



彰化銀行



ESG SUMMARY

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OVERVIEW

Since the establishment of the "4C Sustainability Vision" (Carbon, Capital, Credit, and Customer) in 2022, Chang Hwa Bank has embraced a disciplined yet transformative journey toward operational excellence. In 2023, this commitment bore significant fruit, marking a year of remarkable progress in sustainable development.

SUSTAINABILITY ACTION

4C Sustainability Vision



CARBON

Establish concrete and ambitious targets for carbon emission reduction, with these targets officially approved by the Science Based Targets initiative (SBTi) in May 2024: Setting the SBTi near-term target to limit global warming to below 1.5° C, aligning with the Paris Agreement, and achieving net-zero emissions before 2050.

- **Although the Bank is not a major carbon emitter, there are still rooms for daily operation optimization.**
We commits to reduce absolute scope 1 and 2 GHG emissions 42% by 2030 from a 2020 base year.
- **Reduced the overall emissions by 16.97% in 2023 compared to base year 2020 through relacing energy-consuming equipment, encouraging the adoption of electric/low-carbon vehicles, and establishing more carbon-neutral, green building, or solar powered branches.**
Contributing 40.4% to the implementation process of the 2030 reduction target (to arrive at by 42% compared to 2020).
- **Launched internal carbon pricing mechanism.**
Emphasizing carbon offsetting and carbon trading issues as part of the internal carbon pricing mechanism.



CAPITAL & CREDIT

Create investment value and exert long-term sustainable influence. ESG concepts are incorporated into decision-making process of investment and financing. The Company furthers seeks to understand, participate in, and guide the sustainable development of investee companies/clients.

- **The Bank reduces financing for thermal coal and unconventional oil & gas while promoting green financing and sustainable development bonds to support eco-friendly and socially beneficial industries. This fosters a low-carbon economy, generates sustainable impacts, enhances stable revenue, and achieves both financial performance and environmental sustainability.**



CUSTOMER

Committed to enhancing financial accessibility and inclusivity.

- **The Bank empowers women, youth, the disabled, the elderly, entrepreneurs, and micro-enterprises** with initiatives like the "Micro-Business Startup Phoenix Program", "Startup Loans for Young Entrepreneurs", and "Keelung City SME Dream-Come-True Loan."
- **The Bank safeguards customers' assets** with Taiwan Pay for secure, convenient payments, customer-focused services, elderly support, and Taiwanese Hokkien service lines, fostering social and economic balance.
- **The Bank promotes financial literacy, combats inequality in access to tools and education, and raises fraud awareness.** In 2023, it joined the Eagle Eye Anti-Fraud Alliance, leveraging AI to protect assets and partnering with law enforcement for community anti-fraud campaigns.

SUSTAINABLE DEVELOPMENT



- The Bank established the **Sustainable Development Committee (SDC)** under the Board of Directors, with the Chairperson serving as the convener of the SDC, convening 3 independent Directors and President.
- **The SDC features an inter-departmental ESG Task Force.** An Executive Vice President (EVP) has been assigned to serve as the convener, and leaders of the ESG Task Force have been designated based on the Bank's sustainable development policies, such as Corporate Governance, Responsible Finance, Employee Care, Social Inclusion, and Sustainable Environment.
- The SDC shall hold at least two meetings each year, and **regularly report the sustainability action plan, implementation and results to the Board of Directors.**

6 meetings were held in 2024, and a total of 19 proposals related to sustainability were submitted to the Board of Directors for review.

CREDIT RATINGS

Rating Agency	Release Date	International Rating		Domestic Rating		Outlook
		Long term	Short term	Long term	Short term	
Taiwan Ratings	2024/11	-	-	twAA+	twA-1+	Stable
S&P	2024/11	A	A-1	-	-	Stable
Moody's	2024/3	A2	P-1	-	-	Stable

CLIMATE ACTION

We have signed the Science Based Targets initiative (SBTi) commitment in 2022. In addition, the Bank sets and tracks short, medium, and long-term goals to drive the transition to a low-carbon economy and align our business development strategy with the targets of the Paris Agreement.

In 2023, The Bank further calculates carbon emissions of its investment and financing portfolio as it dives deeper into Scope 3. "Business loans" account for the largest amount of Scope 3 Investment and Financing, standing at 69.31% of total Scope 3. Due to its fairly recent goal-setting process, Scope 3 reduction is currently in the planning phase for implementation.

DECARBONIZATION COMMITMENTS

Reduction Targets to Reach Net Zero

Mid-term Target (2030)

Investment and lending (Scope 3) should be well- below the 2° C target.

Ultimate Goal (2050)

In alignment with the "Taiwan's Pathway to Net-Zero Emissions in 2050" proposed by the National Development Council, we are working towards achieving the net zero emissions targets.

Reduction of Positions in Industries Related to Coal and Unconventional Oil and Gas and Aim to Completely Phase Out These Facilities By 2040

To be responsible-finance compliant, Chang Hwa Bank commits to engage with the investment and financing targets related to thermal coal and unconventional oil & gas fuels industry till global phase-out year. The details of the decarbonization commitment are as follows.

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).

For more information, please refer to Credit Limit Management Regulations for Net-Zero Emission of Chang Hwa Commercial Bank.



Credit Limit Management
Regulations for Net-Zero
Emission of Chang Hwa
Commercial Bank

Strategy and Action to Achieve Our Commitments

1. Improvement of Energy Efficiency to Achieve Emission Reduction:

AC equipment and lighting efficiency improvement, transition of fuel vehicles to hybrid or electric models, increase in the utilization of renewable energy to offset carbon reduction gap.

2. Promoting Renewable Energy Utilization:

The Bank increases renewable energy utilization through green energy supply and the establishment of solar branches. Renewable energy utilization in 2023 is 1.28%, while the goal is 10% by 2023.

3. Promoting Carbon Neutrality Branches and Green Buildings Design:

The bank has established a "Carbon Neutral Demonstration Branch Plan" aligned with the "PAS 2060: 2014 Carbon Neutrality Standard", verified by an external auditor. The Bank also integrates green building design to reduce operational carbon emissions. Urban renewal projects, including the Chengtung Branch, the Tianjin Street dormitory, the building of the Chien Cheng Branch, and the Yuanli Branch, are all striving to achieve "Green Building Certification". Notably, the Peimen Branch, completed in 2023, achieved Silver-level certification by incorporating green landscaping, water conservation, energy efficiency, and water recycling.



Changhwa Branch | Carbon Credit:
Announced in 2022 | 153 tCO₂e



Shulin Branch | Carbon Credit:
Announced in 2023 | 99 tCO₂e

CLIMATE RISK GOVERNANCE

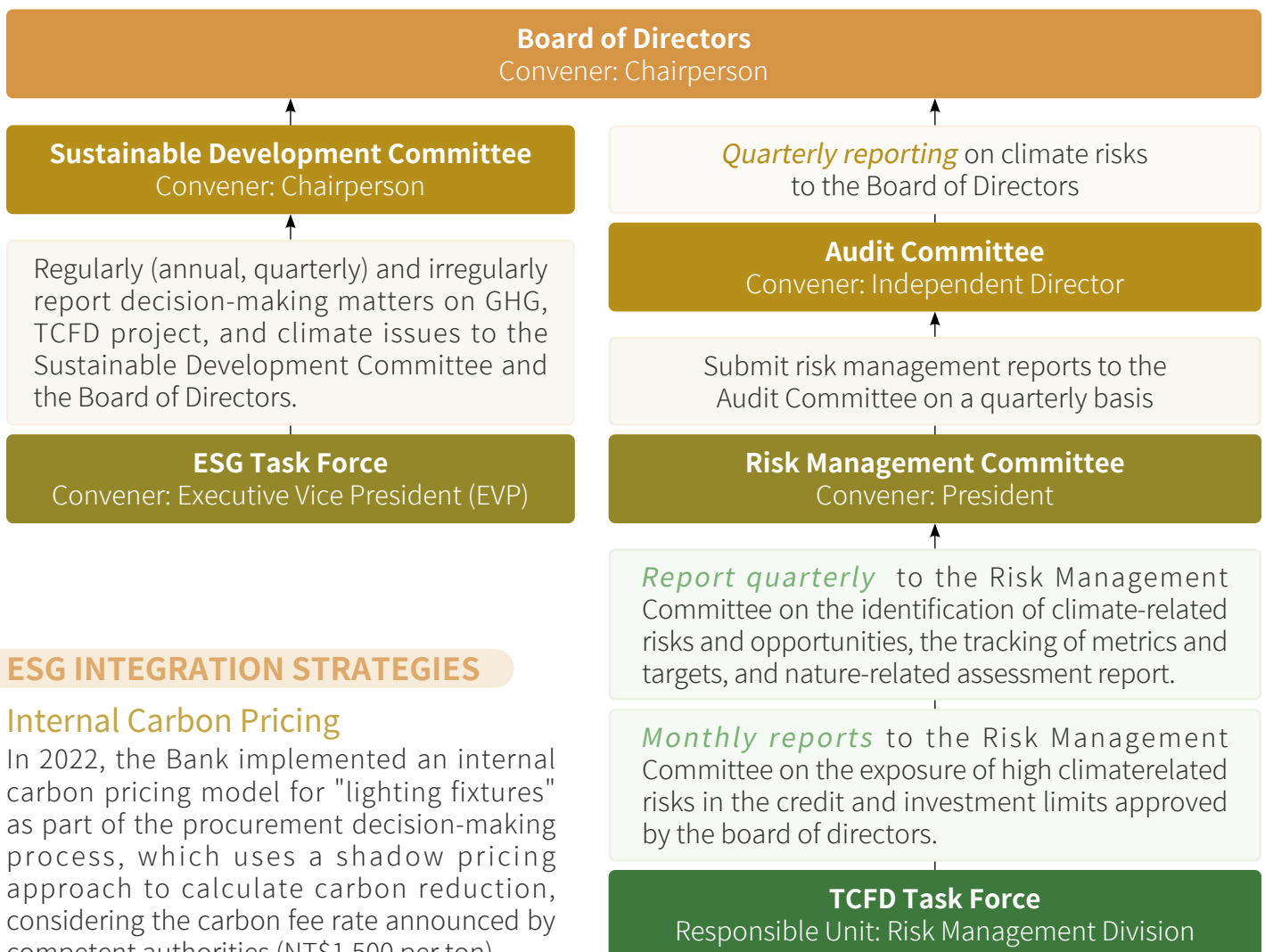
Incorporating Climate Risks into the Standard Risk Assessment Framework

In 2022, the Bank incorporated climate risks into its "Integrated Risk Management Policy". The Board of Directors approved the "Climate Risk Management Policy" to establish a comprehensive climate risk management process and enhance the management of climate-related risks.

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 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, Audit Committee, and the Board of Directors on a quarterly basis.

Reporting Process of Climate Risks



ESG INTEGRATION STRATEGIES

Internal Carbon Pricing

In 2022, the Bank implemented an internal carbon pricing model for "lighting fixtures" as part of the procurement decision-making process, which uses a shadow pricing approach to calculate carbon reduction, considering the carbon fee rate announced by competent authorities (NT\$1,500 per ton).

In 2023, the Bank expanded its internal carbon pricing model to include three key measures: switching to LED lighting, upgrading AC equipment, and adopting hybrid electric vehicles. These efforts support the 2023 carbon reduction target, with significant actions assessed for carbon savings and costs using internal pricing.

Green Financial Products & Strategies

Rising carbon regulations and taxes in Taiwan and globally are increasing costs for carbon-intensive industries, raising default risks and credit concerns for banks. To mitigate these risks, the Bank prioritizes green energy financing, including syndicated loans for green infrastructure and funding for solar, wind, and recycling projects. This approach enhances climate resilience while tapping into green business opportunities. The Bank also supports industries aligned with Taiwan's "2050 Net Zero Emissions Pathway" and its "12 Key Strategies", fostering carbon reduction and energy transition through targeted investment and financing.

Positive Impacts

- At the end of 2023, the balance of the loan for "renewable energy construction" was NT\$7,505 million, meaning these capital injection could have otherwise gone to fossil fuel power generation industries.
- Calculated from the amount of loan balance divided by the power generation cost of fossil fuel power generation, we arrived at avoiding 2,132,102,273 kWh, or NT\$130,058,238 external cost of health impacts reduced.

Note: Calculated 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. Every 1 kWh reduction in electricity can reduce external health impact costs by NT\$0.061.

Top 3 Identified Climate Change Opportunities

1

To increasing credit facilities for green energy sectors

2

To develop of green financial services

3

To expand digital financial services

1. Green Deposits

- The bank initiated a green deposit program in 2022.
- The program directs customers' funds towards projects meeting the green credit standards of the Joint Credit Information Center, including renewable energy, EV, and waste-to-energy power plants.
- Since its launch, the Bank's green deposit project has attracted proposals totaling NT\$3 billion. It has been evaluated by an independent third party, with an assurance report issued. Additional green deposit proposals were introduced in November 2024.

2. Green Credit

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 has funded through credit facilities operations of renewable energy power plants.

Unit: Million NT\$

Type of Credit	Credit balance at the end of 2023	Proportion
Corporate Finance Total credit balance at the end of 2023: 882,240 million		
Green Credit ^{Note}	17,183	1.95%
Sustainability Linked Loans	42,749	4.85%
Personal Finance Total credit balance at the end of 2023: 642,917 million		
Green Building	2,552.294	0.55%
Solar Photovoltaic	0.256	

Note: 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 ecoefficiency and circular economy adaptation, green energy buildings, and others.

In line with global green finance trends, the Bank has also introduced the Sustainability-Linked Loans Project in February 2022. This initiative offers reduced loan interest rates to listed and publicly traded companies that improve publicly disclosed metrics on greenhouse gas emissions, carbon reduction, energy management, and waste reduction. The goal is to support business growth while advancing ESG principles. As of December 2023, the program's progress is as follows: 135 accounts, Balance of loan NT\$67.498 billion.

The Bank echoes and supports government's "Program to Encourage Lending by Domestic Banks to Enterprises in Six Core Strategic Industries" through providing the necessary capital and working capital for green energy technology, green power and renewable energy related industries.

a. Green Power and Renewable Energy Industry Loan

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

b. Loans for Offshore Wind Power Industry, Solar Photovoltaic Equipment Installation Projects, and Green Buildings

Loans for the Offshore Wind Power Industry	2021	2022	2023
Number of accounts	1	1	4
Approved amounts	NT\$2,189 million	NT\$900 million	NT\$2,476 million

Green Building Loan	Personal Financial	Corporate Financial	Total
Number of accounts	319	6	325
Approved amounts	NT\$3,552 million	NT\$933 million	NT\$4,485 million

3.Green Financial Services and Green Procurement

To understand the carbon footprint of credit card products and further reduce GHG emissions, the Bank implemented ISO 14067 product carbon footprint standard for its entire series of contactless credit cards in 2023. 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 ~1.16 kg CO₂e. The use phase is the main source of emissions. We believe to invest in electronic invoices would help us reduce emissions by 3% in 2027, compared to 2022, and hence reducing carbon footprint of each credit card to 1.12 kg CO₂e.

In addition, in 2023, the Bank expanded its green procurement 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.

ENVIRONMENTAL

KEY ENVIRONMENTAL GOALS TO ACHIEVE NET ZERO IN 2050

Category		Goals
Operations	Short-term (2023)	Mid to long-term (2025-2030)
GHG emissions	To reduce the carbon emissions (Scope 1 & 2) by an average annual reduction of 4.2% each year in 2023 and the subsequent years compared to 2020	To reduce GHG emissions (Scope 1 & 2) by 42% by 2030, compared to 2020
Electricity consumption	Average annual reduction of 1%	To reduce more than 10% of electricity consumption by 2030, compared to 2020
Water usage	Annual accumulative reduction of 1% against base year 2020	To reduce more than 10% of water usage by 2030, compared to 2020
Renewable energy use	<ul style="list-style-type: none"> To supply 1 million kWh of renewable energy To achieve a 1% renewable energy utilization rate ¹ To establish 1 solar-powered branch 	2030 target: <ul style="list-style-type: none"> To supply 3 million kWh in renewable energy To achieve a 10% renewable energy utilization rate To establish 10 solar-powered branches
Carbon-neutral branch-via carbon credits ²	To promote 1 carbon-neutral branch per year	To promote 5 carbon-neutral branches per year
Green building	To obtain green building certification for 100% of newly constructed or renovated branches.	

Note:

1. In addition, a total of 337 renewable energy certificates were purchased in 2023.

2. The bank purchases annual carbon credits to offset the carbon emissions of branches to build a carbon-neutral branch.

INVESTMENT AND FINANCING PORTFOLIO RELATED TO CARBON EMISSIONS GOALS AND RESULTS TO ACHIEVE NET ZERO IN 2050

Climate-Related Targets		Targets Description	Short-term Targets	Medium-term Targets	Long-term Targets
Carbon Emissions of the Investment and Financing Portfolio	Corporate Instruments	Listed Equity, Corporate Bonds and REITs	Chang Hwa Commercial Bank, Ltd commits to 51.9% of its listed equity, corporate bonds and REITs portfolio by invested value setting SBTi validated targets by 2028 from a 2022 base year.		Net zero by 2050
	Electricity Generation Project Finance	Renewable Electricity Related Project Finance	Chang Hwa Commercial Bank, Ltd commits to continue providing electricity generation project finance for only renewable electricity through 2030.		

Climate-Related Targets	Targets Description	Short-term Targets	Medium-term Targets	Long-term Targets
Carbon Emissions of the Investment and Financing Portfolio	Commercial Real Estate	Department Stores, Hotels, Factories, Office Buildings, and Warehousing	Chang Hwa Commercial Bank, Ltd commits to reduce its real estate loan portfolio GHG emissions 50.0% per square meter by 2030 from a 2022 base year.	Net zero by 2050
	Business Loans	Electricity Generation	Chang Hwa Commercial Bank, Ltd commits to reduce GHG emissions from the electricity generation sector within its corporate loan portfolio 40.9% per MWh by 2030 from a 2022 base year.	
		Corporate Loans for the Finance, Retail, Service, Food and Lodging, Accommodation, and Real Estate Development Sectors	Chang Hwa Commercial Bank, Ltd commits to reduce GHG emissions from the finance, retail, service, food and lodging, and real estate development sectors within its corporate loan portfolio 50.0% per square meter by 2030 from a 2022 base year.	
		Loans to Companies in the Fossil Fuel, Electrical and Electronic Equipment, Manufacturing, and Semiconductor Sectors	Chang Hwa Commercial Bank, Ltd commits to 36% of its 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 from a 2022 base year.	

2023 ENVIRONMENTAL RESULTS

	2023 Target	2023 Actual	Outcome
Carbon emissions (Scope 1+2)	-12.6% from 2020 base year or -4.2% each year	-16.97%	Achieved
Electricity usage (non-renewable energy)	-3% from 2020 base year	-13.0%	Achieved
Renewable energy usage % (from solar)	1%	1.28%	Achieved
Water usage	-3% from 2020 base year	-6.01%	Achieved

The waste generated decreased by 12.44%, significantly exceeding the 3% reduction goal, and the recycling rate was 39.67%, surpassing the 15% target and maintained at high level as 2022. The total electricity consumption counting in renewable energy in 2023 decreased by ~13% (4,045,733 kWh) compared to the base year 2020.

	2023 Target	2023 Actual	Outcome
Waste generation in Taipei building of the head office	-3% from 2020 base year	-12.44%	Ahead of schedule
Recycling rate in Taipei building of the head office	15%	39.67%	Ahead of schedule

ENVIRONMENTAL METRICS

Item	Unit	2020	2021	2022	2023
GHG Emissions					
Inventory boundary of carbon emissions (Category 1 + Category 2)	%	100%	100%	100%	100%
Category 1 + Category 2 emissions	metric tons CO ₂ e	18,236.49	17,453.93	17,091.79	15,142.28
Carbon intensity (Category 1 + Category 2)	tons of CO ₂ e / NT\$m	0.6676	0.6084	0.5007	0.3926
Category 3 emissions	metric tons %	5,242.15	5,244.31	4,727.67	5,318.75
Category 4 emissions		7,541.97	8,077.08	9,602.44	8,988.43
Category 5 emissions		239.00	266.89	229.76	369.38
Water & Waste Management					
Statistical boundary	%	89.7%	89.7%	89.7%	98.4%
Water Resources Implemented ISO 46001 Water Efficiency Management System, with Water Usage as the Metrics	m ³	163,944	160,777	147,532	154,083
General Waste	metric tons	121.37	118.63	102.46	106.27
Waste Recycling	%	14.10	12.85	40.52	39.67

NET-ZERO EMISSION STRATEGY

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:**

Strategy 1

Improvement of energy efficiency for AC equipment and lighting

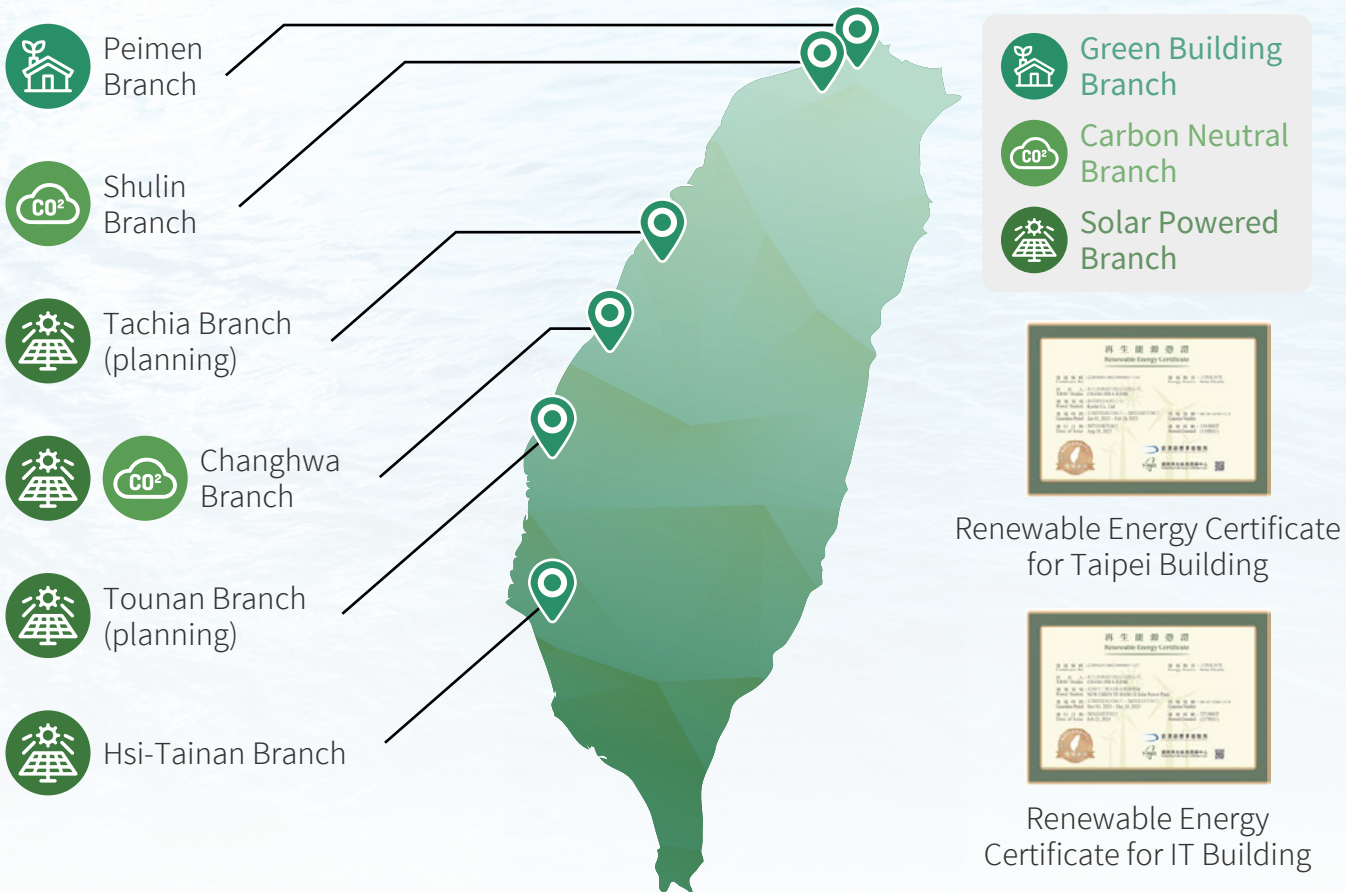
Strategy 2

Transition of fuel vehicles to hybrid or electric models

Strategy 3

Increase in the utilization of renewable energy to offset carbon reduction gap

From 2018 to 2021, the Bank purchased 312 renewable energy certificates. Following the amended Electricity Act, we diversified our energy sources by signing a five-year contract with a renewable energy supplier to power our Taipei and IT Head Office buildings. In 2023, we installed an 18.24 kW rooftop solar system at the Changhwa Branch, generating approximately 3,412.7 kWh under a self-production and consumption model. Solar projects are also underway at Hsi-Tainan (21.66 kW, completing in 2024), Tounan (18 kW), and Tachia (50 kW) branches, with the latter two starting in 2025, to boost reliance on renewable energy.



The Bank aims to deliver 3% renewable energy utilization rate in 2024.

ENVIRONMENTAL MANAGEMENT CERTIFICATIONS

Management Certification		Instances
ISO 14001	Environmental management system certification passed	9 consecutive years
ISO 50001	Energy management system certification passed	8 consecutive years
ISO 14064-1	Greenhouse gases certification passed	7 consecutive years
ISO 46001	Water efficiency management system passed	3 consecutive years

SUSTAINABLE ENVIRONMENT RECOGNITION AND ACCOLADES

- Awarded Silver Level of the 6th National Enterprise Environmental Protection Award by MOENV.
- TCFD verified by BSI and with the highest level-5+:Excellence.
- The Peimen Branch has been passed the review by the Ministry of the Interior and retained the Green Building Labeling, Silver.

SOCIAL

SOCIAL MANAGEMENT CERTIFICATIONS

Management Certification		Instances
ISO 27001	Information security management system certification passed	17 consecutive years
BS 10012	Personal information management system certification passed	12 consecutive years
ISO 45001	Occupational health and safety management system certification passed	5 consecutive years
ISO 22301	Business continuity management system certification obtained	7 consecutive years

PROTECTION FOR HUMAN RIGHTS

Policy and Commitment to Human Rights

The Bank upholds its "Human Rights Policies" in line with global agreements to promote workplace health, inclusivity, communication, and compliance. It provides training on gender equality, sexual harassment prevention, and related topics, with 100% employee participation and an average duration of 0.5 hours.

In compliance with the UK Modern Slavery Act of 2015, the Bank disclosed its 2023 measures to prevent slavery and human trafficking in its supply chain at the 13th meeting of the 27th Board of Directors on May 13, 2024, and published the details on its website.

- Universal Declaration of Human Rights
- United Nations Global Compact
- International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- UN Guiding Principles on Business and Human Rights

Human Rights Due Diligence

The Bank conducted human rights due diligence, identifying issues, assessing materiality, evaluating risks, and developing countermeasures. In 2023, it identified 8 categories and 20 items related to human rights, covering groups such as employees, job seekers, people with disabilities, indigenous people, customers, suppliers, children, women, local communities, and migrant workers.

The results of the human rights risk assessment are shown below:

FY	2021	2022	2023
Risk Identification Ratio	7.59%	3.01%	2.66%
Risk Impact Ratio	0.1%	0%	0%

DIVERSITY AND EQUALITY

Female Representation (%)

The Bank is committed to diversity and equality, placing a strong emphasis on gender equality and development. As of the end of 2024, among all 6,741 employees, there are 2,370 men and 4,371 women, representing a gender ratio of about 3.5:6.5. The gender ratio for managerial positions is approximately 4:6.

The Share of the Female Employees of the Bank		2024.12.31
Female Employees / All Employees		64.84%
Female Managerial Employees / All Managerial Employees		59.29%
Female Junior Managers / All Junior Managers		59.24%
Female Senior Managers / All Senior Managers		61.53%
Female Managerial Employees in Revenue-Generating Functions / All Managerial Employees in Revenue-Generating Functions		59.13%
STEM Female Employees / All STEM Employees		34.86%

Gender Equality Advocacy

The Bank promotes gender equality by including related training in new employee orientations, covering topics like human rights and sexual harassment prevention. In 2024, 7 sessions were held, with 402 employees completing the training. An online course on "Gender Equality (including Sexual Harassment Prevention and Relief)" was also launched.

Equal Pay for Equal Work

The male-to-female starting salary ratio for new hires is 1:1, adhering to the principle of fairness and equal pay for equal work, and there is no differentiation based on gender or other factors.

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

Parental Leave

Unit: %

Item	2022			2023			2024		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Gender ratio for unpaid parental leave ¹	10.39	89.61	100	9.84	90.16	100	20	80	100
Return-to-work rate ²	100	92.65	93.59	100	98.48	98.61	100	100	100
Retention rate ³	50	88.46	85.71	100	89.71	91.03	100	97	97

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 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.

TALENT ATTRACTION AND RETENTION

Listed in the Taiwan Employment Creation 99 Index for 7 consecutive years as Taiwan's largest listed company employer by employee count.

Insurance and Retirement Planning

- Labor insurance
- National health insurance
- Employer's liability insurance
- Employee stock ownership trust

Employee Welfare Committee

- Holiday recreational activities
- Scholarships
- Employee convenience store

Recreational Activities

- Library
- Sports clubs
- Hiking, mountain climbing activities
- Arts and culture appreciation
- Finance Cup competition

Health Maintenance

- Health examination
- Day care service
- Breastfeeding rooms
- Visiting physician consultation
- Psychological counseling

- The Bank provides market-competitive compensation, comprehensive training, sound welfare measures and annual promotion mechanisms to attract talents.
- Internal hiring in addition to external hiring in place 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.
- Actively recruits top talents in campus recruitment events.

Ongoing Talent Development Programs

Financial Talents Cultivation Plans

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

Elite Leadership Development Programs

Corporate ESG personnel training program.

Turnover Rate

	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	%
2024	5.47	120	1.78	97	1.44	152	2.25	142	2.11	227	3.37
2023	4.99	114	1.70	85	1.27	135	2.02	129	1.93	205	3.06
2022	4.4	99	1.48	75	1.12	120	1.80	113	1.69	181	2.71

FREEDOM OF ASSOCIATION

	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 ^{Note}	91.51%		96.11%		95.10%	

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

SEXUAL HARASSMENT PREVENTION

Status in 2024:

- Preventions: The Bank includes sexual harassment prevention and remedies in training for new hires, supervisors, and assistant manager trainees to foster a respectful work environment.
- In 2024, the Bank received 1 sexual harassment complaint.
- "Sexual Harassment Complaint Investigation Team" and "Sexual Harassment Complaint Handling Committee" were formed to follow the "Chang Hwa Bank Guidelines for Handling Sexual Harassment Preventive Measures and Complaints".

- Investigations were conducted confidentially to protect privacy and rights.
- Personnel handling cases were required to maintain confidentiality, unless necessary for the investigation or public safety.
- Results: The perpetrator and victim were promptly separated, and findings were communicated to both parties, leading to case dismissal.

FURTHER HUMAN CAPITAL RISK MANAGEMENT – HEALTH AND SAFETY

Apart from turnover rates, compensation, gender equality benefits, the Bank also identifies and manages an array of human capital related risks, and are categorized based on impact:

Traffic Accident During Work Commutes Moderate Risk	Abnormal Workloads Moderate Risk	Psychological Pressure Moderate Risk
Prevention and Treatment of Chronic Diseases Moderate Risk	Operational Environment Air Quality Low Risk	Prevention and Treatment of Infectious Diseases Low Risk
Tobacco Hazards Prevention Low Risk	Musculoskeletal Injuries Low Risk	Maternal Health Protection Low Risk

For full details of control measures, targets, and implementation effectiveness, please refer to page 141 to 142 of the 2023 ESG Report.

FINANCIAL INCLUSION

To enhance financial accessibility and inclusivity, the Bank is committed to developing and innovating in both financial (operational) and non-financial (non-operational) aspects. Relief loans post pandemic, debt mediation, micro-business and entrepreneurial loans are in place and a total of ~NT\$8,980 million were granted in 2023 for these causes.

Financial Service Innovation and Digitization

The Bank offers "e-Treasure" digital deposits, enabling convenient, branch-free banking while reducing cash-handling risks and providing rewards. To support sustainable finance and the government's green finance action plan, customers can join the "Green Deposit Project", allocating online fixed deposits to green investment and financing.

- The Bank offers ETFs with low subscription thresholds, starting at 2,000 for USD-denominated and 12,000 for CNY- and HKD-denominated ETFs, to cater to moderate-income customers and the petite bourgeoisie.
- The Bank's website, online banking, and ATM services meet AA-level Web Accessibility Standards, while the CHB Mobile Network App comply with mobile accessibility guidelines, ensuring easy access for people with disabilities.
- The customer service center provides automated voice services and text-based support via QR codes, the "Smart Customer Service" portal, e-banking apps, and social media, aiding those unable to communicate verbally.
- To streamline elderly care and services, the Bank launched an online appointment application on its website towards the end of 2023. Eliminating in-person consultations, saving customers time and improving trust case planning efficiency through online form submissions. Priority Assistance for customers 65 and over and a Taiwanese Language Hotline are also available.

- To support Taiwan's bilingual initiative and meet foreign customers' needs, the Bank established 100 bilingual branches in 2024.

INFORMATION SECURITY

Data Protection Policy

The Bank's "Information Security Policy" ensures authorized access, confidentiality, integrity, and availability of information while maintaining reliable systems and operations against potential threats. Employee awareness is reinforced through ongoing training and exercises. The policy is reviewed annually, updated with board approval.

Customer's Personal Data Protection Declaration

Article 5, The right to opt-in: Customer may freely decide whether to provide personal data or not; however, limited services may be provided due to the insufficiency.

Article 6, Recipients of personal data disclosure: When personal data is disclosed to third-party service providers (e.g., for account statement delivery), confidentiality agreements are established to ensure data security and limit its use. Except as required by law or agreed upon with the customer, these third parties cannot further disclose the data to others.

Article 8, Personal Data Retention Period: The Bank retains customer personal data based on the duration of the specific purpose for which it was collected, legal requirements, business needs, or the retention period specified in individual agreements, whichever is longer, ensuring proper protection and management.

Article 9, Customer Rights and Opt-Out Options: Customers may request access, review, copies, amendments, corrections, cessation of collection, processing, use, or deletion of their personal data.

Data Security Maintenance Policy

Article 8, Personal Data Security Management Measures: Outlines comprehensive measures to safeguard personal data, including user identity verification, data masking, encryption during transmission, access control, and regular monitoring to counter illegal activities. Also emphasizing proper handling of media, including secure disposal and storage, and ensuring staff comply with confidentiality obligations.

Access Control: Strict access rights based on business needs, monitoring of data access, and adherence to confidentiality protocols.

Encryption and De-identification: Encryption of personal data during collection, processing, and use, along with data masking for displays.

Article 13, Cessation of Purpose or Expiry of Retention Period: Data must be deleted or stopped when its purpose ends or retention expires, and record of deletion or transfer must be retained for five years or according legally or contractually specifications.

Information Security Management

In 2024, the Bank maintained the effectiveness of its "Business Continuity Management System ISO 22301", "Information Security Management System ISO 27001", and "Personal Information Management System BS 10012".

PERSONAL INFORMATION PROTECTION

- The Bank ensures compliance with personal data protection through policies like the "Personal Information File Security Management Program", "Personal Data Management Regulations", and "EU and UK Personal Data Management Regulations", along with regular self-assessments.
- Personal data is periodically reviewed and deleted if the purpose no longer exists or upon expiration of the retention period.
- The Bank's "Guidelines on Internal Operations Entrusted to Others" require third-party suppliers to maintain confidentiality and implement security measures to prevent data breaches.



Personal Information
File Security
Management Program

No confirmed personal data breach in 2024.

Improvement Measures

The Bank shall not disclose customer information to any third party without the consent of the customer and strengthen education and training to implement the protection of customer personal information.

CUSTOMER RIGHTS AND INTERESTS

Policy Commitments

The Bank follows the Financial Consumer Protection Act, related regulations, and the "Principles for Financial Service Industries to Treat Clients Fairly". We have established internal guidelines, including the "CHB Fair Customer Treatment Code" and "CHB Financial Consumer Protection Policy", to ensure strict adherence in protecting financial consumers' rights and interests.

Management

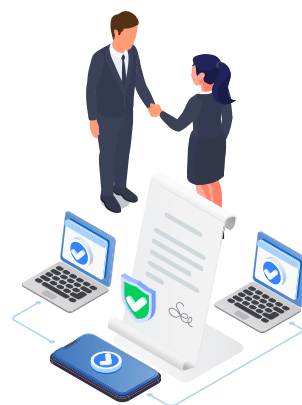
The Bank demonstrates its commitment to fair treatment and customer rights through a robust policy framework and measurable actions, achieving notable results in 2023:

Policy/Framework:

- ***Treat Customers Fairly Facilitating Committee:*** Established in 2022 with Board approval, this committee, chaired by the President and supported by the Vice President and Chief Compliance Officer, ensures fairness across the transaction lifecycle—from product design and advertising to service consultation and complaint resolution.
- ***Integration into ESG Management:*** The Board includes "Principle to Treat Clients Fairly" as a key indicator in its ESG efforts, directly linking director remuneration to customer rights initiatives.
- ***Key Performance Indicators (KPIs):*** Two KPIs were introduced in 2023 for fraud prevention and fair customer treatment: Planning and promoting fair treatment measures, and Implementing and improving fraud detection mechanisms.

Actions and Measures:

- ***Anti-Fraud Initiatives:***
 - Formation of an Anti-Fraud Task Force with monthly meetings.
 - Membership in the Fraud Recognition Alliance.
 - Creation of an anti-fraud section on the official website.
 - Streamlined reporting processes for law enforcement cases.
- ***Frontline Incentives*** (Rewards and recognition for employees):
 - Administrative rewards and promotion scoring considerations.
 - "Outstanding Anti-Fraud Achievement Awards" at annual meetings.
 - Gift cards for business units reporting fraud, with top employees honored annually.



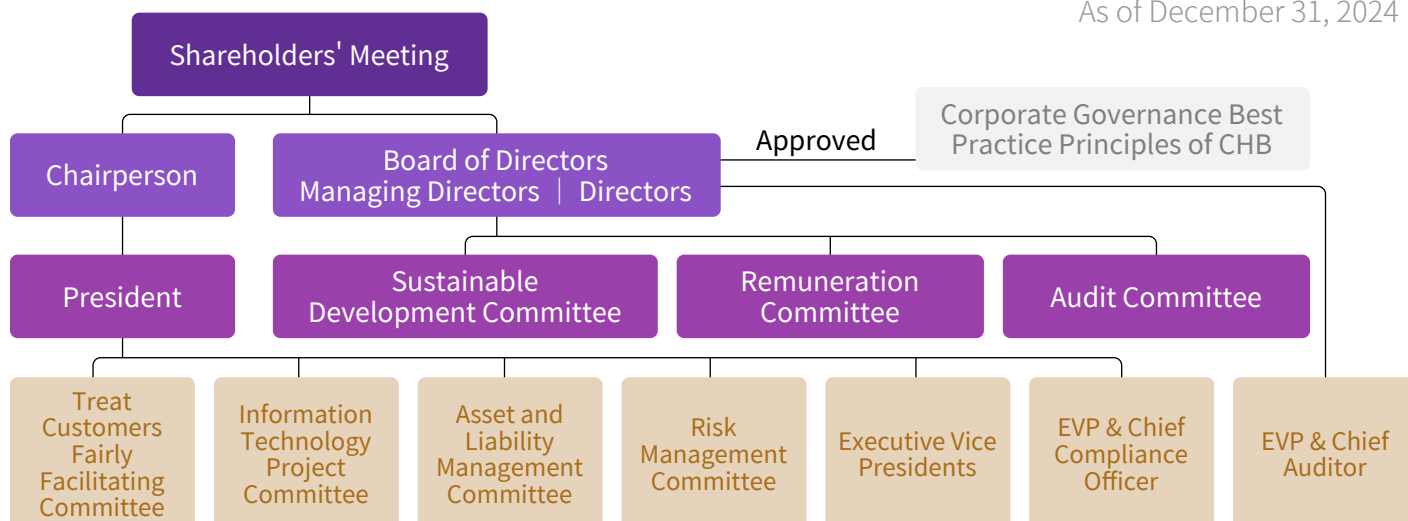
Results:

- ***Annual Evaluation:*** The Financial Supervisory Commission ranked the Bank in the top 26%-50% of the banking industry for implementing the Principle to Treat Clients Fairly in 2023.
- ***Enhanced Fraud Prevention:*** Fraud detection and prevention measures will be rewarded by the Bank to frontline employees.

GOVERNANCE

CORPORATE GOVERNANCE FRAMEWORK

As of December 31, 2024



BOARD OF DIRECTORS

Board Operations

1. Candidates Nomination System

The Bank has fully adopted the candidate nomination system since the 25th session of the Board of Directors.

2. Board of Directors Attendance Rate

In 2024, the Board of Directors held 14 meetings (including 1 extraordinary Board meeting), and the attendance was 99.12% for the 27th term.

3. Performance Evaluation of the Board of Directors

- **Internal Evaluation:** The Bank conducts annual performance evaluations per its Rules, reporting results to the Board of Directors by Q1 of the following year.
- **External Evaluation:** An external evaluation is conducted at least every three years by independent professionals or experts. In 2024, Taiwan Corporate Governance Association (TCGA) evaluated the Bank's Board of Directors (including the Functional Committee) based on five aspects: the composition and division of duties of the Board, the Board's supervision and guidance, the Board's delegation and risk management, the Board's communication and collaboration, and the Board's self-discipline and improvement. According to TCGA's Recommendations of evaluation, we have drawn up specific improvements.

Board Structure

Nine directors (three independent directors and six non-independent directors) were elected by the shareholders' meeting, and three directors were elected from among themselves as managing directors (including one independent director), and then the managing directors elected one person from among themselves as the Chairperson. Currently, all Board members' tenures do not exceed 9 years.

33.3% Female Board Representation.

Title	Name	Gender	Independence of External Directors ¹	Experience (GICS)
Chairperson	Kuang-Hua Hu	M	✓	Finance
Managing Director (President)	Chao-Chung Chou	M	N/A	Finance
Managing Director (Independent Director)	Yu-Hsueh Wu	M	✓	Consumer Discretionary
Director	Chien-Yi Chang	M	✓	Finance
Director	Shiu-Yen Lin	F	✓	Finance
Director	Jen-Chieh Hsu	M	✓	Finance
Director	Wen-Siung Lee	M	✓	Finance
Independent Director	Shu-Hua Lee	F	✓	Finance
Independent Director	Chao-Kuei Huang	F	✓	Information Technology

Note:

1. We adopt the definitions of independent directors under RobecoSam's Dow Jones Sustainability Index (DJSI) for outside directors' independence criteria.
2. Managing Director Chao- Chung Chou serves as the President of the Bank concurrently, who is also an "Executive Director" (meaning that a director of the Bank is also an employee and senior manager of the Bank), and the criteria for the independence of the outside directors above do not apply; the rest of the Directors are "Non-executive Directors".
3. For the Directors' independence status of the Bank in accordance with the standards of domestic regulations, please refer to the Bank's 2023 Annual Report for detailed information.
4. All directors of the Bank are R.O.C nationals.

Functional Committees

Committee	Composition	2024	
		Meetings	Attendance
Audit Committee	<ul style="list-style-type: none"> • Member: All Independent Directors • Convener: (27th) Independent Director Yu-Hsueh Wu 	13	100%
Remuneration Committee	<ul style="list-style-type: none"> • Member: All Independent Directors • Convener: Independent Director Wu, Yu-Hsueh 	14	100%
Sustainable Development Committee	<ul style="list-style-type: none"> • Member: Chairperson, 3 Independent Directors, and President (Managing Director) • Convener: Chairperson Kuang-Hua Hu 	6	100%

COMPENSATION POLICY

Remuneration Deferral Policy for Senior Managers

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). Metrics to determine performance are laid out below.

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 2301 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%

INTEGRITY AND ETHICS

Policies in Place:

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

The "Employee Code of Conduct" requires employees to read and sign the "Statement of Complying with the Code of Conduct". For any doubts, employees can consult their supervisor, unit Compliance Officer, or the Compliance Division.

Integrity and ethics are overseen by the Sustainable Development Committee, composed of directors and senior managers. The Committee assigns the Compliance Division to handle and supervise integrity matters, with annual reports to the Committee and the Board of Directors.

In 2023, the Bank upheld a clean ethical record, with no reported incidents of unethical conduct, legal violations, or inappropriate contributions and sponsorships.

Whistleblowing System

- The Bank has established an internal and external whistleblowing system.
- The Internal Auditing Division is responsible for accepting whistleblowing case, compiling the investigation reports, reviewing results and improvement measures and reporting to the Audit Committee and the Board of Directors on a regular basis.

RISK MANAGEMENT

The Overall Risk Management Policy, including a newly incorporated climate risk management policy, was amended and approved by the Board of Directors on December 29, 2022.

Risk Management Organization

1 confirmed the inappropriate behavior conducted by former employee of the Beitou branch from a regulatory complaint in 2024. (impacting 1 person)

Improvement Measures

The Bank has actively taken and implemented relevant measures to prevent unauthorized activities.

Audit and Inspect

The Bank adopts a risk-based internal audit system starting from 2022.

Internal Audits

- The Bank has been approved by the competent authority to adopt a risk- based internal audit system.
- The Internal Auditing Division reports to the Board of Directors and the Audit Committee on a quarterly basis. Internal auditing division continues to follow up on the opinions and deficiencies put forth by Competent Authorities and accountants during external audits, and during internal-audit.

External Audit

The Bank is audited annually by accountants on relevant management and internal control mechanisms.

RESPONSIBLE FINANCING

Equator Principles

After the official signing of the Equator Principles in 2022, by the end of 2024, the Bank reviewed and reviewed project financing cases in accordance with the Equator Principles, and approved a total of 2 projects in terms of overall project financing. The case is located in Taiwan, and the nature of the industry is power generation, transmission and distribution machinery manufacturing and power supply industry; In addition, 1 solar power generation project was evaluated, but it was rejected due to the high ESG risk.

The Bank started implementation of "Equator Principles Credit Extension Operating Regulations" from February 1, 2023, led by EP taskforce, or Credit Management Division of the Bank.

ESG Review Results

In 2024,the bank has a total of 21,070 corporate credit application cases,of which 1,629 were granted conditional approvals (loan reduction,with attached conditions) and 267 cases were not approved (suspended,withdrawn).Among them,for credit customers which were involved in negative ESG risks, 194 were conditionally approved cases,accounting for 11.9% of all conditionally approvals,and 23 were unapproved cases,accounting for 8.6% of all unapproved cases.

Engagement with Borrowers

As of the end of Decemeber 2024,the Bank has a total of 135 credit related engagement cases,mainly regarding credit customers involved in Sustainability Linked and joint loan cases.The industries they operate in are predomintly in the electronics and technology industries.

Case Examples in October 2024

OOOO Corporation Taiwan	Total waste decreased by 2% compared to the previous year,and disclosed in the ESG Report.
OOO Corporation	2% decrease in the total greenhouse gas emissions over the previous year, disclosed in the ESG Report.
OOOO Enterprise Corp	The carbon emissions of the United States need to be reduced by 1% more than 1% across the year, and third-party certification report materials should be provided; or according to the ESG indicators listed in the sustainability report, the emissions of empty houses, greenhouse gas emissions, energy use, water resources management water withdrawal, and waste water discharge will be reduced by more than 1% compared with the previous year.

Incorporation of Climate Risk Monitoring and Engagement into the Credit Process

Starting from February 2023, additional assessments will be conducted to monitor climate risks for credit applicants who are listed for the year as emitters that should register their greenhouse gas inventories by the EPA or who fall under the definitions of our carbon-intensive industries. By the end of December 2024, a total of 162 households had carried out climate risk assessments.

RESPONSIBLE INVESTMENT

Responsible Investment Process

Investment Process

Selecting investment targets

- 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.

ESG integration and risk assessment

- In addition to considering financial factors, the investment evaluation also conducts the evaluation of ESG factors and analyzes risks and opportunities.
- Industries with carbon-intensive emissions as defined by the Bank are subject to climate risk assessments.

Stewardship Efforts

Bring investors' influence into play

- 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.

Dynamic adjustment of position

- 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.

Engagement and Interactions with Investee Companies

Interaction between the Bank and investee companies in 2024:

Official letters issued	3 times
Online meetings with investee company	2 times
Attendance of investor conferences	47 times
Serve as a director and supervisor of investee	10 investees
Attendance of voting at shareholders' meetings	91 times, attendance rate 100%

Case Example in 2024

The Bank, alongside institutional investors, engaged in an online meeting with an investee company to review its ESG performance and disclosure practices. Discussions covered social, economic (including governance), environmental, and disclosure aspects. Responding to stakeholder demands, the company actively supports climate initiatives. The company has committed to SBTi in 2023 and will apply for SBTi target set by 2024. It will also plan to implement greenhouse gas inventory for scope 1, 2 and 3 emissions. And the target for female directors is to have more than 1/3(inclusive) of the seats on the board of directors. The Bank will continue to monitor progress.