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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

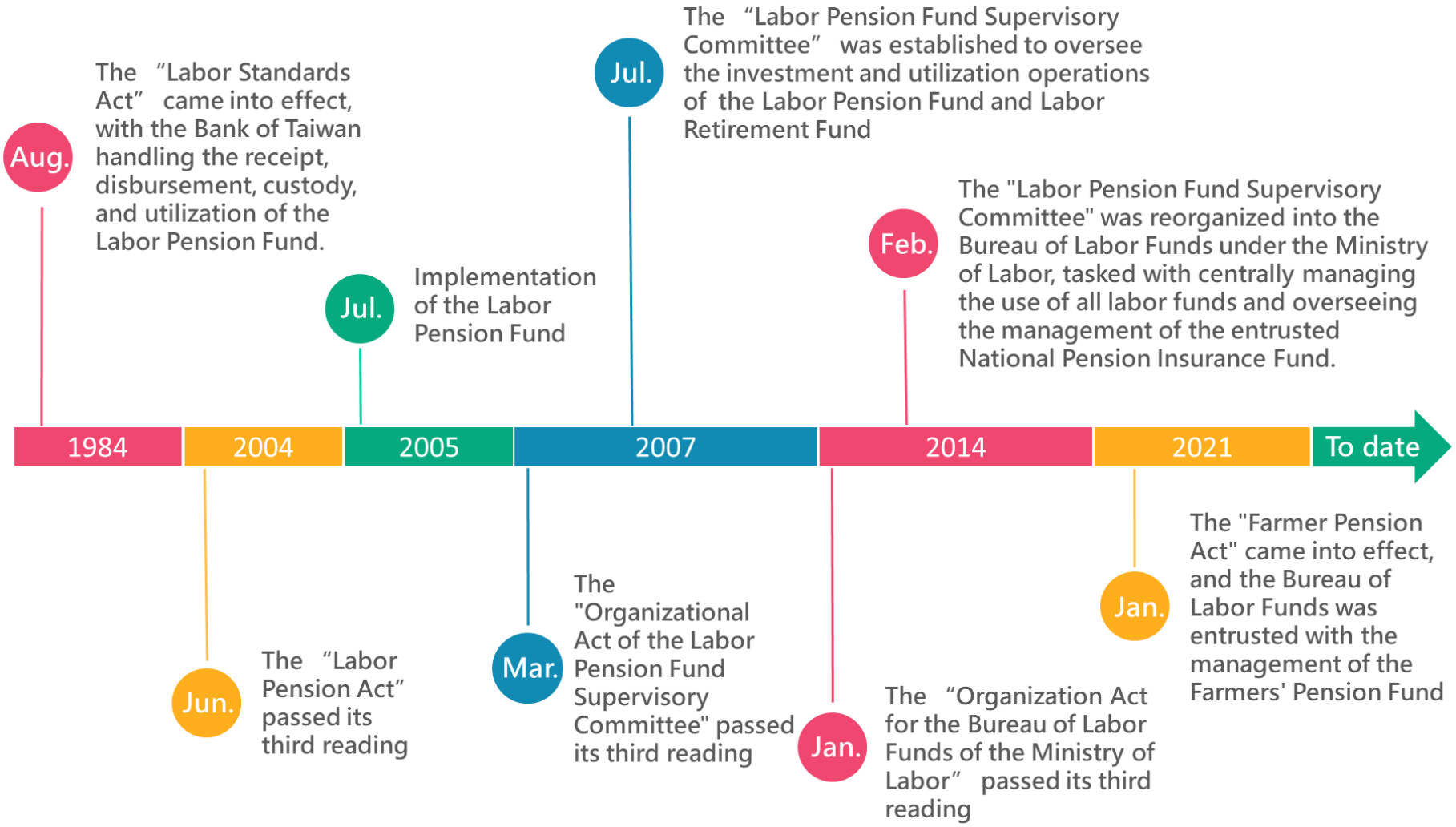
1.2 About the Bureau of Labor Funds GRI：2-1、2-6

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.

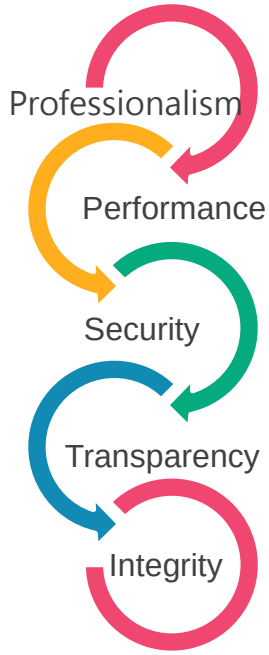
Funds Managed by the Bureau of Labor Funds



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

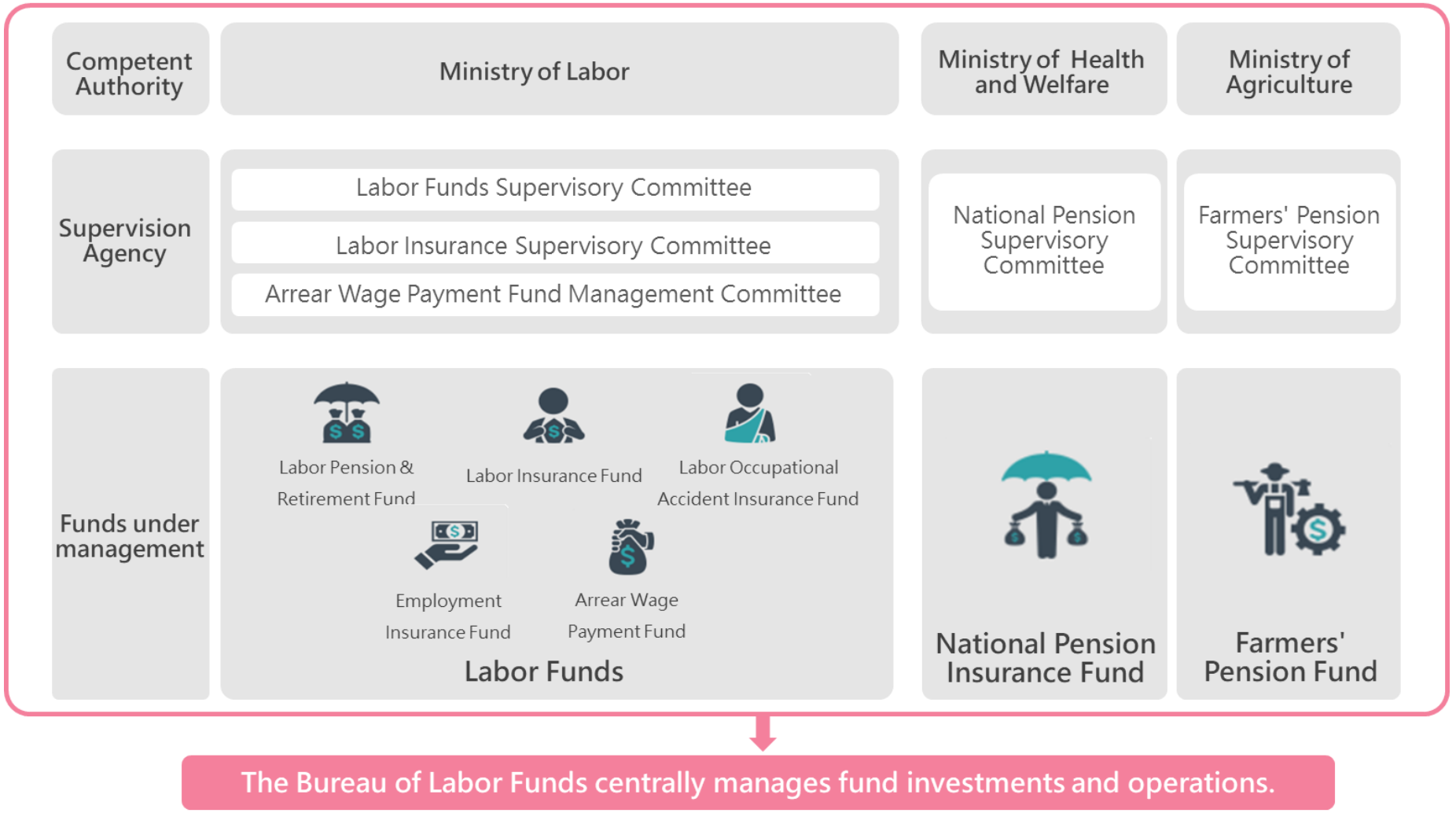


The Bureau's primary mission is to pursue stable, long-term returns for the funds. In accordance with investment policy statements, while accounting for individual fund characteristics and regulatory constraints, and evaluating macroeconomic and financial market trends, the Bureau formulates optimal 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

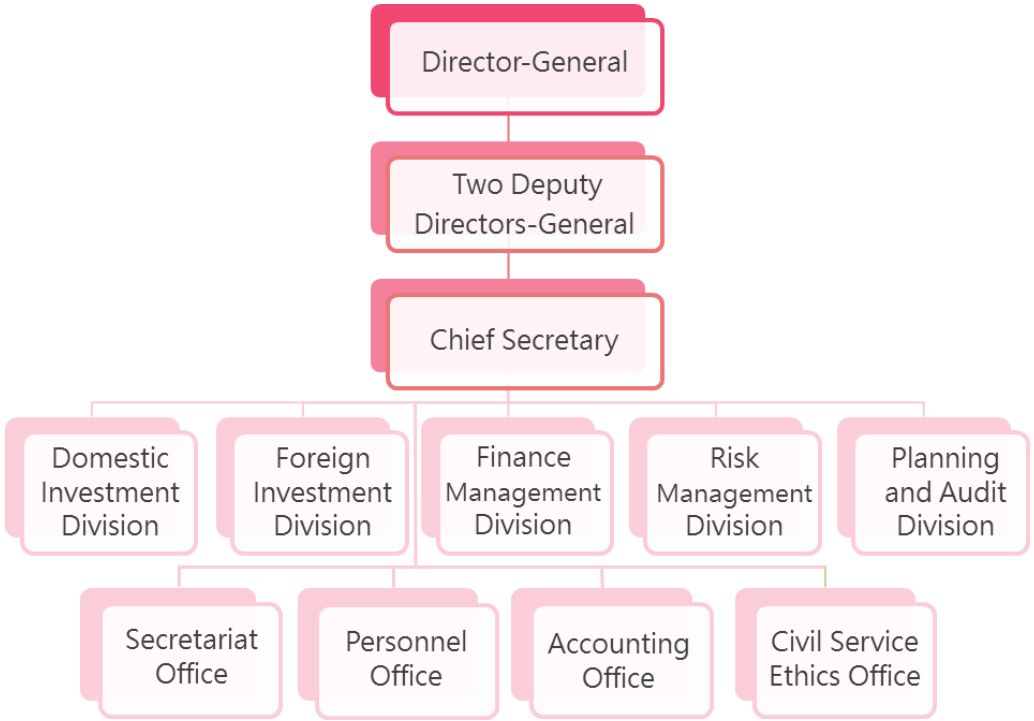
The funds managed by the Bureau operate under a regulatory division system. Supervisory committees under the Ministry of Labor, the Ministry of Health and Welfare, and the Ministry of Agriculture oversee key matters for their respective funds, including annual investment plans, operational performance, 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.

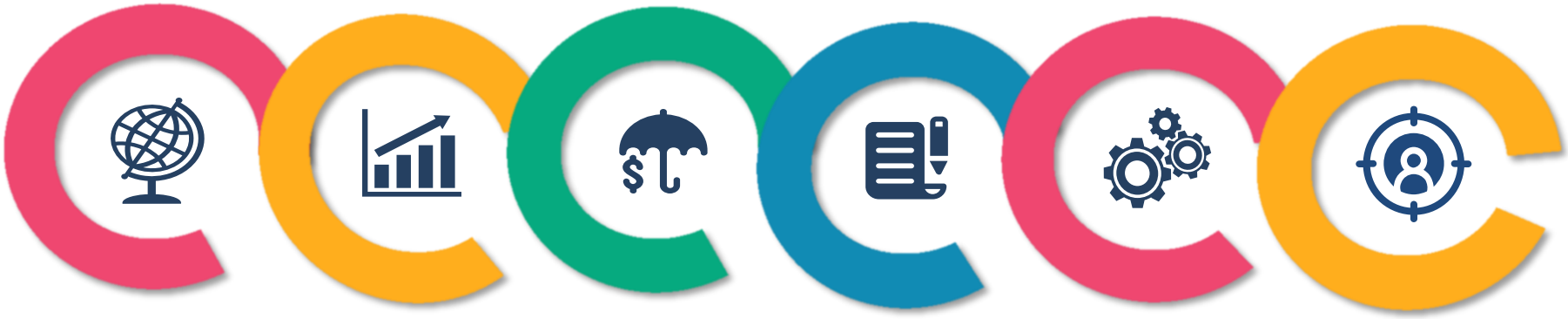
1.2.4 Organizational Structure GRI：2-9、2-11

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.