

Corporate Social Responsibility Report

2 0 2 0



SinoPac Holdings

About this Report

SinoPac Holdings publishes a Corporate Social Responsibility (CSR) Report each year to communicate with stakeholders and the general public about its specific actions and performances in Environmental (E), Social (S) and Governance (G) issues, as well as its commitments and actions taken in response to the United Nations Sustainable Development Goals (SDGs). With this CSR Report, SinoPac Holdings also reviews and tracks the progress of its sustainability strategy and aims to cooperate with stakeholders to facilitate the sustainable development of the corporate itself, the environment, and the society. This Report is published in June 2021 and the reporting period was from January 1, 2020 to December 31, 2020. The previous report was issued on June 30, 2020. The Chinese and English versions of the Report can be downloaded from the official website of SinoPac Holdings.

Scope and Boundaries of the Report

The boundaries of financial data used in the Report is the same as that of SinoPac Holdings Consolidated Financial Report. Financial data is presented in New Taiwan Dollars. Environmental and social information encompass SinoPac Holdings and its five major subsidiaries, Bank SinoPac, SinoPac Securities, SinoPac Securities Investment Trust, SinoPac Leasing, and SinoPac Venture Capital. SinoPac Holdings and the five major subsidiaries are collectively referred to as SinoPac Holdings in the Report. Business activities in Taiwan shall be adopted as the scope of the Report. Where the scope is not consistent, it shall be specified in the Report.

Reporting Standards and Principles

The Report was published in compliance with the "Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies", Sustainability Reporting Guidelines (GRI Standards) issued by the Global Sustainability Standards Board (GSSB), Commercial Banks (FN-CB) and Consumer Finance (FN-CF) Standard of Sustainability Accounting Standards Board (SASB), the Task Force on Climate-Related Financial Disclosures (TCFD) published by the International Financial Stability Board and the framework of the Integrated Reporting developed by the International Integrated Reporting Council (IIRC) for the disclosure of sustainable strategies and performance. Related topics in the Report are also in accordance with the GRI G4 Sustainability Reporting Guidelines (hereinafter referred to as GRI G4) for financial services and Financial Inclusion Indicators of Taiwan.

Report Assurance

This Report is edited by the SinoPac Holdings' CSR team and the senior, high level management team, and assured by an independent third party, SGS Taiwan Ltd., in Accordance with the AA1000 Assurance Standard v3 (AA1000AS v3), Type 2 High Level of Assurance. This Report is compliance with the AA1000 assurance principles of materiality, inclusiveness, responsiveness, and impact in accordance with the core level of disclosures of the GRI Standards. The independent assurance report is also included in the appendix of this Report.

Contact Information

If you have any suggestions regarding this Report, please contact the executive secretary of SinoPac Holdings Sustainable Development Committee.

 Head office address: 3F, 6-13F, No. 306, Bade Rd., Sec. 2, Taipei, Taiwan

 Telephone: +886-2-81618935

 Website: <http://www.sinopac.com>

 E-mail: csr@sinopac.com



Contents



1

About SinoPac Holdings

1.1 Introduction of SinoPac Holdings	14
1.2 Sustainable Development Goals and Vision	20

About this Report	01
Chairman's Message	04
Identification of Stakeholders and Material Topics	06



2

Fulfillment of Trustworthy Governance

2.1 Corporate Governance	34
2.2 Ethical Corporate Management and Legal Compliance	42
2.3 Risk Management	49
2.4 Information Security/Cybersecurity	64
2.5 Privacy and Security	68



3

Fulfillment of Innovative Service

3.1 Sustainable Finance Strategy	72
3.2 Sustainable Financial Products and Services	84
3.3 Inclusive Finance	91
3.4 Smart Finance	97
3.5 Customer Relations	101



4

Fulfillment of Healthy Workplace

4.1 Employee Policy and Talent Structure	108
4.2 Talent Cultivation and Retention	110
4.3 Employee Compensation and Welfare	118
4.4 Labor-Management Relations and Communications	121
4.5 Diverse and Healthy Workplace	123



5

Fulfillment of Green Operations

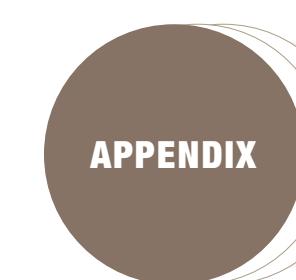
5.1 Green Operations	128
5.2 Sustainable Supply Chain Management	136



6

Fulfillment of Inclusive Growth

6.1 Social Involvement Policies and Investments	140
6.2 Promoting Cultural Equality and Reducing Inequality	144
6.3 Raising Climate Awareness to Mitigate and Adapt to Climate Change	146
6.4 Promoting Social Sustainability and Common Prosperity	147



Appendix 1: Communication of Stakeholders and Material Topics	149
Appendix 2: Other ESG Data	153
Appendix 3: GRI Content Index	157

Appendix 4: Standard of Sustainability Accounting Standards Board (SASB) Index	163
Appendix 5: TCFD Recommended Disclosure Framework	165


[About this Report](#)
[Chairman's Message](#)
[Identification of Stakeholders and Material Topics](#)
[1 About SinoPac Holdings](#)
[2 Fulfillment of Trustworthy Governance](#)
[3 Fulfillment of Innovative Service](#)
[4 Fulfillment of Healthy Workplace](#)
[5 Fulfillment of Green Operations](#)
[6 Fulfillment of Inclusive Growth](#)
[APPENDIX](#)


Chairman's Message



Looking back at 2020, COVID-19 and extreme weather dominate our collective memory owing to their profound influence on politics, economy & trade, and lifestyles worldwide, despite ongoing efforts since the turn of the century to prepare for such potentialities. It's time for urgent action to safeguard the Earth and its inhabitants.

Adhering to our five-year plan to transform sustainability concepts into corporate action, SinoPac Holdings focused on three commitments in 2020: Mitigating and Adapting to Climate Change, Reducing Inequality, and Promoting Inclusive Growth, corresponding to eight of the 17 targets outlined in the United Nations' 2030 Sustainable Development Goals (SDGs).

To Mitigate and Adapt to Climate Change, together with external partners, we have been promoting a green industrial chain through our core financial business since 2012. Related products and services, including green bonds, green finance, green investment, and green funds, form the company's green financial ecosystem. Supporting renewable energy development is the nucleus of our green agenda. In the business of Solar PV financing, our subsidiary Bank SinoPac won the Top Solar System Award hosted by the Ministry of Economic Affairs for five consecutive years and has been the market leader ever since it began promoting the business. It currently has NT\$50 billion in loans outstanding related to solar PV financing.

SinoPac Holdings internal mitigation actions include taking a full inventory of Scope 3 GHG emissions and identifying emission hotspots in the value chain. The company will lay a solid foundation by setting Science Based Targets (SBTs), implementing a variety of energy conservation plans, and obtaining ISO 14064 and ISO 50001 certifications. Furthermore, we applied the Task Force on Climate-related Financial Disclosure (TCFD) framework last year and enhanced the risk management and communication of climate exposure for its products, processes, and services. Last year, we responded to the Carbon Disclosure Project (CDP) survey for our first time and received an A- score. We are proud of this accomplishment as the CDP environmental disclosure platform has attracted the most attention from institutional investors worldwide. In the future, we will discuss setting up a net-zero emissions target on this basis and continue to act in an environmentally sustainable way.

Bank SinoPac became the world's 102nd signatory of the Equator Principles (EPs) in February 2020 and has incorporated ESG issues into its lending risk assessment and decision-making process. Depending on the product issued, Bank SinoPac was either the first or among the first banks to issue green bonds, sustainability bonds, and green, social, and sustainability (GSS) bonds in Taiwan, and the bank assisted the Taipei Exchange in setting up a sustainability bond market, thereby increasing the international visibility of Taiwan's sustainability bond market. In April 2020, SinoPac SITC issued the first ESG-themed active fund comprised of Taiwan listed companies and has issued 4 ESG-themed fund products to date.

To Reduce inequality and ensure social justice, we are committed to eliminating unfair inequality found inside and outside of the organization and to protecting the rights and interests of all regardless of gender, race, or socioeconomic status. We believe that improving access to financial services, paying attention to areas where financial services modernization lags, and taking care of the financially underprivileged best utilize the financial industry's advantages. In 2016, we developed the Smart Wholesale Market Transaction Facilitation Platform with the New Taipei City Fruit & Vegetable Marketing Co., Ltd. to facilitate cash flows between merchants and the electronic settlement system of the wholesale market through a cloud system, creating a new business model for traditional markets. As of year-end 2020, we had promoted the platform in eight wholesale markets spanning four categories: fruits and vegetables, fisheries, meats, and flowers. We are currently planning the development of Smart Wholesale Market Transaction Facilitation Platform 2.0 and will promote cloud transactions for agricultural products as part of the overall upgrading and transformation of markets.

In October 2020, SinoPac issued the first credit card offered exclusively to Taiwan's migrant workers, a financially disadvantaged group comprising more than 700,000 workers that had been over-

looked by the financial industry due to a lack of credit records. Bank SinoPac in 2013 launched the Migrant Worker Lending Program for migrant workers with an account for payroll transfers and gradually expanded to customers without a payroll transfer account to meet migrant workers' borrowing needs. Thanks to these actions by Bank SinoPac, migrant workers can make cashless purchases and access the same financial services for Taiwan and across borders that other groups in Taiwan enjoy.

We strive to meet our dual responsibility of maximizing value for our stakeholders and fostering inclusive growth of society through products and services, procurements, employee care, and charity events. Internally, we protect the welfare of our staff and maintain a friendly and happy workplace via career development opportunities, competitive remuneration, and a comprehensive mental and physical health program. We also promote sustainable consumption and production models through sustainable supply chain management, encouraging our business partners to cherish and protect our living environment. Furthermore, we uphold the spirit of "benefiting from society and giving back to society" by implementing public welfare projects and supporting events that promote culture and the arts, fulfilling our corporate social responsibility to the benefit of us all.

Since its founding in 1948, SinoPac has operated on the principle that meeting the needs of others is the key to achieving corporate sustainability and prosperity. Our valuable long-term partnerships underpinned our sustainability and growth over our nearly 70-year history and helped us to maintain our business during the COVID-19 pandemic and extreme weather events of 2020, but the disruptions from the events make it imperative that we rebuild our relationship with mother nature if we are to sustain our business and prosper over the next decades. Mother Earth has rung the bell and SinoPac is answering. Environmental factors are at the core of our decision making process, and we will continue to take strong, meaningful actions that promote human health, prosperity, and environmental sustainability, for the benefit of the company, our stakeholders, and the survival of planet Earth.

SinoPac Holdings, Chairman

S.K. Chen


[About this Report](#)
[Chairman's Message](#)
[Identification of Stakeholders and Material Topics](#)
[1 About SinoPac Holdings](#)
[2 Fulfillment of Trustworthy Governance](#)
[3 Fulfillment of Innovative Service](#)
[4 Fulfillment of Healthy Workplace](#)
[5 Fulfillment of Green Operations](#)
[6 Fulfillment of Inclusive Growth](#)
[APPENDIX](#)

Identification of Stakeholders and Material Topics

Stakeholders

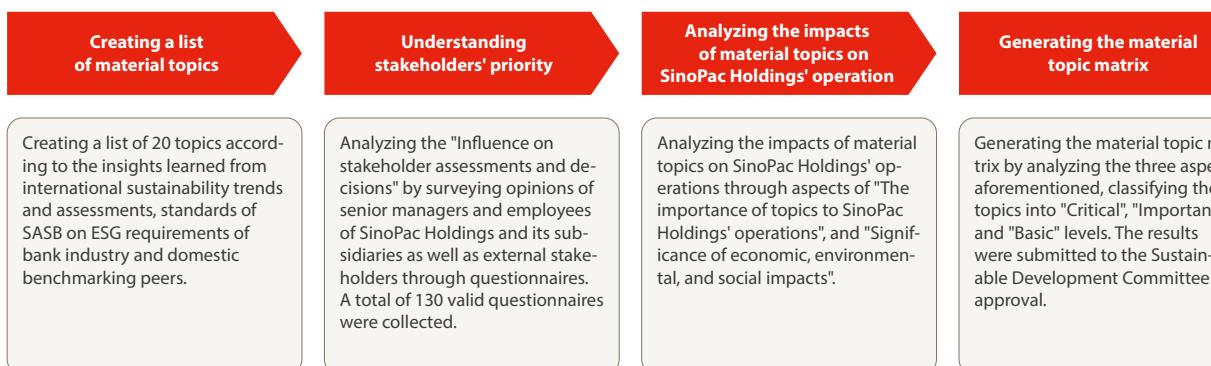
SinoPac Holdings identified the stakeholders for the first time in 2014 and formulated major management policies and implementation plans accordingly to respond to the needs and expectations of stakeholders. The Company has periodically reviewed the groups of stakeholders based on market trends and engagement result with stakeholders in each year thereafter. In 2018, in response to the trend of sustainable supply chain management and to expand the social influence, SinoPac Holdings invited suppliers and contractors to implement corporate social responsibility together and regarded them as a new group of stakeholders. As a result, there are 7 stakeholder groups currently, including employees, customers, shareholders (investors), media, communities/non-profit organizations (NPOs)/non-governmental organizations (NGOs), competent authorities, and suppliers. SinoPac Holdings has established diversified communication channels for each stakeholder group to promptly respond to their needs and concerns.



Identification and Disclosure of Material Topics

SinPac Holdings reviews and identifies material topics each year with the insights learned from international sustainability trends and assessments and industry benchmarking peers so as to create a list of topics that are relevant to financial sector. SinoPac Holdings distributed a questionnaire based on this list to internal and external stakeholders as well as the senior managers to understand their priorities. In 2020, a total of 20 topics were identified and all stakeholders were invited to reply the questionnaire, including communities/NPOs/NGOs, customers, shareholders (investors), media, employees, suppliers and competent authorities. SinoPac Holdings analyzed three major aspects of material topics including "Influence on stakeholder assessments and decisions", "The importance of topics to SinoPac Holdings' operations", and "Significance of economic, environmental, and social impacts". The results were displayed in a three-dimensional "material topic matrix" and those topics are classified into "Critical", "Important", and "Basic" levels for varying degrees of disclosure. Among the 20 material topics, 8 were critical topics, 6 were important topics and 6 were basic topics.

Identification process of material topics



Topic classification	Definition	Size:
Critical Topics	High levels of influence on stakeholders, importance to operations, and significance on ESG impact. Detailed strategic goals, management, and performance of the topic are disclosed in accordance with GRI Standards in the CSR report.	● Grey: Basic Topics
Important Topics	One to two aspects are identified as significant and primary concern to operations. Detailed management and performance of the topic are disclosed in accordance with GRI Standards in the CSR Report.	● Orange: Important Topics
Basic Topics	None or only one aspect among the three is identified significant. Most of them are routine issue so as to be considered as the basic management topic. Only necessary follow-ups are disclosed in the CSR report.	● Red: Critical Topics

Changes in Material Topics in 2020

Reasons for adjustment	Topics affected				
		Change in name	Change in materiality	Newly added	Separation
Rename the topics to outline its meaning and response to international sustainability development trends and wordings used by competent authorities.	Rename "Risk Management and Internal Control System" to "Risk Management"				
Change the materiality of the topic in response to stakeholders' concerns, domestic and international policies and trends, as well as SinoPac's current priority.	Rename "Responsible Finance" to "Sustainable Finance"				
Since COVID-19 has caused massive impacts on all major sectors worldwide and the unpredictability of the epidemic has also caused companies to reassess their operational resilience, the topic "operational resilience" was identified as a critical topic despite it was newly added in 2020 and was ranked as the top ten topics in the three major aspects of material topics, indicating it as a critical topic.	"Risk Management" was upgraded to critical topic from important topic				
Clarify the topic by dividing the original topics into two topics to outline its meaning and stakeholders' concerns aligned with the international sustainable development trend and focus of the topic.	"Sustainable Finance" was upgraded to critical topic from important topic				
	"Climate Strategy" was downgraded to important topic from critical topic				
	"Operational Resilience" was newly added				
	"Data Security" was divided into "Information Security and Cybersecurity" and "Privacy Protection"				
	"Human Rights and Diverse and Healthy Workplace" was divided into "Human Rights and Diversity and Inclusion" and "Occupational Health and Safety"				





About this Report

Chairman's Message

Identification of Stakeholders and Material Topics	
1 About SinoPac Holdings	
2 Fulfillment of Trustworthy Governance	
3 Fulfillment of Innovative Service	
4 Fulfillment of Healthy Workplace	
5 Fulfillment of Green Operations	
6 Fulfillment of Inclusive Growth	
APPENDIX	



Identification and Disclosure of SinoPac Holdings' Critical Material Topics						Critical Topic	Reasons of Materiality	Measuring Metrics	Long-Term Target (Year 2025)	Implementation Status in 2020	Referring Chapters	Long-Term Target (Year 2025)	Implementation Status in 2020	Referring Chapters
Critical Topic	Reasons of Materiality	Measuring Metrics	Long-Term Target (Year 2025)	Implementation Status in 2020	Referring Chapters	Business Performance	All stakeholders value business operation, profitability and other financial performances. A company with sound financial performance can continue to operate and practice corporate social responsibility.	The performance of 5 operating themes	Continue to improve	Specific results were shown in the five operating themes in 2020, including enhancing asset allocation and raising operational efficiency, boosting fee income, elevating overseas revenues, accelerating digital transformation, strengthening corporate governance, sustainable development, and risk management frameworks. Please refer to the section "Letter to Shareholders" of the 2020 Annual Report of SinoPac Holdings for details.	1.1 Business Strategy and Performance			
Compliance and Money Laundering Prevention	Financial industry is highly monitored by the competent authority. All stakeholders are concerned about how SinoPac Holdings complies with relevant regulations and establishes a control mechanism and how to respond to relevant government policies. Among them, the policies that the government has strongly promoted in recent years including the prevention of money laundering, combating the financing of terrorism and fraud are closely related to SinoPac's operations and its customers, and are also the basic responsibilities of the financial industry.	Governance and efficiency in compliance with laws and regulations	Optimize the digital compliance management system	Continued to improve the compliance management system, sanctions database systems and self-evaluation system to reduce errors caused by manual operations.	2.2.1.4 Culture of Legal Compliance 2.2.3 Anti-Money Laundering and Counter Terrorism Financing	Digital Financial Innovation	With the development of technology and changes in consumption patterns, FinTech innovation has become a main theme in the international financial industry in recent years. SinoPac Holdings also listed digital transformation as one of the main operating strategies.	Number of integrated Digital Accounts "DAWHO" opened	Number of accounts opened increased by 175% compared to year 2020	Number of accounts opened accumulated to a total of 600 thousand since DAWHO launched in June 2019.	3.4 Smart Finance			
Corporate Governance and Integrity Management	Corporate governance and integrity management of the financial industry are the focus of attention of all stakeholders. A perfect corporate governance is conducive to optimize the sustainable development of the company and is served as the basis of business operation.	External evaluation results of corporate governance	Ranked in the top 5% of the TWSE listed companies	Ranked in the top 5% of the TWSE listed companies in the 7th Corporate Governance Evaluation in 2020. The evaluation results and updated evaluation indicators are reviewed annually, and specific improvement plans are proposed for the gap items.	2.1 Corporate Governance 2.2.1 Ethical Corporate Management	Operational Resilience	The uncertainty caused by the COVID-19 pandemic brought significant impacts on business operations in 2020. Improving operational resilience allows companies to predict the risk probability and take corresponding actions while accelerating corporate transformation.	Continue to optimize risk management policies and operating mechanisms	Review annually	Accessed the impacts of risk related to credit, market and liquidity on working capitals and liquidity while implementing corresponding actions in response to the COVID-19 epidemic.	2.3.3.2 Operational Resilience			
Risk Management	Competent authority's policy and both domestic and foreign rating agencies are focusing on the scope and importance of risk management issues and have listed climate risk as a part of risk management, while COVID-19 pandemic increased operational risks and uncertainties and therefore caused international investors and companies to pay attention to emerging risks.	Risk management mechanism	Continue to improve emerging risk and climate change risk management mechanisms, and complete scenario analysis on both climate-related physical risks and transition risks	• Integrated "emerging risk" and "climate change risk" into risk management policy and established "Emerging Risk Management Guidelines" and "Guidelines for the Management of Climate-Related Risks and Opportunities". • Provided results on climate change risk analysis in the risk management report annually and submitted it to the Risk Management Committee and the Board of Directors for approval while disclosing in the annual CSR Report. • Identified emerging risks and climate-related risks and opportunities and produced mitigation plans. • Conducted scenario analysis and financial quantitative calculations for physical risks and transition risks on operation sites, self-owned and credit collateral real estates. Please refer to chapter 2.3.4.4 Quantification of Climate-Related Physical Risks and Transition Risks.	2.3 Risk Management	Sustainable Finance	Sustainable finance is an important policy of competent authority and is also SinoPac Holdings' important action plan for the "Mitigate and Adapt to Climate Change" sustainability commitment. ESG were integrated in the investment and financing business policies and SinoPac Holdings is also committed to develop more sustainable financial products.	Bank SinoPac's loan outstanding amount of the renewable energy equipment financing	Assist the government to achieve the 20% renewable energy generation target by 2025	As of the end of 2020, the loan outstanding amount of solar power generation equipment financing for both domestic and overseas corporate and individual households was approximately NT\$39.7 billion, increasing approximately by 42% compared to 2019.	3.1 Sustainable Finance Strategy			
		Risk management efficiency	Optimize the risk information integration system	Continued to use the "data granulation" structure and the "data governance" structure to build risk information integration database. Also, SinoPac Holdings planned to use the "data visualization platform" for self analysis and development, with AI tools to strengthen risk parameters and built intelligence tracking or early warning mechanism to construct a visualized "integrated risk management system".	2.3 Risk Management	Information Security and Cybersecurity	The financial industry involves a large number of business transactions and information retention and therefore a safe and secure network management and information processing system are important elements for business operations.	Participation rate and assessment passing rate of information security professionals in information security professional courses	100%	Participated in more than 15 hours of information security professional training every year and passed the assessment with a 100% achievement rate.	2.4 Information Security / Cybersecurity			
							Continue to obtain external information security verification	Continue to obtain ISO27001 certification		Bank SinoPac and SinoPac Securities have obtained ISO27001 certification, and will continue to maintain the certification and to improve the information security protection mechanism and the strength of personal information protection management.				
							Appointment of external experts to perform information security risk and vulnerability testing	Conduct tests, scans or drills according to various information security maintenance projects		Bank SinoPac and SinoPac Securities appointed external institutions to perform information security risk and vulnerability testing, including: <ul style="list-style-type: none">• Monthly operation risk monitoring and analysis on information security• Quarterly vulnerability scanning• Semi-annually black-box testing• Semi-annually social engineering drills• Semi-annually third-party information security assessment				

Please refer to "Stakeholder Communication Channels and Concerned Topics" and "Explanations of Boundaries for Material Topics" in Appendix 1 for information regarding stakeholder communications and boundaries for material topics.


[About this Report](#)
[Chairman's Message](#)
[Identification of Stakeholders and Material Topics](#)

1 About SinoPac Holdings

[1.1 Introduction of SinoPac Holdings](#)
[1.2 Sustainable Development Goals and Vision](#)

2 Fulfillment of Trustworthy Governance

3 Fulfillment of Innovative Service

4 Fulfillment of Healthy Workplace

5 Fulfillment of Green Operations

6 Fulfillment of Inclusive Growth

APPENDIX



1 About SinoPac Holdings




[About this Report](#)
[Chairman's Message](#)
[Identification of Stakeholders and Material Topics](#)

1 About SinoPac Holdings

[1.1 Introduction of SinoPac Holdings](#)
[1.2 Sustainable Development Goals and Vision](#)

2 Fulfillment of Trustworthy Governance

3 Fulfillment of Innovative Service

4 Fulfillment of Healthy Workplace

5 Fulfillment of Green Operations

6 Fulfillment of Inclusive Growth

APPENDIX



Awards & Honors

SinoPac Holdings

- «CommonWealth Magazine» Excellence in Corporate Social Responsibility of year 2020
- «Taiwan Academy of Banking and Finance» Best ESG Award in the 10th Taiwan Banking and Finance Best Practice Awards
- «The Asset» Excellence in ESG - Platinum Award and Best Initiatives in Innovation in The Asset ESG Corporate Awards 2020
- «Taiwan Institute for Sustainable Energy» Top 50 Corporate Sustainability Award Corporate Sustainability Report - Silver Award Best Practice Award - Information Security Award in the 2020 Taiwan Corporate Sustainability Awards
- «Enterprise Asia» Green Leadership Award and Health Promotion Award in the Asia Responsible Enterprise Awards 2020
- «HR Asia» the Best Companies to Work For in Asia 2020
- «Taipei City Government» Workplace Gender Equality Index Certification in the first award

Bank SinoPac

- «Bureau of Energy, Ministry of Economic Affairs (R.O.C.)» The only bank in the financial industry to receive the Best Financial Service Provider Award in the Top Solar System Awards for five consecutive years from 2016 to 2020
- «Financial Supervisory Commission» Special Award for Circular Economy Sectors Special Award for Renewable Energy Sectors
- «Taiwan Academy of Banking and Finance» Best Digital Finance Award in the 10th Taiwan Banking and Finance Best Practice Awards
- «Enterprise Asia» Social Empowerment Award and Investment in People Award in the Asia Responsible Enterprise Awards 2020
- «Asian Banking & Finance Magazine» Marketing & Brand Initiative of the Year in Taiwan - DAWHO Taiwan Domestic Technology & Operations Bank of the Year - NCKU Branch Service Innovation of the Year in Taiwan - Cardless Withdrawal for Enterprises
- «The Asset» Best Retail Payment Project Award ("FUN Biz" App) Best ATM Project Award ("Coin Machine") in Taiwan in the Triple A Digital Awards
- «The Asian Banker» Best IoT Initiative (SinoPac SPORT Card and Fun Sport App)
- «Excellence» Best Green Finance Innovation Award

SinoPac Securities

- «Business Today» Second Place in the Best in ESG Award Third Place in the Best Smart Financial Management Award in the 14th Wealth Management Banks and Securities Firms Evaluation
- The 17th «National Brand Yushan Award» Outstanding Enterprise Most Popular Brand - DAWHO TOU Best Product - SinoPac Stocks Saving Plans

SinoPac SITC

- «BENCHMARK Magazine» Fund of the Year Awards for the fourth year in a row Best-in-Class in Greater China Equity Best-in-Class in the Consumer Products and Services in the Fund of the Year Awards in 2020



About this Report

Chairman's Message

Identification of Stakeholders and Material Topics

1 About SinoPac Holdings

1.1 Introduction of SinoPac Holdings

1.2 Sustainable Development Goals and Vision

2 Fulfillment of Trustworthy Governance

3 Fulfillment of Innovative Service

4 Fulfillment of Healthy Workplace

5 Fulfillment of Green Operations

6 Fulfillment of Inclusive Growth

APPENDIX



Credit Ratings

SinoPac Holdings maintained stable credit ratings and the results of the latest credit ratings are summarized as below.

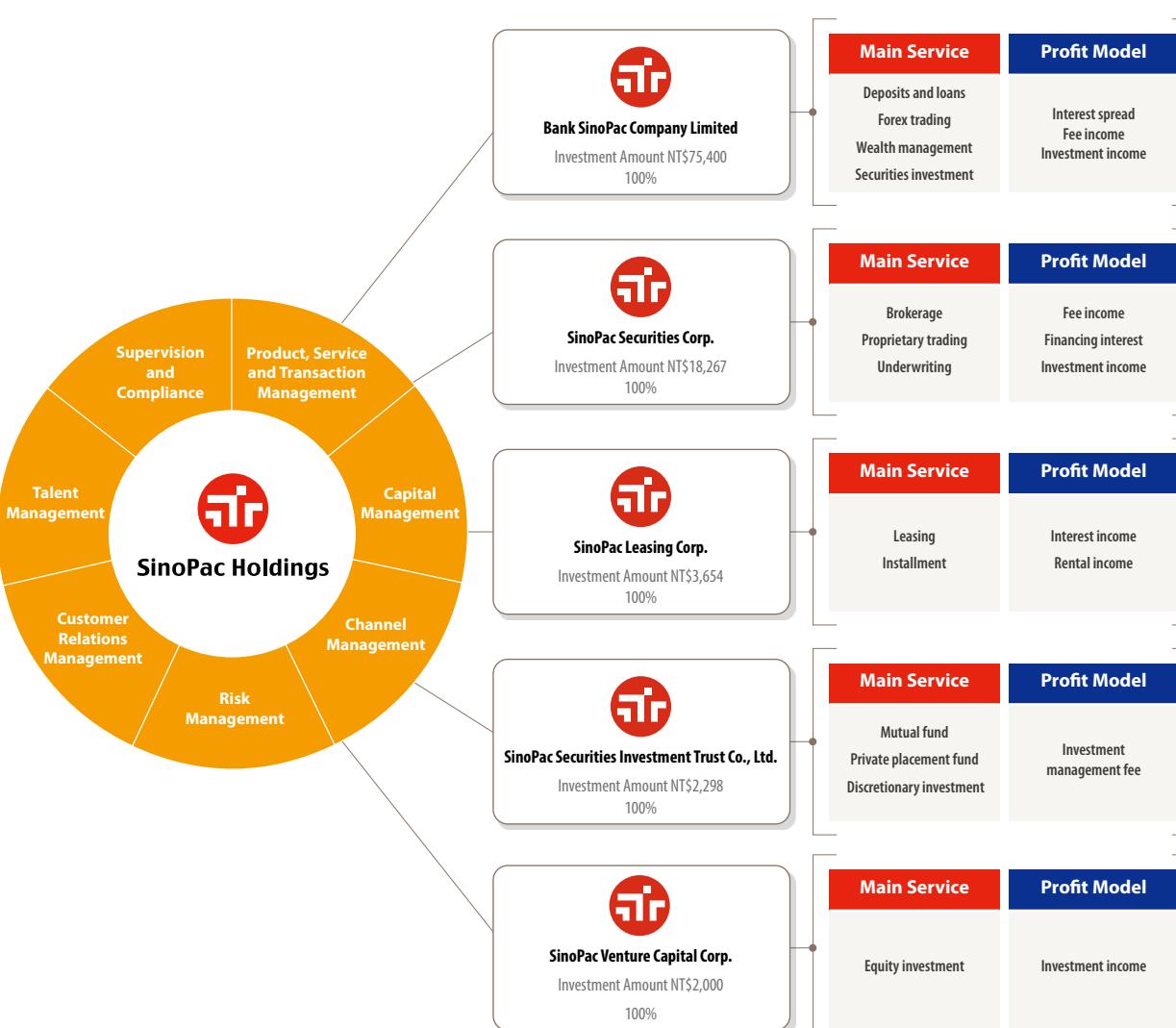
2020 Credit Ratings

Type of Credit Rating	Credit Rating Institution	Long-term Credit Rating	Short-term Credit Rating	Outlook for Credit Rating	Date of Credit Rating
International	Standard & Poor's	BBB	A-2	Stable	August 19, 2020
	Fitch Ratings	BBB+	F2	Stable	November 19, 2020
Domestic	Fitch Ratings	AA-(twn)	F1+(twn)	Stable	
	Taiwan Ratings	twA+	twA-1	Stable	August 19, 2020

1.1.2 About the Subsidiaries

Business and Profit Models of SinoPac's Subsidiaries

In NT\$ million, Reference Date: February 28, 2021



Bank SinoPac

Introduction

Bank SinoPac's main businesses include corporate banking, retail banking, wealth management, financial services, and electronic banking. Bank SinoPac has 125 branches in Taiwan including 83 branches in the Greater Taipei area and has established service locations in major metropolitan areas in the central and southern regions as well as Hualien and Kinmen. Bank SinoPac has actively expanded its service networks across the globe and has three service locations in Hong Kong, Kowloon, and Macau. Bank SinoPac's Mainland subsidiary, Bank SinoPac (China), officially launched its business in 2014. It is the first subsidiary bank of a Taiwanese bank in Mainland China, and currently has four branches-Shanghai, Guangzhou, Chengdu, and Nanjing branch. Bank SinoPac has also established a service network of 11 locations along the Pacific Rim in areas including California, the United States and Vietnam to provide comprehensive services for customers.

Business Performance

The consolidated net income for the year 2020 was NT\$ 9.754 billion, the earnings per share was NT\$1.13, and the return on equity was 7.14%. In terms of business scale, Bank SinoPac actively adjusted the structure of deposits and loans. At the end of 2020, total consolidated assets reached NT\$1.9946 trillion, with an increase of NT\$298.8 billion over the previous year; total deposits were NT\$1.6568 trillion, and total loans were NT\$1.1564 trillion, representing an annual growth rate of 19.47% and 14.08% respectively, and the loan to deposit ratio was 69.80%.

Bank SinoPac took the lead in issuing Taiwan's first Sustainability Bond in November 2020, leveraging its core competence in financial industry to actively respond to sustainable responsibilities and goals and striding towards the vision of "Fulfillment of a Beautiful Life Through Finance". In addition, Bank SinoPac continued to be the pioneer of solar photovoltaic energy financing in Taiwan by providing loans to a total of 4,833 domestic energy plants with a total installed capacity grown by around 40% from 2019, reaching a 24% market share. The "Smart Wholesale Market Transaction Facilitation Platform" innovated by Bank SinoPac was continuously improved and optimized in 2020 by developing its API to bridge the cash flows and to provide real-time account inquiry service to make a more convenient and quality service to customers; also, Bank SinoPac launched the Integrated Digital Account "DAWHO" and smart wealth management platform "SinoPac Robot Advisor - iBrAin" in response to technological evolution and market demand, providing on-demand, easy-to-use and secured financial services. In 2020, the platform of SinoPac Robot Advisor - iBrAin was upgraded to improve its service quality and user experience.

Bank SinoPac continued its efforts in financial innovation to bring its customers with excellent financial experiences. In 2020, Bank SinoPac received the "Service Innovation of the Year in Taiwan" award from the Asian Banking & Finance magazine, the "Fun Biz" App and "Coin Machine" also won the "Best Retail Payment Project Award" and "Best ATM Project Award in Taiwan" in the Triple A Digital Awards from The Asset magazine , and "SinoPac SPORT Card" and "Fun Sport App" won the "Best IoT Initiative" by The Asian Banker magazine and the "Best Initiatives in Innovation" in The Asset ESG Corporate Awards 2020.

SinoPac Securities

Introduction

SinoPac Securities, established in 1988, was the first securities company in Taiwan to list on Taiwan's over-the-counter (OTC) market. SinoPac Securities' services include stockbroking, proprietary trading, underwriting, international business, fixed income, and new financial products, among others. SinoPac Securities is one of Taiwan's leading integrated securities companies with 47 service locations in Taiwan and overseas service locations in Hong Kong, Shanghai, and London. It offers a broad range of products and services, all of which are ranked at or near the top within Taiwan's securities industry. Recent mergers and acquisitions (M&A) milestones include SinoPac Securities' merger with Pacific Securities in November 2012 and its merger with BEA Wealth Management Services (Taiwan) Ltd. in March 2016. SinoPac Securities' subsidiary, SinoPac Securities (Cayman) Holdings Ltd., acquired Hong Kong-based Tung Shing Holdings Company Ltd. in April 2016. In September 2016, SinoPac Securities accepted the transfer of IBT Securities' brokerage business, business equipment, and the net assets of its margin trading and short selling accounts, providing a catalyst to improve SinoPac Securities' brokerage market share and profitability for the benefit of its shareholders.

Business Performance

SinoPac Securities continued to promote financial innovation via its suite of specialized services and market-leading strategies. In 2020, SinoPac Securities grew its consolidated net income by 50.92% from the previous year to NT\$2.874 billion, a 10-year high and the second-highest record since its founding; its earnings per share grew to NT\$1.77; and its return on equity stood at 10.10%. With its successful shift to developing wealth management, SinoPac Securities' revenue from pan-wealth management business has grown steadily in consecutive years, with its net revenue for 2020 reaching a record high of NT\$2.528 billion. Thanks to its innovative strategies and strong execution power, SinoPac Securities' market share of the sub-brokerage business ranked the second spot in the market and successfully took the top spot in consecutive months during the second half of 2020. SinoPac Securities moved to a higher plane in assets under management with an annual growth rate of 36.98%, reaching NT\$24.875 billion, occupying the second spot in the market. In its aggressive pursuit of digital transformation, SinoPac Securities demonstrated outstanding results in its efforts to roll out and promote digital products and platforms and operating processes: these range from advancing its digital trading account DAWHO TOU to launching SinoPac Stock Saving Plans for both Taiwan and US stocks. In addition, SinoPac Securities also highlighted its progress in digitalization as it has successfully gone fully paperless in its online and offline account opening processes. It has created an automated office environment with the introduction of robotic process automation (RPA), with a view to actively transforming itself into a digital wealth management service provider.


[About this Report](#)
[Chairman's Message](#)
[Identification of Stakeholders and Material Topics](#)

1 About SinoPac Holdings

[1.1 Introduction of SinoPac Holdings](#)
[1.2 Sustainable Development Goals and Vision](#)
[2 Fulfillment of Trustworthy Governance](#)
[3 Fulfillment of Innovative Service](#)
[4 Fulfillment of Healthy Workplace](#)
[5 Fulfillment of Green Operations](#)
[6 Fulfillment of Inclusive Growth](#)

APPENDIX



SinoPac Leasing

Introduction

SinoPac Leasing was established in 1997, mainly engaging in the leasing business and providing customers with a wide range of flexible financial services. SinoPac Leasing has actively expanded across Asia Pacific as its high-quality services are available at 13 service locations set up in Taiwan, Mainland China, Hong Kong, and Southeast Asia. In 2011, SinoPac Leasing established a wholly-owned leasing arm, SinoPac International Leasing Corporation, in Nanjing, followed by the founding of SinoPac Leasing (Tianjin) Co., Ltd. in Tianjin two years later. In June 2020, SinoPac Leasing further established SinoPac Capital International (HK) Limited in Hong Kong. In order to strengthen its foothold in Taiwan, SinoPac Leasing set up the Taichung and Kaohsiung branches in May 2020, with a view to seizing business opportunities quickly and serving local customers.

Business Performance

SinoPac Leasing actively expands the leasing services for small and medium-sized enterprises (SME) at home and abroad, and continues to expand business in Taiwan and China. In response to the structural changes in industries, and based on demand for business transformation and innovation, SinoPac Leasing provided specialized, flexible installments and financial leasing services. In 2020, SinoPac Leasing posted a consolidated net income of NT\$39 million, earnings per share of NT\$0.08, and return on equity of 0.88%. At the end of 2020, total consolidated assets reached NT\$20.79 billion. Besides continuously providing integrated and innovative financial service, SinoPac Leasing also actively developed the financing business for the establishment of solar energy plant. As at the end of 2020, it has partnered with an accumulated 202 energy plants and financed NT\$1.54 billion for the storage and generation facilities. Moreover, SinoPac Leasing also provided financial lease of machinery equipment to companies that focus on new energy types and appropriated NT\$5 million loans to biogas electricity generation companies in 2020. In the future, the Company will keep consolidating its services across regions and industries and developing new business opportunities for equipment financing to circular economy, energy generation, energy storage, energy saving to play a key role in promoting Taiwan's energy transformation.

SinoPac Venture Capital

Introduction

SinoPac Venture Capital was established in January 2003, focusing on venture capital investment and providing consulting services for invested companies. The Company closely follows global economic, industrial, and technological development, and looks for venture capital investment opportunities for companies with core competences and great growing potential. It also provides added value to the invested companies by bringing in the integrated financial services of the SinoPac Holdings group of companies so as to cultivate the business development of the invested companies and thus generate good returns from these investments. The investment targets are mainly enterprises in the seed, startup, and expansion stages, supplemented by enterprises in the mezzanine stage and Pre-IPO, with an exit strategy that can help maintain a stable investment income stream to the Company.

Business Performance

In view of the industrial structure transformation and thriving for new technologies, SinoPac Venture Capital took SinoPac group's long-term development strategy into account and condensed investment focus on renewable energy, circular economy, and precision machinery to support industries with the characteristics of clean energy, high production efficiency, low carbon emissions, and low energy consumption and waste that contribute to the sustainable development. SinoPac Venture Capital made three green investments of NT\$43 million in 2020, and total amount of investment in renewable energy industries, including solar energy, water and sewage disposal, telematics and informatics system, IoT, wireless sensor, and precision machinery companies reached NT\$430 million at the end of 2020, accounting for 20.38% of total investment. In 2020, the Company's net income was NT\$162 million, the earnings per share was NT\$0.65, and the return on equity was 5.49%.

SinoPac Securities Investment Trust

Introduction

SinoPac Securities Investment Trust ("SinoPac SITC" hereinafter), established in 1997, upholds its business philosophy of "professional management, ethical services, and outstanding performance", and manages its business with great prudence while pursuing the best interests for investors. It offered a wide variety of products to satisfy customers' diversified investment and financial needs, including mutual funds, private placement funds, and discretionary investment products. In 2014, Golden Trust SinoPac Fund Management Co., Ltd. was established as a joint venture with Xiamen International Trust Co., Ltd. in the mainland China. The mutual fund products offered by SinoPac SITC are diverse, including domestic and foreign equity funds, balanced funds, fixed income funds, index funds, principal protection funds and ETFs. In response to retirement issues, the Company also continues to develop retirement wealth management products. In the future, it plans to issue various bond ETF products and green funds covering topics such as solar energy, electronic cars, and energy-efficiency equipment etc to meet the needs of insurance customers and the market and becomes a major product provider of banks and securities companies for their AuM-based wealth management businesses.

Business Performance

In 2020, SinoPac SITC posted a net income of NT\$70.49 million, an earnings per share of NT\$0.5, and a return on equity of 4.56%. As of the end of 2020, it has managed 23 mutual funds with a total asset under management of approximately NT\$40.37 million. SinoPac SITC actively developed various sustainable investment products to conform to provide diversified options for the investors. In April 2020, it raised the first ESG-themed actively managed fund – "SinoPac Taiwan ESG Plus Fund" which invests the components of FTSE4Good TIP Taiwan ESG Index, and its fund size reached NT\$424 million at the end of 2020. In November 2020, the Company further applied to raise the "SinoPac Taiwan ESG Plus ETF", which tracks FTSE Taiwan Target Exposure ESG Index to put actions onto practice of sustainable finance.

Financial Highlights of SinoPac's Subsidiaries in 2020

	Item/Subsidiary	Bank SinoPac	SinoPac Securities	SinoPac Leasing	SinoPac SITC	SinoPac Venture Capital
Operating Ability	Total assets (in NT\$ million)	1,994,636	136,387	20,787	1,666	3,029
	Total liabilities (in NT\$ million)	1,854,970	107,246	16,468	78	54
	Shareholders' equity (in NT\$ million)	139,666	29,141	4,319	1,588	2,975
	Net income (in NT\$ million)	9,754	2,874	39	70	162
Profitability	Return on assets (%)	0.53	2.19	0.2	4.32	5.40
	Return on equity (%)	7.14	10.10	0.88	4.56	5.49
	Net income ratio (%)	34.90	25.81	3.96	29.90	85.34
	Earnings per share (in NT\$)	1.13	1.77	0.08	0.50	0.65


[About this Report](#)
[Chairman's Message](#)
[Identification of Stakeholders and Material Topics](#)

1 About SinoPac Holdings

[1.1 Introduction of SinoPac Holdings](#)
[1.2 Sustainable Development Goals and Vision](#)
[2 Fulfillment of Trustworthy Governance](#)
[3 Fulfillment of Innovative Service](#)
[4 Fulfillment of Healthy Workplace](#)
[5 Fulfillment of Green Operations](#)
[6 Fulfillment of Inclusive Growth](#)

APPENDIX

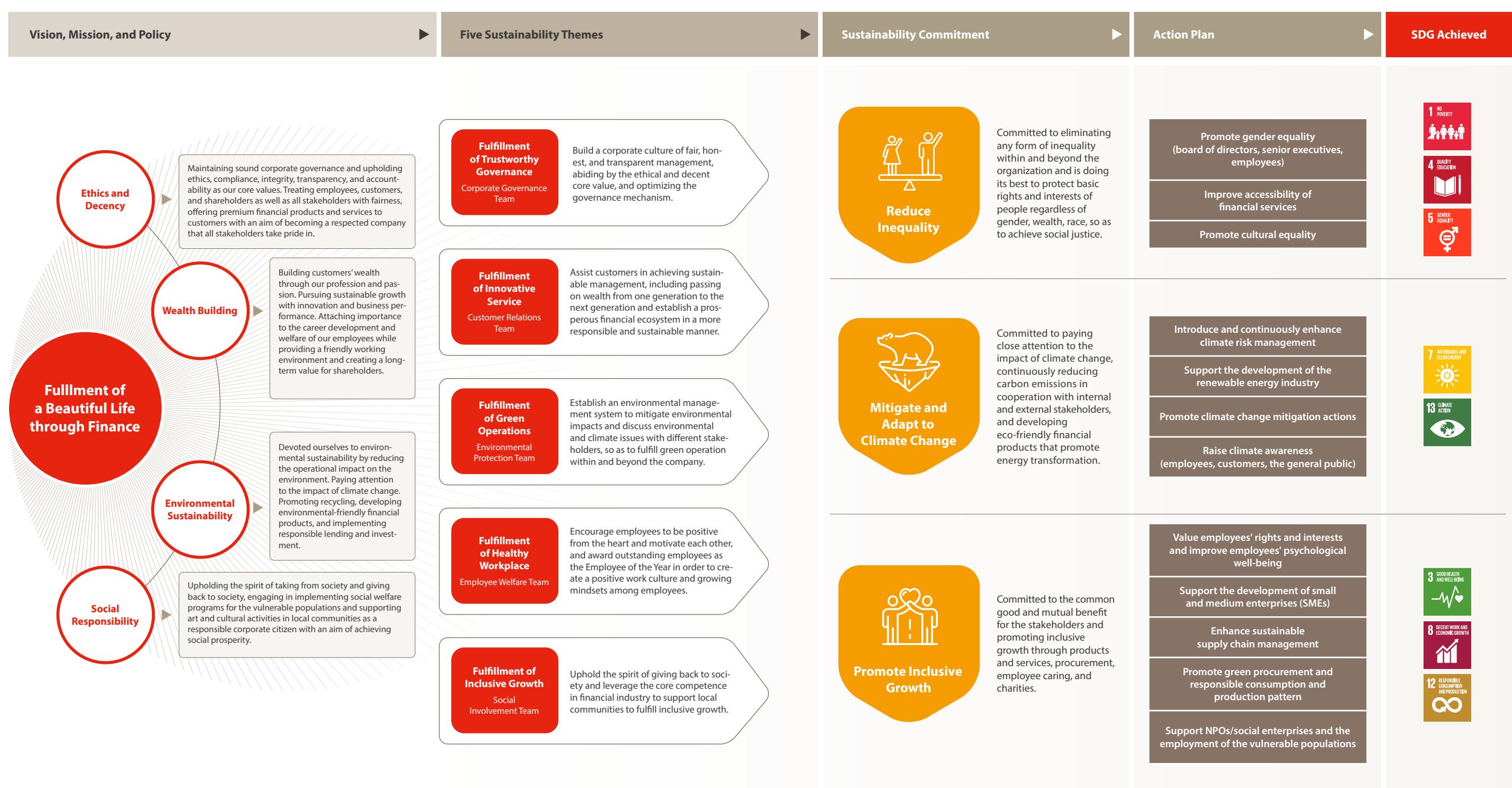


1.2 Sustainable Development Goals and Vision

1.2.1 Roadmap for Sustainable Development

Based on the vision of "Fulfillment of a Beautiful Life through Finance", SinoPac Holdings has upheld the four sustainable development missions, namely Ethics and Decency, Wealth Building, Environmental Sustainability, and Social Responsibility, and set five sustainability themes, namely Fulfillment of Trustworthy Governance, Fulfillment of Innovative Service, Fulfillment of Healthy Workplace, Fulfillment of Green Operations, and Fulfillment of Inclusive Growth, based on three aspects of sustainable development including environment, society, and corporate governance (ESG). SinoPac Holdings has taken concrete actions by establishing a roadmap for sustainable development, along with short-term, medium-term, and long-term action plans to fulfill its corporate social responsibility. SinoPac

Holdings took further action by linking the United Nations' Sustainable Development Goals (SDGs) and Taiwan's Sustainable Development Goals set by the National Sustainable Development Network with the five sustainability themes in response to the eight SDGs, including SDG1 (No Poverty), SDG 3 (Good Health and Well-Being), SDG 4 (Quality Education), SDG 5 (Gender Equality), SDG 7 (Affordable and Clean Energy), SDG 8 (Decent Work and Economic Growth), SDG 12 (Responsible Consumption and Production), and SDG 13 (Climate Action).




[About this Report](#)
[Chairman's Message](#)
[Identification of Stakeholders and Material Topics](#)

1 About SinoPac Holdings

[1.1 Introduction of SinoPac Holdings](#)
[1.2 Sustainable Development Goals and Vision](#)
[2 Fulfillment of Trustworthy Governance](#)
[3 Fulfillment of Innovative Service](#)
[4 Fulfillment of Healthy Workplace](#)
[5 Fulfillment of Green Operations](#)
[6 Fulfillment of Inclusive Growth](#)

APPENDIX



1.2.2 Three Sustainability Commitments and SDGs

Based on the five sustainability themes, SinoPac Holdings focused on three sustainability commitments and set action plans with short-term, medium-term, and long-term goals in response to the eight SDGs of the United Nations, as described below.



Unequal opportunities and unbalance resource allocation remain unsolved issues in current society. The differences in socioeconomic background, gender, and race not only lead to a lack in income and resources, but also lead to a lack of equal opportunities in many aspects including education, employment, medical care, and political participation, and a lack of personal security for certain groups of people. In the long run, the inequalities will inevitably become potential issues for common prosperity and inclusive growth.

"The social and economic consequences of inequality are profound and far-reaching: a growing sense of unfairness, precarity, perceived loss of identity and dignity, weakening social fabric, eroding trust in institutions, disenchantment with political processes, and an erosion of the social contract. The response by business and government must include a concerted effort to create new pathways to socioeconomic mobility, ensuring everyone has fair opportunities for success."

By Klaus Schwab
Founder and Executive Chairman of the World Economic Forum

Many of the United Nation's SDGs reflect inequality

SDGs	Implications Related to the Financial Sector
1 NO POVERTY	As mentioned in Taiwan's Sustainable Development Goals, no poverty refers to strengthening social care services and economic security for the vulnerable populations, and promoting the protection and equal opportunities for entrepreneurship, employment, financing, etc. Therefore, the Taiwan government will consider the increase in self-sufficient ratio of the economically vulnerable population, and the financing amount received by micro-businesses and the vulnerable populations with insufficient collateral as the indicators corresponding to this goal, in order to provide a suitable financial service network for the vulnerable populations and build a happy and sustainable society where no one is left out.
4 QUALITY EDUCATION	The core value of Taiwan's Sustainable Development Goals ensures that all citizens are able to receive fair and quality education, as well as lifelong learning opportunities, regardless of their socioeconomic background, living area, gender, and ethnic group. Taiwan government will also continuously implement policies related to multiculturalism, diverse development, and cultural proximity to provide students with the knowledge and skills required to promote sustainable development.
5 GENDER EQUALITY	In Taiwan, the purpose of its gender equality policy is to eliminate stereotypes towards traditional gender values and build a social environment that values gender equality. For the first time, the Taiwan government followed the international approach to reduce the difference in time spent on unpaid housework and family care between females and their spouses (including cohabitants). The government also encourages enterprises to create a diversified and friendly working environment and allow females in the management team, so as to increase the percentage of female serving as managers and corporate representatives of TWSE/TPEX listed companies.

SinoPac Holdings' Commitment

In response to the SDGs of the United Nations and Taiwan, SinoPac Holdings is committed to reducing any form of inequality inside and outside the organization and spares no effort in protecting basic rights and interests, regardless of their gender, wealth, race, to ensure social justice. Inside the organization, SinoPac Holdings takes the initiative in promoting gender equality at different levels by promoting more outstanding female employees to the management team to increase the percentage of females participating in the decision-making process. Outside the organization, SinoPac Holdings proactively implements programs for improving financial literacy and financial inclusion and proposes to provide new financing tools and channels for small and medium enterprises and the vulnerable populations as it is deeply aware that the financial inclusion policy will drive productivity and alleviate poverty and uneven allocation, and of the role that smart finance can play in enhancing financial inclusion. In addition to strengthening cultural education of schoolchildren in rural areas through a series of community care activities, SinoPac Holdings enriches the mental life of the elderly while promoting cultural equality. SinoPac Holdings hopes to pursue profits and maintain equality at the same time, so as to achieve the vision of "Fulfillment of a Beautiful Life through Finance".

Reduce Inequality – Action Plans and Short-term, Medium-term, and Long-term Goals						
Action Plan	Sustainability Theme	Key KPI(s)		2020 Goal(s)	Implementation Status in 2020	2021 Goal(s) 2023 Goal(s) 2025 Goal(s)
Promote gender equality (board of directors, senior executives)	Fulfillment of Trustworthy Governance	Number of female directors in the Board		At least 1	✓ Completed	At least 1
Promote gender equality (employees)	Fulfillment of Healthy Workplace	Number of diversification and inclusion measures		At least 1	✓ Completed	2 At least 2 every year
Improve accessibility of financial services	Fulfillment of Innovative Service	Penetration on self-employed contracted merchants	The increase in the number of self-employed contracted merchants	3,000	⚠ Not Completed	2,000 10% growth from 2020 30% growth from 2020
		The amount of credit card payment	NT\$120 million	NT\$120 million	20% annual growth	35% annual growth
		Loan outstanding amount of the Migrant Worker Lending Program	NT\$60 million	NT\$120 million	NT\$150 million	NT\$180 million
Promote cultural equality	Fulfillment of Inclusive Growth	Penetration on the financial ecosystem service in wholesale markets	The number of loan applications	2,520	⚠ Not Completed	2,650 3,200 3,600
		Loan outstanding amount	NT\$82 million	NT\$90 million	NT\$120 million	NT\$150 million
		The number of property trust seminars held	3	3	✓ Completed	4 every year
		Promote the exploration in art		Continuously promote the "Home from Above" program <ul style="list-style-type: none"> Accumulate 8 elementary and junior high schools in the recruitment Accumulate 80 schoolchildren and teachers in the training 	⚠ Not Completed	Continue to promote the education for children on arts and culture and aesthetic education activities
		Promote activities for senior citizens <ul style="list-style-type: none"> Participate in four rounds of "Song of Life" Participate in seven rounds of "Your Concert" 		Promote activities for senior citizens <ul style="list-style-type: none"> Participate in four rounds of "Song of Life" Participate in seven rounds of "Your Concert" 	✓ Completed	Leverage on the core operation in the financial sector and aim to cultivate children's abilities and concepts of wealth management from their childhood
		Promote the idea of arts equality and increase the number of participants in multicultural activities <ul style="list-style-type: none"> The number of direct participants increases by 10% The number of charity performances increases by 10% 		<ul style="list-style-type: none"> The number of direct participants increases by 10% The number of charity performances increases by 10% 	⚠ Not Completed	Cultivate artists and support their public performance
				5,000 participants	15,000 participants	50,000 participants


About this Report

Chairman's Message
Identification of Stakeholders and Material Topics
1 About SinoPac Holdings
1.1 Introduction of SinoPac Holdings
1.2 Sustainable Development Goals and Vision
2 Fulfillment of Trustworthy Governance
3 Fulfillment of Innovative Service
4 Fulfillment of Healthy Workplace
5 Fulfillment of Green Operations
6 Fulfillment of Inclusive Growth
APPENDIX



The Intergovernmental Panel on Climate Change (IPCC) published the Assessment Report 5 (AR5) in 2014, clearly indicating that the impact of climate change on the global continents and oceans has become increasingly significant. Climate change is emerging around the globe. The occurrence of extreme climate events and the increased unpredictability of the weather will further cause loss of life and property. In 2016, the International Monetary Fund (IMF) pointed out that global warming is directly related to economic losses. The latest data from Munich Re also indicated that the monetary losses from hurricanes, wildfire, and floods reached US\$210 billion in 2020, with a significant increase from the number of US\$150 billion in 2019. Natural disasters directly related to climate change have been increasing recently, which will undoubtedly result in increased losses to the economy and enterprises. How to respond to climate risks, identify market demand and take steps as soon as possible, and help industries in adopting and transforming through the provision of financial services is currently the biggest challenge as well as opportunity for the financial sector.

" Achieving net zero emissions will require a whole economy transition – every company, every bank, every insurer and investor will have to adjust their business model. This could turn an existential risk into the greatest commercial opportunity of our time. "

By Mark Carney
Chairman of the Financial Stability Board

Many of the United Nation's SDGs reflect climate change

SDGs	Implications Related to the Financial Sector
7 AFFORDABLE AND CLEAN ENERGY 	One of Taiwan's Sustainable Development Goals is to ensure the access to affordable, reliable, and sustainable energy. Therefore, increasing the percentage of clean fuel power generation and the capacity of renewable energy power generation facilities have become the indicators for such goal. The Taiwan government has declared that by 2025, the percentage of renewable energy-based power generation should reach 20%, while an incentive mechanism should be established with the support of ancillary measures, such as a wholesale electricity system, demonstration incentives, subsidy regulations, and green finance. Through financial services in financing and investment, corporates can invest in or build clean energy and renewable energy power generation facilities in readiness for relevant laws and regulations and the demand from the international market under this goal.
13 CLIMATE ACTION 	Climate change is one of Taiwan's systemic risks. In response to related risks, the key indicators of Taiwan's Sustainable Development Goals include climate risk inventory on which action plans are based to enhance the overall society's adaptation to climate change, setting greenhouse gas (GHG) emission targets, and promoting climate change education to change people's behavior and taking low-carbon measures. By taking multiple measures at the same time, the Taiwan government has encouraged cooperation between the public and private sector and set goals to be achieved by 2030, including the reduction of greenhouse gas emissions by 20% from the base year of 2005, full-scale electrification of corporate vehicles and urban buses, the increase in the proportion of renewable energy motorcycles over new cars sold to 35%, and the establishment of four low-carbon life circles in North, Central, South, and East Taiwan.

SinoPac Holdings' Commitment

In response to the government policies, SinoPac Holdings has undertaken to pay attention to the impact of climate change, implement environmental sustainability and supply chain management, promote resource recycling, and spare no effort in mitigating and adapting to climate change in cooperation with internal and external stakeholders. Internally, SinoPac Holdings has taken concrete measures for energy conservation and carbon reduction such as introducing GHG inventory and expanding its scope to mitigate the impact brought by climate change. It has also integrated climate risks into the risk management system to gain an understanding on the risks and opportunities arising from climate change. Seminars and training courses are also organized to increase the employees' awareness on climate change. Externally, SinoPac Holdings strives to leverage on its core operation in the financial sector to implement responsible lending and investment policies and incorporate ESG standards into the evaluation process. It has also been proactively developing eco-friendly financial products to raise the climate awareness of the customers and the public and to promote energy transformation while seeking carbon-free business opportunities for customers and investors.

Mitigate and Adapt to Climate Change – Action Plans and Short-term, Medium-term, and Long-term Goals							
Action Plan	Sustainability Theme	Key KPI(s)	2020 Goal(s)	Implementation Status in 2020	2021 Goal(s)	2023 Goal(s)	2025 Goal(s)
Introduce and continuously enhance climate risk management	Fulfillment of Trustworthy Governance	Identify and manage the financial impact arising from climate change	Establish an emerging risk identification mechanism; and introduce Task Force on Climate-related Financial Disclosures (TCFD) to identify climate related risks and its financial impact	Completed	Complete the calculation of the financial impact on a cumulative of 2 physical risks	• Complete the calculation of the financial impact on a cumulative of 2 transition risks	Complete the calculation of the financial impact on a cumulative of 2 transition risks
Raise climate awareness (employee)	Fulfillment of Healthy Workplace	The percentage of employees signing the Code of Environmental Protection and Energy Conservation in Office	Formulate the Code of Environmental Protection and Energy Conservation in Office	Completed	100%		
	Training	The number of trainings	1	Completed	At least 2 every year		
		Employee participation rate	10%	Completed	100%		
		The number of articles to raise employees' climate awareness	At least 2	Completed	At least 2 every year		
	Support the development of the renewable energy industry	The number of green investment	2	Completed	At least 2		
		Total investment amount	NT\$50 million	Not Completed	Committed investment amount reached the target, but the amount appropriated was slightly behind the target due to the installment plan.	No less than NT\$50 million	New green investment amount no less than 10% of the total new investment amount in the year
		The cumulative number of solar power plants financed	200	Completed	260	380	500
	Fulfillment of Innovative Service	Amount of financing for energy generation (solar power plant and energy storage facilities (2020))	NT\$100 million	Not Completed	The development of energy storage and generation facilities market is not as expected; will expand business to new circular energy market.	NT\$60 million	NT\$180 million
		Cumulative financing amount to new circular energy business (from 2021)					
	Renewable energy financing provided by Bank SinoPac Leasing	Loan outstanding amount to renewable energy industries	NT\$34.3 billion	Completed	NT\$50.0 billion	NT\$60.0 billion	Assist Taiwan government in achieving the target of generating 20% of electricity through renewable energy by 2025
		Continue to promote green finance in encoring government's green energy policies (Added in 2021)	-				
	Raise climate awareness - customers	Incorporate climate change-related issues into the Stewardship Principles for Institutional Investors	Incorporate climate change-related issues into the voting policy	Completed			
		Organize climate-related seminars	Every year	Completed			
		Integration of ESG criteria in lending evaluation process	Observe the Equator Principles (EP) and incorporate the climate risk assessment into the lending evaluation process	Completed			
	Promote climate change mitigation actions	Environment-related certification issued by third-party	The coverage of ISO 14064-1 certification	Completed	80%	100%	100%
		The coverage of ISO 50001 certification	Introduce ISO 50001	Completed	20%	30%	40%
		Cumulative reduction rate on energy saving, water consumption and GHG emissions (2018 as the base year)	2%	Completed	3%	5%	7%
		The number of Scope 3 items verified by third-party	2	Completed	4	7	10
		CDP	Complete the first Carbon Disclosure Project (CDP) response	Completed	Complete the second CDP response	Continue to improve the rating of CDP	Rated A Leadership Level by CDP
	Respond to international initiatives	SBT	Track on the development of SBT methodology for financial institutions	Completed	Keep on track	Evaluate the application of SBT	
		The usage of renewable energy (Added in 2021)	-				
	Raise climate awareness (the public)	Fulfillment of Inclusive Growth	The results of promoting "SinoPac Life" initiative	Gather the results of environmental protection and green actions on "SinoPac Life" website, expecting to increase employees participating by 50%	Not Completed	Purchase 200 renewable energy certificates	Continue to increase the proportion of renewable energy use
				Physical events were reduced due to the COVID-19 pandemic.		Reach 50,000 people in 5 events	Reach 100,000 people in 8 events
						Promote zero-carbon life with action plans	



About this Report

Chairman's Message

Identification of Stakeholders and Material Topics

1 About SinoPac Holdings

1.1 Introduction of SinoPac Holdings

1.2 Sustainable Development Goals and Vision

2 Fulfillment of Trustworthy Governance

3 Fulfillment of Innovative Service

4 Fulfillment of Healthy Workplace

5 Fulfillment of Green Operations

6 Fulfillment of Inclusive Growth

APPENDIX



Promote Inclusive Growth

After the outbreak of the global financial crisis in 2008, the world economy and industrial structure changed, and the uneven distribution of income and the deteriorating labor environment have become social issues that all countries need to solve urgently. The financial industry is regarded as a key force to improve the industry and promote economic transformation, and because its funds mainly come from the trust and support of the general public, it is expected to be able to implement financial inclusion, properly use social resources, and effectively exert influence for education, health, social welfare and other aspects, providing opportunities for the disadvantaged groups to change their life and promoting the common prosperity and growth of society.

"The truth is that our economic growth models have not equitably distribute benefits. Inequalities were brewing under the surface prior to 2007 and increased almost everywhere even during periods of sustained economic growth. We need to reverse this trend. Inclusive Growth has an important role to play in responding to the pressing needs of today and addressing the underlying trends that pushed our economic and social systems into disequilibrium."

By José Ángel Gurría
Secretary General of OECD

Many of the United Nation's SDGs encourage enterprises to promote inclusive growth

SDGs	Implications Related to the Financial Sector
3 GOOD HEALTH AND WELL-BEING	In response to the spirit of SDG 3 that ensures and promotes a healthy lifestyle and well-being at all ages, Taiwan's Sustainable Development Goals focus on encouraging enterprises to improve the working conditions of all employees in the value chain and to design a comprehensive health and well-being solution, so as to enhance the working environment of all employees in the value chain, improve the employees' physical and mental health, and reduce potential occupational disasters.
8 DECENT WORK AND ECONOMIC GROWTH	In terms of fostering employment and economic growth, save from increasing workplace safety, protecting female workers' right, and joining labor unions as key indicators, Taiwan's Sustainable Development Goals also emphasize that enterprises should support the school-to-work transition or organize on-the-job training to strengthen the employability of students and the vulnerable populations. In addition, the government continuously encourages the financial sector to lower the minimum requirements for micro-business loans, allowing medium and small sized enterprises and micro business to engage in the green economy and innovative developments through credit guarantees or financing assistance.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	In response to the international trends in the green economy, sustainable production and consumption, the Taiwan government has been increasing the amount of green procurement by the public and private sectors and requires enterprises to disclose information on their sustainable development, so as to further facilitate the management and improvement of supply-chain sustainability. In addition, the number of cases in relation to sustainable consumption and production are set as the key indicator of Taiwan's Sustainable Development Goals, hoping that enterprises can fulfill their responsibilities as customers and producers.

SinoPac Holdings' Commitment

The common wealth and mutual benefit of the stakeholders have been the first priority of SinoPac Holdings, which has been promoting inclusive growth by organizing products and services, procurement, employees care and philanthropic activities. Inside the organization, SinoPac Holdings attaches importance to the career development, compensation, and welfare of all employees, designs a comprehensive health and well-being solution, and creates a friendly working environment. In addition, it sets up the supplier standards in place to improve suppliers' working conditions and promotes sustainable consumption and production through sustainable supply chain management in hopes of achieving strong partnership for common prosperity. Upholding the spirit of taking from society and giving back to society, SinoPac Holdings takes concrete actions to promote employment of the vulnerable populations and to implement social welfare programs. It also supports art and cultural activities in local communities as a responsible corporate citizen with an aim of achieving social prosperity.



Promote Inclusive Growth – Action Plans and Short-term, Medium-term, and Long-term Goals							
Action Plan	Sustainability Theme	Key KPI(s)	2020 Goal(s)	Implementation Status in 2020	2021 Goal(s)	2023 Goal(s)	2025 Goal(s)
Value employees' rights and interests and improve employees' psychological well-being	Fulfilment of Healthy Workplace	The coverage of ISO 45001 certification	10%	✓ Completed	30%	60%	100%
		Human rights risk management	Optimize human rights due diligence mechanism	✓ Completed	Optimize human rights policy and management system	Strengthen human rights risks mitigation and remedy measures	
	Organize employee care activities	Number of activities	At least 2	✓ Completed	At least 2 every year		
		Employee satisfaction (2020)	Satisfaction exceeded 4 points (out of 5 points)	✓ Completed	50%	60%	70%
		Employee participation rate (from 2021)			Review the results of benefits implementation to evaluate the items that require improvement or extension		
		Implement benefits that are better than the legal requirements	At least 2 benefits	✓ Completed			
Support the development of small and medium enterprises (SMEs)	Fulfilment of Innovative Service	The annual growth rate of Bank SinoPac's SME loans	8% (loan outstanding NT\$202 billion)	✓ Completed	7% (loan outstanding NT\$235 billion)	5~8%	
		Fun Biz	The growth rate in number of domestic transactions (2020) (2018 as the base year)	58%	✓ Completed	8%	5~10%
		The growth rate of domestic transaction volume (from 2021)					
		The proportion of the suppliers signing the Suppliers' Sustainability Commitment	More than 80%	✓ Completed	More than 80%, and 100% of new suppliers become signatories	More than 95%	100%
Enhance sustainable supply chain management	Fulfilment of Green Operations	Supplier ESG risk management measures	Complete supplier database	✓ Completed	<ul style="list-style-type: none"> Optimize the supplier rating system, identify high carbon emissions suppliers, and conduct 10 on-site supplier audits Organize ESG training for suppliers (3 to 5 suppliers to attend, tentatively) 		Encourage suppliers to set carbon reduction targets and at least 20% of the suppliers in carbon-intensive industries to set carbon reduction targets
		The growth rate of the green procurement (2019 as the base year)	1%	✓ Completed	1%	3%	5%
		The utilization rate of green building materials for renovation	More than 45%	✓ Completed	More than 45%	More than 60%	
Promote green procurement and responsible consumption and production pattern							
		Work with the Sunshine Social Welfare Foundation to promote the idea of health and increase popularization by demo videos					
Support NPOs/social enterprises and the employment of the vulnerable populations	Fulfilment of Inclusive Growth	Subscribe to products produced by sheltered factories and increase the quantity and category of sheltered factories (adjust key indicators in 2021)					
		Increase employees' meal box subscription by 10% and expand the number of participating customers		✓ Completed	Continue to subscribe to the products produced by the sheltered factories and increase the quantity of sheltered factories		Increase the number of cooperative sheltered factories and the category of products


[About this Report](#)
[Chairman's Message](#)
[Identification of Stakeholders and Material Topics](#)

1 About SinoPac Holdings

[1.1 Introduction of SinoPac Holdings](#)
[1.2 Sustainable Development Goals and Vision](#)
[2 Fulfillment of Trustworthy Governance](#)
[3 Fulfillment of Innovative Service](#)
[4 Fulfillment of Healthy Workplace](#)
[5 Fulfillment of Green Operations](#)
[6 Fulfillment of Inclusive Growth](#)

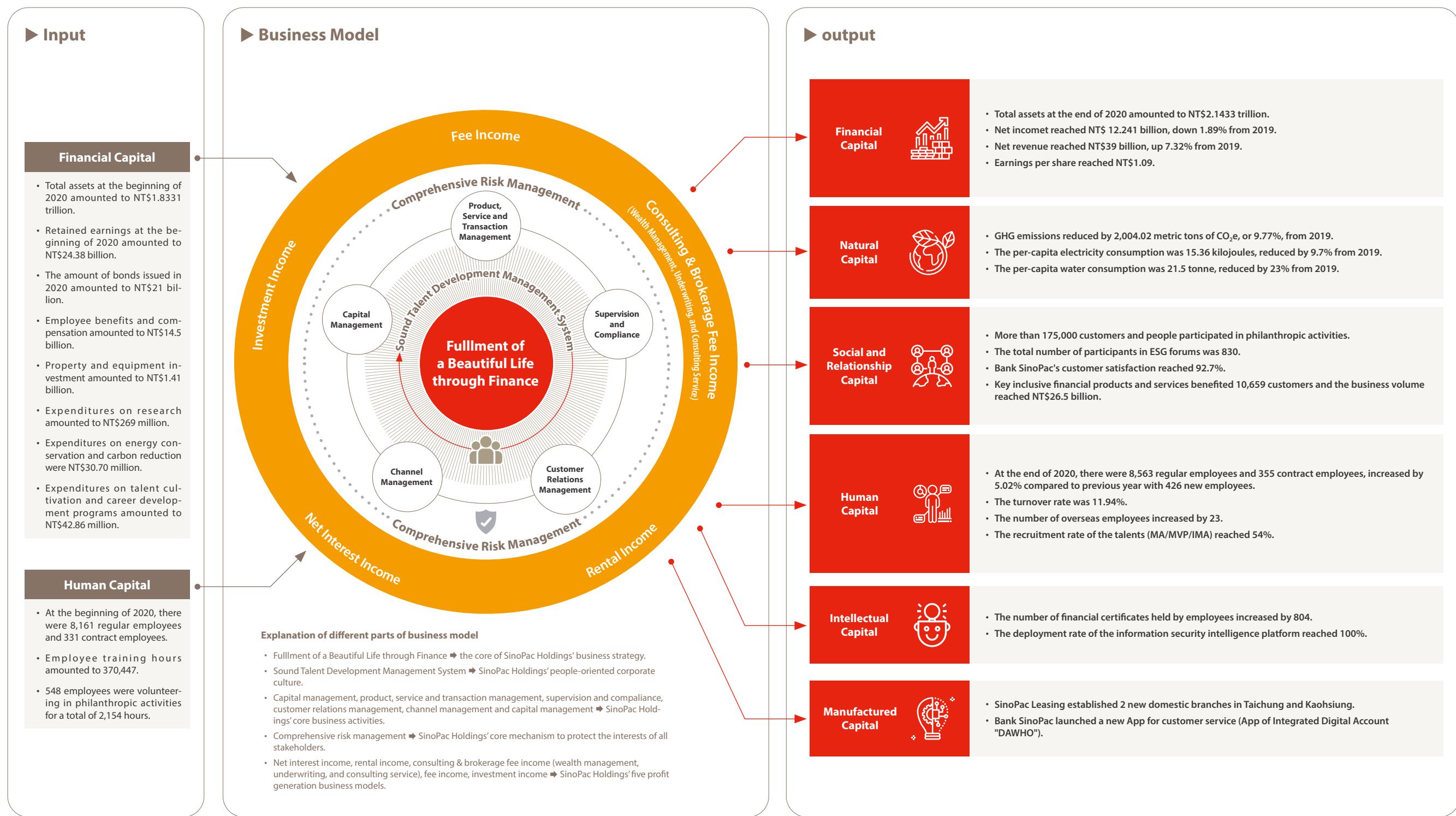
APPENDIX



1.2.3 Performance of Six Capitals

SinoPac Holdings believes that the creation of corporate value has changed its emphasis from traditional financial performance to value creation from the "six capitals", including financial capital, manufactured capital, intellectual capital, human capital, social and relationship capital, and natural capital. In addition to presenting an outstanding financial result, SinoPac Holdings also takes the environmental and social impacts created by the Company's

business activities into its core business model. Through checking the inputs of the six capitals on its business activities, results of the sustainable development action plans (please refer to the summary of the results in the 2020 sustainable development work plan on each chapter), and the final outputs of the six capitals, the value created in business operating and the role SinoPac Holdings played were both highlighted.




[About this Report](#)
[Chairman's Message](#)
[Identification of Stakeholders and Material Topics](#)

1 About SinoPac Holdings

[1.1 Introduction of SinoPac Holdings](#)
[1.2 Sustainable Development Goals and Vision](#)

2 Fulfillment of Trustworthy Governance

3 Fulfillment of Innovative Service

4 Fulfillment of Healthy Workplace

5 Fulfillment of Green Operations

6 Fulfillment of Inclusive Growth

APPENDIX

1.2.4 Sustainability Initiative

SinoPac Holdings and its subsidiaries actively participate in the association of related industries to understand the development and dynamics of financial industry, as well as laws and regulations, in order to adapt to the current situation and respond to various initiatives, and at the same time communicate with other peers. Through communications and cooperations, it aims to promote a stable development in financial businesses and work together to assist the government with its implementation of various financial policies. In 2020, total amount devoted to public associations engaging in supporting or participating in financial industry initiatives was about NT\$5,848 million, of which the top three public associations that SinoPac Holdings contributed the most were The Bankers Association of the Republic of China (NT\$1,657,100), The Trust Association of the Republic of China (NT\$1,855,826) and Securities Investment Trust and Consulting Association of the Republic of China (NT\$420,000). The amount donated to political organizations, candidates or other interest groups in the past 4 years has been zero.

2017-2020 Contributions and Other Spending

	2017	2018	2019	2020	In NTS
Lobbying, interest representation or similar	0	0	0	0	
Political campaigns / organizations /candidates	0	0	0	0	
Trade associations or tax-exempt groups	5,154,116	5,488,947	5,816,383	5,847,783	
Other (e.g. spending related to ballot measures or referendums)	0	0	0	0	
Total	5,154,116	5,488,947	5,816,383	5,847,783	
Coverage % (note)	100%	100%	100%	100%	

Note: Figures in the table are the total amount that SinoPac Holdings and its 5 subsidiaries (same as the boundary of the report for disclosure of ESG information) contributed to the organizations whose primary role is to create or influence public policy. Therefore, the data coverage is 100%.

Public Organizations Participation in 2020

Theme of topic	Issue or topic	Name of associations /organizations	Description of position / engagement	Total amount paid in 2020 (NTD)
Business development in banking industry	SinoPac Holdings has been focusing on various business and product developments in banking industry such as retail banking, wealth management, digital payment, and credit card, as well as management mechanisms related to internal control. By participating in the Bankers Association, the Company can keep abreast of relevant laws and business development, communicate with peers, and make suggestions in a timely manner to grasp business opportunities.	The Bankers Association of the R.O.C.	Serves as the director of the Bankers Association and participates in 15 business committees of the Bankers Association; appoints employees at managerial levels to serve as members of each business committee and makes suggestions for the development of related businesses.	1,657,100
Research on the development of new forms of trust products	In response to issues related to aging society and competent authority's launch of trust 2.0 "All-round Trust" development plan, it is needed to pay attention to the product development such as Trust for Elderly Care and Trust for Advance Receipt. By participating in the Trust Association, SinoPac Holdings can keep abreast of relevant laws and business development, communicate with peers, and make suggestions in a timely manner to grasp business opportunities.	Trust Association of the R.O.C.	Serves as a member of the Business Development Committee of the Trust Association, participates in the discussion of various issues of the Committee, and appoints employees to participate in the association's various group meetings, such as legal affairs and discipline group, trust of money and securities business group etc; also advises or participates in research projects, which has a positive effect on the promotion of the trust business.	1,855,826

Participation in Associations

The Bankers Association of the R.O.C.	The Bankers Association of Taipei
Trust Association of the R.O.C.	Taipei Leasing Association
Securities Investment Trust and Consulting Association of the R.O.C.	Taiwan Venture Capital Association
R.O.C. Bills Finance Association	Cross-Straits CEO Summit
Taiwan Securities Association	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)
Chinese National Futures Association	Accounting Research and Development Foundation





Ranked in **the top 5%**
in the Corporate Governance Evaluation

Ranked in the top 5% (top level) in the Corporate Governance Evaluation for TWSE-listed companies for 2 consecutive years.



Acquired **Level A certification**
for the Intellectual Property Management System

SinoPac Holdings became the first financial holding company to incorporate the Intellectual Property Management System for the entire company and receive certification.



Had All employees
signed on Ethical Corporate Management Policy

Completed the signing of the compliance statements for the Ethical Corporate Management Policy by all Directors, Supervisors, and employees of SinoPac Holdings and subsidiaries with a 100% signing rate.

Sustainability Commitment	Corresponding SDGs	Action Plan(s)	2025 Goal(s)
Reduce Inequality	SDG 5 Gender Equality	Promote gender equality (Directors and senior executives)	• At least 1 female director in the Board of Directors
Mitigate and Adapt to Climate Change	SDG 13 Climate Action	Adopt and continue to intensify climate risk management	• Conduct scenario analysis and financial quantitative disclosures of 2 transition climate risks
Six Capitals			
Input		Strategy	Output
Financial Capital	<p>Strengthen corporate governance and performance in related evaluations. Continue to improve corporate governance policies and take part in corporate governance evaluations and related awards.</p> <p>Increase the transparency of information disclosure Regularly review the appropriateness of information disclosure and continue to optimize the management of information disclosure on the official website.</p> <p>Intensify ethical corporate management Monitor international ethical corporate management trends, convene regular meetings of the Ethical Corporate Management Committee to optimize the Company's ethical corporate management regulations, continue to encourage signature and compliance of the Ethical Corporate Management Policy, and promote ethical corporate management ideals.</p> <p>Optimize risk management mechanisms Include emerging risks, climate risks, and other ESG risks into the overall risk management structure and continue to strengthen risk identification, assessment, monitoring, reporting, and mitigation or adaptation measures.</p> <p>Strengthen information security Convene regular meetings of the Information Security Committee / information security sharing conference to review information security monitoring and control points and related analysis mechanisms. Use the information security intelligence platform to enhance monitoring in the IT system and emergency response capabilities, train elite information specialists, and include information security into the performance evaluation system to improve information security awareness and culture.</p>		Intellectual Capital
Human Capital	<ul style="list-style-type: none"> Invested NT\$240 thousand in training for obtaining professional information security licenses. Invested NT\$19.41 million in the development of the integrated information security system. Invested NT\$8.94 million in the development of the information security intelligence platform. Invested NT\$6.2 million in the improvement of corporate governance. 		Social and Relationship Capital
	<ul style="list-style-type: none"> Invested 190 hours and assigned 6 employees in training for obtaining professional information security licenses. Invested 1,704 hours and assigned 10 employees in the development of the integrated information security system. Invested 1,023 hours and assigned 65.5 employees in the development of the information security intelligence platform. 8,449 employees participated in the online ethical management training. 		<ul style="list-style-type: none"> 100% deployment rate of the information security intelligence platform. Established procedures for the identification of emerging risks and climate risks.



Had All employees
completed the ethical corporate management training

All employees completed the online training for internal regulations such as the "Guidelines for Ethical Corporate Management" and "Procedures for Ethical Management and Guidelines for Conduct" totaling 8,449 participants. Besides, newly hired employees have all completed the pre-employment trainings and after-training tests for "Guidelines for Ethical Corporate Management", "Code of Conduct", and "Employee Service Guidelines".



Reached **100%** in the deployment rate of the information security intelligence platform

Invested NT\$8.94 million and 1,023 hours in the development of the information security intelligence platform and attained 100% deployment rate.



Established the management procedures for **emerging risks and climate risks**

SinoPac included emerging risks and climate change risks into the overall risk management structure, established the "Guidelines for the Management of Climate-Related Risks and Opportunities", and completed the identification of emerging risks and climate-related risks/opportunities as well as the formulation of mitigation and adaptation measures.


[About this Report](#)
[Chairman's Message](#)
[Identification of Stakeholders and Material Topics](#)

1 About SinoPac Holdings

2 Fulfillment of Trustworthy Governance

2.1 Corporate Governance

2.2 Ethical Corporate Management and Legal Compliance

2.3 Risk Management

2.4 Information Security/Cybersecurity

2.5 Privacy and Security

3 Fulfillment of Innovative Service

4 Fulfillment of Healthy Workplace

5 Fulfillment of Green Operations

6 Fulfillment of Inclusive Growth

APPENDIX



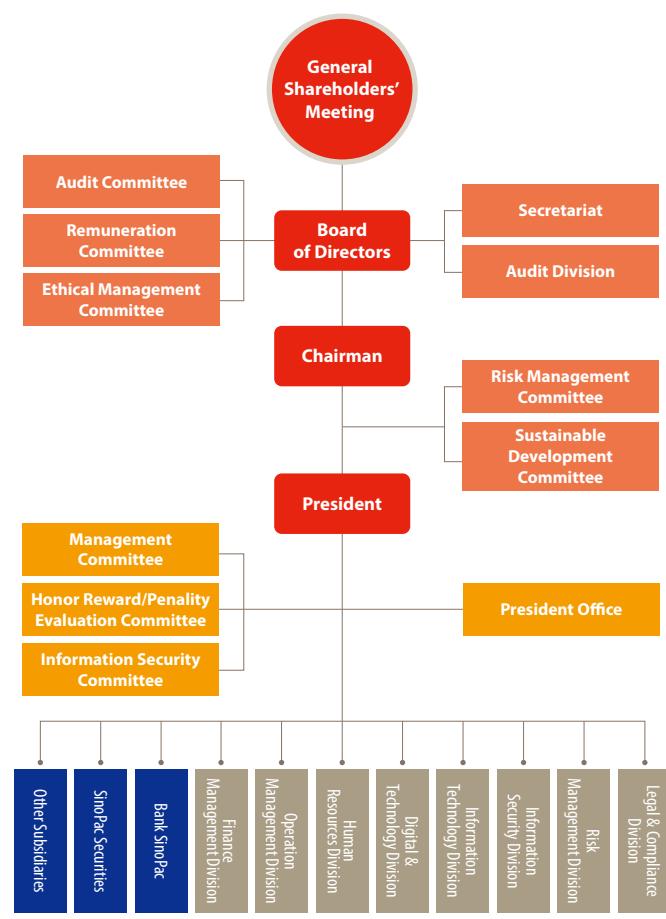
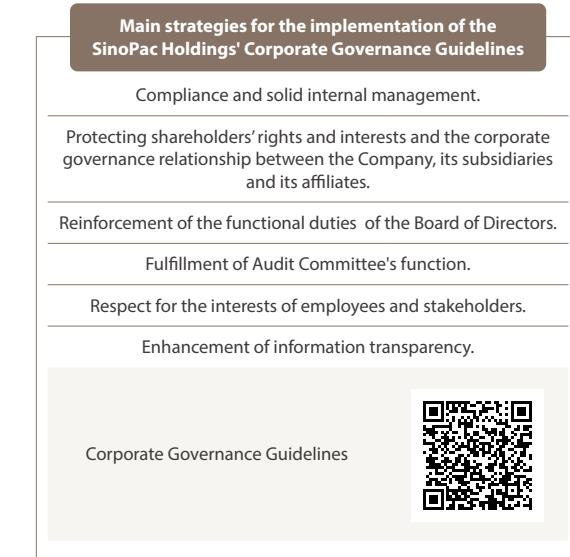
2.1 Corporate Governance

Summary of the Results in the 2020 Sustainable Development Plan

Strategy	2020 Objectives	Implementation Status in 2020	2020 Achievements	2021 Objectives
Strengthen performance in corporate governance evaluations	<ul style="list-style-type: none"> Take part in 6th Corporate Governance Evaluation of Taiwan Stock Exchange; Identify gaps in evaluation items and new items, and include improvements into the work items of the sustainable development blueprint. Prepare for the self-evaluation for 7th Corporate Governance Evaluation. 	Completed	<ul style="list-style-type: none"> Ranked in the top 5% (top level) in 7th Corporate Governance Evaluation for TWSE-listed companies. Taiwan Stock Exchange Corporation published the indicators for 7th Corporate Governance Evaluation in 2020 in January 2020. The units responsible for preparing for the evaluation reviewed the changes in the indicators and organized self-evaluations based on the new indicators for quick response, enhanced information disclosure, and continuous improvement of corporate governance. 	<ul style="list-style-type: none"> Strengthen the disclosure of information on executive compensation and mechanisms for connection with ESG performance. Monitor material issues that affect the Company's long-term business performance. Set up communication mechanisms for privacy incidents and add mechanisms for transferring personal data to other service providers. Complete the identification of gaps in the 7th Corporate Governance Evaluation and prepare for the self-evaluation for the 8th Corporate Governance Evaluation.
Intensify ethical corporate management	<ul style="list-style-type: none"> Convene meetings of the Ethical Corporate Management Committee. Encourage employees to sign the compliance statements for the Ethical Corporate Management Policy. Continue to pay attention to international ethical corporate management trends. 	Completed	<ul style="list-style-type: none"> Convened Ethical Corporate Management Committee meetings in February and August 2020. Provided the regulations in the "Guidelines for Ethical Corporate Management" to the Directors and Supervisors of SinoPac Holdings and its subsidiaries for reference and compliance. Completed the signing of the compliance statements for the Ethical Corporate Management Policy by all employees of SinoPac Holdings and subsidiaries with a 100% signing rate. Completed the signing of the compliance statements for the Ethical Corporate Management Policy by all Directors and Supervisors of subsidiaries with a 100% signing rate. Organized the online compliance training for SinoPac Holdings and subsidiaries from July to August 2020 with courses on ethical conduct, ethical corporate management, and whistleblowing. Organized the online training for "ethical corporate management and whistleblowing system" for SinoPac Holdings and its subsidiaries from November to December 2020. Organized the performance evaluation of the Ethical Corporate Management Committee in December 2020. 	<ul style="list-style-type: none"> Convene meetings of the Ethical Corporate Management Committee. Organize the annual training program for "Ethical Corporate Management and Whistleblowing Mechanism" for SinoPac Holdings and subsidiaries. Require all employees to sign the Code of Conduct. Continue to pay attention to international ethical corporate management trends. Organize the annual performance evaluation of the Ethical Corporate Management Committee.
Increase the transparency of information disclosure	<ul style="list-style-type: none"> Continue to optimize information disclosure in the corporate governance section of the official website. Provide regular/irregular real-time updates of information on the official website. Set management mechanisms to ensure the consistency of official website information and the latest disclosed information. 	Completed	<ul style="list-style-type: none"> Activated the "Official Website Optimization Project" in November 2020 and planned to complete the two-stage optimization project in 2021. Updated the information in Chinese and English disclosed in the "Corporate Governance" section of the official website and added "Risk Management Operation Status". Updated the information in Chinese and English disclosed in the "Investor Relations" section on the official website and added "Investor FAQs" to provide information to shareholders and stakeholders. Updated the information in the "Sustainability" section on the official website and added the "Management Policy and Response Strategies for Climate-Related Risks and Opportunities". 	<ul style="list-style-type: none"> Complete the "Official Website Optimization Project" by two stages to enhance ESG disclosure. Continue to optimize information disclosure in the corporate governance section of the official website and disclose anti-money laundering and counter terrorism financing regulations. Provide regular/irregular real-time updates of information on the official website and set management mechanisms to ensure the consistency of official website information and the latest disclosed information.
Optimize risk management mechanisms	<ul style="list-style-type: none"> Establish mechanisms for identifying emerging risks and introduce the TCFD framework to identify financial risks caused by climate change. Establish the Guidelines for the Management of Climate-Related Risks and Opportunities" to facilitate the identification, measurement, and monitoring of climate-related risks and opportunities and formulate mitigation or adaptation measures and reports. 	Completed	<ul style="list-style-type: none"> Incorporated emerging risks and climate change risks into the overall risk management structure and established the "Guidelines for the Management of Climate-Related Risks and Opportunities". Completed the identification of emerging risks and climate-related risks/opportunities and the formulation of mitigation and adaptation measures. 	<ul style="list-style-type: none"> Continue to introduce TCFD and complete the scenario analysis and quantification for one physical climate change risk; prepare the operation model for reporting climate risk management to the Board of Directors. Continue to review the completeness of the information security risk management mechanisms.
Strengthen information security	<ul style="list-style-type: none"> Convene regular meetings of the Information Security Committee / information security communication meetings to review regulations and incidents related to information security. Review whether the on-site information security monitoring meets actual requirements and implement technical control measures. Establish the Information Security Intelligence Platform to enhance the monitoring of the information system and incident response capabilities. Implement web behavior control mechanisms to screen and analyze users' online behavior. Appoint external experts to complete vulnerability scanning, social engineering exercises, and other information security operations, and evaluate the Company's technical capabilities for implementing these operations by itself. Recruit information security talents, train elite information security operators, and plan to include information security into the performance evaluation system. 	Completed	<ul style="list-style-type: none"> Convened regular information security sharing conference to focus on the review of remote work, VPN and WVD management, communication control measures, and information security governance in response to COVID-19. Convened regular monthly meetings of the Information Security Intelligence Center to review monitoring measures for terminals, accounts with special privileges, user behavior, and threat hunting, and conduct analyses and discussions. Subsidiaries such as Bank SinoPac and SinoPac Securities have set up web behavior control mechanisms and introduced the online behavior management system to establish network security systems that meet corporate security policies. SinoPac Holdings oversaw the continuous updates of the ISO 27001 certification by the IT units of Bank SinoPac and SinoPac Securities, and the upgrades of the corporate terminal security protection systems. Appoint external experts to complete vulnerability scanning, social engineering exercises, and other information security operations, and evaluate the Company's technical capabilities for implementing these operations by itself. Implement cost reduction for information security expenses. Promote information security talents and train elite information security operators. 	<ul style="list-style-type: none"> Convene regular meetings of the Information Security Committee / information security communication meetings to review regulations and incidents related to information security. Strengthen information security monitoring and review whether the on-site information security monitoring meets actual requirements to implement technical control measures. Optimize the Information Security Intelligence Platform and continue to enhance the monitoring of the information system and incident response capabilities. Implement web behavior control mechanisms to screen and analyze users' online behavior. Appoint external experts to complete vulnerability scanning, social engineering exercises, and other information security operations, and evaluate the Company's technical capabilities for implementing these operations by itself. Implement cost reduction for information security expenses. Promote information security talents and train elite information security operators.

2.1.1 Governance Framework

To establish a solid corporate governance system, SinoPac Holdings has established the "Corporate Governance Guidelines" in accordance with the "Corporate Governance Best Practice Principles for Financial Holding Companies" and the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies". The main strategies for implementation are as follows:



SinoPac Holdings has set up three functional committees including the Remuneration Committee, Audit Committee, and Ethical Corporate Management Committee in accordance with the "Remuneration Committee Organizational Charter", "Audit Committee Organizational Charter", and "Ethical Corporate Management Committee Organizational Charter". The composition and responsibilities of the committees are specified below:

List of SinoPac Holdings' Functional Committees

Committee	Committee Composition	Responsibilities	Organizational Charter and Important Regulations	Operations in 2020
Audit Committee	The Audit Committee consists of all Independent Directors of SinoPac Holdings (Chi SCHIVE, James J. SHEU, and Wei-ta PAN). The Independent Director James J. SHEU serves as the convener.	<ul style="list-style-type: none"> Supervise the implementation of internal control Supervise the Company's compliance with laws and regulations and control of existing or potential risks 	Audit Committee Organizational Charter	A total of 7 meetings were held and the attendance rate was 100%
Remuneration Committee	The Remuneration Committee consists of all Independent Directors of SinoPac Holdings (Chi SCHIVE, James J. SHEU, and Wei-ta PAN). The Independent Director Chi SCHIVE serves as the convener.	<ul style="list-style-type: none"> Evaluate the remuneration policy, system, standard, and structure for Directors and managers Assess and set the remuneration for Directors and managers regularly 	Remuneration Committee Organizational Charter	A total of 9 meetings were held and the attendance rate was 100%
Ethical Corporate Management Committee	The Ethical Corporate Management Committee consists of all Independent Directors of SinoPac Holdings, Bank SinoPac, and SinoPac Securities Corp. (Chi SCHIVE, James J. SHEU, Wei-ta PAN, Yu-fen LIN, Chih-cheng SU, Paul Chao-hsiang CHU, Tzu-wen HO, Tsung-hsun LU). The Independent Director Chi SCHIVE serves as the convener.	<ul style="list-style-type: none"> Responsible for the review of ethical cooperate management policies and prevention programs, supervision of the performance of the managerial departments, and report regularly on the compliance status to the Board of Directors Incorporate ethics and moral values into the company's business strategy Review relevant fraud prevention measures and supervision and balancing mechanisms for ethical corporate management Establish a whistleblowing system and supervision of the effectiveness of its implementation 	Ethical Corporate Management Committee Organizational Charter Guidelines for Ethical Corporate Management Procedures for Ethical Management and Guidelines for Conduct	A total of 2 meetings were held and the attendance rate was 100%



About this Report

Chairman's Message

Identification of Stakeholders and Material Topics

1 About SinoPac Holdings

2 Fulfillment of Trustworthy Governance

2.1 Corporate Governance

2.2 Ethical Corporate Management and Legal Compliance

2.3 Risk Management

2.4 Information Security/Cybersecurity

2.5 Privacy and Security

3 Fulfillment of Innovative Service

4 Fulfillment of Healthy Workplace

5 Fulfillment of Green Operations

6 Fulfillment of Inclusive Growth

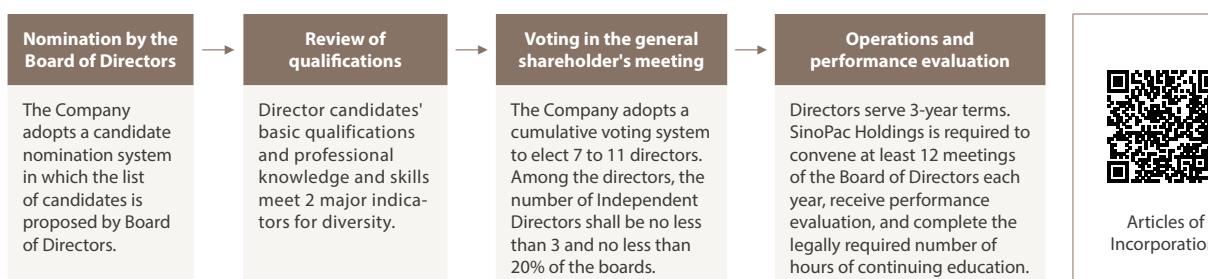
APPENDIX



2.1.3.2 Board Nomination and Election System

The selection of board members of SinoPac Holdings is mainly based on professional skills, industry experience, ethics, and reputation in society. The Company also sets diversity criteria for gender and age. The Board of Directors as a whole possesses 9 major capabilities including perform operational judgments, accounting and financial analysis, business management (including management of the subsidiaries), crisis management, knowledge of the industry, an international market perspective, leadership, decision-making, and risk management skills.

SinoPac Holdings specifies in the Articles of Incorporation that the Company shall have 7 to 11 Directors. The detailed nomination and election procedures are as follows:



Articles of Incorporation



Board Diversity Targets

- ✓ Achieved At least one female director in the Board of Directors
- ✓ Achieved At least 3 Independent Directors with no less than 20% of the Directors' seats
- ✓ Achieved All Directors must sign the compliance statements for the Ethical Corporate Management Policy
- ✓ Achieved The Board of Directors as a whole possesses 9 major capabilities
- ✓ Achieved The Board of Directors as a whole possesses professional experience in 7 major industries including banking, business, law, accounting, finance, information on security/information technology and risk management

2.1.3.3 Operations of the Board of Directors

As a principle, SinoPac Holdings' Board of Directors convenes one meeting each month and the minimum of attendance for all members required is 80%. Thirteen meetings of the Board of Directors were held in 2020 and the average board meeting attendance was 98.96%. The average board meeting attendance of Directors is included as an evaluation item in the performance evaluation of individual Directors. Directors that have conflicts of interests in resolutions would recuse themselves from voting in accordance with laws. Please refer to P28 to 32 of SinoPac Holdings' 2020 Annual Report for the attendance of Directors in board meetings and the recusal of Directors due to conflicts of interests. Companies of the SinoPac Holdings Group have purchased the liability insurance for directors, supervisors, and managers since 2003 and review the contents of insurance policies each year. The Company established the "Standard Operating Procedures for Requests Filed by Directors" to respond to requests of Directors, help Directors perform their duties, and improve the performance of the Board of Directors.

SinoPac Holdings uses the TSE Market Observation Post System, corporate website, and annual reports to disclose the Directors' education/training and attendance in the Board of Directors. Major resolutions are disclosed in the Annual Report (extracts of the meeting minutes of the Board of Directors are disclosed on the company website) as well as recusals of Directors from agenda items due to conflicts of interests to improve information transparency in the operations of the Board of Directors.

2.1.3.4 Continuing Education/Training of Directors

To enhance corporate governance, SinoPac Holdings regularly compiles related continuing education courses on corporate governance in the current year for Directors and help them make arrangements for attending the courses. All Directors met requirements as specified in the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies" in 2020 with an average of 7.64 hours of training which was higher than the 6 hours recommended in regulations. Continuing education courses included courses on topics such as international trends of anti-money laundering and counter-terrorism financing practices, trends and impact of risk-based anti-money laundering, key technologies and market applications of 5G and IoT, AI risk management framework, enhance trust in AI-integrated applications, and principles and applications of artificial intelligence. Please refer to P49 of SinoPac Holdings' 2020 Annual Report for details on the continuing education/training of Directors.

2.1.3.5 Board Performance Review

SinoPac Holdings has established the Regulations Governing the Evaluation of the Performance of the Board of Directors in 2018. The performance of the Board of Directors and functional committees should be reviewed according to the review procedures and indicators set forth in the Regulations on an annual basis. The performance review of the Board of Directors and functional committees shall be conducted by an external professional independent institution or a team of external experts and scholars at least once every three years, and the results of performance review shall be reported to the Board of Directors before the end of March in the following year. For the scoring criteria, each review item is scored using the weight method, and performance evaluation results are divided into five levels, namely excellent, very good, good, fair, and poor. The evaluation items are specified below:

Board of Directors	Board Members
1. Degree of participation in the Company's operations 2. Improvement in the decision-making quality of the Board of Directors (or functional committees) 3. Composition and structure of the Board of Directors (or functional committees) 4. Management of internal relationship and communication 5. Directors' Professionalism and continuing education 6. Internal control	1. Control over the Company's goals and missions 2. Understanding of duties as directors 3. Degree of participation in the Company's operations 4. Management of internal relationship and communication 5. Directors' Professionalism and continuing education 6. Internal control

Functional Committees

- 1. Degree of participation in the Company's operations
- 2. Understanding of duties of functional committees
- 3. Improvement in the decision-making quality of functional committees
- 4. Composition of functional committees and election of committee members
- 5. Internal control

2.1.4 Sustainable Development Committee

2.1.4.1 Sustainable Governance Framework

SinoPac Holdings established the "CSR Project Team" in 2015 to actively plan CSR related affairs. In 2018, the Company established the "Guidelines for Corporate Social Responsibility" and established the "Sustainable Development Committee". The Chairman of SinoPac Holdings serves as the chairperson of the Committee, with the President of SinoPac Holdings and the chairmen and presidents of major subsidiaries serving as members. The Committee oversees five task forces responsible for corporate governance, customer relations, employee welfare, social involvement, and environmental protection. The committee is in charge of managing the risks and impacts of operations of SinoPac Holdings and its subsidiaries on the economy, environment, and society, and it regularly reports to the Board of Directors to implement SinoPac Holdings' sustainable development strategy.



2.1.4.2 Operations of the Sustainable Development Committee

The task forces of the Sustainable Development Committee uphold the four major sustainability missions of SinoPac Holdings and continue to implement adjustments and optimize the short, medium, and long-term goals in the Sustainable Development Strategy Roadmap in accordance with the five major sustainability targets. The Sustainable Development Committee convenes a meeting every quarter and reports the progress of corporate sustainable development to the Board of Directors every six months. The Sustainable Development Committee convened four meetings in 2020 and reported the results of sustainable development in 2020 and the 2021 work plan to the Board of Directors in January 2021. SinoPac Holdings also received awards from the Taiwan Academy of Banking and Finance, Commonwealth Magazine, The Asset magazine, Enterprise Asia, and Taiwan Institute for Sustainable Energy in 2020 for its sustainable development, and continued to be included as a constituent of the FTSE4Good TIP Taiwan ESG Index and FTSE4Good Emerging Indexes.



Regulations Governing the Evaluation of the Performance of the Board of Directors


[About this Report](#)
[Chairman's Message](#)
[Identification of Stakeholders and Material Topics](#)
[1 About SinoPac Holdings](#)
[2 Fulfillment of Trustworthy Governance](#)
[2.1 Corporate Governance](#)
[2.2 Ethical Corporate Management and Legal Compliance](#)
[2.3 Risk Management](#)
[2.4 Information Security/Cybersecurity](#)
[2.5 Privacy and Security](#)
[3 Fulfillment of Innovative Service](#)
[4 Fulfillment of Healthy Workplace](#)
[5 Fulfillment of Green Operations](#)
[6 Fulfillment of Inclusive Growth](#)
[APPENDIX](#)


SinoPac Holdings' Main Achievements in Sustainable Development

GOALS

Established 3 major sustainability commitments that correspond to 8 Sustainable Development Goals of the United Nations in accordance with its vision for corporate social responsibility and 5 major sustainability targets and set detailed targets for the next 5 years.



Followed international information disclosure trends and produced the first CSR Report that complies with integrated reporting (IR), Sustainability Accounting Standard Board (SASB) Industry Standards for Banks, and the Task Force on Climate-related Financial Disclosures (TCFD) framework (issue on June, 2020).



Activated management procedures for "emerging risks" and "climate-related risks/opportunities" and completed the identification, assessment, monitoring, reporting, and mitigation and adaptation measures for emerging risks and climate-related risks/opportunities.



Implemented sustainable finance, promoted responsible investment and lending, and continued to support the development of the solar energy industry in Taiwan. Launched the first exclusive credit card for migrant workers in Taiwan to continue improving the accessibility of financial services and implement inclusive finance.



Introduced the ISO 45001:2018 Occupational Health and Safety Management Systems and added multiple employee benefits superior to regulatory requirements to improve employee rights and benefits and their physical and mental health.



Worked with suppliers to promote sustainability and increased the signature rate of the Supplier Corporate Social Responsibility Commitment to 82.5% with all of new suppliers became signatories.



Improved sustainable development management and received A- leadership level rating for the Company's first CDP response.



Introduced the Social Return on Investment (SROI) and published results. The SROI of the financial ecosystem service which connected Bank SinoPac's inclusive finance businesses reaches 6.17.



Formulated specific targets and action plans for the task forces in 2021 in accordance with the corporate social responsibility vision, missions, and key tasks in short, medium, and long-term.

SinoPac Holdings will continue to strengthen sustainability actions including reviewing the strategies for promoting sustainable finance, connections with the Green Finance 2.0 Action Plan, accelerating the coverage and progress of the greenhouse gas inventory, and starting the carbon emission data inventory for investment/financing positions. SinoPac Holdings will plan related ESG activities of its subsidiaries with the aim of "expanding influence". The Company will also incorporate its unique features and expand the participation of customers and the public to maximize the influence of the financial industry as the leader in all aspects of ESG. SinoPac Holdings shall reach out from within and achieve the fulfillment of a beautiful life through finance.

2.1.5 Senior Executive Remuneration Policy

2.1.5.1 Senior Executive Remuneration System

The remuneration for the President and Vice President (senior executives) of SinoPac Holdings is based on their individual professional qualifications and experience and the prevailing rates in the industry, discussed in the remuneration committee, and then submitted to the Board of Directors for approval. In addition to the fixed monthly base salary and allowances, the Company issues performance bonuses and long-term incentives according to the Company's rules with consideration of the overall annual business performance, personal performance, and future risks in the medium to long-term strategy of SinoPac Holdings. The personal performance evaluation is closely related to the overall business results. The evaluation metrics and weight are specified in the table below:

Metrics of Variable Compensation (Including Financial Returns and Relative Financial Metrics)

Metrics	Weight	Description
Financial indicators	20%	The Company's financial performance and comparison with competitors such as ROE, ROE ranking in the industry, budget attainment rate, total assets, and revenue
Strategic indicators	50%	Objectives of future medium and long-term strategies (e.g., performance of sustainability development including climate change issues, achievement of sustainability commitments and material issues)
Internal control indicators	30%	Internal controls indicators for auditing, legal compliance, and risk management
Management indicators	Additional items	Inclusion of human resource indicators such as the retention rate and dedication to the sustainable development of human resources

shareholder value and risk management, and corporate governance targets in the next 3 years. They connect managers' obligations and responsibilities to long-term performance. In addition, where a manager violates laws or professional ethics, or commits acts of negligence or dereliction of duties, the Company may adjust the distribution ratio or implement a trigger clawback provision of distributed incentives.

2.1.5.3 Executive Remuneration

In 2020, total remuneration paid by SinoPac Holdings to senior executives accounted for 0.67% of the net profit after tax. The remuneration paid by all companies in the consolidated financial statements to senior executives ranked President and Vice Presidents of SinoPac Holdings accounted for 1.68% of the net profit after tax of SinoPac Holdings' consolidated financial statements. Refer to P26 of the 2020 Annual Report of SinoPac Holdings for related information on their remuneration. There are no share ownership requirements for the CEO and other members and executive committee. As of the end of 2020, the President of SinoPac Holdings held 0 shares and the average across other executive committee members (excluding the President) owning shares accounted for 0.78 of the multiple of base salary.

Ratio between the total annual compensation of the CEO and the mean employee compensation

Ratio between the total annual compensation of the CEO and the mean employee compensation in 2020	Ratio between the total annual compensation of the CEO and the median employee compensation in 2020
24.8 to 41.4:1	29.5 to 49.1:1

2.1.5.2 Long-Term Performance Alignment

To balance short-term and long-term remuneration, business performance and personal performance, and cash and non-cash remuneration, SinoPac Holdings established the Long-Term Performance Alignment Program and designed the deferral of the performance bonus with a vesting period for variable compensation of up to 5 years. The proportion of President and Vice President's (senior executives) long-term incentive deferral is equivalent to more than 20% of the performance bonus, which is deferred by way of virtual shares and employee stock ownership connected to the value of the shares of SinoPac Holdings, so that the remuneration of managers is closely connected to the short-term business performance and long-term development of SinoPac Holdings. The conditions for unlocking medium to long-term incentives in the trust scheme include the financial performance of SinoPac Holdings and its subsidiaries (including but not limited to the ROE), effectiveness of the implementation of long-term strategies, TSR


[About this Report](#)
[Chairman's Message](#)
[Identification of Stakeholders and Material Topics](#)
[1 About SinoPac Holdings](#)
[2 Fulfillment of Trustworthy Governance](#)
[2.1 Corporate Governance](#)
[2.2 Ethical Corporate Management and Legal Compliance](#)
[2.3 Risk Management](#)
[2.4 Information Security/Cybersecurity](#)
[2.5 Privacy and Security](#)
[3 Fulfillment of Innovative Service](#)
[4 Fulfillment of Healthy Workplace](#)
[5 Fulfillment of Green Operations](#)
[6 Fulfillment of Inclusive Growth](#)
[APPENDIX](#)


2.2.3 Anti-Money Laundering and Counter Terrorism Financing

2.2.3.1 Anti-Money Laundering and Counter Terrorism Financing Policy

SinoPac Holdings has established the "Anti-Money Laundering and Counter Terrorism Financing Policy" ("AML/CFT Policy") for compliance by SinoPac Holdings and all subsidiaries. The subsidiaries also established their own internal regulations and operating procedures for anti-money laundering and counter terrorism financing based on laws for their respective industries, related industrial laws and regulations, the self-disciplinary regulations and conventions of industry associations, and references provided in the AML/CFT Policy of SinoPac Holdings.

Anti-Money Laundering and Counter Terrorism Financing Policy



SinoPac Holdings' important regulations on Anti-Money Laundering and Counter Terrorism Financing

- Anti-Money Laundering and Counter Terrorism Financing Guidelines
- Customer name due diligence
- Customer identity verification and ongoing customer due diligence
- Anti-Money Laundering and Counter Terrorism Financing Risk Assessment Standards for Politically Exposed Persons (PEPs)
- Monitoring procedures for suspicious transactions and accounts
- Identification and verification of beneficial owners and senior executives
- Anti-money laundering operations for special businesses - digital deposit accounts
- Operation Rules for Anti-Money Laundering and Counter Terrorism Financing
- Reporting of information on large cash transactions

2.2.3.2 Anti-Money Laundering Management Framework

To implement the Group's Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) tasks and create an AML/CFT culture, SinoPac Holdings established the "Risk Management Committee" under the management of the Chairman of SinoPac Holdings. The Chairman of SinoPac Holdings serves as the chair of the Committee and supervises and manages the AML/CFT risk and the integration and distribution of resources between subsidiaries. The Legal & Compliance Division of SinoPac Holdings serves as the dedicated AML/CFT unit responsible for supervising and assisting the planning and execution of AML/CFT operations of subsidiaries. SinoPac Holdings established the Guidelines for Information Sharing and Using of Anti-Money Laundering and Counter Terrorism Financing and established an information sharing platform to prevent omissions in horizontal communication between subsidiaries from causing gaps in AML operations. Under the premises of ensuring the protection of personal information and ensuring information confidentiality, SinoPac Holdings requires all subsidiaries to share their money laundering or terrorism financing patterns and blacklists on a regular or irregular basis. The information should be uploaded to SinoPac Holdings' information sharing platform for reference by all subsidiaries to prevent similar cases from occurring in other subsidiaries.

Bank SinoPac established the Anti-Money Laundering Committee which is chaired by the President. The Committee is responsible for the management and coordination of the operations of different units inside the Bank. Bank SinoPac also established the Anti-Money Laundering Center to take charge of the planning and supervision of related AML/CFT systems of the Bank and supervise the branches in the implementation of AML operations. Dedicated AML/CFT supervisors or personnel have been assigned in other subsidiaries including SinoPac Securities, SinoPac Futures, SinoPac Securities Investment Trust, and SinoPac Leasing to take charge of related AML/CFT affairs.

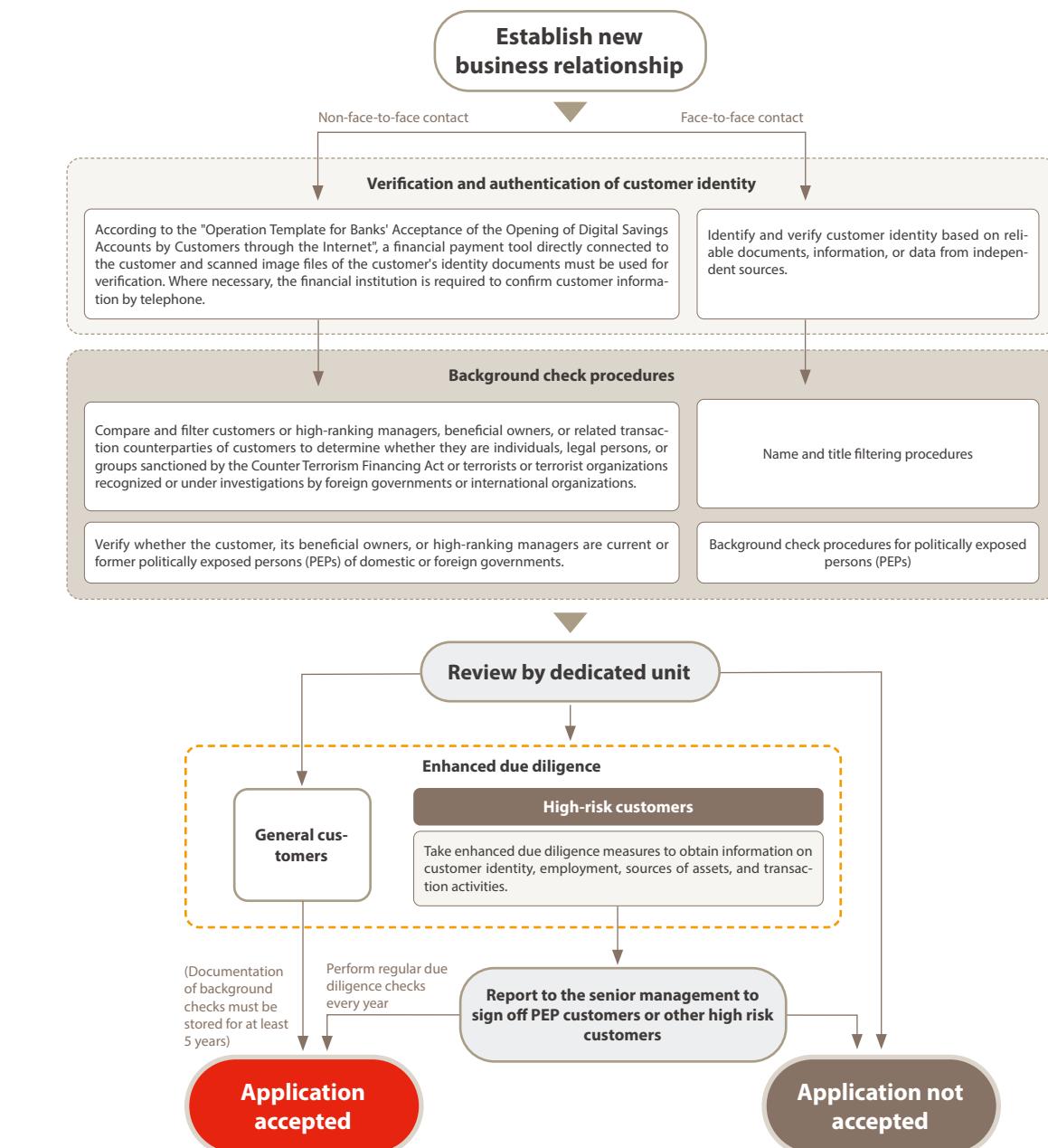
2.2.3.3 Assessment Mechanisms and Results

SinoPac Holdings establishes a consistent management structure and requires its subsidiaries to adopt a consistent methodology for the annual institutional risk assessment (IRA). As an example, Bank SinoPac and SinoPac Securities appointed external consultants to help introduce the IRA methodology, designed assessment questionnaires for the four major risk factors, and used evaluation mechanisms to calculate inherent risks and control measures in order to evaluate residual risks. The categories of risk factors include customer types, regional risks, products or services, and payment channels or methods. Bank SinoPac followed the regulations of the competent authority and appointed an external accountant to provide an assurance report on the design and execution of the AML/CFT internal control system. The accountant's conclusion in the assurance report in March 2020 was "the effectiveness of certain measures were not maintained and fair presentation in all material respects". The items that required improvements in the report have been improved.

2.2.3.4 Customer Due Diligence

To implement anti-money laundering and counter terrorism financing tasks, Bank SinoPac has established a detailed Customer Due Diligence (CDD) process, which also included non-face-to-face CDD procedures for customers with online or digital accounts, as well as background checks and identity verification procedures for politically exposed persons (PEPs). The details are provided below:

Bank SinoPac Customer Due Diligence (CDD) Procedures



Bank SinoPac implements anti-money laundering and counter terrorism financing prevention and monitoring for existing accounts and transactions. In addition to establishing policies and procedures for account and transaction monitoring using a risk-based approach, Bank SinoPac also uses the information system to facilitate the detection of transactions suspected of money laundering or terrorism financing. For identified alert transactions, the dedicated unit shall determine the reasonableness of the case based on the customer's conditions. If the transaction is a suspected money laundering or terrorist transaction, regardless of the amount of the transaction, the transaction will be reported to the Investigation Bureau, Ministry of Justice immediately after it is approved by the dedicated supervisor of the Anti-Money Laundering Center. All records described above must be stored for at least 5 years.


[About this Report](#)
[Chairman's Message](#)
[Identification of Stakeholders and Material Topics](#)
[1 About SinoPac Holdings](#)
[2 Fulfillment of Trustworthy Governance](#)
[2.1 Corporate Governance](#)
[2.2 Ethical Corporate Management and Legal Compliance](#)
[2.3 Risk Management](#)
[2.4 Information Security/Cybersecurity](#)
[2.5 Privacy and Security](#)
[3 Fulfillment of Innovative Service](#)
[4 Fulfillment of Healthy Workplace](#)
[5 Fulfillment of Green Operations](#)
[6 Fulfillment of Inclusive Growth](#)
[APPENDIX](#)


2.2.3.5 Anti-Money Laundering and Counter Terrorism Financing Training

To establish a culture of compliance for anti-money laundering and counter terrorism financing, the anti-money laundering supervisors and personnel of SinoPac Holdings and its subsidiaries must attend at least 12 hours of internal and external AML training each year. SinoPac Holdings also organizes regular AML training for all employees. Participants include Directors, senior executives, dedicated AML/CFT supervisors, dedicated personnel, sales personnel, operations personnel, and new hires. Training is implemented in the form of computer-based training or face-to-face training. Training topics include anti-money laundering and counter terrorism financing development trends, anti-money laundering practical experiences sharing, and terrorist financing case studies. SinoPac Holdings organized a corporate governance seminar in 2020 based on the themes of "Amendment of the Company Act in 2018 and Practical Operations" and "International Trends in Anti-Money Laundering and Counter Terrorism Financing". The Company invited the Head Prosecutor of Taipei District Prosecutors Office Li-Hao CHU and Professor Len-Yu LIU of the School of Law, National Chengchi University to serve as lecturers. More than one hundred Directors, Supervisors, and senior executives of SinoPac Holdings and subsidiaries such as Bank SinoPac, SinoPac Securities, SinoPac Venture Capital, SinoPac Leasing, and SinoPac Securities Investment Trust attended the seminar.

2.2.4 Material Violations and Improvement Measures

The senior executives and employees of SinoPac Holdings and its subsidiaries are fully committed to implementing ethical corporate management in daily actions and operations. However, there remains items that require continual improvement and they will be adopted as lessons for optimizing decisions for corporate governance in the future. There were three cases of material violations in 2020 which involved the violation of internal regulations at SinoPac Futures and Bank SinoPac, and leak of customer personal data at SinoPac Securities. Related personnel received penalties including demerits and warnings based on the severity of the violation. Please refer to P75 to 80 of the Annual Report for detailed information on the aforementioned material violations and improvement measures. There were no cases of corruption, bribery or antitrust/anti-competitive practices in 2020. To continue to increase employees' compliance awareness, Bank SinoPac established the Employee Service and Code of Conduct Guidelines on November 11, 2019 in accordance with the Employee Service Guidelines of SinoPac Holdings and the Internal Control Principles for the Prevention of Misappropriation of Client Funds by Wealth Management Specialists of the Bankers' Association. The Guidelines of Bank SinoPac included important compliance matters such as the requirements for fiduciary duties, ethical conduct, and personal data protection. Training is organized each quarter starting from November 2019, and employees are required to sign statements each year to confirm compliance.

Material Violations and Improvement Measures in 2020

Incident category	Breach to the code of conduct or regulations	Customer Data Protection
Number of cases	2	1
Description of the incident	<ul style="list-style-type: none"> Failure to promptly notify the New York Mercantile Exchange (NYMEX) of trading information in violation of the Commodity Exchange Act. Failure to correctly specify the source of insurance premiums in the sales representative's report. 	<ul style="list-style-type: none"> Leaks of customer data as a result of internal discrepancies.
Impact (including monetary losses)	Penalties totaled NT\$2.28 million.	Penalties totaled NT\$480,000.
Improvements	<ul style="list-style-type: none"> Registered real-time notification service with the foreign exchange and requested traders to promptly review foreign trading house information. Revised the Insurance Agency Business Manual and strengthened monitoring mechanisms for operating procedures. 	<ul style="list-style-type: none"> Modified the online account opening notification system program and added a verification mechanism for the customer email field. Modified the content of the online account opening notification letter and implemented de-identification of customer data.

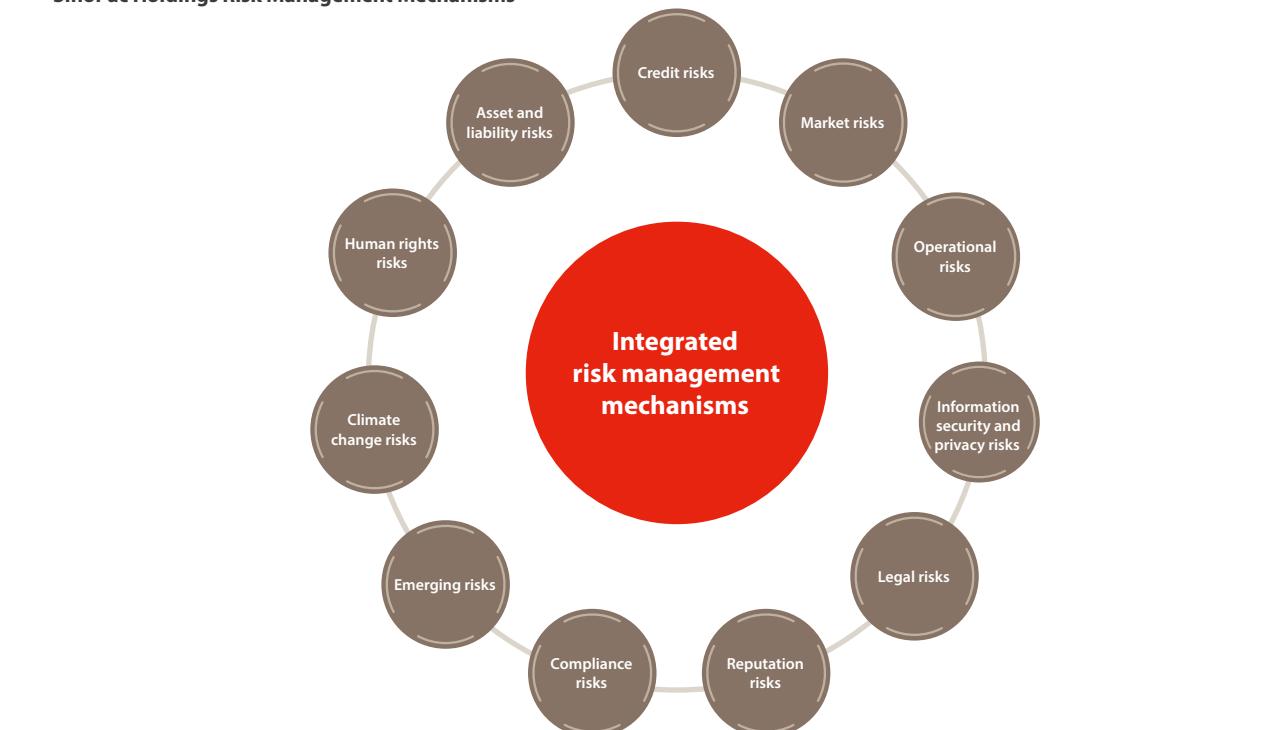
2.3 Risk Management

2.3.1 Risk Management Framework

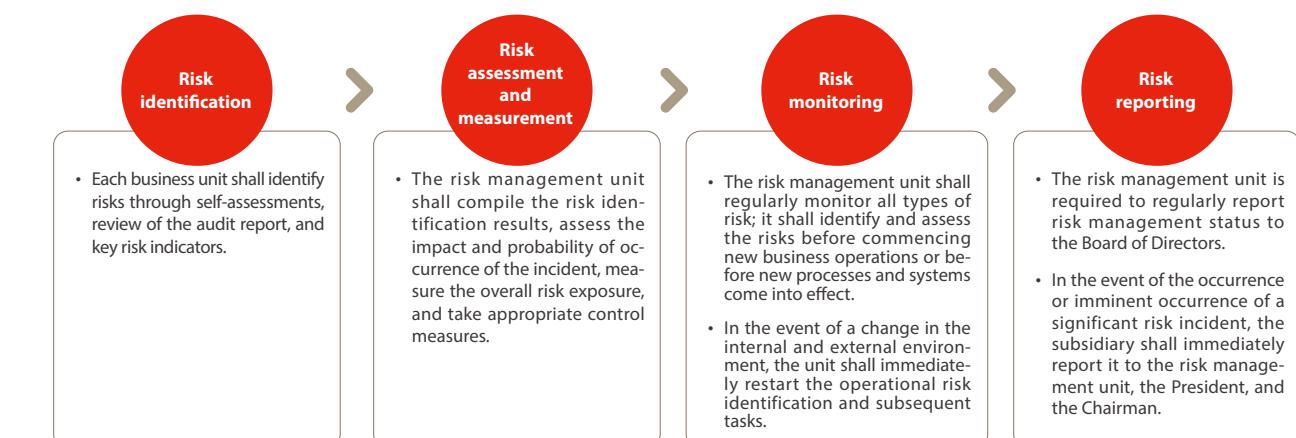
2.3.1.1 Risk Management Policy

SinoPac Holdings' Risk Management Policy was approved by the Board of Directors in 2009 and the latest amendment was approved by the Board of Directors on December 20, 2019. The Policy includes the development of a risk management environment and culture for each subsidiary as well as integrated management regulations and limits for various risks, the authorization and operating guidelines for each business unit, and the identification, measurement, assessment, and management of risks. The risk management unit or personnel of SinoPac Holdings and its subsidiaries are required to regularly report risk management status and improvement recommendations to the Board of Directors. In the event of material risk exposure, suitable actions shall be taken immediately and reported to the Board of Directors. SinoPac Holdings also conducted risk assessments and created risk response measures for credit, market, operation, asset and liability, reputation, legal, compliance, strategy risks, and other risks associated with business operations including emerging risks and climate change risks. They are used to identify the related risks at the group level and formulate response measures to be reported to suitable management levels.

SinoPac Holdings Risk Management Mechanisms



SinoPac Holdings Risk Management Procedures




[About this Report](#)
[Chairman's Message](#)
[Identification of Stakeholders and Material Topics](#)
[1 About SinoPac Holdings](#)
[2 Fulfillment of Trustworthy Governance](#)
[2.1 Corporate Governance](#)
[2.2 Ethical Corporate Management and Legal Compliance](#)
[2.3 Risk Management](#)
[2.4 Information Security/Cybersecurity](#)
[2.5 Privacy and Security](#)
[3 Fulfillment of Innovative Service](#)
[4 Fulfillment of Healthy Workplace](#)
[5 Fulfillment of Green Operations](#)
[6 Fulfillment of Inclusive Growth](#)
[APPENDIX](#)


In addition to the aforementioned risk type and management procedures, SinoPac Holdings and its subsidiaries shall establish three lines of defense in the internal control system, including self-inspection system, legal compliance system and risk management mechanisms, and internal audit system in accordance with their business scope, business activities, and regulations of authorities to ensure their continuous and effective operations of the internal control system.

SinoPac Holdings' Three Lines of Defense in Internal Control



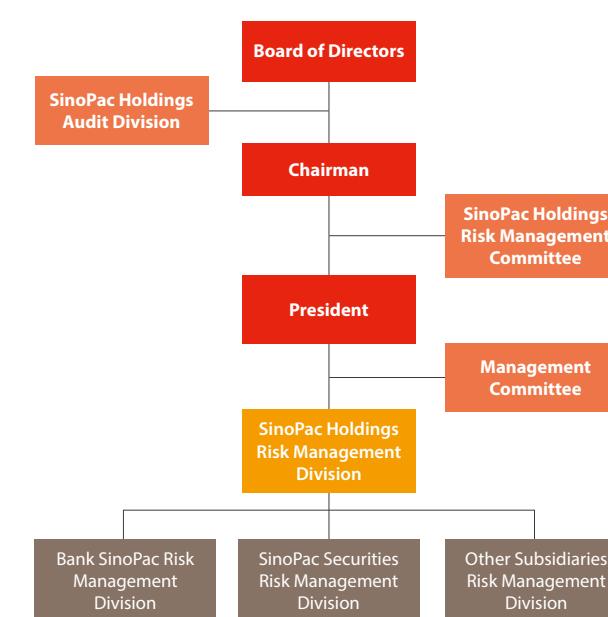
2.3.1.2 Risk Management Organizational Structure

SinoPac Holdings has established a clear four-layer risk management structure to attain the optimal balance between business development and risk management. The structure consists of four specialized layers including, from top to bottom, the Board of Directors, the Risk Management Committee, the Risk Management Division, and the Audit Division. Each layer is provided with comprehensive risk regulations and limitations and the detailed division of powers and responsibilities are specified in the table below:

SinoPac Holdings Risk Management Structure and Duties

Board of Directors	The Board of Directors is the highest supervisory unit. It is responsible for the approval of SinoPac Holdings' risk management policies, risk appetite, or limits, and granting authorization to the management for daily risk management.
Risk Management Committee	The Risk Management Committee was set up under the Chairman, who serves as the convener of the committee, to take charge of deliberating on the risk management policies, organization structure, systems and overall limits, reviewing the overall risk exposure, supervising the risk management activities of SinoPac Holdings and its subsidiaries, coordinating efforts to manage material risk incidents, and reviewing other issues related to risk management.
Audit Division	The Audit Division, under the Board of Directors, is responsible for independent auditing and is the third line of defense in the risk management hierarchy. Chief Auditor is the highest ranking person with responsibility for monitoring and auditing risk management performance on an operational level, and also take charge of planning and implementation of various types of audits.
Risk Management Division	Head of Risk Management Division is the highest-ranking person with dedicated risk management responsibility on an operational level, which includes developing SinoPac Holdings' overall risk management policy and standards, and planning and implementation of the risk management system. The policies, guideline and systems are approved by the Board of Directors and implemented by the Risk Management Division, which conducts regular evaluations on the performance of all subsidiaries in terms of risk management.

Risk Management Organizational Structure of SinoPac Holdings and Subsidiaries



2.3.2 Credit, Market, Operation, and Liquidity Risk Management

SinoPac Holdings and its subsidiaries have established management and assessment mechanisms for four major types of risks including credit risks, market risks, operational risks, and liquidity risks. In addition to rigorous compliance with credit risk management regulations, SinoPac Holdings is also aware of the potential impact of ESG trends on the finance industry and loan businesses. SinoPac Holdings thus actively responds to international standards, incorporates ESG indicators into the credit analysis and implements more comprehensive management of hidden risks in loan businesses. Bank SinoPac conducted a scenario analysis of its loan portfolio considered the possible negative scenarios for its future operations for setting up the stress test scenarios required for Pillar 2. Bank SinoPac divided stress scenarios into minor and more serious scenarios based on the degree of stress, and estimated the impact on risk indicators (including the operating ratio, full guarantee ratio, combined loan-to-value ratio (CLTV), and debt burden ratio (DBR)) by considering economic indicators such as domestic and international economic growth rate, unemployment rate, interest rate, and housing prices. Bank SinoPac will continue to evaluate climate change, natural resource constraints, human capital risks and opportunities, and cyber security risks, and include them in the tests. Please refer to [3.1.3 Responsible Lending] for detailed information.

Risk Type	Strategy and process	Risk report and measurement
 Credit risks	<ol style="list-style-type: none"> Establish comprehensive credit risk management procedures to effectively identify, measure and monitor credit risks. Establish a credit risk management policy that includes the organizational structure, management standards, risk control mechanisms, and risk reporting system. Establish risk limit management mechanisms for each industry to manage and monitor concentration risk. 	<ol style="list-style-type: none"> The Risk Management Division of SinoPac Holdings regularly compiles information on the risk exposure of individual products, industries, amounts, overseas regions and countries, and top ten groups and establishes concentration risk limits for the same individual, same related party, same affiliate, same industry, and same overseas region or country. It reports the risk exposure and limit control status to the Board of Directors. The Risk Management Division of SinoPac Holdings regularly compiles information on the asset quality classification, allowance for doubtful accounts, and loss reserve provisions of subsidiaries, and reports the information to the Board of Directors.
 Market risks	<ol style="list-style-type: none"> Use value-at-risk to control and manage overall market risks. Evaluate trading book positions daily and execute stop-loss mechanisms. Improve the evaluation capabilities and management mechanisms for derivatives and structured products. 	<p>The subsidiaries of SinoPac Holdings establish risk management indicators for management based on the product type. The Risk Management Division of SinoPac Holdings regularly compiles information on the market risk exposure and limit control and reports the information to the Board of Directors.</p>
 Operational risks	<ol style="list-style-type: none"> Develop an operational risk management framework and introduce management mechanisms to identify, measure, monitor, and control operational risks. Strengthen the operational risk management culture and internal control environment and establish standard operating procedures and appropriate control procedures to effectively reduce the occurrence of operational risks. 	<p>The subsidiaries of SinoPac Holdings analyze the reasons for the occurrence of their operational risk incidents, damage status, and prevention measures and include improvements for various procedures as reference information. The Risk Management Division of SinoPac Holdings regularly reports the operational risk incidents and damage status to the Board of Directors.</p>
 Liquidity risks	<ol style="list-style-type: none"> Ensure diversified and stable funding sources, maintain appropriate liquidity, and ensure the capability for fulfill debt obligations. Control and management indicators include the current ratio, asset-liability mismatch, sources and uses of fund, credit limits, and fundraising instruments, etc. 	<p>The subsidiaries of SinoPac Holdings establish liquidity risk management indicators. The Risk Management Division of SinoPac Holdings regularly compiles liquidity risk status and limit control and reports the information to the Board of Directors.</p>



About this Report

Chairman's Message

Identification of Stakeholders and Material Topics

1 About SinoPac Holdings

2 Fulfillment of Trustworthy Governance

2.1 Corporate Governance

2.2 Ethical Corporate Management and Legal Compliance

2.3 Risk Management

2.4 Information Security/Cybersecurity

2.5 Privacy and Security

3 Fulfillment of Innovative Service

4 Fulfillment of Healthy Workplace

5 Fulfillment of Green Operations

6 Fulfillment of Inclusive Growth

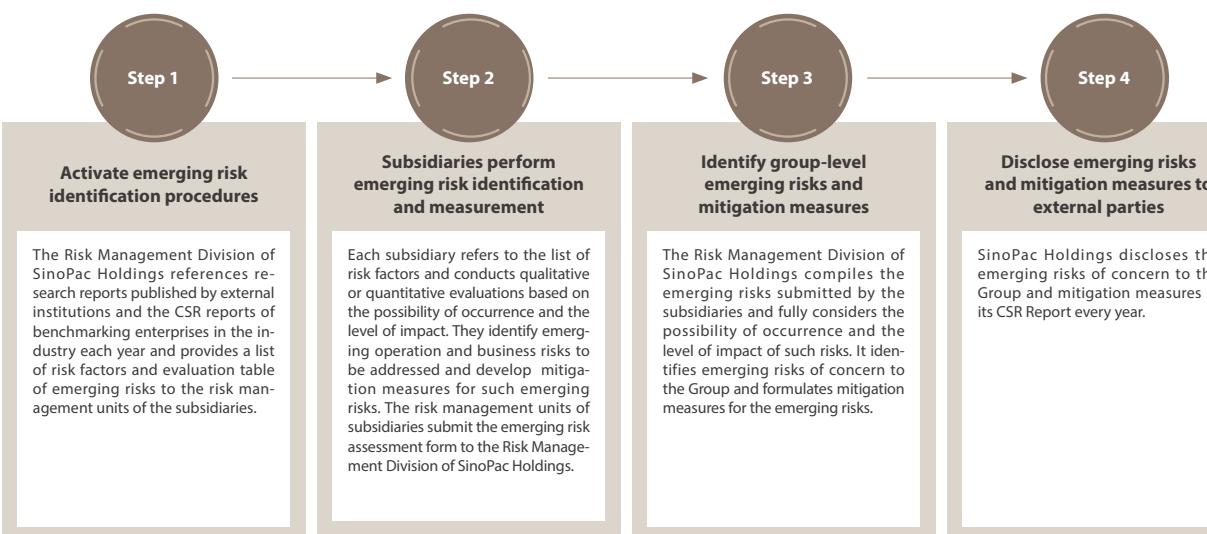
APPENDIX



2.3.3 Emerging Risk Management

Climate change and population structure changes may cause material impacts on the overall business environment. Effective identification and assessment of emerging risks (potential risks in the next 3 to 5 years) and formulation of response measures have become important tasks for financial institutions. SinoPac Holdings thus established the Emerging Risk Management Guidelines and the according management mechanisms for the identification, measurement, monitoring, reporting, and mitigation measures for emerging risks. Since 2019, the Risk Management Division of SinoPac Holdings has referenced related reports on emerging risks published by external institutions each year. The Division compiles feedback from subsidiaries, identifies emerging risks at the group level, and plans mitigation measures for the management to implement advanced preparation and response.

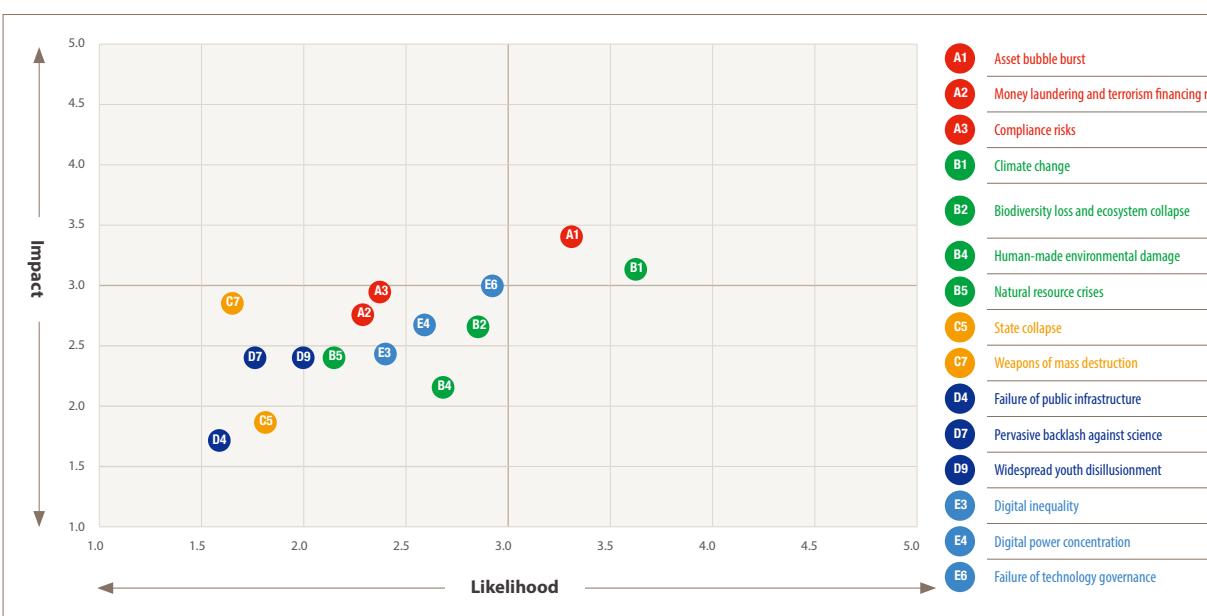
Emerging Risk Identification Procedures



2.3.3.1 Emerging Risk Identification Results

SinoPac Holdings compiles the emerging risks submitted by the subsidiaries and considers the possibility of occurrence and the level of impact to identify the Group's emerging risks in the next 3 to 5 years. Among these risks, the two major risks including "asset bubble burst" and "climate change" have more significant impact on SinoPac Holdings and the Company formulated related mitigating actions.

Risk type		
A Economic risks	B Environmental risks	C Geopolitical risks
D Social risks	E Technological risks	
*Possible occurrence in the next 3 to 5 years.		



Possible period	3 to 5 years	3 to 5 years
Name of the emerging risk	Asset bubble burst	Climate change
Description of risk	The COVID-19 epidemic compelled central banks of major countries to adopt quantitative easing measures and the United States Federal Reserve also announced unlimited quantitative easing policies for the first time. Large amounts of funding flooded the market and the stock and bond markets in major countries reached record highs in recent periods. However, the real economy remains relatively weak and if ultra-high asset prices can no longer be supported, the asset bubble and other economic risks will gradually surface in the next 3 to 5 years.	Climate change will increase the frequency and intensity of extreme climate events and may cause floods, typhoons, extreme cold, and droughts. Natural disasters such as typhoons, heavy rain, and debris flow often occur in Taiwan and are likely to cause losses of major properties, infrastructure, destruction of the environment, and casualties.
Risk category	Risks from economic and financial incidents.	Risks derived from climate change.
Scope of impact	Investment/underwriting services; liquidity risks; product and sales/customer service.	Loan businesses; collaterals; investment/underwriting services; company operational risks.
Potential business impact of the risk	<ul style="list-style-type: none"> SinoPac Holdings' revenue reached NT\$38.991 billion in 2020 and SinoPac Securities' revenue totaled NT\$10.219 billion. An asset bubble burst may cause losses in transactions of financial assets and affect the Company's capital or liquidity. An asset bubble affects the development of the equity and foreign exchange market of major economies and affects customers' willingness and likelihood of wealth management investments. SinoPac Securities Investment Trust's main sources of revenue consist of the management fees from custodianship of funds and accounts. In the event of a crisis in an economy, investors stop investing which would cause the Company to lose customers. 	<ul style="list-style-type: none"> Extreme weather such as typhoons and heavy rain may cause: <ol style="list-style-type: none"> Decrease in the value of collaterals for real estate loan made by Bank SinoPac and SinoPac Leasing, which will cause losses in creditor rights. Damages to business premises or equipment, business interruption, or casualties. Increase in losses in creditor rights in state or government investments due to extreme weather. Increasingly strict policies or regulations on greenhouse gas emissions may reduce the operating profits of the loan and investment recipients of Bank SinoPac, SinoPac Securities, and SinoPac Leasing and increase in losses in creditor rights.
Mitigating actions	<ul style="list-style-type: none"> Closely track changes in asset prices and macroeconomic changes and related alerts in other economies. Adjust the asset portfolio accordingly or develop new products. Implement trading stop-loss mechanisms and asset value appraisal, and execute asset reconfiguration, hedging, and related response measures. Regularly monitor the liquidity of operating capital, formulate response measures or enhancement measures in response to difficulties in business operations (or funding). SinoPac Holdings allocates a certain amount of funding in accordance with laws and provides loans to subsidiaries in cases of emergencies. Developed an investment model with long-term asset allocation for wealth management services and focuses on changes in the macroeconomic environment and asset prices to provide customers with related information in a timely manner. 	<ul style="list-style-type: none"> Regularly implement scenario analysis and financial quantification of climate-related transition risks and physical risks. SinoPac Holdings announced the "Natural Disaster Emergency Response Guidelines" to establish emergency reporting procedures and response guidelines. Established the "Responsible Investment Management Guidelines" and adopted risk limit controls to monitor overall market risks. The Company also established related limits for concentration risks in foreign countries and regions. Bank SinoPac included ESG risk assessments in the credit investigation procedures, and reviews customers' action plans in response to ESG risks. When providing mortgage loans, Bank SinoPac avoids accepting properties or real estates in areas prone to flooding, debris flow, fault, soil liquefaction, tsunami, or nuclear accident as collateral, and uses reinsurance to reduce risks. SinoPac Leasing defines the areas in each municipality for which real estate collaterals are acceptable and uses reinsurance to reduce risks. Please refer to 2.3.4.3 Results the Identification of Climate-Related Risks and Opportunities for more information on climate risk mitigation/adaptation measures.

2.3.3.2 Operational Resilience

In response to the COVID-19 pandemic that started in early 2020, SinoPac Holdings supported the Central Epidemic Command Center's policy and initiated emergency response and management mechanisms to safeguard the health and safety of all employees during the pandemic. When the outbreak first began, SinoPac Holdings established a COVID-19 Command Center to plan disease prevention strategies and real-time reporting mechanisms, maintain the safety of office premise, and monitor employee health. The center also promoted health management and disease prevention measures to all employees, and began planning and formulating backup measures, implementing work from home drills and testing. The center monitors daily outbreak reports and immediately adjusts its response strategy.

As the outbreak situation began to worsen, SinoPac Holdings implemented the phase II "business continuity plan". SinoPac Holdings preemptively began working with Microsoft in March 2020 to become the first financial institution in Taiwan to use Windows Virtual Desktop services for working from home. In doing so, SinoPac Holdings hoped to jointly prevent the outbreak together with all employees through groups that take turns working



About this Report

Chairman's Message

Identification of Stakeholders and Material Topics

1 About SinoPac Holdings

2 Fulfillment of Trustworthy Governance

2.1 Corporate Governance

2.2 Ethical Corporate Management and Legal Compliance

2.3 Risk Management

2.4 Information Security/Cybersecurity

2.5 Privacy and Security

3 Fulfillment of Innovative Service

4 Fulfillment of Healthy Workplace

5 Fulfillment of Green Operations

6 Fulfillment of Inclusive Growth

APPENDIX

in the office, remote backup, work from home, and flexible work hours, ensuring that customers receive as high quality services as before. SinoPac Holdings also implemented the employee holiday travel reporting mechanism in April 2020 to monitor the health condition of employees and avoid the risk of cluster infection. The work area of employees who were quarantined due to contact with a confirmed case was sterilized to reduce the probability of the virus surviving. During the epidemic in 2020, no employees of SinoPac Holdings were diagnosed with COVID-19, nor did any employees infect each other.

In May 2021, the nationwide epidemic alert was raised to level 3 and SinoPac Holdings immediately activated plans for working from home and remote backup measures for important operations and maintenance units. The Company also minimized the number of personnel for operations and maintenance of business units in outbreak hotspots such as Wanhua and Luzhou and instructed other employees to work from home to ensure safety. All business units of SinoPac Holdings have adopted the SMS Contact Tracing System and implemented restrictions on the number of people permitted in the business premises, suspended entry of visitors in company buildings, canceled shuttle buses, closed cafeterias and lounges, convened all meetings online, and developed response mechanisms for simulated epidemic conditions. As of the end of May, the Company has adopted the principle of maximizing the number of employees working from home and increased the number to 3,500.

In addition to response to policies, SinoPac Holdings also actively implements multiple measures to protect the health of employees during the epidemic including providing free health products and healthcare services for pregnant employees, extending the deadline for marital leave applications, providing high-risk employees with subsidies for screening tests, and providing accommodations for employees' household family members when they must be isolated at home. SinoPac Holdings also actively helps employees adapt to the remote and digital office work model by producing online conference instruction manuals to facilitate remote work and fully upgrading office equipment to ensure uninterrupted communication and studies for employees. The COVID-19 epidemic has not impacted the employment and resignation of SinoPac Holdings' employees or procurement from suppliers.

Specific Disease Prevention Measures of SinoPac Holdings in Response to the COVID-19 Outbreak

Mitigation measures	<ul style="list-style-type: none"> After Chinese New Year, all employees were required to wear a mask to work and have their temperature taken. Alcohol was provided for sterilization and employees were reminded to frequently wash their hands. Business trips to China, Hong Kong, and Macau, education and training sessions, and large seminars were suspended. Employees were seated every other seat during meals to lower the risk of droplet infection. Employees practiced working in groups at different locations and working from home for business continuity. Set up thermal imaging camera and implemented strict access control measures at office buildings. Also, transparent boards were put up at service counters in branches in order to comply with the regulation to keep social distancing. Flexible work hours were implemented for employees to avoid crowds on mass transportation and lower the probability of infection. The employee holiday travel reporting mechanism was also implemented as a reference for epidemic prevention.
Remediation measures	<ul style="list-style-type: none"> Prepared an online meeting teaching manual for employees to convene online meetings and educational and training sessions. Provided pregnant employees with health products free of charge to strengthen their immune system. Hired nurses to care for the health and provide advice for sick employees each day. For employees to feel at ease during the remote backup period, SinoPac Holdings examined the equipment of each office and upgraded the office equipment. Launched the online calisthenics, providing employees the digital resources to strengthen their immune system. Provided high-risk employees with subsidies for screening tests and providing accommodations for employees' household family members when they must be isolated at home.

Evaluation of the Impact of COVID-19 on SinoPac Holdings and Risk Management

Impact on business operations	Salespeople of SinoPac Holdings' business locations in China were unable to visit customers during the epidemic due to lockdowns, which affected business expansion. The business returned to normal after the lockdowns were lifted. Epidemic prevention measures were taken preemptively in Taiwan in coordination with the policies of the Central Epidemic Command Center. The Company actively developed digital financial services to provide customers with online transactions (such as Internet banking, placing orders online, fund matching, and electronic payment). Also, in response to the deterioration of the epidemic in May 2021, the Company activated flexible and remote work mechanisms and adopted multiple alternative plans for key procedures from applications and identity verification to fund allocation. We also supported government policies in launching the relief loans for workers online to help customers access funds with ease. In addition, the operations and services of all branches were not affected or interrupted. SinoPac Securities switched off the TV walls on its business premises to prevent clustering of customers and protect investors' health.								
Financial impact	<p>In response to the potential impact of COVID-19, SinoPac Holdings and its subsidiaries began to take response measures for credit, market, and liquidity risks in mid-February 2020 when the outbreak situation started to worsen, and the measures were adjusted based on the developments in the outbreak situation.</p> <table border="1" data-bbox="1018 1796 2074 2021"> <thead> <tr> <th>Credit risk</th> <th>Market risk</th> <th>Liquidity risk</th> </tr> </thead> <tbody> <tr> <td>Comprehensively examined the exposure to industries in China and those that were impacted by the outbreak (including travel, hotel, food and beverage, and tourism industries, transportation and warehousing industries, including land, air, and sea transport, textiles and apparel industries, automobile, machinery, and tools industries, petrochemical industry, and Taiwan's agricultural and fishery industries), upstream/downstream, and all overseas customers. Formulation of strategies and enhancement of mechanisms for lending risks were completed before the end of February 2020. Raised the review standards for taking on new loans, increased the negative list (such as suspending loans to travel related industries), and raised the level of authorization. Strengthened monitoring of existing positions, conducted periodic reviews and stress tests, and reported results to senior managers disease prevention meetings.</td> <td>The uncertainty and changes in the global economic situation brought by the COVID-19 pandemic resulted in severe market fluctuations that in turn will easily affect the stability of financial markets. Hence, market changes were closely monitored when making investments and hedging was used when appropriate. Diversified overseas investments in terms of currency, country, and industry, balanced the positions of fixed interest rate and floating interest rate bonds, and dynamically managed the duration based on the market condition.</td> <td>The Risk Management Division of SinoPac Holdings monitored the daily cash flow of Bank SinoPac and gaps at maturity dates in order to maintain sufficient working capital. The working capital of each subsidiary and effectiveness of contingency measures are periodically reviewed to ensure the normal operation of subsidiaries.</td> </tr> </tbody> </table>			Credit risk	Market risk	Liquidity risk	Comprehensively examined the exposure to industries in China and those that were impacted by the outbreak (including travel, hotel, food and beverage, and tourism industries, transportation and warehousing industries, including land, air, and sea transport, textiles and apparel industries, automobile, machinery, and tools industries, petrochemical industry, and Taiwan's agricultural and fishery industries), upstream/downstream, and all overseas customers. Formulation of strategies and enhancement of mechanisms for lending risks were completed before the end of February 2020. Raised the review standards for taking on new loans, increased the negative list (such as suspending loans to travel related industries), and raised the level of authorization. Strengthened monitoring of existing positions, conducted periodic reviews and stress tests, and reported results to senior managers disease prevention meetings.	The uncertainty and changes in the global economic situation brought by the COVID-19 pandemic resulted in severe market fluctuations that in turn will easily affect the stability of financial markets. Hence, market changes were closely monitored when making investments and hedging was used when appropriate. Diversified overseas investments in terms of currency, country, and industry, balanced the positions of fixed interest rate and floating interest rate bonds, and dynamically managed the duration based on the market condition.	The Risk Management Division of SinoPac Holdings monitored the daily cash flow of Bank SinoPac and gaps at maturity dates in order to maintain sufficient working capital. The working capital of each subsidiary and effectiveness of contingency measures are periodically reviewed to ensure the normal operation of subsidiaries.
Credit risk	Market risk	Liquidity risk							
Comprehensively examined the exposure to industries in China and those that were impacted by the outbreak (including travel, hotel, food and beverage, and tourism industries, transportation and warehousing industries, including land, air, and sea transport, textiles and apparel industries, automobile, machinery, and tools industries, petrochemical industry, and Taiwan's agricultural and fishery industries), upstream/downstream, and all overseas customers. Formulation of strategies and enhancement of mechanisms for lending risks were completed before the end of February 2020. Raised the review standards for taking on new loans, increased the negative list (such as suspending loans to travel related industries), and raised the level of authorization. Strengthened monitoring of existing positions, conducted periodic reviews and stress tests, and reported results to senior managers disease prevention meetings.	The uncertainty and changes in the global economic situation brought by the COVID-19 pandemic resulted in severe market fluctuations that in turn will easily affect the stability of financial markets. Hence, market changes were closely monitored when making investments and hedging was used when appropriate. Diversified overseas investments in terms of currency, country, and industry, balanced the positions of fixed interest rate and floating interest rate bonds, and dynamically managed the duration based on the market condition.	The Risk Management Division of SinoPac Holdings monitored the daily cash flow of Bank SinoPac and gaps at maturity dates in order to maintain sufficient working capital. The working capital of each subsidiary and effectiveness of contingency measures are periodically reviewed to ensure the normal operation of subsidiaries.							
Impact on the supply chain	Local procurements accounted for 98% of SinoPac Holdings' overall procurements. Thanks to the outbreak being controlled in Taiwan, the Company did not experience any supply chain shortages, and supplies for daily operations were not affected.								



2.3.4 Climate Risk Management

2.3.4.1 Governance Framework

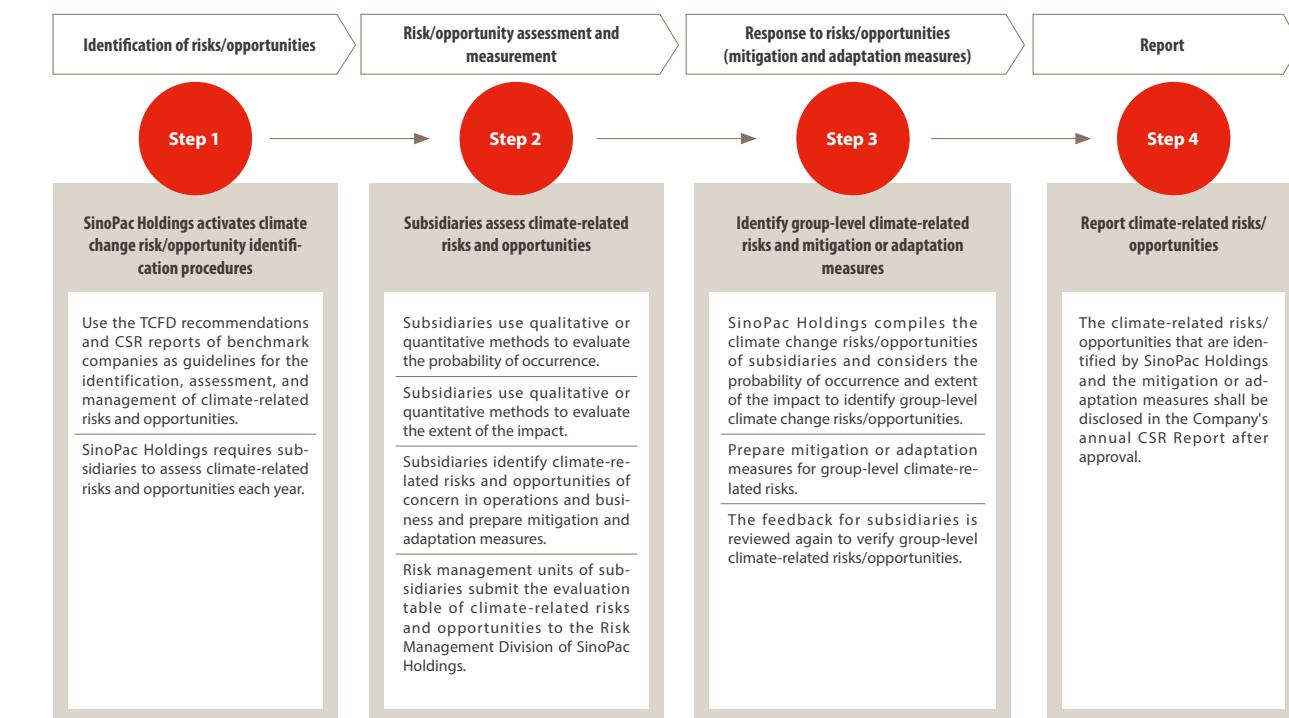
The Sustainable Development Committee of SinoPac Holdings stays up-to-date on domestic and overseas trends in sustainable development issues and climate change, formulate sustainability guidelines. The task forces under the committee have formulated action plans corresponding to the commitment to Mitigate and Adapt to Climate Change.



2.3.4.2 Management Procedures

To implement the Sustainable Development Roadmap and enhance ESG risk management mechanisms, SinoPac Holdings integrated climate change risks into the Company's centralized "Risk Management Policy" in 2019 and established the "Guidelines for the Management of Climate-Related Risks and Opportunities" to cover all types/sources of risks and opportunities. The management procedures for climate-related risks and opportunities can be divided into four steps including compiling a list of risks and opportunities, identifying risks/opportunities of subsidiaries, identifying group-level risks/opportunities and proposing mitigation or adaptation measures, and disclosing climate-related risks/opportunities and strategies. Starting from 2021, the Risk Management Division of SinoPac Holdings shall disclose the overall climate change risks in the quarterly Risk Management Report and report to the Risk Management Committee and the Board of Directors.

Management Procedures for Climate Change Risks and Opportunities




[About this Report](#)
[Chairman's Message](#)
[Identification of Stakeholders and Material Topics](#)

1 About SinoPac Holdings

2 Fulfillment of Trustworthy Governance

- 2.1 Corporate Governance
- 2.2 Ethical Corporate Management and Legal Compliance
- 2.3 Risk Management
- 2.4 Information Security/Cybersecurity
- 2.5 Privacy and Security

3 Fulfillment of Innovative Service

4 Fulfillment of Healthy Workplace

5 Fulfillment of Green Operations

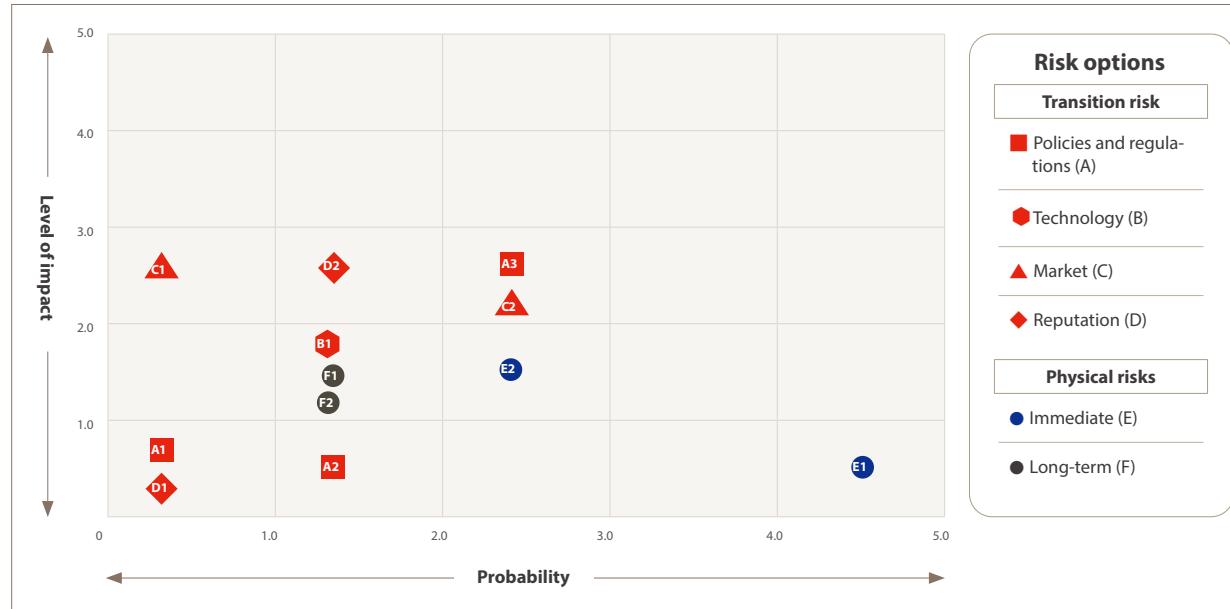
6 Fulfillment of Inclusive Growth

APPENDIX



2.3.4.3 Results the Identification of Climate-Related Risks and Opportunities

Climate Change Risk Matrix



	A1	D1	A2	D2	A3	E1	F1	F2
A1	Increasingly strict policies or regulations on GHG reduction or energy conservation may increase operating costs.							
A2		The Company's reputation suffers from being considered to be less environmentally friendly, and results in business and customer loss and further leads to a decrease in revenue.						
A3			Failure to comply with increasingly strict policies or regulations on GHG reduction and energy conservation may result in a fine. Or, insufficient disclosure of climate-related risks may result in a lawsuit.					
B1				Rising environmental sustainability awareness may affect the price of the investment underlying and result in the impairment of the investment value.				
C1					Failure to offer sustainable financial products and services in a timely manner may cause the Company to lose business and customers in climate change related markets, and result in a decrease in revenue.			
C2						Abnormal events resulting from extreme weather such as typhoon and strong rainfall cause damages to business premises or equipment, business suspension, or casualties.		
							E-1	
								Abnormal events resulting from extreme weather such as typhoon and strong rainfall cause damages to the value of collateral and thus impair the loan and investment assets held by the corporate head office and damage the Company's creditor rights.
							E-2	
								Sea level rise causes damages to the value of collateral and thus impair the loan and investment assets held by the corporate head office and damage the Company's creditor rights.

Climate-Related Risks

TCFD risk type	Climate-related risks	Time frame	Potential impact	Mitigation and adaptation measures
Transition Risk -Policy and legal risks	A-3 Increasingly strict policies or regulations on carbon price and carbon tax/emissions, carbon reduction goals and reporting obligations may damage the profitability of borrowers and investees and thus impair the Company's creditor rights.	Medium term	Increase in debt loss	<ul style="list-style-type: none"> Set limits for individual industries and high-risk industries and included industries with high pollution or high energy consumption (e.g., other metal manufacturing, oil and gas mining and wholesale, and coal and chemicals) as high-risk industries and implement limit control. Established the Responsible Lending Management Guidelines and included ESG factors into the credit investigation procedures. Implemented due diligence on industries/activities with high carbon emissions, signed the Equator Principles (EPs), and carefully evaluated the impact of the customers' business on ESG risks in the project financing evaluation process. Please refer to 3.1.3 Responsible Lending for detailed information. Established the Responsible Investment Management Guidelines as the guidance for promoting and implementing responsible investment. Please refer to 3.1.2 Responsible Investment for detailed information.
Transition Risk -Market risks	C-2 Failure to offer sustainable financial products and services in a timely manner may cause the Company to lose business and customers in climate change related markets, and result in a decrease in revenue.	Medium term	Decrease in revenue	<ul style="list-style-type: none"> Promote sustainable finance products including issuing green bonds, providing green financing, engaging in green investments, and issuing green funds. Please refer to 3.2 Sustainable Financial Products and Services for detailed information on products and results.
Physical risk - Acute risks	E-1 Abnormal events resulting from extreme weather such as typhoon and strong rainfall cause damages to business premises or equipment, business suspension, or casualties.	Short term	Increase in operating costs	<ul style="list-style-type: none"> SinoPac Holdings implemented a physical risk adaptation plan and set 2025 as the target year for expanding adaptation to 100% of existing business premises. There were no new business premises in 2020. Related mitigation and adaptation measures are as follows: <ul style="list-style-type: none"> Established the Natural Disaster Emergency Response Guidelines to delegate authority and responsibility and establish emergency reporting procedures and response guidelines to facilitate emergency response actions in the event of a disaster. For instance, before a typhoon alert is issued, the units are notified to check their doors and windows, unclog drainage, prepare backup power equipment, prepare safety measures such as sandbags and floodgates, and establish an emergency contact list to communicate the activation of the emergency response and provide post-disaster damage reports after the disaster. Select sites in urban areas for setting up branches and selects relatively new buildings with newer equipment and construction materials and high seismic resistance that are not located in low-lying areas of urban areas. Purchase natural disaster insurance each year to offset the cost (commercial fire insurance and electronic equipment insurance rider).
	E-2 Abnormal events resulting from extreme weather such as typhoon and strong rainfall cause damages to the value of collateral and thus affects creditor rights or impacts the value of investments.	Short term	Increase in debt loss	<ul style="list-style-type: none"> Bank SinoPac already included environmental risks into the ESG risks to be assessed in the credit investigation procedures, and reviews whether customers have formulated action plans in response to ESG risks. When providing mortgage services, Bank SinoPac avoids accepting properties or real estates in areas prone to flooding, debris flow, fault, soil liquefaction, tsunami, or nuclear accident as collateral, and uses reinsurance to reduce risks. SinoPac Leasing defines the areas in each municipality for which real estate collaterals are acceptable and uses reinsurance to reduce risks.



About this Report

Chairman's Message

Identification of Stakeholders and Material Topics

1 About SinoPac Holdings

2 Fulfillment of Trustworthy Governance

2.1 Corporate Governance

2.2 Ethical Corporate Management and Legal Compliance

2.3 Risk Management

2.4 Information Security/Cybersecurity

2.5 Privacy and Security

3 Fulfillment of Innovative Service

4 Fulfillment of Healthy Workplace

5 Fulfillment of Green Operations

6 Fulfillment of Inclusive Growth

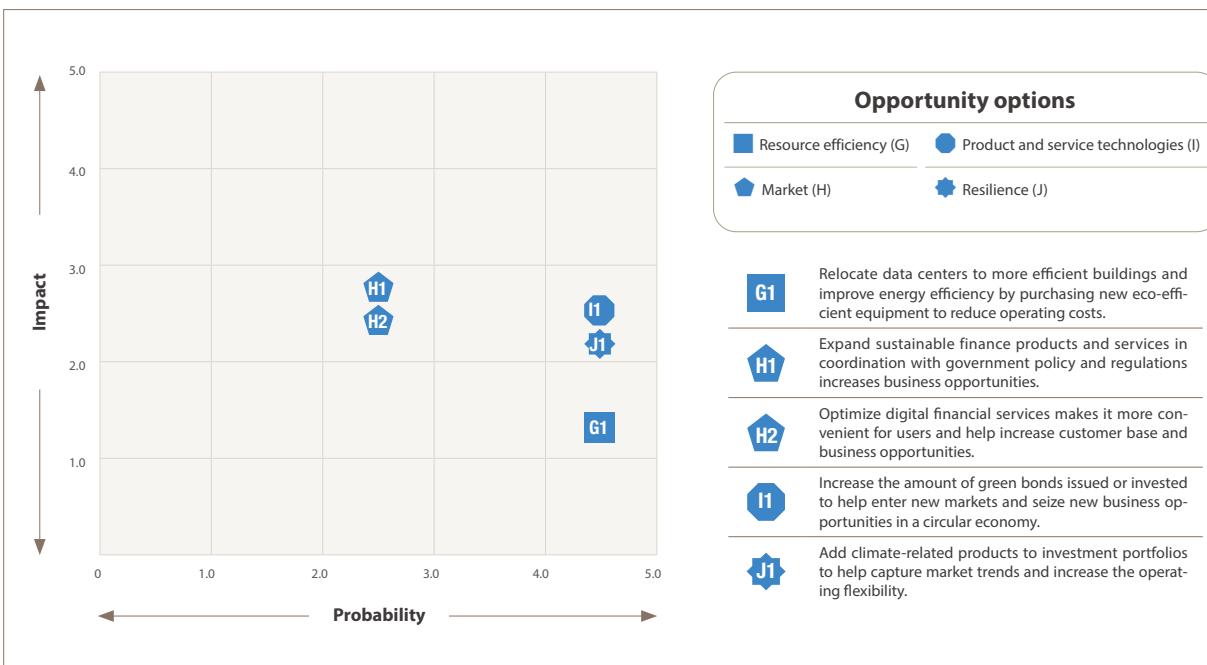
APPENDIX



Results the Identification of Climate-Related Opportunities

SinoPac Holdings leverages its core competencies in the finance industry and the market to grasp opportunities created by climate change and actively develop climate-related financial products. Please refer to 3.1 Sustainable Finance Strategy, 3.2 Sustainable Financial Products and Services, and 3.4 Smart Financing for detailed information on the implementation strategies and explanation of products. Resource efficiency opportunities are concentrated in operations. SinoPac Holdings continues to optimize energy conservation actions to reduce operating costs. Please refer to 5.1 Green Operations for detailed information on implementation strategies and response measures.

Climate Change Opportunities Matrix



2.3.4.4 Quantification of Climate-Related Physical Risks and Transition Risks

SinoPac Holdings quantified the impact of extreme climate events on its operations and collateral for physical risks based on the results of the aforementioned climate risk assessment; the quantification of transition risks are based on the financial impact of changes in policies and law.

Physical risks						
Risk incident	E-1 Abnormal events resulting from extreme weather such as typhoon and strong rainfall cause damages to the value of collateral and thus affects creditor rights or impacts the value of investments.					
Climate-related scenario analysis	AR5 scenario (RCP8.5)	RCP4.5	AR5 scenario (RCP8.5)	RCP4.5	Climate Risk Index (CRI) (Note)	Conditions under Typhoon Morakot
						<ul style="list-style-type: none"> • TWSE stocks fell by 5.8% • NTD bond yield rate fell by 2.8bps for 5-year bonds, 1.2bps for 10-year bonds, and 1.5bps for 20-year bonds.

Physical risks	
Financial impact (As of the end of 2020)	Mitigation and adaptation measures
<p>Bank SinoPac has 3 business premises with high risks and SinoPac Securities has 2 such premises. The total carrying amount is NT\$48 million.</p> <p>Bank SinoPac has 2 business premises with high risks total NT\$9.9 billion which accounts for 0.78% of SinoPac Holdings' overall loans. The estimated loss based on related parameters for mortgages in the supervisory stress test conducted by the Bankers Association in 2021 is approximately NT\$131 million.</p>	<p>Please refer to physical risk - acute - mitigation and adaptation measures in 2.3.4.3 Results the Identification of Climate-Related Risks and Opportunities for more information.</p> <p>Please refer to physical risk - acute - mitigation and adaptation measures in 2.3.4.3 Results the Identification of Climate-Related Risks and Opportunities for more information.</p>

Note: The Climate Risk Index (CRI) is published by Germanwatch and the top 10 countries are regarded as having high physical risks. The top 10 countries were: Puerto Rico, Myanmar, Haiti, Philippines, Mozambique, Bahamas, Bangladesh, Pakistan, Thailand, and Nepal.

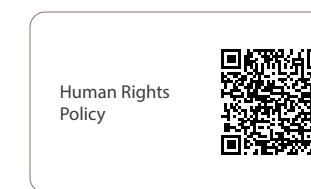
Transition risks	
Risk incident	Climate-related scenario analysis
A-3 Increasingly strict policies or regulations on carbon price and carbon tax/emissions, carbon reduction goals and reporting obligations may damage the profitability of borrowers and investees and thus impair the Company's creditor rights.	Nationally determined contributions (NDCs) - Major carbon emitters
The "Greenhouse Gas Reduction and Management Act", which is anticipated to be implemented in 3 years, will target companies with annual carbon emissions of more than 25,000 tons registered in the greenhouse gas inventory and collect carbon fees.	The "IEA 2DS" scenario, it is required to "deploy, integrate, and accelerate the global energy and low-carbon transition through existing technologies or innovative processes and technologies to limit global warming to a 2°C". To achieve this purpose, the demand for oil and coal will be reduced, which will affect the revenue and profitability of companies in these industries.
SinoPac Holdings' loans and investments in companies that are required to pay carbon fees in the future total NT\$25.6 billion with an anticipated holding period of 1~7 years, which accounted for 1.39% of the overall loans and investments. The loans and investments in companies with higher risks based on credit ratings and ESG scoring performance total approximately NT\$3 billion.	The loans and investments in high-risk industries [oil and gas mining and wholesale, coal and chemicals] totaled NT\$587 million with an anticipated holding period of 1~7 years, which accounted for 0.03% of the overall loans and investments. The loans and investments in companies with higher risks based on credit ratings and ESG scoring performance total approximately NT\$20 million.
Financial impact (As of the end of 2020)	Mitigation and adaptation measures
	Please refer to transition risk - policy and legal risks - mitigation and adaptation measures in 2.3.4.3 Results the Identification of Climate-Related Risks and Opportunities for more information.


[About this Report](#)
[Chairman's Message](#)
[Identification of Stakeholders and Material Topics](#)
[1 About SinoPac Holdings](#)
[2 Fulfillment of Trustworthy Governance](#)
[2.1 Corporate Governance](#)
[2.2 Ethical Corporate Management and Legal Compliance](#)
[2.3 Risk Management](#)
[2.4 Information Security/Cybersecurity](#)
[2.5 Privacy and Security](#)
[3 Fulfillment of Innovative Service](#)
[4 Fulfillment of Healthy Workplace](#)
[5 Fulfillment of Green Operations](#)
[6 Fulfillment of Inclusive Growth](#)
[APPENDIX](#)


2.3.5 Human Rights Risk Management

2.3.5.1 Human Rights Policy

SinoPac Holdings recognizes and supports the principles set forth in UN Universal Declaration of Human Rights, UN Guiding Principles on Business & Human Rights, UN Global Compact, and International Labor Organization Convention, and established the Human Rights Policy in 2018, emphasizing workplace human rights, providing a healthy and safe workplace, and respecting employees' freedom of association. The policy is applicable to SinoPac Holdings, subsidiaries it has substantial control over, and suppliers, and prevents any behavior that infringes on or violates human rights by establishing suitable management methods and procedures. SinoPac Holdings also regularly reviews risks in employee health and safety and implements improvement plans based on identification results. In the future, SinoPac Holdings will continue to monitor developments in the human rights policy of domestic and overseas companies and changes in the business environment and carry out review and improvements accordingly.

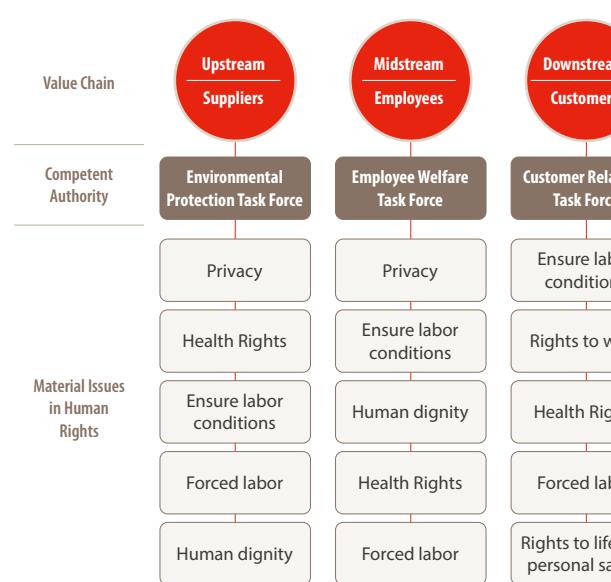


In addition to internal management based on the human rights policy, SinoPac Holdings also requires its suppliers to fulfill their corporate social responsibility and respect international conventions on human rights. Besides selecting business partners and suppliers who comply with the spirit and basic principles of the human rights policy, SinoPac Holdings also established the "Supplier Corporate Social Responsibility Code of Conduct" and urged the suppliers that it frequently does business with to sign the "Supplier Corporate Social Responsibility Commitment" and adopt consistent principles including respecting labor human rights, banning discrimination, banning child labor, occupational safety and health, environmental protection, procuring products with environmental certifications, business ethics and integrity management, aiming to find a balance between the economy, society, environment, and ecology and achieve environmental sustainability. SinoPac Holdings periodically conducts on-site audits of the finances and manufacturing environment of suppliers and builds long-term partnerships with suppliers that achieve good performance. Suppliers found in violation may even lose their supplier qualifications.

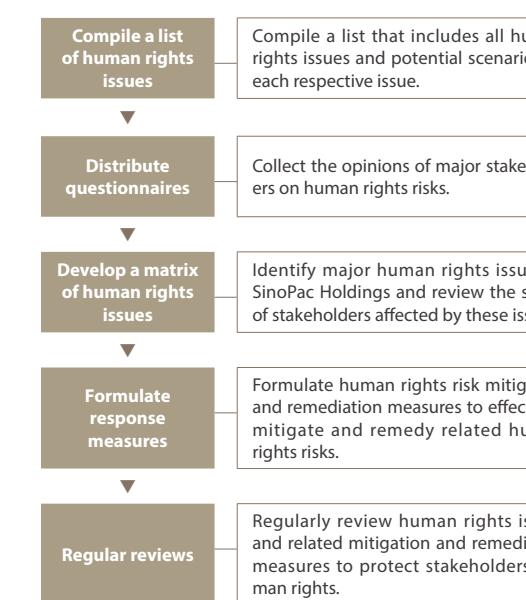
2.3.5.2 Human Rights Due Diligence Process and Results

SinoPac Holdings has been conducted regular human rights assessment since 2019 by collecting the opinions of major stakeholders on human rights risks to identify material human rights issues of the Company based on the "impact" and "likelihood" of the issues. In 2020, the Company further identified human rights issues in the value chain through the questionnaire include employees (both male and female), suppliers, and customers. A total of 173 questionnaires were collected, and were identified the material human rights issues with upstream, midstream, and downstream of SinoPac Holdings. Regarding the human risks at each node of the value chain, SinoPac Holdings has proposed the human risk mitigation and remedial measures separately, and also has completed the optimization of the Human Rights Policy. Please refer to 2.3.5.3 SinoPac Holdings' Material Issues in Human Rights and other relevant chapter for more information.

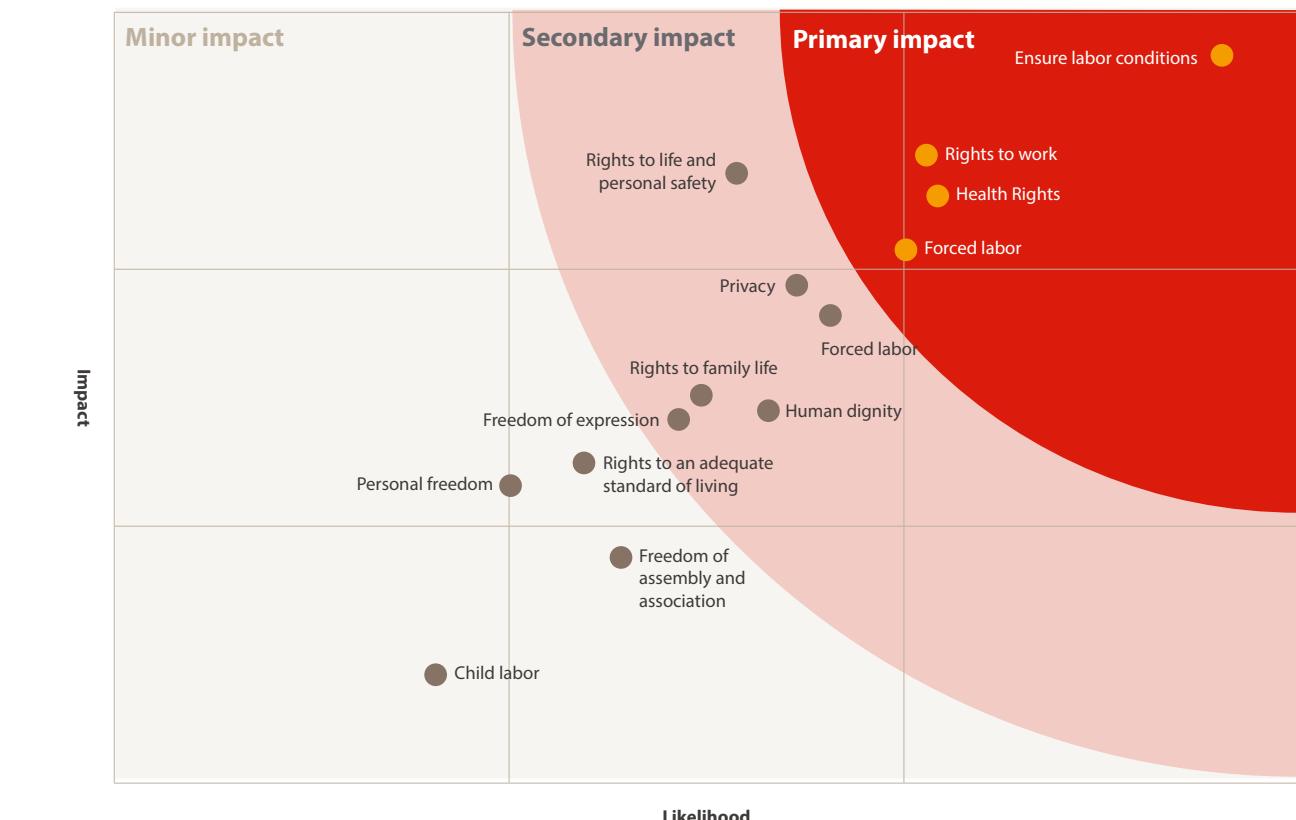
2020 SinoPac Holdings' Value Chain Human Rights Risk Identification Result



SinoPac Holdings' Human Rights Due Diligence Process



SinoPac Holdings' Material Issues in Human Rights Matrix



SinoPac Holdings' Material Issues in Human Rights

SinoPac Holdings' Mitigative and Remedial Measures in Human Rights Risks	Stakeholders that are mainly affected	Description of Risk	Description of Risk
Privacy	Suppliers, Employees	SinoPac Holdings or its supplier fails to properly manage business information and the personal data and information of customers and employees, resulting in the theft, leakage, or misuse of the data.	Customers: Please refer to 3.1.3.2 Corporate Banking Lending
Health Rights	Suppliers, Employees, Customers	Treatment is required to be fully or partially returned to health due to long-term hazards to physical health occurring in SinoPac Holdings or its suppliers and customers.	Suppliers: Please refer to 5.2 Sustainable Supply Chain Management
Ensure labor conditions	Suppliers, Employees, Customers	The labor conditions provided by SinoPac Holdings or its suppliers and customers cannot properly protect the basic economic conditions, life, health, and safety of employees.	Employees: Please refer to 4.5 Diverse and Healthy Workplace
Forced labor	Suppliers, Employees, Customers	Forced to provide work or services due to the threat of any punishment in SinoPac Holdings or its suppliers and customers.	
Human dignity	Suppliers, Employees	An event that damages the human dignity of employees occurs in SinoPac Holdings or its suppliers and customers, such as workplace bullying or sexual harassment.	
Rights to work	Customers	The protections of employees' fundamental rights to work from SinoPac Holdings or its suppliers and cooperative clients cannot meet the requirement of related regulations and the right to work based on current demand is deprived by other employment contracts.	
Rights to life and personal safety	Customers	In workplace or in the process of work, the personal safety and lives of employees from SinoPac Holdings or its suppliers and cooperative clients are immediately threatened. For incident, the company did not provide any safety protection facilities and caused employees' casualties due to falling down or electrical injuries.	


[About this Report](#)
[Chairman's Message](#)
[Identification of Stakeholders and Material Topics](#)
[1 About SinoPac Holdings](#)
[2 Fulfillment of Trustworthy Governance](#)
[2.1 Corporate Governance](#)
[2.2 Ethical Corporate Management and Legal Compliance](#)
[2.3 Risk Management](#)
[2.4 Information Security/Cybersecurity](#)
[2.5 Privacy and Security](#)
[3 Fulfillment of Innovative Service](#)
[4 Fulfillment of Healthy Workplace](#)
[5 Fulfillment of Green Operations](#)
[6 Fulfillment of Inclusive Growth](#)
[APPENDIX](#)


2.3.6 Risk Culture and Management

2.3.6.1 Shaping a Risk Management Culture

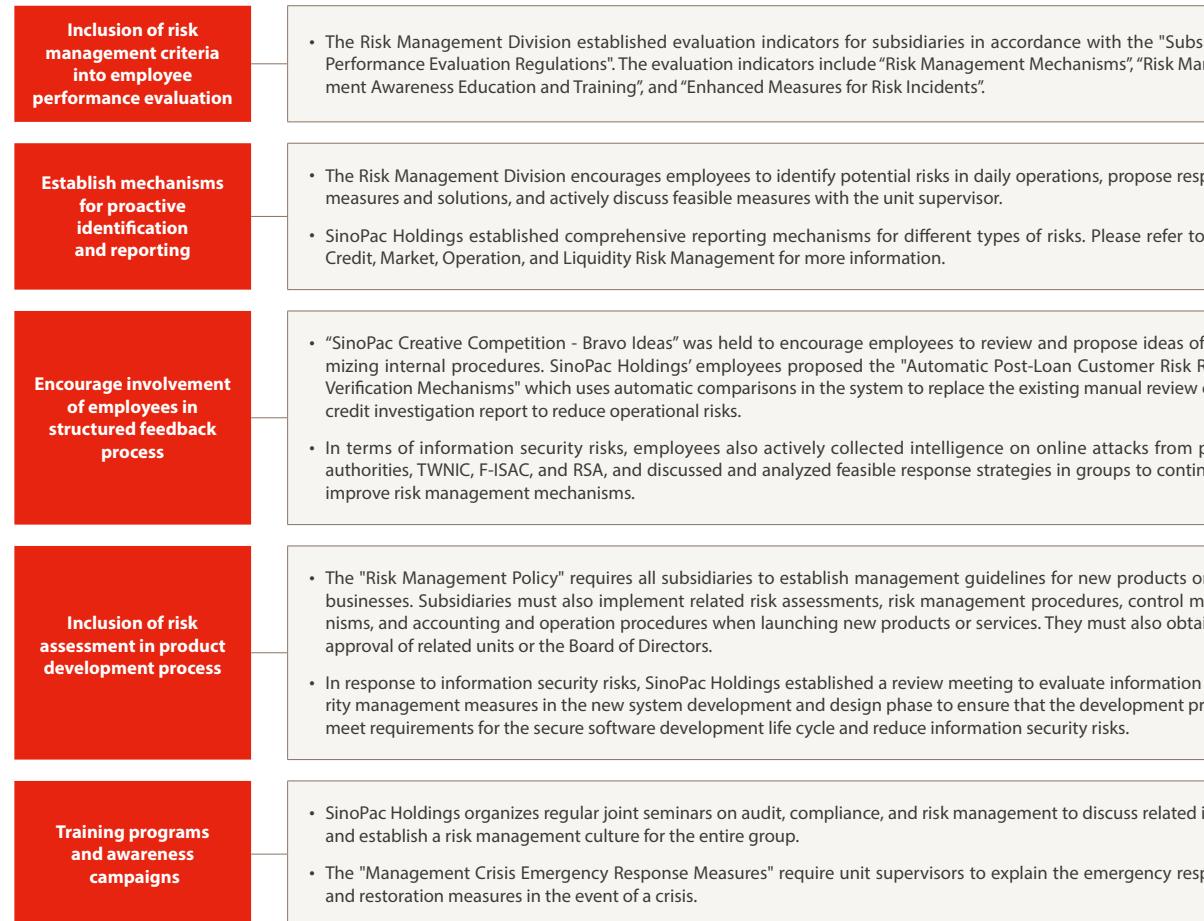
To ensure the effectiveness and quality of risk management, the Risk Management Division of SinoPac Holdings evaluates the implementation status of risk management by subsidiaries each year in the terms of "Risk Management Mechanisms", "Risk Management Awareness Education and Training", and "Risk Incident Reporting". Each year, the subsidiaries prepare the "Annual Enhanced Focus" plan and report the implementation of key work items and achievement rates each quarter. The detailed evaluation indicators are provided in the table below. The results of assessments are used as the basis for determining the annual performance of subsidiaries. Performance evaluations for risk management personnel of SinoPac Holdings and its subsidiaries are based on the Employee Evaluation Guidelines, and a rating is assigned to each employee based on his/her annual work performance, goal attainment, and attendance. To ensure the management of overall risks of SinoPac Holdings and subsidiaries, the approval of the head of SinoPac Holdings' Risk Management Division is required when appointing, dismissing, promoting, rewarding/punishing, or evaluating the head of the Risk Management Division at each subsidiary and personnel at the Risk Management Division of SinoPac Holdings.

SinoPac Holdings' Internal Control Indicators and Weight linked with Performance Evaluation

Subjects	Weight (%)	Risk management evaluation indicators
Senior executives	30%	The internal control indicators including auditing, legal compliance, and risk management, each of the indicators contributes to 10% of the weight. The risk management indicators include:
Line managers of business units	30%	<ul style="list-style-type: none"> • Completion of the establishment of risk management mechanisms • Risk management training implementation results • Enhancement measures for risk incidents • Adequacy of the risk management policy and structure • Discrepancies in control and management and penalties • Timeliness and accuracy of reports filed by subsidiaries to the parent company • Performance of key risk management projects in this year (Note)

Note: Examples of projects include the Integrated Risk Information System (IRIS) for SinoPac Holdings, Identification of Emerging Risks, and the Task Force on Climate-related Financial Disclosures (TCFD).

SinoPac Holdings' Actions for Shaping a Risk Management Culture



2.3.6.2 Risk-Related Training

In addition to compliance with policies and regulations, training is also an important part of improving risk management performance in the Company. To implement risk education, the Board of Directors, risk management personnel, and general employees all take risk related courses that increase their knowledge on risks and update them on the latest trends. All Directors of SinoPac Holdings received a total of 53.5 hours of continuing education in 2020. Risk management personnel and general employees at SinoPac Holdings and subsidiaries participated in 237 risk-related courses with a total of 8,593 hours in 2020. Contents of the courses include credit risk, market risk, operational risk, anti-money laundering laws and regulations, and information security risks. To raise the risk awareness of general employees and respond to changes in the international financial market, risk management personnel planned and lectured in related risk management courses through online channels or speeches to provide Directors, senior executives, and all other employees with the means for obtaining risk management related knowledge and cultivating a sound risk management culture.

Risk-Related Training in 2020

Recipients	Number of people who completed training	Total number of hours	Number of training sessions	Main training content/course
Board members	7	53.5	13	<ul style="list-style-type: none"> • Continuing education courses included courses on topics such as international trends of money laundering and terrorist financing, risk-based anti-money laundering trends and impact, key 5G and IoT technologies and market applications, AI risk management framework, improvement of trust for AI integrated applications, and principles and applications of artificial intelligence.
Risk management personnel	81	2,420	166	<ul style="list-style-type: none"> • Market risks, on-the-job training for derivatives, operational risks, information security, money laundering case studies, and seminars on global risks and response strategies.
General employees	7,733	6,173	71	<ul style="list-style-type: none"> • Derivatives and risk management, operational risks, methods for determining the sources of wealth and income of high-risk customers, and seminars on global risks and response strategies.
Total	7,821	8,646.5	250	


[About this Report](#)
[Chairman's Message](#)
[Identification of Stakeholders and Material Topics](#)
[1 About SinoPac Holdings](#)
[2 Fulfillment of Trustworthy Governance](#)
[2.1 Corporate Governance](#)
[2.2 Ethical Corporate Management and Legal Compliance](#)
[2.3 Risk Management](#)
[2.4 Information Security/Cybersecurity](#)
[2.5 Privacy and Security](#)
[3 Fulfillment of Innovative Service](#)
[4 Fulfillment of Healthy Workplace](#)
[5 Fulfillment of Green Operations](#)
[6 Fulfillment of Inclusive Growth](#)
[APPENDIX](#)


2.4 Information Security/Cybersecurity

2.4.1 Information Security/Cybersecurity Governance Framework

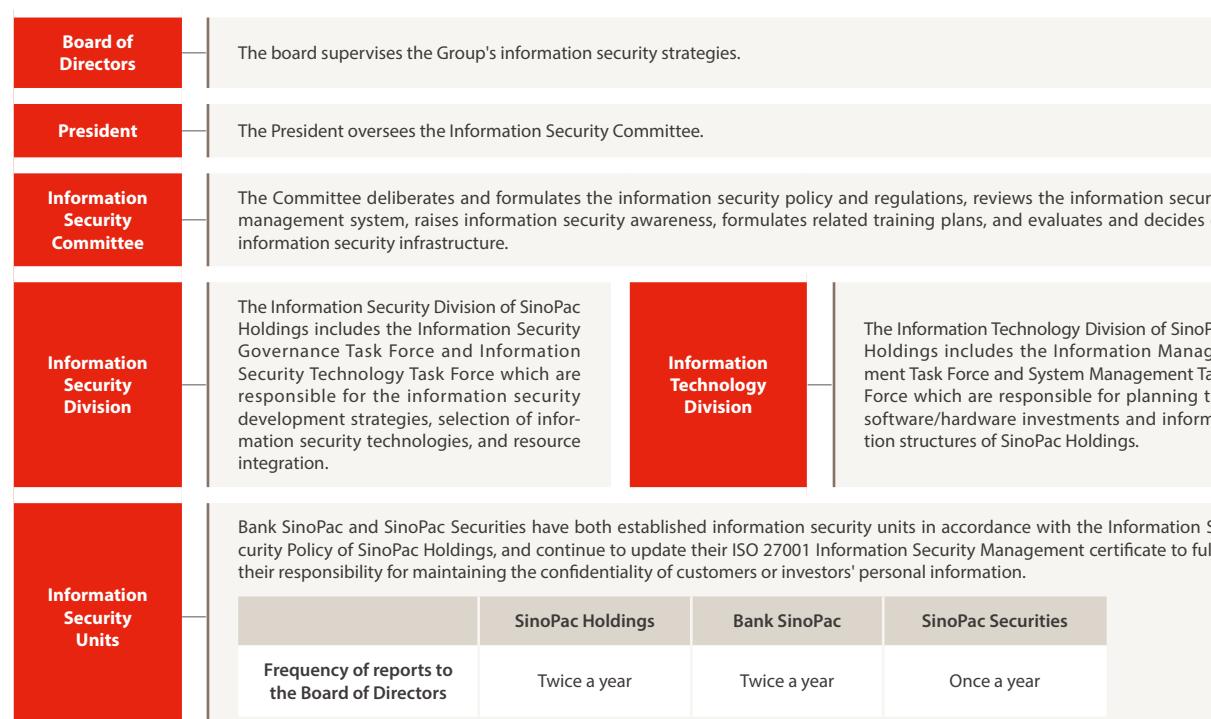
The Board of Directors of SinoPac Holdings is the highest governing unit responsible for supervising the Group's information security strategies.

The Director Chi-hsing YEH, who has a background in information security, is responsible for supervising the Group's information security strategies. The Information Security Committee was established under the President of SinoPac Holdings in September 2018 and is the highest-ranking unit responsible for information security management. The Committee is responsible for information security implementation and governance, and information security risk supervision and management. Vice President Sean LEE, who specializes in information security, serves as the convener of the Committee. Committee members include the head of the Legal & Compliance Division, the Risk Management Division, the Digital Technology Division, and information security related supervisors at subsidiaries; the chief auditor is invited to attend committee meetings. The Committee's responsibilities are to review the information security policy and regulations, review the information security management system, raise information security awareness, formulate related education and training plans, and evaluate and decide on information security related infrastructure.

SinoPac Holdings adjusted the organization in June 2020 to dedicate full efforts into digital technology transformation. The "Information Security Division" and "Information Technology Division" are set up under SinoPac Holdings to elevate information security protection from subsidiaries to the Group level. SinoPac Holdings established the information security governance structure for the entire Group to consolidate resources of SinoPac Holdings and subsidiaries and provide full support for the Group's development of digital technologies.

Bank SinoPac and SinoPac Securities have both established dedicated information security units in accordance with the "Information Security Policy" of SinoPac Holdings. They also completed the update of the ISO 27001 Information Security Management certificate in 2020 and implemented comprehensive management of customers' data access, processing, transmission, storage, and security of personnel and equipment.

SinoPac Holdings' Information Security/Cybersecurity Governance Framework and Division of Authority and Responsibility



Director and senior executives responsible for supervising information security/cybersecurity strategies

		Name and title	Professional background in information security
Board level	Board of Directors	Chi-hsing YEH, Director	Former transaction security officer of eBay Taiwan, President of DragonSoft (information security), Prosecutor at Taiwan Banciao District Prosecutors Office (intellectual property rights and computer-related crime section).
Executive Management level	Convener of the Information Security Committee and head of the Information Security Division	Sean LEE, Executive Vice President	Former Chief Information Security Officer and Chief Information Officer of Fubon Financial Holdings, Director of the Criminal Investigation Bureau High-tech Crime Center, Chief of the National Police Agency Information Management Office.

2.4.2 Information Security/Cybersecurity Management

2.4.2.1 Information Security Policy

SinoPac Holdings established the "Information Security Policy" to ensure that information processing at SinoPac Holdings and its subsidiaries complies with information security related regulations to protect customers' rights and interests. In 2020, SinoPac Holdings adjusted the internal regulations in accordance with the Finance Action Plan of the Financial Supervisory Commission and the amendments of Taiwan's Cyber Security Management Act, and reinforced information security plans and operating procedures including IT system security management, network security management, application system access management, application system development, maintenance, and management, computer asset management, system environment security management, and IT system disaster recovery management to ensure the implementation of the information security management system. Each year, SinoPac Holdings, Bank SinoPac, and SinoPac Securities review whether the Information Security Policy and information security incident response procedures are suitable for the business environment and comply with the competent authority's regulatory requirements. The Company also evaluates material information security issues and analyzes the Group's internal information security risks and vulnerabilities.



2.4.2.2 Implementation of Information Security Risk Management

SinoPac Holdings, Bank SinoPac, and SinoPac Securities regularly communicate internal information security policies to all employees via e-mail and organize regular training programs to improve employees' knowledge of information security. SinoPac Holdings sets business ethics and information privacy rules in the "Supplier Corporate Social Responsibility Code of Conduct", and requires suppliers to reasonably protect business information and personal data to ensure that the Company and individual privacy are not damaged due to data leaks.

To comply with national regulations on cybersecurity, SinoPac Holdings, Bank SinoPac, and SinoPac Securities amended their internal information security regulations in 2020. The main adjustments were as follows:

	Regulations	Main adjustments
SinoPac Holdings	Information Security Policy	Establishment of an independent and dedicated information security unit to ensure the effectiveness of the information security organization.
	Information Management Operating Manual	Added the Compliance Risk Assessment (CRA) Report and specified the regular review or update frequency in internal regulations to ensure the implementation of the information security management system.
	Information Security Rules	Amended the Information Security Incident Reporting Guidelines and Network and Communication Management Procedures to ensure the implementation of the cybersecurity management system.
Bank SinoPac	Information Security Policy	Establishment of an independent and dedicated information security unit to ensure the effectiveness of the information security organization.
	Information Operation Management Guidelines	Ensure the development and maintenance management of the application system and cybersecurity management.
	Network Management Guidelines	
SinoPac Securities	Information Security Policy	
	Information Operation Management Guidelines	
	Network Management Guidelines	

2.4.2.3 Information Security Management Process and System

The system management, application software development, outsourcing management, database management, network management, information security management, and infrastructure maintenance by the information related units (including information security units) of Bank SinoPac and SinoPac Securities all comply with and have obtained ISO 27001 certification. This is to prevent IT systems from being hacked and personal data leakage due to improper design of the information security framework, or inadequate control from system, network, and privacy management mechanisms, which will affect the Company's information security. In addition, SinoPac Holdings will continue to strengthen the information security mechanisms and personal data protection and management in the aspects of APT defense system, defense against DDoS attacks, e-mail content filtering, malware detection, website and app vulnerability scanning, and security inspections. SinoPac Holdings also isolated and strengthened the security of high-risk systems (such as ATM and SWIFT systems). SinoPac Holdings did not receive any fines or sustain any financial losses due to accidental damages to IT systems or equipment in 2020.



About this Report

Chairman's Message

Identification of Stakeholders and Material Topics

1 About SinoPac Holdings

2 Fulfillment of Trustworthy Governance

2.1 Corporate Governance

2.2 Ethical Corporate Management and Legal Compliance

2.3 Risk Management

2.4 Information Security/Cybersecurity

2.5 Privacy and Security

3 Fulfillment of Innovative Service

4 Fulfillment of Healthy Workplace

5 Fulfillment of Green Operations

6 Fulfillment of Inclusive Growth

APPENDIX



2.4.2.4 Information Security Trends

In light of the information security threats and cyber-attacks that are frequently occurring worldwide, besides continuing to assess information security risks that the Company may encounter internally, SinoPac Holdings pays close attentions and monitors trends in information security and system information. Information security exchange meetings are convened on a monthly basis to review information security mechanisms and plans of SinoPac Holdings and subsidiaries. The Information Security Intelligence Center also convenes monthly meetings to analyze if there were attacks from publicly known major information security threats.

To date, emerging information security risks and trends observed by SinoPac Holdings are mostly related to mobile payment and internet banking, which have been very popular in recent years. Such threats include using social engineering techniques to embed malware to gain control over important assets and equipment and steal data, exploiting application loopholes, stealing users' personal information and login certificates for application services on mobile devices, and stealing passwords to internet banking accounts.

2.4.2.5 Information Security Risks and Vulnerability Analysis

SinoPac Holdings prioritizes prevention beforehand and response preparations to ensure information security and provide customers and employees with protection that allows them to feel at ease. SinoPac Holdings has established an Information Security Command Center to strengthen endpoint control mechanisms and network information security, and periodically carry out backup and remote backup drills to ensure the ability of systems to continue operating. SinoPac Holdings also plans to use AI model vulnerabilities, big data application risks, and RPA rules and logic to establish an information security framework. Bank SinoPac and SinoPac Securities conduct information security and bank vulnerability analysis and testing on a monthly, semi-annual, and annual basis, in order to identify the vulnerabilities of their IT systems, system security procedures, and internal controls to information security threats and cyber-attacks. The subsidiaries will also continue to strengthen their information security.

2.4.2.6 Information Security Incident Escalation Process

Incident Escalation Process

According to SinoPac Holdings' "Information Security Policy", when a suspected information security incident occurs, units must handle the incident, notify the contact person of the incident, and register the incident in the abnormal incident reporting system. Contents of the report must include the time the information security incident occurred, the unit/person that received and handled the incident, description of the incident, handling process and results, and time taken for restoring normal operations. Units that receive the report must take immediate action based on the Emergency Response Rules and report it to the Information Security Committee. The convener of the Information Security Committee shall appoint designated personnel to handle the incident, evaluate the scope affected, formulate a response plan, and report to the convener to make necessary decisions and work assignments. Records of suspected information security incidents that were reported must be retained for 5 years. Furthermore, SinoPac Holdings, Bank SinoPac, and SinoPac Securities conduct annual tests on the Business Continuity Plan (BCP) and emergency response procedures to improve the BCP and examine the appropriateness of emergency response procedures.

Bank SinoPac established the "Information Security Rules" and "Information Management Operating Manual". The "Information Security Rules" includes information security incident response and management measures, including information security incident management procedures such as the reporting, response, and handling of information security incidents, incident tracking and improvement procedures, incident risk level definition, and reporting process management. They provide employees with clear guidelines to follow and effectively avoid information security or network security risks. SinoPac Securities established the "Information Security Incident Management Procedures", "DDoS Defense and Response Notices", Emergency Response Rules, and "Operational Risk Management Regulations" for employees to determine the level of an incident and related handling procedures.

Related Trends in Information Security

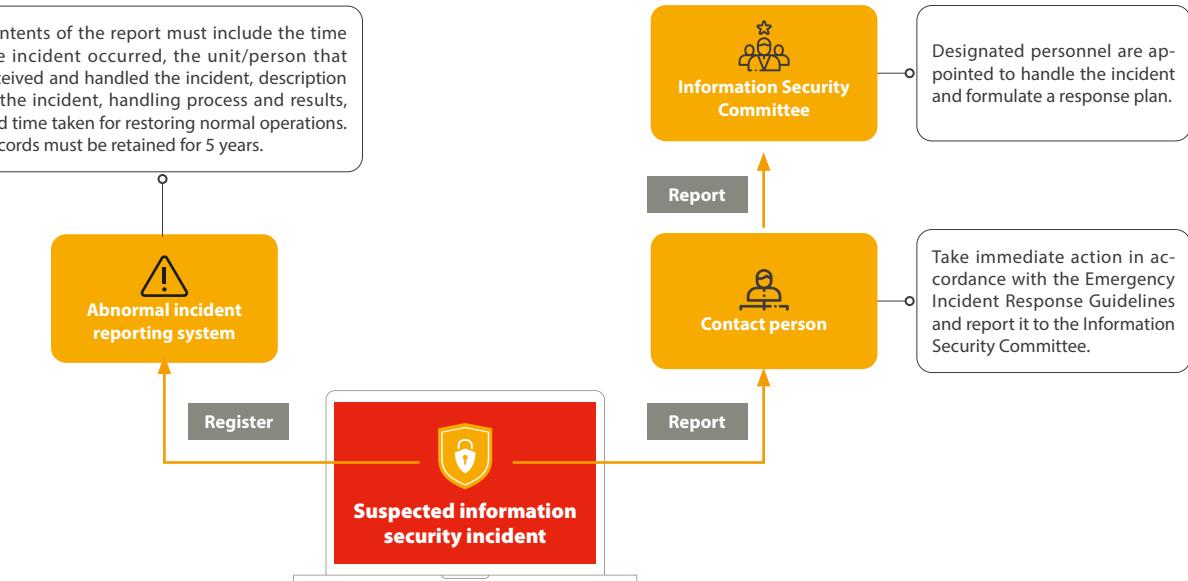
Type of information security trend	Possibility/ Frequency	Cause of effect on information security
Social engineering attacks	At least 5 incidents a year	The fraud based on social engineering techniques (such as phishing e-mails or SMS) uses personnel weakness and the influences of social interactions to break through the information security protection and thus perform illegal storage and damage on the system to acquire confidential information such as account ID, pass codes, or ID numbers.
Threats to ARP spoofing attacks and mobile device applications intelligence	At least 5 incidents a year	Hackers exploit loopholes in mobile device applications to lure the victims into clicking or entering confidential information, such as personal data and financial accounts, causing victims' data leakage and the damage on financial institutes' reputation.
Anomalous connections and scanning attack	At least 3 incidents a year	Hackers use tools to invade networked devices and attempt to scan or access specific ports, directories, or files to store or destroy confidential data.

Information Security Risks and Vulnerability Analysis Methods of Bank SinoPac and SinoPac Securities

Item	Frequency
Information security risk monitoring and analysis	Monthly
Vulnerability scanning	Quarterly
Blackbox testing	Semi-annually
E-mail social engineering exercises	Semi-annually
Third party information security evaluation	Annually

Information Security Incident Escalation Process

Contents of the report must include the time the incident occurred, the unit/person that received and handled the incident, description of the incident, handling process and results, and time taken for restoring normal operations. Records must be retained for 5 years.



2.4.3 Professional Training Programs

SinoPac Holdings implements the annual information security training (computer-based training) for all employees every year. The courses include basic information security concepts, review of recent information security incidents, trends in information security, social engineering methodology, promotion of internal regulations, and the cultivation of information security awareness. SinoPac Holdings also organizes training and exercises to prevent social engineering via malicious e-mails, designed various phishing e-mails, and conducted comprehensive tests on all employees to improve employees' information security awareness. Dedicated information security personnel are required to participate professional information security training or professional skills training each year for at least 15 hours and pass the evaluation. All other employees are required to participate more than 3 hours of information security courses each year. Compliance with requirements for information security/cybersecurity has been included as a part of the employee performance evaluation. The "Employee Rewards and Punishment Regulation" of SinoPac Holdings and its subsidiaries also specify that if an employee violates information security regulations and damages the interests of SinoPac Holdings or its subsidiaries, the unit supervisor shall submit a list of personnel to be penalized to the Human Resources Department for disciplinary actions, and the results shall be submitted to the authorized supervisor for approval in accordance with the tiered internal accountability regulations.

Information security/cybersecurity awareness training for SinoPac Holdings employees in 2020

Subsidiary	Recipients	Results of Training Programs
Bank SinoPac	Dedicated information security personnel	The personnel completed at least 15 hours of professional information security or professional skills training in accordance with regulations, receiving 20 professional certificates and 45 certificates of attendance to optimize the competencies of dedicated information security personnel.
	Regular employees	Personnel of the head office, local and foreign business units, IT units, financial custody units, and other managerial units completed at least three hours of information security training in accordance with regulations. The social engineering exercises were conducted after the training with a 94.09% passing rate. For employees fail to pass the drill, the related training/education shall be strengthened. The courses include training for strengthening website security, protection of sensitive information, improving information security awareness and skills.
SinoPac Securities	Dedicated information security personnel	The personnel completed at least 15 hours of professional information security training courses in accordance with the Criteria Governing Internal Control Systems of Securities Firms, passing the evaluation, and receiving 5 professional certificates and 3 certificates of attendance to optimize the competencies of dedicated information security personnel.
	Regular employees	Personnel who are users of the information systems completed at least 3 hours of information security training in accordance with the Criteria Governing Internal Control Systems of Securities Firms. The passing rate of social engineering exercises was 98.3%. For employees who fail to pass the drill, the related training/education shall be strengthened. The courses include training for strengthening website security, protection of sensitive information, improving information security awareness and skills. All the department heads must complete at least 2 hours of courses each year.


[About this Report](#)
[Chairman's Message](#)
[Identification of Stakeholders and Material Topics](#)
[1 About SinoPac Holdings](#)
[2 Fulfillment of Trustworthy Governance](#)
[2.1 Corporate Governance](#)
[2.2 Ethical Corporate Management and Legal Compliance](#)
[2.3 Risk Management](#)
[2.4 Information Security/Cybersecurity](#)
[2.5 Privacy and Security](#)
[3 Fulfillment of Innovative Service](#)
[4 Fulfillment of Healthy Workplace](#)
[5 Fulfillment of Green Operations](#)
[6 Fulfillment of Inclusive Growth](#)
[APPENDIX](#)


2.5 Privacy and Security

2.5.1 Privacy and Security Governance Framework

SinoPac Holdings set up a Personal Data Protection and Management Task Force as the highest governing unit responsible for privacy protection. A Vice President is assigned to serve as the convener to supervise and take charge of privacy protection and governance, risk supervision and management, improvement of privacy security awareness, and preparing related training programs. SinoPac Holdings' subsidiaries including Bank SinoPac, SinoPac Securities, SinoPac Securities (Europe), and SinoPac SITC have appointed a Data Protection Officer (DPO) and assigned a designated person or department responsible for client data protection. SinoPac Holdings Personal Data Protection and Management Task Force convenes at least one meeting every 6 months to discuss the privacy security protection of SinoPac Holdings and subsidiaries and personal data protection measures. In addition, the subsidiaries Bank SinoPac and SinoPac Securities organize third-party audits of the privacy policy compliance (including customers' personal data and privacy protection).

2.5.2 Privacy and Security Management

2.5.2.1 Privacy Policy

SinoPac Holdings established the "Customer Information Confidentiality Measures" and disclosed them on the company website to protect customers' personal data and privacy. The Company announced the methods for the collection, scope, and use of customers' personal information, and the information security and retention methods. SinoPac Holdings also established the "Personal Data Protection Policy and Archive Maintenance Measures" to implement regulations for the use of personal data. The "Supplier Corporate Social Responsibility Code of Conduct" established by SinoPac Holdings also requires third-party suppliers to reasonably protect business information and personal data to ensure that the Company and individual privacy are not damaged due to data leaks.



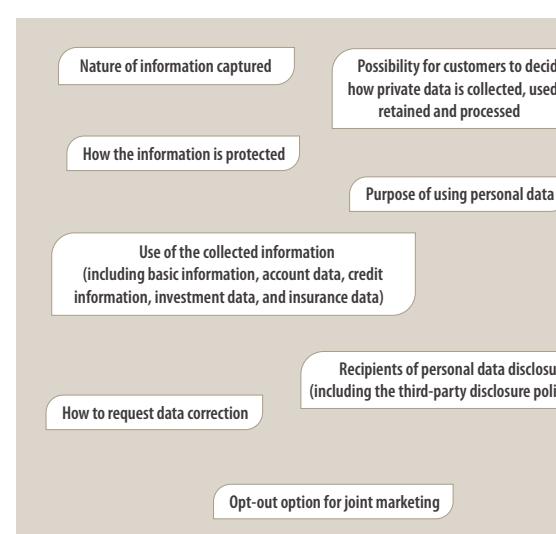
SinoPac Holdings commenced GDPR training in 2018 in response to the implementation of the General Data Protection Regulation (GDPR) of the European Union. Although SinoPac Holdings does not have any branches in the European Union and is not directly governed by GDPR, SinoPac Holdings still used it as a reference for enhancing related policies. SinoPac Holdings adjusted contracts and documents accordingly and issued a privacy policy statement on its website. Bank SinoPac revised the "Personal Data Protection Policy" to include GDPR regulations and operating procedures for exercising the party's rights over the counter. The Personal Data Protection and Management Task Force also supported the financial information security action plan of the competent authority and established the "GDPR Privacy Protection Mechanisms and Personal Data Certification Project". It also plans to appoint external consultants to provide assistance in the establishment of GDPR privacy protection mechanisms. SinoPac SITC published the "Privacy Statement of the EU Personal Data Protection Rules" on its official website. SinoPac Holdings and its subsidiaries will continue to monitor regulations related to GDPR. The National Development Council actively began the second round of technical consultations with the European Union at the end of 2019 and Taiwan is set to become the third country in Asia to receive a GDPR adequacy decision. SinoPac Holdings

will also support the amendments of the government's regulations on personal data and will continue to plan GDPR protection mechanisms for SinoPac Holdings and its subsidiaries and uphold the commitment and pledge for protecting consumers' personal data security.

2.5.2.2 Personal Data Notices to Customers

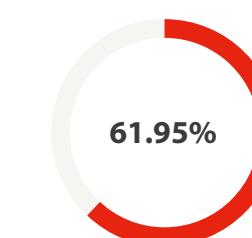
The collection of all personal data of customers by SinoPac Holdings is conducted in accordance with the "Financial Holding Company Act", "Regulations Governing Cross-selling Among Subsidiaries of Financial Holding Company", "Personal Data Protection Act", and other related laws and regulations. SinoPac Holdings performs its obligations for providing notice to customers regarding the collection of their personal data in the "Customer Personal Data Confidentiality Measures" published on the official website. The items specified in the notice are as follows:

SinoPac Holdings informs customers of the following personal data issues



SinoPac Holdings upholds the highest standards for protecting customers' data privacy and interests. Customers have the right to request their personal data stored by SinoPac Holdings to be deleted at any time. To ensure the implementation of personal data protection tasks, all subsidiaries have invested significant amounts of resources in the establishment of Personal Data Protection and Management Task Force. The Task Force is responsible for the implementation, review, management, and plans for all tasks related to personal data. It reports and discusses the results in meetings at least once every six months.

Percentage of users whose customer data is used for secondary purposes in 2020 (Note)

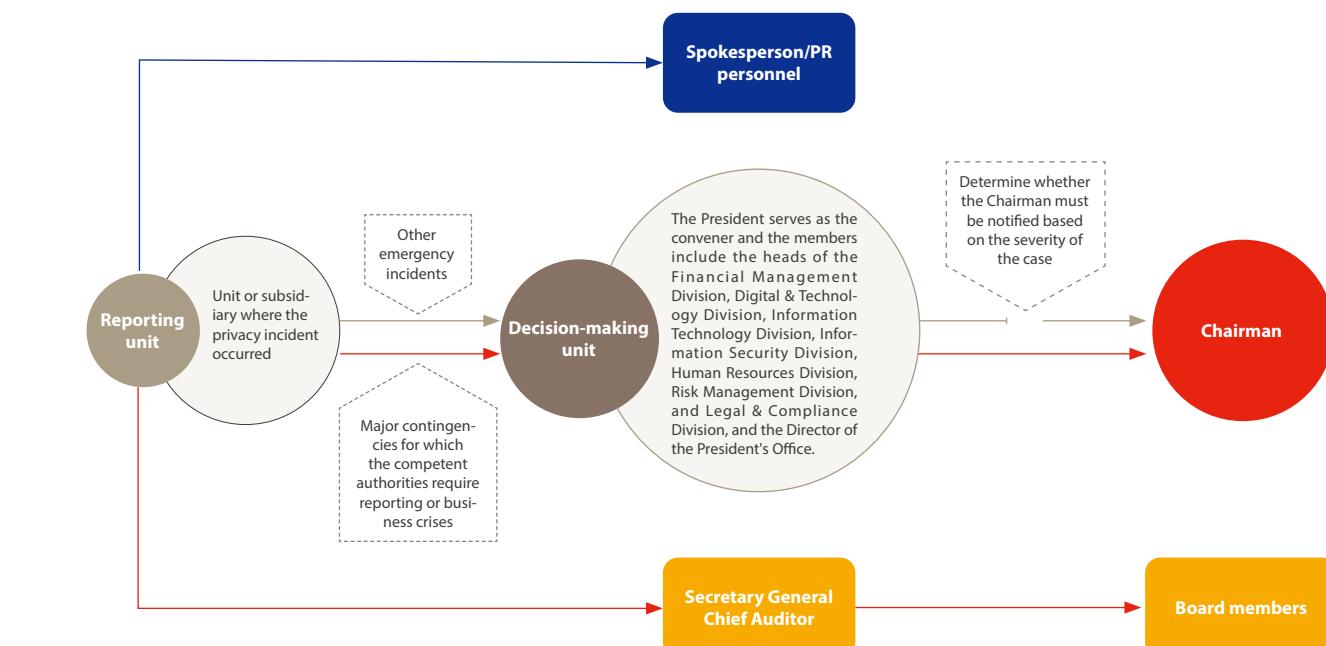


Note: Used for purposes other than the original purpose for the collection of the data. Example: Use in product marketing and promotion.

2.5.2.3 Privacy Incident Escalation Process

According to SinoPac Holdings' Personal Data Protection Policy and Archive Maintenance Measures, in the event of a suspected leak of customer private data, hacker attack on customers' personal data, or other privacy incidents, the designated person or department responsible for privacy issues shall immediately process the incident in accordance with the Emergency Response Rules and report to the Convenor and Executive Secretary of the Personal Data Protection and Management Task Force. They shall report the response measures and solutions (including the methods adopted for limiting damages to the party, notifying the party after the incident is investigated, and the contents of the notification to the party after the incident is investigated) within 2 days. The "Employee Rewards and Punishment Regulation" of SinoPac Holdings and its subsidiaries also specify the disciplinary actions in case of breach. If an employee commits a breach of customers' private data and damages the interests of the company, the unit supervisor shall submit a list of personnel to be penalized to the Human Resources Department, and the results shall be submitted to the authorized supervisor for approval in accordance with the tiered internal accountability regulations.

SinoPac Holdings Information Security Incident Escalation Process



2.5.3 Breach of Privacy

In 2020, SinoPac Holdings has not received any privacy related complaints from regulatory bodies and substantiated by the organization. There was one complaint received from outside parties and substantiated by the organization, which was a privacy breach incident happened in SinoPac Securities. After the incident, the related employees have been punished in accordance with the regulations; the relevant internal control managements and mechanisms have been reviewed while strengthening privacy related trainings. Please refer to 2.2.4 Material Violations and Improvement Measures (P75 to 78 of the Annual Report) for details. Apart from the above-mentioned case, all other privacy related complaints from customers were misunderstandings; after investigation, it has been verified that there was no illegal collection, process, or usage of customers' personal data in such cases. SinoPac Holdings will continue to strengthen the relevant protection mechanisms to fulfill the responsibility of protecting customers' privacy.

Privacy Issues Reporting Channels

	Customer Service Hotline	Online Customer Service/ Customer Service Email
SinoPac Holdings	(02) 6616-6124	privacy@sinopac.com
Bank SinoPac	0203-08989 (02) 2505-9999	https://bank.sinopac.com/GCSDsp/DspOnLineService.aspx
SinoPac Securities	0800-038-123 (02) 6630-8899	http://sitc.sinopac.com/newweb/contact/page.do
SinoPac SITC	(02) 2312-5066	http://sitc.sinopac.com/newweb/contact/page.do
SinoPac Leasing	(02) 8161-2395	service.spl@sinopac.com
SinoPac Venture Capital	(02) 2393-3315 #333	-



Fulfillment of Innovation Service



Received the Top Solar System Award from the Ministry of Economic Affairs for the 5th consecutive year



Received three digital innovation awards from Asian Banking & Finance Magazine (ABF)



Issued the first credit card for migrant workers in Taiwan



Won the Asia Responsible Enterprise Awards with "Smart Wholesale Market Transaction Facilitation Platform"



Hosted 5 ESG forums

Became the only bank in Taiwan to win this award for 5 consecutive years and received the "Special Award for Renewable Energy Sectors" from the FSC in 2020. Assisted companies and individuals a total of 4,833 domestic energy plants with a total installed capacity of 1,423 MW.

Bank SinoPac won "Taiwan Domestic Technology & Operations Bank of the Year", "Service Innovation of the Year in Taiwan", and "Marketing & Brand Initiative of the Year - Taiwan".

Bank SinoPac issued the SEA Rewards MasterCard to provide an integrated financial solution for migrant workers, and thereby achieve inclusive finance.

Won the "Social Empowerment Award" for innovative financial ecosystem services that assist traditional wholesale markets with digital transformation, and for providing loans and cash advances to underwriters.

Hosted 5 forums with over 830 participants in total. Themes included global risks, SROI, 5G industry, and enterprises with excellent ESG performance.

Sustainability Commitment	Corresponding SDGs	Action Plan(s)	2025 Goal(s)
Reduce Inequality	SDG 1 No Poverty	Improve accessibility of financial services	<ul style="list-style-type: none"> Bank SinoPac's Migrant Worker Lending Program outstanding amounts to NT\$180 million. For merchant cards and distributor cards of Bank SinoPac's Smart Wholesale Market Transaction Facilitation Platform, the number of loan applications reaches 3,600 with the loan outstanding reaching NT\$150 million. In order to improve the assets safety and quality of care for the elderly, persons with disabilities, and other underprivileged social groups, Bank SinoPac continues to promote Trust for Elderly Care, and organizes 4 property trust seminars every year. The increase in number of self-employed contracted merchants is 20% higher than 2020, and credit card transaction amount grows 35%. "SinoPac Stocks Saving Plans" platform for the Taiwan stock reaches 25% market share, and number of accounts with regular savings plan for the US stock reaches 50,000.
Mitigate and Adapt to Climate Change	SDG 7 Affordable and Clean Energy	Support the development of the renewable energy industry	<ul style="list-style-type: none"> Bank SinoPac continues to increase the loans to renewable energy finance to assist Taiwan government in achieving the target of generating 20% of electricity through renewable energy by 2025. SinoPac Venture Capital expand investment targets to overseas green industries and those with overseas development potential. SinoPac Leasing continues to develop the equipment financing business for "solar energy plants" during the construction period and expects to cooperate with 500 energy plants. Develop business opportunities with new circular energy developers business volume expects to reach NT\$300 million.
Promote Inclusive Growth	SDG 13 Climate Action	Raise climate awareness (customers)	<ul style="list-style-type: none"> Organize ESG seminars/forums to raise the climate awareness of customers and peers in the industry; SinoPac Securities regularly arranges ESG evaluation training courses for institutional investors. Bank SinoPac continues to implement EPs and incorporates the spirit of ESG in credit reviews and evaluation for corporate banking. Bank SinoPac looks into the feasibility of jointly developing ESG Index/Score with an external partners and discuss to implement per green credit matrix model.
	SDG 8 Decent Work and Economic Growth	Support the development of small and medium enterprises (SMEs)	<ul style="list-style-type: none"> Bank SinoPac's Small and Medium Enterprise Loans grows at 5-8% per year. Bank SinoPac's FUN Biz domestic transaction volume grows at 5-10% a year.
Six Capitals			
Input		Strategy	
Financial Capital	Implement responsible investment	Financial Capital	Financial Capital
<ul style="list-style-type: none"> Total Investment assets at the beginning of the period was NT\$228.531 billion. Balance of foreign currency deposits was NT\$512.1 billion. Expense of organizing seminars on the green energy business was NT\$440,000 (excluding labor costs). Investment in property, plant and equipment was NT\$1.41 billion. Investment in R&D was NT\$269 million. Issuance of ESG bonds was NT\$1 billion. 	<ul style="list-style-type: none"> Established the "Responsible Investment Management Guidelines" and disclosed the Stewardship Report each year, actively promoting ESG investment concepts through internal and external engagement activities. 	<ul style="list-style-type: none"> Total investment assets at end of the period was NT\$294.944 billion. Total return on investment was NT\$8.4 billion, and rate of return on investment was 3.21%. Interest spread was NT\$9.2 billion. Non-performing loans (NPL) ratio was 0.14%. 	<ul style="list-style-type: none"> Bank SinoPac added 1 service App (integrated digital account "DAWHO"). The number of account applications for SinoPac Robot Advisor – iibrain reached 13,074 with investment scale of NT\$380 million. Number of account applications for integrated digital account "DAWHO" reached 663,000. Partner APIs consumption payments provided about NT\$3.29 million transactions and the total amount reached NT\$9,424 billion. Cumulative transaction amount of self-employed contracted merchants was NT\$99.7 million. Feng Yun Mortgage Digital Platform had 1 million views, and 71,573 mortgage calculation have been provided.
Human Capital	Implement responsible lending	Manufactured Capital	Natural Capital
<ul style="list-style-type: none"> Input 112 employees to organize ESG seminars/forums. Input 80 employees in the Customer Relations Team. 	<ul style="list-style-type: none"> Established the "Responsible Lending Management Guidelines" and exclusion policy to avoid lending to controversial industries. Implemented the EPs by incorporating ESG spirit into credit reviews and evaluation. 	<ul style="list-style-type: none"> Bank SinoPac added 1 service App (integrated digital account "DAWHO"). The number of account applications for SinoPac Robot Advisor – iibrain reached 13,074 with investment scale of NT\$380 million. Number of account applications for integrated digital account "DAWHO" reached 663,000. Partner APIs consumption payments provided about NT\$3.29 million transactions and the total amount reached NT\$9,424 billion. Cumulative transaction amount of self-employed contracted merchants was NT\$99.7 million. Feng Yun Mortgage Digital Platform had 1 million views, and 71,573 mortgage calculation have been provided. 	<ul style="list-style-type: none"> Loan outstanding for solar photovoltaic energy generation equipment financing reached NT\$40.283 billion. Assisted domestic companies and individuals a total of 4,833 domestic energy plants with a total installed capacity of 1,423 MW. Loan outstanding for eco-friendly textiles financing was NT\$1.196 billion. Loan outstanding for energy storage and energy saving facilities financing was NT\$953 million.
Promote inclusive financial services	Actively Develop green financial products	Social and Relationship Capital	
	<ul style="list-style-type: none"> Develop digital accounts and enhance online services to provide more convenient transactions and achieve higher customer satisfaction; continue to provide innovative products and services to relatively disadvantaged groups, such as SMEs, individual merchants, and farmers market merchants. 	<ul style="list-style-type: none"> Cumulative amount of cash advances on the Smart Wholesale Market Transaction Facilitation Platform reached NT\$25.749 billion and provided services to 2,328 merchants and distributors. Business volume of Trust for Elderly Care reached NT\$180 million and benefited 21 customers. Cumulative number of credit loans disbursed in Migrant Worker Lending Program was 8,310 with a total amount of NT\$566 million. The total number of participants in ESG forums was 830. Bank SinoPac's customer satisfaction reached 92.7%. 	


[About this Report](#)
[Chairman's Message](#)
[Identification of Stakeholders and Material Topics](#)
[1 About SinoPac Holdings](#)
[2 Fulfillment of Trustworthy Governance](#)
[3 Fulfillment of Innovative Service](#)
[3.1 Sustainable Finance Strategy](#)
[3.2 Sustainable Financial Products and Services](#)
[3.3 Inclusive Finance](#)
[3.4 Smart Finance](#)
[3.5 Customer Relations](#)
[4 Fulfillment of Healthy Workplace](#)
[5 Fulfillment of Green Operations](#)
[6 Fulfillment of Inclusive Growth](#)
[APPENDIX](#)


3

3.1 Sustainable Finance Strategy

3.1.1 Sustainable Finance Blueprint

The Customer Relations Team of SinoPac Holdings was formed by the Sustainable Development Committee, in which the CFO of SinoPac Holdings heads the task force and is responsible for the overall development of sustainable finance at SinoPac Holdings and its subsidiaries. In response to the three sustainability commitments of SinoPac Holdings to "Reduce Inequality," "Mitigate and Adapt to Climate Change" and "Promote Inclusive Growth," the task force planned four major action plans to improve the accessibility of financial services, support the development of the renewable energy industry, raise climate awareness (customers), and support the development of small and medium enterprises (SMEs), and implementing sustainability strategies including "implement responsible investment," "implement responsible lending," "develop green financial products," and "promote inclusive financial services."

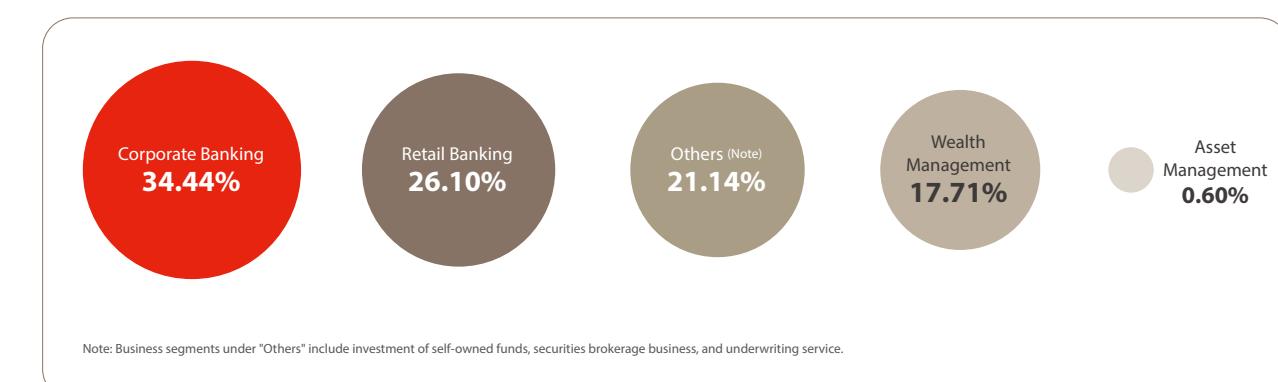
Summary of Results in the 2020 Sustainable Finance Development Plan

Strategy	2020 Objectives	Implementation Status in 2020	2020 Achievements	2021 Objectives
Implement responsible investment	<ul style="list-style-type: none"> 1. Continue to implement the "Stewardship Principles for Institutional Investors" and strengthen disclosures of information on responsible investment. 2. SinoPac Securities and SinoPac Securities Investment Service Corp. collaborated to continue providing customers with ESG ratings and advice. 	Completed	<ul style="list-style-type: none"> 1. Bank SinoPac, SinoPac Securities, and SinoPac SITC established "Stewardship Policy" in September 2020 and conducted a questionnaire survey on the climate awareness and readiness of investee companies. Questionnaires were sent out to 144 companies and received 51 responses. 2. Bank SinoPac, SinoPac Securities, and SinoPac SITC disclosed their 2019 Stewardship Report. 3. SinoPac Securities Investment Service Corp. provided 142 ESG Equity Note and 3 ESG research reports according to SASB. 	<ul style="list-style-type: none"> 1. Continue to implement the "Stewardship Principles for Institutional Investors," strengthen information disclosure, and improve the quality of responsible investment disclosures and presentation in the designated section. 2. Plan and establish ESG investment guidelines for specific asset categories and industries. 3. SinoPac Securities Investment Service Corp. prepares ESG research reports according to the SASB.
Implement responsible lending	<ul style="list-style-type: none"> 1. Implement EPs training and cases on a trial basis. 2. Establish information disclosures under the EPs; disclosure is expected to be completed after the grace period is over. 	Completed	<ul style="list-style-type: none"> 1. Formally became a signatory to the EPs in February 2020, completed EPs training and cases on a trial basis, and disclosed information on trial cases. 	<ul style="list-style-type: none"> 1. Implement the TEJ CSR Database/ESG Dashboard and evaluate the feasibility of issuing "ESG Industry Report". 2. Formulate credit review guidelines for "high carbon industries/activities" or plans and establish tools for engaging clients. 3. Summarize information on EPs cases.
Develop green financial products	<ul style="list-style-type: none"> 1. Bank SinoPac provides guidance for the development of solar facility clusters and raise capital through syndicated loans for the establishment of power plants in areas announced by the Council of Agriculture as unsuitable for cultivation. Continue to evaluate the issuance of green bonds. 2. SinoPac Securities is actively guiding the public listing of at least two green energy companies. 3. SinoPac SITC plans to issue "SinoPac Taiwan ESG Plus Fund." 4. SinoPac Leasing continues to develop and expand the financing business for equipment in the construction of solar energy plants, and expects to finance 200 solar energy plants; expects to lease 100 electric vehicles for the electric vehicle lease business; expects to provide loans reaching NT\$100 million for leasing newly developed energy storage equipment. 5. SinoPac Venture Capital listed renewable energy, circular economy, and precision machinery industries as key investment items, and will invest a total of NT\$50 million in at least 2 green companies. 	1~3 Completed 4~5 Not Completed	<ul style="list-style-type: none"> 1. See 3.2.1.1 Fixed Income Products and 3.2.1.2 Green Infrastructure Finance for details. 2. See 3.2.1.4 Advisory Services on ESG Topics for details. 3. See 3.2.2.2 Sustainable Investment Products for details. 4. See 3.2.1.2 Green Infrastructure Finance and 3.2.1.3 Green/ESG Credit Lines for details. 5. See 3.1.2.2 ESG-themed Investments for details. 	<ul style="list-style-type: none"> 1. Bank SinoPac <ul style="list-style-type: none"> — Continue to plan the issuance of green bonds or ESG-related bonds. — Operate the fishery and electricity symbiosis ecosystem and develop a feasible business model. Continue to support the government's green energy policy and promote household solar energy equipment financing project. 2. SinoPac SITC continues to plan products with investment targets that cover the development of green energy. 3. SinoPac Leasing engaged 260 solar energy plants in the construction phase or project financing business. Develop new circular economy products, such as energy generation, energy storage, and energy saving equipment, with cumulative transaction amount reaching NT\$60 million. 4. SinoPac Venture Capital will invest a total of NT\$50 million in at least 2 green companies.

Strategy	2020 Objectives	Implementation Status in 2020	2020 Achievements	2021 Objectives
Promote inclusive financial services		1 Completed 2~3 Not Completed	<ul style="list-style-type: none"> 1. Continue to offer digital account promotions, including DAWHO, DAWHO TOU - Al Bunny Good, SinoPac Stocks Savings Plans, and SinoPac Robot Advisor - ibrAin. 2. Look into allowing minors and foreigners to apply for digital accounts and provide a better barrier-free service experience to increase young customers base and achieve inclusive finance. 3. Develop the Smart Wholesale Market Transaction Facilitation Platform 2.0 and develop an API to bridge the cash flows and real-time payment inquiry functions for merchants. 	<ul style="list-style-type: none"> 1. See 3.4.2 Smart Financial Services for details. 2. See 3.4.3 Digital Service Promotion Results for details. 3. See 3.3.2 Agriculture Support for details.
Host ESG forums		Completed	<ul style="list-style-type: none"> • Organize an ESG forum every year and regularly schedule training courses related to ESG evaluations at institutions. 	<ul style="list-style-type: none"> 1. Hosted 5 forums with over 830 participants in total. Themes included global risks, SROI, SG industry, and enterprises with excellent ESG performance. 2. Held a total of 5 sessions to share ESG issues with institutions.

Corporate banking accounted for the highest percentage of SinoPac Holdings' consolidated net revenue in 2020, followed by retail banking at 26.10%. Asset management operations accounted for less than 5% of net revenue. Under the supervision of the Sustainable Development Committee, SinoPac Holdings has incorporated ESG factors into its corporate banking, project financing, asset management, wealth management, and retail banking businesses. This chapter will describe the ESG factors and ESG-related products covered by each main business.

Percentage of Consolidated Net Revenues from Business Segments of SinoPac Holdings in 2020



Note: Business segments under "Others" include investment of self-owned funds, securities brokerage business, and underwriting service.


[About this Report](#)
[Chairman's Message](#)
[Identification of Stakeholders and Material Topics](#)
[1 About SinoPac Holdings](#)
[2 Fulfillment of Trustworthy Governance](#)
[3 Fulfillment of Innovative Service](#)
[3.1 Sustainable Finance Strategy](#)
[3.2 Sustainable Financial Products and Services](#)
[3.3 Inclusive Finance](#)
[3.4 Smart Finance](#)
[3.5 Customer Relations](#)
[4 Fulfillment of Healthy Workplace](#)
[5 Fulfillment of Green Operations](#)
[6 Fulfillment of Inclusive Growth](#)
[APPENDIX](#)

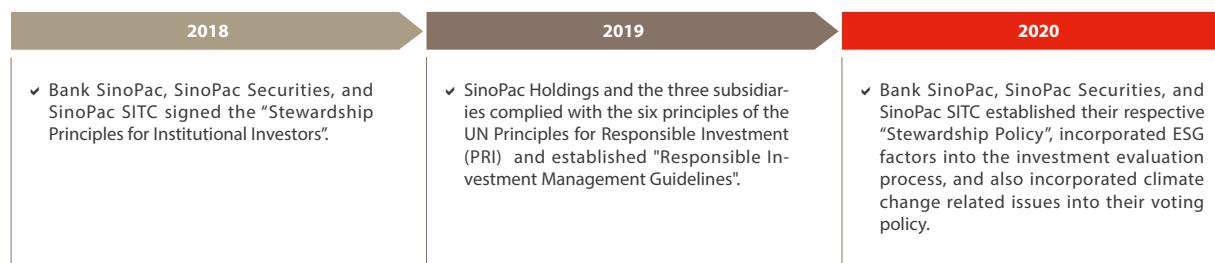

3

3.1.2 Responsible Investment

3.1.2.1 Responsible Investment Policy and Engagement

SinoPac Holdings actively complied with the six principles under the United Nations "Principles for Responsible Investment (PRI)" in 2019 and established the "Responsible Investment Management Guidelines" for the group's investment and asset management business. The guidelines are applicable to the asset classes including listed equity, fixed income, private equity, infrastructure, property, and derivatives & alternatives. Further, SinoPac Holdings incorporates ESG issues and related risks into the decision-making process of related operations, in order to implement responsible investment.

Development of Responsible Investment by SinoPac Holdings



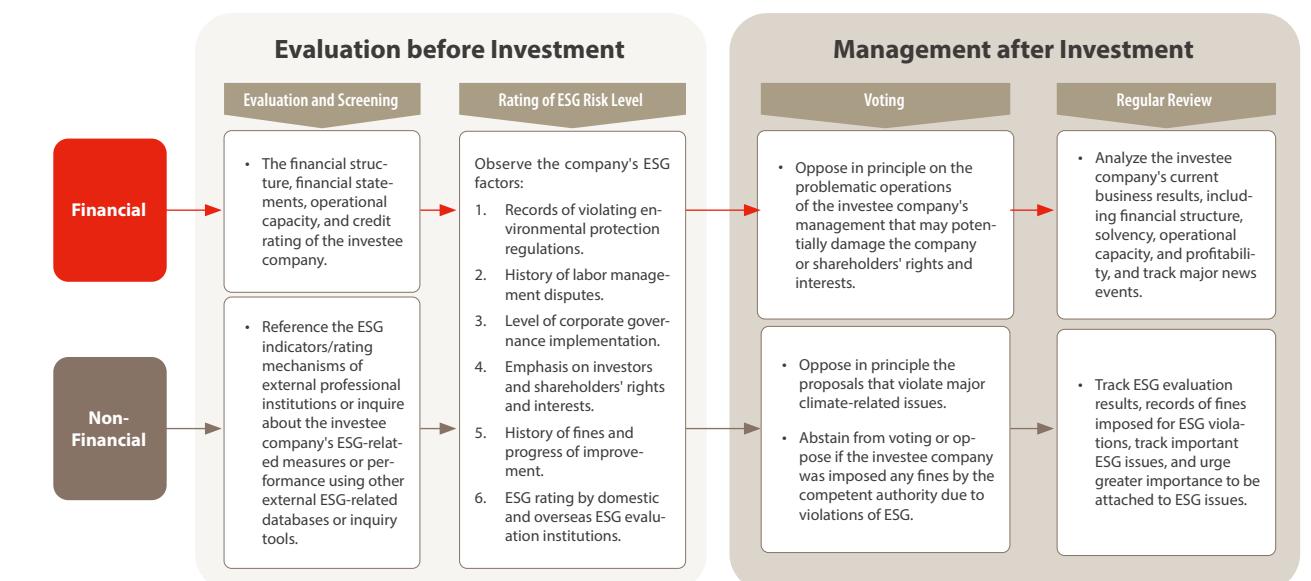
SinoPac Holdings pays attention to the ESG performance of investment targets and incorporates different ESG factors in each phase of investment. Before making an investment, SinoPac Holdings first assesses the ESG risks of investment targets, and incorporates ESG factors into investment evaluations to determine the investment target's risk level with the references of standards of international organizations and external tools or indexes. For management after making an investment, SinoPac Holdings complies with the voting policy under the "Stewardship Policy", and in principle opposes any proposal that violates major climate-related issues. The Company engages with investees company to determine potential ESG-related issues that they may face and examines their ESG-related performance regularly.

SinoPac Holdings specifies in the "Stewardship Policy" that it must give priority to client interests , avoid conflict of interest, prohibit short-term trading, prohibit improper gains, and follow fair dealing, in order to avoid any conflict of interest in the investment process. SinoPac Holdings continues to manage conflict of interest by educating employees, managing and inspecting individual transactions, using a firewall to manage transaction information, implementing division of authority and responsibility, periodically detecting supervision and management mechanisms, and implementing a reasonable remuneration system.

SinoPac Holdings Principles for Responsible Investment

Prohibit controversial industries	Controversial industries include pornography, controversial arms.
Carefully Evaluate Investments in Sensitive Industries	Sensitive industries include gambling, those with issues in food safety, toxic radioactive substance, non-medical and hazardous genetic engineering, non-adhesive asbestos fiber and polychlorinated biphenyls (PCBs) manufacturing.
Voting Policy	<ul style="list-style-type: none"> Oppose in principle: Proposals that violate major climate-related issues. Oppose in principle or abstain from voting: The issuing company's problematic operations damages shareholders' rights and interests or is imposed fines by the competent authority due to violations of ESG issues.
Policy for Third-party Management	<ul style="list-style-type: none"> The "Stewardship Policy" specifies that if an external professional service provider, such as: equity research agencies or custodian banks, is commissioned to carry out a portion of stewardship activities, SinoPac Securities will ensure the service provider follows its instructions through communication, an agreement, or supervision, in order to protect shareholders' rights and interests. The service provider will be disclosed in accordance with regulations and does not relieve SinoPac Securities from its responsibilities to shareholders. Domestic securities investment trusts are required to sign a statement of compliance with the "Stewardship Principles for Institutional Investors". Offshore fund asset management institutions are required to comply with the Principles for Responsible Investment.

SinoPac Holdings Responsible Investment Process



Bank SinoPac, SinoPac Securities, and SinoPac SITC have signed a statement of compliance with the "Stewardship Principles for Institutional Investors", and established their "Stewardship Policy" in September 2020, incorporating ESG factors into the investment evaluation process, and also incorporating climate change related issues into their voting policy. In practice, the subsidiaries attend shareholders' meetings and exercise their voting rights and engage senior executives to monitor the business situation of the investee company, which is disclosed on an annual basis. Please refer to the stewardship report of each subsidiary for the implementation status of stewardship in 2020.



Responsible Investment Policy Adopted for Asset Management Business

Asset Classes Covered	RI Policy Adopted in the ESG Strategy for the Asset	RI Coverage (AuM)
Listed equity	<ol style="list-style-type: none"> In accordance with SinoPac Holdings' "Responsible Investment Management Guidelines" and screening/exclusion policy. 	100%
Fixed Income Products	<ol style="list-style-type: none"> Engage investee companies for material violations of corporate governance principles or other issues that damage the long-term interests of SinoPac Holdings' customers. 	


[About this Report](#)
[Chairman's Message](#)
[Identification of Stakeholders and Material Topics](#)
[1 About SinoPac Holdings](#)
[2 Fulfillment of Trustworthy Governance](#)
[3 Fulfillment of Innovative Service](#)
[3.1 Sustainable Finance Strategy](#)
[3.2 Sustainable Financial Products and Services](#)
[3.3 Inclusive Finance](#)
[3.4 Smart Finance](#)
[3.5 Customer Relations](#)
[4 Fulfillment of Healthy Workplace](#)
[5 Fulfillment of Green Operations](#)
[6 Fulfillment of Inclusive Growth](#)
[APPENDIX](#)


3

3.1.3 Responsible Lending

3.1.3.1 Current Status of Lending

Bank SinoPac's commercial and industrial credit exposure was NT\$656.2 billion at the end of 2020. Breaking down credit exposure by industry, the top 10 industries account for over 50% of credit exposure, and include computer and electronics product manufacturing, construction of buildings, executive, legislative, and other general government support, utilities, merchant wholesalers, durable goods, management of companies and enterprises, rental and leasing services, fund, trust, and other financial vehicles, merchant wholesalers, nondurable goods, and personal and laundry services. Computer and electronics product manufacturing, which ranked first in credit exposure, accounted for 10.11% of Current Status of Lending. SinoPac Holdings monitors the top 10 industries it has the highest exposure in, and also monitors material ESG issues and risks of each industry, in order to improve its future ESG risk management.

Bank SinoPac's commercial and industrial credit exposure by industry in 2020

Rank	Industry	Balance of Loans (NT\$100 million)	As a percentage of the balance of corporate loans (%)
1	Computer and Electronic Product Manufacturing (334)	663.70	10.11%
2	Construction of Buildings (236)	605.14	9.22%
3	Executive, Legislative, and Other General Government Support (921)	443.53	6.76%
4	Utilities (221)	443.16	6.75%
5	Merchant Wholesalers, Durable Goods (423)	328.02	5.00%
6	Management of Companies and Enterprises (551)	297.93	4.54%
7	Rental and Leasing Services (532)	268.91	4.10%
8	Funds, Trusts, and Other Financial Vehicles (525)	259.83	3.96%
9	Merchant Wholesalers, Nondurable Goods (424)	249.19	3.80%
10	Personal and Laundry Services (812)	203.96	3.11%
Total		3,763.37	57.35%

Note 1 : This table was compiled based on the balance of corporate loans (loans+guarantee/acceptance/letter of credit) and commitments as of December 2020, including nominal outstanding amount and loan commitments not yet disbursed.

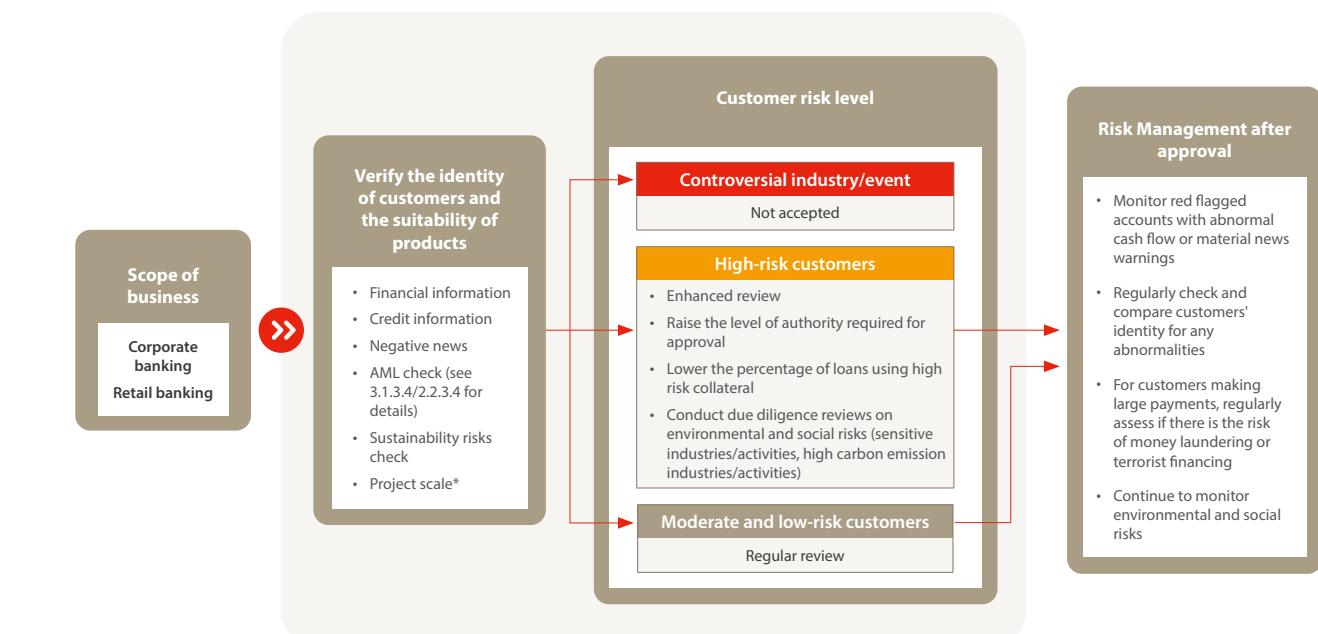
Note 2 : The three-digit industry codes of North American Industry Classification System (NAICS) are referenced for industry codes.

Development of Responsible Lending by SinoPac Holdings

2014	2018	2019	2020
✓ The spirit of the Equator Principles is incorporated in corporate loan regulations and are used as the standard for reviewing project financing.	✓ All loans are checked for ESG risk factors, and ineligible subjects and the limit on loans are specified in regulations.	✓ Established the "Responsible Lending Management Guidelines" and exclusion policy to avoid lending to controversial industries. ✓ Monitored the risks and opportunities brought by climate change to clients and their response strategies .	✓ Signed the Equator Principles. ✓ Provided recommendations for ESG risks of high carbon emission industries/activities, encouraged project financing clients to provide data on GHG emission intensity, or communicated with and engaged stakeholders through questionnaire surveys on climate change issues, in order to gain stronger resilience. ✓ Further strengthen assessments of human rights, biodiversity, and climate change risks of project financing in accordance with Equator Principles Version 4 (EP4).

SinoPac Holdings' KYC and CDD Processes for Lending Business

SinoPac Holdings incorporates ESG factors into its Know Your Customer (KYC) and Client Due Diligence (CDD) procedures for lending business and implements classified management of corporate banking and retail banking customers, carrying out reviews and management operations by risk level. Furthermore, the Company has enhanced ESG risk reviews for project financing and continues to monitor environmental and social risks after approval.



* Project Finance with total Project capital costs of US\$10 million or more shall be in accordance with Equator Principles and deals will be determined into different categories accordingly. Please see 3.1.3.3 Equator Principles for details.

3.1.3.2 Corporate Banking Lending

Bank SinoPac's "Corporate Credit Risk Management Division" is the dedicated unit responsible for establishing regulations relating to responsible lending and the EPs, and for planning a conducting ESG credit risk analysis. The Division continues to monitor trends in ESG risks of each industry and their impact on the Bank's operations. In terms of execution, front line corporate banking personnel are responsible for disclosing and specifying the ESG risks of clients. Corporate banking credit review personnel are then responsible for checking and reviewing the analysis of ESG factors in credit applications. Corporate banking and credit review personnel jointly complete due diligence of ESG risks.

Bank SinoPac established the "Responsible Lending Management Guidelines" and exclusion list of industries with high ESG risks (e.g. pornography, controversial arms), and enhanced ESG risk analysis for sensitive industries (e.g. gambling, those with issues in food safety, toxic radioactive substance, non-medical and hazardous genetic engineering, non-adhesive asbestos fiber and polychlorinated biphenyls (PCBs) manufacturing). ESG factors were included in the "Risk Information Disclosure Inspection Items for Credit Investigations" of the credit review system. For new corporate lending application, in addition to the KYC and CDD mechanisms, the Company also conducts ESG risk assessments and review ESG factors of the clients. In the process of reviewing ESG factors, if ESG risks is checked in "Risk Information Disclosure Inspection Items for Credit Investigations," in the credit investigation report, Bank SinoPac will carry out ESG engagement for all items and look into the situation after verification by the business unit, and will assist clients in making improvement. Bank SinoPac will also evaluate and formulate mitigation and compensation measures in response. If the client's situation is severe or unable to make improvements over a long period of time, then it must carefully evaluate whether or not to continue doing business with the client.

For ESG risk assessments, Bank SinoPac will prepare a list of inherent ESG risks for "specific industries," such as high carbon emission industries/activities (e.g. oil, gas, coal-fired power plants, cement and concrete manufacturing, manufacturing of iron, steel and other metals, manufacturing of pulp and paper, agriculture, and animal husbandry), and will recommend related clients provide carbon emission intensity data. The Bank will also monitor whether or not clients assess their risks and opportunities brought by climate change and take appropriate response measures. Furthermore, Bank SinoPac also plans to reference the SASB's materiality map and identify the ESG risks of material issues in different industries/companies, in order to assess the financial losses clients might sustain due to ESG issues.



About this Report

Chairman's Message

Identification of Stakeholders and Material Topics

1 About SinoPac Holdings

2 Fulfillment of Trustworthy Governance

3 Fulfillment of Innovative Service

3.1 Sustainable Finance Strategy

3.2 Sustainable Financial Products and Services

3.3 Inclusive Finance

3.4 Smart Finance

3.5 Customer Relations

4 Fulfillment of Healthy Workplace

5 Fulfillment of Green Operations

6 Fulfillment of Inclusive Growth

APPENDIX



3

Continue to Improve ESG Risk Assessment Tools and Information Platforms

SinoPac Holdings aims to achieve ESG information disclosures in the "Green Finance Action Plan" implemented by the competent authority, and thus planned the "Integrated ESG Information Platform" in July 2019. The Company began working with Taiwan Economic Journal (TEJ) for the first time in November 2020, and incorporated TEJ's CSR dashboard. In addition to conventional financial indicators, the TEJ CSR dashboard focuses on non-financial ESG variables related to credit risk, in order to more efficiently conduct a comprehensive risk assessment of clients. SinoPac Holdings utilized this in the lending decision-making process and became the first financial holdings company in Taiwan with the ability to comprehensively assess a company's ESG risks.



■ SinoPac Holdings launched the "Integrated ESG Information Platform" in November 2020.

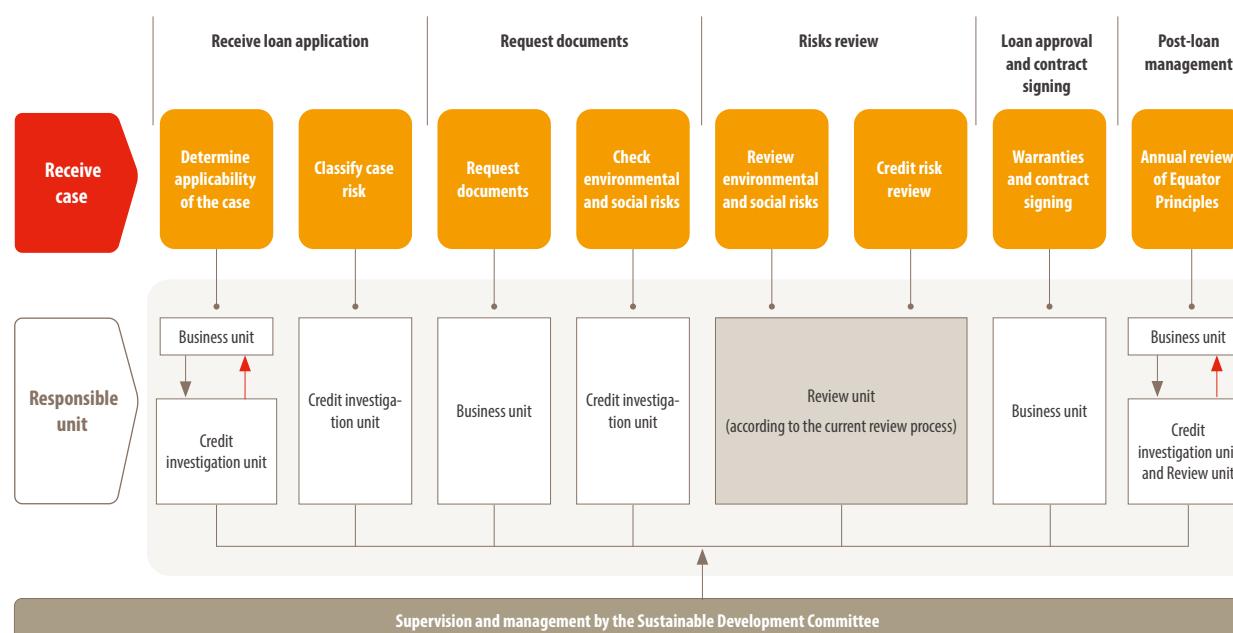
3.1.3.3 Equator Principles

Bank SinoPac formally became a signatory to the Equator Principles (EPs) in February 2020, and became the world's 102nd signatory of Equator Principles Financial Institutions (EPFIs), established EPs related guidelines and operating procedures in 2020. Bank SinoPac announced the "Business Manual of Corporate Banking -Article 11th: The Equator Principles" within the Bank in June 2020 and smoothly transitioned to EP4, strengthening the management of human rights risks and climate change risks in the credit investigation and lending process for project financing. Starting in 2022, Bank SinoPac will disclose on the EPs official website and Bank SinoPac official website the industry, risk category, and designated or non-designated country of project financing, number of cases involving environmental and social risks management, and whether or not an environmental and social risks assessment report prepared by independent third-party experts is provided.



A signatory to the Equator Principles (EPs)

EPs Credit Investigation and Lending Process



Bank SinoPac reviewed a total of 5 financing projects in line with the EPs in 2020, in which 3 cases have reached financial close and 2 are still being reviewed. None of the projects were declined due to failure to comply with the EPs. Information on cases reviewed in accordance with the EPs, IFC performance standards, and World Bank Environmental, Health, and Safety (EHS) Guidelines.

Deals Reviewed in line with EPs

Project /Deal	Industry Category	Description	Environmental and Social Risks						Risk Category	Region	Independent Third-party Experts Review	Subsequent Management Measures
			Management of biodiversity and natural resource sustainability	Land expropriation and involuntary relocation	Cultural heritage	Climate change	Resource efficiency and pollution prevention	Community health/safety and public security				
Project A	Electricity industry	Syndicated loan, EP project financing arranged by SMBC, and funds will be used to construct a thermal power plant	●	●	●	●	●	●	Category A	Asia Pacific (non-designated country under the EPs)	Yes	Environmental and social monitoring reports are provided on a quarterly basis to examine if wastewater discharge/noise/soil quality/hazardous substances/waste disposal/human rights issues meet standards.
Project B	Electricity industry	Syndicated loan, arranged by MUFG/SMBC, and funds will be used to finance a solar photovoltaic energy plant	●	●	●	●	●	●	Category B	Asia Pacific (non-designated country under the EPs)	Yes	Environmental and social impact assessment reports and documents are reviewed each year to determine if they meet standards.
Project C	Electricity industry	Green energy financing; funds will be used to build a solar photovoltaic energy plant	●	●	●	●	●	●	Category C	Asia Pacific (non-designated country under the EPs)	No	Plan the surrounding green reserve and retention pond and visit the site to see if the reserve is as planned after construction is completed.
Project D	Electricity industry	Syndicated loan, Bank SinoPac is the lead arranger, and funds will be used to build a solar photovoltaic energy plant	●	●	●	●	●	●	Category B	Asia Pacific (non-designated country under the EPs)	Yes	Environmental and social impact assessment reports and documents are reviewed each year to determine if they meet standards.
Project E	Electricity industry	Syndicated loan, Bank SinoPac is the lead arranger, and funds will be used to build a solar photovoltaic energy plant (fishery and electricity symbiosis)	●	●	●	●	●	●	Category B	Asia Pacific (non-designated country under the EPs)	Yes	Continue to track and examine the environmental and social evaluation report during reviews and annual reviews



About this Report

Chairman's Message

Identification of Stakeholders and Material Topics

1 About SinoPac Holdings

2 Fulfillment of Trustworthy Governance

3 Fulfillment of Innovative Service

3.1 Sustainable Finance Strategy

3.2 Sustainable Financial Products and Services

3.3 Inclusive Finance

3.4 Smart Finance

3.5 Customer Relations

4 Fulfillment of Healthy Workplace

5 Fulfillment of Green Operations

6 Fulfillment of Inclusive Growth

APPENDIX



Equator Principles Education and Training

Bank SinoPac completed 2 EPs training sessions in July 2020 and provided training to a total of 380 corporate banking personnel and credit review personnel and supervisors at domestic and overseas branches and subs in China. External consultants explained EPs evaluation standards and cases to ensure that employees follow international standards when evaluating the impact of project financing on the environment and society, and require clients to take suitable risk mitigation measures according to the EPs.



■ EPs training organized by Bank SinoPac.

3.1.3.4 Retail Banking Lending

SinoPac Holdings incorporates the spirit of ESG into its businesses to promote sustainable finance and has a rigorous KYC (Know Your Customer) process for new personal loan applications. Client Due Diligence is first conducted to verify the customer's identity and suitability for products. SinoPac Holdings applies exclusions and stipulates that business dealings with customers who are on the sanctions list, e.g., sanctioned parties, terrorists or terrorist groups confirmed or investigated by foreign governments or international AML organizations, and individuals, corporate entities and groups sanctioned under the Counter-Terrorism Financing Act, shall be declined and terminated. Transactions may be temporarily suspended if the customer does not cooperate with regular reviews, refuses to provide information on the beneficial owner or individual who exercises right of control over the customer, the nature and purpose of transactions, or the source of funds.

Furthermore, Bank SinoPac also creates a risk classification process in credit reviews, and divides customers into high, medium, and low risks of money laundering with a Risk Based Approach (RBA) based on their background, region, business dealings, transaction behavior, and services. The process is incorporated in the credit review system and different management measures are taken accordingly. Higher level of authority is required for approval and a lower percentage of loans is provided for collateral for high-risk customers in order to reduce risk. The case should be avoided if the collateral is located in a national park or protected area. If the customer has good terms and the case should be taken due to special business considerations, the percentage loaned should be lowered and higher level of authority should be required for approval.



3

Approval rate of Credit Products in 2020

Item	Approval Rate of Low Risk Credit Rating (%)	Approval Rate of High Risk Credit Rating (%)	Overall Approval Rate (%)
Car loan	89.15	6.23	81.15
Credit loan	71.50	37.41	68.25
Credit cards	94.15	6.77	90.77

Note 1 : SinoPac Holdings uses an average default rate of 4.6%, which corresponds to a FICO score of 660 points recommended by the SASB, as the cut-off score, and calculates the average default rate corresponding to the credit rating of different products on this basis. Customers are defined as having a credit rating with low risk or high risk based on this definition, and the approval rate is calculated accordingly.

Note 2 : Approval rate: Number of applications approved in the credit category/Total number of applications received in the credit category

Note 3 : The scope of disclosure is 2020.

Credit Product Portfolio Indicators in 2020

Item	Car loan			Credit loan			Credit cards		
	Low Risk Credit Rating Customers	High Risk Credit Rating Customers	Overall Customers	Low Risk Credit Rating Customers	High Risk Credit Rating Customers	Overall Customers	Low Risk Credit Rating Customers	High Risk Credit Rating Customers	Overall Customers
Average Annual Percentage Rate (APR)	2.57	3.63	2.58	3.59	8.16	3.74	8.00	13.56	8.01
Average Age of Accounts in Months	20.07	6.63	20.01	24.95	28.96	25.30	69.34	64.79	69.33
Average Number of Trade Lines	1.79	1.82	1.79	1.10	1.05	1.09	1.38	1.48	1.38

Note 1 : SinoPac Holdings uses an average default rate of 4.6%, which corresponds to a FICO score of 660 points recommended by the SASB, as the cut-off score, and calculates the average default rate corresponding to the credit rating of different products on this basis. Customers are defined as having a credit rating with low risk or high risk based on this definition, and the approval rate is calculated accordingly.

Note 2 : Average annual percentage rate is calculated using the interest rate on December 31, 2020.

Note 3 : The average age of each effective account from the date it was opened to the end of 2020 (calculated in months, e.g. The average period is 15 months).

Note 4 : The total number of accounts held by customers in the credit category/The total number of customers in the credit category.

Note 5 : SinoPac Holdings does not provide add-on products and therefore does not have related expenses.

Bank SinoPac tracks fraud cases relating to different types of credit cards. There was a total of 1,340 fraud cases and caused a total of NT\$4.3729 million in losses in 2020. All cases have been properly resolved through appropriate procedures.

Amount of Losses from Card-Not-Present and Card-Present Fraud Cases

Transaction Type (Note 1)	Number of Fraud Cases	Total Amount of Losses (NT\$10,000) (Note 4)
Card-Not-Present (Note 2)	1,240	218.90
Card-Present (Note 3)	100	218.39

Note 1 : The scope of disclosure includes the amount of losses from all credit card fraud causes that the Bank is responsible for, such as revolving credit card, debit card, and pre-paid debit card.

Note 2 : Defined as non-face-to-face transactions (Internet, telephone, e-mail, etc.) with merchants using the CVC on credit cards or the cardholder's address.

Note 3 : Defined as face-to-face transactions with merchants using credit cards or other payment tools.

Note 4 : The amount of losses includes: (1)The amount returned to the credit card/account holder; (2)The amount that needs to be returned to the merchant or other banks after verifying that it is a fraud case.


[About this Report](#)
[Chairman's Message](#)
[Identification of Stakeholders and Material Topics](#)
[1 About SinoPac Holdings](#)
[2 Fulfillment of Trustworthy Governance](#)
[3 Fulfillment of Innovative Service](#)
[3.1 Sustainable Finance Strategy](#)
[3.2 Sustainable Financial Products and Services](#)
[3.3 Inclusive Finance](#)
[3.4 Smart Finance](#)
[3.5 Customer Relations](#)
[4 Fulfillment of Healthy Workplace](#)
[5 Fulfillment of Green Operations](#)
[6 Fulfillment of Inclusive Growth](#)
[APPENDIX](#)


3

3.2 Sustainable Financial Products and Services

Besides incorporating ESG factors into the overall risk management policy, subsidiaries of SinoPac Holdings have also incorporated ESG factors based on their core business to develop complete and professional financial products and services. With regard to environmental issues, Bank SinoPac hopes to contribute to solutions for environmental issues, such as the energy crisis and global warming, and continues to utilize its financial expertise in exchanges and collaborations between industry, government, academia, and the financial sector, jointly working towards the policy goal of renewable energy accounting for 20% of overall electricity generation in 2025. As for corporate banking and asset management business, SinoPac Holdings issues Green Bond and Sustainability Bond to raise capital for green investments and social impact investment plans. The Company also provide guidance to companies for issuing green bonds or help green companies raise capital, and have also offered green enterprises insurance, providing companies that are developing green industries with complete green financial services. On the retail banking and wealth management side, SinoPac Holdings also promotes healthy and eco-friendly lifestyles to individual customers. This section will describe ESG-related products of SinoPac Holdings in corporate banking, wealth management, and retail banking.

3.2.1 ESG Products and Services for Corporate Banking

3.2.1.1 Fixed Income Products

ESG Bonds Issued by SinoPac Holdings

Bank SinoPac issued Green Bond with a total amount of US\$45 million and NT\$3 billion in 2017 and 2019 respectively. The funds were used for loans to energy conservation and environmental protection investment plans, taking action to support the renewable energy and eco-friendly industries. In the future, Bank SinoPac plans to continue issuing green bonds and expanding the connection between green finance and the economy and industries. Besides solar photovoltaic energy equipment, including green transportation and energy storage equipment, Bank SinoPac assists vendors in developing energy conservation technology and eco-friendly equipment and processes, creating a win-win situation for the financial sector, industries, and ecology.



Bank SinoPac issued the first Sustainability Bond in Taiwan in 2020 with an amount of NT\$1 billion in total, accounting for 6.25% of all bonds issued in 2020. The funds raised are not only used to assist the development of renewable energy and energy technology, but also for social welfare investment plans, in order to create employment opportunities and prevent unemployment caused by social and economic crises. Bank SinoPac provides low interest loans under the government policy to subsidize interest, supporting SMEs that have been impacted by the pandemic since 2020 to obtain working capital and pay employee salaries during difficult times. For details on sustainability bonds, please see Bank SinoPac's Sustainability Bond Investment Proposal.



3.2.1.2 Green Infrastructure Finance

Subsidiaries of SinoPac Holdings utilize their core financial business to provide the green industrial chain with complete professional finan-

cial services and create a green financial ecosystem. SinoPac Holdings focuses on Energy Generation (Solar Energy Plant), Energy Storage, Energy Saving to create a green living environment for individuals and corporations. Starting with solar photovoltaic energy generation equipment financing, the Company continue to develop green ecosystems in different fields, search for business opportunities in various risks, and link together subsidiaries to plan green financial products, driving the development of green industries through core financial businesses, including financing, investment, underwriting, and asset management. SinoPac Holdings will also continue to search for cooperation opportunities with companies focusing on Energy Generation (Solar Energy Plant), Energy Storage, Energy Saving.

Financing for Corporate Solar Energy Plants

Bank SinoPac supports the government's green energy policy. Planning of the "Solar Photovoltaic Energy Generation Equipment Financing" project began in 2012 and the program was launched in 2013, which has a history of 9 years until now. Bank SinoPac made changes along with adjustments to government policy and industry needs. At first, Bank SinoPac provided loans for rooftop power plants, then expanding to ground and floating solar energy plants. In 2020, the Company further expanded on to the fishery and electricity symbiosis model, and also created the first framework for green energy trading financing project. In 2021, Bank SinoPac assisted the Power Master Group in building the largest rooftop solar photovoltaic energy system in Shulin Industrial Park, New Taipei City. The system has an installed capacity reaching 2MW and opened up a new era for solar photovoltaic energy industry in Taiwan.

Building the largest rooftop solar photovoltaic energy system in New Taipei City

Annual growth of solar photovoltaic installed capacity reached 42% and had a market share of approximately 24%

As of the end of 2020, Bank SinoPac had assisted domestic companies with setting up 4,594 solar energy plants with a total installed capacity of 1,412.7MW, which is equal to the annual electricity consumption of approximately 546,000 households (4 people). Annual growth of solar photovoltaic installed capacity reached 42% and had a market share of approximately 24%. As of the end of 2020, the balance of loans to domestic and overseas financing for corporate solar energy plants was approximately NT\$39.416 billion, including 2 syndicated loans that Bank SinoPac served as the lead arranger for in 2020. The syndicated loans assisted the installation of solar energy facilities in farmland unsuitable for cultivation and had a total amount of NT\$6.71 billion. This achievement received the "Top Solar System Award" from the Bureau of Energy, Ministry of Economic Affairs for 5 consecutive years between 2016 and 2020.



Bank SinoPac is the only bank in Taiwan to win this award for 5 consecutive years, and further won the "Special Award for Renewable Energy Sectors" by the Financial Supervisory Commission for successful development of financial services for the solar photovoltaic energy industry in 2020.

Fishery and Electricity Symbiosis Project Financing

To achieve the goal of the government's green energy policy for renewable energy to account for 20% of electricity generation in 2025, Bank SinoPac helped coastal aquaculture companies in southern Taiwan acquire capital and plan fishery and electricity symbiosis. This not only increases the utilization of land, but also improves the aquaculture environment and drives the development of renewable energy. Bank SinoPac became the first bank in Taiwan to provide "fishery and electricity symbiosis" project financing. Bank SinoPac and a major green energy group in Taiwan planned a fishery and electricity symbiosis area in Yong'an District, Kaohsiung with a limit of NT\$343 million in 2020. The outstanding amount is NT\$48 million and total installed capacity reaches 6.13MW.

Bank SinoPac became the first bank in Taiwan to provide "fishery and electricity symbiosis" project financing



Green Energy Trading Financing Project

Bank SinoPac established the framework for the green energy trading financing project in 2020 to lower the barrier for companies to use green energy. It worked together with green energy electricity generating enterprises, renewable-energy-based electricity retailing enterprises, and green energy users and took on the first green energy trading financing project in Taiwan. The project has a limit of NT\$950 million, and the outstanding amount at the end of 2020 was NT\$85 million. This green energy trading financing model breaks through the framework of selling electricity to Taiwan Power Company (wholesale model), accelerates construction and directly sells to the terminal user, while increasing supply. Companies can directly use green energy, become aligned with RE100, and further enter the supply chain of multinational corporations. The Company hopes that the green energy trading financing project will set an example for others to follow and liberalize the market for green energy trading.

Took on the first green energy trading financing project in Taiwan



Bank SinoPac established the framework for the green energy trading financing project in 2020, worked together with green energy generating enterprises, renewable-energy-based electricity retailing enterprises, and green energy users to take on the first green energy trading financing project in Taiwan.

Solar Energy Plant Financing during the Construction Period

SinoPac Leasing began providing short-term project financing for the construction period of solar energy plants starting in the second half of 2018 and provides companies with bridge loans to lift their funding pressure. Once construction and grid connection are completed, the power plants will switch to mid-term and long-term loans. As of 2020, SinoPac Leasing partnered with 202 solar energy plants and provided loans reaching NT\$1.54 billion. The outstanding amount at the end of the year was NT\$573 million. Since it began implementing the green energy policy, SinoPac Leasing has built a professional service team and successfully developed the green energy industry together with SMEs. SinoPac Leasing was invited by the Electrical and Mechanical Technology Magazine to be a part of its special report in December 2020.



Insurance for Green Enterprises

Bank SinoPac also actively provides corporate insurance needed by green industries to continue supporting the transformation of solar photovoltaic energy companies. It offers 4 insurance products, including electronic equipment insurance, machinery insurance, and erection all risks insurance for accidents involving power generation equipment, and public liability insurance for accidents that may occur during the operation period of power generation equipment, so that clients can obtain complete coverage when expanding their green financial operations. The power generation equipment related insurance provided by Bank SinoPac accurately responded to market trends, and it has assisted 507 companies with insurance enrollment by 2020, with premiums reaching NT\$37.5 million.



About this Report

Chairman's Message

Identification of Stakeholders and Material Topics

1 About SinoPac Holdings

2 Fulfillment of Trustworthy Governance

3 Fulfillment of Innovative Service

3.1 Sustainable Finance Strategy

3.2 Sustainable Financial Products and Services

3.3 Inclusive Finance

3.4 Smart Finance

3.5 Customer Relations

4 Fulfillment of Healthy Workplace

5 Fulfillment of Green Operations

6 Fulfillment of Inclusive Growth

APPENDIX



3

Green Energy Policy Engagement

Bank SinoPac responds to the government's policy goal by organizing numerous forums and seminars on green energy financing for facilitate exchanges and discussions. Bank SinoPac began holding briefings on its green energy business in industrial parks in each county and city in 2017 to provide solar photovoltaic energy generation equipment financing, providing complete and systematic explanations of policies, regulations, and incentive measures. Bank SinoPac also provides integrated corporate financing plans and services, so that the private sector will become involved in the development of the green energy industry. Besides working with local governments, SinoPac Holdings actively participates in related industry associations and exhibitions to promote environmental protection concepts while expanding the business in the green energy market, in hopes of creating a win-win situation.

Bank SinoPac's engagement results from promoting the green energy policy in 2020



Promotion Results of Solar Photovoltaic Energy Financing in Key Counties and Cities in 2020



3.2.1.3 Green/ESG Credit Lines

Financing for Eco-Friendly Textile Industries

Bluesign is the most commonly used environmental protection standard with the most complete requirements among environmental protection certifications for the global textiles industry. Textiles factories often need to invest over NT\$100 million in wastewater treatment facilities to apply for the Bluesign certification, and it also increases raw materials cost and personnel training cost. Hence, Bank SinoPac provides loans to domestic textiles companies that intend to apply for Bluesign and assists textiles companies with their green transformation. Currently, approximately 600 textiles companies worldwide have obtained Bluesign certification, in which 124 are domestic companies. As of the end of 2020, Bank SinoPac has provided loans to 13 of the domestic companies with a total balance of NT\$1.196 billion.

Instalment Business for the Electric Vehicle Industry

Electric vehicles are clean, eco-friendly, safe, and durable and will become the major choice in the future of green transportation. SinoPac Leasing began participating in the energy conservation and carbon reduction transportation industry with an emphasis on circular economy in the second half of 2018. It developed the business of instalment payments for shared electric vehicles in Kinmen and electric vehicles of the Environmental Protection Bureaus of Chiayi County, Yilan County, and Hualien County, as well as instalment payments for charging stations for shared electric vehicles in Matsu in 2019. After electric vehicle manufacturers increased their production at the beginning of 2020, there were not any plans to add new businesses in the second half of the year due to the pandemic, resulting in a decline in business volume from electric vehicles. From after SinoPac Leasing began engaging in the business to the end of 2020, it has provided loans to 1,330 shared electric vehicles, scooters, and bicycles, and the total balance of loans is approximately NT\$55 million, with total amount of loans reaching NT\$100 million.

ESCO Energy Storage Equipment Financing

SinoPac Leasing became a member of the matching platform of the Taiwan Association of Energy Service Companies (ESCO) in March 2019 and has worked with members in energy efficiency improvement engineering and design, construction, maintenance, inspection, and related software/hardware development industries. SinoPac Leasing began partnering with companies in ESCO in October 2019, and provided NT\$24 million in loans for energy saving equipment of ESCO companies as of the end of 2020; the balance is NT\$22 million.

Biogas Power System Financing

Bank SinoPac supports the government's renewable energy policy goal, and SinoPac Leasing developed the equipment leasing for energy storage system in biogas power system business in 2020 to encourage different ways of power generation. As of the end of 2020, NT\$5 million in loans was provided with the current balance at NT\$4 million. Biogas power not only allows wastewater from animal husbandry and excrements from livestock to be utilized, but also allows kitchen waste, domestic sewage, business wastewater (e.g. food industry and paper industry), discarded vegetable and fruit, and other organic waste to be used for renewable-energy-based electricity generation.

Replacement of Large Diesel Vehicles

Bank SinoPac began offering subsidies for interest on loans to encourage owners, who are able to select their own incentives, to replace large diesel vehicles in coordination with the Environmental Protection

Administration, Executive Yuan's control of mobile pollution sources under the policy "Energy Conservation and Carbon Reduction Starts with Transportation." Bank SinoPac provides clients who need to replace large diesel vehicles with preferential interest rates and loans that can be repaid in up to 60 installments. To encourage clients to support the policy of being eco-friendly, Bank SinoPac has professional personnel stationed in Yilan, Taipei City, New Taipei City, Taoyuan, Hsinchu, Taichung, Tainan, and Kaohsiung to provide assistance, advice, and handle loan applications. In 2020, 100 corporations have applied for the replacement of large diesel vehicles, and an outstanding amount of NT\$872 million.

3.2.1.4 Advisory Services on ESG Topics

Bank SinoPac and SinoPac Securities provide advisory services on ESG topics for green bonds underwriting service and securities listing underwriting/guidance service and incorporate ESG factors into the evaluation and guidance process.

Incorporate ESG Factors into Bond Underwriting

Bank SinoPac and SinoPac Securities incorporate ESG topics into the investment analysis and decision-making process of its bonds underwriting service according to the "Responsible Investment Management Guidelines". The subsidiaries understand the background of issuers and performance in each ESG aspect through the KYC process, and avoid providing services to controversial industries or companies, such as pornography, controversial arms. For high-risk, sensitive industries or companies, such as: gambling, those with issues in food safety, toxic radioactive substance, non-medical and hazardous genetic engineering, non-adhesive asbestos fiber and polychlorinated biphenyls (PCBs) manufacturing, investments must be thoroughly evaluated, more mindfully analyzed and explained, require higher level of authority for approval, the ratio of positions must be controlled, or engage in shareholder activism. Also, an exceptions management process must be established to prevent having a material negative impact on the external environment or society. Furthermore, SinoPac Securities co-organized the underwriting of 6 green bonds in 2020, including Taiwan Power Company 109-2, Bank SinoPac 109-7, Ørsted, etc. and the total amount reached NT\$1.85 billion. The funds raised was mainly used for GHG reduction and renewable energy.

Incorporating ESG Factors into Securities Listing Underwriting/Consultation and Capital Raising Services

When SinoPac Securities is providing clients with consultation for securities listing or raising capital, it conducts CDD/KYC according to rules governing review of securities listings and evaluation and inspection procedures of the competent authority, and incorporates ESG factors such as implementation of corporate governance, major labor-management disputes, and major environmental pollution into the consultation, review, and evaluation process. SinoPac Securities provided NT\$5.912 billion in underwriting services for securities listing and capital raising in 2020, including capital raising for Amulair Thermal Technology, Inc., Yeong Guan Group, and Anji Technology Co., Ltd. With a total amount of NT\$16 million. Furthermore, SinoPac Securities continues to search for opportunities to serve as the underwriter for securities listings of environmental protection and green energy enterprises. As of the end of 2020, SinoPac Securities provided consultation to 2 companies that focus on environmental protection technology and renewable energy development, namely Revivegen Environmental Technology Co., Ltd. and HD Renewable Energy Co., Ltd.


[About this Report](#)
[Chairman's Message](#)
[Identification of Stakeholders and Material Topics](#)
[1 About SinoPac Holdings](#)
[2 Fulfillment of Trustworthy Governance](#)
[3 Fulfillment of Innovative Service](#)
[3.1 Sustainable Finance Strategy](#)
[3.2 Sustainable Financial Products and Services](#)
[3.3 Inclusive Finance](#)
[3.4 Smart Finance](#)
[3.5 Customer Relations](#)
[4 Fulfillment of Healthy Workplace](#)
[5 Fulfillment of Green Operations](#)
[6 Fulfillment of Inclusive Growth](#)
[APPENDIX](#)


3

3.2.2 Wealth Management Business

3.2.2.1 Asset Management Policy

In accordance with the "Responsible Investment Management Guidelines" of SinoPac Holdings, SinoPac SITC signed the Stewardship Principles for Institutional Investors in 2018, and further established its Stewardship Policy in September 2020, incorporating ESG factors into the investment evaluation process. Besides prohibiting investments in controversial industries (such as: pornography, controversial arms), it carefully evaluates investments in sensitive industries (such as: gambling, those with issues in food safety, toxic radioactive substance, non-medical and hazardous genetic engineering, non-adhesive asbestos fiber and polychlorinated biphenyls (PCBs) manufacturing) and incorporated climate change related issues into its voting policy. SinoPac SITC will further improve its responsible investment measures and plans to include the coal-fired power generation industry as a sensitive industry in 2021. In terms of actual implementation, SinoPac SITC monitors the business situation of investee companies by attending shareholders' meetings, exercising voting rights, and engaging senior executives. Please see the Stewardship Report of SinoPac SITC for the stewardship status in 2020.

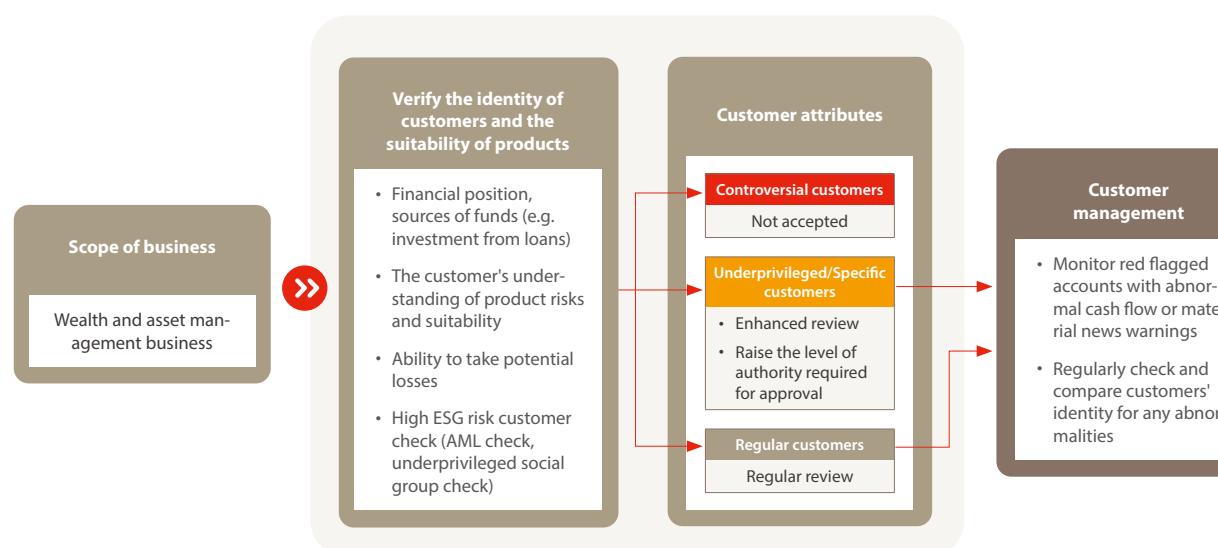
Responsible Investment Policy Adopted for Wealth Management Business

Asset Classes Covered	RI Policy Adopted in the ESG Strategy for Managed Asset	RI Policy coverage (AuM)
Listed equity	1. In accordance with the "Responsible Investment Management Guidelines" and screening/exclusion policy 2. Engage investee companies for material violations of corporate governance principles or other issues that damage the long-term interests of SinoPac Holdings' customers	100%
Fixed income products		100%



KYC and CDD Procedures for Wealth Management Business

SinoPac Holdings incorporated ESG factors into its Know Your Customer (KYC) and Client Due Diligence (CDD) procedures for its wealth management business, analyzes the attributes and product suitability of wealth and asset management customers, and implements classified management.

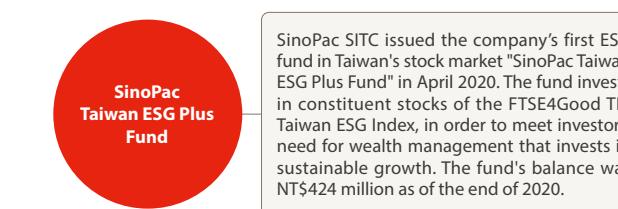


3.2.2.2 Sustainable Investment Products

Issuance of ESG Funds



The SinoPac China Economic Development Fund issued by SinoPac SITC focuses on key industries in China's five-year economic development plans. The most recent five-year plan focuses on green energy, energy conservation, and AI technologies, and the mid- to long-term development of companies that are expected to benefit from the policies will be higher than the market average. The issuance of this fund gives regular investors an opportunity to jointly respond to the trend of green energy and environmental protection through an investment, and the fund's balance as of the end of 2020 was NT\$707 million.

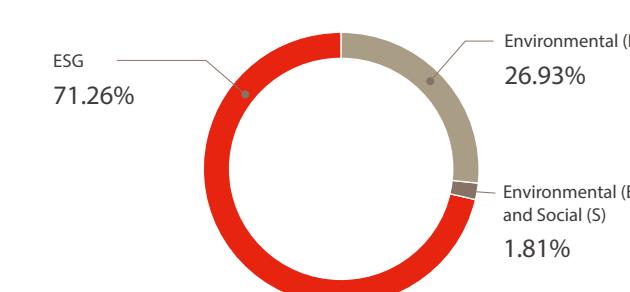


SinoPac SITC issued the company's first ESG fund in Taiwan's stock market "SinoPac Taiwan ESG Plus Fund" in April 2020. The fund invests in constituent stocks of the FTSE4Good TIP Taiwan ESG Index, in order to meet investors' need for wealth management that invests in sustainable growth. The fund's balance was NT\$424 million as of the end of 2020.

ESG Fund Sales

Fund products provided by Bank SinoPac and SinoPac Securities include eco-friendly funds that focus on green energy, water resources, sustainable resources, and climate change; funds that cross over environmental and social issues; issue based funds that involve multiple ESG aspects, including sustainable energy, smart economy, and social responsibility, providing retail banking and wealth management customers with a wider selection of investment options that give consideration to ESG. Overall sales were NT\$4.683 billion in 2020, AuM reached NT\$1.369 billion at the end of the year.

Breakdown of ESG fund AuM at the end of year in 2020



In response to the spirit of ESG investments, all of the 35 and 22 domestic securities investment trust companies that Bank SinoPac and SinoPac Securities work with, respectively, have signed the statement of compliance with the "Stewardship Principles for Institutional Investors." Furthermore, all 39 of the offshore fund asset management institutions that Bank SinoPac (32) and SinoPac Securities (7) are working with are in compliance with the "Principles for Responsible Investment (PRI)".

3.2.2.3 Advisory Services on ESG Topics

ESG Investment Analysis Reports on Individual Stocks

In response to the market's demand on ESG information of companies, SinoPac Securities Investment Service Corp. included the reports of individual stocks into the sustainability evaluation system in 2020, and released the first ESG research report by a securities investment service company in Taiwan, helping overseas institutional investors understand the ESG performance of Taiwanese companies. SinoPac Securities Investment Service Corp. currently provides ratings of individual stocks according to the 3 aspects and 11 evaluation indicators of ESG based on the CSR report, official website, and public comments of external stakeholders of each company. Risk ratings are designed according to standards of the SASB (Sustainability Accounting Standards Board) and divide risks into 5 ratings for whether or not the sustainability risk indicators have a material impact on the company's financial and business performance. Customers of SinoPac Securities can use the online order platform to submit an application on the website of SinoPac Securities Investment Service Corp. for an ESG research report, which will allow them to better understand aspects of ESG investments and raise their ESG awareness. As a means for SinoPac Holdings to engage with customers, this reached 76.37% of customers in 2020, which is the ratio of SinoPac Securities customers who place orders online to the total number of customers (excluding dormant accounts).

Plan to Develop ESG Assessment System

In order to meet international standards and increase the credibility of the assessment system, SinoPac Securities Investment Service Corp. worked with a third party institution at the beginning of 2021 in establishing the SinoPac+ ESG assessment system, which comprehensively evaluates the sustainability performance and risks of companies. The SinoPac+ ESG assessment system established industry indicators and cross-industry common indicators based on the SASB industry standards and SASB SICS®, and selected SASB sustainability issues that public companies in Taiwan are all concerned about. The Company referenced international standards related to sustainability and used the CSR Report (or Sustainability Report) of companies to evaluate their ESG performance. As of February 2021, SinoPac Securities Investment Service Corp. has completed the ESG assessment of 30 public companies, and it will continue to increase the number of companies evaluated, in order to provide investors with even more ESG reports on individual companies and industry reports. Our goal is to make the SinoPac+ ESG assessment system an industry standard, drive the development of ESG in Taiwan's capital market, and provide investors with professional ESG analysis and assessment.


[About this Report](#)
[Chairman's Message](#)
[Identification of Stakeholders and Material Topics](#)
[1 About SinoPac Holdings](#)
[2 Fulfillment of Trustworthy Governance](#)
[3 Fulfillment of Innovative Service](#)
[3.1 Sustainable Finance Strategy](#)
[3.2 Sustainable Financial Products and Services](#)
[3.3 Inclusive Finance](#)
[3.4 Smart Finance](#)
[3.5 Customer Relations](#)
[4 Fulfillment of Healthy Workplace](#)
[5 Fulfillment of Green Operations](#)
[6 Fulfillment of Inclusive Growth](#)
[APPENDIX](#)


3

3.2.3 ESG Products and Services for Retail Banking

Financing for Household Solar Energy Equipment

Due to the emphasis on renewable energy and reducing daily expenses, individuals and families have been installing solar photovoltaic energy equipment on their rooftops in recent years, in order to lower their dependency on electric power from Taiwan Power Company, as well as their electricity bills. Bank SinoPac plans to provide a standard product with fast approval through a project or specific distribution channel. The maximum amount of loans is 90% the appraised price of solar photovoltaic equipment, and the repayment period may be as long as 15 years, significantly lowering the barrier and increasing the willingness of investors to install solar photovoltaic equipment on their rooftops. As of the end of 2020, loans were provided for 239 solar energy plants of individuals with a total installed capacity of 10.29MW, and the outstanding amount of financing household solar energy equipment was NT\$294 million.

SinoPac SPORT Card

The "SinoPac SPORT Card" offered by Bank SinoPac is the first credit card in Taiwan to offer perks points for calories burned. The product uses a new concept that combines "big data, social network, cloud computing, and wearable devices". To develop cardholders into the habit of exercise, cardholders only need to visit the activity website to bind their wearable device, and the system uses IoT technology to provide perks points based on the number of calories burned each day, using exercise to create a better life, and allowing cardholders to accumulate wealth while improving their health. SinoPac SPORT Card and the "Fun Sport" App were selected by The Asian Banker magazine as the "Best IoT Initiative" in 2020. The "Fun Sport" App was downloaded approximately 74 thousand times in 2020, and members walked approximately 93,620,000 km, burning approximately 3.511 billion calories. The transaction amount of SinoPac SPORT Card was approximately NT\$833 million in 2020, and the outstanding amount was NT\$170 million at the end of the year.

Electric Vehicle Loans

Bank SinoPac supports clean energy in Taiwan in response to the government's "Air Pollution Prevention Action Plan," and encourages customers to purchase low carbon emission (electric, hybrid) vehicles, providing preferential loans that can be repaid in up to 60 instalments. Bank SinoPac provided a total of 22 electric vehicle loans in 2020 with a total amount of NT\$20 million.

Advisory Services on ESG Topics for Retail Banking and Engagement with Customers

SinoPac Holdings provides customers with advisory services on ESG topics, actively promotes ESG-related concepts, and promotes information and financial services that are environmentally friendly and care for society, thereby creating a positive impact. Related events that were organized include financial knowledge courses for migrant workers and promotion of electric vehicles and low-carbon organic diet. A total of 24,362 customers participated in ESG events in 2020, accounting for 0.87% of all customers of Bank SinoPac.

SinoPac Holdings Advisory Services on ESG Topics of Retail Banking

Name of Service	Contents of Advisory Services
Advisory for Household Solar Energy Plants Installation	Promote the benefit of solar photovoltaic energy to customers. The benefits include increasing income, reducing GHG, replacing sun block equipment to lower temperatures and insulate heat. Also provide detailed analysis and calculate profits from sale of electricity minus loan payments.
Advisory for Young Entrepreneurs	Provide advice to young entrepreneurs, analyze and determine the amount of funds they will need to do business, working capital, or capital expenditures for purchase (construction) or repair of plant, business premises, related facilities, business machinery, equipment, and software. Based on the capital required in each stage of their new business, make plans for customers to submit separate applications and draw down the loan in batches.
Promote ESG Shopping	Promote actions that have a lower impact on the environment through advance payments for credit cards and the installations mechanism and provide customers with information electric scooter lease and purchase, as well as a low carbon healthy diet.
Advisory for Migrant Workers on Financial Services	Bank SinoPac provides one-stop services in foreign languages to more efficiently provide migrant workers with friendly advice on financial services, such as loans, and help them successfully complete application for related credit loan products and services.
Advisory on Property Trust	Provide the elderly and persons with disabilities and their families with asset planning advisory services and explain the asset trust mechanism to help citizens utilize trusts to protect their personal assets.
Advisory on Online Payments for FUN Biz	Assist individual customers with using domestic and overseas online payment tools, introduce features, applicability, safety authentication, and related functions of FUN Biz, and also teach customers how to use QR code on their mobile phones for collection and online refund management, helping small businesses to begin providing online services.

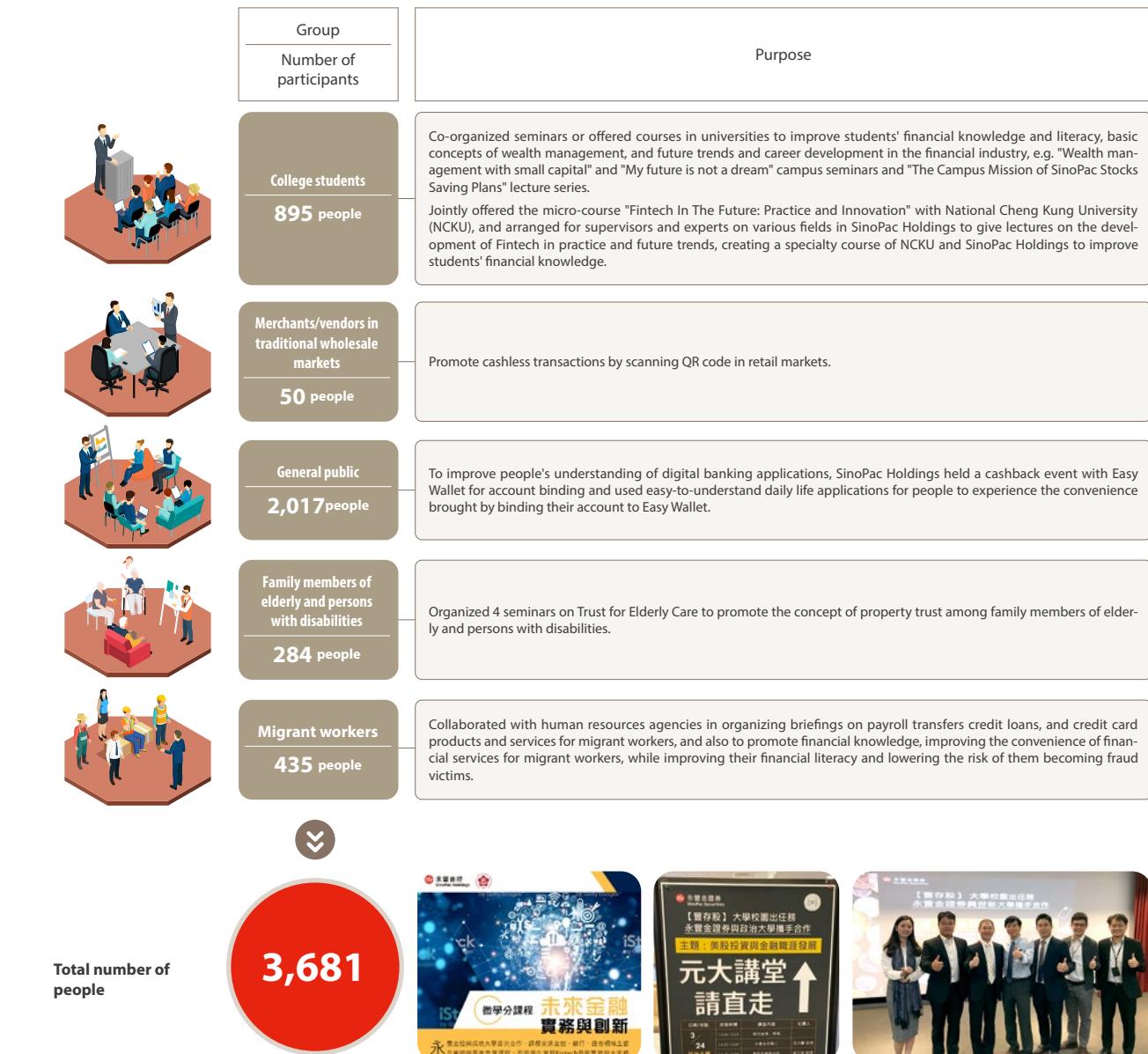
For the business scale of other advisory services in 2020, please see Appendix 2: Other ESG Data for details.

3.3 Inclusive Finance

3.3.1 Inclusive Finance Promotion Policy

Inclusive finance is an important corporate social responsibility of financial institutions, which bear the expectations of policy and society. Inclusive finance focuses on creating a financial environment with equality, providing suitable financial products and services to underprivileged social groups, who have difficulty accessing financial services, and improving the financial literacy of the underprivileged to help them make wise financial decisions that will give them a chance to change their future. SinoPac Holdings continues to promote accessible finance, and also dedicates its efforts to provide convenient and suitable financial services for SMEs and financially underprivileged social groups. The Company organizes events and seminars to improve the financial literacy of underprivileged social groups, and that individuals and companies from different backgrounds can access suitable financial services based on openness, equality, and diversity, thereby realizing the vision for inclusive finance. In 2020, SinoPac Holdings held numerous financial literacy-related events for 4 major groups, namely students, employees/vendors in traditional markets, the general public, and migrant workers, reaching over 3,681 peoples.

Financial Literacy Initiatives in 2020





About this Report

Chairman's Message

Identification of Stakeholders and Material Topics

1 About SinoPac Holdings

2 Fulfillment of Trustworthy Governance

3 Fulfillment of Innovative Service

3.1 Sustainable Finance Strategy

3.2 Sustainable Financial Products and Services

3.3 Inclusive Finance

3.4 Smart Finance

3.5 Customer Relations

4 Fulfillment of Healthy Workplace

5 Fulfillment of Green Operations

6 Fulfillment of Inclusive Growth

APPENDIX



3

Accessible Financial Services

Bank SinoPac complies with the "Banking Industry Financial Friendly Service Guidelines" established by the Bankers Association of the Republic of China, and all ATMs in Taiwan (704 in total) have a ramp (persons with disabilities) or parking space. Furthermore, Bank SinoPac's MMA eBanking began offering an accessible website in 2013 and obtained the "Web Accessibility Service Conformance Level 2.0A" mark from the National Communications Commission. The website provides telephone voice balance inquiry and account transfer services and integrates all bank services to create a friendlier financial service environment. SinoPac Securities not only obtained the "Web Accessibility Service Conformance Level 2.0A" mark for the friendly services section on its website, but also provides "voice order services," providing customers with friendlier and better mobile finance services.

Ratio of SinoPac Holdings accessible financial services

Item	2018	2019	2020
Ratio of accessible ATMs (%) (accessible ATMs/all ATMs)	100 %	100%	100%
Ratio of official websites upgraded to accessible websites (accessible websites/all websites)	16.7%	18%	16.67% (Note 1)
Ratio of Bank SinoPac and SinoPac Securities' accounts opened off site (%)	100%	100%	100%

Note 1: Included SinoPac Securities in 2020; the accessibility ratio was 19% for Bank SinoPac and 11.1% for SinoPac Securities.



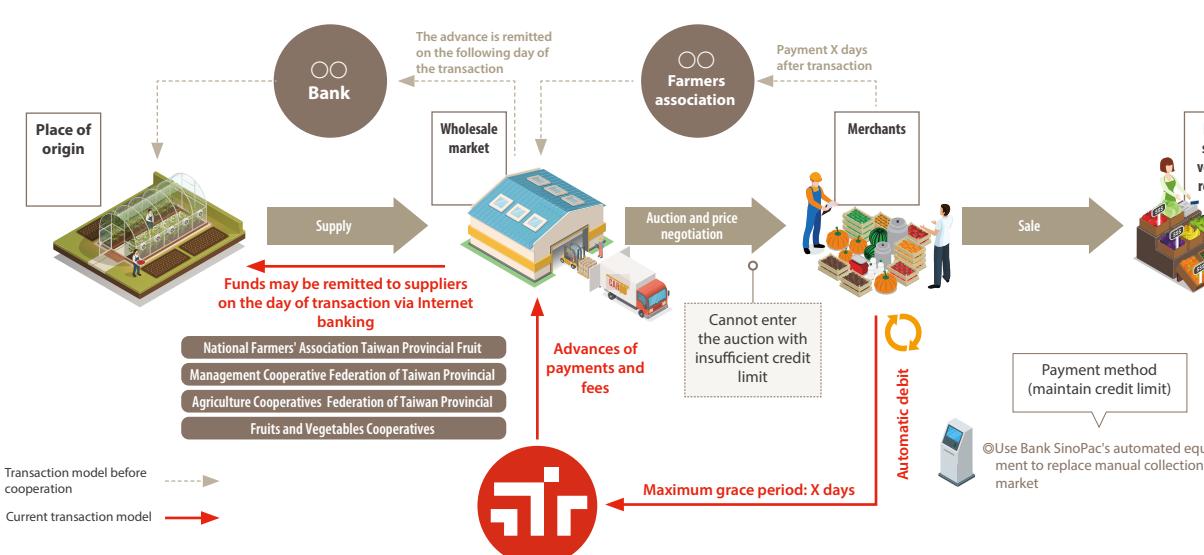
3.3.2 Agriculture Support

Bank SinoPac actively develops a modernized logistics and transaction system for agricultural products, and the outstanding amount of agriculture loans was NT\$3.183 billion in 2020, in which the outstanding amount of loans on the Smart Wholesale Market Transaction Facilitation Platform was NT\$86 million (including natural persons and corporations), the outstanding amount of agriculture-related companies was NT\$3.09 billion, including 41 loans to small agriculture-related businesses (Note 1) (2 overdue loans and loans in the collection process); the outstanding amount was NT\$703 million (NT\$10 million is being collected).

Note 1: Small agriculture-related businesses: SMEs according to the Ministry of Economic Affairs's "Standards for Identifying Small and Medium-sized Enterprises" that also meet the definition of small businesses and startups in the "5+2 Innovative Industries Plan" of the government.

Smart Wholesale Market Transaction Facilitation Platform

Seeing the time-consuming payment process of traditional wholesale markets and the public security risk of carrying cash, Bank SinoPac continues to communicate with the market management unit and merchants, and looks into their transaction system and operating procedures. Bank SinoPac created the Smart Wholesale Market Transaction Facilitation Platform in 2016 and issued multi-functional merchant cards and distribution cards for agricultural products, and overdraft line of credit. It links the cash flow in merchants' accounts to the wholesale market's electronic settlement system, automatically settles accounts and controls the transaction limit of merchants. Bank SinoPac's efforts to promote the transformation of how markets operate has made it the best partner for agricultural product transactions.



Three Main Functions of the Smart Wholesale Market Transaction Facilitation Platform	Benefits
Loans and cash advances for merchants	Credit loans are provided based on transaction data, and Bank SinoPac makes an advance payment once the auction is completed Reduce the cost and risk of collection in wholesale markets, reduces transaction cost, and increases the flexibility of fund use for merchants
Online-to-Offline integrated financial services	Using RFID technology, the merchant card can be used for market registration, door access management, and printing transaction details Lower labor costs in the market
Smart collection of fees in wholesale markets	The merchant card can be used to request payment or automatically debit market management fees and miscellaneous fees Better operational efficiency and transaction security

The Smart Wholesale Market Transaction Facilitation Platform not only drives the development of agriculture in Taiwan, but also realizes the vision for financial inclusion, providing financial services exclusive for wholesale market merchants who are relatively old and rarely do business with banks. This responds to SDG1 No Poverty by improving the lives of farmers and fishermen and jointly developing sustainable agriculture. As of the end of 2020, the platform was implemented in 8 wholesale markets in 4 counties/cities, and cooperation modes were established with fruits and vegetables, fishery products, meats, and flower merchants. Bank SinoPac further expanded financial services to upstream suppliers and offered the Agroecology Promotion Credit Card exclusively for farmers, in hopes of creating an eco-financial services in wholesale market. The outstanding amount as of the end of 2020 was NT\$86 million, services were provided to a total of 2,328 merchants and farmers, and cash advances between 2016 and the end of 2020 totaled NT\$25.749 billion.

To determine the social impact of Bank SinoPac in wholesale markets, SinoPac implemented a Social Return on Investment (SROI) evaluation project in New Taipei City Fruit and Vegetable Market, the first market the Company worked with, in 2020. The project found that: "Every NT\$1 invested by Bank SinoPac can generate NT\$6.17 in social value." For the calculation of SROI, please see "6.1.3 SROI of SinoPac Holdings' Social Welfare Investments in 2020" for details.



■ Mobile payment scenarios of Bank SinoPac in Taipei Fish Market.



About this Report

Chairman's Message

Identification of Stakeholders and Material Topics

1 About SinoPac Holdings

2 Fulfillment of Trustworthy Governance

3 Fulfillment of Innovative Service

3.1 Sustainable Finance Strategy

3.2 Sustainable Financial Products and Services

3.3 Inclusive Finance

3.4 Smart Finance

3.5 Customer Relations

4 Fulfillment of Healthy Workplace

5 Fulfillment of Green Operations

6 Fulfillment of Inclusive Growth

APPENDIX



3

3.3.3 Social Support

Economically Underprivileged

COVID-19 pandemic impacted the world and the operations of various industries. Bank SinoPac provided relief loans in coordination with government measures to help citizens and companies withstand the impact of the pandemic.

COVID-19 Related Relief Plans in 2020

Item	Qualification	Actual measures and implementation methods	2020 Results
COVID-19 Worker Relief Loans	<ul style="list-style-type: none"> ✓ In coordination with government policy, relief loans are provided to workers who have enrolled in labor insurance for the required number of years and require relief funds due to the pandemic. 	<ul style="list-style-type: none"> ✓ Maximum loan of NT\$100,000 with an interest rate of 1.845%. The Ministry of Labor subsidizes interests in the first year for loans approved by the Bank. ✓ Funds loaned are provided by banks; The Small and Medium Enterprise Credit Guarantee Fund of Taiwan provides 100% credit guarantee. 	<ul style="list-style-type: none"> ✓ In 2020, there were 6,602 applicants, 3,640 applications were approved, and total amount approved was NT\$364 million. ✓ The outstanding amount at the end of the year was NT\$349 million.
COVID-19 Repayment Deferral Plan	<ul style="list-style-type: none"> ✓ Current customers who meet any one of the following conditions and are able to provide documentary proof: <ol style="list-style-type: none"> 1. Patient diagnosed with COVID-19. 2. Remained overseas due to the pandemic or currently under self-health monitoring. 3. Domestic health worker or epidemic prevention personnel. 4. On unpaid leave due to the pandemic. 5. Unable to make monthly payments due to the pandemic. 	<ul style="list-style-type: none"> ✓ Mortgage/credit/car loan: Payment of principal or interest may be deferred for up to 6 months and the maturity date may be extended for up to 6 months, and delay interest and fine for breach of contract are waived for the grace period. ✓ Credit card: Payments may be deferred for up to 6 months and fines for breach of contract and interest are waived for the grace period. 	<ul style="list-style-type: none"> ✓ Mortgage: A total of 1,407 applications were received, 1,406 applications were approved with an approval rate of 99.93%, and the amount approved was NT\$17,507 billion. ✓ Credit loan: A total of 743 applications were received, 682 applications were approved with an approval rate of 91.79%, and the amount approved was NT\$522 million. ✓ Car loan: A total of 407 applications from 232 accounts were received (219 applications from 86 corporate accounts and 188 applications from 146 personal accounts) with a total amount of NT\$1,085 billion (NT\$604 million for corporate accounts and NT\$481 million for personal accounts).
COVID-19 Business Relief Plan	<ul style="list-style-type: none"> ✓ Relief loans are provided in coordination with government measures to help companies withstand the impact of the pandemic. 	<ul style="list-style-type: none"> ✓ The following relief plans were implemented in coordination with the government in response to the impact of COVID-19, including: <ol style="list-style-type: none"> 1. The Central Bank's project financing section for Small and Medium Enterprise Loans in response to the pandemic. 2. The Ministry of Economic Affairs' business relief guidance section. 3. The Ministry of Transportation and Communications' transportation and tourism epidemic prevention section. 4. The Ministry of Culture's culture and art business epidemic prevention and relief section. ✓ Bank SinoPac provides deferrals of existing loans for companies that were impacted by COVID-19 and have difficulty repaying loans but do not meet the government's criteria for relief loans. 	<ul style="list-style-type: none"> ✓ In 2020, with regard to the government's relief plans, a total of 223 applications were received, 221 applications were approved with an approval rate of 99.1%, the amount approved was NT\$2,739 billion, and the outstanding amount at the end of the year was NT\$1,916 billion. ✓ Approved 4 applications for business relief loans with a total amount of NT\$1,419 billion, and the outstanding amount at the end of the year was NT\$262 million.
COVID-19 Interest Reduction Measure (as of September 30, 2020)	<ul style="list-style-type: none"> ✓ Current customers (including the customer, spouse, and relatives within the first degree of kinship) who have repaid their mortgage and credit loan normally and provide documentation: <ol style="list-style-type: none"> 1. Patient diagnosed with COVID-19. 2. Involuntarily unemployed or on unpaid leave due to the pandemic. 3. Domestic health worker or epidemic prevention personnel. 4. Business owners with a 15% decline in revenue due to the pandemic. 	<ul style="list-style-type: none"> ✓ Mortgages on primary residence: For each household with an outstanding amount of NT\$10 million or less (inclusive), besides lowering interest rate by 0.26%, the original interest rate may be lowered by an additional 0.25%. ✓ Credit loan: For each household with an outstanding amount of NT\$10 million or less (inclusive), besides lowering interest rate on personal loan products by 0.26%, the original interest rate may be lowered by an additional 0.5%. 	<ul style="list-style-type: none"> ✓ In 2020, a total of 5 applications were received, 5 applications were approved with a total amount of NT\$27 million, and the outstanding amount at the end of the year was NT\$21 million.

Small and Medium Enterprise (SMEs)

Bank SinoPac upholds the spirit of inclusive finance and actively utilizes the guarantees provided by the "SME Credit Guarantee Fund of Taiwan", designing a free and fair open platform designed to provide loan services to SMEs in Taiwan. The outstanding amount of SME loans was NT\$224.915 billion in 2020, increased by 23.92% compared with last year. Among SMEs, Bank SinoPac not only designs credit products for the needs of cultural creative companies, community development, and small businesses, but also improves the electronic payment and collection abilities of SMEs through digital cash flow services. Bank SinoPac also provides natural person shops with credit card and mobile payment and collection solutions, indirectly supporting the growth of related industries.

Product name	Services	2020 Results
Cultural & Creative Industries Lending Program	Provide financial planning cultural creative companies in different stages, and long-term funds are provided in hopes of driving the upgrade of cultural creative industries.	Loans were provided to 311 accounts and the outstanding amount at the end of the year reached NT\$15.321 billion.
Community Development Loans	In response to the government's Statute for Expediting Reconstruction of Urban Unsafe and Old Buildings, the Company provide assistance in each stage of reconstruction, including professional consultation, trust management, and construction auditing.	Loans were provided to 12 projects and the outstanding amount at the end of the year reached NT\$4.507 billion.
Small Business Loans (Note 1)	Provide numerous policy loans and financing projects for the healthy development of small businesses. The Company also utilize government resources and promote the guarantees provided by the "SME Credit Guarantee Fund of Taiwan", helping small businesses with insufficient collateral to obtain funding, while developing diverse loan services.	Loans were provided to 3,129 small business loans (29 overdue loans or in the collection process), and the outstanding amount at the end of the year reached NT\$134.947 billion (NT\$162 million in loans being collected).
FUN Biz	Provide digital cash flow services including credit card acquiring, virtual account transfer, and cross-border mobile payment functions, and will improve the electronic payment and collection ability of SMEs to meet customer needs.	The total number of transactions in 2020 exceeded 1.58 million, largely increased by 78.26% compared with previous year and transaction amount exceeded NT\$5.434 billion.
Self-employed Contracted Merchants	Provide credit card and mobile payment and collection solutions to small businesses and natural persons who are not registered as a company or for-profit enterprise, so that they can become credit card acquirers in coordination with the competent authority's policy. Stores with more convenient checkout will increase consumers' purchase intention and amount and will create greater business opportunities for small stores.	Cumulative transaction amount exceeded NT\$99.7 million in 2020.

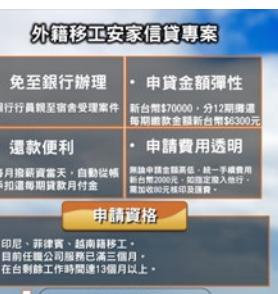
Note 1 : Small businesses must meet the Ministry of Economic Affairs's definition of SMEs and the definition of small businesses in the Financial Supervisory Commission's "Project for Strengthening Domestic Bank Lending to SMEs".



Bank SinoPac and Hualien County Government worked together in 2020 and was the first bank in Taiwan to give tips to street performers using QR Pay, which is a mobile payment solution for natural persons who are registered as a for-profit enterprise, expanding the influence of inclusive finance through the development of digital banking.

obtain funds to remit back to their hometowns for emergency relief and reconstruction. The amount of loans disbursed in December 2020 was nearly double the amount for the same period in 2019. Bank SinoPac supported migrant workers with its actions to prevent them from being exploited by loan sharks because they cannot find legal financing channels.

Bank SinoPac organized 4 briefings on payroll transfer, products and services, and financial knowledge in 2020, in order to more clearly and directly communicate with migrant workers. Bank SinoPac went into the workplace and residences of migrant workers to communicate with them face to face and resolve any concerns they might have, while improving their financial knowledge and literacy and lowering the risk of them becoming fraud victims. Administrators of migrant workers provided assistance to ensure smooth communication between the two sides. As of the end of 2020, Bank SinoPac provided 11,028 payroll accounts to migrant workers, in which 3,609 accounts were opened in 2020 and 2,236 accounts were closed. The total number of Migrant Worker Lending Program loans provided as of the end of 2020 was 8,310, and the total loan amount was NT\$566 million.



Typhoon Goni devastated the economy of the Philippines in November 2020 and made tens of thousands of people homeless. Many migrant workers and their family members who were in Taiwan at the time were heavily impacted. Bank SinoPac provided timely financing channels to help migrant workers obtain funds to remit back to their hometowns for emergency relief and reconstruction.



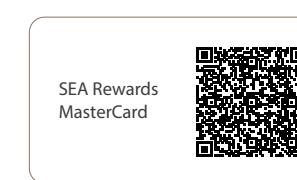
Typhoon Goni devastated the economy of the Philippines in November 2020 and made tens of thousands of people homeless. Many migrant workers and their family members who were in Taiwan at the time were heavily impacted. Bank SinoPac provided timely financing channels to help migrant workers obtain funds to remit back to their hometowns for emergency relief and reconstruction.


[About this Report](#)
[Chairman's Message](#)
[Identification of Stakeholders and Material Topics](#)
[1 About SinoPac Holdings](#)
[2 Fulfillment of Trustworthy Governance](#)
[3 Fulfillment of Innovative Service](#)
[3.1 Sustainable Finance Strategy](#)
[3.2 Sustainable Financial Products and Services](#)
[3.3 Inclusive Finance](#)
[3.4 Smart Finance](#)
[3.5 Customer Relations](#)
[4 Fulfillment of Healthy Workplace](#)
[5 Fulfillment of Green Operations](#)
[6 Fulfillment of Inclusive Growth](#)
[APPENDIX](#)


3

◆ SEA Rewards MasterCard

During the 7 years that the payroll transfer loan program was implemented, Bank SinoPac learned about the lifestyle and needs of migrant workers, and also discovered many inconveniences caused in their financial service experience. Many corporate banking customers are members of international supply chains, and quite a few companies have been required by international brands to improve the convenience of financial services for migrant workers. Hence, Bank SinoPac offered the first credit card in Taiwan for migrant workers in 2020 – "SEA Rewards MasterCard," which provides migrant workers with an integrated financial solution to meet their needs while living in Taiwan. The credit card provides migrant workers with a new payment option other than cash, reducing the inconvenience of using cash while providing cash rebates and Easy Card functions. This allows migrant workers to easily enjoy the same financial services as citizens of Taiwan.



Young and Small Capital Customers

To aid youth entrepreneurship and drive economy development, Bank SinoPac utilizes its core financial business to help every young entrepreneur fulfill his/her dream by providing low interest loans, which will reduce their financial burden. Bank SinoPac is also working hard to lower the barrier to financial services, and designed numerous micro-products and services from mortgages, deposits, insurance, to funds, so as to comprehensively meet the needs of young, small capital, and underprivileged customers for financial services ranging from house purchase to investment, thereby achieving inclusive finance. SinoPac Securities also began offering the SinoPac Stocks Saving Plans in 2020 for small capital customers, allowing customers to make regular investments of fixed amounts in Taiwan's stock market. SinoPac Securities further offered a stock accumulation plan for the US stock market on July 1, 2020, achieving inclusive finance by providing small capital customers with a complete platform for stock savings.

Product name	Services	2020 Results
Loans for Startups and Young Entrepreneurs	Provide low interest loans to the persons in charge or investors in startups or businesses entities that comply with the "Directions of Loans for Startup Funding for Young Entrepreneurs" of the Small and Medium Enterprise Administration, MOEA.	The outstanding amount of loans was NT\$9.36 million.
First Home Purchase	Offer youth housing loans to help young customers purchase the first house of their dreams while reducing the burden of their mortgage, allowing them to find a balance between their dreams and daily life.	The outstanding amount of loans was NT\$33.472 billion.
Feng Yun Mortgage digital platform	Feng Yun Mortgage integrates fund requirements of homeowners in each stage of their life, providing customized and integrated innovative services such as flexible mortgage payment, House Fun Card, online refinance, and mortgage calculation.	The platform was visited over 1 million times, and 71,573 mortgage calculation have been provided.
Preferential Deposits	Offer the "Race Against Time-USD Time Deposit" program during the period of year-end parties are held before Chinese New Year in 2020, offering an annual interest rate of 3.5% on time deposits, while allowing flexible amounts with a low barrier, so as to meet the demand on wealth management and needs of small capital customers for savings.	A total of 501 people completed deposits of US\$7.02 million in total.
	"Small Merchant NT\$ Tier Rate Demand Deposit" program targets small capital customers of acquiring, online collection, and cash collection. Besides providing cash flow services, the NTD deposit accounts enjoy preferential deposit rates based on the balance at the end of the day.	A total of 111 applications were received and the monthly average outstanding amount was NT\$306 million.
	The "USD Demand Deposit Interest Rate Addition" program provides customers with online (Internet banking and mobile banking) services for preferential deposits, which increases the convenience of the Bank's digital functions.	A total of 9,998 people participated, and monthly average balance of demand deposits was US\$90.7 million.
Micro-products	Small amount credit loans: After comprehensively reviewing the credit status and repayment ability of individuals (no collateral or guarantor required), the Bank provide individuals with funds to realize their plans in life.	15,520 loans were approved with an outstanding amount of NT\$23.626 billion.
	Small amount deposits: Allow foreign currency time deposits starting at 100 dollars (including USD, RMB, AUD, CAD, NZD, and ZAR) for small capital customers to easily begin saving.	Over 100,000 deposit accounts were opened with a total amount equal to NT\$3.685 billion.
	Small amount funds: Offer 100- dollar funds with a minimum subscription amount of 100 dollars, lowering the barrier to making investments in numerous markets and industries, helping small capital customers to more conveniently manage their wealth.	Offered a total of 434 products: At total of 32,780 placed orders and sales amount reached NT\$17.151 billion.
	Small amount insurance: Offer Fubon Life Insurance Small Amount Whole Life Insurance for people starting from age 0, providing young, small capital, and underprivileged customers with insurance coverage.	A total of 154 products were sold with a total sales amount reaching NT\$2.38 million.
SinoPac Stocks Saving Plans	SinoPac Stocks Saving Plans allow small capital customers to make long-term investments in ETFs or the stock market using dollar cost averaging and provides investors with lower barrier and greater convenience when making long-term investments, effectively lowering risks.	Taiwan stock market: A total of 18,637 accounts were debited 208,986 times for the year with a total transaction amount of NT\$1.185 billion, and income from processing fees was NT\$524 thousand. US stock market: From 2020/7/1 to the end of the year, a total of 6,009 accounts were debited 21,251 times with a transaction amount of US\$13 million, and income from processing fees was US\$61 thousand.

3.4 Smart Finance

3.4.1 Smart Financial Innovation

Smart Financial Innovation Promotion Strategies

SinoPac Holdings implemented the Digital Transformation Plan in 2020 and recruited Professor Tien-Hao Chang from the Department of Electrical Engineering, National Cheng Kung University to serve as our Chief Digital Technology Officer. Professor Chang has studied advanced technologies in the field of AI and worked closely with industry for years, applying AI technology in financial service ubiquitous and conducting research on precision marketing, product recommendations, and blockchain technologies. The Company have applied technologies in credit rating reports and risk management to reduce manpower and streamline operating procedures while improving the customer experience.

SinoPac Holdings upholds two major strategies "Context Management" and "AI," and is actively developing financial innovations. The former responds to the competent authority's open banking policy, and uses a standard Open API combined with the existing Partner API mechanism to create diverse scenarios, expanding the scope of SinoPac's financial services. The latter strengthens financial services through AI and uses big data to analyze online advisory and services for customers, in order to get a clearer picture of customers and gain a precise understanding of their needs. SinoPac Holdings applied for certification by the Taiwan Intellectual Property Management System of the Industrial Development Bureau, Ministry of Economic Affairs in 2020, in order to effectively protect and manage the group's R&D results. The Company received a grade A certification by applying for the first time, and was not only one of the first financial institutions to pass the TIPS certification, but also the first financial holdings company to be certified for application of the TIPS in the "entire company," which shows our success in implementing an intellectual property management system.



Industry-academia Collaboration in Smart Finance

SinoPac Holdings continues to communicate with the IT and R&D teams in practices to accelerate transformation, and actively cultivates new generation FinTech talent through industry-academia collaboration. The Company began phase one collaboration with National Cheng Kung University in 2017 and engaged in research on credit rating reports, precision marketing, product recommendations, and blockchain technologies. SinoPac Holdings invested another NT\$80 million in phase two starting in 2020 and extended the collaboration in new technologies, new frameworks, and new business models. SinoPac Securities worked with external business partner StockFeel in a variety of topics, including investment knowledge, Taiwan stock market, US stock market, and investing in ETFs, allowing investors to place orders on StockFeel linked to the API of SinoPac Securities, helping reduce investment risks and optimize the order process for StockFeel's users.



Integrated Digital Account "DAWHO"

Bank SinoPac's integrated digital account "DAWHO" has been highly popular among the younger generation in the 18 months since it was launched, and the number of accounts opened has surpassed 660 thousand accounts. Bank SinoPac not only developed the App "DAWHO" in 2020, but also continues to strengthen the integration with products of SinoPac Securities' "DAWHO TOU," offering account opening and integration, transaction linking, and learning integration functions. Young customers only need one App to easily open a trading account, place orders, and obtain new knowledge on investment and wealth management. In the future, integrated digital account DAWHO will allow underage customers to apply for digital accounts, in order to serve even more people. "DAWHO" won "Service Innovation of the Year in Taiwan" from the Asian Banking & Finance (ABF) Magazine, the "Best Digital Finance Award" in the 10th Taiwan Banking and Finance from the Taiwan Academy of Banking and Finance, the "Best Digital Account Bank Award" from Wealth Magazine, and "Star of Internet Word-of-Mouth 2020 - Outstanding Popularity Award" from Daily View.





About this Report

Chairman's Message

Identification of Stakeholders and Material Topics

1 About SinoPac Holdings

2 Fulfillment of Trustworthy Governance

3 Fulfillment of Innovative Service

3.1 Sustainable Finance Strategy

3.2 Sustainable Financial Products and Services

3.3 Inclusive Finance

3.4 Smart Finance

3.5 Customer Relations

4 Fulfillment of Healthy Workplace

5 Fulfillment of Green Operations

6 Fulfillment of Inclusive Growth

APPENDIX



3

Digital investment account – DAWHO TOU

Following the trend of Banking 3.0, SinoPac Securities and Bank SinoPac jointly launched the digital trading account "DAWHO x DAWHO TOU." Investing has become growingly popular due to epidemic prevention and monetary easing by countries around the world to save their economies in 2020. The number of young investors from the Internet era has significantly increased, and overseas sub-brokerage transaction volume has significantly increased. To meet the demand on investing in Taiwan and overseas stock markets, the Bank further upgraded DAWHO TOU digital trading accounts and allow accounts to be opened for Taiwan's stock market and overseas sub-brokerages. The completely paperless, convenient, and rapid process not only drove significant growth in digital accounts and attracted young investors, but also won the "Most Popular Brand -DAWHO TOU" award in the "17th National Brand Yushan Award" in 2020, and the "Top 10 Outstanding Commodities - DAWHO TOU" in the "20th Golden Peak Award," showing our ambition and achievement in digital banking innovations.



Open Banking Partner APIs

In response to the Financial Supervisory Commission's open banking policy, Bank SinoPac released the Partner APIs (Application Programming Interfaces), and shared financial innovations with startups and third-party service providers (TSP), providing extension applications in "consumption payments," "daily life payments," "identity verification," and "open banking," which extend financial service scenarios to increase financial inclusion. As of the end of 2020, consumer payments reached 3.29 million transactions, and amount reached NT\$9.424 billion. Daily life payments and transactions exceeded 150,000, and the amount was nearly NT\$1.6 billion. Monthly usage of identity verification exceeded 60,000 times.

SinoPac Securities introduced the innovative smart service "Python API" and provides quotations, orders, report, and historical price data services for domestic and overseas securities, futures, and options markets. It is the first domestic securities firm to deploy API on GitHub. The trading interface provided using Python API can be linked by customers with program trading ability, and provides quotations, order, report, account, and historical data services for Taiwan's stock and futures market. The open order environment provided by the API gives FinTech companies an opportunity to collaborate, and program traders can develop even more trading strategy application modules to link reports of successful transactions and account data to their own LINE platform, Facebook platform, or Telegram. Cumulative transaction volume reached NT\$41.5 billion in 2020.



iPiggy Bank

To help customers save more easily in an interesting way, Bank SinoPac began offering "iPiggy Bank" services in September 2020, combining the "JARS system" that has been very popular recently. The mobile banking App of Bank SinoPac allows customers to set a "Change Jar" and transfer any amount under NT\$100 or NT\$1,000 from their demand deposit every day. "Change Jar" will allow customers to easily accumulate wealth, just like saving the change in their pocket every day. For different dreams and purposes, customers can also choose "Dream Jar" and set their own goals and regularly save fixed amounts, taking one step at a time to save funds to realize their dreams. As of the end of 2020, 6,066 "Change Jars" and 3,618 "Dream Jars" have been set up, which has a total balance of NT\$114 million, and cumulative transaction amount reached NT\$232 million.



Highlight Products and Services of SinoPac Holdings' Smart financial Innovation Services

Item	Subsidiary	Item introduction	2020 Performance and results
Robot advisor	Bank SinoPac	SinoPac Robot Advisor - iBrAin was formally launched in August 2019 and combines algorithms with big data to provide online digital wealth management services. It customized over ten thousand investment portfolios based on personal information and investment goals, designing customized investment recommendations for each customer.	<ul style="list-style-type: none"> Bank SinoPac continues to improve the customer account opening page and user interface, such as: fee inquiry, notifications, and change agreement functions, to reduce break points when customers are investing and opening accounts, and thereby improve the customer experience. A total of 13,074 sets have been sold with asset scale reaching NT\$380 million.
Digital platform	SinoPac Securities	SinoPac Stocks Saving Plans provide a digital platform that integrates account opening, AI services, order, and performance management, using the concept of a one-stop shopping platform to provide stock accumulation services for both Taiwan and the US stock market. SinoPac Securities is the first to offer independently managed US stock savings accounts, allowing investors to trade stocks in the US stock market using the account. This allows them to clearly see investment details, dividend records, and track the performance of their stocks.	<ul style="list-style-type: none"> Won the "Best Product: SinoPac Stocks Saving Plans" in the 17th National Brand Yushan Award. After the stock accumulation plan for Taiwan's stock market was launched, approximately 208 thousand transactions were debited from over 18 thousand accounts. After the stock savings plan for the US stock market was launched on July 1, approximately 21 thousand transactions were debited from over 6,000 accounts.
Mobile payment	Bank SinoPac	"SinoTrade website - FengYun Academy" provides investment and wealth management knowledge, which is shared via audio-video interactions.	<ul style="list-style-type: none"> FengYun Academy was launched on June 29, 2020 and had 1.72 million visitors in the second half of the year. "AI Bunny Good" online comprehensive investment transaction services combines stock selection + wealth management articles and provides "Attractive Industries" and "Hot Topics in Stock Selection" functions, providing integrated application services across platforms, such as LINE push notifications. As of the end of 2020, the number of "AI Bunny Good" users has surpassed 100,000.
Donation platform	Bank SinoPac	FUN Biz provides SMEs with digital cash flow services, including credit card acquiring, virtual account transfer, and cross-border mobile payment functions, which can improve the electronic payment and collection ability of SMEs to meet customer needs.	<ul style="list-style-type: none"> FUN Biz credit card mobile payment (Apple Pay, Google Pay, and Samsung Pay) and collection integrated services was launched in September 2020. The Fun Wallet App provides Taiwan Pay scan to pay fees (taxes), EMVCo international scan to pay, the latest credit card promotion events, and credit card statement inquiry functions. By binding the App to an account or credit card, users will no longer need to bring their wallet when they go out. Their phone is their wallet with mobile payment.
Technology operations counter	Bank SinoPac	The "SinoPac Donation Platform" utilizes the collection API combined with the two main cash flow services "FUN Biz" and "SinoPac Paybill", and its product features include diverse payment methods, account management system, and low implementation cost. It significantly lowers the processing cost of collection agencies through cash flow integration mechanisms.	<ul style="list-style-type: none"> The system added 7 charity organizations, including Good Liver Foundation and Children Are Us Foundation, within six months after it was launched in June 2020. Completed the transactions of over 2,700 donations with a total amount of approximately NT\$9.51 million.
		eNote paperless counter services use electronic forms, electronic signatures, online review, and automatic account closing to reduce paper use, improve account closing efficiency of branches, and lower voucher management costs.	<ul style="list-style-type: none"> Deployed throughout the bank and made 57 personal transactions at the counter paperless with overall coverage reaching 85%.
		6 commonly used forms at the counter can now be filled out online, and customers can take a number online for branch services.	<ul style="list-style-type: none"> The contactless method for taking numbers can better prevent the spread of COVID-19, and customers can view the current number being called at each branch and how busy each branch is, helping them select which branch to visit.
		The TOGO App eliminates the constraints on place where accounts are opened and transactions are accepted, while strengthening personal information protection and internal control.	<ul style="list-style-type: none"> Completed bank-wide deployment of the TOGO App on iPads. Completed bank-wide deployment of the "Account Opening on Cloud" webpage.
		Palm vein authentication for bank transactions eliminates the customer signature and case officer seal verification procedures. It is used for internal authorization to improve service quality and reduce fraudulent transactions.	<ul style="list-style-type: none"> Applied internally in 9 branches to strengthen operations management mechanisms. Cardless deposit/withdraw/transfer functions using palm veins were added to ATMs at 9 branches on a trial basis starting in January 2021.


[About this Report](#)
[Chairman's Message](#)
[Identification of Stakeholders and Material Topics](#)
[1 About SinoPac Holdings](#)
[2 Fulfillment of Trustworthy Governance](#)
[3 Fulfillment of Innovative Service](#)
[3.1 Sustainable Finance Strategy](#)
[3.2 Sustainable Financial Products and Services](#)
[3.3 Inclusive Finance](#)
[3.4 Smart Finance](#)
[3.5 Customer Relations](#)
[4 Fulfillment of Healthy Workplace](#)
[5 Fulfillment of Green Operations](#)
[6 Fulfillment of Inclusive Growth](#)
[APPENDIX](#)


3

3.4.3 Digital Service Promotion Results

Bank SinoPac has made important contributions to better customer satisfaction and operational efficiency and lower costs. Bank SinoPac subsequently offered online credit card applications, Internet banking upgrade, cardless withdrawals, and electronic payment platform, using technology to provide personalized services and a better customer experience.

Bank SinoPac Digital Service Related Indicators

Item	2018	2019	2020
Number of digital deposit accounts (Note 1)	Not yet offered	224,519	663,697
Number of mobile transactions	4,338,767	7,082,640	12,278,918
Ratio of electronic payment % (Amount of electronic payment (Note 2)/Total amount of payments that year)	54%	60%	57%

Note 1 : Please see 3.4.2 Integrated digital account "DAWHO" for details on related products.
Note 2 : Electronic payment amount: Amount of online transactions, ATM transactions, mobile payments bound to accounts and credit cards, and payments using physical credit cards; Total amount of payments that year: Total amount of transactions through physical and electronic channels.

SinoPac Securities actively engages in digital innovation and provides customers with online investment services. It launched the DAWHO TOU digital investment account on October 18, 2019, and the ratio of accounts opened online significantly increased. As of the end of 2020, over 60% of investors operated entirely online, and are able to open an account for Taiwan's stock market and overseas sub-brokerage at once. The simple and convenient account opening services improves customers' digital experience, and significantly contributes to share of voice, customer satisfaction, and operational efficiency.

SinoPac Securities Digital Service Related Indicators

Item	2019 (10/18~12/31)	2020
Number of accounts opened online (securities)	2,564	56,593
Total number of accounts opened (securities)	7,831	92,178
Ratio of accounts opened online (Number of accounts opened online/Total number of accounts opened)	33%	61%
Ratio of electronic transactions % (Amount of electronic transactions/Total transaction amount that year)	70.71%	76.44%

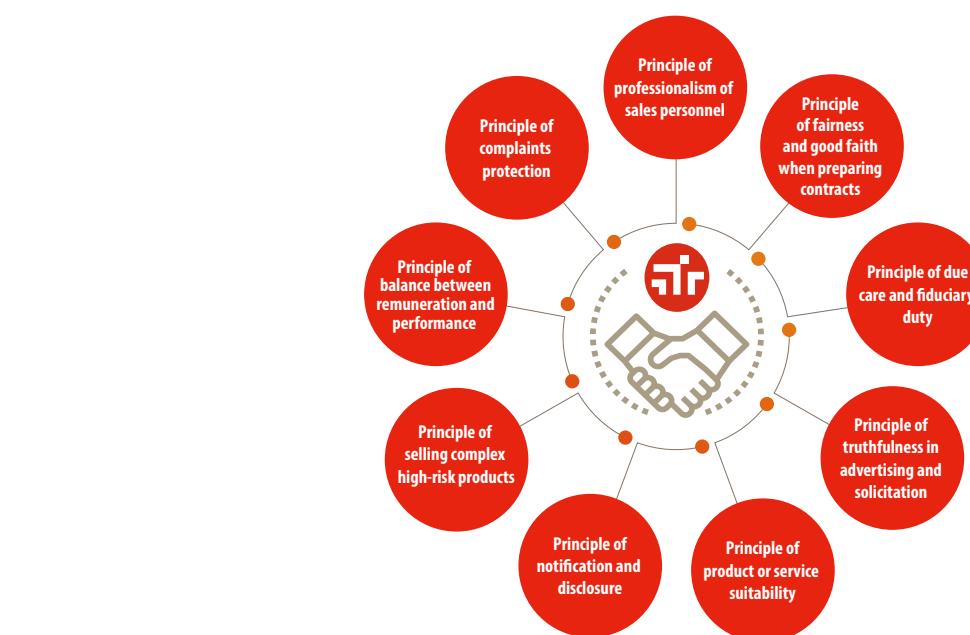
Note: The number of accounts opened online in 2019 uses the data after DAWHO TOU was launched on October 18. Please see 3.4.2 Digital Investment Account -- DAWHO TOU for details on related products.

3.5 Customer Relations

3.5.1 Principle for Financial Service Industries to Treat Clients Fairly

After the global financial crisis in 2008, countries around the world became more concerned about the protection of financial consumers, in order to rebuild the confidence of financial consumers in the financial services industry. After the Organization for Economic Cooperation and Development (OECD) passed the "G20 High-Level Principles on Financial Consumer Protection Principles" in 2011, Taiwan amended and promulgated an amendment to the "Financial Consumer Protection Act" in 2015, adding provisions to strengthen the protection of financial consumers, administrative control measures, and penal provisions. The Financial Supervisory Commission followed by announcing the "Principle for Financial Service Industries to Treat Clients Fairly". The regulations and principles all stress that financial service providers must treat financial consumers in a fair and reasonable way in the transaction process for financial products or services, and must ensure the quality of services, implement customer protection, and increase communication and interaction with customers. Financial service providers are also required to strengthen information disclosures for customers and continue to improve customers' experience through diverse communication channels.

Nine principles for treating customers fairly



Principle of fairness and good faith when preparing contracts

The financial product or service contracts provided uphold the principles of fairness, reasonableness, equality, reciprocity, and good faith.

Principle of due care and fiduciary duty

Exercise due care and fiduciary duty of a good administrator when providing financial products or services.

Principle of truthfulness in advertising and solicitation

Ensure the truthfulness of contents when publishing or broadcasting advertisements and engaging in business solicitation or business promotion events.

Principle of product or service suitability

Fully understand product characteristics and financial consumers to ensure the suitability of a product or service for a financial consumer.

Principle of notification and disclosure

Explain important contents of financial products or services using text or other methods that can be fully understood by financial consumers, and fully disclose risks.

Principle of selling complex high-risk products

Audio or video of the explanation and disclosure of complex high-risk products must be recorded, unless the transaction is completed using an automated channel not at the counter or the financial consumer does not agree to the recording.

Principle of balance between remuneration and performance

The remuneration system for sales personnel should take into consideration customer rights and interests, as well as potential risks brought by the financial product or service to the Bank and financial consumers.

Principle of complaints protection

Establish a consumer dispute resolution system and establish complaints handling procedures and channels.

Principle of professionalism of sales personnel

Personnel who provide products or services to financial consumers have the qualifications for sales personnel required by industry laws.



Fulfillment of Healthy Workplace



Received the
HR Asia Best Companies To Work For in Asia 2020

Received the benchmark award "HR Asia Best Companies To Work For in Asia 2020" in its first entry in the contest.



Received the first
Taipei City Workplace Gender Equality Index Certification

Passed eight high-standard inspections by the Department of Labor, Taipei City Government and received certification in the first "Taipei City Workplace Gender Equality Index" in 2020.



Received the **Taiwan iSports Certification**

SinoPac Holdings and Bank SinoPac received the "Taiwan iSports Certification" from the Sports Administration and actively promoted work-life balance for employees.



Adopted the **ISO 45001:2018 Occupational Health and Safety Management Systems and obtained certification**

Bank SinoPac introduced the " ISO 45001:2018 Occupational Health and Safety Management Systems" and obtained certification from the British Standards Institution (BSI).

Sustainability Commitment	Corresponding SDGs	Action Plan(s)	2025 Goal(s)
Reduce Inequality	SDG 5 Gender Equality	Promote gender equality – employees	<ul style="list-style-type: none"> Take at least two measures to promote diversification and inclusion every year.
Mitigate and Adapt to Climate Change	SDG 13 Climate Action	Raise climate awareness – employees	<ul style="list-style-type: none"> All employees sign the Code of Environmental Protection and Energy Conservation in Office. Organize at least two training courses every year to raise employees' climate awareness with a participation rate to 100%. Publish at least two articles every year to raise employees' climate awareness.
Promote Inclusive Growth	SDG 3 Good Health and Well-being	Pay attention to employees' rights and interests while improving employees' physical and mental health	<ul style="list-style-type: none"> Reach 100% coverage of ISO 45001. Continuously strengthen the remediation and mitigation actions for human rights risks. Hold at least two activities every year to improve employee care and well-being with an employee participation rate exceeding 70%; review employee satisfaction on such activities and take improvement measures. Review the effectiveness of welfare that are superior to the requirements of laws and evaluate measures to be strengthened or expanded.
Six Capitals			
Input	Strategy	Output	
Financial Capital <ul style="list-style-type: none"> Invested NT\$42.86 million in talent training and competency development programs. Employee salaries and benefits totaled NT\$14.5 billion. Invested NT\$13.64 million in youth internship programs. Human Capital <ul style="list-style-type: none"> Total employee education and training hours reached 370,447 hours. 	Hold education and training on ESG themes Organize online courses and arrange online reading sessions for all employees to improve their basic ESG knowledge. Enhance employee compensation and welfare Conduct employee salary surveys and reviews, and formulate welfare measures that are superior to the requirements of laws. Strengthen communication with employees Conduct employee engagement surveys and organize employee care and healthy workplace activities to enhance work-life balance. Establish a human rights management mechanism Optimize human rights management framework and due diligence process while strengthen mitigation and remediation actions for human rights risks. Promote a healthy and safe workplace Adopt ISO 45001 to provide comprehensive health check-up for employees and promote work-life balance.	Financial Capital <ul style="list-style-type: none"> The number of financial certificates held by employees increased by 804. Human Capital <ul style="list-style-type: none"> Elite Management Trainee Program (MA/MVP/IMA) recruitment rate reached 54%. The total number of employees increased by 426, representing an increase of 5.02%. The results of employee engagement survey in 2020 was 88.40%, increased by 7.41% compared to 2018. The number of participants in the Excellent Talents Internship Employment Program in 2020 was 180. 	



Launched the
Digital Transformation Project

Established the digital finance training framework to improve comprehensive digital skills of managers and employees.



Optimized
Human Rights Management Mechanisms

Completed the human rights risks identification and due diligence and established corresponding mitigation and remediation actions for human rights risks.



Achieved **100%** coverage rate for employee engagement surveys

Expanded the coverage of the employee engagement survey to all subsidiaries of SinoPac Holdings and attained 88.4% in employee engagement.


[About this Report](#)
[Chairman's Message](#)
[Identification of Stakeholders and Material Topics](#)
[1 About SinoPac Holdings](#)
[2 Fulfillment of Trustworthy Governance](#)
[3 Fulfillment of Innovative Service](#)
[4 Fulfillment of Healthy Workplace](#)
[4.1 Employee Policy and Talent Structure](#)
[4.2 Talent Cultivation and Retention](#)
[4.3 Employee Compensation and Welfare](#)
[4.4 Labor-Management Relations and Communications](#)
[4.5 Diverse and Healthy Workplace](#)
[5 Fulfillment of Green Operations](#)
[6 Fulfillment of Inclusive Growth](#)
[APPENDIX](#)


4.2 Talent Cultivation and Retention

SinoPac Holdings offers a comprehensive talent management system that helps to plan short, medium, and long-term career development according to the professional and traits of each employee. Regular performance appraisals are conducted, and results acted as the basis for planning future development. SinoPac Holdings has organized the "Employee of the Year Award" since 2018 to shape a high-quality corporate culture through commendation and encouragement and to create a positive atmosphere.

4.2.1 Talent Recruitment

SinoPac Holdings adjusted its talent recruitment policies in 2019 to align with digital trends and its mid-to-long-term strategy, and actively engaged in recruiting and forming financial technology talent pools along with its subsidiaries and therefore led to significant growth in human capitals. The winter and summer internships and industrial-academic cooperation programs are continued so that students who are interested in finance can take their studies into real practices while cultivating SinoPac's future talents. In response to the COVID-19 epidemic in 2020, the recruiting process was carried out through online interviews to provide applicants with a safe, rapid, and convenient interview environment. SinoPac Holdings provides internal hiring mechanisms to encourage employees' diverse development and increase employee retention. The total number of open positions was 231 in 2020 and 104 were filled by SinoPac's own employees. The percentage of open positions filled by internal candidates was 45.02%.



Program Name	Content
SinoPac Elite Management Trainee Program (MA/IMA/MVP)	SinoPac Elite Management Trainee Program focuses on four main concepts, namely professional development, experiential learning, consolidation of organizational adhesiveness, and comprehensive rotation training. It aims to cultivate the next generation of professionals in finance, corporate banking and strategic planning to strengthen development in Taiwan and tap into foreign markets. Overseas trainings are provided in IMA to ensure a deep and wide variety of development on professional abilities. SinoPac Holdings assigned Seniors, Mentors, and organized other mechanisms to support learning and accelerate trainees' growth. The recruitment rate in 2020 was 54%.
Turing Plan for AI Elites	SinoPac Holdings has created a comprehensive career development path for AI talents to cultivate top financial AI experts and attain SinoPac Holdings' digital transformation targets. The 2020 Turing Plan included 8 elite AI experts who were tasked with AI technology R&D and AI application development. With a training period of 2 years and the OJT (On Job Training) project, elites participating in the project can quickly accumulate experience and jointly create a beautiful new world of financial technology. The Plan has successfully facilitated the upgrade of the "Instant Mortgage Estimate" in 2020.
Excellent Talents Internship Employment Program	SinoPac Holdings has organized the Excellent Talents Internship Employment Program since 2010 and has collaborated with several universities in North, Central and South Taiwan for industry-academia collaboration projects to narrow down the Industry-academia gap. SinoPac Holdings also provided internship programs during summer and winter vacation to help enhance candidates' employment preparedness. A total of NT\$13.64 million was invested in the program in 2020 and 180 students participated in the internship program to gain experience in the financial industry and build a solid foundation for their future.

Program Name	Content						
	Partner University / Program Name				Content		
Micro-credit Courses (NCKU)	The courses were focused on "Future Fintech Practices and Innovation" and were lectured by managers of departments that specialize in FinTech in SinoPac Holdings. The three-day courses focused on FinTech development trends and a total of 35 students participated in 2020.						
"Mathematics Salon" Courses (NTU)	Provided courses on artificial intelligence, digital finance, and robo-advisory in wealth management to help students understand FinTech development trends. A total of 5 courses were planned in 2020 and approximately 180 students attended the courses.						
Business Mentor Program (NCHU)	Chung Hsing University and Taipei University jointly created an inter-university career mentorship platform in 2020 to help students learn about the four major businesses of banks including wealth management, corporate banking, retail banking, and digital finance to improve their professional skills. 48 students attended the program and the platform has helped nearly 400 students since 2015.						
Finance Seminars in Other Campuses	The Company organized seminars on equity investments, wealth management, and development of professional skills in universities including National Taiwan University, Shih Hsin University, Tamkang University, Aletheia University, Taipei University, Chihlee University of Technology, and Dong Hwa University. A total of 7 seminars were organized for approximately 520 students in 2020.						

Statistics on New Hires

Geographical region	Female				Male				Total number of employees	New hire rate
	Aged under 30	Aged 30-50	Aged over 50	Total	Aged under 30	Aged 30-50	Aged over 50	Total		
Taiwan	360	390	21	771	278	272	27	577	1,348	15.74%
Overseas	25	35	3	63	8	14	0	22	85	0.99%
Total	385	425	24	834	286	286	27	599	1,433	16.73%
New hire rate	4.32%	4.77%	0.27%	9.35%	3.21%	3.21%	0.30%	6.72%	16.73%	-

Note: The new hire percentage is calculated by dividing the total number of FTEs with the total number of new hires.

Statistics on Hiring

	2018	2019	2020
Total number of new employee hires	918	1,577	1,433
Percentage of open positions filled by internal candidates	26.2%	43.9%	45.02%
Average hiring cost/ FTE (NTD\$)	17,229	13,233	12,788



About this Report

Chairman's Message

Identification of Stakeholders and Material Topics

1 About SinoPac Holdings

2 Fulfillment of Trustworthy Governance

3 Fulfillment of Innovative Service

4 Fulfillment of Healthy Workplace

4.1 Employee Policy and Talent Structure

4.2 Talent Cultivation and Retention

4.3 Employee Compensation and Welfare

4.4 Labor-Management Relations and Communications

4.5 Diverse and Healthy Workplace

5 Fulfillment of Green Operations

6 Fulfillment of Inclusive Growth

APPENDIX



4

Digital Talent Development Program

In response to the digital transformation in the finance industry and the rise of artificial intelligence, Bank SinoPac began a collaboration project with National Cheng Kung University(NCKU) in 2019 and opened the digital finance master's program for core talents. Talented faculty members of the College of Management, NCKU provide lectures on FinTech for the program. The phase 3 data mining courses were opened to 29 employees of Bank SinoPac and SinoPac Securities in 2020 and SinoPac invested NT\$950,000 in course subsidies and equipment lease with the aim of inspiring employees, providing them with the necessary tools, and increasing their willingness to serve continuously. The courses achieved the goals for improving employees' knowledge and talent retention for the Company.

Digital Seminars

SinoPac Holdings committed to the development of FinTech and digital finance over the years. It continues to provide customers with convenient, secure, up-to-date, and innovative services and actively invests in the training of digital transformation, holds a series of lectures on topics related to digital transformation and relevant new knowledge, and incorporates FinTech elements into regular training courses to cultivate digital talents. The theme of the Digital Seminar in 2020 was "Enhanced Openness and Collaboration in the Digital Era" and was provided to all employees, and 389 participants completed the training.



■ Audrey Tang (first row fourth from right) was invited to lecture in the "Enhanced Openness and Collaboration in the Digital Era" seminar.

FinTech Annual Meeting

SinoPac Holdings held the Second FinTech annual meeting in November 2020 and focused on the four major issues of "big data, AI applications, 5G, and new communities". Experts in the industry and academia were invited to exchange ideas and share case studies to teach employees new digital knowledge and enhance digital transformation. In addition to the seminars, SinoPac AI Lab provided onsite demonstration of the "chatbot" developed through deep learning and natural language processing technologies, and also provided games that use digital technologies in other applications. SinoPac Holdings continued its tradition of inviting charity foundations to set up booths onsite and encouraged employees to experience convenient and secure mobile payment when they make donations. A total of 556 participants attended the event in 2020.

Corporate University Program

Bank SinoPac introduced the corporate university training program that integrates the career paths of employees to construct a comprehensive training roadmap. The training roadmap are constructed based on "position and duty", comprising four major aspects including compulsory/elective courses, statutory courses, external licenses, and internal certification exams. Comprehensive training and certification mechanisms were provided to improve employees' professional competencies. As of the end of 2020, 24 programs have been established, comprising 82 courses covering the skills required by different positions such as corporate banking, wealth management, retail finance, operations, auditing, compliance, risk management, human resources and digital finance. The programs are available for 4,527 employees, representing nearly 75% of total employees at Bank SinoPac. Bank SinoPac arranged classroom programs with a total of 30,174 hours for 5,287 participants and will continue to expand the training roadmap for various positions, with an aim to standardize the professional skills of employees, deepen the self-learning culture, and cultivate talents for the organization.

4.2.2.2 Management Training

SinoPac Holdings and subsidiaries planned management training programs for managers of all levels to train and prepare future management talents. The training included EMBA+ and EMBA training, Management Competency Development Plan, Senior Executive Development Plan, and Senior Leadership Courses. The course contents are described below:

EMBA+ and EMBA Program

SinoPac Holdings launched the "EMBA+ and EMBA Program" in 2017 to create a talent platform that integrates learning, interaction and observation. The members include managers recommended by the subsidiaries of SinoPac Holdings. The EMBA+ class is composed of SinoPac Holdings' managers and assistant vice presidents, while the EMBA class mainly comprises SinoPac Holdings' junior managers and deputy managers. All classes are held in small groups for the purpose of stimulating interaction and learning achievements. The courses centered on six core management competencies with the aim of inspiring fresh thinking of executives, who will gain an understanding on the latest management trends and strengthen their leadership and management capabilities. In addition to classroom courses, activities such as "Guided Reading", "Speech", "Laser Paintball", "Golfing", "CommonWealth Magazine Leadership Campus" and "Mountaineering" were added to increase the diversity of the overall training, facilitate interactions between students, enhance overall training effectiveness, and improve interactions, trust, and understanding. In 2020, the Chairman of SinoPac Holdings and the Presidents of SinoPac Holdings and subsidiaries led the executives in the training program to take part in charity activities, art appreciation, and book club activities to enhance their citizenship awareness, ideals for giving back to society, and interdisciplinary knowledge. A total of 93 executives have participated in the training so far, with a pass rate of 100% and a retention rate of 93.9%.



■ Management competency training – mid-level managers lead teams to uncover their potential for achieving goals.

Management Competency Development Plan

To facilitate the continuous learning and growth of managers, SinoPac Holdings launched the "Management Competency Development Plan" in 2018. All managers from newly appointed managers to senior managers are provided with courses based on their experience including mandatory courses for new managers, continuous professional improvement courses, management competency enhancement courses, and compliance with the latest regulations to improve their management skills. Managers could learn about areas that require improvements and satisfying performances that should be maintained through feedback from the management competency evaluation and can also enhance their self-development through systematic learning. SinoPac Holdings selects the most popular management topics for the monthly management competency newsletter to strengthen managers' understanding and use of management competencies so that managers can learn about the duties and definitions of the management competencies by reading these articles.

Senior Executive Development Plan

SinoPac Holdings launched the succession plan through the "High-level Executive Talent Development Project" in 2019 to lay the cornerstone for sustainable development of the company. The Project aims to create a talent pool of high-level management for SinoPac Holdings and was targeted to mid-level to senior executives of the Group. The Plan includes the confirmation of talent specifications, identification of talents with high potential, accelerated development of talents, and effective use of talents.

SinoPac Excellence Leadership Academy

SinoPac Holdings launched the first "SinoPac Excellence Leadership Academy" in 2020 to accelerate the development of the leadership management succession team. The Academy is created as a talent pool of high-level managers and the 10 month courses consist of six major modules and one set of action learning programs that focus on medium to long-term growth strategies for "Leading Self", "Leading Team", and "Leading Business" as the foundation, and used case studies and self-development as the main theme for creating a common language, building a culture of communication, and developing a culture of "Change" and "Fault tolerance". The Company uses action learning programs to review the effectiveness of students' studies. Students from different backgrounds use strategic tools, innovative ideas, and business models they learned to brainstorm together in their free time.



■ SinoPac Holdings held the first "SinoPac Excellence Leadership Academy" in 2020.


[About this Report](#)
[Chairman's Message](#)
[Identification of Stakeholders and Material Topics](#)
[1 About SinoPac Holdings](#)
[2 Fulfillment of Trustworthy Governance](#)
[3 Fulfillment of Innovative Service](#)
[4 Fulfillment of Healthy Workplace](#)
[4.1 Employee Policy and Talent Structure](#)
[4.2 Talent Cultivation and Retention](#)
[4.3 Employee Compensation and Welfare](#)
[4.4 Labor-Management Relations and Communications](#)
[4.5 Diverse and Healthy Workplace](#)
[5 Fulfillment of Green Operations](#)
[6 Fulfillment of Inclusive Growth](#)
[APPENDIX](#)


4

4.2.3 Performance Appraisal and Talent Retention

Each year, SinoPac Holdings conducts regular performance appraisals based on Employee Performance Appraisal Criteria. The Company also reviews their behavior in the workplace and management actions to help employees assess their work and performance as the basis for future career development. In 2020, the performance of all full-time employees who have passed the probation period was evaluated in the regular performance appraisal. SinoPac Holdings has adopted the following three models described as below for employees' performance appraisal. Employees of Bank SinoPac who have objections regarding the results of annual performance appraisal can file an appeal to request a review of the performance appraisal results so that the HR unit can compile and file for review. SinoPac Holdings received 45 appeals in 2020 and approved 8 appeals after review and evaluation. Opportunities for unit managers and employees to communicate and discuss face-to-face were provided for employees to learn more about things they can improve and reduce potential misunderstanding. In 2020, SinoPac Holdings' total employee turnover rate was 11.94% and the voluntary employee turnover rate was 10.98%.

Type of Individual Performance Appraisal

Type of performance appraisal	Percentage of employees	Implementation method and results
Management by objectives		<p>Employees set annual work targets, appraisal indicators, and weights at the beginning of the year, and they discuss with their direct supervisor to establish the annual targets. A mid-year appraisal is conducted to verify work targets and implementation progress, and employees perform the year-end self-performance appraisal based on actual results. The appraisal results are submitted to the direct supervisor, department managers, and managers of other levels for appraisal. A score is given based on the completion status.</p>
Multi-dimensional performance appraisal	100% FTEs	<ul style="list-style-type: none"> Bank SinoPac's non-sales units are included in the 10% inter-departmental peer and manager service satisfaction survey. The annual appraisal is performed by the audit, risk management, and compliance units of SinoPac Holdings and subsidiaries and the performance accounts for 30% of the score.
Formal comparative ranking of employees within one employee category		<p>After the employee completes the self-appraisal and the manager provides the appraisal score, the results of all employees are ranked, and an appraisal rating is given based on the ranking.</p>



Total Number of Employees Undergone Regular Performance Evaluation (by gender and job grade)

2020	Number of female employees	Percentage	Number of male employees	Percentage	Total
Senior Executives (Job grade 10 and above)	29	28.71%	72	71.29%	101
Intermediate Executives (Job grade 8-9)	255	41.00%	367	59.00%	622
Junior Supervisors (Job grade 7)	451	53.31%	395	46.69%	846
Grassroot Employees (Job grade 6 below)	4,519	64.61%	2,475	35.39%	6,994
Total	5,254	61.35%	3,309	38.65%	8,563

Employee Turnover Rate

Geographical region	Female			Male			Total number of employees	Total employee turnover rate	
	Aged under 30	Aged 30-50	Aged over 50	Total	Aged under 30	Aged 30-50	Aged over 50		
Taiwan	173	324	42	539	138	213	67	418	957 11.18%
Overseas	16	29	2	47	8	6	4	18	65 0.76%
Total	189	353	44	586	146	219	71	436	1,022 11.94%
Total employee turnover rate	2.12%	3.96%	0.49%	6.57%	1.64%	2.46%	0.80%	4.89%	11.94%

Note: The employee turnover rate is calculated by the total number of resigned employees / the total number of FTEs, resigned employees include employees leaving due to personal developments, leave of absence, retirement and involuntary resignation.

4.2.4 Employee of the Year Award

SinoPac Holdings has organized the "Employee of the Year Award" since 2018 to demonstrate care for employees. The Award adheres to the core concept of "starting from the heart" and praises employees who have demonstrated the value of "Fulfillment of a Beautiful Life Through Finance" to thank them for their dedication and contributions. The Employee of the Year Award is given to recipients regardless of their gender or title. SinoPac Holdings organized the Award to encourage learning, establish paradigms for workplace behavior, and create a positive workplace environment. 19 employees from thousands of domestic and overseas employees were selected in the third "Employee of the Year Award" in 2020 and were commended for upholding the values of the organization and thanked for their high-quality innovation and thoughtful services. The award ceremony was attended by the Chairmen and Presidents of SinoPac Holdings and subsidiaries, and video links were provided for overseas employees who could not return to Taiwan for the Award due to the epidemic for speeches.



In the 3rd "Employee of the Year Award" Recognition Conference in 2020, a photo of the supervisor and the award-winning employees.


[About this Report](#)
[Chairman's Message](#)
[Identification of Stakeholders and Material Topics](#)
[1 About SinoPac Holdings](#)
[2 Fulfillment of Trustworthy Governance](#)
[3 Fulfillment of Innovative Service](#)
[4 Fulfillment of Healthy Workplace](#)
[4.1 Employee Policy and Talent Structure](#)
[4.2 Talent Cultivation and Retention](#)
[4.3 Employee Compensation and Welfare](#)
[4.4 Labor-Management Relations and Communications](#)
[4.5 Diverse and Healthy Workplace](#)
[5 Fulfillment of Green Operations](#)
[6 Fulfillment of Inclusive Growth](#)
[APPENDIX](#)


4.3 Employee Compensation and Welfare

4.3.1 Compensation System

SinoPac Holdings has been selected as the constituent of "Taiwan High Compensation 100 Index" since 2014 as one of the top 100 leading companies in terms of compensation. SinoPac Holdings is committed to creating a harmonious atmosphere, therefore set up a "Remuneration Committee" at the same time to review the compensation policy regularly as a basis for strengthening and providing a complete and competitive compensation and welfare system. The employee compensation and welfare totaled NT\$14.5 billion in 2020. SinoPac Holdings provides equal opportunities for employees' appointment, promotion, performance evaluation, assignments, training, career development, and remuneration, and does not discriminate based on gender, religion, or race. SinoPac Holdings sets out the policies related to salary management in the internal regulations such as "Work Rule" and "Standards for Employee Salaries and Allowances, Overtime Payments, Awards". The percentage (Female: Male) of base salary is 1:1, aligning with the concept of equal pay. In order to attract and retain talents as well as supporting the high-performance culture of the company, SinoPac Holdings also actively participates in global salary surveys every year and has taken into consideration the company's operating performance, personal performance and external market compensation level for salary adjustment to ensure the salary level is competitive in the market, which has established a positive atmosphere that encourages employees, increases profits and shares achievements. The average salary ratio of women and men in Taiwan and overseas (Hong Kong) regions of SinoPac Holdings is summarized in the table below. The salary of non-managerial male employees in Taiwan is slightly higher than that of female, but it is more balanced in the junior and intermediate managerial levels, in which the salary of female is slightly higher than that of male. The average salary of the non-managerial employees is 159.32% of the statutory basic salary. The salary of dispatched employees is reviewed by a designated person and determined according to the "Staff Appointment Guidelines", which is in line and superior to legal regulations.

Equal Pay Assessment

Employee level	Average female to male ratio
Executive level (Job grade 10 and above) (base salary only)	100:108
Executive level (Job grade 10 and above) (base salary + other cash incentives)	100:122
Management level (Job grade 7 to 9) (base salary only)	100:106
Management level (Job grade 7 to 9) (base salary + other cash incentives)	100:101
Non-management level (Job grade 6 and below)	100:108

Note: The results were calculated based on number of employees assessed and the total FTEs in SinoPac Holdings and its subsidiaries, excluding dispatched employees. Base salary was calculated based on monthly salary of FTEs as of December 2020 multiple by 12 months.

Information about Salary of Full-time Employees Who Are Not in a Managerial Position

Item	Unit	2019	2020	YoY change (%)
Number of full-time employees who are not in a managerial position	Number of employees	6,854	7,152	298
Total salary of full-time employees who are not in a managerial position	NT\$ Thousand	7,765,493	8,643,572	878,079
Average salary of full-time employees who are not in a managerial position	NT\$ Thousand	1,133	1,209	76
Median of full-time employees who are not in a managerial position	NT\$ Thousand	968	1,018	50

Note 1: Coverage of the data above includes employees of SinoPac Holdings, Bank SinoPac, and SinoPac Securities hired in Taiwan (including local and foreign nationals).

Note 2: Full-time employees who are not in a managerial position refer to all employees (or permanent employees) excluding employees in managerial positions, employees at overseas branches and part-time employees.



4.3.2 Welfare System

In addition to providing a fair remuneration system, SinoPac Holdings also attaches great importance in the promotion of employees' welfare as well as caring and taking care of employees' family and life, allowing employees to maintain work-life balance and increasing employee retention rate. SinoPac Holdings believes that talents are an important core asset of an organization, and only happy employees can become the pillars of the company to create more value to the society. In addition to salary rewards, SinoPac Holdings also provides different benefits, such as insurance programs, annual health checkups, festival subsidies, concessionary loans and a system of leave superior to the labor standards act, to take fully care of employees' mind and body.

4.3.2.1 Parental Leave and Daycare Policies of Employees' Children

SinoPac Holdings attaches importance to employees' family planning and female employees' right to work, from marriage to pregnancy and childbirth and parenting, building up continuous motherhood care subsidy and leave, providing excellent childcare and daycare policies to care for their hard work as parents. Female employees are entitled to 8 weeks of paid maternity leave and different days of abortion leave are given depending on the pregnancy stage in case of miscarriage. Male employees are entitled to 5 days of paternity leave within 15 days before, during and after the birth of their child. The retention and reinstatement related operations are carried out in accordance with regulations for employees who applied for parental leave. In addition, the Company has set up facilities, such as breastfeeding rooms, to create a high-quality breastfeeding environment and has signed contracts with many large nursery institutions to provide a variety of nursery discounts, so that new parents are well taken care of without the need to worry about the above issues. In addition, the breastfeeding rooms have been certified as "Friendly Taipei Lactation Rooms".



In 2020, Bank SinoPac, SinoPac Leasing and SinoPac Venture Capital has launched SinoPac Baby-Care System, increasing childbirth subsidy to NT\$6,888 per child, and fully subsidize the fixed hospital medical insurance for employee's child who is aged 0-7, so that employees can feel at ease to raise up new generation. In addition, provides prenatal vitamin and probiotics during COVID-19 pandemic to strengthen female employee's immunity system during pregnancy.

Parental Leave

SinoPac Holdings' application rate for parental leave in 2020 was 12.9%, and the reinstatement rate and retention rate were 71.6% and 88.9% respectively, indicating that SinoPac Holdings' parental leave policies are well integrated and employees are able to enjoy adequate rest and take care of work at the same time.

Item	Female	Male	Total
Number of employee eligible for parental leave in 2020 (A) (Note)	445	244	689
Number of applicants for parental leave in 2020 (B)	80	9	89
Application rate in 2020 (B/A)	18.0%	3.7%	12.9%
Number of employees to be reinstated in 2020 (C)	77	11	88
Number of employees reinstated in 2020 (D)	58	5	63
Reinstatement rate in 2020 (D/C)	75.3%	45.5%	71.6%
Number of employees reinstated in 2019 (E)	78	3	81
Number of employees reinstated in 2019 who have worked for more than one year (F)	70	2	72
2019 retention rate (F/E)	89.7%	66.7%	88.9%

Note: The source of the data is the number of full-time employees with children under the age of 3 in the personnel system of SinoPac Holdings in 2020.




[About this Report](#)
[Chairman's Message](#)
[Identification of Stakeholders and Material Topics](#)
[1 About SinoPac Holdings](#)
[2 Fulfillment of Trustworthy Governance](#)
[3 Fulfillment of Innovative Service](#)
[4 Fulfillment of Healthy Workplace](#)
[4.1 Employee Policy and Talent Structure](#)
[4.2 Talent Cultivation and Retention](#)
[4.3 Employee Compensation and Welfare](#)
[4.4 Labor-Management Relations and Communications](#)
[4.5 Diverse and Healthy Workplace](#)
[5 Fulfillment of Green Operations](#)
[6 Fulfillment of Inclusive Growth](#)
[APPENDIX](#)


4.3.2.2 SinoPac Holdings Welfare System and Policies

Welfare System	Content
Employee care package benefits	<ul style="list-style-type: none"> Provide employee with cash gifts on marriage (same-sex marriage applied to same benefits), Spring Festival, Dragon Boat Festival, Mid-Autumn Festival, performance and birthday. Provide maternity and funeral subsidies.
Leave system superior to legislative requirements	<ul style="list-style-type: none"> Be able to enjoy special leaves after onboarding New employees are able to enjoy proportional special leaves after onboarding. Special annual leaves Bank SinoPac provides more special annual leaves as employees gain seniority and promotions, and 7 days more for employees ranked assistant managers and above. Paid sick leaves Employees are provided with seven days of full-pay injury or sick leave throughout the year and a day of full-pay leave is added each year based on seniority starting from the fourth year onwards with a maximum of ten days. Cancer and pregnancy leaves Provides employees with cancer and pregnancy leaves during which they may enjoy benefits provided by the Company. Bereavement Leave Employees' great-grandparents, spouses' grandparents' bereavement leave has increased from three days to six days while employees' daughter/son-in-law bereavement leave is three days.
Job-related tuition subsidies	<ul style="list-style-type: none"> Provides subsidies within a certain amount each year, enabling employees to arrange job-related courses based on their preferences.
Comprehensive retirement system	<ul style="list-style-type: none"> Establish retirement plans and appropriate pension funds in accordance with Labor Standards Act, Labor Pension Act and related regulations to ensure the payment of employees' pension. Please refer to SinoPac Holdings' 2020 Annual Report for detailed statistics on the appropriation.
System for maintaining body and mental health	<ul style="list-style-type: none"> Employees' family and group insurance Expenses of the employee group insurance are subsidized by SinoPac Holdings. In addition, it also provides employees' family group insurance. Regular health checkups Health checkups are held every two years and the arrangements are superior to the requirements by the Occupational Safety and Health Act in order to provide regular checkups for the employees' physical conditions. Part-time working hours Bank SinoPac implements the part-time system so that employees can apply for shortened working hours based on their personal family reason for two years and may be extended to three years due to special reasons. Flexible working hours Employees are eligible to adjust working hours based on working needs.
Exclusive benefit plans and events for employees	<ul style="list-style-type: none"> Discounts provided by preferred vendors Regularly signs contracts with preferred vendors for discounts based on employees' needs to reduce employees' burden. Foreign travel reward Bank SinoPac and SinoPac Securities offer foreign travels lead by senior executives to reward front-line employees. Club activities Employees organize their own club activities and the company will provide subsidies. Club activities focused on sports as employees are encouraged to exercise more often after work. Annual party event Organize large-scale year-end parties annually and arranges multiple performances to thank employees for their dedication throughout the year. Better financial management discounts than market Provides employees with financial management discounts superior to market such as, housing loan interest rate, exchange rate and investment, to reduce the burden of employees. Honors of SinoPac employee Provides customized gifts to express gratitude for employees' dedication towards the Company.
New parents friendly	<ul style="list-style-type: none"> Provides pregnant employee with maternity dress and the guide for new parents. Sets up facilities, such as breastfeeding rooms, to create a high-quality breastfeeding environment. Signed contracts with 10 nursery institutions to provide a variety of nursery discounts. Fully subsidize the fixed hospital medical insurance for employee's child who is aged 0-7.
Employee stock ownership trust	<ul style="list-style-type: none"> SinoPac Securities allows employees to invest, acquire and manage shares of SinoPac Holdings to accumulate wealth and ensure the stability of members' retirement life. Bank SinoPac implemented a stock ownership trust plan for its managers in order to strengthen their feeling of identity to the Company, share operational results, and help managers to accumulate pension through long-term savings.

4.4 Labor-Management Relations and Communications

4.4.1 Labor-Management Communication Mechanisms

SinoPac Holdings encourages employees to communicate with the Company and established various internal communication and grievance channels while conducted employee engagement surveys regularly to understand their opinions and jointly improve the workplace.

Collective Bargaining Agreements

In order to achieve smooth and effective communication between the Company and its employees, SinoPac Holdings and its subsidiaries established the SinoPac Holdings Labor Union, Bank SinoPac Labor Union, and SinoPac Securities Labor Union according to the Labor Union Act. Since 2011, SinoPac and labor unions renew the collective bargaining agreements every three years and communicate and negotiate with the unions on labor issues from time to time. Representatives of Bank SinoPac and SinoPac Securities renewed the collective bargaining agreements for the third time upon negotiations with the labor unions on April 24, 2018 and June 29, 2018 respectively. Representatives of SinoPac Holdings signed a collective bargaining agreement with the labor union for the first time on December 19, 2019, covering employees of SinoPac Holdings, Bank SinoPac, SinoPac Securities, SinoPac Futures, SinoPac Securities Investment Service, SinoPac Securities Venture Capital, SinoPac Venture Capital, SinoPac Leasing and SinoPac Securities Investment Trust.

Main Contents of the Collective Bargaining Agreements and Percentage of Employees' Participation in Unions

Labor unions	Contents of the agreement	Percentage of employees in the union (Note 1)
Bank SinoPac Labor Union	<ul style="list-style-type: none"> Bank SinoPac agrees to provide the venue and the software and hardware necessary for the meetings of the union. The chairman of the union works in the union office all day and the directors and supervisors of the union may apply for official leave when they process official union affairs in accordance with laws and regulations. The union fee is deducted by Bank SinoPac on behalf of the union from employees' salaries each month. Bank SinoPac shall not adjust working conditions for employees who are eligible for entering the Union without justifiable reasons. 	96.13%
SinoPac Securities Labor Union	<ul style="list-style-type: none"> The chairman, directors, and supervisors and members of the union may apply for official leave when they process official union affairs in accordance with laws and regulations. The union fee is deducted by SinoPac Securities on behalf of the union from employees' salaries each month. In the event of shut down, transfer of ownership, losses, reduced business, or where the employee is clearly unfit for his/her job, SinoPac Securities shall, in accordance with the Labor Standards Act, provide advance notice of at least 10-30 days based on their seniority before the labor contract can be terminated. 	87.30%
SinoPac Holdings and Subsidiaries Labor Union (Note 2)	<ul style="list-style-type: none"> In case of mergers and acquisitions, the rights and interests of union members shall be well protected, e.g., all union members shall be retained, prior consents shall be obtained from the labor union for changes in working conditions or layoffs after the merger and a preferential retirement program shall be provided for union members who will not be retained or do not agree to be retained after the merger. 	90.49%

Note 1: Excluding employees in probation, overseas employees, dispatched employees, and managers as of December 2020.
Note 2: SinoPac Holdings Labor Union members include employees of SinoPac Holdings, Bank SinoPac, SinoPac Securities, SinoPac Futures, SinoPac Securities Investment Service, SinoPac Securities Venture Capital, SinoPac Venture Capital, SinoPac Leasing and SinoPac Securities Investment Trust.

Labor-Management Communication Achievements

According to the Labor Standards Act, Work Rules of SinoPac Holdings, and results of labor-management negotiations, if employees need to work overtime due to work requirements, the supervisors may, after obtaining the consent of the subordinates, allow employees to fill out "overtime work forms", sign them, and deliver them to employees to implement overtime work. Female employees may not work past 10 p.m. without the approval of the union. In addition, although labor unions of the subsidiaries agree that employees working hours may be extended on weekdays without the prior approval of the respective labor union, employees' attendance on holidays shall require the approval of the respective labor union. This measure is carried out to protect the rights of employees.

In response to the rise of new business models and increasingly complicated and diverse financial services, Bank SinoPac organized a labor management communication meeting in 2020 to explain the plans and adjustments for channel development in 2021. The Bank listened to the recommendations and feedback from employees' business operations, gradually optimized the system, and adjusted related measures. A link to the union website on the homepage of the internal website was set. In response to amendments of the "Labor Standards Act", related regulations and internal management, Bank SinoPac and the union reached a consensus on amendments of related wording in the "Work Rules" in the labor-management meeting.

4.4.2 Employee Grievance Channels

SinoPac Holdings has interchangeably conducted the "Employee Engagement Survey" or "Organizational Climate Survey" every year since 2015 in order to listen to employees and adjust corresponding policy and the management system accordingly if needed so that the company can supply a friendly working environment for employees to create the long-term performance of the organization. In 2020, it expanded the scope of employee engagement survey from only SinoPac Holdings to SinoPac Holdings and its subsidiary and the result showed that the employee engagement rate was 88.4%.


[About this Report](#)
[Chairman's Message](#)
[Identification of Stakeholders and Material Topics](#)
[1 About SinoPac Holdings](#)
[2 Fulfillment of Trustworthy Governance](#)
[3 Fulfillment of Innovative Service](#)
[4 Fulfillment of Healthy Workplace](#)
[4.1 Employee Policy and Talent Structure](#)
[4.2 Talent Cultivation and Retention](#)
[4.3 Employee Compensation and Welfare](#)
[4.4 Labor-Management Relations and Communications](#)
[4.5 Diverse and Healthy Workplace](#)
[5 Fulfillment of Green Operations](#)
[6 Fulfillment of Inclusive Growth](#)
[APPENDIX](#)


SinoPac Holdings Employee Engagement Survey (Note 1)

Employee engagement survey	2018	2020
Scope of the survey (Note 2)	Bank SinoPac, SinoPac Life Insurance Agent Co., Ltd., SinoPac Property Insurance Agent Co., Ltd.	SinoPac Holdings and its subsidiaries
Coverage (Note 3)	66.6%	100.0%
Engagement rate (Note 4)	82.3%	88.4%

Note 1 : The survey conducted in 2019 was Organizational Climate Survey.

Note 2 : Please refer to Page 208 in SinoPac Holdings' 2020 Annual Report for the scope of SinoPac Holdings and its subsidiaries.

Note 3 : The results were calculated based on number of employees assessed and the total FTEs in SinoPac Holdings and its subsidiaries, excluding dispatched employees.

Note 4 : The Employee Engagement Survey is on a scale from 1 to 7 scores. Items scored higher.

Note 5 : than or equal to 4 points (i.e. the median value) are counted as employee engagement.



Internal Communication Channels

Besides employee opinion surveys, SinoPac Holdings has also established multiple internal communication channels through which employees can voice their concerns in a timely manner and managers can have a deeper understanding of their thoughts. In doing so, SinoPac Holdings intensifies employee adhesiveness and stride hand in hand towards sustainable management. Internal communication channels comprise more than the existing Employee Service Specialist, SinoPac Academy Website, and iShare Website. SinoPac Newsletter, an internal publication and the seminar "Appointment with CEO" has been organized since 2019. "SinoPac Fun-Me" newsletters were first issued in 2020 while Bank SinoPac has also started the Voice of Employees (VOE) and Personnel Officers projects. Performance evaluation appeal channel is also provided for those employees who have objection to the result of assessment.

Communication channels	Frequency	Content
SinoPac Newsletter	Every two months	Issued the employee magazine "SinoPac Newsletter" regularly. Through the publication, SinoPac Holdings reports on the expectations of senior executives, publicize the internal activities of the organization, affirm outstanding employees, and share the work and life of employees, conveying the warmth of the organization. The digital interaction version of SinoPac Newsletter will be launched in 2021.
SinoPac Fun-Me	Weekly	Deliver important messages or ideas related to the organization, provide real-time internal information, and strengthen employee communication and organizational centripetal force.
Personnel Officers	Irregularly	Bank SinoPac and SinoPac Securities actively assist in caring for the physical and mental health of employees, listen to the needs of colleagues in many ways, and provide timely assistance by arranging 210 personnel administrators.
Voice of Employees, VOE	Irregularly	Designated person from Bank SinoPac visited all departments, gathered and delivered the voices of employees to CEO to maintain a good mutual communication mechanism. A total of 53 caring actions to head office / branch care were completed in 2020.
Employee Service Specialists	Irregularly	SinoPac Holdings assigns Employee Service Specialists to provide each employee with a dedicated contact person.
iShare Website	Irregularly	"iShare Website" is a platform for sharing opinions on diverse themes, including life, charity, business opportunity, and opinion collection, allowing employees to interact more with each other on different themes.
SinoPac Academy Website	Irregularly	The website platform is provided as a bridge for employees to express their opinions and ideas for related responsible units to respond to employees and foster communication.
"Appointment with CEO" seminar	Monthly	Bank SinoPac's CEO leads the management team to carry out face-to-face seminars with employees to explain the company's operating strategies and future development while conducting Q&A. In 2020, a total of 2 seminars were held to consolidate employees' consensus and provide assistance to their career development.

Employment Contract Termination Policy

The "Work Rules" of SinoPac Holdings stipulate regulations for employees to provide advance notice for the termination of the labor contract in accordance with the "Labor Standards Act" to ensure labor relations and labor conditions. In the event of shut down, transfer of ownership, losses, reduced business operations, or where the employee is clearly for his/her job, the Company shall provide advance notice of at least 10 to 30 days based on the number of years of service provided by the employee before the labor contract can be terminated. The employee shall work normally, and the salary shall be paid during the advance notice period. Upon receiving the notice, the employee may apply for leave of absence during working hours to seek other employment opportunities. The leave of absence must not exceed two work days a week and the salary shall still be paid in the duration of the leave of absence.

4.5 Diverse and Healthy Workplace

4.5.1 Diverse Employment Policy and Human Rights

4.5.1.1 Protection of Human Rights

SinoPac Holdings formulated the Human Rights Policy in 2018 and conducted the human rights assessments and management mechanisms to implement human rights protection and effectively manage human rights risks. The results of the identification of material human rights risks in 2020 included the protection of labor conditions, privacy, human dignity, and forced labor and health rights. The human rights risk assessments and due diligence for SinoPac Holdings and its subsidiaries were also completed for the companies to review their actual and potential human rights issues, establish corresponding mitigation and remediation actions, and propose optimization strategies for human rights management. SinoPac Holdings' human rights risk mitigation and remediation actions are designed for all 214 sites of SinoPac Holdings and subsidiaries. In 2020, SinoPac Holdings provided training on human rights issues such as information security awareness and prevention of infringement and sexual harassment in the workplace. SinoPac Holdings will amend the human rights policy in 2021 and continue to perform human rights risk and due diligence surveys to strengthen human rights risk management. Refer to 2.3.5 Human Rights Risk Management for more information.

Training for Human Rights Issues

Course	Number of participants	Number of hours	Coverage
Information security awareness training	8,318	16,636	97.14%
Prevention of workplace infringement and sexual harassment	5,449	7,909	63.63%

Material Human Rights Risk Identification Results and Risk Mitigation & Remediation Actions

Human rights risk	High risk group	High risk group as a proportion of all employees	Risk mitigation actions	Risk remediation actions
Privacy	Employees that have direct contact with large quantities of customer and employee information.	17.00%	<ul style="list-style-type: none"> The Company established the Employee Service Rules which stipulates that employees have the obligation to properly manage, use, and maintain the core information and the intellectual property belonging to the company, and keep them confidential. The Company established the "Personal Data Protection Policy and File Security Maintenance Regulations" to create a personal data protection policy. The Company set up the "Personal Data Protection and Management Task Force" responsible for implementing and reviewing various tasks and management plans related to personal data protection. The Company implemented the "Information Security Training" courses to enhance employees' information security awareness. 	<ul style="list-style-type: none"> Please refer to [2.5.1.2 Privacy Policy] for detailed information.
Ensure labor conditions	Employees with more frequent applications for overtime or overtime work hours exceeding a certain amount.	0.44%	<ul style="list-style-type: none"> Established the "Employee Attendance Management Regulations" and "Employee Salary and Subsidies Distribution Standards" which specify the salary management guidelines. Provide employees commuting and attendance management reminders. 	<ul style="list-style-type: none"> Provide overtime pay or compensatory leave based on employees' preferences. Regular compilation of employees' overtime work status. Designate HR manager to provide additional care for employees.
Human dignity	Employees providing customer services or handling customer complaints on the front line often face negative comments and emotions of customers directly due to the nature of their work, and thus bear greater psychological pressure.	2.24%	<ul style="list-style-type: none"> Periodically organize education and training sessions for the prevention of unlawful infringement and sexual harassment in the workplace to enhance managers and employees' gender equality awareness. Actively handle workplace violence or bullying in accordance with the Regulations on Employee Rewards and Punishments. Establish a dedicated sexual harassment grievance unit, grievance hotline, and dedicated e-mail to assist employees in a timely manner. 	<ul style="list-style-type: none"> Take immediate, effective and corrective remedial measures when the Company becomes aware of sexual assault or sexual harassment pursuant to the "SinoPac Holdings Prevention, Grievance, Investigation, and Handling Guidelines for Sexual Harassment". Provide psychological counseling services such as the employee assistance program (EAP) and employee psychological health management measures.
Health rights	Employees with high-risk health examination results.	0.23%	<ul style="list-style-type: none"> Organize health seminars and provide the latest health information. Periodically organize employee medical examinations. 	<ul style="list-style-type: none"> Healthcare personnel provide active care. Provide group insurance/labor insurance subsidies and occupational injury leave.


[About this Report](#)
[Chairman's Message](#)
[Identification of Stakeholders and Material Topics](#)
[1 About SinoPac Holdings](#)
[2 Fulfillment of Trustworthy Governance](#)
[3 Fulfillment of Innovative Service](#)
[4 Fulfillment of Healthy Workplace](#)
[4.1 Employee Policy and Talent Structure](#)
[4.2 Talent Cultivation and Retention](#)
[4.3 Employee Compensation and Welfare](#)
[4.4 Labor-Management Relations and Communications](#)
[4.5 Diverse and Healthy Workplace](#)
[5 Fulfillment of Green Operations](#)
[6 Fulfillment of Inclusive Growth](#)
[APPENDIX](#)


Incidents of Human Rights Violations and Responding Actions

Three material incidents of human rights violations that involved labor-management communication, protection of labor conditions, and privacy occurred in the operations of SinoPac Holdings in 2020. Refer to 2.2.4 Material Violations and Improvement Measures for information on the personal data incident. SinoPac Holdings has activated employee education and training programs in response to the incidents and used different channels to communicate with employees and plan future improvement plans. Refer to page 170 of SinoPac Holdings 2020 Annual Report for details.

4.5.1.2 Diversity and Inclusiveness

The Employee Welfare Task Force of the SinoPac Holdings Sustainable Development Committee is committed to promoting diversity and inclusiveness for the "Reduce Inequality" and "Promote Inclusive Growth" commitments which are part of the three major sustainability commitments. The task force implements the action plans for promoting gender equality, dedication to employee rights, and improving employees' physical and mental health. Its long-term goal is to implement two diversity and inclusiveness measures each year to promote gender equality. SinoPac Holdings supports diverse hiring for employees and prioritizes the hiring of employees with disabilities as well as indigenous peoples so that all employees can make contributions regardless of their limitations. SinoPac Holdings appointed 52 people with disabilities in 2020 which accounted for 0.6% of all employees and 0.7% of the management. Bank SinoPac employed 32 individuals (including 8 individuals with severe physical disabilities); SinoPac Securities employed 20 individuals (including 3 individuals with severe physical disabilities). They serve as salespersons and programmers, and 11 employees with outstanding performance were promoted to management.

4.5.1.3 Escalation Process and Mechanisms for Reporting Incidents of Discrimination and Harassment

SinoPac Holdings respects employees' human rights at the workplace and does not treat employees differently or discriminate against employees based on their gender, race, socioeconomic status, age, marriage, language, religion, political affiliation, nationality, appearance, family status, sexual orientation, disability, or membership in unions. The Company provides employees (including employees, dispatched workers, job seekers, technicians, and interns) with a work and service environment free of sexual harassment, and takes corrective or disciplinary action in case of discriminatory behavior or harassment to protect the rights and interests of the parties involved. SinoPac Holdings established the "Prevention, Grievance, and Penalty Guidelines for Sexual Harassment" which stipulate zero tolerance towards any form of gender discrimination and prohibition of any form of infringement (including workplace violence, bullying, and sexual harassment). Therefore, each member of SinoPac Holdings, including the person in charge, managers, and employees, fulfills their obligations, and any violation shall be punished accordingly.

To strengthen employees' awareness of anti-discrimination and sexual harassment prevention, SinoPac Holdings sent E-mail to all employees and planned trainings for all employees on discrimination and harassment in the workplace including 3 sessions for 5,449 participants in 2020. The "prevention of unlawful infringement in the workplace" and "indispensable labor law and management practices for managers" courses included training for managers for processing employee complaints.



Anti-discrimination and Sexual Harassment Prevention Training

Course	Recipients	Number of participants	Number of hours	Coverage
Prevention of workplace infringement and workplace sexual harassment	Employees in non-management roles	5,007	7,467	58.47%
Prevention of unlawful infringement in the workplace	Managers	421	421	4.92%
Indispensable labor law and management practices for managers	Senior executives	21	21	0.25%

Escalation Process and Mechanisms for Reporting Incidents of Discrimination and Harassment

Grievance channel	Explanation of mechanisms	Number of incidents of discrimination and harassment reviewed in 2020 and improvement measures
Anti-discrimination and sexual harassment prevention hotline	SinoPac Holdings and subsidiaries established the "Prevention, Grievance, and Penalty Guidelines for Sexual Harassment" and the "Prevention, Grievance, Investigation, and Handling Guidelines for Sexual Harassment" in accordance with regulations. They also set up dedicated units, complaint hotlines, and dedicated emails for employees, and organized regular awareness campaigns and training.	In 2020, there were no discrimination cases and 2 sexual harassment cases were investigated and processed. The Company immediately activated effective correction and remedial measures after receiving the complaint and assigned dedicated units to conduct investigations. The cases were submitted to the Sexual Harassment Grievance Committee for resolution and then reported to the Human Resources Arbitration Committee. Following the case, SinoPac Holdings strengthened education and training for supervisors and employees on sexual harassment prevention, reiterating to employees that if relevant circumstances recur, they could file their grievance or appeal through multiple channels which were created to provide employees with a safe and friendly workplace.

4.5.2 Occupational Health and Safety

SinoPac Holdings is active to establish a safe and healthy working environment, ISO 45001 was adopted by Bank SinoPac and related measures were carried out. The implementation of ISO 45001 was certified by BSI in 2020 therefore an expansion on the adoption scope of ISO45001 was considered in order to enhance employees' working and living quality. Bank SinoPac established the occupational safety and health system and the Occupational Safety and Health Committee in accordance with the Occupational Safety and Health Act. The committee has a total of eight members, the head of the General Affairs Division of the head office implements safety and health management on behalf of the employer. Managers at all levels command and supervise the implementation of respective personnel. In addition, the members of committee include representatives of departments related to occupational safety as well as three representatives from the union of Bank SinoPac to assist in the supervision and providing suggestions of related occupational health and safety issues.

After Bank SinoPac and SinoPac Securities obtained the "Workplace Health Activation Certification" and "Taiwan iSports Certification" respectively in 2019, Bank SinoPac and SinoPac Holdings also obtained the "Taiwan iSports Certification" in 2020, showed that their long-term investment in promoting employee health and sports was affirmed by external units. Bank SinoPac and SinoPac Securities conducted 39 occupational health and safety trainings and regularly shared the latest health information related to current events in the internal employee communication platform. In respond to COVID-19, SinoPac implement alternative operations and Flexible Working Hours to reduce the risk of commutation, and plan a series of exercise named "Fight Disease" in cooperation with Sunshine Social Welfare Foundation so that people can workout and strengthen their immune system.

Absentee Rate

	2017	2018	2019	2020
Absentee days	16,530	16,900	18,773	18,986
Absentee rate	0.79%	0.79%	0.92%	0.89%

Note: Absentee rate is calculated as days of sick and personal leave taken by all employees / total work hours * total number of employees, excluding dispatched employees). The Absentee rate in 2020 also includes the disease prevention leave and quarantine leave.



SinoPac Holdings Occupational Health and Safety Measures

Measures and programs	Content
Organize employee health checkup	<ul style="list-style-type: none"> Regularly holds employee health checkups and all employees regardless of age, gender and additional checkup items are provided based on different employee levels. Analyzes and manages the health status of employees based on the results of health checkups, arranges on-site physician services immediately after health checkups. Conducts health promotion activities, provides employee health care information advocacy from time to time. Provides for employees who have potential health risks with care and tracking of health status.
Implement shortened working hours system	<ul style="list-style-type: none"> Bank SinoPac implements shortened working hours and employees may adjust the number of working days per week or the number of working hours per day based on family conditions. In 2020, a total of 4 employees adopted shorten working hours.
Employee Assistance Program (EAP)	<ul style="list-style-type: none"> SinoPac Securities has signed the EAP services with professional institutions for nine consecutive years and provide each employee for five free consulting services with professional channels for legal, health, medical, and wealth management each year.
Employees' mental health management measure	<ul style="list-style-type: none"> Distributes health questionnaire irregularly, assisting employees to observe their physical and mental condition. Identify health risks of the employees based on the questionnaires and health examination data filled by pregnancy and breastfeeding employees, arrange middle and high-risk groups for health consultations with doctors.
Other epidemic prevention measures for Covid-19	<ul style="list-style-type: none"> Establish the "Epidemic Prevention Command Center" to plan alternative working or work from home systems and related equipment installation. Adopted Microsoft Windows virtual desktop and implemented work from home system starting from March. Established employee "marriage leave postponement" plan and extend the usage period to 2 years. Implement a flexible working system, real-name access control, and set up transparent partitions to reduce work risks. Regularly issue employee care e-newsletters to share the latest information on the epidemic and ways of epidemic prevention. Launch of online anti-epidemic gymnastics videos.



Fulfillment of Green Operations



**Received
A- (Leadership Level) in CDP**



Reached 100% in the scope of ISO 14064-1 GHG Inventory



Calculated 5 items in Scope 3

Received an A- (Leadership Level) in the first year participating in the CDP survey.

Expanded the scope of ISO 14064-1:2018 GHG Inventory to 100%.

Expanded Scope 3 GHG inventory in 2020 and has calculated 5 items with external certification.



**Received
Corporate Green Procurement Excellence Award**



Reduced carbon emissions by 19.5%



Had All the new supplier signed on the Supplier Corporate Social Responsibility Commitment

Received "Corporate Green Procurement Excellence Award" by Department of Environmental Protection of Taipei City Government, and Bank SinoPac also received "Corporate Green Procurement Excellence Award" from the Environmental Protection Administration of Executive Yuan.

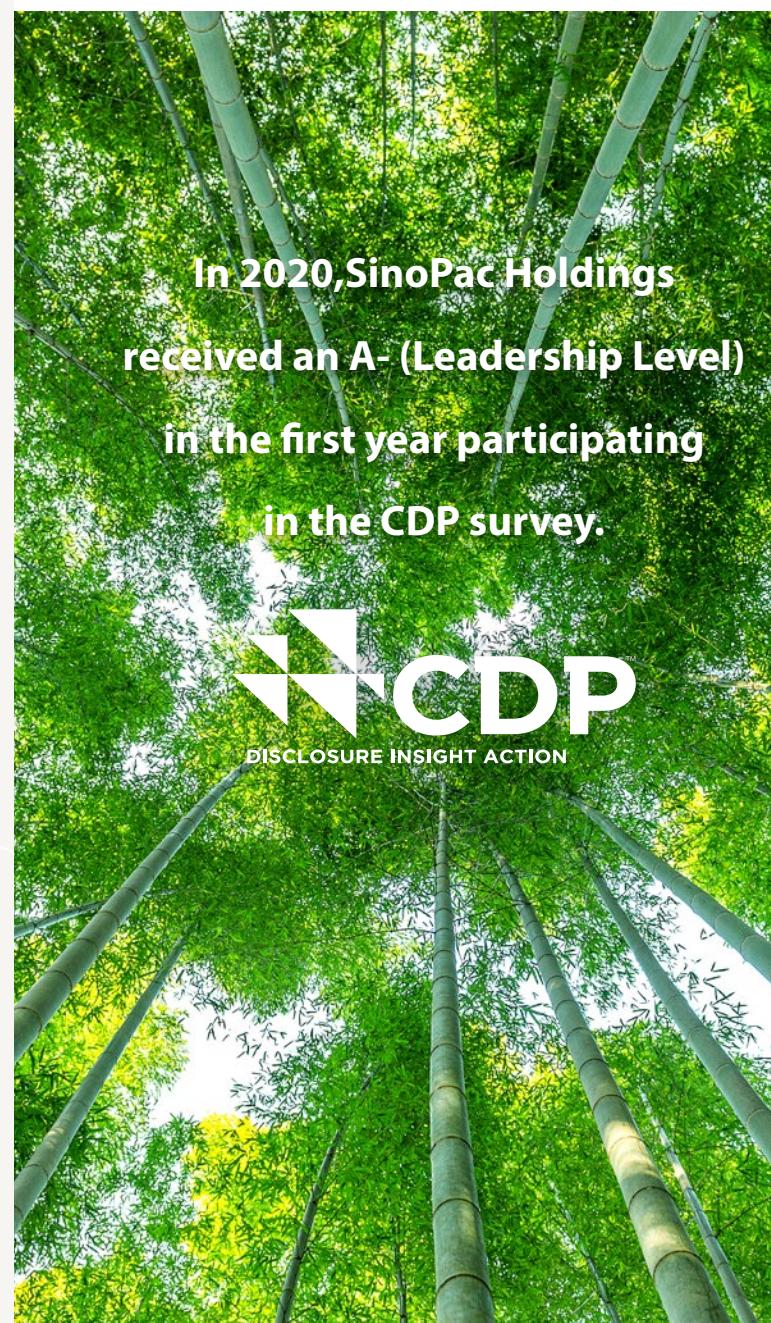
Total carbon emissions reduced by 19.5% from the base year (2018).

82.5% of suppliers signed the Supplier Corporate Social Responsibility Commitment and 100% of new suppliers became the signatories.

Sustainability Commitment	Corresponding SDGs	Action Plan(s)	2025 Goal(s)
Mitigate and Adapt to Climate Change	SDG 13 Climate Action 	Promote climate change mitigation actions	<ul style="list-style-type: none"> Increase the coverage of ISO 14064-1 certification to 100% and increase the coverage of ISO 50001 certification to 40%. Participate in Carbon Disclosure Project (CDP) and achieve Leadership Level (A). Reduce carbon emissions by 5% compared with the base year (2020). Calculate 10 Scope 3 items in GHG and have it verified by external certification. Continue to increase the usage of renewable energy. Complete the Science Based Targets initiative (SBTi) application and internal carbon pricing evaluation.
Promote Inclusive Growth	SDG 8 Decent Work and Economic Growth 	Enhance supply-chain sustainability management	<ul style="list-style-type: none"> 100% of the suppliers sign the Supplier Corporate Social Responsibility Commitment. Encourage suppliers to set carbon reduction targets and at least 20% of the suppliers in carbon-intensive industry set carbon reduction targets.
	SDG 12 Responsible Consumption and Production 	Increase green procurement and promote a sustainable consumption and production model	<ul style="list-style-type: none"> Increase the green procurement ratio by 5% from 2019. Increase the utilization rate of green building materials for renovation to more than 60%.
Six Capitals			
Input	Strategy	Output	
Financial Capital <ul style="list-style-type: none"> Fuel and electricity costs in 2020: NT\$125.22 million. Water fee in 2020: NT\$3.21 million Amount of local procurement in 2020: NT\$1,900 million; amount of green procurement: NT\$ 134 million. Investment in energy saving and carbon reduction measures in 2020: NT\$ 30.70 million Environmental education and training cost in 2020: NT\$ 200,000. Human Capital <ul style="list-style-type: none"> Number of employees engaged in supplier sustainability audit and communication in 2020: 25 man days. 	Strengthen greenhouse gas and environment/energy management <p>Continuously review the existing environmental management system and gradually expand the external certification coverage of GHG and energy management system, so as to improve the overall environmental management system.</p> Set GHG reduction targets <p>Continuously increase the external certification coverage of Scope 1, 2, 3 GHG Inventory and track SBTi methodologies development for financial institutions to adjust carbon emission reduction targets.</p> Establish a sustainable supply chain <p>Encourage more suppliers to sign the Supplier Corporate Social Responsibility Commitment, and enhance supplier management mechanism by incorporating ESG criteria into the rating indicators; actively engage with suppliers on ESG issues, conduct on-site supplier sustainability audit, continuously hold Supplier Conference, and encourage them to jointly set carbon emission reduction targets.</p>	Natural Capital <ul style="list-style-type: none"> GHG emissions reduced by 2,004.02 metric tons CO₂e, a 9.77% reduction from 2019. Per-capita electricity consumption was 15.36 GJ, a 9.7% reduction from 2019. Per-capita water consumption was 21.5 tonne a 23% reduction from 2019. Carbon emissions were reduced by 1,105 metric tons CO₂e through paperless initiatives. Human Capital <ul style="list-style-type: none"> Number of employees participating in environmental education and training: 1,138. Social and Relationship Capital <ul style="list-style-type: none"> Percentage of suppliers signing the Supplier Corporate Social Responsibility Commitment: 82.5%. 	


[About this Report](#)
[Chairman's Message](#)
[Identification of Stakeholders and Material Topics](#)
[1 About SinoPac Holdings](#)
[2 Fulfillment of Trustworthy Governance](#)
[3 Fulfillment of Innovative Service](#)
[4 Fulfillment of Healthy Workplace](#)
[5 Fulfillment of Green Operations](#)
[5.1 Green Operations](#)
[5.2 Sustainable Supply Chain Management](#)
[6 Fulfillment of Inclusive Growth](#)
[APPENDIX](#)


5



in the CDP survey.



Independent Verification of SinoPac Holdings' Environmental Related Data

ISO14001:2015 ISO14064-1:2018 ISO50001:2018

Coverage: 5.72% Coverage: 100% Coverage: 16.2%



Note: Coverage = Number of employees in the buildings where external verification was adopted/ number of SinoPac Holdings employees; the number of employees referred to the number of regular employees in Taiwan excluding contract employees and overseas employees.

5.1 Green Operations

5.1.1 Environmental Policy

5.1.1.1 Environmental Governance

To live up to SinoPac Holdings' commitment in mitigating and adapting to climate change, the Environmental Sustainability Team under SinoPac Holdings' Sustainable Development Committee was established to be in charge of the overall planning and implementation of related environmental sustainability policies and action plans adopted by SinoPac Holdings and its subsidiaries. To reduce the environmental impact of business operations and achieve the two sustainability commitments - "mitigate and adapt to climate change" and "promote inclusive growth", Environmental Sustainability Team developed three action plans in 2019, namely, promote climate change mitigation actions, enhance supply-chain sustainability management, and promote green procurement and a sustainable consumption and production model. The actions plans were set in line with SDG 13: Climate Action, SDG 8: Decent Work and Economic Growth, and SDG 12: Responsible Consumption and Production under the UN SDGs to be followed by the subsequent operation of SinoPac Holdings and its subsidiaries.

To reduce GHG emissions and energy consumption, SinoPac Holdings continues to optimize the internal energy management and demonstrate support for mitigating climate change impact by adopting the ISO14001:2015 Environmental Management System and ISO 50001:2018 Energy Management System and expanding the scope of ISO 14064-1:2018 GHG Inventory to 100% in 2020 with external certification. In addition, the Company received an A- (Leadership Level) in the first year participating in the CDP survey, which shows that the excellent efforts in environmental operation and management in the past two years has been highly recognized by internal and external stakeholders. Besides managing the environmental performance of own operation, SinoPac Holdings also work on procurement through conducting supplier audit and establishing the Supplier Evaluation System with the aim of supporting suppliers that produced eco-friendly products with low carbon emissions through concrete action such as green procurement and supplier management and hoped to expand the influence on the supply chain, encouraging suppliers to set carbon reduction targets and jointly contributing to the sustainability of the environment.

Summary of the 2020 Objectives and the Results

Strategy	2020 Objectives	Implementation Status in 2020	2020 Achievements	2021 Objectives
Strengthen GHG and environment/energy management	<ul style="list-style-type: none"> Conduct ISO14064-1 GHG Inventory and increase its coverage to 60%. Zhonglun Building and Chengzhong Building passed the ISO 50001 Energy Management System Review with a 16.2% coverage rate and underwent a preliminary evaluation of ISO 50001 Energy Management System on SinoPac Holdings' third building (Jianbei). Reach the target of reducing water and electricity consumption by 1% from the base year (2018). Calculate 2 Scope 3 items and have it verified with external certification. 	✓ Completed	<ul style="list-style-type: none"> Completed the ISO 14064-1:2018 GHG Inventory with the coverage increased to 100% included SinoPac Holdings and its major subsidiaries. Zhonglun Building and Chengzhong Building passed the ISO 50001 Energy Management System Review with a 16.2% coverage rate and underwent a preliminary evaluation of ISO 50001 Energy Management System on SinoPac Holdings' third building (Jianbei). The total water and total electricity consumption were reduced by 18.7% and 13.2% respectively from 2018, far beyond the present goal. Calculated 5 Scope 3 items and have it verified with external certification. 	<ul style="list-style-type: none"> Continue to implement GHG Inventory and complete the external verification and review of ISO 14064-1. Continue to introduce ISO 50001 Energy Management System by increasing the coverage from 16% to 20%. Reduce the water consumption and electricity consumption by 1% from the base year (2020). Calculate 7 Scope 3 items and have it verified with external certification.
Set GHG reduction targets	<ul style="list-style-type: none"> Organize training on CDP. Submit the first response to CDP and conduct gap analysis based on the result of rating. Keep on track on the development of financial industry's SBTi methodologies. Set a short-term (single year) target of 2% GHG emissions reduction from the base year (2018). 	✓ Completed	<ul style="list-style-type: none"> Received an A- (Leadership Level) in the first year participating in the CDP survey. Kept on track on the development of SBTi methodologies for financial institutions which released its guidance in October 2020. Total GHG emissions reduced by 19.5% from 2018, far exceeded the present goal. 	<ul style="list-style-type: none"> Continue to keep on track on the development of SBTi methodology for financial institutions. Purchase 200 Renewable Energy Certificates. Reduce GHG emissions by 1% from the base year (2020).
Establish a sustainable supply chain	<ul style="list-style-type: none"> Complete the supplier database. More than 80% of the suppliers to sign the Supplier Corporate Social Responsibility Commitment. Enhance engagement on ESG issues with the suppliers. 	✓ Completed	<ul style="list-style-type: none"> 82.5% of suppliers signed the Supplier Corporate Social Responsibility Commitment and 100% of new suppliers became the signatories. Established the Supplier Evaluation System and introduced supplier data set and online evaluation mechanism to the electronic tendering system. 	<ul style="list-style-type: none"> Continuously increase the proportion of suppliers signing the Supplier Corporate Social Responsibility Commitment to more than 85% and have all new suppliers signed. Improve the supplier rating system and conduct 10 on-site supplier audits. Organize ESG training for suppliers and hold Supplier Conference. Continue to increase the amount of green procurement. Increase the utilization rate of green building materials for renovation up to 60%.

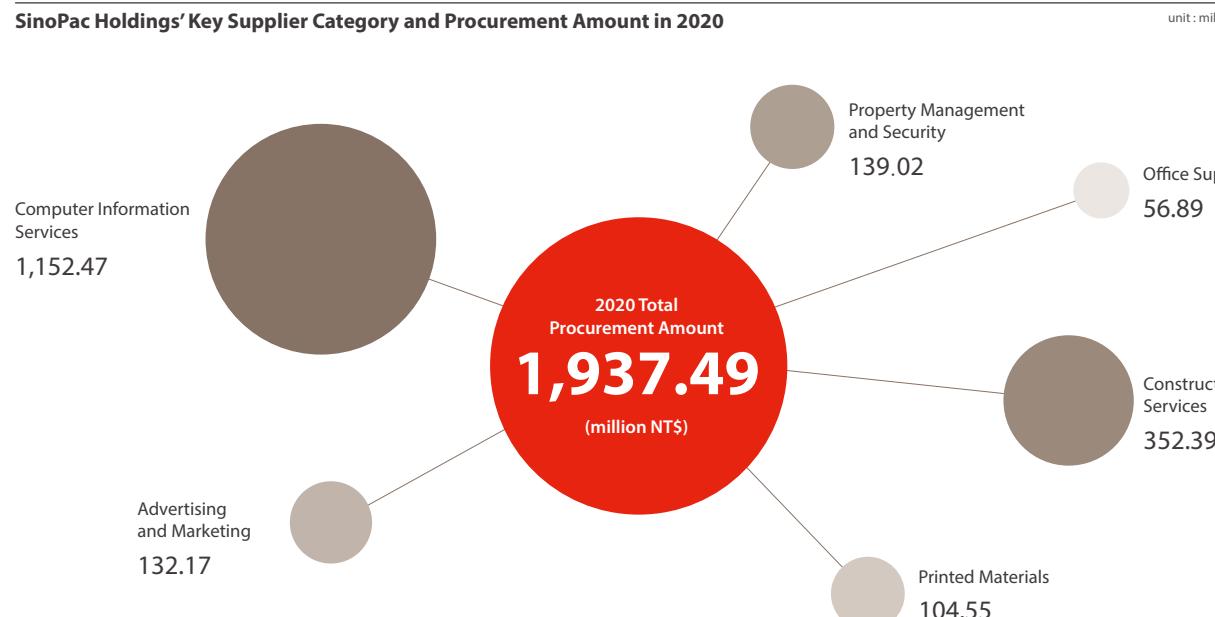
*The original base year of SinoPac Holdings' environment performance targets (GHG emissions and energy and water consumption) were 2018, but it will all be adjusted to 2020 in 2021 considering SinoPac Holdings has been gradually completing its environmental management mechanism in 2020 with comprehensive data inventory (GHG inventory and external verification coverage has reached 100% in 2020 and the estimation of water consumption data was also replaced by the calculation based on the actual numbers on water bills in 2020).


[About this Report](#)
[Chairman's Message](#)
[Identification of Stakeholders and Material Topics](#)
[1 About SinoPac Holdings](#)
[2 Fulfillment of Trustworthy Governance](#)
[3 Fulfillment of Innovative Service](#)
[4 Fulfillment of Healthy Workplace](#)
[5 Fulfillment of Green Operations](#)
[5.1 Green Operations](#)
[5.2 Sustainable Supply Chain Management](#)
[6 Fulfillment of Inclusive Growth](#)
[APPENDIX](#)


5

5.2 Sustainable Supply Chain Management

Among SinoPac Holdings' 373 suppliers, approximately 132 key suppliers had business dealings over NT\$2 million with SinoPac Holdings in 2020. Key suppliers were mainly divided into six categories: construction, computer information services, office supplies, property management, printed materials, and advertising and marketing.



5.2.1 Implementation and Results of Sustainable Supply Chain

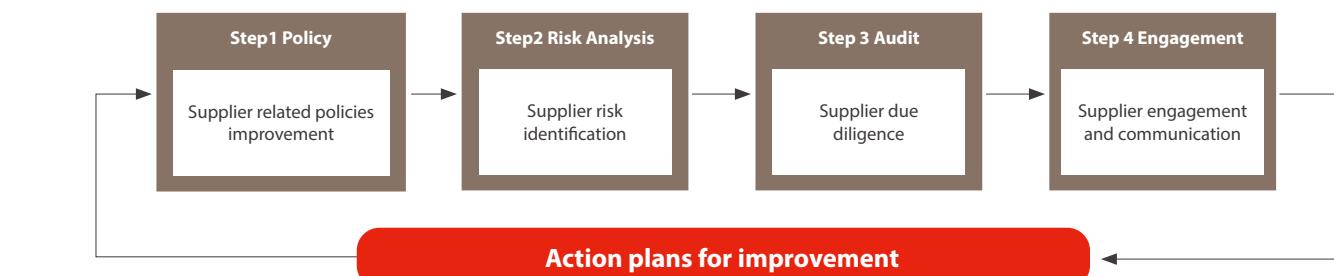
In 2018, SinoPac Holdings initiated the supply chain sustainability management plan and the comprehensive ESG management process was introduced in 2019, including the incorporation of ESG criteria into relevant supplier policies, supplier risk identification, supplier due diligence, and supplier engagement and communication. In 2021, the Company is set to strengthen the engagement with suppliers by offering ESG training to increase their sustainability awareness to enhance supply chain sustainability management. Since 2019, SinoPac Holdings has been conducting human right risk assessment on the entire value chain every year (please refer to 2.3.5 Human Rights Risk Management for the details), and according to results for 2020 shows that the top three human right risk issues of upstream suppliers are "Health Rights", "Ensure labor conditions", and "Privacy".

Human right risk issues	Definition of high-risk suppliers	% of total assessed suppliers where risk have been identified
Health rights	Suppliers whose employees need to work under environment with a certain risk, which may cause their health to be harmed. The industries with health right risks includes but not limited to construction engineering, manufacturing, or cleaning services... etc.	40%
Ensure labor conditions	Suppliers who have histories of strikes, labor disputes, long working hours, or any other disputes related to labor conditions pose a higher degree of risks on ensuring labor conditions.	9.1%
Privacy	Suppliers whose business or service may have contact with SinoPac Holdings' customer personnel information pose high degree of privacy risk. The industries with privacy risks includes but not limited to marketing, data analytics, or digital information service... etc.	5.1%

To manage the potential human right risk issues in the supply chain, SinoPac Holdings has taken risk mitigation actions and measures. In 2019, the Company completed the amendment of Procurement Management Guidelines by taking ESG criteria into account regarding the award of bid. In addition, criteria for giving extra points were added to the supplier evaluation based on the risks in high-risk industries to encourage suppliers that fulfilled their corporate social responsibility. In the Supplier Corporate Social Responsibility Commitment, SinoPac Holdings also ask all suppliers to comply with the code of conduct for labor human rights and occupational safety and health by fulfilling the management of employee salaries and benefits. Also, suppliers shall establish a complete work safety system and management mechanisms to lower occupational safety risk, as well as to provide suitable education and training and establish labor accident reporting and reviewing mechanisms to ensure all employees are working under a safe environment.

SinoPac Holdings also conducted due diligence on suppliers' sustainability and communicate with suppliers with high sustainability risk to provide guidance, and the Supplier Evaluation System was established in 2020 to introduce online supplier sustainability evaluation. Additionally, the Company provided ESG education and training for 30 employees who are responsible for procurement from SinoPac Holdings and its subsidiaries. By covering topics such as sustainability and circular economy in the training, SinoPac Holdings wishes the related employees to understand the latest practices of sustainability supply chain management and discuss about the possibility of promoting circular economy in the procurement.

In the future, SinoPac Holdings will continuously enhance supply chain sustainability management. In the short-term, the Company aims to conduct regular supplier sustainability evaluation through the Supplier Evaluation System, strengthen the internal and external engagement on ESG issues, conduct on-site supplier sustainability audit, and identify suppliers with high carbon emissions. The medium-term goal is to establish ESG standards and provide ESG training for high-risk suppliers; the long-term goal is to encourage at least 20% of the suppliers in carbon-intensive industries to set carbon reduction targets. 82.5% of SinoPac Holdings' suppliers signed the Supplier Corporate Social Responsibility Commitment in 2020, beyond the preset goal (80%), and 100% of new suppliers became the signatories. In 2021, SinoPac Holdings will continuously increase the proportion of suppliers signing the Supplier Corporate Social Responsibility Commitment and set the goal at above 85%.



SinoPac Holdings' Supplier Corporate Social Responsibility Code of Conduct



5.2.2 Local and Green Procurement Policy and Quantitative Results

The total procurement amount of SinoPac Holdings and its subsidiaries in 2020 is NT\$1.937 billion, of which the local procurement amount from domestic suppliers registered in accordance with relevant regulations in Taiwan is NT\$1.9 billion, accounting for 98% of the total procurement amount. To put SDG 12 "Responsible Consumption and Production" into practice, SinoPac Holdings actively responds to Green Living and Consumption Policy promoted by the Environmental Protection Administration, which is to prioritize the purchase of products with environmental protection marks, energy conservation and water conservation marks recognized by the government in our procurement. For other eco-friendly products, SinoPac Holdings' green purchase amount reached NT\$134 million in 2020, accounting for 6.9% of the total procurement amount with an 1.2% increased compared with 2019. The main purchase included eco-friendly and energy-conserving equipment, green building materials, and products with carbon footprint certifications. Notably, the Company increased the utilization rate of green building materials for renovation to 63.4%, largely exceeded the short-term target (45%). Also, SinoPac Holdings' 2020 Shareholders' Meeting Handbook and 2021 New Year's supplies (notebooks and calendars) all use FSC-certified paper to support green procurement and environmental protection products with practical actions; SinoPac Holdings was awarded the "Corporate Green Procurement Excellence Award" by Department of Environmental Protection of Taipei City Government in 2020, and Bank SinoPac also received "Corporate Green Procurement Excellence Award" from the Environmental Protection Administration of Executive Yuan.

Notably, the Company increased the utilization rate of green building materials for renovation to **63.4%**, largely exceeded the short-term target (45%).



SinoPac Holdings received
Corporate Green Procurement Excellence Award

SinoPac Holdings' Green Procurement Amount from 2017 to 2020

	2017	2018	2019	2020
Green Procurement Amount (Thousand NT\$)	25,150	95,536	128,074	134,749
Data Coverage	Bank SinoPac	Bank SinoPac, SinoPac Securities, SinoPac Leasing, and SinoPac Venture Capital	SinoPac Holdings, Bank SinoPac, SinoPac Securities, SinoPac Leasing, SinoPac SITC, and SinoPac Venture Capital	SinoPac Holdings, Bank SinoPac, SinoPac Securities, SinoPac Leasing, SinoPac SITC, and SinoPac Venture Capital



Fulfillment of Inclusive Growth



Created 6.17 times of social impact
with the Smart Wholesale Market Transaction Facilitation Platform



Received the Asia Responsible Enterprise Awards
with the "SinoPac Life – A Million Acts of Green" program



Held "Your Concert" for 3 consecutive years and benefiting more than 150 thousand people

Evaluated the effect of Smart Wholesale Market Transaction Facilitation Platform using SROI, and the result showed that every NT\$1 invested by Bank SinoPac yielded NT\$6.17 in value created for the society.

Promoted "SinoPac Life" and committed to put 300 thousand acts of green in practice each year. More than 5,000 persons participated in the initiative and reached more than 3.2 million people on social media.

Composed 6 songs of life with elderly and held "Your Concert" in 15 different communities. Approximately 10,000 people participated in the concert, benefiting more than 150,000 people.

Sustainability Commitment	Corresponding SDGs	Action Plan(s)	2025 Goal(s)
Reduce Inequality	SDG 4 Quality Education	Promote cultural equality	<ul style="list-style-type: none"> Continue to organize art, culture, and aesthetic education events for at least 50,000 participants in physical and online events. Nurture art workers / production teams and provide platforms to display their works of art.
Mitigate and Adapt to Climate Change	SDG 13 Climate Action	Raise climate awareness – the public	<ul style="list-style-type: none"> Raise the climate and environmental protection awareness of the public and transform the concept of "SinoPac Life" into real actions to create a zero-carbon lifestyle.
Promote Inclusive Growth	SDG 8 Decent Work and Economic Growth	Support charity organizations/social enterprises and the employment of vulnerable populations	<ul style="list-style-type: none"> Integrate resources of enterprises, social enterprises, community building initiatives to improve the employment of vulnerable groups and to increase the number of sheltered workshops for developing various products, representing the replacement of charity with empowerment.
Six Capitals			
Input	Strategy	Output	
Human Capital <ul style="list-style-type: none"> 548 employees volunteered in philanthropic activities for a total of 2,154 hours in both weekdays and weekends. Paid volunteers accounted for 129 employees and a total of 391 hours. Financial Capital <ul style="list-style-type: none"> SinoPac Holdings invested NT\$20,382 thousand in philanthropic activities. Total volunteering cost was NT\$164 thousand. The overhead cost of philanthropic activities was 1,279 thousand. 	Connect Social Involvement to SDGs SinoPac Holdings' social Involvement activities mainly correspond to SDG 4, SDG 8, and SDG 13 and are centered on promoting cultural equality, raising climate awareness, and supporting charity organizations/social enterprises and the employment of vulnerable groups. Adopt Social Return on Investment, SROI Adopt SROI to evaluate the benefits of social involvement projects and will be using it as an evaluation mechanism for long-term management of social welfare projects.	Natural Capital <ul style="list-style-type: none"> Cleaned up 400 kilograms of waste and marine debris in coastal cleanup activities. Social and Relationship Capital <ul style="list-style-type: none"> More than 175,000 people participated in philanthropic activities, benefiting over 14,000,000 people indirectly. Philanthropic activities benefited approximately 15 organizations. The donation amount was NT\$2,062 thousand. 	



Invested NT\$21.82 million in philanthropic activities

Total expenditure on philanthropic activities reached NT\$21.82 million, 548 employees volunteered in philanthropic activities for a total of 2,154 hours.



Accumulated 170,000 people participating in philanthropic activities

More than 170,000 people participated in philanthropic activities, benefiting 15 organizations directly and 14 million persons indirectly.


[About this Report](#)
[Chairman's Message](#)
[Identification of Stakeholders and Material Topics](#)
[1 About SinoPac Holdings](#)
[2 Fulfillment of Trustworthy Governance](#)
[3 Fulfillment of Innovative Service](#)
[4 Fulfillment of Healthy Workplace](#)
[5 Fulfillment of Green Operations](#)
[6 Fulfillment of Inclusive Growth](#)
[6.1 Social Involvement Policies and Investments](#)
[6.2 Promoting Cultural Equality and Reducing Inequality](#)
[6.3 Raising Climate Awareness to Mitigate and Adapt to Climate Change](#)
[6.4 Promoting Social Sustainability and Common Prosperity](#)
[APPENDIX](#)


6

6.1 Social Involvement Policies and Investments

6.1.1 Social Involvement Policies and Goals

Upholding the spirit of "benefiting from society and giving back to society", SinoPac Holdings established the "Social Involvement Team" under the Sustainable Development Committee. It organizes the philanthropic activities of the Group and subsidiaries and uses the core financial competencies of the Group to give back to society. Activities planned were aligned with the United Nations Sustainable Development Goals (SDGs) and focused on three action plans including promoting cultural equality, raising public's climate awareness, and supporting charity organizations/social enterprises and the employment of vulnerable groups. The three action plans support SinoPac Holdings' three sustainability commitments.

SinoPac Holdings focuses on culture promotion for children, youths, and the elderly to promote cultural equality. In cultural events, SinoPac Holdings provides wealth management education and financial services to potential customers who are less skilled or experienced in wealth management while increase the growth of SinoPac's businesses and products like "mma Children Accounts", diversified payment tools, and elderly customers. SinoPac Holdings works with educational institutions and social enterprises to create a better environment for artists by supporting arts, culture, and aesthetic education activities while encourage people to respect the elderly and provide children in rural areas opportunities to learn about art. In terms of raising public awareness of climate change, SinoPac Holdings promotes the "SinoPac Life"

concept for protecting the environment in daily life and encourages the public and customers to participate in environmental protection actions. SinoPac Holdings also delivers environmental protection concepts to customers through education, initiatives, and business services to increase their awareness of the Company's dedication to sustainability and support for its green operation policies. In terms of supporting charity organizations/social enterprises and the employment of vulnerable groups, SinoPac Holdings continues to work with non-profit organizations (NPOs) to create job opportunities for people with disabilities and enhance their citizenship rights as members of the society with core financial competencies. SinoPac Holdings will continue to increase the number of sheltered workshops cooperated to purchase products produced by them and support the employment of vulnerable groups.

SinoPac Holdings continues to work with NPOs in promoting cultural equality, raising climate awareness, and supporting charity organizations/social enterprises and the employment of vulnerable groups to create job opportunities for people with disabilities and enhance their citizenship rights as members of the society; while diversified payment tools and online charity donation platform are developed to increase the growth of payment tools and credit card businesses in order to align social involvement policies with its core business strategies.

Social Involvement Policy	Promote Cultural Equality	Raise Climate Awareness	Support Charity Organizations/Social Enterprises and the Employment of Vulnerable Populations
Strategy Description (Alignment between policy and business drivers)			
Corresponding SDG	SDG 4 Quality Education	SDG 13 Climate Action	SDG 8 Decent Work and Economic Growth
SinoPac Holdings promotes cultural equality and works with NPOs and social enterprises to provide care and invest enterprise resources for cultural creation, communication, and diversity. SinoPac Holdings also targets potential customers of the Company (generally those less skilled or experienced in wealth management) to provide wealth management education and financial services. The main targets include children, youths, and the elderly.	SinoPac Holdings supports sustainable development and is committed to increasing customers' climate awareness. SinoPac Holdings promotes the "SinoPac Life" and encourages the public and customers to participate in environmental protection actions. SinoPac Holdings also delivers environmental protection concepts to customers through education, initiatives, and business services and encourage them to protect the environment in everyday life to increase their awareness of SinoPac Holdings' dedication to sustainability and green operation policies.	SinoPac Holdings supports charity organizations for the employment of vulnerable groups and continue to work with NPOs to create job opportunities for people with disabilities and enhance their citizenship rights as members of the society thus develop payment tools for soliciting donations and develop the online charity donation platform.	Provide care to children, youth and elderly through cultural events while improve the financial literacy of potential customer groups.

Social Involvement Policy	Promote Cultural Equality	Raise Climate Awareness	Support Charity Organizations/Social Enterprises and the Employment of Vulnerable Populations
Business Benefit KPI			
Performance of Business Benefit KPI			
1. The total number of Bank SinoPac "mma Children Accounts" increased by 10%. 2. Transaction amount of the diversified payment tool QR Pay increased by 343.5% and the number of stores implemented increased by 53.4%. 3. Growth rate of average assets under management (AUM) of customers above the age of 65: 7%.	Growth rate of mma Children Accounts, diversified payment tools, elderly customers, and related services and products Promote "SinoPac Life" values to increase customers' recognition of the brand and reduce operating costs by implementing "SinoPac Life" (including paperless operations).	Green operation: Customers' use of electronic statement services reduced the use of approximately 21 million sheets of paper. 125 branches of Bank SinoPac introduced eNote electronic forms and reduced costs by approximately NT\$5 million. The system saves approximately 20 minutes of operating time each day and increases overall operation quality. Communicate climate issues with customers by distributing "SinoPac Life" 2021 calendar and reached more than 35,000 customers.	Used product or service design to attract customers to take part in philanthropic activities, increased credit card businesses and customer approval, and created a positive cycle of benefits for the society and financial performance.
Social / Environmental Benefit KPI			
1. Bank SinoPac has sponsored the "Taipei Children's Arts Festival" for 13 consecutive years and continued to sponsor Weiwuying's "Collaboration between Arts and Other Sectors - Outreach Aesthetic Education Project" in 2020. More than 22,000 participants attended the events in 2020. 2. Bank SinoPac has sponsored the "Simple Life Festival" for 7 consecutive years and is also the sponsor of the "Legacy Taipei" music performance venue. 144,000 participants attended the event in 2020. 3. Activities for the rebirth of diverse elderly culture: Organized "Your Concert" for the third consecutive year: 1,900 participants attended the event in 2020. Organized "Your Concert - Song of Life" co-creation activity for the second consecutive year: 72 senior citizens from 6 communities attended the event and created 6 songs (4 songs were created in 2020).	Provide care to children, youth and elderly through cultural events while improve the financial literacy of potential customer groups.	Increased the climate awareness of groups reached by "SinoPac Life".	Increase the donated and funded amount to NPOs through platforms created by SinoPac Holdings and its subsidiaries.
Performance of Social / Environmental Benefit KPI			
1. Number of participants in the "SinoPac Life" philanthropic activities: More than 5,000 participants. Reached more than 3.2 million people through social media. 3. Number of sessions: A total of 9 indoor and outdoor philanthropic activities for environmental protection. 2. Number of philanthropic organizations that received donations from the SinoPac credit card bonus point exchange and donation platform and the "SinoPac Online Charity Donation Platform": 24 NPOs.	1. Organized the "Light up Hope" charity event with the Children Are Us Foundation and the funded amount exceeded NT\$4,188,300 with a growth rate of 38%.		



About this Report

Chairman's Message

Identification of Stakeholders and Material Topics

1 About SinoPac Holdings

2 Fulfillment of Trustworthy Governance

3 Fulfillment of Innovative Service

4 Fulfillment of Healthy Workplace

5 Fulfillment of Green Operations

6 Fulfillment of Inclusive Growth

6.1 Social Involvement Policies and Investments

6.2 Promoting Cultural Equality and Reducing Inequality

6.3 Raising Climate Awareness to Mitigate and Adapt to Climate Change

6.4 Promoting Social Sustainability and Common Prosperity

APPENDIX



6

Summary of the Results in the 2020 Sustainable Development Plan

Strategy	2020 Objectives	Implementation Status in 2020	2020 Achievements	2021 Objectives
Align Social Involvement Activities with SDGs	<ul style="list-style-type: none"> Continue to promote art and cultural equality. Build upon the results of the 2019 "SinoPac Life - A Million Acts of Green" program and continue to protect the environment in everyday life. Continue to maintain partnerships with NPOs. 	✓ Completed	<ul style="list-style-type: none"> Continued to promote cultural education and jointly promote art equality with Non-profit Organizations (NPO) by providing sponsorship and partnerships and increased opportunities for vulnerable groups to experience diverse cultures. Built upon the results of the 2019 "SinoPac Life - A Million Acts of Green" program and planned a series of environmental protection activities to continue to promote the "SinoPac Life" ideals for protecting the environment in everyday life. Continued partnerships with NPOs and work with foundations with similar goals to jointly organize and promote activities that correspond to SinoPac Holdings' philanthropic activities. Support the employment of vulnerable groups: Support the work of people with disabilities and purchase products produced by sheltered workshops thus increasing the number of sheltered workshops and product diversity. 	<ul style="list-style-type: none"> Focus philanthropic activities on promoting cultural equality, raising sustainable development and climate awareness, and supporting the employment of vulnerable groups, thus establishing follow-up mechanisms. Promote cultural equality: Support art and aesthetic education for children, expand aesthetic education for children, and teach them correct ideas about money and wealth management. Increase sustainable development and climate awareness: Organize environmental education activities, increase the awareness of climate change risk response, and transform the values of SinoPac Life into environmental protection in everyday life. Support the employment of vulnerable groups: Support the work of people with disabilities and purchase products produced by sheltered workshops thus increasing the number of sheltered workshops and product diversity. Plan to use the social impact analysis mechanisms as tools for decision-making and management to evaluate the effectiveness of social involvement projects.
Adopt Social Return on Investment (SROI)	<ul style="list-style-type: none"> Conduct SROI analysis and publish results. 	✓ Completed	<ul style="list-style-type: none"> The SROI analysis of the "Smart Wholesale Market Transaction Facilitation Platform" showed that the platform has created 6.17 times of social impact. 	

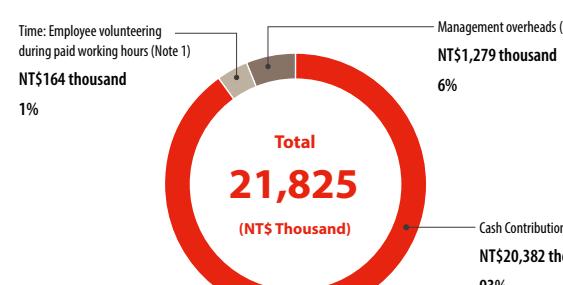
6.1.2 2020 Social Involvement Projects Overview

◆ SinoPac Volunteer System and Goals

SinoPac Holdings established a volunteer system in 2018 and invite employees who participated in volunteer service to join the volunteer team. Information on volunteering activities were shared from time to time to encourage them to perform volunteering services and application on official leave, transportation fares, and housing allowance were provided depends on the type of service. The number of employees who joined the Volunteer Team reached 1,172 by the end of 2020.

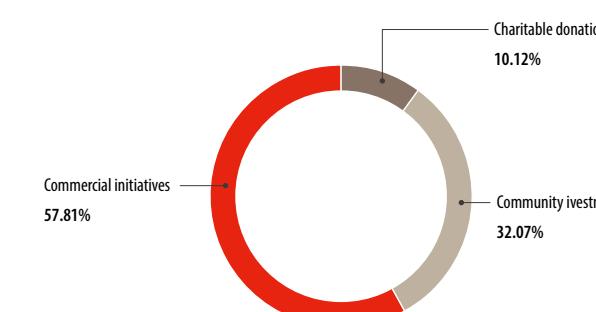
SinoPac Holdings devotes to philanthropic activities continuously by contributing to society through different forms of involvement such as providing sponsorships, co-organizing activities, and corporate volunteer participation. In 2020, the total expenditure on philanthropic activities reached NT\$20,382 thousand, and the total time volunteers devoted to philanthropic activities reached 2,154 hours. Paid volunteers who volunteered in weekdays accounted for a total of 391 hours and unpaid volunteers who volunteered in weekends accounted for a total of 1,763 hours.

Philanthropic Contributions in 2020

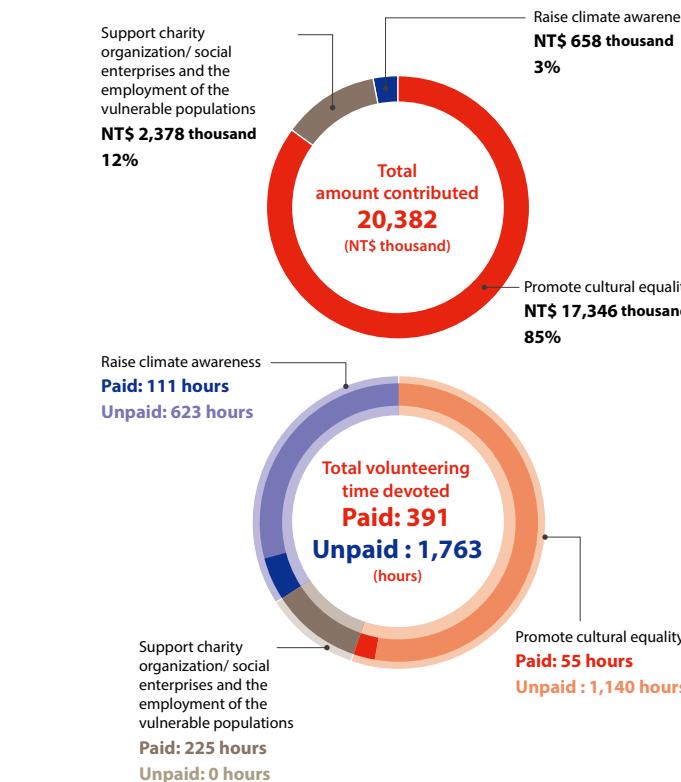


Note 1 : The calculation is based on the average salary of full-time non-management employees and hours devoted in volunteering during the paid work days.
Note 2 : Management Overheads is based on the average salary of full-time non-management employees and hours devoted.

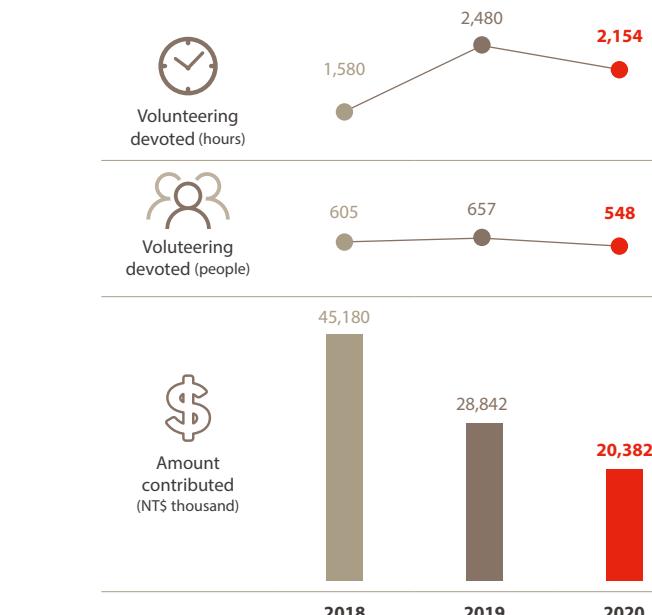
Contribution in Philanthropic Activities in 2020



Contributions in Each Theme of Philanthropic Activity in 2020



Total Contribution in Philanthropic Activities from 2018 to 2020



Note 1 : The data of volunteering devoted (hours) and Volunteering devoted (people) include both weekdays and weekends.
Note 2 : There were no donations to major disasters in 2019 and 2020, so the input amount of philanthropic activities was significantly reduced compared to 2018.
Note 3 : Paid volunteering which indicates employees volunteer in paid work days accounted for 129 people and a total of 391 hours. Unpaid volunteering which indicates employees volunteer in weekends without payment accounted for 419 people and a total of 1,763 hours.

6.1.3 Results of the Social Return on Investment

SinoPac Holdings began planning and adopting Social Return on Investment (SROI) by the end of 2019 to evaluate the social impact created by the "Smart Wholesale Market Transaction Facilitation Platform" in the auction area of New Taipei City Fruit & Vegetable Market. The results are shown in monetary terms. SinoPac Holdings directly engages and interacts with stakeholders through interviews and surveys and monitors the actual benefits of projects and activities by calculating SROI and to seek for room for improvements. In the future, SinoPac Holdings will also use social impact analysis mechanisms as evaluation mechanisms for long-term management of internal social Involvement projects.

In 2020, the result of SROI calculated by Bank SinoPac was NT\$6.17, which means that every NT\$1 invested by Bank SinoPac yielded NT\$6.17 in value created for the society. The SROI analysis showed that the total benefits for merchants and the fruit and vegetable market accounted for 80% of the results, which means that SinoPac's Smart merchants Market Transaction Facilitation Platform is an altruistic business model. For merchants, the main benefits of the platform are "increased fund utilization flexibility" and "relief of physical and mental stress". The online payment system launched by Bank SinoPac has made it unnecessary for merchants to stand in line for payment. Before the platform was introduced, only 30% of the merchants used automatic fund transfer. After the platform was introduced, the percentage increased to 57% and Bank SinoPac succeeded in making the changes it sought to create. In addition, the SROI results confirmed the expected results of the Smart Wholesale Market Transaction Facilitation Platform, and analysis conducted by Bank SinoPac showed that most of the users of the automatic fund transfer function were young people. Merchants who are older are less willing to use the platform and Bank SinoPac will enhance communication with older merchants to expand the influence of the platform.

The most significant benefits of the Smart Wholesale Market Transaction Facilitation Platform for the fruits and vegetables market are "maintenance and operation performance" and "increased business efficiency". The introduction of the platform has helped New Taipei City Fruit & Vegetable Market reduce the administrative work for payment notices. It could reduce manpower cost and improve operating efficiency.

Key Positive Impacts of the "Smart Wholesale Market Transaction Facilitation Platform" on Stakeholders

MERCHANTS	<ul style="list-style-type: none"> Increased fund utilization flexibility Obtained time for relief of physical and mental stress
Fruit and Vegetable Market	<ul style="list-style-type: none"> Maintained business performance Increased business efficiency
SinoPac Employees	<ul style="list-style-type: none"> Improved interpersonal relations Improved sense of accomplishment
Bank SinoPac	<ul style="list-style-type: none"> Increased revenue for the Bank Enhanced brand recognition and brand image


[About this Report](#)
[Chairman's Message](#)
[Identification of Stakeholders and Material Topics](#)
[1 About SinoPac Holdings](#)
[2 Fulfillment of Trustworthy Governance](#)
[3 Fulfillment of Innovative Service](#)
[4 Fulfillment of Healthy Workplace](#)
[5 Fulfillment of Green Operations](#)
[6 Fulfillment of Inclusive Growth](#)
[6.1 Social Involvement Policies and Investments](#)
[6.2 Promoting Cultural Equality and Reducing Inequality](#)
[6.3 Raising Climate Awareness to Mitigate and Adapt to Climate Change](#)
[6.4 Promoting Social Sustainability and Common Prosperity](#)
[APPENDIX](#)


■ Bank SinoPac has sponsored the "Simple Life Festival" for 7 consecutive years.

6.2.2 Cultivating Aesthetics and Wealth Management Concept from Childhood

Bank SinoPac continued to invest in cultivating the sense of art of the next generation by sponsoring the "Collaboration between Arts and Other Sectors – The Overview of Outreach Aesthetic Education Project" organized by the National Kaohsiung Center for the Arts (Weiwuying) in year 2019 and 2020. With 5 performances in the sponsoring plan, together with field trips, children were able to visit international art museums, experience the beauty and knowledge beyond textbooks, explore and appreciate the essence of art. In addition, to cultivate student's abilities and deliver the importance of personal credit, the 5 performances in the sponsoring plan took "Manage Finance, Manage Future" as the theme,



■ The theme of Performance was "Manage Finance, Manage Future", and Wang Wei (on the left), a professional musical actor, was invited to direct and perform with Wealth Management Volunteers (on the right) from Bank SinoPac.

6.2 Promting Cultural Equality and Reducing Inequality

To promote cultural equality, SinoPac Holdings is committed to reducing any form of inequality inside and outside the organization and putting efforts to protect publics' right to learn and enjoy art, regardless of gender, wealth, race, so as to achieve social equality and justice. In the future, SinoPac Holdings will continue to support children's arts and aesthetic education activities and applying digital platform to increase the opportunity for children in urban-rural to contact with arts. Besides, SinoPac Holdings will promote cultivation projects in cooperation with educational units and social enterprises in order to create a better environment for arts, providing art workers a room for development in Taiwan and around the world, and encourage the respect for elderly, while deepen community involvement and to promote diversity through music.

6.2.1 Promoting Performing Arts and Sociocultural Power

Since 2008, Bank SinoPac has been sponsoring the "Taipei Children's Arts Festival" organized by the Department of Cultural Affairs, Taipei City Government for 13 consecutive years. Despite the opportunities to perform were affected by COVID-19 pandemic in 2020, we support IDEA BOOM!s selected works, including "The Way Back" by The Double Theatre and "Who stole my words?" by Punctum Creative, providing them the opportunities on film creation, helping them to go through the hard times and to provide better art works for children. SinoPac Holdings sponsored 88 outdoor performances and 4 online live streaming, enabling children to enjoy performances while create an artistic environment.



■ Bank SinoPac has sponsored the "Taipei Children's Arts Festival" organized by the Department of Cultural Affairs, Taipei City Government for 13 consecutive years.

Besides, Bank SinoPac has sponsored the "Simple Life Festival" for 7 consecutive years and sponsored the "SinoPac Legacy Taipei" performance space for 6 consecutive years. "Simple Life Festival" aims to create a bazaar that combines local culture and youth creativity to support the young generations to do what they like. "SinoPac Legacy Taipei" focuses on musical performances, allowing young people to display their unique creativity and energy on the stage along with unique musical atmosphere. By the end of year 2020, more than 2,000 music performances have been held, with a total of more than 400 creative music groups and nearly 1,000 creative musicians performed on the stage.

and invite Wang Wei, a professional musical actor, to direct and perform with Wealth Management Volunteers from Bank SinoPac. They guide young students to understand the language and knowledge of financial management through humorous performances and interactions between the elder brother who works in bank and the younger brother who study in senior high and a total of 3,866 people participated. Besides, Bank SinoPac launched the "mma Children Account" in 2014, a specially designed wealth management account for children under 18, so that parents can manage the account with their child together and develop a good habit of saving and financial management from the early age with the right concept and appropriate financial tools.

6.2.3 Rebirth of Diverse Elderly Culture

Since 2018, Bank SinoPac has been holding the outdoor charity concerts, "Your Concert" for 17 times in 15 different communities in cooperation with Hsieh Ming-Yu, the Golden Melody Award winner and Pun Car Band in past three years. SinoPac Securities joined the project in 2020, expressing gratitude and care to the elderly for their dedication to Taiwan through 7 concerts, with about 1,900 participants. "Your Concert" was elevated to "Your Concert - Song of Life" since 2019, with 6 songs of life created over the past two years based on the sharing of the elderly, hoping to transfer their living experience into valuable pop-culture assets.

Besides, Bank SinoPac worked with the Chi Po-lin Foundation to initiate the "Home from Above" program. Bank SinoPac worked with the USR team from National Chung Hsing University and invited Maming Elementary School in Waipu District, Taichung City to participate in the pilot scheme in 2019 and they finished a self-scripted, directed and performed eight-minute documentary film "Home from Above – Happiness of the old and young" in 2020. The film talked about the special features of Maming Community such as a century-old ancient house, stove, mysterious cave and temple and were all introduced from children's perspectives. Elderly were invited to share their lifetime experiences and stories. It recognized the value of elderly and developed the children's spirit of humanity care through the video recording of local humanity and history.



■ "Your Concert - Song of Life" with the songs of life created over the past two years based on the sharing of the elderly, hoping to transfer their life experiences into valuable pop-culture assets.



■ Bank SinoPac has held the outdoor charity concerts, "Your Concert" for 17 times in 15 different communities in cooperation with Hsieh Ming-Yu (fourth from the right of the first row).



■ Maming Elementary School in Waipu District, Taichung City, was invited to participate in the pilot scheme and they finished a self-scripted, directed and performed eight-minute documentary film "Home from Above – Happiness of the old and young" in 2020.


[About this Report](#)
[Chairman's Message](#)
[Identification of Stakeholders and Material Topics](#)
[1 About SinoPac Holdings](#)
[2 Fulfillment of Trustworthy Governance](#)
[3 Fulfillment of Innovative Service](#)
[4 Fulfillment of Healthy Workplace](#)
[5 Fulfillment of Green Operations](#)
[6 Fulfillment of Inclusive Growth](#)
[6.1 Social Involvement Policies and Investments](#)
[6.2 Promoting Cultural Equality and Reducing Inequality](#)
[6.3 Raising Climate Awareness to Mitigate and Adapt to Climate Change](#)
[6.4 Promoting Social Sustainability and Common Prosperity](#)
[APPENDIX](#)


■ Bank SinoPac held a coastal cleanup activity in Taoyuan Guanyin Beach in 2020 and a total of 400 KG of garbage and marine waste were cleaned.

6.3 Raising Climate Awareness to Mitigate and Adapt to Climate Change

SinoPac Holdings shapes the environmental protection culture of "SinoPac Life" by launching "SinoPac Life" online platform in 2019. It promotes environmental education through websites, coastal cleanup activities, education and training while encourages the practice of green actions in life as well as raising the climate awareness of employees and the general public, to show the determination of loving the earth with real actions from the inside out.

Following the response to the "Earth Day - A Million Acts of Green" program initiated by Taiwan Environmental Information Association (TEIA) in 2019, which attracted more than 20,000 people to participate in the grand event and raised more than 280,000 green actions, SinoPac responded to the theme of "Actions for Earth #UnderMyCover" initiated by TEIA in 2020, held theme activities every month from June to December, and the pledge was to fulfill the promise of 300,000 green actions every year. Moreover, SinoPac Holdings has set the date 17th of each month as the "SinoPac Environmental Day", encouraging employees to practice green actions in their daily lives, and work together for the sustainable development of the earth, to "make the environment alive by taking actions".

After holding "coastal cleanup activities in Northern, Central and Southern Taiwan" in 2019, Bank SinoPac also held a coastal cleanup activity in Taoyuan Guanyin Beach in 2020. Ecology and environment education were added to the activity, allowing participants to learn about the importance of saving the environment and carrying out environment protection action and a total of 400 KG of garbage and marine waste were cleaned. In order to broaden the effect of this coastal cleanup activity, Bank SinoPac responded "The beautiful garbage is not beautiful" initiative along with a public interest group "Formosa County", by using marine waste which SinoPac volunteers had cleaned in 2019 to create a junk art photography and posted it on Facebook. The post has been shared by 8,602 persons and reached 1,757,412 persons in total and the photography were also displayed in the exhibition of 2020 Taoyuan World Ocean Day for 9 days. It had been visited by 5,000 people on the spot and reached 8,993 people through the advertisement on Facebook.



■ SinoPac Holdings created the "SinoPac Life" as an environmental protection culture, and the "SinoPac Life" website launched in 2019.



Besides, SinoPac Securities Volunteer Group joined hands with Taiwan Fund for Children and Families (TFCF) in Yunlin to gather a hundred people in the Haikou Story House, Taixi, to perform "21 Days of Green Life" and shared the ways of developing green habits in life while understanding the environmental impacts human created on earth. Children were taught to make piggy banks, natural strawberry jam and more through courses and games and were given a gift box of sea bream rice burgers made by TFCF with friendly breeding method after the activities. The activities were aligned to the public welfare concept of SinoPac Securities by carrying out an interaction that combines care, ecology and green practices. SinoPac Holdings also held 5 publicity seminars on the topic of "SinoPac Life" within the company, and launched the "SinoPac Daily Life" 2021 desk calendar, inviting the public to follow SinoPac's daily green actions with the theme of a simple green action every day, examine self-environmental habits and creating sustainable influence.



■ SinoPac Holdings launched the "SinoPac Daily Life" 2021 desk calendar, inviting the public to follow SinoPac's daily green actions with the theme of a simple green action every day.



■ SinoPac Securities Volunteer Group joined hands with Taiwan Fund for Children and Families (TFCF) in Yunlin to gather a hundred people in the Haikou Story House, Taixi, to perform "21 Days of Green Life".

6.4 Promoting Social Sustainability and Common Prosperity

To promote common prosperity, SinoPac Holdings concentrates on supporting charity organizations/social enterprises and the employment of the vulnerable groups through purchasing products made by sheltered workshops to achieve the goal of "replace charity with empowerment". SinoPac Holdings will continue to deliberate on increasing partnership with other suitable sheltered workshops/NPOs in the future to integrate corporate and community resources in order to assist the employment of the vulnerable groups.

6.4.1 Supporting Charity Activities with Action Power

SinoPac Holdings has been actively cooperating with Children Are Us Foundation since 2018. It initiated donation activities, expanded the number of responders in 2019, and launched the "Light up Hope" charity event in 2020 by sending lunch boxes made by the sheltered workshop and purchased by employees, family members and customers to remote villages, supporting their self-reliance and spread love to children in rural areas.

In 2020, the "Light up Hope" charity event was participated by SinoPac employees, family members and customers, creating double benefits with one action. It does not only support the cultivation of sheltered workshop, but also brought love to children in remote villages. In 2020, SinoPac volunteers upheld their promise and designed a fun-filled "Financial Treasure Hunt" activity to visit Wenshui Elementary School in Miaoli and Shanglin Elementary School in Shuangxi District of New Taipei City along with the sheltered workshop, sending warmth and joy to rural children, allowing the power of kindness to grow since childhood. Besides, Bank SinoPac also donated NT\$1.5 million in 2020 to Taiwan Financial Services Roundtable to set up the "2020 Financial Services Industry Education Charity Fund" to assist disadvantaged young students to complete their studies. SinoPac Holdings has been implementing local care for a long time, adhering to the social involvement concept of "replace charity with empowerment", and advocating the co-prosperity and growth of society. SinoPac Holdings will continue to support charity groups and social enterprises along with employees, family members and customers and create greater social impacts in the future.

6.4.2 Providing Muscle-strengthening Exercises to Slow Down the Aging Process

After organizing 6 internal and external seminars on Taiwan's population aging for its employees and customers in 2019, SinoPac Holdings cooperated with Sunvis from Sunshine Foundation for the second year in 2020. It planned a series of exercise entitled "Fighting Disease", teaching fitness movements such as muscle training, cardiovascular aerobic exercise, and stretching so that people can exercise anytime and anywhere with these videos, helping public to strengthen immune system and maintain their health and vitality.



APPENDIX

149 Appendix 1: Communication of Stakeholders and Material Topics

[153 Appendix 2: Other ESG Data](#)

[157 Appendix 3: GRI Content Index](#)

[163 Appendix 4: Standard of Sustainability Accounting Standards Board \(SASB\) Index](#)

[165 Appendix 5: TCFD Recommended Disclosure Framework](#)

Appendix 1: Communication of Stakeholders and Material Topics

Stakeholder Communication Channels and Concerned Topics

Stakeholder	Significance to SinoPac Holdings	Communication Channel	Frequency	Concerned Topics	Referring Chapters
Employees	SinoPac Holdings values employees' development in the organization as well as their physical and mental health. SinoPac Holdings provides comprehensive on-the-job training, a fair performance evaluation system, and benefits for employees to grow in the organization, to fulfill corporate responsibilities and create value for society.	Company labor union	Regularly/ Irregularly	<ul style="list-style-type: none"> Employees Compensation and Welfare Labor-Management Relations and Communications Business Performance Privacy Protection Talent Development and Retention 	
		Product seminars / education and training	Irregularly		1.1.1 Business Strategy and Performance
		Internal feedback platform/ commendation announcements	Irregularly		2.5 Privacy and Security
		Employee satisfaction survey	Annually		4 Fulfillment of Healthy Workplace
		Internal digital platform education and training	Irregularly		
Customers	SinoPac Holdings upholds the vision of "fulfillment of a beautiful life through finance" and maintains friendly and close relations with customers. The establishment of customer feedback mechanisms and improvement of customer satisfaction have always been important issues for the financial service sector.	Customer service hotline	Irregularly		
		Smart customer services	Irregularly		
		Virtual channels (internet banking, mobile banking)	Irregularly	<ul style="list-style-type: none"> Business Performance Information Security and Cybersecurity 	1.1.1 Business Strategy and Performance
		Online wealth management specialists	Irregularly	<ul style="list-style-type: none"> Customer Relationship Management Privacy Protection 	2.1 Corporate Governance
		Customer opinions	Irregularly	<ul style="list-style-type: none"> Corporate Governance and Integrity Management 	2.2 Ethical Corporate Management and Legal Compliance
		Seminars	Irregularly		2.4 Information Security and Cybersecurity
		Customer satisfaction surveys	Irregularly		2.5 Privacy and Security
		Customer grievance	Irregularly		3.5 Customer Relations
		Other channels	Regularly/ Irregularly		
		Operating performance	Monthly		
Shareholders (Investors)	Transparent information disclosure is the basis of corporate operations. SinoPac Holdings facilitates investors to understand the company's investment value through communications and convey the company's operating strategy, profitability, return on investment, and sustainable governance.	Investors' conferences organized by SinoPac Holdings	Quarterly	<ul style="list-style-type: none"> Risk Management Customer Relationship Management Corporate Governance and Integrity Management Compliance and Money Laundering Prevention Business Performance 	1.1.1 Business Strategy and Performance
		Investors' conferences, non-deal roadshows (NDRs), and telephone conferences organized by SinoPac Holdings or broker	Irregularly		2.1 Corporate Governance
		Investor relations contact person on the official website and Market Observation Post System	Irregularly		2.2 Ethical Corporate Management and Legal Compliance
		Annual shareholders' meetings	Annually		2.3 Risk Management
					3.5 Customer Relations
Media	SinoPac Holdings maintains a good relationship with the media to convey corporate information and expand social influence to shape the company's positive image.	Press conference	Irregularly	<ul style="list-style-type: none"> Business Performance Privacy Protection Risk Management Digital Financial Innovation Sustainable Finance 	1.1.1 Business Strategy and Performance
		Press release	Irregularly		2.3 Risk Management
Communities/ NPOs/ NGOs	SinoPac Holdings actively invests in social welfare, encourages employees to engage in volunteer services and plans featured activities based on operating locations, and invites customers to join along in order to achieve the goal of combining core business resources with public welfare projects.	Sponsorship for arts and culture, academic, and sports activities	Irregularly	<ul style="list-style-type: none"> Human Rights and Diversity and Inclusion Philanthropic Activities and Community Engagement Corporate Governance and Integrity Management Privacy Protection Compliance and Money Laundering Prevention 	2.5 Privacy and Security
		Industry-academia cooperation	Irregularly		4.5 Diverse and Healthy Workplace
					6 Fulfillment of Inclusive Growth


About this Report
Chairman's Message
Identification of Stakeholders and Material Topics
1 About SinoPac Holdings
2 Fulfillment of Trustworthy Governance
3 Fulfillment of Innovative Service
4 Fulfillment of Healthy Workplace
5 Fulfillment of Green Operations
6 Fulfillment of Inclusive Growth
APPENDIX

Appendix 1: Communication of Stakeholders and Material Topics

Appendix 2: Other ESG Data

Appendix 3: GRI Content Index

Appendix 4: Standard of Sustainability Accounting Standards Board (SASB) Index

Appendix 5: TCFD Recommended Disclosure Framework


(3) Advisory Services on ESG Topics

Item	Value of the advisory services	Percentage of ESG products	Corresponding chapter
Digital Innovation	5,434,134	92.10%	
↳ Bank SinoPac: FUN Biz	5,434,134	92.10%	
Financial Planning	292,820	4.96%	
↳ Bank SinoPac: Migrant Worker Lending Program	105,320	1.78%	
↳ Bank SinoPac: Trust for Elderly Care	187,500	3.18%	
Green Living	172,253	2.92%	3.2.3 ESG Products and Services for Retail Banking
↳ Bank SinoPac: Financing for Household Solar Energy Equipment	35,300	0.60%	
↳ Bank SinoPac: Credit Card Amounts to Electric Scooter and Low Carbon Healthy Diet	116,853	1.98%	
↳ Bank SinoPac: Personal Electric Vehicle	20,100	0.34%	
Entrepreneurial Consulting for Startups	1,000	0.02%	
↳ Bank SinoPac: Loans for Startups and Young Entrepreneurs	1,000	0.02%	
Total value of the ESG based advisory services provided	5,900,207	100.00%	
Total value of the advisory services business segment for retail banking clients	5,900,207		

Note 1 : Outstanding amount of the overall retail banking (including overdue receivables) in 2020, which includes the balance of mortgage, car loans, credit loans, credit card lending, etc.

Note 2 : The total amount of Bank SinoPac and SinoPac Securities' domestic and overseas funds in 2020.

SinoPac Holdings' Workforce Breakdown on Race/ Ethnicity

Diverse employment categories	Number of employees	Share in total workforce	Share in all management positions
Asian- Ethnic Chinese	8,505	99.32%	100.00%
Asian- Vietnamese	48	0.56%	0.00%
Indigenous peoples	10	0.12%	0.00%

GHG Emissions from 2017 to 2020

	2017	2018	2019	2020
Scope 1+ Scope 2	22,795.63	22,984.73	20,506.52	18,502.49
Scope 1+ Scope 2 + Scope 3 (Note)	22,795.63	22,984.73	20,887.26	23,445.95

Note : The GHG emissions in 2017 and 2018 were the sum of Scope 1 and Scope 2 as the Company did not calculate Scope 3 emissions; the Scope 3 items in 2019 included "Waste generated in operations" and "Business travel". In 2020, the Scope 3 items included "Waste generated in operations", "Business travel", "Fuel- and energy-related activities (not included in Scope 1 or Scope 2)", "Purchased goods and services (upstream)", and "Upstream leased assets".

Appendix 3: GRI Content Index

GRI Standards	Disclosure Item	Referring Chapter	Page
General Disclosures (Core Items)			
102-1 Name of the Organization	1.1 Introduction of SinoPac Holdings	14	
102-2 Activities, Brands, Products, and Services	1.1 Introduction of SinoPac Holdings 1.1.2 About the Subsidiaries 3.5.1 Principles for Financial Service Industries to Treat Clients Fairly	14 16 101	
102-3 Location of Headquarters	About this Report	1	
102-4 Location of Operations	1.1 Introduction of SinoPac Holdings 1.1.2 About the Subsidiaries	14 16	
102-5 Ownership and Legal Form	1.1 Introduction of SinoPac Holdings 1.1.2 About the Subsidiaries	14 16	
102-6 Markets Served	1.1 Introduction of SinoPac Holdings 1.1.2 About the Subsidiaries	14 16	
102-7 Scale of the Organization	1.1.1 Business Strategy and Performance 1.1.2 About the Subsidiaries 4.1.2 Employee Structure	14 16 109	
102-8 Information on Employees and Other Workers	4.1.2 Employee Structure	109	
102-9 Supply Chain	5.2 Sustainable Supply Chain Management	136	
102-10 Significant Changes to the Organization and Its Supply Chain	About this Report	1	
102-11 Precautionary Principle or Approach	2.3 Risk Management	49	
102-12 External initiatives	3.1.2.1 Responsible Investment Policy and Engagement 3.1.3 Responsible Lending	74 78	
102-13 Membership of Associations	1.2.4 Sustainability Initiative	30	
102-14 Statement from Senior Decision-Maker	Chairman's Message	4	
102-16 Values, Principles, Standards, and Norms of Behavior	1.2.1 Roadmap for Sustainable Development 1.2.2 Three Sustainability Commitments and SDGs 2.2.1 Ethical Corporate Management Culture	20 22 42	
102-18 Governance Structure	1.1.2 About the Subsidiaries 2.1.1 Governance Framework	16 35	
102-40 List of Stakeholder Groups	Identification of Stakeholders and Material Topics	6	
102-41 Collective Bargaining Agreements	4.4.1 Labor-Management Communication Mechanisms	121	
102-42 Identifying and Selecting Stakeholders	Identification of Stakeholders and Material Topics	6	
102-43 Approach to Stakeholder Engagement	Appendix 1 Communication of Stakeholders and Material Topics	149	
102-44 Key Topics and Concerns Raised	Identification of Stakeholders and Material Topics	6	
102-45 Entities Included in the Consolidated Financial Statements	About this Report 1.1.2 About the Subsidiaries	1 16	
102-46 Defining Report Content and Topic Boundaries	About this Report Identification of Stakeholders and Material Topics	1 6	



About this Report
Chairman's Message
Identification of Stakeholders and Material Topics
1 About SinoPac Holdings
2 Fulfillment of Trustworthy Governance
3 Fulfillment of Innovative Service
4 Fulfillment of Healthy Workplace
5 Fulfillment of Green Operations
6 Fulfillment of Inclusive Growth
APPENDIX
Appendix 1: Communication of Stakeholders and Material Topics
Appendix 2: Other ESG Data
Appendix 3: GRI Content Index
Appendix 4: Standard of Sustainability Accounting Standards Board (SASB) Index
Appendix 5: TCFD Recommended Disclosure Framework



GRI Standards	Disclosure Item	Referring Chapter	Page
G4 - Financial Services Sector Supplement: Product Portfolio	G4-FS8 Monetary Value of Products and Services Designed to Deliver a Specific Environmental Benefit for Each Business Line Broken Down by Purpose	3.1.1 Sustainable Finance Blueprint 3.1.2 Responsible Investment 3.1.3 Responsible Lending 3.2 Sustainable Financial Products and Services	72 74 78 84
Information Security and Cybersecurity			
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary 103-2 The Management Approach and its Components 103-3 Evaluation of the Management Approach	Appendix 1 Communication of Stakeholders and Material Topics 2.4.2.1 Information Security Policy 2.4.2.2 Implementation of Information Security Risk Management 2.4.2.3 Information Security Management Process and System 2.4.2.5 Information Security Risks and Vulnerability Analysis 2.4.2.6 Information Security Incident Escalation Process	149 65 65 65 66 66
Privacy Protection			
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary 103-2 The Management Approach and its Components 103-3 Evaluation of the Management Approach	Appendix 1 Communication of Stakeholders and Material Topics 2.5.1 Privacy and Security Governance Framework 2.5.2 Privacy and Security Management 2.5.1 Privacy and Security Governance Framework 2.5.2 Privacy and Security Management	149 68 68 68 68
GRI 418: Customer Privacy 2016	418-1 Substantiated Complaints Concerning Breaches of Customer Privacy and Losses of Customer Data	2.5.3 Breach of Privacy	69
Green Operations			
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary 103-2 The Management Approach and its Components 103-3 Evaluation of the Management Approach	Appendix 1 Communication of Stakeholders and Material Topics 5.1.1 Environmental Policy 5.1.2 Energy and Resource Management	149 128 130
GRI 302: Energy 2016	302-1 Energy Consumption Within the Organization 302-3 Energy Intensity 302-4 Reduction of Energy Consumption	5.1.2 Energy and Resource Management 5.1.2 Energy and Resource Management 5.1.2 Energy and Resource Management	130 130 130
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG Emissions 305-2 Energy Indirect (Scope 2) GHG Emissions 305-3 Other Indirect (Scope 3) GHG emissions 305-4 GHG Emissions Intensity 305-5 Reduction of GHG Emissions	5.1.2 Energy and Resource Management 5.1.2 Energy and Resource Management 5.1.2 Energy and Resource Management 5.1.2 Energy and Resource Management 5.1.2 Energy and Resource Management	130 130 130 130 130
GRI 306: Waste 2020	306-3 Waste Generated	5.1.2 Energy and Resource Management	130
Climate Strategy			
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary 103-2 The Management Approach and its Components 103-3 Evaluation of the Management Approach	Appendix 1 Communication of Stakeholders and Material Topics 2.3.4 Climate Risk Management	149 55 55

GRI Standards	Disclosure Item	Referring Chapter	Page
GRI 201: Economic Performance 2016	201-2 Financial Implications and Other Risks and Opportunities due to Climate Change	2.3.4.3 Identification of Climate-Related Risk and Opportunities	56
Sustainable Supply Chain Management			
	103-1 Explanation of the Material Topic and its Boundary	Appendix 1 Communication of Stakeholders and Material Topics	149
GRI 103: Management Approach 2016	103-2 The Management Approach and its Components	5.2.1 Implementation and Results of Sustainable Supply Chain	136
	103-3 Evaluation of the Management Approach	5.2.1 Implementation and Results of Sustainable Supply Chain	136
GRI 201: Economic Performance 2016	201-1 Direct Economic Value Generated and Distributed	5.2.2 Local and Green Procurement Policy and Quantitative Results	137
GRI 204: Procurement Practices 2016	204-1 Proportion of Spending on Local Suppliers	5.2.2 Local and Green Procurement Policy and Quantitative Results	137
GRI 308: Supplier Environmental Assessment 2016	308-1 New Suppliers that were Screened Using Environmental Criteria	5.2.1 Implementation and Results of Sustainable Supply Chain	136
GRI 414: Supplier Social Assessment 2016	414-1 New Suppliers that were Screened Using Social Criteria	5.2.1 Implementation and Results of Sustainable Supply Chain	136
Customer Relationship Management			
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	Appendix 1 Communication of Stakeholders and Material Topics	149
	103-2 The Management Approach and its Components	3.5 Customer Relations	101
	103-3 Evaluation of the Management Approach	3.5 Customer Relations	101
GRI 417: Marketing and Labeling 2016	417-1 Requirements for Product and Service Information and Labeling	3.5.1 Principle for Financial Service Industries to Treat Clients Fairly	101
	417-2 Incidents of Non-Compliance Concerning Product and Service Information and Labeling	3.5.1.2 Communication of Product Information	102
	417-3 Incidents of Non-Compliance Concerning Marketing Communications	3.5.1.2 Communication of Product Information	102
Talent Development and Retention			
GRI 103: Management Approach 2016	103-1 Explanation of the Material Topic and its Boundary	Appendix 1 Communication of Stakeholders and Material Topics	149
	103-2 The Management Approach and its Components	4.2 Talent Cultivation and Retention	110
	103-3 Evaluation of the Management Approach	4.2 Talent Cultivation and Retention	110
GRI 401: Employment 2016	401-1 New Employee Hires and Employee Turnover	4.2.1 Talent Recruitment 4.2.3 Performance Appraisal and Talent Retention	110 116
GRI 404: Training and Education 2016	404-1 Average Hours of Training Per Year Per Employee 404-3 Percentage of Employees Receiving Regular Performance and Career Development Reviews	4.2.2 Competence Cultivation and Development 4.2.3 Performance Appraisal and Talent Retention	112 116
Basic Topic Disclosure			
Occupational Health and Safety			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational Health and Safety Management System 403-3 Occupational Health Services	4.5.2 Occupational Health and Safety	125 125



About this Report
Chairman's Message
Identification of Stakeholders and Material Topics
1 About SinoPac Holdings
2 Fulfillment of Trustworthy Governance
3 Fulfillment of Innovative Service
4 Fulfillment of Healthy Workplace
5 Fulfillment of Green Operations
6 Fulfillment of Inclusive Growth
APPENDIX
Appendix 1: Communication of Stakeholders and Material Topics
Appendix 2: Other ESG Data
Appendix 3: GRI Content Index
Appendix 4: Standard of Sustainability Accounting Standards Board (SASB) Index
Appendix 5: TCFD Recommended Disclosure Framework



GRI Standards	Disclosure Item	Referring Chapter	Page
Employees Compensation and Welfare			
GRI 201: Economic Performance 2016	201-3 Defined Benefit Plan Obligations and Other Retirement Plans	4.3.2 Welfare System	119
Human Rights and Diversity and Inclusion			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of Governance Bodies and Employees 405-2 Ratio of Basic Salary and Remuneration of Women to Men	4.1.2 Employee Structure 4.3.1 Compensation System	109 118
GRI 406: Non-Discrimination 2016	406-1 Incidents of Discrimination and Corrective Actions Taken	4.4.2 Employee Grievance Channels 4.5.1.3 Escalation Process and Mechanisms for Reporting Incidents of Discrimination and Harassment	121 124
GRI 412: Human Rights Assessment 2016	412-2 Employee Training on Human Rights Policies or Procedures	4.5.1 Diverse Employment Policy and Human Rights	123
Labor-Management Relations and Communications			
GRI 402: Labor/Management Relations 2016	402-1 Minimum Notice Periods Regarding Operational Changes	4.4.1 Labor-Management Communication Mechanisms	121
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and Suppliers in which the Right to Freedom of Association and Collective Bargaining May be at Risk	4.4.1 Labor-Management Communication Mechanisms	121
Financial Inclusion			
GRI 203: Indirect Economic Impacts 2016	203-2 Significant Indirect Economic Impacts	3.3.1 Inclusive Finance Promotion Policy 3.3.2 Agriculture Support 3.3.3 Social Support	91 92 94
G4 - Financial Services Sector Supplement: Product Portfolio	G4-FS7 Monetary Value of Products and Services Designed to Deliver a Specific Social Benefit for Each Business Line Broken Down by Purpose	3.3.2 Agriculture Support 3.3.3 Social Support	92 94
G4 - Financial Services Sector Supplement: Local Communities	G4-FS14 Initiative to Improve Access to Financial Services for Disadvantaged People	3.3.2 Agriculture Support 3.3.3 Social Support	92 94
Philanthropic Activities and Community Engagement			
GRI 201: Economic Performance 2016	201-1 Direct Economic Value Generated and Distributed	6.1 Social Involvement Policies and Investments	140

Appendix 4: Standard of Sustainability Accounting Standards Board (SASB) Index

Commercial Bank

Topic	Accounting Metric	Referring Chapter	Page
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	FN-CB-410a.1 Commercial and industrial credit exposure, by industry FN-CB-410a.2 Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	3.1.3.1 Current Status of Lending 3.1.3.2 Operational Resilience 3.1.3.3 Corporate Banking Lending 3.1.3.4 Equator Principles 3.1.3.5 Retail Banking Lending	78 51 53 79 80 82
Business Ethics	FN-CB-510a.1 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.2 Description of whistleblower policies and procedures	2.2.4 Material Violations and Improvement Measures 2.2.1.3 Whistleblowing Channels and Whistleblower Protection	48 43
Data Security	FN-CB-230a.1 (1) Number of data breaches (2) Percentage involving personally identifiable information (PII) (3) Number of account holders affected	2.2.4 Material Violations and Improvement Measures 2.4.3 Professional Training Programs 2.5.3 Breach of Privacy	48 67 69
Financial Inclusion & Capacity Building	FN-CB-230a.2 Description of approach to identifying and addressing data security risks FN-CB-240a.1 (1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development FN-CB-240a.2 (1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	2.4.2.1 Information Security Policy 2.4.2.2 Implementation of Information Security Risk Management 2.4.2.3 Information Security Management Process and System 2.4.2.4 Information Security Trends 2.4.2.5 Information Security Risks and Vulnerability Analysis 2.4.2.6 Information Security Incident Escalation Process 3.3.2 Agriculture Support 3.3.3 Social Support	65 65 65 66 66 92 94
Systemic Risk Management	FN-CB-240a.3 Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers FN-CB-240a.4 Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	3.3.3 Social Support Providing checking accounts is not a common approach for customers in Taiwan compared with other basic financial services such as credit cards. It requires more supporting documents, such as credit records and deposits for application review due to related regulations. For financial disadvantaged groups, basic financial services such as deposit accounts, ATM cards, digital banks and payment instruments can be obtained more easily, regardless of each individual's identity, social and economic status, and financial conditions. However, some groups, possibly due to the lack of credit records, face difficulties in borrowing from banks. Therefore, Bank SinoPac launched different financial products to certain disadvantaged groups in response to their basic demands for financial services. Please refer to 3.3.3 Social Support for details. 3.3.1 Inclusive Finance Promotion Policy	94 91
	FN-CB-550a.2 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	2.3.1 Risk Management Framework 2.3.2 Credit, Market, Operation, and Liquidity Risk Management 2.3.3 Emerging Risk Identification Results	49 51 52


About this Report
Chairman's Message
Identification of Stakeholders and Material Topics
1 About SinoPac Holdings
2 Fulfillment of Trustworthy Governance
3 Fulfillment of Innovative Service
4 Fulfillment of Healthy Workplace
5 Fulfillment of Green Operations
6 Fulfillment of Inclusive Growth
APPENDIX
Appendix 1: Communication of Stakeholders and Material Topics

Appendix 2: Other ESG Data

Appendix 3: GRI Content Index

Appendix 4: Standard of Sustainability Accounting Standards Board (SASB) Index

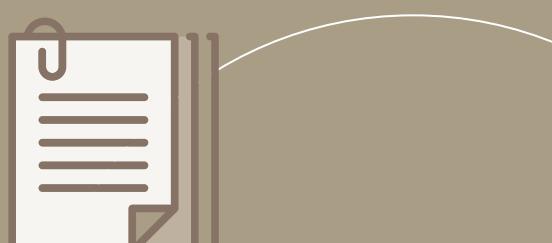
Appendix 5: TCFD Recommended Disclosure Framework

Consumer Finance

Topic	Accounting Metric	Referring Chapter	Page
Customer Privacy	FN-CF-220a.1 Number of account holders whose information is used for secondary purposes	2.5.2.2 Personal Data Notices to Customers	68
	FN-CF-220a.2 Total amount of monetary losses as a result of legal proceedings associated with customer privacy	2.2.4 Material Violations and Improvement Measures 2.5.3 Breach of Privacy	48 69
	FN-CF-230a.1 (1) Number of data breaches (2) Percentage involving personally identifiable information (PII) (3) Number of account holders affected	2.2.4 Material Violations and Improvement Measures 2.4.3 Professional Training Programs 2.5.3 Breach of Privacy	48 67 69
	FN-CF-230a.2 Card-related fraud losses from (1) card-not-present fraud and (2) card-present and other fraud	3.1.3.4 Retail Banking Lending	82
		2.4.2.1 Information Security Policy 2.4.2.2 Implementation of Information Security Risk Management 2.4.2.3 Information Security Management Process and System 2.4.2.4 Information Security Trends 2.4.2.5 Information Security Risks and Vulnerability Analysis 2.4.2.6 Information Security Incident Escalation Process	65 65 65 66 66 66
Data Security	FN-CF-270a.1 Percentage of total remuneration for covered employees that is variable and linked to the amount of products and services sold	3.5.1.3 Employees Remuneration Linked Selling Practices	103
	FN-CF-270a.2 Approval rate for (1) credit and (2) pre-paid products for applicants with FICO scores above and below 660	3.1.3.4 Retail Banking Lending	82
	FN-CF-270a.3 (1) Average fees from add-on products (2) Average APR (3) Average age of accounts (4) Average number of trade lines (5) Average annual fees for pre-paid products for customers with FICO scores above and below 660	3.1.3.4 Retail Banking Lending	82
	FN-CF-270a.4 (1) Number of complaints filed with the Consumer Financial Protection Bureau (CFPB) (2) Percentage with monetary or non-monetary relief (3) Percentage disputed by consumer (4) Percentage that resulted in investigation by the CFPB	3.5.3 Response to Customer Complaints and Improvements	105
	FN-CF-270a.5 Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products	2.2.4 Material Violations and Improvement Measures The amount of legal proceedings and monetary losses associated with selling and servicing of products including car loan, personal loans, or credit cards in 2020 were both 0. For other cases of legal proceedings or penalties, please refer to 2.4.4 Material Violations and Improvement Measures.	48

Appendix 5: TCFD Recommended Disclosure Framework

Aspect	Metrics	Referring Chapter	Page
Governance	A. Describe the board's oversight of climate-related risks and opportunities.	2.3.4.1 Governance Framework	55
	B. Describe management's role in assessing and managing climate-related risks and opportunities.		
Strategy	A. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	1.2.2 Three Sustainability Commitments and SDGs 2.3.4.3 Identification of Climate-Related Risks and Opportunities 3.1 Sustainable Finance Strategy 3.2 Sustainable Financial Products and Services 3.4 Smart Finance 5.1 Green Operations	22 56 72 84 97 128
	B. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.		
Risk Management	C. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	2.3.4.4 Quantification of Climate-Related Physical Risks and Transition Risks 2.3.4.2 Management Procedures	58 55
	A. Describe the organization's processes for identifying and assessing climate-related risks.		
Metrics and Targets	B. Describe the organization's processes for managing climate-related risks.	2.3.4.1 Governance Framework 2.3.4.2 Management Procedures	55 55
	C. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.		
Metrics and Targets	A. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	1.2.2 Three Sustainability Commitments and SDGs 2.3.4.4 Quantification of Climate-Related Physical Risks and Transition Risks 3.1.2.1 Responsible Investment Policy and Engagement 3.2.1 ESG Products & Services for Corporate Banking	22 58 74 84
	B. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.		
Metrics and Targets	C. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	5.1.2.1 Greenhouse Gas Management 6.3 Raising Climate Awareness to Mitigate and Adapt to Climate Change	130 146







ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE SINOPAC HOLDINGS CO., LTD.'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2020

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION
SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by SinoPac Holdings Co., Ltd. (hereinafter referred to as SINOPAC) to conduct an independent assurance of the Corporate Social Responsibility Report for 2020 (hereinafter referred to as CSR Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in the report presented during remote verification(2021/05/22-2021/06/10). SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

INTENDED USERS OF THIS ASSURANCE STATEMENT
This Assurance Statement is provided with the intention of informing all SINOPAC's Stakeholders.

RESPONSIBILITIES
The information in the SINOPAC's CSR Report of 2020 and its presentation are the responsibility of the directors or governing body (as applicable) and the management of SINOPAC. SGS has not been involved in the preparation of any of the material included in CSR Report

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification with the intention to inform all SINOPAC's stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE
The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 for report quality, and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options	Level of Assurance
A SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)	n/a
B AA1000AS v3 Type 2 (AA1000AP Evaluation plus evaluation of Specified Performance Information)	High

Assurance has been conducted at a high level of scrutiny.

SCOPE OF ASSURANCE AND REPORTING CRITERIA
The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

Reporting Criteria Options
1 GRI Standards (Core)
2 AA1000 Accountability Principles (2018)
3 IIRC International <IR> Framework (2013)

- evaluation of content veracity of the sustainability performance information based on the materiality determination at a high level of scrutiny for SINOPAC and moderate level of scrutiny for subsidiaries, joint ventures, and applicable aspect boundaries outside of the organization covered by this report;
- AA1000 Assurance Standard v3 Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018);
- evaluation of the report against the requirements of Global Reporting Initiative Sustainability Reporting Standards (100, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with; and
- evaluation of the report against the IIRC International <IR> Framework (2013) requirements for content elements.

ASSURANCE METHODOLOGY
The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, CSR committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant.
In response to COVID-19 pandemic situation the assurance process was conducted via Microsoft Teams.

LIMITATIONS AND MITIGATION
Financial data drawn directly from independently audited financial accounts, Social Return on Investment assessments (SROI) and Task Force on Climate-related Financial Disclosures (TCFD) has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE
The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from SINOPAC, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

VERIFICATION/ASSURANCE OPINION
On the basis of the methodology described and the verification work performed, we are satisfied that the specified performance information included in the scope of assurance is accurate, reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria.

We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

AA1000 ACCOUNTABILITY PRINCIPLES (2018) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity
SINOPAC has demonstrated its commitment to stakeholder inclusivity and stakeholder engagement. Engagement efforts such as survey and communication to employees, customers, investors, governmental authorities, media, communities, and NGOs are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, SinoPac may consider directly engaging with its stakeholders to enhance stakeholders' participations in decisions that will improve sustainability performance.

Materiality
SINOPAC has established effective processes for determining issues that are material to the business. Governance procedures were reviewed and facilitated to ensure issues that are material to stakeholders are continuously monitored and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders.

Responsiveness
The report includes coverage given to stakeholder engagement and channels for stakeholder feedback.

Impact
SINOPAC has demonstrated a process on identify and fairly represented impacts that encompass a range of environmental, social and governance topics from wide range of sources, such as activities, policies, programs, decisions and products and services, as well as any related performance.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, SINOPAC's CSR Report of 2020, is adequately in line with the GRI Standards in accordance with Core Option. The material topics and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material topics and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. SinoPac has determined ESG performance indicator that reflect legal requirements and related social norms. It is encouraged SINOPAC to have more descriptions on goals and targets of each material topic and how impacts influence on its internal and external stakeholders in future reporting.

Signed:
For and on behalf of SGS Taiwan Ltd.


David Huang
Senior Director
Taipei, Taiwan
23 June, 2021
WWW.SGS.COM


AA1000
Licensed Report
000-8/V3-E7V7H



SinoPac Holdings



1 治財成務



3 健康與福祉



4 質量教育



5 性別平等



7 可持續的基礎
經濟成長



8 減貧工作減低
不平等



12 責任消費與
生產



13 氣候行動



Printed on eco-friendly paper with soy ink.