-financial comprehensive indicators	50%	Including Climate change, risk management, asset quality and process innovation and control, corporate image, talent management and development, etc.			
Other	business strategies (e.g., inte and carbon reduction, and c	hable Development Goals (SDGs) are incorporated into the cernal and external audits, compliance, energy conservatio other corporate governance and environmental initiatives on the Company conducts performance evaluations and es.				

#### 2.1.4 Business Integrity Policy and Implementation

To establish a strong corporate governance and risk management system that guides employees' behaviors and decision process. Taishin performs business activities in accordance with competition laws, and has integrity and governance rules in place to support integrity corporate culture of the organization and healthy development.

Taishin FHC's Board of Directors established the <u>Ethical Corporate Management Best</u> <u>Practice Principles</u> to build the Company's corporate culture and healthy development of ethical corporate management. The principles are applicable to directors, managers, employees, subsidiaries, and other companies or legal entities directly or indirectly controlled by the Company. The principles mainly prohibit directly or indirectly offering, promising, requesting, or accepting any improper benefits, or engaging in other unethical, illegal conduct or breach of fiduciary duty to acquire or maintain interests in business activities.

For the basic concepts of honesty, integrity, and discipline to strike root, Taishin FHC's president established the <u>Employee Code of Conduct</u> applicable to all employees working at the Company. The Employee Code of Conduct expressly states that any individual who agrees to hold a position at the Company will be responsible for abiding by relevant laws, the code of conduct, policies and internal regulations of each units from the day they report for duty. If an employee discovers any situation that may be in violation of the Employee Code of Conduct or the policies and internal regulations of each unit, the employee is obligated to report it to management or related units.

Taishin continues to provides new employees and incumbents with information about the code of conduct through internal education and training courses and quarterly regular online promotions. All employees 100% declare that they agree to follow the code of conduct. In the event of a violation, severe penalties shall be imposed in accordance with regulations to implement compliance risk management.

Furthermore, to ensure that responsible business conduct is applicable to key stakeholders that build business relationships with us, Taishin FHC's Board of Directors established the <u>Taishin FHC Sustainable Development Best Practice Principles</u> applicable to all business activities of Taishin FHC and its subsidiaries. Please see 7.5 Human Rights and Gender Equality for details on the Company's human rights policy and commitment. Please see <u>2.5</u> <u>Supplier Sustainable Management</u> and <u>Chapter 5 Sustainable Finance</u> for management policies and regulations established for stakeholders, such as suppliers, customers, and investment targets.

#### 1. Risk Assessment

The Company has implemented an unethical conduct risk assessment mechanism and established Ethical Corporate Management Best Practice Principles. In order to implement ethical corporate management, we have management regulations in place for business activities with relatively high risk of unethical conduct, such as offering or accepting bribes, offering illegal political donations, improper charity donations or sponsorship, and offering or accepting unreasonable gifts, hospitality, or other improper benefits. The internal audit unit inspected compliance with the Ethical Corporate Management Best Practice Principles based on unethical conduct risk assessment results, and did not find any major deficiencies. The audit plan has listed "Examine compliance with the Ethical Corporate Management Best Practice Principles based on unethical conduct risk assessment results" as a key audit matter. Taishin FHC and its subsidiaries all conducted unethical conduct risk assessments in 2022.

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#### 2. Policy Communication and Training and Education

In terms of governance body, 100% of Taishin FHC's directors have signed a statement of compliance with ethical corporate management. In terms of employees,

Taishin Bank holds large-scale training courses for the entire Company every year. Relevant units within the Company also hold short but intensive training courses for their businesses each guarter to instill the concept of fair customer treatment in employee conduct. In 2022, internal corporate integrity courses received 31.254 enrollments and delivered 46.240.92 hours of training in total. 100% of employees had completed their training during the year.



0

All new employees are required to complete courses on corporate ethics, anti-corruption and anti-bribery, held on a monthly basis, in order to promote more in-depth understanding of the Company's behavior guidelines. In 2021, the above courses received 6.409 enrollments and delivered 4.065.96 hours of training New Employees in total. 100 % of new employees had completed their training during the year.



Through mandatory courses and regular Intranet publications, the Company communicates with employees on a quarterly basis to enhance compliance awareness. In 2022, internal corporate integrity courses received 31,254 enrollments and delivered 46,240.92 hours of training to the above employees. All Staff 100 % of the above employees had completed their training during the year.



In terms of business partners, the Company established Supplier Maintenance & Management Regulations as the basis for supplier selection and tendering for procurements. Taishin works with over 400 suppliers every year. When selecting suppliers, we consider their code of ethics and ensure that 100% of suppliers sign the Supplier Commitment Statement. Please see 2.5 Supplier Sustainable Management for details on supplier evaluation and management procedures.

#### 3. Supervisory Mechanism

The Company established the "Taishin FHC Employee Reward and Discipline Guidelines". In the event an employee violates internal or external regulations or the "Employee Code of Conduct", the Company will deliver the penalty case to the Staff Conduct Review and Staff Performance Appraisal Committee (Personnel Review Committee) of Taishin FHC for review. For employees found to have violated professional ethics in investigations, the Company maintains a zero-tolerance policy and shall dismiss them based on a resolution of the Personnel Review Committee and actively notify the competent authorityFurthermore, the Company has taken preventive and improvement measures in response to personnel violations in recent years, including: I. Letting new employees and current employees fully understand the Employee Code of Conduct through internal training courses and guarterly online communication. All employees are required to issue a statement that they agree to comply with the Employee Code of Conduct. II. Letting new employees and current employees understand Common Types of Violations and Penalty Standards through periodic online communication. All employees are required to issue a statement of compliance. Hence, even though the Company intensified audits of violations with medium and high risk (e.g. transactions with customers, not implementing KYC, etc.) and adopted stricter standards for imposing penalties in 2022, the total number of cases significantly decreased compared with the previous year. The number of employees terminated due to violation of the Work Rules significantly decreased to 5 employees.

#### 4. Reporting Channels

Taishin established a whistleblowing system to build a corporate culture of integrity and transparency and to achieve sound operations. If a crime, corruption, or violation is discovered, it can be reported through the following channels:

#### 1. Letter: Mail to

"Taishin FHC Whistleblowing Mailbox" at No. 118, Sec. 4, Renai Rd., Taipei City.

2. mailbox: whistling@taishinholdings.com.tw

#### 3. Hotline: (02)2325-6076

Furthermore, To encourage report of violations and dishonest conducts, Taishin has implemented a broad variety of communication channels (including hotline, e-mail and physical mailbox) and taken actions to protect employees from retaliation and discrimination for reporting misconduct or participating/assisting in the investigation.



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<ul> <li>Employee Violation Cases</li> </ul>
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			Description/ improvements
Case category / count (Note)	Number of cases	closed cases	
Rules on Business Ethics	0	0	We continue to promote the Employee Code of Conduct through different channels and strengthen training on professional ethics and operation regulations for new employees.
Avoidance of Conflicting Interests	3	3	We establish clear boundaries and penalties for violations in transactions with customers. We continue to use the HR website to publish reminders at regular intervals. We also strengthen the mechanisms for monitoring cash flow between sales personnel, their related accounts, and their customers, and include them as key review points for the daily exception report for supervisors of all levels.
Gifts and treats (including corruption and bribery)	0	0	We continue to communicate provisions of the Employee Code of Conduct on gifts and treats through diverse channels.
Personal Information Protection	13	13	After communicating the importance of personal data protection with units, and establishing clear boundaries and penalties for violations in the protection of customers' personal data, the number of cases significantly decreased in 2022. We will continue to share examples of penalties imposed by the competent authority for violations during periodic compliance communication events in 2023, and will require the unit that violators belong to and their supervisor to fulfill their responsibility of supervision.
Information Integrity	21	21	After continuous training on the importance of KYC procedures, supervision, and enhancement of automatic inspection mechanisms for the sources of funds in transactions.
Protection of Business Secrets (including insider trading)	5	5	In 2022, all violations of business secret maintenance cases involved the use of computer account passwords among employees, and there was no violation of insider trading.We continue to use all channels to specify the importance of maintaining the confidentiality of trade secrets, including strictly prohibiting all insider trading, requiring employees to maintain the confidentiality of the business or projects they are participating in, and requiring the password of computer systems to be kept safe and periodically updated. Meanwhile, we established punitive measures for failure to implement password retention and use the HR website to publish reminders at regular intervals. We also include them as key review points for the daily exception report for supervisors of all levels.
Fair Trade	2	2	We continue to emphasize the importance of compliance with financial consumer protection regulations and fair customer treatment principles to related business units.
Anti-discrimination	0	0	We continue to use different channels to communicate anti-discrimination regulations and no violations have occurred for four consecutive years.
Sexual Harassment	0	0	We will continue to use different channels to communicate the regulations on sexual harassment prevention, complaints, and penalties. No violations have occurred in the past 2 year
Others	23	23	As the subsidiary Taishin Securities enhanced key business audits and elevated the standards for the penalties for discrepancies in the conduct of securities service personnel, the number of cases in 2022 increased substantially. We have increased the superviso-ry responsibilities of direct supervisors in 2022 and we will continue to strengthen the management of related business operations to increase employees' risk awareness.
Total	67	67	Where the violation is minor, the employee shall be given a verbal or written warning. The decision on the penalty shall be announced on the Company's internal website as a warning.

Note1: The case category is mainly determined by the main violation which is used to calculate the number of cases.

Note2: The increase in "Other" violations in 2022 was mainly due to subsidiaries intensifying audits of their business and raising the standards for punishing deficiencies. The responsible supervisors were charged with the task of strengthening communication and management mechanisms in 2022, and supervision responsibility of direct supervisors was increased. Note3: All of the cases are closed during the year



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#### 2.1.5 Membership in associations

Taishin FHC and its subsidiaries participated in 31 domestic and overseas associations in 2022, in hopes of driving the stable development of its financial business through exchanges and cooperation with peers in the industry. For the promotion of its financial business, Taishin Bank participates and plays an important role in many domestic and overseas associations, such as the Bankers Association of the Republic of China, Bankers Association of Taipei, Chinese National Association of Industry and Commerce, and Monte Jade Science & Technology Association of Taiwan. With regard to international exchanges, Taishin participates in the ROC-USA Business Council, Taiwan-Japan Cultural and Economic Association, and Cross-Strait CEO Summit. As for corporate sustainability, Taishin also participates in the ACGA in respond to the trend of sustainable development. Furthermore, Taishin Securities, Taishin Securities Investment Advisory are either representatives or directors/supervisors of the relevant national industry association. Taishin paid a total of NT\$6,423,525 in 2022, in which the highest amount was paid to the Bankers Association of the Republic of China NT\$2,449,405, followed by the Chinese National Association of Industry and Commerce (NT\$717,500), FinTechSpace (NT\$500,000), and Fin & Tech Innovation Village (NT\$450,000).

### 2.1.6 Information Transparency

Taishin FHC facilitates communication with stakeholders through diverse information disclosure channels. Stakeholders that have any concerns or recommendations for our sustainable operation and responsible business practices can access the information through related channels, or communicate with us through communication channels.

	Channel	Description
	The Market Observation Post System (MOPS)	Financial information and other material announcements are posted onto the Market Observation Post System in a timely manner.
(§)=	Analyst Meeting and Shareholders' Meeting	Taishin organizes analyst meetings $\mathscr{P}$ on a quarterly basis and shareholders' meeting on an annual basis.
	Investor conferences and roadshows	<ul> <li>The Company occasionally participates in domestic and foreign investor conferences and roadshows to update investors on the Company's latest operations and financial results.</li> <li>From 2020 until the first half of 2022, Taishin communicated with investors through video and telephone conferences in coordination with the epidemic prevention policy. As the pandemic was gradually brought under control and after restrictions were lifted at the end of 2022, Taishin has since participated in two roadshows in Asia and Europe.</li> </ul>
	Official Website	<ul> <li>Financial and non-financial information is posted on to the website of the financial holding company in a timely manner.</li> <li>The Investor Relations <i>e</i> section provides investors with updates regarding corporate governance, shareholder services, major announcement, financial data, analyst meeting briefings and broadcasts, financial statements, and annual reports.</li> <li>The official website Corporate Sustainability <i>e</i> Section demonstrates sustainable ideals and practices.</li> </ul>
8-38	Contact	<ul> <li>The website contains a "Contact Us"          <i>P</i> page available in Chinese and English which provides customers, investors, employees, suppliers, other communities, and the media communication channels to present their opinions.</li> </ul>

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### 2.2 Risk Management and Internal Control

#### 2.2.1 Risk Management System

#### 1. Operations of Risk Management Committee

Taishin FHC has a Risk Management Committee in place. According to "Organization Rules of Risk Management Committee" Taishin FHC Risk Management Committee Foundation Principles," the committee shall have at least 3 members, chosen from existing directors with more than half of whom being independent directors. The committee's duties are to review the Risk Management Policy, risk appetite, limit transfer, and the integrated risk management report.

Day-to-day risk management is spearheaded by the Chief Risk Officer (CRO) and executed through the CRO Office. The CRO Office communicates with corresponding units of the 3 lines of defense to enforce risk management within the organization. The average attendance rate of Risk Management Committee is 100% in 2022.

#### Employee Violation Cases



approved by the board.

Management Division and

Ensure that the Risk

risk management

policies properly.

cross-departmental

communications and

coordinate risk manage-

Assure effective

ment functions.

functions within each

subsidiary implement risk

- and information system management frameworks
- Analysis and disclosure of risk management
- implementation Coordinate and communicate for risk
- management affairs with subsidiaries
- Introduce risk management practices by new Basel Capital
- Accord to establish a risk management framework conformed to international standards.

- risk management system, and review of overall risk analysis report for the financial group
- Review of subsidiaries' risk policies and execution reports
- Review and acknowledgment of risk models, risk parameters and indicators, and stress testing.
- Monitor of risks undertaken by the Company and adopt of necessary control for large exposures.

#### 2. Risk Management Policy

Taishin has risk management policy in place to control primary risks associated with business operations. The policy also takes into account and new risks associated with the prevailing trends.



The Company include mandatory and voluntary stress test results into the capital adequacy plan and implement quarterly stress tests on risks and scenarios in the overall and individual business environment. We shall also report the results to the Board of Directors and the annual stress test results shall be reported to the competent authority and disclosed on the website. We also incorporated the results of the stress tests into our long-term strategies. We adjusted asset allocation and continued to increase profitability and capital utilization to enhance the overall financial structure and capital adequacy ratio of Taishin FHC

#### 3. Risk Management Measures

In terms of risk control, the Company first identifies risks associated with relevant issues and then assesses the level of risks involved before proceeding with risk control and reporting. Afterwards, reports on risk management practices are consolidated to enable further enhancement to risk management.



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Risk Topics	Possible Impacts	Response Measures (Response Strategies)	Opportunities
Market Risks	Market Risk refers to potential losses derived from balance sheet and off-balance sheet positions due to changes in market prices (e.g., changes in market interest rates, exchange rates, stock prices, credit spreads, and commodity prices).	In accordance with the "Market Risk Limit Management Guidelines" of Taishin FHC, relevant specifications for market risk management are formulated according to the scale and characteristics of its business. The Board of Directors of a subsidiary shall set the market risk appetite, which represents the maximum risk that each subsidiary is willing to take to achieve specific profitability objectives. The Subsidiaries Risk Management Committee (or corresponding organization in a subsidiary) sets the market risk limit based on the market risk appetite approved by the Board of Directors to ensure that each subsidiary bears risks commensurate to the returns. The risk management unit of the subsidiary is responsible for monitoring and reporting day-to-day market risk exposure. If the market risk limit is exceeded, the subsidiary must report to the corresponding management level based on their respective market risk limit management guidelines and take related response measures.	Implementing the internal control mechanism and making good use of risk management tools will shape a sound operating system that balances risks and rewards, effectively utilizes resources, and increases shareholder value.
Credit risks	Credit risks refer to cases where a borrower or trading counter- party fails to meet the obligations stated in the original contract because of the deterioration of his/her/its financial structure or other factors (such as a dispute between him/her/it and a transaction counterparty), which results in a risk of losses from default. The Company manages credit risks in financial transactions in cases where the issuer, guarantor, or transaction counterparty of a financial transaction defaults or suffers credit downgrade.	Please refer to the section on credit risk management $\mathscr{O}$ for details on response measures for credit risk management and retail banking credit management, and refer to the section on "financial transaction credit risk management" $\mathscr{O}$ for details on response measures for financial transaction risk. The Bank continues to devote resources into risk model development, validation and application and make ongoing improvements to its risk identification practices. The Bank has also been applying big data analysis to assess changes in retail banking exposure and credit card assets, and devising action plans to make optimal adjustments to its retail banking portfolio. The Bank has added the risk tolerance limit for international joint loan financing. Internal controls have also been established for undisclosed material information for credit applicants. Taishin Bank has revised the various rules related to overseas real estate assessments, housing credit, credit evaluations, and sector type, in order to manage various credit risks.	Improve the quality of risk management efforts and ensure corporate sustainability by adopting a robust risk identification, assessment, consolidation and management system in response to economic situations and fluctuations caused by the ever-changing market conditions.
Operating Risk	Operation risk refers to the risk of direct or indirect loss due to inappropriateness or failure of internal operations, personnel and systems, or due to external events.	Implement the operating procedures and control points of internal controls and internal audits. Ensure the functions and effectiveness of the control points and audit points through regular internal control self-evaluations. Strengthen the operating risk controls through operating risk reporting, operating procedure reviews, operating risk assessments, risk controls, and self-evaluations	As innovative financial services continue to develop, the operating procedures and controls of the internal control and internal audit systems are implemented. The potential operating risks of expanding innovative financial services can be controlled, improving the convenience and safety of financial services for the public.
liquidity Risk	Market liquidity risk refers to the continuous lack of market trading volume or a significant reduction in trading volume due to market disorder, resulting in the risk of loss when assets are sold or positions are liquidated.	In order to ensure sufficient overall market liquidity, the rules governing liquid and potential loss limits are stipulated according to different industry and financial product characteristics	Overall capital needs can be fully satisfied in a timely manner. The Bank will be able to receive funds through the sale of assets at a reasonable market price without being affected by insufficient depth or volatility in the financial market. Taishin is able to increase customer trust in the Bank through more comprehensive management.
Climate Change Risk	Please refer to Section 5.1.3 "Climat	e Change Risk"	

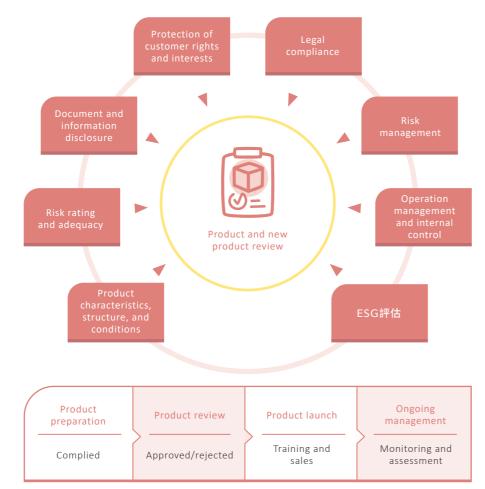
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#### Product Risk Management

Taishin Bank has set up the policy of establishment of product review team and management mechanisms for financial investment products or new financial products. Through the review meetings, we evaluates the nature of the product structure conditions, risk classification and suitability, documentation and information disclosure, compliance with laws and regulations, risk management, operation management and internal control, customer rights protection, legal compliance, risk management, operation management and internal control, ESG assessment, etc. In addition to reviewing the product It is sound and reasonable, and incorporates environmental and social risks into the review in accordance with green financial standards, and avoids providing negative ESG evaluations and controversial corporate targets. New complex high-risk products must be reviewed by the review panel and reported to the Board of Directors.



#### Credit risk management

#### Individual Customers

- Credit risk management: Taishin Bank continues to enforce risk management on four main aspects: "compliance," "early alert," "credit tool refinement" and "pre-event/post-event/ interim management." This approach ensures the growth of its credit portfolio amidst changes in the market environment.
- Consumer credit risk management: By combining internal and external data, Taishin Bank has developed an early alert system that constantly monitors market movements (e.g. macroeconomic indicators, changes in market-wide consumer loan exposure etc), structure of consumer loan portfolio (e.g. changes in mortgage LTV ratio, changes in customer profile of unsecured exposure etc), and the Bank's performance relative to the overall market.
- Climate risk management: Taishin Bank included climate risk factors into the loan review process to determine the impairment risk of collateral for mortgages. Collateral for mortgages are currently divided into three levels A, B, and C, and correspond to downtown area, suburbs, coastal townships, or slope land. For medium and large residential communities located on slope land around Taiwan, the system adds a special note to those where debris flow or landslide previously occurred due to torrential rain, and the latest security inspection record form will be required during credit review. The loan-to-value ratio and authority required for approval is determined after comprehensive evaluation.
- As banking and service scenarios grow and customer behaviors change, Taishin Bank continues to devote resources into risk model development, validation and application and make ongoing improvements to its risk identification practices. The Bank has also been applying big data analysis to assess changes in retail banking exposure and credit card assets, and devising action plans to make optimal adjustments to its retail banking portfolio.

#### Corporate Customers

- Based on the characteristics of corporate credit operations, Taishin Bank uses bilateral internal
  credit ratings, include the Obligor Risk Rating and the Facility Risk Rating, as its foundation of
  lending risk management. The obligor risk rating assesses the probability of a borrower meeting
  its debt obligations by quantifying the probability of default. The facility risk rating assesses the
  effects of loan limit and guaranteed terms on credit risk reduction by quantifying the ratio of
  default loss. In addition, expert judgment is also used to adjust Ratings Overrides to strengthen
  the deficiencies of the statistical models.
- For the reinforcement of post-loan management and borrower tracking, Taishin Bank supplements its existing corporate finance post-loan management system with automation of post-loan management systems such as post-loan condition review, re-examination, early warning indicators, and important information notifications so that interim management information of borrowers can be tracked and processed more quickly to reinforcement the postloan management on borrowers and reduce credit risks.
- For the implementation of green and sustainable finance, Taishin Bank incorporates the Environment, Social, and Governance (ESG) risk assessment of business counterparties into the scope of credit risk management. By methods such as formulating Credit Guidelines, enforcing ESG assessment, and creating review charts, Taishin Bank incorporates ESG and the Equator Principles into the reviewing process, and also manages ESG credit risks of high sensitivity industries via the Know Your Customer (KYC) standards.

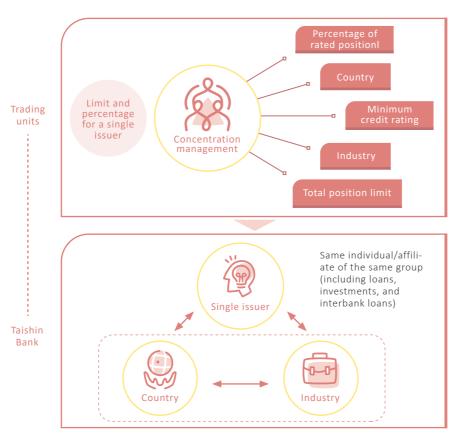
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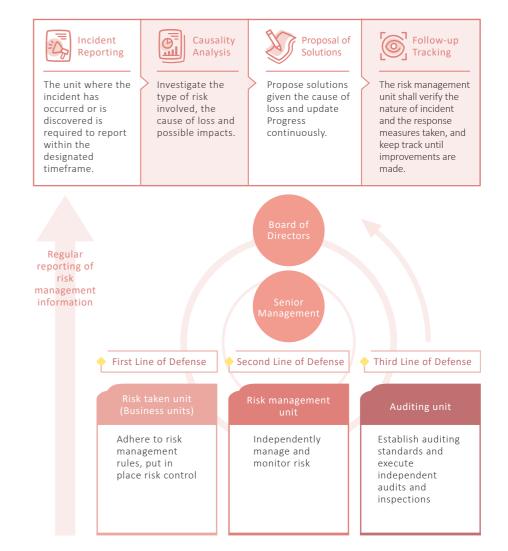
#### Financial Transaction Credit Risk Management

Credit risks refer to cases where a borrower or trading counter-party fails to meet the obligations stated in the original contract because of the deterioration of his/her/its financial structure or other factors (such as a dispute between him/her/it and a transaction counterparty), which results in a risk of losses from default. The Company manages credit risks in financial transactions in cases where the issuer, guarantor, or transaction counterparty of a financial transaction defaults or suffers credit downgrade. The Board of Directors of Taishin Bank sets the risk appetite for credit risks in financial transactions. The Board of Directors of other subsidiaries sets the credit risk limits for financial transactions. The Risk Management Committee (or corresponding organization in a subsidiary) sets the credit risk limit for various types of financial transactions based on the credit risk appetite approved by the Board of Directors. The risk management unit of the subsidiary is responsible for monitoring and reporting day-to-day credit risk exposure. If the credit risk limit is exceeded, the subsidiary must report to the corresponding management level based on the "Financial Transaction Credit Risk Management Guidelines" of each subsidiary and take related response measures.



#### 4. Risk Incident Reporting Channel

In the event of a risk incident or discovery of potential risks, the unit must report immediately and clarify the reasons of occurrence, potential losses, and impact as quickly as possible. It must also formulate improvement plans. It must continue to follow up on improvement measures till the improvement is completed. Taishin has adopted three lines of defense to implement continuous management of related risks in business activities, formulate overall policies, and establish management systems. We also ensure effective control of and response to risks with the internal audit system.



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#### The Company implements monitoring and reporting mechanisms for potential risks including:

1. The Company pays close attention to industry news/reports/presentations/evaluations and holds meetings from time to time for discussions. If potential risks are identified in assessments, the Company conducts in-depth studies and assigns units to take charge of the implementation. We also follow up on the improvements in related meetings.

- 2.The Company regularly tracks leading indicators of major economies to determine the current economic conditions. We make decisions before the economy enters the next round in the cycle to avoid potential risks caused by fluctuations in the economy.
- 3.We analyze the potential risks of customer complaints for new systems or specific campaigns for all units to propose preventive measures. We also implement improvements and reviews of customer complaints and dynamic assessments of results in meetings.
- 4.When an employee discovers that repairs are required for the office environment or equipment, he/she must report the need to the general affairs unit first. After an evaluation, the unit that requires the repairs shall fill out an repairs form for the general affairs unit to process and implement continuous tracking.
- 5. When faced with information security risks that may affect customer interests or normal operations, the supervisor responsible for information security must also be notified when the incident is reported to internal or external entities.

Regarding the potential risks in the business operation, Taishin FHC encourages all employees to report and give suggestions at any time. Currently, the Bank has a platform offered for all employees to raise their hands at any time in the face of any problems or potential risks with work, environment and clients. If the existing process may cause any potential risks or have opportunities to reduce risks when employees are providing services, executing business or conducting various transaction or operating processes, the platform is offered as an open system to accept the proposals

Proposal scope	Accepted	Rejected	Subtotal	
Risk management (occurred)	317	49	366	
Risk management (not yet occurred)	1,038	115	1,153	
Total	1,355	164	1,519	

Note1: The total number of proposals of the Bank in 2022 was 14,593. Risk proposals accounted for 10.41%. Note2: The total number of potential risk proposals of the Bank in 2022 was 1,153, accounting for 75.9% of all risk management cases.

#### 5. Internal Audit

Taishin has an internal audit system in place and an Audit Division that reports directly to the Board of Directors in regard to its audit practices. Apart from the Chief Auditor and the Vice Chief Auditor, the Audit Division also has 6 full-time audit personnel who are responsible for audit of the Company and its subsidiaries business and operational practices, management of subsidiaries, supervising internal control self-audits, evaluating internal audit practices of subsidiaries, coordination of financial examination, tracking, management and reporting of identified defects, and consultation from other units. The audits on the Company and subsidiaries in 2022 showed that there were no discrepancies or irregularities with material impact in the systems of the Company and subsidiaries. The audit opinions proposed and the improvement measures formulated by the inspected units were included as items to be tracked in routine audits to follow up on the improvements of the audited units.

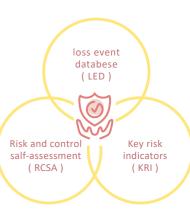
#### Key audit items in 2022

- Implementation of the compliance system
- Co-marketing and confidentiality management of customer information
- Related-party transactions
- Implementation of Group-wide AML/CFT policy
- Implementation of financial consumer protection (including the principle for fair treatment of consumers)
- Implementation status of the whistleblowing system
- Compliance with the Ethical Corporate Management Best Practice Principles and other key audit matters (including risk management)

#### 2.2.2 Establish the Culture of Risk

#### 1. Establishment of Measures for Creating a Corporate Risk Sensitivity Culture

A culture of risk awareness is an important foundation for Taishin's sustainable development. In addition to introducing the Loss Event Database (LED), Key Risk Indicators (KRIs), Risk and Control Self-Assessment (RCSA), and regular reporting to senior management and the Board of Directors, we continue to expand risk education and training to embed the culture of risk awareness in our operations and increase the risk awareness of all employees.





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Taishin uses the creative reform proposal platform to encourage employees to come up with improvement proposals during work. The managers of business units lead employees on Business Process Management (BPM) projects each year to review all end-to-end procedures between customers and the Bank through the Company's strategic development and process improvement strategies. They seek to identify opportunities for optimization and risk management points in business and operation processes to implement prevention measures and monitor risks. These measures help the Company focus on the risk awareness culture and increase the number of proposals. The number of risk proposals increased to 1,550 in 2022 which was 29.6% growth from the previous year. We organize the process improvement proposal contest each year. The "Best Risk Management" award is given to the best proposals of the year (including creative reforms and BPM projects). We encourage employees to establish risk control points in the processes to address operational risks and credit risks, propose specific recommendations, establish more efficient and adequate risk management, and enhance the culture of risk awareness.

The best risk proposal in 2022 uses AI and big data to identify credit card customers, and adds a NCCC ACS system module verification process. No password verification is required for low risk network transactions, providing customers with a faster purchase experience. The proposal is expected to generate NT\$1.36 million in benefits each year.



#### Risk management proposals in recent years

Year	2020	2021	2022
Proposals (cases)	1,002	1,196	1,550
Percentage to total case count (%)	8.23	9.83	10.48
Annualized benefits (NT \$million)	30	32.4	103.3

#### 2. Risk Management Training and Results

In 2022, Taishin FHC organized 294 courses on risk identification and management. The courses covered a broad range of topics from internal control, operational risk self-assessment, anti-money laundering, counter terrorism financing, risks of foreign exchange and derivatives, information security and personal data protection, risk management and system to risks associated with new businesses, etc., continually improved employees' risk management awareness.

#### Risk management training in recent years

Risk	20	21	2022			
management training	Compulsory	Optional	Compulsory	Optional		
Course count	5	261	4	290		
Enrollments	25,392	13,748	20,349	17,670		
Participants × hours	55,202	16,802	49,817	25,072		
Completion rate (%)	99.96%	99.97%	99.92%	99.90%		
No. of failed participants (Note)	11	4	17	18		

Note: Employees who do not complete their training in time will be instructed to take make up training on another date. Employees who failed their make up tests are commonly attributed to personal reasons such as childcare, extended unpaid leave, and resignation.

Taishin is well-aware of the importance of risk management. To enforce risk management, we have associated employees' compensation with the level of risks involved in their performance. For managers, we use Balanced Score Card (BSC) and KPI as means to incorporate operational risk indicators into performance evaluation. For senior executives including all head of divisions, the performance appraisal covers at least 4 risk management aspects, namely: "Anti-Money Laundering", "Operational Risk Loss", "Compliance", and "Internal/external Audit". In addition to the "Compliance Practice and Supports Company Policy," all staff including line managers' workplace behavior assessments include risk management-related performance indicators, and have been expanded with "Applies risk awareness culture into our daily business." These two items accounted for more than 15% of workplace behavior assessments, and linked risk management to employee compensation through the periodical performance appraisal mechanisms.

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### 2.2.3 Management of Emerging Risks

Taishin FHC implements procedures specifically to identify, manage and respond to emerging risks, and prepares assessment worksheets based on documents published by local and foreign institutions. All subsidiaries are required to assess emerging risks associated with their business activities to assess the possible impacts and devise response measures, which are consolidated by Taishin Holdings to facilitate ongoing monitoring on the effectiveness of risk control and mitigation measures.

#### Risk Identification Process

Identification	Assessment	Integration	Observation
Taishin FHC has designed assessment worksheets based on documents published by local and foreign institutions	Subsidiaries are required to assess impacts of emerging risks and devise response measures based on the state of their business activities.	Based on subsidiaries' assessments, Taishin reports impacts and mitigation measures	Impacts and mitigation measures of identified risks are monitored on an ongoing basis.

#### Emerging Risk

	0 0			
0.	Emerging Risk Topics	Description	Impact on operations and businesses	Mitigation measures and response strategies
1	Geoeconomic confrontation Geopolitical	With the expected conflicts of the trade war being continuined to expand, maor countries have adopted new economic and trade protection policies. In the short-term, it has been directly increased to intensified government intervention in the market and result in the reshaping of existing industrial chains and trade flows that have destoryed globalization which promotes productivity and economic growth and reduce the cross-border investment activities. In the long run, it will lead to global economic downturn, increase the risk of business operation and investment, and affect the uncertainty of financial stability.	<ul> <li>The increase in production costs of enterprises due to changes in the supply chain has forced product prices to increase, and the slowdown in consumption has affected the growth momentum of operating profits and the solvency of enterprises, which may make the rise in debt unfavorable to the development of financing.</li> <li>The escalation in regional conflicts has led to instability in the supply of energy and raw materials, affecting financial market volatility and liquidity, and leading to an overall increase in the risk of overseas investment exposure.</li> </ul>	<ul> <li>Continuously monitoring regional exposures and risk assessment, setting country risk limits including single country limits, Obligor Risk Rating (ORR) limits, and overall country risk limits to avoid the level of risk in the bank's portfolio arising from concentration to a single counterparty or country.</li> <li>Establish early warning and implement response measures, establish more rapid and intensive notification and tracking, and strengthen post-loan management of credit customers to reduce credit risk.</li> </ul>
2	Cost-of-living burden Economic	The sharp rise in the inflation rate of the world's major economies forced the central banks to start a cycle of interest rate hikes, resulting in a significant economic recession. If the high inflation rate persists, the money supply will continue to be tightened in the short term, which will increase the funding costs for companies and cost of living and investment momentum slowed down. In the long run, it affects on debt repayment capacity and push to raise economic pressure and hence increase the liquidity crunch in the financial markets.	<ul> <li>The prolonged period of high inflation rate will affect the momentum of economic growth, resulting in the continuous rise of prices and unemployment rate, the economic pressure of the people and the increase cost of living, which exacerbates the debt burden and increases the risk of a larger wave of defaults.</li> <li>The tightening of monetary policies in major economies will exacerbate the downside risks of the global economy and affect the volatility of the stock/exchange/ bond markets and the stability of financial assets.</li> </ul>	<ul> <li>Continuously monitor the credit market conditions, establish early warning reports to regularly review the market and the bank's credit profile, and implement relevant action plans.</li> <li>Implement multi-dimensional risk classification and strengthen credit policy for customers, and dynamically adjust various risk management indicators and segmentation management through regular asset quality analysis and default commonality analysis.</li> <li>Trading units implement pre-investment assessment and post-investment management as the first line of defense, and monitor various risk indicators through complete program planning and reporting mechanisms to establish a mastery of the overall investment portfolio.</li> </ul>
3	Risks of FinTech Technologic	In response to the rapid development of the digital age, financial institutions improve customer experience by introducing financial technology. However, when customers use financial services such as smart devices and electronic payments, they are also accompanied by potential Cyber-security risks. If the company fails to implement cyber-security governance in the short term, it will face the hidden worry of insufficient FinTech competitiveness in the long run in the future, which will affect the operational risks of the company.	<ul> <li>The maturity of artificial intelligence (AI) and machine learning (ML) technologies has strengthened the development of deepfake technology, making counterfeiting incidents difficult to prevent and seriously affecting banking operations.</li> <li>If an unexpected event triggers a temporary panic in the market, with the convenience of mobile banking, a large number of depositors quickly transfer funds in a short period of time, causing the bank to face a crisis of liquidity risk.</li> <li>The introduction of cloud technology and data sharing increases the difficulty of personal data protection, and it is easy to violate customer privacy and steal customer data.</li> </ul>	<ul> <li>Improve the digital identification technology of customers, and adopt native biometric identification technology that has a dedicated unit to provide regular inspection reports on biometric verification feature technology.</li> <li>Strengthen employee cyber- security education and training, and discover and improve security gaps by implementing "weakness scanning", "intrusion penetration", "distributed denial of service attack (DDOS) protection" and "social engineering attack" drills.</li> <li>Continuously monitor liquidity risk management and regularly review liquidity risk management indicators.</li> </ul>



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#### 2.2.4 Legal Compliance& risk management

1. Compliance Risk Management



The Legal Compliance Division of Taishin FHC is responsible for reporting to the board of directors regarding the organization's compliance status at least once every six months, and supervises the compliance of subsidiaries, including communication and consultation of legal issues and implementation of compliance risk management and supervision systems, which is the second line of defense of the internal control system.

### Compliance Practices

- Implement the publicity, consultation, coordination and communication of laws and regulations, and provide timely updates of regulatory amendment to the chief compliance officer of each department.
- Devising training plans and engaging chief compliance officers of various departments in conferences to exchange experience, knowledge and implications of important laws.
- Supervising each department on compliance with external laws and the adoption, establishment and implementation of related internal systems.
- Supervising each department on the review of major compliance defects, fraud and possible impacts, and recommending improvements where appropriate.
- In the event of a major regulatory violation or a downgrade of rating by the financial competent authority, it should be notified the directors immediately and be reported to the board of directors on the compliance issue.

### Compliance risk management system

In order to strengthen the supervision and management of legal compliance risks of the company and its subsidiaries. Besides specifying procedures for assessing the Company's risks in events that are reported, compliance risk events that subsidiaries are required to report are described in a separate clause.

Taishin Bank has developed a compliance risk management and monitoring system in accordance with Article 34-1 of "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" (last revised in 2018) that covers the identification, assessment, control, measurement, monitoring and independent reporting of compliance risks. The Legal Compliance Division assesses the compliance risks and effective of the current control measures to find out if risks remaining accord with the risk appetite and make plan for the weakness.

Taishin Bank also set up the reporting system of compliance risk incidents to ensure timely notification and record of compliance risk alerts. Through the system, the improvement status would be tracked and reported to top management based on the risk level. The Legal Compliance Division submits the implement reports of compliance system to the Board of Director on a regular base that facilitate better control of overall compliance risk by the corporate governance level.

Based on business characteristics of the life insurance industry and contents of fines imposed by the competent authority, and after referencing the group's standards and

reporting process for compliance risk, Taishin Life Insurance established operating procedures for compliance risk event reporting to understand and manage potential compliance risks of the Company's operations. The operating procedures describe standards for determining risk level and reporting mechanisms, in order to effectively manage and supervise potential compliance risks of operations. If a case is determined to have medium to high risk, besides reporting the case to high-level personnel according to regulations, it must also be reported to the Board of Directors to analyze the cause, potential impact, and improvement measures.

Moreover, Taishin Securities also has a risk management and oversight mechanism in place for securities-related regulatory compliance in accordance with "Standard Directions for the Content and Procedures of Assessment of Legal Compliance of Securities Firms" and "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets" which were newly revised in 2018. The compliance unit has assessment, monitoring, and reporting mechanisms in place and independently reports to the President whenever it finds a significant compliance risk.

If issue is determined to have compliance risk that required to report by Taishin FHC, the compliance unit of subsidiaries should report to the parent company in time, in order to control the compliance risks faced by the overall operation.

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#### 2. Training and Rating System

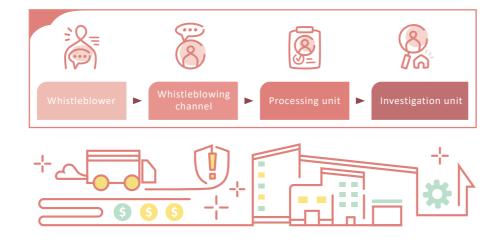


Taishin FHC and its subsidiaries conduct "Internal Compliance Self-assessment" semiannually to evaluate the effective of compliance. Legal Compliance Division reviews these self-assessments of the units and reports to the President for rating reference. This practice helps enforce a compliance culture. In addition, the assessment of the management and the supervisors of each unit now also include the compliance unit's assessment opinions on the degree of compliance of their units.



Taishin has implemented a whistleblower system to protect whistleblowers and relevent persons' right and support a corporate culture of integrity and transparency. Any person who discovers crime, fraud or violation is entitled to report misconduct according to the system. Once accepted and investigated, the informant is a Director, Supervisor or a management level equivalent to or above Vice President, the informant will be escalated to the Audit Committee for review. In subsidiary, the informant shall be reviewed by the supervisor.

Meanwhile, to ensure the fairness of the whistleblower system, any party that has conflicting interest with the case in question is required to recuse from acceptance and investigation of the case. Taishin also provides the following whistleblower protection as a means to encourage employees in voicing out: Identities of whistleblowers must be kept confidential and protected from dismissal, relieved of duty, demotion, salary cut, or bear any loss of benefit that they are entitled to under laws, contracts or customary practices, or adverse treatments of any kind.



# Compliance training

In 2022, the compliance training courses were focused on the following topics: protection of financial consumers' rights, fair treatment of customers policy, protection of personal information, transactions other than the credit extension with the related persons, internal control and audit system, anti-money laundering, and the most recent amendments to finance-related related laws and regulations.

#### New recruits

		Online course				Classroom course			
year	Enrollments	Coverage rate(%)	Completion rate(%)	Total hours	Enrollments	Coverage rate(%)	Completion rate(%)	Total hours	
2021	2,456	100	100	10,021.63	1,347	100	100	808.2	
2022	2,754	100	100	11,509.39	2,098	100	100	1,049	

Note1: The orientation covers basic compliance concepts.

Note2: For the data on online courses and classroom courses for new recruits, enrollments has been replaced with number of persons.

Note3: In response to COVID-19, the physical training course for new employees have been converted to online courses in 2021-2022.The total number of hours have thus been increase significantly compared with previous years.

#### On-the-job staff

Each department is required to conduct classroom compliance training on topics, periodically organize regulatory compliance communication and training courses, and complete the Company mandatory courses (including Financial Consumer Protection Act, Fair Treatment of Customers Policy, AML& CFT, information security awareness, personal information protection etc.).

Year	Enrollments Coverage rate(%)		Completion rate(%)	Total hours
2020	137,385	100	99.99	140,695
2021	123,421	100	99.94	134,123
2022	117,040 100		99.84	151,110

Note: Included in On-Job-Training (OJT) courses.



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#### Compliance officers

Chief compliance officers are required to complete at least 15 hours of certified training per year that cover topics including the latest regulatory amendments, new business activities or new financial instruments. Chief compliance officers of foreign operations are required to complete at least 15 hours of compliance courses organized by the local competent authority or government agencies each year. If no such courses are available locally, they may complete the abovementioned courses in Taiwan instead.

Year			On-job courses		
	Enrollments	Total hours	Enrollments	Total hours	
2020	54	1,620	183	2,745	
2021	48	1,484	197	2,921	
2022	53	1,700	207	3,105	

#### 3. Penalties and Improvements

#### Major fines and improvements in 2022

Туре	Penalty details	Amount of fine/ Contents	Improvements
	Taishin Bank provides insurance agent services, but the reports from insurance agents do not correctly select the source of insurance premiums and whether or not an insurance policy was terminated before purchasing insurance.	NT\$3 million	<ul> <li>The insurance system has added a warning and reminder mechanism, and also added an inspection mechanism after underwriting.</li> </ul>
Major fine	In the collection and lending operations of Taishin Bank, collection was inappropriately carried out against a third party other than the debtor or guarantor, and internal control mechanisms for authorizing business personnel to adjust the approved interest (fee) rate were not established.	NT\$10 million	<ul> <li>Completed hiding data of the "Contact person" (third party other than the debtor or guarantor) in the collection system.</li> <li>Specified that the interest (fee) rate agreed with the customer may not be higher than the terms that were approved.</li> </ul>
Major non- monetary penalty	Taishin Life Insurance designed the product "Jinfengsheng Interest-Sensitive USD Whole Life Insurance," formally prepared a calculation manual and held a declared interest rate meeting in violation of the Insurance Act.	Stopped selling the product "Jinfengsheng Interest- Sensitive USD Whole Life Insurance."	<ul> <li>Started using the revised declared interest rate formula and completed an internal control system for the new declared interest mechanism, which incorporates related processes. A cash flow test was also performed.</li> <li>The assumed lapse rate of the new product "Jinfengsheng Interest- Sensitive USD Whole Life Insurance" was increased.</li> </ul>

Note: The definition of major fine is in accordance with Article 2 of the Regulations Governing Public Disclosure by the Financial Supervisory Commission of Material Enforcement Actions for Violations of Financial Legislation.

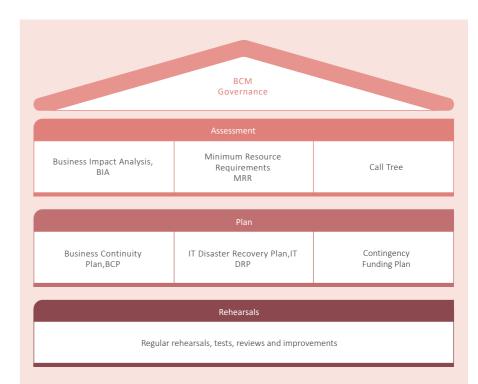
#### Number of major fines and total amount of fines in the past 2 years

Year			
	2021	2	NT\$33 million
	2022	2	NT\$13 million

### 2.3 Business Continuity and Technology Risk Management

#### 2.3.1 Business Continuity Management Framework

Taishin has implemented business continuity measures as part of its banking service to ensure proper response to situations such as natural disaster, liquidity, IT system fault or man-made incidents, and thereby maintain key operations and ensure fast recovery. By minimizing impact and service downtime, we strive to protect customers' and shareholders' interests and strengthen our competitiveness.



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2.	3.2	Impact	Assessment
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Disaster Type	Impact Analysis	Disaster Type	Impact Analysis	
Natural disasters Such as fires, earthquakes, typhoons By their very nature, natural disasters are unpredictable, in recent years the deteriorating greenhouse effects h heightened the probability of natural disasters. Not only will s disasters damage our operating premises, buildings, equipm and the like, but loan collateral and investment objects may also be affected, which may lead to defaulting repayments or loss of collateral.		Disaster of Information System Such as cyber attacks, malware, data corruption, system crashes, data center inoperability	Cyber attacks may lead to the suspension or remote control of our systems, database crash, network interruption, data breach, violation of service contracts with appointed stores, etc., and result in significant losses to our bank.	
Man-made incidents Such as political incidents, strikes, wars	Events due to human factors such as politics and strikes may lead to traffic blocks that make it impossible for our employees to commute between home and work and for our business to run normally. Under such circumstances, our business premises may be unable to provide regular services and operations. Intensifying conflicts, if they cannot be resolved in the short term, may cause business losses or other impacts for our business premises.	Others Mass infectious diseases	When a major infectious epidemic occurs, it may affect the health of our employees, cause a lack of human resources, or even render it impossible for certain locations to continue operations or provide customer services. In addition, improper epidemic prevention measures may lead to increased operating costs or even disruption of operations and services.	

#### 2.3.3 Responses and Recovery Plans

#### 1. Business Continuity Plan

Our Business Continuity Plan (BCP) is a pre-planned response and recovery process in response to a disaster to ensure that Taishin FHC can continue to reliably provide key services to important customers at an acceptable minimum operating level. This planning also provides for operational impact analysis, minimum resource requirements, and test drills.

#### Business Impact Analysis (BIA)

Business Impact Analysis is used to determine the target time for recovery, tolerable data loss time and recovery priorities, and to assess in advance the minimum resource requirements.

#### Minimum Resource Requirements (MRR)

Minimum Resource Requirements (MRR) refers to the assessment of the backup resources required to recover operations to an acceptable minimum level. MRR includes staff, office space and facilities, computer equipment, software, applications, systems communication equipment, computer networks, important documentation, electronic files, paper files, means of transportation, stationery, etc. MRR should be sufficient to continue operations for a period of time.

#### Tests and Drills

One drill is held every year. For details, please see page "Drills and tests" 🔗 of this report.

#### 2. Information System Recovery Plan

Taishin has an appropriate backup plan in place for various levels of damage to the information system. This plan can be roughly divided into the following three types:

Damaged Data	Crashed Operating System	No Service in the Server Room
<ul> <li>Switch to manual processing</li> <li>Carry out a data reversal operation</li> </ul>	<ul> <li>Assess the scope of impact, start response operations, and temporarily switch manual processing methods</li> <li>Start backup hosting</li> </ul>	<ul> <li>Activate the remote backup system and network connections in accordance with procedures</li> </ul>

In addition, Taishin Bank has a business continuity team for IT operations and a computer security incident response team to safeguard business continuity and deploy information security incident response capabilities in real time, collect dynamic intelligence on IT threats worldwide, and analyze vulnerability to threats. If a threat occurs, a security threat alert is issued immediately, and an emergency response action for security incidents is taken based on the threat levels. We also completed the introduction of digital forensic procedures, when information security incidents occur, we will follow digital forensic operation standards to collect and retain digital evidence, which can strengthen the integrity and usability of evidence, bolster analysis, processing, and evidence collection, evidence strength, and the legal effect of evidence in the event of an incident.



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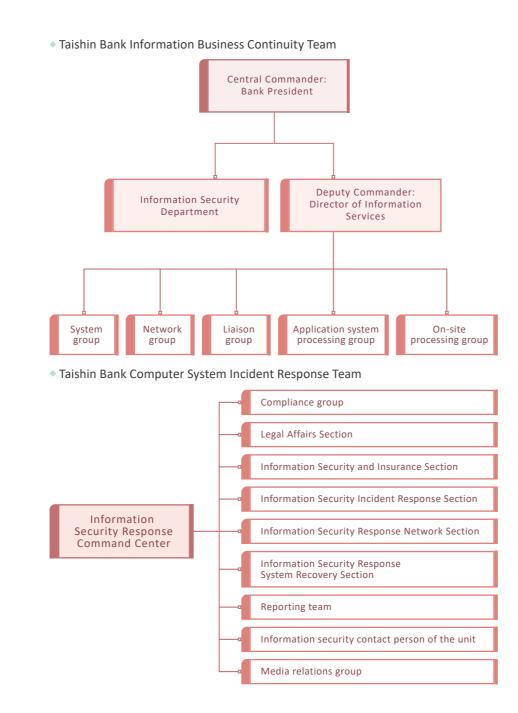
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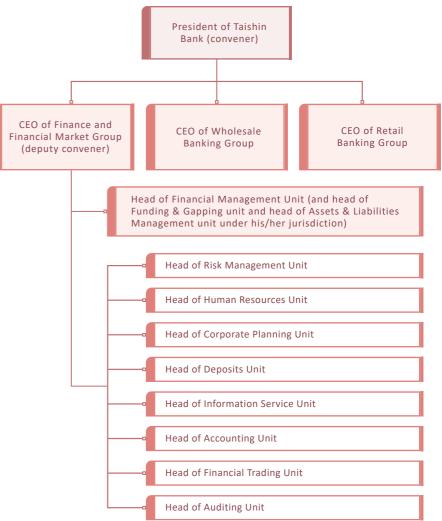
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#### 3. Contingency Funding Plan

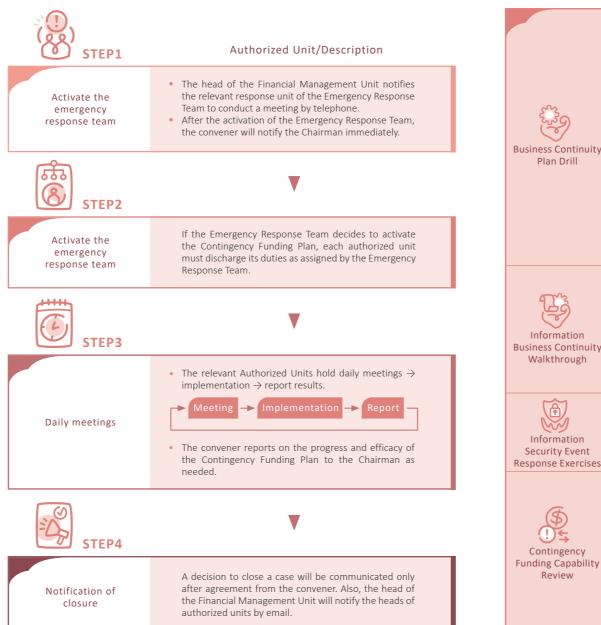
Taishin Bank has an Emergency Response Team to ensure that during a liquidity crisis, the bank can transfer funds within the planned time to fulfill contractual payment obligations and to respond to the bank's capital needs. The President of Taishin Bank is the convener of the Emergency Response Team, and the CEO of Finance and Financial Market Group is the deputy convener.

Taishin Bank Emergency Response Team





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The Contingency Funding Plan is implemented according to the following process :

#### 4. Drills and Tests

Plan Drill

لي الم

Information

Walkthrough

A.

Information

Security Event

Contingency

**Funding Capability** 

Review

The Business Continuity Plan Drill (BCP Drill) is to ensure that after a disaster emerges, the BCP can be activated immediately and to ascertain that it is indeed feasible, so that key operations can be restored to their normal state within the recovery time limit. The test drill results ensure the following:

- The BCP Drill is to ensure that after a disaster emerges, the BCP can be activated immediately and to ascertain that it is indeed feasible, so that key operations can be restored to their normal state within the recovery time limit.
- The content of the BCP is complete, not only covering all key duties and various types of emergencies, but also leaving no ambiguity so that even those not familiar with the BCP can easily join in the implementation.
- The BCP is regularly reviewed and updated. Important members understand the BCP operations, their roles, and responsibilities.
- In principle, at least one drill is held every year and if necessary, drills may be conducted twice a year. When there are major changes in the operation items, personnel, business premises, or the external operating environment, the time schedule for testing must be adapted.

Every six months, major anomalous incidents on the group's major information systems are simulated, and contingency planning drills for different scenarios are conducted. The drill results and deficiencies in implementation are reviewed and presented in a report to the top management to safeguard the integrity of the systems backup environment and to ensure that the data recovery processes run smoothly and stable so that reliable financial services can be provided, and the security of customer transactions is protected.

- We simulate various network hacking attacks and conduct emergency response planning exercises under different scenarios every year to familiarize employees with the procedures for processing information security incidents. The exercises in 2022 included distributed denial of service (DDoS) attacks and Red team drill.
- To ensure that the current assets position retains access to funds, the liquidity position is tested by a round of repurchase agreement and selling securities once every six months.
- The Financial Management Unit normally uses the interbank financing channels to test whether interbank financial transactions granted to the bank by other financial institutions remain normal. The test adopts the principle of decentralization to avoid the risk of negative rumors caused by the market at the time of an incident.
- The Financial Management Unit incorporates the results of stress tests into the planning parameters of the Contingency Funding Plan, which is reviewed and revised regularly every year to ensure the plan's efficacy and appropriateness.



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#### 2.3.4 Epidemic prevention measures

As the COVID-19 pandemic continues to impact the world, and in response to the worsening epidemic in Taiwan in 2022, various epidemic prevention measures were implemented to maintain operations and reduce impact, in order to ensure employee and customer safety and interests.

ns President act a supervisors shares respond to cha	supervisors shall be included. As the pandemic developed, epidemic prevention meetings were held flexibly to					
	Employees					
Preparation of epidemic prevention supplies and equipment	<ul> <li>Each operating location is equipped with forehead thermometers, alcohol for sanitization, and medical masks. The Holdings and Neihu buildings are equipped with infrared thermometers, epidemic prevention masks, and epidemic prevention separators.</li> </ul>					
Epidemic prevention response measures	<ul> <li>Office buildings and public areas are regularly sanitized. The opening hours of the employee dining areas and massage areas have been adjusted.</li> <li>Employees are required to wear face masks at all times and encouraged to wash their hands often. They must measure their body temperature daily and report their and their family's contact with confirmed patients to help virus tracing by the government.</li> <li>The "online epidemic prevention section" was established for health reporting, epidemic prevention announcements, and epidemic prevention health education.</li> <li>Access controls have been established. Employees must wear face masks, check their temperatures, and sanitize their hands when entering the offices. Employees with a fever or respiratory symptoms shall seek medical care and apply for leave.</li> <li>Remote working, working from home, diverted employee attendance, group activity cancellation, physical meeting limitation, unnecessary visit suspension, and visitor restriction have been activated employees with clear epidemic prevention leave calculation function, and provided employees with clear epidemic prevention measures in response to developments in the epidemic situation</li> <li>Two days of vaccination leave are provided to employees for receiving their first to</li> </ul>					
d Encourage vaccinations	<ul> <li>third vaccinations, of which, one day shall be paid leave. The complete vaccination rate in 2022 reached 90%.</li> <li>Epidemic prevention leave and epidemic prevention care leave superior to legal</li> </ul>					
Employee care mechanisms	<ul> <li>requirements</li> <li>Care subsidies for overseas personnel returning to Taiwan</li> <li>Wedding leave, family visitation leave for overseas personnel, and family visitation flight ticket usage periods have been extended</li> </ul>					
	Customer					
Control measures for branches	<ul> <li>Customers must correctly wear masks when entering the branches. The automatic alcohol dispenser shall be used to sanitize both hands and measure their body temperatures.</li> <li>Customers must comply with real name registration before entering the branch</li> <li>Customers must use socially distant seating to maintain social distancing and partitions have been installed</li> <li>Epidemic prevention notices shall be posted in clear locations around the branch. The service lobby shall be separated from the ATM area.</li> <li>Customers are encouraged to use internet banking or mobile banking services</li> </ul>					
Environmenta maintenance	<ul> <li>Sanitation will be immediately carried out after customer transactions. Regular sanitation of areas often used by customers is carried out every hour by designated personnel. At the end of the day, the cleaning staff will sterilize the entire branch (rolling adjustments will be made according to the pandemic status)</li> <li>When a confirmed case is found to have visited the branch, professional companies shall conduct full epidemic prevention sanitization of all rooms in the branch. PCR testing and health monitoring will be implemented for employees.</li> </ul>					

### 2.4 Information and Transaction Security

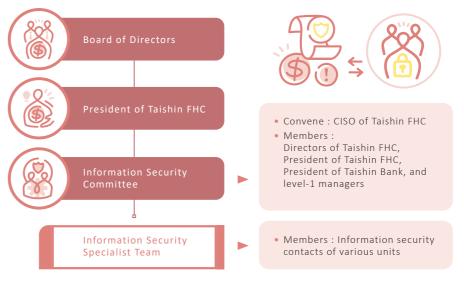
#### 2.4.1 Information Security Management Mechanisms

Taishin FHC established the "Cybersecurity Policy" and "Internet Security Management Guidelines" to provide continuous and effective guidance for information security protection. We also established the "Information Security Committee" with members composed of the Directors, President, and Chief Information Security Officer of Taishin FHC with IT/cybersecurity expertise as well as the President and level 1 supervisors of Taishin Bank. The Committee convenes quarterly meetings to discuss information security issues and improvement measures. In the first half of each year, a report on the overall information security governance conditions and an annual security management plan is submitted to the Board of Directors and the implementation results of the annual plan are reported to the members of the Board of Directors in the second half of the year. Summarize the latest information security threats and trends every six months, report it to the Board of Directors, and obtain information security governance guidelines. The Information Security Committee held 4 meetings in 2022 and the attendance rate of directors was 100%.

The Company appointed a Chief Information Security Officer (CISO) as the highest level supervisor of information security, supervising company-wide information security operations and the effectiveness of information security management mechanisms.

For sound planning of the Company's business continuity management and management of information security risks, and also to increase overall information security capabilities, the information security contacts of various units formed an Information Security Team, which periodically convenes meetings to communicate information security issues and related requirements. Members of the Information Security Team are seed members that raise information security awareness during various gatherings.

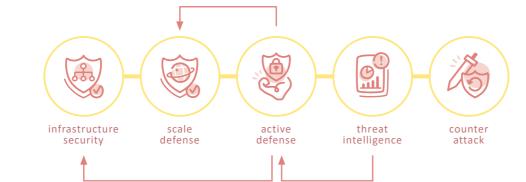
#### Framework of Information Security Governance



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#### Upgraded Security Protection

Taishin's major subsidiaries and businesses have all obtained related international certifications for information security management system. Taishin Bank, Taishin Securities, and Taishin Life Insurance have all obtained ISO 27001 Information Security Management System, creating a safe and trustworthy information security environment, and protecting company assets and stakeholders' interests. Furthermore, to build a comprehensive information security chain, we collect information on information security worldwide through various channels, such as hacking methods and the latest threats and cyberattack trends, and examine if internal defense measures are able to immediately detect and respond to the threats. We periodically conduct offensive and defensive drills and social engineering drills based on the thinking and technologies of hackers, which allows us to discover potential risks and reduce the attack surface and exposure, increasing our overall information security level. We also evaluated the maturity of information security governance through an international information security framework (FFIEC/CAT).We have also purchased the information security insurance to prevent additional losses, reduce the losses from information security incidents in the system, and protect company assets and interests.



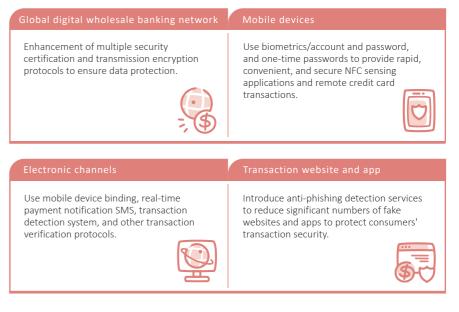
Taishin Bank has complied with laws of the home country and foreign countries where overseas branches are domiciled by conducting regular reviews and making regular reports to the local competent authority. In 2022, there had been no occurrence of information security related or extraordinary incident that had to be reported to the local financial competent authority, and neither was there any compliance-related defect. During the past five years, no major security incidents affecting customers occurred, such as operational attacks or business impacts caused by systems being hacked, nor were any customer's personal or sensitive information leaked through phishing.



#### Enhancement of Transaction Security

The rampant use of Internet fraud and fake apps by hackers for watering hole attacks, spear phishing attacks, and ransomware attacks in recent years have severely damaged the interests of customers of banks worldwide. Taishin Bank and major subsidiary had established multiple information security controls for the information system, internal and external network environments and online transaction sites. SIEM gathered related information as well as security log and events of information security equipment, and carried out correlation analysis. The security status are presented on the Security Operation Center (SOC) platform to assist security operator to enhance Taishin Bank's information security, providing real-time information security event monitoring services. We plan to incorporate the SOC of Taishin FHC to monitor internal and external information security risks around the clock.

#### Transaction security protocols



To enhance overall information security abilities, the Company deployed a number of information security measures and became a member of the Financial Information Sharing and Analysis Center (F-ISAC) to enjoy information security intelligence, warning, and joint defense services, so that we can plan preventive, detection, and corrective security controls. We signed a MOU with a domestic government agency in 2022 and joined the key infrastructure information security joint defense system, becoming a pioneer of the financial industry in participating in Taiwan's information security national team. This has allowed us to further strengthen the security of stakeholders and the overall financial environment.

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#### 2.4.2 Information Security Promotion and Information Security Incident Handling • Education and Drills

General information security training	Professional information security training Social engineering drills
<ul> <li>All employees of the Bank receive at least 3 hours of "information security awareness training" courses and evaluations each year. The contents include regulations, social engineering, basic information security awareness, customer personal information protection, and case studies of information security incidents which help enhance information security. The training coverage rate and completion rate in 2022 were both 100%.</li> <li>The Information Security Department issues information security notices to all employees of the Bank based on current events involving information security to continue to enhance their information security awareness.</li> </ul>	<ul> <li>All employees of dedicated information security units have completed at least 15 hours of external training based on the requirements for their operations to enhance their professional information security skills.</li> <li>Information security contacts of all units are invited to attend professional information security capabilities of all units</li> <li>4 social engineering drills such as simulated phishing email tests are implemented for employees of the analyzed to identify employees with insufficient information security incidents to enhance training a reduce the risks of potential vulnerabilities.</li> </ul>

#### Supplier Management

6

Competency for

the outsourced

service

Taishin Bank has a set of "Information Service Outsourcing Guidelines" in place that outlines the standard operating procedures and rules concerning outsourcing of information service. The guidelines cover several issues including outsourced custody of computer hardware/software, and outsourcing of information process and service. To ensure the safety and feasibility of outsourced processes, the project handler collaborates with employees from the IT Division to perform comprehensive and rigorous supplier assessments as well as risk assessments on selected vendors. Credit assessments are performed where appropriate to ensure the quality of internal processes and the vendor's ability to provide services in the best interest of the Bank and customers.

Information

Service

Outsourcing

Assessment

 $(\mathbf{\hat{f}})$ 

Degree of compliance

regarding confidential

#### Vendor's Criteria for Outsourcing of Major Information Processes

 Having adopted appropriate measures to ensure data security in customers' best interest.

• Having adopted appropriate measures to ensure the integrity of account data and transaction records.

 Having adopted appropriate measures, based on the sensitivity of the data and the transmission/storage method involved, to maintain the confidentiality of key information.

- Having adopted appropriate measures to protect customers' privacy with respect to the products and services offered.
- Having adequate capacity for the outsourced information system, and having developed an effective business continuity and disaster recovery plan to ensure the continuity of the information system and its service.
- Having implemented emergency procedures to ensure proper functioning of the information system and services.

#### Information Security Incident Reporting and Handling

Taishin FHC established "Taishin FHC Information Security Incident Management Guidelines" and established the process for information security incident reporting and response. The Company and its subsidiaries consider the scope and severity of impacts from their respective information security incidents, and analyze and the incidents to make judgments. If a major information security incident occurs, responsible supervisors in the scope of the information security incident and the Chief Information Security Office and Chief Information Office of Taishin FHC are notified. They then control the incident according to information security incident handling procedures, verify the root cause, correct and restore services, and review and make improvements to reduce hazards and losses. There were no information security violations in the past three years.

	2020	2021	2022
Number of violations of information security regulations or cyber security incidents	0	0	0
Number of data leaks	0	0	0
As a percentage of data leakage events involving personal data (%)	0	0	0
Number of customers and employees affected by leaks of company information	0	0	0
Fines for information security or network security incidents	0	0	0



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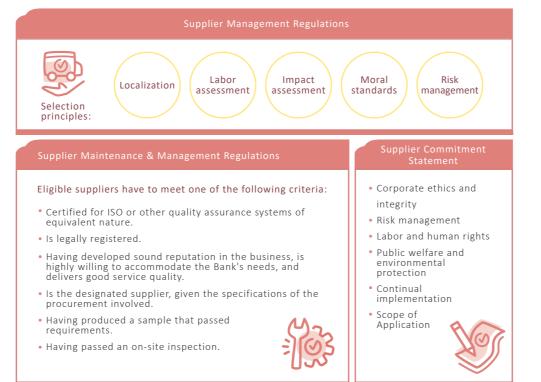
### 2.5 Sustainable Supplier Management

Suppliers are our essential partners toward sustainability. Taishin FHC views supply chain management a critical step for enhancing competitiveness, which is why we continue to commit resources into sustainable supplier chain management. By attracting sustainable business partners, we aim to build a resilient supply chain and contribute to a brighter future.

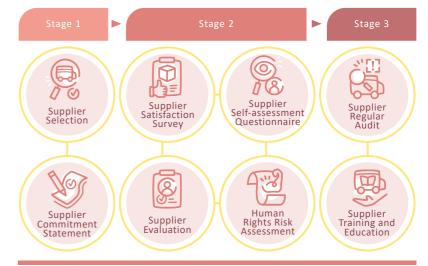
#### 2.5.1 Supplier Management Policies

#### 1. Management Policies

Taishin cooperates with over 400 suppliers every year on projects including software and hardware procurement and building decoration. Besides cost and quality considerations, suppliers' ESG performance are also an important point of consideration for selection. To strengthen suppliers' management strength, Taishin FHC is taking a systematic approach and has formulated "Supplier Management Regulations" which include mechanisms such as all qualified suppliers must sign the "Supplier Commitment Statement", and evaluate suppliers through monthly supplier satisfaction survey, supplier self-assessment questionnaire, and deliver the knowledge of sustainable development through the supplier conference to jointly enhance the sustainable competitiveness.



#### 2. Management Methods



#### (1) Human Rights Policy and Supplier's Commitments

Taishin's Supplier Management Guidelines were established based on the spirit of the Universal Declaration of Human Rights, Guiding Principles on Business and Human Rights, UN Global Compact, ISO 26000, International Labour Organization, Social Accountability 8000, Code of Conduct – Responsible Business Alliance (RBA) and international standards for information security systems ISO 27001. Provisions related to prohibiting human trafficking, anti-harassment, and collective bargaining were added to the Supplier Management Guidelines and Supplier Commitment Statement in recent years with consideration to the importance attached by international society to human rights protection, requiring suppliers to raise their human rights standards.

Any vendor that becomes of a supplier of Taishin must sign the Supplier Commitment Statement when signing a new contract, and the signing rate reaches 100% each year. Taishin lowers the ESG risk of its supply chain through the supplier selection process and requiring suppliers to fulfill their commitment to sustainable development, thus achieving supply chain sustainability management.



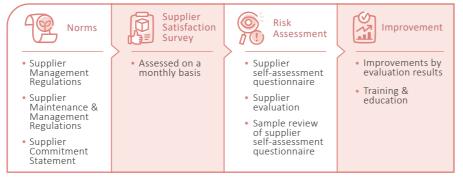


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#### (2) Supplier Conference

Starting in 2019, Taishin has convened a supplier conference every year. Education and training is implemented for suppliers at the supplier's meeting every year. Supplier management policies are promoted and market trends are shared.We surveyed topics that suppliers are interested in, and used the theme "From Zero To Hero: Taking Sustainability Seriously to Achieve Net Zero Emission" for the supplier conference in 2022, which discussed how companies should respond to net zero emissions and shared energy conservation measures under the goal of net zero emissions. Taishin selected 5 suppliers with excellent performance in service satisfaction, delivery, and special performance for the first time in 2022, and distributed trophies made from recycled wood, hoping to the lead by example and drive suppliers to include net zero emissions into their management approach.

#### 2.5.2 Supplier Risk Assessment



#### 1. Supplier Evaluation

To implement sustainable supplier management, Taishin classifies and manages suppliers based on the nature of procurements and procurement amount according to the Supplier Maintenance & Management Regulations, in order to achieve sustainable supplier management. Suppliers with annual procurement amount of NT\$2.5 million and above are classified as major suppliers, and are further divided into tier 1 and tier 2 based on procurement amount. Taishin distributes supplier selfevaluation questionnaires to major suppliers, and then carries out supplier evaluation and document review after collecting the questionnaires. Suppliers are required to make adjustments and improvements based on evaluation results to ensure that risks are controllable.



- 🧭 Health and safetymanagement
- ✓ Environmental protection

#### Types and Percentage of Major Suppliers in 2022

IT/	Equipment/	Cards/	Services	Marketing	General
telecommunication	construction	printing		Activities	Affairs
61.98 %	9.92 %	5.79 %	11.57 %	4.13 %	6.61 %

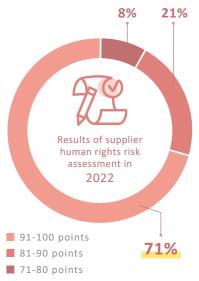
Note: Taishin engages a wide variety of suppliers including system developers, telecommunication carriers, insurance companies, fund companies, card manufacturers, overseas investment consultants, financial information suppliers, advertising companies, media, printing companies, and office consumables suppliers.

#### Supplier Evaluation Results

Year		2020	2021	2022
А	Priority purchase	58.5 %	50.0 %	40.5 %
В	Second priority purchase	40.8 %	49.0 %	59.5 %
С	Purchases can be made, provided that improvements are made	0.7 %	1.0 %	0 %
D	No purchase will be made until the supplier improves to Grade C	0 %	0 %	0 %

#### 2. Suppliers Human Rights Risk Assessment

A human rights risk survey and training was carried out for all 258 suppliers in 2022, responding to disputes and violations in the past through a risk questionnaire to verify the risks of suppliers. According to survey results, approximately 5.8% of suppliers are classified as high risk (including 1 major supplier); for the high-risk major supplier, follow the supplier's human rights risk mitigation measures to strictly supervise and regularly track the improvement situation. We shall also regularly follow up on the improvement status and assess restrictions for future tenders. At the same time, we will continue to conduct trainings through supplier conference will establish more diverse ways on sharing and communication, actively promote Taishin's advocacy on human rights issues and expect to drive suppliers to work with us for better improvement.



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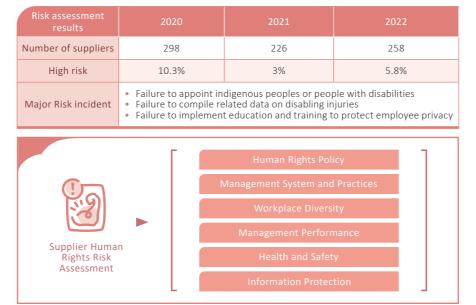
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#### Results of supplier human rights risk assessment



#### Supplier Human Rights Risk Mitigation Measures

Human rights	Huma	an rights risk	Human rights risk m	itigation measures
risk assessment score	assess	sment results	Major suppliers	Suppliers ranked Tier 2 and below
Higher than 80 points	Qualified supplier	Priority purchase	None	None
60-80 points	High-risk suppliers: Purchases can be made	Adjustments must be made in accordance with the Company's requirements	Telephone communication	Rigorous oversight
		First questionnaire response: One warning	Telephone communication	
Lower than 60 points	High-risk suppliers: No purchases will be made	Not the first questionnaire response: No purchase will be made until the supplier's score in the following year increases to at least 60 points or until the supplier formulates its human rights policy again and submits it to the Company.	<ol> <li>Site survey</li> <li>Mandatory participation in the training in the supplier conference of the current year</li> </ol>	Rigorous oversight

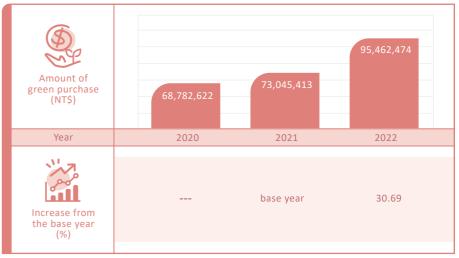
Note: The supplier's rating shall be based on the annual procurement amount.

### 2.5.3 Green Procurement

Since 2016, Taishin has received the recognition of the Department of Environmental Protection of the Taipei City Government for its outstanding performance for six consecutive years. Taishin was recognized by the Environmental Protection Administration, Executive Yuan and Department of Environmental Protection, Taipei City Government as a private enterprise and non-government organization with excellent green procurement performance (the threshold is green procurement amount reaching NT\$50 million and above and NT\$55 million and above) in 2022, and our green procurement amount grew each year. Green procurements amounted to NT\$95,462,474 in 2022, increase 30.69% compared to 2021.

Taishin is an active supporter of green procurement, and has specified in its "Supplier Maintenance & Management Guidelines" to give priority to purchasing products that are certified for environment friendliness, water efficiency, energy efficiency and green construction materials, or products with features such as renewable material, recyclable, low-pollution etc. This is how Taishin has enforced its environment-friendly purchase into practice. By working with upstream and downstream partners, we aim to create a green supply chain.

#### Amount of Green Procurement in Recent Years



Note: The baseline year is 2021. There was a total of 21 green procurement items in 2022, including notebooks with the Green Mark, image output devices, hybrid vehicles, eco-friendly toner cartridges, paper towels made from recycled paper, fluorescent lamps (TS and LED), toilet equipment with the water conservation mark, and plasterboard and mineral fiber ceiling with the green building material mark.



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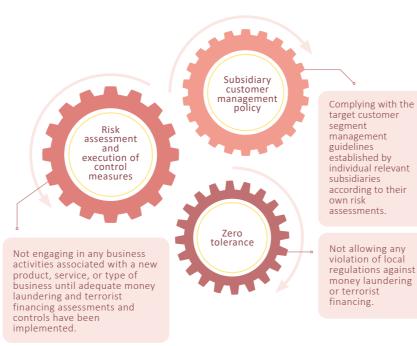
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### 2.6 Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT)

#### 2.6.1 Management of AML and CFT

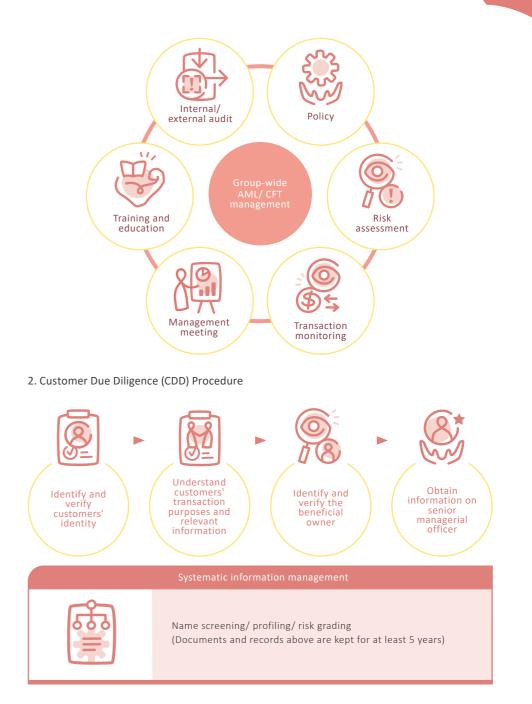
#### 1. Policy and Responsible Unit

Taishin has the "AML and CFT Policy" in place to combat money laundering and crime while at the same time instill order, transparency and cross-border collaboration in financial services. By enhancing internal AML/ CFT mechanisms, we hope to raise employees' anti-money laundering awareness and embrace a sustainable business value that supports our responsibilities as a global citizen.



The board of directors of Taishin Financial Holding holds the ultimate authority and responsibility in AML and CFT. The board establishes compliance and risk management cultures throughout this organization, and regularly reviews the organization's AML/CFT practices.

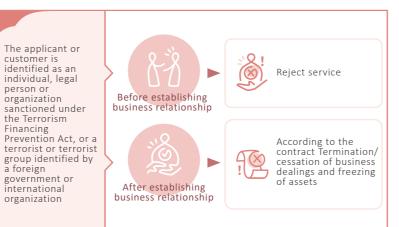
Group subsidiaries are responsible for verifying, assessing and understanding the exposed risks of money laundering and terrorism financing. They are also required to develop ML/TF risk prevention plans and compliance standard operating procedures, and undertake self-audits and internal audits for the purpose of preventing or mitigating ML/TF risks.



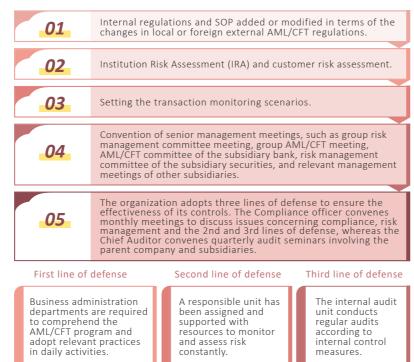


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#### 3. Exit measures for AML/CFT Violations



#### 4. Five Actions and Three Lines of Defense



#### 2.6.2 AML and CFT Education

The Company continued to include anti-money laundering and counter terrorism financing training for corporate governance courses for the Directors of Taishin FHC in 2022 for the purpose of enhancing the awareness of the management and general employees for anti-money laundering and counter terrorism financing. The Group also provided significant amounts of training for the Group's AML/ CFT officers/personnel with 798 total training hours. The training provided by the Group for Taishin FHC and subsidiaries including Taishin Bank, Taishin Securities, Taishin Securities Investment Advisory, and Taishin D. A. Leasing included physical, online e-learning, and external education courses. Total training hours amounted to 32,558.01 hours and employees registered 21,069 attendances in such courses. The course contents encompassed reflections and outlook of anti-money laundering risk management, compliance and audit education, anti-proliferation of weapons of mass destruction, customer risk review, system operations, due care in business operations, suspicious transaction patterns, cases, and reporting, and explanation of common errors with more than 100 courses. The 2022 AML and CFT training completion rate was 100%.

AML and CFT training in 2022	Number of participants	Hours			
Periodic training courses that share cases (common types of deficiencies, case sharing, etc.)	6,082	5,007.77			
Internal online training courses and tests (AML/CFT regulations for the financial industry and communication)	10,380	19,658.96			
Online training course offered by the internal compliance/dedicated unit (international sanctions on proliferation financing, US OFAC sanctions, customer due diligence, and investigation of suspected ML/TF)	2,867	1,819.39			
In-person training courses offered by the internal compliance/dedicated unit (domestic and overseas regulations, national risk assessment report on ML/TF and proliferation financing, and sharing of practices)	1,245	1,639.05			
In-person training courses provided by external professional institutions (international conferences on financial supervision of AML/CFT and proliferation financing, types of AML, and FinTech and AML)	145	728			
Required continuing education courses each year (introduction to laws and regulations, investigation of suspicious transactions, analysis of crimes, anti-corruption, etc.)	350	3,704.84			
Total	21,069	32,558.01			
lote: As the employees of the Group changed many times in the year, the number of participants is used for calculations.					

<ul> <li>Taishin Bank has obtained the global certification for the United States Patriot Act and announced the statement on the official website of the Bank.</li> </ul>	<ul> <li>The Wolfsberg questionnaire provided by Taishin Bank and Taishin Securities was announced on the official website.</li> </ul>		
Patriot Act certification	Taishin Bank Paishin Securities		

### The Investigation Bureau investigated the significant increase in cases of suspected money laundering reported by Taishin Bank based on incentives (as shown in the table below)

	2020	2021	2022
Number of feedback incentive cases of the Investigation Bureau	111	87	90

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### 3.1 Net zero emission goal

#### 3.1.1 Taishin FHC's goal for net zero emission

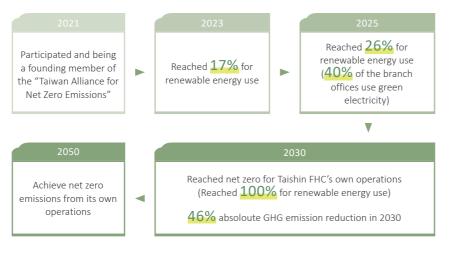
#### Taishin FHC's overall net zero roadmap

In 2021, Taishin FHC became a founding member of the "Taiwan Alliance for Net Zero Emissions", announcing that it will achieve net zero emissions from Taishin FHC own operations in 2030. Taishin also received the SBTi target approval in July 2022, in terms of scope 1 and scope 2, the greenhouse gas reduction strategy is set to limit the increase in temperature within 1.5°C, and the target is set to reduce carbon emissions by 46% compared with the base year of 2019 by 2030, which is equivalent to an annual carbon reduction of 4.2%; In terms of scope 3, 2019 is also the base year for the reduction targets of financing and investment positions by well below 2°C.

#### Net zero for our own operations

The 30th anniversary of Taishin made its focus on "Dedicated to Sustainbility & Living Green" and strongly advocates "From Zero to Hero"- everyone can be a hero in helping resolving the climate crisis. We actively take the following actions to ensure net zero emissions for our own operations:

#### Net zero pathways of our own operation(Scopes 1+2)





- Bringing in renewable energy as electricity use: Taishin Tower was used renewable energy from 2022. We expect to gradually increase the proportion of renewable energy usage by purchasing more green electricity year by year; then in 2025 expanding to 40% of the branch offices, and achieving all branch offices for 100% renewable energy usage by 2030.
- Purchasing new company vehicles to hybrid or electric vehicles: In order to reduce the carbon
  emissions generated by business travels, Taishin actively promotes the replacement of inperson meetings with video conferencing, purchasing of new company vehicles to hybrid
  or electric vehicles, subsidizing employees to replace old motorcycles with new electric
  motorcycles; moreover, we evaluate if setting the shared motorcycle battery stations, shared
  bicycle parking docks and electric vehicle charging stations at each branch office to actively
  reduce oil consumption.
- For the other performance of energy-saving and carbon-reduction action plan please see <u>4.2.1</u> Energy-saving and carbon-reduction guidelines for details.

#### Own operations' SBT and achievement status

Scope of the target	Scenario setting	Science-based targets (SBT) for carbon emissions reduction	Achievement status			
Scopes 1 & 2	1.5°C	Reduce absolute GHG emissions <mark>46%</mark> by 2030 from a 2019 base year.	Reduction of <mark>3%</mark>			
	Action plans					
<ul> <li>Continue to exp</li> <li>Introduce Air Co</li> <li>Replace with po</li> <li>Continue to inc power purchase</li> </ul>	<ul> <li>Continue to increase Green Building Label buildings (currently 3 buildings in total)</li> <li>Continue to expand the solar panel area (currently 9 branches installation in total)</li> <li>Introduce Air Conditioning Energy Management System in 2023</li> <li>Replace with power-saving devices</li> <li>Continue to increase the purchase of renewable energy (purchasing T-REC in 2017, signed a green power purchase contract with renewable energy sellers since 2022)</li> <li>Purchase electric/hybrid vehicles and install charging stations (3 stations had been installed in 2021)</li> </ul>					

Note1: Scopes 1 & 2 SBT achievement status is based on the 2022/12 data calculation.

#### Net zero for our investment and finance portfolio

In response to the future demand for climate risk management, Taishin has taken practical actions to react to the "environmental sustainability" of its own operations and the "net zero carbon emission" of its financial business. Since the Science-based target (SBT) project launch in 2021, we have carried out an inventory of carbon emissions in scope 1, scope 2 own operations and in scope 3 of important asset categories for investment and financing. We committed in 2022 and the targets got approved by the Science Based Targets Initiative (SBTi) in July at the same year. Through SBT's reduction target setting, Taishin will reduce emissions year by year according to the plan, hoping to lead investment and financing targets to jointly reduce carbon and transform, so as to reduce the impact of transition risks.

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#### SBT Scope 3 achievement status for investment and finance

Scope of the target	Scenario setting	Science-based targets (SBT) for carbon emissions reduction		Achievement status		
Scope 3 from investment portfolio	Well below 2°C	Adopted Portfolio Coverage as engagement method for investment (Note 4), and the 38% of long-term investment portfolio by invested value setting SBTi validated targets by 2027.		30% of the portfolio		
	Action plans					
<ul> <li>In the future, the main investment targets will be focused on the enterprises committed SBT or targets approval by SBTi.</li> <li>No new coal mining investment from 2023</li> <li>No new coal-fired power plants investment from 2025 (except for green energy power generation investment)</li> <li>Decarbonization strategy (investment):         <ul> <li>Completely global phase out the coal business by 2030</li> <li>Completely global phase out the unconditional oil and gas by 2040</li> </ul> </li> </ul>						

No new coal-fired power plants investment from 2025 (except for green energy power generation investment)

Scope of the target	Scenario setting	Science-based targets (SBT) for carbon emissions reduction	Achievement status	
		Financing – emission intensity for commercial real estate loan (kgCO2e/m <sup>2</sup> ): adopts SDA, targets to reduce 59% by 2030	Reduction of $42\%$	
		Financing – emission intensity for electricity generation related loan (Note 5) (ton CO2e/MWh): adopts SDA, targets to reduce 50% by 2030	Increase of 14%	
		Financing - long-term loans for fossil fuel (Note 6): Adopted Portfolio Coverage as engagement method, and the 38% of long- term loan portfolio by invested value setting SBTi validated targets by 2027	0% of the portfolio	
Scope 3 from financing portfolio Well below 2°C	Well below 2°C	Financing - emission intensity for Service-Buildings sector long-term loan (Note 6, Note 7) (kg CO2e/m <sup>2</sup> ): adopts SDA, targets to reduce 58% by 2030	Reduction of 24%	
		Financing – emission intensity for iron and steel sector long-term loan (Note 6) (ton CO2e/ton): adopts SDA, targets to reduce 45% by 2030	Reduction of 43%	
	Financing – long-term loans (Note 6), "computers, electronic and optical products manufacturing", "other electronic parts and components manufacturing", "bare printed circuit boards manufacturing" and "semiconductor" sector: Adopted Portolio Coverage as engagement method, and the 42% of long-term loan portfolio by invested value setting SBTi validated targets by 2027	19% of the portfol		
Action plans				
<ul> <li>Coal-fired power plants: No new project finance financing for coal-fired power plants from 2022. No new coal-fired power</li> <li>Decarbonization strategy (financing):</li> <li>Completely global phase out the coal business by 2030</li> </ul>				

- Completely global phase out the unconditional oil and gas by 2040

Coal mining: No new coal mining financing from 2022

Taishin has no finance positions on coal mining and project finance, coal infrastructure, Tar sands and Arctic oil and gas; and with no investment portfolio on Tar sands, Artic, Ultra deep water oil and gas.

Note1: Due to the time difference between the release of corporate greenhouse gas emissions and financial data, the achievement status of SBT goals in scope 3 here is 2021/12 data calculation result.

Note2: The methodology "SDA" is the abbreviation of Sector Decarbonization Approach.

Note3: Taishin Life Insurance was merged into Taishin FHC on June 30, 2021 and became a 100% subsidiary. However, because it merged into Taishin FHC for less than one year, the data was not included for 2021.

Note4: Only the SBT required asset classes were included for calculation: Stocks (ordinary shares and preferred shares) and corporate bonds of Exchange-listed and OTC-listed companies. Sovereign bonds, green bonds, private equity, and derivatives are not included. Note5: Taishin has no project finance related to electricity generation.

Note6: long-term loans do not include small and medium-sized enterprise loans, corporate loans under one year.

Note7: Service-Buildings sector loans exclude wholesale and retail industries.



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#### Carbon management of financial assets

Taishin follows the group's core climate strategy - "net zero carbon emissions" for financial business and launches relevant specific actions. Taishin FHC, together with its subsidiaries, conducts carbon management of financial assets at various levels to manage the transition risks faced by Taishin:



Through consultation with external experts and the opinions of Taishin FHC's industry economic experts, we committed in 2022 that no new financing for coal mining and no new project finance for coal-fired power plants, then Taishin further researches and plans to set threshold, escalation schedule and phase-out for the entire coal business and unconditional oil and gas to implement the decarbonization strategy of Taishin FHC, therefore to actively response to global divestment actions.

#### Decarbonization phase-out schedule

Coal industry	Uncon.oil & gas
From 2022 to 2025, there will gradually be no new financing/investment, and complete phase out will be done by 2030 (except for green energy power generation related uses) for coal mining, coal power and coal infrastructure(land transport and warehousing)	From 2023 to 2030, there will gradually be no new financing/investmnet, and complete phas out will be done the lastest by 2040 according to timeline arrangement for Tar sands, Shale o & gas, Liquified natural gas (LNG), Arctic oil & gas, Ultra deep water oil & gas.
<ul> <li>No new coal mines finance</li> <li>No new coal-fired power plants project finance</li> </ul>	022 ► E
<ul> <li>No new financing or investment to transactions of existing coal-fired operations more than 40% proportion for coal-fired power</li> <li>No new financing or investment to more than 40% proportion for land transport and</li> </ul>	• No new Tar sands, Arctic oil & gas, Ultra deep water oil and gas financing or investment.
warehousing of coal business • No new coal mines investment	Globally phase out for Tar sands, Artic oil & gas financing or investment     Globally phase out for Ultra deep
No new coal-fired power plants financing or      investment	water oil & gas investment
<ul> <li>No new financing or investment for land transport and warehousing of coal business</li> <li>Globally phase out for coal mining financing</li> </ul>	<ul> <li>No new Shale oil &amp; gas, LNG financing or investment</li> <li>Globally phase out for Ultra deep</li> </ul>
Globally phase out for coal industry	water oil & gas financing
	• Globally phase out for unconditional oil & gas
<ul> <li>Financing coverage for business activities:credit lin product activities, infrastructure finance/project fir</li> <li>Investment coverage for business activities: active managed investment</li> <li>Exclusions for coal finance/investment: Green ener or develop new power plans</li> <li>Coal infrastructure for land transport including bus warehousing/storage</li> </ul>	nance investment, passive investment, third-party rgy with transition of exist coal-fired power plants

Taishin has also formulated a decarbonization mechanism for existing customers. The purpose is to have a complete and gradual plan for management, supervision, engagement, and relative thresholds in the process of decarbonization and comprehensive phase out, and to assist them to gradually decarbonize carbon transition.

- Inventory: Each subsidiary immediately takes inventory of investment/financing outstanding and positions, in the meanwhile, confirms the outstanding matured date and its mechanism for gradual decarbonization.
- Management: Regularly (ex: quarterly) review the outstanding decrease situation of existing positions, or observe the curve change in carbon emissions of investment/financing clients over the years.
- Supervision and engagement: Continuously evaluate the investment and financing clients before the
  matured date, or communicate through engagement in accordance with Taishin's decarbonization
  strategy to simultaneously understand the carbon reduction, transformation or net zero plan of the
  investment and financing clients, moreover, actively supervise and observe the engagement status
  in order to assess whether business transactions are in line with Taishin's decarbonization path.
- Decision made for whether to cooperate any more: If the engagement meets the various decarbonization and phase-out deadlines of Taishin, then we can periodically pay attention for their progress of net zero, or reviewed if the carbon emission reduction curve of the investment/loan target is significant over the years as a basis of decision; if not met, no longer cooperation when agreement is matured.

## Science-based targets (SBT) for carbon emissions reduction

Taishin completed the submission of commitments and targets in 2022, and the targets were approved by the Science Based Targets Initiative (SBTi) in July at the same year. For the pathway to reach the targets and the latest target achievement status of each asset category, please refer to the section of "Net zero for our investment and finance portfolio".

### Industries with high carbon emissions

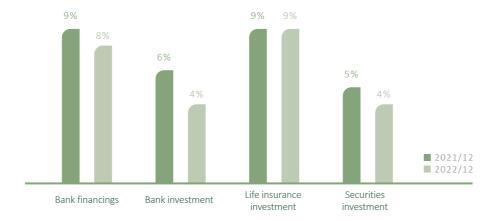
In order to manage industries with high transition risks, Taishin FHC's Chief Risk Office and major subsidiaries further jointly formulated Taishin FHC's "high carbon emission industry list". By referring to the industry code of the Directorate General of Budget, Accounting and Statistics, the overall industry classification of the financial holding group is unified and the industries that are more sensitive to transition risks are identified, which include "Electricity and gas supply industry (excluding green energy power generation)", "Extraction of Crude Petroleum and Natural Gas Industry", "Petrochemical-related industries", "Manufacture of Paper, and Paper Product Industry", "Manufacture of Basic Metals Industry", "Manufacture of Textiles Industry", and "Cement industry".

All business responsible units of the subsidiaries shall prudently assess the climate risks of investment and financing targets, use the "high carbon emission industry list" as one of the risk assessment factors for their business dealings and transaction decision making, and integrate it into the review process or decision-making management mechanism; meanwhile, they shall regularly report the statistical data of high carbon emission industries' risk exposure to the responsible supervisors for relevant supervision and control. From 2023, risk management of Taishin FHC also regularly reports the status of positions in high carbon emission industries in the Risk Management Monthly Meeting to accelerate the implementation of carbon reduction targets.

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#### Risk exposure proportion of high-carbon-emission industries from 2021 to 2022



Note1: Risk exposure statistics include banks (including overseas branches), life insurance, and securities subsidiaries. Note2: Investment includes equity and creditor's rights. Equity risk exposure is identified by cost, and creditor's rights risk exposure is identified by face value.



In order to support the renewable energy power generation industry, Taishin formulated the "Guidelines for Solar Power Plants Financing" to respond to the government's renewable energy policies and encourage financing related to the construction, purchase, and compensation of solar power plants. Due to the active investment in renewable energy financing, the performance of carbon emission reduction has grown significantly. In 2022, the electricity generated by loaning solar power plants was 37% increase compared to 2021, which is also equivalent to reducing carbon emissions by 126,237 tons of CO2e. Please see the table below for details.

Performance of financing to solar PV power plants	2020	2021	2022
Loan outstanding(NT million)	3,488	3,599	5,510
Proprtion (note)	0.58%	0.55%	0.85%
Electricity generated(MWh)	13,833.980	180,644.533	248,008.955
Electricity carbon emission factor(kg CO2e/kwh)	0.509	0.502	0.509
Emission reduced(tons of CO2e)	7,041	90,684	126,237

Note: The proportion of the loan outstanding is from Wholesale Banking Group.

### Carbon emissions from investment and financing

Taishin has carried out the carbon inventory calculation of investment and financing positions in scope 3. The relevant data of carbon emissions statistics over the years are as follows:

		2019	2020	2021	2022
Investment	Carbon emissions (ton CO2e)	92,570	236,277	422,070	679,364
Portfolio	Carbon footprint (ton CO2e/million NTD)	0.66	1.25	2.37	2.37
Financing	Carbon footprint (ton CO2e/million NTD)	519,055	359,226	323,623	371,506
Portfolio	Carbon footprint (ton CO2e/million NTD)	3.05	2.25	1.52	1.62
Total carbon en and financing	Total carbon emissions from investment and financing		595,503	745,693	1,050,870
Total carbon footprint from investment and financing(tons of CO2e/NTD million)		1.97	1.71	1.91	2.04
Portfolio coverage (%)		15.42	18.89	18.42	21.80

Note1: Carbon emissions from investment and financing are calculated by PCAF methodology.

- Note2: Carbon footprint of investment and financing = carbon emissions from investment and financing/outstanding of inventoried investment and financing.
  - (Carbon Footprint Unit: ton CO2e/invested and lending outstanding million NTD)
- Note3: Carbon emissions and carbon footprint in 2022 are estimated based on the carbon footprint in 2021.
- Note4: Portfolio coverage = outstanding of inventoried investment and financing/balance sheet of FVPL, FVOCI, AC, shortterm loans, medium-term loans, long-term loans and non-accrual loans.
- Note5: Taishin FHC purchased 100% equity of Taishin Life Insurance on June 30, 2021, and incorporated it into the consolidated financial report preparation entities. However, because it had been merged into Taishin FHC for less than one year, it was not included in the data of 2021. Therefore, Taishin Life Insurance was included in the carbon inventory from 2022.
- Note6: In 2021, the carbon emissions of investment showed an upward trend, mainly due to a slight increase in the power generation industry and new manufacturing-related positions. In order to promote the net-zero trend and reduce carbon emissions, Taishin formulated relevant measures and mechanisms, and the future power generation and high-carbon emission related industries will all move towards the high-level management and position reduction. Moreover, Taishin will prioritize investments in green bonds and other targets related to green sustainability, and will gradually phase out the coal industry and unconditional oil and gas in accordance with Taishin's decarbonization strategy, so as to achieve the carbon reduction targets year by year.





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### 3.2 Climate-related financial disclosures (TCFD)

As a close attention of global trends, Taishin started implementing the Task Force on Climate-related Financial Disclosures (TCFD) framework in 2018 and became officially a TCFD supporter in 2019. In 2022, Taishin FHC released its first standalone "Climate-related Financial Disclosure Report (TCFD report)" based on the disclosure framework and indicators suggested by TCFD to help stakeholders better understand Taishin's management of climate-related risks and opportunities. Please refer to the TCFD report for details of climate-related financial disclosures. The disclosures are summarized as follows:

Core Elements	Disclosure Items	Executive Summary	Reference Chapter in Taishin FHC 2022 TCFD Report
	Board supervision	<ul> <li>The Board of Directors of Taishin FHC is the highest unit on climate and sustainability-related issues. The functional committees, the Risk Management Committee and the ESG Committee, under the Board of Directors are responsible for overseeing and managing climate and sustainability-related issues.</li> <li>The implementation results of FHC's climate-related risks and opportunities are reported to the Risk Management Committee and the Board of Directors every six months since 2023. Bank, life insurance, and securities subsidiaries also report regularly according to their respective organizational structures.</li> </ul>	<ol> <li>1.1 Climate Governance Framework</li> <li>1.2 Roles and Responsibilities of Board of Directors and Management Team</li> </ol>
Governance	Functions of management	<ul> <li>Taishin actively initiated the cross-departmental and cross-subsidiary unit for climate issues under the President of Taishin FHC based on the content of different issues.</li> <li>TCFD Task-Force Team: The TCFD task-force is convened by the Chief Risk Officer, and the members span the FHC and each subsidiary to comprehensively promote the management of climate-related risks and opportunities in various businesses. The TCFD task-force continues the FHC's TCFD process and coordinates climate-related risk and opportunity results of the Corporate Sustainability Office, 6 ESG teams, as well as SBT task-force. The TCFD task-force reports regularly to the Taishin FHC monthly risk management meetings, the Risk Management Committee, and the Board of Directors. It also publishes TCFD report annually since 2022.</li> <li>SBT Task-Force Team: The SBT task-force focuses on monitoring execution and progress of carbon inventory and carbon reduction target as well as formulating response strategies. The team is required to report results periodically to the ESG Committee or the Board of Directors and present action plans for approval.</li> <li>Six ESG Teams: Divided into 6 teams based on different ESG topics, among which the "Green Operations" team assesses and manages climate risks and opportunities in the group's own operation. The "Smart Services" team and the "Responsible Finance" team manage climate risks and opportunities in investing and financing activities and promote green financial products and services.</li> </ul>	<ol> <li>1.1 Climate Governance Framework</li> <li>1.2 Roles and Responsibilities of Board of Directors and Management Team</li> </ol>
	Short, medium and long term risks and pportunities	To understand the effects of climate change on the company, Taishin FHC and its key subsidiaries have conducted internal investigation to identify short- (<=2023), medium- (>2023 and <=2030) and long-term (>2030) climate risks in each company's own business operation, investment, financing, products and services, insurance and suppliers. Major risks identified include an increase in the frequency of extreme weather such as high temperatures, typhoons, and heavy rainfall, or stricter regulatory requirements such as carbon fees and carbon taxes. Major opportunities identified include digital finance trends and green loan and investment.	2.1 Climate-Related Risks and Opportunities
Strategy	Impact of material risks and pportunities	<ul> <li>Through the climate matrix, Taishin ranks the identified climate-related risks and opportunities based on the two dimensions of "probability of incidence" and "degree of impact", finds the relatively more important climate issues, and then constructs a climate strategy and specific action plan based on the "environmental sustainability" of its own operation and the "net zero carbon emission" of the financial business. In addition to strengthening the management of high-climate risk targets, we also consider the business opportunities that climate change may bring, and gradually establish the corresponding mitigation and adaptation action plans.</li> <li>"Environmental sustainability" in its own operations: devise and implement environmental sustainability and achieve net zero at 100% of the offices by 2030</li> <li>"Net zero carbon emissions" of financial business: respond to and promote net zero emissions and respond to the 2050 net zero carbon emissions target</li> </ul>	<ul><li>2.1 Climate-Related Risks and Opportunities</li><li>2.2 Climate Strategy and Actions</li></ul>
	Scenario analysis	<ul> <li>Own operation offices and suppliers: Under the four scenario simulations of RCP2.6, RCP4.5, RCP6.0 and RCP8.5, through the three climate risk factors of hazard, exposure and vulnerability, comprehensively evaluate the short-, medium-, medium-to-long, and long-term physical risk level distribution and follow-up response measures of own operation offices and suppliers. And through the estimated carbon fee, measure the carbon price cost that suppliers may face.</li> <li>Investment and financing position: Taishin Bank, a major subsidiary of Taishin FHC, carries out climate risk impact assessments with reference to the methodology of the "Operation Plan for Domestic Banks' Handling of Climate Change Scenario Analysis" issued by the Bankers Association of Taiwan. The methodology covers climate scenario assessment reports and reference scenarios that are widely cited internationally, selects three different climate change paths (the scenarios are divided into orderly transition, disorderly transition, and hot house world scenario, each scenario orderly sist and transition risk, and the time span is set to 2030 and 2050), and conducts financial impact calculation and resilience assessment of physical risks and transition risks through climate scenario analysis. Transition risk is to assess the impact of carbon prices under different transition policies, and physical risk is to consider the frequency and impact of heavy rain, flooding and drought in various regions.</li> </ul>	2.3 Climate Change Scenario Analysis and Resilience Assessment

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Core Elements	Disclosure Items	Executive Summary	Reference Chapter in Taishin FHC 2022 TCFD Report
Risk Management	Identification and assessment process	<ul> <li>Taishin has conducted short-, medium-, and long-term identification of climate-related risks through internal investigations, and identifies climate-related risks that are relatively important to Taishin, as well as their potential financial impacts, the duration of impacts and facilitates formulation of response plans and management mechanisms.</li> <li>After inventorying and assessing climate-related risks, management measures for various transition risks and physical risks have been developed successively, and will be dynamically adjusted in the future depending on the situation.</li> </ul>	<ul><li>2.1 Climate-Related Risks and Opportunities</li><li>3.2 Climate Risk Management</li></ul>
	Management process	<ul> <li>Transition risk management: Taishin FHC, together with its subsidiaries, conducts carbon management of financial assets at different levels, effectively controls the extent to which the entire group is affected by climate-related risks, and gradually achieves low-carbon transition. Including (1)Decarbonization commitment, which is setting no new additions and phase-out period for the coal industry and unconventional oil &amp; gas industry; (2)setting SBT targets; (3)establishing a list of high carbon emission industries of Taishin FHC.</li> <li>Physical risk management: Physical risk review and related adjustment measures for its own operations, financial holdings' overall investment and financing, and insurance business.</li> <li>Regularly review climate risk-related data and report to responsible managers for relevant supervision and management.</li> </ul>	3.2 Climate Risk Management
	Integration with risk management mechanisms	<ul> <li>Taishin takes climate change issues into consideration. In 2022, we amended the "Risk Management Policy" of Taishin FHC, adding a climate risk appetite statement and integrating climate-related risks into existing risks. The FHC also published the "Climate Risk Management Guidelines" to promote an effective climate risk management system for Taishin FHC's subsidiaries as a whole. The scope covers climate risk identification, monitoring of high carbon emission industries, climate scenario analysis, risk management by the three internal lines of defense, and planning of reporting and disclosure mechanisms.</li> <li>According to their respective responsibilities, each responsible unit gradually assesses the impacts of ESG and climate-related risks in the review process or decision-making management mechanism, formulates relevant measures to adjust or mitigate the risks encountered by the Company, and regularly reviews the extent to which various positions are affected by climate-related risks.</li> </ul>	<ul><li>3.1 Climate Risk Management and Framework</li><li>3.2 Climate Risk Management</li></ul>
	Indicators used to assess risks and opportunities	<ul> <li>For greenhouse gas (GHG) emissions data and related action plans of scope 1, scope 2 and scope 3 (except for investment and financing positions), please refer to Chapter 4.2 of this report.</li> <li>For scope 3 GHG emissions data from investment and financing positions, please refer to Chapter 3.1 of this report.</li> <li>For Taishin FHC's progress of SBT, please refer to Chapter 3.1 of this report.</li> <li>For the proportion of high carbon emission industries risk exposure in investment and financing positions, please refer to Chapter 3.1 of this report.</li> <li>For the proportion of high carbon emission industries risk exposure in investment and financing positions, please refer to Chapter 3.1 of this report.</li> <li>For the proportion of low-carbon investment positions, please refer to Chapter 3.1 of this report.</li> </ul>	<ul> <li>4.1 Science-Based Targets (SBT) and Achievements</li> <li>4.2 Environmental Data from Business Operations</li> <li>4.3 Net Zero Emissions Data from Financial Business</li> </ul>
Metrics and Targets	Scope 1, scope 2 and scope 3 GHG emissions and related risks	• Disclosure of GHG emission data of own operations as well as investment and financing positions in scope 1, scope 2 and scope 3.	<ul><li>4.2 Environmental Data from Business Operations</li><li>4.3 Net Zero Emissions Data from Financial Business</li></ul>
	Objectives for risk and opportunity management and methods for their implementation	<ul> <li>Disclose the progress of SBT each year and review the applicability of the targets every five years.</li> <li>Short-, medium- and long-term GHG emission reduction targets of our own operations in Scope 1 and Scope 2.</li> </ul>	<ul><li>4.1 Science-Based Targets (SBT) and Achievements</li><li>4.2 Environmental Data from Business Operations</li></ul>



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### 4.1Environmental Management Framework

#### 4.1.1 Commitment to Green Operations

Taishin established the Environmental Sustainability Policy to promote energy conservation and carbon reduction and improve its energy performance. Every year we examine the attainment of environmental goals through ISO 50001, ISO 14064-1:2018, and ISO 14001, effectively manage energy, water resources, and waste, and exert every effort to mitigate the impact brought by climate risks to our operations and the environment.

"Conserve energy, save money, protect the environment" This has been the motto of Taishin for many years. Our commitments:

- 1. To encourage all Taishin employees to establish habits to save energy and expenses and be implanted in their daily lives;
- To continue to promote energy-saving and cost-saving measures and practices and create environmental protection environment so that all energy saving and environmental processes and activities comply with the regulatory requirements;
- 3. To the best of our effort, campaign against pollution by means including recycling and low pollution in green procurement management to ensure effective environmental protection;
- 4. To enforce energy and environmental performance improvement and management and waste classification to reduce the impact on energy and the environment;
- 5. To exercise the dedication spirit and strengthen environmental protection and to keep energy conservation a constant priority to ensure mutual benefit of commerce and nature.
- 6. To keep campaigning for energy saving and carbon reducing measures and to have all Taishin employees join the energy saving and carbon reducing activities.



- Taishin passed the SBTi review and committed to reducing Scope 1 and Scope 2 emissions by 46% by 2030
   Won the Bronze Award in the National Enterprises
  - Environmental Protection Award from the Environmental Protection Administration, Executive Yuan • Received the "Energy Conservation Elite, Excellence in
  - Innovation Award" from the Bureau of Energy, Ministry of Economic Affairs • Supported and obtained the National Green Life Movement Green Office Certification of the Environmental Protection Administration
  - Environmental Protection Administration

    Obtained the Green Building Label for the Nantun Building
- Joined the Taiwan Alliance for Net Zero Emission • Supports the Earth Hour Initiative
  - Obtained Guandong Bridge Building Green Building Label

 Obtained the Green Building Label for the Jianbei Building

2020

• Becomes a TCFD supporting organization

• Purchases renewable energy certification for the first time

• Purchases green electricity for the first time • Starts supporting the green procurement of Department of Environmental Protection of the Taipei City

Starts supporting

the CDP initiative

2015

# Government

### Energy Conservation and Carbon Reduction Initiative

4.2 Energy Conservation and Carbon Reduction

4.2.1 Energy Conservation and Carbon Reduction Guidelines

Taishin began supporting Earth Hour in 2021, and Taishin FHC, 101 branches of Taishin Bank, Taishin Securities, and Taishin Life Insurance all participated in the event in 2022, during which they all turned off their neon lights and marquees.

### 4.1.2 Environmental Management model

Every year Taishin carries out verification for the ISO14064-1:2018 GHG inventory standard, ISO 14001 environmental management system, and ISO 50001 energy management system. In coordination with the update to the inventory standard, Taishin began using the ISO 14064-1:2018 inventory standard in 2020, which focuses on direct emissions and indirect emissions related to the organization. Types of GHG include CO<sub>2</sub>, N<sub>2</sub>O, CH<sub>4</sub>, SF<sub>6</sub>, HFCs, and PFCs in the 2006 version, and also added NF<sub>3</sub>. The inventory has become more reliable as it provides more detailed concepts for quantifying GHG.

#### Progress of Taishin's environmental management



Green Operations



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The Cool Biz activity is held every year. Taishin expanded electricity saving measures in 2022 and controls electrical equipment, including when to turn office lights and air conditioning on and off; air conditioning for the ATM area of branches is also controlled, taking energy conservation action from the inside out. Based on Taishin FHC's goal of net zero emissions, Taishin also added 1 Green Building Label, replaced old air conditioners at 3 locations, and replaced energy-efficient lights in the Neihu Building.



With regard to renewable energy promotion, Taishin added 5 solar power generation sites in 2022, generating 13,300 kWh of electricity and reducing GHG emissions by approximately 6.8 tonnes CO2e. Furthermore, Taishin increases the percentage of its overall electricity use accounted for by renewable energy through the use of green electricity and purchased renewable energy certificates.



To cope with the impact of climate change and respond to the Paris Agreement, Taishin became an institution supporting TCFD in 2019, and expects to effectively achieve the science-based target (SBT) of carbon reduction approved by SBTi in 2022. By introducing the internal carbon pricing mechanism, the pricing of carbon-related external costs is included in the management measures of internal low-carbon transition, so as to guide low-carbon capital investment by improving energy efficiency and reducing carbon emissions, so that low-carbon operations can be implemented in all units of the organization.

Taishin's internal carbon pricing adopts the shadow price method, which is applied to the evaluation of scopes 1 and 2 reduction actions. Carbon pricing is considered together with equipment specifications and input costs, so that carbon price factors can be simultaneously reflected in the planning of energy-saving actions. At present, the price of 1 ton/CO2e is set at NTD2,400, which is mainly measured through internal carbon reduction cost analysis, external carbon price research, general situation of various carbon trading markets and the industry, etc.; We look forward to responding to climate change-related laws and regulations, changing internal actions, guiding energy efficiency and low-carbon investment, and responding to stakeholders through the implementation of internal carbon pricing. Relevant pricing is expected to be reviewed and adjusted annually based on actual operations or trends.

#### Results of energy conservation and carbon reduction actions:

Taishin began to control GHG emissions through energy conservation, creation, and purchase measures starting in 2016. As of 2022, the cumulative carbon reduction amount reached 982.7 tons, which was equivalent to the annual carbon absorption of 2.5 Daan Forest Parks

Carbon Reduction Methods	Action plans	Accumulated amount as of the end of 2022	2022 Electricity savings (kWh)	2022 Carbon reduction (tCO2e)	Accumulated Saved Electricity (kWh)	Accumulated Reduced Carbon (tCO2e)
	Replacement of old air conditioners	46 locations in total	20,000	10.2	571,804	291
Energy Conservation	Replacement of energy efficient lights	1 location in total	171,072	87.08	171,072	87.1
	Green Building	3 buildings in total	31,188	15.9	117,521	59.8
	Building cooling tower construction	2 buildings in total	71,552	36.4	143,104	72.8
Energy Production	Solar Power Plant	9 locations in total	13,300	6.8	16,300	8.3
Energy	Renewable energy certificates	231,000 kWh in total	-	32.1	-	117.6
Purchasing	Renewable energy	680,000 kWh in total	-	346.1	-	346.1

Note1: Electricity savings and carbon reduction each year are estimates; the electricity carbon emission factor of 0.509 kgCO2e/kWh in 2022 is used for calculation.

Note2: Electricity generated by solar panels at the Neihu Building are sold to Taiwan Power Company in wholesale. Solar power generation at the remaining 8 sites are for self-use. Hence, the Neihu Building is excluded from solar power electricity savings and carbon reduction in the table.



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### 4.2.2 Performance and Results

### GHG emission intensity

Taishin is in the financial industry, so it does not have any ODS, NOx, and SOx emissions

### Scope 1 + 2

			2020		2022
I		1,052	1,033	1,136	1,418
II (location-based approach)		19,186	19,181	18,815	20,409
II (market-based approach)	tCO2e	19,183	19,168	18,753	20,031
I+II (location-based approach)		20,238	20,214	19,951	21,827
I+II (market-based approach)		20,235	20,201	19,889	21,449
Carbon emission intensity	tCO2e/ per person	2.05	2.01	1.79	1.90
(market-based approach)	tCO2e/NTD million	0.46	0.46	0.47	0.32

### Scope 3

Scope	Unit	2019	2020	2021	2022
Total Scope 3 emissions (excluding investment/financing)	tCO2e	27,260	39,828	40,935	39,992
Business trips	tCO2e (kilometers)	334.3 (3,991,452)	140.3 (2,416,562)	88.6 (1,593,759)	106.9 (1,647,745)
Product use – Water dispenser	tCO2e	-	0	0	0.06
Product use – ATM	tCO2e	-	4,095	3,988	4,197
Product use – Credit card manufacturing	tCO2e	-	-	571,679.69	129.36
Product use – Credit card use and disposal	tCO2e	-	-	-	264.66



Note1: The 2019 inventory was compiled according to ISO 14064-1, and the new ISO 14064-1:2018 was used for inventories in 2020 and after. The electricity carbon emission factor used for calculation is the latest factor announced by the Bureau of Energy, Ministry of Economic Affairs. Note2: T-REC is 1,000 kWh per certificate

- Note2. Taishin Life Insurance joined Taishin FHC in July 2021 and was not included in 2021 emissions because it had joined for less than one full year. Scope 1 and 2 emissions include Taishin Life Insurance starting in 2022.
- Note4: Due to differences in location-based and market-based figures for Scope 2 emissions in 2018 and 2019 disclosed in the 2021 Sustainability Report, the figures were updated in the 2022 Sustainability Report.
- Note5: The number of people with carbon emission intensity was the sum of the full-time and non-full-time employees of Taishin Financial Holdings and its subsidiaries
- Note6: Revenue (NT\$) per metric ton of carbon was NT\$3,097,695 in 2022, an increase of 45% compared with the previous year.

- Note1: The 2019 inventory was compiled according to ISO 14064-1, and the new ISO 14064-1:2018 was used for inventories in 2020 and after. The electricity carbon emission factor used for calculation is the latest factor announced by the Bureau of Energy, Ministry of Economic Affairs.
- Note2: Taishin began carrying out the verification of ISO 14064 Scope 3 emissions in 2020, including: industry investments and product use (2020: water dispenser and ATM, credit card manufacturing was added in 2021, credit card use and discarding was added in 2022), and remaining items are internal statistics that were not verified by ISO.
- Note3: Figures for business travel are internal statistics of carbon emissions from THSR, taxi, and flights that were not verified by ISO. The scope of inventory before 2021 included Taishin Bank and Taishin FHC. The scope was expanded to subsidiaries of Taishin FHC after 2022.
- Note4: The goal for business travel carbon emissions uses 2017 as the baseline year. As revenue increases 5% each year, the increase in maximum emission is controlled at 1%.

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### 2022 Scope 3 Emissions by Category

	Emissions in 2022 (tCO2e)	
1 : Purchased Goods and Services	5,227	The data includes water, postage, and communications (telecommunications, printing, expressly deliveries), retail, repairs and maintenance (maintenance, decoration of branch buildings, and cleaning) and intermediary expenses (manpower dispatch); the data on water consumption activities and emission factor are provided by Taiwan Water Corporation
2 : Capital goods	19,179	The data include electronic and video and automatic equipment (computers, automatic equipment, and printers), and the emissions are calculated based on the economic approach for the procurement amount
3 : Fuel and energy-related activities	3,736	The data include upstream activities for the purchase of electricity, diesel, and gasoline; the data on activities and emission factor are provided by the Environmental Protection Administration of the Executive Yuan and the Bureau of Energy
4 : Upstream transportation and distribution	2,222	The data include the distance of transportation and the weight of computer equipment and printing paper; the vehicle emission factor is provided by the Environmental Protection Administration, Executive Yuan
5 : Waste generated in operations	287	The data include the total weight of waste; the data on activities and emission factor are provided by the Environmental Protection Administration, Executive Yuan; incineration is the main method of treatment
6 : Business travel	107	The data include the emissions from the use of aircrafts, taxis, and high-speed rail by Taishin Holdings (including all subsidiaries); the aircraft emission factor is based on the online tool provided by ICAO; the taxi and high-speed rail emission factors are based on public available data and data provided by the Environmental Protection Administration, Executive Yuan
7 : Employee commuting	3,793	The data include all employees of Taishin Holdings (including all subsidiaries); data on the transportation vehicle and starting and ending points of activities are provided by employees; the emission factor is provided by the Environmental Protection Administration, Executive Yuan
8 : Upstream leased assets	4,197	The emissions of water dispensers and ATMs received ISO 14064 certification; the data include emissions of leased water dispensers, ATMs outside branches, and ATMs in convenience stores and the emissions are based on the rating plate or specifications provided the manufacturer; the emission factor is based on the latest announcements of the IPCC and the Bureau of Energy
9 : Downstream transportation and distribution	20	The data include the weight of credit card mail and statements; the emission factor of transportation vehicles is provided by the Environmental Protection Administration, Executive Yuan; the transportation distance is based on the average distance
10 : Processing of sold products	129	The emissions from the credit card manufacturing received ISO 14064 certification; the data include upstream and downstream emissions from the use of credit cards and the number of cards issued in the current year is the activity factor; the emission factor is based on the factor announced for the Rose Giving Card on the Carbon Footprint Information Platform
11 : Use of sold products	894	The data include the total electricity consumption of electronic devices for the use of online banking, mobile banking, Richart, ATM, and CARDaily; the usage time is based on internal statistics compiled by the system; the electricity emission factor is provided by the Bureau of Energy of the Ministry of Economic Affairs
12 : End of life treatment of sold products	2	The data include the total weight of canceled and replaced cards and the calculation is based on disposal by means of incineration; the emission factor is provided by the Environmental Protection Administration, Executive Yuan
13 : Downstream leased assets	199	The data include the electricity consumption of premises leased to other companies and the emission factor is provided by the Bureau of Energy of the Ministry of Economic Affairs
14 : Franchises	-	No such sources of emissions
15 : Investments	1,050,870	The carbon emissions from investments received ISO 14064 certification; the scope of the data includes investments (equities and bonds) and financing reviewed based on science-based targets (SBTs) for carbon emissions reduction, and the calculations are based on the investment (amount) and financing (balance) as well as the PCAF methodology
Other upstream	-	-
Other downstream	-	-



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### Energy use

Taishin's energy use is mainly purchased electricity, followed by gasoline used by official vehicles.

Boun	Boundaries Energy		Unit	2019	2020	2021	2022
		self-generated power generation	kWh	0	1,000	3,000	16,300
	Renewable	Purchased renewable energy electricity	kWh	0	0	0	680,000
	energy	Purchased renewable energy certificates	kWh	5,000	25,000	123,000	63,000
		Subtotal		5,000	26,000	126,000	759,300
		Gasoline	L	166,530	134,332	113,631	153,127
With			kWh	1,510,388	1,218,360	1,030,607	1,388,826
in the	Non- renewable	Diesel fuel	L	4,856	5,002	8,948	11,698
Within the organization	energy	Diesei Tuei	kWh	47,431	48,857	87,399	114,260
zation		Purchased electricity	kWh	35,495,288	37,757,066	37,554,325	39,502,951
		Subtotal	kWh	37,053,107	39,024,283	38,672,331	41,006,037
		Renewable energy + Non-renewable energy		37,058,107	39,050,283	38,798,331	41,765,337
		lectricity nsumption	kWh/ per person	3,591.19	3,760.39	3,375.94	3,559.03
	intensity		kWh/ NTD million	813.35	855.32	882.54	605.02
organ	utside the Power rganization consumption (ATM)		kWh	6,378,569	4,539,406	6,636,782	7,114,639



Note1: The Energy Heat Value Chart of the Bureau of Energy, Ministry of Economic Affairs is used for converting the heat value of energy, in which electricity (consumer) (860kcal/kWh), gasoline (7,800kcal/L), diesel fuel (8,400kcal/L); Using the conversion factor from joule to calorie (4.186 kJ/kcal),

- Note2: The self-generated power generation is the estimated value after excluding the Neihu Building
- Note3: The number of people with electricity intensity was the sum of the full-time and non-full-time employees of Taishin FHC and its subsidiaries
- Note4: From 2022, the figure covers Taishin Life
- Note5: Electricity consumption intensity calculation includes renewable energy and nonrenewable energy. Revenue (NT\$) per kWh of electricity consumption was NT\$1,653 in 2022, an increase of 46% compared with the previous year.



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### 4.3 Waste Management and Water Resource Management

### 4.3.1Waste Management and Water Resource Management Guidelines

In an attempt to reduce waste and environmental burden, Taishin has been advocating the idea of waste classification, recycling and reuse within the organization. All employees have been invited to participate in this initiative to ensure efficient use of resources. With respect to products and services, Taishin has been introducing digital products and services in line with the green finance trend to minimize the use of paper and energy. Services such as virtual cards, e-statements, mobile banking and online application features have all been designed to incorporate the organization's environmental protection philosophy and invite customers to join our cause.

### 1. Paperless Promotion

Taishin lets employees voluntarily think of opportunities to become paperless via creative proposals and BPM, in order to create a sustainable environment and effectively reduce paper use. Taishin strives to reduce paper consumption in the operating process through electronics, digitalization, automation, API, and AI. To provide customers with greater convenience, Taishin has allowed customers to fill out electronic forms online or directly access financial services through cyber and physical channels, which effectively reduces paper use in application, inquiry, printing, transmission, and promotion. It also improves the quality of customer services and Taishin Bank's processing efficiency.

In 2022, Taishin optimized the consolidation of transactions on passbooks, reduced the length of credit card statements, and optimized resending statements and birthday gift DMs. In 2023, Taishin will continue to increase the use of electronic forms by subsidiaries; increase use of electronic forms for opening an account at a branch of Taishin Bank from 15% to 30%; use of electronic forms for opening an account at a counter of Taishin Securities reaches 50%; the number of electronic notifications sent by Taishin Life Insurance to policyholders increases 6% compared to 2022, in order to achieve energy conservation and carbon reduction (according to carbon footprint data of the Environmental Protection Administration, carbon emission per sheet of paper is 21.2 g CO2; according to data of the Construction and Planning Agency, Ministry of the Interior, 0.6 trees are cut down for each tonne of pulp).

In 2022, Taishin reduced paper use by 14,132,941 sheets, which reduced carbon emissions by approximately 300 tonnes CO2e; carbon emissions was reduced by a total of 1,526 tonnes CO2e over the years, which is the equivalent of 8,637 trees.

Year	2019	2020	2021	2022
Cumulative paper saving (sheets)	21,671,773	27,013,854	57,841,949	71,974,890
Cumulative CO2 emission reduction (ton)	461	572	1,226	1,526
Increase in cumulative carbon emissions compared with the previous year (%)	6%	24.1%	114.3%	24.5%

### 2. Water Management Measures

In 2022, Taishin's total water consumption was 141,494 kiloliters, and average water consumption per person was 12.53 kiloliter. All water consumption of Taishin is tap water. Domestic wastewater generated by operations is discharged according to relevant regulations. Taishin continues to promote water consumption internally, inspects equipment every day, and uses parts with the water conservation mark. In 2022, Taishin installed water saving faucets in sinks in the Taishin Tower, Neihu Building, Jianbei Building, Taishin Life Insurance Building, and Bade Building to conserve water resources.

### 3. Waste Management

Taishin supports Taipei City Government's ban on disposable and melamine tableware, and requires employees to bring their own cups, paper double-sided printing, and reuse the blank back side of recycled paper. Taishin also placed a stationary recycling box to encourage reusing resources, taking action to reduce waste and integrate resources for sharing. Waste is sorted on a daily basis, non-recyclable domestic waste is collected by a waste clearance company and transported to an incinerator. Recyclable and reusable waste is first sorted by employees, and then a professional cleaning company is commissioned to recycle the waste.

### 4.3.2 Performance and Results

### Water consumption and consumption intensity

Item	Unit	2019	2020	2021	2022
Water usage	Kiloliter	137,700	140,417	133,331	141,494
Water usage intensity	Kiloliter/ per person	13.93	13.98	11.98	12.53
Water usage intensity	Kiloliter/ NTD million	3.16	3.18	3.13	2.13
Data coverage	%	100	100	100	100

Note1: 1,000 Kiloliter = 1 million liters

Note2: The water consumption of Taishin FHC is projected based on the bank, and is estimated based on the proportion of the bank's employees in the entire financial holdings. In 2022, a new calculation method was used to re-estimate the water consumption from 2019 to 2021. From 2022, it was cover the number of employees of Taishin Life , the data coverage is calculated by the number of employees

Note3: The number of people with water usage intensity was the sum of the full-time and non-full-time employees of Taishin Financial Holdings and its subsidiaries

Note4: Revenue (NT\$) per Kiloliter of water consumption was NT\$469,579 in 2022, an increase of 47% compared with the previous year.

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<ul> <li>Total Weight of Waste</li> </ul>	and Waste Intensity
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Item			2020	2021	2022
Recycling or reuse	Tonne	309.27	381.68	385.37	416.29
incinerated with energy recovery (A)	Tonne	732.64	747.88	804.81	795.71
incinerated without energy recovery (B)	Tonne	0	0	0	0
landfilled (C)	Tonne	0	0	0	0
Other (D)	Tonne	0	0	0	0
Total (A+B+C+D)	Tonne	732.64	747.88	804.81	795.71
Waste Intensity	Ton/per person	0.0741	0.0745	0.0723	0.0704
Data coverage	%	100	100	100	100

Green Operations

Note1: The total waste weight of Taishin FHC over the years is calculated based on the total waste of Neihu, Taishin tower and Jianbei Buildings, and then estimated based on the proportion of the three large numbers in the total number of employees of the Taishin FHC. The figures started from 2022 Covering Taishin Life, the data coverage is calculated based on the number of employees.

Note2: Waste intensity is calculated based on the total amount of non-recyclable waste

### The Weight and Treatment Methods of Main Waste in 2022

Туре	Non-recyclable (ton)		Recyclable (kg)					
Nature					General	waste		
ltem						Outsourced documents		
Treatment Method	Collected by supplier		Recycled by supplier			Outsourced documents	Recycled by supplier	
Treatment after Recycling	Incineration		Sold to wholesaler		Employees are assigned to supervise the destruction; destroyed materials are recycled and reused by the service provider	Once data is erased, the IT Division will make random checks for any omissions		
Neihu Building	96	1,890	340	46	10,230			
Taishin Tower	145	2,285	812	527	29,687	01 100	1 270	
Jianpei Building	36	249	74	0	6,214	91,190	1,376	
Total	277	4,424	1,226	573	46,131			

Note1: Recycling of outsourced documents and IT equipment - hard disks were based on the Bank's own estimates. Note2: Domestic waste in Neihu Building and Jianpei Building were calculated based on the contracts with cleaning company; domestic waste in Taishin Tower was calculated based on the cleaning cost per month.



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### **5.1 Sustainable Finance Policy and Actions**

### 5.1.1 Policies or Guidelines for Sustainable Finance

In order to keep pace with the times, Taishin actively responds to the "Sustainable Development Goals" and supports for energy transformation, and environmental conservation. We actively direct the capital to green energy industries, including renewable energy, energy-saving technology, and environmental protection industries with the aim of encouraging companies to pursue low-carbon economic development and sustainable development. In recent years, Taishin formulated relevant policies or taking sustainable financial actions in accordance with international initiatives as the basis for sustainable finance actions.

### Milestones for Sustainable Finance

2021

2016

- Taishin FHC committed and received approval of Science Based Targets (SBT) from SBTi
  - Taishin Bank supports the "six core strategic industries" plan promoted by the government
    - Taishin FHC became a founding member and supporting institution of the "
       Taiwan Alliance for Net Zero Emission "
  - Taishin Life Insurance published the "Statement of Compliance with Stewardship Principles for Institutional Investors"
  - Taishin FHC established the "Environmental and Social Risk Management Sector Guidelines"
- Taishin FHC complied with the "Principles for Responsible Investment (PRI)" and the "Principles for Responsible Banking (PRB)"
  - Taishin Bank adopted the Equator Principles (EPs) and became a signatory
- 2019 Taishin Bank established the "Stewardship Principles for Institutional Investors"
  - Taishin FHC became a supporter of the Task Force on Climate-related Financial Disclosure (TCFD)
- Taishin FHC developed the "Green Finance Principles"
   Taishin Sequrities published the "Stawardship Baliay f
  - Taishin Securities published the "Stewardship Policy for Institutional Investors"
  - Taishin Securities Investment Trust published the "Statement of Compliance with Stewardship Principles for Institutional Investors"
  - Taishin Bank supported the government's "5+2 Industrial Innovation Plan" and provided loans to 7 key startup industries

### 1. Initiated guidelines for promoting sustainable finance

Taishin FHC understands that the financial industry has an impact on flow of funds and, therefore, formulated the Taishin FHC Green Finance Principles in 2018 with reference to the International Finance Corporation (IFC) exclusion list and UN Global Compact among other international principles. The Principles apply to all subsidiaries and various businesses within the group. It specifies subjects that should be supported and avoided and emphasizes that ESG risk management should be included in transaction review and post-transaction management. Taishin FHC and its subsidiaries have adjusted their business regulations or processes in accordance with the Green Finance Principles. A total of 14 regulations relevant to retail banking, wholesale banking, securities, venture capital, and investment trust or 18 business review processes have been adjusted as needed.

Taishin promotes and continues to implement sustainable finance in accordance with the Taishin FHC "Green Finance Principles", encompassing all subsidiaries. The Company also conducts ESG risk assessments on 100% of the transactions and financial products. In 2022, the Green Finance Assessment Worksheet or ESG evaluation/review covers 100% of financial products and services. According to high-risk factor assessment results, industries involved in narcotics, manufacturing of illegal weapons, and gambling are customer attributes that are listed as exclusion or should be declined from our transactions so as to achieve the vision of responsible development of the bank.

In 2023, the Green Finance Principles were reorganized into Sustainable Finance Principles to align ourselves with the fast-changing global trends and sustainable financing.



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Taishin embedded key points of recent developments in sustainable finance into its sustainable finance policy, including public commitment, ESG topics of concern, engagement and communication, and voting policy. We referenced international sustainable finance initiatives, such as the Principles for Responsible Banking (PRB) and Principles for Responsible Investment (PRI), and comply green finance related policies and the Stewardship Policy for Institutional Investors, in order to become aligned with sustainable development trends and achieve better performance in sustainability practices.

Emphasized topics	Contents
Expand applicability	Applicable to trading counterparts and most financial products of the Company and its subsidiaries. Subsidiaries shall establish enforcement rules for managing different businesses and asset classes based on the parent company's sustainable finance policy.
Public commitment	In response to the goal set forth in the Paris Agreement to control global temperature rise within 1.5°C, the Company made a commitment to reduce Scope 1 and Scope 2 emissions in 2030 by 46% compared to the base year (2019). We also set Scope 3 carbon reduction targets by asset categories with SBT methodology, in order to work towards net zero emissions.
ESG topics of concern	Taishin cares about ESG topics and has incorporated this principle into its business evaluation process, taking action to show that we care about sustainability issues. [Environmental] We expect trading counterparts to implement low carbon transition in their business activities, raise their environmental protection awareness, and pay attention to biodiversity. [Social] We expect trading counterparts to take diversity and equality seriously, pay attention to local communities, improve labor rights and interests, and pay attention to occupational health. [Governance] We expect trading counterparts to strengthen their corporate governance structure, to not violate environmental and social regulations, and strictly abide by financial regulations for the prevention of money laundering.
Establishment of driving business rules	Taishin expects trading counterparts to uphold the spirit of sustainability, and establish ESG management measures, indicators, and goals. To effectively assess and manage ESG risks, we manage trading counterparts and the contents of transactions, and require subsidiaries to comply with the parent company's sustainable finance policy to provide financial products and services aligned with the concept of sustainability. To achieve sustainable finance and drive industrial transformation, Taishin clearly defined and announced specific industries and transactions that are prohibited, decarbonization strategies, companies that it should avoid working with, and industries that need to be carefully evaluated. Taishin also actively supports sustainable and forward-looking economic activities to achieve environmental sustainability, and makes substantial contribution to the mitigation of climate change.
Optimization for engagement and communication	Taishin exerts the influence of its core business through engagement mechanisms and understands ESG topics of concern and results through channels for interacting and communicating with subjects. Taishin also raises the sustainability awareness of companies and drives the companies to improve their sustainability performance, prioritizing the SDGs in engagement.
Development of the voting policy	Taishin is aligned with the long-term interests of fund providers (including customers, beneficiaries, or bank shareholders) through appropriate concern and dialogue with investees, improving the quality of investees' corporate governance through good interactions, and further driving industrial and economic development.
Comprehensive review and management	All industries, businesses, and customers that Taishin deals with "should" comply with the principles set under the sustainable finance policy. Taishin carefully evaluates if trading counterparts or transactions have potential risks that will harm the environment or society, and if there are actions that negatively impact ESG topics. The review process includes three stages: evaluation, inspection, and comprehensive review, and items that require follow-up are periodically examined after approval.



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### 2. The development of related rules for Principles of Responsible Investment

To fulfill requirements for responsible investment, Taishin FHC actively complies with the six major principles of Principles for Responsible Investment (PRI) initiated from United Nations as the basis for operations and disclosure to ensure that investees implement environmental protection, corporate social responsibility, and corporate governance.

### Implementation Status of the UN Principles for Responsible Investment (PRI)

Principles for Responsible Investment	Summary for implementing status
We will incorporate ESG issues into investment analysis and decision-making processes	<ul> <li>Incorporate ESG principles into investment policies</li> <li>Evaluate investment targets before investment based on ESG risk indicators, and include evaluation results in the investment analysis report</li> <li>Actively invest in environmental sustainability and establish guidelines for investing in controversial industries</li> <li>Regularly review ESG risk-related scores of investment targets</li> </ul>
We will be active owners and incorporate ESG issues into our ownership policies and practices	<ul> <li>Comply with "Stewardship Principles for Institutional Investors" and signed the "Statement of Compliance with Stewardship Principles for Institutional Investors"</li> <li>Develop policies for investment personnel to avoid personal investment behavior and conflicting company interest</li> </ul>
3 We will seek appropriate disclosure on ESG issues by the entities in which we invest	<ul> <li>Disclosure on ESG issues by investees can be determined using the following methods:</li> <li>1. Regularly review ESG risk-related scores of investment targets</li> <li>2. Ask for sustainability report or public information</li> <li>3. Ask for information from companies if disclosure of information in sustainability report is not available</li> <li>4. If none of the above is available, confirm through an internal review mechanism whether it is required of an investee or whether investment is made</li> </ul>
We will promote acceptance and implementation of the Principles within the investment industry	<ul> <li>FHC and subsidiaries: Taishin has formulated decarbonization strategy, has set a timeframe for exiting thermal coal, unconditional oil &amp; gas, and will follow this strategy to strive toward responsible investment in concert with industries in which we invest.</li> <li>Issue ESG funds and promote ESG investment and management across industries (Taishin Investment Trust)</li> <li>Enter into discretionary investment agreement with discretionary investment organizations, which specifies incorporating ESG issues into investment analysis and decision-making processes (Taishin Life Insurance)</li> </ul>
5 We will work together to enhance our effectiveness in implementing the Principles	<ul> <li>Attend ESG forums or seminars organized by external parties</li> <li>Observe the SBTs of Taishin FHC and achieve low-carbon transition</li> <li>Participate in renewable energy investments with industry peers (Taishin Life Insurance)</li> </ul>
6 We will each report on our activities and progress towards implementing the Principles	<ul> <li>Regularly review and disclose how ESG is practiced in responsible investment</li> <li>Communicate, through Sustainability Report and Stewardship Report (see form next page - Information Disclosure), with the general public and stakeholders about the importance we attach to responsible investment</li> </ul>

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Subsidiaries Taishin Bank, Securities, Investment Trust, and Life Insurance have successively signed the <u>Stewardship Principles for Institutional Investors</u> in compliance with PRI. Taishin Bank also established the Stewardship Principles for Institutional Investors and a voting policy. Each year, the bank discloses its <u>attendance and voting status at investee companies</u>' <u>shareholders' meetings</u> and <u>publishes stewardship report</u>. We continue to monitor issues pertaining to investee companies, including news reports, financial performances, environmental practices, social responsibilities, labor rights, and corporate governance. We participate in shareholders' meetings through various channels, communicate with investees via phone/email, attend company meetings by video conferencing, and maintain an appropriate dialog and interaction with investee companies in order to determine the industry overview and business prospects of investee companies and to encourage investees to pay attention to ESG issues. In 2022, Taishin carried out the influence of shareholders' actions and exercise voting rights at shareholders' meeting; As a result, the attendance rate of the investees' shareholders' meeting of Taishin Bank, Securities, Investment Trust, and Life Insurance was 100%.

	Taishin FHC	
Subsidiarie	Internal policies/rules	Information Disclosure
Taishin Bar	<ul> <li>Statement of Compliance with Stewardship Principles for Institutional Investors &amp;</li> <li>Taishin Bank Stewardship Principles &amp;</li> </ul>	<ul> <li>Attendance and voting status at investee companies' shareholders' meetings</li> <li>Stewardship report <i>∂</i></li> <li>Engagement record</li> </ul>
Taishin Securities Investmer Trust		<ul> <li>Attendance and voting status at investee companies' shareholders' meetings</li> <li>Stewardship report <i>∂</i></li> <li>Engagement record</li> </ul>
Taishin Securities	Statement of Compliance with Stewardship Principles for Institutional Investors 🔗	<ul> <li>Attendance and voting status at investee companies' shareholders' meetings</li> <li>Stewardship report</li> <li>Engagement record</li> </ul>
Taishin Lif	e Statement of Compliance with Stewardship Principles for Institutional Investors	<ul> <li>Attendance rate in the shareholders' meetings of listed/OTC companies</li> <li>Stewardship report engagement record</li> </ul>

# 3. Established the "Guidelines for Loan Applications Applicable to the Equator Principles"

Considering that project finance may cause direct and irreversible environmental and social risks, Taishin Bank signed the Equator Principles and formulated the "Guidelines for Loan Applications Applicable to the Equator Principles" to conduct additional environmental and social risk review and management for cases applicable to the Equator Principles. For detailed management instructions please see <u>5.3 Project Finance</u>.

# 4. The announcement of Environmental and Social Risk Management Sector Guidelines

Taishin FHC conducted a comprehensive evaluation of the environmental and social risk ratings of the industries in investment and loans and identified five major industries including the "Manufacture of Basic Metals", "Power Supply", "Chemical Materials Manufacturing", "Manufacture of Electronic Parts and Components", and "Manufacture of Electric Equipment" in 2019. Taishin then announced the "Environmental and Social Risk Management Sector Guidelines" (hereinafter referred to as the "Guidelines") in 2020. The contents of the Guidelines were an expansion of the "Green Finance Principles" and included Taishin FHC's expectations and requirements on human rights protection and climate change. We identified significant environmental and social risks by industry-specific and provided an assessment framework with best practices to evaluate the structures. By understanding the appropriateness of our partner's management of major environmental and social issues to improve our decision-making foundation.

# 5. Developed decarbonization strategies & pathways, and high carbon emission industries in response to climate change

In response to climate change, Taishin has further developed decarbonization pathways for coal, unconditional oil & gas in 2022. For the investment and financing of coal industry, the pathways are planned to be completely phased out in 2030 for coal mining, coal-fired power generation, and coal infrastructure for land transportation and warehousing in the financing with credit lines/ lending, underwriting fixed income product, infrastructure finance/project finance as well as in the investment of active investment, passive investment and third-party managed assets. For unconditional oil & gas, then the pathways are planned gradually to be completely phased out in 2040 for tar sands, shale oil & gas, arctic oil & gas, ultra deep water oil & gas, liquefied natural gas (LNG). The details for decarbonization pathway, relative thresholds or time frame please check **3.1.1 Taishin FHC's goal for net zero emission**.



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### 5.1.2 Disclosure of sustainable finance by business category

Taishin's responsible investment and lending in sustainable finance are implemented mainly in six pillars: "Corporate Banking", "Consumer Banking", "Project Finance", "Advisory Business", "Asset Management", and "Insurance". By these pillars, we disclosed the ESG-related products/services and the performances for each category are listed. All related businesses are assessed the ESG risks on the basis of "Taishin FHC Green Finance Principles" terms of 100% of transaction activities and financial products. Assessment of environmental and social risks is incorporated in each financing and investment policy, which applies to all subsidiaries.

### Revenue breakdown for each business category (Unit: %)

	Business category	2022	ESG report chapter
<u> </u>	Consumer Banking	36.35	5.2.2 Resonsible Lending (Retail Banking)
6	Corporate Banking	19.66	5.2.1 Responsible Lending (Wholesale Banking)
2 (2) (2) (2) (2) (2) (2) (2) (2) (2) (2	Project Finance	0.02	5.3 Project Finance
	Advisory Business (note1)	0.04	5.4.2 Sustainable Advisory Products and Services
÷	Asset Management (note2)	1.18	5.5 Asset Management
*	Insurance (note3)	33.78	5.6 Sustainable Insurance
	Others (note4)		5.4.1 Sustainable Investment for Proprietary Trading
Total			100

Note1: Advisory business includes Taishin Bank's underwriting for bonds (with green bonds, social bonds, and sustainable bonds); no sustainable-linked bonds or securitization related business.

Note2: Based on the asset management business operated by Taishin Investment Trust

Note3: Based on the insurance business operated by Taishin Life Insurance, whose main business activity is life insurance Note4: Others include Taishin Bank's proprietary trading; and exclude the net revenue of Taishin Bank, Life Insurance, Investment Trust, and offset adjustment for related party transactions

### 5.2 Responsible Lending

### 5.2.1 Wholesale Banking Business

In the evaluation and review of wholesale banking loans, all applied loans are checked against the ESG Industry Checklist to determine whether applicant's business should be avoided or can be actively supported. For climate or socially/environmentally sensitive industries (six categories: Real Estate Development Activities, Electronic Parts and Components Manufacturing, Electricity Supply, Manufacture of Electrical Equipment, Manufacture of Basic Metals, and Manufacture of Chemical Materials), a review of specific social and environmental issues is required. In addition, in line with the decarbonization strategy for climate change, those whose business operations involve specific coal-related industries or unconditional oil & gas should be carefully evaluated.

### Should be avoided

- Tobacco, alcoholic beverage, gambling (including underground gambling sites, online gambling)
- Enterprises deemed harmful to human health due to food safety, radioactive substances, and genetic modification
- High-pollution enterprises that do not conform to local environmental laws and regulations and fail to propose specific improvements
- Engagement in illegal activities
- Violation of human rights such as use of forced labor and child labor
- Highly controversial enterprises (e.g., Pornography, illegal manufacturing of weapons)



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- Directly related to coal mines or coal intensive (such as mining, transportation, sales, coal-fired power generation, etc.)
- Unconditional oil & gas (such as mining source is from tar sands, shale oil & gas, arctic oil & gas, ultra deep water oil & gas.. etc.)

### ctively supported industry

- Renewable energy
- Alternative fuel
- Water resource management
- Environmental pollution prevention
- businesses

Because Taishin Bank is a signatory to the Equator Principles, it needs to review whether an application is subject to the Equator Principles(EPs). EP and Project Finance related details please see 5.3 Project Finance.





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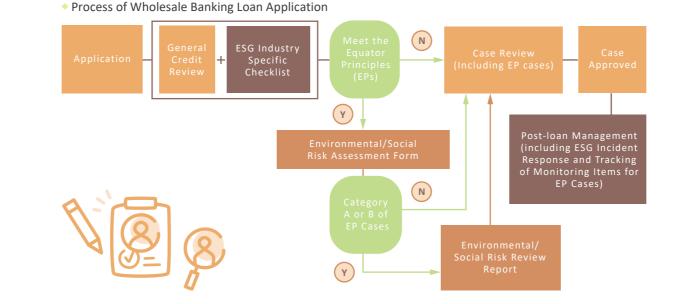
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In total, 361 loan applications were found to be in association with sanctions and penalties due to violation of human rights laws when observed the past three-year records, including the Labor Standards Act, Occupational Safety and Health Act, or Act of Gender Equality in Employment. With due consideration to the extent of violation and overall lending risk. 223 cases were approved. 137 cases were approved conditionally, and 1 case was pending further review. Most of the loan applicants who were sanctioned or penalized, had violated laws to a minor degree, and most of them have completed or are still in the process of improvements. Taishin will continuously monitor these borrowers and assess their improvement progress to decide whether to continue to grant them credit when their loan expires.



Customer (KYC), due diligence (DD) credit review, and postloan early warning system control procedures in order to implement quality control, maintain both quality and quantity in characteristic development, and fulfill the bank's social responsibility. In engaging with customers on ESG-related risks and opportunities, all cases are assessed for risks with reference to JCIC credit reports. Apart from the above process, customer engagement or evaluation is also based on research reports published by Taishin Securities Investment Advisory. Before compiling a report, the research team will inspect a company's factory on-site or attend the company's meeting to establish a general assessment of the company's business status and industry dynamics, including sustainability-related issues, ethical management, social responsibilities, and the environmental impact of the company's operating activities. For example, a credit evaluation report for a chemical industry will consider several factors when assessing a company's future operational risks and profit estimation. These factors include the soundness and compliance of pollution monitoring/ treatment facilities, whether long-term capital expenditures are planned after taking into account future amendments to domestic/foreign environmental regulations, and how the above issues affect the business' operating costs over the longterm, and the company's past integrity performance (including individual management behavior, records of violation).

With respect to sustainable lending, Taishin observes international trends and government policies, offering a variety of ESG-related products in wholesale banking, such as loans for electricity generation from renewable energy, sustainabilitylinked loans, loans for sustainable infrastructure, and loans for ESG industries, all of which support green and sustainabilityrelated industries. By offering ESG-related products, we hope to exert the influence of the financial industry and contribute to sustainability.



Sustainable Finance

Corporate loans from Taishin Bank are subject to Know Your



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				2022	
No.	ESG Product Category	ESG Product in Wholesale Banking	Description	Monetary Value (NTD million)	%
1	Green Loans	Loans on Renewable Energy for power generation (Note 1)	Loans for power generation from renewable energy	5,510	0.85
2	Sustainable Loans	Loans for sustainable infrastructure	Based on financing related to environmental or social friendliness, such as public transportation, waste water/waste treatment, health care, and urban developemnt, etc.	30,954	4.75
3	Sustainable Loans	Loans for ESG industries	Lending to ESG-related industries as part of the Program for Promoting Six Core Strategic Industries (Note 2)	47,715	7.32
4	Sustainability- linked Loans	Sustainable-linked loans	Loans in which credit conditions are linked to sustainability indicators	19,341	2.97
	Total (Note 3)				15.89

Note1: Loans approved for electricity generation from renewable energy can generate 248,008.955MWh of renewable power in 2022, which is a substantial increase of 37% compared with 2021, based on the performance of the solar PV power plant to which the credit was granted. These loans can reduce GHG emissions cumulatively by 126,237 tons in 2022 according to the electricity GHG emission factor of 0.509 kg CO2e/kWh announced by the Bureau of Energy in 2021. Details please check the charts on top right of the same page.

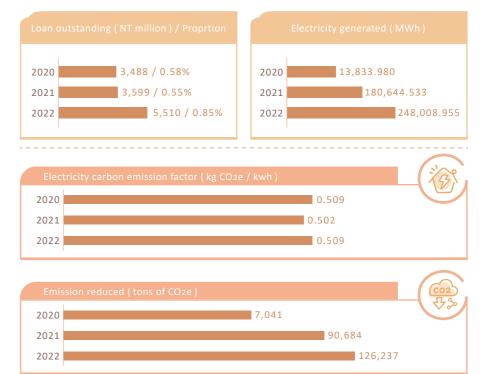
Note2: Calculation was based on the Six Core Strategic Industries, excluding national defense and strategic industries and emission-intensive industries, and minus the total for "loans for electricity generation from renewable energy," "sustainability-linked loans," and "loans for sustainable infrastructure."

Note3: In total, 952 applications were received, and NT\$103.52 billion in loans were approved (balance excludes nonperforming/non-accrual loans and calculated after collection), accounting for 15.89% of total corporate loans outstanding.



### Performance of Financing to Solar PV Power Plants

In order to support the sustainability trends and government policies for renewable energy, Taishin formulated the "Guidelines for Solar Power Plants Financing" and encourage financing related to the construction, purchase, and compensation of solar power plants. In recent years, Taishin has actively invested in renewable energy financing, and its financing performance in solar photovoltaic power plants has continued to grow, appearing Taishin's supporting green industries with practical actions.

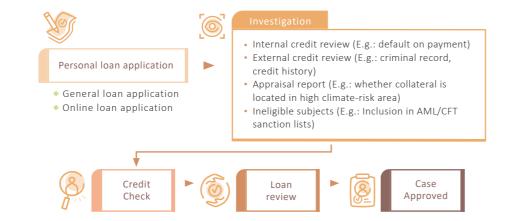


### 5.2.2 Retail Banking Business

Retail banking services related to ESG include loans for low-carbon transportation, personal online loans, and investment products that meet the spirit of ESG such as funds, stocks and offshore ETF. When processing personal loan applications, Taishin Bank conducts detailed assessments on the needs and financial capabilities of each applicant and approves credit limits accordingly. In engaging with customers on ESG related risks and opportunities, 100% of borrowers must be subject to credit check and review to ascertain their financial status. ESG-related issues are incorporated in the review of loan applications. Loans applicants involving in following activities will be denied: those included in the AML/CFT sanction lists, sale and manufacturing of illegal weapons, illegal gambling, pornography, narcotics, or environmentally/ecologically destructive activities that refuse to undergo environmental impact assessment, or illegal poaching of animals.

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Process for Retail Consumer Lending

Taishin Bank actively promotes its diversified retail banking businesses with the aim for green lifestyle

- Low-carbon transportation: Including purchasing of energy-efficient transportation vehicles (including electric vehicles and hybrid vehicles) and electric scooters. In 2019, Taishin Bank has established the partnership with Gogoro to encourage cardholders to choose electric scooters. By the end of 2022, Taishin Bank has generated 16,000 new electric scooter riders, more than NT\$1,200 million input for the industry and provides rewards that can be redeem electric vehicle tariffs. In addition, Taishin Bank also promotes digital low-carbon footprint products. For example, cardholders who consume at Taishin's selection of sustainable merchants and apply for digital statements will get a chance to win a Gogoro electric scooter. This campaign has attracted more than 2,000 card holders to join the events. Taishin Bank not only raises the usage of digital statements, but also facilitates the penetration of financial services that have low-carbon footprint. In response to the government's advocacy of green finance and to help consumers choose to purchase environmentally friendly vehicles, the "Electric Vehicle (Oil-electric Hybrid Vehicle) Energy Saving and Carbon Reduction Preferential Car Purchase Loan Program" has been launched in January 2022. The loan amount in 2022 has reached NTD8.29 billion.
- Online personal loan services: Providing paperless, digital retail banking services has always been a top priority at Taishin Bank. With the rising awareness of environmental issues and climate change and accelerated development of digital technology, Taishin will slowly introduce consumer loan services online, including mortgage, car, and personal loans.
- Green building loans: Taishin understands that supporting low-carbon transportation and green buildings is key to promoting green and sustainable finance. Low-carbon buildings are characterized by the use of architectural design and construction technologies. Real estate loans are inherently the core of financial businesses; therefore, recipients of Green Building Label or Green Building Candidate Certificate from Taiwan Architecture & Building Center will be actively supported and encouraged.
- To provide ESG-aligned funds/foreign ETFs: The review of wealth management products must follow the ESG evaluation form or industry-specific guidelines to determine whether it is categorized for a second review or can be presented to the Product Review

Committee for approval so the customers can invest with financial products, such as funds, foreign bonds, offshore structured notes, stocks, and ETFs, those are more closely aligned with ESG spirit or have a positive impact on environmental/ecological development. In 2022, Taishin resolved to exclude two products from review and sale due to their association with tobacco, alcoholic beverages, gambling, and other controversial industries or excessively low S&P Global ESG scores and MSCI ESG ratings. One product was associated with non-actively support industry by Taishin; to ensure full disclosure of relative information to our customers, the Company resolved to incorporate a description of corporate sustainability in the product document.

With regards to personal finance planning and consulting services, all investment products recommended by financial advisors have been reviewed in accordance with product management principles prior to launch in the market. Information from independent, third-party sources such as Bloomberg, Morningstar is also referenced to perform ESG assessments on the products.





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### **5.3 Project Finance**

Taishin Bank has been adopted the spirit of Equator Principles since 2015. All new loan applications and all existing credit cases requesting for limit increase or change of terms are required to complete a "Project Finance Application Social/Environmental Risk Investigation and Disclosure Worksheet to verify if it is in line with the project finance. In 2019, Taishin Bank officially announced being the signatory of Equator Principles and initiated the Task force by Wholesale Credit Administration Division and also cooperated with the independent advisory institution to conduct interviews and reviews, formulate "Equator Principles Financing Case Operation Points" and evaluate cases. "Environmental and Social Risk Assessment Form". In the meantime the sufficient training sessions are delivered to business and review units in order to do reliable implementation. The evaluation of Equator Principles project financing cases includes: environmental sensitivity, ecology, environmental pollution, community, labor, regulations and management mechanisms, etc., which are scored and graded. After evaluation, listed in Level A or B, the independent thirdparty's environmental and social evaluation report needs to be provided for review by responsible unit; If the cases are approved, routine review for items should be tracked and monitored, for those clients who do not meet the requirements of monitoring condition, the improvement plan should be provided or the Bank can request clients to pay up the loan.

For large clients, information is more publicly available and transparent. Negative news regarding the environment is more readily available, but onsite visits may be taken as needed. For small and medium sized clients, onsite visits are generally required in order to provide comprehension of a company's business operations. During an onsite visit, we can observe adverse impacts on the environment and include the factors in the determination of whether to start a business deal. (For the evaluation process of Equator Principles for Project Finance, please refer to 5.2 Corporate Finance – Process of Wholesale Banking Loan Application)

In 2022, 10 cases were with Project Finance of <u>Equator Principles</u> and the application loan amount is approximately NT\$6.4 billion. Review results: 2 cases were approved, 6 cases were conditionally approved, and 2 cases were rejected. The rejected cases were Renting and Leasing of Storage Equipment Industry and Electricity Supply Industry. The total application amount was NT\$0.6 billion. The reason for rejection was that the risk was too high after evaluation.

### 2022 Project Finance Review Result

approved				
2	6	2	10	6.4

### 2022 Review Rejected Projects

Projects		Disputed Issues	Reason for Rejection
A	300,000	Environmental Risk	the pollution may cause the impact on the local environment
В	300,000	Environmental Risk	Poor drainage concerns

### 5.4 Responsible Investment

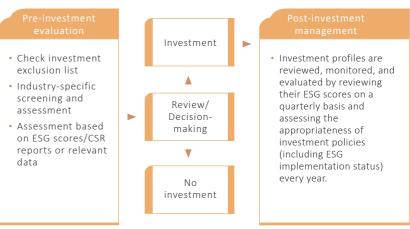
### 5.4.1 Sustainable Investment for Proprietary Trading

The investment business of Taishin is focused on the investment and underwriting of green bonds, social bonds, sustainability bonds, and sustainability index constituent stocks, among other ESG-themed services.

Since the establishment of Taishin FHC Green Finance Principles in 2018, Taishin has been investing in the equity and bonds of industries or companies that should be supported and excluding those that should be avoided. In 2022, we strengthened this evaluation mechanism further by incorporating ESG risk ratings (e.g., Bloomberg ESG scores, Sustainalytics ESG risk ratings, MSCI ESG ratings, and sustainability reports) into investment processes as evaluation criteria to evaluate the ESG performance of investment targets. The results are then used as the basis for reviewing, approving, and monitoring investments. We also established investment targets that should be avoided, which include enterprises that violate environmental, social, and human rights laws, such as those associated with tobacco, alcoholic beverages, gambling (including underground and online gambling), confirmed reports of health-endangering food safety problems, severe pollution/ non-conformance to environmental laws/failure to propose specific improvements, illegal activities, and highly controversial activities (e.g., pornography, manufacturing of illegal weapons). Investment targets are monitored and managed by reviewing their ESG scores on a quarterly basis and examining at least once a year whether they have implemented responsible investing. Regarding discretionary investment, all discretionary investment organizations are also asked to comply with Taishin's ESG rules.

Taishin Life Insurance continues to keep in line with the global trend of sustainable finance, introducing environmental protection, corporate integrity and social responsibility (ESG) assessments in investment. In 2022, Taishin Life Insurance invested in two green bonds and participated in solar power plant investment, with a total monetary value of about NT\$800 million.

### Review Process for Investment





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		Investment in		2022	
No.	I ESG Product I			Monetary Value (NTD million)	%
1	Investment	Green Bonds	Holding financial institution/company- issued green bonds	6,852	2.23
2	Investment	Social Bonds	Holding financial institution/company- issued social bonds	1,562	0.51
3	Investment	Sustainable Bonds	Holding financial institution/company- issued sustainability bonds	8,821	2.87
		Total (Note1)		17,235	5.61
4	Investment	Support Sustainability Index Constituent Stocks	Investing in or holding equities issued by companies who have been selected as Sustainability Index Constituent Stocks (Note 2)	2,431	100.00

Note1: The denominator of the calculation ratio is the amount of the overall investment bond position. And, 79.45% of bond investments are moderate-to-low ESG risks.

Note2: By the end of 2022, 100% of equity investments are moderate-to-low ESG risks



### 5.4.2 Sustainability advisory products and services

The sustainable advisory business of Taishin is focused on the underwriting ESG bonds issued by the financial industry and enterprises (including green bonds, sustainable bonds).



Note 1: The denominator of the calculation ratio is the amount of the overall investment bond position. In 2022, Taishin acted as the underwriter issued 5 green bonds and 2 sustainability bonds, approximately NT\$ 3.7 billion in total. The above figures represent fixed-income products and have been assured by the British Standard Institute when the sustainability report was verified. There were no income from sustainability-linked bonds (SLB) in 2022.

				2022		
			Description	Monetary Value (NTD million)	%	
1	Fundraising	ESG-related industries fundraising	Evaluation corporates to be categorized as sustainability- related industries and provide fundraising assistance (Note 1)	12,483	64.02	

Note1: Taishin Securities assisted 29 ESG-related industries companies in 2022 to obtain funds from the capital market. Before accepting a client's request, The Securities will carefully assess whether the client is associated with serious environmental pollution or violation of human rights; if so, the client will be asked to make improvement before Taishin Securities will help them apply for listing and funding. Since its establishment in 2010 through to 2022, Taishin Securities did not provide financial assistance to clients who are associated with serious environmental pollution or violation of human rights.



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### 5.5 Asset Management

As an asset manager, Taishin Securities Investment Trust (TSIT) enforces responsible investment practices by following Taishin FHC's "Green Finance Principles" and applying "Taishin Securities Investment Trust Green Finance Assessment Worksheet" as a supporting tool to reduce ESG risks of all-targeted investments. The TSIT has also designed its own documents to facilitate review of risks associated with different assets and industries. This particularly involved in the businesses of: (1)tobacco, alcoholic beverage or gambling (including unlicensed and online operators), or confirmed to have caused harm to human health as a result of food safety incident, radioactive substance, or genetic engineering; (2)generating high levels of pollution, failure to comply with local environmental regulations, and are unable to propose feasible improvements solutions; (3)illegal activities; (4)violations of human rights; and (5)controversial nature, which the company will avoid direct investment.

In addition, to meet with Socially Responsible Investment(SRI), TSIT operates a discretionary account under a government fund, it first includes outstanding enterprises that meet ESG conditions into the Main list(stock pool), and then prioritizes good ESG performance companies from the stock pool as the investment targets. In 2022, Taishin incorporated ESG screening into its fund portfolio to strengthen the impact of investing, thus enabling citizens to invest their wealth while supporting global climate actions and ESG-conforming companies.

### Process of Sorting Investment Targets with SRI Rule



Taishin is committed to promoting the development of sustainable investment products. In recent years, ESG has provided new opportunities for balancing environmental sustainability and corporate sustainability. Large organizations or international benchmark indexes now require their investment targets to meet ESG criteria. Taishin Securities Investment Trust issued two ESG funds in 2021, namely, Taishin ESG EM Bond Fund and Taishin ESG Global Environmental Growth Equity Fund.

Note: Taishin ESG EM Bond Fund: Through a screening mechanism, ESG issues are incorporated into investment decisions to align with international trends. This fund targets renewable energy, natural gas, etc., and does not invest in companies that generate high pollution, violate human rights laws, or perform poorly in ESG. Taishin ESG Global Environmental Growth Equity Fund: More than 60% of stocks are invested in MSCI ACWI ESG Universal Index and are focused on industries that are committed to improving production efficiency and environmental protection in face of structural changes in the world society, population, resources, and climate. These industries include: 1. Electric vehicles; 2. Smart energy: solar energy and wind power; 3. Sustainable farming; 3. Circular economy: industries that are associated with waste treatment and recycling, air pollution monitoring and prevention, water purification, or water resource planning. By the end of 2022, Taishin Securities Investment Trust has undertaken approximately NT\$47.9 billion in SRI investments (including public and private equity funds, discretionary investment, etc.), which account for 16.81% of the total assets under its management.

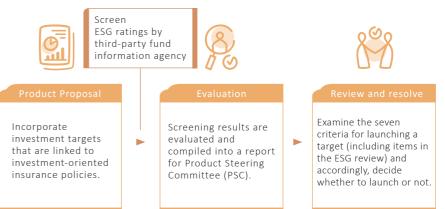
		2022	
ESG Product Name	Description	Monetary Value (NTD million)	
ESG Fund Portfolio	Compliant with SRI investment (including public and private equity funds, discretionary agency operations, etc.)	47,913	16.81

### 5.6 Sustainable Insurance

After Taishin Life Insurance joined Taishin FHC in June 2021, it has adjusted its ESG review procedures to align with the ESG rules prescribed in the Taishin FHC Green Finance Principles. In planning insurance products/services (including discretionary investment account and mutual funds), all products have been reviewed through pre-sale procedures before launch for sale, with ESG implementation practices being one of the items reviewed. Information from independent, third-party sources such as Morningstar as well as ESG scores are referenced to perform product screening and evaluation. In 2022, 128 funds launched throughout the year, ESG policies for each fund have been certified and explained by their respective fund management company, and reviewed and approved by Taishin Life Insurance's Product Evaluation Team (PET).

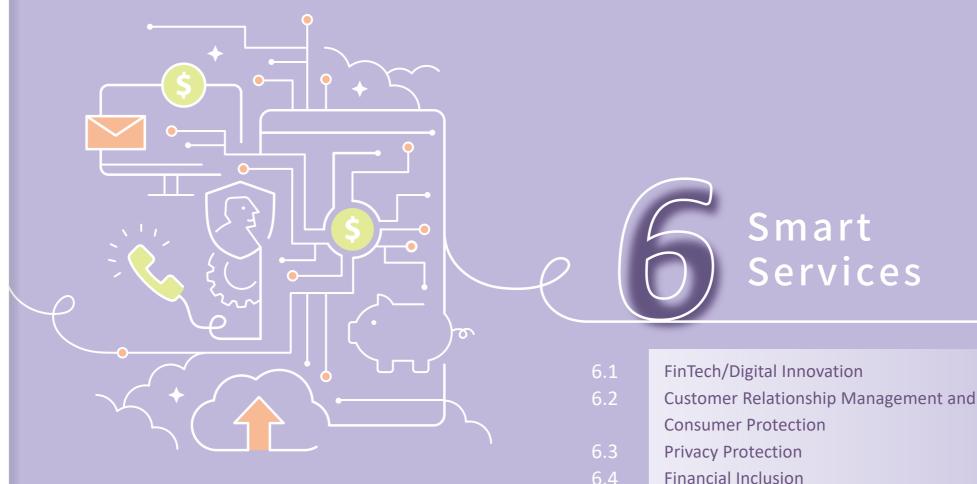
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### Review Process for insurance-linked funds





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### 6.1 FinTech/Digital Innovation

### 6.1.1 FinTech

In this era of FinTech, Taishin has always adopted the customer-oriented approach. Bearing in mind the nature of various types of financial services, we develop innovative services and optimize processes through new technologies to provide more considerate services attuned to customers' actual needs. We integrate convenient customer service experiences into daily life through immediate and responsive financial services enabled by FinTech.

Taishin promotes the integration of finance and technology in the following five aspects:



# 1. Customer Experience: Develop digital scenarios and improve the financial ecosystem Customer Experience:

Customer experience is the first priority of FinTech applications, with customer needs as the development core. Hence, Taishin accelerates the development of digital scenarios and strives to support various aspects of financial services. Take banking business as example, Taishin adheres to the agile principles, and continues to optimize its more than ten types of channels, including official website, pure banking channel, banking App, Richart App, wholesale banking website,wholesale banking App, and physical counter channel, wealth management channel, customer service center, ATM and Richart Life channel, etc. In addition, the API platform and Richart Life are also developed to connect with external third parties to form a more diverse financial ecosystem.

# 2. Operational Synergy: Build information framework, and establish overall key capabilities for Taishin Financial Holdings Operational Synergy:

In response to the continually expanding financial services, and to achieve proper allocation of resources, Taishin modernized the information framework, dividing the various financial businesses into front, middle and back office, in line with the corporate framework of the information architecture. In particular, the middle platform is based on the principle of modularization of application logic programs to facilitate the support of the various channels in the front office, thereby continuously promoting technological transformation and business innovation. The establishment can be used across the technological and business models of the subsidiaries of Taishin Financial Holdings.

# 3. Technological Development: Seize new digital technologies, develop innovative financial services application scenarios

Taishin values technological and business models of innovative research and development, and continues to cultivate employees in the practical ability of researching and developing and getting patents. By examining the categories such as technological innovation, unique or optimized operating procedures, innovative financial products, research and development results, it looks for technologies that can gain financial patents. Taishin has a stable growth of approved financial patents. In 2022, Taishin Bank was listed in the year's top 100 patent list by the Intellectual Property Office for the first time, and came in fifth among domestic banks.

	Year	Utility model (item)	Invention (item)
4\$	2022	65	2
*	2021	8	0
No. of financial patents granted	2020	21	0

### 2022's important invention patents

Patent category	Patent name
Invention patent	Methods and systems for calculating FAR AND FRR of facial recognition
Invention patent	Method for identity verification and system using the same

# 4. Cross-industry Alliance: Expand cross-industry alliance to integrate into customers' lives, and establish innovative business models

Taishin has partnered with many institutions to develop technical applications for innovative fintech, such as participating in innovative brainstorming sessions and digital sandbox projects at FinTechSpace, as well as contributing to industry innovation and regulatory consultations. Taishin completed the ESG Green Fintech Joint Demonstration Project at FinTechSpace's Innovation Lab in 2022, at which we presented the basic indicators for green finance in order to help SMEs in their sustainable development from the perspective of finance. Taishin also collaborated with Smart Capital, an angel investors' club, on Taishin's internal training courses in order to help employees implement ESG and understand the latest developmental trends in fintech. In the future, Taishin will actively establish a digital finance ecosystem and foster technological talent in response to new trends, and will realize corporate sustainability through more proactive and steady methods.

# 5. Digital Capabilities: Build Digital Capabilities and Continue to Innovate in the Digital Finance Field

Taishin continues to cultivate its digital financial capabilities. Besides improving the technical expertise of our current employees through education and training, Taishin also actively recruits digital technology talents from outside the bank in order to rapidly upgrade its overall digital capabilities.

By staying at the forefront of developments in financial technology, Taishin intends to build a top-notch digital financial ecological environment in the future and cultivate technological talents to serve the needs of the new generation and achieve sustainable business operations by being both active and stable.

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### 6.1.2 Digital Innovation

### Digital innovation in multiple scenarios

As the development of digital technology accelerates in the post-pandemic era, Taishin continues to pay attention to the development trend of international fintech, and actively cooperates with the competent authority's financial development roadmap to explore future business opportunities and strengthen competitiveness. With the innovative development of fintech, there is an increasing demand for customers to engage in financial services through online systems. Taishin is the first to provide "financial FIDO" ATM registration service, using biometrics to complete account verification of other banks, offering online account opening service which is both secure and convenient.

Among which, Taishin Bank leads the Group's overall innovative technological application development, and strives to extend the boundaries of lifestyle financial ecosystem, reshape the financial experience across self-service, investment and wealth management, consumer shopping, points redemption, merchant payment, online loan application, etc. We also plan to create virtual branches that offer personalized instant service based on the different needs of every customer, completing all matters including banking, securities and insurance in one stop, breaking time and space constraints. Besides saving the customers' time and transportation cost to visit the branches, there is no longer the need to incur additional cost for setting up physical branches, in compliance with the concept of sustainability. As a leader in the digital finance domain, Taishin Bank will continue to devote itself to the development of digital technology, make financial services better meet the public's usage behavior, and deepen virtual and reality integration and Metaverse technological development potential.

Category	Item	Method		
	Virtual teller ATM and bind to LINE account	ATM transactions can be completed through a dialogue with virtual teller, Rose, a warm self-service offered to the public. By binding with Taishin LINE account, customers will receive the transaction details and discount coupons through LINE upon completing the ATM transaction.		
Self-service VTM		In September 2021, the Bank launched the "VTM video teller" service (Video Teller Machine) with the approval of the Financial Supervisory Commission. The public can enjoy face-to-face financial consultation and deposit account opening service through VTM video conferencing with a remote operator (able to obtain debit card immediately); VTM service is available everyday (including holiday) from 8:00 am to 10:00 pm, a more convenient financial service offered to the public.		
	eFun Insurance	The online insurance services include car insurance, travel insurance, mobile insurance, pet insurance, and interest sensitive annuity insurance. All of them can be completed in just 3 minutes.		
Investment	Roboking	Specially catered to new investors, provide convenient online financial trial calculation and funds portfolio allocation recommendations.		
	Securities	Digital bank Richart and Taishin Securities have joined forces to add "Securities Can" function in Richart APP for the public to experience "bank securities settlement account" and "Securities account" at the same time, and enjoy attractive current account interest rate and processing fees, a fast and simple securities investment experience.		
Consumer shopping	Instant Card Number (ICN)	The receiving the physical card, the public is able to obtain card information such as "complete physical card number, validity date, security code", and then immediately bind it to mobile ment and spend it at physical stores. For customers with immediate need to use the card but are unable to collect it (example: those with mobility problems, or those who are going to other es and are unable to collect the card) may make use of this service and enjoy faster payment tools. Taishin encourages the public to add the card number into various mobile wallets for sumption, jointly popularize mobile payment, and so on promote contactless payment.		
Points redemption	Taishin points redemption	ince summer 2022, Taishin Pay has been cooperating with merchants to offer the "Points + Cash" service, where the public may redeem their Taishin Points for purchase (1 point is equivalent o NT\$1) at any participating merchants of Taishin Pay.		
Merchant payment	Taishin merchant APP	Merchants can collect payment with their own Android device (mobile phone, tablet PC) by conducting sensing collection directly with consumers. This feature can be used in mobile services such as taxi, tour, direct sales, carnival market, water and electricity repair and maintenance, VIP home service, etc., as well as checkout at table of restaurants, and medium and large chain stores, a secure contactless payment function that breaks the limitation of offline transaction venues.		
	iLoan online loan platform	1 minute fast loan calculation.		
	Online Card Application	In combination with the friDay app, this is the first such one-stop platform service (for applying for co-branded cards, opening a Richart account, and pairing consumption). Customers can upload their documents through their mobile phone for credit card application, reducing the time and paperwork process, saving more than NT\$5.72 million in total cost. As of 2022, about 86,000 new cards have been issued, with more than 74% valid card rate, and it meets customer needs in their O2O digital life.		
Digital / online service platform	Taishin SME eco ECO Digital Financial Service Platform	Taiwan's first and only bank with a complete multi-function platform comprising customer acquisition, application, document receipt, policy submission, scoring, review. Small and medium enterprises may make use of the one-stop service to conduct online authentication for basic loan application information. By connecting to the "SME Financing Service Platform" by the Ministry of Economic Affairs, small and medium enterprise information is imported into the review process. Together with the smart scoring model especially developed by Taishin for small and medium enterprises and new application of patent technology, it overturns traditional manual review model and satisfies the needs of SME to have one-stop and instant loan approval services, resolving the long-standing problem of the risk arising from information of small and medium enterprises not being transparent, and significantly increasing the review efficiency and reducing the risk.		
	Mobile insurance application service platform	Frontline life insurance agents may help customers complete their new contract application submission through iPAD directly. Through digital data stream verification, it effectively ensures the accuracy and completeness of the information filled in, thereby accelerating the underwriting process and approval success rate.		
Digital insurance after-sales	Policyholder e-Corner	After applying for an online member account, and with appropriate authentication, policyholders may easily view the policy information such as policy content, payment information, policy value, survival payout status, etc., as well as the progress if there are changes or claims transactions. Policyholders may also make use of e-Corner to carry out various types of simple changes and apply for digital services such as communication information, payment methods, change in validity date of credit card for payment, policy loan, application for electronic policy, electronic notification, etc., and other common services.		
service	Insurance particulars/ claims alliance services	In line with the competent authority's joint industry convenience services, Taishin Life also joined the insurance particulars/claims alliance chain services. If policyholders have designated communication information change or medical claims, they only need to apply at one insurance company, and the application will be automatically submitted to the other companies, saving the policyholders' trouble of filling up forms at all insurance companies to apply for change/claims.		



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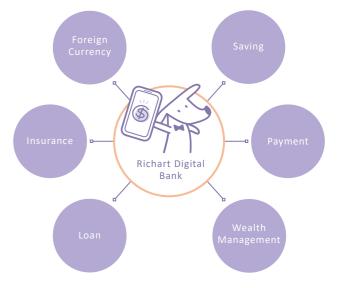
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### 6.1.3 Richart Digital Bank

Taishin Bank launched the digital brand <u>Richart</u> in 2016 to target the digital generation and young people and provide brand-new integrated services. As of now, it has received 80 local and overseas awards. From the UIUX(i.e., user interface and user experience) to social issues such as stray animals and open banking, Richart has expanded financial services beyond traditional realms and bravely broke away from traditions to be the bank least resembling a bank.

Richart digital banking leads the market by applying finance on diverse lifestyle scenarios. In July 2022, it even targets young people who are new to the stock market by launching the "Securities Settlement Account" function and cooperating with Jiekou Payment and PlusPay cross-domain scenarios to launch loan services targeting customers with funding needs, creating more flexible fund applications. In December 2022, Richart also became Taiwan's first digital bank to launch online digital banking account opening service for foreigners, and integrates New Taiwan Dollars and foreign currencies account opening, transfer function and debit card, and provides exclusive English online banking to build a friendly digital financial services for foreigners. It has also won the Global Finance World's Best Digital Bank Awards for three consecutive years.

Through online word-of-mouth monitoring and third party market survey, Richart receives positive review by young users, mainly because Richart focuses on 100% customer experience and 100% online operation, integrating 7 major products including "saving, payment, investment, wealth management, loan, insurance, foreign currency", which helps young people to cross the financial threshold easily, and actively opens up the Bank's connected technologies, allowing customers to use financial services such as wealth management, transfer, payment, loan, etc. easily and conveniently in different lifestyle scenarios. Richart also uses creative marketing and bilateral communication models on social media platforms (Facebook fanpage, LINE official account, and Instagram official accounts) to increase young people's preferences and understanding for financial services and become a part of young people's lives.



Priority order	Service function	Introduction
1	Richart Securities Settlement Account	In July 2022, "Securities Settlement Account" service was launched targeting new investors between 20 and 30 years old. It is an independent account management that concurrently conducts securities settlement, where investment and saving funds can be managed using a single APP, saving time as well as making fund allocation more convenient.
2	Richart X Jiekou, PlusPay	Cooperates with Jiekou and PlusPay in cross-domain scenarios in launching loan services targeting customers with funding needs, creating more flexible fund usage.
3	Online setup of own account transfer	In September 2022, Richart began to provide online setup service for customers to transfer to their account. Having successfully and effectively set up the transfer arrangement to their own accounts in other banks, customers may then transfer from Richart to their other banks' accounts with a limit of NT\$2 million per transaction/NT\$3 million per day, without having the need to set up at individual banks anymore.
4	Richart foreigner online account opening	In December 2022, Richart even became Taiwan's first digital bank to launch a digital account opening service for foreigners, and integrated New Taiwan Dollars and foreign currency account opening, online currency conversion transfer function and debit card. Account opening applications can be completed in just 5 minutes, and the Bank also provides exclusive full English online banking, creating friendly digital financial services for foreigners, implementing and promoting the country's goal of inclusive finance policy.

### Richart Life, a leading brand of lifestyle finance

Digital finance integrates with daily life

Taishin Bank's "<u>Richart Life</u>" APP launched in August 2020 is a key service in linking and operating the lifestyle finance ecosystem. Together with strategic partners, it establishes a brand new platform that integrates payment, points, lifestyle discounts and financial services. Richart Life began by serving the nearly 7.5 customers of Taishin, leading customers to the strategic partner scenarios for consumption by gathering the various types of lifestyle discounts. The aim is to bring all strategic partners together at Richart Life, to serve customers together with Taishin Bank. Through experimenting with the membership system, it breaks the limitation of users having to possess Taishin Bank's products, enabling the services to reach out to all people of Taiwan, achieving a three-win situation.

In addition to jointly managing <u>Richart Life</u> users by integrating with strategic partners' discounts, it also continues to increase user stickiness by optimizing users' digital finance experience such as fast activation of cards, one-click card binding, etc. When it comes to expanding strategic partners, the feature of "traffic" is to cultivate user stickiness and it has become one of the deep fields of our Bank. In terms of promoting green travel, Taishin Richart Life ecosystem cooperates with New Taipei City Danhai LRT in June 2022 in launching the ride code service, allowing the public to scan the code and make payment through Richart Life APP when taking Danhai LRT, leading the industry in becoming the first bank to provide QR Code mobile payment for public LRT transport system.



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In order to combine payment and points to connect to the lifestyle finance ecosystem, Taiwan's first mobile payment collection APP, "Taishin Pay"of Richart Life can be used for transactions at Taiwan's four major convenience stores, leading departmental store, Shin Kong Mitsukoshi, and more than 100,000 stores. Since August 2022, participating merchants of Taishin Pay fully support points redemption service, significantly increasing the places and diversity of points redemption. As the pandemic slows down and economic activities return to normal, sports and health have become the market trends, with the public paying more attention to health and body management. To seize the market's business opportunities, Richart Life launched the brand new "Health Care" lifestyle icon providing users with information such as new health knowledge and general health knowledge in August 2022, and "Apple Sports Task" corner which combines diverse data such as walking and exercise in November, expanding the establishment of health ecosystem. And in December, Richart Mart was upgraded to be an exclusive points redemption mall for Taishin customers, providing a wide variety of products and more than 20,000 types of items including Apple, Dyson, food voucher, household sundries, etc. for the public to purchase daily necessities at one go, and enjoy a brand new experience of shopping, discounts and points redemption in one stop.

### 6.1.4 Financial Innovation Labs

In 2020, Taishin Bank established "Taishin Innovative Finance Laboratory", focusing on the development of digital finance. By integrating the Group's resources and through cooperating with cross-domain partners, it aims to establish a digital sustainable finance ecosystem with new ecosystem, new business models, and new competitive environment, and simulate future ecosystem blueprint for customers. Through technological bridging and business process transformation, it progressively integrates different industries such as technology, transport, payment, retail, food and beverage, etc. to create various types of lifestyle scenarios, and demonstrate innovative finance and future business applications. Since its establishment, it has organized more than a hundred tours, invited more than a thousand guests to visit "Taishin Innovative Finance Laboratory". The "experimental marketing method" allows visiting merchants to experience for themselves the innovative financial applications and provides one-stop solutions, enhancing business cooperation opportunities. Besides achieving a three-win situation, it also establishes diverse and good partnerships.

Besides creating milestones for Taishin Bank in innovative fintech applications, it also establishes a cross-industry merchant communication platform, a place to practice new business models. The laboratory conducts innovative finance and promotes sustainability through the following four main strategies:

- Innovation Focus on opportunities and challenges such as the 5G era, severe Covid-19 pandemic, etc. The consumer market demand is also changing simultaneously, breaking away from traditional financial services, and customers also prefer scenario-based "lifestyle/ecosystem services". Based on various types of needs of consumption scenarios, the laboratory builds a digital sustainable finance ecosystem with new technological development service and optimization processes.
- Inclusiveness Adhere to the spirit of inclusive finance and elderly-friendliness, make use of virtual teller, AI technology to conduct digital transformation, set up new generation video conferencing counters in remote regions, provide contactless video

conferencing and dialogue with virtual operators, implementing convenient and secure service.

- Cooperation Cooperate with cross-industry partners to develop innovative business models and experimental marketing methods through integration of resources such as technology, software and hardware, cash flow, customer sources, etc., resolving the past problem where merchants need to search for suitable partners and manufacturers individually from the market. Create social values through new approaches and new economic models.
- Charity Since the establishment of the laboratory, it not only creates values in the industry and merchants, but also often invites students and social welfare groups for visitation, combining technology with charity in cultivating innovative finance talents. In recent years, in response to the pandemic, online broadcasting has also been planned, and video conferencing interactive tours are conducted, guiding the audience in understanding the innovative trend of digital finance, and uncovering the talents in innovative finance.

Facing the fintech wave, the laboratory continues to adopt a customer-oriented approach, and upholds the vision of sustainable development for the society. Through new technologies, it develops innovative services and optimized processes, provides friendly financial services which better meet customers' actual needs, integrating the convenience of fintech to daily life, and providing instant and appropriate financial services experience. Since its establishment, it has been winning local and overseas awards, including the "World's Best Financial Innovation Labs" by Global Finance in financial development, as well as Taiwan Corporate Sustainability Awards by TSCA for sustainable promotion in 2022 and the First Prize in the National Brand Yushan Award, which shows that the laboratory has gained considerable attention and affirmation in various development.



Smart Services

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### **6.2 Customer Relationship Management and Consumer Protection**

Driven by brand values of "Sincerity" and "Professionalism," Taishin not only provides a diverse range of localized and personalized customer service, but also pays close attention to customers' voice and constantly strives for innovation while delivering highly value-added services that make it the trusted smart partner.

### 6.2.1 The Principle of Fair Treatment of Customers

### 1. Formulate Policies and Strategies for Fair Treatment of Customers

Taishin places great emphasis on customers'interests and is persistent about service quality. It is the organization's hope to provide customers with the most comprehensive service, which is why it has implemented "Fair Treatment of Customers Policy" and "Fair Treatment of Customers Strategy" to serve as guidance for employees with respect to customer protection and service delivery, and thereby fulfill the organization's obligations toward financial consumer protection. In 2022, 327 fraud cases were effectively prevented, totaling NT\$ 197,232,227.

# 2. Establishment of the Fair Customer Treatment and Consumption Review Committee and its task force for supervision and promotion

With regards to customer relation and product offering, Taishin has "Know-Your-Customer" (KYC) and "Know-Your-Product" (KYP) procedures in place to ensure that customers are offered the best services and protection. Taishin evaluates customers' needs and profiles, classifies them by product suitability and risk tolerance, and duly communicates product information, risks and rights before recommending suitable products.

To ensure that the design, advertisement, sale, contract fulfillment, consultation to complaints of product and service are in accordance with the "Fair Treatment of Customers Policy", Taishin not only trains its employees regularly, but also incorporates the "Fair Treatment of Customers Policy" into its internal control and audit systems.

### Taishin Bank

In order to supervise the various units in executing Treating Customers Fairly Principle, Taishin Bank has set up the "Treating Customers Fairly and Consumer Advisory Committee" under the President, as well as set up working groups across units under the committee to coordinate the planning, promotion and execution of Treating Customers Fairly Principle, thereby optimizing and promoting the organizational and governance framework of Treating Customers Fairly Principle. To supervise the units' implementation of "Treating Customers Fairly Principle" from top to bottom, the various units shall regularly report the implementation status to the committee, as well as the review items and implementation of improvement measures if there is violation of Treating Customers Fairly Principle or the Financial Consumer Protection Act.

### Taishin Life

In accordance with the "Principle for Financial Service Industries to Treat Clients Fairly" by the Financial Supervisory Commission, Taishin Life establishes "Treating Customers Fairly Policy" and "Treating Customers Fairly Strategies", and according to the regulations of "Treating Customers Fairly Strategies", set up "Treating Customers Fairly Committee" to plan, promote and monitor the execution of Treating Customers Fairly. In principle, the Treating Customers Fairly Committee convenes quarterly meetings to regularly review the implementation status and discuss issues relating to treating customers fairly. The dedicated unit of the General Manager Office serves as the secretary of the committee, and reports the items discussed by the committee to the board of directors every quarterly, including but not limited to reviewing the business content regarding the execution of "Treating Customers Fairly Principle", in the aim to establish specific solutions targeting areas which may violate "Treating Customers Fairly Principle". In 2022, the Treating Customers Fairly Committee convened a total of 5 meetings, the discussion items include strengthening protection measures for elderly consumers, customer-related risk events, customers complaints topics, control measures of channels for treating customers fairly, etc. so that members of the boards are able to monitor and provide specific recommendations with regards to the specific execution items of the Company in promoting the Treating Customers Fairly Principle.

### **Taishin Securities**

Taishin Securities' "Treating Customers Fairly Committee" is set up under the President, with the President as the convener of the committee and chair of the meeting. It holds regular quarterly "Treating Customers Fairly Committee Meeting" and reports to the board of directors on an annual basis.



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### 3. Strengthen the Customer Complaint Procedure

Taishin attaches great importance to customer opinions, and all subsidiaries have established and improved customer complaint procedures, and take customer opinions into optimization considerations.

### Taishin Bank - Customer complaint mechanism

Taishin Bank has established multiple channels to implement the principle of fair treatment and protection of customer complaints, so that customer feedback can be effectively communicated and processed. These channels include 24-hour customer service hotline, head office customer feedback hotline 0800-079-885, branch service feedback form, online feedback on the official website, or the feedback email of the head office, etc. Each unit of Taishin Bank has a contact window for processing customer complaints to adequately address customer complaints, resolve customer issues, and respond to customer requests. In the event that the unit is unable to reach a consensus with the customer after processing a case, or if the customer presents his or her case through an external agent, Taishin Bank will process the case through a dedicated customer complaint processing unit. The relevant procedures have been specified in level 1 and level 2 customer complaints in order to protect the rights and interests of customers who have filed complaints

Taishin Bank Head Office has a unit that specializes in handling financial consumer disputes and settling customers' complaints. It adopts systematic process and tracking to ensure that customers' queries are proper addressed in a timely manner.

The unit responsible for customer complaints at the head office has set up contact persons for each unit as the bridge for communication between the head office and business units. We integrate the spirit of fair treatment into the routine operating procedures of our employees through customer complaint management mechanisms for prevention, early warning, and post-hoc improvements. Before a new product or event is launched, we review and improve the implementation of fair treatment in advance to protect customer interests. In addition, we analyze the root cause after a customer complaint, and provide recommendations for improvement to help the unit prevent the recurrence of the same complaint through training, system improvement, or process optimization.

The head office prioritizes customer satisfaction when processing complaints and aims to resolve the customer's problem once and for all. Report new customer complaints to the President on a daily basis, and the supervisors at the level of business authority and responsibility is to report the reason of occurrence and handling progress; Regularly report to the Treating Customer Fairly Committee and the board of directors regarding the increase and decrease in customer complaints, reason of occurrence, and the content and follow-up improvement tracking of the violation of treating customers fairly incidents.



Customer Complaint	<ul> <li>Multiple Complaint Channels (All branches, complaint hotline, official website message platform, email, letter, external organization)</li> </ul>
Professional handling	• The responsible unit assists the customer to deal with the problem within the time limit (Process within 7 working days or within the time required by external agencies)
Communication and Response	• The customer complaint unit of the head office communicates with customers and replies according to the investigation results
Improving and tracking	<ul> <li>Analysis and tracking of customer complaints</li> <li>Problem Improvement and Optimization</li> </ul>

### Customer Complaint Resolution

Case Resolution Condition	2021	2022	2023 Target
Complaint count	910	905	878
Percentage of prompt closures (%)	100	100	100

### Taishin Life - Customer complaint mechanism

Taishin Life has set up a customer complaint hotline 0800-015001 and customer service mailbox, tsli.service@taishinlife.com.tw, for customers to raise their opinions through phone/email. All financial consumption disputes shall be handled by the "Integrated Customer Service Center", and upon receiving financial consumption disputes, immediately assign dedicated personnel to contact the customer to explain the situation and handling results.

### Customer complaint handling status

Case handling status	2021	2022	2023 target value
Number of customer complaints	638	675	540
Compromise rate (%)	80	80	80

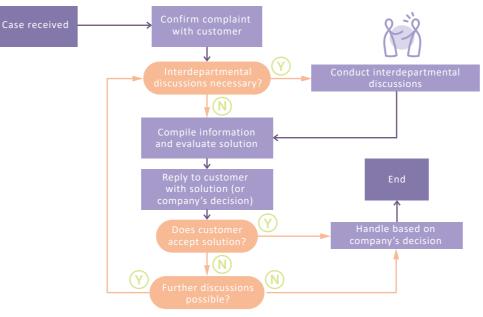
Note: Compromise rate refers to the ratio of Taishin Life agreeing to handle based on the policyholder's original request and other methods.





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### Financial consumption dispute handling process:



### Taishin Securities - Grievance system for securities customers

Taishin Securities has customer service hotline (886-2-40509799) and e-mail available to collect customers' opinions. For financial consumer disputes, the authorized unit would contact the customer to explain the situation, and notify the processing status simultaneously if the complaint involves the customer to the competent authority.

Financial Consumer Dispute Resolution Process						
÷2=		Authorized Unit at head office	File tracking			
(💬) Customer complaint	Authorized Unit staff/supervisor	Financial Consumption Review Center Competent authority/court				
		Stage 3	Stage 4			
Immediate processing	Contact the customer within two working days and complete the "Financial Consumer Dispute Settlement Report Form," and submit for signature within ten days.	Reply to the customer within 30 days from the date of receipt of the complaint, and notify the processing status simultaneously if the complaint involves the customer to the competent authority.	Improved case filing and customer complaint tracking.			

### 6.2.2 Customer Relationship Maintenance

Driven by the 3S service spirit of Simple, Sincere and Superior, Taishin keeps promoting our service culture. "Taishin Service Role Model" competition is held annually as part of the organization's ongoing attention to service culture, during which the Chairman and senior management are invited to commend employees who exhibit the most exceptional service standards. Through this event, we aim to inspire bank employees to develop a passion for service and fully embrace the Bank's service culture.

### 1. Listening to Voice of Customer

Taishin Bank is committed to providing customers with complete service experience. In response to the digital era and strengthening the protection of customers' personal particulars, it fully adopts online survey, the most suitable method for consumers' usage habit, to understand the satisfaction rate of personnel, product, service, process, channel, rights and interest, and marketing activities, and analyze the results, to be used as strategic reference for service quality. At the same time, pertaining to customer base with weak performance or more regression, establish mobile improvement plans, so as to make improvement and provide better service.

Project	Explanation
VOC (Voice of Customer)	Taishin Bank has a VOC program in place that receives an average of 140 comments from customers per month.
Onsite Inspections For Branches	Taishin Bank assigns employees with professional certifications mystery auditor by telephone or onsite visits. The audit results are used as the basis for internal improvements and management.
Branch Service Opinion Forms	"Service opinion forms" have been placed at branches nationwide for customers to express their opinions. An electronic questionnaire is made available to customers through QR codes scannable by a mobile phone or tablet for easy completion.
Customer hotline of the Head Office and Head Office Management Center Mailbox	Taishin Bank has set up a customer opinion hotline 0800- 079-885 at the Head Office and Head Office Management Center mailbox, abdc@taishinbank.com.tw, to collate customer feedback and suggestions, customers may call customer opinion handling hotline during business hours or email their opinions to the Head Office Management Center mailbox. A handling personnel is also set to process customer complaints, resolve customer issues, and respond to the customer appeal with the contact persons of each unit for the protection of customer rights.

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Taishin Life is dedicated to providing satisfying and helpful customer service, including setting up customer service hotlines, conducting random interviews for incoming calls, and providing questionnaires at the counter to gather customer satisfaction rate. There is also a customer inquiry section in the official website to instantly handle and reply to customers.

Execute Project	Description
"Voice of Customer" Collect VOC	Taishin Life has set up a VOC (Voice of Customer) project, receiving an average of 12 customer recommendations from channel service and customer service hotline per month.
Real-time service satisfaction survey	Set up random telephone interviews at customer service's incoming call system and QR Code survey at the counter, where customer service personnel will invite the customers to conduct service satisfaction survey before the service ends; And conducts daily review of the survey results, and includes opinions provided by customers into VOC. If customers are not satisfied with the reply, the supervisor is to take the initiative to pay attention to and handle the case, and provide necessary guidance to the staff concerned, in the aim to provide satisfying and helpful customer service.
Official website's comments and feedback	Taishin Life website has set up a customers inquiry section (customer hotline 0800-015-000 and comments section) to collect customers feedback for dedicated personnel to handle and reply to customers.

Taishin Securities provides customer service hotline 886-2-40509799 and customer service mailbox ec@tssco.com.tw on its official website, and conducts satisfaction survey targeting its customers on a yearly basis, to understand customers towards Taishin Securities' service quality, and review and make improvements from customers' suggestions and feedback, so that the financial services of securities can be more friendly and popular.

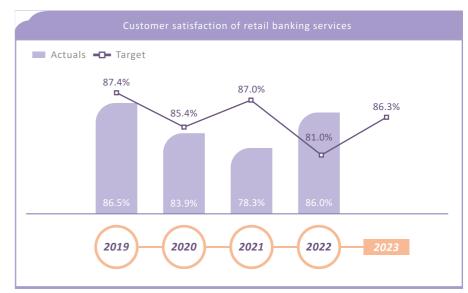


### 2. Improve customer satisfaction

### Taishin Bank

The customer satisfaction of Taishin Bank's retail banking includes the major customer groups. In 2022, it fully makes use of digital platforms to improve the collection of survey samples and increase survey frequency, with a total of 13,923 valid samples obtained.

In 2021, due to the epidemic, investment market corrections, and external compliance issues, Taishin Bank was focus on strengthened internal risk control policies. Customer satisfaction survey was 78.3%, a decline compared to the previous year. In 2022, customer satisfaction survey results reached 86.0%, mainly due to the optimization of poor performing indicators from past surveys, enhancement of investment management service for wealth management customer group, review of customer service process, etc. Big data modeling and real-time dynamic marketing platform feedback ensure that Taishin Bank product design/channel service/platform features always meet customer needs.



Note: 2023 goal setting: The actual value of the previous year's satisfaction rate is divided into 3 years to achieve the ideal goal (87%) to calculate the following year's goal, and is adjusted based on actual achievement status every year. The ideal goal is the market reference data feedback by market research companies [Target value = (87% - previous year's actual value%)/3 + previous year's actual value %] The surveys comprises the Bank's customer groups, with a 100% coverage

In addition, Net Promoter Score (NPS) was incorporated in 2019 to understand customers' willingness to recommend Taishin and its products to others, which effectively quantifies customers' loyalty. In 2022, NPS reached 43, which shows that the promoter percentage significantly exceeds the defractor percentage. In the future, Taishin will continue to improve, and is committed to convert passives to promoters to increase NPS.



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### Taishin Life

By implementing Net Promoter Score (NPS) for customers, it measures the service experience Taishin Life brings to customers. The survey has been conducted on all policyholders every year since 2013. In 2022, in line with the development of diverse business channels, an independent sample survey for bank insurance channel's customers was introduced for the first time. Continuous cross-comparison surveys are conducted among the six major service aspects of customers (overall customer service, life insurance consultant experience, product price and value, policy purchase experience, Taishin Life image evaluation, business consultation and recommendation) and four major customer experience processes (knowledge and evaluation aspect, purchase process aspect, aftersale service aspect, relationship maintenance aspect) over the years. Though there were share transfers and renaming during the period, it continues to enhance customer experience and improve satisfaction for long-term tracking. 1,556 effective samples were obtained in 2022, and in order to ensure that the samples are representative, sampling was conducted among the 12 types of customer groups of the two main channels.



In 2022, the survey methods were fully changed to online surveys, focusing on in-depth topics to be explored and providing a mechanism for policyholders to fully express their opinions. The system adopts open-ended fields to allow customers to fully express, and set up a tracking list and contact the improvement operations as follow-up actions. In 2022, the customer satisfaction rate survey result was 74%. After the share transferred and renaming, it increased significantly by 5% from 69% to 74%. NPS reverts from 16% to 24% (32% in 2020) since the year of share transferred. Taishin Life conducts data analysis on the annual survey, establishes optimized action plans, and uses data analysis to conduct customer group communication plans, and addition of various digital service endpoints functions and interface optimization. A number of adjustments were made pertaining to the relationship maintenance aspect, including instant marketing platform data analysis and tracking to conduct digital communication optimization, etc. Customer group management data panel is used to understand the indicators of customer group management and improve policyholder's NPS value and satisfaction rate on Taishin Life.

	2020			2021	2022		
Taishin Life	NPS	Satisfaction rate	NPS	Satisfaction rate	NPS	Satisfaction rate	
Survey value	32	78	16	69	24 74		
Number of valid samples		1,204		1,215	1,556		

### **Taishin Securities**

In 2022, the average result of the various satisfaction scores of Taishin Securities was 86%, which is the same as the previous year. In 2022, Taiwan's stock market showed a bearish trend which affected investors' degree of participation and market trading volume. However, Taishin Securities still continues to launch various digital services and optimize items, including the launch of a diverse and convenient online account opening channel and optimization of the operation of various electronic transaction platforms, continuing to improve digital service quality and maintaining customer satisfaction. In 2022, the survey content continues to target the collection of customers' text opinions and potential needs for each satisfaction level to improve future satisfaction results.

Taishin Securities has planned various projects in 2023, continuously improving customer experience, including electronic transaction platforms, various types of securities products and services, transaction value-added services, etc. In 2022, NPS was 29.8 (a positive NPS means that promoters are more than detractors), where passives account for about 42%. In the future, it will strive to convert passives to promoters and reduce detractors' percentage to continue to improve NPS.

### 3. Employee Training

In order to provide better services, Taishin actively invests resources in trainings of service quality and customer satisfaction to meet customer needs and improve service quality and satisfaction.

Recipients	Course	Frequency	Training Coverage Rate (%)	Training Completion Rate (%)	Total Hours	Number of Participants
Mandatory courses	Providing the best services (orientation camp)	Average 2 times each month	100	100	2,247.24	1,867
for new recruits	Service etiquette (new employees)	Average 2 times each month	100	100	1,439.72	2,047
Mandatory courses for supervisors	Superior services	Three sessions each year	100	100	432	108



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### **6.3 Privacy Protection**

### 6.3.1 Protection Policy of Personal

Taishin has a personal information protection policy in place to ensure legitimate collection and use of customers' and employees' personal data. This policy is constantly reviewed and revised in line with changes in regulation. In addition to conducting regular inspections on the security of personal information, Taishin also assesses possible personal information risks and uses the findings to establish proper management practices, responses, reporting channels and preventions for incidents such as theft, alteration, destruction, loss or leakage of personal information, and thereby enforce the personal information protection system of the organization.

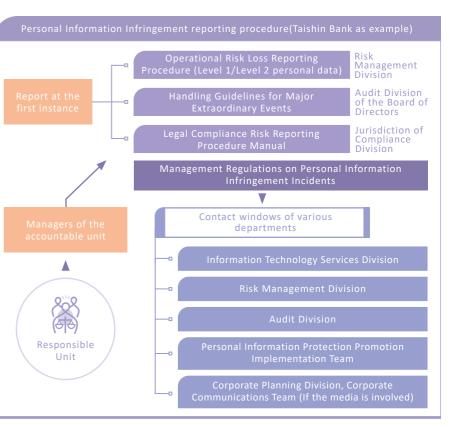
Taishin continues to execute training programs that are aimed at raising employees' awareness and respect towards personal information and promoting thorough understanding of relevant legal requirements, responsibilities, systems, procedures and measures the organization has in place for the protection of personal information.

### Completion Rate (%) Coverage Rate (%) Online course on personal New recruits (to information protection complete training 100 100 within six months Compliance and behavior after coming onboard) guidelines Personal data protection special issue Online course on personal General employees 100 100 information protection Classroom course on personal information protection Contact person Personal data violations for personal response drills data (or delegate 100 100 Personal data inventory representative) for training each division Publicity of personal data protection cases/symposium Contact person or for legal compliance emergency response supervisors team of personal data 100 100 Publicity of laws and regulations management for each and penalties division Personal information infringement response drills

### 6.3.2 Personal Information Protection

In terms of improving the response capacity of personal data infringement incidents and the crisis awareness of all personnel, Taishin has specially formulated the "Personal Data Infringement Incident Management Standards" to effectively implement emergency response and handling. When a personal information infringement incident occurs, the supervisor must be notified immediately and Complete the risk assessment and event classification within the time limit, and set up an emergency response team according to the impact of the event to carry out the response, coordination, communication and investigation of related events.

Also, in order to respect the rights customers' rights to exercise their personal data, Taishin's subsidiaries have formulated "Operating Rules for Exercising the Rights of the Parties" based on their own business requirements, specify customers' personal data's inquiry, viewing, copying, supplement, correction, deletion and the right to stop collection, processing and use.



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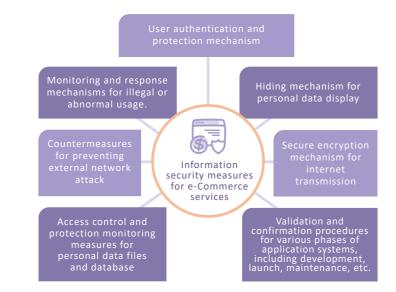
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	The handling of each level of incident and the reporting level						
Incident Classification	The level at which the incident is handled	The time requirement for handling the incident	The level at which the incident is reported				
Level 1	Personal Information Protection Implementation Department	Must be handled within 2 days.	Supervisor of said department/Legal compliance unit				
Level 2	Emergency Response Team	<ul> <li>Shall complete the reporting within the deadline set by the Company's internal department</li> <li>The emergency response team shall draw up a response plan within 2 working days.</li> <li>In accordance with the "Financial Supervisory Commission Designated Non-government Agencies' Personal Data File Safety Maintenance Measures", report to the Financial Supervisory Commission within 72 hours for any major personal data incidents.</li> </ul>	<ul> <li>Presidant</li> <li>Other parties to report to in accordance with internal regulations, include but not limited to Personal Data Protection Committee members, etc</li> </ul>				

Level 1 incident: Less than 100 cases of security incidents such as theft, tampering, damage, loss, leakage, etc. of personal data or incidents that meet the definition of other internal regulations. Level 2 incident: More than 100 cases (inclusive) of major incidents such as theft, tampering, damage, loss, leakage of personal data which endanger the Company's normal operations.

Taishin FHC takes Personal Information Protection very seriously. In order to increase the level of security management, Taishin Bank engages certified public accountants to review the personal data protection project. The certified public accountants have since 2022, been adopting the agreement procedure method to review the effectiveness of the design and execution of the internal control system of the Bank's personal data protection, and has included it into the Bank's Statement on Internal Control. No significant abnormalities were found in 2022. Also, Taishin Life has delegated SGS Taiwan Ltd. in performing verification on April 29, 2022, and was recommended as an organization which complies with the requirements of BS10012:2017 Personal Information Management System certification.



We monitor the percentage of users whose customer data is used for secondary purposes.

- Taishin has incorporated strict management approaches for 100% monitoring and protecting customer personal data which contains the use for primary and secondary purposes.
- In 2022, we conducted marketing contacts for secondary purposes with 6 million customers, which accounted for approximately 82.72% of our total customers. The scope of use is fully complied with the purposes agreed with customers (we only use the customer data that the customers agree for the purposes on the notification of the provided products and services, or agree with" Consent to Clients Data Cross-referencing"; and all the customers can go through a written "Declaration of not Accepting Marketing Information" to request discontinuing using their data at any time.)

### 6.3.3 Grievance Mechanism of Personal Information

Taishin attaches great importance to the protection of personal information, and customers can raise questions or file complaints through different channels. If the results of an investigation confirm a violation of personal information, we will take disciplinary actions (e.g., downgrading of performance evaluation, withholding of bonuses, and internal penalties). We shall also propose specific system and process improvements to address the root cause of the complaint and avoid the recurrence of similar situations. The cases are compiled and submitted to the Fair Customer Treatment and Consumption Review Committee and the Board of Directors each quarter. The management department unit shall continue to monitor improvements to ensure implementation.

Year	Source of customer complaint		Accountable	Type of customer complaint				
	External agency	Customer feedback	case count	Leakage of personal information	External agency	Loss of personal data	Inappropriate use of personal information	Others
2022	19	0	2	0	0	0	2	0
2021	12	1	2	1	0	0	1	0
2020	15	4	0	0	0	0	0	0

Note1: In 2022, customers reported a total of 19 cases related to personal data protection through Taishin or the competent authority, among which one customer reported with the same reason 11 times, 2 cases were accountable, and 2 cases were due to inappropriate usage of personal data by sales personnel to conduct promotion, which the customers had no further objections after explanation and handling, and the case has been properly resolved.

Note2: In January, 2022, a case of improper use of customers' personal data at Bannan Branch by a former bank teller and security guide resulted in 1 customer being affected. The case has been reported as a major incident and is promptly handled, and is not included in the calculation of the above list of "accountable cases".



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### 6.4 Financial Inclusion

### 6.4.1 Inclusive finance policy and commitment

As long as banking industry treated as the key improvement driven for all industries, it is also expected to have financial inclusion being well implemented and to provide the opportunities for the disadvantaged. Taishin is actively responding to the World Bank, G20, A Pacific Economic Cooperation (APEC), and the Financial Inclusion Policies in Taiwan. Moreover, in the meantime, Taishin also integra SDGs in the company in order to provide more convenient and essential financial services to promote rural areas, small and mediu sized enterprises, and disadvantaged groups, as well as by bridging knowledge gaps through financial education. Major achievements including expanding our services to remote rural areas or social groups that have less access to banking services; and supporting sm microfinance enterprises or start-ups through micro-loans or investments; offering renegotiated better repayment plans for financia disadvantaged.

### 6.4.2 Inclusive finance products and services

By supporting small and medium enterprises and with fintech, Taishin supports vulnerable groups and provides banking and finan services in remote regions; And with product innovation, credit cards are combined with charity. Through the consumption behavio credit card customers, it allows welfare groups to benefit from it, expanding social influence.

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Clients	Products	Description			
Small and medium enterprises	Small and medium enterprise loan	<ul> <li>Taishin Bank endeavors to promote micro-enterprise financial services by launching the "micro-enterprise digital financing platform - e enterprise loan (FAST)", an industry-leading online financing platform for enterprises in 2021. The promotion of digital policies is to solve the inconvenience of the previous cumbersome and lengthy loan application process and to create a new corporate loan experience with a 24-hour uninterrupted loan application service provided. After filling in basic information of the company on the "FAST" loan platform, business owners can use the MOEACA ID card for company identification. The person in charge can complete the identity check with his/her Citizen Digital Certificate or by entering another bank account on the application interface. It takes as little as one minute to complete the application process. The platform significantly reduces the overall loan application program in 2019 and added online loan application functions. In 2020, we integrated online loan applications and the digital application system and convenient channels for obtaining the funds they need for operations. We gradually provided exclusive plans for e-commerce and franchisees to help prevent funding shortages.In 2021, relief programs were crucial for businesses. Taishin has offered a secure and convenient way for businesses to apply of loans. People can apply without leaving their homes by scanning the QR code of the project or visiting the Taishin Bank official website. On-site visits are replaced by video surveys for credit assessment. Identity verification over communication is provided for existing customers. We have been able to help companies ease their capital mobilization difficulties through a zero-contact service process, and through agile execution and digital innovation.</li> </ul>			
	E-payment/mobile collection	<ul> <li>In collaboration with foreign electronic payment service providers and mobile payment providers, Taishin Bank has integrated various wallet specifications and accounts, providing shopping districts, well-known night markets, individuals and micro enterprises with the shared QR Code service and the Taishin Payment APP that enables collection and payment (through barcode scanning and tap on phone). This allows micro and small businesses to reduce the cost burden of card terminals while enjoying the convenient, integrated cash flow services, which makes it even easier for payment collection and reconciliation.</li> <li>Taishin released the Taishin merchant APP, which supports 11 digital payment methods from Taiwan and abroad, a first in the industry. Vendors can use their own smartphones or tablets to collect payments by scanning codes or through contactless technology, thereby reducing the need to spend money on installing card scanning equipment. This solution satisfies the mobile payment requirements of small and micro businesses or individuals.</li> </ul>			

Smart Services

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Clients	Products	Description
Start-up industries	Investment in startup enterprises	<ul> <li>Taishin Venture Capital offers real capital to support start-ups:</li> <li>At the end of 2022, Taishin Venture Capital had invested 1.8% of capital into businesses that were in their start-up stage, 32.1% in growth-stage businesses, 63.9% in mature-stage businesses, and 2.2% in TWSE/TPEX listed companies.</li> <li>Continued investment in solar plants and biotechnology-related industries in 2022. In 2023, investment will continue to center around green energy, information technology and biomedical start-ups.</li> </ul>
Financially disadvantaged	Micro insurance	<ul> <li>To offer basic protections for financially disadvantages, micro insurance provides coverage in areas that the governments social insurance and social welfare programs could not reach. Through the launch of micro insurance, we encourage the financially disadvantaged to arrange commercial insurance within their capacity and seek coverage not only to reduce financial impacts in the event of an accident, but also to care for family members.</li> <li>Micro insurance products can be individual or group basis; the main features are low insurance amount, low premium, and easy to understand.</li> </ul>
	Retirement trust	To implement the Trust 2.0 Project of the Financial Supervisory Commission, Taishin Bank has devised standardized contracts based on the mainstream planning of most customers with the needs of senior citizens and the physically and mentally challenged in mind. The Bank also provides personalized contracts according to the special needs of the customers.
	Reverse mortgage for seniors	The Bank introduced "Reverse mortgage for seniors" that provides assurance to seniors by allowing them to draw monthly financial support from the houses they own.
Seniors and people with disabilities	Small amount whole life insurance	In response to the effects of low birth rates and aging populations, the small amount whole life insurance, an insurance product promoted to popularize basic insurance coverage for the elderly, includes whole life insurance (the maximum accumulated protection per person raised from NT\$500,000 to NT\$700,000 with effect from July 1, 2021) that can provide cover in the event of death or total disablement of the insured person. To make it easier for senior citizens to be insured, the small amount whole life insurance policy is simple and easy to understand, and the premiums are lower than other similar types of life insurance.
	Retirement insurance planning	In view of the aging trend, insurance products, with their features and benefits considered, are suitable as preparation for retirement arrangement. The main products include annuity insurance (e.g. traditional, variable and investment annuities), medical insurance (e.g. catastrophic illness, critical illness, cancer, daily and pay-as-you-go medical insurance) and long-term care insurance (e.g. life insurance for specific injuries and illnesses, and long-term care life insurance).
Young adults	Digital banking	Integrating the seven major products, "saving, payment, investment, wealth management, loan, insurance, foreign currency" makes Richart APP as simple as a mobile game, helping young people easily cross finance threshold. Not only will it continue to respond to user needs, but will also actively cooperate with other industry partners to provide customers with the required digital financial services in different scenarios through linked open banking technologies, enabling the convenient wealth management, transfer, payment and loan to integrate into users' lifestyle scenarios. Richart also uses the innovative management and two-way communication of social media platforms (Facebook page, LINE official account, Instagram official account) to raise young people's degree of likeness and understanding towards finance, introducing it to young people's life.
	Charity credit card	Taishin Bank launched Fu Jen Catholic University Affinity co-brand Card 🔗 that contributes 0.3% of every dollar spending to the school development funds as a support. In the future, Taishin Bank also plans to work with the University's Hospital to provide hospital-related benefits. In 2022, 1,237 cards were in circulation and the donation amount was NT\$575,023.
Local peasants	Charity credit card	Taishin Bank issued a co-branded with Cotton Fields $\mathscr{O}$ . When cardholders consume in a store, a 0.6% of the purchase amount is deducted to give Taiwan's organic agriculture-related foundations to cover organic certification or transition-to-organic periods. With the hope to increase the number of organic small farmers, and through the positive cycle of consumers, enterprises, and producers, support more organic farmers in Taiwan, produce crops according to the land and seasons, create more good land and food, and seek the development of organic agriculture in Taiwan. In 2022, 12,502 cards were in circulation and the donation amount was NT\$333,348.Since its issuance, NT\$2.6 million has been returned to the foundation, and customers who identify with friendly land and value public welfare continue to be invited to join.

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### Promote small and medium enterprises and community development

Taishin makes good use of financial technology to improve financing services for small and medium-sized enterprises, assists enterprises to accelerate digital development, fully supports the digital transformation of small and micro enterprises, improves their financial health, strengthens long-term competitiveness and establishes a dominant position, optimizes credit process and management mechanism, and plans to build a digital financing ecosystem, become a strong partner of small enterprises, and practice the social responsibility of banking and finance. Committed to improving financial services and products, assisting local SMEs in Taiwan to take root and develop, for small enterprises with a turnover of less than 100 million yuan or less than 200 employees, continue to promote small enterprise loan projects, using big data technology to provide the most suitable financial services, to help quickly obtain financing.

In 2022, it has assist 15,969 small enterprises to obtain funds to meet their operational needs, with a financing balance of more than 256.9 billion (Including NT\$64.2 billion of financing balance related to green energy and sustainability, which is 24.99% of the overall financing balance of small and medium enterprises) It is committed to optimizing corporate financial services, and starting from a brand-new corporate loan experience, creating the corporate digital financing platform service for small and micro enterprises, working hand in hand with small enterprises to break through difficulties.

Taishin Bank responds to the government's policy on the reconstruction of dangerous old buildings and is committed to improving building safety. For those who comply with the "Statute for Expediting Reconstruction of Urban Unsafe and Old Buildings " and have obtained the consent of all land and legal building owners within the scope of the reconstruction plan to carry out reconstruction, Provide "land and construction financing" business processing. In 2022, nearly 80 pieces of financing will be supported, and the cumulative balance will exceed 14 billion, which will enable the reconstruction of dangerous old buildings and improve the living safety environment.

Product categories	Item/Year	2022
	Number of small and medium enterprises financing accounts (Note 2)	15,969
SME Loan	Financing balance of small and medium enterprises (NT $$1,000$ ) (Note 2)	256,905,036
(Note1)	Number of overdue loan (including collection) accounts (Note 2, 3)	314
	Overdue loan (including collection) balance (Note 2, 3)	709,643
	Number of financing cases for redevelopment of old buildings at risk(Note4)	80
Community Development	Allocation of loans for redevelopment of old buildings at risk (NT $$1,000$ ) (Note4)	14,684,811
Loan	Number of overdue loan (including collection) accounts (Note 3, 4)	1
	Overdue loan (including collection) balance (Note 3, 4)	318,256

- Note1: The definition of small and medium enterprises is in accordance with the definition of small and medium enterprises by the Ministry of Economic Affairs, excluding overseas branches and OBU.
- Note2: The number and balance of small and medium enterprises are calculated based on the results after tagging to account (that is, the same uniform number is only calculated once), and number of financing accounts and its balance exclude overdue loans (including collection).
- Note3: Overdue loan (including collection) includes: (1) Loans transferred to collection have been classified as overdue loan, and (2) other overdue loans which do not belong to collection, for the definitions of the various items, please refer to the relevant regulations of the Bank's provision for asset valuation loss reserve and measures for handling bad debts from overdue loan collections.
- Note4: Number and balance of reconstruction of old and dangerous houses are calculated based on the results after tagging to the account (that is, the same uniform number is only calculated once), and the number and balance of financing accounts do not include overdue loans (including collection).

### Power to Change

About the project	Since 2018, Taishin Bank has been working with B Corp , DOMI Earth, in encouraging cardholders to use digital statements for credit cards. When cardholders switch from paper to digital statements, Taishin Bank will help the vulnerable to replace their lighting with energy-saving appliances on their behalf.
Project investment	Taishin Bank integrates the environment with charity. Through cross-industry cooperation, it complements each other, connecting the three parties, the bank, cardholders and the vulnerable in forming an interactive platform in conveying positive energy.
Project yield	<ul> <li>Accumulated more than 1.35 million cardholders in participating</li> <li>By providing energy transformation services, nearly 510 vulnerable households in Taiwan have been illuminated. It includes the overall replacement of energy</li> <li>Reduced a total of nearly 450,000 Kg carbon emission, equivalent to 1.2 Daan Forest Park's one year of carbon emission</li> </ul>
Awards affirmation	In 2022, it was awarded "Most Popular Brand" of National Brand Yushan Award, and "Silver Awards" of Taiwan Sustainability Action Award, gaining high affirmation by customers and professional units.

### Financial inclusion product performance

Product categories	ltem/Year	2019	2020	2021	2022
Startup Investment	Startup Investment (NT\$1,000)	223,281	162,942	180,821	370,825
Insurance	Number of microinsurance applications	96	114	43	512
	Number of online insurance applications	3,496	3,872	4,350	3,879
Trust	Trust         Sales of retirement trust (NT\$1,000)		3,282,646	163,102	223,270
Digital Banking	Number of digital banking accounts	1,793,000	2,368,000	2,747,000	2,981,000
Organic Co- brand Card	Amount returned to the Foundation(NT\$)	200,843	320,105	424,863	333,348

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### Usage of financial services

Clients	Products	Description
Social Welfare Group	Credit Card	<ul> <li>Promoting public welfare purchase and donations <ol> <li>By integrating the resources of Taishin Charity Foundation, Taishin Bank has its purchase with charitable products as birthday gifts for Infinite Cardholders.</li> <li>Organize donation events with gifts for a minimum amount, together with card benefits and the foundation's gift for minimum spending, and through publicity exposure such as credit card statements, EDM, etc., increase credit card holders' willingness to donate.</li> <li>By converting reward points from credit card transaction amount to donate to charity groups on Taishin's donation platform.</li> </ol> </li> </ul>
	ePayment or Mobile Payment	<ul> <li>New payment tools in our financial services</li> <li>Starting from 2017, we have continued to introduce new types of payment (i.e., mobile payment and cross-border payment) into merchants and commercial districts in remote areas to help businesses expand the methods and sources of income, and ensure that their income is not reduced due to the reduction of tourists from Mainland China. We also introduced new payment and related financial services through cross-industry alliances in 2020 (e.g., comprehensive card readers and kiosks) to gradually facilitate the upgrade and transformation of traditional markets.</li> <li>To meet the payment collection needs of individual or small-scale merchants, the Taishin merchant APP launched in 2019. It supports scanning the codes of various domestic/international wallets. In 2021, it has expanded and added Visa, Mastercard, and JCB credit card inductive transactions, which uses mobile phone (Taishin merchant APP) as card readers, assisting merchants reducing the investment cost in payment collection equipment. In 2022, Taishin added Discover credit card's sensing feature. Taishin merchant APP continue to optimize products and achieve the goal of inclusive finance.</li> <li>Diversity of online services</li> <li>Taishin Bank delivers online services such as credit card, loan application etc. via internet/mobile banking or APPs, and offers diverse payment options including convenient stores, ACH etc. that free customers from restrictions of locations and banking hours. The number of Taishin online users has been rising and the YOY growth in transaction volume was 63.7% in 2021.</li> </ul>
People in Remote Rural Areas	ATM	<ul> <li>Enhance ATM integrated services         <ol> <li>Apart from general banking services, Taishin Bank ATMs also provide functions such as bill payment, donation, borrowing/repayment of insurance policy loan, interbank cash deposit, and interbank cardless cash withdrawal. Taishin Bank ranks top among its peers in the number of ATMs deployed, which enables remotely located customers to complete financial services at an ATM near them.</li> <li>After receiving FSC approval for launching the Video Teller Machine (VTM) service in 2021, the Bank has expanded VTM services, through which people can enjoy real-time video conferencing with the remote teller for financial advisory and account application services, providing the public with a more convenient financial service.</li> </ol></li></ul>
	Insurance	<ul> <li>Online insurance services</li> <li>The Bank's eFinger Fun online insurance platform is committed to becoming the most digitally savvy insurance platform, breaking geographical restrictions and offering a wide range of exclusive products so that people can take out insurance without having to leave home. The platform has made insurance services simpler, more secure and more customizable.</li> </ul>
	Financial Services	<ul> <li>Providing comprehensive online financial planning services</li> <li>1. Through our Internet banking, customers can invest in domestic and overseas funds, overseas bonds, foreign stocks, foreign ETFs and other wealth management products. Taishin even offers customers the ability to choose any day(s) of the month to deduct their payments on a regular basis. In addition, with the recent launch of the "Wealth Management GO Easy" service, investment and financial transactions are no longer affected by the epidemic, and customers can enjoy professional financial advice from home. Foreign stocks and foreign ETFs can also be traded 24 hours a day with zero time difference from the rest of the world, and orders can be placed easily through our Internet banking</li> </ul>

6.4 Financial Inclusion

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4. Green Operations 5. Sustainable Finance 6. Smart Services		Multi- language ATMs	<ul> <li>To support the needs of new immigrants for financial services, we started the ATM remodeling project in September 2020. In addition to the existing Chinese and English versions, we also provide services in multiple languages including Japanese, Korean, Thai, Vietnamese, and Indonesian to provide international tourists, migrant workers, and new immigrants with a friendlier financial services.</li> </ul>
6.1 FinTech/Digital Innovation 6.2 Customer Relationship Management and Consumer Protection	Senior citizens	Retirement financial	<ul> <li>Design standardized contracts to meet customer needs, and provide open options for customers to choose from; Customized contracts can also be planned according to specific needs, incorporating a wide range of requirements such as benefit terms, asset allocation and income distribution. For asset allocation, customers can also place orders through the trust platform and purchase a wide range of investment products, including domestic and overseas funds and ETFs, overseas bonds, foreign securities (PS) and structured Investment (SI), to enjoy your retirement.</li> </ul>
6.3 Privacy Protection			

### Access to financial services

Clients	Products	Description
People with Disabilities	Barrier-free ATM	<ul> <li>All the ATM machines of the Bank are of a height suitable for wheelchair users to operate, and there is a section for barrier-free operation, so that wheelchair users can make use of the ATM keypad to conduct ATM transactions easily.</li> <li>By setting up height-adjusted ATMs and blindness-friendly ATMs to serve movement-impaired and visually impaired customers, or having user manual printed in Braille for visually impaired, we aim to provide convenient financial services.</li> <li>People with disabilities are entitled 3 interbank cash withdrawal privileges each month to reduce handling charge.</li> </ul>
	Online Banking	<ul> <li>By providing more friendly financial services for people with disabilities, the Bank has upgraded barrier-free internet banking and ATM websites. This practice made Taishin Bank obtained "Website Accessibility Specification Version 2.0" for Class A certification mark in 2018. And the mobile bank-friendly zone passed the "APP Accessibility Test Report" test by Taipei Association of Visually Impaired Parenthood in 2019 and continued to provide more friendly services in 2020.</li> </ul>
Seniors	Branch Services	• By installing a service bell at the front door of all branches since Jan. 2015, we aim to guide and assist customers to complete transactions when customers need.

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### Service statistics

Facilit	У	Service Bell at Entrance	Accessible Ramp   Tactile Tile		Accessible Ramp I Lactile Lile I		Blindness-friendly ATM	Reading Glasses at Counter	Note1: The nur than br Note2: Tactile obstacl
No. of Branches	2022	101	78	27 (Note2)	131	101	101	have co to remo slopes from th	

e1: The number of ATMs include outlets other than branches e2: Tactile Tile have been regarded as an

22: Tactile Tile have been regarded as an obstacle to the passage, some branches have cooperated with the local government to remove the Tactile Tile on the arcade slopes one after another due to the request from the local government.

### 6.4.3 Other non-financial support

The financial system is an important partner in consumers' daily life. Therefore, Taishin offers financial education and guidance to children and the youth. We communicate correct concepts of finance, investment, and remain committed to improving our service quality and the protection of our customers' rights. Through parent-child activities with fun and easy interactive games, it guides the children in building basic financial knowledge. For example, in 2022's Christmas wood craft and charity sale, the children experience making wooden piggy bank, and learn about the importance of saving at the same time. Together with games of occupational role playing, it enables the children to experience that earning money doesn't come easy and the necessity of saving, teaching them to distinguish what is needed and want, cultivating the correct concept of money from young.

### Financial education and training

Client	Service	Description
hildren		<ul> <li>Christmas wood craft and charity sale was held on December 10, 2022. Besides wooden piggy bank, there was also occupational role playing to convey the knowledge of money and cultivate the capability of spending and saving habits in income and daily expenses scenarios</li> </ul>
Young adults	Financial Education or Seminars	• Through the campus financial management seminar, students of tertiary institutions were taught the correct concept of financial and investment management through easy-to-understand real-life cases, so that the stereotype of high threshold for investment and financial management could be overthrown. Continue to enhance the investment and financial management concepts and practical experience of students and young generations.

### Financial education and training for disadvantaged groups

Year	Financial educa	Campus investment seminar (Note 1)			Visits to Financial Innovation Lab (Note 2)				
rear	Target	Sessions	Number of participants	Target	Sessions	Number of participants	Target	Sessions	Number of participants
2022	Elementary school students	1	19	Suspende	ed due to tl	ne pandemic	College students, Taipei Youth Salon	2	75
2021	Disadvantaged children	1	16	College students	2	223	College, graduate students	3	107
2020	Volunteer Disadvantaged children	2	58	-	0	0	Disadvantaged children, college students	3	160

Note1: Cancellation or reduction in the number of campus financial seminars in 2020-2022 due to the impact of the epidemic.

### Financial service quality

Clients	Service	Description
All Customers	Service Quality and dispute resolution mechanism	<ul> <li>In addition to providing high-quality financial service and products based on the needs of various types of customers, Taishin has implemented the Fair Treatment of Customers Policy and has established a customer dispute resolution mechanism to maintain the quality of financial services we adhere to.</li> <li>Regarding the service quality mechanism and dispute resolution mechanism, please see chapter "6.2 Customer Relationship Management and Consumer Protection"</li> </ul>



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## 7.1 Talent Development

service

## 7.1.1 Recruitment Channels and Methods

People are the key that supports business growth, and through the use of three main channels including industry-academia collaboration, overseas recruitment, and substitute military service/ R&D substitute service. Taishin recruits suitable and top quality talents from the market to meet the plans and requirements of its business units. In 2022, Taishin recruited a total of 2,009 employees, and the average recruitment cost per employee was about NT\$5,190. Taishin has been able to maintain new recruits at approximately 20% of its staff size and a gender distribution close to 50%-50% in the last 3 years, which conform with the organization's diversity and nondiscrimination policies. Young employees aged 30 and below accounted for more than 50% of new recruits; their presence not only brings energy and secures the foundation of this organization, but also helps build a creative and refreshing image.

	Recruitment Channels	Performance in 2022
Industry- academia collaboration	<ul> <li>Established industry-academia collaboration with universities to develop fundamental talents for the financial industry.</li> <li>Held campus recruitment seminars.</li> <li>Launched a series of recruitment projects for MA, ARM and banking freshmen.</li> <li>Early Win - Workplace experience program.</li> </ul>	<ul> <li>Cooperated with 80 universities.</li> <li>Organized 22 campus talent recruitment exhibitions</li> <li>Brought nearly 540 fresh graduates</li> <li>490 interns into the organization.</li> </ul>
Overseas Talent Recruitment	<ul> <li>In collaboration with overseas branches, affiliated enterprises and the governments New Southbound Strategy, we actively recruited talents from USA, Japan, China, Vietnam, Singapore, Australia, Malaysia, and other countries/regions.</li> <li>Offered systematic training and undergo job rotations to quickly accumulate the expertise needed to support future expansions and international businesses.</li> </ul>	<ul> <li>Organized 3 overseas recruitment and online talent recruitment for foreign students.</li> <li>41% of overseas MA.</li> </ul>
Substitute	<ul> <li>Was the first in the industry to offer banking positions as military substitute service.</li> <li>R&amp;D substitute service</li> <li>Taishin offers internship as a substitute military service, where potential talents get to experience</li> </ul>	• We currently employ 4 substitute servicemen

real work and prepare themselves

for future careers

#### Full-time new recruits

excluded from full-time employees.

					Nun	nber of	new f	ull-time	employ	/ees	
		Fema	le Age			Male Age				Proportion of	New recruit
	< 30	31-50	> 51	Total	< 30	31-50	> 51	Total	Total	new recruits (%)	rate (%)
Taiwan	496	447	30	973	429	393	24	846	1,819	90.5	18.1
Overseas	49	41	3	93	48	49	0	97	190	9.5	1.9
Total	545	488	33	1,066	477	442	24	943	2,009	100.0	20.0
Proportion of new recruits (%)	27.1	24.3	1.6	53.1	23.7	22.0	1.2	46.9	100.0		
New recruit rate (%)	5.4	4.9	0.3	10.6	4.8	4.4	0.2	9.4	20.0		

Note1: The number of new recruits in 2022 accounted for 20.0% of the number of employees at the end of the year (male: 9.4% / female: 10.6%), broken down by age range, the number of new recruits under the age of 30 accounted for 10.2% of the number of employees at the end of the year, those aged 31-50 accounted for 9.3%, and those over the age of 51 accounted for about 0.5%. Note2: New recruit rate=Cumulative number of new full-time employees in the year/Number of full-time employees on December 31, 2022. Due to the special nature of marketing specialists and telemarketing specialists, the number of new employees on this table does not include the abovementioned personnel. When calculating the new recruit rate, this type of employee is also

Year	2019	2020	2021	2022
Male	1,126	853	814	943
Female	1,326	1,039	908	1,066
< 30 years old	1,477	1,108	992	1,022
31-50 years old	927	745	694	930
> 50 years old	48	39	36	57
Middle and top management position	9	5	9	22
Junior management position	58	53	47	67
Non-managerial	2,287	2,385	1,666	1,920
total	2,452	1,892	1,722	2,009

Note2: New recruit rate=Cumulative number of new full-time employees in the year/Number of full-time employees on December 31, 2022. Due to the special nature of marketing specialists and telemarketing specialists, the number of new employees on this table does not include the abovementioned personnel. When calculating the new recruit rate, this type of employee is also excluded from full-time employees.

Year	2018	2019	2020	2021	2022
Annual average recruitment expenses per employee	4,859	4,385	5,662	4,634	5,190



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## 7.1.2 Diversified Recruitment

Taishin FHC attaches great importance to talents and widely recruits talents. It actively recruits professionals from different regions, genders, nationalities, languages, and races. By the end of 2022, Taishin FHC and its subsidiaries had a total of 10,804 full-time employees, 491 part-time employees, and 194 dispatched personnel to assist in general affairs and administrative work, totaling 11,489 persons. Among them, there were 6,500 full-time female employees, accounting for 60.2%; there were a total of 727 full-time female managers, accounting for 48% of the total number of managers, of which the proportion of senior female managers was 32%. Taishin expects that the proportion of senior female managers was 32%. Taishin expects that the proportion of senior female managers was 0 discriminate based on gender in terms of personnel appointment and promotion. As the figures have shown, Taishin does not allow gender discrimination in the recruitment or promotion of employees. In terms of diverse employment of disadvantaged groups, ethnicities, and nationalities, Taishin meets legal requirements, appoints sufficient number of people with disabilities, and provides a barrier-free work environment for people with disabilities. We set up overseas operations in 9 foreign countries. Taishin makes it a priority to hire workers locally for overseas operations. In 2022, overseas operations hired a total of 703 workers, in which 93% of employees and 78% of managers were locals. Taishin continues to implement local management. In addition, our employees come from 10 nationalities/regions. We actively blend multiple cultures into the organization and incorporate them as part of our competitive advantage.

#### Employee Structure - by gender and region

Data as of	Permanent			Non-pei	rmanent		Dispa	tched		
December 31, 2022	Perm		Contr	actor	Part-	timer		oyees	Total	
	Female	Male	Female	Male	Female	Male	Female	Male		
Taiwan	6,159	3,942	13	27	315	134	124	70	10,784	
Overseas	341	362	0	0	1	1	0	0	705	
Total	10,8	804		491			19	94	11,489	

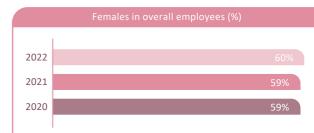
Note1: Refers to the current employee size as at Dec.31, 2022. Non-permanent employees are contractors, part-timers and interns. Note2: As of December 31, 2021, the number of dispatched employees was 206 (114 females and 62 males), and the number had not fluctuated significantly. Note3: Non-employee workers correspond to GRI 2-8. Currently, there are only dispatched employees. In the future, the inclusion of contractors, volunteers, athome workers, self-employed workers, subcontractors, volunteers, etc. will be evaluated.

#### Permanent Employee Structure- by gender, age and position

	Full-time new recruits										
Desier	Desition	Female Age				Male Age				Tatal	Proportion of
Region	Position	<30	31-50	>51	Total	<30	31-50	>51	Total	Total	permanent employees (%)
Taiwan	Non-managerial role	1,508	3,414	546	5,468	881	2,005	363	3,249	8,717	80.7
IdIWdII	Managerial role	0	448	243	691	4	438	251	693	1,384	12.8
Taiwan-tot	al	1,508	3,862	789	6,159	885	2,443	614	3,942	10,101	93.5
Overseas	Non-managerial role	112	181	12	305	86	186	3	275	580	5.4
Overseas	Managerial role	0	30	6	36	3	65	19	87	123	1.1
Overseas-t	otal	112	211	18	341	89	251	22	362	703	6.5
Total	Total		4,073	807	6,500	974	2,694	636	4,304	10,804	100.0
Proportion employees	of permanent (%)	15.0	37.7	7.5	60.2	9.0	24.9	5.9	39.8	100.0	100.0

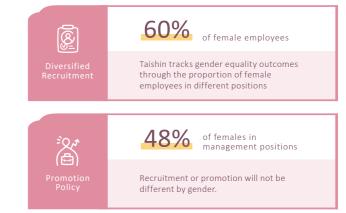
Note1: Refers to the current employee size as at Dec.31, 2022. Non-managerial roles do not take managerial responsibilities. Note2: 86.1% of employees are non-managerial while 13.9% of employees are managerial.

#### Proportion of Female Employees (Note1)



Year	2020	2021	2022
Females in overall employees (%)	59	59	60
Females in management positions (%)	47	48	48
Females in junior management positions (%)	49	50	50
Females in top management positions	33	32	32
Females in management positions in revenue-generation (%)	45	45	46
Females in STEM-related positions (Note2)	44	44	44

Note1: The percentage of females among the managerial role has remained nearly 50% in the past 3 years. This result is a testament to the fair work opportunities and gender equality principles enforced within Taishin.
 Note2: Females in STEM-related positions includes technical writer, computer programmers, business operation analyst and etc.



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#### • Employees of minority groups in previous years

Year		2020	2021	2022
No. of disable employees	101	96	101	107
No. of countries/ regions	13	12	11	10
Nationalities/ regionalities of employees	Taiwan, China, Hong Kong, Japan, Malaysia, Singapore, Myanmar, Vietnam, Indonesia, Italy, New Zealand, Australia, USA	Taiwan, China, Hong Kong, Japan, Malaysia, Singapore, Myanmar, Vietnam, Italy, New Zealand, Australia, USA	Taiwan, China, Hong Kong, Japan, Malaysia, Singapore, Myanmar, Vietnam, New Zealand, Australia, USA	Taiwan, China, Hong Kong, Japan, Malaysia, Singapore, Myanmar, Vietnam, Thailand, Australia

#### Top five regions for employee distribution

Year			China	Hong Kong			Others
	Percentage of all employees	94.4%	3.9%	1.1%	0.3%	0.1%	0.2%
2022	Percentage of managerial positions	95.4%	3.4%	0.7%	0.3%	0.1%	0.1%

## 7.1.3 Talent Development

#### 1. Well-defined Career Plans

To help our employees' development, Taishin conducts annual Management by Objective (MBO) and Individual Development Plan (IDP) to help employees identify their future career path. Employees may choose and plan their career paths through means such as training, job rotation, mentoring, meeting participation and project involvement with close guidance from supervisors. The percentage of open managerial positions filled by internal candidates at Taishin is close to 70% and the retention rate of outstanding staff is over 90% in 2022. It shows Taishin provides ample opportunities and resources for employees to develop their own career plans.

#### Internal personnel replacement rate and number

Year		2020	2021	2022
Internal Replacement Rate (%)	72	70	73	70
Male	56	56	49	50
Female	44	44	51	50
<30 years old	4	2	5	2
30-50 years old	81	89	79	77
>50 years old	15	10	16	21
Middle and top management position	23	17	14	15
Junior management position	77	83	86	85

Note: Internal Replacement Rate= Number of promotions/number of vacancies

## 2. Career Development Learning Program

Training of financial talents starts at the campus in Taishin. From intern, freshman to supervisor, Taishin offers a complete series of career development programs to provide employees with the professional knowledge and skills needed at different stages of their career.

#### (1) Industry-academia Collaboration

Program	Explanation	Number of participants in 2022
Early Win - Workplace Experience Program	Through campus promotion among excellent students in their Bachelor's senior year up to their Master's second year, we have promoted the concept of "With Graduation, Work Begins" and helped students transition into the financial workplace through practical experience and training in advance, familiarizing them with more financial knowledge and office life, and also providing many training courses, such as Taishin's organization culture, professional image and service etiquette, Fintech Digital ,and more. 96 of those interns transitioned into formal employees with us in 2022.	490
Financial Innovation Masters Program	In order to improve the financial professionalism and create a talent supply chain, since 2017, we have been cooperating with National Sun Yat-sen University to launch the "Financial Innovation Masters Program". The company provides winter and summer vacation corporate internship opportunities and comprehensive training program, hoping to bring students closer to financial practice. So far, together, 77 graduate students have been trained, of which 39 students have completed the training and have been employed by Taishin.	15
Micro courses on FinTech and service innovation	We began a partnership with the College of Management, National Sun Yat-Sen University in the "College of Management Micro Courses - Financial Services and FinTech Information Case Study Courses" in 2020 to recruit outstanding analysts and improve the employer brand. We invited the Customer Group Management Division and IT Service Division to help support the courses and provide internship opportunities to students with outstanding performances in the courses. The program helps facilitate close exchanges between the academia and the industry and helps us achieve technical innovation and talent cultivation. We have jointly trained 94 students in the two years.	37
Financial Service Innovation Practices	To cultivate talent for financial innovation, Taishin has cooperated with the Department of Finance and Economics of Taiwan University since 2012 in a jointly developed course titled "Financial Service Innovation Practices." This year marks the eleventh year of the program. The manager of various units in Taishin such as personal finance, corporate finance, financial market, securities and life insurance joined the class to share contents including professional knowledge and innovative experience in products, marketing, risk management, customer management, and other aspects, so that students can have a deeper understanding of the financial service industry and how to face the new digital wave. It has been very popular since its launch. The number of electives has been on the increase year after year. This year, 48 students are taking this elective. In 2022, face-to-face communication with MA has been arranged to discuss professional knowledge in various fields, future career development, etc.,students were specially invited to a tour around the Taishin head office to experience our digital services and the convenience brought by our new financial technologies.	48

#### (2) Comprehensive Financial Talent Training

Newcomer Training Program	Unit Professional Training	Unit Specialized Work
To help new employees quickly gain an understanding of Taishin's organization- al structure and culture, we deploy a mix of game-based offline teaching and dozens of online micro-courses, so that new colleagues can quickly integrate into the Taishin family.	To help new colleagues get started quickly, we introduce the business offices, operating procedures, important key rules and skills.	To better meet the training needs of colleagues across all units, annual interviews are held to assess training needs and develop training plans in response.
<ul> <li>Wholesale Banking Group: [Corporate Finance I</li> <li>Retail Banking Group: [Digital Transformation]-</li> <li>Finance Market : Core Profit - Investment Prosp</li> </ul>	Instructor Training Courses in Agile	

Securities Market: Top Trader - Advanced Courses in Financial Products

Note: TTT, Train The Trainer

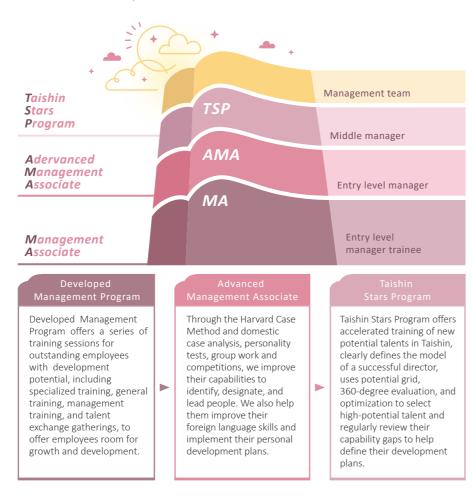


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#### (3) Succession Program

Taishin has review panels, appraisals, and a talent evaluation committee available to assess its employees on a regular basis, and is therefore able to identify elite talents at various grades. The identified candidates are then assigned job duties and goals that help build up skills for their intended positions.



## (4) Diversified Talents

To help develop employees' capabilities within and outside their areas of expertise, Taishin has been maintaining a learning platform called "Taishin University", structured similarly to courses offered by university, that consolidates internal and external resources. As an incentive for self-motivated learning, Taishin introduced a "Learning Account" system

in which every full-time employee is granted a credit of TWD 10,000 per year that staff can spend independently on foreign language training, computer courses, or license examination fee subsidies. The points can also be spent on lectures by famous experts, artistic and cultural activities, language training, and themed courses on any area in life, all in order to offer our staff sufficient resources to expand their knowledge and broaden their horizons.

In 2022, the number of people using the training passbook reached 3,038, and the number of points used exceeded 3.72 million points, an increase of 8.7% over the previous year. This was mainly due to the expansion of the "Life Cycle" courses series in the self-directed learning courses, which were closer to the needs of colleagues. Such courses series had monthly course themes planned according to different age groups. For example, in order to help new graduates aged 20-30 to improve their competitiveness in a short time. lectures such as "Workplace Psychology" and "Digital Transformation Thinking" were planned; to help colleagues aged 30-40 who had just stepped into marriage to achieve a balance between family and work, lectures on topics such as "work-family balance" and "parent-child communication" were held; to help colleagues aged 50-60 who's about to retire properly plan the life after retirement, "retirement financial management" and "senior living" lectures were arranged, and to respond to the financial inclusion issues of the elderly. senior care lectures were held, meeting all aspects of employees' professional and life learning. In 2022, we continued to expand the application of colleagues' training passbook points to "fitness courses" and "marathon road running activities". Not only did the number of participants increase, but it also achieved a positive cycle including strengthening employees' physical and mental health, developing regular exercise habits, and improving work efficiency.

#### 3. Learning Effectiveness and Results

#### (1) Staff Training Hours and Human Capital Return of Investment

Year	2020	2021	2022
Average training hours per employee (Note1)	61.4	60.3	65
Total training hours	572,748	567,390	702,171
Average training expenses per employee (Note1)	4881.6	4,309	5,159
Total training expenses (NT\$thousand)	45,565	40,553	55,742
Human Capital ROI	2.26	3.18	3.30

Note1: Total training hours/ total training expenses divided by numbers of permanent employees equals average training hours / average training expenses.

Note2: Human Capital ROI=(Total Revenue-(Total Operating Expenses-Total employee-related expenses)) / Total employee-related expenses

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	Total Training Hours	Number of Permanent Employees	Average Training Hours in 2022
Male	282,132	4,304	65.55
Female	420,039	6,500	64.62
Age 30 and below	230,158	2,594	88.73
Age 31-50	394,011	6,767	58.23
Age 51 and above	78,002	1,443	54.06
Top management position	3,809	65	58.60
Middle management position	19,882	235	84.60
Junior management position	87,744	1,207	72.70
Non-managerial	590,736	9,297	63.54

Ca	ategory	Number of mandatory course hours	Number of optional course hours	Total hours
	Legal	33,065	14,149	47,215
Management	Management	16,005	2,858	18,863
role	Professional	35,012	2,975	37,987
	General knowledge	3,705	3,664	7,369
	Legal	209,696	60,851	270,547
Non-	Management	6,500	362	6,862
managerial role	Professional	214,876	29,837	244,714
	General knowledge	52,355	16,261	68,615

## (2) Highlighted Training Projects

Taishin responds to the changing environment and technologies with creativity, by designing a diverse range of learning programs that not only are relevant to career development, but are closely associated with the business performance of the organization as well.

We adopted the result-oriented concept and the four levels of learning evaluation (L1-L4) of the Kirkpatrick Model, and combined the use of return on investment (L5) to measure employees' learning progress in ways that satisfy Taishin's development goals and support employees' ongoing growth.

Evaluation Level	Evaluation Method	Remark
Remuneration L5	Return on Investment (ROI)	Evaluate the yield of training costs invested by the organization. Calculation: Performance= (yield- cost)/cost
Results L4	Average added benefit per person Average added benefit per formance growth rate Average growth rate Average added benefit per person	Review learners' actual contribution to the organization.
Behavior L3	Goal achievement rate Goal corroboration rate Goal completion rate of return training	Review learners' change in work behavior.
Learning L2	Project Pass rate execution rate rate	Review learners' skills, knowledge and attitude
Reaction L1	Course Course satisfaction completion rate	Review learners' opinions toward the course, including course content, instructor and materials.

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	Project Name	Project Goal	Operational Benefit		Kirkpatrick Model Training Effective	eness Evalu	ation		
Contents		Establishing a systematic training structure and an interactive network, recruiting reserve	of the Kirkpatrick's Evaluation	2019	2020	2021	2022		
About This Report		talent bank project supervisors of all levels for	rs of all levels for revenue for the corporation. The Return On Investment (ROI) y, and enhancing of training in 2022 had 1.04 times increase compared to 2021.	Level 1: Reactions	Average satisfaction of training course	94.8	97	95	97
		the qualities of talent bank supervisors by finding out their deficiencies and analyzing the		Level 2: Learning	Project execution rate	100%	100%	100%	100%
Message From The Chairman		management weaknesses in the engagement score For middle and senior managers,		Level 3: Behavior	Talent promotion rate	33%	45%	46%	46%
Message From The President		targeting business acumen, innovation and change; for entry level managers, targeting		Level 4: Results	Annualized Benefits of Risk Management Process Transformation (unit: in multiples of NT\$1 million)	38	30	32.4	103.3
About Taishin	Talent Bank Development	expectations of functions such as leading by example, training courses have been designed.		Level 5:					
Sustainability Project	Project	Therefore, business model innovation and trend and new knowledge, etc. are included in the talent pool training project, and the		Remuneration	ROI of training courses	2.35	2.26	3.19	3.31
Sustainability Awards and Recognition		theme of management cultivation is also included throughout the training courses to		behavior level of tale	e: Number of talent bank reserved personnel/num nt bank projects, and measuring if colleagues of	the Talent B			
1. Sustainability Strategy		enhance the leadership ability of supervisors, facilitating the achievement of business		Annualized benefits	ed in their work so they may qualify for inside prom of risk management process transformation: Sup	pervisors sh			
2. Sustainability Governance		goals such as process transformation and risk reduction.		operation process. By	nd out the opportunities for optimization and risk y reflecting the enhanced work skills during the o	development	t project ont	o the annual	ized benefits
3. Climate Strategy				management skills	process transformation, we can see the compr		-		
4. Green Operations					he ROI of training courses with Human capital in welfare expenses)]/employee welfare expenses.	ivestment ra	ite of return	: [net revenu	e-(operating
5. Sustainable Finance			The project covers over 1,000 employees in corporate banking and lets employees better understand product, market,	Levels	Indicators		2020	2021	2022
6. Smart Services			orporate Banking Division. Employees are fee income achievement rate significantly increased in 2021,	Level 1: Reactions	Course Completion Rate		100%	100%	100%
7. Employee Care		as well as a wide variety of elective courses,		Level 2: Learning	Test Passing Rate		100%	100%	100%
		based on the competency requirements for different positions. In additional to financial		Level 3: Behavior	Corporate banking fee income achievemer	nt rate	79%	97%	99%
<ul> <li>7.1 Talent Development</li> <li>7.2 Remuneration, Benefits and</li> </ul>	Corporate Banking	expertise, the courses also include sales echniques, customer development skills and	echniques, customer development skills and	Level 4: Results	Corporate banking fee income growth rate	2	-11%	13%	13%
Employee Care	Learning Map Project	management practices, risk analysis, crisis management simulation, high performance team building, and agile project management,		Level 5: Remuneration	ROI of training courses		-	341	594
7.3 Occupational Health and Safety		comprehensively helping supervisors become more conscious about leading their team,		The Corporate Banking Learning Map Project had not been implemented in 2020, so the ROI of training cannot b					g cannot be
7.4 Labor-Management Relations 7.5 Human Rights and Gender		while providing employees with a specific map for achieving goals. This will allow employees		<ul> <li>calculated.</li> <li>The project measures the effectiveness of training through the ROI of corporate banking training: (Corporate banking fee income – Corporate banking training costs)/Corporate banking training costs</li> </ul>				banking fee	
Equality		to apply the knowledge and skills they learn in work, and drive revenue growth by						5	
8. Social Inclusion		significantly increasing corporate banking fee income achievement rate and growth rate.							
Appendix			Integrating the professional practice courses of digital transformation and the self-directed learning courses of	Levels	Indicators	2019	2020	2021	2022
		use the "Digital Talent Cultivation Plan" as the	concept building to strengthen the digital knowledge and skills required by project colleagues and the basic understanding of	Level 1: Reactions	Course Completion Rate	100%	100%	100%	100%
		digital thinking and knowledge, and at the	general colleagues. A total of 16,032 people have participated in and passed the digital transformation courses. In 2021, the	Level 2: Learning	Test Passing Rate	100%	100%	100%	100%
	Digital	mechanism to continuously deepen digital culture and agility.	training return on investment (ROI) increased by 1.68 times compared with 2020. At the same time, we cultivate corporate	Level 3: Behavior	Online Individual Consumer Loan Percentage	28.1%	29.8%	40.8%	44.6%
	Transformation Talent		agility seeds and promote internal agility professional certification to familiarize them with how to discover and without inside the under proceeds and how to discover and	Level 4: Results	Growth rate of digital banking accounts	131%	32%	16%	9%
	Development Project		extract insights through user research, and how to quickly respond to customer needs and market changes through agility development. A total of about 1,900 colleagues have obtained	Level 5: Remuneration	ROI of training courses	40.27	24.69	41.45	44.20
			agile internal professional certification. In 2022, in addition to continuing the projects carried out in 2021, we were also actively expand the business areas that promote digital transformation, and carry out a total of 47 digital-related projects. In addition, we continued to encourage financial innovation and obtained 65 new patents in total.	digital transformation <ul> <li>Digitized Transaction I</li> </ul>	igital application scenario: Online Individual Cons development Revenue Percentage as the digitized benefit result: s=(net revenue-digital transformation training cos	s of digital tr	ansformatio	n developme	nt

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## 7.2 Remuneration, Benefits and Employee Care

## 7.2.1 Remuneration Policy

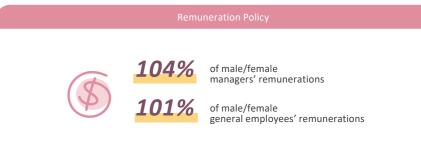
Taishin conducts annual salary surveys to measure itself against top-performing financial institutions locally and abroad. The Company has designed a fair and incentive compensation system complete with competitive salary and welfare packages to reward its employees. Taishin has been a composition of "Taiwan High Compensation 100 Index" for 9 consecutive years since 2014. In the "salary and benefits" results of the employee opinion survey, colleagues gave positive comments on the link between salary and performance, which is also better than Taiwan's financial industry, showing that Taishin's salary can help motivate employees in terms of their performance.

Taishin offers salaries based on objective factors such as the level of education and competency required to accomplish the assigned position. Starting salaries for all positions are far superior to the basic wages stipulated in the Labor Standards Act, and actions have been taken to ensure that employees' salaries are not differentiated by gender, age or race. In 2022, male managers' remunerations averaged 104% of those of female managers, whereas male general employees' remunerations averaged 101% of those of female general employees'. There was no significant difference in terms of salary between the two genders.

#### Salary ratio in 2022

	Compensation ratio (female: male)					
Employee category	Fixed salary	Full salary (including bonuses)				
Non-managerial role	100:101	100:101				
Managerial role	100:104	100:104				
Executive Officer	100:104	100:106				





Taishin conducts market-wide salary surveys and reviews employees' compensation on a yearly basis. Employees are distinguished between managerial and non-managerial role when determining compensation. Compensation difference between males and females is monitored by taking into account both basic salary and the overall package. Taishin treats employees equally and prohibits all forms of discrimination (such as ethnicity, gender, age, disability etc.) in its compensation decisions.

Annual salary adjustments are determined by job evaluation, which takes into account the diversity of expertise required to accomplish each role and the proficiency of skills that employees have demonstrated. Average salary adjustment in 2022 was 3.5%; more than 80% of employees had their salaries adjusted during the year, some as high as 15%. This indicates that employees are treated fairly while top-performing talents are properly rewarded. Each year, Taishin pays out year-end bonuses based on company performance and individual performance as a means of profit-sharing, thereby rewarding employees for their contributions.

Taishin employed a total of 8,588 full-time, non-managerial staff in 2022 (up 14.8% compared to 2021). The average salary was NT\$1,267,000 (a decrease of 2.5% compared to 2021), and the median salary was NT\$1,038,000 (an increase of 0.4% compared to 2021).

Also, in view of the high turnover of global financial professionals, Taishin has aligned its talent rewarding plans with its strategies in various stages of development, and uses a broad variety of long-term performance-based incentives to attract, retain, and motivate talents.

Year	2020	2021	2022
Average salary adjustment (%)	3.5	3.5	3.5

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## Employee stock purchase plan

#### Taishin Employee Stock Appreciation Rights

In an attempt to align employees' goals with the Company's long-term performance and shareholders' interests while providing the right incentives to retain talents, Taishin has introduced an employee stock appreciation rights since 2012 that sets aside a certain percentage of bonus from each year's profits and defers payment for up to five years in association with the Company's future share price. This deferral is intended to encourage managers in making decisions and taking responsibilities in long-term business performance. All key personnel and executive managers that may potentially affect the Company's operating decisions have been included in this program, even the Chairman's compensation has been designed based on this structure. In 2022, a total of 24,901 appreciation rights were issued while about 295 employees applied the plan.

#### Employee Stock Ownership Plan (ESOP)

Taishin FHC commenced the employee stock ownership plan in September 2015 to share the results of business success with employees and jointly make contributions to the retirement fund. Employees set aside fixed amounts based on their rank and the Company contributes an additional 100% of the same amount to the employee's account as incentives. Beginning in May 2020, we have allowed employees to set aside unlimited voluntary contribution based on their own financial requirements. By the end of 2022, 85% of the employees have participated in the scheme, and the Company has contributed a total of NT\$704 million,whereas the return of investment in ESOP is 38.9%. Overall, the ESOP serves a number of purposes including long-term saving, wealth accumulation, and assurance for life after retirement.

#### Employee Stock Option

Taishin has made four issues of employee stock options since 2004, making it the most active issuer in the local financial industry. Options representing 377,000,000 shares of the Company have been issued to employees, of which 151,301,500 shares have been exercised to date. These employee stock options were issued as a means of sharing the Company's long-term business success, and therefore align employees' interests with the Company.

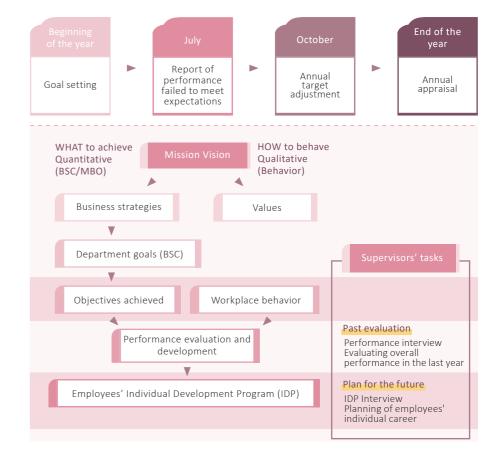
#### Employee Cash Issue Subscription Program

Taishin FHC made a cash issue of common shares in 2013, in which employees' were given the priority to subscribe 50,000,000 shares, and more than 5,000 employees of Taishin FHC and subsidiaries were entitled to this program. Taishin made a cash issue of Class E preferred shares in 2016 and 2018, during which it also reserved 15% in both years, totally 120,000,000 shares for subscription by employees only, and more than 15,000 employees of Taishin FHC and subsidiaries were entitled to this program. In 2022, the preferred shares F were issued for cash capital increase, and 10% of the number of shares issued in that year were retained. A total of 30,000 thousand shares were issued for employees' subscription. A total of more than 9,000 employees of Taishin FHC and its subsidiaries were able to participate in this plan.

## 7.2.2 Performance Management

#### 1. Management Method

Taishin has tracked the performance of its employees using a Balanced Score Card (BSC) system for many years, in which Taishin's strategic goals are broken down into specific objectives and benchmarks. This allows Taishin to evaluate sustainability from a variety of aspects, including customers, finance, internal process, and learning and growth.



Full-time employees who have passed probation are required to undergo annual appraisal, regardless of gender or job role.In the reported year, 100% of employees were subjected to regular performance and career reviews. In addition to fair assessment of individual performance, Taishin uses multi-dimensional assessment approaches of 180-degree, 270-degree and 360-degree tools (including supervisors, subordinates, peers, self-evaluation) and other different dimensions to assess employee performance and use them as the basis for IDP.



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## 2. Performance System

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ssessment nechanism	Assessment frequency	Applicable Entities	
nagement by ectives,MBO	3 times / year	All employees	By formulating clear and fair assessment standard and through explanations and guidelines, enabling all employees to implement tasks such as goal setting at the beginning of the year, annual goal adjustment, and annual appraisal in the online eMBO system. In 2022, all employees in Taishin who met the assessment qualifications had completed the performance management cycle.
lti- ensional luation luding ,270 660 degrees)	1 time / year	All employees	The multi-dimensional assessment method is "all-round evaluation and feedback" conducted by employees themselves, direct supervisors, subordinates, colleagues in the same department and across departments, etc. By referring to these feedbacks, those assessed can have a more comprehensive and objective understanding of their own strengths, weaknesses and development needs, and such feedbacks can also serve as the basis for their future career and ability development.
formance ding	1 time / year	All employees	According to the achievement of the goals and the display of the core values, the performance level of the unit is allocated, and it is used as the decision-making basis for subsequent bonuses, promotions and performance coaching management.
m-based formance raisal	3 times / year	All employees	According to the company's three-year strategies, expand down to business division strategies and department goals, then assign team goals to individual performance goals based on these, and set up functional scoring tables with 10-13 items for management positions and non-management positions, which include customer orientation, innovation and problem solving, communication and coordination, and teamwork. Through self-evaluation and supervisor scoring, check the performance gap in the team to ensure the achievement of team goals, and detect mistakes from them for timely guidance and improvement.
e versations	Irregular / persistent/ monthly	All employees	In daily management, when an employee's performance fails to meet expectations, the supervisor will conduct a performance interview with the employee to understand the reasons in detail and let the employee understand where the problem is. The two parties then jointly formulate solutions, measurement indicators and improvement schedules, and regularly review the achievement of the goals within 1-3 months, while providing incentives and counseling to employees according to the achievement status.

#### 3. Improvement System

The performance management system opens top-performing employees to promotion opportunities, competitive compensation, and career development. As for employees who perform not as expected, Taishin has "Performance Improvement Guidelines" in place to help them improve.

#### Daily Management

When a supervisor discovers no-as-expected performance, the supervisor is required to engage the employee immediately in a performance interview to find the cause of under-performance, and outline improvement plans, assessment indicators and an improvement schedule.

#### Duration of Performance Improvement

The Supervisor is required to observe the employees and check the process and schedule of improvement plan, while offering guidance or correction as deemed appropriate.

#### At the End of the Improvement Period

The supervisor and the employee will jointly evaluate completion of the improvement plan. In addition to informing the assessment results, the supervisor is also responsible for inspiring employee to pursue better performance.

Note: Those who were still not able to meet the company's expectations after counseling had been given severance pay and job seeking leaves

#### 4. Attrition Analysis

The turnover rate in 2022 was 12.2%. Taishin regularly work with professional consulting companies on employee opinion surveys to learn about employees' views on management measures and issues of concerns to be prioritized. We also implement improvements based on the results of the survey and provide a comprehensive remuneration, benefits, and employee care measures to attract and retain talents, create a positive corporate culture, increase employees' sense of belonging. The Company uses transparent and fair promotion and performance evaluation mechanisms to motivate employees and increase satisfaction to reduce the turnover rate. To learn more about the opinions of employees who have left the Company, after an employee submits an application for resignation, the unit supervisor conducts interviews, and HR also analyzes the causes of attrition for subsequent improvements to the talent retention system.

#### Permanent Employee Attrition - by gender, age and location

				P	ermane	nt Emplo	yee Atti	rition		
Location		Fer	nale			Μ	ale			Turnover rate
									Total	
Taiwan	271	323	16	610	186	284	14	484	1,094	10.9
Overseas	35	29	3	67	29	37	1	67	134	1.3
Total	306	352	19	677	215	321	15	551	1,228	12.2
Turnover rate (%)	3.0	3.5	0.2	6.7	2.1	3.2	0.1	5.5	12.2	

#### Turnover Rate in Previous Years

Year	2019	)	2020		2021	1	2022	
	Voluntary	Total	Voluntary	Total	Voluntary	Total	Voluntary	Total
Turnover rate (%)	11.8	16.1	10.1	13.3	11.9	13.6	12.2	14.4
Male (%)	4.9	6.8	4.4	6.1	5.6	6.2	5.5	6.6
Female (%)	6.9	9.3	5.7	7.1	6.3	7.4	6.7	7.8
Age 30 and below (%)	5.3	8.3	5.1	6.9	5.7	6.3	5.1	5.7
Age 31-50	6.1	7.1	4.9	5.7	6	6.4	6.7	7.7
Age 51 and above (%)	0.4	0.7	0.2	0.6	0.2	0.9	0.4	1.0

Note1: Refers to cumulative resigned permanent employees between Jan. 1 and Dec.31, 2022.

Note2: turnover rate = cumulative number of resigned permanent employees in the current year/current permanent employees as at Dec.31, 2022. Sales officers and telemarketers were excluded from total resigned employees due to the special nature of their employment. After the exclusion, the number of current full-time employees as at Dec.31, 2022 was 10,040.



# Employee Care

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## 7.2.3 Employee Benefits & Care

Driven by the organization's service spirit of devotion, attention, empathy, sincerity and passion, Taishin provides employees with benefits that are superior to those required under the Labor Standards Act, and has designed a series of benefit plans that take care of employees from their first day on board to retirement, addressing their needs and the needs of their family members at different stages of life cycle. For more comprehensive disclosure about employee welfare and benefits, please visit Taishin Holdings' talent recruitment website.

#### 1 We provide 8 days maternity leave with full pay for pregnant female employees, Family support leaves which is superior to the 7 days specified in regulations. In order to provide a working environment 2 We provide female employees who are giving birth with 60 days of paid leave for employees to be able to start a family which is superior to the 8 weeks specified in regulations. **Highlights** of with peace of mind, Taishin provides a 3 We provide employees whose spouse is giving birth with 8 days of paid leave which **Benefits** number of family friendly leaves that are is superior to the 7 days specified in regulations. more favorable than the laws and 4 Provide an additional 7 days of family care leave for employees who need to take regulations, including paid or longer care of family members, which does not need to be included in the calculation of maternity leave, pregnancy checkup leave, personal leave days according to laws and regulations. pregnancy checkup accompaniment and 5 Taishin Life offers at least 5 days of Extra Leave with full pay, which is superior to paternity leave, and family care leave), Labor Standards Act, so that colleagues can use it when family members have care allowing employees to devote themselves needs, and at the same time take into account family care responsibilities and to different important stages of life with workplace work. confidence and take due responsibility for 6 We provide 5-7 days of paid miscarriage leave for less than 3 months of raising their families while devoting pregnancy to help employees take care of their physical health. Provide themselves to work. unpaid maternity leave, which is superior to the regulations. Son / Daughter 's Long-time Paid Volunteer Leave Insurance benefits Wedding Leave Service Rewards Taishin provides a full range Taishin cares for employees Taishin adopts a "Volunteer As a recognition for of insurance benefits, and as well as their family employees' long-term Leave" system that grants continues to create a contribution, Taishin members, and allows employees one full day of healthy and friendly introduced a set of workplace environment, so employees to take annual leave for six "Long-time Service Reward that colleagues can give full children's wedding leaves cumulative hours of volunteer Standards" in 2004 that play to their talents in the so that they can take part in service, subject to a maximum rewards senior employees workplace without any the big moments of their of five days per year. The worries. with a commendation, Son/Daughter 's lives. Every system was introduced to bonus, and a letter of Every colleague is entitled to employee is entitled to one reward volunteers for their gratitude from the the group insurance fully fully paid day of children's selfless acts. Chairman for having borne by the company upon completed 5, 10, 15, 20 and wedding leave from the employment, including life In 2022, a total of 399 persons 25 years of service. insurance, personal injury first day onboard. Couples applied for 215.5 days of insurance, occupational who are both Taishin In 2022, a total of 1,195 accident insurance, injury paid volunteer leave, and employees may apply to persons were eligible for long medical insurance, term there was no significant take leave on the same day. service incentives, and the health insurance, surgical fluctuation compared with payment amount was about medical insurance, and Industry Originality the previous year. NT\$10 million. cancer health insurance.

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#### Flexible work hours

The Company provides comprehensive remote work equipment and corresponding system resources (mobile office VPN, and electronic signature system) for use by employees based on the nature of their work and business requirements while complying with all regulations and risk management requirements. In the event of special conditions, employees can process work remotely at home which increases work hour flexibility.

- 1 The company has planned up to five flexible shift types for employees to organize their time better. They can determine their own attendance time and they can leave work after working for eight full hours. These plans can help employees balance their family life or avoid peak traffic to reduce commuting time.
- 2 The Company provides comprehensive remote work equipment and corresponding system resources (mobile office VPN, and electronic signature system) for use by employees based on the nature of their work and business requirements while complying with all regulations and risk management requirements. In the event of special conditions, employees can process work remotely at home which increases work hour flexibility.
- 3 Employees with children under the age of three may request to reduce daily work by one hour each day or adjust their work hours so that they have more time for their children.
- 4 To response the new forms of work, regular employees can apply to switch to part-time work and original benefit still applicable. The working hours is regulated by the contract between the employee and the company.
- 5 On special holidays and family days, employees can flexibly get off work one hour earlier.

#### Learning Subsidies





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#### Maternity Protection Benefits

Taishin pays close attention to maternity and child labor protection. We strictly prohibit the hiring of child labor under the age of 16 and we provide related benefits and systems for different stages from prenatal, pregnancy, postpartum, and parenting care for female employees. They are explained in the table below.



1 N

Postpartum

care and

childcare

 Female employees can take <u>one day</u> of menstrual leave each month to rest at home.

- We provide prenatal care, postpartum care, labor and health insurance, group insurance, and childcare benefits for different stages of pregnancy.
- We provide services for maternity clothes for pregnant female employees to provide mothers-to-be with comfortable clothes.
- Female employees are entitled to 64 hours of paid prenatal check-up leave and 60 days of maternity leave, which are superior to regulatory requirements. The Company may provide up to 9 months of tocolysis leave based on the health conditions of the mother and the doctor's instructions to help employees adjust their physical and mental conditions.
- Pregnant Employees If an employee suffers a miscarriage, the Company provides miscarriage leave of at least 5 days and up to 4 weeks.
  - Taishin engages physicians to organize regular health seminars and hazard identification courses for pregnant employees and those who have given birth for less than one year. In addition, these physicians provide suggestions on how the workplace can be improved to eliminate hazards, and offer consultation and health education to those in need.
  - A childbirth subsidy of NT\$5,000 per child, with a total of NT\$845,000 subsidized in 2022.
  - Sign special agreements with childcare and infant care institutions to provide preferential plans for childcare and infant care.
  - We have set up nursery rooms at Ren'ai, Neihu and Jianbei offices to provide mothers with a comfortable nursing environment.
  - Taishin provides family care leave and paternity leave superior to regulatory requirements and provides all employees with the right to apply for childcare leave without pay and reinstatement in accordance with laws.
  - We have signed special contracts with postpartum nursing institutions.
  - Taishin engages physicians to provide onsite services and provide health seminars for pregnant employees or employees with newborns.
  - We set up children's education scholarships to reward outstanding performance of employees' children. We provided <u>NT\$5,173,000</u> in subsidies for children's education in 2022.
  - · We have signed special contracts with infant daycare institutions.

Number of permanant employees on parental leave and retention rate

					2020		2021			2022		
ltem												Total
No. of employees subject to reinstatement	101	8	109	75	11	86	81	4	85	95	9	104
No. of actual reinstated employees	63	5	68	50	2	52	59	1	60	70	5	75
Reinstatement rate % (Note 1)	62.4	62.5	62.4	66.7	18.2	60.5	72.8	25	70.6	73.7	55.6	72.1
No. of employees retained after 1 year (Note 2)	53	5	58	57	3	60	41	2	43	46	0	46
Retention rate % (Note 3)	82.8	71.4	81.7	90.5	60.0	88.2	82	100	82.7	78.0	0	76.7

Note1: Reinstatement rate = No. of actual reinstated employees / No. of employees subject to reinstatement during the year. Note2: No. of employees retained after 1 year = No. of employees reinstated in the previous year and have worked for one full year since then

Note3: Retention rate=No. of employees retained after 1 year/ No. of employees reinstated in the previous year.

Note4: In 2022, a total of 680 persons were qualified for parental leave (384 female, 296 male), and the actual applicants for parental leave were 98 persons (87 female, 11 male)

Year	Numbers of Taishin births	Employees at the end of the year	Crude birth rate of Taishin (%)	Crude birth rate of Taiwan (%) (Department of Statistics, Ministry of the Interior )
2019	252	9,195	2.74	0.8
2020	223	9334	2.39	0.7
2021	209	9,411	2.22	0.65
2022	182	10,151	1.79	0.6

Note: the crude birth rate of Taiwan was sourced from the Department of Statistics, Ministry of the Interior.



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## 7.3 Occupational Health and Safety

## 7.3.1 Workplace safety and health management structure



#### Functionality of the Committee

Taishin Bank has an "Occupational Safety and Health Committee" with a total of 15 members. The members include the President, representatives of the Administration Division, representatives of the Human Resources Division, nurses, occupational safety and health unit, Distribution Channels Division, and other units. Among them, 5 labor representatives are included in the committee, and the percentage of labor participation reaches one-third. Meetings are held quarterly. Major topics at the meeting include suggestions about occupational safety and health policies and management plans, implementation results of safety and health education and training, implementation results of work environment monitoring, health management and promotion and disease prevention, automatic inspections and safety and health audits, occupational disaster statistics and surveys, and other safety and health proposals.

In order to protect the safety and health of employees and to provide a safe and healthy workplace, Taishin actively introduced the international standard ISO 45001 occupational health and safety management system, and implemented it in all workplaces with 11,489 employees and contractors. The coverage ratio of the system reached 100%. In addition, the Neihu Building of Taishin Bank was the first to pass the third-party verification of the British Standard Institution (BSI) in May 2020. The number of people who participated in the 2022 internal audit and external verification reached 1,830, with a coverage rate of 15.93%, implementing the promotion of occupational health and safety management system. During the system introduction process, the program documents of ISO 45001, ISO 14001

and ISO 50001 were also integrated simultaneously. Through the PDCA (Plan-Do-Check-Act) framework, by systematic management mechanisms such as hazard identification and risk assessment, regulatory review, internal audit, management review, and safety and health correction operations, based on the spirit of "conscientiousness and sustainability" and the "people-oriented" concept, establishing an essentially safe and healthy work environment.

At present, the degree of compliance with occupational safety and health statutory certificates, the implementation of project contracting relationships and the emergency response to emerging infectious diseases have become the top priorities in promoting occupational safety and health in Taishin. We require contractors to implement safety and health management on the project site to protect workers safety and health. With regard to the new coronavirus epidemic prevention, we activated the standard operating procedures of our continuous operation plan, established a rapid response epidemic prevention team (with the President as the commander), implemented crisis management (early inventory and purchase of epidemic prevention materials and expansion of office space), implemented strategies such as employee self-health management (temperature measurement reporting and a travel history survey), and applied differentiated management based on the epidemic situation (such as adjustment of work mode and epidemic prevention measures based on local circumstances) to ensure effective actions that control the spread of this serious infectious disease.

## 7.3.2 Workplace safety and health risks

## 1. Workplace risk identification and assessment process

In order to protect the health and safety of employees, Taishin is committed to providing a hazard-free workplace. Occupational safety personnel and on-site medical staff regularly conduct environmental risk assessment and hazard identification in the workplace. The Company passed the ISO 45001 occupational health and safety management system verification in 2020 and continued to pass the third-party re-verifications from 2021 to 2022, ensuring the continuous and effective operation of the system within the validity period of the certificate; the renewal of the ISO 45001 certificate is scheduled to be completed in 2023. Regarding the assessment of health risks, we generate a Taishin health risk matrix every year based on the results of health examinations, Framingham cardiovascular disease risk assessment, and the implementation of the hazard identification of the four major plans for labor health protection (abnormal workload, ergonomics, maternity, and illegal infringement).

According to the health risk matrix, medium-high-risk factors include cardiovascular diseases, fatty liver disease, hepatitis, and poor vision. Other health risk factors were classified as medium-low risks. Taishin has formulated different mitigation measures based on the risk values for voluntary management and active tracing to protect employees from health hazards at the workplace.

The four major plans for workplace health protection have been fully implemented. When on-site physicians serve, high-risk groups are given priority for consultation, followed by those with health examination reports or recent health-related issues.



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Occurrence category

- Note1: Impact category: High (unable to work, even death), moderate (heavy work load partially due to illness), low (able to work after recovery)
- Note2: Occurrence category: High (most risks occur in one year), moderate (some risks occur in one year), low (only a few risks occur in one year)

#### Hierarchical control of occupational risks

Risk Level	Explanation
High	Nurses actively remind employees to Health re-examination is required, undergo regular checkups and followed up on the recovery progress. Furthermore, these employees may have their conditions evaluated, arranging onsite doctor consultation services advised and explained by medical specialists.
Medium	Employees' health conditions and risk factors are tracked and health re-examination is recommended. Taishin also has physicians and nurses stationed on-site to provide medical consultation and health information.
Low	For events of low risk, Taishin provides health management information through the use of health column.

#### Management of personnel with high High blood sugar, risks of metabolic hypertension, syndrome (Note 1.68 cardiovascular diseases. 1) based on the obesity, high blood fat results of health check-ups Set up a gym and encourage employees to participate in the sports provided by the company Metabolic Syndrome. Obesity 1.8 Diabetes Hold a series of health courses to establish the concept of healthy diet and exercise among colleagues Metabolic Syndrome, Endocrine System - Conduct physical health seminars (Abnormal blood 1.57 Diabetes, Thyroid - Provide online nutrition, exercise courses, and influenza sugar level) diseases and pandemic prevention courses "ABCs of Influenza Liver, bile, stomach, and Prevention", "When Tuberculosis Bacteria Sleeps - Latent 1.06 Digestive system intestinal diseases Tuberculosis Infection Is Not Contagious" In 2022, due to the impact of the pandemic, the physical Cardiovascular Cardiovascular fitness examination and the "Taishin Slim Down Together" 0.85 diseases, high blood system fitness and health competition was suspended pressure, overwork Urinary Diseases Urinary system 0.72 Respiratory system 0.72 Respiratory Diseases Abnormal work Overwork, 0.09 cardiovascular diseases load prevention Taishin "Ergonomic Hazard Prevention Program" · Provide massage service in the "Taishin Lohas Stress Relief Ergonomic hazard Ergonomic hazard Workshop", a total of 13,372 people made use of it in 2022. 0.03 (Note 2) (muscle and bone) prevention Hold physical courses and provide online courses "Muscle Strength Training at Home", "Exercise at Home - My Home is also a Gvm" • Host maternity and and parent-child online course "Guide to Age-Based Parent-Child Shared Reading" · Provide online course "Maternity Protection in the Maternity health 0.00 Maternal Health Workplace" to give guidance on identifying work hazards protection (Note 2) for employees during pregnancy and after childbirth, where occupational specialists propose improvement and preventive measures for workplace hazards Offer "Employee Assistance Program": Work with Teacher Chang Foundation to provide employees with psychological counseling. In 2022, a total of 10 people made use of it. · In 2022, the on-site doctor service has provided stress consultation services to 5 colleagues. Prevention of 0.00 Taishin "Prevention Plan for Illegal Infringement at illegal infringement Workplace Harassment (Note 2) Work", announce the "Statement on Prevention of Illegal at work Infringement in the Workplace" Provide online course "Say goodbye to pressure - proper stress management"

Note1: Metabolic Syndrome is defined as having three or more of the following conditions: excess body fat around the waist, increased blood pressure, high blood sugar on an empty stomach, abnormal triglyceride level, and abnormal HDL Cholesterol level.

Hold stress-relieving DIY health classes.

Note2: In 2022, there was no colleagues harmed by illegal infringement or under maternity protection

Note3: The abnormal rate of health examination will cause statistical differences due to different health examination years and objects.

Employee

Care

Risk Issue of Occupational Health



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In order to protect the safety and health of employees and to provide a safe and healthy workplace, Taishin passed the ISO 45001 occupational health and safety management system verification in 2020, in 2022, it integrated the program documents of ISO 45001, ISO 14001, and ISO 50001. Through systematic management mechanisms such as hazard identification and risk assessment, regulatory review, internal audit, management review, and safety and health correction operations, and based on the spirit of "conscientiousness and sustainability" and the "people-oriented" concept, establishing an essentially safe and healthy work environment.

The company has established "education and training operating procedures" and holds regular on-the-job education and training to ensure that employees are competent for their job and responsibilities in occupational safety and health. In addition, there are various disaster or accident reporting and handling procedures in the "Safety and Health Code of Conduct" and "Emergency Response Handling Procedures". If an employee has any doubts about suffering from an occupational disease, the company will also cooperate to provide relevant information on the employee's workplace, and assist in applying for determination to the competent authority in accordance with the provisions of the Act for Protecting Worker of Occupational Accidents.

When an employee determines that the workplace may endanger his / her physical safety, and stops operations or evacuates to a safe place by himself / herself according to the "Taishin FHC Statement on Prevention of Illegal Infringement in the Workplace" and the "Occupational Safety and Health Act", he / she will not be punished afterwards.

#### 2. Workplace safety and goals Maintain the validity of the improvement rate ISO 45001 of internal / 100% external audit occupational health and safety deficiencies management system verification 2022 Goals 60% **D** major health management coverage occupational accidents rate of the group with severe (death/disability) abnormality in the previous health examination result

From 2015 to 2022, there were no major industrial safety accidents and no cases of death or disability caused by occupational accidents suffered by employees on duty. Through the analysis of the disaster types of employees' work-related accidents in 2022, traffic accidents when commuting to and from work were the most common disasters. The safety and health education and training courses for new or in-service employees in 2022 will strengthen conveyance and prevention, hoping to reduce the frequency of traffic accidents of employees when commuting to and from work through promotion in the courses. In order to actively track the effectiveness of safe and healthy workplace promotion within the company and implement the occupational health and safety goal of "zero work accidents and low risks", Taishin discovers risks and problems through internal and external audit systems, and continuously improves and reduces workplace risks through occupational health and safety management plans. The items that needed to be improved in 2022 were mainly "increasing on-the-job education and training for first-aid personnel" and "improvement of the diesel storage tank pipeline of the generator in the Neihu Building". By requiring employees to participate in on-the-job education and training courses for first aid personnel, and under continuous tracking and management, all employees had completed the training; the diesel storage tank pipeline of the Neihu Building's generator was also repaired through construction improvement to avoid the risk of leakage.

Audit year	2020	2021	2022
Number of internal audits	7	7	7
Number of external audits	5	1	1

Year	2019	2020	2021	2022
Male injured	1	0	1	0
Female injured	0	0	0	1
Deaths	0	0	0	0
Work day lost	61	0	20	25
Injury rate (%)	0.01	0	0.01	0.01
Absentee rate (%)	0.41	0.46	0.46	0.46
Ratio of day lost(%)	0.67	0	0.22	0.23

Note1: In this table, occupational hazard is defined in accordance with Paragraph 5, Article 2 of the Occupational Safety and Health Act. Taishin's work injury-related data is compiled and reported according to the rules of the Department of Labor, which begins from the 3rd day after a work injury occurs. Related statistics and reports are being made according to Taishin Holding's "occupational hazard" reporting policy (2014).

- Note2: No permanent staff was diagnosed with occupational illness in 2022.
- Note3: Injury rate = total injuries/total work hours

Total work hours = total employees x work hours per day x number of working days per year Absentee rate = (Number of days absent /Total number of work days) (including sick and occupational injury leaves, excluding unpaid sick leaves. The data from 2016 to 2018 is also retroactively adjusted by the same definition.) Lost day rate (LDR) = (lost working days/total work hours)\*200,000

- Note4: The occupational disease rate of full-time employees, part-time employees and non-employee workers was 0 in 2022. The Company has continuously implemented the following health promotion activities, prevention, and employee support measures in recent years:
  - (1)Organization of digital health courses.
  - (2)Continue to provide onsite inquiry services with doctors
  - (3) Expand the administration .of government-funded vaccination and continue to organize private-funded vaccination.

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## 3. Safe Work Environment Measures

#### Safe and healthy work environment

Stress Management	<ul> <li>Taishin has an "Abnormal workload-induced disease prevention program" available to assess and manage the health conditions of stressed workers within the Company.</li> <li>Other resources such as on-site physicians, mental health information, hotlines for consulting (employee assistant program)</li> <li>Hold lectures on psychology, exercise, diet, and DIY stress relief to help employees cope with work and life pressure.</li> </ul>
Monitoring of the Work Environment	<ul> <li>Taishin complies with Occupational Safety and Health Act and conducts indoor CO2 and luminance measurements once every six months. A total of 106 workplaces were monitored and measured in 2022 to ensure that work activities were not exposed to excessive levels of risk.</li> <li>Taishin follows the indoor air quality management law promulgated by the Environmental Protection Department of the Executive Yuan to complete the air quality inspection and reporting of the head office.</li> <li>Taishin performs indoor air quality inspections once every two years to test the presence of formaldehyde (HCHO) and particulate matters smaller than 10 µm (PM10).</li> <li>Taishin also measures temperature and humidity at large server rooms. Alcohol thermometers are placed at branch server rooms to monitor changes in temperature and humidity.</li> <li>Renovation contractors are instructed to duly comply with the Noise Control Act and Noise Control Act Enforcement Rules throughout the construction period, and take constant care of protecting the work site and surrounding environment.</li> </ul>
Ergonomic Hazard Prevention Program	<ul> <li>By applying ergonomics knowledge, Taishin aims to prevent employees from suffering occupational injuries and illnesses (such as muscle/bone injuries, ergonomic hazards etc) due to prolonged exposure to ill-designed work environment, repetitive actions, incorrect posture, and improper work hours.</li> <li>Customized subjects (such as service counters) are produced according to schematics; the sizes of which are designed based on business and ergonomic requirements.</li> <li>Taishin also purchases office equipment and supplies that feature ergonomic design wherever possible.</li> <li>Provided digital courses on the prevention of human-induced hazards.</li> </ul>
Workplace Certification	<ul> <li>Taishin obtained the Taiwan iSports Certification in 2016, and since 2017, a professional team had conducted physical fitness examinations for employees for four consecutive years. Due to the impact of the pandemic, the physical fitness examination was suspended in 2022.</li> <li>Taishin was certified "AED Equipped" by the Ministry of Health and Welfare since 2018, which has been part of its promise of delivering a safe and friendly work environment for Taishin employees.</li> <li>Won the first prize in the health activity category of "CHR Health Corporate Citizen" in the 2019 CommonHealth Magazine.</li> <li>Won the 2022 "Promotion of Sustainable Workplace Health and Safety Development Plan" of the Occupational Safety and Health Administration, being a healthy and safe enterprise with excellent performance based on the sustainability report.</li> <li>Received the Bronze Prize of the Disease Prevention Vanguard Award of the Enterprise Pandemic Prevention Alliance presented by Taiwan Centers for Disease Control in 2022.</li> </ul>
Smoke-free Workplace	<ul> <li>Smoking by employees or business partners is prohibited anywhere within office premises nationwide. The Company's smoke-free policy and implications of the Tobacco Hazards Prevention Act are communicated to employees through occupational safety and health training courses.</li> </ul>
	<ul> <li>Appointed workplace physicians, nurses, and occupational safety personnel regularly conduct environmental assessments of the workplace, and further provide employers with information on employee occupational safety that employers shall pay attention to, as well as suggestions</li> </ul>



and Safety

Assessment

for improvement in workplace planning and equipment arrangement. Passed the ISO 45001 occupational health and safety management system verification in 2020 and continued to pass the third-party re-verifications from 2021 to 2022, ensuring the continuous and effective operation of the system within the validity period of the certificate; the renewal of the ISO 45001 certificate is scheduled to be completed in 2023.

### 4. Training and Education

In order to prevent occupational accidents and maintain the safety and health of workers in the workplace, in 2022, employees were sent to participate in the onthe-job education and training for first-aid personnel organized by the Bankers Association of the Republic of China, so as to improve the professional knowledge of first-aid personnel and familiarize them with first-aid skills. In addition to regularly participating in on-the-job education and training, the company also actively sends employees to participate in certification courses for personnel such as fire management personnel, first-aid personnel, and occupational health and safety business supervisors, so as to enhance employees' safety and health knowledge and implement a corporate culture that promotes workplace safety and health among all employees.



In order to strengthen the occupational safety and health knowledge of employees and prevent occupational accidents, occupational safety and health courses are held every year for new and in-service employees. The content covers the summary of occupational safety and health laws and regulations related to workplaces, prevention of common occupational accidents, prevention of commuting traffic accidents, four major hazards' prevention plans (maternity, illegal infringement, musculoskeletal, overload), emergency response and common sense of fire fighting and drills, etc. In 2022, the total training hours were 17,118 hours, and the training completion rate was 100%. This improves the safety and health protection knowledge of workplace safety and health business supervisors and workers, with the goal of achieving zero accidents in the workplace.



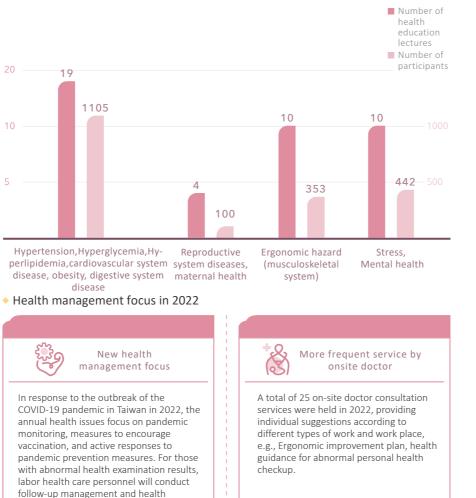
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#### 5. Employee health promotion

guidance, and arrange physician interviews.

According to the health risk matrix, professional lecturers in various fields are invited to provide health education and experience sharing, and conduct a series of health promotion or soft courses, covering topics such as pandemic prevention courses, psychological relief, exercise, diet, and maternal health. The results of mitigation measures for health risk issues are as follows:

## 2022 Results of Mitigation Measures for Health Risk Issues



## Lifestyle and Healthcare

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Health.

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First-aid

skills

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- Taishin organizes more frequent and more comprehensive health checkups than what the laws require for its employees. We have organized round-the-nation health check-up tours with a health check-up vehicle and medical teams for all bank employees in all buildings every 2 years since 2018. We provide employees with convenient health check-up services and provide health consultation and health education based on the results of health check-up reports. We hope to help employees understand their physical conditions and focus more on preventing instead of treating illness.
- Employees may consult with physicians after health checkups. Taishin also has professional nurses available to analyze abnormal health findings for all employees. Information on "Smart Diet" by the Health Promotion Administration is being disseminated through monthly column,e-newsletters and nonperiodic health seminars, including advices on low-sugar, lowsalt and low-fat diet, and important notes on care for chronic illnesses. Taishin has medical specialists available to help employees adjust work posture, and thereby minimize muscle nutrition. ache and protect vision against ergonomic hazards.
- Tasihin has organized the "Taishin Weight Loss Competition" since 2018 and provided healthy exercise diet education and sports instructions to taught employees to eat smart and exercise. In 2020, the event attracted the participation of 1,142 employees who collectively lost 2,964.2kg of weight and 2,838.5cm of waistline. The results were satisfying. Affected by the pandemic in 2022, fitness and health competition was suspended.
  - The Company subsidizes employees' involvement in various sport clubs including aerobics and table tennis. Badminton and hiking events are organized on a regular basis. At the same time, we have signed special agreement with external gym vendor that offers discounts, providing subsidies for colleagues to join the gym and participate in the "marathon road running activities", and encouraging employees to establish regular exercise habits.
  - Taishin has promoted first-aid skills since 2017, including the introduction of cardiopulmonary resuscitation (CPR) and automated external defibrillator (AED) training courses. In 2022, firstaid training courses were suspended due to the COVID-19 pandemic.
  - The availability of AED equipment has been registered on Taiwan Public AED Registry (https:// tw-aed.mohw.gov.tw/SearchPlace.jsp), and the Company has been certified as AED Equipped since 2018. In 2022, our AED certification was renewed and published on the Ministry of Health and Welfare AED Information Website
  - Since 2017, influenza vaccination services have been implemented within the company every year. In addition to actively cooperating with the government's various pandemic prevention work and policies for a long time, pandemic prevention physicians from the Centers for Disease Control are invited to share knowledge about influenza and the prevention of travel infectious diseases, so as to enhance employees' awareness of pandemic prevention and flu awareness
  - During the pandemic period, we continue to encourage colleagues to receive the COVID-19 vaccine, and provide colleagues with vaccination leaves for 1 to 4 doses, 2 days per dose, of which 1 day will be paid. In 2022, the vaccination rate of booster shot in Taishin was 90%, which was higher than the 65.5% in the whole country
  - In addition to emerging infectious diseases, in response to the rising trend of tuberculosis cases across the country in 2022, digital tuberculosis courses were held to strengthen colleagues' knowledge of the disease, protective measures, and notes for follow-up,
- Disease Furthermore, the company also regularly plans pandemic prevention health lectures, Prevention promotes flu health education, and reminds colleagues of the preventive measures such as Vanguard washing hands frequently and wearing masks. It also produced a short video on pandemic prevention and built an employee health management webpage to provide comprehensive health protection for all employees, actively advocate the establishment of a safe and healthy work environment, and create the ultimate protection against influenza.
  - In 2022, a total of 496 people participated in flu vaccination at public expense, own expense, and company subsidy. Taishin FHC has participated in the influenza prevention-friendly and healthy workplace certification since 2017, won awards for six consecutive years, and received the "Silver Prize of the Disease Prevention Vanguard Award" in 2020, received the "Gold Prize of the Disease Prevention Vanguard Award" in 2021 and the "Bronze Prize of the Disease Prevention Vanguard Award" in 2022.



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## 7.4 Labor-Management Relations

## 7.4.1 Labor-Management Communication Channels

To encourage reporting of illegal conducts and filing of complaints whenever employees' rights have been compromised, Taishin has established a diverse range of communication channels for employees to express their opinions. These communication channels have been clearly stated in the Employee Code of Conduct and are published on the Company's intranet and Internet website to ensure that they are known and used to maintain employee rights.

Channel	Communication Frequency	Summary and Method of Response
Taishin morning meetings	Quarterly	These meetings are hosted personally by the Chairman and held in Taishin FHC building with nationwide video conferencing. Meeting details are uploaded to the website after each session, while a video newsletter concerning the issues discussed is produced and circulated to all employees in the form of a video link.
Employee mailbox	Immediately	The Company received 2 opinions from employee mailbox in 2022; the case had been closed and addressed properly.
Employee opinion surveys	Once every two years/ Immediately	Taishin engages external consultants regularly to identify key issues that require immediate attention, so that feasible action plans can be devised accordingly.
Employee hotline	Immediately	The Company received 1 opinions from employee hotline in 2022. In the future, we will continue to maintain our communication channels and properly handle employee opinions.
HR representatives	Immediately	Each department within the organization has been assigned a HR representative, whose duties are to bridge communication between employees and Taishin, deliver employees' opinions, and interpret the Company's policies.
Labor- management meetings	Quarterly	The Company convenes labor-management conferences each quarter for communication and negotiations. Labor and management select representatives based on gender distribution complying with legal requirements to promote harmonious labor relations. The issues discussed and agreed upon by labor and management in 2022 include the implementation of two-week, eight- week, and four-week variable work hours, transfer of rest days, overtime and compensatory leave, night work for women, flexible work hours, , and the implementation of epidemic prevention and response measures (including Pandemic prevention reporting ,self-funded vaccine subsidies and vaccination leave, regulations related to off- site office and remote work, etc in accordance with the work calendar announced by the competent authority and the Company's business operation requirements.

## 7.4.2 Employee Engagement

Taishin FHC engages external consultants regularly to conduct full-scale surveys on employees' engagement. By learning employees' views on the management practices in place, the organization is able to identify the key factors for retaining top talents as well as critical issues that require immediate improvement, so that feasible action plans can be devised accordingly.

Taishin conducts an engagement survey of all employees every two years in 2017, 2019 and 2021, and the next survey is expected to be conducted in 2023; in the next year, surveys are conducted on different business groups or specific ethnic groups according to the needs of the organization

• For example, we focused on the Information Service Division in 2020. The survey on external environmental impact was suspended in 2022 due to the pandemic, and the implementation status of improvement action plans is tracked according to the opinion survey in 2021, ensuring that improvement actions are taken after employee feedback.



#### 1. Key Outcomes from the Employee Engagement Survey

- Understand the key factors affecting engagement and willingness to stay in the company to optimize various human resources policies.
- Adopt the employee experience model and identify key elements in employee experiences that staff cares most about.
- Develop in-depth understanding of our organization needs in talent development for digital services and especially digital financial transformation, to enhance our long-term competitiveness.

#### 2. Action Plans

- Actively promote work-life balance measures and create a friendly and inclusive working environment to
  optimize the employee experience.
- Understand the needs of employees, review their overall welfare, carefully design benefits items that are
  relevant to different employees at different stages in their lives, to strengthen the connection between
  our employees and our company.
- Monitor the connection between our future talent strategy and the actual work experience of our current staff, within the context of our overall business strategy. Develop value-based employment propositions to attract, retain, and motivate organizational talent.

Taishin continues to take in employees' opinions through various mechanisms to understand their views and find ways toward improvement. The 2021 employee engagement survey found that our staff have developed greater appreciation of the concept of work-life balance. Thus we have actively focused on reviewing our current benefits and through the establishment of more comprehensive welfare measures in terms of multiple aspects including economic support (reducing the threshold for ESOT), family care (expanding the scope of children's education subsidies), and employees' physical and mental health (increasing subsidies for health checkups and enriching subsidies for artistic and cultural activities), hoping to combine various resources of Taishin FHC to create a more harmonious working and living environment.



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Taishin also continues to focus on its various channels to listen to employees' voices. Besides conducting focus group interviews to elicit employees' views and feedback, we have also relied on unit supervisors to build positive and safe communication channels. The outcomes of the survey have been shared with all units, that will each devise improvement actions specially suited for its situation. By continuously creating more openness, collaboration, abundant communication, and an efficient and agile development environment, improved employee feedback helps us to swiftly address concerns that are key to their engagement.

All	Object employees of Taishin	Participation rate $83\%$	Engagement rate 80%	
Topic 16 categories with a total of 66 topics 16 aspects of employee experience, such as diversity int vocal innovation, vision inspiration, customer orientation, compensation and well-being, sustaining engagement, etc.				
Survey Aspects				
<ul> <li>Survey Results</li> <li>The company vision is clear and its medium/long-term goals are concrete.</li> <li>Customer orientation has advantages, such as internal process design, licensing, and positive feedbacks</li> <li>The company has a well-developed performance culture, e.g., promotion and performance-based remuneration.</li> <li>The company has taken concrete actions of improvement after the survey.</li> </ul>				

neutral, 2 points for disagree, 1 point for strongly disagree) Note2: Engagement score is the ratio of the number of positive answers (such as agree/strongly agree) to the total number of answers

#### Employee engagement survey - all employees

Year	2017	2019	2021
Target	All employees	All employees	All employees
Participation Rate(%)	94	94	83
Engagement Rate(%)	84	83	80
Engagement by gender(%)	Male 85/Female 83	Male 85/Female 82	Male 81/Female 78

	All employees in 2021							
Target	All employees	Male	Female	High-level manager	Mid-level manager	Entry-level manager	Non-man- agement employees	
Engaged	86	87	84	90	93	90	84	
Enabled	76	77	74	80	85	77	75	
Energized	78	81	76	85	88	81	77	
Engagement	80	81	78	84	93	96	95	

## 7.5 Human Rights and Gender Equality

## 7.5.1 Human Rights Policy

Human rights refer to basic rights that are common to all humans, regardless of their race, gender, sexual orientation, nationality, ethnicity, language, religious belief or other differences. Taishin is dedicated to upholding human rights. The organization shares the value of international human rights rules including Universal Declaration of Human Rights, International Labor Organization, The UN Guiding Principles on Business & Human Rights and Equator Principles, and complies with regulations of Taiwan and all locations it operates in. After reviewing Taishin's operating model, we have identified employees, customers (including borrowers) and suppliers to be the most relevant stakeholders as far as human right is concerned. We have devised separate policies, statements and guidelines to serve as the ultimate guiding principle for human rights protection.

In addition, we adopt communication, protection and supervision practices to secure the rights of all stakeholders, which provide the foundation of corporate ethics within Taishin.

Taishin actively enforces human rights protection for employees. Not only has the Company made a series of public announcements over its intranet and Internet websites about protection of workers' human rights and prohibition against workplace sexual harassment, the organization has also included worker and human rights-related issues as part of the ethics training for new employees. The announcements and training form part of Taishin's ethics foundation. In 2022, the number of training hours on human rights issues reached 3,405 hours, A total of 2,057 employees participated, and the training completion rate was 100%. Taishin encountered no incident of human rights violation in 2022.

#### Four Main Policies



#### Three Main Principles





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#### 1. Work Rights

For the protection of work rights for all employees, Taishin not only adheres to the principles announced by International Labour Organization (ILO) regarding prohibition against forced labor, minimum employable age, work hours, weekly breaks and recommended practices, but also complies with relevant regulations of the Republic of China, including "Labor Standards Act," "Act of Gender Equality in Employment" and "Employment Service Act." Internal work rules and personnel policies have been created based on the above principles and regulations. Meanwhile, Taishin also takes steps to ensure that all overseas locations (including branches, offices and preparatory offices) are able to comply with local labor regulations and set reasonable work terms to protect the rights of local employees.

#### 2. Equal Treatment in the Workplace

For the purpose of creating a fair, safe and enjoyable workplace, Taishin treats employees equally and prohibits all forms of discrimination (such as ethnicity, gender, sexual orientation, age, disability etc.) in its recruitment, compensation, promotion, reward and disciplinary decisions. All forms of sexual harassment and intimidation are strictly prohibited in the workplace. Taishin and all its subsidiaries have published "Employee Code of Conduct," "Sexual Harassment Prevention, Reporting and Disciplinary Policy" and "Sexual Harassment Prevention, Reporting and Investigation Guidelines" over their intranet and Internet websites. Employees can make appeals through the dedicated line (886-2-5576-3567), for cases that concern sexual discrimination or harassment, a "Sexual Harassment Prevention and Complaints Review Committee" will be assembled according to laws to conduct investigation in the utmost fairness and discretion, in a manner that protects victim's privacy and prevents witnesses from being retaliated. If a violation is established to be true, the case in guestion will be referred to Staff Conduct Review and Staff Performance Appraisal Committee and resolved based on the outcome of the investigation in accordance with Employee Disciplinary Guidelines, and hence ensures employees' rights to fair treatment in the workplace. Taishin Financial Holdings and its subsidiaries have been no sexual harassment complaints in the workplace in 2022.

#### Review and Disciplinary Procedure for Sexual Harassment Complaints



#### 3. Protection of Maternity and Child Labor

Taishin highly values the issues of labor protection for mothers and children. In terms of maternal protection, the company follows the "Act of Gender Equality in Employment" and the "Regulations on Subsidy and Standards for Establishing Breastfeeding (Breast Milk Collection) Rooms, Childcare Facilities and Measures" to provide a comfortable and well-equipped feeding and nursing rooms for employees. The rules for breastfeeding and breast milk collection for female employees are clearly specified in the "Taishin Working Rules." If an employee with a child of less than two years of age has a need for breastfeeding or breast milk collection, they will receive an additional 60 minutes per day of breastfeeding time on top of their regular rest time. If they work more than one hour of overtime, another 30 minutes of breastfeeding time is granted and considered as working time. The company lays out various maternity protection measures in its "Leave Management Guidelines" In addition to one day of menstrual leave per month, 64 hours of leave for pregnancy check-ups are provided, which exceeds the requirements of the Labor Standards Act. Employees who give birth or have an abortion receive full salary when they take maternity leave, so that employees they can take care of themselves. With regard to child labor protection, we have issued the "Taishin Human Rights Protection Statement," which lays out our position on child labor, in line with international conventions that strictly prohibit the employment of child labor under the age of 16.

## 7.5.2 Human Rights Risk Assessment

100% of Taishin employees have undergone human rights risk assessment. For the assessment process of human rights issues, the identification of human rights risk factors and the results of human rights risk assessment, please refer to the explanation below.

#### Procedure for Human Rights Issue

Human rights issue impact evaluation	Formulate response plans	Follow up on the implementation status	Evaluation of effectiveness and adjustment
Review human rights issues of concern to various stakeholders and assess the impact of these issues.	Discuss human rights issues classified as medium to high risk and formulate response plans.	Track the implementation and monitor the progress of relevant response plans to ensure the fulfillment of commitments to stakeholders.	Review and assess the effectiveness of the related actions or procedures to ensure effective monitoring of human rights risks, and review the impact of each human rights risk to adjust response measures.
*			



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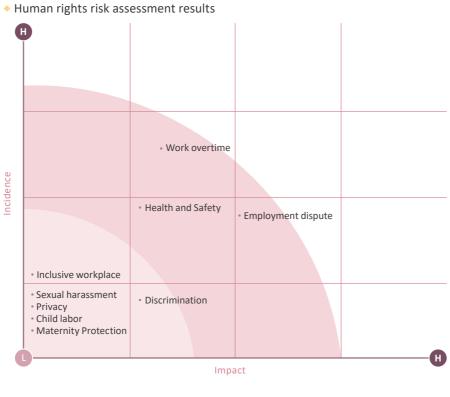
## Identification of Human Rights Factors

Issues	Target	Source of risk	Method of evaluation	Level of risk (occurrence / impact)	Management mechanism
Health and Safety	All employees (including dispatchedInappropriate communication/ management of the supervisor • Difference of understanding between employer and employees• TOCC survey • Health Check-up • Ergonomic hazard prevention program - musculoskeletal injury questionnaire 	<ul> <li>Through the online notification system, monitor the abnormal health status and risk exposure of personnel reported daily.</li> <li>Establish an online reporting system for each unit to report the health and risk exposure status of personnel each day.</li> <li>We offer online courses on human hazard risk prevention to strengthen employees' awareness of disease prevention.</li> <li>During on-site service visits, healthcare professionals adjust posture and provide health education for those at risk.</li> </ul>			
Employment Dispute		<ul><li>management of the supervisor</li><li>Difference of understanding</li></ul>	<ul> <li>Internal/external</li> </ul>	Medium	<ul> <li>We promote labor laws and rules that our supervisors should know, to strengthen their understanding of the law to reduce management disputes.</li> <li>The internal communication channels are clearly laid out in the Employee Code of Conduct. If employees have any labor-management issues, they can seek support from the human resources unit.</li> </ul>
Forced Labor /Work Overtime	employees and foreign employees)	<ul> <li>Short-term increases in business or shortages in manpower</li> <li>Requirements of events held by associated companies</li> <li>personal reasons</li> </ul>	<ul> <li>Attendance management monitoring monthly</li> </ul>		
Discrimination	-	Internal/external	Internal/external		• The prohibition of discriminatory behavior is clearly stipulated in the Employee Code of Conduct.
Sexual Harassment	-	<ul> <li>During recruitment and interviews</li> <li>During performance management/appraisal</li> <li>Interaction between employees</li> </ul>	communications Prevention of Illegal Infringement at Work - potential workplace violence risk evaluation form		<ul> <li>In the Employee Code of Conduct, harassment is prohibited. Breaches will be dealt with in accordance with company rules.</li> <li>We have rules in place for the prevention and control of sexual harassment in accordance with the law. When a case of sexual harassment occurs, we offer immediate support in accordance with the needs of the party concerned and actively investigate and handle the matter in accordance with the law.</li> </ul>
Inclusive Workplace	Employees with disabilities Aborigines	<ul> <li>During employee recruitment and interview</li> </ul>	<ul> <li>Monthly employment ratio control</li> </ul>	-	<ul> <li>During the onboarding process, employees are requested to actively report their indigenous status, so they may enjoy indigenous festival leave in accordance with the law.</li> </ul>
Privacy	All employees (including dispatched employees and foreign employees)	<ul> <li>During recruitment and interviews</li> <li>Personal information management</li> </ul>	<ul> <li>Internal/external communications</li> <li>Internal audit</li> </ul>	Low	<ul> <li>Implemented annual "Information Security Awareness and Personal Data Protection" course for all Taishin FHC employees.</li> <li>Remind employees repeatedly of the importance of personal data protection during quarterly legal affairs training.</li> <li>Remind employees repeatedly of the importance of personal data protection during quarterly legal affairs training.</li> </ul>
Child Labor	Candidates	During recruitment and interviews	Employment control		<ul> <li>In accordance with international conventions and labor law, the employment of workers under the age of 16 is strictly prohibited.</li> </ul>
Maternity Protection	Female employees of childbearing age	<ul> <li>Workload and shift arrangement</li> </ul>	<ul> <li>Employees who take maternity leave / maternity leave through the attendance system</li> <li>Physicians stationed on-site to provide medical evaluation</li> </ul>		<ul> <li>In accordance with internal and external norms, we offer menstrual leave, pregnancy check-up leave, maternity leave, co-parenting leave, and maternal protection leave, as well as maternity leave pay exceeding the requirements of the law, so that employees who give birth or have an abortion can maintain stable income during their leave.</li> <li>Breastfeeding and breast milk collection time in accordance with the law, and provide well-appointed breastfeeding spaces and facilities for our employees to use.</li> </ul>

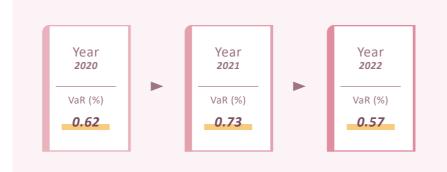
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## Human rights risk values



Year	2022					
VaR(%)						
Main Risk Factors	Health and Safety	Employment Dispute	Work Overtime			
Mitigation Measures	<ul> <li>Monthly health consultation by medical specialists</li> <li>Health Check-up</li> <li>Taishin- Ergonomic hazard prevention program</li> <li>Encouragement of COVID-19 vaccination</li> <li>Occupational safety and health propaganda</li> <li>Health lectures</li> </ul>	<ul> <li>Establish human resource policy and employee rights-related rules in compliance with law</li> <li>Convene quarterly labor-management meetings. Maintain open communication with employees through available channels</li> <li>Organize regular courses on labor regulations and assist supervisors in understanding labor laws and proper management practice</li> </ul>	<ul> <li>Establish employee work times and hours in compliance with labor laws</li> <li>Announce and reiterate the normal work hours and times, as well as the regulations for overtime</li> <li>Establish management systems for work hours and overtime, to help employees and supervisors control work hours and overtime hours</li> <li>Monthly review of overtime hours on a per- department basis, and direct attention towards employees with high overtime hours</li> </ul>			
Compensation measures	<ul> <li>System level:</li> <li>Provide group insurance</li> <li>Assist applications for group labor insurance subsidies</li> <li>Occupational injury leave</li> <li>Hospitalization subsidies</li> </ul> Compensation: <ul> <li>Provide real compensation based on the mediation.</li> </ul>	<ul> <li>System level:</li> <li>Communicate with the parties to learn about the conditions and explore possibilities for a settlement.</li> <li>Enhance legal regulations a nd management measures that caused the dispute.</li> </ul> Compensation: <ul> <li>Provide real compensation based on the mediation.</li> </ul>	<ul> <li>System level:</li> <li>Review attendance system and overtime status, and remind supervisors and employees to confirm if there is any irregularity.</li> <li>Strengthen the supervisors and employees' understanding of related systems and management measures for overtime work.</li> <li>Compensation:</li> <li>Provide overtime pay/ compensatory leave.</li> </ul>			

Note1: Human rights risk value (%) = number of employees identified as at risk / total number of employees in the current year Note2: The risk assessment is based on the extended working hours of more than 40 hours for two consecutive months.



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## 8.1 Social Engagement Strategy

Taishin FHC has long devoted attention to growing market presence in Taiwan and expanding into the Asia Pacific region. Our long-term success is attributed to society's support. For the inclusiveness of the society, Taishin FHC targets the needs of local residents and society and fulfills them by committing to its "people value" and contributing its professional capacity as a financial institution. In the meantime, stakeholders are invited to participate in our social engagement efforts.

As a member of this society, we continually explore ways to maximize the society's welfare, but recognize the reality that a company is unable to resolve all prevailing problems and challenges of the society. Focus, sustainability, collaboration and commitment are the principles of Taishin's charity efforts. Through charity and welfare, arts and culture, sports sponsorship and academic exchange, we respond to the United Nation's SDGs, prioritizing three key goals: SDG1 - No Poverty, SDG4 - Quality Education, and SDG8 - Decent Work and Economic Growth.

To more effectively measure the size of resources invested and the level of output yields, Taishin adopted the London Benchmarking Group (LBG) model and utilized quantitative measurements to measure the level of resources invested into social engagement causes, the size of yield generated, the overall outcome and long-term influence on the society.

## 8.1.1 Social Engagement Focus

	Focus	Motivation	Beneficiary	Project	Social Impact	Coresponding to SDGs
Charity and Welfare	Be centered around the motivation of "teaching people to fish," we develop training seminars and platforms to educate disadvantages and match business resources with social welfare organizations in order to maximize the benefits.	We use the platform service and e-commerce concept of the finance industry to improve the capabilities of social welfare organizations and support the development of industries in remote areas. We also combine credit card donations and reward point donations to expand the social influence of charity in the finance industry.	<ul> <li>Small and medium- sized charity organization</li> <li>The socially disadvantaged</li> </ul>	<ul> <li>Power of Love campaign</li> <li>Power of Love workshops</li> <li>Minority Project</li> <li>Philanthropist Alliance- resources matching</li> <li>Group purchase of festive charity gift boxes</li> <li>Emergency aid-donation</li> <li>LED lighting equipment donation</li> <li>Caring Taiwan</li> <li>Scholarships to financially disadvantaged students</li> <li>Financial education camps</li> <li>Financial education</li> <li>Digital bank for young generation</li> </ul>	<ul> <li>Helping small and medium- sized charity organizations become self-dependent</li> <li>Improving living standards of the socially disadvantaged</li> <li>Helping young students and disadvantaged people develop financial awareness and knowledge</li> </ul>	1 *** Řyštá 4 szaz 1
Arts and Culture Development	Driven by the goal of "creating new value of Taiwan through arts," we actively supports contemporary art, popular art and various cultural events to raise public's attentions and bring art into life in ways that enrich people's spirits.	Taishin sponsors art and cultural talents to improve the people's art and cultural appreciation. We help Taishin customers and employees who love arts and culture to acquaint themselves with modern art, strengthen relations with current customers, and develop potential customers. We also strengthen our employer's brand by helping employees take part in art and cultural activities.	<ul> <li>Contemporary Taiwanese performing artists and art creators</li> <li>General public</li> <li>Taishin employees</li> </ul>	<ul> <li>Taishin Arts Award</li> <li>Taishin Tower lobby exhibitions</li> <li>Friday Noon Concerts</li> <li>Art performance and exhibition sponsorship</li> <li>ARTALKS website</li> <li>Charity Art</li> </ul>	<ul> <li>Supporting contemporary art development in Taiwan by offering performance stage</li> <li>Promote participation and knowledge towards art and culture</li> </ul>	4 STRR
Sports Sponsorship	Sponsor young athletes for their competition and education to promote sports among people of all ages. The sponsored athletes are invited to participate in Taishin's charity activities, where they can convey positive energy and inspire a cycle of positivity.	We sponsor sporting events and activities and help customers make small donations to support athletes in remote areas to improve Taishin's public welfare brand image and recognition. We also embedded the spirit of sportsmanship into the organization and obtained certifications for corporate sponsorship of sports.	<ul> <li>Taiwanese athletes</li> <li>Junior high school and elementary school students</li> <li>General society</li> </ul>	<ul> <li>Athlete support</li> <li>Basketball summer camps</li> <li>Professional basketball team sponsorship</li> <li>Sponsor sports events</li> </ul>	<ul> <li>Training Taiwanese athletes and supporting sport development in Taiwan</li> <li>Promotion of sports among the public</li> </ul>	4 sana
Academic Exchange	Raise the level of finance profession and train more quality talents in Taiwan through the industry-academia collaborations and academic exchange programs.	In an environment of rapid changes, the finance industry needs professional and interdisciplinary innovative tech talents. We use scholarships, financial education, academic activities, and industry- academia collaboration to train future employees and develop new FinTech applications.	<ul> <li>College/ postgraduate student</li> </ul>	<ul> <li>Co-op with Taiwan University on the "Financial Service Innovation" lecture</li> <li>Co-op with Sun Yat-sen University on the "Financial Innovation Masters Program"</li> <li>Graduate Institute of Finance in ChengKung University "Industrial Master Program"</li> <li>Industry-academia Collaboration</li> <li>Scholarships to outstanding students</li> <li>Sponsorship to academic events</li> </ul>	<ul> <li>Financial expertise training for young students</li> </ul>	8 manne M

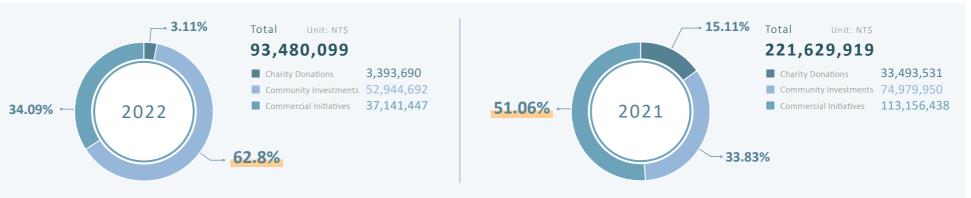
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## 8.1.2 Social Contribution

1. Category of contribution



Note: The overall investment in 2022 was lower than that in 2021. The main reason was that in 2021, there was a one-time large donation of NT\$30 million for the COVID-19 to support the Governments of Taipei City and New Taipei City and medical personnel to fight the pandemic; in addition, the pandemic affected the holding of physical activities, resulting in a reduction in the amount of commercial initiatives.

Charity Donation : Taishin makes timely donation of cash and supplies to people and organizations in need Community Investment : Taishin offers assistance to the parties in need through four main focuses.

- In terms of charity, Taishin organizes campaigns, programs, volunteer counseling and competency courses that help people develop self-dependency in a systematic manner. Meanwhile, Taishin attracts social engagement from the general public by exerting influence as a corporate entity, and matches donors to those in need more efficient use of the society's resources
- In terms of arts and culture, Taishin contributes on several levels including: sponsoring of performance and exhibition funding, introduction of world-recognized award selecting system, and development of digital/physical platform. These efforts are intended to increase the visibility of artists. Taishin also sponsors world-class exhibitions/performances and arranges charity viewing where possible to promote art and culture appreciation in Taiwan. Taishin also sponsors world-class exhibitions/performances and arranges charity viewing where possible to promote art and culture appreciation in Taiwan.
- In terms of sport sponsorship, Taishin contributes resources and coordinates with customers to support local athletes. By sponsoring sport events, we aim to promote sport activities among specific groups
- In terms of academic exchange, Taishin provides tuition assistance to students from financially disadvantaged families.

#### Commercial Initiative : Taishin associates core business activities with social initiatives

- Utilizes financial expertise to create financial games and courses in order to establish wealth management concepts for the socially disadvantaged children and youths.
- Combines business platforms, products and activity mechanisms to effectively increase customers' willingness to participate in public welfare, promoting the circulation of social resources and expanding project influence.
- Use FinTech to create the digital bank which reduces the financial and investment barriers of the economically disadvantaged young people, and then change their savings and consumption habits, start to learn financial management, and face financial services with a more active and open attitude.

Unit: NTS

• Corporate resources are being committed into organizing courses and providing internship opportunities to train financial talents.

#### 2. Type of Contribution

Type of Contribution	2021	2022
Cash	209,387,740	82,785,483
Time	6,325,284	708,294
In-kind	273,031	2,369,520
Management Cost	5,643,864	7,616,802



Note: Cash donations in 2022 were reduced compared to 2021 due to one-time large donations; because of the pandemic, commercial initiatives and charity activities had decreased, and volunteer investment had decreased compared to 2021.

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#### 3. Outcomes

Focus		Outcomes	2021	2022
		Employee volunteering hours	6,955	7,558
	Commercial	Number of digital banking accounts	2,747,000	2,981,000
		Percentage recurring donations from Power of Love donors	38.5	41
Charity and		Youth Volunteer Elite Award_donation to the public welfare organization designated by the winner (NT\$)	520,000	550,000
Welfare		Orgainzations donated by Powerof Love	198	178
	Socia	Organizations participating in workshops (Note1)	94	31
	_	Number of participants in the Youth Volunteer Elite Award	2,400	2,000
		Media value (NT\$)	484,428,000	567,655,734
		Brand exposure	Improved	Improved
20	Commercial	Customer participants of art/culture activities (Note2)	650	12,986
e e		Customer participants of sports activities	6,076	4,128
		Participants to employee art courses	392	551
Art and Culture Development / Sports		Number of customers using Richart Life data services	11,984	352
Sponsorship		Number of new card applications (Note3)	435	555
		Participants of sponsored/organized activities (Note2)	287,318	329,207
	Social	Sessions of sponsored/organized activities	78	117
		Sponsored athletes	6	6
	Commercial	Interns turned as permanent employees	97	96
8-8		Number of financial service optimization cases	8	8
Academic	Social	Sessions of sponsored/organized financial seminars (Note3)	7	6
Exchange		Students benefited from industry-academia collaborations	571	553

Note1: In 2021, one of the physical workshops were combined with the festive public welfare gift box project, and there were more participating groups. In 2022, due to the severe epidemic situation, the workshop were held online, and the number of participants were reach 511

Note2: In the second half of 2022, the pandemic situation eased, the lockdown was gradually lifted, and the sponsorship of art and cultural activities increased, thus, the number of participants increased

## 8.1.3 Partner Support

Expanding social impacts has always been the motivation behind Taishin's charity involvement, and we gather strength from various sources to support our goal of improving the society's welfare. Leveraging stakeholders' strength provides Taishin with more partners and resources to support charity efforts, and the means to drive and spread social influence. For this reason, we invite employees, customers, suppliers and the local community to join our cause, and execute through various activities from volunteer service, gathering and donation of supply to training of professional skills. By making stakeholders our best charity partners, we have the resources and strengths needed to maximize our social influence.

	8-8		Å
	Employees	Suppliers/Community	Customers
Volunteer service	0	0	
Gathering of supply	0	0	0
Goods donation	0	0	0
Professional skill	0	0	
Charity consumption	0	0	0

#### 1. Employees

Taishin FHC has established a set of "Taishin FHC Volunteer Service Guidelines" to motivate and mobilize Taishin employees into performing volunteer service. In addition, the Company recruits volunteers through the Intranet and uses the platform to announce upcoming charity activities and take enrollment from volunteers. To improve the quality of volunteers' service, Taishin selects its volunteers based on the nature of service, the location and other required criteria, and trains volunteers at times deemed necessary. The organization encourages employees to commit in volunteer service through the following means:



Note3: In 2021, a large-scale Richart Life promotion event was held at the Dreamers basketball event, and it was return to routine promotion in 2022

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## Volunteer participation mechanism



Although due to the impact of the epidemic, large-scale volunteer training activities cannot be held, volunteer training courses are still arranged through online learning, including the business introduction of charitable foundations and the services of volunteers adopting social welfare groups and understanding the needs: such as assisting social welfare groups, visit the group to deepen the service regularly and ensure the progress of the proposal implementation.

Taishin Charity Foundation organizes charity sales, workshops and volunteer activities from time to time, and invites employees through the Intranet to participate in one-day volunteer events. The foundation also encourages Taishin employees to sponsor and visit small and medium-sized charity organizations personally, whereas employees have mobilized among them to attract more people into performing volunteer service.

Taishin commends active volunteers during quarterly morning conferences, and invites participants to share their thoughts. The organization also holds Volunteer of The Year to recognize top-performing volunteers on a yearly basis. Winners are treated to banquets to receive gratitude personally from Commendation the Chairman.



Training

- 4 -

One-day volunteer

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Volunteers are treated from time to time to various events such as film screening, art/culture appreciation, and meal gathering as commendations for their selfless acts.





## 2. Suppliers/Community

Taishin made use of the charity cloud platform idea and organized the participation of suppliers and communities to ensure more effective use of existing resources of enterprises. Taishin Charity Foundation "Power of Love" voting campaign has also changed from only Taishin Charity Foundation itself to adding other co-organizers year by year. For example, Advantech Foundation, Chunghwa Telecom Foundation, Wang Yueh-Lan Charity Foundation, Foundation for Yunus Social Business, Welfare Organization for the Elderly, Our City Love Social Enterprise, Center for Media and Social Impact at National Central University, and Lungshan Temple. Multiple companies and units have also participated in the Power of Love campaign launched by the Taishin Charity Foundation. These include Franz Collection, Chiling Charity Foundation, Sinyi Charity Foundation, Vision Project, and Big Future Foundation; in addition, 132 companies have donated resources for public welfare activities. Furthermore, as of 2022, 105 social charity organizations have received public welfare funds for five consecutive years thanks to the Power of Love campaign, and have become Philanthropist Alliance, who have continually assisted in the promotion of the Power of Love campaign.

## • 6 Categories and 9 Target Groups

	Charity and Welfare		
3	Strategic partners	Target groups	
	<ul> <li>Wang Yueh-Lan Charity Foundation</li> <li>Our City Love Social Enterprise</li> <li>Manka Lungshan Temple</li> </ul>	Elder Care     Child Welfare     Child Welfare     Disabled People     Vulnerable Groups	
1	Culture and Education		
2	Strategic partners	Target groups	
$(\square)$	Advantech Foundation	<ul><li>Culture and Education</li><li>(Schools, culture and education units)</li></ul>	
	Digital Learning		
	Strategic partners	Target groups	
	<ul><li>Chunghwa</li><li>Telecom Foundation</li></ul>	Digital learning in rural areas	
	Social Enterprise		
	Strategic partners	Target groups	
21	Foundation for Yunus Social Business	<ul> <li>Social enterprise Local Charity</li> </ul>	
	Taiwan		
	Rehabilitation and self-sufficiency		
-`ହ୍ର	Strategic partners	Target groups	
Ø	Welfare Organization for the Elderly, Taiwan, R.O.C	iaiPer Prodba	
L.	Public welfare performances		
SQ1	Strategic partners	Target groups	
	<ul> <li>Center for Media and Social Impact, National Central University</li> </ul>	<ul> <li>20 to 35-year-old students interested in public welfare films or communication</li> </ul>	



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#### 3. Customers

Driven by the motivation to "give back to the society," Taishin Bank plans and executes charity efforts on a long-term basis, and actively creates opportunities for customers to participate in the good cause. Through innovative use of campaigns, platforms and products, the Bank aims to make charity participation simple for the customers. For example, customers can turn reward points into actual donations using the Internet, participate in joint signing activities with facial recognition technology ,or join the pact to raise food and medical resources for stray animals through facial recognition.

#### All-card activity for cardholders [Taishin plant trees, you come to enjoy the shade]

We look forward to calling on more cardholders to join us in advocating net-zero emissions, thus, the tax payment for tree planting plan has been launched. Simply by subscribing to the digital bills of Taishin credit card and paying individual income tax online with Taishin credit card, cardholder can not only reduce the amount of paper used, meanwhile, Taixin will plant a sapling in the windbreak forest of New Taipei City for the cardholder to reduce the daily carbon emissions.

#### 2022 Activities and Results

Launched during May to August 2022: Taishin Bank planted 1,000 tree saplings in the windbreak forest of New Taipei City through the Taishin credit card tree planting plan for cardholders that completed the designated consumption missions. It is estimated that 465 metric tons of carbon emissions can be reduced in the future, which is equivalent to the carbon adsorption capacity of 1.2 Daan Parks in one year (Note). It also won the 2022 TSAA: Silver Award and the 19th National Brand Yushan Award: Best Popular Brand Category.

#### [Cotton Field Co-brand Card]

Since 2018, we have partnered with DOMI Earth to advocate cardholders to use digital statements. When cardholders switch from paper statements to digital statements, Taishin Bank representatives replace the light bulbs of the vulnerable with energy-saving appliances in the name of cardholders. Thanks to this project, paper usage for statement operations has been greatly reduced. The resources that have been saved will continue to grow in a positive cycle, enhancing the mutual prosperity between Taishin Bank and society.

#### 2022 Activities and Results

The Cotton Field Organic co-branded card has given back nearly NT\$2.6 million to the foundation, and has continually invited cardholders who share eco-friendly land farming and charity values to join, in hopes of supporting more Taiwanese organic farmers through a positive cycle between consumers, enterprises, and producers. Following good agricultural and seasonal farming practices can protect the land and increase crop yields, accelerating the development of Taiwanese organic agriculture.

🔗 Cotton Field Co-branded Card

#### romotion of Digital Bank Statements with Social Enterprises to Help the vulnerable

Since 2018, we have partnered with DOMI Earth to advocate cardholders to use credit card digital statements. When cardholders switch from paper statements to digital statements, Taishin Bank representatives replace the light bulbs of the vulnerable with energy-saving appliances in the name of cardholders. Thanks to this project, paper usage for statement operations has been greatly reduced. The resources that have been saved will continue to grow in a positive cycle, enhancing the mutual prosperity between Taishin Bank and society.

#### 2022 Activities and Results

In 2022, we increased cardholders' motivation to use digital bills through gifts for conversion to credit card digital billing and environmentally friendly stores-Chef Clean, foodpanda, Ever Rich, Gogoro, GoShare, etc.; on the Rose Festival, Taishin Classic Rose Credit Card, together with a number of sustainable stores that support ESG, launched exclusive discounts for rose cardholders, encouraging Taishin cardholders to respond to green living and practice sustainability from day to day. As of 2022, a total of more than **1**, **35** million cardholders had been called to participate. In 2022, we won the "Best Popular Brand Category" of the National Brand Yushan Award and the TSAA "Silver Award".

🔗 Credit Card Digital Billing

#### [Reward Points for Donation]

Taishin cardholders can transform credit card bonus points into donations and take part in the Reward Points for Donation campaign. Every 1,000 bonus points can be converted into NT\$60 in donations.

#### 2022 Activities and Results

As of November, we worked with 38 public welfare institutions, and the accumulated donation points in 2021 were 7,036,000 bonus points, which were converted into donations of NT\$422,160.

#### Digital Bank Customers [Stray Dog Sponsorship Program]

Since 2016, Richart has launched the Stray series of activities, with topics ranging from the first year of "Adoption", the second year of "Rescue", the third year of "Smile Petition", the fourth year of "Education", the fifth year of "Life Education", and the sixth "Wildlife Rescue", which was extended to the rescue and conservation of wild animals, helping more animals in need to successfully find their way home. This year, we have integrated Richart stickers expected by customers every year, with a cumulative of nearly 8 million downloads. By purchasing the stickers and completing the signing in and designated tasks, people can help raise materials and funds for the wildlife to return animals to the mountains.

#### 2022 Activities and Results

Richart has been supporting stray animals for the past six years. Many customers have left messages on the Foundation's social media to show their support of Richart's public welfare activities. Richart sets different activity themes every year, attracking more than 1 million visits regarding on the issue of stray animals, and inspires the public to care for stray animals from a different perspective. After six years of hard work, we have formed a virtuous cycle of attention, support, and nurturing. The impact of life education will continue to be expanded.

#### Credit Card Holders[Credit Card Donations

In order to support the development of charity organizations in Taiwan, Taishin Bank collaborated with more than 20 foundations in 2022, combining the foundation's personal minimum donation rewards with the Taishin credit card rewards to attract customer donations with double rewards. In addition, 5 systematic donation activities were held throughout the year, combining topics like quintuple stimulus vouchers, Children's Day, sponsoring stray dogs and cats, and breakfast donations, encouraging new donors to use Taishin credit cards to donate over NT\$1,000 to the foundation for three consecutive months. In addition to helping the foundation receive stable donations every month, more new donors had been discovered and the base for regular debiting had been expanded. Up to 4% rewards for donations made through Taishin credit cards

#### 2022 Activities and Results

In 2022, Taishin cardholders donated NT\$2.13 billion through Taishin credit cards, an increase of NT\$240 million compared with 2021, and an annual increase of 13%. The number of donors reached by 1.1 million, and the number of transactions reached by 1.3 million.

Credit Card Donations

#### Charity Voucher

Richart Life cooperated with the Taishin Charity Foundation to create a "charity" area on the app. Richart Life members could log in to the app and participate in the 12th Power of Love campaign. In doing so, public welfare organizations gained more exposure online and customers had the chance to cast their ballots for charity organizations. In order to push more charity activities, Richart Life organized the "Doing Good Together with Taishin's Monthly Charity Vouchers" event. For this event, every time customers received a Charity Acutivities Bardeon, National Monthly Charity Coverall donations reached NT\$300,000, allowing customers to participate in charity activities burden-free.

#### 2022 Activities and Results

Through Richart Life's charity area, as of December, more than 1,000 people have cast a ballot for charity Richart Life coupon collection donation activity, more than 20,000 people participated in the coupon collection activity as of December.

Note: Environmental Quality Protection Foundation data show that each tree can absorb about 465 kg of CO2 after 40 years of growth. The Council of Agriculture estimates that each hectare of forest can absorb 15 metric tons of carbon in one year. Daan Park is 25.8 hectares, and its annual carbon adsorption capacity is about 387 metric tons.



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## **8.2 Social Engagement Project**

8.2.1 Charity and Welfare

## My One Acre of Farm

#### Introduction

In 2002, Taishin introduced the Caring Taiwan campaign, which originated from its intent to help rebuild homes that were lost during the 921 Earthquake. This initiative has since been expanded into other parts of society. The Caring Taiwan campaign later extended its attention to farming, which resulted in the introduction of "My One Acre of Farm," a corporate sponsorship platform, in 2008 that aimed to promote the sustainability of rice farming in Taiwan and ensure supply of 100% locally grown rice. A household version of this platform was launched on a later date, and together, they introduced the concept of contract farming and gave rise to a new production/sales arrangement that not only increases income for rice farmers, but also ensures sustainable supply of top-quality, locally grown rice.

#### Key Inputs and Outputs

Year	Invested(NT\$ Million)	Sponsored area (hectares)	Taishin customers and employees having a taste of Taiwan quality rice (10,000 kg)
2022	35.85	95	32.35
2021	33.63	90	31.15
2020	31.04	85	29.8

#### Social Impact

- Young people's involvement in farming: Attracting next-generation farmers through creation of job opportunities, product branding and online marketing.
- Promotion of the branding concept among rice farmers: Introduction of a new production and sales platform will bring more stable income and help rice farmers appreciate the influence that branding, the Internet and marketing may have on a product.
- Expanded corporate sponsorship for rice farmers: Since the launch of corporate sponsorship platform, Taishin has attracted more than 350 businesses (no double-counting) into sponsoring 35 rice farmers across 8 counties/cities to date. The sponsorship program exceeded TWD 150 million in contributions, attracted more than 13,000 employees into visiting rice farms, and resulted in the delivery of over 500,000 cartons of goods.

#### **Power of Love and Extension Programs**

#### Introduction

Small and medium-sized social welfare organizations are limited by insufficient funds and resources, lack of popularity, and are unable to conduct publicity to raise resources. Since 2010, the Taishin Charity Foundation has been hosting the "Power of Love" campaign. It is the first large-scale online charity campaign in Taiwan. Through three simple steps: proposal, voting and implementation, non-profit organizations are taught to be able to learn the Internet, publicity and accountability. And with the spirit of "better to teach someone to fish than to give him a fish", an innovative model of charity assistance has been set up. Over the past 13 years, a total of more than NT\$310 million charitable funds have been issued, benefiting 1,540 charity organizations

## and 4.8 million beneficiaries. Key Inputs and Outputs

Year	Selected Organzation	Amounts sponsored through the charity fund (NT\$ Million)
2022	178	34.80
2021	198	37.35
2020	170	35.40

#### Social Impact

- Mobilizing businesses into online charity: The program attracted participation from a total of 140 businesses in 2022 (strategic partners: 8; Philanthropist Alliance: 132). Taishin also exerted influence to encourage business owners in making charity contributions using Internet technology, such as: "Dream Chaser" by Amway Hope Marker Charity Foundation, "Dream Wheel" by Shin Kong Life Foundation, "Spread Conscience Award" by Aurora Yung-tai Chen Public Trust, "Community Home" by Sinyi Realty Public Housing Action Plan, "Charity Concert" by Wan Hai Charity Foundation, and "Power of Real Food" by Carrefour Cultural and Educational Foundation.
- Cultivating the self-marketing skills of charity organizations: For charity organizations, participating in the
   "Power of Love" campaign has become an important annual event for non-profit organizations. Through
   this campaign, they can learn how to raise funds, increase their visibility, and obtain charity funds. Many
   organizations have also used this event to develop competitive and cooperative relationships, and even
   made cross-field alliances to support each other and share resources on the path to public welfare. The
   Power of Love campaign has already formed an alternative public welfare ecosystem, breaking previous
   self-limiting barriers, subverting traditional concepts of charity, and launching a cycle of good will.
- Apart from funding the winning organizations, Taishin also provides active assistance for other charity
  organizations to grow influence on their own. A series of programs have been launched as extensions
  of the "Power of Love" with the support of public resources. Furthermore, an Innovative Service Award,
  funded by OurCityLove Social Enterprise, was introduced to organizations that exhibit distinctive
  innovations in their proposals.

Power of Love

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In addition to organizing the "Power of Love" campaign, the platform actively integrates and links internal and external resources, and cooperates with the Angel Group to implement the "Minority Project", "Campus Charity Project", "Charity Art", "Power of Love" workshops, "Charity Product Sales", and other projects, inviting groups, employees, customers and the general public to participate to jointly create social influence. The "Power of Love" campaign was certified by the British "Social Value International" SROI report in 2020 with a value of \$5.33; in 2022, the social return on investment was \$6.81 (meaning that every \$1 invested in the platform will generate a social value of \$6.81). It is the first unit in the world to pass both predictive and evaluative SROI certification reports.

#### Group purchase of festive charity gift boxes

Since 2013, the Bank has been inviting other subsidiaries of Taishin Holdings into making group purchases of charity gift boxes during Dragon Boat Festival and Mid-autumn Festival, and giving them to Taishin Bank's customers and business partners. In 2022, the amount of co-sales hit a record high. Even if the economy was affected by the pandemic, the help in charity sales for social welfare organizations was not interrupted. In addition, it's matched and recommended that for infinite card birthday gifts, the payment finance department first considers purchasing social welfare and charity gifts.

Beneficiaries
 Sheltered workshops
 Small and Medium charity organizations
 Results in 2022

- Gift boxes were purchased from 24 charity organizations
- Total amount: NT\$ 3,404,050



#### Minority Projec

Since 2015, experts or enterprises in different fields have been invited to share various themes to cultivate social welfare workers' multi-professional abilities. Since 2022, we began to convey the concept of sustainable development to small and medium-sized social welfare organizations, including deconstructing the sustainable development trend of the world and Taiwan, and invited social welfare organizations to share their own sustainable actions. Through the sustainable development trend of shared digital advertisements and Metaverse wave, we continued to deepen the marketing knowledge of social welfare organizations; Furthermore, teaching workshops on the event's official website were held for selected organizations to enhance their ability to propose and close projects. In response to the needs of pandemic prevention, the courses were held in physical lectures and online audio-visual method concurrently. This year, a total of 1 physical workshop and 5 online courses were held, each of which was attended by more than 100 people.

Beneficiaries • Small and medium-sized charity organizations

#### Results in 2022

• A total of 1 in person workshops and 5 online courses were held, with more than 511 people attending each session.

#### Campus Charity

Since 2015, we have brought charity to the campus and actively promoted the campus charity project. In 2022, we continued to work with PaGamO, the world's number one online learning gaming platform, and invited students to learn about charity through missions in the games; in addition, among colleges and universities, we focused on the "Times Young Creative Awards" and the "Advertising Department Graduation Production Team", for the "Power of Love" campaign, a series of collaboration such as key vision submission and campus voting promotion was carried out, taking advantage of what the students' have learned to call on the public to pay attention to public welfare.

**(3)** Beneficiaries • Social enterprises and small and medium-sized charity organizations

#### Results in 2022

- A total of 756 works from around the world participated in the selection for the Times Young Creative Awards.
- The "Advertising Department Graduation Production Team" worked with the 9ice graduation production team of the Department of Advertising of Chinese Culture University to carry out campus publicity and promotion, and the cumulative number of people reached exceeded 10,000.

#### Charity Art

The "Charity Art" program was first introduced in 2014 as a means to associate art with charity efforts. For art and cultural institutions, we routinely provide tickets for art and cultural events to social welfare organizations so that they can enjoy national-level performances. We help the recipients of services experience art and culture and enjoy physical and mental relaxation. We also work with artists to help social welfare organizations transform the packaging of their products, paint the external walls of their institutions, organize exhibitions, and provide a variety of resources as support. In 2022, we continued to match the resources of the Angel Group - National Symphony Orchestra (NSO), OneSong Orchestra, AMBI SPACE ONE and Formosa Taishin Dreamers to hold charity ticket gifting activities.

Beneficiaries • Small and medium-sized charity organizations

#### 🚯 Results in 2022

- 14 sessions were held
- We gifted 1,282 tickets of art and cultural events
- 81 participating charity organizations
- 2 volunteer activities (online and physical)

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## 8.2.2 Art Promotion

#### **Taishin Arts Award**

#### Introduction

Taiwanese contemporary art creators need domestic creative resources and international channels to be seen and heard. At the same time, Contemporary art forms are manifold and not easily understood by the general public due to a lack of critical awareness and knowledge of historical context, it needs the promotion and deepening of professional art education. The Taishin Bank Foundation for Arts and Culture (referred to as the Taishin Arts Foundation) was established in 2001 and launched the "Taishin Arts Award" the following year. It has been supporting professional art creation for many years and is an indicator award in Taiwan. Advocating "innovation, diversity, deep cultivation, and public" as its core spirit, through an original selection mechanism, including all-year-round professional nominations, observations and art criticism publications, and inviting international judges to participate in the final selection stage of the Performing Arts Award, the Visual Arts Award (with a prize of NT\$1,000,000 each), and the Annual Grand Prize (with a prize of NT\$1,500,000), which are the highest prizes for contemporary arts in Taiwan.

In 2013, the Taishin Arts Award created the ARTalks website to publish the arts award selection process and commentary articles of nomination observers. The ARTalks art review website not only collects the art reviews of major domestic scholars and experts, but also serves as a platform for the public to express their artistic views and dialogues. Furthermore, the public can obtain information on art exhibitions and performances, read expert comments in various fields, and post comments through the website.

#### Key Inputs and Outputs

Over the past 20 years, the Taishin Arts Award has invited 192 domestic and foreign judges, selected 67 award-winning works and 310 shortlisted works, and 170 nomination observers wrote more than 500 observation reports and more than 1,700 exhibition and performance reviews; through the operation of the award mechanism, combined with the promotion of professional art criticism writing, it has become a force that continues to drive the development of Taiwan's overall arts and culture ecology.

By the end of 2022, the accumulated page views of the ARTalks website exceeded 3 million, and the column "Art and Mind" was launched to expand public art participation in an easy and interesting way, so that the dialogues on art discussions can reach from the elite to the masses.

In October 2022, the Taishin Arts Foundation and the Museum of National Taipei University of Education (MoNTUE) worked together to launch the "NEXT: Taishin Arts Award 20th Anniversary Exhibition" for the upcoming 20th anniversary of the Taishin Arts Award, inviting three winners of the Taishin Arts Award to jointly curate the exhibition. The two-and-a-half-month exhibition not only had permanent visual images and installation works, it was also open to the public for free through multiple means such as live broadcasts, podcasts, and forums, including 25 performances, 18 live broadcasts / podcasts, 4 exclusive guided tours, 3 special events, 6 workshops, 4 forums, and 1 satellite exhibition. Moreover, heavyweight contemporary artists were invited to the exhibition for dialogues, which had received enthusiastic responses from all walks of life, allowing the public to have another opportunity to browse the retrospective of the works from the Taishin Arts Award in the past 20 years. During the 20th anniversary exhibition of the Taishin Arts Award, the total number of participants exceeded 14,000, and the podcast was listened to 2,699 times. In addition, the exhibition also collaborated with the online streaming platform "Giloo" on the cloud film festival. The number of online views reached 40,187 and the number of viewers was 8,830.



#### Social Impact

- The Taishin Arts Award have been organized for 20 consecutive years, and the ARTalks review website platform has been promoted to expand the visibility and opportunities for Taiwanese contemporary art talents to stand on the international stage.
- In the 20th Taishin Arts Award in 2022, the winners of the 3 major awards of the "Taishin Arts Award" were presented, 12 groups of shortlisted artists' exhibition and creation projects were funded, and 3 domestic and foreign art exhibitions were held. At the same time, for the once in a lifetime review of the 20th year, the 20th anniversary "Moments of Glory" and "Blessings from International Committee Members" were played at the awards ceremony. Through live broadcast and more than 20,000 viewers, the public's attention to corporate support for art was raised.
- In October 2022, the "Taishin Arts Award 20th Anniversary Exhibition" was held at the Museum of National Taipei University of Education (MoNTUE). The exhibition lasted for two and a half months. Up to 40 groups of previous arts award winners responded and participated in the exhibition and performance. The "Taishin Arts Award 20th Anniversary Exhibition", which encompassed both contemporary art exhibition / performance and documents in Taiwan, once again raised the social volume and influence of Taishin's support for contemporary arts in Taiwan to the commanding heights.





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#### **Arts Culture Promotion Platform**

#### Introduction

Taishi Lobby E

Friday

Cor

Since 2006, Taishin has long been committed to arts and culture development activities. For more than 10 years, Taishin has continually promoted multiple high-quality art exhibitions and performances through Taishin Tower lobby exhibitions, Friday Noon Concerts, and by holding Employee Arts Courses. By investing resources in art, Taishin aims to create an artfriendly space for its customers, communities, and employees.

#### Key Inputs and Outputs

	Introduction
n Tower Exhibition	Due to the impact of the pandemic in 2022, a pandemic prevention passageway was set up in the lobby on the first floor of Taishin FHC. In the limited space, the foundation still continued to launch 4 exhibitions, including Teng Chao-Ming's "Human Nature Study" and the satellite exhibition of "Love and Hope" – 2022 World Women's Art Festival; other than that, with the theme of "sustainability", the foundation invited artist Hsi Shih-Pin to curate the solo exhibition "Start from Here and Now" and sound art creator Cia Himiân Lí to lead the workshop "Listen. It's the Sound of Energy". Responding to sustainability and environmental protection initiatives through artistic creation.
y Noon icerts	Friday Noon Concerts are held every other Friday. For these concerts, famous Taiwanese and foreign musicians are invited to perform different types of music. The concerts are also open to the public for free, and have accumulated a total of 372 performances in the past 16 years. The 25 concerts originally scheduled for 2022 were suspended due to the impact of the epidemic and resumed in the second half of the year. A total of 13 performances were performed throughout the year, including the Taipei Percussion Orchestra, Judy Harmonica Ensemble, Xu Chongyu & Soy La Ley Cuban Jazz Orchestra, etc., which are still popular with the audience.
	Employee arts courses have been introduced with contents ranging from art appreciation,

theatrical performance, and parental activities, to human culture. In 2022, physical activities were suspended due to the epidemic, and Cloud Gate Dance School Online Rhythm courses were provided; in the second half of the year, the epidemic was slow **Employee Arts** down, and 25 events will be planned in 6 stages, including the exhibition "Lumière : The Enlightenment and Self-Awakening of Taiwanese Culture" and the Taipei Performing Arts Center Opening season performances, watching the documentary "The King of Wuxia".

Social Impact

Courses

• With the theme of "sustainability", the foundation responds to the initiatives of sustainability and environmental protection through artistic creation, attracting the participation of employees, customers and the community.

and the Taishin Arts Award 20th Anniversary Exhibition, etc.

- Provide art exhibition space and invite well-known musicians at home and abroad to perform various types of music for the public to enjoy for free, so as to cultivate the music literacy of the public.
- Art courses and activities to cultivate employee diversity.

#### Art Sponsorship

#### Introduction

Taishin FHC is committed to enriching the artistic vision of Taiwanese people and lowering the threshold of art appreciation, so that the public can come into contact with art from daily lives, cultivate the vision of art, and enrich their soul and life. It continues to introduce diversified, international, classic and high-quality art performances in the form of art sponsorship, so that people in Taiwan can all enjoy classic art from all over the world.

#### Key Inputs and Outputs

Sponsorship list			
2022	Sponsored the "minä perhonen/minagawa akira TSUZUKU" exhibition, the "Yo-Yo Ma & Kathryn Duo Recital", the "NTCH Summer Jazz Outdoor Party", the "Taipei Performing Arts Center Opening Season", the "Cellist Chang's Family" Concert, and the" OneSong Orchestra"		
2021	Sponsored the "Black Box" exhibition by Tony Oursler at the Kaohsiung Museum of Fine Arts, the Pompidou Children's Art Education 913 Art Truck Project, and the Summer Jazz Party Online by the National Theater and Concert Hall		
2020	Sponsored the NTCH Summer Jazz Outdoor Party $ imes$ Disney in concert : The Little Mermaid		
2019	Sponsored the Mariinsky Theatre Ballet and Symphony-Swan Lake > Sun Rain: Contemporary Art in Southeast Asia since the1980s		

#### Social Impact

- Make arts and culture appreciation opportunities available to all: promote the combination of art and public welfare, so that disadvantaged groups can gain strength through appreciation of art exhibitions and performances. A total of 2,690 persons from disadvantaged groups have been benefited.
- Enrich the artistic vision of Taiwanese people: Since 2006, Taishin has sponsored international art and culture to perform in Taiwan in a large-scale manner, with a total investment of more than NT\$265 million, attracting up to 6.2 million people to participate.



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## 8.2.3 Sports Promotion

Sports Sponsorship

#### Introduction

Taishin has long devoted attention to sport development. We began sponsoring karate in 2005 and women's golf in 2011, and extended our reach to basketball in 2017. Taishin became the title sponsor of the largest women half marathon and youth basketball events in Taiwan for consecutive years since 2018. Taishin also sponsored a professional basketball team for the first time in 2020 and sponsored the "Formosa Taishin Dreamers" as a named sponsor. Driven by the same strategy to inspire a virtuous cycle for public welfare, Taishin has chosen to associate sports with its charity efforts as much as possible to attain a broader and deeper connection with the audience. Taishin has been certified for Taiwan iSports for 3 consecutive years in 2016, 2018, and 2020(the validity period of the certification in 2016 and 2018 is 2 years, and the certification period is 3 years from 2020)

#### Key Inputs and Outputs

Sports sponsorship results				
Karate	In the aftermath of the 921 Earthquake, Taishin introduced its "Caring Taiwan" campaign and invited customers to donate small sums/invoices through PayEasy, an online platform, as well as Taishin's sponsorship and scholarship. By the end of 2022, a cumulative sum more than NT\$ 103.26 million was raised to fund Nantou Youth Karate Team.			
Female Golf	Taishin has been sponsoring female golfers since 2011; Taishin was the sponsor of several prominent golfers including Ya-Ni Tseng, Pei-Ying Tsai, Pei-Yun Chien, Chen Zhimin, Liu Yan, Tingxuan Huang etc. In 2022, a total of 11 charity golf tournaments have been organized until today, and thanks to the participation of over 562 people, more than NT\$20.78 million in donation have been raised. Cumulatively, more than NT\$170 million have been invested by the end of 2022.			
Basketball	Taishin made its first attempt to support basketball in 2017 by providing sponsorship for HBL games, the Song-Shan Senior High School team (the HBL champion), and the GDS Spotlight program. As a result, HBL games were able to maintain an annual viewership above one million and expand on a yearly basis. In 2018, Taishin participated in the support of Qualifiers for FIBA Basketball World Cup and the William Jones Cup. We supported community basketball by sponsoring the local basketball championships in 2019 and to strengthen the support for basketball, Taishin title-sponsored a professional basketball team, the "Formosa Taishin Dreamers", for the first time in 2020 and integrated basketball games into Taishin's unique ecosystem product — Richart Life app — to create a basketball life ecosystem. Accumulated to the end of 2022, Taishin's investment in basketball has exceeded NT\$ $63$ million.			
Road running	Since 2018, Taishin has continued to title sponsor the largest women's road running event in Taiwan, attracting more than 20,000 people to participate in the event. At the same time, Taishin volunteers have been invited to accompany social welfare organizations to participate in sports events, so that the virtuous cycle of charity can be continued. By the end of 2022, Taishin			

had invested more than NT\$ 31 million in road running.

#### Social Impact

- Supporting athletes' careers in global competition: By offering sponsorship and subsidizing costs, Taishin encourages local athletes to participate actively in international competitions.
- Improving athletes' living condition: Taishin has been raising small-sum donations in the form of cash and invoice through the PayEasy platform, one of its affiliated enterprises, since 2005. These donations are being spent to improve living conditions of the Nantou Karate Team.
- · Promoting sport and game participation among women and children: organized YBO Basketball Camp, and Women's road running, etc., drive the sports atmosphere.

## 8.2.4 Industry-University Cooperation Program

#### Academic Exchange

#### Introduction

To train talents and improve corporate competitiveness. To reduce the gap between theory and practice, promote employment upon graduation, and enable smooth transition into the working life. Since 2011, Taishin FHC has been cooperating with multiple universities, technology institutions and vocational schools to offer students the opportunity to learn skills and gain practical experience outside school, so that they can make a better transition into their careers upon graduation.

Since 2012, Taishin has launched a course of "Financial Service Innovation Practices" at National Taiwan University; since 2017, it has worked with National Sun Yat-sen University to hold the "Financial Innovation Masters Program", hoping that the collaboration between industry and academia can not only get outstanding students ready for work, but can also become a new force to stabilize the growth of the Taishin talent pool.

#### Key Inputs and Outputs

- Entered into the industry-academia cooperation project with a total
- of 80 colleges and universities
- Held a total of 22 various briefing sessions with colleges and universities
- A total of 540 new graduates have been recruited
- A total of 490 interns have been recruited

#### Social Impact

- Through industry-academia cooperation, students are provided with internship and employment opportunities to achieve the combination of practice and theory, to help accumulate practical experience in the workplace, and to successfully connect with employment.
- Arrange Taishin managers to give lectures, exchange innovative financial practices, and cultivate financial innovation talents needed by enterprises.
- Sponsor campus business competitions to enhance the brand image of the employer.



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## 8.2.5 Incubation of youth volunteer service

#### Taishin Youth Volunteer Awards & Youth Volunteer Service Promotion Platform

#### Introduction

Young students in Taiwan generally lack the independent thinking ability and the motivation to explore life goals under the pressure of exam-oriented education that emphasizes academic performance and the competitive environment. In the meantime, social resources are mostly concentrated on students with outstanding academic performance, and value towards utilitarianism; thus, adolescents with poor academic performance or economic disadvantage are prone to morals, family and social problems. However, Taiwan is rapidly entering an aging society and declining birthrates, and it is necessary to actively develop and nurture young generations to make contributions and change the status quo together across generations.

Taishin Youth Foundation is the first welfare platform to honor middle-school students devoting to volunteering works, with the purpose of nurturing youth leaders, expanding social participation, and cultivating good character and civic literacy. It has continued to hold the annual "Taishin Youth Volunteer Awards" for 22 years so far, connecting the education community, the government, middle schools and charity groups, encouraging young people to actively participate in voluntary services and commending them for their participation.

#### Key Inputs and Outputs

In the 22nd "Taishin Youth Volunteer Awards", Vice President Lai Ching-te commended 30 outstanding award winners. For the first time, the awarding ceremony was held via internet live streaming, and according to the designation of each award winner, donations

were made to 30 social welfare organizations and 3 schools across the country. A total of NT\$550,000 was donated to support youth volunteers' participation in the care services of social welfare organizations.

The service projects in the 2022 submissions were in line with the SDGs of the United Nations while focusing on service solutions of three categories: "SDG3 good health and wellbeing" (15%), "SDG4 quality education" (13%), "SDG11 sustainable cities and communities" (11%), showing that the services of young people are advancing timely and have gradually been in line with international concerns, injecting momentum and vitality into the vision of diversified and sustainable development.

#### Social Impact

- "Taishin Youth Volunteer Awards" has been held consecutively for 22 years, encouraging and commending more than 80,000 young people who have engaged in voluntary services so far. In 2022, nearly 2,000 young people were encouraged to participate in the charity and welfare services, continuing to spread the spirit of helping others, and strengthening the energy of youth volunteer service in Taiwan's society.
- Every year, Taishin Youth Foundation cooperates with the central government (the Ministry of Education and the Ministry of Health and Welfare), 22 county and city governments in Taiwan, more than 1,100 middle schools and nearly 150 social welfare units to jointly promote youth volunteer services.
- Taishin Youth Foundation has been promoting and recognizing youth volunteerism for a long time. The teachers and service clubs of middle schools praise "Taishin Youth Volunteer Awards" as an important indicator and the highest honor for volunteer service recognition.
- Each year, the officers of the competent authority, predecessors of the education community, public welfare organizations in the field of service learning, social welfare related media and other circles are invited to join the award judging panel and the planning of incubation activities; by gathering experts, scholars and organization leaders who have long been concerned about youth education and service education, Taishin Youth Foundation works together to advance the volunteer service atmosphere of Taiwanese teenagers and improve the quality and soft power of the younger generation.

Detailed highlights and summary of the 22nd "Taishin Youth Volunteer Award"







回233回 73 9 9 9 9	Annual service video - "You can define
部期	who you want to be" Chen Ting



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## GRI Standard

GRI Standard	Disclosure Title		Chapter	page	Note
GRI 2 : General Disclosures 2021					
	2-1	Organizational details	About Taishin	007	
	2-2	Entities included in the organization's sustainability reporting	About this report	004	
	2-3	Reporting period, frequency and contact point	About this report	004	
	2-4	Restatements of information	About this report	004	
	2-5	External assurance	About this report Appendix	004 149 150	
	2-6	Activities, value chain and other business relationships	About Taishin 2.5 Sustainable Supplier Management	007 058	
	2-7	Employees	7.1.2 Diversified Recruitment	110	
	2-8	Workers who are not employees	7.1.2 Diversified Recruitment	110	
	2-9	Governance structure and composition	<ul><li>2.1.1 Governance Framework</li><li>2.1.2 Composition and Functionality of the Board of Directors</li></ul>	035	
	2-10	Nomination and selection of the highest governance body	2.1.2 Composition and Functionality of the Board of Directors	035	
001.0	2-11	Chair of the highest governance body	2.1.2 Composition and Functionality of the Board of Directors	035	
GRI 2: General Disclosures 2021	2-12	Role of the highest governance body in overseeing the management of impacts	1.3.1 Sustainability Implementation Framework	029	
	2-13	Delegation of responsibility for managing impacts	1.3.1 Sustainability Implementation Framework	029	
	2-14	Role of the highest governance body in sustainability reporting	About this report 1.2.1 Identification of Material Topics	004 017	
	2-15	Conflicts of interest	2.1.2 Composition and Functionality of the Board of Directors	035	For details on the "Board Members Serving on the Boards of Other Companies," "Cross Holding Status with Suppliers or Other Stakeholders," "Existence of Controlling Shareholders," and "Stakeholder Groups and their Relationships, Transactions and Outstanding Balances," please see the Company's annual report.
	2-16	Communication of critical concerns	1.2.4 Response to Matters of Concern to Stakeholders	028	
	2-17	Collective knowledge of the highest governance body	2.1.2 Composition and Functionality of the Board of Directors	035	

GRI Standard		Disclosure Title	Chapter	page	Note					
GRI 2 : General Disclosures 2021										
	2-18	Evaluation of the performance of the highest governance body	2.1.2 Composition and Functionality of the Board of Directors							
	2-19	Remuneration policies	2.1.3 Remuneration Policy of Senior Executives	038	For details on the policies and decision-					
	2-20	Process to determine remuneration	2.1.3 Remuneration Policy of Senior Executives	004	making process for the remuneration of the highest governance bodies and senior executives, please see the Company's annual report.					
GRI 2:	2-21	Annual total compensation ratio	2.1.3 Remuneration Policy of Senior Executives	038	In 2022, the ratio of the annual total compensation of the Company's highest paid individual to the median annual total compensation of other employees was 28.9:1. In 2022, the ratio of the percentage increase of the annual total compensation of the Company's highest paid individual to the percentage increase of the median annual total compensation of other employees was -15%:0.4%.					
Disclosures 2021	2-22	Statement on sustainable development strategy	Message from the chairman/ president 1.1 Sustainability Strategy	005 006 016						
	2-23	Policy commitments	2.1.4 Business Integrity Policy and Implementation	038						
	2-24	Embedding policy commitments"	2.1.4 Business Integrity Policy and Implementation	038						
	2-25	Processes to remediate negative impacts	<ul><li>2.1.4 Business Integrity Policy and Implementation</li><li>7.5 Human Rights and Gender Equality</li></ul>	038 127						
	2-26	Mechanisms for seeking advice and raising concerns	2.1.6 Information Transparency	041						
	2-27	Compliance with laws and regulations	2.2.4 Legal Compliance& risk management	049						
	2-28	Membership associations	2.1.5 Membership in associations	041						
	2-29	Approach to stakeholder engagement	1.2.3 Stakeholder Identification and Communication	026						
	2-30	Collective bargaining agreements		-	Taishin has no labor unit so it is no need to sign collective bargaining agreements.					

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## GRI Standard

GRI Standard Disclosure		Disclosure Title	Chapter	page	Note	
GRI 3 Material Topics 2021						
	3-1	Process to determine material topics	1.2.1 Identification Material Topics	017		
	3-2	List of material topics	1.2.1 Identification Material Topics	017		
GRI 3: Material Topics 2021	3-3	Management of material topics	1.2.1 Identification Material Topics	017	A list is provided in this chapter regarding "d. Description of Actions Taken to Manage Material Topics and Related Impacts," "e. Reporting Information Related to Tracking the Effectiveness of Actions Taken," and "f. Descriptions of how Engagement with Stakeholders Affected the Actions Taken and the Determination of Whether the Actions Taken are Effective." The list is indexed to the corresponding chapters for each material topic.	
Material Topi		s were identified as highly materia	al, moderately material and its c		onding GRI Standards	
		Corporate Governar	ice and Business Integrity			
	manag	ement strategies	2.1 Corporate Governance and Business Integrity	035		
GRI 201: Economic	201-1 Direct economic value generated and distributed		Business Performance	008		
Performance 2016	201-4	Financial assistance received from government		-	No government subsidy of any kind was received	
	205-1	Operations assessed for risks related to corruption	2.1.4 Business Integrity Policy and Implementation	038		
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	2.1.4 Business Integrity Policy and Implementation	038		
	205-3	Confirmed incidents of corruption and actions taken		-	There had been no incident of corruption in the reporting period	
GRI 206: Anti- competitive Behavior 2016	206-1	Legal actions for anti- competitive behavior, anti- trust, and monopoly practices		-	There had been no incident of anti- competitive behavior in the reporting period	
GRI 415: Public Policy 2016	415-1	Political contributions		-	The company is politically neutral. It offers no donations to any political party, individual, or government agency.	

GRI Standard		Disclosure Title	Chapter	page	Note
		FinTech/D			
management strategies			6.1 FinTech/Digital Innovation	091	
GRI 203 : Indirect Economic	203-1	Infrastructure investments and services supported	6.4.2 Inclusive finance products and services	102	
Impacts 2016	203-2	Significant indirect economic impacts	6.1 FinTech/Digital Innovation	091	
			<ul><li>5.1 Sustainable Finance Policy and Actions</li><li>5.2 Responsible Lending</li></ul>	079 083	
ma	anagem	ent strategies	5.3 Project Finance	087	
			5.4 Responsible Investment 5.5 Asset Management	087	
			5.6 Sustainable Insurance	089 089	
		Business Continuity and	Fechnology Risk Management	005	
ma	anagem	ent strategies	2.3 Business Continuity and Technology Risk Management	051	
		climate cl	hange strategies		
m	anagem	ent strategies	3.1 Net zero emission goal 3.2 Climate-related financial	064 068	
			disclosures (TCFD)	008	
GRI 201 : Economic Performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	3.2 Climate-related financial disclosures (TCFD)	068	
			enefits & Employee Care		
ma	anagem	ent strategies	7.2 Remuneration, Benefits & Employee Care	115	
GRI 201 : Economic Performance 2016	201-3	Defined benefit plan obligations and other retirement plans	7.2.1 Remuneration Policy	115	
	401-1	New employee hires and	7.1.1 Recruitment Channels and Methods	109	
	401-1	employee turnover	7.2.2 Performance Management	116	
GRI 401 : Employment 2016	401-2	Benefits provided to full- time employees that are not provided to temporary or part-time employees	7.2.3 Employee Benefits & Care	118	
	401-3	Parental leave	7.2.3 Employee Benefits & Care	118	
GRI 404 : Training and Education 2016	404-3	Percentage of employees receiving regular performance and career development reviews	7.2.2 Performance Management	116	
GRI 405 : Diversity and Equal Opportunity 2016		Ratio of basic salary and remuneration of women to men	7.2.1 Remuneration Policy	115	

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GRI Standard		Disclosure Title	Chapter	page	Note
		Talent D			
	manag	ement strategies	7.1 Talent Development	109	
GRI 401 : Employment	401-1	New employee hires and	7.1.1 Recruitment Channels and Methods	109	
2016	.011	employee turnover	7.2.2 Performance Management	116	
GRI 404 :	404-1	Average hours of training per year per employee	7.1.3 Talent Development	111	
Training and Education 2016	404-2	Programs for upgrading employee skills and transition assistance programs	7.1.3 Talent Development	111	
GRI 405 : Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	<ul><li>2.1.2 Composition and Functionality of the Board of Directors</li><li>7.1.2 Diversified Recruitment</li></ul>	035 110	
2010		Green Opera	tion Management		
	ement strategies	<ul><li>4.1 Environmental Management Framework</li><li>4.2 Energy Conservation &amp; Carbon Reduction</li></ul>	071		
	302-1	Energy consumption within the organization	4.2.2 Performance and Results	073	
	302-2	Energy consumption outside of the organization	4.2.2 Performance and Results	073	
GRI 302 : Energy 2016	302-3	Energy intensity	4.2.2 Performance and Results	073	
LIIEIBY 2010	302-4	Reduction of energy consumption	4.2.2 Performance and Results	073	
	302-5	Reductions in energy requirements of products and services	4.2.2 Performance and Results	073	
	305-1	Direct (Scope 1) GHG emissions	4.2.2 Performance and Results	073	
	305-2	Energy indirect (Scope 2) GHG emissions	4.2.2 Performance and Results	073	
	305-3	Other indirect (Scope 3) GHG emissions	4.2.2 Performance and Results	073	
GRI 305 :	305-4	GHG emissions intensity	4.2.2 Performance and Results	073	
Emissions 2016	305-5	Reduction of GHG emissions	4.2.2 Performance and Results	073	
2010	305-6	Emissions of ozone-depleting substances (ODS)		-	Taishin is in the financial industry
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions		-	and emission of greenhouse gases only include CO2, SF6, HFCs,so it does not have any ODS, NOx, and SOx emissions.

GRI Standard	tandard Disclosure Title		Chapter	page	Note
			Transaction Security		
	manage	ement strategies	2.4 Information and Transaction Security	055	
		Risk Management	and Internal Control		
	manage	ement strategies	2.2 Risk Management and Internal Control	042	
		Customer Relatio	onship Management		
	manage	ement strategies	6.2 Customer Relationship Management and Consumer Protection	095	
	417-1	Requirements for product and service information and labeling	6.2.1 The Principle of Fair Treatment of Customers	095	
GRI 417 : Marketing and Labeling 2016	417-2	Incidents of non-compliance concerning product and service information and labeling	6.2.1 The Principle of Fair Treatment of Customers	095	
2010	417-3	Incidents of non-compliance concerning marketing communications	6.2.1 The Principle of Fair Treatment of Customers	095	
		Privacy	Protection		
	manage	ement strategies	6.3 Privacy Protection	100	
GRI 418 : Customer Privacy 2016	concerning preaches of 6.3.3 Mechanism of Personal			101	
		Human Rights a	nd Gender Equality		
	manage	ement strategies	7.5 Human Rights and Gender Equality	127	
GRI 406 : Non- discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	7.5.1 Human Rights Policy	127	
GRI 407 : Freedom of Association and Collective Bargaining 2017	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	2.5.2 Supplier Risk Assessment 7.5.2 Human Rights Risk Assessment	059 128	
GRI 408 : Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	2.5.2 Supplier Risk Assessment 7.5.2 Human Rights Risk Assessment	059 128	
GRI 409 : Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	2.5.2 Supplier Risk Assessment 7.5.2 Human Rights Risk Assessment	059 128	

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		Occupat	tional Health and Safety				
	manage	ement strategies	7.3 Occupational Health and Safety	121			
	403-1	Occupational health and safety management system	7.3.1 Workplace safety and health management structure				
	403-2	Hazard identification, risk assessment, and incident investigation	7.3.2 Workplace safety and health risks	121			
	403-3	Occupational health services	7.3 Occupational Health and Safety	121			
	403-4	Worker participation, consultation, and communication on occupational health and safety	7.3 Occupational Health and Safety	121			
GRI 403 : Occupational Health and Safety 2018	403-5	Worker training on occupational health and safety	7.3.2 Workplace safety and health risks	121			
	403-6	Promotion of worker health	7.3.2 Workplace safety and health risks	121			
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	7.3 Occupational Health and Safety	121			
	403-8	Workers covered by an occupational health and safety management system	7.3.1 Workplace safety and health management structure	121			
	403-9	Work-related injuries	7.3.2 Workplace safety and health risks	121			
	403-10	Work-related ill health	7.3.2 Workplace safety and health risks	121			
		Fi	inancial Inclusion				
	manage	ement strategies	6.4 Financial Inclusion	102			
GRI 203: Indirect	203-1	Infrastructure investments and services supported	6.4 Financial Inclusion	102			
Economic Impacts 2016	203-2	Significant indirect economic impacts	6.4 Financial Inclusion	102			
		General topics:Classified as gene	ral topics and their corresponding GRI sta	indards			
		Anti-money Laundering and Co	untering the Financing of Terrorism (AMI	./CFT)			
	manage	ement strategies	2.6 Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT)	061			
			Local Care				
	manage	ement strategies	8.1 Social Engagement Strategy 8.2 Social Engagement Project	132 137			
	Labor-Management Relations						
	management strategies 7.4 Labor-Management Relations 126						
GRI 402 : Labor/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes		-	According to Article 16, Item 1 of the Labor Standards Act		

GRI Standard	Disclosure Title		Chapter	page	Note
			upplier Management		
	mana	agement strategies	2.5 Sustainable Supplier Management	058	
GRI 308 : Supplier Environmental	308-1	New suppliers that were screened using environmental criteria	2.5.1 Supplier Management Policies	058	
Assessment 2016	308-2	Negative environmental impacts in the supply chain and actions taken	2.5.2 Supplier Risk Assessment	059	
GRI 414 : Supplier Social	414-1	New suppliers that were screened using social criteria	2.5.1 Supplier Management Policies	058	
Assessment 2016	414-2	Negative social impacts in the supply chain and actions taken"	2.5.2 Supplier Risk Assessment	059	

## Sustainability Accounting Standards Board (SASB) Index-Commercial Banks

Торіс	Accounting Metric	Code	Charpter	Page
Data Security	<ol> <li>Number of data breaches,</li> <li>percentage involving personally identifiable information (PII),</li> <li>number of account holders affected"</li> </ol>	FN-CB- 230a.1	2.4.2 Information security promotion and information security incident handling 6.3.3 Grievance Mechanism of Personal	057
Data Security	(3) humber of account holders affected		Information	101
	Description of approach to identifying and addressing data security risks	FN-CB- 230a.2	2.4.1 Framework of the Information Security	055
	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	FN-CB- 240a.1	6.4.2 Inclusive finance products and services	102
Financial Inclusion &Capacity	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	FN-CB- 240a.2	6.4.2 Inclusive finance products and services	102
Building	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	FN-CB- 240a.3	6.4.2 Inclusive finance products and services	102
	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	FN-CB- 240a.4	6.4.3 Other non-financial support	107
Incorporation of Environmental, Social, and	Commercial and industrial credit exposure, by industry	FN-CB- 410a.1	Taishin Bank 2022 Annual Report_40. Other Disclosures of Financial Institutions b. Credit Risk Concentration	280
Governance Factors in Credit Analysis	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	FN-CB- 410a.2	5.2 Responsible Lending	083
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	FN-CB- 510a.1	No relevant cases occurred	-
	Description of whistleblower policies and procedures	FN-CB- 510a.2	2.2.4 Legal Compliance& risk management	049
	Global Systemically Important Bank (G-SIB) score, by category	FN-CB- 550a.1	Taishin Bank is not a G-SIB and is not applicable to this indicator	-
Systemic Risk Management	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	FN-CB- 550a.2	2.2.1 Risk Management System	042

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## Climate-Related Information of TWSE/TPEx Listed Company

No.	Code	Chapter	Page	2022 Taishin FHC TCFD Report Chapter	Page
1	Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	3.2 Climate-related financial disclosures (TCFD)	068	<ol> <li>1.1 Climate Governance Framework</li> <li>1.2 Roles &amp; Responsibilities of the Board of Directors and Management Team</li> </ol>	005 007
2	Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	3.2 Climate-related financial disclosures (TCFD)	068	<ul><li>2.1 Climate-related Risks and Opportunities</li><li>2.2 Climate Strategy and Actions</li></ul>	008 011
3	Describe the financial impact of extreme weather events and transformative actions.	3.2 Climate-related financial disclosures (TCFD)	068	2.1 Climate-related Risks and Opportunities	008
4	Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	3.2 Climate-related financial disclosures (TCFD)	068	<ul><li>3.1 Climate Risk Management and Framework</li><li>3.2 Climate Risk Management</li></ul>	027 030
5	If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	3.2 Climate-related financial disclosures (TCFD)	068	2.3 Climate Change Scenario Analysis and Resilience Assessment	017
6	If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	3.1 Net zero emission goal 3.2Climate-related financial disclosures (TCFD)"	064 068	<ul> <li>3.2 Climate Risk Management</li> <li>4.1 Science-Based Targets (SBT) and Achievement</li> <li>4.2 Environmental Data from Business Operations</li> <li>4.3 Net Zero Emissions Data from Financial Business</li> </ul>	030 035 036 039
7	If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	4.2 Energy Conservation & Carbon Reduction	071	2.2 Climate Strategy and Actions	011
8	If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	3.1 Net zero emission goal 4.2Energy Conservation & Carbon Reduction	064 071	<ul> <li>4.1 Science-Based Targets (SBT) and Achievement</li> <li>4.2 Environmental Data from Business Operations</li> <li>4.3 Net Zero Emissions Data from Financial Business</li> </ul>	035 036 039
9	Greenhouse gas inventory and assurance status (separately fill out in point 1-1 below).	4.1 Environmental Management Framework 4.2Energy Conservation & Carbon Reduction	071 071	4.2 Environmental Data from Business Operations	035

# Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies

No.	Code	Chapter	Page				
	Sustainability Disclosure Indicators - Financial Insurance Industry						
1	Number of data breaches, percentage involving personally identifiable information, and number of account holders affected.	2.4.2 Information Security Awareness and External Party Management 6.3.3 Grievance Mechanism of Personal Information	057 101				
2	Number and amount of loans outstanding qualified to programs designed to promote development of small business and communities.	6.4.2 Inclusive finance products and services	102				
3	Number of participants in financial literacy initiatives provided to the disadvantaged without adequate banking services.	6.4.3 Other non-financial support	107				
4	Products and services designed by individual operating units to create benefits for the environment or society.	<ul> <li>5.2 Responsible Lending</li> <li>5.3 Project Finance</li> <li>5.4 Responsible Investment</li> <li>5.5 Asset Management</li> <li>5.6 Sustainable Insurance</li> <li>6.4.2 Inclusive finance products and services</li> </ul>	083 087 087 089 089 102				

# Greenhouse Gas Inventory of Taishin FHC and its Subsidiaries

Company	Scope 1 emissions (tCO2e)	Scope 2 market-based emissions (tCO2e)
Taishin FHC	0	58
Taishin Bank	1,314	17,046
Taishin Life	13	1,758
Taishin Securities	78	922
Taishin Securities Investment Trust	0	140
Taishin Securities Investment Advisory	0	72
Taishin Asset Management	13	19
Taishin Venture Capital Investment	0	16
Total	1,418	20,031

Note1: This table covers Taishin Financial Holdings, Taishin Bank (a total of 105 bases and 5 overseas bases), and 37 subsidiarybases of Taishin Securities, Taishin Asset Management, Taishin Securities Investment Trust, Taishin Venture Capital Investment, Taishin Securities Investment Advisory, and Taishin Life.

Note2: Verification carried out according to the following principles: ISO 14064-1:2018 SISO 14064-3:2006

Note3: In 2022, greenhouse gas verification was the assurance level, and scope 1 and scope 2 were reasonable assurance levels



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## **Independent Assurance Opinion Statement**



## INDEPENDENT ASSURANCE OPINION STATEMENT

#### Taishin Financial Holding Co., Ltd. 2022 Sustainability Report

The British Standards Institution is independent to Talshin Financial Holding Co., Ltd. (hereafter referred to as Talshin FHC in this statement) and has no financial interest in the operation of Taishin FHC other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of Taishin FHC only for the purposes of assuring its statements relating to its sustainability report, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by Taishin FHC. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate. Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to Taishin FHC only.

#### Scope

The scope of engagement agreed upon with Taishin FHC includes the followings:

 The assurance scope is consistent with the description of Taishin Financial Holding Co., Ltd. 2022 Sustainability Report.
 The evaluation of the nature and extent of the Taishin FHC's adherence to AA1000 AccountAbility Principles (2018) and the reliability of specified sustainability performance information in this report as conducted in accordance with type 2 of AA1000 AS V3 sustainability assurance engagement.

This statement was prepared in English and translated into Chinese for reference only.

#### **Opinion Statement**

We conclude that the Taishin Financial Holding Co., Ltd. 2022 Sustainability Report provides a fair view of the Taishin FHC sustainability programmes and performances during 2022. The sustainability report subject to assurance is materially correct without voluntary omissions based upon testing within the limitations of the scope of the assurance, the information and data provided by the Taishin FHC and the sample taken. We believe that the performance information of Environment, Social and Governance (ESG) are correctly represented. The sustainability performance information disclosed in the report demonstrate Taishin FHC's efforts recognized by its stakeholders.

Our work was carried out by a team of sustainability report assurors in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that Taishin FHC's description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards were fairly stated.

#### Methodology

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- Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:
  - a review of issues raised by external parties that could be relevant to Taishin FHC's policies to provide a check on the appropriateness of statements made in the report
  - discussion with managers on Taishin FHC's approach to stakeholder engagement. Moreover, we had sampled 1 external stakeholders to conduct interview
  - interview with 20 staffs involved in sustainability management, report preparation and provision of report information were carried out
  - review of materiality assessment process
- review of key organizational developments
- review of the extent and maturity of the relevant accounting systems for financial and non-financial reports
- review of the findings of internal audits
- the verification of performance data and claims made in the report through meeting with managers responsible for gathering data
- review of the processes for gathering and ensuring the accuracy of data, followed data trails to initial aggregated source and checked sample data to greater deoth during site visits
- the consolidated financial data are based on audited financial data, we checked that this data was consistently reproduced
   review of supporting evidence for claims made in the reports
- an assessment of the organization's reporting and management processes concerning this reporting against the principles
  of Inclusivity, Materiality, Resonsiveness and Impact as described in the AA1000AP (2018)

#### Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness and Impact of AA1000AP (2018) and sustainability performance information as well as GRI Standards is set out below:

#### Inclusivity

In this report, it reflects that Taishin FHC has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for the information of Environment, Social and Governance (ESG) in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the Taishin FHC's inclusivity issues and has demonstrated sustainable conduct supported by top management and implemented in all levels among organization.

#### Materiality

The Taishin FHC publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of Taishin FHC and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the Taishin FHC's materiality assessment process and management and performance. In our professional opinion the report covers the Taishin FHC's material issues.

#### Responsiveness

Taishin FHC has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for the Taishin FHC is developed and continually provides the opportunity to further enhance Taishin FHC's responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the Taishin FHC's responsiveness issues.

#### Impact

Taishin FHC has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. Taishin FHC has established processes to monitor, measure, evaluate and manage impacts that lead to more effective decision-making and results-based management within an organization. In our professional opinion the report covers the Taishin FHC's impact issues.

#### Performance information

Based on our work described in this statement, specified sustainability performance information such as GRI Standards disclosures disclosed in this report, Taishin FHC and BSI have agreed upon to include in the scope. In our view, the data and information contained within Taishin Financial Holding Co., Ltd. 2022 Sustainability Report are reliable based on procedures undertaken by means of vouching, re-tracking, re-computing and confirmation.

#### GRI Sustainability Reporting Standards (GRI Standards)

Taishin FHC provided us with their self-declaration of in accordance with GRI Standards 2021 (For each material topic covered in the applicable GRI Sector Standard and relevant GRI Topic Standard, including the disclosures of applicable economic, environmental, and social information, comply with all reporting requirements for disclosures). Based on our review, we confirm that sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers the Taishin FHC's sustainability topics.

#### Assurance level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

#### Responsibility

This sustainability report is the responsibility of the Taishin FHC's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

#### Competency and Independence

The assurance team was composed of Lead auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI

AA1000 Licensed Report 000-4/V3-N9GL3

Peter Pu, Managing Director BSI Taiwan

...making excellence a habit."

Statement No: SRA-TW-2022036 2023-05-22

Taiwan Headquarters: 2nd Floor, No. 37, Ji-Hu Rd., Ni-Hu Dist., Taipei 114, Taiwan, R.O.C A Member of the BSI Group of Companies.





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## **Independent Limited Assurance Report**

Independent Limited Assurance Report

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#### To Taishin Financial Holding Co., Ltd.:

We were engaged by Taishin Financial Holding Co., Ltd. ("Taishin FHC") to provide limited assurance over the selected information attached as Appendix I ("the Underlying Subject Matters") on the 2022 Sustainability Report of Taishin FHC ("the Report") for the year ended December 31, 2022.

#### **Reporting Criteria of the Underlying Subject Matters**

Taishin FHC shall prepare the Underlying Subject Matters in accordance with reporting criteria required by Article 4 of Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies ("the Regulation"), the Sustainability Accounting Standards for Commercial Banks Industry issued by Sustainability Accounting Standards Board ("SASB"), and Global Reporting Initiative Standards ("GRI Standards") issued by Global Sustainability Standards Board as set forth in "Summary of the Underlying Subject Matters".

#### Management's Responsibility for the Report

Taishin FHC is responsible for determining its objectives with respect to sustainable development performance and reporting, including the identification of stakeholders and material appects, and using the reporting criteria to fairly prepare and present the Underlying Subject Matters. Taishin FHC is also responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Underlying Subject Matters that is free from material misstatement, whether due to fraud or error.

#### **Our Responsibilities**

We performed our work in accordance with the Standard on Assurance Engagements TWSAE3000 – "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the Accounting Research and Development Foundation in Taiwan and International Standard on Assurance Engagements (ISAE) 3000: "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board and to issue a limited assurance conclusion on whether the Underlying Subject Matters is free from material misstatement. Also, we have considered appropriate limited assurance procedures according to the understanding of relevant internal controls in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the internal control over the design or implementation of the Report.

#### Independence and Standards on Quality Management

We have complied with the independence and other ethical requirements of the Code of Professional Ethics for Certified Public Accountant in the Republic of China, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. In addition, we applied Standards on Quality Management. Accordingly, we maintained a comprehensive system of quality management, including documented policies and procedures regarding compliance with ethical requirements and professional standards as well as applicable legal and regulatory requirements.

KPI8G, a Taiwan partnership and a member firm of the KPIAG global organization of independent memoer firms affiliated with KPIAG international Limited, a private English company limited by guarant

#### KPMG

#### Summary of Work Performed

As stated in reporting criteria of the Underlying Subject Matters paragraph, our main work on the selected information included:

- · Reading the Report of Taishin FHC;
- Inquiries with responsible management level and non-management level personnel to understand the
  operational processes and information systems used to collect and process the Underlying Subject
  Matters.
- On the basis of the understanding obtained mentioned above, perform analytical procedures on the Underlying Subject Matters and if necessary, inspect related documents to gather sufficient and appropriate evidence in a limited assurance engagement.

The work described above based on professional judgment and consideration of the level of assurance and our assessment of the risk of material misstatement of the Underlying Subject Matters, whether due to fraud or error. We believe that the work performed and evidence we have obtained are sufficient and appropriate to provide a basis of our conclusion. However, the work performed in a limited assurance engagement varies in nature and timing from, and is 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 has a reasonable assurance engagement been performed.

#### Inherent limitations

The Report for the year ended December 31, 2022 includes the disclosures of non-financial information that involved significant judgments, assumptions and interpretations by the management of Taishin FHC. Therefore, the different stakeholders may have different interpretations of such information.

#### Conclusion

Based on the work we have performed and the evidence we have obtained, as described above, nothing has come to our attention that causes us to believe that the Underlying Subject Matters has not been properly prepared, in all material aspects, in accordance with the reporting criteria.

#### Other Matters

The management of Taishin FHC is responsible for the maintenance of its website where includes the Limited Assurance Report, we shall not be responsible for any further changes on the Underlying Subject Matters or its applicable reporting criteria, nor be responsible for reconducting any assurance work after the issuance date of the Limited Assurance Report.

#### KPMG

Taipei, Taiwan (Republic of China) Jun 19, 2023

#### Notes to reader

The limited assurance report and the accompanying selected information are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese lenguage limited assurance report and the selected information, the Chinese version shall prevail.

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## Summary of the Underlying Subject Matters

No	Chapter	Page	Assured Information	Reporting Criteria	Rules/SASB/GRI Standards
1	2.4.2 Information security promotion and information security incident handling	057	<ul> <li>Taishin FHC established "Taishin FHC Information Security Incident Management Guidelines" and established the process for information security incident reporting and response. The Company and its subsidiaries consider the scope and severity of impacts from their respective information security incidents, and analyze and the incidents to make judgments. If a major information security incident occurs, responsible supervisors in the scope of the information security incident and the Chief Information Security Office of Taishin FHC are notified. They then control the incident according to information security incident handling procedures, verify the root cause, correct and restore services, and review and make improvements to reduce hazards and losses.</li> <li>Information security violations in 2022: Number of violations of information security regulations or cyber security incidents : 0 Number of data leaks : 0 As a percentage of data leakage events involving personal data (%) : 0 Number of customers and employees affected by leaks of company informatio : 0 Fines for information security or network security incidents : 0</li> </ul>	Details on data breaches of Taishin	FN-CB-230a.1 Taiwan Stock Exchange Corporation Rules Table 1-3 No.1 Number of data breaches, percentage involving personally identifiable information, and number of account
	6.3.3 Grievance Mechanism of Personal Information	101	<ul> <li>In 2022, customers reported a total of 19 cases related to personal data protection through Taishin or the competent authority, among which one customer reported with the same reason 11 times, 2 cases were accountable, and 2 cases were due to inappropriate usage of personal data by sales personnel to conduct promotion, which the customers had no further objections after explanation and handling, and the case has been properly resolved.</li> <li>In January, 2022, a case of improper use of customers' personal data at Bannan Branch by a former bank teller and security guide resulted in 1 customer being affected. The case has been reported as a major incident and is promptly handled, and is not included in the calculation of the above list of "accountable cases".</li> </ul>	Details on Customer Complaint of Taishin	holders affected.
2	6.4.2 Inclusive finance products and services	104	<ul> <li>SME Loan:Number of small and medium enterprises financing accounts:15,969 \Financing balance of small and medium enterprises (NT\$1,000): 256,905,036</li> <li>Note :The definition of small and medium enterprises is in accordance with the definition of small and medium enterprises by the Ministry of Economic Affairs, excluding overseas branches and OBU.</li> <li>Note: The number and balance of small and medium enterprises are calculated based on the results after tagging to account (that is, the same uniform number is only calculated once), and number of financing accounts and its balance exclude overdue loans (including collection).</li> <li>Community Development Loan Community Development Loan: For those who comply with the "Statute for Expediting Reconstruction of Urban Unsafe and Old buildings" and have obtained the consent of all land and legal building owners within the scope of the reconstruction plan to carry out reconstruction of loans for redevelopment of old buildings at risk (NT\$1000): 14,684,811</li> <li>Note: Number and balance of reconstruction of and and agerous houses are calculated based on the results after tagging to the account (that is, the same uniform number is only calculated once), and the number and balance of financing accounts do not include overdue loans (including collection).</li> </ul>	Details on loans of SMEs and community development of Taishin.	FN-CB-240a.1 Taiwan Stock Exchange Corporation Rules Table 1-3 No.2 Number and amount of loans outstanding qualified to programs designed to promote development of small business and communities.
3	6.4.3 Other non-financial support	107	Financial education and training for disadvantaged groups in 2022 • Financial education/camp for children • Target- Elementary school students,Sessions:1 \ Number of participants:19 • Visits to Financial Innovation Lab • Target- College students, Taipei Youth Salon,Sessions:2 \ Number of participants:75	Details on participants in financial literacy initiatives provided to the disadvantaged	Taiwan Stock Exchange Corporation Rules Table 1-3 No.3 Number of participants in financial literacy initiatives provided to the disadvantaged without adequate banking services.
4	5.2 Responsible Lending	085	<ul> <li>Green Loan Loans for power generation from renewable energy was 5,510(NTD million) in 2022, and calculated after collection), accounting for 0.85% of total corporate loans outstanding.</li> <li>Sustainability-linked Loans Loans in which credit conditions are linked to sustainability indicators was 19,341(NTD million) in 2022, and calculated after collection), accounting for 2.97% of total corporate loans outstanding.</li> </ul>		Taiwan Stock Exchange Corporation Rules Table 1-3 No.4
	6.4.2 Inclusive finance products and services	103	<ul> <li>Local peasants/ Charity credit card Taishin Bank issued a co-branded with Cotton Fields. When cardholders consume in a store, a 0.6% of the purchase amount is deducted to give Taiwan's organic agriculture-related foundations to cover organic certification or transition-to-organic periods. With the hope to increase the number of organic small farmers, and through the positive cycle of consumers, entrprises, and producers, support more organic farmers in Taiwan, produce crops according to the land and seasons, create more good land and food, and seek the development of organic agriculture in Taiwan. In 2022, 12,502 cards were in circulation and the donation amount was NT\$333,348.Since its issuance, NT\$2.6 million has been returned to the foundation, and customers who identify with friendly land and value public welfare continue to be invited to join.</li> </ul>	Details on data of Taishin's Charity Credit Card	Products and services designed by individual operating units to create benefits for the environment or society.

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Chapter	Page													Reporting Criteria	Rules/SASB/GRI Standards
7.1.1 Recruitment Channels and Methods	109	• Full-time new recruits													
		Number of new full-time employees													
		Region					Male Age					Proportion of			
			30 and below		51 and above	Female Total	30 and below		51 and above	Male Total		new recruits (%)	New recruit rate (%)		
		Taiwan	496	447	30	973	429	393	24	846	1,819	90.50	18.10	Details on Statistical data of new recruits in Taishin	
		Overseas	49	41	3	93	48	49	0	97	190	9.50	1.90		
		Total	545	488	33	1,066	477	442	24	943	2,009	100.00	20.00		
		Proportion of new recruits (%)	27.10	24.30	1.60	53.10	23.70	22.00	1.20	46.90	100.00				
		New recruit rate (%)	5.40	4.90	0.30	10.60	4.80	4.40	0.20	9.40	20.00				
		the year, those aged 31-50 accounted for 9.3%, and those over the age of 51 accounted for about 0.5%. Note2: New recruit rate=Cumulative number of new full-time employees in the year/Number of full-time employees on December 31, 2022. Due to the special nature of marketing specialists, the number of new employees on this table does not include the abovementioned personnel. When calculating the new recruit rate, this type of employee is also excluded from full-time employees. • Permanent Employee Attrition - by gender, age and location													
7.2.2 Performance Management	117		Permanent Employee Attrition												
		Location	Female Age					Male	e Age						
			30 and below		51 and above	Female Total	30 and below		51 and above	Male Total			Turnover rate (%)	Details on new employee hires and employee turnover data of Taishin	
		Taiwan	271	323	16	610	186	284	14	484	1,094		10.9		
		Overseas	35	29	3	67	29	37	1	67	134		1.3		
		Total	306	352	19	677	215	321	15	551	1,228	;	12.2		
		Turnover rate (%)	5.40	4.90	0.30	10.60	4.80	4.40	0.20	9.40	20.00				
		Note1: From January 1, 2022 to December 31, 2022, the cumulative number of full-time resignations Note2: Turnover rate = annual accumulative number of full-time resignees/number of full-time employees on December 31, 2022. Due to the special nature of marketing business specialists and telemarketing business specialists, the number of resignations in this table does not include the above-mentioned personnel. When calculating the turnover rate, such persons are also excluded from the incumbents; after exclusion, the number of full-time incumbents on December 31, 2022 is 10,040.													

