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%.

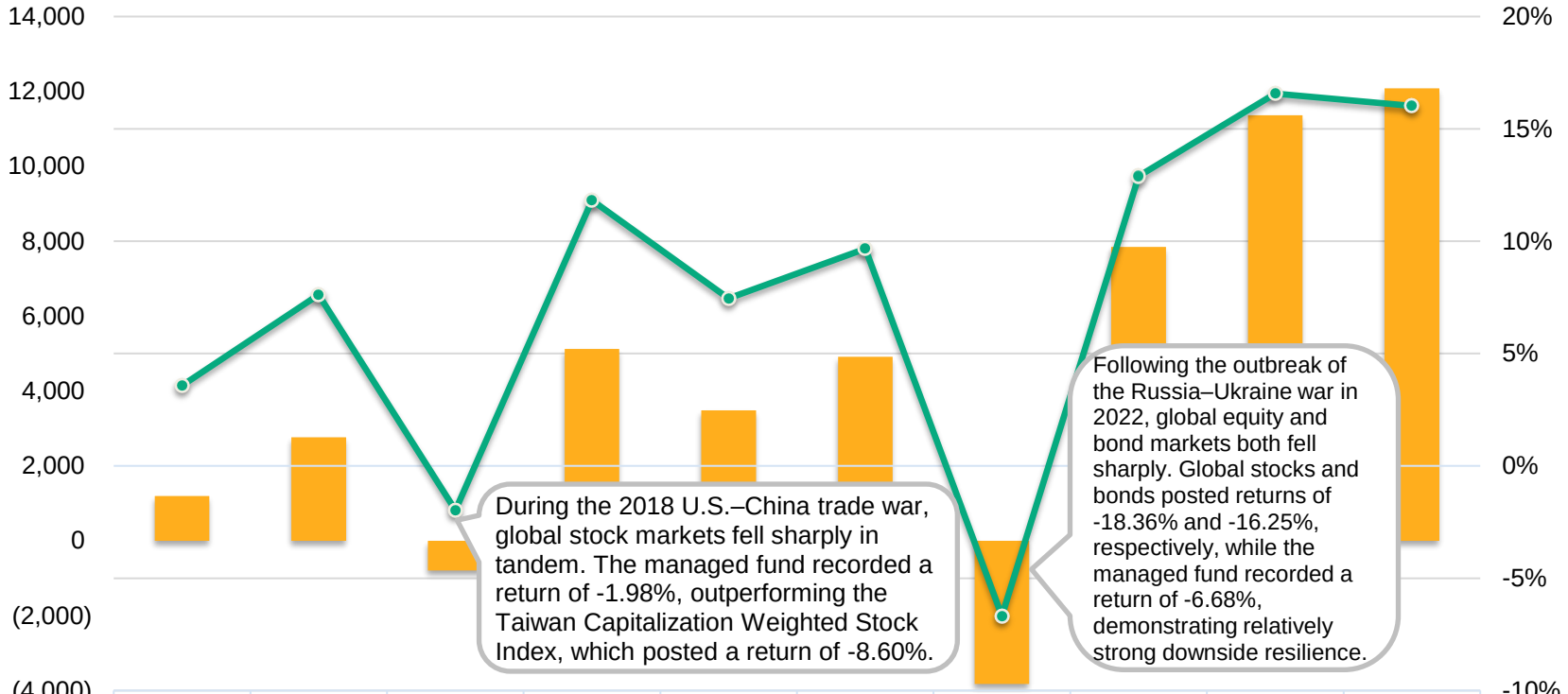
Medium- and Long-Term Investment Performance by Fund

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

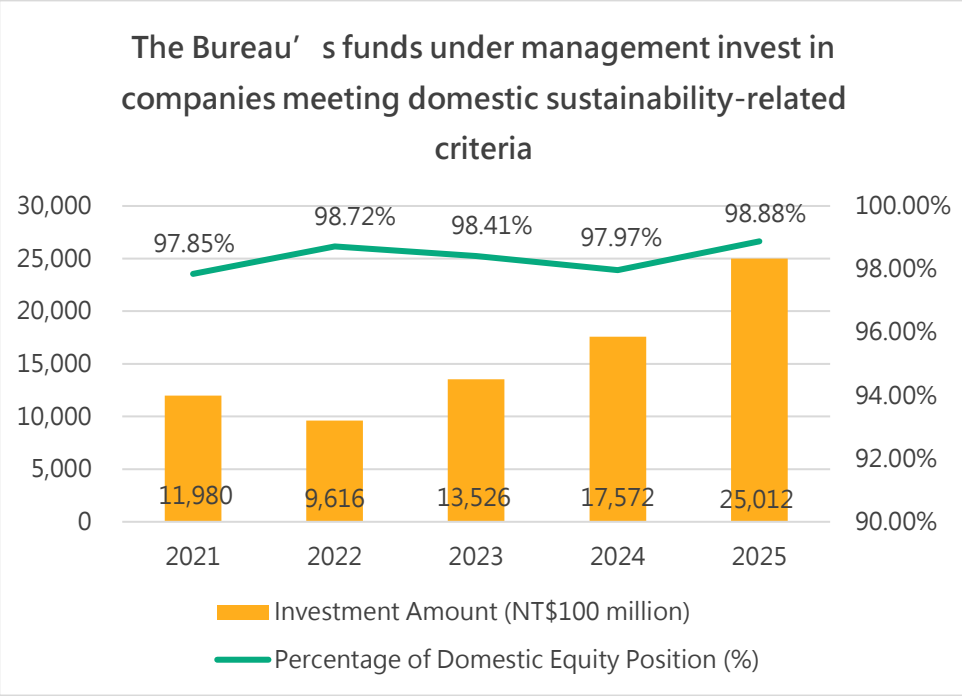
4.3.1 Integrating Sustainability Assessments into In-House Investment Processes

4.3.1.1 Domestic Equity Investments

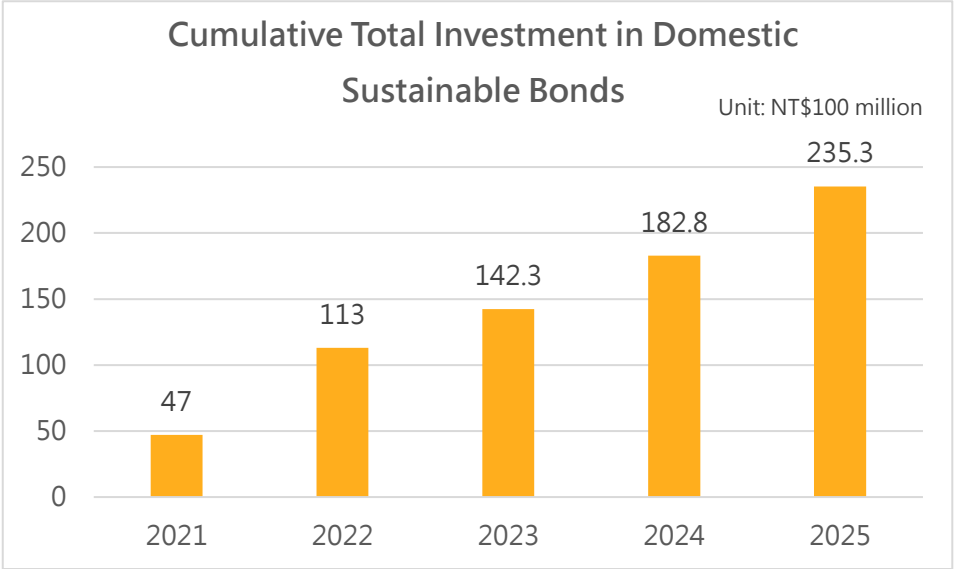
In addition to prerequisites such as stable profitability, sound liquidity, and

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



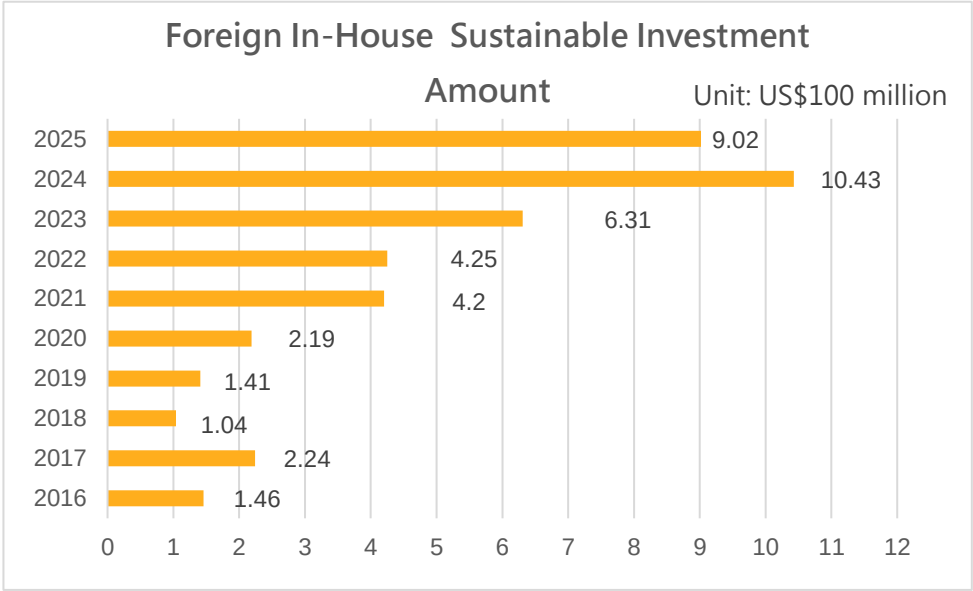
Note: Domestic sustainable bonds include green bonds, social bonds, sustainability bonds, and sustainability-linked bonds. This represents the cumulative investment amount, which differs from the investment balance at the end of each year.

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

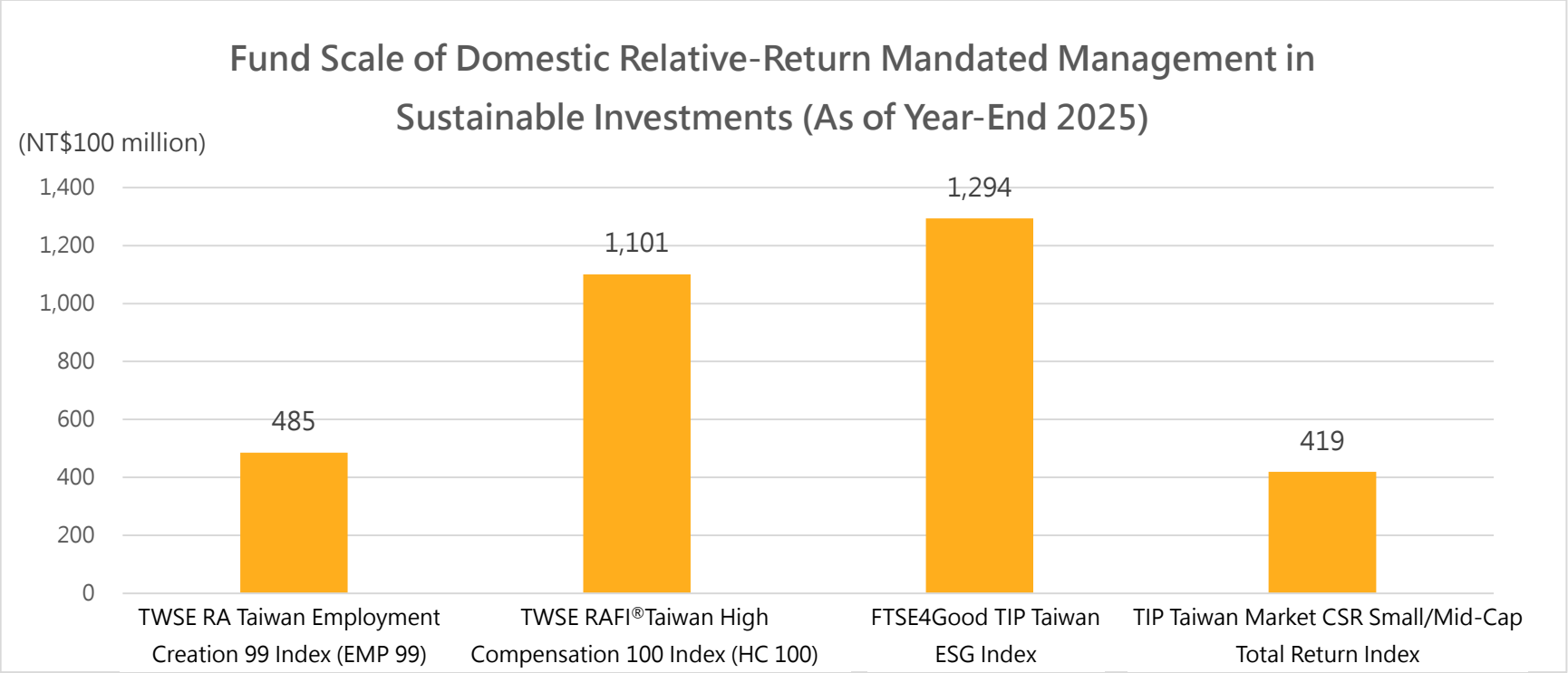
Since 2011, domestic investment mandates have progressively adopted sustainability-related indices, including the "TWSE RA Taiwan Employment Creation 99 Index (EMP 99)," the "TWSE RAFI® Taiwan High Compensation 100 Index (HC 100)," the "FTSE4Good TIP Taiwan ESG Index," and the "TIP Taiwan Market CSR 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

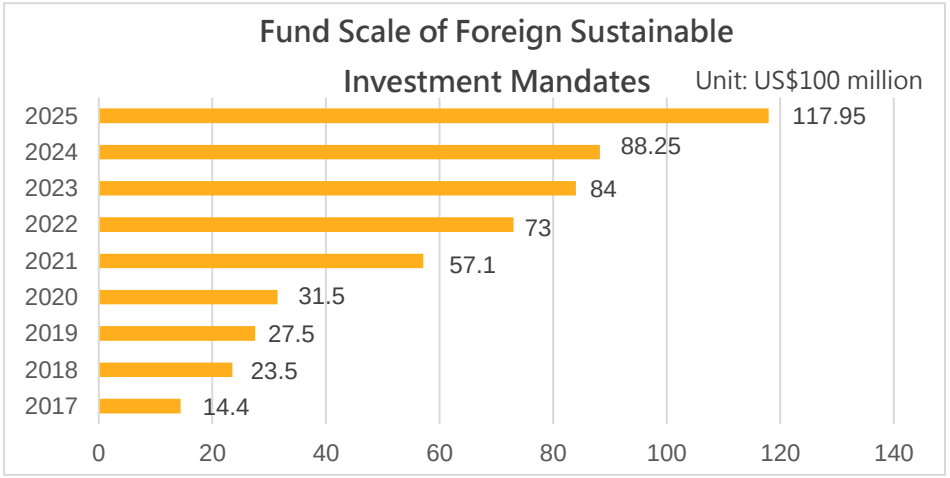
The Bureau incorporates sustainability considerations into the selection criteria for mandated institutions across all categories of foreign mandated investments. The Request for Service Proposal includes relevant review criteria, such as the asset management company's resources and development plans 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

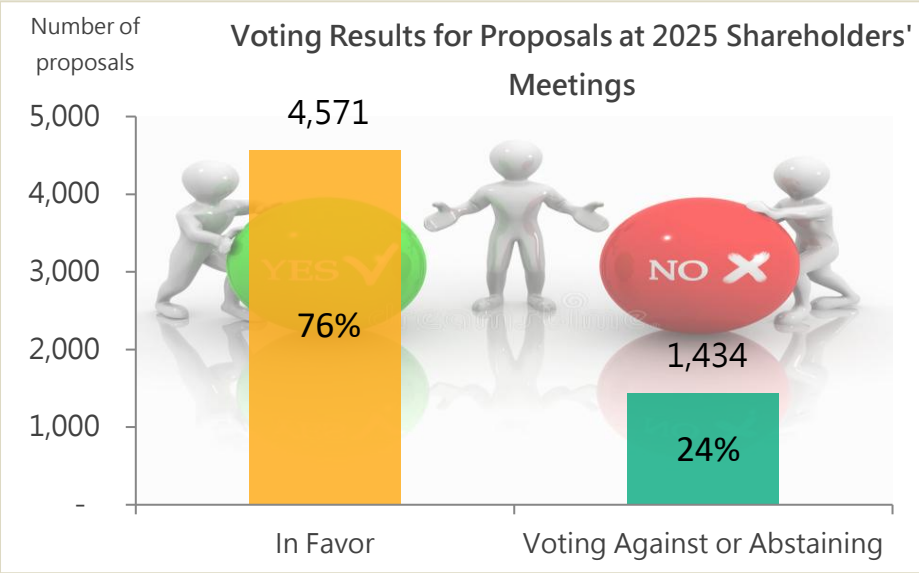
Formulation of Compliance Standards	The Bureau amended the " Bureau of Labor Funds Regulations on Fulfillment of Shareholder Action," establishing clear procedures for addressing major violations of the law or controversial incidents involving domestic listed (TWSE/TPEx) companies within internally managed 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.

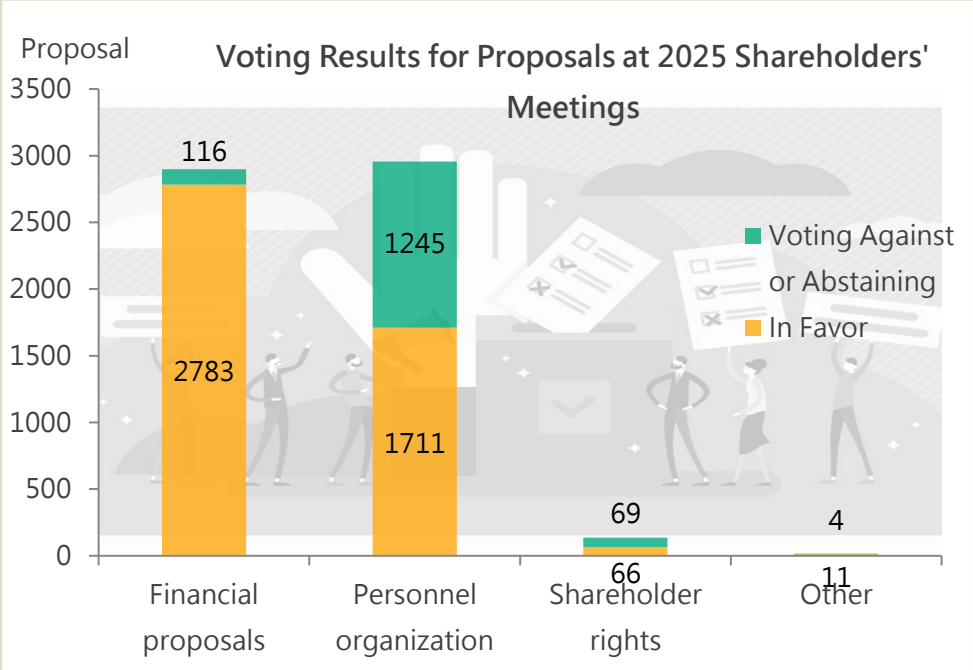
4.4.2 Exercise of Voting Rights GRI : 2-29

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.

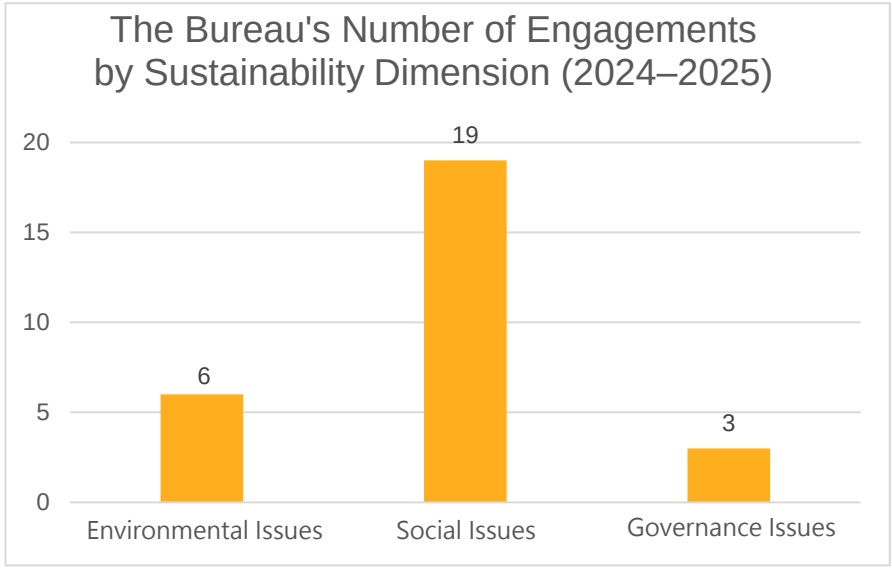
From 2024 to 2025, the Bureau participated in 771 shareholders' meetings, achieving a 100% voting rate. Voting on proposals at shareholders' meetings in 2025 is summarized in the chart below (for 2024 voting details, please refer to pages 36–37 of the "2024 Stewardship Report").





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.