

Implementation of Performing Social Responsibility and Differences & Reasons of TWSE/GTSM-listed companies' Corporate Social Responsibility Best Practice Principles.

Evaluation Items	Implementation Status			Deviations from Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" with Reasons
	Y	N	Summary Information	
1. Does the Bank conduct risk assessment on environmental, social and corporate governance issues related to the company's operations in accordance with the principle of materiality, and establish relevant risk management policies or strategies?	✓		<p>1. With reference to the principles of GRI Sustainability Reporting Guidelines, the Bank collects concerns through stakeholder surveys and identifies major environmental, social and corporate governance issues related to the operations of the Bank's stakeholders, and conducts risk assessments and formulates risk management strategies in response to the major GRI themes.</p> <p>2. In addition, the Bank has established a mechanism to manage emerging risk issues. The Bank identifies emerging risk issues (including but not limited to infectious diseases, extreme weather, etc.) annually, evaluates their potential risks and opportunities, and formulates response strategies and establishes risk control mechanisms based on their significance to ensure effective control of risks related to the Bank's operations.</p>	No difference
2. Has the Bank set up a special (part-time) unit to promote corporate social responsibility, which is authorized by the board of directors to be handled by senior management, and to report to the board of directors on the handling of the situation?	✓		The Bank has established the Sustainable Development Committee under the Board of Directors to promote CSR implementation, coordinate the establishment of relevant systems and supervise the review of CSR policy implementation and its effectiveness, and regularly review relevant implementation reports. In addition, in order to implement the CSR policy, a CSR Task Force has been established under the Sustainable Development Committee, and a vice president has been assigned as the chief responsible person, and each unit of the head office is responsible for the implementation of CSR in accordance with its work group (corporate governance, customer care, employee care, social welfare, and sustainable environment), The work plans and implementation results are regularly reported to the Sustainable Development Committee and presented to the Board of Directors in accordance with the regulations.	No difference
3. Environmental Issues (1) Has the bank established an appropriate environmental management system in accordance with the characteristics of its industry?	✓		(1) To fulfill its corporate social responsibility, the Bank has established "Corporate Social Responsibility Best Practice Principles" and an appropriate environmental management system in accordance with the characteristics of the financial industry. The Bank has also set up a dedicated environmental management unit to develop, promote and maintain the relevant environmental management system and specific action plans, and to review the effectiveness of its operation. In addition, the Bank is regularly certified to ISO 14001: 2015 for environmental management system (certificate period: 2018/12/21-2021/12/20) and ISO 50001:2018 for energy management system (certificate period: 2019/11/14-2022/10/24) to ensure the Bank's compliance with international ISO environmental and energy management standards.	(1) No difference
(2) Does the Bank strive to improve the efficiency of resource utilization and use recycled materials with low impact on the environment?	✓		<p>(2) In order to achieve the goal of environmental sustainability, the Bank continues to purchase environmentally friendly products and improve the efficiency of resource utilization, and the related actions are as follows:</p> <p>1. In order to fulfill our social responsibility for environmental protection, the Bank purchases photocopying paper that is certified by the FSC or PEFC, and uses recycled hand towels in our head office, Taipei building.</p> <p>2. We use "green building materials" when decorating our business units and office premises.</p> <p>3. In response to the Environmental Protection Bureau's active promotion of green purchasing (purchasing environmentally friendly products with environmental labels, carbon labels, energy-saving labels, water-saving labels, green building materials labels, and sustainability labels), the purchase amount reached \$30.98 million in 2020, an increase of 51.94% over 2019, and was awarded the honor of "Green Purchasing Enterprise with Excellent Performance" by the Environmental Protection Department of Taipei City and New Taipei City.</p>	(2) No difference

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(3) Has the bank assessed the potential risks and opportunities of climate change to the enterprise now and in the future, and taken measures to address climate related issues?	✓		<p>(3) 1. In the face of climate change, the Bank has been participating in the Carbon Disclosure Project (CDP) Climate Change Questionnaire since 2018 to disclose the risk assessment, response measures and implementation status of the possible risk impacts and development opportunities brought by climate change, the Bank has received a recognition of score B/Management from CDP in 2019 and 2020.</p> <p>2. In addition, to systematically review the impact of climate change on our operations, the Bank has adopted the Task Force on Climate-related Financial Disclosures (TCFD) framework issued by the Financial Stability Board (FSB) since 2020. Through the four core elements of TCFD: governance, strategy, risk management, and indicators and targets, the Bank will regularly assess and manage the risks of climate change, explore the business opportunities it brings, and propose relevant actions to achieve the goal of environmental sustainability.</p> <p>3. The Bank evaluates the emerging risks that may affect the Bank's operations with reference to domestic and international risk research data, and evaluates the operating conditions and business experience every year. The Bank stipulates countermeasures and supervision mechanism based on its materiality, so as to alleviate occurrence frequency and impact, climate change risk is the first priority among all risk. By reference to climate change information and TCFD structure, the Bank assesses possible risks and opportunities, the following strategies have been developed:</p> <p>(1) In view of the extreme climate change caused by global warming and the extended summer season, record of high temperature and possible aggravation of natural disasters in Taiwan, the Bank prioritizes the use of environmentally friendly and energy-efficient products in response to the risk of increased electricity costs due to high summer temperatures, with the hope of improving energy efficiency and reducing costs caused by climate-related risks. In addition, in order to prevent damage to the Bank's assets and equipment from natural disasters that may intensify in the future, the Bank has taken measures to ensure that the emergency generators are operating properly, to secure windows, doors, signboards and advertising signs, to place sandbags at the entrances, and to install waterproof gates to minimize the financial losses caused by disasters.</p> <p>(2) The Bank's information division has a major goal of creating a green server room that saves energy and reduces carbon emissions. It continues to expand its virtual server environment, gradually replaces existing physical hosts, and reduces the number of physical hosts to improve energy efficiency in order to reduce the environmental impact of the Company's operations.</p> <p>(3) In response to the transformation risks brought about by climate change, the Bank continues to pay attention to the development of green industries, increases the credit ratio of green industries, and introduces green industry-related financing schemes, such as the "Solar Power Equipment Project Loan," "Taoyuan City Green Energy Industry Project Loan," "Low Carbon Sustainable Home Project Loan," and "Green Enterprise Project Loan," etc. In addition, the Bank responds to the voluntary reduction cooperation mechanism for climate change, through the concept of responsible investment, we actively invest in green bonds and sustainable development bonds to assist enterprises in investing funds in green investment projects or social benefit investment projects, so as to promote the development of green industries and further reduce the potential risks of climate change.</p>	(3) No difference

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(4) Has the Bank compiled statistics on greenhouse gas emissions, water consumption and total weight of waste for the past two years, and formulated policies for energy conservation and carbon reduction, greenhouse gas reduction, water use reduction or other waste management?	✓		<p>(4) 1. The Bank has compiled information on the use of greenhouse gas emissions, water consumption and total weight of waste in the past two years, and has formulated various policies on energy saving and carbon reduction, greenhouse gas reduction and water consumption, electricity consumption and waste management, and the relevant information has been disclosed on the Bank's official website under "Corporate Social Responsibility" section → Environment.</p> <p>2. In response to climate change and the national greenhouse gas reduction policy, the Bank has voluntarily introduced a greenhouse gas inventory since 2017 and passed the ISO 14064-1: 2018 verification, and with the expansion of the inventory scope to 2019 as the base year, the Bank set quantitative management targets for the future, expecting to reduce carbon emissions by 30,000~60,000 kgCO₂e per year, and reduce water, electricity and waste by 1% of each, and to reduce carbon emissions by 10% by 2030, in order to promote sustainable development through concrete actions. In 2020, the Bank's greenhouse gas emissions were 17,158.302 tonsCO₂e, a 2.4% decrease from 2019.</p> <p>3. The specific management strategies adopted by the Bank are as follows:</p> <p>(1) Replace old energy-consuming air-conditioning equipment, improve the efficiency of use, and set the indoor temperature at 26 degrees or higher to reduce the electricity load of air-conditioning;</p> <p>(2) Replace old energy-consuming lighting fixtures with high-efficiency LED lighting fixtures, and appropriately adjust the time of turning on and off the lights of advertising signs, and install power timing controllers in drinking water equipment to reduce energy consumption;</p> <p>(3) Install water-saving devices to regulate the amount of water discharged from water faucets;</p> <p>(4) Promote paperless documents and e-training materials;</p> <p>(5) Provide environmentally friendly tableware in staff cafeterias to reduce waste generation and implement waste separation.</p> <p>4. In FY2020, the Bank's energy saving and carbon reduction results (taking the Taipei Building as an example) were as follows.</p> <p>(1) In FY2020, we replaced about 320 LED lighting fixtures, reducing CO₂ emissions by 31,509.1 KgCO₂e.</p> <p>(2) In FY2020, the amount of CO₂e emissions converted from electricity consumption was approximately 1,357,299.4 KgCO₂e, a decrease of 107,597.8 KgCO₂e or 7.35% compared to FY2019.</p> <p>(3) Resource recycling increased by 3.4 tons in FY2020 compared to FY2019, with a 20.57% increase in recycling volume; general waste decreased by 0.23 tons compared to FY2019, with a reduction of 0.19%.</p> <p>(4) The amount of green procurement in FY2020 was approximately \$30.98 million, an increase of \$ 10.59 million compared with FY2019, representing an increase of approximately 51.94%.</p>	(4) No difference
4. Social Issues (1) Has the Bank established relevant management policies and procedures in accordance with relevant laws and regulations and international human rights treaties?	✓		<p>(1) 1. In order to support the spirit and fundamental principles of human rights protection enshrined in International Bill of Human Rights, the Bank has established "Human Rights Policy" to establish an honest, fair, respectful and open working environment and to implement its commitment to human rights protection. The Bank stipulates "Human Rights Due Diligence" in order to take attention on human rights related issues and process on relevant risk assessment and management and protect human rights of labor.</p>	(1) No difference

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(2) Does the Bank establish and implement reasonable welfare measures (including salary, leave and other benefits) and appropriately reflect business performance or results in employee compensation?	✓		<p>2. Based on the characteristics and development strategies of the financial industry, the Bank has formulated the following issues of concern: "human rights protection in the workplace," "healthy and safe workplace," "support for freedom of association," "protection of personal privacy," "anti-corruption, prohibition of dishonest practices such as accepting/taking bribery," and "promotion of human rights policies."</p> <p>(2) 1. For details of the Bank's employee benefits, including leave and other benefits, please refer to "V. Operations Overview, F. Labor Relations."</p> <p>2. The salaries of the Bank's employees are determined in accordance with the "Salary Schedule for Current Employees," and the Bank provides reasonable and competitive compensation for different levels of employees to ensure that employees are not treated differently based on gender, age, or race, and that all employees meet the statutory basic wage standards. The Bank determines the annual salary level based on the estimated market rate of salary adjustment, the consumer price index, the Bank's annual operating condition, performance, and affordability.</p> <p>3. The Bank has established the "Employee Performance Evaluation Regulation," "Employee Bonus Payment Regulation," and "Employee Compensation Allocation Regulation," and based on indicators of "Employee Performance Evaluation Regulation" to combine employee performance and performance evaluation, and considerate the Bank's operating performance and individual performance to allocate performance bonus and remuneration.</p>	(2) No difference
(3) Does the Bank provide a safe and healthy working environment for employees and implement safety and health education for employees on a regular basis?	✓		<p>(3) 1. The Bank has established "Safety and Health Code of Practice" and has set up an Occupational Safety and Health Committee and a dedicated Occupational Safety and Health Unit to improve the working environment and facilities in accordance with the "Occupational Safety and Health Management Plan" every year, to carry out various occupational safety and health management tasks, and to conduct regular occupational safety and health education and training to safeguard the safety of employees.</p> <p>2. In order to take care of employees' physical and psychological health, the Bank regularly conducts health checkups for employees, invite specialists to hold health education seminars from time to time, and appoint professional psychological counseling organizations to provide psychological counseling for employees in order to protect employees' health.</p> <p>3. For information on employee safety and security, please refer to "V. Operations Overview, F. Labor Relations a.3. Protection of Employees' Safety."</p>	(3) No difference
(4) Does the Bank have an effective career development program for the employees?	✓		<p>(4) The Bank attaches great importance to the career development of its employees. During their service with the Bank, employees are provided with diversified training channels to enhance their professional knowledge. Employees are encouraged to participate various occupational course, license & certificate courses and online English learning lessons, "LeaderCampus digital platform courses" in order to develop autonomous learning atmosphere and cultivate cross field talents. If employees end their careers for any other reason, they can still have the ability to stay competent for employment.</p>	(4) No difference

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(5) Does the Bank comply with relevant laws and regulations and international standards regarding customer health and safety, customer privacy, marketing and labeling of products and services, and established relevant consumer protection policies and complaint procedures?	✓		<p>(5) The Bank follows the relevant laws and regulations of the competent authorities and international standards for financial products and services in order to protect the rights of consumers:</p> <p>1.The Bank has established the "Code of Fairness for Customers," "Financial Consumer Protection Policy," "Financial Consumer Protection Practice Guidelines" and "Consumer Complaint Handling Guidelines" to ensure that each department and the financial products or services provided by the Bank treat customers fairly and reasonably in the overall transaction process, including design, advertising, sales, contract performance, service consultation and customer complaint handling, and comply with the relevant regulations on financial consumer protection. The Bank will comply with the relevant regulations on financial consumer protection, protect the rights and interests of financial consumers, and enhance the quality of the Bank's services.</p> <p>2.The Bank's marketing and labeling of financial products and services include important information and disclosure of risks in the contract, and are presented in prominent letters or in a manner that indicates the channels for consumer disputes arising from the financial products or services provided by the Bank.</p> <p>3.In order to implement the security maintenance and management of personal information files, the Bank has established "Security Maintenance Plan for Personal Information Files" and "Personal Information Management Regulations," established procedures for the management of personal information collected, processed, and utilized in business activities, and measures for the security management of personal information, and established a mechanism for responding to, notifying, and preventing personal information security incidents to protect the privacy of customers.</p> <p>4. In order to protect the rights and interests of our customers, we require our suppliers to produce product inspection reports and comply with national standards when purchasing various types of heat-sensitive paper rolls.</p>	(5) No difference
(6) Does the Bank have a supplier management policy that requires suppliers to follow relevant regulations on environmental protection, occupational safety and health, or labor human rights, and reveal its implementation status?	✓		<p>(6) 1.In order to work with our suppliers to fulfill corporate social responsibility and comply with the laws and regulations related to integrity management, environmental protection, occupational safety and health, labor and human rights, the Bank has established the "Corporate Social Responsibility Standards of the Supplier of Chang Hwa Bank," which stipulates that when the Bank signs a contract with a supplier, the supplier shall be required to sign "Undertaking to Commit to Social Responsibility by the Supplier," and that the contents of the contract shall comply with the Bank's Ethical Corporate Management Best Practice Principles and the CSR policies of both parties. The Bank may terminate or cancel the contract at any time if the supplier violates the aforementioned policies and has a significant impact on the environment and society in the supplying community, or if the supplier is involved in dishonest behavior.</p>	(6) No difference

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			2.In order to fulfill the Bank's commitment and responsibility for supplier management, the Bank has also established the "Guideline for Chang Hwa Commercial Bank Encouraging Suppliers to Carry out Corporate Social Responsibility" to promote CSR policies through communication meetings with suppliers; to require suppliers to fill out the "Supplier CSR Self-Assessment Form" and to conduct actual transactions only after the Bank has examined that there is no violation of laws and regulations; and to conduct occasional visits to suppliers with large transactions. In addition, the Bank conducts occasional visits to suppliers with large transactions and fills out "Supplier Visit Report" based on the visit results to confirm the current status of CSR implementation by suppliers and to promote the implementation of CSR by suppliers.	
5. Does the Bank make reference to the international standards or guidelines for report preparation and prepare reports that disclose non-financial information of the Bank, such as CSR reports? Has the former report obtained a third-party verification unit's confirmation or assurance opinion?	✓		<p>(1) The Bank's CSR report is prepared in accordance with the GRI Standards (GRI Standards: Core Options) published by the Global Reporting Initiative (GRI) in 2016, and includes the " Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies" and the United Nations Sustainable Development Goals (SDGs) mapping table in order to align with the global sustainability trend.</p> <p>(2) The Bank's 2019 CSR Report was certified with an independent assurance statement by the British Standards Institution (BSI), a third-party verification institute, and passed the AA1000 Type 2 and GRI (GRI Standards) standards. This is to demonstrate the Bank's efforts in fulfilling its corporate social responsibility.</p>	No difference
<p>6. If the Bank has its own Corporate Social Responsibility Best Practice Principles based on the "Corporate Social Responsibility Best Practice Principles for TWSE /GTSM Listed Companies," please describe the differences of the operation status and Best Practice Principles:</p> <p>The Bank's "Corporate Social Responsibility Best Practice Principles" has been formulated with reference to "Corporate Social Responsibility Best Practice Principles for TWSE /GTSM Listed Companies," and the Bank's current operations are in accordance with the Best Practice Principles without any differences.</p>				
<p>7. Other important information for understanding CSR operations:</p> <p>For other information on the Bank's CSR operations, please refer to "V. Operations Overview, C. Corporate Responsibility and Moral Behavior" and the Bank's 2020 CSR Report.</p>				