





IBF
FINANCIAL HOLDINGS



2022
ESG INSIGHT

OVERVIEW

IBF Financial Holdings (hereon "IBF") is engaged in the business of bills, securities, investment consulting, futures, and venture investment, etc., and it established the joint venture Rakuten International Commercial Bank in 2020 through cooperation with Rakuten Group, Inc. of Japan, thus setting foot in the banking industry.

IBF publishes a sustainability report on an annual basis with reference to  **GRI 2021 standards** and  **SASB standards** for Investment Banking Brokerage Industry.

IBF engaged PwC to perform an independent limited assurance report on the sustainability performance information reported in our 2022 Sustainability Report, for matters assured see Appendix VIII of Sustainability Report.

SUSTAINABILITY INITIATIVES



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SBTi

IBF formally commits to align with the Science Based Target initiative, make an inventory of the carbon emissions derived from investment and financing, and comprehensively plan carbon emission targets in the operation and investment/financing portfolios of the Group prior to the end of 2023. IBF is determined to reach net zero emissions and expects setting of SBT target in 2024.

TCFD

TCFD

In 2022 IBF adopted the TCFD framework and issued our first TCFD report. In 2023 IBF officially became a TCFD supporter.



PCAF

PCAF Methodology

IBF is committed to assessing investment and financing portfolios in accordance with the methodology recommended by the Partnership for Carbon Accounting Financials (PCAF). IBF expects adoption and audit completion by March 2024.



Principles for
Responsible
Investment

Principles for Responsible Investment (PRI)

Implementation Status see 2022 Sustainability Report p136.



UNEP
FINANCE
INITIATIVE

PRINCIPLES FOR
RESPONSIBLE
BANKING

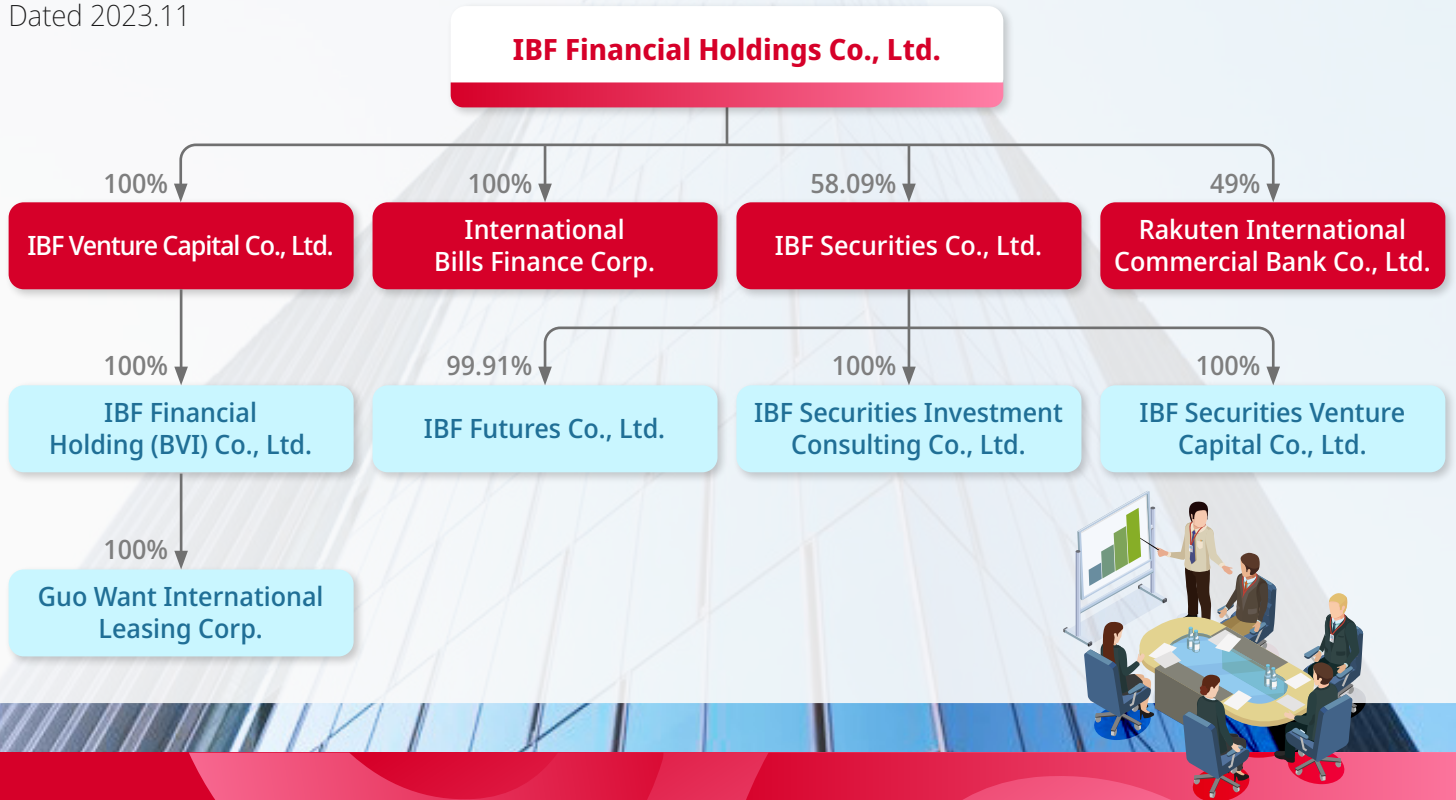
Principles for Responsible Banking (PRB)

Implementation Status see 2022 Sustainability Report p137-139.

IBF Financial Holdings voluntarily follows the Principles for Responsible Investment (PRI) and Principles for Responsible Banking (PRB) since 2022.

SUBSIDIARIES

Dated 2023.11



CREDIT RATINGS

| | IBF Financial Holdings | International Bills Finance | IBF Securities | Rakuten International Commercial Bank |
|---|------------------------|-----------------------------|-------------------|---------------------------------------|
| Date of Rating | November 23, 2023 | November 23, 2023 | November 23, 2023 | October 6, 2023 |
| National Long-Term Credit Ratings | A+ (twn) | A+ (twn) | A+ (twn) | A+ (twn) |
| National Short-Term Credit Ratings | F1 (twn) | F1 (twn) | F1 (twn) | F1+ (twn) |
| International Long-Term Credit Ratings | BBB | BBB | BBB | - |
| International Short-Term Credit Ratings | F3 | F3 | F3 | - |
| Outlook | Stable | Stable | Stable | Stable |

ISO CERTIFICATIONS

| | Scope | Validity Period | Verification |
|---|-----------------------|--------------------|---------------|
| ISO 14064-1:2018 Greenhouse Gas Inventory System | All entities in Group | Both 2021 and 2022 | BSI |
| ISO 14001:2015 Environmental Management System | | Dec 2022-2025 | BSI |
| ISO 50001:2018 Energy Management System | | Dec 2022-2025 | BSI |
| ISO 27001:2013 Information Security Management System | | IBF Securities | Dec 2022-2025 |

ENVIRONMENTAL

RESPONSIBLE ASSET MANAGEMENT

IBF Group voluntarily follows the UN **Principles for Responsible Banking (PRB)** and the **Principles for Responsible Investment (PRI)** since 2022, and includes ESG risk evaluation factors in the investment and financing decision-making. IBF Group regularly convenes operational meetings during which monthly meetings cover topics of subsidiaries' long-term investment, IPO case selection, direction of equity products and direct investment.

Internal policies providing an evaluation guidance for sustainability development regarding lending and investment businesses for the group include:

IBF Financial Holdings

Sustainable Finance Policy

stipulates five major aspects concerning sustainable financial products/services, international engagement, operational management, risk management and sustainable value.

| International Bills Finance | IBF Securities | IBF Venture Capital |
|---|---|--|
| <ul style="list-style-type: none"> ● Stewardship Principles for Institutional Investors signed declaration in 2022 ● Institutional Investor Stewardship Policy ● Responsible Investment Management Guidelines | <ul style="list-style-type: none"> ● Stewardship Principles for Institutional Investors signed declaration in 2018 ● Responsible Financing Guidelines ● Responsible Investment Guidelines | <ul style="list-style-type: none"> ● Stewardship Principles for Institutional Investors formulated in 2023 ● Code of Conduct for Institutional Investors Stewardship Principles signed in 2023 ● Direct Investment Operation Management Regulations ● Short-Term Investment Management Rules ● Responsible Investment Guidelines |

■ *Responsible Lending International Bills Finance*

Three principles in Responsible Finance Management Guidelines:

- 1 Provide financial assistance properly for green-energy, energy-saving and environment-friendly industries or expenditure, or industries or expenditure that benefit the improvement of sustainable development.
- 2 Encourage clients to provide collateral that brings positive benefits to the environment, e.g., green buildings, for land and buildings used for credit guarantee.
- 3 Those assessed as with high ESG risks and failing to make specific improvement plans will be dealt with as follows: Loans will not be provided for new clients with this situation; previous clients will be urged to improve, or no loans will be increased to them, or the loans lent to them will be gradually recovered, to practically control ESG-related risks.

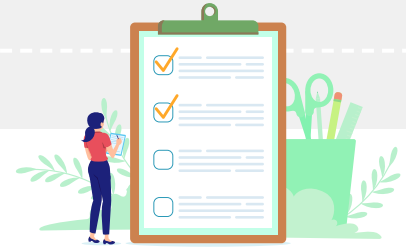
■ *Risk Management*

IBF Financial Holdings amended the Measures for Risk Management in November 2022 to include climate-related risks in the scope of risk management. IBF and subsidiaries should consider its own industry characteristics to manage potential impacts from climate change and integrate into existing risk management of operations and finances.

Prohibited Industries

List of Industries Prohibited from Investment:

- 1** Sanctioned blacklist by the competent authority in accordance with the Countering Terrorism Financing Act (and terrorists or groups recognized by the competent authority, foreign governments or international organizations).
- 2** Enterprises engaged in illegal weapon manufacturing and trading, or related to weapons of mass destruction (e.g., cluster munition, landmines, nuclear weapons, weakened uranium weapons, biological/chemical weapons, laser blinding weapons, undetectable fragments, and incendiary weapons).
- 3** Enterprises engaged in illegal activities including illegal gambling.
- 4** Pornography and illegal drugs.



Highly Sensitive Industries

List of Highly Sensitive Industries:

- 1 Tobacco manufacturing** Industries manufacturing tobacco products intended for smoking, chewing, containing, or smelling with tobacco or tobacco substitutes as raw materials.
- 2 Gaming industry without public welfare nature** Industries involving the sales of lottery ticket, operation of gaming fields, coin-operated gaming equipment, and gaming websites, and other gaming services without public-welfare nature.
- 3 Electric power suppliers with coal power generation** Power generation industry with coal as the fuel.
- 4 Fishing industries that harm ecology** Industries of capturing of aquatic organisms in the oceans and inland waters in an ecologically destructive way.
- 5 Mining of fossil fuels** Industries of exploration, adoption, preliminary treatment and preparation of coal, petroleum, and natural gas.

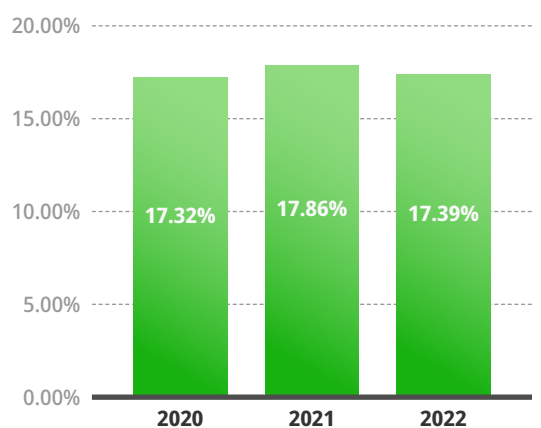
High Emission Industries

As a basis for responsible investment decision making, the Company has adopted SASB industry-based standards to review 7 high emission industries, including chemicals (RT.2), oil & gas – exploration & production (EM.4), metals and mining (EM.3), construction materials (EM.2), airlines (TR.1), electric utilities and power generators (IF.1), iron & steel producers (EM.3). If investment target falls within these 7 industries, then further due diligence will be made to evaluate the target company's GHG emission trend over the past 3 years and whether the target company is committed climate change efforts.

In 2022, the ratio of risk exposure from high-emission industries was down by 0.47% compared with 2021. The top-three risk exposures are oil & gas – exploration & production, chemicals, and electric utilities and power generators.

The investment and financing amount in each high-emission industry has not exceeded 4.5% of the total amount of investment portfolios in the last three years. In the future, IBF plans to set up short-term, mid-term, and long-term objectives for greenhouse gas emissions, and gradually plan inventory checks of carbon emissions of investment and financing portfolios as metrics for control.

High-emission Industries- Ratio of Risk Exposure



METRICS AND TARGETS

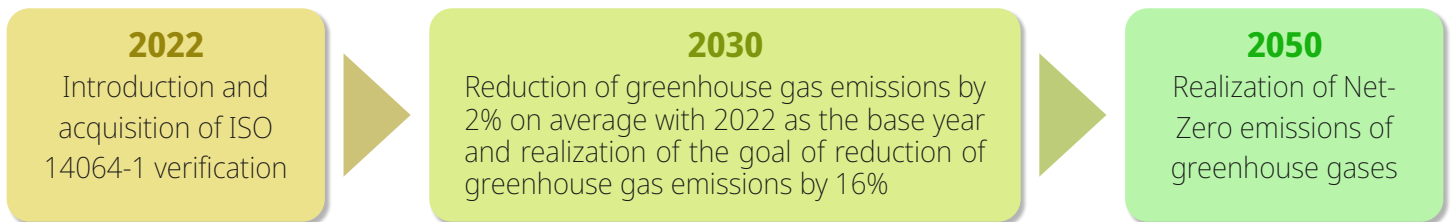
Since the reporting scope of IBF Group in 2022 was corrected to all operating sites of each subsidiary in the consolidated financial statements, the inventory year of 2022 was thus determined as the IBF Group's base year.

In 2022, the scope of inventory included a total of 48 operating sites of IBF Financial Holdings, IBF Venture Capital, IBF Securities Investment Consulting, IBF Securities Venture Capital, IBF Futures, IBF Securities, International Bills Finance, Guo Want International Leasing Corp., and IBF Financial Holding Co., Ltd; since Rakuten International Commercial Bank was not included in the consolidated financial statements of IBF Financial Holdings, it was thus removed from the organizational scope to meet the requirements of the FSC. However, the emissions of Rakuten International Commercial Bank are included in indirect greenhouse gas emissions generated from the use of products from the organization of IBF Financial Holdings in Scope 3 according to the investment ratio of 49%.

GHG Emissions

The annual greenhouse gas emissions of the Group were reduced by 4.78% compared to 2021.

In response to international net-zero trends, the Company participated in the joint signing of the Chinese National Association of Industry and Commerce, Taiwan, of the 1.5 C Climate Action Declaration in 2022.



| GHG Emissions | Unit | 2019 | 2020 | 2021 | 2022 | 2023 Goals |
|------------------------|--|----------|----------|----------|----------|--|
| Scope 1 | | N/A | N/A | 334.03 | 336.50 | Short-term and midterm targets: Reduce Scope 1 and 2 emissions by 2% every year compared to base year 2022 till 2030 |
| Scope 2 | | N/A | N/A | 3,317.06 | 3,297.56 | |
| Scope 3 (Category 4) ● | | N/A | N/A | 880.24 | 673.33 | |
| Scope 3 (Category 5) ● | ton CO ₂ e | N/A | N/A | 76.48 | 80.20 | |
| Total emissions | | 3,100.44 | 2,940.01 | 4,607.81 | 4,387.59 | |
| Emissions per capita | tCO ₂ e/person | N/A | N/A | 2.93 | 2.77 | |
| GHG intensity | tCO ₂ e/NT\$ million of net revenue | 0.45 | 0.34 | 0.45 | 0.75 | |

● Category 4: Indirect GHG emissions from products and services used by organizations

● Category 5: Indirect GHG emissions associated with the use of products from the organization - Rakuten International Commercial Bank

Energy Consumption

IBF Financial Holdings started planning green electricity procurement in 2022 and has begun implementation of green electricity transfer since the fourth quarter of 2023.

| | Unit | 2021 | 2022 | 2023 Goals |
|-------------------------------|------|-----------|-----------|---|
| Total energy consumption | MWh | 7,027.19 | 7,015.76 | reduce by 1% compared to base year 2022 |
| Total energy consumption | GJ | 25,297.88 | 25,256.74 | |
| Energy consumption per capita | | 16.11 | 15.94 | |

Water Usage

| | Unit | 2021 | 2022 | 2023 Goals |
|------------------------------|--------------------------------|--------|--------|---|
| Water consumption | m ³ | 26,967 | 28,418 | |
| Water consumption per capita | m ³ /person | 17.18 | 17.94 | reduce by 1% compared to base year 2022 |
| Water consumption/Revenue | m ³ /NT\$ 1 million | 2.65 | 4.87 | |
| Carbon emissions | t CO ₂ e | 6.54 | 4.09 | |

Note: Water consumption increase in 2022 due to increased hand washing and office cleaning and disinfection since COVID pandemic.

Waste

| | Unit | 2021 | 2022 | 2023 Goals |
|-------------------------|------------|---------|--------|---|
| Waste output | kg | 447,754 | 56,402 | reduce by 1% compared to base year 2022 |
| Waste output per capita | kg/ person | 285.19 | 35.61 | |

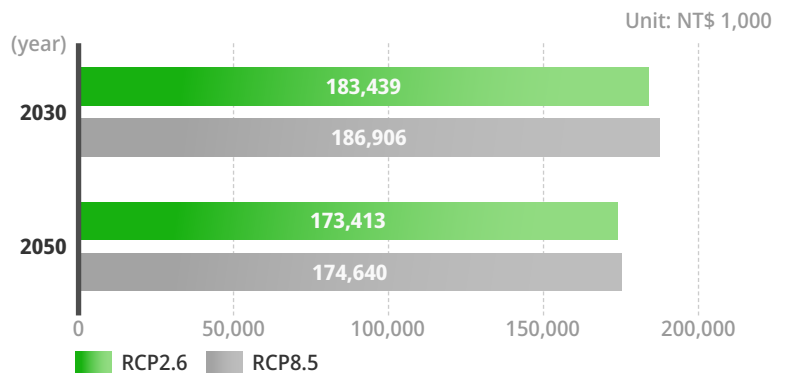
Note: In 2022, the waste generated in IBF Building every day per person was adopted as a basis for calculation. In 2021, the calculation was done based on the waste per capita released by the Environmental Protection Administration. Due to the updating of calculation method, the data of these two years differed greatly.

TCFD

In 2023, IBF completed TCFD for the first time. 11 risks and 6 opportunities were identified during the assessment, see below for summary of 3 highest impact risks and opportunities. For further details of IBF climate strategy, see IBF Financial Holdings 2022 TCFD report.

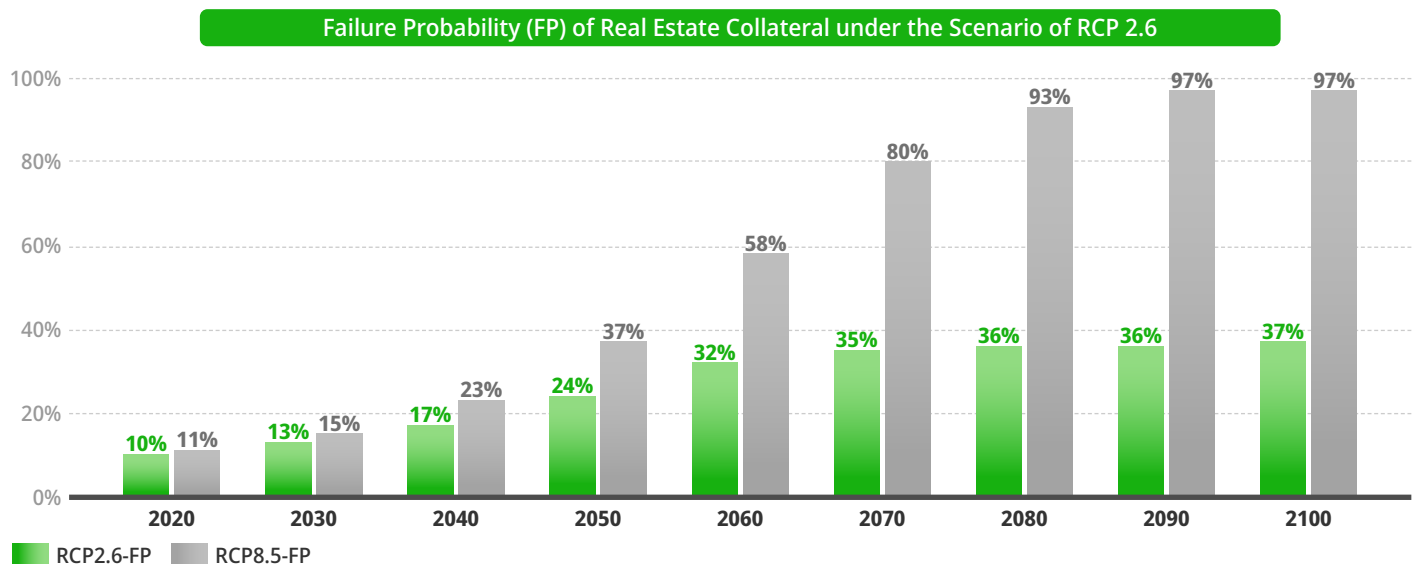
Physical Risks to Operating Sites

The operating sites of the Group are buildings constructed mostly from 1978 to 2019, with economic durability of approximately 50 years, the estimated amount of losses due the climate physical risks under the scenarios of RCP 2.6 and RCP 8.5 in 2030 and 2050 are as follows:



Physical Risks to Real Estate Collateral

IBF analyzed the real estate collateral involved in credit extension cases undertaken in 2022.



Transition Risks of Credit Clients

In the future, if IBF credit clients are categorized as major carbon emission reduction targets, financial impacts may result from the collection of carbon fees. Therefore, IBF considers different scenarios and evaluates the potential losses using internal credit rating modelling.

This analysis is based on the model of Network for Greening the Financial System (NGFS), and three carbon price scenarios including Net Zero 2050, Delayed Transition and Nationally Determined Contributions (NDCs).

Amount of Expected Credit Loss

| Hypothetical Scenario | Unit | 2025 | 2030 | 2050 |
|-----------------------|---------------|-------|-------|--------|
| NDCs | | - | - | - |
| Delayed transition | NT\$ Thousand | - | - | 23,595 |
| Net Zero 2050 | | 5,530 | 5,530 | 33,165 |

GREEN PROCUREMENT

| Item | Unit | 2020 | 2021 | 2022 |
|-----------------------------|---------------|-----------|-----------|-----------|
| Amount of green procurement | NT\$ Thousand | 4,171,022 | 3,510,615 | 3,515,611 |

GREEN BUILDING

IBF Taipei headquarters IBF Tower won the Green Building Label Silver Award (version 2012) design. Furthermore, IBF continues to improve the energy efficiency of existing buildings, and fulfill the environmental protection responsibility.



IBF Tower

0105-0001, Jintai Section,
Zhongshan District



EEWH

Version 2012 Green
Building Label Silver



SOCIAL

HUMAN RIGHTS

IBF Financial Holdings supports and follows corresponding international conventions and principles on human rights, including the Universal Declaration of Human Rights, the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, and the ILO Convention.

IBF's Human Right Policy was passed by the Board of Directors in May 2023. In the past, IBF has consistently monitored risk evaluation of human rights and has management measures in place prior to having formal Human Rights Policy.

No incidents of discrimination, child labor, forced labor or infringement upon employees' interests in 2022.

GROUP EMPLOYEE STRUCTURE

The Group adopts an employment policy that does not involve any discrimination of gender, race, age, marital or family status, etc. The rights and interests of employees comply with the provisions stipulated in relevant laws and regulations, such as the Labor Standards Act.

| | | 2020 | | 2021 | | 2022 | |
|---------------------|----------------|--------------|-----|--------------|-----|--------------|-----|
| | | M | F | M | F | M | F |
| Employment Contract | Permanent | 624 | 830 | 630 | 853 | 621 | 859 |
| | Temporary | 0 | 1 | 1 | 0 | 2 | 1 |
| | Total | 1,455 | | 1,484 | | 1,483 | |
| Employment Type | Full-time | 624 | 831 | 630 | 853 | 623 | 860 |
| | Part Time | 0 | 0 | 1 | 0 | 0 | 0 |
| | Total | 1,455 | | 1,484 | | 1,483 | |
| Employee Type | Supervisor | 86 | 34 | 78 | 35 | 96 | 43 |
| | Non-supervisor | 538 | 797 | 553 | 818 | 527 | 817 |
| | Total | 1,455 | | 1,484 | | 1,483 | |

Note: The statistics above do not include interns; non-supervisory employees of the Group are defined as employees below associate manager level.

EMPLOYEE TURNOVER

| | 2019 | 2020 | 2021 | 2022 |
|------------------------|------|-------|------|------|
| IBF Financial Holdings | 2.7% | 8.11% | 2.7% | 7.5% |

2022 Subsidiaries' Employee Turnover

| IBF Group | Male | | Female | | Total | Turnover Rate |
|--------------------------------------|-----------|-----------|-----------|-----------|------------|---------------|
| | Below 40 | Above 40 | Below 40 | Above 40 | | |
| IBF Financial Holdings | 0 | 2 | 0 | 1 | 3 | 7.50% |
| International Bills Finance | 9 | 4 | 3 | 1 | 17 | 8.76% |
| IBF Securities | 22 | 52 | 19 | 62 | 155 | 13.51% |
| IBF Venture Capital | 0 | 0 | 0 | 1 | 0 | 0.00% |
| IBF Securities Investment Consulting | 0 | 3 | 0 | 3 | 6 | 19.35% |
| IBF Futures | 6 | 2 | 3 | 4 | 15 | 26.79% |
| Total | 37 | 63 | 25 | 71 | 196 | 13.22% |

Note 1: The ratio was calculated according to the number of employees of each subsidiary at the end of 2022.

Note 2: The ratio of the Group was calculated per a total of 1,483 employees of the six companies at the end of 2022.

SALARY COMPENSATION

The Company's operating results are fully reflected in the compensation of its employees. As a result, the Company has been rated by the Taiwan Stock Exchange and included in the Taiwan High Compensation 100 Index for 5 consecutive years since 2018.



GENDER PAY EQUALITY

Gender Pay Ratio

2022

| | | |
|----------------------|---|---------|
| | Basic salary of senior supervisor | 100:197 |
| | Basic salary of senior supervisor + Cash bonus | 100:395 |
| Employee's rank | Basic salary of the management | 100:143 |
| Average ratios (F:M) | Basic salary of the management + Cash bonus | 100:121 |
| | Basic salary of general colleagues | 100:77 |
| | Basic salary of general colleagues + Cash bonus | 100:73 |

EMPLOYEE STOCK OPTION PLAN

IBF Group gathered a project team in April 2023 to advance the implementation of an ESOP to attract and retain talent for the Group. The draft ESOP is completed and awaiting the Board's review at the end of 2023.

PARENTAL LEAVE

Statistics of parental leave without pay of IBF Group in 2022

| | Female | Male | Total |
|--|--------|------|-------|
| (A) Number of Employees Eligible for Parental Leave | 13 | 13 | 26 |
| (B) Actual Number of Parental Leave Applications in 2022 | 5 | 0 | 5 |
| (C-1) Number of Employees Expected to Be Reinstated in 2022 after end of parental leave | 3 | 0 | 3 |
| (C-2) Number of Applications for Reinstatement in 2022 after end of parental leave | 3 | 0 | 3 |
| Return To Work Rate (C-2 / C-1) | 100% | - | 100% |
| (D-1) Total actual number of reinstated employees after end of parental leave in 2021 | 2 | 0 | 2 |
| (D-2) Total number of in-service employees 12 months after reinstatement from parental leave | 1 | 0 | 1 |
| Retention rate (D-2 / D-1) | 50% | - | 50% |

Note 1: Return To Work Rate = (Number of reinstated employees/Number of employees supposed to be reinstated)*100%

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

IBF empowers workers and employees by supporting their right to establish and join unions. This right is laid out in Article 7 of our Human Rights Policy.

LABOR RELATIONS AND COMMUNICATION

Direct communication

Employees may directly reflect on various problems to their direct supervisors. Colleagues may communicate with management at any time in the workplace to ensure full and barrier-free communication.

Labor-management meeting

IBF Financial Holdings, International Bills Finance, and IBF Securities hold labor management meetings every quarter. Employees and management assign an equal number of participants to communicate opinions with each other and negotiate and solve problems to promote harmonious and co-prosperous labor relations.

Other channels (internal website, employee discussion zone, and employee suggestion box)

We assign dedicated personnel to track and handle any suggestions or problems raised by employees. In addition, to ensure gender equality in the work environment, IBF Financial Holdings and most affiliates have already established a Sexual Harassment Prevention Hotline and Regulations for Sexual Harassment Control Measures, Complaints, and Disciplinary. A Sexual Harassment Complaint Handling Committee has also been established to take charge of matters related to sexual harassment complaints, investigations, and resolutions, and conduct advocacy and communication to improve employees' awareness of gender equality.

■ Prevention of Sexual Harassment

IBF Financial Holdings has internal polices for the prevention, reporting and investigation of sexual harassment. IBF implements relevant education and training courses, sends emails for publicity and advocacy, and have established a dedicated zone to discuss gender equality.



There were no sexual harassment cases in 2022.

DEVELOPMENT AND TRAINING

IBF refines the core functions of each employee through education and training and provide our clients with services tailored to their needs by talented individuals with professional financial knowledge and experience.

Each entity within the Group has a training subsidy program. In addition to financial licenses, we also provide subsidies for educational degrees, language learning, computer skills, and overseas studies.

The total duration of employee education and training provided by IBF Financial Holdings and subsidiaries reached 60,966.7 hours, and **per employee, 41.1 hours**. The contents of education and training include general training of regulatory compliance, anti-money laundering, counter-financing of terrorism, and information security as well as another financial knowledge.

| IBF Group | Unit | Management Position | | Non-management Position | |
|--------------------------------------|-------|---------------------|---------|-------------------------|----------|
| | | M | F | M | F |
| IBF Financial Holdings | Hours | 99.0 | 96.0 | 364.0 | 282.0 |
| International Bills Finance | | 1,467.3 | 274.5 | 2,380.5 | 1,824.0 |
| IBF Securities | | 1,298.5 | 875.0 | 16,791.3 | 33,465.8 |
| IBF Venture Capital | | 16.0 | 18.0 | 29.0 | 38.0 |
| IBF Securities Investment Consulting | | 14.0 | 7.0 | 234.0 | 125.0 |
| IBF Futures | | 176.0 | 114.0 | 482.0 | 496.0 |
| Average hours of the Group | | 3,070.8 | 1,384.5 | 20,280.8 | 36,230.8 |
| Total hours of the Group | | 511.8 | 230.7 | 3,380.1 | 6,038.5 |

EMPLOYEE PERFORMANCE MANAGEMENT

Employee performance evaluation is conducted annually and focuses on employee career development planning and provides basis for granting of compensation and bonus and job adjustment. The average range of salary adjustment in the recent three years was approximately 1%~2%.

In the event of increase in cash capital in 2022, the Group retained 10% of shares raised for the employee subscription, factors considered for allocation include employees' ranks, performance and seniority.

SUPPLIER MANAGEMENT

IBF has Supplier Management Guidelines, which stipulate considerations of the ethical standards of suppliers when selecting suppliers, including, but not limited to, ethical operations, fair trade, open information, avoidance of improper earnings and false advertising, and compliance with intellectual property rights related regulations.

Since 2019 integrity clauses are being included in its contracts with suppliers to ensure ethical transactions and to protect the mutual interests of both parties. In August 2023, the internal policy was updated with clauses stipulating thresholds for supplier sustainability review, as well as providing training and publicizing of sustainability to suppliers.

- **Supplier self-evaluation of human rights and corporate social responsibility form:**





to be provided to IBF for review if a single purchase order or annual accumulated purchase order by a supplier is above NT\$1 million.

- **Ongoing evaluation:**

when annual purchase amount from a supplier exceeds NT\$5million, IBF will engage in review and evaluation as consideration for contract renewal.

FINANCIAL INCLUSION

Promotion of Financial Knowledge and Accessibility

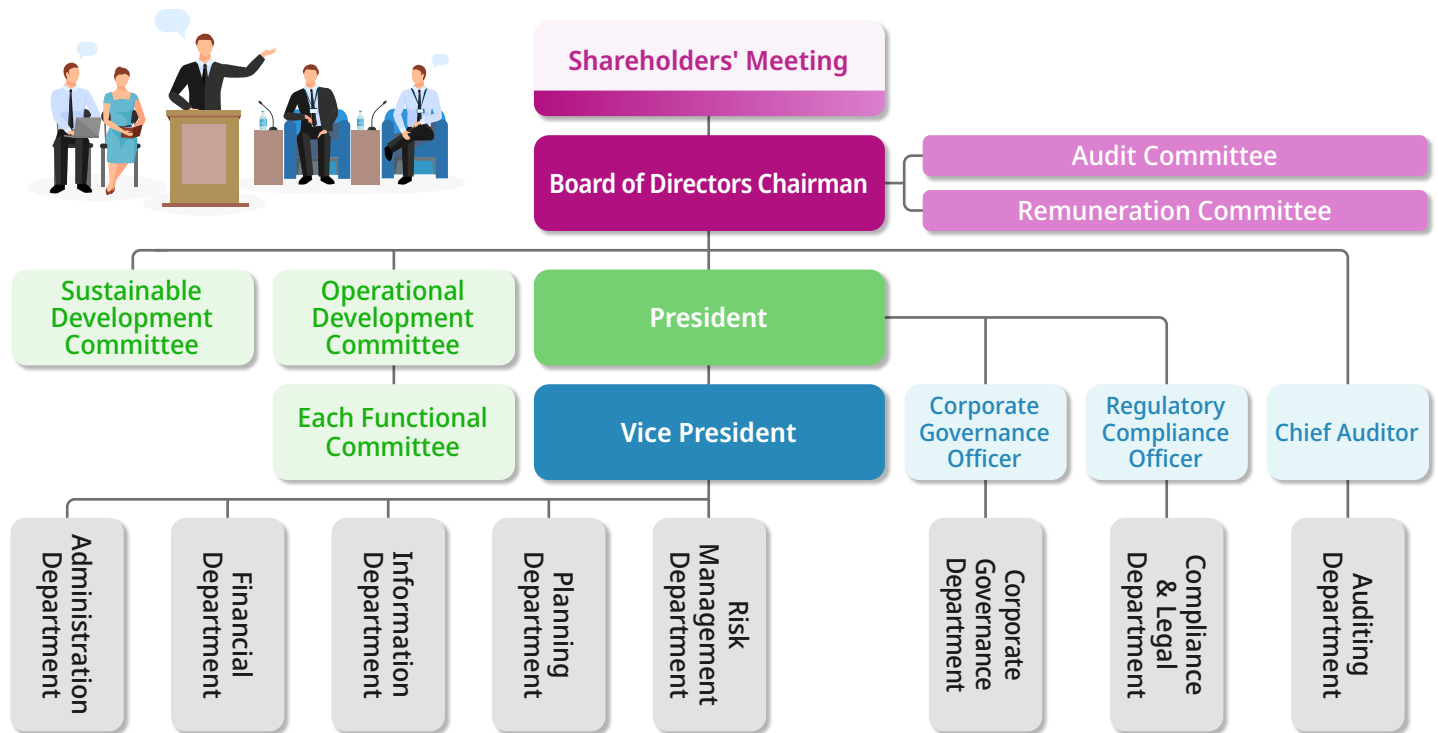
- | | |
|--|--|
|  Sponsorship of academic seminars in colleges and universities |  Supporting the industry-government-university economic summits |
|  Advocacy of financial knowledge to disadvantaged groups |  Holding diversified financial lectures and courses |
|  Sponsored "Seed Education and Training Program" for students |  Promotion of financial knowledge communities |

SME Development

As of December 31, 2022, International Bills Finance granted 200 loans to SMEs with a capital of NT\$ 100 million and below. The credit limit was NT\$ 36.5756 billion, and the credit balance was NT\$ 22.0856 billion, reaching credit ratio of 17.51%.



GOVERNANCE



BOARD OF DIRECTORS

In 2022, the 7th term board members convened 12 times with an average attendance rate of 98%, with full attendance by independent directors. The current board of directors, 8th term, was elected at the AGM on 2023/5/31, and consists of 13 members. IBF places emphasis on gender equality of Board composition and commits to having more than one-third of board members of each gender in the future.

4 independent directors
30.8%



2 female directors
15.4%



Average age of board members 59 years old

| Title | Name | Representative Name | Gender |
|----------------------|---|---------------------|--------|
| Chairman | Taiwan Ling Hang Assets Investment Co. Ltd. | Chi-Lin Wea | M |
| Vice Chairman | Ren Wang Co., Ltd. | Chih-Chiang Ho | M |
| Director | First Commercial Bank | Hui-Ching Hung | F |
| Director | Ren Wang Co., Ltd. | Cheng-Feng Shih | M |
| Director | Taiwan Cooperative Bank | Chia-Ping Tsai | M |
| Director | Hua Kang International Asset Management Co., Ltd. | Kuan-Ju Chen | M |
| Director | Jia De Investment Co. Ltd. | Cheng-Lin Chen | M |
| Director (CEO) | Hua Ji International Development Corp. | Michael Chen | M |
| Director | De An Development Co., Ltd. | Cheng-Xi Yang | M |
| Independent Director | Wei-Lung Chen | | M |
| Independent Director | Shih-Chen Joseph Jao | | M |
| Independent Director | Shu-Chuan Chen | | F |
| Independent Director | Zhen-Fang Zhang | | M |

The continuing education of directors, supervisors and internal officers of IBF Financial Holdings in 2022 is as follows:

| | | | |
|--|---|---|---|
| Jul. 14, 2022 Practical observation of ESG decision making of the Board of Directors | Oct. 28, 2022 Training of anti-money laundering and counter terrorist financing | Dec. 9, 2022 Education and training of sexual Harassment prevention in workplace | Dec. 16, 2022 Courses of corporate ethical management and anti-money laundering |
| Sep. 21, 2022 Personal Data Protection Act | Nov. 30, 2022 Publicity and notification of information security | Dec. 15, 2022 Training of regulatory compliance and publicity of Regulations Governing Information Disclosure by Listed Companies | |



FUNCTIONAL COMMITTEES

2022 Meetings:

Audit Committee

5 meetings
95% attendance

Remuneration Committee

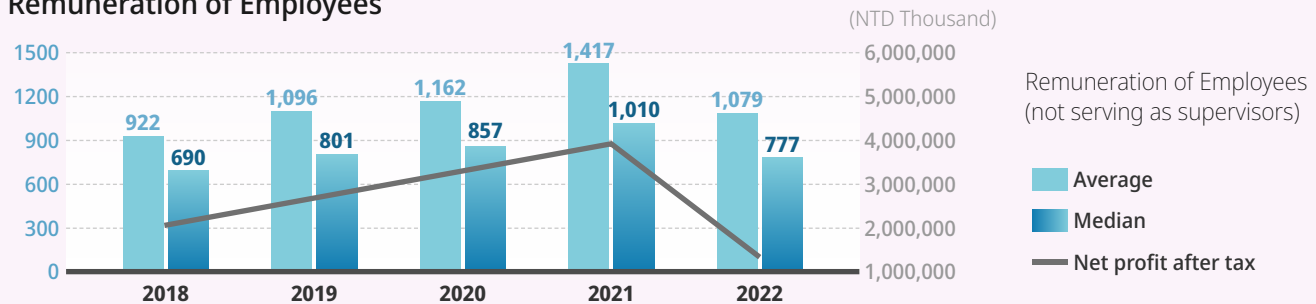
6 meetings
100% attendance

Current functional committee members are:

| Title | Name | Gender | Audit Committee | Remuneration Committee |
|--------------------------|----------------------|--------|-----------------|------------------------|
| Number of Members | | | 4 | 5 |
| Independent Director | Wei-Lung Chen | M | Member | Member |
| Independent Director | Shih-Chen Joseph Jao | M | Convener | Member |
| Independent Director | Shu-Chuan Chen | F | Member | Convener |
| Independent Director | Zhen-Fang Zhang | M | Member | Member |
| Member | Chia-Dong Hsu | M | | Member |

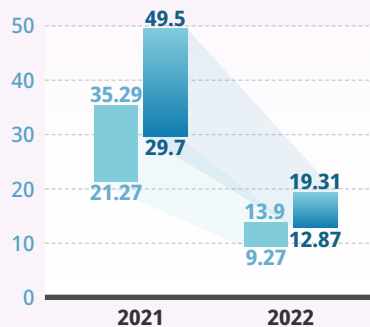
AVERAGE REMUNERATION RATIOS OF THE PRESIDENT AND EMPLOYEES OF THE GROUP

Remuneration of Employees

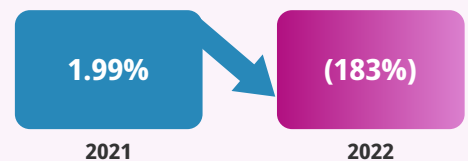


Ratio Between the Remuneration of the President and Employees (Not Serving as Supervisors)

- President and the Average Remuneration of Employees
- President and the Median Remuneration of Employees



Ratio Between Increasing (Decreasing) Range of the President and the Median of Increasing (Decreasing) Range of Employees' Remuneration



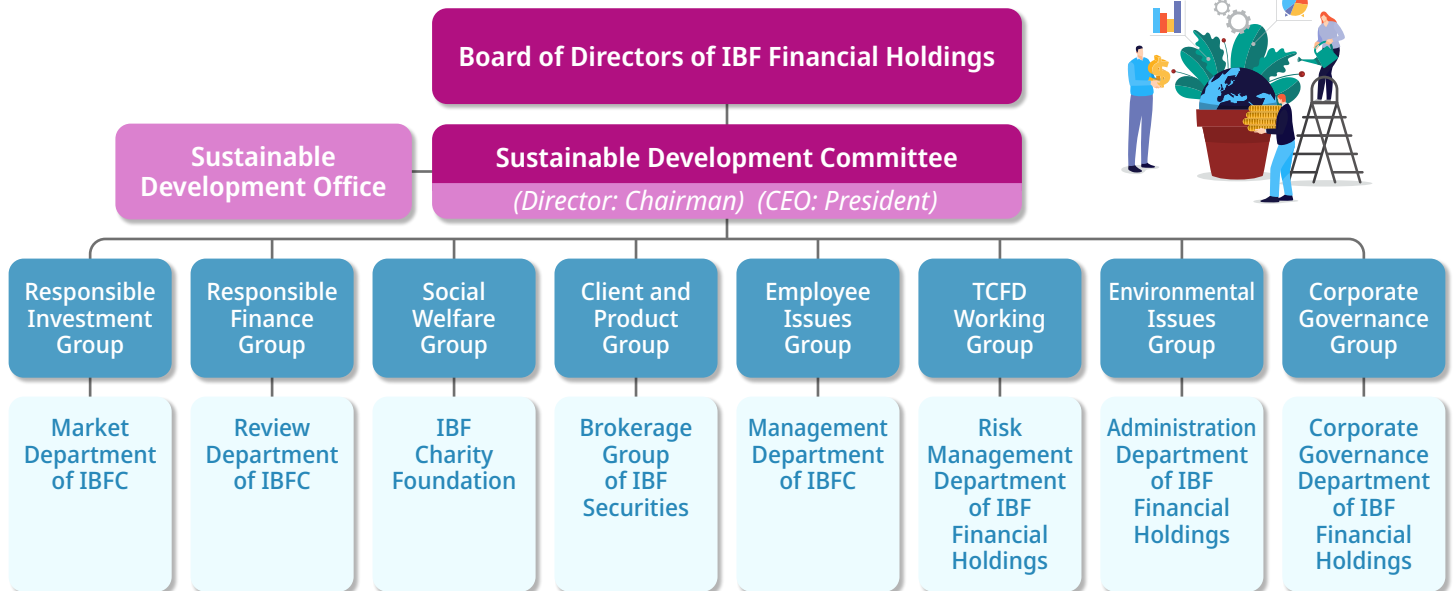
Note 1: The table above shall be handled according to relevant provisions of "Operating Instructions for Declaration of Remuneration Information of Full-time Employees Not Serving as Supervisors" issued by the Taiwan Stock Exchange Corporation.

Note 2: In 2022, the number of full-time employees of the Company and consolidated individual entities who are determined as full-time employees not serving as supervisors in the local subsidiaries engaged in bills, securities and banking according to Article 4 of "Financial Holding Company Act" reached 1,440, increased by 29 compared with 1,411 in 2021.

SUSTAINABLE DEVELOPMENT COMMITTEE

The Group established “Sustainable Development Committee” in 2021 as a sustainable decision-making center. This Committee is responsible for integrating the corporate sustainable management plans and practices and the appropriate allocation of resources of each subsidiary. The committee convened 4 times in 2022 and submits climate change topics to the Board on a half-yearly basis.

The Chairman serves as the convener of the Sustainable Development Committee, while the senior managers of each subsidiary serve as committee members. Furthermore, a Sustainable Development Office has been established with the President of IBF Financial Holdings serving as its CEO and 8 taskforces.



ETHICAL MANAGEMENT

Relevant standards have been developed to prohibit bribery, illegal political donations, improper charitable donations or sponsorships, unreasonable gifts, and other improper interests.

In 2022, the Company was not involved in any situation that violated professional ethics and integrity.

■ Ethics Training

IBF and subsidiaries select employees to participate in external trading training programs for commercial bribery prevention, malpractice case studies, insider trading prevention, and company fraud analysis.

In addition, the ethical policy and prevention of unethical conduct are advocated during training courses on internal regulatory compliance, internal control, and other areas.

The Company and its subsidiaries arrange education and training courses for directors, supervisors, and employees to strengthen awareness of all members of the Group of regulatory compliance. In addition to seven internal and external training programs attended by directors, supervisors, and internal officers of IBF Financial Holdings in 2022, each subsidiary independently provided training on internal regulatory compliance, covering the Personal Data Protection Act, the Money Laundering Control Act, the Labor Standards Act, the Financial Consumer Protection Act (including education and training on the Principle of Treating Clients Fairly), and the Sexual Harassment Prevention Act to strengthen colleagues' regulatory compliance.

LEGAL COMPLIANCE

IBF holds four regulatory compliance meetings and two Group meetings on anti-money laundering and counter-financing of terrorism every year, publicizes important laws and regulations, and conducts case studies.

■ AML/CFT Program

IBF Group has an overall Anti-Money Laundering and Counter-Financing of Terrorism (AML/CFT) program, with reference to international standards and local regulations including "40 Recommendations of the Financial Action Task Force (FATF)" and the Reference Practices of the Bankers Association. IBF has expressly determined the information sharing at Group level, so that each subsidiary can effectively identify, evaluate and take appropriate control measures.



Each dedicated supervisor shall report the implementation status to the Board of Directors every half year. The implementation status of AML/CFT is included in the annual audit plan as a review highlight to promote the implementation of three lines of defense of internal control. Self-evaluation is made by each unit, assessed, signed, and reported to the president as reference for unit evaluations.

■ IBF Financial Holdings AML/CFT Internal Policies

- AML/CFT Program
- IBF Group Anti-Money Laundering and Counter-Terrorist Financing Information Sharing Guidelines
- IBF Group Anti-Money Laundering and Counter-Terrorist Financing Operational Risk Assessment Precautions



■ Training

Legal and compliance

- Internal and external training hours 25,531

Anti-money laundering and combatting of terrorism financing

- attended by 574 people
- total training hours of 4,727
- individual certifications 251

| IBF Group | Management Position | | Non-management Position | | Number of Employees Obtaining Certificates of Study |
|--------------------------------------|---------------------|------------|-------------------------|----------------|---|
| | M | F | M | F | |
| IBF Financial Holdings | 21 | 27 | 42 | 27 | 6 |
| International Bills Finance | 396 | 78 | 279 | 228 | 234 |
| IBF Securities | 282.5 | 228 | 991 | 1,944.5 | 3 |
| IBF Venture Capital | 3 | 3 | 6 | 3 | 0 |
| IBF Securities Investment Consulting | 1 | 1 | 25 | 13 | 1 |
| IBF Futures | 55 | 28 | 19 | 26 | 7 |
| Total | 758.5 | 365 | 1,362 | 2,241.5 | 251 |

■ **Regulatory Violations in 2022**

| Entity | Case and Penalty | Improvement Measures |
|---|--|---------------------------------------|
| IBF Securities | Cybersecurity incident: fined NT\$430,000 | See 2022 Sustainability Report p58-59 |
| | Branch deficiencies: fined NT\$100,000 | |
| | Information operation deficiencies: fined NT\$ 480,000 | |
| IBF Financial Holdings, International Bills Finance, IBF Futures, IBF Securities Investment Consulting, IBF Venture Capital did not incur any violations. | | |

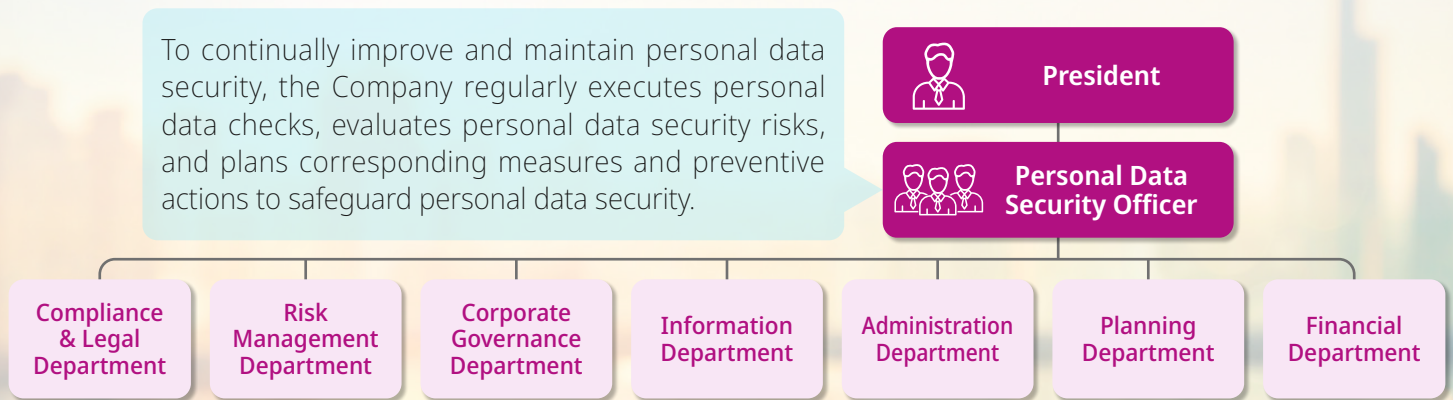
PERSONAL DATA AND PRIVACY PROTECTION

Policies

Responsible teams for personal data and privacy protection are the compliance and legal department and the President’s Office. The Group has a total of 26 internal policies regarding the protection of clients’ personal data, for details see 2022 Sustainability Report p66.

In 2022: Internal policy Regulations governing Security Maintenance of Personal Data Files was updated to include notification and matters to notify when personal data is breached. The Financial Supervisory Commission must be notified within 72 hours for significant breaches.

No information disclosure incidents of IBF Financial Holdings and its subsidiaries related to personal data in 2022.



Education and Training

IBF Financial Holdings holds “Advocacy of the Personal Data Protection Act” education and training courses every year, and advocates information related to the Personal Data Protection Act to colleagues and management on an irregular basis.

Implementation

Appropriate security measures are implemented for clients’ personal data files to protect such data from theft, falsification, damage, loss, or leakage, and to fulfill our responsibility of maintaining the confidentiality of clients’ data. The personal data protection mechanisms practiced by IBF Financial Holdings and each subsidiary are as follows:

1. Use a firewall to control and isolate between the company and each subsidiary, and use an IP control mode.
2. Undertake hierarchical management of personal data and use information security technology to prevent unauthorized access.
3. Establish a control mechanism that complies with internal and external regulations for personal data to ensure proper protection of personal data.
4. Regularly adopt external personal data scanning mechanism to take stock of the Company’s internal personal data retention and requests for approval.

The Company has signed a confidentiality agreement on the disclosure of clients' data with each subsidiary to ensure the privacy of such data. Client data sharing between Group entities and third party must be can only be extended with explicit consent of Client or under permitted law.

Subsidiary International Bills Finance has entrusted PwC Taiwan with the auditing of personal data protection items for the year 2022.

INFORMATION SECURITY

In 2022, the duration of education and training provided on cybersecurity reached 5,666 hours.

IBF Group established "Information Security Policy" in response to various cybersecurity threats like DDoS attack, blackmail virus, personal data protection, data leakage, and losses resulting from natural disasters. Subsidiaries have established their own internal policy. The Information Department is responsible for overall information security planning and management.

IBF joined F-ISAC (Financial Information Security Sharing and Analysis Center) to collect cybersecurity technology, share intelligence, and advocate the information security policy of the competent authority.

In 2022 the internal policy "Direction for the Information Security Management Response Team" was established, with IBF President as convenor of response team. The Group Information Security Management Response Team held its first meeting in April 2022, and determined that Group subsidiaries shall present a monthly information security management statement to IBF Financial Holdings to achieve joint security status of the Group with responsive actions and shared information.

The information department has deployed firewalls, an unknown threat detection platform (CloudCoffer), antivirus software, junk mail filtering, and audit and encryption system, and collaborated with information security vendors to engage in social engineering drills and penetration testing as well as checking personal data archives in personal computers to increase system defense, colleagues' awareness of information security crises, and resistance to the disclosure of personal confidential and sensitive archives.

Subsidiary IBF Securities is BSI **ISO 27001** verified since December 2022, and has initiated meetings to renew verification in September 2024 (current certification valid till 2025).

Rakuten International Commercial Bank, an online bank joint venture with Rakuten Bank, Ltd., obtained **ISO 27001 Information Security Management Systems and BS 10012 Personal Data Protection certification** by BSI in 2021.

Investment in Information Security

| IBF Group | Hardware (NT\$) | Software (NT\$) | Maximum Procurement (NT\$) | Education and Training (NT\$) | Persons Trained |
|--------------------------------------|------------------|------------------|----------------------------|-------------------------------|-----------------|
| IBF Financial Holdings | - | 953,901 | 550,000 | 189 | 54 |
| International Bills Finance | - | 2,202,333 | 2,202,333 | 802 | 254 |
| IBF Securities | 1,902,317 | 4,441,925 | 1,650,000 | 4,324 | 1,260 |
| IBF Venture Capital | 62,690 | - | 45,150 | 24 | 12 |
| IBF Securities Investment Consulting | 60,500 | 110,638 | 60,924 | 98 | 86 |
| IBF Futures | 133,000 | 262,820 | 205,000 | 229 | 211 |
| Total | 2,158,507 | 7,971,617 | 4,713,407 | 5,666 | 1,877 |

RESPONSIBLE PRODUCT OFFERING

In 2022 the Fair Customer Treatment Committee was formed, with the President serving as convener and total of 13 members. Committee meetings are held every quarter. Subsidiaries have internal policies such as Policy for Fair Customer Treatment and Strategies for Fair Customer Treatment. Management personnel ranked above Executive Vice President and dedicated departments are responsible for planning and promoting the policies and strategies. The implementation status is reported to the Board of Directors every year and incidents of complaints above grade 2 are consolidated every half year to be reported to the Board.

To improve financial practitioners' awareness and professional knowledge of fair customer treatment, regular advocacy and training sessions are held. 2 training sessions were held in 2023, with above 980 attendees per session. The policies of Fair Customer Treatment are integrated into internal control and audit system.

In 2022, IBF did not incur major legal violation involving regulations on the information and labeling of products and services, and regulations related to marketing (including advertising, promotion and sponsorship).



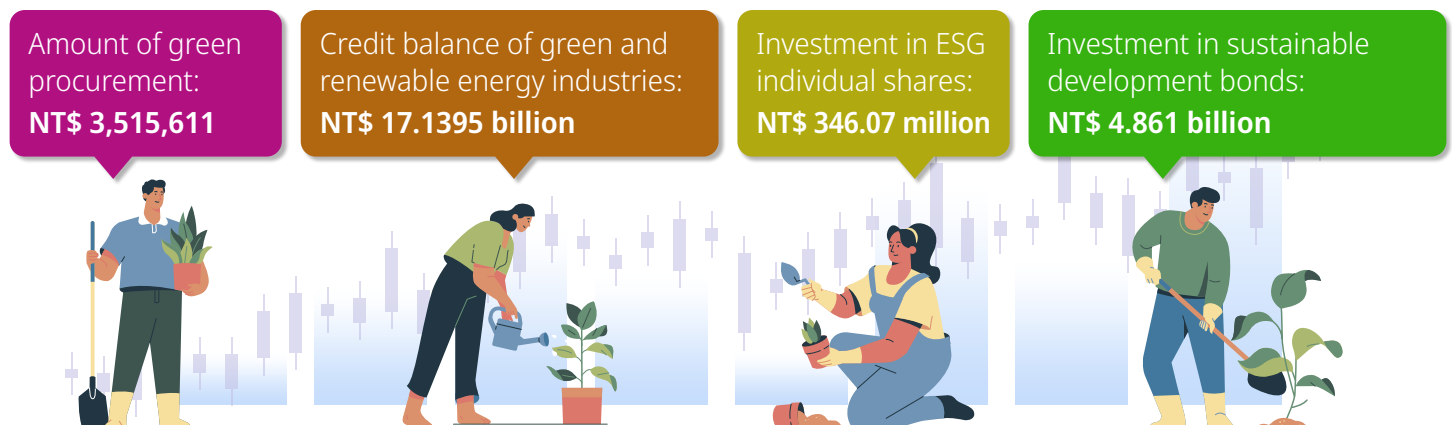
Customer Complaints Handling

Channels for client complaints can be found on 2022 Sustainability Report p66 and websites. Number of cases in 2022:

| Entity | Number of Clients' Appeals | Closed Cases | Cases Tracked and Handled |
|----------------|----------------------------|--------------|---------------------------|
| IBF Securities | 22 | 22 | 0 |
| IBF Futures | 3 | 3 | 0 |

SUSTAINABLE FINANCE

Status of Sustainable Finance in 2022



FINANCING OF RENEWABLE ENERGY FROM 2020 TO 2022

| Item | Leading Amount | | | Installed Capacity | | |
|---|------------------|-------------------|-------------------|--------------------|----------------|----------------|
| | 2020 | 2021 | 2022 | 2020 | 2021 | 2022 |
| Solar PV commercial paper financing business | 7,726,900 | 11,056,000 | 8,320,000 | 404,000 | 450,000 | 425,489 |
| Financing in green energy related industries including energy storage equipment | - | - | 151,200 | - | - | 12,200 |
| Sustainability index linked FRCP | - | - | 8,200,000 | - | - | - |
| Renewable energy power plant joint lending project | - | - | 2,405,600 | - | - | 93,153 |
| Geothermal energy | - | - | 160,000 | - | - | 1,000 |
| Total | 7,726,900 | 11,056,000 | 19,236,800 | 404,000 | 450,000 | 531,842 |

Responsible Investment Regulation

Initial purchase of secured bonds of financial institutions and initial investment limit applications must complete the "ESG Risk Evaluation of Responsible Investment Checklist" and an ESG risk evaluation conducted according to the "ESG Risk Evaluation Process in Responsible Investment Table". Subsequent decisions will be made based on the evaluation results to control ESG related risks.

Fixed Rate Commercial Paper (FRCP)

In recent years, we have also promoted enterprises to issue *FRCP linked with sustainability indices*. If an enterprise adopts practical actions in sustainable development, or a relevant ESG rating in a Corporate Governance Appraisal or an appraisal by an external agency reaches a certain level, the interest rate of an issued FRCP may be reduced.

At the end of 2022, the accumulated contracting amount of FRCPs linked with sustainability indices reached NT\$ 10.2 billion. Through the issuance of sustainable commercial paper, we encourage more enterprises to include ESG topics in their core operational strategies.

Underwriting of Sustainable Commercial Paper in 2022

International Bills Finance underwrote five three-year and two five-year sustainable commercial paper projects in 2022, involving a total underwriting amount of approximately NT\$ 8.2 billion. One of the five-year sustainable commercial paper projects was a joint underwriting project sponsored by International Bills Finance and participated by 5 companies, involving a total amount of approximately NT\$ 6.4 billion. International Bills Finance underwrote approximately NT\$ 3.2 billion.

The main tracking indices of this commercial paper include: selection in MSCI ESG Indexes, realization of annual growth rate of generating capacity of green electricity by 10% and above, use of funds certified by third parties for establishing green electricity projects.

The other six documented tracking items include: Annual growth of generating capacity of self-owned PV plant by 10%, inclusion of issuing company to Taiwan Sustainability Index, ranking among the top 5% in the results of Corporate Governance Evaluation of Taiwan Stock Exchange.



Green Financing

Subsidiary International Bills Finance has won the excellent financial service award in the Excellent Solar Photovoltaic System – Top Solar Awards for four consecutive years since 2020.

As a pioneer in the undertaking of solar photovoltaic financing in the industry, IBF Group has leveraged its influence in the green energy financing market and actively assisted practitioners in acquiring capital from the monetary market through the guarantee, underwriting, and issuance of commercial paper. In 2022, it extended its lending business from the power generation sector to the energy storage sector, thus creating positive ESG benefits for society.

In 2022, International Bills Finance lent loans to a total of 75 credit clients in green energy related industries with a total credit limit over NT\$ 20 billion.

WHISTLEBLOWING MECHANISM

IBF has independent reporting channels to flag illegal, unethical or dishonest behavior by our company personnel. These channels are publicly accessible on our website for internal and external stakeholders.

 **Email:** whistle@ibf.com.tw  **Fax:** 02-7752-0044

 **Phone:** 02-7752-0060  **Mail:** "Audit Dept. Mailing Box", 17th floor, No. 128, Lequn 3rd Rd., Zhongshan District, Taipei 104

IBF established "Procedure for Handling Cases" internal policy to guide the processing of whistleblower reports and provides whistleblower protection and non-retaliation. The independent Auditing Department is responsible for accepting and investigating the reported cases and ensuring the confidentiality of relevant personnel involved in the cases.

In 2022, the Auditing Department didn't experience any whistleblowing incident. The Auditing Department announces precautions regarding the whistleblowing system on the intranet of the Company, and advocates the whistleblowing system to the colleagues during education and training courses.

