



2023 ESG REPORT



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Sustainable Vanguard

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Sustainable Vanguard

Message from the
Chairperson

Honors and Recognitions

Mechanism of Sustainable
Development

Principle for Responsible
Banking (PRB)

Message from the Chairperson



Since its establishment in 118 years ago, Chang Hwa Bank has adhered to the people-oriented business philosophy of "Service, Efficiency, and Innovation." The Bank's professional services extend to major financial centers around the world, playing a crucial role in global economic development and capital allocation. In response to ESG issues such as global climate change, economic turmoil, and social justice, the Bank embraces corporate social responsibility and shoulders the mission of coexistence with sustainability. Through the expansion of core operations, passive contributions are converted into proactive actions to honor the commitment to sustainable development; accordingly, we formulated our operational strategy based on the 4C Sustainability Vision (Carbon, Capital, Credit, and Customer). In addition to enhancing corporate value, we also show active support for national, social, and net-zero emission policies with tangible actions, contributing to the making of a better future.

Regarding the promotion of sustainable development, 2023 was a crucial year for Chang Hwa Bank. Remarkable results were achieved in the improvement and promotion of corporate governance and responsible finance, as well as in employee welfare, social welfare, and environmental sustainability, receiving widespread recognition and support from various sectors. For instance, in addition to being ranked in the top 5% of the Corporate Governance Evaluation for three consecutive terms, we earned a spot in the top 20% of the inaugural sustainable finance evaluation, were included in the Dow Jones Sustainability Index (DJSI World), and were elevated to an A- leadership level in the CDP Climate Change Questionnaire evaluation. Moreover, we have received numerous national-level awards, including the National Sustainable Development Award, 13 National Brand Yushan Awards (including 2 national first prizes), the National Occupational Safety and Health Award, and the National Enterprise Environmental Protection Award. These accolades validate the Bank's leading position in promoting sustainable development and appeal to investors, demonstrating that sustainability is not an obstacle to business development but rather a market trend indicator.

Carbon

The Bank is dedicated to supporting the global climate action goals outlined in the United Nations Paris Agreement, and aligning with the national vision of achieving net-zero emissions by 2050. In particular, we have established specific and ambitious targets for reducing carbon emissions, which passed the evaluation by the Science Based Targets initiative (SBTi) in May 2024. This confirms that the Bank's operational carbon emissions, as well as emissions from our investments and financing portfolios, are in accordance with the temperature limits set by the Paris Agreement, specifically 1.5°C and 2°C. Additionally, achieving net-zero carbon emissions by 2050 has also been set as a crucial milestone for the Bank.

In 2023, the Bank achieved significant carbon reduction results by comprehensively replacing energy-consuming equipment, promoting electric/low-carbon vehicles, establishing carbon-neutral branches, green building branches, solar-powered branches, and expanding green energy usage at various locations. For these reasons, carbon emissions were reduced by 16.97% (3,094 tons of CO₂e) compared to the baseline year 2020, allowing the Bank to steadily achieve our short-term goal. We also implemented an internal carbon pricing mechanism to reduce the environmental impact of our operations, emphasizing carbon offsetting and carbon trading issues, and demonstrating our commitment to environmental protection.

Capital and Credit

The Bank adheres to the concept of responsible finance. While pursuing business profitability, we also value international initiatives that promote sustainability, such as the United Nations Sustainable Development Goals (SDGs), the Principles for Responsible Investment (PRI), and the Principles for Responsible Banking (PRB); hence, ESG management ideas and thinking are incorporated into the decision-making process of investment and financing. Moreover, through proactive dialogue, engagement, business opportunities, and exercising rights, we seek to understand, participate in, and guide the sustainable development of investee companies/clients. Within these efforts, the Bank plays an active role as an advocate and driving force, enhancing the influence of capital providers.

The Bank further promotes green financing and issues sustainable development bonds to support industries with environmental or social benefits, helping to establish a virtuous cycle of low-carbon, green economic models. In addition to creating positive, sustainable impacts, this also enhances stable revenue sources, creates shareholder value, and enables the Bank to achieve dual objectives of financial performance and environmental sustainability.

Customer

The Bank is committed to enhancing financial accessibility and inclusivity, beyond providing equitable and inclusive financial services, products, and education outreach for various groups, we also uphold fair customer treatment principles and strive to offer friendly financial services. Our diverse range of inclusive financial products also caters to the financial needs of various social groups, including youth, the elderly, people with disabilities, women, small businesses, and communities, to support entrepreneurship. Additionally, trust services are provided to safeguard customers' property and future life, and Taiwan Pay mobile payment tools are offered for their security and convenience. Benchmark demonstration branches and customer service systems have been established, allocating

services based on customer needs and prioritizing communication with the elderly; dedicated lines for services in Taiwanese Hokkien have also been set up. These measures aim to promote balanced social and economic development and create maximum financial value.

Fraud cases are plentiful and pervasive in the age of rapid digitalization; as a result, in 2023, we joined the Eagle Eye Anti-Fraud Alliance to utilize AI technology in protecting customer assets. In addition, the Bank has organized anti-fraud awareness campaigns in local communities, and partnered with law enforcement to enhance public awareness and promote anti-fraud knowledge, showcasing that we are not just a financial institution, but also a guardian of social security.

Furthermore, in order to fulfill our responsibilities in environmental protection, social inclusion, and corporate governance, the Bank has implemented a sustainable business strategy and a comprehensive plan for sustainable development. By pursuing these goals, we aim to leverage the Bank's financial influence to promote and contribute to a sustainable future. Ultimately, beyond protecting the Earth with which we currently coexist, the Bank's commitment extends to encompass the determination in ensuring that future generations can inherit a healthy, safe, and sustainable environment.

彰化銀行 董事長

凌忠媛

Honors and Recognitions



1



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Sustainability Performance

- ★ Selected as the constituent stock of Dow Jones Sustainability World Index, and Ranked in the Top10% of the Sustainability Yearbook Member in S&P Global Sustainability Yearbook 2023.
- ★ Ranked in the Top 20% of the banking industry in the First Sustainable Finance Evaluation. 《Financial Supervisory Commission (FSC)》 ①
- ★ Awarded 11 prizes from National Brand Yushan Awards in the categories of "Outstanding Corporate," "Outstanding Corporate Leadership," two awards in "Best Brand Popularity," and seven awards in "Best Product" and secured "Outstanding Corporate Leadership" and "Best Product- Relationship Manager Risk Dashboard" the Prestigious National First Prize. ②
- ★ Awarded 2023 National Sustainable Development Award (Corporates). ③
- ★ Awarded Sustainable Comprehensive Performance Award - Taiwan Top 100 Sustainable Exemplary Enterprises by Taiwan Corporate Sustainability Awards (TCSA). ④
- ★ Selected as the constituent stock of the FTSE4Good TIP Taiwan ESG Index for 11 consecutive terms.
- ★ Selected as the constituent stock of the FTSE4Good Emerging Index for 7 consecutive years.
- ★ MSCI ESG Rating: BBB (2023/11).
- ★ Sustainalytics ESG Risk Rating: 18.0 (2024/2/26).
- ★ FTSE Russell ESG Rating: 3.4 (2024/4).
- ★ ISS E&S Rating: E:1, S:1 (2024/4).
- ★ ISS ESG Rating: C- (2024/4).
- ★ Moody's ESG Rating: 34 (2024/4).

Business Performance

- ★ Cumulative pre-tax earnings of NT\$16.237 billion.
- ★ The Global TOP 500 Banks for 14th times.
- ★ USD Clearing Elite Quality Recognition Award of MT103 and MT 202, and Euro Clearing Quality Recognition Award of MT103 and MT 202. 《JPMorgan Chase Bank》
- ★ Operational Excellence Award. 《Wells Fargo Bank》
- ★ STP Award. 《The Bank of New York Mellon》
- ★ Awarded the 9th Futures Diamond Award "Over-the-Counter Centralized Settlement Contribution Diamond Award" by Taiwan Futures Exchange.
- ★ Best Product Marketing of the Year. 《MasterCard》

Governance Resilience

- ★ Chairperson Jong-Yuan Ling awarded the medal of caring. 《National Award of Outstanding SMEs》⁵
- ★ Chairperson Jong-Yuan Ling awarded the 7th Better Business Awards- "Merit Award in Business Leader of the Year". 《British Chamber of Commerce in Taipei》
- ★ Awarded the "Sustainability Resilience Pilot Award" for 4 consecutive years. 《British Standards Institution (BSI)》⁶
- ★ Certified "Excellence" in CG6013(2021) Corporate Governance System Evaluation. 《Taiwan Corporate Governance Association》⁷
- ★ Awarded the top 5% of TWSE-Listed Companies of Corporate Governance Evaluation for 3 consecutive years. ⁸
- ★ Selected as the constituent stock of TWSE CG 100 Index.
- ★ Awarded the Taiwan Intellectual Property Management System (TIPS) Level A Verification for 2 consecutive times.
- ★ Passed ISO 27001 information security management system certification for 16 consecutive years.
- ★ Passed BS 10012 personal information management system certification for 11 consecutive years.
- ★ Passed ISO 22301 business continuity management system certification for 6 consecutive years.
- ★ Passed ISO 45001 occupational health and safety management system certification for 5 consecutive years.
- ★ Awarded the "F-ISAC Outstanding Institution Award for Members' Performance in Information Sharing" (1st place) for 2 consecutive years.
- ★ Awarded the 2023 Financial Information System Annual Conference's Best Reliable Interbank System Award. 《Financial Information Service Co., Ltd.》
- ★ Awarded "BSI Security and Resilient Award". 《BSI Digital Trust International Standard Management Annual Conference》⁹
- ★ Awarded the 3rd Digital Financial Award– Excellence Award for Gold Award for Digital Information Security. 《Commercial Times》¹⁰
- ★ TCSA Taiwan Corporate Sustainability Awards for Corporate Sustainability Report Awards [Gold].
- ★ Awarded "Outstanding Performance Institution Award in Financial Cyber Security Attack and Defense Drills Award" and "Best Financial Security Hacking Defense Team Award" (1st place). 《FSC》¹¹

Sustainable finance

- ★ Awarded the Taiwan Sustainable Investment Award– Individual Influence Silver Award. ¹²
- ★ Selected List of companies with better institutional investor stewardship disclosure 2023. 《Taiwan Stock Exchange》
- ★ Awarded the "Gold Excellence Award" and "Special Contribution Award– Sustainability Financing" in Exceptional Institutions. 《Joint Credit Information Center》 ¹³
- ★ Awarded "Excellent Bank for Small and Medium Enterprise Loans Group A", "Excellent Bank that Organizes Loans in Target Countries under the New Southbound Policy", and "Agricultural Credit Special Awards". 《FSC》
- ★ Excellent Performance Awards for Financing SMEs. 《Central Bank of the Republic of China》
- ★ Senior Financial Planning Consultants of Trust Group Breakthrough Award. 《Trust Association of R.O.C》 ¹⁴
- ★ Received a Merit Award in the Inclusive Trust Creative Slogan Contest in January 2024.
- ★ Awarded the 3rd Trust Award - Diverse Trust Innovation Award, Excellence Award for Best Urban Renewal and Unsafe and Old Building Trust Innovation, Excellence Award for Best Real Estate Management Trust Innovation, Excellence Award for Best Trust Marketing, and Trust Special Creativity Award. 《Commercial Times》 ¹⁵
- ★ Awarded First Place in Auxiliary Personnel Group in Microinsurance Promotion. 《FSC》
- ★ Ranked as the top 50% of banks in evaluation of "Principle to Treat Clients Fairly" by FSC.
- ★ Awarded the Best Small Medium Enterprise Service Award and Best Customer Recommendation Award in Excellent Banking Evaluation – Non-Financial Holding Banks. 《The Excellence Magazine》 ¹⁶
- ★ Awarded the 17th Annual Wealth Management and Securities Evaluation by Business Weekly– "Best Customer Trust Award" Bank Group's first place. ¹⁷

Social Improvement

- ★ Selected as the constituent stock of Taiwan High Compensation 100 index for 10 consecutive years.
- ★ Selected as the constituent stock of Taiwan Employment Creation Index 99 for 7 consecutive years.
- ★ Awarded National Occupational Safety and Health Award - Special Award for Labor Health. 《Ministry of Labor》¹⁸
- ★ Awarded the Banking for Women Initiative of the Year – Taiwan for 3 consecutive years . 《Asian Banking & Finance Magazine》
- ★ Awarded the Sports Promoter Award – Bronze Award for Sponsorship. 《Sports Administration, Ministry of Education》
- ★ Awarded the Silver Award for "the SDG10 Chang Hwa Bank Happy Family Public Welfare Action Plan" and the Bronze Award for "the SDG17 CHB Sharing Love Without Time Difference Action Plan". 《Taiwan Sustainability Action Award》¹⁹
- ★ A total of 67 legal personnel of collection received collection project rewards by the SME Credit Guarantee Fund of Taiwan.
- ★ "Excellent Performance Award for Collection of Credit Guarantee Cases"; the Golden Award in 2020-2023. 《SME Credit Guarantee Fund of Taiwan》²⁰

Sustainable Environment

- ★ Awarded Bronze Level of the 5th National Enterprise Environmental Protection Award . 《MOENV》²¹
- ★ Rated "A-" (leadership level) in the Carbon Disclosure Project (CDP) climate change questionnaire.
- ★ TCFD verified by BSI and with the highest level (Level 5+:Excellence).
- ★ The Changhwa Branch and the Shulin Branch have passed the PAS 2060 carbon neutrality standard.
- ★ The Hsi-Sung Branch has been certified under ISO 14064-2 for voluntary greenhouse gas reduction projects.
- ★ Received Carbon Footprint ISO 14067 and Water Footprint ISO 14046 certification for Credit Cards.
- ★ The Peimen Branch has been passed the review by the Ministry of the Interior and retained the Green Building Labeling [silver].
- ★ Awarded the Outstanding Green Procurement Corporation by the Environmental Protection Department of the New Taipei City Government.
- ★ Received a Certificate of Appreciation for the "Environmental Protection Adoption Program for Non-public Use Marginal Land" from the National Property Administration, Ministry of Finance.
- ★ Passed ISO 14001 environmental management system certification for 9 consecutive years.
- ★ Passed ISO 50001 energy management system certification for 8 consecutive years.
- ★ Passed ISO 14064-1 greenhouse gas emissions verification for 7 consecutive years.
- ★ Passed ISO 46001 water efficiency management system certification for 3 consecutive years.

Business Promotion

- ★ 9 invention patents and 24 utility model patents were approved by Intellectual Property Office.
- ★ Selected as a constituent stock of TIP Customized Taiwan Smart Factor 50 Index from October 20, 2022 to July 18, 2023.
- ★ "Digital Service Award", "Digital Inclusion Award" in the 3rd Digital Finance Awards. 《Commercial Times》

Mechanism of Sustainable Development

GRI : 2-12, 2-13, 2-14, 2-24, 2-29, 3-1, 3-2, 3-3

I. Organization and Mechanism of Sustainable Development

The Bank established the Sustainable Development Committee (hereinafter referred to as the "SDC") under the Board of Directors, as the dedicated unit for business integrity and sustainable development. The Chairperson serves as the convener of SDC, convening 3 independent Directors and President, responsible for promoting the value of sustainable development into business policies, coordinating the establishment of relevant systems, supervising and inspecting the implementation of policies and their effectiveness, and regularly reviewing related executive reports.

The SDC features inter-departmental ESG Task Force, an Executive Vice President (EVP) was assigned to serve as the convener, and leaders of the ESG Task Force was reassigned based on the Bank's Sustainable Development Policy (Corporate Governance, Responsible Finance, Employee Care, Social Inclusion, and Sustainable Environment) to integrate and configure the resources of each department, allocate and implement sustainable work affairs and the goals of the policy.

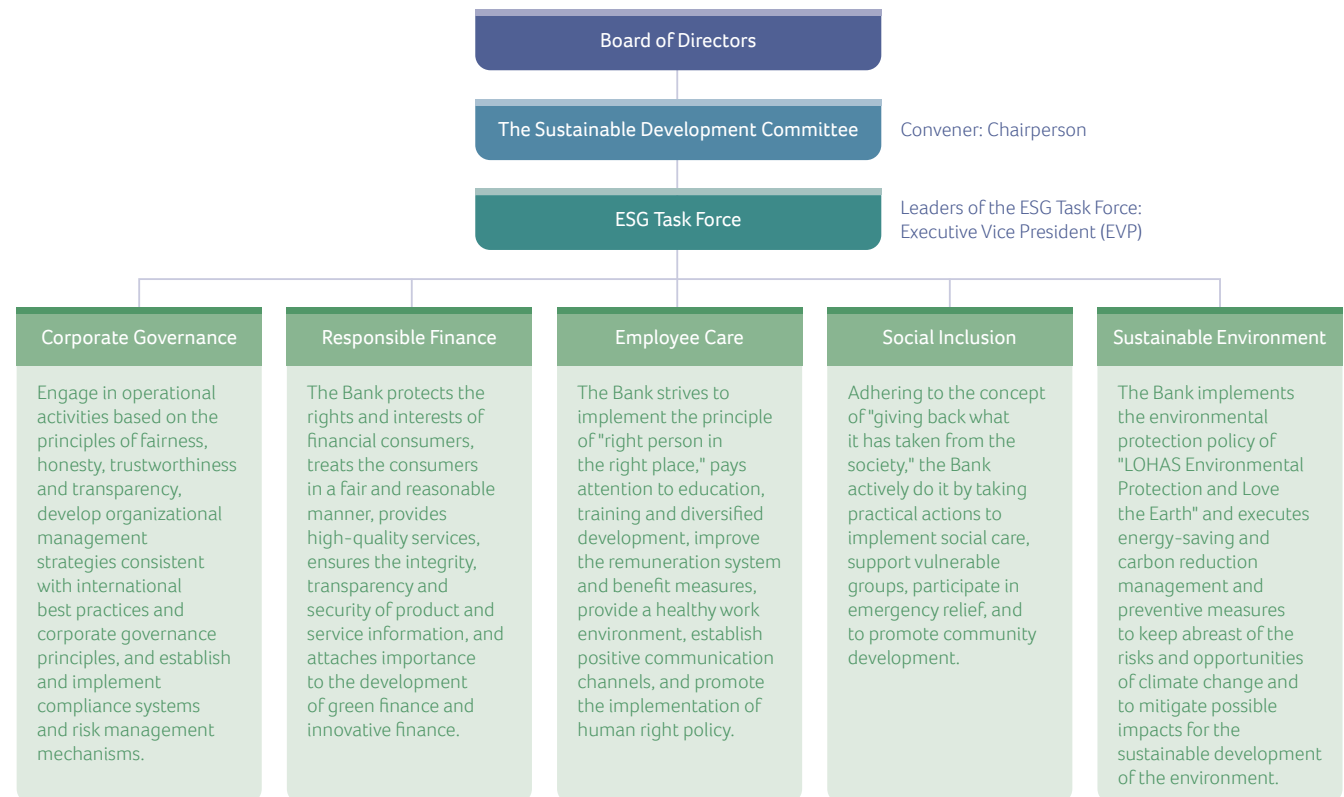
The SDC shall hold at least two meetings each year, a total of 6 meetings were held in 2023, and a total of 15 proposals related to sustainable work were submitted to the Board of Directors for review/ deliberation*, including annual sustainability plan, the implementation of sustainable work, and the issues such as business integrity, intellectual property management, occupational safety and health, human rights due diligence, greenhouse gas and energy resource management, climate change, etc.

* Please refer to the Bank's 2023 Annual Report for the date and session of relevant proposals. (III. Corporate Governance Report, D. Implementation Status of Corporate Governance, f. Compositions, duties and Implementation Status of the Sustainable Development Committee)

Regulation Compliance for promoting the sustainable development



Sustainable development organization of the Bank



II. Stakeholder Engagement and Material Topics Analysis

In order to promote the Bank's core concept of sustainable development, the Bank actively established a smooth and diversified communication channel, engaged all parties to understand and respond to the expectations of various stakeholders, and refined the Bank's operation management measures and engagement process through the engagement results, so as to facilitate sustainable operation and development.

The Bank ceaselessly maintains good communication with stakeholders, conducts identification of stakeholders, analysis and identification of material topics every year, and the materiality assessment process and identification results of major topics are verified by a third-party independent assurance provider. The communication with various stakeholders, and identification results, targets and implementation of major topics are reported to the Board of Directors every year.



1 Identifying Stakeholders

Through a questionnaire, the business management units of the Bank followed the five major aspects of the AA1000 Stakeholder Engagement Standard: impact, attention, responsibility, dependence, and diverse perspectives to identify communities which have material connections and impact with the Bank. In 2023, the results of stakeholder identification were divided into seven categories of competent authorities, customers, employees, investors, media, suppliers, community and non-profit organizations (NPOs)/non-governmental organizations (NGOs).



Competent Authorities

The Bank actively cooperates with the government's policies and complies with competent authorities' relevant laws and regulations to create a sound business environment.



Customers

The Bank takes customers' needs as the core of business, focuses on providing better experience, and strives to create values for customers.



Employees

Employees are the Bank's important asset, and talents are the key to our core competitiveness.



Investors

Long-term investor support is the motivation behind the Bank's steady growth.



Media

The Bank discloses ESG-related information to the public through the media, which is also an important communication channel between the Bank and other stakeholders.



Suppliers

Suppliers are the Bank's partners in sustainable operation and growth.



Communities and NPO/ NGO

Enterprises' existence and prosperity are intricately linked with the society. Through continuous social participation, the Bank pursues development and co-prosperity with non-profit organizations (NPOs)/non-governmental organizations (NGOs) (such as industry associations, social organizations, public welfare charitable organizations, and academic research units) to jointly promote community mutual prosperity and development.

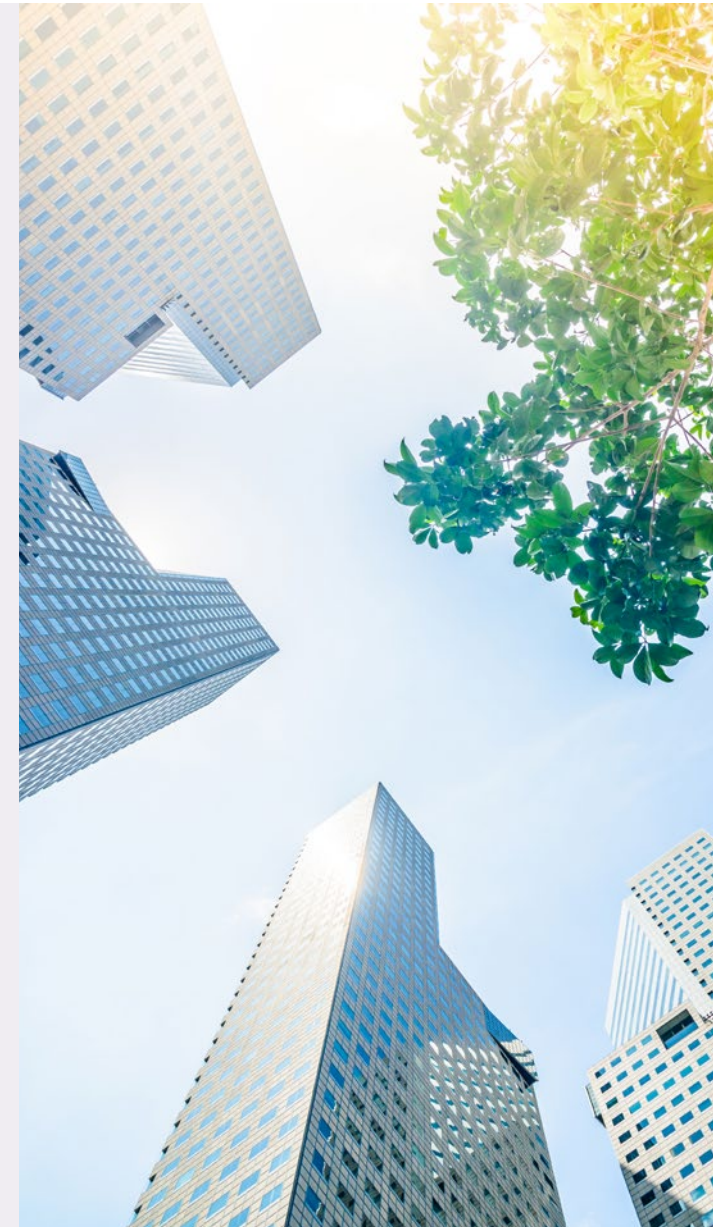
2 Collecting Topics

Referring to the relevant guidelines on material topic of GRI 2021, the Bank reviewed its own operational activities, the context of sustainable development, future work plans, value chain relationship and the opinions of stakeholders, such as stakeholders' questionnaires, customer/employee satisfaction surveys, questions from shareholder meetings and investor conference, opinion exchange channels, attributes of customer complaints, etc., and referred to international sustainable development trends and standards (such as SDGs), industry focus orientation, etc., to extensively collect sustainable topics that may be involved in the Bank's operations in multiple ways, aggregating a total of 23 topics.



Important differences of the topics

2023	2022	Description
Responsible Finance ←	Responsible Investment Responsible Financing	"Responsible Investment" and "Responsible Financing" are both aimed at exerting financial influence through the provision of funds, and have been merged into "Responsible Finance"
Energy and Resource Management ←	Energy Management	In addition to paying attention to the management of energy such as electricity, fuel, natural gas or gas, the Bank also attaches great importance to the management efficiency of water resources. "Energy Management" has been revised to "Energy and Resource Management".



3 Analyzing the Material of Topics

The Material of External Impact on Society and Environment

The Bank reviewed and updated the "Degree of Impact" and "Probability" based on the identification results of material topics in the previous fiscal year (2022), using the information and data of multiple due diligence indicators and re-ranked the material of the topics based on the actual or potential, qualitative or quantitative, financial or non-financial, positive and negative impacts on society and environment that may be caused during the operation, and assign the weight on "Degree of Impact" of human rights impact, taking into account practical operation and engagement with various stakeholders (including customer and employee questionnaires and various communication channels), reasonableness of results, and opinions from external professional consultants to complete the significance identification.

Important Changes in Material Topics of the Year

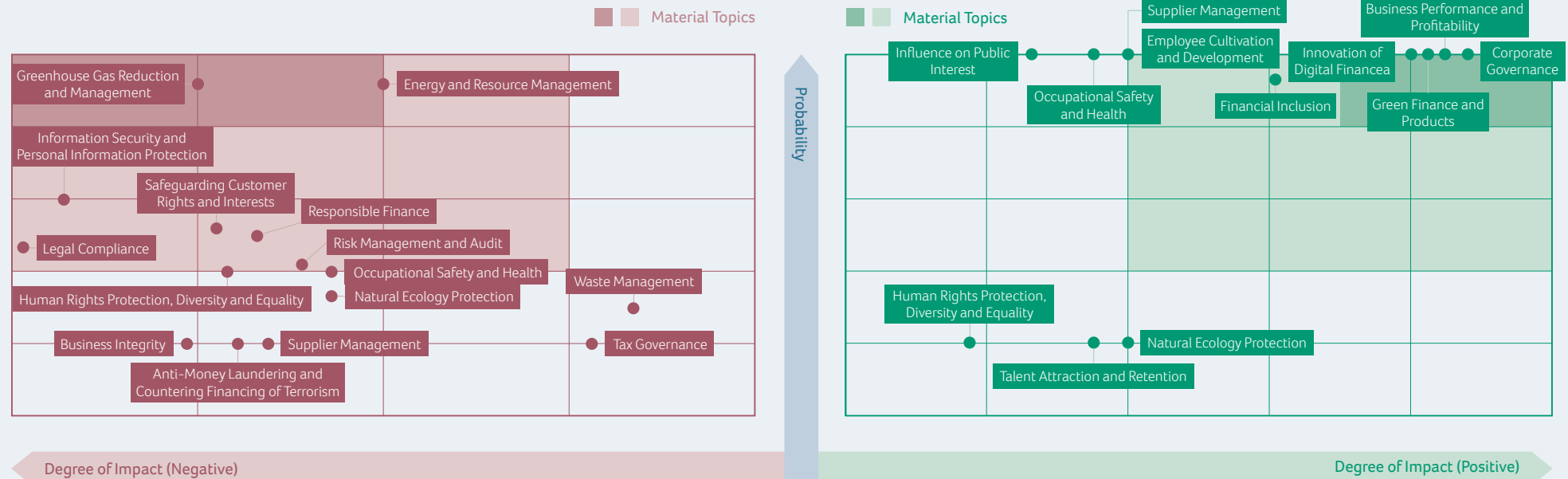
Occupational Safety and Health

The rights of health and life are one of the important cores of human rights, and has attracted the attention of stakeholders. The occupational disasters or incidents in 2023 increased compared with 2022, and "Occupational Safety and Health" is upgraded to a material topic in 2023.

The Material of Internal Impact on the Business

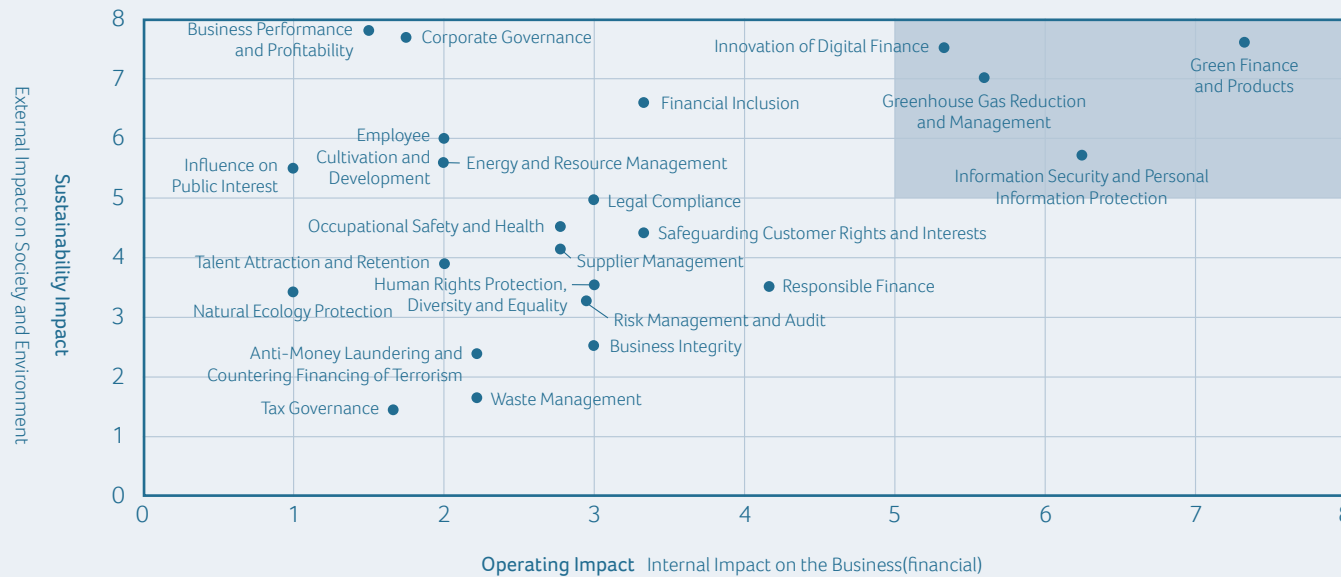
In addition to emphasizing the sustainable impact on society and the environment, we continuously enhance the resilience of our operations towards sustainable development by linking issues with sustainable impact to potential operational impacts and risks. By considering 16 types of operational risks through risk appetite, we assess the impact of sustainability themes on financial-related risks such as capital, revenue and profitability, market strategy, personnel and organization, and reputation. We conduct financial materiality analyses of operational impacts, incorporate the identification results into overall risk monitoring and management, and timely establish and adjust daily business decision-making processes.

Matrix of Impact on Society and Environment (Negative and Positive)



Double Materiality

The following chart shows the Bank's 2023 double materiality matrix based on the "Operating Impact" (X-axis) and "Sustainability Impact" (Y-axis):



The Topics of Double Materiality and the Countermeasures

1

Green Finance and Products

Actively develop green financial products and services, and use financial power to guide and assist enterprises and investors to invest in carbon reduction and transformation. Currently, we have launched green deposits, sustainable development bonds, green-related financing projects, Sustainability Linked Loan, and green insurance products.

2

Innovation of Digital Finance

Continue to integrate digital financial services with smart technology, promote digital transformation and optimize service experience, promote the application areas and usage rates of mobile payment, and assist in the transformation of industries in local business districts, night markets, and markets to enhance the security and convenience of the overall transaction market.

3

Greenhouse Gas Reduction and Management

Conduct annual inventories of greenhouse gas emissions and set short-, medium-, and long-term goals. In the near term, gradually reduce greenhouse gas emissions and improve energy efficiency by replacing old, energy-consuming air conditioners and lighting with energy-saving equipment. At the same time, plan to establish green energy branches, green building branches, and carbon-neutral branches, and continue to develop net-zero carbon-reducing strategies and promote them in the future.

4

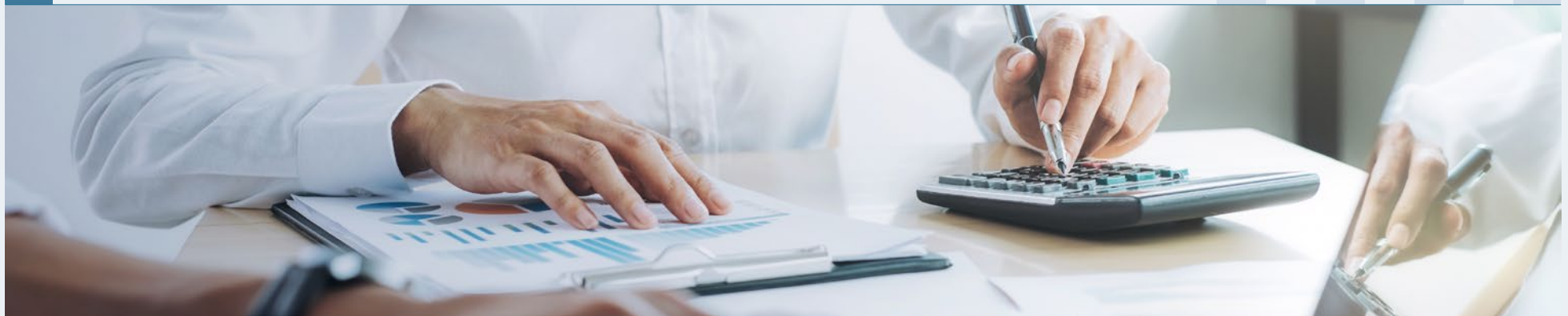
Information Security and Personal Information Protection

Comply with internal and external information security regulations and introduce international standards such as the Business Continuity Management System, the Information Security Management System, and the Personal Information Management System to immediately monitor and control information security risks, and regularly conduct educational training and emergency response drills.

The Importance and Impact of Material Topics

● Direct Impact ○ Indirect Impact ◎ Impact on Business Relations

Material Topics		The Importance, Risk and Opportunity	SDGs	Value Chain Stage and Relations						
				Suppliers	The Bank	Deposit Customers	Loan Customers	Investment Targets	Government	Local Community
1	Business Performance and Profitability Positive 【Economy】 ➡ The Company has excellent operational performance and sustained profitability, which can create higher economic value for shareholders, employees, and other stakeholders.	<p>Good corporate operations and financial performance are the cornerstone of a company's long-term stability and maintenance.</p> <p>Risk If the operating performance is not satisfactory, it will affect customer transactions and investors' willingness to invest.</p> <p>Opportunity Improving operational performance is conducive to the expansion of the Bank's scale and promoting economic growth, while the increase in allocable resources will contribute to the implementation and achievement of various plans and goals.</p>		◎	●	●	●	●	○	○
2	Corporate Governance Positive 【Economy】 / 【People】 ➡ Improve the corporate governance structure and possess diverse expertise and independence. Enhance the Company's operational performance and resilience development through the review of the results of the board performance evaluation, and gain the trust of stakeholders.	<p>Corporate governance is the core and foundation of operational decision making and good corporate governance will ensure the rights and interests of shareholders and other stakeholders, and fortify the resilience of the Company's sustainable development.</p> <p>Risk Failure to continuously improve corporate governance, understand the ideas and needs of stakeholders, and keep pace with the times to grasp key governance capabilities will affect the development and growth of the Company, miss the expectations and lose the trust of stakeholders, and reduce the opportunities of obtaining investments.</p> <p>Opportunity Good corporate governance includes board structure and diverse perspectives, stakeholder engagement, and ESG long-term risk management. By actively engaging internal and external stakeholders and linking sustainable target to compensation incentives, long-term corporate value can be created while the boosting the Company's sound sustainable functions and competitiveness.</p>	  	◎	●	●	●	●	●	◎



● Direct Impact ○ Indirect Impact ◎ Impact on Business Relations

3

Green Finance and Products

Positive

【Economy】 / 【Environment】 ➡

Through financing and investment businesses, funds are directed towards green, low-carbon, and climate-adaptive economic activities, reducing environmental issues and energy resource consumption, and enhancing the climate resilience of the overall economic system.

Material Topics

The Importance, Risk and Opportunity

SDGs

Value Chain Stage and Relations

Suppliers

The Bank

Deposit Customers

Loan Customers

Investment Targets

Government

Local Community

Sustainable finance and low-carbon transformation have become one of the world's trending strategies, with the financial industry playing an important role as a capital provider.

Risk

Consumers are increasingly aware of sustainability and are concerned whether the goods and services they use have a direct/indirect impact on the environment or society. If the Bank is unable to adapt its existing products in a timely manner to meet market demand or launch sustainable concept product service offerings, it will miss the boat. The concept of sustainability is constantly evolving according to the social, environmental and economic situation. If there are no clear, objective and consistent sustainability indicators to follow, enterprises will express their own sustainable actions, and there is a risk of exaggeration and false greenwashing, which will indirectly cause the financial industry to be unable to confirm the flow of funds into green and sustainable areas.
Regarding the evaluation of large-scale financing of new energy, it is difficult to accurately measure and control credit risks.

Opportunity

In developing and promoting appropriate financial products in the Bank's core business, aligning with the implementation of government policies, guiding funds to invest in green and sustainable development related fields, and assisting customers in low-carbon transformation, the Bank's credit risk can be reduced while seizing business opportunities over and above enhancing operational growth and generating positive benefits to the environment and society, and enhancing the resilience of customers' enterprises.

7

affordable and clean energy

8

decent work and economic growth

9

industry, innovation and infrastructure

11

sustainable cities and communities

12

responsible consumption and production

13

climate action

17

partnerships for the goals

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※Material Issues for External Stakeholders

The Bank actively promotes green credit, with "renewable energy construction" as the major financing project, indirectly avoiding investing a considerable amount of capital in fossil fuel energy development and reducing the social and environmental impacts of fossil fuel power generation (thermal power generation). According to Taiwan Power Company's public information[※], the self-calculated cost of self-generated power generation - thermal power generation in 2023 was NT\$3.52 per kWh.

Output Metric: Consumption of electricity in 2023 (kWh) (Reduced amount of fossil fuel power generation (thermal power generation))


Impact Metric: Every 1 kWh reduction in electricity can reduce external health impact costs by NT\$0.061^{※2}

Assessment result: At the end of 2023, the balance of the loan for "renewable energy construction" was NT\$7,505 million, which means that by reducing the amount of fossil-fuel-fuelled power generation capital injection by the same amount, the amount of fossil-fuel-fuelled power generation which calculated from the amount of loan balance divided by the power generation cost of fossil fuel power generation (thermal power generation)(NT\$3.52/kWh), that could be avoided 2,132,102,273 kWh, i.e., reduced the external cost of health impact by NT\$130,058,238.6 and increased the positive impact of society.






Note: 1. Taiwan Power Company's official website > Information Disclosure > Cost of Electricity > Cost of Electricity Generated by Various Power Generation Methods

2. Analysis of External Cost of Health Impact for Taiwan Power Plants, Journal of Taiwan Energy

● Direct Impact ○ Indirect Impact ◎ Impact on Business Relations








			Value Chain Stage and Relations							
Material Topics		The Importance, Risk and Opportunity	SDGs	Suppliers	The Bank	Deposit Customers	Loan Customers	Investment Targets	Government	Local Community
4	<h3>Innovation of Digital Finance</h3> <p>Positive</p> <p>【Economy】 ➡ Improve the convenience and digitization of the overall financial environment.</p> <p>【People】 ➡ Optimize customer experience and enhance convenience for customers in accessing and using financial services through improving the quality and efficiency of financial products and services.</p> <p>【Environment】 ➡ Reduce energy and resource consumption due to the provision of digital financial services.</p>	<p>The evolution of technology has raised users' demands for convenience, immediacy, and smoothness, and the development of digital finance has become a key element of future competition.</p> <p>Risk Failure to grasp the changing customer behavior preferences and needs and infuse technological innovations in financial applications will lead to a decline in the digital financial competition and loss of customer base in addition to increasing investment costs in technology research and development. With the vibrant development of digital financial services, a huge digital footprint will be generated, posing as a challenge for data interfacing and control capabilities, and the slightest carelessness may lead to disputes over financial fees and personal data leakage.</p> <p>Opportunity In addition to improving user experience, expanding customer base and reinforcing customer stickiness, leveraging on digital financial applications can also bolster energy efficiency, reduce operating costs and increase environmental benefits. Aligning with the policy development of the competent authorities, actively optimize various financial construction and services, and use API technologies to connect and collaborate with different industry players to turn competitive relationships around and expand the financial ecosystem.</p>	<div>  </div>		●	●	●		○	◎
5	<h3>Financial Inclusion</h3> <p>Positive</p> <p>【Economy】 / 【People】 ➡ Provide preferential or additional financial services for vulnerable or special ethnic groups to improve their convenience in accessing and using financial services. Drive more socially beneficial business activities by supporting enterprise transformation and industrial development.</p>	<p>The Bank is committed to providing diversified and friendly financial products and services, so that customers with different conditions and financially disadvantaged communities can enjoy equal opportunities and access responsible and sustainable financial services.</p> <p>Risk Failure to implement the Principles for Financial Service Industries to Treat Clients Fairly, financial disputes or violations of relevant laws and regulations may affect customers' perception and trust in the Bank.</p> <p>Opportunity For people in the early stage of entrepreneurship, the Bank provides the capital necessary for operation, give them a leg up in establishing a solid corporate foundation, grows together with customers, and cultivates long-term business opportunities in the future. In addition, we develop products and services suitable for the financial needs of different ages, such as the elderly care trust, Youth Assured First-Time Homebuyer Loan, etc.</p>	<div>   </div>		●	●	●		○	●
6	<h3>Employee Cultivation and Development</h3> <p>Positive</p> <p>【Economy】 / 【People】 ➡ Provide employees with excellent opportunities for functional training and development by providing comprehensive training plans.</p>	<p>Risk Employees are the core competitiveness of enterprise management. Due to the trend of declining birthrates, the Company is facing the challenge of talent competition and recruitment of professional and technical talents, which will limit the Company's operational development and profitability.</p> <p>Opportunity Provide diversified education and training and professional knowledge development for employees to enhance the overall competitiveness of the Company and cope with future career transformation, so as to increase the market value of manpower. Adopt flexible measures and continue to implement performance-differentiated salary adjustments to motivate high-performing employees and avoid the loss of financial professionals.</p>	<div>   </div>		●				○	○

● Direct Impact ○ Indirect Impact ◎ Impact on Business Relations

Material Topics		The Importance, Risk and Opportunity		SDGs	Value Chain Stage and Relations						
					Suppliers	The Bank	Deposit Customers	Loan Customers	Investment Targets	Government	Local Community
7	Supplier Management Positive 【Economy】 ➡ Boost the overall economic resilience of the industry chain by improving suppliers' ESG awareness and management through joint actions.	Risk If the Bank fails to promote suppliers to jointly comply with corporate social responsibilities, there may be incidences of braking trading relationship between the suppliers and the Bank due to violations of human rights, labor management, environment and other events, which may indirectly affect the Bank's operations. Opportunity Prioritizing the procurement of environmentally friendly products with environmental protection labels, carbon labels, energy-saving labels, water-saving labels, green building materials labels, and sustainable forestry labels can reduce energy resource (including water resources) consumption, reduce environmental impact, and create opportunities for energy conservation, carbon reduction, and green procurement in the Bank.	  		●	●				○	◎
8	Greenhouse Gas Reduction and Management Negative 【Economy】 / 【People】 / 【Environment】 ➡ Greenhouse gas emissions exacerbated the greenhouse effect, which in turn led to climate-related disasters with knock-on effects on economies, the environment and people.	<p>In response to global environmental and climate change, with net-zero emissions being the main foci, Taiwan set out and implemented the Climate Change Response Act in 2023, which incorporated greenhouse gas net-zero emissions by 2050 into the law and the establishment of a carbon fee collection mechanism to promote enterprises to jointly implement carbon reduction.</p> <p>Risk The Company has not implemented greenhouse gas reduction and management, and the increased greenhouse gas emissions will increase the risk of exacerbating global climate change events, leading to climate change impact events, such as flooding of low-lying areas caused by extreme rainfall, which may in turn lead to increased operational risks of the Bank's entities. If the Bank fails to successfully reduce greenhouse gas emissions according to the target schedule, it may be subjected to carbon fees in the future, which will increase the Bank's operating costs.</p> <p>Opportunity As stakeholders pay more attention to the performance of greenhouse gas emissions from enterprises, the implementation of greenhouse gas emission reduction can contribute to the Bank's sustainable performance evaluation and operational resilience performance, and boost stakeholder confidence.</p> <p>※Material Issues for External Stakeholders</p> <p>Greenhouse gas emissions have led to the intensification of the greenhouse effect, which in turn led to climate-related disasters with knock-on effects on the economy, environment and people. If enterprises reduce greenhouse gas emissions, they will reduce the external costs on the economy, environment and people. Although the Bank is not a major carbon emitter, we still produce some greenhouse gas emissions during our operations, which increase the concentration of greenhouse gases in the atmosphere. In addition, the Bank signed the SBTi in 2022, promising to achieve the 1.5° C temperature rise limit for categories 1 and 2, and to use an environmental impact analysis on greenhouse gas reduction and management was conducted using the estimated carbon social costs of Taiwan under different combination scenarios by the Chung-Hua Institution for Economic Research as impact metric.</p> <p>Output Metric: Greenhouse gas emissions in 2023(tons CO₂e) Impact Metric: For every ton of carbon reduced, the social cost will be reduced by US\$0.68*</p> <p>Assessment result: Assessment result: In 2023, compared with the base year (2020), the Bank reduced 3,094 tons of carbon, i.e., a reduction of carbon social cost of US\$2,104, and reduced the necessary consumption expenditure for environmental protection implementation.</p>	  		○	●	○	○	○	●	










Note: Simulation Analysis of Carbon Society Costs in Taiwan, The Center for Green Economy, Chung-Hua Institution for Economic Research

● Direct Impact ○ Indirect Impact ◎ Impact on Business Relations

	Material Topics	The Importance, Risk and Opportunity	SDGs	Value Chain Stage and Relations						
				Suppliers	The Bank	Deposit Customers	Loan Customers	Investment Targets	Government	Local Community
9	Energy Management Negative 【Environment】 / 【People】 ➡ At present, the energy structure of our country is predominantly based on coal-fired and thermal power generation. Due to the increase in energy consumption required for operation, it has caused greenhouse gas emissions and air pollution problems.	Risk Considering that the Bank's air conditioning electricity consumption may increase under the extreme high temperature events in the future, if the electricity tariff rate is increased in the future, it will increase the operating costs. Opportunity By identifying major energy-using equipment and developing equipment replacement actions, effective implementation of energy management can not only reduce operating costs, but also indirectly create procurement opportunities for energy conservation and carbon reduction. ※Material Issues for External Stakeholders Reducing energy use by enterprises, i.e., reducing the energy use of thermal power plants (the main source of energy), can reduce the external cost of health impact for residents in the communities surrounding thermal power plants in addition to reducing greenhouse gas emissions. The monetization results of the impact of thermal power generating units on the health of residents in surrounding communities are used as impact metric to evaluate the impact of the effectiveness of energy use management. Output Metric: Consumption of electricity in 2023 (kWh) Impact Metric: Every 1 kWh reduction in electricity can reduce external health impact costs by NT\$0.061* Assessment result: In 2023, compared with the base year (2020), the Bank reduced 4,045,733 kWh of electricity, i.e., reduced the external cost of health impact by NT\$246,790 and increased the positive impact of society.	 	●	●				○	○
10	Information Security and Personal Information Protection Negative 【People】 ➡ Due to security vulnerabilities or external attacks, the sensitive information of customers or enterprises is leaked, infringing on the rights and interests of relevant stakeholders.	In order to provide customers with more convenience in technological innovation, the use of a large amount of information technology to transform business models. Hacking methods have also become more diverse with the evolution of the emerging technology environment, rendering information security protection more challenging as the Bank becomes more susceptible to privacy invasion or personal data leakage and other damage to the rights and interests of companies and customers. Risk Hackers use cyber-attack tactics such as phishing, ransomware, Deepfake scam, system vulnerabilities or email social engineering to cause losses to the Company or customers. If internal employees are not aware of them or external attacks occur, losses to the company or customers will be incurred. Opportunity Implementing the information security management system and maintaining the stable operation of the core system not only reduce the risk of operational disruption, but also provides a solid foundation for the development of digital finance and creates more business opportunities. Fortifying information security protection and personal data protection can ensure the rights and interests of customers, thereby enhancing customer trust and satisfaction, and bolstering the Bank's reputation.	    	●	●	●	●	○	●	

Note: Analysis of External Cost of Health Impact for Taiwan Power Plants, Journal of Taiwan Energy

● Direct Impact ○ Indirect Impact ◎ Impact on Business Relations

Material Topics		The Importance, Risk and Opportunity		SDGs	Value Chain Stage and Relations						
					Suppliers	The Bank	Deposit Customers	Loan Customers	Investment Targets	Government	Local Community
11	Legal Compliance Negative 【Economy】⇒ Violation of laws and regulations related to financial supervision and corporate governance, resulting in fines or operational losses or reputation damage, thus affecting the rights and interests of stakeholders. 【Environment】⇒ Environmental pollution or impact caused by violation of environmental laws and regulations. 【People】⇒ Damage to the rights and interests of customers, employees or other stakeholders due to violation of social and labor-related laws and regulations.	Risk As a highly regulated industry, the financial industry maintains effective and appropriate internal control through a sound compliance system, and may face penalties from the competent authorities if compliance risks are not properly controlled. Opportunity Compliance risk assessment can offer insights into compliance trends and weaknesses. The Company's excellent operations are maintained through pursuit of minimum risk, maximize benefit and meeting regulatory requirements.			◎	●	●	●	●	●	
12	Risk Management and Audit Negative 【Economy】⇒ The Company will incur major violations or operating losses, affecting the rights and interests of shareholders and other stakeholders due to external emerging risks (including risks related to climate change) or improper management of internal credit, market, operation, bank book interest rate, liquidity and other risks.	The internal audit system assists the Board of Directors and the management in auditing and evaluating the effective operation of the internal control system, and providing timely review and amendment suggestions. Climate change poses global economic and social threats, and enterprises must identify risks and opportunities, and conduct assessment and management to make the best decisions for sustainable development. Risk The increase in the frequency and scale of physical risks of climate change may have a negative impact on the personal safety of the Bank's employees, assets and equipment, operating status and credit quality. If the Bank is unable to follow the change process of policies and regulations, market demand and trend evaluation in response to climate change, the negative impact of transformation failure will occur. Opportunity Through climate related risk management, the Bank implemented climate action strategies to mitigate possible risks and grasp revenue opportunities, and enhance the Bank's climate resilience and boost investor confidence.		  	●	●	●	●	●	●	○
13	Safeguarding Customer Rights and Interests Negative 【People】⇒ Damage to customers' rights and interests or complaints due to failure to effectively implement fair treatment and financial friendliness, or poor quality of financial products and services.	The Bank adheres to a customer-centered culture, places great importance to protecting customer rights and interests, and implements fair treatment of customers. Risk The challenge of protecting customers' personal information will increase with the development of science and technology, which may easily lead to infringement of privacy or loss of data and other situations that affect the rights and interests of customers, and in turn cause financial disputes or violations of relevant laws and regulations and the reduction of customers' confidence in the Bank's financial services. Failure to implement the Principles for Financial Service Industries to Treat Clients Fairly may result in damage to customers' rights and interests, and may result in penalties from the competent authority and negative media coverage. This will affect the reputation of the Bank on top of impacting customers' trust in the Bank. Opportunity By implementing the Principle to Treat Clients Fairly, understanding customers' needs and developing products that meet customers' expectations, and actively planning corresponding friendly goods and services for users' needs of all age customers, people with disabilities, rural residents, etc., customer satisfaction and business stickiness can be improved.		    	◎	●	●			●	◎

● Direct Impact ○ Indirect Impact ◎ Impact on Business Relations

Material Topics	The Importance, Risk and Opportunity	SDGs	Value Chain Stage and Relations						
			Suppliers	The Bank	Deposit Customers	Loan Customers	Investment Targets	Government	Local Community
Responsible Finance	Investors, clients, and other stakeholders are increasingly paying attention to sustainable business issues, and ESG-related regulations are becoming more stringent. It is imperative for financial institutions to implement responsible finance.	<div><div>3</div><div>GOOD HEALTH AND WELL-BEING</div></div> <div><div>6</div><div>CLEAN WATER AND SANITATION</div></div> <div><div>7</div><div>AFFORDABLE AND CLEAN ENERGY</div></div> <div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div></div> <div><div>9</div><div>INDUSTRY, INNOVATION AND INFRASTRUCTURE</div></div> <div><div>11</div><div>SUSTAINABLE CITIES AND COMMUNITIES</div></div> <div><div>12</div><div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div> <div><div>13</div><div>CLIMATE ACTION</div></div> <div><div>17</div><div>PARTNERSHIPS FOR THE GOALS</div></div>							
	<p>Risk If the financial industry does not strengthen sustainable negotiations with credit holders, enhance the disclosure of ESG information, or fail to implement Responsible Financing applications, it may indirectly cause negative economic, social, or environmental impacts and it will be difficult to gain investors' recognition, increase operational and profit risks, and hinder business development.</p> <p>With the increasingly stringent ESG regulations both domestically and internationally, if the ESG risks of the invested company are not carefully assessed during investments, it may increase operational and profit risks.</p> <p>Opportunity By implementing responsible investment and due diligence in application policies, internalizing ESG into the credit review process, identifying and screening customer ESG risks, it will help reduce the risk of bad debts, non-financial investment risk, and comprehensively maintain the quality of the Bank assets, while encouraging and guiding enterprises to continue to invest in sustainability-related activities.</p> <p>※Material Issues for External Stakeholders</p> <div><p>To assess the negative impact of greenhouse gas emissions from the Bank's investment and financing portfolios in order to help quantify the climate change impact of investment and financing activities and the impact on external stakeholders.</p><p>Output Metric: Carbon emissions of all investment and financing portfolio (tCO₂e)</p><p>Impact Metric: For every ton of carbon reduced, the social cost will be reduced by US\$0.68[*]</p><p>Assessment result: In 2023, the carbon emissions of the Bank's total investment and financing portfolio amounted to 7,646,568 metric tons of CO₂e, and the negative impact generated by the Bank's total investment and financing positions was assessed to be US\$5.2 million (equivalent to NT\$159.69 million).</p></div>								

Note: Simulation Analysis of Carbon Society Costs in Taiwan, The Center for Green Economy, Chung-Hua Institution for Economic Research

● Direct Impact ○ Indirect Impact ◎ Impact on Business Relations

Material Topics		The Importance, Risk and Opportunity	SDGs	Value Chain Stage and Relations						
				Suppliers	The Bank	Deposit Customers	Loan Customers	Investment Targets	Government	Local Community
15	Human Rights Protection , Diversity and Equality Negative 【People】⇒ Infringement of employee rights due to any form of discrimination based on gender, race, religion, sexual orientation, etc. Damage of employees' work rights due to issues such as forced labor, labor rights, or poor communication between labor and management.	Risk Labor human rights and gender equality are the legitimate rights and interests of employees. If the company does not create an equal employment environment and protect labor human rights, it may cause labor disputes and be subject to punitive actions by the competent authorities, and affect the coordination and mutual trust between labor relations, thus making it difficult to retain and recruit talents, and damaging the reputation and brand image. Opportunity Incorporating human rights issues into policy and business considerations, safeguarding diverse rights, labor rights, antidiscrimination and harassment, freedom and rights, etc. and striving to prevent human rights violations, in order to fulfill human rights commitments, will enhance employee dedication and the trust of stakeholders, and improve company culture.	    	●	●	○			●	◎
16	Occupational Safety and Health Negative 【People】⇒ Damage to customers' rights and interests or complaints due to failure to effectively implement fair treatment and financial friendliness, or poor quality of financial products and services. Positive 【People】⇒ Provide employees with a good and healthy working environment and promote the improvement of work quality by optimizing the workplace environment and safety and health unceasingly.	Risk Ensuring the development of a healthy workforce is the key to the sustainable operation of an enterprise. Failure to have a sound occupational safety and health management system may result in a decline in productivity, loss of company property, or even affect the operation of the company in the event of an occupational disaster or disease. Opportunity We have incorporated workplace safety and health into our business execution projects and implemented occupational safety and health management through a specialized occupational safety and health unit to provide all employees with a safe and comfortable working environment, as well as to take care of their physical and mental health and quality of work, in order to achieve the goal of sustainable development of the Company.	 	◎	●	◎	◎			○

4 Response and Management of Material Topics

Respond and Communicate to the Stakeholders

The Bank attached great importance to the opinions and influence of various stakeholders. Through multiple communication channels and engagement, we appropriately adjust our operational practices to respond to the concerns of our stakeholders. We regularly report the communication with stakeholders to the Sustainable Development Committee and the Board of Directors.

Communication with Stakeholders in 2023



Competent
Authorities

Topics | • Legal Compliance • Corporate Governance • Risk Management and Audit • Information Security and Personal Data Protection

Channels	Frequency	Responds and Performance
<ul style="list-style-type: none"> Annual Report ESG Report Competent Authority Evaluation Internal Control System Report Official Website of the Bank 	Annual	<p>Legal Compliance</p> <ul style="list-style-type: none"> Regularly submit various statutory reports, such as financial reports, annual reports, sustainability reports, and auditor review reports on the internal control system. <p>Corporate Governance, Risk Management and Audit</p> <ul style="list-style-type: none"> Regularly review the qualifications and independence of independent directors, and conduct the Internal/external performance evaluation of the Board of Directors. Awarded the top 5% of TWSE-Listed Companies of Corporate Governance Evaluation for 3 consecutive times. Implement sustainability plans in line with key sustainable development policies formulated by the competent authorities on corporate governance, net-zero, green finance, information security, etc. Assist in promoting sustainable development through industry experience, such as participating in the "Climate Change Risk Management Task Force" of the Bankers Association of the Republic of China, helping to complete the "Practical Manual on Climate Risk Management for Domestic Banks", and participating in the Financial Lending Carbon Emissions Working Group, discussing relevant issues and completing the "Practical Manual on Financial Carbon Emissions (Scope 3) for Domestic Banking Industry Investment and Loan Portfolios". Formulated the "Climate Risk Management Policy" to incorporate climate risk into the overall risk management and conduct scenario analysis.
	Quarterly	
<ul style="list-style-type: none"> Accountant checking financial report 	Regular Irregular Timely	<p>Information Security and Personal Data Protection</p> <ul style="list-style-type: none"> Maintain the validity of Information Security related international standards. The Bank's ISO 27001 is one of the first domestic banks to pass the latest version of certification by the BSI. Establish a Chief Information Security Officer at the vice president level, actively participating in the Chief Information Security Officer Contact Meetings of financial institutions to jointly discuss current cybersecurity situations, promotion strategies, and key issues, thereby enhancing communication and joint defense cooperation among financial institutions.



Customers

Topics

• Information Security and Data Protection • Customer Rights and Interests Protection • Financial Inclusion • Innovation of Digital Finance • Responsible Finance

Channels	Frequency	Responds and Performance
<ul style="list-style-type: none"> Annual Report ESG Report Customer Satisfaction Stakeholder Survey 	Annual	Information Security and Personal Data Protection <ul style="list-style-type: none"> The Bank's official website features an information security section that discloses policies related to cybersecurity and operational continuity, management structures, incident response procedures, allocated resources, and security reminders for customers. Each year, the Bank commissions an audit by an accounting firm to review the personal data protection mechanisms of the previous year. The Bank has established incident reporting and handling procedures, conducts regular training and self-assessment exercises, and requires third-party suppliers to maintain the confidentiality and security of customer data.
<ul style="list-style-type: none"> Treat Customers Fairly Facilitating Committee 	Quarterly	Financial Inclusion, Customer Rights and Interests Protection <ul style="list-style-type: none"> The Bank has implemented an evaluation mechanism and process to ensure the suitability of insurance products for elderly customers and trained financial planning consultants for elderly and family trust planning consultants. The Bank has held a total of 145 seminars on care trusts in 2023.
<ul style="list-style-type: none"> CHB bimonthly magazine 	Every 2 months	<ul style="list-style-type: none"> The Bank's official website, friendly zone on the online banking platform, and online ATM are all with friendly services adopted in line with the Web Content Accessibility Guidelines 2.0 at the AA level. The CHB Mobile App has also been refined in line with the Directions for Mobile App Accessibility Validation, so that people with disabilities can enjoy a more complete financial transaction environment. The Bank has established physically friendly branch, equipped with new, user-friendly ATMs, and has set 245 ATMs compatible with the visually impaired. Donate micro-insurance premiums to disadvantaged groups in the total amount of premiums of NT\$1,779,873 with 7,138 people benefited in 2023. Awarded first place in the Promotion Microinsurance - Insurance Auxiliary Personnel Group by FSC.
<ul style="list-style-type: none"> Official Website of the Bank Official Documents Correspondence Customer Service Hotline, Complaint Channels Business Unit Contact Our Official Social Media (Facebook, Youtube, Line and Instagram) Financial Ombudsman Institution, R.O.C Business Seminars, Lectures, Internet Banking And Mobile Internet Banking App Product Service Notifications, Announcements, Statements 	Regular Irregular Timely	Innovation of Digital Finance <ul style="list-style-type: none"> Developed 40 applications for Taiwan Pay at night markets / markets / business districts; provide digital deposit and one-stop credit application services; promote the "smart payment service" in the traditional meat markets to promote industry transformation. Responsible Finance <ul style="list-style-type: none"> Provide Green Deposit, Sustainability Linked Loan, the Solar Photovoltaic Equipment Installation Project Loan, Green power and renewable energy industry loan, climate-related or green-related trust, and sustainable insurance products.



Employees

Topics

• Business Performance and Profitability • Occupational Safety and Health • Employee Cultivation and Development • Human Rights, Diversity, and Equality

Channels	Frequency	Responds and Performance
• Health examination	Every 2 years	Business Performance and Profitability <ul style="list-style-type: none"> Selected as a constituent stock of the Taiwan High Compensation 100 Index for 10 consecutive years, showing recognition for a number of quantitative criteria, including "average salary," "net profit," "net asset value per share," and "total compensation".
• Occupational Safety and Health Training • Human Rights Due Diligence • Employee proposal • Campus Recruitment Fair • Summer work study	Annual	Occupational Safety and Health <ul style="list-style-type: none"> Establish a "near misses" notification mechanism to identify potential risks and impacts on health in the workplace. Set up internal professional occupational health management specialists and nurses; provide employee psychological counseling services with external psychological center counseling. Segmented and comprehensive employee health care <ol style="list-style-type: none"> Conduct employee health checks which is superior to the frequency prescribed by law and increase the budget for each employee. Strengthening measures to manage health risks in the financial industry, such as providing digital courses on office-acquired diseases and workplace relations to teach colleagues how to improve their health conditions and enhance their communication skills, with a view to reducing the occurrence of health risks and incidents of unlawful abuse. Held 2023 CPR+AED first aid practical competition to encourage employees and their families to learn and practice first aid skills, and donate NT\$200,000 to the "South-Link Medical Foundation" to care for disadvantaged groups in rural areas.
• Labor-Management Meetings • Employee Welfare Committee • the Occupational Safety and Health Committee	Quarterly	<ul style="list-style-type: none"> Obtained the certification of ISO 45001 for consecutive years and awarded 2023 National Occupational Safety and Health Award - Special Award for Labor Health by Ministry of Labor. Increased childbirth allowances from September 27, 2023 and subsidize employees with NT\$50,000, NT\$80,000, and NT\$360,000 for first three newborn and above respectively.
• Occupational Safety Management and Health Consulting • Employee Complaint Channels • Employee Opinion Exchange Hotline and Mailbox • Personnel Review Committee • Education Training • Sports Committee • Club Activities • Business Unit Morning Meeting • Events and Lectures • Corporate Volunteer	Regular Irregular Timely	Employee Cultivation and Development <ul style="list-style-type: none"> Provide online English courses, Commonwealth Leader Campus digital courses, online live webinars and online learning platform; offer a group discount for the TOEIC to encourage employees to obtain certification on English-communication. Human Rights, Diversity, and Equality <ul style="list-style-type: none"> In 2023, 7 campus recruitment fairs and 1 career briefing were held; the Bank provided 35 young people from economically disadvantaged families with summer work-study opportunities.



Investors

Topics

• Business Performance and Profitability • Corporate Governance • Risk Management and Audit • Responsible Finance

Channels	Frequency	Responds and Performance
<ul style="list-style-type: none"> Annual Report in Chinese and English ESG Report in Chinese and English Stewardship report in Chinese and English Shareholders' Meeting 	Annual	Business Performance and Profitability, Corporate Governance <ul style="list-style-type: none"> The ROE in 2023 has shown growth compared to the same period last year. Published the credit ratings of the Bank assessed by credit rating companies such as Taiwan Ratings, S&P and Moody's. Selected as a constituent stock of the FTSE4Good TIP Taiwan ESG Index, FTSE4Good Emerging Index for consecutive years and selected as a constituent stock of TIP Customized Taiwan Smart Factor 50 Index (from October 20, 2022 to July 18, 2023).
<ul style="list-style-type: none"> Investor Conference Accountant checking financial report 	Quarterly	<ul style="list-style-type: none"> Adopted video conferencing as a supplementary method to conduct the annual shareholders' meeting and provided meeting information in Chinese and English. 4 online Investor Conferences have been held, and the video files are simultaneously released on the website for investors to browse. Published ESG Report and ESG Summary in Chinese and English.
<ul style="list-style-type: none"> Market Observation Post System Official Website of the Bank in Chinese and English Material Information Investor Communication Channels (information in dedicated unit and point, dedicated area, online message) Domestic and Foreign Evaluation, Evaluation, Credit Rating Participation in National and International Initiatives Investor Two-way Meeting 	Regular Irregular Timely	Risk Management and Audit, Responsible Finance <ul style="list-style-type: none"> 55 Material Information in Chinese and English have been released in 2023 to Keep the stakeholders informed of the Bank's major changes or operational information in a timely manner. Sign up to the TCFD supporter, the Equator Principles and the SBTi. The TCFD framework of the Bank has consecutively passed the third-party verification and has been awarded the highest level of certification. Sign up to the statement of compliance with the "Stewardship Principles for Institutional Investors", and released an annual stewardship report on the disclosure area. Participate in CDP Questionnaire, the evaluation of DJSI and Selection of companies with better institutional investor stewardship disclosure.





Media /Financial industry peers

Topics | • Business Performance and Profitability • Corporate Governance and Business Integrity

Channels	Frequency	Responds and Performance
<ul style="list-style-type: none"> Shareholders' Meeting Annual Report ESG Repoart 	Annual	Business Performance and Profitability <ul style="list-style-type: none"> Released 85 press releases in 2023, including financial performance, awards and activities.
	Quarterly	Corporate Governance and Business Integrity <ul style="list-style-type: none"> We organize online corporate briefings on a quarterly basis and invite media participation. Hold press conferences at specific events quickly convey correct information to the public, such as the establishment of the Bank's archery team or other events. Actively accept media invitations to provide operational data, participate in interviews, and attend events and evaluations organized by media outlets. This includes participating in evaluations by Asian Banking & Finance magazine, Excellence Magazine, and serving as a panelist in forums such as the "Net Zero Emission New Era" in Contemporary Law Journal. These activities help showcase the Bank's business philosophy and achievements. Publicly disclose various reports for external reference. This ensures the media has accurate information sources for compiling reports, thereby increasing the Bank's visibility.
<ul style="list-style-type: none"> Investor Conference Observation Post System Press Releases of the Bank Spokesperson and Public Relations Department of the Bank Press Briefings, Media Interviews, invitations and Evaluations 	Regular Irregular Timely	



Suppliers

Topics | • Supplier Management

Channels	Frequency	Responds and Performance
<ul style="list-style-type: none"> Purchasing Meeting Supplier Meeting Supplier Social Responsibility Commitment Supplier Visit or Check Supplier Self-Assessment Supplier Contact Point of the Bank 	Regular Irregular Timely	Supplier Management <ul style="list-style-type: none"> In 2023, all new suppliers signed the Supplier Social Responsibility Commitment and Self-Assessment form, achieving a signing rate of 100%. Control information and communication systems and services-related suppliers according to the Bank's "Supplier Risk Management Guidelines". Participated in the Joint Suppliers Conference for State-Owned Financial Institutions. 2023 green procurement amount reached NT\$85.34 million



Communities and NPO/ NGO

Topics

- Influence on Public Interest
- Energy and Resource Management
- Safeguarding Customer Rights and Interests
- Financial Inclusion
- Greenhouse Gas Reduction and Management

Channels	Frequency	Responds and Performance
<ul style="list-style-type: none"> • Environmental Action • Charity • Community Care • Art Performances, Academic Lectures • Corporate Volunteering • Sports Event • Emergency Assistance • Projects with NPO/NGO 	Regular Irregular Timely	Influence on Public Interest <ul style="list-style-type: none"> • Collaborate with universities on internship programs to provide students with financial experience and specialty. • Donate to the Chinese Taipei Archery Association and participate in the 5-year plan of the 2023 Chinese Enterprise League to promote archery; The Bank's Archery Team continues to participate in competitions and held an "Archery Carnival", inviting employees and their families and children from orphanage. • Sponsor sports events and athlete training program to develop sports potential. • Partner with the Huashan Social Welfare Foundation to hold activities for elder caring; awarded the Silver Award for "the SDG10 Chang Hwa Bank Happy Family Public Welfare Action Plan by 2023 3rd Taiwan Sustainability Action Award (TSAA) • Sponsor important celebration events, readings, music and other arts and culture activities. • We have purchased custard apples, golden diamond pineapple, Irwin mango, and wen dan pomelo for 3,630 boxes in 2023 to support the sustainable development of local agriculture. • Donating to the Ministry of Health and Welfare disaster relief fund to assist earthquake victims in Turkey in overcoming difficulties.
		Energy and Resource Management <ul style="list-style-type: none"> • The Bank has formulated an environmental resource and energy use management policy to incorporate energy and water into management, and pass ISO certification related to environment, energy or water efficiency management.
		Financial Inclusion, Safeguarding Customer Rights and Interests <ul style="list-style-type: none"> • Hold financial literacy education activities for disadvantaged groups, including the elderly, residents in rural areas, children and youth. • In line with the Ministry of Finance's four-year plan to promote gender equality, the Bank produced the "Implementing Gender Equality: CHB Supports Female Economy" video in 2023. • Participated in the "Cares Expo Taipei 2023", alongside long-term care matching platform providers. Partnered with the Ten-Chen Medical Group and the Golden Age Long-Term Care Center to organize the "Love in Chongyang, Vitality Forever" event, promoting trust concepts to elders and combining trust mechanisms to ensure the financial security of the elderly.
		Greenhouse Gas Reduction and Management <ul style="list-style-type: none"> • Sponsored the "Net Zero Emission New Era" forum organized by Contemporary Law Journal and the Senior executives of the Bank participated as a panelist to give the corporate perspective on Change Response Act and climate governance responsibility. • Sponsored the "2023 Taiwan-Japan Technology Dialogue: International Cooperation in New Energy and Mobility Technology" Forum organized by the Taiwan Japan Academy. Sponsored the Taiwan Institute for Sustainable Energy's third "Taiwan Sustainable Investment Forum" (TWSIF) event. • Support Earth Hour Taiwan energy saving activity.

Management and Target of Major Topics

The results of the identification of material topic of the Bank were summarized and reported to the Board of Directors for review as the key direction of annual policy implementation. The relevant business management units will refine management and target setting and adhere to the risk management policy and the principle of three-line defense to integrate into overall enterprise risk management (ERM) and implement the daily management of relevant units. The Sustainable Development Committee shall regularly track and monitor progress and introduce internal and external audit mechanisms to manage the potential impact of material topics where necessary.

Unit: NT\$

Material Topic	Management Guidelines and Action Plans (corresponding chapters)	KPIs	Target Implementation ✓ Achieved	Short-Term Target (2024-2026)	Mid- and Long-Term Target (2027-2030)
1 Business Performance and Profitability	1.2 Business Performance and Tax Governance	Financial and tax governance-related information is disclosed periodically in accordance with legal requirements.	✓ Publicly discloses financial information on a monthly or quarterly basis by law in 2023.	Financial and tax governance-related information is disclosed periodically in accordance with legal requirements.	The Bank periodically reviews and revises financial and tax-related compliance mechanisms as necessary.
2 Corporate Governance	2.1 Corporate Governance	Internal/external performance evaluation of Directors/ the Board of Directors and functional committees is conducted.	✓ The overall evaluation results of the Bank's 2023 board of directors and functional committees were all "exceeding the standard".	Internal/external performance evaluation of Directors/ the Board of Directors and functional committees is conducted.	Continue to conduct the internal performance evaluation of the Board of Directors annually while external performance evaluation is conducted every three years. Based on the evaluation results and recommendations, improvements and enhancements are made to further enhance performance.
		Improving of corporate governance performance	✓ Awarded the top 5% of TWSE-Listed Companies of the 10th Corporate Governance Evaluation.	Improving of corporate governance performance, such as participating in corporate governance evaluation, etc.	Improving of corporate governance performance, such as participating in evaluation and achieving good ratings.
3 Green Finance and Products	3.6 Green Transition	Year-end balance of Green Finance and Products	✓ The loan balance for the green power and renewable energy industry at the end of 2023 is NT\$158,709 million, which has grown by 22% compared to the end of 2023.	The loan balance for the green power and renewable energy industry at the end of 2024 has grown by 5% compared to the end of 2023.	The loan balance for the green power and renewable energy industry at the end of 2028 has grown by 7% compared to the end of 2024.
			✓ The loan balance for the green building at the end of 2023 is NT\$4,486 million.	The loan balance for the green building at the end of 2024 has increased NT\$2,000 million compared to the end of 2023.	The volume of Green Building Loans with a Silver-level EEWH Labels or above increase by NT\$1,500-2,000 million per year.
	3.4 Responsible Investment	Issue sustainable development bonds	✓ The issuance of 1st senior unsecured financial debentures (Sustainability Bond) has been completed with a period of 5 years and a total amount of NT\$1 billion.	The issuance of 1st senior unsecured financial debentures (Social Responsibility Bond) has been completed.	Evaluate the issuance of Sustainability bonds based on the circumstances.
4 Innovation of Digital Finance	3.3 Digital Innovation Services	Operation Volume	✓ The average balance of online loans increased by 515.65% compared with 2022.	The average balance of online loans increases by 525% compared with 2022.	Continuously optimize digital finance services to improve operation volume, digital innovation and customer satisfaction on digital experience.
		Innovation achievements	✓ Obtained 272 financial patents by the end of 2023.	Continue to increase/maintain the patents.	

Material Topic	Management Guidelines and Action Plans (corresponding chapters)	KPIs	Target Implementation ✔ Achieved	Short-Term Target (2024-2026)	Mid- and Long-Term Target (2027-2030)	
5	Financial Inclusion	3.2 Financial Inclusion	Products compatible with the needs of vulnerable or special groups.	As of the end of 2023, the Bank provided loans to 11,894 youth and micro-enterprises, an increase of 1,536 households compared to the end of 2022.	As of the end of 2024, loans to youth and micro-enterprises the Bank provided increase of 1,000 households compared to the end of 2023.	As of the end of 2028, loans to youth and micro-enterprises the Bank provided increase of 3,500 households compared to the end of 2024.
				The "Youth First-Time Homebuyer Loan" increase a new commitment of NT\$25.049 billion in 2023.	The "Youth First-Time Homebuyer Loan" increase a new commitment of NT\$4.2 billion in 2024.	1. The "Youth First-Time Homebuyer Loan" is subject to the government's subsidization policy, with a new commitment of NT\$30 billion per year. 2. The Bank either develops independently or collaborates with government policies to offer at least one diversified inclusive financial product.
		Number of bilingual amount	Completed the establishment of 85 bilingual branches.	Increase to 100 bilingual branches.	Completed the bilingualization of all 185 branches.	
6	Employee Cultivation and Development	5.3 Employee Cultivation and Development	The percentage of employees obtaining foreign language certifications	26.64% - The percentage of employees obtaining foreign language certifications in 2023 is 26.64%.	27% of employees obtained foreign language certifications.	33% of employees obtained foreign language certifications.
7	Supplier Management	4.7 Supplier Management	Percentage of suppliers signing the "Supplier Social Responsibility Commitment" for procurement cases above a certain amount.	100% of 48 suppliers in 2023 signing the "Supplier Social Responsibility Commitment" for procurement cases above NT\$800,000.	100% of suppliers signing the "Supplier Social Responsibility Commitment" for procurement cases above NT\$800,000.	100% of suppliers signing the "Supplier Social Responsibility Commitment" for procurement cases above NT\$700,000.
8	Greenhouse Gas Reduction and Management	4.3 Greenhouse gas reduction and management	Total greenhouse gas emissions (scope 1 and scope 2) reduction effectiveness	Reduction of greenhouse gas emissions by 16.97% in 2023 compared to 2020. Annual average reduction of greenhouse gas emissions by 5.66%.	Annual average reduction of greenhouse gas emissions by 4.2%.	Reduction of greenhouse gas emissions by 42% in 2030 compared to 2020.
9	Energy and Resource Management	4.5 Green Office	Energy-saving effectiveness	Electricity consumption decreased by 13.22% in 2023 compared to 2020.	Electricity consumption decreased by 13.5% in 2024 compared to 2020.	Electricity consumption decreased by 16.2% in 2030 compared to 2020.
			Renewable energy utilization rate	The renewable energy utilization rate reached 1.28% in 2023.	The renewable energy utilization rate reached 3% in 2024.	The renewable energy utilization rate reached 10% in 2030.
10	Information Security and Personal Information Protection	2.6 Information Security and Personal Information Protection	Acquisition of international certifications in information security.	Complete ISO 27001 Information Security Management System upgrade assurance in 2023.	Obtain the validity of the certification through annual reviews.	Obtain the validity of the certification through annual reviews and complete the upgrade.
			Handle ad-hoc audit of the personal information protection mechanism	In 2023, the Bank appointed an accountant to handle ad-hoc audit of the personal information protection mechanism. 17 units is audited and the verification result is that no major abnormalities have been found.	Commission the professional accounting firm to handle ad-hoc audit of the personal information protection mechanism regularly.	At least 15 units will be audited per year.

Material Topic	Management Guidelines and Action Plans (corresponding chapters)	KPIs	Target Implementation ✓ Achieved	Short-Term Target (2024-2026)	Mid- and Long-Term Target (2027-2030)
11 Legal Compliance	2.3 Legal Compliance	Conducting legal compliance education and training.	✓ In the first and second half of 2023, respectively, with 95.96% and 96.09% of the employees participating, respectively.	Regularly or intermittently conduct training for all levels of our Bank's staff on legal compliance systems, significant legal announcements by regulatory authorities, inspection deficiencies, major penalties within the financial industry, and specific cases of deficiencies.	Continuously strengthening legal compliance education and training for all employees through the use of specific case examples and regulatory guidelines.
12 Risk Management and Audit	2.5 Risk Management and Audit	Continue to improve the performance of existing personal credit rating and corporate credit rating models.	✓ Continuously enhancing the performance of existing individual credit scoring and corporate credit rating models.	Continuously maintaining and monitoring the performance of existing individual credit scoring and corporate credit rating models through scientific quantitative methods to enhance credit risk management capabilities and strengthen the resilience of the Bank.	Optimizing the corporate credit rating system to enhance the effectiveness of credit risk management.
		Status of digital transformation in auditing	✓ Optimized the existing internal audit automation platform and established a digitalized internal audit mechanism plan.	Expand the risk-based internal audit system, utilizing risk-based audit question banks and work paper management to build a risk-based digital audit mechanism.	Continuously deepening computer-assisted auditing techniques and internal audit digital transformation to enhance audit methodologies and tools.
	4.1 Climate Risks and Opportunities	Strengthening climate change risk management mechanisms	✓ The Bank quarterly disclose climate-related risk profiles through risk management reports and report to the Risk Management Committee and the Board of Directors.	Implementing climate risk models to conduct physical risk analysis on real estate assets, in order to accurately assess the potential losses caused by physical risks associated with climate change.	Develop a management mechanism for high climate risks to reach a balance between climate change and the environment, promote net-zero transformation, and manage assets and clients with high climate risks.
13 Safeguarding Customer Rights and Interests	3.1 Customer Rights and Interests	Online banking customer satisfaction survey	✓ "Corporate Internet Banking and Corporate Mobile Network App" received 88.07% satisfactory or above evaluations; "Personal Internet Banking and Chang Hwa Bank Mobile Network APP" received 87.96% satisfactory or above evaluations.	Conducting satisfaction surveys for corporate and individual online banking customers, and regularly reviewing and revising the survey content as necessary.	Continuously conducting annual customer satisfaction surveys for corporate and individual online banking customers. Gathering valuable feedback from survey participants to enhance the Bank's online banking services effectively.
		Implementing an assessment of the implementation of the "Principle to Treat Clients Fairly" in the financial services industry.	✓ Ranked as the 26%- 50% of banks in evaluation of "Principle to Treat Clients Fairly" in 2023.	Ranked as the top 25% of banks in evaluation of "Principle to Treat Clients Fairly".	Continuing to conduct annual assessment of the implementation of the "Principle to Treat Clients Fairly" in the financial services industry and reporting the results to the Board of Directors. Additionally, continuously improving and enhancing relevant measures based on the assessment findings.

Material Topic	Management Guidelines and Action Plans (corresponding chapters)	KPIs	Target Implementation ✓ Achieved	Short-Term Target (2024-2026)	Mid- and Long-Term Target (2027-2030)
14 Responsible Finance	3.4 Responsible Investment	Percentage of attendance at shareholder meetings of listed companies in which investments are made.	✓ Participate 86 times in shareholders' meeting of investee company (including extraordinary meeting), the attendance rate is 100%.	The attendance rate \geq 90%.	The attendance rate \geq 90%.
		The proportion of equity investments in ESG-compliant sustainable indicators (e.g., inclusion in DJSI, Taiwan Sustainable Index constituents, etc.).	✓ The proportion of equity investments in ESG-compliant sustainable indicators is 77.07% in 2023.	The proportion of equity investments in ESG-compliant sustainable indicators is \geq 70%.	The proportion of equity investments in ESG-compliant sustainable indicators is \geq 70%.
		The cumulative investment amount in the green industry such as Climate, environmental protection, energy saving, carbon reduction.	✓ The cumulative investment amount in the green industry reached NT\$13.873 billion by 2023.	The cumulative investment amount in the green industry reached NT\$14.5 billion.	The cumulative investment amount in the green industry reached NT\$16 billion.
	3.5 Responsible Financing	Completed engagements with credit customers at high climate risk or high carbon-emission enterprises, guiding clients towards sustainability and carbon reduction transformation.	△* Newly established targets have just commenced execution; additionally, 99 cases involving Sustainability Linked Loan and engagements were completed in 2023.	Completed engagements with 30% credit customers at high climate risk or high carbon-emission enterprises.	Completed engagements with 50% credit customers at high climate risk or high carbon-emission enterprises.
15 Human Rights Protection, Diversity and Equality	5.1 Human Rights Protection, Diversity and Equality	Human rights education and training	✓ The Bank has implemented education and training related to policies or procedures of human rights. The average training time per employee is 0.5 hours, and the percentage of trained employees is 100%.	Conduct human rights policy advocacy and training courses for supervisors and employees on a regular basis every year.	Regularly organizing educational training sessions and periodically planning relevant courses and training programs based on amendments to labor laws or policy-related topics.
16 Occupational Safety and Health	5.4 Occupational Safety and Health	Number of major industrial accidents or occupational accidents.	✓ In 2023, there were a total of 5 occupational accidents.	Less than 3 occupational accidents.	0 occupational accidents.

Note: This is a newly established indicator target. Since there is no relevant data to track the 2023 target execution, it is marked as "△", indicating that it is not an unmet target.

Metric Used to Determine the Compensation

Through the annual performance evaluation of the Board of Directors, the operational efficiency of the Board of Directors is strengthened and used as the basis for evaluating the remuneration of directors. The evaluation indicators include internal control and action in respect to sustainability management; in addition, the evaluation of projects related to sustainable work is included in the performance evaluation of senior executives to strengthen the effectiveness of internal control of material topics and directly affect its performance bonus.

Material Topics	Assessment Object	Performance Metric	Weight
Green Finance and Products	Executive Vice President	Develop or offer at least 5 green financial products or services to implement the ESG spirit and respond to climate change in a timely manner.	20%
	SVP & Division Head of Strategic Management Division		25%
Information Security and Personal Information Protection	Executive Vice President (and the Chief Information Security Officer)	Continuously maintaining and enhancing the validity of the ISO 27001, ISO 22301 and BS 10012 certification which related to Information Security and Personal Information Protection.	25%
	SVP & Division Head of the Information Security Division		20%
Greenhouse Gas Reduction and Management	Executive Vice President	Obtain sustainable environment or climate change-related standard certificates; environment-related indicators reduced carbon emissions by more than 1% compared with the base year 2020.	10%
	SVP & Division Head of the General Affairs Division		15%

Principle for Responsible Banking

Principle 1

Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the SDGs, the Paris Climate Agreement and relevant national and regional frameworks.

Principle 2

Impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

Climate Change Mitigation

Impact Analysis

According to the methodology published by the Partnership for Carbon Accounting Financials (PCAF), the Bank calculates the carbon emissions of its investment and financing portfolio. "Business loans" account for the largest amount of Scope 3 Investment and Financing, and also account for the largest proportion of Scope 3 Investment and Financing Financial Carbon Emissions(69.31%). Therefore, the Bank's financial influence focuses on corporate financing business.

Target Setting

In 2022, the Bank signed up for the SBTi, and set short, medium, and long-term reduction targets, aiming to achieve net zero emissions by 2050: Commit to reduce absolute scope 1 and 2 GHG emissions by an average of 4.2% annually, with the mid-term target of 42% reduction compared to the base year (2020), and control the increase in carbon emissions of investment and financing portfolios to less than 2° C.

For Scope 1 and 2 greenhouse gas emissions, the Bank will continue to meet its annual short-term targets through energy conservation and carbon reduction measures. These measures include replacing energy-intensive lighting and air conditioning systems, and improving energy efficiency. Additionally, the Bank plans to establish separate carbon reduction targets for its Scope 3 investment and financing portfolio. This portfolio encompasses power project financing, commercial real estate, commercial loans, and investments in listed stocks and bonds. One objective is to promote green-related businesses for low-carbon transition. This includes setting investment targets of NT\$14.5 billion for green industries in 2025 and NT\$16 billion in 2030, with investment amounts increasing annually. For more details, please refer to the Bank's 2023 TCFD Report-Chapter 4 Climate Metrics and Targets.

Target Implementation and Monitoring

In 2023, the Category 1 and Category 2 GHG emissions of the Bank reduced by 16.97% compared to the base year, reaching the Bank's short-term target of carbon reduction (12.6%). (For more details, please refer to 4.3.2) Scope 3, due to its recent goal-setting process, is currently in the planning phase for implementation. The achievement of short, medium, and long-term goals will be reviewed annually. (please refer to 4.1)The investment amount in the green industry reached NT\$13.873 billion from 2019 to 2023. (The target completion rate in 2025 is set at 95.6%, and the rate in 2030 is set at 86%) For other green-related business improvements, please refer to Chapter 3.6.

Impact Analysis

According to the Ministry of Health and Welfare's public service statistics, as of the end of 2023, there were approximately 1.2 million individuals with disabilities in Taiwan, representing 5.19% of the total population. The top three disability categories are "Mental Functions & Structures of the Nervous System," "Neuromusculoskeletal and Movement related Functions & Structures," and "Sensory Functions & Pain; The Eye, Ear and Related Structures." The Bank has over 200 business operations worldwide, including 185 domestic branches. We maintain strong relationships with individual and corporate clients, striving to creating an inclusive financial environment where everyone has equal access to financial resources and opportunities. In addition to offering barrier-free account opening options, we have installed accessibility facilities in all branches across Taiwan, widely deployed accessible ATMs (including models designed for visually impaired customers), and provided discounted transfer fees for individuals with disabilities. We have also proactively installed ATMs in some remote areas to enhance access to financial services. Furthermore, we are actively transforming our domestic branches into bilingual branches, enabling foreign clients to overcome language barriers and obtain timely and convenient financial services.

In 2023, Taiwan's young and middle-aged population (ages 15-44) comprised approximately 56% of the total population. The overall socioeconomic structure shows aging population, declining birth rates, and increasing dependency ratio year by year. Additionally, the average debt held by Taiwanese citizens has shown an upward trend. In light of this, the Bank is committed to developing a diverse range of financial products to meet the financial needs of individuals across different age groups. These include loans for young entrepreneurship and micro-enterprises (including seniors, women, and people with disabilities), trust funds for disability and elderly care, and special home purchase loans for young adults. Additionally, we assist heavily indebted clients through debt negotiation to alleviate their financial burdens, promoting social stability.

Target Setting

Alignment: To contribute to SDG1 "No Poverty", SDG3 "Good Health and Well-Being", and SDG8 "Decent Work and Economic Growth" by implementing the Bank's vision and commitment of "Financial Inclusion".

The Bank sets indicators and targets for financial health, inclusive services and product respectively.

1. Proactively engage in debt negotiation with clients holding non-performing loans, assisting them in resolving their financial difficulties, with a target success rate for these negotiations of 70% or higher.
2. Continuously increase the number of ATMs for visually impaired and bilingual branches to make services accessible and increase the scope and probability of accessing financial services. Set the target to increase to 100 bilingual branches by 2024.
3. Focus on the improvement of loans for youth and micro-enterprises (including the elderly, women, and people with disabilities). The target is to increase the number of loans for youth and micro-enterprises accounts by 1,000 by the end of 2024 compared with the end of 2023.

Target Implementation and Monitoring

Debt Negotiations with Individual Debtors

	Application Accepted	Completed	Debt Negotiations Established	Success Rate
2023	398	294	220	74.83%
2022	367	302	241	79.8%

Promotion of ATMs for the Visually Impaired and Bilingual Branches

Annual performance	ATMs for the Visually Impaired			Bilingual Branches	
	Number of ATMs for the Visually Impaired	Total Number of ATMs	Proportion	Number	Proportion*
2023	245	639	38.3%	85	45.9%
2022	120	637	18.8%	80	43.2%
2021	11	640	1.7%	53	28.6%

Note: The proportion is calculated by dividing the number of branches with bilingual service by the total number of domestic branches (185 branches) at the end of 2023.

Loans for youth and micro-enterprises (including the elderly, women, and people with disabilities)*

Annual performance	Number of Account	Loan Balance (NT\$ Million)
2023	11,894	7,755
2022	10,358	7,702
2021	6,611	5,307

Note: Loans for youth and micro-enterprises include "Micro-Business Startup Phoenix Program" and "Loans for Startup Funding for Young Entrepreneurs".

Principle 3

Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

The Bank formulated "Chang Hwa Commercial Bank Sustainable Finance Policy" and should engage with investment and financing subjects in order of priority to discuss on climate change and sustainable development through various communication channels and methods. These methods include (but are not limited to) providing sustainable-related information, hosting seminars, regular correspondence (such as phone calls, letters, emails), distributing surveys, convening/participating in meetings, exercising shareholders rights, or sustainable investment and financing. Collaborative engagement with other entities or pooling resources can also promote the subjects a shift towards sustainable development.

Investment

The bank has formulated the "Chang Hwa Bank Stewardship Principles", incorporated ESG issues into the investment evaluation process and actively interact with invested companies to understand and participate in their sustainable development and fulfill the responsibilities for stewardship. (Please refer to 3.4)

➔ In 2023, we engaged ESG-related issues with invested companies 51 times in total through online meetings, letters or emails, and participated in a total of 86 shareholder's meetings of invested companies, with an attendance rate of 100%. Pay attention to the overall ESG performance of the invested company through voting rights.

Financing

The Bank conducts prior review (containing ESG factors) of credit application, and timely recommends "green enterprise project loans" and "sustainable performance-linked credit extensions" to encourage and guide corporate customers to strengthen ESG. (For details, please refer to 3.5 Due Diligence and Credit Granting)

➔ In 2023, the Bank has Review 246 corporate credit application cases involved in ESG risks, of which 233 were granted conditional approvals (94.7%) and 13 cases were not approved (5.3%).

➔ December 2023, the Bank has a total of 99 credit related engagement cases. Engagement revolved mainly around environmental issues such as carbon reduction and energy management.

The Bank actively engages with customers through the development and promotion of sustainable financial products and services, including sustainable financing, sustainable development bonds, digital finance, wealth management and insurance product and services, and works with customers to create sustainable business opportunities and sustainable influence.

Investment

The Bank gradually issued Sustainability bonds and has planned sustainable development bonds and Social development bond which funds are mainly used for green investment and social benefit investment plans. (Please refer to 3.4 for details)

Financing

Launch green-related loan projects, including renewable energy, clean transportation, green buildings, etc., and provide Sustainability Linked Loans. (Refer to 3.6.1 for details)

Other
Services

Provide digital deposits, green deposits, and sell sustainable wealth management and insurance products as an agent. (Refer to 3.6.1 for details)



Principle 4

Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

The Bank ceaselessly maintains good communication with stakeholders; manage the Bank's material topics through four processes "Identifying Stakeholders", "Collecting Topics", "Analyzing the Material of Topics", and "Response and Management of Material Topics". In 2023, the results of stakeholder identification were divided into seven categories of competent authorities, customers, employees, investors, media, suppliers, community and non-profit organizations (NPOs)/non-governmental organizations (NGOs). For topics stakeholders concerned, communication channels and frequency and responses, please refer to the chapter "Mechanism of Sustainable Development" of this Report.

Enhancing communication with stakeholders on the highly impactful topics of "Climate Change" and "Financial Health and Inclusive Finance," proactively identify and develop action plans that meet stakeholder needs. We assess the effectiveness of these plans through communication and continuously improve them.

Climate Change Mitigation

Stakeholder	Channels	Action and Communication
Competent Authorities	National policy and official documents	<ul style="list-style-type: none"> Participating in helping to complete the "Practical Manual on Climate Risk Management for Domestic Banks", and "Practical Manual on Financial Carbon Emissions (Scope 3) for Domestic Banking Industry Investment and Loan Portfolios" to assist in promoting sustainable development through industry experience.
Customers	Products and services	<ul style="list-style-type: none"> Provide green deposits, Sustainability Linked Loans, climate change and green-related loans, sustainable insurance and trust.
Investors	Participate in initiatives or evaluations	<ul style="list-style-type: none"> Sign up to the TCFD supporter, the Equator Principles and the SBTi. The TCFD framework of the Bank has consecutively passed the third-party verification and has been awarded the highest level of certification. Released TCFD report and annual stewardship report. Participate in CDP Questionnaire, the evaluation of DJSI and Selection of companies with better institutional investor stewardship disclosure.
Suppliers	Supplier management	<ul style="list-style-type: none"> 2023 green procurement amount reached NT\$85.34 million
Communities and NPO/ NGO	Charitable activity	<ul style="list-style-type: none"> Sponsored the "Net Zero Emission New Era" forum organized and participated as a panelist to give the corporate perspective on Change Response Act and climate governance responsibility. Sponsored the "2023 Taiwan-Japan Technology Dialogue: International Cooperation in New Energy and Mobility Technology" Forum and the "Taiwan Sustainable Investment Forum". Support Earth Hour Taiwan energy saving activity.

Financial Health and Inclusion

Stakeholder	Channels	Action and Communication
Customers	Customer Service Hotline, Complaint Channels	<ul style="list-style-type: none"> Bank has implemented an evaluation mechanism and process to ensure the suitability of insurance products for elderly customers. The Bank has held a total of 145 seminars on care trusts in 2023.
	Products and Services	<ul style="list-style-type: none"> The Bank's official website, friendly zone on the online banking platform, online ATM, and Mobile App are all in line with the Web Content Accessibility Guidelines, so that people with disabilities can enjoy a more complete financial transaction environment.
Communities and NPO/ NGO	Charitable activity	<ul style="list-style-type: none"> Hold financial literacy education activities for disadvantaged groups, including the elderly, residents in rural areas, children and youth. The Bank produced the "Implementing Gender Equality: CHB Supports Female Economy" video in 2023. Participated in the "Cares Expo Taipei 2023", alongside long-term care matching platform providers. Partnered with the long-term care corporations to organize the respect for the aged event, promoting trust concepts to elders and combining trust mechanisms to ensure the financial security of the elderly.
Competent Authorities	Policy promotion	<ul style="list-style-type: none"> Provide Post-Pandemic Recovery Project Loan, Trust 2.0 "Comprehensive Trust", and "Youth Assured First-Time Homebuyer Loan" in Line with the Government's Policies to assist in the promotion of inclusive finance.

Principle 5

Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

Governance Structure for Implementation of the Principles

The Bank has established the following governance structure to ensure the implementation and effectiveness of the RPB.

The Sustainable
Development
Committee
(SDC)

The SDC was established under the Board of Directors and composed of the chairperson, three independent directors and President, responsible for promoting the value of sustainable development and business integrity into policies to shape corporate culture with sustainability and responsible banking.

ESG
Task Force

The SDC features inter-departmental ESG Task Force to allocate and implement sustainable work and the goals based on the 5 policy issues based on the Bank's Sustainable Development Policy (Corporate Governance, Responsible Finance, Employee Care, Social Inclusion, and Sustainable Environment).

Promoting a culture of responsible banking

The Bank's sustainable development policy centered around 5 key thematic areas: Corporate Governance, Responsible Finance, Employee Care, Social Inclusion, and Sustainable Environment. These areas encompass all aspects of ESG sustainable development issues. Each year, the Bank identifies and sets major annual sustainability themes and sustainability work plans, which are then submitted to the Board of Directors, to ensure that sustainability trends are integrated into the core of business operations. The Bank also aligns with national policy guidelines and actively engaging with clients to provide products and services that are climate-responsive or that align with inclusive finance, establishing a financial service mechanism with sustainable impact, and collaborating with value chain partners to enhance environmental and social impact. Internally, the Bank maintains a sound system and protects the rights and interests of stakeholders. Through various communication channels and education and training, the Bank deepens the effectiveness of sustainability work execution and enhances the sustainable competitiveness and consensus of human capital, thereby improving corporate resilience and sustainable value.

- **Directors:** Strengthen the Directors' professional functions on sustainable operations and governances through internal and external education and training courses, covering ESG issues such as legal compliance, information security, corporate sustainability, sustainable information disclosure, climate change, fair hospitality, financial friendliness and green finance.
- **Sustainability-related senior managers:** The executive vice presidents who serve as the Corporate Governance Officer and Chief Information Security Officer takes a certain number of hours of relevant professional courses every year to grasp the latest trends in sustainability and to implement and supervise sustainability work.
- **Employees:** The Bank provides ESG foundation digital courses on the internal online learning platform to enable employees to learn sustainable concepts and perspectives regardless of time and place. From time to time, relevant courses such as sustainable finance and sustainable information disclosure are offered according to different business responsibilities and professions.

Policies and due diligence processes

In order to ensure that the PRB are implemented in daily work and business processes, the Bank has formulated "Sustainable Development Best Practice Principles" and "Sustainable Development Policy" with reference to external regulations and its own operational activities, and formulated the following management strategies: "Corporate Governance Best Practice Principles", "Ethical Corporate Management Best Practice Principles", "Climate Risk Management Policy", "CHB Stewardship Principles", "Equator Principles Credit Extension Operating Regulations"(refer to 3.5.2 for details), "CHB Fair Customer Treatment Code"(refer to 3.1.1 for details), etc.

Principle 6

Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

The report primarily adheres to the GRI Standards and the SASB Standards for commercial banks. It also incorporates external standards and expectations from the CDP, the TCFD, the DJSI, and the Sustainable Finance Assessment, supplementing the disclosure information of sustainable development. The Bank also independently publishes a TCFD report and an ESG Summary to meet the information needs of various stakeholders.

The report has been assured/certified by a third-party independent organization against 4 sustainability performance indicators and 2 PRB-selected indicators based on GRI guidelines, SASB Standards for commercial banks, and Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies. For detailed external assurance/certification items, please refer to the Appendix.

Outlook: We will continue to maintain effective communication with stakeholders, identify and assess potential environmental and social impacts arising from our operations, and enhance the quality, usability, and credibility of qualitative and quantitative data. Through performance measurement indicators, we will conduct impact analysis, prioritize and execute sustainable actions, set targets and regularly track and report on progress. We will establish a PDCA cycle for sustainable business practices. Concurrently, we will seek opportunities to collaborate with customers to jointly achieve sustainability goals.

Corporate
Governance
Best Practice
PrinciplesEthical
Corporate
Management
Best Practice
PrinciplesClimate Risk
Management
PolicyCHB
Stewardship
Principles



CHB
彰化銀行

彰化銀行

總行

保管箱出租

中正路
1-123(123-456)

CHB

01

About

1.1 Company Profile

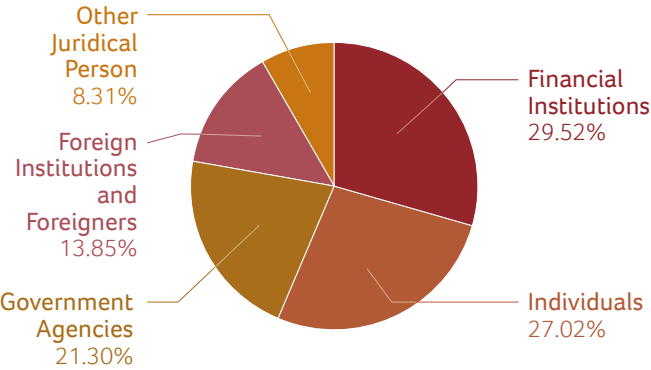
1.2 Business Performance
and Tax Governance

1.1 Company Profile

GRI : 2-1, 2-2, 2-6, 2-28, 201-1

Since Chang Hwa Bank was founded, the Bank has been complying with the local inherited spirit of "Solid Management to Serve the Public". By upholding business philosophy of "Service," "Efficiency," and "Innovation," the Bank has made a long-term commitment to the business innovation, improvement of service quality, and expansion of financial service, in the hope of providing more convenient, more efficient, and more comprehensive financial services for business enterprises and the public.

Composition of Shareholders (As of April 23, 2024)



Chang Hwa Bank's Mascot

Boa



It symbolizes the Bank's proactive, enthusiastic, and professional services to create wealth for customers as a financial institution.

Ginny



It symbolizes out thoughtful and friendly services to create abundant wealth for customers.

Company Name

Chang Hwa Commercial Bank, Ltd.

Addresses of CHB Head Office

Taichung

No. 38, Sec. 2, Ziyou Rd., Central Dist., Taichung City, Taiwan (R.O.C.)

Taipei

No. 57, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City, Taiwan (R.O.C.)

Number of Employees

6,693

Bank's affiliates

Chang Hua Commercial Bank, Ltd, CHB Venture Capital Co., Ltd

Paid-in Capital

NTD 108,582 million

Total Assets

NTD 2,900,874 million

Stock Code

2801

1.1.2 Global Service Locations

Chang Hwa Bank's professional financial services cover major financial centers in Asia, Americas and Europe, with over 200 operating bases worldwide, providing financial services deep into the center of urban life and providing global high-quality financial products and comprehensive financial services. The Bank also set up a wholly-owned subsidiary "Chang Hua Commercial Bank Ltd." in mainland China, with 5 branches (sub-branches), to become a solid backing providing high-quality financial products and comprehensive financial services for Taiwan merchants and overseas Chinese.



Americas	Asia		
<ul style="list-style-type: none"> New York Branch Los Angeles Branch 	<ul style="list-style-type: none"> Taiwan (Head Office) 	<ul style="list-style-type: none"> Tokyo Branch Osaka sub-branch Hong Kong Branch Singapore Branch Manila Branch Yangon Representative Office 	<ul style="list-style-type: none"> Chang Hua Commercial Bank Ltd. (Subsidiaries in Mainland China) Kunshan Branch Kushan Huagiao Subbranch Dongguan Branch Fuzhou Branch Nanjing Branch
<ul style="list-style-type: none"> Europe 	<ul style="list-style-type: none"> 185 branches, OBU, Security Brokers (Taipei, Taichung, Kaohsiung) Chang Hwa Bank Venture Capital Co., Ltd. 		
<ul style="list-style-type: none"> London Branch 			

The Bank re-invested in the establishment of a wholly-owned subsidiary, "Chang Hwa Bank Venture Capital Co., Ltd." (CHB Venture Capital), which invests its capital in small and medium-sized enterprises and start-ups with development potential, and provides entrepreneurship counseling and management consulting services to promote industrial innovation and enhance market value."

1.1.3 Participation in Various Organizations

In order to promote the sound development of the domestic financial industry, the Bank actively participates in various social organizations and holds important positions in some organizations, providing advice on the practical operation and sustainable management of the financial industry in a timely manner, and contributing to the industry environment and sustainable development.

In 2022, the Bank also participated in the "1.5 °C Climate Action Commitment" co-signed by the Chinese National Association of Industry and Commerce, Taiwan (CNAIC), along with over a hundred other member companies endorsing the temperature control targets of the Paris Agreement. Together, we committed to align with the government's 2050 Net-Zero Pathway, promote low-carbon transformation in the industry, and safeguard the substantive value of participating in the Association.

List of Various Organizations the Bank Participates In

Industry Exchanges	
The Bankers Association of the R.O.C. (BAROC)	Insurance Agency Association of the R.O.C
Taiwan Securities Association	Trust Association of R.O.C. (TAROC)
R.O.C. Bills Finance Association	The Bankers Association of Taipei
Chinese National Futures Association	Securities Investment Trust & Consulting Association of the R.O.C. (SITCA)
Taiwan Venture Capital Association	
Economic Promotion	
Taiwan Japan Association for Business Communication (TJABC)	Small and Medium Enterprise Credit Guarantee Fund of Taiwan (Taiwan SMEG)
Chinese National Association of Industry and Commerce	Taiwan Small & Medium Enterprise Counseling Foundation (Taiwan SMECF)
Asian Bankers Association	Joint Credit Information Center (JCIC)
Chinese International Economic Cooperation Association (CIECA), Taiwan	Society for Worldwide Interbank Financial Telecommunication (SWIFT)
Financial Planning Association of Taiwan	Taiwan Clearing House
Financial Information Service Co., Ltd.	Taiwan Depository & Clearing Corporation (TDCC)
Sustainable Management	
Taiwan Computer Emergency Response Team/ Coordination Center	
Financial Information Sharing and Analysis Center (F-ISAC)	Taiwan Corporate Governance Association
Equator Principles (EP) Association	Independent Director Association Taiwan

1.1.4 Participation and Dedication in Public Affairs and Policy

In order to understand the development of the financial industry, promote the common interests of the industry, and assist the government in implementing financial policies, the Bank and its subsidiaries actively participate in relevant domestic and foreign associations and social organizations. The Bank not only pays regular membership fees according to their regulations but also makes donations to some of the social organizations.

The total donation amount in 2023 was approximately NT\$12,293 thousand. The top 3 organizations that received the most donations were The Bankers Association of the R.O.C. (BAROC), Trust Association of R.O.C. (TAROC), and Bankers Association of the Philippines, in the amount of approximately NT\$7,757 thousand, NT\$1,254 thousand, and NT\$580 thousand respectively. No contributions to political organizations, candidates, or other interest groups were made in the past 4 years.

The Amount of Participation and Dedication in the last four years- by Type of Participation Unit: Thousand NT\$

Type of Participation / FY	2020	2021	2022	2023
Lobbying, interest representation, etc.	0	0	0	0
Political campaigns / organizations / candidates	0	0	0	0
Trade associations	10,793	10,648	11,416	12,293
Other	0	0	0	0
Total	10,793	10,648	11,416	12,293
Coverage	100%	100%	100%	100%

Note: The scope of data includes the Bank and our 2 subsidiaries, with a coverage rate of 100%.

The Amount of Participation and Dedication in 2023



1.2 Business Performance and Tax Governance

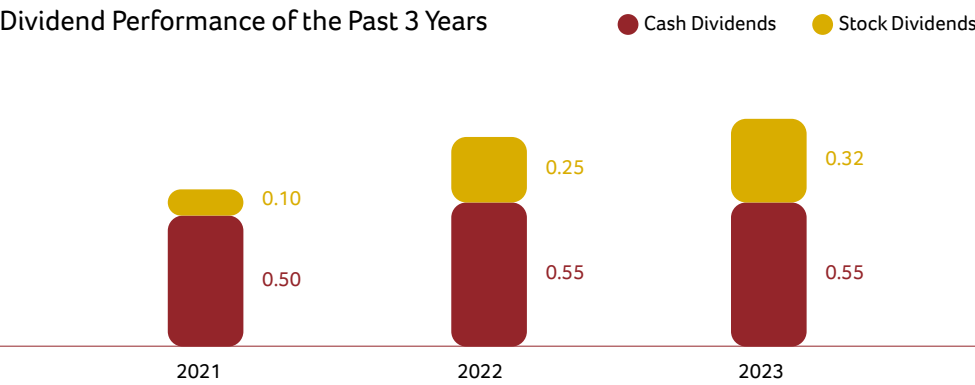
1.2.1 Financial Performance

Unit: NT\$

Item / FY		2021	2022	2023
Operating Ability	Total Assets (Million NT\$)	2,551,106	2,684,852	2,900,874
	Equity (Million NT\$)	171,452	169,028	187,998
	Net Income after tax (Million NT\$)	8,804	10,971	12,982
Profitability	ROA (%)	0.36%	0.42%	0.46%
	ROE (%)	5.23%	6.44%	7.27%
	EPS after tax (NT\$) ¹	0.81	1.01	1.20 ^{*1}
Economic Value Generated and Distributed	Payment of government tax (Thousand NT\$) ²	1,316,636	2,079,577	3,254,446

Note: 1. Earnings per share after tax in 2023 was not adjusted retrospectively.
2. The payment of government tax is based on the income tax expense figures in the Bank's financial report and the independent auditor's report.

Dividend Performance of the Past 3 Years



Note: The earnings allocation for 2023 is approved at the shareholders' meeting on June 16, 2024.

1.2.2 Credit Ratings

Credit Rating Agency	Release Date	Rating Result		Outlook
		Long term	Short term	
Taiwan Ratings	2023/12	twAA+	twA- 1+	Stable
S&P	2023/12	A	A-1	Stable
Moody's	2024/3	A2	P-1	Stable

Latest credit rating results

1.2.3 Tax Governance

In order to respond to the international trend of tax governance and to comply with the tax laws and regulations, the 《Chang Hwa Commercial Bank Co., Ltd. Tax Governance Policy》 has been approved by the 17th meeting of the 26th Board of Directors (Amended by the 26th meeting of the 26th Board of Directors in 2022). The Board of Directors is the highest decision-making and supervisory body for the Bank's tax governance, approves tax governance policies, and ensures the effective implementation of tax governance policies; The Financial Management Division is the tax administration unit of the Bank and reports on tax matters in accordance with its authority and responsibilities, and non-periodically to the Board of Directors, depending on the significance of tax issues.

Tax Governance Policy

The application of tax strategies and the management of tax costs should comply with the principles of sound operation and honest taxation. The Bank is committed to the compliance with the tax laws and regulations in regions where our operating sites are located and the international taxation standards, while calculating taxes, filing tax returns, and paying taxes in accordance with the law in order to reduce tax risks. The Bank shall implement tax governance in accordance with the following policies:

- ➔ **Compliance with Laws and Regulations:** Understand and comply with the tax regulations of each operation location and country we operate, file tax returns and pay taxes in good faith.
- ➔ **Risk Control:** Identify potential tax risks and formulate countermeasures through advance tax assessment.
- ➔ **Economic Substance:** Do not use tax structures that are intended to avoid taxes, and do not shift profits to low-tax countries or use tax havens to avoid taxes.
- ➔ **Transfer Pricing:** Related party transactions should implement the commercial substance principle, arm's-length principle, and tax compliance principle. The transfer price should reflect economic reality and transfer pricing norms of local tax regulations, so as to fulfill tax obligations in the jurisdictions where value is created.
- ➔ **Transparency of Information:** Comply with financial reporting standards and the regulations of competent authorities to regularly disclose tax information and strengthen the transparency of tax information.
- ➔ **Integrity and Communication:** To communicate with the tax authorities in the place of operation in an honest manner and to maintain a good and harmonious relationship.
- ➔ **Professional Development:** To strengthen the professional functions of our tax professionals and nurture talents.

Report by Country

Chang Hwa Bank Group's 2023 global net income, earnings before tax, and income tax payment in all tax jurisdictions:

Unit: 100 Million NT\$

Tax Jurisdiction	Number of Employees	Net Income		Earnings Before Tax		Current Income Tax		Income Tax Paid	
		Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
Taiwan	6,555	348.28	90.30%	143.09	88.13%	28.91	88.81%	16.66	85.43%
USA	35	8.54	2.21%	6.26	3.85%	1.01	3.10%	1.00	5.13%
Mainland China	213	7.51	1.95%	2.90	1.79%	1.05	3.26%	0.84	4.31%
Hong Kong	42	12.56	3.25%	11.04	6.80%	1.74	5.35%	0.39	2.00%
United Kingdom	15	1.27	0.33%	-4.85	-2.99%	-1.19	-3.66%	-0.41	-2.10%
Singapore	21	4.66	1.21%	2.61	1.61%	0.41	1.26%	0.53	2.72%
Japan	15	2.31	0.60%	1.21	0.74%	0.51	1.57%	0.38	1.95%
Other	20	0.57	0.15%	0.11	0.07%	0.10	0.31%	0.11	0.56%
Total	6,916	385.70	100%	162.37	100%	32.54	100%	19.50	100%

Note: The total number of employees includes 223 individuals of subsidiaries.

Business Units and Major Operating Activities

Tax Jurisdiction	Business Unit	Major Operating Activity			
		Regulated Financial Services	Insurance	Held Shares or Other Equity Instruments	Other
Taiwan	Chang Hwa Commercial Bank, Ltd.	☑	☑		
Taiwan	Chang Hwa Bank Venture Capital Co., Ltd.			☑	
USA	Chang Hwa Commercial Bank, Ltd., New York Branch	☑			
USA	Chang Hwa Commercial Bank, Ltd., Los Angeles Branch	☑			
Mainland China	Chang Hua Commercial Bank, Ltd.	☑			
Hong Kong	Chang Hwa Commercial Bank, Ltd., Hong Kong Branch	☑			
United Kingdom	Chang Hwa Commercial Bank, Ltd., London Branch	☑			
Singapore	Chang Hwa Commercial Bank, Ltd., Singapore Branch	☑			
Japan	Chang Hwa Commercial Bank, Ltd., Tokyo Branch	☑			
Philippines	Chang Hwa Commercial Bank, Ltd., Manila Branch	☑			
Myanmar	Chang Hwa Commercial Bank, Ltd., Yangon Representative Office				☑

Income Tax Analysis

Unit: 100 Million NT\$

Item	2022		2023	
	Amount	Effective Tax Rates	Amount	Effective Tax Rates
Profit Before Tax	130.51	-	162.37	-
Income Tax Expense	20.80	15.93%	32.54	20.04%
Income Tax Paid	9.17	7.03%	19.50	12.01%



A blurred background image showing several business professionals in a meeting room. They are seated around a large wooden table, looking at documents and laptops. The room has large windows in the background, letting in natural light. The overall tone is professional and collaborative.

02

Sustainable Resilience

- 2.1 Corporate Governance
- 2.2 Business Integrity
- 2.3 Legal Compliance
- 2.4 Anti-Money Laundering and Countering Financing of Terrorism
- 2.5 Risk Management and Audit
- 2.6 Information Security and Personal Information Protection



彰化銀行

Governance

The Bank continues to operate steadily, strives to improve business development and operational performance, and implements internal compliance with laws and regulations, internal controls, auditing systems and various risk management initiatives to improve corporate governance effectiveness.

Engagement

Actively communicate and discuss with various stakeholders, respond to concerns and expectations in all aspects, and include stakeholder participation in decision-making references to build a consensus on corporate value.

Sustainability

While creating profits to enhance shareholders' equity, we will add the concept of sustainability to the blueprint of our operating strategy, pay attention to the possible economic, social and environmental impact of the operating process, and take action to demonstrate our corporate commitment to promote sustainable development with our global partners.

2.1 Corporate Governance

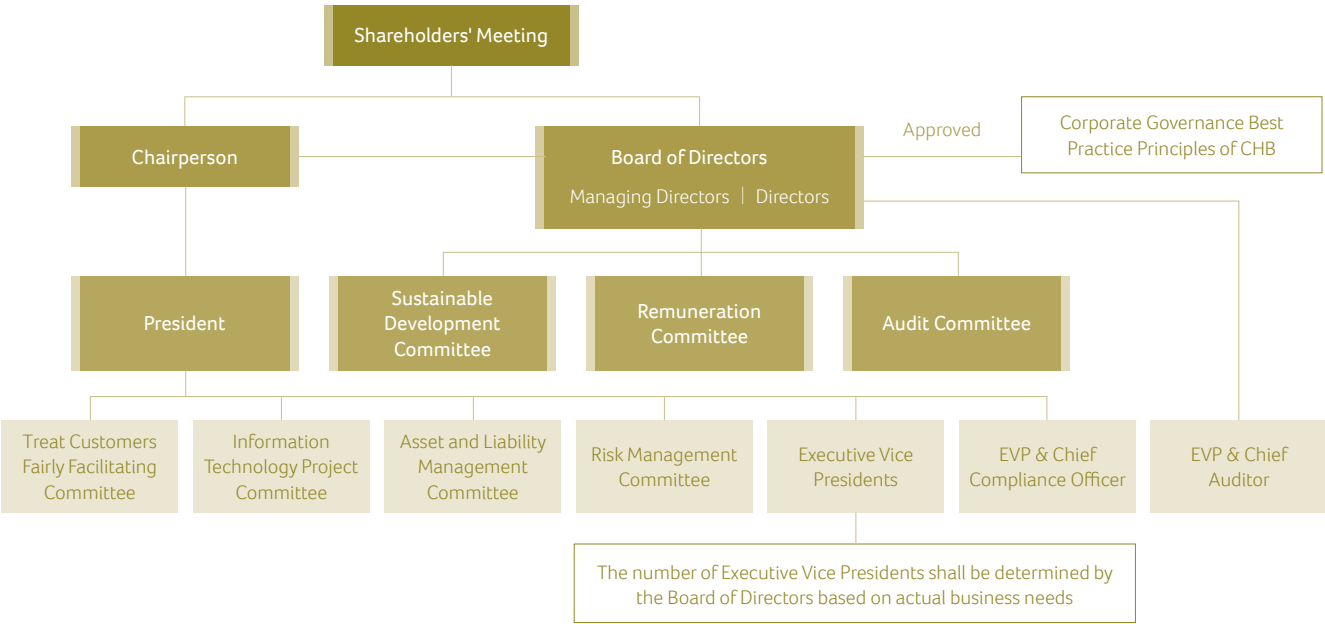
GRI : 2-9, 2-10, 2-11, 2-15, 2-16, 2-17, 2-18, 2-19, 2-20, 405-1

2.1.1 Corporate Governance Framework



The Bank continued to strengthen the Board's diversified professional functions, implement integrity and operational responsibilities, ensure the rights and interests of shareholders and other stakeholders, and pay attention to the sustainability and the resilience of enterprises. Chang Hwa Bank ranked in the top 5% of overall listed companies for 3 consecutive years of Corporate Governance Evaluation of the Taiwan Stock Exchange Co., Ltd., affirming the Bank's commitment on improving various governance aspects to get positive results.

The Bank's highest governing body is the Board of Directors, under which there are three functional committees in place, namely the Audit Committee, the Remuneration Committee, and the Sustainable Development Committee. Corporate governance framework of the Bank is as below:



2.1.2 Composition and functioning of the Board

I. Appointment and Succession

Candidates Nomination System

Since the 25th session of the Board of Directors, the Bank has fully adopted candidates nomination system, and has adopted diversified and real-time information disclosure and voting methods to enable shareholders to fully understand relevant information about candidates, so as to ensure that shareholders can exercise shareholder rights fairly and effectively, promote the sound development of the company, and implement corporate governance.

Board of Directors Succession Plan


The Bank's Board of Directors adopts a candidate nomination system for the election of directors, in which shareholders nominate director candidates. With the Bank's business goals and direction as the benchmark, we measure the independence and diversity of the Board as well as the professional competence that the Board should possess as a whole, and the results of the Board performance evaluation are used as a reference for nominating directors for re-election.

Succession planning for board members

III. Implementation of the Board and Recusal due to Conflicts of Interest

1. All directors performed their duties in accordance with the Bank's Articles of Incorporation and Rules of Procedures for Board of Directors Meetings. The average of the attendance of all members on the Board should reach 85% or above. In 2023, the Board of Directors held 14 meetings (the 26th: 6 times/ attendance rate: 94.12%; the 27th: 8 times/attendance rate: 100%).
2. If there is a proposal, with which a director has a conflict of interest, at a Board meeting, they should recuse themselves from the resolution. For the directors' recusal from the resolution due to conflicts of interest, Please refer to the Annual Report, III Corporate Governance Report, D. Implementation Status of Corporate Governance, a. Implementation of Board of Directors, and 2. The implementation of the Directors' recusal to content of motion in conflicts of interest. (The Bank discloses the following information in the annual report, including the positions held by directors concurrently, the institutional shareholders they represent, the major shareholders of the institutional shareholders, and the information on the top ten shareholders who are related parties to each other.)
3. Communication about Key Material Events
All the Bank's responsible units submit major proposals to the Board of Directors for review or deliberation on a regular or irregular basis due to practical operational needs or regulatory requirements. They can also report to the Board of Directors in real time by means of extraordinary motions, to inform the Board of Directors and communicate with it in a timely manner.

Important Resolution of the Board



IV. Functional Committees of the Board of Directors

The Board of Directors of the Bank has set up 3 functional committees, the Audit Committee, the Remuneration Committee and the Sustainable Development Committee. Their composition and operating status are as follows:

Audit Committee

Convener: (the 27th) Managing Independent Director Yu-Hsueh Wu; (the 26th) Managing Independent Director Jung-Chun Pan
Member: All Independent Directors

Attendance rate
100%

In 2023, the Audit Committee convened 13 meetings
(the 4th:7 times; the 3rd:6 times)

Remuneration Committee

Convener: (the 6th) Managing Independent Director Yu-Hsueh Wu; (the 5th) Managing Independent Director Jung-Chun Pan
Member: 2 Independent Directors and 1 committee member meets professional requirements and work experiences.

Attendance rate
100%

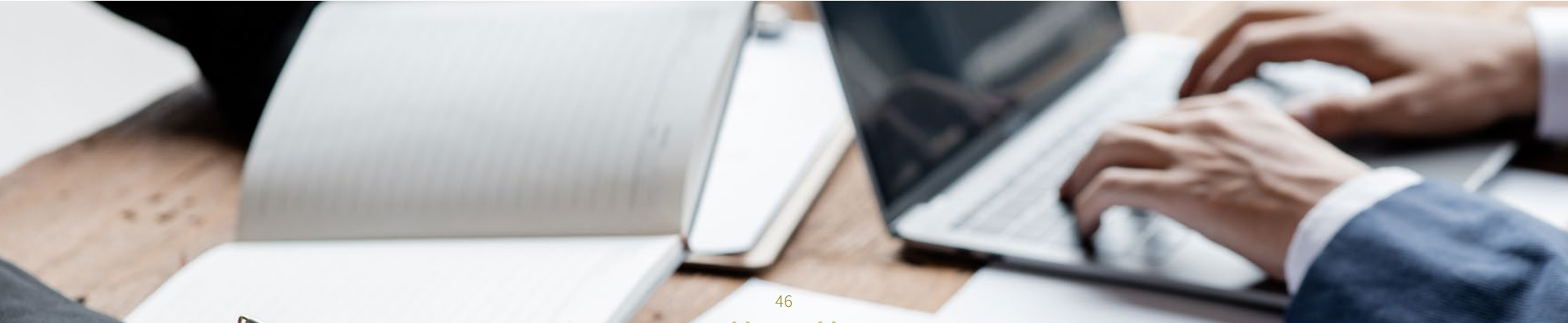
In 2023, the Remuneration Committee convened 12 meetings
(the 6th: 6 times; the 5th: 6 times)

Sustainable Development Committee

Convener: Chairperson Jong-Yuan Ling
Member: Chairperson, 3 Independent Directors, and President (Managing Director)

Attendance rate
100%

In 2023, the Sustainable Development Committee convened 6 meetings
(the 3rd: 3 times; the 2nd: 3 times)



2.1.3 Performance Evaluation of the Board of Directors


The Bank has established the "Rules of Performance Evaluation of the Board of Directors", which establishes performance goals to enhance the operational efficiency of the board of directors, and conducts annual performance evaluations in accordance with the evaluation procedures and evaluation indicators stipulated in these measures. The process is as follows:

I. Frequency of Performance Evaluations


The Bank shall conduct the performance evaluation at the end of each year in accordance with the evaluation procedures and evaluation indicators set in the Rules, and shall complete and report to the Board of Directors before the first quarter of the following year. The external evaluation shall be conducted by external independent professional institution or a panel of external experts and scholars at least once every 3 years.

II. Performance Evaluation Method

The Rules of Performance Evaluation of the Board of Directors



Evaluation Result of the Performance of the Board of Director



Internal Evaluation

Evaluation Method

Members of the Board of Directors (including the Functional Committee) shall self-assess using the "Performance Self-Evaluation Form", and the results of each indicator of the "Performance Evaluation Form" shall be calculated based on the actual operation of the Board of Directors (including the Functional Committee).

Board of Directors

- ① 6 aspects in 50 indicators: Participation in the operation of the Bank/ Improvement of the quality of the Board of directors' decision making/ Composition and structure of the Board of directors/ Election and continuing education of the director/ Internal control/ Action in respect to Sustainability Management (ESG)
- ② Each director makes supplementary explanations based on their specific contributions to various important issues such as operational performance, ESG, principles of fair hospitality, and digital transformation.

Functional Committee

5 aspects in 25 indicators: Participation in the operation of the Bank/ Awareness of the duties of the functional committee/ Improvement of quality of decisions made by the functional committee/ Makeup of the functional committee and election of its members/ Internal control

Evaluation Results

The consolidated comprehensive evaluation results of the "Performance Evaluation Form" of the Board of Directors and the Functional Committee are divided into the following three levels: Exceeding the standard: above 90 points; Meets the criteria: above 80 points but less than 90 points; To be strengthened: less than 80 points

Exceeding The Standard

The overall evaluation results of the Bank's 2023 board of directors and functional committees were all "exceeding the standard".

External Evaluation

Evaluation Method

The external evaluation is conducted by an external independent organization or a team of external experts or scholars who meet the qualifications below as per the indicators and procedures (usually questionnaires and on-site interviews) they set:

- ① Professional and independent.
- ② Relevant institutions or management consulting firms, which mainly offer education and training courses for the board of directors or provide services to improve corporate governance.
- ③ At least three members should be the experts or scholars specialized in the field of board of directors members or corporate governance.

Evaluation Results

The most recent external evaluation is for 2021, entrusted to the external independent agency EY Enterprise Management Consulting Services Co., Ltd. (hereinafter referred to as EY). The members of EY are experienced experts in corporate governance, risk management, ESG and other aspects. EY and its experts are independent, professional, and are't finances and tax auditing accountant of the Bank.

Advanced

EY assessed the comprehensive performance of the Board of Directors (including the Functional Committee) of the Bank in the three aspects of "Structure", "People" and "Process and Information" as "Advanced".

2.1.4 Remuneration Policies and Procedure for Determining Remuneration

2.1.4.1 Remuneration Policies

Remuneration of Senior Managers

1. Remuneration of Directors (including Chairperson and Independent Directors)
According to Item 13, Article 20 of the Bank's Articles of Incorporation, the remuneration of the Directors shall be on par with the salary levels of Directors of financial institutions similar in size to the Bank and decided by the Board of Directors. The Remuneration Committee and the Board of Directors will combine the performance evaluation results of the Board of Directors to evaluate remuneration of Directors (including Chairperson, Directors and Independent Directors) annually in accordance with Item 2, Paragraph 1, Article 7 of Rules of Performance Evaluation of the Board of Directors.
2. Remuneration of President
According to Item 14, Article 20 of the Bank's Articles of Incorporation, remuneration of President is determined by the Board of Directors.
3. Remuneration of Executive Vice Presidents
According to Item 14, Article 20 of the Bank's Articles of Incorporation, remuneration of Executive Vice Presidents is determined by the Board of Directors within the scope of the Bank's "Salary Scales List for Personnel".

Remuneration Deferral Policy for Senior Managers

To motivate senior managers to achieve greater performance, duly conduct risk management, and enhance corporate governance, we have formulated a remuneration deferral policy for senior managers (including the President, the Executive Vice Presidents, the EVP & Chief Auditor, the EVP & Chief Compliance Officer, heads of divisions at the head office, regional centers, and domestic and overseas business units), in the "Chang Hwa Commercial Bank Employee Bonus Payment Regulations". As per the policy, 80% of the performance bonus should be paid first, and the remaining 20% should be deferred and paid three months later (if the Board of Directors does not resolve a decision to retain the performance bonus due to a risk of improper conduct, which may cause the Bank to suffer losses). This has indicated that the Bank insists on ethical management to promote sustainable development.

2.1.4.2 Procedure for Determining Remuneration

The members of the Remuneration Committee shall faithfully perform the following duties and responsibilities with the attention of good stewardship:

1. To evaluate and review the Bank's overall salary and remuneration policy.
2. To establish and periodically review the performance evaluation (including performance evaluation standards) and remuneration policies, systems, standards and structures of the Directors, President, Executive Vice Presidents, the EVP & Chief Auditor, the EVP & Chief Compliance Officer, consultants, and heads of head office divisions and branches of the Bank, and to fully disclose the performance evaluation standards to shareholders in the annual report.
3. To periodically evaluate and set the remuneration of Directors, President, Executive Vice Presidents, EVP & Chief Auditor, EVP & Chief Compliance Officer, consultants, and heads of head office divisions and branches of the Bank.
4. To establish performance evaluation standards and remuneration standards for the Bank's sales staff of various financial products and services, and to fully disclose the principles, methods and objectives of such standards or structures and systems to shareholders in the annual report.
5. To deliberate the following matters of the Bank's subsidiaries:
 - ① Decision on salary and remuneration levels of Directors, Supervisor, Chairperson, President, and Executive Vice Presidents.
 - ② Formulation and revision of rules governing salary, bonus and remuneration for employees.

2.2 Business Integrity

GRI : 2-23, 2-24, 2-25, 2-26, 205-1, 205-2, 205-3, 206-1; SASB : FN-CB-510a.1, FN-CB-510a.2

I. Policy and Commitment

The Bank is committed to formulating policies based on the management philosophy of integrity, transparency, and responsibility, and to implementing them in internal management and external business activities.

The Bank's "Sustainable Development Best Practice Principles" stipulates that while operating its business, the Bank shall actively practice sustainable development, including the implementation of corporate governance, the development of a sustainable environment, the maintenance of social public welfare and the enhancement of information disclosure on sustainable development. As a sustainable direction and guideline for all colleagues in the development and execution of their business, the Bank has Human Right Policies, which commits and regulates the Bank's responsibility to respect and protect human rights, and to construct an honest, fair, respectful and open working environment. All employees of the Bank and its subsidiaries are required to incorporate human rights considerations in all aspects of the operating value chain, including human rights in the workplace, health and safety in the workplace, freedom of association, personal privacy, dishonest behavior and the promotion of human rights policies.

The Bank also has "Ethical Corporate Management Best Practice Principles", "Code of Ethical Conduct", "Employee Code of Conduct", and "Internal Complaint Handling Regulations", which specify that in carrying out their business, Bank personnel shall engage in business activities based on the principles of fairness, honesty, good faith and transparency, and shall comply with the highest ethical standards and legal norms, so that the Directors, Managers and employees of the Bank understand the Bank's integrity and ethical values (including operating in good faith, preventing conflicts of interest, avoiding profit opportunities and confidentiality principles, etc.) and strengthen compliance with the law to establish good corporate governance, risk management mechanisms and internal control systems, actively prevent and detect dishonest behaviors, and ensure the reliability of reporting pipelines and financial information to deepen the integrity of the corporate culture and create sustainable development of the operating environment.



II. Goals and Targets

In the process of engaging in commercial activities, the Bank's personnel shall proceed in a fair, honest, and transparent manner, and shall not directly or indirectly provide, promise, request, or accept any improper benefits, while avoiding engaging transactions with suppliers and customers involved in unethical conduct.

The Bank's Ethical Corporate Management Best Practice Principles explicitly prohibits bribery, acceptance of bribes, acceptance of improper benefits, provision of illegal political contributions, improper charitable donations or sponsorships, infringement of intellectual property rights or business secrets, unfair competitive practices, insider trading, products and services that infringe on the rights and interests of others, and requires the establishment of relevant prevention rules, reporting procedures and handling disciplinary action.

III. Responsibilities

1. The Sustainable Development Committee, which is composed of directors and senior managers of the Bank, acts as the unit responsible for operating with integrity and designates the Compliance Division to be responsible for the handling of matters related to operating with integrity and to assist in supervising the implementation of the Bank's regulations on the prevention of dishonesty, and to report to the Sustainable Development Committee and the Board of Directors on a regular basis.
2. The directors and senior executives of the bank have issued the "Statement of Compliance with the Ethical Management Policy", promising to abide by the Ethical Corporate Management Best Practice Principles, relevant regulations on listing and OTC listing, and other laws and regulations related to integrity management; employees have issued "Commitment Letter of Ethic and Integrity" agreeing to strictly abide by the Ethical Corporate Management Best Practice Principles, Employee Code of Conduct and relevant business regulations.
3. The Bank's "Employee Code of Conduct" requires all employees to carefully read the provisions of the code and shall sign the "Statement of Complying with the Code of Conduct of Chang Hwa Commercial Bank", affirming that they shall comply with relevant regulations and uphold high ethical standards and moral codes.(If employees have any doubt and suspicion about "Employee Code of Conduct," they may consult the direct supervisor of the unit, the Compliance Officer of the unit and Compliance Division according to their position.)

IV. Whistleblowing Mechanism

The Bank has established an internal and external whistleblowing system, and discloses relevant reporting channels on the official website.

Internal and External Whistleblower System Channels and Methods

- External Whistleblowing Channel:
Whistleblowing mailbox: chb0110@chb.com.tw、Whistleblowing hotline: (02)2562-0116、Whistleblowing address: Compliance Division 8F., No.57, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City 104
If the public finds that the Bank's personnel have committed a crime, fraud or violation of laws and regulations, they may submit a report to the Bank's whistleblowing mailbox, hotline or in writing.
- Internal whistleblowing Channel: Employee whistleblowing system / whistleblowing mailbox chb0111@chb.com.tw
If the whistleblower is an employee of the Bank, he/she may submit a report on the employee whistleblowing system on the Bank's Corporate Intranet. In addition, he/she may submit a report using the independent whistleblowing mailbox, hotline, fax number and address.



Whistleblowing Handling Procedure

- Case Acceptance: The Bank formulated "Internal Complaint Handling Regulations" in accordance with Article 34-2 of "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries." Rules have been clearly formulated for the responsibilities of the unit in charge of investigation and review, recusal due to conflicts of interest, whistleblower protection, and file management. The Bank established the "Complaint Review Committee," with the Chief Auditor as the convener and the Chief Compliance Officer for the head office as the deputy convener. For cases reported by external parties, the receiving department will refer the case to the appropriate authority based on the nature of the reported case.
- Case Investigation: If any staff member at any level of the Bank is reported for violating financial regulations or engaging in unethical business practices, the convener of the "Complaint Review Committee" will call a meeting to form an investigation team, or the Bank's Audit Division will directly conduct the investigation. The investigation team or the Audit Division will be responsible for the investigation process of the reported cases. Except for investigation conducted in compliance with laws or regulations or in cooperation with government agencies, or information that is well-known to the public, the Bank shall keep confidential whistleblowers' identity and the content of cases reported.
- Case Review: If a case reported is confirmed to be true after review or re-examination by the "Complaint Review Committee", we shall request relevant units to review their internal control systems and operating procedures, to put forth improvement measures to prevent the same behavior from recurring, and to require the persons reported and relevant persons involved in the case to stop their inappropriate behavior. The case shall be handled appropriately in accordance with the relevant provisions of human resources management, and the Bank may request compensation through legal proceedings or hand over the case to the prosecuting agency for further investigation if necessary.
- Regular Reporting: The Internal Auditing Division shall compile the investigation reports, review results, improvement measures submitted by relevant units, and other relevant materials, and report to the Audit Committee and the Board of Directors on a regular basis.

Punishment and Rewards for Business Integrity Violations

The Bank adopts a zero-tolerance policy for violations of integrity management and regulations. If the Bank's personnel violate integrity behaviors, they will be punished in accordance with relevant laws and regulations or personnel management regulations in consideration of the seriousness of the circumstances, and will be included in the annual assessment of units and managers to determine if points will be deducted. In addition, if an employee has a reason for violating the relevant regulations, after the relevant unit mentions the specific reason and transfers it to the Personnel Review Committee of the Bank for deliberation; their bonus will be reduced according to the Employee Bonus Payment Regulations of the Bank.

V. Assessment Mechanisms

Internal Risk Assessment and Management

- Unethical Behavior and Internal Fraud Risk Assessment
 - The bank conducts bank-wide unethical behavior and internal fraud risk assessment regularly each year, analyzing and evaluating the unethical conduct risks of each business activity of all departments of the head office and overseas branches, including dishonesty and internal fraud; 100% of all units are covered in the evaluation.
 - As per the Bank's 2023 Unethical Behavior and Internal Fraud Risk Assessment results, "Misappropriation of assets" and "The products and services provided directly or indirectly harm the rights and interests of financial consumers or other stakeholders when they are designed, developed, introduced, provided or sold" among the existing risks bears a higher risk of unethical conduct.
 - Each department shall analyze business activities with a higher risk of unethical conduct within the scope of its responsibilities, review the adequacy and effectiveness of the relevant regulations and risk control supervision and balance mechanisms, formulate and strengthen plans to prevent unethical conduct, including operating procedures, code of conduct, and education and training, thereby establishing an effective accounting system and an internal control system.
- Performance of Business Integrity
The Compliance Division regularly compiles the Bank's ethical management performance, including the results of internal risk assessments, into a report, and submits it to the Sustainable Development Committee and the Board of Directors for reference in formulating and executing the Bank's internal audit plan.
The Performance of Business Integrity report for 2023 was submitted to the 4th meeting of the 3rd Sustainable Development Committee and the 9th meeting of the 27th Board of Directors on 12 January 2024 and 29 January 2024, respectively, and has been disclosed on the Bank's official website.

External Business Establishment

Before establishing a business relationship with others, the Bank shall first assess the integrity of the agent, supplier, customer, or other transaction counterparties in accordance with the Bank's relevant rules, and incorporate the ethical management policy and relevant regulations into the contract terms upon the signing of the contract.

VI. Education and Training

- 1. The Bank regularly organizes education, training and publicity related to integrity management. In 2023, the "2023 Annual Integrity Management and Code of Conduct Promotion Course" was held. The number of people who completed the training was 6,722, and the training completion rate was 100%.
- 2. To implement relevant values and legal norms, the Bank conducted "The bank's legal compliance system and the code of ethical conduct" training course for new recruits in 2023, with a total of 342 participants.

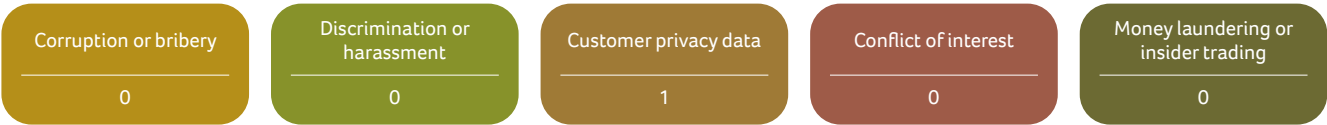
VII. Reporting/Litigation/Punishment

- 1 No instances of unethical behavior were found among the reported cases received in 2023.
- 2 In 2023, the Bank has not been punished by the competent authorities for unethical conduct.
- 3 In 2023, the Bank was not involved in any legal proceedings due to fraud, insider trading, antitrust, anti-competitive behavior, market manipulation, corruption, or violation of other financial regulations.
- 4 In 2023, there have been no instances of illegal political contributions, inappropriate charitable contributions or sponsorships.

VIII. The Third-Party Verification of Business Integrity and Code of Conduct

- 1. The Bank strictly follows the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries. The internal control system and the implementation of the personal data protection system are regularly audited by accountants. The Bank passed and was certified "Excellence" in CG6013(2021) Corporate Governance System Evaluation by the independent third party Taiwan Corporate Governance Association.
- 2. In 2023, the Bank passed the certification of "ISO 22301 Business Continuity Management System", "ISO 27001 Information Security Management System"and "BS 10012 Personal Information Management System", and annually entrusts an independent third party to conduct information security assessment and overall information security implementation compliance assessment.
- 3. In 2023, the Bank has passed the certification of "ISO 14001 Environmental Management System" and "ISO 45001 Occupational Health and Safety Management System".
- 4. For measures to prevent money laundering and combat terrorism, the Bank annually entrusts independent third-party auditing and accounting firms to conduct project audits, and issues the "2023 Statement on Internal Control System for AML/CFT" and uploads it on the Bank's official website in accordance with regulations.

IX. Breaches of the Code of Conduct in 2023



(please refer to 2.6.2 for details)

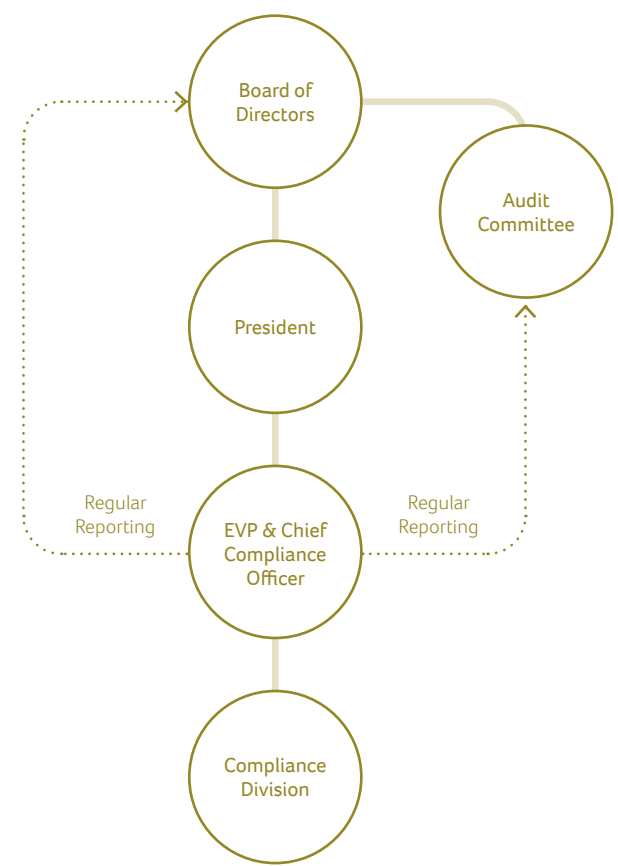


2.3 Legal Compliance

GRI : 2-25, 2-27

The Bank has established a sound legal compliance system and framework and launches a compliance effectiveness reporting and monitoring mechanism, thereby maintaining an effective and appropriate internal control system. In addition, we improve the effectiveness of compliance risk management to reduce the Bank's compliance risk through promotion, education and training.

Legal Compliance Organizational Structure



Responsi-bilities	<div>➔ Set up a dedicated unit for compliance affiliated with the President, responsible for the planning, management, and execution of the compliance system, while establishing procedures, plans, and mechanisms for identification, assessment, control, measurement, monitoring, and independent reporting of compliance risks.</div> <div>➔ With a two-line defense mechanism, we engaged in horizontal communication and meetings to discuss and improve important compliance issues regularly, and we have established an independent notification mechanism for legal compliance risks to keep abreast of bank-wide legal compliance risks.</div>																						
Complaint Mechanism	The Bank has established an internal and external whistle blowing system. The internal audit unit accepts whistleblower cases and discloses relevant reporting channels on the official website.																						
Assessment Mechanism	<div>➔ Examine whether the Bank's compliance resources (that is, the human resource allocation, organizational structure, as well as education and training of the compliance unit) are adequate timely in order to put the compliance function into force.</div> <div>➔ The compliance unit conducts relevant compliance risk management by assessing major operating activities, products and services, credit or business projects, and material customer complaints that may violate the laws.</div> <div>➔ Conduct the Bank's implementation status of legal compliance.</div>																						
Actions	Risk Management	<div>• The Bank has completed the self-assessment of legal compliance for the first and second half of 2023, and reported on the implementation status to the Board of Directors and the Audit Committee.</div> <div>• The Bank completed the on-site audit of legal compliance and the AML business in accordance with the 2023 legal compliance on-site audit project.</div>																					
	Education and Training	<div>• There were 6,443 people and 6,409 people participating in the legal compliance courses in the first and second half of 2023, respectively, with 95.96% and 96.09% of the employees participating, respectively.</div> <table><tr><th></th><th>Number of people</th><th>Participation rate</th></tr><tr><td rowspan="4">First half of 2023</td><td>All units of the Bank</td><td></td></tr><tr><td>6,443 persons</td><td></td></tr><tr><td>Participation rate</td><td>95.96%</td></tr><tr><td></td><td></td></tr><tr><td rowspan="4">Second half of 2023</td><td>All units of the Bank</td><td></td></tr><tr><td>6,409 persons</td><td></td></tr><tr><td>Participation rate</td><td>96.09%</td></tr><tr><td></td><td></td></tr></table>			Number of people	Participation rate	First half of 2023	All units of the Bank		6,443 persons		Participation rate	95.96%			Second half of 2023	All units of the Bank		6,409 persons		Participation rate	96.09%	
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Imple-menta-tion	<div>Note: The participation rate was calculated as the total number of employees at the end of the course.</div> <div>• In 2023, there were 8 classes in compliance, AML, know-your-customer (KYC) policy, and employee code of conduct training for new recruits, with a total of 342 participants.</div> <div>No major penalties were imposed by the competent authorities in 2023.</div>																						

2.4 Anti-Money Laundering and Countering Financing of Terrorism

GRI : 2-27

Policy	For the purpose of avoiding illegal money laundering and terrorism acts committed by intentional individuals through the Bank's financial products or services, the Bank has formulated "Anti- Money Laundering and Countering the Financing of Terrorism Policy" and "Directions Governing Anti-Money Laundering and Countering the Financing of Terrorism," to establish the Bank's standard regulations on AML/CFT, stabilizing the financial order.
Commitment	The Bank is committed to establishing a culture that values AML/CFT, while allocating adequate manpower and providing sufficient resources to enhance the Bank's relevant personnel's professional capabilities, strengthen all employees' awareness of AML/CFT, continuing to deepen, develop, and implement the Bank's plan on AML/CFT.
Goals and Targets	The Bank continues to conduct risk assessment of money laundering, implement the AML/CFT task, enhance all employees' professional capabilities to be aware of AML/CFT risks, and improve the Bank's internal operation standards and system mechanisms related to AML/CFT so as to effectively identify and control risks.
Responsi-bilities	<ul style="list-style-type: none"> ➔ The Board of Directors assigned the EVP & Chief Compliance Officer to be responsible for supervising the compliance of AML/CFT. There are AML/CFT Section I & II affiliated with the Compliance Division, which are responsible for the AML/CFT operations of the Bank. ➔ The compliance of AML/CFT includes developing AML policies and CFT plans, confirming compliance with related laws, planning training courses, large-sum transactions, relevant reporting and declaration related to suspicious transactions and the CFT law, as well as policies and implementation of identification, evaluation, and monitoring of money laundering and financing of terrorism risks. In addition, We Undertook an investigation into the conduct or conduct of a transaction consistent with the suspected misappropriation of customer funds by a financial specialist.
Resources	The Bank invests adequate resources and manpower to strengthen the mechanism for AML/CFT, and has commissioned external consultant to assist in optimizing the Bank's mechanism of AML control and comprehensive risk assessment. Additionally, we conduct verification of the Bank's AML/CFT system to improve system operational performance.
Complaint Mechanism	Regularly report on the implementation of AML/CFT of each business management division of Head Office, including newly amended relevant business procedures or standard operating procedures/processes (SOP) in line with the internal and external regulation on AML/CFT, risk assessment results, improvement status of deficiencies identified by the audit, education and training, transaction monitoring management, and declaration of suspicious transaction cases.

➔ The Bank has incorporated "Money Laundering Control Act" and "Counter-Terrorism Financing Act," related laws & regulations and the Bank's internal regulations into the Bank's implementation of compliance. Compliance self-assessment is conducted every half year, by taking written tests and audit sampling to make sure relevant personnel's comprehensive understanding in laws & regulations and compliance status of operational procedures.

➔ Continue to enhance the effectiveness of the Bank's AML/CFT operating systems as a basis for strengthening customer due diligence measures and continuously monitoring the implementation of mechanisms.

In 2021, the Bank began to introduce Robotic Process Automation (RPA) technology, which was first applied to due diligence and list inspection operations for anti-money laundering business, greatly reducing operation time. Subsequently, in 2022, we also implemented this technology in transaction monitoring operations to improve operational performance. We continue to expand the application to due diligence operations across various risk levels in 2023.

➔ The Bank's Internal Auditing Division incorporates the Bank's AML/CFT implementation and related measures (implementation status and operating procedures are included), internal audits are conducted on a regular basis, and test the Bank's AML/CFT plan for its efficiency and quality of business and risk management quality. Each year, auditing accountants are commissioned to conduct project audits.


➔ Report the Bank's implementation status of AML/CFT to the AML/CFT management team, the Board of Directors and the Audit Committee at least once every half year, and regularly provides an evaluation report on its AML/CFT risks for the Board of Directors and senior executives to understand the Bank's AML/CFT risks. Continue to adjust the Bank-wide comprehensive money laundering and terrorism risk assessment methodology

After The Bank's 2023 comprehensive risk assessment report on AML/CFT being reviewed and approved by the Board of Directors, the Bank submits the report and risk prevention improvement measures to the FSC for future reference.

➔ The Bank's 2023 "Statement on Internal Control System for AML/CFT" was reviewed and approved at the 10th meeting of the 27th Board of Directors on February 26, 2024, and disclosed on the Bank's official website in accordance with regulations while announced on the website designated by the FSC.

➔ The Bank provides employees with AML/CFT education training courses in forms of in-person lectures, digital lessons, video courses, etc., in order to strengthen the professional knowledge and skills of the Bank's personnel at all levels in AML/CFT. In 2023, the Bank held education and training related courses with a total of 29 classes and a total of 27,933 people participated in the training.

Statement on Internal Control System for AML/CFT



Course	Training hours	Number of trainees
Compliance Department strengthens face-to-face education training, video courses, or digital lessons based on business needs	23,162	2,065
Internal Regular Training Courses (including cases analysis and self-assessment tests)	151,230	6,895
External professional face-to-face education training and digital learning courses	386,106	18,743
Mandatory Annual face-to-face education and video course	3,450	230
Total	563,948	27,933

Note: For compliance in respect of personal information protection, please refer to 2.6 Information Security and Personal Information Protection.

2.5 Risk Management and Audit

GRI : 2-23, 2-24, 201-1, 201-2; SASB : FN-CB-550a.2

2.5.1 Risk Management Policy and Commitment

I. Policy

- Overall Risk Management Policy (amended and approved by the Board of Directors on December 29, 2022)
The management policy includes a risk management framework, risk management scope (including credit, market, operation, interest rate in the banking book, liquidity, climate and other risks), and 3 lines of defense in risk management (including the risk tolerance unit, dedicated risk management unit, and independent internal audit unit as well as their responsibilities), and 5 major aspects of risk management procedures (identification, measurement, monitoring, reporting and implementation procedures).
- Climate Risk Management Policy
In compliance with recent domestic regulatory amendments, the Bank revised its "Climate Risk Management Policy" on December 4, 2023, which was approved by the Board of Directors, integrating greenhouse gas inventory, disclosure, and verification into the climate risk management framework.
- In response to international initiatives and leveraging financial influence to establish a virtuous societal cycle, the Bank signed the SBTi commitment in June 2022, aiming to achieve Science-Based Targets initiative commitments. The Board of Directors approved the "SBTi Investment and Financing Portfolio Target Setting" on January 29, 2024, and passed the SBTi target setting review in May of the same year, demonstrating alignment with international standards in sustainability efforts.
- The Bank is committed to the long-term goal of achieving "2050 Net Zero Carbon Emissions" in accordance with national policies.

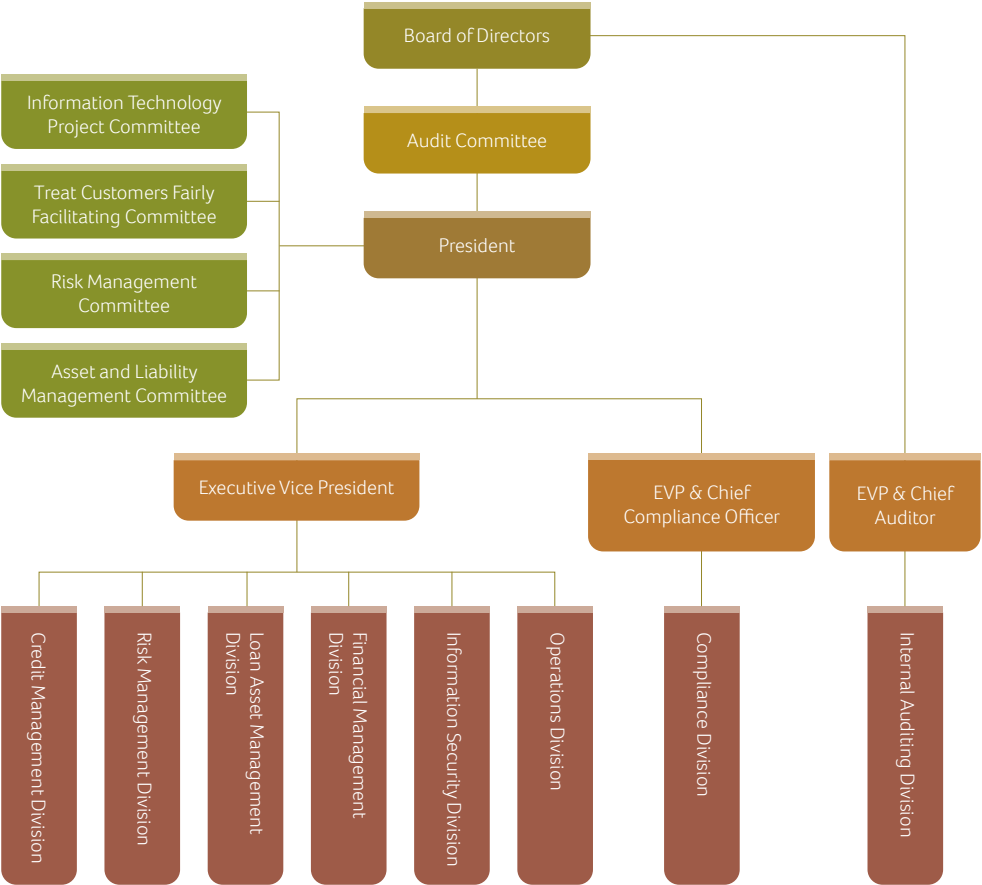
II. Commitment

Establish an independent and effective risk management mechanism of the Bank to assess and supervise the risk tolerance and the current risk tolerance situation, and determine the risk response strategy and compliance with risk management procedures, to effectively identify, measure, monitor and report various risks, and ensure sound management of the Bank.

2.5.2 Risk Management Organization

The Bank's risk management organization is composed of the Board of Directors, the Audit Committee, the Senior Management Committee*, and three-line defense of risk management (the risk-tolerance unit, the dedicated risk management unit, and the independent internal audit unit).

*Note: The Senior Management Committee refers to a committee under the supervision of the President, chaired and led by the President, including the Asset and Liability Management Committee, the Risk Management Committee, the Information Technology Project Committee, and the Treat Customers Fairly Facilitating Committee.



2.5.3 The Culture of Risk Management

The Bank creates a corporate culture throughout the organization that emphasizes the importance of risk management through training, self-assessments of risks, and performance evaluations:

I. Education Training of Risk Management

The Bank arranges in-person or online risk management training from top to bottom by role and responsibility to shape the risk awareness and culture of the Bank.

1. Directors: Directors are encouraged to engage courses from external professional training institutions on topics such as legal compliance, information risk, digital governance risk, financial crime risk, corporate operational risks and opportunities related to climate change and net-zero emissions. These courses aim to enhance the governance capabilities of the Board of Directors in managing various types of risks.
2. All employees: We provide a wide array of risk management training courses to all employees, covering legal compliance, AML, Business Integrity, the Equator Principles, credit risk, operational risk management, and high-frequency mistakes patterns. The training aims to instill the importance of risk management and enhance the ability to handle risks and emergencies in the course of duty.
3. Business executives: Organize credit risk weight seminars and online courses for managers and reviewers, risk management education and training for overseas branch staffs before their assignments.
4. Auditors: Conduct annual education and training on overseas inspections for auditors.

II. Operational Risk Control and Self-Assessment

The Bank conducts two annual operational risk controls and self-assessments. The self-assessment unit can propose risk points and specific improvement suggestions regarding the results of residual risk identification and evaluation. The respective business management units evaluate and analyze the feasibility, formulate improvement plans as needed, and select appropriate risk strategies (including risk taking, risk avoidance, risk transfer/offset, risk control) to control operational risks within a tolerable range. Before the launch of new products, activities, processes, or systems, the inherent operational risks should be identified and assessed. Appropriate control measures and risk indicators should be developed, and incorporate them into the most recent self-assessment operation after implementation to detect and control associated operational risks.

III. Establishment of Risk Management Performance Evaluation Criteria

1. Risk management indicators are developed for the senior management (including the President) based on responsibilities. These indicators may include asset quality, return on assets, various risk limits, risky assets, credit cost control, effectiveness of credit card scoring models, external credit ratings. The achievement of these objectives will affect individual annual performance bonuses.
2. Performance assessment criteria for the regional centers and business units incorporate risk indicators (including asset quality for the current year, capital return ratio, risk-oriented internal audit system, legal compliance, and business controls). These criteria will affect the annual performance bonus of the respective units.
3. Performance evaluation scoring criteria for risk-management-related units include indicators such as return on capital, delinquency rate, containment of new delinquent loans, monitoring of various risk limits, and operational risk controls. The results will affect the annual performance bonuses of the evaluated units.
4. To optimize resource allocation, short-term loan control measures for business units are implemented as part of the scoring criteria for performance evaluation.
5. Compliance awareness campaigns by all units throughout the Bank, and their evaluation procedures conducted serve as the basis for personnel performance evaluation.

IV. Set Up Operational Risk Manager

To incorporate operational risk management into daily operations, the Bank has appointed operational risk managers in all units. These managers act as the contact point for operational risk management, aiding in the implementation and promotion of operational risk management policies. They are accountable for reporting operational risk events and disruptions, as well as conducting operational risk control and self-assessment.

2.5.4 Three-Line Defense of Risk Management



1
1st Line of Defense
Identify and Implement Risk Management

All units outside of the second and third lines of defense function as the initial risk tolerance unit. They are responsible for the daily management and self-assessment of business risks. This includes identifying sources of risk, assessing the impact of risks, implementing risk response measures (such as risk offsetting, avoidance, reduction, and acceptance), regularly reviewing the risks and control points of business operations, establishing and enhancing risk management awareness, and achieving a balance between risk tolerance and annual profit targets.

2
2nd Line of Defense
Monitor, Plan and Establish Policy

The independent risk management unit is responsible for risk monitoring, strategy development, and policy formulation to ensure the neutrality and consistency of the Bank in identifying, assessing, monitoring, and reporting risks. Risk Management Committee is held monthly for management purposes. (Compliance with related laws and regulations pertaining to AML/CFT mechanisms, including the identification, measurement, and monitoring for the risks of AML/CFT management mechanisms, is the responsibility of the EVP & Chief Compliance Officer.)

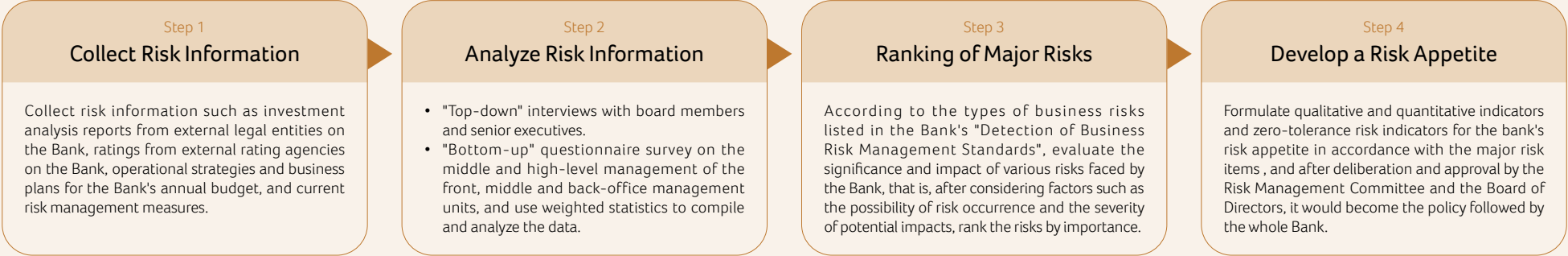
Risk Management Committee

To establish an independent and effective risk management mechanism, improve the quality of the Bank's risk management, and ensure the stable operation of the Bank, the Risk Management Committee is set up to be responsible for the review and supervision of risk management matters. The President chairs the Risk Management Committee, which is held regularly each month and submits risk management reports to the Audit Committee and the Board of Directors quarterly. The main committee members are the Executive Vice Presidents, the EVP & Chief Compliance Officer, and the heads of the Credit Management Division, Risk Management Division, Loan Asset Management Division, Financial Management Division, Operations Division, and Information Security Division.

Risk Identification

To establish an independent and effective risk management mechanism of the Bank to assess and supervise the risk tolerance and the current risk tolerance situation, and determine the risk response strategy and compliance with risk management procedures, to effectively identify, measure, monitor and report various risks, the Bank has developed the "Overall Risk Management Policy" which has been approved by the Board of Directors as the highest level of internal risk management guidelines. Each year, the Board of Directors approves the "Risk Appetite Statement" which is jointly prepared by senior management. This statement serves as a link between the bank's business strategy, operational plans, and risk management, and also forms the basis for setting internal risk limits and ensuring policy compliance within the Bank. The Risk Identification and Appetite Process and Method is explained as follows.

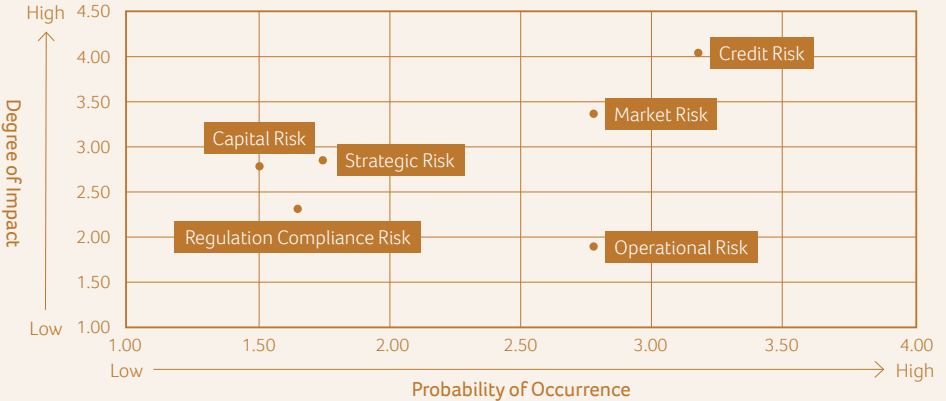
Identification Method and Procedure



Major Risks, Risk Appetite and Management/Mitigation Measures

The Bank establishes a significant risk matrix (as shown in the diagram below) by categorizing the likelihood of risk occurrence (Highly Unlikely, Unlikely, Possible, Very Likely, Highly Likely) and the impact on the bank (Mild, Moderate, Great, Significant, Extreme) into five stages on an annual basis. From the 16 types of operational risks, the top six major risk items are identified to enhance the risk management mechanism. Among these risks, credit risk poses the highest possibility of occurrence and impact on the Bank. It is followed by market risk and operational risk, which have comparable possibilities. However, market risk has a greater impact on the Bank.

To evaluate the risk appetite for identified major risks, the Bank conducts quarterly monitoring and review of indicators to determine if the risks are still within acceptable limits. The table below provides an explanation of the risk appetite and mitigation measures for the first six major risks:



Risk Item	Description	Risk Appetite Measurement Indicators	Management/ Mitigation Measures
Credit Risk	The risk of financial loss to the Bank due to the failure of the customer or counterparty to perform its contractual obligations. The Bank's sources of credit risk cover on- and off-balance sheet items on the balance sheet. On-balance sheet items mainly include discounts, lending, credit card business, deposits and interbank lending, and debt commodity investment, while off-balance sheet items mainly include financial guarantees, acceptances. Bills of exchange, letters of credit, loan commitments and derivatives, etc.	Qualitative Indicators Considering risks and rewards continue to expand the growth of the bank's lending business, maintain centralized management, and improve the quality of credit assets.	<div> <div>Probability of occurrence</div> <div>Very Likely</div> <div>Degree of impact</div> <div>Significant</div> </div> <ol style="list-style-type: none"> Through the establishment of collateral policies, the Bank regulates acceptable collateral and valuation methods to ensure that collateral can be promptly disposed of and effectively reimbursed in the event of a default by the borrower; or the Bank adopts underwriting by credit guarantee fund and deposit offsetting agreements as a method of transferring all or part of the risk. For credit cases with the probability of loss is relatively high and the loss is serious, credit products, high-risk industries, and objects with bad credit, etc., should be avoided; or respond with a higher price. Strengthen the management and control mechanism of credit risk portfolio management, and continuously establish a quota management, review, approval and evaluation system based on the principle of conservatism and stability for the target of concentration, so as to effectively grasp the credit risk of the overall credit portfolio and improve the quality of credit assets.

Risk Item	Description	Risk Appetite Measurement Indicators	Management/ Mitigation Measures
Market Risk	The risk of fluctuations in the fair value or future cash flow of financial instruments held on and off the balance sheet due to changes in market prices. Risk factors that cause changes in market prices usually include interest rates, exchange rates, equity securities and commodity prices. When the above risk factors change, there will be risks of fluctuations in the Bank's net income or investment portfolio value.	Quantitative Indicators Determine the market risk appetite of each commodity.	Probability of occurrence Possible Degree of impact Great 1. Handle in accordance with the Bank's "Market Risk Management Standards" market risk monitoring regulations. 2. At the beginning of each year, the amount and risk value limit of each financial instrument in the transaction book is determined according to the budget target of the current year. After discussion by the Risk Management Committee, it is submitted to the Board of Directors for review and approval. 3. In the event of exceeding the approved limits, Risk Management Division should notify the head managers of trading units immediately. Trading units shall reduce and take measures to offset their risk position or apply to raise their limits. 4. Those written reports expressing the events of exceeding the limits should be filed to the Executive Vice President who oversees the Risk Management Division and should also be reported to the Risk Management Committee. 5. Risk Management Division should monitor the follow-up actions continuously. If the trading units do not take proper action, Risk Management Division should report to the Risk Management Committee and notify the Internal Auditing Division.
Strategic Risk	Risks arising from inadequate strategies or changes in the business operating environment.	Qualitative Indicators Based on the future direction of operational development, various quantified business targets are formulated to implement the business policy.	Probability of occurrence Unlikely Degree of impact Great By tracking and reviewing, revise operational strategies in order to achieve overall operational targets.
Regulation Compliance Risk	Failure to update legal information and implement it into business-related norms, procedures, or SOP may cause operations to violate laws and regulations, which may lead to the risk of being punished by the competent authority or other financial losses.	Zero-tolerance Indicators There should be no major financial violations.	Probability of occurrence Unlikely Degree of impact Moderate 1. The Bank has maintained an effective and appropriate internal control system through a sound compliance system to reduce the Bank's compliance risk. 2. The Bank has established a sound legal compliance system and framework and launches a compliance effectiveness reporting and monitoring mechanism and through promotion, education and training, ensures the implementation of the legal compliance system.
Capital Risk	When the self-owned capital is not enough to cover the potential losses caused by risks, the Bank violates laws and regulations, which may lead to financial losses of the Bank.	Quantitative Indicators Monitor the Bank's capital adequacy ratio to maintain it above the threshold set by the competent authority (capital adequacy ratio, Tier 1 capital ratio and common equity ratio must be above 12.5%, 10.5%, and 9% respectively).	Probability of occurrence Unlikely Degree of impact Great The Bank's capital adequacy ratio is handled in accordance with the "Regulations Governing the Capital Adequacy and Capital Category of Banks" issued by the Banking Bureau of the Financial Regulatory Commission. The calculation of credit risk-weighted risk-based total assets, market risk and operational risk capital requirements are all calculated using the standard method. The Bank calculates the capital adequacy ratio on a monthly basis and reports to the Risk Management Committee, and reports to the Audit Committee and the Board of Directors on a quarterly basis.
Operational Risk	The risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.	Zero-tolerance Indicators There should be no internal fraud events.	Probability of occurrence Possible Degree of impact Moderate 1. Each business management unit of the Bank selects appropriate risk countermeasures for its related businesses based on the operational risk assessment and monitoring results of key risk indicators and the Bank's exposure risk situation, and considers the use of outsourcing, insurance, etc., to offset risks or take appropriate measures, such as strengthening employee education and training, improving operating procedures, or strengthening systems, etc., to control operational risks within a tolerable range; in addition, before the launch of new products, new activities, new processes and new systems, the Bank also conducts operational risk identification and assessment to measure possible risks and plan their risk countermeasures. 2. In case of catastrophes, endemics, strikes, information system breakdowns or any other events that would result in operational discontinuity, the Bank establishes the "Chang Hwa Bank Business Continuity Plan" for all units of the Bank to serve as guidelines for prevention, preparation, reporting, responding, and post-event reporting to maintain the Bank's business operations in order to protect the rights of customers and mitigate the Bank's financial and personnel losses to the minimum. 3. Through operational risk and Control self-assessment, the Bank regularly assesses the residual risks of the control plans of each risk item, which ensures the validity and effectiveness of the control plans.

Systemic Risk Assessment

In addition to the supervisory stress test conducted by the competent authority from time to time, the Bank performs a stress test quarterly, including financial risk factors of credit risk, market risk, liquidity risk, and the non-financial risk factor of operational risk of incidents of fraudulent or information security breaches when filing a report on the supervisory review implementation principles to the competent authority every year, and selects the scenario where the stress test has the greatest impact on the Bank's capital to calculate the amount of the loss on our own qualified capital, which serves as the basis for assessment and planning of the Bank's internal capital adequacy. The annual stress test results are regularly reported to the Board of Directors, submitted to the competent authority, and disclosed to the public on a regular basis.

- ➔ The Bank conducts an annual review, considering factors such as the overall economy and financial environment, to assess the suitability of stress test scenario parameter settings. This evaluation gauges the Bank's risk tolerance and capital adequacy in stressful situations.
- ➔ The Bank's 2023 stress test results showed that all ratios meet the minimum statutory capital requirements set by the Financial Supervisory Commission (that is, common equity ratio, tier 1 capital ratio, capital adequacy ratio and leverage ratio are 7.0%, 8.5%, 10.5%, and 3.0% respectively, both of which are above the minimum statutory capital requirement).

Monitoring

- ➔ Assist each indicative management unit in keeping abreast of the important information on business activities, overall situation of business, and changes in the financial environment, so as to identify and control operating risks in real time.
- ➔ Keep abreast of the situation of various national risk limits immediately and accurately and regularly report the country's national risk exposure values and monitoring status of the Bank.
- ➔ The Bank continues to integrate all kinds of risk indicators assessment and information and the subsequent notification mechanism so as to take early countermeasures to control the quality of the Bank's credit assets effectively.
- ➔ Track and examine the political & economic situation of various countries from time to time to keep abreast of downgrade of credit rating or changes in major events and take necessary measures accordingly.
- ➔ The Bank continues to optimize risk measurement indicators and monitoring, strengthen the operational risk identification by all units of the Bank, collect and analyze operational risk events and track improvements to improve the effectiveness of operational risk management.
- ➔ Continue to improve the performance of existing personal credit rating and corporate credit rating models to achieve the best results of credit risk management.
- ➔ In response to the evolution of market risk monitoring because of the implementation of the New Basel Capital Accord, the Bank continues to study and strengthen the management efficiency of systems related to market risks.
- ➔ Monitor the risk exposure of various financial product positions traded and the situation of risk limits every day, and reports to the Risk Management Committee monthly, to the Audit Committee and the Board of Directors on the relevant risk exposure situations quarterly.

- ➔ In order to identify and manage the overall operational risks of the Bank, as well as to keep abreast of the important information on business activities, overall situation of business, and changes in the financial environment, a quarterly "Operational Risk Detection Report" is prepared and submitted to the Risk Management Committee, Audit Committee, and Board of Directors.

Strategy

- ➔ In response to climate change, continue to cooperate with green industries and high-carbon-emitting industries to monitor and manage industry-specific quotas; and cooperate with the climate change voluntary reduction cooperation mechanism to reduce credits and investment quota ratios for high-carbon-emitting industries year by year.
- ➔ Based on the definition of the green electricity and renewable energy industry in the government's Six Core Strategic Industries Promotion Plan, as well as the Bank's Green Enterprise Project Loans, we will be increasing the credit limit for the industry classification portfolio involved.

Implementation

- ➔ The Bank's risk management unit reports to the Board of Directors on the Bank's risk environment and risk control measures adopted by the Bank on a quarterly basis to coordinate and integrate the review, supervision, and operation of the Bank's risk management issues, and implements the risk management policies and procedures, risk appetite statement, and risk management mechanism approved by the Board of Directors while reviewing the risk management process, monitoring its appropriateness, and ensuring effective communication and coordination of relevant risk management functions.

The quarterly reports with data of March, June, September and December were submitted to Board of Directors respectively. The content of the quarterly report in 2023 included "Situations of the Implementation of the Basel Capital Accord," "Credit Risk Management Situations," "Financial Counterparty and Country Risk Management Situations," "Market Risk Management Situations," "Operational Risk Management Situations," "Loan Management Situations," "Information Security Management Situations," "Overseas Branches Risk Management Situations," "Climate Risk Management," and other issues related to risk, etc.

The Bank's 2023 Emerging Risk Management Implementation Report was submitted to the 4th meeting of the Risk Management Committee in 2024 (April 29, 2024) for review and included in the first quarterly risk report submitted to the Audit Committee and the Board of Directors (See Chapter 2.5.5 for details).

3

3rd Line of Defense

Audit and Inspect

The Internal Audit

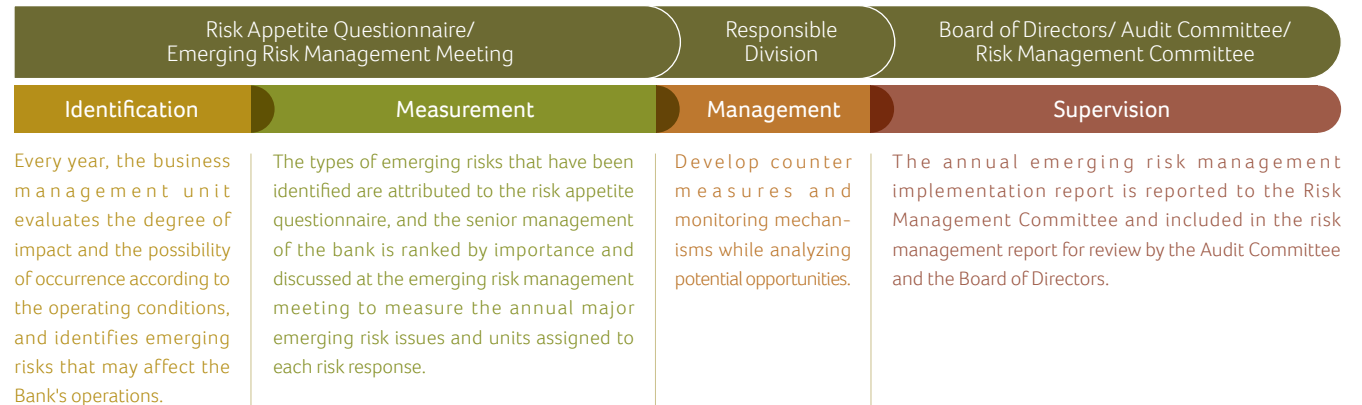
1. The Bank's internal auditing unit performs the audit business in the spirit of independence, and provides timely suggestions about improvement to reasonably ensure the continuous and effective implementation of the internal control system while reporting on the audit business to the Board of Directors and the Audit Committee quarterly so that the Board of Directors and senior managers can learn about the effectiveness of the Bank's internal control system and risk management system.
2. The Bank adopts a risk-oriented internal audit system. In addition to determining the frequency of audits for subjects based on comprehensive risk assessment results, the Bank also takes into account the exposure situation of various identified operational risk types of the subjects, as well as high-risk issues related to core business and operational processes when conducting audits. This enables the Bank to plan audit focus areas and delve into audit matters. Secondly, the Bank's internal audit also considers the key aspects of financial supervision and inspection, as well as the changes in the internal and external environment. This enables us to develop targeted project audit items for high-risk businesses and processes. The purpose of this is to assess the overall risk exposure and management of these matters.
3. The Bank's internal auditing unit continues to follow up on the opinions and deficiencies put forth by the financial inspection agencies and accountants during inspections and by the internal auditing unit and business units during the self-audit, as well as the "improvements" listed in the statement on the internal control system, and to track the improvement situation.

The External Audit

The Bank is audited quarterly by accountants on relevant management and internal control mechanisms such as market risk and credit risk disclosed in financial reports.

2.5.5 Emerging Risk Management

In the face of the changing global environment, the impact of emerging issues, including social, economic, technological, environmental and other external events, is gradually increasing, the Bank has established an emerging risk management mechanism to control and mitigate the impact of risks arising from emerging issues, and has adopted the framework of identification, measurement, management, and supervision to implement risk management effectively and to facilitate the transformation of financial services in a diverse manner.



Referring to the risk research reports issued by domestic and foreign institutions, each business management unit assesses the degree of impact and the possibility of occurrence based on its business development and operation, identifies the types of emerging risks that may affect the Bank's operations (Table 1), and attributes them to the risk appetite questionnaire, which is ranked by the importance of the Bank's senior executives, and the emerging risk management meeting to determine emerging risk management issues, and formulates corresponding response measures (Table 2).

《Table 1》 Emerging Risk Identification Results

Emerging Risk Types	DJSI Risk Classification	Emerging Risk Types	DJSI Risk Classification
Infectious Disease Epidemic Risk	Societal	Economic Downside Risk	Economical
New Financial Technology and Information Security Risk	Technological	Rising of Cost of Living	Societal
Biodiversity and Ecosystem Imbalance	Environmental	Regional Political Conflicts and Economic Opposition	Geopolitical
Natural Resources and Energy Transition Crisis	Economical	Social Risks of Super-aged and Sub-replacement Fertility	Societal

The Bank continuously monitors emerging issues and adjusts its response measures accordingly. The information security related risks identified in both the current and previous years are significant. Therefore, the Bank has decided to provide a detailed explanation of two emerging risk management issues, which are "economic downside risk" and "regional political conflicts and economic opposition".

《Table 2》 Major Emerging Risk Management Table

Regional Political Conflicts and Economic Opposition		
Risk Description	Impact or Influence on the Bank's Operations	Mitigations or Countermeasures
<p>The research presented by the Federal Reserve (Fed) at the Jackson Hole Global Central Bank Annual Meeting in August 2023 mentioned that the global economy is currently facing three major challenges in the post-pandemic era. One of these challenges is the potential disruption of the global trade system due to geopolitical conflicts. For instance, the Russia-Ukraine war, the US-China trade war, military threats from China and North Korea, the tense situation between China and India, international provocative actions, and the Israeli-Palestinian conflict have prompted the adoption of protectionist measures and the establishment of trade barriers to bolster domestic economies. Geopolitical tensions and economic sanctions have resulted in the restructuring of supply chains and trade flows, leading to volatility in energy and financial markets as well as disruptions in investment and financing. Consequently, businesses now face increased operational and decision-making risks, customer repayment challenges, and a higher risk of debt defaults. Internal assessments indicate that these factors will continue to pose significant emerging risks over the next 3-5 years.</p>	<ul style="list-style-type: none"> • The potential restrictions on logistics, financial flows, information flows, and human flows can generate a high level of uncertainty for businesses in supply chain management, tax obligations, and regulatory environments. This will lead to higher operational and investment costs for companies, a decrease in international trade activities, and an impact on the source of repayment and the promotion of credit business for the Bank. By the end of 2023, the bank's net loan amount was approximately NT\$1,787,107,192 thousand, which accounted for about 62% of its total assets. • With the breakdown of the global trading system, the uncertainty could raise production costs for businesses, while the restructuring of supply chains might cause delays in production and delivery schedules. Market risk aversion could also lead to capital outflows from high-risk countries, resulting in a decrease in bond prices. The Bank has experienced an increase in bond valuation losses in its investment portfolio. By the end of 2023, the Bank's bond holdings accounted for approximately 47.44% of the total investment in securities. • The international political maneuvering has led to the implementation of import and export controls as well as financial sanctions. These measures have resulted in higher operating costs for businesses and increased risks in their operations and decision-making processes. As a result, bank creditors are facing challenges in maintaining stability. As of the end of 2023, the Bank's exposure amount to China (excluding Hong Kong and Macau) was NT\$27.135 billion, which is a decrease of NT\$1.735 billion compared to the end of 2022. There is no exposure to Russia. • The risk level of the trust investment products offered by the Bank has increased, which has made it unsuitable for the Bank's customers to tolerate the associated risks of the financial products they have invested in. Furthermore, the decline in consumer income has affected investors' willingness to invest and has also impacted the Bank's transaction fee income. 	<ul style="list-style-type: none"> • Periodically review the credit ratings and macroeconomic indicators of different countries, and closely monitor international political and economic news to enable timely adjustments to relevant management measures. • Stay updated on major international conferences this year, it is important to monitor geopolitical events that may impact cross-border trade controls. Additionally, it is crucial to be aware of any challenges faced by customers, such as a decline in exports or operational pressures. If financial sanctions are imposed, it is essential to ensure compliance with relevant sanction regulations. • The inventory check on existing investment positions are conducted and active adjustments to the asset portfolio will be made. • If there is significant market volatility or evidence indicating that the risk of a product has been adjusted, the Bank may adjust the risk level of the product or suspend its sale. • In order to prevent excessive concentration of risk in a single issuing institution or country, the Bank conducts regular reviews of the proportion of the total principal invested in stocks, foreign bonds, and structured investment issued by a single institution. These reviews are conducted at least every six months to mitigate the risk of concentration in the Bank's portfolio. • To enhance customer willingness to purchase, it is recommended to restructure the insurance product business by prioritizing the expansion of long-term life insurance products with installment payment options, guaranteed commodities, health insurance products, collateral insurance business, and niche property insurance products. • Conduct risk control in the region where the Bank's investment and financing customers are located. In order to mitigate credit risk in mainland China, in addition to utilizing self-sustaining short-term trade financing or risk transfer instruments, the Bank also establish a minimum interest rate to effectively manage the credit risk. • If there is a risk that the negative information transmitted by the creditors or their group will affect the securing of claims, in addition to the Bank's "Operation Standards for Enterprise Credit Extension Warning System" for the assessment of early warning users, the report list shall be notified to the reviewing unit immediately. • Regularly update the regulatory measures and the international situation reports in mainland China to enhance the bank's assessment of credit risk associated with the region. • The Bank has established the "Overseas Credit Alert and Disposal Team" to proactively manage the bank's credit assets in response to the deteriorating creditworthiness of borrowers in overseas joint loan cases. This team effectively mitigates the financing risks associated with such cases.

Economic Downside Risk

Risk Description	Impact or Influence on the Bank's Operations	Mitigations or Countermeasures
<p>Major central banks worldwide have initiated a series of interest rate hikes to curb inflation. The increase in interest rates has sparked concerns about a potential global economic slowdown. Financial industry customers continue to face issues such as high costs, slowing economic growth, and limited order visibility. Major economies, such as the United States, are currently facing a decline in commercial real estate, a slowdown in employment data, and an uncertain recovery in end-demand. This may have a negative impact on subsequent consumption momentum. Europe is also experiencing a sluggish economic situation due to weak domestic and external demand. In mainland China, the financial stability is being affected by the weak exports and real estate market. Global end demand and corporate growth have slowed down, along with stagnant inflation, leading to significant downward pressure on the economy. The stock market is facing increased investment risks due to the unstable economic outlook, and the real estate market is experiencing a decline. Based on internal assessments, there is a potential for a balance sheet recession in derivative assets in the next 3-5 years.</p>	<ul style="list-style-type: none"> • The potential consequences include a decrease in business growth, higher inventory costs, and a reduction in profitability. These factors could affect the loan repayment capacity and increase the risk of credit default. • The government's strategy of increasing interest rates has placed a greater repayment burden on borrowers and heightened the risk of default. • The economic downturn risk has placed operational pressure on businesses. The high interest rate environment has led to increased costs and reduced corporate profits. Consequently, the investees have given the Bank negative evaluations, and our investment portfolio may incur losses. • Due to the cooling of the stock and real estate markets caused by tightened monetary policies, there is a possibility of a decrease in the value of customer assets. This could lead to impairment or difficulties in revaluing collateral, resulting in an increase in the Bank's loan loss ratio. • The sluggish market demand will reduce the operational profits of investment/financing targets of overseas branches, increase credit risk, and potentially result in an increase in overdue loans, a decrease in debt recovery ratio, and a depreciation in the value of investment targets. Consequently, the business volume and profits of overseas branches (including OBU branches) will decrease. The profit amount of overseas branches (including the OBU branch) in 2023 was NT\$2.145 billion, accounting for approximately 11% of the total bank's profits. • Global Economic Stagnation or Recession: Stocks and other financial products are more affected. In the case of a mild recession, the net value is projected to decrease by 20% within six months. In the case of a severe recession, the net value is projected to decrease by more than 35%. 	<ul style="list-style-type: none"> • To assess the internal ratings or TCRI of the Bank's joint loan customers who have poor financial performance and consecutive losses. • The Bank has established "Credit and Investment Limit Management by Industry Guidelines of Chang Hwa Bank", which reviews their appropriateness on an annual basis according to the internal and external influencing factors of individual industry portfolios. Depend on the overall economic, political development situation, financial environment and industry changes, reduce the quota ratios by industry, set quotas for undertaking or suspend undertaking of a single industry, etc. for industries with elevated risk, in order to effectively control the industrial financing risks caused by interest rate hikes and inflation. • By effectively managing the "Pre-loan Checklist", the Bank can reduce credit risks in the event of adverse signs among borrowers caused by economic downturns. • Regularly hold credit warning and disposal meetings to identify and address weak assets within the Bank. • Based on the Bank's quarterly "Consumer Loan Application Scorecard - Salary Loan Analysis Report", regular analysis is conducted to monitor high-risk delinquency patterns and assess and adjust approval standards in a timely manner. Approval criteria and the "Credit Card Warning Notice" mechanism are flexibly adjusted based on market conditions, and default patterns of non-performing accounts are analyzed. • Continue to promote the investment activities of regular fixed funds or focus on the promotion of guaranteed commodities that are less subject to market fluctuations. • To promote high-security life insurance products, it is important to consistently introduce interest-sensitive insurance products that offer protection against inflation and provide value appreciation over time. Additionally, it is crucial to capitalize on insurance business opportunities in an unpredictable economic climate. • In the current fiscal year, the Bank intends to prioritize the sale of overseas bonds and bond funds with high credit ratings as the sales focus of trust products. The allocation of stocks will be decreased and reallocated to high-rated bond funds or balanced mutual fund in order to mitigate the risk of an economic downturn.



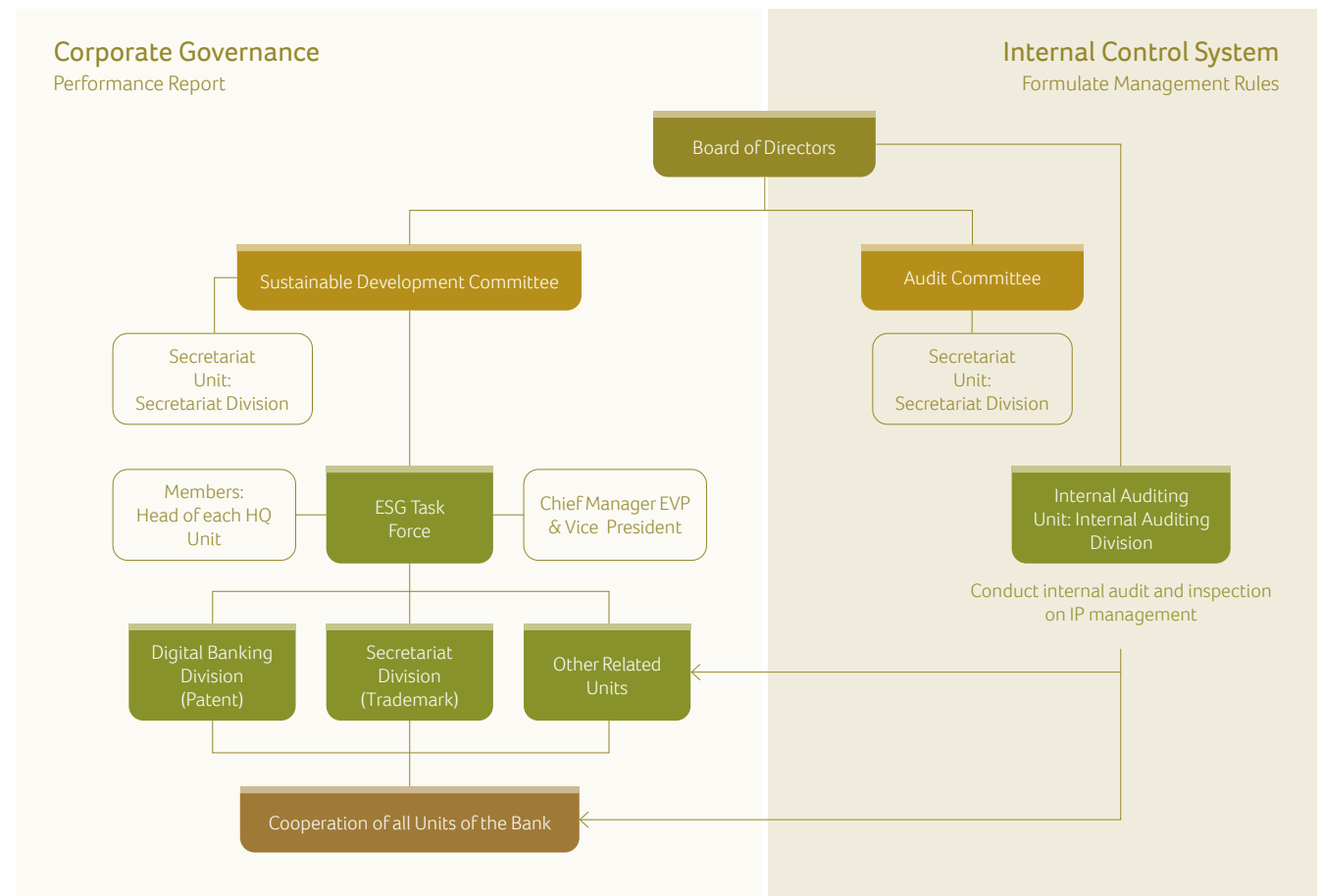
2.5.6 Intellectual Property Management

The Bank's 2024 annual intellectual property management plan basically continues the original intellectual property management policy and adjusts the annual management objectives with the regular review of the management system to gradually improve the Bank's intellectual property management mechanism. The previous management plan has been successively submitted to the Intellectual Property Management Review Meeting, the Sustainability Management Committee and the Board of Directors for consideration and approval, and has been announced on the official website of the Bank as an important guideline for the Bank to promote matters related to intellectual property management.

CHB Management
Plan & Its
Performance of IPs



Organization Chart of CHB IP Management



Commitment	<ul style="list-style-type: none">➔ The Bank shall precipitate its IP management to meet several requirements such as achievement of sustainable development goals, combination with FinTech development, promotion of R&D efficiency and support for social development.➔ The Bank shall ensure its IP management systems formed follow a "Plan-Do-Check-Act, PDCA" management cycle.➔ The Bank shall obey relevant IP laws, internal rules and contract terms.➔ The Bank shall value and actively manage its own IPs, and respect IP of others.➔ The Bank shall take relevant measures to protect its own rights when IP infringement occurred or someone claims IP infringement caused by the Bank.																																												
Goals and Performance	<ul style="list-style-type: none">➔ Promoting related information of Patent and Trademark to employees of the Bank.<ul style="list-style-type: none">1. Conducted one e-class of IP information for staff of the Bank, and one advanced e-class of IP management for IP administrators in 2023.2. Appointed 3 IP administrators to attend "2023 TIPS IP Management Training Program -A Class" authorized by IDB, MOEA, and 4 IP administrators to attend IP related classes held by TIPA.➔ Monitor the infringement of the Bank's patents and trademarks by others and the infringement of others' rights.<ul style="list-style-type: none">1. Conducted the investigation of patent and trademark infringement in 2023, no patent or trademark infringement has occurred so far.2. The Bank entrusts an external professional agency to conduct online detection of fraudulent use of the Bank's trademarks. If it is assessed that there is a risk of harm to the Bank, the bank will notify the agency to remove it; the Bank also attended "Financial Security Information Sharing and Analysis Center" (FISAC), members will share the information they learn about counterfeit media platforms to jointly prevent related intellectual property rights from being maliciously used by third parties. As of the end of 2023, a total of 11 counterfeit or phishing websites using our trademarks have been informed, and all of them have been notified to the agency for assistance in taking them down agency for assistance in taking them down.3. The Bank was indirectly notified by the public in May 2023 that a false recruitment message was posted on the Facebook (FB) website using the Bank' s trademark. After investigation, it was confirmed that the message had been removed.➔ Continuously improve the Bank's patent and trademark management systems and patent management system functions to enhance management efficiency.<ul style="list-style-type: none">1. The Bank's annual internal review of the trademark management system was conducted in June 2023, and the review results were all flawless.2. Amendments to relevant specifications for patent management are expected to be announced and implemented after approval in the first half of 2024; the upgrade of the patent management system has completed preliminary process testing and is expected to be launched in the first quarter of 2024.3. In conjunction with the inclusion of patents in the scope of TIPS verification in 2024, a new "Intellectual Property Management Information Board" was built on the internal website with new added patent related information so that all units can quickly obtain IP knowledge needed.➔ IP portfolio and incentive for innovation<ul style="list-style-type: none">1. Numbers of CHB's IPs: <div>As of December 31, 2023</div><table><tr><th colspan="2">Registered Trademarks</th><th colspan="3">Patents Granted*</th></tr><tr><th>Domestic</th><th>Foreign</th><th>Invention</th><th>Utility Model</th><th>Design</th></tr><tr><td>38</td><td>16</td><td>39</td><td>230</td><td>3</td></tr><tr><td colspan="2">Total: 54</td><td colspan="3">Total: 272</td></tr></table><div>Note: The number of patents has been calculated based on the approval date in the past. Starting from 2023, it will be calculated based on the publication date of obtaining the patent, and the accumulated number of patents in the past three years will be adjusted as the table on the right:</div><table><tr><th></th><th>Invention</th><th>Utility Model</th><th>Design</th><th>Total</th></tr><tr><td>2023</td><td>39</td><td>230</td><td>3</td><td>272</td></tr><tr><td>2022</td><td>30</td><td>206</td><td>3</td><td>239</td></tr><tr><td>2021</td><td>19</td><td>182</td><td>3</td><td>204</td></tr></table>					Registered Trademarks		Patents Granted*			Domestic	Foreign	Invention	Utility Model	Design	38	16	39	230	3	Total: 54		Total: 272				Invention	Utility Model	Design	Total	2023	39	230	3	272	2022	30	206	3	239	2021	19	182	3	204
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<ul style="list-style-type: none">2. The Bank's trademark rights in the United States expired on June 10, 2023. After entrusting an external trademark firm to assist in applying for extension, the bank received approval from the United States Intellectual Property Office (USPTO) on September 29, 2023. The next expiration date is June 10, 2033.3. As of the end of 2023, a total of 29 patents (8 design patents and 21 utility model patents) developed by the Bank's employees were eligible for patent incentive measures. A total of NT\$198,000 in incentive funds were awarded.																																													
<ul style="list-style-type: none">➔ We actively apply the trademark and patent rights we have acquired to our business operations in order to enhance customer satisfaction and brand value.<ul style="list-style-type: none">1. In order to increase media exposure, the Bank has been utilizing newly registered trademarks in recent years for business marketing, promotion, and corporate image enhancement activities: In 2023, in addition to being used in promotion projects such as "Core Power Intelligent Vending Machine Discount Only with Taiwan Pay", "Pingxi Very Happy Pay Enjoy 20% with Taiwan Pay" and "Chinese Enterprise Archery League season -CHB's Archery Carnival", it is also widely used in advertising on the bank's official website, social media and charity activities, which helps enhance the bank's corporate image and brand value.2. When evaluating relevant strategies and business plans, consider including the Bank's obtained patents, such as the development of the online personal loan collateralization function and the credit card automatic approval process. This not only reduces internal personnel costs and improves operational efficiency but also enhances the convenience and user experience for customers when they apply for products or services.➔ Certificate Awarded The Bank awarded A-Class certificate of TIPS on Nov 4, 2022, and expiration date of the certificate is Dec 31, 2024.																																													

2.6 Information Security and Personal Information Protection

GRI : 2-25, 417-1, 417-2, 417-3, 418-1; SASB : FN-CB-230a.1, FN-CB-230a.2

Data breaches identified in 2023 : A total of 1 case, and 1/1 (1case) involved personally identifiable information which affected 1 person.

1. The number of major security incidents related to information equipment and network systems was 0, and the number of people affected by security incidents was 0.
2. 1 confirmed personal data security incident from a regulatory complaint, impacting 1 person.

2.6.1 Information Security Mechanism

I. Policy and Commitment

In order to strengthen information security management, the Bank has established the "Information Security Policy" to ensure the legitimate authorized access, confidentiality, integrity and availability of the Bank's information, to maintain the reliability of information equipment and network systems and the normal operation of business processes in the event of internal and external threats; to make prompt and necessary contingency measures in the event of accidents to minimize possible damage, and to continuously enhance colleagues' awareness of information security through education and training and social drills.

This policy is reviewed regularly every year and amended by the Board of Directors to provide the most timely, good, stable and safe system services to ensure the quality of goods and services provided and the rights and interests of customers.



II. Information Security Management Framework



1. In order to effectively implement internal control of information security, the Bank has adopted a management framework with three lines of defense:
 - **The first line of defense:** The implementation of information security operations by all units and IT Division across the Bank.
 - **The second line of defense:** The Information Security Division is responsible for the monitoring and managing the implementation status of the information security policy and its derived information security risks and reporting to the Risk Management Committee on the status of information security management by monthly, summarizes and reports to the Audit Committee and the Board of Directors on a quarterly basis, and reports to the Board of Directors on the overall implementation and management of information security every year.
 - **The third line of defense:** Inspections by the Internal Auditing Division.
2. Set up a Director of Information Security at the executive vice president level to coordinate information security policy promotion and resource allocation. The Director of the Information Security Division serves as the dedicated supervisor of information security. He must have a background in information security. His functional responsibilities are to be responsible for supervising and implementing information security policies and coordination and promoting information security management operations.
3. The Bank hired an information security consultant to provide professional views and advice on information security management to strengthen the information security governance capacity of the Board of Directors.

III. Security Reporting Mechanism and Emergency Response

1. For the notification and handling of information security incidents, according to the situation and severity of the incident, follow the "(CHB) Information Security Event Reporting Procedure" and "Chang Hwa Bank Major Contingency Incident Handling Procedures" to notify the affiliated units, through the "Information Security Event Reporting Management System", letters or phone calls for internal communication and reporting. The IT and Information Security Divisions need to eliminate and resolve information security incidents within the target processing time, follow up on the incidents, review improvement plans, and put forth preventive measures to prevent such incidents from recurring.
2. Conduct an operational impact analysis and develop a disaster recovery plan to mitigate the risk of disruptions to the information system.

IV. Security Measures and Management Mechanisms

The Bank uses the PDCA management cycle to conduct information security risk management and addresses and prevents risks posed by new technologies, new products and business process changes.

1. Management System and Information Security Evaluation

- The Bank confirms that the relevant systems comply with international standards through external review every year, and evaluates the operational effectiveness of the management systems. In 2023, we continue to ensure the effectiveness of "Business Continuity Management System ISO 22301", "Information Security Management System ISO 27001" and "Personal Information Management System BS 10012", and complete the upgrade of the information security management system in 2023.
- Every year, the Bank entrusts an independent third party to conduct computer system information security assessment, SWIFT CSP compliance assessment, and overall information security compliance assessment to improve the Bank's information security.
- The Bank conducts penetration testing on its mobile application (App) and the benchmark testing by the Digital Development Department every year, and all of them have obtained the "Mobile App Basic Cybersecurity Badge and Certificate."

2. Multi-Level Security and Surveillance Mechanisms

- The Bank uses multi-level information security equipment to work together to establish protection and monitoring mechanisms for networks, endpoints and databases and servers, strengthen information security protection operations, and introduce two-factor authentication mechanisms into important systems to strengthen access security.
- We use automated methods for 24/7 monitoring, detection, and tracking of fake websites and mobile applications that impersonate our bank and take necessary actions against such fraudulent activities.
- Regularly perform source code detection, vulnerability scanning, penetration testing and malicious program detection on the information system to confirm whether there are weaknesses in the information system of the Bank, find out and repair them early, so as to maintain a good quality of information system services.
- To ensure the Bank's information security monitoring and defense effectiveness, a combination of DDoS attack and defense, red and blue teaming, and intrusion and attack simulations are employed.

3. Integration and Application of Information Security Information

- Through Financial Information Sharing and Analysis Center (F-ISAC) and Taiwan Computer Emergency Response Team / Coordination Center(TWCERT/CC), report information security incidents and information sharing, and send information security information back through Financial Security Operation Center (F-SOC) to improve the synergy of information security and joint defense.
- In 2023, by proactively monitoring and analyzing real-time external information security status and threats, as well as integrating information security protection tools, we will achieve early detection of information security threats.

4. Information Security Education, Training and Drills

- The Bank holds information security promotion training courses for all employees every year to strengthen employees' awareness toward information security. And every quarter, through information security information bulletins, social engineering exercises, emergency response exercises and system support exercises, etc., improve the alertness and resilience of colleagues.

✓ Information Security Education and Training in 2023

Course	Information security awareness training in Chinese and English	Information security awareness education and training for high-risk personnel	Information security specialists participate in courses related to information security	SWIFT Education and Training
Target personnel	All employees (including those in overseas branches and excluding manual workers and drivers)	Information and security personnel	Information security specialists	SWIFT authorized personnel
Total training hours	19,527 hours	299 hours	956 hours	80 hours

- ✓ In 2023, at least 24 pieces of information security information will be announced on the bulletin board of the internal website to strengthen the awareness of information security among colleagues at home and abroad.
- ✓ We conducted social engineering drills every quarter. In 2023, a total of 16 (times), and a total of 115,216 test e-mails were sent. The content of e-mails includes in both Chinese and English to increase the vigilance of employees and reduce the chance of being attacked by social engineering.
- ✓ In 2023, 7 emergency response procedure drills was completed to familiarize colleagues with the response procedures for different incident scenarios.
- ✓ In 2023, 90 information system drills was completed to familiarize colleagues with the system operation process.
- ✓ The Bank invited external professional lecturers to hold the information security education and training for directors and senior executives, which was attended by a total of 25 people (including 9 directors). All directors have completed the training.
- The bank's information security personnel receive professional information security courses every year, and encourage and subsidize colleagues to obtain international information security certificates. Currently, the Bank's employees hold a total of 70 information security certificates*, which accounts for 2.41% of our total assets.

Note: The recognition of "information security certificates" is based on the "list of information security professional certifications" published by the Executive Yuan, including ISO 27001 Information Security Management System Auditor/ Lead Auditor, ISO 22301 Business Continuity Management System Auditor/Lead Auditor, ISO 27701 Privacy Information Management System Lead Auditor, Certified Cloud Security Professional(CCSP), Certified Ethical Hacker(CEH), Certified Information Security Manager(CISM), Certified Information Systems Security Professional(CISSP), Certified Information Systems Auditor (CISA), and Offensive Security Certified Professional(OSCP), etc.

V. Implementation Status

- In 2023, the Bank had no major security incidents related to information equipment and network systems, and the number of customers affected by security incidents was 0.
- The Bank completed the process of applying for information security insurance in 2023.
- In 2023, the Bank has been awarded the "Outstanding Performance in Financial Security Attack and Defense Drills" in the financial security attack and defense drills of the Financial Supervisory Commission (FSC).
- In 2023, the Bank has received "Gold Award for Digital Information Security" (1st place) by Commercial Times.
- In 2023, the Bank has been awarded the "Best Financial Security Hacking Defense Team Award" (1st place) in the financial security attack and defense evaluations of the Financial Supervisory Commission (FSC).
- In 2023, the Bank has been awarded "2022 F-ISAC Outstanding Institution Award for Members' Performance in Information Sharing" (1st place), and the annual settlement result of the F-ISAC membership information sharing points for 2023 saw us retain our excellent first-place performance.
- The first bank in Taiwan to successfully complete the British Standards Institution (BSI) Information Security Management System (ISO 27001:2022) upgrade assurance was honored with the "Excellence in Information Resilience Award."

2.6.2 Personal Information Protection

I. Policy Commitments

In order to implement the security maintenance and management of personal data files, in addition to the website announcement "Customer's Personal Data Protection Declaration", the Bank has established the "Personal Information File Security Management Program", "Personal Data Management Regulations" and "EU and UK Personal Data Management Regulations" for the whole bank to comply with, regularly conduct self-assessment operations to review the current status of personal data protection implementation, ensure that the execution of the Bank's various businesses comply with relevant laws and regulations such as personal data protection, and prevent the occurrence of security incidents such as theft, alteration, destruction, loss or leakage of personal data, so as to protect the rights of the parties concerned. For the management of personal information disclosed by the supplier, the Bank's "Guidelines on Internal Operations Entrusted to Others" also stipulate that third-party suppliers should keep customer data confidential and take security measures to ensure that personal information is not leaked.

1. Customer's Personal Data Protection Declaration

In addition to providing "Collection, Processing and Utilization of Personal Data Notifications" at the time of collection, in order to make customers understand that the Bank protects the security of personal data in accordance with the Personal Data Protection Act and related laws and regulations, the Bank is responsible for properly explaining the nature of the collection, the use of the collection, the exercise of the customer's rights (reviewing, copying, correcting, Opt-in, Opt-out, deleting), the retention period, third-party disclosure (non-official or official authorities) and how to protect personal data.



2. Chang Hwa Commercial Bank Personal Information File Security Management Program

The personal data collected, processed and utilized by the Bank in accordance with the provisions of Article 3 of the Measures for the Security Maintenance of Personal Data Files of Non-Governmental Institutions designated by the

Financial Supervisory Commission shall apply to the personal data collected, processed and utilized by the Bank in various business processes. Among them, it is also stipulated that when entrusting others (including but not limited to suppliers) to collect, process or use personal data, the trustee shall be appropriately supervised in accordance with Article 8 of the "Enforcement Rules of the Personal Data Protection Act", and the content of it shall be clearly agreed in the entrustment contract or related documents.



3. Chang Hwa Bank Personal Data Management Regulations

In order to ensure that the execution of the Bank's various business activities complies with the requirements of the Personal Data Protection Act and relevant laws and regulations, the Bank authorizes the formulation of the Bank's personal data management standards in accordance with Article 15 of the Personal Information File Security Management Program, specifying the Bank's personal data management objectives, personal data security management measures, personal data file inventory and risk assessment operations, personal data security audits and self-assessments, etc.

4. Chang Hwa Bank EU and UK Personal Data Management Regulations

In order to comply with the EU's "General Data Protection Regulation" (GDPR) and the UK's "Data Protection Act 2018" (DPA 2018), the Bank authorized the establishment of "EU and UK Personal Data Management Regulations" in accordance with Article 15 of the Personal Information File Security Management Program, specifying the protection object and scope of application, setting up a Data Protection Officer, EU and UK personal data processing regulations, impact assessment and personal data inventory, etc.



II. Personal Information Management System

Management Framework

- 1. The Bank effectively manages its personal information through its personal information file security maintenance and management system. In order to establish the personal data management system of the Bank, according to the scale and characteristics of the business, the Head of each Division of the Head Office shall serve as the personal data protection management personnel, form a personal data protection management group (hereinafter referred to as the personal data management group), and the EVP and Chief Compliance Officer shall act as the convener, be responsible for supervising the operation of the personal data management group and the overall management of the required resources, and review the operation of the personal data management system of the Bank and the relevant handling conditions to ensure that the execution of each business complies with the relevant laws and regulations such as personal data protection.
- 2. Each unit of the Bank has set up four personal data execution windows to handle personal data-related matters (including accepting requests for the exercise of the rights of the parties, reporting personal data security incidents, etc.), and through continuous education and regular education and training to ensure that the purpose of effective management of personal data is achieved.

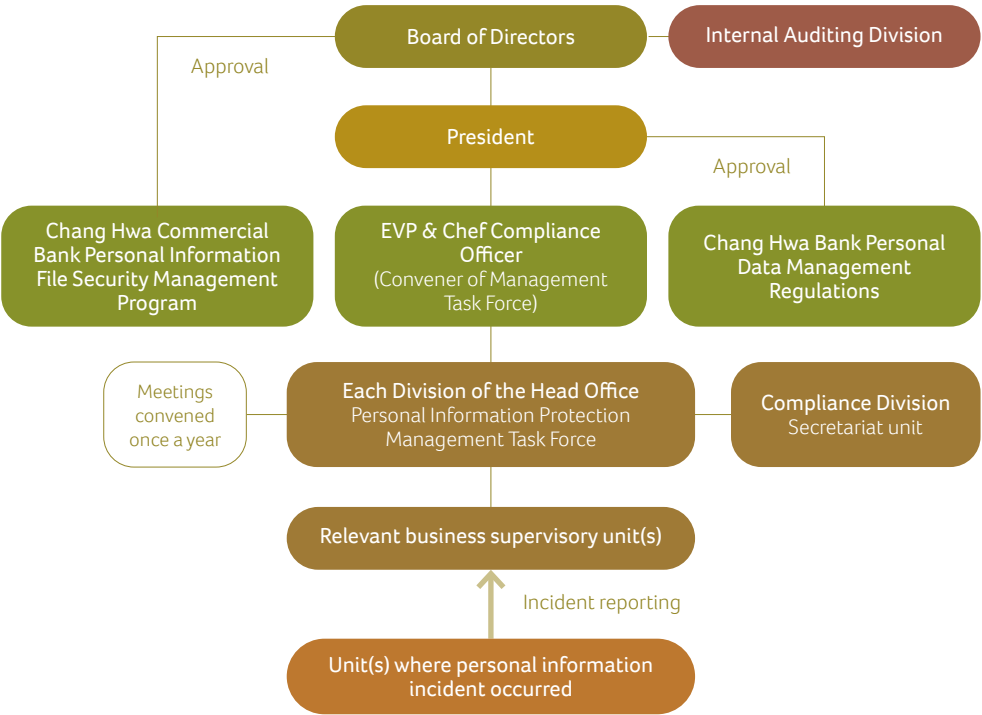
Management Methods

Through the three-line defense mechanism of risk management, the Bank implements the security maintenance management of personal data and integrates it into the Bank's compliance with laws and regulations and risk management system.

- 1. For operational activities involving personal data, each unit shall effectively implement relevant internal control procedures in accordance with the "Personal Data Management Regulations", and implement self-inspection of personal data protection items, and immediately take corrective and improvement measures for items found in the audit.
- 2. Each unit shall regularly check the personal data collected, processed and used by all businesses in the Bank, and add or regularly update the personal data file inventory and information personal data file inventory. The scope and business of personal data defined by the Bank involves the process of collecting, processing and using personal data, evaluates the risks of personal data protection that may arise, and formulates appropriate and effective control plans based on the results of risk assessment.
- 3. The Bank uses secure hardware and software equipment and mechanisms to store customer data. The customer's personal data is fully maintained in the Bank's data processing system, and strict protective measures are taken to prevent unauthorized personnel from contacting, and in accordance with relevant government laws and regulations and information management principles, a firewall is set up to prevent unauthorized intrusion and malware damage, so as to prevent the illegal acquisition or alteration of personal data.
- 4. The Bank's Risk Management Division coordinates the risk assessment operations, compiles risk assessment results and risk improvement plans in accordance with the "Operational Risk Control and Self-Assessment System Implementation Rules"; each division of the head office reviews the current status of personal data security maintenance operations and assesses personal data management risks, plan and implement improvements on possible violations, and the Compliance Division will compile the aforementioned self-assessment situation and submit a report to the personal information management team and the Board of Managing Directors of the Bank.

- 5. The Internal Auditing Division of the Bank shall handle the personal data protection self-inspection work and the personal data security maintenance audit work carried out by the self-inspection unit, and in accordance with Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries, the Compliance Division shall periodically entrust the accountant to handle the project audit of the personal data protection mechanism.
- 6. The Bank announced on the official website "Chang Hwa Bank's Collection, Processing and Utilization of Personal Data Notifications", clearly notifying the Bank of the purpose of collecting customers' personal data, the type of personal data, and the period, region, object and method of personal data utilization, and protecting the rights of the parties exercising (including reading, copying, supplementing or correcting, stopping collection, deleting, processing and using personal data, etc.).

Implementation Procedure of the Bank's Personal Information Protection





Incident Reporting and Addressing

1. In the event of personal data theft, leakage, tampering, damage, loss, or other security incidents that infringe upon the rights and interests of the parties concerned, the personal data enforcement window of the accident-occurring unit shall notify the relevant business supervisory unit with the "Personal Data Security Incident Notification Form" and discuss emergency Contingency measures, continuous tracking of the subsequent development and handling of the accident, conducting post-event reviews, improvement plans, and deliberations on corrective and preventive measures.
2. In the event of a major personal data security incident that endangers normal operations or the rights and interests of a large number of parties, the Bank's Compliance Division shall notify the Financial Supervisory Commission within 72 hours according to the regulations.
3. The Bank adopts a zero-tolerance attitude towards personal data leakage, and personnel at all levels shall abide by the relevant personal data protection policies and internal control procedures. Those who violate the circumstances are transferred to the Bank's Personnel Review Committee. If relevant civil compensation, criminal liability, or administrative sanctions is involved, the Bank may terminate their employment relationship or appointment relationship and consider the circumstances to pursue their legal liabilities.

Assessment Mechanism

1. Each Division of the head office conducts self-assessment and submits a self-assessment report regularly, and plans and implements improvements in relation to possible violations of the Personal Data Protection Act, and detailing the improvement programs and the preventive measures taken in the above-mentioned reports.

• The self-assessment report on the implementation of personal data protection by each unit of the Bank in 2023 has been submitted to the Personal Information Management Group for deliberation and was reviewed by the 30th session of the 27th Board of Managing Directors.
2. The Bank commissions a professional accounting firm to handle ad-hoc audit of the personal information protection mechanism.

• In 2023, the Bank appointed an accountant to handle ad-hoc audit of the personal information protection mechanism. The verification result is "No major abnormalities have been found." It has been reported to the 12th meeting of the 27th Board of Directors for approval and submitted to the competent authority for review.
3. The Bank adopts BS 10012 Personal Information Management System.

• The effectiveness of the BS 10012 personal information management system is continuously verified. In 2023 through an external review to confirm that the system meets international standards and evaluate the effectiveness of the management system.

Education and Training

The Bank held a digital course on the promotion and guidelines for the personal information management system in 2023, with a total of 6,725 participants. Through the establishment of personal information infringement cases and the promotion of key points of personal information protection, employees were fully informed of the relevant legal requirements to comply with the personal information management regulations.

III. Implementation Status

- 1 confirmed personal data security incident from a regulatory complaint in 2023 (impacting 1 person)

Improvement measures

The Bank hereby reiterates that if customers report not receiving their statements, they should fulfill their verification responsibilities, confirm the accuracy of the personal information retained by the customers, and enhance education and training to ensure customer rights.

- Without prejudice to relevant regulations and agreements with customers, in 2023, the Bank conducted reuse for about 322,000 (4.61%) customers for purposes such as marketing or improving the quality of product services.



03

Sustainable Finance

- 3.1 Customer Rights and Interests
- 3.2 Financial Inclusion
- 3.3 Digital Innovation Services
- 3.4 Responsible Investment
- 3.5 Due Diligence in Credit Application
- 3.6 Green Transition

3.1 Customer Rights and Interests

GRI: 2-6, 2-23, 2-24, 2-25, 417-1, 417-2, 417-3, (G4)FS15; SASB: FN-CB-000.A, FN-CB-000.B

3.1.1 Fair Treatment of Customers

The Bank has established a corporate culture that emphasizes financial consumer protection, with the "Principle to Treat Clients Fairly" at its core. It treats financial consumers in a fair and reasonable manner, ensuring the protection of their rights.

I. Policy and Commitments

The Bank implements the Financial Consumer Protection Act and relevant regulations, as well as the "Principles for Financial Service Industries to Treat Clients Fairly." We have formulated internal operating guidelines such as the "CHB Fair Customer Treatment Code," "CHB Financial Consumer Protection Policy," "CHB Financial Consumer Protection Practice Guidelines," and "CHB Consumer Complaint Handling Guidelines." The entire bank is informed that these guidelines should be strictly followed in providing financial products or services to protect the rights and interests of financial consumers. In addition, the Bank prioritizes the rights of specific ethnic groups and has developed "Guidelines for Friendly Financial Services for People with Disabilities," "Notes on Providing Financial Services for People with Disabilities," and "Guidelines for Fair Treatment of Elderly Customers." These measures aim to improve the understanding of our financial practitioners regarding the needs of special populations, ensuring that individuals with disabilities or the elderly receive suitable and fair financial services.

II. Responsibilities and Management

1. Treat Customers Fairly Facilitating Committee

The Bank attaches importance to fair hospitality and has set up the "Treat Customers Fairly Facilitating Committee" (approved by the 26th Board of Directors at its 23rd meeting on February 22, 2022), which is chaired by the President and is composed of Vice President and Chief Compliance Officer. Through the coordination of senior managers and interdepartmental collaboration, the Bank will enhance all employees' awareness of financial consumer protection and the compliance of the Principle to Treat Clients Fairly, which will help reduce cost of noncompliance and increase customer confidence in the Bank's financial services.

2. Management Measures

- ① The Bank considers customer needs throughout the entire transaction process, including design, advertising, sales, and contract fulfillment to service consultation and complaint handling for all financial products or services. This ensures fair treatment of customers in compliance with regulations for financial consumer protection.
- ② The promotional materials, advertisements, and marketing activity information provided for insurance products have been reviewed and found to be free from inappropriate, false statements, misleading financial consumers, or violations of laws, regulations, and standards. In addition to distributing printed promotional materials featuring the Bank's logo and branding, we will also publish relevant information on our official website to enhance customer accessibility.
- ③ The Bank enters into a contract for providing products or services with customers based on the principles of fairness, reciprocity, and integrity, and fully explains the important contents of products, services, and contracts while disclosing the risks.

- ④ The Bank has established a product suitability system to provide products or services suitable for customers through know-your-customer (KYC) and know-your-product operations (KYP). The Bank adheres to the Principle to Treat Clients Fairly, including fair and honest contractual obligations, suitability of products or services, disclosure and transparency, friendly services, and the practice of integrity in business operations when providing financial products or services. We requires financial consultants to comply with the KYC and KYP policies in order to ensure the appropriateness of the goods or services to the customer, in particular for the elderly customer, the important content of the financial products or services should be explained in a language or other way that the customer fully understands, and the risks should be fully disclosed in order to ensure the rights and interests of the customer.
- ⑤ Before launching new products, businesses, or services, or when changes in existing businesses may affect compliance risks, consumer rights, internal controls, or risk management systems due to factors such as product structure, risk level, or target audience, every business management unit of the Bank should perform confirmation checks according to the "Compliance Checklist for New Products, New Services, or New Business." The checklist covers regulations such as the Financial Consumer Protection Act, Regulations Governing the Suitability of Financial Products or Services for Financial Consumers by Financial Services Enterprises, and the Principles for Financial Service Industries to Treat Clients Fairly, etc. This ensures the protection of the rights and interests of financial consumers and compliance with laws and internal regulations in the Bank's operations.
- ⑥ Every year, the Bank conducts evaluation of the FSC's "Principle to Treat Clients Fairly" of consumers in accordance with the principle three lines of defense in internal control, declared the evaluation and implementation status, and submitted it to the Board of Directors for review and then to FSC for verification, to strengthen the protection of financial consumers' rights and interests.
- ⑦ The Bank's compliance risk assessment (CRA) now includes penalties from financial supervisory authorities into evaluation metrics, monitoring potential penalty risks for our violations of laws and regulations (including credit, deposits, wealth management, digital financial products and services, as well as information security). In 2023, the Bank did not incur any penalties from financial supervisory authorities.

3. Internal Audit

- ① The Bank adopts a risk-oriented internal audit system. Based on the attributes and comprehensive risk assessment results of each subject under review, the Bank has established audit items for operations related to financial consumers and the Principle to Treat Clients Fairly. Deficiencies are periodically compiled and provided to business management units for discussion on improvements in order to implementing relevant operations.
- ② When the internal audit unit conducts general and ad-hoc inspection, it also conducts an audit of the implementation of financial consumer protection or Principle to Treat Clients Fairly, carried out 213 general inspections and 490 project inspections in 2023, followed up deficiencies until improvement completion, and compiled the relevant deficiencies to business management units for discussion and improvement to ensure the effective enforcement of laws and regulations.

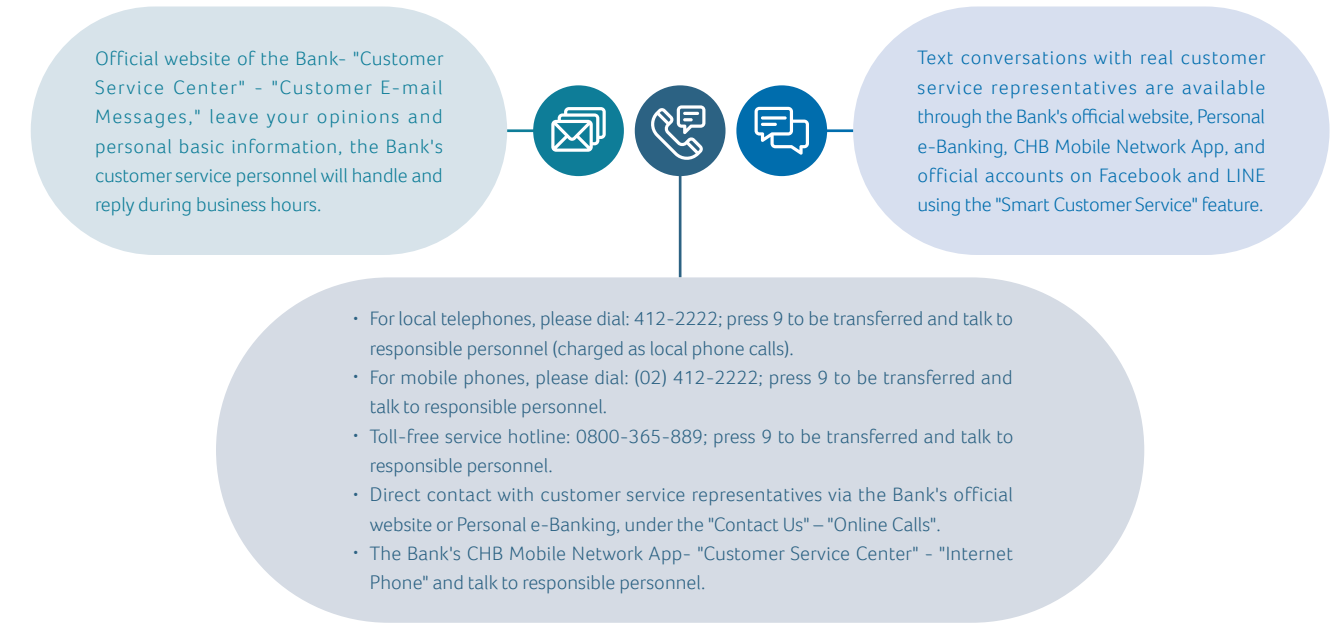
III. Implementation Status

1. The Bank convenes quarterly meetings of the "Treat Customers Fairly Facilitating Committee." In 2023, a total of 4 meetings were held, during which 18 case reports were presented. These reports encompassed various aspects such as optimization and improvement of customer complaint case analysis, financial-friendly service measures, and suggestions for self-improvement in fair treatment of customers, totaling 123 items. The Board of Directors was informed about the Bank's adherence to the principle of fair customer treatment.
2. The Bank's 'Assessment Form for the Implementation of the "Principle to Treat Clients Fairly" in the Financial Services Industry for the Fiscal Year 2023' has been completed and submitted for review to the Treat Customers Fairly Facilitating Committee and the Board of Directors. It will then be submitted to the Financial Supervisory Commission for re-evaluation and deliberation. The Financial Supervisory Commission announced the evaluation results of the Principle to Treat Clients Fairly for 2023 on July 18, 2023. The Bank was ranked in the top 26%-50% of the Banking industry and will continue to enhance and implement measures to ensure fair treatment of our customers.
3. The Bank organized a forum event called "Emerging Trends and New Values in Fair Customer Treatment" on December 11, 2023. The Chairperson delivered a keynote speech, and the President participated as a panelist to discuss management trends and inclusive financial measures. Around 300 participants attended the event.
4. On June 28, 2023, the Bank hosted the "Chairperson's One-Day Customer Service Event," during which the Chairperson and check-in staff collaborated to answer customer calls. This event not only showcased our sincere concern and commitment to our customers through tangible actions, but also provided us with insights into the interaction process between our customer service colleagues and customers. The chairman provided valuable feedback and guidance to further improve our customer service at the Bank.
5. The Bank organizes consumer protection advocacy and training on Principle to Treat Clients Fairly to enhance the professionalism of business staff and improve customer satisfaction, with a total of 41,017 participants in 2023.
6. In 2023, the Bank engaged external professional training institutions in one training courses on fair treatment of customers and financial friendliness for directors, senior executives, and business unit managers. This was done to establish a corporate culture that values financial friendly services from top to bottom.

3.1.2 Customer Complaint Mechanism

1. Customer Complaint Channels

The complaint channels for handling disputes with respect to financial products or services provided by the Bank are listed in the product contracts; there are also a 24/7 customer service hotline, Text conversations with real customer service representatives, "Customer Message" section on the Bank's official website, mailbox and other open channels to provide customers with consultation services and accept complaints or feedback at any time. The Bank properly responds to suggestions from customers or disputes arising from financial products or services provided by the Bank.



2. Handling of Customer Complaints

- 1 The Bank has formulated the Consumer Complaint Handling Guidelines, which regulate the acceptance, handling procedures, progress inquiries, and handling timeframes for financial consumer disputes. Upon receiving customer complaints, they are promptly handed over to the responsible business units for appropriate handling to protect the rights of financial consumers.
- 2 To effectively reduce the frequency of financial consumer disputes and improve service quality, the Bank regularly reviews the types and handling of such cases. We compile and analyze the causes and reasons for consumer disputes and develop improvement measures by the responsible business units for continuous review and improvement. Changes in the number of cases are tracked regularly and reported to the Board of Directors. The Bank will continue to optimize operational processes to ensure the effectiveness of solutions to customer complaints, enhance service quality and efficiency, and provide comprehensive protection for the rights of financial consumers.

3.1.3 Customer Size

I. Checking and Savings Accounts

As of December 31, 2023 Unit: million NT\$

		Number of accounts	Balance of deposits
Individual (natural person)	NTD saving account	7,681,501	1,214,565
	Checking account	169,514	6,743
	Foreign exchange deposit	368,634	145,717
Enterprise	NTD saving account	282,334	532,498
	Checking account	66,645	29,632
	Foreign exchange deposit	44,086	325,487
Total amount of balance of deposits			2,225,010

Enterprise							
		Number of accounts	Balance of deposits			Number of accounts	Balance of deposits
Small enterprise ¹	NTD saving account	41,769	56,420	其他 非小型企業	NTD saving account	240,565	476,078
	Checking account	10,998	3,821		Checking account	55,647	25,811
	Foreign exchange deposit	5,667	21,975		Foreign exchange deposit	38,419	303,512

Note: 1. "Small enterprise" refers to companies with a capital of less than NT\$ 30 million.

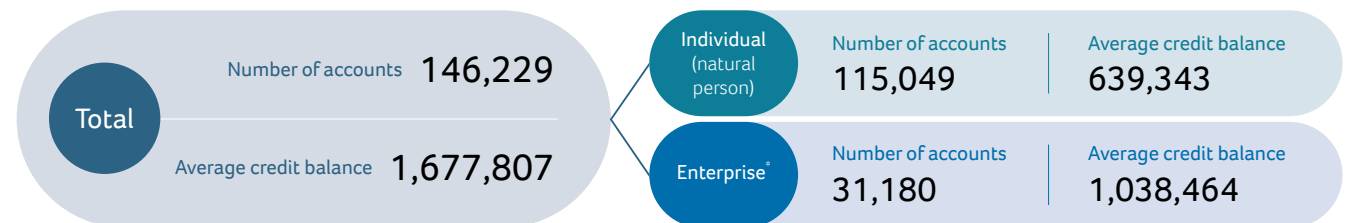
2. The balance of NTD deposit account/checking account do not include public treasury deposits, deposits from other financial institutions, and postal remittance deposits.

3. As accounts, such as omnibus deposit account and digital deposit account, which involve deposits in NTD and other foreign currencies, the number of accounts and balances are included in the data of the NTD deposit account.

4. Since the same customer can open multiple accounts, the number of accounts is not equal to the number of the Bank's customers, only the balances are totaled.

II. Loan recipients

As of December 31, 2023 Unit: million NT\$



Note: "Small enterprise" refers to companies with a capital of less than NT\$ 30 million among enterprises.

3.1.4 Customer Satisfaction

I. Satisfaction toward Digital Banking Services

In order to improve the quality and efficiency of the Bank's digital banking services, and to understand the satisfaction and recommendations of customers with regard to their e-banking experience, we conduct the "Customer Satisfaction Questionnaire Survey" on a yearly basis, as a reference for improving online banking functions and business development, thereby enhancing customer adoption willingness.

Survey Period		
From October 16 to December 15, 2023		
Survey Participants		
Users of the Bank's "Personal e-banking" and "Mobile e-banking App (CHB Mobile Network)," as well as "Corporate e-banking (CHB e-banking)" and "Corporate Mobile Network App."		
Survey Content		
Including the smoothness of e-banking operations, system stability, and overall evaluation.		
Survey Results		
<div>Overall satisfaction</div> <div>Most customers gave positive feedback.</div> <div> <ul style="list-style-type: none"> "Corporate e-banking and Corporate Mobile Network App": Received 88.07% of "satisfied" or above* "Personal e-banking and CHB Mobile Network App": Received 87.96% of "satisfied" or above* </div> <div>Note: "Satisfaction or above" includes both "satisfied" and "very satisfied".</div>	<div>Frequently used key features</div> <div>Corporate e-banking</div> <div> <ul style="list-style-type: none"> Account overview (92.87%) NTD & foreign currency receipt and payment (83.36%) </div> <div>Personal e-banking</div> <div> <ul style="list-style-type: none"> NTD demand deposit balance (90.44%) NTD transaction details (82.63%) NTD transfer (82.17%) </div>	<div>Areas for improvement</div> <div>As some users expressed dissatisfaction with system performance, the Bank will continue to optimize the online banking system to improve customer experience.</div>

II. Satisfaction toward Physical Channel Services

- In order to improve the quality and efficiency of the Bank's services, the Bank conducts an annual customer satisfaction survey for physical channel services. In addition to surveying counter customers using paper questionnaires, in response to the advent of digital finance, customers can also use the Bank's public computers, scan the QR Code on the digital number tag, or other diverse means to complete the questionnaire.
- Based on 2023, this survey was conducted to measure customer satisfaction and gather opinions from customers of the Bank in three major aspects: "Financial Products Satisfaction," "Service Attitude and Professional Competence" and "Overall Service Satisfaction."
- To strengthen the depth and scope of the content of our customer satisfaction survey, the survey of this year provides open-ended questions for customers to provide feedback for improvement. Regarding customer suggestions to increase financial products, improve the internet banking app interface, and install deposit machines, the Bank will promptly review and make improvements, continuously strengthening service quality and customer service to enhance customer satisfaction.

Survey Results			
The satisfaction with "Service Attitude and Professional Competence" is 91.55%, the highest of all, followed by "Overall Service Satisfaction" (90.93%) and "Financial Products Satisfaction" (89.30%).			
Customer Satisfaction Survey in the past three years			
Item/FY	2021	2022	2023
Financial Product Satisfaction	88.73%	89.71%	89.30%
Service Attitude and Professional Competence	91.11%	92.12%	91.55%
Overall Service Satisfaction	90.18%	91.68%	90.93%

III. Future Outlook

With the principles for fair treatment of customers as the core, the Bank will listen to customers' opinions, continue to promote financial innovation and strengthen digital services, and strive to provide customers with the best financial experiences, thereby creating a satisfactory and reliable financial brand. In 2024, we plan to implement the ISO 10002 International Standard for Complaints Quality Management to better understand customer expectations for products or services and enhance the quality and effectiveness of our complaint management.

3.1.5 Anti-Fraud Safety Net

I. Fraud Prevention Campaign

1. In 2023, a total of 16 events were held for the "National Fraud Prevention Campaign in 368 Towns and Villages by Financial Institutions." These events were jointly organized with local police agencies in designated townships and urban areas to promote awareness about fraud prevention. A total of 916 participants took part, with the aim of fostering a sense of collective vigilance against fraud among the general public. In addition, 321 financial literacy education sessions were held for vulnerable ethnic groups. These sessions included information on financial fraud prevention and information security, aiming to enhance the anti-fraud awareness and safety consciousness of students on campus, people in remote areas, and the elderly.
2. The forum event on "Emerging Trends and New Values in Fair Customer Treatment" was organized, which included in-depth discussions on fraud prevention and financial exploitation. Furthermore, an online seminar on eldercare trust was conducted to raise awareness of fraud prevention knowledge.
3. In collaboration with the Sixth Division of the Taichung City Government Police Bureau, we have conducted anti-fraud campaigns by placing informative cards on various service windows, waiting areas, and entrances. These cards highlight "fraudulent investment" schemes and the game of "Guess Who I Am," and have asked questions in a timely manner to raise public awareness about fraud prevention and stop fraudulent remittances in a timely manner. Our efforts are focused on creating a society-wide atmosphere of fraud prevention. Furthermore, we have established a dedicated section on our official website called "Financial Fraud Prevention and Education," where we provide the public with accurate concepts and knowledge about fraud prevention.
4. A "Fraud Prevention Section" has been set up on the internal corporate website to enhance colleagues' ability to identify financial frauds and thus prevent financial frauds from occurring. Regular announcements are made on fraud prevention related news, anti-fraud related propaganda, common fraudulent tactics and successful cases of fraud blocking for colleagues' reference to strengthen training for employees and optimize blocking techniques. In 2023, a total of 173 fraud cases were intercepted, preventing a fraudulent amount of approximately NT\$94.36 million.

II. Anti-fraud measures

1. The Bank collaborates with government agencies to jointly combat financial fraud and enhances fraud prevention rates. On October 16, 2023, the Bank officially joined the "Eagle Eye Anti-Fraud Alliance" Criminal Investigation Bureau of the Ministry of the Interior. Leveraging the proprietary Hawkeye AI model with patented detection technology, it incorporates common patterns of fraudulent activities into the model. Through the Eagle Eye AI detection technology to automatically identify and alert abnormal accounts, enhancing the recognition of suspicious transactions and the detection rate of abnormal accounts, effectively blocking fraudulent money flows and maximizing the benefits of fraud prevention. The proactive anti-fraud measures aim to safeguard customer assets and mitigate the impact of criminal activities.
2. Please adjust the effective date of scheduled transfers for online (phone) banking and extend the cutoff time for notifying recipient accounts.
3. To enhance control and prevent the creation of fraudulent accounts, the counter and online account opening review system has implemented additional verification measures and a mechanism to prompt customers to verify the accuracy of their information. Furthermore, elderly clients aged 65 and above are subject to a more rigorous inquiry regarding the purpose of opening an account and their familiarity with internet banking.

4. For customers applying for designated account transfers at the counter, KYC has been enhanced and a new mechanism for verification and release by the supervisor has been added. For those who apply for an increase in the contractual transfer limit for Internet banking (including phone banking) at the counter, a new item for care and concern has been added to the "Counter Operation Care Inquiry Form."
5. Enhance the monitoring indicators used to identify suspicious transactions in the Bank's deposit accounts. Additionally, include a note specifically for elderly customers in the "Summary of Suspected Illegal or Abnormal Transaction Monitoring" to enhance the review process and provide better care.
6. In accordance with the "Procedures for the Suspension, Restriction, or Immediate Closure of Accounts or Account Functions under Article 15-2, Paragraph 6 of the Money Laundering Control Act," the disciplined account holder is prohibited from utilizing online banking (including mobile banking), telephone banking, and connecting their deposit account to various payment platforms (such as electronic payment, third-party payment, mobile payment, or open banking TSP operators) and other similar electronic banking services for payment and transfer purposes.
7. Joining the "Designated Transfer Account Grey List Reporting Platform," collaboratively discussing notification mechanisms, and implementing control measures such as adding "contracted frequency" for the first time.

III. Fraud Prevention Incentive Linkage

Performance Evaluation of the Board of Directors

The Board of Directors of the Bank's "Action in respect to Sustainability Management (ESG)" includes the indicator of "Principle to Treat Clients Fairly" to evaluate the Board of Directors' attention and efforts towards customer rights, which also impacts director remuneration.

Key Performance Indicators (KPIs) for the Head Office Business Management Unit

In 2023, two KPIs were established in the business management units responsible for fraud prevention and detection. These KPIs are "Planning and Promotion of Fair Customer Treatment and Improvement of Fraud Prevention Mechanisms" and "Implementation and Improvement of Fraud Detection." The management unit has implemented several measures include "establishing an anti-fraud task force," "joining the Fraud Recognition Alliance," "creating an anti-fraud section on the official website," and "improving the reporting process for cases investigated by law enforcement agencies." The Anti-Fraud Task Force meets regularly on a monthly basis to enhance the anti-fraud actions.

Frontline Colleague Fraud Prevention Incentives

1. According to the Bank's implementation measures for employee rewards and punishments, as well as the employee promotion assessment scoring criteria, employees who have prevented fraud cases and assisted the police in successfully arresting suspects will receive corresponding administrative rewards. These achievements will also be considered in the assessment scoring, which will impact employee rewards and promotions. Furthermore, an "Outstanding Anti-Fraud Achievement Award" will be presented at the Bank-wide business meeting to encourage frontline business units.
2. The Anti-Fraud Task Force of the Bank has offered a reward program for successfully preventing fraud cases. If a business unit detects any suspicious or abnormal transactions at the counter and promptly reports them to the police for assistance, resulting in the successful prevention of customers' withdrawals or fund transfers, the unit will be rewarded with gift cards. Furthermore, the top ten employees throughout the year will be commended.

3.2 Financial Inclusion

GRI : 203-2, 413-2, (G4)F13, F14; SASB : FN-CB-240a.1, FN-CB-240a.2, FN-CB-240a.3

To enhance financial accessibility and inclusivity, the Bank is committed to developing and innovating in both business / financial and non-financial aspects, with the aim of providing equal and inclusive financial services, products, and education to different groups. We also seek to practice UN Sustainable Development Goals (SDGs) on multiple fronts, including SDG 1, 3, 5, 8, 9, 10, and 11, providing assistance and resilience in facing poverty, healthcare, education, gender equality, employability, and offering friendly and affordable financial products and services to underprivileged communities. The Bank is committed to achieving the following goals, gradually realizing an inclusive and sustainable financial ecosystem:

- 1
- Prioritize stakeholder engagement, understanding societal expectations, targeted group's needs and preferences through market research, feedback, and dialogues, as a basis for innovating and expanding the range of financial products and services, and develop the suitable, available and tailored delivery methods, products and services for underserved groups or regions.
- 2
- Assist targeted groups in preventing or resolving over indebtedness, providing channels and procedures for pre-negotiation and mediation of debts.
- 3
- Provide appropriate non-financial supports such as financial education and outreach to underserved groups (such as the elderly, youths, residents in rural areas, local SMEs, and families suffering hardship), promoting financial literacy through multiple avenues and the financial well-being of underserved groups.
- 4
- Establish diverse channels and mechanisms for complaints and communication, improving accessibility and effectiveness to financial inclusion clients in addressing and resolving issues promptly.
- 5
- Establish relevant guidelines and set up dedicated unit "Treat Customers Fairly Facilitating Committee" to be responsible for promoting the Principle to Treat Clients Fairly ,financial friendliness and financial inclusion. The Committee is chaired by Managing Director and President and overseen by him to implementation to ensuring equal rights, non-discrimination, and protection for targeted groups, and enhancing measures and mechanisms for financial friendliness and financial inclusion.
- 6
- Organize education and training programs for employees on fair treatment of clients, financial friendliness and financial inclusion, to prevent unrespectful treatment and discrimination of targeted groups, or aggressive sales techniques that may harm clients' rights during services or sales.
- 7
- Engage with external partners in the value chain to promote inclusive finance.

3.2.1 Provision of Various Relief Loans in Line with the Government's Policies

The Bank upholds its responsibility to care for customers and actively supports government relief policies, effectively implementing both the "Government Relief Programs" and our own "Related Relief Initiatives" to assist customers affected by the pandemic.

As of December 31, 2023

Category		Number of applications	Number of applications approved	Approved amount (100 million)	Approval rate (%)
Government relief loans		14,931	14,801	980.96	99.1
The Bank's relief loans	Individual	693	688	77.66	99.3
	Enterprise	3,788	3,766	144.10	99.4

3.2.2 Assistance to Debtors in Resolving Debts

For debtors who apply for debt workout, mediated debt workout, and debt settlement in accordance with the Consumer Debt Clearance Statute, or individual debtors who apply for debt negotiation, we evaluate their income and work ability and other factors comprehensively, and encourage them to actively resolve their debts and return to normal life, thereby facilitating the recovery of debts.

In 2023, the Bank actually accepted a total of 398 debt workout cases, of which 294 were completed, and 220 cases were established, with a success rate of 74.83%. The total debts negotiated with contracts signed were in the amount of NT\$16,392 thousand.

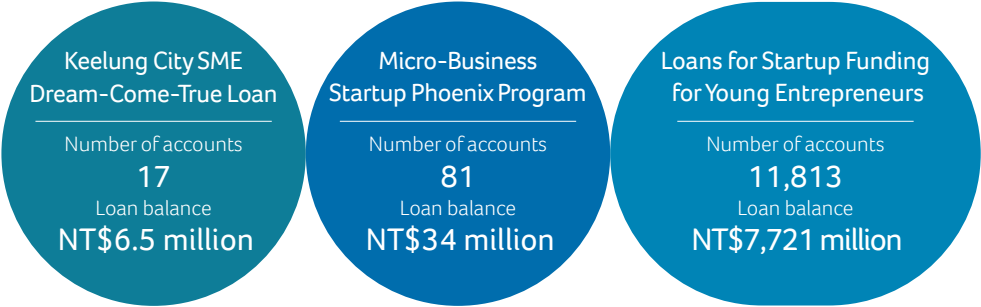


3.2.3 Assistance to Entrepreneurs to Realize Dreams

In response to the UN Sustainable Development Goals of "No Poverty," "Zero Hunger," "Gender Equality," and "Decent Work and Economic Growth," the Bank has initiated several financing projects centered around financial inclusivity, including the "Micro-Business Startup Phoenix Program" and "Loans for Startup Funding for Young Entrepreneurs." We hope to inspire and support women, youths, middle-aged and older individuals, micro-enterprises, and communities, providing them with better opportunities for entrepreneurship and self-realization while promoting gender equality and inclusive finance.

Entrepreneurship-related loans help individuals with funding needs access startup capital during the initial and subsequent operational stages, facilitating business growth, creating employment opportunities, reducing unemployment rates, and promoting economic development.

As of the end of 2023, the Bank provides relevant loans as follows:



Giving Female Entrepreneurs a Leg Up

The Bank pays close attention to the issue of women's economic autonomy and human rights and offers the "Micro-Business Startup Phoenix Program" and 69% of those who received funds from this loan were female entrepreneurs, melding gender equality into core business practices.



Lending youths a helping hand to start up and strengthen business management skills

The Bank made "Loans for Startup Funding for Young Entrepreneurs" available for young people and assists them in pursuing entrepreneurship coaching related courses at government-approved organizations during the pre-loan application stage to strengthen business management knowledge and skills. As of end of 2023, a total of 11,813 young entrepreneurs with loans had undergone the courses.

3.2.4 Promote the Development of Industry, Community and SMEs

I. Promoting Industrial Development

1. In line with the Government's strategy of promoting the development of the "Five Plus Two Industry Innovation Plan", namely "smart machinery", "Asia Silicon Valley", "green energy technology", "biotechnology and medicine industry", "defense industry", "new agriculture" and "circular economy", CHB Venture Capital invested a total of NT\$458 million in 2023, of which the investment amount in the "Five Plus Two" sector amounted to NT\$288 million, accounting for 62.88% of the total investment amount.
2. In alignment with the government's angel investment fund program, CHB Venture Capital has allocated NT\$30 million of its own funds for exclusive use, focusing on digital technology and AI-themed industries. The goal is to expand investment capacity and support emerging industries by becoming a guardian angel for young entrepreneurs. In 2023, NT\$30 million has been invested, with a 100% achievement rate.
3. The "Smart Payment Service" has been implemented to assist in the digitization of the traditional meat market's financial flow. It provides automated payment services and financing to meet the funding needs of underwriters, promote the digital transformation of traditional markets, and maintain market stability. As of the end of 2023, contracts have been signed with 5 meat markets, and 2 have been officially launched. A total of 348 underwriters have opened an advance payment account and joined the platform, bringing in a total of NT\$7.4 billion in cash flow. Among them, 26 loans have been provided to assist underwriters in obtaining funds, with a loan amount of approximately NT\$24.3 million. This has enabled the traditional meat market to achieve fast payments, fill the funding gap for underwriters, shorten the loan application process, enhance transaction activity, and implement financial innovation concepts. (For details, please refer to 3.3 Digital Innovation Services)
4. In accordance with the government's "Programme to Encourage Lending by Domestic Banks to Enterprises in Six Core Strategic Industries," we offer financing to businesses and actively extend credit to industries such as "information and digital," "cybersecurity excellence," "precision health in Taiwan," "green power and renewable energy," "national defense and strategy," and "livelihood and preparedness." This is done to promote industry development and accelerate industry upgrading and transformation, as these industries are key drivers of the future global economy. As of the end of 2023, the Bank has provided loans to 10,473 borrowers in the six core strategic industries, with a total balance of NT\$492.1 billion.

II. Supporting Enterprise

According to statistics from the Small and Medium Enterprise Administration of the Ministry of Economic Affairs in 2022, there are over 1.63 million small and medium enterprises (SMEs) in Taiwan, accounting for over 98% of all businesses. Although SMEs have a smaller individual scale, their flexible business strategies allow them to quickly adapt and respond to changes and challenges in the external environment. Thus, SMEs are important borrowers for the Bank.

1. In response to the US-China trade dispute and the motivation of overseas Taiwanese businesspeople to return their investment to Taiwan, the Bank responds to the government's policy by launching three major plans, namely the "Welcome Taiwanese Businessmen to Return to Taiwan for Investment Project Loan", "Rooted Taiwanese Enterprises Accelerated Investment Project Loan", and "SME Accelerated Investment Loan", to assist domestic enterprises in upgrading and transforming themselves toward smart and innovative to strengthen their competitiveness.

➔ As of the end of 2023, the Bank had approved 210 accounts with an approved amount of NT\$126.4 billion. Among them, there are 166 active accounts with a loan balance of NT\$52.9 billion.

The bank's short-term strategy is to continue to develop the SME client base, enhance the foundation of credit business, and increase the market share of credit business while our long-term strategy is to actively strive for financing opportunities arising from the "Three Major Programs for Investment in Taiwan" and to support six core strategic industries, creative industries, and green energy industries to facilitate SMEs' development.

2. To strengthen companies' financial foundation, the Bank collaborated with the Taiwan Small & Medium Enterprise Counseling Foundation to assist companies (including microbusinesses, young entrepreneurs and SMEs) with financial examination and the use of cloud examination resources and to provide cross-industry and cross-field comprehensive consulting services to enhance their competitiveness. In 2023, we have assisted a total of 77 SMEs with financial examination and cloud examination.
3. To support the recovery of companies (including young entrepreneurs, microbusinesses and SMEs) after the pandemic and align with international ESG development trends, the Bank collaborated with the Taiwan Small & Medium Enterprise Counseling Foundation to organize the "2023 Seminar on Care and Service for SMEs and Enhancing Financial Competitiveness Program-Post-Pandemic Revitalization, SME Upgrading, Transformation, and Sustainable Carbon Reduction." The seminar aimed to assist SMEs in comprehending the concept of sustainability, adapting their business strategies, and attracted a total of 62 participants.

III. Promoting Community Development and Revitalization

The Bank launched the "Keelung City SME Dream-Come-True Loan" to assist SMEs in Keelung City in successfully obtaining the funds needed for operations, promoting profit-making ventures in Keelung area, improving service capabilities, expanding their operations, and harnessing the potential advantages of being a harbor tourism city, as well as increasing employment opportunities in the region, promoting local revitalization, and creating sustainable communities.

➔ As of December 2023, 17 applicants had applied for the loan with a loan balance of NT\$6.5 million.

IV. Assisting in the Post-Pandemic Recovery of Businesses and Boosting the Momentum of Economic Revival

In order to promote post-pandemic recovery and enhance the competitiveness of small and medium-sized enterprises (SMEs), we are offering stimulus funds to assist SMEs in their transition towards low-carbon and smart development. This initiative is in conjunction with the Ministry of Economic Affairs' SME Post-Pandemic Recovery and Low-Carbon Smart Governance Project Loan, and aims to help SMEs achieve the ESG sustainable finance goals.

➔ As of the end of December 2023, a total of 7,020 loans were undertaken for Post-Pandemic Recovery Project Loan, with a credit balance of NT\$48.45 billion. Additionally, there were 374 loans undertaken for Low-Carbon Smart Governance Project Loan, with a credit balance of NT\$4.208 billion.

3.2.5 Compatible Financial Products

I. Trusts to Support for Vulnerable

"A Trust Agreement, Sustaining Your Unique Future"

The Bank's slogan, which conveys that a trust is a promise of continuity of intent to create its own unique story through trusteeship, was awarded the Merit Award in the "Inclusive Trust Creative Slogan Contest" organized by the ESG World Citizens & Digital Governance Foundation and The Public Interest Trust Chan Chun Shan Legal Research Fund in January 2024, and was awarded the Merit Award in the "Inclusive Trust" Creative Slogan Contest.

1. Elderly Care

- To be in line with the long-term care policy and enhance the protection to the elderly, the Bank sells long-term care insurance products and aging-related financial friendly service products as an agent, promoting economic models for sustainable product transitions and improving accessibility to insurance resource accessibility for the elderly demographic with planning needs. As of the end of 2023, the sales are as follows:

<p>China Life- "Small Amounts for All" Project</p> <p>Number of cases 11 Insurance premium NT\$357,730</p>	<p>Tokio Marine Newa- "New Old Age Insurance" project</p> <p>Number of cases 1,198 Insurance premium NT\$5,407,728</p>
<p>First Life- "New Care 99" Long-Term Care Life Insurance</p> <p>Number of cases 16 Insurance premium NT\$780,911</p>	<p>Chung Kuo- "LOHAS Age and Care-free" project</p> <p>Number of cases 146 Insurance premium NT\$550,574</p>

- To promote the Trust 2.0 "Comprehensive Trust" initiative and assist clients in building a "Trust Security Protection Network," the Bank actively develops cross-industry alliances. In addition to visiting social welfare groups, long-term care institutions, and medical institutions, the Bank also collaborates with law firms and accounting firms to promote cross-industry referrals and cooperation, assisting the elderly in their retirement life protection and wealth inheritance planning.
 - By the end of 2023, a total of 41 companies have signed the memorandum of cooperation.
- In response to the government's promotion of the elderly care trust system, we provide preferential plans for payment upon signing and management fees to the elderly and people with disabilities in applying for the trust services.
 - As of the end of 2023, there were a total of 15,210 valid contracts with a total trust property amount of NT\$3.104 billion.
- Children Nurture: we offer child care trust for customers who intend to plan ahead for the living, education, entrepreneurship, or marriage of their underage children or disabled children. By using our child care trust services, customers prevent their children from being subjected to fund shortage due to any change in family conditions in the future and save the gift tax legally through giving separately by year. As of the end of 2023, there were a total of 17 valid contracts with a total trust property amount of NT\$50 million.

II. Right of Residence

- Middle-to-low-income households, underprivileged groups, existing mortgage borrowers affected by disasters, Urban Renewal Project Loans, Loan for Rebuilding Dangerous and Aging Homes.
 - "Subsidized Home Purchase (Acquisition) and Repair Loan": In collaboration with the Construction and Planning Agency of the Ministry of the Interior, the Bank aims to alleviate the interest burden of middle-to-low-income households and underprivileged groups in purchasing and repairing residential properties. The beneficiaries include economically disadvantaged individuals and specific underprivileged groups.
 - As of the end of 2023, there were 1,180 borrowers with a loan balance of NT\$1,708.21 million.
 - "Urban Renewal Project Loans": In line with the government's implementation of urban renewal policies, the loans improve the spatial environment and revitalize urban functions, enhance public interests for residents, assist urban transformation, improve urban disaster prevention capabilities, and enhance quality of life.
 - As of the end of 2023, there were currently 16 projects underway with a loan balance of NT\$6,581.50 million.
 - "Loan for Rebuilding Dangerous and Aging Homes": Taiwan is facing the phenomenon of "aging population and buildings." The majority of housing conditions are poor, raising concerns about residential safety. The Bank supports to the government's policy on reconstruction of dangerous and aged buildings and launched the "Loan for Rebuilding Dangerous and Aging Homes" in 2018 to assist homeowners in creating a more secure living environment through practical measures.
 - As of the end of 2023, there were currently 24 projects underway with a loan balance of NT\$1,040.94 million.
- Youth and elderly groups
 - "Youth Assured First-Time Homebuyer Loan": Designed for the housing and family needs of the younger generation while alleviating the financial burden of homebuying.
 - As of the end of 2023, there were 11,196 borrowers with a loan balance of NT\$45,132.1 million.
 - "Reverse Mortgage Loan for Elderly Homeowners": We provide elderly individuals with the option to utilize their own homes by utilizing the framework of reverse mortgage loans to access funds needed for retirement living, promoting aging in place.
 - As of the end of 2023, there were 12 borrowers with a loan balance of NT\$7.72 million.

III. Petite Bourgeoisie Friendly

To provide customers who make moderate incomes and the petite bourgeoisie with diverse investment choices, the Bank provides ETFs with low subscription thresholds, with the minimum subscription to USD-denominated ETF for 2,000 and CNY- and HKD-denominated ETF for 12,000.

3.2.6 Financial-Friendly Services

To ensure that all segments of society can fully enjoy basic rights and have access to equal and convenient financial services, the Bank provides multiple friendly service measures, aiming to achieve SDG 10's sustainable goal in reducing inequality:

I. Accessible Services

1. Automated Teller Machines (ATM)

The Bank has set up an "accessible service counter" and a "service bell" at all operating units. All 639 automated teller machines (ATM) of the Bank are compatible with barrier-free models, of which 245 ATMs are for the visually impaired and the Bank has set ATMs in remote areas to provide local people with convenient financial services.

Location	Amount	The number of transactions in 2023
Mudan Township, Pingtung County (Mudan Township Office)	1	9,730
Manzhou Township, Pingtung County (Jioupeng Police Station)	1	10,268
Checheng Township, Pingtung County (Checheng Fu'an Temple)	1	16,588
Puyan Township, Changhua County (Hsinshui Service Office)	1	9,949

Note: The Bank has installed an ATM at the Jiupeng Police Station in Manzhou Township, Pingtung County. The police station is conveniently located near the National Chung-Shan Institute of Science and Technology's Jiupeng Campus, also known as Jiupeng Base. This ATM offers essential financial services to military personnel and researchers.

2. Preferential fees: Since January 1, 2017, the Bank has provided people with disabilities with free ATM interbank withdrawal fees three times a month. As of 2023, a total of 65 individuals (or 65 account holders) have been granted fee waivers, resulting in a total of 827 usages.
3. The Bank's official website, friendly zone on the online banking platform, and online ATM are all with friendly services adopted in line with the Web Content Accessibility Guidelines at the AA level. The CHB Mobile Network App and CHB Lucky Charm App have also been refined in line with the Directions for Mobile App Accessibility Validation announced by the National Communications Commission, so that people with disabilities can enjoy a more complete financial transaction environment.
4. The Bank's customer service center offers automated voice service processes. The customers who are unable to communicate verbally can scan the ATM-exclusive QR Code at any time or contact the Bank through the "Smart Customer Service" portal available on the official website, Personal e-Banking, Mobile e-banking App, and social media platforms for text-based communication. Alternatively, customers can share their opinions by using the "Customer E-mail Messages" section on the official website.

5. To enhance the quality of service for elderly and customers with disability and streamline the application process for elderly care and trust services, the Bank has introduced an online appointment application function for the Care for the Elderly/Childcare/Care for People with Disabilities Trust on its official website, effective December 26, 2023. In addition to saving customers time by eliminating the need for in-person consultations and negotiations, guiding customers to submit their requirements and trust structure through online form filling can enhance the efficiency of trust case planning operations.

II. Elderly Care

1. The Bank has established "Priority Assistance for Customers 65 and Over" and a "Taiwanese Language Hotline" services. When customers call the customer service hotline and enter the automated voice service process, the system automatically recognizes the input ID number and assigns a representative for assistance, reducing waiting time. Customers who require Taiwanese language support can select the Taiwanese language function through the voice menu, ensuring smooth communication.
2. In response to the aging society, we have developed a comprehensive guide to elderly care trusts to enhance our service for elderly customers. This guide is intended to assist our employees in marketing elderly care trust services and is accessible to the public on our official website. It provides a concise overview of the benefits of elderly care trusts, complemented by engaging illustrations, to facilitate understanding for elderly and people with disabilities and promote the availability of elderly care trust services.
3. In order to create a welcoming environment for elderly clients and offer a range of services, we introduced three videos in Taiwanese language in October 2023. These videos, titled "Eldercare Trust," "Property Management x Eldercare Trust," and "Insurance Trust," are not only utilized in our seminars at Eldercare Trust, but also shared on our main social media platforms to improve communication and engagement with the elderly.
4. The Trust Association's "Elderly Risk Assessment Calculation Sheet" is linked to the Bank's official website to assist the public conduct a simple self-assessment to gain a preliminary understanding of their potential financial situation and elderly risks. It also helps them find a suitable direction for estate planning.

III. International Deepening

1. In response to the "Blueprint for Developing Taiwan into a Bilingual Nation by 2030" and to meet foreigners' financial needs, the Bank has completed the establishment of 85 bilingual branches in 2023. It is expected to complete all 185 bilingual branches of the Bank by 2028 in line with the international trends.
2. The Bank opened the "Vietnam Labor Remittance" service, which provided a convenient and fast way for foreign migrant workers in Taiwan to remit money to their hometown.

3.3 Digital Innovation Services

GRI: 203-2

The Bank adopts big data and artificial intelligence to gain an in-depth understanding of the attributes of overall customers and to provide financial products that meet customers' needs, thereby achieving the goal of precision marketing. We actively develop digital financial services based on customers' needs, apply FinTech technology to various financial aspects to build an "integrated financial service in client's life". The Bank has been committed to digital financial innovation and launched the "Bank 4.0" online business. Through the incorporation of application fields such as social media, we expands service channels, integrates physical and virtual channels, and optimizes customers' interaction history in all channels to provide customers with safe and convenient financial services, enhance the Bank's competitiveness, and deepen relationships with customers while contributing to the sustainable development of the environment.

I. Understand Customer Needs and Communicating Promotion

- The Bank adopts big data to collect and analyze customer-related information and build an information system according to competent authority's plan.
- The Bank has established diversified communication channels to provide real-time online consultation:
 - 24/7 customer service center: Service hotlines (412-2222 and 0800-365-889), the official website, personal e-banking, CHB Mobile Network App VoIP and Customer Service Center "Customer Message" on the official website.
 - Smart customer service: The official website, personal e-banking, CHB Mobile Network App or Facebook, LINE official account have smart customer service, to provide 24-hour online text chat with "Boa," or inquire about credit card account information through identity verification. You can also be transferred to live text customer service or online phone customer service according to the instructions.

➔ To improve our smart customer service, we have created dedicated sections on our smart customer service platform homepage. These sections are called the "English Zone," the "Finance-Friendly Zone," and the "Credit Card Online Self-Service Zone." They offer a variety of exclusive popular information and quick menus, making it easy and fast for customers to access financial information with a single click. As of the end of 2023, the cumulative number of intelligent customer service users was 1,211,563.
- Promote products through social media

With an eye toward enhancing brand friendliness and leveraging on the benefits of official social accounts, the Bank published posts on LINE, FB, YouTube, IG complemented with videos of the Bank's image ambassadors to increase the number of active users, improve customers' good impression and brand image recognition of the Bank. This would lead to customers' applications for services via online or physical channels where the Bank would provide customers with secure and convenient financial services.

II. Innovate Customer' Experience

- Digital Deposit

To address changes in customer lifestyles and digital financial needs, the Bank provides "e-Treasure" digital deposits. This eliminates the need for customers to visit the branch, reduces the risk of physical cash handling and infection, and offers various rewards and benefits. It also allows customers to open digital deposit securities delivery accounts and fund trust accounts online, reducing the need for repetitive application forms and providing more convenient and efficient financial services. In order to promote ESG sustainable finance and respond to the government's green finance action plan, we provide digital deposit customers with the option to participate in the Bank's "Green Deposit Project" and agree to allocate the funds towards green investment and financing projects when they make fixed deposits online. This allows them to collectively exert financial influence.
- Online Financial Services
 - From a user experience and marketing perspective, we have redesigned the login homepage of the "CHB Mobile Network APP." The new design features a clean, distinctive, and stylish visual layout. We have also made adjustments to the app's system architecture to minimize the frequency of customer app updates when making future changes, thus optimizing the customer experience. Additionally, we have introduced the "CHB Lucky Charm 2.0" low-risk transaction security mechanism in the CHB Mobile Network App. After completing the necessary registration and binding procedures, customers can now use their mobile devices for identity authentication, enhancing online transaction security and simplifying the application process.
 - The online ATM has introduced the "Financial FIDO- Chip Financial Card Identity Verification Mechanism" service, enabling customers to verify their identity through the Bank's online ATM. This service adheres to international identity verification security standards, minimizing operational risks and enhancing customer application convenience.
 - The enterprise online banking has introduced the "Tai Shui API Instant Check and Payment" function. This feature enables users to quickly check pending bills and make payments using their water account number. Additionally, the foreign currency remittance feature in both corporate and personal online banking now includes the "SWIFT GPI Remittance Progress Tracking" to help customers monitor the status of their remittances.
 - In terms of blockchain applications, the Bank provides online financing services for the supply chain, can issue guarantee letters through the "Online Guarantee Letter Management System", and in response to the government's ESG paperless initiative, introduced electronic letter of credit and bill remittance services in the domestic electronic letter of credit system. As of the end of 2023, 103 guarantee letters have been issued online.
 - Introducing the Revolving Loan (EASY Online Application), adding features such as system-based decision outcomes, optional unit opinion mechanism, and online contract establishment. Furthermore, the salary-based loan approval criteria have been adjusted based on data analysis of existing cases, thereby optimizing the existing online loan application functions and providing holistic loan services.

- 6 In response to financial technology applications and ESG issues, we have implemented electronic payment services. This includes expanding the service to link icash2.0 card and All Win Payment with deposit accounts, achieved through collaborations with 9 dedicated electronic payment institutions. Encouraging customers to opt for online transactions over cash payments, aiming to enhance digital transactions and increase the flexibility of deposit account usage. Moreover, this initiative reduces production costs associated with paper currency, aligning with goals of advancing development of digital transformation and energy conservation and reduction of carbon emissions.
- 7 Promote digital transformation and innovative business models, designing digital transformation solutions for traditional meat markets, and building a "Smart Payment Service" to enhance transaction efficiency and security, as well as to maximize the benefits of financial inclusion.
 - ➔ Exclusive Payment Mechanism: The meat market can monitor the funding status of underwriters in real time and manage funds instantly before and after bidding through corporate internet banking.
 - ➔ Project Finance Service: the Bank provides exclusive financing solutions to address underwriters' cash flow issues. These solutions are supported by the Agricultural Guarantee Fund, which increases the likelihood of loan approval.
 - ➔ Reducing cash transactions: Encourage underwriters to utilize electronic payment methods, such as online ATMs and Taiwan Pay. This will help mitigate the risks associated with cash transactions and promote the adoption of digital finance.

"Smart Payment Service" helps enhance transaction activity in the meat market, assists underwriters in effectively managing funds, and creates higher economic benefits for the market.

- 8 By promoting the use of electronic channels and online transaction services through various business opportunities, our goal is to minimize the need for customers to physically visit branches and save time. This will enable customers to access financial services anytime and anywhere. Additionally, this initiative will lead to a reduction in paper usage, workforce, and energy consumption, resulting in a decrease in carbon emissions. Status of usage of electronic channels in 2023:

Growth rate of the number of transactions via electronic channels	Compared with 2022	↑	18.3%
Growth rate of the number of online banking accounts	Compared with 2022	↑	5.61%
Growth rate of the number of transactions via online banking	Compared with 2022	↓	0.01%
Growth rate of the number of transactions via mobile banking	Compared with 2022	↑	23.17%

- 4. Patented Technology Protection

In order to protect professional technology from infringement, the Bank has established a financial patent application process to speed up the acquisition of financial patents, and has actively applied for financial patents, with a goal of filing applications of 40 cases annually. As of the end of 2023, the Bank had obtained 272 financial patents. (For details, please refer to 2.5.6 Intellectual Property Management)

III. Electronic Payment Innovation- Taiwan Pay Digital Life

The Bank is continuously improving its digital financial services and promoting inclusive finance by integrating Taiwan Pay mobile payment into the daily lives of the general public. This initiative not only reduces carbon emissions but also minimizes the environmental impact.

1. By seeking partners who share our vision, we are steadily expanding the range of applications for Taiwan Pay. Our plan is to enable mobile payments on unmanned devices like charging stations and smart devices, as well as in medical chain pharmacies. Additionally, we are actively growing the number of partners on the Taiwan QR Code (TWQR) and the Taiwan Pay system, as well as suppliers of Electronic Data Capture (EDC), to cater to the diverse payment requirements of the public.
2. Promoting the use of cloud-based supplier payment systems for small and medium-sized enterprises not only effectively reduces transaction costs but also significantly saves on personnel costs for businesses. This is achieved through the integration of online ordering and offline pickup, which allows businesses to serve different customer groups during various time periods, thereby enhancing operational efficiency. Furthermore, the system provides a consumer behavior analysis and evaluation function, enabling businesses to accurately plan their market strategies and improve competitiveness.



3.4 Responsible Investment

GRI: 2-23, 2-24, 413-2

While pursuing investment profits, the Bank aligns with the UN Sustainable Development Goals (SDGs), refers to the international initiative for Principles for Responsible Investment (PRI), signs the Equator Principles, and act in concert with the "Corporate Governance 3.0 – Sustainable Development Blueprint" and "Green Finance Action Plan 3.0" of the FSC. With ESG investment as the crux, Chang Hwa Bank took progressive steps towards realizing the Bank's sustainable investment vision, eliminating negative industries, placing emphasis on ESG, focusing on sustainable investment, and exerting investment influence. This brings positive benefits to the environment, society, and economy, practice corporate social responsibility and commitment to investors, and create long-term investment value.

I. Policy and Commitment

The bank complies with the Stewardship Principles for Institutional Investors, and has formulated the "Chang Hwa Bank Stewardship Principles," which cover the implementation and disclosure of the responsibilities towards funding contributors and stewardship regulations, and incorporated ESG (Environmental, Social, and Governance) issues into the investment evaluation process to enhance the overall interests of funding contributors (including clients, beneficiaries, and shareholders of the Bank) and fulfill the responsibilities for stewardship.

II. Responsible Investment Process

In order to implement responsible investment, The Bank excludes negative industry targets, give priority to the top 5% of companies of the Corporate Governance Evaluation results, and adopted the "ESG Checklist (including climate risk)" to evaluate the ESG factors of the selected targets and check whether the target has any major violations of ESG-related issues to determine the feasibility of investment.

Investment process		Stewardship efforts	
Selecting investment targets	ESG integration and risk assessment	Bring investors' influence into play	Dynamic adjustment of position
<ul style="list-style-type: none"> Exclude negative industries (such as pornography, tobacco, arms, and gambling) give priority to the top 5% of companies of the Corporate Governance Evaluation results and Sustainable development bonds approved by the Taipei Exchange Impose investment caps on industries with high energy consumption. Support thematic investment conducive to the development of ESG matters; invest in industries or underlying assets that place importance on ESG matters. 	<ul style="list-style-type: none"> In addition to considering financial factors, the investment evaluation also conducts the evaluation of ESG factors and analyzes risks and opportunities. Industries with high carbon emissions as defined by the Bank are subject to climate risk assessments. 	<ul style="list-style-type: none"> Focus on investees related operational status, environmental protection, social responsibilities, human rights protection, and corporate governance. Encourage enterprises to participate in initiative organizations and disclose carbon emission information through engagements. Attend investor conferences, the board of directors or supervisors, general shareholders' meetings, or extraordinary shareholders' meetings of investees. Serve as a director and supervisor of investee. 	<ul style="list-style-type: none"> When the investee company is at risk of endangering the overall interests or violating ESG issues, the Bank will express its position and demands, or conduct a position reduction assessment. If the invested company violates ESG issues and has no improvements despite being subject to punitive action, the Bank will clear its position and reduce risks.

1. Evaluation of ESG Factors:

① Environmental (E) factors: Climate change adaptation, carbon emissions, energy and resource management, waste disposal, air pollution, biodiversity, etc.

② Social (S) factors: Human rights, labor rights, gender equality, food safety, fair treatment, inclusivity, etc.

③ Governance (G) factors: Corporate governance, business integrity, board performance, shareholder equity, information security, legal compliance, anti-money laundering and countering financing of terrorism, etc.

2. ESG Investment Process: The Bank has developed "ESG Checklist" and adopted a negative exclusion screening mechanism to exclude controversial industries such as narcotics, arms, and gaming from investment targets, and give priority to the top 5% of companies of the Corporate Governance Evaluation results, and then analyze the target's risks and opportunities based on ESG factors, then refers to related information such as Taiwan Depository & Clearing Corporation's IR Platform, the Market Observation Post System, and Bloomberg to make investment decisions. The Bank supports thematic investment conducive to the development of ESG matters; invest in industries or underlying assets that place importance on ESG matters, thereby enhancing the Bank's positive impact on society and the environment.

3. Control measures for specific industries in response to climate change:

① In accordance with the "Regulations for Industry Credit and Investment Limit Management of Chang Hwa Bank", in response to climate change, the Bank imposes autonomous total amount control in investment and financing. The Bank collects climate risk information is collected every year, and credit and investment limit ratios are adjusted for individual industry combinations with climate transition or physical risks, such as: power supply industry, oil and gas mining, chemical raw material manufacturing, etc.

② If the investment target is a high-carbon industry defined in the " Regulations for Industry Credit and Investment Limit Management of Chang Hwa Bank", such as: oil and natural gas exploration and production, mining industry, Manufacture of Paper, petrochemical industry, Manufacture of Cement, steel industry, electric power industry and air transportation industry, etc., a climate risk review must be conducted.

III. Responsible Investment Engagement and Action

1. Engagement Policy

- ❶

The Bank gives priority to communicating with investee companies on the ESG issues of major concern, such as climate change and sustainable development. Through the screening mechanism established by material of issues, industry report research, third-party ESG rating agencies, and target industries/ proportion of position/geographical location, etc., the Bank focuses on targets with poor financial or ESG performance for priority communication, and conducts due diligence and review of their ESG performance.
- ❷

If the Bank discovers that there are major problems, we will communicate with the company as necessary before voting at the shareholders' meeting of the Bank's investee and express opinions by exercising voting rights.
- ❸

The Bank continues to pay attention to and analyze the ESG issue information of the investees, and dialogues and interacts with investees through official letters, conference calls, visits, and attendance at investor conferences and general and extraordinary shareholders' meetings, etc., to understand and participate in the sustainable development trend of the investees, and to demonstrate the stewardship as an active investor.
- ❹

When the investees has a major violation of corporate governance principles on a specific issue or the risk of damaging the long-term value of the Bank's capital providers and beneficiaries, the Bank will express our position and demands to the investees, interview the handling situation with the management of the investees from time to time, and do not rule out joint expression of demands with other investors.

Interaction between the Bank and investee companies in 2023:



ESG Issue Engagement

	Online meeting	Correspondences	E-mail	Total
E	1*	0	7	8
S		0	0	1
G		2	41	44
Total	1*	2	48	51*

Note: The Bank conducted an online meeting with other institutional investors and Company A to discuss the company's overall ESG performance and information disclosure. The meeting covered issues across the environmental (E), social (S), and governance (G) aspects. However, as all three aspects were discussed in the same meeting, they were considered as a single discussion.

Interaction with investee company in 2023:

The Bank, along with other institutional investors, participated in discussions with a specific investee company regarding its overall ESG performance and information disclosure. The three parties conducted a collaborative review of the company's current ESG status through an online meeting, discussing recommendations on social aspects, economic aspects (including corporate governance), environmental aspects, and disclosure aspects. In response to stakeholder demands, including the government, customers, and investors, the company actively participates in various international initiatives related to climate change. It has already submitted its commitment to the Science Based Targets initiative (SBTi) in 2023 and aims to pass the SBTi target review by 2024. Additionally, the company has assessed the potential risks and adaptation strategies of climate change on its current and future operations using the Task Force on Climate-related Financial Disclosures (TCFD) methodology and has adopted the Sustainability Accounting Standards Board (SASB) sustainability indicators. In terms of the structure and operations of the Board of Directors, it is recommended to appoint female directors and increase the number of independent director seats. The Bank will continue to monitor and track the company's progress.

2. Voting Policy

The Bank pays attention to the overall ESG performance of investees. Out of respect for investees' business expertise, we support proposals put forth by the management team at a shareholder's meeting if they do not harm the interests of the bank and capital providers (administrative affairs such as regular financial statements, annual business reports, and earnings distribution, as well as proposals bearing no negative impact on the operation and financial situation of the invested company) in principle. However, in the event of important types of proposals that the Bank is concerned about like those listed below, we will vote against them or abstain from voting on proposals that could harm the interests of the Bank and the providers of funds, violate corporate governance detrimental to the sustainability of the investee company (such as financial misstatements), have negative environmental or social impacts (such as risks from climate change, environmental pollution, human rights violations, or deprivation of labor rights), adversely affect the operations or finances of the investee company, or involve conflict of interest in lifting non-compete clauses*.

Aspect	Voting position-Against
E	Regarding environmental hazards and other issues, such as: increasing the scope of high-pollution or high-carbon-emission business, purchasing machines that are prone to pollution, reducing the budget for environmental maintenance, etc.
S	Regarding human rights violations, labor relations and other issues, such as: cutting employee welfare budgets, increasing the number of days of unpaid leave, etc.
G	<div>On the premise that the protection of Government-owned companies' interests is not involved, issues such as impeding corporate governance are as follows:</div> <div><div>1. Surplus and capital reserve allocation plan, whether cash or stock dividends from income generation or capital reserve and statutory surplus conform to the dividend policy, and do not affect the company's long-term capital structure and capital expenditures required for future operations.</div><div>2. The board of directors' re-election proposal did not adopt a nomination system, or an independent director candidate serves as an independent director for more than 3 terms.</div><div>3. The company fails to disclose the operation of corporate governance in the annual report in accordance with regulations.</div></div>

Note: Voting position for abstention include (but are not limited to) the re-election of directors and supervisors who have been disclosed by the media to be in dispute over management rights, and the situation where it is difficult to fully understand the candidate's qualifications and background for the election of directors and supervisors.

3. We have managed to prevent conflicts of interest through the implementation of education, promotion, division of responsibilities, and information control. Resources invested in the implementation of due diligence in 2023:

Labor	5 people were involved, and the related work time was about 2,146 hours.
ESG Education and Training	A total of 17 sessions, and cumulative training hours was approximately 154.5 hours.
ESG Forum	A total of 10 sessions
Conflicts of Interest Promotion	A total of 5 times

4. The Implementation Status of Stewardship
- In 2023, the Bank invested in 59 domestic listed companies including 41 constituents of the Dow Jones Sustainability Index (DJSI) and FTSE4Good TIP Taiwan ESG Index which account for more than 70% of total investments. The main reason for the increase is that the Bank's investment targets have increased compared with 2022, and companies that meet the constituent stocks of DJS and FTSE4Good TIP Taiwan ESG Index have been included.
 - According to the classifications of the TDCC based on the Corporate Governance Evaluation conducted by the Taiwan Stock Exchange and Taipei Exchange each year, the Bank's score based on the analysis results in the "Corporate Governance Evaluation Investment Rating" in 2023 was 98.93 points, which was higher than the 96.38 points in 2022 and higher than the average market rating of 95.05 points. The main reason is the score of the investees in the Corporate Governance Evaluation increase.
5. The Bank discloses the implementation of stewardship on the Bank's official website on a regular basis, including the statement of compliance with the "Stewardship Principles for Institutional Investors," stewardship principles, and annual stewardship report.



IV. ESG Investment

- To enhance our positive impact on society and the environment, the Bank actively invests in Green bonds, Social development bonds, Sustainability bonds, and Sustainability linked bonds that meet the qualifications set by the Taipei Exchange for Sustainable Bonds. When making investment decisions, we ensure that their environmental and social impact is accurately and transparently disclosed. Before investing, we evaluate the investment targets based on investment plans or assessment reports that have been issued with an auditor's assurance report.
- To drive the development of the green energy industry and improve environmental quality, the Bank leveraged on green investment projects to assist enterprises in their transformation and implement sustainable development. As the end of 2023, the balance of the Bank' s cumulative investment in ESG equity and bonds was NT\$1.873 billion and NT\$17.6 billion respectively.
- The Bank adheres to the "Taiwan Sustainable Taxonomy" guidelines set by the Financial Supervisory Commission to promote investments that are categorized as "green," "ESG," or "sustainability." Investment in sustainable development bonds approved by the Taipei Exchange in the past 5 years:

FY	Green bond	Social development bond	Sustainability bond	Sustainability-linked bond (SLB)	Total investment amount
2023	13	3	14		30
2022	34 ^{*1}	-	17	12	63
2021	33	12	-	-	45
2020	37	-	11	-	48
2019	3 ^{*2}	-	-	-	3

Note: 1. The green bond invested in Chi Mei Industrial Co., Ltd. for NT\$500 million in 2022 was sold on October 31, 2022 and the green bond invested in Société Générale for NT\$500 million in 2022 has matured on October 31, 2022.

2. The green bond issued by the Investment Cooperation Treasury for NT\$300 million in 2019 has matured on November 28, 2022.

- In terms of equity investments, we align with the contents of the "Taiwan Sustainable Taxonomy" guidelines by designing relevant ESG questionnaires. These are used to conduct surveys on selected investee companies or to collect disclosure information from publicly listed companies on their sustainability reports. This approach allows us to understand, evaluate, and analyze the ESG practices of investee companies. Furthermore, we encourage investee companies to comply with the requirements of the "Guidelines for Sustainable Economic Activities Recognition."
- The Bank has been issuing Sustainability Bond and Social Bond since 2023. On February 22, 2023, it completed the issuance of the 1st 5-year senior unsecured financial debentures (Sustainability Bond) with a total amount of NT\$1 billion. The funds raised was primarily used for green investment projects in renewable energy and energy technology development, as well as to support affordable housing, create employment, and invest in projects that can mitigate or prevent unemployment caused by socio-economic crises, actively exert the influence of sustainable finance.
- Our subsidiary CHB Venture Capital invests in industries related to "environmental sustainability" and plans to undertake at least 2 investment projects annually. In 2023, it added 3 new investment projects, bringing the total to 10 by the end of 2023, with a total investment amount of NT\$206 million. Regarding equity investments, CHB Venture Capital is currently involved in industries such as solar PV, energy saving and efficiency, resource recycling, and green lifestyle, which are included in the "Twelve Key Strategies." As of the end of 2023, the investment amount in these industries is approximately NT\$184 million, accounting for 24.67% of the total investment. In the future, we plan to continue seeking relevant investment opportunities.

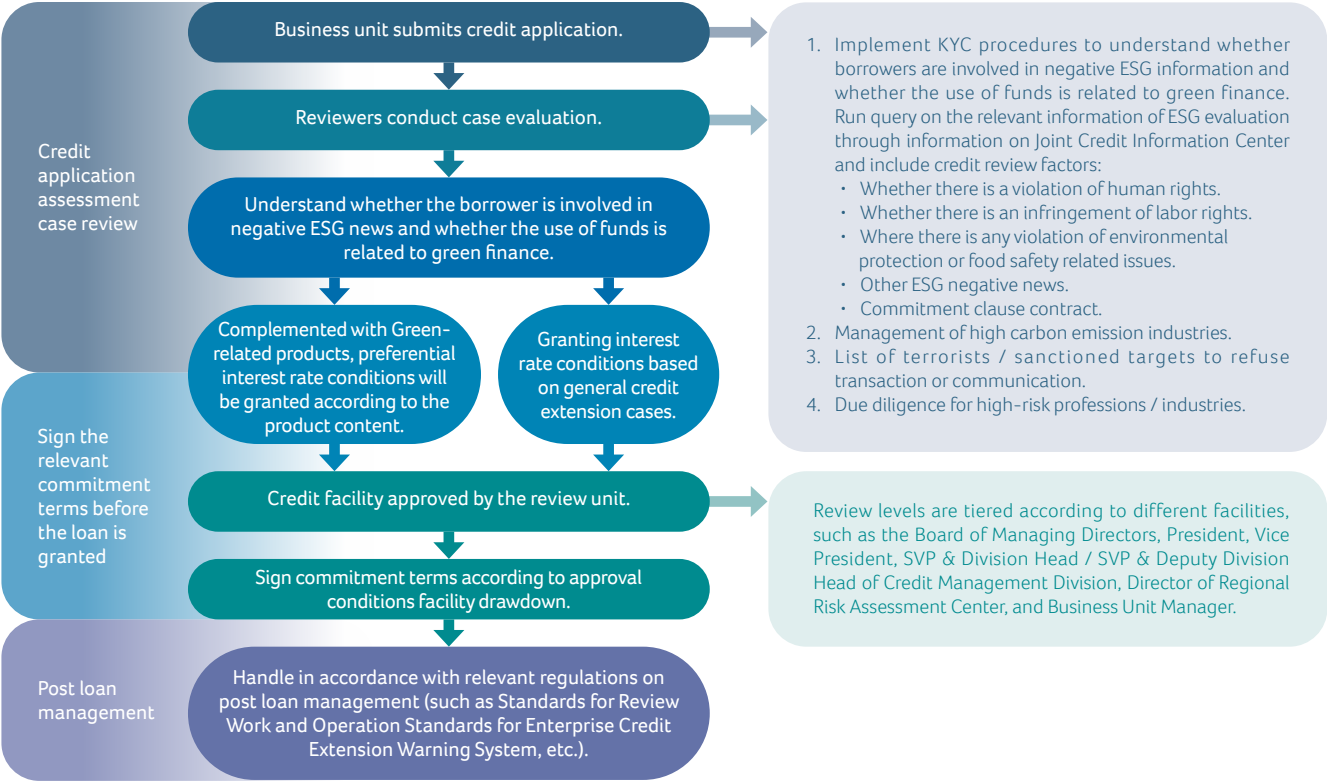
3.5 Responsible Financing

GRI: 2-23, 2-24, 203-2, 413-2, SASB: FN-CB-410a.2

3.5.1 Due Diligence in Credit Application

Adhering to the concept of responsible finance to implement the goal of sustainable development, Chang Hwa Bank promotes green finance, energy transformation and sustainable development through credit extension activities. In addition to following the general credit extension process to handle loan business, the Bank added ESG financing principles to the credit process procedures of corporate / personal finance. During credit application, it is also necessary to understand whether the borrower is involved in negative ESG news and whether the use of funds is related to green finance. Environmental and social risk management is colligated with the credit review process, relevant control mechanisms were established, and favorable interest rates for green-related products are offered to encourage and guide customers to strengthen ESG and green transition and reduce the operational risks caused by climate change. Efforts were made to implement environmental protection and social care and establish a more comprehensive and comprehensive risk management mechanism.

I. Incorporate ESG factors into Credit Investigation/Credit Granting Process



(I) Prior Review

During credit application, it is necessary to understand whether the borrower is involved in negative ESG news. For example, check whether the credit application case involves violations of E (waste production, air pollution, biodiversity extinction, etc.), S (human rights, labor rights, food safety, etc.), G (legal proceedings, equity competition, etc.) related negative news through public websites or other media channels.

Exclusions

- 1 Industries Prohibited from Granting Credit : In principle, considering that virtual currencies and P2P online lending platform operators may entail risks of money laundering and funding terrorist, the Bank does not accept the establishment or adding of new business relationship to those industries and due diligence for customers in high-risk industries is more intense.
- 2 Enhanced evaluation: In principle, the Bank should avoid granting credit to industries that have a significant adverse impact on the sustainable development of environment or social (such as non-public welfare games, arms and weapons, etc.), or grant credit only after careful assessment.
- 3 Personal credit that should not be undertaken: The borrowing is used to finance illegal or unethical purposes (e.g., sex industry, opening casinos, underground banks, etc.) or engage in short-term profit-making speculative activities (e.g., gambling, stock speculation, arbitrage, etc.) or engage in financing business activities.

1. Corporate Finance

Since August 2017, the Bank has expanded the scope of environmental and social risk review for credit extension cases from enterprise credit extension cases that was traditionally applicable for credit facilities above US\$10 million (inclusive) or the equivalent in New Taiwan dollars to all enterprise credit extension cases. When accepting credit extension cases from enterprise customers, the Bank needs to check the competent authority's website to see if the applicant enterprise has any records of violating human rights, labor rights, environmental protection, or food safety regulations.

Aspect	ESG Factors in Corporate Finance Review
E	<ul style="list-style-type: none">• Whether it involves environment-related negative news• Whether it violates the relevant laws and regulations on environmental protection (such as improper discharge of sewage, waste, air pollution, etc.) and is punished.• Whether it belongs to the list of emission source manufacturers listed by the Ministry of Environment or the high carbon emission industry defined by the Bank.
S	<ul style="list-style-type: none">• Whether it involves negative social news• Whether there have been incidents of human rights violations• Is there any violation of labor rights• Is there any violation of food safety incidents
G	<ul style="list-style-type: none">• Whether it involves negative corporate governance news• Whether it is a stakeholder• No risk of money laundering• No information security risk (not a list of terrorists/sanctioned targets to refuse transaction or communication)• Whether involved in criminal proceedings has been adjudicated• Whether there is a note of bad credit account/ collateral• Whether there is a state of being detained by the court

2. Personal Credit

When applying for credit, the Bank shall incorporate ESG factors into personal credit considerations, and implement KYC and CDD mechanisms. If there is a major violation of ESG, the transaction will be refused or the communication will be declined, so as to reduce the adverse impact on the environment and society, and fulfill the corporate social responsibility.

Aspect	ESG Factors in Personal Finance Review
E	<ul style="list-style-type: none">• Whether the use of funds is related to a green use of proceeds
S (G)	<ul style="list-style-type: none">• Whether the client is a stakeholder• Whether the client is on the control list, such as PEPs or people involved in negative reports• No risk of money laundering• No information security risk (not a list of terrorists/sanctioned targets to refuse transaction or communication)• Personal credit and check credit status• Whether the client is on the blacklist (relevant information on gangster fraud cases, economic and financial crimes, foreign exchange fraud, credit card suspension by peers, etc.)• The risk level of the client (such as occupation, etc.)

(II) Credit Approval Decision-Making

By utilizing the Joint Credit Information Center, we analyze the ESG-related information of companies to determine if their fund usage aligns with green finance. Additionally, we assess the eligibility of credit applicants for green loans and actively engage with enterprises on sustainability issues and product integration. We offer preferential interest rates based on the content by combining green project loan with sustainability performance-linked loan. This incentivizes corporate clients to enhance their ESG efforts and provides credit applicants with greater opportunities for green transition.

(III) Post-Loan Management

1. In order to effectively control the credit risk, the Bank shall conduct reviews and assessments in accordance with the "Operation Standards for Enterprise Credit Extension Warning System" after the loan is approved to understand whether the credit customer is embroiled in negative news and adjust the credit conditions if necessary, according to the severity of the situation.
2. In order to understand whether the credit customer has properly utilized the loan as per original loan application plan and effectively fulfilled the contractual provisions and other agreed terms, the Bank has established the "Standards for Review Work" to track whether the borrower's fund usage meets the regulations. An "action plan" should be drawn up for regular follow-up management if any of the cases may have detrimental effects on the Bank's debt position.



II. ESG Review and Implementation Status

In 2023, the Bank has a total of 25,600 corporate credit application cases, of which 1,782 were granted conditional approvals (loan reduction, with attached conditions) and 191 cases were not approved (suspended, withdrawn). Among them, for credit customers which were involved in negative ESG risks, 233 were conditionally approved cases, accounting for 13.1% of all conditionally approvals, and 13 were unapproved cases, accounting for 6.8% of all unapproved cases. The following table shows the Bank's status from three major aspects of E, S and G, and statistics of approved vs not approved loan cases:

Unit: case	Conditionally approved (including loan reduction, with attached conditions)		Unapproved (including suspended, withdrawn)	
	Involved in ESG Risks	Conditionally Approved due to ESG Risks*	Involved in ESG Risks	Unapproved due to ESG Risks*
E Environmental (e.g., involved in environmental pollution etc.)	62	0	3	0
S Social (e.g., endangering social welfare, infringing on human rights, etc.)	143	0	7	0
G Governance (e.g., poor corporate governance, etc.)	0	0	0	0
E+S Environmental and Social (e.g., simultaneously involving environmental pollution, endangering social welfare and violating human rights, etc.)	28	0	3	0
Total	233	0	13	0

*Note: Involving ESG risk factor is not the absolute cause of conditional approval / not approved.

Actual Case

Industrial Co., Ltd.

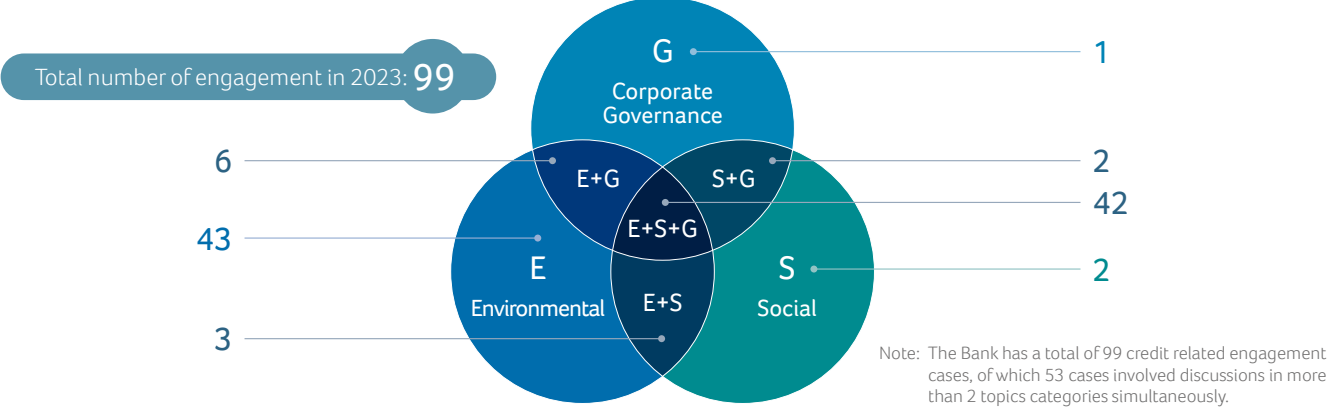
ESG Violations:
The credit enterprise customer is primarily involved in the production, assembly, and trading of bicycles, motorized bicycles, electric vehicles, fitness equipment, and their components. It has applied for loans from the Bank for operating and material procurement funds. However, the credit customer was prosecuted by the competent authorities in the past year due to violations related to human rights, labor rights, and environmental protection, and violated ESG grounds. In consideration that the borrower has actively improved, the Bank will grant the loan after a comprehensive assessment.

III. Enterprise Credit Engagement Information

1. As of the end of December 2023, the Bank has a total of 99 credit related engagement cases, mainly regarding credit customers involved in Sustainability Linked Loans and joint loan cases. The industries they operate are predominantly in the electronics and technology industries. Engagement revolved mainly around environmental issues such as carbon reduction and energy management. The Bank will continue to track their follow up actions on related issues and work with the customers to achieve sustainable development. The status is as follows:

Engagement party	Engagement topics and key points	Engagement method
Industrial Co., Ltd.	Goal of saving 5% energy per year and disclose it in the sustainability report.	Written
Electronic Co., Ltd.	1.2% decrease in the total greenhouse gas emissions over the previous year and disclosed it in the sustainability report.	Written
Co., Ltd.	Reduce carbon emissions by 4.2% per year, or reduce air pollution emissions, greenhouse gas emissions, energy use, water stewardship water withdrawals, and waste sewage discharge by 1%, and provide third-party certification report information or disclose these in the sustainability report.	Written

Ratio of engagement issues



2. Climate Risk Assessments
- As climate change is a major emerging global risk, as a financial institution, the Bank plays a key role as a capital intermediary and promoter. In order to further guide the flow of funds to sustainability-related projects, on top of planning and setting Scope 3 medium and long-term carbon reduction targets in line with the national 2050 net-zero emission pathway, since February 2023, the Bank also subjects new credit applications to additional consideration if the credit customer belong to the latest annual list of emission source manufacturers that should be verified and recorded for greenhouse gas emissions released by the Environmental Protection Administration of the Executive Yuan or industries with high carbon emissions as defined by the Bank, the climate risk assessments shall be conducted to monitor their climate risks. If the credit customer is a listed (OTC)/ emerging company and has not participated in any initiative organization and has not submitted emission information, the Bank shall engage the credit customer to require them to disclose carbon emissions and reduction information in the future, and encourage them to participate in the initiative organization to guide the low-carbon transformation of the enterprise and strive to achieve a balance between economic growth, environmental sustainability, and social development. As of the end of December 2023, climate risk assessments have been carried out on 95 credit customers.
3. "Taiwan Sustainable Taxonomy Guidelines"
- Based on the data from the Joint Credit Information Center, the Bank audits financing for corporate clients to identify those eligible or compliant with the "Taiwan Sustainable Taxonomy Guidelines". As of the end of 2023, there were a total of 599 green expenditure loans with an outstanding balance of NT\$17.183 billion. The majority, 43.67% (NT\$7.505 billion), was allocated to "construction of renewable energy." Other financing purposes included purchasing electric low-floor buses, establishing and maintaining electric scooter battery swap stations, and battery-related projects, aligning with the recognized criteria under the Guidelines for Sustainable Economic Activities Recognition.
 - The "Enterprise ESG Information and Sustainable Economic Activities Self-Assessment Questionnaire" provided by the Joint Credit Information Center is being utilized in accordance with the Financial Supervisory Commission's Green Finance Action Plan 3.0. This questionnaire encourages businesses to voluntarily complete it when applying for new loans or renewing existing ones. Its purpose is to help businesses understand their current sustainable economic activities and guide financial institutions in directing funds towards sustainable economic activities. The ultimate goal is to promote sustainable development and carbon reduction transformation in businesses. The questionnaire items include ESG data of the company, such as basic company information, greenhouse gas emissions in the past year, energy management, environmental protection, social responsibility, and corporate governance. It also includes information on whether the company assesses its "operational economic activities" or "individual project items" as compliant with sustainable economic activity criteria.

3.5.2 Equator Principles (EPs)

I. Policy and Commitment

In response to the global trend of Sustainable Business, the Bank implemented the environmental and social risk review and management of large-scale project financing. On Earth Day, April 22, 2022, the Bank signed and joined the Equator Principles (EPs) Association, becoming an Equator Principles Financial Institutions (EPFIs) member, and established the "Equator Principles Credit Extension Operating Regulations ", which has been implemented from February 1, 2023, and strengthen the management of ESG issues such as human rights and climate change risks in the process of project financing credit application, so as to exert the influence of funds and reduce the risk of climate change on the client and the Bank's asset quality.

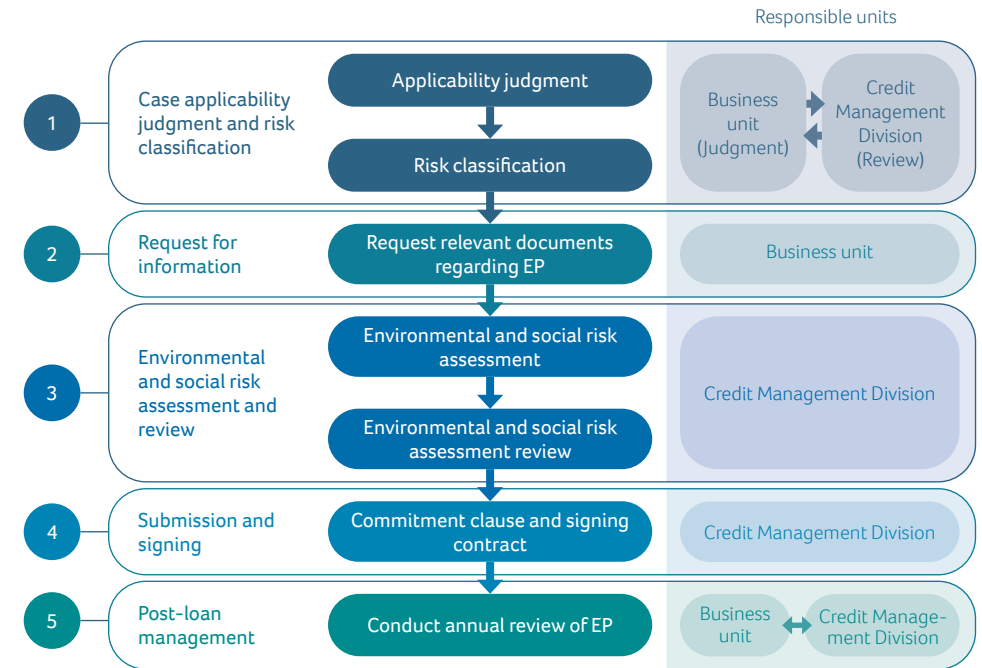
II. Equator Principles (EP) Initiative Assessment Taskforce

The Equator Principles (EP) initiative assessment taskforce is formed by the Credit Management Division of the Bank, which is responsible for reviewing the EP applicability assessment and risk classification results of credit cases, completing the "Equator Principles Credit Extension Environmental and Social Risk Checklist" and environmental and social risk review and processing, and compiling subsequent annual review operations of Equator Principles cases.

III. Credit Extension Process for Cases Governed by the Equator Principles

The Bank has conclusively introduced the Equator Principles and norms in all aspects of the credit extension process of domestic and overseas branches, with the business units and Credit Management Division carrying out processes such as case applicability judgment, case risk classification, environmental and social risk assessment and review, submission and signing of contracts, and post-loan management.

1. Case Applicability Judgment and Risk Classification: When lodging a loan application, the applicability judgment and risk classification shall be carried out in accordance with the Equator Principles, and the case shall be classified into three grades of A, B and C, based on potential environmental and social risks.
2. Request for Information: Based on the risk grading of the case, request relevant documents from the customer regarding the Equator Principles and fill in preliminary opinions.
3. Environmental and Social Risk Assessment and Review: The reviewer shall consider the aforementioned information and the evaluation opinions and take into account the environmental and social risks of the case, for reference in the approval or rejection of credit granting. For category A cases and category B cases with specific risks, the Bank will make an agreement with customers that, there should be an independent third party consultant to issue opinions on environmental and social management assessment documents submitted by customers, ensuring that the cases are in line with the Equator Principles.
4. Submission and Signing: After the case is reviewed and approved, the business unit will attach Equator Principles commitment clauses to the contract based on the risk classification and review results and sign the Bank's standard commitment clause contract with the customer that meets the requirements of Equator Principles.
5. Post-Loan Management: For category A and B cases, an annual review of the Equator Principles is conducted at least once a year to ensure that customers are managed in accordance with contractual commitments.



IV. Annual report on Equator Principles case data*

After the official signing of the Equator Principles by the Bank in April 2022, the Bank has conducted review and approval on financing cases in accordance with the Equator Principles, and 1 financing case has been approved as of the end of 2023. To date, the case has been drawn down. The case was located in Taiwan and the nature of the industry is manufacturing of silicon wafer electronic materials for Semiconductor. The project financing cases for Equator Principles review in 2023 are as follows:

Project	Industrial Classification	Description	Risk Classification	Region	Independent Third-Party Review
A	Manufacturing of silicon wafer electronic materials for Semiconductor	The syndicated loan is jointly arranged by First Bank and Mega Bank, and the funds would go towards operating turnover and expansion expenses.	Category C	Taiwan R.O.C. (Non-Designated Country)	-

*In accordance with the Equator Principles, the Bank shall publicly disclose the current status of the management of credit cases applying the Equator Principles in 2024.

3.6 Green Transition

GRI: 203-2, 413-2, (G4)FS7、FS8, SASB: FN-CB-410a.2

3.6.1 Green Financial Products and Strategies

The Bank actively promotes the development of industries listed in the "12 Key Strategies" of the country's "2050 Net Zero Emissions Pathway" through investment and financing products. By utilizing a variety of green financial products, the Bank offers funding for carbon reduction, energy transition, and industry chain to achieve net zero emissions. This initiative supports the transition and advancement of enterprises towards the objective of achieving net zero emissions.

Green Financial Products	Promote the industrial development of 12 Key Strategies	
Green Deposits	01 Wind/Solar PV	02 Hydrogen
	03 Innovative Energy	04 Power Systems Energy Storage
	08 Resource Recycling and Zero Waste	11 Green Finance
Urban Renewal Project Loan	05 Energy Saving	11 Green Finance
Machinery Upgrade Loan	03 Innovative Energy	04 Power Systems Energy Storage
	05 Energy Saving	11 Green Finance
Clean Transportation Loan	07 Carbon Free Electric Vehicles	08 Resource Recycling and Zero Waste
	11 Green Finance	
Green Power And Renewable Energy Industry Loan	01 Wind/Solar PV	02 Hydrogen
	03 Innovative Energy	04 Power Systems Energy Storage
Loans For The Renewable Energy Power Generation Industry	11 Green Finance	
Offshore Wind Power Loan	01 Wind/Solar PV	11 Green Finance
The Solar Photovoltaic Equipment Installation Project Loan	01 Wind/Solar PV	11 Green Finance
Solar Photovoltaic Equipment Loan Insurance	11 Green Finance	

I. Green Deposit Initiative

In response to government policies "Green Finance Action Plan" and "Taiwan's Pathway to Net-Zero Emissions in 2050", the Bank has launched a green deposit initiative since September 5, 2022, guiding the funds deposited by customers in the Bank into projects that meet the green credit standards of the Joint Credit Information Center (such as renewable energy project sites, green buildings, electric vehicles, waste-to-energy power plants, sewage treatment equipment, etc.). A total of 1,958 proposals have been collected, with a total amount of NT\$3 billion. The green deposit project of the Bank has been evaluated by a third-party independent institution on the effectiveness, and an assurance report for the green deposit project has been issued.

II. Green Credit

Corporate Finance			Personal Finance		
Total credit balance at the end of 2023: 882,240 million			Total credit balance at the end of 2023: 642,917 million		
Type of Credit	Credit balance at the end of 2023	Proportion	Type of Credit	Credit balance at the end of 2023	Proportion
Green Credit*	17,183	1.95%	Green Building	3,552.294	0.55%
Sustainability Linked Loans	42,749	4.85%	Solar Photovoltaic	0.256	

Note: The green credit is based on the "Guidelines for Financial Institutions' Credit Data Reporting" and is used to fund various green expenditures. These include renewable energy, energy conservation, pollution prevention, sustainable management of life, natural resources and land use, protection of regional and aquatic biodiversity, clean transportation, sustainable water sources and wastewater treatment, climate change adaptation, products, production technologies or processes with eco-efficiency and circular economy adaptation, green energy buildings, and others.

Green Loan Project

In line with the government's policies to assist the development of green industries, the Bank has launched several green loans project to assist enterprises in improving equipment, transforming to low-carbon, and provided funds for the operation of renewable energy power generation, essentially walking the talk in the support of the development of green industries.

1. Clean Transportation Loan

To support green expenditures such as clean energy vehicles and infrastructure for reducing harmful gas emissions, the Bank offers financial assistance for the development of low-carbon transportation networks and models, with the goal of promoting urban sustainability. In 2023, a total of 10 households received assistance, resulting in a year-end loan balance of NT\$ 1,888 million.

2. Green Power and Renewable Energy Industry Loan

In order to jointly promote the development of our country's green energy technology industry with the government and promote the momentum of industrial innovation and growth, the Bank cooperates with the competent authorities to promote the policy of "Programme to Encourage Lending by Domestic Banks to Enterprises in Six Core Strategic Industries" and provided the necessary capital and working capital for green energy technology, green power and renewable energy related industries.

Unit: Million NT\$ / account

Item		End of 2022		End of 2023	
		Balance of loan	Number of accounts	Balance of loan	Number of accounts
Loans for the green power and renewable energy industry	Large enterprises	52,422	117	76,124	125
	SMEs	76,814	2,890	82,585	3,037
	Total	129,236	3,007	158,709	3,162
Loans for the renewable energy power generation industry	Large enterprises	232	4	90	3
	SMEs	2,975	169	2,833	166
	Total	3,207	173	2,923	169

Note: Definition of "Small and Medium-sized Enterprises": According to Paragraph 1 and 2, Article 2 of the Act for the Development of Small and Medium Enterprises, and Article 2 of the Standards for Identifying Small and Medium-sized Enterprises, the term "Small and Medium-sized Enterprises" refer to enterprises that completed company registration under the Company Act, limited partnership registration under the Limited Partnership Act, or business registration under the Business Registration Act, and meet one of the following criteria:
(1) The paid-in capital is no more than NT\$100 million (including NT\$100 million)
(2) The number of regular employees is fewer than 200 (excluding 200)

3. Loans for the Offshore Wind Power Industry

In cooperation with the government's policies of reducing carbon emissions and increasing energy independence, and to fully promote the development of industries related to renewable energy and offshore wind power, the Bank actively assists the businesses in the offshore wind power industry in obtaining necessary funds for development, purchase of equipment, and operations. As per the loans provided to the businesses and relevant suppliers who have obtained the license for wind farm development projects through the Ministry of Economic Affairs's selection and bidding mechanism in compliance with the Directions for Allocating Installed Capacity of Offshore Wind Potential Zones. The statistics of loan commitments (approved limits) in the past three years are as follows:

2021	2022	2023
Number of accounts: 1 Approved amounts: NT\$2,189 million	Number of accounts: 1 Approved amounts: NT\$900 million	Number of accounts: 4 Approved amounts: NT\$2,476 million

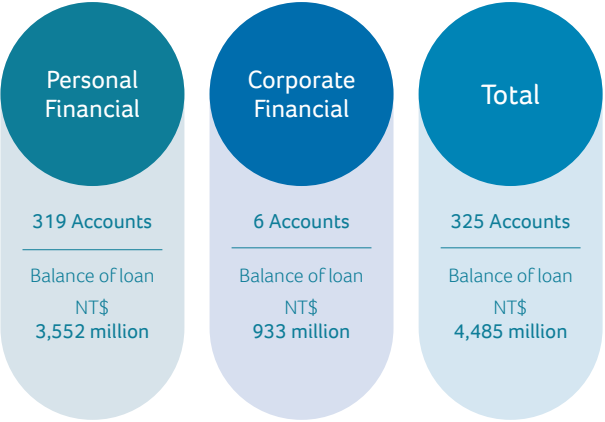
※ The offshore wind power generation industry is an emerging industry that needs to be aligned with the development timeline of the wind field. Therefore, the amount of the project financing undertaken above is calculated based on the approved amount, and the amount is volatile.

4. The Solar Photovoltaic Equipment Installation Project Loan

The Bank provides financial assistance to businesses and individuals for the installation of solar photovoltaic equipment supplying Taiwan Power Company, aiming to promote and stabilize the nation's energy transition and renewable energy development. In 2023, a total of 167 business and individual loans were issued, with a year-end loan balance of NT\$ 2,614 million.

5. Green Building Loan

To support green consumption and encourage customers to construct or purchase green buildings that are ecological, energy-saving, waste-reducing, and healthy, The Bank actively supports energy conservation and carbon reduction efforts, and fosters a friendly environment. The bank promotes financing for the construction of green buildings and encourages the acquisition of real estate with green building label. By collaborating with customers, the bank aims to create a sustainable home and achieve harmonious coexistence with the global environment.



Sustainability Linked Loans

In response to the development trend of international green finance and to encourage enterprises to increase financing for green and sustainable development, the Bank launched the Sustainability Linked Loans Project in mid-February 2022. If a listed, OTC, emerging or publicly company betters their performance in any of the indicators of control of greenhouse gas emissions, carbon reduction effect, power management, energy consumption and reduction of waste volume and information are available publicly, the loan interest can be reduced accordingly. This is designed to encourage enterprises to pursue operational growth while taking into account the promotion of environmental, social and corporate governance concepts. As of the end of December 2023, the processing situation is as follows:



III. Sustainable Wealth Management and Insurance Products

1. The Bank ceaselessly promoted ESG-linked trust investment and investment-linked insurance products, introducing sustainable products into the market economy structure to enhance customers' awareness of sustainability. Review whether all the life insurance companies we work with have signed the "Stewardship Principles for Institutional Investors" or the "UN Principles for Responsible Investment (PRI)." These principles demonstrate their commitment to monitoring the business operations of the investee companies, including staying informed about relevant news, financial performance, industry trends, business strategies, and environmental, social, and corporate governance (ESG) issues, incorporating this information into their investment decision-making process.
2. Solar photovoltaic equipment loan insurance
The Bank provides environmentally friendly "Solar Photovoltaic Equipment Loan Insurance", enabling customers to purchase solar equipment with loans while responding to the climate change risks caused by the environment, and enhancing the sustainable economic application through green insurance products.
3. Statistics on sustainable fund, bond, and insurance

Unit: Million NT\$

Product	Sustainable product volume	Product volume	Sustainable product ratio
Onshore and Offshore Fund	10,295	103,372	10%
Foreign Bond	14,793	15,656	94%
Offshore Equity / ETF	605	1,680	36%
Property insurance	157	835	19%
Total	25,850	121,543	21%

In response to extreme weather conditions, the Bank unceasingly promoted sustainable insurance products, such as residential fire insurance that provides compensation for typhoon or flood damages. In addition, we initiated the "Home Comprehensive Insurance" project to encourage the use of green building materials in renovations, providing exclusive green energy terms for the risk of climate change caused by the environment. This offers policyholders basic insurance coverage and mitigates climate change risks, resulting in positive benefits for sustainable development.

Revenue of service fee and product percentage of residential fire insurance in the past 3 years

Unit: 100 Million NT\$

	2021	2022	2023
Total Revenue of service fee	1.51	1.53	1.57
Proportion of residential fire insurance	17.86%	17.90%	18.85%

3.6.2 Industry Limit Adjustment

1. With the aim of fulfilling corporate social responsibility, the Bank considers industries that have a significant adverse impact on the environment or social sustainable development (such as non-public welfare gaming, arms and weapons, tobacco, and special entertainment industries, etc.), and avoid investing, financing, or undertaking after careful evaluation.
2. Referring to the government's "Program for Promoting Six Core Strategic Industries" for the green power and renewable energy industry and the Bank's green enterprise project loans, the Bank assisted enterprises participating in the plan or engaged in green production and services in obtaining financing funds. Post approval by the 9th meeting of the 27th Board of Directors held on January 29, 2024, the credit limit has been increased.
3. In response to the voluntary reduction cooperation mechanism for climate change, the standards for high-carbon emission industries are being gradually expanded. This expansion includes incorporating high-pollution industries covered by the European Union's carbon border adjustment mechanism, as well as the fuel and process carbon emissions of the manufacturing sector in the National Development Council's 2050 net-zero emission pathway. Additionally, high-carbon emission industries related to climate risk disclosure by SASB are also included. The credit and investment limits will be adjusted annually based on the current year's credit and investment limit ratios, aiming to lead the development of green industries and reduce exposure to high-carbon emission industries.





04

Sustainable Environment

- 4.1 Climate Risks and Opportunities
- 4.2 Adoption of Environmental Sustainability Standards
- 4.3 Greenhouse Gas Reduction and Management
- 4.4 Low carbon Demonstration Sites
- 4.5 Green Office
- 4.6 Supplier Management

**2015
|
2018**

- Obtained the ISO 14001, ISO 50001 and ISO 14064- 1 certification.
- Expanded GHG reduction and management to all domestic branches and offices.
- Set the goal of the power saving rate in five years by more than 5%.
- Established "Corporate Social Responsibility Standards of the Supplier"
- Followed the spirit of the Equator Principles and expanded the scope to include all credit cases for record review.
- Filled out the Carbon Disclosure Project (CDP) questionnaire for the first time.

2019

- Promulgated "Guideline for Chang Hwa Commercial Bank Encouraging Suppliers to Carry out Corporate Social Responsibility".
- The CDP questionnaire was rated as "B" management level.

2020

- Introduced the TCFD to assess the risks and opportunities of climate change.
- 2022 TCSA Taiwan Corporate Sustainability Awards for Corporate Sustainability Report Awards- Gold.
- Sustainability Resilience Pilot Award from BSI.

2021

- Passed ISO 20400 Sustainable Procurement- Guidance Compliance Check.
- Certified ISO 46001 Water Efficiency Management System.
- The highest level of "Excellence" certification through TCFD third-party verification by BSI.
- Established the greenhouse gas inventory of investment and financing portfolios, and completed 4 asset categories according to the PCAF methodology.

2022

- Signed the Science-Based Targets initiative (SBTi).
- Signed and joined the Equator Principles Association.
- Promulgated "Climate Risk Management Policy".
- The reduction and management of greenhouse gas expanded to all overseas business units and subsidiaries.
- The Bank's first carbon-neutral branch which verified by PAS 2060.
- Expanded the scope of greenhouse gas inventory of investment and financing portfolios, and completed 7 asset categories emission inventory.
- Transferred green electricity to the Taipei Building of the Head Office for the first time.
- Implemented an internal carbon pricing model for "replacement with LED lighting" as part of the procurement decision-making process, which uses a Shadow Pricing approach to calculate carbon reduction
- TCFD verified by BSI and with the highest level (Level 5+:Excellence)

2023

- Submit the application for the SBTi Target
- Commitment to "2050 Net-Zero" as the long-term reduction goal
- The CDP questionnaire was rated as "A-: Leadership level".
- Amend environmental resources and energy use management policy and Climate Risk Management Policy in response to climate change issues
- The first domestic financial institution to obtain ISO 14064-2 certification for its voluntary greenhouse gas reduction project.
- Complete replacement with LED lighting and implement the replacement of fuel cars with hybrid cars.
- In 2023, the scope of implementation is expanded to include replacement of AC equipment, and adoption of hybrid electric vehicles for official use.
- The renewable energy utilization reached 1%, and 3 sites began to use renewable energy from green power supply or solar power from rooftop.
- The second branch passed PAS2060 carbon neutrality verification (Shulin Branch)
- The first business location to obtain the Silver Green Building Label: Peimen Building
- Awarded Bronze Level of the 5th National Enterprise Environmental Protection Award by MOENV.
- Signed in and response to the "Green Office"; the amount of green procurement exceeding NT\$80 million.

2024

- The first credit card of the Bank passed ISO 14067 carbon footprint verification and ISO 14046 water footprint verification, and obtained the product carbon footprint label certificate from the MOENV.
- Validation of SBTi targets

2030

- To achieve the SBTi target, limit the increase in carbon emissions of categories 1 and 2 to 1.5°C, and control the increase in carbon emissions of investment and financing portfolios to less than 2°C.

2050

Towards the goal of
NET ZERO

4.1 Climate Risks and Opportunities

GRI : 2-23, 2-24, 201-2, 305-1, 305-2, 305-3, 305-4, 305-5; SASB : FN-CB-410b.1, FN-CB-410b.2, FN-CB-410b.3, FN-CB-410b.4

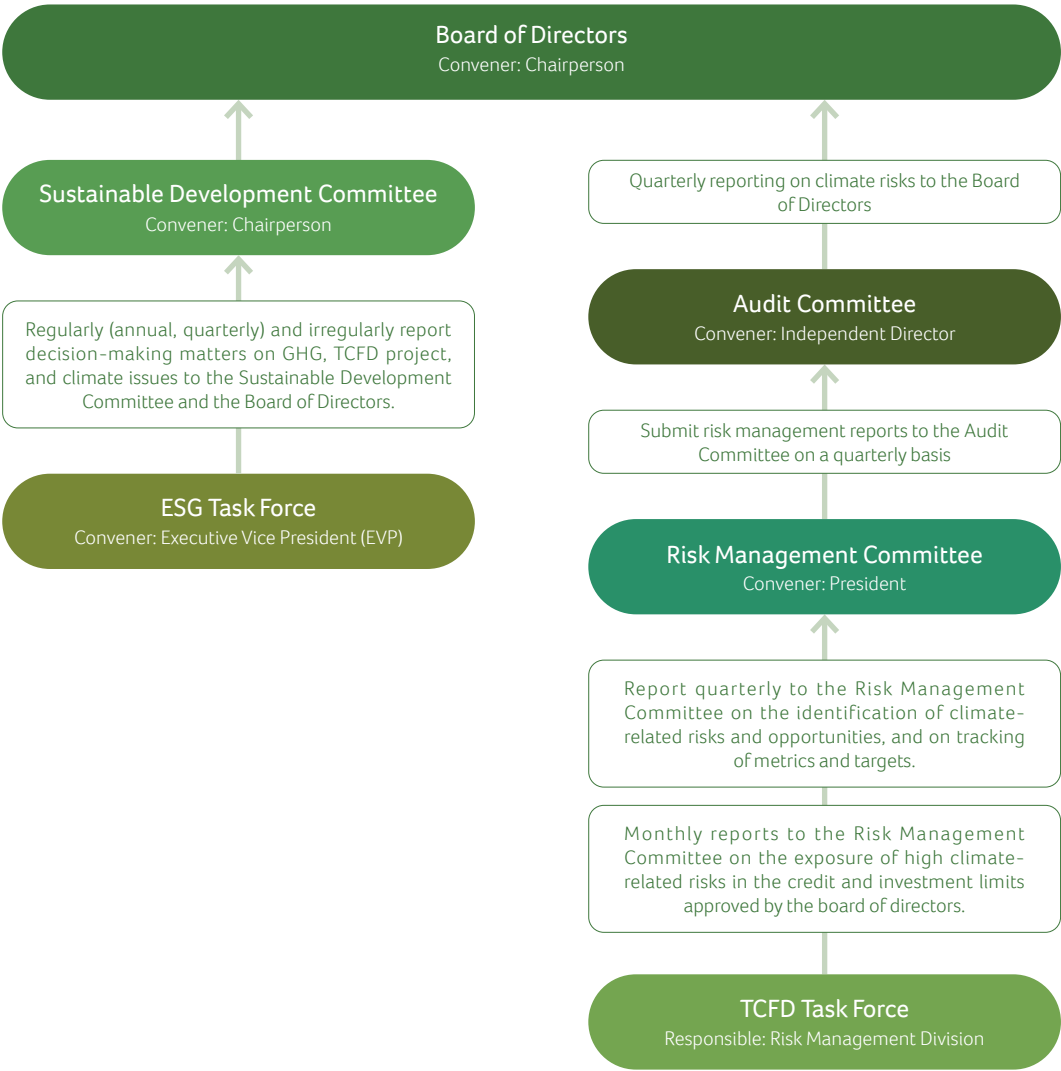
The Bank follows the Task Force on Climate-related Financial Disclosures (TCFD) framework to disclose the 11 suggested disclosure items related to the Bank's governance, strategies, risk management, and indicators and goals of the climate risks and opportunities. The descriptions are as follows: (For details, please refer to the "Task Force on Climate-related Financial Disclosures (TCFD) Report" published by the Bank.)



I. Climate Governance

The Bank's Board of Directors serves as the highest governing body for climate issues, guiding, supervising and managing the Bank's exposure to climate risks and to ensure that the Bank's qualitative and quantitative measures align with our risk appetite. The TCFD task force was established at the end of 2021 to identify and assess climate risks and opportunities. The TCFD task force develops the action plans based on the Bank's climate risk management policy and provisions on climate issues and supervises the implementation of the action plans and reports to the Risk Management Committee, Sustainable Development Committee, and the Board of Directors on a quarterly basis.

Additionally, the ESG Task Force provides regular and ad hoc reports to the Sustainable Development Committee on the progress of greenhouse gas inventory, verification, achievements in greenhouse gas reduction, and key climate-related decision-making. Additionally, overseas branches/subsidiaries in Mainland China are gradually establishing climate governance frameworks compliant with local regulatory requirements. They report climate-related opportunities, risks, and relevant management measures back to the Head Office in Taiwan.



II. Climate Strategy

The Bank identifies and assesses factors of climate risks, encompassing the risk types suggested by TCFD, such as immediate and long-term physical risks, policy and regulatory risks (including current regulations and potential emerging norms), technological risks, market risks, and reputational risks associated with transition. To identify and assess climate opportunities, factors such as resource efficiency, energy sources, products and services, markets, and resilience are taken into account.

For the top three identified climate-related risk/climate-related change opportunities factors, their impact on operations and business areas the following table:

Climate-Related Risk

Type	Risk	Financial Impact		Impacts on Business and Strategy
		Period	Degree	
Transition Risk	Businesses invested in/financed facing regulatory risks related to transition	Medium-term	High	As requirements for carbon-intensive emission industries in Taiwan and internationally continue to rise, and even imposing carbon taxes/fees. This has resulted in increased operating costs for carbon-intensive industries, which may indirectly impact the profitability of the investment and financing targets and increase the default risk. If the Bank has a significant exposure to investments or loans in carbon intensive industries, credit risks may also escalate.
Physical Risk	Disruption of operations and reduced production capacity due to natural disasters	Medium-term	High	Due to climate change, typhoons and torrential rains have become more severe and frequent, pose a risk for the Bank's business operations. This could result in damage to buildings, information equipment, and transportation equipment, leading to higher maintenance costs for our facilities, and may even result in operational disruptions or employees casualties.
Transition Risk	Businesses invested in/financed facing technological transition	Medium-term	High	The investment and financing targets of the Bank may need to allocate a substantial amount of resources, including manpower and expenses, towards research and development in order to meet the low-carbon transition requirements of future markets and regulations. Failure to achieve this transition in a timely manner could result in irrecoverable investment costs, leading to a decline in revenue and even the risk of default, thereby indirectly impacting the Bank's earnings.

Climate-Related Opportunity

Type	Opportunity	Financial Impact		Impacts on Business and Strategy
		Period	Degree	
Products and services	Increasing credit facilities for green energy sectors	Short-term	Significant	Continue to explore borrowers of the green energy technology industry, such as participating in syndicated loan projects for green industry infrastructure, financing equipment and engineering for solar power plants, wind power generation, and environmental recycling projects. This not only builds resilience to climate change risks, but also creates green business opportunities.
	Development of green financial services	Short-term	High	In response to the global trend of sustainable finance, we are developing low-carbon products and services and offering green-related financial services, such as green deposits and bonds, to capitalize on new business opportunities.
	Expanding digital financial services	Short-term	High	Expand the range of digital financial services offered to promote the use of e-services, including online banking, mobile payments, and online ordering/insurance transactions. This initiative will help reduce paper consumption in our operations and customer interactions, resulting in lower operating costs.

III. Climate Risk Management

The Bank integrate climate risk into "The Integrated Risk Management Policy for Chang Hwa Bank". In order to establish a climate risk management mechanism, the "Climate Risk Management Policy of Chang Hwa Commercial Bank " is formulated to clearly divide the management responsibilities of each line of defense and formulate the Bank's climate risk assessment methods and processes. The TCFD Task Force is led by the Risk Management Division. It convenes and coordinates various units within the Head Office to set targets with regularly monitor and track and propose implementation plans for the TCFD related policy modification and climate-related risk and opportunity impacts.

The Bank Assess the impacts of physical risks for operation and financing on net worth under the model of RCP2.6 and RCP8.5 scenarios of the United Nations Intergovernmental Panel on Climate Change (IPCC). the Bank Assess the impacts of Transition Risk for financing on net worth by the three scenarios of the Network for Greening the Financial System (NGFS): Global Net Zero by 2050, Delayed Transition, and Nationally Determined Contributions (NDC).

2023 Scenario Analysis

Assessment Aspect	Impact Assessed	Analysis Result
Operation	Physical Risk Assesses the impact of extreme weather conditions on business operations in Taiwan.	In the RCP8.5 scenario of 2050, the asset impairment is projected to be the most severe, with an estimated loss impact amounting to around 0.0148% of net worth.
	Physical Risk If the supplier operates in areas with high physical risk, under extreme weather events could cause supply instability or interruptions, resulting in delivery delays and impacting our operations.	In the RCP2.6 and RCP8.5 scenarios of 2025, the procurement amount with a high physical risk is NT\$2.66 million, which accounts for approximately 0.3% of the total procurement amount in 2023. It is also assessed that there is one supplier with a high physical risk.
Financing	Physical Risk Evaluated the impact for approximately 90,000 real estate properties in Taiwan.	In the RCP8.5 scenario of 2025, the asset impairment is projected to be the most severe, with an estimated loss impact amounting to around 4.53% of net worth.
	Transition Risk Review the borrowers who on the list published by the MOENV that should inventory and register their GHG emissions (large GHG emitters).	The most severe scenario for the internal credit rating downgrade of credit customers is in 2030. Under the Net Zero 2050 scenario, 36 credit customers will have their internal credit ratings downgraded. The 36 borrowers are all downgraded to Stage 2 of IFRS9 regardless of the degree of rating decline. They are expected to bring about a credit loss increase approximately 4.77% of the Bank's total expected credit.

IV. Climate Metrics and Targets

1. To align with the Paris Agreement and toward 2050 Net Zero, the Bank pledges to restrict temperature rise within 1.5°C with Category 1 and Category 2 emissions and restrict temperature rise below 2°C with investment and financing portfolio's carbon emissions by setting the targets and has passed the SBTi target review.

Category	Metrics and Targets	Long-Term Target
Operations Base year: 2020	Commit to reduce absolute scope 1 and 2 GHG emissions 42% by 2030. Set metrics and targets related to environmental sustainability, such as electricity consumption, water consumption, fuel consumption, renewable energy usage and carbon offset, to achieve GHG emission targets.	Net Zero by 2050
Investment and Financing Portfolio Base year: 2022	Electricity generation project finance Commit to continue providing electricity generation project finance for only renewable electricity through 2030.	Net Zero by 2050
	Corporate loan: commercial real estate Commit to reduce its real estate loan portfolio GHG emissions 50.0% per square meter by 2030.	
	Corporate instruments (loans) ① Commit to reduce GHG emissions from the electricity generation sector within the Bank's corporate loan portfolio 40.9% per MWh by. ② Commit to reduce GHG emissions from the finance, retail, service, food and lodging, and real estate development sectors within the Bank's corporate loan portfolio 50.0% per square meter by 2030. ③ Commit to 36% of the Bank's other long-term corporate loan portfolio by invested value within the fossil fuel, electrical and electronic equipment, general manufacturing and semiconductor sectors setting SBTi validated targets by 2028.	
	Corporate instruments Commit to 51.9% of the Bank's listed equity, corporate bonds and REITs portfolio by invested value setting SBTi validated targets by 2028 from a 2022 base year.	

2. To facilitate the low-carbon transformation of enterprises, specific target indicators have been set for green loans and credit, green financial products and services, and green industrial investment. These indicators focus on expanding business scale, continuously developing products and services, and increasing investment amounts. The goal is to gradually increase the overall green-related business activities each year.

4.2 Adoption of Environmental Sustainability Standards

GRI : 2-5, 302-4, 305-5

In response to climate change and environmental issues, the Bank has implemented energy-saving, emissions reduction, waste reduction at the source, and recycling before the "Paris Agreement" at the United Nations Climate Summit in 2015. To date, there have been no cases of non-compliance with environmental regulations.

Following the "Sustainable Development Best Practice Principles" and aligning with international sustainable development goals, the Bank has gradually introduced international environmental sustainability certifications. Regular inspections and verification by external organizations are commissioned to assess the effectiveness of our mechanisms. The certification status is reported to the Sustainable Development Committee and the Board of Directors for tracking and monitoring, enhancing environmental sustainability governance performance in operational activities and internal management, and facilitating the achievement of environmental sustainability targets.

Goals and Targets

1. Regular maintenance of the validity of obtained international environmental sustainability certifications.
2. At least one additional international environmental sustainability certification is obtained annually.

Action and Achievement

Environmental Sustainability Standards		Certified Scope
ISO 14001 Environmental Management System	Certified ISO 14001:2015 in 2015 for the first time. Certified ISO 14001:2015 in 2018 for the second time. Certified ISO 14001:2015 in 2021 for the third time.	The Taipei Building of the Head Office
ISO 50001 Energy Management System	Certified ISO 50001:2011 in 2016 for the first time. Certified ISO 50001:2018 in 2019 for the second time. Certified ISO 50001:2018 in 2022 for the third time.	The Taipei Building of the Head Office
ISO 46001 Water Efficiency Management System	Certified ISO 46001:2019 in 2021 for the first time.	The Taipei Building of the Head Office
ISO 14064-1 GHG Emissions Inventory	Verified for ISO 14064-1:2006 in 2005. Verified for ISO 14064-1:2006 in 2017-2018. Verified for ISO 14064-1:2018 in 2019-2021.	All Domestic Business Units
	Verified for ISO 14064-1:2018 in 2022-2023.	All Domestic and Overseas Business Units and Subsidiaries
PAS 2060 Carbon Neutrality Standard	Verified for PAS 2060 in 2022.	Changhwa Branch
	Verified for PAS 2060 in 2023.	Shulin Branch
	Verified for PAS 2060 in 2024.	Credit Card
ISO 14064-2 Certification of Voluntary Greenhouse Gas Emission Reduction Project	Validated for ISO 14064-2 in 2023.	Hsi-Sung Branch
ISO 14067 Carbon Footprint Verification	Verified for ISO 14067 in 2024.	Credit Card
ISO 14046 Water Footprint Verification	Verified for ISO 14046 in 2024.	Credit Card
ISO 20400 Sustainable Procurement	Compliance declaration with ISO 20400 achieved in 2021.	Head Office
EEWH Labels	Obtained Silver-level EEWH Labels approved by Ministry of the Interior.	Peimen Branch
CFP(Carbon Footprint of Product) Label	Passed the review by Ministry of Environment and obtained the certification of CFP Label in 2024.	Credit Card

4.3 Greenhouse Gas Reduction and Management

GRI : 302-3, 305-1, 305-2, 305-3, 305-4, 305-5; SASB : FN-CB-410b.1

The Bank conducts annual GHG emissions inventory, which are verified by external organizations and makes dynamic adjustments to the reduction actions. The Bank regularly reports on its GHG management to the Sustainable Development Committee and the Board of Directors, effectively tracking and overseeing the implementation effectiveness of greenhouse gas reduction measures.

In 2022, the Bank signed up for the Science- Based Targets initiative (SBTi), and set short, medium, and long-term reduction targets of the sum of category 1 and category 2 GHG emissions with 2020 as the base year, aiming to limit global warming to within 1.5 and contribute to the goals of the Paris Agreement.

4.3.1 Greenhouse Gas Reduction Target

Action	Targets by Year			Achievement in 2023
2023	2024	2030		
Scope of GHG inventory and verification	<ol style="list-style-type: none"> Covers GHG emissions in categories 1 to 5 for all domestic sites. Covers GHG emissions in categories 1 to 2 for all overseas business units and subsidiaries. 	<ol style="list-style-type: none"> Covering categories 1~5 GHG emissions of all domestic and overseas business units. Covering categories 1~2 GHG emissions of all subsidiaries. 		✓
GHG emissions reduction (from categories 1 and 2)	Reduced by an average of 4.2% annually.	Reduced by an average of 4.2% annually.	Reduced by 42% compared to 2020.	✓
Voluntary Greenhouse Gas Emission Reduction Project	<ol style="list-style-type: none"> The headquarters' original plan has been validated for ISO 14064-2 and reviewed by MOENV. 1 site has been validated for ISO 14064-2 and reviewed by MOENV, becoming a sub-project. 	Hsi-Sung Branch passed the review by the MOENV.	<ol style="list-style-type: none"> 5 sites passed the review by MOENV. 1 site got carbon credit. 	Adjust Targets

4.3.2 Greenhouse Gas Inventory and Verification

I. GHG Inventory Scopes

The scope for GHG inventory of the Bank is established based on operational control. Since 2017, regular inventories of GHG emissions have been conducted for all domestic sites. Since 2019, we have adopted the new version of ISO 14064-1:2018 for the inventory. In 2022, taking reference from Taiwan's "Sustainable Development Roadmap for TWSE/TPEX Listed Companies," the scope has been expanded to include overseas business units and subsidiaries. This ensures consistency between the disclosure of GHG emissions and our consolidated financial statements, enabling proactive planning of GHG reduction actions.

The scope for GHG inventory of the Bank

Entity	GHG Inventory		Scope
	Category	Coverage	
The Bank (domestic sites)	1~5	100%	There are 187 domestic sites of the Bank, including 185 branches and 2 units of the Head Office.
The Bank (overseas business units)	1~2	100%	There are 9 overseas business units of the Bank, including 7 branches and 1 representative office. (The Los Angeles branch has relocated in 2023, and both the new and old locations are included in the inventory)
Subsidiaries			
CHB Venture Capital	1~2	100%	1 site.
Chang Hua Commercial Bank	1~2	100%	There are 5 sites in mainland China.

Note: As the "Regulations Governing Voluntary Greenhouse Gas Emission Reduction Project" is released in 2023, and replaces the "greenhouse gas offset project", we adjust the name of the action and the targets.

II. Implementation of GHG inventory and verification

Historical GHG emissions

The Bank conducts greenhouse gas inventory per ISO 14064-1:2018 and regularly tracks the effectiveness of historical greenhouse gas reduction efforts. We dynamically review greenhouse gas reduction strategies and actions. The historical greenhouse gas emissions of the Bank are as follows:

	2020 (base year)	2021	2022	2023
Category 1: Direct GHG emissions ^{*1} (tCO ₂ e)	2,374.304	2,097.131	2,075.020	2,133.566
Category 2: Indirect GHG emissions from imported energy ^{*2} (tCO ₂ e)	15,862.188	15,356.797	15,016.773	13,008.712
Total emissions (Category 1 + Category 2) (tCO ₂ e)	18,236.492	17,453.928	17,091.793	15,142.278
Carbon Intensity (tCO ₂ e per NT\$ million)	0.6676	0.6084	0.5007	0.3926
Category 3: Indirect GHG emissions from transportation ^{*3} (tCO ₂ e)	5,242.152	5,244.309	4,727.668	5,318.750
Category 4: indirect GHG emissions from products used by organization ^{*4} (tCO ₂ e)	7,541.974	8,077.079	9,602.441	8,988.433
Category 5: Indirect GHG emissions associated with the use of products from the organization ^{*5} (tCO ₂ e)	239.003	266.894	229.763	369.383

Note: 1. Category 1 emissions are mainly emissions from the combustion of official vehicles, diesel generators, gas, natural gas, etc., as well as fugitive emissions from GHG fire extinguishing agents, refrigerant filling equipment, and septic tanks of the year.

2. Category 2 emissions are mainly the consumption of purchased power of the year and are market-based.

3. Category 3 emissions are indirect GHG emissions caused by transportation, including employee business travels, employee commutes, and transportation of consumables for business use.

4. Category 4 emissions are indirect GHG emissions related to the products purchased for the organization, including the emissions of consumable products and information assets during their lifecycles, incineration of trash, and transportation of recycled waste.

5. Category 5 emissions are indirect GHG emissions in the downstream of the products manufactured by the organization, including the disposal of debit cards and credit cards.

6. The choice of emission factor is based on the GHG emission factor management table of MOENV (version 6.0.4). The GWP value used is based on the IPCC Sixth Assessment Report.

7. Inventory result: There are 4 types of GHG s directly emitted by the Bank include CO₂, CH₄, N₂O, and HFCs.

8. The boundary for Category 1 and Category 2 GHG inventory and verification was 100%, including all domestic and overseas business units and subsidiaries. The boundary for Category 3~5 GHG inventory and verification was 98.43%, including all domestic business units.

2023 GHG Reduction Performance

With 2020 as the base year, the short-term target is to reduce the total carbon emissions from Category 1 and Category 2 by 12.6% compared to the GHG emissions in 2020 (18,236.492 tons CO₂e), and the mid-term target is 42% reduction by 2030. In 2023, the GHG emissions of the Bank were 15,142.278 tons CO₂e, representing a 16.97% (3,094 tons CO₂e) reduction compared to the base year, reaching the Bank's target for carbon reduction.

1. The emissions from Category 1 decreased 10.14% from 2,374.304 tons of CO₂e of the base year to 2,133.566 tons, in line with the carbon reduction target for 2023. The frequency of official vehicle usage increased as pandemic ameliorated after 2023, the Bank has taken actions to introduce hybrid vehicles for official use.
2. The emissions from Category 2 decreased 17.99% from 15,862.188 tons of CO₂e of the base year to 13,008.712 tons, in line with the carbon reduction target for 2023.

Details of the implementation results of energy resource management measures are provided in chapter 4.5. The Bank will continue to supervise the implementation of GHG reduction actions to achieve the target of a 42% reduction by 2030.

	2020 (base year)	2023				Outcome
	tCO ₂ e	Performance		Target		
		tCO ₂ e	%	tCO ₂ e	%	
Category 1	2,374.304	2,133.566	-10.14%	2,138	-10%	Achieved
Category 2	15,862.188	13,008.712	-17.99%	13,800	-13%	Achieved
Total* (Category 1+2)	18,236.492	15,142.278	-16.97%	15,938	-12.6%	Achieved

Note: The total amount of carbon emissions is the sum of the carbon emissions of category 1 and category 2.

GHG emissions verification results

The Bank's 2023 greenhouse gas emissions have been verified by the British Standards Institution (BSI) and the verification statement is publicly available on the Bank's website. The summary of the verification is as follows:

1. The corrective and preventive actions for outstanding issues are accepted.
2. Data quality was considered acceptable in meeting the principles as set out in ISO 14064-1:2018.
3. The level of assurance of direct greenhouse gas emissions and indirect greenhouse gas emissions from imported energy (ISO 14064-1:2018 Category 1 and 2) in the inventory report is reasonable, and the validation and agreed-upon procedures (AUP) process for the other indirect greenhouse gas emissions (Category 3-6) is applied.

4.3.3 Voluntary Greenhouse Gas Emission Reduction Project

The Bank has developed the "Voluntary Greenhouse Gas Emission Reduction Project". According to the Regulations Governing the Voluntary Greenhouse Gas Emission Reduction Project, we calculated emission reduction credits (carbon credits) from equipment replacement of Hsi-Sung Branch using the Demand-side Energy Efficiency Activities for Specific Technologies methodology (AMS-II.C) from the United Nations' Clean Development Mechanism (CDM), and it underwent external verification by an ISO 14064-2 accredited verification body*1 in September 2022. The Bank obtained the ISO 14064-2 validation*2 certificate in February 2023. The Bank submitted a registration application to MOENV in 1Q24. Upon approval, the Bank will carry out carbon credit monitoring for the Hsi-Sung Branch with verification, in hopes to facilitate future carbon credit applications to the MOENV. Additionally, the Bank will assess the possibility of including other business units into Voluntary Greenhouse Gas Emission Reduction Project.

Note: 1.Verification Body refers to an organization authorized by the EPA to conduct greenhouse gas verification in accordance with the Regulations Governing Greenhouse Gas Verification and Validation Organizations.
2.Validation refers to the process by which a project's plan is reviewed by a verification body to ensure compliance with the Greenhouse Gas Reduction and Management Act.
3.Verification refers to the process of verifying GHG emissions data or GHG reductions (including carbon sequestration) data through by a verification body or on-site audits.



4.3.4 Internal carbon pricing implementation

In 2022, the Bank implemented an internal carbon pricing model for "replacement with LED lighting" as part of the procurement decision-making process, which uses a Shadow Pricing approach to calculate carbon reduction, taking into account the carbon fee rate announced by regulatory authorities (NT\$1,500 per ton). In 2023, the scope of implementation of the internal carbon pricing model is expanded to include three carbon reduction measures: replacement with LED lighting, replacement of AC equipment, and adoption of hybrid electric vehicles for official use. In order to achieve the carbon reduction target for 2023, the Bank continuously implements a range of carbon reduction actions. For significant actions, we estimate the amount of carbon reduction and associated costs using internal carbon pricing. This will serve as a reference for making resource allocation decisions in the future, particularly when resources are limited.

Unit: NT\$10 thousand

Action	Implementation scope (unit)	Estimated Energy Cost Saved ¹	Estimated Reduction of Carbon Price ²	Estimated Total Cost Saved ³
2022				
Replacement with LED Lighting	34	109	28	136
2023				
Replacement with LED Lighting	116	401	99	500
Replacement of AC Equipment	29	57	14	71
Hybrid Vehicles for Official Use	39	96	11	107

Note:1. The calculation methods for estimated amount of energy cost saved:
• Replacement with LED Lighting: Estimated annual energy savings(kWh) * Electricity Price(NT\$3/kWh) = 1,335,683(kWh) * NT\$3 / 10,000 = NT\$4.01 million.
• Replacement of AC Equipment: Estimated annual energy savings(kWh) * Electricity Price(NT\$3/kWh) = 190,953(kWh) * NT\$3/10,000 = NT\$570 thousand.
• Hybrid Vehicles for Official Use: Estimated annual fuel savings(L) * Petrol Price(NT\$31.07/L) = 30,762(L) * NT\$31.07 / 10,000 = NT\$960 thousand.
2. The calculation methods for estimated amount of reduction of carbon price:
• Replacement with LED Lighting: Estimated annual energy savings(kWh) * electricity emission factor(kgCO₂e/kWh) / 1,000 * carbon fees rate (NT\$1,500/tCO₂e) = 1,335,683(kWh) * 0.495(kgCO₂e/kWh) / 1,000 * NT\$1,500 / 10,000 = NT\$990 thousand.
• Replacement of AC Equipment: Estimated annual energy savings (kWh) * electricity emission factor(kgCO₂e/kWh) / 1,000 * carbon fees rate (NT\$1,500/tCO₂e) = 190,953(kWh) * 0.495(kgCO₂e/kWh) / 1,000 * NT\$1,500 / 10,000 = NT\$140 thousand.
• Hybrid Vehicles for Official Use: Estimated annual fuel savings(L) * carbon emission factor (kgCO₂e/L) / 1,000 * carbon fees rate (NT\$1,500/tCO₂e) = 30,762(L) * 2.355(kgCO₂e/L) / 1,000 * NT\$1,500 / 10,000 = NT\$110 thousand.
3. Estimated total amount of cost saved = estimated amount of energy cost saved + estimated amount of reduction of carbon price.
• Replacement with LED Lighting: NT\$4.01 million + NT\$990 thousand = NT\$5 million.
• Replacement of AC Equipment: NT\$570 thousand + NT\$140 thousand = NT\$710 thousand.
• Hybrid Vehicles for Official Use: NT\$960 thousand + NT\$110 thousand = NT\$1.07 million.

4.3.5 Inventory and Verification of Carbon Footprint of Credit Card

To understand the carbon footprint of credit card products and further reduce GHG emissions, the Bank implemented the ISO 14067 product carbon footprint standard for its entire series of contactless credit cards in 2023. This encompassed 100% of the bank's credit cards. On January 2, 2024, the bank received a verification statement from the British Standards Institution and a product carbon footprint label certificate from the Ministry of Environment. The verification results indicate that the carbon footprint of each credit card is approximately 1.16 kg CO₂e, for a total of approximately 393.52 metric tons of CO₂e. The use phase is the main source of emissions. The bank plans to increase the proportion of electronic invoices in the future, with the aim of reducing emissions by 3% in 2027 compared to 2022. This reduction would reduce the carbon footprint of each credit card to 1.12 kg CO₂e, requiring a total reduction of 380 metric tons of CO₂e.



4.3.6 Strategy and Action of Greenhouse Gas Reduction

To achieve the greenhouse gas reduction target for 2030, the Bank has formulated greenhouse gas reduction strategies and actions between 2021 and 2030. The achievements for 2023 and the targets for 2024 are summarized as follows:

Action	2023					2024
	Implemen- tation scope (unit)	Funding (NT\$ 10 thousand)	Estimated energy saved (kWh)	Estimated carbon reduction (tCO ₂ e)	Payback Period (year)	Targets
Complete replacement with LED lighting ¹	116	1,885	1,335,683	661.16	4.70	100% adoption of LED lighting
Priority replacement of AC equipment aged over 30 years ²	29	1,123	190,953	94.52	19.60	Progressive replacement of aging AC equipment

Action	2023				2024
	Implemen- tation scope (unit)	Funding (NT\$ 10 thousand)	Estimated annual fuel savings (L)	Estimated carbon reduction (tCO ₂ e)	Targets
Replacement of fuel cars with hybrid cars ³	39 (54 vehicles)	565	30,762	72.45	Newly leased or renewed official vehicles primarily consist of hybrid cars
Replacement of fuel scooters with electric scooters					Progressive replacement of aging fuel scooters with electric scooters

Action	2023					2024
	Implemen- tation scope (unit)	Funding (NT\$ 10 thousand)	Electricity consumption / generation (kWh)	Estimated carbon reduction (tCO ₂ e)	Payback Period (year)	Targets
Installation of solar power generation systems on branch rooftops for self-consumption ⁴	1	123	3,413	1.69	17.81	Establishment of 1 solar powered branch
Purchase green electricity ⁵	2	204	337,672	167.15		3% renewable Energy utilization

Note:1. The calculation methods for energy conservation and carbon reductions of replacing lighting: The outdated lighting of the Bank was between 40W to 80W. The new lighting is between 20W to 40W. Therefore, assuming the energy efficiency of the new lighting is 50% better than the outdated lighting, the energy saved (kWh) = Power of the new lighting(W) / (1-50%) * hours used per year (hr) * number of lights(lamps) / 1,000. Carbon reductions (tCO₂e) = energy saved (kWh) * electricity emission factor (0.495kgCO₂e/kWh) / 1,000.

2.The calculation methods for energy conservation and carbon reductions of replacing AC equipment: Assuming a 50% increase in energy efficiency of the new AC equipment, the energy saved (kWh) = Electricity consumption of the new AC equipment (W)* 50% / (1-50%). Carbon reductions (tCO₂e) = energy saved (kWh) * electricity emission factor (0.495kgCO₂e/kWh) / 1,000.

3.The calculation methods for replacement of fuel cars with hybrid cars: The fuel efficiency of a gasoline vehicle is 14.9 km/l, while that of a hybrid vehicle is 24 km/l. Based on the Bank's average vehicle mileage of 22,000 kilometers in 2020, the fuel reduction (in liters) can be calculated as follows: (vehicle mileage (km) / fuel efficiency of gasoline vehicle (km/L)) - (vehicle mileage (km) / fuel efficiency of hybrid vehicle (km/L)). Carbon reductions (tCO₂e) = fuel savings (L)* emission factor (2.355kgCO₂e/L) / 1,000.

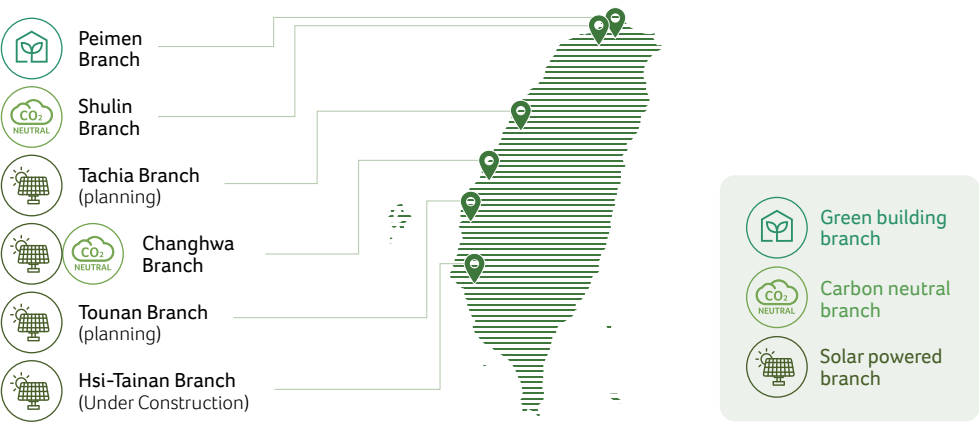
4.The calculation methods for installation of solar power generation systems on branch rooftops: Carbon reductions (tCO₂e) = generated energy(kWh) * electricity emission factor (0.495kgCO₂e/ kWh) / 1,000.

5.The calculation methods for purchase green electricity: Carbon reductions (tCO₂e) = green energy usage(kWh)* electricity emission factor (0.495kgCO₂e/ kWh)/1,000.

4.4 Low Carbon Demonstration Sites

GRI : 302-4, 302-5, 305-5

The Bank continues to promote green actions that are mutually beneficial with the environment, including establishing solar powered branches, green building branches and carbon neutral branches to represent the Low carbon Demonstration Sites of the Bank. These actions not only reduce resource consumption and carbon emissions but also enhance the Bank's corporate sustainability image. The General Affairs Office is responsible for planning and establishing replicable demonstration sites, setting short-term and long-term construction goals, and regularly monitoring the progress for future expansion.



Action	2023	2024	2030	Achievement in 2023
Promoting Renewable Energy Utilization	<ol style="list-style-type: none"> 1 million kWh in green energy supply Renewable energy utilization reached 1% 1 solar-powered branch established 	<ol style="list-style-type: none"> 1.5 million kWh in green energy supply Renewable energy utilization reached 3% 2 solar-powered branches established 	<ol style="list-style-type: none"> 3 million kWh in green energy supply Renewable energy utilization reached 10% 10 solar-powered branches established 	✓
Promoting Carbon Neutrality Demonstration Branch	1 carbon-neutral branch per year	1 carbon-neutral branch per year	5 carbon-neutral branch per year	✓
Incorporating Green Building Designs in Premise Planning	Obtain green building certification for 100% newly constructed or renovated branches.			✓

4.4.1 Promoting Renewable Energy Utilization

The Bank increases the renewable energy utilization through green energy supply and the establishment of solar branches. The renewable energy utilization in 2023 is 1.28%.

Purchase renewable energy certificates or green energy supply

The Bank has purchased 312 renewable energy certificates from 2018 to 2021. With the amended Electricity Act, the energy sources become more diversified. Therefore, we signed a five-year contract with a renewable energy supplier to supply green electricity to our Taipei Building and Information Building of Head Office.

Green Energy Supply	2022 (kWh)	2023 (kWh)
Taipei Building	100,000	110,000
Information Building	-	227,672
Total Amount	100,000	337,672

Note: Renewable energy utilization (%) = Green energy usage (kWh) / Total annual energy consumption (kWh) * 100%

Establishment of solar-powered branches

In 2023, the bank completed the installation of a rooftop solar power generation system at the Changhua Branch and put it into operation. The system has an installed capacity of 18.24 kW and uses a self-production and self-consumption model. In 2023, the system generated approximately 3,412.7 kWh of electricity. At the same time, the Bank is expanding its rooftop solar power generation projects at branches in West Tainan, Dounan, and Dajia. This initiative aims to gradually increase the bank's reliance on renewable energy. The West Tainan branch is expected to complete its solar power generation construction project in 2024, with a planned installed capacity of 21.66 kW. The Dounan and Dajia branches have planned installed capacities of 18 kW and 50 kW, respectively, and are expected to begin construction in 2025.

Note: Renewable energy generation (kWh) is calculated by multiplying the rated capacity of the equipment (kW) by the average daily electricity consumption per kilowatt in each county/city (kWh), then multiplying by 365 (days/year).



Renewable Energy Certificate for Taipei Building



Renewable Energy Certificate for Information Building



4.4.2 Promoting Carbon Neutrality Demonstration Branch

The Bank has implemented an ISO 14064-1 organizational greenhouse gas inventory since 2018, providing a comprehensive understanding of its greenhouse gas emissions. In response to the 2050 net-zero transformation, the bank has proactively established a "Carbon Neutral Demonstration Branch Plan". This plan is being implemented in accordance with the "PAS 2060: 2014 Carbon Neutrality Implementation Reference Standard" and is subject to verification by an external verifier.

Changhwa Branch

Announced in 2022



Carbon Credit

153 tCO₂e

Credit Retirement Certificate



PAS 2060 Carbon Neutrality Declaration Verification Opinion Statement



Shulin Branch

Announced in 2023



Carbon Credit

99 tCO₂e

Credit Retirement Certificate



PAS 2060 Carbon Neutrality Declaration Verification Opinion Statement



4.4.3 Incorporating Green Building Designs in Premise Planning

The Bank is incorporating green building design principles to achieve operational carbon reduction benefits. The current goal for the Chengtung Branch, the Tianjin Street dormitory, the building of the Chien Cheng Branch, and the Yuanli Branch, all involved in urban renewal projects, are all striving to achieve "Green Building Certification." Among them, the Peimen Branch, a part of the urban renewal project, was completed in 2023 and successfully obtained the Silver-level Green Building Certification by incorporating environmentally friendly elements such as green landscaping, water conservation, energy efficiency, and water resource recycling.



The opening of the first green building branch of the Bank (Beimen Branch)

4.5 Green Office

GRI : 302-1, 302-3, 302-4, 302-5

The Bank has formulated an environmental resource and energy use management policy and responds to and implements 29 indicators of "Green Office" of MOENV, including "saving energy and resources", "Reduction at the source", "green procurement", "environmental greening", "promotion and initiatives". The Bank is awarded Bronze Level of the 5th National Enterprise Environmental Protection Award by MOENV.



The Bank implements various resource conservation and energy-saving measures, and voluntarily introduces international management systems such as environmental management systems, energy management systems, and water resource efficiency management systems. We also undergo annual inspections by external organizations to ensure the effective operation of these mechanisms. By implementing resource utilization and management, we not only reduce greenhouse gas emissions but also lower operational costs associated with resource consumption, thereby enhancing overall environmental governance performance.

The Bank records usage for water, electricity, fuel oil, natural gas, and other resources annually. When there is non-compliance with or abnormality in environmental management requirements, timely and effective corrective measures are taken to reduce the impact on the environment. Regular identification and assessment of environmental impacts are conducted. We set short- and medium-term targets by stages for each energy and resource indicators, and improvement goals and management plans are established for tracking.

Target Setting


Indicator	(base year)	Target by year			2023 Outcome		Achievement in 2023
	2020	2023	2024	2030			
Electricity (MWh) ¹	30,613	29,695 (-3%)	26,480 (-13.5%)	25,654 (-16.2%)	26,567	-13%	✓
Fuels (L)	673,175	652,980 (-3%)	646,248 (-4%)	605,858 (-10%)	532,497	-21%	✓
Water (cubic meters)	163,944	159,026 (-3%)	157,386 (-4%)	147,550 (-10%)	154,083	-6%	✓
Renewable energy utilization (%) ²	0	1%	3%	10%	1.28% (341.085MWh)		✓


Note: 1. Electricity from Taiwan Power Company and solar power.
2: Electricity from solar power.


4.5.1 Energy Utilization and Management

The Bank uses Taipei Building of the Head Office as the demonstration site. In 2016, we introduced the energy management system and passed third-party verification to obtain ISO 50001 certification. We have formulated related reduction measures according to our energy management system implementation experience.

Reduction Measures







➔ Replace outdated bulbs with high-efficiency LED lighting to save electricity consumption.

➔ Manage lighting use to reduce unnecessary power usage for lighting.

➔ Replace outdated air-conditioners and conduct regular cleaning and maintenance to enhance energy-efficiency.

➔ Set office indoor temperature at between 26 to 28 degrees to reduce the air-conditioning load.

➔ During non-summer seasons when the load is low, the temperature of chiller unit and ice water outlet may be adjusted to 8-10 °C , which can effectively improve the operation efficiency of the chiller unit.

➔ We reduce the number of elevators available during non-working hours and encourage staff to use staircases instead of elevators when moving within their work areas. This not only reduces electricity consumption but also promotes health and well-being.

The total electricity consumption in 2023 is decreased by roughly 13% (4,045,733 kWh) compared to the base year (2020). Overall, electricity consumption remained lower than the base year, reflecting of the Bank's energy-saving initiatives. Going forward, the Bank will continue to replace outdated lighting and AC equipment to achieve energy-saving target.


Unit		2020 (base year)	2021	2022	2023
Electricity	kWh	30,613,102	30,005,783	29,242,860	26,567,369
	MWh	30,613	30,006	29,243	26,567
	MJ	110,207,168	108,020,817	105,274,296	95,642,528
	Statistical boundary	100%			
Electricity Intensity	MJ/person	16,508	16,342	15,764	14,290


Note: 1. 1 kWh = 3.6 MJ.
2. The listed data is rounded it to the nearest whole number.

4.5.2 Fuel Utilization and Management of Official Vehicles

To implement energy-saving measures and reduce air pollution, the Bank manages daily gasoline and diesel consumption. Whenever possible, employees are encouraged to carpool or use public transportation for business travels. In addition, in response to the country's policy of electric vehicle use, all units are encouraged to choose electric scooters approved by the Ministry of Economic Affairs when replacing scooters or purchasing new scooters.

Reduction Measures





➔ Incorporate daily usage information of gasoline and diesel into management to improve control efficiency of energy conservation.

➔ Manage the use of company vehicles and encourage employees to car-pool when doing business errands to reduce dispatching of vehicles.

➔ Encourage employees to take public transportation more often.

➔ Choose electric scooters approved by the Ministry of Economic Affairs when replacing scooters or purchasing new scooters.

➔ Newly leased or renewed official vehicles primarily consist of hybrid cars.

The total fuel consumption in 2023 is decreased by20.9% (140,678 L) compared to the base year (2020).

However, with the gradual easing of COVID-19 restrictions and a return to in-person visits with customers, the Bank aims to prevent an increase in fuel consumption. In the future, the Bank will prioritize hybrid vehicles for new leases or lease renewals, in order to improve vehicle energy efficiency and reduce fuel consumption.

Unit		2020 (base year)	2021	2022	2023
Fuels	L	673,175	518,923	526,359	532,497
	MJ	2,270,873	1,751,026	1,775,316	1,795,800
	Statistical boundary	100%			
Fuels Intensity	MJ/person	340	265	266	268

Note: 1. 1 liter of gasoline =3.37MJ, 1 liter of diesel fuel =3.69MJ
2. The listed data is rounded it to the nearest whole number.

4.5.3 Water Utilization and Management

In view of the occurrence of extreme weather events in various regions across Taiwan in early 2021, which resulted in different levels of water restrictions or outages, the Bank took the lead by using its Taipei Building of the Head Office as a demonstration site in implementing a water resource efficiency management system for the first time to mitigate the risk of future water shortages in 2021. The system was verified by the British Standards Institution (BSI), making the Bank the first BSI-certified company in Taiwan for ISO 46001.


In order to implement water usage efficiency and reduce water waste, the Bank has stipulated the water efficiency management policy. We are committed to "Disseminate and promote the concept of water conservation to ensure the implementation of water conservation", "Priority purchase of products with water saving labels when buying or replacing devices", "Periodically track water use efficiency to reduce overall water consumption", "Continuously invest in resources to improve the performance of water resources year by year", and "Comply with the regulations of water management and other related requirements", in order to find water conservation opportunities and formulate water reduction measures.


The total water withdrawal in 2023 is decreased by 6.01% (9,861 m3) compared to the base year (2020). This reduction was attributed to the Bank's effective water resource reduction measures. Additionally, the Bank built an online water reporting system for regular monthly reporting from each department to monitor and track water usage in real time.


	Unit	2020 (base year)	2021	2022	2023
Water withdrawal	m ³	163,944	160,777	147,532	154,083
	Million cubic meters	0.1639	0.1608	0.1475	0.1541
	Statistical boundary	89.7%	89.7%	89.7%	98.43%

Note: Water withdrawal is equivalent to Water discharge; therefore, the net fresh water consumption is 0. The water volume is calculated mainly based on water bills.

Reduction Measures







➔ Include water consumption in management to improve management and control efficiency of water resources.

➔ Full installation of water-saving devices to fully adjust the water output of faucets.

➔ Regular clean building water towers and conduct water quality testing.

➔ Every three months, an inspection and testing institution approved by the Environmental Protection Administration is commissioned to conduct sampling and testing of the water quality of water dispensers.

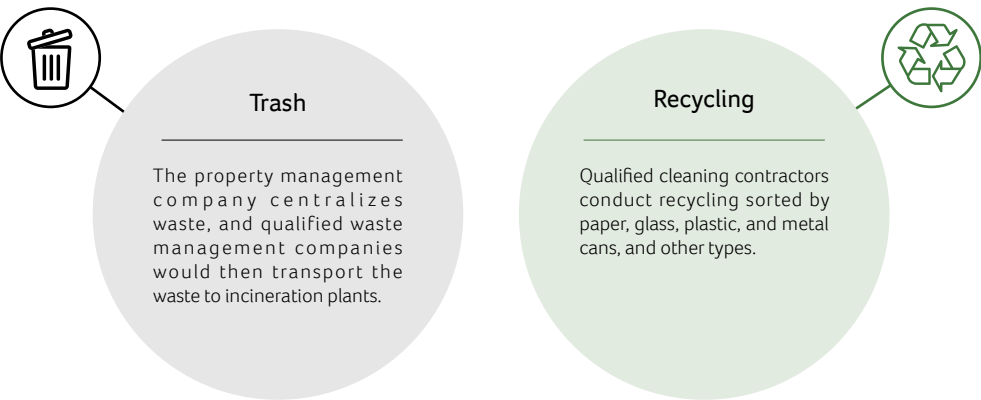
➔ The Company's water comes from Taipei Water Department and Taiwan Water Corporation; none of our water comes from groundwater or other sources. Office buildings and operational locations supply water for use of employees and some customers with no significant impact on water sources. After use, wastewater is treated and discharged via sanitary sewers to rivers and the sea.




4.5.4 Waste Management and Recycling


In order to achieve resource sustainable utilization and ensure proper waste disposal, the Bank proactively manages waste at its Taipei Building of the Head Office. We promote energy conservation and waste reduction, implement resource recycling and classification from the source, and regularly record the quantity of waste.


Waste Disposal Method




Reduction Measures









➔ General waste and recycling bins are placed on each floor, and personal trash bins are not provided in offices, encouraging employees to reduce waste at the source and promote recycling.

➔ The employee cafeteria provides eco-friendly reusable tableware to reduce waste.

➔ Reduce purchase of bottled mineral water and plastic cup water and encourage employees to bring their own cups during assemblies or training courses.

➔ Promote paperless official documents and work documents, as well as e-materials for education and training.

➔ Encourage employees to use both sides of paper sheets, and efficient use of printing page combination functions.

➔ Inspect waste sorting situation on each floor from time to time.

➔ Hold Reuse Swap Events

With 2020 as the base year, the Bank has set a target for 2023 to reduce waste generation in Taipei building of the Head Office by 3% and achieve a recycling rate of 15%. In 2023, the general waste generated in Taipei building of the Head Office was 106.27 tons, down 12.44% from 2020. Additionally, the recycling rate reached 39.68%. The effectiveness of waste reduction measures is evident. The Bank will implement waste reduction and management in two stages. Firstly, for existing waste statistics targets (such as the Taipei building of the Head Office), additional reduction measures and mid-term goals will be created. Secondly, the waste statistics boundary will be expanded, focusing on managing large waste generators.

Waste	Unit	2020 (base year)	2021	2022	2023	Target for 2023
Trash	Tons	121.37	118.63	102.46	106.27	Reduce to 117.73
Recycling	Tons	19.93	17.44	69.79	69.90	-
	Recycling Rate	14.10%	12.85%	40.52%	39.67%	

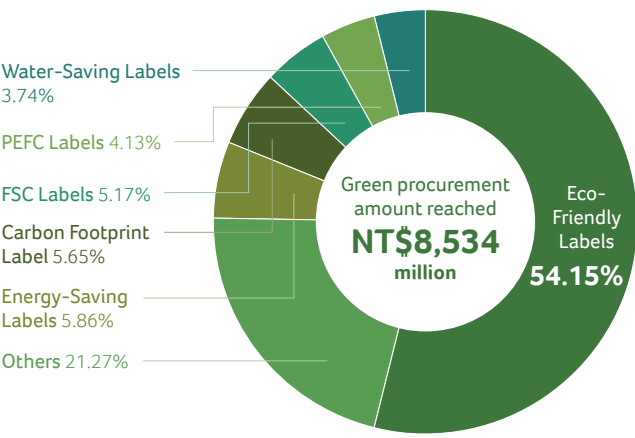
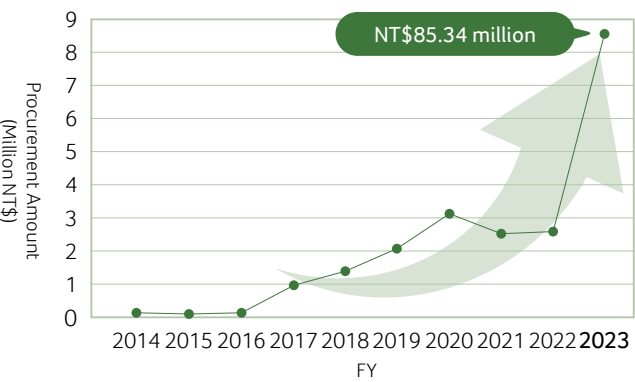
In 2023, the Bank held Reuse Swap Event and low-carbon vegetarian food experience event at its Taipei headquarters. The event encouraged employees to donate functional and aesthetically pleasing secondhand items such as books, household items, accessories, and backpacks that they no longer needed. By facilitating peer-to-peer exchange, the event increased the value of these disposable items and achieved an exchange rate of approximately 77%. The event featured a vegetarian experience with a hydroponic lettuce stand that allowed colleagues to participate in harvesting and tasting lettuce. The initiative was designed to promote the concept of low-carbon diets and highlight the environmental benefits of sustainable reuse and waste reduction.

*Note: The calculation formula is number of items taken divided by the number of items donated.



4.5.5 Green Procurement

To show our emphasis on environmental protection, the Bank's procurement prioritizes eco-friendly products with eco-friendly labels, carbon footprint labels, energy-saving labels, water-saving labels, green building material labels, FSC certified labels, etc., to minimize the environmental impact of operations. In 2023, the Bank expanded its green procurement reporting to include items such as lease-instead-of-purchase arrangements and renewable energy certificates. The total amount for the year exceeded NT\$85.34 million, setting a new record. Products with environmental labels accounted for the majority of green procurement, accounting for more than half of the total.



4.5.6 Paperless office

In order to actively promote paperless measures in all business operations and to incorporate the concept of circular economy, which aims to achieve resource recycling by reducing paper consumption, the performance and explanations of various measures are outlined below:

Loan Application Process

Recognizing that traditional loan processing often involves a lot of paper and time, the Bank has established the "e-Lucky Loan Online Financing Platform". This platform enables customers to apply for loans online, thereby promoting low-carbon service measures. In 2021, we launched the "Instant Salary Loans" platform, which caters to eligible corporate payroll transfer customers. The entire process, from application, review, and contract signing to disbursement, can be completed online through the system or app, effectively reducing paper printing and time consumption. This also minimizes the carbon emissions associated with customers traveling to the bank, furthering a collaborative effort toward a low-carbon environment.

Insurance and Trust Services

To reduce the number of insurance agency business reports, customer communication data reports for the insurance, trust and structured products businesses will be integrated and converted to electronic forms. In addition, the tracking and management review mechanisms for "suspected abnormal solicitation cases" and "discrepancies in the financial data of life insurance products compared to the previous audit" will be converted to online reporting using electronic forms. The Bank has implemented electronic processes and created a mobile insurance platform. This platform enables the use of electronic documents to replace paper insurance applications and related documents throughout the insurance process. Currently, traditional insurance, health and accident insurance, investment-linked insurance, and participating insurance can be processed through mobile insurance. The bank has also implemented incentive programs to increase the usage rate of mobile insurance services and continues to expand the range of applicable products by adding more insurance companies to the platform.

Credit Card Service

The Bank has been promoting the digitalization of accounts and credit cards for many years. Both digital accounts and credit cards can be applied for through our online system. This approach not only aligns with the benefits of paperless transactions but also reduces the carbon emissions generated by customers traveling to branches for applications, thereby achieving our goal of providing low-carbon financial services. The issuance of approximately 93,469 new credit cards in 2023 resulted in a reduction of 93,469 physical copies of terms and conditions/benefit handbooks, thereby conserving paper usage. In 2023, 2,211,864 credit card statements were mailed. Of these, 1,047,247 were electronic statements, representing 47% of the total.

Internal Operations

In line with the Bank's environmental sustainability policy and in order to effectively reduce energy consumption and carbon emissions, the Bank recognizes that reducing the use of paper in daily operations can significantly reduce deforestation and carbon emissions. Therefore, the Bank regularly monitors its copy paper consumption, calculates paper savings, and conducts rolling reviews to progressively improve its environmental sustainability performance.

Item	2020	2021	2022	2023
Copy Paper (kg)	237,939	179,646	162,401	157,255
Reduction (%)	-	-24%	-32%	-34%
Carbon Reduction (tCO ₂ e)	-	-96.26	-124.74	-133.13

Note: Based on the MOENV's carbon footprint for virgin wood pulp copy paper, which is 3.6 kgCO₂e/per package, and considering that one package contains 500 sheets of A4 paper weighing 2.18 kg, the calculated carbon footprint is 1.65 kgCO₂e per/kg.

4.6 Supplier Management

GRI : 2-6, 2-23, 2-24, 2-25, 204-1, 308-1, 414-1

To promote the balance of economic, social and environmental spheres and sustainable development, in addition to actively fulfilling the Bank's own corporate social responsibility, the Bank also promotes such practices among its suppliers by formulating "Corporate Social Responsibility Standards of the Supplier," which provides advocacy on several issues, including corporate social responsibility, protection of employee rights and interests (including human rights, prohibition against forced labor and child labor, and encouragement of freedom of association) as well as environmental protection (including GHG inventory and setting of carbon reduction goals). Suppliers conducting individual transactions with the Bank for procurement and construction projects exceeding NT\$800 thousand are required to sign a "Supplier Social Responsibility Commitment". To improve the sustainable procurement process, the Bank introduced the ISO 20400 Sustainable Procurement Guidance for the first time in 2020 and passed the Compliance Check of ISO 20400: 2017 in 2021. The Bank's implementation status of supplier management is as follows:



I. Scope of Supply Chain

The Bank values local procurement and gives priority to local Taiwanese supply partners in all procurement projects at its main business units in Taiwan. This ensures the stability and localization of the supply chain while promoting local employment opportunities and economic development. The types of suppliers include: service suppliers, equipment suppliers and engineering subcontractors, which can be categorized into postal service, logistics, security, electronic equipment, telecommunications, office equipment, printing, property maintenance, construction and maintenance, architectural design, etc.

II. Policy and Commitment

The Bank has formulated the "Corporate Social Responsibility Standards of the Supplier," as the Bank's principles for managing suppliers; suppliers are required to comply with relevant laws and regulations on integrity, occupational safety and health, labor rights and human rights, environmental protection, etc. In addition, "Guideline for Chang Hwa Commercial Bank Encouraging Suppliers to Carry out Corporate Social Responsibility" were promulgated and implemented in 2019.

III. Actions

- 1 Suppliers conducting individual transactions with the Bank for goods procurement and construction and maintenance project exceeding NT\$800,000 are required to sign the "Supplier Social Responsibility Commitment" when submitting bidding documents. They are required to commit to ethical management, occupational health and safety, labor and human rights, and environmental protection, and fill out the "Supplier Corporate Social Responsibility Self-Assessment". Substantive transactions can only proceed after our review confirms legal compliance. Through collaborative relationships with suppliers, we aim to influence them to jointly fulfill corporate social responsibility.
- Signing rate of 100%
- As of 2023, a total of 48 contracted suppliers have signed the "Supplier Social Responsibility Commitment" with the Bank,
2. The Bank may conduct irregular visits to suppliers with a single transaction amount of more than NT\$30 million, and fill out the "Visiting Report for Suppliers" based on the results of the visit to confirm the company's current status of fulfilling its corporate social responsibility. If any violation of the Supplier Social Responsibility Commitment is found, the Bank may terminate or dissolve the contract in accordance with the contract and may restrict and suspend the supplier from participating in the Bank's goods procurement or construction and maintenance project. In 2023, 2 supplier visits were conducted to in line with the Bank's standard.



IV. Complaint Mechanism

Contact Information

02-2536-2951#1616

Customer Service Hotline

0800-365-889、412-2222

Financial Industry Supplier Conference

In support of the mid and long-term goals for the Financial Industry ESG Initiative Platform, the conference serves as a communication platform between financial institutions and suppliers, extending the principles of sustainable development to the supply chain and creating an ecosystem for sustainable development.

A group of five diverse office workers are celebrating in front of a large window. They are all raising their fists in the air and smiling. The workers include a man in a denim jacket, a woman in a grey blazer, a man in a light blue shirt, a woman in a grey t-shirt, and a woman in a white shirt. The background shows a modern office interior with a large window and a staircase.

05

Workplace

- 5.1 Human Rights, Diversity, and Equality
- 5.2 Talent Attraction and Retention
- 5.3 Employee Cultivation and Development
- 5.4 Occupational Safety and Health

The Bank is committed to creating a workplace of Diversity, Equity, Inclusion and implements DEI in the Bank's policies and management.



Equity

All employees must be treated equally and fairly, without discrimination based on individual differences.

Diversity

Promoting diversity in employee identities, cultures, experiences, and professional skills, and ensuring representation of various groups.

Inclusion

Cultivating an environment where employees feel a sense of belonging and are empowered to freely express their thoughts and opinions.

5.1.1 Human Rights Protection

- The Bank ensures that recruitment, selection, compensation and benefits, education and training, evaluation, promotion, and retirement plans for employees are not subject to discrimination or differential treatment.

5.1.2 Promoting Diversity and Equality

- Equality in employment opportunities, Equal Pay for Equal Work.

5.3 Employee Cultivation and Development

- Provide pre-employment professional training and internship experience for campus interns.
- Equal education and training opportunities for employees.

5.1.1 Human Rights Protection

- Health and Safety in the Workplace and Human Rights Protection
- Protection of Personal Privacy

5.1.2 Promoting Diversity and Equality

- Gender equality advocacy and Measures for Sexual Harassment Prevention.

5.2.1 Employee Composition and Diversity

- Provide equal employment opportunities for all demographics, including individuals with disabilities and indigenous communities and create a diverse and inclusive workplace.

5.2.4 Employee Communication Channel

- Employee Communication Channel(including Employee Satisfaction Survey, Labor-Management Meetings and Collective Agreement, Employee Proposals, Exchange of Opinions, Employee Complaints and etc.)

5.4 Occupational Safety and Health


- Psychological counseling for employees
- Maternal Health Protection Program
- Plan to increase health examination items for the employees over 45 years old.

5.1 Human Rights, Diversity, and Equality

GRI : 2-23, 2-24, 2-25, 202-1, 405-1, 405-2, 406-1

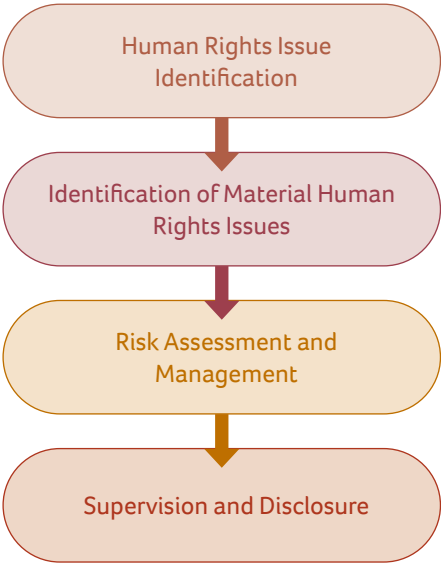
5.1.1 Human Rights Protection

The Bank's values are centered around people and we are committed to following and safeguarding the international principles of fundamental human rights and the Bank's human rights policy, properly maintaining workplace health, actively assisting disadvantaged groups, and providing stakeholders with smooth communication channels, thereby creating a corporate culture that complies with laws, regulations and building a solid foundation for sustainable development.

Policy	The Bank has established the "Human Right Policies, Chang Hwa Commercial Bank, Ltd." in the spirit to support and respect international human rights initiatives and conventions, including the "Universal Declaration of Human Rights", "United Nations Global Compact", "International Labour Organization's Declaration on Fundamental Principles and Rights at Work", and "UN Guiding Principles on Business and Human Rights". All business units around the world comply with the labor-related laws and regulations of the place of operation and the Bank's Human Right Policies, while developing an honest, fair, respectful and open work environment.					
Goals and Targets	Based on the characteristics of the financial industry and development strategies, the Bank identifies six major human rights issues as management objectives. Regular reviews are conducted on the implementation of these issues in terms of corporate policies and management, ensuring the integration of human rights principles into the core values of the organization.					
	<div>Human Rights Protection in the Workplace</div> <ol style="list-style-type: none"> The Bank ensures that recruitment, selection, compensation and benefits, education and training, evaluation, promotion, and retirement plans for employees are not subject to discrimination or differential treatment based on race, class, language, thoughts, religion, political affiliation, place of origin, birthplace, gender, sexual orientation, age, marriage, appearance, facial features, disability, military service, family status or identity of union members. The Bank adheres to reasonable working hours, prohibits forced labor, child labor, and harassment, and provides a dignified, equal, and harassment-free workplace to ensure the right to equal employment opportunities. Provide employees with multiple and safe complaint channels. 	<div>Health and Safety in the Workplace</div> <ol style="list-style-type: none"> Compliance with and maintenance of occupational health and safety. Proactive management to reduce the risk of occupational accidents. Encouraging the development and implementation of technology beneficial to the workplace. 	<div>Support for Freedom of Association</div> <ol style="list-style-type: none"> Respect for employees' rights to organize and join labor unions and various associations. Regular labor-management meetings to promote harmonious labor-management relations. 	<div>Protection of Personal Privacy</div> <p>The Bank establishes comprehensive information security and personal data protection management systems and obtains international information security management certifications.</p>	<div>Anti-corruption, Prohibition of Bribery / Bribery and Other Dishonest Behaviors</div> <p>The Bank has formulated the "Ethical Corporate Management Best Practice Principles," "Employee Code of Conduct," and "Code of Ethical Conduct" to prevent dishonest behavior, and has established "Internal Complaint Handling Regulations" and external whistleblowing channels.</p>	<div>Human Rights Policy Promotion</div> <ol style="list-style-type: none"> Reasonable preventive measures are taken to ensure that the Bank's business, supply chain, products, services, and activities are not involved in any form of slavery and human trafficking. Suppliers are required to sign the "Supplier Social Responsibility Commitment" in compliance with laws regarding occupational safety and health, labor rights, and environmental protection. Persisted attention is given to maternity rights, non-labor-related human rights, and the impact of climate change on human rights, with appropriate actions taken.
Assessment Mechanism	The Bank has established "Human Rights Due Diligence Procedures" to conduct annual assessments of the impact of operational activities and internal management on human rights, examining the effectiveness and suitability of measures taken to address human rights issues. The results are reported to the Sustainable Development Committee and the Board of Directors to enhance oversight and promote constant improvement in relevant mechanisms and measures.					
Substantial Activities and Results	<ul style="list-style-type: none"> ➔ According to the British Government's Modern Slavery Act 2015, the Bank disclosed the measures adopted in 2023 to prevent slavery and human trafficking in the supply chain or various businesses, and reported them to the 13th meeting of the 27th Board of Directors on May 13, 2024 for deliberation, and were disclosed on the Bank's official website. ➔ The Bank actively promotes educations and trainings on human rights, and organizes gender equality, human rights, prevention and remedies of sexual harassment advocacy, and courses for employees. Trainings on human rights policies or procedures had an average duration of 0.5 hours, with of 100% employees participating. ➔ The Bank completed the 2023 human rights due diligence, and the implementation results were reported to and approved by the 4th meeting of the 3rd Sustainable Development Committee on January 12, 2024, and the 9th meeting of the 27th Board of Directors on January 29, 2024. ➔ In 2023, the Bank received 0 employee complaints, 8 employee complaints about workplace misconduct, 2 sexual harassment complaints (both cases were dismissed after investigation), and 1 personal data security incident. (Refer to 5.1.3 , and 2.6.2 for related handling results) 					

Human Rights Due Diligence

The Bank conducted human rights due diligence, which involved identifying human rights issues, conducting materiality assessment and risk evaluation, thereby formulating countermeasures or mechanisms. The findings were disclosed after review, as follows:



Human Rights Issue Identification

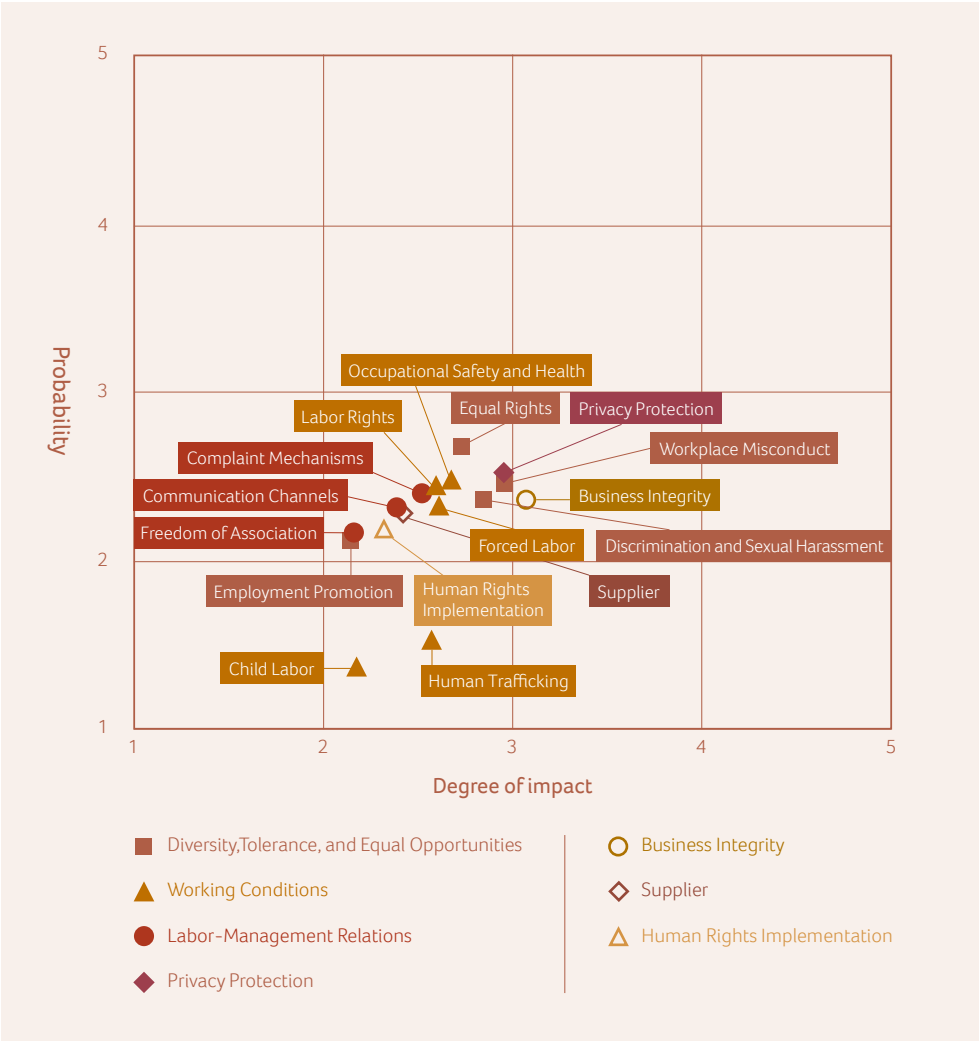
In 2023, a total of 8 major categories and 20 human rights issues were identified related to the Bank.

Issue Category		Issue	Emple- yees	Job Seekers	Clients	Women	Children	Dis- abilities	Indigenous People	Suppliers	Migrant Workers	Local Communities
Diversity, Tolerance, and Equal Opportunities	1	Equal Rights	●	●				●	●	●	●	
	2	Employment Promotion		●				●	●	●		
	3	Discrimination and Sexual Harassment	●	●	●					●		
	4	Workplace Misconduct	●	●	●					●		
Working Conditions	5	Human Trafficking	●	●						●		
	6	Child Labor		●			●			●		
	7	Forced Labor	●							●		
	8	Labor Rights	●	●		●	●			●		
	9	Occupational Safety and Health	●							●		
Labor- Management Relations	10	Freedom of Association										
	11	Communication Channels	●							●		
	12	Complaint Mechanisms										
Privacy Protection	13	Privacy Protection	●		●					●		
Business Integrity	14	Business Integrity	●		●					●		
Supplier	15	Supplier	●		●					●		
Human Rights Implementation	16	Human Rights Implementation	●		●					●		●
New Business Relationships	17	Right of work										
	18	Customers' Rights and Interests	●		●					●		
	19	Intellectual Property										
	20	Business Change Risks										

Note: 1. The term "Employees" includes both full-time employees and non-employee workers, such as security personnel, cleaning staff, contract workers, summer interns, and IT interns.
2. "Communities" refers to local communities of which human rights are affected by the Bank's business or operational activities.
3. "New Business Relationships" refer to situations where there are changes in commercial relationships due to mergers, acquisitions, or joint ventures. In 2023, there were no new business relationship-related incidents. Therefore, an assessment was made based on the level of attention and potential risk impact, and materiality rankings were separately disclosed.

Identification of Significant Human Rights Issues

A questionnaire was distributed to assess the materiality of human rights issues based on "Level of Attention," "Probability," and "Impact Level." A total of 215 questionnaires were collected, covering various units of the head office, domestic business units (including regional centers and securities brokerage firm), and overseas branches, accounting for approximately 97% of all operational activities. The statistical results are presented in the human rights issue risk matrix as follows:



Ranked by "Impact" (cross-multiplication of "Probability" and "Impact Level") and considering the level of attention, the top six human rights issues for the Bank in 2023 are "Privacy Protection," "Equal Rights," "Workplace Misconduct," "Business Integrity," "Discrimination and Sexual Harassment," and "Occupational Safety and Health " by ranks.

Materiality Ranking of Human Rights Issues Related to New Business Relationships

Human Rights Issues	Description
1Customer Rights and Interests	The potential risks of customer personal data and business transfer that may arise, including risks to personal information and information security, as well as the deterioration of original transaction terms and service quality, affecting customer rights and interests.
2Right of Work	Whether the interests of both new and existing employees are taken into account for the potential impact of new business relationships on the Company's workforce structure, accompanied by layoffs or changes in working conditions (including remuneration, benefits, retirement, insurance).
3Intellectual Property	The implementation of unreasonable or illegal restrictions, such as setting up trade secret confidentiality measures or non-compete clauses for departing employees, or improper management leading to intellectual property infringement by third parties.
4Business Changes	Differences or transformations in counterparties, business projects, contract changes, operational modes, or corporate culture that may occur as a result of new business relationships, impacting stakeholders along the value chain.

Risk Assessment and Management

Risk assessments are conducted on the identified major human rights issues of the Bank, evaluating the probability and impact percentage of risks associated with each issue in operations with mitigation measures and management mechanisms examined and formulated.

Human Rights Risk Assessment Table

	Concerned Issue	Risk Impact	Risk Identification Ratio	Risk Impact Ratio
Privacy Protection	Information security, privacy and personal information protection mechanism.	With emerging technologies and frequent incidents of cybercrime and fraud, failure to establish information security and personal data protection mechanisms can lead to personal information theft, leaks, misuse, or extortion, resulting in infringement of information owners' rights and interests, regulatory penalties and severe damage to brand image.	0.24% Average click rates of social engineering test emails as of 2023: Open emails 0.03% Click links 0.04% Open attachments 0.17%	0% No significant cybersecurity incidents have occurred.
Equal Rights	Equality in employment opportunities, remuneration and benefits, performance evaluation, promotion, and education and training.	Failure to create an equal employment environment and protect labor rights may make it difficult to recruit and retain talents, affecting the Company's business development and competitiveness in the labor market, and potentially impacting reputation and brand image.	0% There was no related employee complaint.	0% There was no related employee complaint.
Workplace Misconduct	A zero-tolerance attitude for workplace misconduct is crucial to safeguarding the safety and well-being of employees while they perform their duties. Protection from physical or mental misconduct from others' actions.	Failure to establish effective workplace misconduct prevention programs or response mechanisms, and to foster a culture that opposes workplace misconduct, may lead to occurrences or exacerbation of misconduct. This can impact the physical and mental well-being of employees, expose the Bank to legal liabilities, damage corporate reputation, and hinder talent attraction and retention efforts.	0.12% 8 employee complaints about misconduct in the workplace.	0% Following investigation, none of the cases were found to be workplace misconduct, and appropriate measures were taken subsequently.
Business Integrity	Issue cover the occurrence of unethical behaviors (such as corruption, misappropriation, infringement of consumer rights during services), internal and external whistleblower channels, the effectiveness of other internal control mechanisms and shaping of the company's culture of business integrity.	Unethical behaviors will harm the rights of the Bank and customers and lead to regulatory sanctions and penalties, impacting our image.	0.09% 6 cases of internal and external whistleblowing.	0% No unethical behavior was found.
Discrimination and Sexual Harassment	No discrimination or sexual harassment in recruitment, performance evaluations, or performing duties.	Failure to create an equal employment environment, implement measures for Sexual Harassment Prevention or protect labor rights may make it difficult to recruit and retain talents, affecting the Company's business development and competitiveness in the labor market, and potentially impacting reputation and brand image.	0.03% 2 sexual harassment complaints received.	0% After investigation by the Sexual Harassment Complaint Handling Committee, both cases were dismissed.
Occupational Safety and Health	Establishing occupational safety and health management and occupational safety and health education to ensure safe and healthy working conditions and employee health care support (such as regular health check-ups).	Failure to establish a comprehensive occupational safety and health system to effectively prevent hazards during normal operations will increase the time and cost required for mitigation and compensation in the event of occupational accidents or impacts on employee health and safety, thereby affecting employee well-being and company operations while damaging the corporate image.	2.18% For the first half of the year, 74 individuals have been identified as potentially at risk of excessive workloads; for the second half of the year, 72 individuals have been identified.	0% For the first and second half of the year, none of the individuals identified as potentially at risk of excessive workloads belong to the high-risk group.

Note: 1. "Risk Impact" — Risk events that may occur, their causes, methods, and impacts.
2. "Risk Identification Ratio" — Number of employees identified as at risk / Total number of employees.
3. "Risk Impact Ratio" - Number of employees impacted / Total number of employees.
4. Compensation measures apply to all units of the Bank, both domestic and overseas, with an implementation rate of 100%.
5. The calculation of the total number of employees accounts for full-time employees.

Human Rights Risk Assessment Ratio in Past Years

	2020	2021	2022	2023
Risk Identification Ratio	7.7%	7.59%	3.01%	2.66%
Risk Impact Ratio	0.07%	0.1%	0%	0%

Human Rights Risk Mitigation and Remediation Measures Table

Concerned Issue	Privacy Protection Information security, privacy and personal information protection mechanism.		
Policies and Regulations	Risk Mitigation Measures		Risk Remediation
<ul style="list-style-type: none"> Chang Hwa Commercial Bank Ltd. Information Security Policy Information Security Event Reporting Procedure Chang Hwa Bank Major Contingency Incident Handling Procedures Personal information management regulations Personal Information File Security Management Program EU and UK Personal Data Management Regulations 	<p>Management System and Evaluation</p> <ul style="list-style-type: none"> Establish an Executive Vice President-level Director of Information Security, and established three lines of defense for internal control of information security, information security event reporting management system, and emergency response mechanism to ensure the confidentiality, integrity and availability of the information. Regularly conduct self-assessment operations to review the current status of personal data protection implementation. Continuously passed ISO 27001 Information Security Management System, ISO 22301 Business Continuity Management System, and BS 10012 Personal Information Management System certifications, and evaluate the effectiveness of the systems regularly. <p>Multi-Level Security and Surveillance Mechanisms</p> <ul style="list-style-type: none"> Use multi-level information security equipment to work together to establish protection and monitoring mechanisms. <ol style="list-style-type: none"> Through data encryption and decryption equipment, intrusion detection and prevention systems (IPS), distributed denial of service attack systems (DDoS), web application firewall (WAF), automated attack security protection system (Dynashield) and etc., it carries out traffic analysis check, detect, identify and blocks abnormal connections, malicious links and attacks. Monitor abnormal behavior of network and send alerts through Security Information and Event Management (SIEM) to ensure the quality of online financial services and transaction security. Introduce two-factor authentication mechanisms into important systems and establish a privileged account tracking system to ensure server security. Regularly conduct security testing and conduct vulnerability patching. We use automated methods for 24/7 monitoring, detection, and tracking of fake websites and mobile applications that impersonate the Bank and take necessary actions to remove. <p>Intelligence Sharing and Cooperation</p> <p>Actively joint Security Operation Center(SOC) and effectively utilize and share security intelligence via Financial Information Sharing and Analysis Center (F-ISAC)</p> <p>Education Training and Drills</p> <p>Regularly conduct personal information protection, security awareness training, email social engineering exercises, and security scenario drills.</p> <p>Internal and External Audit Check</p> <ul style="list-style-type: none"> The audit concentrated on areas with elevated residual risk, encompassing information security management, information governance, emergency response management, financial information security, and compliance with personal data protection regulations. The audit plan incorporated key areas for review and execution of the audit procedures. Internal audit periodically compiles and provides findings of "deficiencies of higher risk business" and "deficiencies of violations of important regulation compliance" to relevant business management units for review, improvement, and the development of monitoring mechanisms. Commission the professional accounting firm to handle ad-hoc audit of the personal information protection mechanism regularly. 		<p>Information Security Event Reporting Management Mechanism</p> <p>Conduct internal communication and reporting through the "Information Security Event Reporting Management System", letters or phone calls. The IT and Information Security Divisions need to implement corrective measures as soon as possible, review improvement plans, put forth preventive measures, and follow up on the incidents.</p> <p>Response Mechanism of Personal Data Security Incident Notification</p> <ul style="list-style-type: none"> Unit(s) where personal information incident occurred should immediately determine the incident level, cause, and scope of impact. Notify business management units, discuss emergency contingency measures, continue tracking of the subsequent development and handling of the accident, and conduct post-event reviews, improvement plans, and deliberations on corrective and preventive measures. Finally, it should be submitted to Personal Data Protection Management Group. In the event of a major personal data security incident that endangers normal operations or the rights and interests of a large number of parties, the Bank shall notify the FSC. Additionally, impartial and independently certified experts were engaged to conduct comprehensive assessments and reviews. Parties were notified of the incident details and remedial actions, and a consultation hotline was provided. Any serious violation of the Bank's Personal Data Management Regulations will be transfer to the Bank's Personnel Review Committee. If relevant civil compensation, criminal liability, or administrative sanctions is involved, the Bank may terminate their employment relationship or appointment relationship and consider the circumstances to pursue their legal liabilities.

Concerned Issue

Equal Rights Equality in employment opportunities, remuneration and benefits, performance evaluation, promotion, and education and training.

Policies and Regulations

- The Bank's Human Resource Policy, Remuneration System, Work Rules
- Employee Recruitment Measures
- Employee Performance Appraisal Regulations
- Guidelines for Employee Grade Promotion
- Employee Code of Conduct
- Employee Complaint Notice

Risk Mitigation Measures

Equality in the Workplace

- Employee recruitment complies with laws and regulations. The Bank utilizes merit-based employment and provides equal opportunities to all candidates, ensuring that there is no discrimination based on disability, race, or gender.
- Provide reasonable and market-competitive remuneration for different positions. At the same time, the Bank takes the concept of "equal pay for equal work" into account and implements reward differentiation, striving for fairness of the salary structure.
- Employee performance assessments are conducted in accordance with principles of fairness and impartiality. Appropriate ratings are given based on the employee's essential skills, key responsibilities, and goal achievement.

Risk Remediation

Grievance channels are available for employees to submit grievances orally or in writing. The unit responsible for handling grievances will decide on the grievance within one month. If the grievant is dissatisfied with the decision, they may appeal to the Labor-Management Meetings. Moreover, all individuals involved are required to maintain confidentiality regarding any information related to employee grievances.

Concerned Issue

Workplace Misconduct A zero-tolerance attitude for workplace misconduct is crucial to safeguarding the safety and well-being of employees while they perform their duties. Protection from physical or mental misconduct from others' actions.

Policies and Regulations

- Declaration for the Prevention of Workplace Misconduct
- Workplace Misconduct Prevention Program

Risk Mitigation Measures

Prevention of Workplace Misconduct

Formulated the "Declaration for the Prevention of Workplace Misconduct of CHB", announced it on the internal website and on the bulletin boards of each unit, and provided a complaint channel for misconduct in the workplace.

Workplace Misconduct Prevention Program

- Implementation
 - Hazards are identified and evaluated using the "Assessment Form for the Prevention of Workplace Misconduct". Also, the location of the job or the suitability of the job arrangement is properly configured according to this form to timely adjust and improve prevention or control measures.

Education and Training

To enhance communication skills among colleagues and prevent workplace misconduct, we organized communication skill lectures for both managerial and non-managerial employees.

Risk Remediation

Processing Procedure of Workplace Misconduct

- Grievances of workplace misconduct are addressed according to their classification as either "internal events" or "external events." Internal events are addressed by the head of the unit or designated internal management personnel. The handling process prioritizes the complete confidentiality of the victim's and reporter's rights and privacy. In cases of violations, following investigation by the investigation team, matters pertaining to disciplinary actions are referred to the Personnel Review Committee for deliberation. In external events, security guards should be called upon for assistance, and the level of response determined by the nature and severity of events. If necessary, the police should be contacted, and the Bank would provide legal assistance to affected employees.
- Based on the severity of physical and psychological injuries suffered by affected employees, referral to psychological counseling or medical assistance is provided.

Concerned Issue

Business Integrity

Issue cover the occurrence of unethical behaviors (such as corruption, misappropriation, infringement of consumer rights during services), internal and external whistleblower channels, the effectiveness of other internal control mechanisms and shaping of the company's culture of business integrity.

Policies and Regulations

- Ethical Corporate Management Best Practice Principles
- Employee Code of Conduct
- Code of Ethical Conduct
- Internal Complaint Handling Regulations

Risk Mitigation Measures

Commitment to Business Integrity

Directors and senior executives issue statements confirming adherence to the Bank's ethical management policy; employees are required to sign the commitment letter of ethic and integrity or have the commitment to comply with the Bank's ethical management policy stated in their contracts. All employees sign the "Statement of Complying with the Code of Conduct of Chang Hwa Commercial Bank."

Unethical Behavior Risk Assessment Mechanism

Implement the Unethical Behavior and Internal Fraud Risk Assessment. Conduct the assessment regularly every year across all business operations. Based on the assessment, business management units should establish and revise relevant preventive measures. For higher-risk items, evaluate whether to add or strengthen existing control measures and processes.

Education training and promotion

The Bank regularly organizes training and promotion related to Business Integrity and establishes a dedicated area for regulatory compliance in the internal website to strengthen employees' professional ethics amd the compliance with the law.

Risk Remediation

Whistleblowing and disciplinary of Business Integrity

- The Bank has established an internal and external whistleblowing system, with the whistleblowing mailbox, hotline, and address. If an employee at all levels finds that the Bank's personnel have committed a crime, fraud or violation of laws and regulations, they may submit a report to the Bank's whistleblowing channels. The dedicated unit will accept the case and conduct the investigation in accordance with the principle of "protecting whistleblowers from improper treatment".
- If a case reported is confirmed to be true after investigation, related unit shall review and improve. In addition, the persons reported and relevant persons involved in the case are required to stop doing related behavior and shall be proper handled by related personnel management regulations. In cases of serious misconduct, the individual will be dismissed or terminated. If necessary, report to the competent authority, seek damages or refer cases to investigative agencies. Additionally, disclose information on individuals found in violation, including their job titles, names, dates of violation, nature of violation, and outcomes, on the internal website.

Concerned Issue

Discrimination and Sexual Harassment

No discrimination or sexual harassment in recruitment, performance evaluations, or performing duties.

Policies and Regulations

- Chang Hwa Bank Guidelines for Handling Sexual Harassment Preventive Measures and Complaints
- Employee Code of Conduct

Risk Mitigation Measures

Measures for Sexual Harassment Prevention

- The Bank has set up the "Guidelines for Handling Sexual Harassment Preventive Measures and Complaints," taking appropriate preventive, corrective, disciplinary and handling measures for sexual harassment incidents, and has a complaint hotline.
- Education, training and promotion
Implement training on gender equality, sexual harassment prevention, and relief measures. Strengthen the integration of gender equality concepts into training for reserve managers, assistant manager trainees, and new employees. Develop gender equality videos and disseminate them through the official website and social media platforms to enhance awareness and promote sexual harassment prevention.

Risk Remediation

Grievance and Handling of Sexual Harassment

The Bank handles grievances of sexual harassment in a confidential manner. During the investigation process, investigators should proactively refer individuals to psychological counseling and legal assistance, as needed, based on their mental and physical condition. Employees of the Bank who are found, after investigation, to have made false accusations of sexual harassment or to have engaged in such behavior are referred to the Bank's Personnel Review Committee for disciplinary action or other appropriate measures.

Concerned Issue

Occupational Safety and Health

Establishing occupational safety and health management and occupational safety and health education to ensure safe and healthy working conditions and employee health care support (such as regular health check-ups).

Policies and Regulations

- Chang Hwa Bank Business Continuity Plan
- Occupational Safety and Health Policy
- Operational Environment Monitoring Program
- Occupational Safety and Health Work Rules
- Occupational Safety and Health Management Program
- Automatic Safety and Health Inspection Program
- Worker Health Services Program
- Ergonomic Hazard Prevention Program
- Abnormal Workload Induced Diseases Prevention Program

Risk Mitigation Measures

Workplace safety and health

- Establish a "near misses" notification mechanism to take relevant response measures for potential occupational injuries and illnesses.
- Contracted external professional organizations monitor the working environment and conduct inspections of premises with systematic automated checks regularly to eliminate all existing hazards and ensure that all relevant equipment remains operational, the safety of personnel, and uninterrupted operations for the entire Bank.
- Maintain ISO 45001 certification and improve the Bank's occupational safety and health performance.

Employee health care

- The Bank commissions a medical institution, which recognized by the central competent authority, to conduct a health check-up for all employees every two years.
- Expand health check-up coverage for employees aged 45 and above to include early detection of musculoskeletal and cardiovascular diseases to enable proactive management of health risks.
- Provide protective measures such as assessments of the physical and mental needs, evaluations of workplace risks, hazard controls, appropriate work arrangements, regular follow-ups, and performance evaluations to maintain the physical and mental health of pregnant and postpartum employees.
- Employees are categorized for management based on the results of their health check-ups. Following health education guidance from medical professionals, our nurses continue to monitor and manage their health.

Education training and promotion

- Professional occupational safety and health management specialists provide occupational safety and health education and training for all employees and relevant personnel.
- The online learning platform has launched a diverse range of health promotion video courses to enhance employees' knowledge of nutrition and exercise, and to foster their health awareness. The Bank has engaged a professional Tai Chi instructor to establish the "CHB Tai Chi Club." This initiative aims to encourage employees to participate in more physical activity.
- The internal website includes a dedicated "Occupational Safety and Health Corner" section, which provides articles and information related to workplace safety and health promotion. This ensures that employees have access to accurate and timely information on occupational safety and health.

Risk Remediation

Notification and Handling of Occupational Accident

- When an occupational accident occurs in the workplace, the unit supervisor shall take necessary first aid or rescue measures immediately. The Bank's occupational safety and health management unit shall investigate and analyze the accident, and formulate disaster prevention countermeasures to reduce the incidence of accidents.
- If our employees encounter occupational accidents, the Bank's medical staff will provide health tracking and care to help our employees recover and return to work in addition to providing relevant compensation.

Medical Consulting Services

- The Bank's Taipei Building annually engages medical staff to provide integrated medical consultation services.
- For the high-risk individuals of abnormal workload, the Bank will arrange for physician interviews and health consultation, and will continue to coordinate work hours or modify job responsibilities based on the physician's recommendations.
- In collaboration with the Department of Health, Taipei City Government, and MacKay Memorial Hospital, the program organized a "Smoking Cessation Class" and conducted oral cancer screenings. The program also continued to monitor the smoking cessation status of participants for one year following the class.
- Cooperate with psychological counseling centers to provide psychological counseling service to our employees. The Bank pays for services up to a certain amount.

Note: 1. "Risk Mitigation Measures" refer to measures taken by the Bank to reduce or delay the occurrence of risks in specific areas.
2. Risk Remediation actions" refer to the financial or non-financial measures the Bank takes to compensate for, recover from, or dispose of risks related to the issue.
3. The scope of mitigation measures covers all units of the Bank, both domestically and overseas, with a 100% implementation rate.

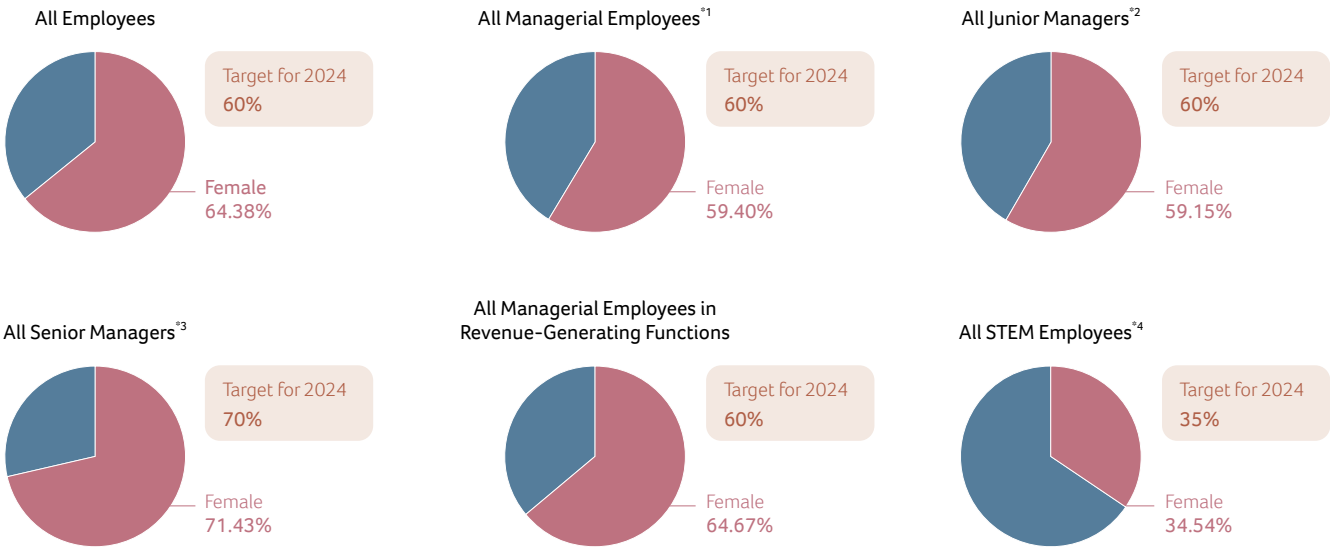
5.1.2 Promoting Diversity and Equality

I. Equality in the Workplace

The Bank is committed to diversity and equality, placing a strong emphasis on gender equality and development. Among all 6,693 employees, there are 2,384 men and 4,309 women*, representing a gender ratio of about 3.6:6.4. The gender ratio for managerial positions is approximately 4:6, demonstrating that the Bank's talent cultivation and promotion system do not differentiate based on gender. All employees have equal opportunities for training and development. In terms of workforce structure, the Bank aims to have female employees comprise 60% of the total workforce and ensure that no single gender exceeds 70% of the total as part of its workforce management objectives.

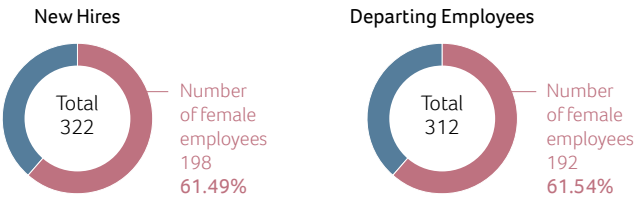
Note: Data date: December 31, 2023, not including employees of subsidiaries, coverage 98.43%.

Gender Analysis of Employee Ranks



Note: 1. "Managerial employees" refer to employees at the Assistant Manager level and above.
2. "Junior managers" refer to managers other than senior managers.
3. "Senior managers" refer to management positions within two levels below the CEO.
4. "STEM Employees" refer to workers use their knowledge of science, technology, engineering or mathematics in their daily responsibilities.

Gender Analysis of New Hires / Departing Employees



Note: This table does not include employees in overseas regions.

II. Equal Pay for Equal Work

The bank's employees are paid based on the "Salary Scales List for Personnel". The male-to-female starting salary ratio for new hires is 1:1, providing reasonable and market-competitive compensation for different positions and ranks, adhering to the principle of fairness and equal pay for equal work and ensure no differential treatment based on gender, age. The Bank's employee remuneration exceeds the statutory minimum wage. Monthly salaries are more than 1.43 times the statutory monthly minimum wage.

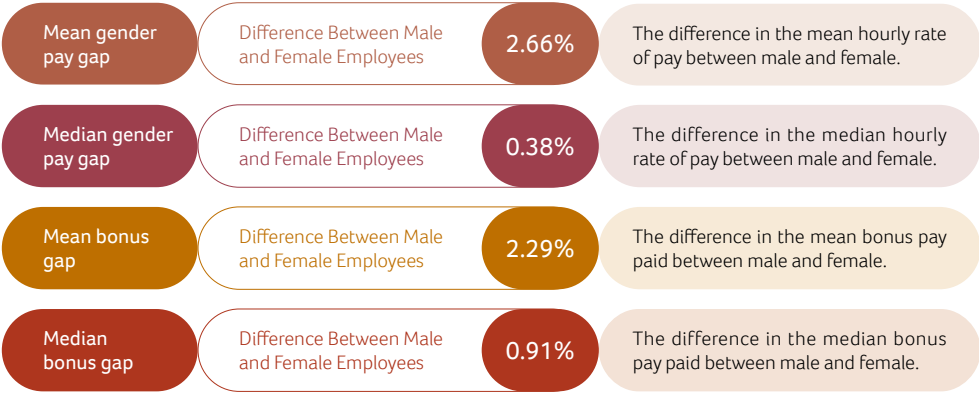
Employee remuneration is influenced by a variety of factors, including unit performance, individual performance evaluation ratings, and length of service in the current year. The Bank determines the annual salary adjustment level based on factors including the projected salary adjustment range for the year, the consumer price index, the Bank's annual operating performance and achievement of operational performance targets, and the Bank's ability to bear the cost. Furthermore, the Bank has separate regulations for Employee Performance Appraisal Regulations, Employee Bonus Payment Regulations, and Employee Remuneration Distribution Plan. Employee performance and achievements are assessed based on the indicators outlined in the Employee Performance Appraisal Regulations. Performance bonuses and compensation are awarded in consideration of the Bank's overall operating performance and individual performance.

Equal Pay of Every Employee Level in 2023

Employee Level	Average Salary (Women : Men)	
Senior Management Level (CXO)	Salary	100 : 95
	Salary & Incentives	100 : 94
Management Level	Salary	100 : 94
	Salary & Incentives	100 : 94
Non-management Level	Salary	100 : 101
	Salary & Incentives	100 : 101

Note: 1. The "Incentives" are paid directly to the account in cash.
2. The average remuneration for men and women is based on the average compensation of women (represented as 100%).
3. The "Senior Management" and "Management" levels in this table represent employees who actually hold managerial positions and receive managerial allowances.

Gender Pay Gap of Employee



III. Maternal Health

To safeguard the physical and mental health of pregnant and postpartum employees, the Bank has devised the "Maternal Health Protection Program," which includes assessments of the physical and mental needs of pregnant and postpartum employees, evaluations of workplace risks, hazard controls, appropriate work arrangements, regular follow-ups, and performance evaluations. These initiatives aim to create a female-friendly working environment that protects women's rights and promotes gender equality.

IV. Family and Women-friendly

The Bank provides various maternity and childcare leaves, including maternity leave, miscarriage leave, prenatal visit leave, paternity leave, family care leave, unpaid parental leave, flexible working hours, childbirth allowances, and preferential childcare programs. These measures alleviate the burden of family and childcare responsibilities, maintain a balance between family and work, and indirectly encourage childbirth and attract talents. Furthermore, we provide menstrual leave for female employees, demonstrating our commitment to women's physiological health and creating a supportive work environment that enables them to fully engage and realize their potential, thereby promoting equal employment opportunities.

Type of leave	Applicable employees	Number of days	Superior to legal requirements
Paid sick leave (including maternity leave and menstrual leave)	All employees	30 days	✓
Menstrual leave	Female employees	1 day / each month	✓ *
Prenatal visit leave	Female employees	7 days	Aligned with legal requirements
Maternity leave	Female employees	56 days	
Paternity leave	Employees accompanying spouses for prenatal check-ups and childbirth	7 days	
Miscarriage leave	Female employees	Employees experiencing miscarriage within the first two months of pregnancy: 7 days Employees experiencing miscarriage between two and three months of pregnancy: 10 days	✓
Paid personal leave (including 7 days of family care leave)	All employees	14 days	✓
Family care leave	All employees	7 days	✓ *
Marriage leave	All employees	14 days	✓
Funeral leave	All employees	Employees whose parents, foster parents, step-parents, or spouses have passed away: 21 days Employees whose children, parent of spouse, foster-parent or step-parent of spouse have passed away: 14 days Employees whose great-grandparents, grandparents, or grand-parent of spouse have passed away: 7 days	✓

*Note: leave with pay.

Status of Unpaid Parental Leaves

Unit: %

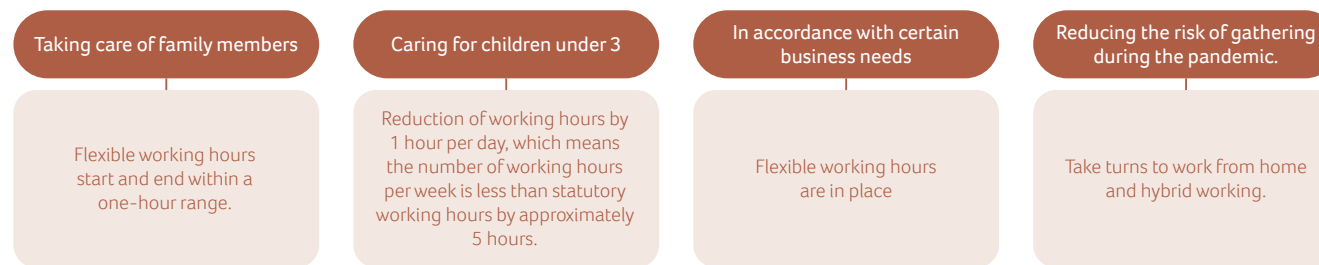
Item	2021			2022			2023		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Gender ratio for unpaid parental leave ^{*1}	7.32	92.68	100	10.39	89.61	100	9.84	90.16	100
Return-to-work rate ^{*2}	50	96.15	92.86	100	92.65	93.59	100	98.48	98.61
Retention rate ^{*3}	100	86.54	87.72	50	88.46	85.71	100	89.71	91.03

Note: 1. "Gender ratio for unpaid parental leave" represents the ratio of applicants of a gender to the total number of applicants.
 2. "Return-to-work rate" represents the ratio of employees who are expected to return to work after parental leave to those who actually return.
 3. "Retention rate" represents the ratio of employees who returned to work in the previous year and stayed employed for at least one year.

Childbirth Allowances

To enhance employee welfare and encourage childbirth, the Bank increased childbirth allowances from September 27, 2023 and subsidize employees with NT\$50,000 for the first newborn, NT\$80,000 for the second one, and NT\$360,000 for the third one and above. In 2023, 123 employees applied for such subsidies, and the actual number of newborns was 130. The total subsidy amount was NT\$6.86 million.

Working Time and Work-Life Balance



Other Benefits



V. Gender equality advocacy

1. The Bank actively promotes gender equality training and incorporates gender equality advocacy and courses into the orientation training for new employees, covering topics such as human rights, prevention and remedies of sexual harassment. In 2023, a total of 8 sessions were conducted with 268 employees completing the training.
2. To enhance awareness of gender equality among all levels of personnel at the Bank, a digital curriculum on "Gender Equality (including Sexual Harassment Prevention and Relief)" was developed and made available to all employees in 2023. A total of 6,436 employees have completed the training.

VI. Creating a Safe and Dignified Workplace

To demonstrate our commitment to fostering a corporate culture that promotes safety, dignity, ethical work practices, and non-discrimination, and to prevent workplace misconduct, the Bank hereby declares its "Declaration for the Prevention of Workplace Misconduct of Chang Hwa Bank" to prohibit all forms of workplace misconduct within the workplace. All levels of management personnel should use the "Self-Assessment Form of Misconduct in the Workplace" to self-examine any inappropriate conduct and to exercise their supervisory function in preventing workplace misconduct among colleagues.



5.1.3 Measures for Sexual Harassment Prevention

The Bank has set up the "Guidelines for Handling Sexual Harassment Preventive Measures and Complaints," taking appropriate preventive, corrective, disciplinary and handling measures for sexual harassment incidents, and strictly prohibiting any behaviors of sexual harassment, gender discrimination or violence, and threat and intimidation, as to build a friendly workplace with gender equality.



Human Resources Division's complaint hotline: (02)2560-3658 or branch numbers.

Implementation Status

In 2023, the Bank received 2 sexual harassment complaints. Following the procedures outlined in the "Chang Hwa Bank Guidelines for Handling Sexual Harassment Preventive Measures and Complaints," a "Sexual Harassment Complaint Handling Committee" was formed. The investigation and deliberation were conducted in a confidential manner to protect the privacy and personal rights of the parties involved. The investigators and relevant personnel handling the sexual harassment incidents were required to keep the identity of the parties confidential unless necessary for investigation purposes or based on considerations of public safety.

Handling Results

2 complaint was dismissed

The Bank promptly separated the perpetrator and the victim of the incident, effectively preventing further contact between them. Upon completion of the investigation, the relevant findings are communicated to the parties involved in accordance with regulations.

Improvement Plan

- 1. In order to prevent sexual harassment and protect employees' rights and interests, and provide employees the working environment that is free from sexual harassment, "Chang Hwa Bank Guidelines for Handling Sexual Harassment Preventive Measures and Complaints" was announced at the Bank's internal website and Chang Hwa Bank Global Information Network for employees to review. In response to changes in external regulations, the "Chang Hwa Bank Guidelines for Handling Sexual Harassment Preventive Measures and Complaints" is timely revised in order to improve the Bank's sexual harassment prevention system.
- 2. The Bank arranges related law courses such as prevention and remedies of sexual harassment in new hires pre-employment training and trainings for supervisors and assistant manager trainees, with a view to establishing a high-quality and friendly work environment.

Chang Hwa Bank
Guidelines for
Handling Sexual
Harassment
Preventive
Measures and
Complaints



5.2 Talent Attraction and Retention

GRI : 2-7, 2-8, 2-21, 2-30, 201-3, 202-2, 401-1, 401-2, 401-3, 402-1

Human resources are the core competitive advantage for corporations. The Bank is committed to practicing merit-based employment, adjusting positions based on individual capabilities, and protecting fair and equitable employment rights. The Bank ensures equal opportunities for career development, employee benefits, and promotion channels, without discrimination due to gender, race, religion, political affiliation, sexual orientation, age, marriage, appearance, or family status.

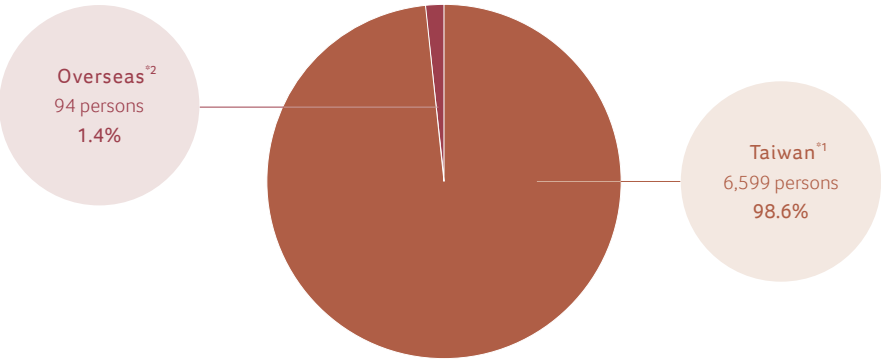
5.2.1 Employee Composition and Diversity

I. Status of Human Resource



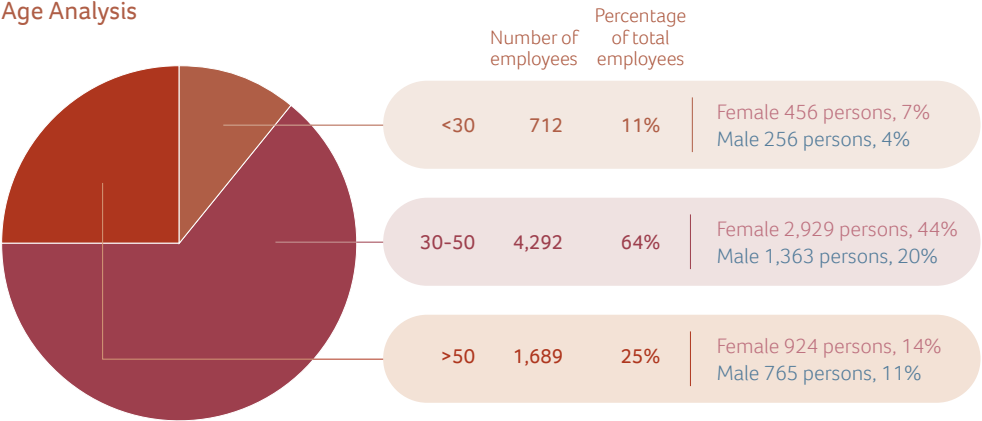
In order to ensure the stability of the personnel system, the regular employees of the Bank are full-time employees and enjoy complete remuneration and benefits, and no part-time employees are employed. There are also 269 non-employee workers such as contract workers, interns, part-timers, etc.

Regional Analysis

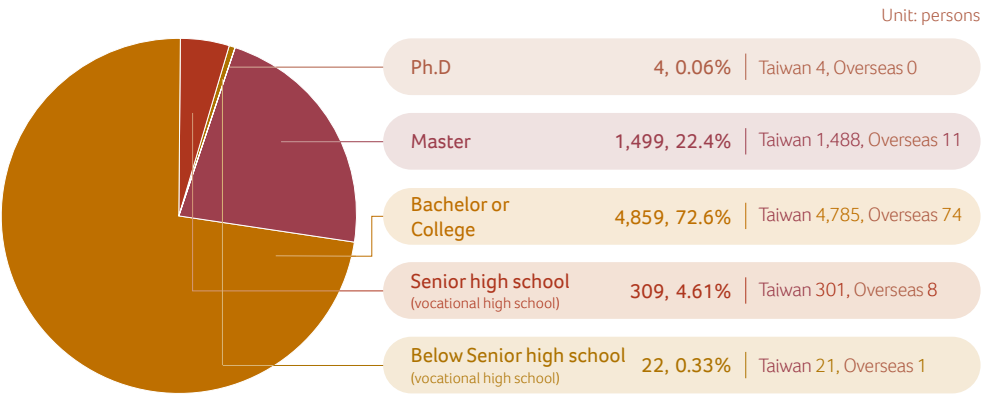


Note: 1. Including employees in Taiwan and those deployed overseas.
2. Local employees in overseas regions.

Age Analysis



Educational Level Analysis



Note: 1. Including employees in Taiwan and those deployed overseas.
2. Local employees in overseas regions

Diverse and Inclusive Workforce

The Bank advocates for United Nations Sustainable Development Goal 8, "Decent Work and Economic Growth" by providing equal employment opportunities for all demographics, regardless of gender. This includes individuals with disabilities and indigenous communities, who receive equal pay for equal work. As of 2023, the Bank employs a total of 53 individuals with disabilities, including 13 in managerial roles, and 30 indigenous employees.

II. Non-Employees Workers

	Work Content	Type of Contract	Number of Workers	Coverage
Security Personnel	Gate control, patrols, etc.	Indirect Employment	205 Male 205 / Female 0	All units of the Bank
Cleaning Staff	Internal clean up and environment cleaning work at Head office in Taipei.	Indirect Employment	8 Male 5 / Female 3	Head Office in Taipei
Contract Worker	Incoming and outgoing mail and goods, mail processing, operator, messenger, field work, data sorting, service desk, and document processing.	Indirect Employment	35 Male 2 / Female 33	All units of the Bank
Summer Intern	Document processing, data and file sorting, other ad hoc work.	Direct Employment	20 Male 4 / Female 16	All units of the Bank
IT Intern	IT related business internship such as webpage application program development (html, java, c#), automatic testing program coding.	Direct Employment	1 Male 1 / Female 0	All units of the Bank

5.2.2 Talent Attraction

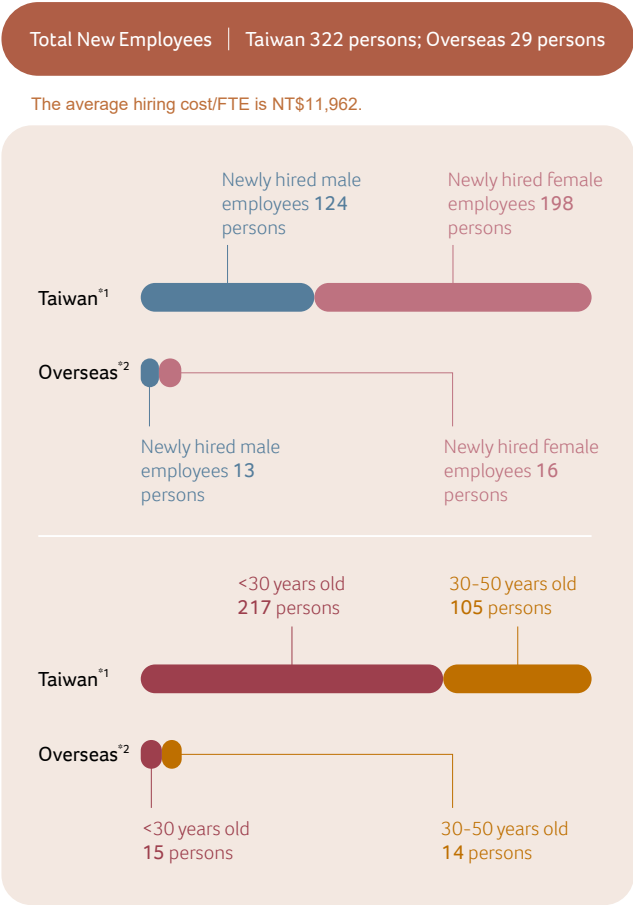
The Bank has been listed in the Taiwan Index Plus Corporation's "Taiwan Employment Creation 99 Index" for 7 consecutive years with the highest number of employees among all listed companies in Taiwan.

- The bank adheres to the people-oriented, talent-based principles; comply with laws, regulations, and human rights; do not allow different treatment or discrimination based on gender, race, religion, political affiliation and other factors; and child labor and any form of human trafficking is strictly prohibited. We provide market-competitive compensation standards, complete training programs, generous welfare measures and an annual promotion system to attract talents and enhance employee retention intentions.
- To meet the needs of business developments, the Bank conducts internal and external hiring for professional positions in finance, wealth management, marketing, information technology, legal affairs and anti-money laundering, construction and mechanical engineering, and environmental engineering from time to time every year. The Bank actively recruits top talents by participating in campus recruitment events, providing employment information to young students, and building a solid human capital foundation to drive operational performance.
- The Bank attaches great importance to employees' career development, and continuously implements international financial talents cultivation plans and Elite leadership development programs, along with diversified training channels to enhance employees' professional knowledge. In addition, the Bank has constructed a complete compensation system by considering market competitiveness and connecting the Bank's overall business performance with individual performance as the basis for compensation adjustment. Apart from work, employees are encouraged to participate in various recreational activities and comprehensive health care assistance programs, and welfare measures are provided to employees to help them balance work and family as well as care for their physical and mental health.



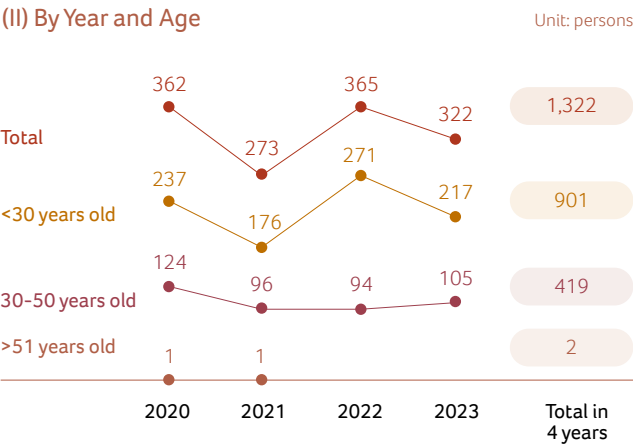
I. 2023 Overview of New Employees

(I) By Gender, Age and Region



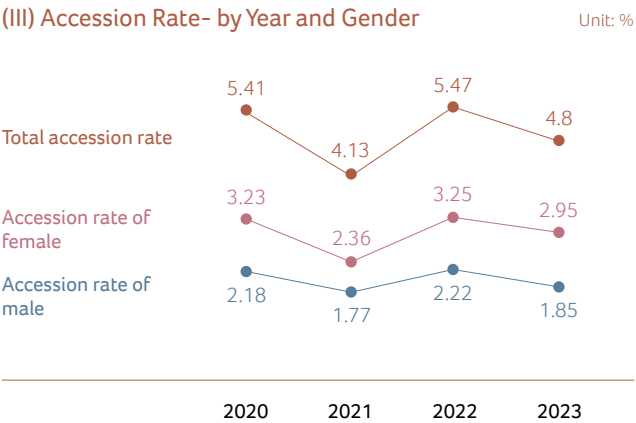
Note: 1. Including employees in Taiwan and those deployed overseas.
2. Local employees in overseas regions.

(II) By Year and Age



Note: The chart shows the age distribution of new employees in domestic and overseas.

(III) Accession Rate- by Year and Gender



Note: Accession Rate = total number of female or male of new employees / total number of employees at the end of the year (2023).

(IV) Ratio of Open Positions Filled by Internal Candidates- by Age and Gender

Unit: %

FY	Ratio	Age			Gender	
		<30 years old	30-50 years old	>51 years old	Male	Female
2023	67.6	3.1	42.0	22.5	23.1	44.5
2022	73.4	4.6	47.3	21.5	22.3	51.1
2021	63.5	3.2	39.9	20.4	19.3	44.2
2020	70.8	1.9	40.4	28.5	21.5	49.3

Note: 1. Internal replacement rate according to "Age" = total age distribution / number of employees transferred out (including resignation, retirement, and LOA) in the whole year.
2. Internal replacement rate according to "Gender" = total number of females (or males) / number of employees transferred out (including resignation, retirement, and LOA) in the whole year.
3. Number of employees transferred out (including resignation, retirement, and LOA) include retirement, death-related vacancies, leave of absence, resignation, dismissal, layoff, job transfer, and secondment.

5.2.3 Employee Compensation and Benefits

I. Policy

1. The Bank has established the "Work Rules," and all matters including employment, service guidelines, working hours, performance appraisal, reward and punishment, salary and benefits, etc., shall be handled in accordance with such rules.
2. The Bank has established the "Employee Retirement Pension and Severance Regulation." Matters regarding employees' retirement pension, compensation payment (including occupational disaster compensation), and severance pay shall be handled in accordance with the regulation; matters not provided therein shall be handled in accordance with the Labor Standards Act and relevant laws and regulations.

II. Compensation System

Performance Appraisal

We have followed the performance appraisal policy, implemented the connection between strategic goals and performance appraisals, and made appraisal results the basis for employee compensation, promotion, training and development, as to create incentives and a win-win situation for the company and employees.

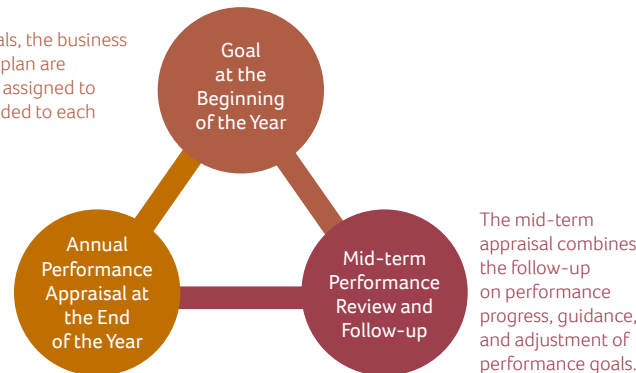
* The Bank conducts annual performance evaluations in accordance with the "Employee Performance Appraisal Regulations." Employees who have attendance records of more than 180 days in the previous year (including employees who have applied for retirement, preferential retirement, leave of absence, and those who have completed their qualifying period) are subject to performance evaluation, regardless of gender or employee category. In 2023, 99% of the total workforce underwent performance evaluation.

Employees assessed in 2023

	Management Level	Non-management Level
Male	1.7%	33.5%
Female	2.0%	61.8%

According to the annual goals, the business strategy and specific action plan are drawn up, and the goals are assigned to each department and extended to each employee.

The annual performance appraisal is an evaluation conducted based on the employee's professional development, performance in responsibilities, goal achievement, and the business performance of the employee's unit.



Performance Evaluation Method

1. **Goal-Based Management (Twice a year)**
At the beginning of each year, the immediate supervisors set individual goals for employees based on unit objectives and job responsibilities. Mid-year performance reviews and tracking are conducted, followed by an annual performance assessment at year-end. Appropriate ratings are given based on the employee's essential skills, key responsibilities, and goal achievement.
2. **Multidimensional Performance Evaluation (Yearly)**
An annual manager selection plan is implemented to evaluate whether employees possess the competencies required for managerial positions. This evaluation includes scoring from experienced evaluators based on several major competencies, and interviews with senior executives, to make evaluations from multiple aspects.
3. **Team Performance Evaluation (Ongoing)**
Different business units, based on their size, environmental conditions, and business activities, establish various business development objectives from time to time. These performance objectives are assigned to members (staff) within the unit to set individual targets. The progress towards these targets is reviewed periodically according to the established schedule and stages. The unit's final performance serves as the basis for the annual performance assessment.
4. **Agile Communication (Ongoing)**
Immediate supervisors regularly observe employees' work, monitor their professional development, performance in responsibilities, and goal achievement. They maintain effective communication and provide necessary assistance or role adjustments as needed. Employees whose job performance falls below expectations will have individual conversations with the responsible and unit supervisors. During these discussions, the reasons for the performance gap will be clearly expressed, appropriate improvement plans or relevant training will be provided, and communication records will be kept to ensure the optimal performance of both the employee and the unit.

Selected as a constituent stock of the TWSE RAFI® Taiwan High Compensation 100 Index for 10 consecutive years.

The Bank has been selected as a constituent stock of the TWSE RAFI® Taiwan High Compensation 100 Index for 10 consecutive years since 2014, showing recognition for a number of quantitative criteria, including "average salary," "net profit," "net asset value per share," and "total compensation".

Bonuses

The Bank hands out annual holiday bonuses (including Chinese New Year bonuses and Mid-Autumn Festival bonuses), variable bonuses (performance bonuses, sales bonuses, employee remuneration, etc. issued depending on the nature of a job and employee' s performance)

Annual Salary Adjustment

Each year, the Bank considers the consumer price index, the salary adjustment standards of the financial industry, and the Bank's annual business performance and profitability, and determines the salary adjustment standards for the current year after comprehensive consideration. At the same time, the Bank takes the concept of "equal pay for equal work" into account and implements reward differentiation, striving for fairness of the salary structure. Salary adjustment are given based on employees' performance appraisal results, with higher performers receiving greater salary increases.

The average pay increase for employees was 2.18% in 2023

To courage and show consideration for employees' efforts and implement performance-differentiated raises, the adjustment is conducted with a combination of "performance-based raises" and "fixed raises".

- 1 Performance-Based Raises: Based on employees' individual performance appraisal ratings for 2022, 7 evaluation tiers were established. Corresponding salary adjustments were granted based on the evaluation tier, ranging from 1% to 3.6% of the monthly basic salary.
- 2 Fixed Raises: NT\$500 per month for every employee.

Status of Annual Salary

1. Salary Information of Non-managerial Full-time Employees Unit: person / Thousand NT\$

Non-managerial Full-time Employees	2021	2022	2023
Number of Employees	6,162	6,225	6,203
Average Salary	1,285	1,338	1,394
Median Salary	1,194	1,253	1,302

Note: 1. In reference to the "Description of Salary Information Reporting Operations for Non-managerial Full-time Employees" jointly compiled and released by the TWSE and TPEX.
2: "Non-managerial Full Time Employees" mentioned here refers to employees excluded employees in managerial position, part-time employees, overseas employees, and employees who meet the standard of excluded exemption. (Taiwanese employees and foreign employees are included.)
3. "Number of Employees" is calculated by yearly average, rounding up to the whole number.

2. Annual Total Compensation Ratio and Ratio of Increase

- 1 From 2021 to 2023, the annual total compensation for the Bank's highest paid-individual was the President. The ratio of the annual total compensation of the highest paid-individual to the median annual total compensation* for all of the organization's employees excluding the highest-paid individual was 4.64~4.85.
- 2 In 2023, the ratio of the Percentage increase in annual total compensation for the organization's highest-paid individual of Median percentage increase in annual total compensation* for all of the organization's employees excluding the highest-paid individual was 0.47.

*Note: It refers to the median salary of Non-managerial Full-time Employees.

III. Notice of Changes in Operations

In accordance with the provisions of Articles 11 and 16 of the Labor Standards Act, an employer may terminate a labor contract with advance notice under the situation where the employers' businesses are suspended, has been transferred, or suffers an operating losses or business contractions, or where there is a change of the nature of business or a particular worker is clearly not able to perform satisfactorily the duties required of the position held. The minimum period of advance notice is set as below:

- 1. Where a worker has worked continuously for more than three months but less than one year, the notice shall be given ten days in advance.
- 2. Where a worker has worked continuously for more than one year but less than three years, the notice shall be given twenty days in advance.
- 3. Where a worker has worked continuously for more than three years, the notice shall be given thirty days in advance.

IV. Retirement Care

Pension

The Bank's appropriation of the (old system) pension reserve shall be in accordance with the provisions of the "Labor Standards Act" and the "Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds", and the pension actuarial calculations are made by actuaries commissioned in accordance with the International Accounting Standards No. 19. In addition, according to the new Labor Pension Act, 6% of the employee's salary is allocated to the personal pension account of the Bureau of Labor Insurance each month. Those who voluntarily appropriate a portion of the salary to their own pension accounts, a percentage of the salary decided by themselves will be deducted from the employee's monthly salary to the personal pension account of the Bureau of Labor Insurance.

Amount of Pensions Appropriated		Unit: Thousand NT\$		
Category	2021	2022	2023	
Bank of Taiwan—Pension Reserve Account (Old System)	281,492	270,024	184,325	
Bureau of Labor Insurance—Pension Account (New System)	219,602	235,780	246,997	

Retirement Care

The Bank remains committed to supporting retired employees. In addition to inviting retirees to participate in events held by the Bank (like hiking activities), we offer preferential fees for care trust accounts to assist retirees in planning for a financially secure and comfortable retirement. We also maintain regular contact with retirees through phone calls or in-person visits.

V. Employee Stock Ownership Trust (ESOT)

On September 26, 2019, the Bank launched the Chang Hwa Bank Employee Stock Ownership Trust (ESOT). Employees have the option to participate in the ESOT by choosing the minimum self-contribution amount or twice that amount. The Bank will provide an additional contribution of NT\$1,000 or NT\$1,500 incentive funds to encourage employee participation. The combined self-contribution funds and incentive funds from Chang Hwa Bank is referred to as the trust fund, which is allocated on a monthly basis to the trust account.

Different self-contribution amount standards are set based on employee ranks and positions, with higher-ranking positions enjoying higher self-contribution amounts. ESOT encourages employees to strive for better performance and provides greater participation opportunities in the ESOT when they are promoted to higher positions. The difference in self-contribution amounts between non-managerial positions and entry-level management positions is approximately 3-4 times higher after about 5-10 years of advancement. This serves as one of the long-term incentives that look after employees and enhance benefits, encouraging them to plan for their retirement by saving for the future. It effectively enhances employee loyalty and morale.

The performance evaluation criteria for individual employees include the implementation of legal compliance awareness campaigns and self-assessment of legal compliance as the basis of employee performance evaluation on related personnels. The criterion aims to effectively maintain resilient sustainable operations.

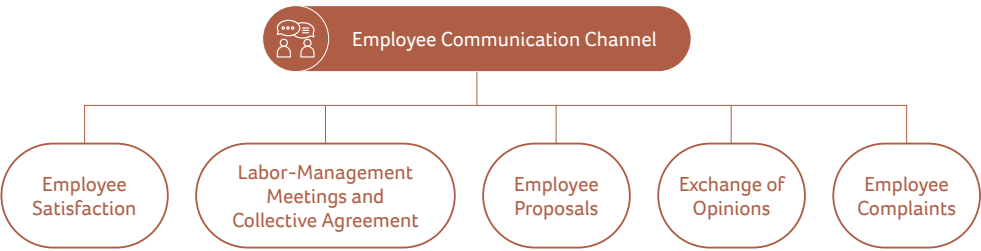
Implementation Status

Member recruitment began in October 2019, and the first payment deduction was made in November 2019. As of the end of 2023, the total number of members was 6,304, (including 69 people who were on unpaid leave; their membership was retained without payment deducted) with a participation rate of 97.28%; those who chose the minimum self-appropriation amount accounted were 1,892 in the number, accounting for 30.01%; 4,343 employees chose to double the amount, accounting for 68.89%.
As of the end of 2023, the shareholding trust ratio among the Bank's workforce below two management level from the CEO is about 97.03%%



5.2.4 Employee Communication Channel

Employees are the most important and most valued assets of the Bank; thus, the Bank is committed to building a work environment where human rights are respected, free of discrimination and harassment, as well as safe, healthy, and friendly. In order to truly understand the needs of employees, the Bank has established diverse and bilateral communication channels to hear the voices of our employees.

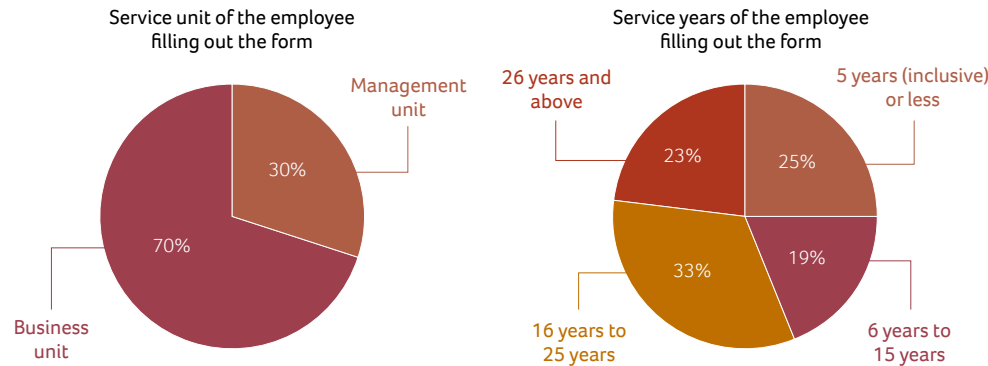


I. Employee Satisfaction and Engagement

In order to listen to the voices of our employees and understand their feelings, the questionnaire on employee satisfaction and engagement is divided into six aspects, including job satisfaction, workplace satisfaction, salary assessment satisfaction, education and training satisfaction, health check-ups and consultation satisfaction, and employee engagement. The results of the overall satisfaction of the top five aspects are thereof all "satisfactory", with an average score of 3.8 points (out of 5 points). The result of employee engagement is "dedicated", with an average score of 3.43 points (out of 5 points).

Number of Samples

A total of 2,211 people responded to this questionnaire. The statistics of the questionnaire survey are as follows.



Results of the Survey

The questionnaire adopts sequential questions. According to the five-point scale of satisfaction/ engagement, it is expressed with a score of 1~5 points. The average scores and satisfaction / engagement levels of each aspect are as follows:

Aspect of the questionnaire	Average score	Satisfaction / engagement level
Job satisfaction <ul style="list-style-type: none">External motivation: Satisfaction with current position (responsibilities and work processes and the suitability of work assigned to make sure they have a clear sense of purpose. Job with challenging makes employees more aggressive and motivated in work.Internal motivation (Purpose): Though the employees' understanding of responsibilities and work processes and the suitability of work assigned to make sure they have a clear sense of purpose. Job with challenging makes employees more aggressive and motivated in work.Stress: Though the employees' feeling of being capable of performing job well or feeling lack of job skills, to understand whether they are stressed out or overwhelmed when working.	3.95	Satisfactory
Workplace satisfaction <ul style="list-style-type: none">Happiness: be comfortable/satisfied with the overall atmosphere of the work placeStress: Though the employees' feedback on the effects of the encouragement and assistance from supervisor, to understand whether it can ease the stress at work.	3.85	Satisfactory
Salary assessment satisfaction <ul style="list-style-type: none">External motivation: Be satisfied with salary offered based on my qualifications and position compared with the salary market pricing.	3.62	Satisfactory
Education and training satisfaction <ul style="list-style-type: none">Internal motivation (Purpose): Agree the education and training can improve professional abilities and help achieve the purpose of the work.	3.68	Satisfactory
Health check-ups consultation satisfaction and benefits satisfaction <ul style="list-style-type: none">Stress: Though the employees' feedback on health check and psychological counseling that the Bank offered, to understand the stress state and review on the effect of relieving the work pressure.	3.90	Satisfactory
Employee engagement <ul style="list-style-type: none">Internal motivation (Purpose): Be passionate and aggressive about the work; feel motivated when working.Happiness	3.43	Dedicated

Note: The degree of employee engagement is mainly to observe the employee's "emotional", "behavioral" and "cognitive" involvement in the job. Employees thereof have the "often" level of commitment towards the questions "When working, I feel strong and energetic", "Enthusiastic about my job", "Proud of what I do in the job", "I feel happy when I work eagerly". The average score of the overall engagement is 3.43 points, which shows that our employees are "dedicated"

Employee Satisfaction Statistics in the last four years

✓ Employee Satisfaction Target for 2023 : 60%				
	2020	2021	2022	2023
The percentage of "Satisfied" ¹	62%	68%	66%	65%
Data coverage ²	23%	28%	31.1%	33%

Note: 1. The percentage of "Satisfied" (including "Very Satisfied" And "Satisfied")
2. Data coverage (The percentage of employees who responded to the survey)

II. Labor-Management Meetings and Collective Agreements

Labor-Management Meetings

In order to achieve friendly interaction with its employees, the Bank has been holding labor-management meetings once every three months according to the "Chang Hwa Bank Guidelines for Labor-Management Meeting Implementation" since July 28, 1999, to conduct discussions and negotiations regarding matters such as labor-management relations and cooperation, employee salaries and benefits, and labor safety.

Implementation Status

From 1999 to the end of 2023, 107 labor-management meetings had been held, the labor-management relations were harmonious and stable, and good interactions were maintained.

	2021	2022	2023
Number of meetings	4	4	4
Number of matters	6	9	14

Protection by the Collective Agreement

In response to changes such as amendments to labor policies, laws and regulations, the Bank and the CHB Corporate Union representatives re-initiated negotiations regarding collective agreement. The Bank and the CHB Corporate Union signed the collective agreement again on May 14, 2018. The contents of the collective agreement were established after being fully discussed by the representatives of the employer and the employees, and after taking account of labor-related laws and collective agreements of peers in the financial industry. Many of the provisions in this collective agreement are superior to current legal requirements, such as paid annual personal leaves, family care leaves and sick leaves; compensation payment for employees who passed away due to illness or accident while on unpaid leave due to military service, injury, or illness, as to take care of their surviving dependents; and bone marrow or organ donor leaves with duration adjusted according to actual needs, as to encourage employees to participate in public welfare.

The Bank signed the "Collective Bargaining Supplementary Agreement" with the CHB Corporate Union on July 30, 2020, which was approved by the Department of Labor, Taipei City Government on record. With that, five articles in total were added (amended), including Article 7-1 "Anti-Free Rider Clause".

In order to enhance the harmony of labor-management relations, one seat of the Personnel Review Committee is reserved for a representative designated by the corporate union.

Implementation Status

As of the end of 2023, the number of members of CHB Corporate Union was 6,365 (male: 2,270, female: 4,095), and the employees under the protection of the collective agreement accounted for 95.10% of all employees.

	2021		2022		2023	
	Female	Male	Female	Male	Female	Male
The number of the corporate union members	3,834	2,215	4,126	2,292	4,095	2,270
	6,049		6,418		6,365	
The corporate union participation rate ^{*1}	91.51%		96.11%		95.10%	

Note: 1. The corporate union participation rate is the percentage of employees covered by the collective agreement.

2. The labor conditions of employees who are not members of the corporate union and who have not signed the collective agreements shall be handled in accordance with the relevant regulations of the Bank (such as work rules) and other labor related laws and regulations.

III. Employee Proposals

The Bank has established the "Incentive Guidelines for Employee Proposals" to encourage employees to propose constructive plans for the Bank's internal operating procedures and development of various businesses. After the employee files a proposal, the evaluation panel will decide on the award level and grant the prize money, as to achieve development in the Bank's business through employees' collective awareness towards management, proactive research, and drawing up of improvement programs.

Implementation Status

There were 20 employee proposals in 2023, among which 2 won the proposal award, 13 have not won the award, and 5 were returned due to not meeting the requirements of the proposal.

IV. Exchange of Opinions with Employees

In order to exchange opinions with employees, the Bank has set up hotlines and an employee communication mailbox, so that employees' voices can be heard and responded to, as a way to improve the management of the Bank.



Education and training-hotline : 02-2560-3659
Performance remuneration-hotline : 02-2560-3658
Administrational welfare-hotline : 02-2571-6735
E-mail : reward@chb.com.tw

Implementation Status

The Bank did not receive any emails from employees in 2023. If any employee email is received, it will be properly handled by the relevant department according to the rules.

V. Employee Complaints

The Bank has established "Chang Hwa Bank Employee Complaint Notice" to provide employee complaint channels. There was no employee complaints in 2023.

VI. Competent Authorities' Penalties and Improvement Measures

No labor disputes or incidents related to work rights was imposed by the competent authorities in 2023.

5.3 Employee Cultivation and Development

GRI : 404-1, 404-2, 404-3

In order to adapt to the rapidly changing financial environment, the Bank has established systematic and diversified education and training resources. Also, the annual education and training plan is formulated based on the overall business goals of the year. Diverse careers of our employees are assisted to develop. Physical, digital and external educational training opportunities for employees on active duty are provided on a regular basis. A full range of finance-related professional courses are planned as well as a perfect talent cultivation system and training mechanism has been established. Our human capital is therefore enriched through the continuous cultivation of financial professional functions and second professionals and cross-field capabilities. Also, we are committed to the spirit and basic principles of protecting human rights revealed in various international human rights conventions, which is to equally implement employee education and training regardless of age, gender, and race.

Unit: NT\$ thousand

	2020	2021	2022	2023
Revenue	27,317,092	28,685,958	34,138,590	38,570,072
Operating Expenses	16,170,327	16,771,674	17,768,647	19,092,029
Employee- related Expenses	10,807,707	11,408,544	11,721,438	12,265,046
ROI	2.03137	2.04433	2.39658	2.58809

[†]Human Capital Return on Investment (ROI)= [Revenue - (Operating Expenses – employee - related expenses)] / employee - related expenses



I. Physical Course and Digital Learning

The Bank provides physical and online core business education and training courses, including (corporate financial/ personal financial) credit loans, (elementary/advanced) foreign exchange, wealth management, trust, derivative financial products, legal compliance, AML and business regulations and practices. There are 124 credit courses, 65 deposit and remit money courses, and 62 foreign exchange courses.

Furthermore, a new generation of e-learning system (CHB E-learning System) is established to classify according to the type of business and the type of job. Our employees can systematically learn and use this system to improve the learning results of interdisciplinary job functions. Currently, more than 930 digital online courses are available. Our employees can read and use these courses through mobile phones or other mobile devices without being limited by time and space. In this way, the expected goal of cultivating employees with second expertise and interdisciplinary capabilities is achieved.

Training Accomplishments

The Bank continues to incorporate learning via digital and physical courses to help employees accumulate financial professional capabilities. As of December 31, 2023, the total number of training hours conducted was 466,676.5 hours, with an average of 69.73 training hours per employee and the average amount spent per employee on training was NT\$6,450.

Unit: hours

Training Method	Digital Learning	Physical Course		
	Internal Training	Internal Training	External Training	Self-Development*
Hour(s)	286,513.83	134,290.17	45,863.50	9
Average hours	42.81		26.92	
Total (hours)	466,676.50			

Note: Self-development refers to employees' self-learning, and participation in external and business-related education and training at their own expense.

Unit: hours

Training Accomplishments	By Gender		By Ranks	
	Male	Female	Management	Non- management
Average hours	67.17	70.95	88.77	65.71

II. Climate-related education and training

To facilitate sustainable finance, the Bank requires its employees to take part in external professional training programs. These programs include financially sustainable transition talks as well as net-zero transition and climate change forums and training. The Bank aims to raise awareness of climate change risks and bolster the competencies of all employees.

➔ 2023 saw 212 participants, whose positions were under the Board of Directors, including senior executives (the head of division and above of the Head office) and various levels in external training programs related to climate, ESG, and sustainability, totaling 1,173 hours.

III. Ability of Foreign Languages and Cultivation of Function

1. Annual educational training is carried out, and the internal certification and evaluation mechanism of the core business is conducted. Currently, the number of colleagues who have obtained internal certificates: 1,200 people with credit certificates, 1,306 people with deposit and remit money certificates, and 1,042 people with foreign exchange certificates.
2. The Bank attaches great importance to the career development of its employees. In response to the fact that employees' career may be ended due to retirement or other reasons, during the period when employees are serving the Bank, employees are supported by diversified training channels to enhance their professional knowledge, and employees are encouraged to participate in various vocational training courses and certificate exams. The Bank provides all employees with free online English courses and Commonwealth Leader Campus digital learning platform (including eight core functions and management training courses) to assist employees in their transformation, so that they can be equipped with relevant professional skills after retirement or resignation and the ability to continue employment and change careers.

IV. Employee Development Programs



1. Cultivation of clerks in the core business of the seventh grade
- Comprehensive professional talents are cultivated through job rotation and work experience in the Bank's front and back offices in order to expand core business and cultivate talents in overseas branches.

Business Benefit

A total of 232 people have been cultivated over the years. Currently, 42 personnel are assigned to overseas branches to serve in order to expand the development of international financial business.

2. Corporate ESG personnel training program
- To capture ESG financial product opportunities, the Bank implements an ESG personnel training program to effectively integrate ESG concepts into all business operations, thereby facilitating innovative development of sustainable financial products and enhancing our sources of commercial profits and market presence. This also demonstrates that commitment to sustainable operations helps foster employee loyalty, boosts morale, shapes a culture of sustainability within the organization, and enhances brand image. This in turn increases investor and customer confidence, as well as expands investment and business opportunities with us.

Target Personnel for Training

All employees, business management units at all levels and personnel who perform ESG-related businesses

Content of the Training

It includes the development and application of international ESG trends, sustainable operations, net-zero carbon emissions and industrial business opportunities, equator principles, responsible investment and finance, and other professional functions related to sustainability.

Business Benefit

• Business profit

• Staff centripetal force

• Brand reputation

• Investors' willingness to invest and business opportunities

A total of 5,890 people participated in the training program in 2023(accounting for 88% of all employees). By the end of 2023, 99 cases related to green finance and sustainability Linked Loans has been created and the credit scale (loan balance) is at approximately NT\$ 42.75 billion. In addition, a total of 212 employees were arranged to participate in external ESG-related (including net-zero and transformation) courses based on different ranks and business majors.

3. Financial Planning Consultant for Elderly and Family Trust Planning Consultants training program

In order to capitalize on trust business opportunities presented by the aging population, "Senior Financial Planning Consultants" and "Family Trust Planning Consultants" are trained to provide professional assistance in managing financial assets and planning trusts for seniors, enhancing trust business opportunities.

Target Personnel for Training	Relevant personnel of eldercare financial business and family trust business in each business unit.
Content of the Training	There are 9 series of subjects in the course, including basic knowledge regarding psychology of aging, behavior and medical care; eldercare trust and related trust products, etc. The course can cultivate professional service personnel who can talk with the elders, understand the needs of the elders, and further assist the elders to plan appropriate asset and eldercare.
Business Benefit	<ul style="list-style-type: none"> • Business profit • Brand reputation • Staff centripetal force and retention rate improvement • Investors' willingness to invest and business opportunities <p>The training course of "Financial Planning Consultant for Elderly Training and Certification" was held in 2022. A total of 284 people participated in the training program. 136 people thereof have obtained the certification of financial planning consultant for elderly. The "Family Trust Planning Consultant Training" was held since 2023, with a total of 350 people participated in the training. 68 people thereof have obtained the certification of Family Trust Planning Consultant. The relevant training expenses of above two training (approximately NT\$13.27 million) are fully subsidized by the Bank. We expect to obtain additional 11,335 eldercare trust engagements with asset under management of NT\$3 billion.</p>

4. Certification of Promoters of Urban Renewal

Promoters of urban renewal are trained to serve the business of urban renewal in the future.

Business Benefit	Currently, a total of 30 participants (all of whom have passed the certification) are participating in the training to promote the business and services of urban renewal.
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5. Enhanced Training of Digital Financial Talents

Digital finance courses are being held continuously to support the development of digital finance business. Also, we join the Taiwan Academy of Banking and Finance's FIN & TECH innovation cluster. In this way, our colleagues' new knowledge of financial innovation is enhanced by participating in various financial technology innovative experimental projects, simulation courses, symposiums, industry and official exchange meetings, and supervision consultations.

V. Independent Study, Research and Development

FinTech Research Club

In order to encourage the learning of FinTech new knowledge and to foster FinTech talents, the Bank established the FinTech Research Club in March 2018. In 2023, the physical lectures was suspended, and the online "FIN & TECH Lectures" were held instead in consideration of avoiding crowds due to COVID-19 pandemic. The courses with the latest topics are provided every month for discussion and communication online. A total of 5 sessions were held this year, with a total of 922 participants.

"FUNDAY English Education" Learning Project

In 2023, the "FUNDAY English Education" learning project was launched to encourage our colleagues to use it in a more efficient way. Language skills of their own can be improved to jointly create friendly and bilingual financial services. A total of 317 people completed the training.

Selection of Financial Business Research and Development Report

The Bank encourages employees to proactively conduct research on current trends and business development directions. Annual audits are conducted on business research and development reports to enhance talent development's linkage to business operations. In 2023, the audited reports covered financial technology topics such as AI technologies, natural language processing, and robo-advisors, contributing to our establishment of a digital financial environment and advancement in financial technology innovation. Additionally, research was conducted on expanding into the New Southbound Market, focusing on India, to provide strategic insights for our Southbound strategy.



5.4 Occupational Safety and Health

GRI : 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10

The Bank makes a commitment to compromise and implement the Bank's "Occupational Safety and Health Policy". In accordance with the Policy, the Bank established relevant plans and measures to control and manage the risks of occupational safety and health, and set qualitative and quantitative targets to implement and optimize the occupational safety and health system continuously. The Bank has established "Occupational Safety and Health Management Program" to manage the implementation and schedules of various targets; and controls risks of occupational safety and health by executing "Four major Programs for Occupational Safety and Health Prevention", "Worker Health Services Program", "Automatic Safety and Health Inspection Program" and "Operational Environment Monitoring Program" and determines the priority order of execution according to the degree of risk. In addition, in order to ensure consultation and participation of workers, the Bank worked with the labor union to formulate "Safety and Health Work Rules" to comply with regulations and obligations.

5.4.1 Occupational Safety and Health Organization

I. Establishment of Occupational Safety and Health Responsible Unit

The Bank's Occupational Safety Section in the General Affairs Division is the responsible unit for occupational safety and health, and sets two full-time occupational safety and health managerial personnels which is superior to the requirements of the regulations. It has been reported to the competent authority in accordance with the law for reference and has obtained approval from the Taipei City Labor Inspection Office, showing that the Bank attaches great importance to occupational safety and health.

II. Establishment of the Occupational Safety and Health Committee

In order to implement occupational safety and health management, the Bank established the Occupational Safety and Health Committee in December 2016. The Committee has one chairperson (the President or the agent designated by the President are responsible for monitoring the implementation of occupational safety and health related measures) and eight members, with the labor representatives accounting for one-third of the members. The meetings of the Committee are regularly convened once every quarter in order to strengthen the supervision over the occupational safety of employees, and improve the quality of safety and health management. A total of 4 meetings were held in 2023 to assist the promotion of the Bank's occupational safety policy.

5.4.2 Occupational Safety and Health Operating Status

I. Policy and Agreement

1. The Bank's "Occupational Safety and Health Policy" was reviewed and approved by the Board of Managing Directors on October 4, 2019. The scope of application covers all employees of the Bank and contractors and other stakeholders. The Bank is to serve our customers in the spirit of "Solid Management to Serve the Public". In addition, we uphold the corporate mission and business philosophy of the belief of caring and respecting colleagues, customers, suppliers, contractors and other stakeholders. Occupational safety and health management is actively implemented. Workplace safety and health are continuously improved. It is expected to provide a safe and secure working environment for all employees and stakeholders. Our highest goal is to pursue "No Holiday for Safety, and Health is Priceless". Thus, we promise and implement the following policies:

- A Establish a safe and healthy workplace
- B Control and manage occupational safety and health risks
- C Strengthen occupational safety and health education and training
- D Ensure consultation and participation of workers
- E Comply with legal requirements and obligations
- F Continue to optimize the occupational safety and health system

2. The Bank revised the "Safety and Health Work Rules" together with labor representatives in 2017. Also, we reported it to the labor inspection agency and keep it on file. In addition, the renewal of the "Collective Agreement" signed with CHB Corporate Union was completed on May 14, 2018. The official agreement of the corporate union covers occupational safety and health personnel, safety and health education and training, compensation for occupational accidents, and other issues related to occupational safety. Also, the contract added on July 30, 2020 was signed.

II. Identification of Occupational Safety and Health Risks

In order to control the risks of occupational safety and health, the Bank has established "Occupational Safety and Health Management Program", "Four major Programs for Occupational Safety and Health Prevention", "Automatic Safety and Health Inspection Program" and "Operational Environment Monitoring Program" to implement and carry out the management of occupational safety and health. Also, priorities and action plans are established according to the degree of risk in order to enhance the safety and health awareness of all personnel, improve the working environment and facilities achieve the management objectives of safety and health.

III. Working Environment with Safety and Health

1. Each unit compiles the "Summary of Annual Voluntary Inspection Plan" every year to ensure that the equipment can maintain in the status of normal operation, and to detect and eliminate various existing risk factors in advance. Also, voluntary inspections of safety and health are implemented according to the planned schedule.
2. The monitoring of the working environment of "lighting" and "carbon dioxide" is carried out twice a year in order to grasp the working environment of the employees of the Bank and assess the status of our employees' exposure to hazards.
3. Safety maintenance reports and employee self-defense drills are held regularly every year to strengthen the Bank's safety protection. Our employees are trained to be proficient in the handling of various emergency situations to strengthen their emergency response capabilities. It is expected to be able to deal with related matters calmly and comprehensively in case of emergencies to maintain the safety of our employees. In January and July 2023, a security maintenance report and a drill of the self-defense formation were held respectively. All business units of the bank (domestic and overseas branches, representative office, securities brokers, regional centers etc.) were completed as scheduled. The number of people participating in the drill was 4,837 and 4,750, respectively, reaching a 100% execution rate."

IV. Handling of Occupational Hazardous Accidents

Occupational hazards shall be prevented, and our employees shall have a better understanding of OSH related matters. Therefore, the Bank has set up one "Occupational safety and health business supervisor", two "First-aid personnel" and one "Fire-fighting management personnel" in each unit to assist in the implementation of matters related to occupational safety and health. When there is an immediate danger in the workplace, the unit supervisor or occupational safety and health business supervisor should immediately stop the operation and have employees evacuate to a safe place. When employees are in danger of immediate danger, they may exercise their right to evacuate to a safe place by themselves while reporting to the unit supervisor or occupational safety and health business supervisor immediately.

1. Response Measures for Emergency Hazards

The bank has established "Chang Hwa Bank Business Continuity Plan", "Chang Hwa Bank Directions of Emergency Response Measures for Compulsory Collective Isolation Responding to Epidemics" and "Chang Hwa Bank's Material Accident Handling Team Setup Points". If emergency events such as disasters or material pandemics occur, the above-mentioned plan should be followed, and emergency response measures should be implemented based on actual needs."

2. Notification and Reporting of Accidents

As per "Chang Hwa Bank Safety and Health Work Rules" , in the case of any of the following occupational disasters in any unit, the unit supervisor or occupational safety and health business supervisor shall report to the Bank's occupational safety and health management unit immediately, which shall then notify the labor inspection agency in eight hours:

- A. Disaster with fatality
- B. Disaster with more than three injured persons
- C. Disaster with one seriously injured person who requires hospital treatment
- D. Other disasters announced by the central competent authority

When an occupational disaster occurs in the workplace, the unit supervisor or occupational safety and health business supervisor shall take necessary first aid or rescue measures immediately, conduct investigation and analyses, and keep records accordingly while reporting to the Bank's occupational safety and health management unit. Except for necessary first aid and rescue, employees shall not move objects or destroy the site without the permission of the judicial agency or the labor inspection agency.

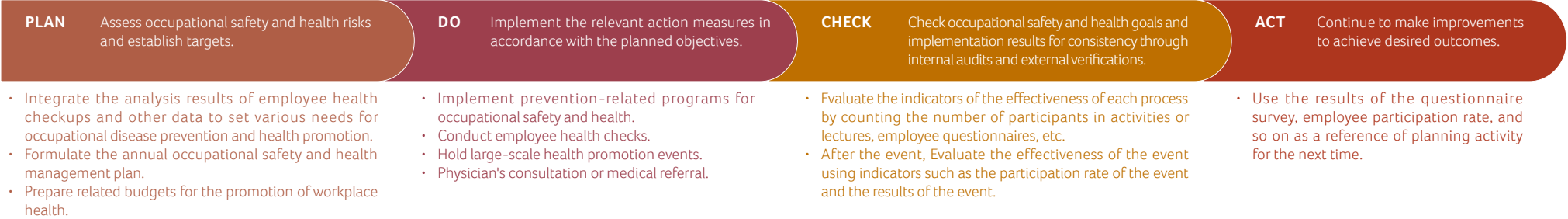
3. Procedures for Investigation of Occupational Accidents and near misses

In order to enable the Bank to quickly understand the situation of the case in the event of an occupational disaster or near misses and provide immediate assistance to the unit and the party involved in the accident, the Bank has formulated relevant forms such as "Record form for notification of occupational accidents and near misses in the place of duty" and "Record form for settlement and investigation of occupational accidents and near misses in the place of duty". A total of 5 occupational accidents and 6 near misses were notified in 2023. After receiving the notification, the Bank's occupational safety and health management unit shall immediately investigate and analyze the accident with relevant personnel, and formulate disaster prevention countermeasures to reduce the incidence of accidents.

4. Subsequent Treatment of Occupational Accidents

If our employees encounter occupational disasters, the Bank's medical staff will provide health tracking and care to help our employees recover and return to work in addition to providing relevant compensation in accordance with the Bank's "Employee Retirement Pension and Severance Regulation"

V. Systematically Promoting Occupational Safety and Health



VI. ISO 45001 Occupational Safety and Health Management System Verification

1. In order to effectively manage and promote the occupational safety and health management system, the President leads the Bank to comply with occupational safety and health related laws and regulations and international standards, provide relevant resources, and commit to implement the Bank's occupational safety and health policy. Each department sends personnel to form a promotion team for the management system of occupational safety and health. The system is continuously optimized every year in the form of PDCA cycle through the formulation of quantified target tracking management performance. For example: the number of meetings held by occupational safety and health committee, the compliance rate of the monitoring of the working environment, the participation rate of occupational safety education and training, the implementation rate of labor health services, the goals of health promotion activities, and the implementation rate of the prevention plan of occupational safety and health, etc. In this way, a safe and healthy working environment is created.
2. Evaluators in each unit that received occupational safety and health hazard identification and risk opportunity assessment training within or outside the Bank are assigned with their own identification scope according to each unit's responsibility, activity and process. When filling out the "Hazard Identification and Risk Opportunity Assessment Form", in addition to considering routine activity process, non-routine contingencies shall be considered as well in order to understand the risk factors that may cause injury in the workplace.
3. The Bank continues to refine and improve occupational safety and health in the workplace. Therefore, the internal audits confirm the implementation of occupational safety and health related businesses in each unit. Also, we are actively striving for safety and health related awards from competent authorities to enhance the corporate image and create a safe, healthy and happy workplace.
 - 1 Obtained the certification of ISO 45001 Occupational Safety and Health Management System of BSI from US ANAB and TAF in Taiwan in 2019. we have re-certified by the British Standards Institution (BSI) for consecutive years, and the latest validity period is from November 4, 2022 to November 3, 2025 to ensure compliance with the regulations of the Occupational Safety and Health Act and international standards.
 - 2 Awarded 2023 National Occupational Safety and Health Award - Special Award for Labor Health by Ministry of Labor

VII. Contractor and Supplier Management

In the "Supplier Social Responsibility Commitment", the Bank specifies the labor rights and human rights that suppliers should abide by, including compliance with the regulations of the Occupational Safety and Health Act. In addition, the Bank has a "Work Environment Hazard Element Notice". Contractors shall assess the possible hazards of the detail operations according to the hazard elements written in the notice. The responsible person of the contractor shall sign the notice and inform all the operating personnel regarding the possible hazards to ensure their safety before the commencement of the operations.



VIII. Measures and Activities Related to Health

1. To enhance employee knowledge and skills in emergency medical care, the "Healthy Guardian, Heart Care Action" CPR+AED first aid practical competition, a large-scale workplace health promotion event, was successfully held in 2023. A total of 964 participants, including employees and their families, received "CPR+AED course certificates." The event also fulfilled its charitable objective by donating NT\$200,000 to the "South-Link Medical Foundation." Furthermore, the Bank installed Automated External Defibrillators (AEDs) in its 8 buildings to provide emergency rescue assistance and completed CPR+AED emergency first aid training for employees in those units.
2. Medical personnel and personnel related to labor health services are contracted or hired to handle labor health services which is superior to the requirements of regulations. In 2023, a total of 24 on-site consultation services with doctors were provided, with a total of 277 participants. Some employees with chronic illnesses are referred to appropriate medical units after consultation. To provide employees with diverse and integrated healthcare services, individual consultations were offered in 2023, including 1 session with a physical therapist and 1 session with a dietitian. A total of 15 employees participated.
3. In order to take care of the mental health of our employees, the Bank cooperates with professional institutions for psychological counseling. Employees of the Bank are provided with psychological counseling and counseling. The Bank bears the expenses within a certain amount.
4. Breastfeeding rooms are set up to provide breastfeeding employees with a safe and comfortable breastfeeding place.
5. There are sports clubs, including basketball, table tennis, mountaineering, badminton, tennis, golf, volleyball and Tai-Chi clubs, to motivate employees to exercise more to maintain good health.
6. In accordance with government epidemic prevention strategies, a workplace vaccination station has been established at the Taipei Building. In addition to notifying all departments about the influenza vaccine inoculation program, eligible employees and suppliers are welcome to register for participation.
7. To align with the government's dengue fever prevention policy, all departments are requested to follow dengue fever prevention guidelines. For 2023, in accordance with the Communicable Disease Control Act, 7 branches were required to participate in disinfection. The Occupational Safety Section's nurses and occupational safety management specialists provided health education on dengue fever symptoms, guidance on disinfection procedures, and building inspections.

5.4.3 Improvement of employees' and contractors' knowledge and skills related to occupational safety and health

In order to equip employees of the Bank with the awareness and ability of occupational safety and health, the safety and health education and training for new recruits and employees on active duty are handled in accordance with the requirements of laws and regulations. In addition, employee training needs are understood through occupational safety and health committees, employee responses, etc. Education and training information is provided in the form of courses, lectures or publications.

I. Occupational safety and health education and training for new recruits and employees on active duty

In 2023, a total of 268 people completed the safety and health education and training for new recruits. A total of 6,581 people were trained in the safety and health education and training of employees on active duty.

II. Training of occupational safety professionals

The Bank has established "Occupational safety and health business supervisor", "First-aid personnel" and "Fire-fighting management personnel" in each unit to enable our employees to implement matters related to occupational safety. There is a total of 1,547 qualified people in the Bank who receive relevant training regularly. Number of people trained in 2023: 479, with a total of 4,254 hours.

2023		Number of people	Hour(s)	Total number of hours
Occupational safety and health business supervisor	First-time training	39	35	1,365
	Re-training	201	6	1,206
First-aid personnel	First-time training	30	16	480
	Re-training	61	3	183
Fire-fighting management personnel	First-time training	22	12	264
	Re-training	126	6	756
Total		479	-	4,254

III. Contractor Education and Training

Security guard education and training: Number of people trained in 2023: 812, with a total of 3,248 hours.

Time of the Training	Number of people	Hour(s)	Total number of hours
Q1	206	4	824
Q2	203	4	812
Q3	199	4	796
Q4	204	4	816
Total	812	-	3,248

IV. Lectures on Safety and Health

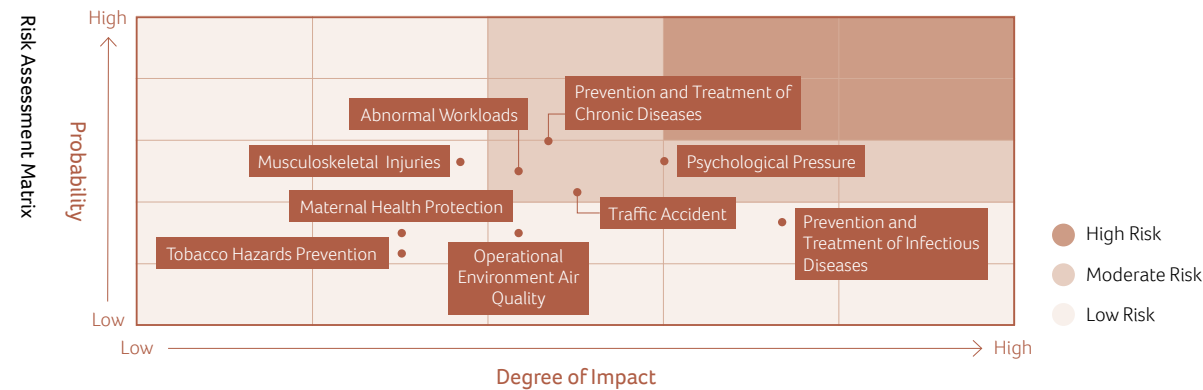
1. To enhance employee communication skills and prevent workplace unlawful infringement, external instructors were engaged in 2023 to conduct "Workplace Relationship Skills - Employee Care Techniques" lectures for both managerial and non-managerial employees. The managerial session trained 1,108 individuals, achieving a completion rate of 99.9%. The employee session trained 5,429 individuals, achieving a completion rate of 99.5%. These lectures aim to reduce conflicts arising from differing values and communication styles among employees of different generations.
2. To provide comprehensive healthcare services, we have engaged dietitians and physical therapists to conduct individualized consultations. We have also uploaded online courses, such as "Home Exercise, Stay Active," "Eat Out, Eat Healthy," "Posture Correction and Relief," and "CPR+AED First Aid Training," to our online learning platform, allowing colleagues to learn more. Additionally, we have organized a lecture titled "Building a Healthy Physique: A Guide to Optimizing Sitting Posture" to mitigate the health risks associated with prolonged sitting in the office.

V. Publications

The Occupational Safety Section publishes relevant articles on occupational safety issues in the internal publication "CHB Magazines" and the internal website from time to time to enhance our employees' knowledge and capabilities related to safety and health. A total of 27 articles was published in 2023.

5.4.4 Risk Assessment, Control Measures and Implementation Effectiveness of Employee Safety and Health Issues

To manage occupational health and safety risks and reduce the incidence of work-related accidents or illnesses, the Bank implements four major occupational health and safety prevention programs. We utilize outcomes from these programs, on-site consultations with physicians, satisfaction surveys, annual employee health check-up data analysis, and communication channels such as the Occupational Safety and Health Committee to compile a workplace safety and health risk assessment map. Based on the severity of the risks identified, we develop and implement appropriate control measures.



Safety and Health Issues (Risk)	Control Measures (Target)	2023 Implementation Effectiveness												
Prevention and Treatment of Chronic Diseases Moderate Risk	<ol style="list-style-type: none"> Health care for new recruits Analysis of health check results On-site consultation services with doctors Publicity of Health Prevention and treatment of occupational diseases 	<ol style="list-style-type: none"> A total of 322 new recruits have received physical examinations, and all of them were provided with health care and guidance according to the level. Analysis of the 2022 employee health check-up results revealed that among the 2,719 middle-aged and senior workers (aged 45 to 65), the top five most common abnormal health indicators were: blood pressure (61.3%), total cholesterol (48.8%), body mass index (BMI) (48.7%), low-density lipoprotein cholesterol (34.2%), and fasting plasma glucose (29.1%). Recognizing that many employees regularly dine out and that several health issues are linked to diet, the Bank provided employees with a video titled "Eat Out, Eat Healthy" on the internal online learning platform. The Bank also organized a one-on-one consultation with a dietitian, which was attended by 8 employees. In 2023, a total of 24 on-site consultation services with doctors were provided, with a total of 277 participants. A total of 139 people were thereof consulted by health education for chronic diseases. Publicities on "good diet", "high blood lipids" and "stomach disease symptoms and prevention" are published in the Bank's publication "CHB Magazine". In 2023, a total of 0 occupational diseases was confirmed. 												
Psychological Pressure Moderate Risk	<ol style="list-style-type: none"> Provide channels for psychological counseling to our employees Workplace misconduct Prevention Program (The response rate of the form is over 95%) 	<ol style="list-style-type: none"> Each one of psychological counseling centers in the north, middle and south is cooperated. A total of 154 people used one-on-one consultation from December 1, 2022 to November 30, 2023. Also, the Bank pays for services up to a certain amount. Hazards are identified and evaluated using the "Record Form for the Execution of the Prevention of Workplace Misconduct". Also, the location of the job or the suitability of the job arrangement is properly configured according to this form. A total of 234 units of the Bank have completed the report in 2023. The response rate of the form reached 100%. 												
Abnormal Workloads Moderate Risk	Abnormal Workload Induced Diseases Prevention Program (The response rate of the form is over 95%.)	<p>In the first and second half of 2023, there were 74 people and 72 people at potential risk of abnormal workload, respectively. The response rate of the burnout scale was 100%. The results of the "personal risk factors" and "risk factors of the type of work and operating environment" are comprehensively evaluated as follows:</p> <table> <tr> <th>Risk Level</th><th>Number of People</th><th>Measures</th></tr> <tr> <td>High Risk</td><td>First half of 2023: 0 Second half of 2023: 0</td><td>Physician interviews and health education guidance for high risks</td></tr> <tr> <td>Moderate Risk</td><td>First half of 2023: 37 Second half of 2023: 36</td><td>Nurses' care via telephone and delivery of hard copies of health education information for moderate risks</td></tr> <tr> <td>Low Risk</td><td>First half of 2023: 37 Second half of 2023: 36</td><td>Employees' regular health checks for low risks</td></tr> </table>	Risk Level	Number of People	Measures	High Risk	First half of 2023: 0 Second half of 2023: 0	Physician interviews and health education guidance for high risks	Moderate Risk	First half of 2023: 37 Second half of 2023: 36	Nurses' care via telephone and delivery of hard copies of health education information for moderate risks	Low Risk	First half of 2023: 37 Second half of 2023: 36	Employees' regular health checks for low risks
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High Risk	First half of 2023: 0 Second half of 2023: 0	Physician interviews and health education guidance for high risks												
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Low Risk	First half of 2023: 37 Second half of 2023: 36	Employees' regular health checks for low risks												
Traffic Accident Moderate Risk	<ol style="list-style-type: none"> Education and training Dissemination materials of safety for road users 	<ol style="list-style-type: none"> Traffic safety precautions are disseminated during the training of new recruits and on-the-job education. Publicity on road safety is published in the Bank's publication "CHB Magazine" 												

Safety and Health Issues (Risk)	Control Measures (Target)	2023 Implementation Effectiveness
Musculoskeletal Injuries Low Risk	1. Education and training 2. Fitness exercise in office	1 Neck, shoulder, back, and waist posture correction and stretching exercises are taught in the pre-employment training for new recruits and the annual occupational safety and health on-the-job education and training. 2 We arrange health consultations with physical therapists and conduct workshops on "Building a Healthy Physique: A Guide to Optimizing Sitting Posture." These workshops are also available online for employees to freely choose and participate in via our online learning platform. 3 The Bank purchased the instructional videos "Home Exercise, Stay Active" and "Guidance for Fitness Beginners - Muscular Endurance UP" and made them available on the online learning platform for employees to access freely. 4 In 2019, the Bank invited experts in physical fitness to compile health exercises for the prevention of ergonomic hazards. All employees of the Bank perform fitness exercises before going to work every day. Since 2023, there is an additional time for health exercises at 4 pm every day to reduce the harm of sedentary.
Prevention and Treatment of Infectious Diseases Low Risk	1. Cooperate with the competent authorities in handling prevention and treatment 2. Hold education and training on the prevention of infectious diseases for expatriate employees of overseas units 3. The course on the prevention and treatment of emerging infectious diseases. 4. Flu vaccines site in the workplace	1 In 2023, 7 branches collaborated with health bureaus of various county and city governments to conduct disinfection operations for dengue fever. In response to the rise in locally transmitted dengue fever cases, each unit was assigned dedicated personnel to conduct weekly inspections, and environmental clean-ups of business buildings managed properties (including vacant land), and equipment facilities for mosquito breeding sources, and also be responsible for maintaining records. 2 11 sessions of pre-employment training on severe special infectious pneumonia (COVID-19) pandemic prevention for personnel stationed overseas were conducted, with a total of 20 participants. 3 Provide information about influenza vaccination and details of a workplace vaccination station event. A total of 32 individuals participated, with employee satisfaction reaching 93%. Additionally, 93% of participants expressed a willingness to participate again next year. 4 Publicity on health education- "Seasonal Influenza" is published in the Bank's publication " CHB Magazine"
Operational Environment Air Quality Low Risk	Operational Environment Monitoring Program (The coincidence rate of the monitoring results is over 95%)	1 A total of 374 units of monitoring times have been completed while each with the first and second half of the year. The monitoring results all meet the standards. The coincidence rate of the monitoring results reached 100% 2 Proportion of units where carbon dioxide concentration in the indoor office environment is lower than 1000ppm: 97.3% in the first half of 2023; 95.1% in the second half of 2023." 3 The operational environment monitoring program and monitoring results were announced on the Bank's intranet, and publicly disclosed so that employees were informed.
Maternal Health Protection Low Risk	1. Maternal Health Protection Program (Follow-up rate is over 95%) 2. Give gifts related to pregnancy and childbirth	1 A total of 266 interviews were completed with the "pregnant" and "within one year after childbirth" maternity employees in 2023, with a follow-up rate of 100%. 2 A total of 68 employees joined in the Maternal Health Protection Program in 2023 and received the " Gauze Baby Blanket" as a gift when applying.
Tobacco Hazards Prevention Low Risk	Lung Cancer Prevention and Treatment	In collaboration with the Department of Health, Taipei City Government, we implemented a smoking cessation program, which provided free oral cancer screenings, 12 hours of smoking cessation courses, and medical referral services. A total of 10 individuals participated in the program.



A close-up photograph of two hands, likely belonging to a child, gently holding each other. The hands are positioned in the center-left of the frame, with fingers interlaced. The skin is light-toned. The background is a soft, out-of-focus white fabric. Large, semi-transparent orange shapes are overlaid on the image: a circle on the left and a larger, irregular shape on the right containing text.

06

Society

6.1 Charitable Strategy and Influence

6.2 Financial Literacy Education

6.1 Charitable Strategy and Influence

GRI : 203-1, 203-2, FN-CB-240a.3, FN-CB-240a.4

Based on the concept of promoting "Social Inclusion," the Bank, with its human-centric approach, includes the environment and other organisms closely interconnected with the formation of social structures. Through its charitable strategy, financial professionalism, a dense network of operating sites, and highly dedicated employees, the Bank consistently prioritizes the needs of disadvantaged groups, local cultural development, environmental protection, and biodiversity issues. The Bank also actively invests resources in implementing its charitable strategy and actively motivates employees to participate in corporate volunteering services, thereby enhancing the sustainable impact of its human resources, in hope of creating a sustainable society which enjoys collective social prosperity and common good.

6.1.1 Charitable Strategy and Creating Benefits: Social Co-prosperity, Arts and Culture, and Green Care

With social developments and an aging society, the need for elderly care resources, psychological support, and basic guarantees for disadvantaged groups and specific people is growing day by day. The uneven distribution of social resources hinders cultural, sports and industrial development opportunities. Combined with a series of ecological, social, and economic crises caused by climate change, the impact on future sustainable development is far reaching.

I. 2023 Charitable Strategy

Charitable Strategy	Respond to SDGs	Axes	Drives	Beneficiaries	Project and Action
<div>Social Co-prosperity</div>	<div><div>1NO POVERTY</div><div>2ZERO HUNGER</div><div>3GOOD HEALTH AND WELL-BEING</div><div>4QUALITY EDUCATION</div><div>8DECENT WORK AND ECONOMIC GROWTH</div></div>	<p>The Bank upholds the ideals of taking from society, giving back to society, and co-prosperity with society on the basis of the concept of happy families. Together with SDGs, we support basic care, guarantees, and needs of disadvantaged children, the elderly, and specific groups, in order to promote social harmony. In addition, sports development was given a leg up to promote the domestic sports culture.</p>	<p>Through support for social welfare groups, Chang Hwa Bank provides disadvantaged children, youth, and elders with economic resources and materials. Combined with our main financial business, we help disadvantaged people or specific groups to establish correct financial concepts. In addition, we support the development of sports in rural areas, sporting events, and developments in the sporting industry. Furthermore, the Bank sponsored the establishment of an archery team to nurture potential elite players and participate in the Chinese Enterprise Archery League, contributing to the capability development of sports of the country, and enhancing the brand image and recognition of Chang Hwa Bank in public welfare.</p>	<div><ul style="list-style-type: none">Vulnerable and specific identity groups, disaster-affected peopleVulnerable elders, children, and rural studentsCharity organizationsAthletesEmployees of the BankGeneral public</div>	<div><ul style="list-style-type: none">Disaster relief donationsNurture sports potential talentsEstablish the Bank's title-sponsored archery team to participate in Chinese Enterprise Archery LeagueTitle participant or sponsor of sports eventsSponsor exhibitions, and industry related eventsDonate annual expenditureSponsor seminars, forums, and related eventsCorporate volunteer trainingOrganize financial knowledge seminars and eventsHold financial issues related seminars and eventsSponsor Journal Donation ProgramProvide scholarships for disadvantaged childrenProvide financial friendly services for disadvantaged and specific ethnic groups (ATM interbank withdrawal fee waiver for people with disabilities, preferential trust service fee and management fee)Donate in micro-insurance premiumsCaring for the disadvantaged elderlySponsor benefit concertPromote charity events</div>

Charitable Strategy	Respond to SDGs	Axes	Drives	Beneficiaries	Project and Action
Arts and Culture	<div>4 QUALITY EDUCATION</div> <div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div>11 SUSTAINABLE CITIES AND COMMUNITIES</div>	<p>The Bank protects the beauty of Chinese culture and encourages the accumulation of cultural and creative energies. Combined with various activities, we promote artistic and cultural exchanges, showcase the highlights of local cultures to drive the development of cultural and creative industries and tourism industries, and improve the international image of Taiwan.</p>	<p>The sustainable preservation of culture requires environmental influence and financial support. As a local financial brand for more than 100 years, the Bank promoted art and cultural exchanges and drove the development of cultural and creative industries over and above supporting cultural activities, sponsoring important celebrations and film production to be deeply entrenched in local culture, thereby enhancing Taiwan's international cultural tourism image and deepening brand recognition.</p>	<ul style="list-style-type: none"> Charity organizations Government Cultural and creative industries 	<ul style="list-style-type: none"> Sponsor the filming by the General Association of Chinese Culture Sponsor important celebration events Sponsor Taiwan Lantern Festival mini lanterns
Green Care	<div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div>13 CLIMATE ACTION</div> <div>14 LIFE BELOW WATER</div>	<p>The world is facing a climate emergency and environmental protection actions cannot be delayed. The Bank will continue to focus on environmental protection issues and integrates internal water efficiency management policies to promote change from inside out, implementing environmental sustainability.</p>	<p>The Bank collaborates with environmental groups, promotes natural resource conservation initiatives, walks the talk when it comes to protecting the Earth, and organizes forums, seminars and activities to raise the environmental awareness of listed companies, the public and employees to understand the relevant measures to cope with climate change. In addition, We purchase agricultural products combined with our business in a timely manner to promote the long-term development of the agricultural industry, and improve brand recognition of the Bank.</p>	<ul style="list-style-type: none"> Charity organizations Farmers Employees of the Bank Listed companies The public Cultural and creative industries 	<ul style="list-style-type: none"> Organize "CHB Love Sea Protection Action" series of events Promote natural resource conservation initiatives Support Earth Hour Taiwan energy saving activity Participate in climate change related forums and activities Purchase local agricultural products to support sustainable development of agriculture industry



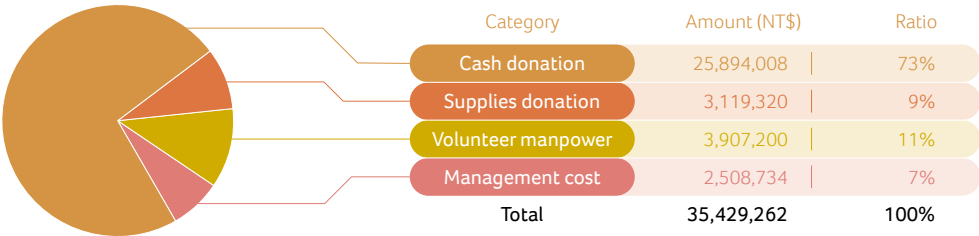
II. Benefits and Results of Charitable Strategy

Social Co-prosperity		
Item	Targets	2023 Results
Business Benefit	Amount	NT\$ 8,390,896
	Volunteer participation	212 people
	Number of people reached for increasing potential customers	457,643 people
	Establish title-sponsored sports teams, number of athletes nurtured	1 team / 11 athletes
	Promote exercise among the public, number of sponsored nationwide sports events	1
	Number of sponsored events promoting industrial and economic developments	5
	Number of events for improving consumer's financial literacy	153
	Promote brand recognition / favorability / exposure among customers	Promoted
Social Benefit	Amount (sponsor / donation / manpower)	NT\$ 12,422,646
	Volunteer participation	1,393 people
	Number of volunteer training events to improve employee recognition / number of participants	9 events / 828 people
	Number of people reached by the event	1,682,784 people
	Support development of sports, number of talents nurtured for the country	15 people
	Number of sponsored events to promote exercise among the public	1
	Number of sessions for diversified financial knowledge advocacy	345
	Number of sponsorships for improving cultural access rights	1
	Number of partnered groups for improving the right to education of disadvantaged students	1
	Number of donations to assist specific ethnic groups in disaster relief	1
	Number of sponsored cases for caring for the rights of disadvantaged groups	10

Arts and Culture		
Item	Targets	2023 Results
Business Benefit	Amount	NT\$ 4,000,000
	Number of people reached for increasing potential customers	1,471,078 people
	Number of important celebration activities sponsored to promote cultural inheritance	4
	Promote brand recognition / favorability / exposure among customers	Promoted
Social Benefit	Amount (sponsor / donation / manpower)	NT\$ 5,054,224
	Volunteer participation	2 people
	Number of people reached by the event	202,000 people
	Number of videos and events for promoting cultural preservation	4

Green Care		
Item	Targets	2023 Results
Business Benefit	Amount	NT\$ 724,224
	Volunteer participation	2 people
	Number of people reached by the event	940 people
	Raise environmental awareness and organize / participate in relevant talks and events	3
	Promote brand recognition / favorability / exposure among customers	Promoted
Social Benefit	Amount (sponsor / donation / manpower)	NT\$ 3,831,960
	Volunteer participation	300 people
	Number of people reached by the event	21,886 people
	Number of "Protect the Earth Through Action" series of events	8
	Number of environmental group partners	2
	Number of procurements for alleviating the problem of agricultural product overproduction	3,630 boxes

III. Type of Resources Committed



6.1.2 The Implementation Status of Charitable Strategy

Social
Co-prosperity

Social and Environmental Issues

- Disadvantaged people and specific groups lack basic rights, care, and correct financial knowledge.
- Insufficient resources and psychological support for elder care in an aging society.
- Lack of opportunities to participate in competitions or for development due to insufficient funding for athletes and the industry.

Targets	Plan and Action	2023 Implementation Results
Assist specific groups in emergency rescue	Disaster relief and donations	In response to humanitarian efforts, we donated to the Ministry of Health and Welfare disaster relief fund to assist earthquake victims in Turkey in overcoming difficulties, practicing corporate social responsibility.
Support the development of sports in remote area and cultivate talents for the country	Cultivate grassroots sports talents	We have donated to the Taitung County Sports Association's "Training Program for Elite and Potential Athletes of Various Sports Committees" to cultivate grass-roots sports talents in the county and develop sports potential for 8 consecutive years since 2016; Assisted in the nurturing of 15 athletes in 2023. One of the sponsored athletes (gymnast) won the bronze medal at the Asian Games Hangzhou. ❶
Nurture athletes with potential and cultivate talents for the country	Establish the Bank's title sponsored archery team to participate in Chinese Enterprise Archery League	<p>The Bank donated to the Chinese Taipei Archery Association in 2 consecutive years and establish the Bank's title-sponsored archery team to participate in Chinese Enterprise Archery League and international competitions, as to nurture potential elite athletes and contributed to the capability development of sports of the country.</p> <ul style="list-style-type: none"> ➡ We have nurtured 11 archers and 2 coaches. In 2023, the Bank's athletes have won a total of 1 gold, 3 silver and 1 bronze medals in international competitions, and 13 gold medals in domestic competitions. ➡ In 2023, we organized 2 archery promotion activities, with related videos viewed by 63,014 people and reaching 350,807 people on Facebook. 56 people from disadvantaged groups and 75 volunteers of the Bank were invited to participate in the event. ❷
Promote exercise among the public	Title participant or sponsor of sports events	<p>Promote the development of sports culture among the people, support for the development of national sports, and enhance the competitiveness of sports events in Taiwan by sponsoring sports events:</p> <ul style="list-style-type: none"> ➡ We have sponsored the basketball games organized by Keelung City Social Basketball Association for 15 consecutive years since 2009 to promote social basketball. In 2023, we sponsored the "32nd Keelung City New League Cup Basketball Tournament", with a total of 40 registered teams, and 68 matches, the number of participants was 3,986. ❸ ➡ We have sponsored the football activities organized by the Chinese Taipei Football Association since 2019. In 2023, we sponsored the "National Youth Cup Football Championship" hosted by the Association, with a total of 32 registered teams, 960 participants and 2,000 spectators. ❹



Targets	Plan and Action	2023 Implementation Results
Promote industrial developments and government policies	Sponsor exhibitions and industry-related events	<p>Through the sponsorship of policy-related exhibitions and specific industry events, we help the implementation of policies and the cultivation of related industry talents:</p> <ul style="list-style-type: none"> ➔ We took part in the "2023 Financial Services Charity Carnival" organized by the Taiwan Financial Services Roundtable, held at both the Kaohsiung and Yilan venues with 20,000 participants and 22 volunteer and provided gift vouchers to local disadvantaged groups and the public who participated. ⑤ ➔ We have participated in Wealth Magazine's "Unsafe and Old Buildings + Urban Renewal Exposition" activity, reaching 13,600 individuals and 12 volunteers. ⑥ ➔ We have sponsored the Accounting Research and Development Foundation's "Accounting Elite Cup Debate Competition" every year since 2018. In 2023, 14 schools participated with about 250 participants. ⑦ ➔ We have sponsored Economic Daily News' "Star of Entrepreneurship Contest" every year since 2019. In 2023, 177 teams registered with 1,188 participants. ⑧
Promote industrial and economic developments	Sponsor seminars, forums, and related events	<p>Sponsored seminars, forums, and other events to facilitate exchanges between industry, government, and academia, allowing each sector to learn from the experience and knowledge of the others and promoting developments:</p> <ul style="list-style-type: none"> ➔ Sponsored the Taiwan Institute for Sustainable Energy's third "Taiwan Sustainable Investment Forum" (TWSIF) event with a total of 833 participants, reaching over 3,000 individuals. ⑨ ➔ Sponsored the "2023 Taiwan-Japan Technology Dialogue: International Cooperation in New Energy and Mobility Technology" Forum organized by the Taiwan Japan Academy with about 235 participants.
Support industry transformation, upgrading, and sustainable development	Donate annual expenditure	Donate to the Straits Exchange Foundation to support industry transformation, upgrading, and sustainable development, and enhance overall economic development of Taiwan.
Promote the spirit of volunteerism	Corporate volunteer training	We promote the spirit of volunteering and focus on social and environmental issues as a group. We aim to create positive value. In 2023, We collaborated with The Society of Wilderness to organize 4 training sessions for volunteer leaders of beach (stream) cleaning teams, training 100 people, and organized 5 environmental education advocacy seminars, with 728 participants.
Improve financial literacy	Financial literacy education and advocacy (including anti-fraud awareness activities)	In 2023, 321 financial literacy education sessions were held for disadvantaged groups. In addition, we collaborated with local police authorities to organize 16 sessions of the "National Fraud Prevention Campaign in 368 Towns and Villages by Financial Institutions" to boost the public's financial literacy and anti-fraud security awareness, with a total of 14,097 participants and 1,164 volunteer participants.
	Trust literacy promotion	<p>Through collaborations with industry, academia, and social welfare groups, conducted multiple sessions on trust promotion and elder anti-fraud advocacy:</p> <ul style="list-style-type: none"> ➔ Collaborated with 2 universities to host 9 trust-themed seminars, with a total of 264 participants and 25 volunteer participants. ➔ A total of 145 conferences on care trusts were held at various locations. Participation exceeded one thousand participants. ➔ Collaborated with the Kaohsiung Dementia Association to host 1 online seminar on care trusts, with 87 participants attending the online seminar.
	Financial education seminars for financial customers	In 2023, 6 financial education seminars for financial customers were organized to provide financial literacy and establish correct financial concepts, with a total of 300 participants and 60 volunteer participants.
	Host forum activities on financial-related topics	"New Trends and New Values of Fair Treatment of Customers" forum activity held in 2023, explored a range of topics including financial inclusion, anti-fraud in financial services, fair and friendly practices, financial technology innovation, and generational wealth transfer through family trust. The activity highlighted the importance of sustainable operations and fulfilling corporate social responsibility. Approximately 300 participants and 43 volunteer participants.



Targets	Plan and Action	2023 Implementation Results
Improve cultural access rights	Sponsor the Central News Agency's "Journal Donation Program to Enhance International Outlook"	We have sponsored the "Journal Donation Program to Enhance International Outlook" for 5 consecutive years since 2019 and donated one-year monthly magazines to 200 rural junior high school and above and youth social welfare organizations to annotate reading resources and implement cultural access rights to deepen knowledge. There are approximately 2,000 beneficiaries in 2023.
Improving the right to education of disadvantaged students	Chang Hwa Bank Strive to Make Progress Scholarship Program	We have collaborated with Taiwan Fund for Children and Families for the "Strive to Make Progress Scholarship Program" to help junior high and elementary school students who studied hard despite difficult situations study without worries for 10 consecutive years since 2014 with a total of 1,745 students benefited. There are 200 beneficiaries in 2023.
Caring for the rights of disadvantaged groups	Provide financial friendly services for disadvantaged and specific ethnic groups (ATM interbank withdrawal fee waiver for people with disabilities, preferential trust service fee and management fee)	Provide fee waiver benefits: <ul style="list-style-type: none"> ➔ Since January 1, 2017, the Bank has provided people with disabilities with free ATM interbank withdrawal fees waiver benefits three times a month. A total of 827 free interbank withdrawals were offered to 65 people by 2023. ➔ With the aim of reducing the fees for elderly and customers with disabilities while conducting personal trust wealth management commodity transactions and implement inclusive finance, since January 1, 2023, the newly on boarded signed cases from "Care/People with disabilities Trust and Securities Trust" activities will be provided with at least 70% discount of the fund purchase fee and the fund will be exempted from trust management fees. For individuals purchasing foreign bonds listed by the bank through trust assets, purchase fees and trust management fees for those foreign bonds are waived.
	Donate in micro-insurance premiums	We have donated micro-insurance premiums to disadvantaged groups for 4 consecutive years since 2020, to provide basic protections for disadvantaged people and specific groups. As of today, 8,450 people have benefited from the program. In 2023, 7,138 disadvantaged people benefited from the donations. In the 2023 Insurance Industry Cooperation Policy Promotion Business Awards Ceremony, which is organized by the Financial Supervisory Commission, the Bank was awarded first place in the Promotion Microinsurance – Insurance Auxiliary Personnel Group.
	"Shine with Love through Timely Actions" campaign	Collaborate with Shin Kong Life Insurance Co. in the "Shine with Love through Timely Actions" campaign. For insurance policy purchased from our bank, a donation of NT\$200 from the Shin Kong Life Insurance Co. will be made to the "Andrew Charity Association" to support underprivileged children in needy families with essential food. There were 532 cases from July to December 2023.
	Caring for the disadvantaged elderly	In accordance with the belief of "respecting the elderly as we would our own", we have partnered with the Huashan Social Welfare Foundation to conduct public welfare activities focused on providing care for the solitary elderly: <ul style="list-style-type: none"> ➔ We have worked with Huashan Social Welfare Foundation for 10 consecutive years since 2014 on the New Year Cuisine Project. We are also organizing volunteer activities to give back to society. To date, over 9,221 senior citizens have been benefited and 830 volunteers have participated. In the 2023 adoption of New Year cuisine, "Chang Hwa Bank Joins Hands with Huashan Historical House Revisiting the Past for Childhood Memories and Happy Lunar New Year." The event, which benefited 1,460 people, involved approximately 98 volunteers and reached an estimated 1,540,000 people through social media and video exposure. 10 ➔ In 2023, the "Love the Elderly, Stay Active" Senior Sports Day was held, benefiting 100 senior citizens. Approximately 86 volunteers participated. In conjunction with the event, the "Dragon Boat Festival Love Delivery" volunteer activity was organized, benefiting 600 people and 20 volunteers participated in the event. 11 12
	Sponsor the benefit concert	We have sponsored the Taipei Kuanyin-Line Psychological and Social Service Association's "Kuanyin-Line Association Benefit Concert" for 5 consecutive years since 2019 to help the association provide immediate psychological support and assistance and reduce the social problems. The 2023 benefit concert has reached 1,495 people.
	"Chang Hwa Bank Love Never Ending" Taiwan Pay mobile payment charity event	We have continuously rolled out Taiwan Pay mobile payment public welfare activities since 2018, enabling customers to make online donations directly through Taiwan Pay. In 2023, the total number of donations was 111,364 donations and the total amount reached NT\$2,688,779.
Health promotion and charity donation	Health promotion and charity donation events in workplace	The "Healthy Guardian, Heart Care Action" CPR+AED emergency first aid practical competition, a large-scale workplace health promotion event, was successfully held. A total of 964 participants received "CPR+AED course certificates." The event also fulfilled its charitable objective by donating NT\$200,000 to the "South-Link Medical Foundation."



Arts and Culture

Social and Environmental Issues

- The sustainable preservation of culture requires environmental influence and financial support.
- The development of cultural and creative industries is an uphill task and enterprises need to inject resources to bring cultural sustainability to fruition.

Targets	Plan and Action	2023 Implementation Results
Promote cultural preservation	Participate in the filming by The General Association of Chinese Culture	<p>Since 2017, we have participated in the filming of videos by The General Association of Chinese Culture, supporting local cultural skills. We use the soft power of cultural creativity to deepen the cultural spirit and promote the sustainable preservation of culture. In 2023, we sponsored three video series: The Soul of the Craftsman #44 Ferry of Human and God, #45 Hit the Target at Every Shot, and #47 Building a Ship to Leave Land. A total of more than 200,000 people viewed the videos. (The total sponsorship amount for these series was NT\$5 million.) ❶</p>
	Sponsor important celebration events	<p>By sponsoring important celebration events, we assisted in showcasing the cultural characteristics of Taiwan, driving overall development and enhancing Taiwan's international cultural tourism image:</p> <ul style="list-style-type: none"> ➔ Sponsor the General Association of Chinese Culture hosted the "Impact Taiwan Golden Horse 60" film concert event. The event drew an audience of over 20,000 in person and over 200,000 viewers online (NTD 2 million in sponsorship) ❷ ➔ Sponsored the Taichung City Government to hold the "2023 National Day Fireworks in Taichung" event which attracted about 510,000 participants. (NTD 500,000 in sponsorship) ➔ Sponsored SET TV Co., Ltd. to broadcast the "2023 National Day Celebration in Tainan" National Day Evening Party event. Approximately 11,000 people attended the event in person, while an estimated 344,000 viewers watched the television broadcast and online streaming. (NTD 1 million in sponsorship) ➔ Sponsored the production and broadcasting of the television program "We are- 2023 Our New Year's Eve" of The General Association of Chinese Culture, which was viewed by about 386,078 viewers on the day. (NTD 500,000 in sponsorship) ❸
	Sponsor Taiwan Lantern Festival mini lanterns	<p>Starting in 2012, we became a long-term sponsor of the Taiwan Lantern Festival. We donated mini lanterns to the public and social welfare groups to spread the cheer and spirit of the Lantern Festival, and to promote the preservation of culture. In 2023, we donated 2,000 mini lanterns to Taiwan Fund for Children and Families, with 2,000 people benefited and 2 volunteers. ❹</p>



Green Care

Social and Environmental Issues

- Climate change has led to the warming and acidification of the oceans, as well as the expansion of oxygen-deficient areas, impacting marine life. Plastics pollution has caused serious harm to the oceans.
- Global warming has caused changes in the natural ecological environment, extinction of species, and decline in biodiversity.
- The imbalance between the production and sales of agricultural products has affected agricultural developments and the livelihoods of farmers.

Targets	Plan and Action	2023 Implementation Results
Protect the earth through action	CHB Love Sea Protection Action	Since 2021, The Bank has launched the CHB Love Sea Protection Action in collaboration with the Society of Wilderness. In addition to sponsoring expenditures of ocean conservation, we conduct educational advocacy talks and beach (stream) cleaning activities to promote environmental education, raise employees' understanding of environmental issues and promote the importance of taking action to protect the environment. In 2023, 5 clean beach (stream) clean-up activities were held, with 260 corporate volunteers participating, and a total of 1,285 kilograms of marine waste were cleared. ❶
	Budai Salt Field Wetland Guardian ESG Enterprise Partnership Project	Since 2022, the Bank has partnered with the Kaohsiung Wild Bird Society on the "Budai Salt Field Wetland Guardian ESG Enterprise Partnership Project" to jointly drive the conservation of natural resources and environmental sustainability. In 2023, 2 volunteer events were held, focusing on habitat restoration and improvement, as well as planting activities. A total of 40 volunteers participated. ❷
	Support Earth Hour Taiwan energy saving activity	Starting in 2019, we have responded to the Society of Wilderness the "Earth Hour Taiwan energy saving activity" for 5 consecutive years. All business units in Taiwan participated in the simultaneous lightsoff event to save energy, promoting environmental protection and global sustainability ideals. The event reached 6,648 people from the Bank in 2023. ❸
Raise environmental friendly awareness	Participate in climate change related forums and activities	With climate change and global warming, the Bank participated and sponsored related forum activities to enable the public to gain better understanding on issues such as climate change, climate governance and carbon trading, as well as corresponding strategies: <ul style="list-style-type: none"> ➡ Exploring the Impact on Sustainability Reporting" held by Contemporary Law Journal and Business Weekly, and attracted approximately 544 participants on the day of the event. ❹ ➡ Sponsored the "Net Zero Emission New Era" forum organized by Contemporary Law Journal, and attracted approximately 334 participants on the day of the event. ❺
Alleviate the problem of agricultural product overproduction	Purchase local agricultural products to support sustainable development of agriculture industry	Responding to national policies, helping the imbalance of production and sales, and supporting the livelihoods of farmers and the long-term development of the agricultural industry, we have donated and shared the local produce of Taiwan: <ul style="list-style-type: none"> ➡ Purchased 1,100 boxes of atemoya (benefiting 6,519 employees and 7 public welfare organizations). ➡ Purchased 1,650 boxes of golden diamond pineapple (benefiting 6,523 employees and 36 public welfare organizations). ➡ Purchased 400 boxes of Irwin mango (benefiting 43 public welfare organizations). ➡ Purchased 480 boxes of Wendan pomelo (benefiting 20 public welfare organizations and customers).



6.1.3 Digital Supported Public Welfare Actions

"Chang Hwa Bank Love Never Ending" Taiwan Pay Mobile Payment Charity Event

Since 2018, The Bank has launched the Taiwan Pay charity events every year, and has risen more than NT\$1 million in donations each year from small donations made by the public by scanning a QR code using CHB Wallet. This project is well-received by the public.

In 2023, Taiwan Pay's "Chang Hwa Bank Love Never Ending" was held by the cooperation with four public interest groups, "Taipei Orphan Welfare Foundation", "Double Bliss Welfare and Charity Foundation", "Beunen Foundation", and "Taipei Happy Mount Foundation", the Bank has set up "Donation Section" to provide online donation services, and users can use Taiwan Pay (CHB Wallet) to make online donations directly. In 2023, the total number of donations was 111,364 donations and the total amount reached NT\$2,688,779, helping the disadvantaged fly against the wind.

The "Pre-signing Micro Elderly Care or Disability Trust Contract Fee Waiver" activity was launched in 2023. This activity integrated with the "Chang Hwa Bank Love Never Ending" Taiwan Pay mobile payment public welfare donation. By integrating public welfare care with trust services, allowing individuals to support vulnerable groups while taking care of themselves, implementing ESG principles, and exerting social impact.

6.1.4 Love Birds, Guard the Earth, Implement Ecologically Sustainable Development

In response to the UN Sustainable Development Goals and biodiversity concerns, the Bank has partnered with the Kaohsiung Wild Bird Society (hereinafter referred to as the KWBS) since 2023 to launch the "Budai Salt Field Wetland Guardian ESG Enterprise Partnership Project." This project aims to preserve habitats and biodiversity through long-term support for wetland conservation. The Bank also regularly mobilizes volunteers to participate in nature conservation activities, such as laying oyster shells and gravel in bird habitats and planting native tree seedlings in salt fields. These actions reduce environmental risks, improve habitat conditions, and foster harmonious coexistence between nature and society.

I. Project Background

Preserving the Budai Salt Fields Wetland for Migratory Birds

The Budai Salt Fields Wetland was initially designated by the government for photovoltaic development, creating a conflict between ecological preservation and land development. Subsequently, the government decided to open the area for adoption by non-governmental organizations. Since 2019, the KWBS has been progressively applying to the National Property Administration, Ministry of Finance to adopt the Budai Salt Fields, encompassing a total area of 343 hectares. KWBS has initiated environment patrol and research activities, utilizing water level adjustments to meet the habitat requirements of various migratory bird species. Simultaneously, KWBS has actively interacted and communicated with stakeholders, including local residents, fishermen, and water resources management authorities. By inviting social participation in collaborative wetland management, KWBS aims to foster a harmonious coexistence between culture and nature.

II. Nature-Related Risk Assessment

In accordance with the framework in Taskforce on Nature-related Financial Disclosures (TNFD), the Bank applies the LEAP (Locate, Evaluate, Assess, Prepare) approach to identify and assess the dependency and impact of wetland natural resource management and industrial operations. Through field surveys and stakeholder interviews, we compare perspectives and interests of various stakeholders, aiming to achieve a balanced and mutually beneficial coexistence between wetland conservation and local development.

Locate—Identifying Areas Impacted by Wetland Operations

The Budai Salt Fields Wetland is recognized both domestically and internationally as a significant bird habitat and a relay station for migratory birds during their winter migration. Analysis using Geographic Information System (GIS) reveals that the area within 2.5 kilometers of the wetland exhibits a high abundance of migratory bird species, indicating extremely high levels of biodiversity.



Evaluate—Assessment of Dependence and Impact on Local Industry Activities

To understand the relationship between wetland natural capital and local industries, we utilized the ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) assessment tool recommended by the TNFD. This analysis evaluated the dependency and impact of local industries (such as existing sectors like the aquaculture industry, and small-scale irrigation agriculture, as well as emerging sectors like the "solar power generation industry") on wetland ecosystem services. The data collected and accumulated will also serve as a reference for assessing external impacts in potential future investment or financing projects.

		Salt Field Wetlands' Ecosystem Services (Dependence)		The Impact of Industry on Salt Field Wetlands (Impact)			
Major Surrounding Industries		Water System Supply	Climate Adaptation and Maintenance	Climate Change	Changes of the usage of Land/ Freshwater/ Ocean	Pollution	Resource Usage
Original Industries	Aquaculture	L-M	M-H	-	H-VH	-	H
	Small-Scale Irrigation Agriculture	H-VH	VH	-	H-VH	H	M
Emerging Industry	Solar Power Generation	L	M-H	-	VH	VH	L

Note: VH, H, M, L stand for Very High, High, Moderate, and Low respectively.

Salt Field Wetlands' Ecosystem Services - Industry Dependence:

The salt field wetlands offer two primary benefits to surrounding Industries: "Water System Supply" and "Climate Adaptation and Maintenance." Aquaculture, small-scale irrigation agriculture, and solar power generation all exhibit moderate to high dependence on the "Climate Adaptation and Maintenance" function, while small-scale irrigation agriculture demonstrates a high dependence on "Water System Supply."

The Impact of Industry on Salt Field Wetlands - Environmental Impact:

Local industries' utilization or pollution of terra firma, freshwater, or marine ecosystems can have both positive and negative impacts on environmental assets, either directly or indirectly. These impacts are evident in areas such as climate change, alterations in land and water use, pollution, and resource utilization. Industries with significant interests are highly or extremely impacted by changes in land and water use. For example, long-term utilization of land and water resources without proper management can lead to the deterioration and collapse of earth embankments, severe siltation of drainage ditches, corrosion and damage to sluice gates, and the indiscriminate dumping of garbage and pollutants by the public. These issues result in a reduction of ecosystem services such as flood detention and water purification in salt field wetlands.

Salt Field Wetland Management and Conservation

Since 2022, the Kaohsiung Wild Bird Society has partnered with the Bank on the "Budai Salt Field Wetland Guardian ESG Enterprise Partnership Project" to jointly drive the conservation of natural resources and environmental sustainability.

1 Response to Habitat Loss

Inadequate water and soil management practices have diminished water storage capacity, resulting in the desiccation of wetlands and the gradual loss of habitats for migratory birds.

- ① **Dredging Ditches and Habitat Restoration:** KWBS is progressively implementing a habitat modification project involving the dredging of salt field ditches and backfilling to create linear earth mounds. Create small island habitats that provide shelter from cold winds, and enhance wetland functionality through diverse habitat construction.
- ② **Sustainable Water Diversion Facilities:** KWBS collaborated with the Taiwan Biodiversity Research Institute, MOA, and developed a "siphon pipe" for water diversion using simple hydropower materials and gravity principles. This system achieved water diversion and water level adjustment in salt fields without consuming electricity.

2 Stakeholder Engagement

- ① **Volunteer Training:** The KWBS established the "Budai Salt Field Wetland Conservation Platform," actively engaged with residents and fishermen in the surrounding areas of the salt fields, in addition to conducting long-term observation and recording of bird species. This effort strengthened the promotion of environmental and ecological conservation concepts within the community. KWBS also regularly held Budai Salt Field Wetland ecological volunteer training courses, inviting community members to be volunteers. Through close community relationships, a local network was established to protect the wetland. Furthermore, KWBS utilized a work-vacation model to lead Chang Hwa Bank volunteers in hands-on habitat restoration activities. These activities included planting trees and laying oyster shells to improve the breeding environment for waders. In 2023, 2 events were held, with a total of 40 volunteers participating.
- ② **Community Awareness Campaign:** In 2023, the Bank partnered with the KWBS to promote sustainable initiatives, including wetland conservation and financial literacy, within local communities and schools. Through a collaborative approach that leveraged our combined expertise, we conducted 2 awareness campaigns, reaching a total of 94 students.
- ③ **Business Model Transformation:** Through promotion and communication, local fish farms have gradually transitioned to a business model that coexists with the ecosystem. After harvesting, the water level was lowered, and the remaining fish and shrimp in the pond provided a stable food source and a suitable habitat for migratory birds. Moreover, the use of medication in the fish ponds was avoided, which not only reduced the impact on water quality but also minimized the potential for biomagnification and its associated poisoning effects on the food chain.
- ④ **Integration of Creations on Arts and Culture:** The local educational foundation, using the wetland environment as a theatrical backdrop, invited community residents to contribute local stories or musical creations. These contributions were to be used in the development of video and site-specific performance art, highlighting the vibrant life of the local ecology and community consciousness.

3 Accomplishments of Wetland Conservation

The Budai Salt Field Wetland has witnessed a gradual increase in both the number and diversity of bird species. Through collaborative efforts involving government, businesses, and civil society, and by working closely with stakeholders, wetland conservation has achieved significant results. These efforts have not only mitigated the impact of human industries on the ecosystem but have also improved the quality of water resources used in aquaculture and provided local residents safety functions with flood detention and flood control. This collaborative approach has fostered a sustainable development model that harmonizes ecological preservation, human well-being, and economic production.



6.2 Financial Literacy Education

GRI : 203-1, 203-2, FN-CB-240a.4

1 Promotion of Trust Business

- 1 Participated in the "Cares Expo Taipei 2023" in September 2023, alongside long-term care matching platform providers. The event combined the themes of senior finance and senior care and held 12 sessions of the "Care Trust for Ensuring a Worry-Free Retirement" seminar, which addressed numerous challenges faced by the elderly and retirees, targeting senior citizens, industry peers, healthcare service providers, and individuals facing difficulties in accessing financial services due to time constraints, geographical limitations, or disadvantaged circumstances. Promoting the concept of "Trust 2.0," focusing on "warmth and care," and highlighting three key topics: "Care Trust," "Lease and Trust Combined with Care Trust," and "Insurance Premium Trust" that aim to comprehensively prevent fraud. Leveraging the expertise of the Bank's trust business, aimed to jointly construct a trust protection network to safeguard the assets of senior citizens.
- 2 To promote the concept of trusts, Chang Hwa Bank collaborated with National Taipei University of Business in November 2023 to offer 8 micro-credit courses under the name "Chang Hwa Bank Financial Program." These courses included lectures on trust-related topics. Additionally, 1 trust-related lecture titled "Trust Business Development and Prospects" was offered in collaboration with the Department of Finance, Ming Chuan University. The lectures began with an introduction to basic trust concepts and regulations, providing students with a foundation in trust principles. They also included practical examples of fraud prevention for the elderly and diverse applications of trusts.
- 3 To promote the concept of care trusts and safeguard the assets of the elderly, the Bank conducted seminars at various long-term care institutions, social welfare organizations, schools, and community development associations. As of December 2023, the Bank has held a total of 145 seminars on care trusts and anti-fraud awareness for the elderly, with over a thousand participants. Among these, a joint online seminar on care trusts was held in collaboration with the Kaohsiung Dementia Association. The seminar covered financial topics such as trusts and anti-fraud measures for the elderly. Participants included family members of individuals with dementia, primary caregivers, long-term care professionals, volunteers, and the general public. The online seminar had a total of 87 participants.

2 Financial Education Seminars for Financial Customers

In 2023, 6 financial education seminars for financial customers were organized to provide opportunities for financial literacy, establish correct financial concepts, and promote industry-academia cooperation and financial industry exchanges.

Topic	Seminar	Number of sessions and people
"Discussing Wealth Transfer Planning for High Net-Worth Individuals in Light of Recent Changes in Tax Laws and Company Act"	Liu Yu-Cheng, the Lecturer	6 sessions (approximately 300 people)

3 Promotion of Sustainable Finance

1. The Bank was invited to participate in the "Taipei City Development Project Building Net-Zero Design and Photovoltaic Application Workshop," organized by the Department of Environmental Protection, Taipei City Government in 2023. We served as a speaker at the event, which was targeted at the construction industry and interested members of the public. We shared information on the current state of green finance in Taiwan and the Bank's ESG performance, reaching a total of 40 attendees. The meeting provided information and policies related to net-zero emissions and facilitated discussions with attendees. The objective was to encourage businesses and investors to prioritize relevant industries and integrate sustainability planning into their ESG strategy development, thereby enhancing environmental benefits.



2. To support the recovery of small and medium-sized enterprises (SMEs) after the pandemic and align with international ESG development trends, the Bank collaborated with the Taiwan Small & Medium Enterprise Counseling Foundation to organize the "2023 Seminar on Care and Service for SMEs and Enhancing Financial Competitiveness Program- Post-Pandemic Revitalization, SME Upgrading, Transformation, and Sustainable Carbon Reduction." The seminar aimed to assist SMEs in comprehending the concept of sustainability, enabling them to prepare for as well as adapting their business strategies and attracted a total of 62 participants.

4 Financial Literacy Education Activities for Disadvantaged Groups

For underserved groups such as children and youth, students, the elderly, residents in rural areas, indigenous people, etc., which do not have full access to mainstream financial services, the Bank hosted and cooperated with the FSC to organize numerous financial or digital literacy education and publicity activities to share financial information such as concept of money, savings, lending, trust and digital finance, and strengthen the emphasis on financial fraud prevention and information security to enhance financial literacy and security awareness.

Activity	Participant	Number of sessions	Number of people
FSC - Conduct financial literacy promotion activities on campus and community (6 physical sessions)	Elementary and junior high school students, indigenous students	6	674
Conducting Financial Literacy Activities in Schools or Rural Areas	School students and rural areas	313	12,413
Salt pan wetland and bird ecology courses and bank promotion (including financial and insurance knowledge, anti-fraud, and information security)	Budai Junior High School	2	94
Total		321	13,181

5 Promote Digital Finance to Assist Rural Development

The Bank has entrenched itself in rural or hard-to-reach areas where development is more restricted throughout Taiwan, including Pingxi District, Wulai District, and Wanli District in New Taipei City; Daxi District in Taoyuan City; Beipu Township and Emei Township in Hsinchu County; Fenyuan Township in Changhua County; Cihong Township in Yunlin County; Xingang Township in Chiayi County; and Changzhi Township, Zhutian Township, and Kanding Township in Pingtung County, where access to financial services is limited. Actively promoted digital finance, SMEs and Young Entrepreneur Financing Loans, wealth management, and anti-fraud services to local business districts and micro businesses. The primary objective was to encourage local residents to utilize digital financial services. Simultaneously, we provided on-site guidance to merchants on the adoption and use of mobile payments. This not only reduced physical cash transactions but also enhanced business competitiveness through diverse payment methods. It also promoted the digital literacy of residents, driving the adoption of mobile payments and the development of digital finance. In total, we have conducted 15 promotional briefings, with approximately 530 participants.

Appendix

GRI : 2-3

About this Report

In 2015, Chang Hwa Bank issued its first corporate social responsibility (CSR) report (for reporting year 2014), proactively explaining to the public the Bank have been giving back to the society and efforts in economic, social and environmental aspects. The Bank unceasingly published CSR/ESG reports every year to actively respond to the expectations of all stakeholders. In 2022, CSR was officially extended to the Sustainability Commitment, and the name of the CSR Report was amended to be the ESG Report. As of this report, the Bank has released the CSR/ESG Report for 10 consecutive years, disclosing the Bank's sustainability strategy, performance in three key ESG aspects and future plans, gradually implementing the symbiotic sustainability blueprint.

Release time

The Report was released in 2024 after approval by the 14th meeting of the 27th Board of Directors held on 27th June, 2024.

Reporting period

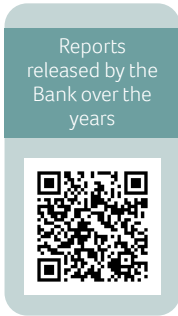
2023 fiscal year (from January 1, 2023 to December 31, 2023)

Scope

The disclosure of financial data is compared with the consolidated financial statements, using the New Taiwan dollar as the unit of calculation and audited by a certified public accountant; the sustainability information, including governance, environmental, and social information disclosed in this report are mainly based on the parent company only financial report. (accounting for 97.37% of consolidated revenue)

Reporting Basis

Guidelines adhered to	Publisher
GRI Standards 2021	Global Reporting Initiative, GRI
SASB Standards - Commercial Banks	Sustainability Accounting Standards Board, SASB
Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies	Taiwan Stock Exchange Corporation
Sustainable Development Goals, SDGs The United Nations Global Compact	United Nations, UN



Feedback

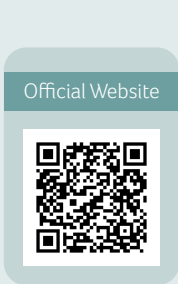
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External Assurance

I. Report Assurance

Assurance Standards	Assurance Level	Issuing Agency	Issuance of Statements/Reports
GRI Standards 2021	AA1000 Assurance Standard v3 Type 2 moderate assurance	British Standards Institution (BSI)	Independent Assurance Opinion Statement
SASB Standards- Commercial Banks	AA1000 Assurance Standard v3 Type 1 adherence assurance		
Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies- Sustainability performance indicators	Statement of Assurance Engagements Standards No. 3000, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" published by the Accounting Research and Development Foundation	Ernst & Young (EY)	Independent Limited Assurance Report

1. BSI Independent Assurance Opinion Statement



INDEPENDENT ASSURANCE OPINION STATEMENT

Chang Hwa Bank 2023 ESG Report

The British Standards Institution is independent to Chang Hwa Commercial Bank Ltd. (hereafter referred to as CHB in this statement) and has no financial interest in the operation of CHB other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of CHB only for the purposes of assuring its statements relating to its sustainability report, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by CHB. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to CHB only.

Scope

The scope of engagement agreed upon with CHB includes the followings:

1. The assurance scope is consistent with the description of Chang Hwa Bank 2023 ESG Report.
2. The evaluation of the nature and extent of the CHB's adherence to AA1000 AccountAbility Principles (2018) and the reliability of specified sustainability performance information in this report as conducted in accordance with type 2 of AA1000 AS v3 sustainability assurance engagement.
3. The assessment of disclosure to be in conformance with the applicable SASB industry standard(s) in this report as conducted in accordance with type 1 of AA1000AS v3 sustainability assurance engagement.

This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that Chang Hwa Bank 2023 ESG Report provides a fair view of the CHB sustainability programmes and performances during 2023. The sustainability report subject to assurance is materially correct without voluntary omissions based upon testing within the limitations of the scope of the assurance, the information and data provided by the CHB and the sample taken. We believe that the performance information of Environment, Social and Governance (ESG) are correctly represented. The sustainability performance information disclosed in the report demonstrate CHB's efforts recognized by its stakeholders.

Our work was carried out by a team of sustainability report assessors in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that CHB's description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards and SASB Standard(s) were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- a top level review of issues raised by external parties that could be relevant to CHB's policies to provide a check on the appropriateness of statements made in the report.
- discussion with managers on CHB's approach to stakeholder engagement. Moreover, we had sampled 1 external stakeholder to conduct interview.
- interview with 18 staffs involved in sustainability management, report preparation and provision of report information were carried out.
- review of materiality assessment process.
- review of key organizational developments.
- review of the extent and maturity of the relevant accounting systems for financial and non-financial reports.
- review of the findings of internal audits.
- the verification of performance data and claims made in the report through meeting with managers responsible for gathering data.
- review of the processes for gathering and ensuring the accuracy of data, followed data trails to initial aggregated source and checked sample data to greater depth during site visits.
- the consolidated financial data are based on audited financial data, we checked that this data was consistently reproduced.
- review of supporting evidence for claims made in the reports.
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness, and Impact as described in the AA1000AP (2018).
- an assessment of the organization's use of metrics or targets of SASB Standard(s) to assess and manage topic-related risks and opportunities.

Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness, and Impact of AA1000AP (2018) and sustainability performance information as well as GRI Standards and SASB Standard(s) is set out below:

Inclusivity

In this report, it reflects that CHB has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for the information of Environment, Social and Governance (ESG) in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the CHB's inclusivity issues and has demonstrated sustainable conduct supported by top management and implemented in all levels among organization.

Materiality

The CHB publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of CHB and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the CHB's management and performance. In our professional opinion the report covers the CHB's materiality assessment process and material issues.

Responsiveness

CHB has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for the CHB is developed and continually provides the opportunity to further enhance CHB's responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the CHB's responsiveness issues.

Impact

CHB has identified and fairly represented impacts that were measured and disclosed in probably balanced and effective way. CHB has established processes to monitor, measure, evaluate, and manage impacts that lead to more effective decision-making and results-based management within an organization. In our professional opinion the report covers the CHB's impact issues.

Performance information

Based on our work described in this statement, specified sustainability performance information such as GRI Standards disclosures disclosed in this report, CHB and BSI have agreed upon to include in the scope. In our view, the data and information contained within Chang Hwa Bank 2023 ESG Report are reliable based on procedures undertaken by means of vouching, re-tracking, re-computing and confirmation.

GRI Sustainability Reporting Standards (GRI Standards)

CHB provided us with their self-declaration of in accordance with GRI Standards 2021 (For each material topic covered in the applicable GRI Sector Standard and relevant GRI Topic Standard, including the disclosures of applicable economic, environmental, and social information, comply with all reporting requirements for disclosures). Based on our review, we confirm that sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported, or omitted. In our professional opinion the self-declaration covers the CHB's sustainability topics.

SASB Standards

CHB provided us with their self-declaration of in accordance with SASB Standard(s) (Commercial Banks Sustainability Accounting Standard, version 2023-12). Based on our review, we confirm that the sustainability disclosure topics & accounting metrics of SASB Standard(s) (Commercial Banks Sustainability Accounting Standard, version 2023-12) are reported, partially reported, or omitted. In our professional opinion the self-declaration covers disclosure topics, associated accounting metrics and activity metrics for applicable SASB industry standard(s).

Assurance level

The moderate level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

The moderate level assurance provided is in accordance with AA1000AS v3 in our review of SASB Standard(s).

Responsibility

This sustainability report is the responsibility of the CHB's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064, and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:

Peter Pu, Managing Director BSI Taiwan



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Statement No: SRA-TW-803744

2024-05-20

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BSI Taiwan is a subsidiary of British Standards Institution.

2. Independent Limited Assurance Report



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English Translation of a Report Originally Issued in Chinese

Independent Auditor's Limited Assurance Report

To Chang Hwa Commercial Bank, Ltd.

Scope

We have been engaged by Chang Hwa Commercial Bank, Ltd. (the "Bank") to perform a limited assurance engagement in relation to and report on the selected sustainability information (the "Subject Matter") included in the Bank's 2023 Sustainability Report.

Subject Matter and Applicable Criteria

Regarding the Subject Matter and the applicable criteria ("Criteria"), please refer to Appendix A.

Management's Responsibilities

In preparing the selected sustainability information, the Bank applied the rules of Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Report by TWSE Listed Companies and applicable criteria, including referencing to GRI Standards 2021 issued by Global Sustainability Standards Board. The Bank's management is responsible for selecting the Criteria, and for presenting the selected sustainability information in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

Our Responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with Standards on Assurance Engagements 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the Accounting Research and Development Foundation in Taiwan. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a limited assurance report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

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Our independence and Quality management

We are in conformity with related independence and other ethics requirements in The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, whose fundamental principles are integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

We are in conformity with Standard on Quality Management 1 "Quality Management for Public Accounting Firms" to establish and maintain a sound system of quality control, including code of professional ethics, professional standards and those written policies and procedures in applicable regulations.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

Our procedures included:

- Conducted interviews with personnel to understand the Bank's business and the indicators in Sustainability Report
- Through interviews and inspection of relevant documents, to understand the key stakeholders of the Bank, the expectations and needs of the key stakeholders, the communication channels between the two parties, and how the Bank responds to such expectations and needs
- Conducted interviews with key personnel to understand the process for collecting, collating and reporting the subject matter
- Checked that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the Criteria
- Undertook analytical procedures for the selected information; collected and evaluated other supporting evidence and management representation letter obtained; if necessary, tested on a sample basis
- Read the Bank's Sustainability Report to confirm with the consistency of the indicators in Sustainability Report which contribute to the selected information

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Limitations

Non-financial information contained within the Report are subject to measurement uncertainties. The selection of different measurement techniques can result in materially different measurement. Also assurance engagements are based on selective testing of information being examined. Any internal control is subjected to limitations. Consequently, it is not possible to detect all existing material misstatements whether resulting from fraud or error.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the subject matter, in order for it to be in accordance with the Criteria.

Chang, Cheng-Tao

CHANG, CHENG-TAO
Ernst & Young, Taiwan
June 26, 2024

Notes to Readers:
The reader is advised that the limited assurance report has been prepared originally in Chinese. In the event of a conflict between the limited assurance report and the original Chinese version or difference in interpretation between the two versions, the Chinese language limited assurance report shall prevail.

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No.	Sustainable Disclosure Indicators	Referring Chapter	Subject Matter Information	Applicable Criteria																				
1	Number of data breaches, percentage involving personally identifiable information, and number of account holders affected	2.6.1 Information Security Mechanism 2.6.2 Personal Information Protection	1. data breaches identified in 2023: A total of 1 case, and 1/1 (case) involved personally identifiable information which affected 1 person. 2. The number of major security incidents related to information equipment and network systems was 0, and the number of people affected by security incidents was 0. 3. 1 confirmed personal data security incident from a regulatory complaint, impacting 1 person.	1. Total number of data breaches that occurred was calculated on the basis of internal operating standards of the Bank and criteria. 2. The percentage of data breaches involving personally identifiable information is equal to total number of data breaches involving personally identifiable information divided by total number of data breaches that occurred. 3. Total number of customers affected by data breaches is total number of account holders affected by data breaches.																				
2	Number and amount of loans outstanding qualified to programs designed to promote development of small businesses and communities	3.2.3 Assistance to Entrepreneurs to Realize Dreams	As of the end of 2023, Chang Hwa Bank provides relevant loans as follows: <table><tr><th>Loan project</th><th>Number of accounts</th><th>Loan balance</th></tr><tr><td>Keelung City SME Dream-Come-True Loan</td><td>17</td><td>NT\$6.5 million</td></tr></table>	Loan project	Number of accounts	Loan balance	Keelung City SME Dream-Come-True Loan	17	NT\$6.5 million	1. Keelung City SME Dream-Come-True Loan The cumulative number of accounts and amount at the end of 2023 according to the Bank's statistics. 2. The number of accounts was calculated by tax ID number.														
Loan project	Number of accounts	Loan balance																						
Keelung City SME Dream-Come-True Loan	17	NT\$6.5 million																						
3	Number of participants in financial literacy initiatives provided to minority groups without adequate banking services	6.2 Financial Literacy Education	2023 Financial Literacy Education Activities for Disadvantaged Groups: <table><tr><th>Activity</th><th>Participant</th><th>Number of sessions</th><th>Number of people</th></tr><tr><td>FSC - Conduct financial literacy promotion activities on campus and community (physical security)</td><td>Elementary and junior high school students, indigenous students</td><td>6</td><td>674</td></tr><tr><td>Conducting financial literacy activities in schools or rural areas</td><td>school students and rural areas</td><td>313</td><td>12,413</td></tr><tr><td>Salt pan wetland and bird ecology courses and bank promotion (including financial and insurance knowledge, anti-fraud, and information security)</td><td>Hualien Junior High School</td><td>2</td><td>94</td></tr><tr><td>Total</td><td></td><td>321</td><td>13,181</td></tr></table>	Activity	Participant	Number of sessions	Number of people	FSC - Conduct financial literacy promotion activities on campus and community (physical security)	Elementary and junior high school students, indigenous students	6	674	Conducting financial literacy activities in schools or rural areas	school students and rural areas	313	12,413	Salt pan wetland and bird ecology courses and bank promotion (including financial and insurance knowledge, anti-fraud, and information security)	Hualien Junior High School	2	94	Total		321	13,181	The number of sessions and people of 2023 Financial Literacy Education Activities for Disadvantaged Groups according to the Bank's statistics.
Activity	Participant	Number of sessions	Number of people																					
FSC - Conduct financial literacy promotion activities on campus and community (physical security)	Elementary and junior high school students, indigenous students	6	674																					
Conducting financial literacy activities in schools or rural areas	school students and rural areas	313	12,413																					
Salt pan wetland and bird ecology courses and bank promotion (including financial and insurance knowledge, anti-fraud, and information security)	Hualien Junior High School	2	94																					
Total		321	13,181																					

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No.	Sustainable Disclosure Indicators	Referring Chapter	Subject Matter Information	Applicable Criteria									
4	Products and services designed by individual operating units to create benefits for the environment or society	3.2.3 Assistance to Entrepreneurs to Realize Dreams	<p>In response to the UN Sustainable Development Goals of "No Poverty," "Zero Hunger," "Gender Equality," and "Decent Work and Economic Growth," Chang Hwa Bank has initiated several financing projects centered around financial inclusivity, including the "Micro-Business Startup Phoenix Program" and "Loans for Startup Funding for Young Entrepreneurs." We hope to inspire and support women, youths, middle-aged and older individuals, micro-enterprises, and communities, providing them with better opportunities for entrepreneurship and self-realization while promoting gender equality and inclusive finance.</p> <p>As of the end of 2023, Chang Hwa Bank provides relevant loans as follows:</p> <table><thead><tr><th>Loan project</th><th>Number of accounts</th><th>Loan balance</th></tr></thead><tbody><tr><td>Micro-Business Startup Phoenix Program</td><td>81</td><td>NT\$34 million</td></tr><tr><td>Loans for Startup Funding for Young Entrepreneurs</td><td>11,813</td><td>NT\$7,721 million</td></tr></tbody></table>	Loan project	Number of accounts	Loan balance	Micro-Business Startup Phoenix Program	81	NT\$34 million	Loans for Startup Funding for Young Entrepreneurs	11,813	NT\$7,721 million	<p>1. Micro-Business Startup Phoenix Program : The balance and number of accounts of loan outstanding by the end of 2023 according to the Bank's statistics. The number of accounts was calculated by ID number.</p> <p>2. Loans for Startup Funding for Young Entrepreneurs : The balance and number of accounts of loan outstanding by the end of 2023 according to the Bank's statistics. The number of accounts was calculated by tax ID number or ID number.</p> <p>3. Clean Transportation Loan : The balance and number of accounts of loan outstanding by the end of 2023 according to the Bank's statistics. The number of accounts was calculated by tax ID number.</p> <p>4. Green Power and Renewable Energy Industry Loan : The balance and number of accounts of loan outstanding by the end of 2023 according to the Bank's statistics. The number of accounts was calculated by tax ID number.</p> <p>5. Loans for the Offshore Wind Power Industry : The balance and number of accounts of loan outstanding by the end of 2023 according to the Bank's statistics. The number of accounts was calculated by tax ID number.</p> <p>6. The Solar Photovoltaic Equipment Installation Project Loan : The balance and number of accounts of loan outstanding by the end of 2023 according to the Bank's statistics. The number of accounts was calculated by tax ID number or ID number.</p> <p>7. Green Building Loan : The balance and number of accounts of loan outstanding by the end of 2023 according to the Bank's statistics. The number of accounts was calculated by tax ID number.</p>
Loan project	Number of accounts	Loan balance											
Micro-Business Startup Phoenix Program	81	NT\$34 million											
Loans for Startup Funding for Young Entrepreneurs	11,813	NT\$7,721 million											
		3.6.1 Green Financial Products and Strategies	<p>Green Loan Project</p> <p>1. Clean Transportation Loan To support green expenditures such as clean energy vehicles and infrastructure for reducing harmful gas emissions, Chang Hwa Bank offers financial assistance for the development of low-carbon transportation networks and models, with the goal of promoting urban sustainability. In 2023, a total of 10 households received assistance, resulting in a year-end loan balance of NT\$1,888 million.</p>										

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No.	Sustainable Disclosure Indicators	Referring Chapter	Subject Matter Information	Applicable Criteria																										
2.	Green Power and Renewable Energy Industry Loan		<p>In order to jointly promote the development of our country's green energy technology industry with the government and promote the momentum of industrial innovation and growth, Chang Hwa Bank cooperates with the competent authorities to promote the policy of "Programme to Encourage Lending by Domestic Banks to Enterprises in Six Core Strategic Industries" and provided the necessary capital and working capital for green energy technology, green power and renewable energy related industries.</p> <p>Unit: Million NTS / account</p> <table><thead><tr><th rowspan="2">Item</th><th rowspan="2"></th><th colspan="2">End of 2023</th></tr><tr><th>Balance of loan</th><th>Number of accounts</th></tr></thead><tbody><tr><td rowspan="3">Loans for the green power and renewable energy industry</td><td>Large enterprises</td><td>76,124</td><td>125</td></tr><tr><td>SMEs</td><td>82,585</td><td>3,037</td></tr><tr><td>Total</td><td>158,709</td><td>3,162</td></tr><tr><td rowspan="3">Loans for the renewable energy power generation industry</td><td>Large enterprises</td><td>90</td><td>3</td></tr><tr><td>SMEs</td><td>2,833</td><td>166</td></tr><tr><td>Total</td><td>2,923</td><td>169</td></tr></tbody></table> <p>Note: Definition of "Small and Medium-sized Enterprises (SMEs)": According to Paragraph 1 and 2, Article 2 of the Act for the Development of Small and Medium Enterprises, and Article 2 of the Standards for Identifying Small and Medium-sized Enterprises, the term "Small and Medium-sized Enterprises" refer to enterprises that completed company registration under the Company Act, limited partnership registration under the Limited Partnership Act, or business registration under the Business Registration Act, and meet one of the following criteria:</p> <p>(1) The paid-in capital is no more than NT\$100 million (including NT\$100 million)</p> <p>(2) The number of regular employees is fewer than 200 (excluding 200)</p>	Item		End of 2023		Balance of loan	Number of accounts	Loans for the green power and renewable energy industry	Large enterprises	76,124	125	SMEs	82,585	3,037	Total	158,709	3,162	Loans for the renewable energy power generation industry	Large enterprises	90	3	SMEs	2,833	166	Total	2,923	169	
Item		End of 2023																												
		Balance of loan	Number of accounts																											
Loans for the green power and renewable energy industry	Large enterprises	76,124	125																											
	SMEs	82,585	3,037																											
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Loans for the renewable energy power generation industry	Large enterprises	90	3																											
	SMEs	2,833	166																											
	Total	2,923	169																											

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No.	Sustainable Disclosure Indicators	Referring Chapter	Subject Matter Information	Applicable Criteria								
3.	Loans for the Offshore Wind Power Industry		<p>In cooperation with the government's policies of reducing carbon emissions and increasing energy independence, and to fully promote the development of industries related to renewable energy and offshore wind power, Chang Hwa Bank actively assists the businesses in the offshore wind power industry in obtaining necessary funds for development, purchase of equipment, and operations. As per the loans provided to the businesses and relevant suppliers who have obtained the license for wind farm development projects through the Ministry of Economic Affairs' selection and bidding mechanism in compliance with the Directions for Allocating Installed Capacity of Offshore Wind Potential Zones.</p> <p>The statistics of loan commitments (approved limits) in 2023 are as follows:</p> <table><tr><th rowspan="2">Item</th><th colspan="2">Unit: Million NTS / account</th></tr><tr><th>2023 Approved amounts</th><th>Number of accounts</th></tr><tr><td>Loans for the offshore wind power industry</td><td>2,476</td><td>4</td></tr></table>	Item	Unit: Million NTS / account		2023 Approved amounts	Number of accounts	Loans for the offshore wind power industry	2,476	4	
Item	Unit: Million NTS / account											
	2023 Approved amounts	Number of accounts										
Loans for the offshore wind power industry	2,476	4										
4.	The Solar Photovoltaic Equipment Installation Project Loan		<p>Chang Hwa Bank provides financial assistance to businesses and individuals for the installation of solar photovoltaic equipment supplying Taiwan Power Company, aiming to promote and stabilize the nation's energy transition and renewable energy development. In 2023, a total of 167 businesses and individual loans were issued, with a year-end loan balance of NTS 2,614 million.</p>									

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No.	Sustainable Disclosure Indicators	Referring Chapter	Subject Matter Information	Applicable Criteria																		
			<p>5. Green Building Loan</p> <p>To support green consumption and encourage customers to construct or purchase green buildings that are ecological, energy-saving, waste-reducing, and healthy, Chang Hwa Bank actively supports energy conservation and carbon reduction efforts, and fosters a friendly environment. The bank promotes financing for the construction of green buildings and encourages the acquisition of real estate with green building label. By collaborating with customers, the bank aims to create a sustainable home and achieve harmonious coexistence with the global environment.</p> <table><thead><tr><th colspan="3">Unit: Million NTS / account</th></tr><tr><th colspan="3">End of 2023</th></tr><tr><th>Item</th><th>Balance of loan</th><th>Number of accounts</th></tr></thead><tbody><tr><td>Personal finance</td><td>3,552,294</td><td>319</td></tr><tr><td>Corporate finance</td><td>913,536</td><td>4</td></tr><tr><td>Total</td><td>4,465,83</td><td>323</td></tr></tbody></table>	Unit: Million NTS / account			End of 2023			Item	Balance of loan	Number of accounts	Personal finance	3,552,294	319	Corporate finance	913,536	4	Total	4,465,83	323	
Unit: Million NTS / account																						
End of 2023																						
Item	Balance of loan	Number of accounts																				
Personal finance	3,552,294	319																				
Corporate finance	913,536	4																				
Total	4,465,83	323																				
5	Investment amount in the green industry	Principle for Responsible Banking—Climate Change Mitigation	The investment amount in the green industry reached NT\$13.873 billion from 2019 to 2023.	The total investment amount in the green industry : The total investment amount according to the Bank's statistics from 2019 to 2023.																		
6	Promotion of ATMs for the visually impaired and bilingual branches	Principle for Responsible Banking—Financial Health and Inclusion	<p>Promotion of ATMs for the Visually Impaired and Bilingual Branches</p> <table><thead><tr><th colspan="2">ATMs for the Visually Impaired</th><th colspan="2">Bilingual Branches</th></tr><tr><th>Number of ATMs for the Visually Impaired</th><th>Total Number of ATMs</th><th>Number</th><th>Proportion</th></tr></thead><tbody><tr><td>2023</td><td>243</td><td>639</td><td>38.3 %</td></tr></tbody></table> <p>Note : The proportion is calculated by dividing the number of branches with bilingual service by the total number of domestic branches (185 branches) at the end of 2023.</p>	ATMs for the Visually Impaired		Bilingual Branches		Number of ATMs for the Visually Impaired	Total Number of ATMs	Number	Proportion	2023	243	639	38.3 %	<p>1. The number of ATMs for the visually impaired, the total number of ATMs and the proportion of ATMs for the visually impaired by the end of 2023 according to the Bank's statistics. (Number of ATMs for the Visually Impaired / Total Number of ATMs)</p> <p>2. The number of bilingual branches, the total number of branches and the proportion of bilingual branches by the end of 2023 according to the Bank's statistics. (Bilingual branches / Total Number of domestic branches)</p>						
ATMs for the Visually Impaired		Bilingual Branches																				
Number of ATMs for the Visually Impaired	Total Number of ATMs	Number	Proportion																			
2023	243	639	38.3 %																			

Note : Items 1 - 4 are enhanced disclosure requirements for sustainability indicators, as referred to in Appendix 1-3 of Article 4 of the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies".

II. Sustainability Related Performance

Verification/Validation/Certification	Publisher	Related Chapter
Task Force on Climate- Related Financial Disclosures (TCFD) compliance- Level 5+ Excellence	BSI	4.1
ISO14001 : 2015 Environmental Management System	BSI	2.2 ~ 4.2
ISO50001 : 2018 Energy Management System	SGS Taiwan	4.5.1
ISO14064-1 : 2018 Greenhouse Gas Inventory certification	BSI	4.3.2
ISO 14064-2 Certification of Voluntary Greenhouse Gas Emission Reduction Project	Taiwan Bureau Veritas International Quality Assurance Certification	4.3.3
ISO46001 : 2019 Water Efficiency Management System	BSI	4.5.3
ISO45001 Occupational Safety and Health Management System	BSI	5.4
ISO 22301 : 2019 Business Continuity Management System	BSI	2.2 ~ 2.6
ISO 27001 : 2022 Information Security Management System	BSI	2.2 ~ 2.6
BS10012 : 2017 Personal Information Management System	BSI	2.2 ~ 2.6
PAS 2060: Carbon Neutrality Declaration Verification	BSI	4.4.2
ISO 14067 Carbon Footprint Verification	BSI	4.3.5
ISO 14046 Water Footprint Verification	BSI	4.3.5
Taiwan Intellectual Property Management System (TIPS) Level A Certification	Industrial Development Bureau, Ministry of Economic Affairs	2.5.6
Ad-hoc audit of the personal information protection mechanism	Deloitte & Touche	2.2 ~ 2.6.2
Effectiveness initiative assessment of the design and implementation of the internal control system for anti-money laundering and counterterrorism financing	PwC Taiwan	2.2 ~ 2.4
Certified with "Excellence" in CG6013(2021) Corporate Governance System Evaluation	Taiwan Corporate Governance Association	2.2
The green deposit project has been evaluated on the efficiency	Accountant	3.6.1

Sustainability Indicators

Sustainability Indicators of Environment

The Bank's greenhouse gas emissions in 2023 (classified according to the Greenhouse Gas Inventory Protocol)

Classification	Emissions (tons of CO ₂ e)	Emission calculation method
Scope 1	2,133.566	Adopting the "emission coefficient method", the inventory items include natural gas, diesel, gasoline, refrigerant, etc.
Scope 2 (Market-based)	13,008.712	Adopting the "emission coefficient method", the inventory items are predominantly on electricity.
Scope 2 (Location-based)	13,181.280	Adopting the "emission coefficient method", the inventory items are predominantly on electricity.
Scope 3	14,676.566	-
① Purchased Goods and services	3,893.460	Adopting the "emission coefficient method", the inventory items mainly focus on tap water and consumables, including photocopy paper, kraft paper, simili paper, uncoated woodfree paper, coated art paper, cardboard, Bristol board, carbonless paper, thermal paper, stickers, paper straps, plastic, cotton cloth, hemp rope, laser printer toner cartridge, photocopier toner cartridge, etc.
② Capital Goods	4,116.072	Adopting the "emission coefficient method", the inventory items mainly focus on fixed assets, including computers, information equipment, office desks and chairs, cameras, air conditioning systems, elevators, etc.
③ Indirect emissions related to fuel and energy	313.208	Adopting the "emission coefficient method", the inventory items include natural gas, diesel, gasoline, refrigerant, etc.
④ Upstream transportation and distribution	53.598	Adopting the "emission coefficient method", the inventory item is the transportation of goods purchased or office supplies requested.
⑤ Waste generated in operations	589.970	Adopting the "emission coefficient method", the inventory items included waste incineration, recycling, transportation, etc.
⑥ Business travel	496.378	Adopting the "emission coefficient method", the inventory items are the means of transportation (airplane, car, motorcycle, coach, Taiwan Railway, high-speed rail, etc.) and distance travelled by employees on business trips.
⑦ Employee commuting	4768.774	Adopting the "emission coefficient method", the inventory items include the transportation tools and distance travelled by employees for commuting (aircraft, fuel-based car, fuel-based motorcycle, electric vehicle, hybrid vehicle, electric motorcycle, coach, buses, MRT, Taiwan Railway, high-speed rail, bicycles, walking, etc.).
⑧ Upstream leased assets	-	After the identification of the significance of the emission source, the significance after weighting calculation is relatively low. Hence the exclusion in the inventory and assessment scope.
⑨ Downstream transportation and distribution	-	Included in Item 4 due to the adoption of carbon footprint coefficient, which covers the scope from cradle to grave.
⑩ Processing of sold products	75.722	Adopting the "emission coefficient method", the inventory items are credit cards issued by the Bank.
⑪ Use of sold products	335.943	Adopting the "emission coefficient method", the inventory items are credit cards issued by the Bank.
⑫ End-of-life treatment of sold products	-	After the identification of the significance of the emission source, the significance after weighting calculation is relatively low. Hence the exclusion in the inventory and assessment scope.
⑬ Downstream leased assets	33.441	Adopting the "emission coefficient method", the inventory items are credit cards issued by the Bank.
⑭ Franchise	-	After the identification of the significance of the emission source, the significance after weighting calculation is relatively low. Hence the exclusion in the inventory and assessment scope.
⑮ Investment and financing [*]	7,646,568	Calculated based on the PCAF method, as detailed in the Bank's TCFD report.

^{*}Note: The carbon footprint (Metric tons of CO₂e equivalent generated per NT\$1M of investment and financing balance) of investment and financing portfolio is 3.97 in 2023. Inventory boundary of Investment and financing portfolio is 70.62%.

Indicators of Human Resources Management

1. Unpaid Parental Leaves

Item	2021			2022			2023		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Number of employees entitled to unpaid parental leave ^{*1}	61	132	193	43	133	176	50	100	150
Number of employees that applied for unpaid parental leave	6	76	82	8	69	77	6	55	61
The unpaid parental leave ratio ^{*2}	7.32%	92.68%	100%	10.39%	89.61%	100%	9.84%	90.16%	100%
Number of employees expected to return from unpaid parental leave (A)	4	52	56	10	68	78	6	66	72
Number of employees that actually returned to work from unpaid parental leave ^{*3} (B)	2	50	52	10	63	73	6	65	71
Return rate (B/A)	50%	96.15%	92.86%	100%	92.65%	93.59%	100%	98.48%	98.61%
Number of employees that returned to work from unpaid parental leave in previous year (C)	5	52	57	4	52	56	10	68	78
Number of employees who have been in service for at least one year after returning to work in the previous year (D)	5	45	50	2	46	48	10	61	71
Retention rate (D/C)	100%	86.54%	87.72%	50%	88.46%	85.71%	100%	89.71%	91.03%

Note: 1. "The number of employees entitled to parental leave" is based on employees that applied for paternity leave and maternity leave.

2. "The unpaid parental leave ratio" is the total number of applicants for the gender divided by the number of applicants.

3. In this table, the number of employees that actually returned to work includes those who returned to work early.

2. Statistics of Employees with Disabilities by Age, Gender and Rank

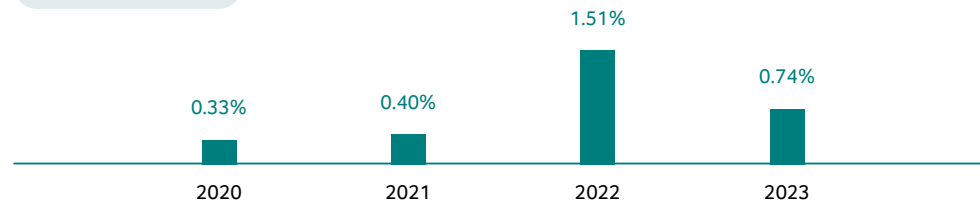
Item	Age			Gender		Rank		Total
	<30 years old	30-50 years old	>51 years old	Male	Female	Managerial role	Non-managerial role	
Number of people in 2023	0	19	34	33	20	13	40	53
Number of people in 2022	3	19	35	37	20	13	44	57
Number of people in 2021	4	16	40	38	22	15	45	60

3. Statistics of Indigenous Employees by Age, Gender and Rank

Item	Age			Gender		Rank		Total
	<30 years old	30-50 years old	>51 years old	Male	Female	Managerial role	Non-managerial role	
Number of people in 2023	5	22	3	10	20	0	30	30
Number of people in 2022	10	17	3	10	20	0	30	30
Number of people in 2021	7	13	3	8	15	0	23	23

4. Employees in Service

Absentee rate- by Year



Note: Absentee rate: number of days off (injury leave due to work + sick leave (including extended sick leave) + menstrual leave) / total number of working days.

Turnover Rate in 2023—by Region, Gender and Age

	Turnover Rate (%)	Age			Gender		Total
		<30 years old	30-50 years old	>51 years old	Male	Female	
Taiwan	4.66	107	72	133	120	192	312
Overseas	0.33	7	13	2	9	13	22
Total	4.99	114	85	135	129	205	334

Note: Turnover Rate = total number of resignees and retirees / total number of employees at the end of the year, including all employees in Taiwan and overseas regions.

Turnover Rate in the past three years— by Year, Gender and Age

	Turnover Rate (%)	Age						Gender			
		<30 years old		30-50 years old		>51 years old		Male		Female	
		Number of people	%	Number of people	%	Number of people	%	Number of people	%	Number of people	%
2023	4.99	114	1.7	85	1.27	135	2.02	129	1.93	205	3.06
2022	4.4	99	1.48	75	1.12	120	1.8	113	1.69	181	2.71
2021	4.63	68	1.03	97	1.47	141	2.13	127	1.92	179	2.71

Note: 1. Turnover rate = total number of resignees and retirees / total number of employees at the end of the year for the year
2. This table covers all employees in Taiwan and overseas regions.

Voluntary Turnover Rate— by Year, Gender and Age

	Turnover Rate (%)	Age			Gender	
		<30 years old	30-50 years old	>51 years old	Male	Female
2023	3.85%	1.64%	1.24%	0.97%	1.54%	2.32%
2022	3.26%	1.47%	1.09%	0.70%	1.29%	1.98%
2021	3.30%	1.03%	1.38%	0.89%	1.26%	2.04%
2020	3.07%	1.15%	1.00%	0.91%	1.17%	1.90%

Note: 1. Turnover rate = total number of resignees and retirees / total number of employees at the end of the year (all employees in Taiwan and overseas regions)

2. The number of resignees is calculated based on the number of resignees and retirees excluding "retirement", "severance", "discharge", and "death".

Ethnicity Analysis- Number of Employees by Ethnicity / Nationality

Race (Ethnicity/Nationality)	Number of employees	Share in total employees	Number of management positions	Share in all management positions [*]
Asian / Chinese	6,611	98.77%	1,095	99.01%
Asian / Indigenous people	30	0.45%	0	0%
Asian / Filipino	13	0.19%	2	0.18%
Asian / Singaporeans	8	0.12%	2	0.18%
Asian / Japanese	6	0.09%	1	0.09%
Asian / Malaysian	6	0.09%	0	0%
Asian / American	19	0.28%	6	0.54%
Total number of people	6,693	100.00%	1,106	100%

Note: All management positions include junior, middle and senior management.

Sustainability Standards and Indicators Comparison

I. GRI Universal Standards Index

Statement of use
Chang Hwa Bank has reported in accordance with the GRI Standards for the period January 1, 2023, to December 31, 2023

GRI 1 used
GRI 1: Foundation 2021

GRI 1 used Applicable GRI Sector Standard(s)
N/A

GRI 2: General Disclosure (2021)			
Disclosure		Chapter / Description	Page
The organization and its reporting practices			
2-1	Organizational details	1.1 Company Profile	37
		1.2 Business Performance and Tax Governance	40
2-2	Entities included in the organization's sustainability reporting	1.1 Company Profile	37
		1.2 Business Performance and Tax Governance	40
2-3	Reporting period, frequency and contact point	Appendix- About this Report	157
2-4	Restatements of information	No significant change	-
2-5	External assurance	4.2 Adoption of Environmental Sustainability Standards	99
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Activities and Workers			
2-6	Activities, value chain and other business relationships	1.1 Company Profile	37
		1.2 Business Performance and Tax Governance	40
		3.1 Customer Rights and Interests	71
		4.6 Supplier Management	111
		No material change compared to last fiscal year	
2-7	Employees	5.2 Talent Attraction and Retention	126
2-8	Workers who are not employees	5.2 Talent Attraction and Retention	126
2-9	Governance structure and composition	2.1 Corporate Governance	44
2-10	Nomination and selection of the highest governance body	2.1 Corporate Governance	44
2-11	Chair of the highest governance body	2.1 Corporate Governance	44
2-12	Role of the highest governance body in overseeing the management of impacts	Operation Mechanism of Sustainable Development	8
2-13	Delegation of responsibility for managing impacts	Operation Mechanism of Sustainable Development	8
2-14	Role of the highest governance body in sustainability reporting	Operation Mechanism of Sustainable Development	8
		Appendix- About this Report	157
2-15	Conflicts of interest	2.1 Corporate Governance	44
2-16	Communication of critical concerns	2.1 Corporate Governance	44
2-17	Collective knowledge of the highest governance body	2.1 Corporate Governance	44

Disclosure	Chapter / Description	Page
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Strategy, policies and practices		
2-22	Statement on sustainable development strategy	Message from the Chairperson 2
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	305-4	GHG emissions intensity	4.3 Greenhouse Gas Reduction and Management	100
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	305-2	Energy indirect (Scope 2) GHG emissions	4.3 Greenhouse Gas Reduction and Management	100
	305-3	Other indirect (Scope 3) GHG emissions	4.3 Greenhouse Gas Reduction and Management	100
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GRI 417 Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	2.6 Information Security and Personal Information Protection	65
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	417-2	Incidents of non-compliance concerning product and service information and labeling	2.6 Information Security and Personal Information Protection	65
			3.1 Customer Rights and Interests	71
	417-3	Incidents of non-compliance concerning marketing communications	2.6 Information Security and Personal Information Protection	65
			3.1 Customer Rights and Interests	71
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GRI 405 Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	5.1 Human Rights, Diversity, and Equality	114
	405-2	Ratio of basic salary and remuneration of women to men	5.1 Human Rights, Diversity, and Equality	114
GRI 406 Nondiscrimination 2016	406-1	Incidents of discrimination and corrective actions taken	5.1 Human Rights, Diversity, and Equality	114

GRI 200: Economic Series

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GRI 201 Economic Performance 2016	201-1	Direct economic value generated and distributed	1.1 Company Profile	37
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	201-3	Defined benefit plan obligations and other retirement plans	4.1 Climate Risks and Opportunities	96
			5.2 Talent Attraction and Retention	126
GRI 202 Market Presence 2016	201-4	Financial assistance received from government	N/A	-
	202-1	Ratios of standard entry level wage by gender compared with local minimum wage	5.1 Human Rights, Diversity, and Equality	114
	202-2	Proportion of senior management hired from the local community	5.2 Talent Attraction and Retention	126

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	205-3	Confirmed incidents of corruption and actions taken	2.2 Business Integrity	49
GRI 206 Anti-Competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, antitrust, and monopoly practices	2.2 Business Integrity	49
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	302-3	Energy intensity	4.3 Greenhouse Gas Reduction and Management	100
			4.5 Green Office	106
	302-4	Reduction of energy consumption	4.2 Adoption of Environmental Sustainability Standards	99
			4.4 Low Carbon Demonstration Sites	104
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302-5	Reductions in energy requirements of products and services	4.4 Low Carbon Demonstration Sites	104	
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GRI 305 Emissions 2016	305-1	Direct (Scope 1) GHG emissions	4.1 Climate Risks and Opportunities	96
			4.3 Greenhouse Gas Reduction and Management	100
	305-2	Energy indirect (Scope 2) GHG emissions	4.1 Climate Risks and Opportunities	96
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	305-3	Other indirect (Scope 3) GHG emissions	4.1 Climate Risks and Opportunities	96
			4.3 Greenhouse Gas Reduction and Management	100
	305-4	GHG emissions intensity	4.1 Climate Risks and Opportunities	96
			4.3 Greenhouse Gas Reduction and Management	100
	305-5	Reduction of GHG emissions	4.1 Climate Risks and Opportunities	96
			4.2 Adoption of Environmental Sustainability Standards	99
4.3 Greenhouse Gas Reduction and Management			100	
4.4 Low Carbon Demonstration Sites			104	
GRI 308 Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	4.6 Supplier Management	111

GRI 400: Social series

Disclosure			Chapter / Description	Page
GRI 401 Employment 2016	401-1	New employee hires and employee turnover	5.2 Talent Attraction and Retention Appendix-Sustainability Indicators	126 164
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.2 Talent Attraction and Retention	126
	401-3	Parental leave	5.2 Talent Attraction and Retention	126
GRI 402 Labor/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes	5.2 Talent Attraction and Retention	126
GRI 403 Occupational Health and Safety 2018	403-1	Occupational health and safety management system	5.4 Occupational Safety and Health	137
	403-2	Hazard identification, risk assessment, and incident investigation	5.4 Occupational Safety and Health	137
	403-3	Occupational health services	5.4 Occupational Safety and Health	137
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	404-2	Programs for upgrading employee skills and transition assistance programs	5.3 Employee Cultivation and Development	134
	404-3	Percentage of employees receiving regular performance and career development reviews	5.3 Employee Cultivation and Development	134
GRI 405 Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	2.1 Corporate Governance 5.1 Human Rights, Diversity, and Equality	44 114
	405-2	Ratio of basic salary and remuneration of women to men	5.1 Human Rights, Diversity, and Equality	114
GRI 406 Nondiscrimi- nation 2016	406-1	Incidents of discrimination and corrective actions taken	5.1 Human Rights, Diversity, and Equality	114
GRI 413 Local Communities	413-2	Operations with significant actual and potential negative impacts on local communities	3.2 Financial Inclusion 3.4 Responsible Investment 3.6 Green Transition	76 83 91
GRI 414 Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	4.6 Supplier Management	111
GRI 417 Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	3.1 Customer Rights and Interests	71
	417-2	Incidents of non-compliance concerning product and service information and labeling	3.1 Customer Rights and Interests	71
	417-3	Incidents of non-compliance concerning marketing communications	3.1 Customer Rights and Interests	71
GRI 418 Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.6 Information Security and Personal Information Protection	65

II. Sustainability Accounting Standards Board (SASB) for Commercial Banks Comparison Table

Topic	Code	Accounting Metric	Corresponding Chapter	Page
Data Security	FN-CB-230a.1	1. Number of data breaches 2. Percentage involving personally identifiable information (PII) 3. Number of account holders affected	2.6 Information Security and Personal Information Protection	65
	FN-CB-230a.2	Description of approach to identifying and addressing data security risks.	2.6 Information Security and Personal Information Protection	65
Financial Inclusion & Capacity Building	FN-CB-240a.1	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development.	3.2 Financial Inclusion The original metric "small business" is according to the Standards for Identifying Small and Medium-sized Enterprises, set by the Ministry of Economic Affairs, adopted in Taiwan's financial practices; also, in the credit application, the application is based on a credit limit, and the loan is appropriated in a lump sum or in installments, and the original indicator "number of cases" is revised as the number of accounts.	76
	FN-CB-240a.2	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development.		
	FN-CB-240a.3	Provide financial services to disadvantaged group	3.2 Financial Inclusion The original metric "unbanked or underbanked customers" (i.e. the economically disadvantaged) and "no-cost retail checking accounts" (no such business in Taiwan) have been revised in line with Taiwan's financial practices. 6.1 Charitable Strategy and Influence	76 144
	FN-CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	6.1 Charitable Strategy and Influence 6.2 Financial Literacy Education	144 155
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	FN-CB-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	3.5 Responsible Financing 3.6 Green Transition	86 91
	FN-CB-410b.1	Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3 (Metric tons (t) CO ₂ -e)	4.1 Climate Risks and Opportunities 4.3 Greenhouse Gas Reduction and Management	96 100
Financed Emissions	FN-CB-410b.2	Gross exposure for each industry by asset class	4.1 Climate Risks and Opportunities	96
	FN-CB-410b.3	Percentage of gross exposure included in the financed emissions calculation	4.1 Climate Risks and Opportunities	96
	FN-CB-410b.4	Description of the methodology used to calculate financed emissions	4.1 Climate Risks and Opportunities	96
Business Ethics	FN-CB-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anticompetitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	2.2 Business Integrity	49
	FN-CB-510a.2	Description of whistleblower policies and procedures	2.2 Business Integrity	49
Systemic Risk Management	FN-CB-550a.1	Global Systemically Important Bank (G-SIB) score, by category	Not applicable as the Bank is neither a global systemically important bank (G-SIB) nor a domestic systemically important bank (D-SIB)	-
	FN-CB-550a.2	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	2.5 Risk Management and Audit	54
Activity Metrics	FN-CB-000.A	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	3.1 Customer Rights and Interests	71
	FN-CB-000.B	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	3.1 Customer Rights and Interests	71

III. Taiwan Stock Exchange Corporation- Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies

Applicable subject	Regulatory requirements/ Sustainable disclosure indicators	Corresponding Chapter	Page
A listed company which meets the requirements	Companies shall prepare an annual sustainability report for the preceding year by referring to the Global Reporting Initiatives (GRI) Standards published by the GRI, Sector Disclosure and other applicable rules according to its sector features. In the report, the company shall disclose its identified material economic, environmental and social topics, management approach, topic-specific disclosure, and its reporting requirements, which shall, at a minimum, meet the core option of the GRI Standards. The sustainability report shall include relevant environmental, social and corporate governance risk assessments and lay out the performance indicators to manage the material topics identified.	Operation Mechanism of Sustainable Development Appendix-About this Report	8 157
	A listed company shall disclose what Content Index of the GRI Standards corresponds to the contents of the report and specify in the report whether the topic-specific disclosures have been assured or verified by a third party.	Appendix-External Assurance Appendix- Sustainability Standards and Indicators Comparison	158 167
	Chapter dedicated on climate-related information	4.1 Climate Risks and Opportunities 4.3 Greenhouse Gas Reduction and Management	96 100
	I. The number of data breaches, percentage involving personally identifiable information, and number of account holders affected. (Quantitative indicator)	2.6 Information Security and Personal Information Protection	65
Financial and insurance industry	II. Number and amount of loans outstanding qualified to programs designed to promote development of small business and communities. (Quantitative indicator)	3.2.4 Promote the Development of Industry, Community and Enterprise	78
	III. Number and amount of loans outstanding qualified to programs designed to promote development of small business and communities. (Quantitative indicator)	6.2 Financial Literacy Education	155
	IV. Products and services designed by individual operating units to create benefits for the environment or society. (Qualitative indicator)	3.6.1 Green Financial Products	91
	The above four indicators shall obtain a CPA's letter of opinion issued according to the rules published by the Accounting Research and Development Foundation, ROC.	Appendix-External Assurance	158

IV. Principle for Responsible Banking

6 Principles	Corresponding Chapter	Page
Principle 1: Alignment	3.4 Responsible Investment	83
	3.5 Responsible Financing	86
	4.1 Climate Risks and Opportunities	96
	5.1 Human Rights, Diversity, and Equality	114
Principle 2: Impact and Target Setting	Climate change mitigation	
	4.1 Climate Risks and Opportunities	96
	4.3.2 Greenhouse Gas Inventory and Verification	100
	3.6 Green Transition	91
	➡ Indicator: The investment amount in the green industry reached NT 13.873 billion from 2019 to 2023.	
	Financial health and Financial Inclusion	
	3.2.3 Assistance to Entrepreneurs to Realize Dreams	77
	3.2.6 Financial-Friendly Services	80
	➡ Indicator: Promotion of ATMs for the visually impaired and bilingual branches	
Principle 3: Clients and Customers	3.4 Responsible Investment	83
	3.6.1 Green Financial Products and strategy	91
Principle 4: Stakeholders	Mechanism of Sustainable Development	8
Principle 5: Governance and Culture	Mechanism of Sustainable Development	8
	3.5.2 Equator Principles (EPs)	90
	3.1.1 Fair Treatment of Customers	71
Principle 6: Transparency and Accountability	Appendix	157

V. The United Nations Global Compact Comparison Table

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Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human right.	5.1 Human Rights, Diversity, and Equality	114
	Principle 2: Make sure that they are not complicit in human rights abuses.	4.6 Supplier Management 5.1 Human Rights, Diversity, and Equality	111 114
	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	5.2 Talent Attraction and Retention	126
Labor Standard	Principle 4: The elimination of all forms of forced and compulsory labor.	5.2 Talent Attraction and Retention	126
	Principle 5: The effective abolition of child labor	5.2 Talent Attraction and Retention	126
	Principle 6: The elimination of discrimination in respect of employment and occupation.	5.1 Human Rights, Diversity, and Equality 5.2 Talent Attraction and Retention	114 126
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges.	4.1 Climate Risks and Opportunities	
		4.2 Adoption of Environmental Sustainability Standards	96 99
		4.3 Greenhouse Gas Reduction and Management	100
Environment	Principle 8: Undertake initiatives to promote greater environmental responsibility.	3.4 Responsible Investment 3.5 Responsible Financing 4.5 Green Office 4.6 Supplier Management	83 86 106 111
	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	3.3 Digital Innovation Services 3.6 Green Transition 4.4 Low Carbon Demonstration Sites	81 91 104
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	2.2 Business Integrity	49

