



# 2024 ESG Insight

## Major Awards & Recognitions

### Constituent Stocks

- "World Index" and "Emerging Market Index" of DJSI
- TWSE RAFI Taiwan High Compensation 100 Index
- MSCI ESG Indexes
- TWSE RA Taiwan Employment Creation 99 Index
- FTSE4Good Emerging Index
- TWSE Corporate Governance 100 Index
- TWSE's "FTSE4Good TIP Taiwan ESG Index"

### Rated As

- BSI "Sustainable Resilience Award"
- Carbon Disclosure Project (CDP) "A List – Leadership Level"
- TCFD obtained BSI "Level-5+: Excellence"
- Silver Award of "National Enterprise Environmental Protection Awards"

### Management Certifications

- Environmental Data: ISO 14001 【BSI】、ISO 14046 【BSI】、ISO 14064-1 【BSI, AFNOR】、ISO 14067 【BSI】、ISO 46001 【BSI】、ISO 50001 【BSI】、TCFD 【BSI】
- Governance Data: BS 10012:2017 【BSI】、ISO 22301 【BSI】、TPIPAS 【BSI】、TIPS 【IDB of MOEA】
- Occupational Health and Safety Data: ISO 45001 【BSI】、TOSHMS 【BSI】
- Information Security Management: ISO 27001 【BSI】



## Sustainable Performance

An outstanding balance of **NT\$335.851** billion in loans to the green power and renewable energy



The total installed capacity of approved renewable energy financing projects reached **2,926** MW



Six Core Strategic Industries with an outstanding balance of **NT\$800.574** billion



GHG emissions of Scope 1+2 decreased by **32.16%** from the base year (2021)



**24.4647** million kWh of green electricity have been supplied, and **7,965** renewable energy certificates have been obtained



Promote energy conservation and carbon reduction projects to reduce **899.73** tCO<sub>2</sub>e



Green procurement reached **NT\$95.74** million



The percentage of female managers reached **57.27%**



The average reinstatement rate of unpaid parental leave reaching **95.74%**



## Credit Ratings

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

## Sustainable Strategy Blueprint

The TCFHC Group's Sustainable Strategy Blueprint is guided by the vision of "corporate, environmental, and social sustainability". Integrating the 3 major ESG dimensions with its core sustainable finance business, the Group has established the strategic pillars of "RISE" – "Resilience – Building Resilient Operations", "Inclusion – Leading Sustainable Finance", "Synergy – Creating Diversity and Inclusion", and "Enrichment – Enhancing Environmental Co-Prosperity"—to focus development direction and strengthen goal implementation. In order to tackle the risks associated with international sustainable development trends and climate change, TCFHC has implemented the "Sustainability Policy", the "Sustainable Financial Policy", and the "Sustainable Development Best Practice Principles" as the highest guiding principles for its subsidiaries to understand ESG risks and opportunities. At the same time, TCFHC has integrated United Nations' Sustainable Development Goals (SDGs) and ESG factors into its business guidelines while continuing to refine its strategies and goals. The aim is to work together with stakeholders to pursue economic, environmental, and social inclusion.



## Sustainability Development Committee

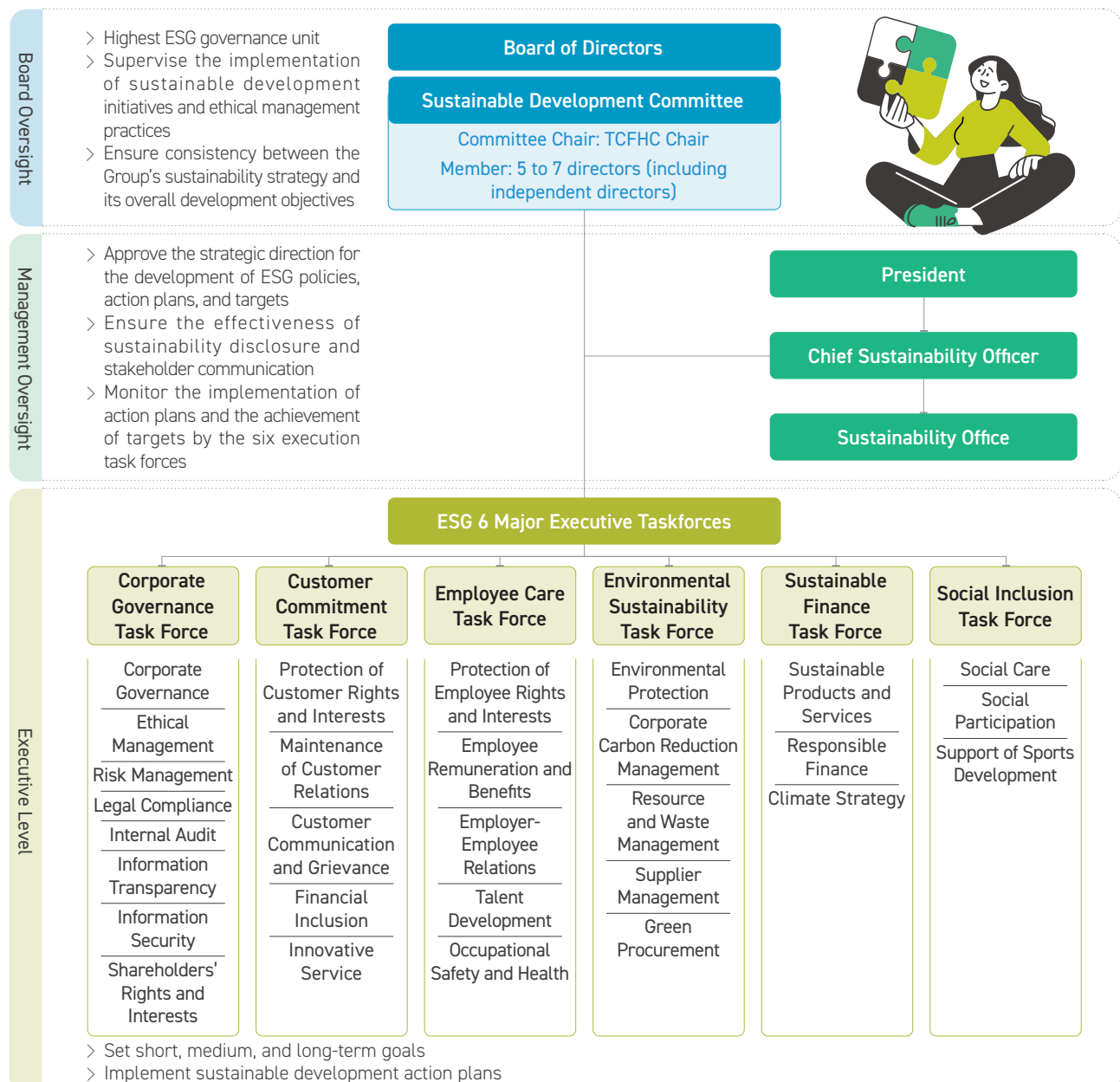
To continuously enhance sustainability governance, TCFHC has established a Sustainable Development Committee under the supervision of the Board of Directors, appointed a Chief Sustainability Officer (CSO), and designated a dedicated "Sustainability Office" to oversee and drive the Group's sustainable development.

The Sustainable Development Committee consists of 5 to 7 members, chaired and convened by the Chair of TCFHC, and convenes at least once every quarter. All initial members are independent directors, possessing the knowledge, skills, and qualities necessary for sustainable development.

**The Sustainable Development Committee met 4 times in 2024, and reported matters concerning sustainable development to the Board of Directors 13 times in total, including:**

1. The GHG inventory planning, in line with the "Sustainable Development Roadmap for TWSE/TPEX Listed Companies".
2. Amendment of 4 policies and guidelines related to ESG.
3. Adaptations of Sustainability Report (Including sustainable development execution goals, achievements, and stakeholder communication performance) and the Climate and Nature-Related Financial Disclosure Report; formulation of the Sustainable Strategy Blueprint.
4. Implementation of ethical corporate management and corresponding measures.
5. Procurement proposal for consulting services related to the implementation of IFRS Sustainability Disclosure Standards.
6. Proposal to incorporate sustainability information management into the internal control system.

## Organization Chart of Sustainable Development Committee



# Environmental

## Toward Net-Zero Transition

Grounded in science, TCFHC aligns with international standards and leverages data and technology as accelerators to support its decision-making and operations, driving the climate transition.

Aligning with international standards and establishing a carbon emissions management system

- ISO 14064-1 Greenhouse Gas (GHG) Inventory
- Partnership for Carbon Accounting Financials (PCAF)

Supporting global initiatives and implementing sustainable finance with scientific and standardized approaches

- Task Force on Climate-related Financial Disclosures (TCFD)
- Taskforce on Nature-related Financial Disclosures (TNFD)
- Equator Principles Association (EPs)
- Science Based Targets Initiatives (SBTi)

Integrating climate risk factors into investment and financing processes, and collaborating with stakeholders on the net-zero transition

Evaluates the implementation of environmental protection during the investment and financing review processes. If significant risks are identified, it will further communicate and supervise improvements.

## Net-Zero Transition Pathway

### >2022

Completed GHG inventory for all domestic and overseas branches and investment/financing activities (2021 data)

### >2023

First state-owned financial holding company in Taiwan to have near-term carbon reduction targets approved by SBTi

### >2030

Submit net-zero targets to SBTi for review

### >2040

Divest from coal and unconventional oil & gas industries

### >2050

Achieve net-zero emissions



## From Low Carbon to Net Zero

### Science-Based Targets (SBT) and Achievement Status

Scope	Goal	2024 Targets	2024 Achievement Status
Scope 1 & 2	By 2032, reduce absolute emissions by 50.4% compared to the baseline year (2021)	In line with the science-based carbon reduction targets, Scope 1 and Scope 2 GHG emissions in 2024 are to be reduced by 13.75% compared to 2021, with a target of 23,925.18 metric tons of CO <sub>2</sub> e	The actual Scope 1 and Scope 2 GHG emissions for 2024 are approximately 18,816.21 metric tons of CO <sub>2</sub> e, a decrease of approximately 32.16% compared to the baseline year
Scope 3	<b>Investment</b> Listed equity and corporate bonds: By 2027, 35.7% of the equity and corporate bond investment portfolio (calculated based on investment amount) will set by SBTs	20.8% of TCFHC's listed equity and corporate bonds portfolio (by invested value) will set SBTs in 2024	The proportion of setting SBT in relevant position reached 25.3%
	<b>Power generation project financing:</b> Financing for renewable energy power generation projects will continue up to 2030	Continue to provide renewable energy power supply project finance	There's only renewable energy power supply project finance in relevant position
	<b>Commercial real estate loans:</b> By 2030, the emissions intensity (kgCO <sub>2</sub> e/m <sup>2</sup> ) of commercial real estate loans will decrease by 53.4% compared to the 2021 baseline year	The GHG emission intensity (kgCO <sub>2</sub> e/m <sup>2</sup> ) from the commercial real estate loans will decrease 19.45% by 2024 from the base year 2021	Emission intensity reduced by 43.1%
	<b>Long-term corporate loans – power generation sector:</b> By 2030, the emissions intensity (tCO <sub>2</sub> e/MWh) of long-term loans to the power generation sector will decrease by 43.9% compared to the 2021 baseline year	The GHG emission intensity (tCO <sub>2</sub> e/MWh) from the electric power supply will decrease 14.56% by 2024 from the base year 2021	Emission intensity increased by 24.8%
	<b>Financing</b> <b>Long-term corporate loans – commercial building-related industries:</b> By 2030, the emissions intensity (kgCO <sub>2</sub> e/m <sup>2</sup> ) of long-term loans to the commercial building-related sector will decrease by 52.8% compared to the 2021 baseline year	The GHG emission intensity (kgCO <sub>2</sub> e/m <sup>2</sup> ) from the commercial real estate long term loans will decrease 19.25% by 2024 from the base year 2021	Emission intensity reduced by 14.1%
	<b>Long-term corporate loans – corporate lending sector:</b> By 2027, 35% of the corporate loan portfolio by loan value within the fossil fuel, steel, pulp and paper, cement, transportation, and electronics manufacturing sectors will set covered by borrowers with their own SBTs	20% of its corporate loan portfolio by loan value within the fossil fuel, steel, pulp and paper, cement, transportation, electronics manufacturing sectors will set SBT in 2024	Set SBT target ratio for relevant position to reach 16.8%

2050 Net-Zero Emissions

## Climate Strategies and Actions

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

## Climate Risk Governance Framework

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



## Climate Metrics and Targets

### Own Operations GHG Emissions

- All locations in Taiwan and overseas passed "ISO 14064-1 Greenhouse Gas Inventory" certification.
- In 2024, the carbon emissions of category 1 and 2 of the Company's own operations were reduced by 32.16% compared with 2021.
- Participate in the CDP and introduce "ISO 50001 Energy Management Systems" and "ISO 14001 Environmental Management Systems", continuously reducing GHG emissions.

### Investment and Financing GHG Emissions

- Since 2021, the Group has complied with the directions of the PCAF to conduct carbon accounting on financial assets, covering the carbon emission of business loans, equity and bond investment portfolios, sovereign debt investments, project finance, commercial real estate loans, mortgages, and motor vehicle loans to assess the carbon emission distribution of the Company's overall financial assets.
- The Group's carbon reduction target has been validated by the SBTi in 2023.
- In 2024, investment and financing emissions are 23,989,360 metric tons of CO<sub>2</sub>e in total.

### Other Climate Metrics and Targets

In addition to GHG emission indicators and targets, the Company also established key climate metrics and targets for energy use, transition risks, climate-related opportunities, capital allocation internal carbon pricing, climate governance, engagement and communication.

### Climate Metrics and Targets Monitoring Mechanisms

In order to reduce the impact of climate related risks and opportunities on the business, the TCFD Task Force holds regular meetings to communicate and understand the management needs of each subsidiary, while the Risk Management Department compiles the key climate metrics and targets achievement status developed by the subsidiaries every year and submits reports according to prescribed procedures.



## Climate-Related Management Incentives

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

## Countermeasure of Natural Risk

Strategies	Description
Avoid undertaking high-risk cases	The Group has established investment and financing thresholds and divestment timelines for industries related to coal-fired power generation, coal mining, coal trading, and unconventional oil and gas. As a signatory to the Equator Principles, the Group will continue to prudently assess whether project finance cases involve issues related to natural capital, in order to avoid or prohibit engagement with companies that have adverse impacts on natural capital. Moving forward, the Group also plans to gradually integrate this assessment process into all business risk evaluation procedures.
Define natural capital risk policy	Continuously planning to integrate nature-related risks into the overall risk management framework by establishing clear risk appetite, risk assessment, and risk mitigation policies.
Strengthen nature-related due diligence	Before engaging in business activities, each subsidiary of the Group has already considered the risks and opportunities related to their counterparties or underlying assets in terms of climate, forests and water, biodiversity, and human rights. Going forward, the Group plans to incorporate assessments of corporate dependencies and impacts on natural capital into credit, investment, and other decision-making processes.
Set up natural capital risk limits	In the future, the Group will establish concentration limits for natural capital-related risks based on its risk appetite, in order to control exposure levels in high-risk areas.
Continue to introduce LEAP methodology	Since 2023, the Group has followed suggestions of the TNFD framework by gradually introducing the LEAP methodology. In the future, it will keep an eye on international trends to grasp the Group's natural risks and opportunities.
Reinforce nature-related information disclosure	Continue to follow the requirements of TNFD and other frameworks, strengthen the disclosure of natural capital risk information year by year, and improve transparency.

## Key Environmental Goals and 2024 Results

Aspect	2024	2024 Goals	Target met
Total Purchased Electricity (MWh)	41,734.73	45,114.89	✓
Fuel Consumption (Liters)	379,291.15	387,171.00	✓
Total Energy Consumption (Purchased Electricity + Fuel) (MWh)	37,151.00	48,627.53	✓
Water Withdrawal (Million Cubic Meters)	0.284834	0.285560	✓
Total Waste Recycled/Reused (tons) (Resource recycling rate %)	282.64 (46.25%)	Resource recycling rate >30%	✓
Total Waste Disposed (tons)	328.52	283.79	✗ Note

Note: As data coverage increased to 100% in 2024, the reduction target was calculated based on a 2% decrease from the average waste volume over the previous 3 years. However, the target was not met. The Group will continue to promote awareness through employee training and educational materials, advocating waste reduction, resource recycling and reuse, and improved resource efficiency to achieve future waste reduction goals.

## Environmental Metrics

Item		Unit	2021	2022	2023	2024
<b>GHG Emissions</b>						
Scope 1 (Category 1) Direct GHG Emissions	GHG Emissions: tCO <sub>2</sub> e (Data Coverage Rate <sup>Note 1:</sup> %)		2,574.55 (100.00)	2,720.60 (100.00)	2,781.54 (100.00)	2,737.70 (100.00)
Scope 2 (Category 2) Energy Indirect GHG Emissions - Location Based <sup>Note 2</sup>	GHG Emissions: tCO <sub>2</sub> e (Data Coverage Rate <sup>Note 1:</sup> %)		25,163.33 (100.00)	23,339.48 (100.00)	19,699.26 (100.00)	16,078.51 (100.00)
Scope 1 (Category 1) + Scope 2 (Category 2) GHG Emissions Intensity - Location Based <sup>Note 3</sup>	tCO <sub>2</sub> e/ NT\$ million net revenue		0.5098	0.4900	0.3663	0.2859
Scope 3 (Category 3 ~ 5) <sup>Note 4</sup>	C1 Purchased Goods and Services	GHG Emissions: tCO <sub>2</sub> e (Data Coverage Rate <sup>Note 1:</sup> %)	4,673.07 (100.00)	84.74 (100.00)	121.70 (100.00)	212.79 (100.00)
	C2 Capital Goods		-	8,728.89 (93.41)	8,269.51 (93.13)	14,148.81 (100.00)
	C3 Fuel- and Energy-Related Activities		-	4,126.83 (100.00)	4,001.91 (100.00)	3,443.69 (100.00)
	C4 Upstream Transportation and Distribution		0.21 (4.50)	0.11 (4.19)	0.23 (6.27)	0.74 (7.42)
	C5 Waste Generated in Operations		122.48 (100.00)	111.75 (100.00)	158.23 (100.00)	175.99 (100.00)
	C6 Business Travel		52.46 (100.00)	105.39 (100.00)	197.65 (100.00)	267.44 (100.00)
	C7 Employee Commuting		-	12,750.00 (93.41)	6,789.37 (100.00)	4,675.72 (100.00)
	C8 Upstream Leased Assets		Although the Group leases real estates, the energy consumption incurred during the operational processes is paid by the Company, and the associated GHG emissions have been included in the Company's Scope 1 and Scope 2 emissions.			
	C9 Downstream Transportation and Distribution		97.20 (1.80)	1,092.41 (93.41)	1,037.53 (6.27)	2,766.86 (100.00)
	C10 Processing of Sold Products		The results of the Group's Scope 1 and Scope 2 GHG emissions have been incorporated.			
	C11 Use of Sold Products		-	82.66 (93.41)	65.04 (93.13)	63.89 (92.88)
	C12 End-of-Life Treatment of Sold Products		-	38.21 (93.41)	30.86 (93.13)	7.39 (92.88)
	C13 Downstream Leased Assets		-	800.10 (0.30)	704.79 (0.30)	802.56 (0.30)
	C14 Franchises		This category is irrelevant since TCFHC and its 7 subsidiaries belongs to the financial industry, all its branches are 100% directly operated, and it does not have a franchise business model.			
	C15 Investments		4,750,900.53 (16.81)	6,445,412.49 (28.30)	14,210,397.83 (68.87)	23,989,360.20 (70.62)
Scope 3 Subtotal	GHG Emissions	tCO <sub>2</sub> e	4,775,706.74	6,473,333.58	14,231,773.82	24,015,926.08
	Carbon Emission Intensity	tCO <sub>2</sub> e/NT\$ million	7.60	5.90	4.98	7.57



Item		Unit	2021	2022	2023	2024
Energy Consumption						
Non-Renewable	Total Purchased Electricity Consumption	MWh	49,097.01	45,594.59	39,775.52	33,800.68
	Total Fuel Consumption		3,240.96	3,686.15	3,737.21	3,350.33
Renewable	Total Purchased Energy Consumption		-	-	2,244.66	7,934.05
	Total Self-Sufficient Consumption		28.35	36.60	260.08	484.62
Total Purchased Electricity Consumption <small>Note 5</small>				49,097.01	45,594.59	42,020.18
Data Coverage Rate <small>Note 1</small>		%	100.00	100.00	100.00	100.00
Water Resources						
Water Withdrawal		million cubic meters	0.289002	0.310334	0.265997	0.284834
Data Coverage Rate <small>Note 1</small>		%	91.89	100.00	100.00	100.00
Waste						
Waste Recycled/Reused		tons	178.69	216.26	276.31	282.64
Waste Disposed			291.23	236.10	341.42	328.52
Total Waste Amount			469.92	452.61	617.73	611.16
Data Coverage Rate <small>Note 1</small>		%	91.89	91.62	100.00	100.00

Note :

1. The data coverage rate is calculated based on the proportion of the Group's operating locations that have been audited in the current year.
2. Indirect energy emissions are calculated based on the annual electricity emission factors published by the Energy Administration of the Ministry of Economic Affairs (measured in tCO<sub>2</sub>e/kWh). The electricity emission factors from 2021 to 2024 are 0.000509, 0.000495, 0.000494, and 0.000474, respectively.
3. GHG emission intensity = (direct GHG emissions + indirect GHG emissions)/NT\$ million net revenue. The net revenue from 2021 to 2024 was NT\$54,413 million, NT\$53,182 million, NT\$61,377 million, and NT\$65,824 million, respectively.
4. The emissions of scope 3 (category 3 ~ 5) adopt a multivariate inventory model, including mixed methods, average data methods, and cost-based methods.
5. The total amount of purchased electricity and oil consumption of non-renewable energy is based on the parameters of the "Energy Product Unit Calorific Value Table" published by the Energy Bureau of the Ministry of Economic Affairs. From 2021 to 2023, the motor gasoline is 7,800 kcal/liter and the diesel is 8,400 kcal/liter. In 2024, the motor gasoline is 7,520 kcal/liter and the diesel is 8,629 kcal/liter. From 2021 to 2024, the electricity (consumer side) is 860 kcal/kWh for unit conversion.



## Overview of Carbon Emissions of Financial Assets

	2022	2023	2024
Carbon emission amount (metric tons of CO <sub>2</sub> e)	6,445,412	14,210,397	23,989,360
Economic carbon emission intensity (metric tons of CO <sub>2</sub> e/NT\$1 million)	5.90	4.98	7.57
Data quality	3.19	3.10	3.03
Coverage ratio of the total investment and financing portfolio (%)	28.30	68.87	70.62

Note: Please refer to the [2024 TCFD & TNFD Report](#) for detailed information on carbon emissions from previous years.

## 2024 Financial Carbon Emission Proportion and Carbon Emission Intensity of Each Asset Category

Asset Category	Carbon Emission Amount (metric tons of tCO <sub>2</sub> e)	Carbon Emissions Proportion (%)	Economic Carbon Emission Intensity (metric tons of CO <sub>2</sub> e/NT\$ million)
Business loans	17,849,656	74.4	12.78
Listed equity and corporate bonds	134,465	0.6	2.51
Corporate bond investment	3,322,382	13.8	10.06
Sovereign debt investments	2,284,128	9.5	5.33
Project financing	19,899	0.1	3.60
Commercial real estate loans	144,688	0.6	0.90
Mortgages	234,142	1.0	0.29
Motor vehicle loans	0	0.0	0.00

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



## Regulations for Sustainable Finance

Sustainable Investment	ESG Assessments for Investment Targets	<ul style="list-style-type: none"> <li>ESG assessment is included in the investment analysis, decision-making, and regular reviewing process.</li> </ul>
Sustainable Deposit	Regulations of Fund Utilization	<ul style="list-style-type: none"> <li>TCB prepared the "Green and Sustainable Time Deposit Plan" and launched the "Green and Sustainable Time Deposit" project.</li> <li>The raised funds will be utilized primarily in green investment plans and public interest investment plans featuring affordable housing, creation of job opportunities, and alleviation or avoidance of unemployment as a result of socioeconomic crises.</li> </ul>
Sustainable Financing	ESG Reviews of General Financing	<ul style="list-style-type: none"> <li>Begin KYC and CDD procedures and evaluate ESG factors during the financing review procedure.               <ol style="list-style-type: none"> <li>Does it cause environmental pollution</li> <li>Does it violate labor right</li> <li>Is there any negative news</li> <li>Is the collateral located in a high climate-risk area</li> <li>Have occupational hazards or industrial accidents occurred</li> <li>Money-laundering blacklist</li> <li>Other ESG issues</li> </ol> </li> <li>Prohibited parties:               <ol style="list-style-type: none"> <li>Those under sanction in accordance with applicable Anti-Money Laundering Prevention Act and the Countering the Financing of Terrorism Act</li> <li>Highly controversial industries (such as illicit drugs, weapons, gambling, etc.)</li> </ol> </li> </ul>
	Project Financing	<ul style="list-style-type: none"> <li>For project financing cases, TCB follows the "Rules for Handling Project Financing".</li> <li>When undertaking project financing, TCB conducts due diligence. TCB should also assess the feasibility and risk of the project plans' finance, laws, insurance, technology, and tax.</li> <li>External experts, lawyers, accountants, professional consultants, or third-party testing and certification bodies should be commissioned to handle and issue reports when necessary.</li> </ul>
	Equator Principles	<ul style="list-style-type: none"> <li>The Company signed the "Equator Principles" and formulated the "Guidelines for Equator Principles".</li> <li>If creditors violate the spirit of the "Equator Principles" and have no reasonable reasons, they are ineligible for new loans or to increase the loan amount, and their amount or the period for the original loan will be reduced, or part or the whole credit amount will be deemed as matured. These conditions are clearly listed in the credit agreement to strengthen the monitoring of creditors' responsibilities.</li> </ul>
	Guidelines for Renewable Energy, Solar Power and Biomass Energy	<ul style="list-style-type: none"> <li>To support transitions of green industries, TCB has formulated "Guidelines for Processing the Loans to Renewable Energy Generator Facility", "Guidelines for Processing Loans on Solar Photovoltaic Power Generator Facility", and "Guidelines for Processing Loans on Biomass Energy Generator Facility" to help financing the purchase or installation of machinery equipment, capital expenditures, and working capital.</li> </ul>
Sustainable Financial Products and Services	ESG Risk Assessment (including AML, PEPs and KYC)	<ul style="list-style-type: none"> <li>For customers who purchase sustainable financial products and services, TCB implements KYC procedures such as AML, PEPs and negative news review.</li> <li>The risk attributes of trust product investors are divided into 3 categories, which are conservative, stable and active levels. According to the KYC form and the Risk Tolerance Test Form filled out by the customer, we comprehensively assess and classify the customer's identity, financial background, income and source of funds, risk preference, past investment experience, and entrustment purpose, age and needs, so as to ensure the suitability of investment products.</li> </ul>
Engagement	Corporate Financing	<ul style="list-style-type: none"> <li>TCB set up "Sustainable Linked Loan Projects", which the terms and conditions of the loans are linked to sustainable development indicator. TCB uses a proactive profit-sharing model to encourage enterprises to pay attention to sustainable development.</li> <li>TCB also refers to the "Guidelines for Identifying Sustainable Economic Activities" to assess whether clients meet the specified standards, and continuously engages in dialogue with clients regarding ESG risks and opportunities.</li> </ul>
	Consumer Financing	<ul style="list-style-type: none"> <li>TCB actively discusses ESG risks and opportunities with obligors through social media, such as Facebook and its official website.</li> <li>In order to encourage customer participation in green consumption, those who meet the conditions for ESG green consumer loans may enjoy preferential loan interest rates.</li> </ul>

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

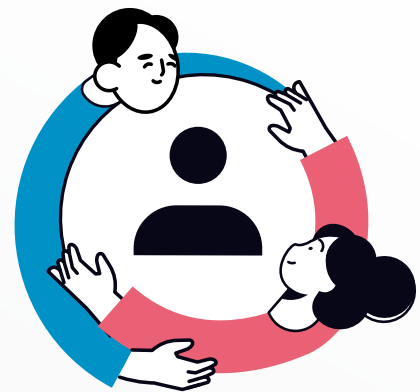
## Social

### Human Rights Protection

The Group adheres to international human rights standards, including the "United Nations Universal Declaration of Human Rights", the "United Nations Global Compact", and "International Labour Organization Conventions". It has established a human rights policy and code of conduct applicable to all subsidiaries within the Group. To demonstrate its commitment to upholding, respecting, and protecting human rights, the President, on behalf of all employees, has signed a human rights statement, publicly declaring the Company's support for and compliance with its human rights policy. The Group also expects its suppliers, clients, and other partners to uphold the same standards and work together to enhance awareness of human rights issues.

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

*In 2024, there was no **NO** human rights-related complaints such as penalties caused by violations of the "Gender Equality at Work Act", child labor, gender or sexual orientation discrimination, or violations of freedom of association in the Group. However, 1 case of sexual harassment occurred within the Group. In accordance with the "Regulations for Prevention, Correction, Complaint, Investigation and Handling, and Punishment of Sexual Harassment at Workplace", the "Sexual Harassment Complaint Review Committee" was convened to deliberate the case. The sexual harassment incident was investigated based on principles of objectivity, fairness, and professionalism, ensuring that all parties were given full opportunities to present their statements and defenses. Following the case review, appropriate disciplinary action was taken against the offender. The case has been properly concluded. Additionally, gender equality awareness was reinforced through related courses for management-level employees and new hires to prevent the recurrence of such incidents.*



### Human Rights Commitment and Survey

In 2024, TCFHC Group conducted human rights due diligence targeting all employees and suppliers (contractors) with an annual transaction amount of more than NT\$1 million. Mainly focused on 7 major human rights issues:

- Diversity in the workplace
- Gender equality ((including sexual harassment))
- Maternal health protection
- Work overtime
- Human trafficking
- Forced labor (including child labor)
- Occupational health and safety

#### Employees

**9,444** questionnaires were sent out, and **8,815** valid completed questionnaires were collected, resulting in a completion rate of **93.34%**. The survey results showed that **the occurrence rate and impact of human rights risks were both at a medium to low level.**

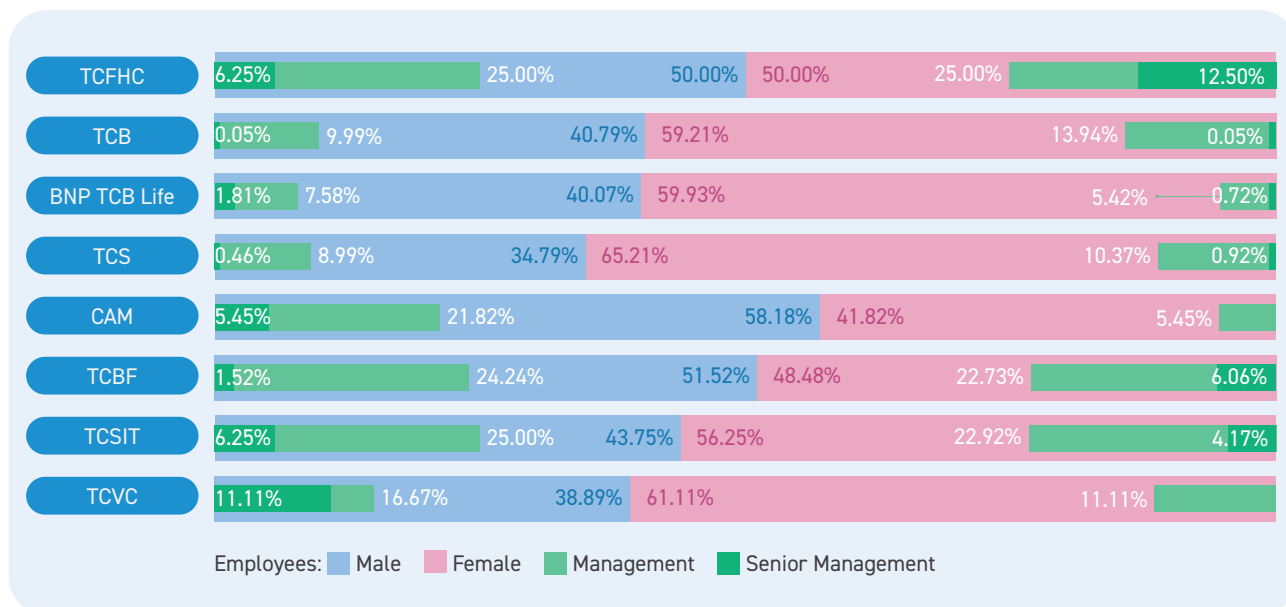
#### Suppliers (contractors)

**196** questionnaires were sent out, and **181** valid completed questionnaires were collected, resulting in a completion rate of **92.34%**. The survey results showed that **the overall human rights risk ratio is 8.65%, which is relatively low.**

Type of Stakeholder	Issue of Concern	Risk Mitigation Measures
Employees	Workplace Diversity	<ul style="list-style-type: none"> <li>Hire people with disabilities according to regulations.</li> <li>Establish an accessible work environment for people with disabilities.</li> </ul>
	Gender Equality (including sexual harassment)	<ul style="list-style-type: none"> <li>Strive to protect gender equality in work rights and promote substantive equality in gender status.</li> <li>Establish "Workplace Sexual Harassment Prevention Policy", strictly prohibiting any form of sexual harassment in the workplace. Violators will be subject to disciplinary actions based on the severity of the offense.</li> <li>Form a "Sexual Harassment Complaint Review Committee", composed of external experts who handle complaints with professionalism and impartiality.</li> <li>A dedicated sexual harassment complaint hotline has been set up to ensure accessible reporting channels.</li> </ul>
	Maternal Health Protection	<ul style="list-style-type: none"> <li>Provide proper work environment or identification and evaluation of workplace hazards to strengthen workplace care and outreach.</li> <li>Through regular on-site health inspections, have doctors to evaluate the risk of workplace hazards and employee health. In 2024, 24 pregnant employees received relevant counseling.</li> <li>Provide maternity leave, pregnancy checkup leave, and family care leave that are superior to regulatory standards. Employees who are qualified for childcare unpaid leave may apply for unpaid leave.</li> </ul>
	Work Overtime	<ul style="list-style-type: none"> <li>Establish leave and overtime related measures.</li> <li>The attendance system includes the notification and "annual leave prescheduling" functions to encourage employees to plan adequate vacation for mental and physical health.</li> <li>Have supervisors inquire employees about their workload and reasons for working overtime to make adjustments.</li> </ul>
	Human Trafficking	<ul style="list-style-type: none"> <li>Applicable requirements of the "Human Trafficking Prevention Act" are precisely followed.</li> <li>Ensure that all workers are hired directly or through legitimate manpower dispatch service providers and no violation of employees' will in terms of having them to engage in work that is obviously non-comparable between the extent of labor and the compensation provided is involved.</li> <li>Ensure that none of the operational activities involve sexual transactions or applicable illegal items such as removal of human organs.</li> </ul>
	Forced Labor (including child labor)	<ul style="list-style-type: none"> <li>Honestly disclose information in recruitment advertisements, does not keep applicants' ID documents, and does not withhold property from applicants nor collect deposits.</li> <li>Provide new employee with a formal appointment notice clearly stipulating the appointment conditions. Prohibit hiring those under the age of 16.</li> <li>Does not use any non-voluntary labor.</li> </ul>
	Occupational Health and Safety	<ul style="list-style-type: none"> <li>Formulate various occupational health and safety standards and regulations to prevent occupational disasters.</li> <li>Regularly hold "Occupational Safety and Sanitation Affairs Class" and "Safety Protection Drill", and conduct on-site inspection on all of the safety operations.</li> <li>Set up the "Occupational Safety and Health Committee" and hold regular meetings to facilitate discussions between labor and management on relevant.</li> </ul>
Suppliers (contractors)	Workplace Diversity	<ul style="list-style-type: none"> <li>Divide suppliers (contractors) into categories and assist them in the formulation of phased and regional improvement implementation plans and deadlines.</li> <li>Formulate the priority order of improvement for barrier-free facilities of various buildings to facilitate employees with disabilities.</li> <li>Provide consultation and guidance on drafting alternative improvement plans.</li> </ul>
	Maternal Health Protection	<ul style="list-style-type: none"> <li>Encourage suppliers (contractors) to adopt the Technical Guidelines for Maternal Health Protection in the Workplace to enhance workplace care and support. This includes implementing flexible working hours, providing medical consultation sessions, and conducting job suitability assessments.</li> </ul>
	Occupational Safety and Health	<ul style="list-style-type: none"> <li>Encourage suppliers (contractors) to establish an "Occupational Safety and Health Committee", make suggestions on their health and safety policies and related matters.</li> <li>Use the findings as a reference for "Planning Procurement Incentive Measures" for suppliers (contractors).</li> </ul>

Note: For details and process flows regarding human rights commitments, please refer to our website on ["Human Rights and Equality"](#) and ["Sustainable Supply Chain"](#) section.

## Diversity and Equality



## Goals for Management Diversity

Diversity Indicator	%	Target for 2026
Share of female in total workforce	59.30	Remain at or not less than 50%
Share of female in all management positions (including junior, middle and senior management)	57.27	Remain at or not less than 50%
Share of female in junior management positions	58.34	Remain at or not less than 50%
Share of female in senior management positions	46.15	Remain at or not less than 45%
Share of female in management positions in revenue-generating functions	57.70	Remain at or not less than 50%
Share of female in STEM-related positions	42.84	Expect to increase by 3%, or remain at or not less than 40%

## Gender Pay Gap

Index	Disparity (%)
Mean gender pay gap	0.55
Median gender pay gap	-7.34
Mean bonus gap	-3.49
Median bonus gap	-8.54

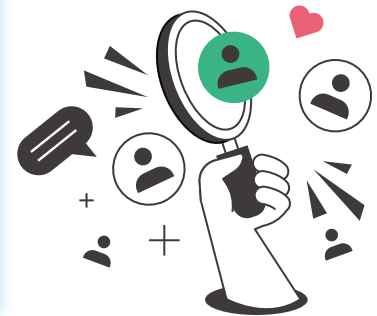
Note 1. Pay: Refers to the fixed monthly payments, including base salary, lunch allowance, and managerial position allowance/managerial overtime allowance.

2. Bonus: Refers to assessment/holiday bonuses, performance bonuses, and employee compensation.

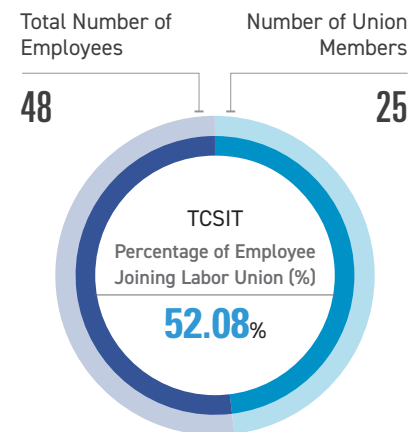
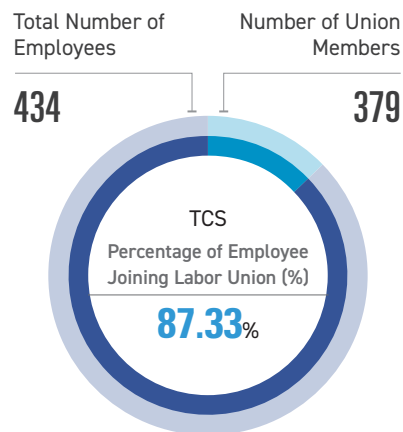
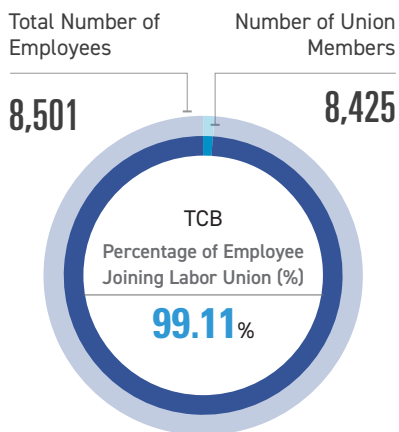
3. Gender pay gap ratio = 
$$\frac{\text{Male salary/bonus (mean/median)} - [\text{Female salary/bonus (mean/median)}]}{[\text{Male salary/bonus (mean/median)}]} \times 100 \%$$

## Turnover Rates

Category		Turnover Rates (%)
By gender	Male	2.76
	Female	3.66
By age	< 30	1.66
	30 ~ 50	1.69
	> 50	3.06
By race	Taiwanese (not including indigenous people)	6.13
	Foreigners	0.28
	Indigenous People	0.01
By working location	Domestic	6.07
	Overseas	0.35
By managerial position	Managerial position	1.27
	Non-managerial position	5.15



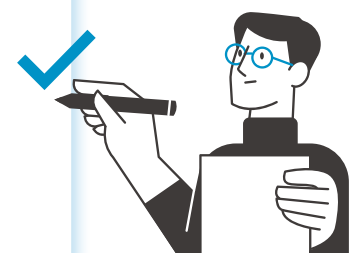
## Freedom of Association



## 2024 Employee ESG Training

	Number of Training or Participants	Hours
General Training	9,676	506,811
Ethical Management	9,537	10,617
Risk Management	6,809	9,686
AML/CFT Training	15,103	18,891
Information Security Training and Social Engineering Exercises	10,398	32,663
Safety Protection Drill	1,682	4,107
Safety Maintenance and Occupational Safety Operation Lecture	8,845	17,577
Health Seminars	8,808	17,495
Privacy Protection		
Ethical Management		
Information Security		
Treating Customers Fairly		
Personal Data Protection		
Negative Impacts of Climate Transition		

**100%** Coverage & Completion Rate





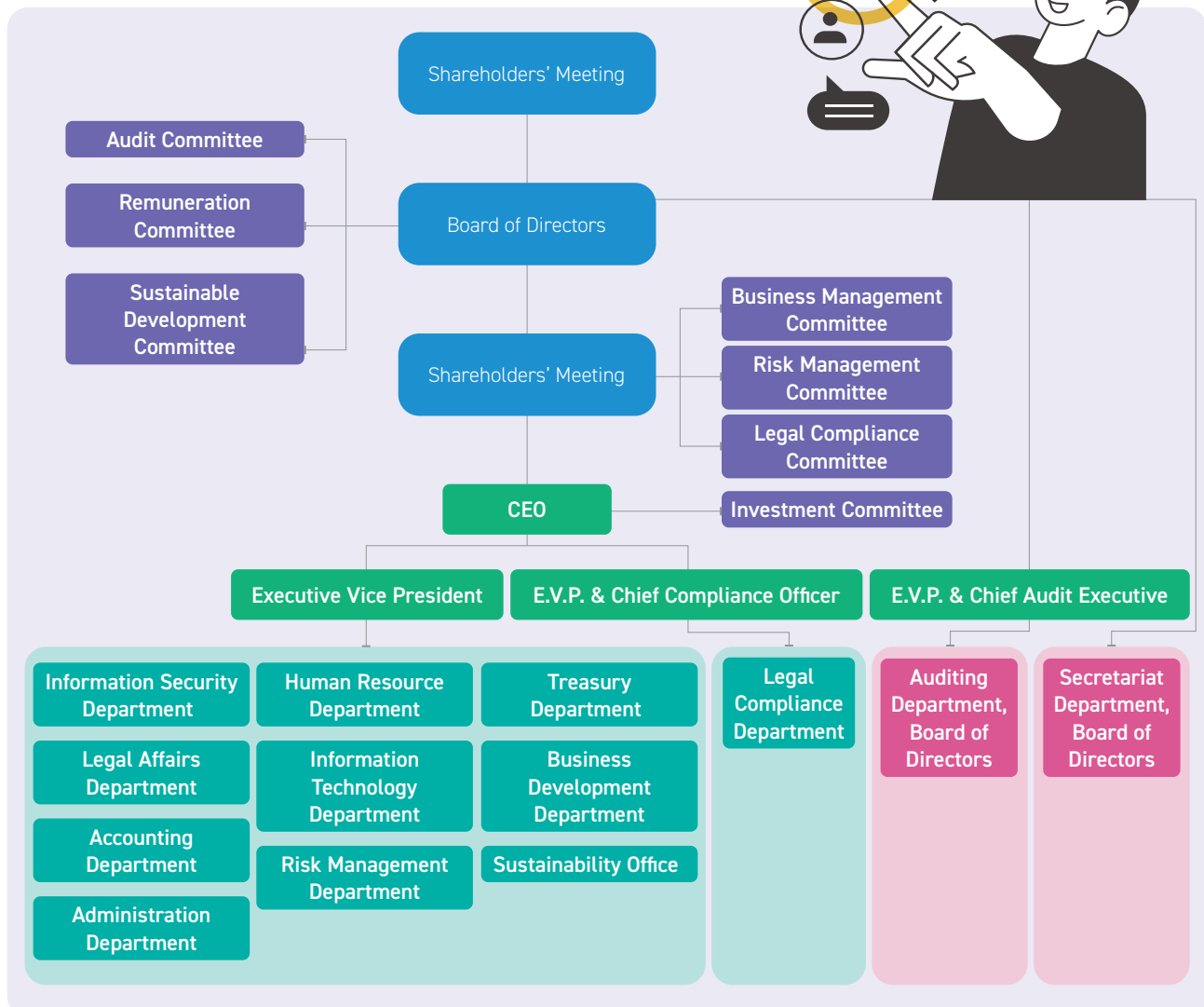
## 2024 Industry-Academia Collaboration Partners and No. of Employees Hired

In 2024, there were a total of 80 intern students who have completed the industry-university cooperation training, and 40 of which returned as full-time employees.



## Governance

### Corporate Governance Framework



## Diversity of the 5<sup>th</sup> Board of Directors (2023/6/16 ~ 2026/6/15)

In 2024, 14 Board meetings were held. The average attendance rate was 95.71%. The average term of the members of the current Board of Directors is 3 years.

Title	Name	Gender	Age
Director	Yen-Mao Lin	M	≥ 61
Director	Tso-Cheng Su	M	≥ 61
Director	Yen-Dar Den	M	≥ 61
Director	Jui-Tang Chiang	M	≥ 61
Director	Chung-Yung Lee	M	50-60
Director	Kuo-Tai Tsai	M	50-60
Director	Shen-Gang Mai	M	≥ 61
Director	Chin-Kuang Chung	M	50-60
Director	Yu-Tang Lin	M	≥ 61
Director	Jia-Hau Shiu	M	<50
Independent Director	Hsuan-Chu Lin <sup>Note</sup>	M	50-60
Independent Director	Arthur Shay <sup>Note</sup>	M	≥ 61
Independent Director	Min-Chu Chang <sup>Note</sup>	F	50-60
Independent Director	Hann-Chyi Lin <sup>Note</sup>	M	≥ 61
Independent Director	Beatrice Liu <sup>Note</sup>	F	50-60



**13.33%** Female Board Representation

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

## Functional Committees

Functional Committee	Members	2024 Meetings Held	Average Attendance
Remuneration Committee	Except that the Chair serves as the Chair of the Sustainability Committee, all other functional committees are composed of all 5 independent directors, and the members shall elect 1 person from among themselves to be the convener:	8	100%
Audit Committee	<ul style="list-style-type: none"> <li>Yen-Mao Lin (Chair of Sustainability Committee)</li> <li>Lin, Hsuan-Chu</li> <li>Arthur Shay</li> </ul>	13	98.46%
Sustainable Development Committee	<ul style="list-style-type: none"> <li>Chang, Min-Chu</li> <li>Lin, Hann-Chyi</li> <li>Liu, Beatrice</li> </ul>	4	100%

## Performance Evaluation

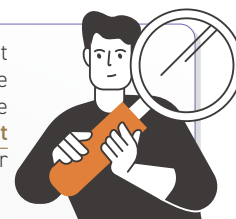
Internal evaluation shall be performed once a year, and external performance evaluation shall be performed by external professional and independent agencies or a team of specialists once every 3 years.

In 2023, the Company authorized a third-party institution to evaluate the external performance of the Board of Directors; the overall performance in 3 major aspects, namely, "Structure", "People", and "Process and Information" were rated "Advanced", "Advanced", and "Benchmark", respectively. The scope of the Board of Directors' internal evaluation for 2024 included the Board as a whole, individual members of the Board, and functional committees. The evaluation methods consisted of internal self-assessments and self-assessments by directors and committee members. All evaluation results were rated as "Good".

## Continued Education of Directors

In 2024, the directors completed a total of 186 hours of training encompassing corporate governance, FinTech, IT Security, anti-money laundering, risk management, and internal control, audit and ESG-related courses.

For details of courses that the TCFHC directors have participated, please visit the [website of TWSE's Market Observation Post System](#) for inquiry



## Tax Governance

In response to the growing prevalence of tax governance worldwide, TCFHC has implemented the "Tax Governance Policy" and the "Transfer Pricing Policy" to establish the Company's corporate tax culture and govern and manage tax affairs.

TCFHC Group does not adopt anti-tax avoidance business practices. TCFHC Group refuses to set up offices in tax havens or low-tax regions to reduce tax burdens and prohibit manipulation of profits or losses through any non-arm's length transaction or special transaction structure.

## Integrity and Ethics

At least once a year, the Sustainable Development Committee reports the implementation status of ethical management, measures taken, and the results of investigations into whistleblowing cases.

In 2024,

- **100%** of all directors and senior management of the Company and its subsidiaries have signed up the **"Declaration on the Compliance of Ethical Management by Directors and Senior Management"**.
- **100%** of the employees of the Company and TCB have signed the **"Statement of Employee Code of Conduct"**.
- All subsidiaries report the status of compliance with the **"Ethical Corporate Management Best Practice Principles"** to their respective Board of Directors every year. The status of 2024 was all reported to the respective Board of Directors.

## Ethical Management Training

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

*In 2024, TCFHC Group had **No** incidents of corruption, fraud, bribery, insider trading, money laundering, discrimination, violation of customer privacy, anti-competitive behavior, antitrust violations, monopoly, market manipulation, improper political contributions, or improper charitable donations and sponsorships violating its code of conduct, while the amount of related legal proceedings and penalties was **0**.*

## Whistleblowing System

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

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



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



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

☒ Allows for anonymous reporting

☒ Non-retaliation policy

For all reported cases are addressed and investigated, their investigation findings and related documentation shall be recorded for preservation. Investigation findings shall be submitted to the Sustainable Development Committee for future reference, and the reported cases, how they are addressed, and subsequent reflection upon improvement measures shall be reported to the Board of Directors. The identity of the whistleblower shall be kept confidential and neither should there be any damage to the rights and interests of nor any adverse act against the whistleblower.

In 2024, a total of **49** cases were received through the Group's whistleblowing email in 2024, all of which have been investigated and closed with reports completed. Among these, 3 cases were substantiated, 12 cases were partially substantiated, and 34 cases were unsubstantiated.

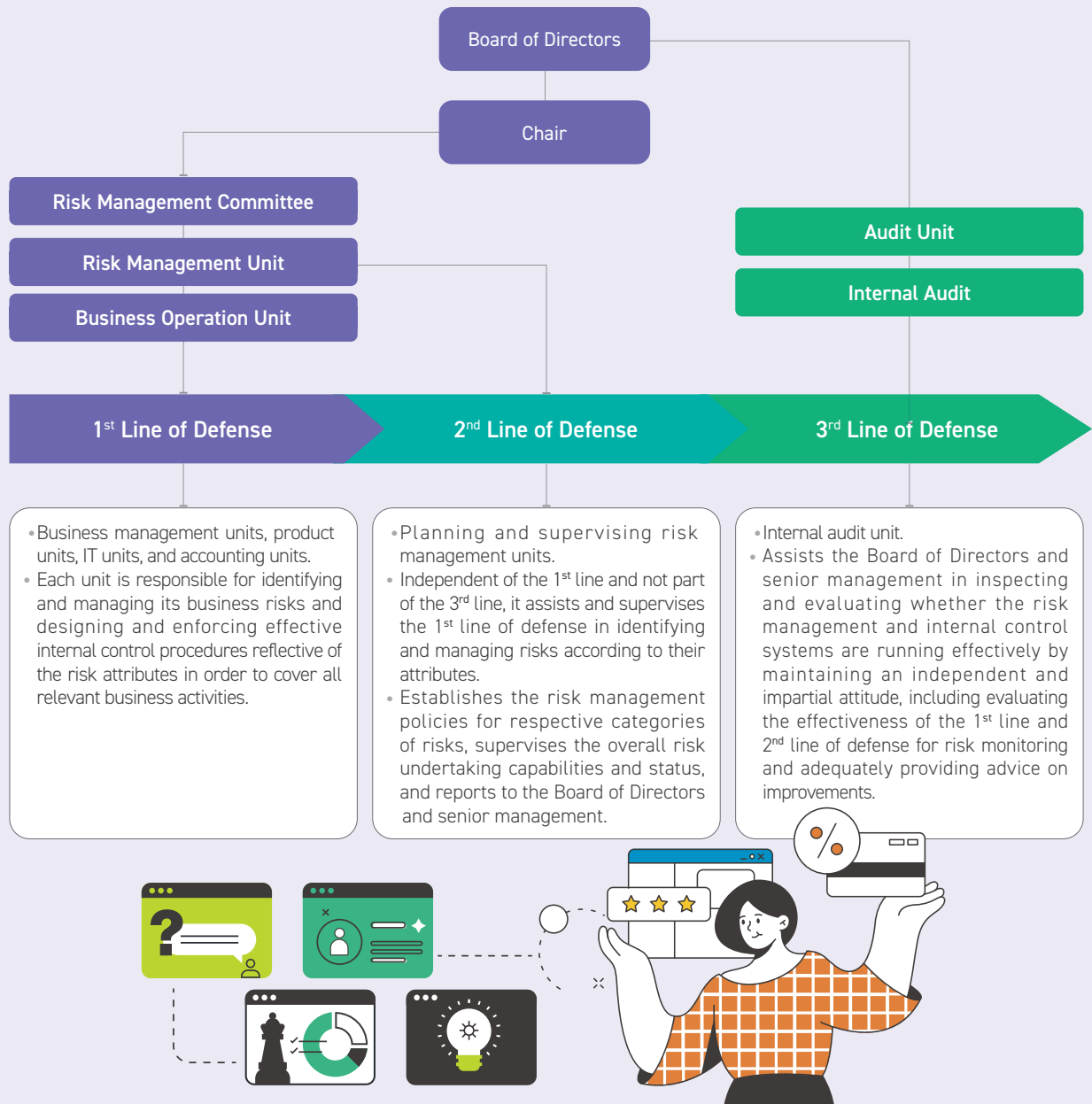
## Risk Management and Internal Audits

### Risk Management Committees

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

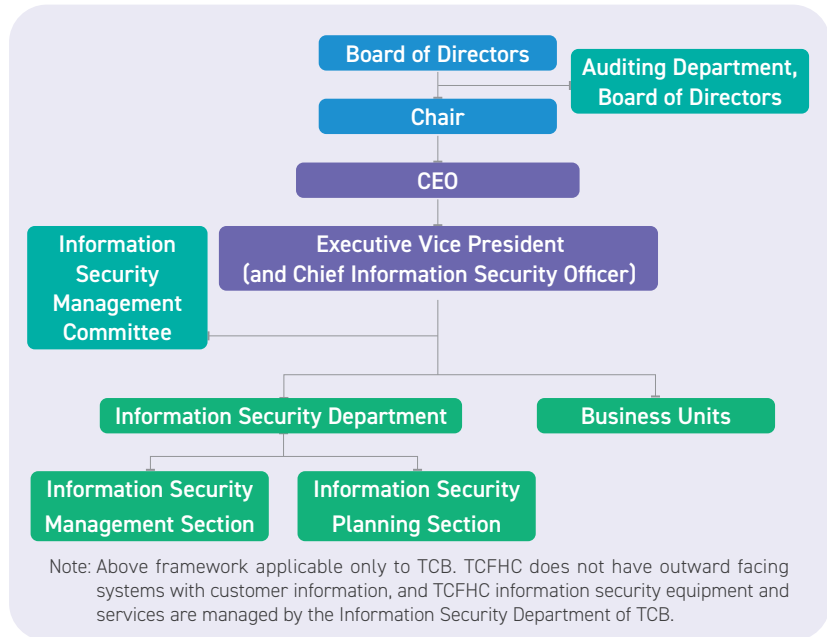
### Internal Audit

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



## Information Security

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



## Information Security Training and Social Engineering Exercises

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

100%

The completion rate of employees' information security training was 100% in 2024.

< 3%

The open rate and the click-to-open rates for links and attachments in the "social engineering email attack drills" were all under 3% for the Group in 2024.

## Personal Information Protection

### Management Systems

In 2024, TCB and BNP TCB Life obtained the "BS 10012:2017 Personal Information Management System" international standard certification and maintained the validity of the certificate. TCS also completed external verification by the Taiwan Personal Information Protection & Administration System (TPIPAS), successfully passed the verification update, and continued to maintain the effectiveness of the TPIPAS certification.

### Training Programs

In 2024, the ratio of employees receiving a full course of training on personal information protection across the TCFHC Group was 100%.

### Operation Procedures

Where it involves customer information and is classified as material event, the "Crisis Management Task Force" will be assembled to perform post-incident response measures while staying in close communication with the customer, and issue a standard news release if necessary.

In 2024, within the Group, only TCB had 1 case in which a staff member failed to handle and safeguard customer information in accordance with internal regulations, resulting in the disclosure of a customer's account information to a third party and affecting 1 customer (the percentage of data leakage related to personal information is 100%). As a result, the Financial Supervisory Commission imposed a fine of NT\$20,000 in 2025. All other subsidiaries reported **No** incidents of data leakage, **No** affected customers, **No** penalties for violations of personal data protection regulations, and no related complaints.



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