Chang Hwa Bank Labor Practices Commitment

To safeguard employee rights and support sustainable operations, the Bank adheres to international labor standards and applicable laws, embedding fairness, transparency, and accountability into daily practice across four pillars: **Employee Compensation and Working Hours Management**, **Gender Equality and Pay Equity**, **Employee Benefits and Social Protection**, and **Labor-Management Dialogue and Employment Security**. This commitment applies to the Bank and subsidiaries, and suppliers, and contractors are encouraged to align. Through clear policies and continuous, practice-based improvements, we ensure fair pay and reasonable working hours, reduce gender pay gaps, expand social protection and paid leave entitlements, and strengthen regular engagement with workers' representatives as well as consultations and advance notice prior to major workforce changes—fulfilling our commitment to employee well-being and dignity at work.

We annually disclose living-wage benchmarks, hours and overtime KPIs, gender pay gaps, leave-uptake rates, and mass-termination processes, and provide secure, confidential, and non-retaliatory grievance and whistleblowing mechanisms to safeguard employee rights and dignity at work.

◆ **Commitment 1: Employee Compensation and Working Hours Management**

We are committed to providing all employees with wages at or above cost-of-living benchmarks and maintaining a comprehensive working hours management system to prevent excessive or prolonged working hours. We ensure that daily and weekly working hours do not exceed statutory or agreed limits. For overtime hours worked beyond the normal schedule, we provide fair overtime pay in accordance with regulations, and ensure implementation through working hours monitoring and audit mechanisms, safeguarding employees' health, well-being, and labor rights.

Measures
● **Compensation System** ✓ The Bank determines employee remuneration based on the "Current Employee Salary Scale," providing reasonable and market-competitive compensation according to job grade, while maintaining a 1:1 starting salary ratio for male and female new hires to ensure equal pay for equal work, with salaries set at least 1.39 times higher than the statutory minimum wage. Salary benchmarks are established with reference to market levels and are reviewed annually through cost-of-living analyses covering food, housing, clothing, healthcare, transportation, and education. Regional pay adjustments are made where necessary to maintain employees' real purchasing power. Salary adjustments take into account market pay trends, the Consumer Price Index (CPI), living cost changes, industry benchmarks, and the Bank's operating performance to maintain internal fairness and external market competitiveness, ensure financial affordability and stable operations, and enable continuous adjustments in line with market and cost-of-living changes, thereby preserving the attractiveness and sustainability of the compensation system. ✓ In addition to base monthly salaries, the Bank provides fixed and variable incentives such as year-end bonuses, performance bonuses, Lunar New Year bonuses, and Mid-Autumn bonuses, as well as sales incentives and employee profit-sharing depending on job nature, to enhance motivational impact and competitiveness. Other benefits include lunch

Measures
allowances, employee uniforms, and preferential loan programs (including mortgage and consumer loans), which increase employees' disposable income and improve quality of life. ● **Working Hours Management** ✓ The Bank stipulates maximum daily and weekly working hours in accordance with the Work Rules and the Collective Agreement, and has established comprehensive management systems for working hours monitoring, recordkeeping, overtime application, and approval processes through the "Employee Attendance Management Guidelines" and the human resources management system. Internal managers within each unit conduct daily checks on abnormal attendance and overtime situations, with system alerts and managerial review mechanisms triggered when necessary. To prevent excessively long working hours, the Bank implements flexible scheduling, job rotation, and substitution arrangements to adjust manpower allocation, and conducts both periodic and ad-hoc audits to ensure effective implementation. Violations are subject to corrective actions and follow-up improvements. ✓ For employees with specific needs (such as family care or childcare), the Bank offers one-hour flexible start/finish times, a one-hour daily reduction in working hours, and may implement split shifts or remote work based on operational requirements, thereby balancing working hours control with employees' work-life harmony.

◆ **Commitment 2: Gender Equality and Pay Equity**

We are committed to upholding the principle of equal pay for equal work, ensuring that male and female employees receive the same remuneration for work of equal value, free from gender-based disparities. We regularly review and address gender pay gaps to achieve true pay equity, while also designing institutional measures to safeguard gender equality and support employees of all genders in balancing their careers and family responsibilities. These measures include pregnancy-related job adjustments and parental leave arrangements, parental leave without pay with reinstatement guarantees, as well as paternity leave and other family support programs.

Measures
● The Bank determines pay according to the "Current Employee Salary Scale," maintaining equal starting salaries for new hires regardless of gender and ensuring salaries exceed the statutory minimum wage, upholding equal pay for equal work and competitiveness in the market. A dedicated unit conducts at least annual gender pay gap analyses—covering grades, departments, and job families—and proposes remediation and adjustments; where material gaps are identified, the Bank follows established procedures for public disclosure and corrective action. Compensation reviews and adjustments take into account market pay movements, the Consumer Price Index (CPI), cost-of-living changes, and industry benchmarks to ensure objective and consistent decisions. ● In recruitment, performance evaluation, promotion, and reward processes, we incorporate systemic controls such as standardized job evaluation criteria, structured interview and assessment templates, and transparent promotion requirements to prevent gender-based inequities. For female employees, measures include pregnancy-related job adjustments and flexible work arrangements, maternity leave, parental leave without pay with reinstatement guarantees, and related protections. For all employees, benefits include paternity leave, family care leave, flexible working hours, and childcare support programs to help balance family responsibilities with career development.

◆ **Commitment 3: Employee Benefits and Social Protection**

We are committed to providing benefits that meet or exceed statutory requirements—including paid annual leave, medical support, retirement and preferential retirement, occupational injury coverage, and family support—and to continuously expanding social protection beyond legal minimums to enhance

employees' well-being and sense of security.

Measures
● **Leave and Retirement/Severance Benefits** The Bank ensures that employees take their full entitlement of paid annual leave as stipulated by law or company policy, supported by a leave tracking and reminder mechanism. For units with low leave utilization rates, manpower back-up and handover guidelines are provided to prevent employees from being "too busy to take leave." In accordance with the Employee Retirement, Condolence, and Severance Regulations and the Preferential Retirement Regulations, the Bank offers retirement, severance, and preferential retirement benefits that exceed legal requirements, including advance notice pay, preferential payments, and related financial privileges. ● **Employee Welfare System and Facilities** Employee welfare matters are managed by the Employee Welfare Committee, which allocates welfare funds in compliance with the law, manages them in dedicated accounts, and holds regular meetings. The employee welfare organization may provide facilities such as cafeterias, dormitories/housing, childcare centers, libraries, recreation rooms, and medical clinics as needed, with the costs covered by welfare funds. ● **Risk Protection and Disaster Relief** In addition to statutory benefits, the Bank operates a Mutual Aid Fund for Accidental Loss, offering subsidies for work-related errors and relief for major disasters. The Fund also covers the premiums for group medical and accident insurance, thereby strengthening employees' risk protection. ● **Family Support and Maternity/Paternity Benefits** In terms of family support, the Bank offers fully paid leave for marriage, bereavement, prenatal check-ups/maternity leave, and paternity leave. Starting from October 11, 2024, maternity subsidies have been increased to NT$100,000 for the first child, NT$120,000 for the second child, and NT$250,000 for the third child and above (children born on or before December 31, 2025, will remain eligible for the original NT$360,000 subsidy for the third child and above). In 2025, 113 employees received subsidies totaling over NT$10 million. ● **Work-Life Balance Measures** The Bank promotes flexible work arrangements: employees caring for family members may adjust their start and end times by up to one hour; employees raising children under the age of three may reduce their daily working hours by one hour; and, depending on business needs, flexible working hours, split shifts, or remote work arrangements may be adopted. ● **Diverse Welfare Programs** Welfare programs also include an employee stock ownership trust, health maintenance initiatives, education scholarships, and recreational activities, continuously enhancing the quality of life and sense of security for employees and their families.

◆ **Commitment 4: Labor-Management Dialogue and Employment Security**

We are committed to maintaining regular communication with workers' representatives through labor-management meetings, collective bargaining, and other formal channels to ensure transparency and fairness in working conditions, and promote improvement. In addition, before implementing mass layoffs or major organizational changes, we will conduct consultations and provide advance notice in accordance with legal and contractual requirements to protect employees' rights and job stability. We also offer reskilling and upskilling opportunities to help employees adapt to industrial transformation or climate transition, ensuring their employability and career resilience.

Measures
● **Institutionalized Labor-Management Dialogue Mechanism** The Bank has established an institutionalized labor-management dialogue mechanism in accordance with the Guidelines for Implementing Labor-Management Meetings, with nine representatives each from the labor and management sides. Meetings are held at least quarterly, covering topics such as working conditions, welfare planning, and workplace

Measures
improvements. Special task forces may be formed when necessary to conduct consultations, with meeting resolutions implemented and improvement measures promoted based on the minutes. Employee representatives attending these meetings are entitled to official leave and protection against unfair treatment. In addition, under the Collective Agreement, the Bank and the labor union negotiate, renew, or amend agreements in good faith, with any matters not covered handled in accordance with relevant laws and regulations to ensure continuity and institutionalization of labor-management communication. ● **Management of Major Organizational Changes and Workforce Adjustments** In the event of significant organizational restructuring or workforce adjustments, the Bank handles matters in accordance with the Collective Agreement, including transfer principles, written notifications, coordination procedures, and priority protections for union members. For unsuitable personnel, they will be given guidance, written warnings and a deadline to improve their performance in accordance with the "Measures for Handling Unsuitable Personnel". If necessary, they will be submitted to the Personnel Review Committee for review to balance work quality and employee relief rights. ● **Employment Security and Career Resilience Development** The Bank has established a comprehensive training system, under which each unit submits annual training needs, and course completions are followed by assessments and systematic recordkeeping. Employees who undergo training or external study must compile learning records and share them internally, creating a cycle of knowledge sharing. Staff are encouraged to pursue self-learning after working hours and record their achievements to support redeployment, career transitions, or new skill acquisition (including digital skills and compliance risk expertise). In addition, under the Leave Without Pay Guidelines, the Bank offers leave and reinstatement guarantees for parental care, family care, or further study, balancing family responsibilities with career continuity. Job rotations are carried out in accordance with the Employee Rotation Management rules and related procedures, including adjustments to system access rights and proper handovers, to reduce operational risks while providing cross-functional experience and redeployment opportunities. For employees planning retirement, the Preferential Retirement Regulations stipulate application timelines, effective retirement dates, preferential payments, and advance notice pay to facilitate workforce transition and personal retirement planning. ● **Grievance and Remedy Mechanisms** The Bank has established reporting, investigation, legal aid, and confidentiality mechanisms for workplace misconduct. Cross-functional investigation teams formed by the Human Resources Department maintain records and, depending on the severity, refer cases to the Personnel Review Committee. A dedicated sexual harassment complaint hotline and handling committee have also been established to ensure confidentiality, prohibit retaliation, follow up on improvements, and promote education and awareness. Related systems and annual implementation results are disclosed on the Bank’ s internal and external websites to ensure that employees can access remedies safely and conveniently. For underperforming employees, the Incompetent Personnel Handling Regulations require prior counseling, written warnings, and deadlines for improvement before, if necessary, referring cases to the Personnel Review Committee, balancing work quality with employee rights to due process.

◆ KPI Categories, Indicators, and 2025 Performance

Category	KPI Indicator	2025 Performance
Labor-Management Communication	Number of labor-management meetings held	4 times
Employment Security	Advance notice period for major organizational changes	At least 30 days (as required)
Skills Development	Average annual training hours per employee	76.92 hours
Career Resilience	Reinstatement rate after parental leave without pay	98.3%