



Taishin Holdings

2021

Sustainability Report





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

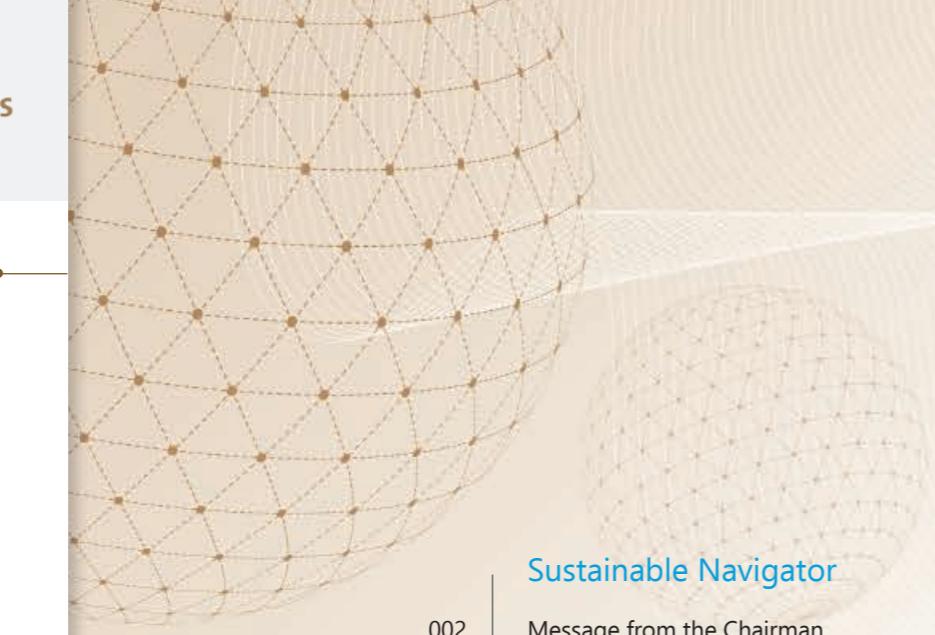
5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

CONTENTS



Sustainable Navigator

Message from the Chairman

Message from the President

About Taishin

Company Profile

Business Performance

Sustainability Highlights

Impact Valuation and Measurement

Awards & Honors

1 Sustainable Operation

1.1 CSR Committee Operations

1.2 Stakeholder Identification and Engagement

1.3 Material Topics Identification

1.4 Sustainability Topics Assessment and Goals

1.5 Sustainability Topics Management

2 Sustainable Governance

- | | |
|-----|---------------------------------------------------------------------|
| 025 | 2.1 Corporate Governance and Business Integrity |
| 031 | 2.2 Risk Management and Internal Control |
| 041 | 2.3 Information and Transaction Security |
| 044 | 2.4 Business Continuity and Technology Risk Management |
| 047 | 2.5 Sustainable Supplier Management |
| 050 | 2.6 Anti-money Laundering and Countering the Financing of Terrorism |
| 052 | 2.7 Response to Specific Issues |

3 Sustainable Finance

- | | |
|-----|----------------------------------------|
| 055 | 3.1 Sustainable Policies and Actions |
| 056 | 3.2 Responsible Investment and Lending |

4 Superior Service

- | | |
|-----|--------------------------------------------------------------|
| 063 | 4.1 FinTech / Digital Innovation |
| 071 | 4.2 Customer Relationship Management and consumer protection |
| 075 | 4.3 Privacy Protection |
| 077 | 4.4 Financial Inclusion |

5 Environmental Sustainability

- | | |
|-----|--------------------------------|
| 083 | 5.1 Climate Change Strategy |
| 090 | 5.2 Green Operation Management |

6 Friendly Workplace

- | | |
|-----|--------------------------------------------|
| 096 | 6.1 Talent Development |
| 103 | 6.2 Remuneration, Benefits & Employee Care |
| 108 | 6.3 Occupational Health and Safety |
| 112 | 6.4 Labor-Management Relations |
| 114 | 6.5 Human Rights and Gender Equality |

7 Social Impacts

- | | |
|-----|---------------------------------|
| 120 | 7.1 Social Involvement Strategy |
| 121 | 7.2 Social Contribution |
| 122 | 7.3 Partner Support |
| 128 | 7.4 Local Caring |

8 Appendix

- | | |
|-----|---------------------------------------------------------------------------------------------------|
| 140 | 8.1 Report Summary |
| 141 | 8.2 GRI Standards |
| 144 | 8.3 GRI Financial Services Sector Supplement |
| 144 | 8.4 Sustainability Accounting Standards Board (SASB) index |
| 144 | 8.5 Implementation of the Principles of Responsible Investment |
| 145 | 8.6 Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies |
| 145 | 8.7 ISO26000 Index |
| 146 | 8.8 Promoting and Planning for Sustainable Initiatives by Taishin Life Insurance |
| 147 | 8.9 Sustainability Impact Valuation |
| 149 | 8.10 Independent Limited Assurance Report |
| 150 | 8.11 Independent Assurance Opinion Statement |



CONTENTS

[Sustainable Navigator](#)

[Message from the Chairman](#)

[Message from the President](#)

[About Taishin](#)

[1. Sustainable Operation](#)

[2. Sustainable Governance](#)

[3. Sustainable Finance](#)

[4. Superior Service](#)

[5. Environmental Sustainability](#)

[6. Friendly Workplace](#)

[7. Social Impacts](#)

[8. Appendix](#)

Sustainable Navigator

[Message from the Chairman](#)

[Message from the President](#)





CONTENTS

Sustainable Navigator

[Message from the Chairman](#)[Message from the President](#)

About Taishin

[1. Sustainable Operation](#)[2. Sustainable Governance](#)[3. Sustainable Finance](#)[4. Superior Service](#)[5. Environmental Sustainability](#)[6. Friendly Workplace](#)[7. Social Impacts](#)[8. Appendix](#)

Message from the Chairman

According to the latest Global Risks Report published by World Economic Forum this year, 2022 would be an even more unstable year in terms of climate risks and international politics. Among the top five assessed risks, three of them are environmental risks, making climate and environmental issues the biggest challenges the world is currently facing. As a financial institution, Taishin Financial Holding Co. plays a key role of leading corporations to a sustainable development future. In recent years, Taishin FHC has been learning about the climate change issues and has participated in multiple international sustainability advocacies. In 2021, we became one of the founding members of the "Taiwan Alliance for Net Zero Emission" and has pledged our 2030 carbon reduction goals with our fellow alliance members. In early 2022, we further committed ourselves to the Science-based Target (SBT) to achieve the vision of low carbon emission, and eventually, Net Zero emission with concrete actions.

For 30 years since our establishment, our core values here at Taishin FHC have always been integrity, commitment, innovation, and collaboration. From environmental, social, and governance sustainability perspectives, we shall continue to improve and progress forward. Through merger & acquisition in 2021, Taishin Life Insurance officially joined our financial territory., expanding. By integrating the resources of Taishin FHC and its subsidiaries, we meet the diverse financial needs of our customers to improve the comprehensive performance of the Group. Taishin Bank has been proactively accelerating our overseas layout, by establishing the business office in Bangkok at the end of last June, the marketing service office in the Labuan branch and Kuala Lumpur in November. Under the obstacles of the COVID-19 pandemic and the continuous border control, we have shown our perseverance and determination in expanding overseas businesses. By connecting overseas branches and business offices with our service platform, we provide our customers with high quality multi-national financial services.

Meanwhile, Taishin constantly improves itself in the elevation of responsible finance. By establishing Green Finance Principles and Environmental and Social Risk Management Sector Guidelines, Taishin incorporates ESG into credit review or investing activities. These efforts are expected to gradually funnel funds to ESG compliant investment and financing projects, which helps Taishin collaborate with the public and private sectors to create a sustainable banking ecosystem. In addition to the e-statement we have been promoting for many years with our business partners, Taishin has further offer favorable loans for the purchase of environmentally friendly vehicles in recent years and hope to implement energy conservation and carbon reduction with consumers in our daily lives for the facilitation of sustainable acts of green kindness.

As we are aware of the inequality in digital Innovation during pandemic, we have continued to use technologies, such as AI, Big Data, and Fintech to enhance our operational efficacy, so as to provide our customers with equal and considerate service experience and implement Financial Inclusion and the Fair Treatment of Customers Policy. In 2021, the Richart Life App was launched online to connect multiple aspects of our daily lives with the real-life scenario-based services that we have created through cross-industry cooperation. In terms of inclusive society, Taishin has seen the needs of society and utilized the core strength of the financial industry to promote charity and welfare, arts and culture, and sports and academic exchange. We invited our stakeholders to join us and wield our social influence, realizing the ideology of social engagement.

This year marks the 30th anniversary of Taishin, than we understand that the achievement of sustainability requires continuous improvement. Therefore, other than reducing carbon emission, making responsible lending, and making responsible investments, we are also dedicated to combining the promotion of sustainability with the daily lives, and raising the awareness and participation of people. Aside from the sustainability events, we have collaborated with our crucial strategic partners, and created the green life zone through the Richart Life App, inviting over 7 million customers to experience green life. We have also encouraged our colleagues to come to work via green commuting and invited charity organizations to plant trees, implementing sustainability in all aspects of our green lives. Going forward, Taishin FHC will continue to keep up with international trends and carefully plan to reduce the impacts on the environment and the society in our business operations. Taishin will continue to provide high quality customer oriented financial services with innovation, and diligently march toward sustainability.

Chairman of Taishin FHC





CONTENTS

Sustainable Navigator

- [Message from the Chairman](#)
- [Message from the President](#)

About Taishin

- [1. Sustainable Operation](#)
- [2. Sustainable Governance](#)
- [3. Sustainable Finance](#)
- [4. Superior Service](#)
- [5. Environmental Sustainability](#)
- [6. Friendly Workplace](#)
- [7. Social Impacts](#)
- [8. Appendix](#)

Message from the President

Under the COVID-19 pandemic over the past two years, the global enterprises have faced unprecedented economic blow in their operations not seen ever. Yet, the outburst has also given rise to corporate self-evaluation on their development strategies, risk management, and crisis respondent capability. With a well-devised strategy of sustainable development, Taishin FHC has not only managed to cruise through this wave largely unscathed, but has also been following the international trend of ESG development to implement corporate sustainability, promote sustainable finance, and help to grow the ESG ecosystem, carrying on the duty of financial industry guiding corporations in the promotion of sustainability.

In this regard, Taishin FHC has been applauded by a number of domestic and foreign sustainability index and ratings institutions. Since 2018, Taishin has been selected by the "world" and "emerging market" categories of the Dow Jones Sustainability Index (DJSI) for four consecutive years and has been included in the Taiwan Corporate Governance 100 Index, Taiwan High Compensation 100 Index, Taiwan Sustainability Index, and the FTSE4Good Emerging Market Index for years. In professional ESG ratings, Taishin FHC has been affirmed as an "AA Leader" by MSCI ESG Rating, the best rating in the financial industry of Taiwan, for two consecutive years since 2020. Since 2019, Taishin FHC has been recognized by Vigeo Eiris, the subsidiary of Moody's, as the top 100 companies for ESG performance in the emerging market for three consecutive years. In terms of ESG awards, Taishin FHC has also been winning the Sustainable Leadership Award presented by the British Standard Institute(BSI), the Top 50 Taiwan Corporate Sustainability Award presented by the Taiwan Institute for Sustainable Energy, and the Sustainable Citizen Award presented by CommonWealth Magazine. In 2021, Taishin FHC received over 120 domestic and foreign awards in corporate sustainability, financial technology, innovative products, quality services, and operational performance.

In corporate governance, through the operations of the CSR Committee, Taishin FHC manages and follows important indicators such as the planning of annual operational strategies, the identification and responses to material sustainability topics, the reinforcement of risk awareness, and environmental management. Taishin conducts climate sensitivity analysis on investment and financing targets and plans for the discussions on issues such as the reporting mechanism of potential risks. In 2021, Taishin FHC and its subsidiaries were the members of 32 domestic and foreign associations and have played important roles in many of them. Through knowledge exchange and discussion with peers, we hope to ensure the stability and growth of the general financial industry.

In the promotion of sustainable finance, Taishin FHC imports the Task-force on Climate related Financial Disclosure (TCFD) framework to monitor material investment and financing physical and potential risks and opportunities in business transformation. Furthermore, we have established the Taishin FHC Green Finance Principles to guide our ESG financing principles and risk management, such as selectively funding by the categories of ESG performing enterprises, transaction review and post-transaction management, so as to make prudent financing decisions. In 2021, Taishin Securities has assisted a total of 17 corporations in the capital market that meet the criteria of ESG financing, with the total underwriting amount of NT\$4.04 billion. Meanwhile, the corporate banking of Taishin Bank has completed its first NT\$6 billion syndicated sustainability-linked loan for the telecommunications industry, gradually fulfilling our commitment of sustainable finance.

In terms of environmental aspects, we have been continuously promoting various energy conservation operations, carbon reduction operations, and the enhancement of energy efficiency to lower the negative impacts of business operations on the natural environment. Furthermore, we have also been continuously conducting the ISO 50001 energy management system and the ISO 14064 greenhouse gas inventories and verification, while expecting to expand the ISO 14001 environmental management verification to the entire Taishin FHC by 2023 for tracking of greenhouse gas emissions. In 2021, Taishin has become one of the founding members of the Taiwan Alliance for Net Zero Emission, collaborating with various business partners on the achievement of Net Zero emission. Aside from reducing carbon emission through energy conservation, energy production, and energy purchasing, we have also promised to forgo the purchase or lease of fossil fuel vehicles and set to achieve Net Zero emission for all operational service points of Taishin FHC by 2030. Furthermore, we will also set Science-based Target (SBT) and hope to guide our investment and financing targets in carbon reduction and transformation.

As for social inclusion, we care for underprivileged groups in rural areas and support the growth of small and medium enterprises with our micro-financing products and digital services. Our digital banking service, dubbed "Richart", is by far the most popular digital channels in Taiwan. With its clear and easy-to-use interface, Richart has gained popularity among users of all ages. Furthermore, Taishin develops a wide range of new payment services, such as Taishin e-Pay, in order to fulfill financial inclusion. The health and welfare of the employees have always been one of Taishin's focuses. Aside from being one of the component stocks of the High Compensation 100 for 8 consecutive years, Taishin has also become the first in the industry to offer subsidies to employees for the replacement of gas scooters with electric ones to care for the commuting needs of employees. Taishin has also encouraged employees to take pollution-control transportations and contribute to environmental sustainability. In this critical year of global transformation, Taishin FHC shall continue to input diligent and innovative ideas and cultivate the culture of corporate sustainability to enhance our competitiveness in sustainability and make substantial contributions to the global sustainability issues. Taishin shall also assist the promotion of a sound ESG financial ecosystem, dedicating on the gathering of powers from our strategic partners, our customers, our employees, and other stakeholders to create a more influential and longer-lasting sustainable value.

President of Taishin FHC





CONTENTS

Sustainable Navigator

About Taishin

Company Profile

Business Performance

Sustainability Highlights

Impact Valuation and Measurement

Awards & Honors

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

About Taishin

Company Profile

Business Performance

Sustainability Highlights

Awards & Honors



CONTENTS

Sustainable Navigator

About Taishin

Company Profile

Business Performance

Sustainability Highlights

Impact Valuation and Measurement

Awards & Honors

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

Company Profile

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 the society, worked side-by-side with our clients and become their "Smart Partner". We aim to become a consistently growing and trustworthy financial institutions, a role model in corporate governance and social responsibilities, a leader of Taiwan's financial industry, and a leading brand of the Chinese community.



Date as of December 31, 2021

Company Profile	
Headquarter address	No.118, Sec.4, Ren-ai Rd., Taipei City106, Taiwan
Capital Amount (NT\$ thousand)	122,093,832
Total Assets (NT\$ thousand)	2,512,560,489
Permanent employees	9,411 ^(Note)
Industry	Financial services
Stock code	2887

Note: Prudential Life Insurance was merged to Taishin FHC on June 30, 2021, and was renamed as Taishin Life Insurance. A total of 1,046 employees was not counted into the aforementioned total number of employees.

Global Operation Strategy

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 in June 30, 2021. Furthermore, on August 10 of the same year, the name change to Taishin Life was approved, becoming a comprehensive financial holding company with banking, insurance, and securities services as its three core drivers. 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, in June and November 2021, the representative office in Bangkok, Thailand, the Labuan Branch, and the Kuala Lumpur Marketing Office in Malaysia were 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 22 cities of China. Moreover, the Taishin Bank's Shanghai Representative Office was officially established in August 2020. 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

Taishin Bank	Taishin Securities
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
Taishin Life (Note)	Taishin Securities Investment Trust
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
Taishin Securities Investment Advisory	Taishin Asset Management
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
Taishin Venture Capital Investment	Taishin Charity Foundation
Investing in start-ups with growth potential, diversifying portfolio in different emerging industries.	Focusing on social welfare business (ex. support to charity organizations, skill development for the disadvantaged etc.)
Taishin Bank Foundation for Arts and Culture	Taishin Youth Foundation (Note)
Promoting arts in Taiwan (ex. sponsors and provides incentives to outstanding art/cultural workers and organizations; sponsors and organizes art/cultural exhibitions, promotions and seminars; publishes art-related publications and materials etc.)	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.)

Note: Both Taishin Life and Taishin Youth Foundation joined the financial holding group on June 30, 2021. The follow-up information is partially disclosed.



CONTENTS

Sustainable Navigator

About Taishin

Company Profile

Business Performance

Sustainability Highlights

Impact Valuation and Measurement

Awards & Honors

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

Business Performance

Taishin FHC's net profit after tax for the 2021 fiscal year was NT\$20.3 billion and the EPS after tax was NT\$1.63. The return on equity for ordinary shares was 12.34% and the net worth of each ordinary share as of the end of the year was NT\$13.7. For the enhancement of the competitiveness of the Company in the financial domain and achieving the long-term operational strategies and goals, Taishin FHC has completely merged and acquired Prudential Life Insurance on June 30, 2021, and has renamed it as Taishin Life Insurance in August of the same year. In the future, we shall integrate the resources of the bank, the securities, and the insurance company and complete the driving force for the services of the financial holding company. Even under the impact of the pandemic in 2021, the core services are still growing strong due to the collective effort of subsidiaries. The growth rate of net interest income and the growth rate of net handling fee income were at 6.8% and 13.8% respectively. In terms of deposit and loan performances of Taishin Bank in 2021, the total deposit balance had a 4.7% increase, and the total loan balance had a 6.1% increase. Corporate and individual loans both had a balanced development. In terms of credit card related performances, Taishin Bank now has nearly 163,000 appointed merchants, a market share of 22.0%, and is the best in the market. The number of valid credit cards has also exceeded 4.02 million, a market share of 12.2%. Facing the major changes of the market, Taishin continues to look after the wealth of our customers. Over the past year, we had a 4% increase in the wealth management net handling fee income. In terms of business performances of Taishin Securities, benefiting from the continued popularity of the securities and exchange market, the market share and the trading volume of the brokerage business continues to grow, and the net handling fee income had an annual growth of 80.3%.

Operating Performance

◆ Highlights of Operating Performance



in terms of market share of ACH payment /collection business



in terms of market share in accounts receivable financing and factoring services



in terms of market share of digital banking customers



in terms of market share of credit card spending

◆ Financial Performance

Year	2018	2019	2020	2021	Unit
Total assets	1,786,893,517	2,030,941,331	2,196,059,206	2,512,560,489	NT\$ thousand
Total equity	174,517,953	179,017,737	186,109,382	198,101,328	NT\$ thousand
Return on common shareholders' equity	9.06	9.54	9.05	12.34	%
Debt/ Equity ratio	923.90	1034.49	1079.98	1168.32	%
Debt/ Asset ratio	90.23	91.19	91.53	92.12	%
Net profit rate	32.53	33.19	32.82	31.83	%
Return on assets	0.75	0.76	0.69	0.86	%
Earnings per share	1.00	1.11	1.12	1.63	NT\$
Cash dividend per common share	0.51	0.56	0.55	0.605	NT\$
Stock dividend per common share	0.21	0.23	0.45	0.495	NT\$
Net Income	12,930,133	14,485,931	14,488,827	20,298,713	NT\$ thousand
Group's capital adequacy ratio	127.09	118.91	130.04	123.40	%
Revenue per employee	4,267	4,555	4,528	6,205	NT\$ thousand
Profit per employee	1,388	1,512	1,486	1,975	NT\$ thousand
Employee benefits	12,374,008	13,987,394	14,467,600	16,202,294	NT\$ thousand

◆ Leverage Ratio

Unit: NT\$ thousand

Component	2018	2019	2020	2021
(Basel III) Tier 1 Capital	\$ 140,262,561	\$ 151,927,880	\$ 160,776,638	\$ 166,787,110
(Basel III) Underlying Exposure (Exposure of Balance Sheet)	\$ 1,847,485,561	\$ 2,057,794,466	\$ 2,210,027,371	\$ 2,324,024,677
(Basel III) Leverage ratio	7.59%	7.38%	7.27%	7.18%



CONTENTS

Sustainable Navigator

About Taishin

Company Profile

Business Performance

Sustainability Highlights

Impact Valuation and Measurement

Awards & Honors

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

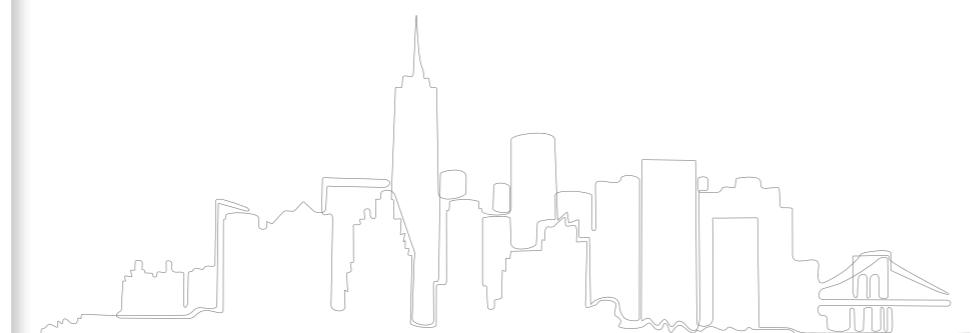
4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix



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 2021, and we implement the following principles through the policy:

Tax compliance Adhere to the tax laws of each country; correctly calculate according to laws and pay taxes as scheduled.

Transaction compliance 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.

Communication 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.

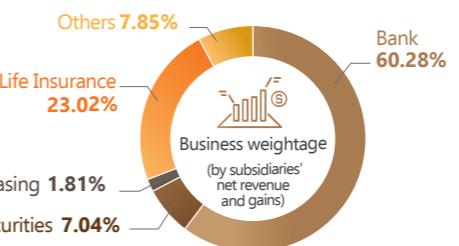
Pre-analysis Evaluate impacts of changes in laws, new regulations or/and the Company's major business decisions. Depending on business needs, appoint or consult with external professional tax and legal advisors.

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

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

Revenue and Gains

◆ 2021 net revenue and gains of subsidiaries



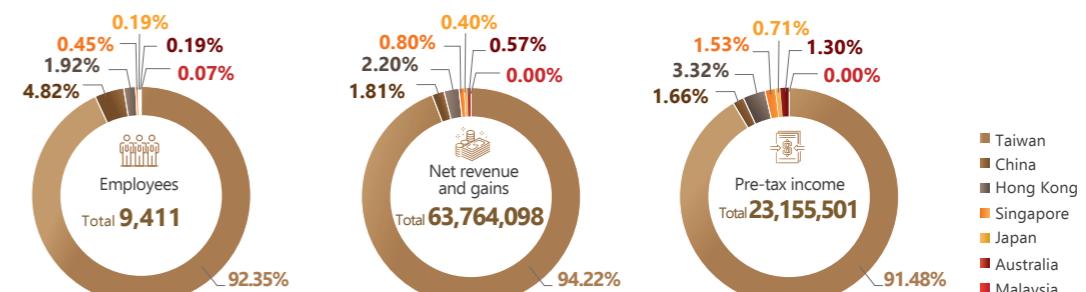
Note: Taishin FHC acquired Taishin Life Insurance on June 30, 2021, and the percentage which the net revenue of Taishin Life Insurance from July 1st to December 31st accounted for in the net revenue of the Group was calculated after auditing.

◆ 2021 net revenue and gains and income before income tax weight by country

Unit: NT\$ thousands

Country/ Region/ Subsidiaries	Employees	Nte revenue and gains	Pre-tax income
Taiwan	8,691	60,075,317	21,182,799
Taishin Bank (includes Taishin Real-Estate Management, Xia-An Life Insurance Agency and Taishin D.A. Finance), Taishin Life, Taishin Securities (includes Taishin Capital and Taishin Securities Venture Capital), Taishin Securities Investment Advisory, Taishin Securities Investment Trust, Taishin Asset Management and Taishin Venture Capital Investment			
China (Taishin Financial Leasing)	454	1,151,629	385,379
Hong Kong (Taishin Bank branch)	181	1,403,874	768,697
Singapore (Taishin Bank branch)	42	510,560	355,335
Japan (Taishin Bank Tokyo branch)	18	256,729	163,328
Australia (Taishin Bank Brisbane branch)	18	365,785	300,921
Malaysia (Taishin Bank branch)	7	204	-958
Total	9,411	63,764,098	23,155,501

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





CONTENTS

Sustainable Navigator

About Taishin

Company Profile

Business Performance

Sustainability Highlights

Impact Valuation and Measurement

Awards & Honors

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

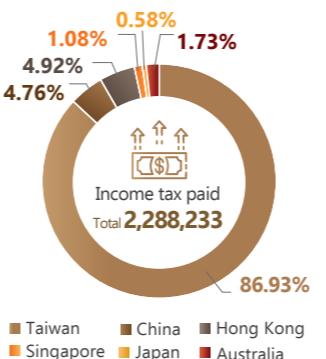
8. Appendix

◆ Amounts of income tax paid by Taishin FHC by country for 2020 and 2021:

2020

Country/Region	Income tax paid	Income tax accrued	Effective tax rate	Statutory tax rate
Taiwan	1,989,172	2,012,314	10.88%	20%
China	108,966	135,265	24.05%	25%
Hong Kong	112,559	6,823	17.59%	16.50%
Singapore	24,602	70,335	17.57%	17%
Japan	13,209	17,322	20.16%	23.20%
Australia	39,725	35,720	31.06%	30%
Total	2,288,233	2,277,779	11.82%	

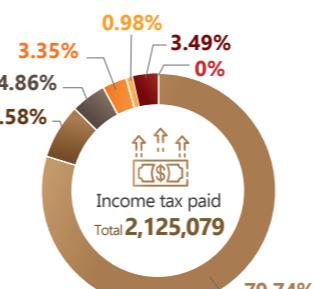
Unit: NT\$ thousands



2021

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

Unit: NT\$ thousands



Taiwan China Hong Kong
Singapore Japan Australia

Unit: NT\$ thousands

	2020	2021
Pre-tax income	16,431,128	23,155,501
Income tax expense	1,942,301	2,856,788
Effective tax rate (%)	11.82	12.34
Income tax paid	2,288,233	2,125,079
Cash tax rate (%) (Note)	13.93	9.18

Note: In year 2021, the Group's cash tax rate was lower than the effective tax rate mainly because the financial accounting standards and tax laws recognize certain transactions at different timing, which created temporary difference.

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

Cause of difference	Pro-forma tax effect (Unit: NT\$ thousands)		Description
	2020	2021	
Tax law of single Jurisdiction			Global average effective tax rate of peer industries was 25.82% and 20.9% in 2020 and 2021, respectively higher than that of the Group. This was due to the fact that the Group operates mainly in Taiwan, where the applicable statutory tax rate was 20% in 2020 and 2021, respectively.
• Difference between Taiwan's statutory tax rate and average effective tax rate of industry peers	956,292	208,400	
• Difference from tax-exempt income in Taiwan	1,575,205	2,699,431	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.
• Difference from other adjustments under Taiwan tax laws	-231,280	-925,119	
Total	2,300,217	1,982,712	



CONTENTS

Sustainable Navigator

About Taishin

Company Profile

Business Performance

Sustainability Highlights

Impact Valuation and Measurement

Awards & Honors

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

Sustainability Highlights

Create sustainable value

- Financial
- Earnings per share NT\$ **1.63**
 - Consolidated revenue NT\$ **63.8** billion
 - Capital Adequacy Ratio **123.40 %**
- Manufactured
- Number of service locations at the beginning of the year: **279**
 - Number of ATMs at the beginning of the year: **3,640**
 - The annual growth rate of actual customers (Note) is **13.7%**, and the annual growth rate of transaction volume is **58.6%**
- Intellectual
- New new financial patents: **8**
 - Annual employee on-the-job training subsidy: NT\$ **9,947,935**
 - Number of people obtaining financial licenses: **22,394** people
 - Annual financial license examination subsidy amount: NT\$ **1,696,000**
 - The supplier conference was held for 1 session (video), a total of **81** major suppliers participated, and **95** people went online
- Natural
- Average water usage per person (m³): **11.98**
 - Average power usage per person (kWh): **3,375.67**
 - Annual greenhouse gas emissions (tCO₂e): **19,889**
 - Replacement of air conditioner ,reducing carbon emissions by **200.8** tCO₂e per year
 - Green procurement amount: NT\$ **73,045,413**
- Human
- Number of employees at the end of the year: **9,956**
 - 59%** female, **41%** male, **25%** under 30 years old
 - Employee education and training expenses: NT\$ **40,553** thousand
 - Total employee training hours: **567,390** hours
- Social and Relationship
- Employee benefit expenses: NT\$ **16,202,294** thousand
 - Volunteer service hours: **6,955** hours
 - Resources committed to social engagement: NT\$ **221,629** thousand





CONTENTS

Sustainable Navigator

About Taishin

Company Profile

Business Performance

Sustainability Highlights

Impact Valuation and Measurement

Awards & Honors

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix



Value Creation

strengthening the functions of the board of directors and functional committees

- The results of Taishin FHC's Board and functional committee performance evaluation were "exceeded target"
- The board of directors has held 16 meetings in 2021, with an average attendance rate of 95.54%

Improving risk control and legal compliance systems

- 1,186 risk management proposals were filed in 2021, a 10.4% increase from the previous year
- The unit legal compliance evaluation qualification rate was 100%
- A total of 27,042 personnel participated in trainings on ethical corporate management or related topics, accumulating 43,164 hours of training, successfully reaching a training completion rate and coverage rate of 100% of the workforce.
- Zero system hacks that impacted operations

Strengthening supplier sustainable management and building a sustainable supply chain

- Formulated the Supplier Management Regulations, and signed statements of commitment to sustainability with 100% of suppliers
- The supplier conference has been held for three consecutive years. The 2021 supplier conference centered on "human rights management," encouraging partners to jointly pursue corporate sustainability

Stakeholders

- Customers
- Suppliers
- Competent authorities



Expanding fintech and integrating digital banking services into everyday life

- Promoted cross-industry alliances, integrated a point-based economy and connected customers' everyday life
- In 2021, a total of 12,000 merchants became part of Taishin Pay's partner channels, with members increasing by 40% and transaction volume growing by 400%

Realizing financial inclusion and facilitating the access of disadvantaged groups to financial services

- Taishin was the first to introduce the ATM International Remittance service, offering 24/7 international remittance services through Taishin ATMs, which have an operating interface available in seven languages, thus solving migrant workers' pain point
- Promoted shared QR codes, and assisted more than 7,500 small- and medium-sized merchants to introduce mobile payment by the end of 2021
- Integrated financial services into everyday life by launching the Richart Life app, which can now also be used by non-Taishin customers, achieving financial inclusion

- Customers
- Suppliers
- Community

Promoting green finance and expanding our corporate influence

- Compliance with the "Principles for Responsible Investment (PRI) and the "Principles for Responsible Banking (PRB)"
- Established the "Environmental and Social Risk Management Guidelines for Sectors"
- Conducted ESG risk assessments on 100% of all trading activities and financial products using the Green Finance Assessment Worksheet
- Teamed up with DOMI Earth to promote the use of digital statements for credit card customers. By the end of 2021, more than 1.2 million cardholders have been called upon to switch to digital statements, lighting up nearly 500 energy-deficient households in Taiwan
- Undertook 2,745 credit extension cases for the green energy and environmental protection industries, which amounted to NT\$88.817 billion

Actively formulating climate change response measures

- Committed to achieving Science based target (SBT) to further manage and adapt to climate-related risks
- Joined the Taiwan Alliance for Net Zero Emission, and committed to using 100% renewable energy by 2030 and achieving Net Zero by 2050
- Implemented TCFD assessments for risk analysis, and signed the Carbon Disclosure Project (CDP) as an institutional investor

Improving environmental protection performance

- Promote paperless operations and reduced annual paper consumption by 30,828,095 pieces of paper
- Green procurement reached NT\$73,045,413, a 6.19% increase when compared with 2020 (base year)
- Promoted the procurement of electric scooters, accumulating 11,000 scooters by the end of 2021, bringing in a total of more than NT\$900 million in transaction volume

- Shareholders / Investors / Rating agencies/ Analysts
- Competent authorities
- Suppliers
- Community

Establishing our employer brand and cultivating talents

- In 2021, the Early Win workplace experience program had 476 participants, and 97 interns transferred to full-time positions
- Signed industry-academia cooperation projects with 74 colleges and universities, strengthening employer brand
- Full implementation of the successor development plan

Offering competitive remuneration and welfare packages

- Selected as a constituent stock of the "Taiwan High Compensation 100 Index" for 8 consecutive years
- The 80% overall employee commitment

Emphasizing workers' occupational health and safety rules

- Implemented employee care, promoted disease prevention, and received the Golden Award for Epidemic Prevention by the Centers for Disease Control, Ministry of Health and Welfare in 2021
- Promoted the ISO 45001 Safety and Health Management System certification
- Total training hours of occupational health and safety courses reached 15,373.45 hours, with a completion rate of 100%
- There were no major occupational hazards (deaths/disabilities) in 2021

Implementing a gender-equal workplace

- Overall female personnel accounted for 59% of the workforce, with female supervisors making up 48% of the total number of supervisors
- Provided maternity protection related-benefits, with a parent retention rate of 82.7%

Helping non-profit organizations (including disadvantaged groups)

- A total of 198 social welfare groups benefited from the charity fund in 2021
- A total of 140 companies were invited to participate in the Strength of Love activities in 2021
- A total of 94 companies participated in the social welfare group support courses in 2021

- Employees
- Competent authorities
- Community



CONTENTS

Sustainable Navigator

About Taishin

Company Profile

Business Performance

Sustainability Highlights

Impact Valuation and Measurement

Awards & Honors

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

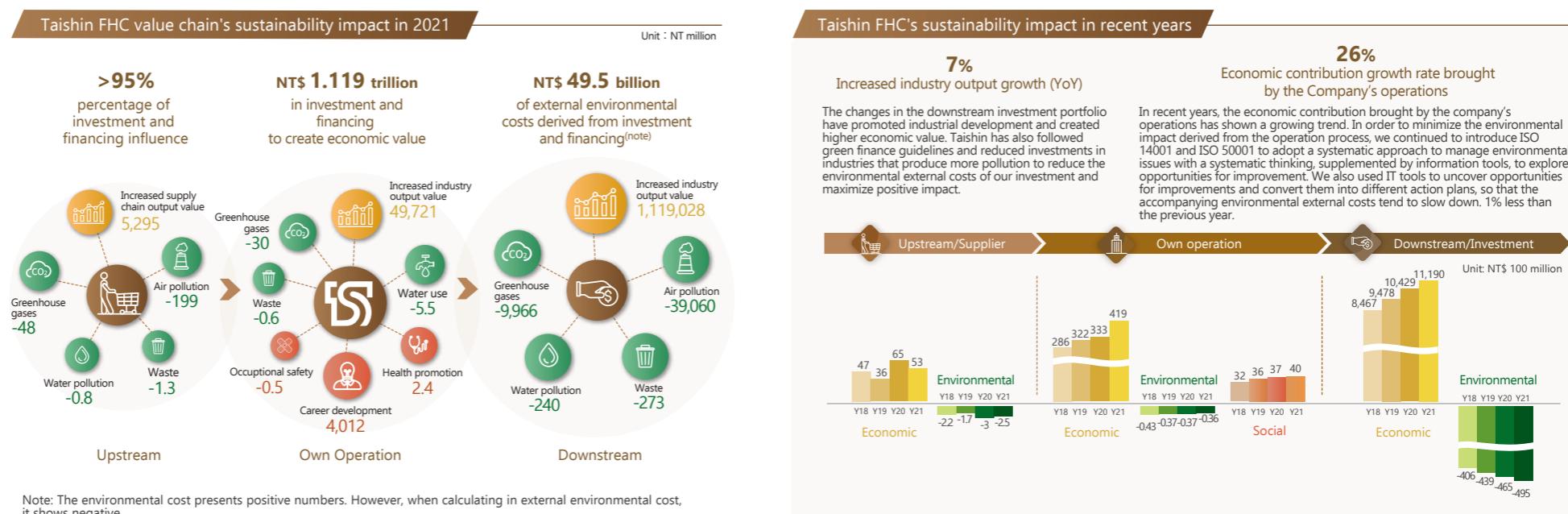
7. Social Impacts

8. Appendix

Impact Valuation and Measurement

Taishin FHC has adopted the profit & loss viewpoint for implementing corporate sustainability. We integrated the Triple Bottom Line (TBL) management philosophy that takes into account the economic, environmental, and social impact and worked with academic institutions to jointly develop the "Impact Valuation and Measurement" model, which uses the impact pathway approach to map out the positive and negative of value chain activities on the environment and society (called "externalities"). We monetized the impact to describe the potential impact on human wellbeing and the socio-economic, and demonstrated the substantive values created by company operations for stakeholders.

The analysis results have shown that the external influence of Taishin FHC is mainly concentrated in the investment and financing activities downstream of the value chain, and its influence accounts for more than 95%. Due to investment, financing, and credit activities in 2021, the development of relevant industries was boosted, with an economic output value of NT\$1.119 trillion, and derived external environmental costs of NT\$49.5 billion. Faced with sustainability issues, Taishin FHC has continually focused on how to balance and expand the effects of sustainable investment. Since 2018, Taishin FHC has gradually adopted the Green Finance Principles, the Equator Principles (EPs), and the Principles for Responsible Investment (PRI) promoted by the UN, among other management mechanisms, in order 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 influence to stakeholders. For details on the calculation methods, please refer to Appendix - Methods for Impact Valuation and Measurement.





CONTENTS

Sustainable Navigator

About Taishin

Company Profile

Business Performance

Sustainability Highlights

Impact Valuation and Measurement

Awards & Honors

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

Awards & Honors

Won over **120** international and domestic awards in **2021**
Inclusion in Both Dow Jones Sustainability Indices (DJSI) World and Emerging Markets for 4 consecutive years



Corporate Sustainability

- 【Taishin FHC】 BSI Sustainable and Resilient Navigator Award – BSI (British Standard Institution)
- 【Taishin FHC】 Ranked top 50 in 2021 “Excellence in Corporate Social Responsibility” – Common Wealth
- 【Taishin FHC】 Platinum Award in Corporate Sustainability Report Award
- 【Taishin FHC】 Top 50 Corporate Sustainability Award – TAISE(Taiwan Institute for Sustainable Energy)
- 【Taishin FHC】 Corporate Sustainability Report Award - Silver Award for English Report– TAISE(Taiwan Institute for Sustainable Energy)
- 【Taishin FHC】 Growth through Innovation Award – TAISE(Taiwan Institute for Sustainable Energy)
- 【Taishin FHC】 Creativity in Communication Award– TAISE(Taiwan Institute for Sustainable Energy)
- 【Taishin FHC】 Taiwan Sustainability Action Awards –Social Inclusion Gold Award TAISE(Taiwan Institute for Sustainable Energy)
- 【Taishin FHC】 Taiwan Sustainability Action Awards Economic Development Bronze Award – TAISE(Taiwan Institute for Sustainable Energy)
- 【Taishin FHC】 Asia Best Sustainability Report Design Communication Gold Award – CSRWorks International

FinTech

- 【Taishin Bank】 Won the 《Celent Model Bank Award》 for Open Business Ecosystem Development presented by Celent
- 【Taishin Bank】 Won the 《Best Private Asian Bank Award for Big Data and AI application》 presented by The Banker and PWM
- 【Taishin Bank】 Won the 《Taiwan Best Banking Award》 presented by IDC
- 【Taishin Bank】 Won the 《Taiwan Digital Techology Innovation Award presented by IDC
- 【Taishin Bank】 Won the 《Best Mobile Wallet Solutions Award》 presented by The Asset
- 【Taishin Bank】 Won the 《Bronze medal in Best Business Model Award》 presented by Business Next (Data-driven work: customer operational model)
- 【Taishin Bank】 Won the 《Bronze medal in Best Business Model Award》 presented by Business Next (Richtar Life cross-industrial ecosystem)
- 【Taishin Bank】 Won the 《Best Payment Innovation Award》 presented by Retail Banker International (RBI)
- 【Taishin Bank】 Won the 《AI Financial service Innovation Award 》 presented by Retail Banker International (RBI)
- 【Taishin Bank】 Won the 《Best Omni-Channel Integration Recommendation Award》 presented by Retail Banker International (RBI)

Business Performance

- 【Taishin Bank】 Received the SMEG Gold Award by the Ministry of Economic Affairs
- 【Taishin Bank】 Received the TAIFEX Trading Volume Diamond Award for Banks, 1st place
- 【Taishin Securities】 Named Management Buyout of the Year in Taiwan by Asian Banking & Finance
- 【Taishin Securities】 Named Securities Firm of the Year in Taiwan by Asian Banking & Finance
- 【Taishin Securities Investment Trust】 Won WealthAsia Media's 2020 Best-in-Class Award by the Benchmark (Taishin North America Income Trust Fund A)
- 【Taishin Financial Leasing (China)】 Won the 2021 Enterprise of the Year Award by the Jiangsu Association of Financial Leasing
- 【Taishin Financial Leasing (China)】 Recognized as Top 50 Growth Enterprises of Nanjing in 2021 by the Nanjing Enterprise Confederation and Nanjing Enterprise Directors Association

Wealth Management

- 【Taishin Bank】 Won the 《Taiwan Best Private Bank》 Award presented by The Banker and PWM
- 【Taishin Bank】 Won the 《Wealth Management Award 》 for Best Wealth Managing Banking of Taiwan presented by the Wealth Magazine
- 【Taishin Bank】 Won the 《Best National Brand for highest popularity in the National Brand Yushan Award》 presented by the Republic of China National Enterprise Competitiveness Development Association (wealth management)
- 【Taishin Bank】 Won the 《Best Wealth Management for the Wealthy Award》 presented by The Digital Banker.
- 【Taishin Bank】 Won the 《Best Wealth Management Bank Award 》 in the Wealth Management Bank Assessment presented by Business Today
- 【Taishin Bank】 Won the 《Outstanding Wealth Management Backend Technology Innovation Award》 presented by PBI
- 【Taishin Bank】 Won the 《Best Wealth Management Service Recommendation Award 》 presented by PBI
- 【Taishin Bank】 Won the 《2021 Best Value Wealth Management Award》 presented by the Registered Financial Planners Institute (RFPI) Taiwan Management Office & Taiwan Registered Financial Planners (TRFP)
- 【Taishin Bank】 Won the 《 2021 Exceptional Banking Award 》 for Best Wealth Management presented by the Excellence Magazine

Innovative Products & Superior Services

- 【Taishin Bank】 Won the 《Best Global Financial Innovation Laboratory Award》 presented by Global Finance
- 【Taishin Bank】 Won the 《Best Asian Pacific Online Product Award》 presented by Global Finance
- 【Taishin Bank】 Won the 《Best Consumer Digital Banking in Taiwan Award》 presented by Global Finance
- 【Taishin Bank】 Won the 《Best Customer Rewards and Loyalty Project Award》 presented by Asian Banker
- 【Taishin Bank】 Won the 《Best Omni-Channel Innovation Integration Award》 presented by Asian Banker
- 【Taishin Bank】 Won the 《Best Syndicated Loan in Vietnam Award》 presented by The Asset
- 【Taishin Bank】 Won the Digital Financial Service Award: Best Digital Innovation Gold Award presented by Commercial Times
- 【Taishin Life Insurance】 Rated as 《one of the Top 20% Companies with Fair Treatment of Customers Policy》 by the Financial Supervisory Commission Taishin Bank
- 【Taishin Bank】 Won the 《Silver medal in Taiwan Insurance Extraordinaire Award 》 for Exceptional Talent Cultivation Project Planning present by Taiwan Insurance Institute
- 【Taishin Bank】 Won the 《2021 FinTech Model Award》 presented by Global Views Monthly
- 【Taishin Bank】 Won the 《Wealth Magazine Financial Award》 for Best Financial Technology Banking presented by the Wealth Magazine





CONTENTS

[Sustainable Navigator](#)[About Taishin](#)[1. Sustainable Operation](#)[CSR Committee Operations](#)[Stakeholder Identification and Engagement](#)[Material Topics Identification](#)[Sustainability Topics Assessment and Goals](#)[Sustainability Topics Management](#)[2. Sustainable Governance](#)[3. Sustainable Finance](#)[4. Superior Service](#)[5. Environmental Sustainability](#)[6. Friendly Workplace](#)[7. Social Impacts](#)[8. Appendix](#)

1 Sustainable Operation

- 1.1 CSR Committee Operations
- 1.2 Stakeholder Identification and Engagement
- 1.3 Material Topics Identification
- 1.4 Sustainability Topics Assessment and Goals
- 1.5 Sustainability Topics Management



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

CSR Committee Operations

Stakeholder Identification and Engagement

Material Topics Identification

Sustainability Topics Assessment and Goals

Sustainability Topics Management

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

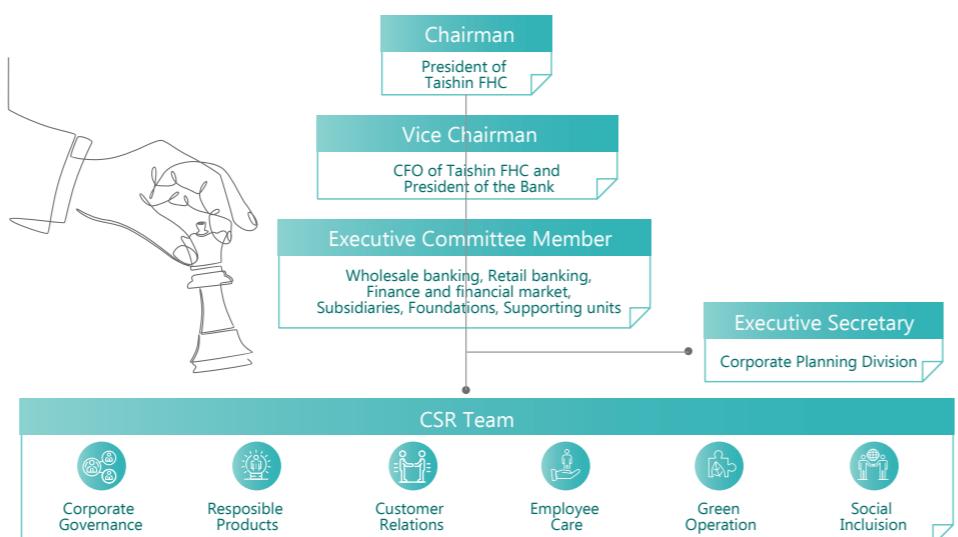
8. Appendix

1.1 CSR Committee Operations

1.1.1 CSR Committee Organization

To enhance the overall corporate sustainable practices, Taishin FHC established Corporate Sustainability Responsibility Best Practice Principles and assembled Corporate Sustainability Responsibility Committee (CSR Committee) to promote ESG activities. The President of Taishin FHC serves as chairman of the CSR Committee, CFO and President of the Bank serves as vice chairmen, while representatives from various business groups/subsidiaries/foundations serve as executive members. The Committee is responsible for establishing ESG strategies and goals, examining annual ESG plans, and reviewing each ESG projects and their results.

The CSR Committee should meet at least twice a year and may hold a meeting at any time if necessary. In 2021, the CSR Committee convened 2 meetings with issues including plans from the ESG projects in 2022, material matrix, climate-sensitive analysis for investment and financing targets, planning a mechanism for reporting potential risks, setting SBT carbon reduction investment and financing targets, etc. The Committee has also reported the implementation results of CSR programs and major plans to the Board of Directors since 2018. The chairman and executive members are invited to participate in regular board meetings, during which they may communicate with the board on ESG-related issues.



1.1.2 ESG Milestone

- Both Dow Jones Sustainability Indices (DJSI) World and Emerging Markets for 3 consecutive years

- Received the "Leader AA for the Finance Industry" in the MSCI ESG rating
- Ranked on Carbon Disclosure Project A List for climate change
- Established the Environmental and Social Risk Management Sector Guidelines
- Real estate scenario analysis for wholesale banking under the Task Force on Climate-related Financial Disclosures (TCFD) framework

- Inclusion in Both Dow Jones Sustainability Indices (DJSI) World and Emerging Markets in 2018

- Added one vice chairman and one executive member
- Established "Green Finance Principles"
- Adopt TCFD framework
- Adopt ISO14001 - Environmental Management System
- Expanded GHG Emissions Survey to the entire bank branches
- Won Taishin a climate change rating of B in CDP 2018

- Identified Taishin's sustainability strategies and goals
- Revised the risk management policy to include management of sustainability risks
- Enforced the signing of supplier commitments
- Established Green Purchasing Principles
- Purchased green electricity
- Associated Richart with CSR
- Signed the "Stewardship Principles for Institutional Investors"

- Added independent directors and assembled Audit Committee
- Supplier self-assessment questionnaire
- Obtained ISO 50001 certification
- Support to CDP

- Established the Corporate Social Responsibility Committee (CSR Committee)
- Established the Corporate Social Responsibility Best Practice Principles
- Abided by the Equator Principles-take CSR into credit assessment

- Named on both Dow Jones Sustainability Indices (DJSI) World and Emerging Markets for 4 consecutive years.
- Received the "AA" in the MSCI ESG rating for 2 consecutive years.
- Credited as one of the Top 100 Companies with excellent performance in emerging markets for three consecutive years by the ESG rating agency, Vigeo Eiris.
- Commencement of the TCFD transaction counterparty climate sensitivity identification and assessment.
- Setting of Science Based Targets
- Becoming on of the founding members of the Taiwan Alliance for Net Zero Emission.

- Continued to be included in the "World Index" and "Emerging Market Index" under the Dow Jones Sustainability Index (DJSI).
- Recognized as the 100 most advanced companies in Vigeo-Eiris Emerging Market Universe
- Continued to won Taishin a climate change rating of B in CDP 2019
- Signed the Equator Principles
- Became a supporter of TCFD
- Adopt ISO45001 - Occupational Health and Safety Management Systems
- Held the first supplier conference

- Commenced operation of CSR teams
- Established the Risk Management Committee under the board of directors
- Obtained ISO 14064-1:2006 verification
- Solar power equipment at Neihu Building operated officially
- Purchased renewable energy certification
- Included in the first FTSE4Good TIP Taiwan ESG Index



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

CSR Committee Operations



Stakeholder Identification and Engagement

Material Topics Identification

Sustainability Topics Assessment and Goals

Sustainability Topics Management

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

1.2 Stakeholder Identification and Engagement

1.2.1 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.

1.2.2 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	<ul style="list-style-type: none"> Immediately: Customer service hotline/email/fax, branch service opinion forms, VOC platform, website, and banking apps Quarterly: Branch service telephone surveys Annually: Customer satisfaction and loyalty surveys COVID-19 Ad hoc: email, message, App, ATM, events and seminars 	<ul style="list-style-type: none"> Corporate Governance and Business Integrity Green Operation Management Occupational Health and Safety 	<ul style="list-style-type: none"> Plans to improve its digital forensics capacity over the next 3 years and construct a security operation center. Implements "Management Regulations on Personal Information Misuse Incidents" and received no penalty from the authority for violation of personal information in 2021. Implement "Ethical Corporate Management Best Practice Principles" and "Employee Code of Conduct" to supports integrity and culture of the organization. 	Customer satisfaction rate: 78.3%
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 style="list-style-type: none"> Immediately: Employee relation mailbox and phone, HR Representatives Quarterly: Taishin Morning Meetings, labor-management meetings Annually: Employee opinion surveys for certain divisions Biennially: Employee opinion surveys 	<ul style="list-style-type: none"> Corporate Governance and Business Integrity Green Operation Management Remuneration Benefits & Employee Care 	<ul style="list-style-type: none"> 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 8 consecutive years since 2014. Established a diverse range of communication channels for employees. Organize health promotion events for high-risk groups and increase the participation. 	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 style="list-style-type: none"> Immediately: IR email/hotline, website Monthly: Market Observation Post System Quarterly: Investor seminars, Roadshow/IR Conference Annually: Shareholders meeting Ad hoc: Physical mail and replies 	<ul style="list-style-type: none"> Corporate Governance and Business Integrity Climate Change Strategy Remuneration Benefits & Employee Care 	<ul style="list-style-type: none"> Recorded a net after-tax profit of NT\$ 20.3 billion in 2021, after-tax earnings per share of NT\$1.63, a return on shareholders' equity of 9.05%, and a net share value of NT\$13.22 at the end of the year. Plans to improve its digital forensics capacity over the next 3 years and construct a security operation center. Reviews the Risk Management Policy, risk appetite, limit transfer, and the integrated risk management report. 	Inclusion in Both Dow Jones Sustainability Indices (DJSI) World and DJSI Emerging Markets for 4 consecutive years since 2018.
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 style="list-style-type: none"> Immediately: phone, e-mail or physical mail and reply Ad hoc: policy seminars and conferences, supervision and inspection exercises 	<ul style="list-style-type: none"> Risk Management and Internal Control Green Operation Management Labor-Management Relations 	<ul style="list-style-type: none"> 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." Has zero tolerance to employees who commit major violation against work ethics, and report incident and assist the competent authority in various investigations. Reviews the Risk Management Policy, risk appetite, limit transfer, and the integrated risk management report. 	The evaluation results of the Board of Directors and its functional committees were all "Above Target" (The internal assessments are conducted at least once a year and external assessments involving outside experts at least once every three years and the latest external one was completed in April 2021).



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

CSR Committee Operations

Stakeholder Identification and Engagement

Material Topics Identification

Sustainability Topics Assessment and Goals

Sustainability Topics Management

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

Stakeholders	Significance to Taishin	Communication Channels	Main Concerned Topics	Corresponding Contents	Communication Results
Suppliers	High-quality materials, equipment and stable working relationships are helpful for maintaining business operations and building a sustainable supply chain	<ul style="list-style-type: none"> Immediately (contract renewed or newly): Supplier Commitment Statement Annually: human rights risk assessment and education, supplier self-assessment Ad hoc: business seminars, price negotiation meetings 	<ul style="list-style-type: none"> Business Integrity Business Performance Supplier Sustainable Management 	<ul style="list-style-type: none"> Implement "Ethical Corporate Management Best Practice Principles". Recorded a net after-tax profit of NT\$20.3 billion in 2021. Implement the mechanism of supplier management and organize supplier conferences regularly. 	Held supplier conference in 2021 to address human rights and environmental protection.
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 style="list-style-type: none"> Twice a week: Friday Noon Concerts Monthly: e-newsletter to Taishin Charity Foundation Annually: Christmas / Lunar new year festivals, Taishin Aart Award, Power of Love campaign Ad hoc: community investment seminars, financial education camps, Taishin Volunteer events, activities related to charity/ arts/ sports/ academic etc. 	<ul style="list-style-type: none"> Social Involvement Business Integrity FinTech/ Digital Innovation 	<ul style="list-style-type: none"> Focus on charity and welfare, arts and culture, sports sponsorship and academic exchange Implement "Ethical Corporate Management Best Practice Principles". Actively build the cross-industry alliances to support core businesses and cooperate with FinTech. 	Brand preference and recognition :93%
Media	Conveying correct information to the general public helps maintain positive corporate image	<ul style="list-style-type: none"> Immediately: press conference or seminar, spokesperson policy. Ad hoc: media gathering. 	<ul style="list-style-type: none"> FinTech/ Digital Innovation Talent Development Business Performance 	<ul style="list-style-type: none"> Publishes press releases or statements on major issues. 	Communicates important information in a timely manner, reducing damage to the Company because of incorrect information.

Note: The stakeholder questionnaire surveys the most concerned issues of stakeholders among the three topics: governance, social, and environment. The results represent how the stakeholders prioritize these issues, not that one issue is innately more important than one another.

1.3 Material Topics Identification

Material Topic Identification Process

1 44 managers to conduct the impact survey

Taishin has compiled a list of 19 sustainability topics through the collection of sustainability topics and benchmark analysis. A total of 44 level 1 executives from different business units, subsidiaries, and the two major foundations rated the environmental, social, and governance impacts of the sustainability topics for Taishin to understand the impact of each sustainability topic on Taishin FHC's internal operations and the degree of impact on the external environment, society and corporate governance.

2 185 stakeholders to Conduct the attention survey

In order to understand the main topics of interest of various stakeholders in Taishin, a questionnaire survey was conducted according to 7 categories of stakeholders, and the attention of each sustainable topic was scored. A total of 185 questionnaires were collected.

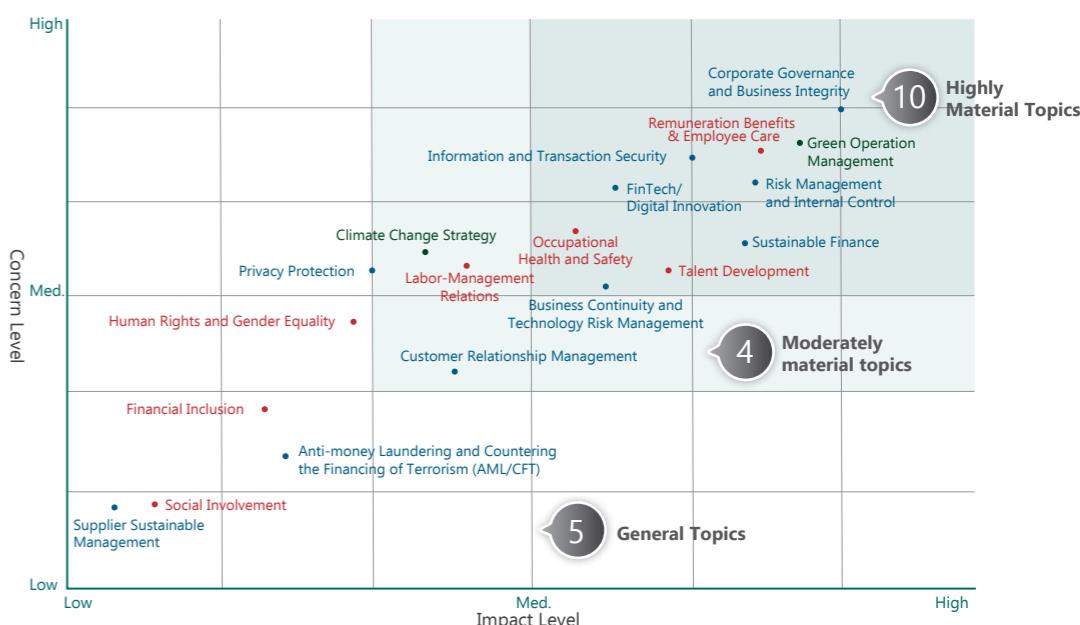
3 31 topic reports used as the basis for rationality analysis

In response to the expansion of Taishin's business territory and the diversification of business scope, the rationality of the output covers all the issues of concern to stakeholders, and then produces a matrix of significant impact points. We generated matrix results and conducted a rationality analysis with reference to 14 reports on international sustainability trends and 18 reports on domestic and international financial industry sustainability. Our goal was to reduce bias caused by lack of awareness and to ensure the reasonableness of the 2021 topic rankings.

4 10 material topics approved by the CSR Committee

The CSR Committee consists of 6 executive members and senior executives of relevant functional teams reviewed and discussed the materiality matrix and finalized 10 material topics for 2021.

Materiality Matrix





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

CSR Committee Operations

Stakeholder Identification and Engagement

Material Topics Identification

Sustainability Topics Assessment and Goals

Sustainability Topics Management

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

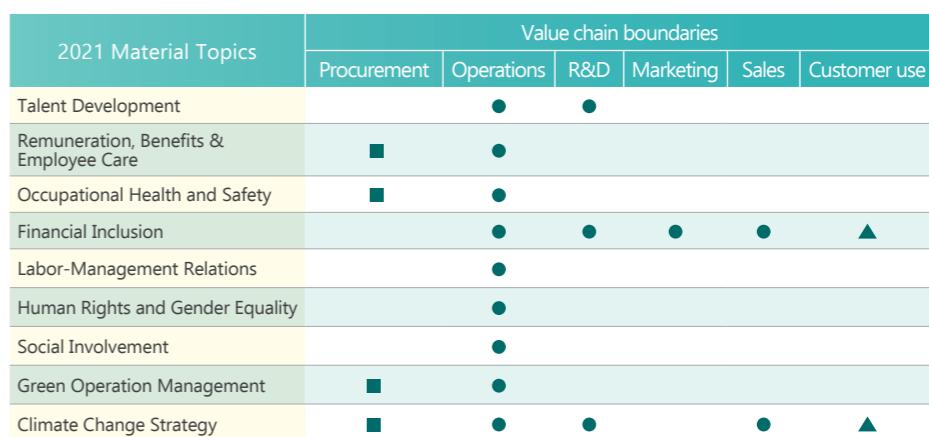
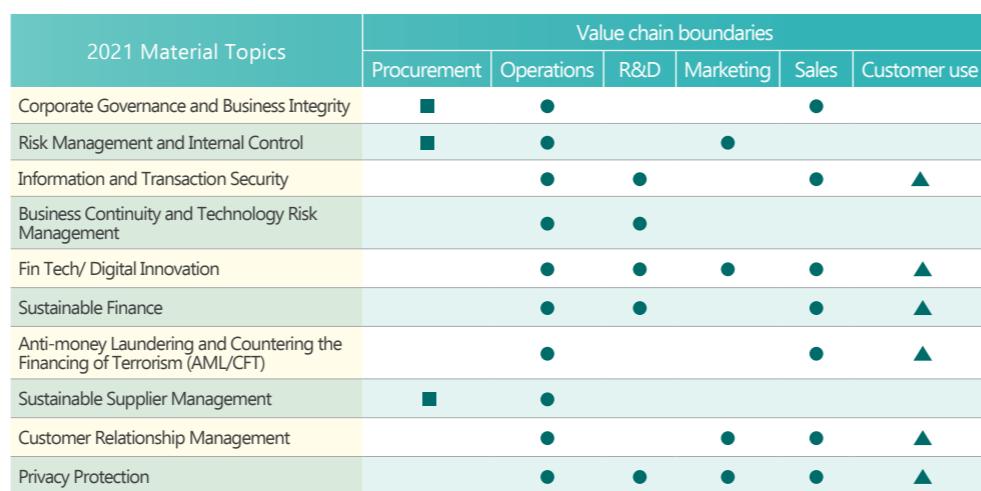
7. Social Impacts

8. Appendix

◆ Boundaries of material topics and management strategies

Material Topics	Corresponding to GRI Topic Specific Standard Disclosures	Significance to Taishin							Chapter	
		External Impact			Internal Impact					
		Environment	Society	Economy	Policy	Profitability	Brand	Future Performance		
Corporate Governance and Business Integrity	(102) Governance ▶ (205) Anti-corruption ▶ (419) Socioeconomic Compliance	✓	✓	✓	✓	✓	✓	✓	Corporate Governance and Business Integrity	
Risk Management and Internal Control	(102) Governance ▶ (201) Economic Performance	✓	✓	✓	✓	✓	✓	✓	Risk Management and Internal Control	
Information and Transaction Security	(418) Customer Privacy	✓	✓	✓	✓	✓	✓	✓	Information and Transaction Security	
Business Continuity and Technology Risk Management	(203) Indirect Economic Impacts	✓	✓	✓		✓	✓	✓	Business Continuity and Technology Risk Management	
Sustainable Finance	(102) Governance	✓	✓	✓	✓	✓	✓	✓	Business Performance	
FinTech/ Digital Innovation	(203) Indirect Economic Impacts	✓	✓	✓	✓	✓	✓	✓	FinTech/ Digital Innovation	
Remuneration, Benefits & Employee Care	(201) Economic Performance ▶ (202) Market Presence ▶ (401) Employment ▶ (405) Diversity and Equal Opportunity	✓	✓	✓		✓	✓	✓	Remuneration, Benefits & Employee Care	
Talent Development	(202) Market Presence ▶ (401) Employment ▶ (405) Diversity and Equal Opportunity	✓	✓	✓	✓	✓	✓	✓	Talent Development	
Occupational Health and Safety	(403) Occupational Health and Safety(2018)	✓	✓	✓		✓	✓	✓	Occupational Health and Safety	
Green Operation Management	(302) Energy ▶ (303) Water and Effluents ▶ (305) Emissions ▶ (307) Environmental Compliance	✓		✓	✓		✓	✓	Green Operation Management	

◆ Boundaries of Material Topics



■: Direct ●: Facilitated ▲: Business relations



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

CSR Committee Operations

Stakeholder Identification and Engagement

Material Topics Identification

Sustainability Topics Assessment and Goals

Sustainability Topics Management

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

1.4 Sustainability Topics Assessment and Goals

Taishin referenced the GRI Standards and provided a comprehensive explanation of the boundaries, risks and opportunities, and management strategies of all 21 sustainability topics. 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.

Sustainability Topics in 2021	Assessment and Goals				
	Key Performance Indicator	Achievement in 2021	Short term (until 2023)	Medium term (until 2024)	Long term (until 2026)
Corporate Governance and Business Integrity	Corporate governance evaluation ranking	Maintain exceptional performance	Maintain exceptional performance	Top5%	Top5%
	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 committee and create long-term value for shareholders, businesses, customers and employees
	Directors attendance rate	95.54%	Maintain above 90%	Maintain above 90%	
	Integrity course completion rate	100%	100%	100%	100%
Risk Management and Internal Control	Group's capital adequacy ratio	123.40%	≥ 100%	≥ 100%	≥ 100%
	Department compliance assessment pass rate	100%	100%	100%	100%
	Risk Management Committee members' attendance rate	100%	Above 90%	Above 90%	Above 90%
Information and Transaction Security	Hacker attacks that caused operational or business impact	No incidence	No incidence	No incidence	No incidence
	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 Sustainable Management	Supplier Commitment Statement signing rate	100%	100%	100%	100%
	Regular audits of major suppliers	Coverage of document review for tier 1 major suppliers - 10%	Coverage of document review for tier 1 major suppliers - 10%	Coverage of document review for tier 1 and tier 2 major suppliers - 20%	Coverage of on-site review for tier 1 major suppliers - 10%
	Annual Growth Rate of Green Procurement Amount	6.19%	5%	10%	20%
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	Took inventory of SBT investment and financing positions	Making SBT Commitments and Setting SBT Targets	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



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

CSR Committee Operations

Stakeholder Identification and Engagement

Material Topics Identification

Sustainability Topics Assessment and Goals

Sustainability Topics Management

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

Sustainability Topics in 2021	Assessment and Goals				
	Key Performance Indicator	Achievement in 2021	Short term (until 2023)	Medium term (until 2024)	Long term (until 2026)
FinTech/ Digital Innovation	Numbers of Cross-industry collaboration partners	5	5	8	15
	Process robot working hours (target >5,000 hours/month)	6,200 hours/month	>6,500 hours/month	>8,500 hours/month	>10,500 hours/month
Customer Relationship Management	Retail banking customers satisfaction	NPS 22.3	Covered NPS survey outcomes	3% improvement over the previous year	Achieve 87% of the desired target
	Securities customer satisfaction	NPS 29.6	Covered NPS survey outcomes	0.5% improvement over the previous year	Achieve 90% of the desired target
Privacy Protection	Percentage of banking customers' complaints resolved within timeframe	100%	100%	100%	100%
	Personal information protection education completion rate	100%	100%	100%	100%
Financial Inclusion	Richart usage	5.4% growth	Maintain growth	Maintain growth	Maintain growth
	Number of online transactions	25.4% growth	9% growth	Maintain growth	Maintain growth
Climate Change Strategy	Scope 1 & 2 Greenhouse Gas Emissions (note) Note: Base year2018=25,030 t CO ₂ e	19,889 t CO ₂ e	24,529 (2% reduction)	24,279 (3% reduction)	23,778 (5% reduction)
	Intensity target	1.788%	1%	2%	3%
	Renewable energy promotion results	123,000 kWh	Annual increase of 5,000 kWh	Annual increase of 10,000 kWh	Annual increase of 15,000 kWh
	TCFD Implementation	Make assessments of climate-sensitive industries	Conduct full implementation and make assessments of climate-sensitive industries	Carried out financial impacts analysis on climate change	Execute the analysis for other sensitive industries; Management and climate strategies are adjusted on the basis of the analyzed results; Climate governance mechanisms can be optimized
	Scope 1 & 2 Greenhouse Gas Emissions (note) Note: Base year2018=25,030t CO ₂ e	19,889 t CO ₂ e	24,529 (2% reduction)	24,279 (3% reduction)	23,778 (5% reduction)
Green Operation Management	Purchased Electricity Note: Base year 2018=44,864,147 kWh	37,554,325 kWh	43,966,864 (2% reduction)	43,518,222 (3% reduction)	42,620,939 (5% reduction)
	Water usage Note: Base year2018=14.65 kiloliter/per person	11.19 kiloliter/per person	14.21 (3% reduction)	14.06(4% reduction)	13.92 (5% reduction)
	Waste intensity Note: Base year 2018=0.0758 tons/ per person	0.0723 tons/per person	0.0735 (2% reduction)	0.0727 (4% reduction)	0.0720 (5% reduction)
	Business Travel Carbon Emissions Note: Base year 2017=116.95 tons (for every 5% increase in revenue, the maximum emissions are increased by 1%)	88.61 tons, 24% decrease from base year, in line with target value	maintain target	maintain target	maintain target
	Coverage rate of ISO 14064-1 GHG inventory	100%	100%	100%	100%
	Coverage and certification rate of ISO14001	Taishin FHC, Neihu Building certification	Group-wide certification	Group-wide certification	Group-wide certification
	Coverage and certification rate of ISO 50001	Taishin FHC, Neihu Building certification	Taishin FHC, Neihu Building certification	Taishin FHC, Neihu Building certification	Group-wide certification
	Employer Reputation Enhancement	Internship programs with over 70 universities Provide more than 450 students with the opportunity to experience the workplace	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
Talent Development	Retention rate of top talents	93%	93%	93%	93%
	Project implementation rate of Succession Development Program	100%	100%	100%	100%



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

CSR Committee Operations

Stakeholder Identification and Engagement

Material Topics Identification

Sustainability Topics Assessment and Goals

Sustainability Topics Management

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

Sustainability Topics in 2021	Assessment and Goals				
	Key Performance Indicator	Achievement in 2021	Short term (until 2023)	Medium term (until 2024)	Long term (until 2026)
Remuneration, Benefits & Employee Care	Offering of competitive compensation package	Selected in TWSE "Taiwan High Compensation 100 Index" for 8 consecutive years	To be selected in TWSE "Taiwan High Compensation 100 Index"	To be selected in TWSE "Taiwan High Compensation 100 Index"	To be selected in TWSE "Taiwan High Compensation 100 Index"
Occupational Health and Safety	Occupational safety and health management	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
	Case of major occupational hazard incidents	0	0	0	0
	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 67.6%	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
Labor-Management Relations	Employee opinion survey execution rate	100%	100%	100%	100%
Human Rights and Gender Equality	Human rights training completion rate	100%	100%	100%	100%
	Case of discrimination or sexual harassment	1	0	0	0
	Corporate volunteering hours	6,955	12,000	12,000	Enforcement of the volunteer system
Social Involvement	Support for charity organizations	3 physical workshops and 7 online courses have been held. A total of 94 social welfare groups have participated in the physical sessions, and more than 100 people have participated in each online course.	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.
	Art activities which supported organization participate in	A total of 16 events were held, and a total of 60 social welfare groups participated	Twice a year	Twice a year	Twice a year
	Expansion of Taishin Arts Award	15 groups of shortlisted works were selected, 3 winners; 11 groups were shortlisted for promotion plan sponsorship. Because it was announced online for the first time during the epidemic, about 28,000 people watched it online. The annual ARTalks Art Awards website received 37,220 page views.	Integration of database and event website. Organize a 20th anniversary exhibition. A film production for the 20th anniversary of the Award. Collaborate with the Taipei Performing Arts Center for the opening programs.	The pandemic has drastically impacted art exhibitions and performances. Entering the post-pandemic era, the Foundation will continue organizing the Taishin Arts Award while endeavoring in assisting the recovery and exchange of art exhibitions and performances.	Create a separate program that reviews and exhibits art in complement with the Arts Award

Note: The projects that did not meet the standard in 2021 are described as follows:

1. There will be 1 case of sexual harassment in 2021, which has been properly handled

2. In 2021, the participation hours of corporate volunteers did not meet the standard. Due to the escalation of the epidemic, related activities and volunteer visits were cancelled.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

CSR Committee Operations

Stakeholder Identification and Engagement

Material Topics Identification

Sustainability Topics Assessment and Goals

Sustainability Topics Management

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

1.5 Sustainability Topics Management

2021 Sustainability Topic	Potential risks	Potential opportunities	Management approach		
			Policy	Commitment	Action
Corporate Governance and Business Integrity	Effective internal control can't be ensured with an unhealthy corporate governance system and failure to operate with integrity. Internal moral hazards and fraudulent behavior could severely affect the business performance of the Company, damage shareholders' rights and interests, and undermine the sustainability of the Company.	An effective corporate governance system and implementation of an ethical management culture must assist the Board of Directors and executive officers to achieve business objectives while maximizing benefits for the Company and stakeholders. It must also help transform the corporate management structure and provide effective supervision mechanisms to make good use of resources and improve efficiency	Establishment of "Corporate Governance Principles", "Ethical Corporate Management Best Practice Principles", "Employee Code of Conduct", and "Corporate Social Responsibility Best Practice Principles"	Implement a robust corporate governance framework, enhance functionality of the Board of Directors and functional committees, protect shareholders' interests and fulfill corporate responsibilities. "Integrity" has been included as part of the board's regular performance. Through implementation of well-designed systems, awareness programs and training, we hope to establish integrity deep within our corporate culture.	Participate in corporate governance evaluation and execute board performance assessment, and regularly review the remuneration policy and systems. Prevent dishonest behaviors through enhanced training, propaganda and supervision. Establishment of "Staff Conduct Review and Staff Performance Appraisal Committee" and diverse communication channels to encourage and protect whistleblowers.
Risk Management and Internal Control	Risks and profits always go hand in hand. A company without risk management and internal control, business operations will go beyond the company's risk appetite, or the company would suffer from idle capital due to excessive caution.	By implementing internal control mechanisms and making good use of risk management tools, we can create a sound operation system that balances risks and rewards, uses resources effectively, and increases shareholder value.	Establishment of "Risk Management Policy" based on best risk management practices, the Basel Accord and laws of the Republic of China.	Improve the quality of risk management efforts and ensure corporate sustainability by adopting a robust risk identification, assessment, consolidation and management system	Ensure the effectiveness of risk management system by adopting the three lines of defense that is currently regarded as the best risk management practice in the world.
Information and Transaction Security	The information system may be exposed to sever cyber attacks or ransomware threats, which may lead to leaks or tampering of confidential information or interruption of business operations, resulting in financial losses and business reputation losses.	With adequate control, the information system can provide customers and employees with a safer and more convenient life and work experience and create an excellent digital life environment	Establishment of "Information Security Policy" and "Internet Security Management Guidelines." Assembly of an "Information Security Committee" with defined protection goals that regularly discusses information security-related issues and improvement measure	Provide complete information security protection and create a reliable and trusted environment for banking development.	Acquire certification for ISO/IEC 27001 ISMS. Gather information on security trends and threats from around the world, and take timely actions to prevent and respond to threats while at the same time enforce security measures
Business Continuity and Technology Risk Management	Risks are inherently uncertain. If we fail to make plans to ensure business resilience, we can no longer provide services when incidents occur. When the risks are severe, they may even affect the stability of the entire financial market.	In the event of an emergency, we must maintain the operations of important businesses and restore normal operation as quickly as possible to reduce the impact and business interruption time caused by the emergency, protect customer and shareholder equity, reduce the impact of risks, and increase competitiveness.	Implement business continuity measures as part of our banking service to ensure proper response and thereby maintain key operations and ensure fast recovery.	Minimize impact and service downtime in order to protect customers' and shareholders' interests and strengthen our competitiveness.	Have Business Continuity Plan, Information System Recovery Plan, and Contingency Funding Plan. Also, conduct related tests and drills.
Sustainable Supplier Management	The failure of suppliers to fulfill corporate social responsibility may lead to disputes on labor rights and environmental sustainability that affect transactions, disrupt services, and damage Taishin's corporate image.	Use Taishin's influence to encourage suppliers to improve their corporate social responsibility, create a high-quality corporate culture in the supply chain, reduce risks, and create close and positive connections.	Establishment of "Supplier Management Regulations" and "Supplier Principles" that require suppliers to fulfill corporate social responsibilities, commit to environmental sustainability, and protect basic human rights.	Add the "Supplier Commitment Statement" to every procurement contract as an invitation for supply chain partners to join us in fulfilling corporate social responsibilities.	Provide corporate social responsibility training for all suppliers. Perform annual supplier assessment and request improvement from suppliers based on the outcome of assessment.
Anti-money Laundering and Countering the Financial of Terrorism (AML/CFT)	Failure to implement AML/CFT will result in penalties by the competent authority, increased transactional costs, and affect the reputation of the business which will cause the loss of customers.	Effective controls can help create a stable financial order, strengthen international cooperation, and fulfill the responsibilities as international citizens. They can help prevent the aforementioned risks and improve business reputation.	Establish a "AML and CFT Policy", while each relevant subsidiary company sets relevant execution standards for its own industry oriented by risk management to implement the prevention of AML and CFT.	In order to AML, combat crime, so that fulfill the responsibility of stabilize financial order, promote transparency of financial flows, and connect international cooperation, strengthen various systems for AML and CFT, enhance employees' awareness of AML, uphold the core values of sustainable management with citizenship.	The Board of Directors of Taishin FHC holds the highest authority and responsibility in AML and CFT. The Board establishes compliance and risk management cultures and regularly reviews the organization's AML/CFT practices. And continue to promote related education and trainings.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

CSR Committee Operations

Stakeholder Identification and Engagement

Material Topics Identification

Sustainability Topics Assessment and Goals

Sustainability Topics Management

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

2021 Sustainability Topic	Potential risks	Potential opportunities	Management approach		
			Policy	Commitment	Action
Sustainable Finance	1.The government's accelerated development programs may increase the cost of compliance. 2.If counterparties are high carbon emitters and polluters producers who fail to implement improvements, the transactions would damage the Company's reputation.	Accelerated ESG industry development increases opportunities in investment and financing.	Establishment of "Green Finance Principles", which incorporated environmental and social risk assessments into financing and investment decisions. The principle also support the United Nations Framework Convention on Climate Change, the government's renewable energy policies and related industries.	Support environmentally friendly and green industries and avoid direct cooperation with controversial companies.	Follow Green Finance Principles, review and evaluate whether the investee is an industry the Company can actively support or one that should be avoided. Continue to monitor the financing conditions of the investment target after the transaction.
FinTech/ Digital Innovation	Insufficient products and experience will cause the Company to lose customers and competitiveness. Lack of innovation will confine the Bank to markets with intense competition and reduce the Bank's profitability.	Create excellent customer experiences, increase customer loyalty, and gain new competitive advantages. Innovation can also access new markets for financial services and increase revenue.	Monitor FinTech development trends, create a digital banking environment, and train new technical talents in response to the new coming future.	Optimize the digital service experience based on a customer-centric approach. Commit efforts into improving digital capacity and provide financial services that are integrated into customers' lifestyles.	Develop innovative services and optimize processes through new technologies to provide more considerate services attuned to customers' actual needs. Incorporate the convenience of FinTech into daily lives to provide rapid and suitable financial service experience.
Customer Relationship Management	1.Failure to provide services based on customer experience may result in customer complaints that damage the Company's brand image. 2.The Company's failure to establish a corporate culture based on fair customer treatment or employees' failure to abide by consumer protection regulations may increase the cost of violation of laws and loss of business reputation.	1.Pay attention to customer experience, meet market demands, and provide diverse communication and communication channels to improve customer satisfaction and loyalty. 2.When the policies and strategies for fair customer treatment are formulated and implemented, the management can perform supervisory duties and the employees can follow the rules and regulations to create a good corporate culture, sustainable development, and improved competitiveness through top-down process.	Establishment of "Fair Treatment of Customers Policy", "Fair Treatment of Customers Strategy", "Taishin Bank Consumer Dispute Resolution System", "Taishin Bank VOC Implementation Guidelines" and "Taishin Bank Frontline Service Quality Examination Guidelines".	Not only provide a diverse range of localized and customized service, but also pay close attention to customers' voice while delivering highly value-added services that make us the trusted smart partner.	Invest extensively in training to improve service quality to satisfy customer demand and increase customer satisfaction.
Privacy Protection	Failure to implement privacy protection will result in penalties by the competent authority and damaged business reputation which will cause the loss of customers.	The implementation of personal data protection management will increase customers' trust leading to the growth of the number of customers and enhance customer loyalty.	Establish personal information protection regulations and review the appropriateness of the regulations based on changes in legislation. Establish suitable management mechanisms based on the results of risk assessments.	Continue to execute training programs that are aimed at helping employees understand related regulatory requirements and assist employees fully understand the scope of accountability, related mechanisms, procedures, and measures for personal information protection.	Engage certified public accountants to perform a special audit on personal information protection
Financial Inclusion	When providing financial products and services to diverse groups, we must continuously monitor and strengthen the management of compliance, information security, and other risks. If we fail to implement adequate control and affect customers' rights and interests or violate laws and regulations, the Company may be penalized by the competent authorities, which would severely damage the Company's reputation and lead to loss of customers.	We use FinTech to provide more convenient and necessary financial products and services to different groups. We will expand our products and services and increase the number of customers to improve the Company's operational health and enhance the Company's image and competitiveness.	Introduce the ESG concept into financial services and make services more accessible to provide suitable and friendly financial products and services for different groups and establish an equal and perfect financial environment.	Use FinTech to continuously optimize services and promote inclusive financial products to expand the accessibility and usability of financial services.	1. Use the Richart app to provide simple, convenient, and easy-to-understand financial services to the younger generations who have fewer financial resources. Encourage them to develop investment and wealth management habits by controlling their income and expenditures. 2. Continue to strengthen the app and the service items and functions of the online platform to optimize customer experience and help customers access financial services without spatial and temporal restrictions.
Climate Change Strategy	1.The government's accelerated development programs may increase the cost of introduction mechanisms and implementation. 2.Increased climate change risks for collateral and borrowers may increase default rate or decrease the value of collateral.	Accelerated development of low-carbon economy industries or those that benefit from extreme climate change may increase investment and financing opportunities.	1.Taishin FHC incorporated climate change risk management into our risk management policy. 2.We formulated the "Green Finance Principles" to actively support environmental protection industries and enterprises and those focused on mitigating climate change in business operations.	1. We supported the Task Force on Climate related Financial Disclosures (TCFD) and became one of its signatory supporters. 2. Continue to support the Carbon Disclosure Project (CDP).	1. Actively introduce the opportunities under the TCFD's recommended framework, and propose mitigation measures. 2. Conduct scenario analysis or continuous attention and management for climate sensitive industries.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

CSR Committee Operations

Stakeholder Identification and Engagement

Material Topics Identification

Sustainability Topics Assessment and Goals

Sustainability Topics Management

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

2021 Sustainability Topic	Potential risks	Potential opportunities	Management approach		
			Policy	Commitment	Action
Green Operation	Fail to control the energy use and carbon emission may cause the penalty from the government and cause an irreversible environmental burden.	The Company shall raise employees' awareness of environmental protection and energy conservation and voluntarily participate in energy-saving activities to reduce energy expenses and the carbon footprint of our services.	Establishment of the "Environmental Sustainability Policy" and ongoing execution of environmental protection, energy conservation, carbon reduction, and energy efficiency improvement measures for lowering environmental impact.	To ensure that all energy conservation and environment-related activities are compliant with laws, and to mobilize employees into pollution prevention, energy conservation, and carbon reduction activities.	Adopt ISO 14001, ISO 14064-1:2018 and ISO 50001 standards and expand the scope of inventories each year.
Talent Acquisition and Development	Failure to recruit a diverse range of talents will reduce the possibilities of diverse development of the organization. It may also lead to loss of talents and gaps between employees' capabilities and the needs of the organization, which will reduce the Company's overall competitiveness.	Diverse talents can spark ideas in the organization and contribute broader ideas and viewpoints to create more possibilities for creative expansion of the organizational performance. Provide diverse and open learning resources to reduce the gap between talents and the functions required by the organization. Provide employees with the necessary support for making full use of their potential and increase employee productivity.	Establishment of the "Employee Training Guidelines", "Employee Self-development Subsidy Guidelines", and "Employee OJT Subsidy Guidelines", and the use of the Kirkpatrick Model for assessing training outcome.	Direct attention towards diversity, fairness and employees' rights, and provide abundant and diverse learning channels. Recruit the most suitable and talented employees through diversified channels.	Design learning programs for different stages of career development, and introduce diverse learning solutions that conform with changes in the financial environment. Ensure zero difference in recruitment and promotion based on gender to implement Taishin's policy of diversity and non-discrimination.
Remuneration, Benefits & Employee Care	Loss of talents and recruiting competitiveness will prevent us from motivating employee growth and weaken employees' commitment to work and motivation.	Attract and retain talents, increase employees' sense of belonging, and create a positive corporate culture to increase employees' motivation and satisfaction so that employees and the competitiveness of the Company can grow together.	Participate in regular market salary surveys and provide fair and incentive compensation in accordance with "Salary and Bonus Payment Policy" and "Performance Assessment and Bonus Policy".	Evaluate employees' performance using robust compensation and performance standards for better human resource management.	Adjust salary on a yearly basis to reward employees with market-competitive salary and improved welfare/care measures. Utilize a combination of different long-term incentive tools connected to performance to attract, retain, and motivate talents.
Occupational health and safety	An increase in the number workplace safety and health incidents would affect the Company's image. Uncertainty about workplace safety and health would reduce the employees' trust in the Company. An increase in the employees' injury and illness rate would affect attendance and employee productivity, increase personnel expenses, and affect employees' future quality of life.	The Company shall actively identify workplace hazards and continue, promote occupational safety and health training and professional medical health management, create a healthy and friendly workplace, improve employees' health knowledge, and help them make use of the knowledge in daily lives. We also protect employees and reduce the injury and illness rate of employees to reduce personnel expenses.	Establishment of "Health Check Implementation Guidelines", "Worker Health Services Program", "Abnormal Workload-induced Disease Prevention Program", and "Ergonomic Hazard Prevention Program", "Maternal Health Protection Program" to provide employees with timely healthcare and professional assistance.	Creation of a safe, hazard-free work environment where employees are provided with timely physical and mental health services and professional assistance.	Continuous implementation of the occupational safety and health management as well as health promotion and management. Organize safety and health training for new employees, health check-ups, onsite medical services, and prevention of communicable diseases. Regularly assess issues relating to occupational safety and health risks.
Labor Management Relations	Loss of talents, decrease in employee's sense of belonging to the organization, and increase in labor disputes.	Understand employees and adjust the Company's measures as time progresses to enhance their sense of belonging to the Company, reduce employee turnover, and minimize labor disputes.	Use multiple communication channels, including regular employee opinion surveys, ad hoc employee opinion surveys, an employee mailbox, and focus group interviews to provide employees with opportunities to fully express their views, which the management takes to heart to maintain good relations with employees.	All workers, regardless of seniority, position have the opportunity to fully express their views and they will not be labeled for their views.	Carry out periodical employee opinion surveys and draw up improvement action plans based on the survey results.
Human Rights and Gender Equality	Human rights and gender equality issues can lead to employee grievances and disrupt workplace harmony. They can also generate negative feedback from different stakeholders or lead to penalties by competent authorities.	Comply with human rights regulations to provide employees with a safer workplace. We must let employees work and facilitate their long-term development in the Company without worries. These measures can also prevent negative feedback from external stakeholders or penalties from competent authorities.	Announcement of "Prohibition against Workplace Sexual Harassment" and "Taishin Human Rights Protection Statement" as means to protect workers' human rights. Implementation of "Maternity Protection Program" and regular execution of "Workplace Maternity Health and Hazard Assessment".	All employees are treated equally and are not discriminated in any way. All forms of sexual harassment and intimidation are strictly prohibited in the workplace.	Include worker and human rights issues in corporate ethics training for new employees. Taishin engages physicians to provide onsite services and provide health seminars for pregnant employees or employees with newborns.
Social Involvement	The inability to implement adequate management will result in ineffective distribution of resources. The political views and perspectives of the recipients of financial support may affect social opinion.	Social investments with adequate management and execution will help increase engagement with external entities, strengthen the positive image of the Company, and fulfill corporate social responsibilities.	Taishin upholds the philosophy of a "human-oriented approach" and "teaching people to fish" as we focus on local needs and work hard to promote social welfare, arts and cultural development, sports, and academic activities.	We care for the underprivileged, match them with resources, empower education, eliminate inequality, and use quality education and promotion of arts and cultural performances to promote physical and mental health, and improve the health and welfare of all ethnic groups.	We adopted the methodology of the London Benchmark Group (LBG) to assess the input and output with quantitative data in order to assess Taishin's resources committed to social engagement, benefits, and long-term impacts on the society.

Note: The ESG Impact Level assesses the new potential risks and the levels of impact these risks have on the economy, the environment, or the society in 2021 or in the future. The impact levels are classified into three levels: low, medium, and high; management approaches related to sustainability has been established for those with high levels of identification to address to the issue.



CONTENTS

[Sustainable Navigator](#)[About Taishin](#)[1. Sustainable Operation](#)[2. Sustainable Governance](#)[Corporate Governance and Business Integrity](#)[Risk Management and Internal Control](#)[Information and Transaction Security](#)[Business Continuity and Technology Risk Management](#)[Sustainable Supplier Management](#)[Anti-money Laundering and Countering the Financing of Terrorism](#)[Response to Specific Issues](#)[3. Sustainable Finance](#)[4. Superior Service](#)[5. Environmental Sustainability](#)[6. Friendly Workplace](#)[7. Social Impacts](#)[8. Appendix](#)

2 Sustainable Governance

- 2.1 Corporate Governance and Business Integrity
- 2.2 Risk Management and Internal Control
- 2.3 Information and Transaction Security
- 2.4 Business Continuity and Technology Risk Management
- 2.5 Sustainable Supplier Management
- 2.6 Anti-money Laundering and Countering the Financing of Terrorism
- 2.7 Response to Specific Issues



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

Corporate Governance and Business Integrity

Risk Management and Internal Control

Information and Transaction Security

Business Continuity and Technology Risk Management

Sustainable Supplier Management

Anti-money Laundering and Countering the Financing of Terrorism

Response to Specific Issues

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

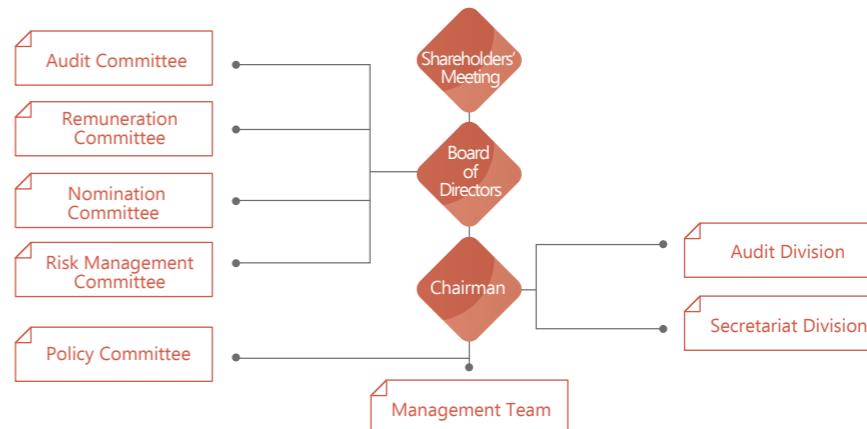
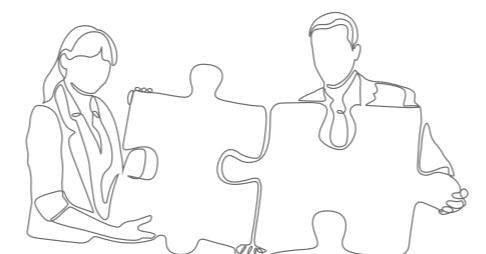
8. Appendix

2.1 Corporate Governance and Business Integrity

2.1.1 Governance Framework

Taishin upholds its 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 2021, we implement the Financial Information Security Action Plan, promote the potential risk notification mechanism, conduct the external performance evaluation of the board of directors and functional committees, and deepen the successor training plan to comprehensively and effectively improve the efficiency of corporate governance. 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" since 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 four consecutive years since 2018. We have also been evaluated as the 100 most advanced companies in Vigeo's Emerging Markets universe by Vigeo Eiris in consecutive years. 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.



Main Responsibilities and Operations of Functional Committees

Committee	Operations in 2021	Main Responsibilities
 Audit Committee	<ul style="list-style-type: none"> The third convener: Chang, Min-Yu (Independent Director) Meetings: 13 times Averaged attendance rate: 100% 	<ul style="list-style-type: none"> Establishment and amendment of Asset Acquisition and Disposal, Procedures and the internal control system; review on the effectiveness of internal control system. Offering, issuing, or private placement of equity securities, and major transaction of assets or derivatives. Appointment, dismissal and remuneration of financial statement auditor; appointment and dismissal of financial, accounting and internal auditing officers. Review of annual and semi-annual financial reports. Matters involving directors' personal interests.
 Remuneration Committee	<ul style="list-style-type: none"> The fifth convener: Lin, Yi-Fu (Independent Director) Meetings: 3 times Averaged attendance rate: 100% 	<ul style="list-style-type: none"> Establishing and periodically reviewing the policies, systems, standards, and structure of the performance assessments and compensation for directors and managerial officers. Periodically evaluating and formulating directors' and managerial officers' compensation. Review the relevant matters of this regulation. Other matters discussed by the board of directors.
 Risk Management Committee	<ul style="list-style-type: none"> The third convener: Kuan, Kuo-Lin (Independent Director) Meeting: 5 times Averaged attendance rate: 100% 	<ul style="list-style-type: none"> Review of the risk management policies. Review of the annual risk appetite/ limit. Review of the regular integrated risk management reports. Review of material risk management issues raised by Taishin FHC or by the authority.
 Nomination Committee	<ul style="list-style-type: none"> The second convener: Kuo, Jui-Sung (Director) Meeting: 5 times Averaged attendance rate: 93.33% 	<ul style="list-style-type: none"> To recommended a list of director candidates for nomination to the Board. To establish and to review the continuing education programs for directors. To examine the Regulation of the Board Performance Evaluation and the implementation results. To examine the Company's Ethical Corporate Management Best Practice Principles and the implementation results.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

Corporate Governance and Business Integrity

Risk Management and Internal Control

Information and Transaction Security

Business Continuity and Technology Risk Management

Sustainable Supplier Management

Anti-money Laundering and Countering the Financing of Terrorism

Response to Specific Issues

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

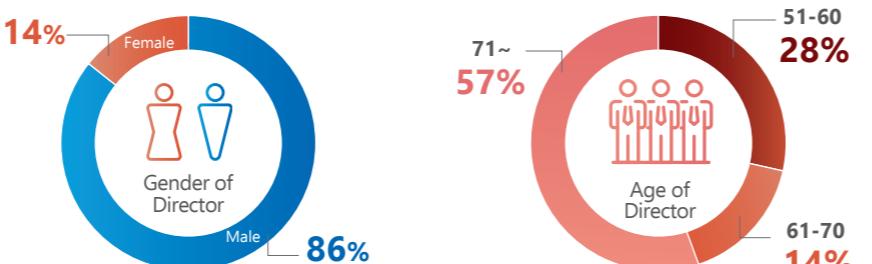
8. Appendix

2.1.2 Composition and Functionality of the Board of Directors

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. The board of directors serves a term of 3 years. The current board was elected in July 23,2021, comprised of [7 members](#), [including 3 independent directors](#) (1 of whom was female and a certified public accountant). As of December 2021, members of the current board averaged 12.42 years in service. Three of the directors are independent directors, accounting for 42.85% of all directors.

[Board members exhibit diverse backgrounds](#) 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 "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	✓	Financial Materials
Director	• Wu, Cheng-Ching, Representative of TASCO Chemical Co., td.	0	✓	Financial Industrials
Director	• Kuo, Jui-Sung, Representative of Hsiang-Chao Co., Ltd.	1	✓	Financial IT
Director	• Wang, Chu-Chan, Representative of Santo Arden Co., Ltd.	1	✓	Financial Health Care
Independent Director	• Lin, Yi-Fu	3	✓	Financial
Independent Director	• Chang, Min-Yu	0	✓	Financial Telecom Services
Independent Director	• Kuan, Kuo-Lin	0	✓	Financial

Note1: Taishin Financial Holdings and Taishin Bank are calculated as one company. 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 2020-2021 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) 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.
- 3.The Director's family members have not been employed by the Company as senior executives.
- 4.The Director is not a consultant of the Company or the management team and has no conflict of interest with consultants of the Company.
- 5.The Director has no conflict of interest in the Company's main customers or suppliers.
- 6.The Director has not entered into any service contract with other companies or their executives.
- 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.

Avoidance of Conflicting Interests

According to the conflict of interest rules specified in Taishin FHC's "Board of Directors Meeting Policy," 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.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

Corporate Governance and Business Integrity

Risk Management and Internal Control

Information and Transaction Security

Business Continuity and Technology Risk Management

Sustainable Supplier Management

Anti-money Laundering and Countering the Financing of Terrorism

Response to Specific Issues

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

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 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 14.14 hours of continuing education each in 2021. 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.

◆ Courses completed by Directors in 2021

Course	Number of Directors in attendance	Number of hours	Total Participation hours
Fair Customer Treatment from Corporate Governance Perspective (1st period)	5	3	15
AML and CFT Progresses & Practices	6	3	18
Financial Information Security Governance Strategies Against the Threats of Ransomware	6	3	18
Corporate Governance on Financial Technology (3rd period)	2	3	6
2020 Taiwan Sustainable Finance Forum: Building a Sustainable Financial Ecosystem	2	3	6
Legal Issues of Instant Communications	1	3	3
Advanced Practices of the Audit Committee: Merger & Acquisition and Director Responsibility	1	3	3
The 13th Taipei Corporate Governance Forum, Morning Session	1	3	3
Global Economic Prospects of the Post-Pandemic Era	1	3	3
The Latest Trend and Responses of the International Carbon Tax	1	3	3
The Latest International Trends on Anti-Tax Evasion and International Taxes	1	3	3
Passing on the Legacy of Family-Owned Corporations: Utilization of Closed Corporations, Wills, and Guardianship Agreements	1	3	3
Analysis of Closed Corporations	1	3	3
E-Course of Legal Compliance of Trust enterprises (trust authorization)	1	3	3
Property Tax 2.0 Regulation Analysis: Income Tax and Property Tax Filing Guideline Analysis	1	3	3
SME Support: Pioneer Stock Board and New Opportunities in the Capital Market	1	3	3
Virtual Currencies and AML	1	3	3
Total	33	-	99
Average training hours per Director			14.14

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 social responsibility 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:

01

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.

02

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.

03

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

Performance of the Board of Directors

Taishin held 16 Board of Directors meetings in 2021, and averaged an attendance rate of 95.54%. 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 since 2016 and the latest round was completed in 2021. 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.

◆ Self-Assessment Dimension

Directors	Board of Directors	Functional Committees
<ul style="list-style-type: none"> Alignment of the goals and missions of the Company Awareness of the duties of Directors Participation in the operations of the company Management of internal relations and communication Directors' professionalism and continuing education Internal control 	<ul style="list-style-type: none"> Participation in the operations of the company Improvement of the quality of the Board of Directors' decision making Board composition and structure Election and continuing education of Directors Internal control 	<ul style="list-style-type: none"> Participation in the operations of the company Awareness of the duties of the functional committee Improvement of the quality of decisions made by the functional committee Make up of the functional committee and election of members Internal control



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

Corporate Governance and Business Integrity

Risk Management and Internal Control

Information and Transaction Security

Business Continuity and Technology Risk Management

Sustainable Supplier Management

Anti-money Laundering and Countering the Financing of Terrorism

Response to Specific Issues

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

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.

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.
Goal Achieving and Performance	Financial indicators Non-financial comprehensive indicators	50%	Including profitability, growth rate, market leadership, return on equity, etc. Including climate change, risk management, asset quality and process innovation and control, corporate image, talent management and development, etc.
Other	The United Nations' Sustainable Development Goals (SDGs) are incorporated into the business strategies (e.g., internal and external audits, compliance, energy conservation and carbon reduction, and other corporate governance and environmental initiatives) and taken into account when the Company conducts performance evaluations and gives remuneration packages.		

Long term Incentive Reward System

Taishin FHC has adopted a long-term incentive program for managers since 2012 that includes a deferral and clawback mechanism. Senior executives' execution bonus is linked to the Company's long-term share price and deferred by 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.

Executive members' shareholding position and compensation percentage

As of Dec. 31, 2021

Position	Name	Shareholding (1,000 shares)		Base Salary (NT\$ thousands)	Market value of shares/ Base Salary of executives
		Common shares	Preferred shares		
President	Welch Lin	5,459	-	61,002	18.44
Other executive members		4,998	307		1.98

Note 1. By the definition of executive member refers to "Regulations Governing the Preparation of Financial Reports by Financial Holding Companies," there were 11 executive members. The compensation listed above is mainly based on the receiving amount during their period of service in 2021.

Note 2: The stock market value is calculated based on the average stock market value of the 30 business days before the end of 2021; the market value of common shares is calculated at NT\$18.73, and the market value of preferred shares is calculated at NT\$53.05.

2.1.4 Contributions and Other Spending in Associations

Taishin Financial Holdings and its subsidiaries participated in activities of approximately 32 domestic and foreign trade organizations in 2021 to communicate and cooperate with other companies and promote the development of the finance industry. In this regard, Taishin Bank has joined many domestic and foreign organizations and played key roles in organizations such as the Bankers Association of the Republic of China, the Bankers Association of Taipei, Chinese National Association of Industry and Commerce, and the Monte Jade Science & Technology Association of Taiwan. Overseas-wise, we participated in the ROC-USA Economic Council, Taiwan-Japan Cultural and Economic Association and Cross-Straits CEO Summit. For ESG, Taishin actively participated in activities of the Asian Corporate Governance Association to support sustainable development. In addition, Taishin Securities, Taishin Life, Taishin Venture Capital Investment, Taishin Securities Investment Trust, and Taishin Securities Investment Advisory also served as directors or members of trade associations in the Republic of China. Taishin's total contributions in 2021 amounted to NT\$6,626,066 with the highest amount for the Bankers Association of the Republic of China (NT\$2,795,045), followed by Chinese National Association of Industry and Commerce (NT\$650,000), Fin & Tech Innovation Village(NT\$500,000), and FinTech Space (NT\$500,000).



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

Corporate Governance and Business Integrity

Risk Management and Internal Control

Information and Transaction Security

Business Continuity and Technology Risk Management

Sustainable Supplier Management

Anti-money Laundering and Countering the Financing of Terrorism

Response to Specific Issues

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

2.1.5 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 and culture of the organization.

Employee Code of Conduct



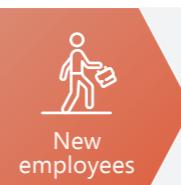
- Employment ethics
- Employee relationship management
- Prohibition of concurrent employment and avoidance of conflicting interests
- Gifts and entertainment policy
- Protection of client privacy
- Assurance of complete and accurate information
- Protection of intellectual property rights
- Fair trading principles
- Anti-money Laundering
- Duty to report misconduct

Taishin has "[Ethical Corporate Management Best Practice Principles](#)" in place to support its integrity culture. The principle applies to directors, managers and employees of the Company as well as subsidiaries and other directly and indirectly controlled businesses or entities. Taishin employees are prohibited from offering, committing, requesting or accepting any illegitimate benefits, or involving in any conducts that would be construed as dishonest, illegal or in breach of trust, whether directly or indirectly, while carrying out their duties.

In addition, Taishin established the "[Employee Code of Conduct](#)" to which specifies employees' responsibilities and obligations for reporting any violation described above. Taishin provides the code of conduct internal education, training courses and quarterly regular online promotions with new employees and incumbents. 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.

Training and Education

Taishin main subsidiaries hold large-scale training courses for the entire Company every year to strengthen the fair customer treatment awareness and to enforce requirements. Relevant units within the Company also hold short but intensive training courses for their businesses each quarter to instill the concept of fair customer treatment in employee conduct. In 2021, internal corporate integrity courses received 27,042 enrollments and delivered 43,164 hours of training in total. 100% of employees had completed their training during the year.



New employees

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 7,388 enrollments and delivered 4,302.83 hours of training in total. 100% of new employees had completed their training during the year.



All staff

Through mandatory courses and regular Intranet publications, the Company communicates with employees on a quarterly basis to enhance compliance awareness. In 2021, internal corporate integrity courses received 27,042 enrollments and delivered 43,164 hours of training to the above employees. 100% of the above employees had completed their training during the year.

◆ Training in Previous Years

Year	2018	2019	2020	2021
Course Enrollments	21,746	13,764	36,758	27,042
Total Training Hours	30,265.35	31,060.22	46,475.00	43,164.00

Note: Affected by the level 3 alert of the COVID-19 response, partial training courses in the 2nd quarter of 2021 had combined and led to a decrease in the number of attendances, but the training hours remained the same as the previous year.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

Corporate Governance and Business Integrity

Risk Management and Internal Control

Information and Transaction Security

Business Continuity and Technology Risk Management

Sustainable Supplier Management

Anti-money Laundering and Countering the Financing of Terrorism

Response to Specific Issues

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

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 authority. The audits in 2021 were intensified for internal high-risk violations (e.g., monetary transactions with customers and failure to implement the signing of contracts and identity verification) and the review standards were also intensified. As a result, the number of cases had increased and 16 employees were dismissed for violation of work rules.

Reporting Channels

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.



◆ Employee Violation Cases

Case category/ count (Note1)	2018		2019		2020		2021		Description/improvements
	Number of cases	closed cases							
Rules on Business Ethics	3	3	0	0	0	0	2	2	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	6	6	5	5	6	6	5	5	We establish clear boundaries and penalties for violations in transactions with customers. We 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.
Personal Information Protection	14	14	14	14	18	18	23	23	We establish clear boundaries and penalties for violations involving customer information. We regularly share information on penalties imposed by the competent authorities in compliance awareness campaigns and instruct the units and supervisors of violators to enhance supervision.
Information Integrity	7	7	19	19	11	11	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	2	2	3	3	2	2	5	5	We continue to use all channels to specify the importance of maintaining the confidentiality of trade secrets. We establish 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	0	0	0	0	2	2	1	1	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	0	0	0	0	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	0	0	1	1	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 1 year.
Others	16	16	9	9	15	15	20	20	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 2021 increased substantially. We have increased the supervisory responsibilities of direct supervisors in 2022 and we will continue to strengthen the management of related business operations to increase employees' risk awareness.
Total	48	48	50	50	55	55	77	77	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.

Note: 1.The case category is mainly determined by the main violation which is used to calculate the number of cases.

2.The number of violations of "information integrity" in 2021 increased from previous years. This was mainly due to the continuous auditing of the subsidiary bank on KYC operations of Financial Advisors as well as the punishment enhancement on misconduct made by the responsible management department.

3.The increase in the number of violations of the "Other" category in 2021 was mainly due to the subsidiary Taishin Securities' enhanced key business audits and elevated standards for the penalties for discrepancies in employee conduct. We have appointed the direct supervisors to strengthen the promotion and management mechanism in 2022, and increased the supervisory responsibilities.

4.All of the cases are closed during 2018-2021.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

Corporate Governance and Business Integrity

Risk Management and Internal Control

Information and Transaction Security

Business Continuity and Technology Risk Management

Sustainable Supplier Management

Anti-money Laundering and Countering the Financing of Terrorism

Response to Specific Issues

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

2.1.6 Information Transparency

管道	說明
 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 on a quarterly basis and shareholders' meeting on an annual basis.
 Investor conferences and roadshows	<ul style="list-style-type: none">The Company occasionally participates in domestic and foreign investor conferences and roadshows to update investors on the Company's latest operations and financial results.The COVID-19 pandemic in 2020-2021 affected domestic and foreign business travel and physical meetings. Consequently, Taishin has adopted video and telephone conferences to enhance communication with investors and keep them updated with financial results and business performances.
 Official Website	<ul style="list-style-type: none">Financial and non-financial information is posted on to the website of the financial holding company in a timely manner.The Investor Relations section provides investors with updates regarding corporate governance, shareholder services, major announcements, financial data, analyst meeting briefings and broadcasts, financial statements, and annual reports.The official website- CSR section demonstrates sustainable ideals and practices.
 Contact	<ul style="list-style-type: none">The website contains a "Contact Us" page available in Chinese and English which provides customers, investors, employees, suppliers, other communities, and the media communication channels to present their opinions.

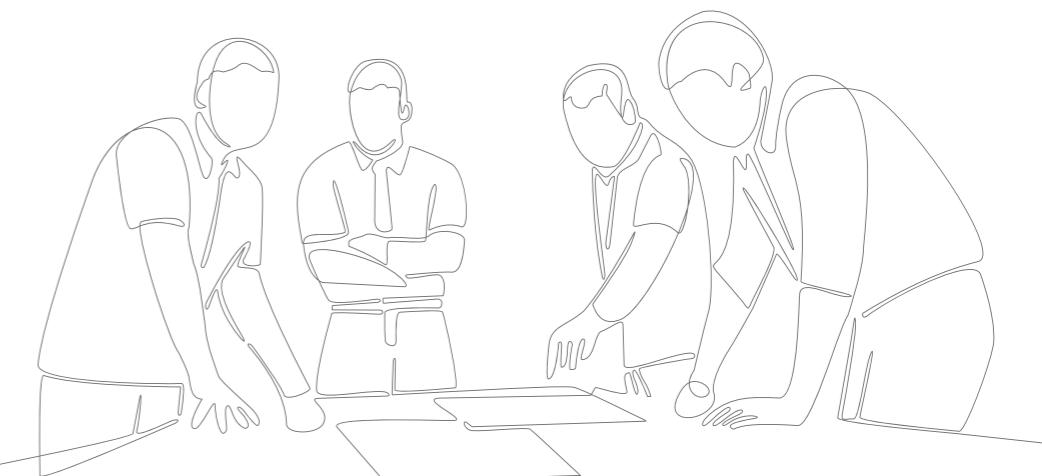
2.2 Risk Management and Internal Control

2.2.1 Risk Management System

Operations of Risk Management Committee

Taishin FHC has a Risk Management Policy. 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 2021.





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

Corporate Governance and Business Integrity

Risk Management and Internal Control

Information and Transaction Security

Business Continuity and Technology Risk Management

Sustainable Supplier Management

Anti-money Laundering and Countering the Financing of Terrorism

Response to Specific Issues

3. Sustainable Finance

4. Superior Service

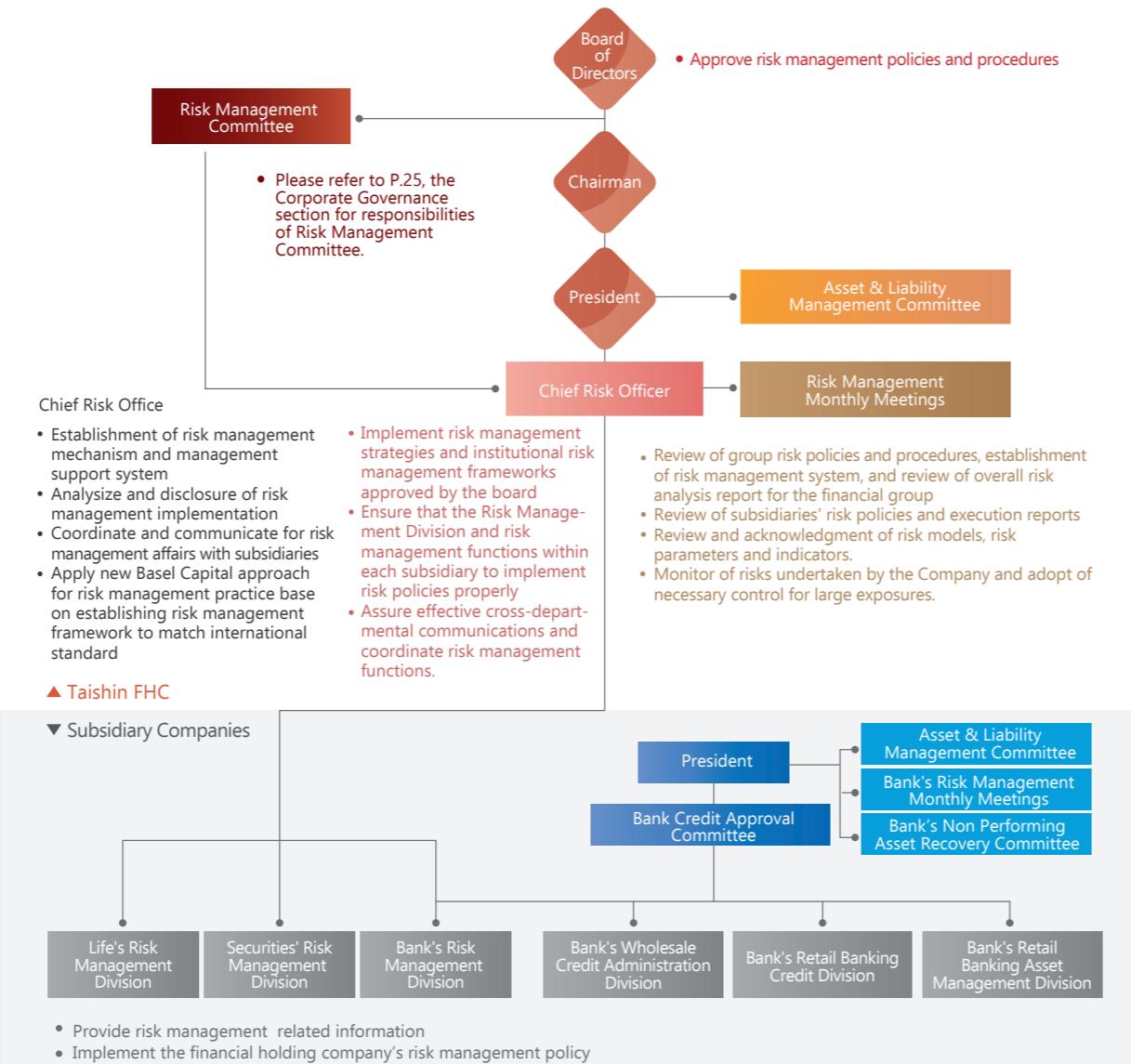
5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

◆ Framework of the Risk Management



Risk Management Policy

Taishin has risk management policy in place to control primary risks associated with business operations. The policy also takes into account [climate change](#) and emerging 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.





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

Corporate Governance and Business Integrity

Risk Management and Internal Control

Information and Transaction Security

Business Continuity and Technology Risk Management

Sustainable Supplier Management

Anti-money Laundering and Countering the Financing of Terrorism

Response to Specific Issues

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

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.



Risk Topics	Possible Impacts	Response Measures (Response Strategies)	Opportunities
Market Risks	Market risks refer 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 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.	We implemented internal controls and utilized risk management tools to achieve a balance between risks and returns, the effective use of resources, and increases to shareholders' value.
Credit Risks	Credit risks refer to cases where a borrower or counterparty fails to meet the obligations stated in the original contract because of the deterioration of his/her/its financial status 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 trading credit risk in cases where the issuer, guarantor, or transaction counterparty of a financial transaction defaults or suffers credit downgrade.	<ul style="list-style-type: none"> 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. 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 personal 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. 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. The Board of Directors of the subsidiary shall set the risk appetite for trading credit. The Risk Management Monthly Meetings (or equivalent groups in the subsidiaries) shall define the trading credit limits for various aspects, and the risk management units of subsidiaries shall be responsible for the monitoring and reporting of daily credit risk exposures. If the limit is exceeded, the matter shall be reported up the chain of command and response measures shall be adopted according to the "Guideline for Trading Credit Risk Management" of the subsidiaries. 	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.
Operation Risks	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 Risks	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 Risks	Please refer to Section 5.1.3 "Climate Change Risk"		



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

Corporate Governance and Business Integrity

Risk Management and Internal Control

Information and Transaction Security

Business Continuity and Technology Risk Management

Sustainable Supplier Management

Anti-money Laundering and Countering the Financing of Terrorism

Response to Specific Issues

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

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 evaluate 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, and other aspects within the scope of review stipulated by the Bank and the competent authority based on the attributes and characteristics of each product. It also reviews the integrity and reasonableness of the products. 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/postevent/ 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.
- 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 reinforce the post-loan 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 risk 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.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

Corporate Governance and Business Integrity

Risk Management and Internal Control

Information and Transaction Security

Business Continuity and Technology Risk Management

Sustainable Supplier Management

Anti-money Laundering and Countering the Financing of Terrorism

Response to Specific Issues

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

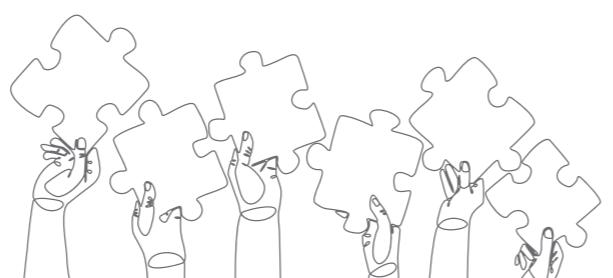
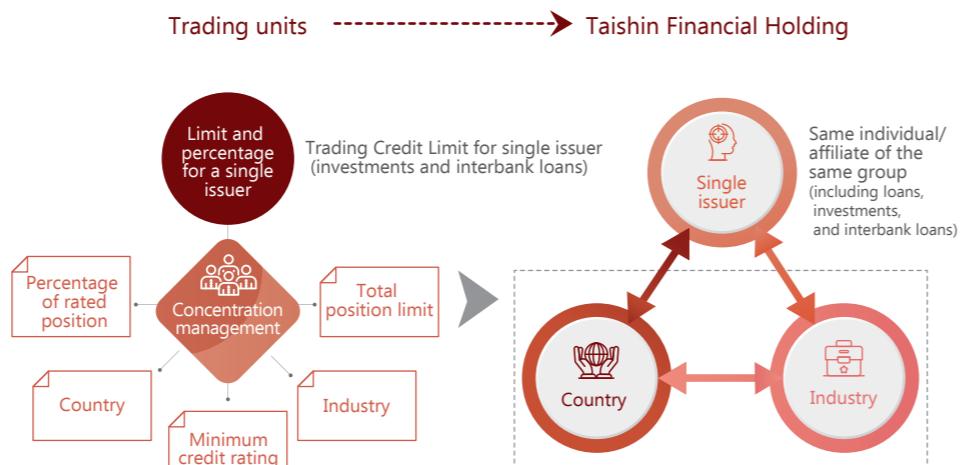
7. Social Impacts

8. Appendix

◆ Management of Trading Credit Risk

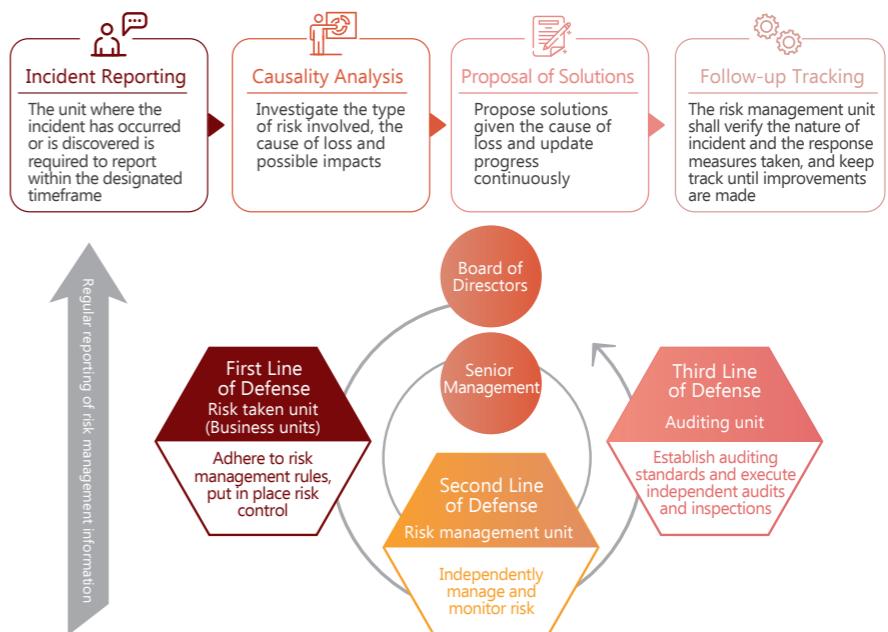
Credit risks refer to cases where a borrower or counterparty fails to meet the obligations stated in the original contract because of the deterioration of his/her/ its financial status or other factors (such as a dispute between him/her/it and a transaction counterparty), which results in a risk of losses from default. The Company manages trading credit risk in cases where the issuer, guarantor, or transaction counterparty of a financial transaction defaults or suffers credit downgrade.

The Board of Directors of the subsidiary shall set the risk appetite for trading credit. The Risk Management Monthly Meetings (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 "Guideline for Trading Credit Risk Management" of each subsidiary and take related response measures.



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.



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.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

Corporate Governance and Business Integrity

Risk Management and Internal Control

Information and Transaction Security

Business Continuity and Technology Risk Management

Sustainable Supplier Management

Anti-money Laundering and Countering the Financing of Terrorism

Response to Specific Issues

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

Proposal scope	Accepted	Rejected	Subtotal
Risk management (occurred)	803	78	881
Risk management (not yet occurred)[Note 1]	267	38	305
Total	1,070	116	1,186

Note 1.Because the potential risk proposal began in July 2021, the calculation period for the potential risk proposals is from July 2021 to November 2021.

Note 2.The total number of proposals of the Bank in 2021 was 11,420. Risk proposals accounted for 10.4%.

Note 3.The total number of potential risk proposals of the Bank in 2021 was 305, accounting for 25.7% of all risk management cases. Among them, there are 290 proposals related to sustainable operation.

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, the Audit Division also has 7 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 2021 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.

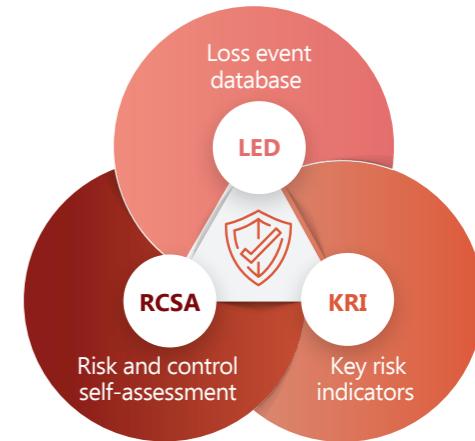


- Implementation of the compliance system
- Co-marketing and confidentiality management of customer information
- Related-party transactions
- Implementation of Group-wide AML/CFT policy
- Implementation of financial consumer protection (including the principle for fair treatment of consumers)
- Management of invested businesses
- Corporate governance (including the whistleblower system)
- Ethical Corporate Management Best Practice Principles
- Other key audit items (including risk management)

2.2.2 Establish the Culture of Risk Sensitivity

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.



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 1,196 in 2021 which was 19.4% 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.





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

Corporate Governance and Business Integrity

Risk Management and Internal Control

Information and Transaction Security

Business Continuity and Technology Risk Management

Sustainable Supplier Management

Anti-money Laundering and Countering the Financing of Terrorism

Response to Specific Issues

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

◆ Risk Management Proposals in Recent Years

Year	2018	2019	2020	2021
Proposals (cases)	343	854	1,002	1,196
Percentage to total case count (%)	2.44	8.11	8.23	9.83
Annualized benefits (NT\$million)	62	38	30	32.4

◆ Best Risk Management Proposals in Recent Years

2018	2020	2021
Benefits created each year NT\$12.7 million	Benefits created each year NT\$2.2 million	Benefits created each year NT\$0.9 million
Proposal details: The branch manager reviews the wealth management specialist fund transaction reports each day to discover anomalies in transactions.	Proposal details: The development of the mortgage onsite GPS photography app won 2 utility model patents and the 2020 Digital Transformation Award in the IDC DX Awards.	Proposal details: The credit card credit extension strategy is included in the strategy engine. The system shall replace manual assessments to accelerate the review process and implement real-time risk management.

Note: Due to COVID-19, the Company supported government policies (relief loans and redemption of the Triple Stimulus Voucher) and the 2019 and 2020 "best risk management proposals" were combined for evaluation.

Risk Management Training and Results

In 2021, Taishin FHC organized 266 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 management training	2018		2019		2020		2021	
	Compulsory	Optional	Compulsory	Optional	Compulsory	Optional	Compulsory	Optional
Course count	4	266	3	221	3	237	5	261
Enrollments	17,499	18,885	18,637	14,349	18,122	16,837	25,392	13,748
Participants × hours	27,210	21,283	28,826	18,618	31,572	18,276	55,202	16,802
Completion rate (%)	99.53	99.30	99.61	99.89	99.95	99.94	99.96	99.97
No. of failed participants (Note)	74	76	94	51	12	28	11	4

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.





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

Corporate Governance and Business Integrity

Risk Management and Internal Control

Information and Transaction Security

Business Continuity and Technology Risk Management

Sustainable Supplier Management

Anti-money Laundering and Countering the Financing of Terrorism

Response to Specific Issues

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

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



Emerging Risk

No.	Emerging Risk Topics/ WEF Risk Category	Description	Impact on Operations and Businesses	Mitigation Measures and Response Strategies
1	The Unforeseen Post-Pandemic Era (Societal)	As operations of corporations, including employee attendance, service development, and production, have been affected by the COVID-19 disease, central banks all around the world have stepped in to stabilize the market such as cutting interest rates to nearly zero and launch massive quantitative easing. If coronavirus continues to mutate and the pandemic can not be effectively controlled, the risk of infection will become more severe, which will impact the market in the next 3 to 5 years.	<ul style="list-style-type: none"> The new Covid-19 variant is spreading faster than any previous strain, and it has caused a decline in corporate profits due to the reduction both in consumption and economic activities. The economic stimulus acts of governments around the world at the beginning of the pandemic has prolonged the recovery period of economic activities, and the repayment issue of individual borrowers or corporate financing remains unsolved, leading to debt crisis. The shortage of chips affects the making of credit cards; the alternate office hours of logistics companies and the reduction of operating personnel cause delays in delivery. 	<ul style="list-style-type: none"> Accelerating digital transformation, encouraging customer usage of digital services to ensure the continuity of services. In terms of chips, give a pre-estimation of demanded quantity and be aware of the inventory policies of major suppliers and their disease prevention measures at all times. The scenarios used in stress tests are reviewed regularly to ensure that they remain relevant and to see if the management is capable of dealing with risk changes, credit losses, and the liquidity gap occurs caused by the changes from macroeconomics.
2	Financial Services Facing the Challenges of Metaverse (Technologic)	With the continuous development of new financial ecosystems, a large number of financial services will be derived, such as more cooperation with external vendors, block chain technology, decentralized services, and the rapid development of Web 3.0, which will also be accompanied by long term potential risks such as data hacking, DDoS, and ransomware.	<ul style="list-style-type: none"> Customer communication channels have gradually become electronized, making identity fraud even more difficult to prevent and seriously impacting the operation of banking services. The large volume of data using web API have caused management difficulties and the increases of the investment and maintenance cost in IT infrastructure Applying the technologies of Cryptocurrency and non-fungible token (NFT) on payment and account debit, banks will suffer heavy losses if fraud events occur. 	<ul style="list-style-type: none"> Reinforcing system security levels by continuously probing into information security cases around the globe and explore system vulnerabilities. Developing digital customer identification technology, enhancing customer identification ability of virtual environment, and evaluating the effectiveness of biometrics technology on customer identification through the regular monitoring reports provided by the related departments.
3	Responses to Geopolitical Conflicts (Geopolitical)	countries around the world as a result of geopolitical conflicts are expected to continue, leading to the continuous increase of commodity and energy prices, and worsening global inflation. The global inflation is now appearing to last longer than what was previously expected. In the long run, this will directly impact the recovery of the global economy under the impact of the pandemic, leading to the increase the risk in corporate operations and the investment.	<ul style="list-style-type: none"> The rise of regional conflicts and financial sanctions affecting financial market liquidity, resulting in the overall increase in the risk of overseas investment exposures. The credit risk from the rapid corporate debts are increasing and it affects the development of trade finance services. 	<ul style="list-style-type: none"> 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.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

Corporate Governance and Business Integrity

Risk Management and Internal Control

Information and Transaction Security

Business Continuity and Technology Risk Management

Sustainable Supplier Management

Anti-money Laundering and Countering the Financing of Terrorism

Response to Specific Issues

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

2.2.4 Legal Compliance

Compliance Risk Management

◆ Framework of the Compliance System

Legal Compliance Division of Taishin FHC is the responsible unit to report to the board of directors regarding the organization's compliance status at least once semiannually. Meanwhile, "Legal Compliance Responsible Unit" is responsible for compliance-related affairs 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, the board of directors will be notified immediately of 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, Taishin Financial Holdings will provide more clear specifications for the reporting standards of legal compliance risk events in 2021, and classify various legal compliance risks under the group.

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.

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 event. If the finding risk events meet the reporting standards by parent company, the compliance unit will report to the parent company in time to control overall compliance risk.

Training and Rating System

◆ Compliance 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.





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

Corporate Governance and Business Integrity

Risk Management and Internal Control

Information and Transaction Security

Business Continuity and Technology Risk Management

Sustainable Supplier Management

Anti-money Laundering and Countering the Financing of Terrorism

Response to Specific Issues

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

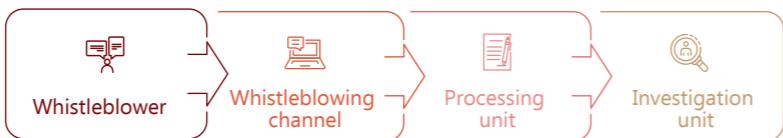
7. Social Impacts

8. Appendix

◆ Whistleblower System

Taishin has implemented a whistleblower system to protect whistleblowers 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 2021, 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

Year	Online course				Classroom course			
	Enrollments	Completion rate(%)	Coverage rate(%)	Total hours	Enrollments	Completion rate(%)	Coverage rate(%)	Total hours
2018	6,452	100	100	1,344	3,138	100	100	5,073
2019	6,886	100	100	1,855	3,005	100	100	5,002
2020	2,321	100	100	4,609	1,445	100	100	2,890
2021	2,456	100	100	10,021.63	1,347	100	100	808.2

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. 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 that are relevant to their respective operations for at least 1.5 hours per quarter, and completes the 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				
				Year	Enrollments	Coverage rate(%)	Completion rate(%)	Total hours
2018	91,254	100	99.98	109,753				
2019	111,009	100	99.88	127,754				
2020	137,385	100	99.99	140,695				
2021	123,421	100	99.94	134,123				

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

◆ 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	Pre-job courses		On-job-training courses	
	Enrollments	Total hours	Enrollments	Total hours
2018	28	840	154	2,310
2019	44	1,314	184	2,791
2020	54	1,620	183	2,745
2021	48	1,484	197	2,921



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

Corporate Governance and Business Integrity

Risk Management and Internal Control

Information and Transaction Security

Business Continuity and Technology Risk Management

Sustainable Supplier Management

Anti-money Laundering and Countering the Financing of Terrorism

Response to Specific Issues

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

Penalties and Improvements

Penalty details	Penalty amount	Improvements
For the appropriation of customer funds and abnormal fund transfers by the former financial advisor in Taishin Bank Zhonghe Branch, and the improper actions of the former financial advisors of the Ximen Branch and Beida Branch, Taishin Bank was fined NT\$30 million according to the Financial Supervisory Commission (FSC) letter Financial-Supervisory-Banking Holding No. 10901501692 dated July 22, 2021. The Retail Banking Group Deputy CEO Lin OO was suspended for 3 months and the insurance brokerage services for new customers of the Ximen Branch and Beida Branch was also suspended for 3 months, according to the orders of the FSC.	NT\$30 million	<ul style="list-style-type: none"> 1. Taishin Bank has completed the addition and revision of control mechanisms related to transaction monitoring, financial advisor management, and rewards & salaries. 2. The installation of audio surveillance equipment in the branches is expected to be completed by the end of December 2022.
For the handling of Insurance Act violations by insurance brokerage services, Taishin was given a 1-month notice for improvement and fined NT\$3 million by the Financial Supervisory Commission under Letter Financial-Supervisory-Insurance-Life No. 1100495291E dated December 30, 2021.	3 million	<ul style="list-style-type: none"> 1. The telemarketing model for insurance shall be reformulated, and the insurance companies with the cooperation shall be reviewed to identify similar situations and processing methods. 2. The improvement status shall be reported within the period specified by the competent authority.
The Financial Supervisory Commission conducted a general operations review on Taishin Securities in March 2020. Defects to the anti-money laundering and counter terrorism financing operations were found. Taishin Securities was fined NT\$500 thousand according to the Financial Supervisory Commission letter Financial-Supervisory-Securities No. 1100360369 dated February 1, 2021.	NT\$500 thousand	<ul style="list-style-type: none"> 1. Sales personnel shall carry out face-to-face or phone interviews and fill in the AML/CFT Enhanced Due Diligence Questionnaire. 2. Taishin Securities has stated the types of customers that must review beneficial ownership. A list of documents and an ownership structure chart has included to identify beneficial owners.
Taishin Securities Jianbei Branch's entrusted trader accepted the discretionary entrustment of customers, made false telephone recordings and appointment authorization letters, and advanced customer delivery payments, for which, Taishin Securities was fined NT\$240 thousand according to the Financial Supervisory Commission letter Financial-Supervisory-Securities No. 11003632621 dated August 5, 2021.	NT\$240 thousand	<ul style="list-style-type: none"> 1. To reiterate, complete recordings of customers placing orders shall be kept. 2. Conduct customer caring interview 3. Strengthen daily education and training and case sharing.
The Financial Supervisory Commission conducted a defect review on Taishin Securities in March 2021. It was found that there were who accepted the telephone entrustment of trading securities by those who did not have the authorization of the client. It was also found that there were who accepted to open an account for an trustee and handle the transaction/delivery for the trustee while the principal is limited in capacity to make juridical act, the transaction exceed daily NT\$20 million of the agent, therefore, Taishin Securities was fined NT\$240 thousand according to the Financial Supervisory Commission letter Financial-Supervisory-Securities No. 1100364711 dated November 5, 2021.	NT\$240 thousand	<ul style="list-style-type: none"> 1. The transaction limit for the accounts of minors has been incorporated into the computer system 2. Strengthen daily education and training.

Note: The penalties are as announced by the FSC, therefore, the dates follow the format of the R.O.C. calendar.

2.3 Information and Transaction Security

2.3.1 Information Security Management Mechanisms

Taishin FHC established the "Information Security 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. Trends in information security are reported to members of the Board of Directors in the first and second halves of the year. The Company also obtains the information security governance strategies provided by the members of the Board of Directors in the second half of the year.

The Information Security Department is composed of professionals in the sector and is responsible for planning and supervising the implementation of information security strategies of Taishin Bank. The information security contact persons of each unit have formed an information security team to improve the business operations of the organization, manage information security risks, and improve the overall information security capacity. The Information Security Department is also responsible for the information security management system, internal/external issues, and stakeholders' requirements. It also evaluates and manages issues with related departments and adopts a risk-based approach to build an advanced information security system that meet FinTech development trends.

Taishin Bank first passed certification for ISO/IEC 27001 ISMS in 2010. Since then, the Bank has been engaging an independent third party to conduct half yearly reviews and re-certification once every three years to optimize information security management, and thereby ensure effective functioning of the information security management system. In 2015, the company passed the PCI-DSS payment card industry data security certification. To keep the security of card payments at optimum levels, PCI-DSS is evaluated every year by a fair and independent third-party organization to ensure effective and safe card payments.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

Corporate Governance and Business Integrity

Risk Management and Internal Control

Information and Transaction Security

Business Continuity and Technology Risk Management

Sustainable Supplier Management

Anti-money Laundering and Countering the Financing of Terrorism

Response to Specific Issues

3. Sustainable Finance

4. Superior Service

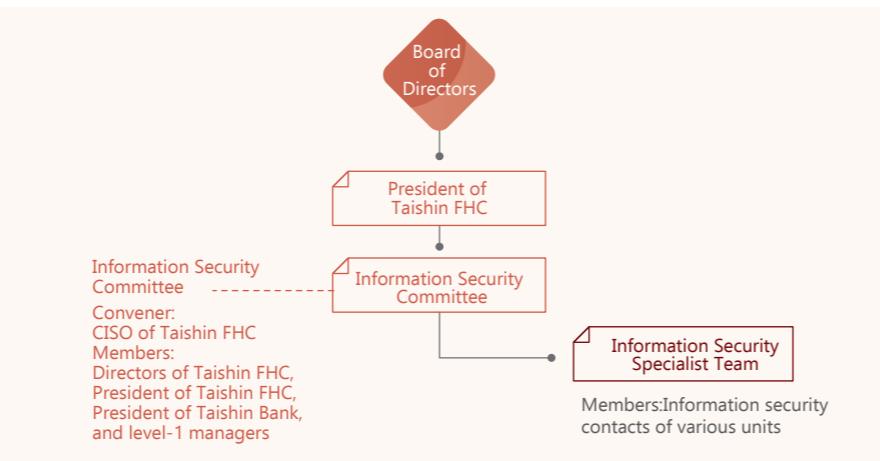
5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

◆ Framework of Information Security Governance



◆ Upgraded Security Protection

Taishin Bank has created an extensive information security protection system that gathers security-related intelligence, such as hackers' attack and new trends, from around the world using available means at its disposal. In addition, the Bank constantly assesses its internal protections to determine whether they are adequate of ensuring timely response to the latest threats. All banking units and branches, including overseas branches, are subject to real-time virus protection and regular vulnerability assessments and patching with hacking approaches and technology. Using in-depth defense and infrastructure protections, the Bank is able to patch up security vulnerabilities in a timely manner and thereby minimize risk of hackers' attack.



Taishin Bank implements a security assessment of the computer information system each year in accordance with regulations. The assessment items include the review of the IT framework, network activities, compliance, and security settings which are assessed to analyze the overall information security risks of the Bank, uncover potential information security threats and vulnerabilities for improvement, and improve the network and IT system security, and conduct the assessment of the maturity of information security governance based on the 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.

Information security risk management is currently executed as part of ISO/IEC 27001. The Bank gathers information security management issues from within and outside the organization, and engages various departments of the IT Division to assess the risks involved and potential impacts.

Given the increasing number of information security threats and attacks around the world, 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 2021, 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. In addition, Taishin's network security management mechanism is running 24/7 year round to prevent hacking attacks.

2.3.2 Enhancement of Transaction Security

The rampant use of Internet fraud and fraud 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 has established multiple information security protection measures for the information system, internal and external network environments and transaction websites. A Security Operation Center (SOC) has been established for the entire Bank, to monitor the information security systems for abnormalities and analyze intelligence on all types of security threats. The Center will be used to optimize Taishin Bank's information security network and we shall continue to enhance information security and protect customer transaction security.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

Corporate Governance and Business Integrity

Risk Management and Internal Control

Information and Transaction Security

Business Continuity and Technology Risk Management

Sustainable Supplier Management

Anti-money Laundering and Countering the Financing of Terrorism

Response to Specific Issues

3. Sustainable Finance

4. Superior Service

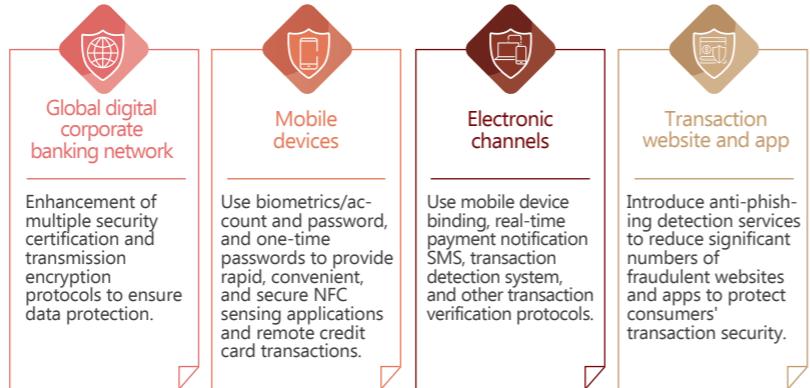
5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

◆ Transaction security protocols



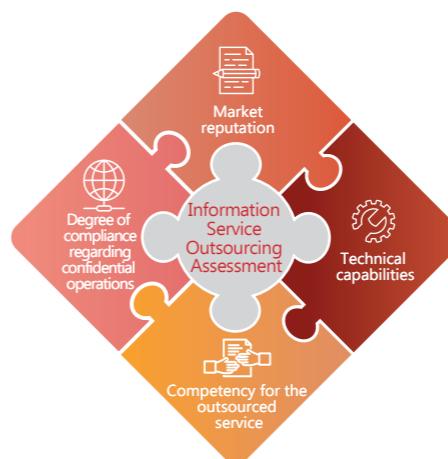
2.3.3 Information Security Awareness and External Party Management

◆ Education and Drills

- 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 2021 were both 100%.
 - 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.
-
- 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.
 - Information security contacts of all units are invited to attend professional information security training courses provided by external professionals to strengthen the information security capabilities of all units.
-
- 4-6 social engineering drills such as simulated phishing email tests are implemented for employees of the Bank on an irregular basis each year. The test results are analyzed to identify employees with insufficient information security incidents to enhance training and reduce the risks of potential vulnerabilities.

1. Supplier Management

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.



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.

2. No Violations of Information Security Regulations at The Bank in the Past Four Years.

	2018	2019	2020	2021
Number of violations of information security regulations or cyber security incidents	0	0	0	0
Number of data leaks	0	0	0	0
Proportion of information leakage incidents related to personal data(%)	0	0	0	0
Number of customers and employees affected by leaks of company information	0	0	0	0
Fines for information security or network security incidents	0	0	0	0

Taishin FHC has formulated the "Taishin FHC Information Security Incident Management Specification", and established information security incident notification and emergency handling procedures. Major information security incidents were reported to the relevant supervisors and the Chief Information Security Officer's Office of Taishin FHC, and carry out incident control, root cause confirmation and correction, service restoration, review and improvement in accordance with their information security incident handling procedures to reduce harm and loss. Taishin FHC and its subsidiaries had no information security incidents and related losses in the past four years.

CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

Corporate Governance and Business Integrity

Risk Management and Internal Control

Information and Transaction Security

Business Continuity and Technology Risk Management

Sustainable Supplier Management

Anti-money Laundering and Countering the Financing of Terrorism

Response to Specific Issues

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

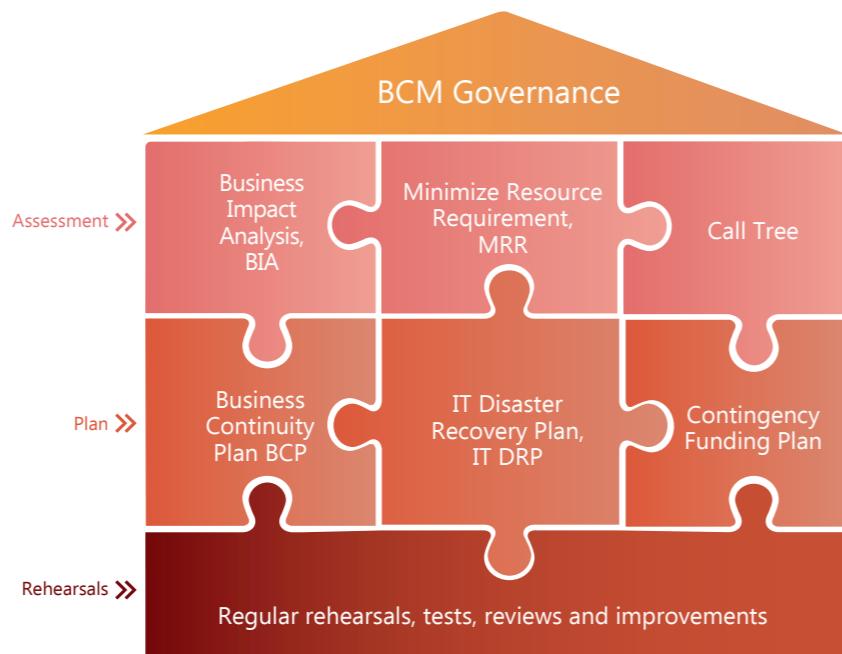
7. Social Impacts

8. Appendix

2.4 Business Continuity and Technology Risk Management

2.4.1 Management System

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.



2.4.2 Impact Assessment

Disaster Type	Impact Analysis
Natural disasters Such as fires, earthquakes, typhoons	By their very nature, natural disasters are unpredictable, and in recent years the deteriorating greenhouse effects have heightened the probability of natural disasters. Not only will such disasters damage our operating premises, buildings, equipment and the like, but loan collateral and investment objects may also be affected, which may lead to defaulting on repayments or loss of collateral.
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.
Disaster Information System Such as cyber security attacks, digital viruses, data corruption, system crashes, computer room inoperability	Cyber attacks may lead to the suspension or remote operation of our systems, damage to the database, network interruption, tampering with or theft of customer data, exposure of customers and employees' private information, violation of service contracts with appointed stores, etc., and result in significant losses to our bank.
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.

2.4.3 Responses and Recovery Plans

Business Continuity Plan

Our Business Continuity Plan (BCP) is a pre-planned response and recovery process in response to a disaster to ensure that a company 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** In principle, at least one drill is held every year and if necessary, drills may be conducted twice a year. For details, please see page "Drills and tests" on page 46 of this report.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

Corporate Governance and Business Integrity

Risk Management and Internal Control

Information and Transaction Security

Business Continuity and Technology Risk Management

Sustainable Supplier Management

Anti-money Laundering and Countering the Financing of Terrorism

Response to Specific Issues

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

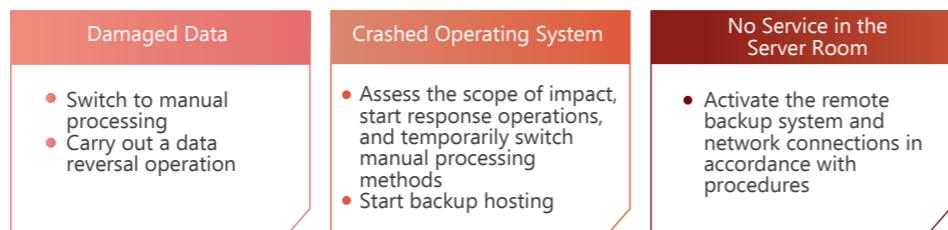
6. Friendly Workplace

7. Social Impacts

8. Appendix

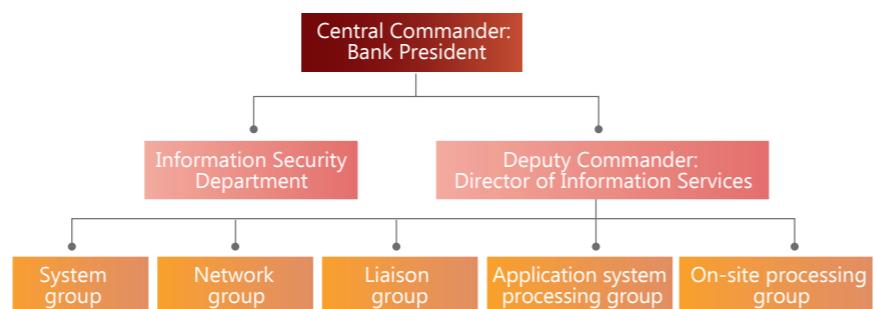
Information System Recovery Plan

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:

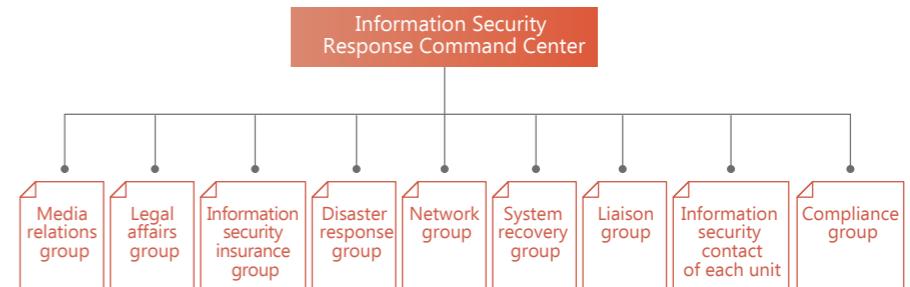


In addition, Taishin Bank has a business continuity team for IT operations and a computer security incident response team to safeguard business continuity and deploy information security incident response capabilities in real time, collect dynamic intelligence on IT threats worldwide, and analyze vulnerability 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.

◆ Taishin Bank Information Business Continuity Team



◆ Taishin Bank Computer Security Incident Response Team



Contingency Funding Plan

Taishin Bank has an Emergency Response Team to ensure that during a liquidity crisis, the bank can fulfill contractual payment obligations within the planned time and to respond to the bank's funding 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.





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

Corporate Governance and Business Integrity

Risk Management and Internal Control

Information and Transaction Security

Business Continuity and Technology Risk Management

Sustainable Supplier Management

Anti-money Laundering and Countering the Financing of Terrorism

Response to Specific Issues

3. Sustainable Finance

4. Superior Service

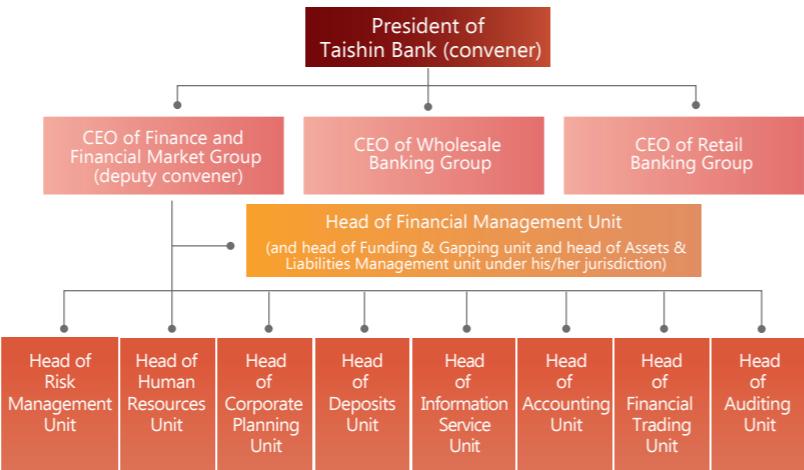
5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

◆ Taishin Bank Emergency Response Team



◆ The Contingency Funding Plan is carried out in accordance with the following process:

	Process	Authorized Unit/Description
Step 1	Activate the Emergency Response Team	1. The head of the Financial Management Unit notifies the relevant response unit of the Emergency Response Team to conduct a meeting by telephone. 2. After the activation of the Emergency Response Team, the convener will notify the Chairman immediately.
Step 2	Assignment of duties	If the Emergency Response Team decides to activate the Contingency Funding Plan, each authorized unit must discharge its duties as assigned by the Emergency Response Team.
Step 3	Daily meetings	1. The relevant Authorized Units hold daily meetings → implementation → report results. 2. The convener reports on the progress and efficacy of the Contingency Funding Plan to the Chairman as needed.
Step 4	Notification of Closure	A decision to close a case will be communicated only after agreement from the convener. Also, the head of the Financial Management Unit will notify the heads of authorized units by email.

2.4.4 Drills and Tests

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.



Business Continuity Plan Drill



Information Business Continuity Walkthrough

Each year, 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.



Information security event response exercises

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 2021 included distributed denial of service (DDoS) attacks and Red team drill.



Contingency Funding Capability Review

- 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 institution 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.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

Corporate Governance and Business Integrity

Risk Management and Internal Control

Information and Transaction Security

Business Continuity and Technology Risk Management

Sustainable Supplier Management

Anti-money Laundering and Countering the Financing of Terrorism

Response to Specific Issues

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

2.4.5 Epidemic prevention measures

As the COVID-19 pandemic continues to impact the world, and in response to the worsening epidemic in Northern Taiwan in May 2021, various epidemic prevention measures were implemented to maintain operations and reduce impact, in order to ensure employee and customer safety and interests.

Organizations	Since the start of the pandemic, the Bank has quickly established the epidemic prevention team. The Holdings President shall act as the convener, and the risk management, finance, investment, strategy, and IT department supervisors shall be included. As the pandemic developed, epidemic prevention meetings were held flexibly to respond to changes to the pandemic and improve the various epidemic prevention measures.	
Adopted Measures	Employees	
	Preparation of epidemic prevention supplies and equipment	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.
	Epidemic prevention response measures	<ul style="list-style-type: none"> Office buildings and public areas are regularly sanitized. The opening hours of the employee dining areas and massage areas have been adjusted. 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. The "online epidemic prevention section" was established for health reporting, epidemic prevention announcements, and epidemic prevention health education. 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. Remote working, working from home, diverted employee attendance, group activity cancellation, physical meeting limitation, unnecessary visit suspension, and visitor restriction have been activated.
	Encourage vaccinations	<ul style="list-style-type: none"> Two days of vaccination leave are provided to employees for receiving their first to third vaccinations, of which, one day shall be paid leave. The complete vaccination rate in 2021 reached 82%.
	Employee care mechanisms	<ul style="list-style-type: none"> Epidemic prevention leave and epidemic prevention care leave superior to legal requirements Care subsidies for overseas personnel returning to Taiwan Wedding leave, family visitation leave for overseas personnel, and family visitation flight ticket usage periods have been extended Medical check-up implementation period has been extended
	Customer	
Control measures for branches	<ul style="list-style-type: none"> 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. Customers must comply with real name registration before entering the branch Customers must use socially distant seating to maintain social distancing and partitions have been installed Epidemic prevention notices shall be posted in clear locations around the branch. The service lobby shall be separated from the ATM area. Customers are encouraged to use internet banking or mobile banking services 	
Environmental Maintenance	<ul style="list-style-type: none"> 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). 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. 	

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

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 management capabilities, 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 surveys, supplier self-assessment questionnaire, and deliver the knowledge of sustainable development through the supplier conference to jointly enhance the sustainable competitiveness.



Supplier Management Regulations

- Selection principles:
- Localization
 - Labor assessment
 - Impact assessment
 - Moral standards
 - Risk management



Supplier Maintenance & Management Regulations

- Eligible suppliers have to meet one of the following criteria
- Certified for ISO or other quality assurance systems of equivalent nature;
 - Is legally registered;
 - Having developed sound reputation in the business, is highly willing to accommodate the Bank's needs, and delivers good service quality;
 - Is the designated supplier, given the specifications of the procurement involved;
 - Having produced a sample that passed requirements;
 - Having passed an on-site inspection.



Supplier Commitment Statement

- Supplier Commitment Statement
- Corporate ethics and integrity
 - Risk management
 - Labor and human rights
 - Public welfare and environmental protection
 - Continual implementation
 - Scope of Application



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

Corporate Governance and Business Integrity

Risk Management and Internal Control

Information and Transaction Security

Business Continuity and Technology Risk Management

Sustainable Supplier Management

Anti-money Laundering and Countering the Financing of Terrorism

Response to Specific Issues

3. Sustainable Finance

4. Superior Service

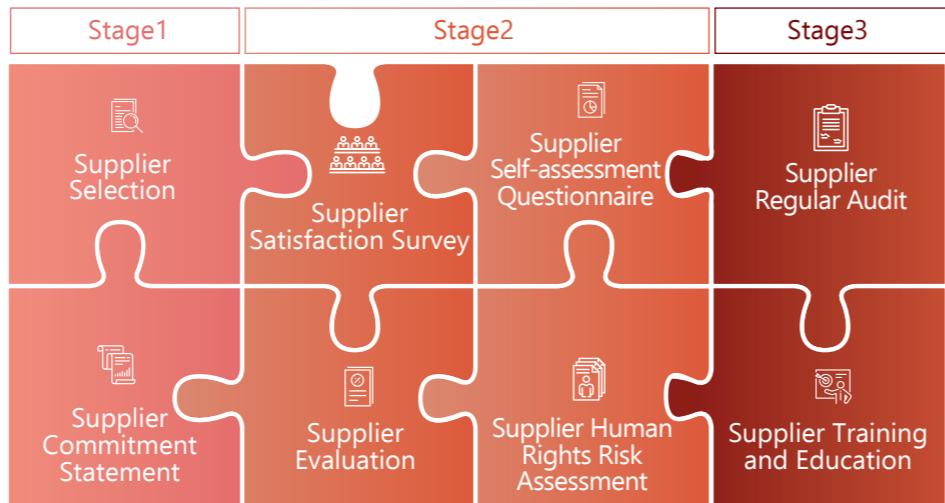
5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

Management Methods



Human Rights Policy and Supplier's Commitments

In order to master the human rights risks of suppliers, Taishin has integrated the United Nations Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the UN Global Compact, ISO 26000, and the International Labor Organization. , social responsibility standards (Social Accountability 8000) and the spirit of the Code of Conduct - Responsible Business Alliance (RBA) and international norms such as information security systems (ISO 27001) are included in the management requirements.

In 2021, Taishin has published new versions of the Supplier Management Regulations and Supplier Commitment Statement as a response to the international emphases on Anti-human trafficking, Anti-harassment, and Collective Negotiation, expecting suppliers to follow the requirements of nations around the world.

All vendors to Taishin must sign the Supplier Commitment Statement when signing a new contract or renewing a contract, and sign-up ratio achieved 100%. Taishin ensures the reduction of ESG risks of supply chain and the sustainable management of supply chain through the vendor selection in early phases and the requirement and commitment of corporate social responsibilities to suppliers in the mid and long terms.

Supplier Conference

Starting in 2019, Taishin has convened a supplier conference every year. To date, the conferences have been held for 3 consecutive years. Education and training is implemented for suppliers at the supplier conference every year. Supplier management policies are promoted and market trends are shared. Together with the revisions to the new supplier human rights risk assessment, the 2021 supplier conference was based on human rights management. The formulation of human rights policies is explained to the suppliers during the meetings. The 2020 supplier evaluation results and supplier human rights risks reduction measures are also announced. Taishin hopes that suppliers can pursue corporate sustainability with their partners while evaluation their own ESG actions, and fulfill their corporate responsibilities.

2.5.2 Supplier Risk Assessment



Supplier Evaluation

To implement sustainable supplier management, Taishin follows our "Supplier Maintenance & Management Guidelines" to categorize and manage suppliers based on the content and amount of purchase each year. The self-assessment questionnaire for suppliers include Tier 1 and Tier 2 major suppliers with an annual purchase amount of more than 2.5 million. After recovering the questionnaires, the Company then performs supplier assessment and requests improvement from suppliers based on the outcome of assessment to ensure risk reduction.

Supplier self-assessment questionnaire
<input checked="" type="checkbox"/> Quality management
<input checked="" type="checkbox"/> Business secret protection
<input checked="" type="checkbox"/> Supplier management
<input checked="" type="checkbox"/> Sustainable governance
<input checked="" type="checkbox"/> Human rights management
<input checked="" type="checkbox"/> Health and safety
<input checked="" type="checkbox"/> Environmental protection



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

Corporate Governance and Business Integrity

Risk Management and Internal Control

Information and Transaction Security

Business Continuity and Technology Risk Management

Sustainable Supplier Management

Anti-money Laundering and Countering the Financing of Terrorism

Response to Specific Issues

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

Supplier evaluation scores are A to D, and if the survey results are listed as C, will be contacted by phone and be visited if necessary. Suppliers with rating of D will have purchase orders suspended until improvements are made and their rating changed back to C.

◆ Types and percentage of major suppliers in 2018-2021

Unit: %

Year	IT/ telecommunication	Equipment/ construction	Cards/printing	Services	Marketing Activities	General Affairs
2021	57	21	4	8	4	6
2020	40	14	6	16	20	4
2019	52.6	14.5	6.6	16.3	9.9	0.1
2018	40	30	12.5	17.5	0	0

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 in 2018-2021

Unit: %

Year	A	B	C	D
	Priority purchase	Second priority purchase	Purchases can be made, provided that improvements are made	No purchase will be made until the supplier improves to Grade C
2021	50	49	1	0
2020	58.5	40.8	0.7	0
2019	59.2	40.8	0	0
2018	80	20	0	0

Suppliers Human Rights Risk Assessment and Education Training

We implemented human rights risk assessment on all 226 suppliers in 2021 and 100% education and training for all suppliers. We confirmed the risk of suppliers by responding to past disputes and violations of laws and regulations through risk questionnaires. According to the results of the survey, approximately 3% of the suppliers are high-risk suppliers (none of major suppliers); for suppliers with high risks, we shall conduct phone interviews and onsite visits based on the mitigation measures for addressing human rights issues of suppliers. 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.



◆ Results of supplier human rights risk assessment

Risk assessment results	2018	2019	2020	2021
Number of suppliers	215	278	298	226
High risk	7.9%	7.92%	10.3%	3%
Major Risk incident	<ul style="list-style-type: none"> • Failure to appoint indigenous peoples or people with disabilities • Failure to compile related data on disabling injuries • Failure to implement education and training to protect employee privacy 			



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

Corporate Governance and Business Integrity

Risk Management and Internal Control

Information and Transaction Security

Business Continuity and Technology Risk Management

Sustainable Supplier Management

Anti-money Laundering and Countering the Financing of Terrorism

Response to Specific Issues

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

Supplier Human Rights Risk Assessment



- Human Rights Policy
- Management System and Practices
- Workplace Diversity
- Management Performance
- Health and Safety
- Information Protection

Human rights risk assessment score	Human rights risk assessment results	Human rights risk mitigation measures	
		Major suppliers	Suppliers ranked below Tier 2
Higher than 80 points	Qualified supplier	Priority purchase	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
Lower than 60 points	High-risk suppliers: No purchases will be made	First questionnaire response: One warning 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.	Telephone communication 1. Site survey 2. Mandatory participation in the training in the supplier conference of the current year Rigorous oversight

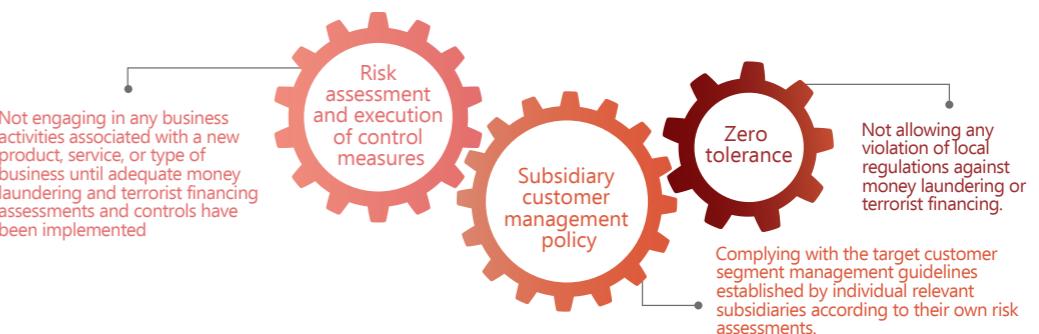
Note: The supplier's rating shall be based on the annual procurement amount.

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

2.6.1 Management of AML and CFT

Policy and Authority

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 establishing the level of money laundering and terrorism financing risks they are exposed to. 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.





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

Corporate Governance and Business Integrity

Risk Management and Internal Control

Information and Transaction Security

Business Continuity and Technology Risk Management

Sustainable Supplier Management

Anti-money Laundering and Countering the Financing of Terrorism

Response to Specific Issues

3. Sustainable Finance

4. Superior Service

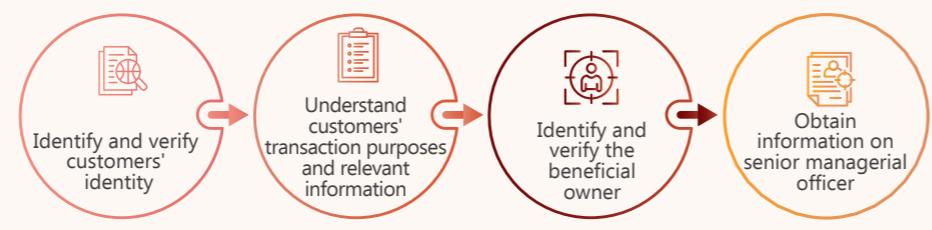
5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

Customer Due Diligence Procedure



● Systematic information management

- Name screening ■ profiling
- risk grading (Documents and records above are kept for at least 5 years)

Exit measures for AML/CFT Violations

The applicant or customer is identified as an individual, legal person or organization sanctioned under the Terrorism Financing Prevention Act, or a terrorist or terrorist group identified by a foreign government or international organization



Five Actions and Three Lines of Defense

- 01 Internal regulations and SOP added or modified in terms of the changes in local or foreign external AML/CFT regulations
- 02 Institution Risk Assessment (IRA) and customer risk assessment
- 03 Setting the transaction monitoring scenarios
- 04 Convention of senior management meetings, such as group risk management committee meeting, group AML/CFT meeting, AML/CFT committee of the subsidiary bank, risk management committee of the subsidiary securities, and relevant management meetings of other subsidiaries
- 05 The organization adopts three lines of defense to ensure the effectiveness of its controls. The Compliance officer convenes monthly meetings to discuss issues concerning compliance, risk management and the 2nd and 3rd lines of defense, whereas the Chief Auditor convenes quarterly audit seminars involving the parent company and subsidiaries.

First line of defense - Business administration departments are required to comprehend the AML/CFT program and adopt relevant practices in daily activities.

Second line of defense - A responsible unit has been assigned and supported with resources to monitor and assess risk constantly.

Second line of defense - A responsible unit has been assigned and supported with resources to monitor and assess risk constantly. Third line of defense - The internal audit unit conducts regular audits according to internal control measures.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

Corporate Governance and Business Integrity

Risk Management and Internal Control

Information and Transaction Security

Business Continuity and Technology Risk Management

Sustainable Supplier Management

Anti-money Laundering and Countering the Financing of Terrorism

Response to Specific Issues

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

2.6.2 Results in AML and CFT

The Company continued to include anti-money laundering and counter terrorism financing training for corporate governance courses for the Directors of Taishin FHC in 2021 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 758 total training hours. The training provided by the Group for Taishin FHC and subsidiaries including Taishin Bank, Taishin Securities, Taishin Securities Investment Trust, Taishin Securities Investment Advisory, and Taishin D. A. Leasing included physical, online e-learning, and external education courses. Total training hours amounted to 32,799.18 hours and employees registered 22,948 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 2021 AML and CFT training completion rate was 100%.

◆ AML and CFT training in 2021

	Number of participants	Hours
Regular, on-going intranet-based training with case studies (including the usual AML/CFT scenarios, examination finding and cases sharing etc)	1,342	1,364.09
Computer-based training sessions with self-assessment check (including the international sanction for countering the financing of terrorism and the trend of AML/CFT etc)	15,698	23,644.99
Group wide internal network of compliance/legal managers in charge (including the latest foreign and local AML/CFT regulations and standards etc)	2,609	1,634.14
Face-to-face training by compliance/legal officers (including the oversea AML/CFT regulations, KYC for account opening, name screening and AML system operation etc)	2,800	2,660.17
Face-to-face training by specialized external firm (including the transaction scenarios of AML/CFT, international regulations and trade financing etc)	299	594.62
Mandatory annual refresher training (including the survey on suspicions transactions, analysis on criminal scenarios, anti-corruption etc)	200	2,901.17
Total	22,948	32,799.18

Note: As the employees of the Group changed many times in the year, the number of participants is used for calculations.

Taishin Bank has obtained the global certification for the United States Patriot Act and announced the statement on the official website of the Bank.



Wolfsberg questionnaire



Patriot Act certification

◆ Number of feedback incentive cases of the Investigation Bureau

2018	2019	2020	2021
31	72	111	87

2.7 Response to Specific Issues

Chang Hwa Bank (CHB) Investment

Stakeholder type	Concerned issue	Time of query	Taishin's response
Investor	(1) Our statement with regards to CHB investments (2) Our approaches to safeguarding shareholders' rights, and progress report	Whole year, 2021	The IR department provides explanations via email, telephone, investor conference, or face-to-face meetings; meanwhile, information is also disclosed on web pages (in the form of major announcement, press release etc)
Media			Communication methods include telephone, email, press conference, seminar and press release. Any wrongly reported facts will be clarified by the PR department

Our statement with regards to CHB investments

On July 22, 2005, Taishin Financial Holdings ("Taishin", "Taishin FHC") participated in an open bid for 1.4 billion shares of preferred stock issued by Chang Hwa Bank ("CHB"). Apart from local bidders (including Mega Financial Holdings, Fubon Financial Holdings and Taishin), a foreign institution (i.e. Temasek Holdings from Singapore) also contended for the bid. The bid was won by Taishin for a sum of TWD36.568 billion, and, with the approval of the FSC, the company acquired a 22.55% ownership interest in CHB, making it the largest shareholder.

The Ministry of Finance had previously announced on July 5, 2005, and had issued an official correspondence through CHB on July 21, 2005, addressing "all bidders of the 2005 CHB cash issue" and informing them of the Ministry's commitment to transfer control of CHB to the winning bidder. The correspondence reads: "Until such time as the Ministry of Finance sells its shares, it shall maintain its policy to support the largest shareholder in acquiring control over the bank, provided that the winning bidder remains the largest shareholder." The correspondence was evidence of the Ministry's intent to support the winning bidder in acquiring more than 50% of director and supervisor seats in CHB. During CHB's board elections held in 2005, 2008, and 2011, the Ministry of Finance kept its promise and supported Taishin acquire a majority of seats at the board, and 50% of supervisor seats.

However, during CHB's 2014 board election, the Ministry of Finance reneged on the promises it had made in 2005, and rallied state-owned banks and state-owned enterprises to purchase CHB shares before CHB's extraordinary shareholder meeting, while at the same time making extensive efforts to acquire proxy forms from the market. As a result, Taishin acquired only 2 out of 9 director seats and had 1 Taishin-nominated independent director elected on board despite being CHB's largest shareholder. According to Article 4 of the Financial Holding Company Act, CHB was no longer Taishin's subsidiary.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

Corporate Governance and Business Integrity

Risk Management and Internal Control

Information and Transaction Security

Business Continuity and Technology Risk Management

Sustainable Supplier Management

Anti-money Laundering and Countering the Financing of Terrorism

Response to Specific Issues

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

Given the fact that the Ministry of Finance had reneged on its written promise and in doing so had caused Taishin to lose control over CHB and suffer immense losses, Taishin raised a civil lawsuit and provisional injunction to the Taipei District Court against the Ministry of Finance and filed a complaint to the Control Yuan to protect the legal right of Taishin's 200,000+ shareholders. Taishin hoped the judicial and administrative system would compel the Ministry of Finance to fulfill its written commitments and restore Taishin's control over CHB.

Our approaches to safeguarding shareholders' rights, and progress report

2014: Taishin filed a civil lawsuit and provisional injunction against the Ministry of Finance and filed a complaint to the Control Yuan.

2015: In its investigation report, the Control Yuan pointed out variously that the Ministry of Finance failed to consider the continuity and consistency of the government's governance and actions; that it failed to maintain the harmonious co-governance of government and private shareholders (thereby failing in its duty to protect the best interests of all CHB shareholders); and that, ahead of the 2014 reelection of CHB's directors, it failed to engage sufficiently in negotiations to communicate and coordinate with CHB's shareholders. These failings caused controversy and damaged the government's image of integrity.

2016: The Taiwan Taipei District Court confirmed in its judgment that a contractual relationship exists, considering that "as long as the Taishin Financial Holdings is the largest shareholder of CHB, the Ministry of Finance must not interfere with the representatives appointed by Taishin Financial Holdings from being elected as the majority on the Board of Directors of CHB."

2017: The Taiwan High Court declared the existence of the contractual relationship, requiring that "as long as the shares held by Ministry of Finance in CHB remain unsold, and as long as Taishin Financial Holdings remain the largest shareholder of CHB, the Ministry of Finance must support that the representatives appointed by Taishin Financial Holdings to become elected as the majority of the ordinary members on the Board of Directors of CHB". The Ministry of Finance refused to accept the judgment and appealed to the Supreme Court.

2019: The Supreme Court reversed Taiwan High court's judgment that confirming there is a contract existing between MOF and the Company and the responsibility for total litigation expenses, and remanded the case to Taiwan High court; in its judgment, the supreme court opined that whether a contract between two parties is a voting agreement, and whether a contract running for 13 years to date has violated public policy or morals both remain open question.

2020: The judgment of Taiwan High Court (first retrial) confirmed the existence of the contractual relationship stipulating that "before the Ministry of Finance sells its shares in Chang Hwa Bank and as long as Taishin Financial Holdings remains the largest shareholder of Chang Hwa Bank, the Ministry of Finance shall support (including, without limitation, that it may not prevent) the representatives designated by Taishin Financial Holdings to be elected to four general director seats of Chang Hwa Bank". The parties have filed appeals against parts of the judgment to which they object and the proceedings are currently pending in Supreme Court.

Below is the related information from our site, you can click "Issues" on Taishin FHC official website.

Conduct Enhancement Program for Financial Advisors

Stakeholder type	Concerned issue	Time of query	Taishin's response
Competent authority, Investor, Customers, Media	How the prevent improper conduct by financial advisors in the future?	2019-2021	Reporting to competent authority, e-mail/ physical mail, customer service call

Regarding the behavioral enhancement plan for financial advisors, Taishin added the following to the measures taken in 2019.

In 2021, Taishin has adjusted its financial advisor awards and remuneration regulations for the total regulatory compliance as well as the implementation of fair customer treatment:

I. The financial advisor sales performance rules were adjusted to reduce the chances of financial advisors making improper sales for bonuses.

II. To avoid financial advisors from recommending a single product and neglect product suitability as well as focusing on certain customers and violate the fair customer treatment principle, Balanced Product Development and Customer Diversity indicators were linked to the annual bonus of financial advisors, encouraging financial advisors to take care of various types of customers under their management and value the asset allocation of all products.

III. For the total regulatory compliance as well as the implementation of fair customer treatment, the effects of non-financial indicators were enhanced.

(I).Bonuses were directly linked to the MBO review. By increasing the effects of MBO review on the bonuses of financial advisors, financial advisors were encouraged to put more emphasis on non-financial indicators.

(II).Increasing the identification level of non-financial indicators such as standardizing the impact level or risk level of indicators as the basis for points reduction to enhance the impacts of non-financial indicators on the bonuses of financial advisors.

IV. To deter improper sales conduct, financial advisors will have their bonuses deducted in a larger percentage when involved in major offenses.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

Sustainable Policies and Actions

Responsible Investment and Lending

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

3 Sustainable Finance

3.1 Sustainable Policies and Actions

3.2 Responsible Investment and Lending





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

Sustainable Policies and Actions

Responsible Investment and Lending

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

3.1 Sustainable Policies and Actions

Support of Initiatives and Policy Establishment

Taishin supports the Sustainable Development Goals (SDGs) of the United Nations as well as Taiwan's major policies for Nuclear-free Homeland, energy transformation, and environmental conservation. We actively extend loans 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 by directing capital to green energy technologies.

The basis for formulating relevant policies or taking sustainable financial actions in accordance with international initiatives in recent years.

◆ Milestones for Sustainable Finance

2021
2020
2019
2018
2016

- Taishin FHC becomes a founding member and supporting institution of the "Taiwan Alliance for Net Zero Emission"
- 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
• Taishin FHC expanded the applicable scope of the "Green Finance Principles"
• 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 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

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.

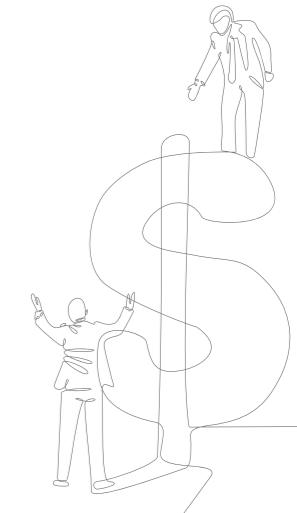
Taishin Bank established the "[Stewardship Principles for Institutional Investors](#)" in accordance with the PRI to create voting policies for the management. Taishin Bank discloses its participation and [votes in the shareholders' meeting of investees](#) and the [Stewardship Report](#) each year. Taishin FHC continues to monitor news regarding investees as well as their financial performance, environmental protection practices, social responsibility, labor rights, and corporate governance issues. We also engage them in dialogue and interactions through appropriate channels.

Taishin Securities Investment Trust published the [Statement of Compliance with Stewardship Principles](#) for Institutional Investors in 2016 and Taishin Securities also established the "[Stewardship Policy](#)" in 2018. They disclose their stewardship implementation status to customers or beneficiaries on a regular or ad hoc basis (e.g., participation in votes of shareholders' meetings of investees and the Stewardship Report). They also continue to pay close attention to the communication and management of investees and disclosure of [stewardship reports](#) .

The Establishment of Green Finance Principles

Taishin FHC established the "Green Finance Principles" in 2018 in accordance with important international norms such as the exclusion list of the International Finance Corporation (IFC) and the UN Global Compact. The Principles apply to all subsidiaries and business operations of the Group. They specify the targets that should be supported or avoided, and emphasized that ESG risk management must be included in transaction reviews and post-transaction management. Taishin and its subsidiaries have adjusted related business rules or procedures in accordance with the Green Finance Principles including adjustments of 13 rules for retail banking, wholesale banking, securities, venture capital, and investment trust, and 17 business review procedures based on business requirements.

We continued to carry out Taishin's "Green Finance Principles" implementation throughout the entire group in 2021 and made 100% of transaction activities and financial products for all subsidiaries to include ESG risk assessments. In addition to following the global principles and Taishin's own specifications, the drug industry, illegal weapons manufacturing and gambling industry are listed as the relevant industries that refuse to undertake or should be declined by customer attributes according to the high risk factor assessment results. The total number of assessments using the "Green Finance Assessment Worksheet" to cover 100% of financial products and services in 2021.





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

Sustainable Policies and Actions

Responsible Investment and Lending

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

Signed and Adopted the Equator Principles

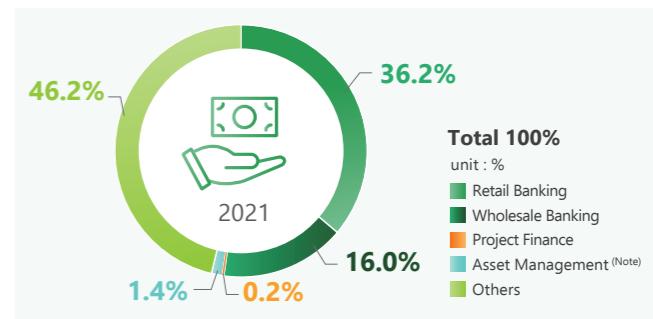
Taishin Bank has implemented reviews on new, existing credit cases requesting for limit increase or change of terms loan applications based on the Equator Principles (EPs) since 2015. When the Bank reviews an application that meets requirements for project financing, the Bank is required to investigate and disclose environmental and social risks of the applicant or the place of the project as the basis for evaluating the application. Taishin Bank officially signed [the Equator Principles](#) and joined [the Equator Principles Association](#) in 2019. The Wholesale Credit Administration Division established a specific team and appointed an external professional institution to serve as a consultant for interviews and reviews of the credit extension process. We formulated the "Guidelines for Loan Applications Applicable to the Equator Principles" and the "Environmental and Social Risk Assessment Form" for evaluating cases. The evaluation of financing projects based on Equator Principles include risk ratings for environmental sensitivity, ecology, environmental pollution, communities, labor, regulations, and management mechanisms. We also implement the Principles through multiple rounds of education and awareness campaigns for the business and review units. Please check 2021 EP reporting details [here](#).

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" established in 2018 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.

3.2 Responsible Investment and Lending

◆ Proportion of individual business item in net revenue



Note: The business ratio of the Asset Management was calculated by the net revenue and gains of Taishin Securities Investment Trust

In 2021, retail banking has the highest ratio at 36.2% of Taishin FHC's consolidated net revenue and gains, followed by 16.0% in wholesale banking business. The proportion of net revenue and gains of asset management 1.4%, project financing less than 1%; among the others with 46.2%, which consisted of a number of subcategories including Taishin FHC long-term investment income, other banking businesses, and other subsidiaries, etc. We will then state these ESG products by four major categories "Investment/ Wholesale Banking", "Retail Banking", "Project Finance" and "Asset Management" with the descriptions of the products and the proportions one by one.

Investment and Wholesale Banking Business

In terms of Wholesale Banking for Sustainable Finance, The major ESG-related products and services include "green energy and environmental protection industry" lending, investment for "green bond", dealing with "Sustainable Index constituent stocks" and fundraising support for "sustainable industry", etc.

When preparing research reports, the research team of Taishin Securities Investment Advisory visits prospects on-site or participates in analyst meetings beforehand to establish an overall assessment of the company's operations and industry standing, including issues such as business integrity, social responsibilities and the impacts to the environment from its operations. The companies from chemical engineering industry, for example, are assessed on the soundness and compliance of pollution monitoring/treatment facilities, and whether long-term capital expenditures are planned after taking into account future amendments of domestic/ foreign environmental regulations. More, the final credit assessment report takes into consideration how the above issues affect the business' operating costs over the long-term, the business' integrity history (including individual behaviors of the management, records of violation etc.), and other factors relevant to business risk and profit estimates.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

Sustainable Policies and Actions

Responsible Investment and Lending

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

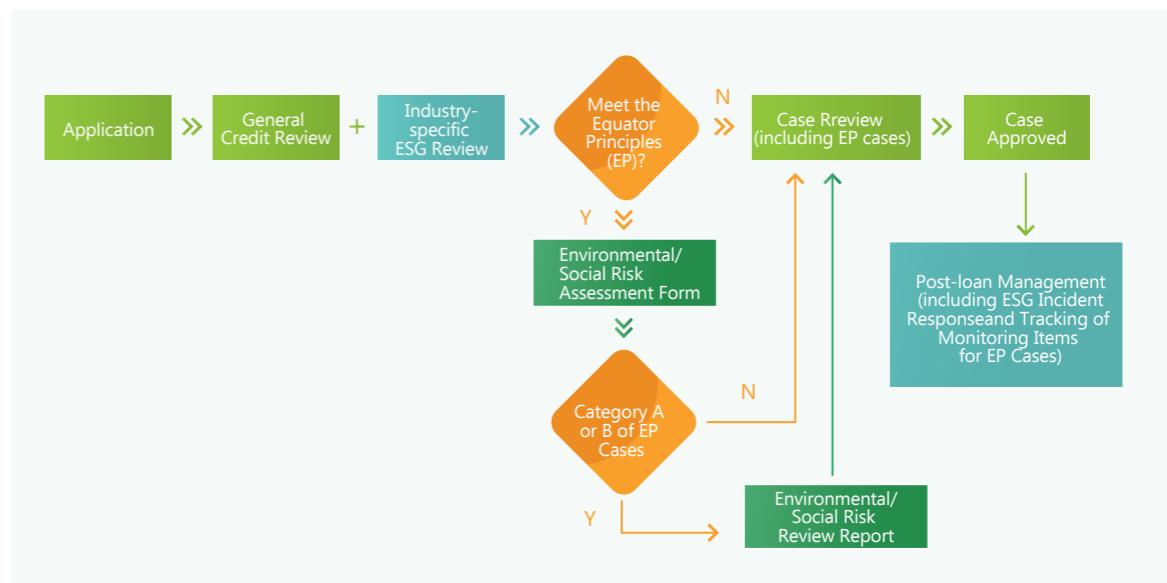
7. Social Impacts

8. Appendix

The Bank has been adopting the spirit of Equator Principles since 2015. All new loan applications and all existing lending cases requesting for limit increase or change of terms are required to complete a "Project Finance Application Social/Environmental Risk Investigation and Disclosure Worksheet" (also known as "CSR Worksheet") to verify if it is in line with the project finance. Taishin Bank needs to investigate and make sure the disclosure on environmental and social risk details, including environmental pollution, not correct use of raw materials, false advertising, and violation against labor laws/regulations with penalty records or major announcements. In the first half of 2019, the "ESG Checklist for Corporate Banking Credit Application Cases" was formulated with the sensitive industries, to step up the review of social and environmental issues in specific industries. After joining the Equator Principles Association and adapting the Equator Principles (EP) in 2019, Taishin Bank has assessed all loan application cases for compliance with the Equator Principles. If the project is assessed as level A or level B that meets the EP, a separate environmental and social risk report from an independent third party must be provided for review by the dedicated department. If the loan is approved, the check items to be monitored must be reviewed regularly. If not meet the requirements then the improvement plan shall be provided by clients, or the Bank may ask to pay off the loan. In 2020, three new industries have been added: "Basic Metal Manufacturing, Chemical Material Manufacturing, Power Equipment and Equipment Manufacturing", and strengthened customer's inspection of environmental and social risk management.

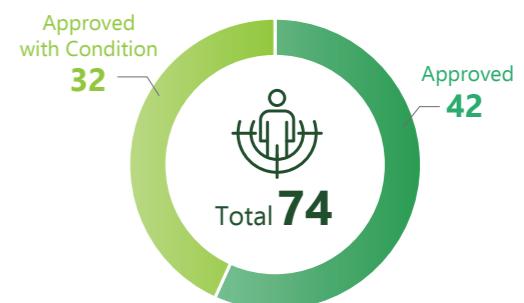
For sensitive industries, the Bank has adjusted its review system and introduced the use of "ESG Checklist for Corporate Banking Credit Application Cases" in addition to the original CSR worksheet on the first half of 2019. The 5 sensitive industries have been identified, namely: Real Estate Development, Semiconductor Manufacturing, LCD Panel Manufacturing, Printed Circuit Board Manufacturing, and Power Supply; all of which will be subjected to additional social and environmental reviews.

◆ Process of Wholesale Banking Loan



According to reviews, there were 74 cases of penalties and punishment for violations of the Labor Standards Act, Occupational Safety and Health Act, Act of Gender Equality in Employment, or other human rights issues by applied clients in the past three years. By thoroughly consideration the violation of laws and overall risks, 42 cases agreed to be approved while 32 cases were approved with condition. Most of the clients have been fined or penalized with only slightly violated the above regulations but already made improvements or continuously improving. Taishin will keep an eye on these clients and review the improvement status as the main factor of consideration for renew the loan terms when the credit limit expires.

◆ 2021 Penalties and Sanctions Statistics





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

Sustainable Policies and Actions

Responsible Investment and Lending

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

For Wholesale loans, we 100% process KYC (Know Your Customer) and DD (Due Diligence) as well as control and monitoring mechanisms of the post-loan early warning system. All the cases are in the process of engaging clients regarding ESG risk and opportunity assessment with the credit report. In terms of financial planning consulting services for corporate clients, Taishin Securities made the internal guidelines that all contact industries, businesses or clients must comply with Taishin FHC's Green Finance Principles. Furthermore, a service contract should be only signed after a customer basic information sheet, a green finance assessment sheet, an assessment of industry-specific environmental and social risk management guidelines, and a submitted case being approved by providing Green Finance Evaluation worksheet, Environmental and Social Risk Management Sector Guidelines for specific industries. So does the underwriter's assessment report must include the ESG risks that the clients might be faced to in integrated evaluation process along with its legal representative credit report, attorney opinions.

Products and Services	Taishin's Actions
Loans on Green Energy and Environmental Protection Industries (Note)	The balance of loans for key start-up industries in 2021 was NT\$173.46 billion. Taishin Bank has 2,745 loan cases in green energy and environmental protection industries and the loan balance reached NT\$ 88.82 billion which accounted for approximately 7.47% of the Bank's total loan outstanding. The projects included for solar PV power plants and other green energy industries, and the additional incentives are offered to encourage with better performance. In terms of the corporate loan performance on solar power plants, 180,644,533 MWh of renewable energy can be generated in 2021. Based on the latest emission factor of 0.502 ton/MWh, approximately 90,684 tons of greenhouse gas emissions (GHG) could be mitigated. We will watch the industry trend and government initiatives on green energy development to support more fundraising needs to help transition for sustainable industries.
Underwriting and Investment on Green Bonds	The Bank vigorously invested on green bonds related to energy and environment, including by holding energy and the environment related green bonds, the green bonds issued by the financial industry and the enterprises will be promoted actively
Investment on ESG or Sustainability Index Constituent Stocks	We understand the importance of selecting investment targets for long-term investment, therefore, the sustainable companies related to the well-known indices and evaluation of the outstanding shares are selected as the investment targets.
Fundraising for Sustainable Industry	Keep supporting the fundraising in ESG related industries is always Taishin's mission. In 2021, Taishin Securities assisted 17 companies to complete fundraising in capital market and as a total of NT\$4,041 billion, which accounted for 24.56% of the total annual underwriting. All the clients will be carefully assessed whether any major environmental pollution or human rights violations occurred, and if any being found then the improvements shall be needed before keeping on assisting for public offering and fundraising. Since 2010 to year of 2020, none of the clients assisted by Taishin Securities for public offering or fundraising was involved in the major pollution or human rights violations.
Project Finance	Please check the same Chapter "Project Finance"
Loans on Sustainable Infrastructure	In terms of sustainable infrastructure, Taishin Bank offers lending business on renewable energy supply, environmental pollution remediation, and public transportation with ESG related loans

Note: The right column customer accounts and outstanding (including collection) granted more than 1 loan are counted only once (meaning that the same unified number is only counted once) and exclude OBU and overseas branches.

◆ Disclosure of Investment and Wholesale Banking Business with ESG Theme

ESG Product Name	Description	2021	
		ESG Monetary Value (NT\$million)	%
Loans on Green Energy and Environmental Protection Industries	Participated Government's 5+2 Industries Innovation Program including green technology, circular economy and new agriculture/bio-medical technology. (note)	88,817	7.47
Underwriting and Investment on Green Bonds	Invested and underwritten on green bonds issued by the banking industry and the enterprises.	10,368	4.27
Investment on ESG or Sustainability Index Constituent Stocks	Holding stocks issued by corporates with outstanding sustainability performance.	1,908	100
Fundraising for Sustainable Industry	Provided fundraising assistance as well as the green energy industry assessment	4,041	24.56
Loans on Sustainable Infrastructure	Promote the ESG loan business in the supply of renewable energy, remediation for sewage/waste disposal, public transportation.	60,724	52.29
Total		165,858	10.60
TOTAL Monetary Value		1,565,725 (NT\$million)	

Note: The monetary value(NT\$ million): Green technology (28,685), Circular economy (52,860), New agriculture/Bio-medical technology (7,271)

Retail Banking Business

In terms of Retail Banking for Sustainable Finance, The major ESG-related products and services include "online consumer lending" and "investment products that meet the spirit of ESG such as funds, stocks and offshore ETF", etc. At the same time, Taishin established the credit guidelines for unsecured credit loans, and lists the ESG risk factors that personal lending should exclude or not undertake; In the process of investigating ESG related risks and opportunities with customers, 100% of all lending customers are required to be checked ESG risk factors, credit report and due diligence to fully understand the ESG risk status of customers. Therefore, when offering retail lending products, Taishin Bank conducts detailed assessments on the needs and financial capabilities, of each customer, and approves appropriate credit lines accordingly. With regards to personal planning and consulting services, all investment products recommended by financial advisors have been reviewed in accordance with product management principles prior to being launched. Information from independent, third-party sources such as Bloomberg, Morningstar etc. is also referenced to perform ESG assessments on the products evaluation.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

Sustainable Policies and Actions

Responsible Investment and Lending

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

◆ Process for Retail Consumer Lending



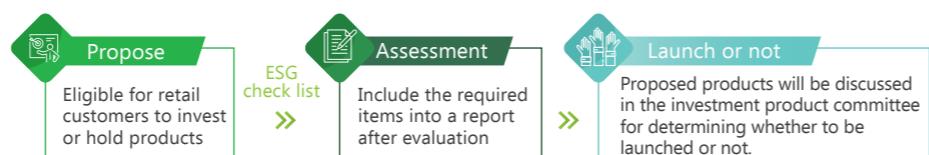
Taishin Bank aims at life for green in consumer finance and actively promotes it from various businesses.

(1) Shared electric scooters and promoting purchase: In response to the enhancement on personal green consumption awareness, Taishin Bank has been working with partners to promote the concept of shared scooters since 2018. In 2019, we continued to promote rent-don't-buy to reduce air pollution and carbon emissions. In the end of 2021, more than 300,000 cardholders have joined this ecofriendly green energy initiative. In addition, through collaboration with Gogoro in 2019, our Bank cardholders were successfully encouraged to purchase about 11,000 electric vehicles resulting in a total purchasing amount of NT\$900 million. In addition, it is also combined with the integration and promotion of digital carbon deduction products, for example: customers who have their bills convert to digital and spend on selected Taishin sustainable merchants can have a chance to draw Gogoro electric scooters, the campaign has attracted more than 2,000 customers to participate and successfully converted to digital bills, as well as accelerate the penetration of carbon reduction for financial services.

(2) Added "Online Retail Banking" lending service categories: As environment issues and climate change are more increasingly valued, plus the development in digital technology is accelerating, the Bank has gradually expanded its service channels for consumer lending to online services. The online business categories offered include home loans, auto loans and also the unsecured loans.

(3) Offering customers with "funds/stocks and foreign ETFs that meet ESG spirit": The Bank provides wealth management products which requires reviews based on the assessment procedures by the CSR Worksheet or sector guidelines in order to provide investors with financial products that meets ESG values or have positive effects on environmental or ecological development, ex funds, stocks, foreign bonds or ETFs, and Offshore Structured Notes. In 2021, 6 products were decided not to be submitted or approved due to being involved in the businesses of tobacco, alcoholic beverage and gambling, which were listed in controversial industries, or being ranked behind on S&P Global ESG Score and MSCI ESG rating; and 1 product which was listed in non-active support industries, was decided to be approved with limited quota and add instructions to demonstrate the implementation of the Company's sustainable development in the product documentation.

◆ Review Process of New Financial Products for Retail Customers



◆ Disclosure of Retail Banking Business with ESG Theme

ESG Product Name	Description	2021	
		ESG Monetary Value (NT\$million)	%
Low Carbon Transportation	Covered the fees for shared scooters, purchase of electric motors and vehicles for carbon reduction	2,110	0.6
Retail Online Consumer Lending	Through digital technologies, we have online consumer lending available, thereby enabling consumers to receive home loans, auto loans and unsecured lending with no time limit or no restriction by place of application	40,323	40.8
ESG credit card spending	Support organic agriculture, or donate to social welfare fund with a specific percentage of customer spending	183	0.05
ESG Funds/ Stocks and Foreign ETFs	The investment products meet the ESG spirit are provided, such as green energy or water resources	6,429	4.71
Total		49,045	8.10
TOTAL Monetary Value		606,383(NT\$million)	

Note: "Low Carbon Transportation" category is the new added statistics for ESG product in 2020、"ESG credit card spending" is the new added statistics for ESG product in 2021

Project Finance

Taishin Bank has been adopting 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" (also known as "CSR Worksheet") to verify if it is in line with the project finance. Later in Nov. 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 complete standards for inspection process and related documents for Project Finance. In the meantime the sufficient training sessions are delivered to business and review units in order to do reliable implementation.

All loan applications must be assessed for compliance with the Equator Principles, and if listed in Level A or B then additionally, the independent third-party's environmental and social evaluation report need 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 mediumsized clients, onsite visits are generally required in order to provide an understanding of a company' s business operations. Observation is made during an onsite visit to check for any adverse impact on the environment and to include the factors in the determination of whether to start a business deal.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

Sustainable Policies and Actions

Responsible Investment and Lending

4. Superior Service

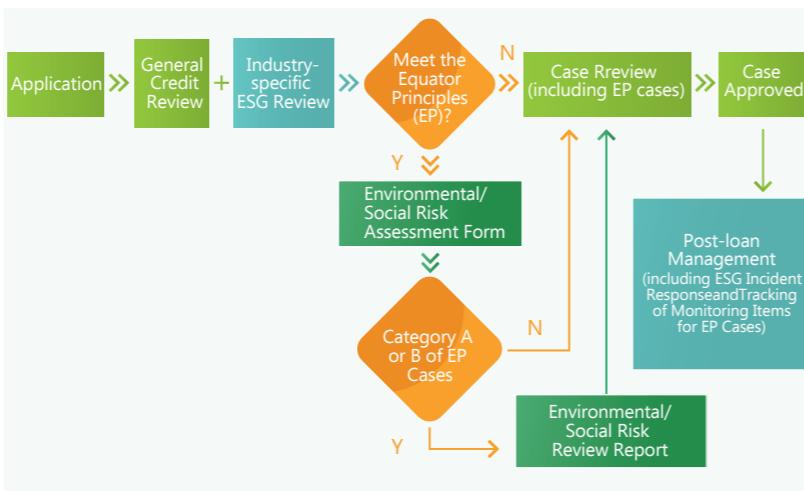
5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

◆ Review Process of Project Finance



In 2021, 10 cases were with Project Finance of Equator Principles and the application loan amount is approximately NT\$18.96 billion. Review results: 2 were approved, 4 were conditionally approved, and 4 were rejected. The rejected cases were Chain Aluminum Industry, Agriculture and Animal Husbandry Technology Industry, Electricity Supply Industry, and Cosmetic Packaging Material Industry. The total application amount was NT\$3.24 billion.

◆ 2021 Project Finance Review Result

Rejected	Approved with Condition	Approved	Total Review Cases	Total Amount Applied (NT\$100 million)
4	4	2	10	189.6

◆ 2021 Review Rejected Projects

Project	Loan Amount (NTD: 1,000)	Disputed Issues	Reason for Rejection	Result
A	1,400,000	Environmental Risk	Significant GHG Emissions	Rejected
B	1,000,000	Environmental Risk	caused ecological environment impact or needs to apply for land change	Rejected
C	650,000	Environmental Risk	Poor drainage concerns	Rejected

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 engagement. 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 recent years, ESG has generated a new opportunity in "environmental sustainability and corporate sustainability". A company that meets ESG qualifications is a necessary requirement for being included in the investment target of large-scale institutional investors or international benchmark indices. In 2021, Taishin Securities Investment Trust introduced the "ESG Emerging Markets Bond Fund" focused on emerging corporate bonds. Through the selection mechanism, ESG investment decisions that conform with international trends are included in position operations. Renewable energies and natural gas are targeted and high-polluting, human rights violating companies with poor ESG are not investment targets. Since the introduction of the Taishin "ESG Emerging Markets Bond Fund" in January 2021, the scale of the fund reached NT\$9.5 billion by the end of February, 2021, setting a new record for Taishin Securities Investment Trust IPO. In August 2021, Taishin Securities Investment Trust introduced a ESG Stock Fund called "Taishin ESG Global Environmental Growth Equity Fund". The "ESG Environmental Protection Growth Concepts" include shares that are covered by MSCI ACWI ESG Universal Index and are focused on industries dedicated to better production efficiency and





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

Sustainable Policies and Actions

Responsible Investment and Lending

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

environmental protection, according to changes in the global society, population, resources, and climate. The industries mainly include: 1. Electric vehicles. 2. Smart energy: Solar power, wind power, etc. 3. Sustainable farming. 4. Circular economy: Such as waste processing and recycling, air pollution monitoring and prevention, water processing or water usage planning. As of the end of August, 2021, the scale of the Taishin ESG Environmental Protection Growth Fund is around NT\$4.3 billion.

◆ Process of Sorting Investment Targets with SRI Rule by TSIT



◆ Disclosure of Asset Management Business with ESG Theme

ESG Product Name	Description	2021		Unit: %
		ESG Monetary Value (NT\$million)	%	
ESG Fund Portfolio	Compliant with SRI investment (including public and private equity funds, discretionary agency operations, etc.)	61,487	20.04	

Net-Zero Targets for Financial Emissions

Taishin pays attention to climate change and net-zero issues. The plan for responsible investment and financing continues to aim at increasing low-carbon investment and financing. Therefore, started from 2021, Taishin FHC launched the Science-Based Target (SBT) to conduct an inventory of the carbon emissions of various asset classes including scope 1&2 for its own operations and in the investment and financing of Scope 3; Moreover, Taishin FHC recognized as "Commitment" in 2022/03 and has submitted the Targets to SBTi in 2022/04.

Taishin set 2019 as the base year for the expected SBT Targets:

1. Scope 1 & 2 are set in the 1.5°C scenario, and Taishin commits to reduce absolute GHG emissions 46.2% by 2030.
2. Scope 3 are set in a well below 2°C scenario.
 - Taishin commits to achieve SBTs in Listed equity and bonds targets for 38.21% in 2027 by Portfolio Coverage.
 - Taishin commits to achieve Corporate loan by SDA or Portfolio Coverage based on different asset classes, including commercial real estate, electricity generation, other long-term debt.





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

FinTech / Digital Innovation

Customer Relationship Management
and consumer protection

Privacy Protection

Financial Inclusion

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

4 Superior Service

- 4.1 FinTech / Digital Innovation
- 4.2 Customer Relationship Management and consumer protection
- 4.3 Privacy Protection
- 4.4 Financial Inclusion



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

FinTech / Digital Innovation

Customer Relationship Management and consumer protection

Privacy Protection

Financial Inclusion

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

4.1 FinTech/Digital Innovation

4.1.1 FinTech

In this era of FinTech, Taishin remains founded on the core values of Bank 4.0 and remains focused on customer needs. 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: Providing the best customer-centric digital service experience

Taishin Bank continues to listen to the voices of its customers and responds to the needs of the general public by introducing a new feature that makes it easy and convenient to book a subscription to US stocks and foreign ETFs. With a Richart foreign currency account and a trust account, customers can subscribe to hundreds of popular US stocks and ETFs, including Apple, Tesla, Microsoft, Facebook and more, directly from the Richart APP, enjoying a one-stop experience in digital financial services without having to open a sub-brokerage account. The Richart Life points platform has also formed new partnerships with UUPON points and Chunghwa Telecom's Hami Point, allowing people to exchange their Taishin points for their own collected points directly on the app, making the most of points. In additional consideration of the fact that foreign workers are often unable to make transactions at banks during business hours due to their working hours and language barriers, Taishin was the first in Taiwan to introduce "ATM International Remittance," a service made possible through Taishin ATMs with an interface that supports 7 languages, providing convenient international remittance services unlimited by time to relieve this pain of foreign workers. Furthermore, with the life-changing pandemic, people are becoming more accustomed to zero-contact lifestyle. To develop a new form of financial services, Taishin Bank worked in special cross-industry collaboration with Digital Domain, a visual effects production company based in Hollywood, to create the new generation of "Video Teller Machine (VTM)", which features the first ever appearance of a virtual male teller "Mr. SUNNY" and a virtual female teller named "Ms. ROSE", who have been officially providing services to the public.



2. Operational Synergy: Improve Operational Synergy Using Digital Technology

Taishin is the first bank to apply Robotic Process Automation (RPA) to the account opening process, thus simplifying routine and repetitive manual procedures and greatly improving the efficiency of the account opening process. The introduction of RPA will help us to move up one level in satisfying the immediate needs of users and create a better user experience. In the future, RPA mechanisms will be gradually rolled out across other Taishin's processes to improve productivity and precision and provide high-quality financial services.



3. Tech Development: Mastering Digital Trends and Developing Innovative Financial Services

In an era where everyone has a mobile in hand, Taishin Payment APP is designed with the concept of using "the mobile as the card terminal." The app features "tap on phone" contactless credit card transactions, supporting the most popular digital payments and wallets currently available in the market, such as Taishin Pay, Jkos, LINE Pay, Taiwan Pay, and Easy Wallet. All it takes is a mobile phone to enable contactless and barcode scanning to accept payments in multiple scenarios, all through this best all-in-one tool. Taishin has also partnered with "PChome", the largest e-commerce marketplace platform in Taiwan, to offer exclusive loans to sellers, which breaks away from traditional financing. In addition to the financial documents previously accepted, revenue information on the platform and credit history of individual sellers are regarded as supporting documents, while big data is used to analyze and assist in the application process to proactively provide the most suitable loan solution. "t Loan" adopts a new "AI Smart Credit Assessment Model" based upon machine learning. The system incorporates AI technology and connects both internal and external data information. Through such smart verification, loans are automatically disbursed in time, thus creating a whole new experience in application of unsecured personal loans.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

FinTech / Digital Innovation

Customer Relationship Management and consumer protection

Privacy Protection

Financial Inclusion

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix



4. Cross-industry Alliances: Expand Cross-Industry Alliances into Customers' Lives and Establish New Business Models

Taishin Bank has progressively expanded its scope of services in the life and finance ecosystem by first connecting with DDROOM, an innovative digital house rental platform. Tenants only have to press the "1-Click Transfer" button to launch the Richart APP, which automatically loads the account information of the lessor and the current rent amount for the payment to be made in seconds. In the entertainment aspect, for the first time, the Bank has developed a cross industry alliance with KKBOX, Asia's most influential sound community brand, to launch the limited time "music time deposit" program, the first of its kind in the financial sector, for customers to convert their time deposit interest into music serial numbers of KKBOX's lossless audio service, and thus expanding the Bank's scope of services. In terms of payment, the Bank has joined hands with McDonald's, the leading fast-food restaurant in Taiwan, to implement its "integrated mobile payments platform" in all McDonald's outlets across Taiwan, enabling payment services of Taiwan Pay and Jko all at once for the public to enjoy contactless and high quality financial services. This integration of financial services into various situations that people need can greatly enhance convenience, and create new business opportunities.



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

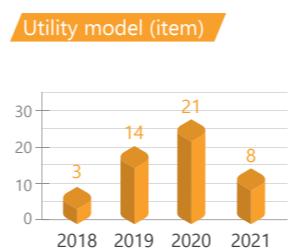
Taishin continues to cultivate its digital financial capabilities. Besides improving the technical expertise of our current employees through education and training, Taishin also actively recruits digital technology talents from outside the bank in order to rapidly upgrade its overall digital capabilities.

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.

8 new patents obtained in 2021

Patent category	Patent conceptualization
	Card-less cash advance
	Conversion of virtual investment into real incentives
	Asynchronous technology that allows the facial recognition system to display real-time image at the front end while storing them asynchronously at the back end.
Utility model	No additional proof of income required for applications of unsecured personal loans
	Identity verification that incorporates multiple tools for website users
	Mechanism for mobile devices to turn on/off the operating interface of other devices
	Legal quota and case assignment automation
	Automated application procedure for household registration transcripts

◆ Number of financial patents granted in recent years



4.1.2 Digital Innovation

Digital Innovation in Multiple Scenarios

Our research and development and launch of innovative products cover mobile banking, new payments, wealth management, credit cards, loans, and wholesale financing. We have also successfully launched the Richart Digital Bank as a first in the industry. Taishin Bank has an outstanding performance in the field of digital financial innovation. In 2019, we won first prize at the second "Best FinTech Service Bank Awards" organized by Global Views Monthly. In five out of eight assessment items, we scored number one. The Richart Digital Bank won nearly 20 domestic and foreign awards in 2019, after winning first prize in the Most Popular Brands category of the prestigious National Brand Yushan Awards in 2017. With regard to digital products, our new payment service "pay+" solves the issue of cash flow in member management and integration of electronic payment services for retail stores. This service was awarded the "Operating Model Master in Taiwan" by International Data Information (IDC). Furthermore, Taishin is committed to creating a friendlier financial environment. Our "Facial Recognition Application Service" not only won the Critics' Choice Award at the Innovative Business Awards of Business Next Magazine, but also was crowned regional champion at the 2019 Gartner Eye on Innovation Awards for Financial Services in Asia Pacific.

Regarding cross-industry collaboration in 2021, the Richart Life points platform has also formed new partnerships with UUPON points and Chunghwa Telecom's Hami Point, allowing people to exchange their Taishin points for their own collected points directly on the app, making the most of points. Taishin has also broken away from traditional financing by working with "PChome", the largest e-commerce marketplace platform in Taiwan, to offer exclusive loans to sellers. In addition to the financial documents previously accepted, revenue information on the platform and credit history of individual sellers can all be regarded as supporting documents, while big data is used to analyze and assist in the application process to proactively provide the most suitable loan solution. Meanwhile, Taishin Bank has progressively expanded its scope of services in the life and finance ecosystem by first connecting with DDROOM, an innovative digital house rental platform. Tenants only have to press the "1-Click Transfer" button to launch the Richart APP, which automatically loads the account information of the lessor and the current rent amount for the payment to be made in seconds. In the entertainment aspect, for the first time, the Bank has developed a cross industry alliance with KKBOX, Asia's most influential sound community brand, to launch the period-limited "music time deposit" program, the first of its kind in the financial sector, for customers to convert their time deposit interest into music serial numbers of KKBOX's lossless audio service, and thus expanding the Bank's scope of services.





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

FinTech / Digital Innovation

Customer Relationship Management and consumer protection

Privacy Protection

Financial Inclusion

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

Application Scenarios	Advanced Aspects	Featured Products and Quality Services	Performance
 Payment/ Cash Flow	Mobile Payments	<ul style="list-style-type: none"> Continue to introduce pay+, a payment service module, to various industries so that customers can register payment tools (e.g. credit cards) via affiliated merchants or websites. The module facilitates future shopping and spending as well as building the finance ecosystem for payment services. Provide e-voucher services that help affiliated merchants reduce the cost and management of paper vouchers and gift certificates, while offering stored-value and presale services to business members, and by doing so, to develop new integrated payment features. The numbers of users and transactions of Apple Pay, Google Pay, Samsung Pay, Garmin Pay, Fitbit Pay and Hami Pay continue to grow steadily. The 1D barcode payment feature of Taiwan Pay was introduced on May 2021, to provide card holders with more diversified mobile payment services. Taishin Pay features QR code payment and scanning services, and supports payment via credit card/VISA ATM card/account, as well as points redemption to cover purchases. The app offers a 3-in-1 integrated service that includes "payment+member points+invoice carrier". A finance friendly section was added to the interface on August 2021, where QR code payment and payment history check services are provided. We provide the LINK PAY payment platform which can be used by merchants to expand consumption, replace face-to-face and fax transactions, and create a rapid and secure transaction environment. In the era of new retail, the platform helps merchants complete their digital transformation. 	<ul style="list-style-type: none"> Assisted in the digital payment transformation of over 33 businesses. Assisted 7 businesses including FamilyMarts, PXMart, Tin Tin Drugstore, and HWC Roasters in their implementation of the e-voucher or stored-value wallet feature. Transaction volume via Apple Pay, Google Pay, Samsung Pay, Garmin Pay, Fitbit Pay and Hami Pay increased by 27% in 2021. In 2021, the number of collaborating channels of Taishin Pay increased by 12,000, and the number of members increased by 40% while transaction volume grew by 400%. As of the end of 2021, there were 1,053 businesses using the link pay payment service, an increase of approximately 35% compared to 2020. In addition to replacing traditional fax transmission with safer transactions, "Link Pay" was successfully introduced to offline business applications during pandemic, such as restaurant takeouts, small-sized merchants and the live streaming industry, expanding applicable scenarios and increasing product revenue.
	User-friendly Collection System	<ul style="list-style-type: none"> To make it more efficient for shopping district stallholders or small and medium sized stores to collect payment, the identification sticker "Taishin Shared QR" is offered to affiliated stores. It supports 7 payment tools, including Taishin Pay, WeChat, Alipay, Apple Apay, Google Pay, Samsung Pay and credit cards. Transaction is immediately made once the customer opens the camera app and scans the QR code. Contactless payment gives customers a peace of mind. Provide e-commerce platforms, online marketplaces, and official corporate websites with online ONE Code, a platform that supports multiple payment tools, to fulfill the need of mobile payment by consumers who have switched to online purchases as a result of the pandemic. 	<ul style="list-style-type: none"> As of the end of 2021, the shared QR code has assisted more than 8,500 middle and small-sized businesses in their implementation of mobile payment. The partnership covers the whole Taiwan, including Shidong, Kenting, Pingxi, Jiufen, Raohe and Tungtamen shopping districts, helping the government realize inclusive financial goals. As of the end of 2021, more than 30 online businesses, official corporate and merchant websites had implemented mobile payment with our assistance.
	Improvement of Fee Collection Services	<ul style="list-style-type: none"> The Global Digital Corporate Banking (GB2B) launched an innovative smart transfer functionality, reducing the costs and thresholds for customers to convert their systems and increasing their willingness to convert. This smart payment mechanism also automatically selects the most suitable payment channel for the customer, improving payment efficiency and stability, while satisfying the different needs of different customer groups. The innovative application services and business models of Taishin iHub created APIs for multiple payment services and products. It is equipped with a comprehensive API management platform that is directly connected to corporate customers and the Bank to provide companies with more rapid financial operations and create more business opportunities in financial applications. 	<ul style="list-style-type: none"> The innovative GB2B smart transfer and smart payment service has already attracted several large corporate customers, who have successfully applied and started using it. We have thus seized new business opportunities among cash flow customers. Several corporate customers and the Bank have begun collaboration through the API connection model on iHub to strengthen business relations and expand products. We will continue to develop a more diversified financial ecosystem through this model.
	Cross-border Remittance	<ul style="list-style-type: none"> We led the industry in providing the "no designation required", "12 hours from 9am to 9pm", and "foreign currency and NTD exchange" foreign currency inward remittance online transaction services on the Richart app. The functions allow customers using digital services to be free of business hour constraints and rapidly deposit payments into their accounts to save time and effort. 	<ul style="list-style-type: none"> More than 90% of the customers automatically assigned by the system have used the Richart app to complete foreign currency inward remittances. We have gradually promoted the app in other digital channels (e.g., personal banking services, mobile banking, and corporate online banking) to help customers in all channels experience the convenience of online payments.
	Membership and Points	<ul style="list-style-type: none"> Customers can link 7-11 and FamilyMart membership cards via Richart Life APP to accumulate store points when making purchases with Taishin Pay at respective outlets. Redeeming points for purchases is made easy and convenient to create immediacy and circulation in points redemption. 	<ul style="list-style-type: none"> The points-redemption-for-purchases module was implemented in FamilyMart, 7-11 and many other middle and small-sized businesses, providing circulating use of points for more than over 10,000 outlets.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

FinTech / Digital Innovation

Customer Relationship Management and consumer protection

Privacy Protection

Financial Inclusion

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

Application Scenarios	Advanced Aspects	Featured Products and Quality Services	Performance
 Convenient Services	Facial Recognition Technology <ul style="list-style-type: none"> We led the industry in the "withdrawal, deposit, and fund transfer by face swipe" services. After customers complete settings, they can use the ATM to withdraw, deposit, and transfer funds without using an ATM card. This function resolves the pain point in the use of bank cards in cases when customers forget to bring bank cards or when the bank cards are used illegally for withdrawals. In May 2021, our skin smoothing patent was granted. This is an industry-leading service that combines a facial recognition core with a beauty algorithm, allowing customers to enjoy a "beauty filter" effect even when using the Face-ID ATM. In addition to providing customers with a warm and personal service, it is also possible to achieve high accuracy in image recognition. Facial Recognition VIP Guest Services have been implemented in our branches to enhance service immediacy of branch employees. Upon the entering of a registered VIP customer, his/her affiliated financial advisor and the branch manager will be notified of the VIP's arrival for an immediate, high quality, considerate and exclusive reception that reduces the waiting time for the customer. This service aims to offer our customers with a more digital, convenient and prestigious branch experience. It was awarded Best Customer Experience - Branch by The Digital Banker in 2021. We led the industry in providing the "face swipe payment" service. After customers complete settings in the Richart Life app, they can use their faces to make payments at designated merchants without using cash, card, or mobile phone for payments. It resolves the customers' issue of having to find the payment tool with something in their hands or when they don't have time. 	Featured Products and Quality Services	Performance
	Digital Branch <ul style="list-style-type: none"> Taishin bank received FSC approval for launching the Video Teller Machine (VTM) service in September 2021. Through the service of VTM, people can enjoy real-time video conferencing with the remote teller for financial advisory and account application services (ATM card is instantly available); VTM is available from AM8:00~PM10:00 every day (holidays included), to provide the public with a more convenient financial service. Regarding the ATM Multi-Languages Service, with the existing Chinese and English operating interfaces, Thai, Vietnamese, Indonesia, Japanese and Korean were also added to the service in October 2020. ATM Accessibility Service: <ul style="list-style-type: none"> (1) All ATM terminals of Taishin bank are height-adjusted and within reach of wheelchair users. An accessibility mode is provided to give them the convenience of making ATM transactions easily with the ATM keypad. (2) Furthermore, Taishin Bank has "Blindness-friendly ATMs" available to serve visually impaired customers. User manuals printed in Braille and audio guidance are provided to offer user-friendly financial convenience for the visually impaired. 		
	Online Card Application <ul style="list-style-type: none"> Customers can upload files by mobile phones to apply for a credit card. 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) and it meets customer needs in their O2O digital life. 		
	Convenient Management <ul style="list-style-type: none"> Customers can link their cross industry memberships to Richart Life APP to enjoy easy management and services such as direct accumulation of cross industry points during payment, as well as instant redemption of points. Use and management of points, and related features are integrated into one points account. Added to the list are the exchange of points with cross-industry businesses, and the deduction of credit card outstanding payments, which have made points services even more friendly to our customers. 		
	Online Customer Service <ul style="list-style-type: none"> Implemented with the latest Google Bert module, Rose, the Smart Customer Service, can answer both text or voice inquiries with precision, and also provides easy banking and credit card account inquiry services. 		



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

FinTech / Digital Innovation

Customer Relationship Management and consumer protection

Privacy Protection

Financial Inclusion

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

Application Scenarios	Advanced Aspects	Featured Products and Quality Services	Performance
 Investment and Wealth Management	Mobile Financial Advisor	<ul style="list-style-type: none"> Using the Financial Advisor APP, financial advisors are able to display customers' asset allocations and market trends with IPAD, and therefore provide more suitable investment recommendations to customers. 	<ul style="list-style-type: none"> Serviced nearly a thousand customers in 2021, saving approximately 305 printed materials.
	Digital Foreign Currency Account	<ul style="list-style-type: none"> In 2018, Richart Digital Bank launched Taiwan's first digital financial foreign currency account, which can be opened by mobile phone, and is the first in the market to actively indicate the recent low exchange rate, helping customers to grasp the exchange rate in real time, and also provide exchange discounts, foreign currencies, and support various currency exchange calculations, and other services. We also incorporated the digital counters of Taishin Bank branches across Taiwan to provide rapid exchange services and provide customers with comprehensive online and offline experience. 	<ul style="list-style-type: none"> The compound growth rate of foreign currency accounts reached 10%.
	Richart Investment	<ul style="list-style-type: none"> Richart investment leads the industry in launching small investment products "Copper Investment" and "NT\$100 Fund". Many customers have expected Richart to launch a new alternative for stock investment. At the end of 2021, a new feature was introduced to make it easy and convenient to book subscriptions to US stocks and foreign ETFs. Customers can book subscriptions on the Richart APP, enjoy the experience of one-stop digital financial services, and get access to over 80 well-known U.S. stocks and 30 US ETFs on the Richart APP at your fingertips. 	<ul style="list-style-type: none"> Compounded growth rate of total subscription amount reached 6%
 Loans	SME Loan	<ul style="list-style-type: none"> The Bank has developed digital technologies such as API and RPA to interface government data, and to automatically connects Taishin bank's credit checking system with the SMEG database. With data consistency increased and approval process accelerated, small and medium sized businesses are effectively assisted to acquire funds. 	<ul style="list-style-type: none"> The first bank exchanges instant information on credit check, credit extension, and credit guarantee with SMEG. API connection rate to SMEG reached 97%.
	Online Loan Application Platform	<ul style="list-style-type: none"> Mortgage: 24-hour online loan application and 6 major mortgage calculation functions for swift mortgage recommendations. Auto loan: New online guarantor and supplementary document functions to expedite applications. Credit loan: Added one-stop online loan application and identity verification functions for salary accounts. Customers can use mobile phones to obtain information on loan limits and interest rates and quickly gain access to funds.https://mkp.taishinbank.com.tw/TsCms/marketing/expose/WM_20190830164836015/begin/00-begin.html Development of standardized products for micro enterprises: We have expanded our online applications to include micro enterprises and significantly reduce the application process and shorten the processing time. The improvements help more companies obtain funding quicker, and make the best use of business opportunities. 	<ul style="list-style-type: none"> The number of online mortgage loan amounts had increased by three times compared to the previous year. The auto loan online application reduced processing time by 50%. The one-stop online credit loan application takes only 10 minutes and is 50% faster than regular applications. Micro enterprises can obtain loans in just one day after they prepare all documents.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

FinTech / Digital Innovation

Customer Relationship Management and consumer protection

Privacy Protection

Financial Inclusion

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

4.1.3 Richart Digital Bank

Taishin Bank launched the digital brand Richart in 2016 to target the digital generation and young people and provide brand-new integrated services. Richart aims to be different from a bank. The brand image of the cute dog with the red bow tie is especially popular with young people. The app's simple and streamlined design interface and customer experience have been key to its success. In 2017 and 2018, this app won the "Red Dot Design Award" for two consecutive years. In 2019 and 2020, it won the "Global Finance Asia Pacific and World's Best Digital Bank Awards" for two consecutive years. 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.



In online word-of-mouth monitoring and third-party market surveys, Richart has been more favorably rated by young users when compared with many other digital financial brands. The main reason is that Richart truly understands young people's needs for financial services, and adopts a 100% customer experience and mobile app as its core value to integrate its six major products including "saving, payments, wealth management, loans, insurance, and foreign currency". The Richart app is as simple as a mobile game and helps young people overcome financial barriers with ease. 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.

◆ 2021 New Services at Richart Digital Bank

No.	Services	Introduction
1	"Richart Mini Loan" X "Famistore"	To meet the flexible funding needs of new-type digital e-commerce merchants and group-buying leaders, in February 2021, Richart partnered with "Famistore", the fast order-taking system of FamilyMart, to offer the digital micro-loan product "One Loan". "Famistore" sellers can apply through the Richart APP and submit their business information as proof of income for a loan ranging from NT\$10,000 to 30,000. Taishin Bank gives sellers more flexibility in their use of funds and makes loan applications painless and quick.
2	Richart auto loan	The auto loan service was launched in March 2021, for the purchase of cars and bid-sized heavy motorcycles, regardless of new or used. Customers can calculate monthly repayment through Richart APP, or directly upload related loan application documents. The handling fee will be deducted according to the Richart Mochi Index.
3	Richart X Chubb: Safe Vaccine Insurance	To meet the public's needs for epidemic prevention and protection, in July, 2021, Richart collaborated with Insurance Company of North America, Taiwan Branch (Chubb) to launch the online insurance service, Safe Vaccine Insurance Policies, to reduce the risk of people going out and congregating, and to prompt financial services and epidemic prevention to go hand in hand.
4	Richart X FETnet friDay Investments+	In July, 2021, Richart joined hands with Far Eastone Telecommunications (FETnet). Customers with both Richart digital bank account and FETnet Investments+ membership can have access to their Taishin Bank NTD/FCY accounts and credit card information through FETnet friDay Investments+ app. Customers can also use FETnet friDay Investments+ Savings Plan to set up money-saving goals, plan personal assets, earn progress rewards and redeem merchandise as they work towards their savings goal. We hope to further help people get started in managing their finances and realize the value of financial inclusion.
5	Richart Reserve Cash	In September 2021, Richart Reserve Cash was launched. It's a new type of flexible unsecured personal loan ranging from NT\$30,000 to 150,000. Provided that the application is completed and approved in advance, the loan can be drawn on at any time. Interest is only calculated from the date of drawdown and the loan can be repaid at any time, making the use of funds more flexible and timely. Richart Reserve Cash can be a strong source of support in terms of capital movement.
6	Richart X DDROOM: "1-Click Transfer" to pay rent	To save the trouble for tenants and landlords, Richart has upgraded the quick fund transfer service, connecting with DDROOM, a digital house rental platform, to launch the "1-Click Transfer" feature for rent payment in October 2021. Tenants only have to press the "1-Click Transfer" button on the DDROOM platform to launch the Richart APP, which automatically loads the account information of the lessor and the current rent amount. Tenants can make payments in seconds without having to enter the account number and amount by themselves to reduce the risk of wrong payment. Landlords can check whether the rent has been credited or not in real time to improve reconciliation efficiency.
7	Richart online insurance evolved	In October 2021, the insurance interface of Richart APP was fully optimized with newly added products such as mobile device insurance, all-risk home insurance and all-risk marine activity insurance, covering everything from mobile phone repairs to fire in rented accommodation, and to marine recreational activities. More than 13 products are available for online insurance.
8	Richart X KKBOX : Music time deposit	Richart has developed a cross industry alliance with the sound community brand KKBOX to launch the period-limited "music time deposit" program, the first of its kind in the financial sector, for customers to convert their time deposit interest into music serial numbers of KKBOX in November 2021. People can make savings and enjoy quality music at the same time by taking advantage of the time deposit interest.
9	U.S. stocks and foreign ETFs	In December 2021, Richart launched a new alternative for investments in US stocks and foreign ETFs. With a Richart foreign currency account and a trust account, customers can subscribe to hundreds of popular US stocks and ETFs on the Richart APP without having to open a sub-brokerage Account.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

FinTech / Digital Innovation

Customer Relationship Management and consumer protection

Privacy Protection

Financial Inclusion

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

◆ 2021 Awards for Richart Digital Bank

No.	Organizer	Award
1	Global Finance Best Digital Bank Awards 2021	Consumer Digital Bank-Best Mobile Banking App
2	18th National Brand Yushan Award	The Most Popular Brands
3	Commercial Times	Best Digital Innovation Gold Award

Richart Life and Finance Ecosystem

Taishin Bank launched the "Richart Life" app in August 2020, and it is key service to link and run the everyday life and finance ecosystem. The bank has collaborated with strategic partners to create a new platform that combined payments, points, everyday offers, and financial services. Richart Life has served Taishin Bank's close to 7.5 million customers. As more customers are guided by discount offers to shop in scenarios involving different strategic partners, all strategic partners can be brought into one app to work with Taishin Bank and provide services for its customers, and further extend their services to the entire country through membership.

In order to combine payment and points to link to the everyday life and finance ecosystem, transactions can be made through "Taishin Pay" in Richart Life at the four major convenience store chains, Shinkong Mitsukoshi department stores, and over 100,000 points of service in Taiwan. Users can even get discounts or redeem gifts and services by using "Taishin Point" at 7-11 and FamilyMart. The "everyday life and finance ecosystem" concept was also implemented in the National Games New Taipei City 2021. By issuing 20,000 exclusive and limited edition National Games Richart Debit ATM Cards as well as gathering exclusive privileges offered by thousands of stores, customers were able to make purchases and deduct points with Richart Life, embodying the concept of the everyday life and finance ecosystem.

◆ 2021 Awards for Richart Life

Serial No.	Organizer	Award	Name
1	The Asian Banker	International Excellence in Retail Financial Services Awards 2021	Best Customer Loyalty/Reward Initiative
2	Business Next	2021 Innovative Business Model: Best Business Model –Bronze Award	Points Ecosystem: Cross Industry Links with Customers' Living Circle
3	18th National Brand Yushan Award	Best Product	Richart Life Borderless Everyday Financial Service Ecosystem
4	Global Finance	Best Digital Bank Awards 2021 (Asia-Pacific)	Best Online Product Offerings
5	Retail Banker International(RBI)	Asia Trailblazer Awards 2021:Winner-Best Loyalty/Rewards Strategy	The Innovative Points-Based Loyalty Program
6	Commercial Times	Digital Financial Service Award: Digital Transformer Quality Award	Richart Life - Borderless Everyday Financial Service Ecosystem
7	Wealth Magazine	Taiwan Financial Awards: Best FinTech Bank Quality Award, Category of FinTech Innovation Applications	Richart Life
8	2021 TCSA Awards	Innovation Growth Leadership Award, Category of Sustainable Single Performance	Digital Finance Ecosystem - Richart Life Taishin Points Innovative Lifestyle
9	The Digital Banker	MARKETING & CUSTOMER AWARDS/ Winner: Best Lifestyle App	Richart Life
10	The Digital Banker	TECHNOLOGY AWARDS/Highly Acclaimed: Best Open Banking Initiative	Richart Life



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

FinTech / Digital Innovation

Customer Relationship Management
and consumer protection

Privacy Protection

Financial Inclusion

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

4.1.4 Financial Innovation Labs

In response to the impact of the epidemic, the market's acceptance of digital finance has significantly increased and traditional financial services are gradually moving online. For better user experiences, all banks are committed to applying digital finance to consumer areas; moreover, as purely online banks enter the market as a new-type business model, the financial industry is accelerating its digital transformation, and attempting to leverage its bilateral advantages to create new business opportunities and respond to market challenges through technologies such as artificial intelligence, big data, 5G, VR and other cross-sectoral interfaces.

Taishin Bank has been establishing the Taishin Financial Innovation Lab since 2020, collaborating with industries such as technology, communication, payment, retail and restaurants. We were the first to simulate common everyday life scenarios through various connections of techniques and business process redesign. We showcase a one-stop service covering hardware/software, payment system, and platform to merchants and affiliated partners. The service covers 80% of the everyday needs of the average consumer. Our innovative fintech applications won a World's Best Financial Innovation Labs award from the Global Finance Awards in 2021. Since its inception, nearly 100 guided tours have been held, covering different industries such as food and beverage, telecommunications, payment, tourism, e-commerce, retail, schools, pharmacy, green energy, and technology, with more than 1000 guests invited for a visit in the Taishin Financial Innovation Lab, where we demonstrate innovative financial and future business applications with the expectation that innovative fintech such as facial recognition technology, open API, and VR applications can be implemented in various industries. In addition to achieving breakthroughs for innovative fintech applications, Taishin Bank has also established a cross industry merchant communication platform to implement new business models. The following are the original intentions for innovative business models:

I. Bring digital fintech to life through real-world demonstrations

Taishin Financial Innovation Lab has created 2 experience zones and simulated 10 scenarios, ranging from restaurants, homes, commute and micro shops, to integrate innovative financial technologies (facial recognition, integrated payment, 5G, VR, AI smart customer service and big data analysis) into the lives of the general public, allowing merchants to understand how innovative fintech can optimize their services while enabling consumers to experience the convenience brought by innovative digital finance.

II. Provide one-stop services to create cross-industry collaboration value:

We help software and hardware manufacturers to cooperate with each other, and to combine the strengths of respective industries. Through technical cooperation and exchange, we are able to provide one-stop package services, and create new business models together, thus solving the problem of merchants having to, individually, find suitable partners and manufacturers in the market in the past.

III. Establish an innovative financial communication platform to support people with less banking knowledge or capital

Through inviting Chung Yi Social Welfare Foundation and tertiary institutions, holding corporate family day visits, and organizing talks on digital technology, we provide a cross-disciplinary communication platform and further channel corporate talent resources into the building of digital financial DNAs, extending the matchmaking opportunities of businesses, talents and new technology applications, and continuously incubating innovative financial technology services.





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

FinTech / Digital Innovation

Customer Relationship Management
and consumer protection

Privacy Protection

Financial Inclusion

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

4.2 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.

4.2.1 Implementation of the Principle of Fair Treatment of Customers

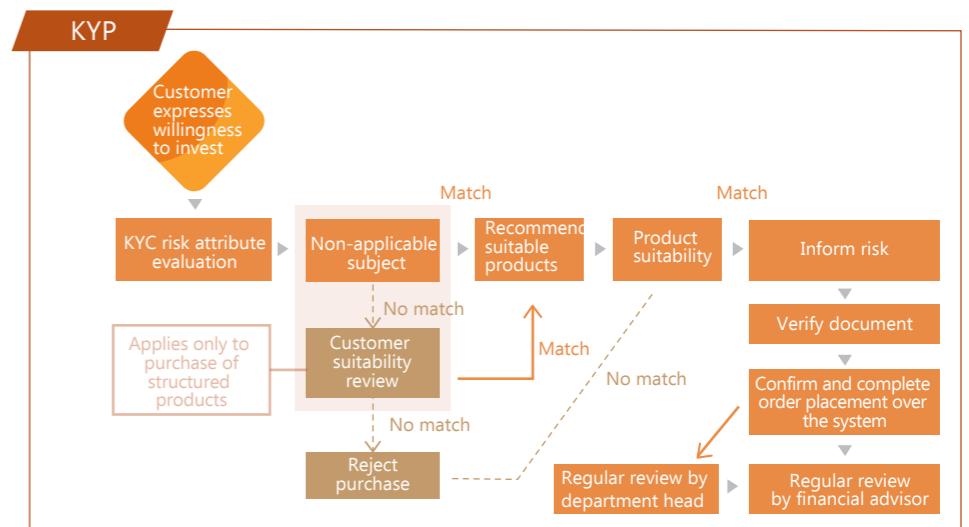
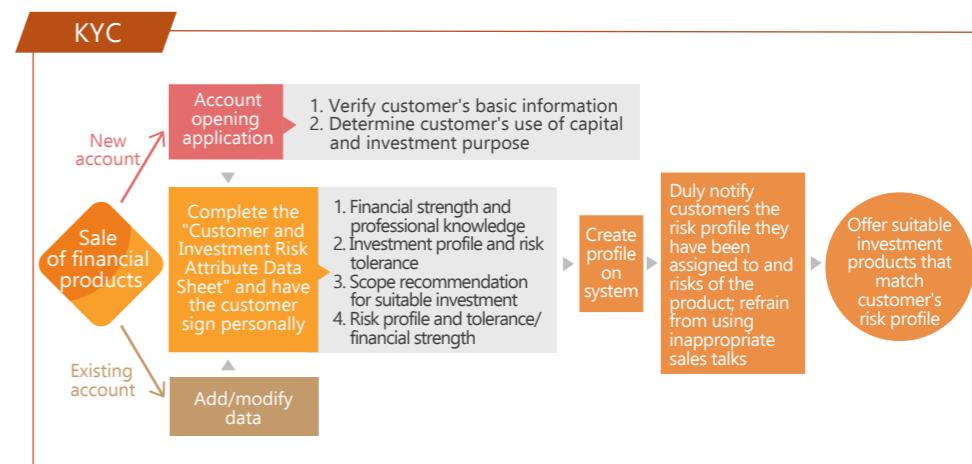
Formulate Policies and Strategies for Fair Treatment of Customers

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.

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. The " Fair Treatment of Customers and Consumer Review Committee" is set up under the President to supervise the implementation of the " Fair Treatment of Customers Principle " in each unit, and a cross-unit working group is set up under the committee to coordinate the planning, implementation and implementation of the Fair Treatment of Customers Principle, in order to optimize the organizational and governance structure for promoting Fair Treatment of Customers Principle. Furthermore, in order to supervise the specific implementation of the " Fair Treatment of Customers Principle " from top to bottom, each unit should regularly report to the committee the implementation, and if there is any violation of fair treatment Review the matter of customer principles or financial consumer protection regulations together with the improvement measures, and report to the board of directors.





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

FinTech / Digital Innovation

Customer Relationship Management
and consumer protection

Privacy Protection

Financial Inclusion

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

Strengthen the customer complaint Procedure

◆ Grievance system for retail banking customers

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 customer complaint handling work instruction manual which provide the procedures and deadlines for processing 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 properly 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. Each week, the head office reviews cases that have not been resolved with customers when they are closed, considers whether there are other ways to resolve the case or the need for continuous communication, and reports the results to the Director. The head office reports the increase or decrease in the number of customer complaints, the reasons for the occurrence, the content of the violation of fair treatment cases, and the follow-up improvements to the Fair Customer Treatment and Consumption Review Committee and the Board of Directors each quarter.

◆ Grievance system for wholesale banking customers

Any complaints or disputes with the Bank's wholesale banking customers are raised by the Wholesale Banking Division for discussion during weekly morning meetings. The Wholesale Banking Division regularly tracks the progress of customer complaint cases of various authorized units on a quarterly basis, and summarizes the assessment results of all units with regard to their compliance with financial consumer protection regulations and violations of Fair Treatment of Customers Policy. This information is orally presented to the Board of Directors.

◆ Bank Customer Complaint Resolution

Case Resolution Condition	2019	2020	2021	2022 Target
number of complaints	1,144	1,208	910	837
Percentage of prompt closures	100	100	100	100



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

FinTech / Digital Innovation

Customer Relationship Management
and consumer protection

Privacy Protection

Financial Inclusion

5. Environmental Sustainability

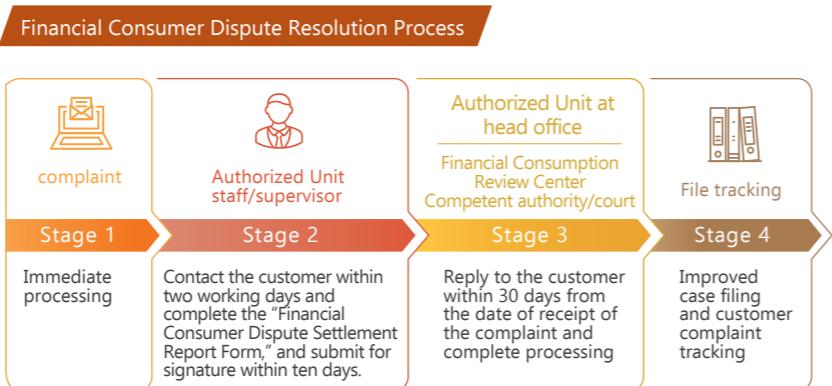
6. Friendly Workplace

7. Social Impacts

8. Appendix

◆ 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 immediately to explain the situation and notify the competent authority.



4.2.2 Customer Relationship Maintenance and Satisfaction Improvement

Taishin Bank is committed to delivering complete service experience for its customers, which take the internet and establish their satisfaction with respect to personnel, product, service, process, channel, rights and marketing campaign. These findings are analyzed to serve as reference for service quality strategies in the future. Meanwhile, improvement plans have been devised to address customer segments in which the organization has exhibited relatively weak or declined performance, and thereby taking service quality to the next level.

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.

Listening to Customers' Voices

Project	Explanation
VOC (Voice of Customer)	Taishin Bank has a VOC program in place that receives an average of 120 comments from customers per month. Through gathered opinions, Taishin investigates the critical needs of its customers and plans services, marketing campaigns and products for various business groups accordingly. This exercise plays an important role in Taishin's customer-centric strategy and is key to enhancing customer satisfaction and relations.
Onsite Inspections For Branches	Taishin Bank assigns employees with professional certifications as mystery customers to audit branch services by telephone or onsite visits. Audit items included basic etiquette, active service, response, professional knowledge, environment, and manners. 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. Once completed, customers may either mail them or drop them inside the branch's opinion box; the management will then respond to customers' suggestions and devise action plans for improvement. 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 Mainbox	Taishin Bank has established a customer hotline at 0800-079-885 and Head Office Management Center Mailbox: abdc@taishinbank.com.tw for the collection of customer opinions. Customers may call the customer 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.

Strengthen Customer Satisfaction

◆ Customer Retail Banking Customer Satisfaction

Taishin Bank's consumer finance customer satisfaction survey for 2021 covered six customer segments, including: wealth management, credit card, and digital banking, with an effective sample size of 1,780. To ensure proper representation of the population, samples were randomly taken from more than 1 million of our customers of different service segments.

In 2021, the survey was fully adjusted as an online questionnaire, which was sent to each and every customer in the survey population to give them the opportunity to fully express his or her views. We strove to collect more comprehensive and complete feedback from our customers in order to understand their true responses. The customer satisfaction survey for 2021 scored 78.3, which did not reach our goal. To address issues and less satisfactory responses, Taishin has devised improvement action plans, which include regular reports on investment performance by financial advisors, and provisions of asset allocations with relation to the customers' tolerance for their risk grades; In addition, the information/interests that customers need are analyzed through big data modeling and real-time marketing platform data to enhance customer satisfaction with Taishin Bank.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

FinTech / Digital Innovation

Customer Relationship Management
and consumer protection

Privacy Protection

Financial Inclusion

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

We also incorporated the Net Promoter Score (NPS) in 2019 gauge the customers' willingness to recommend the Bank and its products to others and effectively quantify customer loyalty. The NPS for 2021 was 22.3. (A positive Net Promoter Score suggests that there are more recommenders than critics). Around 35.4% stood neutral; In the future, we shall continue to refine our services and strive to turn neutrals into recommenders to increase the Net Promoter Score.

Customer satisfaction of retail banking services	2018		2019		2020		2021 ^(Note2)		2022
	Target	Actuals	Target	Actuals	Target	Actuals	Target	Actuals	Target
Customer satisfaction (%)	83.9	85.5	87.4	86.5	85.4	83.9	87	78.3	81.0
Sample size (Note1)	1,707		2,520		1,706		1,780		
Coverage rate (%)	0.3		0.3		0.3		0.2		

Note 1: The number of effective samples was calculated based on the number in the surveyed customer group. As the number of surveyed customers increased in 2019, there were more effective samples.

Note 2: In 2021, the survey method was adjusted from phone survey plus networking survey to networking survey only, collecting a complete set of honest comments of customers. And customer satisfaction objectives were adjusted based on the actual situations. In 2022, Taishin Bank will continue to improve itself to increase customer satisfaction.

Taishin Bank conducted quarterly branch service satisfaction surveys on "service attitude", "waiting time", "speed for processing business" and "clear answers to questions" to monitor and obtain customer feedback after receiving services at branches. The satisfaction rate for the whole year was 93.9%, which was a slight increase of 0.6% compared to the previous year. The score in previous years has been maintained steadily above 90%.

◆ Branch Service Satisfaction

	2018	2019	2020	2021
Satisfaction (%)	92.9	91.0	93.3	93.9%

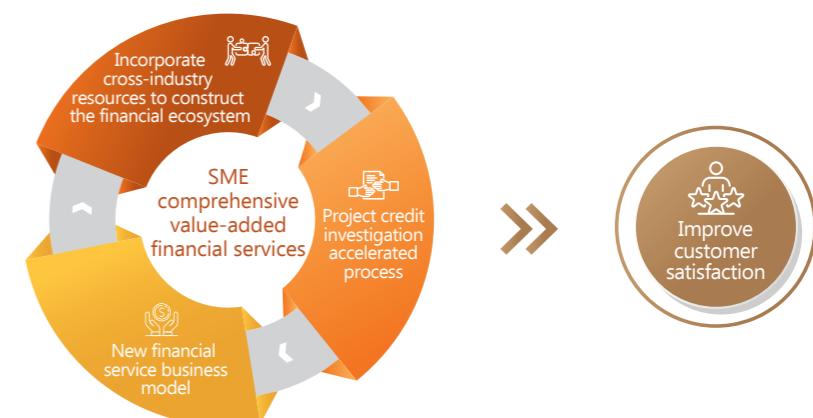


◆ Intensification of Wholesale Banking Customer Services

In terms of wholesale banking, Taishin Bank provides comprehensive services for wholesale banking customers and continues to focus on small and medium enterprises. To improve efficiency and expand the scope of services, Taishin Bank established the "Small and Medium Enterprises Special Loan" to provide small and medium enterprises with rapid loan review process with dedicated personnel, special projects, and special reviews. These measures have effectively improved service performance and customer satisfaction. We also use due diligence (DD) credit investigation and post-loan alert system control and management mechanisms to ensure loan quality and fulfill the Bank's social responsibility.

COVID-19 has accelerated the pace of digital transformation of SMEs since the global pandemic in 2020. In order to reduce the impact and inconvenience caused by the epidemic, Taishin Bank provides a digital financial service platform for SMEs to facilitate customers to enter it digitally rather than traditional physical paper documents, guides SMEs in their digital transformation, builds a multi-channel digital experience, and provides a full range of value-added financial services for SMEs to increase customer satisfaction with Taishin Bank.

In 2022, Taishin Bank will continue its support to the government's highlighted industries and commit greater efforts into learning the local industry cluster and implementing regional strategies. We will also expand collaboration with Taiwan SMEG, and incorporate application scenarios while expanding API and RPA financial connection services.





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

FinTech / Digital Innovation

Customer Relationship Management and consumer protection

Privacy Protection

Financial Inclusion

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

◆ Securities Customer Satisfaction

The average satisfaction rating of Taishin Securities for 2021 was 86%, representing an increase from last year. This was mainly due to the company's efforts to improve the stability of its trading system and service capacity. Although market volume continued to reach new highs in 2021, the overall service quality of Taishin Securities still continued to improve. In 2021, we have devised optimization measures with additional features in the trading system and online transactions. This year, the survey content has been modified to provide more in-depth and inclusive questions and text response functions, so as to fully collect customers' opinions and potential needs, in the hope of improving future satisfaction results. Taishin Securities also continues to improve customer experience by implementing various system enhancements to the trading platform Mastermind, PhonEZ and online services, such as two-factor authentication login to improve information security, optimizing the online account-opening process to enhance related customer experience, and improving the order placement interface. Meanwhile, we have launched the odd lot trading service. In contrast with the dollar-cost averaging (DCA) service provided by industry peers, our customers can choose the time and the number of shares for a certain target to increase their investment flexibility. The NPS for 2021 was 29.6. (A positive Net Promoter Score suggests that there are more recommenders than critics). Around 41% stood neutral; In the future, we shall strive to turn neutrals into recommenders, and lower the percentage of critics to increase the Net Promoter Score.

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 for new recruits	Providing the best services (orientation camp)	Average 2 times each month	100	100	2,247.24	1,867
	Service etiquette (new employees) *2021 courses included standard service procedures and professional image as well as 3S principles for providing the best services	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

Note1:Training coverage rate: Number of participants / total number of employees in the category

Note2:Training completion rate: Actual training participants / number of employees that required training

4.3 Privacy Protection

4.3.1 Protection Policy of Personal Information

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.

Training for Protection of Personal Information in 2021				
Target	Courses	Coverage Rate (%)	Completion Rate (%)	
New recruits (to complete training within six months after coming onboard)	<ul style="list-style-type: none"> Online course on personal information protection Classroom/online courses on information security Compliance and behavior guidelines 	100	100	
General employees	<ul style="list-style-type: none"> Personal information protection reminder publications Online course on information security and personal information protection (Note: The coverage rate equals the completion rate for this online course.) Classroom course on personal information protection 	100	100	
Personal information management contacts of various units	<ul style="list-style-type: none"> Personal information infringement response drills 	100	100	



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

FinTech / Digital Innovation

Customer Relationship Management and consumer protection

Privacy Protection

Financial Inclusion

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

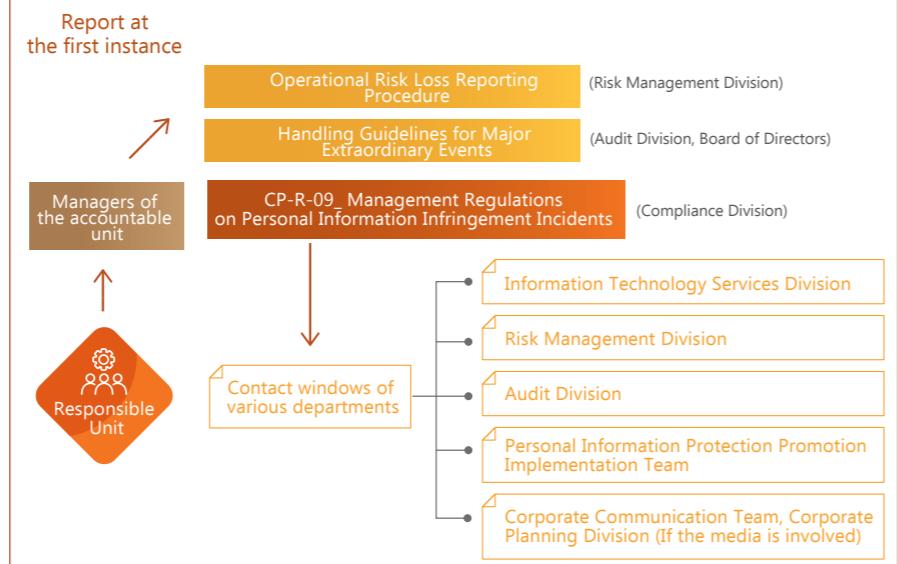
8. Appendix

4.3.2 Personal Information Protection Measures

With regards to the handling of personal information incidents and employees' crisis awareness, Taishin has implemented "Management Regulations on Personal Information Misuse Incidents" to facilitate effective emergency response should an incident arise. If a personal information incident occurs, employees are required to report immediately to the line manager and complete risk assessment and incident classification within the given timeframe. Depending on the severity of the incident, an emergency response team may be assembled to execute response, coordination, communication and investigation in relation to the incident. In 2021, Taishin received no penalty from the authority for violation of personal information.

Furthermore, out of respect for customers' personal information and their rights, Taishin has implemented "Operation Regulations on the Exercise of a Party's Rights" to facilitate proper handling of customers' rights to inquire, review, make duplicate copy of, supplement, correct and delete their personal information maintained with Taishin, as well as their rights to stop Taishin from further gathering, processing and use of information.

Reporting and Resolution of Personal Information Infringement



The Handling of Each Level of Incident and the Reporting Level



Level 1 incident is characterized by any of the following conditions:

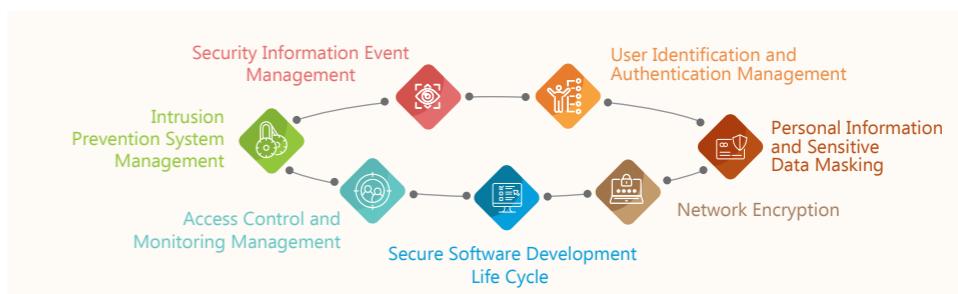
- The incident involves fewer than 100 records of personal information that have been disclosed, or used without the Party's authorization, or improperly processed, used, or disclosed; or the collection of personal information without going through legal and proper channels.
- The incident was notified by law enforcement agencies or the central competent authorities, and that has been determined as a Level 1 incident.

Level 2 incident is characterized by any of the following conditions:

- The incident involves more than 100 records of personal information that have been disclosed, or used without the Party's authorization, or improperly processed, used, or disclosed; or the collection of personal information without going through legal and proper channels.
- The incident appears to have been caused by the Bank's improper control of its information technology system and operating procedures.
- The incident was notified by law enforcement agencies or the central competent authorities, and that has been determined as a major incident.
- Involving highly-sensitive information (ex: public figures etc.).
- Incidents reported by the media.

Taishin FHC takes Personal Information Protection very seriously. In order to increase the level of security management, Taishin Bank has entrusted accountants for the 2021 Personal Information Protection Special Audits for the handling of the statement of design and execution for the internal control system of personal information protection (including the improvement matters of the internal control system and the improvement plans). Properly expressing all material aspects, and exercising the due diligence in Personal Information Protection.

◆ Information Security Measures for e-Commerce Services





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

FinTech / Digital Innovation

Customer Relationship Management and consumer protection

Privacy Protection

Financial Inclusion

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

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 2021, we conducted marketing contacts for secondary purposes with 5.70 million customers, which accounted for approximately 80.03% 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.)

4.3.3 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

◆ Bank Customer Complaints of Personal Information Protection

Year	Source of customer complaint		Accountable case count	Type of customer complaint				
	External agency	Customer feedback		Leakage of personal information	Theft of personal information	Loss of personal information	Inappropriate use of personal information	Others
2021	12	1	2	1	0	0	1	0
2020	15	4	0	0	0	0	0	0
2019	1	4	0	0	0	0	0	0
2018	3	0	0	0	0	0	0	0

Note : In 2021, there were 13 cases in which the customer expressed concern over personal information protection issues through Taishin or the competent authority. After investigations, the two cases were: disclosing transaction activities of foreign deposit to non-account holders, and service personnel texting customers reminders of marketing activity participation via non-official business use cell phones (the customers have no other objections after explanation), and thus the unit was held accountable (claimed of responsibilities by external agencies for 1).

4.4 Financial Inclusion

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, Asia-Pacific Economic Cooperation (APEC), and the Financial Inclusion Policies in Taiwan. Moreover, in the meantime, Taishin also integrated SDGs in the company in order to provide more convenient and essential financial services to promote rural areas, small and medium-sized enterprises, and disadvantaged groups, as well as by bridging knowledge gaps through financial education. Major achievements are including expanding our services to remote rural areas or social groups that have less access to banking services; and supporting small/microfinance enterprises or start-ups through micro-loans or investments; offering renegotiated better repayment plans for financially-disadvantaged.

4.4.1 Micro-finance Products

Taishin supports small and micro enterprises through micro-loans and uses financial technology to support vulnerable groups and provide financial and banking services in rural areas. Furthermore, through product innovation, we also have integrated credit cards and public welfare by offering special benefits to social welfare groups when customers use credit cards for their spending.

Micro-finance products	Micro-finance services	Quality of the products and service delivery
 Usage of financial services <ul style="list-style-type: none"> ● Micro businesses ● Start-up industries ● Financially disadvantaged ● Seniors and people with disabilities ● Young adults ● Local peasants 	 Clients <ul style="list-style-type: none"> ● Social welfare groups ● People in remote rural areas ● Financially disadvantaged ● Socially disadvantaged 	 Clients <ul style="list-style-type: none"> ● All consumers ● Young adults ● Children
		 Clients <ul style="list-style-type: none"> ● People with disabilities ● Seniors



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

FinTech / Digital Innovation

Customer Relationship Management and consumer protection

Privacy Protection

Financial Inclusion

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

◆ Usage of Financial Services

Target Audience	Product Categories	Explanation	Target Audience	Product Categories	Explanation
Micro businesses	Micro loan	<ul style="list-style-type: none"> 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 process and customer waiting time, creating the best corporate loan application experience. Taishin introduced the digital loan application system in 2018 to accelerate review procedures. We launched the "FAST rapid loan" program in 2019 and added online loan application functions. In 2020, we integrated online loan applications and the digital application system and constructed end-to-end procedures to provide small and micro enterprises with 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 for 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. 	Seniors and people with disabilities businesses	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.
	E-payment/mobile collection			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).
Start-up industries	Investment in startup enterprises	<ul style="list-style-type: none"> 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. Supports 11 domestic and foreign wallet applications. Merchants can use their own mobile phones or pad to complete the code scanning and payment transactions and reduce expenditures for credit card equipment while satisfying the mobile payment needs for small and micro merchants or self-employed people. 	Young adults	Digital banking	Young people in the past often consider banking products and services to be out of reach. Taishin launched the Richart digital bank to combine user experience with FinTech and integrate "savings, payment, wealth management, loan, insurance, time deposit, and foreign currency" products to streamline procedures and reduce the investment threshold. It resolves the inability of young people to start wealth management due to insufficient financial resources.
		Taishin Venture Capital offers real capital to support start-ups: <ul style="list-style-type: none"> At the end of 2021, Taishin Venture Capital had invested 23.3% of capital into businesses that were in their start-up stage, 57.3% in growth-stage businesses, 17.1% in mature-stage businesses, and 2.3% in TWSE/TPEX listed companies. Continued investment in solar plants and biotechnology-related industries in 2021. In 2022, investment will continue to center around green energy, information technology and biomedical start-ups. 		Charity credit card	Taishin Bank launched Fu Jen Catholic University Affinity Card that contributes 0.3% of every dollar spent to the university's faculty construction fund as a support. Promote education and culture, promote local development, and implement social care through credit card promotion. In 2021, Taishin had a total of 1,174 FJU Affinity Cards in circulation, and the total donation amount of FJU Affinity Cards counted to NT\$68,107.
	Financially disadvantaged	<ul style="list-style-type: none"> To offer basic protections for financially disadvantaged, 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. Micro insurance products can be individual or group basis; the main features are low insurance amount, low premium, and easy to understand. 	Local peasants	Charity credit card	Taishin Bank issued a co-branded with Cotton Fields. When cardholders consume in Cotton Field store, Taishin and Cotton Field will provide 0.6% of the reward to the Foundation. Taiwan's organic agriculture-related foundations to cover organic certification or transition-to-organic periods. With the hope to increase the number of organic 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 2021, Taishin had a total of 12,604 Cotton Fields cards in circulation, and the total donation amount of Cotton Fields Cards counted to NT\$424,863, and has contributed almost NT\$2 million back to the foundation since issuance. Taishin continues to invite everyone who identifies with environmental friendliness and cherishes public welfare to become a card member.

Product Performance

Taishin makes good use of financial technology to improve financing services for small and medium-sized enterprises(SMEs), assists enterprises to accelerate digital development, fully supports the digital transformation of SMEs, 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 SMEs, 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 SMEs with a turnover of less than NTD 100 million or less than 200 employees, continue to promote SME loan projects, using big data technology to provide the most suitable financial services , to help quickly obtain financing.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

FinTech / Digital Innovation

Customer Relationship Management and consumer protection

Privacy Protection

Financial Inclusion

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

In the past two years, Taishin Bank has been devoted to cultivating SME loans. In 2021, it has assist 15,539 SMEs to obtain funds to meet their operational needs, with a financing balance of more than NTD 230.8 billion. 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 SMEs, working hand in hand with SMEs 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 2021, 70 pieces of financing will be supported, and the cumulative balance will exceed NTD 10 billion, which will enable the reconstruction of dangerous old buildings and improve the living safety environment.

Product categories	Item/Year	2019	2020	2021
SME Loan ^(Note1)	Number of SME loan customers	12,336	15,697	15,539
	SME financing balance (NTD1,000)	161,643,832	208,661,950	230,787,683
Community Development Loan ^(Note2)	Number of Reconstruction Financing Households for the Dangerous Elderly	7	42	70
	Reconstruction Financing Households for the Dangerous Elderly financing balance (NTD1,000)	1,631,562	8,582,737	10,241,547
Startup Investment	Startup investment (NTD1,000)	223,281	162,942	180,821
Insurance	Number of microinsurance applications	96	114	43
	Online Insurance applications	3,496	3,872	4,350
Trust	Sales of retirement trust (NTD1000)	1,450,728	3,282,646	163,102
Digital Banking	Number of digital banking accounts	1,793,000	2,368,000	2,747,000
Organic Co-branded Card	Amount returned to the Foundation (NTD)	200,843	320,105	424,863

Note 1: SME are defined as small and medium-sized enterprises by the Ministry of Economic Affairs, excluding overseas branches and OBUS. The customer accounts and outstanding granted more than 1 loan are counted only once (meaning that the same unified number is only counted once), excluding collections.

Note 2: The customer accounts and outstanding of reconstruction of urban unsafe and old buildings granted more than 1 loan are counted only once (meaning that the same unified number is only counted once).

4.4.2 Micro-financial Services

The branch equipment and banking services have been designed to provide customer-friendly services to meet different needs from customers due to their physical and mental disabilities, age, and economic circumstances.

◆ Usage of Financial Services

Target Audience	Product categories	Explanation
Social Welfare Group	Credit Card	<ul style="list-style-type: none"> Promoting public welfare purchase and donations <ul style="list-style-type: none"> By integrating the resources of Taishin Charity Foundation, Taishin Bank has its purchase with charitable products as birthday gifts for Infinite Cardholders. Also we send out credit card statements, publications or EDMs to encourage cardholders to make donations using credit card. By converting reward points from credit card spending to donate to charity groups on Taishin's donation platform.
ePayment or Mobile Payment		<ul style="list-style-type: none"> New payment tools in our financial services <ul style="list-style-type: none"> 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 assist them in their digital transformation and meet consumers' demands for using mobile payment. In 2019, the Taishin Merchant app was successfully launched and promoted to individuals and small and micro business merchants. 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. In addition. In 2019, the Taishin Merchant app supports scanning codes of various overseas/domestic wallets. In 2021, it has expanded and added Visa, Mastercard, and JCB credit card. Response to the impact of the pandemic, Taishin has provided small and medium merchants a simple and easy-to-use payment collection tool in 2021. By providing merchants with a QR Code that supports 7 types of payment tools, we have helped merchants to reduce the costs of payment collection equipment. Moreover, we also help satisfy the need of payment collection mobilization for individual, small and micro merchants, and successfully realized the goal of financial inclusion. Diversity of online services <ul style="list-style-type: none"> 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 all accounts was 13.7% ~ the YOY growth in transaction volume was 58.6% in 2021.
People in Remote Rural Areas	ATM	<ul style="list-style-type: none"> Enhance ATM integrated services <ul style="list-style-type: none"> 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. After receiving FSC approval for launching the Video Teller Machine (VTM) service in September 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.
Insurance		<ul style="list-style-type: none"> Online insurance services <ul style="list-style-type: none"> Taishin 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.
Financial Services		<ul style="list-style-type: none"> Providing comprehensive online financial planning services <ul style="list-style-type: none"> Through Taishin Internet banking, customers can invest in domestic and offshore funds, foreign 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 "Easy GO" 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.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

FinTech / Digital Innovation

Customer Relationship Management and consumer protection

Privacy Protection

Financial Inclusion

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

Target Audience	Product categories	Explanation
Economically Disadvantaged	Credit Card	<ul style="list-style-type: none"> Partnering with customers for charity <ul style="list-style-type: none"> Taishin Bank partnered with DOMI Earth, Taiwan's first B Corporation, to jointly advocate cardholders to use digital credit card bills. Whenever cardholders convert paper bills to digital bills, Taishin Bank will represent cardholders and help disadvantaged families to switch into digital/mobile monthly statements since 2018. More than 1.2 million card users have participated, and the utilization ratio has nearly tripled. By providing energy transformation services, nearly 500 energy-poor households in Taiwan have been lit up, including the overall replacement of energy-saving lighting, electricity safety inspections and Provided energy conservation education, impacted more than 2,200 people. In 2021, by offering credit card e-billing conversion awards, and credit card discounts offered by eco-friendly shops including Cotton Field Organic, Ecogoodies, Twine Fair Trade and GoShare, we encouraged more cardholders to use digital billing and raised their awareness of the importance of green products, and energy saving and carbon reduction. In November, we also participated in the IKEA Xindian + DOMI Earth's "20 Square Meters of Hope - Energy Poverty Home" exhibition, where we gave out free eco-friendly reusable bag with a purchase of over specific amount, allowing cardholders to experience how converting into digital bills can improve the lives of environmentally and energy-disadvantaged families. Taishin Bank combines environment and public welfare, complementing each other with cross industry cooperation, associating banking and credit card services with energy conservation and supporting for disadvantaged household in one integrated platform. For the 4th consecutive year, the project was awarded the "Buying Power Social Innovative Product and Service Procurement Incentive Mechanism" organized by the Ministry of Economic Affairs' Small and Medium Enterprises Division, and in 2021, for the first time, it was awarded the "Special Award for Social Inclusion" in collaboration with DOMI Earth and the financial peers.
Socially Disadvantaged	Micro Loan	<ul style="list-style-type: none"> Communicating individual repayment plans <ul style="list-style-type: none"> Since Jan. 2006, Taishin Bank has been working with the Banking Association to provide debt consolidation services including debt negotiation, pre-default negotiation, pre-default settlement and relief. By renegotiation affordable settlement solutions, Taishin Bank enables disadvantaged borrowers to start afresh and become contributing in ways that not only reduce social problems, but also strengthen their commitments to installments. Disaster-relief programs for affected households <ul style="list-style-type: none"> For victims of various disaster (e.g., Typhoon Morakot, Kaohsiung gas explosion incident, Tainan Earthquake, and Hualien Earthquake), Taishin offers relief in the forms of extension and grace period for interest rate reduction and payment postponement. We also provide individuals affected by disasters with suitable interest rate reduction or favorable repayment methods for other financial products and debt restructuring based on their conditions. We provide relief financing programs to mortgage customers affected by disasters with up to NT\$500,000 in loans without service fees, no restrictions on the repayment period, and a grace period up to 6 months to help affected families rebuild their homes. During the global COVID-19 pandemic this year, Taishin Bank also actively supported government policies and provided customers with labor or small and medium enterprise who faced economic difficulties with relief programs (including loans for new customers and extension programs for old customers) to provide full support to customers that were affected Provide a small relief loan of NT\$100,000 to workers affected by the epidemic. <ul style="list-style-type: none"> For workers affected by the epidemic and with a total personal income of less than NT\$500,000 in 2019 or 2020, an online relief loan application platform is available to enable households in need to apply for funds quickly.
	Multi-language ATMs	<ul style="list-style-type: none"> 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.
Senior citizens	Retirement financial planning services	<ul style="list-style-type: none"> 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 onshore and offshore funds and ETFs, foreign bonds, and structured Investment (SI), to enjoy your retirement.

◆ Access to Financial Services

Target	Products	Description
People with Disabilities	Barrier-free ATM	<ul style="list-style-type: none"> 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. People with disabilities are entitled 3 interbank cash withdrawal privileges each month to reduce handling charge.
	Online Banking	<ul style="list-style-type: none"> 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.
Seniors	Branch Services	<ul style="list-style-type: none"> 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.

◆ Service Statistics



Note 1: The number of ATMs include outlets other than branches.

Note 2: Since tactile pavings are now considered obstacles that block the passageways, some branches have removed the tactile pavings on the slopes of buildings as per the requests of local governments.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

FinTech / Digital Innovation

Customer Relationship Management and consumer protection

Privacy Protection

Financial Inclusion

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

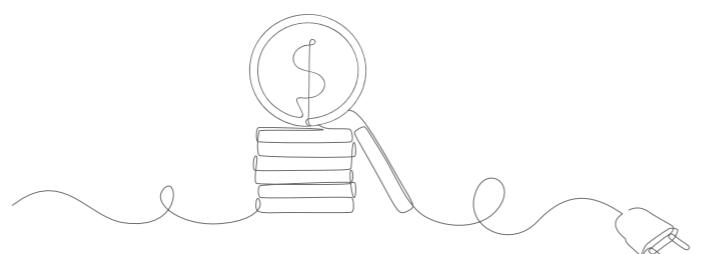
4.4.3 Quality of the Products and Service Delivery

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 campus investment seminars, we pass on the correct financial and investment concepts to college students with daily examples. For instance, we held investment seminars for the students of Department of Accounting of Shih Chien University Kaohsiung campus and Department of Banking and Finance of Tamkang University in 2021 to promote the correct saving and investment methods and introduced the status of the digital banking market, overturning the stereotype of needing a lot of money for investment and wealth management. We continue to provide investment and wealth management concepts and experiences to students and young generations. Furthermore, we have also worked with Taishin Charity Foundation and held online wealth management activities for children and board game events, and shared basic financial knowledge with members of the Chung Yi Social Welfare Foundation. Chung Yi Social Welfare Foundation is an institution caring and protecting children and juveniles whose families had gone through major changes. It is a home for these kids to learn and grow.

◆ Financial Education and Training

Target	Service	Description
Children	Financial Education or Seminars	<ul style="list-style-type: none"> On July 7, 2021, we co-organized an online children's financial management and board game with Taishin Charity Foundation to share basic financial knowledge with the participants of Chung Yi Social Welfare Foundation.
Young adults		<ul style="list-style-type: none"> 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 overturned. 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 education/camp for children		
	Target	Sessions	Number of participants
2021	Disadvantaged children	1	16
2020	Volunteer and Disadvantaged children	2	58
2019	Disadvantaged children	1	20

Year	Campus investment seminar (Note 1)		
	Target	Sessions	Number of participants
2021	College students	2	223
2020	-	0	0
2019	High school, college students	31	2,304

Year	Visits to Financial Innovation Lab (Note 2)		
	Target	Sessions	Number of participants
2021	College, graduate students	3	107
2020	Disadvantaged children, college students	3	160
2019	-	-	-

Note 1: Cancellation or reduction in the number of campus financial seminars in 2020-2021 due to the impact of the epidemic

Note 2: The Financial Innovation Lab project has been implemented from 2020 onwards, so the data of the visits counted was from 2020-2021.

◆ Financial Service Quality

Target	Service	Description
All Customers	Service Quality and dispute resolution mechanism	<ul style="list-style-type: none"> 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. Regarding the service quality mechanism and dispute resolution mechanism, please see chapter "4.2 Customer Relationship Management and Consumer Protection"

4.4.4 Relief Plan

In May 2021, Taiwan entered Level 3 alert due to the Covid-19 pandemic. In addition to responding to the government relief programs offered by the Ministry of Economic Affairs and the Central Bank, we have actively assisted MSMEs with their capital turnover problems, and have extended the self-run relief loan scheme to provide more comprehensive relief measures for enterprises. Taishin has offered a secure and convenient way for businesses to apply for 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.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

Climate Change Strategy

Green Operation Management

6. Friendly Workplace

7. Social Impacts

8. Appendix

5 Environmental Sustainability

5.1 Climate Change Strategy

5.2 Green Operation Management





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

Climate Change Strategy

Green Operation Management

6. Friendly Workplace

7. Social Impacts

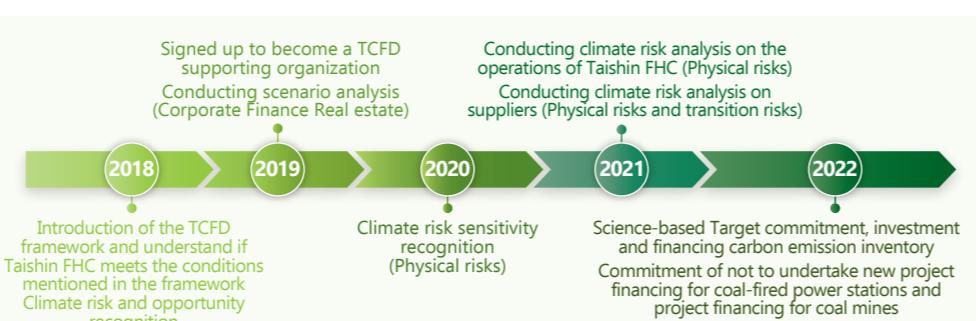
8. Appendix

5.1 Climate Change Strategy

With its high level of attention and its increasing level of uncertainty, climate change has created economic and environmental impact on a global level. In response to climate change, Taishin FHC takes a proactive approach, hoping to fulfill the commitments on climate issues more quickly driven by international trends, industrial changes, and regulatory amendments.

- Commitment**
 - Become a TCFD supporter and strengthen the relationship between Taishin and investors, stakeholders and the public. We look forward to making better decisions for our businesses in the future to support the creation of a sustainable low-carbon economy.
 - Joins the Taiwan Alliance for Net Zero Emission, has committed to achieve 100% net zero emissions from "office bases" by 2030
- Implementation**
 - We gradually incorporated the TCFD into the boundaries of Taishin's operations and customers of financial products and services in accordance with the TCFD framework and values. We used the transitional and physical risk matrix evaluation to select transaction counterparties that are sensitive to climate change.
- Action**
 - We support CDP as an institutional investor and respond to the questionnaire each year.
 - We have committed to Science-based Targets (SBT) and set the path of carbon emission reduction for investment and finances.
- Performance**
 - Included in the CDP List for climate questionnaire disclosure in 2021.

The following disclosure and description of implementation are based on the governance, strategy, risk management, and metrics and targets of Task Force on Climate-related Financial Disclosures (TCFD) framework.



Numbers collected up to April 2022 for statistics

5.1.1 Climate Change Governance

Regarding the governance of climate related risks and opportunities, Taishin appoints the Board of Director, the Risk Management Committee, Risk Management Monthly Meetings, the Corporate Social Responsibility Committee, the Green Operations Team, and the Environmental Sustainability Committee for the monitoring and management of climate risks. In the future, Taishin will also establish climate issue related cross-departmental or cross-subsidiary organizations to effectively operate TCFD and the relevant governance of climate change.

The Board of Directors	The Board of Directors has ultimate responsibility for the company's overall risk management.
Risk Management Committee	To manage risk-related issues effectively, Risk Management Committee, which shall have at least 2 independent directors, is set up under the Board of Directors. The Committee is responsible for supervising the operations of the market, credit, and operational risk management mechanism, reviewing the risk management system, and mastering risk measurement methods and large risk exposure. Duties of the Committee mainly include the reviews of risk management policies, annual risk appetites or limits, periodic risk management integration reports, and the review or review of major risk management matters stipulated by other companies or competent authorities. Also, the Committee it convenes at least 2 meetings each year to discuss improving corporate governance effectiveness, risk management, and to assist the Board of Directors in reporting, controlling, and recommending risk management.
Risk Management Monthly Meetings	Risk Management Monthly Meetings, held once a month, convened by the Chief Risk Officer.
Corporate Sustainability Responsibility Committee	For the sustainable risk evaluation by top management, President of Taishin FHC serves as Chairman of the CSR Committee while CFO and the President of Taishin Bank both serve as the Vice Chairman. The annual CSR Report or major plans, including issues related to climate change, is executed to report to the Board of Directors. The executive committee members are also invited to participate in regular Board Meetings, during which they may communicate with the board on CSR related issues.
"Green Operation Team" and "Environmental Sustainability Committee"	In addition to creating a "Green Operation Team" under the CSR Committee, Taishin also assembled an "Environmental Sustainability Committee" in accordance with ISO 14001 and ISO 50001 that the head of Administration & Services Division serves as the convener. Responsibilities of the Committee are to assess and manage climate-related issues and provide resources relevant to maintaining the environment and energy management systems. The Environmental Sustainability Committee regularly reviews the appropriateness of existing environmental sustainability policies and monitors changes in environmental/ energy performance and relevant indicators. Moreover, we are well-prepared to respond to potential emergency situations or climate-related issues through implementing action plans to manage our energy and the environment performances.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

Climate Change Strategy

Green Operation Management

6. Friendly Workplace

7. Social Impacts

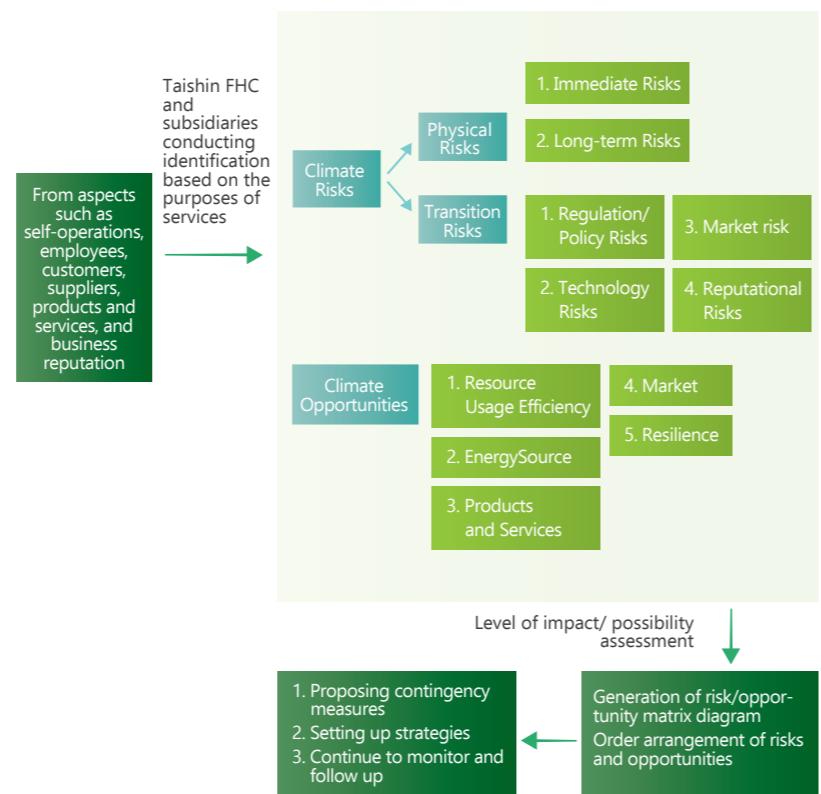
8. Appendix

5.1.2 Climate Change Strategy

To effectively assess the impact of climate risks, Taishin identifies the impacts of climate risks on operations, strategies, products and financial planning in the short, medium and long term.

Climate Risk/Opportunity Identification and Assessment

We conduct identification based on the physical risks and transition risks recommended by TCFD, and also consider if climate opportunities may bring us financial businesses.



Taishin appoints its financial holding company and subsidiaries to assess the climate risks and opportunities brought by aspects such as self-operations, employees, customers, suppliers, products and services, and business reputation based on the purpose of services, and analyze the chance of occurrence and the impact levels of risks and opportunities via matrix diagrams. The identified 16 possible risks and 12 opportunities are listed below for showing several top important ones:

Transitional Risk				
No	Description of the Risk	Category	Financial Impact	Response Measures
1	Adopting Green Finance Principles involves additional assessment and classification to be performed on new loans or financing with limit increase, which may deter new customers	Policies and Regulations	<ul style="list-style-type: none"> • Operation cost increased 	Impose additional requirements such as in-depth KYC and checks for critical cases, system checklist amendment, and training courses arrangement
2	Absence of products or services that address the climate change may affect negative corporate image and media coverage about Taishin's ignorance for environment protection	Reputation	<ul style="list-style-type: none"> • Revenues decreased • Operation cost increased • Asset value decreased 	Monitoring social trends, peer action and media coverage might be needed at all times

Physical Risk				
No	Description of the Risk	Category	Financial Impact	Response Measures
1	Climate change issues may lead to more frequent natural disasters and cause damage to customer's equipment of collaterals, and affect the Bank's debt Entitlement.	Immediacy	<ul style="list-style-type: none"> • Asset value decreased • Revenues decreased 	Apply more rigorous view or reduce TLV for real estate property collateral located in areas those are more susceptible to disaster, and have business personnel monitor borrowers' financial/business position on a constant basis
2	The stock market closed trading due to typhoon days will cause revenues decreased.	Immediacy	<ul style="list-style-type: none"> • Revenues decreased 	Expand overseas markets and diversify risks arising from regions or countries
3	Employees may be required to perform duty during typhoon leave, which incurs additional personnel cost	Immediacy	<ul style="list-style-type: none"> • Revenues decreased • Operation cost increased 	Make adequate budget for personnel costs and reinforce the notification and reminders on performing duty during typhoon leave

Note: The order is based on the impact levels of risks

No	Description of the Opportunity	Category	Financial Impact	Response Measures
1	Participation in renewable energy projects helps to raise the lending business volume and increase the gains from the interest differences	<ul style="list-style-type: none"> • Energy Source: Low-Carbon Energy • Resilience : Participate in renewable energy source and use energy conservation measures 	<ul style="list-style-type: none"> • Revenues increased 	Fund-using units need to provide a fund overview to the fund management unit on a regular basis
2	Supporting the government's green industry policy and issuing green bank debentures expand the Bank's green finance portfolio, which increases financing amount and improves interest spread	<ul style="list-style-type: none"> • Market: Entering new markets and utilize public department rewards regulations 	<ul style="list-style-type: none"> • Revenues increased 	Fund-using units need to provide a fund overview to the fund management unit on a regular basis
3	By providing digital products/services and ATMs, the carbon emission level can be reduced by the trips to the physical branches of the customers	<ul style="list-style-type: none"> • Products and Services: Low-Carbon Products 	<ul style="list-style-type: none"> • Revenues increased • Operation cost decreased 	Persistent promotion of procedure optimization and digital merchandises



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

Climate Change Strategy

Green Operation Management

6. Friendly Workplace

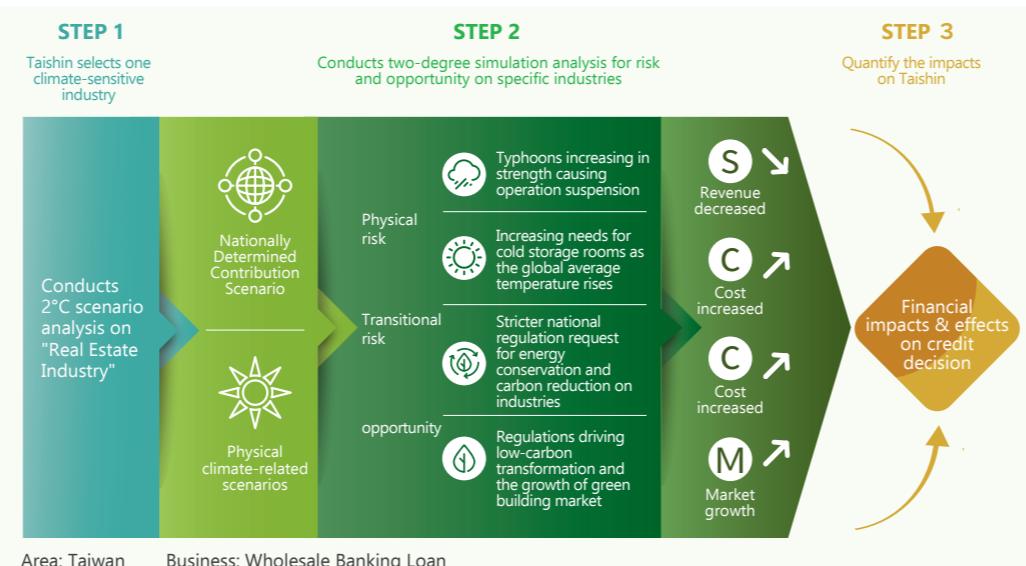
7. Social Impacts

8. Appendix

Scenario Analysis

Taking consideration for the risk identification as one of the major results, clients may suffer damage to their collateral due to natural disasters which would affect the bank's creditor rights. To understand the possible financial impact, we first took "real estate" as the target of this scenario analysis and quantitative assessment. In the context of a 2° C warming status at the end of this century, we analyzed the industry-specific climate risks of the objects financed by Taishin, integrated the consideration of the industry's climate sensitivity, and the scale of risk exposure to simulate various degrees of financial impacts on Taishin under this scenario.

Taishin analyzed real estate credit issuance patterns and the business behavior for real estate sector, and we identified the physical (ex: typhoons or temperature keeps rising etc.) and transitional risks (ex: regulation keeps stricter) that the industry may face in Taiwan under the "2° C climate change scenario" and the impact's pathways, including the impact to real estate clients directly or to Wholesale Banking real estate industry credit business due to changes in Taiwan's real estate industry. According to the domestic data availability for each risk item, then we referenced from IPCC's GHG Emission scenario (RCP2.6) for physical risk as well as referenced from Nationally Determined Contribution (NDC) scenario commitment for transitional risk. Based on the scenarios, we then assessed the impacts of these scales of impacts on our credit decision-making and our own financial side, figured out approximately maximum NT\$76 million credit loss might be added expected the end of 2030 and considered not a significant financial impact.



Based on the analysis method and results of the Two-Degree Celsius Scenario simulation, Taishin will continue to make observations and gradually adjust the decision process of relevant products by taking climate into consideration and reinforce climate management strategies as well as governance framework. As a response to the hazards brought on by long-term physical risks of ten years or more, Taishin will also strengthen its adaptability to avoid its current or future operations from being negatively affected.

Climate Transition Scenarios	Short-term 2021-2030	Medium-term 2031-2050	Long-term 2050 ~
SSP1-1.9	Global greenhouse gas emissions volume will decrease linearly at an annual rate of 4.2% for 5-10 years	Continue in a 4.2% linear decrease until 2050	Achieve then maintain net zero emissions through methods such as elimination and compensation
IEA NZE	Rapid surge in demand for electricity by an increase of 40% from now until 2030; the proportion of renewable energy from total energy output will increase from 29% in 2020 to 60% in 2030. CO2 emissions generated from global energy industries and industrial processes will decrease by nearly 40% from 2020 to 2030; more than 60% of car sales in 2030 will be electric vehicles.	From 2030 to 2050, the deployment of electrification, hydrogen energy use, and carbon capture and storage will steadily increase and contribute more than 50% of emissions reduction during this period; all coal power plants without emissions reduction measures will be completely eliminated by 2040.	Global energy review of 2050 forecasts the achievement of net zero CO2 emissions and both solar and wind energy becoming primary sources of power globally, providing nearly 70% of electricity generated globally in 2050; coal use in 2050 will also decrease by 90% compared to 2020.
NDC	With 2005 as the baseline, greenhouse gases will decrease by 2% in 2020, 10% in 2025, and 20% in 2030.	With 2005 as the baseline, greenhouse gases will decrease by 50% in 2050.	Maintain a temperature increase of no more than 2°C



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

Climate Change Strategy

Green Operation Management

6. Friendly Workplace

7. Social Impacts

8. Appendix

Climate Entity Scenarios	Temperature change (average min. and max. value across Taiwan, unit: °C)			
	2021~2040	2041~2060	2061~2080	2081~2100
RCP2.6	+0.41 ~ +1.67	+0.66 ~ +2.11	+0.51 ~ +2.32	+0.43 ~ +2.30
RCP4.5	+0.44 ~ +1.54	+0.75 ~ +2.26	+0.88 ~ +2.71	+0.95 ~ +2.95
RCP6.0	+0.25 ~ +1.35	+0.64 ~ +1.77	+1.16 ~ +2.56	+1.62 ~ +3.34
RCP8.5	+0.43 ~ +1.51	+0.91 ~ +2.59	+1.31 ~ +3.77	+2.04 ~ +4.75

Climate Entity Scenarios	Change in daily rainfall (average min. and max. value across Taiwan, unit: mm)			
	2021~2040	2041~2060	2061~2080	2081~2100
RCP2.6	-0.57 ~ +1.38	-0.72 ~ +2.13	-0.83 ~ +2.26	-0.48 ~ +3.02
RCP4.5	-0.98 ~ +1.47	-0.86 ~ +2.06	-0.61 ~ +2.35	-0.82 ~ +1.81
RCP6.0	-0.77 ~ +1.83	-0.52 ~ +1.09	-0.61 ~ +1.97	0 ~ +2.49
RCP8.5	-0.66 ~ +1.39	-0.84 ~ +2.44	-0.59 ~ +3.48	-1.35 ~ +5.22

In addition, the Bank has been initiated the calculations on carbon emissions in investments and financing sectors (such as electricity generation, commercial real estate, etc.) in 2021. Taishin has committed to the "Science-Based Target" (SBT) and submitted it for review. In the future, it will further manage and adapt to climate risks in 2022.

Physical Risk Analysis

(1) Climate Sensitivity Recognition and Assessment on Transaction Counterparties:

To further understand the impact caused by potential climate risks and threats on our transaction counterparties and customers and whether or not they have a direct or indirect impact on the profitability of the company, Taishin has adopted the methods in the Intergovernmental Panel on Climate Change (IPCC) Report to conduct climate sensitivity recognition and used the method of quantization interval to differentiate the three factors: risk exposure, hazard, and vulnerability. The data is then weighted and ranked to filter out the transaction counterparties with the highest sensitivities in loan and investment under physical risk factors for high climate risk and disaster impact. Transaction counterparties with high sensitivities are then evaluated for the investment of greenhouse gas emission to assess if they pose a significant financial impact to Taishin. After the evaluation in 2021, if the consequences of risks have exceeded the tolerable capacity of Taishin, the transaction strategy with these counterparties may be adjusted if necessary.





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

Climate Change Strategy

Green Operation Management

6. Friendly Workplace

7. Social Impacts

8. Appendix

Target Confirmation	<ul style="list-style-type: none"> To identify transaction counterparties with high climate sensitivity to reduce the negative impact on the Company.
Mode Establishment	<ul style="list-style-type: none"> To identify the transaction counterparties by three factors of risk exposure, hazards, and vulnerability in order to figure out the ratings of physical and transformational risk.
Data Entry	<ul style="list-style-type: none"> To sum up the investment and loan balances to understand the level of financial exposure.
Weighted Scoring	<ul style="list-style-type: none"> To provide weighted scoring for individual item of physical risks and transformation risks. Scope of calculation: Mortgage, investment, financing.
Conclusion Finalized	<ul style="list-style-type: none"> To identify high level sensitive clients by the sensitivity rankings of transaction counterparties.
GHG Emissions of Investment	<ul style="list-style-type: none"> To estimate the investment GHG emissions of high sensitivity clients due to Taishin's investments.
Financial Impact	<ul style="list-style-type: none"> To use scenario analyses to estimate the potential losses on Taishin caused by specific transaction counterparties.
Strategy Adjustment	<ul style="list-style-type: none"> To identify transaction counterparties with high climate sensitivity to reduce the negative impact on the Company.

(2) Physical Risk Analysis on Taishin's own operations:

In addition to business-related Physical Risk Analysis, Taishin also attempted to understand the impact of physical risks on its operations by assessing our operational points and suppliers.

The hazardous levels of flood, landslide, and mudslide were each divided into 5 intervals based on the scales of time and space, and were calculated with matrix diagrams. 1 being the lowest hazardous level, and 5 being the highest. The total score of hazardous level is the multiplication of the three hazardous levels, with 1 being the lowest score, and 125 being the highest score. Based on the score intervals, risk levels are defined into four categories: low risk, medium risk, high risk, and extremely high risk.

◆ Analysis Details are as follows:

Total Hazard Score	Countermeasure	Total Hazard Score of the current phase (RCP 4.5 scenario)	Simulation of the future increase of hazardous levels of flood, landslide, and mudslide with RCP6.0 and RCP8.5 scenarios
Low risk 1~50	Maintain service points	40	36
Medium risk 50~75	Maintain service points and put more focus on the development of disasters.	-	4
High risk 75~100	Unless necessary, avoid setting service points. Arrange corresponding backup service points to ensure the continuation of operations in case of unexpected situations.	-	-
Extremely High risk 100~125	Prohibits the setting of service points and relocate the operating service points to locations with medium or lower risks	-	-

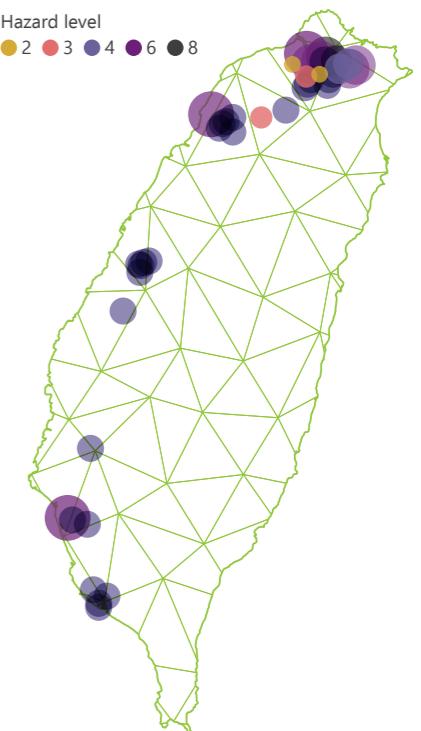


Figure: Hazardous Levels of Taishin-Owned Assets

CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

Climate Change Strategy

Green Operation Management

6. Friendly Workplace

7. Social Impacts

8. Appendix

◆ Adjustment plan

Continuously	<ul style="list-style-type: none"> Utilization of Business Continuity Management as a response to short-term (1-3 years) and long-term (more than 10 years) natural disasters and maintaining important operations for service points that are 100% in operation and newly added service points. For example, activating phone tree reporting mechanisms and IT system recovery projects to minimize the impact of disasters, to minimize the impact of disasters, and regularly carry out mechanical and electrical equipment (such as: ATM, computer room), maintenance and testing, and set up sandbags and other disaster prevention measures every year, and drill and test at least once a year. For self-owned buildings with high hazards, the number of tests and assessments will be increased every year depending on the degree of risk, and the risks will be transferred by way of insurance. At the same time, we re-examine the hazard potential of all our own buildings every year to ensure the accuracy of risk assessment. Disaster assessment should be conducted before the selection of location for new operational service points
Periodically	<ul style="list-style-type: none"> Conduct electromechanical equipment (such as ATM and data centers) maintenance and inspection
Annually	<ul style="list-style-type: none"> Run a disaster prevention drill, such as piling up sandbags, at least once a year. For high risk Taishin-owned buildings, the frequency of drills is increased every year according to the increase of risk levels, and assessment of risk transfer via insurance is also conducted every year Review the potentials for disasters for all locations of Taishin-owned buildings every year to ensure the accuracy of risk assessment

Supplier Climate Risk Analysis

◆ Physical Risks

Total Hazard Score	Countermeasure	Total Hazard Score of the current phase (RCP 4.5 scenario)	Simulation of the future increase of hazardous levels of flood, landslide, and mudslide with RCP6.0 and RCP8.5 scenarios
Low risk 1~50	Normal Co-op	67	57
Medium risk 50~75	Normal co-op, putting more focus on the potential for disasters and the development of hazardous levels.	-	10
High risk 75~100	Putting complementary measures of risks and disasters and clauses for breach of agreement in contracts according to the nature of the industries; avoid long-term project cooperation if possible.	-	-
Extremely High risk 100~125	Putting complementary measures of risks and disasters and clauses for breach of agreement in contracts according to the nature of the industries; prohibit long-term project cooperation.	-	-

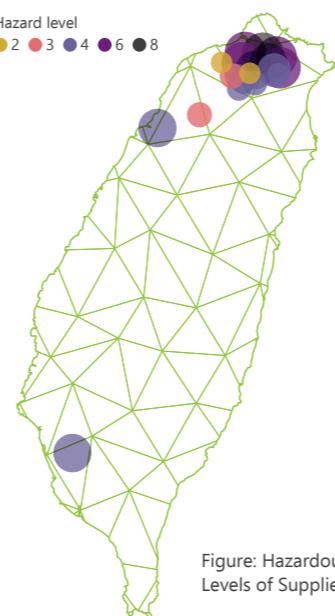


Figure: Hazardous Levels of Supplier

◆ Transition Risks

	Major Suppliers (Tier 1, Tier 2)	Tier-2 or lower tier suppliers
Number of high-carbon emission manufacturers	0	1
Procurement spending proportion (%) ¹	0.04%	
Expected Carbon Tax (NTD)	0	342,315,600
<ul style="list-style-type: none"> The procurements of Taishin FHC are conducted by ways of tendering, price parity, or bargaining in accordance with the Taishin Financial Holding Co., Ltd. Procurement Management Regulations. Our main suppliers include information system development, telecommunication network, funds, insurance, investment consultation, multi-media news communications and financial data supplying, advertisement media, card production, printing, and office supply industries which are mostly not high carbon emission industries; furthermore, those we purchase from in large quantities are mostly annual procurement suppliers whom we have worked with for a long time, and the price of each product is set with supporting basis, resulting in the lesser increase of procurement costs. 		
<ul style="list-style-type: none"> To lower the risk of increase in costs as a result of carbon tax transfer, Taishin will continue to encourage suppliers to save energy and reduce carbon emission while including ISO inspection standards into supplier evaluations. Through the education and training in the supplier convention each year, Taishin hopes to motivate suppliers to view their usage of energy from the inside out and join Taishin in the development of environment sustainability. 		

Note 1: The expected carbon tax is calculated in NT\$100/ton.





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

Climate Change Strategy



Green Operation Management

6. Friendly Workplace

7. Social Impacts

8. Appendix

5.1.3 Risk Management

Taishin internally controls the three lines of defense in accordance with the TCFD framework and formulates the management mechanisms related to climate risks. And when processing relevant services, policies and procedures are adjusted by taking climate risks into consideration.



Incorporating climate change risk into the risk management policy

In 2016, Taishin revised its "Risk Management Policy" and introduced a new risk management goal that "...take into consideration all economic, social and environmental risks associated with climate change and corporate sustainability..." in an attempt to address the rise in climate change risks. In 2018, the policy was further revised to include sustainability factors such as climate change risks in the risk management procedures of the Group in addition to credit, market, operational and liquidity risks, and thereby minimizes impacts to the Group.



Climate change risk management procedures

Taishin FHC and its subsidiaries such as Taishin Bank, Taishin Securities, Taishin Investment Trust, and Taishin Venture Capital include climate change risks into their assessment processes.



- Regarding the service of credit provision to high carbon emission industries, sensitive industries that are prone to the impact of climate change are included as new service targets, and these industries should be carefully evaluated by applying the standards of Know Your Customers (KYC)
- Supports ESG evaluation compliance or ESG rating nomination. Invests in tender cases that are related to the care for environmental protection industries, pollution reduction, or natural environment or resource protection and are able to mitigate climate change after applying the KYC standards



Prior to working with an underwriting customer, the company gathers external information such as investment advisory reports to evaluate whether the customer's business activities and the industry itself are susceptible to the negative impacts of climate change. The Green Finance Assessment Worksheet is also used for the KYC Compliance to serve as the basis of determining whether the company will establish a business relationship with the customer



Planning on issuing the Green Energy Carbon Reduction Fund. Fund managers will attempt to evaluate climate risks of the shortlisted businesses, and use carbon emission volume as a quantitative selection variable. Candidates are ranked by carbon emission volume per unit of revenue, and only the lowest 50% are recommended for investment.



Through regular visits and financial statement review to gain knowledge on the development of its investment projects and their relevancy with climate change to serve as the decision basis for additional investments or adjustments. Focusing on the investment of patents, business models, and innovative application of environmentally friendly technologies

In response to climate risk management, Taishin has actively responded to the global trend of net zero. Since 2021, Taishin has launched the SBT (Science-Based Target, SBT) commitment plan to carry out inventory and calculation of carbon emissions from the aspects of investment and financing and committed to set SBT goals in 2022/03 with SBTi.

In order to move towards the decarbonization path, Taishin has first promised for no longer undertake (1) new project finance case on coal-fired power plants, (2) coal mining loan. In the future, we will conduct a comprehensive inventory and management path for decarbonization policy.

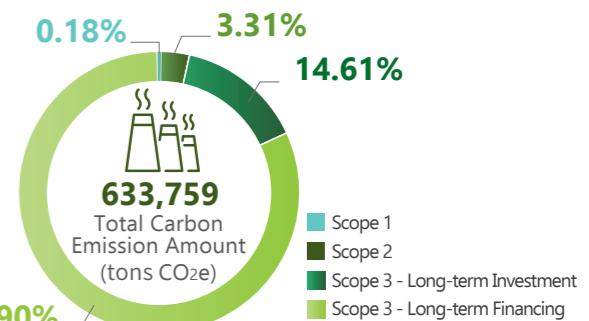
5.1.4 Performance Indicators and Targets

Taishin sets performance indicators for mitigation/adjustment of internal goals from its own operations and the investment and financing aspects.

Performance indicator	Goals		
	Short-term (2023)	Medium-term (2024)	Long-term (2026)
Scope 1 & Scope 2 GHG emissions (t CO ₂ e)(Note 1)	<ul style="list-style-type: none"> 24,529 (2% reduction) Taishin Tower Zero Emission 	• 24,279 (3% reduction)	<ul style="list-style-type: none"> 23,778 (5% reduction) 40% of branches transformed into carbon neutral branches in 2025
Promotion of green financial products and services	Implementation of including ESG evaluation process for products and services	Gradual development of green financial products (such as establishing the Green Finance Fund); increasing green finance service ratio (e.g., green investment)	Persuade stakeholders in the development of green life and services
Setting SBT goals	Making SBT commitments and setting SBT goals	Gradually convert to low carbon investment and financing based on the set investment and financing goals	SBT goals attained and reviewed
Enforcement of TCFD	Establishing climate issue organization, responsible for the implementation and execution of climate risks and opportunities	Importing the climate risk stress test and the climate risk management system, and improving climate governance system	Implementation of climate risk management for the subsidiaries and services of the Group

Note 1: Sets 2018 as the baseline year for Scope1&Scope 2

Taishin based on PCAF calculation method to find out its total GHG emissions from Scope 1&2, Scope 3 long-term investments and long-term financing.



Note 1: Sets 2019 as the baseline year for the inventory of Scope1&Scope 2 and Scope 3 investment and financing carbon emission amount

Note 2: The carbon emission amount of Scope 3 investment and financing is inventoried within the scope defined by SBT. Taishin has no project finance related to power generation



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

Climate Change Strategy

Green Operation Management

6. Friendly Workplace

7. Social Impacts

8. Appendix

5.2 Green Operation Management

5.2.1 Environmental Sustainability Policy

As a response to the Paris Agreement of keeping global temperature increase within 2 degrees Celsius and responding to the green policy and zero carbon emission commitment of the government at the same time, Taishin establishes the Environmental Sustainability Policy, sets the 5-year energy conservation goal of "saving electricity for at least 1% a year", executes energy conservation and carbon reduction operations, and improves energy performance. Through ISO 50001, ISO 14064-1:2018, and the periodic ISO 14001 inspection, measurement, and monitoring, Taishin fully enhances the level of environmental monitoring and prevents the impact of corporate operations on the natural environment to achieve business-nature symbiosis.

Concrete Commitments

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

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.

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.

To enforce energy and environmental performance improvement and management and waste classification to reduce the impact on energy and the environment.

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.

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 Green Sustainability Management Chronology



Environmental Management Model

Regarding management systems, Taishin FHC continues to adopt ISO 14064-1:2018 Greenhouse Gas Inventory standards. It is expected that ISO 14001 environmental management system certification and ISO 50001 energy management system certification will be implemented for the entire company by 2023 and 2025 respectively in order to effectively monitor and track GHG emissions.

Following inventory standard updates, Taishin started adopting ISO 14064-1:2018 inventory standards in 2020. In terms of GHG inventory categories, the focus is on direct emissions and organization related indirect emissions. The types of GHG include CO₂, N₂O, CH₄, SF₆, HFCs, and PFCs in the 2006 version. NF₃ is added for more complete GHG quantification and better credibility.

◆ Progress of Taishin's Environment Management Standards





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

Climate Change Strategy

Green Operation Management

6. Friendly Workplace

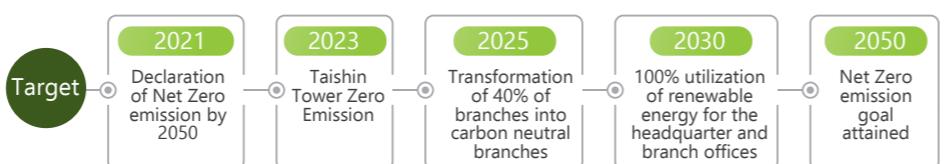
7. Social Impacts

8. Appendix

Taishin FHC Net Zero Emission Plan

The challenges brought on by climate change need to be dealt with as soon as possible. For the early realization of reducing environmental impact via carbon reduction, Taishin FHC has become one of the founding members of the "Taiwan Alliance for Net Zero Emission" in 2021 and established short, medium, long-term, and ultimate goals; proactively working from the aspects of energy conservation, energy production, and energy purchasing and declared to fully utilize renewable energy by 2030 and achieve Net Zero carbon emission by 2050.

◆ Taishin Net Zero Emissions Commitment



◆ Achieve Net Zero Emissions Program Results

Carbon Reduction Methods	Action plans	As of the end of 2021	Accumulated Saved Electricity (kWh)	Accumulated Reduced Carbon (tCO ₂ e)
Energy Conservation	Replacing 10 year-old or older air conditioners for all branches	A total of 43 branches	452,121	226.964
Energy Conservation	Green Building	A total of 2	75,015	37.657
Energy Production	Solar Power Plant	A total of 4	x	23.855
Energy Purchasing	Renewable energy source	A total of 168,000 kWh	x	84.336

Note : The electricity emission factor is calculated based on 0.502 kgCO₂e/kWh

5.2.2 Energy Conservation & Carbon Reduction

Energy Conservation Action plans

Taishin has implemented green operation transformation with a variety of methods in 2021. In March, Taishin Tower, Neihu Building, and Jianbei Building participated in the Earth Hour initiative and turned off marquee and neon signs and other energy consuming light fixtures to save energy, reduce carbon and raise awareness of the conservation effort. For the purpose of reducing commuting emissions, three EV charging stations were installed at Taishin Tower in September and made available to employees and clients. Furthermore, Taishin joined the Taiwan Alliance for Net Zero Emission as one of its founding members in October.

Regarding the campaign for renewable energies, two new solar power generation systems were installed in Jianbei Building and Bade Building. In addition, the Guandong Bridge Building has officially become a certified green building. Taishin also took real actions to support the development of renewable energies by starting to purchase green electricity in 2022.

◆ 2021 Green Operation Results

January	March	May	July	September	October	December
Replacing 10 year-old or older air conditioners (for a total of 33 branches)	Earth Hour Initiative	Adding Solar Power Plants (Jianbei, Bade buildings)	Continued participation of the CDP initiative	EV charging stations for Taishin Tower (3 stations)	Joined the "Taiwan Alliance for Net Zero Emission"	Guandong Bridge Building Green Building Label

The solar power system installed at Neihu Building generated a total of 22,510.8 kWh of electricity in 2021 which saved approximately 11.3 tons of CO₂e. Other than the existing energy conservation measures, we have also replaced old air conditioners for 33 branches, adjusted the control settings for the air conditioning units, and adjusted the temperature of the air conditioning units to reduce energy consumption. In comparison to 2020, Taishin Tower has saved 1.73% of electricity in 2021, and Neihu Building has saved 1.09%, achieving the 5-year energy conservation goal of "saving electricity for at least 1% a year".

◆ Green Actions

Start Year	Actions	Current Status	Annual Power Saving Benefits (kWh)	Annual Carbon Reduction (tCO ₂ e)
2021	Guandong Bridge Building Green Building	Completed	7,325	3.677
	Air conditioner replacement for branches (41 units)	Completed	400,000	200.8
	Jianbei Building Solar Power System	Completed	1,000	0.502
	Bade Building Solar Power System	Completed	1,000	0.502
2020	Jianbei Building Green Building	Completed	33,845	16.9
	Adjustment of ice-water temperature settings for air conditioning unit in Neihu Building	Continuing	162,891	82.9910
	Replacement of air conditioner unit at server room (9)	Completed	72,981	37.147
2019	Cooling water tower in the server room (new project)	Completed	111,784	59.58
	Replacement of air conditioners (5 ones) in branches	Completed	97,823	52.139
	Replacement of air conditioning system in some branches	Completed	26,156	13.941
2018	Replacement of LED lighting on the lobby floor	Completed	78,192	43.32

Note: The annual carbon reduction is calculated based on the power emission coefficient announced by the Energy Bureau in the current year.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

Climate Change Strategy

Green Operation Management

6. Friendly Workplace

7. Social Impacts

8. Appendix

Greenhouse Gas Emissions and Energy Usage

Electricity is the main form of energy used by Taishin, whereas gasoline by corporate vehicles presents the second largest use of energy. In 2021, Taishin purchased 37,554,325kWh(=135,194.06 GJ) of electricity, 113,631 liters of gasoline (=3,710.14 GJ), and 8,948 liters (=314.63 GJ) of diesel fuel, consuming total energy of 139,218.83 (GJ). During the year, 22,510.8 kWh of electricity generated from solar power was sold directly to Taiwan Power Company. Thus, Scope 1 emission totaled 1,136 tonnes CO₂e while Scope 2 emission totaled 18,752 tonnes CO₂e in 2021. Scope 1 and Scope 2 emission intensity were calculated at 1.788 tonnes CO₂e per person.

◆ Greenhouse Gas Emissions and Intensity

Scope	Unit	2018	2019	2020	2021
Scope 1	tCO ₂ e	1,271	1,052	1,033	1,136
Scope 2 (location basis)	tCO ₂ e	23,753	19,183	19,181	18,815
Scope 2 (market base)	tCO ₂ e	23,747	19,180	19,168	18,753
Scope 1&2	tCO ₂ e	25,018	20,232	20,201	19,889
Renewable energy source certification	certificate	10	5	25	123
Intensity	tCO ₂ e/ per person	2.589	2.189	2.011	1.788
Scope 3 (Business trips)	tCO ₂ e (kilometer)	235.81 (3,736,696)	334.3 (3,991,452)	140.3 (2,416,562)	88.61 (1,593,759)
Other indirect emission: product usage	tCO ₂ e	-	-	4,022,368.3	4,787,606.1

Note1: Survey was completed based on ISO 14064-1 standard from 2018 to 2019 and based on ISO 14064-1:2018 standard in 2020.

Note2: GHG emission from power usage was calculated based on the latest coefficient announced by the Bureau of Energy, Ministry of Economic Affairs, before the report was published.

Note3: The GHG emissions verified by a third party. The coverage in 2018 was bank wide(except for subsidiaries and overseas branches of banks). The coverage in 2019 is group-wide.

Note4: Other indirect emissions include product use and industrial investment. Newly added indirect emissions from credit card manufacturing in 2021.

Note5: Objectives of business travel: Setting 2017 as the baseline year, for every 5% increase of revenue, the maximum emission is controlled within 1% increase.

Note6: Taishin Life Insurance has joined the Taishin FHC in July 2021, and because the relevant inventory data is less than 1 year, the inventory number of the Life Insurance is not included this time.

Note7: The purchase of renewable energy source certification (T-REC) is 1000 kWh/certificate

Note 8: Business travel statistics on carbon emissions from high-speed rail, taxis and airplanes

◆ Energy Usage Statistics

Type of energy	Unit	2018	2019	2020	2021
Total Renewable Energy Consumption	MWh	10	5	25	123
Total Non-Renewable Energy Consumption	MWh	46,602	37,052	38,975	38,875
⚡ Gasoline	Liter	181,164	166,530	134,332	113,631
⚡ Diesel Fuel	Liter	1,642	4,856	5,002	8,948
⚡ Purchased Electricity	kWh	44,864,147	35,495,288	37,757,066	37,554,325
⚡ Energy Intensity	kWh/per person	4,640.00	3,839.82	3,760.28	3,375.67

Note1: The heat value of energy was converted based on "Energy Heat Value Chart" published by Bureau of Energy, Ministry of Economic Affairs. Electricity Consumption is 860kcal. For car fuel, heat value was calculated based on 7,800kcal/L (gasoline) and 8,400kcal/L (diesel fuel), and 4.186 kJ/kcal. Cumulative electricity generated from solar power system in 2021 is 25,510.8 kWh.

Note2: The above numbers of 2018 has been using the current statistic as base to estimate to the whole financial holding company according to the ratio of employee numbers. Data from 2019 are actual numbers.

Note 3: Taishin Life Insurance has joined the Taishin FHC in July 2021, and because the relevant inventory data is less than 1 year, the inventory number of the Life Insurance is not included this time.

◆ Energy Efficiency

With the yearly revenue as the numerator and the electricity consumption/water consumption/carbon emission as the denominator, the resource productivities of recent years are calculated as follows:

Unit:NT\$

Year	Revenue per kWh of electricity	Revenue per ton of water	Revenue per ton of carbon emission
2018	886	280,570	1,588,027
2019	1,229	316,931	2,156,409
2020 (base year)	1,169	338,415	2,185,280
2021	1,405	423,450	2,652,431
Increase/decrease range (%) of 2021 compared to the base year	20.1	25.1	21.3



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

Climate Change Strategy

Green Operation Management

6. Friendly Workplace

7. Social Impacts

8. Appendix

5.2.3 Resource Utilization

Promote Reduction

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.

Action Plans and Results

1. Paperless Promotion

Based on its digital development strategy, Taishin is committed to reducing paper consumption during its operational processes through creative innovation proposals and business process management (BPM) improvements. We plan to use three major channels including system upgrade and optimization, paperless business processes, and electronic invoicing to help us move toward a paperless office. In terms of optimization measures in recent years, we changed written applications to online applications, and changed mailed notifications to push notifications and electronic file transfers. In terms of operations, we use API to connect information of government authorities or other companies to reduce manual paperwork and inquiries. These measures have saved a lot of paper, reduced processing time, and increased overall operational efficiency. In 2021, the promotion projects include rapid online card application for branch customers, digitization of ATM details, and digital integration of credit card "Taishin Life Journal" DM and reduced annual paper consumption by 30,828,095 pieces of paper which reduced life cycle carbon emissions by approximately 653 tons (calculated based on the emissions of primary wood pulp photocopy paper of 4.24kg CO₂e/kg specified in the Environmental Protection Administration's Environment Resource Database, with the weight of each sheet of paper calculated as 5g).

◆ Paperless Achievements in Recent Years

Year	2018	2019	2020	2021
Cumulative paper saving (sheets)	20,470,074	21,671,773	27,013,854	57,841,949
Cumulative CO ₂ emission reduction (ton)	435	461	572	1,226

In addition, Taishin implemented a bank-wide "taxi sharing system" in 2008 as a means to encourage taxi ride-sharing for energy reduction. In 2018, the "Taxi Claim System" was implemented for online apply and approval process without paper. Furthermore, the mobile apps was adopted to complete payments to reducing paper use and increasing sharing rides.

2. Water Resources

Taishin sources its water entirely from Taiwan Water Corporation and does not use groundwater or water from other sources. All domestic sewage is disposed through the sewage system in accordance with related regulations. In addition to the continuous promotion of water conservation, the Company enhances daily equipment inspections and uses dual-mode water-saving toilets with water efficiency certification and watersaving faucets to protect limited water resources. Taishin consumed 124,582 kiloliters of water in 2021, averaging 11.19 kiloliters per person.

◆ Water Usage and Intensity

Item	Unit	2018	2019	2020	2021
Water usage	Kiloliter	141,670	137,700	130,446	124,582
Water usage intensity	Kiloliter/per person	14.65	13.93	12.99	11.19

Note: 1,000 Kiloliter = 1 million liters



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

Climate Change Strategy

Green Operation Management

6. Friendly Workplace

7. Social Impacts

8. Appendix

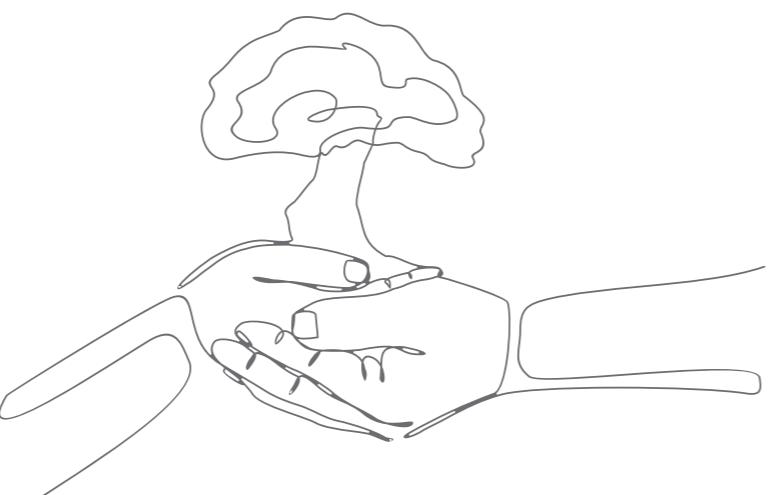
3. Waste Management

As part of the organization's waste management practices, Taishin encourages employees to bring their own bottles, print paper on two sides and recycle/reuse where possible, and dispose stationery into designated recycling boxes. Through real action, we aim to reduce waste and make the most efficient use of our resources. Taishin sorts waste on a daily basis, and commissions certified contractors to collect non-recyclable general waste for incineration. Recyclable and reusable waste is first sorted by employees and then collected by certified contractors for proper treatment. Total volume of non-recyclable waste produced in 2021 was 804.81 tons.

◆ Waste Volume and Waste Intensity per Employee

Item	Unit	2018	2019	2020	2021
Total Waste Volume	Ton	733.18	732.64	747.88	804.81
Waste Intensity	Ton/ per person	0.0758	0.0741	0.0745	0.0723

Note: The total waste weight in 2021 is based on the total amount of wastes in Neihu Building, Taishin Tower and Jianpei Building, and is estimated based on the proportion of employees in the three largest buildings accounting for the entire group.



◆ Waste Treatment Methods and Volume in 2021

Type	Nature	Item	Treatment Method	Treatment after Recycling	Neihu Building	Taishin Tower	Jianpei Building	Total
Non-recyclable(ton)		Domestic waste	Collected by supplier	Incineration	96	145	36	277
	PET				1,700	2,213	186	4,099
	Iron cans			Sold to wholesaler	303	822	50	1,175
	Aluminum cans				83	164	23	270
	Paper				12,480	27,855	5,580	45,915
General waste	Outsourced documents	Water Destruction (destruction of important documents)	Employees are assigned to supervise the destruction; destroyed materials are recycled and reused by the service provider			77,730		
	IT equipment (hard disks)	Recycled by supplier	Once data is erased, the IT Division will make random checks for any omissions				3,447	

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.

5.2.4 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. In 2021, the total amount of green procurement of Taishin has reached NT\$73,045,413, a 6.19% increase compared to 2020. In 2021, a total of 21 items have been included in the green procurement, including laptop computers with environmental protection certification, image output devices, hybrid vehicles, environmentally friendly carbon cartridges, paper towels made with recycled paper, fluorescent tubes (T5 and LED), toilets with water efficiency certification, and plasterboards and mineral fiber ceilings with Green Building Material certification.

Taishin is an active supporter of Green Procurement, and has specified in its "Supplier Maintenance & Management Regulations" to give priority to purchasing products that are certified for environment friendliness, water efficiency, energy efficiency and Green Building Material, 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

Year	2018	2019	2020	2021
Amount of Green Procurement (NT\$)	41,936,044	50,044,981	68,782,622	73,045,413
Increase from the base year (%)	--	--	base year	6.19

Note1: Taken 2020 as the base year and Green Procurement items in 2021 as the base year of implementation of our Green Procurement policy.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

Talent Development

Remuneration, Benefits & Employee Care

Occupational Health and Safety

Labor-Management Relations

Human Rights and Gender Equality

7. Social Impacts

8. Appendix

6 Friendly Workplace

- 6.1 Talent Development
- 6.2 Remuneration, Benefits & Employee Care
- 6.3 Occupational Health and Safety
- 6.4 Labor-Management Relations
- 6.5 Human Rights and Gender Equality



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

Talent Development

Remuneration, Benefits & Employee Care

Occupational Health and Safety

Labor-Management Relations

Human Rights and Gender Equality

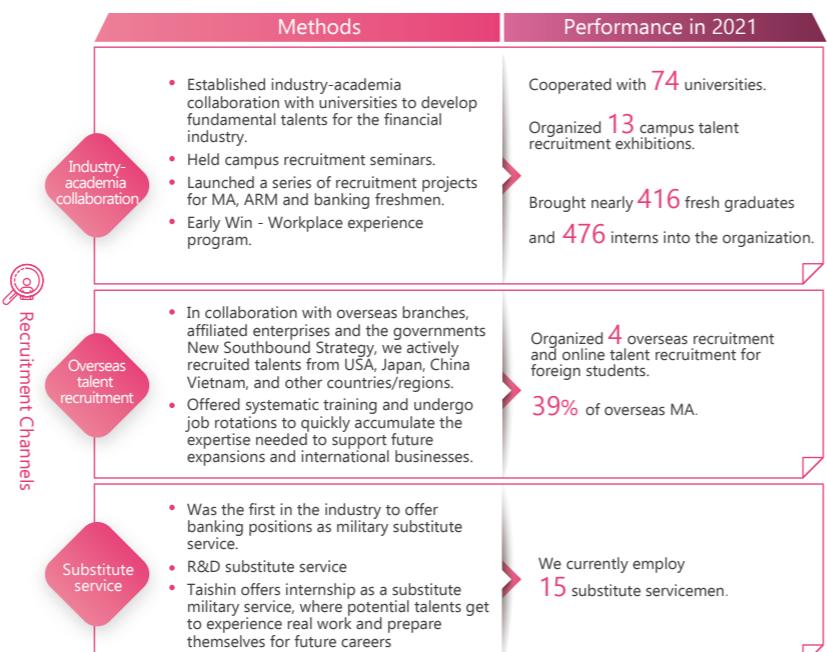
7. Social Impacts

8. Appendix

6.1 Talent Development

6.1.1 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 topquality talents from the market to meet the plans and requirements of its business units. Taishin recruited a total of 1,722 employees in 2021. Taishin has been able to maintain new recruits at approximately 22% 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 non-discrimination policies. Young employees aged 30 and below accounted for more than 58% 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



◆ Full-time New Recruits

Year	2018	2019	2020	2021
Male	1,047	1,126	853	814
Female	1,319	1,326	1,039	908
Age 30 and below	1,274	1,477	1,108	992
Age 31-50	1,025	927	745	694
Age 51 and above	67	48	39	36
Middle and top management position	18	9	5	9
Junior management position	61	58	53	47
Non-managerial	2,287	2,287	2,385	1,666
Total	2,366	2,452	1,892	1,722

Note: The number of new recruits in 2021 accounted for 18.3% of the number of incumbents (male: 8.7% / female: 9.6%), split by age range, the number of new recruits under the age of 30 accounted for 10.5% of the number of incumbents, 31-50 years old accounted for 7.4%, and 51 years old The above accounts for about 0.4%.

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

Note: Average recruitment expenses per employee = recruitment expenses for the entire year/number of new employees

6.1.2 Diversified Recruitment

Taishin FHC values and recruits talents, and actively recruits professionals from different regions, genders, nationalities, languages, and ethnicities. As of the end of 2021, Taishin FHC and subsidiaries employed 9,411 full-time staff and 545 part-time staff, totaling 9,956 employees. Female employees totaled 5,586, representing 59% of the employee base. Female managers totaled 615 and accounted for 48% of managerial positions. 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 2021, overseas operations hired a total of 727 workers, in which 92% of employees and 79% of managers were locals. Taishin continues to implement local management. In addition, our employees come from 11 nationalities/regions. We actively blend multiple cultures into the organization and incorporate them as part of our competitive advantage.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

Talent Development

Remuneration, Benefits & Employee Care

Occupational Health and Safety

Labor-Management Relations

Human Rights and Gender Equality

7. Social Impacts

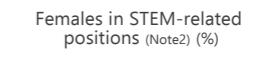
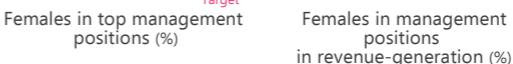
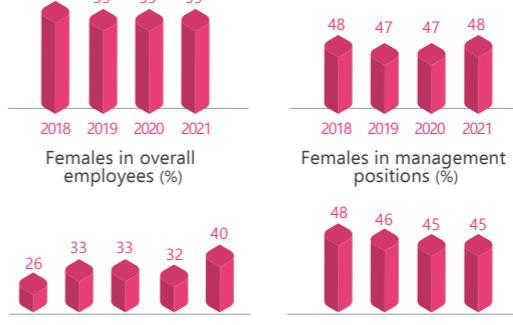
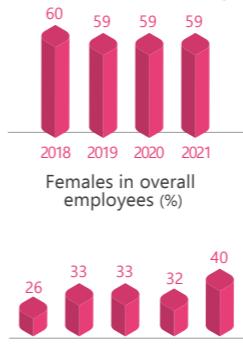
8. Appendix

◆ Employee Structure- permanent and non-permanent employees by region and gender



Data as of December 31, 2021		Permanent		Non-permanent		Total	
Region	Female		Male		Female		
	Female	Male	Female	Male	Female	Male	
Taiwan	5,238	3,446	24	64	329	125	9,226
Overseas	348	379	0	0	1	2	730
Total	9,411		545		9,956		

Note: Refers to the current employee size as at Dec.31, 2021. Non-permanent employees are contractors, part-timers and interns.

◆ Proportion of Female Employees (note1)

Note1: The percentage of females among the managerial role has remained nearly 50% in the past 4 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.

◆ Permanent Employee Structure- by gender, age and position

Region	Position	Permanent Employee								Total	Proportion of permanent employees (%)
		Female				Male					
		Age 30 and below	Age 31-50	Age 51 and above	Female-total	Age 30 and below	Age 31-50	Age 51 and above	Male-total		
Taiwan	Non-managerial role	1,384	2,939	338	4,661	833	1,736	300	2,869	7,530	80.0
	Managerial role	1	401	175	577	2	389	186	577	1,154	12.3
Taiwan-total		1,385	3,340	513	5,238	835	2,125	486	3,446	8,684	92.3
Overseas	Non-managerial role	134	163	13	310	110	174	3	287	597	6.3
	Managerial role	0	32	6	38	6	69	17	92	130	1.4
Overseas-total		134	195	19	348	116	243	20	379	727	7.7
Total		1,519	3,535	532	5,586	951	2,368	506	3,825	9,411	100.0
Proportion of permanent employees (%)		16.1	37.6	5.7	59.4	10.1	25.2	5.4	40.6	100.0	100.0

Note 1: Refers to the current employee size as at Dec.31, 2021. Non-managerial roles do not take managerial responsibilities.

Note 2: 86.4% of employees are non-managerial while 13.6% of employees are managerial.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

Talent Development

Remuneration, Benefits & Employee Care

Occupational Health and Safety

Labor-Management Relations

Human Rights and Gender Equality

7. Social Impacts

8. Appendix



◆ Employees of Minority Groups in Previous Years

Year	2018	2019	2020	2021
No. of disable employees	96 (1.07%)	101 (1.09%)	96 (1.02%)	101 (1.07%)
No. of countries/ regions	12	13	12	11
Nationalities/ regionalities of employees	Taiwan, China, Hong Kong, Japan, Malaysia, Singapore, Myanmar, Vietnam, Indonesia, Italy, New Zealand, Australia	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	Taiwan, China, Hong Kong, Japan, Malaysia, Singapore, Myanmar, Vietnam, New Zealand, Australia, USA

◆ Top Five Regions for Employee Distribution

Year Nationalities/ regionalities	Percentage of all employees				Percentage of managerial positions			
	2018	2019	2020	2021	2018	2019	2020	2021
Taiwan	94.4%	93.4%	93.7%	93.5%	96.2%	94.9%	95.0%	94.5%
China	4.1%	4.9%	4.6%	4.6%	3.0%	4.1%	4.0%	4.1%
Hong Kong	1.1%	1.3%	1.2%	1.3%	0.4%	0.6%	0.6%	0.8%
Singapore	0.1%	0.2%	0.2%	0.3%	0.1%	0.2%	0.2%	0.2%
Australia	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%
Others	0.2%	0.1%	0.2%	0.2%	0.2%	0.1%	0.1%	0.2%

6.1.3 Talent Development

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 2021. It shows Taishin provides ample opportunities and resources for employees to develop their own career plans.

Year	2018	2019	2020	2021
Internal Replacement Rate (%)	67	72	70	73
Male	47	56	56	49
Female	53	44	44	51
<30 years old	1	4	2	5
30-50 years old	89	81	89	79
>50 years old	10	15	10	16
Middle and top management position	26	23	17	14
Junior management position	74	77	83	86

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





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

Talent Development

Remuneration, Benefits & Employee Care

Occupational Health and Safety

Labor-Management Relations

Human Rights and Gender Equality

7. Social Impacts

8. Appendix

1

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	Achievements										
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 rich training courses, such as Taishin's organization culture, professional image and service etiquette, Fintech Digital, and more. 97 of those interns transitioned into Full-time employees with us in 2021.	 Participants  <table border="1"> <thead> <tr> <th>Year</th> <th>Participants</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>415</td> </tr> <tr> <td>2019</td> <td>443</td> </tr> <tr> <td>2020</td> <td>415</td> </tr> <tr> <td>2021</td> <td>476</td> </tr> </tbody> </table>	Year	Participants	2018	415	2019	443	2020	415	2021	476
Year	Participants											
2018	415											
2019	443											
2020	415											
2021	476											
Financial Innovation Masters Program	To enhance the quality of our financial professional workforce and to build a talent supply chain, we have worked with National Sun Yat-sen University since 2017 in a jointly developed "Financial Innovation Masters Program," which provides internship opportunities and comprehensive training resources during winter and summer breaks at our company to bring students closer to the world of finance. Altogether, 77 graduate students have been trained to date, of which 37 students have completed their training and joined Taishin.	 Participants  <table border="1"> <thead> <tr> <th>Year</th> <th>Participants</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>15</td> </tr> <tr> <td>2019</td> <td>10</td> </tr> <tr> <td>2020</td> <td>15</td> </tr> <tr> <td>2021</td> <td>22</td> </tr> </tbody> </table>	Year	Participants	2018	15	2019	10	2020	15	2021	22
Year	Participants											
2018	15											
2019	10											
2020	15											
2021	22											
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 branding. 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 60 students in the two years.	 Participants  <table border="1"> <thead> <tr> <th>Year</th> <th>Participants</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>25</td> </tr> <tr> <td>2021</td> <td>32</td> </tr> </tbody> </table>	Year	Participants	2018	25	2021	32				
Year	Participants											
2018	25											
2021	32											
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 ten year of the program. In the course, unit managers from different departments share their knowledge with the class, including product, marketing, risk management, customer management, and other specialized knowledge and innovation experiences, so that students can develop a deeper understanding of the financial service industry and prepare themselves for the next digital wave. It has been very popular since its launch. The number of electives has been on the increase year after year. This year, 73 students are taking this elective. In 2021, 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.	 Participants  <table border="1"> <thead> <tr> <th>Year</th> <th>Participants</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>58</td> </tr> <tr> <td>2019</td> <td>78</td> </tr> <tr> <td>2020</td> <td>73</td> </tr> <tr> <td>2021</td> <td>73</td> </tr> </tbody> </table>	Year	Participants	2018	58	2019	78	2020	73	2021	73
Year	Participants											
2018	58											
2019	78											
2020	73											
2021	73											

2. Comprehensive Financial Talent Training

Newcomer Training Program

To help new employees quickly gain an understanding of Taishin's organizational 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.

Unit Professional Training

To help new colleagues get started quickly, we introduce the business offices, operating procedures, important key rules and skills.

Unit Specialized Work

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.

- Wholesale Banking Group: 【Excellent RM】 - Advanced Courses in Financial Products.
- Retail Banking Group: 【Marketing 2.0】 - Digital Marketing Tools.
- Finance and Financial Market Group: 【Core Profit】 - Investment Prospect, Precise Observation.
- Securities Market: Top Trader - 【Advanced Courses】 in Financial Products.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

Talent Development

Remuneration, Benefits & Employee Care

Occupational Health and Safety

Labor-Management Relations

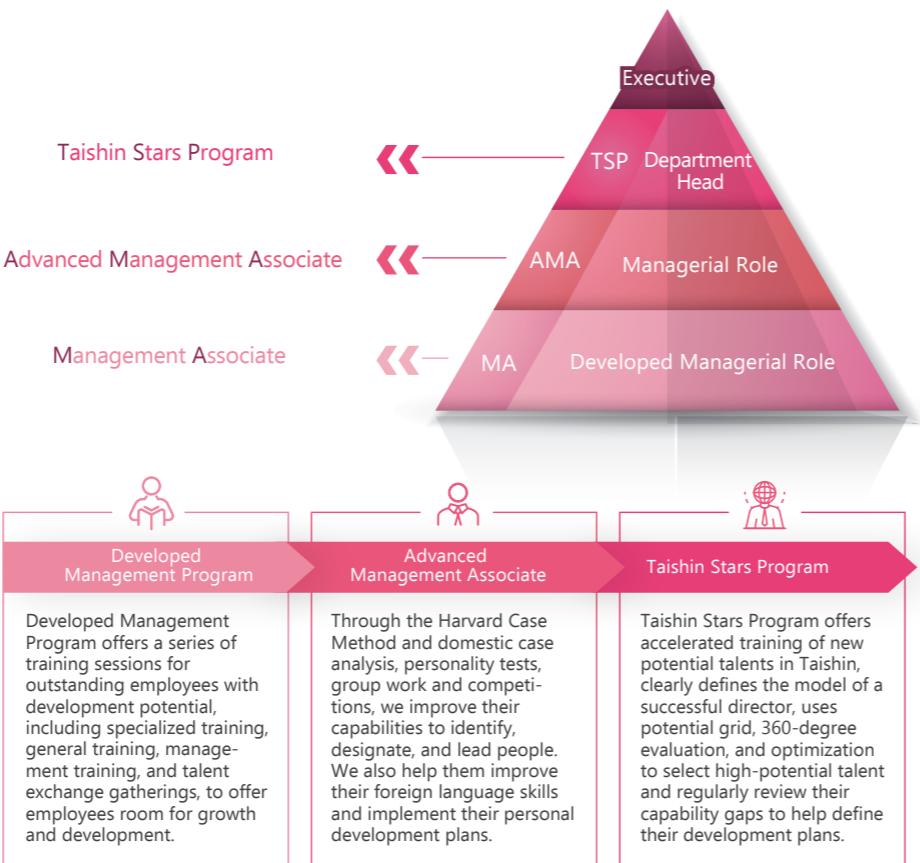
Human Rights and Gender Equality

7. Social Impacts

8. Appendix

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.

The learning account system accumulated more than 3.43 million credits in 2021. This increase was mainly attributed to the introduction of "Life Cycle" course series that were relevant to employees' needs. The course series introduced different themes for employees of different age group on a monthly basis. Such as to enhance competitiveness among 20-30 years old freshmen, we plan "Workplace Mindset", "Digital Transformation Thinking", "Workplace Mindset", "Digital Transformation Thinking" seminars. To support married employees, 30-40 years old, to balance work and family, we offer seminars on "Work-Life Balance" ^ "Parent-Child Communication". To assist 50-60 year old employees that are preparing to retire to plan for their lives after retirement, we hold "Wealth Management and Retirement" ^ "Senior Living" seminars. In addition, the training passbook points of colleagues have been expanded to "fitness courses" and "marathon road running activities" in 2021., which not only has increased the number of participants, but also strengthened the physical and mental health of employees, developed regular exercise habits, and improved work efficiency. , creating a positive cycle.

◆ Performance of "Learning Account" system

Year	2018	2019	2020	2021
Actual Users	2,620	2,406	1,893	2,714
Actual Credits	3,166,689	3,049,385	3,735,210	3,431,381



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

Talent Development

Remuneration, Benefits & Employee Care

Occupational Health and Safety

Labor-Management Relations

Human Rights and Gender Equality

7. Social Impacts

8. Appendix

Learning Effectiveness and Results

1. Staff Training Hours

	2018	2019	2020	2021
Average training hours per employee ^(note1)	71.4	71.6	61.4	60.3
Total training hours	645,126	657,877	572,748	567,390 ^(note3)
Average training expenses per employee ^(note1)	6,553 ^(note2)	5,726	4,881.6	4,309
Total training expenses (NT\$thousand)	59,250	52,646	45,565	40,553

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

Note2: Due to promoting the improvement of employees' anti-money laundering knowledge and skills and subsidizing employees obtain internationally recognized anti-money laundering qualification certification (CAMS), the training cost was higher than other years.

Note3: Both the number of hours and expenses for the training programs have decreased in 2021 as a result of the pandemic.

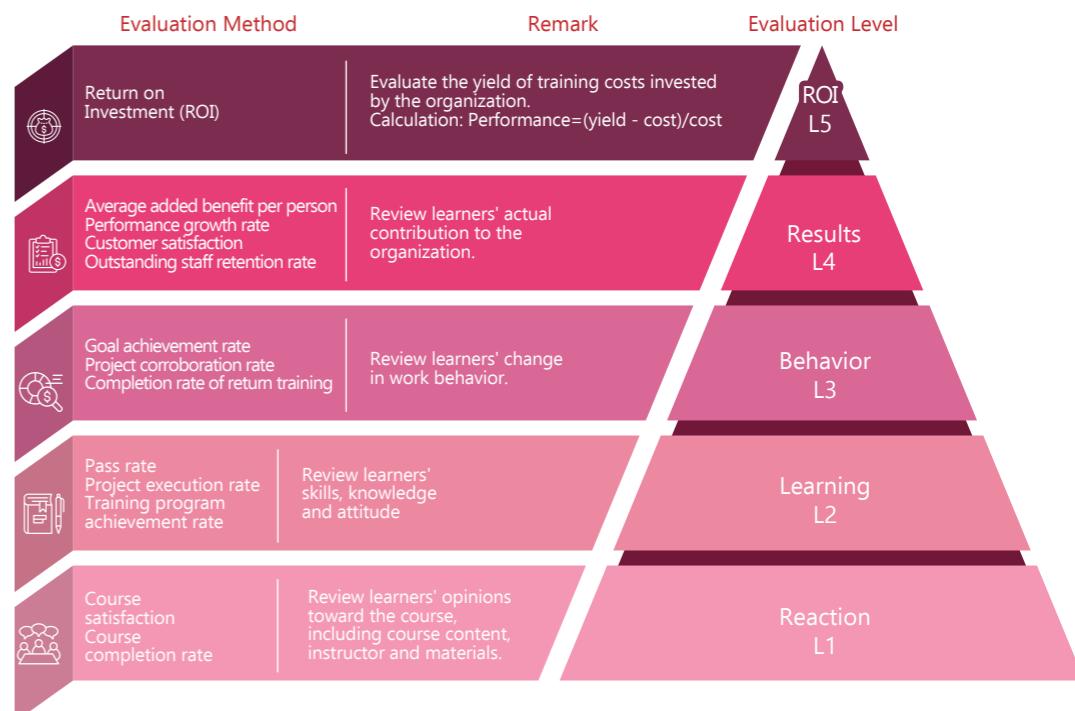
	Category	Number of mandatory course hours	Number of optional course hours	Total hours
Management role	Legal	26,616	11,118	37,734
	Management	11,005	1,829	12,834
	Professional	20,342	4,440	24,782
	General knowledge	2,271	4,143	6,414
Non-managerial role	Legal	180,535	42,990	223,526
	Management	3,862	326	4,188
	Professional	164,787	36,541	201,328
	General knowledge	38,368	18,216	56,584

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.

	Total Training Hours	Number of Permanent Employees	Average Training Hours in 2021
Male	226,690	3,825	59.27
Female	340,700	5,586	60.99
Age 30 and below	204,298	2,470	82.71
Age 31-50	313,036	5,903	53.03
Age 51 and above	50,056	1,038	48.22
Top management position	1,912	53	36.08
Middle management position	12,392	198	62.59
Junior management position	67,460	1,033	65.31
Non-managerial	485,626	8,127	59.75





CONTENTS

- Sustainable Navigator
 - About Taishin
 - 1. Sustainable Operation
 - 2. Sustainable Governance
 - 3. Sustainable Finance
 - 4. Superior Service
 - 5. Environmental Sustainability
 - 6. Friendly Workplace
 - Talent Development
 - Remuneration, Benefits & Employee Care
 - Occupational Health and Safety
 - Labor-Management Relations
 - Human Rights and Gender Equality

7. Social Impacts

8. Appendix

Project Name	Project Goal	Operational Benefit	Kirkpatrick Model training performance evaluation				
Talent Bank Development Project	<p>Establishing a systematic training structure and an interactive network. Recruiting supervisors of all level for talent bank project, and enhancing the competencies of talent bank supervisors by finding out their deficiencies and analyzing the management weaknesses in the engagement survey. Competency enhancement include the enhancement of business sensitivity, innovation, and leading by example. Business model and new trends are incorporated into professional courses, and the theme of management cultivation is also included throughout the training courses to enhance the leadership ability of supervisors, facilitating the achievement of business goals such as process transformation and risk reduction.</p>	<p>Reinforcing the leadership ability of supervisors to increase employee loyalty and motivation, leading to the growth of revenue for the corporation. The Return On Investment (ROI) of training in 2021 had a 1.4 times increase compared to 2020.</p>	Levels of the Kirkpatrick's Evaluation		2019	2020	2021
			Level 1: Reactions	Average satisfaction of training course	94.8	97	95
			Level 2: Learning	Project execution rate	100%	100%	100%
			Level 3: Behavior	Talent promotion rate	33%	45%	46%
			Level 4: Results	Annualized Benefits of Risk Management Process Transformation (unit: in multiples of NT\$1 million)	38	30	32.4
			Level 5: ROI	Training ROI	2.35	2.26	3.19
<p>*Talent promotion rate: Number of talent bank reserved personnel/number of inside promoted supervisors. Evaluating the behavior level of talent bank projects, and measuring if colleagues of the Talent Bank Development Project has applied what they have learned in their work so they may qualify for inside promotion.</p> <p>*Annualized benefits of risk management process transformation: Supervisors shall lead colleagues through a process transformation and find out the opportunities for optimization and risk management points between the service and the operation process. By reflecting the enhanced work skills during the development project onto the annualized benefits of risk management process transformation, we can see the comprehensive effect brought by the enhancement of management skills</p> <p>*Training ROI: [net revenue-(operating expenses - employee welfare expenses)]/employee welfare expenses.</p>							
Insurance Product Transformation Training Program	<p>Cultivating financial advisors into comprehensive insurance consultants by increasing their professional knowledge in international trends, taxes, investment markets, and concept and products as well as giving them a correct sales philosophy and technique to effectively dig customer latent needs, create opportunities for customer service, and enhance the new contract premiums for investment-linked product so that financial advisors may increase their productivities and improve their performance.</p>	<p>The project had covered over 3,000 insurance agents of the Bank. Enabling colleagues to better understand knowledge of investment market and sales skills of insurance products. In 2021, our insurance commission income had a 9.5% increase, and the ROI of insurance product training had increased by 1.5 times compared to 2020.</p>	Levels of the Kirkpatrick's Evaluation		2019	2020	2021
			Level 1: Reactions	Course Completion Rate	100%	100%	100%
			Level 2: Learning	Test Passing Rate	100%	100%	100%
			Level 3: Behavior	Growth rate of new contract premiums for investment insurance	-42.76%	26%	62%
			Level 4: Results	Insurance Commission Income Growth Rate	0.24%	-1.70%	9.51%
			Level 5: ROI	ROI of insurance training program	89.36	139.05	204.8
<p>*The enhancement of profession knowledge in the investment market and investment-linked insurance products was emphasized in the project, leading to a massive increase in the growth rate of premium amount of new contracts for investment-linked insurance.</p> <p>*Through the cultivation of investment concepts and product education as well as the enhancement of sales skills, we equip our financial advisors with the skill they to find out the insurance needs of customers, creating opportunities to serve customers and increase the income of insurance commission handling fee for the company .</p> <p>*The project measures the effectiveness of training through the ROI of insurance training: (Insurance Commission Handling Fee Income-Insurance Training Costs)/Insurance Training Costs.</p>							
Digital Transformation Talent Development Project	<p>According to the digital transformation strategy map of Taishin Financial Holding, we plan The Digital Transformation Talent Development Project as the foundation for digital cultivation. It will actively promote digital cognition and knowledge, as well as establish a digital seed certification mechanism to deepen digital culture and agile capabilities continuously.</p>	<p>Through the Digital Transformation Talent Development Project, we integrate practical professional courses in digital transformation and autonomous learning courses in concept establishment to enhance the knowledge and skills our project colleagues need as well as enhancing the basic cognition of our regular colleagues. A total of 10,456 people participated in the digital transformation courses, and the training investment in 2021 (ROI) increased 1.68 times compared to 2020. At the same time, we also develop digital seed certification mechanism, discover opportunity points for product development through user studies, and replicate the operation process of agile development to respond to the development and introduction of digital innovative products, increasing the effectiveness of digitization. A total of about 1,100 colleagues have obtained internal agile professional certifications. In 2021, the digital transformation project had fully launched, covering the business and infrastructure of all subsidiaries, and a total of 42 digital-related projects had been carried out. In addition, we continue to encourage financial innovation and obtained 43 new patents in recent years.</p>	Levels of the Kirkpatrick's Evaluation		2019	2020	2021
			Level 1: Reactions	Course Completion Rate	100%	100%	100%
			Level 2: Learning	Examination pass rate	100%	100%	100%
			Level 3: Behavior	Online Individual Consumer Loan Percentage	33%	45%	46%
			Level 4: Results	Digitized Transaction Revenue Percentage (pending numbers)	131%	32%	16%
			Level 5: ROI	ROI of training project	2.35	2.26	3.19
<p>*Results of optimized digital application scenario: Online Individual Consumer Loan Percentage as the behavior indicator of digital transformation development.</p> <p>Digitized Transaction Revenue Percentage as the digitized benefit results of digital transformation development.</p> <p>ROI of training courses=(net revenue-digital transformation training costs)/digital transformation training costs.</p>							



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

Talent Development

Remuneration, Benefits & Employee Care

Occupational Health and Safety

Labor-Management Relations

Human Rights and Gender Equality

7. Social Impacts

8. Appendix

6.2 Remuneration, Benefits & Employee Care

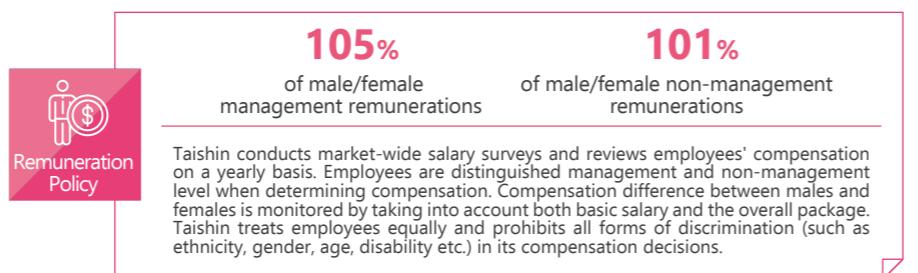
6.2.1 Remuneration Policy

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 8 consecutive years since 2014. In the "Salary and welfare" category of the employee opinion survey, colleagues gave positive comments on the link between salary and performance, the Company scored better than Taiwan's financial industry, indicating that Taishin's salary helped motivate colleagues' performance in terms of 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 2021, male management remunerations averaged 105% of those of female management, whereas male non-management remunerations averaged 101% of those of female non-management. There was no significant difference in terms of salary between the two genders.

◆ Salary Ratio in 2021

Employee Level	Compensation ratio (female: male)	
	Fixed salary	Total salary (including other cash incentives)
Non-management	100:102	100:101
Management	100:105	100:105
Executive	100:104	100:105



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 2021 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 7,482 full-time, non-managerial staff in 2021 (up 0.1% compared to 2020), with average salary of NT\$1,300,000 (up 4.9% compared to 2020) and median salary of NT\$1,034,000 (up 4.2% compared to 2020).

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	2018	2019	2020	2021
Average Salary Adjustment (%)	3.5	3.5	3.5	3.5

◆ Employee Stock Purchase Plan



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 three 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 2021, a total of 23,523 appreciation rights were issued while about 289 employees applied the plan.



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 2021, 87% of the employees have participated in the scheme, and the Company has contributed a total of NT\$590 million, whereas the return of investment in ESOP is 68%. Overall, the ESOP serves a number of purposes including long-term saving, wealth accumulation, and assurance for life after retirement.



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 151,608,500 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.



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.



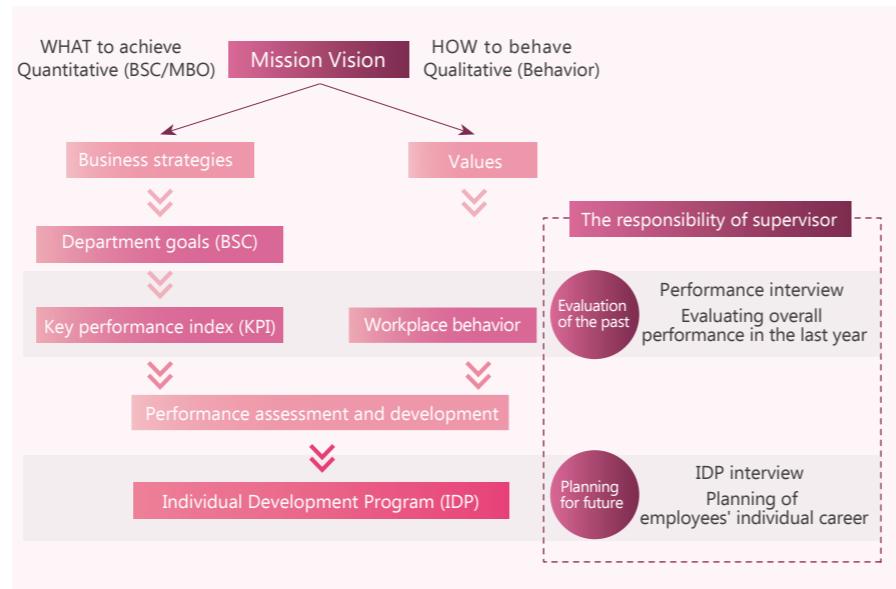
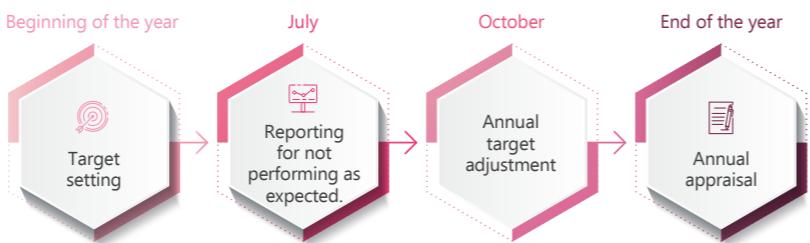
CONTENTS

- Sustainable Navigator
- About Taishin
- 1. Sustainable Operation
- 2. Sustainable Governance
- 3. Sustainable Finance
- 4. Superior Service
- 5. Environmental Sustainability
- 6. Friendly Workplace**
 - Talent Development
 - Remuneration, Benefits & Employee Care
 - Occupational Health and Safety
 - Labor-Management Relations
 - Human Rights and Gender Equality
- 7. Social Impacts
- 8. Appendix

6.2.2 Performance Management

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.



All 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. Taishin adopts multi-dimensional approaches, such as 180-degree, 270-degree and 360-degree tools (incorporating assessments from supervisors, subordinates, co-workers, and the employees themselves) to assess employees' performance. These tools ensure the fairness of individual assessments, and also form a part of employees' individual development program.

Performance System



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	Duration of Performance Improvement	At the End of the Improvement Period
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.	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.	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.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

Talent Development

Remuneration, Benefits & Employee Care

Occupational Health and Safety

Labor-Management Relations

Human Rights and Gender Equality

7. Social Impacts

8. Appendix

Attrition Analysis

The turnover rate in 2021 was 11.9%. 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

Location	Permanent Employee Attrition							
	Female				Male			
	Age 30 and below	Age 31-50	Age 51 and above	Female-total	Age 30 and below	Age 31-50	Age 51 and above	Male-total
Taiwan	233	239	6	478	178	211	9	398
Overseas	45	25	0	70	43	51	0	94
Total	278	264	6	548	221	262	9	492
Turnover rate (%)	3.2%	3.0%	0.1%	6.3%	2.5%	3.0%	0.1%	5.6%

	Total	Turnover rate (%)
Taiwan	876	10.0
Overseas	164	1.9
Total	1040	11.9
Turnover rate (%)		



◆ Turnover Rate in Previous Years

Year	2018		2019		2020		2021	
	Voluntary	Total	Voluntary	Total	Voluntary	Total	Voluntary	Total
Male (%)	4.8	6.8	4.9	6.8	4.4	6.1	5.6	6.2
Female (%)	7.4	10.0	6.9	9.3	5.7	7.1	6.3	7.4
Age 30 and below (%)	5.1	8.3	5.3	8.3	5.1	6.9	5.7	6.3
Age 31-50	6.7	7.4	6.1	7.1	4.9	5.7	6.0	6.4
Age 51 and above (%)	0.4	1.1	0.4	0.7	0.2	0.6	0.2	0.9
Turnover rate (%)	12.2	16.7	11.8	16.1	10.1	13.3	11.9	13.6

Note1: Refers to cumulative resigned permanent employees between Jan. 1 and Dec.31, 2021.

Note2: Note: turnover rate = cumulative number of resigned permanent employees in the current year/current permanent employees as at Dec.31, 2021. 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, 2021 was 9,775.

6.2.3 Employee Benefits & Care

Employee 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.](#) ↗



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

Talent Development

Remuneration, Benefits & Employee Care

Occupational Health and Safety

Labor-Management Relations

Human Rights and Gender Equality

7. Social Impacts

8. Appendix

Highlights of Benefits



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. 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.

3.In addition, we provide different shifts in different departments for employees to choose with flexibility. To provide employees with more care, we provide showering facilities for employees who work late to freshen up and rest, and allow employees to have adequate rest after hard work. We also provide contracted taxis for employees who leave work after 10 p.m. to ensure that they return home safely.

4.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.

Learning Subsidies

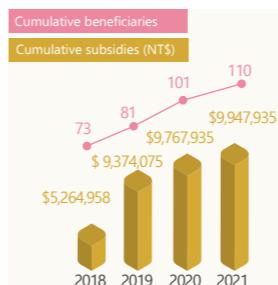
1. Learning account (Industry originality):

Every Taishin full-time employee is allocated 10,000 credits in their learning accounts per year that they can spend on the Company's internal "Self-study Courses" or to take courses or certification exams organized outside Taishin, and hence develop professional skills at their own discretion.



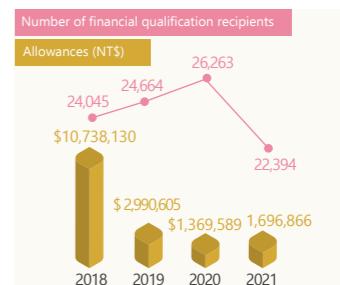
2. Domestic and international on-job training subsidies:

- To support development of top talents, Taishin provides qualified employees with subsidies amounting up to TWD 20,000 per semester as an encouragement for undertaking ongoing education outside work hours. Furthermore, the Company selects senior managers to undergo EMBA courses organized by renowned overseas institutions from time to time, which helps broaden managers' global perspectives and establish local connections.
- A total of 110 employees has been subsidized with subsidies amounting over TWD 9 million from 2016 to 2021.



3. Subsidy for financial certification exams:

Taishin offers comprehensive incentives to encourage employees in acquiring finance-related certifications, and hence raise the level of professional knowledge across its talent base. These courses are intended to help employees acquire their certification and build professionalism in Taishin's brand.



Son/Daughter's Wedding Leave

Taishin cares for employees as well as their family members, and allows employees to take children's wedding leaves so that they can take part in the big moments of their Son/Daughter's lives. Every employee is entitled to one fully paid day of children's wedding leave from the first day onboard. Couples who are both Taishin employees may apply to take leave on the same day.

Family Support Leave

To provide employees with a secure work environment, Taishin provides family support mechanisms that are superior to regulatory requirements (including maternity leave, paternity leave, family care leave, and flexible work hours) so that employees can concentrate on their work and take care of their families.

- We provide 8 days pregnancy checkups leave with full pay for pregnant female employees, which is superior to the 7 days specified in regulations.
- We provide female employees who are giving birth with 60 days of paid leave which is superior to the 8 weeks specified in regulations.
- We provide employees whose spouse is giving birth with 8 days of paid leave which is superior to the 7 days specified in regulations.
- We provide paid miscarriage leave for less than 3 months of pregnancy to help employees take care of their physical health.

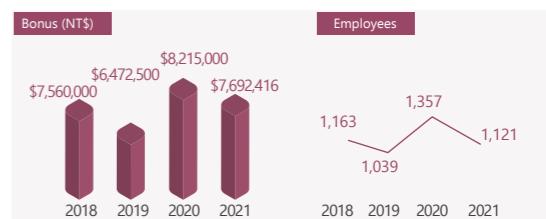
Paid Volunteer Leave

Taishin adopts a "Volunteer Leave" system that grants employees one full day of annual leave for six cumulative hours of volunteer service, subject to a maximum of five days per year. The system was introduced to reward volunteers for their selfless acts.



Long-time Service Rewards

As a recognition for employees' long-term contribution, Taishin introduced a set of "Long-time Service Reward Standards" in 2004 that rewards senior employees with a commendation, bonus, and a letter of gratitude from the Chairman for having completed 5, 10, 15, 20 and 25 years of service.





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

Talent Development

Remuneration, Benefits & Employee Care

Occupational Health and Safety

Labor-Management Relations

Human Rights and Gender Equality

7. Social Impacts

8. Appendix

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.

Female employees

- Female employees can take one day of menstrual leave each month to rest at home.

Pregnant employees

- 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.
- 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.

Postpartum care and childcare

- 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 NT\$4,681,500 in subsidies for children's education in 2021.
- We have signed special contracts with infant daycare institutions.

◆ Number of permanent employees on parental leave and retention rate

Item	2018			2019			2020			2021		
	Female	Male	Total									
No. of employees subject to reinstatement	99	9	108	101	8	109	75	11	86	81	4	85
No. of actual reinstated employees	64	7	71	63	5	68	50	2	52	59	1	60
Reinstatement rate % (note 1)	64.6	77.8	65.7	62.4	62.5	62.4	66.7	18.2	60.5	72.8	25	70.6
No. of employees retained after 1 year (note 2)	64	2	66	53	5	58	57	3	60	41	2	43
Retention rate % (note 3)	85.3	33.3	81.5	82.8	71.4	81.7	90.5	60.0	88.2	82	100	82.7

Note 1: Reinstatement rate = No. of actual reinstated employees / No. of employees subject to reinstatement during the year.

Note 2: 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 2021, a total of 657 persons were qualified for parental leave (371 female, 286 male), and the actual applicants for parental leave were 95 persons (88 female, 7 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)
2018	274	9,041	3.03	0.8
2019	252	9,195	2.74	0.8
2020	223	9,334	2.39	0.7
2021	209	9,411	2.22	0.65

*Crude birth rate within the organization was 2.22% in 2021, which far exceeded Taiwan's crude birth rate of 0.65% (Note: the crude birth rate of Taiwan was sourced from the Department of Statistics, Ministry of the Interior).





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

Talent Development

Remuneration, Benefits & Employee Care

Occupational Health and Safety

Labor-Management Relations

Human Rights and Gender Equality

7. Social Impacts

8. Appendix

6.3 Occupational Health and Safety

6.3.1 Occupational Safety

Occupational Safety and Goals



Functionality of the Committee

Taishin Bank has created the "Occupational Safety and Health Committee" which consists of 15 members, including 5 labor representatives. Labor representatives account for one-third of all committee members and meetings are scheduled each quarter. Important decisions include the continuous implementation of the ISO 45001 Occupational Safety and Health Management System, creation of an epidemic prevention section for responding to COVID-19, completion of workplace health management consultation, emergency medical service courses, safety and health training status, and implementation of operational environment monitoring.

To protect employee safety and health, we are committed to providing a hazard-free workplace. Taishin Bank has implemented and follows ISO 45001 the international standard for occupational safety and health management systems, and obtained certification through the British Standards Institution (BSI) for the first time in May 2020 for its occupational safety and health management system. We have also integrated the ISO 14001 system with our 50001 PDCA (Plan-Do-Check-Act) framework to build up occupational safety through systematic management mechanisms such as hazard identification, regulatory inspections, internal audits, management reviews and safety and hygiene inspections, to develop a comprehensive safety and health culture with practical implementation in order to create a zero-hazard workplace.

Presently, the regulatory inspection processes, stable project contracting relationships and emergency responses to emerging infectious diseases are our top priorities to promote occupational safety and health at Taishin and implement safety and health management to safeguard the safety and health of all our employees. 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.

Between 2015 and 2021, there had been no major work accident or any death or disability of employee caused by occupational hazard. Taishin has designed its 2021 safety and health training courses to address accidents that exhibited the highest frequency/lost work days in 2022. Through these courses, the organization aims to minimize both the severity and frequency of work accidents.

Taishin has an audit system that actively identifies problems and tracks the effectiveness of various measures taken to ensure safety of the workplace. By constantly making improvements, we take steps toward accomplishing our vision of a hazard-free workplace. The main defects discovered in 2020 were "Absence of certified Occupational Safety and Health Officer" and "Absence of certified First-aid Personnel." The Company has since assigned employees to training and exams with progress followed up continuously. Certifications for the above personnel have been obtained to date.

◆ Occupational Injuries

Year	2018	2019	2020	2021
Male injured	1	1	0	1
Female injured	0	0	0	0
Deaths	0	0	0	0
Work day lost	36	61	0	20
Injury rate (%)	0.01	0.01	0	0.01
Absence rate (%)	0.43	0.41	0.46	0.46
Ratio of day lost(%)	0.40	0.67	0	0.22

Injury rate = total injuries/total work hours

Total work hours = total employees x work hours per day x number of working days per year

Absence 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

Year	Internal Audit (times)	External Audit (times)
2018	7	2
2019	8	0
2020	7	5
2021	7	1

Note: 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).

- No permanent staff was diagnosed with occupational illness in 2021.
- The Company has continuously implemented the following health promotion activities, prevention, and employee support measures in recent years:
 - Organization of digital health courses
 - Continue to provide onsite inquiry services with doctors
 - Expand the administration of government-funded vaccination and continue to organize private-funded vaccination
 - Touring health check-up services



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

Talent Development

Remuneration, Benefits & Employee Care

Occupational Health and Safety

Labor-Management Relations

Human Rights and Gender Equality

7. Social Impacts

8. Appendix

Safe Work Environment Measures

◆ Safe and healthy work environment

Stress Management	<ul style="list-style-type: none"> Taishin has an "Abnormal workload-induced disease prevention program" available to assess and manage the health conditions of stressed workers within the Company. Other resources such as on-site physicians, mental health information, hotlines for consulting (employee assistant program), Stress Relief Workshop Seminars on stress management, positive thinking, fragrance treatment, exercising, healthy habits etc. have also been made available to help employees deal with stress at work and in daily life.
Monitoring of the Work Environment	<ul style="list-style-type: none"> Taishin complies with Occupational Safety and Health Act and conducts indoor CO₂ and luminance measurements once every six months. A total of 107 workplaces were monitored and measured in 2020 to ensure that work activities were not exposed to excessive levels of risk. 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. 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). Taishin also measures temperature and humidity at large server rooms. Alcohol thermometers are placed at each server room to monitor changes in temperature and humidity. 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.
Ergonomic Hazard Prevention Program	<ul style="list-style-type: none"> 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. Customized subjects (such as service counters) are produced according to schematics; the sizes of which are designed based on business and ergonomic requirements. Taishin also purchases office equipment and supplies that feature ergonomic design wherever possible. Provided digital courses on the prevention of human-induced hazards.
Workplace Certification	<ul style="list-style-type: none"> Taishin acquired its Taiwan iSport certification in 2016, and engaged professionals to perform fitness tests for employees for 4 consecutive years since 2017. A total of 417 people had participated in the tests so far. 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. Won the first prize in the health activity category of "CHR Health Corporate Citizen" in the 2019 CommonHealth Magazine. Received the Golden Prize of the Disease Prevention Vanguard Award presented by Taiwan Centers for Disease Control in 2021.
Smoke-free Workplace	<ul style="list-style-type: none"> 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.
Environment, Health and Safety Assessment	<ul style="list-style-type: none"> With the company of employee safety and health manager, physicians and professional nurses have assessed the workplace of Taishin Bank employees. During their visits, they offered advices to the employer regarding employees' safety, as well as steps that can be taken to improve the current workplace and equipment layout. Certified by ISO 45001 Occupational health and safety system in 2020.

Training and Education

To prevent occupational hazards and ensure worker safety and health in the workplace, we assigned employees to take part in related courses organized by the Occupational Safety and Health Administration, Department of Labor, and Bankers' Association in 2021 and completed the refresher training for safety and health business executive of the entire Bank. We enhanced the professional skills, compliance, and risk management skills of occupational safety management personnel.

Refresher training
for safety and health
business executive

6 hours/person

106 participants
completed training

Furthermore, to enhance employees' awareness towards occupational safety and hazard prevention, the occupational safety and health courses has been held annually since 2018. The courses cover a broad range of topics including: overview of operational safety and health laws, emergency response, fire safety and first-aid drills. A total of 15,367.45 training hours were completed in 2021, representing 100% completion rate. These courses helped enhance knowledge among occupational safety and health officers and employees, and conformed with the organization's goals toward hazard-free workplace.

6.3.2 Employees' Health

Taishin is committed to providing a hazard-free workplace for the protection of employees' health and safety. We evaluate employees' health risks based on health checkup results, Framingham Risk Score for Hard Coronary Heart Disease, the four workplace health promotion programs (ergonomics, maternity, workplace violence, and over-stress), and group insurance claims.

According to the health risk matrix, triple H and abnormal work load are high-risk factors that affect employee health. 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.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

Talent Development

Remuneration, Benefits & Employee Care

Occupational Health and Safety

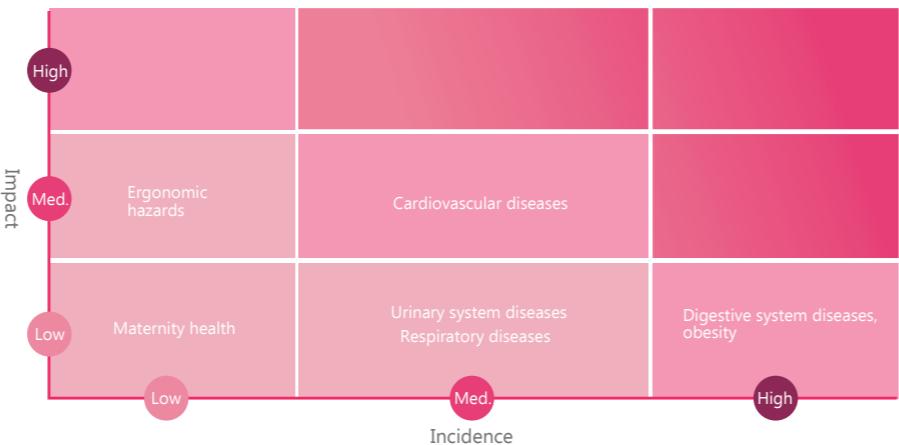
Labor-Management Relations

Human Rights and Gender Equality

7. Social Impacts

8. Appendix

◆ Taishin Employee Health Risk Matrix



◆ Degrees of Impact

Degree	Explanation
High	Unable to work, or even death
Medium	Partial work burden imposed by disease
Low	Able to work normally after recovery

◆ Possibility of Occurrence

Degree	Explanation
High	Most scenarios will occur within one year
Medium	Some scenarios will occur within one year
Low	Only few scenarios will occur within one year

◆ Risk Level and Measures

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.

Value at risk = possibility X impact

Item	Evaluation method	Risk value (%)	Risk factor
Medical check-up	Screening high-risk metabolic syndromes	1.22	Hyperglycemia, hypertension, hyperlipidemia, obesity
	Abnormal blood sugar level	1.62	Diabetes, obesity, unbalanced diet
	Cardiovascular system abnormalities	1.28	High blood pressure
	Digestive system abnormalities	1.59	Hepatobiliary and Gastrointestinal Diseases
Abnormal work load	Framingham Risk Score	1.13	Cardiovascular diseases \ Overload

Four main projects for health promotion in the workplace were implemented by occupational health nurses. During site visits by healthcare professionals and physicians, the priority counseling targets are those in high-risk positions and those with certain health check reports or recent health issues.

◆ Risk Issue of Occupational Health

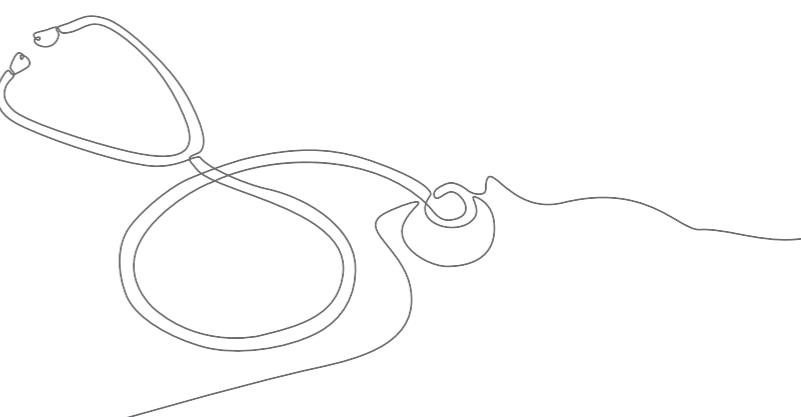
Risk Issues	Risk Identification Rate	Related risk factors
Management of personnel with high risks of metabolic syndrome (Note1) based on the results of health check-ups	1.22	hyperglycemia, hypertension, cardiovascular diseases, obesity, Hyperlipidaemia
Abnormal work load prevention	1.13 (Note2)	Overtime, cardiovascular diseases
Ergonomic hazard prevention	0.00 (Note2)	Ergonomic hazard (musculoskeletal system)
Maternity health protection	0.00 (Note2)	Maternal Health
Prevention of illegal infringement at work	0.00 (Note2)	Workplace Harassment
Health promotion, preventive health education	Endocrine System (Abnormal blood sugar level)	1.62 Metabolic Syndrome, Diabetes, Thyroid diseases
	Digestive system	1.59 Liver, gallbladder, stomach, and intestinal diseases
	Obesity	1.35 Metabolic Syndrome, Diabetes
	Cardiovascular system	1.28 Cardiovascular diseases, high blood pressure, overwork
	Urinary system	0.98 Urinary Diseases
	Respiratory system	0.81 Respiratory Diseases

Note:

1. Metabolic syndrome refers to persons with at least three out of the five indicators, including central obesity (thick waistline) , blood pressure, blood sugar, high TG, and lack of good cholesterol.

2. There were no cases of illegal infringement or hazards to maternity health protection in 2021

3. The rate of abnormalities in health check-ups may vary each year due to the difference in the recipients of the Bank's health check-ups.





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

Talent Development

Remuneration, Benefits & Employee Care

Occupational Health and Safety

Labor-Management Relations

Human Rights and Gender Equality

7. Social Impacts

8. Appendix

Based on the health risk matrix ,inviting instructors from various fields of expertise to speak and share experiences on health education. Opening health promotion courses with topics such as disease prevention, stress relief, exercise, diet, and maternal health. Mitigation measures of health risk issues are as follows:

◆ Occupational safety and health risks assessed by workplace doctors of occupational medicine in 2021

Topic	Related mitigation measures	Number of health seminars	Number of participants
Three Hypers (hypertension, hyperglycemia, and hyperlipidemia), cardiovascular diseases, obesity, digestive system diseases	<ul style="list-style-type: none"> Set up a fitness center and encourage employees to participate in sports club organized by the Company Organized a series of health courses to convey knowledge on healthy diet and exercising <ul style="list-style-type: none"> Provide online courses such as Nutrition, Exercise Classes, Covid-19 Workshops - Stay at Home QA Due to the impact of the epidemic, the physical fitness test and the health and fitness "Taishin Weight Loss Competition" in 2021 has been suspended. 	14	1,103
Reproductive system diseases and maternity health	<ul style="list-style-type: none"> Online courses on maternity health Provide online courses on "Workplace Maternity Health Protection" To help pregnant employees and those who have given birth with guidance for the identification of work hazards, and assign medical specialists to propose preventive measures for potential workplace hazards. 	2	81
Ergonomic hazards (musculoskeletal system)	<ul style="list-style-type: none"> Taishin "Ergonomic Hazard Prevention Plan" Provided "Taishin Stress Relief House" massage services which were used 11,889 times in 2021. Provided the online course "Acupoint Massage and Exercise", "Shoulder and Neck Health Care". 	3	657
Psychological stress	<ul style="list-style-type: none"> Provided the "Employee Assistance Program": Taishin works with Teacher Chang Foundation to provide employees with psychological counseling. The service was used 4 times in 2018, 1 time in 2019, 0 times in 2020, 8 times in 2021. In 2021, the on-site doctor service has provided stress consultation services to 13 colleagues. Taishin "Abnormal workload-induced epidemic prevention program" Taishin "Prevention of Illegal Infringement at Work" and "Statement of Prohibition Against Workplace Violence" Provided the online course "Psychological and Mental Transformation Plan — On Emotional Quotient (EQ)", "Say Goodbye to Stress — Stress Management" Organize stress relief handicraft and health seminars. 	3	213

◆ Health Management Focus in 2021

New Health Management Focus
As a response to the increase of high risk groups of Metabolic Syndrome according to the employee health inspection reports in 2020 as well as the change of event application methods due to the COVID-19 pandemic, we have focused on the promotion of disease prevention measures and have increased the number of lectures on the prevention of the Three Hypers in 2021. Those who exhibit abnormal test results will be given consultation and have health conditions followed up by healthcare staff, and interviews with doctors will also be arranged.

More Frequent Service by Onsite Doctor
Provided various consultation services during the level 3 COVID-19 Alert, including making telephone calls to colleagues to check up on their physical and mental health, and held events related to health education, hygiene counseling, physical and mental health protection, and health promotion. A total of 25 on-site doctor consultation services were held in 2021, providing individual suggestions according to different types of work and work place, e.g., ergonomic solutions.

◆ Lifestyle and Healthcare

- 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 "SmartDiet" by the Health Promotion Administration is being disseminated through monthly column,e-newsletters and nonperiodic health seminars, including advices on low-sugar, low-salt 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 ache and protect vision against ergonomic hazards.
- Taishin has organized the "Taishin Weight Loss Competition" since 2018 and provided healthy 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.In 2021, the "Taishin Weight Loss Competition" were suspended due to the impact of the epidemic.
- The Company subsidizes employees' involvement in various sport clubs including aerobics and table tennis. Badminton and hiking events are organized on a regular basis. Taishin has also signed discount deals with third-party gym operators as a means to encourage regular exercising habits.
- Taishin has promoted first-aid skills since 2017, including the introduction of cardiopulmonary resuscitation (CPR) and automated external defibrillator (AED) training courses. In 2021, first-aid 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 2021, our AED certification was renewed and published on the Ministry of Health and Welfare AED Information Website.
- Since 2017, our company has offered an influenza vaccination service every year. In addition to long-term active collaboration with the government's various epidemic prevention work and policies, the Taiwan Centers of Disease Control anti-epidemic physicians were invited to share knowledge on influenza and the prevention of travel-related infectious diseases, to enhance employees' knowledge and awareness. In addition, the company regularly organizes anti-epidemic health seminars and issues influenza and health education announcements, reminds staff to wash their hands, wear masks, and observe other preventive measures. We have also produced epidemic prevention videos for our expanded employee health management web pages to offer all staff comprehensive health protection, to build a safe and healthy working environment, to create the ultimate safety net against influenza
- In response to the global COVID-19 epidemic, Taishin launched remote office and work from home measures and implemented the following epidemic prevention measures:
 - Off-site office work and work from home
 - Cancellation of group gatherings: Cancellation of group gatherings and large events of such as group worshiping and spring parties to avoid group gatherings.
 - Prepare all epidemic prevention materials and equipment: We equipped each unit with forehead thermometers, alcohol disinfectants, and medical masks, and we set up infrared thermal imaging thermometers in the Taishin Tower and Neihu Building.
 - Access control: We set up access control from the commencement of work by requiring employees to wear a mask, take body temperature, and disinfect their hands when entering the office. We also advise employees with fever or respiratory symptoms to seek medical attention and take time off to rest.
 - Immediate epidemic prevention information zone: We created an "Online Epidemic Prevention Section" to implement daily routine epidemic prevention notification mechanisms and provide updates on the latest development of the epidemic, announcements of epidemic prevention measures (including employee travel restrictions), and epidemic prevention and health education information.
 - The Company offers epidemic prevention leave with better conditions than regulatory requirements.
 - We extended marriage leave and family reunion leave for employees assigned overseas and the deadlines for using family reunion flight tickets.
 - We extended the medical check-up implementation period.
 - We implemented separated attendance for personnel in Taishin Tower.
 - Face-to-face meetings with more than 10 participants can only be convened with the approval of a senior officer.
 - Encouraged colleagues on getting COVID vaccination by providing 2 days of vaccination leave while getting paid for one day. In 2021, 82% of our colleagues have received two shots of vaccines.
- We organized self-paid and company-subsidized influenza vaccination in 2021 for 581 participants. Taishin FHC has been a certified influenza prevention and healthy workplace since 2017, and has been awarded the "Epidemic Prevention Award" for four consecutive years as well as the "Epidemic Prevention Model Enterprise Silver Award" in 2020, the "Epidemic Prevention Model Enterprise Gold Award" in 2021.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

Talent Development

Remuneration, Benefits & Employee Care

Occupational Health and Safety

Labor-Management Relations

Human Rights and Gender Equality

7. Social Impacts

8. Appendix

6.4 Labor Management Relations

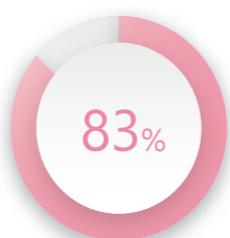
6.4.1 Labor Management Communication Channels

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 2021; the case had been closed and addressed properly.
Employee opinion surveys	Once every two years	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 2 opinion from employee hotline in 2021. 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 2021 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 epidemic prevention leave, 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.

6.4.2 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 organization wide employee surveys once every two years; the last two surveys were conducted in 2019 and 2021. The next survey is scheduled in 2023. For every other year, a survey is conducted for different business groups or specific groups of people, such as the Retail & Wealth Management Channel Division in 2016, the Wholesale Banking Group in 2018 and the Information Technology Services Division in 2020.



of employees had participated in the 2021 engagement survey



of employees believe that Taishin is a diverse and integrating workplace.



The overall engagement score is 1% higher than the norm of the Asia-Pacific financial services industry.

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.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

Talent Development

Remuneration, Benefits & Employee Care

Occupational Health and Safety

Labor-Management Relations

Human Rights and Gender Equality

7. Social Impacts

8. Appendix



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 2019 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 developing better measures and allocating resources to help create an environment that is more conducive to work-life balance.

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.

Trend of Employee Engagement in Recent Years

 2021 Taishin Employee Engagement Survey	Object	All employees of Taishin
	Topic	16 aspects of employee experience such as diversity, innovation, visions, customer orientation, remuneration and benefits, and sustainable employee engagement
	Participation rate (%)	83
	Engagement rate (%)	80
	Results	1.The company vision is clear and its medium/long-term goals are concrete. 2.Customer orientation has advantages, such as internal process design, licensing, and positive feedbacks. 3.The company has a well-developed performance culture, e.g., promotion and performance-based remuneration. 4.The company has taken concrete actions of improvement after the survey.

◆ Employee Engagement Survey - All Employees

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

◆ Employee Engagement Surveys - individual business units

Year	2016		2018		2020	
	Recipients	Retail & Wealth Management Channel Division	Wholesale Banking Group	Information Technology Services Division	Male	Female
Participation rate (%)	94	94	94	94	96	96
Overall commitment (%)	81	81	82	82	79	79
Engagement by gender (%)	Male	Female	Male	Female	Male	Female
	82	80	82	82	78	80

All Employees in 2021

Target	All Employees in 2021		
	All employees	Male	Female
Engaged	86	87	84
Enabled	76	77	74
Energized	78	81	76
Engagement	80	81	78

All Employees in 2021

Target	All Employees in 2021			
	High-level manager	Mid-level manager	Entry-level manager	Non-management employees
Engaged	90	93	90	84
Enabled	80	85	77	75
Energized	85	88	81	77
Engagement	85	89	83	79



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

Talent Development

Remuneration, Benefits & Employee Care

Occupational Health and Safety

Labor-Management Relations

Human Rights and Gender Equality

7. Social Impacts

8. Appendix

6.5 Human Rights and Gender Equality

6.5.1 Human Rights Policy in Taishin

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.

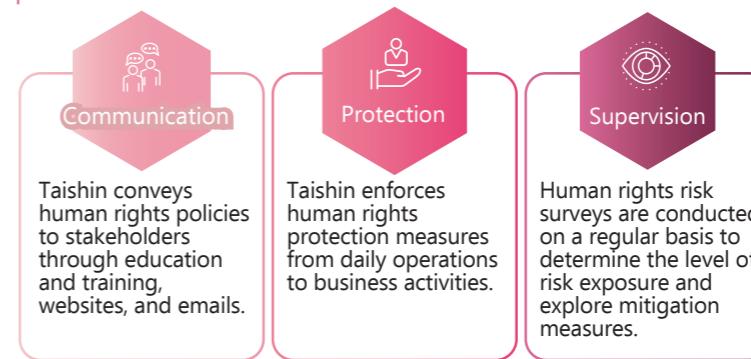
In addition, we adopt communication, protection and supervision practices to secure the rights of all stakeholders, which provide the foundation of corporate ethics within Taishin.

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 2021, the number of training hours on human rights issues reached 2,713.99 hours, Taishin encountered no incident of human rights violation in 2021.

◆ Four Main Policies



◆ Three Main Principles



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.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

Talent Development

Remuneration, Benefits & Employee Care

Occupational Health and Safety

Labor-Management Relations

Human Rights and Gender Equality

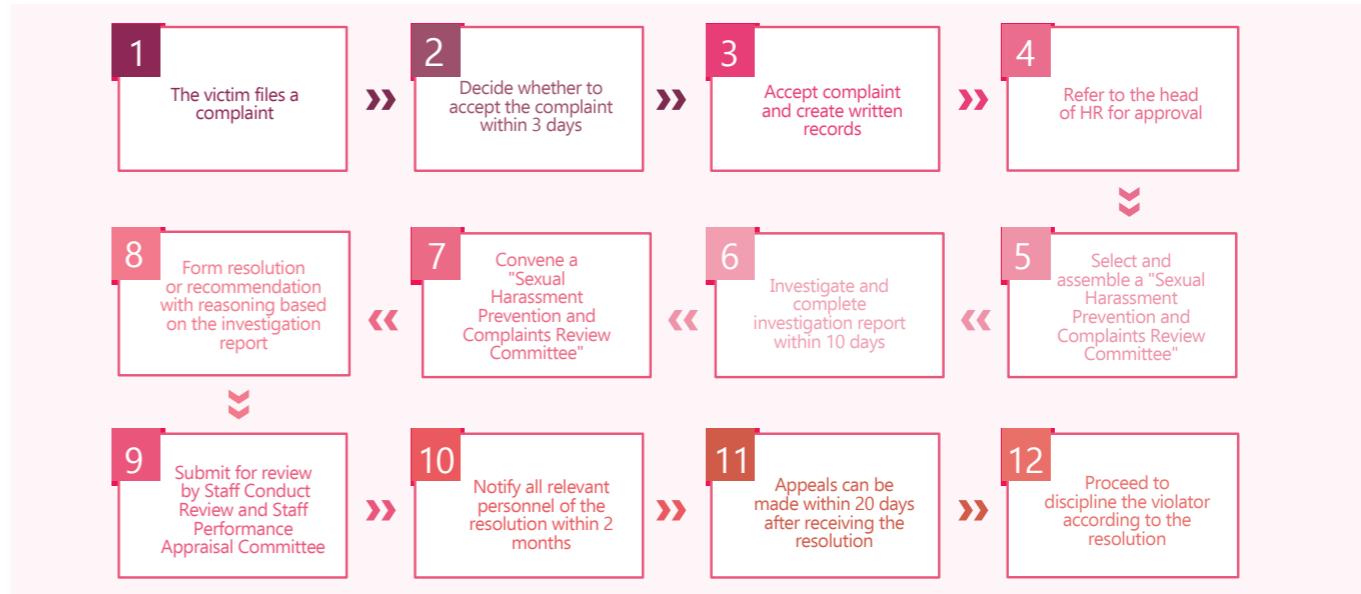
7. Social Impacts

8. Appendix

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 question 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. In 2021, a complaint case of a customer's sexual harassment by the employee was received, which has been properly handled in accordance with standardized procedures.

◆ Review and Disciplinary Procedure for Sexual Harassment Complaints



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 "Maternity Leave Management Standards." 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. Provide 60 days of maternity leave, 6 days of paternity leave and staff that 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.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

Talent Development

Remuneration, Benefits & Employee Care

Occupational Health and Safety

Labor-Management Relations

Human Rights and Gender Equality

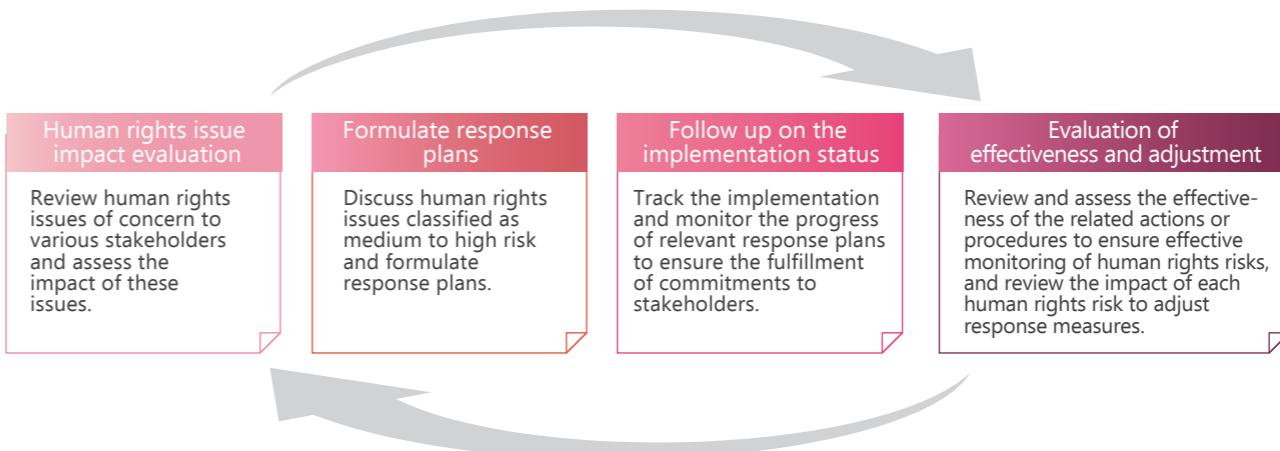
7. Social Impacts

8. Appendix

6.5.2 Human Rights Risk Assessment

100% of Taishin employees have undergone human rights risk assessment.

Procedure for Human Rights Issue



◆ 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 dispatched employees and foreign employees)	<ul style="list-style-type: none"> Emerging infectious diseases Working place While performing duties 	TOCC survey Health Check-up Ergonomic hazard prevention program- NMQ) Abnormal Workload-induced Disease Prevention Program	Medium	<ul style="list-style-type: none"> Establish an online reporting system for each unit to report the health and risk exposure status of personnel each day. We offer online courses on human hazard risk prevention to strengthen employees' awareness of disease prevention. During on-site service visits, healthcare professionals adjust posture and provide health education for those at risk.
Employment Dispute	All employees (including dispatched employees and foreign employees)	<ul style="list-style-type: none"> Inappropriate communication/ management of the supervisor Difference of understanding between employer and employees 	HR representatives Internal/external communications	Medium	<ul style="list-style-type: none"> We promote labor laws and rules that our supervisors should know, to strengthen their understanding of the law to reduce management disputes. 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.
Work Overtime	All employees (including dispatched employees and foreign employees)	<ul style="list-style-type: none"> Short-term increases in business or shortages in manpower Requirements of events held by associated companies personal reasons 	Attendance management monitoring monthly	Medium	<ul style="list-style-type: none"> On our systems we have set up a regular reminder function to remind employees that need to work overtime to apply for overtime work. An anomalous report function alerts supervisors so they can pay attention to employees' overtime pattern.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

Talent Development

Remuneration, Benefits & Employee Care

Occupational Health and Safety

Labor-Management Relations

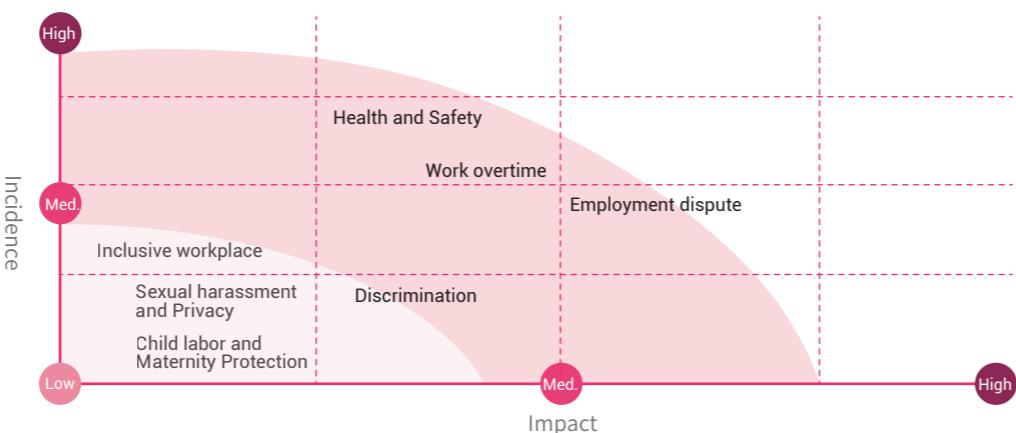
Human Rights and Gender Equality

7. Social Impacts

8. Appendix

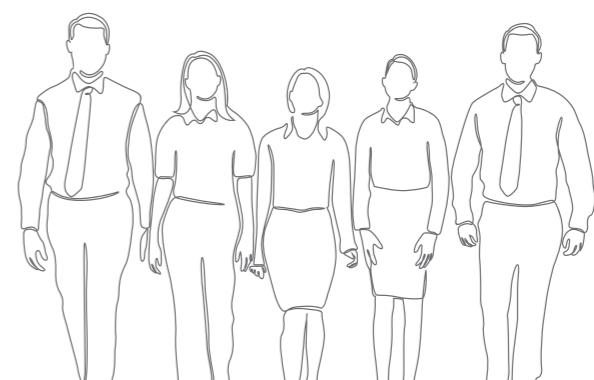
Issues	Target	Source of risk	Method of evaluation	Level of risk (occurrence / impact)	Management mechanism
Discrimination	All employees (including dispatched employees and foreign employees)	<ul style="list-style-type: none"> During recruitment and interviews During performance management/appraisal Interaction between employees 		Low	<ul style="list-style-type: none"> The prohibition of discriminatory behavior is clearly stipulated in the Employee Code of Conduct.
Sexual Harassment	All employees (including dispatched employees and foreign employees)	<ul style="list-style-type: none"> During recruitment and interviews During performance management/appraisal Interaction between employees 	Internal/external communications Prevention of Illegal Infringement at Work - potential workplace violence risk evaluation form	Low	<ul style="list-style-type: none"> In the Employee Code of Conduct, harassment is prohibited. Breaches will be dealt with in accordance with company rules. 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.
Inclusive Workplace	Employees with disabilities Aborigines	<ul style="list-style-type: none"> During employee recruitment and interview 	Monthly employment ratio control	Low	<ul style="list-style-type: none"> 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.
Privacy	All employees (including dispatched employees and foreign employees)	<ul style="list-style-type: none"> During recruitment and interviews Personal information management 	Internal/external communications Internal audit	Low	<ul style="list-style-type: none"> Implemented annual "Information Security Awareness and Personal Data Protection" course for all Taishin FHC employees. Remind employees repeatedly of the importance of personal data protection during quarterly legal affairs training. Remind employees repeatedly of the importance of personal data protection during quarterly legal affairs training.
Child Labor	Candidates	<ul style="list-style-type: none"> During recruitment and interviews 	Employment control	Low	<ul style="list-style-type: none"> In accordance with international conventions and labor law, the employment of workers under the age of 16 is strictly prohibited.
Maternity Protection	Female employees of childbearing age	<ul style="list-style-type: none"> Workload and shift arrangement 	Employees who take maternity leave / maternity leave through the attendance system Physicians stationed on-site to provide medical evaluation	Low	<ul style="list-style-type: none"> 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. Breastfeeding and breast milk collection time in accordance with the law, and provide well-appointed breastfeeding spaces and facilities for our employees to use.

◆ Human Rights Risk Assessment Results



◆ Human Rights Risk Value

Year	2018	2019	2020	2021
VaR(%)	1.85	2.12	1.66	1.20





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

Talent Development

Remuneration, Benefits & Employee Care

Occupational Health and Safety

Labor-Management Relations

Human Rights and Gender Equality

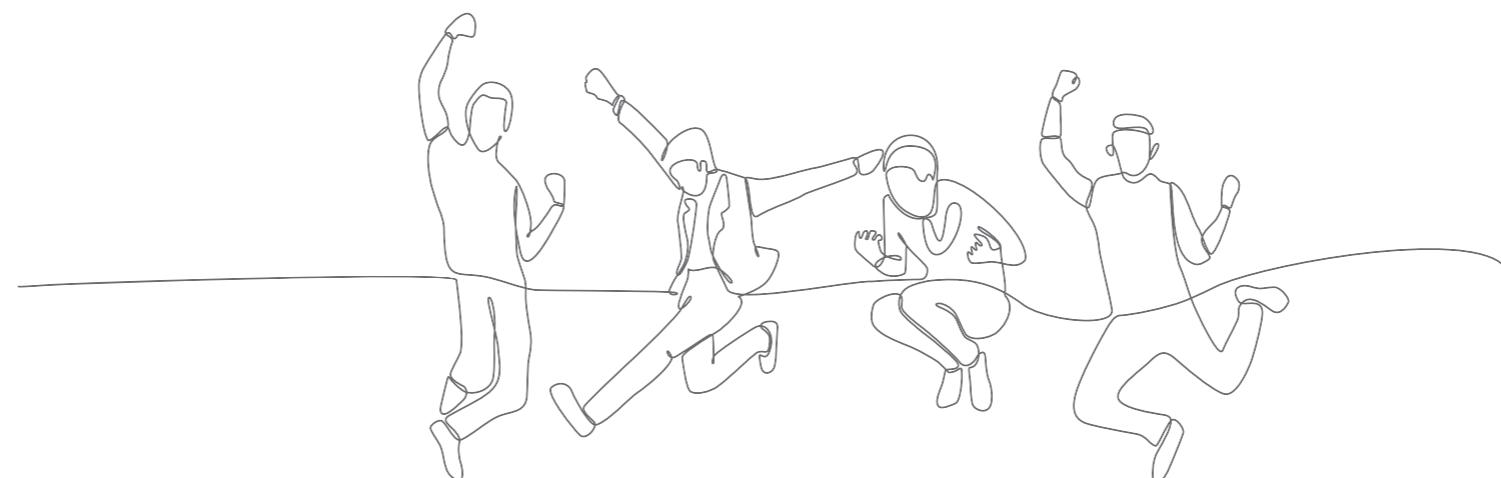
7. Social Impacts

8. Appendix

Year	2021		
VaR(%)	1.20		
Main Risk Factors	Health and Safety	Employment Dispute	Work Overtime
Mitigation Measures	<ul style="list-style-type: none"> Monthly health consultation by medical specialists Health Check-up Taishin-Ergonomic hazard prevention program Occupational safety and health propaganda Health lectures 	<ul style="list-style-type: none"> Establish human resource policy and employee rights-related rules in compliance with law Convene quarterly labor-management meetings. Maintain open communication with employees through available channels Organize regular courses on labor regulations and assist supervisors in understanding labor laws and proper management practice 	<ul style="list-style-type: none"> Establish employee work times and hours in compliance with labor laws Announce and reiterate the normal work hours and times, as well as the regulations for overtime Establish management systems for work hours and overtime, to help employees and supervisors control work hours and overtime hours Monthly review of overtime hours on a per-department basis, and direct attention towards employees with high overtime hours
Compensation measures	<ul style="list-style-type: none"> System level: <ul style="list-style-type: none"> Provide group insurance Assist applications for group labor insurance subsidies Occupational injury leave Hospitalization subsidies Compensation: <ul style="list-style-type: none"> Provide real compensation based on the mediation. 	<ul style="list-style-type: none"> System level: <ul style="list-style-type: none"> Communicate with the parties to learn about the conditions and explore possibilities for a settlement. Enhance legal regulations and management measures that caused the dispute. Compensation: <ul style="list-style-type: none"> Provide real compensation based on the mediation. 	<ul style="list-style-type: none"> System level: <ul style="list-style-type: none"> Review attendance system and overtime status, and remind supervisors and employees to confirm if there is any irregularity. Strengthen the supervisors and employees' understanding of related systems and management measures for overtime work. Compensation: <ul style="list-style-type: none"> Provide overtime pay/compensatory leave.

Note 1: VaR(%) = employees with risks/ total employees in the year. The levels in 2021 fell compared to 2020 due to adequate control over overtime work

Note 2: In an attempt to detect excess stress and prevent overtime working in advance, Taishin has adopted a more robust calculation that assesses risks based on 40 hours of overtime and above per month.





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

Social Involvement Strategy

Social Contribution

Partner Support

Local Caring

8. Appendix

7 Social Impacts

7.1 Social Involvement Strategy

7.2 Social Contribution

7.3 Partner Support

7.4 Local Caring





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

Social Involvement Strategy

Social Contribution

Partner Support

Local Caring

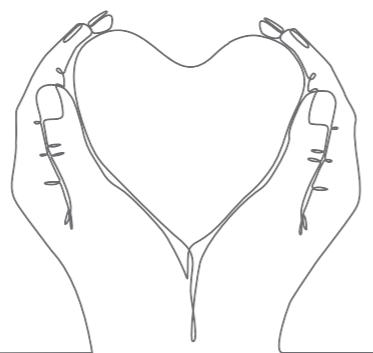
8. Appendix

7.1 Social Involvement 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.



Ideal	Motivation	Beneficiary	Project	Social Impact	Corresponding to SDGs
 Charity and Welfare	<p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> Small and medium-sized charity organization The socially disadvantaged 	<ul style="list-style-type: none"> Power of Love campaign Power of Love workshops Minority Project Philanthropist Alliance - resources matching Group purchase of festive charity gift boxes Emergency aid-donation LED lighting equipment donation Caring Taiwan Scholarships to financially disadvantaged students Financial education camps Turning reward points into actual donations Financial education Digital bank for young generation 	<ul style="list-style-type: none"> Helping small and medium-sized charity organizations become self-dependent Improving living standards of the socially disadvantaged Helping young students and disadvantaged people develop financial awareness and knowledge 	
 Arts and Culture Development	<p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> Contemporary Taiwanese performing artists and art creators General public Taishin employees 	<ul style="list-style-type: none"> Taishin Arts Award Taishin Tower lobby exhibitions Friday Noon Concerts Art performance and exhibition sponsorship ARTALKS website Charity Art 	<ul style="list-style-type: none"> Supporting contemporary art development in Taiwan by offering performance stage Promote participation and knowledge towards art and culture 	
 Sports Sponsorship	<p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> Taiwanese athletes Junior high school and elementary school students General society 	<ul style="list-style-type: none"> Athlete support Basketball summer camps Professional basketball team sponsorship Sponsor sports events 	<ul style="list-style-type: none"> Training Taiwanese athletes and supporting sport development in Taiwan Promotion of sports among the public 	
 Academic Exchange	<p>Raise the level of finance profession and train more quality talents in Taiwan through the industry-academia collaborations and academic exchange programs.</p> <p>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.</p>	<ul style="list-style-type: none"> College/postgraduate student 	<ul style="list-style-type: none"> Co-op with Taiwan University on the "Financial Service Innovation" lecture Co-op with Sun Yat-sen University on the "Financial Innovation Masters Program" Industry-academia Collaboration Graduate Institute of Finance in ChengKung University "Industrial Master Program" Scholarships to outstanding students Sponsorship to academic events 	<ul style="list-style-type: none"> Financial expertise training for young students 	



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

Social Involvement Strategy

Social Contribution

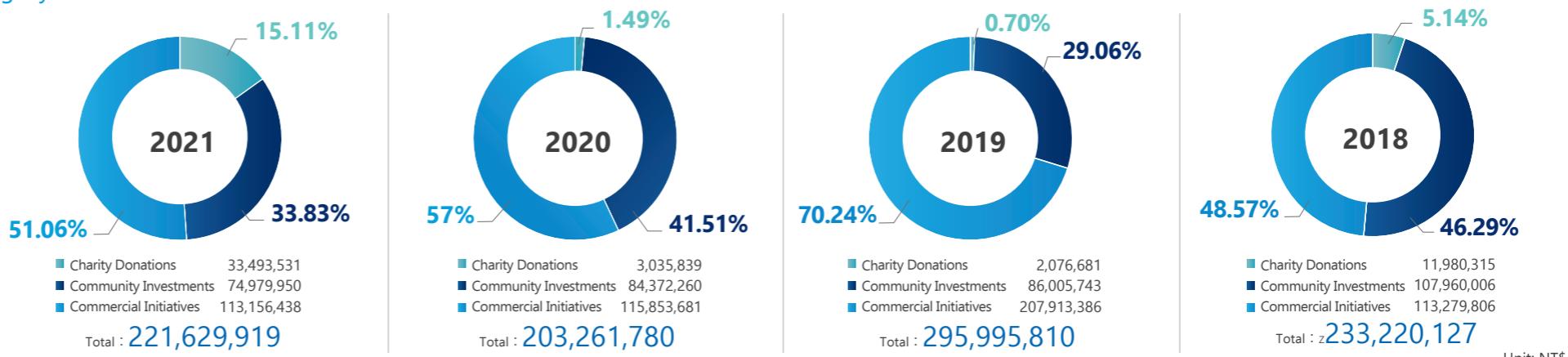
Partner Support

Local Caring

8. Appendix

7.2 Social Contribution

Category of Contribution



Note: The overall investment in 2021 decreased by 9.04% comparing to 2020, mainly on the 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.
- Corporate resources are being committed into organizing courses and providing internship opportunities to train financial talents.



Type of Contribution

Type of Contribution	2018	2019	2020	2021	Unit: NT\$
Cash	211,360,407	275,676,630	180,320,083	209,387,740	
Time	8,979,814	10,903,530	12,396,702	6,325,284	
In-kind	3,714,800	976,600	585,421	273,031	
Management Cost	9,165,106	8,439,050	9,959,574	5,643,864	
Total	233,220,127	295,995,810	203,261,780	221,629,919	

The changes in investment between 2021 and the previous year have been mainly affected by the COVID-19 pandemic. In May 2021, Taiwan entered the level 3 nation-wide epidemic alert, which prompted the need for private sector resources to conduct epidemic prevention work. In response, Taishin donated cash and materials to help reduce the burden on the government and hospitals during the epidemic prevention period, and thus increasing the percentage of its Charity Donations. Investment on the Commercial Initiative, which is linked to the enterprise's core functions, will remain at 50% or more. In 2021, the application scope on people's everyday life will continue to be expanded. Through the establishment of the Financial Science Practical Room, on-site exhibitions will be used to promote the implementation of fintech, actively boosting financial inclusion. The number of beneficiaries and organizations in industry-academia cooperations and charity and welfare initiatives have maintained a steady growth.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

Social Involvement Strategy

Social Contribution

Partner Support

Local Caring

8. Appendix

Outcomes

		2018	2019	2020	2021
Commercial	Employee volunteering hours	14,437	16,253	15,670	6,955
	Number of digital banking accounts	773,000	1,793,000	2,368,000	2,747,000
	Percentage recurring donations from Power of Love donors	40	38	46	38.5
	Orgainzations donated by Powerof Love	144	165	170	198
Social	Organizations participating in workshops (note1)	302	444	24	94
Commercial	Media value (NT\$)	17,463,600	30,778,000	3,428,000	484,428,000
	Brand exposure	Improved	Improved	Improved	Improved
	Customer participants of art/culture activities	21,732	24,407	2,228	650
	Customer participants of sports activities (note2)	NA	NA	NA	6,067
	Participants to employee art courses	566	885	508	392
	Number of customers using Richart Life data services (note3)	NA	NA	NA	11,984
	Number of new card applications (note3)	NA	NA	NA	435
	Participants of sponsored/organized activities	1,041,614	6,702,046	281,956	846,473
	Sessions of sponsored/organized activities	70	79	99	78
	Sponsored athletes	28	28	5	6
Social	Interns turned as permanent employees	115	80	92	97
	Number of financial service optimization cases	6	8	8	8
	Sessions of sponsored/organized financial seminars (note4)	44	38	5	7
	Students benefited from industry-academia collaborations	507	530	541	571
Commercial					
Social					

Note1: In response to the epidemic, some workshops were changed to online format, only face-to-face ones were calculated. In 2021, 2 physical courses and 7 online courses have been held.

Note2: The indicator was newly added indicators for the sponsorship of Taishin Dreamers in 2020. Therefore, the performance was calculated based on the time of the basketball season. The listed data for 2021 was the seasonal result of 2020-2021 (December 2020 to May 2021).

Note3: These two indicators were new indicators in 2020.

Note4: Due to the impact of the epidemic, the number of physical lectures has been reduced in 2020-2021.

7.3 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.





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

Social Involvement Strategy

Social Contribution

Partner Support

Local Caring

8. Appendix



7.3.1 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:

◆ **Volunteer Participation Mechanism**

Leave

Volunteers who participate in charity events outside office hours may receive one day of "Volunteer Leave" for every six hours of volunteer service performed. Each employee may apply for up to 5 days of volunteer leave per year.



Training

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.



One-day volunteer

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.



Commendation

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 the Chairman.



Reward

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

◆ **We Successfully Increased Volunteering Contributions in 2021**

A total of

96volunteer events
were held**1,549**of volunteer
enrollments**6,955**of cumulative
volunteer
service hours

The organization has employees with finance, taxation, investment and photography expertise available to support volunteer activities and serve as instructors or assistants in training workshops and children's finance camps. Taishin encourages internal departments to sponsor charity organizations on a long-term basis. Through charity organization visits, employees are able to learn more about the organizations they sponsor and donate supplies or organize charity sale to raise funds specifically to the needs of individual organizations.

During the COVID-19 pandemic in 2021, in addition to conducting on-site ballot promotion activities, Taishin volunteers also filmed short videos for selected charity organizations to help them promote ballots online. By doing so, Taishin not only aimed to invite more people to participate in the Power of Love campaign to support these organizations, but also to increase their visibility.

Taishin founded a Stress Relief Workshop and hired visually impaired masseurs and masseuses. Employees only need to donate NT\$ 25 to enjoy a 15-minute massage session, and this donation is entirely handed over to Taishin Charity Foundation to support small and medium-sized charity organizations. Meanwhile, employees have responded actively to the charity sales organized by Taishin Charity Foundation at Taishin Tower and Neihu Building or voluntarily organized group purchases on their own to help charity organizations.

In 2021, holiday gift boxes and departmental group purchases were bought from 22 charity organizations in support of charitable causes, with a total purchase amount of NT\$1,175,110.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

Social Involvement Strategy

Social Contribution

Partner Support

Local Caring

8. Appendix



Case Sharing

Volunteer Services

Volunteers from the Wholesale Operations Division at Taishin Bank visited the Taiwan Catholic Mission Foundation in March 2021 and learned that the wooden-floor classrooms on the second floor of the Wanhua Care Station could not be used due to damages caused by the high humidity and lack of maintenance for many years. In response, the whole department made donations to build new floors for the foundation. During the renovation period, Taiwan went into the level 3 epidemic alert, pausing the project; however, once the pandemic situation improved, the project was resumed and supervision personnel were dispatched. The renovation project was completed in late November 2021, providing a new learning space for children.

Volunteer team's plans to help disadvantaged children and youths understand financial independence

In order to help disadvantaged children and youths understand how money works, the Volunteer team (including the Segmentation Division, Retail & Wealth Management Channel Division, Retail Banking Non Performing Asset Recovery Division, Digital Innovation Division) designed online finance courses to meet the needs of the Chung Yi Social Welfare Foundation and respond to epidemic prevention policies. The volunteer team also adopted online financial tabletop games and video guides, among other situational remote learning methods to facilitate disadvantaged children and youths' understanding of financial concepts. Learning financial concepts, cultivating financial literacy, and accumulating real-life financial experience can help children and youths incorporate their financial knowledge into real life and develop good saving habits, practice personal asset protection, etc., preparing them for the future.



7.3.2 Suppliers/Community

Taishin Charity Foundation has long been executing its "Power of Love" and inviting suppliers, businesses, concerned non-profit organizations and experts into joining strategic partnership or the Philanthropist Alliance. With increasing support from suppliers and the community, Taishin is able to expand the influence and beneficiaries of its charity efforts.

Ongoing support and participation from the public have enabled Taishin to have 11 groups in 7 main areas. In addition to the original social welfare, we also added culture and education, digital learning, social enterprises, and restoring self-reliance and public welfare communication. The main groups originally consisted of elderly care, children's welfare, people with disabilities, and disadvantaged groups and have been expanded to include culture and education institutions, rural areas, local creative social enterprises, social enterprises, communities for all ages, rehabilitation and self-sufficiency, art and cultural performances, and public welfare communication, and young students.



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 Bank 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, OurCityLove 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 2021, 84 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.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

Social Involvement Strategy

Social Contribution

Partner Support

Local Caring

8. Appendix

Case Sharing

Nan Liu Enterprise Co., Ltd.

The company has continually served as a Philanthropist Alliance of the Taishin Charity Foundation, donating alcohol wipes and masks to promote the Power of Love campaign.



Taishin Dreamers Basketball Team

The Taishin Dreamers basketball team was invited to become a Charity Ambassador, responding to public welfare, sponsoring game tickets, and offering long-term support to the Tsu-Hsin Children's Home of the Tsu Kuang Foundation. Even during the COVID-19 pandemic, the team still interacted with the children and youths through video calls, showing their commitment to charity; in addition, the team regularly visited the children's home to teach basketball, using the team members' expertise to help disadvantaged children develop an interest in basketball and encourage them to pursue their dreams.



7.3.3 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. Simply by converting into digital bank statement, customers can help disadvantaged families raise money to install LED lighting equipment, and the campaign was awarded in "Buying Power--New Product and Service of Social Innovation Purchase Reward Program" by the Small and Medium Enterprise Administration, Ministry of Economic Affairs for 2 consecutive years. By applying creativity, Taishin involves its customers in more efficient exchange of resources and expand positive influences.

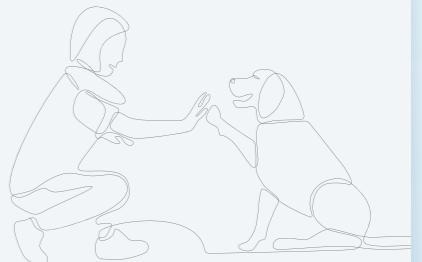
Case Sharing

Digital Bank Customers [Stray Dog Sponsorship Program]

Richart launched the Stray Dog Sponsorship program in 2016 with chronological themes of "Support", "Rescue", "Stray Animal Smile Pact", and "Life education" each year. Our mission is to help the society and customers learn more and pay more attention to the issue of stray animals. The fifth (2020) Richart Stray dog charitable activities has attracted ten thousand people to respond and sign in, and provided NT\$200,000 to support animal life education lectures and actions.

In December 2021, Richart was launched for the sixth time. From caring for stray dogs and cats, the scope of care was expanded to encompass wildlife rescue and conservation, helping more animals find their way home. We have invited the public to follow the footsteps of Richart to protect Formosan black bears, Formosan pangolins, and Formosan masked palm civets, and learn their stories together. This year, combined with the Richart LINE stickers that customers look forward to every year, Richart has accumulated nearly 8 million downloads. For the first time, LINE stickers with no validity period were launched, which are both funny and practical. As long as people buy stickers, sign in, and complete designated tasks, they can help wildlife. By doing so, users can help collect the necessary supplies to save injured wild animals, assist in their treatment, recovery, and release back into the wild.

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, attracting 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.





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

Social Involvement Strategy

Social Contribution

Partner Support

Local Caring

8. Appendix



Case Sharing

Credit Card Holders [Credit Card Donations]

In order to support the development of charity organizations in Taiwan, Taishin Bank combined the foundation's personal minimum donation rewards with the Taishin credit card rewards. Through gifts and rewards, Taishin encouraged customers to donate to vulnerable groups and help charity organizations. In addition, Taishin has also held special events to celebrate holidays, including a Children's Day charity event, which was held in March-April 2021. When customers swiped their Taishin credit cards to make a donation, Taishin Bank donated Children's Day gifts to children in need, so that children of all ages could celebrate this holiday. By doing so, Taishin also helped draw attention to this day, increase the popularity of the event, and raise the amount of donations. In 2021, the donations made by Taishin cardholders through Taishin cards increased by 230 million or 14% compared with 2020. The amount of people that donated jumped by 150,000, and the number of donations grew by 200,000.

https://mkpcard.taishinbank.com.tw/tscmcms/promotion/detail/WM_20200102113116932

[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. We currently work with 38 public welfare institutions. In 2021, 7,036,000 bonus points were converted into donations totaling NT\$422,160.

[Charity Voucher]

In order to participate in charity work, 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 Voucher, Taishin Bank donated NT\$10. Overall donations reached NT\$300,000, allowing customers to participate in charity activities burden-free.

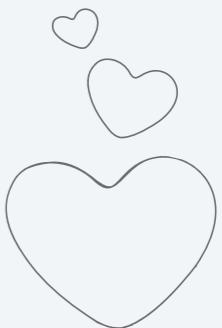
Through Richart Life's charity area, as of December, more than 1,000 people have cast a ballot for charity. Richart Life coupon collection donation activity, more than 20,000 people participated in the coupon collection activity as of December.

<https://www.taishinbank.com.tw/TSB/personal/common/bonus/TSBankBonus-000728/>

[Cotton Field Co-branded Card]

In June 2018, Taishin Bank collaborated with Cotton Field Organic for the issuance of the Cotton Field Co-branded Card, and used it as a means to support organic farming in Taiwan. For every purchase made by a Cotton Field Co-branded Cardholders at Cotton Field Organic, Taishin contributes a fixed percentage of the transaction to a designated foundation, where the money is used to subsidize organic farmers for various purposes including organic certification and transformation. By increasing the size of organic farmers, Taishin hopes to improve the quality of food produced in Taiwan.

Since the issuance of the Cotton Field Co-branded Card, Taishin and Cotton Field have jointly given back nearly NT\$2 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.





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

Social Involvement Strategy

Social Contribution

Partner Support

Local Caring

8. Appendix

Case Sharing

[Promotion of Credit Card Digital Statements with Social Enterprises to Help Energy Disadvantaged Families]

Since 2018, Taishin Bank have partnered with DOMI Earth, Taiwan's first B Corporation to advocate cardholders to use credit card digital billing. When cardholders switch from paper statements to digital statements, Taishin Bank representatives replace the light bulbs of disadvantaged families with LED light bulbs in the name of cardholders. Currently, more than NT\$1.2 million cardholders have been called to participate. In 2021, by changing to digital statements and thanks to the exclusive card discounts provided by eco-friendly businesses such as Cotton Field Organic, Eco Goodies, Twine Fair Trade, and GoShare, we were able to further motivate cardholders to make the switch to digital statements, and raise their awareness on the importance of green products, energy saving, and carbon reduction.

In November 2021, Taishin also participated in the "20 Square Meters of Hope Energy-deprived Household Experience Room" exhibition launched by IKEA and DOMI Earth at the IKEA XinDian Store. Through this exhibition, cardholders were able to experience the benefits to the environment and energy-deprived families of switching to digital statements. In order to encourage more cardholders to sign up and switch to digital statements, cardholders received a reusable shopping bag for free if they met the minimum spending requirement. The goal of the event was to promote the concept of carbon reduction through on-site activities; in addition, by supporting energy-deprived families, we were able to combine environment and public welfare, enhancing the benefits of cross-industry cooperation.

This innovative platform won Taishin Bank awards in the "Buying Power - New Product and Service of Social Innovation Purchase Reward Program" organized by the Small and Medium Enterprise Administration, Ministry of Economic Affairs for four consecutive years.

In 2021, Taishin and DOMI Earth jointly responded to energy conservation and carbon reduction, and won the "Special Award for Social Inclusion" for the first time.

To this day, Taishin Bank's promotion of digital statements (2018-11/2021) has achieved excellent results: digital statement usage has nearly tripled, more than 1.2 million cardholders have participated, and nearly 500 energy-deprived households have received energy improvement services, including changing to energy-saving light bulbs; furthermore, more than 2,200 people have benefited from power safety inspections and energy conservation education. 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.





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

Social Involvement Strategy

Social Contribution

Partner Support

Local Caring

8. Appendix

7.4 Local Caring



Charity and Welfare

• [Highlight project - My One Acre of Farm]

[Power of Love and Extension Programs]

Social problems to be addressed

The 921 Earthquake severely damaged the local economy and agriculture, and presented challenges to residents' lives

Our role and practices

By utilizing influences of the corporate brand and e-commerce resources, Taishin aims to promote distinctive features of the products produced by victimized farmers in Nantou, and in doing so support economic recovery in remote locations.

Impact Valuation and Measurement

- 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 1,300 employees into visiting rice farms, and resulted in the delivery of over 500,000 cartons of goods.



Event Highlights (from 2002 to 2021)

2002-2005

2008

2014

2016

2020

2021

The Caring Taiwan campaign was launched to help victims of the 921 Earthquake

A corporate sponsorship platform called "My One Acre of Farm" was launched to extend care to other parts of Taiwan

Rice Farmer Co., Ltd., supporter of "My One Acre of Farm," joined Taishin Charity Cloud to expand the cycle of decency

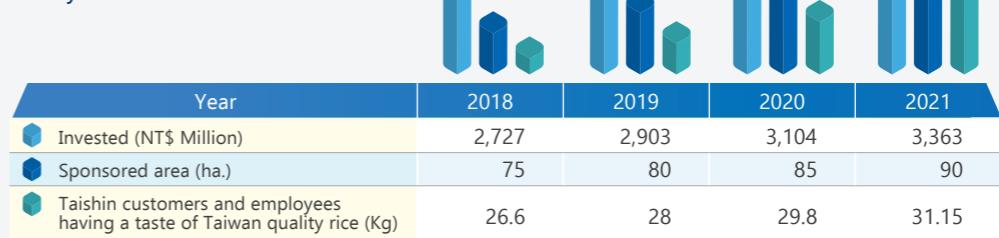
Taishin Bank's investment customers collaborated with "Rice Farmer Co., Ltd." to donate rice to charity organizations

Taishin FHC has supported rice farming in an area larger than 85 football fields in 2020

Taishin FHC has supported rice farming in an area larger than 90 football fields in 2021

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.

"My One Acre of Farm"
Since it was held in 2008,
the results in the past
four years are as follows:





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

Social Involvement Strategy

Social Contribution

Partner Support

Local Caring

8. Appendix



Charity and Welfare

[Highlight project - My One Acre of Farm]

• [Power of Love and Extension Programs]

Social problems to be addressed

Charity organizations in Taiwan have grown in two different extremes where small and medium-sized charity organizations lack the funding, resources and awareness to promote their presence or raise resources.

Our role and practices

Through the use of charity funds, volunteers, promotion and training courses, Taishin takes systematic steps to improve the management, marketing capacity and visibility of the charity organizations in need. Taishin has also mobilized business partners to form a Philanthropist Alliance and established an online platform called "Taishin Charity Cloud" that specializes in matching resource providers with those in need, and thereby enable efficient exchange of resources.

Impact Valuation and Measurement

- Mobilizing businesses into online charity: The program attracted participation from a total of 14 businesses in 2021 (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.

Event Highlights (from 2010 to 2021)

2010	2011	2014	2015	2018	2019	2020	2021
Launched "Power of Love" - the first large-scale online charity event	Strategic partners were invited to contribute resources over Taishin Charity Cloud for greater influence	Extension programs and workshops were undertaken to broaden the scope of care	A "Philanthropist Alliance" was formed to facilitate exchange between charity organizations	Overall award winning rate exceeded 50%, indicating support and recognition from the public	Public funds and donated organizations hit record highs.	Received a certification for social return on investments (SROI) of 5.33 from the Social Value International in the United Kingdom	Trainings for charity organizations took place online as a response to the COVID-19 pandemic; in addition, these organizations were taught how to use online conference software to implement remote communication.

"Power of Love" is Taiwan's first large-scale online charity program organized by Taishin Charity Foundation. The program incorporates innovative thinking and modern technology for charity purpose, and has been available since 2010. The program invites non-profit organizations to submit charity proposals onto a website, where the public may vote to decide how Taishin Charity Foundation should allocate its donations. It uses a combination of Facebook account and mobile number for identification, and thereby ensures fairness of the voting process.

In 2021, newly selected charity organizations had to upload their project closure report to the event's official website to serve as reference for the public and to reflect the event's openness and fairness. Non-selected organizations were also invited to participate in various workshops and resource matching for continuous care. Through this annual event, small and medium sized charity organizations are able to receive real support from charity funds; furthermore, the process of explaining and promoting proposals to the public helps each organization raise public awareness and develop the ability to convince contributors of their cause, and ultimately builds healthy relationship with the society. Taishin has expanded its scope of focus to include more areas and target groups year by year; in fact, on the 12th edition of the event, it covered 6 areas and 9 target groups.

"Power of Love" Since it was held in 2010, the results in the past four years are as follows:

Year	2018	2019	2020	2021
Selected Organization	144	165	170	198
Amounts sponsored through the charity fund (NT\$ Million)	3,280	3,455	3,540	3,735





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

Social Involvement Strategy

Social Contribution

Partner Support

Local Caring

8. Appendix

6 Categories and 9 Target Groups

	Strategic partners	Target groups	
Charity and Welfare	1. Wang Yueh-Lan Charity Foundation 2. Our CityLove Social Enterprise	Elder Care Child Welfare	Disabled People Disadvantaged Groups
Culture and Education	Advantech Foundation	Culture and Education (Schools, culture and education units)	
Digital Learning	Chunghwa Telecom Foundation	Digital learning in rural areas	
Social Enterprise	Foundation for Yunus Social Business Taiwan	Social enterprise -Local	
Rehabilitation and self-sufficiency	Welfare Organization for the Elderly, Taiwan, R.O.C.		
Public welfare performances	Center for Media and Social Impact, National Central University	20 to 35-year-old students interested in public welfare films or Foundation for Yunus Social Business Taiwan	

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.

This campaign emphasizes on "applying innovative thinking and technology in charity," and assists charity organizations with the latest marketing information. Due to the COVID-19 epidemic in 2021, the Minority Project courses are held online instead, including 7 online workshops, and 2 face-to-face seminars.

Project	Beneficiaries	Event Details	Results in 2021
Group purchase of festive charity gift boxes	Sheltered workshops, small and medium charity organizations	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. To support the government's epidemic prevention policies in 2021, we purchased gift boxes for festivities, adjusted the monthly booth sales promotion activities to group purchases by individual departments, and encouraged employees to make purchases.	<ul style="list-style-type: none"> Gift boxes were purchased from 22 charity organizations Total amount: NT\$ 1,175,110
Charity Art	Small and medium-sized charity organizations	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 2021, the professional basketball team Taishin Dreamers, with Taishin as title sponsor, was invited to contribute to public welfare by sponsoring game tickets and serving as volunteers. The Taishin Dreamers used their expertise to encourage disadvantaged children and youths to develop an interest in basketball, pushing them to pursue their dreams.	<ul style="list-style-type: none"> 16 sessions were held We gifted 1,070 tickets of art and cultural events 60 participating charity organizations. 3 volunteer activities (online and physical)
Power of Love Workshop	Small and medium-sized charity organization	Taishin has been inviting professionals and businesses from different areas of expertise since 2015 to share their knowledge and help social workers develop professional capacity. In 2021, the "Annual Proposal" method was adopted for the first time. By doing so, charity organizations were asked to recommend high-quality gift boxes; in addition, "charity product exchange meetings" were held to invite welfare committees or procurement windows of various units of Taishin Bank to give their suggestions. It was hoped that through the exchange of experiences between both parties, charity organizations could develop products that are more suitable for current market demands, and assist them in establishing brand concepts. Furthermore, teaching workshops on the event's official website were held for selected organizations to enhance their ability to propose and close projects.	<ul style="list-style-type: none"> 2 physical workshop 94 participating charity organizations
Minority Project	Small and medium-sized charity organizations	Since 2015, Taishin Bank has been touring around the island and visiting remote townships to deliver training courses for small and medium charity organizations that did not win funding. In response to the pandemic, courses and lectures were conducted online in 2021, providing continuous training for small- and medium-sized charity organizations. The courses covered topics such as creative thinking, audio-visual marketing, and social media digital marketing. Even during the epidemic prevention period, Taishin successfully cultivated the soft power of charity organizations, gaining the recognition of the public.	<ul style="list-style-type: none"> A total of 2 in person workshops and 7 online courses were held, with more than 100 people attending each session.
Campus Charity	Social enterprises and small and medium-sized charity organizations	Taishin has been actively bringing charity programs onto campus since 2015. 2020-2021, we worked with the world's first online learning gaming platform "PaGamO" to support the younger generation. We invited students from junior high school and elementary school to public welfare Q&A missions to learn how to help the disadvantaged and deliver social care. We also continued our partnership with Kang Chiao International School and organized high school students for long-term volunteer services and learning at social welfare organizations. We spared no effort in supporting public welfare.	<ul style="list-style-type: none"> Nearly 30,000 students completed the campaign missions We worked with 2 social welfare organizations in long-term volunteer services



Power of Love Workshop



Power of Love Workshop



Minority Project



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

Social Involvement Strategy

Social Contribution

Partner Support

Local Caring

8. Appendix



• [Taishin Arts Award & Arts/Culture Promotion Platform]

[Arts and Culture Sponsorship]

Social problems to be addressed

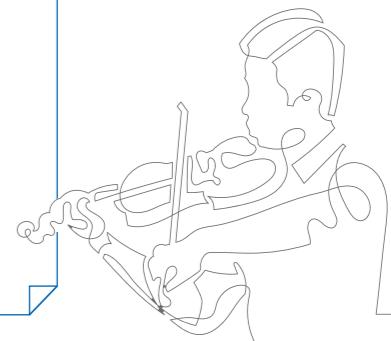
- Taiwanese contemporary art creators need domestic creative resources and international channels to be seen and heard.
- Contemporary art forms are manifold and not easily understood by the general public due to a lack of critical awareness and knowledge of historical context. Here, art education can help.

Our role and practices

- Taishin supports and encourages Taiwanese artists, and promotes artworks on an international scale to enable knowledge exchange.
- Taishin serves as the bridge for promoting contemporary art. We use awards, websites, and promotion of art and cultural activities to introduce and recommend outstanding works. We also encourage Taishin employees to reach out and learn more about outstanding contemporary artists and works in Taiwan.

Impact Valuation and Measurement

- The foundation runs the Taishin Arts Award for 19 years. ARTalks, an art critic website, was introduced in 2013. The purpose of ARTalks was to help contemporary artists increase visibility and exhibit on a global scale.
- In 2021, 3 groups of Taishin Art Award winners were awarded, and 11 groups of shortlisted artists were funded for their performances and creative projects.
- Raising art appreciation among the general public: Taishin organizes regularly concerts and art exhibitions and invites the community to participate whenever it is held. As well as arts and crafts courses for employees, "Taishin Good Arts" arts and cultural promotion activities, etc.



Event Highlights (from 2002 to 2021)

2002

Hosting of "Taishin Arts Award" - one of the most prominent awards for contemporary art creation in Taiwan

2006

Taishin Art Club hosts contemporary art exhibitions (about 5 sessions a year) and Friday Noon Concerts (23-25 sessions a year) at Taishin Tower

2013

Launch ARTalks - a platform for exchange of art/cultural information

2017

Taishin FHC won Arts and Business Awards - "Corporate Culture Award" from the Ministry of Culture, Executive Yuan, for the 8th time, and organized "TS Music Festival in the Circle" event.

2019

Received the Arts and Business Awards and held the face-to-face event, "Rolling Four Nights - Encounters with Artists, for the 1st time

2020

Received the "Taiwan Corporate Sustainability Award" in "Social Inclusion" category for 2 consecutive years (2019-2020).

2021

Chairman Thomas T. L. Wu received the first [Taiwan Cultural Collaboration Medal] by the Ministry of Culture (MOC) in 2021 for his contributions to the long-term promotion of contemporary art by holding benchmarking awards.

In 2021, the Taiwan Institute for Sustainable Energy (TAISE) held the first "Taiwan Sustainability Action Awards" where Taishin FHC stood out from more than 200 projects. Thanks to the "Supporting Arts and Culture with Internal and External Support - Taishin's "Fine Arts" Corporate Culture" project of the Foundation for Arts and Culture, Taishin FHC won the [Golden Prize - Social Harmony Award]. In addition, 2021 coincided with the 100th anniversary of the establishment of the Taiwanese Cultural Association (TCA). In celebration of this milestone, the MOC awarded the first [Taiwan Cultural Collaboration Medals], paying tribute to those who have long been committed to promoting the development of Taiwan's culture and arts. Chairman Thomas T. L. Wu was awarded this recognition for establishing the Taishin Bank Foundation for Arts and Culture and for holding the Taishin Arts Award for 20 years, which has served as a benchmark for Taiwanese contemporary art.

**The Taishin Arts Award is celebrating its 20th anniversary—
long nurturing artistic creation and serving as a benchmark award in Taiwan**

In 2001, Taishin Bank sponsored the establishment of the Taishin Bank Foundation for Arts and Culture and founded the "Taishin Arts Award" to support visual arts, performing arts and cross-disciplinary artistic creation. Out of the 108 nominees' works that participated in the 2021 Taishin Arts Award, following two rounds of eliminations, three outstanding works won in total a prize of NT\$3.5 million.

In the past 19 years, the Taishin Arts Award has been presented to 64 winners and total rewards amounted to nearly NT\$56.8 million. In addition to the rewards, the Foundation is also committed to promoting arts and extended works. We created the ARTalks website in 2013 which has accumulated more than 2.7 million visits to date, whereas the 14-year running Arts Award Exhibition has accumulated 300,000 visitors.

Since the 15th session, a special website for art awards has been established, which has been viewed more than 240,000 times for five consecutive years.



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

Social Involvement Strategy

Social Contribution

Partner Support

Local Caring

8. Appendix



The awards ceremony of the 19th Taishin Arts Award was held via live streaming where the award winners were announced online for the first time due to the level 3 epidemic alert. During the ceremony, the winners of the Visual Arts Award, Performing Arts Award, and Annual Grand Prize were announced from the 15 finalist works.

Award	Visual Arts Award	Performing Arts Award	Annual Grand Prize
Award-winning artworks and artists	The collaborative project titled "Taipei Robot Man 2.0: Infodemic" by Ting-Tong Chang, Hsien-Yu Cheng, and Dino exhibited at the Cube Project Space and Longquan Market	Wu-Kang Chen and Jérôme Bel collaborated on the work titled "All for you, Wu-Kang Chen," which kicked off the 2020 Taipei Arts Festival	Ming-Hwa Yeh designed the triptych "The House Behind the Wall" for the Wang Da Hong House Theatre of the Taipei Fine Arts Museum
Award-winning artworks introduction	The work utilizes digital technologies to transform online trolls and fake news, i.e., junk information, into creative materials for kinetic sculptures and noise music, aiming to reflect the human experience in the era of the pandemic.	The creative concept was proposed by French artist Jérôme Bel, and Taiwanese choreographer and dancer Wu-Kang Chen was the director and only performer. The content reflects the creator's exploration of his life experiences and an interpretation of creative propositions in a different performance format.	Transforming the life of architect Wang Da-Hong into a three-stage performance, this work utilized a fusion of dance, opera, actions, and images, to look back at the career and daily life of Mr. Wang.
Prize (NT\$)	1 million	1 million	1.5 million



Words from the organizer

Chairman of the Taishin Bank Foundation for Arts and Culture Simon Cheng said in his speech, "Although we could not hold an in person award ceremony this year, we know that encouraging artists is far more important. We believe that the NT\$1 million prize for the winners and the NT\$100,000 incentive for the finalists are what these artists and art teams need the most during these challenging times."



Words from the Final Selection Jury

Director Huan-Hsiung Li, chairman of the Final Selection Committee of the 19th Taishin Arts Award stated, "humble yet confident, hard-working yet prosperous, subtle yet extraordinary, weak yet brave," this is not only a description of these artists, it is also the pride of the artistic community that they belong to. "As a creator and member of the Final Selection Committee, I will always remember and be grateful for the support and recognition of the Arts Award over the past 19 years. Thank you for investing in the artistic ecological environment and maintaining artists' passion to create!"



Media Watch

"Diversified Vitality During the Spread of the Pandemic - The Final Selection Committee Members' Perspective of the 19th Taishin Art Award" reported,

We all hope that the pandemic will end as soon as possible; however, the emergence of the pandemic has indeed opened up new horizons for creators. This year's Taishin Arts Award has keenly captured these new phenomena and once again provided the public with an important space for speculation and wonder. We believe that the Taishin Arts Award will continue to provide a platform to support cross-field artistic creations and critical discussions on various cultural issues.

Yu-Cheng Lin, Art Emperor



Year	2018	2019	2020	2021
Number of cumulative winners	55	58	61	64
Number of finalists	16	15	17	15
Website visits	31,860	37,722	80,909	37,220
Number of nominee subsidy	11	11	13	11



19th Taishin Arts Award



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

Social Involvement Strategy

Social Contribution

Partner Support

Local Caring

8. Appendix



ARTALKS Website Builds Influence of Taiwanese Contemporary Art

In 2013, the ARTalks website was launched by the nomination mechanism of the Taishin Arts Award. In addition to announcing the selection process of the annual arts award and publishing hundreds of commentary articles on performances by 9 nominated observers each year, the website provides a platform where the public can obtain information on art exhibitions and read the discussions of experts in various fields. They can also participate in these conversations. By the end of 2021, this website had accumulated more than 2.7 million views. Furthermore, the website has launched a column titled "Art And Life," which uses easy and interesting art-related Q&As and self-analysis articles by art experts to increase the participation of the public, encouraging the public to take part in art conversations that usually stay in academic circles!



Nominator Observation

ARTalks, The Taishin Arts Award Nominators Annual Observation Report:

"I have felt development or changes, naming 'cross-domain', in the world of art through creations in 2020. At first, it was the cross-domain of art categories followed by the alliance as a result of the integration of technology and different artistries. And next it was the disappearance of boundaries between the creators' identities and motivations, expanding the definitions and classifications of art."

-- nominee of the 19th Taishin Arts Award Nominators, Chieh-Hsiang Wu



ARTalks Website

The Foundation Continue to Support Contemporary Art Creation

In addition to holding the Taishin Art Awards every year, Taishin also takes action to support past winners and continues to promote arts and cultural activities.

In 2021, Taishin funded a total of 11 works and performance projects from the Arts Award's finalists, as well as 3 domestic and foreign art exhibitions and performances. These include Hsiao-Mei Ho's Meimage Dance Troupe's "Corps à venir," Po-Chih Huang's "Blue Elephant" solo exhibition and publication project at the Museum of modern art, Ludwig Foundation, Vienna (Mumok), and Against Again Troupe's "White Clear Song" tour in Taiwan.

The Foundation Created an Art and Culture Promotion Platform

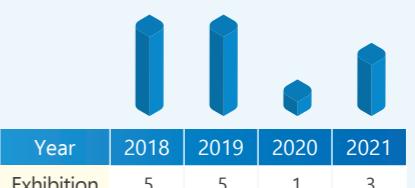
Since 2006, Taishin has long been committed to arts and culture development activities. For more than 10 years, Taishin has continually promoted multiple high-quality art exhibitions and performances through Taishin Tower lobby exhibitions, Friday Noon Concerts, and by holding Employee Arts Courses.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



Taishin Tower Lobby Exhibition

In 2021, as a response to the pandemic, an anti-epidemic hallway was installed in the first floor lobby of Taishin Tower where the foundation set up 3 exhibitions in a limited space. These included the collaborative exhibition organized with the Kaohsiung Museum of Fine Arts titled "Water Memory: Tony Oursler," an introduction of the finalist works of the 19th Taishin Arts Award, and the exhibition "The Sandbar Project: Edge Selection—Chen Wan-Jen." Among them, "The Sandbar Project: Edge Selection—Chen Wan-Jen" went on tour to Taishin Bank's Lingya Branch in Kaohsiung and headquarters in Taipei, and invited professional curator Sean C.S. Hu to hold contemporary art lectures for the Bank's VIPs and customers, receiving positive feedback!

"The Sandbar Project" employed art to create a "sandbar," which allowed people to experience how the pandemic has altered the way we live and changed the distance we keep from others and from our environment. In addition, during the pandemic, anti-epidemic equipment was installed on the first floor of Taishin Tower. The Foundation for Arts and Culture made use of the edges and marginal spaces to create "The Sandbar Project" in an attempt to create a "sandbar" amidst life's hustle and bustle. Outside the boundaries imposed by the pandemic, the exhibition invites people to stroll by or pause and take a break away from work and everyday routines. Resembling cumulative effects generated by repeated tidewater, it is where a new refined energy can be conjured.



(Exhibitions were canceled due to the COVID-19 in 2020.)



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

Social Involvement Strategy

Social Contribution

Partner Support

Local Caring

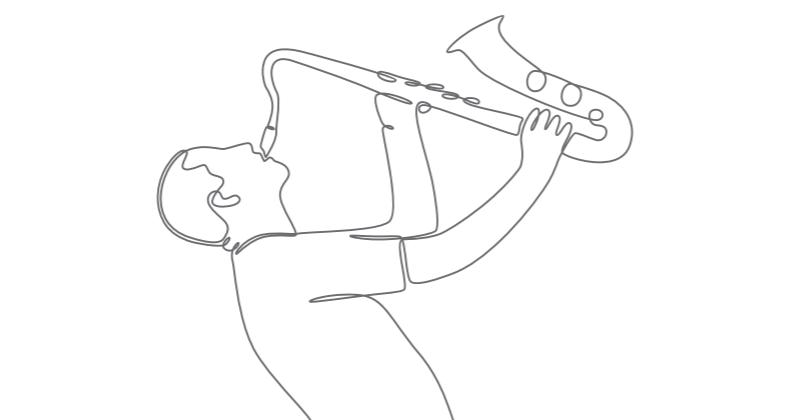
8. Appendix



Friday Noon Concerts

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 359 performances in the past 15 years. From May to October 2021, in response to the level 3 epidemic alert, performances were suspended, but were resumed in November of the same year. In total, there were 13 concerts throughout the year, with appearances of pianist Chiao-Han Liao, guitarist Ken Otake, sheng player and soloist Li-Chin Li, contemporary music writer Shih-Yang Lee, as well as performances of the Taipei Chinese Orchestra, Judy's Harmonica Ensemble, and Taipei Philharmonic Opera Studio, among others.

Year	2018	2019	2020	2021
Concerts	25	24	9 sessions of short online music appreciation 13 face-to-face performances	13
Participants	6,875	6,048	27,315 online views 2,340 audience at the venue	1,950



Employee Arts Courses

Employee arts courses have been introduced with contents ranging from art appreciation, theatrical performance, and parental activities, to human culture. From May to October 2021, in person activities were suspended because of the level 3 epidemic alert. In response, Taishin provided employees with 6-month subscriptions to the Giloo documentary platform, so that they could watch award-winning works of major film festivals around the world, documentaries, and original films online during the epidemic prevention period. From January to April and November to December, the foundation organized multiple employee arts activities (5 events and 9 exhibitions), including the "Black Box" exhibition by Tony Oursler at the Kaohsiung Museum of Fine Arts, exhibition tours at the ALIEN Art Center, the "PVC Chimney Town" interactive play for environmental issues, viewings of Ming-Chuan Huang's "Deepest Uprising" documentary, Open House tours of the National Theater, and performances of Taishin Arts Award-winning work "Masses" by Shi-Wei Wang.

Year	2018	2019	2020 (July to December)	2021
Sessions	20	16	11	9
Participants	566	885	508	392

Only physical sessions are counted

Employee's thoughts after attending the "PVC Chimney Town" interactive play for environmental issues:

By role-playing different characters, we were able to better understand the different positions and ideas of each character on environmental protection and economic development. How to maintain a vibrant and rich global environment and achieve economic development in the future is indeed not a simple black-and-white issue.

Jui-Hsuan Tsai, Associate Manager (Personal Banking Asset Management Division)

Employee's thoughts after attending the Taishin Arts Award-winning work "Masses" by Shi-Wei Wang:

This was my first time participating in the activities of the Taishin Foundation for Arts and Culture, it was also the first time I experienced a moving performance. It was very unique. The short open discussion after the performance allowed us to better experience the artistic concept that the director and performers wanted to present. It also helped us understand the program better!

Pei-Chun Hua, Associate Manager
(Operation Maintenance Team, Unsecured Products Department, Consumer Finance Division)



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

Social Involvement Strategy

Social Contribution

Partner Support

Local Caring

8. Appendix

Art
Promotion

[Taishin Arts Award & Arts/Culture Promotion Platform]

• [Arts and Culture Sponsorship]

Social problems to be addressed

To help expand the public's art vision and make art more accessible to people in life, and thereby enrich people's minds and lifestyle.

Our role and practices

To sponsor diverse, global, classic and quality art/cultural performances and exhibitions locally, and invite the local audience to the appreciation of classic artworks from around the world.

Impact Valuation and Measurement

- Promotion for art and culture appreciation: Taishin has been associating arts with charity by inviting socially disadvantaged people to enjoy art performances, and thereby inspire strength among the less fortunate. 2,590 disadvantaged people have benefited as a result.
- Expansion of artistic vision: Taishin has been sponsoring world-class art and cultural performances in Taiwan since 2006, and spent more than NT\$249 million and attracted an audience size of 6.13 million to date.

Event Highlights From 2018 to 2021

2018

2019

2020

2021

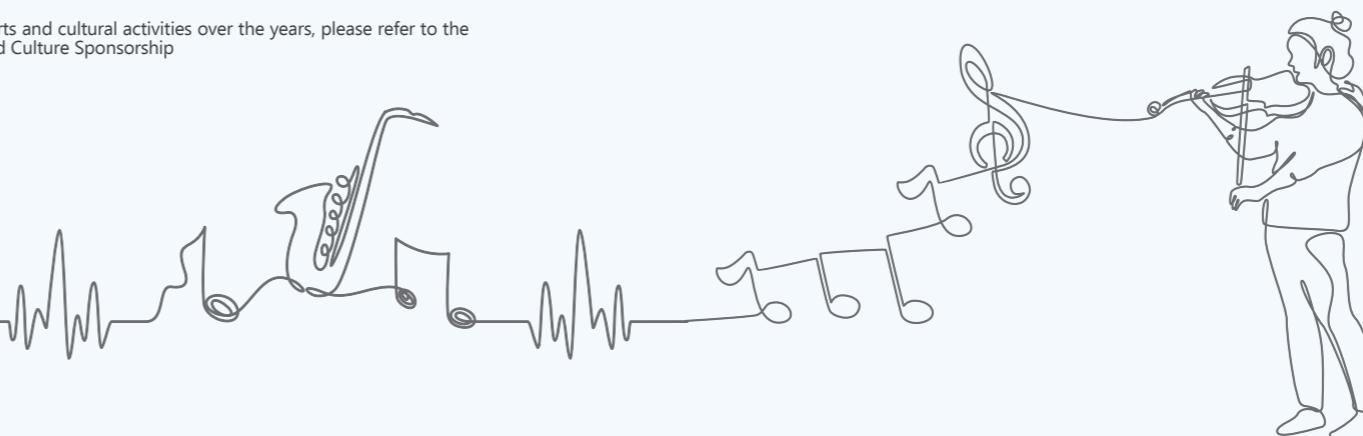
- Berliner Philharmoniker & Gustavo Dudamel
- Treasures Of The Natural World
- Nude : Masterpieces From Tate

- Sunshower: Contemporary Art from Southeast Asia 1980s to Now
- Mariinsky Ballet and Orchestra SWAN LAKE IN 3 ACTS

- NTCH Summer Jazz Outdoor Party
- Disney in concert : The Little Mermaid

- Tony Oursler : Black Box
- Sponsored the NTCH Summer Jazz online

Note: For the list of sponsorships for arts and cultural activities over the years, please refer to the official website: Social Impact - Arts and Culture Sponsorship





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

Social Involvement Strategy

Social Contribution

Partner Support

Local Caring

8. Appendix



Social problems to be addressed

- Training of Taiwanese athletes requires more resources
- Encouraging sport participation from women and children

Our role and practices

- Taishin sponsors athletes and encourages the public to support local sport talents
- Sponsorship for sport competitions and events

Impact Valuation and Measurement

- 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.

Event Highlights (from 2005 to 2021)

Since 2005

Since 2011

2013

2014

2017

2018

2020

Sponsorship for the Nantou Youth Karate Team

Sponsorship for women's golf

Sponsorship for The Color Run

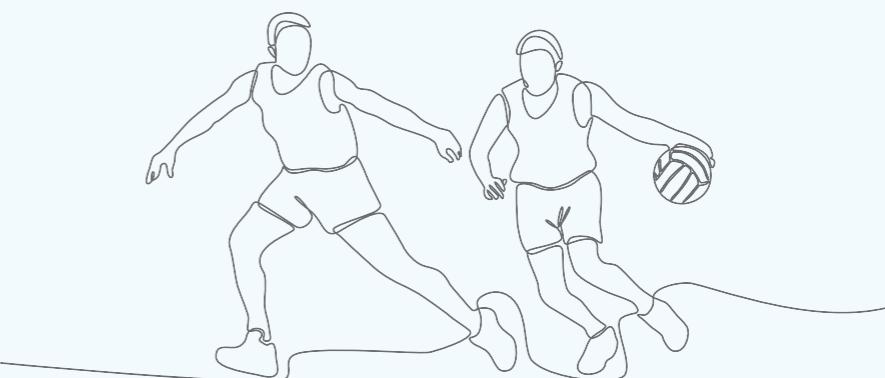
Sponsorship for TLPGA Tour

Sponsorship for Summer Universiade, HBL and Asia Professional Baseball Championship

Title sponsor "Taishin Women Run" and sponsor e-sport competitions

Title sponsor professional basketball team, "Formosa Taishin Dreamers"

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 and baseball in 2017, including the Summer Universiade held in Taipei. Taishin became the title sponsor of the largest women half marathon and youth basketball events in Taiwan for 4 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 (each certification is valid for two years).





CONTENTS

[Sustainable Navigator](#)[About Taishin](#)[1. Sustainable Operation](#)[2. Sustainable Governance](#)[3. Sustainable Finance](#)[4. Superior Service](#)[5. Environmental Sustainability](#)[6. Friendly Workplace](#)[**7. Social Impacts**](#)[Social Involvement Strategy](#)[Social Contribution](#)[Partner Support](#)[Local Caring](#)[8. Appendix](#)

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. Between 2005 and the end of 2021, a cumulative sum more than NT\$98.68 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, Chih-Min Chen and Babe LIU. Taishin also expanded the scope of its charity golf tournament in 2017, during which many renowned figures were invited to compete and participate in the charity auction of their autographed clubs and clothes. A total of 10 charity golf tournaments have been organized until today, and thanks to the participation of over 518 people, more than NT\$20.32 million in donation have been raised. Taishin has spent more than NT\$150 million in the sponsorship of golfers until now.



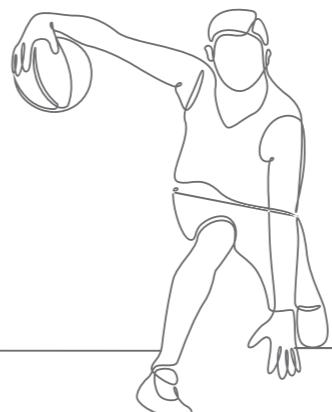
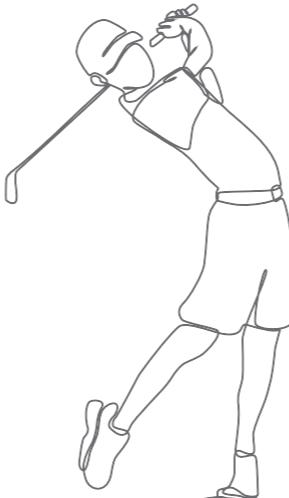
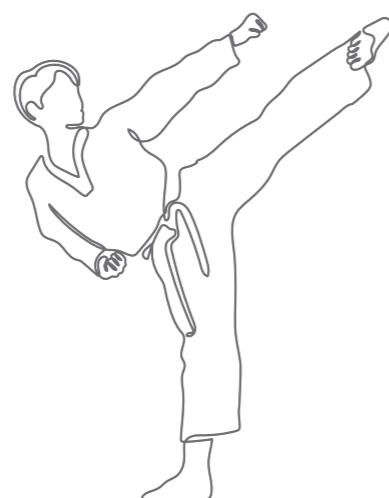
Basketball

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 2021, Taishin's investment in basketball has exceeded NT\$55 million.



Road running

Taishin became a named sponsor for Taiwan's largest women half marathon, attracting more than 20,000 participants. Meanwhile, Taishin volunteers were invited to accompany charity organizations to the sport events.





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

Social Involvement Strategy

Social Contribution

Partner Support

Local Caring

8. Appendix



Academic Exchange

Social problems to be addressed

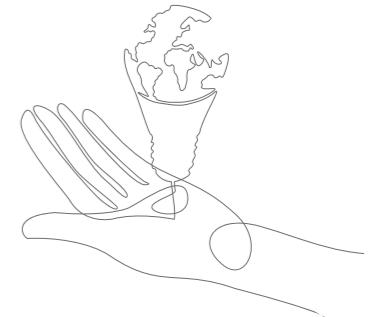
To train talents and improve corporate competitiveness. To reduce the gap between theory and practice, promote employment upon graduation, and enable smooth transition into the working life.

Our role and practices

To provide skill training, internship and scholarship opportunities, and help students accumulate the practical experiences needed to begin their careers.

Impact Valuation and Measurement

- To gain an understanding of financial industrial practice: Taishin hosts courses at National Sun Yat-sen University and National Taiwan University and assigns internal managers to lecture and share professional knowledge and experiences on relevant fields. Taishin has also been working with National Sun Yat-sen University and National Cheng Kung University to organize "Financial Innovation Masters Program" for the nurturing of postgraduate talents.
- To cultivate excellent Talents: Through industry-academia collaboration programs, Taishin offers internship and employment opportunities that students may take advantage to apply theory in practice.



Event Highlights (from 2011 to 2021)

2011

Industry-academia collaboration

2012

Co-hosting "Financial Service Innovation" with National Taiwan University

2017

Working with Sun Yat-sen University on the launch of "Financial Innovation Masters Program."

2021

Graduate Institute of Finance in Cheng Kung University "Industrial Master Program".

Nurture Finance Talents

Since 2011, Taishin Holdings 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. In 2021, a total of 476 students had gained internship experience and professional knowledge through this model, while 300 positions were created through industry-academia collaboration and internship programs. Given the uprise of financial technologies, Taishin has even launched a number of postgraduate internship programs that aimed to explore potential talents in relevant fields such as digital banking, data mining, data analysis and Fintech development.

Taishin has been hosting courses on "Financial Service Innovation" in National Taiwan University since 2012, during which Taishin managers were invited to serve the role of facilitator. At the end of each course, senior managers were invited to guide students on how best to apply theories into practice.

As part of its mission to contribute to society and nurture talents, Taishin offers scholarships to financially disadvantaged students at National Taiwan University. A sum of NT\$100,000 was provided in 2021 as scholarship and internship opportunities. Starting from 2017, Taishin began working with National Sun Yat-sen University on the launch of "Financial Innovation Masters Program." Featuring a combination of classroom teaching and internship during winter/summer breaks, the program recruited 77 postgraduate students to the study that will prove relevant to the future innovations of the banking industry. In 2021, Taishin started to co-op with Graduate Institute of Finance in Cheng Kung University on the "Industrial Master Program", to nurture talents in school and fulfill talent pool in Taishin via the industry-academia collaboration.

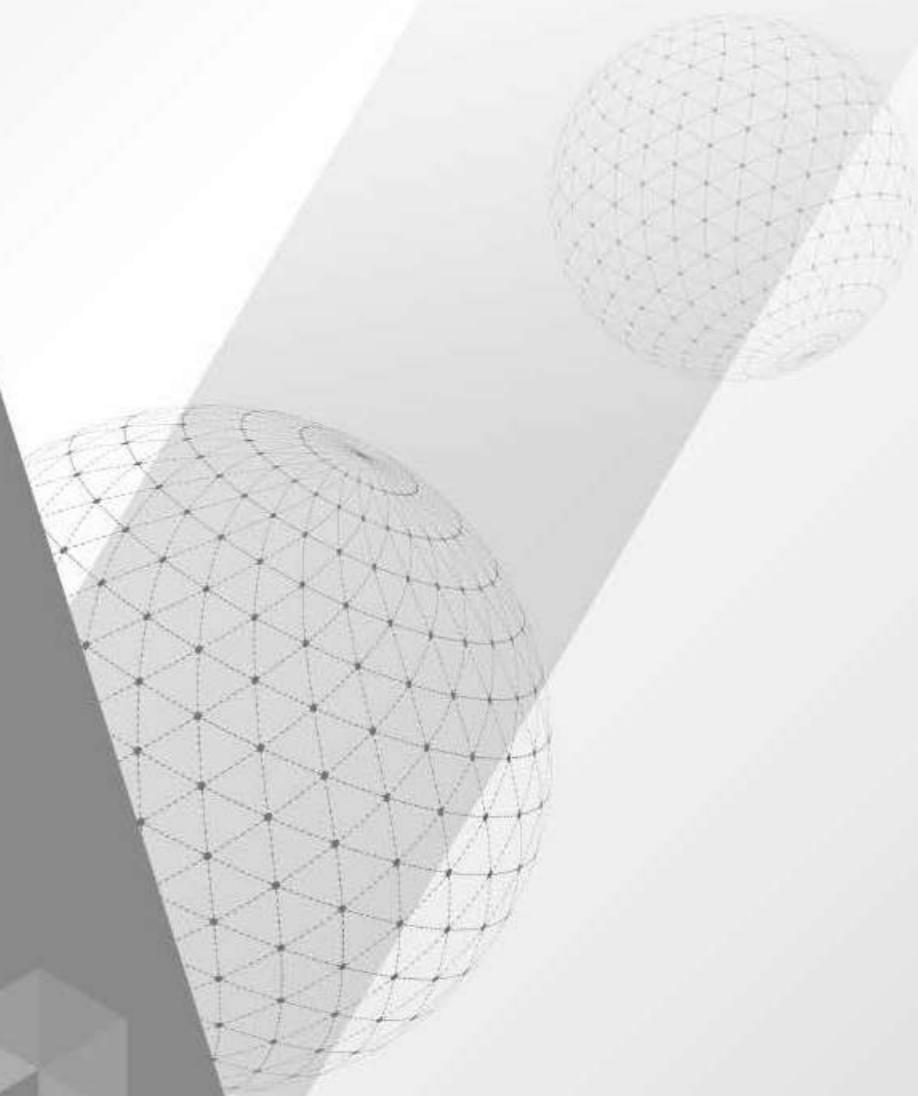


CONTENTS

[Sustainable Navigator](#)[About Taishin](#)[1. Sustainable Operation](#)[2. Sustainable Governance](#)[3. Sustainable Finance](#)[4. Superior Service](#)[5. Environmental Sustainability](#)[6. Friendly Workplace](#)[7. Social Impacts](#)[8. Appendix](#)[Report Summary](#)[GRI Standards](#)[GRI Financial Services Sector Supplement](#)[Sustainability Accounting Standards Board \(SASB\) index](#)[Implementation of the Principles of Responsible Investment](#)[Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies](#)[ISO26000 Index](#)[Promoting and Planning for Sustainable Initiatives by Taishin Life Insurance](#)[Sustainability Impact Valuation](#)[Independent Limited Assurance Report](#)[Independent Assurance Opinion Statement](#)

8 Appendix

- 8.1 Report Summary
- 8.2 GRI Standards
- 8.3 GRI Financial Services Sector Supplement
- 8.4 Sustainability Accounting Standards Board (SASB) index
- 8.5 Implementation of the Principles of Responsible Investment
- 8.6 Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies
- 8.7 ISO26000 Index
- 8.8 Promoting and Planning for Sustainable Initiatives by Taishin Life Insurance
- 8.9 Sustainability Impact Valuation
- 8.10 Independent Limited Assurance Report
- 8.11 Independent Assurance Opinion Statement





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

Report Summary

GRI Standards

GRI Financial Services Sector Supplement

Sustainability Accounting Standards Board (SASB) Index

Implementation of the Principles of Responsible Investment

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

ISO26000 Index

Promoting and Planning for Sustainable Initiatives by Taishin Life Insurance

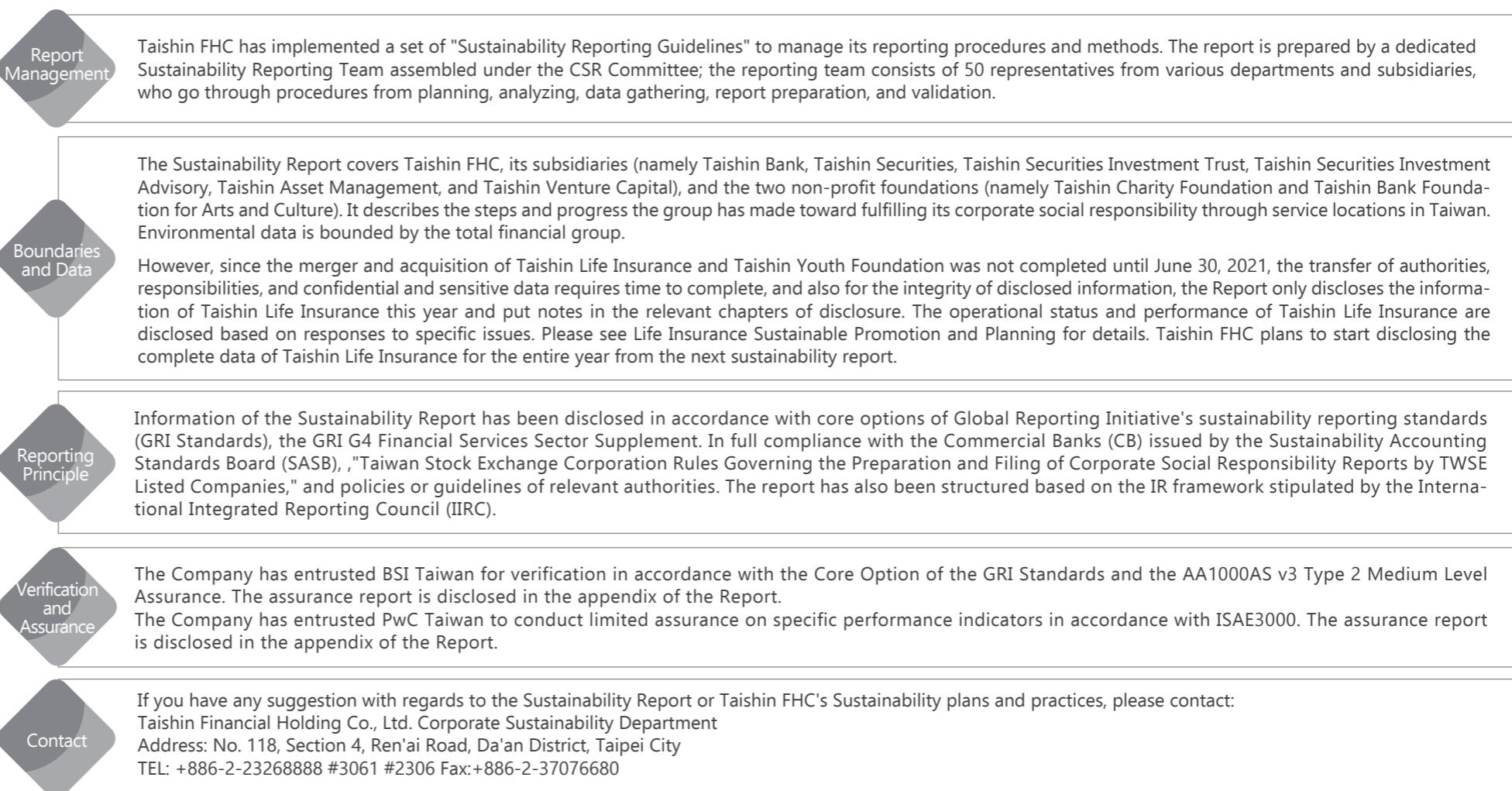
Sustainability Impact Valuation

Independent Limited Assurance Report

Independent Assurance Opinion Statement

8.1 Report Summary

The following is the 2021 Sustainability Report (hereinafter referred as the Report) of Taishin Financial Holding Co., Ltd. (hereinafter referred as Taishin FHC or Taishin) It is the 9th 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 "Corporate Social Responsibilities" section. The publication time of the previous report was June 2021. The Report discloses the current progress of the 2021 corporate sustainable development, and for the comparability of disclosed information, partial data were not limited to the current year. The Sustainability Report is prepared and published on an annual basis. The reporting period, scope, contact information, and other relevant information are highlighted below:





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

Report Summary



GRI Standards

GRI Financial Services Sector Supplement

Sustainability Accounting Standards Board (SASB) Index

Implementation of the Principles of Responsible Investment

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

ISO26000 Index

Promoting and Planning for Sustainable Initiatives by Taishin Life Insurance

Sustainability Impact Valuation

Independent Limited Assurance Report

Independent Assurance Opinion Statement

8.2 GRI Standards

Number of Disclosure Item	General Standard Disclosure Title	Chapter	Comply with Core Option	Page	Note	Number of Disclosure Item	General Standard Disclosure Title	Chapter	Comply with Core Option	Page	Note
102-1	Name of the organization	Company Profile	●	5		102-30	Effectiveness of risk management processes	1.1.1 CSR Committee Organization 2.2.1 Risk Management System	●	14 31	
102-2	Activities, brands, products, and services	Company Profile	●	5		102-31	Review of economic, environmental, and social topics	1.4 Sustainability Topics Assessment and Goals	●	18	
102-3	Location of headquarters	Company Profile	●	5		102-32	Highest governance body's role in sustainability reporting	1.1.1 CSR Committee Organization	●	14	
102-4	Location of operations	Company Profile	●	5		102-33	Communicating critical concerns	1.1.1 CSR Committee Organization 1.2 Stakeholder Identification and Engagement	●	14 15-16	
102-5	Ownership and legal form	Company Profile	●	5	Please refer to 2021 Annual Report P.84 for the structure of shareholders	102-34	Nature and total number of critical concerns	1.1.1 CSR Committee Organization 1.2 Stakeholder Identification and Engagement	●	14 15-16	
102-6	Markets served	Company Profile	●	5		102-35	Remuneration policies	2.1.3 Remuneration Policy of Senior Executives	●	28	
102-7	Scale of the organization	Company Profile	●	5		102-36	Process for determining remuneration	2.1.3 Remuneration Policy of Senior Executives	●	28	
102-8	Information on employees and other workers	Company Profile 6.1.2 Diversified Recruitment	●	5 96		102-38	Annual total compensation ratio	6.2.1 Remuneration Policy	●	103	
102-9	Supply chain	2.5 Sustainable Supplier Management	●	47		102-40	List of stakeholder groups	1.2 Stakeholder Identification and Engagement	●	15-16	
102-10	Significant changes to the organization and its supply chain	2.7 Response to Specific Issues	●	52							Taishin has no labor unit so it is no need to sign collective bargaining agreements. Taishin convenes quarterly labor management meetings to ensure open communication with employees.
102-11	Precautionary Principle or approach	2.4 Business Continuity and Technology Risk Management	●	44		102-41	Collective bargaining agreements	--	●		
102-12	External initiatives	1.1.2 ESG Milestone 2.1.4 Contributions and Other Spending Associations	●	14 28		102-42	Identifying and selecting stakeholders	1.2 Stakeholder Identification and Engagement	●	15-16	
102-13	Membership of associations	2.1.4 Contributions and Other Spending Associations	●	28		102-43	Approach to stakeholder engagement	1.2 Stakeholder Identification and Engagement	●	15-16	
102-14	Statement from senior decision-maker	Message from the Chairman Message from the President	●	2 3		102-44	Key topics and concerns raised	1.2 Stakeholder Identification and Engagement	●	15-17	
102-15	Key impacts, risks, and opportunities	5.1.2 Climate Change Strategy		84		102-45	Entities included in the consolidated financial statements	Business Performance	●	6 Please refer to 2021 Annual Report	
102-16	Values, principles, standards, and norms of behavior	2.1.5 Business Integrity Policy and Implementation	●	29		102-46	Defining report content and topic boundaries	8.1 Report Summary	●	139	
102-17	Mechanisms for advice and concerns about ethics	2.1.5 Business Integrity Policy and Implementation		29		102-47	List of material topics	1.3 Material Topics Identification	●	15	
102-18	Governance structure	1.1.1 CSR Committee Organization 5.1.1 Climate Change Governance	●	14 83		102-48	Restatements of information		●	No such circumstances.	
102-19	Delegating authority	1.1.1 CSR Committee Organization 5.1.3 Risk Management	●	14 89		102-49	Changes in reporting	1.5 Sustainability Topics Management	●	21-23	
102-20	Executive-level responsibility for economic, environmental, and social topics	1.1.1 CSR Committee Organization 5.1.1 Climate Change Governance		14 83		102-50	Reporting period	8.1 Report Summary	●	139	
102-21	Consulting stakeholders on economic, environmental, and social topics	1.2.2 Communication Channels and Frequency of Stakeholders		15 16		102-51	Date of most recent report	8.1 Report Summary	●	139	
102-22	Composition of the highest governance body and its committees	2.1.1 Governance Framework		25		102-52	Reporting cycle	8.1 Report Summary	●	139	
102-23	Chair of the highest governance body	2.1.1 Governance Framework		25		102-53	Contact point for questions regarding the report	8.1 Report Summary	●	139	
102-24	Nominating and selecting the highest governance body	2.1.2 Composition and Functionality of the Board of Directors		26		102-54	Claims of reporting in accordance with the GRI Standards	8.1 Report Summary	●	139	
102-25	Conflicts of interest	2.1.2 Composition and Functionality of the Board of Directors		26		102-55	GRI content index	8.2 GRI Standards	●	141	
102-26	Role of highest governance body in setting purpose, values, and strategy	1.1.1 CSR Committee Organization 5.1.2 Climate Change Strategy		14 84		102-56	External assurance	8.10 Independent Limited Assurance Report 8.11 Independent Assurance Opinion Statement	●	149-150	
102-27	Collective knowledge of highest governance body	1.1.1 CSR Committee Organization 2.1.2 Composition and Functionality of the Board of Directors 5.1.1 Climate Change Governance		14 26 83		103-1	Explanation of the material topic and its Boundary	1.3 Material Topics Identification	●	15	
102-28	Evaluating the highest governance body's performance	2.1.2 Composition and Functionality of the Board of Directors		26		103-2	The management approach and its components	1.5 Sustainability Topics Management	●	21-23	
102-29	Identifying and managing economic, environmental, and social impacts	1.2 Stakeholder Identification and Engagement 1.3 Material Topics Identification 2.2.3 Management of Emerging Risks 5.1.1 Climate Change Governance		15 16 38 83		103-3	Evaluation of the management approach	1.5 Sustainability Topics Management	●	21-23	



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

Report Summary



GRI Standards

GRI Financial Services Sector Supplement

Sustainability Accounting Standards Board (SASB) Index

Implementation of the Principles of Responsible Investment

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

ISO26000 Index

Promoting and Planning for Sustainable Initiatives by Taishin Life Insurance

Sustainability Impact Valuation

Independent Limited Assurance Report

Independent Assurance Opinion Statement

GRI Number (Version)	GRI Title	GRI Title	General Standard Disclosure Title	Chapter	Comply with Core Option	Page	Note
GRI 201	Economic Performance	201-1	Direct economic value generated and distributed	Business Performance		6	
		201-2	Financial implications and other risks and opportunities due to climate change	5.1 Climate Change Strategy		83-89	
		201-3	Defined benefit plan obligations and other retirement plans	6.2.1 Remuneration Policy		103	Taishin makes monthly pension contributions equivalent to a certain percentage of employees' gross salaries. Contributions are made to the Labor Pension Supervisory Committee and are deposited into separate accounts held under Bank of Taiwan. Taishin contributes 0.05%-0.15% of its monthly revenues to the welfare fund, whereas employees contribute 0.5% of their monthly gross salaries.
		201-4	Financial assistance received from government		●		No government subsidy of any kind was received
GRI 202	Market Presence	202-2	Proportion of senior management hired from the local community	6.1.2 Diversified Recruitment	●	96	Taishin operates mainly in Taiwan; the executive management comprises entirely of Taiwanese residents.
GRI 203	Indirect Economic Impacts	203-1	Infrastructure investments and services supported	4.1FinTech/Digital Innovation 4.4 Financial Inclusion		63 77	
		203-2	Significant indirect economic impacts	4.1FinTech/Digital Innovation 4.4 Financial Inclusion	●	63 77	
GRI 205	Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	2.1.5 Business Integrity Policy and Implementation		29	
		205-3	Confirmed incidents of corruption and actions taken	2.1.5 Business Integrity Policy and Implementation	●	29	There had been no incident of corruption
GRI 206	Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		●		No such circumstances
GRI 207(2019)	Tax	207-1	Approach to tax	Tax Policy		7	
		207-4	Country-by-country reporting	Tax Policy		7	
GRI 302	Energy	302-1	Energy consumption within the organization	5.2.2 Energy Conservation & Carbon Reduction		91	ISO 50001、ISO 14064-1:2018
		302-3	Energy intensity	5.2.2 Energy Conservation & Carbon Reduction		91	ISO 14064-1:2018
		302-4	Reduction of energy consumption	5.2.2 Energy Conservation & Carbon Reduction		91	
GRI 303(2018)	Water and Effluents	303-5	Water consumption	5.2.2 Energy Conservation & Carbon Reduction		91	
GRI 305	Emissions	305-1	Direct (Scope 1) GHG emissions				
		305-2	Energy indirect (Scope 2) GHG emissions	5.2.3 Resource Utilization		91	ISO 14064-1:2018
		305-3	Other indirect (Scope 3) GHG emissions	5.2.2 Energy Conservation & Carbon Reduction		91	ISO 14064-1:2018
		305-4	GHG emissions intensity	5.2.2 Energy Conservation & Carbon Reduction		91	
		305-5	Reduction of GHG emissions	5.2.2 Energy Conservation & Carbon Reduction		91	
GRI 306(2020)	Effluents	306-2	Waste by type and disposal method	5.2.2 Energy Conservation & Carbon Reduction		91	
		306-3	Waste generated	5.2.2 Energy Conservation & Carbon Reduction		91	
		306-4	Waste diverted from disposal	5.2.3 Resource Utilization		93	
		306-5	Waste directed to disposal	5.2.3 Resource Utilization		93	
GRI 307	Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	5.2.3 Resource Utilization	●	93	There had been no penalties imposed in relation to the environment.
GRI 308	Supplier	308-1	New suppliers that were screened using environmental criteria				
		308-2	Negative environmental impacts in the supply chain and actions taken	2.5.1Supplier Management Policies 2.5.2 Supplier Risk Assessment		47 48	
GRI 401	Employment	401-1	New employee hires and employee turnover	2.5.2 Supplier Risk Assessment	●	48	
		401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	6.1.1 Recruitment Channels and Methods 6.2.2 Performance Management	●	96 104	
		401-3	Parental leave	6.2.3 Employee Benefits & Care		105	
GRI 402	Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	6.2.3 Employee Benefits & Care 6.5.1 Human Rights Policy in Taishin	●	105 114-115	Comply with relevant regulations



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

Report Summary



GRI Standards

GRI Financial Services Sector Supplement

Sustainability Accounting Standards Board (SASB) index

Implementation of the Principles of Responsible Investment

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

ISO26000 Index

Promoting and Planning for Sustainable Initiatives by Taishin Life Insurance

Sustainability Impact Valuation

Independent Limited Assurance Report

Independent Assurance Opinion Statement

GRI Number (Version)	GRI Title	GRI Title	General Standard Disclosure Title	Chapter	Comply with Core Option	Page	Note
GRI 403(2018)	Occupational Health and Safety	403-1	Occupational health and safety management system	6.3.1 Occupational Safety		108	
		403-3	Occupational Health and Safety	6.3.1 Occupational Safety		108	
		403-4	Worker participation, consultation, and communication on occupational health and safety	6.3.1 Occupational Safety		108	
		403-5	Worker training on occupational health and safety	6.3.1 Occupational Safety		108	
		403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	6.3.1 Occupational Safety		108	
		403-9	Work-related injuries	6.3.1 Occupational Safety	●	108	
		403-10	Work-related ill health	6.3.1 Occupational Safety		108	
		404-1	Average hours of training per year per employee	6.3.1 Occupational Safety	●	108	
		404-2	Programs for upgrading employee skills and transition assistance programs	6.3.1 Occupational Safety	●	108	
		404-3	Percentage of employees receiving regular performance and career development reviews	6.1.3 Talent Development	●	98	
GRI 405	Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	6.1.3 Talent Development	●	98	
		405-2	Ratio of basic salary and remuneration of women to men	6.2.2 Performance Management	●	104	
GRI 406	Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	6.1.2 Diversified Recruitment		96	No such circumstances
GRI 407	Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk				No such circumstances
GRI 408	Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	2.5 Sustainable Supplier Management 6.5.1 Human Rights Policy in Taishin		48 114-115	No such circumstances
GRI 409	Forced or Compulsory Labor Presence	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor				No such circumstances
GRI 411	Rights of Indigenous People	411-1	Incidents of violations involving rights of indigenous peoples	6.5.1 Human Rights Policy in Taishin		114-115	No such circumstances
GRI 412	Human Rights Assessment	412-2	Employee training on human rights policies or procedures	6.5.1 Human Rights Policy in Taishin		114-115	
GRI 413	Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	6.5.1 Human Rights Policy in Taishin		114-115	
GRI 414	Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	2.5 Sustainable Supplier Management 6.5 Human Rights and Gender Equality		47 114-118	
		414-2	Negative social impacts in the supply chain and actions taken	6.5.1 Human Rights Policy in Taishin		114-115	
GRI 415	Public Policy	415-1	Political contributions	7.2 Social Contribution		121	The company is politically neutral. It offers no donations to any political party, individual, or government agency.
GRI 417	Marketing and Labeling	417-1	Requirements for product and service information and labeling	4.2.1 Implementation of the Principle of Fair Treatment of Customers	●	47	All products and services offered are subject to information disclosure as required by the authority and regulations.
		417-2	Incidents of non-compliance concerning product and service information and labeling	4.2.1 Implementation of the Principle of Fair Treatment of Customers	●	47	No such circumstances
		417-3	Incidents of non-compliance concerning marketing communications		●		No such circumstances
GRI 418	Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	4.3.3 Grievance Mechanism of Personal Information	●	77	
GRI 419	Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	2.2.4 Legal Compliance	●	39	

Note: The GRI Number without GRI year are the 2016 version



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

Report Summary

GRI Standards

GRI Financial Services Sector Supplement

Sustainability Accounting Standards Board (SASB) Index

Implementation of the Principles of Responsible Investment

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

ISO26000 Index

Promoting and Planning for Sustainable Initiatives by Taishin Life Insurance

Sustainability Impact Valuation

Independent Limited Assurance Report

Independent Assurance Opinion Statement

8.3 GRI Financial Services Sector Supplement

Number of Disclosure Item	Version	Indicator	Chapter	Page
Product Portfolio				
FS1	G4	Policies with specific environmental and social components applied to business lines	1.1.1 CSR Committee Organization 2.1.1 Governance Framework 5.1 Climate Change Strategy	14 25 83
FS2	G4	Procedures for assessing and screening environmental and social risks in business lines	3. Sustainable Finance	55-61
FS3	G4	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	3. Sustainable Finance	55-61
FS4	G4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	3. Sustainable Finance	55-61
FS5	G4	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	2.5 Sustainable Supplier Management 3. Sustainable Finance 4.4 Financial Inclusion	47 55-61 77-81
FS6	G4	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector	4.4 Financial Inclusion	77-81
FS7	G4	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	4.4 Financial Inclusion	77-81
FS8	G4	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	3. Sustainable Finance	55-61
Local Communities				
FS14	G4	Initiatives to improve access to financial services for disadvantaged people	4.4 Financial Inclusion	77-81
Product and Service Labeling				
FS15	G4	Policies for the fair design and sale of financial products and services	4.2.1 Implementation of the Principle of Fair Treatment of Customers	71
FS16	G4	Initiatives to enhance financial literacy by type of beneficiary	4.4 Financial Inclusion	77-81

8.4 Sustainability Accounting Standards Board (SASB) Index Commercial Banks

Topic	Accounting Metric	Code	Charter	Page
Data Security	1.Number of data breaches 2.percentage involving personally identifiable information (PII) 3.number of account holders affected	FN-CB-230a.1	2.3.3 Information Security Awareness and External Party	43
	Description of approach to identifying and addressing data security risks	FN-CB-230a.2	2.3.1 Information Security Management Mechanisms	41
Financial Inclusion & Capacity Building	(1)Number and (2)amount of loans outstanding qualified to programs designed to promote small business and community development	FN-CB-240a.1	4.4.1 Micro-finance Products	77-79
	(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	4.4.1 Micro-finance Products	77-79
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	Number of no-cost retail checking accounts provided to unbanked, or underserved customers (vulnerable groups)	FN-CB-240a.3	4.4.2 Micro-financial Services	79
	Number of participants in financial literacy initiatives for unbanked, or underserved customers (vulnerable groups)	FN-CB-240a.4	4.4.3 Quality of the Products and Service Delivery	81
Business Ethics	Commercial and industrial credit exposure, by industry	FN-CB-410a.1	Taishin Bank 2021 Annual Report_40.Other Disclosures of Financial Institutions b. Credit Risk Concentration_P.268	
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	FN-CB-410a.2	3.1 Sustainable Policies and Actions	55-61
Systemic Risk Management	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	2.6 Anti-money Laundering and Countering the Financing of Terrorism	50
	Description of whistleblower policies and procedures	FN-CB-510a.2	2.2.4 Legal Compliance	39-40
	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	
	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	31-36

8.5 Implementation of the Principles of Responsible Investment

Six major principles of PRI:

- Taishin Bank has formulated the Stewardship Principles for Institutional Investors, establishing clear voting policies and annually disclosing the Bank's participation and voting in the shareholders' meeting of the investee companies as well as the stewardship report
- Taking major international principles such as the IFC Exclusion List and the UN Global Compact as references, Taishin FHC has formulated the Taishin FHC Green Finance Principles in 2018. The Principles govern commercial activities carried out by all subsidiaries within the group and clearly outline which businesses to support and which ones to avoid, and emphasize the importance of incorporating ESG risks into transaction review and post-transaction management. The financial holding company and subsidiaries have adjusted policies or procedures in accordance with the Green Finance Principles, which covered 13 policies and 17 review procedures involving personal finance, wholesale banking, securities, venture capital and investment trust
- The scope covers all subsidiaries and conducts ESG risk assessment for all transactions and financial products

1. Include the ESG issues in the process of investment decisions
- Taishin Securities Investment Trust has published the Statement of Compliance with Stewardship Principles for Institutional Investors, and Taishin Securities has also formulated the Stewardship Policy for Institutional Investors in 2018, regularly or irregularly disclosing its fulfillment of stewardship to customers or beneficiaries

2. Actively exercising ownership, integrating ESG issues into asset management practices
- Taishin continues to pay attention to the performance of its investees on several aspects including news, financial performance, environmental protection actions, social responsibilities, labor rights, and corporate governance. It engages investees in communications and interactions using a number of appropriate means
 - For environmental issues, large clients have a tendency of making information publicly available and transparent, so whenever there is a negative impact to the environment, Taishin will know relevant information instantly. However, Taishin will also conduct on-site visits for assessment if needed. For small and medium sized clients, on-site visits are required in order to provide an understanding of a company's business activities. Observation is made during an on-site visit to check for any adverse impact on the environment and to include the factor in the determination of whether to start a business relationship

3. Requesting ESG information disclosure from the invested institutions
- Use 2.1.4 membership associations information for relevant description

4. Advocating and promoting the PRI principles in the investment business
- Use 2.1.4 membership associations information for relevant description

5. Reinforcing the practical efficiency of PRI through cooperation
- Explain the execution and emphasis Taishin has put on responsible investment to stakeholders through the Taishin FHC Sustainability Report published each year

6. Disclosure of current progress and execution of PRI
- Explain the execution and emphasis Taishin has put on responsible investment to stakeholders through the Taishin FHC Sustainability Report published each year



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

Report Summary

GRI Standards

GRI Financial Services Sector Supplement

Sustainability Accounting Standards Board (SASB) index

Implementation of the Principles of Responsible Investment

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

ISO26000 Index

Promoting and Planning for Sustainable Initiatives by Taishin Life Insurance

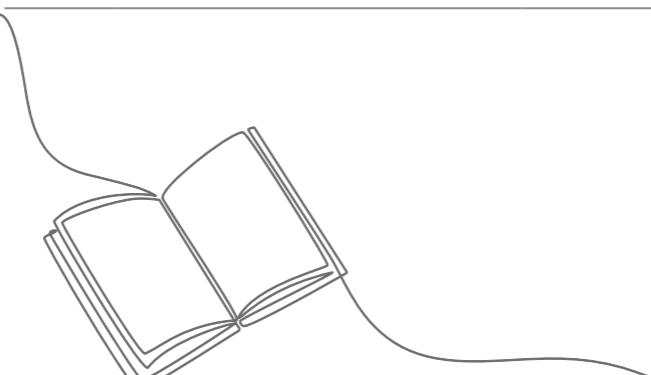
Sustainability Impact Valuation

Independent Limited Assurance Report

Independent Assurance Opinion Statement

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

Indicator	Content	Chapter	Page
Article 3	The "sustainability report" under the preceding paragraph shall include an assessment of ESG (environmental, social and governance) related risks and shall set out relevant performance metrics for managing its identified material topics.	1.3 Material Topics Identification	15
Article 4 Paragraph 3-A	Number of information breaches, the percentage of those breaches involving breaches of personal data, and the number of customers impacted by information breaches.	2.3.3 Information Security Awareness and External Party Management	43
Article 4 Paragraph 3-B	Number of loans and balance of loans granted to promote the development of small businesses and communities.	4.4.1 Micro-finance Products	77-80
Article 4 Paragraph 3-C	Number of participants in financial education for underserved disadvantaged groups.	4.4.3 Quality of the Products and Service Delivery	81
Article 4 Paragraph 3-D	Products and services designed to deliver social or environmental benefits in each business line.	4.4.1 Micro-finance Products	77-80
Article 4 Paragraph 4-A	The number of its full time employees in non-management positions, the average and median salaries of the full time employees in non-management positions, and the differences between these 3 figures and the figures of the preceding fiscal year.	6.2.1 Remuneration Policy	103
Article 4 Paragraph 4-B	Its governance around climate-related risks and opportunities, the actual and potential impacts of climate-related risks and opportunities, the processes used by it to identify, assess, and manage climate-related risks, and the metrics and targets used to assess and manage relevant climate-related risks and opportunities.	5.1 Climate Change Strategy	83-89
Article 5	A TPEx listed company shall establish operational procedures for the preparation and certification of its sustainability report and include them in its internal control system.	8.1 Report Summary	139



8.7 ISO26000 Index

Core Subject	Chapter	Page	
Organizational governance	1.1.1 CSR Committee Organization 2.1.1 Governance Framework	14 25	
	2.5 Sustainable Supplier Management 6.5 Human Rights and Gender Equality	47 114-118	
	6.5 Human Rights and Gender Equality	114-118	
Human rights	2.1 Corporate Governance and Business Integrity 2.2 Risk Management and Internal Control 6.4 Labor-Management Relations 6.5 Human Rights and Gender Equality	25-31 32-41 112-113 114-118	
	Civil and political rights Economic, social and cultural rights Fundamental principles and rights at work	114-118 114-118 114-118	
	Employment and employment relationships Conditions of work and social protection Social dialogue Health and safety at work	96-98 103-107 112-113 108-111	
Labor practices	6.1 Talent Development 6.2 Remuneration, Benefits & Employee Care 6.4 Labor-Management Relations 6.3 Occupational Health and Safety	96-98 103-107 112-113 108-111	
	Human development and training in the workplace Prevention of pollution Sustainable resource use	6.1 Talent Development 5.2.2 Energy Conservation & Carbon Reduction 5.2.3 Resource Utilization	96-98 91 93
Environment	Climate change mitigation and adaptation Protection of the environment, biodiversity and restoration of natural habitats	83-88 83-88	
Fair operating practices	Anti-corruption Responsible political involvement Fair competition Promoting social responsibility in the value chain Respect for property rights	2.1 Corporate Governance and Business Integrity No political involvement in 2020 2.1 Corporate Governance and Business Integrity Create sustainable value 2.1.5 Business Integrity Policy and Implementation 4.1 FinTech / Digital Innovation	25-31 25-31 25-31 9-10 29-30 63-70
Consumer issues	Fair marketing, factual and unbiased information and fair contractual practices Protecting consumers' Health and safety Sustainable consumption Consumer service, support, and complaint and dispute resolution Consumer data protection and privacy Access to essential services Education and awareness	4.2 Customer Relationship Management and consumer protection 3. Sustainable Finance 3. Sustainable Finance 4.2 Customer Relationship Management and consumer protection 4.3 Privacy Protection 4.2 Customer Relationship Management and consumer protection 4.2 Customer Relationship Management and consumer protection	71-75 55-61 55-61 71-75 75-77 71-75 71-75
Community involvement	Community involvement Education and culture Employment creation and skills development Technology development and access Wealth and income creation Health Social investment	7. Social Impacts 7. Social Impacts 6.1 Talent Development 7.4 Local Caring 4.1 FinTech / Digital Innovation 4.4 Financial Inclusion 7.4 Local Caring 6.3 Occupational Health and Safety 7.4 Local Caring 7. Social Impacts	120-127 120-127 128-138 63-70 77-81 128-138 108-111 128-138 120-127



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

Report Summary

GRI Standards

GRI Financial Services Sector Supplement

Sustainability Accounting Standards Board (SASB) index

Implementation of the Principles of Responsible Investment

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

ISO26000 Index

Promoting and Planning for Sustainable Initiatives by Taishin Life Insurance

Sustainability Impact Valuation

Independent Limited Assurance Report

Independent Assurance Opinion Statement

8.8 Promoting and Planning for Sustainable Initiatives by Taishin Life Insurance

Timeline for Taishin FHC Merger and Acquisition of Prudential Life Insurance

2020.8.11	Taishin FHC decides to merge and acquire Prudential Life Insurance
2021.5.31	Financial Supervisory Commission approves Taishin FHC merger and acquisition of Prudential Life Insurance
2021.6.30	Prudential Life Insurance completes settlement and incorporates as one of the subsidiaries of Taishin FHC
2021.8.23	Officially renamed as Taishin Life Insurance

Taishin Life Insurance promotes corporate sustainability under the framework of sustainable financial holding

Taishin Life Insurance (the former Prudential Life Insurance) has rooted in Taiwan for over 30 years. With constant innovations of business solutions and ideas, Taishin Life Insurance is dedicated to fulfill the commitment of taking care of every policyholder. After joining Taishin FHC, the Company has upheld the core values of Integrity, Commitment, Innovation, and Collaboration of the mother group, providing superior and comprehensive financial and insurance services for customers with a stronger team and more platform resources to create more values.

In terms of corporate governance, in 2021, Taishin Life Insurance has been listed as one of the top 20% life insurance institutions in Taiwan that upheld the Fair Treatment of Customers Policy, placing Taishin Life Insurance in top 4 among 22 life insurance companies in Taiwan.

In terms of policyholder services, the Company provides online self-service for simple transactions, electronic correspondence letters, mobile new business application service, and digitizes its back-end policy administration operation, includes (but not limit to) digital requirement notices, image workflow processing for new business, underwriting and claim, sales enablement support such as sales activity management, digital training/education, sales management information system, and even remote agency site visits. Going forward, the company has laid out the digital transformation strategy to uplift digital capabilities by implementing new technology for remote new business application processing, revamped mobile new business application system for multi-channels, clock chain service for Claim/Address Change transactions, and digital insurance policy packages service.

In terms of environmental protection, Taishin Life Insurance deeply believes that a healthy environment creates and maintains values for our customers, employees, and investors. And a devastated environment will bring intolerable challenges and dilemma to the quality of our lives and our businesses. Before joining Taishin FHC, Taishin Life Insurance has already set environmental protection goals, they are: Reducing carbon footprints from operations, setting 2007 as the base year of emission calculation, and by 2013, the emissions of greenhouse gases can be reduced by 10% successfully; creating green printing project to ensure the sustainable usage of paper; making sustainable investments while seeking profitable investment opportunities, and consider environmental impacts, opportunities and risks of potential investments at the same time; actively participating public alliances to seek market-driven solutions for climate change, and regularly report our progress of environmental commitment to the public.

With regards to social engagement, it has been long since Taishin Life Insurance started to support the Taishin Youth Foundation. The foundation promotes carbon reduction and environmental protection, proactively utilizes online digital communications and advocates learning through volunteering to youths. The foundation has also held various online events such as an online streaming course titled "The Three Courses for Environmentalists", inviting instructors with expertise in the fields of environment, land, and digital technology to have a conversation with middle school students; incubation programs for teachers; online interactive events with honorees of the Spirit of Community Awards; planning and production of digital learning material for volunteering services; promotions of online registration and online judgment operations. Going forward, Taishin Youth Foundation shall continue to hold the Taishin Youth Spirit of Community Awards for the cultivation of volunteerism among middle schools, encouraging the importance of diversified learning. The foundation utilizes owned media and social media to their fullest potential for communications and sharing of SDGs related service contents of the Spirit of Community Awards, driving youths to understand SDGs knowledge and abilities, and pay attention to global issues, equipping themselves with the consciousness of Global Citizenship, and advocates and implements SDG 4 quality education, promoting learning and education through volunteering to Taiwanese youths.

Since joining Taishin FHC, Taishin Life Insurance has committed to the promotion of ESG related initiatives, supporting net zero carbon emission with actions, and care for the local environment to ensure the sustainable operation and develop of the enterprise. This is consistent with the goals of Taishin FHC of providing services that are higher in diversity and quality to customers for the ultimate goals of sustainability and long-lasting business. After joining Taishin FHC in 2021, Taishin Life Insurance further established ESG promotional strategies, formulating short-term action plans and long-term goals:

Short-term Action Plans	Senior executives announce key points of ESG promotion organized by Taishin FHC and the joint events with Taishin Life Insurance. Each department inventories the ESG corresponding businesses and current statuses
Long-term Goals	<p>Establishing the Taishin Life Insurance Corporate Sustainability (CS) Task Force under the President, and set the following divisions within the task force:</p> <ul style="list-style-type: none"> • Investment division: <ol style="list-style-type: none"> 1. Implementing corporate sustainable development to investment events, including proactively supporting alternative energy and avoid investing in controversial enterprises, by complying to the Green Finance Principles and the Environmental and Social Risk Management Sector Guidelines. 2. Signing up members by following the stewardship principles as institutional investors, actively engaging investees: Invest in domestic solar power plants and focus on the private equity fund of 5+2 industries, implementing sustainable economic growth and receive return on investment, achieving a positive cycle of sustainable investment. 3. Other than investments, when the Company and the entrusted investment manager sign the entrustment contracts, they shall include ESG risks and opportunities of investees in the contract. • Non-Investment division: <p>Including daily business operations, resource and supply-chain management, fulfillment of employee assistance program, energy saving for the office building. To evaluate the impact on climate change and to reduce carbon emission from business operations.</p>



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation
2. Sustainable Governance
3. Sustainable Finance
4. Superior Service
5. Environmental Sustainability
6. Friendly Workplace
7. Social Impacts
8. Appendix

Report Summary

GRI Standards

GRI Financial Services Sector Supplement

Sustainability Accounting Standards Board (SASB) index

Implementation of the Principles of Responsible Investment

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

ISO26000 Index

Promoting and Planning for Sustainable Initiatives by Taishin Life Insurance

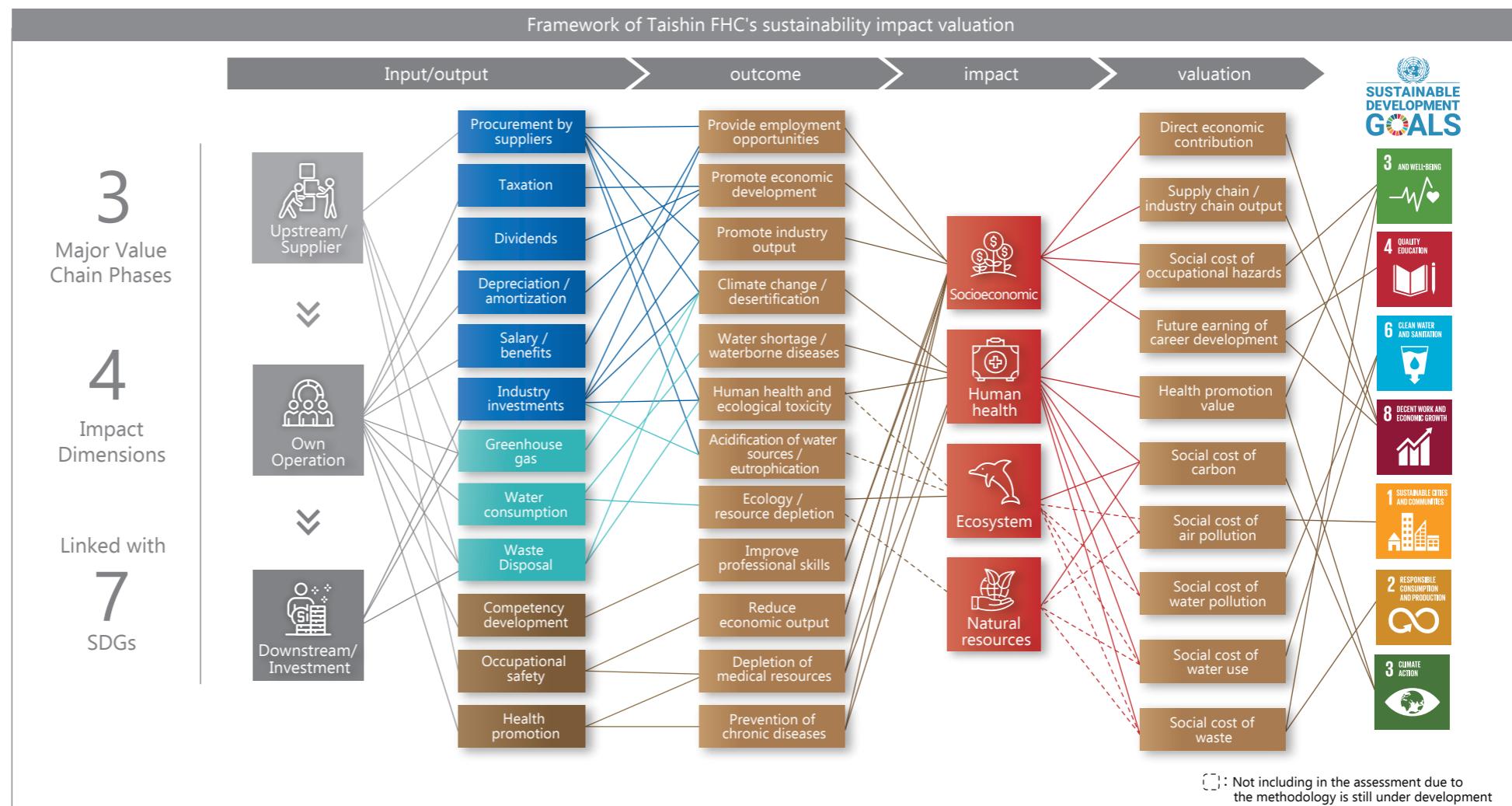
Sustainability Impact Valuation

Independent Limited Assurance Report

Independent Assurance Opinion Statement

8.9 Sustainability Impact Valuation

Methods for Measurement





CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

Report Summary

GRI Standards

GRI Financial Services Sector
SupplementSustainability Accounting Standards
Board (SASB) indexImplementation of the Principles of
Responsible InvestmentRules Governing the Preparation and
Filing of Sustainability Reports by
TWSE Listed Companies

ISO26000 Index

Promoting and Planning for Sustainable
Initiatives by Taishin Life Insurance

Sustainability Impact Valuation

Independent Limited Assurance Report

Independent Assurance Opinion
Statement

Boundary	Scope	Operation	Externalities	Methodology description	References
Upstream/ Downstream	Economic	Procurement by suppliers	Powering industrial development	We used the input-output analysis approach to assess the indirect economic values created by procurement and investment activities in the mutual dependent relationships among industries in the industry chain. Then, the external costs of per-unit pollutant from our own operations is applied to assess and evaluate the impact 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 not included in this evaluation as it is difficult to obtain such activity data.	Directorate-General of Budget, Accounting and Statistics (2015) Directorate-General of Budget, Accounting and Statistics (2017) Bureau of Energy (2012) US EPA (2016) UNEP/SETAC (2017) PWC UK (2015)
		Industry investments			
	Environmental	Procurement by suppliers	Social cost of Carbon		Taishin FHC annual report
		Industry investments	Damage to human health		
	Economic	Financial income and expenditures	Direct economic contribution	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.	
		Greenhouse gas emissions			
Own Operation	Environmental	Water consumption	Social cost of carbon	Our assessment included both damage to human health and potential social cost from water use, greenhouse gas emissions, waste incineration and disposal to landfill, but excluded degradation of ecosystem quality and resource depletion.	US EPA (2016) ReCiPe (2016) UNEP/SETAC (2017) PWC UK (2015) EPA (2017) USEtox (2017)
		Waste disposal	Damage to human health		
	Social	Employee career development	Increased future earning	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.	Chun-Chieh Ho (2005) Chieh-Hsien Li (2009) WHO (2008)
		Occupational safety	Social cost of occupational hazards		
		Health promotion	Prevention of risks of diseases		



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

Report Summary

GRI Standards

GRI Financial Services Sector Supplement

Sustainability Accounting Standards Board (SASB) Index

Implementation of the Principles of Responsible Investment

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

ISO26000 Index

Promoting and Planning for Sustainable Initiatives by Taishin Life Insurance

Sustainability Impact Valuation

Independent Limited Assurance Report

Independent Assurance Opinion Statement

8.10 Independent Limited Assurance Report

Independent Limited Assurance Report

To Taishin Financial Holding CO., Ltd.

We have been engaged by **Taishin Financial Holding CO., Ltd.** ("Company") to perform assurance procedures on the sustainability performance information identified by the Company and reported in the 2021 Sustainability Report, and have issued a limited assurance report based on the result of our work performed.

Subject Matter Information and Applicable Criteria

The sustainability performance information identified by the Company (hereinafter referred to as the "Subject Matter Information") and the respective applicable criteria are stated in the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies (hereinafter referred to as the "Rules") Article 4, Emphasized Disclosures and Summary of Subject Matter Assured" on page 151-152 of the Sustainability Report.

The respective applicable criteria referred to above are the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability and FAQ issued by TWSE Listed Companies.

Management's Responsibilities

The Management of the Company is responsible for the preparation of the sustainability performance information disclosed in the Sustainability Report in accordance with the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports and FAQ issued by TWSE Listed Companies, and for such internal control as management determines is necessary to enable the preparation of the sustainability performance information that is free from material misstatement, whether due to fraud or error.

Our Responsibilities

We conducted our assurance work on the Subject Matter Information disclosed in the Sustainability Report in accordance with the Statement of Assurance Engagements Standards No. 1, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" in the Republic of China, to identify whether any amendment is required of the Subject Matter Information to be prepared, in all material respects, in accordance with the respective applicable criteria, and issue a limited assurance report.

We conducted our assurance work in accordance with the aforementioned standards including identifying the areas where there may be risks of material misstatement of the Subject Matter Information, and designing and performing procedures to address the identified areas. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

The extent of the assurance work we performed were based on the identified risk areas and determined materiality, and given the circumstances of the engagement, we designed and performed the following

procedures:

- Made inquiries of the persons responsible for the Subject Matter Information to understand the processes, information systems and the relevant internal controls relating to the preparation of the aforementioned information, to identify the areas where there may be risks of material misstatement; and
- Based on the above understanding and the areas identified, performed analytical procedures on the Subject Matter Information and performed selective testing including inquiry, observation, inspection, and reperformance to obtain evidence for limited assurance.

We do not provide any assurance on the Sustainability Report as a whole or on the design or operating effectiveness of the relevant internal controls.

Compliance of Independence and Quality Control Requirement

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Statement of Auditing Standard No. 46, "Quality Control for Public Accounting Firms" in the Republic of China and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Inherent Limitation

Certain Subject Matter Information involves non-financial data which is subject to more inherent limitations than financial information. Qualitative interpretations of the relevance, materiality and the accuracy of data are subject to individual assumptions and judgments.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, we are not aware of any amendment that is required of the Subject Matter Information to be prepared, in all material respects, in accordance with the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports and FAQ issued by TWSE Listed Companies.

Other Matter

The Management of the Company is responsible for maintaining the Company's website. If the Subject Matter Information or the applicable criteria are modified after this limited assurance report is issued, we are not obliged to re-perform the assurance work.

PricewaterhouseCoopers, Taiwan

["Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies \(hereinafter referred to as the "Rules"\) Article 4, Emphasized Disclosures and Summary of Subject Matter Assured"](#)



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

Report Summary

GRI Standards

GRI Financial Services Sector
SupplementSustainability Accounting Standards
Board (SASB) IndexImplementation of the Principles of
Responsible InvestmentRules Governing the Preparation and
Filing of Sustainability Reports by
TWSE Listed Companies

ISO26000 Index

Promoting and Planning for Sustainable
Initiatives by Taishin Life Insurance

Sustainability Impact Valuation

Independent Limited Assurance Report

Independent Assurance Opinion
Statement

8.11 Independent Assurance Opinion Statement



INDEPENDENT ASSURANCE OPINION STATEMENT

Taishin Financial Holding Co., Ltd. 2021 Corporate Sustainability Report

The British Standards Institution is independent to Taishin Financial Holding Co., Ltd. (hereafter referred to as Taishin 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 following:

1. The assurance scope is consistent with the description of Taishin Financial Holding Co., Ltd. 2021 Corporate Sustainability Report.
2. 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. 2021 Corporate Sustainability Report provides a fair view of the Taishin FHC sustainability programmes and performances during 2021. 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 assurers 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: Core option were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- a top level 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 15 staffs involved in sustainability management, report preparation and provision of report information were carried out
- 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 depth 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, Responsiveness 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 has established relative procedure in organization level, as the issues which were identified by all departments have been prioritized according to the extent of impact and applicable criterion for sustainable development of organization. Therefore, material issues were completely analyzed and the relative information of sustainable development was disclosed to enable its stakeholders to make informed judgments about the organization's management and performance should be further enhanced by the following areas:

- Encourage continuous identification of material sustainability topics, and follow the organization's ESG strategy to develop top-down mid- and long-term goals and action plans.

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. However, the future report should be further enhanced by the following areas:

- Encourage long-term strategic planning and outlook (eg Net Zero & TCFD) to consider international and domestic practice in combating climate change to frame the organization's own ambitious adaptation and mitigation goals.

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. However, the future report should be further enhanced by the following areas:

- Encouraging to consider international peers' practices to develop the relevant Corporate Sustainability strategies.

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. 2021 Corporate 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: Core option (For each material topic covered by a topic-specific GRI Standard, comply with all reporting requirements for at least one topic-specific disclosure). 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. However, the future report will be improved by the following areas:

- Continuously focus on the implementation of sustainability procedures and programs as to correspond the updated relative standards.

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:



Statement No.: SRA-TW-2021037

2022-05-23

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Peter Pu, Managing Director BSI Taiwan

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CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

Report Summary

GRI Standards

GRI Financial Services Sector Supplement

Sustainability Accounting Standards Board (SASB) index

Implementation of the Principles of Responsible Investment

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

ISO26000 Index

Promoting and Planning for Sustainable Initiatives by Taishin Life Insurance

Sustainability Impact Valuation

Independent Limited Assurance Report

Independent Assurance Opinion Statement

"Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies (hereinafter referred to as the "Rules") Article 4, Emphasized Disclosures and Summary of Subject Matter Assured"

No.	Assured target information	Page	Chapter	Applicable standard	Rules
1.	In the table "The number of data leakage" in 2021 in the table "Information Security Incident Notification and Handling"	43	2.3.3 Information Security Awareness and External Party Management	The number of data leaks in Taishin FHC, Taishin Bank, Taishin Securities, Taishin Securities Investment Trust, Taishin Securities Investment Advisory, Taishin Asset Management and Taishin Venture Capital in 2021. Note: • According to the definition regulated in "Taishin FHC Information Security Incident Management Specification", counted the number of data leakage cases in 2021. • Taishin FHC and its subsidiaries report records through the Loss Event Database, hereinafter referred to as the "LED System" in accordance with the internal standard "Operational Risk Loss Reporting Procedures", and confirm operational risk loss events whether there is a data breach incident. • Taishin Securities, Taishin Securities Investment Trust, Taishin Securities Investment Advisory use the securities and futures market information security notification system to notify the competent authority (Securities and Futures Bureau) of the incident record and confirm the reported incident in accordance with the "Notes on Response Operations for Securities and Futures Market Information Security Incident Reporting" and confirm whether the records contain data leakage incidents.	Paragraph 3-A
2.	"The Proportion of information leakage incidents related to personal data" in 2021 in the table "Information Security Incident Notification and Handling"	43	2.3.3 Information Security Awareness and External Party Management	The Proportion of information leakage incidents related to personal data in Taishin FHC, Taishin Bank, Taishin Securities, Taishin Securities Investment Trust, Taishin Securities Investment Advisory, Taishin Asset Management and Taishin Venture Capital in 2021. Note: • According to the definitions specified in "Taishin FHC Information Security Incident Management Specification" and "Personal Data Violation Incident Management Specifications", the percentage of personal data leakage incidents due to information leakage in 2021 was calculated. • Numerator: The number of personal data violation incidents that occurred in 2021 according to the number of data leakage cases defined in "Taishin FHC Information Security Incident Management Specification". • Denominator: The number of data breaches defined in "Taishin FHC Information Security Incident Management Specification" in 2021. • Taishin FHC and its subsidiaries report records through the "LED system" in accordance with the internal standard "Operational Risk Loss Reporting Procedures", and confirm whether the reporting of operational risk loss events includes information leakage. • Taishin Securities, Taishin Securities Investment Trust, Taishin Securities Investment Advisory, use the securities and futures market information security notification system to notify the competent authority (Securities and Futures Bureau) of the incident record and confirm the reported incident in accordance with the "Notes on Response Operations for Securities and Futures Market Information Security Incident Reporting" and confirm whether the records contain data leakage incidents.	Paragraph 3-A
3.	"The Number of customers and employees affected by leaks of company information" in 2021 in the table "Information Security Incident Notification and Handling"	43	2.3.3 Information Security Awareness and External Party Management	In 2021, the number of customers and employees of Taishin FHC, Taishin Bank, Taishin Securities, Taishin Securities Investment Trust, Taishin Securities Investment Advisory, Taishin Asset Management, and Taishin Venture Capital who were affected by company information leakage. Note: • According to the definition regulated by Taishin Financial Holdings' "Taishin FHC Information Security Incident Management Specification", counted the number of customers and employees affected by the company's data leakage in 2021. • Taishin Financial Holdings and its subsidiaries report records through the "LED system" in accordance with the internal standard "Operational Risk Loss Reporting Procedures", and confirm whether the reporting of operational risk loss events includes data leakage. • Taishin Securities, Taishin Securities Investment Trust, Taishin Securities Investment Advisory use the securities and futures market information security notification system to notify the competent authority (Securities and Futures Bureau) of the incident record and confirm the reported incident in accordance with the "Notes on Response Operations for Securities and Futures Market Information Security Incident Reporting" and confirm whether the records contain data leakage incidents.	Paragraph 3-A
4.	"The number and balance of SME financing accounts" in 2021 in the table "Product Performance"	79	4.4.1 Micro-finance Products	Number and balance of SME financing accounts of Taishin Bank in 2021 Note: • Excluding overseas branch customers and OBU. • If the same enterprise household has multiple financing loans, it will be calculated based on the company's unified household registration (that is, the same unified number is calculated only once). • The balance of loans is calculated as the sum of the balance of loans to SMEs (excluding collections) at the end of December 2021. • The loan business of Taishin Bank is handled in accordance with the "Small and Medium-Sized Enterprise Recognition Standards" issued by the Ministry of Economic Affairs, which refers to the company registration or business registration in accordance with the law, the paid-in capital is less than NT\$100 million, or the number of regular employees is less than two hundreds of people's business is recognized as a small and medium-sized enterprise.	Paragraph 3-B



CONTENTS

Sustainable Navigator

About Taishin

1. Sustainable Operation

2. Sustainable Governance

3. Sustainable Finance

4. Superior Service

5. Environmental Sustainability

6. Friendly Workplace

7. Social Impacts

8. Appendix

Report Summary

GRI Standards

GRI Financial Services Sector Supplement

Sustainability Accounting Standards Board (SASB) index

Implementation of the Principles of Responsible Investment

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

ISO26000 Index

Promoting and Planning for Sustainable Initiatives by Taishin Life Insurance

Sustainability Impact Valuation

Independent Limited Assurance Report

Independent Assurance Opinion Statement

No.	Assured target information	Page	Chapter	Applicable standard	Rules
5.	"The Number and balance of Reconstruction Financing Households for the Dangerous Elderly" in 2021 in the table "Product Performance"	79	4.4.1 Micro-finance Products	The number and balance of Taishin Bank's financing accounts for the reconstruction of the critically ill and elderly in 2021. Note: <ul style="list-style-type: none">• Excluding overseas branch bank customers and OBU.• If there are multiple financing loans for the same old-fashioned reconstruction household, it was calculated based on the ID card number or unified number (that is, the same ID card number or unified number is counted only once).• The balance of the loan is calculated as the sum of the balance of loans (excluding collections) in compliance with Article 10-1 of the Urban Dangerous and Old Buildings Accelerated Reconstruction Ordinance at the end of December 2021.• The main points for handling the business of "Land and Construction Financing" of the Corporate Financial Business Headquarters of Taishin Bank. Paragraph 4 belongs to the urban dangerous and old buildings reconstruction, and the qualifications are in accordance with the "Statute for Expediting Reconstruction of Urban Unsafe and Old Buildings" announced by the Construction and Planning Agency. The object is the credit object, and there are three types of self-construction, commissioned construction and pure co-construction, and the credit operation is carried out according to the relevant points and specifications of each type.	Paragraph 3-B
6.	In the table " Financial Education and Training for Disadvantaged Groups", 2021 Children's Financial Education/Finance Camp - The number of participants for disadvantaged children was 16.	81	4.4.3 Quality of the Products and Service Delivery	In 2021, Taishin Bank's children's financial education/financial management event - 16 participants for disadvantaged children. Note: <ul style="list-style-type: none">• According to the interpretation of the Stock Exchange's "Questions and Answers on the Rules Governing the Preparation and Filing of Sustainability Reports by TPEX Listed Companies", the disadvantaged groups are defined as follows: Referring to the SASB definition, disadvantaged groups lacking banking services include but are not limited to students, teenagers, new residents, The elderly, ethnic minorities, low-income households, etc., or financial and insurance companies can make their own declarations.• In 2021, Taishin Bank was held a children's wealth management camp. On July 7, 2021, Taishin Charity Foundation was jointly held an online children's wealth management and board game activities, and share basic financial knowledge with the students of the social welfare organization "Chung Yi Social Welfare Foundation".• According to the integrity management standard of Chung Yi Social Welfare Foundation, the purpose of this association is to handle social welfare. Handle the following projects: 1. Regarding welfare matters such as children, teenagers, women, the elderly, persons with disabilities, family, community, and social assistance, it can be judged that the target of Chung Yi Social Welfare Foundation is disadvantaged groups.	Paragraph 3-C
7.	"Usage of Financial Services" states that Taishin Bank issued the Cotton Field Charity Credit Card. Taishin had a total of 12,604 Cotton Fields cards in circulation, and the total donation amount of Cotton Fields Cards counted to NT\$424,863, to organic farmers in 2021.	78-79	4.4.1 Micro-finance Products	The number of Taishin Bank Cotton Field Credit Cards in circulation and the amount donated to organic small farmers in 2021. Note: <ul style="list-style-type: none">• As mentioned in Article 2, Paragraph 9 of the Cotton Field Co-branded Credit Card Issuance Agreement, Party B agrees to provide Party A with 3% (tax included) "Consumption Rewards" for the in-store consumption of the Co-branded Card, which will be provided by Party A Support the organic industry and other public welfare purposes, and calculate the reward based on the new consumption of the month after deducting cancellation/return transactions.Party A : Cotton Field Vitality Garden Co., Ltd.Party B : Taishin International Commercial Bank Co., Ltd.	Paragraph 3-D
8.	In the table " Loans on Green Energy and Environmental Protection Industries", Taishin Bank has 2,745 loan cases in green energy and environmental protection industries and the loan balance reached NT\$88.82 billion in 2021.	58	3.2 Responsible Investment and Lending	The number and balance of credit lines and balances of Taishin Bank's green energy and sustainability-related industries in 2021. Note: <ul style="list-style-type: none">• Excluding overseas branch customers and OBU.• If the same enterprise household has multiple financing loans, it will be calculated based on the company's unified household registration (that is, the same unified number is calculated only once).• The balance of loans is calculated as the total balance of loans (including collections) to credit recipients whose industry codes can correspond to the 5+2 Industries Innovation Program classification at the end of December 2021.• The 5+2 Industries Innovation Program are classified according to the corresponding industry codes announced by the Banking Bureau, and the industry codes are subject to the 11th revised edition announced by the Directorate General of Budget, Accounting and Statistics, Executive Yuan on January 2021.	Paragraph 3-D



Taishin Holdings

2021

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