

Chairman's Message



SinoPac Holdings, Chairman

S.K. Chen

The past few years have marked the most challenging and uncertain era for mankind since the Second World War. The COVID-19 pandemic, economic upheavals, expanding authoritarianism, geopolitical conflicts, and extreme weather brought by climate change have been devastating. The energy crisis in 2022 sparked by the Russo-Ukrainian War led to stagnation and even regression of the net zero efforts in many countries. These challenges have forced companies to reconsider their resilience and whether they are adequately prepared for climate change or other major contingencies. Companies must be proactive and nimble to ensure stable and sustainable development. Responding decisively to the challenges and uncertainties in the economy, SinoPac Holdings began planning and executing sustainable development strategies.

We established the Sustainable Development Committee with the chairmen and presidents of our main subsidiaries as members to ensure that the senior executives of SinoPac Holdings and its subsidiaries form a consensus and support the sustainability strategies and work plans. Bank SinoPac, SinoPac Securities, SinoPac Leasing, and SinoPac Securities Investment Trust have also established Sustainable Development Teams at the subsidiary level, and their presidents serve as the conveners to implement the policies and work plans established by the Sustainable Development Committee of SinoPac Holdings. The Board of Directors of SinoPac Holdings plays the role of the supervisor to ensure the progress and alignment of the work plan and our sustainable development policies and management guidelines. The Board regularly reviews the implementation results and provides steadfast and frequent support in the form of guidance and resources for the management team. Achieving net zero emissions is the most critical sustainability issue globally today. With unanimous support, the Board of Directors of SinoPac Holdings in March 2022 formally approved the net zero emission target. SinoPac Holdings pledged to attain net zero emissions from its operations by 2030 and the entire asset portfolio by 2050, the most ambitious targets among our peers in Taiwan and abroad.

For SinoPac Holdings, pursuing net zero emissions incurs costs and generates incredible opportunities. We therefore made "creating green business opportunities and promoting sustainability" one of the Company's four major strategies. We aim to direct investments toward green and sustainable economic activities and provide financial support to alternative energy and climate tech startups, leveraging our unique position to help Taiwan achieve its net zero objectives through sustainable finance. Specific measures include our long-term financial support for the solar PV energy industry. Bank SinoPac has invested in solar PV energy equipment financing business since 2012 and still retains a leading position in the market. It became the only finance institution to receive the Top Solar System Award from the Ministry of Economic Affairs for 7 consecutive years. Its businesses have gradually expanded to financing for energy storage equipment and geothermal power, which are consistent with the 12 Key Strategies in Taiwan's 2050 Net-Zero Transition. In terms of the carbon emissions inventory, SinoPac Holdings has completed Scope 1 and

Scope 2 GHG emissions inventories and obtained third-party verification. Regarding Scope 3 emissions in the value chain, we completed the inventory of 8 types of GHG emissions, including those from business travel, waste generated in operations, and purchased goods and services, and we obtained third-party verification. Investment and financing portfolios account for the largest share of Scope 3 carbon emissions of financial institutions. We adopted the Partnership for Carbon Accounting Financials (PCAF) approach in 2021 and commenced carbon inventories for investment and financing positions for public companies in Taiwan and will continue to expand the coverage of inventories. SinoPac Holdings has committed to ending financing for new thermal coal and unconventional oil and gas projects and will not renew the existing projects. We also joined SBTi and submitted our Science-based target (SBT) by the end of 2022. In terms of internal operations and management, we continue to promote green and paperless operations. Bank SinoPac and SinoPac Securities also voluntarily introduced green electricity and launched internal carbon pricing mechanisms in 2022. We will continue to implement energy conservation and carbon emissions reduction measures and increase the use of renewable energy to attain net zero emissions in our operations by 2030. In terms of investment and financing, we will continue to improve our decarbonization commitment while implementing a risk-classified process that may determine carbon risks from carbon intensity and non-intensity investees. We will also continue to engage experts in industry, government, and academia to support key net zero technologies and business opportunities, and promote the low-carbon transformation with stakeholders, striving to attain net zero emissions by 2050.

SinoPac Holdings actively supports digital technology development and innovation. Internally, we enhance our internal data management and integration, risk management, and operating procedures to improve efficiency. We also develop innovative products and services for digital finance. The most noteworthy project was the electronic data interchange (EDI) technology used by Bank SinoPac and SinoPac Securities to create "DAWHO" and "DAWHO TOU" with integrated financial services that span two financial institutions and 5 major digital accounts. It improves the accessibility of financial services and provides customers with integrated and convenient financial services. We also pay close attention to financially underprivileged groups, particularly foreign migrant workers for whom we provide credit loans, exclusive credit cards, and other financial solutions for them to access funds through legal financial channels and enjoy convenient payment services. The products and services resolved their difficulties in obtaining financial services in Taiwan and received the Inclusive Finance Promotion Award from the Taiwan Academy of Banking and Finance in 2022.

SinoPac Holdings understands that talent underpins corporate sustainability. We emphasize our employees' career development and physical and mental health and provide comprehensive training courses and competitive benefits for employees to grow together with the Company. All senior executives and entry-level employees are provided with clear career development paths and professional courses. We pay

close attention to occupational safety and health and employee health by launching the ISO 45001 Occupational Health and Safety Management System to implement health care plans. We value employees' opinions, establish diverse communication channels, and sign collective bargaining agreements to ensure harmonious labor relations. In response to the rise of FinTech, SinoPac Holdings has rolled out internal digital transformation and management and talent transformation plans since 2020. We adopted and nurtured a digital culture with enhanced capacity for innovation to create a digitally savvy talent pool. Enhanced digital awareness and performance throughout the company are the fruits of our efforts. Our efforts have gained recognition outside the firm, too. SinoPac Holdings received the Best of the Best in Human Resource Development Award from the Taiwan Academy of Banking and Finance in 2022 for its successful efforts in digital talent cultivation and transformation.

Our top-down application of resources and cross-Company dedication to sustainability have been recognized in domestic and international evaluations and have won the Company sustainability awards, including the Silver Class Award in the S&P Sustainability Yearbook for two consecutive years, inclusion in the DJSI World Index and Emerging Markets Index for consecutive years, and a Class AA rating in the MSCI ESG Ratings Evaluation. And the Institutional Shareholder Service (ISS) recently upgraded SinoPac Holdings' ESG rating to C+, which is the top level for commercial banks and capital market institutions, becoming the only financial institution in Taiwan to receive the highest rating. SinoPac Holdings was also listed among Excellence in CSR Awards - Large Enterprise Group TOP 100 in Taiwan by «CommonWealth Magazine» for three consecutive years and received the Platinum Award from «The Asset». We also ranked as Taiwan's Best Bank for CSR by «Asiamoney» for two consecutive years.

Pursuing sustainability is an endless journey as new initiatives and standards are constantly brought forward. We must continuously monitor changes in international sustainable development criteria and take corresponding actions to maintain our resilience and ensure sustainable development. We have provided detailed responses to sustainability issues such as diversity, gender equality, net zero emissions, and sustainable finance and will continue to implement improvements. We also recognize that nature and biodiversity are just as important as carbon reduction on the road to net zero. Therefore, we became one of the founding members of the Taiwan Nature Positive Initiative (TNPI) launched by the Business Council for Sustainable Development of Taiwan (BCSD Taiwan) in late 2022. We support initiatives and professional talent development by BCSD Taiwan and will stay engaged by hosting forums and supporting natural capital management tools to enhance domestic companies awareness and encourage them to take concrete actions that foster sustainability in Taiwan and increase their resilience to corporate risks. To achieve success, everyone must work together hand in hand on the journey to sustainability. Together, we can make a better life.



About this Report

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Identification of Stakeholders and Material Topics