



**CTBC HOLDING**  
中國信託金控



**SUSTAINABILITY  
REPORT 2020**

# Report overview

CTBC Financial Holding Co., Ltd. (hereinafter, "CTBC Holding" or "the Company") has been publishing a Sustainability Report (previously called the "CSR Report") every year since 2007, and has been publishing them in English since 2009. The most recent report was published in June 2019.

## Quality of information

Information type	Compliance standard/source	Verification/assurance organization
Financial data	Annual financial statements	KPMG
Sustainability information	ISAE 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information"	PricewaterhouseCoopers, Taiwan (PwC Taiwan)
Environmental information	ISO 50001 Energy Management Systems	British Standards Institution (BSI)
	ISO 14001 Environmental Management Systems	
	ISO 14064-1 Greenhouse Gas Quantification and Reporting	
Social information	ISO 45001 Occupational Health and Safety Management Systems	British Standards Institution (BSI)
	ISO 27001 Information Security Management System	
	BS 10012 Personal Information Management System	Société Générale de Surveillance (SGS)
	ISO 9001 Quality Management Systems	DNV GL Business Assurance Co., Ltd. (DNV.GL)

## CTBC Holding Sustainability Report 2020

**Publishing institution:** CTBC Financial Holding Co., Ltd. **Publisher:** Wen-Long Yen  
**Editor:** CTBC Holding Sustainability Committee  
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**Time of publication:** July 2021

### Period

This 2020 Sustainability Report covers the period of Jan. 1 to Dec. 31, 2020. Some of the information was current as of April 13, 2021. There are no restatements of data provided in previous reports. The next report is expected to be published by July 31, 2022. In addition to being printed in Chinese and English, these reports can be viewed and downloaded in the sustainability section of our official website.

### Scope

This report covers CTBC Holding and its eight subsidiaries namely CTBC Bank, Taiwan Life, CTBC Securities, CTBC Asset Management, CTBC Capital, CTBC Investment, CTBC Security and Taiwan Lottery. The financial data in this report which is consistent with that in CTBC Holding's consolidated financial statements, is denominated in New Taiwan dollars unless otherwise stated, and has been approved by a certified public accountant. Information about our efforts in the community additionally encompasses the performance of the CTBC Charity Foundation, CTBC Anti-Drug Educational Foundation, CTBC Foundation for Arts and Culture, and CTBC Business School. The scope of this report mainly focuses on our activities in Taiwan. In the event that the scope being discussed diverges from this, the scope in question will be specified.

### Drafting principles

This report complies with the Core option of the Global Reporting Initiative (GRI) Standards and embraces the integrated reporting (IR) framework of the International Integrated Reporting Council. The disclosures herein are also based on the Sustainability Accounting Standards Board's standards for commercial banks.

### Assurance

PricewaterhouseCoopers, Taiwan (PwC Taiwan) conducted a limited assurance engagement on the key sustainability indicators of this report, in accordance with International Standard on Assurance Engagements (ISAE) 3000. The limited assurance report is contained in the appendix of this report.

### Contact

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# Letter from the Chairman



At CTBC Holding, "We are family" is more than a slogan—it's a philosophy that underpins all we do. In the face of the COVID-19 pandemic and business challenges in environmental, social, and corporate governance, it was this spirit of solidarity that enabled everyday life to go on as usual in Taiwan in 2020. Moving forward, we're determined to continue deepening the connections between sustainability and the financial industry, helping create a financial ecosystem that has a positive impact and creates long-term shared value for our customers, employees, investors, suppliers, government, and community.



CTBC Financial Holding Co., Ltd.  
Chairman  
Wen-Long Yen

In 2020, the global economy experienced extreme turbulence from the impact of COVID-19. As Taiwan's leading financial institution, CTBC Holding took disease prevention and response measures immediately upon the onset of the pandemic. By making the health of our colleagues our top priority, we were able to continue our operations safely and without interruption. Meanwhile, we worked closely with the government to support its epidemic prevention and relief measures, helping our customers and community through this challenging time.

One interesting side effect of the pandemic was that the lockdown-forced constriction of human activity allowed some ecology to stage a recovery, albeit temporary, which raised public awareness of the need for real environmental protection. On a similar note, the performance of countries in response to COVID-19 has been strongly correlated to the soundness of their existing health care and social security systems, thrusting these issues into the spotlight as well. As such, we recognize that achieving the U.N. Sustainable Development Goals (SDGs) and a successful response to COVID-19 are one and the same, and that extreme actions should not be taken to combat the pandemic at the expense of progress toward the SDGs.

This belief fostered a determination in CTBC Holding to turn the COVID-19 crisis into an opportunity for sustainable transformation, and we reinforced our corporate sustainability governance mechanisms accordingly in 2020. Our Sustainability Committee, ESG Taskforce, and Corporate Sustainability Office worked closely across all departments and subsidiaries to formulate and officially issue CTBC Holding's Sustainability Management Policy and Sustainable Finance Policy.

Our sustainability strategy is guided by the three pillars of Responsible Operations,

Sustainable Growth, and A Connected Society as well as by TRUST—an acronym we coined to emphasize the importance of corporate governance (Transparency), environmental sustainability (Responsibility), employee welfare (Understanding), customer service (Satisfaction), and community engagement (Together).

We were pleased to again see our efforts in and commitment to sustainability garner national and international recognition in 2020. This included being selected as a Dow Jones Sustainability Indices World Index constituent stock and Emerging Markets Index constituent stock for the fifth consecutive year. CTBC Holding also achieved an MSCI ESG Leaders Indexes AA rating, was selected as a FTSE4Good Emerging Index constituent stock, and won The Most Prestigious Sustainability Award - Top 10 Domestic Corporate (Services category) at the Taiwan Corporate Sustainability Awards for the first time. In addition, we received the Asia's Best CSR award from Corporate Governance Asia and the Jade Award for excellence in ESG from The Asset. CTBC Bank and Taiwan Life's strides in sustainability were also acknowledged by international organizations, illustrating the high standards set and achieved by both CTBC Holding and our subsidiaries.

At CTBC Holding, "We are family" is more than a slogan—it's a philosophy that underpins all we do. In the face of the COVID-19 pandemic and business challenges in environmental, social, and corporate governance, it was this spirit of solidarity that enabled everyday life to go on as usual in Taiwan in 2020. Moving forward, we're determined to continue deepening the connections between sustainability and the financial industry, helping create a financial ecosystem that has a positive impact and creates long-term shared value for our customers, employees, investors, suppliers, government, and community.

# Letter from the President



As the financial industry's "Taiwan Champion, Asia Leader," CTBC Holding not only offers financial services but is a leading voice for corporate sustainability. We're confident that the experience gained and decisions made over the past year in the face of the pandemic will bolster our preparedness and responsiveness moving forward, giving us greater effectiveness as we work with our stakeholders and partners to create a more inclusive, resilient, and sustainable society.



CTBC Financial Holding Co., Ltd.  
President  
Daniel I. Wu

The COVID-19 pandemic has been the ultimate stress test for all walks of life. With boundaries blurred between humans and nature, more highly contagious viruses and epidemics can be expected to emerge in the future. Indeed, more than 90% of the top five risks in terms of likelihood and impact listed in the World Economic Forum's 2021 Global Risks Report are environmental or social risks, including large-scale infectious disease outbreaks. To attune to the new normal of both the pandemic and the changing climate, intensifying effort in sustainable development is imperative.

Understanding the critical role that the capital market plays in spurring the development of the global economy and industry, CTBC Holding released its Sustainable Finance Policy in 2020. Furthermore, in addition to actively supporting sustainability-focused initiatives, we have integrated our strengths in digital technologies and internationalization into our core financial services, such as financing, insurance products, asset management, and capital investments. By doing so, we are in a better position to take tangible steps toward the U.N. Sustainable Development Goals (SDGs) and to combine and share group resources to enhance our business efficiency. We also hope to leverage our products, services, and relationships to encourage clients and investees at home and abroad to accelerate their low-carbon transitions and sustainability transformations and ultimately bring the SDGs within closer reach.

That said, we know that the strength of individual enterprises is limited. To that end, we have signed on to the Equator Principles and other international financial initiatives, connecting us with likeminded partners and useful resources. For example, in 2020, CTBC Holding became the first in Taiwan to sign on to the Partnerships for Carbon Accounting Financials (PCAF), for which we serve as the regional chair for Asia-Pacific as a member, we are now adopting PCAF's methodology and conducting an inventory check of our financial products in order to calculate our financed carbon emissions while

also expanding our impact across the region. Furthermore, in late 2020, as part of our commitment to creating measurable social and environmental impact through our core financial businesses, we became the first enterprise in Taiwan to join the Global Impact Investing Network (GIIN).

While increasing our efforts to pursue sustainable finance, we have continued to devote time and resources to address social issues, particularly in the five areas of charity, anti-drug awareness, sports, education, and arts and culture. Our three foundations not only make social investments but regularly review the overall effectiveness of these investments in order to better foster community development, social stability, and social capital.

The annual Light up a Life fundraising event, which was launched by our late founder Dr. Jeffrey Koo Sr. 36 years ago, has become Taiwan's leading platform for the public to lend underprivileged children a helping hand, raising nearly NT\$2.2 billion to date and benefiting more than 540,000 children. Furthermore, our drug abuse educational outreach has reached more than 600,000 people, while CTBC Business School, founded with the mission of helping both deserving and underprivileged students, and our sponsorship of all five levels of baseball, from little league to the majors, have become vital means of nurturing talent in finance and sports. We have also continued our long history as a patron of the arts, building stages on which people can realize their dreams and making arts and culture more accessible to the public through activities in the community.

As the financial industry's "Taiwan Champion, Asia Leader," CTBC Holding not only offers financial services but is a leading voice for corporate sustainability. We're confident that the experience gained and decisions made over the past year in the face of the pandemic will bolster our preparedness and responsiveness moving forward, giving us greater effectiveness as we work with our stakeholders and partners to create a more inclusive, resilient, and sustainable society.



# 2020 corporate sustainability performance



## Corporate governance

- Top **5%** of performers in the 2020 TWSE Corporate Governance Evaluation
- **MSCI** ACWI Index constituent stock with an ESG rating of **AA**
- Issued Taiwan's **first Sustainability Bond**  
Taiwan's first bond to be included in ICMA's Sustainable Bonds Database
- **230** accolades received from home and abroad, and the 9th consecutive year of earning more than 100 awards
- Ranked **first** in the financial industry for preventing **694 cases of fraud**, saving potential victims over **NT\$194 million**



## Social

- Crowned the **Best Company to Work for in Asia** for the 3rd consecutive year
- Named the **Best Employer** in Taiwan's financial industry in 2020 by Universum
- Over **NT\$710 million** in social investments
- In the **Top 20%** of performers in the FSC's Principle for Financial Service Industries to Treating Clients Fairly evaluation
- **148 employees** (over 75%) returned to work after unpaid parental leave; provided **NT\$17,497,898** in maternity subsidies
- **5th** consecutive year recognized by Taiwan i Sport (Certificate of Corporate Wellness)
- Over **NT\$163 million** under the CTBC Poverty Alleviation Program, with 42 approved loans totaling NT\$21 million in 2020
- Partnered with global microfinance institutions to provide microloans abroad, with **US\$98 million** dispersed in 2020

## Environmental

- Green procurement over **NT\$560 million** and 11th consecutive year earning the Excellence in Green Procurement for Private Enterprises award from Taiwan's Environmental Protection Administration
- **First financial institution** in Taiwan to join the Partnership for Carbon Accounting Financials (PCAF) and Global Impact Investing Network (GIIN), and serving as PCAF's Asia-Pacific regional chair in 2021, expanding our impact by building international partnerships
- Green financing loans for green energy technologies, circular economy, and green buildings reached **NT\$140.76 billion**, accounting for 23% of all CTBC Bank institutional banking loans
- Taiwan Life CTBC Taichung Financial Building obtained **Silver EEWG Green Building Label**
- First financial institution in the world and first Taiwan enterprise to receive the **U.N. Clean Energy Ministerial Award of Excellence in Energy Management**
- Taiwan Life has invested NT\$4.65 billion in low-carbon investments, helping cut an estimated **1.89 million tons** of carbon emissions

# 2020 Awards and recognition

230 awards won in 2020:

## Sustainable governance and CSR

**Sustainability Award**  
Bronze Class 2021

**S&P Global**

World Index, Emerging Markets Index  
Bronze Class

**2021** MSCI ESG Leaders  
Indexes Constituent

ESG Leaders Indexes

**2020** Energy Management  
**Award of Excellence**

Clean Energy Ministerial  
Award of Excellence in  
Energy Management

**AREA**  
FOR  
**RESPONSIBLE**  
ENTERPRISE AWARDS  
2020

Social  
Empowerment  
Award

THE ASSET CORPORATE AWARDS 2020  
**ESG**  
THE ASSET

Corporate Awards  
Excellence in ESG -  
Jade Award Winner



**FTSE4Good**  
Emerging Indexes

**遠見** 雜誌

CSR Awards  
Financial Industry Category - Excellent,  
Educational Promotion Category - No. 1,  
Public Welfare Promotion Category - No. 1.

**TAIWAN**  
STOCK EXCHANGE

臺灣證券交易所  
Top 5% in the  
Corporate  
Governance  
Evaluation

**TCSA**

Top 10 Domestic Companies Sustainability Model Award (Service Industry),  
Corporate Sustainability Report - Financial and Insurance Industry -  
Platinum Award, Growth through Innovation Award,  
Social Inclusion Award,  
Creativity in Communication Award,  
People Development Award

**2020 BEST BANKS** IDC

One of 20 Best Banks  
in Asia Pacific

**COUNTRY AWARDS**  
2020  
**FinanceAsia**

Best Bank in Taiwan

# Business performance, products, and services



Best Retail Bank in Taiwan



Best Private Bank in Taiwan



House of the Year, Taiwan

Taiwan house of the year  
CTBC Bank



Best Trade and Supply Chain House in Taiwan



Best Claims Management Insurance Company in Taiwan



Best Corporate & Investment Bank in Taiwan



THE ASIAN BANKER  
LEADERSHIP ACHIEVEMENT AWARDS 2020  
BEST MANAGED BANK DURING COVID-19 IN TAIWAN

Best Managed Bank in Taiwan

# Best brand, bank, and insurer



One of 20 Best Insurers in Asia Pacific



Best Bank in Taiwan



Best Bank in Taiwan

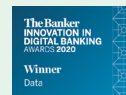


Best Life Insurance Company in Taiwan



Best Taiwan Global Brands, ranked No. 1 in Taiwan's financial sector

# Fintech and digital innovation



Data Category for Innovation in Digital Banking, Global



Best Social Media Campaign in Asia Pacific



The Anti-Money Laundering Technology Implementation of the Year in Asia Pacific



Digital Bank of the Year in Taiwan



Digital Insurer of the Year in Taiwan



Most Innovative Life Insurance Company in Taiwan



IDC DX Awards  
Digital Transformation

Omni-Experience Innovator in Taiwan

# About CTBC Holding

## Basic information

CTBC Holding was established in 2002 and is continuing to grow today, guided by our "We are family" brand spirit and core values of integrity, innovation, professionalism, teamwork, and care. Our mission is to protect and build the wealth of our customers. We pursue this by creating value for our customers, employees, shareholders, suppliers, and community. We are service-oriented and always put our customers first. By listening attentively to their needs, offering professional financial services, and rigorously developing new markets and products, we continue to develop diverse solutions and comprehensive financial services, allowing us to grow together with our stakeholders and cement our brand's status as "Taiwan Champion, Asia Leader."

## Comprehensive financial services

CTBC Holding has eight subsidiaries: CTBC Bank, Taiwan Life, CTBC Securities, CTBC Venture Capital, CTBC Asset Management, CTBC Investments, CTBC Security, and Taiwan Lottery. In 2020, CTBC Holding's after-tax net income totaled NT\$42.855 billion, with an 11.53% after-tax rate of return on common shareholder equity - the highest among all of Taiwan's financial holding companies. Subsidiary CTBC Bank currently has a total of 152 branches in Taiwan and 116 branches overseas, making it the most international financial institution in Taiwan.

**CTBC Bank:** Retail banking, corporate banking, capital markets, deposits, loans, credit cards, wealth management, hedging, investments, financial planning, and consulting

### Our company

**Headquarters:** No. 168, Jingmao 2nd Road,

Nangang District, Taipei, Taiwan

**Establishment:** May 17, 2002

**Capital** (NT\$ thousand): 199,969,796

**Total assets** (NT\$ thousand): 6,616,667,179

**Employees:** Approximately 27,000

**Industry:** Finance and insurance

**Stock code:** 2891

**Taiwan Life:** Life insurance, health insurance, injury insurance, and annuity insurance

**CTBC Securities:** Underwriting, financial consulting, securities brokerage, reconsignment, futures brokerage, proprietary trading, warrants issuance, and e-commerce

**CTBC Asset Management:** Financial institution debt trading management and leasing investment

**CTBC Venture Capital:** Information technology industry, cultural and creative industry, consumer industry, biotech industry, renewable energy industry, conventional industry, and other industries

**CTBC Investments:** Securities investment trust and discretionary investment

**CTBC Security:** Fire and disaster prevention safety system consulting, stationed security, and personal safety protection

**Taiwan Lottery:** Issuance, promotion, sales, redemption, and management of the public welfare lottery

## Strategic planning

In 2020, while maintaining stable development of our existing operations, we also continued to evaluate suitable M&A opportunities. Moreover, we also made further ground in becoming a leader in fintech development, as we worked to establish more convenient and accessible financial services to fulfill our customers' needs. These expansion efforts are undertaken in accordance with the following three development strategies:

### Overseas business expansion

We've continued to develop our cross-border financial services. In 2020, despite the impact of the pandemic and the extremely volatile overseas operating environment, we still delivered favorable operating results as we leveraged our long-term overseas operating experience and international networks. Moving forward, we will continue to build on our overseas development strategies and establish a comprehensive cross-border financial platform by exploiting the shifting trends of the supply chains of

## Distribution of overseas locations

Taiwan branches **152**  
Overseas branches **116**



enterprises in various regions, deepening our cross-border services, and exploring international business opportunities in the capital market.

### Steady insurance profit growth

Since becoming part of CTBC Holding, Taiwan Life has grown into an important profit engine by leveraging the group's diverse channels and abundant resources, coupled with its continuous development of products that meet customers' needs and its agile investment and hedging strategies taken in line with changes in the financial market. In 2020, its after-tax net profit reached a record high of NT\$16.5 billion. To further improve its operating efficiency, Taiwan Life also integrated new technologies based on market demands and actively introduced digital services into its sales process to provide policyholders with faster, more comprehensive services.

The Financial Supervisory Commission has announced that Taiwan will adopt International Financial Reporting Standard No. 17 (IFRS 17) in 2026. Taiwan Life has since set up a task force to develop a response plan and initiate the

planning and development of an IT system to ensure stable and seamless integration.

### Continuous digital innovation

As a pioneer in the development of digital finance in Taiwan, CTBC Holding has a clear digital transformation blueprint. In addition to promoting the digitization of our business processes, we have also been actively developing innovative digital financial services. From the optimization of next-generation ATMs to AI-integrated products to voice assistants, every innovation is aimed at creating a better customer experience and making financial services more user-friendly and convenient. We are also committed to modernizing the core systems of our IT system infrastructure. Furthermore, professionals will be recruited so that our advantages in digital convergence are complemented with innovative thinking, thus ensuring the constant driving and expansion of our digital transformation.

## Business performance

### Key performance indicators

In 2020, CTBC Holding generated after-tax net income of NT\$42.855 billion, with a 11.53% rate of return on common shareholders' equity. Our performance in the remaining key performance indicators was also excellent, ranking top among Taiwan's financial companies.

	2020	2019	2018	2017	2016
<b>CTBC Holding</b>					
Capital adequacy ratio (%)	125.03	115.72	117.94	139.07	135.52
<b>CTBC Bank (consolidated)</b>					
Capital adequacy ratio (%)	14.61	13.84	14.12	14.47	14.00
Non-performing loans ratio (%)	0.49	0.34	0.43	0.41	0.63
Loan loss provision coverage ratio (%)	272.01	386.64	296.26	306.85	219.21

### Operating results

In 2020, the net revenue and after-tax net profit of CTBC Holding were NT\$194.41 billion and NT\$42.86 billion, respectively. Our earnings per share was NT\$2.15 and our capital was NT\$199.97 billion. Total assets grew by NT\$397.23 billion to reach NT\$6.62 trillion. The relevant financial information is disclosed below.

Unit: NT\$ million

Analysis item		2020	2019	2018	2017
<b>Basic financial information</b>	Total assets	6,616,667	6,219,435	5,753,248	5,340,734
	Shareholders' equity	405,311	381,220	315,148	320,984
	Net revenue	194,406	264,718	314,375	349,764
	Net profit after tax	42,855	42,882	36,035	37,224
<b>Operating capability</b>	Total assets turnover (times)	0.03	0.04	0.06	0.07
	Ratio of loans to deposits of banking subsidiary (%)	63.22	67.35	69.73	67.46
	NPL ratio of banking subsidiary (%)	0.23	0.17	0.22	0.21
	Average operating revenue per employee	9	13	16	17
	Average profit per employee (after tax)	2	2	2	2
<b>Profitability</b>	Return on assets (%)	0.67	0.72	0.65	0.73
	Return on common equity (%)	11.53	13.04	12.09	12.77
	Net profit margin (%)	22.04	16.20	11.46	10.64
	Earnings per share (NT\$)	2.15	2.16	1.85	1.91
<b>Financial structure</b>	Ratio of debt to total assets (%)	93.87	93.87	94.52	93.99
	Financial holding company's double leverage ratio (%)	115.24	115.63	118.36	116.39
<b>Scale of operations</b>	Market share by assets (%)	10.05	10.35	10.33	10.17
	Market share by net worth (%)	8.27	8.58	8.55	8.64
	Market share by deposits of banking subsidiaries (%) <sup>Note 1</sup>	6.33	6.19	5.94	5.78
	Market share by loans of banking subsidiaries (%) <sup>Note 1</sup>	5.59	5.61	5.50	5.31

Note 1: The market share of deposits and loans of CTBC Bank is on a non-consolidated basis.

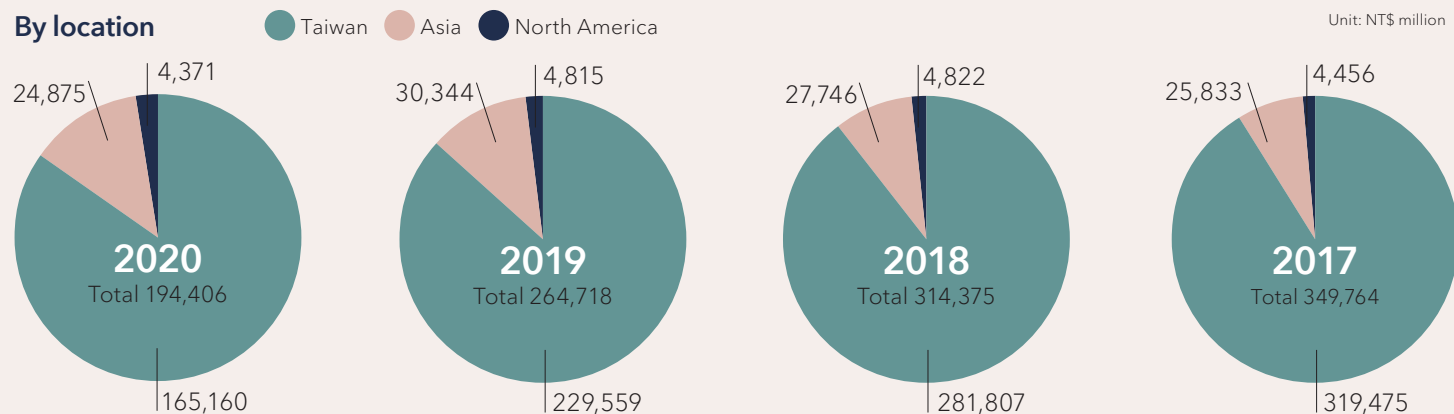
Note 2: Analysis of reasons for variations exceeding 20% of the financial ratios for the past two fiscal years:

1. The decline of the total asset turnover was mainly due to a decrease of net revenue and an increase of total assets in 2020.
2. The increase in the non-performing loans (NPL) ratio of the subsidiary bank was mainly due to an increase in non-performing loans amount in 2020.
3. The decrease in the average employee income and the increase of the net profit margin were mainly due to a decrease of net income in 2020.

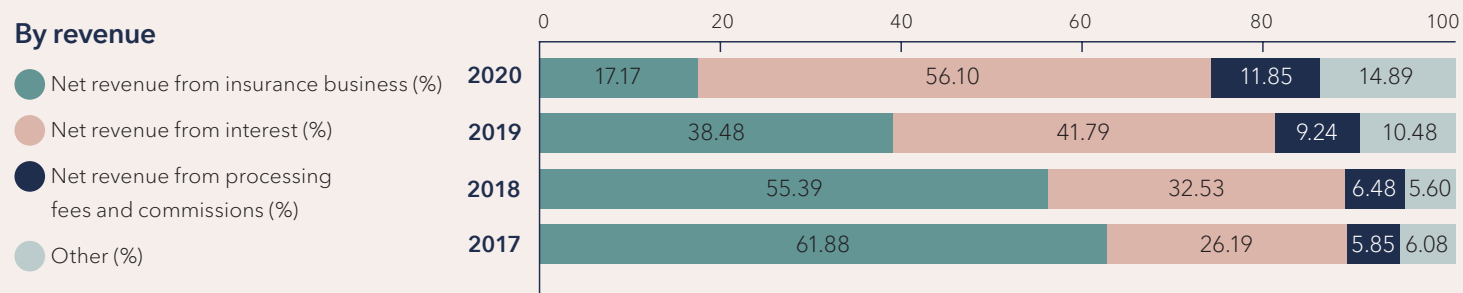
## Business performance

With Taiwan as its base, CTBC Holding has been expanding throughout Asia and North America. Moving forward, we are actively planning to open new overseas branches as part of our international development strategy.

### By location



### By revenue



### By industry

Unit: NT\$ million

Business category	2020		2019		2018		2017	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Insurance	97,662	50.24	162,729	61.47	222,158	70.67	262,340	75.00
Banking	93,135	47.91	99,424	37.56	90,152	28.68	85,441	24.43
Securities	2,232	1.15	1,621	0.61	1,296	0.41	1,347	0.39
Other	1,377	0.71	944	0.36	768	0.24	636	0.18
Total	194,406	100.00	264,718	100.00	314,375	100.00	349,764	100.00



### Credit ratings

The credit rating outlook for CTBC Holding and subsidiaries CTBC Bank, Taiwan Life, CTBC Securities, and CTBC Asset Management is "stable," which is a testament to the sound business development and risk management ability of CTBC Holding.

Company	Rating agency	Long-term	Short-term	Outlook	Publication date
CTBC Holding	Moody's	Baa1		Stable	Dec. 16, 2020
	S&P Global	BBB	A-2	Stable	Nov. 17, 2020
	Taiwan Ratings	twAA-	twA-1+	Stable	Nov. 17, 2020
CTBC Bank	Moody's	A2	P-1	Stable	Dec. 16, 2020
	S&P Global	A	A-1	Stable	Nov. 17, 2020
	Taiwan Ratings	twAA+	twA-1+	Stable	Nov. 17, 2020
Taiwan Life	S&P Global	BBB+	-	Stable	March 29, 2021
	Taiwan Ratings	twAA	-	Stable	March 29, 2021
CTBC Securities	Taiwan Ratings	twAA-	twA-1+	Stable	Sept. 28, 2020
CTBC Asset Management	Taiwan Ratings	twA+	twA-1	Stable	Aug. 3, 2020

### Shareholders' rights

We also prepare public prospectuses and annual reports, as required by regulations. These documents disclose our operational policies and financial information, thereby reducing the potential impact on investors of asymmetric information. Similarly, we maintain Investor Relations web pages in both Chinese and English. They allow users to make real-time inquiries and to access financial reports, annual reports, and other information related to our finances, business, corporate governance, and more. Furthermore, for shareholders and investors, the website offers timely announcements of major decisions by the Board of Directors and other major information disclosures. Furthermore, we file all required reports to the competent authorities in accordance with regulations. We also work hard to actively maintain our relationships with investors. In 2020, in response to the pandemic, we proactively conducted investor meetings and investor forums for both domestic and overseas investors via video and teleconferences to explain any potential changes to the Company's operation overview, financial performance, strategic development, and business operations. These meetings allowed us to maintain and even improve our communication with investors as well as to safeguard the rights and interests of our shareholders and stakeholders.

## Shareholder structure

CTBC Holding has issued three classes of shares, namely common shares, preferred shares B, and preferred shares C. The list of major shareholders, the proportion of shares held by various categories and the number of shares held are as follows:

### Major shareholders <sup>Note</sup>

As of April 13, 2021

Fubon Life Insurance Co., Ltd.	3.70%
Yi Kao Investment Co., Ltd.	2.40%
Labor Pension Fund	2.15%
CTBC Bank Trust Account for CTBC Financial Holding Employee Welfare Savings Committee	1.87%
China Life Insurance Co., Ltd.	1.81%
Hejia Investment Ltd.	1.70%
Nan Shan Life Insurance Co., Ltd.	1.59%
CTBC Bank Trust Account for CTBC Financial Holding and the Subsidiaries Employee Stock Ownership Trust	1.53%
Cathay Life Insurance Co., Ltd.	1.52%
Bank of Taiwan Co., Ltd.	1.52%

Note: Shareholders accounting for the 10 largest shareholding ratios are listed; the calculation of shareholding ratio includes common and preferred shares.

### Dividend distribution

We share the fruits of our success fairly with our shareholders. We calculate dividends by giving due weight to capital adequacy, future business growth, and shareholders' expectations of returns. Our dividend policy thus ensures stable growth as well as the trust of investors and other stakeholders.

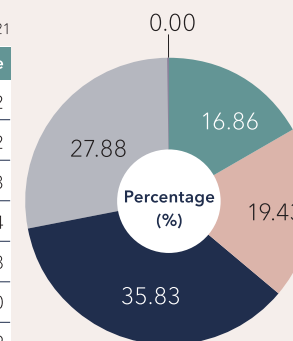
Unit: NT\$

Year	2020	2019	2018	2017
Cash dividends per share	1.05	1	1	1.08

Note: The year refers to the year in which earnings were generated.

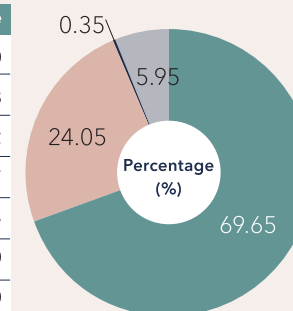
### Composition of common share holders <sup>As of April 13, 2021</sup>

Shareholder structure	Number of individuals (pax)	Share
Government agencies	8	3,012
Financial institutions	100	3,287,255,042
Other institutional investors	1,055	3,788,092,603
Foreign institutional & individual investors	1,986	6,985,375,254
Individuals	520,530	5,436,263,658
Treasury shares	0	0
<b>Total</b>	<b>523,679</b>	<b>19,496,989,569</b>



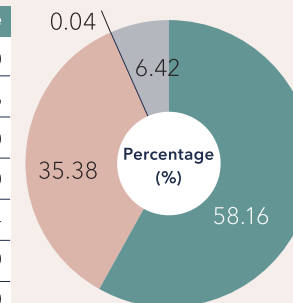
### Composition of preferred share B holders <sup>As of April 13, 2021</sup>

Shareholder structure	Number of individuals (pax)	Share
Government agencies	0	0
Financial institutions	27	232,151,688
Other institutional investors	97	80,162,572
Foreign institutional & individual investors	74	1,177,707
Individuals	33,582	19,838,033
Treasury shares	0	0
<b>Total</b>	<b>33,780</b>	<b>333,330,000</b>



### Composition of preferred share C holders <sup>As of April 13, 2021</sup>

Shareholder structure	Number of individuals (pax)	Share
Government agencies	0	0
Financial institutions	22	96,914,406
Other institutional investors	98	58,971,990
Foreign institutional & individual investors	62	68,560
Individuals	34,045	10,705,044
Treasury shares	0	0
<b>Total</b>	<b>34,227</b>	<b>166,660,000</b>



## Standing strong: Our response to COVID-19

### Standing by our customers and community

In 2020, the world was severely impacted by the COVID-19 outbreak. We acted quickly as the pandemic emerged, taking the initiative to understand and actively respond to the needs of our key stakeholders such as employees, suppliers, customers, and the community, and took timely preventive measures. With the well-being of our colleagues being our top priority, we adjusted operational measures and used our core businesses and innovative technologies to support the central government's pandemic prevention and response measures. This included launching numerous relief programs that the public and government alike could lean on during the crisis. We also used our position as one of Taiwan's most international financial institutions to assist local communities abroad in their fight against the pandemic.

### Ensuring smooth day-to-day operations

Immediately upon the onset of the COVID-19 outbreak, CTBC Holding was paying close attention to its affects in Taiwan and overseas. At the end of January 2020, we established a pandemic response team; with our Chief Administration Officer serving as its convener and with the goal of ensuring uninterrupted operations, the team directed and supervised all pandemic response measures across the group. On the eve of the Lunar New Year holiday in February, the Human Resources Department and General Administration Department jointly issued a travel and health advisory to remind colleagues to stay vigilant during the festive season against the spread of the virus. In addition, in response to the evolving pandemic situation, we progressively rolled out the following prevention measures:

#### Protection and health management for colleagues

- Dispatching of masks to front-line colleagues
- Daily temperature taking and health status tracking for colleagues
- Advocacy of pandemic prevention and regular reminders for colleagues on mask wearing, hand washing, and social distancing
- Implementation of pandemic prevention leave/ pandemic prevention care leave, including 14 days of paid leave for employees who are subjected to home quarantine
- Relocation of some employees to backup offices as pandemic prevention measures initiated in March
- Staggered working hours initiated in April, giving employees flexibility to choose from one of three shifts

#### Prevention of physical contact

- Restricted office access and avoidance of cross-department floor/building interactions
- Use of tele- or video-conferencing tools in place of physical meetings
- Adjustment of meeting/training formats
- Halting of all large-scale events and closure of gathering areas
- For the small number of external personnel who need to enter the office building, body temperature checking, CTBC Holding Pandemic Prevention Management Guidelines compliance, mask wearing, and health declaration required

During the outbreak, CTBC Bank went above and beyond to support those affected. More than 2,600 staff worked day and night to help roughly 280,000 workers receive relief loans. To express our gratitude for the hard work of these employees, we produced "A simple thank you | Our 91-day COVID-19 relief effort," a short film exploring the behind-the-scenes efforts of that difficult period.



A simple thank you |  
Our 91-day COVID-19  
relief effort

## Caring for our customers and their rights

To safeguard the rights and interests of our customers, CTBC Bank initiated response measures including in the areas of customer service, environmental disinfection, and infection prevention, all designed with reference to the Central Epidemic Command Center's Guidelines for the Continued Operation of Enterprises in Response to COVID-19 Outbreak and CTBC Holding's Contingency Plan for Major Infectious Diseases.

**In early February 2020, CTBC Bank launched deferred principal and interest payments of three to six months for anyone meeting the following criteria: people with a confirmed COVID-19 diagnosis, epidemic prevention-related medical personnel, people on forced unpaid leave, and representatives of companies that have seen a revenue drop of 15% or more.**

**In addition, policies helping individuals or enterprises affected by the outbreak were introduced, namely a 0.50% reduction in home loan interest rates (including the index interest rate), a 0.75% reduction of the interest rate of personal loans, and a 0.75% reduction of the revolving interest credit card rate (including the index interest rate). According to FSC data, as of Dec. 30, 2020, CTBC Bank had approved 12,157 applications for enterprises and individuals assistance.**

We also proactively responded to support the government's mask-ordering system by rolling out a promotion offering discounts for users who used a CTBC Bank digital account to purchase masks on the government's online mask pre-ordering system. Furthermore, as demand for food delivery as well as online shopping increased sharply during the pandemic, our bank also expanded its related promotions to meet the needs of customers.

Our insurance arm, Taiwan Life, has also launched three major care measures for policyholders affected by the pandemic, including multiple insurance products waiving the 30-day waiting period for compensation claims by insured COVID-19 patients. A one-time payment of NT\$50,000 is provided to individual insurance policyholders working as medical personnel in hospitals or clinics who contract COVID-19 in the course of their duties. Furthermore, all policyholders affected by the pandemic may defer principal or interest payments for home mortgages or car loans for three months.

## Service model changes and adjustments

### •Creating a digital platform for relief loan applications

Through our core businesses, we provided our full support for the government's pandemic response policies, particularly worker relief loans, corporate relief loans, and preferential interest rates and deferred payments for individuals and enterprises. Facing the extreme number of relief loan applications, CTBC Bank immediately set up a command center and got to work developing a fully digital platform that would allow applications to be easily filed online anytime, anywhere and by anybody.

In the first and second assessment phases of the FSC's Program for Encouraging Domestic Banks to Expedite Processing Relief and Stimulus Loans, CTBC Bank received excellent ratings in all segments for its relief program performance. It was also ranked sixth on The Asian Banker's online survey website, Bankquality.com, in the "Most Helpful Banks in Asia Pacific During COVID-19" category—the highest ranking among all Taiwanese banks.

### Rapid application review and processing

By utilizing an intelligent decision-making engine and robotic process automation, we developed a completely digital processing mechanism able to **process relief loan applications in an average of 1.5 minutes.**

### Most relief loans processed in Taiwan

As part of the Ministry of Labor's worker relief loan program, banks across Taiwan processed a total of 1,104,695 applications, of which CTBC Bank processed 283,888. This represented 25.7% and was the most of any bank, with 97% of these applications made online.

### • Providing zero-contact online financial services

#### CTBC Bank

With nearly half of the world's population on lockdown at some point during the outbreak, we provided zero-contact financial services for online reviewing, order placing, and wealth management in order to create new service models in this era of minimized physical contact:



#### Online reviewing

- Official wealth management LINE account serves as an exclusive digital wealth manager for customers
- The quick main menu links to real-time exchange rates, an investment overview, and more than 10 other financial services
- Provides daily investment research reports
- Provides weekly investment and wealth management news



#### Order placing

- "Quick Deal Service" function allows customers to have timely discussions on market conditions with their wealth managers despite physical distance
- Batch orders can be placed immediately after confirming the transaction conditions and associated risks, with investment positions able to be adjusted quickly



#### Wealth management

- Various smart wealth management tools, such as ROBOGO and Penny Piggy, give customers greater choice in financial instruments that match their unique needs, goals, and habits
- Established online wealth management service to provide customers with "no contact" tailored service

#### CTBC Securities

CTBC Securities continued to refine its fast and secure online account opening and trading services during the outbreak, significantly reducing the need for customers to visit branches in person:

- **The number of accounts opened online in 2020 reached 25,381, up from 23% in 2019 to 57% in 2020.**
- **The proportion of customers placing orders online was 86%, outperforming the market average of 74%.**

#### CTBC Investments

CTBC Investments held live broadcasts for investors every Tuesday night, inviting financial experts to provide insights regarding market conditions. Since March 2020, more than 40 such online activities have been held.

#### Reducing rental rates for our tenants

To ease the impact on businesses tenants located in CTBC Financial Park, CTBC Bank reduced their rents in accordance with the actual operating conditions. For three months starting April 1, 2020, the rent for these tenants was reduced by 8%-36%. In addition, in line with government policy, the rent for large and medium-sized commercial spaces, such as banquet halls and fitness centers, was reduced by up to 86%, with a total rent reduction of more than NT\$10 million, benefiting 28 businesses.

## Fighting the pandemic across borders

### •Taiwan: Community volunteering and charity assistance

Between February and May 2020, **some 200 CTBC Holding employees volunteered for over 800 hours after work and on their days off to assist the Ministry of Health and Welfare in its pandemic-response efforts.** They did so by helping distribute masks at government-contracted pharmacies in Taipei and New Taipei, by staffing the 1957 hotline, and by helping people to file relief requests. Furthermore, in view of the pandemic's impact on the fundraising of local social welfare groups, Taiwan Life partnered with the Chinese Christian Relief Association's 1919 Food Bank and launched a food package subscription initiative funded by donations by our staff. Within just a month, NT\$1,026,680 was raised from a total of 578 donors, providing timely assistance to underprivileged families who were the first to bear the brunt of the dip in fundraising.

### •Philippines: Face shields for front-line staff

In April 2020, as the COVID-19 outbreak grew more severe, staffs at our Philippine banking subsidiary were determined to continue providing banking services to their customers. This inspired them to hand make more than 100 protective face shields for colleagues working on the front line, such as counter staff, security guards, and property managers. Delivered to colleagues at numerous locations nationwide, such as Bonifacio Global City, Buednia-Pasong Tamong Tamo, Dela Costa Ayala, Rada, etc, this personal protective equipment and show of solidarity both provided protection from the virus and acted as a much-needed morale booster.

### •Japan: Putting smiles on faces

To lift spirits during the pandemic, our Japanese subsidiary, The Tokyo Star Bank, launched the Smile Project. For it, photos of new employees were collected and distributed so colleagues and the public could see the smile behind the now-ubiquitous face mask. The release of the photos created considerable buzz within the bank, and the project was covered by local media. We hope that even during the COVID-19 crisis, we can still inspire people through the power of a smile and offer employees warmth while igniting emotions.

### •India: We are One & We are There, solidarity through charity

The COVID-19 outbreak hit India particularly hard, and colleagues at our branch there launched spontaneous fundraising programs. All proceeds went directly to the Citizen Assistance and Relief in Emergency Situations Fund to support the local government in their fight against the pandemic.

## A tribute to those behind Taiwan's pandemic success

In June 2020, we launched "Our Ordinary Home," a short video celebrating Taiwan's successful battle against the pandemic. In doing so, it explores how history has shaped this same fighting spirit has been fostered throughout the country's modern history, tying this national solidarity into CTBC Holding's "We are family" brand spirit. By honoring the strength of ordinary members of the public, the widely shared video served as a timely reminder that when everyone is united, there is hope. Taiwan's outstanding performance in containing the virus can be attributed to the health care and long-term care workers who carried out their duties with distinction during the pandemic, working with dedication to provide holistic and high-quality medical care. As a tribute to these unsung heroes who contributed silently for Taiwan, CTBC Capital gave its portfolio company, All U People Theatre, a hand to stage a theater production "Class Reunion," running seven performances across north, central, and southern Taiwan. Taiwan Life invited some 1,000 health care and long-term care workers to watch the shows. Taiwan Life was also keenly aware of the hard work of long-term care workers during the peak of the pandemic and launched a motivation and appreciation campaign. Twenty-four organizations were invited to participate in a video shoot for the project. In less than three days of being released, the video received tens of thousands of views.



Our ordinary home |  
Every little moment is  
precious



Taiwan Life long-  
term care worker  
appreciation project

# Sustainable operations

## Sustainability strategy

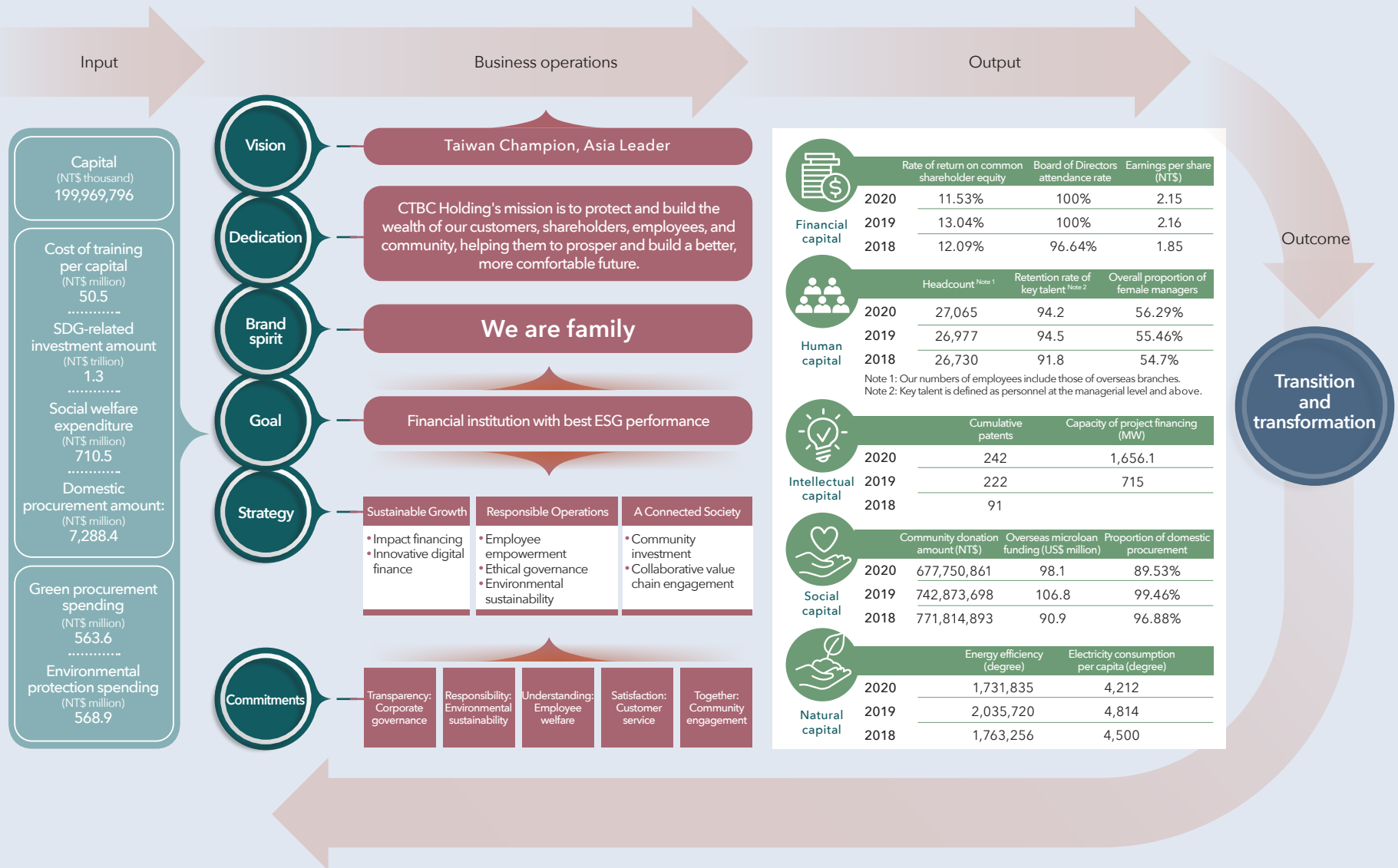
As one of the leading financial institutions in Asia, CTBC Holding adopts a sustainability strategy guided by the three pillars of "Sustainable Growth," "Responsible Operations," and "A Connected Society," and follows through on its "TRUST" commitment—an acronym we coined to emphasize the importance of corporate governance (T)ransparency, environmental sustainability (R)esponsibility, employee welfare (U)nderstanding, customer service (S)atisfaction, and community engagement (T)ogether). And, in addition to proactively responding to the U.N. Sustainable Development Goals (SDGs), CTBC also promotes the low-carbon economy and inclusive finance as well as implement sustainable operations through low-carbon transition and sustainability transformation.

### Our sustainability strategy



# Sustainability value creation process

We referenced the IIRC's International Integrated Reporting Framework and extended our development strategy according to our key capital in order to guide our sustainable management.





## Sustainable governance and management

With the support of its employees and according to the guiding principles of its Ethical Corporate Management Best Practice Principles, Code of Corporate Social Responsibility, Corporate Governance Best Practice Principles, and Procedures for Ethical Management and Guidelines for Conduct, CTBC Holding is committed to working toward the SDGs and to balancing corporate growth and stakeholders' rights with the sustainable development of the environment and the community. To this end, in 2020, our Board of Directors adopted the Sustainability Management Policy.

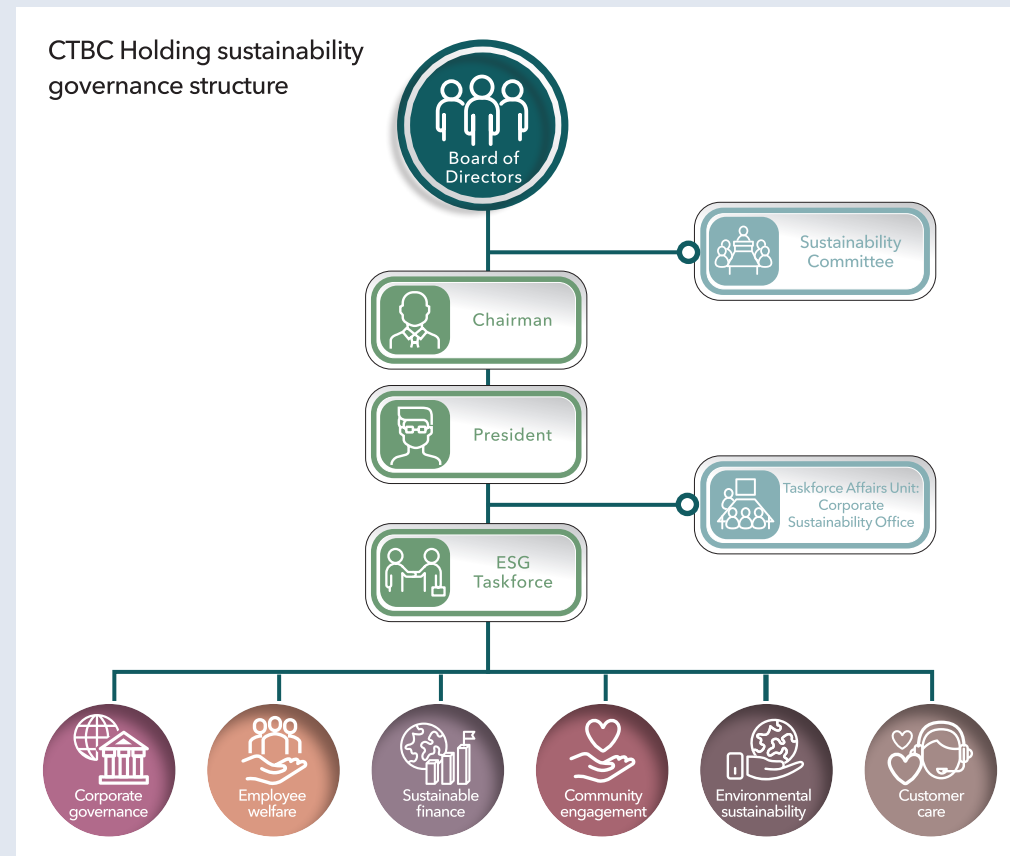
Also in 2020, to refine our sustainability agenda, we carried out an organizational restructuring of our related operations. We have since adopted a world-class three-tier sustainability management structure. The first tier, namely the Sustainability Committee, acts as the highest supervisory unit. The second tier is the ESG Taskforce, which comprises senior executives and is responsible for implementing sustainability management. It is supported by the third tier, the Corporate Sustainability Office, which promotes sustainability strategies and initiatives.

### Sustainability governance

To strengthen the supervision and management functions of the Board of Directors on sustainability issues, the Sustainability Committee was upgraded to a functional committee in June 2020. With all members being independent directors (namely independent directors of CTBC Holding and one independent director of Taiwan Life), it meets at least twice a year to review and approve the Company's annual plan and strategic direction and to supervise and appraise the effectiveness of implementation of various sustainability initiatives; it also reports regularly to the Board on the Company's sustainability strategy and annual results. It has submitted the status of ESG implementation and sustainability performance in 2020 to the Board of Directors.

### Sustainability management structure

The ESG Taskforce, headed by the President of CTBC Holding, leads the management teams of the subsidiaries to establish initiative teams in accordance with six key aspects of corporate governance, environmental sustainability, employee welfare, sustainable finance, community engagement, and customer care, in order to manage the corresponding issues and formulate action plans. Regular meetings are held



every quarter to monitor and manage the objectives and processes of each initiative team to facilitate the success and evaluation of sustainability initiatives.

In addition, external experts are invited from time to time to share their insight on sustainability-related topics. For example, in 2020, external consultants gave a seminar on "The financial impact of climate change and low-carbon finance" to keep the taskforce up to date with the latest international trends. The Corporate Sustainability Office, established in March 2020, reports directly into the President of CTBC Holding and is responsible for coordinating and promoting the sustainability strategies and improvement plans of CTBC Holding and its subsidiaries.

## Stakeholder engagement

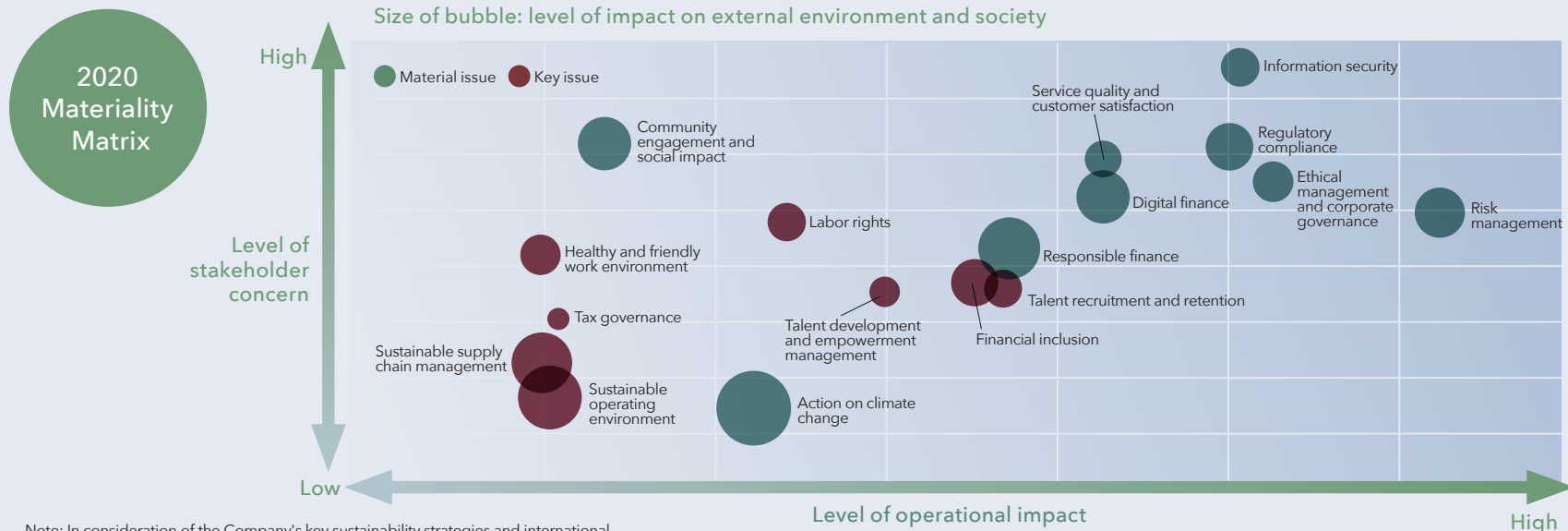
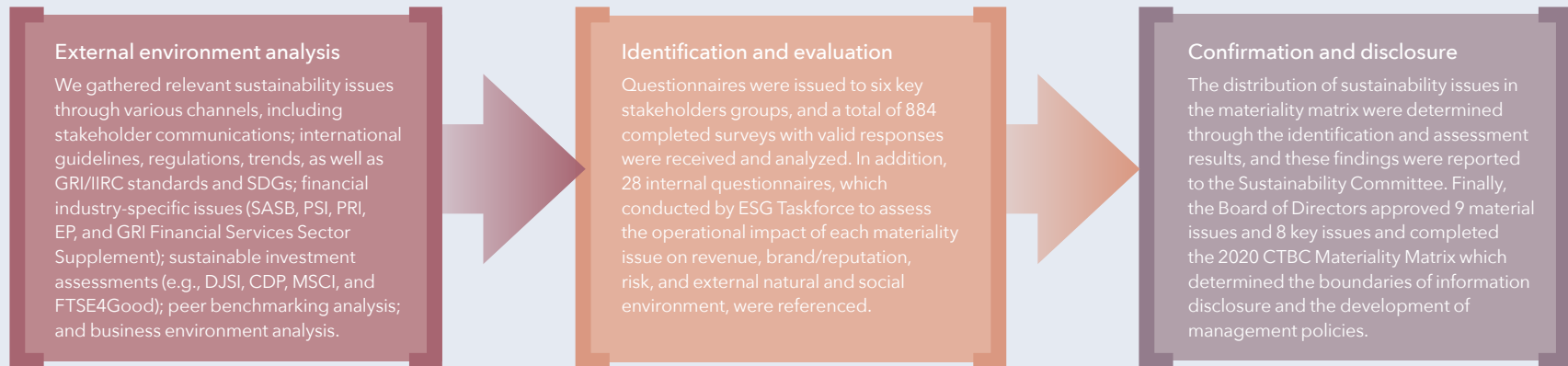
The Company adopted the AA 1000 Stakeholder Engagement Standard to identify its six key groups of stakeholders, namely customers, investors, government, community, suppliers, and employees, and it established multiple open communication channels to gather, analyze, and communicate issues of concern to these stakeholders. In addition, to help stakeholders understand how CTBC Holding implements corporate sustainability, the ESG Taskforce incorporates their concerns into the annual corporate sustainability plans as well as its daily operations.

Stakeholder	Value enhancement	Communication channels and frequency	Corresponding material sustainability issues
Customers	<ul style="list-style-type: none"> <li>Innovative customer experience</li> <li>Provision of convenient products and excellent service, raising of customer satisfaction level</li> <li>Raise financial inclusion</li> </ul>	<ul style="list-style-type: none"> <li>Voice of the customer collection / anytime</li> <li>24-hour toll-free customer service hotline, voice over internet protocol (VoIP), and online customer service mailbox / anytime</li> <li>E-newsletters / monthly</li> <li>Customer care committee / monthly</li> <li>Customer satisfaction surveys / regularly</li> <li>Financial briefings / annually</li> <li>Public lectures / as needed</li> <li>Professional insurance consulting services provided through the official website of our subsidiary Taiwan Life / anytime</li> </ul>	<ul style="list-style-type: none"> <li>Service quality and customer satisfaction</li> <li>Digital finance</li> <li>Information security</li> <li>Ethical management and corporate governance</li> <li>Financial inclusion</li> </ul>
Investors	<ul style="list-style-type: none"> <li>Transparent information disclosure</li> <li>Consideration of long-term value for shareholders</li> </ul>	<ul style="list-style-type: none"> <li>Investor information via Chinese and English websites / anytime</li> <li>Investor Relations section of corporate website / anytime</li> <li>Announcements of business performance / monthly</li> <li>Investor briefings / quarterly</li> <li>General shareholder meetings / annually</li> </ul>	<ul style="list-style-type: none"> <li>Ethical management and corporate governance</li> <li>Regulatory compliance</li> <li>Responsible finance</li> <li>Action on climate change</li> </ul>
Government	<ul style="list-style-type: none"> <li>Regulatory compliance</li> <li>Tax payment</li> <li>Provision of consultation on the enactment of laws and regulations and compliance with laws and regulations</li> <li>Strengthening of climate governance</li> </ul>	<ul style="list-style-type: none"> <li>Provision of relevant information required for supervision and auditing by the government / as needed</li> <li>Advice and participation in relevant government meetings / as needed</li> <li>Establishment of internal norms in accordance with the laws and regulations promulgated by the competent authorities, strengthening of corporate governance, and implementation of ethical management</li> </ul>	<ul style="list-style-type: none"> <li>Ethical management and corporate governance</li> <li>Regulatory compliance</li> <li>Risk management</li> <li>Responsible finance</li> <li>Tax governance</li> <li>Action on climate change</li> </ul>
Community (NGOs/NPOs)	<ul style="list-style-type: none"> <li>Respect local cultures</li> <li>Participate in local charity events</li> </ul>	<ul style="list-style-type: none"> <li>Participate in symposiums / as needed</li> <li>Hold lectures / as needed</li> <li>Hold press conferences / as needed</li> <li>Sponsor arts, sports, academic, and environmental activities / as needed</li> <li>Hold charitable events / annually</li> </ul>	<ul style="list-style-type: none"> <li>Community engagement and social impact</li> <li>Financial inclusion</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Fair purchasing</li> <li>Elevate ESG awareness and performance</li> </ul>	<ul style="list-style-type: none"> <li>Supplier meetings / annually</li> <li>Business briefings and price-negotiation meetings / as needed</li> <li>On-site inspections for employee health and safety / as needed</li> <li>Supplier risk survey</li> </ul>	<ul style="list-style-type: none"> <li>Risk management</li> <li>Regulatory compliance</li> <li>Healthy and friendly work environment</li> <li>Sustainable supply chain management</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Respect for human rights</li> <li>Fair treatment</li> <li>Employee health</li> </ul>	<ul style="list-style-type: none"> <li>Sales representative phone and email complaint lines / anytime</li> <li>Internal circulation of the People and Matters e-newsletter / monthly</li> <li>Mobilization meetings / quarterly</li> <li>Ethical management training / annually</li> <li>Employee health seminars / as needed</li> <li>Employee communication and complaint channels / as needed</li> <li>Employee satisfaction and organizational climate surveys / as needed</li> </ul>	<ul style="list-style-type: none"> <li>Talent recruitment and retention</li> <li>Talent development and empowerment management</li> <li>Labor rights</li> <li>Healthy and friendly work environment</li> <li>Ethical management and corporate governance</li> </ul>

## Materiality analysis

### Material sustainability issue analysis process

Based on GRI standards, CTBC Holding developed systematic analysis methods, established three key stages, namely "external environment analysis," "identification and evaluation," and "confirmation and disclosure," to determine the material sustainability issues as a basis for annual information disclosure and corporate sustainability governance.



Note: In consideration of the Company's key sustainability strategies and international sustainability trends, "Action on climate change" is now listed as a material issue.

## Material issues, GRI topics, and boundaries of impact

For the identified material issues, the corresponding GRI topics and boundaries of impact are listed in the following table, and the relevant management policies and measures are stated in the corresponding chapters:

Material issue	Corresponding GRI topic	Location of economic, environmental, and social impact						Corresponding chapter
		Internal	External					
		Direct impact on CTBC Holding and subsidiaries	Direct connection due to business relationship(s) with CTBC Holding and its subsidiaries		Indirect impact on CTBC Holding, its subsidiaries, and foundations			
			Suppliers	Customers	Government	Community	Investors	
Risk management	GRI 201: Economic Performance	●	●	●	●		●	Ethical governance
Regulatory compliance	GRI 419: Socioeconomic Compliance and GRI 307: Environmental Compliance	●			●			Ethical governance
Ethical management and corporate governance	GRI 205: Anti-corruption	●	●	●	●		●	Ethical governance
Digital finance	GRI 203: Indirect Economic Impacts	●		●				Innovative digital finance
Responsible finance	GRI 203: Indirect Economic Impacts and GRI G4 Product service related	●		●	●		●	Impact financing
Information security	GRI 418: Customer Privacy	●		●	●		●	Ethical governance
Service quality and customer satisfaction	GRI 417: Marketing and Labeling	●		●				Impact financing
Action on climate change	GRI 201: Economic Performance	●		●	●		●	Task Force on Climate-related Financial Disclosures
Community engagement and social impact	GRI 203: Indirect Economic Impacts	●	●			●		Community investment

## Ethical governance

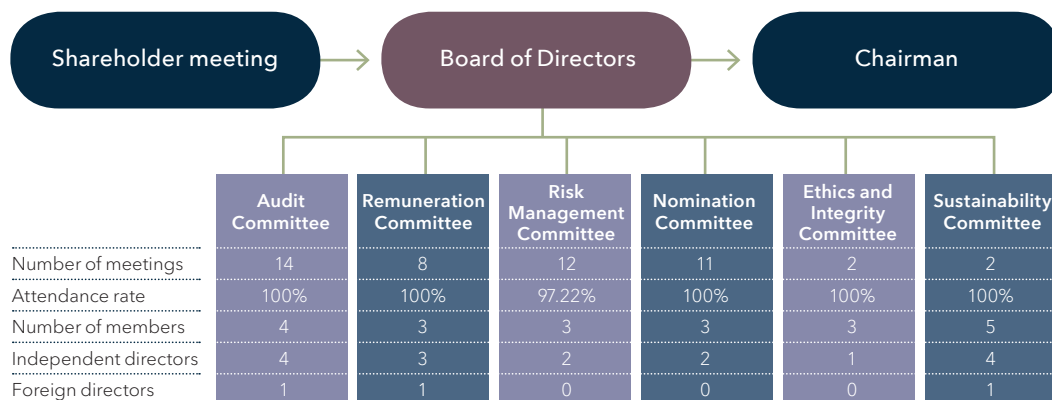
CTBC Holding has in place policies to promote director diversity as well as strengthen the professionalism and independence of its directors. By strengthening our corporate governance, regulatory compliance, risk management, and information security while integrating fintech to create a secure and fertile business environment, CTBC Holding is establishing an open and transparent governance system as the foundation for sustainable business development. Our performance in corporate governance was well recognized home and abroad in 2020, emerging in the top 5% of performers in the annual Taiwan Stock Exchange (TWSE) Corporate Governance Evaluation System. Refer to the corporate governance recognition on our Investor Relations website for more information.

Action plan	2020 performance	2021 goals
 Corporate governance and ethical management	<ul style="list-style-type: none"> <li>Became the first financial holding company in Taiwan to have independent directors comprise more than half of its Board members. In 2020, the Board held 15 meetings, and the average attendance rate was <b>100%</b></li> <li>Conducted the annual ethical management education and training for a total <b>22,466 person-time</b> of directors, supervisors, managers, and employees (excluding temporary employees) of the Company and its subsidiaries via written, online learning, and email methods</li> <li>Established the <b>Sustainability Committee</b> and reinforced the linkages between the Board and corporate sustainability</li> </ul>	<ul style="list-style-type: none"> <li>Maintain the diversity and independence of the Board by having a majority of seats taken by independent directors</li> <li>Continue to organize ethical management education and training, maintain a 100% training rate, and achieve a 95% training completion rate for the group</li> <li>The President and senior managers of CTBC Holding and each subsidiary set sustainability performance linked MBO at 2% or more to achieve effectiveness of corporate sustainability management</li> </ul>
 Regulatory compliance	<ul style="list-style-type: none"> <li><b>100%</b> completion rate for AML/CFT education and training</li> <li><b>100%</b> reporting rate for material penalties</li> </ul>	<ul style="list-style-type: none"> <li>Enhance the compliance and AML/CFT education and training program for new employees</li> <li>Strengthen the alerting mechanism for material compliance issues</li> <li>Leverage emerging technologies to reduce paper use to improve compliance management efficiency as well as implement sustainable environmental protection</li> </ul>
 Risk management	<ul style="list-style-type: none"> <li><b>98.54%</b> coverage rate for new supervisors in risk-related education and training</li> </ul>	<ul style="list-style-type: none"> <li>Continue to implement risk-related education and training for new supervisors</li> </ul>
 Information security	<ul style="list-style-type: none"> <li><b>100%</b> completion rate for the bank, insurance, securities, trust, and lottery subsidiaries in information security- and personal data-related education</li> <li>No occurrence of major information leakage for key bank, insurance, securities, or lottery subsidiaries</li> </ul>	<ul style="list-style-type: none"> <li>100% completion rate for information security- and personal data-related education</li> </ul>

## Corporate governance and ethical management

### Corporate governance structure

CTBC Holding has six functional committees, namely the Audit Committee, Remuneration Committee, Risk Management Committee, Nomination Committee, Ethics and Integrity Committee, and Sustainability Committee. They assist the Board of Directors in its operations and business decision-making. The Company has also established a Corporate Governance Officer (CGO) in accordance with standards promulgated by the competent authorities. The main responsibilities of the CGO include handling matters related to Board and shareholder meetings in accordance with the law, preparing the minutes of these meetings, assisting directors in their appointment and continuing education, providing information necessary for directors to carry out their duties, assisting directors to comply with laws and regulations, and other matters as determined by the Articles of Incorporation or contract of the Company.



#### • Independence and conflicts of interest

CTBC Holding was the first financial holding company in Taiwan to have independent directors comprise more than half of its Board members. **The Board currently comprises seven directors, of whom four are independent directors, accounting for 57% of the seats.** The average term of the current seven directors is 4.04 years. In 2020, 15 Board meetings were held with **attendance rate of 100%**. In addition, to further ensure the Board's independence, our Corporate Governance Best Practice Principles specify that the term of office of independent directors may not exceed three terms.

Directors uphold a high degree of self-discipline in order to fulfill their commitment to operating with integrity and to complying with policies and regulations to prevent conflicts of interest. In accordance with the Company's Rules of Procedure for the Board of Directors and other relevant regulations, if any director or judicial person that a director represents has a personal interest in a matter under discussion which may damage the Company's interests, they should voluntarily recuse themselves regarding a matter, or a Board resolution requires them to recuse themselves regarding a matter, the material details of the potential conflict of interest shall be stated and the person in question shall rescue themselves from the related discussion and voting and shall not exercise their voting rights as a proxy on behalf of another director.

#### • Board diversity

CTBC Holding actively recruits external directors to sit on its Board of Directors. **Board members do not hold concurrent management positions in the Company.** Through the director nomination

process and Rules for Director Elections, the Company recruits outstanding talent from different backgrounds who possess excellent leadership and vision in fields and areas. By the same token, basic demographic criteria such as gender, age, nationality, and culture are also considered in terms of diversity. To further strengthen the capabilities of its subsidiaries' Boards, CTBC Holding has formulated the Operating Guidelines for Appointment of Directors and Supervisors for Subsidiaries. The guidelines require the members of the Board to be rigorously evaluated by the Nomination Committee with respect to their professional capacities in accordance with the nature of each subsidiary's industry, and for the committee to determine their optimal deployment. **Looking ahead, we plan to aggressively pursue gender diversity by recruiting additional suitable, outstanding women to serve as directors; currently, CTBC Holding subsidiary CTBC Securities has one female independent director, and CTBC Investments has one female director.**

#### • Succession planning

CTBC Holding evaluates candidates in consideration of criteria such as familiarity with the Company's corporate culture and business controls as well as their own expertise in the management of subsidiaries, in addition to their professional qualifications and experience. We recruit professionals in the financial industry or government-industry-academic circles in accordance with our development blueprint. When a candidate is an incumbent Board director or a director at a subsidiary, we also refer to the results of relevant Board performance evaluations. For further details, refer to the Succession Planning for Board Members and Management Positions policy on our Investor Relations website.

## Board director skills and experience

Criterion		Name	Wen-Long Yen	Chao-Chin Tung	Thomas K.S. Chen	Shih-Chieh Chang	Sheng-Yung Yang	Chih-Cheng Wang	Cheung-Chun Lau
Basic composition	Nationality		R.O.C.	R.O.C.	R.O.C.	R.O.C.	R.O.C.	R.O.C.	U.K.
	Gender		♂	♂	♂	♂	♂	♂	♂
	Age	50-70				●	●	●	●
		Over 70		●	●				
	Tenure of independent director	3 years or less					●	●	●
More than 3 years					●				
Professional capacity	Operational judgment abilities		●	●	●				
	Accounting and financial analysis abilities				●		●		●
	Management and administration abilities		●	●	●	●		●	
	Industry knowledge		●	●	●	●	●	●	●
	International market perspective		●	●	●	●	●	●	●
	Leadership skills		●	●	●	●	●	●	●
	Decision-making skills		●	●	●	●	●	●	●
	Risk management skills				●	●			
Legal professional							●		



Board diversity



Board members

## Board performance

## • Continuing education

All CTBC Holding directors participate in continuing education every year, in accordance with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies, in order to more deeply understand emerging trends in corporate governance, CSR, and risk management. In 2020, we arranged for directors to attend the Practices and Corporate Governance for Boards of Directors and Supervisors seminar. The course topics included Reflections on and Forecasts for Anti-Money Laundering Risk Management as well as Corporate Governance Practice Development and Corporate Intellectual Property Management Strategies. CTBC Holding directors attended for an average of 6.43 hours, meeting statutory training hour and director continuing education requirements, as disclosed on the Market Observation Post System (MOPS) and our corporate website.

## • Performance evaluations

To further improve the performance of the Board of Directors, in accordance with the Regulations Governing Board Performance Evaluations, performance evaluations of the Board of Directors as a whole, individual Board member, and functional committee members are conducted on an annual basis. Evaluation results are categorized into four tiers: significantly above average, above average, average, and room for improvement. In addition, **an independent performance evaluation of the Board was conducted by external experts every three years**, with the results presented

to the Board for future reference in refining its operation and selecting or nominating directors (including independent directors). Similarly, the results of directors' individual performance evaluations are used as a reference for determining their respective remuneration.

In 2020, the internal performance evaluation period for the Board was Nov. 1, 2019, to Oct. 31, 2020. The appraisal results for all directors were "significantly above average" (the highest tier). EY Business Advisory Services Inc. conducted an external evaluation of the Board in 2019, the method and results of which are disclosed on our website. The next external performance evaluation will be conducted within the period specified in the Regulations Governing Board Performance Evaluations.

#### **Director and executive remuneration system**

##### **• Director remuneration**

Our director remuneration policy is formulated based on two internal policies, namely the Non-Independent Directors Remuneration Policy and the Independent Directors Remuneration Policy. Director remuneration is determined with reference to market remuneration survey data and financial industry standards. The importance of individuals to the Company's business performance and risk management is also taken into consideration by assessing their personal performance, the time they have invested in the Company, the responsibilities they have undertaken, and their contributions to the achievement of the Company's short- and long-term business targets as well as to the Company's financial position. Director remuneration is reviewed and approved by the Remuneration Committee and the Board of Directors. The Company reviews its remuneration systems in due course according to business operations and relevant laws and regulations, and it endeavors to maintain a balance between sustainable management and risk control.

##### **• Executive remuneration**

CTBC Holding and its subsidiaries have formulated the Remuneration Policy

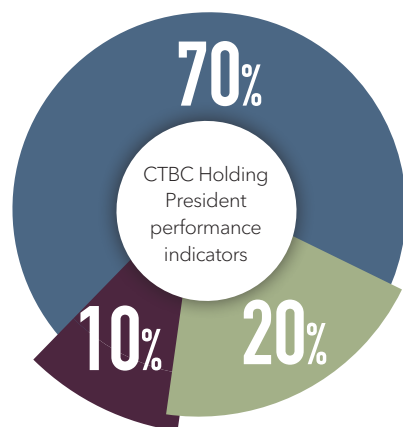
for Senior Executives and Managers, which ensures executives' compensation packages are designed with reference to market salary survey data and submitted to the Remuneration Committee and the Board of Directors for approval. The remuneration of executives includes fixed pay and variable pay. In addition to ensure that the MBO of executives are closely aligned with the short- and long term business targets of the Company and the interests of its shareholder, the principle of the remuneration policy is to offer competitive fixed pay in addition to a fair distribution of variable pay based on Company operations and individual performance. We also conduct an annual market competition analysis to verify that our remuneration is above the market average and aligned with our market positioning. Variable pay generally accounts for a higher percentage of total remuneration than does fixed pay and comprises long-term incentives. Executives are also rewarded for long-term performance with the Company in the form of stocks or stock appreciation rights, which are granted gradually rather than given in full in one year. As their actual value is linked to the price of stocks in the future, recipients share the Company's operational risks.

##### **• President, senior executive and manager remuneration structure**

Managers' remuneration is provided in accordance with practical requirements. Their wage levels are set according to their experience, professional abilities, management functions, and positions. Performance objectives, such as financial and operational indicators, corporate sustainability indicators, and internal control and legal compliance implementation, are also taken into consideration.

**Starting in 2021, with the aim of encouraging senior managers to work together to drive corporate sustainability development further, the presidents of CTBC Holding and its subsidiaries, as well as their functional heads and other key senior managers related to ESG, have set at least 2% of the ESG related MBO upon their annual performance appraisal, thus ensuring the achievement of our ESG targets.**





#### Financial and operating indicators

- Manage and achieve profitability indicators (e.g., ROA, ROE, EPS, and efficiency ratio), relative financial indicators (external assessment results compared to global financial peers regarding business performance, risk tolerance level, and sustainability development)
- Planning and implementation of projects/ business models/directions and strategies or strategic investments

#### Other indicators

- Implementation of internal control (including information security)
- Implementation of legal compliance

#### Corporate sustainability indicators

- Represent CTBC Holding to establish and maintain corporate relations and enhance corporate image
- Facilitate and enhance environmental, social, and corporate governance

#### • After-tax net profits paid to directors (including independent directors), the President, and vice presidents

The remuneration paid by CTBC Holding and all companies in the consolidated financial statement to CTBC Holding's directors, President, and vice presidents in 2020 totaled NT\$796,261,000 (accounting for approximately 1.86% of the net income after tax in 2020). The total remuneration paid in 2020 decrease 39.91% from that paid in 2019, which was NT\$1,325,045,000; this decrease was mainly caused by a fall in the estimated market value of stock appreciation rights.

#### Ethics and integrity

##### • Ethics management regulation and educational training

To implement business ethical management, we have in place Ethical Corporate Management Best Practice Principles, Procedures for Ethical Management and Guidelines for Conduct, Corporate Governance Best Practice Principles, a Code of Ethical Conduct, and a Code of Conduct. The status of ethical management, cases of the Company and its subsidiaries in violation of ethical management standards, and other related matters are reported to the Ethics and Integrity Committee and the Board of Directors biannually. Furthermore, in accordance with the Ethical Corporate Management Best Practice Principles, directors and senior executives are required to issue the Declaration of Compliance with Ethical Corporate Management Standards in order to foster the Company's culture of ethical management.

In 2020, we have conducted a total of 22,466 person-times ethical management education and training for directors, supervisors, managers, and employees (excluding temporary employee) of the Company and its subsidiaries via written, online learning, and email methods. Through such training—complementing our corporate governance and internal audit and control mechanisms—our staff grow their understanding of ethical management policies, operating procedures, and anti-corruption requirements as well as the consequences of dishonest behavior, in turn helping them build a culture of ethical management. We also conduct relevant training when new directors or supervisors take office and during onboarding for new employees.

##### • Stakeholder communication and whistleblowing channels

Our website has a designated section for communication with stakeholders, encouraging them to share their expectations and requirements with us. It provides multiple ways for each stakeholder group to reach out to us, including through our spokesperson, deputy spokesperson, Audit Committee convener, Investor Relations Department, securities transfer agent, and customer service lines. Internally, employees may offer their input through multiple channels, namely email, phone, and post.

CTBC Holding has established "Procedures for Handling Reporting of Illegal and Unethical or Dishonest Conduct". The Procedures assign the Compliance Department as the contact window for whistleblowing reports, and a dedicated committee has been set up to

investigate and review these reports. Information regarding closed cases is reported to the Ethics and Integrity Committee on a half-yearly basis. To protect whistleblowers' right to work, the aforementioned procedures clearly stipulate the confidentiality obligations of those who handle and investigate whistleblowing cases and prohibit any adverse treatment of whistleblowers. Those accused of wrongdoing are provided with the opportunity to respond to allegations during investigations. If an investigation finds that there has been a breach of ethical conduct, the accountable person is punished in accordance with relevant internal policies, and reviews are conducted as necessary to improve our operation or management systems.

We provide various whistleblowing channels, including email, phone, and post, through which illegal and unethical or dishonest conduct may be reported, and reports can be made anonymously. Our website provides a reporting form for whistleblowers to submit reports as well as discloses the protections and rewards available for whistleblowers. Through the whistleblowing mechanism, we aim to foster an ethical and transparent corporate culture.

In 2020, a total of 17 cases were reported through the whistleblowing channels. Five of the reports were confirmed to be substantiated, and all cases were handled in accordance with relevant provisions.

#### • Political contributions

CTBC Holding's Donation and Sponsorship Regulations require that all donations and sponsorships must satisfy ethical management, ethical conduct, and Company regulations. Relevant principles include (1) that donations and sponsorships of public welfare be included within the budget and (2) that, to ensure healthy corporate governance, the Company's donations to political parties, stakeholders, and public welfare organizations are regularly disclosed to the public.

CTBC Holding did not make any political contributions in 2020.

## Regulatory compliance

### Management mechanism and current status

CTBC Holding actively monitors the changes in the financial and statutory environment and is committed to establishing a good regulatory compliance culture. The table

below details our compliance management mechanisms and the effectiveness of their implementation in 2020.

Area	Implementation results
Supervision and management by the Board of Directors and the Audit Committee	<ul style="list-style-type: none"> <li>The Compliance Department report biannually to the Audit Committee and the Board on compliance implementation status and follow-up implementation plans, including AML/CFT matters. In the case of any material penalties or major compliance deficiencies, the Compliance Department shall report to the Board of Directors in a timely manner</li> <li>Subsidiaries conduct regular ML/FT assessments, and report the assessment results and improvement plans to their Boards of Directors</li> <li>CTBC Bank, Taiwan Life, and CTBC Securities completed compliance risk assessments in March and April 2020, and the assessment results and optimization measures were reported to their Boards</li> </ul>
Coordination and communication on compliance	Biannual meetings are organized for the compliance officers of each department of CTBC Holding. In addition, bi-monthly communication and coordination meetings for compliance officers (or personnel) of CTBC Holding and its subsidiaries are held to ensure the consistency of opinions within the Group
Management of regulatory changes	<ul style="list-style-type: none"> <li><b>Effectiveness of compliance mechanisms</b> In 2020, in order to implement organizational management and in consideration of the differing industrial attributes of subsidiaries, the Board of Directors adopted a risk-based approach stipulating that when there are no specific requirements in the applicable laws, CTBC Holding subsidiaries may designate suitable compliance officers as needed</li> <li><b>Strengthened compliance with global financial regulations</b> In response to the Volcker Rule revised by the U.S. government in 2020 and effective in 2021, CTBC Holding completed the review and revision of its internal policies in 2020 and established control points and notification procedures to ensure operational compliance</li> <li><b>Communication and review of regulatory changes</b> On a daily basis, the Compliance Department communicates external regulatory changes to relevant departments and tracks their follow-up actions on a monthly basis. The Compliance Department also assists various units to revise relevant internal policies in a timely manner to ensure that operating activities comply with laws and regulations. In 2020, a total of 13 internal compliance-related policies (e.g., regarding insider trading, the reporting of penalties, and the transaction management of interested parties) were revised</li> </ul>
Compliance self-evaluation	Business units and subsidiaries under CTBC Holding are required to conduct compliance self-evaluations every six months to ensure that their businesses and operations comply with regulatory requirements
Compliance education and training	<ul style="list-style-type: none"> <li>The Chief Compliance Officers (or personnel), Compliance Department personnel, and the compliance officers of each CTBC Holding department must have completed a 30-hour training program and passed an exam upon onboarding or being appointed, as required by the regulations. Subsequent on-the-job training of at least 15 hours each year is also mandatory. <b>A total of 1,873 hours of training were conducted in 2020 in this regard</b></li> <li>In addition to actively attending courses by external training institutions (e.g., the Taiwan Academy of Banking and Finance, Taiwan Insurance Institute, Securities and Futures Institute, and Institute of Financial Law and Crime Prevention), seminars were also organized based on actual needs to invite experts, lawyers, and accountants from relevant areas to enrich the professional knowledge and abilities of internal personnel</li> </ul>
Appraisal of effectiveness of compliance implementation	After the Chief Compliance Officer of CTBC Holding reviewed the 2020 appraisal results for the compliance implementation of each unit, the results were then submitted to the President for reference in determining the final performance result of each unit as well as to HR departments for annual performance administration. Additionally, to realize functional compliance reporting, the compliance officer of the parent company conducted corresponding appraisals of subsidiaries' compliance officers (or personnel) in accordance with the status of each subsidiary's compliance implementation

### Employee Code of Conduct

We have established a Code of Conduct as our foundation of employee conduct. The Code of Conduct includes various items that employees are required to obey, including regarding business ethics, legal regulations, employee relationships, gift receiving, client privacy protection, intellectual property rights, money-laundering prevention, discrimination, bribery, conflicts of interest, protection of Company assets and reputation, and support of human rights protections. The code stipulates the legal norms and other obligations that employees are requested to comply with, serving as a commitment that all employees take upon coming on board. Through the consolidation of the business units and implementation units, as well as the monitoring of regulatory compliance units and risk management units, we ensure comprehensive compliance in the sale of financial products to ensure clients' rights and reduce any potential negative impacts on our business reputation.

The code is applicable to all employees directly employed, appointed, contracted, or otherwise contractually connected with CTBC Holding (including its subsidiaries), including managers, formal employees, and temporary personnel. New employees are required to sign a statement of commitment on the day they report to work, and the code is reiterated during their orientation course. Every three years, we implement refresher training on the Code of Conduct for all employees. The most recent training year was 2018, and the next annual training is expected to be held in 2021.

### Money laundering and terrorist financing

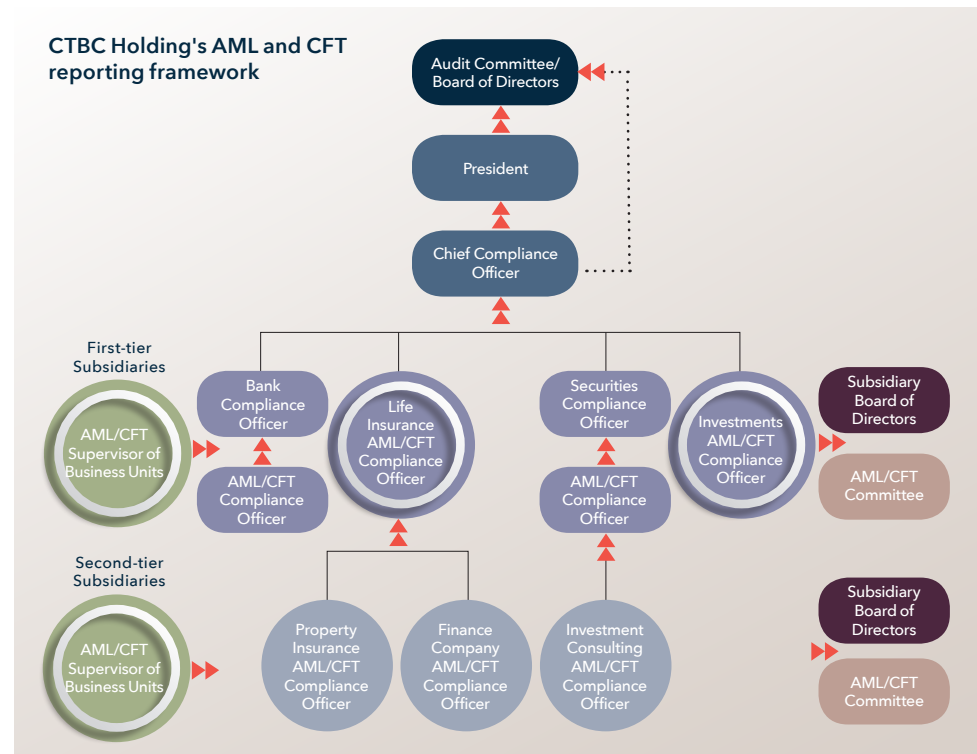
#### • Internal policies

To comply with regulations such as the Money Laundering Control Act, Counter-Terrorism Financing Act, and Regulations Governing Anti-Money Laundering of Financial Institutions, CTBC Holding has established the Anti-Money



Code of Conduct

Laundering and Countering the Financing of Terrorism Policy; Procedures for Identifying, Measuring, Controlling, Mitigating, Monitoring and Reporting Money Laundering and Terrorist Financing Risks; Procedures for Group Anti-Money Laundering and Countering Terrorist Financing Information-Sharing and Application; Procedures for Name Screening on Non-customers and Related Parties of a Transaction against Sanction List under Counter-Terrorism Financing Act; and Education and Training Measures for Anti-Money Laundering and Combating Terrorist Financing. Our subsidiaries formulate their internal policies in accordance with the above mentioned policies and procedures as well as the applicable regulations and guidelines of the competent authorities and trade associations. CTBC Bank, Taiwan Life, CTBC Securities, and CTBC Investments have also established respective Anti-Money Laundering and Countering the Financing of Terrorism Committees.

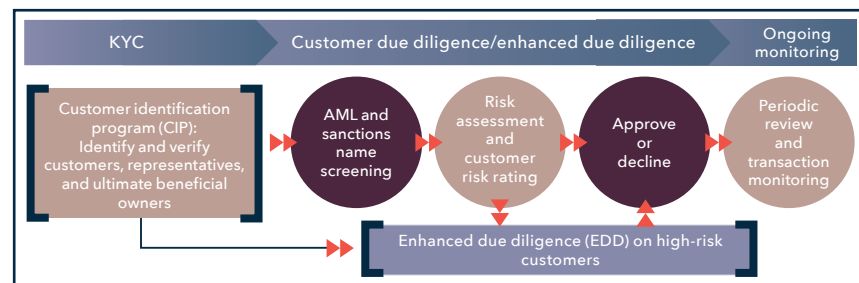


### • Customer risk management

CTBC Holding's Procedures for Identifying, Measuring, Controlling, Mitigating, Monitoring and Reporting Money Laundering and Terrorist Financing Risks stipulate that the background, characteristics of occupational and socio-economic activities, and geographical location of customers as well as the organizational structure of non-natural person customers be comprehensively considered in order to identify each customer's ML and FT risks. The procedures also stipulate that customers, or their ultimate beneficial owners, who are current politically exposed persons with foreign governments be considered high-risk customers and that enhanced measures be taken during customer identification or ongoing monitoring. Such efforts include obtaining the approval of senior managers prior to establishing or creating new business relationships, and that business relationships not be established with individuals, legal persons, or entities that are sanctioned under the Counter-Terrorism Financing Act.

Furthermore, CTBC Holding's Procedures for Name Screening on Non-customers and Related Parties of a Transaction against Sanction List under Counter-Terrorism Financing Act require that name-screening procedures be complied with for all transactions other than financial products and services (e.g., administrative procurement) in order to mitigate compliance and reputational risks arising from transactions with internationally sanctioned parties. For example, subsidiary CTBC Bank's Policy Statement of Global AML/CFT stipulates the relevant customer due diligence (CDD) investigation procedures used to ensure effective risk control.

#### CTBC Bank customer acceptance process



### • Information-sharing platform

According to the Procedures for Group Anti-Money Laundering and Countering Terrorist Financing Information-Sharing and Application, CTBC Holding established an AML/CFT information-sharing platform to strengthen the monitoring of clients and abnormal transactions across the group. In addition to maintaining an adverse media database, the Compliance Department provides the latest significant AML/CFT negative news to each subsidiary on a daily basis for them to leverage such information to check their business lines and take necessary measures accordingly.

### • Education and training

To further implement effective AML/CFT measures, in addition to requiring at least three hours of related on-the-job training annually for directors and senior managers of CTBC Holding and its financial institution subsidiaries, we require new employees to complete their related education and training within three months of induction and their training completion status is included as part of their performance evaluations. All directors, senior managers as well as supervisors and personnel of compliance and AML/CFT units met their internal/external training requirements in 2020, with a total of 964 training hours completed.

CTBC Holding and its subsidiaries carry out both regular and ad hoc AML/CFT advocacy to employees, including the sharing of laws, regulations, and enforcement cases; the identification and reporting process of suspicious transactions; and the compliance duties of relevant personnel. According to the different duties of their employees, subsidiaries also conduct customized advocacy while actively encouraging employees to attend AML-related training and apply for AML-related qualifications. **The numbers of individuals who attended and completed AML-related training in 2020 for CTBC Bank and Taiwan Life were 27,376 and 11,155 respectively.** In addition, supervisors and personnel from compliance and AML/CFT units within CTBC Holding and its subsidiaries have obtained more than 100 international and domestic professional AML/CFT qualifications.

Subsidiary		2020	2019	2018
CTBC Bank	Training batch	132	99	169
	Number of individuals who completed training	27,376	24,507	29,490
	Number of training hours (hour)	63,638	54,255	82,521
Taiwan Life	Training batch	26	31	26
	Number of individuals who completed training	11,155	11,273	8,322
	Number of training hours (hour)	26,742	26,980	16,461.5

#### • Internal and external independent audit

Joint statements on internal control for AML/CFT are issued by the chairmen, presidents, chief auditors, and AML/CFT compliance officers of financial institution subsidiaries, and these statements are also disclosed on the website designated by the FSC. CTBC Bank also enlisted an external CPA to conduct the 2020 AML/CFT audit, the results of which have been reported to the competent authority for review.

#### • Significant penalties imposed on CTBC Holding and its subsidiaries by the competent authorities and corrective actions taken in 2020

Issue for improvement	Corrective actions
The FSC imposed an administrative fine of NT\$1 million on Taiwan Life for having acquired undeveloped land more than five years prior and failing to use the land in a timely manner and with reasonable benefit, as required by paragraph 1 of Article 146-2 of the Insurance Act (Letter No. Jin-Guan-Bao-Shou-Zi-10904936682, dated Sept. 15, 2020)	<ol style="list-style-type: none"> <li>I. Since the third quarter of 2020, the relevant matters have been reported to the Board on a quarterly basis</li> <li>II. Taiwan Life has actively handled lease solicitation and shall complete leasing arrangements before the deadline stipulated by the competent authorities so as to meet the relevant standards of real estate investment for immediate use and from which benefit is derived</li> </ol>

Note: This table discloses cases involving penalties of NT\$1 million or more.

## Risk control

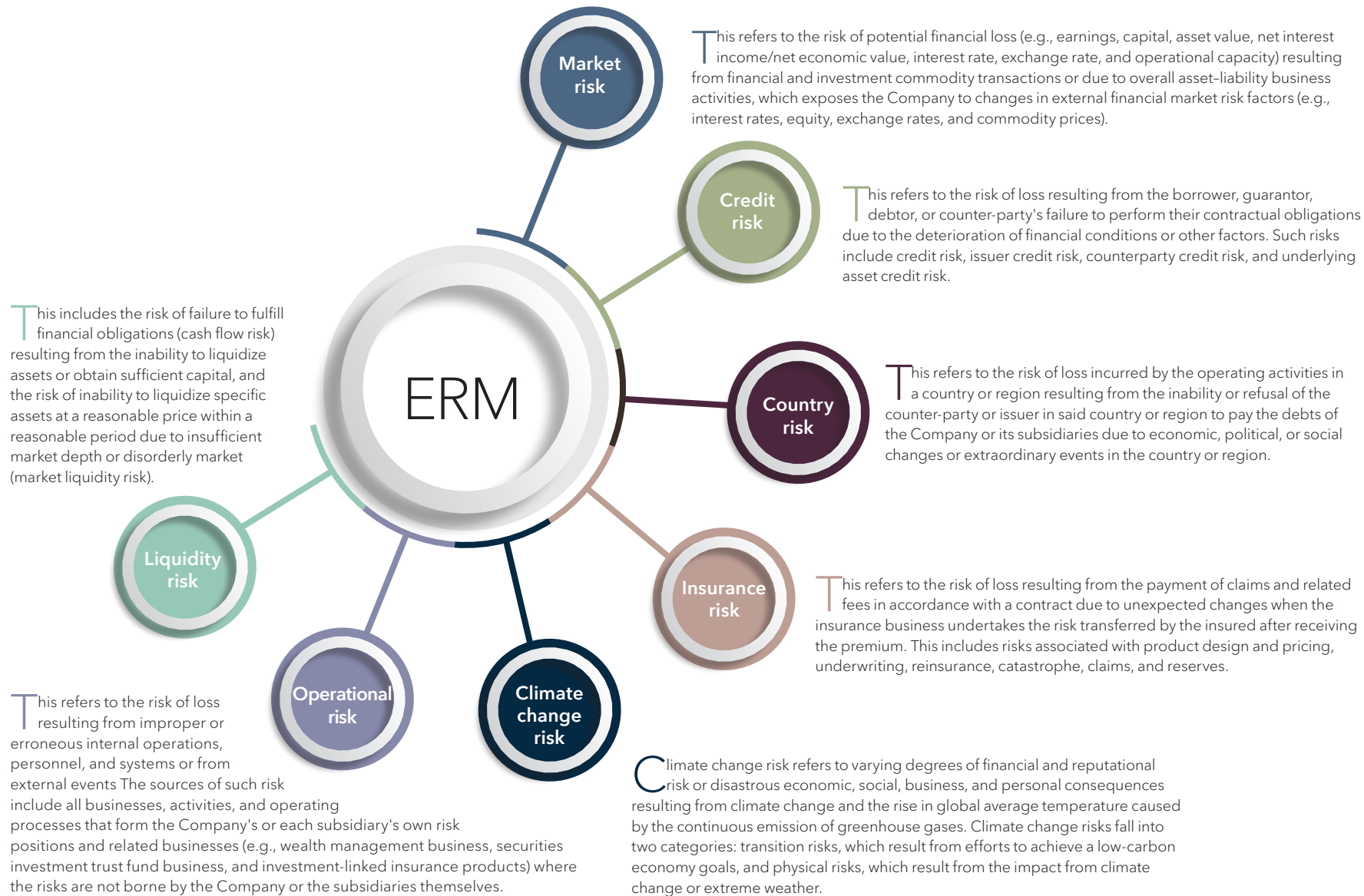
### Risk Management

As global political and economic changes can profoundly influence and shape financial trends, CTBC Holding is keenly aware of the importance of effective risk management. As a result, we have established a sound risk management framework and a comprehensive risk management strategy. For day-to-day operations, in addition to complying with relevant regulations of the competent authorities, appropriate risk management procedures are adopted and supplemented by qualitative or quantitative assessment and monitoring. Through full coordination across units, a mechanism consisting of three lines of defense against risk is formed to facilitate the implementation of effective control measures and to achieve the ultimate goal of sustainable and stable operations.

#### • Risk management framework

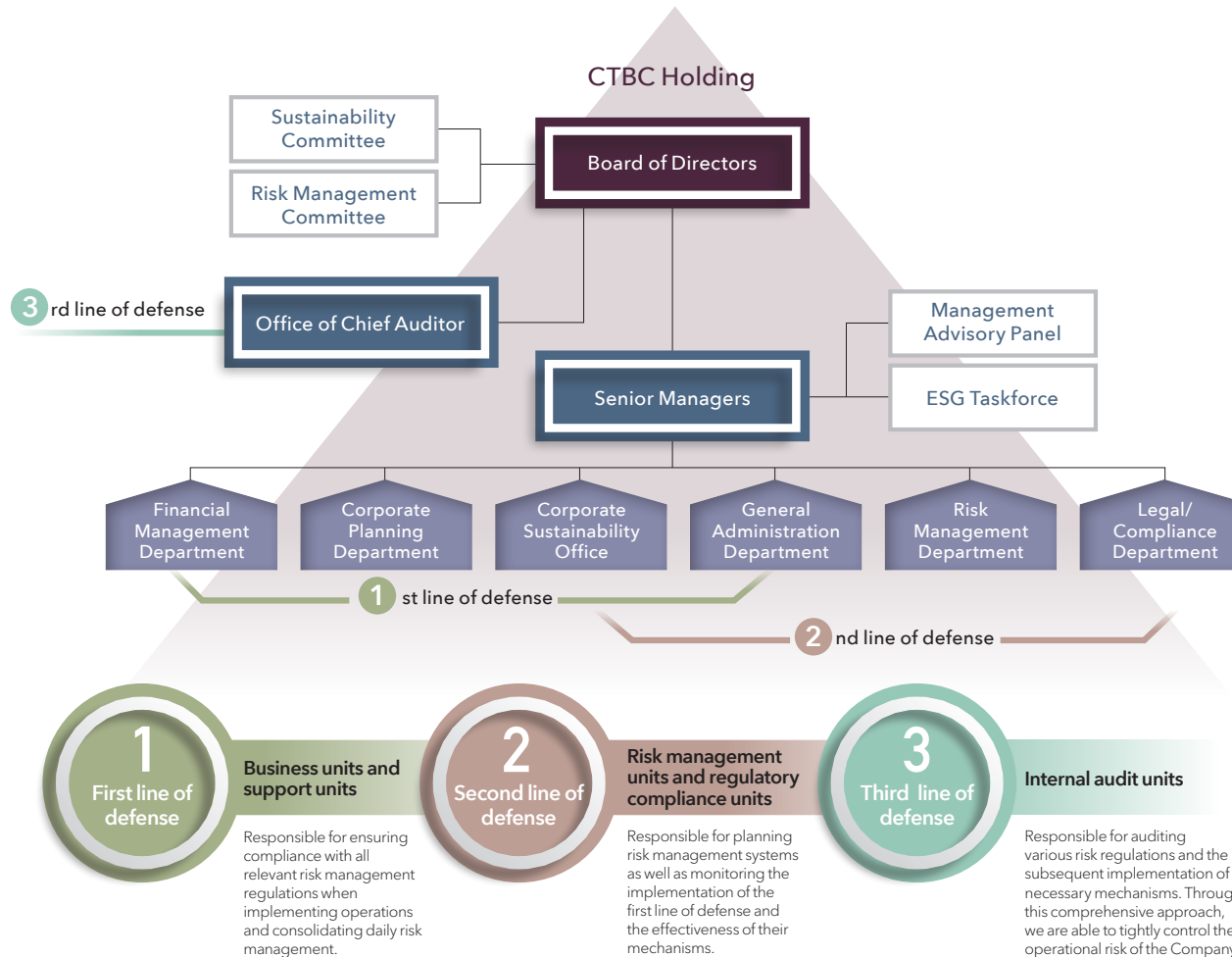
##### Enterprise risk management

With the introduction of enterprise risk management (ERM), CTBC Holding executed a strategic procedures to identify, evaluate, respond to, and monitor various types of risks while also developing new business opportunities. In response to the PRI, PRB, TCFD, and other initiatives, and understanding the increasing risk and damage brought by climate change, we integrated climate change into our ERM in 2020, making it one of the key items covered by our risk management practices and policies.



### Three lines of defense

Risk management is a shared responsibility among relevant units within the Company. Through negotiations across units, a mechanism consisting of three lines of defense against risk has been formed.



**Board of Directors:** The Board is the highest supervisory unit. It is responsible for overseeing all type of risk management policy, risk appetite, and position limits, and it ensures the effective operation of risk management functions.

**Risk Management Committee:** Its members—at least one of whom must be an independent director—are appointed through Board resolutions, assisting the Board in reviewing and approving various risk management matters.

**Management Advisory Panel:** Management Advisory Panel was formed to assist the Chairman thoroughly perform his supervisory and management functions, and ensure that CTBC Holding's business operations comply with the requirements of the competent authorities and relevant regulations.

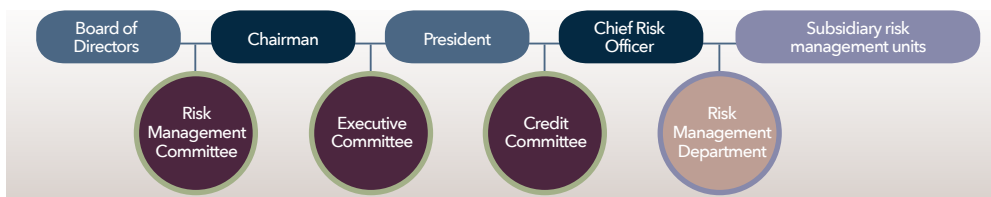
**Credit Committee:** The Credit Committee, composed of the President, Chief Risk Officer, and other persons appointed by the Chairman, is responsible to strengthen the credit risk management of CTBC Holding and its subsidiaries, as well as to review and approve critical credit risk cases.

**Risk management units:** Our risk management units follow the guiding principles of the risk management policy and are authorized by senior managers. They maintain the independent management mechanism of the second line of defense, namely planning risk management systems, organizing and reporting group risk management information, and monitoring the implementation of the first line of defense. The risk

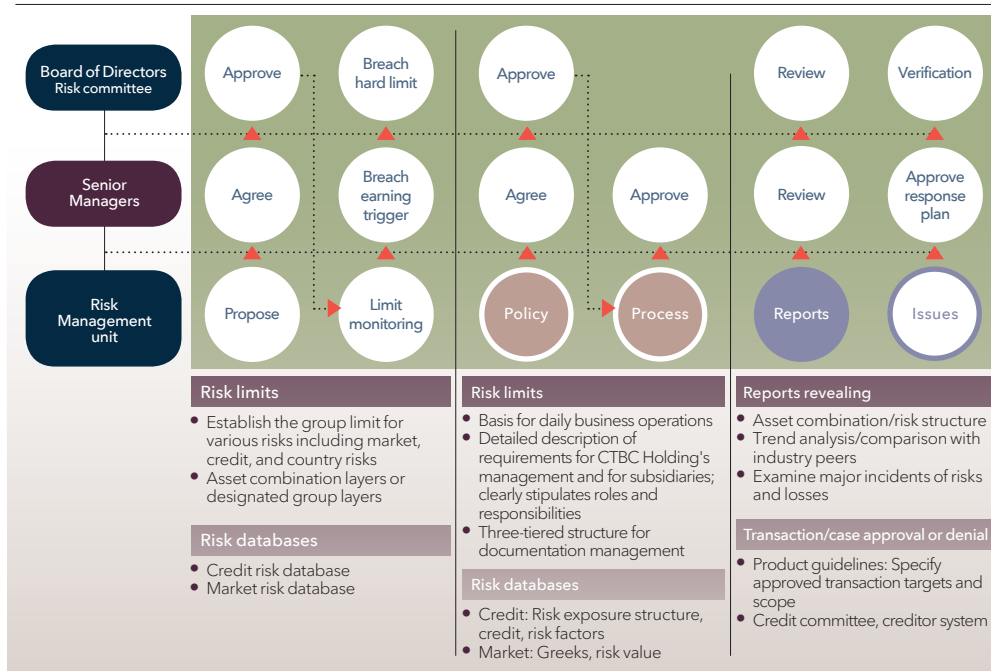
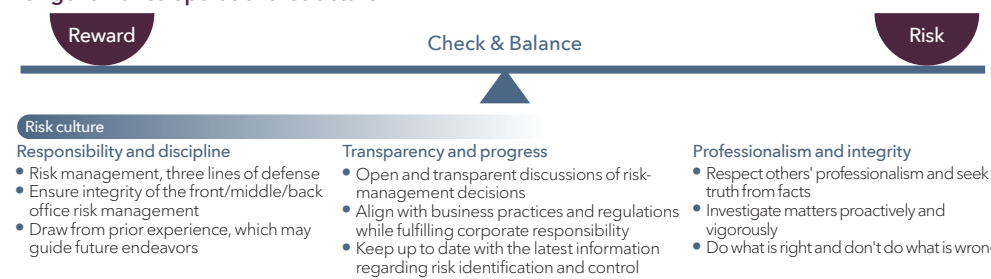
management units of each subsidiary report to both CTBC Holding's Board of Directors and its Risk Management Department head. This enables the department head to appropriately control overall changes in risk in a timely manner.

**Risk management policy, procedures, and reports:** CTBC Holding formulated the Risk Governance Policy as the top-level guideline for the Company and its subsidiaries. For the major risks of CTBC Holding and its subsidiaries, such as credit, market, liquidity, country, insurance, operational and climate change risks, risk management policies and regulations have been established. As the basis for daily risk management, the contents include mechanisms (e.g., management goals, authorization mechanisms, responsibility attribution, and budget management) as well as risk identification, evaluation, monitoring, and reporting.

In accordance with our policy regulations, risk reports are regularly composed for each type of risk in order to comprehensively reveal risk exposure and the results of risk monitoring. This lets us ensure accurate risk forecasts and the implementation of stop-loss mechanisms. To better elucidate the negative impacts that the whole group or individual companies could face from negative pressure or major risk events, CTBC Holding and its subsidiaries undergo stress tests regularly and as necessary, giving a clear picture of their risk profiles and possible losses and financial strengths. The stress test results are reported to managers and the Board to assist them in selecting necessary response measures for areas with weaker risk tolerance (e.g., adjusting relevant risk management measures, adopting risk mitigation, and transferring projects) and to help them determine capital management plans that improve capital adequacy, thus enabling the Company to strike the optimal balance between risks and opportunities, and ensure stakeholders' profits.



### Risk governance operational structure





## Emerging risk management

### • Emerging risk identification procedure

The Board of Directors of CTBC Holdings constantly monitors the Company's emerging risks, including through environmental, social, economic, technological, and other risk assessments. In the face of global environmental changes and development trends, the establishment of emerging risk identification and management procedures will enable the group to identify potential risks at early onset and confirm that relevant units have developed control mechanisms to achieve the sustainable corporate governance.

#### Step 1

##### CTBC Holding initiate the emerging risk identification process

CTBC Holding risk management units reference the annual risk reports released by credible external organizations (e.g., the Global Risks Report of the World Economic Forum). We thus compile a comprehensive list of ESG risks and provide it to subsidiaries to help guide their risk assessment

#### Step 2

##### Subsidiaries evaluate emerging risks

Using the list, the subsidiaries discuss and identify emerging risks. The results are then reported to and approved by the president of each subsidiary, after which, in accordance with the regulations of CTBC Holding, they are reported to the risk management unit of CTBC Holding

#### Step 3

##### CTBC Holding identifies emerging risks

CTBC Holding organizes the emerging risk identification results from subsidiaries. We then gather relevant units to evaluate the probability of various risks and their potential impact, thereby screening emerging risks for the group. After the emerging risks for the group are identified and approved by the President of CTBC Holding, the results are submitted to the Board for review

### • 2021 Emerging risks

The responsible units related to emerging risks shall establish control mechanisms (mitigation measures or response strategies) or risk measurement indicators for regular monitoring according to the impact or influence on operations. When there is an occurrence of an indicator's threshold being exceeded, the unit responsible for management shall immediately address the situation and escalate the issue.

Risk factor	Risk identification/description	Impact on business operations
Infectious diseases	<ul style="list-style-type: none"> <li>Monitor for instances of highly contagious and severe diseases being imported from abroad, triggering domestic community infections or even a global pandemic</li> <li>Confirm cases of notifiable disease within the Company and whether there is a risk of cross-infection such that it is necessary to implement measures such as remote working, work from home, and quarantine measures</li> </ul>	<ul style="list-style-type: none"> <li><b>Business:</b> The negative impact on the global physical economy and the intensification of financial market volatility would increase business risks and fluctuations in profit and loss, in turn negative affecting the Company's operations and financial stability</li> <li><b>Company operations:</b> The Company's operations would be impacted by its internal disease prevention measures. Additionally, infections within the Company would affect the performance and morale of staff</li> </ul>
Information security risks	<ul style="list-style-type: none"> <li>The Company is hit by either a distributed denial-of-service (DDoS) attack and network connections are interrupted or a long-term advanced persistent threat succeeds, penetrating our internal network environment to steal sensitive data</li> <li>Hackers successfully penetrate and gain access to databases containing personal data</li> </ul>	<ul style="list-style-type: none"> <li>The leaking of personal data, fraudulent transactions, or disrupted operations may cause major financial losses, legal damages, penalties imposed by the competent authorities, and damage to the Company's reputation</li> <li>Fraud activity or the skimming of account passwords would hamper business development</li> </ul>
Economic uncertainties	<ul style="list-style-type: none"> <li>Monitor related risks, such as the restructuring of global industry supply chains, Brexit, geopolitical risks in the Middle East and Asia, rising global debt risk, and severe volatility in oil prices</li> <li>The global low interest rate environment and maintaining of expansionary monetary policies by major economies exacerbates financial market volatility</li> </ul>	The global economy may be negatively impacted, intensifying financial market turmoil and increasing the risks and profit-loss fluctuations of subsidiary businesses, all of which may negatively impact the Company's overall operations and financial stability
Climate change	Climate change can cause extreme weather events or stricter regulations and policies (e.g., as carbon pricing), in turn affecting the economic outlook and business profitability	<ul style="list-style-type: none"> <li><b>Business:</b> Climate change could lead increased credit or market risks for the various businesses of subsidiaries (e.g., trust, investments, and insurance) and result in asset value impairments or a negative impact on the Company's goodwill</li> <li><b>Company operations:</b> Due to the occurrence of physical climate risks at the operation sites (branch locations) of CTBC Holding and its subsidiaries, assets may be damaged or operations interrupted</li> </ul>

### Key control mechanism factors (mitigation measures/strategies)

- **Business:**
  1. Real-time monitoring: Conduct real-time monitoring of local epidemics worldwide, including by observing changes in financial markets and national governments' health measures
  2. Risk management mechanism: Activate real-time risk assessment for investees and corporate customers, reinforce risk loss limit monitoring and stress testing, and respond to and offset possible adverse impacts as early as possible
- **Company operations:**  
To ensure the health and occupational safety of all employees, implement measures including the following:
  1. Regularly review and amend the Contingency Plan for Major Infectious Disease Incidents, establish epidemic response taskforces, and propose response measures. In addition, organize annual major infectious disease incident response drills to elevate the response ability in the event of an incident
  2. During epidemics, send emails to announce the Company's epidemic prevention measures; in normal times, conduct health advocacy to reinforce employee awareness and prevent the occurrence of infectious diseases within the Company

- **Audit of emerging technologies:** Emerging technology solutions can be implemented only after being approved by the Architecture Review Board (ARB), and the implementation process must follow the relevant internal procedures and regulations, including procedures such as program tests, online change reviews, and information security vulnerability scans
- **Elevate awareness in information security:**
  1. Regularly organize information security and personal data education and training, conduct monthly social engineering drills, and continually elevate employees' information security awareness
  2. Introduce diverse information security resources and participate in the Financial Information Sharing and Analysis Center (F-ISAC) to establish a domestic information security center joint defense system
- **Information security management mechanism:**
  1. Subscribe to the DDoS attack traffic scrubbing services of telecommunications companies, establish DDoS defense and response procedures, and conduct regular DDoS attack traffic simulation and defense drills
  2. Set up network firewalls, application system firewalls, intruder monitoring systems, personal data anti-leakage systems, junk mail filtering systems, and similar defenses
  3. Conduct website and app security tests to fortify the security of external application systems, and regularly perform vulnerability scans and comprehensive information security penetration tests to shorten the system vulnerability risk time
  4. Establish a digital evidence management system to boost the analysis and forensic capabilities for information security incidents

- **Overall economic monitoring:** Closely monitor the relevant economic data and market index interest rates and related metrics, especially when central bank monetary policies pivot and there are signs of recession, and raise alerts in a timely manner
- **Credit risk management:** All subsidiaries have established comprehensive credit risk management norms and procedures, established professional and objective tiered responsibility audit mechanisms, and formulated credit risk limits based on the risk appetite of subsidiaries
- **Market risk management:** Appropriate and consistent measurement methods are adopted based on business characteristics and sources of risk. Market risk management is controlled through market risk authority and risks are regularly reported to senior managers and the Board

- **Business:**
  1. CTBC Holding has formulated Climate Change Risk Management Policies and Guidelines to regulate the Group's management mechanisms for transition and physical risks, and each subsidiary shall undertake and customize its management practices according to management needs
  2. CTBC Holding has devised a List of High Carbon-Intensive Industries to serve as the basis for each subsidiary to take inventory of its high transition risk exposure and to perform scenario analysis
  3. CTBC Holding provides flood risk maps to serve as the basis for each subsidiary to take inventory of its high physical risk (flood) exposures and to perform scenario analysis
  4. CTBC Bank has set the limits for ESG-sensitive industries (e.g., coal-fired power plants and oil sands production) in its PRB Policy, while Taiwan Life has stated strict assessment procedures for sensitive industries (e.g., coal-fired power plants) in its PRI Policy
- **Company operations:** Each subsidiary has formulated sustainable operations plans and conducted disaster prevention and remote backup drills in response to sudden natural disasters

### • Shaping employees' risk management awareness

#### Education and training

We attach great importance to the risk awareness of our employees and encourage them to actively discover potential risks. Indeed, employees' risk management and control results are a core component of their performance appraisals. By providing risk education training, we equip our employees with the knowledge and skills to practically incorporate risk management and control into everyday risk decisions. Once a risk is discovered, it is reported and escalated to the head of operations following the risk identification-assessment-measurement-monitoring process, with management tools such as risk and control assessments (RCA) and key risk indicators (KRI). Such risks will also be reported to senior managers and the Board regularly.

The risk units consolidate all related events and summarize them into instructional materials to be shared with various units via internal meetings. This keeps all relevant employees informed and on alert regarding the reoccurrence of such events. We have also designed risk courses to further increase our employees' risk awareness. Specifically, to provide new employees with a grounding in risk, we provide general courses online, including an introduction of bank risk management and operational risk management. For junior and mid-level managers, we provide risk management programs that reinforce their understanding of risk. The training results for 2020 were as follows:

	New employees	Newly appointed managers
Trainees	1,151	137
Trainees who completed training	1,059	135
Coverage rate <sup>Note</sup>	92.01%	98.54%
Total training hours	529.5	53
Explanation	92 individuals resigned before completing their training	2 individuals are on business leave and will undergo make-up training in the second quarter of 2021

Note: Coverage rate = number of trainees who completed training / total number of trainees

### Risk Consensus General Meeting

We hold an annual Risk Consensus General Meeting to achieve and maintain a consensus on increasing business interactions and creating risk value among the risk units of CTBC Holding and its subsidiaries. The meeting agenda includes an analysis of our group's business strategy and overall political and economic environment. We also invite external experts to share insights to improve efficiency of employees' risk management in daily business. In 2020, the meeting topics covered were business management strategies for financial holding company, business operational strategies for bank and insurance, economic situation analysis and risk alerts.

### Reward mechanism

To encourage employees to foster a healthy risk culture, CTBC Holding and its subsidiaries have formulated the Employee Incentives and Punishment Measures. According to the measures, units compile noteworthy cases and submit them to the Employee Incentives and Punishment Review Committee, which presents rewards each quarters. Throughout 2020, rewards were issued to 903 individuals, more than 90% of whom were recognized for risk-related actions.

### Internal control and audits

#### • Internal control system

To manage our internal control and operating procedures, we require all management units to review whether their internal procedures are consistent with external laws and regulations, thereby avoiding operational risks and illegal practices. We also require all units to conduct self-inspections to assess their management's supervision and control over areas such as risk culture, risk identification, control activities, the segregation of duties, information and communication, supervisory activities, and corrective measures.

To consolidate the establishment of risk culture, in the beginning of every year when setting personal work objectives, we clearly identify the criteria of appraisals for the implementation of internal control systems, information security, and regulatory compliance, along with their percentages, as shown below, to ensure that risk management, performance appraisals, and KPIs are closely related.

Objective	Weighting of objective	
	Including senior managers at the division level and above and licensed branch managers	Department-level management
Effectiveness of implementation of internal control	≥8%	≥5%
Effectiveness of implementation of information security	≥2%	≥2%
Effectiveness of implementation of legal compliance	≥10%	≥5%
Total	≥20%	≥12%

#### • Internal audit system

We have established the Chief Auditor system in accordance with the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries, and set up an internal audit unit directly subordinate to the Board. The unit provides recommendations to ensure the proper implementation of the internal control system, which assists the Board and executives in inspecting and evaluating the effectiveness of the internal control system. The internal audit unit conducts a full-scope audit of the Company annually, and limited-scope audits of the finance, risk management, and regulatory compliance of the Company and its subsidiaries at least semiannually.



Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries

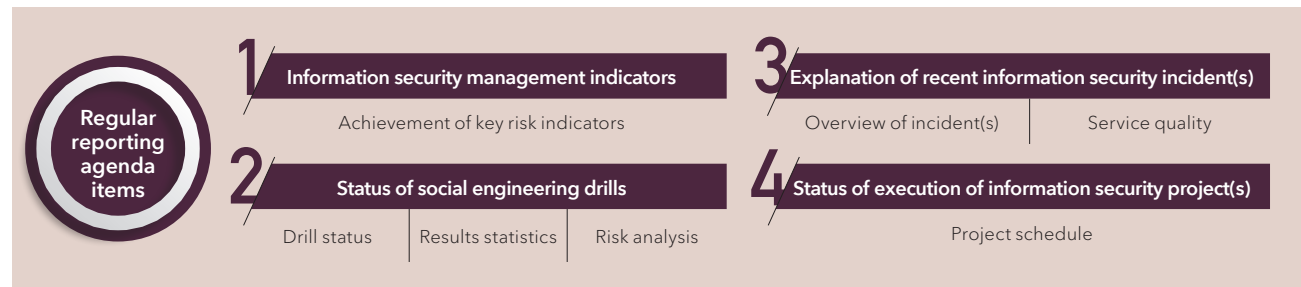
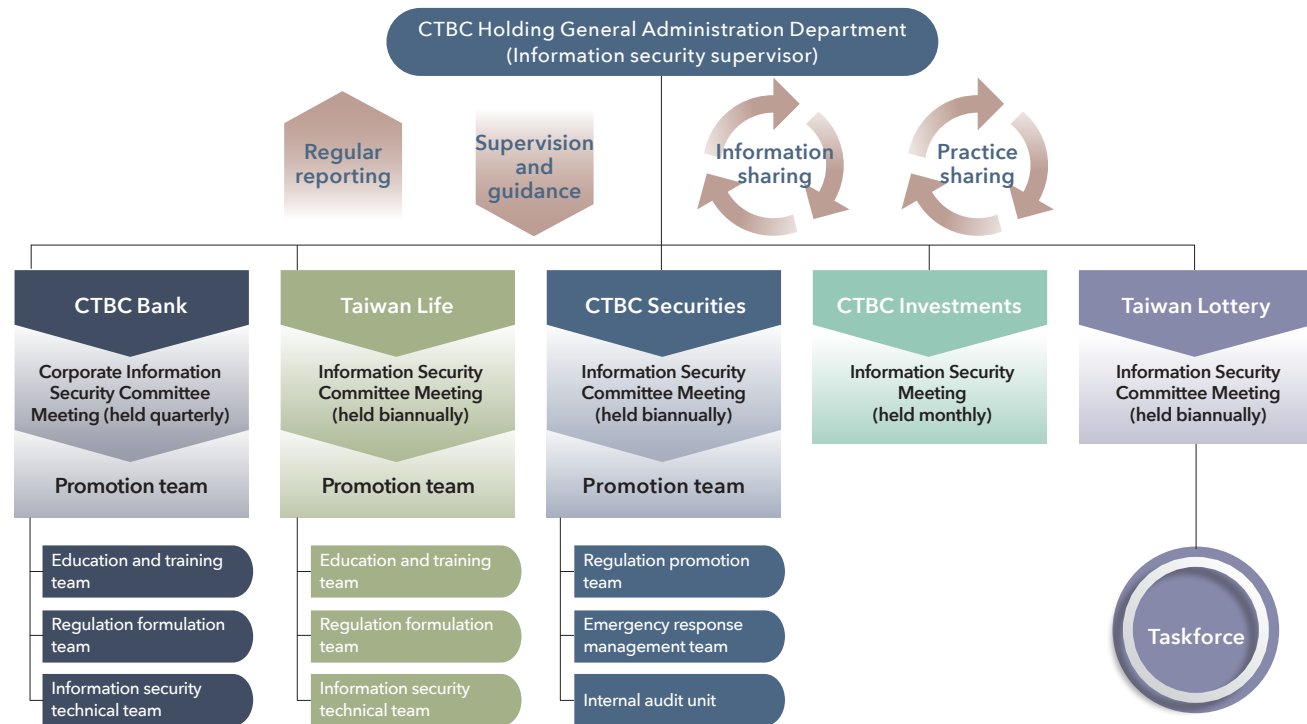
### Information security

#### Information security management mechanism and framework

To comprehensively control and manage our information security protection mechanisms, we regularly hold information security supervisor meetings, during

which the supervisors of subsidiaries report on their recent security situations. Furthermore, the CTBC Bank has formulated an Information Security Policy and set up a Corporate Information Security Committee, which serves as the highest authority for its information security operations management. In 2017, the Global Cybersecurity Management Department, a dedicated unit directly under the management of the Bank's president, was established to develop and improve the organization of the Information Security. The Corporate Information Security Committee, with the President as its convener and the head of information security as its executive secretary, examines the effectiveness of information security management initiatives and emerging information security issues and solutions on a quarterly basis. It passes along important issues to the Board; the status of information security management operations is also reported to the Board annually.

CTBC Holding information security supervisor meeting organization chart



### • Personal information protection and information security management systems

CTBC Holding's main subsidiaries and operating businesses have all obtained relevant international certification. In addition, CTBC Bank, Taiwan Life and CTBC Insurance have obtained ISO 27001 Information Security Management System and BS 10012 Personal Information Management System PIMS certification. Going forward, we will further improve the professionalism and efficiency of our services so as to minimize the known and unknown risks of information security and to create a secure information environment that protects our customers' rights and interests. To date, the relevant international certifications that we have incorporated are as follows:

	CTBC Bank	Taiwan Life	CTBC Insurance	CTBC Securities <sup>Note</sup>
<b>Personal information management system</b>	BS 10012:2017 PIMS	BS 10012:2017 PIMS	BS 10012:2017 PIMS	-
<b>Certification scope</b>	<ul style="list-style-type: none"> <li>• Branch counter account opening services</li> <li>• Credit card application services</li> <li>• Bancassurance services</li> </ul>	The entire organization (including all departments in the holding company and all branch companies, regional centers, and communication departments)	Product insurance services provided by Product Department 1, Product Department 2, Claims Department, and Digital Finance Department and branches, as well as system development, operation, maintenance, and relevant support activities provided by the Information Department	-
<b>Information security management system</b>	ISO/IEC 27001 (ISMS)	ISO/IEC 27001 (ISMS)	ISO/IEC 27001 (ISMS)	ISO/IEC 27001 (ISMS)
<b>Certification scope</b>	Certification for ten core services, including internet banking, collection and payment services, online services and email services, and insurance agent system	All system development, operations and maintenance, network management, data centers, and information support activities of the Information Services Office as well as all operations of the dedicated information security unit	The development, operation, and maintenance of the official website, internal core system, and external service system (including online insurance); computer room management, network infrastructure, and relevant information processing support activities provided by the Information Department; and official website and online insurance operating activities of the Digital Finance Department	Certification obtained on Nov. 20, 2017, covering the electronic transaction environment (the validation covers the range from client front-end operations to back-end server data storage)

Note: Since 2013, CTBC Securities has adopted relevant policies on personal data protection, which have been passed by the Board. A Personal Data Protection Committee was also established to regularly review the management of personal data and conduct risk assessments to ensure the effectiveness of personal data protection.

To strengthen the personal data protection management of itself and its subsidiaries, CTBC Holding has formulated a Personal Data Protection Management Statement in accordance with the Personal Data Protection Act. To ensure that the use of personal data complies with the provisions of the act, measures such as education and training, system controls, and information security checks on units and branches are conducted. We will continue to vigorously monitor the implementation status of personal data protection going forward in order to further protect the rights of our customers. In 2020, there were no major information leakage incidents in our key banking, insurance, securities, and lottery subsidiaries.



CTBC Holding Personal Data Protection Statement

## Personal data protection grievances for key subsidiaries

	Source of customer grievance		Grievance type			
	Competent authority	Customers	Leakage of personal data	Theft of personal data	Improper use of personal data	Other
<b>CTBC Bank</b>	1 <sup>Note</sup>	0	1	0	0	0
<b>Taiwan Life</b>	0	18	0	0	4	14

Note: A total of five cases were reported to the corporate information security committee. Four cases were the result of misunderstandings by users and did not involve negligence by CTBC Bank while the other case related to an information security event.

## Information security management measures

### • Identifying information security risks and management mechanisms

In accordance with the relevant measures for operational risk and control evaluation management, every year, CTBC Bank collects and analyzes major domestic and foreign information security events as well as evaluate their potential impact on the Company. We establish management and control mechanisms as well as monitoring mechanisms for major risks, and the relevant evaluation results are approved by the Chief Information Security Officer. We have set up a Security Operations Center (SOC) and conduct 24-hour monitoring of changes in the Company's internal information security environment in order to actively identify and address potential threats in real time. The SOC and information security incident response procedure periodically implements drills simulating information security events to strengthen its ability to detect and respond to attacks. In addition, we are also cultivating our workforce of information security professionals through regular training courses.

In order to proactively monitor the execution status of information security protection operations, a Security Operation Center Dashboard has been established in addition to information security risk indicators being set by the information security department. The dashboard monitors over 26 indicators in four key areas (namely anti-virus, anti-hacking, data loss prevention, and

regulatory compliance categories), with reference to domestic and foreign information security risk indicators and the Company's own operating status. Alerts are sent on a daily basis to unit heads for items where targets are not met to resolve potential issues as early as possible.

### • Information gathering and joint defense

To prevent and manage the occurrence of personal data breaches or security-related events, CTBC Bank established Personal Information Protection Instructions as well as Personal Information Protection and Information Security Management - The Guidance. Every year, the Company faithfully executes relevant personal data security maintenance operations and regularly assesses the effectiveness of its control mechanisms in order to ensure the legal collection and use of customer and employee personal data. Furthermore, in order to comply with relevant IP rights regulations, the Company requires all units to inspect the status of the use of software in all computers every six months to ensure that legal authorization has been obtained for the software and to prevent IP right infringements.

Taiwan Life established the Emergency Response Plan for Personal Data Breaches. If an employee discovers or receives a report of a suspected information security incident, including one involving personal data, the employee is required to immediately notify the relevant units and assess the severity of the reported incident. If necessary, the incident response officer will establish an Emergency Response Center within 60 minutes, notify a senior manager, and record the details of the incident. The Emergency Response Center officer position will be assumed by a department head or above of the responsible unit, and task force members of the Corporate Information Security Committee will be responsible for event management, communication and coordination, investigation and evaluation, and public relations and media management. The responsible unit will submit a detailed event report one week after the resolution of the event and conduct a root-cause analysis to reduce the likelihood of such an event reoccurring.

CTBC Holding is also continuing to pay special attention to information security during long holidays. Taking core subsidiary CTBC Bank as an example, with the aim of being able to respond to threats in a timely manner during the Lunar New Year holiday from Jan. 23 to 29, 2020, the information security unit set up a monitoring center to monitor internal and external information security risks in real time, regularly reporting the data of various security indicators to relevant supervisors. In addition, during the long holiday from Feb. 28 to March 1, 2020, Taiwan Life formed a holiday security monitoring team to comprehensively strengthen every element of its information security. An SOP of security checks for long holidays has also been launched to monitor all information systems to ensure online service operations continue as usual for customers.

#### • Personal information protection and information security

To ensure the protection of customers' data, our information system displays only the minimum amount of information required for any service. We are also taking steps to reinforce our information security infrastructure, including information classification, web content filtering, Data Leak Prevention software, web isolation framework, DDoS attack defense measures, abnormal traffic monitoring, privilege account management, and advanced persistent threat monitoring and detection.

We also refer to various foreign and domestic information security risk indicators, including those related to virus protection, intrusion prevention, information leak risks, and regulatory compliance, and conduct comprehensive monitoring.

Taking CTBC Bank as an example, with an eye toward familiarizing employees with the correct operating procedures through repeated drills, in addition to continually reinforcing the subsidiary's

information security defense system, the bank performed information security incident drills in 2020, including personal information breach, DDoS attack, and hacking of critical external service systems scenarios. The 2020 personal information protection and information safety defense drills were as follows:

Emergency drill	Personal information breach	DDoS attack	Hacking of critical external service systems
<b>Participating units</b>	<ul style="list-style-type: none"> <li>Customer Service Department</li> <li>Personal Trust Department</li> <li>IT Department I</li> <li>Global Cybersecurity Management Department</li> <li>Public Relations Department</li> </ul>	<ul style="list-style-type: none"> <li>Global Cybersecurity Management Department</li> <li>Information Processing Department</li> <li>ISP providers</li> </ul>	<ul style="list-style-type: none"> <li>Call Center Department (Corporate Banking)</li> <li>Institutional Banking IT Department</li> <li>Global Cybersecurity Management Department</li> <li>Corporate Trust Department</li> <li>Public Relations Department</li> </ul>
<b>Status</b>	Success	Success	Success
<b>Observations and improvement</b>	2	2	3
<b>Major issues</b>	None	None	None
<b>Corrective actions</b>	None	None	None

## Tax governance

CTBC Holding attaches great importance to tax governance, believing that paying taxes in accordance with the law facilitates economic growth and balanced regional development. Accordingly, we are committed to complying with the local tax laws of each business location,

calculating our taxes correctly, and completing tax filings and tax payments within the statutory time limits. In accordance with its tax governance policy, CTBC Holding, along with its subsidiaries in Taiwan and abroad, adhere to the following principles:

- Pay taxes in compliance with local and international tax laws and regulations. Comply with the spirit as well as the letter of the tax laws and regulations.
- Make advance tax analysis to avoid double taxation, reduce tax costs, and create shareholder value.
- Sustain open and appropriate relations with tax authorities.
- Maintain transparency in tax information and comply with financial reporting standards and the rules governing disclosure in annual reports.
- Manage tax risks effectively.
- Enhance the proficiency of tax management professionals through continual training.
- Adhere to the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations and local transfer pricing regulations in countries where we operate in order to implement the arm's length principle, economic substance principle, and compliance principle in related party transactions.
- Do not engage in transactions or use tax structures for the sole purpose of tax avoidance, such as transferring value to low-tax jurisdictions (i.e., "tax havens").

CTBC Holding paid approximately NT\$9.702 billion in taxes worldwide in 2020. The table on the right details the amounts and percentages of taxes paid worldwide in 2020:

Country	Amount (NT\$ million)	Percentage
Taiwan	5,005	51.59%
Indonesia	95	0.98%
Philippines	243	2.50%
Canada	51	0.53%
United States	566	5.83%
Japan	1,114	11.48%
India	40	0.41%
Vietnam	215	2.22%
Hong Kong	1,623	16.73%
Singapore	61	0.63%
Mainland China	689	7.10%
<b>Total</b>	<b>9,702</b>	<b>100.00%</b>

Taiwan is our main source of revenue, and the tax paid in Taiwan accounts for about 51.59% of the total tax. The table below details our tax payments in Taiwan over the past five years:

#### Taxes paid in Taiwan from 2016 to 2020

Unit: NT\$ thousand

Year	2020	2019	2018	2017	2016
Profit-seeking enterprise income tax	1,781,603	3,033,727	2,863,649	7,174,607	3,310,022
Business tax	3,029,197	2,915,930	2,646,361	2,673,713	2,725,996
Stamp duty	194,025	181,149	182,358	185,491	181,969
Investment tax credit	543,498	-	15,094	2,820	4,000







# Task Force on Climate-related Financial Disclosures

Climate change is impacting ecosystems, social security, economies, businesses, and even human health and survival. As such, we know that achieving the goal of the Paris Agreement by keeping the rise in global average temperature to well below 2°C above pre-industrial levels (and striving to limit the increase to 1.5°C) is an absolute necessity, and that transitioning to a low-carbon economy is the only way to accomplish this.

As a manager and owner of funds, we play an integral role in the path toward low-carbon transition. In April 2020, CTBC Holding signed up for Task Force on Climate-related Financial Disclosures (TCFD) recommendations proposed by the Financial Stability Board. We have also integrated climate change risks into the overall risk management framework of the group, and comprehensively identified the material losses and associated risks (e.g., credit, market, operating, and insurance risks) that may arise from various assets. In October of the same year, we signed up for the Partnership for Carbon Accounting Financials (PCAF), adopting PCAF methodologies to evaluate the GHG emissions generated by stock and bond investment, Corporate finance, and other businesses in stages. In addition, we also devote substantial effort to the research and analysis of negative emissions methodology to respond proactively to the challenges of climate change through sound risk measurements, reasonable and logical calculation methods, and practical actions and disclosures.

## Current status, directions, and goals of TCFD promotion

	Current status	Direction for short-term <sup>Note</sup> refinements	Future development goals
Purpose Item	Establish a governance framework for climate-related risks and opportunities, and perform loss trial balance for climate change scenario analysis	Extend the scope of climate change scenario analysis and refine impact assessment capabilities	Foster a climate risk and opportunity governance culture
 Governance	<ul style="list-style-type: none"> <li>The Board of Directors is the highest authority responsible for overseeing the risks and opportunities of climate change. Functional committees, namely the Sustainability Committee and Risk Management Committee, have been set up under the Board of Directors to assist in the deliberation of issues related to sustainability and climate change</li> <li>A management-level ESG Taskforce has been set up, with the President of CTBC Holding serving as its head. The Chief Risk Officer of CTBC Holding oversees the TCFD project groups across subsidiaries and is the head of the group's climate risk management</li> </ul>	<ul style="list-style-type: none"> <li>Regularly report to the Board of Directors and management levels on the status of climate risk controls and continually raise the management capabilities of the group's response to climate risks</li> <li>Continue to implement the TCFD recommendations across CTBC Holding and its subsidiaries, and assist in the establishment of management mechanisms</li> </ul>	<ul style="list-style-type: none"> <li>Keep pace with developments in international regulations on climate change; improve our corporate sustainability management and refine climate risk-related policies and regulations</li> </ul>
 Strategy	<ul style="list-style-type: none"> <li>Identify major climate change risk and opportunity factors in the short, medium, and long term</li> <li>Based on the abovementioned identification results, perform scenario analysis for risk exposures that are susceptible to climate risks, and develop business development strategies for potential climate opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Refine climate change scenario analysis methodology to facilitate customer engagements and strategy adjustments</li> </ul>	<ul style="list-style-type: none"> <li>Plan annual strategies based on climate scenario analysis results</li> <li>Expand the contribution of green financing services and products domestically and overseas</li> </ul>
 Risk management	<ul style="list-style-type: none"> <li>Integrate climate change risk into the existing risk management framework and formulate management policies and guidelines</li> <li>Identify and evaluate transition risks: Develop a list and definitions of carbon-intensive industries and take inventory of exposure. Analyze the carbon footprint of securities investments and carbon-intensive industries. Perform scenario analysis to assess our transition risks</li> <li>Identify and evaluate physical risks: Analyze the climate disaster risk map and take inventory on the exposure status for owned assets, investment assets, and credit collateral. Perform scenario analysis to assess our physical risks</li> </ul>	<ul style="list-style-type: none"> <li>Supervise and support subsidiaries in establishing business-specific climate risk assessment and management procedures to raise awareness of climate risks among all employees</li> <li>Continue to refine the details of identifying transition risks (e.g., regular updates of carbon-intensive industries inventories) and physical risks (e.g., the climate disaster risk map)</li> <li>Refine the breadth and depth of climate change risk factor analysis for investment assessments and credit check for financing</li> </ul>	<ul style="list-style-type: none"> <li>According to management needs, establish high climate risk exposure control mechanisms or risk limits and strengthen engagement mechanisms with customers to enhance the influence of low-carbon transformation</li> </ul>
 Metrics and Targets	<ul style="list-style-type: none"> <li>Formulate and achieve GHG emission reduction targets for Company operations</li> <li>Set short- and medium-term goals for energy conservation, carbon reduction, water conservation, and waste reduction for the group</li> <li>Introduced PCAF methodology to gradually take inventory of Scope 3 GHG emissions for the group's investments and financing businesses</li> </ul>	<ul style="list-style-type: none"> <li>Analyze the methodology of the Science-Based Targets Initiative (SBTi), an international advocacy organization, to set GHG emissions reduction targets for our operations</li> <li>Set long-term goals of energy conservation, carbon reduction, water conservation, and waste reduction, and disclose the interim results</li> <li>Regularly monitor the GHG emission of our investment and financing business portfolio and the achievements of green financing business</li> </ul>	<ul style="list-style-type: none"> <li>Set targets for the GHG emissions of our investment and financing business portfolio and low-carbon financing businesses, and disclose the information regularly</li> </ul>

Note: The timeframe of climate risk management of CTBC Holdings is divided into short-term improvements (within one year) and future developments (in principle, within five years, with annual review and adjustment) work items.

## Governance

### Board of Director supervision

The Board of Directors acts as the highest supervisory unit on climate change risks and opportunities and is responsible for the approval, review, and monitoring of risk strategies and policies. In addition to establishing a sound and independent risk culture and ensuring management structures and risk control functions, the Board is also in charge of leading the group in developing new climate business opportunities. The **Sustainability Committee** and **Risk Management Committee**, the functional committees under the Board, are responsible for the supervision of key strategies related to climate change as follows:

- **The Sustainability Committee** is comprised of independent directors who meet at least twice a year to validate of the group's annual sustainability plan, strategic direction, and governance framework for the implementation of initiatives (including climate-related issues).
- **The Risk Management Committee** is comprised of at least one independent director and at least one of the members shall have relevant experience in identifying, evaluating, and managing the risk exposure of large-scale complex companies. The committee is responsible for the communication, reporting, and recommendations for risk governance of the group and meets on a monthly basis to deliberate climate change risk issues.

The CTBC Holding risk management unit regularly reports to the Board of Directors on the changes and assessment results of the group's transition and physical risks to facilitate the Board's understanding. In 2020, we specially invited external experts to conduct two hours of educational workshops for the Board of Directors and the operation management level of CTBC Holding and its subsidiaries on international climate change governance trends as well as key opportunities for low-carbon economic development.

### Role of management

An ESG Taskforce was set up under the business management level, with the President of CTBC Holding serving as its executive director, also as the leader

for climate risks and opportunities and as the head of the TCFD Project Steering Committee. The Corporate Sustainability Office assumes the meeting affairs role for the ESG Taskforce to assist the President in the coordination of sustainability management-related matters in the group on top of supporting various subsidiaries in promoting sustainability-related strategic planning. In addition, to facilitate the integration of climate risk into the group's overall risk management structure, the Chief Risk Officer of CTBC Holding supervises its risk management unit and that of its subsidiaries in the revision of relevant policies relating to climate risk management, and maintains up-to-date climate risk measurement tools. As a means to foster culture of sustainability and reward efforts to advance our ESG goals, 30% of the performance-scoring system of the President of CTBC Holding are non-financial indicators (including corporate sustainability management indicators and other indicators).

Sustainability and climate change issues are reported to the presidents of CTBC Holding and its subsidiaries as well as management executives through cross-subsidiary meetings as follows:

- **The ESG Taskforce** conducts quarterly meetings to allocate group resources and monitors the implementation and review of various sustainability projects through cross-subsidiary communication and coordination.
- The CTBC Holding's **TCFD Project Steering Committee** convenes meetings according to the progress of TCFD projects. Three such meetings were held during the project period from June 2020 to February 2021. In addition to establishing short-, mid- and long-term plans for the implementation of TCFD, the pilot results of scenario analysis on physical risks and transition risks of climate change were also presented to assess the group's ability to cope with climate change risks.

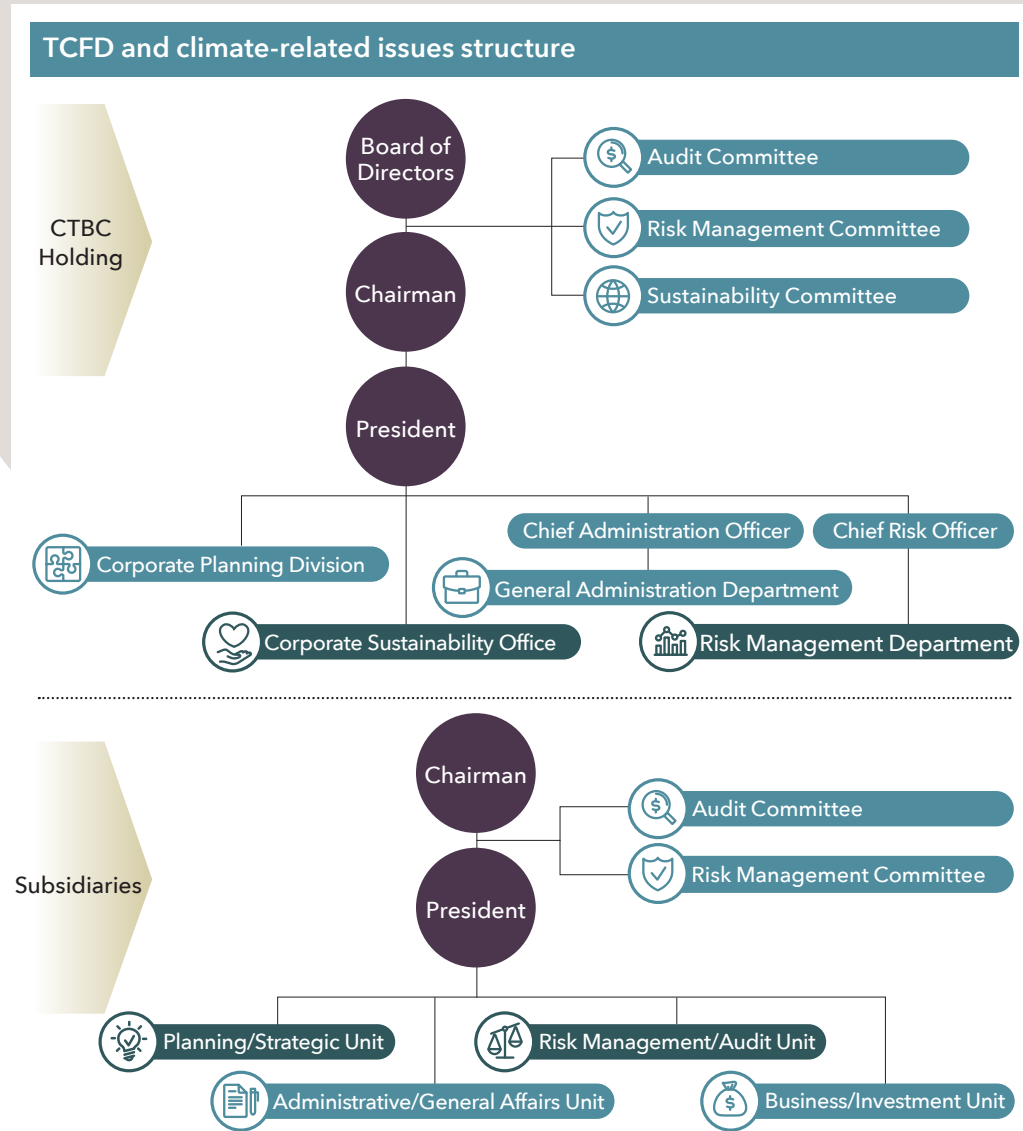
### Organizational structure and division of responsibilities

The responsibilities and organization structure for climate change-related risks and opportunities are as follows:

- The relevant planning and strategy units of CTBC Holding and its subsidiaries are responsible for the formulation of annual plans, including climate related

opportunities or strategies. The business and investment units of each subsidiary are responsible for seeking and developing climate-related business opportunities while fulfilling the role of being the first line of defense for climate risk management.

- The risk units of CTBC Holding and its subsidiaries are responsible for formulating/revising risk management policies and guidelines, planning risk measurement and monitoring mechanisms, and preparing and submitting risk reports on a regular basis. We have since formulated policies and guidelines for climate change risk management, and comprehensively defined the types of climate risks and their related management mechanisms. We will integrate transition risk and physical risk exposures, as well as the results of annual climate scenario analysis, into the Integrated Risk Management Report, for submission to the senior management for review and to the Board of Directors on a regular basis.
- The administrative or general affairs units of CTBC Holding and its subsidiaries are responsible for driving the Company's operations in response to climate change, and ensuring that the group as a whole complies with international carbon reduction trends and domestic regulatory requirements.



## Strategy

### Identification and ranking of material climate change risks

Our internal norms clearly define the risks of climate change, comprising four transition risk factors and two physical risk factors. The potential impact and impact duration of various risk factors on the business are as follows:

#### Acute

##### Description of impact on business:

Asset value decreases, operations/ production is disrupted, labor management and planning are affected, etc.

##### Impact duration<sup>Note:</sup>

Short and medium term

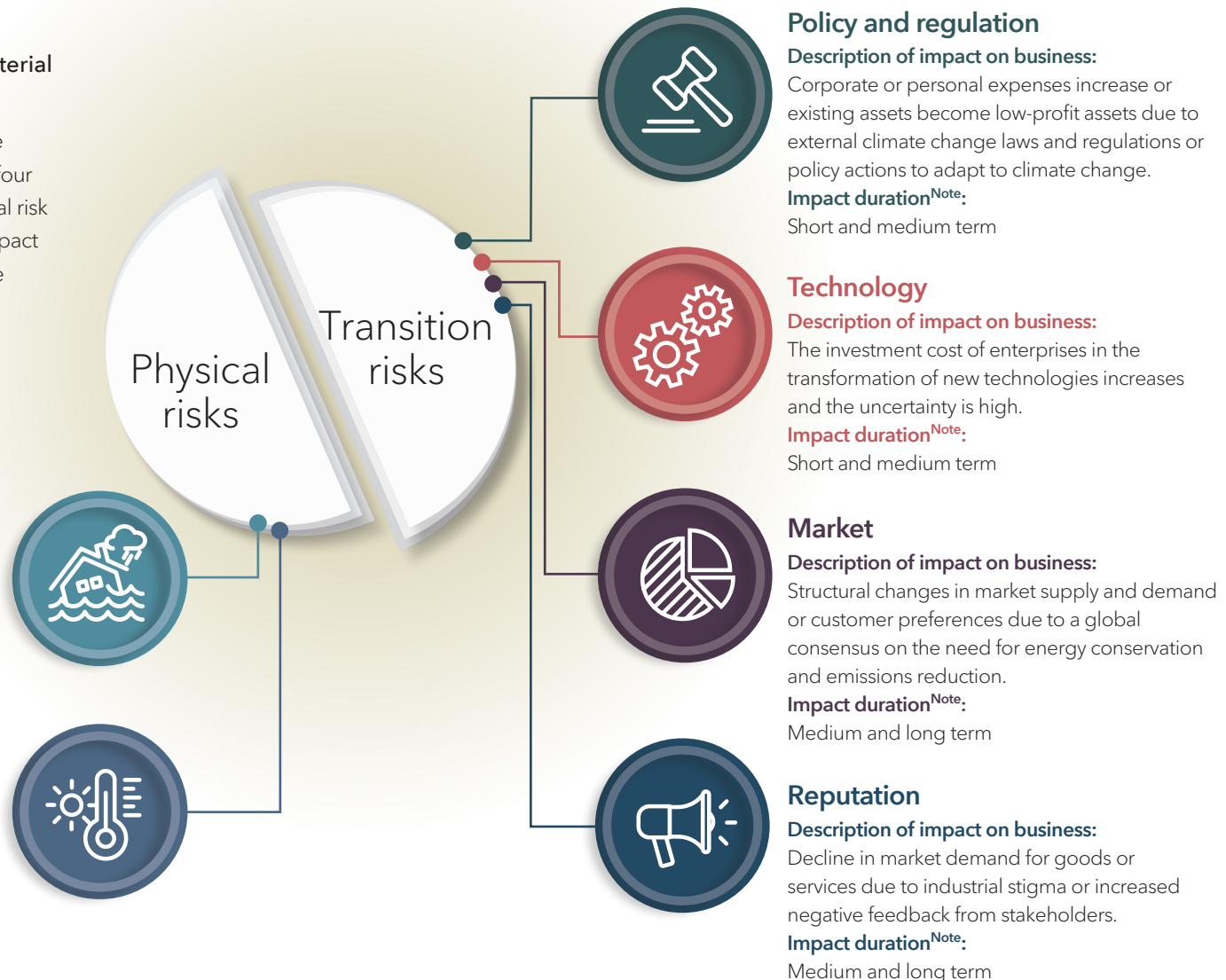
#### Chronic

##### Description of impact on business:

Asset value decreases, operations/ production is disrupted, labor management and planning are affected, etc.

##### Impact duration<sup>Note:</sup>

Medium and long term



Note: Indicates that CTBC Holding may be subject to the impact of this climate risk factor in the short- (1 year), medium- (1-5 years) and long- (5 years) term in the future.

Climate change risk is not a new and independent risk category; rather, it is an aggravating factor for the existing risk categories (e.g., credit risk, market risk, and operational risk). In order to identify the level and degree of impact for the abovementioned climate change risk factors on the various businesses of the group, through a workshop discussion with the risk, strategy, credit, investment, and general affairs units of key subsidiaries, we ranked the impact of each risk factor on the respective units. The assessment results are as follows:

#### Identification and ranking results of transition risk factors

Business area	Description of risk impact	Existing risk categories affected	Impact level of risk (relative)
Corporate finance, project finance, stock and bond investments	<ul style="list-style-type: none"> <li>Mainly applicable to borrowers or investees in carbon-intensive industries; due to the impact of transition risks, the probability of default (PD) may increase</li> <li>Most significant transition risk factors: external policy and regulation, technology, and reputational risks</li> </ul>	Credit risk	●●●●●
Stock and bond investments	<ul style="list-style-type: none"> <li>Mainly applicable to borrowers or investees in carbon-intensive industries; the negative impact on the financial operations of the investee due to transition risk or a change in the preferences of investors in financial markets may cause fluctuations in the market value of the investee, thus affecting the return on investment</li> <li>Most significant transition risk factors: external policy and regulation, reputational, and technology risks</li> </ul>	Market risk	●●○○○
Company operations	<ul style="list-style-type: none"> <li>The more probable transition risk is external policy and regulation risks. That said, the financial industry is neither a significant energy-consuming industry nor a high energy-intensive industry, hence transition risks are very low</li> </ul>	Operational risk	●○○○○

#### Identification and ranking results of physical risk factors

Business area	Description of risk impact	Existing risk categories affected	Impact level of risk (relative)
Real estate secured loan/mortgage	<ul style="list-style-type: none"> <li>Increased risk of collateral value impairment due to asset damage or increased operating costs for real estate collateral arising from the occurrence of physical risk events</li> <li>Most significant physical risk factors: extreme weather - torrential rainfall and flooding/drought; and a long-term rise in the average temperature</li> </ul>	Credit risk	●●●●●
Real estate investments	<ul style="list-style-type: none"> <li>Increased risk of asset value impairment due to damage or increased operating costs for real estate investment targets arising from the occurrence of physical risk events</li> <li>Most significant physical risk factors: extreme weather - torrential rainfall and flooding/drought, and a long-term rise in the average temperature</li> </ul>	Investment risk	●●●●○
Stock and bond investments	<ul style="list-style-type: none"> <li>The market value of investment subjects fluctuates, thus affecting the performance of investment returns due to negative adverse financial operations or the disruption of supply arising from the occurrence of physical risk events</li> <li>Most significant physical risk factors: extreme weather - torrential rainfall and flooding</li> </ul>	Market risk	●○○○○
Insurance products	<ul style="list-style-type: none"> <li>Increased claims risk due to the occurrence of physical risk events</li> <li>Most significant physical risk factors: extreme weather - torrential rainfall and flooding and a long-term rise in the average temperature</li> </ul>	Insurance risk	●○○○○
Company operations	<ul style="list-style-type: none"> <li>Asset damage or increased operating costs due to the occurrence of physical risk events in the operating sites or buildings of CTBC Holding and its subsidiaries</li> <li>Most significant physical risk factor: extreme weather - torrential rainfall and flooding/drought</li> </ul>	Operational risk	●○○○○

In 2020, a total of 22 hours of workshops on climate change risk identification and rankings were implemented. Along with these workshops, in an effort to deepen the understanding of climate change risks among employees across the group, about six hours of TCFD education and training was conducted both in person and via webcast.

## Identification and results of climate-related opportunities

We pay close attention to climate change-related developments, both to improve our own risk management mechanisms and to actively identify opportunities brought by climate change, thus helping us develop corresponding financial products and services.

With an eye toward gaining insights on the potential development opportunities of various businesses, we designed a questionnaire with reference to international climate-related opportunity factors, covering 15 topics such as green buildings, low-carbon transitions, and the battery industry. We invited CTBC Holding and six key subsidiaries (a total of 17 units) to complete the survey.

Then, through discussions and assessments with external consultants, by referencing climate opportunity reports from domestic and foreign benchmarking agencies, and by supplementing the data with the Company's relevant investment and financing data and implementation results for 2020, we determined the levels for business strategy/impact and increasing resilience/risk reduction for 44 opportunities. These were subsequently ranked and filtered to yield 10 major business development aspects, focusing on the four main areas in the table below:

Key climate-related opportunities for CTBC Holding

Topic	Opportunity factor	Impact on business type	Corresponding risk factors	Actions taken	Duration <sup>Note</sup>
Urban renewal plans or upgrading of old housing	Government approved renovation of unsafe and old buildings or urban renewal programs to ensure they reduce energy consumption and are resilient to climate risks	Real estate investments, real estate collateral/ mortgage	External policy and regulation, technology, market, acute and chronic weather events	<ul style="list-style-type: none"> <li>Actively participate in and act as the implementer of urban renewal or initiator of reconstruction of urban unsafe and old buildings project, and inject funds appropriately</li> <li>When self-owned real estate undergo urban renewal reconstruction of urban unsafe and old buildings project in the future, will use energy-conserving building materials, certified energy-conserving equipment, or apply for green building certification, etc., in order to reduce energy consumption</li> </ul>	Short, medium, and long term
Green buildings	Green building construction projects are limited to investment or financing cases in which green building certification is expected to be obtained, or investment and financing cases in which bond funds are used, so as to ensure the energy-efficient future operation of the buildings	Real estate investments	External policy and regulation, technology, market	Actively participate in green building construction projects, such that profitability is balanced with the effective reduction of energy consumption <ul style="list-style-type: none"> <li>Increase the value of invested real estate/collateral while increasing the resilience to climate risks through green building design and Green Building Label</li> <li>Kaohsiung Main Public Library and C3 investments, and the CTBC Holding Taichung Financial Building have obtained at least Silver EEWL Green Building Candidate Certificate and have been or will be receiving green building certifications as planned, while the multipurpose sports center and parking tower of the Taichung Intercontinental Baseball Stadium have received Bronze EEWL Green Building Candidate Certificate and EEWL Green Building Label</li> </ul>	Long term
		Real estate investments, real-estate secured loan/ mortgage			Short, medium, and long term
		Other			Short, medium, and long term
Smart grid or electric vehicle charging equipment and other infrastructure	Investment and financing of technology development or manufacturers of smart grid and electric vehicle charging equipment	Corporate financing	Technology	Provide corporate financing services for domestic smart grid- and electric vehicle-related manufacturers to promote the electrification of enterprise-owned or -leased fleets and the construction of electric infrastructure	Medium term
Renewal energy financial products	The main stakeholders are renewable energy projects or renewable energy manufacturers, and the investment and financing funds are primarily for the purchase of renewable energy equipment or related projects.	Stock and bond investments	Technology	Support the development of small- and medium-sized solar energy manufacturers in Taiwan via equity investments	Long term
		Stock and bond investments	Technology, market	Invest in green bonds and equity projects (mainly low-carbon and renewable energy)	Short and medium term
		Stock and bond investments, other	Technology, market	<ul style="list-style-type: none"> <li>We help renewable energy manufacturers in developing energy equipment and projects via equity investments</li> <li>Continue to underwrite green bonds, and invest in renewable energy projects whose funds of used are approved by the competent authority or certified by the third party</li> </ul>	Short, medium, and long term
		Project financing	Technology	Participate in syndicated loans for domestic and overseas offshore wind farms and solar power plants	Short, medium, and long term

Note: Indicates the estimation of possible development of climate-related financial products or services over a short (1 year), medium (1-5 years), and long (5 years) period in the future.

## Scenario analysis

Based on the results of the annual identification of climate change risks, the Company selected risk factors which have significant impact and cause risk amounts to develop scenario analysis methodologies and further test their potential financial impact. The objectives of physical risk and transition risk scenario analysis are as follows:

### Physical risk



In this scenario, there's no carbon reduction (business as usual, BAU); the world emits high amounts of greenhouse gases, and Taiwan warms by 3.0°C-3.6°C by 2100



Greenhouse gas emissions are actively reduced globally; the temperature rise in Taiwan is estimated to be less than 1°C by 2100

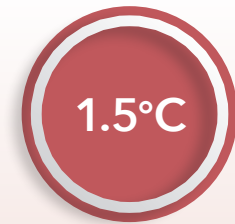
### Transition risk



The global implementation of low-carbon transition pathways keeps the rise in surface temperatures in 2100 to 2°C or less of pre-industrial levels



The global implementation of more active low-carbon transition pathways keeps the rise in surface temperatures in 2100 to 1.5°C-2°C of pre-industrial levels



The global implementation of aggressive low-carbon transition pathways keeps the rise in surface temperatures in 2100 to 1.5°C of pre-industrial levels

#### Risk explanation

Depreciation of the value of the real estate collateral of subsidiaries' lending business in Taiwan due to the occurrence of extreme weather events such as torrential rainfall and flooding, in turn increases the expected loss of the loan portfolio

As prices are set on GHG emissions while the world shifts toward a low-carbon economy, the group's corporate customers and investees in carbon-intensive industries (taking the steel and iron industry as the subject for scenario analysis) may face increased credit risk or market risk caused by increased operating costs

#### Information source

Maps of Taiwan-wide disaster risk under climate change published by NCDR Dr. A

Description of estimated temperature increases and disaster impact globally and in Taiwan in IPCC AR5 and TCCIP-related reports

The carbon reduction pathways are explicitly formulated by referencing base and target years set for different climate scenarios on the SBT Tool archive from SBTi

Note 1: IPCC AR5 represents the 5th Assessment Report from Intergovernmental Panel on Climate Change, IPCC

Note 2: TCCIP is abbreviated as Taiwan Climate Change Projection Information and Adaptation Knowledge Platform

Note 3: Dr. A is abbreviated as Climate Change and Disaster Risk Adaptation Platform

## Scenario analysis results

- **Physical risk:** Increases in extreme weather events - severe typhoons and torrential rainfall

CTBC Holding identified the flood risk level faced by CTBC Bank and Taiwan Life for institutional banking real estate financing, housing loan and real estate investment businesses in Taiwan and conducted an inventory on exposure for high risk level in accordance with the "Taiwan-wide Disaster Risk Map" published by the NCDR Dr. A Climate Change and Disaster Risk Adaptation Platform. For the results of the scenario analysis of extreme weather events such as severe typhoons and torrential rainfall on the expected loss of the subsidiary's real estate-secured loan portfolio, the projected loss rate under the RCP2.6 scenario is about 1 basis point (equivalent to 0.01%) while the loss rate is increased by 3 basis points (equivalent to about 0.03%) under the RCP8.5 scenario. The risk was found to be within a controllable range.

- **Transition risk:** Increases in carbon pricing

We expect carbon pricing to become one of the most important means of curbing global warming as well as an important factor causing climate transition risk. To extrapolate the possible financial impact of carbon pricing, we conducted the following pilot study. In 2020, CTBC Holding selected the steel and iron industry as the pilot industry for scenario analysis, performed analysis under the three temperature scenarios of WB2C, 1.5C, and 2C using the SBT Tool, and focused on carbon pricing as the transition risk factor. The scenario analysis for credit, stock, and bond investments were conducted for three key subsidiaries: CTBC Bank, Taiwan Life, and CTBC Securities. Using an internal rating or market method, the expected loss of credit and bonds was estimated to be 7-18 basis points (equivalent to 0.07%-0.18%), while the estimated decrease in return on equity investments was 3.03%-10.36%. Moving forward, we will continue to work with internal and external experts to refine our scenario analysis methodologies in order to enhance the group's ability to respond to climate change.

## Risk management

### Company operations

To reduce the impact of climate change on business operations, CTBC Holding and its subsidiaries have devised business continuity plans and regularly hold disaster

prevention and remote backup drills to ensure readiness for such events. With reference to the Template Handbook for Disaster Emergency Responses for Financial Institutions formulated by the competent authorities and related actual operating conditions, we established an Emergency Response Plan. Through prior planning and drills, we have readied ourselves for and reduced the impact on the Company of natural disasters arising from or exacerbated by climate change, such as flooding and wind disasters. In the future, we will continue to strengthen our climate risk assessments through a multi-faceted approach in order to mitigate the impact of climate risks and gradually reduce the extent of damage posed by climate risks.

### Investment and financing business

#### • Risk management mechanisms

Our policies and regulations on climate change risk management are integrated into the Risk Governance Policy to help us take a top-down approach to monitoring and managing climate risks across our subsidiaries.

- **Transition risk:** We closely track subsidiaries' exposure to carbon-intensive industries. If the group's overall exposure to such industries increases significantly for a sustained period, review processes will be triggered to elucidate the use of funds, the actual GHG emissions of enterprises, and plans for carbon reduction for large credit holders or investees in carbon-intensive industries, or to discuss whether the exposure to these industries should be gradually reduced.
- **Physical risk:** We take inventory of the exposure of subsidiaries' owned or invested assets and credit collateral located in high-risk areas. If the proportion of exposure in high-risk areas increases significantly, then in addition to performing further examination of more detailed disaster risk map information to ascertain the impact of risks, necessary countermeasures will also be devised based on the risk significance, such as requiring assets or collateral in high-risk areas to be insured against flooding losses.

The regular monitoring results of these transition and physical risks are included in Integrated Risk Management Report submitted to senior management and the Board of Directors for review. According to their individual business scale and risk characteristics, subsidiaries have instituted the following climate-related risk management processes:



Business type	Management area	Management process
Investment	Stock and bond investments	<p>Complying the policy of CTBC Holding and in accordance with the PRI, Taiwan Life has formulated policies and operation regulations for responsible investments:</p> <ul style="list-style-type: none"> <li>• Maintain an ESG-sensitive list of industries or enterprises internationally recognized as having significant climate change risks or involvement in major environmental issues, including oil sands/coal mines/petroleum mining and coal-fired thermal power generation</li> <li>• During the investment evaluation process, information on the degree of involvement of major ESG issues and external ESG scores for investment subjects shall be collected and a comprehensive ESG risk assessment shall be performed to determine whether the investment or transaction should be made</li> <li>• If an investment subject fails to pass the risk assessment criteria, engagements will attempt to be conducted. In principle, investments will not be made or will be gradually divested for investment subjects that have high risks and refuse to negotiate and communicate. For subjects in which investment positions are already held, continual engagement and tracking of relevant ESG performance will be carried out to elucidate the possibility of increasing or decreasing risk</li> </ul> <p>In accordance with its institutional investor stewardship policy, CTBC Securities shall incorporate the ESG issues of investees into its investment assessment processes. Post investment, as a means to implement stewardship, it will closely monitor the governance of investees and actively participate in the voting for various proposals at shareholder meetings</p>
	Real estate investments	<p>The investment evaluation process for real estate is regulated by Taiwan Life's Responsible Investment Policy. With the aim of harmonious co-existence with local communities and the environment, and developed with reference to various domestic and foreign green building certification standards and international sustainable real estate-related evaluation indicators, the ESG evaluation rubrics for building under construction cases assesses the positive and negative impact of investment cases on local communities and the environment in order to achieve the goal of coexisting with the local community and the environment</p>
Financing	Corporate financing and project finance	<p>Complying the policy of CTBC Holding and in accordance with the PRB, CTBC Bank classifies carbon-intensive industries such as coal-fired thermal power generation as well as coal and oil sands mining businesses as ESG-sensitive industries and regulates access conditions in our credit approval process. Regarding project financing, a Guideline for Corporate Loans Applicable to the Equator Principles has been formulated for use by CTBC Bank's business units, credit analysis department, and credit risk management department when performing environmental risk verification and handling corresponding post-loan management measures</p> <p>Taiwan Life's Responsible Investment Policy stipulates that during the loan credit check and review process, business units shall carefully assess matters such as whether the borrower fulfills its environmental protection, ethical corporate governance, and social responsibilities. After a loan is approved, matters such as changes in operating capacity, AML policies, and ESG implementation or improvement shall be revisited during mid-term reviews</p>
	Real estate secured loan/mortgage	<p>During the credit review and assessment process, the probability of natural disasters (e.g., floodings and landslides) or the severity of damage in the area where the collateral is located is assessed and taken into consideration in determining whether loans are granted and in calculating loan ratios</p>
Property/life insurance	Insurance products	<p>We are continuing with the prudent underwriting of climate-related commodities (e.g. typhoon flood insurance) and conducting reinsurance where necessary to achieve risk transfer</p>

## Effectiveness and targets of climate management

The key climate indicators currently tracked by CTBC Holding and its subsidiaries include energy consumption, GHG emissions, water resources, waste, etc. Using 2020 as the base year, CTBC Holding has set the target of reducing its total electricity consumption, GHG emissions, water consumption, and waste by 3.5% by 2023. For more details, please refer to the "Energy/resource management" subsection of this report. Regarding our GHG emissions disclosures, CTBC Holding and all subsidiaries have received ISO 14064-1 Greenhouse Gas Emissions Reporting certification, and we disclose the emissions-reporting verification results for each subsidiary every year in our Sustainability Report and on the sustainability section of our website.

### Climate-related risk indicators

CTBC Holding is the first financial institution in Taiwan to join PCAF. Using the methodologies of The Global GHG Accounting and Reporting Standard by PCAF, we completed a preliminary inventory of our Scope 3 financed emission for investment and financing business; the results reveal that CTBC Holding's financed carbon emission in 2020 totaling approximately 9,916,890 tons CO<sub>2</sub>e, with the overall data quality ranging from 1 to 2 points. The scope of inventory of CTBC Bank's corporate loans included carbon-intensive industries and major carbon emitters as listed by the Environmental Protection Administration for domestic and overseas branches, with total GHG emission of approximately 1,287,578 tons CO<sub>2</sub>e and data quality of below 1.96. The investment portfolio covered three key subsidiaries, and the results of its comprehensive emissions inventory are provided in the accompanying table. Moving forward, we will continue to monitor the GHG emissions of our financing portfolio and set targets for their gradual reduction.

**CTBC Holding subsidiary financed emissions  
(according to PCAF methodology)**

As of Dec. 31, 2020

Category of risk exposure	Bank corporate loans	Bank investments	Securities investments	Insurance investments
<b>Description of calculation of financed emissions scope</b>	Domestic and overseas branches; carbon-intensive industries, and major carbon emitters as listed by the Environmental Protection Administration	Investment portfolios of CTBC's major subsidiaries, including investment in equities and bonds of CTBC Bank (domestic and overseas branches), Taiwan Life and its subsidiaries, and CTBC Securities and its subsidiaries. Excludes subjects relating to sovereign country-related bonds, derivative products, and short-term transactions as PCAF has not yet developed methodologies for these		
<b>Outstanding amount (NT\$ million)</b>	113,370	267,567	13,052	1,123,038
<b>Number of corporate customers/numbers of issuers</b>	145	246	64	744
<b>Financed emissions (tons CO<sub>2</sub>e)</b>	<b>1,287,578</b>	<b>1,006,691</b>	<b>164,486</b>	<b>7,458,135</b>
<b>Data quality (1: highest data quality → 5: lowest data quality)</b>	1.96	1.81	1.29	1.57

**Financed emissions for CTBC Holding financing portfolio = 9,916,890 tons CO<sub>2</sub>e  
(equivalent to 11% of the annual emissions of Taipower)**

Data quality	1	2	3	4	5
	Reported emissions (Verified)	Estimated emissions (Energy consumption)	Estimated emissions (Company's production)	Estimated emissions (Company's annual revenue)	Estimated emissions (Total assets)

**Supplementary**

- The greenhouse gas (GHG) emissions of Taipower (the largest domestic carbon emitter) in 2020 were 91,501 metric tons while those of China Steel were 21,589 metric tons
- The Scope 1 + 2 emission for CTBC Holding in 2019 were 58,881 tons

Note: •Scope 1 refers to direct GHG emissions and is direct emissions from company-owned and controlled resources.  
•Scope 2 refers to indirect GHG emissions and is indirect emissions from the consumption of purchased electricity, steam, heat and cooling.

**• Transition risk indicator**

Referencing relevant reports by domestic and foreign government agencies and multinational research organizations, CTBC Holding formulated a list of carbon-intensive industries and reviewed the risk exposure for the group's potential transition risks. It was found that the petrochemical industry accounted for the highest such proportion of the group's investment positions in 2020 at 2.51%, while the power generation industry accounted for the largest proportion of financing risk at 3.6%. Such data is regularly compiled in the CTBC Holding Integrated Risk Management Report and submitted to senior management for review prior to submission to the Board of Directors.

Carbon-intensive industry	Amount of exposure	Proportion of exposure
Power generation	0.65%	3.6 %
Marine shipping and airlines	0.33%	1.9 %
Steel and Iron	0.8%	0.7 %
Cement	0.27 %	0.3%
Petrochemicals	2.51%	1%
Fossil fuel mining	0.88 %	0.4%

**• Physical risk indicator**

As the climate change projection data is still nascent, for the purpose of monitoring and managing the group's physical risks, CTBC Holding referred to various projection databases for climate change to comprehensively identify the disaster risk levels faced by its subsidiaries' real estate related businesses in Taiwan, carried out regular inventory on risk exposure for high-risk issues and established early intervention mechanisms. A review of the Company's status for high physical risk exposure at the end of December 2020 is as follows:

Risk factor	Baseline	Future projection (RCP8.5 scenario)		Data resource	Business scope inventory
		Mid-century (2021-2040)	End of century (2075-2099)		
Proportion of exposure for high-risk areas - flooding	11%	11.5%	-	Formosa Climate Smart Service Ltd.	• Mortgage
	9.3%	-	13.6%		
Proportion of exposure for high-risk areas - landslide	3%	-	3%	National Science and Technology Center for Disaster Reduction's Disaster Risk Adaptation Platform	• Real estate mortgages • Mortgage • Real estate investments
Proportion of exposure for high-risk areas - drought		8.3%		Water Resources Agency data, April 2021	• Owned operation bases

# Environmental sustainability

Environmental sustainability is one of our top priorities in implementing responsible operations. We optimize the utilization efficiency of energy resources in a top-down manner by complementing environmental sustainability policy with strategies such as the introduction of environmental and energy management system, green procurement, and green building certification in all subsidiaries.

## Key achievements

### Action plan

Energy and environmental management

#### 2020 performance

- All subsidiaries obtained ISO 50001 Energy Management System, ISO 14001 Environmental Management System, and ISO 14064-1 Greenhouse Gas Emissions Reporting certification
- Received the Award of Excellence in Energy Management from the U.N. Clean Energy Ministerial
- Received the Silver Award and Green Action Award at the R.O.C. Enterprise Environment Protection Awards
- CTBC Bank implemented energy conservation plans at its operating sites, reducing electricity consumption by 1.73 million kWh or 2.46%, from 2017, representing 882 metrics tons of GHG emissions
- 1.76% less water consumed in 2020 than in 2017

#### 2021 targets

Total electricity consumption, GHG emissions, water consumption, and waste to be reduced by 1.5% as compared to that of 2020

## Green operations guidelines

### Environmental sustainability strategy

Our core approach to implementing green operations comprises energy conservation, carbon footprint reduction, and environmental sustainability. To deliver on our "Green Policy, Green Future" promise, we devote significant effort in the five key areas of expanding green procurement, implementing sustainability-related education and training, strengthening energy resource management, persistent and regular verification, and partnering with sustainable suppliers. In addition, we strive to minimize the impact and maximize the benefit of our business activities on the environment.



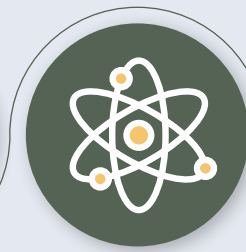
#### Ensure regulatory compliance

Expand procurement of energy-saving products



#### Conduct regular education and training

Advocate for environmental protection and energy management



#### Integrate various relevant resources

Implement environmental and energy management initiatives



#### Make continual environmental and energy improvements

Regular reviews to achieve sustainability targets

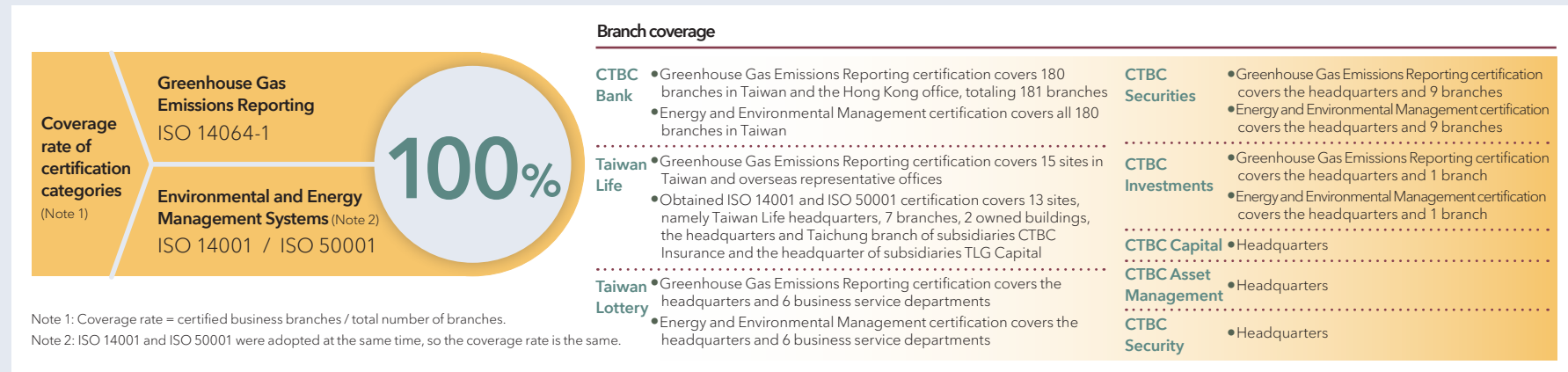


#### Expand corporate influence

Connect with adjacent companies to form a sustainable energy cycle

## Environmental management system and certification

All of our subsidiaries have obtained ISO 14001 Environmental Management System, ISO 50001 Energy Management System, and ISO 14064-1 Greenhouse Gas Emissions Reporting certification. The scope of verification covers 100% of our operating sites in Taiwan, and will extend to overseas sites successively.



In 2020, we spent a total of NT\$10,927,932 on environment-related personnel, equipment, education and training, management system guidance, and certification resources. We achieved outstanding overall performance in energy management, for which we garnered domestic and international recognition.



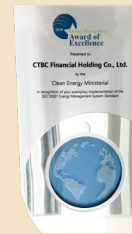
### Silver Award and Green Action Award from the R.O.C. Enterprise Environment Protection Awards

The evaluation criteria included performance in promoting environmental education, replacing old vehicles, and participating in beach cleanup activities



### Outstanding Contribution to Green Purchasing by a Private Enterprise Award from Taiwan's Environmental Protection Administration

Award received for the 11th consecutive year in recognition of CTBC Holding's active practicing of green procurement



### Clean Energy Ministerial Award of Excellence in Energy Management from the U.N. Industrial Development Organization

- CTBC Holding received this accolade in June 2020 after earning the highest score in its Energy Management Leadership Awards evaluation by the U.N. Industrial Development Organization's Energy Management Working Group
- CTBC Holding is the world's first financial institution and the first company in Taiwan to receive the award



### Outstanding Contribution to Green Purchasing by a Private Enterprise Award from Taipei City Government's Department of Environmental Protection

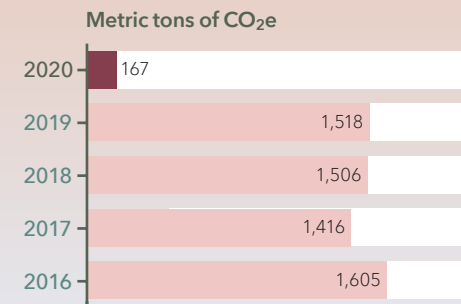
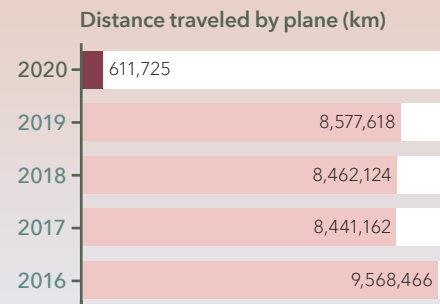
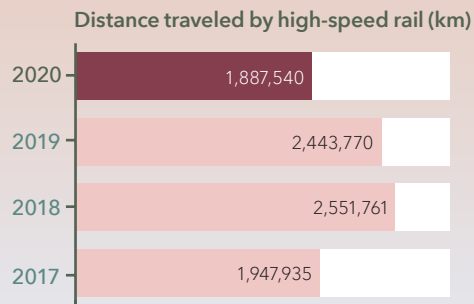
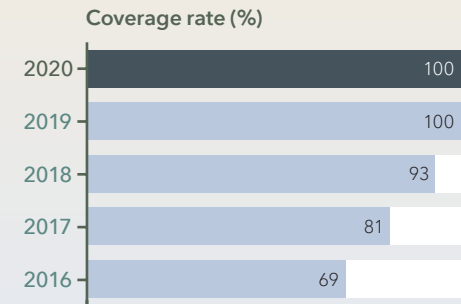
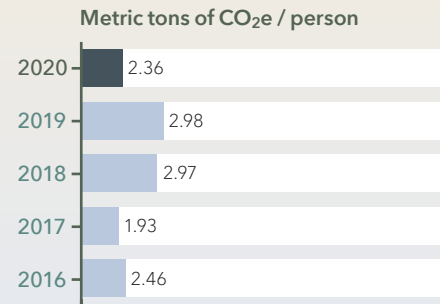
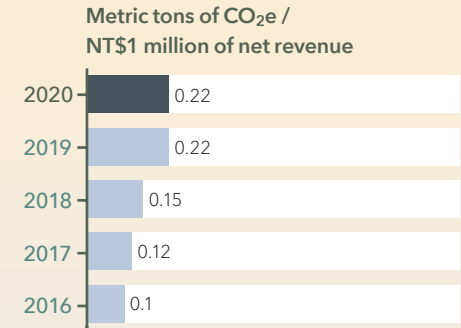
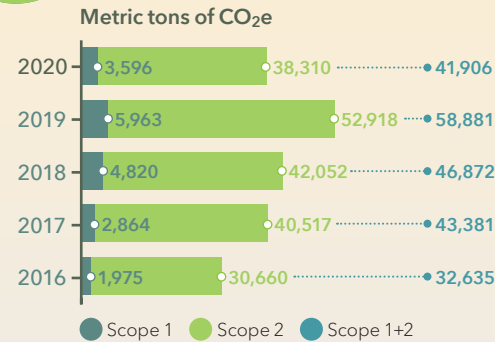
Award received for the 12th consecutive year in recognition of CTBC Holding's active practicing of green procurement

## Green operations management and performance

### Greenhouse gas management indicators

In 2020, CTBC Holding's GHG emissions in Scopes 1 and 2 totaled 41,906 metric tons of CO<sub>2</sub>e of which 38,310 metric tons came from Scope 2 power consumption. Electricity usage is the main source of CTBC Holding's GHG emissions. The Company's workforce and business volume began to increase substantially in 2015, causing our total GHG emissions to increase greatly thereafter. Since 2017, all subsidiaries of CTBC Holdings have introduced ISO 14064-1 GHG inventory yearly to have complete and correct GHG emission information and consequently set carbon reduction targets. The target of GHG reduction in the next three years is to reduce the total GHG emissions by 3.5% from 2021 to 2023, with 2020 as the base year.

- Note 1: In 2016, scope 1 and 2 emissions were verified using ISO 14064-1 for CTBC Bank only; from 2017 to 2020, the calculation and verification expanded to include other CTBC Holding subsidiaries.
- Note 2: Scope 2 emissions are for electricity use, with emission factors of 0.528 (2016), 0.529 (2017), 0.554 (2018), 0.533 (2019), and 0.509 (2020) kg of CO<sub>2</sub>e/kWh. (The 2020 factors were not released during the verification period, therefore, the calculation was based on the 2019 factors.)
- Note 3: The air travel mileage calculation prior to 2018 was determined using the calculator on the ICAO website.
- Note 4: The data disclosed in 2019 were uniformly computed using the Greenhouse Gas Protocol calculation coefficient.
- Note 5: The Scope 3 data for business travel are the result of self-inventory without external verification.
- Note 6: The data for metric tons of CO<sub>2</sub>e/NT\$1 million of net revenue has been revised due to adjustments in verification boundaries for Scope 1 and Scope 2.
- Note 7: The ICAO Carbon Emissions Calculator can be found at <http://www.icao.int/environmental-protection/CarbonOffset/Pages/default.aspx>.
- Note 8: The calculation of the coverage rate is based on operating sites



## Energy and resource management

### •Energy management

Strategy	Execution method	Benefit
<b>Create renewable energy</b>	Installation of two sets of solar power generation equipment in CTBC Financial Park	In 2020, a total of 63,790 kWh of electricity for use around the park
<b>Energy conservation and carbon reduction measures</b>	<ul style="list-style-type: none"> <li>•Air-conditioning use at CTBC Financial Park reduced by one hour every day while ventilation fan use in its B1-B5 carpark reduced by 1.5 hours every day</li> </ul>	Conserved nearly 430,000 kWh of electricity, representing approximately 216 metric tons of GHG emissions
<b>Drive energy conservation initiatives at operating sites beyond CTBC Financial Park</b>	<ul style="list-style-type: none"> <li>•Regularly cleaning air-conditioners, filters, and cooling towers to increase air-conditioning efficiency</li> <li>•Replaced and upgraded old air-conditioning units, with a total of 31 units replaced and upgraded between 2020 and April 2021 for a total replacement cost of NT\$26.81 million; actively responding to the Montreal Protocol, the use of R22 refrigerant is being decreased in order to reduce global warming and electricity costs</li> <li>•Lights in server rooms switched off or infrared monitoring devices, reducing night illuminance by 1,021 lamps, thus conserving 276,455 kWh or approximately NT\$727,000</li> <li>•Air-conditioning at all branches switched off 30 to 60 minutes earlier, saving approximately NT\$3.66 million</li> </ul>	Conserved nearly 1.73 million kWh of electricity, representing approximately 882 metric tons of GHG emissions (emission factor is based on the domestic emission factor of 0.509kg CO <sub>2</sub> e/kWh in 2019)

CTBC Holding has been promoting various energy integration projects and objectives on a triennial basis. The goal of cutting electricity usage by 6% for the first project phase of 2015-2017 was completed successfully. The second project phase uses 2017 as the base year to formulate the goal of reducing electricity use by 2% each year for a cumulative decrease of 6% from 2018 through 2020. In 2020, the total cut in energy usage was 1.73 million kWh and electricity use by 2.46%, the equivalent of 882 metric tons of GHG emissions. The target of energy conservation in the next three years is to reduce the total energy consumption by 3.5% from 2021 to 2023, with 2020 as the base year.

CTBC Holding does not independently produce electricity, heating, cooling, steam, or other energy resources. See the table below for CTBC Holding's fuel consumption and procurement.

Type		Unit	2020	2019	2018	2017	2016
Non-renewable fuel	Petroleum (regardless of octane rating 92/95)	Liter	599,143	582,472	631,972	491,337	265,348
	Diesel	Liter	2,439	3,967	4,364	9,562	4,846
	Liquified petroleum gas	Liter	0	291	291	436	360
	Liquified natural gas	Cubic meter	21,741	0	35,982	38,866	33,569
Purchased for use	Electricity	kWh	75,093,165	80,341,725	75,089,386	75,753,494	57,905,577
<b>Total energy consumption</b>		mWh	80,749	85,662	81,197	80,665	60,670
<b>Total energy consumption intensity</b>		kWh/person	4,221	4,814	4,500	4,703	7,150
		kWh/square meter	143	154	139	160	107
		kWh/net income (million)	386	304	239	217	181
<b>Coverage rate (%)</b>			100	100	93	81	69

Note 1: Power consumption data are verified using ISO 14064-1, and between 2017 and 2020, the calculation and verification expanded to include other CTBC Holding subsidiaries along with CTBC Bank.

Note 2: The calculation for coverage rate is based on operating sites

We have moved aggressively toward our own low-carbon transition. In June 2017, CTBC Holding became the first financial institution in Taiwan to obtain a renewable energy certificate issued by the Ministry of Economic Affairs. As of the end of 2020, we had obtained 255 renewable energy certificates. We are also actively promoting energy-saving plans and have installed two solar arrays at CTBC Financial Park, generating 63,790 kWh of electricity for public use in 2020. The Bank also proactively promotes energy-conservation measures and participates in community events such as Earth Hour.

### •Waste reduction

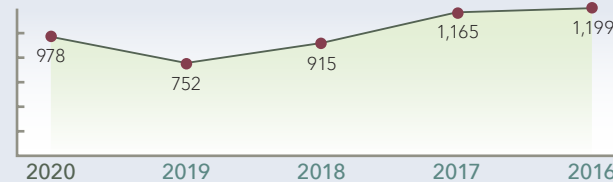
We support and comply with Taipei City Government environmental protection policies by reducing food waste and other types of waste. Since 2016, the measures to reduce waste in CTBC Financial Park included:

- ✓ CTBC Financial Park's employee cafeteria switched from disposable tableware to reusable porcelain dinnerware. It also replaced buffet-style dining with set meals featuring fixed portions, cutting food waste by approximately 60%.
- ✓ Reusable food waste has been converted into organic fertilizer, which is then used for landscaping around the CTBC Financial Park and plant maintaining of the adopted park.
- ✓ Trash cans are not placed at individual desks in offices, and employees have to sort their trash in kitchenettes on respective floors.
- ✓ We have established a dedicated waste collection area and a kitchen waste collection facility in CTBC Financial Park's underground area to ensure the implementation of recycling by waste category.

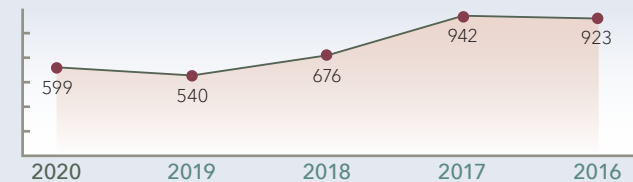
In 2020, the expenditure on waste treatment was about NT\$4.2 million. The target of waste reduction in the next three years from 2021 to 2023 is to reduce the total waste volume by 3.5%, with 2020 as the base year. Data for waste treatment over the past five years is as follows:



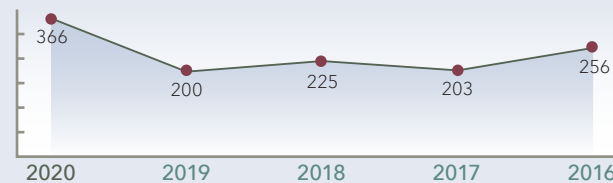
**Waste generated amount (A)**  
(metric tons)



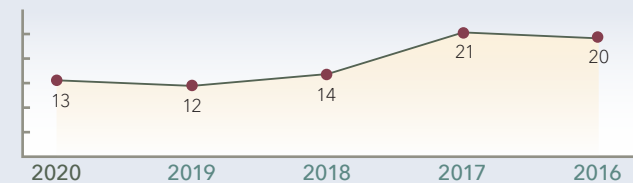
**Waste incinerated for power generation (C)**  
(metric tons)



**Recycled amount (B)**  
(metric tons)



**Landfill (D)**  
(metric tons)



Note 1: The data for volume of waste generated (A) and volume of recycling (B) in 2020 covered all operating sites for CTBC Bank and the headquarters of all its subsidiaries and were verified through ISO 14064-1:2018 in 2020. Due to the scope of the verification cover the addition of all branches of CTBC Bank in Taiwan in 2019, the total amount of waste has increased.

Note 2: Calculated based on "National general waste disposal amount" disclosed through the Environment Resource Database (ERDB) of Environmental Protection Administration, where incineration power generation (C) = (waste generation (A)-recycling (B)) \* 97.9% and the proportion of nationwide incineration power generation was approximately 97.9% in 2019.

Note 3: Landfill (D) = waste generated amount (A) - (recycled amount (B) + waste incinerated at waste-to-energy plant (C))

### •Water resource management

The main source of our operating water comes from the state-owned utility Taiwan Water Corp., and we do not use any ground-water. We provide water for use only by staff members and customers in our headquarters and branch locations, and thus do not exert any negative impact on water sources. The total water consumption in 2020 was about 403,000 cubic meters. The target of water conservation in the next three years is to reduce the total water consumption by 3.5% from 2021 to 2023, with 2020 as the base year.

	2020	2019	2018	2017	2016
<b>Water</b> <sup>Note</sup> (cubic meters)	403,000	411,344	365,858	410,216	407,116

Note: From 2020, to ensure consistency with the calculation of GHG emissions, the water consumed by businesses in CTBC Financial Park is deducted from the water consumption inventory.

### •Internal paperless operations

CTBC Holding and its subsidiaries endeavor to drive paperless operation service processes. Each subsidiary's efforts are as follows:

Paperless measures	Performance metric	2020	2019
<b>CTBC Bank</b>			
Introduced online document signing system to reduce the need for printouts	Proportion of electronic official documents	73.5% (70,350 pieces)	66.8% (24,547 pieces)
	Proportion of electronic applications	100% (10,627 pieces)	100% (4,608 pieces)
	Number of electronic orders executed	100% (389,456 requests)	100% (155,072 requests)
<b>Taiwan Life</b>			
Promotes paperless offices with electronic official documents and electronic announcements, and implemented digital premium payment notices and receipts for policyholders	Proportion of electronic official documents	100%	100%
	Proportion of electronic announcement	Nearly 76%	Nearly 72%
<b>CTBC Securities</b>			
Transitioning to paperless operations	Reduction in sheets of paper used	Nearly 6.9 million sheets	N/A
<b>CTBC Investments</b>			
Paperless electronic processing	Reduction in sheets of paper used	Nearly 780 thousand sheets	Nearly 1 million sheets

Note 1: One sheet of A4 paper produces the equivalent of 7 grams of carbon dioxide, and one statement comprises approximately three A4 sheets. (Source: Environmental Protection Administration's Taiwan Product Carbon Footprint website)

Note 2: Mailing one copy of a paper statement produces the equivalent of 6.35 grams of carbon dioxide.

Note 3: CTBC Bank's paperless system went live in July 2019.



•Paperless services

CTBC Bank	
Option to not print ATM receipts	We encourage customers to use internet banking, mobile banking, and our web ATM service to execute transactions such as interbank transfers, bill payments, foreign exchange, gold deposits and purchases, and fund purchases
Online personal loan applications	In recent years, the faster transaction speed offered by online personal loan applications (taking as little as 3 minutes from application to loan disbursement) and the expansion of the applicable customer base to all customers, online loan application channels have surged in popularity, <b>accounting for 96% of all loan applications in 2020</b>
ATM × LINE personalized services	Customers can link their LINE accounts with CTBC Bank ATMs to receive receipts, rewards coupons, and more via the instant-messaging platform. Since the ATM × LINE service was rolled out in 2019, <b>more than 1.3 million customers had linked their accounts as of the end of 2020, with more than a million electronic promotion coupons being sent per month</b>
Home Bank app	For our flagship banking app in 2020, new innovative transfer functions such as voice, fingerprint, and face recognition were integrated, joining its existing foreign exchange, bill payment, and investment services. The number of users had exceeded 3.74 million by the end of 2020, effectively reducing the GHG emissions otherwise required for travel to bank branches and convenience stores (to use an ATM or other service, such as bill payment)
Mobile Advisor (iPad)	All financial specialists at the Bank are equipped with mobile devices that can be used to provide a wide range of services including in banking, insurance, and investment, thus reducing the volume of hardcopy printouts required for these operations
Taiwan Life	
Online insurance platform	<ol style="list-style-type: none"> <li>1. Joined numerous fellow brokerage agencies and agent companies to create an online insurance platform, which provides diverse products including annuities, life insurance, travel insurance, and personal injury insurance. In 2020, Taiwan Life's first-year premiums accepted through the platform exceeded NT\$145 million, ranking second in the online life insurance industry</li> <li>2. Offers a range of other online services. After logging in to its website, customers can view the progress of requested services, set payment reminders, query policy information and the value of their accounts, and make policy contract modifications. Last year, more than 70,000 insurance policies were processed online</li> </ol>
Mobile insurance tools	Agents are offered various mobile tools to elevate their customer service quality and efficiency, including mobile insurance, mobile proposals, policy consultations, and requirement analyses. As of 2020, the proportion of usage for mobile insurance has exceeded 90%
CTBC Securities	
Online and carrier account opening, and electronic transactions	The proportion of online accounts increased from 23% in 2019 to 57% in 2020. In late 2020, we also launched a carrier account opening service, allowing customers who visited our branches to open accounts online through store tablets, thus significantly reducing the use of paper. Furthermore, The rate of electronic transactions increased from 71% in 2019 to 77% in 2020
CTBC Investments	
Online registration and rewards system	Breaking from the conventional use of hard-copy submissions, CTBC Investment established an online portal to accept registrations, questions, and feedback ahead of briefing sessions. On the day of the event, attendees can complete their registration by simply scanning a QR code. In 2020, due to the pandemic, the number of physical briefing sessions was drastically reduced to 15, which were attended by about 2,000 individuals, saving some 4,000 sheets of paper

The performance of subsidiaries in transitioning to paperless operations is as follows:

Paperless measures	Performance metric	2020	2019	2018
<b>CTBC Bank</b>				
Encourages customers to utilize internet and mobile banking, including the use of web ATM services for interbank transfers, payments, foreign currency exchanges, gold deposits and purchases, and fund purchases	Proportion of people using online currency exchanges (%)	77	70	68
	Proportion of people using online fund purchases (%)	75	62	60
	Proportion of people using online interbank transfers (%)	82	73	68
Promotes electronic statements, saving three sheets of A4 paper per statement	Reduction in sheets of paper used (unit: 1,000)	143,020	109,740	56,200
<b>Taiwan Life</b>				
Promotes mobile insurance services including mobile insurance, mobile policy proposal, policy consultations and requirement analysis, etc.	Proportion of mobile insurance policies (number of mobile insurance policies / total policies handled by the sales staff)	Nearly100%	Nearly100%	Nearly100%
Digital distribution of premium payment notices and receipts	Number of electronic policies	1,413,595	1,221,867	946,664
<b>CTBC Securities</b>				
Expands online/carrier customer base	Reduction in sheets of paper used	930,000	N/A	N/A
<b>CTBC Investments</b>				
Offers online registration system for investor seminars	Reduction in sheets of paper used	4,000	16,000	N/A

Note 1: One sheet of A4 paper produces the equivalent of 7 grams of carbon dioxide, and one statement comprises approximately three A4 sheets. (Source: Environmental Protection Administration's Taiwan Product Carbon Footprint website)

Note 2: Mailing one copy of a paper statement produces the equivalent of 6.35 grams of carbon dioxide.

### Green procurement practices

Our goal is to procure materials and equipment that reduce the burden on the environment while also meeting high quality standards. Our procurement practices give priority to environmentally friendly products and technologies that conform to environmental protection labels, energy labels, water conservation labels, green building material labels, and certification from other government units or public associations, as well as products with environmental protection labels from Europe, the United States, Japan, and South Korea; green products as recognized by public associations; and products with an Energy Star or FSC label. Our green procurement in the past five years is shown in the table below; in 2020, the total amount of green procurement exceeded NT\$560 million, accounting for nearly 7% of all procurement spending.

Unit: NT\$ million

Procurement item	Total green procurement amount	Total procurement amount	Proportion of green procurement in total procurement
2020	564	8,140	6.92%
2019	268	25,158	1.07%
2018	256	7,777	3.29%
2017	205	13,632	1.51%
2016	206	7,488	2.76%

### Green building

CTBC Financial Park is one of the leading domestic examples of energy-conserving and carbon-reducing office buildings, having passed audits by Taiwan Architecture & Building Center and the Taiwan government's EEWH Green Building Label system on top of incorporating goal of ensuring rest of the new buildings to achieve Green Building Label in construction plans. CTBC Financial Park is also the first building in Taiwan to obtain international green building LEED v4.1 certification and the LEED Dynamic Plaque, and is currently the sole LEED O+M v4.1 Platinum and Dynamic Plaque recipient in Taiwan.

We monitor our green building performance, such as building energy conservation, water conservation, waste management, and indoor air quality, in real time on an exclusive website, arc. Based on global benchmarks derived from Big Data analysis, we compare this performance against other international buildings, with CTBC Financial Park's results far superior to global standards.



#### Sustainable base

CTBC Financial Park has a rainwater recovery tank with a storage capacity of 2,625 tons to manage urban runoff. It also utilizes white roof coatings to reduce the heat island effect, kitchen waste for compost, and low illumination to reduce light pollution. CTBC Farm also promotes sustainable farming and has obtained certification of its organic agricultural products in response to the growing popularity of plant-based diets.



#### Water conservation

- 1 CTBC Financial Park uses rainwater recovery equipment in buildings; uses rainwater recycling equipment, recycling systems, and water conservation for fountains; and encourages and performs recycling to achieve waste conservation benefits.
- 2 We regularly advocate the benefits of water conservation.
- 3 Water-saving devices are installed on taps across all office floors of CTBC Financial Park; in addition, photoelectric switches are used in all washrooms and dual-flush systems are installed on toilets to optimize water volume.



#### Energy conservation

CTBC Financial Park's office floors are cooled using a chilled beam system, the scale of which is unprecedented in Taiwan, and it uses an ice storage air-conditioning system to reduce energy consumption and GHG emissions by reducing demand during peak hours. Office spaces are fitted with LED lights, with dimming remote control for direction indicators to control the switching on of lights, and 699 square meters of solar panels have been installed.



### Materials and resources

We use sustainably manufactured paper products certified by the Forest Stewardship Council, and placement of floor scales to effectively record the weight of waste and recyclables, ensure the proper classification of waste, and reduce waste, resulting in an increase in our recycling rate from 18% to 51%.



### Convenient transportation:

An air bridge linking CTBC Financial Park and an MRT station encourages the use of public transportation and reduces GHG emissions.



### Interior environment quality

An independent carbon dioxide concentration control tracking system is installed and we are constantly working on further greening and beautifying the office environment.



### CTBC Bank volunteers plant trees for the future

CTBC Bank collaborated with the United Daily News Group' Vision Project on its "Plant a Tree for the Future" initiative, adopting 2,000 new trees planted by Tse-Xin Organic Agriculture Foundation at Zhongjiao Bay in New Taipei City's Jinshan District and Xiluo Township in Yunlin County. Also as part of our efforts to encourage employees to take environmental protection into their own hands, more than 100 staff, friends, and family gathered in October 2020 to plant some 1,000 salt-tolerant, drought-tolerant, and strong wind-resistant trees in Zhongjiao Bay to protect the coastline from typhoons and waves.

As it is difficult to maintain moisture in coastal sandy areas, water-storing seedling pots from Zen Zhou Social Enterprise were specially deployed. The containers are also made of a special external casing that decomposes into natural organic fertilizer. Due to the low survival rate of coastal afforestation, maintaining these trees after planting is critical. To that end, we have jointly arranged for Tse-Xin Organic Agriculture Foundation to assist in irrigating, weeding, and recording the growth status of these trees.

Location	Label grade and current status
CTBC Financial Park	Obtained Diamond EEWB Green Building Label and LEED O+M v4.1 Platinum certification
Taiwan Life's CTBC Holding Taichung Financial Building	Obtained Silver EEWB Green Building Label
Lot 555, 2nd subsection, Shihjia section, Qianzhen District, Kaohsiung	Obtained Silver EEWB Green Building Candidate Certificate in September 2017 and occupancy permit in March 2020, and will apply for Silver EEWB Green Building Label
Lot 15, Economic and Trade Park, Nangang District, Taipei	Obtained Gold EEWB Green Building Candidate Certificate in April 2020 and is expected to obtain Gold EEWB Green Building Label within two years after obtaining occupancy permit



## Employee empowerment

Our employees are a critical resource for the sustainable development of the Company and at the heart of our "We are family" ethos. By creating an equal-opportunity working environment and a corporate culture of mutual trust, we empower our colleagues in hope that employees can take pride in their work and grow together with the Company. The attractive corporate image, workplace environment, remuneration packages, career development prospects, and job duties of CTBC Holding have been recognized by the market and our peers. In 2020, we received the Best Companies to Work for in Asia, Taiwan award from HR Asia for the third consecutive year and were named among Taiwan's Most Attractive Employers by global employer branding consultancy Universum, ranking first in the financial sector and 19th overall. We were also voted 24th among the Top 100 Most Aspiring Companies for the Millennials in a survey by Cheers magazine—the highest of any financial institution. Our key targets and achievements in our recruitment, cultivation, and treatment of employees in 2020 were as follows:

### Action plan Promote diversity and inclusiveness at the workplace



#### 2020 performance

- Full-time employees participated in human rights training, with a completion rate of 100% and total training hours of 110,456
- There were no reported cases of discrimination, child labor, forced or compulsory labor, or any infringement of employee interests at CTBC Holding in 2020; and people with disabilities were recruited at the levels stipulated by laws and regulations

#### 2021 goals

- Maintain with a completion rate of 100% for human rights training
- Continue to recruit people with disabilities at the levels stipulated by laws and regulations

### Action plan Talent recruitment and development



#### 2020 performance

- Conducting key employee development programs
- The total number of registered training hours by CTBC Holding and its subsidiaries' employees reached 596,237 hours and the average number of registered training hours per employee was 42 hours. Employee training expenses totaled NT\$56.60 million
- By referring to Jack Phillips' ROI training methodology, the ROI of our training programs was calculated using the relevant quantitative data of training effectiveness to verify the programs' economic benefits
- ESG-related online training courses were planned and designed for employees

#### 2021 goals

- Publish Employee Empowerment Report
- Promote digital human capital projects: take inventory of digital-related positions, estimate potential job-skill gaps, and help nurture relevant digital talent
- Achieve an online employee ESG training completion rate of 80%

### Action plan Employee welfare



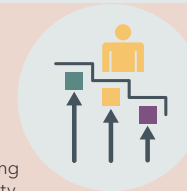
#### 2020 performance

- Signed preferential childcare contracts with kindergartens to assist colleagues in their children's childcare needs
- Signed short-term home care preferential contracts with providers to assist colleagues in their family care needs
- A total of 148 employees from various units were on unpaid parental leave, and the return-to-work rate was 75.68%; the number of employees who applied for a childcare subsidy reached 1,125, while the subsidies paid out totaled NT\$17,497,898
- A full-time dedicated healthcare team has been set up to take care of the health of employees. The participation rate for health checkups was 85%

#### 2021 goals

- Continue to provide employees with child care- and home care-related discounts and welfare measures
- Raise the participation rate for health checkups to 87%

### Action plan Promoting workplace safety



#### 2020 performance

- Both CTBC Bank and Taiwan Life achieved a 100% on-the-job training coverage rate among employees for Occupational Health and Safety Education and Training
- Both CTBC Bank and Taiwan Life achieved 100% completion rate for Occupational Health and Safety Management initial and refresher training
- The department head and unit heads of CTBC Security Management Department obtained occupational safety and health personnel licenses, and first aid courses were incorporated into on-the-job education and training for all CTBC Security employees, with a 100% training rate
- CTBC Bank employees recorded no cases of major occupational accidents in the workplace

#### 2021 goals

- Maintain 100% on-the-job training coverage rate for Occupational Health and Safety Education and Training among CTBC Bank and Taiwan Life employees
- Maintain zero cases of major occupational accidents in the workplace for CTBC Bank employees

## Diversity and inclusion

### Gender diversity

CTBC Holding adheres to the local regulations in every jurisdiction where it operates across the globe as well as international human rights standards in order to protect employees' legal rights and interests as well as create a diverse, open, equal, and harassment-free work environment. In 2020, CTBC Holding had 12,747 full-time employees, 638 non-full-time employees, and 7,539 commission-based sales representatives in Taiwan, totaling 20,924 employees. Currently, CTBC Holding's main business locations are in Taiwan, North America, Northeast Asia, Greater China, Southeast Asia, and Australia. Local employees are prioritized for management positions in these locations. The local employment rate in Taiwan is 99.76%, of which senior management accounts for 0.58%, and the local employment rate overseas is 90.25%. (Refer to the Appendix for detailed employment type and age distribution data.) As of the end of 2020, **the ratio of women to men employed across the entire Company was 162:100. Women accounted for 56.29% of all managers**, with the proportion of middle and senior managers who are women having increased by 2%-3% from 2019. Nearly 60% of the employees selected as model employees every year are women, indicating the opportunities for career growth provided to all employees regardless of gender.

Proportion of women and managers in CTBC Holding in 2020 (%)



Women employees	61.87
Women in STEM-related positions	34.7
Overall women in management	56.29
Women in middle and senior management	41.3
Women in junior management	59.79
Women managers in revenue unit	45.19

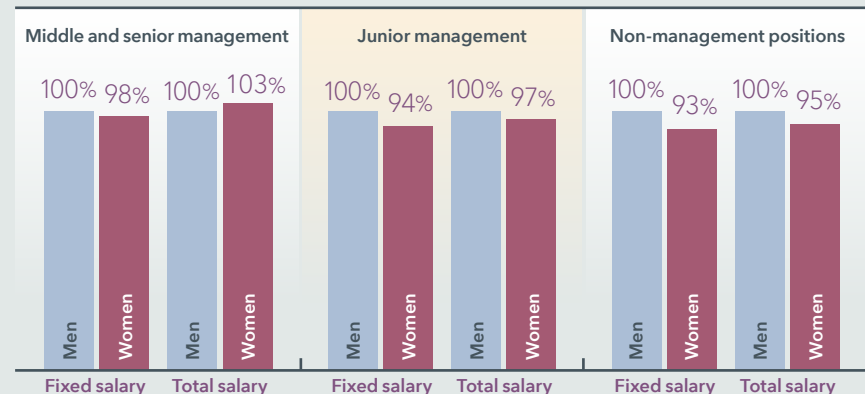
- Overall management refers to personnel who are responsible for the supervision and management of units, while non-management refers to personnel who are not tasked with the duties of management.
- Middle and senior management refers to unit-level managers and above for Taiwan and the head offices of overseas branches and to Level 1 managers and above for overseas subsidiaries.
- Junior management refers to other managers who are responsible for supervision and management other than middle and senior-level management.
- STEM refers to science, technology, engineering, and mathematics.

CTBC Holding has always sought to support the employment rights of people with physical and mental disabilities as well as indigenous people. We do so by providing job opportunities through various channels and adjusting these roles to ensure that these employees are in positions and conditions that exceed statutory requirements. In 2020, we hired 94 employees with a physical or mental disability, and our number of indigenous employees also met statutory requirements. In addition, CTBC Holding is recruiting transnational talent in Taiwan and abroad in order to expand its competitive advantages and deepen the diversity of its workforce.

### Fair pay

We are committed to maintaining a friendly and equal-opportunity workplace. We provide fair remuneration to all employees regardless of gender, age, race, or nationality, ensuring that all employees here are able to contribute and excel equally. In 2020, there was no significant difference in the annual remuneration of women and men employed by CTBC Holding, neither at the management level nor non-management level.

Average salary (Women/Men)



## Human rights policy and risk assessments

### • Human right policy

As part of our support of the International Bill of Human Rights, we established the CTBC Holding Human Rights Policy. In addition to regularly assessing the risk of human rights infringements at all business locations, we also map out improvement measures based on the assessment results and work toward the goal of zero human rights risks in the workplace. Moreover, the Company has established policies, such as its Workplace Rules and Sexual Harassment Prevention Measures, Complaints, and Disciplinary Approach, in accordance with the relevant laws and regulations in order to protect the rights and interests of employees and maintain a harassment-free work environment. The Company regularly appoints labor-management representatives to hold meetings on the rights, interests, and welfare of its employees. The relevant regulations and employee handbook are available on our internal website for reference by employees at any time.

CTBC Holding is dedicated to implementing employee care based on human rights and gender equality. In addition to incorporating international human rights provisions into the employee Code of Conduct, the Company also offers relevant educational training programs to promote employees' awareness of human rights issues. **In 2020, we had conducted human rights training to our full time employees, with a completion rate of 100%, and the total training hours were 110,456 hours. There were no reported cases of discrimination, child labor, forced or compulsory labor, or any infringement on employee interests at CTBC Holding in 2020.**

In addition, with the aim of protecting human rights and creating a healthy and comfortable working environment, CTBC Bank, Taiwan Life, and CTBC Security have formulated the Workplace Unlawful Infringement Prevention Plan, Workplace Maternal Health Protection Plan, Overwork-Related Hazards Prevention Plan, and Ergonomic-Related Hazards Prevention Plan in recent years. Meanwhile, CTBC Bank and Taiwan Life have incorporated ISO 45001 Occupational Health and Safety Management Systems standards for trial implementation at their headquarters to better ensure employees' workplace health and safety at the workplace. The scope of this incorporation is expected to be gradually expanded to protect employees' physical and mental health so as to their rights, interests, and welfare.

### • Human rights risk assessment and management measures

Issue	Target	Indicator and definition	2020 risk value
Diversity and equality in the workplace	Employees with a physical or mental disability	Employment rate of employees with a physical or mental disability = $\frac{\text{Number of insured units with unfulfilled quota of employees with a disability in the current year}}{\text{Total number of insured units}}$	0%
Prohibition of child labor employment	New employees	Zero child labor	0%
Prohibition of employment discrimination	New and existing employees	Incidence of employment discrimination = $\frac{\text{Number of employment discrimination cases as determined by the competent authority in the current year}}{\text{Total number of employees}}$	0%
Prohibition of sexual harassment	All employees	Incidence of sexual harassment complaints = $\frac{\text{Number of persons involved in sexual harassment complaints accepted by the Company internally in the current year}}{\text{Total number of employees}}$	0.022%
Good labor-management relations	All employees	Labor-management dispute involvement rate = $\frac{\text{Number of persons involved in labor-management disputes as accepted by the competent authority in the current year}}{\text{Total number of employees}}$	0.022%
Employee health management	All employees	Risk management indicator for physical and mental health = $\frac{\text{Number of questionnaires with high risk results as determined by doctors}}{\text{Number of survey questionnaires with suspected physical and mental health risks}}$	0%
		$\frac{\text{Number of work cases to be adjusted as recommended by doctors}}{\text{Number of high-risk disease cases}}$	0%
	All CTBC Bank and Taiwan Life employees	Risk management indicator for disease cases = $\frac{\text{Number of high-risk disease cases}}{\text{Number of cases upon effective data analysis}}$	CTBC Bank 0.1% Taiwan Life 0%
Workplace safety management	All CTBC Bank and Taiwan Life employees	Occupational health and safety indicator = $\frac{\text{Number of high-risk hazards unaddressed}}{\text{Number of high-risk hazards that can be addressed}}$	CTBC Bank and Taiwan Life 0%

Note: The scope of human rights risk assessment scope is in Taiwan.

2020 human rights risk assessment results	Mitigation measures
All relevant insured units met the quota of employees with a physical or mental disability; the risk was determined to be low	<ul style="list-style-type: none"> <li>All insured units shall fulfill the quota for hiring employees with a physical or mental disability, in accordance with statutory standards</li> <li>Construct a barrier-free workplace environment that is friendly to people with disabilities</li> </ul>
No minor under the age of 16 was employed; the risk was determined to be extremely low	<ul style="list-style-type: none"> <li>Recruitment phase: Applicants should indicate the correct date of birth on their resumes and sign to certify the accuracy of the information provided</li> <li>Reporting phase: Employees are required to submit their identification documents on the day they are to commence employment</li> </ul>
No employment discrimination cases; the risk was determined to be extremely low	<ul style="list-style-type: none"> <li>The employee handbook specifies that discrimination against job seekers or employees on the basis of race, class, language, ideology, religion, party affiliation, ancestry, place of birth, gender, sexual orientation, age, marriage, appearance, facial features, physical or mental disabilities, or previous trade union membership is strictly prohibited. The employee Code of Conduct pledges to establish a diverse work environment free from discrimination and harassment</li> <li>The Employee Appointment Administration Measures specify that all appointment practices should be based on the principles of fairness, justice, and openness in order to prevent any form of employment discrimination</li> </ul>
Investigation found one confirmed case; the risk was determined to be low. Six individuals were involved	<ul style="list-style-type: none"> <li>Formulate a Sexual Harassment Prevention Measures, Complaints and Disciplinary Approach policy in accordance with the statutory provisions</li> <li>Establish a dedicated unit for sexual harassment complaints, a complaints hotline, and a dedicated email address for handling relevant cases in accordance with the law</li> <li>Organize relevant educational courses on a regular basis</li> </ul>
The rate was lower than the 2020 national labor-management dispute rate of 0.611% as determined by the Directorate General of Budget, Accounting and Statistics; the risk was determined to be low	<ul style="list-style-type: none"> <li>Establish various personnel management systems to ensure employees' rights and interests in accordance with relevant labor laws and regulations</li> <li>Conduct regular labor-management meetings and employee opinion surveys to understand employee needs and address their issues of concern</li> <li>Set up an employee care mechanism to accept employees' complaints through multiple channels and handle complaints impartially and properly in a confidential manner, thereby eliminating potential labor-management disputes</li> </ul>
No high-risk cases	<p>Execute employee physical and mental health management policies such as the Workplace Maternal Health Protection Plan, Overwork-Related Hazards Prevention Plan, and Ergonomic-Related Hazards Prevention Plan through the analysis of employee health checkup data, and follow the appropriate advice and management guidelines from doctors</p> <p>Through the assessment of workplace risk, the level and control of different potential hazards are quantified</p>
No health risks were caused by job duties	
<ul style="list-style-type: none"> <li>CTBC Bank: 25 high-risk cases (number of employees whose health is being tracked)</li> <li>Taiwan Life: 87 high-risk cases (number of employees whose health is being tracked)</li> </ul>	
The analysis data were calculated based on the workplace classification of risks and hazard identification in 2020	

## Employee engagement

### • Labor-management relations

To maintain good labor-management relations, CTBC Holding builds a harmonious communication platform that gives both sides equal footing, and arranges labor-management meetings on a regular basis. The labor representatives, who are formally voted and selected by all employees, will work together with the representatives appointed by the management. None of the labor representatives may hold management positions. Furthermore, for any gender that constitutes half or more of all employees, at least one-third of all representatives must be of that same gender. All motions related to labor conditions must be approved during labor-management meetings, set forth in the work rules, and announced to all employees. Employee welfare matters must be regularly reported at the labor-management meetings.





Furthermore, to protect labor relations and conditions, we have devised regulations governing termination notice periods in accordance with the Labor Standards Act. In 2015, Taiwan Life's labor union signed a collective agreement with CTBC Holding, marking the first such agreement ever signed in Taiwan's life insurance industry. The agreement includes health and safety issues, with a coverage rate of 11.1%. Taiwan Life labor union membership is open to Taiwan Life employees only; all office employees, excluding those at the district manager level and above, can join. Dispatched employees must be in a business development specialist position or higher to join. The collective agreement covered 8.35% of all eligible employees as of Dec. 31, 2020. Employees may not be treated unfairly in terms of salaries, performance appraisals, incentives and punishments, promotions or evaluations, or any other regard because of their participation in trade union activities or holding of a trade union position.





### • Labor-management disputes

In 2020, CTBC Holding and its subsidiaries mediated a total of nine labor-management disputes. All disputes were resolved and handled appropriately, as detailed below:

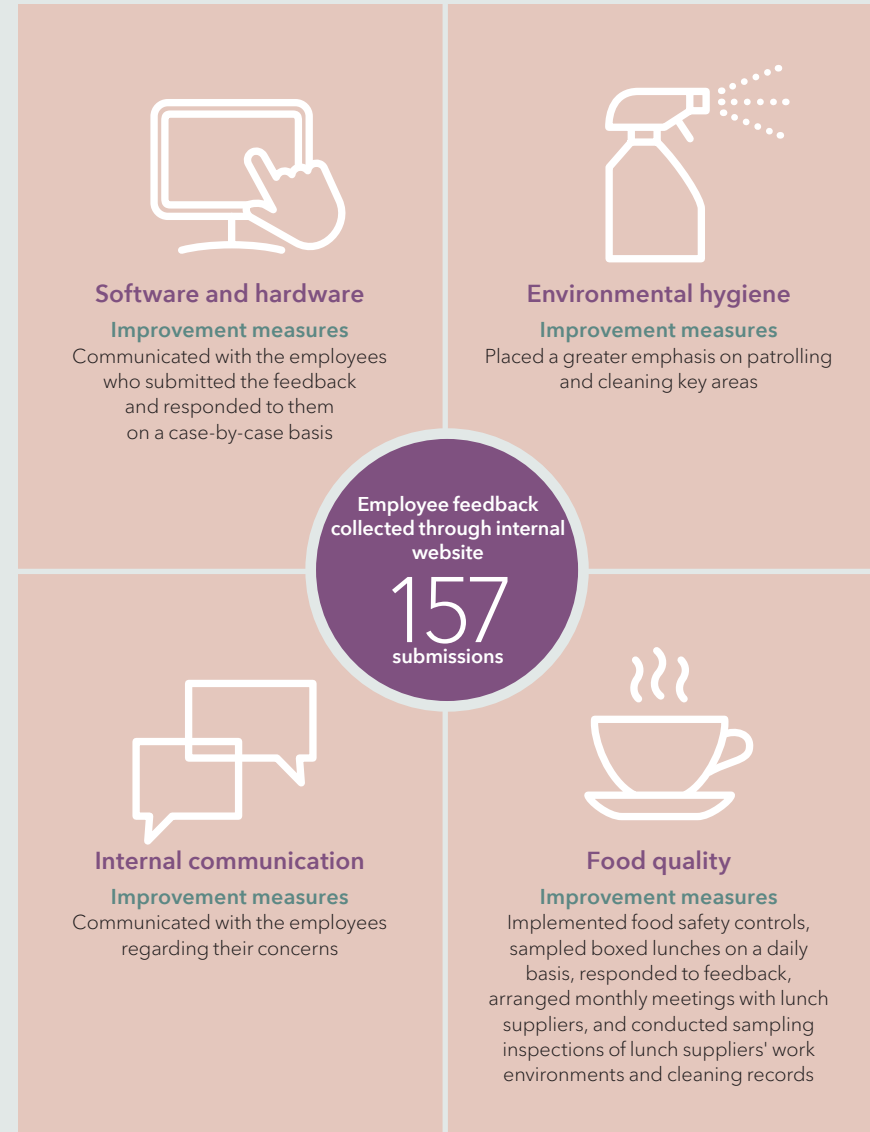
Type	Dispute content	Future improvements
 <b>Employment relationship</b>	Employees disputing the lawful termination of employment	• Enhance communication regarding employees' rights and interests
 <b>Leave</b>	Employees disputing changes in their job duties or location	• Enhance communication regarding employees' rights and interests
 <b>Worker's compensation</b>	Employees misunderstanding the nature of pensions and bonuses, leading to disputes about severance pay, pensions, and overtime pay	• Continued adjustment of employee benefits to ensure they exceed the requirements of the Labor Standards Act
 <b>Bonuses and remuneration</b> (including year-end bonuses, pensions, and overtime pay)	Employees disputing performance appraisal results	• Enhance communication regarding employees' rights and interests

### • Employee opinion surveys and communication channels

CTBC Holding conducts employee opinion surveys once every two years. By tracking the results of these surveys, we hope to gain a better understanding of the feelings and thoughts of our different generations of employees and gauge the gap between peer recognition and external benchmarks.

A total of 15,049 employees completed the online survey in 2019, the results of which are disclosed on page 102 of our 2019 Sustainability Report. The next employee opinion survey will be conducted in 2021. (Refer to 2019 CTBC Holding CSR Report P.138 for the employee communication channels provided by each subsidiary.)

### • Employee feedback processing in 2020



## Talent recruitment and development

### Expanding recruitment channels to keep up with the times

We appreciate just how integral a highly capable workforce is to a successful company; as such, we spare no effort in finding talent and investing in it. Through multiple recruitment channels, we continued to execute globalized, digitized recruitment strategies. These aimed to recruit cross-disciplinary talent from different areas of expertise and nationalities who displayed the "SMART" abilities (Savvy, Mobility, Ambition, Resilience and Teamwork).

Due to the pandemic in 2020, we accelerated our recruitment of transformational talent. In addition to shifting recruitment activities fully online, we held a six-month online talent recruitment fair on our official website and social media channels. Online recruitment activities on external recruitment platforms were complemented with more than 100 posts, some 30 videos, and numerous livestream sessions in order to publicize key recruitment initiatives and job vacancies, in particular to ensure the pandemic did not affect our recruitment of fresh graduates. Furthermore, to protect applicants, CTBC Holding collaborated with the CTBC Bank Data and Technology Research and Development Division to develop an AI-powered intelligent screening system for resumes and an online video interview mechanisms to create a secure digital interview environment.

Financial talent	International talent	Digital talent
<b>Goals</b>		
<ul style="list-style-type: none"> <li>• Maintain a presence on campuses and familiarize students with financial practices through on-campus sharing sessions and internship plans</li> <li>• Leverage all CTBC Holding resources to develop a comprehensive system for recruiting financial talent</li> </ul>	Actively engage with foreign students in Taiwan in anticipation of the Company's international growth and talent needs in the Southeast Asian market	Become entrenched in campuses and enhance awareness of CTBC Holding among outstanding students in preparation for our financial digital transformation
<b>Strategies</b>		
<ul style="list-style-type: none"> <li>• Corporate visits by university departments</li> <li>• Rising Star Summer Internship Program</li> <li>• Management Associate Program</li> </ul>	Establish a foreign talent recruitment task force and launch a foreign talent recruitment program (iSEA Program) to match jobseekers with work experience to suitable job vacancies, and launch a summer internship program for foreign students	Launch IT industry-university collaboration internship programs with the aim of providing practical connection opportunities for senior students in information-related disciplines
<b>Outcomes</b>		
<ul style="list-style-type: none"> <li>• In 2020, a total of 15 open-house sessions were organized, helping over 700 students better understand working in the financial sector</li> <li>• A total of 27 students enrolled in our summer internship program, of whom six went on to take additional internships with us during the semester in 2020</li> <li>• The Rising Star internship program attracted applications from some 700 students</li> <li>• In 2020, 52 outstanding candidates were selected from nearly 1,200 applicants for the MA program</li> </ul>	<ul style="list-style-type: none"> <li>• Nearly 200 applicants matched with full-time positions through the iSEA program</li> <li>• More than 100 foreign-student applicants for summer internships</li> <li>• Foreign talent recruitment activities included three open-house sessions, four online briefing sessions, and four job-matching sessions, reaching more than 1,000 individuals</li> </ul>	<ul style="list-style-type: none"> <li>• More than 100 applicants for IT internships</li> <li>• IT and IT Security Division accepted 42 interns, offering five months of training and practical exposure to program development in the finance industry</li> </ul>

### Talent cultivation

#### • Employee career development design

CTBC Holding is proactive in improving how its employees are recruited, trained, and promoted. We put great emphasis on the career development needs of various types of talent attributes and formulated a dual-track development mechanism for professional and managerial positions. Correspondingly, through internal and external scientific data-based management analysis, learning journeys are specifically designed for different target groups. In recent years, we have placed more emphasis on the recruitment and development of international and overseas employees on top of new personnel, professional personnel, and managers across all levels. For example, in Taiwan Life's internal training framework, key learning and development management functions are defined for each job level. Through education and training, knowledge sharing, and on-the-job learning, employees systematically accumulate new skills and duties, fostering professional growth throughout the company. During the learning journey, in an effort to accelerate employees' professional development, the Company offers regular professional training courses, management development training, international courses, overseas training courses, soft skills training, financial license training, and various other training courses, and supplements these with support and assistance for employees' long-term career growth; regular reviews of talent enrichment plans; opportunities such as overseas visits, rotational training, and project assignments; and coaching advice from both internal senior leaders and external consultants. In addition, to encourage their continual growth, employees of CTBC Holding and its subsidiaries receive annual performance evaluations and career development reviews, with appropriate job arrangements and promotions provided accordingly.

## •Key employee development programs

### Online learning platforms

We offer convenient, efficient learning resources and platforms for employees to strengthen their professional and management abilities anytime, anywhere. These resources include:

<b>Personal development classroom programs</b>	In response to strategic and organizational needs, various types of physical and online courses are provided to enhance work skills and motivation. A total of 12 classroom courses, 3 workplace seminars, and 23 online and live-stream courses were conducted in 2020. In addition, we have partnered with CommonWealth Magazine and incorporated 1,690 online course videos and audio resources from the CommonWealth Innovation College to facilitate independent learning
<b>Happiness seminars and humanities lectures</b>	We conducted 9 seminars on soft skills and arts and culture-related topics in 2020, providing employees with a myriad of learning resources and creating a workplace atmosphere that embraces a healthy work-life balance
<b>Language learning</b>	We provide a diverse range of language learning resources and activities. In 2020, these included organizing 1-on-1 classes as well as 31 group classes for supervisors, conducting 3 English Salon sessions with ICRT, launching an English-learning newsletter, and partnering with language institutions to set up on-site consultation services by native-English-speaking teachers to resolve employees' workplace difficulties
<b>CTBC e-Academy</b>	This online training platform provides professional and regulatory courses supplemented with multilingual learning resources and an online knowledge base. In 2020, 15,880 employees used the CTBC e-Academy website 788,079 times, and 10,912 employees used the CTBC e-Academy app 139,830 times
<b>Online library</b>	Employees can borrow books as well as search books, journals, and the Taiwan Industry Economics Services database. As of the end of 2020, the site had been accessed a total of 17,602 times

## Professional training

### CTBC Bank Institutional banking ARM/ACM/RM training

To enhance employees' professional knowledge and sales skills in ARM/ACM/RM, a development training program was provided to a total of 547 RMs and ARMs at CTBC Bank. The training was available to new employees during their onboarding period. It included credit training, financial analysis, industry analysis, credit investigation report writing, and field visits over 91 hours of courses held across 13 days

- Participants must complete 3 required courses during their employment period in order to apply for an institutional banking qualification assessment
- They can apply for an RM qualification assessment after completing the work qualification and certification eligibility tests, in addition to relevant required courses
- Training is provided on an irregular basis during the service of an RM, including courses on financial products, professional negotiation skills, and credit risk case studies, in order to increase the number of clients and product sales

### Certified Financial Planner/Retirement Financial Advisor training

CTBC Bank actively cultivates talent by encouraging employees to obtain CFP® and RFA certifications. In addition to offering certification training class, the Bank provides at least 300 hours of professional training per year to every employee through various learning platforms such as online and offline courses, on-the-job training, and radio connections to enhance their professional financial knowledge and reinforce their understanding of fair dealing, AML, and risk. CTBC Bank also has a comprehensive database of customer transactions; through precise analysis of it, wealth managers can more effectively understand the needs of individual customers and perform a tailor-made asset allocation accordingly. As of December 2020, CTBC Bank's one-stop financial advisory team had provided nearly 100,000 customers with financial planning advice and 70,000 with retirement planning advice

### CTBC Bank Reskilling Program

CTBC Bank constantly undertakes organizational change and workforce transformation in order to bolster the development of its digital financial services. In 2020, with the intent of promoting digital skills upgrading, we launched a three-phase initiative comprising the confirmation of functions, the devising of blueprints, and a transfer mechanism:

- **Phase 1:** After being proposed and drafted by cross-unit heads to facilitate the nurturing of digital talent within each unit and the establishment of related management nurturing, the Bank's key digital functional requirements were confirmed by the end of 2020
- **Phases 2 and 3:** Devise a holistic training journey accommodating all digital functions in 2021 in line with the needs for key digital functions and augmented by resources from external professional training institutions and internal lecturers. Furthermore, start internal development of a function certification system while encouraging employees to develop their skillsets; through flexible internal transfer mechanisms, encourage qualified reskilling talent to fill positions in various units to spur the promotion of digital business; and continually nurture talent and drive digital innovation in the future through the regular review and adjustment of key functions

## Managers' training and development

With the goal of establishing the leadership capabilities of managers in CTBC Holding, through internal and external data-based management analysis, we regularly review and develop executive talent enrichment plans and select deserving managers to participate in domestic and overseas executive education and training courses to interact with leaders in various fields, enriching their international perspective and transnational operation management thinking. Our cross-unit communication platform is molded and team cohesion is strengthened through team interactions and annual training sessions such

as management associate training, management development training for various levels of managers, language enrichment classes for managers, and overseas branch and subsidiary manager training in Taiwan—all of which is carefully planned and executed in collaboration with internal senior executives, national and international institutions. In addition to physical and online teaching being offered, CTBC Holding case studies are prepared to convey the Company's management mindset and interactive coaching is provided to refine the decision-making capabilities of managers in preparation for future operations and challenges. With the pandemic in 2020, new opportunities emerged for managers based in Taiwan and abroad to learn together through distance learning. A total of 19 training courses were held with 982 domestic and overseas managers participating.

### Taiwan Life insurance agent training

To elevate the professional competencies of our 7,484 life insurance agents, a set of standardized and systematic schemes for professional sales education and training has been established. The training content includes product knowledge, licensing and certification lessons, customer needs finding skill, and policy consultations, forming a firm system that covers basic, intermediate, and certification training. The program aims to increase the number of new policyholders as well as first-year premiums.

#### • Training data

In 2020, the total number of registered training hours by CTBC Holding and its subsidiaries' employees reached 596,237 hours and the average number of registered training hours per employee was 42 hours. Employee training expenses totaled NT\$56.60 million. We held 2,284 classroom training sessions, with an attendance total of 45,796. There were 1,397 online training sessions with an attendance total of 230,291.

Total training hours Unit: hours		Average training hours Unit: hours	
Women 66,895.8	Men 42,574.2	Women 65.1	Men 53.6
Management positions	Total 109,470	Management positions	Total 60.1
Women 293,192.2	Men 190,261.2	Women 38.7	Men 39.2
Non-management	Total 483,453.4	Non-management	Total 38.9

- Note: 1. The registered training hours comprise those of CTBC Holding, CTBC Bank, CTBC Capital, CTBC Asset Management, CTBC Securities (including CTBC Securities Venture Capital and CTBC Securities Investment Service), CTBC Investments, Taiwan Lottery, CTBC Security, and Taiwan Life.  
 2. The number of employees used in calculating the registered training hours and the average number of registered training hours excludes temporary employees, overseas employees as well as directors and supervisors.  
 3. The number of employees used in calculating the average number of registered training hours is based on the number of employees in service as of Dec. 31, 2020.  
 4. The number of registered training hours for CTBC Security is estimated based on the number of employees in service at the end of the year and on the basis of four hours in-service training every month according to Article 10-2 of the "Private Security Service Act."

### Human capital development assessment

We set a general training and development direction every year, and launch various training programs accordingly. The main objectives of our institutional banking sales training program and life insurance agent training program are to enhance the professional competencies of sales personnel and thus drive performance growth. We utilize the Kirkpatrick Model to review the learning outcomes of our training programs, but we are committed to more deeply evaluating the programs' effectiveness. We are doing so by referring to Jack Phillips' ROI training methodology, namely the Level 5 ROI evaluation. The ROI of our training programs is calculated by using the relevant quantitative data of training effectiveness to verify the programs' economic benefits.

Indicator	Item	2018	2019	2020	
L5 ROI	Average contribution per person (NT\$ thousand) (revenue / number of employees)	15,764	13,012	9,397	
	Human capital ROI	8.31	6.05	4.58	
	Employment efficiency (revenue / cost of employment)	9.10	6.80	5.37	
L4 Results	Retention rate of key employees	91.8%	94.5%	94.2%	
L3 Behavior	Employee turnover rate	8.98%	9.68%	9.28%	
	Replenishment rate of internal employees	36.84%	59.86%	64.96%	
	Proportion of key employees holding management positions	23%	25%	28%	
L2 Learning	Acquisition rate of licenses necessary for promotion	100%	100%	100%	
	Passing rate for legal compliance, risk management, anti-money laundering education and training	100%	100%	100%	
L1 Reaction	Employee training courses average satisfaction level (5-point system)	Self-development course:	4.77	4.74	4.54
		Happiness seminar:	4.79	4.76	4.70

## Creating a happy workplace

As Taiwan's leading financial brand, we have designed a comprehensive and competitive remuneration framework and offer benefits and perks that are diverse and relevant to employees, with the aim of attracting, motivating, and retaining outstanding financial talents and ensuring the competitiveness and sustainable development of our organization. We also strive to provide a workplace that is not only healthy and safe but is comfortable, friendly, and with leisure and relaxation facilities, too, so that all employees can work with peace of mind and be happy at work.

### Remuneration and benefits

We not only provide competitive remuneration but also link the Company's overall strategic targets with employees' individual work goals via a performance management system. Every employee sets individual performance goals (MBO) at the beginning of the year, and managers evaluate employee performance based on their achievements as well as multidimensional appraisal from other managers or peers. To account for differences in the performance evaluation results of individual employees, each performance ranking is conducted with specific consideration given to the employee's unit or position, thereby enhancing the fairness and impartiality of the appraisal. Performance evaluations include key business performance indicators for each unit and a composite indicator of individual compliance with internal controls/legal/information security standards, cost controls, personal development and team management, and ESG.

Rewards, training programs, and career development opportunities are offered based on the performance of each employee. Those who demonstrate both excellence and potential are actively promoted and cultivated for higher positions through an open and transparent promotion scheme. In this manner, employees with greater responsibility are provided with corresponding compensation and benefits, spurring the positive development of the organization as a whole.

#### •Remuneration policy

CTBC Holding has formulated a remuneration policy for itself and its subsidiaries and which is applicable to its global operation locations. The policy comprises three main goals, namely maintaining market competitiveness and achieving pay based on job duties and on performance. Our overall remuneration package includes fixed and variable pay, wherein the fixed pay comprises 12 months' salary, fixed allowances, fixed bonuses while the variable pay comprises a performance bonus and incentive bonuses. The monthly salary is determined based on objective factors, namely the employee's experience and abilities and the value of the position applied for, and is adjusted annually in line with domestic and overseas economic trends, market rates, and personal performance. In 2020, there was a 2%–3% salary increase for CTBC Holding employees in Taiwan, Japan, North America, and Canada, and a 5%–8% increase for those in Southeast Asia and China. The average monthly salary for entry-level employees of CTBC Holding in its major operation location, Taiwan, was 2.5 times Taiwan's minimum wage in 2020, with that of men and women both being 2.5 times the minimum wage, reflecting the competitiveness of our overall remuneration policy.

#### Fixed pay

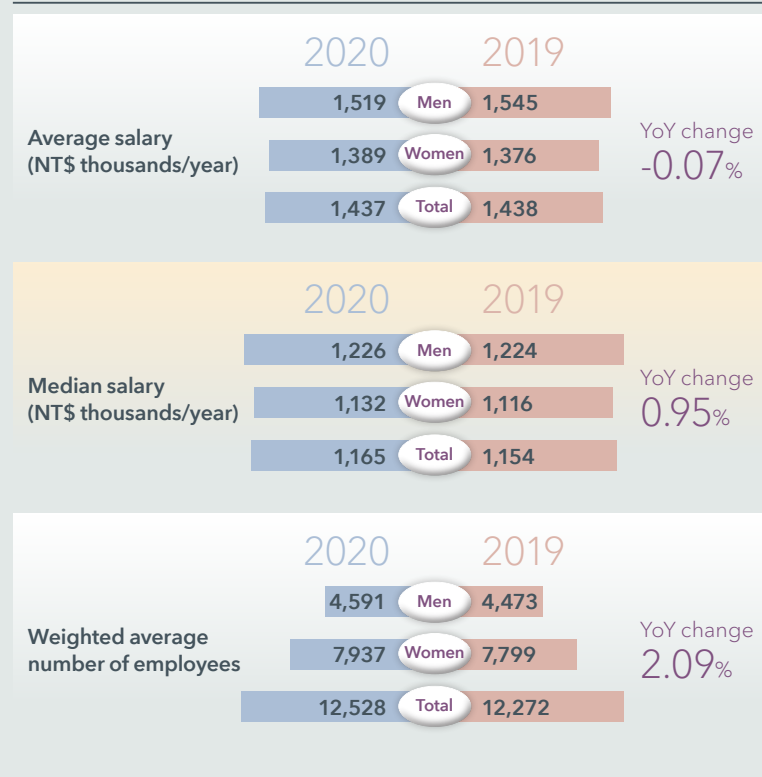
Every operating site can devise allowance items and subsidy policies for specific positions based on their characteristics and duties and is expected to flexibly compensate employees with living allowances as required by the Company's operations. Fixed bonuses are determined based on the market standards of each region and are distributed on top of the 12 months' salary in some regions. Regions that offer fixed bonuses include Taiwan, Greater China, and Southeast Asia, and the range of fixed bonuses is 1 to 3 months' salary.

#### Variable pay

Variable pay comprises a performance bonus and incentive bonuses. The performance bonus is determined based on the overall operating performance of each company and the characteristics of each business unit and is correlated to each employee's personal performance and job responsibilities as well as their unit's performance. The incentive bonus serves as an immediate motivation to encourage front-line sales staff to achieve sales goals; however, for risk management and long-term strategic management purposes, some incentive bonuses are subject to a deferral and clawback mechanism.

Furthermore, to motivate employees by providing competitive compensation, we regularly conduct market compensation surveys at every operation locations. In 2020, we had 12,528 non-managerial full-time employees in Taiwan. Their salaries for the year totaled approximately NT\$18,001,093,447, and their average and median salaries were as follows:

#### Full-time non-managerial employees







Note 1: "Full-time non-managerial employees" refers to all employees excluding those in managerial positions, part-time employees, employees in overseas branches, and full-time employees (including Taiwanese and foreign nationals) who meet the criteria for exemption. "Managerial employees" refers to managers at the division level or higher and licensed business managers.

Note 2: "Salary" refers to employee salary for the designated year, including recurring salary, overtime pay, and non-recurring salary.

#### • Long-term and diverse incentives

In addition to the abovementioned remuneration, we have several long-term incentive mechanisms to encourage employees to prioritize the Company's long-term operating performance and thereby achieve sustainable business operations

	Applicable personnel	Coverage (%)	Program content	2020 implementation performance
	Employees of designated job levels or special job categories of CTBC Holding and its subsidiaries in Taiwan	91.2	Long-term incentives in cash, with a three-year deferral period, thus tying them to the Company's long-term operational performance as an employee retention strategy	At the end of the deferral period, the stock appreciation rights granted in 2017 were executed on Dec. 31, 2020, with a return rate of -40%
	Employees of CTBC Holding and its subsidiaries in Taiwan	97.3	Employees may set aside a certain amount every month, and the Company will allocate a subsidy for the purchase of CTBC Holding shares that will be placed in a trust	<ul style="list-style-type: none"> <li>Total annual assets: NT\$3.8 billion</li> <li>Average ROI (long-term holding): 92%</li> </ul>
	Employees of CTBC Holding and its subsidiaries in Taiwan	32.6	Employees may allocate a certain amount of additional funds to purchase CTBC Holding shares. The Company will distribute a bonus of 20% over three years to encourage long-term investment	<ul style="list-style-type: none"> <li>Total annual assets: NT\$3.81 billion</li> <li>Average ROI (long-term holding): 57%</li> </ul>
	Employees of CTBC Holding and CTBC Bank in Taiwan	97.0	When electricity- and water-saving projects reach their targets every year, the Company will allocate additional incentive funds as a bonus for various energy saving and carbon reduction activities	In 2020, total electricity consumption was reduced by 2.46%, and the cash incentives will be part of the energy-saving competition budget in 2021. In addition, the cash incentives totaling NT\$430,000, which is awarded in 2019, were distributed as part of the energy-saving competition in 2020 to encourage employees to care for the environment

### • Three major employee welfare programs

To ensure employees feel like a part of our CTBC Holding family, we established the Employee Welfare Committee, which provides general care as well as a variety of additional benefit options. **In 2003, CTBC Holding became the first industry player to offer a flexible benefits system for full-time employees. The system works by awarding points every year to employees, who can exchange them for products and services of their choice to meet individual needs. In consideration of employee health, we provide health checkup benefits that are superior to the statutory requirement, with one free checkup once a year for employees aged 40 or more and one free checkup every two years for employees under the age of 40.**

The core welfare system that CTBC Holding has in place provides employees not only with labor and health insurance, as legally required, but also various subsidies, such as for marriage, family funerals, childbirth, medical treatment, and children's education, as well as cash gifts for birthdays, bonuses for major holidays, emergency relief and consolation funds, comprehensive group insurance, group annuity insurance, and others. We also offer employees preferential interest rates of less than 1% for home loans, with limits varying depending on rank.

#### Retirement contributions

We make a monthly pension contribution based on each employee's salary to a special corporate pension account opened with the Bank of Taiwan in accordance with the Labor Standards Act. The Company also contributes 6% of employees' salaries to their individual pension accounts with the Bureau of Labor Insurance on a monthly basis in accordance with the Labor Pension Act. For employees who voluntarily contribute additional funds to their pensions, we deduct a proportion of their monthly salary, as decided by each employee, and deposit it in their individual Bureau of Labor Insurance accounts.

As an expression of gratitude for their contributions, retiring bank employees are treated by their service unit to a retirement dinner and are given a carefully selected retirement gift. We also organize yearly events for retired employees to ensure they remain part of the CTBC family and to allow us to ensure they're doing well in retirement. The average attendance of the event has been above 30% for the past 10 years.

### Rewards and recognition



#### BEST Employee

CTBC Holding has been holding a BEST Employee competition every year since 2005, the winners of which are publicly recognized.



#### Golden holiday

Those here for 5 years and 10 years are given a one-time "golden holiday" of five paid days off.



#### Senior employee recognition program

This program honor those who have been with us for the long run. Employees who have served at the Company for more than five years are awarded certificates.



#### Diamond holiday

Those here for 15, 20, 25, and 30 years or more receive "diamond holiday" allowances of NT\$20,000, NT\$25,000, NT\$30,000, and NT\$35,000, respectively.

### Leisure activities

CTBC Holding attaches great importance to ensuring its employees can spend their free time in a satisfying manner. In addition to having organized numerous leisure activities over the years, we support employees in organizing their own club activities. The Company had 37 clubs in 2020, including for golf, English speaking, music, flower arrangement, aerobics, and adventure cycling. Despite numerous activities needing to be canceled due to the pandemic in 2020, 1,125 activity sessions still took place after the initial control measures eased, with 21,369 participants and club activity subsidies totaling NT\$7,444,159. Large-scale outdoor events such as the CTBC Holding Golf Tournament, Banking Cup Badminton Tournament, and Banking Cup Ping Pong Tournament have also been organized. With the Company's support and their own team efforts, employees are enjoying more opportunities to get outdoors and develop a healthy body and mind.

## •Volunteering culture

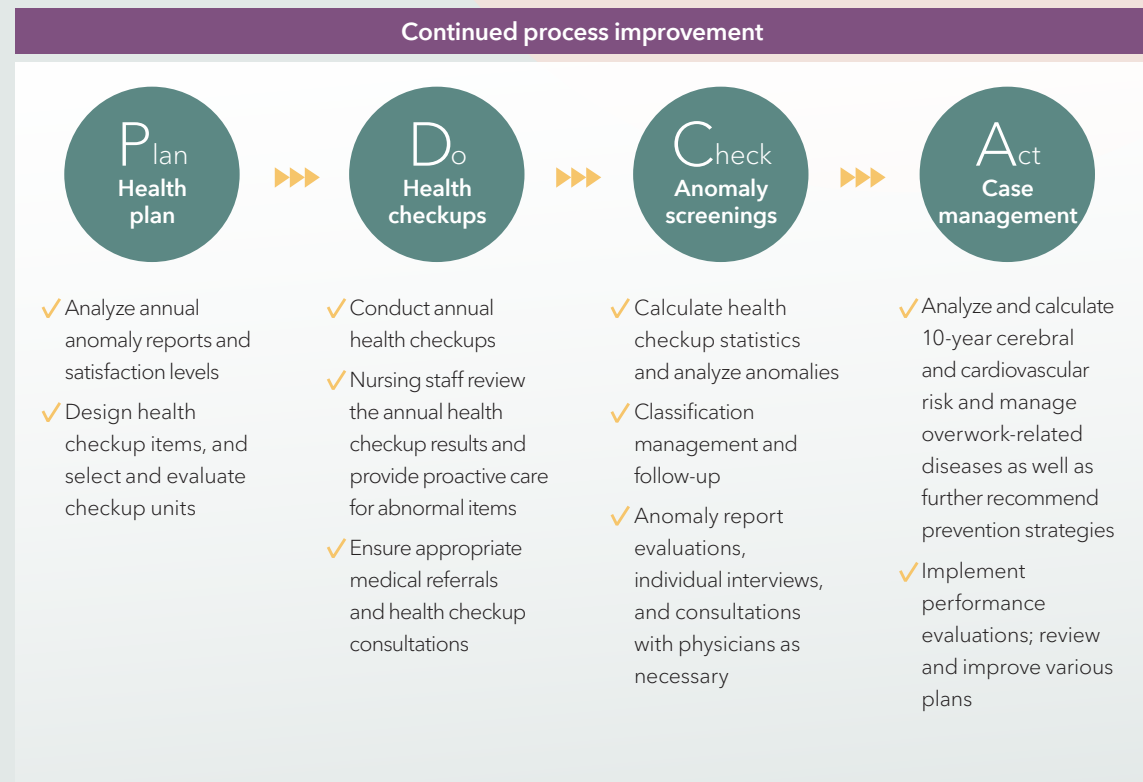
CTBC Holding is committed to supporting public welfare, particularly when it comes to the needs of underprivileged children. We have organized after-school, financial literacy, and English volunteer groups to allow employees to give back to the society. These groups have been organized to provide systematic, well-structured support for disadvantaged children and families. In 2004, we became the first financial institution in Taiwan to introduce a leave program to encourage volunteering by employees. Our Good Deed Leave guarantees staff one day of paid leave for every six hours of volunteer service, with each employee able to apply for up to 10 days of leave every year—the most in the industry. In 2020, CTBC Holding had a total of 2,427 employees participating in volunteer activities, representing approximately 1 in 10 employees. They have contributed 160,000 hours' worth of volunteer services, with 835 days of paid Good Deed Leave granted in 2020.

Further, in December 2014, CTBC Holding established an innovative corporate finance museum, CTBC Museum, and recruited a docent group in 2016. Current and retired employees, and the public are encouraged to become volunteers for the museum. As of the end of 2020, there were 40 docents, of whom 12 were current colleagues, 4 were retired colleagues, and 24 were members of the public from all walks of life. In 2020, CTBC Museum volunteer team was awarded "Golden Diamond Volunteer Award-excellent volunteer team." This marks the first time this honor had been given to a corporate museum since its 24 campaigns.

## Promoting health in the workplace

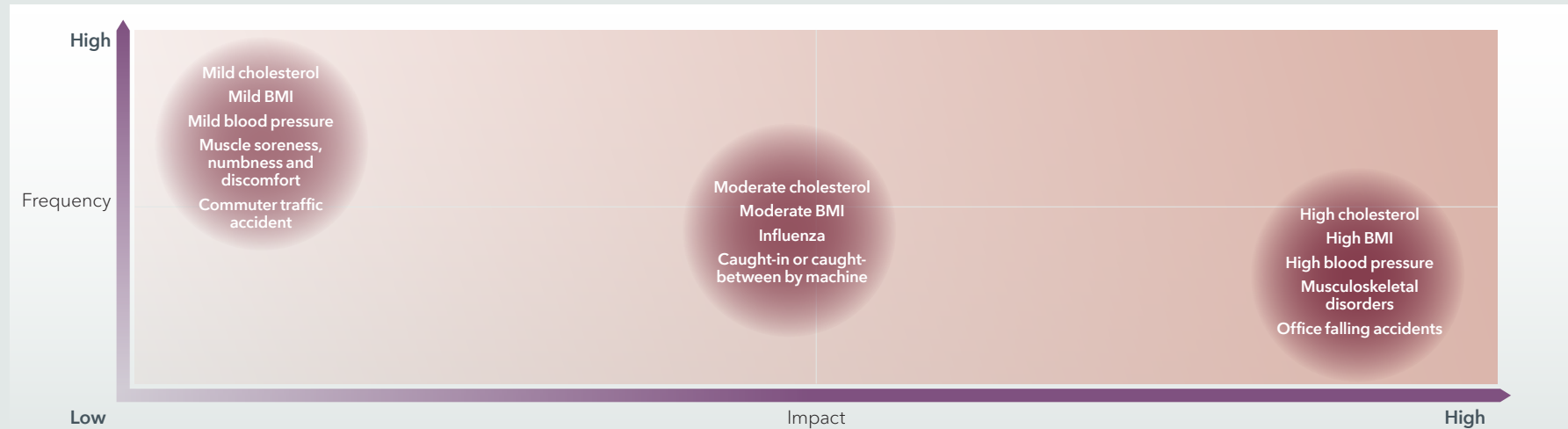
CTBC Bank has a dedicated team of nurses who monitor employees' health. Every year, they analyze employees' health conditions and evaluate the effectiveness of their health management and epidemiology based on the results from their annual health examinations. By integrating resources from the Company, government, and vendors, annual health management plans and health promotion activities are also organized, such as annual health checkups, on-site doctor services, health seminars, blood donations, and physical fitness activities. For employees with abnormal conditions, potential health risks, or needs for health consultations, the Company offers case-by-case health management such as support and follow-up services to help employees recover and ultimately control their health conditions.

## •Health risk management





### Employee health risk map



Health risk topics	Likelihood	Mitigation/prevention measures	2020 performance
High health risk (hyperglycemia, hyperlipidemia, and hypertension)	High-level risk	<ul style="list-style-type: none"> <li>• Infirmery blood pressure monitoring</li> <li>• Overwork-related disease tracking</li> <li>• Dietary health seminars</li> <li>• On-site doctor services</li> </ul>	<ul style="list-style-type: none"> <li>• Organized 96 on-site doctor consultations with 497 participants</li> <li>• Conducted a dietary health talk with 62 attendees</li> <li>• Completed 100% of overworked-related disease tracking for 272 individuals</li> </ul>
Office falls	High-level risk	Contractor's engineering site inspection	Conducted 55 site inspections; 19 falling risks were identified, 100% of which were rectified within project period
		Site visits	Organized 3 site visits
Influenza	Medium-level risk	Administer publicly funded vaccines	Organized 3 sessions with 247 participants
		Health seminars	Organized exercise related seminars with total of 60 individuals
Caught-in or caught-between by machines	Medium-level risk	Workplace safety propaganda leaflets	Published 3 versions of workplace safety propaganda leaflets
Musculoskeletal disorders	Low-level risk	Health seminars	Organized "Unassisted myofascial relaxation exercise and muscle group bandaging" seminar with 62 participants
Traffic accidents while commuting	Low-level risk	Training programs	Conducted 6 sessions of occupational health and safety training (including advocacy for traffic accident prevention) with 399 participants and a satisfaction score of 4.8

•Physical and mental health care measures

Our Taipei headquarters, CTBC Financial Park, has received government recognition such as Nursing Room Excellence Certification and Healthy Workplace Certification since 2015. To promote our employees' health and productivity, we encourage them to cultivate a habit of exercising regularly. We have also been recognized for these efforts, having been rewarded Taiwan i Sports Corporate Certification every year since 2016 for implementing health promotion measures and creating a quality work environment. In the past three years, the rate of CTBC Holding employee health checkups was nearly 85%. We also take myriad actions to improve employees' health, including providing healthy dining choices and conducting health promotion campaigns in which we encourage them to exercise adequately and attend health seminars, weight-loss classes, and doctor consultations. Furthermore, we regularly organize courses on stress management, stress relief, and interpersonal communication. We sanitize our workplaces on a regular basis, stabilize the humidity and temperature in the workplace, provide a fully equipped fitness center at our headquarters, and follow up on employees' health checkup results. Other measures we take in the interests of our employees' health and living conditions are highlighted as follows:

Measure	Details
<p><b>Offer flexible work hours</b></p> <p>.....</p>	<ul style="list-style-type: none"> <li>•Flexible work hours give employees 30 minutes of leeway in when they choose to start and end their workday</li> </ul> <p>.....</p>
<p><b>Organize health seminars</b> Enhance self-health management awareness</p> <p>.....</p>	<ul style="list-style-type: none"> <li>•In 2020, CTBC Bank conducted 98 sessions of activities such as health promotion activities, health seminars, and on-site doctor services, with 681 participants and an overall average satisfaction score for the health promotion activity of above 4.64 (out of a maximum of 5)</li> <li>•Taiwan Life conducted 253 sessions of the above mentioned activities, with 8,774 participants and the annual overall average satisfaction score for related activities was 97%</li> </ul> <p>.....</p>
<p><b>Formulate health prevention plans</b> Internalize employees' self-health management actions</p>	<ul style="list-style-type: none"> <li>•With a focus on ergonomics-related musculoskeletal diseases, maternal health, and overwork-related diseases, measures such as employee health management, case tracking, and care and effectiveness evaluations have been established and the effective management and analysis of annual employee health checkup results has been implemented</li> </ul>

•Work-life balance

**Childcare and childbirth subsidies**

As part of its efforts to provide a safe and friendly work environment for its employees, CTBC Holding has support mechanisms in place for women and families, such as menstrual leave, parental leave, paternity leave, family care leave, and childcare subsidies. In 2020, a total of 148 employees from various units were on unpaid parental leave, and the return-to-work rate was 75.68%. The number of employees who applied for a childcare subsidy reached 1,125, while the subsidies paid out totaled NT\$17,497,898 To encourage employees to have more children and play a part in boosting Taiwan's low birth rate, we also offer a maternity allowance of up to NT\$4,000 per child. Regarding childcare measures, a flexible points-based system allows employees to exchange their points for goods and services, including childcare subsidies. Furthermore, contracts were signed with education providers to arrange for discounts at select kindergartens. **In 2020, the crude birth rate of CTBC Holding staff was 27.6‰, far exceeding Taiwan's rate of 7.01‰ and demonstrating the healthy work-life balance afforded by our treatment of employees.**

### Promoting workplace safety

#### •Occupational health and safety committees

Employee safety is a top priority for CTBC Holding. That's why subsidiaries CTBC Bank, Taiwan Life, and CTBC Security have each established its own occupational health and safety committee. The committees are charged with reducing workplace safety risks and maintaining a healthy and safe work environment, and they convene every quarter. For details on the number of committee members, the proportion of labor representatives, and job duties, refer to page 103 of our 2019 Sustainability Report.

#### •Occupational health and safety risk assessment process

Our subsidiaries have established standards for how occupational safety risks are assessed and controlled. Their occupational health and safety management units conduct routine risk assessments every year, while ad hoc assessments are performed as needed according to changes in operating processes, regulations, and hazard- and risk-related knowledge and technology. In addition, the staff responsible for hazard identification and risk assessment participate in at least three hours of risk assessment-related training.

Each unit evaluates the potential hazards of various positions and operations based on their particular operating environments, equipment, and manufacturing processes. In accordance with departmental operating procedures, each operating procedure is recorded on a Hazard Identification and Risk Assessment Form according to its level of severity and possible translation risk, in order to facilitate decision-making and the adoption of risk controls.

Our employees may also report occupational accidents to help us respond to risks in a timelier manner. Business units will provide active assistance upon being notified and will handle complaints and reports according to the principles of fairness, justice, and equity. The rights, interests, and privacy of employees, complainants, and informants are required to be kept completely confidential in order to protect them from retaliatory action.

In compliance with Article 18 of the Occupational Safety and Health Act, whenever there is a concern of a potential imminent danger at a workplace, employers or those otherwise responsible for the worksite in question shall immediately issue orders to halt work and withdraw employees to a safe location. If an employee discovers a potential imminent danger in the course of their duties, they may terminate their work, withdraw to a safe location in a manner that does not endanger their colleagues, and immediately report to a direct supervisor.

In the event of major occupational hazards, the units involved immediately adopt necessary emergency measures. They will then conduct an investigation and submit it to the relevant occupational health and safety managers as well as the headquarters' occupational health and safety management unit, and occupational health and safety managers shall notify a labor inspection agency within eight hours. To ensure that appropriate risk controls are in place, all major occupational hazards shall be classified as high-risk, with risk management conducted accordingly.

•Occupational health and safety training

General training

CTBC Bank, Taiwan Life, and CTBC Security conduct occupational health and safety training every year to improve employees' health and safety awareness. In 2020, the coverage rate of active employees who participated in the training was 100%, representing 11,524 employees. In addition, 1,378 new employees received related onboard training. For Taiwan Life, 9,460 internal and external employees and 256 new employees underwent on-the-job training, and the induction training coverage rate was 100%.

Certification training

CTBC Bank and Taiwan Life regularly arrange for professional certification training for employees in every region where they maintain a presence. Recipients of this training include occupational safety and health personnel, first-aid personnel, and fire prevention managers; the training is aimed at instilling health and safety concepts in the work habits of employees at every level. In 2020, a total of 401 employees at CTBC Bank attended the initial and refresher training on occupational health and safety management, with a 100% completion rate for both the initial and refresher training. At Taiwan Life, 47 employees attended the refresher training in 2020, also with a 100% completion rate. Furthermore, all of the supervisors in CTBC Security's Administrative Department are licensed occupational safety and health personnel. In addition to making arrangements for employees to obtain first aid certification, first aid-related programs are also included in employees' on-the-job training, for which the subsidiary has a completion rate of 100%.

On-site training for contractors

When it comes to occupational health and safety, CTBC Bank and Taiwan Life lead by example: taking responsibility to work with their vendors and other partners to jointly address OHS issues. For example, contracted construction companies are required to accept the Bank's standards for work hazard notifications and random inspections. Vendors are also encouraged to implement independent management and contracting management.

CTBC Bank

Contractor seminars

2020	2019
30	51

30	51
----	----

Contractor construction injuries

2020	2019
0	2

0	2
---	---

Taiwan Life

Contractor seminars

2020	2019
5	6

5	6
---	---

Contractor construction injuries

2020	2019
0	0

0	0
---	---

•Disabling injuries

If an employee is injured at work, we will grant them occupational injury leave in accordance with the relevant regulations and the situation, and assist them in applying for a labor insurance subsidy. This ensures they receive the necessary assistance in the shortest possible time and minimizes the impact of the injury. In 2020, a total of 23 people applied for occupational injury leave, and the number of days of occupational injury leave was 251.5. Of these 23 people, eight of them were injured in traffic accidents on the way to or from work, nine cited a fall during a business outing, one was crushed by an object due to improper movement when carrying it, and five cited a fall or slip. There were no deaths resulting from the performance of duties and a downward trend was observed in the relevant indicators. In 2020, we received no disability injury notifications from contractors. (Refer to the Appendix for detailed injuries data.)

## Impact financing

To protect the rights of our shareholders while creating a positive impact on society and the environment, CTBC Holding, together with our subsidiaries, implement impact financing by adhering to international sustainable finance initiatives and by developing sustainable investments and financing as well as sustainable products and services. In addition, we strive to enhance financial inclusion, provide a friendly financial environment, optimize customer relationship management, and strengthen the development of sustainable finance through our core services. Our key action plans, targets, and achievements are highlighted in the table on the right.

Action plan	Achievements in 2020	Targets for 2021	Targets for 2025
<b>Sustainable financing and investments</b>	<p><b>Sustainable financing</b></p> <ul style="list-style-type: none"> <li>CTBC Bank: Green financing loans for green energy technologies, the circular economy, and green buildings totaled <b>NT\$140.76 billion</b> as of December 31, 2020, accounting for <b>23%</b> of the bank's institutional banking loans</li> <li>CTBC Bank and Taiwan Life participated in the financing of domestic renewable energy projects, with a cumulative amount of <b>NT\$24.47 billion</b></li> </ul> <p><b>Impact investments</b></p> <ul style="list-style-type: none"> <li>CTBC Bank: ESG bond investments totaled approximately <b>NT\$25.8 billion</b></li> <li>CTBC Capital: ESG investments totaled approximately <b>NT\$976 million</b>, accounting for <b>19.59%</b> of CTBC Capital's total investments</li> </ul> <p><b>SDGs investments</b></p> <ul style="list-style-type: none"> <li>Taiwan Life: Approximately <b>NT\$1.3 trillion</b>, accounting for approximately <b>86%</b> of Taiwan Life's total equity and bond investment products</li> </ul>	<p><b>Sustainable financing</b></p> <ul style="list-style-type: none"> <li>CTBC Bank: 2 project financing deals for the domestic renewable energy industry (including green energy supply chain customers)</li> <li>Act as the lead arranger and/or financial adviser for offshore wind and/or solar power project financing and to assist customers to achieve their financing goals</li> <li>Taiwan Life: 1 financing case for the domestic renewable energy industry (including green energy supply chain customers)</li> </ul> <p><b>Impact investments</b></p> <ul style="list-style-type: none"> <li>CTBC Capital: Add 1 or 2 ESG investment cases in 2021, with the amount of new ESG investments to account for 3%-5% of total new investments for the year</li> </ul> <p><b>SDGs investments</b></p> <ul style="list-style-type: none"> <li>Taiwan Life: Continual inventories of its SDG investments and set future enhancement targets</li> </ul>	<p><b>Sustainable financing</b></p> <ul style="list-style-type: none"> <li>CTBC Bank: Be the leading bank in project finance in the domestic renewable energy industry</li> <li>Taiwan Life: Be the key insurance company for domestic renewable energy project financing</li> </ul> <p><b>Impact investments</b></p> <ul style="list-style-type: none"> <li>Taiwan Life: Maintain NT\$5 billion in sustainable investments per year in fixed-income</li> <li>CTBC Capital: Incorporate ESG investments into its five-year plans, including 1 or 2 new ESG investment cases every year, and have ESG investments account for 3%-5% of new investment positions every year</li> </ul>
<b>Sustainable product and service offerings</b>	<p><b>Sustainable products</b></p> <ul style="list-style-type: none"> <li>CTBC Bank issued and underwritten green and sustainability bonds totaled approximately <b>NT\$7.18 billion</b> in 2020</li> </ul> <p><b>Financial inclusion products</b></p> <ul style="list-style-type: none"> <li>CTBC Bank: Preferential housing loans for young people and reverse mortgage loan totaled <b>NT\$4.37 billion</b></li> <li>CTBC Poverty Alleviation Program loans totaled <b>NT\$36 million</b></li> <li>CTBC Bank: Provided international microloan services to 12 microloan institutions, with a total loan amount of <b>US\$98.1 million</b></li> <li>Taiwan Life: Underwrote 12,134 financial inclusion product cases, with a total value of <b>NT\$207.13 million</b>, up <b>29%</b> from the previous year</li> </ul>	<p><b>Sustainable products</b></p> <ul style="list-style-type: none"> <li>CTBC Bank: Issue the first social bond denominated in New Taiwan dollars</li> </ul> <p><b>Financial inclusion products</b></p> <ul style="list-style-type: none"> <li>CTBC Bank: Continually commit to helping first-time buyers to buy their houses with ease</li> <li>CTBC Poverty Alleviation Program: Cumulative total of 480 cases</li> <li>CTBC Bank: Continue leveraging the Bank's global resources to commit more to international microloan services</li> <li>Taiwan Life: Respond to government policies, and launch micro-insurance and small-amount whole life insurance products</li> </ul>	<p><b>Sustainable products</b></p> <ul style="list-style-type: none"> <li>CTBC Bank: Stay current with international trends and Taipei Exchange policies and assess plans for the issuance or underwriting of sustainability bonds</li> </ul> <p><b>Financial inclusion products</b></p> <ul style="list-style-type: none"> <li>CTBC Bank: Continually assist first-time homebuyers to purchase properties with ease, and remain in the top three in the housing loan market</li> <li>CTBC Poverty Alleviation Program: Cumulative total of 800 cases</li> <li>Taiwan Life: Focus on the three major product strategies of older people, underprivileged people, and health promotion</li> </ul>
<b>Customer relationship management</b>	<ul style="list-style-type: none"> <li>CTBC Bank: Successfully prevented members of the public falling victim to scammers on <b>694 occasions</b>, saving them <b>NT\$194,223,718</b> in the process</li> <li>CTBC Bank: Customer complaint 7-day closure rate of <b>95%</b> and customer consensus rate of <b>93.9%</b></li> <li>Taiwan Life: The Net Promoter Score (NPS) increased by 9 points from the previous year, ranking <b>2nd among Taiwan's six major insurance brands</b></li> </ul>	<ul style="list-style-type: none"> <li>CTBC Bank: Customer complaint 7-day closure rate and consensus rate of 90% or more</li> <li>CTBC Bank: Remain among the top 20% of banks in the Principle for Financial Service Industries to Treat Clients Fairly evaluation</li> <li>Taiwan Life: Customer ombudsman performance ranked 8th and NPS of 9 (to maintain its 2nd-place industry ranking)</li> </ul>	<ul style="list-style-type: none"> <li>CTBC Bank: Customer complaint 7-day closure rate and consensus rate of 90% or more</li> <li>CTBC Bank: Remain among the top 20% of banks in the Principle for Financial Service Industries to Treat Clients Fairly evaluation</li> <li>Taiwan Life: Customer grievance performance ranked 3rd and NPS performance best in the industry</li> <li>Taiwan Life: Offer the best customer experience in Taiwan's insurance industry</li> </ul>

## Sustainable financing management approach

In 2020, the CTBC Holding Board of Directors adopted the CTBC Holding Sustainable Finance Policy. The policy stipulates the three implementation principles of "Responding proactively and advocating for sustainable finance," "Focusing on creating positive SDG-related impacts," and "Integrating enterprise resources to expand business synergy" as the guiding principles for the Company and its subsidiaries in promoting sustainable development and finance related-business. All subsidiaries have since dictated in relevant policies and regulations that their financing business shall fulfill ESG-related management obligations. CTBC Bank, Taiwan Life, CTBC Investments, CTBC Securities, and CTBC Insurance have signed the Stewardship Principles for Institutional Investors and disclosed stewardship reports in 2020. Along with instituting and disclosing their stewardship policies and management policies for conflicts of interest, these subsidiaries have held active discussions with investment subjects, formulated clear voting policies, and disclosed their voting and stewardship status.

Subsidiary	Principles	Description
CTBC Bank	Corporate Core Credit Policy	This policy supports lending business and banking products related to green energy and environmental protection. In order to prevent credit risks incurred from business operations, the policy also stipulates the duty of care for those companies that involve CSR risks, including high energy consumption, high resource consumption, high pollution, labor disputes, and corporate governance issue
	Guideline for Corporate Loans Applicable to the Equator Principles	This guideline incorporates the IFC's eight Performance Standards in the credit assessment process for assessing the environmental and social impact of corporate loans and project finance applicable to the EPs
	Investment Risk Management Policy	This policy stipulates that when investing, emphasis be given to ESG concerns and related aspects, and that industries such as pornography, violence, gambling and armaments will be excluded. Careful assessment must also be undertaken of the potential of investee industries or subjects to negatively affect public safety or the environment due to high energy consumption or high pollution operations
	Credit Guideline for Sustainable Finance in Institutional Banking	This guideline stipulates that the ESG impact of a borrower's business activities be taken into account when granting credit, so as to prevent possible credit risks. If a significant ESG risk or related serious negative information is found, the impact shall be disclosed, explained, and assessed in the credit investigation report. The guidelines are expected to be announced and implemented in July 2021
Taiwan Life	Responsible Investment Policy Responsible Investment Regulations	Taiwan Life adheres to the U.N. Principles for Responsible Investment (PRI). The subsidiary incorporates ESG issues into its investment analysis and decision-making processes in accordance with the PRI's six major principles and formulates responsible investment policies and mechanisms while actively advocating shareholders' rights and requesting that all invested companies disclose ESG information
	Operating Regulation for Loan Credit Investigation, Approval, and Review	This regulation requires that corporate borrowers be evaluated during the application review process in order to determine whether they have fulfilled their responsibilities for environmental protection, ethical corporate management, and social welfare
CTBC Securities	Sustainable Investment Target Plan (in drafting phase)	This plan, by referencing constituent stocks on the Dow Jones Sustainability Index and FTSE sustainability-related indices, will facilitate an annual year-end review of its investment portfolio
CTBC Investments	Management Regulation for the Asset Pool of Major Stock Investments	This regulation establishes an ESG evaluation mechanism for domestic stock investment asset pools and for regularly reviewing the third-party ESG scores of all investees in major stock investment asset pools
CTBC Capital	Investment and Risk Management Policy	This policy requires that investment units conduct a complete investment analysis and establish items to be monitored after investment for investee enterprises



CTBC Holding Sustainable Finance Policy



CTBC Bank Stewardship Report



Taiwan Life Responsible Investment Report and Stewardship Report



CTBC Securities Stewardship Report



CTBC Investments Stewardship Report



CTBC Insurance Stewardship Report

## Sustainable financing engagements and initiatives

In consideration of inclusive financing, low-carbon economy transition, and similar commitments, CTBC Holding endeavors to develop and promote SDG financial product service offerings. Thus, as a leading financial institution in Asia, we actively participate in international sustainable finance initiatives with an eye toward establishing international partnerships and maximizing the impact of our financing.

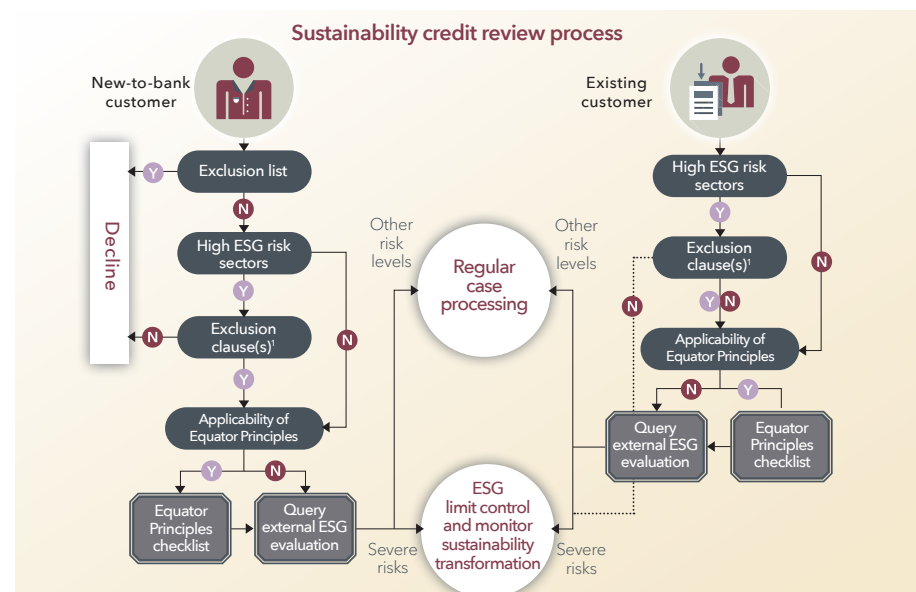
Logo	Organization	Date of signing or adherence
	CDP	2010
	Equator Principles	January 2019
	Principles for Sustainable Insurance	January 2019
	Principles for Responsible Investment	May 2019
	Principles for Responsible Banking	December 2019
	Task Force on Climate-related Financial Disclosures	April 2020
	Partnerships for Carbon Accounting Financials	October 2020
	Global Impact Investing Network	December 2020

## Sustainable financing and investments

### Sustainable financing

With the aim of supporting the U.N. SDGs and implementing the spirit of ESG sustainability, CTBC Bank plans to establish a Credit Guideline for Sustainable Finance in Institutional Banking by July 2021. The guideline will prohibit the Bank from granting credit to companies in industries that adversely impact social or public safety, including through terrorism, armaments, and pornography. Regarding highly ESG-sensitive

<b>Exclusion list</b>	<ul style="list-style-type: none"> <li>• Pornography</li> <li>• Armaments</li> </ul>
<b>High ESG risk sectors</b>	<ul style="list-style-type: none"> <li>• Thermal coal extraction: More than 25% of revenue is from coal mining</li> <li>• Thermal coal power generation: More than 25% of power capacity is from coal-fired power</li> <li>• Tobacco production: More than 10% of revenue is from tobacco manufacturing (cigarette and packaging are not included in this category)</li> <li>• Oil sands: More than 10% of revenue is from oil sands mining and sales</li> </ul>



Note 1: Exclusion clause: An exception may be made and limit controls may be lifted for a party that meets the definition of being in a high ESG risk sector if (1) it provides certification from an independent third-party organization, that has not been involved in major litigation or negative news reporting, that the funds are for sustainable development or (2) its sustainable transformation is supported by a state-owned enterprise under the supervision of the local government or by an enterprise of which the local government holds more than 50% of the shares.

industries involving material environmental and social issues (thermal coal extraction, thermal coal power generation, tobacco production, oil sands), the guideline will set clear access conditions and encourage clients to undertake sustainable transformation. Companies classified as ESG high risk companies will be subject to ESG exposure limit controls. Moreover, in order to promote the development of a low-carbon economy, the Bank has inventoried the status of clients in carbon-intensive industries. For borrowers belonging to such industries, relevant documentation will be collected for risk scenario simulation and the related credit assessment process is under evaluation. For companies without plans to low-carbon transition, CTBC will conduct engagement to encourage these companies for carbon reduction.

In accordance with the provisions of its Operating Regulations for Loan Credit Investigation, Approval, and Review, Taiwan Life assesses whether lenders have fulfilled their ESG responsibilities during the credit review process and audits the assessments if needed. Additionally, the full disclosure of the assessment information is required in the credit reports for supervisors across all levels of authority and responsibility to ensure informed decision making regarding financing. The following table lists examples of Taiwan Life's consideration of ESG related issues for companies which applied for financing in 2020.

Financing project	Reason(s) for deviation	Follow-up actions
Judicial dispute involving a construction and development project and a representative	The construction company was involved in a dispute with the government relating to a development project, and that company's representative was accused of bribing public servants and involved in other judicial cases. These lawsuits attracted public criticism, casting doubt on the ESG of the company during Taiwan Life's interim review of it	In consideration of factors such as the company's sound financial structure, the forthcoming attitude of the new company representative to accept responsibility for the disputes, successful transactions with the company in the past, and that the value of the collateral had not been devalued, it was determined during the interim review to continue the business relationship with the company but to keep it under close observation
Construction real estate-backed financing case	The collateral of this corporate borrower was found to be located on a dip slope, triggering outcry among residents in the surrounding communities over the safety of the construction development. This negative ESG information thus raised concerns from Taiwan Life during the financing process	In consideration of the social responsibility and environmental sustainability issues involved, the loan application was declined
Construction real estate-backed financing case	It was established that the principal shareholders and ultimate beneficiaries of this corporate client were either on the watch list or poor bond credit rating list of parent company CTBC Holding and thus deemed high-risk customers. This raised ESG-related concern in Taiwan Life during the credit review assessment in the financing process	Issues related to poor corporate governance were identified, thus the loan application was declined

## Industry financing

CTBC Bank is committed to promoting green financing and supporting the government's "5 plus 2" industrial innovation policy. **The CTBC Bank's green financing loans for green energy technologies, circular economy, and green buildings totaled NT\$140.76 billion as of December 31, 2020, accounting for 23% of all its institutional banking loans.**

In addition to sparing no effort in promoting green financing, CTBC Bank's overseas branches also actively promote and participate in sustainability-linked loans (SLL). For example, its Singapore and Indian branches have teamed up to offer a joint loan under a five-year SLL arrangement with an agricultural solutions provider in India. The interest rate will be lowered if the borrower achieves pre-set environmental protection and carbon-reduction goals, such as in water conservation, carbon emissions, and waste reduction, whereas the rates

SLL	Borrower	Total syndicated loan
Tokyo branch	A chemical company	US\$255 million
Singapore branch	A financial planning and investment consulting company	AU\$1.4 billion
Tokyo branch	A seafood product manufacturer	US\$180 million
Hong Kong branch	A chemical company	HK\$600 million
India branch Singapore branches	An agriculture solutions supplier	US\$750 million

Note 1: Shows SLL cases between Jan. 1, 2020, and April 30, 2021.  
Note 2: CTBC Bank's total outstanding SLL loan: NT\$290 million.



will be raised if the goals are not met. We hope that these concession mechanisms for interest rates can have a multiplier effect in assisting enterprises to strengthen their ESG, driving more enterprises toward low-carbon transition, and boosting green financing, in turn helping the world to accelerate toward a zero-carbon economy.

### Project financing

The Equator Principles are mainly applicable to project financing. To implement the auditing and management of Equator Principles environmental and social risks, CTBC Holding's ESG Taskforce has set up an Equator Principles project group. It coordinates among CTBC Bank's business operations, risk, and administrative units in accordance with Equator Principles Case Management Regulations, such that Equator Principles-related matters are jointly handled and the environmental and social risk management of credit cases is implemented in a top-down manner. In response to the Equator Principles Association adopting the Equator Principles 4th edition (EP4), CTBC Bank did likewise in advance on July 1, 2020. In addition to expanding the applicable scope of the principles, the new edition adds risk assessments for climate change, human rights, and biodiversity in order to ensure better understanding of the expected environmental and social impacts of projects and to distinguish different project management requirements according to the degree of impact. For details on projects in which the Equator Principles have been applied, please refer to the Equator Principles section of the CTBC Bank website.



CTBC Bank Equator Principles website

Status of 2020 CTBC Bank project financing auditing		2020 CTBC Bank Equator Principles case studies				
Number of CTBC Bank audited project financing cases	9		Industry	Risk level	Region	Independent third-party audit conducted
Proportion of Equator Principles-applicable audit project financing cases to total number of project financing cases	55.6%	Case study 1	Power generation	Higher risk B	Asia Pacific	Yes
Number of cases that reached first disbursement	3	Case study 2	Power generation	B	Asia Pacific	No
Number of cases rejected after audit and rejection reason(s)	0	Case study 3	Power generation	B	Asia Pacific	Yes

Note: Shows data for project financing cases the first disbursement of which was completed between Jan. 1, 2020, and Dec. 31, 2020.

### Credit review process for Equator Principles projects

#### 1 Loan application

After receiving a loan request from a client, the business units access whether the project's scope and scale are such that it must comply with the Equator Principles. The result is submitted to the credit units for review. If the credit units agree that the Principles are applicable, they then categorize the project according to its inherent environmental and social risks.

#### 2 Document collection

The business units obtain the documents stipulated by the Principles and review them according to the International Finance Corporation's Performance Standards, verifying that all Equator Principles requirements are met.

#### 3 Risk review

The credit units evaluate the environmental and social risks of the project with reference to the aforementioned documents. The results of this evaluation are in turn taken into account during the credit risk review process.

#### 4 Loan approval and contract drafting

If a loan is approved, the business units prepare terms and conditions of the contract based on the risk review results. Contracts are subsequently drafted with reference to the risk review results to ensure that the client's commitment to managing and mitigating environmental and social risks continues in the long term.

#### 5 Post-loan management

Equator Principles compliance doesn't end when the approval does. We continuously monitor each project's environmental and social management; especially, the credit units conduct a post-loan review for each deal at least once a year to ensure that client is in still adhering to the contract terms and conditions as well as all local laws, regulations and permits pertaining to environmental and social protection.

In 2020, CTBC Bank and Taiwan Life participated in multiple domestic renewable energy project financing projects, including the project financing for three offshore wind power projects, namely Formosa 2 Wind Power, Changfang & Xidao offshore wind farm, and Mercury Taiwan Holdings. CTBC Bank also acted as the mandated lead arranger in the project financing for Whole Sun No.1's solar power project. **Cumulatively, our financing for these projects totaled NT\$24.469 billion.** As for short-term goals, CTBC Bank aims to complete two project financing deals in the domestic renewable energy industry (including for green energy supply chain customers) in 2021 and has set a long-term goal of being the leading bank in project finance in the domestic renewable energy industry.

Achievements in 2020 renewable energy infrastructure project financing				
	Project	Role	Capacity	Participating amount
Offshore power infrastructure	Changfang & Xidao Offshore Wind Farms syndicated loan	CTBC Bank as mandated lead arranger and bookrunner Taiwan Life as joint lead arranger	600MW	CTBC Bank NT\$7.65 billion Taiwan Life NT\$6.959 billion
Offshore power infrastructure	Formosa 2 Wind Power syndicated loan	Taiwan Life as joint lead arranger	376MW	NT\$6 billion
Offshore power infrastructure	Mercury Taiwan Holdings syndicated loan	Taiwan Life as participating bank	605MW	NT\$3.5 billion
Solar power infrastructure	Whole Sun No.1	CTBC Bank as mandated lead arranger	75.1MW	NT\$360 million
			Total	NT\$24.469 billion

## Impact investments

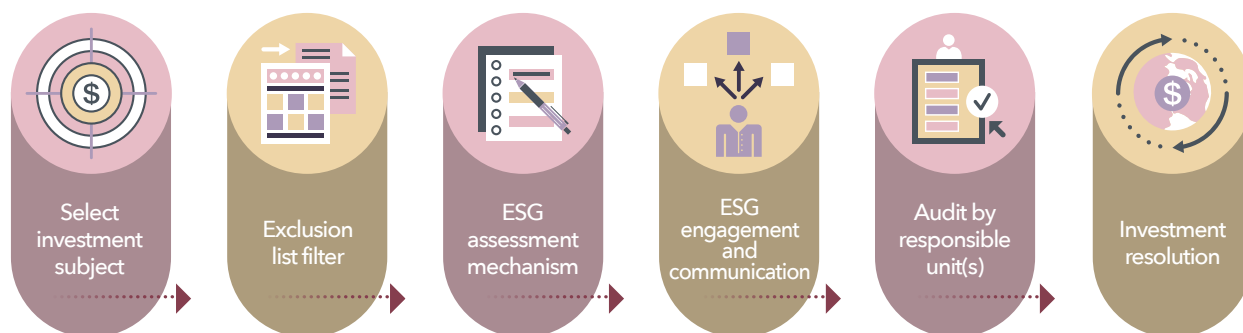
### Institutional banking - ESG-related products and their proportion

Category	Amount(NT\$)	Proportion	Description
Climate specific financing and green/ESG credit lines	141.05 billion	23%	Including loans in green energy technology, the circular economy, and green buildings, and SLLs
Fixed income products	1 billion	100%	Including sustainability bond issuance
Green/sustainable infrastructure finance	24.47 billion	100%	Including project financing for offshore wind power and solar projects
Advisory services on ESG topics	31 million	27%	Including financial advisory of green energy and underwriting fee of sustainable bonds

In 2020, CTBC Holding became the first financial institution in Taiwan to join the Global Impact Investing Network. Our capacity for impact financing is bolstered through the network's comprehensive training programs, international case study research, forum discussions, and impact assessment management tools, among other resources. In addition, we have established a PRI Team comprising investment units from six subsidiaries, namely our banking, life insurance (including insurance and finance), securities, venture capital, investments, and asset management arms. To expand our financial impact, the performance of each subsidiary is regularly monitored, responsible investment mechanisms are established, and sustainable investment targets are set.

### Responsible investment process

Taiwan Life has formulated corresponding responsible investment procedures for different investment types, and determines whether to proceed with investments or reduce investments based on the corresponding evaluation results. For various green, social, and sustainability bonds, fund utilization reports are strictly reviewed to ensure that funds are used to support environmental sustainability development. The scope of responsible investment covers stocks, corporate bonds, financial bonds, private equity funds, infrastructure funds, building under construction (BUC) cases, transaction counterparties, and investment service brokers. Between May 19 and Dec. 31, 2020, a total of 185 investments were made based on responsible investment assessment results.



#### I. Domestic and foreign listed stocks and bonds

1. Check exclusion list, level of involvement in material ESG issues, external ESG rating systems, and ESG risk assessment
2. Responsible unit(s) determine presence of risk and the need for further engagement and communication
3. Derive ESG negotiation results and decide to proceed or withdraw from the investment

#### II. Domestic and foreign unlisted stocks and funds

1. Check exclusion list, level of involvement in material ESG issues, and ESG risk assessment
2. Responsible unit(s) assess risk mitigation and determine whether the risk may negative impact the environment or society
3. Decide to proceed or withdraw from the investment based on the risk assessment

#### III. Real estate

For BUC investments, Taiwan Life conducts a responsible investment assessment during the evaluation and design of the case, and energy, water, waste, and stakeholder participation, among other aspects, are evaluated with reference to the principles of the Global Real Estate Sustainability Benchmark

Note: Due to technical and regulatory restrictions, this is applicable only for BUC investment cases and excludes the purchase or sale of completed properties handled by Taiwan Life and related cases of its subsidiaries for special purposes.

#### IV. Transaction counterparties and investment service brokers

1. Assess whether its investment policies and practices are in line with the spirit of Taiwan Life's Responsible Investment Policy, such as formulating an ESG investment policy, voluntarily complying with the U.N. PRI, or annually assessing the ESG performance of its portfolio companies
2. Conduct engagement if assessment standards are not met
3. Responsible unit(s) conduct risk evaluations and make decisions based on ESG engagement results

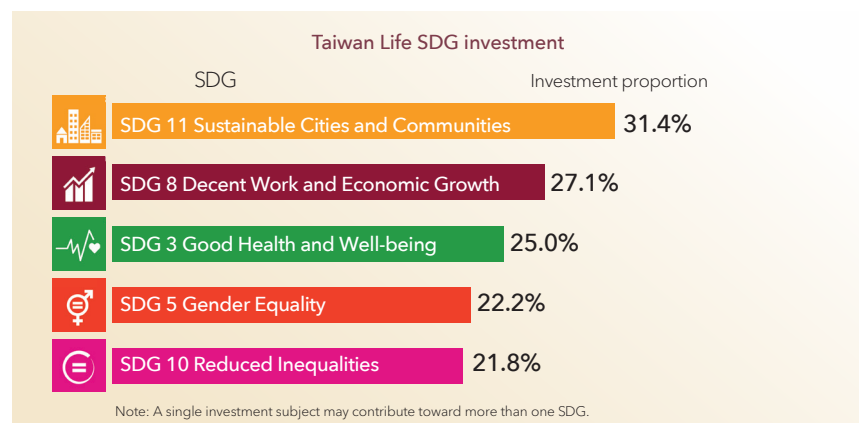
#### Risk management for responsible investments

Taiwan Life maintains a list of prohibited industries for its investment portfolio based on its exclusion list and assessment of the level of involvement in material ESG issues. The ESG performance of an investment subject is evaluated using an external ESG rating system, and the investment subject is reviewed using an ESG risk assessment form. For enterprises that have failed to meet the standards, further engagement and communications are deemed necessary in order to reduce the possibility of investing in high-ESG risk enterprises. Investment amounts or the number of collaboration opportunities may be increased if improvements are observed after the engagement. Regular post-investment management is conducted to ensure that investment subjects regularly monitor their respective levels of involvement and ESG risk-related matters.


## Risk management and evaluation for responsible investments

Evaluation item	Evaluation method
Exclusion list	Check whether an investment subject belongs to an industry on the company's exclusion list
Level of involvement in material ESG issues	Leverage the in-house ESG news database to search for potentially negative news related to the investment subject. If the investment subject is involved in a major ESG issue, an ESG risk assessment form is checked and follow-up engagement conducted based on the assessment score
External ESG rating system	Reference is made to ratings by global ESG rating organizations and by cross-checking with the ESG performance evaluation of the investment subject. If the rating cannot be found or is lower than the pre-determined level set by Taiwan Life, the ESG risk assessment form is referred to
ESG risk assessment form	Public information on the investment subject is collected and assessed to elucidate all major ESG issues and their related financial impact. A comprehensive risk assessment is conducted and support is given to the investment subject to adopt the GRI Standards during the preparation of their sustainability reports

At the end of 2020, the PRI Team conducted a pilot inventory of investment projects in line with the U.N. SDGs by using a third-party evaluation tool. It found that for the 390 equity and 318 bond investments, both local and international,



held by Taiwan Life, the key items were SDG 11 Sustainable Cities and Communities, SDG 8 Decent Work and Economic Growth, SDG 3 Good Health and Well-Being, SDG 5 Gender Equality, and SDG 10 Reduced Inequalities. Planning is underway to incorporate these SDGs into our ESG assessment by the end of 2021.



### Pilot impact evaluation

In 2021, with the aims of enhancing our long-term value, responding to the SDGs, and implementing impact investment, CTBC Holding will conduct an impact evaluation on two major projects regarding investments and insurance products. Taking into consideration the six key indicators of materiality, feasibility, availability, reliability, attribution, and irreplaceability and using relevant international impact evaluation guidelines, we selected our Taichung Intercontinental Baseball Stadium investment and development project and small-amount whole life insurance product as the assessment subjects. By identifying the actual significant impact and attributing factors of such projects, we hope to continually strengthen the positive environmental and social impacts of our projects while reducing their negative impact. The pilot report is expected to be completed by the end of 2021.

## Other responsible investments of subsidiaries

Subsidiary	Asset class/industry	Scale of investment
Taiwan Life	Stocks and bonds in SDGs	NT\$1.3 trillion, accounting for 86% of the total investment assets of Taiwan Life's stocks and bonds
CTBC Bank	ESG bonds	Approximately NT\$25.8 billion
CTBC Securities	Bonds that are eligible for OTC sustainable bonds and related companies that invest in the constituent stocks of the Dow Jones Sustainability Index	Approximately 25.95% of total investment amount
CTBC Capital	Domestic solar power, LED, circular economy, electric vehicle supply chain, and arts and culture industries	Approximately 19.59% of total investment amount

Through these investments, Taiwan Life has demonstrated its support for sustainable energy in a practical, proactive manner. As of the end of 2020, a total of NT\$4.65 billion had been invested in eight companies related to solar power generation, low-carbon natural gas power generation, and offshore wind power generation. We estimate that the annual power generation capacity of these projects will reach 5.36 billion kWh, reducing carbon emissions by 1.89 million metric tons a year.

Investment category	Number of projects	Estimated annual power generation upon completion of construction	Actual investment amount
Offshore wind power generation	1	2.21 billion kWh	NT\$1.84 billion
Solar power generation	6	1.05 billion kWh	NT\$2.64 billion
Natural gas power generation	1	2.10 billion kWh	NT\$0.17 billion
Total investment amount			NT\$4.65 billion
Taiwan Life total investment amount <sup>Note</sup>			NT\$1.94 trillion
Proportion of total equity investments in sustainable projects to total investments of Taiwan Life			0.231%

Note: The total investment amount includes cash and short-term loans, secured loans, real estate, policy loans, bonds, structured commodities, funds, and stocks.

All subsidiaries with investment businesses conduct communication and engagement with investee companies, mainly through teleconferencing, in-person meetings, and investor briefings. The topics of discussion include the news, financial status, industry overview, operations overview, social responsibilities, and other aspects of the investee companies. In addition, we utilize our shareholder rights during shareholders' meetings to support operation management teams to place greater emphasis on corporate governance and corporate social responsibility. The negotiation and voting rights of relevant subsidiaries in 2020 is summarized in the table below.

	CTBC Bank	Taiwan Life	CTBC Securities	CTBC Investments	
Total rounds of engagement	50	328	289	865	
Number of companies in which subsidiary exercised voting rights	62	255	157	65	
Items for which voting rights were exercised	Financial-related items (support/object)	129 / 0	458 / 0	285 / 0	150 / 0
	Corporate governance (support/object)	147 / 0	483 / 0	357 / 0	147 / 0
	Shareholders' rights (support/object)	13 / 0	57 / 0	50 / 0	13 / 0
	Employee welfare (support/object)	2 / 0	15 / 0	7 / 0	5 / 1
	Personnel organization (support/object)	18 / 0	7 / 0	57 / 0	24 / 0
	Other (support/object)	0 / 0	11 / 4	7 / 0	1 / 0

Note: In accordance with Article 146-1 of the Insurance Act, an insurance enterprise cannot cast a vote in the election of directors or supervisors of an investee company. Therefore, in 2020, Taiwan Life abstained from 82 related motions.

## Sustainable product and service offerings

### Issuance and underwriting of sustainable bonds

Following its issuance of Taiwan's first green bond in 2017, CTBC Bank launched Taiwan's first sustainability bond in November 2020. An evaluation report and an assurance report for the bond have been issued by a third party. The funds raised are to be channeled predominantly toward renewable energy, energy technologies, and socio-economic development. Compared to green bonds, sustainability bonds have a greater emphasis on social development, in addition to mitigating climate change and other environmental issues. With this sustainability bond, CTBC Bank became the first bond issuer in Taiwan to be inducted into the international database of International Capital Market Association (ICMA). CTBC Bank is also continuing to actively underwrite green and sustainability bonds at home and abroad, **with the total amount of issuance and underwriting in 2020 totaling approximately NT\$7.18 billion, with green and sustainability bonds accounting for more than 6% of the Bank's total bond underwriting in the past two years.**

Furthermore, CTBC Bank issued Taiwan's first social bond in May 2021, with the funds raised being mainly invested in sustainable social development. By doing so, the Bank again demonstrated its determination to fulfill its social responsibility and promote sustainable financial development.

**CTBC Bank's achievements in underwriting domestic and overseas green and sustainability bonds in 2020**

Area	Company	Role	Project scale	Amount underwritten by CTBC Bank
Renewable energy and energy technology development	Ørsted	Joint lead manager	NT\$15 billion	NT\$4.34 billion
Energy efficiency improvement and energy conservation, greenhouse gas reduction, water resource conservation, cleaning or upcycling, waste recycling treatment or reuse, biodiversity conservation	Taiwan Semiconductor Manufacturing Co., Ltd.	Manager	NT\$12 billion	NT\$500 million
Waste recycling treatment or reuse, socioeconomic development and rights protection	Far Eastern New Century Corp.	Joint lead manager	NT\$3.8 billion	NT\$1 billion
Renewable energy and energy technology development, socioeconomic development and rights protection	CTBC Bank Co., Ltd.	Issuer	NT\$1 billion	NT\$1 billion
International green loan	China Construction Bank Corp.	Joint lead manager	US\$1.2 billion	NT\$342 million

**Financial advisory services for offshore wind power developers**

CTBC Bank has acted as the local financial adviser for two European offshore wind developers, namely Copenhagen Infrastructure Partners (CIP) and Ørsted. We supported CIP throughout the government's capacity allocation selection process. Since 2019, we have advised both CIP and Ørsted on project financing as well as advised Ørsted on the introduction of potential equity investors for its offshore wind project in Taiwan. In 2020, in collaboration with other international financial institutions, CTBC Bank was the only local bank acting as the mandated lead arranger and bookrunner for the nearly NT\$90 billion Changfang and Xidao wind farm financing project. Currently, CTBC Bank also acts as the domestic financial adviser for the China Steel Corp. and CIP Zhongneng offshore wind farm, supporting the project financing for Ørsted's offshore wind project in Taiwan and the Zhongneng offshore wind farm.

**Property insurance products**

In order to cope with the increasing risk of property loss caused by natural disasters, Taiwan Life and CTBC Insurance offer typhoon and flood insurance, earthquake insurance, and other property insurance for enterprises and individuals through an insurance risk dispersion mechanism, thereby helping them avoid risks and further protecting their assets.

Insurance product type	2020	2019	2018	2017	2016
 Compulsory automobile liability insurance	204,135	273,946	316,060	309,225	329,356
 Basic residential earthquake insurance	149,801	143,852	135,927	131,953	116,391
 Typhoon and flood insurance (fire insurance)	1,412	1,503	1,147	278	2,312
 Typhoon and flood insurance (car insurance)	143	182	227	222	329
 Commercial earthquake insurance	1,869	1,817	1,584	471	2,595
 Micro-insurance policies (property insurance)	1,343	892	-	-	-

Insurance product type	2020		2019		2018		2017		2016	
	Number of policies	Policy premium (NT\$ million)	Number of policies	Policy premium (NT\$ million)	Number of policies	Policy premium (NT\$ million)	Number of policies	Policy premium (NT\$ million)	Number of policies	Policy premium (NT\$ million)
Compulsory automobile liability insurance	204,135	167.2	273,946	234.07	316,060	275.47	309,225	304.69	329,356	305.38
Basic residential earthquake insurance	149,801	194.21	143,852	178.95	135,927	167.37	131,953	166.49	116,391	145.16
Typhoon and flood insurance (fire insurance)	1,412	21.24	1,503	16.79	1,147	17.47	278	18.60	2,312	15.13
Typhoon and flood insurance (car insurance)	143	0.96	182	0.78	227	0.83	222	1.25	329	1.60
Commercial earthquake insurance	1,869	28.54	1,817	18.62	1,584	20.27	471	21.83	2,595	18.81
Micro-insurance policies (property insurance)	1,343	0.34	892	0.16	-	-	-	-	-	-

## ESG investment products

CTBC Investments and ICE Data Indices, LLC (IDI), a subsidiary of Intercontinental Exchange, Inc., signed an ESG Index collaboration memorandum to jointly develop ESG indices and financial products administered and calculated by IDI for market participants. By doing so, CTBC Investments became the first investment trust company in Taiwan to sign an ESG collaboration memorandum with an international organization. In 2020, both the ICE 15+ Year Ultra Large Cap Developed Markets US Corporate Best-in-Class ESG Index and ICE 15+ Year Large Cap USD Emerging Markets External Sovereign Carbon Reduction Index received qualification recognition\*.

\*The offering completed in January 2021.

## Inclusive finance products and services

Customer due diligence (CDD) and know-your-customer (KYC) mechanisms are applied for all of CTBC Bank's personal credit cases, and all credit applications by individuals on government-maintained sanction lists are declined. Risk identification, assessment, and management is conducted in line with the Bank's customer identification and acceptance principles, and periodic review mechanisms are established based on risk assessment results. As well as ensuring proper due diligence prior to the establishment of business relationships, we also conduct annual monitoring to determine whether clients

are engaged in unlawful behavior after the establishment of a business relationship and to assess the reasonableness of related transactions.

## • Charity credit cards and home loan services

We issue charitable donation credit cards in conjunction with external charity organizations. For every purchase made with a card, CTBC Bank donates a percentage of the amount to public interest groups that work with underprivileged people. **As of the end of 2020, CTBC Bank had issued a total of four charity credit cards, with approximately 250,000 cards in circulation and a total of NT\$20 million donated to foundations in 2020.**

Taiwan's declining birth rate and rapidly aging population are giving rise to various economic security issues for older people, with other corresponding financial needs also gradually emerging. In support of government policies aimed at addressing these issues, CTBC Bank rolled out a reverse mortgage loan to provide older people with supplementary lifestyle and economic security in addition to the existing social insurance and social assistance systems. Preferential housing loans for younger people are also available for newlyweds and young families with newborns to lend them a hand in Taiwan's highly priced property market. **In 2020, CTBC Bank administered NT\$40 million in reverse mortgage loans and NT\$4.331 billion in preferential housing loans for young people.**

## Retail banking: ESG-related products and their proportion

Category	Amount (NT\$ million)	Proportion	Description
Green/ESG credit lines and mortgages	52,102	5.20 %	Including labor relief loans, supporting first-time home buyers and reverse mortgage loan, small business loans (including micro-enterprise loans), and study abroad on government loan
Sustainable investment products	16,900	9.92 %	Including the sales volume of ESG-concept investment products
Advisory services on ESG topics	1,435	0.11%	Including disadvantaged person trusts and charitable trusts

Card	Rebate	Purpose
Tzu Chi Lotus Card	2.75%-5% of transaction amount	To assist the Tzu Chi Foundation in providing emergency assistance in the field
TFCF Card	5% of transaction amount	To send donations to the Taiwan Fund for Children and Families to help disadvantaged children
Xue Xue Card	3%-5% of transaction amount (domestic) 8%-10% of transaction amount (overseas)	To promote art appreciation among underprivileged people and assist children from disadvantaged families in remote areas to cultivate all five senses
Paper Windmill Card	5% of transaction amount	To provide donations to the Paper Windmill Foundation to help it promote art and cultural education

● **CTBC Poverty Alleviation Program and trust services for disadvantaged groups**

The CTBC Charity Foundation operates the CTBC Poverty Alleviation Program to help disadvantaged families start businesses, emerge from poverty, and achieve financial independence. **In 2020, 42 loans under the Poverty Alleviation Program totaling NT\$21 million were approved. The cumulative approved loans were NT\$163.3 million since the program started.** CTBC Holding has also offered special needs trust services for older people and people with disabilities to ensure the security of their property and prevent misappropriation and fraud. The services pay for medical care and treatment expenses on behalf of these beneficiaries, preventing property management problems that arise as a result of dementia or disability. **In 2020, the disadvantaged person trusts and charitable trusts together exceeded NT\$1.4 billion.**

● **Overseas microloan funding**

CTBC Bank partners with international microfinance organizations to provide microloan services overseas, drive inclusive finance, and eradicate poverty through a multifaceted partnership that echoes U.N. SDG 1 No Poverty and SDG 17 Partnerships for the Goals.

	Details	2020	2019	2018
Philippines	By working with microfinance organizations, our Philippine subsidiary, CTBC Bank (Philippines), indirectly provides financing for micro and small businesses as well as individuals. This financing is used to support these enterprises' working capital as well as these individuals' various financial needs, such as tuition payments, daily living expenses, emergency post-disaster repairs, and medical expenses	Partnered with four microfinance organizations and granted loans totaling PHP 2.25 billion (approximately US\$46.3 million) <sup>Note 1</sup>	Granted loans totaling PHP 2.5 billion (approximately US\$51.44 million)	Granted loans totaling PHP 2.4 billion (approximately US\$49.38 million)
Japan	Provided loans to microfinance organizations to offer financial services for low-income households in Cambodia and Myanmar	Provided two microfinance organizations in Myanmar with loans totaling US\$12.9 million	Provided two microfinance organizations in Cambodia with loans totaling US\$6 million and another in Myanmar with loans totaling US\$10.5 million	Provided a microfinance organization with loans totaling US\$4 million to go toward the provision of financial services for low-income households in Cambodia
United States	Designed the Dream Builder small business loan to help small businesses with annual turnover of less than US\$1 million to obtain loans from the Small Business Administration	Provided 124 microloans	Provided 99 microloans	Note 2
	Designed friendly loan products to meet the needs of low or middle income individuals and families, including residential mortgage, home mortgage, home renovation, and low down payment mortgage loans	Granted 57 loans totaling US\$25.49 million	Granted 26 loans totaling US\$11.26 million	Granted four loans totaling US\$1.71 million
India	Our Indian branches have worked with three microfinance organizations to indirectly provide financing for micro and small enterprises and individuals across northern and southern India. The loans can be used for paying low interest mortgage loans, auto loans, tuition, daily family expenses, emergency post-disaster repairs, and medical expenses	Offered a total credit line of INR 800 million (approximately US\$10.9 million) <sup>Note 3</sup>	Offered a total credit line of INR 800 million (approximately US\$10.9 million)	Offered a total credit line of INR 700 million (approximately US\$9.54 million)
Vietnam	Funds are provided indirectly to the unbanked communities for motorcycle loans as well as durable consumption goods and cash loans. At present, CTBC Bank's Vietnam branch has provided credit services to the three largest microfinance organizations	Offered a total credit line of US\$28 million	Offered a total credit line of US\$28 million	Offered a total credit line of US\$28 million

**Note 1:** Calculated based on the USD/PHP exchange rate of 1:48.6 on March 1, 2021. **Note 2:** Related service was yet to launch. **Note 3:** Calculated based on the USD/INR exchange rate of 1:73 on March 1, 2021.



### • Insurance products

Taiwan Life has launched numerous financial inclusion insurance products, such as small-amount whole life insurance, policies for people with pre-existing conditions, insurance policies for people with physical and mental disabilities, and spillover-effect insurance policies. The company had 10,243 valid policies in 2019 and 12,134 in 2020, with premiums totaling NT\$207.13 million in 2020, up by 29% from the previous year.

In support of government policies, Taiwan Life offers micro-insurance policies targeted at economically disadvantaged and other marginalized groups, with a cumulative total of NT\$35.05 billion in 2020. Furthermore, donations are made to the insurance premiums of these groups to further expand the scale and scope of coverage. It is hoped that micro-insurance can protect these people from family or personal financial difficulties incurred as a result of death or disabilities caused by accidents. In the 2020 insurance awards organized by the FSC, Taiwan Life was ranked second in the insurance company category of the micro-insurance competition.

### Continued support for SMEs

CTBC Bank launched the SME Financial Service Platform, which offers secure and efficient financial services to SME customers. We have comprehensively enhanced the efficiency of the loan service process (i.e., loan application, loan approval, and loan disbursement) for SMEs. In addition, through the local loan business of its subsidiaries, CTBC Bank has set up dedicated task forces for SME customers, offering a comprehensive range of financial services for different business life cycle stages, including financing planning, cash management, corporate payroll, and financial counseling. CTBC Bank has also used Big Data to develop quick financing projects as well as business mobile platforms and simpler remittance and transaction processes, including by providing the eTrust international online banking platform, on which real-time inquiries and transactions can be made depending on the authorization levels of customers. **CTBC Bank has seen 6.6% cumulative growth in its enterprise loan base over the past three years.**

### Wealth management service

CTBC Bank's wealth management business has incorporated various ESG evaluation criteria into the qualitative analysis aspect of its investment product screening mechanism, and it incorporates ESG considerations into the investment analysis and decision-making processes for clients. In addition to introducing multiple ESG funds, various themed reports have also been published, covering ESG credit, industries, and trends with titles such as "ESG Bond Investments: Everything You Need to Know" and "Transformational Business Opportunities for Climate Change." **In 2020, CTBC Bank introduced 12 offshore ESG funds and custodied two domestic funds. The sales volume of those funds is approximately NT\$16.9 billion, of which NT\$3.1 billion was contributed by green energy products.** To encourage and help investors to become more sustainable, CTBC Bank launched an ESG investment website in November 2020. The website includes ESG knowledge, education material, and product information. In addition, for Earth Day, the website encourages investors to take practical actions to facilitate the sustainable development of enterprises, the environment, and society. The Bank also launched a YouTube channel called Money Unjiang, releasing three ESG education videos and two ESG-related live streams.



Money Unjiang  
YouTube channel

### Financial management advocacy

CTBC Bank has published a series of financial management reports via phygital channels, namely newspapers, magazines, and online media. Over the years, CTBC Bank has also organized hundreds of forums throughout Taiwan. These were shifted online during the pandemic and combined with contactless financial services to bolster public understanding of financial management.

To address the varying financial needs of those at different life stages, CTBC Bank offers a full range of financial services, including small and medium-sized enterprise services, private banking, smart financial management, and inclusive finance digital financial management. The Bank also provides a free comprehensive family financial management health check online and at its

branches. Members of the public can utilize functions through the investment platform for asset appreciation, target investment, and retirement planning, including by using AI-driven algorithms to monitor the market and automatically adjust their investment portfolio in order to achieve the financial management goals of earmarked funds.

**We have also harnessed our financial expertise to train financial management volunteers to travel to rural areas to help underprivileged families and children develop a healthy financial management and debt management mindset, with differentiated class modules for different target audiences. In 2020, 48 such courses were conducted, benefiting more than 1,000 people.**

With the intent of getting more people to have an in-depth understanding of ETFs, CTBC Investments has organized more than 100 free ETF investment sharing sessions in all counties and cities across Taiwan since 2019. In 2020, due to the pandemic, these events were shifted online, attracting more than 22,000 registrants and garnering 31,000 views. For the second consecutive year, Asia Asset Management magazine presented CTBC Investments with the Best Investor Education prize at its Best of the Best Awards.

## Friendly banking environment

Target audience	Measures
Customers with a visual, hearing, or physical impairment	<ul style="list-style-type: none"> <li>To ensure accessibility for, and the financial rights of, people with a physical or visual impairment, all CTBC Bank branches are fitted with barrier-free ATMs and barrier-free spaces. In 2020, 6,466 of the Bank's ATMs were wheelchair-accessible, accounting for 99.8% of all its ATMs nationwide, while 161 ATMs accessible by people with a visual impairment had been installed</li> <li>CTBC Bank: <b>The Bank has launched a new version of its barrier-free internet banking service. Users with visual impairments were specially invited to participate in the design of the service, which ultimately obtained conformance level A for barrier-free website design from the National Communications Commission.</b> The service has three main features. The first was introducing responsive web design to enable customers who have a visual impairment to enjoy a consistent experience whether they are using a desktop computer or mobile device. Next was establishing a menu of access keys and anchors to allow users to quickly jump to key webpages by pressing an access key. Third was providing a voice command function for online banking and exchange rate inquiries. In addition, customers may use dedicated non-visual desktop access screen-reading software or their mobile device's built-in screen reader to utilize the various financial services of our accessible online banking</li> <li>CTBC Securities: The subsidiary is at the forefront of its industry in website accessibility. Its site has anchor points complemented with an access key, sitemap functions, and keyboard-operated web browsing tools to help users who have a visual impairment to "browse" by using special output devices such as readers and braille displays. It obtained conformance level AA for barrier-free website design from the National Communications Commission</li> <li>Taiwan Life: All of its branches of have put in place accessible, barrier-free spaces to serve people with disabilities, in addition to dispatching mobile service personnel to serve them via pre-scheduled appointments</li> </ul>
Customers in remote locations	<ul style="list-style-type: none"> <li>Customers can make a wide variety of payments, including phone bills, insurance premiums, and charitable donations, using CTBC Bank ATMs. <b>With 80 services, the Bank's ATMs offer the most diverse and convenient service in Taiwan.</b> As of Dec. 31, 2020, there were more than 6,400 CTBC Bank ATMs located throughout Taiwan (including both those installed in branches and at standalone locations), with some 100 of these in rural areas, accounting for 1.5% of all our ATMs nationwide</li> <li>CTBC Bank has launched "My Way," a 24-hour fully online digital deposit account-opening service. After opening an account, customers can immediately use various digital financial services such as online banking, mobile remittance via the Home Bank app, and online payment services. Approximately 280,000 accounts had been opened this way as of the end of 2020</li> </ul>
Older customers and customers who have dementia	<ul style="list-style-type: none"> <li>In response to Taiwan's rapidly aging population, CTBC Bank has been rolling out special assistance counters (full-service counters/ accessible counters) to provide older customers with service while seated and without the need to fill in forms. As of the end of 2020, 97 branches had been furnished</li> <li>In 2020, CTBC Bank collaborated with the Taiwan Alzheimer's Disease Association to provide dementia-friendly banking guides to all its 152 branches across Taiwan. In 2021, there are further plans to conduct education and training for branch staff to help them understand, embrace, and support people with dementia</li> </ul>
Migrants	<ul style="list-style-type: none"> <li>In line with the government's bilingual nation policy, CTBC Bank has turned its Shinfu, Shizheng, and Boai branches into showcase branches fitted with comprehensive dual Chinese-English signage, queue number calling systems, foreign exchange rate display boards, and forms, with close to 60% of the counter service staff at each branch able to serve customers in English</li> <li>CTBC Bank's internet banking and mobile banking services offer friendly user interfaces in English with fund transfer, foreign exchange, and asset query services, among other services. Based on internal statistics, more than 12,000 logins a month are by foreigners, with each logging in an average of nine times per month</li> <li>The Bank's more than 6,400 ATMs provide multi-language options, offering services in 12 languages including Chinese, English, Japanese, Korean, Thai, Vietnamese, Indonesian and German</li> <li><b>We boast the greatest scale and scope of foreign currency ATMs in the country,</b> with machines at a total of 152 branches providing U.S. dollar and Japanese yen cash withdrawal services, and certain branches introducing renminbi cash withdrawals</li> <li>CTBC Bank launched the U Remit ATM foreign currency remittance service, offering migrant workers a safer option than underground exchanges and thus ensuring better transaction security and protecting the rights of remitters</li> </ul>

## Customer relationship management

### Implementation of Treat Customers Fairly Principles

CTBC Holding's core values of integrity, innovation, professionalism, teamwork, and care are embodied in the FSC's Treating Customer Fairly Principles (TCFP). Since it started implementing the TCFP in 2018, CTBC Bank has safeguarded the rights of financial consumers through innovation and the refinement of its measures, with its performance ranked in the banking industry's top 20% in the TCFP evaluation for two consecutive years. Meanwhile, CTBC Securities was ranked first among security firms in the 2019 TCFP Assessment Program (conducted once every two years). Furthermore, starting in 2020, major customer complaint cases are now reported to the Board of Directors on a quarterly basis, and information on compensation related to customer complaint cases is incorporated into the risk management report.

#### • CTBC Bank treating customers fairly mechanism

In 2016, CTBC Bank formulated the TCFP Strategy and Policy. In accordance with the provisions of the policy, business management units that provide products or services are responsible for the planning and implementation of the TCFP Strategy and Policy in relation to the products or services they provide. These units annually review the implementation of the TCFP Strategy and Policy and present their findings at senior executive meetings and Board meetings to elucidate the execution status of various business systems and consumer protection, among other business matters. For good measure, through various internal audits and legal compliance management notification mechanisms, the Board of Directors are duly informed of deficiencies in relevant major consumer protection regulations or important internal regulations, while important resolution tracking management procedures are put in place to monitor and control the status of follow-up measures and ensure they are implemented according to their schedule and objectives.

The business management units also conduct annual education and training

sessions, reinforcing staff awareness of financial consumer rights by introducing relevant laws and regulations as well as case studies. In 2020, a total of 9,828 individuals (including Board members and staff below the department head level of the business management units) attended the classes. For its retail banking, the Bank has also established a Customer Care Committee and a customer experience center to provide regular voice-of-the-customer reports to senior management on all relevant aspects, including service quality, customer complaint feedback, abnormal alert management, online public opinion monitoring, front-line abnormal event management, and the use of the alert management mechanism to improve customer satisfaction.

**In 2020, CTBC Bank successfully prevented members of the public falling victim to scammers on 694 occasions, saving them NT\$194,223,718 in the process. It was also honored for having the highest number of such intercepts among all Taipei City financial institutions, receiving six medals from the city government and ranking first in the industry. Furthermore, in accordance with its employee incentive measures, the Bank awarded a total of 1,302 employees for their efforts preventing money laundering and fraud.**

CTBC Bank exercises strict product risk controls in order to protect the rights of its customers. The Chief Executive Officer of Institutional & International Banking is the highest responsible supervisor for operational risk management and is also responsible for overseeing the operational risk management mechanisms including for internal operations, personnel, and systems and for the risk of loss due to external events. Supplementing this, the Bank has also set up an internal control management department for its retail banking operations. The department is responsible for the listing process of investment products; product risk information is provided while various audit and monitoring processes are in place to reduce possible risks. In the future, we will continue to foster a culture of fair dealing, placing greater emphasis on relevant advocacy and education and training as well as adopting effective, innovative measures and systems to enhance the protection of customers' rights and interests.

• Taiwan Life treating customers fairly policy

Pillar	Vision	Description
<p><b>Internalizing the DNA of Treating Customers Fairly</b></p>	<p>Foster a corporate culture that embeds the DNA of Treating Customers Fairly in the daily activities of all employees</p>	<ul style="list-style-type: none"> <li>• <b>Organizational and cultural development:</b> This includes establishing dedicated units to foster a company-wide customer-oriented culture. Approximately 9,500 people of office and field employees completed a three-hour Treating Customers Fairly education and training class while directors completed six hours of further education</li> <li>• <b>Customer satisfaction and VOC:</b> This includes establishing an NPS experience management mechanism and customer care mechanism as well as customer complaint MBO assessment standards and a grievance alert management to spur service quality improvements. In 2020, the number of grievances reported decreased by 48 from 2019</li> </ul>
<p><b>Becoming the first choice of customers</b></p>	<p>Enable the best customer journeys and experience through the creation of happy paths via digital innovation and the provision of intelligent customized services</p>	<ul style="list-style-type: none"> <li>• <b>Official LINE personalized insurance linking service:</b> Forty-nine policy-related push notifications have been introduced and product direct mail has been optimized to provide 27 product combinations for nine major customer groups in order to provide customers more relevant services based on their individual needs</li> <li>• <b>Commitment to digital innovation:</b> Taiwan Life provides faster claims settlement via eClaim blockchain, ibon, e-pay, and the linkage to an insurance claims network. In addition, claims and security blockchain, front-scanning systems, and electronic reference checks have been developed to improve service efficiency. To improve the service efficiency and quality of agents, our EdgE Lab has built four kinds of tools with uses ranging from taking out policies to conservation services. Taiwan Life was recognized as having the Best Digital Insurance Experience in Taiwan at The Asset's 2020 Triple A Digital Awards</li> </ul>
<p><b>Promoting social sustainability</b></p>	<p>Proactively roll out several care initiatives, invite external strategic partners to jointly build a healthy ecosystem, and lead customers to actively participate in public welfare activities, so as to achieve a virtuous cycle of social sustainability</p>	<ul style="list-style-type: none"> <li>• <b>Silver generation:</b> In collaboration with Chunghwa Senior Lifestyle Services Co., Ltd., Taiwan Life launched in-kind payment insurance with long-term care products for employees to ease problems faced by them in relation to a sudden need for long-term care. It also held the Stanford Design Challenge Asia for the fourth consecutive year, and continued operating an in-home bathing service for people who are frail or disabled in rural areas</li> <li>• <b>Caring services:</b> As of the end of 2020, a total of 13 products related to underprivileged groups had been made available. In addition to having a cumulative total of 11,969 such valid policies, Taiwan Life has also given out bursaries and scholarships for 20 consecutive years, with a cumulative total of 1,000 bursaries, and provided long-term support for CTBC Holding's Light up a Life charity fundraiser and 1919 Food Bank collections</li> <li>• <b>Inclusive health:</b> Taiwan Life introduced COVID-19-related care measures for policyholders and healthcare workers, conducted liver screening activities, and more</li> </ul>

### • Customer data secondary use management

With an eye on meeting the various financial needs of customers, CTBC Holding carefully coordinates and controls how customer data is collected, shared, and used among its subsidiaries. In 2020, CTBC Bank, CTBC Securities, Taiwan Life, CTBC Insurance, and CTBC Finance—the five subsidiaries that predominantly deal with natural-person customers—sought consent from customers to utilize their data for joint marketing purposes, with their customer confidentiality policies disclosed on their websites. Customers may grant consent to the aforementioned companies at any time for the cross-company sharing of their data in order to receive a greater variety of financial product information and services, and likewise may update their information or option out at any time. When given authorization, CTBC Holding and its subsidiaries will conduct the secondary use of customers' information while adhering to strict protective measures to ensure the data is stored and used securely.

### Listening to our customers

Informed by our insight into customer demands, we utilize Big Data analysis, customer behavior prediction, and market surveys to determine potential new market demands and continually improve our customer service.

### • Convenient and seamless service

As well as integrating online and offline services, CTBC Bank persistently utilizes new digital platforms and Big Data analysis to provide products and services that address customers' needs.



Agent C Live Chat Service

This chat service served 6 million people in 2020, with a satisfaction rate of 92%



"Little B" voice assistant

By harnessing conversational financial service technology, customers are able to receive information in real time by chatting with "Little B"



Industry-first merchant information database with AI technology

CTBC Bank has combined a Big Data analysis tool and with artificial intelligence to overcome data restraints and successfully extract more detailed information from authorization logs. This has increased the rate of alerts that provide merchants details from 45% to 94%



Industry-first digital journey for transaction disputes

Both digital alerts and online statements provide a channel for customer who want to dispute a credit card transaction. Customers can not only report a problem immediately but also deactivate the credit card immediately for extra protection. The dispute investigation process can also be queried online, improving the customer experience



Event-based service

CTBC Bank leverages Big Data analysis to better understand customers' backgrounds, consumption patterns, behavioral preferences, and more, and analyzed structured and unstructured data in order to provide customers with the most suitable products and services based on their needs

• **CTBC Bank customer grievance channels and handling process**

Through its Customer Care Committee, CTBC Bank reviews various service quality indicators, including internal VOC, external customer complaints, and various customer care programs. Aside from helping us better understand customer needs, this feedback enables us to make tangible improvements to our operations; the relevant document control and quality of operations also are also ISO 9001-certified. **In 2020, CTBC Bank achieved a customer complaint 7-day closure rate of 95% and a customer consensus rate of 93.9%. In addition, a total of 1,050 suggestions were received from customers.** By reporting feedback to relevant business units, we are making improvements to safeguard the rights and interests of our customers.

• **Taiwan Life customer grievance channels and handling process**

Taiwan Life has established a customer service VOC platform to continually monitor customers' VOC and feedback. In 2020, there were 2,590 instances of VOC feedback in total, and through its monthly electronic VOC customer service report, customer feedback is shared with relevant units, aiding them in business improvement and thus safeguarding the rights and interests of customers. To better understand the needs of customers, Taiwan Life has established a comprehensive complaint system, offering a diversity of complaint channels as well as setting up a complaint hotline (0800-213-269) and a dedicated unit to address customer complaints and conduct follow-up services and improvement measures. Through the financial spending dispute (grievance) management system, operating procedures, and early warning mechanism for financial disputes and complaints, we are able to handle customer complaints with discretion. **In 2020, the rate of complaint cases for which customers requested that Taiwan Life seek ombudsman assistance was approximately 0.25 per 10,000, while the rate for which Taiwan Life did request ombudsman assistance was approximately 0.063 per 10,000. The success rate of cases referred to the ombudsman was very high, with the customers in 98% of these cases receiving compensation, highlighting the importance with which Taiwan Life treats the grievance process.** Taiwan Life adheres to a customer-centric approach, values customer experience, and

strives to meet customer demands under reasonable circumstances. The insurer has also set up a toll-free hotline (0800-099-850) and utilized various other service channels, namely via the internet, fax, email, and an interactive voice response system, to handle general customer service business. Through the integration of three core system query and reference-check platforms, customer service personnel can respond swiftly to policyholders' questions. The establishment of a feedback mechanism for customer comments with a tracking mechanism also facilitates robust services, bridging the gap between customers and the company by creating a one-stop service. According to a customer satisfaction survey, Taiwan Life's overall customer service satisfaction rate in 2020 was 99%.

• **Customer satisfaction surveys**

Subsidiary /unit	Description	Outcome
CTBC Bank retail banking	A customer satisfaction survey consisting of nearly 30 items was conducted with retail banking customers. It covered a wide range of issues including bank branches, financial advisers, customer service, and automated channels as well as the satisfaction rates for various application procedures. In addition, to better understand our customers, we surveyed the satisfaction rates and needs of customers with respect to different customer segments, corporate accounts, payroll accounts, family financial planning, real estate, additional services, reward points, and other special services	Approximately 420,000 responses were received, with an average satisfaction rate of 87%, reaching our target level
	We worked with external consultants to introduce NPS customer experience management optimization projects and established key customer journeys for review and refinements based on customer profile, product, and channel perspectives in order to ensure a good customer experience is delivered at all sales, service, and contact touchpoints	The NPS for 2020 was 12, 4 points higher than in 2019
CTBC Bank institutional banking	The survey scope covered domestic and overseas access, products, and services, and a comprehensive review of institutional banking customer service was carried out through interviews with financial executives and questionnaires so as to identify potential risks and business opportunities	There were 870 valid responses, with an overall satisfaction score of 4.4 (out of a maximum of 5 points)
Taiwan Life	Taiwan Life collaborated with external consultants in 2019 to introduce the annual rNPS <sup>Note 1</sup> customer experience management optimization mechanism and to determine a monthly tNPS <sup>Note 2</sup> through various surveys of 11 types of customers' journeys to investigate and analyze customer journeys across various channels and touchpoints in order to systematically manage, track, and improve the customer experiences and, in turn, better fulfill customers' expectations	The NPS increased by 9 points in 2020 from the previous year, placing Taiwan Life in second place among Taiwan's six major life insurance brands. Notably, the satisfaction rate for after-sale service saw the most significant increase

Note 1: Relationship Net Promoter Score (rNPS) refers to the overall level of recommendation of customers for brands, products, services, etc. in the same time interval (usually on a quarterly or annual basis).  
 Note 2: Transactional Net Promoter Score (tNPS) refers to the momentary level of recommendation of customers upon completing an experience of a product or service.

# Innovative digital finance

Being key to our competitive edge, the development of digital finance is critical to the future growth of CTBC Holding and our subsidiaries. That's why we are committed to becoming the Asia-Pacific region's leading digital financial institution—and doing so through a customer-centric digital transformation. In 2020, our subsidiaries were named among the 20 Best Banks in Asia Pacific and the 20 Best Insurers in Asia Pacific by renowned market consultancy International Data Corp. (IDC).

## Action plan

- Drive digital transformation, digital innovation, and digital infrastructure

## 2020 performance

- Granted 242 patents in the past five years
- Developed 444 robotic process automation (RPA) usages across CTBC Holding since 2018




## 2021 goals

- RPA usage: > 200 items
- Digital customer satisfaction rate: > 90%

## Driving digital innovation

### Digital finance development strategy

In terms of digital finance, CTBC Holding is a pioneer in Taiwan. It has successively established a blockchain lab, an AI Join Lab, a customer experience center, and a Data Intelligence R&D Division; recruited outstanding talent; and adopted a three-pronged strategy of digital transformation, digital innovation, and digital infrastructure while it continues to promote online and offline digital projects to provide customers with a consistent financial service experience across all channels.

Innovation strategy	Strategy details
 <p>Digital transformation</p>	<ul style="list-style-type: none"> <li>• With the use of the latest technologies, we have created a consistent omni-channel experience, integrating customer interactions across all channels</li> <li>• Utilizing Big Data analysis, we deliver a simple, customized, interactive, and consistent financial service experience</li> <li>• We have introduced RPA into all our subsidiaries to improve operational efficiency and customer satisfaction</li> </ul>
 <p>Digital innovation</p>	<ul style="list-style-type: none"> <li>• We have established the CTBC Brain project—comprising the six key platforms of a conversational service platform, natural language processing analytics platform, preference prediction platform, market forecast platform, OCR platform, and face recognition platform—to drive innovative AI-based financial applications in order to provide the most appropriate service and product recommendations for customers, thus ensuring they receive the industry's best omni-channel experience while also improving our own operational efficiency</li> <li>• Our Blockchain Lab is a Taiwan financial industry trailblazer, having already launched numerous innovative and practical cross-industry applications of blockchain</li> <li>• We co-innovate with fintech startups and actively support in the government's financial innovation policy</li> </ul>
 <p>Digital infrastructure</p>	<ul style="list-style-type: none"> <li>• We have strengthened our data engineering and launched the intelligentization of various operations</li> <li>• We have promoted core system modernization and cloud-based applications</li> <li>• We have set up a customer experience center to listen to the VOC, optimize the customer experience, and foster a culture of agile development</li> <li>• We established the FinTech Investment Center to conduct strategic investment analysis and assess fintech applications</li> </ul>

## Key achievements

- CTBC Bank became the first financial institution in Taiwan to obtain a patent for conversational-style voice command services. In 2020, a brand-new AI-powered service system based on the patent was launched; with it, customers can easily check their account balance or transfer funds by conversing with the "Little B" voice assistant
  - Taiwan Life launched an official LINE account, through which policyholders can access convenient real-time insurance services. It also launched an online reservation platform allowing customers to schedule appointments online with insurance consultants for in-person consultations and insurance applications
  - CTBC Securities' CTBC Spark App features an intuitive interface that can be customized by users in order to provide each with the most convenient mobile investment experience. New offerings added in 2020 include an automatic investment plan for U.S. shares. **The app has been downloaded more than 190,000 times since its launch in 2019**, realizing the subsidiary's philosophy of making investment accessible to both CTBC Securities customers and the wider public alike
  - **Between 2018 and 2020, CTBC Holding developed 444 RPA usages, which performed a workload that would total 3.9 million person-hours**
- 
- Through cross-subsidiary collaboration, we leverage our industry-spanning presence by using internal and external data to construct a 360-degree view of the customer for both our retail and institutional clients, elucidating their lifestyles and needs and generating new data-driven opportunities
  - In terms of blockchain technology, in addition to co-developing technical specifications with international financial institutions, CTBC Bank became the first in Taiwan to successfully test blockchain-based services such as trade financing and cross-border remittance. The Bank has also formed cross-industry alliances to create innovative applications covering various major fields, including digital content, e-commerce retail, health care, and supply chain finance
  - We are an active member of Taipei's FinTechSpace co-working hub and in 2020 helped drive two corporate lab projects. Specifically, we:
    - completed data exchange compliance research for the "Data Cleanroom" project; and
    - completed a financial regulation and management clinic for the "Foreign Exchange Risk Joint Prevention Proof of Concept" project, submitting a corresponding proof of concept report to the FSC, with the project expected to be completed in the first half of 2021
- 
- Developed internal data governance systems:
    - CTBC Holding has developed an intelligent risk control network to reduce risk-related losses and improve efficiency
    - For retail banking, systems have been developed to support customer operations and marketing, such as through customer intent, community behavior, and market forecasting
    - For institutional banking, we have worked toward intelligent processes, optimized experiences, and enhanced efficiencies, including end-to-end digitalization (Edge) process improvements as well as the multi-party application of digital tools and emerging technologies to drive automation and paperless work processes. For example, we have utilized AI to replace the human evaluation of various information and to eliminate manual data-entry for hard copy documents, and have developed an online self-service platform for customers, eliminating the wait time required for communication through conventional means such as writing, physical meetings, and phone calls
  - Promoted the modernization and transformation of core systems:
    - CTBC Bank has started work on a project to modernize and transform its core systems in order to improve service stability, and is developing modular platform services
    - Taiwan Life has started the building and integration of a new core IT system, adopting a parallel and phased changeover for old and new systems to run side by side
    - Through cross-cloud deployment and on-demand expansion, we are optimizing our business operations and enhancing our capacity for innovation in the most cost-efficient means possible, **with our application cloud platform accounting for 23% of infrastructure in 2020**
  - Based on customer immersions insights, our banking, insurance, and securities subsidiaries have developed new products and services. They have selected agile pilot projects and set development goals according to their specific business characteristics. Thirty-nine optimization projects were being planned in 2020, with estimated cost savings of NT\$18 million a year, or 30 full-time equivalents
  - The COVID-19 pandemic spurred the development of new digital office solutions and supplemental agile working mechanisms, accelerating the pace of our organizational operations accordingly
  - We have continued to make investments and deployments in the global fintech ecosystem to stay on top of the latest technology trends as we seek to achieve both financial and strategic investment efficiency

## Digital innovation proposal competition

As financial services augmented by technological innovations, ecosystems, and non-traditional financial systems have emerged, CTBC Holdings has kept pace, innovating and transforming its products and services to better meet the needs of its customers.

**Between 2016 and 2020, we were granted 242 financial patents—the most of any privately owned bank in Taiwan.**

One key to success in financial industry digital innovation lies in the speed of delivery of such innovations. Only by delivering a steady supply of innovative services and tapping customer demand can we continue to create growth momentum. With this knowledge, since 2019, the CTBC Bank Digital Alliance has partnered with various sponsors to organize the CTBC Innovation Championship. The competition, which is open to all CTBC Holding group employees, fosters a culture of innovation and innovative thinking by rewarding creative proposals. Over the past two years, more than 800 proposals have been submitted from over 2,500 participants, from among which 11 winning teams have been selected and awarded with more than NT\$1 million in prizes.

Notably, the 2019 top award winner, namely the Penny Piggy financial management service, was launched in November 2020. Integrating financial management into daily life by combining credit card spending and investment, Penny Piggy sets aside a small amount of money for investment with each credit card payment the customer makes. This patented smart investment technology makes financial management easy, in particular for its main demographic of younger people with less capital. Another award-winning proposal—the TeamWalk Enterprise Health Management App—is set to be officially launched in the third quarter of 2021.





## Leading financial technology

### Real-time personalized digital financial services

#### • CTBC Bank digital innovation services

In 2019, CTBC Bank launched its "Banking My Way" digital banking campaign. Amid customers' growing needs for digital financial services in everyday scenarios, such as those involving expenses, transportation, and online shopping, we have partnered with industry leaders from various sectors to build a comprehensive digital financial ecosystem that eliminates traditional time and channel constraints, giving customers convenient access to digital financial services anytime, anywhere.

As of 2020, our suite of digital financial services included the following:



#### Digital applications

- We became a pilot bank as part of the first wave of the National Development Council's MyData personalized digital service platform (MyData platform). Online applications for new CTBC Bank credit card accounts are not required to provide a financial statement. In as little as 30 seconds, applicants can obtain approval on the MyData platform, eliminating the need to repeatedly enter personal information and the time otherwise spent waiting for documents to upload.
- Through Apple Business Chat, we became the first bank in Taiwan to enable Apple device users to access real-time financial services for branch visits through the Messages app, including taking queue numbers in advance, pre-completing forms, and receiving queue notifications, accelerating the transition to paperless operations and establishing the model bank branch of the future.



#### Innovative wealth management

- ROBOGO has evolved from offering only auto-rebalancing to offer goal-based investing, applying AI technology to enhance the achievement rate of customers' financial goals.
- Taiwan's first subscription-style investment service, Penny Piggy helps beginners learn to invest by integrating investing into their daily credit and debit card spending, thus allowing them to "invest as they spend." It does so by linking their card spending to the service, with a virtual piggy bank saving a small fraction of each transaction to be invested in a mutual fund once the total reaches NT\$100. This patented smart investment system makes financial management easy, particularly for younger people and those new to mutual funds.
- The Retirement GO platform uses algorithms to select funds suitable for long-term investment and retirement.



#### Innovative payment

- Designed based on the needs of customers in cooperation with CPC Corp., Taiwan's largest gas station chain, CPC Pay is Taiwan's first e-wallet for transportation. Its diverse and comprehensive functions include four innovative capabilities: one-tap payments, integrated reward points, best-value prepaid refueling cards, and gas station navigation, together delivering fast and convenient services for drivers. **Since its launch in November 2019, it has been downloaded over 700,000 times and is used for over 400,000 transactions per month.**
- The LINE Pay card's LINE Points loyalty program offers features including rapid and instant point accumulation and a points-redemption system usable at any time. The various point-exchange locations and convenient exchange mechanism make financial services readily accessible through the one-stop payment service model. In 2020, a 15% LINE Points reward plan was launched for designated merchants. In addition, in response to the delivery-service economy boom during the pandemic, occasional short-term bonus rewards were introduced for participating merchants.



#### Funds adjustment

- We use Big Data, advanced modeling technology, and smart credit evaluation in combination with a highly effective decision-making engine to perform rapid and precise customer risk assessments. These measures enable real-time decision making, thus upgrading customers' digital lending experience.
- **In February 2020, the Intellectual Property Office of Taiwan's Ministry of Economic Affairs granted utility model patent rights for our iMortgage online mortgage application system. The system has substantially facilitated mortgage applications, increasing the number of those made online by 22% from 2019 to 2020.** For our outstanding services, we received Retail Banker International's Highly Commended: Best Mortgage Offering award.
  - Regarding online personal loan services, we have continued to enhance our customer experience. Notably, by using Big Data-driven credit review technology, we are able to complete loan approval and disbursement in as little as 3 minutes, respectively. The proportion of online loan applications has increased to nearly 96% of all applications. For our achievements in online personal services, we have won multiple awards, including from Retail Banker International, The Asset, and CommonWealth Magazine in 2020.



#### Digital services

- Our official LINE account was the first in the industry to launch personalized services, including notifications, inquiries, smart customer services, and integration with LINE Pay. We have also begun offering diversified marketing initiatives through our Facebook page.
- In 2020, CTBC Bank became the first in Taiwan to launch personalized ATM notification services for those with accounts from any bank. This enables customers to receive real-time notifications of ATM withdrawals and transfers, thus putting their mind at ease. **With a usage increase of 1,448%**, the service has received multiple major awards including from the Global Finance Best in Social Media Marketing and Services and The Asset Triple A Digital Awards.

### • **New online application function from CTBC Securities and CTBC Bank**

CTBC Securities has partnered with CTBC Bank to pioneer a one-stop online account-opening function for securities trading and settlement on the CTBC Securities app. Previously taking up to a week, the entire account-opening process can now be completed in just five minutes, with customers able to begin placing orders in as little as 24 hours afterward. In addition to achieving the milestone of completely online securities account opening, we received a patent from the Taiwan Intellectual Property Office for the process behind it. The response has also been enthusiastic from customers, who have expressed greater peace of mind regarding their security, citing the augmentation of the existing optical character recognition function with online video signatures. With the new function, to complete video signature verification, users need only to take a photo of their identification documents and record a video of them writing their autograph.

### **Application of digital technology in institutional banking**

#### • **Digitization of trust services**

With the aging of Taiwan's population and the advent of low interest rates, people are increasingly making their own retirement financial planning, including through self-managed pensions. CTBC Bank was the first trust management bank in Taiwan to create an independent pension investment platform for private school faculty, and has been continually optimizing the platform's functions for more than a decade now. The convenient and secure design is currently allowing more than 50,000 faculty members to access their pension accounts and change their investment portfolios from any device, upending the traditional financial service model. In 2020, the platform received the Best Trust Finance Award - High Distinction from the Taiwan Academy of Banking and Finance.

### • **Blockchain application**

In 2018, CTBC Bank partnered with an international banking consortium comprised of seven international banks, namely HSBC, ING, Standard Chartered, BNP Paribas, National Westminster Bank (NatWest), Skandinaviska Enskilda Banken (SEB), and Bangkok Bank, to develop a trade financing solution, and comprehensively improved the efficiency of letter-of-credit transactions through blockchain, successfully shortening the time of credit-related operations by 2 to 4 days. At the end of 2019, an independent company, Contour, was established to operate the blockchain trade financing platform, and as of the end of 2020, more than 20 international financial institutions had joined the network.

As blockchain technologies can improve the efficiency of supply chains, CTBC Bank has also proactively collaborated with domestic large-scale manufacturers, including partnering with Yuen Foong Yu in 2020 to jointly develop the first domestic blockchain supply chain financing platform. Connecting logistics, business, and finance processes, the platform resolves the problems of information fragmentation, lack of interaction, compatibility issues, and inability to verify the authenticity of transactions in traditional supply chains. We are aiming to extend the scale of the platform to 250 suppliers and distributors within the next three years.

In 2021, CTBC Bank will further leverage its financial and blockchain expertise to spur the more efficient development of Taiwan's green energy industry. Joining forces with Foxwell Power Co., Ltd., the Bank will develop the country's first blockchain-based green energy trading platform to provide a one-stop shop for green energy buyers, thereby reinforcing information security and reducing labor costs for customers while realizing the digitization of green energy transactions and enhancing the quality of such transactions.

## Community investment

### Management model of our five core focuses

CTBC Holding has long channeled its community welfare efforts into five main areas: charity, anti-drug awareness, sports, education, and arts and culture. Using the 17 U.N. SDGs and their 169 targets as our guide, we identified five goals for these efforts, namely **no poverty (SDG1)**, **zero hunger (SDG2)**, **good health and well-being (SDG3)**, **quality education (SDG4)**, and **decent work and economic growth (SDG8)**.

Since 2016, we have used the London Benchmarking Group model to evaluate the benefits and impact of our contributions, allowing us to quantify the inputs, outputs, and impacts of such activities. In 2017, social return on investment (SROI) evaluations were introduced to determine the monetary value of our social, economic, and environmental programs, thereby facilitating the most effective distribution of our charitable resources. Previously, we completed SROI evaluations of the CTBC Charity Foundation's Taiwan Dream project, CTBC Holding's sponsorship of the CTBC Brothers Baseball Club, and the CTBC Foundation for Arts and Culture's Love & Arts for Dreams Initiatives.

In 2020, we evaluated the SROI of our sponsorship of the CTBC Black Panther Pennant national high school baseball competition. This sponsorship provides a stage for young baseball players, including those from remote outlying islands, and funds the CTBC Black Panther Pennant Touring Train, which allows these players to participate in games across all of Taiwan. By partnering with the CTBC Brothers Baseball Club and the CTBC Anti-drug Educational Foundation, it also works to instill healthy sporting and moral values in young baseball players through experience sharing by professional baseball players and coaches as well as insights from anti-drug officers. The results of this SROI evaluation are expected to be certified and released by Social Value International (SVI) in the second quarter of 2021.

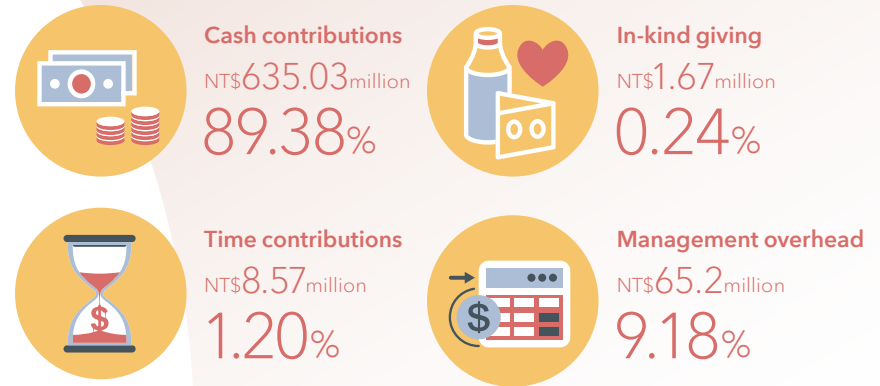


SROI report for the  
Love & Arts for Dreams  
Initiatives



SROI report for the  
CTBC Brothers

### Contributions (amount and proportion)



### Events (amount and proportion)



## Details of project investments



 <h3>Charity</h3> <ul style="list-style-type: none"> <li>• Light Up a Life fundraising campaign</li> <li>• Taiwan Dream Project</li> <li>• CTBC Poverty Alleviation Program</li> <li>• International assistance</li> </ul>	 <h3>Anti-drug awareness</h3> <ul style="list-style-type: none"> <li>• Regional roving special exhibitions</li> <li>• School and community anti-drug advocacy</li> <li>• Promotion of anti-drug awareness materials</li> <li>• CTBC Center for Addiction Prevention and Policy Research</li> <li>• Children's visitation of incarcerated parents</li> <li>• High-risk youth projects</li> <li>• Empirical study of diverse community intervention methods</li> </ul>	 <h3>Sports</h3> <ul style="list-style-type: none"> <li>• CTBC Youth Baseball Project for U-12/U-15</li> <li>• CTBC Black Panther Pennant (national high school baseball competition)</li> <li>• CTBC Brothers Baseball Club</li> <li>• Taichung City Baseball Team</li> <li>• Sponsorship and nurturing of golf players</li> <li>• Organized and sponsored golf events</li> </ul>	 <h3>Education</h3> <ul style="list-style-type: none"> <li>• CTBC Business School</li> <li>• Scholarships and financial aid for underprivileged and talented students</li> <li>• International academic partnerships</li> <li>• CTBC International Academy</li> </ul>	 <h3>Arts and culture</h3> <ul style="list-style-type: none"> <li>• CTBC Arts Festival</li> <li>• Love &amp; Arts for Dreams Initiatives</li> <li>• Organized the first CTBC Painting Prize and sponsored the Taipei Biennial</li> <li>• Support for indie music</li> </ul>
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## Outcomes

<h3>Commercial benefits</h3>	
<p><b>NT\$21M</b> under the CTBC Poverty Alleviation Program loans in 2020, for a total of NT\$160 million</p> <p><b>NT\$3.4B</b> of earned media value through the CTBC Brothers Baseball Club</p> <p><b>94.2%</b> enrollment rate for CTBC Business School</p>	<p><b>62</b> impending college seniors from CTBC Business School interned at CTBC Holding and its subsidiaries</p> <p><b>108</b> graduates from CTBC Business School are currently employed at CTBC Holding and its subsidiaries</p>
<h3>Social benefits</h3>	
<p><b>NT\$137M</b> in donations raised by Light Up a Life in 2020; cumulative of NT\$2.2 billion</p> <p><b>575</b> children cared and supported under the Taiwan Dream Project</p> <p><b>69K people*</b> reached by anti-drug awareness campaigns in 2020; cumulative of 650,000 people</p> <p><b>21</b> students from low-income backgrounds admitted to CTBC Business School in 2020, for a total of 133 such students</p>	<p><b>698</b> cases of entrepreneurial counseling through the CTBC Poverty Alleviation Program in 2020; cumulative of 2,801 cases</p> <p><b>60K</b> students helped through overseas assistance</p> <p><b>37</b> schools in the Arts and Culture Educational Partnership in 2020; cumulative of 451 schools</p> <p><b>550</b> children supported by the Love &amp; Arts for Dreams Initiatives in 2020; cumulative of 1,905 children</p> <p><b>145</b> hours of charity work by CTBC Brothers players in 2020</p>

\*Due to the pandemic, the outreach figure for anti-drug advocacy in 2020 declined by 150,000 from 2019.

## Broadening our impact in the community

In addition to focusing on the aforementioned five key areas, we are also critically aware of the need to address Taiwan's rapidly aging population. Taiwan became an aging society in 2018 and, according to National Development Council estimates, is on track to become a super-aging society by 2025. The consequences of this population shift, especially in terms of health care needs, have become one of the top priorities of our community welfare efforts moving forward.

### Charity

Launched in 1985 by Jeffery Koo Sr., our annual Light up a Life fundraising campaign was the first corporate charity fundraiser in Taiwan. We also established the CTBC Charity Foundation in 2004, helping children in rural areas engage with schoolwork and set life goals through its Taiwan Dream Project. Meanwhile, the CTBC Poverty Alleviation Program empowers entrepreneurial low-income families to start small but life-changing businesses. Overseas, with the Caring for China's Next Generation on Campus program, we help disadvantaged children gain access to educational resources. To improve the employment opportunities of underprivileged communities and generate more surplus funds for social welfare programs while also allowing us to give back and fulfill our corporate responsibility, subsidiary Taiwan Lottery administers the government-sanctioned national lottery. During the lottery's third term, from 2007 to 2013, we contributed NT\$2.09 billion every year to the government for social welfare programs and to benefit the underprivileged communities, and a cumulative amount of NT\$14.6 billion. For the fourth term, from 2014 to 2023, we pledged to contribute NT\$2.7 billion every year and a cumulative amount of NT\$27 billion.

**Between January 2007 and December 2020, Taiwan Lottery generated earnings of NT\$368.6 billion, with these funds going toward social welfare programs, the national pension scheme, and the National Health Insurance program.**

Description	Environmental/social impact	Business impact
<b>Light Up a Life</b>		
<ul style="list-style-type: none"> <li>• Pioneer in Taiwan corporate charity fundraising</li> <li>• Providing funding for care and counseling services for schoolchildren in rural areas</li> <li>• Improving the learning environment and family living environment of disadvantaged children in rural areas</li> </ul>	<ul style="list-style-type: none"> <li>• <b>A total of NT\$137.25 million was raised in the 2020 campaign</b>, all going to the 311 rural elementary schools in the Child Welfare League Foundation's Rural Elementary School Student Care and Counseling Project, the Taiwan Dream Project, and the 16 tours of remote areas undertaken by the Paper Windmill Educational Foundation</li> <li>• Approximately 42,000 children were helped in 2020, with their learning and family environments improving as a result</li> <li>• <b>Over 540,000</b> disadvantaged children and family members living in remote areas were helped by the campaign over the last 30 years</li> </ul>	The brand awareness for the 35th Light up a Life fundraising campaign was 64% while the positive sentiment for related advertising was more than 80%, and the campaign also received the Social Inclusion Award at the 2020 Taiwan Corporate Sustainability Awards
<b>Taiwan Dream Project</b>		
<ul style="list-style-type: none"> <li>• Protecting vulnerable children</li> <li>• Empowering children in rural areas by building their self-confidence and fostering a proud identity for their hometown</li> </ul>	<ul style="list-style-type: none"> <li>• 28 Taiwan Dream sites launched in 2020</li> <li>• 575 disadvantaged students received long-term help</li> <li>• 582 community volunteers participated in the project</li> </ul>	Earned media value of more than NT\$2.07 million was generated
<b>CTBC Poverty Alleviation Program</b>		
Helps the parents of disadvantaged families to escape poverty by becoming self-reliant through micro-entrepreneurship	<ul style="list-style-type: none"> <li>• Devising localized micro-entrepreneurial loan programs that integrate CTBC Holding's resources in CTBC Bank, Taiwan Life, SME credit guarantee funds, and consultant teams to provide comprehensive loans, credit guarantees, entrepreneur insurance, and entrepreneurship counseling</li> <li>• <b>2,801</b> cases of entrepreneurial counseling provided</li> <li>• <b>475</b> businesses successfully started by families</li> </ul>	The program had issued over NT\$160 million of loans cumulatively as of the end of 2020 and ranked No. 1 in the Public Welfare Promotion Category at Global Views Monthly's 2020 Corporate Social Responsibility Awards

Description	Environmental/social impact	Business impact
<b>Caring for China's Next Generation on Campus</b>		
<ul style="list-style-type: none"> <li>• Eradicating poverty through education</li> <li>• Improving the educational and living conditions of disadvantaged children in China</li> </ul>	<ul style="list-style-type: none"> <li>• 50 education sites registered so far</li> <li>• Project scope extends westward to Kashgar, Xinjiang, northward to Mohe, Heilongjiang, southward to Baisha, Hainan Island, and eastward to Fuyuan, Heilongjiang</li> <li>• 60,000 underprivileged students have access to more abundant learning resources</li> </ul>	Since the project started in 2013, it has been affirmed by the China Banking and Insurance Regulatory Commission
<b>Public welfare lottery</b>		
<ul style="list-style-type: none"> <li>• Encouraging winners to donate part of their jackpots to charitable causes in order to expand the positive impact of the lottery</li> <li>• These contributions went toward, among other things, education subsidies for disadvantaged communities, food subsidies for older people, health care for underprivileged people, infrastructure upgrading for social welfare organizations, and disaster relief efforts. For each ticket sold, the lottery ticket salesperson receives a commission of 8%-10%. The majority of salespeople are from disadvantaged and marginalized groups, including single parents, indigenous people, and those with mental or physical impairments</li> <li>• The lottery surplus contributes to government social welfare programs, the national pension scheme, and the National Health Insurance program, benefiting every city, county, and municipality countrywide</li> </ul>	<ul style="list-style-type: none"> <li>• Between 2007 and the end of 2020, total donations from winners exceeded NT\$5 billion; benefited more than 200 social welfare organizations and charity organizations and some 7.2 million underprivileged individuals via 1,249 charity events</li> <li>• There are approximately 43,000 lottery ticket sellers in Taiwan, all benefiting from the steady income provided by the position</li> <li>• In 2020, a public welfare lottery surplus of NT\$30.02 billion was generated</li> </ul>	In 2020, lottery sales reached NT\$129 billion, representing growth of 3.9% from the previous year

### Anti-drug awareness

Drug users in Taiwan have become younger in recent years, and drugs are increasingly making their way into schools. Acting on the belief that education is the best weapon against drug abuse, CTBC Holding integrated resources from academia and institutions at home and abroad to establish the CTBC Anti-Drug Educational Foundation in 2015. The foundation has organized and conducted exhibitions designed to teach the public about the dangers of drugs. It has also provided front-line educators at schools and communities across the country

with engaging anti-drug teaching materials so they can provide their students with high-impact learning experiences. For example, in 2020, we developed "What Did Hsiao-An Choose?," Taiwan's first life skills-based anti-drug awareness VR film, and partnered with the Department of Education of Taipei City Government to authorize the film's free use across the city, reaching over 5,000 students in 132 elementary and high schools.

Moreover, we also collaborated with the Ministry of Justice and the Ministry of Health and Welfare to organize and host the International Conference on Drug Courts and the Multi-Method Intervention Program for two and three years in a row, respectively. We have also worked with National Taiwan Normal University to establish the Center for Addiction Prevention and Policy Research. The center supports evidence-based research to advocate for the diverse community-based treatment of substance abuse and provides research findings for use in policymaking.

Description	Environmental/social impact	Business impact
<b>Anti-drug touring exhibition</b>		
Raising anti-drug awareness among the public and students	Reached 69,909 people through an anti-drug roving exhibition and 166 anti-drug events at 366 schools and 242 communities	Advocacy on campuses and within the community
<b>Participation in policy decision-making</b>		
Facilitating cooperation between industry, government, and academia regarding anti-drug policies and measures to fight substance abuse	Worked with National Taiwan Normal University to set up the Center for Addiction Prevention and Policy Research	Generated earned media value of approximately NT\$1.30 million
<b>Anti-drug teaching materials</b>		
Assisting students to develop life skills so they can make wise choices regarding drug use	Completed development of "What Did Hsiao-An Choose?," Taiwan's first life skills-based anti-drug awareness VR film and distributed it to 132 elementary and high schools, reaching over 5,000 students	Generated earned media value of approximately NT\$1.30 million

## Sports

CTBC Holding is the first enterprise in Taiwan to sponsor and invest in all levels of baseball, from the youth leagues (U12, U15, and U18) to the senior (including U23) and professional levels. By providing sponsorships and organizing events, we are steering Taiwan's national pastime from strength to strength. And our investment in sports doesn't stop with baseball. We also have a long-running relationship with golf, particularly the women's game, helping to nurture and encourage top talent. This support also includes providing sponsorship as well as organizing events, with our tournaments having gone a long way to bringing international-level standards and status to the sport in Taiwan.

In 2020, COVID-19 upended the world's sporting calendar, with sports leagues and events everywhere suspending or postponing their activities to limit the pandemic spread. However, the CTBC Ladies Open not only took place as scheduled but preceded the U.S., Japanese, and South Korean LPGA Tours in allowing spectators to return to visit the tournament, attracting some 3,000 fans over its three days. Meanwhile, the CTBC Brothers played in the world's first post-pandemic professional baseball game, with that matchup as well as the majority of the league's 2020 season broadcast globally in English, exciting and inspiring sports-starved fans everywhere. In addition, for the sixth consecutive year, we were the title sponsor of the CTBC Black Panther Pennant—a Taiwanese version of Japan's famed Hanshin Koshien Stadium that supports and nurtures talented high school players. Still in baseball, Taiwan Life, in like manner, rendered strong support for the baseball team of Taichung City, Taichung City Baseball Team, while the CTBC Charity Foundation's Youth Baseball Project supported grassroots baseball by subsidizing 26 junior and senior league baseball teams. CTBC Holding's support for sports has been recognized by numerous organizations. In 2020, CTBC Bank received the Gold Class and Long-Term Sponsorship Award in the Sponsorship Category at the Sports Activist Awards organized by the Sports Administration, also for the first time earning the Bronze Award in the Promotion Category; Taiwan received the Bronze Award in the Sponsorship Category. This marked the 10th consecutive year in which CTBC Holding was honored at the event. We also again received Taiwan i Sports certification in 2020; in the past five years, eight Taiwan i Sports certifications have been received by CTBC Holding, CTBC Bank, and Taiwan Life.

Description	Environmental/social impact	Business impact
<b>CTBC Youth Baseball Project</b>		
Cultivating new talent for Taiwan baseball	Sponsored 26 teams comprising 733 players	Earned media value of approximately NT\$6 million was generated
<b>CTBC Black Panther Pennant</b>		
<ul style="list-style-type: none"> <li>• Long-term title sponsor of the league, providing a platform for young baseball players to realize their potential</li> <li>• Channeling resources to support young players in rural areas</li> <li>• Organizing grassroots baseball programs to instill a healthy mentality among players</li> </ul>	<ul style="list-style-type: none"> <li>• Continued sponsorship of the Lanyu High School baseball team and organized the inaugural Lanyu Baseball Camp</li> <li>• Two new clubs added to the league and a total of 12 teams received the CTBC Emerging Club Award</li> <li>• Invited 24 CTBC Brothers coaches and players to serve as speakers during the CTBC Black Panther Pennant tour, visiting every region of Taiwan to assist in grassroots baseball programs, with more than 2,000 young players participating</li> <li>• Leveraged the broadcast benefits of new media (Yahoo and LINE) and continued to publicize the league through CTBC Bank's own channels (ATMs, branches, official website, and social media), with the 2020 micro-documentary "Dreams on Red Clay" garnering more than 4.4 million views</li> </ul>	The Earned media value generated through the 2020 CTBC Black Panther Pennant was NT\$181.7 million—up 60% from 2019
<b>Title sponsor of the CTBC Brothers Baseball Club</b>		
<ul style="list-style-type: none"> <li>• Strengthening team quality and elevating Taiwan's overall international competitiveness</li> <li>• Supporting grassroots baseball and outstanding young players</li> <li>• Proactive participation in public welfare by harnessing the influence of sports stars</li> <li>• Promoting the sport in Taiwan and fostering baseball culture among the public</li> </ul>	<ul style="list-style-type: none"> <li>• Won 1st-half season champions of the 31st season of the Chinese professional baseball League</li> <li>• Qualified for the championship league with a 60% winning rate for the whole year, the highest of the four teams</li> <li>• Unprecedented hiring of international talent scouts and recruitment of foreign players based on major league compensation rate (including José de Paula, who was awarded MVP for the year and won the Triple Crown)</li> <li>• First professional league in the world to begin a new season amid the pandemic and to allow fans to attend games (under strict epidemic prevention protocols). Stadiums admitted some 260,000 spectators during regular-season games and were at full capacity for all four matches for the championship series, with some 600,000 spectators in total</li> <li>• Added Twitch as a broadcast platform and produced diverse programs in-house, attracting the highest number of viewers of all four teams; Collaborated with ELTA TV to launch English broadcasts of games, the first of which attracted more than 1.2 million viewers</li> <li>• CTBC Brothers Baseball Club Train of the Campus Tour stopped at 20 campuses and saw 600 young players participating</li> <li>• CTBC Brothers coaches and players participated in 45 public welfare events, donating 145 hours of their time</li> </ul>	The earned media value generated through the CTBC Brothers in 2020 was approximately NT\$3.4 billion—up 70% from 2019

Description	Environmental/social impact	Business impact
<b>Taichung City Baseball Team</b>		
<ul style="list-style-type: none"> <li>Long-term sponsor paying the operating expenses of the Taichung City Baseball Team and fostering sports culture in the city</li> <li>Nurturing the next generation of players and providing a stage for them to gain experience and professionalism and to realize their potential</li> </ul>	<ul style="list-style-type: none"> <li>Sponsored the Taichung City Baseball Team since 2015, in line with the spirit of baseball advocacy shared by Taichung City Government and CTBC Holding</li> </ul>	Recognized at the Sports Administration's Sports Activist Awards for four consecutive years
<b>Home Run Readers</b>		
Promoting reading and sports among citizens	<ul style="list-style-type: none"> <li>Partnered with 30 public libraries in Miaoli, Taichung, Changhua, and Nantou to promote reading and baseball through the Reading x Baseball initiative. Reached 174,551 people who borrowed 24,138 books from public libraries by giving away 14,620 CTBC Brothers home game tickets worth NT\$5.11 million, as incentives along with over NT\$480,000 of CTBC Brothers merchandise</li> <li>Collaborated with 10 hospitals appointed by the Ministry of Health and Welfare to receive patients with severe COVID-19 and invited each hospital to recommend a "post-COVID-19 world"-themed book list; Partnered with public libraries and online bookstores to organize themed book fairs to encourage the public to attune their pace of life to the post-COVID-19 world through reading; Organized the Home Run Health Care Workers Appreciation Day, providing free baseball game tickets to more than 1,000 medical professionals</li> </ul>	<ul style="list-style-type: none"> <li>In 2020, CTBC Bank has been awarded a Group Award with the Home Run Readers project from the Ministry of Education for Outstanding Organizations, Schools and Individuals for Promoting Reading at Elementary and Junior High Schools, making CTBC Bank the first financial institution to win the prize in its 12-year history</li> <li>In a National Central Library survey completed by 6,000 members of the public, Home Run Readers was voted favorite reading program, most innovative reading program, and most frequently participated-in reading program</li> </ul>
<b>Golf tournaments and support</b>		
<ul style="list-style-type: none"> <li>Seeking out and nurturing the next generation of Taiwanese golf talent</li> <li>Creating a world stage for golfers to compete in line with international standards</li> <li>Promoting sports diplomacy with civilian resources</li> </ul>	<ul style="list-style-type: none"> <li>Sponsored 11 golf players in 2020</li> <li>The 2020 CTBC Ladies Open was the first post-pandemic golf tournament to allow spectators, attracting more than 3,000 people over three days; The tournament, which we dedicated to health care workers to celebrate their successful pandemic-prevention efforts, was the highest-rated golf event of the year in Taiwan</li> <li>The CTBC Ladies Open pro-am tournament and long drive challenge raised NT\$15 million donations to assist underprivileged children and families</li> </ul>	The earned media value generated through the 2020 CTBC Ladies Open was more than NT\$46 million

## Education

We firmly believe that education provides people with opportunities to change their lives. In 2015, with the educational philosophy of supporting underprivileged and deserving students, Taiwan Lottery funded the establishment of CTBC

Business School, offering scholarships and bursaries to students with outstanding academic performance and those who are economically disadvantaged. Through industry-academia collaboration and study abroad programs, the school ensures its students are prepared to enter the workforce upon graduation, as it aspires to be the most practically oriented business college in Asia and to cultivate new generations of leading international bankers.

**In 2020, for the fourth consecutive year, CTBC Business School made it to Cheers Magazine's top 20 university performance list. It was also ranked first for the third consecutive year in 1111 Job Bank's Emerging Colleges with the Most Potential survey, as ranked by enterprises. Its enrollment rate was 94.2% in 2020, and a total of 108 graduates from its first two batches of graduates have joined CTBC Holding and its subsidiaries.**

To deepen its involvement in educational welfare, Taiwan Lottery founded the CTBC International Experimental Education Foundation in 2020 to support the establishment of CTBC International Academy, the first experimental senior high school in southern Taiwan. With the core concept of "One Student, One Curriculum," the academy replaces traditional classroom teaching with an English-oriented teaching and learning environment featuring a variety of elective courses and a hands-on teaching approach. Furthermore, the academy's curricula and resources lead into those of CTBC Business School, creating a consistent education channel for tomorrow's international financiers. In 2020, CTBC International Academy received approval to launch an experimental bilingual junior high school to provide a stronger foundation for English proficiency. We aspire for the academy to become the most distinctive six-year experimental educational institution in southern Taiwan and to create a consistent educational path to nurture international financiers.

Description	Environmental/social impact	Business impact
<ul style="list-style-type: none"> <li>Increasing employment rate via industry-academic collaboration</li> <li>Nurturing and training financial professionals</li> </ul>	<ul style="list-style-type: none"> <li>Annual admissions quota for underprivileged students, to whom the Hope Bursary is offered; <b>133 disadvantaged students<sup>Note</sup> were enrolled between 2015 and 2020 and a cumulative number of 663 Hope Bursaries were granted, amounting to NT\$60,355,803</b></li> <li>Established the Elite Scholarship to attract high school students with outstanding performance, with approximately NT\$14.56 million granted in 2020</li> <li>Enrollment rate of 94.2% in 2020</li> <li>60% of 2020 graduates matched with jobs at CTBC Holding</li> <li>Selected 3 outstanding students for a one-semester study abroad program at Hosei University in Japan in 2020</li> </ul>	<ul style="list-style-type: none"> <li>62 impending seniors completed internships with CTBC Holding and its subsidiaries in 2020</li> <li>As of the end of 2020, of the two batches of graduates, 108 had been employed by CTBC Holding and its subsidiaries</li> </ul>

Note: Disadvantaged students enrolled refers to freshmen who successfully applied for bursaries in freshman year.



## Arts and culture

The CTBC Foundation for Arts and Culture was established in 1996. In its early years, the foundation operated the Novel Hall performance venue. Since 2015, its efforts have shifted to the three focuses of supporting the performing arts, promoting the visual arts, and bringing arts and cultural education to remote areas by the spirit of Novel Hall for performing Arts renews and surpasses itself, and also expands the reach of arts and culture through different approaches and to integrate charitable causes into the arts, in the process distributing related resources across urban and rural areas and creating a community platform through which arts is readily accessible to the public. In particular, the Love & Arts for Dreams Initiatives endeavor to bring arts and cultural education to remote areas. Since its launch in 2017, it has brought much-needed arts and culture resources to eastern Taiwan, reaching thousands of students and winning more than 20 national and international accolades along the way. Even in 2020, when COVID-19 upended the arts and culture industry, the CTBC Foundation for Arts and Culture continued its support for the performing and visual arts. This included through its CTBC Arts Festival, which supported domestic performance groups and launched an innovative outdoor activity bridging the social distance between the public and the arts in the post-pandemic era and receiving public endorsements from Culture Minister Yung-te Lee and numerous other public figures. We also sponsored Taipei Biennial 2020, inviting members of the public from different generations to get closer to contemporary art at a time when the world was shrouded by the pandemic and to ponder the topic of sustainability through the lens of artists. Similarly, CTBC Capital has long been deeply involved in the cultural and creative industry. As well as facilitating access to funds for the cultural and creative industry through a wide range of financial services such as venture capital investments, commercial loans, consumer finance, and trust management provided by CTBC Holding's subsidiaries, it has helped increase the exposure for cultural and creative entrepreneurs and coalesced the soft power of Taiwan's cultural and creative industries to support broader business growth.

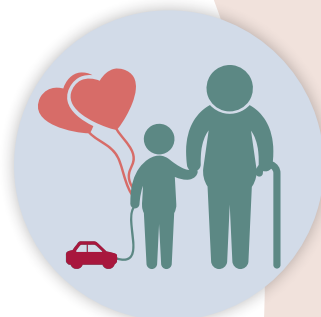
Description	Environmental/social impact	Business impact
<b>Promotion of arts and cultural events</b>		
<ul style="list-style-type: none"> <li>Combining charitable efforts in arts and culture with social care to make the arts more accessible to the public</li> <li>Elevating Taiwan's arts environment, stimulating the diverse development of the performing arts, and rewarding outstanding visual artists</li> </ul>	<ul style="list-style-type: none"> <li>Premiered an outdoor mobile theater at the CTBC Arts Festival, inviting members of the public to return to the theater and express solidarity with the arts community; the event was supported by Culture Minister Yung-te Lee, Taipei City Department of Cultural Affairs Director-General Tsung-Hsiung Tsai, and 67 other dignitaries from industry, government, and academia and attracted an audience of 2,500 people</li> <li>Provided indie bands public exposure, arranging 123 performance opportunities at corporate, sporting, and school campus events</li> </ul>	<ul style="list-style-type: none"> <li>The CTBC Arts Festival was warmly received, voted as one of the year's Top 10 Arts Festivals by the DailyView website</li> <li>Sponsored Taipei Biennial 2020, attracting members of the public from different generations to get closer to the contemporary arts and inviting nearly 160 guests to attend the CTBC VIP Night, the satisfaction rate for which was 94%</li> </ul>
<b>Grassroots arts education</b>		
<ul style="list-style-type: none"> <li>Offering a wide variety of arts classes to foster appreciation for the arts among employees</li> <li>Bringing arts resources to cities, rural areas, and school campuses and creating high-quality arts experience</li> </ul>	<ul style="list-style-type: none"> <li>The Love &amp; Arts for Dreams Initiatives has brought industry, government, and academia together to make arts resources accessible in both urban and rural areas and to ensure equal-opportunity arts education to students in rural regions</li> <li>Partnered with CTBC Bank to host seminars on the liberal arts, covering diverse topics including classical music, traditional opera, and contemporary visual arts</li> <li>Brought arts resources to operating sites of the Taiwan Dream child and youth community engagement project and organized Taiwan Dream arts workshops, encouraging students to learn more about arts and culture and broaden their horizons. 22 tours were organized in 2020</li> <li>Cumulative total of 451 schools in the school alliance</li> </ul>	<ul style="list-style-type: none"> <li>The Love &amp; Arts for Dreams Initiatives won 7 domestic and international accolades in 2020, ranked No. 1 in the Educational Promotion Category of the Global Views Monthly Corporate Social Responsibility Awards; the Social Public Welfare Development Award at the Asia Corporate Social Responsibility Awards; the Social Inclusion Award at the Taiwan Corporate Sustainability Awards; the Best Film, Excellent Social Inclusion, and Outstanding Cinematographic Techniques prizes at the Taipei Golden Eagle Micro-Movie Festival; and the Culture Education Impact Award at the PwC CSR Impact Awards</li> <li>Satisfaction rate of 97% among employees who attended the liberal arts seminars</li> <li>Satisfaction rate of 90% among students who participated in the Taiwan Dream arts workshops</li> </ul>
<b>Cultural and creative industry development</b>		
<ul style="list-style-type: none"> <li>Promote Taiwanese film and television to the world and foster MIT's (Made in Taiwan) cultural and creative industry</li> <li>Through CTBC Capital, providing cultural and creative industry players with stable, long-term funding, assisting the likes of Eslite Spectrum Corp.; HIM International Music Inc.; Pili International Multimedia Co., Ltd.; Kuang Hong Arts Management Inc.; and B'in LIVE Co., Ltd. and stimulating the commercialization, internationalization, and institutionalization of cultural and creative services</li> </ul>	<ul style="list-style-type: none"> <li>Responding to the Ministry of Culture's call for enterprises to support the cultural and creative industry, in September 2020, Taiwan Life supported CTBC Capital portfolio company All U People Theatre with a NT\$1.8 million sponsorship to put on seven shows in northern, central, and southern Taiwan of its Class Reunion!~ production. Thousands of health care workers and long-term care providers, who had been unable to attend theater productions due to the nature of their work, were specially invited to the shows</li> <li>Engaged in the long-term cultivation of and investment in Taiwan's creative industries, such as investing in numerous movies through investment portfolio company, MandarinVision. Funded films including My Missing Valentine, A Leg, and Classmates Minus, which were nominated for 24 awards at the 57th Golden Horse Awards, showcasing financial industry support for arts and culture</li> </ul>	<ul style="list-style-type: none"> <li>CTBC Capital performed excellently in the performance appraisal of government fund managers, ranking first in terms of the total number of investments and investment amount over the past 9 years</li> <li>The average audience rating of the 57th Golden Horse Awards ceremony was 3.97, the average effective audience rating was 3.77, and the total audience was 3.08 million</li> </ul>

## Welfare initiatives for senior citizens

In line with CTBC Holding's "We are family" brand ethos, Taiwan Life takes public welfare actions based on the core concept that "taking care of yourself is protecting the next generation's happiness." To this end, public welfare development was centered on "elderly, underprivileged, and health," and in tandem with the government's long-term care policies, Taiwan Life advocates for aging in place, active aging, and health promotion. Furthermore, in line with international trends in long-term care for senior citizens, Taiwan Life encourages multigenerational interaction and learning as it works to shape Taiwan into an Asia-Pacific aging-related innovation hotspot.



Aging in place



Active aging



Health promotion

Description	Environmental/social impact	Business impact
<b>Collaboration with the Bjørgaas Foundation to provide in-home bathing services for frail or disabled senior citizens and individuals with physical and mental disabilities who live in rural areas</b>		
Filling the funding gap in equipment maintenance and repair fees for in-home bathing services in Pingtung County townships	<ul style="list-style-type: none"> <li>Conducted in-home bathing services in 12 townships in northern Pingtung County, helping 1,659 people between the launch in July 2017 and the end of 2020</li> <li>Supported the replacement of in-home bathing service vehicles and mobile bathing equipment such that services will not be interrupted</li> </ul>	Generated earned media value of NT\$1.46 million
<b>Description</b>		
<b>The Stanford Design Challenge Asia, hosted in partnership with social enterprise Silver Linings Global, and the Intergenerational Co-creation for a Better Society project, organized with Hondao Senior Citizen Welfare Foundation and Silver Linings Global</b>		
Through the competition of co-creation between younger and older generations, we can achieve the inclusiveness of different generations, and facilitate community for changes	<ul style="list-style-type: none"> <li>Partnered with the Stanford Center on Longevity to devise solutions for enhancing the quality of life for senior citizens through joint creation by different generations</li> <li>Students from Taiwan, Hong Kong, and China participated in the Stanford Design Challenge Asia, with a total of 52 submissions received</li> <li>Took the "Nostalgic Interactive Calligraphy Calendar" to 5 community centers in 2020 for a period of 8-12 weeks, with 55 senior participants</li> </ul>	<ul style="list-style-type: none"> <li>The Intergenerational Co-creation for a Better Society project received the Social Inclusion Award at the 13th Taiwan Corporate Sustainability Awards and 2020 Asia Responsible Enterprise Awards- Social Empowerment Category</li> <li>Generated earned media value of NT\$3.88 million</li> </ul>
<b>Hosted the VISION 2025 Senior Aging International Trends Forum with CommonHealth Magazine</b>		
Preparing the public for retirement by promoting forward-thinking approaches to aging and the three pillars of retirement, namely health, wealth, and society	Invited Financial Supervisory Commission Chairman Dr. Tien-Mu Huang to speak at a forum on strengthening quality of life for retirees, with online video of the event garnering 55,859 views	Generated earned media value of NT\$2.37 million
<b>Description</b>		
<b>Intergenerational engagement</b>		
<ul style="list-style-type: none"> <li>Advocating for the power of family support: Conveying the message that during such challenging times as the pandemic, family interaction and support is all the more important</li> <li>Encouraging intergenerational communication: Held a series of events emphasizing the differing needs of family members of different generations by having members share life experiences to foster mutual understanding and tolerance, with some 2,700 families participating</li> </ul>	<ul style="list-style-type: none"> <li>The Three-Generation Walk for Health had taken place for 8 consecutive years and in 2020, due to the pandemic, was instead organized as a Facebook event: Three Generation Meet-up for a Walk 2021</li> <li>Provided theme ideas for intergenerational family activities, namely "dream family vacation," "senior-friendly snacking ideas," "grandparent-grandchildren role reversal," and "stories from my family tree" to encouraging families to travel, dine, and bond together</li> </ul>	<ul style="list-style-type: none"> <li>The online event reached 2,170,917 people and the 21 video clips uploaded for it garnered 257,234 views</li> <li>Generated earned media value of NT\$2.59 million</li> </ul>
<b>Continue to offer hepatitis screenings in rural areas through the Liver Disease Prevention &amp; Treatment Research Foundation</b>		
Helping locals live healthily	<ul style="list-style-type: none"> <li>Cooperated with the Liver Disease Prevention &amp; Treatment Research Foundation to hold hepatitis screenings and promote liver disease prevention and treatment for 6 years</li> <li>In 2020, partnered with the Liver Disease Prevention &amp; Treatment Research Foundation to bring the "Liver Protection Train" to Hsinchu City, providing free liver screenings and activating corporate volunteers to help 1,336 members of the public complete their screenings</li> </ul>	Generated earned media value of NT\$1.45 million

## Collaborative value chain engagement

### Participation in sustainability organizations and initiatives

CTBC Holding is an active participant at sustainability-related seminars and events, such as those organized by the Taiwan Institute for Sustainable Energy and the Taiwan Business Council for Sustainable Development. Doing so allows us to share our experience in promoting sustainable development with the industry while also ensuring that we ourselves remain informed and relevant to the changing international landscape.

To this end, in 2020, we became the first financial institution in Taiwan to sign on to **Partnership for Carbon Accounting Financials (PCAF) and the Global Impact Investing Network (GIIN)**. In 2021, we were selected as PCAF's regional chair for Asia-Pacific and as a member of its Global Core Team. We aim to completely adopt the PCAF methodology and use it to measure and disclose the greenhouse gas emissions of our portfolio companies within three years. Similarly, we hope our participation in GIIN will allow us to better leverage impact assessment management tools and set the degree of contribution to SDGs as the main assessment criteria.

### Participation in economic and trade organizations and public affairs

We also actively participate in myriad activities organized by international economic and trade organizations as well as associations related to corporate governance, including as a member of the Taiwan Corporate Governance Association and the Independent Director Association Taiwan. Participating in these organizations' activities enables us to exchange practical experience in corporate governance with other members. Furthermore, we provide the competent authorities with recommendations based on practical operating considerations, and we also participate in the formulation and development of public policies.

As one of Taiwan's most reputable business leaders and the first entrepreneur in Taiwan to be appointed Ambassador-at-Large, the late Dr. Jeffrey Koo Sr., founder of CTBC Holding, participated in the establishment of various international economic and trade organizations, integrated domestic industrial and commercial sectors, and helped advance international economic and trade cooperation. Koo boasted exceptional accomplishments in promoting Taiwan's substantive diplomacy as well as enhancing awareness of Taiwan's economic and financial success.

As a result of these efforts, we assist in the operation of The Third Wednesday Club and The Third Wednesday Club-Young Entrepreneur Group and have secured the permanent establishment of the secretariats of the Confederation of Asia-Pacific Chambers of Commerce and Industry (CACCI) and the Asian Bankers Association (ABA) in Taipei City. CTBC Holding upholds the spirit of economic and trade diplomacy promoted by Koo and continues to actively participate in key economic and trade organizations as follows:

<p>Taiwan Financial Services Roundtable</p>	<p><b>Organization profile and role of CTBC Holding</b></p> <p>Comprising Taiwanese financial industry associations and related peripheral organizations, the Taiwan Financial Services Roundtable (TFSR) aims to combine the power of the financial industry, serve as a platform for communication between the financial industry and relevant government departments and the public, promote exchanges and cooperation with the international and mainland Chinese financial industries in order to safeguard the rights and interests of general financial customers and investors, and improve the development of the financial service industry. By participating in the implementation of the Financial Service Industry Education Public Welfare Fund and the FinTech Development Fund, CTBC Holding has made significant contributions to financial education, innovation, and the development of financial technology, and fulfilled its corporate social responsibility in the financial industry</p>	<p><b>Expenditure in 2020</b></p> <p>1,000</p> 
<p>The Chinese National Association of Industry and Commerce, Taiwan</p>	<p><b>Organization profile and role of CTBC Holding</b></p> <p>As one of Taiwan's most important domestic industrial and commercial organizations, the Chinese National Association of Industry and Commerce (CNAIC) aims to promote international economic and trade cooperation, and makes recommendations to the government, acting as a bridge between business and government. In anticipation of the expansion of overseas business, CTBC Holding has connected major industrial and commercial organizations and think tanks in Taiwan with the association, aiding it in the operation of various national chambers of commerce and industry and Taiwan Chambers of Commerce, in turn aiding CTBC Bank's overseas branches and thus its overall global expansion. At the same time, the association works with businesspeople and enterprise organizations at home and abroad in order to provide advice to the government on promoting international economic collaboration and business exchanges to expand foreign trade</p>	<p><b>Expenditure in 2020</b></p> <p>650</p> 
<p>International Monetary Conference</p>	<p><b>Organization profile and role of CTBC Holding</b></p> <p>The International Monetary Conference is one of the most authoritative conferences in the industry, with an extensive influence in the global financial sector. It aims to bring members together to create a more effective economic system. CTBC Holding joined the conference in 2020 and discussed economic- and currency-related issues with 61 top multinational banks and financial institutions members from 28 countries in Asia Pacific, America, and Europe. By attending, CTBC Holding deepened its connections with the international financial community and enhanced international understanding of Taiwan's financial and economic development, thus expanding the Company's own partnership opportunities</p>	<p><b>Expenditure in 2020</b></p> <p>499</p> 
<p>The Asian Bankers Association</p>	<p><b>Organization profile and role of CTBC Holding</b></p> <p>The Asian Bankers Association (ABA) was established in 1981. Its mission is to develop the financial industry in Asia Pacific and promote regional economic collaboration. CTBC Holding remains an active member of the ABA and maintain close relationships with over 70 ABA member banks from 25 economies in Asia Pacific and the Middle East, working to further strengthen ties among financial institutions in the region. Daniel I. Wu, President of CTBC Holding, served as ABA Chairman for two consecutive terms, from 2014 to 2018. During his tenure, he advocated adherence to the Basel II/Basel III Framework, promoted regional International Financial Reporting Standards (IFRS) integration to assist ABA member banks in complying with international regulatory norms, and enhanced exchanges and interactions among the financial industries of various countries in the region. Wu currently serves as the Chairman of the ABA Advisory Council, offering advice to its board to ensure continuity within ABA's policies and activities in order to achieve its objectives and purposes</p>	<p><b>Expenditure in 2020</b></p> <p>155</p> 
<p>Taiwan Japan Association for Business Communication</p>	<p><b>Organization profile and role of CTBC Holding</b></p> <p>The Taiwan Japan Association for Business Communication (TJABC) helps Taiwanese businesses to build networks in Japan and third-country markets, promoting the alliance between Taiwan and Japan in industrial investment and technical cooperation and working to foster fellowship and exchange among its members. It also provides a business platform for liaison and coordination with related government agencies and business organizations. Through the association, CTBC Holding holds meetings with local governments and banks in Japan to recruit vendors for business matching, enabling the robust growth of small and medium-sized companies in Taiwan and Japan, establishing multi-channel communication between the private sector and the Japanese government, and promoting partnerships between both countries' governments in the creation of an innovative platform for cooperation with third countries</p>	<p><b>Expenditure in 2020</b></p> <p>140</p> 

## Responsible procurement

In line with the U.N. SDGs, CTBC Holding undertakes sustainable operations while taking into account the its own business growth and the rights and interests of stakeholders. It also encourages its subsidiaries to promote sustainable supply chain management and pursue sustainable development together with suppliers through the implementation of responsible procurement.

### Sustainable supply chain management policy

In order to implement environmental sustainability and fulfill its corporate social responsibility, CTBC Holding has formulated a Supplier Human Rights and Environmental Sustainability Commitment, which outlines the principles and directions for the selection and management of suppliers by both CTBC Holding and its subsidiaries. It states that the supplier selection process should consider whether vendors comply with human rights protection, environmental sustainability, code of conduct, and personal privacy protection requirements.

The review and management of suppliers comprise four steps, namely basic requirements, evaluation and auditing, risk identification and management, and communication and improvement.

Step	Content
Basic requirements	<ul style="list-style-type: none"> <li>• Prior to negotiations for procurements of NT\$1 million or more, have manufacturers sign the Supplier Human Rights and Environmental Sustainability Commitment or present their company CSR policy</li> </ul>
Evaluation and auditing	<ul style="list-style-type: none"> <li>• Assess and select vendors by using a transparent, fair, and reasonable review mechanism</li> <li>• Stipulate vendor selection regulations in the procurement management regulations and establish an assessment and selection mechanism</li> <li>• Ensure that transactions with both stakeholders and non-stakeholders conform to the Financial Holding Company Act and applicable ESG-related laws and regulations</li> <li>• Understand the background, financial status, and business conditions of counterparties before transactions in order to avoid business trading risk</li> </ul>
Risk identification and management	<ul style="list-style-type: none"> <li>• Conduct credentials review and risk identification before conducting any transactions with a supplier. Perform a know your customer (KYC) assessment according to the transaction amount to determine their background, financial circumstances, and operational status in order to prevent commercial transaction risks</li> <li>• Verify stakeholders and conduct AML/CFT and sanction list screenings to ensure transactions comply with the Financial Holding Company Act and other ESG-related laws and regulations</li> <li>• Conduct sustainability risk assessment for frequent suppliers; if a supplier is found to have breached its commitments or has significant risks, hold negotiations with the supplier and issue improvement requests; if the circumstances are serious, disqualify the supplier from engaging in any transactions with the Company</li> <li>• Conduct company evaluations for construction and maintenance projects or information system development projects and retain the results for future reference after the projects are completed</li> </ul>
Communication and improvement	<ul style="list-style-type: none"> <li>• Comply with relevant laws regulations, and requirements and build a healthy and safe operating environment</li> <li>• Convene annual labor safety seminars and supplier meetings</li> <li>• Sign labor safety outreach and management agreements on a case-by-case basis, such as contractor health and safety as well as environmental management guidelines, contractor construction health and safety hazard notices, letters of commitment for contractor compliance with health and safety as well as environmental management, daily reminders during construction periods, and daily briefings and hazard notice records</li> </ul>

## Supplier procurement regulations

We require suppliers to emphasize employee rights and health, prohibit the employment of people under the age of 15, comply with the relevant labor laws, and implement occupational health and safety education and ESG-oriented corporate social responsibilities. The procurement of various related products and source materials and the manufacturing process must not include any toxic controlled substances stipulated by the Environmental Protection Administration or any controlled substances stipulated by international conventions. All other subcategories are listed below:

Supplier type	Procurement regulations
Office equipment	Energy-using office equipment must comply with the low energy consumption standards of the Bureau of Energy; where necessary, it must have relevant energy conservation labels and green procurement environmental labels as well as comply with relevant energy conservation regulations
Information technology	The servers, monitors, and computers, including notebook computers, comprising our IT facilities must comply with the International Energy Conservation Code
Advertising and media	The agencies and outlets that create and show our advertising and marketing materials must fulfill their social responsibility to provide the audience with diverse and comprehensive information and to ensure its right of access to the media
Construction and maintenance works	Use green building materials that comply with national norms and have green building materials certification seals. All materials used in renovations shall comply with the inspection standards of the National Bureau of Standards, national energy standards, and fire regulations
Other	Leased or purchased official vehicles must comply with national standards and regulations

## Local procurement

CTBC Holding has a long-standing policy of local procurement, and local vendors here are prioritized for all procurement cases. In 2020, 89.53% of our supplier expenditure was with local suppliers. In net terms, the total procurement decreased by NT\$17.01 billion from 2019, while the overseas procurement amount increased by more than NT\$716.73 million, which saw the local procurement rate decrease from 99.46% to 89.53%.

### Supplier meetings

In order to foster more effective supplier management, we hosted the 2020 CTBC Holding Suppliers Conference on Dec. 23, 2020, with a total of 109 suppliers participating. Guest speakers were invited to share their insights during the event, including on sustainable corporate development and post-COVID supply-chain management. Furthermore, to promote supply chain sustainability, we reiterated our concern with the ESG performance of suppliers, particularly in reducing potential risks and ensuring business model sustainability. Moving forward, CTBC Holding will be more active in assisting suppliers to adopt sustainable management mechanisms, understand ESG-related issues, and strengthen their emerging risk management and response measures, information technology infrastructure, security, environmental compliance, human rights protection, business model assessment, and stakeholder communication in order to together create a sustainable supply chain.

# Independent Limited Assurance Report

## Independent Limited Assurance Report

PWC Ref. No: PWCM20010994

To CTBC Financial Holding Co., Ltd

We have been engaged by CTBC Financial Holding Co., Ltd (the “Company”) to perform assurance procedures on the sustainability performance information identified by the Company and reported in the 2020 Sustainability Report, and have issued a limited assurance report based on the result of our work performed.

### Subject Matter Information and Applicable Criteria

The sustainability performance information identified by the Company (hereinafter referred to as the “Subject Matter Information”) and the respective applicable criteria are stated in the “Summary of Subject Matters Assured” on page 120 to 121 of the Sustainability Report.

### Management’s Responsibilities

The Management of the Company is responsible for the preparation of the sustainability performance information disclosed in the Sustainability Report in accordance with the respective applicable criteria, and for such internal control as management determines is necessary to enable the preparation of the sustainability performance information that is free from material misstatement, whether due to fraud or error.

### Our Responsibilities

We conducted our assurance work on the Subject Matter Information disclosed in the Sustainability Report in accordance with International Standard on Assurance Engagements 3000, issued by the International Auditing and Assurance Standards Board, to identify whether any amendment is required of the Subject Matter Information to be prepared, in all material respects, in accordance with the respective applicable criteria, and issue a limited assurance report.

We conducted our assurance work in accordance with the aforementioned standards including identifying the areas where there may be risks of material misstatement of the Subject Matter Information, and designing and performing procedures to address the identified areas. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

The extent of the assurance work we performed were based on the identified risk areas and determined materiality, and given the circumstances of the engagement, we designed and performed the following procedures:

- Made inquiries of the persons responsible for the Subject Matter Information to understand the processes, information systems, and the relevant internal controls relating to the preparation of the aforementioned information to identify the areas where there may be risks of material misstatement; and

- Based on the above understanding and the areas identified, performed selective testing including inquiry, observation, inspection, and reperformance to obtain evidence for limited assurance.

We do not provide any assurance on the Sustainability Report as a whole or on the design or operating effectiveness of the relevant internal controls.

### Compliance of Independence and Quality Control Requirement

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Statement of Auditing Standard No. 46, “Quality Control for Public Accounting Firms” in the Republic of China and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Inherent Limitations

Certain Subject Matter Information involves non-financial data which is subject to more inherent limitations than financial data. Qualitative interpretations of the relevance, materiality and the accuracy of data are subject to individual assumptions and judgments.

### Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, we are not aware of any amendment that is required of Subject Matter Information to be prepared, in all material respects, in accordance with the respective applicable criteria.

### Other Matter

The Management of the Company is responsible for maintaining the Company’s website. If the Subject Matter Information or the applicable criteria are modified after this limited assurance report is issued, we are not obliged to re-perform the assurance work.

PricewaterhouseCoopers, Taiwan  
June 24, 2021

For the convenience of readers and for information purpose only, this document has been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language version shall prevail.

Summary of Subject Matters Assured

No.	Subject Matters Assured	Page	Applicable Criteria
1	CTBC Holding identified the flood risk level faced by CTBC Bank and Taiwan Life for institutional banking real estate financing, housing loan and real estate investment businesses in Taiwan and conducted an inventory on exposure for high risk level in accordance with the "Taiwan-wide Disaster Risk Map" published by the NCDR Dr. A Climate Change and Disaster Risk Adaptation Platform.	55	<b>"Taiwan-wide Disaster Risk Map"</b> : refers to the 2016 version of flood risk map published by the National Science and Technology Center for Disaster Reduction (NCDR) under AR5 scenario. URL: <a href="https://dra.ncdr.nat.gov.tw/Frontend/Tools/TotalRisk?RiskType=Flooding">https://dra.ncdr.nat.gov.tw/Frontend/Tools/TotalRisk?RiskType=Flooding</a> <b>Real estate collateral</b> : domestic institutional banking and retail banking real estate collateral for CTBC Bank and Taiwan Life as of June 30, 2020. <b>Real estate investment businesses</b> : domestic real estate investments for Taiwan Life as of June 30, 2020.
2	In 2020, CTBC Holding selected the steel and iron industry as the pilot industry for scenario analysis, performed analysis under the three temperature scenarios of WB2C, 1.5C, and 2C using the SBT Tool, and focused on carbon pricing as the transition risk factor. The scenario analysis for credit, stock, and bond investments were conducted for three key subsidiaries: CTBC Bank, Taiwan Life, and CTBC Securities.	55	For the credit, stock and bond investment businesses of CTBC Bank, Taiwan Life and CTBC Securities as of November 30, 2020, carbon footprints simulations for Scopes 1 and 2 carbon emission were conducted on the steel and iron industry based on the internal classifications of CTBC Holding. Scenario analyses were carried out according to the simulation results. Carbon reduction scenario: referencing the Category 3 Absolute Contraction Approach of SBT Tool (version 1.2.1), under WB2C, 1.5°C and 2°C scenario envelopes for carbon reduction pathways. Carbon pricing is based on the carbon forecast price of approximately US\$75 in 2030 announced by IMF in 2019.
3	An ESG Taskforce was set up under the business management level, with the President of CTBC Holding serving as its executive director, also as the leader for climate risks and opportunities and as the head of the TCFD Project Steering Committee. The Corporate Sustainability Office assumes the meeting affairs role for the ESG Taskforce to assist the President in the coordination of sustainability management-related matters in the group on top of supporting various subsidiaries in promoting sustainability-related strategic planning. In addition, to facilitate the integration of climate risk into the group's overall risk management structure, the Chief Risk Officer of CTBC Holding supervises its risk management unit and that of its subsidiaries in the revision of relevant policies relating to climate risk management, and maintains up-to-date climate risk measurement tools. As a means to foster culture of sustainability and reward efforts to advance our ESG goals, 30% of the performance-scoring system of the President of CTBC Holding are non-financial indicators (including corporate sustainability management indicators and other indicators). Sustainability and climate change issues are reported to the presidents of CTBC Holding and its subsidiaries as well as management executives through cross-subsidiary meetings as follows: •The ESG Taskforce conducts quarterly meetings to allocate group resources and monitors the implementation and review of various sustainability projects through cross-subsidiary communication and coordination. •The CTBC Holding's TCFD Project Steering Committee convenes meetings according to the progress of TCFD projects. Three such meetings were held during the project period from June 2020 to February 2021. In addition to establishing short-, mid- and long-term plans for the implementation of TCFD, the pilot results of scenario analysis on physical risks and transition risks of climate change were also presented to assess the group's ability to cope with climate change risks.	49	In accordance to internal meetings of CTBC Holding, the Management by Objectives (MBO) documents of the President of CTBC Holding, or the Risk Governance Policy of CTBC Holding, the following were stipulated in 2020: 1. Roles and responsibilities of the President, Corporate Sustainability Office and Chief Risk Officer of CTBC Holding in the governance of climate change risks and opportunities. 2. The performance assessment for the President of CTBC Holding. 3. Climate risk framework The discussion content recorded in the minutes of the ESG Taskforce quarterly meetings and the TCFD Project Steering Committee meetings held by CTBC Holding during the implementation of the TCFD project (June 2020-February 2021).
4	The CTBC Bank's green financing loans for green energy technologies, circular economy, and green buildings totaled NT\$140.76 billion as of December 31, 2020.	87	As of December 31, 2020, the total loan balance (including overdue amounts) for green energy technology and circular economy which CTBC Bank had declared to FSC Banking Bureau under "A10 Loans to Key Innovative Industries Declaration" plus the total loan balance (including overdue amounts) for green buildings. Note: loan balance which satisfies both the green energy technologies and circular economy financing is only counted once.
5	CTBC Bank issued and underwritten green and sustainability bonds totaled approximately NT\$7.18 billion in 2020.	84	The par value for domestic and overseas green and sustainability bonds issued and underwritten by CBTC Bank in 2020.
6	In 2020, 42 loans under the Poverty Alleviation Program totaling NT\$21 million were approved.	95	The total entrepreneurship advisory cases and approved lending amount under the Poverty Alleviation Program by CTBC Bank in 2020 <sup>Note</sup> . Note: The duration is determined based on the commencement date for entrepreneurship advisory, although the date of loan approval might be earlier or later than this date.

No.	Subject Matters Assured	Page	Applicable Criteria												
7	In 2020, the total number of registered training hours by CTBC Holding and its subsidiaries' employees reached 596,237 hours and the average number of registered training hours per employee was 42 hours. Note: 1. The registered training hours comprise those of CTBC Holding, CTBC Bank, CTBC Capital, CTBC Asset Management, CTBC Securities (including CTBC Securities Venture Capital and CTBC Securities Investment Service), CTBC Investments, Taiwan Lottery, CTBC Security, and Taiwan Life. 2. The number of employees used in calculating the registered training hours and the average number of registered training hours excludes temporary employees, overseas employees as well as directors and supervisors. 3. The number of employees used in calculating the average number of registered training hours is based on the number of employees in service as of Dec. 31, 2020. 4. The number of registered training hours for CTBC Security is estimated based on the number of employees in service at the end of the year and on the basis of four hours in-service training every month according to Article 10-2 of the "Private Security Service Act."	75	<b>Numerator</b> : Number of registered training hours for CTBC Holding, CTBC Bank, CTBC Capital, CTBC AMC, CTBC Securities (inclusive of CTBC Securities Venture Capital and CTBC Securities Investment Services), CTBC Investments and Taiwan Lottery employees on the "E-learning system" in 2020, excluding retrospective-registered classes in nature (registration subsequently recorded onto the system after class has commenced and completed) and On Job Training (OJT). In 2020, number of registered training hours on "Taiwan Life Learning Platform System", number of registered training hours on the "sign off sheet for research and training activity" or "attendance sheet" for internal face-to-face courses, and number of registered training hours on the "application form for external training for employee" for externally held courses. Number of registered training hours provided for CTBC Security in 2020 is in accordance with Article 10-2 of "Private Security Service Act", comprising of 40 hours of pre-service training for new inductees and four hours of in-service training every month for in-service security personnel. Of which, the number of pre-service registered training hours is calculated based on the actual number of training hours for new security personnel in 2020, while the number of in-service registered training hours is estimated based on the number of in-service security personnel as of December 31, 2020 multiplied by 48 hours (four hours a month). The above-mentioned calculation on the number of registered training hours excludes temporary employees, overseas employees, board of directors and supervisors. <b>Denominator</b> : As of December 31, 2020, the total number of in-service employees for CTBC Holding, CTBC Bank, CTBC Capital, CTBC AMC, CTBC Securities (inclusive of CTBC Venture Capital and CTBC Securities Investment Services), CTBC Investments, Taiwan Lottery, CTBC Security and Taiwan Life. Temporary employee, overseas employees, as well as directors and supervisors are not included.												
8	Average Salary (Women/Men)	69	<table border="1"> <thead> <tr> <th></th> <th>Fixed salary</th> <th>Total salary</th> </tr> </thead> <tbody> <tr> <td>Middle and senior management</td> <td>98%</td> <td>103%</td> </tr> <tr> <td>Junior management</td> <td>94%</td> <td>97%</td> </tr> <tr> <td>Non-management positions</td> <td>93%</td> <td>95%</td> </tr> </tbody> </table> <b>Employees</b> : Employees of CTBC Group as of December 31, 2020, excluding contractors, workers (such as drivers, messengers), interns, directors and supervisors, new employees in 2020, those without year-end bonuses and insurance agents (those not applicable for employee benefit savings trust <sup>Note</sup> ). <b>Rank definition</b> : Middle and senior management refers to unit-level managers and above for Taiwan and the head offices of overseas branches and to Level 1 managers and above for overseas subsidiaries. Junior management refers to other managers who are responsible for supervision and management other than middle and senior-level management. <b>Fixed salary</b> : basic salary amount for 2020. <b>Total salary</b> : fixed salary + variable compensation for 2020. <b>Salary comparison</b> : Women's salary as a percentage of men's salary. Note: "Employee benefit savings trust" is a trust in which grantors turn over the employer and employee's contribution to the trust managed by CTBC Bank. This trust is a combination of savings and investment which enhance "employee benefit plans," helping companies to improve performance and employer-employee relationship.		Fixed salary	Total salary	Middle and senior management	98%	103%	Junior management	94%	97%	Non-management positions	93%	95%
	Fixed salary	Total salary													
Middle and senior management	98%	103%													
Junior management	94%	97%													
Non-management positions	93%	95%													
9	133 disadvantaged students <sup>Note</sup> were enrolled between 2015 and 2020 and a cumulative number of 663 Hope Bursaries were granted, amounting to NT\$60,355,803. Note: Disadvantaged students enrolled refers to freshmen who successfully applied for bursaries in freshman year.	111	The annual number of disadvantaged students enrolled refers to the number of freshmen who successfully applied for Hope Bursaries in each academic year from 2015 to 2020. The cumulative number of Hope Bursary recipients refers to the number of students who successfully applied and drawn down their Hope Bursaries in each academic year from 2015 to first semester of 2020. The cumulative amount of Hope Bursary disbursed refers to the amount for bursaries which the finance department of CTBC Business School sought reimbursement from CTBC Charity Foundation and Taiwan Lottery every semester during the period of 2015 academic year to first semester of 2020.												
10	CTBC Holding has established "Procedures for Handling Reporting of Illegal and Unethical or Dishonest Conduct". The Procedures assign the Compliance Department as the contact window for whistleblowing reports, and a dedicated committee has been set up to investigate and review these reports. Information regarding closed cases is reported to the Ethics and Integrity Committee on a half-yearly basis. To protect whistleblowers' right to work, the aforementioned procedures clearly stipulate the confidentiality obligations of those who handle and investigate whistleblowing cases and prohibit any adverse treatment of whistleblowers. Those accused of wrongdoing are provided with the opportunity to respond to allegations during investigations. If an investigation finds that there has been a breach of ethical conduct, the accountable person is punished in accordance with relevant internal policies, and reviews are conducted as necessary to improve our operation or management systems. We provide various whistleblowing channels, including email, phone, and post, through which illegal and unethical or dishonest conduct may be reported, and reports can be made anonymously. Our website provides a reporting form for whistleblowers to submit reports as well as discloses the protections and rewards available for whistleblowers.	32-33	Whistle-blowing mechanism as stated in CTBC Holding's "Procedures for Handling Reporting of Illegal and Unethical or Dishonest Conduct."												



**Our vision for sustainability**

With a view to maximizing value for our stakeholders, we have adopted a sustainability strategy guided by the three pillars of Sustainable Growth, Responsible Operations, and A Connected Society. We track our performance in sustainability annually, with our 2020 performance as follows:

Material issues	Importance in our operations	Response strategy	Long-term goals	2021 goals	2020 goals	2020 performance	2019 performance
Regulatory compliance	Ensure the Company's operations comply with applicable external laws and regulations as well as internal policies and procedures, reduce compliance risks, and create a culture of compliance in the group in order to enhance customer trust and ensure investors' rights	<ol style="list-style-type: none"> <li>1. Establish a group-wide culture of compliance</li> <li>2. Reduce risks stemming from non-compliance</li> <li>3. Enhance the competitiveness of the group</li> </ol>	Continue to optimize the regulatory compliance management system and step up the use of technology to reduce labor time and hard-copy paperwork and to improve management efficiency while ensuring environmental sustainability	<b>KPI 1:</b> Enhance the compliance and AML/CFT education and training program for new employees	Regularly track the progress of AML/CFT training for new employees to ensure a 100% completion rate	Achieved a 100% completion rate of AML/CFT training	Achieved a 100% completion rate of AML/CFT training
				<b>KPI 2:</b> Strengthen the reporting mechanism for material compliance alerts	Enhance control over compliance risks and achieve a 100% rate of reporting material penalties	Achieved a 100% rate of reporting material penalties	Achieved a 100% rate of reporting material penalties
				<b>KPI 3:</b> Leverage emerging technologies to support compliance functions and reduce paper use, thereby improving compliance management efficiency and implementing sustainable environmental protection	For CTBC Bank, continue to optimize the functions of its online compliance system (to include a compliance self-assessment function); for CTBC Holding, launch an internal regulation database in its online compliance management system	The Bank has completed the first phase of setting up an online internal regulation database; CTBC Holding's online compliance management system is being planned	The Bank has completed the first phase of setting up an online internal regulation database; CTBC Holding's online compliance management system is being planned
Ethical management and corporate governance	A well-established corporate governance structure enables the Board of Directors and management to function effectively, achieving operational goals on the basis of balancing and safeguarding the interests of all stakeholders and improving efficiency and competitiveness	<ol style="list-style-type: none"> <li>1. Refine our corporate governance organizational structure to provide sufficient support to the Board of Directors</li> <li>2. Strengthen the functions and information transparency of the Board of Directors</li> <li>3. Integrate domestic and international corporate governance trends and receive relevant domestic and international appraisal and certification</li> </ol>	<b>KPI 1:</b> Continue to reinforce the connections between the Board of Directors and corporate social responsibility, and continue to foster a culture of integrity	<b>KPI 1:</b> Strengthen the linkages between the Board of Directors and corporate social responsibility	100%	The Company set up a Sustainability Committee under the Board of Directors to assist the Board of Directors in the management and deliberation of corporate sustainability issues	Organized one Board of Directors corporate social responsibility workshop; 13 issues related to corporate social responsibility were reported to the Board of Directors
			<b>KPI 2:</b> Continue to hold directors' refresher training courses and improve the quality and quantity of directors' annual refresher training	<b>KPI 2:</b> Increase the annual refresher resources for directors and arrange for courses exceeding the statutory 6 hours	100%	In 2020, the total number of training hours of the seven directors was 52 hours, and each director had met six-hour refresher training requirement	100%
			<b>KPI 3:</b> Continue to provide assistance to the Board of Directors	<b>KPI 3.1:</b> All corporate governance personnel and personnel in the Secretariat of the Board unit pass the basic corporate governance competence test	(Target newly set in 2021)	(Target newly set in 2021)	(Target newly set in 2021)
				<b>KPI 3.2:</b> Continue to update the content of the directors' performance manual	(Target newly set in 2021)	(Target newly set in 2021)	(Target newly set in 2021)
			<b>KPI 4:</b> Continue to optimize the official website's corporate governance information in Chinese and English	<b>KPI 4:</b> Disclose important corporate governance regulations in English on the official website	100%	100%	100%
	<b>KPI 5:</b> Maintain being selected as a constituent stock of international indices or maintain previous upper rankings in governance related assessments	<b>KPI 5:</b> Be selected as a constituent stock of international indices or be highly ranked in governance-related assessments	100%	1. Selected as a constituent stock of the Dow Jones Sustainability Indices (DJSI) Emerging Markets Index 2. Selected as a constituent stock of the DJSI World Index 3. Selected as a constituent stock of the Morgan Stanley Capital International (MSCI) ESG Leaders Indexes 4. Selected as a constituent stock of the FTSE4Good Emerging Index	100%		
	We require internal compliance with regulations and codes of conduct and externally communicate our commitment to integrity management and ethical standards, with the goal of becoming a trusted partner to all our stakeholders	<ol style="list-style-type: none"> <li>1. Develop relevant internal norms, organize related training and promotion programs, and disclose the implementation status</li> <li>2. Directors and senior managements are required to issue the Declaration of Compliance with Ethical Corporate Management Standards, which in turn will be submitted the Ethics and Integrity Committee and the Board of Directors</li> <li>3. Formulate anti-corruption statement and abide by relevant laws and regulations</li> <li>4. Provide internal and external whistleblowing channels and have measures in place to protect whistleblowers</li> </ol>	Strengthen culture of integrity and implement ethical management	<b>KPI 1:</b> Educate and train directors, managers, and employees (excluding seconded personnel), achieving a group-wide training rate of 100% and maintaining the group-wide training completion rate at over 95%	Training rate: 100% Training completion rate: >95%	Training rate: 100% Training completion rate: 99%	Training rate: 100% Training completion rate: 99%
				<b>KPI 2:</b> Regularly report to the Ethics and Integrity Committee and Board of Director on the status of ethical management, and implement the annual plan formulated by the Ethics and Integrity Committee	100%	The status of ethical management was reported to the Ethics and Integrity Committee and the Board of Directors in January and July 2020, respectively	100%
				<b>KPI 3:</b> Have the Board of Directors and senior managements sign the Declaration of Compliance with Ethical Corporate Management Standards upon appointment	100%	All obligated parties have signed the statement	100%
				<b>KPI 4:</b> Institute an anti-corruption statement	(Target newly set in 2021)	(Target newly set in 2021)	(Target newly set in 2021)
Risk management	<ol style="list-style-type: none"> <li>1. Optimize the risk management mechanism for overseas branches in order to support the stable expansion of the Bank's businesses</li> <li>2. Prepare for the adoption of IFRS17 and ICS in the life insurance industry and make early changes in financial statements, assetliability matching, and risk management</li> </ol>	<ol style="list-style-type: none"> <li>1. Have CTBC Bank implement the new Basel III system: In line with the new Basel III regulations, CTBC Bank continues to improve its risk assessments and to optimize and refine its risk management systems</li> <li>2. Taiwan Life shall manage and control financial reporting as well as interest rate risk and asset and liability management</li> </ol>	Complete adoption of Basel III	<b>KPI 1:</b> Reduce financial impact under the BIS compliance with DSIBs standards	Run capital requirement trial balance, continue to refine risk assessment methods and communications with the competent authorities, and reduce risk asset positions	100%	100%
			Complete adoption of IFRS17	<b>KPI 2:</b> Assess reserve fund adequacy	Annually test the value of liabilities under the new accounting system in accordance with the regulations of the competent authorities and the need for additional reserves was assessed	100%	100%
			Complete adoption of ICS	<b>KPI 3:</b> Monitor assets and liabilities indicators: Economic Surplus	Study the impact of reducing interest rate fluctuations on economic surplus, taking into account the integration of the new accounting standards and the new capital standards	100%	100%
	<ol style="list-style-type: none"> <li>1. Internal auditing shall be conducted objectively and fairly. Recommendations shall be given to reasonably ensure the implementation of the internal control system in order to assist the Board of Directors and management in checking and evaluating the system's effectiveness</li> <li>2. The internal control and operational procedures shall be managed to avoid operational risks or illegal deficiencies</li> </ol>	<ol style="list-style-type: none"> <li>1. Assurance service: Conducting audit work to ensure the implementation of the internal control system based on regulations and internal policies and procedures</li> <li>2. Quality assurance: Developing an ongoing Quality Assurance and Improvement Program (QAIP)</li> <li>3. Enhancing the three lines of defense of CTBC Bank's internal control system: closely monitor risk, ensure compliance, and conduct regulatory review initiatives. [BRCC (Business, Risk, Compliance and Control) meeting</li> </ol>	NA	<b>KPI 1:</b> Conduct annual auditing based on relevant laws, regulations, and risk assessment results: 20 full-scope/limited-scope audits, 1 special audit	20 full-scope/limited-scope audits 2 special audits	20 full-scope/limited-scope audits 3 special audits	20 full-scope/limited-scope audits 7 special audits
			NA	<b>KPI 2:</b> Conduct a QAIP assessment of the internal audit unit of CTBC Holding at least once	At least once	Performed twice	Performed twice
			Complete adoption of BRCC for overseas subsidiary branches	<b>KPI 3:</b> Convene a BRCC meeting every quarter for overseas subsidiary branches	80%	100%	93%

Our vision for sustainability

	Material issues	Importance in our operations	Response strategy	Long-term goals	2021 goals	2020 goals	2020 performance	2019 performance	
Corresponding strategy: Sustainable Growth	Service quality and customer satisfaction	[CTBC Bank] Meeting customer needs is the core mission of our business operations and the driving force pushing us to continually improve	Become a customer-centric, full-service retail bank	Retail banking customer satisfaction	KPI 1: Retail banking customer satisfaction	86%	87%	86%	
				CTBC Bank customer complaint 7-day closure rate: ≥ 90%	KPI 2: CTBC Bank customer complaint 7-day closure rate: ≥ 90%	≥90%	95%	94%	
		[Taiwan Life] 1. <b>Claims:</b> The nature of the insurance industry requires us to provide warm, professional service in order to meet customer expectations and needs 2. <b>Policy service:</b> Taiwan Life's official website shall integrate query pages and increase the number of online trading projects to 24	1. <b>Work efficiency:</b> Make faster claims application payments 2. <b>Customer satisfaction:</b> Better manage and control our claims complaint rate 3. <b>Service quality:</b> Use apps to optimize our customer experience 4. <b>Digital infrastructure:</b> Launch digital investments	Three-day settlement rate for free-to-check payment claims: 99%	KPI 1: Three-day settlement rate for free-to-check payment claims: 96.0%	96%	96.2%	95.5%	
				Be ranked 3rd in customer complaint resolution performance	KPI 2: Be ranked 8th in customer complaint resolution performance	(Target newly set in 2020)	Ranked 9th in customer complaint resolution performance	(Target newly set in 2020)	
		Online transaction projects: 50 items	KPI 3: Online transaction projects: 24 items	Unify three systems	11 online transaction projects	11 online transaction projects			
Corresponding strategy: Responsible Operation	Information security	[Bank] In the face of rapidly evolving information security (infosec) threats, CTBC Bank protect the information and rights of customers through corporate infosec governance and technology measures, and ensure that financial services and corporate information and assets are safeguarded	[CTBC Bank] 1. <b>Long-term planning investment:</b> Prepare, optimize, and implement a five-year plan for infosec 2. <b>Key risks:</b> Identify and establish key indicators and focus on the management of key risks	NA	Completion rate for five-year plans: 100%	Completion ratio ≥ 92%	97%	90%	
				NA	KPI 1: Number of high- and medium-risk vulnerabilities of external website's system and source code: 0	High risk = 0	High risk = 0	High risk = 0	
		[Taiwan Life] With the increasing prevalence of cyberattacks, Taiwan Life has established a defense-in-depth framework to protect its websites and internal IT assets. In addition, it is expanding the scope of its international certification for cybersecurity and personal data in order to prevent the occurrence of major incidents and subsequent penalties, and to maintain sound corporate reputation.	1. <b>External enhancements:</b> Implement protective measures to enhance all aspects of cybersecurity and the security of our websites. 2. <b>Internal enhancements:</b> Minimize the threat of cyberattacks on internal systems by utilizing information security awareness education, social engineering mail drills, and security defense systems. 3. <b>Management specifications:</b> Expand the scope of international certification for the security of IT operations and personal data protection in order to enhance our overall cybersecurity.	NA	KPI 2: Company-wide infection rate of computer viruses or worms: < 1%	<1%	0.58%	0.27%	
				NA	KPI 3: Coverage of ISO 27001 certification: 100% of information systems under the Information Technology Department	100%	100%	100%	
			NA	KPI 4: Coverage of PIMS certification: 100% of department	100%	100%	100%		
	Tax governance	CTBC Holding believes that making fair tax payments is the most important way for companies to support their governments in social investment; therefore, it is committed to complying with the tax laws and payment deadlines of Taiwan and all other regions in which it operates. The Company's tax payments are consistent with its operations; it does not conduct tax planning for tax avoidance purposes. CTBC Holding publicly discloses various tax information to ensure clear understanding of its tax governance and in turn facilitate transparent communication with governments, investors, and the general public. In addition, CTBC Holding is committed to building a sound tax management and reporting mechanism and implementing tax management to reduce and control tax-related risks	1. Establish a tax management and reporting mechanism so as to control tax risks 2. Formulate tax governance policies and review them regularly in response to the increasing complexity of international tax regulations 3. Through internal and external education and training, enhance the professionalism of tax-related personnel 4. Regularly disclose various tax information through public channels, improve tax transparency, and enhance communication with stakeholders and the public 5. Comply with tax law and complete tax filings and payments within the statutory deadlines	Continue to fortify tax governance, deepen the tax control of overseas operating locations and the tax assessments of cross-border transactions, and leverage technology to improve execution efficiency	KPI 1: Provide education and training for tax-related personnel	(Tax governance newly included as a material topic in 2020)	Conducted internal and external education and training for tax-related personnel	Disclosed Tax Transparency Report and the tax governance policy on official website	(Tax governance newly included as a material topic in 2020)
					KPI 2: Continue to monitor developments in international responsible taxation, balance the impact of business operations and relevant principles, and disclose tax information publicly on a regular basis				
					KPI 3: Complete tax filings and payments within the statutory deadlines				
KPI 4: Do not conduct tax planning or set up companies in tax havens for tax avoidance purposes									
Action on climate change	Physical climate risks (e.g., typhoons and rising sea levels) may affect CTBC Holding's domestic and overseas operation sites and physical infrastructure, and may even disrupt operations. Hence, investment and financing strategies and asset risk insurance must be utilized in line with the global low-carbon transitions in order ensure sustainable profit and growth	Implement climate risk governance in accordance with Task Force on Climate-related Financial Disclosures (TCFD) recommendations, and utilize the FSC's risk management mechanism to continually review the appropriateness of internal operations and business development strategies and to make adjustments accordingly	Reinforce climate change risk management mechanisms and expand domestic green finance services to promote local carbon transformation for the global economy	KPI 1: Integrate climate risk factors into business processes and strengthen risk governance procedures	Link climate risk report and governance processes to the Board of Directors	The ESG Taskforce convened three meetings to track climate risk factors and opportunities as well as response measures, and the Sustainability Committee was elevated to a functional committee under the Board of Directors	The Corporate Sustainability Committee convened three meetings to track climate risk factors and opportunities as well as response measures		
				KPI 2: Identify and evaluate climate risks and opportunities and develop climate risk scenario analysis	Calculate the asset risks of high-emission industries and enhance evaluation of the financial impact on industries that are at high risk from climate change	Climate change risk scenario analysis was conducted and the findings disclosed in the 2020 Sustainability Report	Climate change risks were identified, a risk matrix generated, and the results disclosed in the 2020 Sustainability Report		
				KPI 3: Comply with the TCFD framework to improve climate change-related financial disclosures	Continue to optimize the completeness of information disclosure	Climate change risk-related indicators disclosed in the 2020 Sustainability Report in accordance with the TCFD framework	Climate change risk-related indicators disclosed in the 2019 Sustainability Report in accordance with the TCFD framework		
				KPI 4: Continue to engage in green investment and financing projects (e.g., wind power and solar energy)	Continue investment	Green energy (wind, solar power) risk exposure totaled NT\$17 billion	Green energy (wind, solar power) risk exposure totaled NT\$10.47 billion		
Corresponding strategy: Sustainable Growth	Digital finance	We introduce new technologies and implement digital transformation of our business models to provide proper financial services for customers of all ages, create a better customer experience, maintain customer loyalty, and ultimately become a leading regional financial institution in digital finance	1. <b>Digital transformation:</b> Optimize end-to-end omni-channel digital processes by adopting a customer-centric approach through technological applications 2. <b>Digital innovation:</b> Create API platform services and develop innovative service processes, financial product and business models by leveraging advanced technologies, such as AI and blockchain, and through fintech cooperation 3. <b>Digital infrastructure:</b> Build a foundation for CTBC Holding data-based projects and launch the intelligent transformation of various operations; create a lightweight core system by increasing the rate of cloud-based applications and developing flexible and scalable application architecture; and promote a culture of innovation and agile development	Digital customer satisfaction rate: > 90%	KPI 1: Digital customer satisfaction rate: > 90%	>90%	88%	86%	
				Digital transaction rate: > 80%	KPI 2: Digital transaction rate: > 80%	>85%	88%	83%	
				NA	KPI 3: RPA usage: > 200 items	> 300 items	444	> 200 items	
				NA	KPI 4: Cloud platform as a percentage of all infrastructure: > 20%	10%	22.9%	6%	

Our vision for sustainability

	Material issues	Importance in our operations	Response strategy	Long-term goals	2021 goals	2020 goals	2020 performance	2019 performance
Corresponding strategy: Sustainable Growth	Responsible finance	As the main supplier of corporate funds, the financial industry can support socially and environmentally responsible enterprises through its lending and investment, thereby encouraging more enterprises to address their social responsibilities	<b>Green loans:</b> Support major clients' domestic and international renewable energy-related project financing	Complete the project financing required to achieve domestic green energy development goals	<b>KPI 1:</b> Strive to be the lead arranger and/or financial advisor for offshore wind and/or solar power project financing and assist customers to achieve their financing goals	Compete to be the leading bank for various green/renewable energy project financing cases, including in wind power, solar energy, biomass energy, and wastewater recycling	Participated in two cases of offshore power financing projects after working with an international financial consultant to assist in the preliminary planning of the offshore window power project financing	Participated in two cases of offshore power financing projects after working with an international financial consultant to assist in the preliminary planning of the offshore window power project financing
			<b>Responsible lending:</b> Adopt the Equator Principles to fulfill our social and environmental protection responsibilities	Become the leading bank in domestic renewable energy project financing	<b>KPI 2:</b> Complete two financing cases for the domestic renewable energy industry (including green energy supply chain customers)	Strengthen relationships with related industry supply chains	Completed one financing case for a large-scale solar energy power plant	Completed one financing case for a large-scale solar energy power plant
			Become a customer-centric, full-service retail bank	Offer green energy products and services	<b>KPI 3:</b> Annually disclose Equator Principles case data	Disclose the Bank's 2020 Equator Principles case data in early 2021	<ul style="list-style-type: none"> <li>Relevant measures were revised and officially launched in July 2020, with education and training conducted in line with the fourth edition of the Equator Principles published by the Equator Principles Association</li> <li>The Bank's 2020 Equator Principles case data were disclosed in January 2021</li> </ul>	The Equator Principles Case Management Measures were formally adopted in July 2019, and seven overseas and domestic education and training sessions were conducted to promote the system and spirit of Equator Principles among all Bank employees
			Subsidiary Taiwan Life voluntarily complies with the PRIs; accordingly, it has formulated and implemented responsible investment policies and investment procedures in accordance with the spirit of the PRIs. Taiwan Life has also established a responsible investment system and integrated ESG criteria and other standards into its investment-related decision making. The evaluation scope comprises all major investment assets, including counterparties and investment service brokers. Furthermore, the ESG-related risk and performance of investee companies are taken into account and integrated into the investment evaluation process and decision-making in order to fulfill the stewardship responsibilities and create long-term investment value. Taiwan Life also engages in constructive communications and interactions with investee companies to promote the sustainable development of investee companies, thereby supporting the long-term interests of customers and having a positive social impact. Taiwan Life's main strategies in each aspect of ESG are as follows: <b>(E) Environment:</b> Taiwan Life believes that achieving a healthy ecological balance and supporting renewable resources is a key social responsibility for enterprises. As well as striving to meet international environmental standards, the subsidiary actively supports energy transformation and the localization of green industries through responsible investments, and is increasing its renewable energy investments while promoting green financing in order to protect the environment and create a sustainable home. <b>(S) Social:</b> Following in the footsteps of parent company CTBC Holding's community engagement, Taiwan Life is determined to growing in tandem with its community. <b>(G) Governance:</b> Taiwan Life is committed to strengthening its corporate governance, compliance with laws and regulations, risk control, and capital security protection; integrating technology to create a safe business environment; and establishing an open and transparent governance system. It is also striving to create a better business environment for the sake of the wider community through the implementation of responsible investment via negotiations with investment targets and, where necessary, assisting in the improvement of corporate governance	1. Develop ESG/climate risk limits 2. Continue to increase sustainable financial investment and financing 3. Continue to fortify the ESG training and professionalism of internal personnel 4. Continue to optimize sustainable responsible investment operations	1. Ensure major investment projects are in line with the U.N. SDG classification standards 2. Optimize negotiation mechanisms and the execution of negotiations 3. Increase sustainable financial investment and financing 4. Fortify the ESG training and professionalism of internal personnel 5. Continue to optimize responsible investment operations	In line with sustainable financial plans	1. In line with sustainable financial planning, established responsible investment system and implemented responsible investment operation 2. The approved amount of sustainable financial investment and financing totaled NT\$42.5 billion	The approved amount of sustainable financial investment and financing totaled NT\$32.1 billion
Corresponding strategy: Responsible Operation	Sustainable supply chain management	Reduce sustainability-related supply chain risks	Sustainable supply chain management is carried out through the three main steps of assessment and auditing, risk identification and management, and communication and improvement. Relevant requirements in line with our sustainable supply chain strategy are also instituted for supplier reviews as well as supplier specification and management. Through a series of management systems and requirements, the sustainability of supply chains is gradually being elevated	1. Continue to refine and execute supplier ESG education and training 2. Continue to refine and execute supplier ESG (including human rights) risk assessments as well as follow-up agreements and management 3. Continue to refine sustainable procurement policies and practices	1. Have main/critical suppliers complete ESG (including human rights) risk assessments, and carry out follow-up agreements and management 2. Have main/critical suppliers complete ESG education and training 3. Review connections between purchasing practices and supplier ESG evaluation results	1. Organize a supplier conference 2. In January 2020, have regular suppliers sign a human rights and environmental sustainability declaration promising to comply with relevant regulations on environmental protection, occupational health and safety, labor rights, etc., and conduct follow-up human rights risk assessments 3. Formulate supplier management principles	1. Organized a supplier conference 2. In January 2020, had regular suppliers sign a human rights and environmental sustainability declaration promising to comply with relevant regulations on environmental protection, occupational health and safety, labor rights, etc., and conducted follow-up human rights risk assessments 3. Formulated supplier management principles	(Sustainable supplier management newly included as a material topic in 2020)
	Sustainable operating environment	To realize its environmental responsibility as a good corporate citizen, CTBC Holding is realizing its "Green Policy, Green Future" commitment through energy conservation and carbon emission reduction efforts, in the process developing more green products and strategies. By eliciting support from customers and employees alike for its green action plans, the Company is creating a shared goal of environmental sustainability	Continually drive the introduction of new environment-related certifications at all CTBC Holding subsidiaries	Using 2020 as the base year, reduce total electricity consumption, carbon emissions, water consumption, and waste by 3.5% from 2021 to 2023	Reduce total electricity consumption, carbon emissions, water consumption, and waste by 1.5%	Using 2017 as the base year, reduce total electricity consumption by 2% per year and 6% within three years for the period 2018-2020	In 2020, electricity consumption was reduced by 2.46% or 1.73 million kwh, cutting 882 tons of carbon emissions	In 2019, electricity consumption was reduced by 2.87% or 2.04 million kwh, cutting 1,085 tons of carbon emissions
	Labor rights	Only through a lawful and appropriate management system that protects employees' rights and interests can we create a happy working environment, enhance team cohesion, and effectively leverage the Company's key assets	1. <b>Maintain healthy labor-management relations:</b> Establish an employee management system compliant with laws and regulations 2. <b>Create a friendly work environment:</b> Eliminate the discrimination and unfair treatment of employees	Lower than the national standards of the Directorate General of Budget, Accounting and Statistics	<b>KPI 1:</b> Labor-management dispute involvement rate lower than the national standard issued by the Directorate General of Budget, Accounting and Statistics (number of people involved in labor-management dispute cases as accepted by the competent authority in the current year/total number of employees)	Lower than national standards of the Directorate General of Budget, Accounting and Statistics	0.22%	0.42%
	Talent recruitment and retention	Recruit and retain professional financial management talent in order to maintain our organization's competitiveness and promote its sustainable development	1. Regularly review compensation levels to ensure their competitiveness and to remain an industry benchmark setter 2. Encourage senior managers to hold Company shares thereby ensuring management practices that are aligned with the interests of shareholders	<b>KPI 1:</b> The average fixed salary remains within the top 25% of the industry standard <b>KPI 2:</b> Percentage of designated managers with total stock value 1.5 times or more than their annual fixed pay: 85%	<b>KPI 1:</b> The average fixed salary remains within the top 25% of the industry standard <b>KPI 2:</b> Percentage of designated managers with total stock value 1.5 times or more than their annual fixed pay: 85%	Achieved	84%	The average fixed salary remained within the top 25% of the industry standard 100%

Our vision for sustainability

	Material issues	Importance in our operations	Response strategy	Long-term goals	2021 goals	2020 goals	2020 performance	2019 performance
Corresponding strategy: Responsible Operation	Talent development and empowerment management	To facilitate our corporate strategies and meet our organizational needs, we shall continue to invest in systematic learning resources, strengthen our internal lecturer system, and explore innovative learning experiences in order to enhance the competitiveness of our employees and supervisors	<b>1. Training investment:</b> Continual addition of learning resources <b>2. Internal inheritance:</b> Increase the ratio of lecturers from internal departments <b>3. Digital experience:</b> Promote and utilize mobile learning <b>4. Talent development:</b> Increase the replenishment rate of internal positions	≥ 30 hours	<b>KPI 1-1:</b> Average education and training per person per year: ≥ 30 hours	≥ 30 hours	42 hours	40 hours
				≥ 30%	<b>KPI 1-2:</b> Investment rate for management staff training expenses: ≥ 30%	31%	34%	32%
				18%	<b>KPI 2:</b> Percentage of eligible internal lecturers who serve as lecturers: > 16%	14%	15%	14%
				75%	<b>KPI 3:</b> App mobile learning rate among employees: ≥ 60%	60%	70%	57%
				70%	<b>KPI 4:</b> Replenishment rate of internal positions: ≥ 65%	62%	65%	60%
Healthy and friendly environment	Through quantifiable assessments and the promotion of occupational health and safety related protections, we can more clearly understand related inadequacies, in turn helping us to better care for our employees	<b>1. Physical and mental health risk management indicator:</b> Implement employee physical and mental health management policies and medical consultation services such as through the Workplace Maternal Health Protection Plan, Overwork-Related Hazards Prevention Plan, and Ergonomic-Related Hazards Prevention Plan, with physicians evaluating the suitability of work and offering recommendations and management guidelines <b>2. Disease risk management indicator:</b> Based on the results of employees' annual health checkups, physicians identify those with a risk of cerebral and cardiovascular stroke within 10 years and execute disease risk population management accordingly. In addition, employee health management strategies are formulated and assessments and adjustments carried out in a timely manner through teaching groups led by doctors and nurses specializing in occupational medicine <b>3. Workplace safety risk management indicator:</b> Conduct workplace risk assessments (6 levels) to quantify potential hazard levels and maintain performance at level 5 or above	<b>KPI 1:</b> Risk management indicator for physical and mental health: ≤ 0.4% <b>KPI 2:</b> Disease risk management indicator: ≤ 4.5% <b>KPI 3:</b> Occupational safety risk control indicator: ≥ 89%	<b>KPI 1:</b> Risk management indicator for physical and mental health: < 0.4% <b>KPI 2:</b> Disease risk management indicator: < 4.5% <b>KPI 3:</b> Occupational safety risk control indicator: ≥ 87%	<0.5%	0%	0%	
			Meet statutory standards	<b>KPI 4:</b> Frequently assess the work performance of our employees with disabilities and adjust their roles to ensure they are in positions and conditions that exceed statutory requirements	Meet statutory standards	94 people	98 people	
			We support the employment of indigenous people and people with disabilities and are recruiting transnational talent in Taiwan and abroad in order to deepen the diversity of our workforce	Continue to recruit and offer relevant job opportunities via various channels, and frequently assess the work performance of our employees with disabilities and adjust their roles to ensure they are in positions and conditions that exceed statutory requirements. In addition, recruit transnational talent in Taiwan and abroad in order to expand the workforce's competitive advantages				
Corresponding strategy: A Connected Society	Financial inclusion	We comply with government regulations by offering micro-insurance as well as individual and group insurance. In addition to proactively reaching out to provide services to disadvantaged and marginalized groups, donations are also made toward the insurance premiums of these groups in order to expand the number and scope of those people covered by micro-insurance. Insurance products with basic coverage are provided for specific risks to these groups. These products are characterized by low insurance coverage amounts, low premiums, and simple, easy-to-understand language. They are considered commercial insurance. It is hoped that promoting micro-insurance can encourage disadvantaged people to independently assess their insurance needs and transfer risk accordingly	<ul style="list-style-type: none"> <li><b>Expand insurance coverage:</b> Strengthen cooperation with qualified and compliant groups and institutions</li> <li><b>Increase service personnel recruitment:</b> Expand the reach of our service through business development personnel</li> <li><b>Check service quality regularly:</b> Ensure the rapid processing of insurance and claims services</li> </ul>	7.31 million	Achieve government-mandated liability target	7.31 million	7.75 million	5.17 million
				Through micro-entrepreneurship loan schemes and by leveraging the diverse resources of CTBC Bank and Taiwan Life, small and medium enterprise credit fund and advisory teams provide loans, credit guarantees, entrepreneurial insurance, and entrepreneurship mentoring to locals in various regions in which we operate	The CTBC Poverty Alleviation Program (CPAP) assists underprivileged parents to gain a financial foothold through micro-entrepreneurship	Cumulative total of CPAP cases: 800	Cumulative total of CPAP cases: 480	Cumulative total of CPAP cases: 428
	Community engagement and social impact	In line with U.N. SDGs, the group utilizes its resources effectively to promote social well-being through commercial driving force, elevate corporate brand reputation, strengthen corporate public welfare image, and increase customer cohesion	<ul style="list-style-type: none"> <li><b>Charity:</b> Improve the condition of the poverty- and education-related problems faced by disadvantaged children and households</li> <li><b>Anti-drug awareness:</b> Realize the vision of a "drug-free homeland"</li> <li><b>Sports:</b> Work with star athletes to increase the effectiveness of charity drives</li> <li><b>Arts and culture:</b> Foster arts and cultural exchanges at home and abroad and bring arts and cultural education to remote areas</li> <li><b>Education:</b> Support public education through enrollment quotas and grants for disadvantaged students</li> </ul>	Disadvantaged people helped each year: 600,000	<b>KPI 1:</b> Disadvantaged people helped each year: 600,000	600,000 people	600,455 people	909,530 people
				Cumulative total of people reached through anti-drug education and recidivism reduction advocacy: 710,000	<b>KPI 2:</b> Cumulative total of people reached through anti-drug education and recidivism reduction advocacy: 666,000 <sup>Note 2</sup>	600,000 people	650,000 people	590,000 people
				Cumulative hours volunteered in social welfare activities by professional baseball players: > 1,300	<b>KPI 3:</b> Cumulative hours volunteered in social welfare activities by professional baseball players: > 700	580 hours	605 hours	460 hours
	Cumulative total of arts and cultural activity participants: 247,000	<b>KPI 4:</b> Cumulative total of arts and cultural activity participants: 154,000 <sup>Note 3</sup>	125,000 people	142,000 people	114,000 people			
	Cumulative total of disadvantaged students assisted with bursaries: 820	<b>KPI 5:</b> Cumulative total of disadvantaged students assisted with bursaries: 680 <sup>Note 4</sup>	550 people	663 people	490 people			

Note 1: Explanation for failure to meet digital customer satisfaction standards in 2020: The main reason for not meeting digital customer satisfaction targets in 2020 was that constant updates to the internet banking and mobile banking platforms, which were made to provide a better customer experience, affected users' connection speeds. A secondary issue was the need to improve the UI/UX design for some user journeys. The overall process and UI/UX designs are expected to be reviewed in 2021, with progressive adjusts to be made and rolled out within two years.

Note 2: This target for the cumulative total of people reached through anti-drug education and recidivism reduction advocacy was originally set at 650,000. As the target was met ahead of schedule in 2020, the target for 2021 has been raised.

Note 3: This target for the cumulative total of arts and cultural activity participants was originally set at 140,000. As the target was met ahead of schedule in 2020, the target for 2021 has been raised.

Note 4: This target for the cumulative total of disadvantaged students assisted with bursaries was originally set at 600. As target was met ahead of schedule in 2020, the target for 2021 has been raised.

## Economic data

## Taxes paid by CTBC Holding by country

Unit: NT\$ million

	2020		2019		2018		2017		2016	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Taiwan	5,005	51.59	6,131	64.54	5,692	69.50	10,034	76.96	6,218	70.16
Indonesia	95	0.98	125	1.32	143	1.75	72	0.55	92	1.04
Philippines	243	2.50	180	1.89	165	2.02	153	1.17	123	1.39
Canada	51	0.53	46	0.48	40	0.49	32	0.25	29	0.33
United States	566	5.83	428	4.51	120	1.47	129	0.99	191	2.16
Japan	1,114	11.48	1,437	15.13	1,186	14.49	1,979	15.18	1,572	17.74
India	40	0.41	24	0.25	17	0.21	5	0.04	17	0.19
Vietnam	215	2.22	91	0.96	80	0.98	58	0.44	50	0.56
Hong Kong	1,623	16.73	708	7.45	426	5.20	312	2.39	330	3.72
Singapore	61	0.63	15	0.16	16	0.20	16	0.12	64	0.72
Mainland China	689	7.10	314	3.31	302	3.69	249	1.91	176	1.99
Total	9,702	100	9,499	100	8,187	100	13,039	100	8,862	100

## Capital adequacy ratios of the Bank and subsidiaries

Unit: NT\$ million

	2020	2019	2018	2017	2016
Net Tier 1 capital	311,561	308,708	299,688	286,350	266,573
Total exposure	4,722,707	4,434,228	4,169,520	4,001,948	3,774,415
Leverage ratio (%)	6.60	6.96	7.19	7.16	7.06

## Donations and sponsorships of CTBC Holding

Unit: NT\$ thousand

	2020	2019	2018	2017	2016
Arts and culture	31,100	44,000	44,000	49,000	49,000
Sports	379,824	449,090	445,351	380,641	357,569
Charity	114,285	119,998	111,734	106,101	107,668
Education	151,822	129,066	144,845	135,028	127,342
Economic and trade development	720	720	600	450	450
Emergency relief	0	0	25,285	0	24,921

## Completion rate for information security and personal data training at CTBC Holding subsidiaries (%)

	2020	2019	2018	2017	2016
CTBC Bank	100	100	100	100	99.65
Taiwan Life	Information security 100 Personal data 100	Information security 100 Personal data 100	Information security 100 Personal data 100	Information security 100 Personal data 100	Information security 99.8 Personal data 100
CTBC Securities	100	100	100	100	100
CTBC Investments	100	100	100	100	100
Taiwan Lottery	100	100	100	100	100

## Impact finance data

## CTBC Bank green financing

Unit: NT\$ million

	2020	2019	2018
Green energy technologies/circular economy loan balance <sup>Note 1(A)</sup>	135,411	124,127	136,754
Green buildings loan balance (B)	5,353	5,963	2,492
Green energy technologies/circular economy/green buildings loan balance (A+B)	140,764 <sup>Note 2</sup>	130,090	139,246
CTBC Bank institutional banking loan balance(C)	615,474	625,782	594,397
Proportion of loan balance of green energy technologies/circular economy/green buildings to institutional banking loan balance of CTBC Bank (A+B)/(C)	23%	21%	23%

Note 1: The industry categories of green energy technologies/circular economy is the same as that of the FSC's "5 plus 2" industrial innovative plan.

Note 2: Excluding the balance of sustainability-linked loan (SLL).

## CTBC Bank green/sustainability bond underwriting

Unit: NT\$ million

	2020	2019	2018	2017
Green bonds/underwriting	5,182	5,360	352	2,000 <sup>Note 2</sup>
Sustainability bonds/underwriting	2,000 <sup>Note 1</sup>	3,161	1,382	0
Green and sustainability bonds/total underwriting	7,182 <sup>Note 1</sup>	8,521	1,735	2,000
Bonds/total underwriting	104,322	55,454	49,361	58,982
Proportion of green and sustainability bonds to total bond underwriting	6.88%	15.37%	3.52%	3.39%

Note 1: Including the issuance of sustainability bonds by CTBC Bank of NT\$1 billion in 2020.

Note 2: Including the issuance of green bonds by CTBC Bank of NT\$1 billion in 2017.

## Sustainable insurance

Unit: NT\$ thousand

Insurance product type	2020		2019		2018		2017		2016	
	Number of policies	Policy premium	Number of policies	Policy premium	Number of policies	Policy premium	Number of policies	Policy premium	Number of policies	Policy premium
Compulsory automobile liability insurance	204,135	167,200	273,946	234,070	316,060	275,470	309,225	304,690	329,356	305,380
Basic residential earthquake insurance	149,801	194,210	143,852	178,950	135,927	167,370	131,953	166,490	116,391	145,160
Typhoon and flood insurance (fire insurance)	1,412	21,240	1,503	16,790	1,147	17,470	278	18,600	2,312	15,130
Typhoon and flood insurance (Car insurance)	143	960	182	780	227	830	222	1,250	329	1,600
Commercial earthquake insurance	1,869	28,540	1,817	18,620	1,584	20,270	471	21,830	2,595	18,810
Micro-insurance policies (property insurance)	1,343	340	892	160	-	-	-	-	-	-

## Taiwan Life micro-insurance policy sales

	2020	2019	2018	2017	2016
Types of micro-insurance policies	6	6	6	6	6
Number of micro-insurance policies underwritten	192	214	219	260	289
Number of micro-insurance policyholders <sup>Note</sup>	49,847	36,338	25,903	25,491	20,391
Micro-insurance premium (NT\$ thousand)	7,749	5,165	3,781	2,609	2,631

Note: Number of micro-insurance policyholders = number of individuals insured under group insurance + number of cases of personal insurance.

Impact finance data

Retail banking: Sustainable credit card and home loan services Unit: NT\$ million

Table with 6 columns (Year) and 5 rows (Charity credit card spending, rebates, College affinity card spending, rebates, Total card spending)

Preferential home loans Unit: NT\$ million

Table with 4 columns (Year) and 5 rows (Balance of reverse housing loans, preferential housing loans, Total balance of ESG housing loans, Total housing loan balance, Proportion of ESG housing loans)

CTBC Bank accessible ATMs and ATMs for people with a visual impairment

Table with 7 columns (Year/Target) and 4 rows (Total ATMs, accessible ATMs, Percentage of accessible ATMs, Total ATMs for the visually impaired)

CTBC Bank branches with accessible counters offering full line of services

Table with 7 columns (Year/Target) and 2 rows (Number of branches with accessible counters, Proportion of branches with accessible counters)

CTBC Poverty Alleviation Program

Table with 6 columns (Year) and 4 rows (Program approved loans, Cumulative CTBC Poverty Alleviation Program approved loans, Program approved loans (NT\$ thousand), Cumulative CTBC Poverty Alleviation Program approved loans (NT\$ thousand))

Note: These figures were printed incorrectly in last year's report and have been corrected.

Charitable trusts Unit: NT\$ million

Table with 6 columns (Year) and 4 rows (Total amount of trusts for older people and people with disabilities, Total amount of charitable trusts, Total amount of trusts)

Green products offered through retail banking Unit: NT\$ billion

Table with 6 columns (Year) and 2 rows (Amount of green products offered through retail banking)

Note: Green energy as defined by the Industry, Science and Technology International Strategy Center, namely referring to energy that can be produced through natural cycles without causing environmental pollution.

Customer data

Financial patents

Table with 6 columns (Year) and 2 rows (Cumulative number of patents)

Customer satisfaction

Table with 7 columns (Year/Target) and 12 rows (Retail banking, Institutional banking, Taiwan Life, CTBC Securities)

Note 1: This mechanism is not suitable for setting goals. Note 2: Statutory changes requiring more phone calls before new policies are underwritten caused a sharp rise in the overall number of phone interviews required; therefore, customer satisfaction phone surveys were conducted only from January through May, resulting in the decline in this number in 2020 from the previous year.

CTBC Bank retail banking early warning mechanism for grievances and related resolution rates

Table with 6 columns (Year/Target) and 4 rows (Number of alerts forwarded, Resolution of grievance within 7 days, Question appropriateness)

Note: This mechanism is not suitable for setting goals.

Employee data

Distribution of new employees

Table with 7 columns (Year) and 10 rows (Full-time employees in Taiwan, Gender, Age range, Total, New employee rate)

Full-time (including dispatched) employees overseas

Table with 7 columns (Year) and 10 rows (Gender, Age range, Total, New employee rate)

Note 1: New employee rate = number of new employees / average number of people employed during the period. Note 2: This table does not include sales representatives.



## Employee data

## Absenteeism

	2020			2019			2018			2017			2016		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of days absent	3,768.5	11,537.0	15,305.5	4,986.5	13,177.5	18,164	4,302	11,992	16,294.0	3,451.5	9,906.0	13,357.5	3,725.0	11,727.5	15,452.5
Absenteeism rate (%)	0.11	0.33	0.44	0.16	0.42	0.58	0.12	0.35	0.48	0.1	0.3	0.4	0.11	0.36	0.47

Note 1: Total number of work days = total number of employees × actual number of work days in a year; total number of work days in 2020: 3,475,495.

Note 2: Number of days absent = occupational injury leave + menstrual leave + sick leave.

Note 3: Absenteeism rate (%) = total number of days absent / total number of work days × 100%.

## Training

	2020	2019	2018	2017	2016
Classroom training sessions	2,284	2,258	2,623	2,164	1,968
Classroom training participants	45,796	32,872	49,461	33,710	32,945
Online training sessions	1,397	1,134	980	735	674
Online training participants	230,291	198,512	200,548	161,744	89,127
Total employee registered training hours	596,237	669,674	687,194	535,718	448,598
Average registered training hours per person	42	36	39	37	33
Total employee training expenses (NT\$ 10 thousand)	5,660	7,858	7,073	6,143	6,244
Average training expenses per person (NT\$)	3,971	4,212	4,024	4,197	4,554
New employees trained	11,724	11,652	7,628	4,303	3,619
New employee training hours	41,328	58,790	62,010	47,200	64,012

Note 1: The registered training hours comprise those of CTBC Holding, CTBC Bank, CTBC Capital, CTBC Asset Management, CTBC Securities (including CTBC Securities Venture Capital and CTBC Securities Investment Service), CTBC Investments, Taiwan Lottery, CTBC Security, and Taiwan Life.

Note 2: The number of employees used in calculating the registered training hours and the average number of registered training hours excludes temporary employees, overseas employees as well as directors and supervisors.

Note 3: The number of employees used in calculating the average number of registered training hours is based on the number of employees in service as of Dec. 31, 2020.

Note 4: Excluding the numbers of employees, hours, and sessions of on-the-job training.

Note 5: The number of registered training hours for CTBC Security is estimated based on the number of employees in service at the end of the year and on the basis of four hours in-service training every month according to Article 10-2 of the "Private Security Service Act."

Note 6: Taiwan Life is not included in the data for 2017 and earlier.

## Retention rate of key talent

	2020	2019	2018	2017	2016
Retention rate of key talent (%)	94.2	94.5	91.8	93.4	92.2

## Parental leave

	2020			2019			2018			2017		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Employees eligible for parental leave in 2020	174	309	483	335	344	679	445	830	1,275	n/a	n/a	n/a
Employees who applied for parental leave in 2020	17	142	159	13	146	159	19	166	185	20	137	157
Employees able to return to work from parental leave in 2020 (A)	16	159	175	25	166	191	11	157	168	20	137	157
Employees who returned to work from parental leave in 2020 (B)	11	116	127	19	119	138	7	110	117	14	107	121
Return-to-work rate in 2020 (B/A) (%)	68.75	72.96	72.57	76.00	71.69	72.25	63.64	70.06	69.64	70.00	78.10	77.07
Employees who returned to work from parental leave in 2019 (C)	16	116	132	8	113	121	19	131	150	4	90	94
Employees who returned to work after parental leave in 2019 and completed one year of service in 2020 (D)	12	107	119	3	99	102	11	103	114	3	72	75
Retention rate in 2019 (D/C) (%)	75.00	92.24	90.15	37.50	87.61	84.30	57.89	78.63	76.00	75.00	80.00	79.79

## Statistics on disabling injuries

Year	2020			2019			2018			2017			2016		
Total work hours <sup>Note3</sup>	27,803,960			24,868,128			26,813,696			26,485,077			26,324,000		
Total work days <sup>Note3</sup>	3,475,495			3,108,516			3,351,632			3,313,908			3,290,500		
Gender	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Employees with disabling injuries	5	18	23	5	13	18	3	15	18	2	10	12	1	12	13
Work days lost due to disabling injuries	91.0	160.5	251.5	81.0	88.0	169.0	208.0	294.5	502.5	184.0	102.5	286.5	149.0	115.5	264.5
Disabling injury frequency rate (FR)	0.18	0.65	0.83	0.2	0.52	0.72	0.11	0.55	0.67	0.08	0.38	0.45	0.04	0.46	0.49
Disabling injury severity rate (SR)	3.27	5.77	9.05	3.26	3.54	6.8	7.75	10.98	18.70	6.95	3.87	10.82	5.66	4.39	10.05
Rate of absenteeism due to disabling injuries (%)	5.24	9.24	14.47	5.21	5.66	10.87	2.41	17.57	29.98	11.10	6.19	17.29	9.06	7.02	16.08

Note 1: Number of employees with disabling injuries: Number of employees who were temporarily unable to return to work after sustaining an occupational injury in the workplace.

Note 2: Number of lost work days due to disabling injuries: Number of work days lost because employees were temporarily unable to return to work after sustaining an occupational injury in the workplace.

Note 3: Total work hours = total number of employees × work hours per day × actual number of work days per year; total work days = total number of employees × actual number of work days in the year.

Note 4: Disabling injury frequency rate = total employees with disabling injuries × 1,000,000 / total work hours.

Note 5: Disabling injury severity rate = total lost work days due to disabling injuries × 1,000,000 / total work hours.

Note 6: Rate of absenteeism due to disabling injuries = total lost work days due to disabling injuries / total work days × 200,000.



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Sustainability Accounting Standards Board (SASB) comparison table

Dimension	Topic	Accounting metric(s)	Category	Unit(s) of measure	Chapter/description	Corresponding page(s)	Code	
Social Capital	Data Security	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	Quantitative	Number, percentage (%)	06 Ethical governance	P.44-45	FN-CB-230a.1	
		Note: No incidents of major information leakage for key subsidiaries such as CTBC Bank, Taiwan Life, CTBC Securities, and Taiwan Lottery						
		Description of approach to identifying and addressing data security risks	Discussion and Analysis	N/A	06 Ethical governance	P.40~P.41, P.42~P.46	FN-CB-230a.2	
	<p>Note 1: CTBC Bank has instituted Personal Information Protection Instructions. In the event of a breach of personal information, as well as understanding the situation through internal updates and exploring countermeasures at the earliest possibility to control the extent of the damage to the affected parties, once the affected parties have been identified, CTBC Bank will notify them and seek to mitigate their concerns. Such notification will provide, at a minimum, the facts of the incident, countermeasures taken, and a phone number for direct follow-up regarding the issue. If the breach is determined to be a major personal information security incident, the corresponding countermeasures and review reports will be diagnosed and reviewed by impartial, independent experts who have obtained relevant recognized certification qualifications in order to reduce the potential of such an incident occurring again in the future</p> <p>Note 2: As a company under strict supervision by the competent authorities, CTBC Bank is subjected to information security-related reviews by numerous independent organizations every year. These reviews include personal information protection assurance reviews conducted by CPAs and ISO 27001 (ISMS) and BS 10012 (FIMS) verifications by BSI; in addition, consultants are engaged to review the bank's information security operations annually. A statement on the overall information security implementation is issued based on the results</p>							
	Financial Inclusion & Capacity Building	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	Quantitative	Number, Reporting currency	10 Impact financing	P.84, P.95	FN-CB-240a.1	
		Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	Quantitative	Number	10 Impact financing	P.95~P.97	FN-CB-240a.3	
Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers		Quantitative	Number	10 Impact financing	P.96~P.97	FN-CB-240a.4		
Business Model & Innovation	Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	Commercial and industrial credit exposure, by industry.	Quantitative	Reporting currency	Please refer to the CTBC Holding 2020 Annual Report, P.407~P.412		FN-CB-410a.1	
		Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	Discussion and Analysis	N/A	07 Task Force on Climate-related Financial Disclosures 10 Impact financing	P.52, P.85~P.88	FN-CB-410a.2	
	Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	Quantitative	Reporting currency	Please refer to the CTBC Holding 2020 Annual Report, P.231~P.233		FN-CB-510a.1	
		Description of whistleblower policies and procedures	Discussion and Analysis	N/A	06 Ethical governance	P.32~P.33	FN-CB-510a.2	
	Note: In 2020, five of the reported cases were confirmed to be substantiated. The Company has issued punishments to the relevant personnel involved in the incident and follow-up improvements have been carried out by dedicated units							
Leadership & Governance	Systemic Risk Management	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	Discussion and Analysis	N/A	03 About CTBC Holding, 06 Ethical governance 07 Task Force on Climate-related Financial Disclosures	(1) Please refer to the CTBC Holding 2020 Annual Report, P.218~P.228 (2) P.14, P.54, P.57	FN-CB-550a.2	



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