



ESG SUMMARY

Published : December 2025

OVERVIEW

Since the establishment of the “4C Sustainability Vision” (Carbon, Capital, Credit, and Customer) in 2022, The Chang Hwa Bank voluntarily takes on corporate social responsibility and actively promotes sustainable development, with the aim of contributing to positive environmental and social outcomes. In 2024, the Bank demonstrated exceptional achievements in sustainable development.

4C Sustainability Vision Performance in 2024.

Carbon

The Bank has set its net-zero emissions target in alignment with the national 2050 Net-Zero carbon emission blueprint with these targets officially approved by the Science Based Targets initiative (SBTi) in May 2024.

- The Bank has set its net-zero emissions target in alignment with the national 2050 Net-Zero carbon emission blueprint.
- The Bank received *SBTi's official validation* for its near-term reduction targets in May 2024 to in alignment with the Paris Agreement.
 1. Scope 1&2 emission aligned with the **1.5°C** pathway.
 2. Investment and financing portfolio emission aligned with the well-below **2.0°C** trajectory.
- Enhanced operational carbon Management via:
 1. Upgrading buildings to green building standards.
 2. Expanding renewable energy adoption.
 3. Establishing solar power and carbon-neutral branches.
 4. Improving internal carbon pricing mechanisms to guide decarbonization decisions.
- Progressed toward phased reduction targets with measurable actions that lower operational emissions and portfolio-related carbon impacts.
- Reduced the overall emissions by 22.95% in 2024 compared to base year 2020 primarily due to reduced electricity consumption and an increased share of renewable energy usage.
- Annual average reduction of GHG emissions by 5.74%.

Capital & Credit

Established the “Sustainable Finance Policy” to integrate ESG factors into our core strategy; Sustainability Linked Loans to drive corporate low-carbon transition.

- *Established Sustainable Finance Policy* to embed ESG considerations into core banking strategy and leverage financial influence to support climate and environmental balance.
- *Implemented Net-Zero Management Frameworks* by introducing the Credit Limit Management Regulations for Net-Zero Emission and Responsible Investment Guidelines to operationalize the Bank's net-zero roadmap.
- *Set Clear Phase-Out Timelines* for reducing and ultimately eliminating investments and financing related to:
 - ✓ Thermal coal
 - ✓ Unconventional oil and gas
 - ✓ High carbon industries via reduced non-green financing
- *Aligned with Paris Agreement Goals* by integrating climate-aligned targets across business development and portfolio management.
- *Supported Low-Carbon Transition & Circular Economy* through financing products that encourage corporate decarbonization and promote a sustainable finance ecosystem.
- *Upgraded to “A” (Leadership Level) in the CDP Climate Change Questionnaire* (Feb. 2025), and received the “Sustainable Finance Award” from the Joint Credit Information Center.
- *Expanded Sustainable Finance Offerings*, including:
 - ✓ Green deposits
 - ✓ Green project loans
 - ✓ Sustainability-linked Loans (SLLs)
 - ✓ Issuance of sustainable bonds



Customer

Committed to enhancing financial accessibility and inclusivity.

- Strengthened Top-Down Governance for Financial Inclusion with the Board leading initiatives on fair treatment, customer experience, and inclusive finance education.
- Expanded Inclusive Finance Products & Services, including:
 - ✓ Loan programs supporting women, youth, middle-aged and senior individuals, microenterprises, and communities
 - ✓ Cross-industry collaborations to promote elderly-care trusts for retirement security and wealth succession
- Enhanced Non-Financial Support for Accessibility, such as:
 - ✓ Installation of accessible ATMs
 - ✓ Establishment of barrier-free branches
 - ✓ Delivery of financial literacy education programs to reduce service barriers for people with special needs
- Strengthened Anti-Fraud Capabilities amid rising fraud cases by:
 - ✓ Increasing public awareness and internal staff training
 - ✓ Leveraging technology to build precise, real-time alert and review systems
 - ✓ Collaborating closely with law enforcement to detect and prevent fraud and protect customer assets

In 2024, 273 fraud cases were blocked, preventing approximately NT\$234 million in fraud losses.

Sustainable Development Organization of the Bank

Board of Directors

The Sustainable Development Committee

Convener: Chairperson

ESG Task Force

Head: President

5 Subgroups of ESG Task Force

Each subgroup leader: Executive Vice President (EVP)



**Corporate
Governance**



**Responsible
Finance**



Employee Care



Social Inclusion



**Sustainable
Environment**

- The Bank established the *Sustainable Development Committee (SDC)* under the Board of Directors. The Chairperson serves as the convener of SDC, convening *3 independent Directors and Managing Director and President*.
- In 2024, the SDC held *6 meetings*, addressing *19 sustainability* agenda items.
- The SDC has established an inter-departmental ESG Task Force, with the President serving as the overall head and the Executive Vice Presidents serving as leaders of 5 subgroups.

Credit Ratings

Credit Rating Agency	Taiwan Ratings	S&P	Moody's
Release Date	2025/11	2025/11	2025/3
Long term	twAA+	A	A2
Short term	twA-1+	A-1	P-1
Outlook	Stable	Stable	Stable

ENVIRONMENTAL

Sustainable Environment

Committed to contributing to the national “2050 Net-Zero Carbon Emission Blueprint” goal as a long-term reduction target, and to setting portfolio targets in line with the Science Based Targets initiative (SBTi), which have been approved.

Management and Target on Greenhouse Gas Reduction and Management

Target Implementation Status	Short-Term Target (2025)	Mid- and Long-Term Target (2026-2032/2032-)
<div>✓ Achieved</div> <ul style="list-style-type: none"> Reduction of GHG emissions by 22.95% in 2024 compared to 2020. Annual average reduction of GHG emissions by 5.74%. 	Annual average reduction of GHG emissions by 4.2%.	Reduction of GHG emissions by 42% in 2030 compared to 2020.

Climate-related Relevant Targets and Progress in 2024

Item	Annual GHG emissions of all branches and subsidiaries, (Scope 1 and 2)	Annual electricity consumption of all branches and subsidiaries	Renewable energy utilization rate	Carbon credit purchase	Annual water consumption of all branches and subsidiaries
Short- Term (by 2025)	21% reduction from the base year by 2025.	17% reduction from the base year by 2025.	Achieve 10% by 2025.	Purchase carbon credits each year to offset the carbon emissions of one branch.	An average annual reduction of approximately 1%.
Medium-Term (2026-2032)	42% reduction from the base year by 2030.	Over 20% reduction from the base year by 2030.	Achieve 30% by 2030.	Purchase carbon credits each year to offset the carbon emissions of five branches, starting from 2030.	More than 10% reduction from the base year.
Long-Term (2033-2050)	Net zero by 2050				
Progress in 2024	22.95% reduction from the base year.	15.66% reduction from the base year.	Utilization rate of 6.43% in 2024.	Purchase 99 metric tons of carbon credits to offset the GHG emissions of Min-Sheng Branch.	19.66% reduction from the base year.
Outcome	✓ Ahead of schedule	In progress	In progress	✓ Achieved	✓ Ahead of schedule



Carbon Emissions of the Investment and Financing Portfolio

					Corporate instruments(loans): other long-term debt	
Item	Listed equity, corporate bonds and REITs	Electricity generation project finance	Corporate loan: commercial real estate	Corporate loans: electricity generation	Loans to finance, retail, service, food and lodging, and real estate development	Loans to fossil fuels, electronics, manufacturing, and semiconductors sectors
Short/ Medium Term (2026-2032)	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.	Commitment to continue providing electricity generation project finance for only renewable electricity through 2030.	Commits to reduce its real estate loan portfolio GHG emissions 50.0% per square meter by 2030 from a 2022 base year.	Committee 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.	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.	Commits to 36% of its other long-term corporate loan portfolio by invested value within the fossil fuels, electronics, manufacturing, and semiconductors sectors setting SBTi validated targets by 2028 from the 2022 base year.
Long-Term (2033-2050)	Net zero by 2050					
Progress in 2024	33.25% of portfolio validated by SBTi.	Electricity generation project finance avoided 31,067 metric tCO ₂ e emission.	Reduced GHG emissions 21% per square meter from a 2022 base year.	Reduced GHG emissions 6% per MWh from a 2022 base year.	Reduced GHG emissions 10% per square meter from a 2022 base year.	13.95% of portfolio validated by SBTi.
Outcome	In progress	✓ Ahead of schedule	In progress	In progress	In progress	In progress



Promoting Businesses Related to Green Initiatives for Low-carbon Transition

Item	Green industry investment	Green credit loan portfolio	Green credit project and services	Expand low-carbon financial products and services to direct customer funds toward related offerings	Promoting fully digital, paperless account opening via mobile	
Short- Term	Cumulative investment amount in the green industry will reach NT\$15.5 billion in 2025.	The amount of green credit will increase by 3% compared to the previous year.	8 green loan-related projects will be implemented in 2025.	The mobile insurance platform could launch 10 new products in 2024.	By 2025, at least 7% of all new annual product launches will be green finance—related wealth management products.	By 2024, the cumulative number of digital deposits accounts will reach 885 thousand.
Medium-Term	Cumulative investment amount in the green industry will reach NT\$18 billion in 2030.	Starting in 2026, the amount of green credit will increase by 3% annually compared to the previous year.	11 green loan-related projects will implement in 2030.	The mobile insurance platform could launch 15/20 new products in 2025/2027.	By 2030, green finance wealth management products will account for at least 10% of all new products launched each year.	Expected to reach 1.4 million digital deposit accounts by 2030.

Item	Green industry investment	Green credit loan portfolio	Green credit project and services	Expand low-carbon financial products and services to direct customer funds toward related offerings		Promoting fully digital, paperless account opening via mobile
Long-Term	The investment amount in the green industry increases year by year.	Continuously expanding the scope of green credit business.	Gradually increase the number of green loan-related projects, transactions, and services year by year.	Gradually increase the number of new products launched on the mobile insurance platform each year.	Continuously expanding the scope of wealth management product business.	Expected to reach 2.31 million digital deposits accounts by 2050.
Progress in 2024	Cumulative investment amount reached NT\$14.87 billion in 2024.	The amount increased by 119.95% in 2024 compared to the previous year.	Currently, there are 6 green loan-related projects in place.	The mobile insurance platform could launch 30 new products in 2024.	As of 2024, newly launched green finance-related wealth management products accounted for at least 6.73% of all new products introduced each year.	The cumulative number of digital deposit accounts up to 970 thousand.
Outcome	In progress	✓ Ahead of schedule	In progress	✓ Ahead of schedule	In progress	✓ Ahead of schedule

The Bank's Climate-related Metrics



Operations

Metrics	Unit	2020 (Base year)	2022	2023	2024
GHG Emission (category 1+2)	tCO ₂ e	18,236.492	17,091.793	15,142.278	14,051.823
Electricity consumption	MWh	30,613	29,243	26,567	25,820
Renewable energy	KWH	0	100,000	341,085	1,661,250
	% <small>Note</small>	0	0.34	1.28	6.43
Gasoline consumption	L	673,175	526,359	532,497	501,272
Water consumption	m ³	167,669	151,288	157,839	134,728
Paper consumption	kg in thousand	237.9	162.4	157.3	166.5

Note: Renewable energy consumption / (total electricity consumption across all business operations) *100%.



Investment and Financing Portfolio

Metrics	Unit	2021	2022 (Base year)	2023	2024
Carbon emissions of investment and financing portfolio	tCO ₂ e	1,031,326	1,433,353	7,646,568	4,399,474
Inventory coverage	%	20.20	46.74	70.62	73.46
Economic emission intensity of investment and financing portfolio	tCO ₂ e / NT\$ million	3.0	1.7	3.97	2.05

Metrics	Unit	2021	2022 (Base year)	2023	2024
Avoided emissions from financing projects	tCO ₂ e	17,726	18,261	32,923	31,067
Emissions from carbon-intensive industries	tCO ₂ e	77,729	92,473	3,943,393	1,283,348
Economic emission intensity of carbon-intensive industries	tCO ₂ e / NT\$ million	6.49	7.24	22.29	6.62
Proportion of carbon-intensive industry exposures to total corporate exposures in the inventor	%	13.8	14.8	14.75	14.86



Promoting Green Businesses for Low-carbon Transition

Metrics	Unit	2021	2022 (Base year)	2023	2024
Sustainability-related bond investments	NT Mn	4,500	6,300	3,000	5,250
Green industry investment		9,173	12,573	13,873	14,873
Green credit balance		-	6,962	17,183	37,794
Offshore wind power industry loan balance		1,080	2,200	3,088	5,211
Amount of green deposit project		-	2,600	3,000	100
Percentage of electronic transactions	%	64.22	67.00	69.00	71.34
Number of e-statement sent	Number	4,446,935	5,553,416	8,224,935	10,589,938
Cumulative transaction volume for payments, ATMs, and collections	NT Mn	26,526	38,912	44,266	47,071
Green procurement		24.91	25.57	85.34	140

Environmental Progress and Performance

Year	Progress	Performance
2050	Towards the target of Net-Zero.	
2030	Achieved SBTi targets: Scope 1 and Scope 2 emissions aligned with the 1.5°C pathway.	Emissions of investment and lending portfolios in scope 3 aligned with the well below 2°C pathway.
2024	<ul style="list-style-type: none"> Expanded the implementation scope of ISO 14001 Environmental Management System to all domestic operational sites and offices. The annual green procurement reached approximately NT\$140 million. Near-term science-based targets (SBTs) approved by SBTi. 	<ul style="list-style-type: none"> Established the “Credit Limit Management Regulations for Net-Zero Emission of Chang Hwa Commercial Bank”. Conducted carbon inventory of listed equity investments using PCAF methodology, and was verified with limited assurance statement by BSI.

Year	Progress	Performance
2023	<ul style="list-style-type: none"> • The first domestic financial institution to obtain ISO 14064-2 validation for its voluntary greenhouse gas reduction projects. • Second branch verified as carbon neutrality according to PAS 2060 (Shulin Branch). • The share of renewable energy usage reached 1%, with 3 operational sites using green power through procurement and the installation of on-site generation facilities. • The implementation scope of the internal carbon pricing mechanism was extended to the high-efficient air conditioning procurement and hybrid vehicles rental. • Fully replaced outdated lighting with LED and transitioned from traditional gasoline official vehicles to hybrid ones. • The first business location to obtain the Silver Green Building Label: Peimen Building. 	<ul style="list-style-type: none"> • 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. • Committed to “2050 Net-Zero” as the long-term reduction goal. • Submit the application for the SBTi Target. • Amended “Environmental Resource and Energy Use Management Policy” and “Climate Risk Management Policy” in response to climate change issues. • The CDP questionnaire was rated as “A-” Leadership level.

Sustainable Energy and Resource Management

The Bank has established “Environmental Resource and Energy Use Management Policy” and has successively obtained certifications for ISO 14001 Environmental Management System, ISO 50001 Energy Management System, and ISO 46001 Water Efficiency Management System. Additionally, the Bank joined the MOENV’s “Green Office” initiative and actively implemented 29 indicators, including “saving energy and resources, “Source reduction”, “green procurement”, “environmental greening”, “promotion and initiatives”. These efforts have demonstrated tangible results, with the Bank receiving the 7th National Enterprise Environmental Protection Award – Silver Award from MOENV on September 10, 2025.

Sustainable Procurement Management

Management and Target on Sustainable Procurement Management

Target Implementation Status	Short-Term Target (2025)	Mid- and Long-Term Target (2026-2032/2032-)
<div>✓ Achieved</div> <div>By 2024, a total of 52 suppliers for procurement cases above NT\$ 800 thousand have signed the “Supplier Social Responsibility Commitment”, with a signing rate of 100%.</div>	100% of suppliers signing the “Supplier Social Responsibility Commitment” for procurement cases above NT\$800 thousand.	100% of suppliers signing the “Supplier Social Responsibility Commitment” for procurement cases above NT\$700 thousand.

The Bank has established [“Sustainable Procurement Policy”](#) to reduce procurement risks, enhance innovation opportunities, and achieve sustainable supply chain management. The Bank has also passed the Compliance Check of ISO 20400:2017. To further extend sustainability principles to its business partners, the Bank has formulated the “Corporate Social Responsibility Standards of the Supplier” and the “Guideline for Chang Hwa Commercial Bank Promoting Suppliers Implementation of Corporate Social Responsibility (CSR) Management” Suppliers engaged in the Bank’s “goods procurement” or “construction and maintenance projects” with single transactions exceeding NT\$800,000 are required to sign a “Supplier Social Responsibility Commitment”.

In 2024, the Bank expanded the scope of its green procurement by taking new actions such as leasing instead of purchasing and renewable energy certificates. The annual total amount exceeded NT\$147 million, marking a record high. (In2023 and 2022, the annual total amount on that was NT\$85.34 and NT\$25.57 million) Among these, products with environmental labels accounted for 61.01% and 54.15% in 2023.

SOCIAL

In 2024, the Bank implemented the ISO 10002 complaint quality management system certification from the British Standards Institution (BSI). Additionally, as of the end of 2024, there were a total of 1,178 green expenditure loans with an outstanding balance of NT\$37.794 billion, with “construction of renewable energy” as the primary investment category.


Customer Rights and Interests


Policy and Commitments: The Bank follows the Financial Consumer Protection Act, related regulations and has 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 established the “Treat Customers Fairly Facilitating Committee” to enhance the Bank-wide awareness of financial consumer protection. In 2024, a total of 4 meetings were held, with 18 reports or discussion items presented. A total of at least 173 initiatives were undertaken to promote the Treating Customers Fairly Principle.
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Customer Complaint Mechanism

Financial consumers can feedback complaints or disputes through various channels (telephone, Mobile Network App or website for 24/7).

Management of Customer Complaints:

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Formulated the Consumer Complaint Handling Guidelines. Upon receiving customer complaints, the Bank could promptly hand over to the responsible business units for appropriate handling to protect the rights of financial consumers.
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The Bank regularly reviews cases and compiles and analyzes the causes and reasons for consumer disputes and develops improvement measures.
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In 2024, to improve complaint management quality, the Bank implemented the ISO 10002 complaint quality management system. Through international standard guidance, the Bank established a risk-oriented escalation reporting mechanism to implement root cause analysis and provide customer satisfaction feedback.

Customer Satisfaction

The Bank conducts the “Customer Satisfaction Questionnaire Survey” on a regular yearly basis on digital and physical service.

Survey Results in 2024

Digital Service

e-banking and Corporate Mobile Network APP	Satisfaction
Corporate Client	87.97%
Personal Client	88.46%



Physical Service Channel

Item	2022	2023	2024
Financial Product Satisfaction	89.71%	89.3%	88.82%
Service Attitude Satisfaction	92.12%	91.55%	92.09%
Professional Competence Satisfaction			91.85%
Overall Service Satisfaction	91.68%	90.93%	91.26%
Waiting Time Satisfaction	-	-	96.41%
Operation Efficiency Satisfaction	-	-	98.43%
Overall Environment of the Business Hall Satisfaction	-	-	97.03%

Anti-Fraud Safety Net

Measures to Anti-Fraud

Established a dedicated unit under direct supervision of the Chief Compliance Officer, organizing the inter-departmental “Anti-Fraud Task Force” with horizontal communication meetings. In 2024, 17 meetings were held to enhance active comminution.

The results of fraud prevention will link to performance and remuneration of Board of Directors on indicator of “Treating Customers Fairly Principle”.

In 2024, it also be taken into KPIs of HQ level management with task force for 17 meetings and implement education, training and audit.

Additionally, The Bank launched the Anti-Fraud Incentive Program for Branch Counter Staff in 2024 to assist fraud prevention, or helping law enforcement apprehend fraud accomplices. Incentives are provided in the form of gift cards, monetary rewards, or official commendations.

In 2024, 273 fraud cases blocked and prevent approximately NT\$234 million in fraud losses.

Digital Innovation Service

The Bank adopts big data and artificial intelligence to gain an in-depth understanding of the attributes of customers overall and to provide financial products that meet customers' needs.

Security Control Enhancements



CHB Mobile Network APP and Corporate e-Banking launched the “Mobile Guardian 2.0” low-risk transaction control mechanism, which adopts the international identity verification standard set by the FIDO Alliance.



The Bank introduced the “Financial FAST-ID-Chip Financial Card Identity Verification Mechanism” for online ATM services, enabling customers to verify their identity using their chip financial card. This service complies with international identity verification security standards, reduces operational risks, and improves application convenience for customers.



Performance of Online Financial Services in 2024



As blockchain applications, the Bank provides online financing services for the supply chain, can issue guarantee letters through the “Online Guarantee Letter Management System”, and echo ESG paperless initiative, as of the end of 2024, 209 guarantee letters have been issued online.



Introducing the Revolving Loan with features such as system-based decision outcomes, optional unit opinion mechanism, and online contract establishment.



The bank implemented electronic payment services with 9 electronic payment institutions to reduce cash payments and production costs associated with paper currency. In 2024, the transaction volume is about 2.85 million and cash flow reached NT\$5.8 billion.



Use of electronic channels and online transaction services enable customers to access financial services anytime and anywhere.
In 2024, Growth rate of the number of transactions via electronic channels and mobile banking were 8% and 16.11% respectively.

Financial Inclusions

Management and Target on Financial Inclusions

Target Implementation Status	Short-Term Target (2025)	Mid- and Long-Term Target (2026-2032/2032~)
<div> <div>✓ All achieved</div> <ul style="list-style-type: none"> As of the end of 2024, SME Low-carbon Management Program Loan totaled 2,065 accounts, an increase of 1,691 compared to the end of 2023. As of the end of 2024, SME Post-pandemic Recovery Program Loan totaled 2,065 accounts, an increase of 1,691 compared to the end of 2023. As of the end of 2024, Youth First-Time Homebuyer Loan totaled 16,256 accounts, an increase of 5,060 compared to the end of 2023. Completed the establishment of 100 bilingual branches. </div>	Increase to 120 bilingual branches.	Completed the bilingualization of all 185 branches.

Micro Finance and Micro Insurance

To implement microfinance and microinsurance, the Bank expands financial service to underserved markets, such as women, youth, middle-aged and senior individuals, microenterprises.

Micro Finance Projects of Financial Inclusivity

The Bank actively advances both financial and non-financial initiatives, aiming to provide equal access to financial services, products, and education across diverse groups.

The Bank supports women, youths, middle-aged and older individuals, micro-enterprises, and local communities, empowering them with greater financial opportunities while advancing gender equality and promoting inclusive finance to address the needs of underserved demographics.

Inclusive Entrepreneurship and Local Revitalization Program in 2024.



Program	Item	2022		2023		2024	
		Account	NTD MN	Account	NTD MN	Account	NTD MN
Micro-Business Startup Phoenix	Providing entrepreneurial funding for women, middle-aged and elderly individuals, and offshore island residents with loan interest subsidies.	83	31	81	34	84	39.82
Loans for Startup Funding for Young Entrepreneurs	Providing startup capital to create favorable entrepreneurial environments.	10,275	7,671	11,831	7,721	11,379	6,071
Keelung City SME Dream-Come-True Loan	Assist SMEs in Keelung City to successfully obtain capital and revitalize local community.	20	8.4	17	6.5	14	4.03

Micro Insurance Projects of Financial Inclusivity

2024 Implementation Results

Donated microinsurance premiums to disadvantaged groups for 5 consecutive years, As of today, accumulated 15,491 people have benefited from the donated microinsurance premiums program. In 2024, 7,041 disadvantaged people benefited from the donations.

Awarded first place in the Promotion Microinsurance-Insurance Auxiliary Personnel Group by the Financial Supervisory Commission.

Financial-Friendly Services



- All 638 of the Bank's automated teller machines (ATMs) are accessible ATMs, including 324 for the visually impaired.
- The Bank provides accessible environments and innovative services for customers with different types of disabilities.
- The Bank has provided people with disabilities with free ATM interbank withdrawal fees three times a month.



Elderly Care

The Bank has implemented "Priority Service for Customers Aged 65 and Over".



International Deepening

The Bank established 100 bilingual branches by 2024 (coverage rate: 54%) and aims to complete bilingualization of all 185 branches by 2028 to align with international standards.

Responsible Investment

Management and Target on Responsible Investment

Target Implementation Status	Short-Term Target (2025)	Mid- and Long-Term Target (2026-2032/2032~)
✓ Achieved The issuance of 1st senior unsecured financial debentures (Social Responsibility 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 (Green Bond) has been completed in 2025.	Evaluate the issuance of Sustainability bonds based on the circumstances.

Policy and Commitment

The Bank integrates sustainability considerations by aligning with the United Nations Sustainable Development Goals (SDGs), drawing on the Principles for Responsible Investment (PRI) as an international best practice. The Bank has established the Bank's "[Stewardship Principles](#)" and "[Responsible Investment Guidelines](#)," the Bank seeks to generate positive environmental, social, and economic impacts to contribute to the resilience and sustainability of the financial market.

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



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 bonds accredited by the Taipei Exchange.
- 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 valuation of ESG factors and analyzes risks and opportunities.
- Carbon-intensive industries as defined by the Bank are subject to climate risk assessments.
- The Bank follows domestic sustainable economic activity guidelines to establish ESG checklists.

ESG Investment Overview

Sustainable Equity Investment (2024)

Category	Investment Status
Equity in Sustainable Entity	<ul style="list-style-type: none"> • Invested in 42 Taiwan listed companies selected as constituents of DJSI or Taiwan ESG Index by 2024. The investment amount accounts for over 75% of the total. • Invested in 44 companies participated in CDP assessments (with a score of B- or above), RE100, or have implemented initiatives such as SBTi.
Green Transition Industries	By end of 2024, the Bank's investments in green industry equity and sustainable bonds totaled NT\$1.873 billion and NT\$21.85 billion (24% growth on annual basis).

Investment in Sustainable Bonds

Year	Unit	Green Bond	Social Bond	Sustainability Bond	Sustainability-Linked Bond	Total
2024	NTD Bn	1.0	1.65	2.6	-	5.25
2023		1.3	0.3	1.4	-	3.0
2022		3.4	-	1.7	1.2	6.3



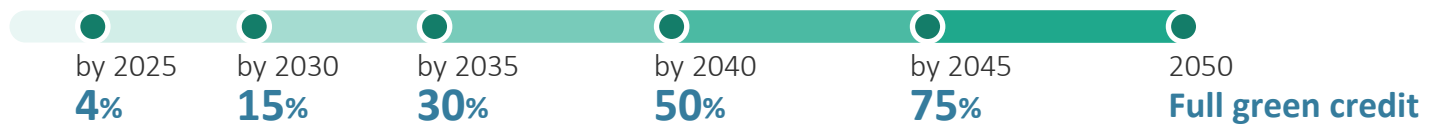
Investment and Financing Risk Management

The Bank has established the environmental-related investment and financing risk management strategies:

Timeline for Phasing Out Financing and Investment in Thermal Coal and Unconventional Oil and Gas			
	By 2030	By 2035	2040
Thermal coal	Completely phase out the following: <ul style="list-style-type: none"> • coal mining companies (lending +project finance) • coal-fired power generation companies (project finance) • coal-fired infrastructure companies (lending +project finance) <i>Reduce investment in this industry by 50%</i>	Completely phase out the following: <ul style="list-style-type: none"> • coal-fired power generation companies (lending +project finance) <i>Reduce investment in this industry by 75%</i>	Completely phase out
Unconventional oil & gas	Completely phase out the following: <ul style="list-style-type: none"> • unconventional oil and gas companies (project finance) <i>Reduce investment in this industry by 50%</i>	<ul style="list-style-type: none"> • unconventional oil and gas companies (lending+ project finance) <i>Reduce investment in this industry by 75%</i>	

Gradual Phase-Out of Non-Green Credit Exposure to Carbon-intensive Industries

The Bank has integrated due diligence and screening into investment and financing processes to enhance transparency and maintain active engagement with counterparties. Aligned with national low-carbon transition policies, the Bank supports key strategic sectors and reduced non-green credit exposure to carbon-intensive industries by 13.71% in 2024. The phase-out timeline for such exposure is outlined below.

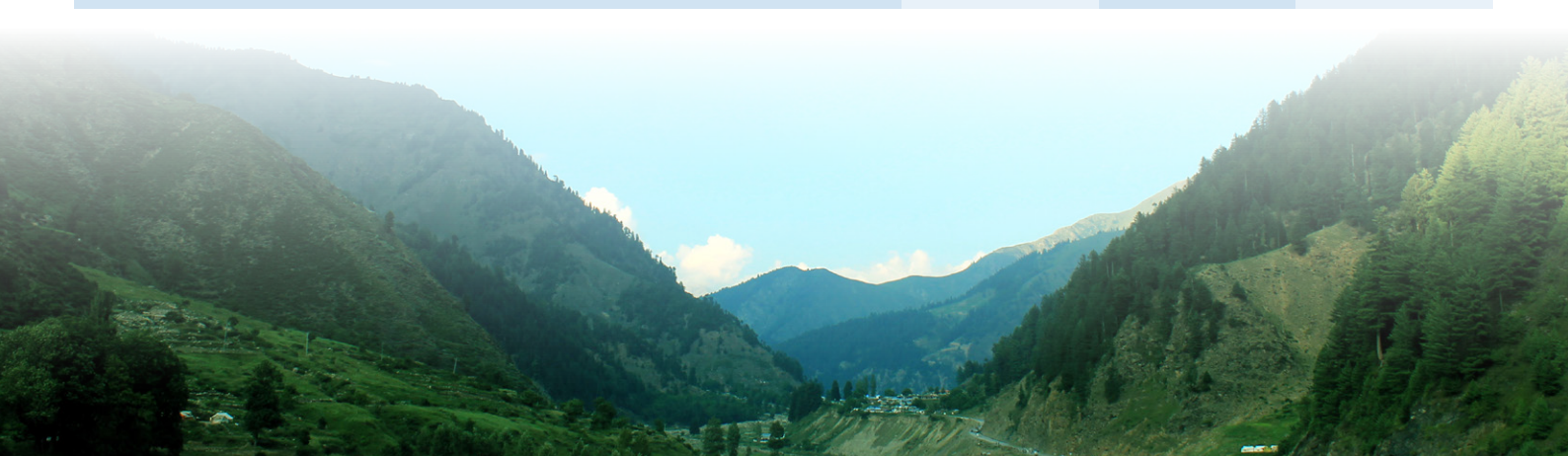


Note: Based on the credit balance as of the end of 2023, including undrawn commitments.

Engagement and Interactions with Investee Companies

Engagement and Interaction between the Bank and investee companies for last years:


Item	2022	2023	2024
Official letters issued (times)	15	2	3
Attendance of investor conferences (times)	69	40	47
Number of investees serve as a director and supervisor	10	10	10
Attendance of voting at shareholders' meetings (times)	75	86	91



Responsible Financing


The Bank has incorporated ESG financing principles into the “Credit Business Procedures” for both corporate and personal finance to promote green finance, energy transition and sustainable development.

Financing Policy



Nature Risk Assessment


The Bank actively enhances biodiversity conservation and nature risk management. The Bank adopted the LEAP (Locate, Evaluate, Assess, Prepare) approach proposed by the Taskforce on Nature-related Financial Disclosures (TNFD) as a systematic framework to assess the nature dependency and impact of various industries and ranked its investment and financing exposures.



Sustainability Linked Loan

Launched the Sustainability Linked Loan program in February 2022 to support low-carbon transition and green financing. Under the program, public companies with improved annual greenhouse gas emissions, carbon reduction, energy and power management, or waste reduction may receive an interest rate reduction.

By end of 2024, a total of 135 enterprises had applied for Sustainability Linked Loans, with a loan balance of approximately NT\$ 67.498 billion.



Post-Loan Management

To effectively manage credit risk, the Bank conducts post-approval reviews to identify any negative ESG news involving borrowers and, when necessary, adjust credit terms based on the severity of the situation.

ESG Factors in Corporate and Personal Finance Review

The Bank thoroughly investigates whether borrowers are involved in negative ESG issues as below:

Aspect	Corporate	Personal
Environmental	<ul style="list-style-type: none"> Whether it involves environment-related negative news Whether it violates the relevant laws and regulations on environmental protection Whether it belongs to the list of emission source manufacturers listed by the Ministry of Environment or the carbon-intensive industries defined by the Bank 	<p>Whether the use of funds is related to a green use of proceeds</p>
Social	<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 	<ul style="list-style-type: none"> Whether the client is a stakeholder Whether the client is on the control list No risk of money laundering No risk of Terrorist Financing Identified Personal credit and check credit status Whether the client is on the blacklist The risk level of the client
Governance	<ul style="list-style-type: none"> Whether it involves negative corporate governance news Whether it is a stakeholder No risk of money laundering No risk of Terrorist Financing Identified 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 	



Talent Attraction and Retention

Listed in the Taiwan Employment Creation 99 Index for 8 consecutive years as Taiwan's largest listed company employer by employee count.

Management and Target on Cultivation and Development

Target Implementation Status	Short-Term Target (2025)	Mid- and Long-Term Target (2026-2032/2032-)
✓ Achieved The percentage of employees obtaining foreign language certifications in 2024 is 27.64%.	28% of employees obtained foreign language certifications.	33% of employees obtained foreign language certifications.

Human Capital Return on Investment ROI

The Bank provides physical and online core business education and training courses, including credit loans, foreign exchange, wealth management, trust, derivative financial products, legal compliance, AML and business regulations and practices. There are 194 credit courses, 70 deposit and remit money courses, and 78 foreign exchange courses.

ROI: (Revenue-Operating Expenses-Employee-related Expenses)/ (Employee-related Expenses)

Year	ROI
2022	2.39658
2023	2.58809
2024	2.63190

The Bank also provides training and development categories are as follows:

Program	Description	Participation status in 2024
Corporate ESG personnel training program	Covers international ESG trends and other sustainability-related expertise	<ul style="list-style-type: none"> 6,722 employees completed the training program. 202 employees attended external ESG-related courses.
Foreign language ability and cultivation	Annual training and evaluation	<ul style="list-style-type: none"> 714 people with credit certificates. 851 people with deposit and remit money certificates. 635 people with foreign exchange certificates. 800 people joined the English learning program.
Profession development	Leadership Development Personnel Cultivation Plan On Job Training Campus Intern Training	<ul style="list-style-type: none"> 244 people have been cultivated and 41 personnel are assigned to overseas branches. Since 2023, trained 509 participants, with 77 certified as of January 2025 on "Family Trust Planning Consultant" course.

Annual Training Hours

Item	2022	2023	2024
Total number of regular employees	6,678	6,693	6,741
Annual average training hours per employee (hours)	61.85	69.73	80.86

Work Force Diversity and Equality

All employees have equal opportunities for training and development. 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.



Diverse and Inclusive Workforce

Item		2022	2023	2024
Region	Taiwan	6,580	6,599	6,642
	Overseas	98	94	99
Total employee		6,678	6,693	6,741
Gender ratio (M:F)		3.6 : 6.4	3.6 : 6.4	3.5 : 6.5
Disability		57	53	79
Indigenous employees		30	30	30

Gender Analysis

Item	2022	2023	2024	Target for 2025
Female/All Employees	64.33%	64.38%	64.84%	60%
Female/All Managerial Employees	59.66%	59.40%	59.29%	60%
Female/All Junior Managers	59.37%	59.15%	59.24%	60%
Female/All Senior Managers	70.00%	71.43%	61.53%	70%
Female/All STEM (science, technology, mathematics) Employees	35.27%	34.54%	35.22%	35%

Employee Benefit

The Bank offers maternity, childcare, and family care leaves, flexible working hours, childbirth allowances, and childcare programs to support work-life balance and attract talent. The Bank also provides menstrual leave to promote women's health and equal employment opportunities.

Type of Leave	Applicable Employees	Superior to Legal Requirement
Paid sick leave (including Pregnancy care leave and menstrual leave)	All employees	✓
Menstrual leave	Female employees	✓
Miscarriage leave	Female employees	✓
Paid personal leave (including 7 days of family care leave)	All employees	✓
Family care leave	All employees	✓
Marriage leave	All employees	✓
Funeral leave	All employees	✓

Other Benefits

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 and climbing activities
- Arts and culture appreciation
- Finance Cup competition



Health Maintenance

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



Childbirth Allowances

- Revised and increased childbirth allowances from Oct 2024
- 111 employees applied for subsidies with amounts exceeding NT\$10 Mn



Working Time and Work-Life Balance

- Flexible working hours to care family members
- Reduction of working hours by 1 hour per day if children under 3
- Flexible working hours

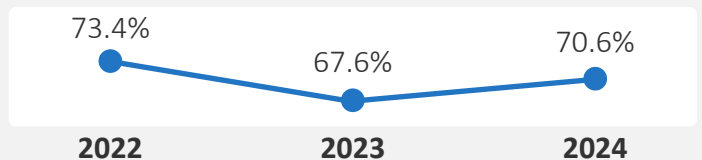


Employee Stock Ownership Trust-Talent Attraction and Retention (ESOT)

Target Implementation Status	Short-Term Target (2025)	Mid- and Long-Term Target (2026-2032/2032~)
✓ Achieved Target ESOT participation rate:95%; achieved 97.8% in 2024.	In 2025, maintain a participation rate of 95%.	In 2026, maintain a participation rate of 95%.

Since Sep 2019, all full-time employees have the option to participate in the ESOT by choosing the minimum self-contribution amount or twice that amount. As of the end of December 2024, the total number of members was 6,327, with a participation rate of 97.8%.

Ratio of Open Positions Filled by Internal Candidates



Turnover Rate

Year	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	4.40	99	1.48	75	1.12	120	1.80	113	1.69	181	2.71

Grievance Escalation Channel for Employee

The Bank has established “Employee Complaint Notice” to provide employee complaint channels. Employees may 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.

Labor-Management Meetings

Implementation Status

	2022	2023	2024
Number of meetings	4	4	4
Number of matters	9	14	10

Employee Protected by the Collective Agreement

Implementation Status

	2022		2023		2024	
	Female	Male	Female	Male	Female	Male
Number of the union members	4,126	2,292	4,095	2,270	4,097	2,223
	6,418		6,365		6,320	
Participation rate	96.11%		95.10%		93.75%	

Personal Information Security and Protection

No personal data security incidents occurred in 2024.

Management and Target on Information Security and Data Privacy

Target Implementation Status	Short-Term Target (2025)	Mid- and Long-Term Target (2026-2032/2032-)
<div> <div> <div>✓</div> <div>Achieved</div> </div> <ul style="list-style-type: none"> Complete ISO 27001 review in 2024. In 2024, accountants handle ad-hoc audit of the personal information protection mechanism. 17 units were audited, and the verification result is that no major abnormalities have been found. </div>	<ul style="list-style-type: none"> Maintain certification validity through annual reviews. Commission the professional accounting firm to handle ad-hoc audit of the personal information protection mechanism regularly. 	<ul style="list-style-type: none"> Maintain certification validity through annual reviews and complete the upgrade. At least 15 units will be audited per year.

Data Protection Policy and Management

To implement the security maintenance and management of personal data files, in addition to the website announcement “Collection, Processing and Utilization of Personal Data Notifications” and “[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. Simultaneously, the Bank manages the personal information disclosed by the supplier via “Guidelines on Internal Operations Entrusted to Others” to stipulate the third-party suppliers keeping customer data confidential and take security measures to ensure that personal information is not leaked.

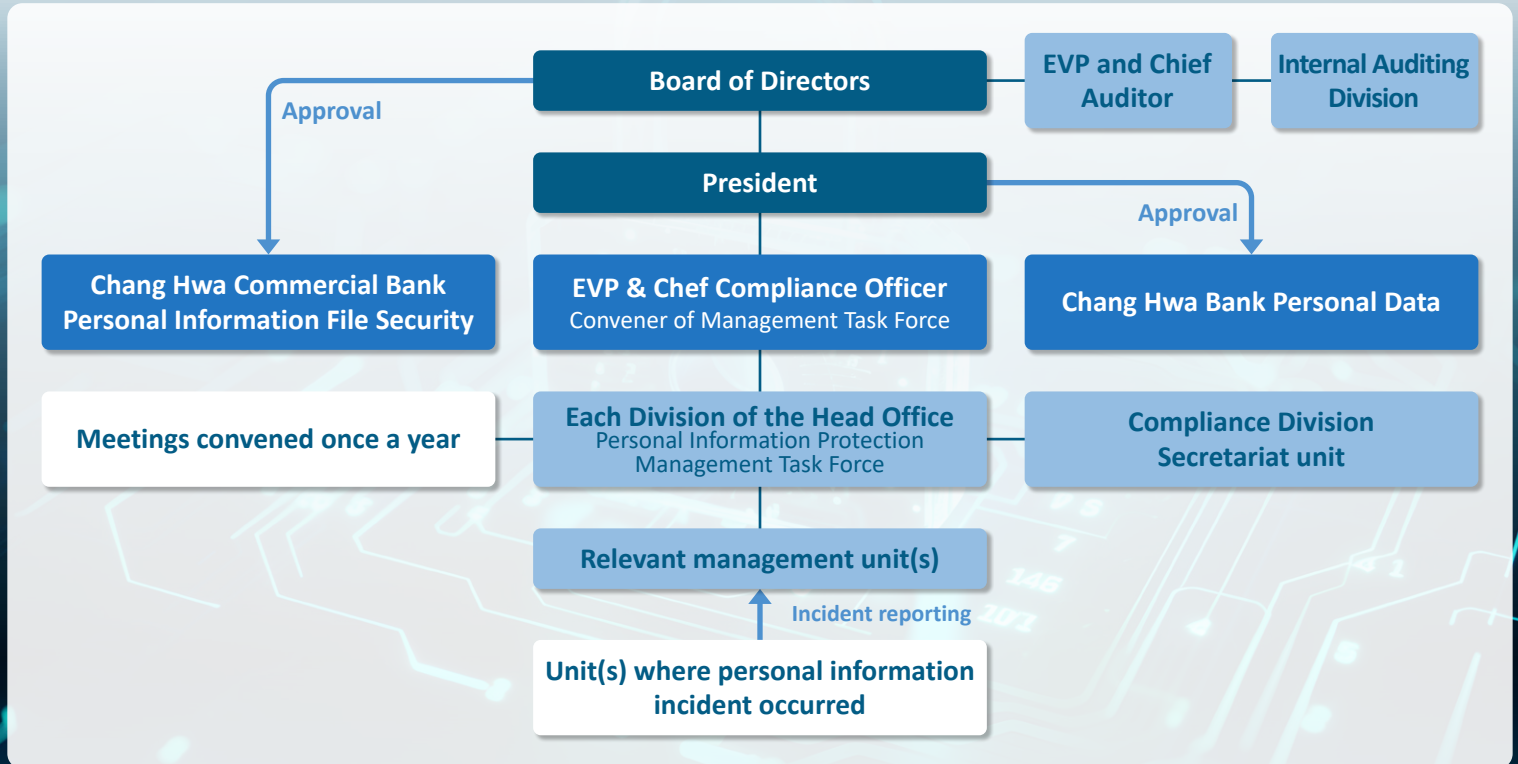
Customer's Personal Data Protection Declaration and File Security Management Program

The Bank clearly explains the purpose of data collection, its use, customer rights (review, copy, correction, opt-in/out, deletion), data retention, third-party disclosure, and data protection measures. Personal data collected, processed, and used by the Bank shall comply with. When outsourcing data handling to others (e.g., suppliers), the Bank shall supervise trustees in accordance with Article 8 of the “Enforcement Rules of the Personal Data Protection Act,” with clear terms specified in the contract or related documents. The Bank shall amend this declaration whenever deemed necessary and any amendments made shall be notified to customers as soon as possible by disclosing it on the website of the Bank or via other authority-recognized public access.



Implementation Procedure of the Bank's Personal Information Protection

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.








Participants for Digital Course on the Personal Information Management System

	2022	2023	2024
Number of participants	6,431	6,725	6,711

Privacy and Personal Information Protection

Scope	Management System and Evaluation
<ul style="list-style-type: none"> Information security and privacy. Personal information protection mechanism. 	<ul style="list-style-type: none"> Appoint an Executive Vice President–level Information Security Director to oversee policy promotion and resource allocation. Conduct regular self-assessments on personal data protection implementation. Maintain ISO 27001, ISO 22301, and BS 10012 certifications with regular effectiveness evaluations.

Information Security Education and Training in 2024

Course	Target Personnel	Total Training Hours
 Information security awareness training (in Chinese and English)	All employees (Including overseas branches)	19,575
 Information security awareness education and training for high-risk personnel	Information and security personnel	314
 Business Continuity Management (BCM) Awareness		157
 Courses related to information security	Information security specialists	591
 SWIFT Education and Training	SWIFT authorized personnel	82

Another Training in 2024

- At least 24 information security bulletins posted on the internal website.
- A total of 16 phishing simulations conducted, with 115,676 test emails sent.
- Completed 7 emergency response drills and 104 information system drills.



Audits of Information Security System

Internal Control	Frequency
Independent third-party assessments of computer system information security, SWIFT CSP compliance, and overall information security compliance.	Yearly
Penetration testing of the mobile application and benchmark testing by the Digital Development Department; all achieved the "Mobile App Basic Cybersecurity Badge and Certificate".	Yearly
Social engineering testing.	Quarterly
Verification of the effectiveness of the BS 10012 Personal Information Management System.	Yearly
Verification of the effectiveness of the ISO 27001 Information Security Management System.	Yearly
Verification of the effectiveness of the ISO 22301 Business Continuity Management System.	Yearly

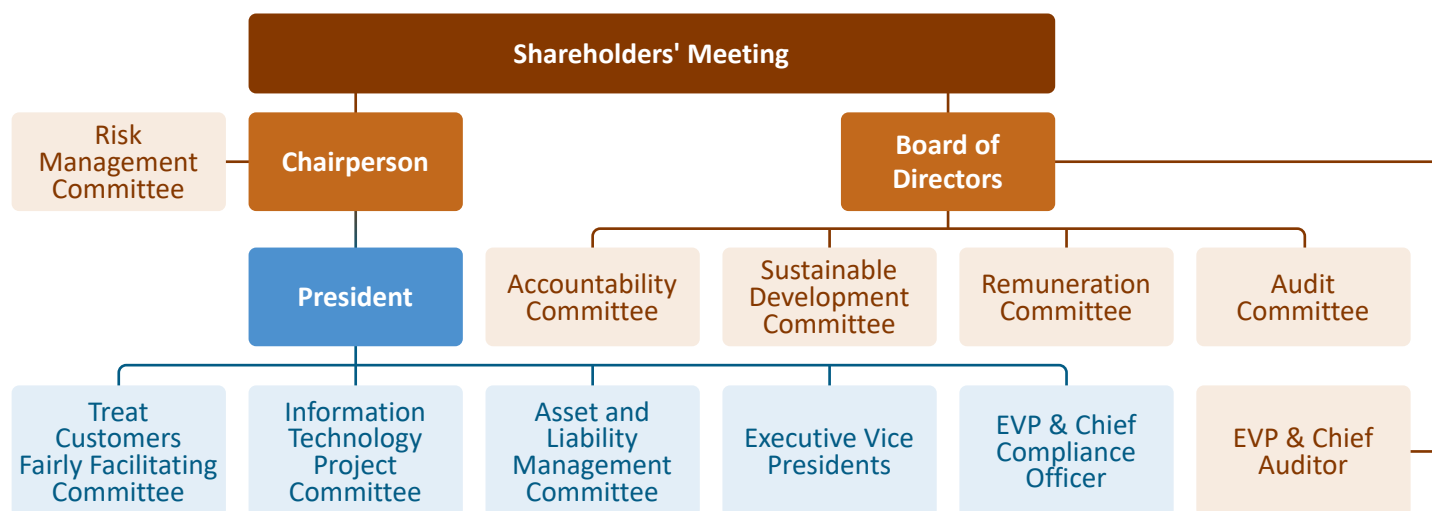


GOVERNANCE

Management and Target on Corporate Governance

Target Implementation Status	Short-Term Target (2025)	Mid- and Long-Term Target (2026-2032/2032-)
<p>✓ Achieved</p> <ul style="list-style-type: none"> The overall evaluation results of the Bank's 2024 board of directors and functional committees were all exceeding the standard. Awarded the top 5% of TWSE-Listed Companies of the 11th Corporate Governance valuation and ranked top 4 in the Financial and Insurance Industry. 	Improving corporate governance performance, such as participating in corporate governance evaluation, etc.	Improving corporate governance performance, such as participating in evaluation and achieving good results.

Corporate Governance Framework



Note: Accountability Committee established by the end of 2024.

Board of Directors

SDC Sustainable Development Committee
 RC Remuneration Committee
C Convener
 M Member
 AC Audit Committee
 Acc.C Accountability Committee

Position	Name	Gender	SDC	RC	AC	Acc.C	2024 Board Attendance Rate
Chairperson	Kuang-Hua Hu	M	100% C			C	100%
Managing Director	Chih-Kuang Chien ^{Note}	M	M			M	M
Managing Director (Independent Director)	Yu-Hsueh Wu	M	100%	100% C	100% C		100%
Director	Chien-Yi Chang	M					100%
	Shiu-Yen Lin	F					100%
	Jen-Chieh Hsu	M					100%
	Wen-Siung Lee	M					100%
Independent Director	Shu-Hua Lee	F	100%	100%	100%	M	100%
	Chao-Kuei Huang	F	100%	100%	100%	M	100%

Note: In April 2025, Delegate of MOF changed to Mr. Chih-Kuang Chien.



Independent
Directorship to
33.3%



Female
Directorship to
33.3%



Diversity and Competence of Board Members

Position	Name	Industrial Experience and Professional Competence
Director	Kuang-Hua Hu	Banking, Risk Management, Securities, Investment, Trust, Bills Finance, ESG and Sustainability.
	Chih-Kuang Chien	Banking, Risk Management, Marketing, Business, ESG and Sustainability.
	Chien-Yi Chang	Banking, Technology, Venture Capital, Economics, Monetary Policy.
	Shiu-Yen Lin	Banking, Administration, Economics.
	Jen-Chieh Hsu	Banking, Labor Rights, Law, Risk Management.
	Wen-Siung Lee	Banking, Insurance, Securities, Administration, Business.
Independent Director	Yu-Hsueh Wu	Banking, Law, Labor Rights and Compensation Management, ESG and Sustainability.
	Shu-Hua Lee	Accounting (CPA), Finance, Insurance, ESG and Sustainability.
	Chao-Kuei Huang	Marketing, Technology, Business, Information Management, e-Commerce and Online Marketing, ESG and Sustainability.

Pay Linked to Sustainability-Board

The bank conducts annual performance evaluations of the Board, individual directors, and functional committees in accordance with the “Regulations Governing the Performance Evaluation of the Board of Directors”. Evaluations cover participation in operations, decision-making quality, board composition, director selection and development, internal control, and ESG performance. External institutions handle the annual evaluation and set indicators. Results are used as references for reviewing directors’ remuneration and improving the Board’s efficiency and effectiveness.

Pay Linked to Sustainability-Management

Since 2022, the Bank has incorporated key sustainability topics into the performance evaluation KPIs of the President and senior management, encouraging them to prioritize both performance and sustainability issues. These KPIs are also linked to the compensation system to reinforce the Bank’s commitment to sustainable operations.



President

Sustainability Performance (10%), including key initiatives such as promoting a friendly workplace, fulfilling net-zero commitments, and enhancing stakeholder communication.



Senior Management

Sustainability Performance (10%), with key focus areas including improving environmental sustainability and strengthening climate change governance.

Remuneration Deferral Policy for Senior Managers (Claw back and Malus)

To motivate senior managers, strengthen risk management, and enhance corporate governance, the Bank’s “Employee Bonus Payment Regulations” stipulate that 80% of the performance bonus is paid immediately, while 20% is deferred for three months, subject to Board review for potential misconduct risks. This reflects the Bank’s commitment to ethical management and sustainable development.

Diversity and Independence of the Board of Directors

The Bank has fully adopted the candidate nomination system since the 25th session (year2017) of the Board of Directors.

Business Integrity

The Bank has “Ethical Corporate Management Best Practice Principles”, “Code of Ethical Conduct”, “Employee Code of Conduct”, and “Internal Complaint Handling Regulations” to help Directors, Managers and employees of the Bank understand the Bank’s integrity and ethical values.

Ethical Standard Education and Training in 2024

Training Item	Number of Participants	Training Completion Rate
2024 Ethical Corporate Management Best Practice and major Code of Conduct Promotion Course	6,711	100%
Legal Compliance System and the Code of Ethical Conduct for New Recruits	400	100%

The Third-Party Verification of Business Integrity and Code of Conduct in 2024

The Bank strictly follows the Rules of Internal Audit and Internal Control System of banking Industries. The internal control system and the implementation of the personal data protection system are annually audited by accountants. The Bank also passed and was certified “Excellence” in CG6014(2023) Corporate Governance System Evaluation by the independent third-party Taiwan Corporate Governance Association.

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.

the Bank has passed the certification of “ISO 14001 Environmental Management System” and “ISO 45001 Occupational Health and Safety Management System”.

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 “2024 Statement on Internal Control System for AML/CFT” and uploads it on the Bank's official website in accordance with regulations.

Anti Money Laundering and Countering Financing of Terrorism

Policy and regulation related to anti-money laundering and countering financing of terrorism: “Anti-Money laundering and Countering the Financing of Terrorism Policy”, “Directions Governing Anti-Money Laundering and Countering the Financing of Terrorism”, “International Sanctions Management Policy” and “Statistics of Management Procedures of Anti-Money Laundering and Countering the Financing of Terrorism” of the Bank. The Bank's 2024 “Statement on Internal Control System for AML/CFT” was reviewed and approved at the 24th meeting of the 27th Board of Directors on March 20, 2025.

