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CHB adopts TCFD and obtains the highest level through third-party BSI's verification in 2021.

In response to the "Task Force on Climate-related Financial Disclosures" (TCFD) initiative, CHB commissions the British Standards Institution (BSI) to conduct a third-party verification of TCFD compliance. CHB actively participated in and took action on climate change issues since 2020 and becomes the first government-own financial institute to pass the TCFD verification in 2021.

"Climate change has become a global issue", said Chairperson Joanne Ling. In order to practice corporate sustainability, CHB has been published the CSR report since 2014 to strengthen disclosure and communication. The Bank combines business development with "Corporate Governance 3.0-Sustainable Development Blueprint", "Green Finance Action Plan 2.0", issued by the Financial Supervisory Commission (FSC), and "ESG Initiative Platform" established by all government-own financial institutes under the Ministry of Finance (MOF) into its sustainability goals. In addition to the above, CHB is ready to face the issue of climate change.

Chairperson Ling strives to reduce carbon footprint by supporting vegan and leads the Bank to join the "I declare for climate change" event and call on all colleagues to respond to global warming. From 2018, the Bank started to fill out the CDP climate change questionnaire; 2020, introduced four pillars of TCFD; actively joined the TCFD initiative in 2021 and officially signed as a TCFD supporter in July. Through voluntary disclosures, CHB includes four core elements of governance, strategy, risk management, and metrics and targets to demonstrate the resilience to investors and customers when facing relevant risks.

CHB completed the verification of TCFD compliance in September this year (2021). The BSI confirmed that the bank's maturity model of climate-related financial disclosures is the highest level – "Level 5: Excellent". The GM of BSI – Mr. Peter Pu, issued the certificate to CHB under the witness of its Sustainable Development Committee. CHB took the lead in becoming the first government-own financial institute to obtain third-party verification of TCFD and early fulfilled the goal of the ESG initiative platform by MOF.

In addition, CHB gives great supports to the development of green industries by launching a series of





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green loans, such as green technology industry loans, renewable power generation industry loans, offshore wind power industry loans, and low-carbon sustainable project loans. The Bank also incorporates the "Equator Principles" spirit in corporate loans and uses ESG as an observation indicator when reviewing the case. With the support of CHB's board of directors, the credit limit for green technology and green industries has increased for two consecutive years, and this year, the credit and investment ratio for high energy-consuming sectors has reduced in response to the climate risks. In the investment and financing review, we fully incorporated the key ESG factors and is expected to become a signatory of the "Equator Principles" in 2022 to keep close tabs on social risks and corporate human rights practices in order to promote the intergrowth and co-prosperity of finance, enterprises, and the social environment.

We continue to focus on environmental sustainability issues and commit to implementing green procurement, proactively certifying ISO 14001 environmental management system, ISO 50001 energy management system, and ISO 14064-1 greenhouse gas inventory, and regulating the "Water resource efficiency management policies" to improve the efficiency of energy-saving and carbon reduction; at the same time, the Bank has announced the "Guideline for Chang Hwa Commercial Bank Encouraging Suppliers to Carry out Corporate Social Responsibility" and expected to exert influence together with the suppliers of the Bank.

Additionally, CHB has won international recognition for its outstanding performance in social and governance this year. The Bank awarded "2021 the Banking for Women Initiative of the Year – Taiwan" by Asian Banking & Finance, "2021 Best Corporate Governance Team – Taiwan" and "Best CSR Bank – Taiwan" by International Finance Magazine. We integrate the three sustainability goals (Environmental, Social, and Governance) into operations and hope to become an outstanding sustainable bank.

