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About this Report


Chang Hwa Commercial Bank Ltd. (hereinafter referred to as “Chang Hwa Bank” or the “Bank”) publishes a Corporate Social Responsibility Report on a yearly basis. In June 2021, the 2020 Corporate Social Responsibility Report (hereinafter referred to as the “Report”) was published. The Report has been approved by the Chairperson of the Bank. The scope of the Report covers performance in 2020 (from January 1, 2020 to December 31, 2020).

Meanwhile, both the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB) standards are adopted to proactively disclose Chang Hwa Bank’s sustainable development strategy and environmental, social, and governance (ESG) performance, actions, and future plans to various stakeholders who pay attention to the accomplishment of the Bank.

Scope of Report

• The Report uses the Bank’s business activities in Taiwan as the scope of disclosure, and all financial figures are calculated in New Taiwan Dollars and verified by CPAs.
• The Reports published by the Bank over the years can be viewed and downloaded from the corporate social responsibility section on the Bank’s official website (https://www.bankchb.com/csr/index_eng.jsp).
• Last version was published in June 2020.

Reporting Basis

• The Report is prepared based on the GRI Standards: Core Option, published by the GRI and covers the comparison table including the “Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies,” Sustainability Accounting Standards Board (SASB) - Commercial Banks industry, and the corresponding contents of the UN’s Sustainable Development Goals (SDGs), as to remain in line with the global sustainability trends.

External Assurance

• The British Standards Institution (BSI), a third-party certification institution, has provided Type 2 Moderate Assurance of the Report in accordance with the third version of the AA1000 Assurance Standard and the GRI Standards to confirm the compliance with the AA1000 Accountability Principles (2018) and the reliability of sustainability performance data. After verification, the contents disclosed in the Report are confirmed to be in compliance with the Core Option of the GRI Standards.
• BSI has provided Type 1 assurance of compliance with the Commercial Banks industry of SASB standards for the disclosures.
• For the BSI certification statement, please consult the appendix.

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Message from the Chairperson

GRI : 102-14

In 2020, the global economy and people’s lives were severely impacted by the Coronavirus disease 2019 (COVID-19) pandemic and had irrevocably changed lifestyles and economic activities worldwide. Facing the critical moment of the epidemic, the Bank established an Epidemic Prevention Task Force, launched a backup mechanism, and adjusted contingency measures in response to the epidemic to ensure the customers’ interests and rights, the health of our employees, and business continuity. Due to the importance of the social responsibility undertaken by the financial sector, the Bank pays attention to the relevant international standards, including the United Nations Sustainable Development Goals (SDGs), the Paris Agreement, and the United Nations Global Compact (the UN Global Compact). The Bank incorporates the concept of corporate sustainability into its core business programs and activities. Meanwhile, we commit to all stakeholders and improve environmental (E), social (S), and governance (G) oriented sustainable actions continually to establish a sustainable service model.
Looking back on 2020, the Bank kept on promoting various specific measures, including improving the efficiency of corporate governance, strengthening the functions of the Board of Directors, and implementing the policy of diversification of board members. The current term of independent directors has not exceeded nine years to maintain its independence. Moreover, the Bank set up the Sustainable Development Committee under the Board of Directors and supervised the corporate social responsibility operation. The Bank conducted the Board performance evaluation annually, and the overall evaluation results of the Board of Directors and each functional committee are “beyond the standard” in 2020. In addition, we established a management mechanism for emerging risk issues through the framework of identification, measurement, management, and supervision to assist the Board of Directors in exercising risk management responsibilities effectively and facilitate the transformation of financial services diversely. Furthermore, the Bank established an intellectual property management system and formulated an intellectual property management project linked to our operational goals to improve intellectual property management and expected to obtain the Taiwan Intellectual Property Management System (TIPS) certification in 2021.

In response to the trend of responsible investment, the Bank incorporated ESG issues into the investment evaluation process and fulfilled its responsibility for governance by engaging with investment targets. In addition, the Bank has published the 2020 ESG Summary in both Chinese and English languages to provide real-time and summarized ESG information, to strengthen communication with various stakeholders. The Bank has successively held online investor conferences to enhance information transparency and introduced the Sustainability Accounting Standards Board (SASB) for the Commercial Banks in the CSR report published this year to align with international sustainable development.

The Bank attaches great importance to the rights and interests of customers, upholds the core value of customer-oriented,
and actively implements the principles of consumer protection and fair hospitality. Starting from the needs of our customers, we continue to promote financial innovation, strengthen digital services, strive to provide more friendly and the best financial services, and create a financial brand that can make customers feel satisfied and assured. During the epidemic, the Bank actively caring for the customers affected by the outbreak in providing financial assistance to tide over the difficulties, and cooperated with the government’s relief measures and revitalization plans, simplified the application process, and assisted in obtaining what they needed for funding and reducing the burden of loans. The Bank has achieved outstanding results and rated by the Financial Supervisory Commission (FSC) as an excellent bank for providing relief loans.

In order to build a friendly, safe and happy workplace, the Bank provides a comprehensive remuneration system and diversified welfare measures. In 2020, the Bank significantly raised the childbirth allowance to encourage employees to have children. Meanwhile, the Bank cultivates talents to improve their professional financial competence through a comprehensive core business training program and courses, such as the online Studio Classroom and the CommonWealth Magazine Leader Campus (CWLC). To honor the spirit of human rights protection in the International Bill of Human Rights and to observe the Bank’s human rights policy, the Bank has performed the annual human rights due diligence to fulfill our responsibility for protecting human rights. The Bank has been dedicated to implementing occupational safety and health management, maintaining the validity of the ISO 45001 occupational safety and health management system certification, and establishing a safe and healthy workplace.

In social care, the Bank has paid great attention to contribute to society and created a positive influence, organizing various social welfare activities to continue to care for disadvantaged families,
underprivileged students, young people, and the elderly in a rural area. Furthermore, the Bank promoted the development of culture and sports, purchased high-quality agricultural products, and donated them to disadvantaged groups to support pomelo farmers and banana farmers with specific actions. Initiated the “Love in Chang Hwa Bank and e-Action” charity donation event and called on the public by using Taiwan Pay to join this grand event. We demonstrated love and responsibilities through different projects to start with the cycle of good and promote to society step by step.

Regarding the challenge of climate change, the Bank joined the initiative of “Do Something for the Tamsui River,” launched by the CommonWealth Magazine to committed green procurement and contributed to the global environment and hometown environmental protection. With the mission of being a citizen of the earth, we proactively introduce ISO 14001 environmental management system, ISO 50001 energy management system, and ISO 14064-1 greenhouse gas inventory to improve energy conservation and carbon reduction efficiency and mitigate the environmental impact. The Bank continues to respond to the Carbon Disclosure Project (CDP) and introduces the Task Force on Climate-Related Financial Disclosures (TCFD) to establish a risk control mechanism for climate change. In order to build a more complete and sustainable procurement process, the Bank introduced a sustainable procurement process in 2020, incorporated the concept of sustainability in the procurement department, affecting the conduct of suppliers, and in March 2021, became the first government-owned bank to pass the review of the ISO 20400 sustainable procurement standard.

Our efforts in sustainability have enabled the Bank selected for successive years as a constituent stock of the TWSE Corporate Governance 100 Index, the FTSE4Good Emerging Index, the FTSE4Good TIP Taiwan ESG Index, the TWSE RA Taiwan Employment Creation 99 Index, the TWSE RAFI® Taiwan High
Compensation 100 Index; and owned the Best Corporate Social Responsibility Award in Non-Financial Holding Banks by Excellence Magazine, the Gold Award of the Corporate Sustainability Report Awards by Taiwan Corporate Sustainability Awards (TCSA), the Sustainability Resilience Pilot Award by BSI, and rated as the Benchmarking Corporate of Yearbook of Corporate Social Responsibility by Economic Daily News.

Looking ahead to 2021, the Bank will leverage our professionalism and influence as a financial institution to ensure the balanced development of the five aspects in corporate governance, customer care, employee care, social welfare, and sustainable environment. We will continue to pay attention to international sustainable development issues and actively respond to the expectations of all stakeholders to strive for sustainability and approaching the vision of “The common good society.”

Chairperson
2020 Honors, Recognitions and Sustainable Performances

Business Performance

Cumulative pre-tax earnings of NT$ 8.311 billion.

The Global TOP 500 Banks
(7th consecutive year, 2015~2021).

Management Team of CHB
A Chairperson | Joanne Ling
B President | Chao-Chung Chou
C Executive Vice President | Bin Chen
D Executive Vice President | Chang-Hua Cheng
E Executive Vice President | Hsiu-Chuan Teng
F Executive Vice President | Ya-Ling Lin
G EVP & Chief Compliance Officer | Jih-Cheng Yang
H EVP & Chief Auditor | Mei-Fang Wu
Evaluated as 6%~20% among Taiwan listed companies in the 7th Corporate Governance Evaluation.

Selected as a constituent stock of the TWSE Corporate Governance 100 Index for 5 consecutive years.

Selected as a constituent stock of the FTSE4Good Emerging Index for 4 consecutive years.

Selected as a constituent stock of the FTSE4Good TIP Taiwan ESG Index for 5 consecutive times.

TCSA Taiwan Corporate Sustainability Awards - Corporate Sustainability Report Awards (Gold Award). (2020)

Sustainability Resilience Pilot Award by BSI. (2020)

Best Corporate Social Responsibility Award in Non-Financial Holding Banks. 《Excellence》 (2020)

Yearbook of Corporate Social Responsibility – Benchmarking Corporate. 《Economic Daily News》 (2020)
First Place of Rewarding Domestic Banks to Accelerate the Relief and Bail-out Loan Program Class C in Efficiency (Government Bail-out and Incentivizing Loan Program).

Golden Award for Credit Guarantee, Government Policy Promotion Award, Outstanding Collection of Guarantee Cases. (2020)

50 utility model patents and 3 design patents were approved by the Intellectual Property Office. (2020)

Selected as Outstanding Bank in Cooperaiton of Referral Export Insurance for 2 consecutive years. (2019~2020)

Selected as a constituent stock of the TWSE RA Taiwan High Compensation 100 Index for 7 consecutive years. (2014~2020)

Passed ISO 45001 occupational health and safety management system certification for 2 consecutive years. (2019~2020)

 Passed ISO 22301 business continuity management system certification for 3 consecutive years. (2018~2020)

Passed BS 10012 personal information management system certification for 8 consecutive years. (2013~2020)

Passed ISO 27001 information security management system certification for 13 consecutive years. (2008~2020)
Completed the greenhouse gas inventory of all business locations and offices in Taiwan and obtained the ISO 14064-1 certification for 4 consecutive years. (2017~2020)

Obtained the ISO 50001 energy management certification for 5 consecutive years. (2016~2020)

Obtained the ISO 14001 environmental management certification for 6 consecutive years. (2015~2020)

The Bank's 2020 green procurement amount reached NT$30.98 million, an increase of 51.94% compared with 2019.

Outstanding Green Procurement Enterprise by Department of Environmental Protection, New Taipei City Government. (2020)

Rated as “Private Enterprises and Organizations with Outstanding Green Procurement Performance” by Department of Environmental Protection, Taipei City Government for 3 consecutive years. (2018~2020)

Attained “B” Management Level from Carbon Disclosure Project (CDP) Questionnaire for 2 consecutive years. (2019~2020)

Electronic bills reduced CO₂ emissions by approximately 4,272kg, equivalent to reduction of 356 trees from being felled.
1. Organization of Corporate Social Responsibility

Chang Hwa Bank has long been paying close attention to social trends and is committed to fulfilling its Corporate Social Responsibility (CSR). The Bank has invested considerable efforts in aspects such as promoting corporate governance, developing a sustainable environment, and participating in social welfare programs. In order to put the concept of sustainable business into practice, the Bank established the 2nd Sustainable Development Committee (hereinafter referred to as the “SDC”) in 2020, SDC was composed of 5 members including Chairperson as the convener, 3 Independent Directors and President. SDC is in charge of implementation of CSR affairs, establishment of related systems, monitoring on execution and performance of policies, and reviewing related implementation report on a regular basis.

The SDC features inter-departmental Corporate Social Responsibility Task Force (hereinafter referred to as the “CSR Task Force”), an Executive Vice President (EVP) was assigned to serve as the convener, and leaders of the CSR Task Force was reassigned based on primary promoting working groups (Corporate Governance, Customer Care, Employee Care, Social Welfare, and Sustainable Environment) to strengthen comprehensive operating ability and be in charge of daily affairs. The Company Affairs Section of the Secretariat Division is also the secretarial unit of the SDC. It is responsible for compiling CSR reports, planning CSR related tasks, coordinating each division to handle CSR related tasks, reporting to the SDC on the annual CSR implementation results, and submit to the Board of Directors as well. The FY2019 CSR related performances of the Bank were submitted to the 1st meeting of the 2nd Sustainable Development Committee held on Dec. 3, 2020 and the 7th meeting of the 26th term Board of Directors held on Dec. 15, 2020 for supervision.

CSR organization of the Bank is as in the diagram:
Corporate Social Responsibility Report

Appendix

Corporate Governance
- Secretariat Division
  - Business Performance and Profit
  - Corporate Governance
  - Business Integrity
  - Legal Compliance
  - Anti-Money Laundering and Countering Financing of Terrorism
  - Risk Management (including emerging risks)
  - Tax Governance
  - Safeguarding Shareholder Equity
  - Intellectual Property Management

Customer Care
- Product Management Division
  - Climate Change
  - Responsible Investment
  - Due Diligence in Credit Application
  - Safeguarding Customer Rights and Interests
  - Green Finance and Products
  - Innovation and Inclusion of Digital Finance
  - Financial Inclusion

Employee Care
- Human Resources Division
  - Human Rights Protection and Gender Equality
  - Remuneration and Benefits
  - Employee Development and Training
  - Employer / Employee Relations
  - Diversity and equality policy of healthy workplace

Social Welfare
- Secretariat Division
  - Charitable Care
  - Community Engagement
  - Charity Events

Sustainable Environment
- General Affairs Division
  - Environmental Sustainability Policy
  - Energy Conservation and Carbon Reduction Management
  - Green Procurement
  - Suppliers Management
  - Waste Management

Regular Reporting
1.1 Regulatory Compliance

The Bank follows the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies,” “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies,” “Corporate Governance Best Practice Principles of Banking Industry,” “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies,” “Corporate Social Responsibility Best Practice Principles” and “Corporate Social Responsibility Policy” of the Bank, to plan and implement various CSR tasks and projects, and incorporates CSR related courses in training programs of new recruits. Furthermore, the Bank encourages employees to nurture their volunteering spirits in daily life and sets up volunteer teams in the hope of a better society.

1.2 Corporate Social Responsibility Performances

- Selected as a constituent stock of the FTSE4Good Emerging Index for 4 consecutive years.
- Selected as a constituent stock of the FTSE4Good TIP Taiwan ESG Index for 5 consecutive times.
- Best Corporate Social Responsibility Award in Non-Financial Holding Banks. 《Excellence》 (2020)
- Sustainability Resilience Pilot Award by BSI. (2020)
- TCSA Taiwan Corporate Sustainability Awards - Corporate Sustainability Report Awards (Gold level). (2020)
2. Stakeholder Engagement

2.1 Identification of Stakeholder

Step 1: Identifying Stakeholders

In order that the Bank to identify stakeholders, the CSR Task Force members conduct six-factor stakeholder positioning tests (i.e., responsibility, influence, closeness, reliability, representation, policy and strategic intent) to identify stakeholders those are relevant and will be in close contact with business of the CSR Task Force members. Based on the identification results, there are 7 categories of stakeholders this year, including: Competent authorities, investors, customers, employees, suppliers, communities and media.

Step 2: Collecting Topics of Concern

Selection Criteria

In order to accurately understand the topics of concern to the stakeholders, the Bank refers to the 4 principles of the GRI Sustainability Reporting Standards—materiality, stakeholder inclusiveness, sustainability context and completeness, and considers all the concerns of different stakeholders and the materiality of each, and their respective measuring basis and value. As a result, the Bank first divides the material topics into 5 aspects: corporate governance, customer care, employee care, social welfare, and sustainable environment, the Bank collects topics of each aspect and performs preliminary screening of material topics. Secondly, the CSR Task Force members prioritize among these aspects, which will ultimately determine the scope of material topics for the Bank to respond to. Therefore, the Bank can assure the responses cover the interests of all stakeholders, since the Bank does not rate topics from different aspects under one single standard to avoid regrets for not replying topics concerned by some stakeholders.
② Identifying Topics

The CSR Task Force members follow the above-mentioned screening principles of the material topics, observe the material topics of concern by domestic financial industry, the international sustainable development trends (such as the 17 SDGs proposed by the UN), and fill in the questionnaire based on practical experiences relevant to their duties. The above-mentioned 5 aspects are summarized into 3 major aspects: E (Environmental), S (Social), and G (Corporate Governance), with a total of 22 topics of concern for convenient reading of stakeholders, as shown in the diagram.

Step 3: Making Materiality Analysis Matrix

After completion of collecting topics of concern from various stakeholders, members of the Bank’s CSR Task Force conduct a materiality evaluation of the above-mentioned 22 topics of concern, scoring each topic based on the “degree of concern of the topic” and the “impact of the topic on the Bank’s operations.” The total score of each topic is weighted, transformed and classified to arrive at the final total score. They are classified into high-level concern, key point of concern and continuous concern. The 22 material topics of the Bank are described as in the matrix.
Step 4: Classifying and Responding to Topics

The Bank responds to the top 12 topics with the highest final scores from the 3 major aspects, i.e., “governance,” “social” and “environmental.” The CSR Task Force further classifies the above-mentioned 12 topics into 2 categories: priority of high-level concern and general high-level concern. Among them, the 10 priority of high-level concern topics are listed as the disclosure of related management approaches and performances. The Report is prepared in accordance with the Core Option of the GRI Standards issued by the Global Reporting Initiative (GRI) in 2016.
Description of the Differences/Adjustments Between 2019 and 2020 Material Topics:

<table>
<thead>
<tr>
<th>Topics of the Year</th>
<th>Differences of the Year</th>
<th>Reasons for Adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal Compliance and Anti-Money Laundering</td>
<td>Term Adjustment</td>
<td>“Legal Compliance, Anti-Money Laundering, and Countering the Financing of Terrorism” is revised to “Legal Compliance and Anti-Money Laundering.”</td>
</tr>
<tr>
<td>Business Performance and Profitability</td>
<td>Rename</td>
<td>“Business Performance” is revised to “Business Performance and Profitability.”</td>
</tr>
<tr>
<td>Information Security and Personal Information Protection</td>
<td>Rename</td>
<td>“Information Security” is revised to “Information Security and Personal Information Protection.”</td>
</tr>
<tr>
<td>Safeguarding Customer Rights and Interests</td>
<td>Rename</td>
<td>“Customer Rights and Interests” is revised to “Safeguarding Customer Rights and Interests.”</td>
</tr>
<tr>
<td>Human Rights Protection and Gender Equality</td>
<td>Rename</td>
<td>“Human rights (Gender Equality)” is revised to “Human Rights Protection and Gender Equality.”</td>
</tr>
<tr>
<td>Climate Change</td>
<td>New</td>
<td>Climate change is incorporated into operational decision-making to identify and manage risks, thereby seizing opportunities and strengthening the governance in the respect of climate change.</td>
</tr>
</tbody>
</table>

2.2 Summary of Stakeholder Communication Channels and Topics of Concern

The Bank has always valued communication with stakeholders and actively established smooth and diversified communication channels to understand the topics which stakeholders concern. We have responded in the relevant chapters of this Report; meanwhile, we have set up a section dedicated to stakeholders on the official website to provide information on the points of contact to the general public, investors, employees, and suppliers while responding to stakeholders’ topics of concern in real time on the corporate social responsibility website.
The communication contents between the Bank and stakeholders are as in the table below:

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Importance</th>
<th>Topics of concern</th>
<th>Communication channels</th>
<th>Frequency of communication</th>
<th>Key points of communication and performance (Corresponding chapter)</th>
</tr>
</thead>
</table>
| Competent Authorities     | The Bank actively cooperates with the government’s policies and complies with competent authorities’ relevant laws and regulations to create a sound business environment. | • Corporate Governance  
• Business Integrity  
• Legal Compliance and Anti-Money Laundering  
• Business Performance and Profitability  
• Innovation and Inclusion of Digital Finance  
• Climate Change | • Seminars and Symposiums  
• Official Documents and Letters  
• Official Website of the Bank  
• Annual Reports  
• Phone Calls and E-mails  
• Evaluations of the Competent Authorities | Irregular  
Annual | Governance Aspect  
Social Aspect  
Environmental Aspect |
| Investors                 | Long-term investor support is the motivation behind the Bank’s steady growth. | • Business Performance and Profitability  
• Corporate Governance  
• Business Integrity  
• Climate Change | • Market Observation Post System  
• Official Website of the Bank  
• Annual Reports  
• Shareholders’ Meetings and Investor Conferences | Irregular  
Annual | Governance Aspect  
Environmental Aspect |
| Media                     | The Bank discloses ESG-related information to the public through the media, which is also an important communication channel between the Bank and other stakeholders. | • Corporate Governance  
• Business Performance and Profitability  
• Business Integrity  
• Safeguarding Customer Rights and Interests  
• Charity Care | • Market Observation Post System  
• Competent Authorities  
• Shareholders’ Meetings and Investor Conferences  
• Official Website of the Bank  
• Press Releases of the Bank  
• Spokesperson of the Bank  
• Annual Reports | Irregular  
Annual | Governance Aspect  
Social Aspect |
<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Importance</th>
<th>Topics of concern</th>
<th>Communication channels</th>
<th>Frequency of communication</th>
<th>Key points of communication and performance (Corresponding chapter)</th>
</tr>
</thead>
</table>
| Customers   | The Bank takes customers’ needs as the core of business, focuses on providing better experience, and strives to create values for customers. | • Business Integrity  
• Information Security and Personal Information Protection  
• Safeguarding Customer Rights and Interests  
• Innovation and Inclusion of Digital Finance  
• Green finance and Products  
• Charity Care | • Annual Reports  
• Official Website of the Bank  
• Official Documents and Letters  
• Customer Service Hotline  
• Phone Calls and E-mails of the Branches  
• Questionnaire Surveys  
• The Bank’s Facebook Page  
• The Bank’s YouTube Channel  
• The Bank’s Instagram Account  
• Competent Authorities  
• Financial Ombudsman Institution | Irregular  
Annual | Governance Aspect  
Social Aspect  
Environmental Aspect |
<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Importance</th>
<th>Topics of concern</th>
<th>Communication channels</th>
<th>Frequency of communication</th>
<th>Key points of communication and performance (Corresponding chapter)</th>
</tr>
</thead>
</table>
| Suppliers   | Suppliers are the Bank’s partners in sustainable operation and growth. | • Human Rights Protection and Gender Equality  
• Supplier Management | • Procurement Meetings  
• E-mail of the Bank  
• Official Website of the Bank  
• Phone Calls  
• Annual Reports | Irregular  
Annual | Social Aspect  
Environmental Aspect |
| Communities | Enterprises’ existence and prosperity are intricately linked with the society.  
Through continuous social participation, the Bank pursues development and co-prosperity with charity organizations and communities to promote the positive qualities of the true, the good and the beautiful in the society. | • Energy Conservation and Carbon Reduction  
• Charity Care | • Visits from the Bank’s Volunteers  
• Phone Calls  
• Official Website of the Bank  
• Project Activities  
• Disaster Relief Organizers | Irregular  
Environmental Aspect |
2.3 Topics of Concern and Material Topics

Material topics of the FY2020, their corresponding GRI material topics, management approaches, and internal/external boundaries of impact have been organized as in the following table, as to facilitate relevant stakeholders’ understanding; responses to relevant material topics are detailed in the following chapters of the Report.

<table>
<thead>
<tr>
<th>Material Topics</th>
<th>GRI</th>
<th>GRI Management Approaches Corresponding Chapter</th>
<th>Corresponding SDGs Targets</th>
<th>Key Impact Risks / Opportunities</th>
<th>SDGs</th>
<th>Boundaries of Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>* Legal Compliance and Anti-Money Laundering</td>
<td>*GRI 419</td>
<td>Governance Aspect</td>
<td>16.4: Significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime</td>
<td>The Company will suffer major rulings, which will affect the Company’s image and business development if the AML, fraud, and CFT operational procedures have not been complied with. Implementation of AML, financial fraud and CFT will facilitate the promotion of international business and sustainable operations.</td>
<td>G&amp;H</td>
<td>A</td>
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<tr>
<td>* Business Integrity</td>
<td>*GRI 205</td>
<td>Governance Aspect</td>
<td>16.5: Substantially reduce corruption and bribery in all their forms 16.6: Develop effective, accountable and transparent institutions at all levels</td>
<td>The occurrence of unethical behavior may result in losses of the Company or punishments and penalties by the competent authorities, which will affect the Company’s image. Implementing business integrity and avoiding unethical incidents such as corruption can prevent punishments and penalties from the competent authorities, and can establish a decent management image for the Company.</td>
<td>G&amp;H</td>
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<td>Material Topics</td>
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<tr>
<td>* Corporate Governance</td>
<td>*GRI 405 Diversity and Equal Opportunity</td>
<td>Governance Aspect: Corporate Governance</td>
<td>5.5 : Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making</td>
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<td>Violation of corporate governance related regulations may result in punishments and penalties by the competent authorities and affect the Company’s image.</td>
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<td>12.6 : Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle</td>
<td>Strengthening corporate governance and the effectiveness of the Board of Directors, and establishing a positive image of sustainable operations for the Company to increase investors’ willingness to invest, and enhance the value of the Company.</td>
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<td></td>
<td>16.7 : Ensure responsive, inclusive, participatory and representative decision-making at all levels</td>
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<td>* Business Performance</td>
<td>*GRI 201 Economic Performance</td>
<td>Governance Aspect: Company Profile</td>
<td>8.10 : Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all</td>
<td>Investors’ willingness to invest will be affected if the business performance is not achieved.</td>
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<td>and Profitability</td>
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<td></td>
<td>Improving business performance will help the Bank’s business development, and increase customers’ dealings and investors’ willingness to invest.</td>
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<td>* Information Security and Personal Information Protection</td>
<td>*GRI 417 Marketing and Labeling</td>
<td>Information Security and Personal Information Protection/Safeguarding</td>
<td>1.4: Ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance</td>
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<tr>
<td>* Safeguarding Customer Rights and Interests</td>
<td>*GRI 418 Customer Privacy</td>
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<td>8.10: Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all</td>
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<td>*FS15 Policies for the fair design and sale of financial products and services</td>
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<td>10.3: Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard</td>
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<td>16.6: Develop effective, accountable and transparent institutions at all levels</td>
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<td>The development trend of new technologies has made personal information protection more difficult, and made it easier to provoke incidents affecting customers’ rights and interests, such as customer privacy infringement or customer losses. Strengthening information security protection and ensuring personal information security to protect customers’ rights and interests, gain customers’ trust and improve customer satisfaction.</td>
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<tr>
<td>Innovation and Inclusion of Digital Finance</td>
<td>GRI 203 Indirect Economic Impacts</td>
<td>Social Aspect Innovation and Inclusion of Digital Finance</td>
<td>1.4: Ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.</td>
<td>The advent of the digital banking era has brought changes in customer preferences and the increase in R&amp;D investment costs due to customer behavior transformation. Actively grasping the trends of financial innovation, developing digital innovation services, and expanding application fields to optimize digital channels and enhance consumer experience.</td>
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<td>8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.</td>
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<td>8.10: Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.</td>
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<td>9.b: Support domestic technology development, research and innovation in developing countries, including by ensuring a conducive policy environment for, inter alia, industrial diversification and value addition to commodities.</td>
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<tr>
<td>Green Finance and Products</td>
<td>FS7</td>
<td>Products and services designed to deliver a specific social benefit</td>
<td>7.a: Promote investment in energy infrastructure and clean energy technology</td>
<td>The capital demand for new energy is huge, and the Bank’s project financing experience is insufficient to effectively measure and control credit risk. The Bank promotes “green financing” and “green consumer financial” products, and search for suitable investment targets through the concept of “green investment.”</td>
<td>G&amp;H D</td>
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<td>FS8</td>
<td>Products and services designed to deliver a specific environmental benefit</td>
<td>9.4: Retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes</td>
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<td>12.6: Encourage companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle</td>
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<td>17.7: Promote the development, transfer, dissemination and diffusion of environmentally sound technologies to developing countries on favourable terms, including on concessional and preferential terms, as mutually agreed</td>
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| Human Rights Protection and Gender Equality | *GRI 405 Diversity and Equal Opportunity
*GRI 406 Non-Discrimination
*GRI 412 Human Rights Assessment | 1.4: The poor and the vulnerable, have equal rights to economic resources, as well as access to basic services
5.1: End all forms of discrimination against all women and girls everywhere
5.c: Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality
8.5: Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
10.3: Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard
16.b: Promote and enforce non-discriminatory laws and policies for sustainable development | If the Company does not create an equal employment environment or does not implement sexual harassment prevention measures to protect labor human rights, the recruitment and retention of talents will be affected, and in a worse case scenario, the Company’s reputation and brand image will be damaged.
Each year, human rights policy orientation and training courses are held for managers and employees, and in the event of relevant labor regulations’ amendments or policy topics, relevant courses and trainings will be planned and held. | G&H | E |
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<td>4.5 : Ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations</td>
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<td>5.b : Enhance the use of enabling technology, to promote the empowerment of women</td>
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<td>8.5 : Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</td>
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<td>10.3 : Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard</td>
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<td>10.4 : Adopt policies, especially wage and social protection policies, and progressively achieve greater equality</td>
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<td>16.6 : Develop effective, accountable and transparent institutions at all levels</td>
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Due to the trend of declining birth rate, the difficulties of talent poaching and scarcity of technicians will affect the Company’s business development and profit. Adopting flexible response measures and continuing to implement performance salary adjustment to encourage employees with outstanding performance and retain financial professionals.
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</table>
| Occupational Safety and Health        | GRI 403 Occupational Health and Safety                              | Social Aspect Occupational Safety and Health | 3.8 : Access to quality essential health-care  
8.8 : Protect labor rights and promote safe and secure working environments for all workers, in particular women | If the Company fails to construct and improve the occupational safety and health system, the probability of employees’ accidents or health hazards will increase, which will increase the Company’s personnel costs and damage the corporate image. Implement occupational safety and health management, provide a safe and healthy work environment, ensure employees’ safety and health, and reduce the impact of workplace injuries on the company. |
|                                       | GRI 410 Security Practices                                           |                                                 |                                                                                          |                                                                                                                                                                                                                                                                  |
| *Climate Change                       | *GRI 201 Economic Performance                                      | Environmental Aspect Climate Change             | 7.3 : Improvement in energy efficiency  
8.4 : Improve progressively, in consumption and production and endeavour to decouple economic growth from environmental degradation 13.1 : Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries | • The frequency of extreme climates has increased, and natural disasters may disrupt the Bank’s operations.  
• Climate change may increase the operating costs of traditional industries or the loss rate of the Bank’s collateral, increasing the Bank’s credit risk.  
• Formulate and implement business sustainable operation plans to avoid or reduce the impact of natural disasters on the Bank.  
• Reduce the Bank’s risks and increase revenue by providing corporate transformation financing and relevant insurance products.                                                                                     |
|                                       | *GRI 305 Emissions                                                   |                                                 |                                                                                          |                                                                                                                                                                                                                                                                  |
**Material Topics** | **GRI** | **GRI Management Approaches Corresponding Chapter** | **Corresponding SDGs Targets** | **Key Impact Risks / Opportunities** | **SDGs** | **Boundaries of Impact**
---|---|---|---|---|---|---
Supplier Management | GRI 204 Procurement | Energy Conservation and Carbon Reduction | 6.5：Implement integrated water resources management at all levels 7.1：Ensure access to affordable energy services 7.3：Improvement in energy efficiency 8.4：Improve progressively resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation 9.4：Retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes 11.6：Reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management 12.2：Achieve the sustainable management and efficient use of natural resources 12.5：Substantially reduce waste generation through prevention, reduction, recycling and reuse 13.3：Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning | • Due to the transformation of Taiwan’s power structure, it is predicted that the electricity price will gradually increase in the future, which will increase the Company’s operating costs.  • If there is a significant increase in garbage and waste, the Company’s operating costs will increase.  • Implementing energy conservation and carbon reduction policies will help reduce operating costs.  • Continuing to purchase eco-friendly products or obtain certification labels to build an environmentally friendly and sustainable environment together. | G&H | E&F

Note 1: Internal and external boundaries of impact: A represents the competent authorities; B represents the investors; C represents the media; D represents the customers; E represents the suppliers; F represents the communities; G represents the employees; H represents the Bank.
Note 2: *Priority Concern of Material Topics.
Note 3: Sources of 17 SDG icons: https://www.un.org/sustainabledevelopment/news/communications-material/
### 2.4 Sustainable Development Goals

**GRI：102-15**

#### 2020 Sustainable Development Achievements and Short-, Medium- and Long-Term Goals of Chang Hwa Bank

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<th>2021 Goals</th>
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<tr>
<td>* Legal Compliance and Anti-Money Laundering*</td>
<td><strong>GRI 419 Socioeconomic Compliance</strong></td>
<td>Great compliance system and complying with AML/CFT related regulations can reduce operational risks and avoid reputation damage and fines.</td>
<td>• Implement legal compliance risk management and a compliance efficiency reporting mechanism.</td>
<td>• Completed the FY2020 legal compliance risk assessment.</td>
<td>• Continue to implement the assessment, identification, management, and monitoring mechanism of the bank-wide legal compliance risk</td>
<td>• Continue to optimize the AML/CFT system.</td>
<td>• Maintain the effective and appropriate operation of the internal control system and implement a culture of legal compliance.</td>
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<tr>
<td>* Business Integrity*</td>
<td><strong>GRI 205 Anti-Corruption</strong></td>
<td>Avoid unethical behavior that may lead to the damage of reputation; business integrity shall be integrated into operational management strategies.</td>
<td>• Regularly assessing the business integrity compliance status of the Bank.</td>
<td>• Reported to the Sustainable Development Committee and the Board of Directors on the Bank’s performance in ethical corporate management.</td>
<td>• Strengthen the unethical conduct risk assessment mechanism to identify the scope of potential corruption or fraud at the operational level.</td>
<td>• Strengthen education and training and promote the ethical corporate management philosophy in a top-down manner.</td>
<td><strong>Strengthening the business integrity policy and actively preventing dishonest behavior.</strong></td>
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<td><strong>Governance Aspect</strong></td>
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<td>Implementing corporate governance and laying a solid foundation for the Bank’s sustainable operations through a sound corporate governance mechanism.</td>
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<tr>
<td><em>Corporate Governance</em></td>
<td><em>GRI 405 Diversity and Equal Opportunity</em></td>
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<td>Corporate governance is the foundation of corporate sustainable development and the heart of corporate culture.</td>
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<td>• Continue to conduct Board of Directors performance evaluation.</td>
<td>• The 2020 overall performance evaluation results of the Board of Directors and functional committees were “beyond the standard.”</td>
<td>• Achieved the goal of diverse professional backgrounds of board members in 2020.</td>
<td>• Continue to conduct Board of Directors performance evaluation.</td>
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<td>• Strive for great performance in corporate governance evaluation.</td>
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<td>• In 2020, the 1st Sustainable Development Committee met twice, and the 2nd Sustainable Development Committee met once; thus, a total of 3 meetings were held.</td>
<td>• Strive for great performance in corporate governance evaluation.</td>
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<td>• Convene the Sustainable Development Committee at least once a year.</td>
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<td>• Held the annual shareholders’ meeting and 2 online investor conferences, and designated personnel to be responsible for communication with foreign investors.</td>
<td>• Convene the Sustainable Development Committee at least once a year.</td>
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<td>• Implement the diversity policy for board members.</td>
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<td>• Selected as a constituent stock of the TWSE Corporate Governance 100 Index.</td>
<td>• Maintain obstacle-free communication channels with investors.</td>
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<td>• Evaluated as 6%~20% among Taiwan listed companies in the 7th Corporate Governance Evaluation.</td>
<td>• Continue to implement the diversity policy for board members.</td>
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<td><strong>Business Performance and Profitability</strong></td>
<td><em>GRI 201 Economic Performance</em></td>
<td>Steady financial operation performance and effective risk management are crucial to shareholders and investors.</td>
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<td>Adopting a clear strategy, continue pursuing the goal to be the best bank in Taiwan, as well as pursuing stable profits.</td>
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<td></td>
<td></td>
<td>• Business performance and profitability.</td>
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<td>• The cumulative pre-tax earnings in 2020 was NT$8.311 billion.</td>
<td>• Business performance and profitability.</td>
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<td>• Financial information disclosure.</td>
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<td>• Reliability, timeliness, transparency and compliance of presentation and disclosure of financial reports.</td>
<td>• Conduct financial information disclosure.</td>
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<td>• Implement tax governance.</td>
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| Social Aspect | * Information Security and Personal Information Protection | *GRI 418 Customer Privacy | Cyber crime incidents are widespread, and it is clear that information security and personal information protection has become the toughest challenge for the financial industry. | • Continue to apply for international standard certification.  
• Establish an automated information security monitoring platform.  
• Conduct ad-hoc audit of previous year’s personal information protection mechanism. | • Continued to maintain the validity of international ISO 27001, ISO 22301, and BS 10012 certifications.  
• Expanded the functionality of the financial security monitoring F-SOC module in September 2020, and completed the construction in March 2021.  
• Completed the ad-hoc audit of the personal information protection mechanism. | • Continue to apply for international standard certification.  
• Expand endpoint malware detection system.  
• Conduct ad-hoc audit of previous year’s personal information protection mechanism. | • Improve the ability to respond to information leakage and to restore systems to protect customer privacy effectively.  
• Strengthen information security governance and promote a culture of cyber security within the organization. |
| Social Aspect | * Safeguarding Customer Rights and Interests | *GRI 417 Marketing and Labeling  
*FS15 Policies for the fair design and sale of financial products and services | Adhering to the Bank’s customer-oriented culture by providing friendly financial services and valuing customers’ rights and interests. | Continue to pursue the development of financial products and improve customer service operating procedures, and improve service quality. | Completed the assessment of the principles of fair treatment of customers.  
Completed customer satisfaction surveys. | • Continue to implement the evaluation mechanism of the principles of fair treatment of customers.  
• Continue to conduct customer satisfaction surveys.  
• Maintain obstacle-free of customer complaint channels. | Protecting financial customer rights in accordance with the principles of fairness, reasonableness, equality, mutual benefit and good faith. |
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| Social Aspect | * Employer / Employee relations | *GRI 401 Employment  
*GRI 404 Education and Training  
*GRI 405 Diversity and Equal Opportunity | Employees are the core competitiveness of business management. | Conduct annual salary adjustment.  
Diversified cultivation of digital banking and international financial talents. | Completed annual salary adjustment for all employees.  
Selected as a constituent stock of TWSE RAFI® Taiwan High Compensation 100 Index.  
Selected as a constituent stock of TWSE RA Taiwan Employment Creation 99 Index.  
Launched the employee stock ownership trust, with 97.47% of all employees participating.  
Number of training hours-Total: 330,898.03 hrs; Number of training hours per employee trained: 49.57 hrs  
An employee childbirth allowance of NT$30,000 was provided for the first newborn, NT$60,000 for the second, and NT$100,000 for the third and above. |  
| | | | | | | |  
| Social Aspect | * Human Rights Protection and Gender Equality | *GRI 405 Diversity and Equal Opportunity  
*GRI 406 Non-Discrimination  
*GRI 412 Human Rights Assessment | Labor human rights and gender equality are the lawful rights and interests of employees. | Perform due diligence of Human Rights Protection.  
Implement regulations of gender equality (staff recruitment, human resources allocation, sexual harassment prevention).  
Incorporate the concept of “equal pay for work of equal value.” | Set up the Bank’s human rights due diligence procedures.  
Completed the Bank’s FY2020 human rights due diligence and formulated mitigation measures.  
Provided employment opportunities for the physically and mentally disabled, indigenous people and disadvantaged groups with equal salary and benefits. A total of 24 indigenous people and 55 physically and mentally disabled employees have been hired as of the end of 2020.  
Provided summer part-time jobs for 35 young people from economically disadvantaged families.  
Abide by the Bank’s human rights policy, continue to pay attention to human rights-related issues, eliminate the possibility of human rights violations, and strive to build an honest, fair, respectful, and open work environment. | Continue to perform due diligence of Human Rights Protection.  
Continue to implement regulations of gender equality (staff recruitment, human resources allocation, sexual harassment prevention).  
Encourage employees to create and learn, actively train talents of all levels so as to build human capital.  
Construct a complete compensation system while incorporating the concept of “equal pay for work of equal value.” |  

**Note:** All data and achievements are as of the end of 2020.
### Environmental Aspect

#### Material Topics

**Environmental** Aspect

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Material Topics</th>
<th>GRI</th>
<th>Description of Materiality</th>
<th>2020 Goals</th>
<th>2020 Achievements</th>
<th>2021 Goals</th>
<th>Mid- and Long-Term Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eco</td>
<td>Energy Conservation and Carbon Reduction</td>
<td><em>GRI 302 Energy</em>&lt;br&gt;<em>GRI 305 Emissions</em>&lt;br&gt;<em>GRI 201 Economic</em>&lt;br&gt;<em>GRI 305 Emissions</em>&lt;br&gt;</td>
<td>Due to climate change of global environment, environmental issues such as energy conservation and carbon reduction, reduction of greenhouse gas emissions, and waste reduction have become the most important issues, and relevant strategies need to be implemented continuously to achieve sustainable environmental development.&lt;br&gt;</td>
<td>• Continue to implement environmental management system, energy management system, greenhouse gas inventory operation, and carbon reduction measures, aim to reduce carbon emissions by approximately 30,000 to 60,000 kgCO₂e per year.</td>
<td>• Completed ISO 14001 environmental management system, ISO 50001 energy management system, and ISO 14064-1 greenhouse gas inventory certifications.&lt;br&gt;• The head office in Taipei replaces more than 320 lamps with LED light bulb, reducing carbon emissions by approximately 31,509 kgCO₂e in total.&lt;br&gt;• The amount of waste from the Bank’s Taipei head office in 2020: general waste of 121.37 tons, reduced 0.23 tons (or 0.19%) compared with 2019; and recycling waste of 19.93 tons, increased 3.4 tons (or 20.57%) compared with 2019.&lt;br&gt;• The Kaohsiung Yancheng office consumed 417,280 kWh of electricity in 2020, an increase of 21,280 kWh (or 5.37%) from 2019; 4,038 cubic meters of water, a decrease of 1,154 cubic meters (or 22.23%) from 2019.&lt;br&gt;• Continue to implement environmental management system, energy management system, greenhouse gas inventory operation, and carbon reduction measures, aim to reduce carbon emissions by approximately 30,000 to 60,000 kgCO₂e per year.</td>
<td>• Continue to implement environmental management system, energy management system, greenhouse gas inventory operation, and carbon reduction measures, aim to reduce carbon emissions by approximately 30,000 to 60,000 kgCO₂e per year.&lt;br&gt;• The Bank’s Taipei head office waste reduction goal and recycling rate goal are 1% with 2020 as the base year.&lt;br&gt;• Increase renewable energy certificate by 1% with 2020 as the base year.</td>
<td>Mid-term Goals:&lt;br&gt;• Achieve the goal of developing a sustainable environment.</td>
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#### Climate Change

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<th>Aspect</th>
<th>Material Topics</th>
<th>GRI</th>
<th>Description of Materiality</th>
<th>2020 Goals</th>
<th>2020 Achievements</th>
<th>2021 Goals</th>
<th>Mid- and Long-Term Goals</th>
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### 2020 Sustainable Development Achievements and Short-, Medium- and Long-Term Goals of Chang Hwa Bank

**2020 Goals**

- Continue to implement environmental management system, energy management system, greenhouse gas inventory operation, and carbon reduction measures, aim to reduce carbon emissions by approximately 30,000 to 60,000 kgCO₂e per year.

**2020 Achievements**

- Completed ISO 14001 environmental management system, ISO 50001 energy management system, and ISO 14064-1 greenhouse gas inventory certifications.
- The head office in Taipei replaces more than 320 lamps with LED light bulb, reducing carbon emissions by approximately 31,509 kgCO₂e in total.
- The amount of waste from the Bank’s Taipei head office in 2020: general waste of 121.37 tons, reduced 0.23 tons (or 0.19%) compared with 2019; and recycling waste of 19.93 tons, increased 3.4 tons (or 20.57%) compared with 2019.
- The Kaohsiung Yancheng office consumed 417,280 kWh of electricity in 2020, an increase of 21,280 kWh (or 5.37%) from 2019; 4,038 cubic meters of water, a decrease of 1,154 cubic meters (or 22.23%) from 2019.

**2021 Goals**

- Continue to implement environmental management system, energy management system, greenhouse gas inventory operation, and carbon reduction measures, aim to reduce carbon emissions by approximately 30,000 to 60,000 kgCO₂e per year.
- The Bank’s Taipei head office waste reduction goal and recycling rate goal are 1% with 2020 as the base year.
- Increase renewable energy certificate by 1% with 2020 as the base year.

**Mid- and Long-Term Goals**

- Achieve the goal of developing a sustainable environment.
Governance Aspect

- 1.1 Company Profile
- 1.2 Corporate Governance
- 1.3 Legal Compliance and Anti-Money Laundering
- 1.4 Business Integrity
- 1.5 Risk Management
- 1.6 Responsible Investment
Externally, the Bank actively pursues business development and enhances business performance; internally, internal control and audit system are implemented, and effective legal compliance and risk management mechanisms are established. While pursuing business sustainability and profitability, the Bank pays attention to economic, social and environmental impacts and incorporates them into the Bank’s management and business, to improve the efficiency of corporate governance.

1.1 Company Profile

- **Name of Bank**: Chang Hwa Commercial Bank, Ltd.
- **Address of CHB Head Office**
  - Taichung: No. 58, Sec. 2, Zizou Rd., Central Dist., Taichung City, Taiwan (R.O.C.)
  - Taipei: No. 57, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City, Taiwan (R.O.C.)
- **Number of Employees**: 6,676
- **Number of Domestic / Overseas Units**: 185 domestic branches, 1 offshore banking branch, 7 overseas branches, 1 representative office
- **The Bank’s Subsidiaries**
  - Chang Hua Commercial Bank, Ltd.
  - CHB Venture Capital Co., Ltd.
- **Paid-in capital**: NTD 103,847 million

1.1.1 Corporate Vision

Since Chang Hwa Bank was founded, the Bank has been complying with the spirit of sustainable development and customer service oriented. By upholding business philosophy of “Service,” “Efficiency,” and “Innovation,” the Bank has made a long-term commitment to the business innovation, improvement of service quality, and expansion of financial service, in the hope of providing more convenient, more comprehensive financial services for business enterprises and the public.

- **Service**
- **Innovation**
- **Efficiency**

The mascot Shiba Inu sounded like “wealth” in the Chinese language. It symbolizes the Bank’s proactive, enthusiastic, and thoughtful services to create wealth for customers as a financial institution.

The mascot Ginny and the mascot Shiba Inu, together, sounded like “abundant wealth” in the Chinese language, which symbolizes our friendly services to create abundant wealth for customers.
1.1.2 Global Service Locations

Chang Hwa Bank’s global services extend to Asia, Europe and the U.S.A. The Bank’s overseas service network includes the New York Branch, Los Angeles Branch, Tokyo Branch, London Branch, Hong Kong Branch, Singapore Branch, Manila Branch and Yangon Representative Office. Affiliated with the Chang Hua Commercial Bank, Ltd., there are the KunShan Branch, Kunshan Huaqiao Sub-branch, DongGuan Branch, FuZhou Branch and Nanjing Branch, providing high-quality financial products and comprehensive financial services for Taiwanese businessmen and overseas Chinese all over the world.

In addition, to assist domestic SMEs to obtain funds needed for development, and provide consulting services of corporate business and management, the Bank reinvested to establish a wholly-owned subsidiary “CHB Venture Capital Co., Ltd. (CHBVC).”

1.1.3 Business Performance and Profitability

GRI : 201-1

<table>
<thead>
<tr>
<th>Items / FY</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets (NTD mn)</td>
<td>2,313,440</td>
<td>2,135,643</td>
<td>2,081,812</td>
</tr>
<tr>
<td>Equity (NTD mn)</td>
<td>165,054</td>
<td>162,237</td>
<td>156,562</td>
</tr>
<tr>
<td>Net Profit after tax (NTD mn)</td>
<td>7,041</td>
<td>11,572</td>
<td>12,647</td>
</tr>
<tr>
<td>ROA (%)</td>
<td>0.32%</td>
<td>0.55%</td>
<td>0.61%</td>
</tr>
<tr>
<td>ROE (%)</td>
<td>4.30%</td>
<td>7.26%</td>
<td>8.39%</td>
</tr>
<tr>
<td>EPS after tax (NTD) (Note 1)</td>
<td>0.68</td>
<td>1.16</td>
<td>1.29</td>
</tr>
<tr>
<td>Payment of government tax (NTD thousand) (Note 2)</td>
<td>1,269,639</td>
<td>1,948,510</td>
<td>2,063,549</td>
</tr>
</tbody>
</table>

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

The Bank continues to strengthen the functions of the Board of Directors, enhance information transparency, ensure the rights and interests of shareholders, and fulfill corporate social responsibility. The Bank was evaluated as 6%~20% among Taiwan listed companies in the 7th Corporate Governance Evaluation, which acknowledging the Bank’s determination and results in optimizing corporate governance. Corporate governance framework of the Bank:

*The 2020 earnings allocation has not yet been ratified by the 2021 annual shareholders’ meeting.
1.2.1 Board of Directors

Since the election of the 24th term Board of Directors, the Bank has adopted the candidate nomination system for directors and the system was put into force in the 25th term Board of Directors, to facilitate exercise of shareholder rights through electronic transmission, and implement corporate governance. For the curriculum vitae of directors, please refer to the Bank’s official website: (https://www.bankchb.com/frontend/mashup_eng.jsp?funcId=9b9b580615).

1.2.1.1 Diverse and Professional of the Board Members

① The Board of Directors of the Bank is composed of financial experts, representatives of government agencies, scholars and attorneys. They have professional qualifications or work experiences in business, legal affairs, accounting, finance, taxation, banking, etc., respectively. Diverse and different fields of professionalism endow the decision-making of the Board of Directors with objectivity and completeness, and improve the decision-making quality of the Board of Directors. In order to strengthen their professional competencies, directors participate in training courses of finance, risk management, operations, business, legal affairs, accounting, customer interests and rights, corporate social responsibility and sustainable governance (ESG) in accordance with “Directions for the Implementation of Continuing Education for Directors” of the Bank. The training hours for directors in FY2020 were in compliance with the regulations.

② For the implementation status of the diversity of Board of Directors, please refer to the Bank’s official website: (https://www.bankchb.com/frontend/mashup_eng.jsp?funcId=8117d46e15).

③ The Bank’s 26th term Board of Directors comprises 9 directors, including 1 female director (accounts for 11.1% of all directors), 3 independent directors (accounts for 33.33% of all directors), and 2 natural-person directors (accounts for 22.22% of all directors). The age of FY2020 directors is distributed between 50~80 (2 of them are between 50~59, accounts for 22.22% of all directors; 4 of them are between 60~69, accounts for 44.44% of all directors; 3 of them are over 70, accounts for 33.33%).

④ The Chairperson of the Board of Directors, the Bank’s highest governance unit, is a member of the management team.
1.2.1.2 Operating Status of the Board of Directors

1. The 25th term Board of Directors of the Bank convened 6 meetings in FY2020, attendance rate was 97.96%; the 26th term Board of Directors convened 8 meetings, attendance rate was 100%, and all directors have performed their duties in accordance with regulations, convened a total of 14 meetings.

2. The Bank appointed the SVP and Division Head of Secretariat Division as the corporate governance officer. The corporate governance officer has the manager’s qualification of possessing management experience for more than 3 years in the financial institution or public company engaging in legal affairs, conference logistics and legal compliance, and supervises Secretariat Division in handling corporate governance.

1.2.1.3 Evaluation of the Performance and Remuneration of Directors

1. Evaluation of the Performance of Directors

The Bank has formulated “Chang Hwa Commercial Bank, Ltd. Rules of Performance Evaluation of the Board of Directors,” the Bank conducts the performance evaluation for the current year in accordance with the evaluation procedures and evaluation indicators stipulated in the Rules. The Bank shall conduct external evaluation at least once every 3 years, complete and report to the Board of Directors before the first quarter of the following year.

For the performance evaluation carried out in accordance with the Rules, the aggregated score of the “Board of Directors Performance Evaluation Form” and the “Functional Committee Performance Evaluation Form” is divided into the following 3 levels: “beyond the standard” for 90 points or more; “meet the standard” for 80 points or more while less than 90 points; “improvement needed” for less than 80 points. Based on the results of the prudent evaluation of the actual operation of the Board of Directors and functional committees as well as the self-assessment of the Directors (including Independent Directors), the overall evaluation results of the Bank’s Board of Directors and functional committees in FY2020 were all “beyond the standard.”

2. Director Remuneration

The remuneration of Directors (including Independent Directors) is determined by the Remuneration Committee and the Board of Directors in accordance with Subparagraph 2, Paragraph 1, Article 7 of the Bank’s Rules of Performance Evaluation of the Board of Directors. Based on the results of the Board of Directors’ performance evaluation and the provisions of Subparagraph 13, Article 20 of the Bank’s Articles of Incorporation, the salary and remuneration of Directors (including the Chairperson, Managing Directors, Independent Directors, and Non-independent Directors) shall be determined or regularly reviewed according to the remuneration level of Directors at financial institutions of comparable scale to the Bank.
According to Article 38 of the Bank’s Articles of Incorporation, when the Bank makes a profit for the year (profit refers to profit before tax and before the deduction of bonuses of employees and remuneration of directors), not more than 0.8% shall be distributed as compensation to Directors. Meanwhile, considering the Bank’s operating results and the Directors’ performance of their duties, the Remuneration Committee shall submit a proposal after deliberation, to the Board of Directors for resolution while reporting to the shareholders’ meeting before providing reasonable remuneration to the Directors.

### 1.2.1.4 Functional Committees of the Board of Directors

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

<table>
<thead>
<tr>
<th>Committee</th>
<th>Operating Status</th>
</tr>
</thead>
</table>
| Audit Committee                  | • The Audit Committee of the Bank is composed of 3 Independent Directors, with Managing Director (Independent Director) Pan, Jung-Chun as the convener.  
• In 2020, the 2nd Audit Committee convened 5 meetings, the 3rd Audit Committee convened 8 meetings, a total of 13 meetings, and the attendance rate was 100%. |
| Remuneration Committee           | • The Remuneration Committee of the Bank is composed of 2 Independent Directors and 1 committee member meets professional requirements and work experiences, with Managing Director (Independent Director) Pan, Jung-Chun as the convener.  
• In 2020, the 4th Remuneration Committee convened 5 meetings, the 5th Remuneration Committee convened 7 meetings, a total of 12 meetings, and the attendance rate was 100%. |
| Sustainable Development Committee| • The Sustainable Development Committee of the Bank is composed of Chairperson, 3 Independent Directors, and President, with Chairperson Joanne Ling as the convener.  
• In 2020, the 1st Sustainable Development Committee convened 2 meetings, the 2nd Sustainable Committee convened 1 meeting, a total of 3 meetings, and the attendance rate was 100%. |

### 1.2.2 Participation in Various Associations and Organizations

In order to promote the development of the domestic financial industry, the Bank actively participates in various industry unions / associations and organizations, and holds important positions in some of them, providing timely advice on the practices of the financial industry and contributing to the improvement of the overall financial environment in Taiwan.
1.2.2.1 Various Associations and Organizations

List of Various Associations and Organizations the Bank Participates In

<table>
<thead>
<tr>
<th>Environmental Aspect</th>
<th>Social Aspect</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Bankers Association of the R.O.C.</td>
<td>Trust Association of R.O.C.</td>
</tr>
<tr>
<td>Taiwan Securities Association</td>
<td>Insurance Agency Association of the R.O.C.</td>
</tr>
<tr>
<td>R.O.C. Bills Finance Association</td>
<td>Securities Investment Trust &amp; Consulting Association of the R.O.C. (SITCA)</td>
</tr>
<tr>
<td>Chinese National Futures Association</td>
<td>Taiwan Private Equity Association (TPEA)</td>
</tr>
<tr>
<td>Small and Medium Enterprise Credit Guarantee Fund of Taiwan (Taiwan SMEG)</td>
<td>Taiwan Clearing House</td>
</tr>
<tr>
<td>Financial Information Service Co., Ltd.</td>
<td>The Bankers Association of Taipei</td>
</tr>
<tr>
<td>Financial Information Sharing and Analysis Center (F-ISAC)</td>
<td>Chinese National Association of Industry and Commerce, Taiwan (CNAIC)</td>
</tr>
<tr>
<td>Independent Director Association Taiwan</td>
<td>Chinese International Economic Cooperation Association, Taiwan (CIECA)</td>
</tr>
<tr>
<td>Taiwan Small &amp; Medium Enterprise Counseling Foundation (Taiwan SMECF)</td>
<td>Taiwan Depository &amp; Clearing Corporation (TDCC)</td>
</tr>
</tbody>
</table>

1.2.2.2 The Bank participates in various industry unions, associations and organizations. In addition to paying regular membership fees according to regulations, the Bank also provides annual donations to some associations and organizations (such as the SMEG and Taiwan SMECF).

1.3 Legal Compliance and Anti-Money Laundering

1.3.1 Legal Compliance

GRI: 102-11, 205-2, 419-1

The Bank has established a sound legal compliance system and framework, and through promotion, education and training, ensures the implementation of the legal compliance system.

- **Policy**
  Maintain an effective and appropriate internal control system through a sound compliance system.

- **Commitment**
  Improve the effectiveness of compliance risk management to reduce the Bank’s compliance risk.

- **Goals and Targets**
  Implement the Bank’s compliance system, launch a compliance effectiveness reporting and monitoring mechanism, and effectively manage the Bank’s compliance risks.

- **Responsibilities and Duties**
  Establish a great compliance system framework and ensure effective management of compliance through promotion and education and training.

- **Resources**
  Examine whether the Bank’s compliance resources (that is, the human resource allocation, organizational structure, as well as education and training of the compliance unit) are adequate timely in order to put the compliance function into force.
Complaint Mechanism
The Bank has established an internal and external whistleblowing system. The internal audit unit accepts whistleblower cases and discloses relevant reporting channels on the official website.

Substantial Activities
- Set up a dedicated unit for compliance affiliated with the President, responsible for the planning, management, and execution of the compliance system, while establishing procedures, plans, and mechanisms for identification, assessment, control, measurement, monitoring, and independent reporting of compliance risks.
- With a two-line defense mechanism, we engaged in horizontal communication and meetings to discuss and improve important compliance issues regularly, and we have established an independent notification mechanism for legal compliance risks to keep abreast of bank-wide legal compliance risks.

Assessment Mechanism
- The compliance unit conducts relevant compliance risk management by assessing major operating activities, products and services, credit or business projects, and material customer complaints that may violate the laws.
- Conduct the Bank’s implementation status of legal compliance.

Results
- The Bank already completed the self-assessment of legal compliance for the first and second halves of 2020, and reported on the implementation status to the Board of Directors and the Audit Committee.
- The Bank completed the on-site audit of legal compliance and the AML business in accordance with the 2020 legal compliance on-site audit project.

- There were 6,308 people and 6,377 people participating in the legal compliance courses in the first and second halves of 2020, respectively, with 95.2% and 95.7% of the employees participating, respectively.
- In the first half and second halves of 2020, there were 3 classes in compliance, AML, know-your-customer (KYC) policy, and employee code of conduct training for new recruits, with a total of 368 participants.
1.3.2 Anti-Money Laundering

The Bank has set up an AML/CFT Section affiliated with the Compliance Division, which is responsible for the AML/CFT operations of the Bank, and continues to strengthen the Bank’s AML/CFT mechanisms.

- **Policy**
  
  For the purpose of Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT), stabilizing the financial order, as well as strengthening and developing the Bank’s plan on AML/CFT, while avoiding illegal money laundering and terrorism acts committed by intentional individuals through the Bank’s financial products or services, the Bank has formulated “Anti-Money Laundering and Countering the Financing of Terrorism Policy” and “Directions Governing Anti-Money Laundering and Countering the Financing of Terrorism,” to establish the Bank’s standard regulations on AML/CFT.

- **Commitment**
  
  The Bank continues to deepen and develop the implementation of its plan on AML/CFT. The Bank is committed to establishing a culture that values AML/CFT, while allocating adequate manpower and providing sufficient resources to enhance the Bank’s relevant personnel’s professional capabilities, to actively enhance the Bank’s ability to AML/CFT, strengthen all employees’ awareness of AML/CFT, and implement the operations related to AML/CFT.

- **Goals and Targets**
  
  The Bank continues to conduct risk assessment of money laundering, implement the AML/CFT task, enhance all employees’ professional capabilities to be aware of AML/CFT risks, and improve the Bank’s internal operation standards and system mechanisms related to AML/CFT so as to effectively identify and control risks.

- **Responsibilities and Duties**
  
  Develop AML/CFT policies and plans, confirm compliance with laws related to AML/CFT, plan AML/CFT training courses, supervise large-sum transactions, suspicious transactions, and relevant reporting and declaration related to the CFT law. Monitor the risks related to...
Resources
The Bank invests adequate resources and manpower to strengthen the mechanism for AML/CFT, and has commissioned Deloitte to assist in optimizing the Bank’s mechanism of AML control and comprehensive risk assessment, to conduct verification of the Bank’s AML/CFT system.

Complaint Mechanism
Divisions of Head Office and business units regularly report the implementation of AML/CFT, including newly amended relevant business procedures or standard operating procedures/processes (SOP) in line with the internal and external regulation on AML/CFT, risk assessment results reporting, improvement status of deficiencies identified by the audit, education and training, transaction monitoring management, and declaration of suspicious transaction cases.

Substantial Activities
- The Bank has formulated "Anti-Money Laundering and Countering the Financing of Terrorism Policy," "Directions Governing Anti-Money Laundering and Countering the Financing of Terrorism,” and "Procedures for AML/CFT Management."
- Report to the AML/CFT management team, Audit Committee, and the Board of Directors of the Bank’s implementation status for AML/CFT on a regular basis.
- In accordance with the opinions in the financial inspection, the Bank continues to adjust the relevant contents of the Bank’s comprehensive money laundering and financing of terrorism risk method of evaluation with the Risk Management Division and Divisions of Head Office, to facilitate the Bank’s comprehensive money laundering and financing of terrorism risk assessments.
- Continue to enhance the effectiveness of the Bank’s AML/CFT operating systems as a basis for strengthening customer due diligence measures and continuously monitoring the implementation of mechanisms.
- Continue to monitor the Bank’s money laundering and financing of terrorism risks and relevant implementation status, and provide education and training courses of AML/CFT to promote the effectiveness of the Bank’s implementation of AML/CFT.

Assessment Mechanism
- Report the Bank’s implementation status of AML/CFT to the AML/CFT management team at least once a quarter and to the Board of Directors and the Audit Committee at least once every half year, and regularly provides an evaluation report on its AML/CFT risks for the Board of Directors and senior executives to understand the Bank’s AML/CFT risks.
- The Bank has incorporated “Money Laundering Control Act” and “Counter-Terrorism Financing Act,” related laws & regulations, the Bank’s related regulations into the Bank’s implementation of compliance. Compliance self-assessment is conducted every half year, by taking written tests and audit sampling to make sure relevant personnel have comprehensive understanding in laws & regulations and related operations.
- The Bank’s Internal Auditing Division incorporates the Bank’s AML/CFT implementation and related measures (implementation status and operating procedures are included), internal audits are conducted on a regular basis, and test the Bank’s AML/CFT plan for its efficiency and quality of business and risk management quality.

Results
- In 2020, the Bank offered a total of 3,989 minutes of education and training courses on AML/CFT with a total of 9,629 participants.
- The Bank has completed comprehensive risk assessment report for 2020, and after the review and approval of the 11th meeting of the 26th term Board of Directors of the Bank on March 26, 2021, the Bank submitted its 2020 comprehensive risk assessment report on AML/CFT and risk prevention improvement measures to the FSC for future reference.
- The Bank’s 2020 “Statement on Internal Control System for AML/CFT” was reviewed and approved at the 11th meeting of the 26th term Board of Directors on March 26, 2021, and disclosed on the Bank’s official website in accordance with regulations while announced on the website designated by the FSC.
1.4 Business Integrity

**GRI**: 102-16, 205-1, 205-3, 206-1

In order to demonstrate the Bank’s determination and commitment to business integrity, the Bank has formulated the “Ethical Corporate Management Best Practice Principles” and “Sustainable Development Committee Charter.” The Sustainable Development Committee is responsible for the Bank’s business integrity and assigns Compliance Division for formulating rules relevant to business integrity, assisting the Board of Directors and managerial level in supervising the implementation status of business integrity, and reporting to the Sustainable Development and the Board of Directors on a regular basis.

**SASB**: FN-CB-510a.1

- **Policy**
  To establish great business operation and a corporate culture of integrity to improve corporate governance and ethical corporate management, the Bank has formulated “Code of Ethical Conduct,” “Ethical Corporate Management Best Practice Principles,” “Employee Code of Conduct,” and “Internal Complaint Handling Regulations” for the Bank’s directors, managers, and employees to understand and comply with the Bank’s ethical and moral value.

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

- **Goals and Targets**
  Strive to deepen the corporate culture of ethical management and actively prevent unethical behavior, establish a great corporate governance and risk management mechanism, prevent and detect fraud, and ensure the smoothness of the whistleblowing channels and the reliability of financial information.

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

- **Resources**
  - The Bank’s Directors and senior managers have formed the Sustainable Development Committee affiliated with the Board of Directors, and Compliance Division is designated to be responsible for the formulation of or amendment to the Bank’s ethical management policy.
  - The Bank organizes training programs and announcements related to ethical management regularly.

- **Complaint Mechanism**
  The Bank has established an internal and external whistleblowing mechanism, the internal audit unit is responsible for accepting whistleblowing cases and disclosing relevant whistleblowing channels on the Bank’s official website.

- **Policy**
  The Bank’s “Employee Code of Conduct” requires all employees to carefully read the provisions of the code and shall sign “Statement of Compliance with Employee Code of Conduct of Chang Hwa Bank.”

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

- The Bank has established an effective accounting system and internal control system for business activities with a higher risk of unethical conduct; each division shall analyze business activities with a higher risk of unethical conduct within the scope of its responsibilities and formulate plans to prevent unethical conduct, including operating procedures, code of conduct, and education & training.

- The Bank actively implements its ethical corporate management in internal management and external business activities.

Assessment Mechanism

- The Bank’s performance of ethical corporate management is reported to the Board of Directors annually to review the improvement measures.

- Those who violate the ethical conduct of the Bank with serious circumstances shall be imposed with disciplinary actions in accordance with relevant laws and regulations or personnel management regulations, and the violation shall be listed as an item which will affect the grade in units’ and managers’ annual evaluations.

- All Divisions of the Head Office and overseas branches are units that shall conduct the Bank’s assessment of the compliance risk. The Bank analyzes and evaluates the compliance risks of each business activity including unethical conduct and fraud regularly every year. The percentage of the evaluation scope of unit is 100%.

Results

- The implementation status of ethical corporate management in 2020 was compiled by the Compliance Division and reported to the Sustainable Development Committee and the Board of Directors, and has been disclosed on the Bank’s official website.

- In 2020, the Bank did not receive any whistleblowing case of violations in ethical behavior.

- In 2020, the Bank was not involved in any legal proceedings due to fraud, insider trading, antitrust, anti-competitive behavior, market manipulation, corruption, or violation of other financial regulations.

- All employees of the Bank signed the “Statement on Compliance with the Employee Code of Conduct of Chang Hwa Bank. In addition, due to the amendments to the Bank’s Ethical Corporate Management Best Practice Principles, the Bank’s directors and senior management officers have issued the “Statement of Compliance with Employee Code of Conduct of Chang Hwa Bank” while the Bank requested the remaining employees to sign the “Commitment to Integrity and Ethics.”

- The Bank raised bank-wide employees’ awareness of the importance of integrity and anti-corruption through “Embrace Sunshine and Create Happiness,” a micro-film produced by the Agency Against Corruption, Ministry of Justice, with 98.8% of the employees completing the training.
1.4.1 Implementation Status of Business Integrity, Ethical Conduct and Employee Conduct

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Related regulations</td>
<td>The Bank actively guards against unethical behavior, and the Bank’s personnel shall conduct business activities based on the principles of fairness, honesty, trustworthiness and transparency. The Bank also established sound corporate governance and risk management mechanisms to create a business environment for sustainable development. The Bank’s “Ethical Corporate Management Best Practice Principles” is disclosed on the Bank’s official website for inquiries.</td>
</tr>
<tr>
<td>Mid- and long-term goals</td>
<td>Strengthen employees’ awareness towards legal compliance, implement relevant regulations of the Bank, and enhance the business integrity culture of the Bank.</td>
</tr>
<tr>
<td>Business Integrity</td>
<td></td>
</tr>
</tbody>
</table>
| Operating status | • Internal Complaint Regulations  
To establish ethical and transparent corporate culture and facilitate sound management, the Bank formulated “Internal Complaint Handling Regulations” in accordance with Article 34-2 of “Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries.” Rules have been clearly formulated for the responsibilities of the unit in charge of investigation and review, recusal due to conflicts of interest, whistleblower protection, and file management to ensure smooth reporting channels and improve the response process for reported cases. We have also set up reporting channels, including address, mailboxes, and hotlines for reporting. Where the Bank’s personnel are found to be suspected of crimes, fraud, or violations of laws and regulations, after a report is received, the Bank’s Internal Auditing Division as the unit in charge of acceptance of reports will appoint appropriate personnel to respond to the report. If a whistleblower meets the reward standard as in the Bank’s “Implementation Regulations of Employees Reward and Punishment,” the Bank will reward the whistleblower depending on the actual situation. It is clearly provided that, except for investigation conducted in compliance with laws or regulations or in cooperation with government agencies, or information that is well-known to the public, the Bank shall keep confidential whistleblowers’ identity and the content of cases reported. If a case reported is confirmed to be true after review or re-examination, we shall, in accordance with the provisions of the Bank’s aforementioned regulations, request relevant units to review their internal control systems and operating procedures, to put forth improvement measures to prevent the same behavior from recurring, and to require the persons reported and relevant persons involved in the case to stop their inappropriate behavior. The case shall be handled appropriately in accordance with the relevant provisions of human resources management, and the Bank may request compensation through legal proceedings or hand over the case to the prosecuting agency for further investigation if necessary. The Internal Auditing Division shall compile the investigation reports, review results, improvement measures proposed by relevant units, and other relevant materials, and report to the Audit Committee and the Board of Directors on a regular basis.  
• Internal and external whistleblowing channels and methods of the Bank  
If the public finds employees of the Bank commit criminal acts, fraud or violations of laws and regulations, following channel and method is available, e-mail address: chb0110@chb.com.tw.  
If the whistleblower is an employee of the Bank, he/she may submit a report in the employee complaint system on the Bank’s Corporate Intranet; or submit through e-mail address: chb0110@chb.com.tw. |
## Governance Aspect

### Item Description

- **Regular reporting**
  The Compliance Division regularly assesses the business integrity compliance status of the Bank and reports it to the Sustainable Development Committee and Board of Directors. The assessment report of 2020 was submitted for inspection in the 2nd meeting of 2nd Sustainable Development Committee on January 14, 2021 and 9th meeting of 26th term Board of Directors on January 28, 2021.

- **Processing status**
  The Bank has complied with the Bank’s "Ethical Corporate Management Best Practice Principles” and related regulations in the handling of various businesses. In 2020, the Bank did not receive any case of unethical conduct reported.

### Related regulations

**Ethical Behavior**

- **Operating status**
  The Bank has a “Code of Ethical Conduct” which sets out the ethical standards for the Bank’s directors and managers, including business integrity, avoidance of conflicts of interest, avoidance of opportunities to seek private profit, and upholding of confidentiality principles, all to strengthen corporate governance of the Bank and establish a sound internal control system. The Bank’s “Code of Ethical Conduct” is disclosed on the Bank’s official website for inquiries.

**Employee Conduct**

- **Operating status**
  The Bank has established “Employee Code of Conduct” to establish the values of all employees of the Bank to up hold in performing business and personal conduct. All employees are required to adhere to the highest ethical standards and legal norms within their business activities, including commitment to duties, honesty and morality, professionalism, and confidentiality obligations, and not to take advantage of their positions to engage in corrupt practices, accept any gifts, etc.

### Operating status

- **Consultation and communication channels:**
  The Bank has a consultation and communication channel. If employees have any doubt and suspicion about "Employee Code of Conduct,” they may consult the direct supervisor of the unit, the Compliance Officer of the unit and Compliance Division according to their position.

- **Whistleblowing channel:**
  The Bank has established an independent whistleblowing e-mail address, hotline, fax number and address for the employees of the Bank to use if employee commits any illegal acts.

- **Processing status:**
  All employees of the Bank are required to sign "Statement of Compliance with Employee Code of Conduct of Chang Hwa Bank,” affirming that they shall comply with relevant regulations and uphold high ethical standards and moral codes.

- **Education and training:**
  To implement relevant values and legal norms, the Bank conducted “Employee Code of Conduct” training course for new recruits in 2020, with a total of 368 participants.

### 1.4.2 Competent Authorities’ Penalties and Countermeasures

Please refer to 1.3.1 Legal Compliance—Major Penalties and Countermeasures.
1.5 Risk Management

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

➢ Commitment
The Bank has established an overall risk management policy approved by the Board of Directors in 2013, the management policy includes a risk management framework, risk management scope (including credit, market, operation, interest rate in the banking book, liquidity and other risks), and 3 lines of defense in risk management (including the risk tolerance unit, dedicated risk management unit, and independent internal audit unit as well as their responsibilities), and 5 major aspects of risk management procedures (identification, measurement, monitoring, reporting and implementation procedures).

➢ Goals and Targets
• Continue to improve the performance of existing personal credit rating and corporate credit rating models to achieve the best results of credit risk management.
• In response to climate change, the Bank continues to monitor and manage allocation of limits from industry-specific borrowing facilities for green energy technology and high energy-consuming industries.

➢ Resources
• 1st Line of Defense: Each Division and business units - Identify and implement risk management.
• 2nd Line of Defense: Risk management unit’s monitoring, strategy, and policy formulation.
• 3rd Line of Defense: Audit unit - Audit and inspection.

➢ Substantial Activities
• Assist each indicative management unit in keeping abreast of the important information on business activities, overall situation of business, and changes in the financial environment, so as to identify and control operating risks in real time.
• Keep abreast of the situation of various national risk limits immediately and accurately, and regularly report the country’s national risk exposure values and monitoring status of the Bank.
• Track and examine the political & economic situation of various countries from time to time to keep abreast of downgrade of credit rating or changes in major events and take necessary measures accordingly.
• The Bank continues to integrate all kinds of risk indicators assessment and information and the subsequent notification mechanism so as to take early countermeasures to control the quality of the Bank’s credit assets effectively.
• The Bank raised the borrowing facilities by 1% for the credit given to the green energy technology industry with green production that is recognized by the competent authority in cooperation with...
the competent authority’s “Forward-Looking Infrastructure Development Program” and the Bank’s green business loan project. Furthermore, the Bank lowered the borrowing facilities by 2% for the credit given to and the investment in the high energy-consuming industry to respond to the voluntary reduction mechanism for climate change.

- Monitor various financial product positions traded and the situation of risk limits every day, and reports to the Board of (Managing) Directors on the relevant risk exposure situations regularly.

- We participated in the new Basel Capital Accord Continuing Discussion Task Force - Operational Risk Team organized by the Bankers Association of the Republic of China, conducted a trial calculation of the minimum capital requirements for operational risks of the new version of the regulations (SMA) as required by the Bankers Association of the Republic of China for all domestic banks, and sent the results of the trial calculations to Banking Bureau, FSC.

Assessment Mechanism

- To establish an independent and effective risk management mechanism, improve the quality of the Bank’s risk management, and ensure the Bank’s stable operation, the Bank has established a Risk Management Committee. The President convenes a committee meeting as the chairman every month, and the main members are served by the Executive Vice President, EVP & Chief Compliance Officer, and heads of the Credit Management Division, the Risk Management Division, the Loan Asset Management Division, the Financial Management Division, the Operations Division, and the Information Security Center.

- We hired an external impartial organization to evaluate the degree of the Bank’s compliance with the SASB standards.

Results

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

- The main situations of risk management in 2020 were reported as follows:

1.5.1 Risk Management Organization

The risk management organization is composed of the Board of Directors, high-level management committees (the Asset and Liability Management Committee and the Risk Management Committee), and three-line defense of risk management (the risk-tolerance unit, the dedicated risk management unit, and the independent internal audit unit), of which the high-level management committees are governed by the President.

1.5.2 Internal Audit

With a risk-oriented internal audit system, the Bank has established a continuous monitoring mechanism to focus on risks and to pay close attention to changes in the overall environment, laws and regulations, organizational scale, business management, and other internal and external situations, thereby keeping abreast of risks immediately and revising the audit content in due course. The internal auditing unit continues to follow up on the opinions and deficiencies put forth by the financial inspection agencies, and accountants during inspections and by the internal auditing unit and business units during the self-audit, as well as the “improvements that shall be made” listed in the statement on the internal control system, and to track the improvement situation.

The Bank’s internal auditing unit performs the audit business in the spirit of independence, and provides timely suggestions about improvement to reasonably ensure the continuous and effective implementation of the internal control system while reporting on the audit business to the Board of Directors and the Audit Committee quarterly so that the Board of Directors, the Audit Committee, and senior managers can learn about the effectiveness of the Bank’s internal control system and risk management system.
### 1.5.3 Credit Risks Arising from Major Business Activities

Corporate credit is one of the Bank’s key business services. We conduct risk review in accordance with the SASB standards. The top ten industries with the greatest risk exposure in the industry and business fields are as follows:

#### Industry

<table>
<thead>
<tr>
<th>Sequence</th>
<th>Sector</th>
<th>Sector description</th>
<th>Risk exposure amount (NTD100 million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>012413</td>
<td>Rolling and Extruding of Iron and Steel</td>
<td>346.74</td>
</tr>
<tr>
<td>2</td>
<td>012711</td>
<td>Manufacture of Computers</td>
<td>333.59</td>
</tr>
<tr>
<td>3</td>
<td>011810</td>
<td>Manufacture of Raw Chemical Material</td>
<td>304</td>
</tr>
<tr>
<td>4</td>
<td>012699</td>
<td>Manufacture of Other Electronic Parts and Components Not Elsewhere Classified</td>
<td>277.43</td>
</tr>
<tr>
<td>5</td>
<td>013030</td>
<td>Manufacture of Parts for Motor Vehicles</td>
<td>272.51</td>
</tr>
<tr>
<td>6</td>
<td>012611</td>
<td>Manufacture of Integrated Circuits</td>
<td>256.03</td>
</tr>
<tr>
<td>7</td>
<td>012641</td>
<td>Manufacture of Panel and Components</td>
<td>233.2</td>
</tr>
<tr>
<td>8</td>
<td>014100</td>
<td>Construction of Buildings</td>
<td>206.5</td>
</tr>
<tr>
<td>9</td>
<td>012411</td>
<td>Smelting and Refining of Iron and Steel</td>
<td>197.06</td>
</tr>
<tr>
<td>10</td>
<td>012613</td>
<td>Packaging and Testing of Semiconductors</td>
<td>196.66</td>
</tr>
</tbody>
</table>

#### Business

<table>
<thead>
<tr>
<th>Sequence</th>
<th>Sector</th>
<th>Sector description</th>
<th>Risk exposure amount (NTD100 million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>016700</td>
<td>Real Estate Development Activities</td>
<td>952.68</td>
</tr>
<tr>
<td>2</td>
<td>014642</td>
<td>Wholesale of Electronic and Communication Equipment and Parts</td>
<td>435.94</td>
</tr>
<tr>
<td>3</td>
<td>016811</td>
<td>Real Estate Activities for Sale and Rental with Own or Leased Property</td>
<td>425.96</td>
</tr>
<tr>
<td>4</td>
<td>016499</td>
<td>Other Financial Service Activities Not Elsewhere Classified</td>
<td>385.27</td>
</tr>
<tr>
<td>5</td>
<td>015010</td>
<td>Ocean Transportation</td>
<td>337.69</td>
</tr>
<tr>
<td>6</td>
<td>014910</td>
<td>Transport via Railways</td>
<td>240.48</td>
</tr>
<tr>
<td>7</td>
<td>014615</td>
<td>Wholesale of Metal Construction Materials</td>
<td>239.44</td>
</tr>
<tr>
<td>8</td>
<td>014620</td>
<td>Wholesale of Chemical Materials and Chemical Products</td>
<td>191.64</td>
</tr>
<tr>
<td>9</td>
<td>013510</td>
<td>Electricity Supply</td>
<td>168.35</td>
</tr>
<tr>
<td>10</td>
<td>015510</td>
<td>Short Term Accommodation Activities</td>
<td>157.88</td>
</tr>
</tbody>
</table>

**Note 1:** Credit Counterparts: Corporate credit accounts of the Bank’s domestic and overseas business units and the Offshore Banking Branch, excluding government agencies.

**Note 2:** Sector: It is handled based on the classification of the sectors adopted by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan.

**Note 3:** Exposure amount: Loans, overdrafts, discounts, guarantees, acceptances, Exchange bills negotiated, letters of credit at home and abroad, non-recourse factoring, receivable amount for margin loans, and loan commitments.
1.5.4 Systemic Risk Assessment

In addition to the supervisory stress test conducted by the competent authority from time to time, the Bank performs a stress test when filing a report on the supervisory review implementation principles to the competent authority every year, and selects the scenario where the stress test has the greatest impact on the Bank’s capital to calculate the amount of the loss on our own qualified capital, which serves as the basis for assessment and planning of the Bank’s internal capital adequacy.

1.5.5 Emerging Risk Management

Faced with the continuous changes in the global social and economic environment and the increasing influence of emerging issues, such as global warming, extreme climate events, infectious diseases, technological development, and demographic changes, the Bank has established an emerging risk management mechanism to control and mitigate the impact of risks arising from emerging issues, and has adopted the framework of identification, measurement, management, and supervision to implement risk management effectively and to facilitate the transformation of financial services in a diverse manner.
<table>
<thead>
<tr>
<th>Risk categories</th>
<th>Risk description</th>
<th>Impact or influence on the Bank’s operations</th>
<th>Countermeasures and monitoring mechanism (potential opportunities included)</th>
</tr>
</thead>
</table>
| Climate Change | Extreme climate or weather events impact the human living environment and result in social and economic problems. | • Extreme weather patterns or the government's future levy on carbon will increase the Bank’s costs of water, electricity and carbon emissions, and natural disasters caused by climate change may result in a loss on the Bank’s assets and equipment or interrupt the Bank’s operations, such as the destruction of physical branches or damage to information hosts.  
• Climate risks may lead to fluctuations in the prices of the bonds in which the Bank invests or the stock prices of the investees, or cause the value of the Bank’s real estate collateral to decline, affecting the Bank’s revenue and recovery of debts.  
• If the Bank finances customers who have a negative impact on the environment, or fails to respond to international trends or standards, such as sustainable operations, it will affect the Bank’s goodwill. | [Countermeasures and monitoring mechanism]  
• Strengthen the protection of physical branches and important equipment, enhance the prevention work for disasters, implement environmental policies, such as resource conservation measures and greenhouse gas emission reduction, in daily operation, and introduce green building solutions for new self-owned buildings to reduce water and electricity costs and the risks arising from water and power outages while striving to achieve environmental sustainability.  
• Continue to promote the ISO14001 environmental management system, ISO50001 energy management system, and ISO14064-1 greenhouse gas inventory, and other international certifications to achieve the targets of CO2 emission reduction.  
• Introduce the TCFD framework for climate change risk management.  
• Respond to the climate change voluntary reduction mechanism, set upper limit on credit and investment for high energy-consuming industries, and establish an early warning mechanism.  
• Incorporate ESG and CDP ratings into the investment evaluation process, and actively invest in green bonds, social bonds, and sustainable development bonds to focus on both "public welfare" and "revenue."  
[Opportunities]  
• Increase trust products that feature climate change, green energy, water resources, carbon reduction, new energy and ESG, which shall be included in the performance evaluation indicators, to both increase earnings and to fulfill corporate social responsibility.  
• Provide green loan products, such as renewable energy, equipment upgrades, pollution prevention equipment, and low-carbon and sustainability loans to facilitate the development of our country’s green energy technology industry and to assist industries with sustainable innovation.  


Material emerging risk management table

<table>
<thead>
<tr>
<th>Risk categories</th>
<th>Risk description</th>
<th>Impact or influence on the Bank’s operations</th>
<th>Countermeasures and monitoring mechanism (potential opportunities included)</th>
</tr>
</thead>
</table>
| Infectious Diseases | Infectious diseases on a large scale affect human health, undermine economic activities, and cause changes in consumption patterns. | • Severe infectious diseases that spread globally impact the economies of countries around the world and the Bank’s operating activities, affecting the Bank’s operating profits.  
• Companies’ business declines due to the impact of the epidemic, resulting in a decline in repayment ability and increasing the Bank’s risk arising from debts.  
• Due to infectious diseases, customer consumption patterns change, and market demand for specific industries increases, which will affect the way the Bank provides service and strategic layout of credit and investment.  
• With employees confirmed to be infected or needing to be isolated quarantined, which results in a shortage of manpower, making the Bank unable to maintain normal business operations or interrupting the operations. | • The Bank has formulated the Chang Hwa Bank Business Continuity Plan and the Chang Hwa Bank Emergency Response Measures for Mandatory Collective Quarantine in Response to Epidemics” while having established an “epidemic prevention and response task force” and a “major accident response task force” to keep abreast of the pandemic situation and to develop contingency measures to be adopted in a flexible manner. The Bank may launch the “backup on different floors in the same building”, “remote backup”, or “remote work” mechanism as necessary depending on the changes in an epidemic, to maintain the normal operation of the business in the case of a major epidemic.  
• The Bank actively cares for the customers affected by epidemics and provides financial assistance in a timely manner to help them tide over the tough times while actively cooperating with the government’s relief measures and revitalization programs, simplifying the relief loan application process, and assisting affected customers in obtaining required funds and alleviating their loan burden to fulfill our corporate social responsibility.  
• Require employees to wear masks and to take body temperature every day to self-manage their own health, and appoint dedicated personnel to monitor the online system of “Employee Daily Attendance and COVID-19 Notification Daily Report” on a daily basis, to learn about and track the situation immediately while providing assistance related to epidemic prevention in the case of any abnormal health conditions.  
• Facilitate the development of industries in the post-pandemic era, such as medical care, online shopping, logistics, and the integrated information, and strengthen the integration of diverse channels, optimize the mobile payment processes, increase the scope of mobile payment application, and actively collaborate with the businesses related to stay-at-home economy.  
• In response to changes in consumption patterns and to attract digital natives in the young generation, the Bank has built a new digital banking App and omni-media customer service system, which combines online application services, mobile payment services, and customer service channels, to provide a smoother and diversified digital financial experience. |

【Countermeasures and monitoring mechanism】

【Opportunities】
### Material emerging risk management table

<table>
<thead>
<tr>
<th>Risk categories</th>
<th>Risk description</th>
<th>Impact or influence on the Bank’s operations</th>
<th>Countermeasures and monitoring mechanism (potential opportunities included)</th>
</tr>
</thead>
</table>
| Digital Finance and Information Security | Occurrence of information security incidents involving personal information leakage or cyber attacks/threats. | In the case of an information security incident, such as infringement of customer rights or unusual operation of network-related business, the Bank may suffer major financial losses, pay compensation due to legal proceedings, be imposed with penalties by competent authorities, or suffer damage to the Bank’s reputation. | • The Bank has formulated the “Security Maintenance Plan for Personal Information File” and the “Personal Information Management Regulations,” set up the Personal Information Protection Management Task Force, and established an emergency response mechanism for personal data security incidents while holding information security incident drills, education and training, and personal data protection self-assessment on a regular basis to implement the security maintenance and management of personal information files.  
  • To strengthen the security of the bank-wide information environment, the Bank pays close attention to emerging cybercrime tactics at all times, reviews the strength of the Bank’s information security regularly, and has established a protection, monitoring, and alarm system.  
  • The Bank continues to maintain the validity of the ISO 27001 information security management system, ISO 22301 business continuity management system, and the BS 10012 personal information management system certifications while adopting the Plan-Do-Check-Act (PDCA) management model for management to respond to new trends in real time.  
  • Abnormal transaction reminder functions, such as abnormal login alarms and payment transfer limits, to reduce the risk of fraud. The Bank has also set up an information security section to promote the information on information security to customers.  
  • The development of financial technology has become a trend. Improving the Bank’s information security in the wave of digital transformation will help enhance the Bank’s competitiveness in attracting customers, thereby increasing revenue and moving towards sustainable finance. |

**[Countermeasures and monitoring mechanism]**

- The Bank has formulated the “Security Maintenance Plan for Personal Information File” and the “Personal Information Management Regulations,” set up the Personal Information Protection Management Task Force, and established an emergency response mechanism for personal data security incidents while holding information security incident drills, education and training, and personal data protection self-assessment on a regular basis to implement the security maintenance and management of personal information files.

- To strengthen the security of the bank-wide information environment, the Bank pays close attention to emerging cybercrime tactics at all times, reviews the strength of the Bank’s information security regularly, and has established a protection, monitoring, and alarm system.

- The Bank continues to maintain the validity of the ISO 27001 information security management system, ISO 22301 business continuity management system, and the BS 10012 personal information management system certifications while adopting the Plan-Do-Check-Act (PDCA) management model for management to respond to new trends in real time.

- Abnormal transaction reminder functions, such as abnormal login alarms and payment transfer limits, to reduce the risk of fraud. The Bank has also set up an information security section to promote the information on information security to customers.

**[Opportunities]**

- The development of financial technology has become a trend. Improving the Bank’s information security in the wave of digital transformation will help enhance the Bank’s competitiveness in attracting customers, thereby increasing revenue and moving towards sustainable finance.
1.5.6 Intellectual Property Management

For the sustainable development and continuous upgrade of corporate governance of the Bank, in accordance with its business strategies, with reference to the management norm of “Taiwan Intellectual Property Management System (TIPS)” formulated by IDB, MOEA and principles such as “Inclusion, Innovation, Resilience and Sustainability” of “FinTech development Roadmap” formulated by FSC. The Plan will be an important action plan with regard to promotion of IP management affairs of the Bank.

Policy

- The Bank shall precipitate its IP management to meet several requirements such as achievement of sustainable development goals, combination with FinTech development, promotion of R&D efficiency and support for social development.
- The Bank shall ensure its IP management systems formed follow a “Plan-Do-Check-Act, PDCA” management cycle.
- The Bank shall value and actively manage its own IPs, and respect IP of others.
- The Bank shall obey relevant IP laws, internal rules and contract terms.
- The Bank shall take relevant measures to protect its own rights when IP infringement occurred or someone claims IP infringement caused by the Bank.
Goals

- **Short-Term Goals (2020~2021)**
  I. Formulate Guidelines for IP & Trade Secret Management of CHB.
  II. Plan for promoting IP management system of the Bank.
  III. Certified by Taiwan Intellectual Property Management System (TIPS) to get a class certificate.
  IV. Keep Sustaining IPs and obtaining business related patents for the Bank.

- **Mid-Term Goals (2022~2024)**
  I. Strengthen education and training to promote IP concept of staff of the Bank and build necessary human resource capacity.
  II. Reward for R&D to build IP portfolio and robust development of FinTech competitiveness for the Bank.
  III. Coupling with needs of digital transformation of the Bank and seeking chances for cooperation with competitors in same industry or different industries.

- **Long-Term Goals (2025~)**
  I. Complete digital transformation of the Bank to provide the best experience of having financial services to customers.
  II. Through financing or reinvestment to foster FinTech related industries and discharge corporate social responsibility of the Bank well.

Results

- Optimized the formation of management system
  I. Formulate “Operating procedures for Financial Patent application” to assist every unit of the Bank in operating patent management, and build “FinTech Patent management system” with function of online application for every unit to control progress of patent application and sustain patents as well.

- Building IP professionals capacity
  I. Appointed 2 employees to attend 1st “Certified Intellectual Property Risk Analyst, CIPRA” co-held by Science & Technology Law Institute (STLI) and International Society of Financial Professionals (ISOFP). They passed all lessons and exam to get certificates and made the Bank to be one of the first batch of domestic financial institutions and the first government-owned bank which has CIPRA certified staff.

  II. Appointed professional consultant to assist the Bank in inducting IP management system measure up to standards, and held related education and training.

- IP Portfolio

<table>
<thead>
<tr>
<th>Numbers of CHB’s IPs (December 31, 2020)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Registered Trademarks</td>
<td>Patents Granted</td>
</tr>
<tr>
<td>Domestic</td>
<td>Foreign</td>
</tr>
<tr>
<td>22</td>
<td>15</td>
</tr>
<tr>
<td>Total: 37</td>
<td>Total: 167</td>
</tr>
</tbody>
</table>

- Assistance for fostering new ventures:
  Start “Project Loan for Patent Financing of CHB” to foster industrial innovation transformation and upgrading.
1.5.7 Countermeasures against COVID-19

1.5.7.1 Precautionary Measures

The Bank has stipulated “Chang Hwa Bank Business Continuity Plan (BCP)” and “Chang Hwa Bank Directions of Emergency Response Measures for Compulsory Collective Isolation Responding to Epidemics,” in case the event of a major outbreak, various business activities can continue to operate normally. As for the COVID-19 pandemic, the Bank has formed “Chang Hwa Bank Pandemic Prevention Program Responsible Team in Response to COVID-19” led by the President, and the “Chang Hwa Bank Pandemic Prevention Program in Response to COVID-19” was formulated, flexible countermeasures are adopted in line with the government’s policies as follows:

① All business units shall clean and disinfect the office environment.

② Employees shall wear masks and take body temperature daily to self-manage their own health, while dedicated personnel are appointed to monitor the online system of “Employee Daily Attendance and COVID-19 Notification Daily Report.” If there are any abnormal health conditions, the personnel will learn about and track the situation immediately, while providing assistance related to precautionary assistance.

③ To reduce direct contact among employees, the Bank’s Beitou Guest House, Hairdressing Department, and Laundry Department have temporarily suspended services, diverted elevator traffic, and controlled the building’s fire exits to maintain “exit-only.” Visitors or people with abnormal health are prohibited from entering the building, and a document exchange area is set up to avoid mutual communication between people on different floors.

④ The employee cafeteria is closed and buffet is not provided. The employee cafeteria shall serve meals in the form of lunch boxes through reservation. The restaurant staff deliver them to every floor, and announcements are made to call for employees not to dine out as much as possible to reduce the risk of infection during dining.

⑤ All units appoint professional licensed suppliers to disinfect and clean the office environment regularly (at least once every six months), and clean the public areas of the workplace at any time (at least 3 times a day), use alcohol or bleach to wipe the surfaces of objects that frequently touched by hands, and keep records accordingly for future reference.
1.5.7.2 Business Continuity

① Starting from March 5, 2020, the Bank adopted the mechanisms of “remote backup” and “backup on different floors in the same building” to maintain normal business operations. In response to the slowdown of the COVID-19 pandemic, we suspended the mechanisms of “remote backup” and “backup on different floors in the same building” from June 8, 2020 and adjusted pandemic prevention measures in a flexible manner in line with the Epidemic New Life Movement launched by the Centers for Disease Control, Ministry of Health and Welfare.

② With local confirmed cases of COVID-19 appeared in Taiwan at the end of 2020, the pandemic continued to escalate. We launched the mechanisms of “remote backup” and “backup on different floors in the same building” again from February 1, 2021, and suspended them again on March 15, 2021. As the country has raised the pandemic to Level 3 alert due to the escalation of the pandemic, we launched the mechanisms of “remote backup” and “backup on different floors in the same building” again from May 17, 2021 and adjusted pandemic prevention measures in a flexible manner.

③ File backup management

Each unit backs up relevant computer files, reports, and official documents through scanning, mobile hard disks, or USB flash drives according to business needs so that employees can continue their business when working on different floors or in different places to maintain the normal business operations.

④ Backup operation

Each unit specifies the task allocation, operating procedures, and methods of operation for personnel of each section or team it manages when working on different floors or in different places, to ensure the normal operation of various business activities during Backup operation.

⑤ Emergency contact details

Each unit establishes LINE groups, saves relevant personnel’s mobile phone number, e-mail, or other contact information for real-time communication to reduce the risk of cross infection due to physical contact.

⑥ When personnel work from home for specific reasons and are isolated at home, if they need to open a VPN or VDI account and connect to the Bank’s internal website, report management system, email, and other systems, please refer to the “VPN & VDI management regulation.”
COVID-19 confirmed case notification mechanism

In the first place

Confirmed cases or positive rapid test cases

Follow-up measures

Oral communication, text message, e-mail, communication software

Emergency notification form (situation of occurrence and emergency response)

Head Office

Domestic Branches
Security Brokers
Commercial Regional Centers

Domestic Banking Division

EVP Spokesperson

President

Human Resources Division
General Affairs Division
Internal Auditing Division
Risk Management Division

Domestic Banking Division

Human Resources Division
General Affairs Division
Internal Auditing Division
Risk Management Division

Oral communication, text message, e-mail, communication software
1.6 Responsible Investment

Policy and Purpose
To comply with the “Stewardship Principles for Institutional Investors” and enhance the overall interests of fund providers (including customers, beneficiaries, or the Bank’s shareholders, hereinafter referred to as “fund providers”), the Bank has formulated the Chang Hwa Bank Stewardship Principles.

Responsibilities and Duties
The Bank has formulated the “Chang Hwa Bank Stewardship Principles,” which cover the implementation and disclosure of the responsibilities towards fund providers and stewardship regulations, and incorporated ESG issues into the investment evaluation process to fulfill the responsibilities for stewardship and to create long-term investment value.

Resources
- We have managed to prevent conflicts of interest through the implementation of education, division of responsibilities, and information control.
- Before the Bank is to vote at the shareholders’ meeting of an investee, it shall be reviewed by the responsible unit. To respect investees’ expertise and promote their effective development, the Bank, in principle, support proposals made by their management for shareholders’ meetings. However, the Bank does not support proposals that undermine the Bank’s and fund providers’ interests, proposals that violate corporate governance and hinder investees’ sustainable development, and those with a negative impact on the environment or society.
Substantial Activities

The Bank continues to pay attention to investees’ operations, particularly their relevant news reports, business strategies, operating conditions, financial position, industry trends, environmental protection, social responsibility, labor rights, and corporate governance issues, while focusing on analyzing and evaluating their risks and opportunities related to ESG issues to understand their sustainable development strategies.

Assessment Mechanism

The Bank discloses the implementation of stewardship on the Bank’s official website on a regular basis, including the statement of compliance with the “Stewardship Principles for Institutional Investors,” interaction with investees, participation in voting at shareholders’ meetings, and other material matters.

Results

- In 2020, the Bank invested in 33 domestic publicly listed companies, and 18 of them were selected as constituent stocks of the Dow Jones Sustainability Indices (DJSI) and the FTSE4Good TIP Taiwan ESG Index, and our investment in said companies accounted for approximately 65%.

- In 2020, the Bank interacted with our investees mainly through participation in their shareholders’ meetings and investor conferences. We participated in a total of investees’ 49 shareholders’ meetings and 43 investor conferences.

- According to the annual corporate governance evaluation levels published by Taiwan Depository & Clearing Corporation refer to Taiwan Stock Exchange and the Taipei Exchange, the Bank scored 89.86 points, which was higher than the average score of 80.91 points.

ESG Investment

① To assist companies in completing green investment projects, facilitating the development of green energy industries, and improving environmental quality, the Bank actively invests in green industries. The investment projects include climate, environmental protection, energy conservation, and carbon reduction. By the end of 2020, the balance of the Bank’s investment in equity and bonds in green industries was NT$5.873 billion.

② Furthermore, to assist enterprises in implementing sustainable development, to support their sustainable transformation, and follow the sustainable development trend in the international market, the balance of the Bank’s investment in sustainable development bonds as of the end of 2020 was NT$1.1 billion.

③ As of December 31, 2020, the balance of the Bank’s cumulative investment in ESG equity and bonds was NT$6.973 billion, an increase of NT$4.8 billion from the end of 2019.
Social Aspect

- 2.1 Information Security and Personal Information Protection
- 2.2 Safeguarding Customer Rights and Interests
- 2.3 Innovation and Inclusion of Digital Finance
- 2.4 Green Finance and Products
- 2.5 Financial Inclusion
- 2.6 Development of Supporting Industries and Promotion of Placemaking
- 2.7 Employer / Employee Relations
- 2.8 Human Rights Protection and Gender Equality
- 2.9 Occupational Safety and Health
- 2.10 Charity Care
- “Love in Chang Hwa Bank and e-Action” Charity Event
Customer Care: The Bank protects the rights and interests of financial consumers, treats financial consumers in a fair and reasonable manner, provides high-quality financial services, ensures the integrity, transparency and security of product and service information, and attaching importance to the development of green finance and innovative finance.

Employee Care: The Bank also implements the principle of “right person in the right place,” pays attention to education and training and diversified development, improves the salary system and benefit measures, and provides a healthy work environment, while establishing positive communication channels, and promoting the implementation of human rights policies.

Social Welfare: Adhering to the concept of “giving back what it has taken from society,” the Bank actively gives back to the public by taking practical actions to implement social care, to support vulnerable groups, to participate in emergency relief, and to promote community development.

2.1 Information Security and Personal Information Protection

GRI: 418-1

2.1.1 Information Security Mechanism

SASB: FN-CB-230a.1, FN-CB-230a.2

Policy

The Bank’s information security policy has been established to enhance information security management; ensure confidentiality, integrity and availability of information; maintain the reliability of information equipment (including computer software and hardware, and peripheral devices) and network systems; strengthen employee awareness towards information security; and prevent the abovementioned resources from being interfered with, disrupted, or trespassed by any means, avoiding any detrimental conduct and attempt.
Commitment
The Bank provides customers with high system service quality and protect their rights and interests.

Goals and Targets
The Bank ensures that complete and reliable information system operation can be provided where the legally authorized access to its information is subject to internal or external threats; in the case of occurrence of an accident, rapid and necessary response measures shall be taken to reduce the possible damage of accidents.

Responsibilities and Duties
- In order to effectively implement internal control of information security, the Bank has adopted a management framework with three lines of defense: The first line of defense consists in the implementation of information security operations by all units and IT Division across the Bank. The second line of defense consists in the monitoring and management of the implementation status of the information security policy and its derived information security risks by the Information Security Center. The third line of defense consists in inspections by the Internal Auditing Division. (such as internal control management framework of information security.)
- The Bank has appointed a dedicated information security officer with a background in information security. The responsibilities of the role are to supervise and implement information security policies, coordinate and promote information security management while reporting to the Board of Directors on the overall implementation and management of information security every year. The Chairperson, the President, the EVP and Chief Auditor, and the head of dedicated information security unit jointly issued a statement on the overall implementation of information security. The information security policy is reviewed regularly every year and implemented after approval by the Board of Directors.

Resources
The Bank procures information security protection and monitoring equipment to strengthen its security protection mechanism and capabilities.

Complaint Mechanism
An information security incident can be reported through the "Information Security Incidents Reporting Management System" while internal communication and handling can be conducted through email or by phone at regular times.

Substantial Activities
- The Bank continues to use the PDCA management cycle to promote the information security management system, business continuity management system and personal information management system annually in response to new information security issues that may arise due to changes brought by new technologies, new products and business processes. Through information security, business continuity management and personal information management procedures and operations, we ensure that our information security system meets the availability, integrity and confidentiality requirements, so as to refine our information system risk control.
- The Bank also raises employees’ awareness of information security through information security education and training courses.
- As for the notification of and response to information security incidents, we notify responsible units based on the different conditions and severity of bank-wide information security incidents in accordance with the "Chang Hwa Bank Information Security Incident Reporting Management Implementation Rules," the "Chang Hwa Bank Emergency Reporting Operation Guidelines," and the "Chang Hwa Bank Major Incident Response Procedures." The IT and Information Security Divisions need to eliminate and resolve information security incidents within the target processing time, follow up on the incidents, review improvement plans, and put forth preventive measures to prevent such incidents from recurring.
- We have established a protection and monitoring mechanism through the joint operation of multi-layer information security equipment. For example, under the network architecture are internal and external firewalls, intrusion detection and defense systems, and a traffic monitoring mechanism at important nodes. We have also established an antivirus software system and an endpoint malware detection system, a mail protection system, and a data leakage protection system, and an online behavior control system. Meanwhile, we have introduced a privileged account management system to protect the highest access permission. We seek suspicious network activities through the information security log and the information equipment logs on an incident management system. We conduct various information security inspections & tests and system backup drills regularly to respond to Distributed Denial-
of-Service (DDoS), Advanced Persistent Threats (APT), ransomware, and social engineering attacks.

- Information security incident notification and information sharing are carried out through the Financial Information Sharing and Analysis Center (F-ISAC), and we send information security warnings to the Financial Security Operation Center (F-SOC) for a correlation analysis to improve the effectiveness of information security joint defense.

➢ Assessment Mechanism

- The Bank confirms whether its information security management system, business continuity management system and personal information management system comply with international standards through external audits and verifications yearly, and evaluates the effectiveness of its management system implementation and employees’ implementation of information security.

- The Bank confirms whether any vulnerabilities exist in its information system through information security inspection to early detect and repair them, while regularly conducting backup exercises for important information systems to maintain high quality of information system services.

➢ Results

- The Bank did not have any major information security incidents in 2020.

<table>
<thead>
<tr>
<th>Information leakage</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of leakage cases</td>
<td>0</td>
</tr>
<tr>
<td>Percentage of leakage cases involving personal information</td>
<td>0%</td>
</tr>
<tr>
<td>Number of affected accounts</td>
<td>0</td>
</tr>
</tbody>
</table>


- A total of 6,250 people completed the training courses in the Chinese and English languages for the 2020 information security education.

- The Bank announces information security information on the bulletin board of the internal website from time to time to strengthen domestic and overseas employees’ awareness of information security. The Bank conducts social engineering drills every quarter, with the content covering Chinese and English emails to increase employees’ alertness and to reduce the chance of social engineering attacks.
2.1.2 Personal Information Protection

- **Policy**
  The Bank complies with the “Personal Data Protection Act,” and has established its “Personal Information Management Regulations,” and “Security Maintenance Plan for Personal Information File,” and “General Data Protection Regulation (GDPR),” with the purpose of protecting the security of customers’ and employees’ personal information.

- **Commitment**
  The Bank ensures that the execution of its various business activities complies with the Personal Data Protection Act, and protects the rights of the parties involved to avoid personal information security incidents.

- **Goals and Targets**
  The Bank effectively manages its personal information through its personal information file security maintenance and management system.

- **Responsibilities and Duties**
  The Bank has established a personal information management system, and each unit of the Bank has engaged 4 dedicated employees in charge of affairs related to personal information, while ensuring the effective management of personal information through the promotion and education & training.

- **Resources**
  The Bank has formulated its “Personal Information Management Regulations” for the Bank to comply with so as to implement the protection of personal information, while conducting self-assessment regularly to inspect the status of the implementation of personal information.

- **Complaint Mechanism**
  The Bank has established an emergency response mechanism for personal information security incidents.

- **Substantial Activities**
  The Bank has set up a Personal Information Protection Management Task Force to review the operation of the Bank’s personal information management system and relevant operations to ensure that the execution of each business in compliance with the Personal Data Protection Act and other regulations.

- **Assessment Mechanism**
  - Each Division of the head office conducts self-assessment and submits a self-assessment report regularly.
  - The Bank commissions a professional accounting firm to handle ad-hoc audit of the personal information protection mechanism.

- **Results**
  - The Bank did not have any personal information security incidents in 2020.
  - The self-assessment report was submitted to the 26th meeting of the 26th Board of Managing Directors.
  - The Bank reported to the 12th meeting of the 26th term Board of Directors on the ad-hoc audit results of the 2020 personal information protection mechanism and independent auditor’s report on applying agreed-upon procedures while submitting the said matters to the FSC for review.
  - The Bank held a digital course on the promotion and guidelines for the personal information management system in 2020, with a total of 6,302 participants. Through the establishment of personal information infringement cases and the promotion of key points of personal information protection, employees were fully informed of the relevant legal requirements to comply with the personal information management regulations.
2.2 Safeguarding Customer Rights and Interests

GRI: 102-2, 417-1, FS15

Policy

The Bank has formulated the “CHB Principles for Fair Treatment of Customers,” “CHB Financial Consumer Protection Policy,” “CHB Financial Consumer Protection Practice Guidelines,” “CHB Consumer Complaint Handling Guidelines.” The Bank has also requested all its personnel by circular letter to follow and put into practice the abovementioned guidelines and policies when providing financial products and services to customers so as to strengthen the consumers’ interests and rights.

Commitment

- The Bank enters into a contract for providing products or services with customers based on the principles of fairness, reciprocity, and good faith, and fully explains the important contents of products, services, and contracts while disclosing the risks.
- The Bank properly responds to suggestions from customers or disputes arising from financial products or services provided by the Bank.

Goals and Targets

- The Bank has formulated the regulations, code of conduct, and anti-fraud measures for relevant operations, takes strict protection measures for customer’s information, and carefully reviews the products and services to implement risk control.
- The Bank conducts education and training of Principles for Fair Treatment of Customers regularly, enhance personnel’s professionalism so as to improve customer satisfaction.
 Responsibilities and Duties

- The Bank complies with the Financial Consumer Protection Act and relevant regulations as well as Principles for Fair Treatment of Customers in Financial Service Industry.
- The Bank has established a consumer dispute handling system and set up complaint channels for financial consumption disputes to properly handle them within specified period and inform the financial consumers who filed complaints with the handling results.

 Resources

- With the principles for fair treatment of customers included in items to be audited, audit was performed accordingly. The relevant deficiencies are compiled regularly for the business management unit to discuss improvement measures.
- The Bank collects and understands the relevant regulations and international standards that should be followed for the products and services the Bank provides and sells, and continues to conduct employee training to improve the customer service experience.
- Prior to their initial sale, financial products and wealth management products shall be reviewed and approved before launched for sale.

 Complaint Mechanism

The Bank has set up customer complaint channels, including a customer service hotline or mailbox of customer service center of official website.

 Substantial Activities

- When providing financial products or services to customers, all of the Bank’s employees duly comply with Principles for Fair Treatment of Customers in Financial Service Industry to ensure that in the process of providing the financial products or services by the Bank, ranging from design, advertising, sales, contract performance. During the overall transaction process such as fulfillment, service consulting to customer complaint processing, customers are all treated fairly in accordance with the Financial Consumer Protection Act.
- The Bank has established a product suitability system to provide products or services suitable for customers through know-your-customer (KYC) and know-your-product operations (KYP).

 Assessment Mechanism

When the auditing unit conducts general audit and ad-hoc audit, it also conducts audit on the implementation of the principles for fair treatment of customers.

 Results

- The Bank evaluated the FSC’s Principles for Fair Treatment of Customers in accordance with the principle three lines of defense in internal control, declared the implementation status, and submitted it to the Board of Directors for review and then to FSC for verification, to strengthen the protection of financial consumers’ rights and interests.
- In 2020, the auditing unit carried out 206 general audits and 497 ad-hoc audits, tracked and reviewed the deficiencies identified regarding the principles for fair treatment of customers and following improvements, to ensure the effective implementation of regulations.

 Response to Media Negative News

The media reported on the Bank’s two cash receipt and payment disputes over the counter in March 2021, and the disputes have been resolved properly. The Bank immediately held a video conference and offered “Service Quality Education and Training” online course on March 31, 2021, and will continue to strengthen education and training on the correct procedures for each service, communication and response skills for employees, to provide customers with better services in line with the highest standards.
2.2.1 Customer Size

2.2.1.1 Individual and Small Business Deposit Accounts

<table>
<thead>
<tr>
<th></th>
<th>Number of accounts</th>
<th>Balance of deposits</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Individual</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(natural person)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Taiwan dollar deposit account</td>
<td>7,056,688</td>
<td>1,024,954</td>
</tr>
<tr>
<td>Checking account</td>
<td>174,011</td>
<td>6,324</td>
</tr>
<tr>
<td>Foreign exchange deposit</td>
<td>362,198</td>
<td>106,213</td>
</tr>
<tr>
<td><strong>Small enterprise</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Taiwan dollar deposit account</td>
<td>26,782</td>
<td>37,947</td>
</tr>
<tr>
<td>Checking account</td>
<td>9,239</td>
<td>2,398</td>
</tr>
<tr>
<td>Foreign exchange deposit</td>
<td>4,978</td>
<td>16,552</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,194,388</td>
<td>1,194,388</td>
</tr>
</tbody>
</table>

Note 1: The balance of the NTD deposit account/checking deposit account does not include deposits from public banks and other financial institutions, and deposits transferred from the post office.

Note 2: As accounts, such as omnibus deposit account and digital deposit account, which involve deposits in NTD and other foreign currencies, the number of accounts and balances are included in the data of the NTD deposit account.

Note 3: Since the same customer can open multiple accounts, the number of accounts is not equal to the number of the Bank’s customers, only the balances are totaled.

2.2.1.2 Individual, Small Enterprise, and Enterprise Borrower

<table>
<thead>
<tr>
<th></th>
<th>Number of accounts</th>
<th>Loan balance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Individual</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(natural person)</td>
<td>129,901</td>
<td>547,685</td>
</tr>
<tr>
<td>Small Enterprise</td>
<td>15,186</td>
<td>137,997</td>
</tr>
<tr>
<td>Enterprise</td>
<td>4,900</td>
<td>796,046</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>149,987</td>
<td>1,481,728</td>
</tr>
</tbody>
</table>

2.2.2 Complaint Mechanism

2.2.2.1 Complaint Channels

The complaint channels for handling disputes with respect to financial products or services provided by the Bank are listed in the product contracts; there are also a 24/7 customer service hotline, webpage, e-mail and other open channels to provide customers with consultation services and accept complaints or feedback at any time.

Complaint channels provided by the Bank are as follow:

- For local telephones, please dial: 412-2222; press 9 to be transferred and talk to responsible personnel (charged as local phone calls).
- For mobile phones, please dial:(02) 412-2222; press 9 to be transferred and talk to responsible personnel.
- Free Service Hotline: 0800-365-889; press 9 to be transferred and talk to responsible personnel.
- Official website of the Bank- “Customer Service Center” - “Customer E-mail Messages,” leave your opinions and personal basic information, the Bank’s customer service personnel will handle and reply during business hours.
2.2.2.2 Handling of Customer Complaints

1. Upon receipt of customer complaints, the Bank immediately submits them to the responsible unit for proper handling to protect the rights and interests of financial consumers.

2. In order to reduce the occurrence of financial consumer disputes and improve service quality, the Bank regularly reviews the types and handling status of financial consumer disputes, compiles and analyzes the causes and reasons of consumer disputes. The responsible units develop improvement measures so as to perform review and improvements at all times, and ensure complete protection of the rights and interests of financial consumers.

2.2.3 Customer Satisfaction

1. Satisfaction toward Digital Banking Services

In order to improve the quality and efficiency of the Bank’s digital banking services, and to understand the satisfaction and recommendations of customers with regard to their e-banking experience, we conducted the “Customer Satisfaction Questionnaire Survey,” the survey period was from February 19 to March 19, 2021, the questionnaires were distributed to users of the Bank’s “Personal e-banking” and “Mobile e-banking App (CHB Mobile Network),” as well as “Corporate e-banking (CHB e-banking)” and “Corporate Mobile Network App.” The survey content included the smoothness of e-banking operations, system stability, and overall evaluation, to serve as a reference for the Bank’s future planning of e-banking functional improvement and business promotion, and to further increase customers’ willingness to use these services.

As some users expressed dissatisfaction with system performance (such as system stability, smooth interface operation, or transaction processing speed), the Bank will continue to optimize the online banking system to improve customer experience.
In order to improve the service quality of the Bank, we conducted survey on 185 business units in Taiwan with 2020 as the base year, and the survey period was from January 12 to February 5, 2021. The questionnaires were distributed to all customers engaged in services with the Bank. The 2020 customer satisfaction questionnaire survey was conducted with regard to three major aspects: “financial product satisfaction,” “service attitude and professional competence,” and “overall service satisfaction.”

In order to improve the service quality and efficiency of the Bank, in addition to conducting surveys on customers at the counter with hard-copy questionnaires, in response to the advent of the era of digital finance, customers may also participate in the customer satisfaction survey through diversified channels, such as using the Bank’s public computers or scanning the QR-Code on the number slips with mobile phones.
Future Outlook

With the principles for fair treatment of customers as the core, the Bank will listen to customers’ opinions, continue to promote financial innovation and strengthen digital services, and strive to provide customers with the best financial services, thereby creating a satisfactory and reliable financial brand.

2.3 Innovation and Inclusion of Digital Finance

GRI: 203-2

The Bank has long been committed to digital financial innovation and launched the “Bank 3.0” online business. Through incorporation of social media, the Bank provides customers with safe and convenient financial services to contribute to the sustainable development of the environment.

Policy

Actively developing digital financial services provide customers with more convenient digital services, continue to expand service channels, provide customers with innovative service models, and integrate customers’ interaction history in all channels to optimize service experience and enhance the Bank’s competitiveness.

Commitment

The Bank actively integrates physical and virtual channels based on customers’ needs, and creates the best experience of online and mobile banking financial services through social media, customer experience, and other application fields, to deepen relationships with customers.

Goals and Targets

- The Bank applies FinTech technology to various financial aspects to provide a digital financial environment and to create an experience that satisfies customers’ needs.
- The Bank adopts big data and artificial intelligence to gain an in-depth understanding of the attributes of overall customers and to provide financial products that meet customers’ needs, thereby achieving the goal of precision marketing.
Responsibilities and Duties

In response to the wave of the digital financial market, the Bank actively develops new products in order to provide customers with a new user experience.

Resources

- The Bank develops innovative services through new information technology of financial technology companies.
- In order to protect professional technology from infringement, the Bank has established a financial patent application process to speed up the acquisition of financial patents.
- The Bank adopts big data to collect customer-related information and build an information system.

Complaint Mechanism

- The Bank’s 24-hour service hotlines are 412-2222 and 0800-365-889; instant online consultation is also available.
- The “customer messaging” function of the customer service center on the Bank’s official website will be responded to by e-mail.
- The Bank’s official website, personal online banking, mobile banking App, or the intelligent customer service of Facebook or LINE official accounts instantly provides services, such as product or event consultation, or inquiry of personalized information, through text conversation.

Substantial Activities

- The Bank integrates multiple payment collection tools to provide comprehensive mobile payment collection channels and provides an instant payment service for insurance fees by API Paribas Cardif.
- The Bank provides a new mobile payment experience by partnering with PX Pay App, and introduces new services such as "Taiwan Pay QR Code Credit Card Payment," and "Debit Card Tax Payment", also adjusts the transaction limits of HCE payment and Non-Designated account.
- The Bank optimizes online banking service by providing remittance using mobile numbers and customizes the VIP online banking operations for the corporate clients to provide the convenience of transaction to the customer.
- The Bank issues all credit card agreed terms and rights and interests manual in the "QR Code electronic version" to promote energy saving and carbon reduction.
- The Bank has introduced an intelligent customer service system using the artificial intelligence semantic understanding technology, which can retrieve the contents in the knowledge base automatically, to keep abreast of customers’ needs in real time and to assist customer service personnel in solving customers’ problems quickly.
- In terms of blockchain applications, the Bank provides the electronic bank confirmation service and achieves comprehensive electronization among CPAs, enterprises audited, and the banks, improving the overall operational efficiency and data security.

Assessment Mechanism

- The Bank has motivated customers to use electronic channels; thus, the number of transactions via electronic channels increased by 5% from last year.
- The Bank has actively applied for financial patents, with a goal of filing applications of 40 cases annually.

Results

- As of the end of 2020, compared with 2019, the number of transactions via electronic channels increased by 27.26%, the number of online banking accounts increased by 8.02%, the number of transactions via online banking increased by 15.91%, the number of transactions via mobile banking increased by 49.33%.
- As of the end of 2020, 50 utility patents and 3 design patents had been obtained.
- As of the end of 2020, 57,154 credit cards had been newly issued, which meant that 57,154 written agreements and physical copies of rights and interests manuals have been reduced.
- As of the end of 2020, intelligent customer service had accumulated 654,130 visits.
- As of the end of 2020, a total of 2,543 electronic bank confirmation requests had been processed.
Corporate Social Responsibility Report

Social media—The Bank’s fourth launch of LINE corporate stickers
“Chang Hwa Bank and Mascots Create Prosperity for You—It’s fun to play with Ginny and Shiba Inu.”

To make the Bank’s brand more accessible and to leverage the effect of the Bank’s LINE official account, the Bank launched the fourth LINE corporate stickers on December 14, 2020 in a festive theme for Christmas and the New Year. When users downloaded the stickers, the interaction with the Bank would increase, they would recognize the Bank’s positive brand image, and in turn accessed the Bank’s services through virtual or physical channels. The stickers were downloaded 1,769,026 times. As of the end of February 2021, the number of friends with the Bank’s LINE official account reached 4.54 million.

Social media—The 1st Digital Financial Life Short Film Contest

In response to the rapid development of financial technology, the Bank invited all fans, friends, and the public to join in the grand event, and to produce creative videos to brainstorm innovative ideas about the application of financial technology together. The public was keen to sign up for the contest with a total of 30 groups of participants. Through the online voting, selection, and a lucky draw, the discussion of the event increased, and the number of followers in the Facebook group entitled “Chang Hwa Bank and Mascots Create Prosperity for You” exceeded 240,000.
2.4 Green Finance and Products

2.4.1 Green Financial Products

Green Financing
- Financing for solar-powered equipment
- Financing for machinery and equipment upgrade
- Low-carbon sustainable project loan- low-interest financing for private enterprise’s pollution prevention equipment
- Low-carbon sustainable home project loan- redemption for large diesel vehicle
- Offshore wind power loan

Green Insurance Products
- Usage-based insurance (for driving)
- Solar photovoltaic equipment loan insurance

2.4.2 Assisting in the Development of Green Industries

① Green Technology Industry Financing

In order to jointly promote the development of our country’s green energy technology industry with the government and promote the momentum of industrial innovation and growth, the Bank has assisted the green energy technology industry identified by the competent authority in participating in the procurement project for the Forward-looking Infrastructure Development Program, or provided required capital and working capital to industries related to green energy technology.

The loan amount by the end of 2020 was approx. NT$70,241 million, a 23.12% decrease over the previous year, due to large repayments from some clients.

② Financing for Renewable Energy Power Generation Enterprises

In line with promoting the government’s nuclear-free homeland and renewable energy policies, the Bank has actively assisted in fundraising for the working capital of renewable energy power generation enterprises, by providing loans for those that have obtained the approval letter for renewable energy power generation equipment, or the registration letter for renewable energy power generation equipment from the Bureau of Energy, Ministry of Economic Affairs.

The loan amount by the end of 2020 was approx. NT$3,017 million, a 1.92% decrease over the previous year. Among the types of renewable energy, we have achieved relative maturity with regard to solar power generation. The Bank has set up project financing for solar photovoltaic equipment to provide enterprises and the public with the funds required to purchase related solar photovoltaic equipment. The balance of loans by the end of 2020 was approx. NT$2,334 million, a 27.54% increase over the previous year.
Directions for Allocating Installed Capacity of Offshore Wind Potential Zones, the amounts approved at the end of 2019 was NT$1.757 billion, and that approved at the end of 2020 was NT$726 million. As it is an emerging industry and the loan project should be in line with the development timeline of each wind farm, the amounts should be approved and fluctuated greatly.

<table>
<thead>
<tr>
<th>Items</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>Number of accounts</td>
<td>Amount</td>
<td>Number of accounts</td>
</tr>
<tr>
<td>Green technology industry financing</td>
<td>70,241</td>
<td>1,285</td>
<td>91,474</td>
</tr>
<tr>
<td>Financing for renewable energy power generation enterprises</td>
<td>3,017</td>
<td>133</td>
<td>3,076</td>
</tr>
</tbody>
</table>

③ Low-carbon Sustainable Project Loan - Redemption for Large Diesel Vehicle

In cooperation with the Environmental Protection Administration's low-carbon sustainable project, we provide loans for the replacement of large diesel vehicles. As of the end of 2020, we have provided such loans in the amount of NT$106 million to a total of six accounts.

④ Offshore Wind Power Industry Loan

In cooperation with the government's goal of reducing carbon emissions and increasing energy independence, and to fully promote the development of industries related to renewable energy and offshore wind power, the Bank actively assists the businesses in the offshore wind power industry in obtaining necessary funds for development, purchase of equipment, and operations. As per the loans provided to the businesses who have obtained the license for wind farm development projects through the Ministry of Economic Affairs's selection and bidding mechanism in compliance with the

2.4.3 Credit limit adjustment

In cooperation with the competent authority's Forward-looking Infrastructure Development Program and the Bank’s green enterprise loan project, we assist companies participating in the program or engaged in green production and services in obtaining financing funds, and have raised the credit limit for the green energy technology industry that engage in green production as recognized by the competent authority by 1%. Furthermore, the Bank lowered the borrowing facilities by 2% for the credit given to and the investment in the high energy-consuming industry to respond to the voluntary reduction mechanism for climate change.
2.5 Financial Inclusion

2.5.1 Provision of Various Relief Loans in Line with the Government’s Policies

The Bank assumes the responsibility for caring for customers and actively supports the government’s various relief policies to assist customers affected by COVID-19, such as the relief measures launched by various ministries, the Central Bank financing project, the worker relief loans, and other relevant relief projects. The implementation has been quite effective, and we have, thus, been rated as an excellent bank for relief loans by the Financial Supervisory Commission (FSC).

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of applications</th>
<th>Number of applications approved</th>
<th>Approved Amount (100 million)</th>
<th>Approval rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government relief loans</td>
<td>9,553</td>
<td>9,425</td>
<td>702.71</td>
<td>98.66</td>
</tr>
<tr>
<td>The Bank’s relief loans</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individual</td>
<td>591</td>
<td>586</td>
<td>69.13</td>
<td>99.15</td>
</tr>
<tr>
<td>Enterprise</td>
<td>1,698</td>
<td>1,677</td>
<td>80.82</td>
<td>98.76</td>
</tr>
<tr>
<td>Worker relief loans</td>
<td>42,519</td>
<td>40,514</td>
<td>40.45</td>
<td>95.28</td>
</tr>
</tbody>
</table>

As of December 31, 2020

2.5.2 Assistance to Entrepreneurs to Realize Dreams

To assist enterprises and young people in obtaining venture capital, thereby achieving inclusive financial services, the Bank provides relevant loans as follows:

① Keelung City SME Dream-Come-True Loan: As of the end of 2020, we offered such loans to a total of 12 accounts with the loan balance of NT$5.67 million.

② Micro-Business Startup Phoenix Program: As of the end of 2020, we offered such loans to a total of 83 accounts with the loan balance of NT$35 million.

③ Loans for Startup Funding for Young Entrepreneurs: As of the end of 2020, we offered such loans to a total of 643 accounts with the loan balance of NT$531 million.

2.5.3 Support of SMEs and Community Development Loans

SASB: FN-CB-240a.1, FN-CB-240a.2

① Although the scale of SMEs is relatively small, their business strategies are flexible, and can quickly adapt to the changes and challenges of the external environment. They account for 97.65% of the business field in our country (as per Ministry of Economic Affairs - Important SME Statistics in 2019); thus, they are the Bank’s crucial credit clients. Our short-term strategy is to continue to develop the SME client base, enhance the foundation of credit business, and increase
the market share of credit business while our long-term strategy is to actively strive for financing opportunities arising from the Three Major Programs for Investment in Taiwan and to support key innovative, creative, and green energy industries to facilitate SMEs’ development.

In 2020, the Bank launched a variety of SME financing programs to assist SMEs in obtaining funds. In terms of the Central Bank’s accommodation loan project and the trillion-dollar revitalization project, the Bank’s commitments are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Number of accounts</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Bank’s accommodation loan project</td>
<td>8,112</td>
<td>15,864</td>
</tr>
<tr>
<td>Trillion-dollar revitalization project</td>
<td>2,957</td>
<td>70,535</td>
</tr>
</tbody>
</table>

Note: The number of accounts is counted by tax ID number, the Central Bank’s accommodation loan project is based on the total amount of loans provided while the amount of the trillion-dollar revitalization project is based on the amount approved.

As of the end of December 2020, there were eight non-performing loans (including overdue payments) under the Central Bank’s accommodation loan project in a total amount of NT$16 million; Zero non-performing loan (including overdue payments) under the trillion-dollar revitalization project in a total amount of NT$0.

② To support the business of Hakka to enhance the service capacity or expand the scale of operation, thereby promote local revitalization and sustainable development, the Hakka Affairs Council has launched the “Hakka Local Revitalization Preferential Loan” policy. The Bank began to provide such loans in February 2019. The situation is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Number of accounts</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hakka Local Revitalization Preferential Loan</td>
<td>6</td>
<td>23,980</td>
</tr>
</tbody>
</table>

Note: The statistics began in February 2019 and ended at the end of December 2020.

As of the end of December 2020, there were zero non-performing loans (including overdue payments) under the Hakka Local Revitalization Preferential Loan in a total amount of NT$0.

2.5.4 Elderly Care Trust

In response to the government’s promotion of the elderly care trust system, we provide preferential plans for payment upon signing and management fees to the elderly and people with disabilities in applying for the elderly care trust. The Bank operates the trust business for the elderly and people with disabilities. As of the end of 2020, there were a total of 789 valid contracts with a total trust property amount of NT$1.049 billion. In 2020, we were named the Bank of Excellence in the 2019 “Property Trust for the Elderly and the Disabled Evaluation” by the FSC.

2.5.5 Provision of Financial-Friendly Services to the Disadvantaged and Specific Groups

① The Bank has set up automated teller machines (ATM) in remote areas to provide local people with convenient financial services.
2.5.6 Assistance to Debtors in Resolving Debts

For debtors who apply for debt workout, mediated debt workout, and debt settlement in accordance with the Consumer Debt Clearance Act, or individual debtors who apply for debt negotiation, we evaluate their income and work ability and other factors comprehensively, and encourage them to actively resolve their debts and return to normal life, thereby facilitating the recovery of debts. In 2020, the Bank actually accepted a total of 465 debt workout cases, of which 384 were completed, and 234 cases were established, with a success rate of 60.94%. The total debts negotiated with contracts signed were in the amount of NT$13,017,000.

2020, there were 247 accounts to which such measure was applied, and the number of processing fees waived was 3,585.

To help the elderly obtain stable living funds to with their own homes to satisfy their financial needs, the Bank has launched the Chang Hwa Bank Housing Pension Loan since 2019, and provided the loan to one account by the end of 2020. The loan amount approved was NT$4,056,000, and the balance of loan provided was NT$253,500.

In response to the Blueprint for Developing Taiwan into a Bilingual Nation by 2030 and to meet foreigners' financial needs, the Bank has completed the establishment of three bilingual demonstration branches in Taipei, Taichung, and Kaohsiung. It is expected to create another 50 bilingual branches in 2021, and complete all 185 branches of the Bank by 2028 in line with the international trends.

<table>
<thead>
<tr>
<th>Location</th>
<th>Amount</th>
<th>The number of transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mudan Township, Pingtung County (Mudan Township Office)</td>
<td>1</td>
<td>10,040</td>
</tr>
<tr>
<td>Manzhou Township, Pingtung County (Jioupeng Police Station)</td>
<td>1</td>
<td>11,597</td>
</tr>
<tr>
<td>Checheng Township, Pingtung County (Checheng Fu’an Temple)</td>
<td>1</td>
<td>17,557</td>
</tr>
<tr>
<td>Puyan Township, Changhua County (Hsinshui Service Office)</td>
<td>1</td>
<td>14,769</td>
</tr>
</tbody>
</table>

① All 645 ATMs of the Bank are compatible with barrier-free models, of which 12 ATMs are for the visually impaired.

③ The Bank’s official website, friendly zone on the online banking platform, and online ATM are all with friendly services adopted in line with the Web Content Accessibility Guidelines 2.0 at the AA level, so that people with disabilities can enjoy a more complete financial transaction environment.

④ Our mobile e-banking App and mobile security App have been improved in accordance with the App Accessibility Guidelines as announced by the National Communications Commission.

⑤ The communication channels provided by the Bank’s customer service center include voice services, customer messaging services on the official website, and intelligent customer services for those who are inconvenient to communicate by voice to use according to their needs.

⑥ Since January 1, 2017, the Bank has provided people with disabilities with free ATM interbank withdrawal fees three times a month. As of
2.5.7 Micro-insurance Donation

The Bank actively participates in the promotion of the micro-insurance policy by the FSC, and implements micro-insurance through the matchmaking by the Chung Kuo Insurance Co., Ltd., to assist disadvantaged people or persons with specific identities in obtaining basic protection for a period of time with relatively low insurance premiums, so as not to be affected by financial difficulties due to unpredictable specific risks and incidents. In 2020, the Bank provided micro-insurance donations to a total of 398 people in the disadvantaged groups in the total amount of micro-insurance premiums of NT$77,177.

2.6 Development of Supporting Industries and Promotion of Placemaking

① In response to the US-China trade dispute and the motivation of overseas Taiwanese businesspeople to return their investment to Taiwan, the Bank responds to the government’s policy by launching three major plans, namely the Welcome Taiwanese Businessmen to Return to Taiwan for Investment Project Loan, Rooted Taiwanese Enterprises Accelerated Investment Project Loan, and SME Accelerated Investment Loan, to assist domestic enterprises in upgrading and transforming themselves toward smart and innovative to strengthen their competitiveness. As of the end of 2020, the Bank had approved 113 accounts with an approved amount of NT$72.832 billion; 87 of them have drawn the loans in an amount of NT$14.194 billion.

② Responding to the call of the Ministry of Finance, we have launched the “Public Sector Banks Hand-in-Hand for Trillion-Dollar Revitalization” financing program with major public sector banks to accelerate the revitalization of economic momentum and to assist more enterprises in their transformation and upgrades. In 2020, the estimated amounts approved by each public sector bank was NT$124 billion, except for the Export-Import Bank of the Republic of China with the amount of NT$8 billion approved. As of the end of 2020, the Bank had provided a total of NT$143.505 billion, with an achieving rate of 115.73%.

③ To strengthen SMEs' financial foundation, the Bank collaborated with the Small & Medium Enterprise Counseling Foundation to assist companies with financial examination and the use of cloud examination resources and to provide cross-industry and cross-field comprehensive consulting services to enhance their competitiveness.

④ To assist enterprises in using the application of patented technology flexibly and to promote industrial innovation and transformation and upgrades, we have launched the Patent Financing Loan Project.
⑤ In order to assist franchisees in raising the funds needed to start a business and reduce the initial financial pressure, a chain franchisee loan was launched.

⑥ The Bank sponsored the Industrial Strategy Summit Forum held by the Economic Daily News under the United Daily News Group to help the industry seek opportunities for transformation in the post-pandemic era and to push Taiwan development upward. There were 350 participants with 17,000 live stream viewers.

⑦ The Bank also sponsored the Fourth Entrepreneurial Star Competition held by the Economic Daily News to seek the most potential future stars in Taiwan’s industry, thereby accelerating industrial exchanges and growth while contributing to the innovation and development of our country’s industry (NT$500,000/159 teams participated through the industry-academia collaboration in total).

⑧ The Bank launched the Keelung City SME Dream Loan to assist SMEs in Keelung City to successfully obtain the funds needed for operations. As of December 2020, 12 applicants had applied for the loan with a loan balance of NT$5,673 thousand.

⑨ In order to support the business of Hakka, increase the momentum of services, or expand the scale of operation to develop Hakka culture and increase job opportunities for the Hakka community, the Hakka Affairs Council has launched the Hakka Placemaking Preferential Loan via the Bank. Since it was launched in February 2019, as of the end of December 2020, there have been 6 applicants, with a loan balance of NT$23,980 thousand, to assist borrowers in the Hakka community to conduct placemaking and sustainable development.
2.7 Employer / Employee Relations

- Management Policy

Employees are the core competitiveness of business management. The Bank’s efforts to realize the principles of “right person in the right place,” and fair and reasonable performance appraisal are our commitment to all employees. The Bank attaches great importance to employees’ career development, and continuously implements international financial talents cultivation plans and leaders development plans, along with diversified training channels, to enhance employees’ professional knowledge. In addition, the Bank has constructed a complete compensation system by considering market competitiveness and connecting the Bank’s overall business performance with individual performance as the basis for compensation adjustment. Apart from work, employees are encouraged to participate in various recreational activities and comprehensive health care assistance programs and welfare measures are provided to employees to help them balance work and family as well as care for their physical and mental health.

2.7.1 Status of Human Resource

GRI: 102-8, 102-41, 401-1, 401-3, 405-1, 406-1, 411-1

2.7.1.1 Employee Composition and Diversity

In order to meet the needs of development of various businesses, Chang Hwa Bank organizes campus recruitment campaigns and welcome young students to join us every year. In addition, for professional vacant posts in finance and marketing, technology, and legal affairs, the Bank also holds internal and external selections from time to time to gather experienced or cross-disciplinary digital talents, as to further strengthen human assets and improve business performance.

When recruiting employees, we adhere to the people-oriented, talent-based principles; comply with laws and regulations; and do not allow different treatment or discrimination due to gender, race, religion, political affiliation and other factors, all while providing market-competitive compensation standards, complete training programs, generous welfare measures and an annual promotion system to attract talents. In order to ensure the stability of the personnel system, the Bank does not hire part-time employees.

No violations of human rights, child labor, violations of indigenous people’s rights and interests, and discrimination occurred in 2020.

The Bank has been selected by the Taiwan Index Plus Corporation as one of the companies with the largest number of employees in Taiwan among
all listed companies, and has been selected as a constituent stock of the TWSE RA Taiwan Employment Creation Index 99 for 4 consecutive years.

① All Employees of the Bank

As of the end of 2020, the Bank had a total of 6,676 employees, among which 2,358 were male employees, accounting for 35.32% of the total number of employees; and 4,318 were female employees, accounting for 64.68% of the total number of employees.

<table>
<thead>
<tr>
<th>Total number of employees</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,332</td>
<td>4,240</td>
</tr>
</tbody>
</table>

② Educational Level Analysis

Taiwan: There are 4 doctoral degree holders, 1,362 master’s degree holders, 4,772 bachelor’s or college degree holders, and 407 people with high school (vocational high school) diplomas; there are 27 people who have only received high school (vocational high school) education or below.

Overseas: There are 12 master’s degree holders, 79 bachelor’s or college degree holders, 11 people with high school (vocational high school) diplomas, and 2 people who have only received high school (vocational high school) education or below.

③ Employee Age Distribution

As of the end of 2020, the number of managers was 1,115 and the number of employees was 5,561. They can be divided by gender and age as follows:

| Male employees | Female employees | Male managers | Female managers | Total females | Total males | Total
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; 49</td>
<td>507</td>
<td>568</td>
<td>305</td>
<td>481</td>
<td>1,049</td>
<td>812</td>
</tr>
<tr>
<td>40~49</td>
<td>621</td>
<td>1,234</td>
<td>141</td>
<td>156</td>
<td>1,390</td>
<td>762</td>
</tr>
<tr>
<td>30~39</td>
<td>550</td>
<td>1,390</td>
<td>9</td>
<td>23</td>
<td>1,413</td>
<td>559</td>
</tr>
<tr>
<td>&lt; 30</td>
<td>224</td>
<td>467</td>
<td>0</td>
<td>0</td>
<td>467</td>
<td>224</td>
</tr>
</tbody>
</table>

Note: The managers in this chart are personnel with duty allowances.
④ New Recruits–Distribution by Gender and Region

- **Female, 206**
- **Male, 142**

⑤ New Recruits–by Region and Age

- **Taiwan**
  - < 30 years old: 7
  - 30 ~ 39 years old: 5
  - 40 ~ 49 years old: 2
  - > 49 years old: 0
  - Total: 14
- **Overseas**
  - < 30 years old: 230
  - 30 ~ 39 years old: 92
  - 40 ~ 49 years old: 25
  - > 49 years old: 1
  - Total: 348

Note: New recruit ratio = total number of females or males/number of personnel at the end of the year, based on the total number of personnel in 2020.

⑥ Accession Rate in the Last Three Years–by Gender

- **Accession rate of females (%)**
  - 2020: 3.23
  - 2019: 4.06
  - 2018: 4.19
- **Accession rate of males (%)**
  - 2020: 2.18
  - 2019: 2.69
  - 2018: 2.39
- **Total accession rate (%)**
  - 2020: 5.41
  - 2019: 6.75
  - 2018: 6.58

Note: Accession rate = total number of females or males/number of personnel at the end of the year, based on the total number of personnel in 2020.

⑦ Accession of Persons with Disabilities and Indigenous Peoples–by Age

- **Persons with disabilities**
  - < 30 years old: 1
  - 30 ~ 39 years old: 5
  - 40 ~ 49 years old: 7
  - > 49 years old: 42
  - Total: 55
- **Indigenous peoples**
  - < 30 years old: 9
  - 30 ~ 39 years old: 9
  - 40 ~ 49 years old: 2
  - > 49 years old: 4
  - Total: 24

Note: New recruit ratio = total number of females or males/number of personnel at the end of the year, based on the total number of personnel in 2020.
⑧ Accession of Persons with Disabilities and Indigenous Peoples–by Gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>Persons with disabilities</th>
<th>Indigenous peoples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>40</td>
<td>37</td>
</tr>
<tr>
<td>Female</td>
<td>35</td>
<td>18</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>55</td>
</tr>
</tbody>
</table>

⑨ Status of Unpaid Parental Leaves

<table>
<thead>
<tr>
<th>Item</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees entitled to unpaid parental leave in 2020</td>
<td>43</td>
<td>133</td>
<td>176</td>
</tr>
<tr>
<td>Number of employees that applied for unpaid parental leave in 2020</td>
<td>8</td>
<td>52</td>
<td>60</td>
</tr>
<tr>
<td>Number of employees expected to return from unpaid parental leave in 2020 (A)</td>
<td>5</td>
<td>56</td>
<td>61</td>
</tr>
<tr>
<td>Number of employees that actually returned to work from unpaid parental leave in 2020 (B)</td>
<td>5</td>
<td>52</td>
<td>57</td>
</tr>
<tr>
<td>(B / A) Return rate (B / A)</td>
<td>100%</td>
<td>92.86%</td>
<td>93.44%</td>
</tr>
<tr>
<td>Number of employees that returned to work from unpaid parental leave in 2019 (C)</td>
<td>10</td>
<td>64</td>
<td>74</td>
</tr>
<tr>
<td>Total number of employees that returned to work from unpaid parental leave in 2019 and completed one year of service in 2020 (D)</td>
<td>10</td>
<td>62</td>
<td>72</td>
</tr>
<tr>
<td>Retention rate (D / C)</td>
<td>100%</td>
<td>96.88%</td>
<td>97.30%</td>
</tr>
</tbody>
</table>

Note 1: The number of employees entitled to parental leave is based on employees that applied for paternity leave and maternity leave.
Note 2: In this table, the number of employees that actually returned to work includes those who returned to work early.

⑩ Unpaid Parental Leave Ratio in the Last Three Years by Gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of employees</td>
<td>Ratio (%)</td>
<td>Number of employees</td>
</tr>
<tr>
<td>Female</td>
<td>52</td>
<td>86.67</td>
<td>55</td>
</tr>
<tr>
<td>Male</td>
<td>8</td>
<td>13.33</td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100</td>
<td>63</td>
</tr>
</tbody>
</table>

⑪ Demission Rate–by Region, Gender and Age

<table>
<thead>
<tr>
<th>Region</th>
<th>Demission Rate (%)</th>
<th>Age</th>
<th>Gender</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>29 years old and below</td>
<td>30-39 years old</td>
<td>40-49 years old</td>
<td>50 years old and above</td>
</tr>
<tr>
<td>Male</td>
<td>4.42%</td>
<td>70</td>
<td>40</td>
<td>21</td>
</tr>
<tr>
<td>Female</td>
<td>0.22%</td>
<td>8</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>4.64%</td>
<td>78</td>
<td>45</td>
<td>22</td>
</tr>
</tbody>
</table>

Note 1: Except for employees “on unpaid leave” and who “resigned when on unpaid leave,” the remaining resigned and retired employees are all considered for calculation.
Note 2: Demission rate = total number of females or males/number of personnel at the end of the year, based on the total number of personnel in 2020.

⑫ Demission Rate in the Last Three Years–by Gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>FY</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>2.53%</td>
<td>3.02%</td>
<td>2.64%</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>2.11%</td>
<td>2.78%</td>
<td>2.44%</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>4.64%</td>
<td>5.8%</td>
<td>5.08%</td>
<td></td>
</tr>
</tbody>
</table>

Note: Demission rate = total number of females or males/number of personnel at the end of the year, based on the total number of personnel in 2020.
2.7.2 Employee Compensation and Benefits

2.7.2.1 Policy

① The Bank has established the “Work Rules,” and all matters including employment, service guidelines, working hours, performance appraisal, reward and punishment, salary and benefits, etc., shall be handled in accordance with such rules.

② The Bank has established the “Regulations Governing Retirement Pension, Compensation Payment and Severance Pay.” Matters regarding employees’ retirement pension, compensation payment (including occupational disaster compensation), and severance pay shall be handled in accordance with these regulations; matters not provided therein shall be handled in accordance with relevant laws and regulations such as the Labor Standards Act.

2.7.2.2 Compensation System

① Each year, the Bank considers the consumer price index, the salary adjustment standards of the financial industry, and the Bank’s annual business performance and profitability, and determines the salary adjustment standards for the current year after comprehensive consideration. At the same time, the Bank takes into account the concept of “equal pay for work of equal value” and implements reward differentiation, striving for fairness of the salary structure; according to the performance appraisal results of employees, different salary adjustments are given: the better the performance, the higher the pay raise.

② The Bank issues annual holiday bonuses (including Chinese New Year bonuses and Mid-Autumn Festival bonuses) and variable bonuses (performance bonuses, sales bonuses, employee remuneration, etc. issued depending on the nature of a job and employee’s performance).

③ We have followed the performance appraisal policy, implemented the connection between strategic goals and performance appraisals, and made appraisal results the basis for employee compensation, promotion, training and development, as to create incentives and a win-win situation for the company and employees.
2.7.2.3 Implementation Results of Compensation

① According to the Bank’s employee performance appraisal regulations, appraisals have been conducted on all of those qualified for appraisal.

② The average pay increase for employees was 1.6% in 2020.
In order to show consideration for employees’ basic living expenses, and to continue to implement performance-differentiated salary adjustments and motivate employees with outstanding performance, the Bank’s 2020 annual salary adjustment was handled by means of performance salary adjustment.

The “performance salary adjustment” was based on individual employees’ annual performance appraisal rating in 2019, 3.3% of whom attained a rating of 6, 2.4% attained a rating of 5A and 5B, 1.6% attained a rating of 4A, 4B and 4C, and 1% attained a rating of 3; no pay raise was made for ratings of 2 and 1. In addition, to take care of entry-level employees, there are also additional regular salary adjustments for eligible entry-level employees in the grade 5 to 7.

③ Selected as a constituent stock of the TWSE RAfi® Taiwan High Compensation 100 Index for 7 consecutive years.

The Bank has been selected as a constituent stock of the TWSE RAfi® Taiwan High Compensation 100 Index for 7 consecutive years since 2014, showing recognition for a number of quantitative criteria, including average salary, net profit, net asset value per share, and total compensation.

4 Salary Information of Non-managerial Full-time Employees

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>Fluctuation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Number of Non-managerial Full-time Employees</td>
<td>6,175</td>
<td>6,018</td>
<td>157</td>
</tr>
<tr>
<td>Average Salary of Non-managerial Full-time Employees</td>
<td>1,223</td>
<td>1,290</td>
<td>(67)</td>
</tr>
<tr>
<td>Median Salary of Non-managerial Full-time Employees</td>
<td>1,133</td>
<td>1,176</td>
<td>(43)</td>
</tr>
</tbody>
</table>

Note 1: In reference to the Description of Salary Information Reporting Operations for Non-managerial Full-time Employees jointly compiled and released by the TWSE and TPEx.

Note 2: Non-managerial, full time employee mentioned here refers to employees excluded employees in managerial position, part-time employees, overseas employees, and employees who meet the standard of excluded exemption. (Taiwanese employees and foreign employees are included.)

Note 3: “Number of employee” is calculated by yearly average, rounding up to the whole number.

Note 4: Due to the impact of COVID-19 and the global economy, the Bank’s distributable bonuses decreased, so the median salary has decreased by NT$43,000.

5 Welfare measures

- Labor insurance
- National health insurance
- Employer’s liability insurance

- Holiday recreational activities
- Scholarships
- Employee convenience store
To improve employee benefits, the Bank began to subsidize employees who have been employed for a full year from 2020 with NT$30,000 for the first newborn, NT$60,000 for the second one, and NT$100,000 for the third one and above.

### Childbirth Allowance

In 2020, 136 employees applied for such subsidies, and the actual number of newborns was 140. The total subsidy amount was NT$5.94 million.

#### Implementation Status

The Bank’s appropriation of the (old system) pension reserve shall be in accordance with the provisions of the “Labor Standards Act” and the “Regulations for the Allocation and Management of the Workers’ Retirement Reserve Funds,” and the pension actuarial calculations are made by actuaries commissioned in accordance with the International Accounting Standards No.19.

In addition, according to the new Labor Pension Act, 6% of the employee’s salary is allocated to the personal pension account of the Bureau of Labor Insurance each month. Those who voluntarily appropriate a portion of the salary to their own pension accounts, a percentage of the salary decided by themselves will be deducted from the employee’s monthly salary to the personal pension account of the Bureau of Labor Insurance.

#### Amount of pensions appropriated

<table>
<thead>
<tr>
<th>Category</th>
<th>FY</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank of Taiwan—Pension Reserve Account (Old System)</td>
<td>2020</td>
<td>302,940</td>
<td>301,841</td>
</tr>
<tr>
<td>Bureau of Labor Insurance—Pension Account (New System)</td>
<td>2020</td>
<td>210,343</td>
<td>189,696</td>
</tr>
</tbody>
</table>
Employee Stock Ownership Trust (ESOT)

In order to take care of employees and improve benefits while effectively enhancing employees’ commitment and encouraging them to save for a long term to prepare for future retirement, the Bank has launched a Chang Hwa Bank Employee Stock Ownership Trust on September 26, 2019, in which 6 types of self-appropriation amount standards are set according to the employees’ grade and title. Employees can choose the minimum self-appropriation amount or twice the amount to participate. The Bank also motivates the employees to join by appropriating NT$1,000 or NT$1,500 for the employees from its end.

Member recruitment began in October 2019, and the first payment deduction was made in November 2019. As of the end of December 2020, the total number of members was 6,267, (including 61 people who were on unpaid leave; their membership was retained without payment deducted) with a participation rate of 97.47%; those who chose the minimum self-appropriation amount accounted were 1,808 in the number, accounting for 28.85%; 4,398 employees chose to double the amount, accounting for 70.18%.

2.7.3 Employee Communication Channel

Employees are the most important and most valued assets of the Bank; thus, the Bank is committed to building a work environment where human rights are respected, free of discrimination and harassment, as well as safe, healthy, and friendly. In order to truly understand the needs of employees, the Bank has established diverse, bilateral communication channels to hear the voices of our employees.
2.7.3.1 Employee Complaints
The Bank has established “Chang Hwa Bank Employee Complaint Notice” to provide employee complaint channels.

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

2.7.3.3 Exchange of Opinions with Employees
In order to exchange opinions with employees, the Bank has set up hotlines and an employee communication e-mail, so that employees’ voices can be heard and responded to, as a way to improve the management of the Bank.

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

2.7.3.4 Employee Satisfaction Survey
To understand employees’ needs as a reference for the Bank’s strategic goals, the Bank conducted an employee questionnaire survey for in-service employees in 2020. The questionnaire was divided into 5 aspects, namely job satisfaction, workplace satisfaction, salary assessment satisfaction, education and training satisfaction, and health checkup and consultation satisfaction; the survey was optional and conducted online. The survey results showed that
employees were satisfied with the 5 aspects. The items with higher satisfaction scores included job satisfaction, where employees understood their current job responsibilities and processes, and agreed that the current work system was challenging while believed that they had adequate ability to do the job well. As for workplace satisfaction, employees could help each other at work to improve their relationship at work. In terms of health checkup and consultation satisfaction, employees agreed with the Bank’s employee stock ownership trust policy, which could be used as a pension plan for the future, and they also supported the Bank’s provision of employee psychological counseling services. Furthermore, for items with low satisfaction scores in the results, relevant departments have been notified to make improvements and raise the awareness to increase employees’ satisfaction with the Bank.

2.7.4 Employee Education and Training

Facing the rapid changes in the financial environment, the Bank strengthened the cultivation of financial talents, and actively arranged comprehensive financial professional courses according to the overall annual business goals and plan, and established a complete talent training system and mechanism to develop human capital.
2.7.4.1 Diversified Talent Cultivation

The Bank actively cultivates the necessary skills of employees, and provides diversified and systematic education and training to assist employees in diversified development. It continues to nurture employees’ professional competence and second professional specialties, and regularly provides diversified offline/online training courses for in-service employees, including (corporate financial/personal financial) credit loans, (elementary/advanced) foreign exchange, wealth management, compliance with trust laws and regulations, AML, derivative financial product business regulations and practices, etc. We have established an e-learning system (CHB E-learning System), which currently provides more than 675 digital online courses for employees to read and use through mobile phones or other mobile devices without time and space restrictions, so as to achieve the expected goals of cultivating employees’ second professional specialties and cross-disciplinary abilities.

The Bank attaches great importance to the development of employees’ careers. During employees’ service, diversified training channels are provided to enhance their professional knowledge and skills, and they are motivated to actively participate in various competency courses, license tests, online English courses and the online course on CommonWealth Leader Campus to develop their own capabilities; as such, once employees leave their jobs due to specific reasons, they will still have the professional competencies related to the fields above, and they can still have the ability to switch the job and continue their career life.

2.7.4.2 Enhanced Training of Digital Financial Talents

① Supported the development of digital banking business and continued to organize digital banking courses.

② The Bank has joined the FIN & TECH Innovation Village of TABF, and dispatched employees to participate in various financial technology innovative experimental projects, simulation courses, seminars, industry-government exchange meetings, and supervision consulting sessions, to improve their new knowledge of financial innovation.

③ The Bank worked with the Taiwan Studies Center of the National Chengchi University to launch the Financial Big Data Analysis and Practice Program, to strengthen the integration of the Bank’s financial big data and business, and held a conference at the Bank to present the results.

< Training Accomplishments>

The Bank continues to incorporate learning via digital and offline courses to help employees accumulate financial professional capabilities.

As of December 31, 2020, the total number of training hours conducted was 330,898.03 hours, with an average of 49.57 training hours per employee. Described as follows according to the internal training (offline/online), external training and self-development categories:
### Training Accomplishments

<table>
<thead>
<tr>
<th>Training Method</th>
<th>Online Learning</th>
<th>Offline Course</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Hour (s)</td>
<td>Internal Training</td>
</tr>
<tr>
<td>Internal Training</td>
<td>203,940.53</td>
<td>99,970.50</td>
</tr>
<tr>
<td>Total (hours)</td>
<td>330,898.03</td>
<td></td>
</tr>
</tbody>
</table>

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

### Online Learning Status

<table>
<thead>
<tr>
<th>Gender</th>
<th>Total number of enrollments</th>
<th>Total number of hours</th>
<th>Average hours</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Managerial</td>
<td>Non-managerial</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>21,307</td>
<td>73,949</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>30,052</td>
<td>154,340</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>51,359</td>
<td>228,289</td>
<td></td>
</tr>
</tbody>
</table>

### Offline Training Status

<table>
<thead>
<tr>
<th>Gender</th>
<th>Total number of enrollments</th>
<th>Total number of hours</th>
<th>Average hours</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Managerial</td>
<td>Non-managerial</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>1,858</td>
<td>3,089</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>2,679</td>
<td>6,339</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>4,537</td>
<td>9,428</td>
<td></td>
</tr>
</tbody>
</table>

*Gender details include:
- Total number of enrollments
- Total number of hours
- Average hours

*Managerial or Non-managerial roles are distinguished based on job level designation.
2.7.4.3 Educational Clubs

1. FinTech Research Club

In order to encourage the learning of FinTech new knowledge and to foster FinTech talents, the Bank established the FinTech Research Club in March 2018. In 2020, to avoid group gathering due to COVID-19, we suspended physical seminars, and held online discussion and exchange sessions on our internal Facebook group of "CHB Financial Technology Sharing Garden" instead. There are currently 569 members in the group. There were 135 posts on financial technology-related topics and 320 active members who continued to pay attention and respond to such posts in 2020, to continue sharing and engaging in exchanges on the online platform.

2. Chinese Reading Club

The Chinese Reading Club has been set up for 3 years since August 2017. Its routine event is held on the second and fourth Sundays of each month; in the first half of 2020, due to the impact of COVID-19, we suspended the event and resumed the activity due to the slowdown of the pandemic and members' eager anticipation. We had held 10 sessions since July 2020, and members jointly read five great books: Kuo-Yuan Liang’s [Glimpse: What You Thought You Knew, But You Actually Didn’t Understand It], Malcolm Gladwell’s [Outliers: The Story of Success], and attorney Hisako Yukawa’s [Longer the Distance, Fewer the Interpersonal Relationship Issues]. Since 2020, an open membership system has been adopted, and many new members who love reading were attracted to participate together.

3. English Reading Club

The Bank has set up the Chang Hwa Commercial Bank branch of Toastmasters International and plans to hold 2 regular meetings every month, at which external lecturers are invited regularly to deliver keynote speeches, and the branch communicates with other branches in Taipei. However, in 2020, in line with pandemic prevention measures, some regular meetings were cancelled, and a total of 4 physical regular meetings were held. Meanwhile, members were encouraged to participate in online meetings held by branches around the world to enhance their English skills and to expand their horizons.
2.7.5 Employer-employee Meetings and Collective Agreement

① In order to achieve friendly interaction with its employees, the Bank has been holding employer-employee meetings once every three months according to the “Chang Hwa Bank Directions for Implementing Employer-employee Meetings” since July 28, 1999, to conduct discussions and negotiations regarding matters such as employer-employee relations, employer-employee cooperation, employee salaries and benefits, and labor safety.

② Protection by the Collective Agreement

In response to changes such as amendments to labor policies, laws and regulations, the Bank and the CHB Corporate Union representatives re-initiated negotiations regarding collective agreement. The Bank and the CHB Corporate Union signed the collective agreement again on May 14, 2018.

The contents of this collective agreement signed were established after being fully discussed by the representatives of the employer and the employees, and after taking into account labor-related laws and collective agreements of peers in the financial industry. Many of the provisions in this collective agreement are superior to the current laws and regulations, such as paid annual personal leaves, family care leaves and sick leaves; compensation payment for employees who passed away due to illness or accident while on unpaid leave due to military service, injury, or illness, as to take care of their surviving dependents; and bone marrow or organ donor leaves with duration adjusted according to actual needs, as to encourage employees to participate in public welfare. In addition, in order to enhance the harmony of employer-employee relations, one seat of the Personnel Appraisal Committee is reserved for a representative designated by the corporate union.

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

---

**Implementation Status**

From 1999 to the end of 2020, 97 employer-employee meetings had been held, the employer-employee relations were harmonious and stable, and good interactions were maintained.

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of meetings</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Number of matters</td>
<td>8</td>
<td>11</td>
<td>11</td>
</tr>
</tbody>
</table>

**Implementation Status**

As of the end of 2020, the number of members of the CHB Corporate Union was 6,211 (male: 2,191, female: 4,020), and the employees under the protection of the collective agreement accounted for 93.03% of all employees.

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>4,020</td>
<td>3,952</td>
<td>3,777</td>
</tr>
<tr>
<td>Male</td>
<td>2,191</td>
<td>2,207</td>
<td>2,273</td>
</tr>
<tr>
<td>Number of employees that joined the corporate union</td>
<td>6,211</td>
<td>6,159</td>
<td>6,050</td>
</tr>
<tr>
<td>Percentage of employees that joined the corporate union (Note)</td>
<td>93.03%</td>
<td>92.97%</td>
<td>92.28%</td>
</tr>
</tbody>
</table>

Note: Collective Agreement contains the percentage of number of employees.
2.8 Human Rights Protection and Gender Equality

The Bank supports and respects the concept of human rights as revealed in the International Bill of Human Rights, and implements human rights due diligence to fulfill the responsibility for protecting human rights.

Policy
The Bank formulated the "Human Rights Policy of Chang Hwa Commercial Bank, Ltd." All operating sites around the world comply with the labor-related laws and regulations of the place of operation and the Bank’s Human Rights Policy, while developing an honest, fair, respectful and open work environment.

Commitment
The Bank supports and respects the spirit of human rights protection and basic principles disclosed in international human rights conventions, and comply with the Bank’s Human Rights Policy to prevent any infringement and violations of human rights.

Goals and Targets
The Bank adheres to the principle of placing people at the center, continues to pay attention to human rights-related issues, and will incorporate human rights issues into the operational value chain while striving to prevent any violations of human rights, properly maintaining workplace health, actively assisting disadvantaged groups, and providing stakeholders with smooth communication channels, thereby creating a corporate culture that complies with laws & regulations and building a solid foundation for sustainable development.

Responsibilities and Duties
To develop an honest, fair, respectful and open work environment.

Resources
The Bank has formulated the human rights due diligence procedures as a basis for human rights due diligence to review the implementation of human rights protection.

Complaint Mechanism
The implementation of human rights due diligence is reported to the Sustainable Development Committee and the Board of Directors to effectively supervise whether the measures corresponding to human rights issues and risks are complete and to improve the effectiveness of the implementation of improvement projects.

Substantial Activities
- The Bank guarantees the basic human rights of all employees. The recruitment, compensation and benefits, education and training, promotion and retirement plans for employees do not differentiate or present discrimination based on race, gender, age, religion, political affiliation, physical and mental disabilities and union affiliation. The Bank also provides market-competitive compensation standards, diversified training programs, complete welfare measures, and smooth promotion channels to implement equality in the workplace.
- The Bank completed the 2020 human rights due diligence, and the relevant implementation status was reported to and approved by the 2nd meeting of the 2nd Sustainable Development Committee on January 14, 2020, and the 9th meeting of the 26th term Board of Directors on January 28, 2020.
- According to the British Government’s 2015 Modern Slavery Act, the Bank disclosed the measures adopted in 2020 to prevent slavery and human smuggling in the supply chain or various businesses, and reported them to the 13th meeting of the 26th term Board of Directors on May 11, 2021 for deliberation, and were disclosed on the Bank’s official website.

Assessment Mechanism
The Bank conducts human rights due diligence on a regular basis every year.

Results
No violations of human rights occurred in 2020.
2.8.1 Human Rights Due Diligence

The Bank conducts human rights due diligence, identifies material issues, and assesses risks as per the scope of the assessment, and formulates, reports on, and discloses countermeasures or mechanisms.

The Bank’s material human rights issues identified are as follows:

<table>
<thead>
<tr>
<th>Material Human Rights Issues</th>
<th>High-level Concern</th>
</tr>
</thead>
<tbody>
<tr>
<td>High-level Impact</td>
<td>Information Security, Working Conditions, Diversity, Tolerance, and Equal Opportunities</td>
</tr>
<tr>
<td>Medium-level Impact</td>
<td>Business Integrity, Discrimination and Sexual Harassment</td>
</tr>
</tbody>
</table>

The Bank conducted a risk assessment of the Bank’s identified material human rights issues, identified the risks that might occur during the operation for each issue, analyzed the impact and influence, and then reviewed and formulated countermeasures and management mechanisms for mitigation.
## Human Rights Risk Assessment Table

<table>
<thead>
<tr>
<th>Issue Category</th>
<th>Connotation</th>
<th>Assessment Method</th>
<th>Current Situation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Information Security</strong></td>
<td>Information security, privacy, and personal information protection</td>
<td>Information security inspection and evaluation</td>
<td>The Bank had no major information security incidents or personal information security incidents in 2019</td>
</tr>
<tr>
<td></td>
<td></td>
<td>External Special audit</td>
<td>Implemented ISO 27001 : 2013, ISO 22301 : 2012 and BS 10012 : 2017</td>
</tr>
<tr>
<td><strong>Working Conditions</strong></td>
<td>Prohibition of child labor and forced labor (excessive working hours), day-off rights, and maternity protection</td>
<td>Unpaid parental leave, Overtime pay according to regulations</td>
<td>In 2019, the reinstatement rate after unpaid parental leave was 93.67%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1 fine imposed by the competent authority in 2020</td>
</tr>
<tr>
<td><strong>Diversity, Tolerance, and Equal Opportunities</strong></td>
<td>Diversity of employee composition, workplace fairness, and the rights and interests of employees with disabilities</td>
<td>Employee gender ratio survey, Number of employees with disabilities, Remuneration implementation results, Employee satisfaction survey</td>
<td>As of the end of 2019, female employees accounted for 64.5% of all employees, female supervisors 58.97%, and female directors 11.11% of the Board of Directors</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>As of the end of 2019, 62 employees with disabilities were employed</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Selected as a constituent stock of the TWSE RAFI® Taiwan High Compensation 100 Index for 6 consecutive years</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>In 2019 employee satisfaction survey, the employees were satisfied with the 4 aspect of job satisfaction, workplace satisfaction, salary evaluation satisfaction, education and training satisfaction</td>
</tr>
<tr>
<td><strong>Business Integrity</strong></td>
<td>The establishment of Code of Ethical Conduct (such as anti-corruption, prohibition of acceptance of bribery / bribery, and confidentiality clause), the shaping of corporate culture, and the establishment of whistleblowing channels</td>
<td>Internal and external whistleblowing systems, Internal control and audit</td>
<td>In 2019, the Bank did not receive any report of violations of ethical conduct</td>
</tr>
<tr>
<td><strong>Discrimination and Sexual Harassment</strong></td>
<td>Establishment of a friendly workplace and elimination of discrimination or sexual harassment incidents</td>
<td>Complaint case</td>
<td>No violation of discrimination occurred in 2019</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>The Bank received 1 sexual harassment complaint case in 2019, and already handled and closed it properly</td>
</tr>
</tbody>
</table>
### Human Rights Risk Mitigation Measures Management Table

<table>
<thead>
<tr>
<th>Issue Category</th>
<th>Mitigation and Management Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Policies and Regulations</td>
</tr>
<tr>
<td></td>
<td>Mitigation and Management Measures</td>
</tr>
<tr>
<td>Information Security</td>
<td>● Information security policy</td>
</tr>
<tr>
<td></td>
<td>● Personal information management-related regulations</td>
</tr>
<tr>
<td>Working Conditions</td>
<td>● Human rights policy</td>
</tr>
<tr>
<td></td>
<td>● Work rules, employee attendance management, and operational guidelines</td>
</tr>
<tr>
<td></td>
<td>● Collective bargaining agreements</td>
</tr>
<tr>
<td></td>
<td>● Employee overtime compensation guidelines</td>
</tr>
<tr>
<td></td>
<td>● Relevant regulations on employees’ leave, and employees paid leave scheduling guidelines</td>
</tr>
<tr>
<td>Diversity, Tolerance, and Equal</td>
<td>● Human resources policy, and work rules</td>
</tr>
<tr>
<td></td>
<td>● Remuneration system, and employee performance evaluation regulations</td>
</tr>
<tr>
<td></td>
<td>● Employer-employee meeting implementation guidelines</td>
</tr>
<tr>
<td>Business Integrity</td>
<td>● The Code of Ethical Conduct, the Ethical Corporate Management Best Practice Principles, and the Employee Code of Conduct,</td>
</tr>
<tr>
<td></td>
<td>● Relevant operating procedures, conduct guidelines, violations, and penalties</td>
</tr>
<tr>
<td></td>
<td>● Internal Complaint Handling Regulations</td>
</tr>
<tr>
<td></td>
<td>● Supplier Corporate Social Responsibility Policy</td>
</tr>
<tr>
<td>Discrimination and Sexual Harassment</td>
<td>● Human rights policy</td>
</tr>
<tr>
<td></td>
<td>● Anti Sexual Harassment Measure and Complaints Guidelines</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
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<td></td>
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<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: The table provides a summary of the mitigation and management measures taken by the company to address human rights risks. Each issue category is detailed with specific policies and regulations, and the mitigation measures highlight the company's efforts to safeguard human rights.
2.8.2 Promoting Gender Equality

① The Bank is committed to achieving gender equality and implementing equal rights for men and women. The Bank established the “Chang Hwa Commercial Bank Safety and Health Work Rules,” and taking into account the protection and equal rights of employment for female employees, relevant maternal health protection measures shall be taken. Furthermore, four major programs for occupational safety and health prevention have been established, i.e., ergonomic hazard prevention program, workload induced disease prevention program, workplace violation prevention program, and maternal health protection program, respectively; among which the latter is for the protection of safety and health of female employees.

② Percentage of Female Employees
As of the end of 2020, the percentage of female employees in Chang Hwa Bank was 64.68%; with female managers accounting for 59.19% of all management personnel; the percentage of female managers under 39 years old was 71.88%; the percentage of female new recruits was 59.20%; and the percentage of female departing employees was 53.56%.

③ Upholding the Concept of “Equal Pay for Equal Work”
The Bank offers equal salaries to both male and female employees, and there is no difference because of gender or other factors. The starting salaries of new employees are maintained at the same level as their peers in the financial sector and are better than the minimum wages set out in laws; their monthly salary is 1.43 times higher than the monthly basic salary stipulated in laws.
In 2020, 101 female employees applied for menstrual leave, 129 for pregnancy checkup leave, 133 for childbirth leave, and 43 male employees for paternity leave; 273 male and female employees for family care leave and 60 for unpaid parental leave; the Bank assisted employees to return to work when the unpaid parental leave period expired.

2.8.3 Measures for Sexual Harassment Prevention

The Bank has set up the “Anti Sexual Harassment Measure and Complaints Guidelines,” providing complaint hotlines (the telephone number of all branches of the Bank and the Human Resources Division’s complaint hotline: (02) 2560-3658), taking appropriate preventive, corrective, disciplinary and handling measures for sexual harassment incidents, and strictly prohibiting any behaviors of sexual harassment, gender discrimination or violence, and threat and intimidation, as to build a friendly workplace with gender equality.

< Implementation Status >

The Bank received 1 sexual harassment complaint case in 2020, and already handled and closed it properly in accordance with the procedure of its “Anti Sexual Harassment Measure and Complaints Guidelines.”

2.9 Occupational Safety and Health

Policy

The Bank’s corporate mission and business philosophy, in addition to abiding by the spirit of “robust operation and serving the public,” aim to uphold the belief of caring and respecting employees, customers, suppliers, contractors, and other stakeholders, actively implement occupational safety and health management, continuously improve the safety and health of the workplace, and hope to provide all employees and stakeholders with a safe and secure work environment to pursue the ultimate goal of 24/7 safety and priceless health.

Commitment

We are committed to and implement the following policies:

- Establish a safe and healthy workplace.
- Control occupational safety and health risks.
- Strengthen occupational safety and health education and training.
- Ensure consultation with and participation from workers.
- Comply with regulations and obligations.
- Continuously optimize the occupational safety and health system.

Goals and Targets

- The Bank continues to implement the ISO 45001 Occupational Safety and Health Management System to continuously enhance and improve its workplace occupational safety and health performance.
- According to the Bank’s Occupational Safety and Health Management Program, the Bank’s occupational safety and health management is implemented to enhance employees’ safety and health awareness, improve the work environment and facilities, and achieve the safety and health management goals to ensure employees’ safety and health.
Responsibilities and Duties

The Bank implements workplace safety and health for employees, is committed to promoting workplace health promotion activities, enhances and improves workplace occupational safety and health.

Resources

- Prepare an occupational safety and health budget every year to refine and improve occupational safety and health in the workplace.
- Contracted physicians provide on-site health services.
- In order to take care of employees’ psychological health, the Bank cooperates with professional psychological counseling institutions to provide psychological counseling services to employees. The expenses within a certain amount shall be borne by the Bank.
- The Bank provides employee health checkup every two years, superior to what is stipulated by laws, analyzes the employees’ health conditions, and implements health promotion activities for abnormal conditions.
- Breastfeeding rooms are set up to provide breastfeeding employees with a safe and comfortable breastfeeding place.
- There are sports clubs, including basketball, table tennis, and mountaineering clubs, to motivate employees to exercise more to maintain good health.

Complaint Mechanism

- Safety and health suggestions were put forward by the Occupational Safety and Health Committee.
- The Bank has established the Chang Hwa Bank Employee Complaint Notice to provide employees with complaint channels.

Substantial Activities

- The Bank has set up the Occupational Safety and Health Responsible Unit and the Occupational Safety and Health Committee, to implement various occupational safety and health policies.
- Each unit has engaged an occupational safety and health business supervisor, first-aid personnel, and fire-fighting management personnel to assist with the implementation of occupational safety and health policies to maintain employees’ occupational safety and health and to create a safe work environment.
- The Bank has established and implemented the Chang Hwa Commercial Bank Safety and Health Work Rules, the Occupational Safety and Health Management Program, Four major Programs for Occupational Safety and Health Prevention, the Automatic Safety and Health Inspection Plan, the Operational Environment Monitoring Plan, while completing the ISO45001 Occupational Safety and Health Management System and complying with domestic and international occupational safety and health regulations and standards.
- In order to keep abreast of employees’ work environment and assess their exposure to hazards, the Bank conducts operating environment inspection of lighting and carbon dioxide twice a year.
- To strengthen employees’ concept of workplace hazard prevention, the Bank held the “FUN Occupational Safety with You” creative film contest and charity activity in 2020, and invited Mr. Tsung-Han Tsai, a famous domestic fire protection expert, to serve as a lecturer at each of the three seminars held in northern, central, southern Taiwan on “Fire Fighting Expert Teaches You How to Survive in Fires”.

Assessment Mechanism

- Passed or obtained verification from external institutions.
- Operating environment monitoring compliance rate.
- The number of people who have obtained relevant occupational safety and health qualifications.

Results

- In 2020, the Bank received the second-year renewal certification of ISO 45001 Occupational Safety and Health Management System of the British Standards Institution (BSI) to maintain the validity of the certificate.
- The Bank conducted operating environment inspection of “indoor carbon dioxide” and “lighting” in the first and second halves of 2020, respectively, at 186 units of the whole Bank, and all inspection results met the standards.
- In 2020, a total of 366 occupational safety and health business supervisors, first-aid personnel, and fire-fighting management personnel completed the training. There were 1,373 qualified people across the Bank.
2.9.1 Occupational Safety and Health Organization

① Establishment of Occupational Safety and Health Responsible Unit
The Bank’s Occupational Safety Section in the General Affairs Division is the responsible unit for occupational health and safety, which has dedicated occupational health and safety personnel. It has been reported to the competent authority in accordance with the law for reference and has obtained approval from the Taipei City Labor Inspection Office, showing that the Bank attaches great importance to occupational safety and health.

② Establishment of the Occupational Safety and Health Committee
In order to implement occupational safety and health management, the Bank established the Occupational Safety and Health Committee in December 2016. The Committee has one chairperson and eight members, with the labor representatives accounting for one-third of the members. The meetings of the Committee are regularly convened once every quarter in order to strengthen the supervision over the occupational safety of employees, and improve the quality of safety and health management. A total of 4 meetings were held in 2020 to assist the promotion of the Bank’s occupational safety policy.

2.9.2 Operating Status

① Safety and Health Related Issues Covered by Official Union Agreements
The Collective Agreement signed by the Bank and the CHB Corporate Union was renewed on May 14, 2018, in which a total of 11 articles are related to employee safety and health, accounting for 17.5% of all provisions.

② Occupational hazard accident handling process
I As per Article 27 of the Bank’s “Safety and Health Work Rules,” when there is an immediate danger in the workplace, the unit supervisor or business supervisor should immediately stop the operation and have employees to evacuate to a safe place. When employees are in danger of immediate danger, they may exercise their right to evacuate to a safe place by themselves while reporting to the unit supervisor or business supervisor immediately.

II As per Article 41 of the Bank’s “Safety and Health Work Rules,” in the case of any of the following occupational disasters in any unit, the unit supervisor or business supervisor shall report to the Bank’s occupational safety and health management unit immediately, which shall then notify the labor inspection agency internally in eight hours:
1. Disaster with fatality.
2. Disaster with more than three injured persons.
3. Disaster with one seriously injured person who requires hospital treatment.
4. Other disasters announced by the central competent authority.
As per Article 42 of the Bank’s “Safety and Health Work Rules,” when an occupational disaster occurs in the workplace, the unit supervisor or business supervisor shall take necessary first aid or rescue measures immediately, conduct investigation and analyses, and keeps records accordingly while reporting to the Bank’s occupational safety and health management unit. Except for necessary first aid and rescue, employees shall not move objects or destroy the site without a judicial agency or a labor inspection agency’s permission.

③ Monitoring of Operational Environment

In the first and second half of 2020, professional institutions were commissioned to implement two types of operational environment monitoring for 186 units of the Bank: indoor carbon dioxide and lighting. In 2020, monitoring for a total of 372 times were completed. The monitoring results were all compliant with standards. The operational environment monitoring plan and monitoring results were announced on the Bank’s intranet, and publicly disclosed so that employees were informed.

④ Occupational Health and Safety Related Education and Training

The Bank has appointed occupational safety and health operation supervisors, first-aid personnel, and firefighting management personnel in every business unit, and assigns appropriate personnel to participate in training.

<table>
<thead>
<tr>
<th>Occupational safety and health education and training:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of people trained in 2020: 366, with a total of 4,130 hours.</td>
</tr>
<tr>
<td><strong>Type</strong></td>
</tr>
<tr>
<td>-----------------</td>
</tr>
<tr>
<td>Occupational safety and health business supervisor</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>First-aid personnel</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Fire fighting management personnel</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Security guard education and training:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of people trained in 2020: 831, with a total of 3,324 hours.</td>
</tr>
<tr>
<td><strong>Time of the Training</strong></td>
</tr>
<tr>
<td>-----------------</td>
</tr>
<tr>
<td>Q1</td>
</tr>
<tr>
<td>Q2</td>
</tr>
<tr>
<td>Q3</td>
</tr>
<tr>
<td>Q4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>
⑤ ISO 45001 Occupational Safety and Health Management System Verification

The Bank is committed to promoting workplace health promotion activities and enhancing and improving workplace occupational safety and health to meet international standards, while obtaining the certification of ISO 45001 Occupational Safety and Health Management System of BSI from US ANAB and TAF in Taiwan in 2019, and obtained the second-year renewal certification on August 17, 2020 to maintain the validity of the certificate.

⑥ “FUN Occupational Safety with You” creative film contest and charity activity

To strengthen the concept of prevention of workplace hazards for our employees, we held the “FUN Occupational Safety with You” creative film contest and charity activity. We invited Mr. Tsung-Han Tsai, a famous domestic fire protection expert, to serve as a lecturer at each of the three seminars held in northern, central, southern Taiwan to teach our employees about disaster prevention knowledge through disaster scenarios to enhance the bank-wide disaster prevention awareness. A total of 31 teams participated in the grand event. In addition to the Bank’s donation of NT$100,000 as a charity fund, all winning teams donated all the prize money of NT$70,000. In total, the Bank and the winning teams donated NT$170,000 for charity purposes.
7 Psychological Counseling and Consultation

In order to care for the mental health of employees and solve certain psychological problems such as stress and disturbed emotions faced by employees, the Bank has appointed professional psychologists from the Huaijen Center for Human Becoming since December, 2019 to provide one-year psychological counseling and guidance to employees. To enable our employees in central, southern Taiwan to access such one-on-one counseling services, we worked with the Sunlight Counseling Institute in Taichung City and the Pmindgarden in Kaohsiung City from February 1, 2020 as to boost the inner potential of employees, thereby improving the quality of work and the overall business performance, and building a happy enterprise with a friendly workplace. From December 1, 2019 to November 30, 2020, there were 58 cases that used one-by-one consultant. This service is paid for by the Bank to certain extent.

8 Accredited Healthy Workplace

The Bank has prioritized occupational safety and health for employees. In recent years, we have been committed to promoting occupational health promotion activities and improving workplace occupational safety and health. In 2018, we obtained the Badge of Accredited Healthy Workplace - Health Activation issued by the Ministry of Health and Welfare. The certificate is valid until December 31, 2021. We further obtained the Badge of Accredited Healthy Workplace - Health Promotion in 2019, and the certificate is valid until December 31, 2022.

2.10 Charity Care

Based on the concept of promoting “happy family,” the Bank continues to care for the disadvantaged groups, increases the frequency of organizing public welfare activities, and actively motivates employees to participate in corporate volunteering services through its financial professionalism, a dense network of operating sites, and highly dedicated employees, to offer social care using practical actions and bring happiness to everyone.

GRI: 203-1、203-2、FS13、FS14、FS16

FN-CB-240a.3
2.10.1 Philanthropy and Humanistic Care

<table>
<thead>
<tr>
<th>Campaign</th>
<th>Accomplishments in the Most Recent Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>● The Bank participated in the “2020 Taiwan Lantern Festival Sponsorship Lantern” by the Tourism Bureau of the Ministry of Transportation and Communications and donated lanterns to 4 social welfare organizations in Taichung to care for disadvantaged families. (NT$50 thousand)</td>
</tr>
<tr>
<td></td>
<td>● Sponsored the Taipei Kuanyin-Line Psychological and Social Service Association’s “Kuanyin-Line Association charity Concert” to care for the suffering and to help the association provide immediate psychological support and assistance, reaching 1,800 people.</td>
</tr>
<tr>
<td></td>
<td>● In support of pomelo farmers, the Bank subscribed 285 boxes of pomelo and donated them to five public welfare organizations, including the Eden Social Welfare Foundation, to take care of the disadvantaged groups.</td>
</tr>
<tr>
<td></td>
<td>● In support of banana farmers, the Bank subscribed 253 boxes of bananas and donated them to 115 welfare organizations for the elderly and 34 institutions for children and adolescents to take care of the disadvantaged.</td>
</tr>
<tr>
<td></td>
<td>● We sponsored the Central News Agency’s Public Reading Program to Enhance Citizens’ International Perspective, and donated one-year monthly magazines to 200 rural junior high school and above and youth social welfare organizations to encourage disadvantaged students to read quality publications, with around 2,000 beneficiaries.</td>
</tr>
<tr>
<td></td>
<td>● In order to continue to care for the physically and mentally disabled, indigenous people, and disadvantaged groups, the Bank has recruited indigenous people and provided them with the same salary and benefits as general employees since 2015. By the end of 2020, 24 indigenous and 55 physically and mentally disabled employees had been employed.</td>
</tr>
</tbody>
</table>
### Take Care of the Elders

- **【Love the Elderly and Love Reunion】【2020 Annual Service and the 8th Love the Elderly and Stay Active】**
  
  We sponsored a charity event held by the Huashan Social Welfare Foundation to send New Year’s dishes with 1,430 beneficiaries and to give out the Dragon Boat Festival gifts, reaching 450 people, and we continued to care for the disadvantaged elders.

- **【Chang Hwa Bank Housing Pension Loan】**
  
  This allows the elderly to use their own property to obtain stable living security funds to meet the financial needs of an aging society.

### Poverty Caring

- Made donations to the program – “Tuition Subsidy for Financially Disadvantaged High School Students” organized by Twilight Elite Development Association to help disadvantaged high school students from disadvantaged families to pursue their education with 40 beneficiaries, and this program reached a total of 280 students over the past 7 years.

- We collaborated with the Taiwan Fund for Children and Families for the Bank’s CHB Tuition Support Program to help junior high and elementary school students who studied hard despite difficult situations study without worries with 200 beneficiaries, and this program reached a total of 1,145 students over the past 7 years.

- As support to “2020 Economic Independence Youth Work-and-Study Program” organized by Ministry of Education’s Youth Development Administration, the Bank had offered 35 internship opportunities for existing students during the summer vacation, and catered to the needs of financially disadvantaged youths by helping them learn, experience, explore, and develop their own competitiveness in future careers, which may potentially reduce wealth inequality within the nation.
<table>
<thead>
<tr>
<th>Campaign</th>
<th>Accomplishments in the Most Recent Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reward the Development</strong></td>
<td><strong>Corporate Social Responsibility Report 2020</strong></td>
</tr>
<tr>
<td></td>
<td>● Made donations to the various athletes training programs organized by Taitung County Athletics Committee, which assisted the development of sports and athletics with 9 beneficiaries.</td>
</tr>
<tr>
<td></td>
<td>● Participated in the Accounting Research and Development Foundation’s the 32nd Anniversary Accounting Elite Cup Debating Competition, in order to contribute to the cultivation of accounting professionals in our country. (NT$150 thousand /15 schools participating in 20 games).</td>
</tr>
<tr>
<td></td>
<td>● Participate in the Taiwan Earth Hour energy saving activity of the Society of Wilderness, reaching 6,654 people.</td>
</tr>
<tr>
<td></td>
<td>● We sponsored the Chinese Taipei Football Association’s 2020 to bring football into communities and schools to achieve the purpose of promoting football (NT$1.5 million /18 schools participating in 27 games).</td>
</tr>
<tr>
<td></td>
<td>● Sponsorship of the “2020 Independent Director Association Taiwan Annual Meeting and Independent Directors Forum” by the Independent Director Association Taiwan to help promote the development of corporate governance in Taiwan, reaching 100 people.</td>
</tr>
<tr>
<td></td>
<td>● Participated in the “Tamsui River Convention” signing activity initiated by CommonWealth Magazine Co., Ltd., reaching 6,654 people.</td>
</tr>
<tr>
<td></td>
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<td></td>
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</tr>
</tbody>
</table>
To fulfill the corporate social responsibility, the Bank has integrated mobile payment with charity donations to spare no effort to care for the disadvantaged. Since 2018, we have launched the Taiwan Pay charity events, and have risen more than NT$1 million in donations each year from small donations made by the public by scanning a QR code using our mobile online banking app. This project is well-received by the public. To continue the society’s kindness and to expand the scope of beneficiaries, we further built an online donation platform of the “Charity Zone” on our official website and mobile online banking app, and the public can make small donations via Taiwan Pay.

Since April 16, 2020, the Bank has held the “Love in Chang Hwa Bank and e-Action” charity donation event via Taiwan Pay in collaboration with the Orphan Welfare Foundation Taipei, the Double Bliss Welfare And Charity Foundation, the Modern Women’s Foundation, and the Happy Mount Foundation to create the Charity Zone online. The general public can browse through the introduction of the four charity organizations in the Bank’s mobile online banking app and the Charity Zone on the official website, and make convenient and fast online donations via Taiwan Pay.
The Bank took the lead in donating NT$1 million to the four charity organizations. For each donation of at least NT$10, the Bank donated additional NT$10. From April 16, 2020 to November 30, 2020, a total of 37,379 donations were made in a total amount of NT$1,714,024, plus the first donation of NT$1 million and the Bank’s additional donation of NT$166,970; the total amount of donations amounted to NT$2,880,994.

2.10.2 Community Engagement

The Bank participated in the promotion activities by the Banking Bureau, FSC, on financial knowledge at schools to enhance the public’s financial knowledge.

<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
<th>Number of beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 10, 2020</td>
<td>Yi Ming Senior High School in Hsinchu County (two sessions)</td>
<td>200</td>
</tr>
<tr>
<td>October 7, 2020</td>
<td>Chiayi City Veterans Service Office</td>
<td>100</td>
</tr>
</tbody>
</table>

We participated in the “2020 Financial Services Charity Carnival” (Pingtung and Chiayi), which was jointly organized by the Taiwan Financial Services Roundtable and county governments, to promote charity and financial knowledge. (NT$ 200 thousand / 20,000 attendants)
Environmental Aspect

- 3.1 Climate Change
- 3.2 Energy Conservation and Carbon Reduction
- 3.3 Supplier Management
- 3.4 Equator Principles (EPs)
Management Guidelines

In the face of global warming and in response to the issue of climate change, the Bank has fulfilled its corporate social responsibility, implemented the environmental policy of “healthy living, eco-friendliness and love for our planet,” and continued to promote “energy conservation and carbon reduction,” “waste reduction,” “resource management,” and “green buildings” to mitigate the impact of climate change and achieve the goal of environmentally sustainable management.

The Bank’s Environmental Performance in Recent Years

GRI : 307-1

In response to climate change, the Bank has been implementing sorting of waste, recycling, energy conservation and carbon reduction measures since before the “Paris Agreement,” and continues to make use of environmentally friendly products such as green building materials, recycled paper and water-saving or power-saving equipment to reduce impact on the environment. In 2020, the Bank did not commit any violations of environmental regulations.
To mitigate the impact of climate change, the Bank implements various environmental policies, such as resource conservation, energy conservation measures, and greenhouse gas emission reduction strategies, while striving to develop environmental sustainability.

The Bank’s greenhouse gas emission sources are mainly electricity consumption. To promote a low-carbon environment, the General Affairs Division is responsible for establishing specific goals, practices, and programs for energy conservation and carbon reduction; reviewing environmental protection issues on a regular basis; and continuously promoting improvement measures to achieve greenhouse gas reduction goals.

Record the consumption information of the various resources (water, electricity, fuel, natural gas, etc.) and wastes monthly. When there is non-compliance or deviation from the environmental management requirements, corrective measures are taken in a timely and effective manner to reduce environmental impact. In addition, environmental impact is identified and evaluated regularly, and follow-ups conducted by listing the improvement goals and management programs. Furthermore, the greenhouse gas emission inventory is conducted every year to examine the reduction situation and increase management measures.

<table>
<thead>
<tr>
<th>Goals</th>
<th>Major achievements in 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual carbon emission reduction of approximately 30,000~60,000 kgCO₂e.</td>
<td>The head office in Taipei building replaced 320 lamps with LED lamps resulted in reducing carbon emissions by approximately 31,509 kgCO₂e in total. (Note)</td>
</tr>
<tr>
<td>The electricity and water consumption of the building of the Bank in Kaohsiung Yancheng is under monitoring with a reduction of more than 1% every year.</td>
<td>The electricity consumption of the building of the Bank in Kaohsiung Yancheng was 417,280 kWh, an increase of 21,280 kWh (or 5.37%) from the 2019 level; the water consumption was 4,038 metric tons, a decrease of 1,154 kWh (or 22.23%) from the 2019 level.</td>
</tr>
<tr>
<td>The waste reduction target of the head office in Taipei is to reduce the amount of production by 1% and increase the resource recovery rate by 1% with 2019 as the base year.</td>
<td>The amount of waste from the Bank’s Taipei head office in 2020 was: general waste of 121.37 metric tons, 0.23 metric tons (or 0.19%) less than in 2019 and recycling waste of 19.93 metric tons, 3.4 metric tons (or 20.57%) more than in 2019.</td>
</tr>
<tr>
<td></td>
<td>Analysis of change: Due to the impact of COVID-19, meals were prepared for take-out to avoid infection, so the reduction of general waste failed to reach the target.</td>
</tr>
<tr>
<td></td>
<td>The Bank has awarded the Certificate of Appreciation for “Private Enterprises and Organizations with Outstanding Green Procurement Performance” by the Department of Environmental Protection, Taipei City Government, for 3 consecutive years (2018~2020).</td>
</tr>
<tr>
<td></td>
<td>The Bank has been awarded the Certificate of Appreciation for “Outstanding Green Procurement Enterprise” by the Department of Environmental Protection, New Taipei City Government.</td>
</tr>
</tbody>
</table>

NOTE: Lamp replacement: (98W-25W)x320x2,650hr/1000=61,904 kwh/year 
61,904 kwh/year x 0.509=31,509 kgCO₂e
3.1 Climate Change

GRI: 201-2, 305-1, 305-2, 305-3

Policy

The Bank implements energy conservation and carbon reduction measures, cares for the Earth, and capitalizes on the financial institution’s influence on mitigating climate change to mitigate the impact of climate change and achieve the goal of sustainable environmental management.

Commitment

- The Bank refers to the framework of the TCFD to identify climate change risks and opportunities, and actively formulate short-term, medium-term, and long-term response measures. The Bank takes different climate related scenarios into consideration in order to ensure the Bank’s resilience (adaptability) in the face of relevant risks.
- We regularly review environmental protection issues through various energy conservation and carbon reduction measures, and continue to implement improvement measures to achieve greenhouse gas reduction targets.

Goals and Targets

- The Bank introduces the TCFD framework, analyzes climate change risks and opportunities, and strengthens climate change governance.
- The Bank will continue to respond to the CDP climate change questionnaire to strengthen the Bank’s efforts in sustainable development issues, increase our international visibility, and enhance our corporate social responsibility image.

Responsibilities and Duties

The Sustainable Development Committee convenes at least two meetings a year, and the secretarial unit reports to the Board of Directors regularly. The issues reported included environmental sustainability policy, energy conservation and carbon reduction management, green procurement, supplier management and waste management. The committee continued to focus on environmental protection, energy conservation, and carbon reduction, and material environmental issues while developing sustainable environmental policies and goals and implementing relevant measures.

Resources

- Under the Bank’s Board of Directors are the “Sustainable Development Committee” and the “CSR Task Force,” which are responsible for formulating policies and goals, implementing relevant measures in the field of environmental sustainability.
- The Bank appoints external sustainability consultants to assess the physical and transition risks faced by the Bank to strengthen our ability to bear climate change risks.

Complaint Mechanism

The Bank has set up a section dedicated to stakeholders (including the general public, shareholders, employees, and suppliers) on the official website, and responds to stakeholders’ issues of concern in the CSR section.

Assessment Mechanism

We analyze financial impact caused by climate risks.

Results

We identify the Bank’s potential risks and opportunities of climate change, and create a climate risk matrix with the impact on the Bank’s finances.

We review the credit limit for each industry regularly yearly, and increase the credit limit for the green energy technology industry and the green sectors based on the industry classification of the green business loan project by 1% to increase the acceptance rate.

We support the government’s promotion of green energy industry policies and launched the “Green Business Loan Project” to assist with the construction of industries related to the circular economy model, as well as the establishment of corporate financing channels for green production and green products.

We continue to promote energy and resource improvement measures.

We promote online services and electronic transactions to achieve paperless operations, thereby reducing operating costs effectively.

We prioritize the purchase of products certified with environmental protection and energy conservation labels.

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We continue to promote energy and resource improvement measures.

We promote online services and electronic transactions to achieve paperless operations, thereby reducing operating costs effectively.

We prioritize the purchase of products certified with environmental protection and energy conservation labels.

Substantial Activities

- The Sustainable Development Committee under the Board of Directors conducts identification and supervision, and formulates corresponding strategies.
- We identify the Bank’s potential risks and opportunities arising from climate change.
- We incorporate the spirit of the Equator Principles into the credit investigation process, and establish the“Operating Procedures for Loans.”
The Bank follows the TCFD recommendations to conduct assessment of climate change risks and opportunities, and introduces the four major aspects of TCFD, namely governance, strategy, risk management, as well as metrics and targets for disclosure, which are specified as follow:

### Governance

- **Board of Directors:**
  Through the Bank’s “Corporate Social Responsibility Best Practice Principles,” “Corporate Social Responsibility Policy,” and other relevant policies and regulations, we monitor the effective operation of the mechanism for climate change risks and other sustainability issues. The Board of Directors is also responsible for reviewing the “Annual Corporate Social Responsibility Work Plan,” reviewing credit and investment exposure, raising the credit limit for the green energy technology and green industries, and reducing the credit and investment limits for industries with high consumption of energy. The CSR Task Force serves as the secretarial unit to report to the Board of Directors on the implementation status of TCFD and relevant sustainability business implementation results.

- **Sustainable Development Committee:**
  The Chairperson of the Bank serves as the convener, responsible for promoting the implementation of corporate social responsibility and coordinating the establishment of relevant mechanisms, and supervising and reviewing the implementation of CSR policies and the effectiveness while regularly reviewing relevant implementation reports (please refer to pages 48–49 of the 2020 Annual Report for case review).

- **CSR Task Force:**
  It is responsible for implementing daily CSR-related affairs, regularly identifying risks and opportunities of climate change, assessing potential impacts, and in turn formulating response strategies and monitoring mechanisms while regularly reporting on implementation results, and submitting meeting minutes to the President and the Chairperson (please refer to “CSR organization” for detailed responsibilities).

### Strategy

- **The Bank implements the environmental protection policy of “healthy living, eco-friendliness, and love for our planet” and executes energy-saving and carbon reduction management and preventive measures to keep abreast of the risks and opportunities of climate change and to mitigate possible impacts for the sustainable development of the environment.**

- **The Bank identifies climate change risks and opportunities and evaluates the potential impact on the Bank’s operations and finances based on the TCFD framework, and then develops countermeasures in operations, business, and financial planning (please refer to the relevant tables on pages 121-122 of the Report).**

- **In addition to actively formulating short-, medium-, and long-term countermeasures, the Bank takes different climate-related scenarios into consideration in order to ensure the Bank’s resilience (adaptability) in the face of relevant risks.**

### Risk Management

- **The working groups under the CSR Task Force collects potential physical and transition climate risks based on the business management characteristics with reference to domestic and international climate change information and under the TCFD framework, and then compiles risks for identification and sorting according to the “probability of occurrence” and “impact level” while creating a climate risk matrix (see page 124 of the Report), to evaluate the potential impact of each risk and to formulate countermeasures accordingly. The CSR Task Force then reports on the risk management situation to the Sustainable Development Committee for review on a regular basis, which then reports to the Board of Directors.**

- **The CSR Task Force evaluates climate change as a material emerging risk issue through the Bank’s emerging risk management mechanism, and then hands it over to the responsible unit for management while reporting the annual emerging risk management implementation report to the Risk Management Committee (chaired by the President) for supervision and including such risks in the Bank’s risk management report, which is then submitted to the Board of Directors for review (see 1.5 Risk Management for details).**
### Metrics and Targets

- **2020**
  - Scope 1 greenhouse gas emissions: 2,231.307 metric tons of CO₂e.
  - Scope 2 greenhouse gas emissions: 14,926.995 metric tons of CO₂e.
  - Scope 3 greenhouse gas emissions: 13,023.129 metric tons of CO₂e.

- **metrics:**
  - The Bank continues to promote international certification (ISO 14001, ISO 50001, and ISO 14064-1), and continuously monitors the information on the main energy (electricity, fuel oil, and natural gas), resources (water), and waste used by the Bank.

- **targets:**
  1. Annual reduction of the Bank’s carbon emissions by about 30,000~60,000 kgCO₂e.
  2. Annual reduction of the electricity and water consumption of the head office in Taipei by 1%.
  3. Annual reduction of the waste and increase the resource recovery rate of the head office in Taipei by 1%.
  4. Increasing green procurement amount by 1%.
  5. Annual increase of the subscription of renewable energy certificate by 1%.

### Risks of Climate Change

<table>
<thead>
<tr>
<th>Type</th>
<th>Climate Related Risks</th>
<th>Potential Impacts</th>
<th>Countermeasures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transition</strong></td>
<td>Policies and regulations</td>
<td>• Increase of the Bank’s operating / compliance costs.</td>
<td>• Subscription of 80,000 kWh of renewable energy certificate.</td>
</tr>
<tr>
<td><strong>Risks</strong></td>
<td>• International agreements.</td>
<td>• Increase of customers’ operating / compliance costs.</td>
<td>• Completed ISO 14001:2015</td>
</tr>
<tr>
<td></td>
<td>• Renewable energy policy.</td>
<td></td>
<td>ISO 50001: 2018</td>
</tr>
<tr>
<td></td>
<td>• The Greenhouse Gas Reduction and Management Act.</td>
<td></td>
<td>ISO 14064-1: 2018</td>
</tr>
<tr>
<td><strong>Technology</strong></td>
<td>• Low-carbon technological requirements.</td>
<td>• Increasing awareness of environmental protection.</td>
<td>• Certification and verification.</td>
</tr>
<tr>
<td></td>
<td>• Energy-saving product adoption.</td>
<td>• The development trend of FinTech.</td>
<td>• Certification of the declaration of greenhouse gas emissions and reduction information.</td>
</tr>
<tr>
<td></td>
<td>• Changes in customer behavior.</td>
<td>• Improvement of work flows.</td>
<td>• Paying attention to the latest developments in relevant international agreements and domestic regulations.</td>
</tr>
<tr>
<td><strong>Market</strong></td>
<td>• Changes in consumer behavior.</td>
<td>• Changes in income mix.</td>
<td>• Paying attention to whether credit customers have been imposed with penalties for violating relevant policies and laws.</td>
</tr>
<tr>
<td></td>
<td>• Changes in income mix.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Acute</strong></td>
<td>• Typhoons.</td>
<td>• Loss of property at operating sites or interruption of operations.</td>
<td>• Online banking accounts reach <strong>1,992,571</strong>.</td>
</tr>
<tr>
<td></td>
<td>• Earthquake / tsunami.</td>
<td>• Damaged collateral or affected customer operations, increasing the credit risk of the Bank.</td>
<td>• Activated mobile banking accounts reach <strong>870,811</strong>.</td>
</tr>
<tr>
<td><strong>Physical</strong></td>
<td>• Extreme changes in rainfall patterns and climate patterns.</td>
<td>• Increased operating costs.</td>
<td>• Number of electronic billing copies reach <strong>2,970,682</strong>.</td>
</tr>
<tr>
<td><strong>Risks</strong></td>
<td>• Global temperature rise.</td>
<td>• Increased investment in fixed costs.</td>
<td>• Optimization of the Bank’s online banking and mobile banking to increase customers’ usage rate.</td>
</tr>
<tr>
<td></td>
<td>• Rising sea levels.</td>
<td></td>
<td>• Credit review and investment operations with reference to the Equator Principles and the spirit of responsible investment.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Complete insurance planning for the Bank’s property.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Complete insurance planning for collateral provided by customers.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• The Bank has established the “Emergency Reporting Operation Guidelines” and the “Business Continuity Plan” as the basis for reference.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• In the future, the renovation or repair of the premises needs to take extreme climate changes into account for the response.</td>
</tr>
</tbody>
</table>
## Opportunities of Climate Change

<table>
<thead>
<tr>
<th>Type</th>
<th>Climate Related Opportunities</th>
<th>Potential Impacts</th>
<th>Countermeasures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resource Efficiency</td>
<td>• Reduction of resource usage.</td>
<td>• Decrease in operational expenses.</td>
<td>• Corrective measures taken in a timely and effective manner to reduce the impact on the environment and operating costs through continuous monitoring of the information on consumption of various resources (water, electricity, fuel oil, natural gas, etc.).</td>
</tr>
<tr>
<td>Energy Source</td>
<td>• Use of low-carbon energy. • Adoption of incentive policies.</td>
<td>• Reduction of exposure to risks of rising fossil fuel prices in the future.</td>
<td>• Subscription of 80,000 kWh of renewable energy certificate. • Establishment of an environment and energy management system to reduce carbon emissions by 30,000 to 60,000 KgCO₂e per year. • Construction or purchase of equipment in the case of renovation or repair of the premises in line with the local government’s incentive policies.</td>
</tr>
<tr>
<td>Products and Services</td>
<td>• Low-carbon products or services. • R&amp;D and innovation of products and services.</td>
<td>• Meeting customers’ needs using low-carbon products and services.</td>
<td>• Promotion of online account opening, online transactions, and electronic billing services. • Participation in a syndicated loan case for the establishment of a NT$3.5 billion solar power plant by Pau Cheng Energy Corp. • Paying attention to the development of the green industry in domestic and abroad, while increasing the credit ratio for the green industry. • Pay attention to the issue of green equity and bonds in domestic and abroad, and incorporate ESG into the investment evaluation process. • Set credit and investment limits for industries with high energy consumption and establish an early warning mechanism. • Increase trust products related to climate change and ESG issues.</td>
</tr>
<tr>
<td>Market</td>
<td>• New markets. • New products.</td>
<td>• Expected to increase revenue in emerging industries and markets.</td>
<td></td>
</tr>
</tbody>
</table>
After identifying climate risks, the Bank identifies three physical risks and nine transition risks, and assess their impacts on the Bank’s operations, as shown in Table 1:

<table>
<thead>
<tr>
<th>Risk Type</th>
<th>Type</th>
<th>Impact on the Bank’s operations</th>
</tr>
</thead>
</table>
| Physical climate risks | Acute | Collateral floods | • Falling house price of flooded area.  
| | | | • Depreciation and Low liquidity.  
| | | | • Difficulties in repayment due to asset loss.  
| | Acute | Branches floods | • Asset loss or falling house prices.  
| | | | • Disruptions to business operations.  
| | | | • Colleagues may be injured when commuting.  
| | Chronic | Rising temperature | • Increasing admin expenses from aircon and water.  
| | | | • Increase the chance of suffering from disease.  
| Transition climate risks | Policy and Legal | Equator Principles | • Raising credit standards.  
| | | | • When customer involved a violation of ESG, the Bank will examine and assess it according to the “Corporate Customers Early Warning Evaluation Procedure.”  
| | | | • Higher investment risk exposure to carbon heavy industries and assets.  
| | Carbon emission control | | • Exposure to clients from regulated industries.  
| | | | • Credit risk to clients from regulated industries suffering from lower demand and weaker financial performances.  
| | The uncertain of Green energy policy | | • Installation of green energy equipment will increase operating costs.  
| | | | • The Bank cannot launch green energy products that meet customer needs.  
| | Tighter regulations in various regions | | • Stricter environmental laws and regulations in China and Europe forced to increase customer investment and operating costs and increased credit risks to the Bank.  
| Market | Consumers reduce the demand for high-carbon products | | • Consumers’ awareness of energy conservation has increased, and their demand for certain products has fallen, such as gasoline vehicles.  
| | | | • Impact on customer profitability and increase credit risk to the Bank.  
| | Falling oil slowdown in the energy transition | | • Fallen oil prices in recent years, causing customers to reduce their original budget for the energy transition plans.  
| | | | • Decrease in loan demand.  
| Reputation | ESG Score | | • Poor ESG performance among CHB investment portfolios (ex: petrochemical industry) will also affect CHB’s profit and reputation.  
| | | | • Poor ESG Performance or undisclosed of CHB itself, investment institutions will reduce their investment positions.  
| | Investment impairment | | • If the investment target has a poor ESG performance, this might trigger the capital withdrawal of foreign institutions.  

Table 1. Impacts of the Bank’s Climate-Related Risks and Opportunities
Regarding the risks described in Table 1, the Bank conducted surveys to various units through questionnaires, created a risk matrix as per probability of occurrence and impact level, and identified the severity of each risk event, as shown in the figure below, and the risks are sorted as shown in Table 2:

The Bank takes the risk at the highest risk level listed in Table 2 as an example to illustrate the potential financial impact as shown in Table 3.
Climate change not only leads to risks but also creates relevant business opportunities. The Bank supports the government’s green energy industry policy, and has launched a number of green loans, such as the "Solar Photovoltaic Equipment Installation Loan Project," to expand the Bank’s business scope. Meanwhile, the Bank has promoted various online services and electronic transactions, which will not only reduce each branch’s administrative cost but also effectively reduce the operating cost through paperless operation, as shown in Table 4.

**Table 4. Description of the Impact of Climate Opportunities**

<table>
<thead>
<tr>
<th>Type of Opportunity</th>
<th>Opportunity Event</th>
<th>Impact on the Bank’s operations</th>
<th>Financial Benefits (NTD)</th>
<th>Description of the Financial Impact</th>
</tr>
</thead>
</table>
| Product and Service | Promotion of green loan products | • The Bank supports enterprises in green energy technology-related industries with the funds they need.  
• The Bank has launched a number of green loan products, such as the "Solar Photovoltaic Equipment Installation Loan Project." | 470 million | We support the green energy industry policy promoted by the government, the Bank has launched a number of renewable energy loans, such as the Solar Photovoltaic Equipment Installation Loan Project, the Taoyuan City Green Energy Industry Loan Project, the Machine and Equipment Upgrade Loan, the Private Enterprise Pollution Prevention Equipment Low-Interest Loan, and the Large Diesel Vehicle Replacement and Purchase Loan. The Bank provided a total of 131 new loans in 2020. |
| Resource Efficiency | Digital finance | • We promote all kinds of online services and electronic transactions.  
• We reduce administrative costs at locations, achieve paperlessness, and effectively reduce operating costs. | 108 million | We promote electronic transactions, provide customers with various online transactions and information inquiry services, and actively develop Bank 3.0 online business, which helps achieve paperless operation. |
| Resource Efficiency | Green procurement | • The Bank prioritizes the purchasing of products certified with environmental protection and energy-efficient labels to reduce operating costs effectively. | 34.38 million | Green procurement will facilitate consumers’ recognition and satisfaction. The Bank has been rated Enterprises with Outstanding Green Procurement Enterprise by the Department of Environmental Protection, Taipei City Government, for 3 consecutive years since 2018, also named Outstanding Green Procurement Enterprise by the Environmental Protection Department, New Taipei City Government in 2020. All of this contributed to the value of the Bank’s intangible assets by approximately 5%. |
| Market | CSR | • The Bank proactively discloses carbon management information and compiles CSR reports to improve our image and encourage investors to recognize the Bank. | 1 million | The Bank prepares a CSR report and proactively discloses climate change issues and carbon emission management to demonstrate our brand value of attaching importance to sustainable development. |
3.2 Energy Conservation and Carbon Reduction

GRI: 102-12、302-1、305-1、305-2、305-3


- **Policy**
  The Bank has implemented various environmental policies, such as resource conservation, energy conservation measures, and greenhouse gas emission reduction strategies, and introduced various international management systems spontaneously, including environmental management system, energy management system, and a greenhouse gas inventory so as to achieve the goal of reducing carbon emissions.

- **Commitment**
  In response to climate change and respond to national greenhouse gas reduction policies, the Bank has expanded the scope of the inspection with 2019 as the base year, aiming to reduce 30,000 to 60,000 kgCO2e per year, water consumption, electricity consumption and waste volume by 1%; furthermore, the Bank commits to increase the amount of green procurement and the subscription of renewable energy certificate by 1%, respectively, and carbon emissions by 10% by 2030.

- **Goals and Targets**
  - 2021 goals
    1. Continue to implement the environmental management system, energy management system, the greenhouse gas inventory, and the energy conservation and carbon reduction measures, with the aim of reducing carbon emissions by approximately 30,000 to 60,000 kgCO2e per year.
    2. Increase the amount of green procurement by 1% with 2020 as the base year.
    3. Reduce the waste generated by 1% and increase resource recycling by 1% with 2020 as the base year at the head office in Taipei.
    4. Increase the subscription of renewable energy certificate by 1% with 2020 as the base year.
    5. Put the electricity and water consumption of the head office in Taipei under monitoring and reduce the consumption by 1% with 2020 as the base year.

- **Mid-term goals**
  1. Committed to promotion of green buildings and obtaining “EEWH Labels” for the Bank’s new premises and newly built proprietary premises or buildings, built through participation in an urban renewal project.
  2. Reduction of carbon emissions by more than 1%.

- **Long-term target**
  Reduction of carbon emissions by 10% by 2030 with 2020 as the base year.

- **Responsibilities and Duties**
  The General Affairs Division is responsible for establishing specific targets, methods, and projects for energy conservation and carbon reduction, regularly reviewing environmental protection issues, and continuously promoting improvement measures to achieve greenhouse gas reduction targets.

- **Resources**
  Purchase of high-performance electrical equipment and obtain ISO certification.

- **Complaint Mechanism**
  Customer Service Hotline: 0800-365-889、412-2222

- **Substantial Activities**
  Monthly recording of usage information on various resources (water, electricity, fuel oil, natural gas, etc.) and waste; when there is non-compliance with or abnormality in environmental management requirements, timely and effective corrective measures shall be taken to reduce the impact on the environment, and the environmental impact shall be identified and assessed regularly, and improvement goals and management plans shall be established for tracking. In addition, the greenhouse gas emissions shall be inspected every year to check the reduction and strengthen management measures.
3.2.1 Greenhouse Gas Inventory

3.2.1.1 Greenhouse Gas Inventory Scopes

The organizational boundary of the Bank's greenhouse gas inventory is set in accordance with the business control approach, and the Bank launched greenhouse gas inventory operation voluntarily in 2017. The Bank adopted the ISO 14064-1: 2006 standards to complete the inventory of direct emissions (defined as Scope 1 in the Greenhouse Gas Protocol) and indirect emissions (defined as Scope 2 in the Greenhouse Gas Protocol) of greenhouse gases; the Bank expanded the inventory to Scope 3 greenhouse gas emissions from some raw materials in 2018. In 2019, the Bank adopted the new version of ISO 14064-1:2018 to conduct greenhouse gas inventory, and expanded the scope of the inventory in accordance with the new standards. In addition to direct greenhouse gas emissions (defined as Category 1 in the new standards) and emissions from purchased energy (defined as Category 2 in the new standards), the Bank has introduced the concept of life cycle of carbon emissions to fully quantify and report all upstream and downstream indirect emissions related to other activities and raw materials within the organizational boundary. To increase the scope and possibilities of future reduction measures, starting from 2020, the Bank appointed an independent third-party to conduct external certification based on the new standards to facilitate the Bank's continual establishment of energy conservation and carbon reduction projects in the future, thereby improving energy efficiency and reducing intensity of greenhouse gas emissions.
3.2.1.2 Greenhouse Gas Inventory Performance

To track the effectiveness of greenhouse gas reductions over the years, the Bank regularly checks greenhouse gas emissions. Since 2017, we have continuously tracked Scope 1 and Scope 2 greenhouse gas emissions. In 2020, the Bank’s Scope 1 and Scope 2 greenhouse gas emissions were 17,158.302 metric tons of CO₂e, of which Scope 1 emissions were 2,231.307 metric tons of CO₂e (approximately 13% of the total), and Scope 2 emissions were 14,926.995 metric tons of CO₂e (approximately 87% of the total).

The Bank’s total carbon emissions in 2020 were reduced by 2.4% as compared with the level in the prior year. This was mainly attributed to the fact that Scope 2 emissions were reduced by 4.82% as compared with the level in the prior year due to the reduction in the national electricity emission factor and the Bank’s outstanding achievements in energy management and the promotion of power conservation.

As the inventory and certification were expanded to Scope 3 in 2020, the Bank will actively seek opportunities for reduction of emissions in this scope in the future to contribute more to the urgent climate change problems.

<table>
<thead>
<tr>
<th>Item</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1 emissions (metric tons of CO₂e)</td>
<td>2,231.307</td>
<td>1,896.699</td>
<td>1,717.69</td>
<td>1,999.7486</td>
</tr>
<tr>
<td>Scope 2 emissions (metric tons of CO₂e)</td>
<td>14,926.995</td>
<td>15,683.359</td>
<td>15,621.01</td>
<td>15,257.4040</td>
</tr>
<tr>
<td>Total carbon emissions (Scope 1 + Scope 2)</td>
<td>17,158.302</td>
<td>17,580.058</td>
<td>17,338.70</td>
<td>17,257.153</td>
</tr>
<tr>
<td>Scope 3 emissions (metric tons of CO₂e)</td>
<td>13,023.129</td>
<td>11,742.129</td>
<td>3,335.21</td>
<td>-</td>
</tr>
</tbody>
</table>

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

Note 2: Scope 2 emissions are mainly purchase of power consumption.

Note 3: In Scope 3, fuel and energy-related activities are calculated based on the year 2018 fuel and energy-related activity data multiplied by the life cycle emission factor announced by the Environmental Protection Administration minus the combustion emission factor.

Note 4: According to the classification of the new version of ISO 14064-1: 2018, Scope 1 corresponds to the category 1, Scope 2 corresponds to the category 2, and Scope 3 corresponds to the category 3–6.

Note 5: The choice of emission factor is based on the greenhouse gas emission factor management table of the Environmental Protection Administration, Executive Yuan (version 6.0.4). The GWP value used is based on the IPCC Fifth Assessment Report.

3.2.2 Energy Conservation and Carbon Reduction Measures and Effectiveness

The Bank takes active measures to reduce energy consumption, and continues to promote energy conservation plans and daily management to avoid energy waste. The Bank implements its energy policy of “continuously improving energy performance and maximizing value of energy,” “observing energy management regulations and promoting energy conservation concepts,” “supporting the procurement of energy-saving products and building an energy-saving environment,” and “continuously investing necessary resources and achieving goals and indicators” to contribute to global environmental protection.
Corporate Social Responsibility Report

Water Resources

Measures of Energy Conservation and Carbon Reduction
- Include water consumption in management to improve management and control efficiency of water resources.
- Full installation of water-saving devices to fully adjust the water output of faucets.
- Regular clean building water towers and conduct water quality testing.
- Every three months, an inspection and testing institution approved by the Environmental Protection Administration is commissioned to conduct sampling and testing of the water quality of water dispensers to ensure the safety of water quality.
- The Company’s water comes 100% from Taiwan Water Corporation; none of our water comes from groundwater or other sources. Office buildings and operational locations supply water for use of employees and some customers with no significant impact on water sources. After use, wastewater is treated and discharged via sanitary sewers to rivers and the sea.

Electricity

Measures of Energy Conservation and Carbon Reduction
- Manage lighting use to reduce unnecessary power usage for lighting.
- Replacement of old bulbs with high-efficiency LED bulbs to save power consumption on lighting.
- Replace old power-consuming air-conditioners and conduct regular cleaning and maintenance to enhance energy-efficiency.
- Set office indoor temperature at between 26 to 28 degrees to reduce the air-conditioning load.
- During non-summer seasons when the load is low, the temperature of chiller unit and ice water outlet may be adjusted to 8 - 10 °C, which can effectively improve the operation efficiency of the chiller unit.
- Encourage colleagues to walk the stairs, which is beneficial to health.
- During non-office hours, only a few elevators are operated to reduce power consumption.

Fuel

Measures of Energy Conservation and Carbon Reduction
- Manage the use of company vehicles and encourage employees to car-pool when doing business errands to reduce dispatching of vehicles.
- Encourage employees to take public transportation more often.
- Incorporate daily usage information of gasoline and diesel into management to improve control efficiency of energy conservation.

Natural Gas

Measures of Energy Conservation and Carbon Reduction
- The employee cafeteria serves meals according to scheduled times to control the time for using natural gas.
- Employee cafeteria management is carried out based on steaming and electric baking.
- Inspect natural gas facilities and equipment from time to time to check if they are old or damaged and are prone to leakage.

Carbon Reduction Results

In order to achieve the goal of developing a sustainable environment, the Bank has adopted various management measures including energy conservation, carbon reduction and environmental protection to reduce greenhouse gas emissions and waste of resources. In 2020, taking the head office in Taipei as example, the overall carbon emissions were reduced by 111,153.43 kgCO₂e (or 7.28%) compared with 2019, reaching the Bank’s carbon reduction goal. The implementation results are as follows:
Managing Performances

<table>
<thead>
<tr>
<th>Type of Energy</th>
<th>Unit of Consumption</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Resources</td>
<td>kL</td>
<td>21,627</td>
<td>23,094</td>
<td>19,598</td>
<td>19,619</td>
<td>20,004</td>
</tr>
<tr>
<td>Electricity</td>
<td>mJ</td>
<td>9,599,760</td>
<td>9,894,240</td>
<td>10,195,200</td>
<td>10,930,320</td>
<td>11,499,120</td>
</tr>
<tr>
<td>Fuel</td>
<td>mJ</td>
<td>525,600</td>
<td>507,964</td>
<td>500,087</td>
<td>559,685</td>
<td>544,113</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>mJ</td>
<td>382,801</td>
<td>465,751</td>
<td>513,271</td>
<td>492,910</td>
<td>491,034</td>
</tr>
</tbody>
</table>

Note 1: This table is based on the data of the head office in Taipei.
Note 2: This is based on the information of the greenhouse gas emission factor management table of the Environmental Protection Administration, Executive Yuan was adopted (version 6.0.4).
Note 3: The listed data is rounded it to the nearest whole number (round after decimal point).

By implementing various energy-saving and carbon reduction measures at the head office in Taipei, the electricity consumption in 2020 was lower than in 2019 by 2.98%, and the water consumption in 2020 reduced by 6.35% compared with 2019. For fuels, because of the need for business expansion and premises inspection, the number of company vehicles used has increased, resulting in an increase of total gasoline (diesel), fuel and energy consumption by 3.47%. As for natural gas, due to the impact of COVID-19, the dining area of the employee cafeteria was closed and the cafeteria did not provide open buffets. Instead, we ordered boxed meals, resulting in a 17.81% decrease in natural gas consumption.
3.2.3 Supporting the Development of Renewable Energy

In order to fulfill corporate environmental protection responsibilities, the Bank continues to promote various green initiatives of subsistence with the environment and support sustainable development. Since 2016, the Bank has cooperated with the government’s renewable energy policy and has actively subscribed for 200,000 kWh of green electricity for two consecutive years, reducing carbon emissions by 105,700 kgCO2e. However, since 2018, Taiwan Power Company (Taipower) stopped issuing green electricity certificates. The Bank thus changed to purchase renewable energy certificates of 67,000 kWh (carbon emissions of approximately 37,118 kgCO2e) in 2018, 75,000 kWh (carbon emissions of approximately 39,975 kgCO2e) in 2019, 80,000 kWh (carbon emissions of approximately 40,720 kgCO2e) in 2020, accumulating a total reduction in carbon emissions of up to 223,513 kgCO2e for 5 years. In the future, the Bank will evaluate the increase in the purchase of renewable energy certificates and actively support the implementation of the UN’s Sustainable Development Goals (SDGs).

Note: The electricity carbon emission coefficient adopted for annual carbon emission inspection is based on the coefficient announced by the Bureau of Energy, Ministry of Economic Affairs for the year. For example, 0.528 (year of inspection: 2016), 0.529 (year of inspection: 2017), 0.554 (year of inspection: 2018), 0.533 (year of inspection: 2019), 0.509 (year of inspection: 2020) kg CO2e/kWh.

3.2.4 Waste Management

In order to achieve sustainable use of resources and ensure proper disposal of waste, the Bank adopts proactive management of waste, launches energy conservation and waste reduction activities, implements resource recycling and classification actively from source management, and records the amount of waste regularly.

### General Waste
- The property management agency of the building stores the garbage in the parking lot on the first floor of the head office in Taipei.
- Removed by licensed waste disposal operators and taken to incinerators for treatment.

### Recycling
- Managed by professional and licensed cleaning manufacturers and recycled according to types of materials such as paper, glass, plastic, iron and aluminum cans.
- Notify disadvantaged groups in society to conduct collection.
Waste Management Goals and Measures

Taking 2020 as the base year, the Bank set the waste reduction goal of 1% for 2021, and expects to increase the recycling rate for 1% to reduce the amount of waste. To achieve the reduction goal, reduction management measures were promoted:

Waste Reduction Performance

In 2020, the resource recycling of the head office in Taipei increased by 3.4 metric tons compared to 2019, and the recycling rate increased by 20.57%; general waste decreased by 0.23 metric tons, a decrease of 0.19% from 2019.

Green Buildings

In order to implement the Bank’s environmental policy of “healthy living, eco-friendliness and love for our planet,” the Bank is committed to promoting green buildings with the design philosophy of “making buildings consume the least amount of Earth resources, use the least energy, and produce the least waste in the life cycle.” The Bank actively promotes green building design & planning and hopes that through the regulations of EEWH Labels, the process from production of building materials, building planning, design, construction, use, management, and demolition will be friendly to the environment and land, while the four major aspects of ecology, energy saving, waste reduction, and health in green buildings will be integrated into daily life. The mid-term goal will be to obtain the EEWH Labels for the new premises of the PeiMen Branch, Chengtung Branch, the dormitory in the Tianjin Street, and other newly-built buildings, which are built by participating in an urban renewal project, with the aim of fulfilling the corporate social responsibility of promoting collective social prosperity.

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<tr>
<th>Types of Garbage</th>
<th>Unit</th>
<th>2020</th>
<th>2019</th>
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<tr>
<td>General Waste</td>
<td>Mt</td>
<td>121.37</td>
<td>121.60</td>
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<tr>
<td>Recycling</td>
<td>Mt</td>
<td>19.93</td>
<td>16.53</td>
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3.3 Supplier Management

3.3.1 Supplier Management Mechanism

To promote the balance of economic, social and environmental spheres and sustainable development, in addition to actively fulfilling the Bank’s own corporate social responsibility, the Bank also promotes such practices among its suppliers by formulating “Corporate Social Responsibility Standards of the Supplier,” which provides advocacy on several issues, including corporate social responsibility, protection of employee rights and interests (including human rights protection, prohibition against forced labor and child labor, and encouragement of freedom of association) as well as environmental protection (including GHG inventory and setting of carbon reduction goals). For a single transaction amount of more than NT$1 million, the Bank also requests suppliers to sign a declaration to abide by such standard. The Bank hopes to work together with suppliers to implement corporate social responsibility. To improve the sustainable procurement process, the Bank introduced the ISO 20400 Sustainable Procurement Guidance for the first time in 2020 and will complete the certification in 2021.

The Bank’s implementation status of supplier management is as follow:

- **Scope of Supply Chain**
  - The Bank has long been adhering to a local procurement policy to promote local economic development. Taiwan is the Bank’s main base of operations. Local suppliers are preferred for all procurements to ensure the stability and localization of the supply chain, and increase local employment opportunities.
  - The types of suppliers include: Service suppliers, equipment suppliers and engineering subcontractors, which can be categorized into postal service, logistics, security, electronic equipment, telecommunications, office equipment, printing, property maintenance, construction and maintenance, renovation, architectural design, etc.

- **Policy**
  - The Bank has formulated the “Corporate Social Responsibility Standards of the Supplier,” as the Bank’s principles for managing suppliers; suppliers are required to comply with relevant laws and regulations on occupational safety and health, labor rights and human rights, environmental protection, etc.
  - In addition, in order to implement the Bank’s commitment and responsibility for supplier management, in 2019, “Guideline for Chang Hwa Commercial Bank Encouraging Suppliers to Carry out Corporate Social Responsibility” were promulgated and implemented.

- **Commitment**
  - Comply with the relevant laws and regulations on occupational safety and health, labor human rights, and environmental protection together with suppliers, and abide by matters, such as ethical management, labor rights and human rights, and environmental protection.

- **Goals and Targets**
  - There were no violations of labor rights and human rights, environmental protection, and ethical management.
Responsibilities and Duties
Suppliers bid for "goods procurement" or "construction and maintenance project" in the amount of over NT$1 million or more shall announce its corporate social responsibility policy before a bid opening meeting, and shall sign the "Undertaking to Commit to Social Responsibility by the Supplier" when the bidding documents are submitted to be committed to complying with labor rights and human rights, environmental protection, and ethical management, while filling out the "Supplier Corporate Social Responsibility Self-Assessment Form." Substantive transactions can only be carried out after no violation of laws and regulations is found in the review by the Bank.

Resources
Make good use of the cooperative relationship between the Bank and suppliers, which in turn affects the suppliers’ fulfillment of corporate social responsibilities.

Complaint Mechanism
Contact Information: (02) 2536-2951 ext. 1616 or 1614; customer service hotline: 0800-365-889 or 412-2222

Substantial Activities
- All suppliers of the Bank must sign the "Undertaking to Commit to Social Responsibility by the Supplier," and fill "Supplier Corporate Social Responsibility Self-Assessment Form."
- Promote the Bank’s Corporate Social Responsibility Standards of the Supplier of Chang Hwa Bank to suppliers.
- Visit suppliers to see if there are violations of labor rights and human rights, environmental protection, and ethical management from time to time. In the case of violation, the Bank may terminate or rescind the contract according to the contract, and may manage the violator and terminate its participation in the Bank’s goods procurement or construction project.

Assessment Mechanism
The Bank may conduct irregular visits to suppliers with a single transaction amount of more than NT$30 million, and fill out the "Visiting Report for Suppliers" based on the results of the visit to confirm the company’s current status of fulfilling its corporate social responsibility.

Results
- As of 2020, a total of 76 contracted suppliers have signed the "Undertaking to Commit to Social Responsibility by the Supplier" with the Bank, with a signing rate of 100%. The new and current suppliers in both aspects of environmental and social signing rates were 100%.
- The Bank checked the implementation of the corporate social responsibility by the suppliers who signed the declaration randomly and found no violations.
3.3.2 Green Procurement

To show our emphasis on environmental protection, the Bank’s procurement prioritizes eco-friendly products with eco-friendly labels, carbon footprint labels, energy-saving labels, water-saving labels, green building material labels, FSC certified labels, etc., to reduce environmental impact. The Bank’s green procurement amount reached NT$30.98 million in 2020, an increase of 51.94% over 2019 and received “Private Enterprises and Organizations with Outstanding Green Procurement Performance” by the Department of Environmental Protection, Taipei City Government and rated as “Outstanding Green Procurement Enterprise” by Department of Environmental Protection, New Taipei City Government.
3.4 Equator Principles (EPs)

3.4.1 Prior Review

Since August 2017, the Bank has extended the scope of application of the Equator Principles to all corporate loans from the original scope of corporate loan applications with credit amount of US$10 million (inclusive) or more or the equivalent in NTD. That is, when handle all corporate loan applications, the Bank will go to the website of the competent authority to inquire whether the applicant company has a violation record of related regulations of human rights, labor rights, environmental protection, food safety, etc.

3.4.2 Post-loan Management

After extension of the Bank’s corporate loans, if any company obligor gets punished by the competent authority for violation of human rights, labor rights, environmental protection or food safety, etc., it shall be examined and assessed according to the Bank’s “Corporate Customers Early Warning Evaluation Procedure.” In order to implement the spirit of Equator Principles, the Bank shall adjust loan conditions according the circumstances of the cases.

3.4.3 Implementation Status

The Bank had 26,343 corporate credit applications in 2020. After evaluation, 1,245 violated the Equator Principles, accounting for 4.73%. The Bank agreed to approve 1,057 cases on the premise that the borrowers had improved or promised to improve, and conditionally approved another 188 cases.

Actual Case

○○ Co., Ltd. intended to raise a NT$5.3 billion through a syndicated loan for repayment of loans from existing financial institutions, purchase of machinery and ancillary equipment, and medium-term working capital. However, the borrower has violated the “Water Pollution Control Measures and Test Reporting Management Regulations,” the “Water Pollution Control Act,” and the “Air Pollution Control Act” in the past year, and was thus fined by the competent authority in an amount of NT$160,000, which was in violation of the Equator Principles.

As the Bank considered that the borrower has improved the waste water discharge and air pollution after the violations, and tried to understand the relevant laws and regulations actively, and strengthened the training of management personnel while installing new machinery and equipment, which helped save energy and reduce carbon emissions, the Bank agreed to participate in the syndicated loan after a comprehensive assessment.
Appendix

1. Independence Assurance Statement
2. GRI Standards Index
3. 2020 Management Approach and its Components
4. Specific Topics
5. The United Nations Global Compact Comparison Table
6. Sustainability Accounting Standards Board (SASB) for Commercial Banks Comparison Table
The British Standards Institution is independent of Chang Hwa Commercial Bank Ltd. (hereafter referred to as Chang Hwa Bank) in this statement and has no financial interest in the operation of Chang Hwa Bank other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of Chang Hwa Bank only for the purposes of assessing its statements relating to its corporate social responsibility (CSR), more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or by any person by whom the independent assurance opinion statement may be read. This independent assurance opinion statement is prepared on the basis of information by the British Standards Institution of information presented to it by Chang Hwa Bank. The review does not extend beyond such information and is solely based on it.

In performing such review, the British Standards Institution has assumed that all such information is complete and accurate. Any queries that may arise by virtue of the independence of this independent assurance opinion statement or matters relating to it should be addressed to Chang Hwa Bank only.

Scope
The scope of engagement agreed upon with Chang Hwa Bank includes the following:
1. The assurance scope is consistent with the description of Chang Hwa Bank 2020 Corporate Social Responsibility report.
2. The evaluation of the nature and extent of the Chang Hwa Bank’s adherence to AA1000 Accountability Principles (2009) and the reliability of specified sustainability performance information in this report as conducted in accordance with type 2 of AA1000 AS (2009) sustainability assurance engagement.
3. The assessment of disclosure to be in line with the applicable SASB industry standard(s) in this report as conducted in accordance with type 1 of AA1000AS (2009) sustainability assurance engagement.

Opinion Statement
We conclude that Chang Hwa Bank 2020 Corporate Social Responsibility report provides a fair view of the Chang Hwa Bank CSR programmes and performance during 2020. The CSR report subject to assurance is materially correct without voluntary omissions based upon testing within the limitations of the scope of the assurance, the information and data provided by the Chang Hwa Bank and the sample taken. We believe that the 2020 economic, social and environmental performance information we reviewed is accurately represented. The CSR performance information disclosed in the report demonstrate Chang Hwa Bank’s efforts required by its stakeholders.

Our work was carried out by a team of (CSR) report assessors in accordance with the AA1000AS (2009) v3. We planned and performed the work to obtain the necessary information and explanations and to provide a basis for our assurance of evidence that Chang Hwa Bank’s description of their approach to AA1000AS (2009) v3 and its self-declaration in accordance with GRI Standards: Core option and SASB Standard(s) (Commercial Banks Sustainability Accounting Standard) are fairly stated.

Methodology
Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:
— a review of issues raised by external parties that could be relevant to Chang Hwa Bank’s policies to provide a check on the appropriateness of statements made in the report
— discussion with managers on Chang Hwa Bank’s approach to stakeholder engagement. Moreover, we had sampled 1 external stakeholder to conduct interview
— interview with 32 staffs involved in sustainability management, report preparation and provision of report information were carried out
— review of key organisational developments
— review of the extent and maturity of the relevant accounting systems for financial and non-financial reports
— review of the findings of internal audits
— the verification of financial data and claims made in the report through meeting with managers responsible for gathering data
— the review of the processes for gathering and ensuring the accuracy of data, followed data trails to initial aggregated source and checked sample data to greater length during site visit
— the consolidated financial data are based on audited financial data, we checked that this data was consistently reproduced
— review of supporting evidence for claims made in the report
— an assessment of the organization’s reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impartiality as described in the AA1000AS (2018)
— an assessment of the organization’s use of metrics or targets of SASB Standard(s) to assess and manage topic-related risks and opportunities.

Conclusions
A detailed review against the Inclusivity, Materiality, Responsiveness and Impact of AA1000AS (2018) and sustainability performance information as well as GRI Standards and SASB Standard(s) is set out below:

Inclusivity
In this report, it reflects that Chang Hwa Bank has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been developed in developing and achieving an accurate and strategic response to sustainability performance information, enabling an appropriate planning and target-setting can be supported. In our professional opinion the report covers the Chang Hwa Bank’s inclusivity issues.

Materiality
The Chang Hwa Bank publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of Chang Hwa Bank and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the Chang Hwa Bank’s sustainability performance and management. In our professional opinion the report covers the Chang Hwa Bank’s material issues.

Responsiveness
Chang Hwa Bank has implemented the procedures to address the expectations and perceptions of its stakeholders. An Ethical Policy for the Chang Hwa Bank is developed and continually provides the opportunity to further enhance Chang Hwa Bank’s responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the Chang Hwa Bank’s responsiveness issues.

Impact
Chang Hwa Bank has identified and fairly represented impacts that were measured and disclosed in properly balanced and effective way. Chang Hwa Bank has established processes to monitor, measure, evaluate and manage impacts that lead to more effective decision-making and risk-based management within an organization. In our professional opinion the report covers the Chang Hwa Bank’s impact issues.

Performance Information
Based on our work described in this statement, specified sustainability performance information such as GRI Standards disclosures disclosed in this report. Chang Hwa Bank and BSI have agreed to disclose in this report to the reasonable accuracy of the data and information contained within Chang Hwa Bank 2020 Corporate Social Responsibility report are relate based on procedures undertaken in the case of our work the data and information as conducted in accordance with GRI Standards.

GRI: Sustainability Reporting Standards (GRI Standards)
Chang Hwa Bank provided with their self-declaration of its accordance with GRI Standards: Core option. For each material topic covered by a topic-specific GRI Standard, comply with all reporting requirements for that topic-specific disclosure. Based on our review, we confirm that social responsibility and sustainable development disclosures with reference to GRI Standards’ disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers the Chang Hwa Bank’s social responsibility and sustainability topics.

SASB Standards
Chang Hwa Bank provided with their self-declaration of its in accordance with SASB Standard(s) (Commercial Banks Sustainability Accounting Standard). Based on our review, we confirm that the sustainability information disclosed in this report, as defined by the scope and methodology described in this statement. The moderate level assurance provided is in accordance with AA1000AS (2009) in our opinion (GRI Standards).

Assurance level
The moderate level assurance provided is in accordance with AA1000AS (2009) and all reporting requirements for at least one topic-specific disclosure. Based on our review, we confirm that social responsibility and sustainable development disclosures with reference to GRI Standards’ disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers topic-specific disclosures, associated accounting metrics and social metrics for commercial banks.

For and on behalf of BSI:
Peter Pu, Managing Director BSI Taiwan

Statement No: SRA-TW-2020052
2021-05-11

BSI Taiwan is a subsidiary of British Standards Institution.
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<td>Legal Compliance and Anti-Money Laundering</td>
<td>The Bank has established a sound legal compliance system and framework, and implemented legal compliance, as well as ensured efficient management of legal compliance through promotion, education and training. The Bank has established the &quot;Anti-Money Laundering and Countering the Financing of Terrorism Policy&quot; and &quot;Directions Governing Anti-Money Laundering and Countering the Financing of Terrorism,&quot; to set up a consistent standard for the Bank to implement Anti-money Laundering and Countering Financing of Terrorism.</td>
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<tr>
<td>Business Integrity</td>
<td>The Bank has established the &quot;Ethical Corporate Management Best Practice Principles,&quot; &quot;Code of Ethical Conduct,&quot; and &quot;Employee Code of Conduct&quot; to stipulate that when conducting business, the Bank’s employees shall perform business activities based on the principles of fairness, honesty, trustworthiness and transparency in order to create a corporate culture of business integrity.</td>
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<tr>
<td>Corporate Governance</td>
<td>The Bank has established the &quot;Corporate Governance Best Practice Principles,&quot; which specifies that the corporate governance system shall adhere to the following seven principles: establishment of effective corporate governance framework, compliance with laws and regulations and improvement of internal management, safeguarding shareholders’ rights and interests, strengthening the functions of the Board of Directors, maximizing the functions of various functional committees under the Board of Directors, and respecting the rights and interests of stakeholders and enhancing information transparency, as to promote the Bank’s sustainable operations.</td>
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<tr>
<td>Business Performance and Profitability</td>
<td>The Bank has established the &quot;Measures for Implementation of Business Performance Appraisal of Management Units in the Head Office,&quot; &quot;Directions for Implementing Business Performance Appraisal of Regional Centers and Business Units,&quot; and &quot;Directions for Implementing Business Performance Appraisal of Foreign Business Units,&quot; which specify the Bank’s annual business performance goals in order to supervise that all units fulfill operational responsibilities and ensure that the goals assigned are achieved.</td>
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<tr>
<td>Information Security and Personal Information Protection</td>
<td>The Bank has established personal information management relevant regulations, thereby respecting the rights and interests of customers, fulfilling due care of a good administrator, and implementing the protection of personal information to guarantee the security of customers’ personal information.</td>
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<tr>
<td>Human Rights Protection and Gender Equality</td>
<td>The Bank has established the &quot;Human Rights Policy of CHB&quot; and &quot;CHB Human Rights Due Diligence Procedures,&quot; to implement its responsibility to respect and protect human rights and to build an honest, fair, respectful, and open work environment.</td>
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<tr>
<td>Employer / Employee Relations</td>
<td>The Bank adopts the principle of &quot;right person in the right place,&quot; conducts fair and reasonable performance appraisal, attaches great importance to the development of employees’ careers, constructs a complete salary system, and provides employees with comprehensive health care measures and benefits. It also signs the Collective Agreement with the CHB Union to protect employees’ employment rights.</td>
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<td>Energy Conservation and Carbon Reduction</td>
<td>The Bank has established the environmental protection policy of &quot;healthy living, eco-friendliness, and love for our planet&quot;, and continues to implement energy conservation and carbon reduction projects while introducing ISO international management systems voluntarily; ISO14001, ISO50001, and 14064-1 to achieve our goal of environmental sustainability.</td>
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<td>Climate Change</td>
<td>In response to international initiatives, the Bank has identified climate change risks and opportunities under the TCFD framework, and established a response mechanism. We have also formulated the &quot;Corporate Social Responsibility Best Practice Principles&quot; and the &quot;Corporate Social Responsibility Policy&quot; to execute the Bank’s decisions made in response to climate issues, environmental protection, and material environmental issues, thereby achieving our goal of developing a sustainable environment.</td>
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<td>To create a corporate culture of business integrity and put an end to any corruption.</td>
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<td>To achieve sustainable development of the environment.</td>
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<td>To mitigate the impact of risks arising from climate change and to explore relevant opportunities to achieve the goal of sustainable environmental management.</td>
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* Material Issues
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Notice to Readers

For the convenience of readers, the CSR report has been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any discrepancy between the English version and the Chinese version, the Chinese version shall prevail.
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