

2024-2025

Sustainability Report



BUREAU OF LABOR FUNDS, MINISTRY OF LABOR

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1

Our Role

1. Our Role

1.1 Message from the Reporting Entity

The Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as "the Bureau") oversees the investment and utilization of the Labor Funds, and is commissioned by the Ministry of Health and Welfare and the Ministry of Agriculture to manage the National Pension Insurance Fund and the Farmers' Pension Fund. Since its inception, the Bureau has stated in the Utilization Directions for the Labor Funds and the Investment Policy Statement of Labor Funds that it commits to sustainable investment and incorporates the sustainability performance of underlying investments into its investment decision-making processes. As global attention on sustainable development and climate change continues to increase, the Bureau remains committed to integrating sustainability thinking into its investment strategies and daily operations, grounded on the premise of achieving stable, long-term returns.

This report aims to present the Bureau's efforts and achievements in environmental sustainability, social responsibility, and corporate governance to stakeholders. Continuing from previous reports, it features a dedicated chapter disclosing management strategies and practical actions implemented in

response to climate change risks, while also outlining progress in alignment with the Principles for Responsible Investment (PRI) and the United Nations Sustainable Development Goals (SDGs). In response to global sustainable development trends and to ensure high-quality disclosure, the Bureau has continuously tracked domestic and international standards and estimated investment portfolio carbon emissions. As a result, we disclose carbon emissions data for domestic equity investments and foreign equity securities under mandated management. Furthermore, we have established medium- and long-term goals and key strategies for climate change management, and we will progressively expand our disclosure scope, strengthen climate risk management capabilities, and capture low-carbon transition investment opportunities.

Looking back at 2024 and 2025, global markets experienced volatility driven by extreme weather events, geopolitical conflicts, political uncertainties, and U.S. tariff policies. Amid these dynamics, the Bureau maintained steady progress and actively advanced sustainability initiatives. In the environmental dimension, we continued to drive energy conservation and carbon reduction to lower operational energy consumption and carbon emissions, while closely monitoring climate issues and enhancing resilience and responsiveness to climate impacts through risk assessment and management mechanisms. In the social

dimension, we consistently prioritized employee development and well-being, striving to build a safe, diverse, and inclusive workplace. In the governance dimension, we continued to strengthen our governance framework and risk management systems, enforcing rigorous oversight and control mechanisms to ensure operational transparency and integrity.

Addressing the challenges of climate change and environmental sustainability, the Bureau completed the selection of mandated institutions for the "Global Sustainable Real Estate Securities" and "Global Climate Transition Passive Equity" mandates in 2025. In addition to incorporating sustainability factors, such as green building certifications and energy efficiency, into real estate mandates for the first time to enhance alternative asset diversification, the Bureau focused on enterprises with clear decarbonization strategies and climate transition advantages. By employing passive investment strategies to capture broader transition opportunities, the Bureau continues to uphold its investment philosophy of balancing long-term stability with sustainable development. Furthermore, to align with international sustainability trends and implement sustainability governance, the Bureau joined two international sustainability initiatives in 2025: the Asian Corporate Governance Association (ACGA) and the Asia Investor Group on Climate Change (AIGCC), becoming the first government fund in Taiwan to join these international

organizations. Through deeper international engagement and knowledge sharing, we aim to enhance the forward-looking vision and global perspective of our investment strategies.

Balancing sustainability with operational performance, we will continue to foster mutual growth and align with global low-carbon transition trends. We will actively seize investment opportunities, monitor developments in climate change and sustainable finance, and deepen our research and execution across sustainability issues. Through active shareholder stewardship and diversified corporate engagement, we leverage our influence as institutional investors while continuously improving the transparency and quality of our disclosures, thereby fulfilling our fiduciary responsibilities as a responsible fund manager. We look forward to collaborating with all stakeholders to build a sustainable future together.



Yu-Ching Su, Director-General,

Bureau of Labor Funds

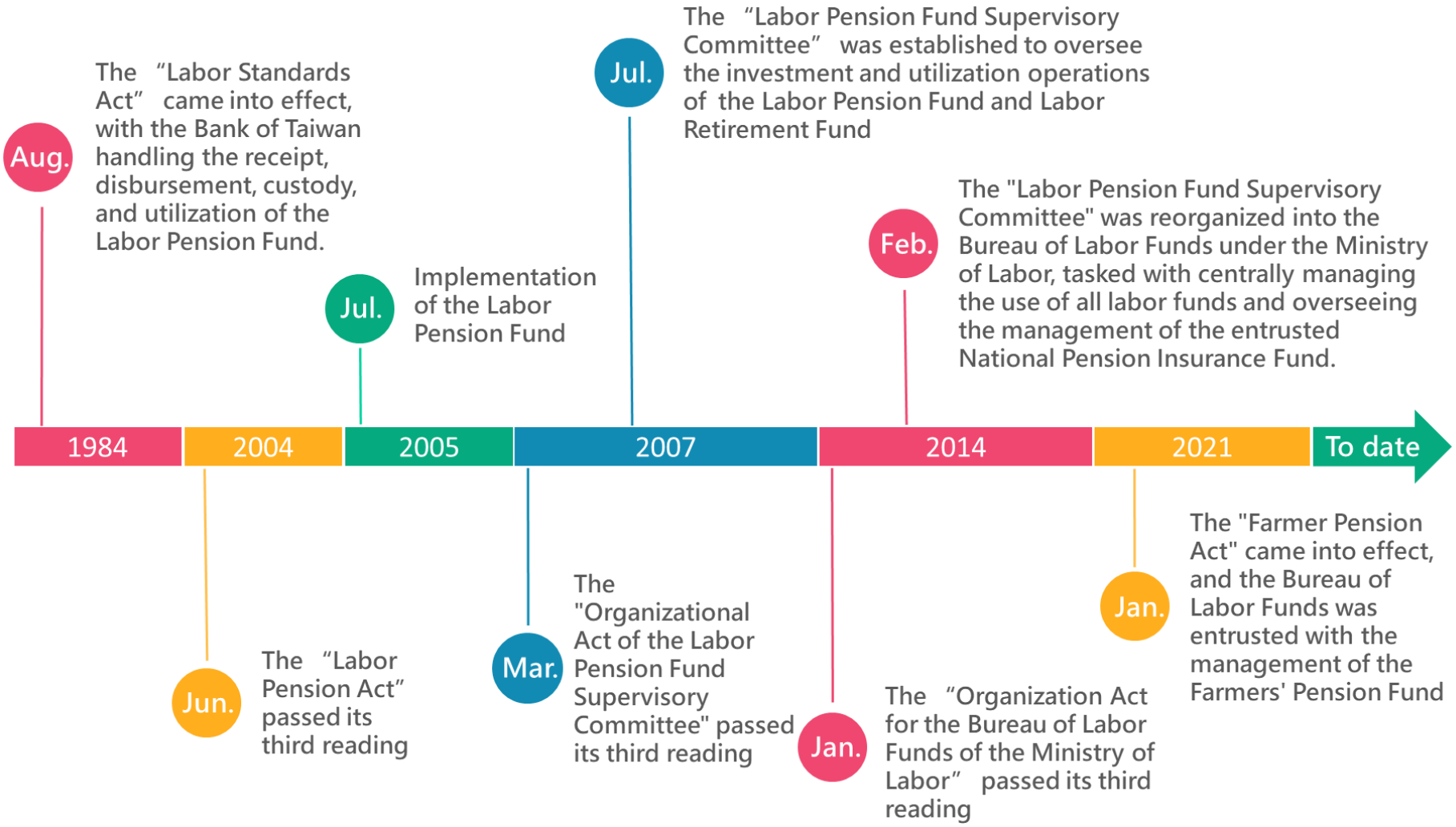
1.2 About the Bureau of Labor Funds GRI：2-1、2-6

The Bureau is an agency under the Ministry of Labor responsible for the investment and utilization of labor funds. The labor funds overseen by the Ministry of Labor encompass the Labor Pension Fund, the Labor Retirement Fund, the Labor Insurance Fund, the Employment Insurance Fund, the Labor Occupational Accident Insurance Fund, and the Arrear Wage Payment Fund. In addition, the Bureau is entrusted by the Ministry of Health and Welfare and the Ministry of Agriculture to manage the investment operations of the National Pension Insurance Fund and the Farmers' Pension Fund.

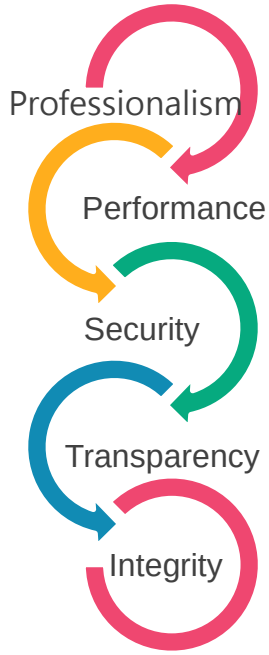
Funds Managed by the Bureau of Labor Funds



1.2.1 History


Aug.
The "Labor Standards Act" came into effect, with the Bank of Taiwan handling the receipt, disbursement, custody, and utilization of the Labor Pension Fund.
Jul.
Implementation of the Labor Pension Fund
Jul.
The "Labor Pension Fund Supervisory Committee" was established to oversee the investment and utilization operations of the Labor Pension Fund and Labor Retirement Fund
Feb.
The "Labor Pension Fund Supervisory Committee" was reorganized into the Bureau of Labor Funds under the Ministry of Labor, tasked with centrally managing the use of all labor funds and overseeing the management of the entrusted National Pension Insurance Fund.
1984
2004
2005
2007
2014
2021
To date
Jun.
The "Labor Pension Act" passed its third reading
Mar.
The "Organizational Act of the Labor Pension Fund Supervisory Committee" passed its third reading
Jan.
The "Organization Act for the Bureau of Labor Funds of the Ministry of Labor" passed its third reading
Jan.
The "Farmer Pension Act" came into effect, and the Bureau of Labor Funds was entrusted with the management of the Farmers' Pension Fund

1.2.2 Organizational Goals and Vision

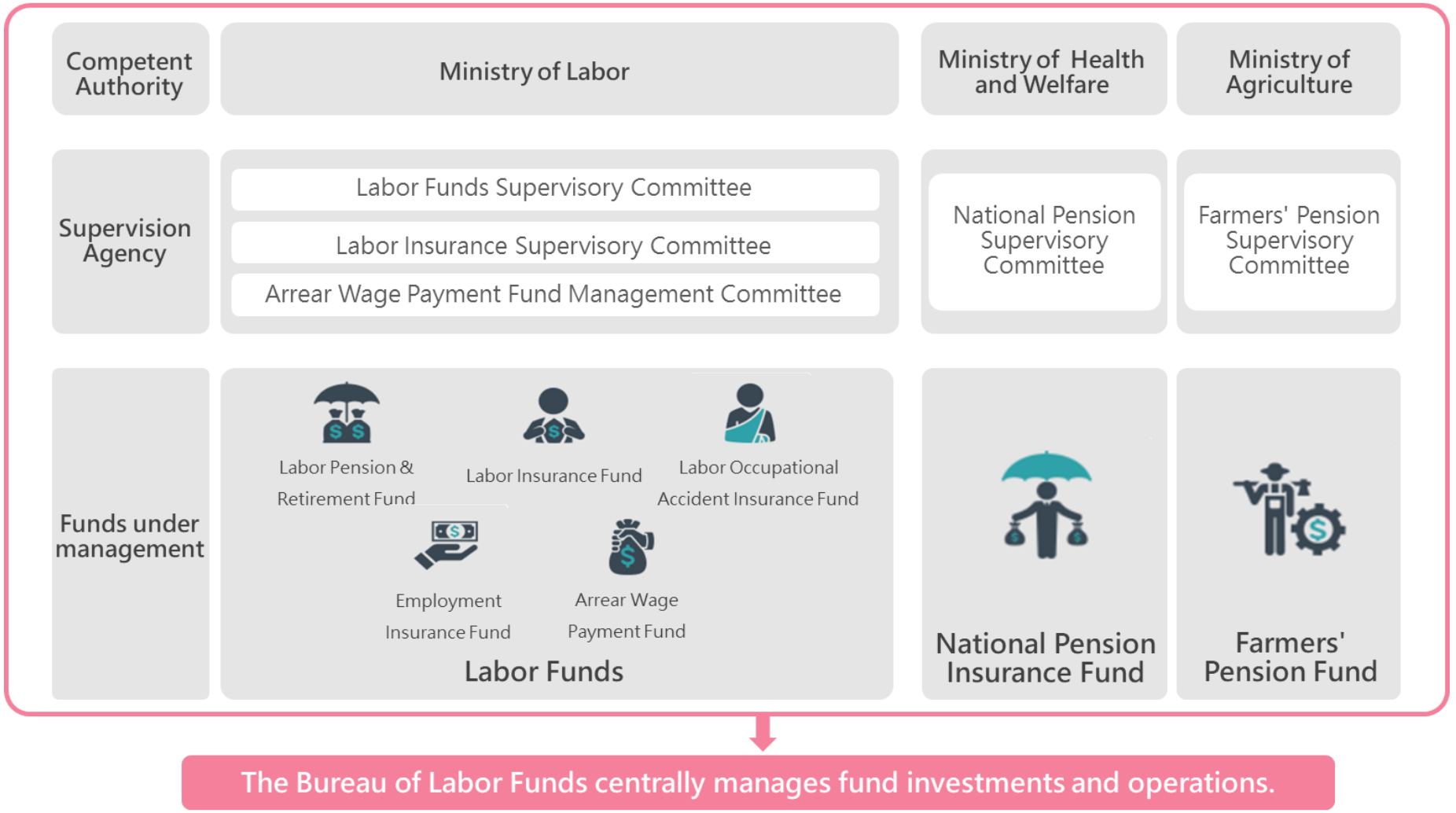


The Bureau's primary mission is to pursue stable, long-term returns for the funds. In accordance with investment policy statements, while accounting for individual fund characteristics and regulatory constraints, and evaluating macroeconomic and financial market trends, the Bureau formulates optimal asset allocation and investment plans that balance risk and return to guide fund utilization operations. Upholding the core values of security, transparency, integrity, professionalism, and performance, the Bureau strives for reasonable long-term returns to enhance the economic security and retirement well-being of workers.

1.2.3 Regulatory Division

GRI：2-9、2-10、2-12、2-13、2-14、2-16、2-18、2-25

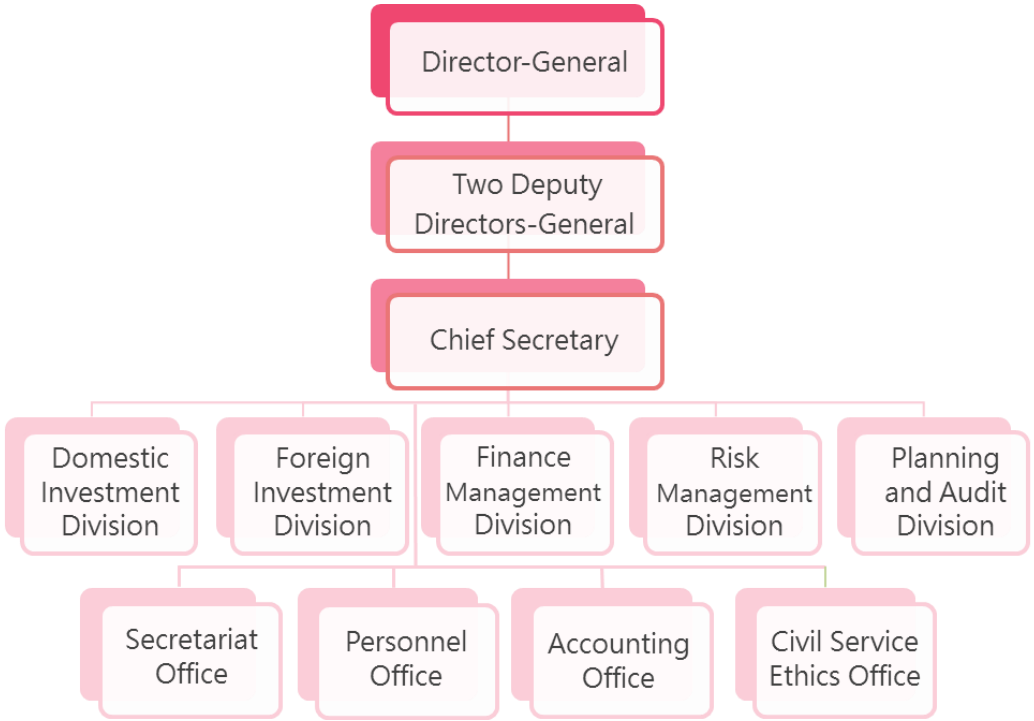
The funds managed by the Bureau operate under a regulatory division system. Supervisory committees under the Ministry of Labor, the Ministry of Health and Welfare, and the Ministry of Agriculture oversee key matters for their respective funds, including annual investment plans, operational performance, asset allocation, and budgeting and financial settlement. The Bureau regularly attends the supervisory committee meetings, actively addresses feedback from labor, management, and financial experts, and integrates these insights into overarching operations to enhance fund management efficiency.



The Bureau of Labor Funds centrally manages fund investments and operations.

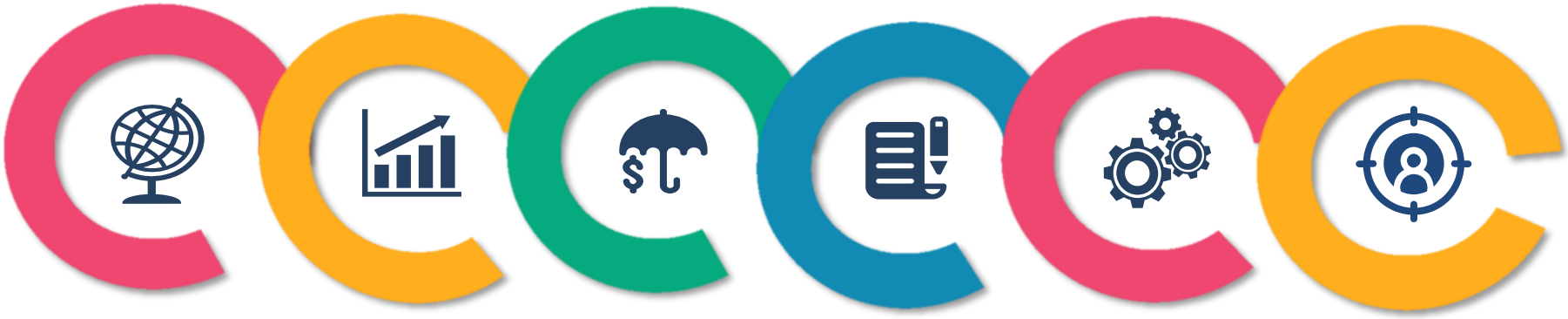
1.2.4 Organizational Structure GRI：2-9、2-11

The Bureau is headed by the Director-General, supported by two Deputy Directors-General and a Chief Secretary to oversee bureau affairs, and comprises five divisions and four offices. These include the Domestic Investment Division, Foreign Investment Division, Finance Management Division, Risk Management Division, Planning and Audit Division, Secretariat Office, Personnel Office, Accounting Office, and Civil Service Ethics Office.



1.2.5 Operational Responsibilities GRI：2-9、2-13、2-14

Conduct fund investment operations through a clear division of responsibilities and professional management practices.



Asset Allocation	Front-Office Investment Analysis and Execution	Middle-Office Risk Management and Control	Back-Office Fund Allocation, Settlement, Custody, and Accounting	Internal and external investment auditing and control	Administrative Support
Risk Management Division	Domestic Investment Division Foreign Investment Division	Risk Management Division	Finance Management Division	Planning and Audit Division	Secretariat Office Personnel Office Accounting Office Civil Service Ethics Office

1.2.6 Supervision and Management GRI：2-10、2-12、2-13、2-14、2-16、2-17、2-18

In addition to advancing operations in accordance with relevant laws and regulations as well as the division of responsibilities across units, the Bureau regularly convenes various meetings to deliberate on sustainability governance, investment strategies, and operational risk management. It also regularly reports fund utilization status and material matters to supervisory authorities, including the Ministry of Labor, the Ministry of Health and Welfare, and the Ministry of Agriculture.

Report at Ministry Executive Meetings and Supervisory Meetings

- To facilitate the smooth implementation of annual policy plans, the Bureau regularly attends Ministry of Labor executive meetings to report on operational status.
- To enhance fund management efficiency and performance, the Bureau regularly submits various labor fund utilization reports. It also attends supervisory meetings, including those of the Labor Fund Supervisory Committee, Labor Insurance Supervisory Committee, Management Committee of the Arrear Wage Payment Fund, National Pension Supervisory Committee, and Supervisory Board for the Farmers' Pension System, to report on fund utilization status and major developments. Furthermore, the Bureau actively responds to valuable recommendations from expert committee members representing labor, management, government, and academia, incorporating them into fund utilization operations.

Report at Executive

- Weekly executive meetings are held under the chairmanship of the Director-General and attended by the Deputy Director-General, Chief Secretary, and unit heads to discuss major developments of the week, review business execution, and determine key upcoming priorities.

Sustainable Development Committee Meetings

- To align with international sustainable development trends, promote sustainability governance policies, and implement sustainable investment practices, the "Sustainable Development Committee of the Bureau of Labor Funds, Ministry of Labor" has been established. Composed of 13 members and chaired by the Director-General, the Committee convenes semi-annually, with ad hoc meetings held as needed, to formulate, monitor, and review sustainable development strategies and implementation plans.

Investment Strategy Team Meetings

- To establish major investment and decision-making mechanisms for the funds under its management, the "Investment Strategy Team of the Bureau of Labor Funds" has been established. Composed of nine members and is chaired by the Director-General, the Team convenes twice a month in principle, with ad hoc meetings held as necessary. The team is mainly responsible for reviewing the annual asset allocation plans of the funds, as well as evaluating investment plans and performance reviews for various financial instruments and mandated mandates.

Risk Control Promotion Team Meetings

- To effectively control operational risks across all funds under management, a Risk Control Promotion Team was established. Comprising nine members and is chaired by the Deputy Director-General, the team convenes regular meetings every four months, with ad hoc meetings held as necessary. The primary responsibilities of this team include identifying major operational risk management items for the funds, establishing risk control mechanisms, reviewing standard operating procedures and solutions for response mechanisms, regularly evaluating the effectiveness of solutions, and conducting ad hoc risk control audits.

2

Stakeholder Engagement and Materiality Analysis

2. Stakeholder Engagement and Materiality Analysis

GRI：2-29、3-1、3-2、3-3

2.1 Stakeholder Identification

2.1.1 Stakeholder Identification



To align organizational operations and strategic planning with stakeholder needs and expectations, the Bureau identified six key stakeholder groups with reference to the five principles of the AA1000 Stakeholder Engagement Standard (AA1000 SES 2015), Dependency, Responsibility, Tension, Influence, and Diverse Perspectives: fund beneficiaries, employees, news media, partners, government agencies, and investees. Through diverse communication channels, the Bureau identifies and responds to issues of stakeholder concern and report on relevant matters.

2.1.2 Stakeholder Engagement

Stakeholder	Key Relationship	Engagement Frequency and Channels
Fund Beneficiaries	Regularly disclose information on stewardship and investment activities to keep beneficiaries informed of fund utilization and operations	● Regularly publish fund utilization information on the official website (daily, monthly, semi-annually, and annually) ● Publish daily net asset values of domestic mandates ● Send monthly email updates on fund utilization status to labor unions ● Publish monthly fund infographics and release videos on financial investment and labor fund topics on the official YouTube channel ● Publish monthly statistical data covering domestic and international financial and economic conditions, fund operational overviews, fund income and expenditures, fund investment utilization status, and domestic equity investment categories ● Publish annual reports, stewardship reports, and budget and final accounts statements annually ● Regularly Publish Sustainability Reports
Employees	Listen to employees' feedback and needs, cultivate professional skills, and strengthen talent development and retention through	● Establish a "Sexual Harassment Complaint Evaluation Committee" ● Weekly executive meetings ● Formulate annual employee training plans, provide tuition subsidies, and encourage employees to pursue continuing education while employed ● Formulate annual employee assistance programs and organize health check-up activities.

Stakeholder	Key Relationship	Engagement Frequency and Channels
	active communication and support	● Convene the Performance Evaluation Committee annually ● Organize various activities on an ad hoc basis (birthday celebrations, environmental education, traditional folk celebrations). ● Review the performance bonus system on an ad hoc basis
News media	Establish effective communication channels to enable the media to report on the Fund's utilization status to the public.	● Regularly publish fund utilization information on the official website (daily, monthly, semi-annually, and annually) ● Establish a dedicated media liaison contact ● Hold at least two press conferences per quarter ● Accept media interviews, respond to inquiries, and issue press releases on an ad hoc basis
Partners	Execute domestic and foreign investment mandates and form partnerships to sustain long-term operations and growth	● Formulate the "Mandated Management Guidelines for the Labor Funds" and publish them on the official website ● Publish operational procedures for domestic and foreign mandated institutions ● Conduct public selections of domestic and foreign mandated institutions on an ad hoc basis ● Organize civil service ethics and integrity awareness seminars on an ad hoc basis ● Comply with the Government Procurement Act ● Announce procurement information and conduct open tendering on an ad hoc

Stakeholder	Key Relationship	Engagement Frequency and Channels
		basis
Government agencies	Cooperate with supervision and audits, and strictly comply with relevant laws and regulations	● Submit monthly reporting data on fund utilization and management ● Regularly attend the Labor Funds Supervisory Committee, Labor Insurance Supervisory Committee, Management Committee of the Arrear Wage Payment Fund, National Pension Supervisory Committee, and Supervisory Board for the Farmers' Pension System ● Submit annual administrative plans, annual asset allocation plans, budgets, and final accounts ● Undergo annual audits and supervision conducted by supervisory authorities, including the Ministry of Labor, the Ministry of Health and Welfare, and the Ministry of Agriculture ● Undergo unscheduled supervision and audits by the Legislative Yuan, the Control Yuan, and the National Audit Office
Investees	Encourage investees to implement sustainability practices, leverage the Bureau's influence as an investor, and	● Regularly publish fund utilization information on the official website (daily, monthly, semi-annually, and annually) ● Publish a stewardship report annually ● Regularly Publish Sustainability Reports ● Participate on an ad hoc basis in investee companies' investor conferences, shareholders' meetings, and extraordinary shareholders' meetings concerning major matters

Stakeholder	Key Relationship	Engagement Frequency and Channels
	promote their commitment to social responsibility and sustainable operations	● Engage via written or verbal inquiries on an ad hoc basis to understand the background and handling of material violations or material ESG controversies involving investee companies

Note: Given the similar nature of counterparties and suppliers, they have been consolidated into partners for this reporting period; competent authority has been renamed government agencies; considering that the operating conditions of investees directly impact the Bureau's investment returns, investees was added as a new category this period; additionally, based on interaction frequency, level of engagement, and impact on the Bureau's core policies, research institutions/academia and communities were removed in this period.

2.2 Materiality Analysis

2.2.1 Process for Determining Material Topics for Reporting

With reference to the *GRI 3: Material Topics 2021* guidance, the Bureau identifies material topics of concern to stakeholders and evaluates the level of their impacts. The reporting priorities for this report were finalized through the meeting of the Bureau's Sustainable Development Committee.

1 Understand the organization's context

As the competent authority responsible for the investment and utilization of labor funds, the Bureau's performance is crucial to workers' retirement security and attracts considerable public attention.

2 Identify impacts of sustainability issues

Through daily public opinion monitoring and ongoing engagement and communication with stakeholders, the Bureau identifies issues that are of significant concern to stakeholders and have significant impact

3 Assess the significance of the impacts

By consolidating feedback from various communication channels and the materiality analysis of sustainability issues from the previous report, a total of 15 sustainability issues were identified.

4 Prioritize and determine material topics for reporting

Following a decision by the Bureau's Sustainable Development Committee, 9 material topics were selected from the 15 sustainability issues as the reporting focus of this report.

2.2.2 List of Material Topics and Management Approach

During the planning and execution of daily operations, the Bureau continuously maintains close communication with stakeholders. Feedback collected through various communication channels is used to identify material topics, formulate corresponding management approaches, and provide relevant information in this report :

Material Topics	Impact Description	GRI Topic Standards	Management Approach
Investment Performance	Committed to generating stable investment returns to safeguard workers' retirement security.	GRI 201: Economic Performance	4.1 Diversified Investment and Utilization Performance
Integrity Management	Uphold the principles of integrity, strengthen fraud prevention measures, prudently manage and utilize funds, and safeguard fund interests.	GRI 2-15: Conflicts of interest GRI 205: Anti-corruption	3.4 Integrity Measures and Conflict of Interest Management
Internal Control	Effective implementation of internal controls enhances organizational management efficiency and helps	Custom Material Topics	1.2 About the Bureau of Labor Funds 3.2 Internal Control

Material Topics	Impact Description	GRI Topic Standards	Management Approach
Mechanism	maintain stable long-term fund performance.		3.6 Tax Policy
Information Disclosure	Regularly disclose fund utilization status and convene press conferences to strengthen policy promotion and communication.	Custom Material Topics	3.5 Information Disclosure
Risk Management	Implement investment risk management and enhance employees' awareness of information security risks to effectively mitigate investment and operational risks.	Custom Material Topics	4.2 Risk Management
Friendly Workplace	Foster a safe, healthy, and inclusive workplace, continuously enhance employees' physical and mental well-being and job satisfaction, and thereby strengthen talent retention and organizational cohesion.	GRI 2-7: Employees GRI 401: Employment GRI 405: Diversity and Equal Opportunity	6. Friendly Workplace
Professional Talent	Provide employee training and career development opportunities to enhance	GRI 401: Employment GRI 404: Training and Education	6. Friendly Workplace

Material Topics	Impact Description	GRI Topic Standards	Management Approach
	employees' competencies and support the Bureau's sustained performance.	GRI 405: Diversity and Equal Opportunity	
Sustainable Investment	Integrate sustainability considerations into the investment policies and decision-making processes for the labor funds, taking into account the sustainability performance of investee companies and working with stakeholders to promote environmental sustainability.	GRI 201: Economic Performance	4. Sustainable Investment
Green Operations	Promote energy conservation and carbon reduction initiatives, strengthen waste reduction and recycling, implement circular economy principles, and enhance employees' environmental awareness through training and education, thereby creating sustainable value for both the environment and society.	Custom Material Topics	5.2 Low-Carbon Operations 7.3 Environmental Education

3

Sustainability Governance

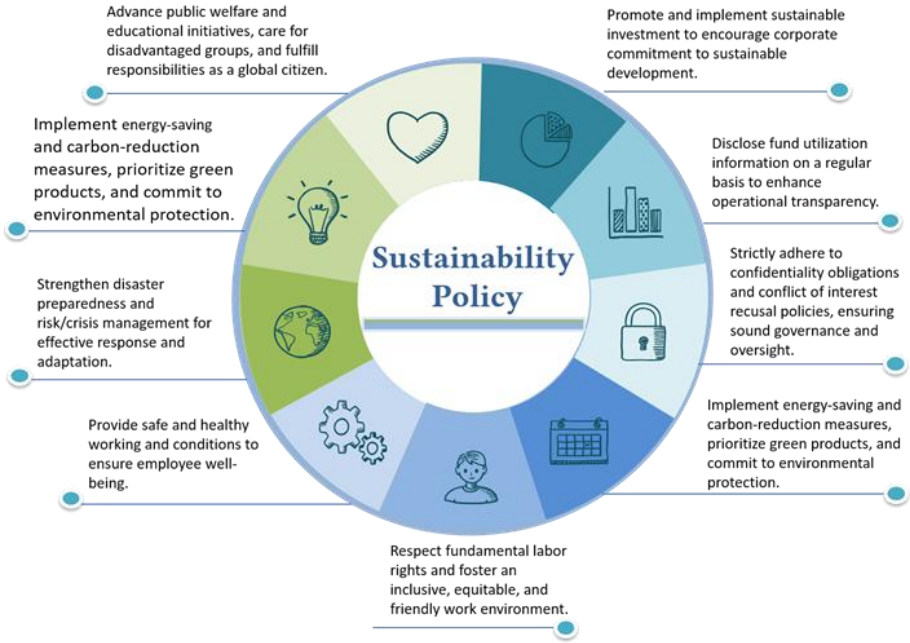


3. Sustainability Governance

3.1 Sustainability Strategy GRI : 2-22

Upholding the principles of "safety, transparency, efficiency, and stability," the Bureau diversifies investments across the labor funds, promotes integrated fund utilization, continuously refines its investment strategies, and leverages its influence in the capital markets to advance sustainable investment.

To fulfill its social responsibilities and meet its responsibilities to stakeholders, including fund beneficiaries, employees, news media, partners, government agencies, and investees, the Bureau established a Sustainability Policy. This policy demonstrates its commitment to safeguarding labor rights, fostering employee development, and promoting environmental protection, joining hands with all colleagues to maintain an ideal society, build a friendly workplace, and pursue a sustainable future.



3.1.1 Establishment of the Sustainable Development Committee GRI : 2-17

To implement the principles of sustainable investment and deepen research and initiatives on sustainability issues, the Bureau established the task-oriented "Bureau of Labor Funds Sustainable Investment Working Group" in January 2022. Chaired by the Director-General and comprising 12 to 15 members, the working group holds regular meetings to research and analyze emerging trends in corporate governance, social responsibility, climate change, and sustainable finance, to identify sustainability-related risks and opportunities in the investment portfolio.

In response to international sustainability trends and to further strengthen sustainability governance and promote related policies, the "Bureau of Labor Funds, Ministry of Labor Sustainable Development Committee" was established in October 2023. Chaired by the Director-General, comprises the Deputy Director-General, the Chief Secretary, and unit heads serving as committee members, the Committee advances sustainability strategies and action plans while tracking and reviewing sustainability initiatives to leverage collective wisdom. Furthermore, research findings and implementation outcomes of the Sustainable Investment Working Group are reported to the

Sustainable Development Committee as needed. (For details, please refer to Section 4.5.1 of this report: Internal Enhancement of Sustainable Finance Knowledge and Capabilities)

3.1.2 Implementation of Socially Responsible Investment GRI : 2-24

When formulating investment decisions, the Bureau incorporates investee companies' performance across social, labor rights, human rights, and environmental dimensions to guide its investment directions. By leveraging the influence of capital markets, the Bureau encourages investee companies to fulfill their social responsibilities, thereby achieving a win-win outcome that aligns investment returns with social and environmental sustainability.

The "Utilization Directions for the Labor Funds" stipulate that, while maintaining fund profitability, sustainable investment practices shall be implemented and the sustainable development performance of underlying investments taken into consideration. Furthermore, the "Investment Policy Statement of Labor Funds" specifies that ESG and information disclosure dimensions must be factored into investment considerations, and that investable, representative social responsibility indices should be evaluated and adopted as benchmark indices for mandates. In addition, mandated institutions are

required to incorporate CSR into the investment strategies of their proposals as an evaluation criterion for selection. Furthermore, through shareholder actions, including direct engagement with investee companies, attendance at shareholders' meetings, and the exercise of voting rights, the Bureau actively encourages investee companies to implement sustainable development practices. For companies involved in severe violations of social responsibility, the Bureau may, where fund performance and interests remain uncompromised, refrain from initiating or increasing investments as appropriate. (For details, please refer to Section 4.3 Sustainable and Responsible Investment of this report)

3.1.3 Adherence to Stewardship GRI：2-24

On June 30, 2016, the Taiwan Stock Exchange (TWSE) issued the "Stewardship Principles for Institutional Investors," and the Bureau promptly became one of the first signatories. This principles-based framework and guidance encourages institutional investors to leverage their professional expertise



and influence through continuous monitoring, constructive dialogue, and active engagement with investee companies, thereby maximizing investment value, elevating corporate governance standards, and fostering the sound development of industries, the economy, and society as a whole. Following the TWSE's release of the revised Principles in August 2020, the Bureau promptly reviewed and updated its statement of compliance to reinforce its commitment.

To encourage domestic securities investment trust enterprises entrusted with managing the Bureau's funds to fulfill their responsibilities as institutional investors and lead the spirit of stewardship, the Bureau issued letters calling on all mandated institutions to support the Stewardship Principles. All of them have signed the Principles, aiming to encourage listed companies to place greater emphasis on corporate governance, social responsibility, and sustainable operations.

3.2 Internal Control GRI : 2-27

3.2.1 Internal Control Mechanisms

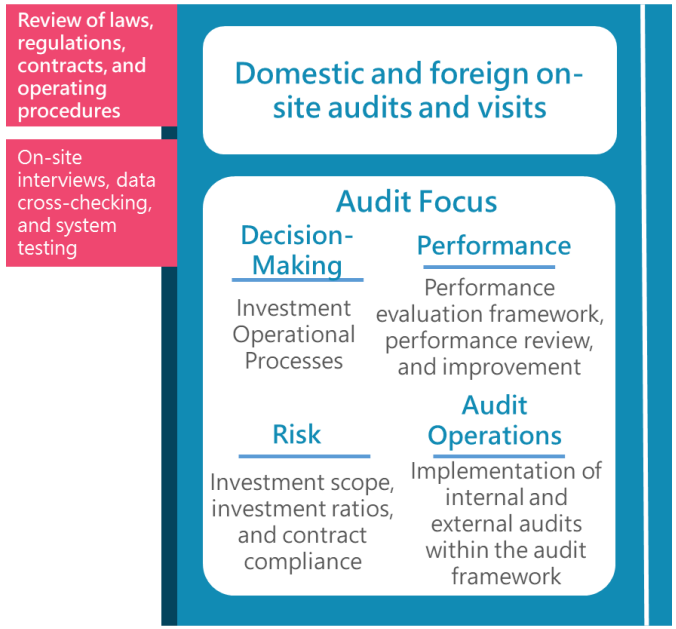
To strengthen the management of fund investment processes, operating procedures, and integrity measures, the Bureau conducts risk identification and assessment in accordance with the

"Handbook for Risk Management and Crisis Handling of the Executive Yuan and Affiliated Agencies" and has established an internal control system. Adopting a risk-based approach, the system incorporates 16 core control activities, with key priorities including enhancing the effectiveness of outsourced supervision, reviewing overall fund investment returns, and strengthening risk management and audit performance. These activities are adjusted on a rolling basis to ensure the sound and secure operation of the funds.

In terms of self-supervision, to ensure the continuous and effective operation of the internal control system, the Bureau regularly monitors the implementation of internal control measures through routine supervision, self-assessments, and internal audits. Each year, in accordance with the "Directions for the Signing of Government Internal Control Statements," the Bureau assesses the overall effectiveness of its internal controls. Following review and approval by the Internal Control Working Group, the Director-General and the convener of the Internal Control Working Group jointly sign the "Statement of Internal Control," which is publicly disclosed on the Bureau's official website to demonstrate governance transparency and accountability.

3.2.2 Audit of Fund Operations

To enhance the management efficiency of fund investment and utilization, the Bureau conducts annual audits of fund investment and utilization across internal business units, external mandated institutions, and custodian banks in accordance with the "Bureau of Labor Funds Directions for Audit of Fund Operations" and the annual audit plan. Key audit areas include investment processes, regulatory compliance, and compliance with contractual terms. Deficiencies and identified areas for improvement are placed under tracking and re-examined to ensure corrective measures are thoroughly implemented.



Regarding internal audits, the Bureau conducts quarterly audits of fund utilization-related units, including the Domestic Investment Division, Foreign Investment Division, Finance Management Division, Risk Management Division, and the Accounting Office, while also reviewing each unit's self-audit implementation. To protect asset security, the Bureau also conducts annual year-end asset

sampling and physical inventories of the Internally managed positions of its funds under management, verifying that the asset items and balances recorded in fund accounts reconcile with counterparty statements.

In terms of external audits, the Bureau conducts regular or as-needed on-site audits and visits of domestic and foreign mandated management operations and custodian banks in accordance with contractual terms or annual budget plans. These audits are designed to assess the mandated institutions' investment and trading processes, performance management, risk management mechanisms, and regulatory compliance audits, as well as to conduct sample testing of investment and risk management systems to ensure compliance with contractual requirements.

3.2.3 Bolstering Fund Audit Management

To continuously enhance the quality of fund supervision and management, the Bureau utilizes generative AI tools during the pre-audit stage to assist in identifying market risk events and potential high-risk targets. These insights serve as references for selecting audit samples of mandated institutions, thereby improving the completeness of information gathering and reinforcing the

implementation of risk-based auditing principles. Additionally, the Bureau compiles common deficiencies on an annual basis and issues formal notices requesting mandated institutions to prevent similar occurrences. The Bureau also coordinates with the Financial Supervisory Commission (FSC) and the Securities Investment Trust & Consulting Association (SITCA) to assist in supervising remediation efforts, thereby strengthening institutional operations and risk management.

The Bureau has established a joint supervision mechanism with the FSC. On-site audit findings regarding domestic mandated institutions are promptly communicated to the FSC, and any anomalies are referred to the FSC for investigation and appropriate action. Concurrently, the FSC notifies the Bureau of any deficiencies identified during its examinations of the Bureau's domestic mandated accounts, thereby maximizing the effectiveness of joint supervision.

3.3 Information Security Maintenance

3.3.1 Personal Data Protection

The Bureau has established the "Ministry of Labor Bureau of Labor Funds Directions for Personal Data Protection and Management" and formed a Personal Data Protection Management

Implementation Team. The team convenes meetings as operational needs arise to review matters concerning personal data protection policies and institutional planning. In accordance with Article 17 of the Personal Data Protection Act, the Bureau conducts an annual inventory and update of the personal data categories it maintains and manages, publishing this information under the "Personal Data Protection Section" in the public disclosure section of its official website.

3.3.2 Concrete Measures for Information Security Maintenance

The Bureau has implemented multi-layered defense mechanisms, including intrusion detection and prevention systems, antivirus and malware protection, as well as spam and malicious website filtering, to safeguard against cyberattacks. By integrating event logs and transmitting them in real time to an outsourced security operations center for security threat correlation analysis, the Bureau has established a 24/7 threat detection system to provide security threat alerts and protection.

The Bureau has adopted the ISO 27001:2013-certified information security management system and the government agency cybersecurity vulnerability notification mechanism. In 2025, it completed the transition to ISO 27001:2022, establishing well-defined management processes. At the same time,

the Bureau regularly reviews and updates the security of hardware and software facilities and conducts vulnerability remediation to continuously enhance protection levels and ensure information security.

Implementation of Information Security Management, 2024–2025			
Item	**Implementation Status**	**Sessions / Frequency**	**Compliance Criteria**
Information Security Education and Training	All employees completed the training and passed the assessments.	7 sessions were held in total	General users and supervisors: Receive at least 3 hours of information security education and training annually.
Vulnerability scanning	Conduct vulnerability scanning on core systems and remediate or mitigate identified vulnerabilities.	Conducted twice in total	All medium- and high-risk vulnerabilities must be remediated.
Information security audit	All findings from internal and external information security audits were remediated.	Conducted four times in total	Analyze the root causes of deficiencies, formulate preventive measures, and conduct follow-up tracking to complete corrective actions.

3.4 Integrity Measures and Conflict of Interest Management GRI：2-15、205-1、205-2

To foster a culture of integrity, the Bureau has established an "Integrity Corner" on its website, providing relevant anti-corruption regulations (such as the Act on Recusal of Public Servants Due to Conflicts of Interest and the Ethics Guidelines for Civil Servants) for public and employee reference. Furthermore, a dedicated "Conflict of Interest Recusal Section" was established to implement post-transaction disclosures in accordance with the Act on Recusal of Public Servants Due to Conflicts of Interest, thereby upholding the Bureau's reputation for probity.

3.4.1 Ethics Guidelines for Civil Servants GRI：2-27

3.4.1.1 Ethics Guidelines for Civil Servants

To ensure that personnel perform their duties with integrity, impartiality, and regulatory compliance, and to enhance the Bureau's reputation for probity, employees must perform their official duties impartially and in accordance with the law. They are prohibited from exploiting their official authority, methods, or opportunities to seek improper benefits for themselves or third parties. Furthermore, except under specific circumstances permitted by official protocol, employees shall not

solicit, agree to accept, or accept gifts or property from stakeholders related to their duties, participate in banquets or entertainment hosted by stakeholders, or engage in improper contact with relevant individuals having interests tied to their official duties.

3.4.1.2 Recusal of Public Servants Due to Conflicts of Interest

To promote clean and capable governance and effectively prevent corruption and improper benefit transfers, the Bureau strictly enforces compliance with the Act on Recusal of Public Servants Due to Conflicts of Interest, requiring public servants governed by the Act to recuse themselves when performing duties involving conflicts of interest related to themselves or their related parties.

3.4.1.3 Property Declarations by Public Servants

To establish and maintain integrity among public servants, Bureau employees subject to the Act on Property-Declaration by Public Servants are required to accurately declare all assets held under their names, as well as those of their spouses and minor children, in accordance with applicable regulations. In 2024 and 2025, three asset declaration obligors were respectively selected through public drawing each year to undergo substantive review, while one additional person was selected

each year for a comparison of asset declarations between the preceding and following years. The 2024 review found no discrepancies or misrepresentations in asset declarations. The 2025 substantive review will be duly conducted in accordance with the official letter issued by the Agency Against Corruption, Ministry of Justice

3.4.2 Signing of Code of Self-Discipline and Compliance Audits GRI：2-27

We have established the "Directions for Prevention of Conflicts of Interest and Confidentiality Obligations for Employees of the Bureau of Labor Funds, Ministry of Labor" and the "Bureau of Labor Funds Code of Self-Discipline" These regulations strictly prohibit employees,

their spouses, minor children, and any persons trading under an employee's name from trading shares of domestic TWSE-listed, TPEx-listed, and emerging stock

Statistics on Signatories to the Direct Investment Code of Self-Discipline		
Year	2024 年	2025 年
Number of Signatories	146	142
Number of Audited Employees	146	142
Total number of persons audited (including spouses and minor children)	321	306

companies, equity-linked derivative financial instruments, and single-stock call/put warrants.

Since 2021, the substantive audit rate under the Code of Self-Discipline has been elevated to a 100% comprehensive review, auditing 321 individuals in 2024 and 306 individuals in 2025.

3.4.3 Establishment of Whistleblowing, Rewards, and Whistleblower Protection Mechanisms GRI : 2-26

To maintain administrative integrity, combat corruption, and foster ethical practices, the Bureau has established a whistleblowing system alongside reward and protection mechanisms. The government ethics agencies handle matters involving personnel corruption, illegal acts, or administrative misconduct. This framework aims to ensure civil servants have no desire, need, opportunity, or audacity to engage in corruption, thereby reducing investment and compliance risks while reinforcing the Bureau's commitment to integrity and ethical governance.

3.4.4 Corporate Integrity Seminars

In managing fund investment operations, the Bureau strictly requires internal personnel to comply with relevant codes of conduct, uphold work confidentiality, and adhere to conflict-of-interest

avoidance principles. Furthermore, corresponding contractual terms and standards are established for external mandated investment financial institutions to mitigate investment risks and achieve the objective of stable fund growth.

To demonstrate the Bureau's dedication to integrity and probity, domestic mandated institutions were selected in 2024 and 2025 for regulatory advocacy sessions aimed at reinforcing corporate governance and corporate integrity principles, while strictly upholding high ethical and self-discipline standards among mandated institutions. In addition, the Bureau organized 1 practical financial case analysis workshop for internal personnel in 2024, utilizing case studies and analyses to enhance employees' professional competencies and regulatory compliance awareness during business execution, thereby preventing unlawful conduct.

3.5 Information Disclosure GRI : 2-16

3.5.1 External Communication Channels

The Bureau has established diversified information disclosure platforms, leveraging the timeliness and convenience of the Internet to regularly publish information for public access. In addition, the

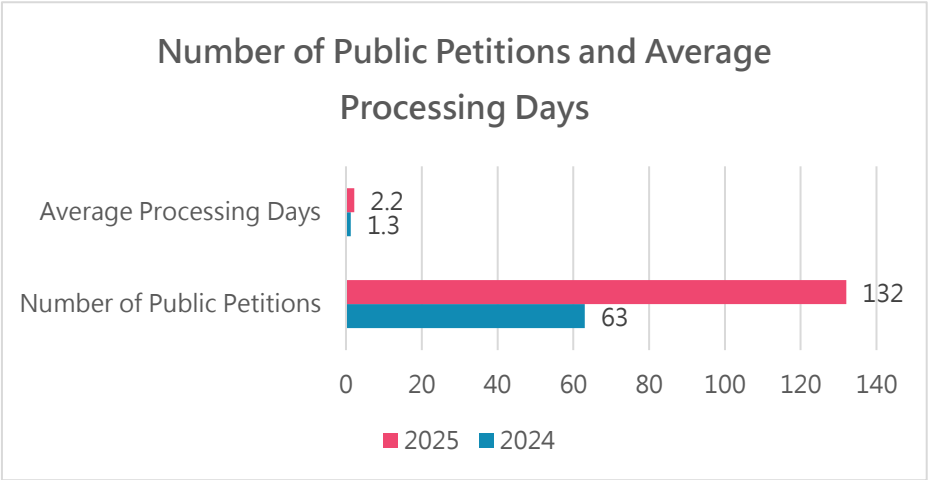
Bureau proactively holds press conferences to brief the public on the utilization of the labor funds and the progress of related policies, putting fund transparency and open disclosure into practice.

➢ Overview of Disclosure Channels

Disclosure Channel	Information Content	Disclosure Channel	Information Content
Official Website	● Information currently disclosed on a regular basis includes fund scale, investment performance, asset allocation, and performance statistics for domestic and foreign in-house and mandated investments. ● In addition to the aforementioned regular disclosures, the Bureau discloses information on an ad hoc basis and issues press releases concerning fund utilization and major events, enabling the public to promptly understand the fund's current status.	**Social Media (YouTube, Facebook)**	● The Bureau has adopted a Web 2.1 framework and regularly releases videos on fund utilization through a dedicated YouTube channel. ● Fund-related updates are posted on the Ministry of Labor's Facebook page as appropriate, delivering accessible, real-time, and diverse information via social media to enhance public communication.
English Website	● To help international stakeholders understand labor fund-related information and enhance international visibility, an English webpage has been established to provide labor fund regulations, fund utilization updates, key news, and tender announcements for public reference.	**Press Conferences**	● Through press releases, press conferences, media interviews, and other channels, the Bureau keeps workers and the general public informed of the latest developments in fund utilization and provides timely explanations of fund-related matters of public concern.

3.5.2 Public Opinions and Responses

GRI：2-25、2-26



The Bureau has established comprehensive guidelines across all operations, requiring employees to adhere strictly to the highest standards of professional ethics, uphold integrity, and safeguard the Bureau's reputation in the performance of their duties. In addition to internal anti-corruption governance, external oversight mechanisms are in place. These provide dedicated reporting channels, including a telephone hotline, email, and fax, for the public to report corruption and illegal practices. Whistleblowing procedures, alongside whistleblower protection and reward mechanisms, have also been established to maintain institutional integrity.

In 2024 and 2025, the Bureau received 63 and 132 public petition cases regarding individual interests, respectively. Most petitions were submitted via email and were promptly addressed by the relevant divisions or referred to the competent authorities for handling, achieving an average processing day of 1.3 days and 2.2 days, respectively.

3.6 Tax Policy

GRI：207-1、207-2

In response to international trends in tax governance, to effectively manage tax risks and advance sustainable social development, the Bureau complies with the tax laws and regulations of each investment market, files tax returns and pays taxes within prescribed deadlines, and appropriately leverages international tax treaties and tax incentives offered by various countries, thereby balancing investment returns with CSR.

1 **Principle of Regulatory Compliance**

Comply with tax laws and regulations, accurately calculate tax liabilities, and properly file and pay taxes.

2 **Principle of Lawful Tax Mitigation**

Adhere to the principles of legality and compliance, adopting tax-saving measures that align with legislative intent

3 **Principle of Risk Control**

Maintain a thorough grasp of tax laws, regulations, and relevant developments across jurisdictions, and prudently manage tax risks by leveraging the expertise of external professional institutions.

3.6.1 Lawful Tax Exemption for Domestic Investments and Fulfillment of Withholding Obligations

In accordance with the Labor Pension Act, Labor Insurance Act, Employment Insurance Act, Labor Occupational Accident Insurance and Protection Act, Act for Protecting Worker of Occupational Accidents, Regulations for the Management, Repayment, Collection and Allocation of the Arrear Wage Debts, National Pension Act, and Farmer Pension Act, the funds managed by the Bureau are exempt from taxes. Therefore, statutory tax exemption applications are filed for income generated from various investment items to safeguard fund returns. Furthermore, in fulfilling its fund investment management responsibilities, the Bureau conscientiously meets all withholding obligations and files returns within statutory deadlines when paying salaries, professional service fees to attorneys, CPAs, notaries, and other professionals, or remuneration to foreign institutions, thereby contributing to national tax revenue.

3.6.2 Leverage Tax Treaties for Foreign Investments and Pay Local Taxes

Because foreign investments of the funds managed by the Bureau are subject to foreign tax laws, the Bureau engages custodian banks and tax consultants with international expertise to handle annual overseas income tax filings and payment procedures. This improves filing efficiency, ensures compliance with filing deadlines, and secures optimal tax treatments.

For income derived from foreign investments in countries that have signed bilateral tax treaties with Taiwan, the Bureau applies for a certificate of residence from the competent branch of the National Taxation Bureau of Taipei, Ministry of Finance as supporting documentation. Custodian banks are then appointed to process tax relief at source or apply for tax refunds, ensuring that reasonable taxes are paid in accordance with the applicable tax treaty rates

3.6.3 Tax Risk Control

To prevent tax disputes, the Bureau engages custodian banks and tax consultants to prudently assess tax risks and provide professional advice regarding new investment markets or regulatory changes in foreign tax laws, thereby effectively mitigating risks and protecting fund interests.

4

Sustainable Investment



4. Sustainable Investment

4.1 Diversified Investment and Utilization Performance GRI : 201-1

4.1.1 Global Diversified Investment Allocation

Through diversified allocation across global regions and asset classes, the Bureau expands investment opportunities and effectively diversifies market risk. In addition to constructing relative-return investment portfolios, such as global equities, global bonds, global emerging market equities, global emerging market bonds, and Asia-Pacific equities, the Bureau also incorporates absolute-return multi-asset and absolute-return equity and bond portfolios to secure stable long-term returns. The Bureau's foreign fund investments span the globe. As of the end of December 2025, North America accounted for 56%, Europe 24%, Asia 12%, and other regions (including Oceania, South America, and Africa) 8%, totaling US$155.7 billion across 78 countries. The largest investment exposures were in the United States (51%), followed by the Eurozone (16%).

In response to increasing volatility in the financial environment, the Bureau continuously monitors financial conditions, prudently and dynamically adjusts investment portfolios, and

diversifies global asset allocation to mitigate market risk. Furthermore, the Bureau deepens its understanding of sustainable investment strategies to capture international investment trends and opportunities, striving to generate long-term performance for the labor funds while balancing financial returns with social investment.

4.1.2 Fund Utilization Performance

The performance of labor fund investments has a far-reaching impact, contributing to the enhancement of workers' well-being, safeguarding their financial security in retirement, and easing the government's fiscal burden. Fund investments do not rely solely on corporate financial statements; stock selection also emphasizes underlying investments aligned with sustainable development, aiming to generate positive social impacts and benefit fund investment stakeholders.

4.1.2.1 Assets Under Management and Utilization Performance over the Past Two Years

The Bureau oversees and manages the investment operations of the various labor funds, diversifying across multi-asset classes including global equities, bonds, and alternative investments. Over the past two years, financial markets have faced rapid shifts driven by global inflation,

geopolitical developments, and economic factors, presenting heightened challenges for fund management. In response to this demanding investment environment, the Bureau has actively monitored market trends and maintained dynamic, flexible adjustments to its investment allocation. In 2024, the total assets under management reached NT$7,685.9 billion, generating investment income of NT$1,136.1 billion with a rate of return of 16.57%. In 2025, total assets under management grew to NT$8,529.2 billion, generating investment income of NT$1,208.4 billion with a rate of return of 16.02%.

Fund Scale Under Management and Investment Performance Over the Past Two Years

Fund	2025 年			2024 年		
	Fund Scale (NT$100 million)	Investment Income (NT$100 million)	Rate of Return (%)	Fund Scale (NT$100 million)	Investment Income (NT$100 million)	Rate of Return (%)
Labor Pension Fund	51,795	7,469	15.60	46,582	6,990	16.16
Labor Retirement Fund	10,658	2,057	22.53	10,651	1,705	19.36
Labor Insurance Fund	13,035	1,598	15.57	10,919	1,629	18.13
Employment Insurance Fund	1,825	25.5	1.44	1,756	77.6	4.56
Labor Occupational Accident Insurance Fund	381	7.0	1.89	375	6.3	1.70
Arrear Wage Payment Fund	231	20.6	11.41	196	20.2	12.22
Subtotal of Labor Funds	77,925	11,177	16.06	70,479	10,428	16.48
National Pension Insurance Fund	7,099	871.0	15.52	6,177	902.5	17.68
Farmers' Pension Fund	268	36.0	15.41	203	31.1	18.16
Total Funds Under Management	85,292	12,084	16.02	76,859	11,361	16.57

4.1.2.2 Medium- and Long-Term Investment Performance of Funds Under Management

With the goal of pursuing stable long-term investment returns, the funds under management continuously refine asset allocation, advance diversified investments, and integrate CSR considerations. Given differences in nature, statutory requirements, and scale among the funds under management, asset allocations and annual utilization plans vary accordingly. Notably, the Employment Insurance Fund and the Labor Occupational Accident Insurance Fund are restricted to fixed-income deposits and bonds, resulting in variations in investment returns. For the larger funds, namely the Labor Pension Fund, the Labor Retirement Fund, and the Labor Insurance Fund, medium- and long-term performance reflects a cumulative return since inception of approximately 7.00%, approximately 8.82% over the last decade, and approximately 10.61% over the past five years, demonstrating robust and stable medium- and long-term investment performance.

Over the last decade, the cumulative investment income generated across all funds under management totaled NT$4,416 billion, representing a cumulative return of 86.13% and an annualized rate of return of 8.61%.

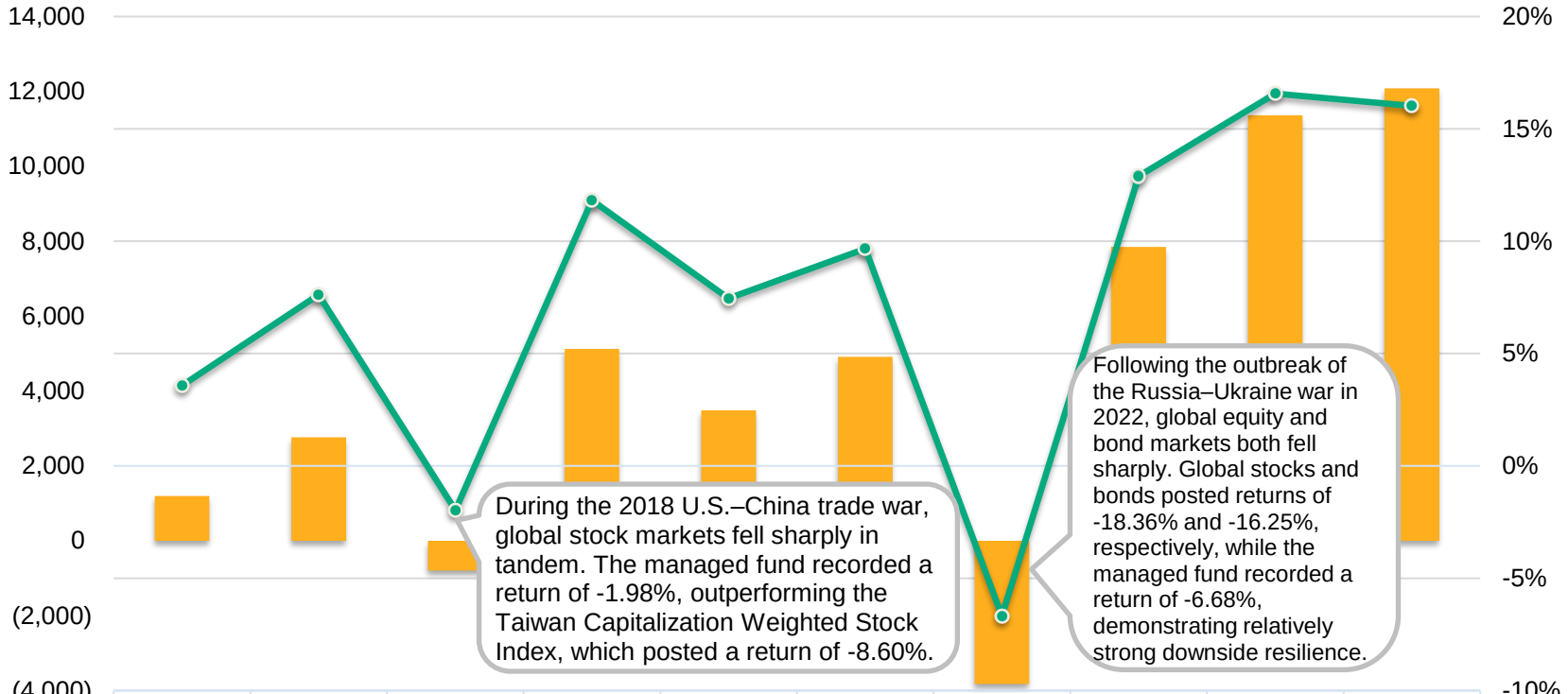
Medium- and Long-Term Investment Performance by Fund

Fund	Since Inception to 2025	10 years 2016-2025	5 years 2021-2025
Labor Pension Fund	7.64%	8.70%	10.28%
Labor Retirement Fund	6.58%	9.40%	12.12%
Labor Insurance Fund	5.97%	8.66%	10.56%
Employment Insurance Fund	1.73%	1.96%	2.53%
Labor Occupational Accident Insurance Fund	1.45%	—	—
Arrear Wage Payment Fund	3.97%	5.18%	6.97%
National Pension Insurance Fund	7.76%	8.99%	10.59%
Farmers' Pension Fund	13.49%	—	13.49%

Note: The return is based on the average annual rate of return

NT$100 million

Investment performance of funds managed by the Bureau over the last decade



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
實際收益數(左軸)	1,195	2,765	-795	5,125	3,484	4,916	-3,821	7,847	11,361	12,084
實際收益率(右軸)	3.58%	7.62%	-1.98%	11.82%	7.46%	9.67%	-6.68%	12.90%	16.57%	16.02%

4.2 Risk Management

4.2.1 Investment Risk Management

4.2.1.1 Risk Management Regulations and Processes

The Bureau consistently enhances its internal risk management mechanisms through an organizational culture that emphasizes substantive management. In addition to establishing a comprehensive risk management framework pursuant to the "Risk Management Directions for the Funds Managed by the Bureau of Labor Funds," the Bureau establishes risk identification, assessment, monitoring, and reporting procedures for each fund to support financial instrument investments and ensure effective risk management, thereby securing stable medium- and long-term investment returns for all funds under management.

Furthermore, to facilitate the effective utilization of funds and protect fund security, the Bureau has established risk management items and processes to serve as the basis for executing risk management across all funds under management. Relevant risk categories encompass market, credit, liquidity, operational, legal, and climate change risks, which are monitored and managed at varying frequencies, daily, weekly, monthly, quarterly, or annually, according to their specific attributes.

4.2.1.2 Risk Assessment Mechanism and Frequency

The Bureau's risk management items and procedures are illustrated on the right. We are also progressively planning to establish climate change risk reference indicators for each fund and incorporate them into risk management reports for investment units' reference.



4.2.2 Response Strategies for Major Sudden Risk Events

To effectively respond to major sudden risk events, the Bureau established the "Directions for Operations of the Risk Control and Management Team of the Bureau of Labor Funds" and formed a Risk Control and Management Team. The team conducts regular and ad hoc reviews of each fund's value at risk and its fluctuations, while assessing the handling mechanisms, solutions, and overall effectiveness for major risk management items in fund operations. For major risk management items

in fund operations, including sharp fluctuations in the value at risk of managed fund investment positions, natural disasters, or situations such as asset stripping, bankruptcy, large-scale redemptions, bank runs, requests for contract termination, or other major operational crises involving mandated institutions or custodian institutions, SOPs and solutions have been established to ensure prompt event handling while continuously monitoring financial market dynamics. In the event of major financial developments causing significant changes in value at risk, the Risk Control and Management Team convenes ad hoc meetings as needed to formulate response measures and control risks in a timely manner.

For instance, between July and August 2024, markets faced political uncertainty ahead of the U.S. presidential election and the continued appreciation of the Japanese yen. Furthermore, between April and May 2025, major risk events emerged, including the U.S. proposal of high reciprocal tariffs and substantial appreciation of the New Taiwan Dollar. These events triggered volatility across domestic and international financial markets, prompting the Risk Control and Management Team to convene four ad hoc meetings to deliberate on response actions and effectively manage fund investment risks.

4.3 Sustainable and Responsible Investment GRI：201-1

To implement sustainable investment principles while safeguarding fund interests, the Bureau integrates ESG considerations into the investment process and progressively adopts relevant investment strategies, leveraging capital market influence to encourage enterprises to prioritize sustainability issues.

Key Considerations	Sustainability-Related Evaluation Items/Indices	Evaluation / Index Compilation / Promoting Organization
E, S, G	National Sustainable Development Awards, National Council for Sustainable Development	Executive Yuan
E	National Enterprise Environmental Protection Award	Ministry of Environment
S	Occupational Safety and Health Award	Occupational Safety and Health Administration, Ministry of Labor
G	Corporate Governance Certification	Taiwan Corporate Governance Association
G	Top 50% in the Corporate Governance Evaluation	TWSE
S	TWSE RA Taiwan Employment Creation 99 Index (EMP 99)	TWSE, Research Affiliates
S	TWSE RAFI® Taiwan High Compensation 100 Index (HC 100)	TWSE, Research Affiliates
E, S, G	FTSE4Good TIP Taiwan ESG Index	TIP, FTSE
E, S, G	TIP Taiwan Market CSR Small/Mid-Cap Total Return Index	TIP, Research Affiliates, Business Council for Sustainable Development Taiwan
S	Signing of collective bargaining agreements between labor and management	Ministry of Labor

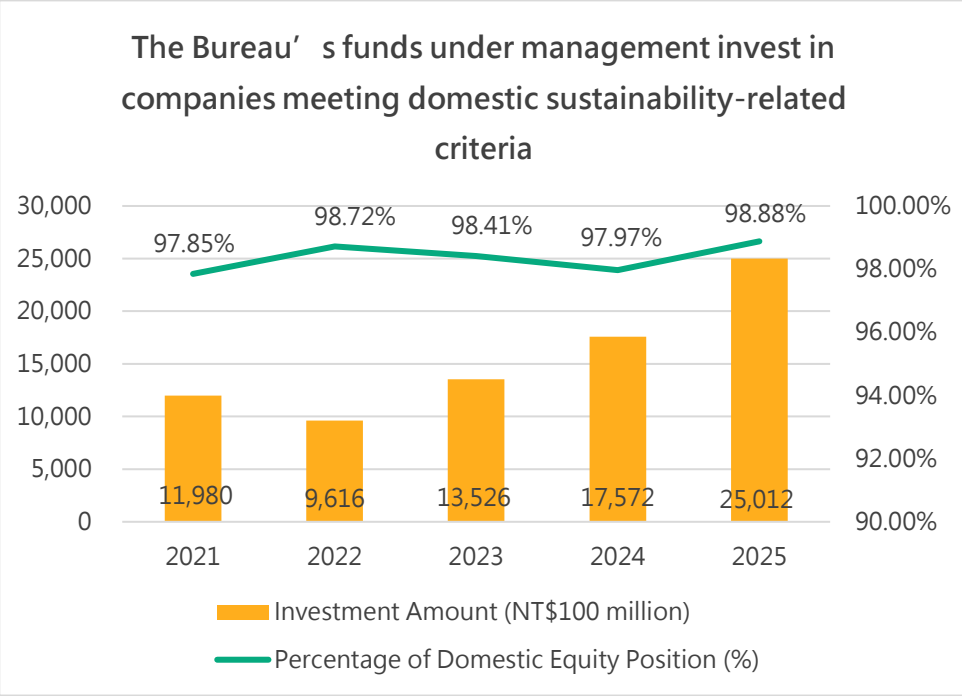
4.3.1 Integrating Sustainability Assessments into In-House Investment Processes

4.3.1.1 Domestic Equity Investments

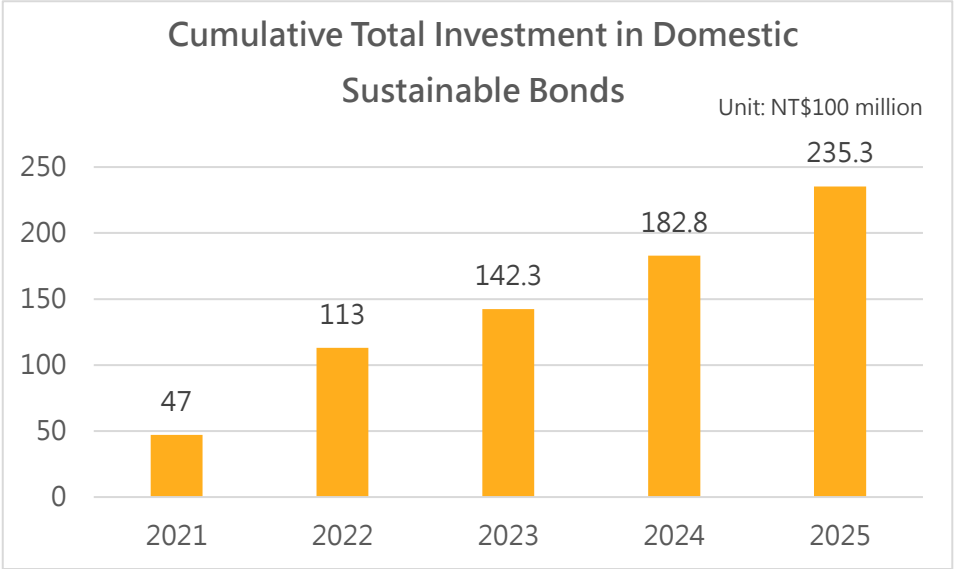
In addition to prerequisites such as stable profitability, sound liquidity, and

positive industry outlooks, domestic in-house equity investments incorporate various sustainability evaluations conducted by reputable independent professional institutions (mainly those listed in the table) and consider the publication status of Sustainability Reports, while continuously monitoring the sustainability performance of portfolio companies.

As of the end of 2025, the total value of in-house and mandated investments by funds under management in high-performing enterprises meeting domestic sustainability selection criteria reached NT$2,501.2 billion, accounting for 98.88% of domestic equity holdings.



4.3.1.2 Domestic Debt Securities Investments



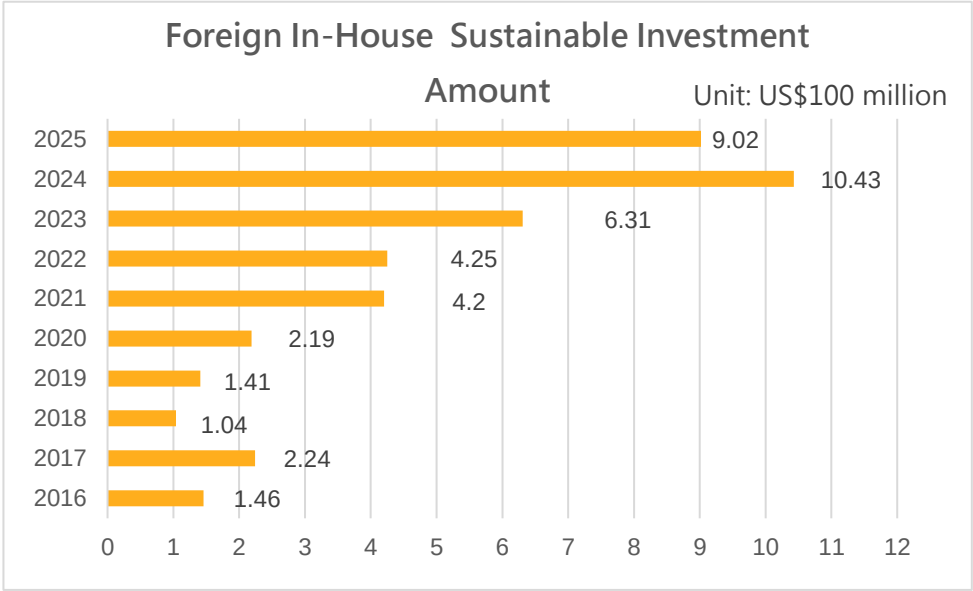
Note: Domestic sustainable bonds include green bonds, social bonds, sustainability bonds, and sustainability-linked bonds. This represents the cumulative investment amount, which differs from the investment balance at the end of each year.

For domestic debt securities investments, CSR is integrated into the investment process while balancing fund returns. The Bureau evaluates issuers' fulfillment of social responsibility by assessin g whether the issuer or its parent company publishes a Sustainability Report, its awards for fulfilling social responsibility, and its corporate governance evaluation ranking. These factors serve as evidence of performance in environmental protection, workplace safety, social participation, and care for underprivileged groups, or confirm whether the issuer is a top-performing enterprise included as a constituent stock in indices such as the "FTSE4Good TIP Taiwan ESG Index," the "Taiwan Corporate Governance 100 Index," the "TWSE RAFI® Taiwan High Compensation 100 Index (HC100)," and the "TWSE RA Taiwan Employment Creation 99 Index (EMP 99)."

4.3.1.3 Foreign investments

Since the second half of 2016, foreign in-house investment has conducted research on sustainability-related themes and progressively allocated capital to sustainability-focused funds and ETFs. Early sustainability themes encompassed water resources, low carbon, climate change, and solar energy. However, given that fund sizes were generally small, liquidity risk was taken into account, and initial allocations focused mainly on ETFs. As scale of the funds managed by the Bureau grew, active mutual funds were progressively incorporated in 2021 as a complementary strategy.

Sustainable investment has become a mainstream global trend. In addition to rapid growth in scale, the scope of asset categories has expanded, offering investors more diversified options. The Bureau's foreign in-house sustainable investments target companies with strong environmental themes, social responsibility, sound



governance mechanisms, and commitments to climate change mitigation or adaptation. At the same time, the Bureau actively excludes companies with significant revenues derived from fossil fuels and controversial industries (such as tobacco, oil and coal, alcohol, gambling, and controversial weapons) to achieve capital appreciation while mitigating potential sustainability risks. Furthermore, in response to the prevailing global high-interest-rate environment, the Bureau has increased its holdings in investment grade bond ETFs with higher MSCI ESG ratings to generate stable returns. For multi-asset strategies, ESG and sustainable development perspectives are integrated to expand investment opportunities beyond traditional equity and bond allocations, thereby minimizing overall portfolio volatility and stabilizing fund returns.

Furthermore, starting in Q4 2023, before purchasing hold-to-maturity bonds, foreign in-house investment expanded their review scope to include issuer ESG scores published by third-party data providers. This process assesses whether an issuer is involved in incidents that have or could have significant adverse impacts on society or the environment. By integrating sustainability performance factors of underlying investments into investment analysis and decision-making, the Bureau effectively manages potential sustainable investment risks.

As of the end of 2025, the Bureau's foreign in-house investments in funds aligned with EU Sustainable Finance Disclosure Regulation (SFDR) Article 8 and Article 9, as well as those tracking sustainability-related indices, totaled US$902 million, representing 4.2% of total in-house investments evaluated on a mark-to-market basis.

4.3.2 Adopt Sustainability-related Indices to Conduct Mandated Management.

To continuously expand its sustainable investment strategies and exert its influence as an institutional investor, the Bureau leverages external resources by adopting sustainability-related indices as benchmarks indices for mandates, thereby expanding its sustainable investment capacity.

4.3.2.1 Domestic Mandated Management

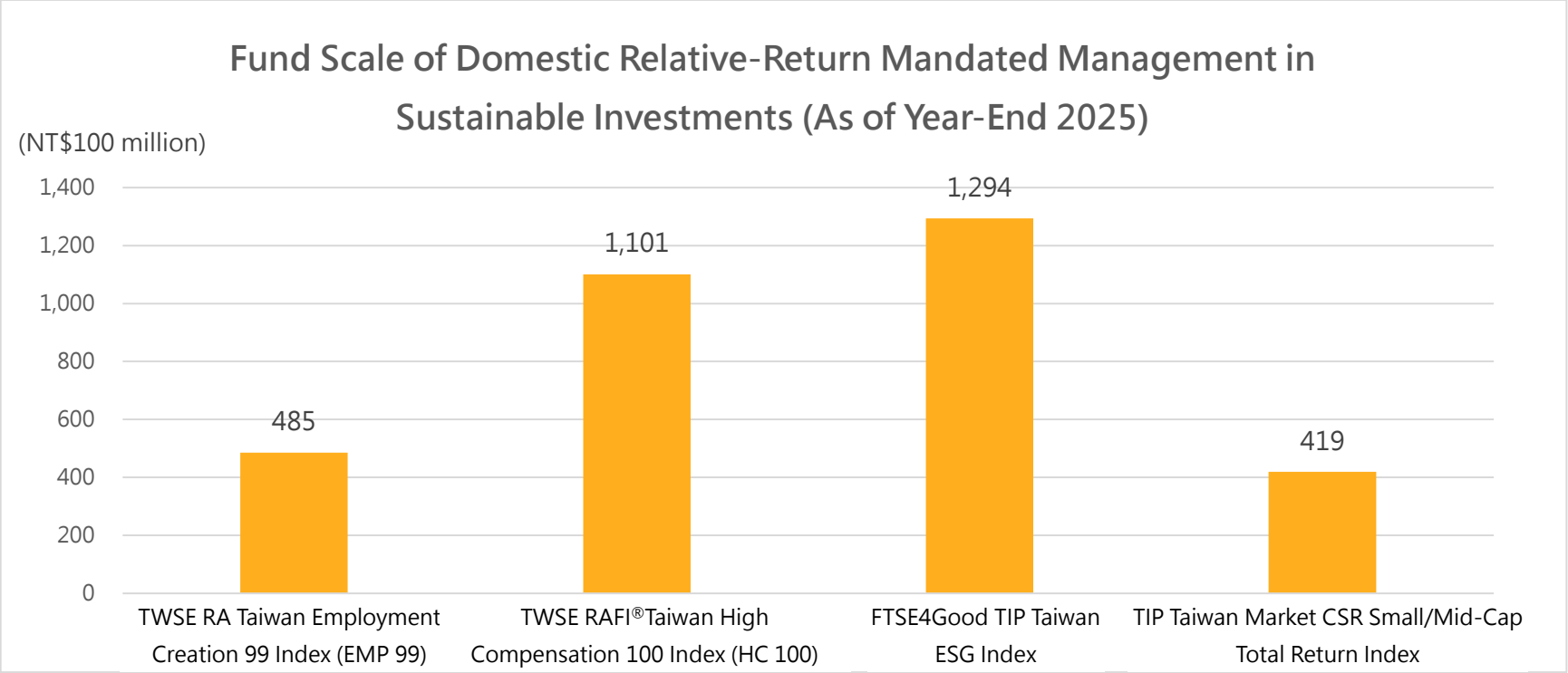
Since 2011, domestic investment mandates have progressively adopted sustainability-related indices, including the "TWSE RA Taiwan Employment Creation 99 Index (EMP 99)," the "TWSE RAFI® Taiwan High Compensation 100 Index (HC 100)," the "FTSE4Good TIP Taiwan ESG Index," and the "TIP Taiwan Market CSR Small/Mid-Cap Total Return Index," as benchmark indices for relative return mandates, encouraging companies to place greater emphasis on social responsibility. Index

compilation methodologies and constituent information are publicly disclosed on the respective index providers' websites. In the future, the Bureau will continue to incorporate sustainability-related factors into the development of customized indices.

As of the end of 2025, the total scale of relative-return mandated management tracked against four sustainability-related indices, the "TWSE RA Taiwan Employment Creation 99 Index (EMP 99)," the "TWSE RAFI® Taiwan High Compensation 100 Index (HC100)," the "FTSE4Good TIP Taiwan ESG Index," and the "TIP Taiwan Market CSR Small/Mid-Cap Total Return Index", stood at approximately NT$329.9 billion (as shown in the figure below). In addition, out of the total domestic equity mandated management position of NT$1,388.3 billion, approximately 78% of the holdings were constituent stocks of the aforementioned sustainability-related indices.

To implement institutional investor stewardship and encourage mandated institutions to prioritize sustainable development, we evaluate and monitor their allocation of sustainability-related resources and the integration of ESG factors into their investment processes during both the selection and the mandated period. Through regular reporting and engagement mechanisms, mandated institutions are required to report on their sustainable investment practices and evaluate the low-

carbon transition strategies of high-emission industries within their portfolios. This enables the Bureau to monitor each mandated institution's execution of climate risk management and sustainable investment, while collaborating with them to continuously support industries and companies in pursuing a low-carbon transition.



4.3.2.2 Foreign mandates

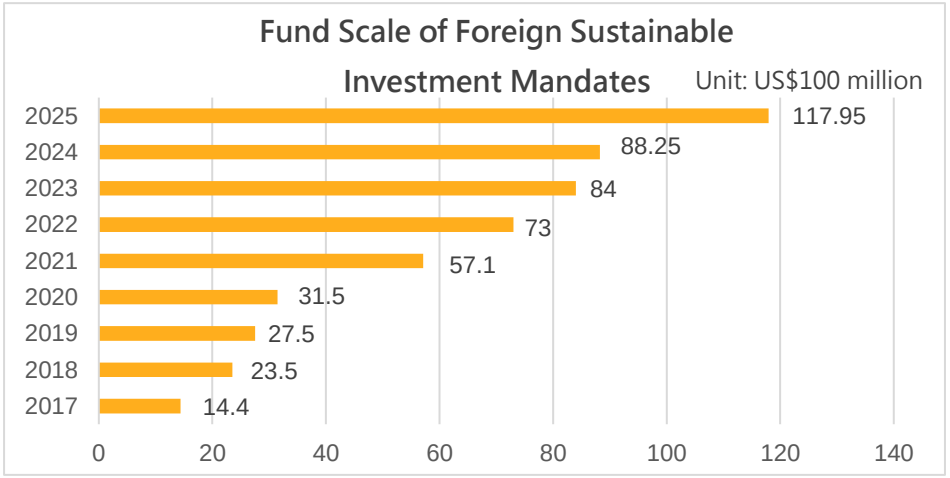
The Bureau incorporates sustainability considerations into the selection criteria for mandated institutions across all categories of foreign mandated investments. The Request for Service Proposal includes relevant review criteria, such as the asset management company's resources and development plans dedicated to ESG factors, whether it maintains a dedicated sustainable investment team, and the mode of collaboration between that team and general investment teams. For specific thematic investment mandates (e.g., climate change), review criteria are further deepened to assess factors such as whether the asset management company incorporates climate risks into its securities research and asset allocation processes. For existing foreign mandated accounts, the Bureau engages an external investment monitoring advisory firm to conduct quarterly evaluations and assess the extent to which sustainable development is integrated into the investment strategies of these accounts. In addition, during regular on-site due diligence visits to mandated institutions, the Bureau assesses whether the institution has established an ESG-based stock and bond selection mechanism.

To continuously implement CSR while balancing fund returns, the Bureau launched the Global ESG Mixed Equity Indexation foreign investment mandate in 2017. This mandate invests in global equities, defining its investment universe by the constituent stocks of the MSCI ACWI ESG ex Selected

Sub-Industries Quality Mix E Series Capped Index to select industry-leading ESG companies. The index construction excludes sin industries (such as tobacco, alcohol, arms, gambling, and adult entertainment) and companies involved in major ESG controversies. In addition, to further enhance investment portfolio performance, strategic factors including "high quality," "low volatility," and "enhanced value" were incorporated into the index construction to strengthen downside risk protection, aiming to balance social responsibility with investment returns. The original total mandate amount for the aforementioned mandate was US$2.4 billion, with capital added annually, and the mandate was renewed in 2022. As of the end of 2025, the total mandate amount reached US$4.955 billion.

The Bureau also launched the Enhanced Global USD Corporate Bond foreign investment mandate in 2020. This mandate invests in global bonds, using the Bloomberg MSCI Global Corporate USD ex Select Controversial Industries Bond Index as its benchmark, and excludes bonds issued by companies in sin industries (such as tobacco, alcohol, arms, gambling, and adult entertainment). By incorporating sustainability concepts into investment processes and strategies through thematic investing, screening, and integration approaches, the Bureau aims to enhance returns, diversify risks, and fulfill

its social responsibility. The initial mandate amount for this project was US$2.3 billion, with the cumulative mandated amount reaching US$2.94 billion as of the end of 2025.



In recent years, in response to the escalating environmental damage caused by climate change, the Bureau launched the Global Climate Change Enhanced Equity foreign investment mandate in 2022. The mandate utilizes constituent stocks of the MSCI ACWI ex China A Select Climate Paris Aligned Index as its investment universe, selecting companies across industries with superior climate governance that are transitioning toward a green economy. It excludes sin industries (such as tobacco, alcohol, arms, gambling, and adult entertainment), companies with severe ESG controversies, and those significantly misaligned with the SDGs, particularly SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action), with the objective of aligning with the climate goals of the Paris Agreement while delivering sound investment returns. The initial total allocation for the aforementioned mandate was US$2.3 billion, with disbursements fully completed in tranches by 2025.

In 2024, the Bureau launched the Global Sustainable Real Estate Securities mandate benchmarked against the FTSE EPRA Nareit Developed Green Index for external offshore investment. This strategy increases the weighting of real estate companies advancing sustainable operations to achieve sustainability enhancement goals. The index constituents are derived from the FTSE EPRA Nareit Developed Index, with weights adjusted based on two sustainable investment criteria, Green Building Certification and Energy Usage, while excluding companies involved in controversial business activities and behaviors (such as controversial weapons, tobacco production, thermal coal extraction exceeding revenue thresholds, and violations of the United Nations Global Compact). The initial total allocation for the aforementioned mandate was US$1.6 billion. As of year-end 2025, a cumulative US$1.2 billion had been funded, with the remaining balance fully disbursed in January 2026.

In light of the global net-zero transition and the growing impact of climate risks on business operations and capital markets, the Bureau launched the Global Climate Transition Passive Equity foreign investment mandate in 2025. Benchmarked against the MSCI World Climate Action Index, the investment universe focuses on developed market equities worldwide, prioritizing corporate performance in climate transition and decarbonization initiatives. By selecting companies with superior climate transition ratings across sectors while maintaining a balanced sector allocation, the

mandate seeks to capture investment opportunities arising from the global corporate transition to a low-carbon economy. The initial total allocation for the aforementioned mandate was US$1.6 billion. As of year-end 2025, a total of US$400 million had been disbursed, with subsequent funding to be deployed in tranches based on prevailing financial market conditions.

In summary, the total investment in foreign mandates directly benchmarked against sustainability indices has grown steadily, reaching US$11.795 billion by the end of 2025. Furthermore, out of the total foreign equity mandate exposure of US$79.385 billion, 76% of holdings were constituent stocks of the aforementioned sustainable investment equity indices.

4.3.3 Negative Screening of Controversial Sectors

To encourage companies to prioritize CSR, the Bureau issued a letter to mandated institutions on April 21, 2016, specifying that when managing the Bureau's mandated accounts, they must not invest in funds that violate CSR. Depending on the severity of any violation, the Bureau may reduce the mandate amount or terminate the contract. These requirements are explicitly stipulated in the investment guidelines of the foreign investment mandate contracts.

In addition, the investment scope of foreign sustainable investment mandates excludes sin industries (such as tobacco, alcohol, arms, gambling, and adult entertainment). Among these, the

investment scope of sustainable equity mandates also excludes companies with significant ESG-related controversies or those that deviate seriously from the SDGs.

4.3.4 Capturing Investment Opportunities in Climate Change

In 2022, the Bureau launched a foreign investment mandate, "Global Climate Change Enhanced Equity", marking its first thematic investment focused on environmental sustainability. The benchmark used is the MSCI ACWI ex China A Select Climate Paris Aligned Index, which aims to align with the Paris Agreement's climate goals (limiting global warming to 1.5–2°C) and integrates TCFD-defined climate risks (transition and physical risks) and green opportunities (green revenue and low-carbon patents), with the goal of reducing carbon emissions, lowering global temperature rise, and managing extreme climate risks. As of the end of 2025, the economic carbon emissions intensity of this benchmark was approximately 75% lower than that of the MSCI ACWI Index, and its implied temperature rise through the end of the century was 2.0°C, compared to 2.6°C for the MSCI ACWI Index.

In 2024, the Bureau launched a foreign investment mandate, "Global Sustainable Real Estate Securities," using the FTSE EPRA/NAREIT Developed Green Index as the benchmark. The index adjusts weights based on two sustainable investment criteria: "Green Building Certification" and "Energy Usage." As of the end of 2025, the economic carbon emissions intensity of this benchmark

was approximately 19% lower than that of the parent index, the FTSE EPRA/NAREIT Developed Index, while green building certified floor area increased by approximately 44.86% and estimated energy use per square meter decreased by approximately 6.8%.

In 2025, the Bureau launched a foreign investment mandate, "Global Climate Transition Passive Equity". Based on current and forward-looking climate indicators from the Science Based Targets initiative (SBTi), the benchmark selects constituent stocks using a bottom-up approach to identify companies better positioned than peers to lead the low-carbon transition within their industries, while capturing targets moving toward a green economy with robust risk management capabilities, thereby achieving multiple environmental objectives, including decarbonization, risk control, and green investment. As of the end of 2025, the economic carbon emissions intensity of this benchmark was approximately 23% lower than that of the MSCI ACWI Index, and its low-carbon transition score was approximately 5% higher than that of the MSCI ACWI Index.

The decarbonization achievements of the aforementioned mandate strategies have been significant. Moving forward, the Bureau will continue to monitor global decarbonization actions and draw upon the practices of mandated institutions and other asset owners, such as pension funds, to effectively manage sustainability-related investment risks, including climate change, and capture capital market investment opportunities driven by the low-carbon economy.

4.4 Exercising Influence Through Stewardship GRI : 201-1

4.4.1 Shareholder Action GRI : 2-29

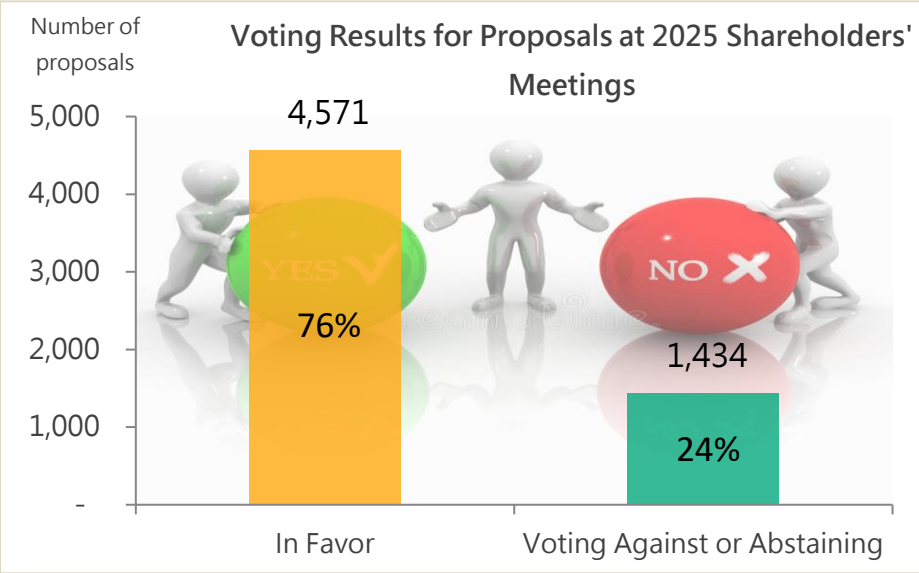
Formulation of Compliance Standards	The Bureau amended the " Bureau of Labor Funds Regulations on Fulfillment of Shareholder Action," establishing clear procedures for addressing major violations of the law or controversial incidents involving domestic listed (TWSE/TPEx) companies within internally managed portfolios, thereby enhancing the compliance framework for shareholder activism.
Key Regulatory Requirements	1. Actively participate in investee companies' shareholders' meetings, exercise shareholder rights, and regularly disclose proxy voting records and engagement case studies. 2. If a domestic TWSE/TPEx listed company in the internally managed investment portfolio is involved in major violations of the law or significant ESG controversies, the Bureau may take the following actions: (I) Engage directly with the company in writing or verbally clarify the background of the issue and its response measures, convey the Bureau's concerns, and encourage the company to resolve the issue promptly and appropriately. (II) Depending on the nature and severity of the controversy, if professional technical verification is required, the Bureau may recommend or require the company to engage an independent third-party professional institution to conduct an investigation and clarify the facts, thereby enhancing corporate governance credibility. (III) Advise the company to enhance information transparency and strengthen stakeholder engagement, particularly by directly engaging with dissenting stakeholders to understand their concerns; furthermore, encourage the company to proactively address public interest.
Methods of Exercising Shareholder Activism	Engage and interact with management through conference calls, in-person meetings, participation in investor conferences, or attendance at shareholders' meetings.
Outcomes	For details on dialogues and interactions with investee companies in recent years, including full, case-by-case explanations and rationales for proposals voted against over the past two years, voting considerations across various proposal types, and the impact and progress tracking of individual proposals, please refer to pages 22–41 of the "2024 Stewardship Report" on the Bureau's official website.

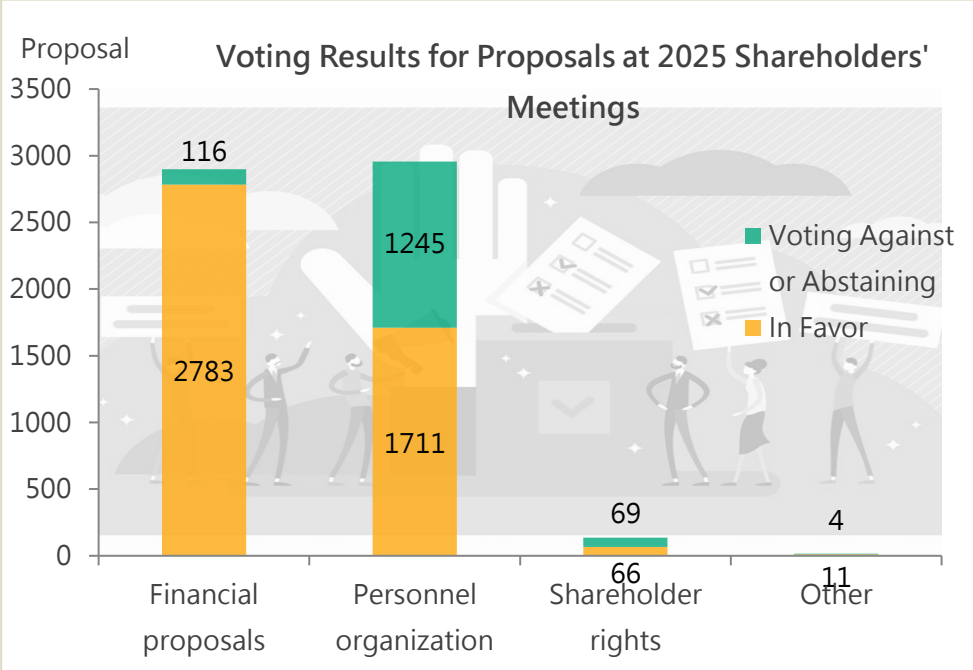
4.4.2 Exercise of Voting Rights GRI : 2-29

Formulation of Compliance Standards	The Bureau has established the "Bureau of Labor Funds Regulations on the Exercise of Equity in Listed (Over-the-Counter) Companies," setting forth compliance guidelines for exercising shareholder rights at shareholders' meetings for the funds under its management.
Key Regulatory Requirements	Participate in voting on shareholders' meeting proposals for all individual stock holdings via electronic voting, dispatch personnel to attend on site as needed, and express opinions on proposals concerning the funds' interests when necessary.
Key Voting Considerations by Proposal Type	1. Adoption of the business report and financial statements: In principle, vote in favor, unless there are concerns regarding the completeness of the statements or the opinion expressed in the CPA's report. 2. Earnings distribution or loss makeup: In principle, vote in favor, while assessing whether the dividend payout ratio aligns with shareholder interests. 3. Amendments to the Articles of Incorporation or operational procedures: In principle, vote in favor, while assessing whether the proposed amendments comply with relevant laws and regulations, or whether they inappropriately expand financial authority or increase operational and financial risks without reasonable explanation, thereby adversely affecting shareholder rights. 4. Directors and supervisors: Given that the funds managed by the Bureau are financial investments, the Bureau in principle abstains from voting on the election or dismissal of directors and supervisors, as well as on associated proposals to release directors from non-compete restrictions. 5. Employee equity incentives: In principle, vote in favor, while assessing whether the performance targets set to motivate employees are appropriate and whether the plan dilutes or impacts existing shareholders' rights. 6. Company dissolution, merger, acquisition, share exchange or spin-off, capital increase, private placement of securities, capital reduction, exercise of disgorgement rights, and other matters: Evaluate on a case-by-case basis by assessing the potential impact on company operations and existing shareholder rights.
Voting Against or Abstaining Key Considerations	1. Proposals that are detrimental to corporate governance or sustainable development. 2. Proposals that materially impact the company's financial stability and business development. 3. Proposals that are likely to compromise shareholders' long-term interests.

Note: For complete policy details, please refer to pages 34–41 of the "2024 Stewardship Report" on the Bureau's official website.

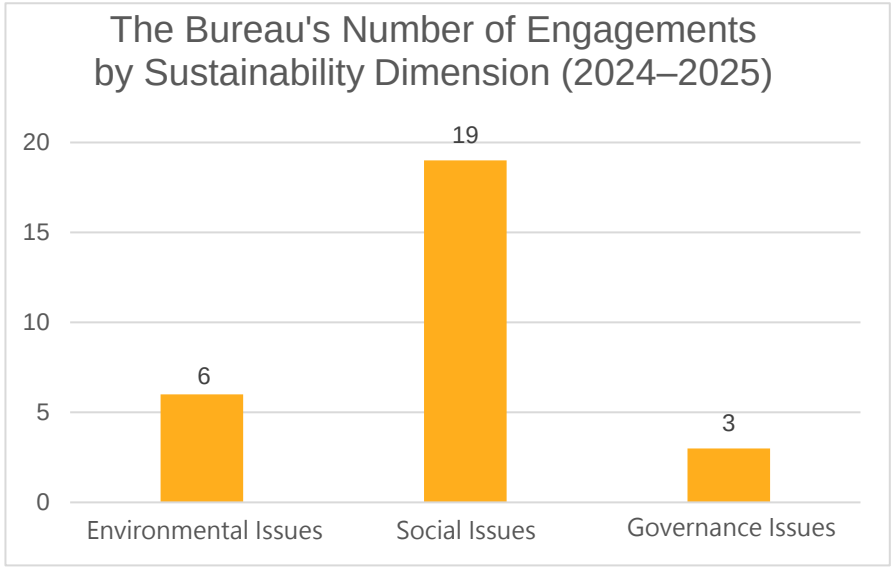
From 2024 to 2025, the Bureau participated in 771 shareholders' meetings, achieving a 100% voting rate. Voting on proposals at shareholders' meetings in 2025 is summarized in the chart below (for 2024 voting details, please refer to pages 36–37 of the "2024 Stewardship Report").





4.4.3 Engagement Actions GRI : 2-29

In addition to consistently executing its institutional investor stewardship duties outlined herein, the Bureau is progressively broadening and deepening its engagement initiatives in a phased approach. Given the growing global focus on sustainability issues and the evolving standards for sustainability information disclosure, the net-zero transition has become a critical challenge for enterprises, directly impacting their long-term operational opportunities and risks, as well as serving as a key factor in investor decision-making. Consequently, with decarbonization as the core theme, the Bureau progressively gains an in-depth understanding of investee companies' short-, medium-, and long-term climate commitments, decarbonization pathways, and concrete results, prioritizing engagement with investee companies in high-carbon industries.



(For detailed engagement records, please refer to pages 24–33 of the 2024 Stewardship Report.)

4.5 Promote the Sustainable Investment Philosophy

The Bureau has established a "Sustainability Section" on its website to provide information on sustainability policies, sustainable investment, stewardship, and Sustainability Reports. Guided by the principles of safety, transparency, and prudence, the Bureau balances long-term fund performance with social responsibility through sustainable investment and responsible management. In addition, through the regular publication of Sustainability Reports and information disclosure, the Bureau improves communication with stakeholders and continues to enhance information transparency and sustainability impact.

4.5.1 Enhance Internal Sustainable Finance Capabilities

To keep abreast of the latest international developments in sustainable investment, enhance employees' knowledge and capabilities, refine the Bureau's initiatives and investment planning, and identify sustainable investment risks and opportunities, the Sustainable Investment Working Group has continued its research and knowledge-sharing activities since its establishment in 2022. By the end of 2025, the Working Group had held a total of 28 meetings. Group members conducted and shared research on sustainability-related topics, including the Partnership for Carbon Accounting Financials (PCAF) standards and their adoption by financial institutions, CalPERS governance and

sustainability, sustainability practices and disclosures in international real estate investment, the net-zero pathway (Taiwan's overall carbon reduction action plan), and climate risk data analysis for foreign investment mandates. The group consolidated these research findings into actionable implementation recommendations for investment units. Furthermore, by integrating internal and external resources, the Bureau regularly invited domestic and international financial institutions, large institutional investors, and international consulting firms to share insights on the latest sustainable investment trends, with a particular focus on investment risks arising from climate change. In 2024 and 2025, a total of 18 education and training sessions were held, covering topics such as global sustainable investment trends and ESG outlooks, engagement on climate change issues, and sustainable development trends and experiences of global government pension funds. The Bureau also invited an international sustainability data provider to explain how climate databases can support asset owners in assessing climate-related risks and opportunities. Through these meetings and education and training sessions, the Bureau aims to bolster sustainable finance capabilities, track international sustainability and climate developments, actively explore appropriate investment allocations and mandate structures, and implement its sustainable investment philosophy.

4.5.2 External Promotion of the Sustainable Investment Philosophy

The Bureau continuously engages with asset management companies and international pension funds to share and exchange sustainable investment practices. To deepen exchange and interaction with international investment institutions, including global asset management institutions, sovereign wealth funds, and pension funds, the Bureau joined the Asian Corporate Governance Association (ACGA) and the Asia Investor Group on Climate Change (AIGCC) in 2025. The Bureau actively participated in events organized by both organizations, including investor group meetings, annual general meetings, and regular member meetings. It also attended the AIGCC Climate Transition Investor Roundtable in July 2025 and the Asset Owner Working Group Japan Week seminar in October 2025, sharing its sustainable investment experiences. Through these engagements, the Bureau stays abreast of international corporate governance regulatory developments and market dynamics. In the future, the Bureau will continue to participate in conferences and forums related to sustainability, reinforce international dialogue and cooperation, gain insights into the latest developments and practices in corporate governance among international institutional investors, and enhance experience sharing with international investors, including large pension funds, on sustainable investment.

5

Climate Change Response



5. Climate Change Response

Given that climate change presents certain risks and opportunities for economic development and financial markets, the Bureau, as Taiwan's largest pension fund management authority, not only aligns internally with government energy conservation and carbon reduction policies by promoting green procurement, reducing energy, paper, and water consumption, and practicing green consumption, but also actively leverages its institutional investor influence through capital allocation and shareholder stewardship. Under the premise of ensuring long-term stable fund returns and safeguarding workers' retirement interests, the Bureau integrates climate change and sustainability factors into investment management. Through sustainable and responsible investment and shareholder engagement, it guides investee companies in implementing low-carbon transitions and sustainable operations, jointly advancing toward the national 2050 net-zero emissions goal.

5.1 Task-force on Climate-related Financial Disclosures (TCFD) GRI：201-2

As the impacts of climate change become increasingly pronounced, climate-related financial disclosures have garnered growing attention. In November 2023, the Bureau signed its support for the Task

Force on Climate-Related Financial Disclosures (TCFD), established by the Financial Stability Board (FSB), as part of its commitment to international sustainability initiatives. In this reporting period, the Bureau has referred to the TCFD recommendations and framework in disclosing its management strategies and actions across the four core pillars.

Governance

- Establish the "Sustainable Development Committee" to advance sustainability governance policies, implement sustainable investment principles, and monitor and review sustainability-related initiatives.
- Establish the "Sustainable Investment Working Group" to deepen research on climate change, sustainable finance, and related issues, and to identify risks and opportunities associated with sustainable investment.

Strategy

- Identify climate change-related risks and opportunities from an asset allocation perspective centered on investment planning, referencing NGFS scenario assumptions to formulate relevant impacts and time horizons.
- Integrate climate change risks into asset allocation considerations, monitor climate-related risks and opportunities across investments, implement responsible investment practices, and leverage the Bureau's influence through its investment activities.

Risk Management	● "The "Risk Control and Management Team" incorporates climate change risk items into the "Directions for Risk Management of Funds Managed by the Bureau of Labor Funds." ● Balance fund profitability with overall asset allocation planning, and pursue strategic decarbonization in a prudent manner. ● Maintain ongoing dialogue and engagement with investee companies to gain insights into the risks and response strategies facing their respective industries. ● Develop climate change risk reports for investment positions through a phased approach.
Metrics and Targets	● In alignment with the national 2050 net-zero target, actively advance decarbonization initiatives across funds under management (investment level) and office premises (operational level). ● Strengthen carbon emission disclosures for the investment portfolio, and establish medium- and long-term targets and key strategies for climate change management. ● Moving forward, climate databases will be utilized to quantify the carbon emissions of funds under management and select appropriate performance indicators.

5.1.1 Governance

The Bureau manages funds under a regulatory division system. Supervisory committees under the Ministry of Labor, the Ministry of Health and Welfare, and the Ministry of Agriculture oversee annual investment plans, asset allocations, and related matters for their respective funds. In addition to conducting operations in accordance with relevant laws, regulations, and divisions of responsibility, the committees hold regular meetings to report on fund utilization and material matters.

Given the substantial scale of the funds under management, climate change-related issues and factors may pose risks that could lead to direct or indirect financial losses to investment positions. Accordingly, the Bureau established the "Sustainable Development Committee" in 2023 to advance sustainability governance policies, practice sustainable investment principles, and formulate, monitor, and review sustainability strategies and action plans to manage climate change risks across fund investments. In response to potential medium- and long-term investment impacts, the Bureau also develops corresponding asset allocation and sustainable investment strategies, establishes robust climate-related risk management procedures, and devises monitoring measures through risk identification and measurement, thereby strengthening risk management capabilities and fulfilling its

responsibilities as an institutional investor. (For further details, please refer to Section 1.2.6 Supervision and Management, Section 3.1.1 Establishment of the Sustainable Development Committee, Section 3.1.2 Implementation of Socially Responsible Investment, Section 3.1.3 Adherence to Stewardship, and Section 4.2.1 Investment Risk Management in this report.)

5.1.2 Strategy

The Bureau manages fund investment and utilization operations in accordance with the law. To fulfill its fiduciary duty as a fund manager, uphold prudent operational principles, and safeguard beneficiary welfare amid growing global emphasis on environmental sustainability, the Bureau identifies climate-related risks and opportunities based on the TCFD framework, formulating assessment and response strategies to mitigate climate impacts and enhance organizational climate resilience. At the same time, the Bureau seeks to leverage capital allocation to encourage corporate low-carbon transitions and enhance climate resilience, thereby creating shared value through improved fund performance and positive social impact.

5.1. 2 .1 Identification of Climate Risks and Opportunities

To assist asset owners in identifying climate-related risks and opportunities, the Principles for Responsible Investment (PRI), based on the TCFD framework, recommends analytical approaches such as asset allocation, sector, individual stock, carbon footprint, stranded assets, and scenario analyses. The Bureau' s asset allocation strategy for the funds under management focuses on diversified exposure to global financial markets. As climate-related financial disclosure methodologies, regulatory requirements, and databases remain at an early stage of development, the Bureau takes an asset allocation approach and incorporates scenarios from The Network for Greening the Financial System (NGFS) to assess the potential impacts and time horizons of climate-related risks and opportunities. The climate-related risks and opportunities identified through this analysis are summarized in the table below. In general, the climate-related risks and opportunities facing investment assets mainly stem from the potential effects of changes in the prices of underlying assets, including those of investee companies. (For information regarding the Bureau's own operations in support of its core business, please refer to Section 3.1 Sustainability Strategy and Section 5.2 Low-Carbon Operations in this report.)

Category	Description of Risks and Opportunities	Potential Impact	Time Horizon	Applicable Asset Class	Materiality
Transition Risk	Market risk: Global policies and consumer demand are shifting toward carbon reduction and net zero, impacting investee companies' operations, profitability, debt repayment, and financing. Key factors include the burden of carbon costs, stranded transition assets, costs associated with developing and adopting new energy or technologies, reduced consumer demand for energy-intensive products, negative reputational impacts from litigation/disputes, and changes in credit ratings (default risk).	Asset price repricing	Short- and medium-term	Domestic and foreign equities Domestic and foreign bonds Foreign alternatives	V
	Regulations and policies: Imposition of carbon fees, improvement of equipment energy efficiency, and expansion of government fund loan programs	Increased operating costs or short-term working capital requirements	Short- and medium-term	Domestic alternatives	
Physical risk	Short-term: Increased frequency of extreme climate events Long-term: Shifts in climate patterns, rising temperatures and sea levels	Asset price repricing, increased operating costs, or business interruption	Short-, medium-, and long-term	Domestic and foreign equities Domestic and foreign bonds Domestic and foreign alternatives	V (Medium and long term)

Opportunities	Market opportunities: Shifts in consumer preferences, increased policy and regulatory subsidies, development of asset resilience, and R&D and innovation in low-carbon products (such as new energy, technology, or services)	Asset price repricing, green business opportunities, and resilient infrastructure	Short-, medium-, and long-term	Domestic and foreign equities Domestic and foreign bonds Foreign alternatives	V
	Energy/technology efficiency	Improved operational efficiency	Medium and long term	Bank deposits Domestic alternatives	

Note: The potential impacts and time horizons of climate-related risks and opportunities are determined with reference to changes in NGFS scenarios; materiality is assessed based on the Bureau' s exposure across its funds under management.

5.1. 2 .2 Impacts of Material Climate Risks and Opportunities on the Bureau

Transition risks, physical risks, and opportunities occurring over the short, medium, and long term mainly affect fund returns through changes in the valuation of invested financial assets. Despite constraints in comprehensive cross-regional and cross-industry research analysis and data collection, the Bureau continues to actively explore the development and introduction of relevant

analytical models. Currently, utilizing publicly available international climate data, such as global GHG emissions reports published by the European Commission and the World Resources Institute (WRI) physical risk platform, the Bureau has identified that major global carbon emissions are concentrated in the electricity, energy, manufacturing, transportation, and industrial sectors, while emerging markets (or regions with less resilient infrastructure) remain relatively vulnerable throughout the climate transition. Furthermore, international consensus generally indicates that an orderly transition toward global net-zero emissions by 2050 will entail significant transition costs in the short to medium term. However, if international collaboration is postponed, leading to a delayed transition, or does not proceed successfully, resulting in a continuation of existing policies under a Hot House World scenario, the Bureau is expected to face greater physical risks in the long term. This highlights the need to consider the potential impacts of long-term physical risks alongside short- and medium-term transition risks.

5.1. 2 .3 Response Strategies

Through capital deployment, the Bureau aims to guide enterprises in executing transformative climate actions and implementing targeted response strategies, thereby strengthening the climate resilience of the funds under management.

1. Incorporate Climate Risks into Asset Allocation Considerations

Since 2023, the formulation of annual asset allocation and investment deployment plans has incorporated climate change issues, emphasizing climate factors as critical criteria for investment portfolio construction. This approach enables prudent assessment of climate-related risks and opportunities, captures medium- to long-term investment trends, and materializes sustainable investment practices.

2. Continuously Advance Investments and Partnerships in Climate Change and Sustainable Development

To continually advance responsible investment related to climate change and sustainable development, the Bureau, for the first time, introduced a sustainability requirement for domestic investment mandates in 2020, requiring mandated institution to invest only in companies that have

published sustainability reports. This requirement was progressively extended to new mandates, thereby expanding the scale of sustainable investment. Furthermore, since May 2024, all equity investments under the Bureau's domestic investment mandates have been restricted to companies that have published sustainability reports. The Bureau continues to seek potential investment opportunities arising from the transition to a low-carbon economy. Regarding domestic bond investments, the Bureau also factors in issuers' progress toward net-zero emissions, continues to increase its investments in green bonds. Through these efforts, the Bureau aims to leverage its influence in the capital markets to encourage enterprises to fulfill their social responsibilities and advance corporate sustainability, thereby putting its sustainable investment strategy into action.

Regarding foreign investments, the Bureau launched a the Global Sustainable Real Estate Securities mandate in 2024, becoming one of the first major global pension funds to adopt the FTSE EPRA Nareit Developed Green Index as its benchmark. In 2025, the Bureau rolled out the Global Passive Equity mandate tied to the MSCI World Climate Action Index, focusing on climate transition as its core investment theme and supporting companies demonstrating leading performance in this area. Looking ahead, the Bureau will continue to align its investment planning with the global

transition toward net-zero emissions, including initiatives related to climate transition and carbon reduction.

3. Adhere to Stewardship Principles and Capture Net-Zero Transition Opportunities

While high-carbon companies and those in climate-sensitive regions face elevated risks, they also present significant opportunities for transition investment. Accordingly, the Bureau regularly reviews its managed funds' exposure to high-carbon assets. While balancing financial performance with sustainability considerations, the Bureau employs stewardship engagement and mandate management mechanisms to evaluate and monitor the decarbonization transition strategies of high-carbon industries within its portfolio.

For domestic investments, the Bureau guides companies along transition pathways by exercising active shareholder stewardship. As a general principle, holdings in high-carbon and fossil fuel sectors do not exceed benchmark weights, and exposures are dynamically assessed and adjusted based on corporate net-zero transition initiatives. For foreign investments, the Bureau will progressively implement decarbonization allocations across existing portfolios according to their overall carbon profile, while balancing fund returns and asset allocation. Furthermore, the Bureau continuously

tracks developments in sustainable investment and international net-zero initiatives, integrating these insights into the mandate design to guide mandated institutions in managing climate risks and opportunities.

4. Harness the Influence of Capital Deployment

The Bureau continuously enhances staff expertise on climate change and actively engages with international institutional organizations. It joined the Asian Corporate Governance Association (ACGA) in May 2025 and the Asia Investor Group on Climate Change (AIGCC) in July of the same year. Through these collaborative exchanges, the Bureau seeks to stay abreast of climate-related risk issues while harnessing the influence of its capital deployment to encourage companies to embed sustainable business practices and climate risk management, thereby driving corporate sustainability and social responsibility.

5.1.3 Risk Management

To address investment risks arising from global environmental change, enhance the risk management framework, and fulfill institutional investor stewardship responsibilities, the Bureau

amended the " Directions for Risk Management of Funds Managed by the Bureau of Labor Funds" in December 2023 to incorporate climate change risk factors. The relevant risk management mechanisms are outlined below:

1. Domestic Investments

To balance investment performance and social responsibility, when adding new stocks to the domestic in-house investment universe, the Bureau first reviews their performance against sustainability-related evaluations or indicators. Following inclusion, the Bureau continues to monitor evaluations by credible independent institutions across various sustainability dimensions, paying close attention to corporate governance, environmental protection measures, social responsibility, and decarbonization strategies. Furthermore, to balance climate risks and social responsibility, investment caps are established for high-carbon and fossil fuel industries. The Bureau also actively practices shareholder activism through ongoing dialogue and engagement with investee companies to understand industry risks and response strategies, comprehensively assessing and adjusting investment strategies based on their management and related actions.

As global net-zero emissions targets and the transition toward a low-carbon economy become increasingly clear, corporate carbon emissions disclosures and decarbonization strategies have emerged as vital considerations for investment evaluation and portfolio management. Regarding domestic investment mandate, in addition to requiring mandated institutions to regularly assess and report on the progress of the low-carbon transition in high-carbon industries, the Bureau continues to monitor whether these institutions integrate investee companies' carbon emissions data and climate-related information into investment decision-making, investment portfolio management, and underlying investment evaluation processes. Through regular reporting and communication mechanisms, the Bureau tracks the execution of climate risk management and sustainable investment by mandated institutions. Looking ahead, the Bureau will further evaluate whether mandated institutions have planned or established clear decarbonization targets and specific decarbonization pathways for mandated accounts, alongside related management and tracking mechanisms, to continuously enhance the investment portfolio's capacity to respond to climate risks.

Regarding domestic bond investments, all funds under management evaluate issuers' fulfillment of social responsibility and their progress toward net-zero carbon emissions targets in response to climate change. This aims to leverage the influence of institutional investors to encourage issuers to uphold corporate governance and social responsibility.

2. Foreign Investments

To gain an in-depth understanding of the sustainability performance of foreign mandated investment portfolios across equity securities and debt securities, the Bureau has required foreign mandated institutions to disclose portfolio-level sustainability information on a quarterly basis since Q3 2023. This includes quantitative data, such as ESG ratings and carbon emissions data, as well as qualitative insights, such as active engagement activities. Amid expanding international climate change regulatory requirements and growing supervisory focus, these disclosures facilitate the Bureau's implementation of sustainable investment and provide insight into the practices of international mandated institutions, pension funds, and other institutional entities. This enables the Bureau to identify sustainability-related investment risks, such as climate change, and capture

investment opportunities arising from the low-carbon transition in capital markets. Going forward, the Bureau will conduct carbon emissions analyses on managed fund positions. While balancing fund profitability with overall asset allocation strategies, the Bureau will systematically integrate climate risks into its asset allocation framework, prudently advancing strategic decarbonization to achieve its long-term, fund-wide decarbonization goals. For in-house investments, sustainability considerations are incorporated at appropriate stages of the investment process when selecting targets such as ETFs, funds, and bonds, in order to manage potential underlying sustainable investment risks (see 4.3.1.3 Foreign Investments under 4.3.1 Integrating Sustainability Assessment into In-House Investment Processes).

3. Climate Change Risk Reports

In 2022, the Financial Supervisory Commission published the "Sustainable Development Roadmap for TWSE/TPEx Listed Companies," promoting a phased approach for all domestic TWSE/TPEx listed companies to complete greenhouse gas inventories by 2027 and obtain assurance for greenhouse gas inventories by 2029. Accordingly, the Bureau has collected carbon emissions and

financial data disclosed by companies with reference to the aforementioned timeline and approach. Furthermore, referencing the *Financed Emissions Standard of the Partnership for Carbon Accounting Financials* (PCAF), the Bureau is progressively compiling climate change risk reports for investment positions in phases and incorporating them into risk management reports for the reference of investment units.

5.1.4 Metrics and Targets

In alignment with national policy to achieve the 2050 net-zero greenhouse gas emissions target, the Bureau is dedicated to achieving net-zero emissions across both its investment portfolio and office premises, implementing targeted carbon reduction initiatives across investment and operational dimensions.

5.1.4.1 Investment

The Bureau prudently manages every fund and, while securing stable long-term investment returns, adheres to the UN Principles for Responsible Investment (PRI) and the Sustainable Development Goals (SDGs) to continuously enhance its sustainable investment strategies. It actively

positions capital to capture low-carbon and climate transition opportunities. In addition, the Bureau has set targets to exclude investments in controversial sectors and fossil fuel companies lacking proactive transition efforts, while continuously exercising influence through shareholder action and engagement to guide investee companies and mandated institutions to prioritize environmental sustainability and take climate transition actions.

1. Financed Emissions of Investment Positions:

According to the "Sustainable Development Roadmap for TWSE/TPEx Listed Companies" released by the Financial Supervisory Commission in 2022, all domestic TWSE/TPEx listed companies are required to complete greenhouse gas inventories by 2027 and obtain assurance for greenhouse gas inventories by 2029 across different phases based on paid-in capital and industry type, fostering a robust sustainable development ecosystem. At this stage, greenhouse gas emissions disclosures from domestic TWSE/TPEx listed companies frequently suffer from incomplete inventory boundaries, YoY boundary inconsistencies, or a lack of assurance by qualified third-party bodies, leaving room for improvement in overall data objectivity and comparability.

To effectively manage climate change risks, the Bureau amended the "Directions for Risk Management of Funds Managed by the Bureau of Labor Funds" in December 2023, incorporating climate change as a formal risk category to be assessed across each fund and progressively introducing relevant evaluation metrics. At this stage, to understand the financed emissions of the Bureau's investment portfolio, we rigorously review greenhouse gas emissions disclosures from underlying investments and strive to maintain data reliability under present constraints. For domestic TWSE/TPEx listed companies, data is mainly sourced from disclosures on the Market Observation Post System (MOPS), supplemented by adjustments based on individual companies' Sustainability Reports. In 2024, the Bureau completed the 2023 Climate Change Risk Report for Domestic Equity Securities (In-House Investments) and, in 2025, further completed the 2024 Climate Change Risk Report for Domestic Equity Securities (In-House and Mandated Investments).

Regarding foreign investments, the Bureau allocates across a highly diversified range of global financial asset categories. To conduct a greenhouse gas inventory of overall foreign investment positions, and recognizing that monitoring investment portfolio carbon emissions requires substantial data and technical infrastructure, the Bureau has tracked developments in international

climate databases and management platforms since 2023. Given that major global pension funds currently lack a unified standard for carbon disclosure boundaries, YoY inventory data stability varies, and emissions data for certain financial instruments remains limited, ongoing inventory efforts are still required for overall foreign investment holdings. In the future, the Bureau will progressively utilize database analytics and select appropriate metrics to evaluate the carbon emissions of foreign equity and bond investments managed within its funds, thereby supporting ongoing climate risk management.

The Bureau manages eight major funds: the Labor Pension Fund, Labor Retirement Fund, Labor Insurance Fund, Employment Insurance Fund, Labor Occupational Accident Insurance and Protection Fund, Arrear Wage Payment Fund, National Pension Insurance Fund, and Farmers' Pension Fund, encompassing a broad and diversified range of investment products. To ensure disclosure quality following two years of trial calculations and data source verification, the Bureau publicly disclosed the financed emissions of its domestic equity and mandated foreign equity securities portfolios this year. The investment portfolio carbon emissions disclosed at this stage are calculated based on Scope 1 and Scope 2 emissions disclosed by investee companies and serve mainly as a reference for

climate risk management, trend observation, and sustainable investment evaluations. As figures may vary depending on data sources, disclosure timing, estimation methodologies, or inventory boundaries, they should not be used as an absolute basis for YoY, cross-institutional, or cross-asset comparisons between different underlying investments. Financed emissions for the domestic investment portfolio are calculated using the "Sustainability Performance – Portfolio Financed Emissions Calculator" on the Taiwan Depository & Clearing Corporation (TDCC) ESG IR platform, with certain corporate emissions data adjusted based on published Sustainability Reports. In 2024, the financed emissions attributed to domestic equity investments (including in-house and mandated investments) managed by the Bureau totaled 2,242,998 tCO_2e. The economic emissions intensity was 1.251 tCO_2e per NT$ million invested, the weighted average carbon intensity was 4.693 tCO_2e per NT$ million in revenue, and an inventory coverage rate of 100%. For mandated foreign equity securities, calculations were conducted using the MSCI Climate database based on the net asset value of each mandate, converted at the year-end 2024 US$/TWD exchange rate of 32.78. Accordingly, the financed emissions attributed to mandated foreign equity securities were 3,047,968 tCO_2e. The economic emissions intensity was 1.617 tCO_2e per NT$ million invested and the weighted

average carbon intensity was 3.998 tCO_2e per NT$ million in revenue. Furthermore, foreign equity securities mandates include investment targets such as individual stocks and derivative financial instruments. Because the carbon emissions of certain financial instruments have not yet been incorporated due to the complexity involved in calculating them, the coverage rate of the carbon emissions inventory was 95.81%.

To effectively track emissions across its managed investment portfolio, the Bureau will continue to monitor sustainability policies issued by the FSC and major international pension insurance funds, while assessing the greenhouse gas inventory and assurance status of investee companies. Taking into account data objectivity and availability, the Bureau will progressively enrich portfolio greenhouse gas emissions data and broaden disclosure boundaries to demonstrate tangible sustainability governance outcomes. Furthermore, aligning with the *Financed Emissions Standard* developed by the Partnership for Carbon Accounting Financials (PCAF), the Bureau is planning to establish methodologies for measuring and calculating the carbon emissions of its investment portfolio, thereby laying the groundwork for strengthening future risk management and establishing

decarbonization targets. With due consideration given to the funds' long-term stable returns, the Bureau will strategically adjust asset allocation in pursuit of its long-term decarbonization goals.

2. Engagement with High-Carbon Industries:

Government agencies, including the Ministry of Environment, the Ministry of Economic Affairs, and the Financial Supervisory Commission, have successively introduced measures to support industries such as petrochemicals and oil refining in their low-carbon transition. Recognizing that sectors such as petrochemicals, cement, steel, and fossil fuels continue to play essential roles in Taiwan's economic development, employment, and capital markets, and that their low-carbon transition may present emerging investment opportunities, the Bureau evaluates climate-related risks and opportunities while balancing broader impacts on domestic industries and labor rights. Through active engagement on climate issues and by requiring domestic mandated institutions to regularly report on their monitoring and engagement with high-carbon investee companies regarding decarbonization initiatives, the Bureau works with mandated institutions to enhance the sustainability practices of investee companies, progressively reduce portfolio carbon emissions, and encourage companies to place greater emphasis on social responsibility and take proactive climate

transition actions. The Bureau continues to refine its engagement initiatives by drawing on international experiences and developments. Since 2023, it has progressively developed an in-depth understanding of domestic investee companies' short-, medium-, and long-term climate commitments, including their comprehensiveness, decarbonization pathways, and concrete results, thereby enhancing both the depth and breadth of engagement. To maximize engagement effectiveness, the Bureau prioritizes companies with higher shareholding proportions or those in high-emissions industries, harnessing shareholder engagement and the exercise of voting rights to guide and encourage investee companies in implementing their net-zero transition.

3. Expand the Scale of Green Bond Investments:

In recent years, the Bureau has actively allocated capital to environmental- and climate-related green bonds, steadily expanding its investment scale YoY. As of the end of 2025, green bond investments as a proportion of total domestic bond investments in the funds under management had increased steadily YoY, increasing from 1.40% in 2020 to 4.49%. In the future, the Bureau will continue to actively pursue green bond investment opportunities, aiming to leverage capital

allocation to drive corporate transition toward a low-carbon economy and progressively achieve the 2050 net-zero goal.

5.1.4.2 Operations

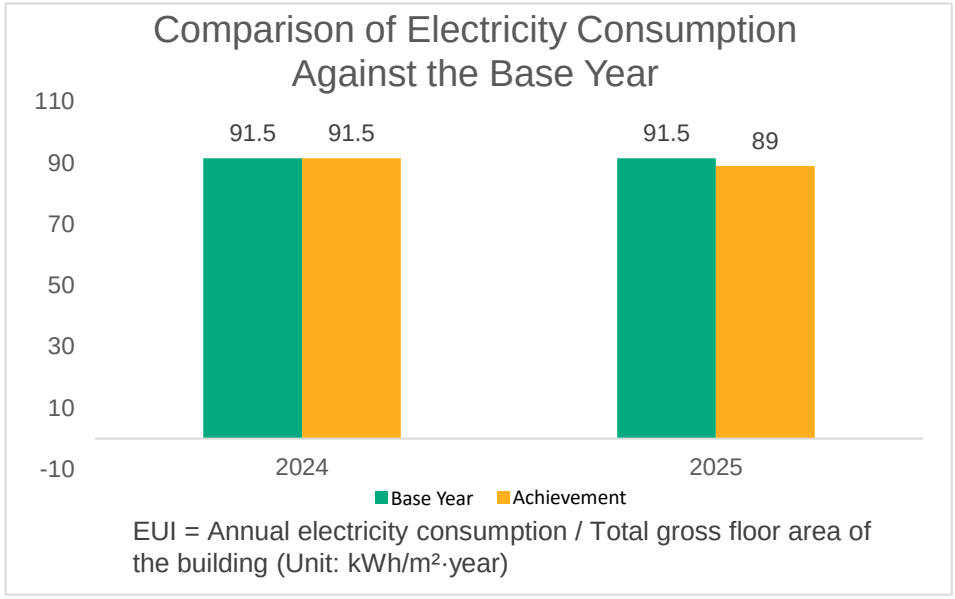
To reduce carbon emissions from office operations and achieve environmental sustainability goals, the following measures have been implemented:

1. Green Procurement:

In alignment with government policy, the Bureau procures eco-friendly products designated by the Ministry of Environment. In 2025, the achievement rate reached 100% (exceeding the 2025 target of 95% for designated government green procurement items). The annual objective remains to consistently maintain an achievement rate of 95% or higher for designated green procurement items.

2. Reduce Carbon Emissions from Operations:

In 2024, the Executive Yuan approved the "Electricity Efficiency Management Plan for Government Agencies and Schools," setting an overall target of a 3% improvement in electricity efficiency by 2026 compared to 2023, while assigning annual electricity-saving targets for individual agencies to achieve between 2024 and 2026. The Bureau engaged the Foundation of Taiwan Industrial Service to issue an energy conservation technical advisory report for government agencies and schools, reviewing the Bureau' s power consumption patterns and identifying energy-saving strategies. In alignment with this plan, energy-saving measures were implemented, successfully meeting the electricity-saving targets in both 2024 and 2025. In addition, the Bureau has



	2024	2025
Scope 1 absolute carbon emissions (tCO_2e)	2.91	2.91
Scope 2 absolute carbon emissions (tCO_2e)	119.79	111.82

Note: Scope 1 fugitive emission sources include emissions from air conditioners, chillers, refrigerators, and water dispensers; Scope 2 mainly comprises emissions from electricity consumption.

transitioned its official vehicle fleet to electric vehicles, making fugitive emission sources the primary contributor to Scope 1 emissions. Scope 2 emissions, calculated based on electricity consumption, have also decreased as a result of effective electricity conservation efforts.

3. Create a Low-Carbon Digital Environment:

Actively implement an online document approval system, electronic data exchange, online meetings, and online education and training while procuring electric vehicles to promote paperless operations and fuel conservation, thereby achieving low-carbon and environmental benefits.

5.1.4.3 Sustainability Target Setting

In 2026, the Bureau announced the carbon emissions of its investment portfolio ahead of schedule, demonstrating phased outcomes in implementing sustainability governance. To advance its decarbonization pathway, the Bureau further referenced the TCFD "Metrics and Targets" framework to establish medium- and long-term goals and key strategies for climate change management. These targets encompass core dimensions including sustainable investment, investment portfolio carbon emissions management, responsible investment, and information

disclosure. Drawing upon international best practices from major pension funds, financial institutions, and international organizations, and aligning with Taiwan's 2050 net-zero emissions policy as well as domestic and global sustainability trends, the Bureau is progressively establishing a target management mechanism tailored to its fund management characteristics, moving climate risk management from institutional frameworks toward medium-term action strategies with specific sustainability targets.

Amid global climate change, the net-zero transition, and the rapid development of sustainable finance, climate risk has become a critical issue impacting global economic development and financial markets. As Taiwan's largest pension fund management authority, the Bureau bears the responsibility of safeguarding workers' retirement security and ensuring the sustainable operation of the funds. While balancing long-term stable returns with the protection of workers' retirement rights, the Bureau will continue to monitor implementation status through regular monitoring, rolling reviews, and continuous improvement mechanisms. It aims to progressively enhance investment portfolio carbon emissions management, sustainable investment outcomes, and responsible investment practices, while continuously improving the quality and transparency of sustainability

disclosure. While maintaining long-term stable returns, the Bureau will continue to enhance climate risk management capabilities, bolster sustainability governance, and partner with investee companies and mandated institutions to promote the low-carbon transition. This approach will enhance the funds' resilience against future environmental changes and generate long-term benefits that deliver both financial and sustainability value for the funds managed by the Bureau.

Strategic Direction	Target Setting and Key Strategies
Net-Zero Commitment and Target Timeline	Continue advancing sustainable investment in alignment with the national 2050 Net-Zero policy
Short- and Medium-Term Sustainability Targets	● In line with the FSC's roadmap for TWSE/TPEx listed companies to complete greenhouse gas inventories by 2027 and obtain assurance by 2029, the Bureau will prepare emissions data and assess carbon reduction targets in a timely manner. ● Funds managed by the Bureau shall not invest in individual stocks in controversial sectors* ● Starting from 2030, funds managed by the Bureau shall not make new investments in individual stocks of fossil fuel companies that have not actively transitioned** ● Achieve an outstanding balance of US$20 billion in foreign sustainability-related mandates by 2030
Investment Portfolio Carbon Emissions	● In line with the FSC's greenhouse gas inventory roadmap, disclose investment portfolio carbon emissions information annually and maintain continuous tracking and

Management Indicators	management ➢ Verify the quality of carbon emissions data and disclose carbon emissions information for domestic equities and foreign equity securities mandates ahead of schedule between 2026 and 2027. ➢ Further disclose carbon emissions information for other investment categories, such as domestic bonds, in 2028, progressively expanding the disclosure scope of the investment portfolio's carbon emissions.
Climate Strategy and Responsible Investment	● Broaden the promotion of sustainable and responsible investment and expand sustainable investment strategy capacity and capabilities. ● Specify in the Investment Policy Statement of Labor Funds and related operational guidelines that sustainable investment shall be practiced while balancing fund returns. ● Stipulate in the risk management guidelines for funds under management that climate change risks must be incorporated into investment considerations, integrating sustainability principles into investment analysis and decision-making processes.

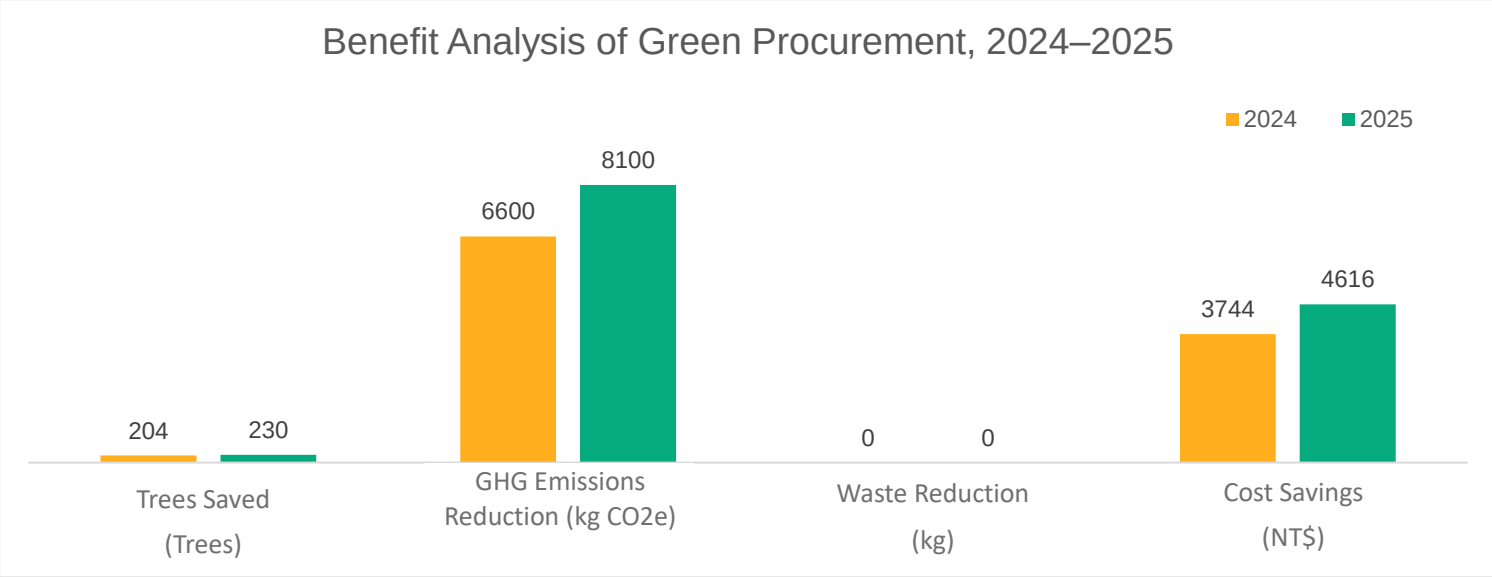
Note: * Such as the manufacture of weapons of mass destruction, the adult entertainment industry, and the illicit drug industry.

** The fossil fuel industry refers to companies with more than 50% of operating revenue derived from fossil fuels in the most recent fiscal year. Operating revenue derived from fossil fuels refers to revenue generated from commercial activities involving the exploration, production, transportation, refining, or distribution of fossil fuels (oil, coal, or natural gas), as well as fossil fuel power generation (with reference to the green securities accreditation system of the TWSE and TPEx).

5.2 Low-Carbon Operations GRI：201-2

5.2.1 Green Procurement

During procurement and tendering processes, priority is given to green and eco-friendly products to actively advance green procurement practices. In 2024 and 2025, procurement expenditures on eco-friendly products designated by the Ministry of Environment amounted to NT$2,087,051 and NT$2,112,870, respectively, achieving a 100% green procurement rate in both years



5.2.2 Energy Conservation and Carbon Reduction

Key energy conservation and carbon reduction initiatives:

1、 An Energy Conservation Team was established to hold regular annual meetings and convene cross-departmental proposal sessions to collectively review energy conservation and carbon reduction performance. The Bureau implemented controls on photocopy paper consumption and advanced the digitalization of official document attachments, continuously enhancing resource efficiency and minimizing waste. In 2025, the "Green Operation Management Principles of the Bureau of Labor Funds, Ministry of Labor" was formulated, actively fostering a low-carbon digital operating environment to embed energy conservation awareness into organizational management.

2、 The Bureau engaged the Foundation of Taiwan Industry Service to conduct an energy efficiency audit and issue an assessment report, replacing outdated and inefficient air conditioning equipment with Class 1 energy efficiency units. Additionally, maintenance contractors or personnel are commissioned annually to inspect refrigerant levels in central air conditioning systems to maintain operational efficiency and lower electricity consumption. The Bureau also utilizes Chunghwa Telecom's IEN energy-saving platform to centrally control air conditioning and power

scheduling. Air conditioning is managed by zone, with indoor temperatures maintained between 26°C and 28°C, supplemented by electric or circulation fans to enhance cooling efficiency.

3、 Official vehicles have been converted to electric vehicles (EVs). An EV consumes an estimated 1,469 kWh of electricity annually, generating 710 kg of CO2, compared with a conventional vehicle's fuel consumption of 785 liters, which generates 1,775 kg of CO2. This results in an annual reduction of 1,065 kg of CO2 emissions.

4、 Except for physical contracts, classified documents, or complex cases requiring physical attachments, all documents are filed and managed as electronic official records. Training and meeting materials are made available in the Bureau-wide shared drive for employees to download as needed, thereby minimizing the need for paper-based printing. The Bureau has also established document specifications for partner vendors, strictly prohibiting plastic covers to enhance paper recyclability and environmental friendliness while reducing marine microplastics.

5、 All faucets in office pantries have been fully replaced with water-saving models and fitted with water-saving aerators. Toilets have been retrofitted with water-saving devices, and displacement bottles have been placed in toilet tanks to reduce flush volumes.

6

Friendly Workplace



6. Friendly Workplace

6.1 Human Resources GRI：2-7、401-1、405-1

The sustainable development and cultivation of human resources serve as the primary driving force behind the Bureau's continuous performance improvement. In today's human capital-driven era, the Bureau has consistently implemented systems for compensation, performance evaluation, reward and discipline, and promotion, in accordance with relevant laws, regulations, and merit system principles. The Bureau also upholds gender equality policies, ensuring equal treatment regardless of gender or sexual orientation. Concurrently, it actively fosters a friendly workplace to promote work-life balance and organizes comprehensive training programs to enhance employee competencies and build organizational capacity.

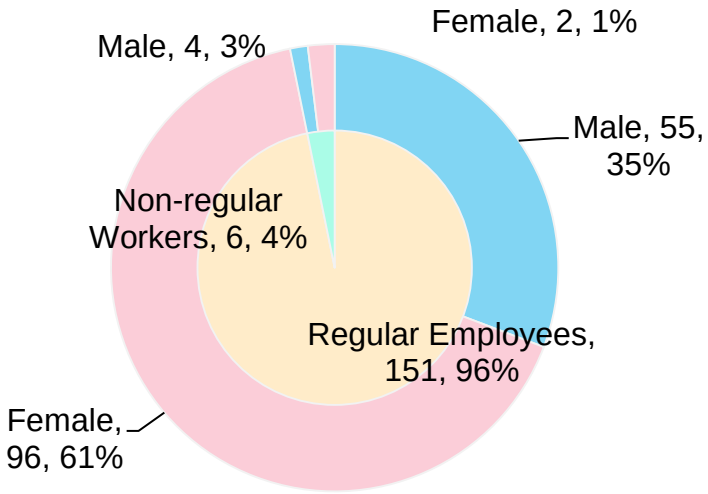
Claudia Goldin, Professor of Economics at Harvard University and recipient of the 2023 Nobel Memorial Prize in Economic Sciences, analyzed over 200 years of historical data from the United States to demonstrate how gender gaps in earnings and employment rates have changed over time. Her research highlighted that factors such as family and marriage influence female labor force participation rates, urging stakeholders to recognize the challenges female workers face in balancing work and family and to

raise the perceived value of family caregiving. Professor Goldin's findings closely align with the Bureau's talent management goals, which aim to enable individuals of all genders to share professional and household responsibilities, pursue fulfilling careers, and maintain a harmonious family life.

6.1.1 Employee Types and Gender Ratio GRI：2-23、405-2

As of December 31, 2025, the Bureau employed 151 regular staff members (including technicians and maintenance workers) and six diverse workforce personnel (providing general administrative support unrelated to the exercise of public authority).

Among the 151 regular staff members (including technicians and maintenance workers), 96 were female and 55 were male; among the six diverse workforce members, four were female and two were male, representing 4% of the Bureau’ s total workforce. Among managerial personnel at the



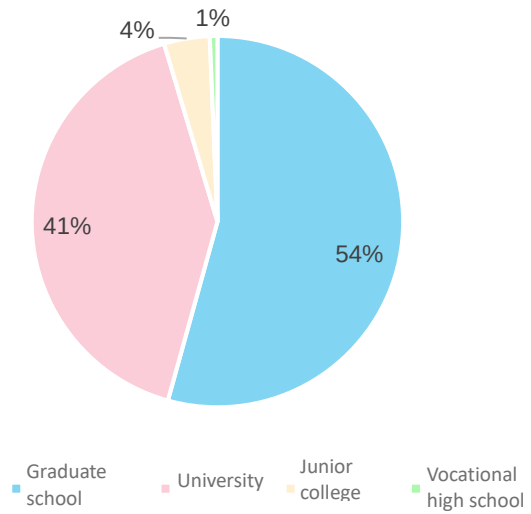
section chief level and above, there were 33 individuals in total, comprising 20 females and 13 males.

The Bureau strictly adheres to relevant laws and regulations in personnel recruitment, examination, appointment, assignment, allocation, performance evaluation, and promotion, thereby safeguarding equal employment rights and ensuring no discrimination based on gender or sexual orientation.

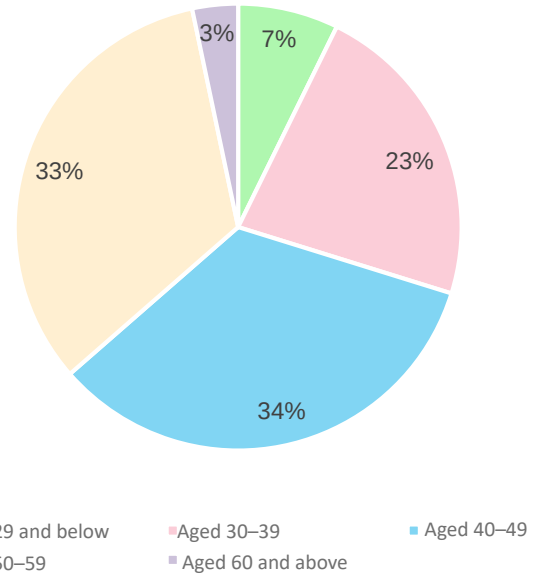
6.1.2 Education Level and Age Distribution

Regarding the education levels of regular staff members (including technicians and maintenance workers), 82 held graduate degrees, 62 held university degrees, six held junior college degrees, and one held a vocational high school diploma. Regarding age distribution, 11 were aged 29 and under, 34 were aged 30–39, 51 were aged 40–49, 50 were aged 50–59, and five were aged 60 and above.

Education Level Distribution of Employees, Bureau of Labor Funds, Ministry of Labor



Age Distribution of Employees, Bureau of Labor Funds, Ministry of Labor



6.2 Performance Evaluation and Reward and Discipline System GRI：404-3

6.2.1 Remuneration Policy GRI：2-19、2-20、2-21、405-2

The Bureau's employee remuneration and welfare measures strictly comply with relevant laws and regulations, ensuring zero discrimination based on gender or sexual orientation. Civil servant salaries are administered in accordance with the Public Functionaries Remuneration Act and the Regulations Governing Additional Pay for Civil Servants. Basic salary, professional allowance, and managerial allowance are paid based on the rank qualification reviewed and determined by the Ministry of Civil Service, as well as the level of professional expertise and responsibility of each position. In addition, performance bonuses are distributed based on In-House investment earnings. Salaries for technicians and maintenance workers are disbursed in accordance with the Directions for Management of Workers, based on individual job categories and years of service.

6.2.2 Performance Evaluation System GRI：2-19、2-20、2-21

In accordance with Article 2 of the Public Functionaries Merit Evaluation Act, annual performance evaluations for staff members are conducted based on the principles of comprehensive factual

assessment and the strict enforcement of rewards and punishments, referencing routine evaluation results to ensure accurate and objective assessments. Furthermore, pursuant to the "Directions for the Evaluation of Civil Servants of the Executive Yuan and its Subordinate Agencies," routine performance evaluations for employees across all units are conducted in late April and late August each year for the periods of January–April and May–August, respectively. Performance ratings are determined based on the evaluation levels of each item in the routine evaluation record form and serve as a reference for annual performance evaluations, promotions, and transfers. For technicians and maintenance workers, annual evaluations are conducted in accordance with the Directions for Management of Workers, with two routine evaluations held annually to record regular work performance and rewards/disciplinary actions, serving as the basis for their annual evaluations.

6.2.3 Reward and Discipline System

Guided by principles of timely recognition and strict verification, the Bureau utilizes incentive mechanisms for specific merits to recognize outstanding contributors and boost employee morale.

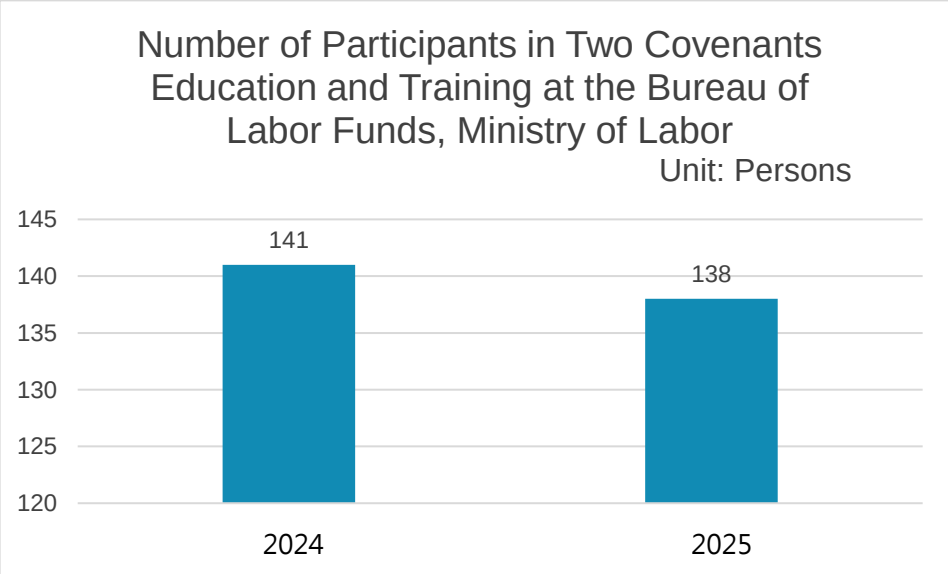
6.2.4 Promotion System

Staff promotions are evaluated in accordance with the Civil Service Promotion Act, its Enforcement Rules, the Bureau's Promotion Sequence List, and the Civil Service Promotion Scoring Table. Among the personnel transferred from the Bureau of Labor Insurance to the Bureau, some were recruited directly by the Bureau of Labor Insurance and do not possess civil service appointment qualifications (referred to as retained personnel). In consideration of their career development and morale, and in alignment with the principle of equity, the Bureau established the "Supplementary Regulations for the Promotion and Performance Evaluation of Retained Personnel" to maintain a sound and equitable promotion system. To address generational succession and strengthen the breadth and depth of its talent pool, the Bureau, in response to operational needs, carried out 41 internal promotions and 12 external recruitments between 2024 and 2025, thereby motivating colleagues and creating smoother pathways for promotion.

6.3 Protecting Human Rights and Eliminating Discrimination GRI : 2-23

6.3.1 Education and Training on the Two Covenants GRI : 404-2

The "International Covenant on Civil and Political Rights" and the International Covenant on Economic, Social and Cultural Rights (hereinafter collectively referred to as the "Two Covenants") are key international human rights instruments. In accordance with the Ministry of Justice's "Implementation Plan for Human Rights Education and Training and Performance Evaluation on the Two Covenants," the Bureau actively conducts human rights education and training programs to enhance personnel understanding of the provisions and general comments of the Two Covenants, clarify their relevance to assigned duties, and facilitate their practical application in daily operations. In 2024 and 2025, training



courses conducted included "International Convention on the Elimination of All Forms of Racial Discrimination (ICERD) Education and Training," "2024 Human Rights Education Training, Discussion on the Latest Regulations and News on the Convention on the Rights of Persons with Disabilities (CRPD) and Disability Experience Activities," "CEDAW Practice and Case Sharing, Discussion on Amendments to the Gender Equality in Employment Act," "Online Course on Two Covenants and Child and Youth Protection, Exploring the Two Covenants, Human Rights, and the Convention on the Rights of the Child (CRC) Through the Film 'The Boy Who Cried Wolf'," "Reflections on Human Rights on the Margins of Society: Dialogue Between *Abang Adik*, the Two Covenants, and the CRPD," "Seminar on Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) Practice and Cases, Film Screening of When Mom is Away," "Article-by-Article Interpretation of Articles 1 to 7 of the ICERD (Part 1)," and "Examining Elementary and Junior High School Education Through the CRC." A total of 141 and 138 participants attended human rights policy-related training in 2024 and 2025, representing 94% and 93.9% of all employees, respectively, with average annual human rights training hours reaching 3.6 and 5.8 hours per employee, respectively.

6.3.2 Employee Communication and Grievance Mechanism

From 2024 to 2025, the Bureau continued to promote diverse employee care and communication mechanisms. Through initiatives such as Director-General-hosted breakfast sessions, afternoon tea gatherings, birthday celebrations, and Winter Solstice care events, the Bureau provided opportunities for staff to engage face-to-face with the Director-General, Deputy Director-General, and Chief Secretary. These initiatives proactively addressed employees' work and personal well-being, reinforced internal two-way communication and mutual trust, and fostered an open and supportive workplace culture.

To strengthen the grievance mechanism and protect employee rights, the Bureau actively implemented preventive measures against sexual harassment and workplace bullying. It developed promotional posters and materials, reinforcing awareness through diverse channels such as email and workplace postings. The grievance procedures and contact points were disclosed to enhance employees' awareness of and willingness to use the grievance mechanism, thereby establishing a friendly and safe workplace environment.

6.3.3 Sexual Harassment Prevention Measures

To enhance employees' awareness and empathy while ensuring unobstructed vertical and horizontal communication channels, the Bureau conducted three sexual harassment prevention training sessions in 2024 and four sessions on sexual harassment and workplace bullying prevention in 2025. Mandatory attendance was required for all employees to foster a respectful and friendly workplace.

6.3.4 Employment of Persons with Disabilities and Indigenous Peoples

The Bureau complies with the People with Disabilities Rights Protection Act by meeting the required employment quota for persons with disabilities. Job vacancy announcements also encourage persons with disabilities and Indigenous peoples to apply and participate in the selection process, supporting equal employment opportunities and protecting the employment rights of people from diverse backgrounds.

6.4 Employee Care GRI : 401-2

Employee remuneration is administered in full accordance with the Public Functionaries Remuneration Act, its Enforcement Rules, the Directions for Remuneration of Military Personnel, Public Functionaries and Teachers, and relevant Executive Yuan regulations, ensuring equal pay without gender discrimination. In addition to providing statutory compensation on schedule, the Bureau offers various employee benefits to foster a healthy workplace environment.

6.4.1 Healthcare

6.4.1.1 Public Servant Insurance and Labor Insurance

As of December 2024, 135 individuals were enrolled in Civil Servant and Teacher Insurance and 20 in Labor Insurance. Benefit claims included three for old-age benefits, five for funeral allowances for dependents, one for maternity benefits, and four for parental leave allowances. As of December 2025, 135 individuals were enrolled in Civil Servant and Teacher Insurance and 19 in Labor Insurance, with benefit claims comprising five for old-age benefits, three for funeral allowances for dependents, one for maternity benefits, and two for parental leave allowances. In addition, four retired maintenance workers received annual Three Festivals holiday benefits.

6.4.1.2 Health Checkup

In accordance with regulatory requirements, employees are granted official leave and expense subsidies to undergo health checkups. In 2024 and 2025, 32 and 19 employees applied for health checkup subsidies, respectively.

6.4.1.3 Sports Seminars and Lunchtime Sports Clubs

On February 12, 2025, the Bureau organized a song-guessing contest. On May 23 and 30, it arranged employee attendance to view the 2025 Summer World Masters Games (basketball and baseball events). On June 18, it held the 2025 BLF Cup Stair-Climbing Competition. To enhance employees' physical and mental well-being, the Bureau also procured table tennis equipment and organized regular yoga and table tennis activities during weekday lunch breaks

6.4.2 Care and Assistance GRI：401-3、404-2

6.4.2.1 Employee Assistance Program

Since 2010, the Bureau has participated in the Employee Assistance Program (EAP) coordinated by the Ministry of Labor. The program covers permanent civil servants, contract staff, maintenance workers (technicians and drivers), contract-based personnel, and outsourced personnel. Operating

through an outsourced model managed by Newmind EAP Consultation Co., Ltd., the program provides professional psychological counseling, group counseling sessions, and on-site consultations, with strict confidentiality maintained throughout all services.

6.4.2.2 Work-Life Balance

Under the "Regulations on Leave Without Pay for Civil Servants," both female and male employees may apply for unpaid parental leave and return to work afterward, with priority given to reinstatement in their original units and positions. In 2024 and 2025, a total of five female employees applied for parental leave without pay. Upon reinstatement, all returned to their original units and positions, fully safeguarding their interests.

6.4.2.3 Employee Care

1. **Lactation Rooms:** To create a welcoming and comfortable lactation space, encourage employee use, and maintain privacy and safety, the Bureau provides fully equipped facilities, including a sink, vanity mirror, paper towels, bottle sterilizer, refrigerator, air purifier, and nursing chair, with daily cleaning and maintenance.

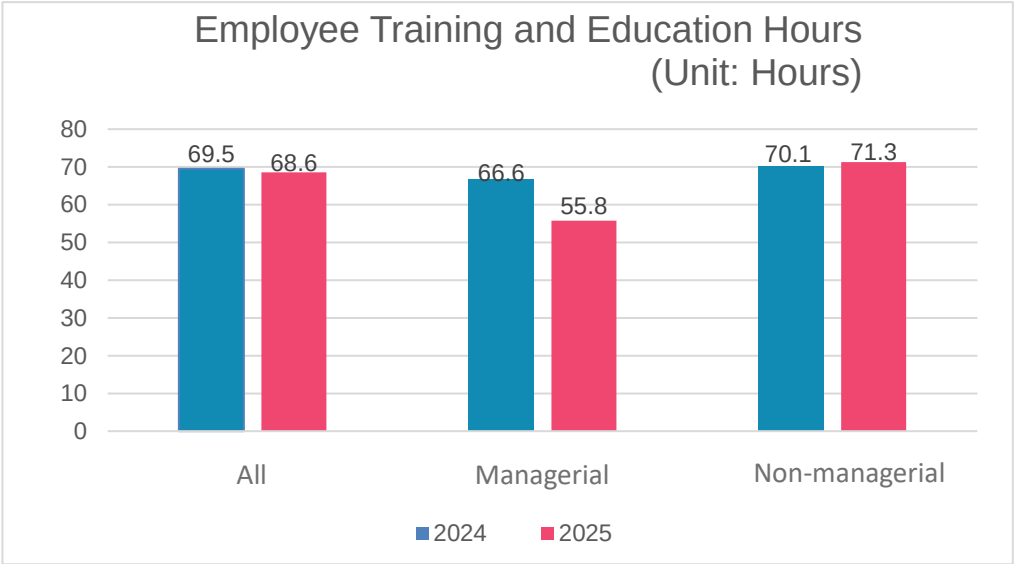
2. **Child Education Subsidies:** Subsidies are provided for employees' children enrolled in domestic public or private schools from elementary school up to college/university level. In 2024, 68 subsidy applications were granted, totaling NT$545,600; in 2025, 69 subsidy applications were granted, totaling NT$602,800.
3. **Family Care Leave:** In 2024, 21 employees took family care leave for a total of 63.1 days, averaging three days per applicant. In 2025, 25 employees took family care leave for a total of 67.2 days, averaging 2.7 days per applicant. The primary reasons for leave applications were child or parent care.
4. **Wellness Station for Female Employees:** Since March 2023, the Bureau has maintained a dedicated wellness station supplied with sanitary pads, heat packs, ginger tea bags, and chocolates, available to female employees at any time.
5. **Care Officer System:** Care officers proactively identify employees with special needs, helping to strengthen team cohesion through in-person and telephone check-ins that provide initial stress relief. When appropriate, they refer employees to EAP counseling services.
6. **Diverse Employee Engagement Activities:** To relieve workplace stress and foster an inclusive, supportive environment for all employees regardless of gender, the Bureau organizes a wide range

of activities. These include onboarding seminars to help new employees integrate smoothly, massage sessions provided by visually impaired professionals, EAP moss ball-making workshops for stress relief, Pet Family Day, Labor Day celebrations, and initiatives to support employees who work overtime.

6.5 Talent Empowerment GRI：404-1、404-2

6.5.1 Training and Continuing Education

To enhance personnel capabilities for business execution and support the promotion of key policies, the Bureau formulates an annual training and development plan using a rolling planning approach, aimed at strengthening staff competencies and cultivating lifelong learning habits. Training categories include professional training, general management training, new employee training, and other related programs, delivered through both in-person and digital formats to broaden employees'



knowledge and skills. Details of the training courses are provided in the table below. In 2024 and 2025, average training hours for all employees were approximately 69.5 hours and 68.6 hours, respectively. In particular, average training hours for managerial staff were approximately 66.6 hours in 2024 and 55.8 hours in 2025, while those for non-managerial staff averaged 70.1 hours and 71.3 hours, respectively.

Overview of Education and Training Course Categories	
Training Category	**Description and Objectives**
Professional Training	Enhance employees' professional skills and expertise to improve operational performance.
General Administrative and Management Competency Training	Courses planned in accordance with the annual policy-oriented training framework formulated by the Directorate-General of Personnel Administration, Executive Yuan
New Employee Onboarding Training	Courses designed to help new recruits quickly familiarize themselves with the Bureau's organizational structure, division/office functions, and official document drafting
Other Operational Need-Based Training	Divisions and offices plan and organize specialized training courses according to their respective operational needs, such as EAP courses organized by the Personnel Office and professional investment courses offered by relevant divisions and offices.

6.5.2 Job Rotation

In accordance with the Bureau's Job Transfer Guidelines, personnel who have served in the same position at the same level within the same unit for three consecutive years may apply for voluntary transfer. Additionally, personnel at the same level who have served in the same unit for four consecutive years may be subject to mandatory job transfer. This policy implements the civil service personnel mandate on job rotation, aiming to effectively cultivate talent and develop a future-ready workforce. From 2024 to 2025, a total of 45 personnel transfers were completed.

6.6 Disaster Protection

6.6.1 Disaster Prevention and Response Mechanism

In response to the frequent occurrence of fires and earthquakes in Taiwan and to minimize associated hazards, the Bureau strictly conducts public safety inspections in accordance with the Fire Services Act and its Enforcement Rules. In addition to complying with the "Regulations for Inspection and Declaration of Fire Safety Equipment," which are verified through on-site inspections by the Taipei City Fire Department, the Bureau equips all office areas with comprehensive evacuation route

maps, exit signage, and emergency lighting. Dedicated personnel conduct regular inspections to ensure all evacuation routes remain clear and unobstructed.

To improve immediate mobilization and emergency response capabilities during disasters, the Bureau conducts disaster prevention briefings and emergency response team training semi-annually. Through practical drills and scenario simulations, these sessions enhance emergency preparedness across all personnel, ensuring that emergency response procedures are initiated promptly at the onset of an incident to minimize casualties and property loss while fostering a safe and resilient workplace.



Initial Fire Suppression



Direct Personnel Evacuation

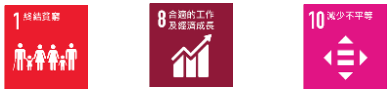
6.6.2 Safety Protection

To mitigate potential risks to the physical safety and well-being of staff in the performance of their duties, the Bureau established the "Civil Service Safety and Health Protection Committee" in accordance with the 2025 "Directions for the Establishment and Operation of the Civil Service Safety and Health Protection Committee," regularly reviewing the Bureau's occupational safety and health performance.

The Bureau provides health management and safety education and training for its employees and implements necessary health protection measures to prevent physical and mental harm arising from hazardous workplace environments. Additionally, the Bureau has established dedicated protective protocols, oversees workplace facility maintenance, reinforces access control, and provides safety training and protective equipment to safeguard occupational safety and health across all workplace environments.

7

Social Inclusion

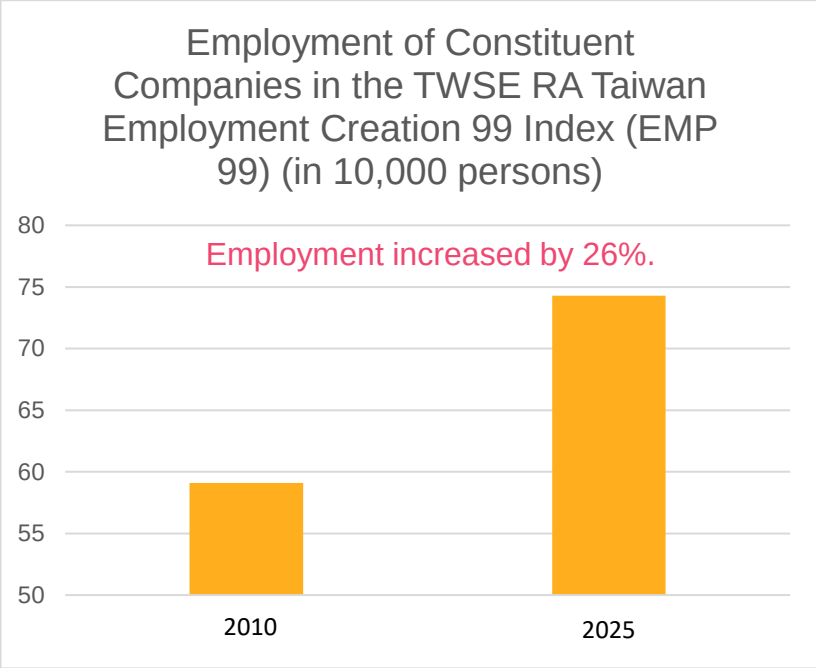


7. Social Inclusion

7.1 Promote Employment Opportunities

7.1.1 Increase domestic employment opportunities through outsourced management

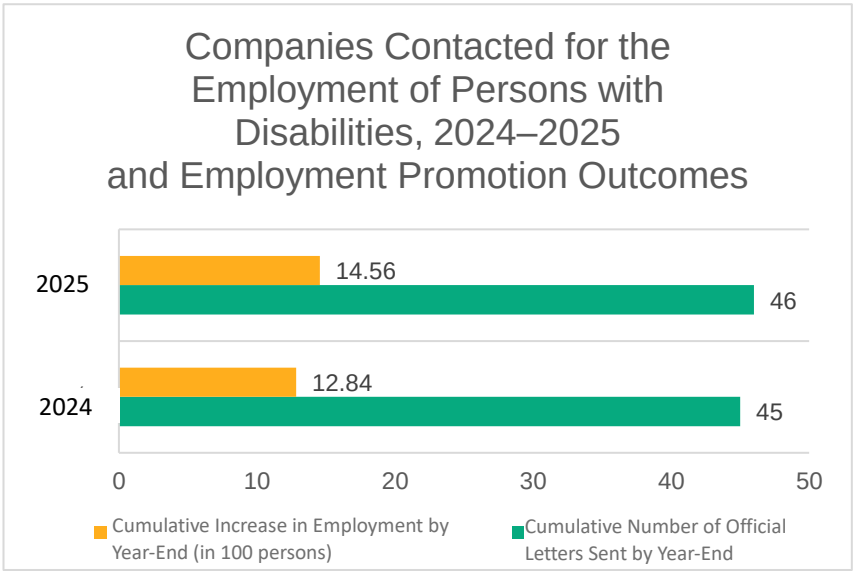
When publicly soliciting institutions to manage foreign investment mandates, applicants are required to maintain a branch, business premises, or service team within the Republic of China (Taiwan), or to appoint a financial services provider with a branch or business premises in Taiwan as their local service team. This approach aims to boost domestic employment opportunities in conjunction with foreign investment mandates.



Furthermore, the "TWSE RA Taiwan Employment Creation 99 Index (EMP 99)" was adopted for a domestic investment mandate totaling NT$360 billion in 2011. The total number of employees at companies included in the index increased from 591,000 at the end of 2010 to 743,000 at the end of 2025, representing an increase of 26%.

7.1.2 Promote Employment for Persons with Disabilities

For outsourced facility cleaning and annual floor-waxing services, the Bureau continues to engage personnel with disabilities, contributing to efforts to increase employment opportunities for persons with disabilities.



In addition, since 2011, the Bureau has consistently issued annual letters, in its capacity as a shareholder, to the top 10 companies that failed to meet the statutory quota for employing persons with disabilities, urging them to increase their hiring

of persons with disabilities. By the end of 2025, letters had been issued to a total of 46 investee companies, resulting in 1,456 additional hires.

7.2 Social Care and Action

7.2.1 Labor Insurance Relief Loans

To assist workers facing financial hardship, the Labor Insurance Fund managed by the Bureau provides loan programs for eligible insured individuals. In 2024 and 2025, labor insurance relief loans amounting to NT$14.6 billion and NT$12.6 billion were disbursed, respectively.

7.2.2 Visually Impaired Massage Experience

As part of its ongoing commitment to CSR and the EAP's mission of caring for employees' physical and mental well-being, the Bureau organized the "EAP LOHAS, Visually Impaired Massage Experience" in October 2024 and again in October and November 2025. The initiative aimed to relieve work pressure, help employees maintain a healthy state while working, and expand employment opportunities for visually impaired individuals.

7.2.3 Social Procurement

To protect the interests of persons with disabilities and ensure equal opportunities for their participation in social, political, economic, and cultural activities, the Ministry of Health and Welfare enacted the "People with Disabilities Rights Protection Act" and the "Regulations on Preferred Procurement for Products and Services Produced in Disability Welfare Care Facilities and Institutions and Sheltered Workshops." These regulations mandate government agencies at all levels to prioritize the procurement of goods and services produced by such entities (referred to as "social procurement") to a target of 5%, under reasonable pricing and within specified monetary thresholds. In alignment with these policies, the Bureau actively implemented social procurement, achieving 94.09% in 2024 and 95.21% in 2025, significantly exceeding regulatory requirements.

7.3 Environmental Education

In 2024, the Bureau held three environmental education sessions, engaging a total of 115 participants. The itinerary began with a visit to the Manyueyuan National Forest Recreation Area, where participants explored mountain forest trails, observed natural ecosystems and water resources, and experienced the restorative power of nature. They then visited the New Taipei City Hakka Museum to learn about Hakka traditional wisdom and sustainability concepts through exhibitions and guided tours, before strolling along Sanxia Old Street to appreciate its historical streetscapes and local cultural heritage. In 2025, the program focused on the themes of urban ecological conservation and historical development, and was implemented through a variety of formats, including e-learning and outdoor experiential activities.



2024 Environmental Education and Training Courses

A total of 118 participants completed the digital courses, while 115 participants took part in the outdoor sessions. By integrating natural and cultural learning journeys, the program raised employees' awareness of environmental protection while fostering cultural understanding and team cohesion.

8

Appendix

8. Appendix

8.1 About This Report GRI：2-2、2-3、2-4

The Bureau of Labor Funds has long been committed to promoting and advancing environmental, social, and corporate governance (ESG) initiatives. In addition to pursuing stable fund returns, the Bureau actively promotes sustainable investment, consistently addressing environmental protection issues, social care, labor rights, and CSR. Since 2016, the Bureau has published its *Social Responsibility Report* biennially. In 2020, the report was renamed the *Sustainability Report*.

8.1.1 Reporting Period

The information presented in this report covers the period from January 1, 2024, to December 31, 2025. Through this report, the Bureau aims to provide stakeholders and the general public with insights into its concrete actions across environmental (E), social (S), and governance (G) dimensions, while encouraging domestic enterprises and institutions to prioritize sustainable development. Chinese and English versions of previous reports are available for download and review in the Sustainability section of the Bureau's official website. The previous edition was published in July 2024.

8.1.2 Reporting Boundary and Scope

The Bureau manages the investment operations of various funds under the Ministry of Labor and is entrusted by the Ministry of Health and Welfare and the Ministry of Agriculture to manage fund investments under their respective jurisdictions, including the National Pension Insurance Fund and the Farmers' Pension Fund. This report discloses the Bureau's management approach across environmental, social, and governance dimensions, as well as the outcomes of its sustainable investment implementation. Unless otherwise specified in US dollars, all financial figures disclosed in this report are denominated in NT$. The relevant data are self-compiled and serve as the basis for calculations; any discrepancies in scope are specifically noted in the report.

Information regarding the overall investment guidelines, investment policies, budgets, and final accounting statements for the funds under management is detailed separately in the Bureau's investment policy statements and budget/final accounting reports, which are publicly available on the Bureau's website and are not included within the scope of this report.

8.1.3 Reporting Principles

This report was prepared with reference to the GRI Standards issued by the Global Reporting Initiative (GRI) , which served as the basis and framework for its preparation, as well as the United Nations Sustainable Development Goals (SDGs) and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The contents of this report have been reviewed and approved by the Bureau's Sustainable Development Committee.

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8.2 GRI Content Index

Statement of use	The Bureau of Labor Funds has reported the information cited in this GRI content index for the period from January 1, 2024 to December 31, 2025 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

8.2.1 General Disclosures

GRI Standards	Disclosure Item		Section
GRI 2: General Disclosures 2021	2-1	Organizational details	1.2 About the Bureau of Labor Funds
	2-2	Entities included in the organization's Sustainability Reporting	8.1 About This Report
	2-3	Reporting period, frequency, and contact point	8.1 About This Report
	2-4	Restatements of information	8.1 About This Report
	2-6	Activities, value chain, and other business relationships	1.2 About the Bureau of Labor Funds
	2-7	Employees	6.1 Human Resources
	2-9	Governance structure and composition	1.2.3 Regulatory Division, 1.2.4 Organizational Structure, 1.2.5 Operational Responsibilities
	2-10	Nomination and selection of the highest governance body	1.2.3 Regulatory Division, 1.2.6 Supervision and Management
	2-11	Chair of the highest governance body	1.2.4 Organizational Structure

	2-12	Role of the highest governance body in overseeing the management of impacts	1.2.3 Regulatory Division, 1.2.6 Supervision and Management
	2-13	Delegation of responsibility for managing impacts	1.2.3 Regulatory Division, 1.2.5 Operational Responsibilities, 1.2.6 Supervision and Management
	2-14	Role of the highest governance body in Sustainability Reporting	1.2.3 Regulatory Division, 1.2.5 Operational Responsibilities, 1.2.6 Supervision and Management
	2-15	Conflicts of interest	3.4 Integrity Measures and Conflict of Interest Management
	2-16	Communication of critical concerns	1.2.3 Regulatory Division, 1.2.6 Supervision and Management, 3.5 Information Disclosure
	2-17	Collective knowledge of the highest governance body	1.2.6 Supervision and Management, 3.1.1 Establishment of the Sustainable Development Committee
	2-18	Evaluation of the performance of the highest governance body	1.2.3 Regulatory Division, 1.2.6 Supervision and Management
	2-19	Remuneration policy	6.2.1 Remuneration policy, 6.2.2 Performance evaluation system
	2-20	Process to determine remuneration	6.2.1 Remuneration policy, 6.2.2 Performance evaluation system
	2-21	Annual total compensation ratio	6.2.1 Remuneration policy, 6.2.2 Performance evaluation system
	2-22	Statement on sustainable development strategy	3.1 Sustainability Strategy
	2-23	Policy commitments	6.1.1 Employee Types and Gender Ratio, 6.3 Protecting Human Rights and Eliminating Discrimination, 8.3 PRI Implementation Status, 8.4 SDG Responses, 8.5 Statement of Compliance with the Stewardship Principles for Institutional Investors

	2-24	Embedding policy commitments	3.1.2 Implementation of Socially Responsible Investment, 3.1.3 Adherence to Stewardship
	2-25	Processes to remediate negative impacts	1.2.3 Regulatory Division, 3.5.2 Public Opinions and Responses
	2-26	Mechanisms for seeking advice and raising concerns	3.4.3 Establishment of Whistleblowing, Rewards, and Whistleblower Protection Mechanisms, 3.5.2 Public Opinions and Responses
	2-27	Regulatory compliance	3.2 Internal Control, 3.4.1 Ethics Guidelines for Civil Servants, 3.4.2 Signing of Code of Self-Discipline and Compliance Audits
	2-28	Membership associations	Not applicable
	2-29	Approach to stakeholder engagement	2 Stakeholder Engagement and Materiality Analysis, 4.4.1 Shareholder Action, 4.4.2 Exercise of Voting Rights, 4.4.3 Engagement Actions
	2-30	Collective bargaining agreements	Not applicable

8.2.2 Material Topics

GRI Standards	Disclosure Item		Section
GRI 3: Material Topics 2021	3-1	Process to determine material topics	2 Stakeholder Engagement and Materiality Analysis
	3-2	List of material topics	2 Stakeholder Engagement and Materiality Analysis
Operating Performance			
GRI 3:	3-3	Management of material topics	2 Stakeholder Engagement and Materiality Analysis

Material Topics 2021			
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	4.1 Diversified Investment and Utilization Performance
	201-2	Financial implications and other risks and opportunities due to climate change	5.1 Task-force on Climate-Related Financial Disclosures, 5.2 Low-Carbon Operations
Integrity Management			
GRI 3: Material Topics 2021	3-3	Management of material topics	2 Stakeholder Engagement and Materiality Analysis
GRI 2: General Disclosures 2021	2-15	Conflicts of interest	3.4 Integrity Measures and Conflict of Interest Management
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	3.4 Integrity Measures and Conflict of Interest Management
	205-2	Communication and training about anti-corruption policies and procedures	3.4 Integrity Measures and Conflict of Interest Management
Internal Control Mechanism			
GRI 3: Material Topics 2021	3-3	Management of material topics	2 Stakeholder Engagement and Materiality Analysis

GRI 2: General Disclosures 2021	2-27	Regulatory compliance	3.2 Internal Control, 3.4.1 Ethics Guidelines for Civil Servants, 3.4.2 Signing of Code of Self-Discipline and Compliance Audits
GRI 207: Tax 2019	207-1	Approach to tax	3.6 Tax policy
	207-2	Tax governance, control, and risk management	3.6 Tax policy
Information Disclosure			
GRI 3: Material Topics 2021	3-3	Management of material topics	2 Stakeholder Engagement and Materiality Analysis
GRI 2: General Disclosures 2021	2-16	Communication of critical concerns	3.5 Information Disclosure
Risk Management			
GRI 3: Material Topics 2021	3-3	Management of material topics	2 Stakeholder Engagement and Materiality Analysis
Friendly Workplace			
GRI 3: Material Topics 2021	3-3	Management of material topics	2 Stakeholder Engagement and Materiality Analysis

GRI 2: General Disclosures 2021	2-7	Employee Composition	6.1 Human Resources
GRI 401: Employment 2016	401-2	Benefits provided to full-time employees	6.4 Employee Care
	401-3	Parental leave	6.4.2 Care and assistance
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	6.1 Human Resources
	405-2	Ratio of basic salary and remuneration of women to men	6.1.1 Employee Types and Gender Ratio, 6.2.1 Remuneration Policy
Professional Talent			
GRI 3: Material Topics 2021	3-3	Management of material topics	2 Stakeholder Engagement and Materiality Analysis
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	6.1 Human Resources
	401-2	Benefits provided to full-time employees	6.4 Employee Care
	401-3	Parental leave	6.4.2 Care and assistance
GRI 404:	404-1	Average hours of training per year per employee	6.5 Talent Empowerment

Training and Education 2016	404-2	Programs for upgrading employee skills and transition assistance programs	6.3.1 Education and Training on the Two Covenants, 6.4.2 Care and Assistance, 6.5 Talent Empowerment
	404-3	Percentage of employees receiving regular performance and career development reviews	6.2 Performance Evaluation and Reward and Discipline System
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	6.1 Human Resources
	405-2	Ratio of basic salary and remuneration of women to men	6.1.1 Employee Types and Gender Ratio, 6.2.1 Remuneration Policy
Sustainable Investment			
GRI 3: Material Topics 2021	3-3	Management of material topics	2 Stakeholder Engagement and Materiality Analysis
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	4.1 Diversified Investment and Utilization Performance, 4.3 Sustainable and Responsible Investment, 4.4 Exercising Influence Through Stewardship
	201-2	Financial implications and other risks and opportunities due to climate change	5.1 Task-force on Climate-Related Financial Disclosures, 5.2 Low-Carbon Operations
Green Operations			
GRI 3: Material Topics 2021	3-3	Management of material topics	2 Stakeholder Engagement and Materiality Analysis

8.3 United Nations Principles for Responsible Investment (PRI) Implementation Status GRI : 2-23

In conducting investment operations, the Bureau adheres to the framework of the Six Principles for Responsible Investment (PRI), with key implementation priorities as follows:

PRI Principles	Implementation Actions
Principle 1: **Incorporate ESG issues into investment analysis and decision-making processes**	● Adopt sustainability-related indices to conduct domestic and foreign mandated management. ● For domestic equity investments, reference multiple sustainability-related assessments in addition to fundamental analysis. ● For foreign in-house investment in hold-to-maturity bonds, incorporate issuer ESG scores published by third-party data providers into the review and evaluation process. ● Review whether the bond issuer or its parent company is included in ESG-related indices before investment, taking this into account in investment decision-making.
Principle 2: **Actively exercise shareholder ownership rights**	● Participate in voting on shareholders' meeting proposals for all individual stock holdings via electronic voting, and express opinions on proposals concerning the funds' interests when necessary. ● Interact with the management of investee companies through phone calls, in-person meetings, and participation in investor conferences. ● Prioritize companies in high-carbon-emitting industries, focusing on decarbonization to progressively deepen engagement actions.

PRI Principles	Implementation Actions
Principle 3: Encourage investee companies to appropriately disclose ESG information	● All domestic equity In-House investments target TWSE/TPEx listed companies that prepare Sustainability Reports as underlying investments. ● Starting in May 2024, all companies invested in through domestic mandated accounts must prepare Sustainability Reports. ● Monitor whether bond issuers or their parent companies prepare Sustainability Reports, and review whether they have appropriately disclosed or provided ESG-related information. ● Encourage foreign mandated institutions to disclose sustainability-related information for investment portfolio accounts on a quarterly basis, including quantitative data such as ESG ratings and carbon emissions, as well as qualitative information such as active engagement initiatives.
Principle 4: Promote acceptance and implementation of the PRI principles within the investment industry	● Through the selection process and regular reporting, continue to encourage mandated institutions to incorporate sustainable investment considerations into investment decision-making and sustainability risk management. ● Incorporate whether bond issuers fulfill social responsibilities and implement sustainable development initiatives into investment decision-making considerations.
Principle 5: Establish partnership mechanisms to enhance the effectiveness of PRI implementation	● Continue to deepen engagement with international initiative organizations by formally joining as a member and dispatching representatives to attend annual conferences and other events, exchanging insights on responsible investment trends with international investors.
Principle 6: Disclose individual reports detailing progress on PRI implementation	● Publish a stewardship report to disclose the Bureau's stewardship practices. ● Publish a Sustainability Report to disclose the Bureau's sustainable investment policies and implementation status.

8.4 Actions in Response to the United Nations Sustainable Development Goals (SDGs) GRI：2-23

SDGS	Corresponding Section	Implementation Actions
 No Poverty	7.1, 7.2	● In 2024 and 2025, labor insurance relief loans amounting to NT$14.6 billion and NT$12.6 billion were disbursed, respectively, to provide the necessary assistance. ● Outsourced daily routine cleaning services to persons with disabilities and established service contracts to safeguard their labor rights. ● Sourced goods and services needed for official business-from disability welfare institutions, organizations, and sheltered workshops in alignment with national policies, thereby providing economic support to underprivileged groups.
 Good Health and Well-Being	6.4, 6.6	● Implemented necessary health and hygiene protection measures, supervised the inspection and maintenance of office facilities, and safeguarded occupational safety and health for employees. ● Provided employee health checkups and psychological counseling services under the EAP.
 Quality Education	3.4, 4.5, 6.3, 6.5	● Conducted employee education and training covering topics such as environmental education, gender mainstreaming, integrity and service ethics, human rights education, and administrative neutrality.
 Gender Equality	6.3	● Enhanced gender mainstreaming training for civil servants, elevated gender equality awareness, and actively prevented workplace sexual harassment to maintain a positive, supportive, and gender-equal working environment.

SDGS	Corresponding Section	Implementation Actions
 Clean Water and Sanitation	5.2	● Installed water-saving devices and implemented water-saving measures to preserve water resources. ● Practiced waste sorting and resource recycling to minimize environmental impact. ● Performed regular maintenance and filter replacements on drinking water dispensers to ensure drinking water quality.
 Affordable and Clean Energy	5.2	● Fully replaced official vehicles with electric vehicles to transition to clean energy. ● Controlled air conditioning and power consumption through telecom energy-saving platforms and replaced obsolete equipment to gradually reduce carbon emissions.
 Decent Work and Economic Growth	4.3, 6.1, 6.2, 6.4, 6.5, 7.1	● In 2011, the Bureau adopted the "TWSE RA Taiwan Employment Creation 99 Index (EMP 99)" to mandate NT$36 billion in domestic investments. The total workforce of the index constituent stocks increased from 591,000 at the end of 2010 to 743,000 at the end of 2025, representing a growth of 26%. ● Salaries are disbursed in accordance with the Public Functionaries Remuneration Act and the Regulations Governing Additional Pay for Civil Servants, with adjustments aligned with government policies. ● Implement a fair performance evaluation, reward, and disciplinary system by following the principles of comprehensive factual assessment and the strict enforcement of rewards and punishments. ● Establish a sound promotion and transfer system to place the right talent in the right positions and boost employee morale.

SDGS	Corresponding Section	Implementation Actions
		● Safeguard employees' workplace rights in compliance with laws and regulations, implement talent recruitment, development, and retention strategies, and provide a safe and healthy working environment.
 Sustainable Industry and Infrastructure Development	4.1, 4.3	● Dedicated to sustainability-themed investments, with cumulative investments in sustainable bonds totaling NT$21.43 billion as of the end of 2025. ● Conducted foreign investment mandates for "Global Infrastructure Securities" in 2013, 2015, and 2021, totaling US$5.55 billion in mandated assets.
 Reduced inequalities	6.3, 7.1, 7.2	● Since 2011, the Bureau has consistently issued annual letters, in its capacity as a shareholder, to the top 10 companies that failed to meet the statutory quota for employing persons with disabilities, urging them to increase their hiring of persons with disabilities. By the end of 2025, letters had been issued to a total of 46 investee companies, resulting in 1,456 additional hires. ● Prioritized procurement for annual floor waxing and other cleaning services from organizations supporting persons with disabilities to promote employment opportunities for underprivileged groups. ● Establish equal pay for equal work and prevent workplace bullying. ● The Bureau meets statutory quota employment requirements for persons with disabilities and actively encourages Indigenous peoples to apply for vacancies, implementing its policy on diverse and equal employment.

SDGS	Corresponding Section	Implementation Actions
 Sustainable cities and communities	6.6	● Fire safety equipment is installed in accordance with Fire Services Act regulations, and disaster prevention drills are conducted annually as required by law to provide a safe workplace environment.
 Responsible consumption and production	5.1, 5.2	● Implemented green procurement practices by purchasing eco-friendly products designated by the Ministry of Environment to support recycling and reuse policies. ● Implemented paperless initiatives such as online document approval, electronic data interchange, online meetings, and virtual education and training to conserve water resources required for paper production; prohibited the use of plastic covers to increase paper recyclability and environmental friendliness.
 Climate Action	3.1, 4.3, 4.4, 4.5, 5.1	● Established the Sustainable Investment Working Group in 2022 and the Sustainable Development Committee in 2023, integrating climate change issues into research and strategic planning. ● Became a TCFD supporter in 2023, demonstrating a strong commitment to addressing climate change risks. ● Prioritize engagement with high-carbon-emitting companies, focusing on decarbonization to progressively deepen engagement actions. ● Completed climate change risk reports for domestic In-house investment individual stocks in 2024. ● Completed climate change risk reports for domestic In-House and mandated investment individual stocks in 2025. ● Commissioned the "Global Climate Change Enhanced Equity" foreign investment mandate in

SDGS	Corresponding Section	Implementation Actions
		2022, with a total initial mandate amount of US$2.3 billion. Commissioned the "Global Sustainable Real Estate Securities" mandate in 2024, with a total initial mandate amount of US$1.6 billion. Commissioned the "Global Climate Transition Passive Equity" foreign investment mandate in 2025, with a total initial mandate amount of US$1.6 billion. ● Held a total of 18 education and training sessions in 2024 and 2025, covering a broad range of topics such as global sustainable investment trends, ESG outlooks, climate change issue engagement, and best practices in global public pension fund sustainability management.
 Peace, Justice and Strong Institutions	4.3	● The investment universe of foreign sustainable investment mandates excludes sin industries (such as tobacco, alcohol, arms, gambling, and adult entertainment). Furthermore, sustainable equity mandates explicitly exclude companies involved in major ESG-related controversies or those with severe deviations from the SDGs.
 Partnerships for the Goals	4.5	● The Bureau has joined the Asian Corporate Governance Association (ACGA) and actively participates in its core initiatives—including quarterly investor group sessions and the annual general meeting—to closely monitor regional regulatory updates and market developments while strengthening international investor engagement and dialogue. ● The Bureau has joined the Asia Investor Group on Climate Change (AIGCC), attending monthly member meetings, working group sessions, and sustainability-themed forums to foster dialogue and knowledge exchange on sustainable investment practices with international investors.

8.5 Statement of Compliance with the Stewardship Principles for Institutional Investors GRI : 2-23

Responsible for managing the investment and operations of pension and insurance funds, the Bureau declares its adherence to the "Stewardship Principles for Institutional Investors." The compliance status across the six principles is detailed below:

Stewardship Principles	Compliance Status
Principle 1: Stewardship Policies	The Bureau aims to maximize beneficiaries' benefits through fund investments and utilization. To achieve this goal, the Bureau established the Investment Policy Statement, which includes investment purpose and goals, investment philosophy, socially responsible investment policy and ethics policy. The Bureau integrates environmental, social, and corporate governance (ESG) factors into the investment evaluation process to fulfill institutional investor's stewardship responsibility and create long-term value for the funds. Investment Policy Statement can be found on our website. For details on the Investment Policy Statement, please refer to: https://www.blf.gov.tw/49200/49201/49221/49229.
Principle 2: Policies on managing conflicts of interest	To ensure that the Bureau engages in operations in the best interest of beneficiaries, the Investment Policy Statement sets forth the ethics policy to manage conflicts of interest of the Bureau's personnel in the investment process, including prohibiting insider trading and influence-peddling, and requiring personnel to abide by the Act on Property Declaration of Public Servants and laws and regulations related to conflicts of interest.
Principle 3: Regularly monitor investee companies	To ensure adequate and effective information is obtained to provide a good foundation for making investment decisions, the Bureau continues to follow investee companies' news, financial performance, industry overview, business strategies, environmental protection measures, social responsibility, labor rights, and corporate governance,

Stewardship Principles	Compliance Status
	etc., to understand investee companies' sustainable development strategies and related risks.
Principle 4: Maintain an appropriate dialogue and interaction with investee companies	We engage in suitable dialogue and interaction with investee companies to further understand and communicate the industry's risks and strategies with management, and strive to reach an agreement with investee companies on long-term value creation. We communicate with the management of investee companies each year through conference calls, face-to-face communication, participation in investors' conferences, and attendance at general or extraordinary shareholder meetings. When an investee company severely violates corporate governance principles or may damage the interests of beneficiaries in specific issues, the Bureau will irregularly inquire management of the investee company about the situation, and make timely adjustments to its investment decision. The Bureau may also express concerns with other investors, jointly exerting the influence of institutional investors.
Principle 5: Establish and disclose clear voting policies and voting results	To maximize benefits for beneficiaries, the Bureau actively casts votes on agenda items during shareholder meetings to fulfill shareholder activism and carefully evaluates each proposal before voting electronically or sending a representative to vote. If necessary, the Bureau will look into matters and communicate with the investee company's management before the shareholder meetings. The Bureau will not unconditionally support the agenda items proposed by management.
Principle 6: Periodically disclose the status of fulfilment of stewardship responsibilities	The Bureau periodically discloses on its website the status and results of its fulfilment of stewardship responsibilities, including but not limited to this Compliance Statement, a summary of fund management and utilization, attendance and voting at shareholder meetings of investee companies, and other material matters.

Signed on July 15, 2016; revised on September 1, 2020

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