



CTBC HOLDING  
中國信託金控

# 2022 Sustainability Report



# Report Overview

■ GRI 2-2, 2-3, 2-4

CTBC Financial Holding Co., Ltd. (hereinafter, "CTBC Holding" or the "Company") has been publishing a Sustainability Report (previously called the "Corporate Social Responsibility Report") every year since 2007, and has been publishing them in English since 2009. The most recent report was published in June 2022.

## Period

This 2022 Sustainability Report covers the period of Jan. 1 to Dec. 31, 2022. Some of the information was current as of March 31, 2023. There are no restatements of data provided in previous reports. The next report is expected to be published by June 30, 2024. In addition to being printed in Chinese and English, these reports can be viewed and downloaded in the sustainability section of our official website.

## Assurance

The Company commissioned Ernst & Young to conduct an TWSAE 3000 limited assurance assessment of specific performance indicators in the Commercial Bank and Consumer Finance SASB indicators as well as compliance matters required by the FSC. The assurance report is included as an attachment to this Report.

The Company also commissioned SGS Taiwan Ltd. to verify its materiality analysis process in line with the SGS ESG & SRA Assurance Protocols.

## Scope

This report covers CTBC Holding and its subsidiaries, including CTBC Bank, Taiwan Life, CTBC Securities, CTBC Asset Management, CTBC Venture 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.

## Quality of information

Information type	Compliance standard/source	Verification/assurance organization
Financial data	Annual financial statements	KPMG
Sustainability information	TWSAE 3000	Ernst & Young
	SGS ESG & SRA Assurance Protocols	SGS Taiwan Ltd.
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	DNV GL Business Assurance Co., Ltd. (DNV.GL)
ISO 9001 Quality Management System		

## Drafting principles

This Report complies with the GRI Universal Standards 2021 and the GRI G4 financial service sector disclosures. In addition, to guide our disclosures, we have adopted the Integrated Reporting framework of the International Integrated Reporting Council (IIRC), referenced the standards for commercial banks published by the Sustainability Accounting Standards Board (SASB), and implemented the Sustainable Development Best Practice Principles for TWSE Listed Companies, ISO 26000 Social Responsibility Guidelines, U.N. Global Compact, and Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies.

## Feedback

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**CTBC HOLDING**  
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## Letter from the Chairman



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

*Wen-Long Yen*

2022 was a year marked by changes and challenges. Although the geopolitical situations around the world continued to fluctuate and effects from the COVID-19 pandemic lingered along with inflationary pressure and international financial market volatility, CTBC Holding was able to maintain sound profits through the collective effort of everyone in our group. The Company posted after-tax net income of NT\$31.3 billion and pre-tax profit of NT\$47.4 billion. If excluding losses from epidemic prevention insurance claims, our pre-tax profit grew 10% from 2021, indicating robust profitability and growth.

Critically, we also excelled in ESG performance in 2022. Guided by the Sustainable Development Goals (SDGs), CTBC Holding has set a sustainability strategy comprising the three pillars of Responsible Operations, Sustainable Growth, and A Connected Society. The World Economic Forum's Global Risks Report 2023 includes failure to mitigate climate change, failure of climate-change adaption, and biodiversity loss and ecosystem collapse among the top 10 most serious risks worldwide. As such, CTBC Holding continues to participate in international initiatives and, in early 2022, formally included net-zero emissions by 2050 as part of the group's sustainable development roadmap. We also submitted the group's midterm reduction targets to the Science Based Targets initiative in late 2022. In addition, CTBC Holding became the first Taiwanese enterprise to join the Taskforce on Nature-related Financial Disclosures (TNFD), using our climate risk management skills to help formulate a disclosure framework. Moreover, we have joined the Partnership for Biodiversity Accounting Financials (PBAF) to undertake in-depth evaluation of our investment and financing activities' risks and opportunities associated with nature and biodiversity.

In addition, to promote balanced social development, CTBC Holding has continued to focus our resources on five focal areas of welfare, namely charity, anti-drug awareness, sports, education, and arts and culture. For example, the Light Up A Life charity fundraiser started by our founder, Jeffrey Koo Sr., has now been held for 38 consecutive years. As of the end of the 37th edition, it had cumulatively raised more than NT\$2.5 billion, which has gone to help over 620,000 children. Our anti-drug education efforts have reached over 910,000 visit, and we sponsor the New Taipei CTBC DEA basketball team to conduct anti-drug advocacy through sports. The CTBC Brothers baseball team, meanwhile, won the championship of Taiwan's major league competition—the Chinese Professional Baseball League—for the second consecutive year in 2022, further expanding the potential impact of our sports-based welfare efforts. In education, the CTBC Business School, founded with the mission of helping deserving and underprivileged students, has become an important talent pool for Taiwan's financial industry. In the arts and culture sphere, the CTBC Arts Festival is continuing to facilitate artistic and cultural exchanges in Taiwan and abroad, while the Dreams Initiatives Project have provided an education in arts and culture to over 2,400 students in rural areas.

Moving forward, CTBC Holding will continue to uphold our "We are family" brand spirit and to integrate sustainability into our decision-making and innovation. In addition to providing products and services that meet the needs of people of all ages, we will persist in creating a living environment that promotes prosperity and inclusion for generations to come.

## Letter from the President



The financial industry faced more than its share of challenges in 2022, most notably market fluctuations and the pandemic. However, CTBC Holding continued to deliver a stellar performance in terms of profitability, with subsidiary CTBC Bank even recording record-high profits. And throughout the year, we continued to implement effective ESG governance and risk management to ensure the Company's long-term stable operations. Indeed, we were the first among Taiwan's "too big to fail" domestic systemically important banks (D-SIBs) to meet 2025 standards for three capital adequacy ratios—doing so well ahead of schedule. Although Taiwan Life was affected by significant epidemic prevention insurance claims payouts, if excluding this one-time loss, the subsidiary still led the industry in profit for the year.

The tangible impact of CTBC Holding's ESG efforts received further recognition in 2022. As well as once again being selected as a constituent stock of the Dow Jones Sustainability Index (DJSI) World Index, DJSI Emerging Markets Index, and the MSCI Taiwan ESG Leaders Index, we were also included in the Bloomberg Gender Equality Index for the second consecutive year and ranked first among Taiwanese companies in the Greater China Business Sustainability Index. CTBC Bank was also again named as one of the Top 1000 World Banks by The Banker, topping the Taiwanese banking industry for the sixth year running, and it was named by Brand Finance in the Global 500 most valuable brands list alongside Taiwan Life. The Bank became the first in the industry to be recognized in every category at the Taiwan Banking and Finance Best Practice Awards, often referred to as the Oscars of Taiwan's financial industry. Moreover, it became the first Taiwanese financial institution to receive the Achievement in Climate Risk Management in Asia Pacific honor from The Asian Banker. Furthermore, in terms of promoting green energy financing, our syndicated loan for the Greater Changhua 1 wind farm earned recognition including The Asset's Renewable Energy M&A Deal of the Year, Global and Global Finance's Outstanding Leadership in Sustainable Infrastructure Finance in Asia Pacific. That deal also realized the competent authority's vision of Taiwanese banks being among Asia's strongest supporters of renewable energy projects. Taiwan Life, meanwhile, has been committed to sustainable financing for eight years. In that time, it has invested in public utilities including solar power plants, wastewater treatment plants, and offshore wind power. Such investments now total NT\$55.9 billion and in 2022 won it the Sustainable Infrastructure Award from The Asset for the third consecutive year and the Investor of the Year for Insurers, Asia Pacific honor, also from The Asset.

Net-zero emissions by 2050 became a national policy in 2022, which also saw the Climate Change Response Act enacted. Keenly aware for many years now that the financial industry has a responsibility to lead the sustainable developments of society and the environment, CTBC Holding has consistently been among the first to sign on to major international sustainability initiatives. In 2022, this leadership saw us invited by the FSC to join the Coalition of Movers and Shakers on Sustainable Finance and to chair the coalition for its inaugural year. By continuing to wield the power of impact financing as a D-SIB, we are supporting the government's major ESG policies and helping our peers and customers to move toward low-carbon operations. CTBC Holding will continue leveraging our core competencies in product innovation and digital transition in order to promote low-carbon transition and sustainable transformation, thereby creating a better environment and a better future.

CTBC Financial Holding Co., Ltd.

President

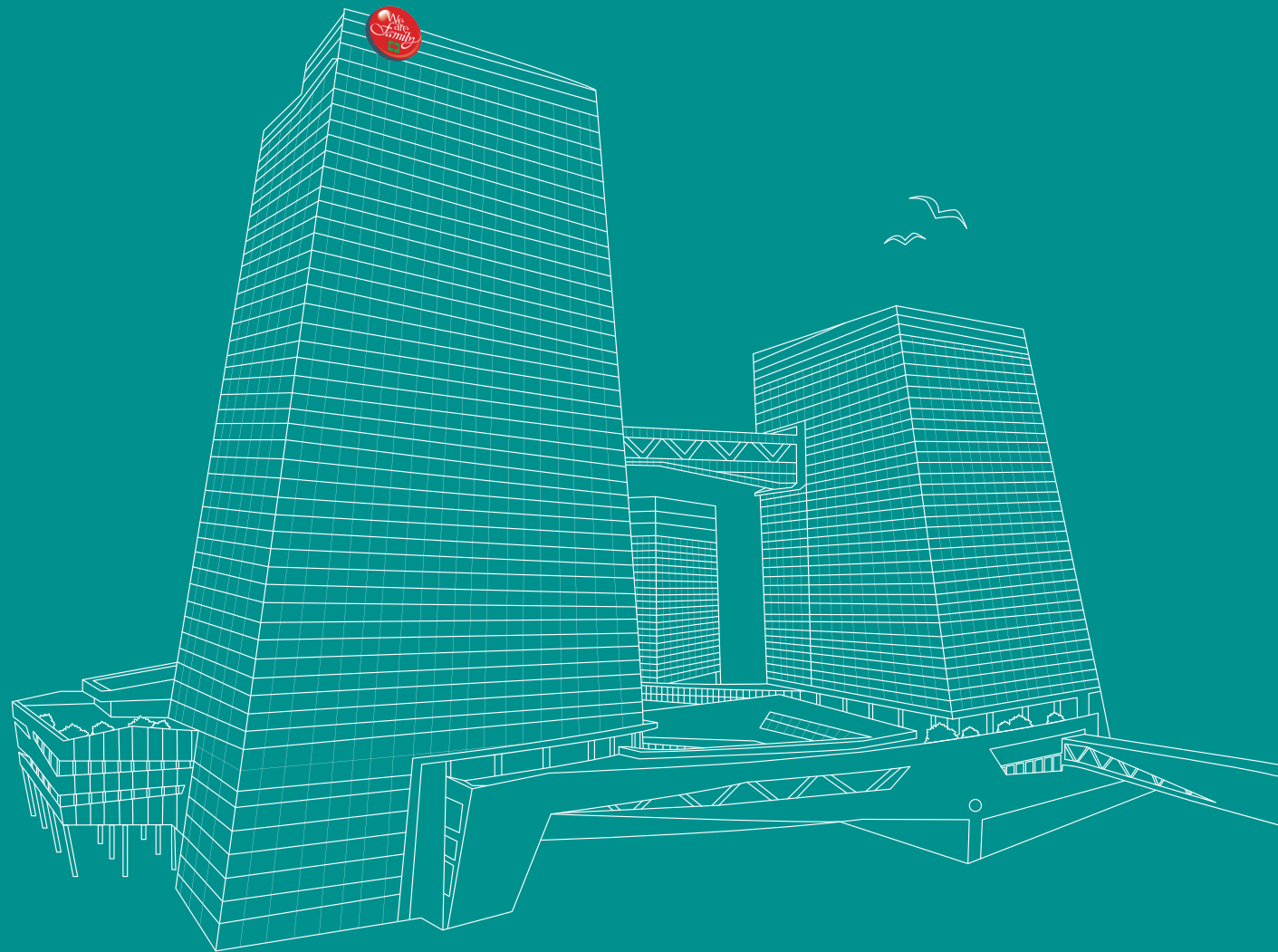
James Chen

A handwritten signature in white ink that reads "James Chen". The signature is fluid and cursive, written on a dark teal background.

# ABOUT CTBC HOLDING

- 1.1 Basic information
- 1.2 Business performance
- 1.3 Our global presence
- 1.4 Financial disclosures
- 1.5 Credit ratings

1





# About CTBC Holding

■ GRI 2-1, 2-6

## Basic information

Founded in 2002, CTBC Holding is guided by our "We are family" brand philosophy and brand principles of being caring, professional, and trustworthy. All employees are committed to implementing the principles of "idealism, positivity, diligence, and commitment". We are service-oriented and have always treated customers as our top priority. By listening to customers' needs and providing professional financing along with rigorous risk management, we persistently cultivate a wide range of customer solutions and comprehensive financial services. And in doing, so we are committed to building a brighter future with our employees, customers, and society.

## Comprehensive financial services

We are headquartered in Taipei, Taiwan, but our financial business spans over 370 locations in 14 countries and regions. CTBC Holding has eight subsidiaries, namely CTBC Bank, Taiwan Life, CTBC Securities, CTBC Asset Management, CTBC Venture Capital, CTBC Investments, CTBC Security, and Taiwan Lottery, and the banking subsidiary has the largest global presence of any Taiwanese bank. In 2022, CTBC Holding's after-tax net income totaled NT\$31.279 billion, with an 8.16% after-tax rate of return on common shareholder equity, among the highest in Taiwan's financial holding sector.

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

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

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

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

**CTBC Venture Capital** : Investment in the information technology, cultural and creative, consumer, biotech, renewable energy, conventional, 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, sales, promotion, redemption, and management of the public welfare lottery

### Headquarters

No. 168, Jingmao 2nd Rd., Nangang Dist., Taipei City

### Establishment

May 17, 2022

### Paid-in Capital

(NT\$ thousand)  
NT\$200,840,646

### Total assets

(NT\$ thousand)  
NT\$7,720,493,113

### Employees<sup>1</sup>

15,337

### Industries

Finance and insurance

### Stock code

2891

## Business performance

■ GRI 201-1

### Key performance indicators

CTBC Bank has a robust capital structure. Underscoring its stature, CTBC Bank has achieved 5 or above for two consecutive years in scores calculated using FSC screening criteria (i.e., scale, relevance, substitutability, and level of complexity) and has been designated a Domestically Systematically Important Bank (D-SIB). As such, it is considered a bank "too big to fail" and holds a significant market position as well as sufficient risk appetite.

Key performance indicators	2022	2021	2020	2019	2018
<b>CTBC Holding</b>					
Capital adequacy ratio	118.54%	130.87%	125.03%	115.72%	117.94%
<b>CTBC Bank (consolidated)</b>					
Capital adequacy ratio	14.06%	14.63%	14.61%	13.84%	14.12%
Non-performing loan ratio	0.49%	0.57%	0.49%	0.34%	0.43%
Loan loss provision coverage ratio	332.15%	293.87%	272.01%	386.64%	296.26%

## Operating results

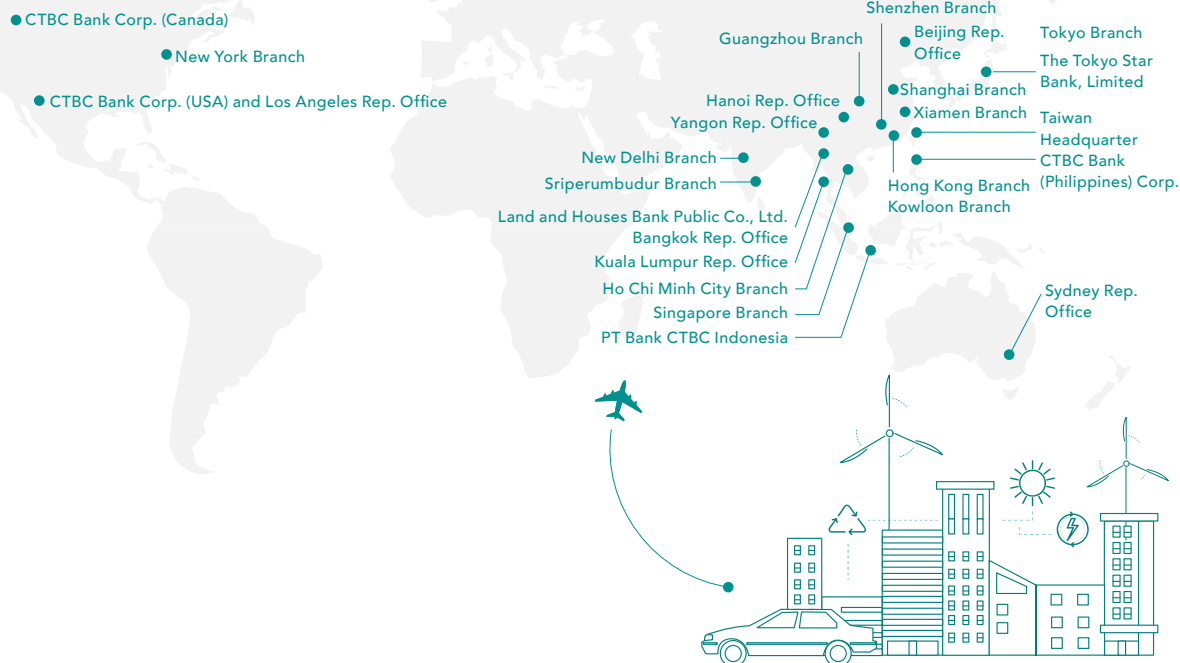
In 2022, the net revenue and after-tax net profit of CTBC Holding were NT\$139.25 billion and NT\$31.28 billion, respectively. Our earnings per share were NT\$1.55 and our paid-in capital was NT\$200.84 billion. Total assets grew by NT\$636.97 billion to reach NT\$7.72 trillion.

Changes in the financial environment last year affected business management across all industries. In addition, the claims from epidemic prevention insurance policies as a result of the worsening COVID-19 situation in Taiwan affected the profitability of the financial sector. In dealing with the aforementioned changes, CTBC Holding continued to demonstrate strong operational resilience. In particular, our core subsidiary CTBC Bank achieved a record-breaking after-tax profit of NT\$37.1 billion, securing its position as the most profitable bank in Taiwan. Nevertheless, another core subsidiary, Taiwan Life, was affected by the epidemic prevention insurance claims payouts of its property insurance subsidiary, leading to a slump in profits and an after-tax net loss of NT\$3.4 billion. However,

<sup>1</sup> The boundaries include CTBC Holding, CTBC Bank (including commission-based and part-time workers), Taiwan Life, CTBC Venture Capital, CTBC Asset Management, CTBC Securities, CTBC Investments, Taiwan Lottery, and CTBC Security; and does not include temporary workers, directors or supervisors, and offshore employees.

when excluding this one-time loss, Taiwan Life again led the industry in profitability. The epidemic prevention insurance incident has also been a valuable lesson for Taiwan Life to be more cautious in its future operation and management. Moving forward, it will strengthen its product design, risk control, and process optimization and will further develop its risk identification and control capabilities in order to stabilize the group's profits.

## Our global presence (CTBC Bank)



## Financial disclosures | GRI 201-1

Unit: NT\$ million

	Analysis item	2022	2021	2020	2019	2018
Basic financial information	Total assets	7,720,493	7,083,526	6,616,667	6,219,435	5,753,248
	Shareholders' equity <sup>2</sup>	369,496	430,455	405,231	381,139	315,072
	Net revenue	139,252	186,058	194,406	264,718	314,375
	Net profit after tax <sup>2</sup>	31,279	54,205	42,853	42,880	36,032
Operating capabilities <sup>3</sup>	Total assets turnover (times)	0.02	0.03	0.03	0.04	0.06
	Ratio of loans to deposits of banking subsidiary (%)	66.90	63.85	63.22	67.35	69.73
	NPL ratio of banking subsidiary (%)	0.12	0.16	0.23	0.17	0.22
	Average operating revenue per employee	6	9	9	13	16
	Average profit per employee (after tax)	1	3	2	2	2
Profitability <sup>3</sup>	Return on assets (%)	0.44	0.79	0.67	0.72	0.65
	Return on common equity (%)	8.16	13.70	11.53	13.04	12.09
	Net income ratio (%)	23.42	29.02	22.04	16.20	11.46
	Earnings per share (NT\$)	1.55	2.73	2.15	2.16	1.85

	Analysis item	2022	2021	2020	2019	2018
Financial structure	Ratio of debt to total assets (%)	94.91	93.61	93.87	93.87	94.52
	Financial holding company's double leverage ratio (%)	121.54	115.26	115.24	115.63	118.36
Scale of operations	Market share by assets (%)	10.44	10.03	10.05	10.35	10.33
	Market share by net worth (%)	9.39	8.72	8.27	8.58	8.55
	Market share by deposits of banking subsidiaries <sup>4</sup> (%)	6.81	6.43	6.33	6.19	5.94
	Market share by loans of banking subsidiaries <sup>4</sup> (%)	6.38	5.79	5.59	5.61	5.50

<sup>2</sup>Shareholders' equity refers to the equity attributable to owners of the parent company; Net profit after tax refers to the net profit attributable to owners of the parent company.

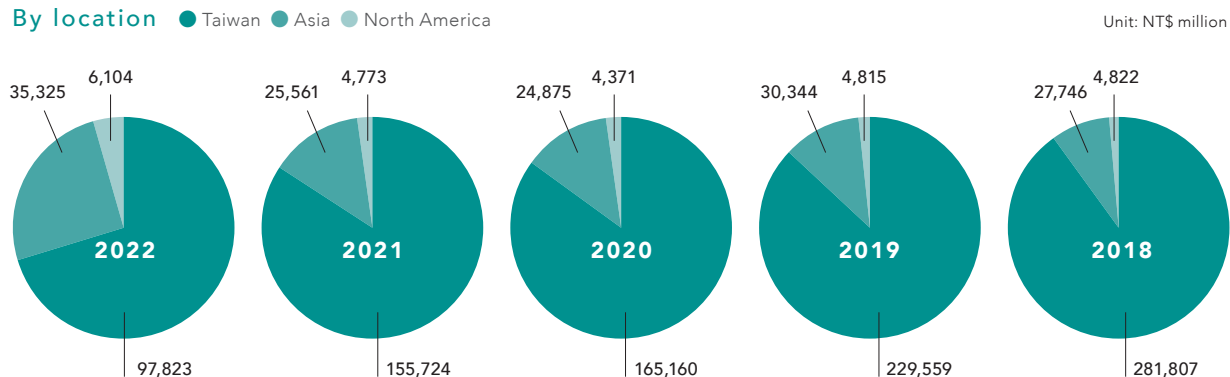
<sup>3</sup>Reasons for variations exceeding 20% of the financial ratios for the past two fiscal years:

- (1) The decline of total asset turnover (times) was mainly due to the decrease of net revenue and increase of average total assets in 2022.
- (2) The decline of the NPL ratio of banking subsidiary was mainly due to the decrease of non-performing loans and increase of total loans in 2022.
- (3) The decrease of average operating revenue per employee was mainly due to the decrease of net revenue in 2022.
- (4) The decrease of average profit per employee and earnings per share were mainly due to the decrease of net income after tax in 2022.
- (5) The decrease of return on assets ratio was mainly due to the decrease of net income after tax and increase of average total assets in 2022.

<sup>4</sup>The market share of deposits and loans of CTBC Bank is on a non-consolidated basis.

## Revenue breakdown

By location ● Taiwan ● Asia ● North America



### By revenue

Unit: %

	2022	2021	2020	2019	2018
Net revenue from interest	91.29%	58.45%	56.10%	41.79%	32.53%
Net revenue from processing fees and commissions	19.73%	14.96%	11.85%	9.24%	6.48%
Net revenue from insurance business	(34.10) %	4.85%	17.17%	38.48%	55.39%
Other	23.09%	21.74%	14.89%	10.48%	5.60%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

### By industry

Unit: NT\$ thousand

Business category	2022		2021		2020		2019		2018	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
Banking	113,588,638	81.57%	97,123,104	52.20%	93,134,975	47.91%	99,423,624	37.56%	90,152,345	28.68%
Insurance	21,288,956	15.29%	82,366,252	44.27%	97,661,807	50.24%	162,728,698	61.47%	222,158,473	70.67%
Securities	1,860,609	1.34%	3,526,898	1.90%	2,232,206	1.15%	1,621,379	0.61%	1,295,583	0.41%
Other	2,514,096	1.81%	3,041,570	1.63%	1,377,333	0.71%	944,027	0.36%	768,190	0.24%
<b>Total</b>	<b>139,252,299</b>	<b>100%</b>	<b>186,057,824</b>	<b>100%</b>	<b>194,406,321</b>	<b>100%</b>	<b>264,717,728</b>	<b>100%</b>	<b>314,374,591</b>	<b>100%</b>

## Credit ratings

The credit rating outlook for CTBC Holding and subsidiaries CTBC Bank, Taiwan Life, CTBC Securities, CTBC Asset Management, and CTBC Venture Capital is "stable," reflecting our steady business development and risk management.

Subsidiary	Rating agency	Long-term	Short-term	Outlook	Publication date
CTBC Holding	Moody's	A3		Stable	Mar. 29, 2023
	S&P Global Ratings	BBB	A-2	Stable	Nov. 8, 2022
	Taiwan Ratings	twAA-	twA-1+	Stable	Nov. 8, 2022
CTBC Bank	Moody's	A1	P-1	Stable	Mar. 29, 2023
	S&P Global Ratings	A	A-1	Stable	Nov. 8, 2022
	Taiwan Ratings	twAA+	twA-1+	Stable	Nov. 8, 2022
Taiwan Life	S&P Global Ratings	BBB+ (financial strength)		Stable	Nov. 3, 2022
	Taiwan Ratings	twAA (financial strength)		Stable	Nov. 3, 2022
CTBC Securities	S&P Global Ratings	BBB	A-2	Stable	Nov. 20, 2022
	Taiwan Ratings	twAA-	twA-1+	Stable	Oct. 19, 2022
CTBC Asset Management	Taiwan Ratings	twA+	twA-1	Stable	Jul. 25, 2022
CTBC Venture Capital	Taiwan Ratings	twA	twA-1	Stable	Oct. 28, 2022

# SUSTAINABILITY ROADMAP

- 2.1 Sustainability milestones
- 2.2 Sustainability highlights
- 2.3 Sustainable governance, management, and strategy
- 2.4 Communication with stakeholders and materiality analysis
- 2.5 Sustainability goals and performance

2



## 2.1 Sustainability milestones



1985

### Light up a Life

Launched annual charity fundraiser

2012

Implemented the separation of management and ownership

Joined CDP (formerly the Carbon Disclosure Project)

2011

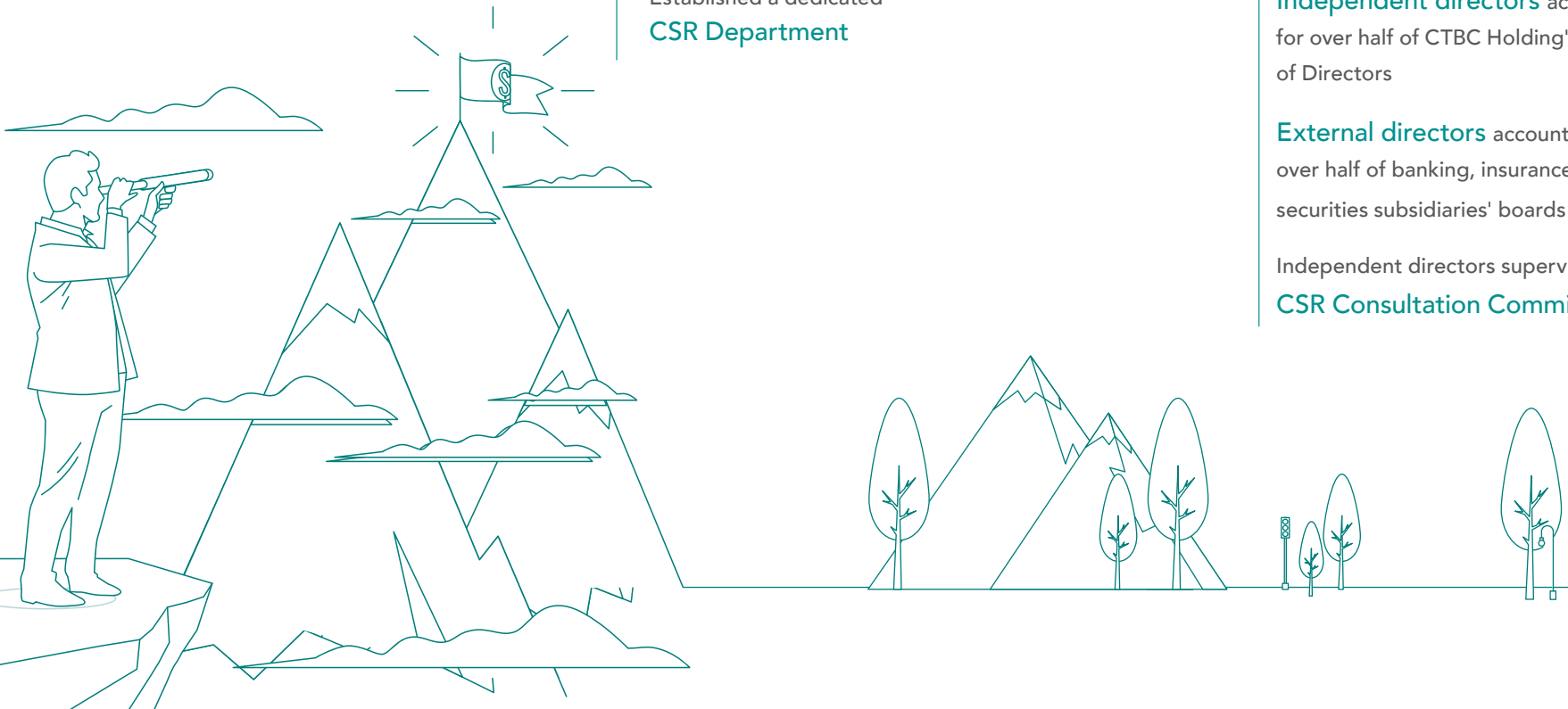
Established a dedicated CSR Department

2016

**Independent directors** accounted for over half of CTBC Holding's Board of Directors

**External directors** accounted for over half of banking, insurance, and securities subsidiaries' boards

Independent directors supervise the **CSR Consultation Committee**



## 2018

Established the Ethics and Integrity Committee under the Board of Directors

## 2020

Established Corporate Sustainability Department (formerly Corporate Sustainability Office)

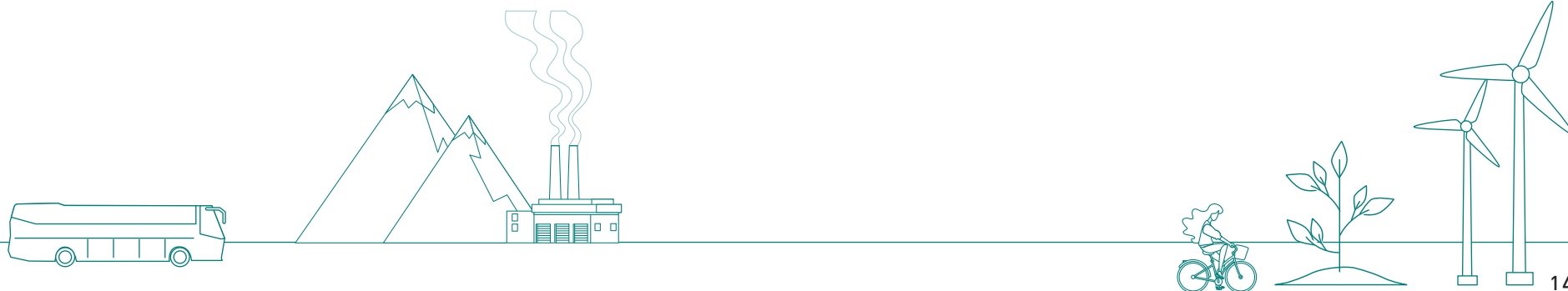
Joined Taskforce on Climate-related Financial Disclosures (TCFD)  
Partnership for Carbon Accounting Financials (PCAF)  
Global Impact Investing Network (GIIN)

## 2019

Joined or voluntarily complied with Equator Principles  
Principles for Responsible Investment  
Principles for Sustainable Insurance  
Principles for Responsible Banking

## 2022

Joined the Coalition of Movers and Shakers on Sustainable Finance  
Joined the Partnership for Biodiversity Accounting Financials (PBAF)  
Incorporated net zero by 2050 into the group's long-term goals for sustainable development  
Submitted science-based targets (SBT) emissions reduction goals  
Joined Taskforce on Nature-related Financial Disclosures (TNFD)



## 2.2 Sustainability highlights

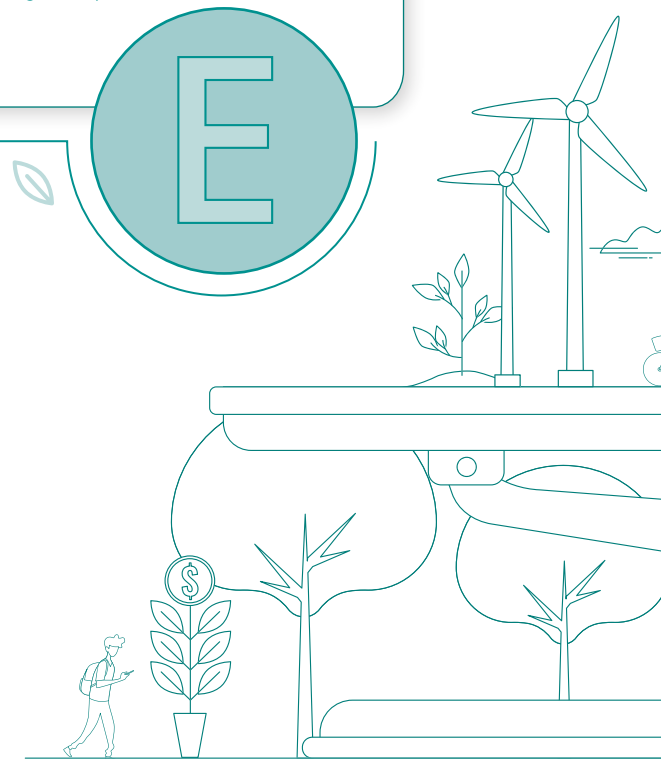


### Impact finance

- CTBC Bank's ESG Responsible Financing balance exceeded **NT\$233 billion**.
- Approved sustainable investment and financing amount from Taiwan Life totaled **NT\$55.9 billion**.
- The installation capacity of offshore wind farm Projects financed by CTBC Bank and Taiwan Life totaled **1,868MW**, representing an annual reduction of **3,561 kMtCO<sub>2</sub>** and providing clean energy for approximately **1,656,000** households.
- CTBC Bank's financing for the Greater Changhua 1 Southeast Offshore Wind Farm became the first Taiwan-based project to win the **PFI-Asia-Pacific Project Financing Award**.
- CTBC Investments launched **three ESG funds**, with a total value of nearly **NT\$19.5 billion**.
- CTBC's paperless transaction saved nearly **271.3 million** sheets of paper in 2022, representing an estimated reduction of **3,117 MtCO<sub>2</sub>**.<sup>1</sup>
- CTBC Bank's charity credit cards accumulated **NT\$20 million** in donations.
- The CTBC Poverty Alleviation Program issued **NT\$25.5 million** loans in 2022, with cumulative loans totaling over **NT\$200 million**.
- The total credit limit of CTBC Bank's international inclusive financing programs exceeded **NT\$2.9 billion**.
- Using the Impact Reporting and Investment Standards (IRIS+) themes of the Global Impact Investing Network (GIIN), we published **Taiwan's first Impact Investment Report**<sup>2</sup>.
- Received the **Institutional Impact (Financial Holdings Group) - Excellence honor at the Taiwan Sustainable Investment Awards**.

### Environmental

- The Board of Directors approved the inclusion of net-zero emissions by 2050 in the Company's long-term sustainability roadmap.
- Joined the **Science Based Targets initiative (SBTi)** and officially submitted our SBT targets at the end of the year.
- Joined the **CDP Science-Based Targets Campaign (CDP SBT)**.
- Joined the **Taskforce on Nature-related Financial Disclosures (TNFD)**.
- Signed the **Business for Nature initiative**.
- Joined the **Partnership for Biodiversity Accounting Financials (PBAF)**.
- Having previously become the first financial institution in Taiwan to join the **Partnership for Carbon Accounting Financials (PCAF)** and to serve as its Asia-Pacific chair as well as the only Asian member of the Global Core Team, we worked with 21 other renowned financial institutions worldwide to draft the **second edition of The Standard**, which was released in 2022.
- Participated in the pilot program of the Task Force on Nature-related Financial Disclosures (TNFD), led by the **U.N. Environment Programme Finance Initiative (UNEP FI)**. Our case study was included in the TNFD pilot program report published by UNEP FI in April 2023, making us the only financial institution from Greater China region to be included.
- Assisted the Environmental Protection Administration in formulating **carbon footprint of a product (CFP) - product category rules (PCR) for On-line financial service**.
- Being named one of the **2022 Asia-Pacific Climate Leaders by the Financial Times, Nikkei Asia, and Statista**.



<sup>1</sup>Refer to "4. Environmental" for more details on our paperless operations.

<sup>2</sup>Published in 2023.

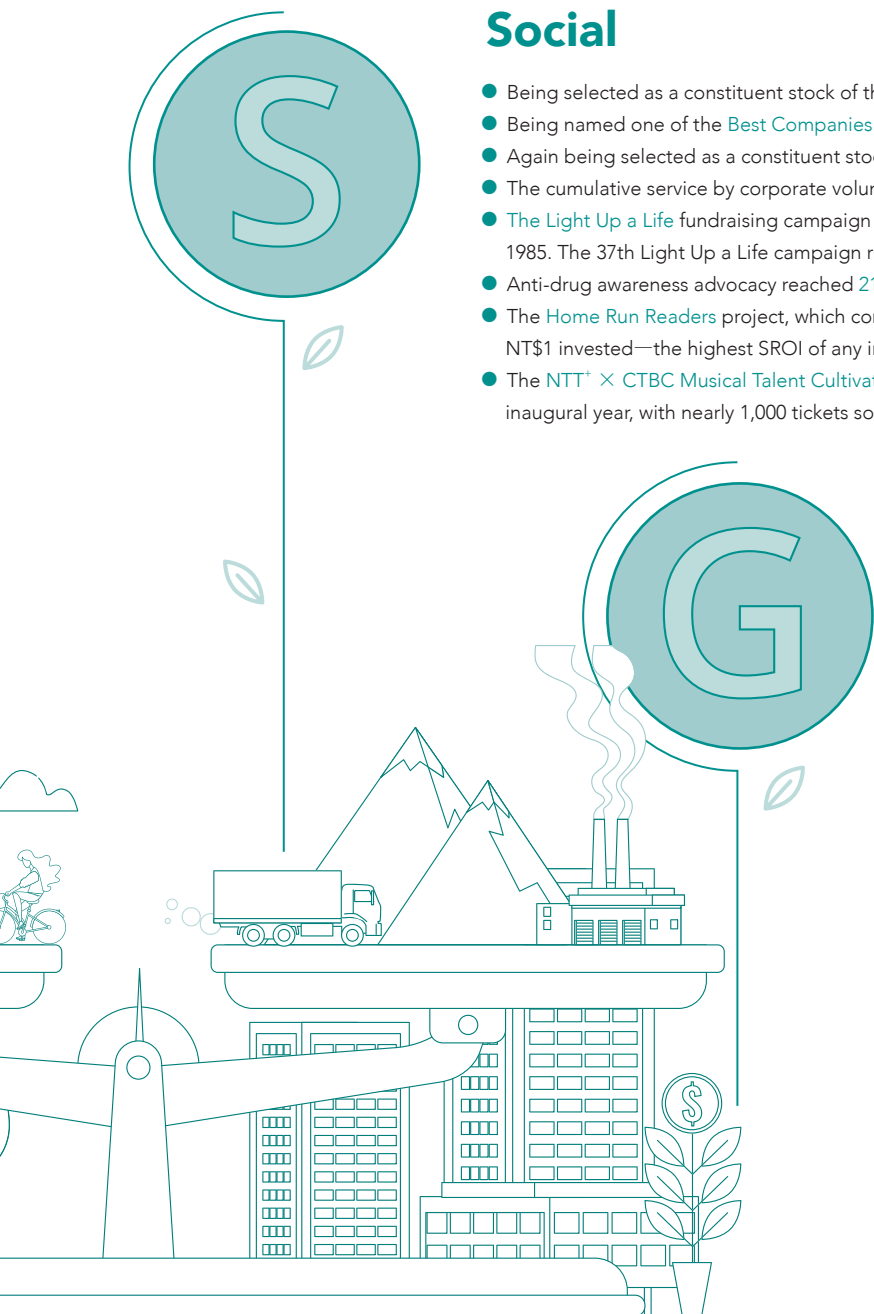
## Social

- Being selected as a constituent stock of the [Bloomberg Gender-Equality Index \(GEI\)](#) for the second consecutive year.
- Being named one of the [Best Companies to Work for in Asia](#) by HR Asia for the fifth consecutive year (2018-2022).
- Again being selected as a constituent stock of the [TWSE RAFI® Taiwan High Compensation 100 Index](#) by Taiwan Index Plus Corp.
- The cumulative service by corporate volunteers exceeded 168,000 hours, benefiting more than 106,000 underprivileged children.
- [The Light Up a Life](#) fundraising campaign marked its 38th year, having raised more than [NT\\$2.5 billion](#) in charitable donations and helped over 620,000 children since 1985. The 37th Light Up a Life campaign raised [NT\\$155 million](#).
- Anti-drug awareness advocacy reached 212,682 people for the year, and 910,000 people cumulatively.
- The [Home Run Readers](#) project, which connects 128 libraries and mobile book vehicles in 17 counties and cities, was found to yield [NT\\$8.99](#) of social value for every NT\$1 invested—the highest SROI of any internationally verified education-related program to be publicly disclosed in Taiwan.
- The [NTT+ × CTBC Musical Talent Cultivation Project](#), a pioneering one-stop-shop theater development project, staged six performances of two productions in its inaugural year, with nearly 1,000 tickets sold.

## Governance

- CTBC Holding, CTBC Bank, and Taiwan Life were awarded [Corporate Governance System Assessment CG6013 \(2021\)](#) certification with the highest rating (Outstanding) from the Taiwan Corporate Governance Association.
- Continued to be included as a constituent stock of the [DJSI World Index](#), [Emerging Market Index](#), [YearBook](#), [MSCI ESG Leaders Index \(AA rating\)](#), and [FTSE Social Responsibility Index-Emerging Markets Index](#).
- Published the [2021 Climate-related Scenario Analysis report](#) based on the Financial Stability Board's (FSB) [Taskforce on Climate Related Financial Disclosure \(TCFD\)](#) recommendations.
- Published our 2022 TCFD Report.<sup>3</sup>
- CTBC Bank served as the leading bank in the Climate Risk Management Project of the Bankers Association of the Republic of China, proactively guiding industry peers to conduct long-term climate-related stress testing.
- Being selected to join the [Coalition of Movers and Shakers on Sustainable Finance](#) established by the FSC and serve as the convener of its Information and Risk Control Group.
- Again being included as a constituent stock in the Greater China Business Sustainability Index, [ranking first in the Taiwanese financial industry](#), [second among Taiwanese companies](#), and sixth overall.
- Received the [Outstanding Contribution to Green Purchasing by a Private Enterprise Award](#) from the Environmental Protection Administration and Taipei City Government's Department of Environmental Protection for 13 and 14 consecutive years, respectively.
- Received the [Excellence in Corporate Social Responsibility honor in the Large Enterprises category](#) from Commonwealth Magazine, the [Platinum Award at Taiwan Financial Award](#), the [Platinum Award for Corporate Sustainability Report \(Financial and Insurance Industries\)](#) and the [Most Prestigious Sustainability Awards - Top Ten Domestic Corporates](#) at the Taiwan Corporate Sustainability Awards, and the [Best ESG Award \(General Financial Group\) - Excellence](#) at the Taiwan Banking and Finance Best Practice Awards.
- Prevented members of the public from falling victim to scammers on 1,733 occasions, saving them NT\$810,004,641—the most in the industry.

<sup>3</sup>Published in 2023





290 AWARDS WON IN 2022



**Best Branding,  
Best Banking  
and Best  
Insurance  
Company**



The Banker  
Top 1000 World Bank-No.158



Global Finance  
Best Bank in Taiwan



Euromoney  
Best Bank in Taiwan



Brand Finance  
Banking 500  
Top 500 Banking Brands – No.141



The Global Economics  
Best Life Insurance Company in  
Taiwan



Global Brands Magazine  
Best Life Insurance  
Company in Taiwan



**Business  
performance,  
products,  
and services**



APLMA  
Syndicated Project Finance Deal of  
the Year in Taiwan



The Asset  
Institutional Investor of the  
Year - Insurance in Asia Pacific



Global Finance  
Best Integrated  
Consumer Banking Site  
in Asia Pacific



IDC  
FIIA 2022 Special Award



Asia Asset Management  
Best Retail House  
ETF Manager of the Year



PFI  
Asia Pacific Deal of the Year -  
Greater Changhua 1  
Offshore Wind



**Fintech  
and digital  
innovation**



The Asian Banker  
Best Business Ecosystem  
Initiative in Asia Pacific



The Banker  
Most Innovative in Digital Banking  
in Asia Pacific  
Payment Category



CELENT  
Data, Analytics, and AI, global  
Celent Model Insurer Award



ASIAMONEY  
Best Bank for Digital Solutions



IDC  
Best in Future of Industry Ecosystems  
in Taiwan Ecosystems



Harvard Business Review  
Outstanding Operational  
Transformation Award - Model  
Award  
Business Model Transformation  
Award - Model Award



**Sustainable  
Governance  
and CSR**



S&P Dow Jones Indices, DJSI  
World Index  
Emerging Markets Index



Global Finance  
Outstanding Leadership in Sustainable  
Infrastructure Finance in Asia Pacific



The Asian Banker  
Achievement in Climate  
Risk Management  
in Asia Pacific



FinanceAsia  
Best Sustainable Bank in  
Taiwan



CommonWealth Magazine  
Excellence in Corporate Social  
Responsibility  
Large Enterprises - No. 7



Global Views Monthly  
CSR Awards  
Public Welfare Promotion Group  
- First Place

## 2.3 Sustainable governance, management, and strategy | GRI 2-13, 2-14, 2-22, 2-23, 2-24

### Sustainable governance and management

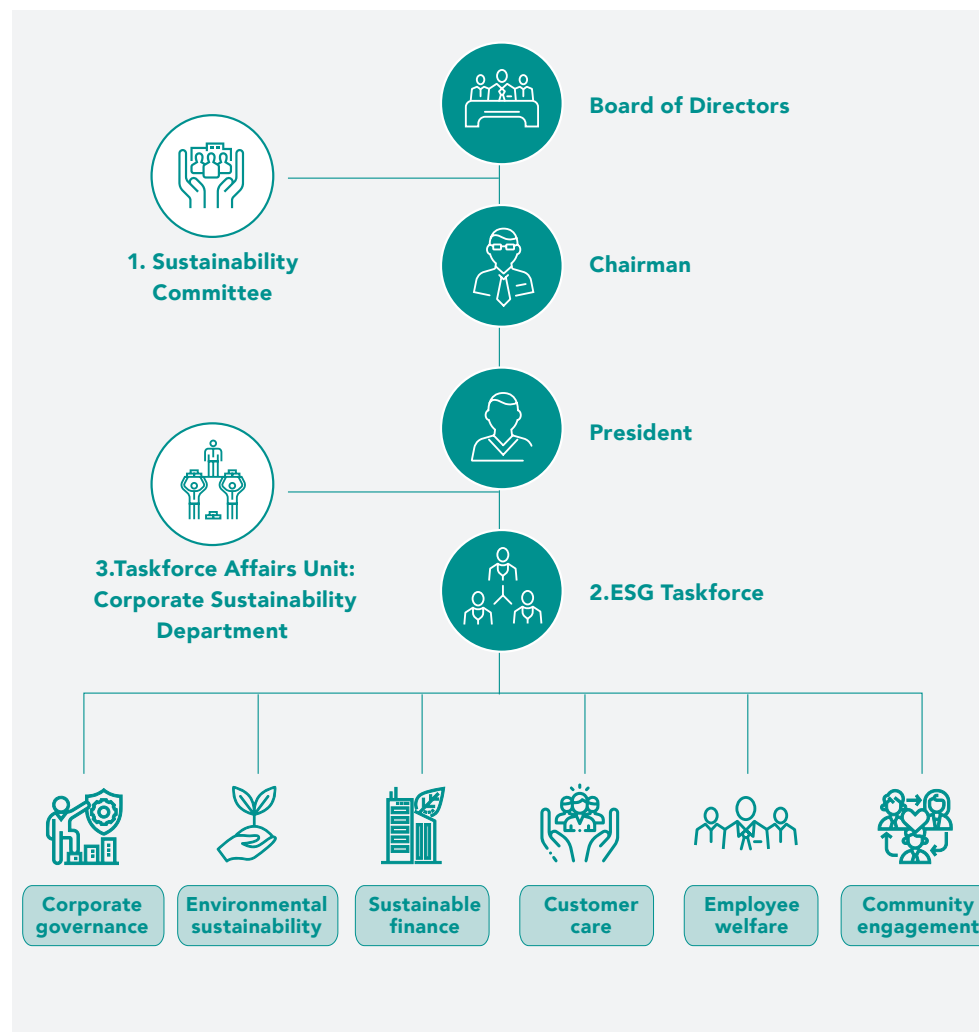
In addition to following the Ethical Corporate Management Best Practice Principles, Sustainable Development Best Practice Principles, Corporate Governance Best Practice Principles, and Procedures for Ethical Management and Guidelines for Conduct, CTBC Holding has formulated a Sustainable Management Policy. Furthermore, the Company is committed to realizing the U.N. Sustainable Development Goals (SDGs) in order to maintain its business growth, protect stakeholders' interests, and support sustainable environmental and social development.

To these ends, CTBC Holding has adopted a world-class three-tier sustainability management structure. The first tier, namely the Corporate Sustainability Committee, acts as the highest supervisory unit. The second tier is the ESG Taskforce, composed of top management teams, charged with carrying out daily sustainability-related work. The third tier is the Corporate Sustainability Department, which is responsible for integrating the corporate sustainability strategies and action plans of the Company and its subsidiaries.

#### I. Corporate Sustainability Committee

Comprised of independent directors, the Committee convenes at least twice a year and is responsible for reviewing and approving the annual corporate sustainability plan and strategic direction. It also oversees the implementation and effectiveness of various sustainability initiatives, and provides regular reports to the Board of Directors. In the event of material matters requiring resolution by the Board of Directors, prior approval from the Corporate Sustainability Committee is required. The ESG implementation status, sustainability performance, and important resolutions in 2022 have all been reported to the Board of Directors.

### CTBC Holding sustainability governance structure



## II.ESG Taskforce

The President of CTBC Holding is the ESG Taskforce's chairperson, while the functional heads of CTBC Holding and the presidents of its subsidiaries serve as members. The taskforce establishes project teams and develops action plans focusing on six major areas: corporate governance, environmental sustainability, sustainable finance, customer care, employee welfare, and community engagement. Meetings are held every quarter and the task force supervises the progress of every project team.

In 2022, there were 14 teams working on projects across the six major areas. Specifically, the project teams' focuses were corporate governance, legal compliance, internal audits and controls, environmental sustainability, climate-related financial disclosures, responsible banking, innovative digital finance,

responsible investment, sustainable insurance, customer care, charity care and social investment, Taiwan Lottery, supporting cultural and creative industries, and employee care and development.

## III. Corporate Sustainability Department

The Corporate Sustainability Department reports directly to the President of CTBC Holding and is responsible for coordinating and driving the Company's sustainability strategy. This includes supporting domestic and international initiatives. Through twice-monthly meetings with subsidiary companies and business units, the department ensures alignment of objectives, brings together resources, and fosters collaborative development of sustainability projects within the group.

## 2022 corporate sustainability governance and management meeting

Meeting	Meetings held to discuss corporate sustainability related proposals	Matters for approval/discussion
Board of Directors	7	<ul style="list-style-type: none"> <li>• Incorporation of net-zero emissions by 2050 into the Company's long-term sustainable development roadmap</li> </ul>
Corporate Sustainability Committee	7	<ul style="list-style-type: none"> <li>• Participation in the FSC's Coalition of Movers and Shakers on Sustainable Finance</li> <li>• Reporting the 2021 corporate sustainability implementation results</li> <li>• Reporting the 2022 Sustainability Report framework</li> <li>• Reporting the implementation of GHG inventory and verification</li> </ul>

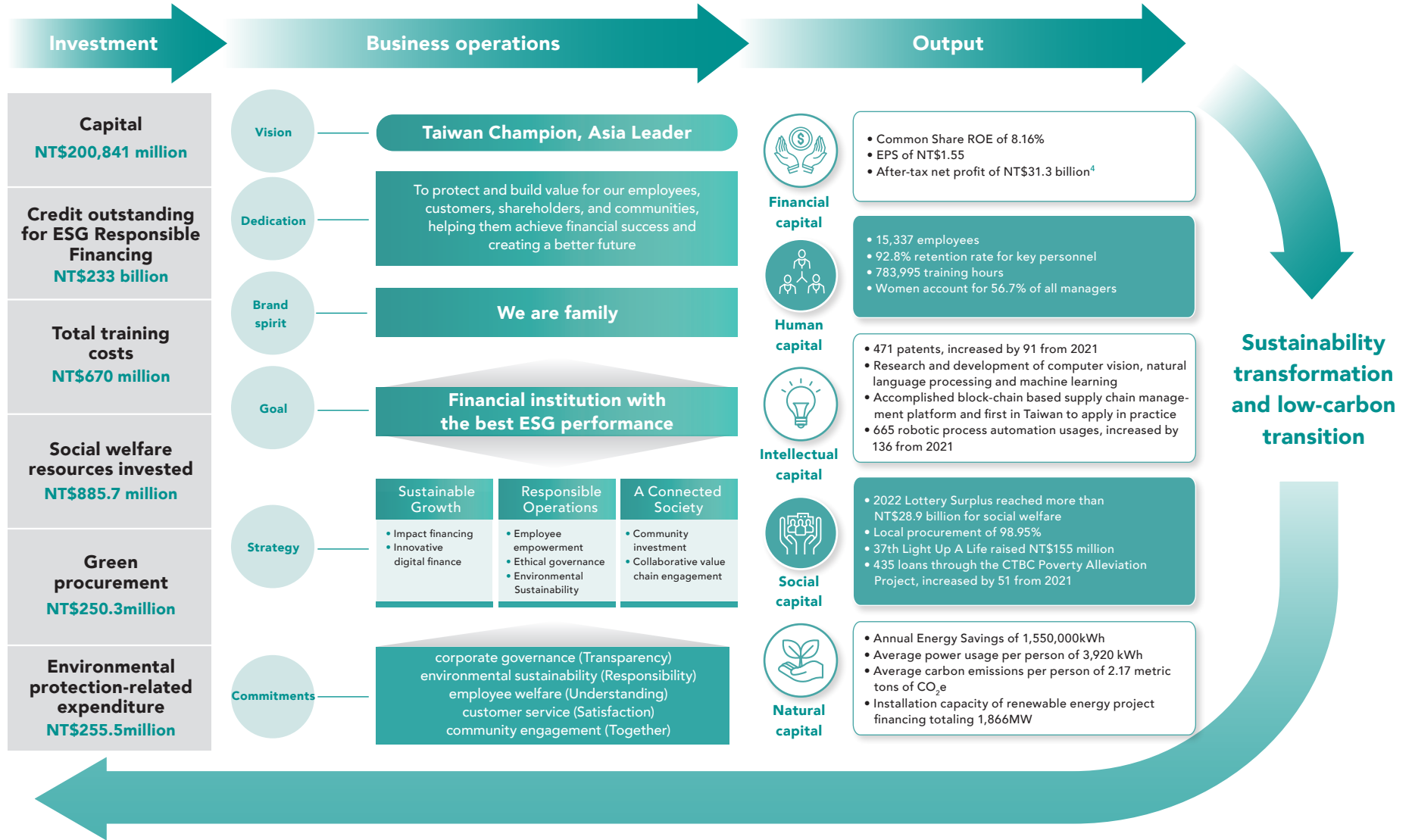
# Sustainability strategy

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 (Transparency), environmental sustainability (Responsibility), employee welfare (Understanding), customer service (Satisfaction), and community engagement (Together). And, in addition to proactively responding to the SDGs, we also promote the low-carbon economy and inclusive finance as well as implement sustainable operations through low-carbon transition and sustainability transformation.



## Sustainable value creation process

We referenced the International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC) and extended our development strategy according to our key capital in order to guide our sustainable management.



<sup>4</sup>Taiwan Life was affected by significant epidemic prevention insurance claims payouts.

# 2.4 Communication with stakeholders and materiality analysis

■ GRI 2-26, 2-29, 3-1, 3-2, 3-3

## Stakeholder communication

Using the AA1000 Stakeholder Engagement Standard, we have identified "customers," "investors," "government," "community," "suppliers," and "employees" as our six key stakeholder groups and established multiple transparent communication channels to gather, analyze, and communicate issues of concern to them. The aim of these efforts is to enable stakeholders to understand how CTBC Holding is implementing corporate sustainability.

The governance and implementation of stakeholder communication occurs across three management levels:

- 1.The results of the annual communication of material sustainability issues with stakeholders are reported by the Corporate Sustainability Department to the Corporate Sustainability Committee and the Board of Directors before the end of the respective year.
- 2.The ESG Taskforce incorporates stakeholder concerns into the annual sustainability plan and daily operations, conducting tracking and review processes.
- 3.The communication and engagement activities during day-to-day operations are summarized in the annual Sustainability Report, which is then reported to the Corporate Sustainability Committee and the Board of Directors in the following year. The Board of Directors and the Corporate Sustainability Committee oversee the effectiveness of communication and engagement efforts.

## Communication with stakeholders in 2022

### Customers

**Value enhancement:** Customers are the driving force behind the operations and growth of CTBC Holding.

CTBC Bank			
Channels	Frequency	Results in 2022	Corresponding materiality
<p><b>Division</b> CTBC Bank Customer Service Center</p> <p><b>Website</b> <a href="https://csccontact.ctbcbank.com/contactme/">https://csccontact.ctbcbank.com/contactme/</a></p> <p><b>Telephone</b> 0800-024-365 (24-hour customer hotline) 0800-057-034 (24-hour customer complaint hotline)</p>	<ul style="list-style-type: none"> <li>• 24-hour customer service, 24-hour automated customer service, and real-time text-based online customer service – anytime</li> <li>• Customer satisfaction surveys – anytime</li> <li>• Online and offline financial seminars – monthly/quarterly/annually</li> </ul>	<ul style="list-style-type: none"> <li>• CTBC Bank prevented members of the public from falling victim to scammers on 1,733 occasions, saving them NT\$810,004,641—the most in the industry.</li> <li>• More than 30 customer satisfaction surveys and public opinion monitoring activities were conducted, covering both physical and online touchpoints. Over 660,000 responses were collected, showing a customer satisfaction rate of 89%.</li> <li>• Smart customer chatbot service Agent C served customers on 12 million occasions, with a satisfaction rate of 92%.</li> <li>• Nearly 200 online and offline seminars were held, with over 10,000 participants.</li> </ul>	<p>(2). Risk management</p> <p>(5). Customer relationship management</p>

### Stakeholder testimony

"Thank you to representative no. 176. I was temporarily unemployed due to the pandemic and couldn't pay my credit card bills, so I called the hotline for help. The customer service representative explained the long-term revolving credit conversion to installment plan very well. I hope that every customer representative can understand the company's plans and help customers as well as her. Please thank her for her explanation for me again. She helped alleviate the stress of credit card payments for me and has improved my perception of CTBC."

**Taitung Branch customer Ms. Chang**

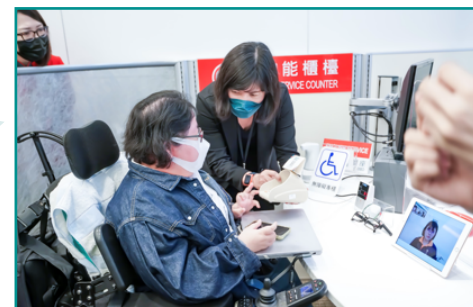


"I'd like to commend the counter staff member who assisted me in handling my business. She proactively informed me about some important points to note regarding account opening. Additionally, she was cautious in asking whether my companion was a friend to avoid potential scams. She processed my request with great efficiency and speed, and I really appreciate her service."

**West Tainan Branch customer**

"The service staff were incredibly thoughtful. I'm currently seven months pregnant, and they showed continuous concern for my well-being while I was waiting. Due to the longer waiting time during the transaction process, they invited me to rest in a nearby area. Among the many banks I visited that day, only CTBC provided such excellent service and hospitality. I'm extremely grateful."

**Sanhong Branch customer**



Taiwan Life			
Channels	Frequency	Results in 2022	Corresponding materiality
<b>Division</b> Taiwan Life Customer Service Center  <b>Email address</b> service@taiwanlife.com  <b>Telephone</b> Customer Service Hotline: 0800-099-850 or (02)8170-5156  Elderly Service Hotline: 0800-816-688 or (02)8170-9846  Policyholder Complaint Hotline: 0800-213-269	<b>Insurance adviser services</b> 1.Customer segment product demand communication (EDM) – monthly 2.Appointments made via the official website – anytime	<ul style="list-style-type: none"> <li>• 360,000 views per year</li> </ul>	(5) Customer relationship management  (6) Social impact
	<b>Member management</b> (online members/LINE/TeamWalk/call card) 1.Introduction to digital services section on official website – anytime 2.Online services via the policyholder website – anytime 3.Insurance application services on the online insurance application website – anytime 4.Online services in the TeamWalk app – anytime 5.Push notifications via the official LINE account – irregularly 6.Marketing activity information (EDM) – irregularly 7.Introduction to online services (EDM) – irregularly	<ul style="list-style-type: none"> <li>• The total number of online members was 550,261 people.</li> <li>• The number of online insurance applications was 41,234.</li> <li>• Taiwan Life's official LINE account had a total of 2.1 million friends.</li> </ul>	
	<b>Voice of the customer</b> 1.Daily: Customer Service Hotline (service hours: 8 a.m. to midnight, Monday to Sunday); customer service chatbot A Long, Speak Out feedback website, and customer complaint hotline. 2.As needed: Collection of VOC feedback via phone	<ul style="list-style-type: none"> <li>• VOC feedback: 1,148 cases</li> <li>• Positive customer feedback: 229</li> <li>• Customers served by chatbot A Long (launched in October 2022): 19,198 people</li> </ul>	
	<ul style="list-style-type: none"> <li>• Policyholder e-newsletters – monthly</li> </ul>	<ul style="list-style-type: none"> <li>• Sent 12 times throughout the year</li> </ul>	

**Stakeholder testimony**

"I'm an older policyholder and wanted to apply for a policy loan. When I contacted customer service, the representative recommended registering as an online policyholder, which would make the process of applying for a policy loan more convenient. The customer service representative was extremely enthusiastic and patiently explained the process to me step by step. They guided me through the registration and I completed all the necessary application procedures. They also reminded me that the funds would be credited to me by 3 p.m. the next day. The warm and dedicated service provided by the representative made me feel valued and appreciated. Once again, I would like to express my gratitude for the excellent service from Taiwan Life's caring customer service team."

**Customer service hotline caller**



CTBC Securities			
Channels	Frequency	Results in 2022	Corresponding materiality
<p><b>Division</b> CTBC Securities Customer Service Center</p> <p><b>Email address</b> service@ctbcsec.com</p> <p><b>Telephone</b> 0800-024-365-&gt;5&gt;2 (8 a.m. to 6 p.m.) or (02)-66392345 (8 a.m. to 6 p.m.)</p>	<ul style="list-style-type: none"> <li>• Customer service representative hotline (8 a.m. to 6 p.m.)</li> <li>• Online live chat with customer service representative (8 a.m. to 6 p.m.)</li> <li>• 24-hour smart customer services</li> <li>• Customer satisfaction survey – monthly</li> </ul>	<ul style="list-style-type: none"> <li>• Since its launch in July 2022, smart customer service chatbot Holly served customers on a total of 5,700 occasions, answering 21,200 questions.</li> <li>• The customer service representative hotline handled 72,000 calls.</li> <li>• A customer satisfaction survey conducted on the digital platform received 1,644 responses, with a satisfaction rate of 87%.</li> </ul>	(5) Customer relationship management

### Stakeholder testimony

A customer encountered difficulty logging on to the Wealth King platform after switching to a new computer, which lacked a digital certificate. The customer service representative confirmed with the customer that the old computer could still log on to the platform. Therefore, the representative guided the customer step-by-step to use the assistant feature on the old computer to extend the certificate validity period and export a backup copy. The representative then instructed the customer on importing and installing the certificate on the new computer. This process successfully resolved the issue, and the customer was able to log on to the platform on the new computer. Throughout the service process, the customer service representative maintained a friendly and helpful attitude, creating a positive experience for the customer. The customer expressed great satisfaction with the service provided by the representative online.

A customer received a document review notification and attempted to upload the required documents through the CTBC Service Plus app. However, they encountered errors and were unable to proceed with the data update process. As a result, they contacted the customer service center for assistance. During the call, the customer service representative communicated with the customer to identify the issue. They determined that the problem was likely due to the customer using an outdated version of the app. The representative kindly instructed the customer to update the app and provided step-by-step guidance to ensure the installation of the updated version. This allowed the customer to successfully complete the document upload for the review process. The customer expressed great satisfaction and praised the customer service representative online for their kind, professional, and enthusiastic service.

An older customer, who is a foreign national, recently received a password verification letter. However, the customer was not familiar with using computers, so called customer service for assistance. During the call, the customer's unfamiliarity with computer operations was taken into account, and the customer service representative patiently guided the customer through the process of installing the computer certificate. The customer was very satisfied with the assistance provided by the representative and expressed sincere gratitude online.

CTBC Investments			
Channels	Frequency	Results in 2022	Corresponding materiality
<p><b>Division</b> CTBC Investments customer services</p> <p><b>Email address</b> cs@ctbcinvestments.com</p> <p><b>Telephone</b> (02)2652-6699 (9:00 a.m. to 5:30 p.m.)</p>	<ul style="list-style-type: none"> <li>• Customer service hotline (9 a.m. to 5:30 p.m.)</li> <li>• Customer service email – anytime, with replies during working hours.</li> </ul>	<ul style="list-style-type: none"> <li>• CTBC Investments customer service team served nearly 10,000 people.</li> <li>• An online program, "Tuesday Fund Talks," is live-streamed weekly. It features CTBC Securities speakers and outside experts discussing investment trends. Since its launch in 2020, the program has aired 116 episodes, and the YouTube channel has gained 5,704 subscribers with a total of 101,203 views.</li> </ul>	(2) Risk management (5) Customer relationship management



**Investors**

**Value enhancement:** Investor feedback and opinions provide valuable insights that assist the Company's management in making strategic decisions. Continuing effective, two-way communication strengthens the long-term support of investors, serving as a driving force for the Company's steady growth.

Channels	Frequency	Results in 2022	Corresponding materiality
<p><b>Division</b> Investors Relations Department</p> <p><b>Email address</b> ir@ctbcholding.com</p> <p><b>Telephone</b> (02)3327-7777 ext. 6653~6656</p>	<p><b>Frequency:</b> Investor information on Chinese and English websites – any time Investor Relations website in Chinese and English – any time Participation in investor meetings and forums – irregularly Operating performance announcements – monthly Investor conferences in Chinese and English – quarterly General shareholders' meeting – annually</p> <p><b>Name or platform of communication events:</b> Chinese and English CTBC Holding websites Chinese and English Investor Relations websites Investor meetings and forums/investor conferences/general shareholders' meeting</p>	<ul style="list-style-type: none"> <li>Organized 4 online investor conferences</li> <li>Convened 8 Chinese and English investor conferences</li> <li>Participated in 9 domestic and overseas online investor forums</li> </ul>	<p>(1) Ethical governance</p> <p>(2) Risk management</p> <p>(8) Responsible financing</p> <p>(9) Climate change actions and strategies</p>

**Stakeholder testimony**

"We greatly appreciate CTBC Holding's proactive efforts in promoting diversity and inclusivity, and we eagerly look forward to future developments."

"We are pleased to see that CTBC Holding has applied the TCFD framework in its risk management framework and has comprehensively disclosed important climate change adaptation strategies."



**Government**

**Value enhancement:** Actively participating in and complying with government regulations and policies demonstrates the Company's commitment to compliance and enhances its reputation for good governance.

Frequency	Results in 2022	Corresponding materiality
<ul style="list-style-type: none"> <li>Provide relevant information to facilitate the supervision and reviews of the competent authorities – irregularly</li> <li>Closely monitor the regulations issued by the competent authorities and establish/revise internal guidelines accordingly to ensure compliance with government regulations and policies – irregularly</li> <li>Participate in policy discussion meetings and briefing sessions organized by the competent authorities to stay updated on the latest regulatory developments and provide timely feedback and suggestions when appropriate – irregularly</li> </ul>	<ul style="list-style-type: none"> <li>Ranked among the top 6%–20% of performers in the 9th Corporate Governance Evaluation by the Taiwan Stock Exchange</li> <li>Included in the TWSE Corporate Governance 100 Index</li> <li>Commended for Outstanding Contribution to Green Purchasing by a Private Enterprise by the EPA</li> <li>Included in the TWSE RAFI® Taiwan High Compensation 100 Index</li> <li>Invited by the FSC to join the Coalition of Movers and Shakers on Sustainable Finance</li> <li>Assisted the EPA in formulating product category rules for the carbon footprint inventory of online financial services</li> <li>Proactively participated in the Financial Industry Net-Zero Working Platform and collaborated with the Joint Credit Information Center as the convener of the Data and Risk Management working group</li> <li>Published CTBC Bank's 2021 PRB self-assessment report</li> </ul>	<p>(2) Risk management</p> <p>(3) Information security</p> <p>(5) Customer relationship management</p> <p>(8) Responsible financing</p> <p>(9) Climate change actions and strategies</p>

**Community** Value increase: CTBC Holding actively establishes sustainable partnerships with communities to create shared value.

Frequency	Results in 2022	Corresponding materiality
<ul style="list-style-type: none"> <li>Participate in seminars – irregularly</li> <li>Organize lectures – irregularly</li> <li>Organize press conferences – irregularly</li> <li>Sponsor arts and culture, sports, academic, and environmental protection events – irregularly</li> <li>Organize charity events – annually</li> </ul>	<ul style="list-style-type: none"> <li>The 37th Light Up a Life campaign raised NT\$155.87 million, which was donated to the Child Welfare League Foundation's Rural Elementary School Student Care and Counseling Project, helping 326 elementary schools in remote areas; the Taiwan Dream Project, funding 28 sites; the CTBC Youth Baseball Project, sponsoring 26 schools' teams; and the Paper Windmill Educational Foundation, funding 17 performances in rural areas.</li> <li>Anti-drug advocacy efforts reached 212,682 people through 4 regional exhibitions, 73 community events, and 388 events at 154 schools</li> <li>The CTBC Arts Festival attracted 6,901 attendees. We invited 400 underprivileged students from remote areas to enjoy the international performances. The first collection of 800 limited-edition NFTs was fully redeemed, with collectors aged 26–35 accounting for 42% of the total. CTBC Painting Prize winners were exhibited at the Kuandu Museum of Fine Arts, attracting a total of 12,057 visitors. The Dreams Initiatives Project was awarded an Arts Education Contribution Award from the Ministry of Education and the Gold honor in the Social Inclusion category at the Taiwan Sustainable Action Awards, having now cumulatively won 25 domestic and international awards.</li> </ul>	(6) Social impact (8) Responsible financing

**Suppliers** Value enhancement: Suppliers are important partners for CTBC Holding in carrying out its day-to-day business operations and expanding the overall sustainable impact of the Company.

Channels	Frequency	Results in 2022	Corresponding materiality
Division General Administration Department  Email address chuan.hsu@ctbcbank.com  Telephone (02)3327-7777 ext. 6904	<ul style="list-style-type: none"> <li>Business meetings and price-negotiation meetings – irregularly</li> <li>Supplier conferences – annually</li> <li>Supplier risk investigations – irregularly</li> <li>Stakeholder section of website – anytime</li> </ul>	<ul style="list-style-type: none"> <li>A total of 131 frequently engaged suppliers completed the sustainability risk self-assessment survey.</li> <li>A supplier conference was held to discuss the impact of environmental, labor, and human rights factors on sustainable procurement strategies. A total of 155 suppliers attended.</li> </ul>	(2) Risk management (4) Regulatory compliance

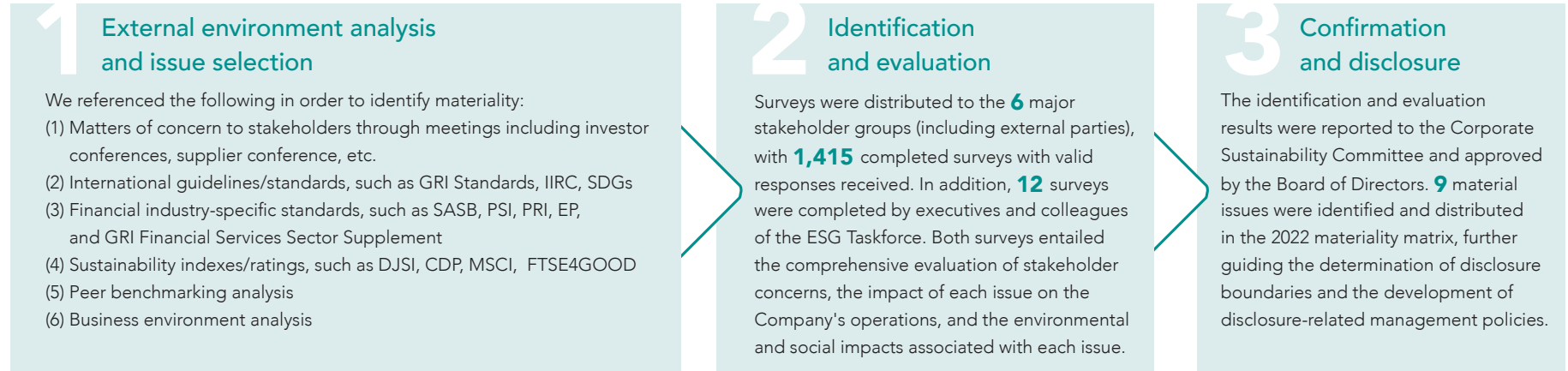
**Employees** Value increase: Employees are the Company's most important asset. Talent is the driving force behind corporate growth.

Channels	Frequency	Results in 2022	Corresponding materiality
Division CTBC Holding  Email address 0885@ctbcholding.com (employee complaint mailbox)  Telephone (02)3327-8804 (stakeholder section)	<ul style="list-style-type: none"> <li>People and Matters e-newsletter – monthly</li> <li>Mobilization meetings – quarterly</li> <li>Employee communication and complaint channels – irregularly</li> <li>Employee health seminars – irregularly</li> <li>Quarterly reviews and 360-degree feedback – regularly</li> <li>Sales personnel complaint hotline and mailbox – any time</li> <li>Ethical management education and training – annually</li> </ul>	<ul style="list-style-type: none"> <li>Issued 12 editions of the People and Matters e-newsletter</li> <li>Organized 4 mobilization meetings</li> <li>CTBC Bank organized 98 health promotion events, health seminars, and on-site doctor's visits, with 1,665 participants</li> <li>Annual ethical management education and training achieved a implementation rate of 100%</li> </ul>	(1) Ethical governance (2) Risk management (4) Regulatory compliance

# Materiality analysis

## Materiality analysis process

Based on the GRI standards (2021), CTBC Holding has developed systematic analysis methods and established three key stages, namely "external environment analysis," "identification and evaluation," and "confirmation and disclosure," for determining the material sustainability issues to guide its annual information disclosures and corporate sustainability governance. The Company conduct materiality analysis annually.



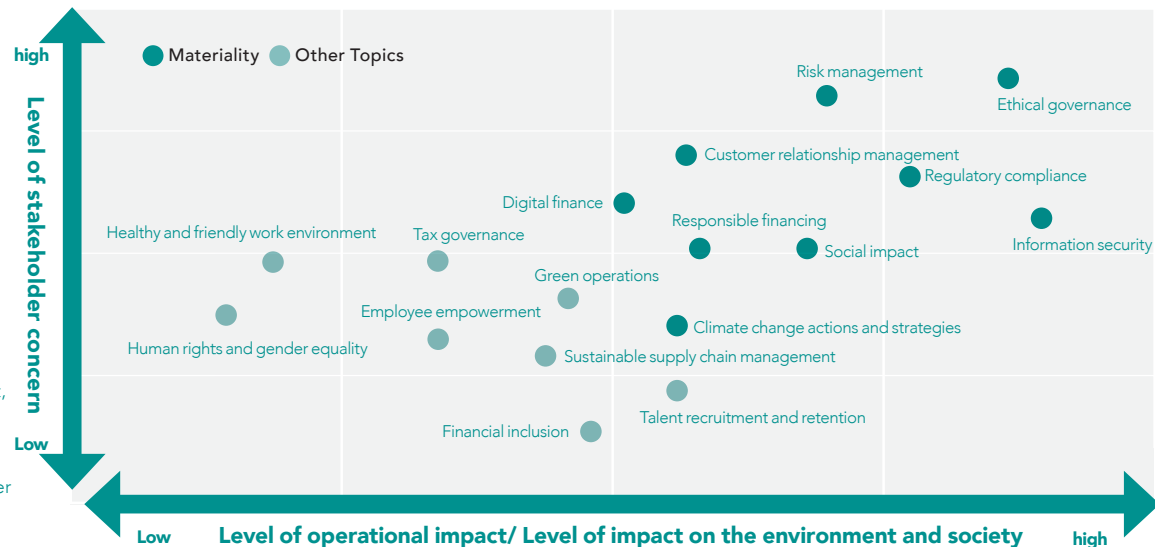
The 17 following sustainability issues <sup>5</sup> were identified			
	Materiality		Other Topics
1	Ethical governance	10	Green operations
2	Risk management	11	Sustainable supply chain management
3	Information security	12	Tax governance
4	Regulatory compliance	13	Talent recruitment and retention
5	Customer relationship management	14	Employee empowerment
6	Social impact	15	Financial inclusion
7	Digital finance	16	Healthy and friendly work environment
8	Responsible financing	17	Human rights and gender equality
9	Climate change actions and strategies		

<sup>5</sup> Compared to what has been disclosed in the 2021 Sustainability Report, "Labor rights" is deleted since the content of this item is included in "Talent recruitment and retention" and is disclosed regularly.

<sup>6</sup> Sorting criteria: value of the X axis (impact on operations and impact on the environment and society) multiplied by the Y axis (level of stakeholder concern). The sequence of above table and relatively position in the materiality matrix are based on the X multiplied Y.

## 2022 materiality matrix

The nine material issues for 2022 are the same as in 2021, differing only in their order<sup>6</sup>. This demonstrates CTBC Holding's understanding and grasp of the material issues over time.



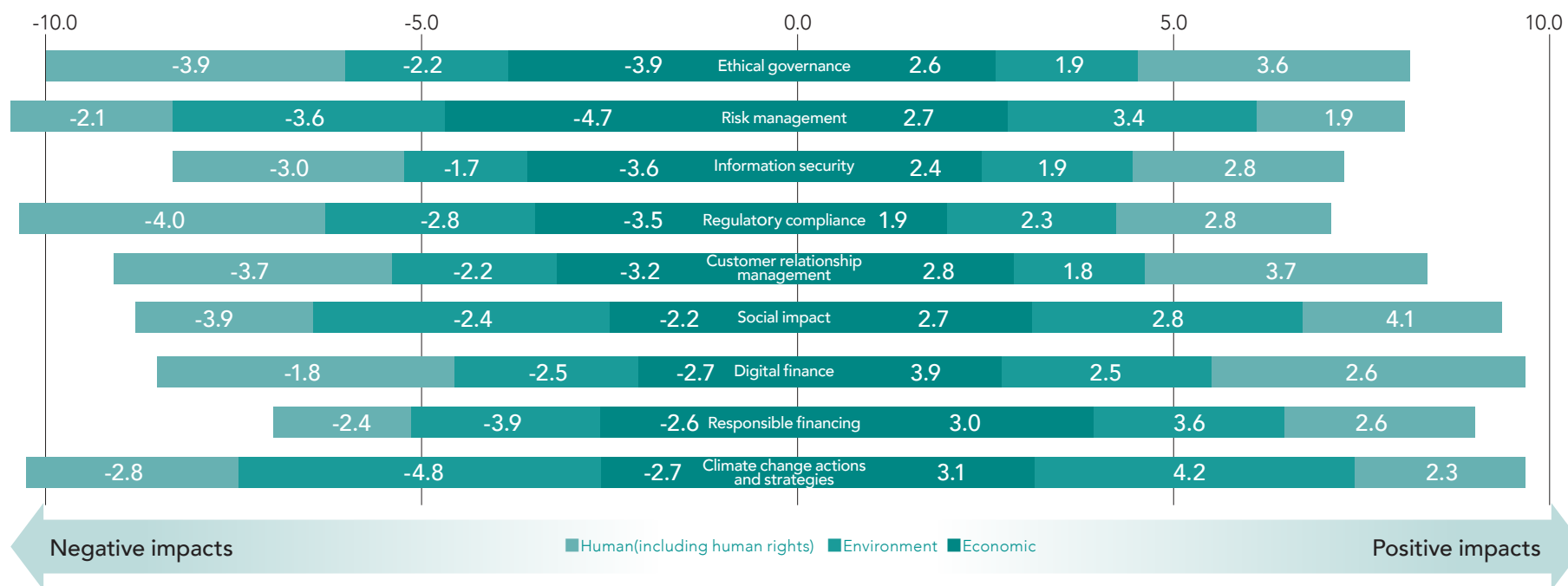
Integration of the materiality analysis into the overall Risk Management framework :

Of the abovementioned nine material issues, social impact is supervised by the Board of Directors by monitoring the performance in our five focal areas of welfare. The other eight material issues are subject to the three lines of defense and monitored accordingly by business units and support units, risk management units and regulatory compliance units, and internal audit units. For more details on management principles and regulations, refer to "06. Governance."



### Positive and negative impact assessment of material issues

The positive and negative impacts related to material issues are disclosed below in accordance with GRI Universal Standards 2021, GRI 3: Material Topics 2021. The assessment of these impacts was conducted by CTBC Holding's Corporate Sustainability Department, CTBC Bank's Corporate Planning Department, and CTBC Holding's Risk Management Department. These departments evaluated the respective issues, and an external consultant provided guidance and assistance in aggregating and calculating the results.



#### Positive and negative impact assessment results:

**1** Compliance issues: Risk management, regulatory compliance, climate change actions and strategies, and ethical governance have more significant negative impacts.

**2** A strong performance in terms of social impact, climate change actions and strategies, responsible financing, and digital finance will result in more significant positive impacts.

The material issues with significant positive and negative impacts are included in the annual work items of the ESG Taskforce for management and implementation. Refer to the table below for the material issues' corresponding chapters and refer to 2.5 Sustainability Goals and Performance for more details.

## GRI topics and boundaries of impact

The GRI topics of CTBC Holding's material issues for 2022 and boundaries of impact are shown in the following table. For the KPI goals and performance related to the material issues, refer to 2.5. Sustainability goals and performance. Relevant management approaches and performance highlights are provided in the corresponding chapters.

Material issue <sup>7</sup>	Corresponding GRI topic	Location of ESG impact						Corresponding section
		Internal Direct impact of CTBC Holding and subsidiaries	External					
			Direct connection due to business relationship with CTBC Holding and subsidiaries		Indirect impact of CTBC Holding, subsidiaries, and foundations			
			Customers	Suppliers	Government	Investors	Community	
Ethical governance	GRI 205 Anti-corruption	●	●	●	●	●	6.1 Ethical governance	
Risk management	GRI 201 Economic Performance	●	●	●	●	●	6.3 Risk management	
Information security	GRI 418 Customer Privacy	●	●		●	●	6.4 Information security	
Regulatory compliance	GRI 2 General Disclosures	●	●		●		6.2 Regulatory compliance	
	GRI 205 Anti-corruption							
Customer relationship management	GRI 417 Marketing and Labeling	●	●		●		3.1 Impact finance	
Social influence	GRI 413 Local Communities	●		●		●	5.2 Community investment	
Digital finance	GRI 203 Indirect Economic Impacts	●	●				3.2 Innovative digital banking	
Responsible finance	GRI 203 Indirect Economic Impacts	●	●		●	●	3.1 Impact finance	
Climate Change Actions and Strategies	GRI 302 Energy						4.2 Green operations	
	GRI 305 Emissions	●	●		●	●	4.3 Taskforce on Climate-related Financial Disclosures	

<sup>7</sup>The order of importance is determined based on the materiality analysis results.

## 2.5 Sustainability goals and performance | GRI 3-3

In 2022, CTBC Holding identified nine material issues, which are categorized into three major sustainability themes: Responsible Operations, Sustainable Growth, and A Connected Society. Our performance in, and short- and medium-term goals for, the material issues are as follows. For more details on KPI implementation, please refer to [Appendix:Sustainability KPIs](#).

### Responsible operations

Materiality	KPIs	2022 targets	2022 performance	Short-term targets (2023)	Medium-term targets (2027)
Ethical governance	<ul style="list-style-type: none"> <li>Implementation of diversification of the Board of Directors</li> <li>Optimization of the directors' professional competencies</li> <li>Dedication to excellent governance</li> <li>Strengthening of ethical governance</li> <li>Enhancement of information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>Diversity of Board members</li> <li>Continue to strengthen the connections between the Board of Directors and ESG</li> <li>Continue to be selected as a constituent stock of international indexes or maintain highly rankings in governance-related assessments</li> </ul>	<ul style="list-style-type: none"> <li>Maintained a majority of independent directors and added one female independent director</li> <li>Selected as a constituent stock by six international indexes and ranked among the top 6%–20% of performers in the 9th Corporate Governance Evaluation of TWSE-listed companies</li> <li>Awarded Corporate Governance System Assessment CG6013 (2021) certification with the highest rating (Outstanding) from the Taiwan Corporate Governance Association</li> </ul>	<ul style="list-style-type: none"> <li>Maintain being selected as a constituent stock of international indexes or maintain highly rankings in governance-related assessments</li> <li>Disclose governance-related information transparently and timely</li> <li>Comply with the principles of integrity</li> <li>Strengthen governance regulations and systems</li> <li>Enhance the efficiency of Board meetings</li> <li>Implement shareholder activism and information rights</li> </ul>	<ul style="list-style-type: none"> <li>Maintain being selected as a constituent stock of international indexes or maintain highly rankings in governance-related assessments</li> <li>Continue to improve corporate governance reputation</li> <li>Continue to implement ethical governance</li> <li>Expand the CTBC group's governance system</li> <li>Optimize the CTBC group's meeting procedures</li> <li>Strengthen the governance of the shareholders' meeting</li> </ul>
	[CTBC Bank]				
Risk management	Establishment of a comprehensive risk management mechanism to support effective capital utilization and ensure the sustainable and stable development of business operations	Reduce the financial impact of capital requirements in compliance with D-SIBs standards	To mitigate the financial impact, the Bank developed new forward-thinking risk management and risk warning mechanisms in 2022, refining its risk management technologies	Develop agile risk management systems to respond effectively and support business development, and keep up with developments in international risk management while aligning with Basel III	Maintain and strengthen the Bank's risk-bearing capacity as a D-SIB
	[Taiwan Life]				
	Strengthening of the Own Risk and Solvency Assessment and management goals	<ul style="list-style-type: none"> <li>Complete the setting of risk appetite</li> <li>Establish risk limits for each major risk category based on the risk appetite; implement regular monitoring and enforcement measures to address any breaches of these limits, in order to ensure that the subsidiary maintains capital adequacy and net worth ratios above the management target levels</li> <li>Perform quarterly economic value evaluations</li> </ul>	Targets achieved	Strengthen asset–liability management in accordance with international financial reporting guideline IFRS17 and solvency regulations	Continue to enhance the Own Risk and Solvency Assessment and management goal setting, investment plans, and connections between capital management and risk management, in order to improve risk appetite management

Materiality	KPIs	2022 targets	2022 performance	Short-term targets (2023)	Medium-term targets (2027)
[CTBC Bank]					
Information security	<ul style="list-style-type: none"> <li>Major personal data breach</li> <li>Major information security incidents</li> </ul>	<ul style="list-style-type: none"> <li>Major personal data breach: 0</li> <li>Major information security incidents: 0</li> </ul>	Targets achieved	1. Major personal data breach: 0 per year 2. Major information security incidents: 0 per year	
	[Taiwan Life]				
	<p>Taiwan Life places great emphasis on proactive prevention and preparedness in information security protection. The subsidiary has implemented the five key strategies of information security governance, security defense, monitoring and response, intelligence and collaboration, and personal data protection in order to comprehensively build a robust information security and personal data protection framework</p>	<ul style="list-style-type: none"> <li>Number of unpatched high-risk and medium-risk vulnerabilities in external website systems and source code is 0</li> <li>The whole company's computer virus or worm interception rate is less than 1%</li> <li>Scope of ISMS certification covers 100% of the information systems in the IT Department</li> <li>Scope of PIMS certification covers whole company</li> </ul>	Targets achieved	<p>Improve the Board's understanding of information security and consider information security risks when making business decisions, fostering an organizational culture that values information security</p>	<p>Adjust and improve based on the maturity assessment of information security governance, continue to be selected in the DJSI, and strive awards related to information security</p>
Regulatory compliance	<p>Establish a culture of compliance within the Company, and ensure regulatory compliance by maintaining comprehensive rules and regulations as well as concrete management mechanisms</p>	<ul style="list-style-type: none"> <li>Continue maintaining the compliance and AML/CFT training program for new employees</li> <li>Thoroughly monitor compliance risk events within the group</li> <li>Strengthen the efficiency of the group's AML/CFT information sharing mechanism</li> <li>Optimize the whistleblowing program and improve case-handling efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Training materials were updated to align with internal and external regulations; the completion rate for new employee training was 100%</li> <li>The immediate reporting rate of the group's major penalties and major compliance alerts was 100%</li> <li>The group's AML/CFT information-sharing operations were fully systematized</li> <li>The optimization of whistleblowing case handling and reporting procedures were completed</li> </ul>	<ul style="list-style-type: none"> <li>Continue to develop and promote the digitization of compliance affairs and enhance the efficiency of compliance management</li> <li>Effectively monitor the group's regulatory compliance risks and respond to risk events in real time</li> <li>Supervise the implementation of risk-based compliance inspections to strengthen the compliance awareness of the subsidiaries' frontline staff</li> <li>Continue to cultivate compliance talents and strengthen education and training on compliance</li> </ul>	<ul style="list-style-type: none"> <li>Fully digitalize routine compliance affairs to reduce labor and time consumption and improve the efficiency of compliance operations</li> <li>Continue to optimize and implement various compliance management mechanisms and effectively monitor the compliance of the Company's overall operations</li> </ul>
Climate change actions and strategies	<ul style="list-style-type: none"> <li>Regularly report climate change issues at ESG Taskforce meetings</li> <li>Conduct climate risk scenario analyses</li> <li>Publish TCFD reports</li> <li>Exposure amount for green energy (wind and solar power)</li> </ul>	<ul style="list-style-type: none"> <li>Integrate climate change risk factors into the business processes and strengthen the risk governance process</li> <li>Improve the methodology for climate risk scenario analysis and expand the evaluation scope</li> <li>Improve climate-related financial disclosures according to the TCFD framework</li> <li>Continue to invest in green finance investments and financing projects</li> </ul>	<ul style="list-style-type: none"> <li>The ESG Taskforce held four meetings and regularly tracked climate risk factors, opportunities, and response measures</li> <li>Conducted climate risk scenario analysis with reference to international organizations and standards such as NGFS and IPCC climate scenarios</li> <li>Disclosed the climate-related metrics in the 2021 Sustainability Report according to the TCFD framework, and published the 2021 Climate-related Scenario Analysis (Sustainability Report Supplementary Document) to provide a comprehensive disclosure of the execution results of climate risk scenario analysis for the year</li> <li>The exposure amount for green energy (wind and solar power) reached NT\$48.17 billion</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen physical risk assessments for overseas assets</li> <li>Improve the methodology for climate risk scenario analysis and extend the scope of evaluation</li> <li>Improve climate-related financial disclosures according to the TCFD framework</li> <li>Continue to invest in green finance investments and financing projects</li> </ul>	<p>Strengthen climate change risk management mechanisms and expand domestic green finance services to promote the transition to a low-carbon economy and facilitate the achievement of our targets of SBT</p>

# Sustainable growth

Materiality	KPIs	2022 targets	2022 performance	Short-term targets (2023)	Medium-term targets (2027)
Digital finance	<ul style="list-style-type: none"> <li>Digital customer satisfaction rate</li> <li>Digital transaction rate</li> <li>Digital insurance and digital security rates</li> </ul>	<ul style="list-style-type: none"> <li>Digital customer satisfaction rate: &gt; 90%</li> <li>Digital transaction rate: &gt; 85%</li> <li>Digital insurance and digital security rates: 95% and 70%</li> </ul>	Targets achieved	<ul style="list-style-type: none"> <li>Digital customer satisfaction rate: &gt; 90%</li> <li>Digital transaction rate: &gt; 90%</li> <li>Digital insurance and digital security rates: 95% and 85%</li> </ul>	<ul style="list-style-type: none"> <li>Digital customer satisfaction rate: &gt; 90%</li> <li>Digital transaction rate: &gt; 90%</li> <li>Digital insurance and digital security rates: 95%</li> </ul>
Impact finance	Sustainable investment and financing positions continues to grow	[CTBC Bank]			
		Strive to be the lead arranger and/or financial adviser for offshore wind power and/or solar power project financing and assist customers to achieve their financing goals	Targets achieved	<ul style="list-style-type: none"> <li>Strive to be the lead arranger and/or financial adviser for renewable energy (including offshore wind, solar, and thermal power) financing and assist customers to achieve their financing goals</li> <li>ESG responsible financing balance of NT\$250 billion</li> </ul>	Maintain a leading position in the green energy financing market
		[Taiwan Life]			
		Continue to grow sustainable investments and financing	Target achieved; ESG investments and financing totaling approximately NT\$49.7 billion, representing annual growth of approximately 20%	ESG investments and financing totaling approximately NT\$50 billion	ESG investments and financing totaling approximately NT\$55 billion
		[CTBC Securities]			
		Sustainable investments totaling approximately NT\$500 million	Targets achieved	Sustainable investments totaling approximately NT\$500 million	Sustainable investments totaling approximately NT\$700 million
		[CTBC Investments]			
		Develop at least 1 sustainable finance product	Target achieved; issued the CTBC ESG Carbon Transition Multi-Asset Fund	Develop at least 1 sustainable finance product every year	
[Venture capital]					
<ul style="list-style-type: none"> <li>Add 1 to 2 new ESG investments every year</li> <li>ESG investments account for 3%– 5% of new investment positions every year</li> </ul>	Targets achieved	<ul style="list-style-type: none"> <li>Add 1 to 2 new ESG investments every year</li> <li>ESG investments account for 3%–5% of new investment positions every year</li> </ul>			

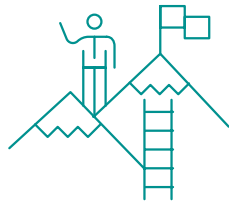


## A Connected Society

Materiality	KPIs	2022 targets	2022 performance	Short-term targets (2023)	Medium-term targets (2027)
Customer relationship management	Customer satisfaction	[CTBC Bank]			
		Retail banking customer satisfaction of 88%	Target achieved: Customer satisfaction of 89%	Retail banking customer satisfaction of 89% or No. 1 in NPS among competitors	
	TCF implementation	[Taiwan Life]			
		Maintain a positive NPS and increase NPS, or be No. 1 in NPS among competitors	In 2022, according to the survey of an external market research company, Taiwan Life has reached No. 1 among competitors	Maintain a positive NPS and increase NPS, or be No. 1 in NPS among competitors	
	Carbon management for products/services	[CTBC Bank]			
		Maintain the 7-day closure rate of customer complaints and achieve a handling rate of $\geq 90\%$	Targets achieved: 7-day closure rate of customer complaints of 93.2%.and handling rate of 93.4%	Maintain the 7-day closure rate of customer complaints and achieve a handling rate of $\geq 90\%$	
	Complete a carbon footprint disclosure for at least 1 product/service from a business or customer unit	Target achieved: Completed carbon footprint inventory for 3 products/services, and assisted the EPA in formulating carbon footprint of a product (CFP) - product category rules (PCR) for On-line financial service	Complete carbon footprint disclosures or achieve carbon neutrality for at least 2 products/services from business or customer units	Complete carbon footprint disclosures for at least 3 products/services from business or customer units, or promote product/service carbon reduction initiatives	
Social impact	[Charity]				
	Address the poverty and education problems faced by disadvantaged children and their families	Disadvantaged families and children helped: 600,000	Target achieved: Disadvantaged families and children helped: 850,000	Disadvantaged families and children helped annually: 600,000	Disadvantaged families and children helped annually: 600,000
	[Anti-drug awareness]				
	Promote drug prevention education and reduce recidivism to achieve the vision of a "drug-free homeland"	People reached through anti-drug education and recidivism reduction advocacy: 200,000	Target achieved: People reached through anti-drug education and recidivism reduction advocacy: 210,000	People reached annually through anti-drug education and recidivism reduction advocacy: 200,000	People reached annually through anti-drug education and recidivism reduction advocacy: 200,000

Materiality	KPIs	2022 targets	2022 performance	Short-term targets (2023)	Medium-term targets (2027)
Social impact	<b>[Sports]</b>				
	Support the development of baseball, basketball, e-sports, and golf in Taiwan, actively partnering with professional athletes to foster charitable initiatives, enhance their influence, and amplify the collective impact of charitable endeavors	Time volunteered in social welfare activities by professional baseball athletes: > 760 hours	Target achieved: Time volunteered in social welfare activities by professional athletes: 857 hours <sup>8</sup> ◦	Time volunteered in social welfare activities annually by professional athletes: 1,010 hours	Time volunteered in social welfare activities annually by professional athletes: 1,385 hours
	<b>[Arts and culture]</b>				
	Foster arts and cultural exchanges at home and abroad, bring arts and cultural education to remote areas, and create a platform to make arts and culture accessible to everyone	Total arts and cultural activity participants: 165,000	Target achieved: Total arts and cultural activity participants: 167,000	Total arts and cultural activity participants annually: 187,000	Total arts and cultural activity participants annually: 265,000
	<b>[Education]</b>				
Support public education through enrollment quotas and Hope Bursary grants for disadvantaged students	Annual Hope Bursaries provided for disadvantaged students: 80	Target achieved: Annual Hope Bursaries provided for disadvantaged students: 140	Annual Hope Bursaries provided for disadvantaged students: 50	Annual Hope Bursaries provided for disadvantaged students: 50	
<b>[CTBC Poverty Alleviation Program (CPAP)]</b>					
Help disadvantaged families start businesses, emerge from poverty, and achieve financial independence	Businesses started through the CTBC Poverty Alleviation Program: 630	Target achieved: Businesses started through the CTBC Poverty Alleviation Program: 657	Businesses started through the CTBC Poverty Alleviation Program: 710	Businesses started through the CTBC Poverty Alleviation Program: 830	

<sup>8</sup> In 2022, we have expanded the program, extending from baseball athletes to baseball and basketball athletes and gaming professionals.



Achieved **100%**  
of the targets for 2022

- Corporate governance
- Regulatory compliance
- Digital finance
- Impact finance
- Customer satisfaction
- TCF implementation
- Carbon management for products/services
- Five focal areas of welfare
- CTBC Poverty Alleviation Program



Goals for **2027**

- Achieve the SBT scope 3 portfolio reduction target<sup>9</sup>
- Lead the green energy financing market
- Complete carbon footprint disclosures for 3 products or services from business/customer units
- Continue to expand coverage/impact in our five focal areas of welfare

<sup>9</sup>Corporate loan (>1 year, SME not included); equity and bonds.



# SUSTAINABLE FINANCE

- 3.1 Impact finance
- 3.2 Innovative digital banking

3



# 3.1 Impact finance

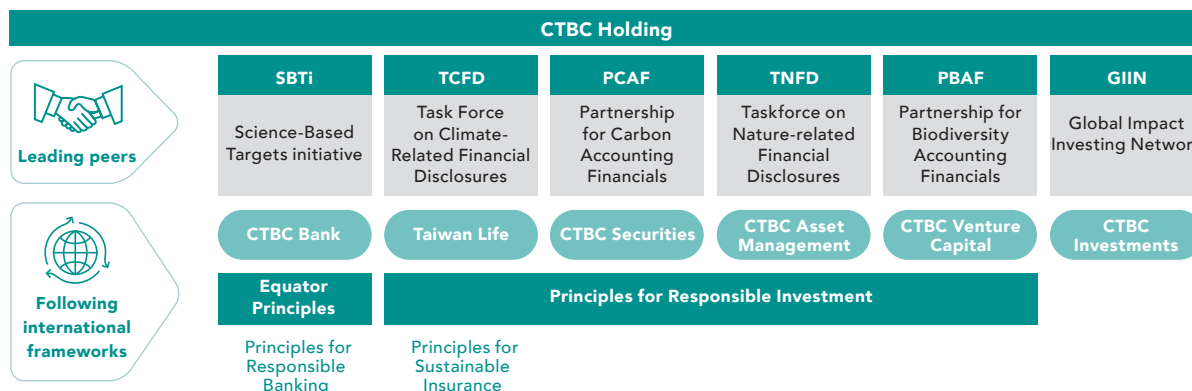
## Impact financing | GRI 302-5

As Taiwan's leading international financial institution, CTBC Holding actively engages in international sustainable financing initiatives to ensure interests of shareholders as well as to create positive impacts for society and the environment. By aligning our efforts with global sustainability best practices, we continue to innovate financial products and services and to assist customers in their sustainable transformations. In addition, we also provide diverse inclusive financing products and services in Taiwan and abroad to support financial inclusiveness.

Our ultimate aim is to use financing in order to promote low-carbon transitions and help underprivileged groups. As well as reducing negative environmental and social impacts, we also aim to further create positive impacts and to build a better, more sustainable society through impact finance.

### Sustainable finance management objectives

CTBC Holding's Sustainable Finance Policy stipulates the four implementation principles of "Actively support and advocate for sustainable finance," "Focus on creating positive impacts related to the SDGs and the climate," "Drive the low-carbon economy and work toward net-zero emissions by 2050," and "Integrating enterprise resources to expand business synergies" 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 risk, investment, and financing-related policies and regulations that their financing business shall fulfill ESG management obligations and continue to be optimized in the future. Sustainable finance management objectives from CTBC Holding and major subsidiaries:



Subsidiary	CTBC Holding <sup>1</sup>	CTBC Bank	Taiwan Life	CTBC Securities	CTBC Investments	CTBC Venture Capital
Management objectives						
Policies and regulations	<ul style="list-style-type: none"> <li>CTBC Holding Sustainability Management Policy</li> <li>CTBC Holding Sustainable Finance Policy</li> <li>CTBC Holding Risk Governance Policy</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable Management Policy</li> <li>Guideline for Sustainable Finance in Institutional Banking</li> <li>Responsible Investment Guideline</li> <li>Guideline for Corporate Loans Applicable to the Equator Principles</li> <li>Credit Risk Management Policy</li> <li>Investment Risk Management Policy</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability Insurance Policy</li> <li>Sustainable Development Best Practice Principles</li> <li>Responsible Insurance Policy</li> <li>Responsible Investment Policy</li> <li>Responsible Investment Regulations</li> </ul>	<ul style="list-style-type: none"> <li>ESG Responsible Investment in Self-operated Businesses Management Policy</li> <li>Sustainable Development Policy</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable Development Policy<sup>3</sup></li> <li>ESG Investment and Risk Management Policy</li> <li>Management Regulation for the Asset Pool of Major Stock Investments</li> </ul>	<ul style="list-style-type: none"> <li>Investment and Risk Management Policy</li> <li>Responsible Investment Policy</li> </ul>

Subsidiary Management objectives	CTBC Holding <sup>1</sup>	CTBC Bank	Taiwan Life	CTBC Securities	CTBC Investments	CTBC Venture Capital
Information Disclosure	<ul style="list-style-type: none"> <li>• <a href="#">Sustainability Report</a></li> <li>• <a href="#">Impact Investment Report</a><sup>4</sup></li> <li>• Climate Risk Assessment Report</li> <li>• <a href="#">Climate-related Scenario Analysis</a></li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Equator Principles</a><sup>2</sup></li> <li>• <a href="#">Principles for Responsible Banking</a></li> <li>• <a href="#">Stewardship Report</a></li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Reports from Taiwan Life and others</a></li> <li>• <a href="#">Stewardship Report</a></li> <li>• <a href="#">Responsible Investment Policy</a></li> </ul>	<ul style="list-style-type: none"> <li>• Stewardship Report</li> </ul>	<ul style="list-style-type: none"> <li>• Stewardship Disclosures</li> </ul>	-

### CTBC Holding's net-zero emissions goal

The Board of Directors of CTBC Holding has approved a resolution to include net-zero emissions in the Company's long-term sustainable development roadmap. We have also formally submitted our carbon reduction targets to the Science Based Targets initiative (SBTi) in late 2022. By continuing to adjust our investment and financing asset portfolio, providing financial products, and conducting customer engagements, we are joining our customers on the path toward net-zero emissions. We are committed to exiting thermal coal and unconventional oil and gas industries as follows:







1. We will completely end financing, project finance, and underwriting for fixed-income products in thermal coal extraction and thermal coal power generation industries by 2035. In addition, we will completely end active and passive investments in thermal coal extraction by 2035.
2. We will completely end financing, project finance, and underwriting for fixed-income products in unconventional oil and gas industries by 2035.
3. Effective immediately, we will no longer underwrite new active or passive investments in thermal coal extraction.
4. Effective immediately, we will no longer underwrite corporate financing or project financing from new customers in ESG sensitive sector, unless the customer is a state-owned enterprise or has more than a 50% of its shares held by local governments and it provides a sustainable transformation plan, or unless the funds will be used only for sustainable development.

Definitions of related industries (all of the following are ESG sensitive sector):

- (1) Thermal Coal extraction: More than 25% of a company's revenue comes from coal mining.
- (2) Thermal Coal power generation: More than 25% of the power generated comes from coal-fired sources.
- (3) Unconventional oil and gas extraction: Companies that derive more than 10% of their revenue from unconventional oil and gas extraction. Unconventional oil and gas includes oil sands, shale oil and gas, Arctic oil and gas, and ultra-deep-water oil and gas.

Note 1: CTBC Holding and four subsidiaries, namely all operations of CTBC Bank, Taiwan Life, CTBC Securities, and CTBC Venture Capital in Taiwan and the operations of their respective offshore branches. The overseas subsidiaries shall in principle comply with the laws and regulations of their respective local competent authorities. Note 2: This statement was issued in June 2023.

### Sustainable products and services for individual customers

 <p>Issued 3 ESG funds Scale of assets totaling nearly <b>NT\$19.5 billion</b></p>	 <p>Offered 85 ESG funds/ETF/bonds Investment trading totaling nearly <b>NT\$9 billion</b></p>	 <p>Microinsurance for underprivileged groups totaling <b>NT\$57.1 billion</b> Annual growth of <b>46%</b></p>
 <p>Charity credit card rebates <b>NT\$20 million</b> donated</p>	 <p>Financial inclusion efforts by offshore branches/subsidiaries Total credit extension of <b>NT\$2.956 billion</b> Overseas student loans, reverse mortgages, and preferential home loans for young people totaling <b>NT\$3.817 billion</b></p>	
 <p>The CTBC Poverty Alleviation Program newly approved <b>NT\$25.5 million</b> in loans in 2022, The program has provided <b>4,216</b> cases of entrepreneurial counseling, helping <b>647</b> families to start their own businesses, with over <b>NT\$200 million</b> in loans provided since it was established and a poverty alleviation rate of nearly <b>40%</b></p>		

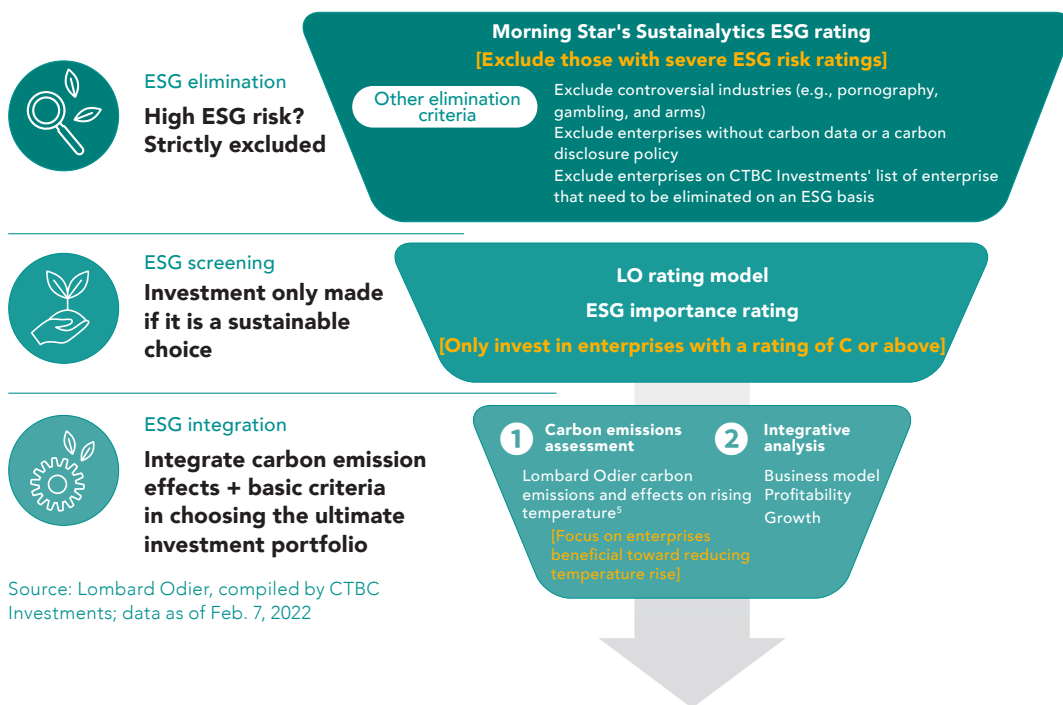
Through its various subsidiaries, including CTBC Bank, Taiwan Life, CTBC Securities, and CTBC Investments, CTBC Holding has been able to gradually launch a wide range of sustainable finance products and services for individual customers. The scope of these products and services include ESG financial products, credit cards, and funds as well as green mortgages/credit loans, inclusive insurance products, and financial inclusion products. An overview of such products and services is below.

Subsidiary	Product/service	Description	Sustainable impact
CTBC Bank	ESG financial products	1.listed 85 ESG funds, bonds, and ETFs in 2022 2.Environmental protection deposits in preferential rate: Participated in by 131 customers	1.Cumulative ESG fund, bond, and ETF transactions and investments totaled approximately NT\$9 billion as of Dec. 31, 2022 2.Encouraged the public to contribute toward environmental sustainability
	ESG financing advocacy	Raised public awareness of about sustainability and ESG financing objectives via YouTube, online seminars, press media, and etc.	1.Increased customers' awareness of ESG and started ESG investment 2.Provided relevant services that may be needed for corporate sustainability during enterprises' ESG transformations, such as corporate governance-related consulting for equity planning, social responsibility-related consulting for employee welfare and retirement planning, and green expenditure financing referrals
	ESG credit cards	As of Dec. 31, 2022, total credit cards issued: 1.Charity credit cards: 250,000 cards 2.Card that rewards green transportation use: 570,000 cards	1.Charity rebates: Cumulatively donated approximately NT\$20 million 2.All credit cards had ISO14067 carbon footprint verification in 2022 3.Issued 50,000 credit cards made from recycled ocean debris using an emissions-free manufacturing process
	Retail O2O payment integration platform	1.New users in 2022: 825 (total users: nearly 4,700) 2.2022 transactions: 50.92 million transactions totaling NT\$18.7 billion	Eliminated the use of 825 card machines in 2022
	Green mortgages and lending	1.1 green lending case 2.2 green building mortgage cases	1. Launched various programs including green building mortgages and green lending, and included green and environmental conservation issues into personal loans to provide either more competitive interest rates or waivers in service fees to encourage customers to achieve transformation in action. For instance, service fee waivers are given to loans whose intended purpose is to "purchase electric vehicles" 2. Green lending balance: NT\$100,000; Green building mortgages balance: NT\$4 million
	Personalized ATM x LINE services	Users who linked their ATM accounts with LINE Business Connect in 2022: 3,220,395	1.Cumulatively used by more than 3 million users 2.ATM (Shilin Branch) obtained ISO 14067 carbon footprint certification
	Online personal loan applications	1.Loan applicants: 550,301 2.Mortgage applicants: 51,252	1.99% of all personal loans applications were made online 2.75% of mortgages applications were made online
	Phyital Banking with Apple Messages for Business <sup>4</sup>	1.Available at 152 branches 2.Used by 70% of customers at bank branches in 2022	1. Reduced 4.29 million pieces of paper use in 2022. 2. Won the "2022 Asia-Pacific Sustainability Action Award".
Taiwan Life	Financial inclusion	1.Personal debt assistance mechanisms 2.Preferential home loans for young people and reverse mortgages for older people 3.Overseas student loans 4.Financial inclusion program by overseas branches/subsidiaries 5.CTBC Poverty Alleviation Program	Refer to 3.1.4 Financial Inclusion for details Refer to 5.2 Social Investment for details
	Inclusive insurance products	Taiwan Life has launched numerous financial inclusion insurance products, such as small-amount whole life insurance, microinsurance, policies for people with pre-existing conditions, insurance policies for people with physical and mental disabilities, and spillover-effect insurance policies. There were 17,999 valid inclusive insurance product policies underwritten with a total number of 69,771 covered insureds at the end of 2022. The total premium was NT\$363.1 million, up by 21% from the previous year.	In support of government policies, Taiwan Life offers microinsurance products for economically disadvantaged and other marginalized groups. In 2022, the cumulative insured amount was NT\$57.1 billion, representing annual growth of 46% from the previous year. Furthermore, donations in the form of insurance premium reimbursement were also provided in order to further expand the coverages to the people in need but unable to afford.

Subsidiary	Product/service	Description	Sustainable impact
CTBC Insurance	Home Green Energy Upgrade Insurance clause	Sold 1,132 policies in 2022	In the event of home damage, if the insured property is repaired or rebuilt with green building materials and equipment, the claim settlement can be increased to 150% of the loss
CTBC Securities	Digital account registration services	All 9 branches countrywide process account registrations digitally	Reduced paper use and associated carbon emissions
CTBC Investments	ESG funds	1. CTBC Taiwan ESG Leading Semiconductor ETF 2. CTBC 15+ Year Developed Markets US Corporate Best-in-Class ESG Bond ETF 3. CTBC ESG Carbon Transition Multi-Asset Fund	1. As of Dec. 31, 2022, the scale of CTBC Investments' ESG funds was nearly NT\$19.5 billion. 2. ESG has evolved into a mainstream investment option, with both short- and long-term prospects. It not only represents a growing trend for the future but also serves as an essential and value-enhancing aspect of investment portfolios.

## CTBC ESG Carbon Transition Multi-Asset Fund

### Steps for selecting quality, carbon-friendly investments



Source: Lombard Odier, compiled by CTBC Investments; data as of Feb. 7, 2022

<sup>5</sup>In addition to the "Lombard Odier carbon emissions and effects on rising temperature" evaluation, the CTBC ESG Carbon Transition Multi-Asset Fund may also use the CDP's Climate Change Score as a basis for analyzing the effects of an enterprise on the climate. The fund will focus primarily on the theme "ESG carbon opportunities" in making investment choices, which may constrain its investment opportunities and thus affect its investment performance.

## CTBC Bank

### I. Wealth management

#### Continuing to provide sustainable products

In 2022, we continued introducing ESG investment product . As part of our commitment to incorporating ESG standards, we collaborated with reputable third-party institutions to gather information and insights, which informed our product design and launch review processes. Our objective is to enhance the well-being of society and the environment through responsible investments, while simultaneously addressing our customers' investment planning and asset allocation requirements with a diverse array of ESG financing products.

CTBC Bank provides the following ESG investment products and services:

- The ESG concept products that we provide include onshore and offshore funds, green bonds, sustainability bonds, social bonds, and ETFs with renewable energy, green energy, and governance themes meeting the standards announced by the competent authority. Among them, the onshore and offshore funds stipulated and announced by the competent authority refer to the ESG funds announced on the Fund Clear website (<https://announce.fundclear.com.tw/MOPSFundWeb/>) jointly maintained by the Securities Investment Trust and Consulting Association and Taiwan Depository & Clearing Corp. The website indicates that the disclosure of onshore and offshore ESG funds refer to the ESG-related content to be included in



the fund prospectus and notes to investors according to the regulations of the FSC's letter No. 1100362463, dated July 2, 2021, and letter No. 1100365536, dated Jan. 11, 2022.

- We also work with fund companies to design and package ESG concept products with market potential. In 2022, we jointly raised and issued two ESG funds with fund companies.
- Environmental protection deposits in preferential rate: Launched in December 2022 in support of our ESG initiatives, this unique offering allowed customers to enjoy annual interest rate of 4.5% on 3-month or 6-month USD Time Deposit by presenting the donation invoices of charity groups in environment protection to the bank teller. Providing customers with flexibility in selecting the most suitable option based on their asset allocation needs. This campaign not only raised awareness among customers about the various charity groups dedicated to environmental sustainability in Taiwan but also encouraged their active participation in contributing toward a greener future. A total of 131 customers participated.

### Promoting ESG financing awareness

CTBC Bank's "ESG Investment Website" includes content on ESG knowledge, insights regarding ESG products, and introduction of ESG funds. In 2022, we published four articles on ESG-related financing, which cumulatively gained approximately 30,000 clicks. In addition, CTBC Bank's YouTube channel "Money Unjiang" has published three videos focused on environmental protection, energy, and low carbon emissions. These videos aimed to assist the public in established ESG investment knowledge. Moreover, we organized five online ESG seminars exclusively for high-net-worth customers, including enterprise owners and senior managers. We invited experts and scholars from accounting firms and the Taiwan Institute of Economic Research as speakers. We also organized a five-day in-person course exclusively for enterprise owners and successors. The course was guided by scholars and experts and served the purpose of promoting sustainability principles, covering topics including corporate finance, innovation, and sustainability through cross-industry communication and exchange. The satisfaction rates for the courses and seminars were both 95%.

CTBC Bank has been committed to assisting Taiwanese enterprises to strengthen their sustainable governance mechanisms for many years. In 2022, we partnered with Business Weekly to co-host the CTBC Financial Management Elite Academy, which aimed to guide customers in comprehending and prioritizing their ESG implementations by theme. During the event, Daniel Chu, Vice President of the Taiwan Corporate Governance Association, specializing in ESG strategies

and content, along with Chao-Lan Chang, Assistant Manager at CTBC Bank's Investment Research Think Tank, jointly guided the audience through the book "2030 Sustainable Enterprise Revolution: Comprehensive ESG Sustainability Strategies." Through analyzing the opportunities and challenges ESG brings to business development and explaining why the finance sector should lead in enhancing ESG practices, we conveyed the value of fostering positive impacts. The event also facilitated the promotion of financial education through touchless financial services, catering to the diverse financing needs of individuals at different stages of life. Due to the pandemic, the seminar was organized via live stream broadcast, with approximately 1,000 customers participating online. Additionally, we distributed nearly 1,000 copies of the book to customers, further promoting the concept of ESG sustainability. Attendees reported a satisfaction rate of over 90%. A live stream of the event was uploaded to CTBC Bank's YouTube channel and the event was reported on in print and digital media, including in a special report by the Economic Daily News. A special feature was also written in our column with Business Weekly and sent to CTBC Bank customers, thereby reaching approximately 20,000 more people.



Introduction of the seminar

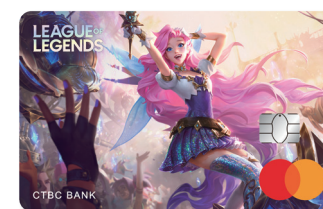


Clips from the event

## II. ESG credit cards



ALL ME credit card



League of Legends green transportation rebate card

CTBC Bank issues charity credit cards to encourage customers to contribute to welfare causes while making purchases. As of Dec. 31, 2022, we had launched four charity credit cards, with approximately 250,000 of the cards in use. In 2022, the cumulative donations to welfare organizations from these cards totaled NT\$20 million.

We have also launched League of Legends video game-branded cards offering rebates for green transportation use. More than 280,000 of these credit cards and over 210,000 debit cards have been issued by the end of 2022. The ALL ME credit card was launched in July 2022, offering similar rebates; approximately 80,000 of the cards have already been issued.

Credit Cards	Rebate	Purpose
Tzu Chi Lotus Card	2.75% to 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% to 5% of transaction amount (domestic)	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
League of Legends Card	2% cash rebate for using iPASS to ride public transportation	To encourage cardholders to use green public transportation
ALL ME credit card	1% cash rebate for using EasyCard to ride public transportation	To encourage cardholders to use green public transportation

### III. Sustainable payment services

Name	Implementation strategy	Resources invested	Performance in 2022	Implementation benefits
iPad-based digital credit card application service	CTBC Bank established Rules for the Use and Management of Mobile Devices in Promoting Credit Cards, conducted education and training to ensure promoters comply with government regulations on the use of mobile devices, and provided iPad operating and system application courses.	It purchased 240 iPads for use by customers to submit digital credit card applications, as well as spent NT\$5 million in internet access-related costs.	Thoroughly promoted the service in 2022; all 240 credit card promoters have been equipped with iPads to provide digital application services, cumulatively serving more than 87,000 customers.	Reduced credit card application paper use by approximately 370,000 sheets (61%), and saved more than 87,000 sheets of paper that would have otherwise been used during the application review process.
CTBC Contactless Payment app	Stores now have access to enhanced and streamlined payment services, making transactions more convenient and efficient. With the use of a smartphone app, payments can be easily collected. By downloading the CTBC Mobile Credit Card Payment app on a smartphone equipped with an NFC reader function, the phone itself can serve as a card reader, allowing for seamless payment processing.	Technical development required approximately 1,375 work days.	Cumulatively completed 2.5 million transactions in 2022; paperless transactions grew by 33%.	Reduced paper use by 500,000 sheets of A4 papers in 2022.
Digital cardholder rights handbook	The Bank continued to promote the digital version of the cardholder rights handbook, which are sent via SMS texts in place of paper-based manuals. This function is expected to be formally launched in 2023.	Development required approximately 55 work days.	In 2022, 23,020 more manuals distributed than in 2021, for an increase of 5.09%; the digital manual was launched in February 2023.	Cumulatively sent 452,409 digitized manuals as part of trial run, saving approximately 36.19 million sheets of paper and reducing approximately NT\$14.89 million in mailing expenses.



**IV. PGreen loans for individual customers**

In support of the FSC's Green Finance Action Plan and to encourage our customers to engage in green consumption by purchasing green and energy-saving products, we offer promotional rates for relevant loans, including for purchasing electronic vehicles. This EV loan campaign was launched in August 2022 and has so far had one application, with the current balance standing at more than NT\$100,000. We have also had two successful green building mortgage applications, with the current balance standing at NT\$4 million.

**V. Carbon footprint verification for products and services**

With the increasing popularity of online financial services, and to support the government's 2050 net-zero emissions goal, we have implemented the carbon emissions management of financial products and services as well as formulated reduction targets to help make net-zero emissions a reality. In 2022, CTBC Bank promoted carbon footprint projects for products and services in line with our carbon management mechanisms. We also assisted the EPA in establishing the Carbon Footprint of a Product-Product Category Rules for online financial services.

**On-line financial services product category rules:**

To support the government's carbon management policies and mechanisms, we assisted the EPA in formulating the Carbon Footprint of a Product-Product Category Rules for On-line financial services. These aid our industry counterparts in complying with carbon footprint verification standards for the numerous financial services offered online and to achieve the Carbon Label issued by the EPA. The rules target online services in the financial industry (e.g., financing, mortgages/ credit loans, bank account opening, and credit card applications) and calculate all energy and resources (e.g., paper, water, electricity, and gas) used throughout the service life cycle, from raw materials provided in auxiliary services (e.g., documents) to service provision (e.g., mid- and backend services after receiving documents from a customer) to the completion and delivery of the financial service. The

calculated energy and resources are then converted into a carbon emissions volume.

**ISO 14067:**

In 2022, we underwent ISO 14067 carbon footprint verification for one financial product and two financial services, namely dual interface credit cards (all types of cards), ATMs (Shilin Branch), and on-line financial services (Funds, Exchange-Traded Fund and Bond wealth management service). The verifications found that the ATMs at the Shilin Branch emit 31.07 g of CO<sub>2</sub> per account servicing and calculated emissions per on-line financial services(Funds, Exchange-Traded Fund and Bond wealth management service) of 6.61 g. In addition, a carbon label was obtained from the EPA in February 2023 for on-line financial services (Funds, Exchange-Traded Fund and Bond wealth management service).

Through ISO 14067 verification, we hope to address carbon emission at every stage of the life cycles of our financial products and service. This certification empowers us to develop diverse reduction strategies, while also extending an invitation to our customers to actively participate in our sustainability initiatives.



Dual interface Credit cards



ATM (Shilin Branch)



On-line financial service(Funds, Exchange-Traded Fund and Bond wealth management service)



EPA: On-line financial services CFP-PCR

## Impact on enterprise customers, society, and the environment

	CTBC Bank's credit outstanding for ESG Responsible Financing Over <b>NT\$233 billion</b>		Approved sustainable investment and financing amount from Taiwan Life <b>NT\$55.88 billion</b>		CTBC Bank in the most recent fiscal year <b>Largest</b> fishery and electricity symbiosis solar photovoltaics site
	CTBC Bank and/or Taiwan Life project financing Estimated annual carbon emission reduction of <b>3,561,000 metric tons</b> Enough clean energy for approximately <b>1.656 million households</b>			<b>NT\$9 billion</b> raised in HH-CTBC Partnership, L.P. private equity fund for new energy vehicles as of May 2023	
	Numerous international awards for renewable energy investment and financing projects, including Asia Pacific Deal of the Year, The PFI Awards			The Asset magazine's 2022 Sustainable Infrastructure Awards Renewable Energy M&A Deal of the Year, Global Renewable Energy Deal of the Year - Offshore Wind, Taiwan	

CTBC Bank became the first financial institution in Taiwan to be registered in the Sustainable Bonds Database of the International Capital Market Association database in May 2021. In that same month, we also issued Taiwan's very first social bond, the bulk of the proceeds of which will be invested toward sustainable social development. In 2022, CTBC Bank continued to actively underwrite sustainability and social bonds at home and abroad.

In addition, by providing ESG responsible lending, project financing, equity and fund investments, and hedging and consultancy services related to sustainability and more, CTBC Bank and Taiwan Life are utilizing their financial strengths to protect the environment.

### CTBC Bank

Type	Details	Impact
Green energy technology/circular economy/green power and renewable energy industry loans balance	CTBC Bank engages in green loans, SLLs, forward-looking economic activities, and financing for industries included in the National Development Council's key strategies for the 2050 net-zero emissions pathway. We recognize the financial impact we can make by providing support to clients in their transitional plans through financing.	Loan balance of NT\$193,737 million <sup>6</sup>
Green loan balance		Loan balance of NT\$19,372 million <sup>7</sup> In which NT\$45million was SME loan balance
Sustainability-linked loans (SLLs) balance		Loan balance of NT\$19,925 million <sup>8</sup>
Renewable energy project financing	We have coordinated and overseen four syndicated loans for renewable energy projects, with financing totaling approximately NT\$19.9 billion. CTBC Bank itself lent approximately NT\$3.5 billion and served as the lead arranger, management bank, dedicated account management bank, and hedging bank for the project financing.	Total capacity of approximately 235 MW. CTBC Bank pioneered and completed Taiwan's first project financing for a solid-state renewable fuel waste-to-energy generator, setting a benchmark in the new models of renewable energy financing in Taiwan's finance sector. We also completed project finance in 2022 of the largest fishery-electricity symbiosis solar photovoltaics site in Taiwan as of the current year.

Type	Details	Impact
Sustainability bond issuance and underwriting	Underwritten 5 domestic and foreign sustainable bonds, totaling approx. NT\$1.46 billion	Expanded sustainable finance business, expanded sustainable financing fundraising and investment tools, and increased the market's willingness to invest in sustainable investment/finance.
Sustainability bond investments	As of Dec. 31, 2022, CTBC Bank cumulatively held 39 sustainable bond investments with a cumulative sum of approx. NT\$42.1 billion	
Project hedging and consulting services related to sustainability (e.g., hedging for renewable energy projects)	Project financing interest rate hedging: 1.Zhongneng Offshore Wind Farm 2.Yunneng Wind Power Co., Ltd. 3.Yuan-Yu Solar Energy Co., Ltd. 4.Chenhwa Power Co., Ltd. 5.Taiwan Cube Energy Co., Ltd.	Assisted developers to manage the risk from interest rate fluctuations through interest rate hedging, thereby reducing the uncertainty faced by developers and banks in sustainable financing project investment.

<sup>6</sup> Excluding financing included in green loan and SLLs.

<sup>7</sup> The scope of the data is limited to the loans for green funds as defined by the Joint Credit Information Center.

<sup>8</sup> Excluding financing included in green loan.

## Project financing

To stay current with global sustainability best practices and strengthen its CSR and sustainable financial development, CTBC Bank formally joined the Equator Principles in January 2019. Since then, it has actively used the principles to assess the impact of project financing cases, thereby reducing the Bank's negative financial and non-financial impact and actively protecting society and the environment.

To implement the review and management of Equator Principles in related to environmental and social risks, CTBC Holding's ESG Taskforce has set up an Equator Principles project group,<sup>9</sup> which has conducted the Guideline for Corporate Loans Applicable to the Equator Principles based on the Equator Principles and the Bank's Corporate Social Responsibility Best Practice Principles.<sup>10</sup> The group coordinates among CTBC Bank's business operations, risk, and administrative units to ensure such that Equator Principles-related matters are jointly handled and that 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.

We are also undertaking offshore wind power project financing and similar cases. The internal credit assessment process for such cases is mainly based on environmental and social due diligence reports issued by third-party consulting agencies. Furthermore, case decisions and classifications are made according to the Equator Principles, relevant documents are collected as needed for environmental and social risk evaluations, Equator Principles standards are implemented, ESG commitment clauses are set in contracts, and continual post-lending monitoring and information disclosure are conducted.

For more information about the application of the Equator Principles, see the dedicated section on [CTBC Bank's website](#).

<sup>9</sup> In 2022, the Equator Principles group was integrated into the PRB project group under CTBC Holding's ESG Taskforce.

<sup>10</sup> CTBC Bank's Corporate Social Responsibility Best Practice Principles were renamed the Sustainable Development Best Practice Principles in 2022.



## Cultivating offshore wind farms

Since 2018, CTBC Bank has been at the forefront of industry collaboration with the government, working to establish Taiwan as a leading offshore wind power technology hub in Asia. To achieve this goal, we have established dedicated teams such as a financial consulting team and a project financing team. In the wind power project financing market, CTBC Bank has played a crucial role as the domestic financial adviser for three large-scale offshore wind power project: the Changfang & Xidao Offshore Wind Farm, Orsted's Greater Changhua 1 Offshore Wind Farm, and the Zhongneng Wind Farm. The syndicated loans we have coordinated for these projects have surpassed NT\$200 billion in value, contributing to a combined capacity of 1,505 MW.

- The Orsted Greater Changhua 1 Offshore Wind Farm was awarded the Renewable Energy M&A Deal of the Year, Global at The Asset magazine's 2022 Sustainable Infrastructure Awards as well as the PFI Asia-Pacific Best Project Financing Award (marking the first time a Taiwanese enterprise has received that honor). Using an innovative structure to mutually benefit ESG performance, customers, and banks, this project has also won CTBC Bank's Exemplary Team Award for its demonstration of strong teamwork.

- We collaborated with a foreign developer for the project financing of the Zhongneng Offshore Wind Farm, operated by Taiwanese developer CSC. This case also represented the first offshore wind farm project financing in Taiwan to involve a public bank. This project earned CTBC Bank the Renewable Energy Deal of the Year - Offshore Wind, Taiwan honor at The Asset's 2022 Sustainable Infrastructure Awards.

## SunnyRich Fishery Solar Power Plant

CTBC Bank, SinoPac Bank, Cathay United Bank and Taipei Fubon Bank jointly arranged "SunnyRich Fishery Solar Power Plant" syndicated loan, which supports the largest indoor aquaculture integrated solar power generation facilities in Taiwan, promotes multiple use of the land, and responds to the government's renewable energy policy.

The project is located in the Yizhu Township, Chiayi County. The capacity of the first phase of project is approximately 130MW. With the relevant technology applied, the project can operate power generation facilities concurrently with fishery business. Such business model improves the aquaculture environment, promotes the reconstruction of fishing villages, drives youth to return to home, and contributes the revitalization for regional industries.



## Project Lunwei No.3

CTBC Bank, SinoPac Bank, and Mega Bank have completed a NT\$4 billion syndicated loan for the development and construction of a floating solar power plant (Lunwei East No. 3 power plant), located in Changbin Industrial Park, with a total capacity of 67MW for Chenhua Power, a subsidiary of Chenya Energy Group. CTBC Bank acts as agent for the financing.

The sponsor and the largest shareholder is Chenya Energy, a wholly-owned subsidiary by Marubeni Corporation. Three lifers including China Life, Shin Kong Life Insurance and TransGlobe Life Insurance also committed NT\$ 450 million each as co-investors. Chenya Energy No.1, No.2, and No.3 power plants have total installed capacity of 248MW, with aggregated power generated setting a record for the world's largest floating solar power plant.



## Taiwan Life

Unit: NT\$100 million

Type	Project description	Cumulative authorized amount as of Dec. 31, 2022	
Sustainability bonds	<ul style="list-style-type: none"> <li>• Foreign green bonds, social bonds, sustainability and sustainability-linked bonds that meet the standards of the International Capital Market Association principles or guidelines</li> <li>• Domestic bonds that have been deemed to meet sustainability bond criteria by the Taipei Exchange</li> <li>• Foreign bond issuers with more than 50% of company capacity or revenue coming from green-related businesses</li> </ul>	Domestic	74
		Foreign	184.32
Equity and fund investments	<ul style="list-style-type: none"> <li>• Public investments: Solar power generation, wastewater treatment, wind power generation, and low-carbon natural gas generation</li> <li>• Funds with sustainability themes or ESG funds that meet EU's SFDR Article 8 and 9</li> </ul>	135.85	
Financing	Three offshore wind power generation projects: Formosa 2, Changfang & Xidao, and Greater Changhua 1	164.59	
Total			558.76

Project financing	Taiwan Life financing balance	Impact
Formosa 2	NT\$6 billion	Expected to eliminate 718,000 tCO2 and can provide clean energy for approximately 334,000 households per year
Changfang & Xidao wind power financing project	NT\$6.9 billion	Expected to eliminate 1.126 million tCO2 and can provide clean energy for approximately 523,000 households per year
Greater Changhua 1	NT\$3.5 billion	Expected to eliminate 1.145 million tCO2 and can provide clean energy for approximately 533,000 households per year
Total	NT\$16.4 billion	Expected to eliminate 2,989 million tCO2 and can provide clean energy for approximately 1.39 million households per year

## CTBC Venture Capital

Type	Project description	Funds raised
New energy vehicle industry fund	CTBC Venture Capital and Foxconn Technology Group (Hon Hai) have established a joint venture management consulting company and raised private placement for HH-CTBC Partnership, L.P., which focuses on investment in areas including the new energy vehicle industry and smart manufacturing. We hope to facilitate the development of the new energy vehicle industry through industrial collaboration, thereby reducing the environmental impact of traditional automobiles.	<ol style="list-style-type: none"> <li>1.NT\$9 billion raised in HH-CTBC Partnership, L.P. private equity fund for new energy vehicles as of May 2023</li> <li>2.CTBC Venture Capital has committed to invest NT\$1.2 billion</li> </ol>

## Sustainable financing | GRI 302-5

In 2021, CTBC Bank established the Guideline for Sustainable Finance in Institutional Banking. The guideline prohibits the Bank from granting credit to companies in industries that adversely impact social or public safety, including through crime, terrorism, arms, and pornography. Regarding ESG Sensitive Sector involving material environmental and social issues (i.e., thermal coal extraction, thermal coal power generation, tobacco production, and oil sands), we have pledged not to grant credit to new companies belonging to such industries unless (1) the funding purposes of the facilities are used for sustainable development or (2) the company is either a state-owned enterprise or has more than a 50% of its shares held by local governments, and on the condition that the company can provide evidence of sustainable transitions; this ensures that we can encourage customers to undertake sustainable transition. Companies classified as ESG high-risk companies or categorized into ESG Sensitive Sector are subject to regular monitoring and controlling. 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 belong to ESG high-risk, ESG sensitive sector and carbon-intensive industries, the Bank conducts proactive engagement and provides ESG related products and services to encourage these companies to invest in sustainable transition.

For projects structured using the Sustainability Linked Loan Principles, we provide incentives like interest rate reduction to encourage commercial activities that are beneficial to environmental sustainability, such as renewable energies, biodiversity, and climate change adaptations.

In accordance with the Responsible Investment Operations Regulations, Taiwan Life assesses whether corporate lenders have fulfilled their ESG responsibilities during the credit review process and audits the assessments, if necessary. In addition, 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 financing decision-making.

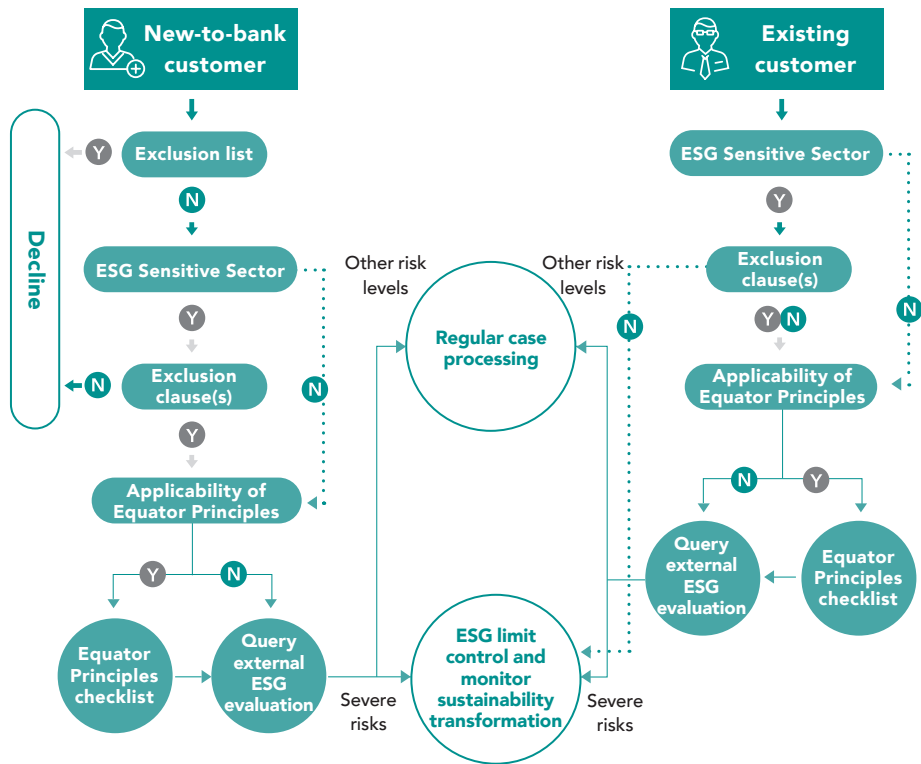
### Sustainable financing management objectives

Category	Industry/commercial activity	Management objectives
Prohibited industries (negative list)	CTBC Bank Taiwan Life CTBC Finance Loans for companies in industries included in the negative list, which may be concerned with criminal or terrorist activities, pornography, or arms that affect public safety	CTBC Bank Prohibited from undertaking
		CTBC Finance Prohibited from coming into contact with

Category	Industry/commercial activity	Management objectives
ESG Sensitive Sector	CTBC Bank Taiwan Life 1.Coal mining: More than 25% of a company's revenue comes from coal mining 2.Coal-fueled thermal power generation: More than 25% of the power generated comes from thermal power 3.Tobacco: More than 10% of a company's revenue comes from tobacco manufacturing (excluding rolled cigarettes and packaging (CTBC Bank)) 4.Oil sands: More than 10% of a company's revenue comes from oil sands sales or mining	CTBC Bank Not to grant credit to new companies belonging to ESG Sensitive Sector unless  1.The company is either a state-owned enterprise or has more than 50% of its shares held by local governments, and it can provide proof that it is engaging in sustainable transition; or  2.The funding purposes of the facilities are used for sustainable development  Taiwan Life CTBC Securities CTBC Venture Capital Strict assessment
High-risk industries	CTBC Bank Use external database to assess companies' ESG ratings; companies with ratings exceeding a certain standard will be designated high-risk	CTBC Bank Review each company's sustainable transition plan ,schedule, current status, and progress in the credit assessment process
Carbon-intensive industries	CTBC Bank List of Carbon-Intensive Sectors: Power generation, marine shipping and airlines transportation, iron and steel/smelting, cement, petrochemicals, fossil fuel mining, and other high carbon-emitting industries as listed in the EPA's most recent Mandatory Greenhouse Gas Reporting System	CTBC Bank Disclose GHG emissions and reductions in the credit investigation report
Positive list industries	CTBC Bank 1. Loan funds to be used for "green expenditure"  A.rgy conservation: Newly build or maintain existing energy-saving buildings, energy storage, district heating, smart grids, and related utilizations and products  B.Pollution prevention: Reduce pollutant emissions, GHG control, land integration, reduce manufacturing waste and consumption, promote recycling, and more	

Category	Industry/commercial activity	Management objectives
Positive list industries	C.Sustainable management of natural resources and the environment, and sustainable land use management: Sustainable agriculture, sustainable animal husbandry, smart farms that use ecological crop protection or drip irrigation to address food safety and climate change, sustainable fisheries and aquaculture, sustainable forestry, and natural landscape preservation or recovery	<p><b>CTBC Bank</b></p> <p><b>1.Green loans</b> The purpose of the capital must be reviewed and recorded in the system; in cases where the purpose changes during the loan period or where post-lending monitoring finds that the loan does not meet the green loan criteria, the system remark must be updated accordingly.</p> <p><b>2.SLLs</b> Loans must comply with the Sustainability Linked Loan Principles and their interest rates linked with the sustainability performance target agreed upon by the customer; during underwriting, such must be recorded in the system, and the implementation status of the sustainability targets must be regularly examined. In cases where the criteria is not met, the system remark must be updated accordingly.</p>
	D.Land-based and marine biodiversity protection: Coastal, marine, and riverbed protection	
	E.Clean transportation: Electrical, hybrid, public, rail-based, non-gas powered, or multimodal transportation; providing infrastructure for vehicles with clean energy sources and reducing the emissions of toxic gases	
	F.Sustainable water source and wastewater treatment: Infrastructure for sustainable and clean water sources and drinking water, wastewater treatment, sewage systems in sustainable cities, river remediation and management and other flood prevention procedures	
	G.Climate change adaptations: Information support systems, such as climate observation and early warning systems	
	H.Products, production technology, or processes with ecological efficiency and circular economy adaptations: R&D or deployment of environmentally sustainable products in coordination with ecological or environmental protection certification, and resource-efficient packaging and transportation	
	I.Green buildings: Buildings that meet regional, national, or international green energy standards or certification	
	Z. Other: Loans that are outside the categories not listed above but are approved by the Bank as green loans	
	2. The underwriting structure follows the Sustainability Linked Loan Principles	
	<b>2. The underwriting structure follows the Sustainability Linked Loan Principles</b>	

### Sustainability credit review process



Note 1: Thermal coal extraction: More than 25% of revenue is from coal mining. Tobacco production: More than 10% of revenue is from tobacco manufacturing (cigarette and packaging are not included in this category). Oil sands: More than 10% of revenue is from oil sands mining and sales.

Note 2: 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 transition 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.

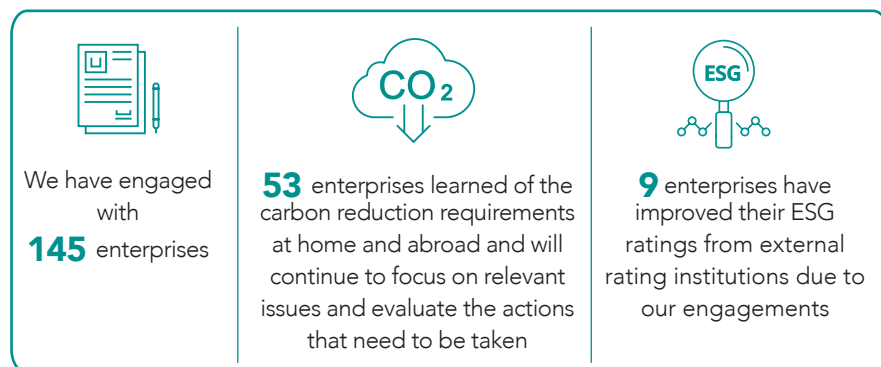
Note: The aforementioned policies was implemented as of the end of 2022.



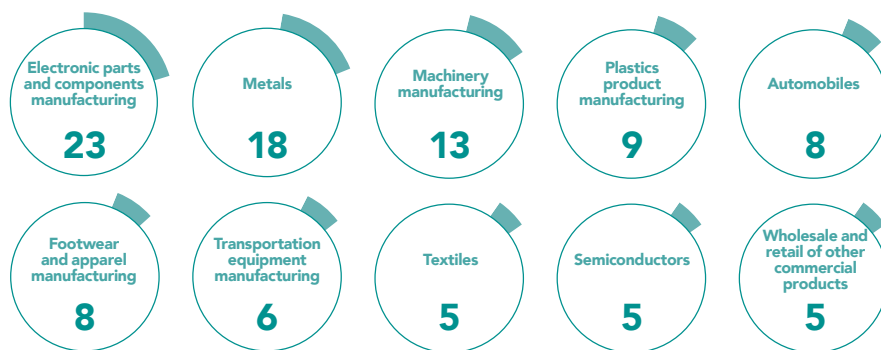
## Stewardship of sustainable financing: Engagement actions

### Engagement topics

1. GHG inventories and setting reduction goals
2. International ESG trends and sustainable transition strategies
3. Practices and case studies of using science-based data to realize a circular economy
4. Commercial implications of ESG information disclosure
5. Sustainability-related financial solutions



### No. of engagement and corresponding industries



other industries: Petrochemical, steel, pharmaceutical, etc.

## Responsible investment | GRI 302-5

CTBC Holding's subsidiaries are prohibited from engaging in investment activities involving criminal or terrorist activity, arms, or pornography; our definition of ESG Sensitive Sector is consistent with sustainable financing norms. Furthermore, at Taiwan Life, 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.

### Responsible investment management objectives

Category	Industry/commercial activity	Management objectives
Prohibited industries (negative list)	<b>CTBC Bank</b> 1.Criminal and terrorist activity 2.Arms industry	<b>CTBC Bank</b> Will not invest; arms industry companies may be excluded if they solely serve the national defense and government market
	<b>Taiwan Life</b> 1.Criminal and terrorist activity 2.Arms industry 3.Pornography industry	<b>Taiwan Life</b> Will not invest; arms industry companies may be excluded if they solely serve the national defense and government market
	<b>CTBC Securities</b> 1.Arms industry 2.Pornography industry	<b>CTBC Securities</b> Will not invest
	<b>CTBC Venture Capital</b> 1.Criminal and terrorist activity 2.Arms industry 3.Pornography industry	<b>CTBC Venture Capital</b> Will not invest Prohibited from coming into contact with Prohibited from coming into contact with
	<b>CTBC Investments</b> 1.Arms industry 2.Pornography industry 3.Gambling industry	<b>CTBC Investments</b> Will not invest
ESG Sensitive Sector	<b>CTBC Bank</b> <b>CTBC Securities</b> <b>Taiwan Life</b>	<b>CTBC Bank</b> In principle, will not invest. If investment is needed for business purpose, underwriting may be possible if any of the following conditions is met and approval from a divisional head in a business unit is obtained:

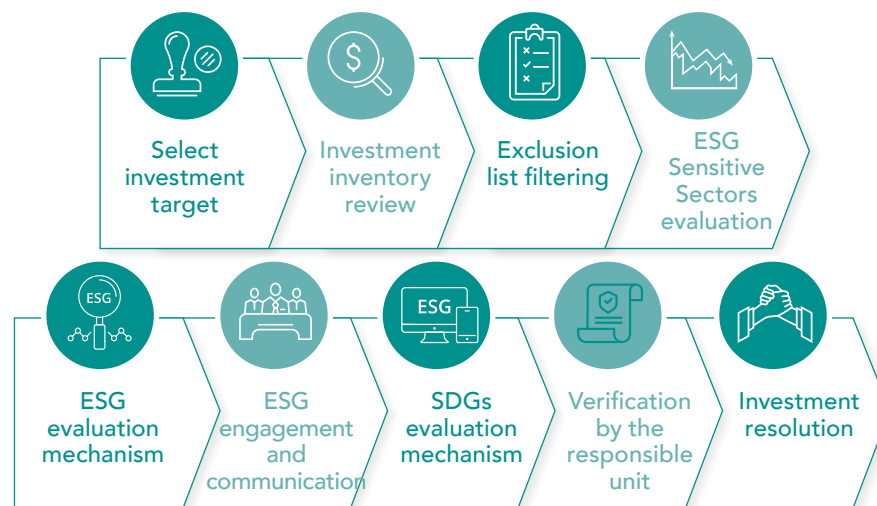
Category	Industry/commercial activity	Management objectives
ESG Sensitive Sector	<b>CTBC Venture Capital</b> 1.Coal mining: More than 25% of a company's revenue comes from coal mining 2.Coal-fueled thermal power generation: More than 25% of the power generated comes from thermal power 3.Tobacco: More than 10% of a company's revenue comes from tobacco manufacturing (excluding rolled cigarettes and packaging (CTBC Bank)) 4.Oil sands: More than 10% of a company's revenue comes from oil sands sales or mining	1.The target issuer or guarantor is a nationally owned enterprise or the government's shareholding is more than 50%, and proof of the company's sustainable transition has been submitted (e.g., the company's sustainability report) 2.For other targets, the rating standard from a third-party institution and an internal ESG assessment must both be met
	<b>Taiwan Life</b> <b>CTBC Securities</b> <b>CTBC Venture Capital</b> Strict assessment	
Positive list industries	<b>Taiwan Life</b> 6 core strategic industries (formerly 5+2)	<b>Taiwan Life</b> Monthly data will be obtained in coordination with Life Insurance Association R.O.C.

Note: The aforementioned policies was implemented as of the end of 2022.

## Responsible investment process

Taiwan Life has formulated 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, sustainability, and Sustainability-Linked bonds (SLB), funds utilization reports are strictly reviewed to ensure that funds are used to support sustainable environmental or social development. The scope of responsible investment covers stocks, bonds, funds, lending, building under construction (BUC) cases, transaction counter-parties, and investment service brokers. As of the end of 2022, the cumulative investment sum that had been approved based on the results of the responsible investment evaluation process was NT\$55.876 billion.

The positive list for responsible investment includes green energy technology, circular economy, Asian Silicon Valley, smart machinery, and new agricultural industry. Together with investments in green buildings, transportation, and infrastructure, these industries are part of the government's "six core strategic industries" (formerly "5+2"). Investment in positive list industries totaled NT\$25.845 billion in 2022, representing growth of 25.12% from 2021.



## Responsible investment engagements

### Group engagements

CTBC Holding is open to collaborate with other financial institutions and has signed on to CDP's Science-Based Targets campaign. In 2022, CDP sent out engagement letters to 1,061 enterprises, and successfully persuaded 77 of them to participate in engagements and submit SBTi targets or to obtain approval for their targets. CTBC Holding has also obtained the 2022 list and will select enterprises from it to seek individual engagements in 2023.

### Individual engagements

In 2022, four subsidiaries, namely CTBC Bank, Taiwan Life, CTBC Securities, and CTBC Investments, separately undertook engagements with ten enterprises from different industries regarding various issues such as overall ESG management, ESG information disclosure, labor rights, intellectual property rights, waste emissions, and environmental protection.

Category	CTBC Bank	Taiwan Life	CTBC Securities	CTBC Investments
No. of engagements	1	1	5	3
No. of enterprises engaged with	1	1	5	3
Industries of the engagement targets	Semiconductors	Power generation	Semiconductors, steel, footwear	Semiconductors, other electronics, trade, and department stores
Engagement topics	G (governance)	Understanding ESG overview	ESG policy review, focusing on labor rights, intellectual property rights, and waste emissions	G (governance), ESG implementation/disclosures

After these engagements, we continued our investments in five of these enterprises; the remaining five were included on our list of potential investments and we will continue to monitor their subsequent actions regarding relevant topics.

Engagements with individual investment targets

Subsidiary	Engagement subject	Engagement topics	Post-engagement Investment decisions
CTBC Bank	listed company from semiconductor assembly and test industry	Number of independent directors	Continue to monitor the company's actions regarding the engagement topic and incorporate the evaluation result into our investment decision making
Taiwan Life	Taiwan Power Company	1.Low-carbon transformation plan 2.Status of green power supply 3.Status of green bond issuance	Taipower was found to have actively undertaken various sustainability plans; therefore, maintain our investment in it and continue to monitor its relevant measures regarding low-carbon power supply
CTBC Securities	Delta Electronics	Intellectual property rights promotions (G)	Maintain a positive outlook on Delta; place it on our list of investments and continue to monitor its subsequent developments
	Radiant	Protect employees' labor rights (S)	Maintain a positive outlook on Radiant and maintain our investment in it; continue to monitor its relevant actions on the issue of employees' human rights
	Wistron	Protect employees' labor rights (S)	Maintain a positive outlook on Wistron; place it on our list of investments and continue to monitor its subsequent developments
	Pou Chen Group	Protect employees' rights (S)	Maintain a positive outlook on Pou Chen; place it on our list of investments and continue to monitor its subsequent developments
	China Steel	Maintenance of preventive equipment for waste emissions (E)	Maintain positive outlook on CSC; it has been placed in the list of investment and we will continue to monitor its subsequent developments
CTBC Investments	Mirle Group	Strengthen risk management system - fraudulent financial reporting incident (G)	Mirle has undertaken a fair amount of improvement; however, observations on the company's operating performance remains necessary and it has not been included in the list of investment
	Eris Technology	Strengthen information disclosure and ESG implementations (G)	Our mid- to long-term business outlook for Eris maintains unchanged, and it continues to be included in the list of investment
	7-Eleven	Food issue and ESG implementations (S)	Maintain positive outlook on 7-ELEVEN and continue to include it in the list of investment

Performance in comprehensive ESG communication with investment targets

Subsidiary	Topics of concern	Channels and frequency	Communications
CTBC Bank	<ul style="list-style-type: none"> <li>• Corporate governance</li> <li>• Company operations</li> <li>• Direction of capital investment</li> <li>• Shareholder equity and earnings distribution planning</li> <li>• CSR and environmental protection</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in investor conferences and shareholders' meetings (ad hoc)</li> <li>• Company visits (ad hoc)</li> <li>• Conference calls/web conferences (ad hoc)</li> </ul>	<ul style="list-style-type: none"> <li>• 20 in-person visits</li> <li>• 116 online meetings</li> <li>• Exercised shareholder voting rights at 62 meetings</li> </ul>
Taiwan Life	<ul style="list-style-type: none"> <li>• Corporate governance</li> <li>• Company operations</li> <li>• Direction of capital investment</li> <li>• Shareholder equity and earnings distribution planning</li> <li>• CSR and environmental protection</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in investor conferences and shareholders' meetings (ad hoc)</li> <li>• Company visits (ad hoc)</li> <li>• Conference calls/web conferences (ad hoc)</li> </ul>	<ul style="list-style-type: none"> <li>• 135 in-person visits</li> <li>• 806 online meetings</li> <li>• Exercised shareholder voting rights at 259 meetings</li> </ul>
CTBC Insurance	<ul style="list-style-type: none"> <li>• Corporate governance</li> <li>• Company operations</li> <li>• Direction of capital investment</li> <li>• Shareholder equity and earnings distribution planning</li> <li>• CSR and environmental protection</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in investor conferences and shareholders' meetings (ad hoc)</li> </ul>	<ul style="list-style-type: none"> <li>• 70 physical or online meetings</li> <li>• Exercised shareholder voting rights at 50 meetings</li> </ul>
CTBC Securities	<ul style="list-style-type: none"> <li>• Company's operating overview</li> <li>• Industry development trends</li> <li>• Environmental protection</li> <li>• CSR</li> <li>• Corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in investor conferences and shareholders' meetings (ad hoc)</li> <li>• Company visits (ad hoc)</li> <li>• Conference calls/web conferences (ad hoc)</li> <li>• Email (ad hoc)</li> </ul>	<ul style="list-style-type: none"> <li>• 63 phone or private interviews</li> <li>• Participated in 121 investor conferences</li> <li>• Exercised shareholder voting rights at 302 meetings</li> </ul>
CTBC Investments	<ul style="list-style-type: none"> <li>• Company's operating overview (including financial performance, industry overview, and business strategy etc.)</li> <li>• Environmental protection actions</li> <li>• Social responsibility and labor rights</li> <li>• Corporate governance and shareholders' equity</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in investor conferences and shareholders' meetings (ad hoc)</li> <li>• Company visits (ad hoc)</li> <li>• Conference calls/web conferences (ad hoc)</li> <li>• Letters (ad hoc)</li> </ul>	<ul style="list-style-type: none"> <li>• 568 in-person visits or online meetings</li> <li>• Exercised shareholder voting rights at 110 meetings</li> </ul>

## Engagement case study

**Engagement issues:** CTBC Bank evaluated the annual report of an investee and found that the management team had a high average age. Additionally, international companies such as TSMC and Intel typically have independent directors take up one-third or more of seats; however, the investee did not reach one-third. Therefore, a more in-depth understanding and monitoring of the effectiveness of the implementation is being carried out.

**CTBC Bank suggestions:** 1. The investee had a succession plan in place and had established a talent pool. Therefore, CTBC Bank suggested that the succession plan be adjusted flexibly by taking into consideration the overall operating conditions of the company and the health of its managers. 2. The investee had employed two directors due to M&A actions, resulting in a slight decrease in the proportion of independent directors. CTBC Bank suggested increasing the number of independent directors or reducing the total number of directors and supervisors in order to enhance the independence of the directors and supervisors.

**Effectiveness of the engagement:** 1. Drawing up a succession plan is crucial for ensuring the stability and sustained profitability of the company's operations. The investee has already formulated relevant regulations regarding this matter. 2. The investee has informed us that they have amended their Articles of Incorporation, which will result in a reduction in the number of directors and supervisors during the next reelection process. This adjustment will help restore the proportion of independent directors to one-third.

**CTBC Bank feedback:** We will continue to closely monitor the investee's implementation of these improvements on an annual basis. The results of our follow-up will be incorporated into the evaluation of investment decisions as a reference indicator to determine whether to maintain our investments in the investee in the future. If the company's sustainability transition plan or engagement results do not meet our expectations, we will consider disposing of the asset.

## Impact investing

Sustainable finance plays a vital role in CTBC Holding's pursuit of sustainable growth. We are committed to inclusive financing and low-carbon economic transformation, aiming to develop financial products and services that align with the SDGs. Our goal is to create a financial ecosystem that generates positive impact through responsible capital allocation.

Among the various types of sustainable investments identified by the Global Sustainable Investment Alliance, impact investing stands out as the most proactive approach, focusing on generating positive social and environmental outcomes. In 2020, CTBC Holding became the first financial institution in Taiwan to join the Global Impact Investing Network (GIIN).

In 2021, CTBC Holding published Taiwan's first Impact Valuation Pilot Study Report, using the Changfang & Xidao Offshore Wind Farm, BOT Project of Taichung Intercontinental Baseball Stadium and Surrounding Land, and Sharing Love Small Amount Whole Life Insurance projects as case studies. Through this report, we aimed to establish a reporting framework and valuation indicators using the IRIS+ system endorsed by GIIN. We outlined the impact performances of these projects, highlighting their contributions to the corresponding SDGs. Our intention is to leverage this report as a foundation for driving CTBC Holding's sustainable financial impact.

We are continually enhancing the group's impact investment policy and has released Taiwan's first Impact Investment Report in 2023. The report defined and articulated the Company's vision for impact investment for the first time. It also assessed subsidiaries' private equity and sustainable bond targets in accordance with international frameworks and standards, including the SDGs, the Five Dimensions of Impact of the Impact Management Project (IMP), and the IRIS+ impact themes and categories. From 2021 to 2022, CTBC Holding's subsidiaries, including Taiwan Life, CTBC Securities, and CTBC Venture Capital, collectively invested approximately NT\$17.1 billion in private equity and sustainable bond impact investments aligned with SDGs 2, 3, 6, 7, 8, 9, and 12. Refer to CTBC Holding's [2021-2022 Impact Investment Report](#).

## Summary of 2021-2022 Impact Investment Report

Total impact investments <sup>11</sup>	
<b>NT\$17,089,107,970</b>	
Investments that can be categorized using IRIS+ Impact Themes	Proportion of total investments that can be categorized using IRIS+ Impact Themes
NT\$9,110,203,459	53.31%
Proportion of private equity	Proportion of sustainable bonds
60.00%	39.89%

## Contributions from investments according to Impact Theme

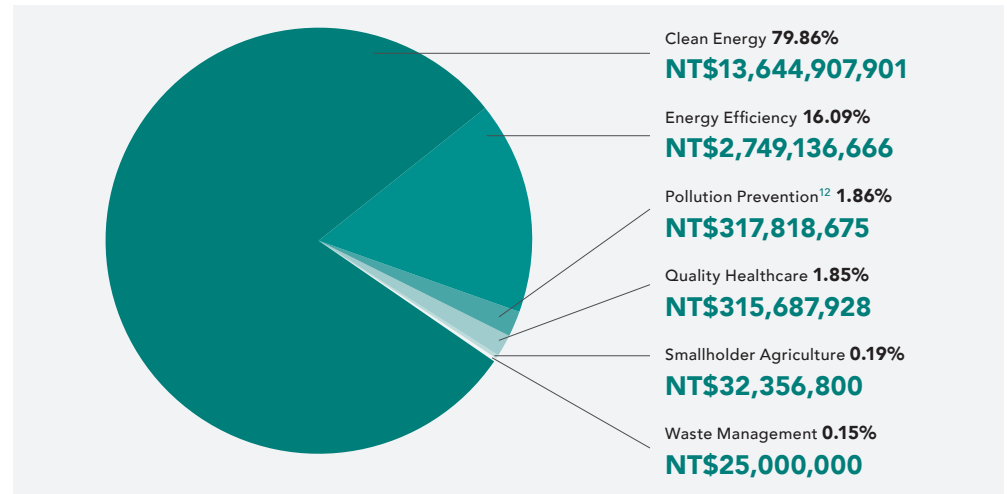
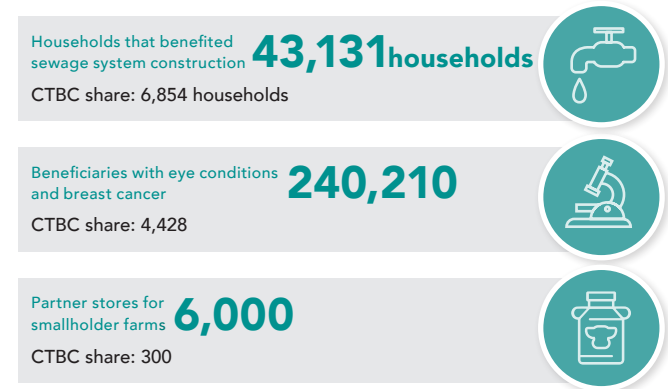
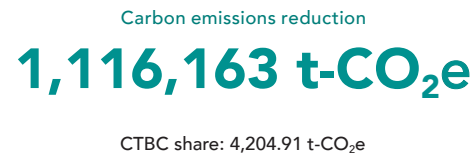
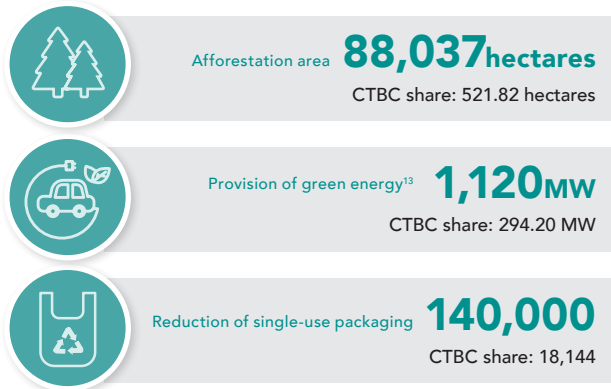


Figure 4. Proportions of investments in the six Impact Themes relative to total investment



<sup>11</sup> The 2021 and 2022 inventories included three CTBC Holding subsidiaries, namely Taiwan Life, CTBC Securities, and CTBC Venture Capital, and the asset categories covered private equity and sustainable bonds, including green bonds, social bonds, and sustainability bonds. In terms of CTBC Holding's inventories of its impact investment targets, we conducted subjective inventories for the three subsidiaries in accordance with the IRIS+ Impact Themes. Not all subsidiaries are included in the inventories, so underestimation is possible.

<sup>12</sup> The investment in Ding-Teng Co., Ltd. that corresponds with the theme Pollution Prevention has been an investment target of Taiwan Life since 2018. The data for this target in this Report refers to Taiwan Life's capital investments from October 2018 to Dec. 31, 2021.

<sup>13</sup> Data is in line with publicly disclosed data and translated to estimated benefits.

## Financial inclusion

### Overseas microloans

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

Subsidiary	Details	2022 results	2021 results	Impact
Philippine subsidiary	Through cooperation with five microfinance organizations, we provide indirect financing to micro and small enterprises and individual households.	5 Loans totaling PHP 1.6 billion (approximately US\$27.9 million)	5 loans totaling PHP 1.8 billion (approximately US\$35.3 million)	Micro and small businesses provided with working capital to support financial needs such as tuition, daily household expenses, emergency relief, and medical expenses
U.S. subsidiary	1.We provide personal and household loans for low- to middle-income families. 2.We provide loans for SMEs.	1. 64 loans totaling US\$36.84 million 2. 116 loans totaling US\$1.16 million	9 loans totaling US\$3.03 million	Provided mortgage loans, house repair and maintenance loans, and low deposit home loans
New Delhi branch, India	We work with three microfinance organizations to indirectly provide financing for micro and small enterprises and individuals across northern and southern India.	3 Loans totaling INR 1.475 billion (approximately US\$17.82 million)	Loans totaling INR 1.075 billion (approximately US\$14.33 million)	Provided low-deposit home loans, auto loans, student loans, daily household expenses, emergency relief and repairs, and medical expenses
Ho Chi Minh City branch, Vietnam	We provide loan services to one of the three leading microfinance institutions in Vietnam.	1 Loan totaling US\$16 million	1 Loan totaling US\$26 million	Indirectly provided funds to those without bank accounts to take out loans for motorcycle and durable consumer goods

### CTBC Bank

Project	2022 results	2021 results	Impact
CTBC Poverty Alleviation Program	NT\$25.5 million in new loans approved and loan balance of NT\$29.84 million	NT\$20.50 million in new loans approved	<p>Provided 967 cases of entrepreneurship counseling in 2022, for a cumulative 4,216 cases (refer to 5.2. Social Investment for details)</p> <p>As of Dec. 31, 2022, 435 loan cases had been approved, with a loan balance of NT\$27.4 million</p>
Disadvantaged person/charitable trust services	<p>1.Total assets in disadvantaged person trusts of NT\$2,136 million</p> <p>2.Total assets in charitable trusts of NT\$1,026 million</p>	<p>1.Total assets in disadvantaged person trusts of NT\$568 million</p> <p>2.Total assets in charitable trusts of NT\$1,036 million</p>	The total assets in the disadvantaged person trusts grew by 276% compared to 2021. Disadvantaged person trust services was designed to safeguard the financial security of the elderly and individuals with physical or mental disabilities, and to prevent their assets from being misappropriated or defrauded, we offer a dedicated trust fund service. This service manages payments for eldercare costs, medical expenses, etc., on their behalf, and helps avoid asset management issues that could arise if the beneficiaries suffer from dementia or other incapacities. The charitable trust service continued to be donated to qualified beneficiaries
Preferential and reverse mortgages	<p>1.Balance of preferential housing loans for youth totaling NT\$3.14 billion, with promotional efforts reaching 99,900 people and delivering 2 deal in 2022</p> <p>2.Balance of reverse mortgages totaling NT\$69.31 million, with promotional efforts reaching 82,000 people and delivering 1 deals in 2022</p>	<p>1.Balance of preferential housing loans for youth totaling NT\$3.712 billion</p> <p>2.Balance of reverse mortgages totaling NT\$58.79 million</p>	Cumulatively provided 1,524 young people with preferential housing loans and 41 older adults with reverse mortgages to improve their quality of life
Study abroad loans	68 loans totaling NT\$75.5 million, with promotional efforts reaching 26,000 people	71 loans totaling NT\$85.7 million	Underwritten NT\$499 million in the last five years, cumulatively helping 461 students to study abroad

Project	2022 results	2021 results	Impact
Financial literacy	<p>1. Conducted a comprehensive survey on family financial planning and retirement planning in Taiwan for 10 consecutive years to gain insights into financing challenges and individual needs.</p> <p>2. Pioneered the inaugural "Happy Life" survey, advocating for early financial planning to ensure a secure future during the retirement phase.</p> <p>3. Spearheaded the advancement of precise family wealth planning through a range of reports and online seminars, facilitating the development of effective strategies.</p> <p>4. Successfully launched the "Financial Health Scoring" concept by publishing a prominent family wealth management journal, available at leading bookstores nationwide.</p>	<p>Promoted family wealth planning through a series of reports and online seminars, and issued the "Take Back Your Right to Retire" journal</p>	<p>1. In 2022, 59% of people surveyed said they had undertaken family wealth planning</p> <p>2. Responses of CTBC customers to our pension preparation questionnaire survey indicated that the readiness of retirement planning had grown from 52% to 57%</p>
Financial planning for disadvantaged people courses	<p>By utilizing our financial expertise, we have trained volunteers and deployed them to remote regions in order to raise the understanding of disadvantaged families and children regarding finances and debt management. Unique learning modules were created for various groups, with 63 classes held in 2022.</p>	<p>By utilizing our financial expertise, we have trained volunteers and deployed them to remote regions in order to raise the understanding of disadvantaged families and children regarding finances and debt management. Unique learning modules were created for various groups, with 44 classes held in 2021.</p>	<p>884 people benefited from the courses in 2022, with 22,794 people having benefited since 2006.</p>

### SME financing

CTBC Bank operates the SME Financial Service Platform to offer secure and efficient financial services to SME customers. It provides 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. is accessible 24/7, catering to micro-sized enterprises, including sole proprietorships, partnerships, and general enterprise customers. The platform incorporates innovative patented technologies for identity verification, facilitating webcam-enabled touchless applications from anywhere at any time. With a commitment to prompt service, loans can be approved within 2 business days, effectively meeting the working capital requirements of SMEs. In 2022 alone, we successfully processed 21,750 cases, resulting in a financing balance of NT\$103,054 million.

### Personal loan support

As part of our efforts to keep customers safe during the pandemic while maintaining their access to financial services, we launched the Easy Digital

Application service. It accelerates the operation process through the digital core and simple application process. As of the end of 2022, 22,324 cases totaling NT\$25.6 billion had been approved.

### Accessible internet banking

In order to meet the needs of all users, people with a visually impairment were specially invited to participate in the redesign of CTBC Bank's internet banking website. Through interviews and a testing process, we gained insight into the biggest financial challenges of the visually impaired, and ultimately obtained Grade certification for our barrier-free service websites. The relaunched barrier-free internet banking service features three key functionalities. The first is its consistent experience; the responsive web page design gives visually impaired users the same experience across desktop computers and mobile devices, so they do not need to learn to navigate the layout more than once. The second is its focus on convenience and speed, with shortcut menus and links located such that users rarely if ever need to listen to an entire page. The third is its friendly approach, which reads out gentle guidance and reminders during actions such as logging in or making an exchange rate inquiry giving users both assistance and ease of mind. The site can be accessed using NonVisual Desktop Access reading software or a built-in mobile phone reading system.

## Preferential and reverse mortgages

In line with government policy and to supplement Taiwan's existing social insurance and assistance programs, CTBC Bank offers reverse mortgages to provide older people with additional economic security and to protect their quality of life. Preferential housing loans are also available for newlyweds and young families with newborns. In 2022, CTBC Bank issued NT\$69.31 million in reverse mortgage loans, representing annual growth of 17.89%, and NT\$3.14 billion in preferential mortgages for young people.

## Study abroad loans

In partnership with the Ministry of Education, CTBC Bank has launched a study abroad loan product. The loans aim to reduce the financial burden of students studying abroad, in the process making overseas study possible for some students who, due to economic reasons, may otherwise have been unable to enjoy the experience. In 2022, 68 study abroad loans totaling NT\$75.5 million were approved, for a cumulative amount of NT\$3.27 billion.

## Taiwan Life

Project	2022 results	2021 results	Impact
Inclusive insurance	Underwrote 17,999 inclusive products policies (including small-amount whole life insurance, microinsurance, policies for people with pre-existing conditions, insurance policies for people with physical and mental disabilities, and spillover-effect insurance policies ) with a total number of 69,771 covered insureds. The total premium was NT\$363.1 million, up by 21% from the previous year.	Underwrote 14,017 inclusive insurance product policies with a total premium of NT\$253.46 million, up by 22% from the previous year.	In support of government policies, we have launched microinsurance and small amount whole life insurance products, and continue to achieve the government's goal of insurance amount.
Investment Advisory System	Launched in October 2022, this project provides customers various services including the ability to switch investment targets, adjust the ratio of their investment portfolio, receive stop-loss notifications, and access the latest market information through an AI service. The primary goal of these services is to empower customers to quickly adapt to market changes, enabling them to make well-informed investment decisions and effectively manage investment risks.		

## CTBC Securities

Project	Target	Impact
CTBC Spark app	All groups	<ol style="list-style-type: none"> <li>1.CTBC Securities customers value the user experience we provide. Investors can build personalized home screens on the app based on their investment preferences. The app also offers a customized investment journey that effectively addresses the unique pain points and needs of each investor. This approach provides maximum flexibility and an abundance of investment information, empowering investors to make informed decisions.</li> <li>2.Non-CTBC Securities customers can also use the app to access systematic TWSE investment plans as well as a wealth of information including real-time stock market data, individual stock analyses, and news. They can also collect investment points to win rewards.</li> <li>3.Non-CTBC Securities customers account for approximately 40% of all CTBC Spark app downloads. More than half of users surveyed said they were extremely satisfied.</li> </ol>
CTBC Spark: small-sum financial products, TWSE systematic investment plans, and fractional shares	<ol style="list-style-type: none"> <li>1.New investors</li> <li>2.Young investors with smaller budgets</li> </ol>	<ol style="list-style-type: none"> <li>1.Collaborated with CTBC Investments to curate various themed investment portfolios. Customers can invest based on their preferences or select investments based on different investment preferences. The portfolios have themes including biological engineering, electric vehicles, and high-yield targets, and are all curated by professional investment and consulting teams.</li> <li>2.The app boasts an innovative UI design that incorporates engaging stories. Taking inspiration from online shopping, we introduced the concept of a shopping cart, setting ourselves apart from competitors who typically display transactions in lists. Our system allows for daily plans and payments, and we have obtained a patent for our "fixed financial product investment system."</li> <li>3.Within six months of its launch, the platform had delivered an impressive 379% growth in cumulative transaction volume, with a 285% increase in unique transaction counterparties. We continuously strive to provide our customers with an optimal digital experience, ensuring their satisfaction at every step.</li> </ol>



Project	Target	Impact
Corporate website: Digital Securities Academy	<ol style="list-style-type: none"> <li>1. New investors</li> <li>2. Potential customers interested in investing</li> </ol>	<p>1. As part of our efforts to fulfill our corporate responsibility, we established the Digital Securities Academy with the aim of enhancing investors' awareness and reducing investment risks. This academy offers a wealth of free articles covering various topics, including a stock market encyclopedia, financing for beginners, expert columns, and investment lessons. Additionally, we provide detailed guidance on utilizing the functions within the CTBC Spark app. To further support our investors, we have introduced a complimentary article subscription service.</p> <p>2. We have created educational videos and promoted them on social media to foster accurate securities investment awareness and mitigate transaction risks and defaults among investment beginners. By leveraging digital services to minimize social costs, we have once again demonstrated our commitment to the principles of financial inclusion.</p>
Corporate website: Accessible financing services	People with a mental or physical disability	Our website adopts a clear and concise design that all investors can quickly navigate. We are also committed to building accessible financing services to provide a warm and friendly investment environment for people with a mental or physical disability. The website provides overviews, an introduction to the transaction system, information on service locations, and customer service channels; it is also the first securities company website to obtain the government's AA seal for accessibility.
U.S. stock constant share purchase and SIP services	<ol style="list-style-type: none"> <li>1. New investors</li> <li>2. Investors with smaller budgets</li> <li>3. People with a mental or physical disability</li> </ol>	Between December 2020 and January 2022, CTBC Securities gradually introduced services for constant share purchasing and systematic investment plans (SIP) in U.S. stocks. We closely monitor market trends and regularly assess and adjust our investment targets accordingly. Currently, we offer approximately 100 carefully selected U.S. stock targets and provide five payment dates each month, facilitating convenient arrangements for investors. Our U.S. stock constant share purchase platform assists investors in developing long-term and consistent transaction habits, which can help reduce average transaction costs and yield reasonable returns. With a minimum investment of just one share or US\$100, investors can participate in the international market with minimal funds. There are no associated fees or charges for this service. Furthermore, we have pioneered the industry's first "fractional purchase and all-out" transaction model. By leveraging fintech to enhance our transaction system, investors can sell whole and fractional shares together, reducing transaction fees per transaction. Dividends are also distributed based on fractional shares, eliminating concerns about dealing with fractions during transactions and enabling investors to seize the most profitable selling opportunities. As part of our commitment to financial inclusion, we strive to create a secure transaction environment and provide investment opportunities with reduced burdens for older adults, individuals with limited budgets, and those new to the market.
Online offshore bond trading	<ol style="list-style-type: none"> <li>1. New investors</li> <li>2. Investors with smaller budgets</li> <li>3. People with a mental or physical disability</li> <li>4. High net worth individuals</li> </ol>	CTBC Securities launched an online offshore bond trading service in June 2022, offering investors the opportunity to invest as little as US\$1,000. One of our key innovations is the introduction of offshore bond good- 'til-canceled orders, allowing investors to select up to seven days of trading, including holidays. This feature helps prevent challenges posed by severe market fluctuations and eliminates the need to place new orders repeatedly. The subsidiary currently offers a carefully curated selection of over 100 offshore bonds, and the transaction price already includes the associated transaction fees, which are not charged separately. In addition to eliminating the time constraints imposed by traditional models, where orders have to be placed at specific times, our platform allows for 24-hour order placement and query services. This flexibility enables investors to participate in the international market without constraints, making bond investments accessible to a wider range of individuals, including younger generations. By empowering the public to gain an early advantage in asset allocation, we actively promote financial inclusion. Furthermore, recognizing the importance of providing comprehensive information on bond issuers to investors during the selection process, we have implemented the simultaneous upload of detailed information on our proprietary CTBC Spark app. This includes basic details, financial statements, financial rates, and analysis. By enhancing the transparency of investment information, we aim to empower customers to make informed investment decisions and increase their level of autonomy.

## Customer care

CTBC Holding's core values of integrity, innovation, professionalism, teamwork, and care are in how we treat our customers. In addition to formulating relevant strategies and policies in accordance with the FSC's Principle for Financial Service Industries to Treat Customers Fairly, each subsidiary has established a special promotion team to strengthen its own treating customers fairly (TCF) practices.

## 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. CTBC Bank, CTBC Securities, Taiwan Life, CTBC Insurance, and CTBC Finance—the five subsidiaries that predominantly deal with natural-person customers—obtain 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 opt 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.

### CTBC Bank

#### 1.TCF Principles and their effectiveness

To comprehensively maintain and enhance the rights and interests of CTBC Bank's customers, we have established a Treating Customers Fairly Promotion Committee and integrated Friendly Financing and Inclusive Financing into our TCF implementation. By doing so, we are ensuring the sustainable and systematic implementation of TCF. Besides, the dedicated unit also regularly reports on the implementation of the TCF Principles to our senior managers and the Board of Directors.

To put TCF into practice, as well as establishing the TCF Principles, we have set up various internal audit, compliance management, and reporting mechanisms as well as follow-up monitoring procedures for important resolutions to manage subsequent improvements and handling status. These measures are designed to ensure that our handling procedures align with the scheduled timeline and objectives we have set.

Annual education and training is organized by business management units to strengthen employees' awareness regarding the rights and interests of customers. In 2022, the training was completed by 10,643 people, including directors and business management unit staff.

In 2022, we prevented members of the public from falling victim to scammers on 1,733 occasions, saving them a total of NT\$810,004,641.

#### 2.Customer experience

Regarding retail banking, the Bank maintains a customer experience center to provide regular voice-of-the-customer reports to senior management in order to improve customer satisfaction.

## A design for a convenient and uninterrupted service experience

Solution	Details	Benefits
Intelligent customer service	<ul style="list-style-type: none"> <li>Cumulatively assisted 12 million people in 2022</li> <li>Satisfaction rate of 92%</li> </ul>	
Intelligent Conversational Voice Service	We integrated a natural language processing-based chat service into our customer service center, representing the first use of such conversational AI in Taiwan's financial industry. With it, customers can quickly have their problems solved by "speaking" directly to the voice assistant.	The service significantly eases the pain point of customers getting lost in the layers of automated phone service menus.
Pioneering AI store database	We used AI and Big Data analytics to address customers' concern regarding receiving meaningful purchase notifications.	We increased the rate of purchase notifications that display the name of the store where the purchase was made from 45% to 95%.
Customer experience operating mechanism	We continue to gather feedback from customers regarding their digital experience through customer service, market surveys, and external online census databases, among other channels. By processing approximately 5,000 opinions each year, we effectively transform customer demands into the foundation for enhancing and designing our services. This helps optimize and innovate functions while also enhancing our corporate culture to prioritize the customer experience. Through this iterative process, we have established a positive feedback cycle that is built upon customers' valuable input.	

### 3.Customer satisfaction

Method	Benefits
Conducted over 30 types of customer satisfaction surveys across both online and physical channels.	Over 660,000 responses were received, with an average satisfaction rate of 89%, reaching our target.
Used Net Promoter Score (NPS) to review and optimize the customer experience.	The NPS for 2022 was 25, up five points from 2021.

### 4.Customer complaints and handling

CTBC Bank continues to implement and inspect customer service standards, internal customer voices, external customer complaints, and customer care plans at Treating Customers Fairly Promotions Committee meetings. As well as 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 2022, CTBC Bank achieved a seven-day customer complaint closure rate of 93.2%, with a customer consensus rate of 93.4%. In addition, a total of 1,284 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

In response to the FSC's Principles for Financial Service Industries to Treat Customers Fairly, Taiwan Life continued to comprehensively refine its fair customer service practices through three main policy axes: “Embed TCF in our DNA,” “Become the first choice in customer referrals,” and “Promote social sustainability.” The Company established the Superior Customer Experience Project Management Office (SCE PMO) to collaborate across departments to optimize the customer experience process and implement TCF action plans, with the Board serving as the highest supervisory body. The Board meets quarterly with senior executives to present the results of TCF efforts and execution plans. Learning from peers' best practices, Taiwan Life continues to make improvements and optimize its feedback mechanism in order to ensure a sound TCF system.

### 1.TCF strategies and implementation

Strategy	2022 performance
Embed TCF in our DNA	<ul style="list-style-type: none"> <li>• <b>IDEA Box employee innovative contest</b> The IDEA Box campaign welcomes staff to propose innovative, TCF-minded solutions, and those whose suggestions are taken on board receive additional points in their performance evaluations. A total of 99 entries were received in 2022, with seven of them already enacted; 20 other quality proposals were selected, three of which were crowned annual winners and will be implemented in 2023.</li> <li>• <b>Internal Experience Group</b> In 2022, to apply the customer central culture, we established the "internal experience group", the member including back-end staff, agents, and directors. They were asked to experience the quality of company services with four main channels, and to provide feedbacks as well as optimization measures wherever possible, the group proposed a total of 35 optimization measures. The experience group also took part in various interviews and tests for development projects. It helps to find the customer needs and improve the overall customer experience.</li> <li>• <b>VOC (Voice of Customer) Routine reviews</b> By regularly compiling customer opinions including disputes, 0800 complaints, NPS questionnaires, and social media feedback, we explore pain points and review them for improvements in order to enhance customer satisfaction. Through monthly project-based reviews and quarterly NPS reviews, customer service representatives in 2022 received on average 40% fewer complaints than in 2021, while Taiwan Life's transactional NPS improved by 32% from 2021, signaling that the routine reviews and improvements have yielded positive results.</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>Mobile claims app</b> Claims applications can be completed in four simple steps, "signing, filling, sending, and submission." In addition, by using video chat during claims review operations, the process has become much more efficient. Moreover, customers no longer had to fill out multiple forms since forms can be submitted to other enterprises within our alliance. As of December 2022, the ratio of app usage has reached 18.84% of all cases since it was launched in September 2022.</li> <li>• <b>Digital customer service chatbot</b> We have deployed AI machine learning to address customer concerns by using multiple rounds of conversation online. By providing this diverse consulting channel with 24/7 service, customers can inquire about insurance issues and download application forms at any time. This service was launched in October 2022.</li> </ul>
Become the first choice in customer referrals	

Strategy	2022 performance
Promote social sustainability	<ul style="list-style-type: none"> <li>• <b>Microinsurance donations</b> Taiwan Life provides personal and group microinsurance products for disadvantaged individuals, families, and other groups. We have been expanding the targets and range of our care through the donation of microinsurance premiums since 2015, ensuring support for disadvantaged families in the case of an accidental death or disabling injury. The cumulative microinsurance amount have reached NT\$56.38 billion and benefited 262,000 persons. We also received the Caring for the Physically and Mentally Disadvantaged Award in the microinsurance category of the FSC's 2022 Insurance Contest.</li> <li>• <b>Priority claims settlement for disadvantaged groups</b> In line with Taiwan Life's disadvantaged group care policy, the three-day clearance rate for microinsurance claim settlement applications was again 100% in 2022, with 30 cases receiving priority treatment.</li> </ul>
	<ul style="list-style-type: none"> <li>• <b>Products for older adults and disadvantaged groups</b> We launched the industry's first dementia insurance policy in 2022, providing coverage also for less severe cases, thereby providing dual life insurance and health care protection. We also launched health management insurance products (five types in total) with multi-factor spillover effects. By integrating key health management criteria including power walking, health examinations, cancer screenings, and vaccinations, as well as pioneering comprehensive spillover health promotion and minor dementia insurance policies, we are offering multi-factor spillover clauses for cancer, seven types of major illnesses, hospitalization coverage, and more in order to provide a medical safety net that allows customers to approach old age with confidence. Going forward, we will continue to advance with medical technological developments and design optimized products based on the specific medical needs of older adults, vulnerable groups, and long-term care, with the ultimate goal of building a comprehensive health care ecosystem.</li> </ul>

### 2.Customer experience and customer satisfaction

Strategy	Performance
In 2019, we partnered with external consultants to develop an annual rNPS <sup>14</sup> customer experience management optimization mechanism. We also conduct monthly tNPS <sup>15</sup> surveys focusing on 11 types of customer journey, and analyze all channels and points of contact. By conducting different types of research on the customer experience and implementing systematic management, follow-up, and improvement, we are able to better meet customer expectations.	In 2022, Taiwan Life's annual rNPS remained positive and ranked No. 1 among all six major life insurance brands in Taiwan. In addition, among all these brands, we experienced the greatest improvements in brand image and after-sale service scores.

<sup>14</sup>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).

<sup>15</sup>Transactional Net Promoter Score (tNPS) refers to the momentary level of recommendation of customers upon completing an experience of a product or service.

### 3.Customer complaints and handling

Taiwan Life, meanwhile, uses a customer service VOC platform to continually monitor feedback. In 2022, there were 1,148 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 2022, the rate of complaint cases for which customers requested that Taiwan Life seek ombudsman assistance was approximately 0.024%, while the rate for which Taiwan Life did request ombudsman assistance was approximately 0.0066%. 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.

## CTBC Securities

### 1.TCF

To safeguard the rights and interests of its customers, CTBC Securities has established a TCF-centric corporate culture. It has developed TCF principles, strategies, and policies in accordance with the FSC's Principle for Financial Service Industries to Treat Clients Fairly. These principles encompass 10 key areas, namely customer treatment, good administrative practices, truthful advertising and solicitation, product and service suitability, announcements and disclosures, balanced compensation and business performance, grievance protection, professionalism of salespeople, friendly service, and adherence to the Ethical Corporate Management Best Practice Principles. All business units within the subsidiary are required to adhere to the philosophies and regulations outlined in the principles when designing new products and promoting various services. This ensures the protection of customers' rights and interests and fosters a welcoming investment environment. By upholding these principles, CTBC Securities is actively working toward its sustainable development goals while maintaining a customer-centric approach.

### 2.Customer satisfaction

In order to gauge customer satisfaction levels, CTBC Securities' Customer Service Department proactively reaches out to customers who have conducted transactions on our digital platform during the month. This approach allows us to not only assess the customers' investment experience and overall satisfaction

with our services, but also provides an opportunity to gather valuable feedback and opinions. These insights serve as an essential reference for the continual improvement of our products and services. In 2022, CTBC Securities conducted 1,644 customer surveys, achieving a satisfaction rate of 87.28%. This result not only met but exceeded our annual satisfaction target of 86%. For 2023, we aim to complete a minimum of 1,500 satisfaction surveys and achieve a satisfaction rate of 86.7% or higher.

### 3.Customer complaints and handling

To protect the rights and interests of customers and enhance communication with them, CTBC Securities has set up multiple diverse channels for customers to file complaints:

- (1) In-branch: Customers can provide feedback at any of CTBC Securities' branch offices throughout Taiwan during business hours. Branch managers are charged with understanding the customer's feedback in full and handling it appropriately.
- (2) Customer Service Center hotline: Customers can call the subsidiary's service hotline 0800-024-365 ext. 5-2 or (02) 6639-2345 during business hours, and a customer service representative will be on hand to receive their feedback.
- (3) Customer Service Department messages: Customers can use the "Send a message to Customer Service" function on the company's website.
- (4) To ensure compliance with the TCF Principles and relevant laws and regulations, CTBC Securities' Planning Department compiles the status of customer complaints on a quarterly basis. This process includes monitoring whether all complaints have been addressed within the required 30-day timeframe. Furthermore, the responsible business unit is required to provide a report on the status of complaint handling and suggestions for improvement. The compiled report is submitted to the Board of Directors each quarter, enabling effective supervision of the implementation status of TCF and customer complaint handling procedures. This approach ensures that all customer complaints are handled in accordance with the principles of fairness and transparency.

### Handling procedure

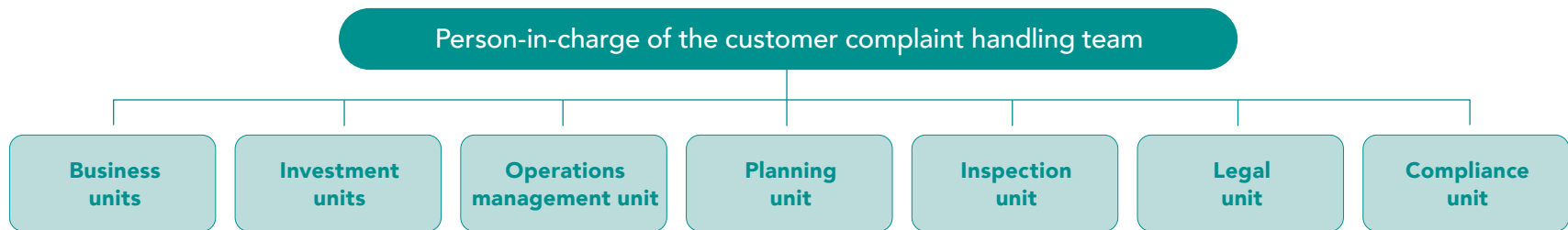
1. When a unit responsible for handling disputes receives a complaint, a manager within that unit will designate a staff member to handle the complaint. During the handling process, the business unit will manage the complaint by assigning it a serial number and registering it. The registration information should include, at a minimum, the serial number, date of receipt, method of receipt, complaint

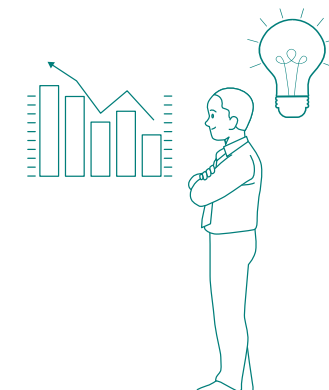
content, handling process, problem analysis, follow-up monitoring, timeline management, key communications with the customer, and the date of resolution. This facilitates tracking and review. Any relevant matters will also be handled in accordance with the company's internal rules.

2. The designated employee responsible for handling the complaint should first interview the customer and the personnel who processed the customer's case to understand the cause of the dispute. They should also gather relevant evidence to verify compliance with various operating regulations. During the investigation, if it becomes evident that the company's negligence or intentional conduct caused the dispute, it will be addressed in accordance with relevant laws and the company's internal rules. If the cause of the dispute is an inappropriate contract, advertisement, campaign, or operating process that failed to protect the customer's rights and interests, the company should conduct a review of relevant procedures to prevent similar occurrences. In cases where the cause of the dispute is attributed to customer negligence or dissatisfaction, the company should not only explain the relevant laws to the customer in accordance with legal requirements but also handle the matter in line with applicable laws, terms, and clauses in securities, investment, and fund contracts.
3. The designated employee should comply with the company's internal regulations for filling out case handling progress reports and records based on the case's characteristics. After meeting with relevant units, the employee should submit the report to the person-in-charge of the customer complaint handling team. Upon completion of the case, the investigation and handling results should be used to complete a comprehensive case closure report/record. This report should be submitted to the person-in-charge of the customer complaint handling team and the president after meeting with relevant units.
4. If the dispute is a significant one-time incident, it should be handled in accordance with the company's Handling Guidelines for Major Extraordinary Events. If the dispute meets the criteria outlined in the company's Management Procedures for Operating Risk Incidents and other relevant rules, it should be handled accordingly.
5. The unit responsible for handling the dispute should properly store documents and records related to the complaint. These records should be retained for at least five years after the closure of the dispute.

### CTBC Investments

CTBC Investments has established the following organizational chart for handling customer disputes, with the complaint-handling team responsible for overseeing the relevant procedure:





## 3.2 Innovative digital finance

### Digital strategy development and vision

- **Maintain a leading position in Taiwan in terms of critical technology, and engage in technological platform transformation to enhance the group's overall digital competitiveness**
- **Maintain a leading position in Taiwan in terms of innovative presence, and plan collaborations with international organizations to demonstrate the group's digital innovation**
- **Strengthen development of sustainable digital banking products and services, and explore markets with emerging, innovative, and sustainable opportunities in order to satisfy customer demand and cultivate market opportunities, thereby cementing ourselves as Asia's No. 1 sustainable financing brand.**

With the rapid development of fintech, CTBC Holding reviewed and revised our digital finance strategy in 2022. CTBC will continue to promote online and offline digitization in order to provide a consistent financial service experience to customers throughout all channels. We will also continue to explore critical technologies and emerging tech to drive technological platforms transformation and foster innovative R&D momentum, and we aim to establish CTBC Holding as a trailblazer in digital banking.

### Management objectives

Strategy	Solutions		2023 targets	2022 performance
Provide optimized product and customer experiences to support business objectives	Designs are founded on the core concept of optimizing the customer experience in order to promote end-to-end process digitization		<ul style="list-style-type: none"> <li>• Continue to develop the digitalization engineering of customer journeys in various business areas</li> <li>• Maintain market leadership in terms of customer NPS (Net Promoter Score)</li> </ul>	Promoted digital transformation engineering in key business processes of retail banking and institutional banking; cumulatively executed 37 optimizations. Developed multiple shared technology modules and obtained 40 patents. By promoting digital transformation initiatives, we effectively facilitated organizational learning and fostered a customer-centric product and service design philosophy, with employees participating on more than 1,000 instances across the front, middle, and back offices.
	Lead in technology applications and focus on AI and blockchain R&D for application in various financial fields	R&D of AI/data module building and technical applications	<ul style="list-style-type: none"> <li>• Smart automated digital marketing will account for 40% of all marketing</li> <li>• Complete the establishment of CTBC Holding's data platform and optimize data sharing</li> </ul>	Completed 18 AI technology projects for major R&D objectives, including computer vision, natural language processing, and machine learning, in order to implement innovative transformation, increase business revenue, improve cost efficiency, and enhance the customer experience. Improved data competencies for use in plan precision management, thereby assisting business units to create value.
		R&D of blockchain supply chain digital finance service platform	<ul style="list-style-type: none"> <li>• Deploy automated and paperless processes to reduce operating times by 50%</li> <li>• Link platform with Taiwan's leading ERP systems</li> </ul>	Completed and implemented Taiwan's first blockchain supply chain digital finance platform. By utilizing blockchain technology to integrate digital information throughout the supply chain, we can enhance the Institutional Banking Division's financial service competitiveness in the supply chain.
Forward-thinking innovation and long-term planning	Lead the industry in R&D into trending issues and topics and deployment of innovative research and development in advance	R&D of emerging payment and innovative business models	<ul style="list-style-type: none"> <li>• Continue to promote innovative R&amp;D into trending issues and emerging topics</li> <li>• Continue to win digital innovation awards at home and abroad and maintain industry leadership position in number of fintech patents in Taiwan</li> </ul>	Established the innovative Buy Now Pay Later business model; CTBC Finance launched the Fula app as a new financial payment tool
Focus on IT transformation engineering to empower business competitiveness	Promote modernization engineering of core IT system	Focus on improving framework and software development competencies	Continue to improve digital technology infrastructure to achieve 100% compliance with service-level agreements for finance services	<ul style="list-style-type: none"> <li>• CTBC Bank: Completed planning of decentralized architecture framework</li> <li>• Taiwan Life: Completed the second phase of the new core system testing, facilitating further integration, and deployed 2 smart services, namely Smart Digital Customer Services and Smart Claims Applications</li> </ul>
		Build organizational agility to support high levels of market change		

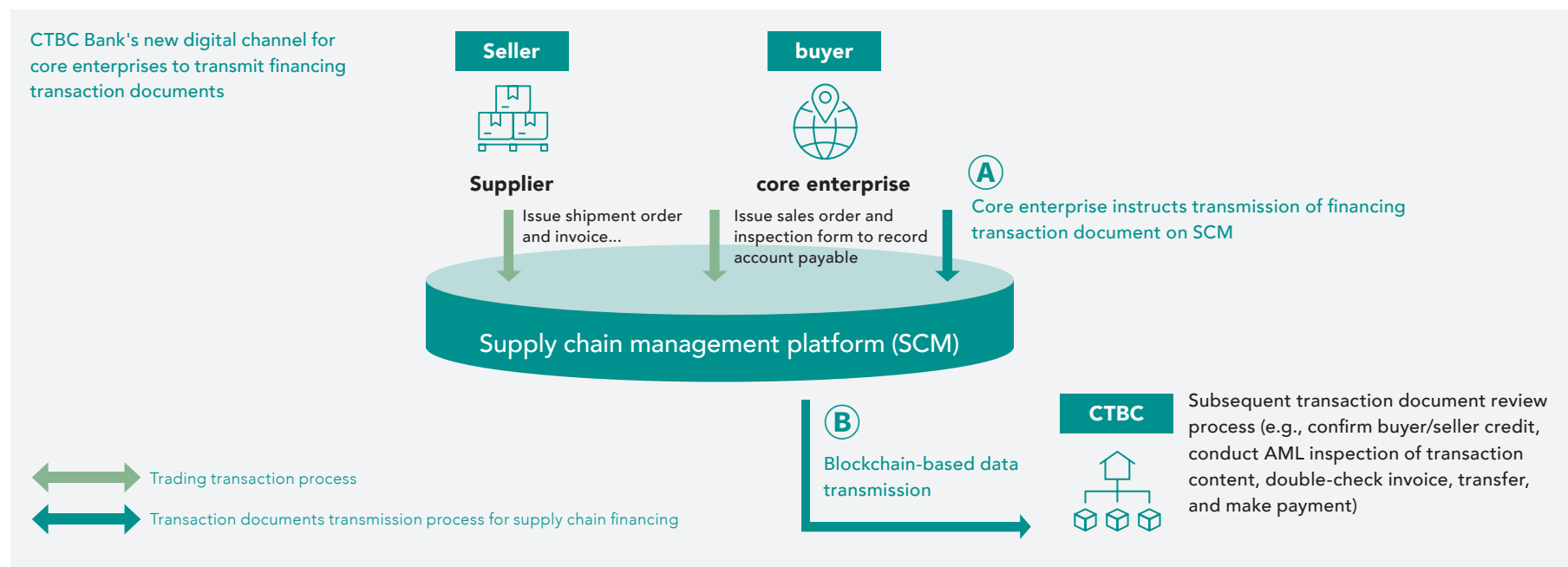
Note: By the end of 2022, CTBC Holding has accumulatively acquired 471 financial patents. Please refer to the [Appendix Sustainability KPI](#) for information on the achievement of the targets set for 2022 in the original 2021 plan.

## CTBC Bank

### CTBC Bank corporate and institutional banking

#### Blockchain supply chain finance

We jointly established a blockchain-based supply chain financing platform with YFY Inc. In the third quarter of 2022, suppliers of YFY Inc. and Chung Hwa Pulp Corp. successfully acquired financing via the platform. Initially, an average of over NT\$100 million was provided to over a dozen suppliers every month, helping them to ensure sound cash flow during the pandemic. The platform represents an efficient disbursement mechanism for enterprises, banks, suppliers, and customers, and has strengthened YFY's supply chain.



<sup>13</sup> If the enterprise resource planning (ERP) system has been connected to SCM, the enterprise can transmit documents via ERP.

### CTBC Bank retail banking

Strategy	Solution	2022 performance	2023 targets
With the vision of an open platform, we have partnered with multiple insurance companies to release a variety of products, giving customers access to online insurance services anytime, anywhere.	Online insurance	<ul style="list-style-type: none"> <li>13,020 new online insurance service members, representing annual growth of 70.21%</li> <li>2,487 new insurance contracts, representing annual growth of 118.5%</li> </ul>	<ul style="list-style-type: none"> <li>15,000 new online insurance service members</li> <li>2,950 new insurance contracts</li> </ul>

Strategy	Solution	2022 performance	2023 targets
We use AI to provide standardized investment portfolios with different risk options, with asset allocations continually optimized through automatic adjustments to help achieve customers' financing goals.	ROBOGO auto rebalancing	Has served more than 40,000 customers since its deployment and won awards including the 2022 Best Smart Financing Award in Taiwan from Business Today and Most Innovative Trust Award from Commercial Times	Continue to develop more diverse themed portfolio options and expand the application of the smart financing platform to satisfy the needs of different customers
We use Big Data to select funds suitable for long-term investment and retirement.	Retirement GO	Has had nearly 20,000 applicants since its launch, and is used to promote retirement preparedness in the media	Continue to guide customers to prepare for retirement by using systematic investment plans to address their future capital requirements in an aging society.
We partnered with CPC Corp. to launch Taiwan's first e-wallet for transportation, providing features including a one-stop experience for payments such as gas, parking, and freeway tolls as well as a pioneering rewards points system to offer the greatest convenience and incentives to customers.	CPC Pay	<ul style="list-style-type: none"> <li>App downloads: 1.47 million</li> <li>Co-branded CPC credit cards in circulation: 1.25 million</li> <li>Binding rate of co-branded cards: 54%</li> </ul>	<ul style="list-style-type: none"> <li>App downloads 1.8 million</li> <li>Co-branded CPC credit cards in circulation: 1.4 million</li> <li>Binding rate of co-branded cards: 55%</li> </ul>
We partnered with the Hotai automotive group to launch Hotai Pay, Taiwan's first unlimited-amount car-purchasing credit card. It offers customers a new mobile-based digital financial service that allows them to pay for the purchase, maintenance, lease, and use of cars, thus building a comprehensive transportation payment ecosystem. It is the first credit card in Taiwan that allows users to pay for a vehicle in full and receive a car purchase rebate	Hotai Pay	<ul style="list-style-type: none"> <li>No. of bind cards : Approximately 560,000 cards</li> <li>Hotai Pay cards in circulation: approximately 142,000</li> <li>Binding rate of co-branded cards: 22%</li> <li>Cars purchased using Hotai Pay cards: approximately 34,000</li> </ul>	<ul style="list-style-type: none"> <li>Hotai Pay cards in circulation: 200,000</li> <li>Binding rate of co-branded cards: 25%</li> <li>Cars purchased using Hotai Pay cards: 35,000</li> </ul>
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, with the aim of creating a one-stop payment service model.	LINE Points rewards program	<ul style="list-style-type: none"> <li>Cumulative cards issued: 5.1 million</li> <li>Rate of co-branded LINE Pay cards: 71% of all cards (Including both LINE Pay credit and debit cards, monthly transactions total approximately 29 million)</li> </ul>	Cumulative cards issued: 5.7 million
The online loan service makes applying for a loan far easier, protecting customers from financial fraud and the exorbitant interest rates charged by underground banks.	Online loans	Loan applications:550,301	Loan applications:599,828
The iMortgage platform offers prospective homebuyers convenient access to property price and mortgage data, along with information on promotional services related to properties and home services. It aims to assist homeowners in effortlessly enhancing their living spaces and obtaining low-interest mortgages through financing loans.	iMortgage	2,423,572 views	2,787,108 views
We have launched paperless online services and the industry's first-of-its-kind ATM x LINE service, which give users their ATM receipts in the form of LINE instant messages instead of paper slips, reducing carbon emissions.	Personalized ATM services	Cumulative users with ATM accounts linked with LINE Business Connect: 3,220,395	Cumulative users with ATM accounts linked with LINE Business Connect: 4.36 million



Success stories

Software-based authorization for loans and BUY+1 social media order integration system

Combining external resources: Combine online loans in conjunction with the BUY+1 Social Order Integration System of ClearSoft Tech. Co., Ltd., in addition to being able to apply for loans online 24 hours a day, back-office order data can also be used as proof of financial strength, effectively resolving many vendors' and group buyers' pain points when collecting payments due and turnover needs.

Linking software-based authorization with the Joint Credit Information Center: Launched as part of loan services in 2021, this enables us to obtain information from public sources to quickly and accurately assess customer risk and thus make appropriate loan application decisions nearly instantly, thereby also allowing customers to apply for loans easily without having to attach financial statements. This service was expanded to various channels in 2022, and more than 80% of our customers can now use it to authorize CTBC Bank to access relevant documents from public agencies.

Official CTBC LINE account services

We were the first in the industry to launch personalized LINE services, combining financial services with social media to offer tailored LINE inquiries, notifications, and intelligent customer service. Furthermore, our customers receive instant LINE notifications and promotions whenever they conduct transactions such as withdrawals, transfers, deposits, or cardless transactions at CTBC Bank ATMs. This paperless service not only provides convenience but also contributes to environmental protection.

Money Diary family financial service

Money Diary is family-oriented financial service that aims to educate and empower minors children and their parents. This specially designed service assists children in understanding financial concepts and developing healthy money management habits. Through its engaging, vibrant, and user-friendly app interface, as well as features such as budget allocation, bookkeeping, and spending analysis, children can learn about financial services while having fun. It was used by approximately 10,000 people in 2022.



Penny Piggy

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. More than 80,000 people have applied for the service since it was launched, with approximately 600,000 investment transactions made.

Remote financing

By leveraging resources from various platforms, we offer innovative digital financing services that enhance the customer experience. Wealth management customers can conveniently schedule financial consulting appointments through online banking or our official LINE account. During video conferences, financial specialists can share their screens with customers and exchange documents, ensuring that customers receive professional financial consulting services even when unable to visit a physical branch.

Individual Fund AI

The financial market is evolving rapidly, and CTBC Bank recognizes that many individual customers require more fintech assistance in making investment decisions. While these customers have some knowledge about the investment market, they still rely on financial consultants to select investment targets. Additionally, they spend significant time studying market information before making investment decisions. To address these needs, CTBC Bank has invested two years in researching automated investment consulting services, aiming to enhance the efficiency of individual customers' investment decision-making. Simultaneously, we strive to assist customers in seizing business opportunities in different markets through simpler, faster, and more effective methods.

Innovative investment technology: Our research team employs data mining technology to decipher complex financial data and predict the relationship between returns and risks. Moreover, we utilize deep learning algorithms from AI to analyze the market's future performance. This process helps transform intricate investment information into precise asset allocation recommendations. As a result, customers can easily engage in investments and complete their investment planning.

Risk prevention mechanisms: As market fluctuations become increasingly volatile, safeguarding assets from devaluation becomes crucial. To address this, we have implemented a black swan preventive risk control mechanism in the Individual Fund AI's investment portfolio. When the predicted downward risks exceed baseline values, investors are promptly reminded to adjust their investment portfolio. Additionally, they are advised to transfer their assets into currency-type funds, which act as a hedge against short-term market slumps.

## Taiwan Life

### Safe, contact-free end-to-end digital insurance service model

The lifestyle of the public has undergone significant changes since the COVID-19 pandemic first reached Taiwan. As the demand for medical and health care insurance remains high, the traditional insurance filing process necessitated personal visits from insurance sales agents, and customers were required to sign insurance documents in person. This approach not only consumed time but also increased the risk of contact during the pandemic. To mitigate these risks for both customers and insurance agents, we have introduced a mechanism that eliminates the need for in-person signings, offering safer, more convenient, and verifiable insurance services. With the support of digital tools, zero-contact insurance service is now a reality. Sales agents can now provide customer service anytime, anywhere, creating a new standard for the insurance service model in the post-pandemic era.

Service	Details
<p>Remote insurance filing service (Operations Regulations Division 1)</p>	<ul style="list-style-type: none"> <li>• We launched the remote insurance filing service in December 2021, enabling staff to serve customers anytime, anywhere.</li> <li>• To enhance security, we have implemented a biometric identification mechanism. Customers can log in to Taiwan Life's remote insurance filing website, complete identity verification, confirm disclaimers, and sign insurance documents through three facial recognition scans. This process eliminates the need for customers to download additional programs and ensures a contact-free and paperless experience. We utilize encrypted electronic transmission to guarantee the security and integrity of information, eliminating the need for physical mailing and minimizing the risk of data loss. This innovative approach offers a fast and secure insurance experience.</li> <li>• Highlighting our commitment to meeting the needs of all customers, we have introduced the industry's first "parent-child simultaneous facial recognition" feature. This allows even minor customers to easily complete remote insurance filing, ensuring that the rights and interests of all customers are safeguarded.</li> </ul>
<p>Mobile Security Service (Planning Department)</p>	<ul style="list-style-type: none"> <li>• We formally launched the Mobile Security Service in May 2021, allowing our sales agents to assist customers in applying for security services through mobile devices. This initiative aims to enhance the overall quality and effectiveness of our services.</li> <li>• Highlights of the service include the integration of various application files, enabling customers to complete a single application for multiple items. Additionally, the service provides a precise review of required documents and fields that need to be filled out, addressing the challenge of dealing with complex document preparations before submitting written applications.</li> <li>• With the Mobile Security Service, our sales agents can provide fast and comprehensive assistance, effectively transforming them into insurance consultants equipped with well-rounded professionalism and digital competencies.</li> </ul>
<p>Contact-free claims services (Claims Department)</p>	<ul style="list-style-type: none"> <li>• We launched the Medical Insurance Claims Alliance Chain in May 2021. This innovative platform allows policyholders to authorize hospitals to securely send their medical records to designated insurance companies using blockchain technology and applications. By leveraging this technology, the process minimizes physical contact and reduces the risk of infection. Furthermore, policyholders are no longer required to physically visit high-risk environments such as hospitals. In addition to addressing the challenges posed by the pandemic with a contact-free claims submission method, this initiative also expands the range of application channels and services available to policyholders. This mutually beneficial solution benefits both the public and insurance companies. Furthermore, this achievement marks a significant milestone in the digitization of insurance services.</li> <li>• Formally launched the mobile claims service in September 2022 so that sales personnel can assist customers to apply for claims settlement online via mobile devices, thereby enhancing the overall service quality and effectiveness.</li> <li>• Highlights of the service include the integration of various application files, enabling a streamlined one-stop application for multiple items. Additionally, there is a meticulous review of required documents and fields to be completed, addressing the challenge of dealing with complex document preparations before submitting written applications. These enhancements significantly improve the application process for policyholders. Moreover, the alliance chain service simplifies the application process for policyholders and reduces the time required to prepare claims applications. Instead of submitting individual claims to each insurance company separately, policyholders can choose to submit their claims to one insurance company, and all other insurance companies will concurrently process the claims application. This not only saves policyholders time but also optimizes the overall experience throughout the process.</li> </ul>

## Other success stories

### Official LINE account

We promoted the Taiwan Life official LINE account, allowing policyholders to link their LINE accounts and enjoy instant, convenient, and personalized insurance services. In 2022, we provided 14 customized notifications and added Smart Digital Customer Services, offering conversation-style query services. As of 2022, 2.10 million LINE accounts had added our LINE account, representing annual growth of 40%.

### Official website optimization

We continue to implement various user-friendly measures and functions on our official website. These include audio product summaries to improve accessibility for visually impaired and disadvantaged customers, online sign language translation services to assist hearing-impaired customers, and font adjustments to cater to older customers. These accessibility optimizations have contributed to our attainment of the highest-ranking AAA seal, ensuring that disadvantaged groups have better access to insurance services.

### Online enrollment in microinsurance products

In support of government policy, we will launch online enrollment for microinsurance products on the Insurance section of Fundrich's Pension Platform. This service aims to provide added security for disadvantaged groups and promote financial inclusion.

### Consultancy service

Since its launch, our consultancy service has received 360,000 website views annually, with a satisfaction rating of 4.7 out of 5. The site provides an insurance guide specifically tailored for new parents and singles. This guide aims to enhance their understanding of insurance concepts and identify any gaps in their coverage that may require attention. After referencing the guide, customers can easily schedule offline appointments with consultants to enroll in insurance plans.

### TeamWalk workplace health management app

The TeamWalk workplace health management app has received eight domestic and international awards for digital innovation and has obtained three patents. The app encourages employees to participate in power walking and to enroll in group insurance. More than 6,000 employees have used the app, collectively logging over 2 billion steps—the equivalent of circling Taiwan 1,360 times.

### Alliance Chain

Taiwan Life has joined the Life Insurance Association of the Republic of China's Alliance Chain, simplifying policyholders' security and claims application preparations through the secure and convenient nature of blockchain. Instead of submitting individual claims to each insurance company, policyholders can choose to submit their claims to one insurance company, and all other insurance companies will concurrently process the application. This not only saves policyholders' time but also optimizes the overall experience of the process.

### Smart digital customer service

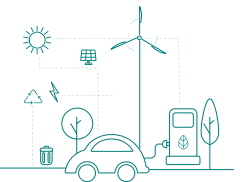
We have used AI machine learning to develop a smart digital customer representative chatbot, which can address customers' inquiries through multiple rounds of online conversation. The 24/7 service allows customers to inquire about insurance matters and download application forms at any time.



## CTBC Investments



We participated in the second Taiwan ESG Hackathon hosted by Bloomberg. At the event, which had the theme "ESG TWSE Machine Learning Workflow," we worked to develop an ESG data source integration platform. Our aim was to build a multi-source integration platform from an environmental perspective, so as to both integrate data and to remedy any gaps in information. This data stream could then be used in the investment process to analyze an investment portfolio and optimize its ESG-related impacts. Our efforts earned us the top honor at the hackathon. For more information, visit Bloomberg Professional Services.



# ENVIRONMENTAL

- 4.1 Net zero by 2050
- 4.2 Green operations
- 4.3 Taskforce on Climate Related Financial Disclosures
- 4.4 Taskforce on Nature-related Financial Disclosures

4



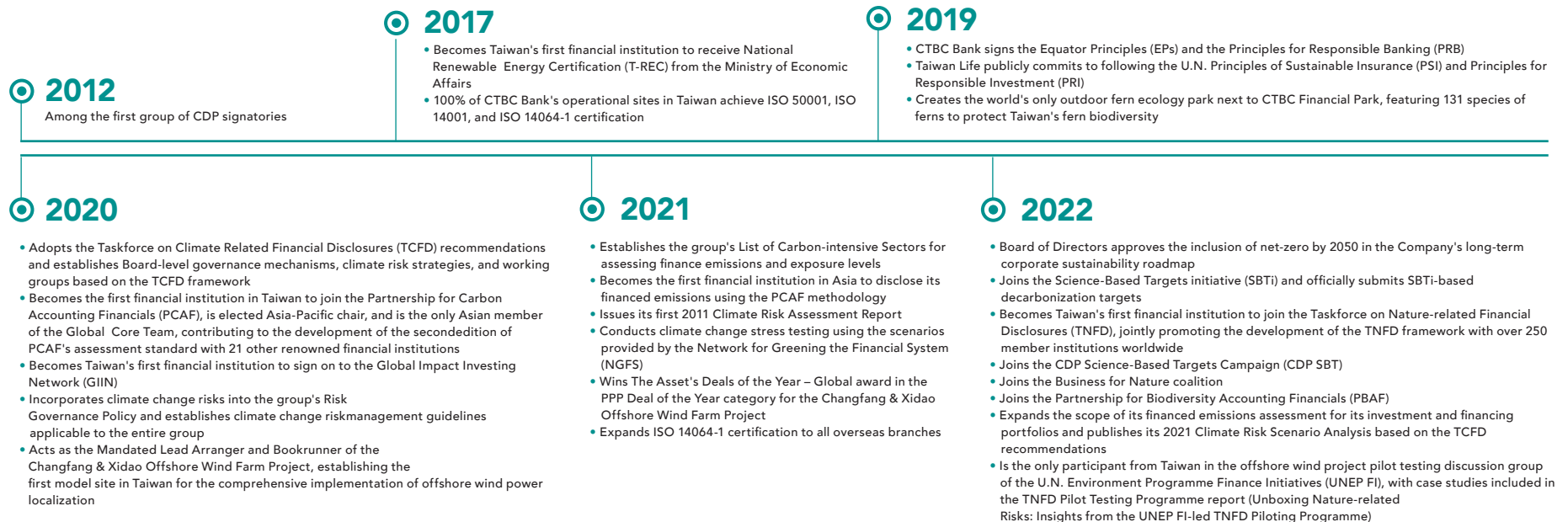
# 4.1 Net zero by 2050

Following the establishment of a global consensus on net-zero carbon emissions at the COP27 Climate Change Conference, more countries have announced their commitments and actions to achieve net zero by 2050. In support of these efforts, in March 2022, Taiwan's National Development Council officially released "Taiwan's Pathway to Net-Zero Emissions in 2050," providing a trajectory and action plan for reaching net-zero emissions by 2050 by guiding the green transformation of industries. In this regard, as a source of funding, financial institutions play a crucial role in helping industries embark on decarbonization.

For CTBC Holding, as a pioneer in sustainable finance in Taiwan, net-zero transformation has become one of its highest priorities. After becoming Taiwan's first member of the Partnership for Carbon Accounting Financials (PCAF) in 2020, we now take inventory of and disclose our financed carbon emissions using the PCAF methodology; we are also the only Asian member of the PCAF Global Core Team. In early 2022, CTBC Holding's Board of Directors approved the inclusion of net-zero emissions in the Company's long-term corporate sustainability roadmap. It also formally committed to adopting the Science-Based Targets initiative (SBTi) methodology to establish long-term net-zero emissions goals, with our decarbonization targets submitted to the SBTi in late 2022.

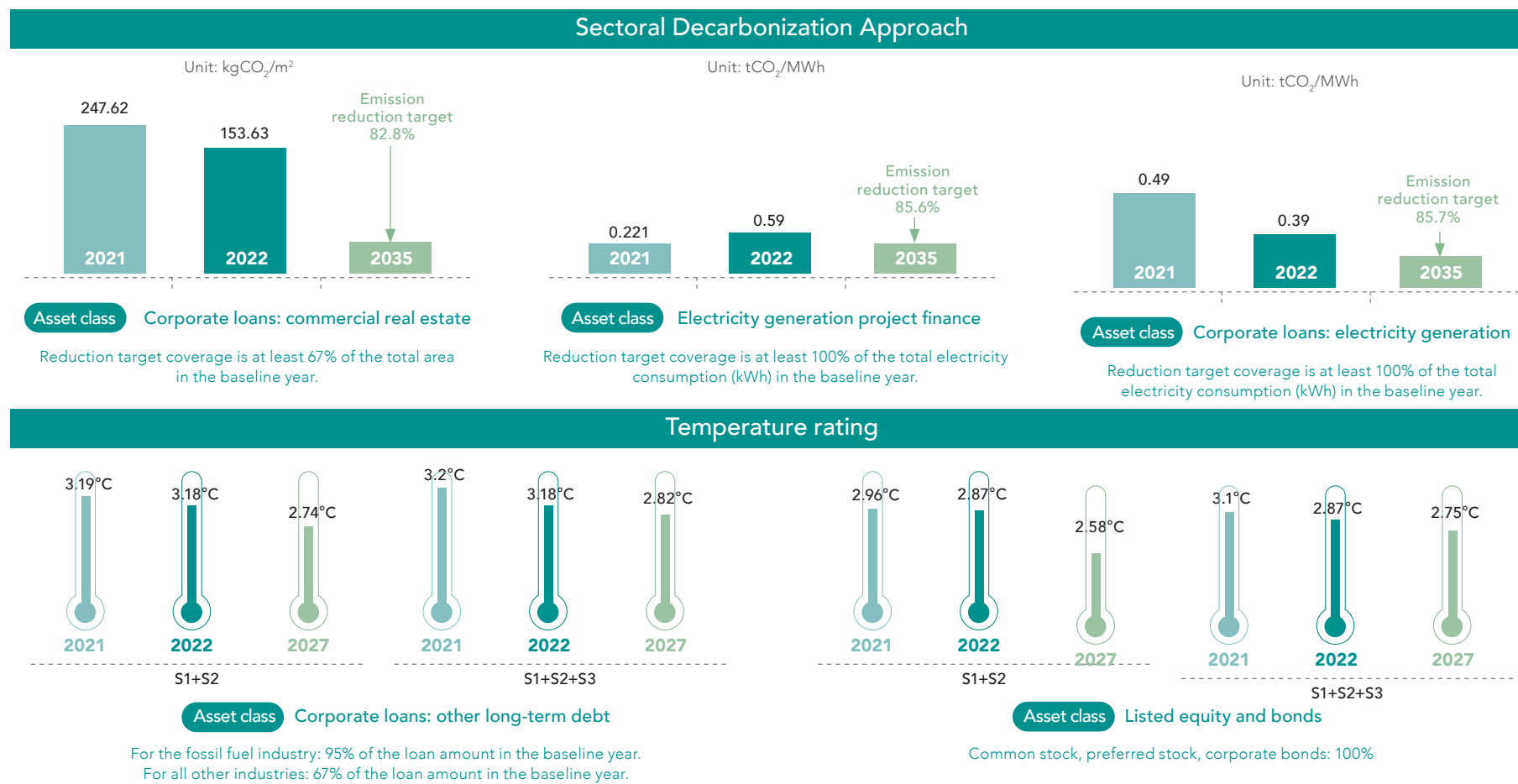
As an integral part of the international supply chain, to meet the increasingly severe challenges brought by climate changes, we will continue to adjust our investment and financing asset portfolios and leverage the influence of sustainable finance to join hands with our clients in achieving net-zero carbon emissions.

## CTBC Holding net-zero milestones



## Science-Based Targets initiative

The Science-Based Targets initiative (SBTi) was jointly established in 2015 by organizations including CDP, UNGC, WRI, and WWF. It aims to help companies set greenhouse gas reduction targets based on scientific principles, develop related tools and guidelines, and provide technical support. In response to the global net-zero campaign, CTBC Holding pledged in 2022 to set targets based on the SBTi net-zero emission standards and to achieve net-zero by 2050. It submitted its carbon reduction targets at the end of the year. For Scope 1 and Scope 2 carbon emissions, CTBC Holding has set targets aligned with a 1.5 °C reduction pathway in order to achieve significant emissions reductions by 2030 without exceeding the global carbon budget. Specifically, our goal is to achieve a 58.8% reduction by 2035 compared to the base year of 2021. For investment and financing-related emissions, we have adopted the Sectoral Decarbonization Approach and Temperature Rating methodology to different asset categories and have set the following decarbonization targets:



\*Note: In December 2022, CTBC Holding internally approved and formally submitted the abovementioned carbon reduction targets for SBTi review. They are expected to pass the review by the end of 2023. The disclosed targets will be adjusted based on the results of the SBTi review.

## Net-zero actions

Achieving net-zero emissions is an increasingly common goal worldwide. CTBC Holding believes that the financial industry should not only play a leading role in facilitating industrial transformation but also serve as a key catalyst for accelerating the global economic transition toward a low-carbon future. Accordingly, the Company aims to achieve the net-zero target by 2050 by practicing green finance.

### Green operations



In terms of green operations, CTBC Holding adheres to the core principles of "energy conservation and carbon reduction" and "environmental sustainability" as we continue to promote green operation initiatives. In terms of energy-saving and carbon reduction in its own operations, the Company continually works to improve its energy efficiency by replacing equipment, establishing environmentally friendly and energy-saving facilities, and implementing internal management practices such as energy conservation, water conservation, and paper reduction to enhance building energy efficiency and reduce emissions. In terms of renewable energy deployment, CTBC Holding continues to install self-use renewable energy generation facilities and purchase green energy, thereby increasing its consumption of low-carbon energy. In addition, in late 2022, CTBC Holding formally submitted SBTi goals, setting a carbon reduction target of 4.2% annually for Scope 1 and 2 emissions. In the future, it will actively promote energy-saving and carbon reduction in its own operations and accelerate the transition to low-carbon operations. For the green operation performance of CTBC Holding in 2022, refer to "[4.2 Green Operations](#)."

### Green finance



In contrast to the relatively low environmental impact of its own operations, the financial industry has the potential to create significant environmental benefits through investment, financing activities, products, and services. To ensure shareholder value and generate positive environmental impacts, CTBC Holding, together with its subsidiaries, not only responds to international sustainable finance initiatives but also implements green finance through sustainable investment and financing as well as sustainable products and services. We adhere to the PRB and PRI and actively promote business activities such as sustainability-linked loans, green financing, offshore wind project financing, sustainable development bonds, green insurance products, and sustainable financial consulting services. For the green finance performance of CTBC Holding in 2022, refer to "[3.1 Impact Finance](#)."

### Taskforce on Climate Related Financial Disclosures



Since officially signing on to the Taskforce on Climate Related Financial Disclosures (TCFD) and being the first domestic enterprise in the industry to join the Partnership for Carbon Accounting Financials (PCAF) in 2020, CTBC Holding has officially included climate change risks as one of the key elements in its enterprise risk management. We were the first financial institution in Taiwan to conduct a carbon inventory and disclosure of its investment and financing portfolios, and have now been conducting carbon inventories and scenario analyses for three consecutive years since 2020. We assess the potential financial impacts of climate risks on investment and financing positions in different scenarios within the group and continually strengthen our climate resilience in risk management and business opportunities based on the assessment results. For the climate-related financial disclosures of CTBC Holding in 2022, refer to "[4.3 Taskforce on Climate Related Financial Disclosures](#)."

### Taskforce on Nature-related Financial Disclosures



The Intergovernmental Panel on Climate Change has stated that biodiversity plays a crucial role in addressing climate change, highlighting that biodiversity and climate change are not separate issues. To proactively address the risks and opportunities that the disappearance of biodiversity may pose to the financial industry and value chains, CTBC Holding has joined the Partnership for Biodiversity Accounting Financials (PBAF). It plans to assess its own reliance on and risks related to biodiversity, as well as those of its value chain, and leverage its financial influence to support biodiversity. In 2022, CTBC Holding took the lead by becoming the first financial institution in Taiwan to join the Business for Nature coalition, established to urge large corporations and financial institutions to take immediate action to reverse and halt the gradual loss of biodiversity. Moving forward, CTBC Holding will work to leverage sustainable financial influence through margin trading, investments, and other business models, and fulfill its responsibility to protect the natural ecosystem in collaboration with stakeholders. For the nature-related financial disclosures of CTBC Holding in 2022, refer to "[4.4 Taskforce on Nature-Related Financial Disclosures](#)."






## 4.2 Green operations

CTBC Holding has established an Environmental Sustainability Policy and implemented it throughout its subsidiaries. Ways that we promote green operations include gaining environmental and energy management systems, green procurement, and green building certification across all subsidiaries in order to continually optimize the efficiency of our resource utilization. In line with the 2050 net-zero emissions policy, CTBC Holding continues to enhance operational efficiency by replacing equipment, establishing environmentally friendly and energy-saving facilities, and promoting energy-saving, water-saving, and paper-saving management practices within the group. Furthermore, in late 2022, CTBC Holding formally submitted its SBTi targets and has proactively planned energy-saving and carbon reduction measures for the group. We have also laid out plans for purchasing electricity from renewable energy sources to further reduce our impact on the environment and fulfill our responsibility for environmental sustainability.

### Policies and 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. In 2022, CTBC Holding invested NT\$21.06 million in human resources, equipment, training, and management system tutorials and certifications as part of our sustainability strategy.

 <p><b>Ensure regulatory compliance</b></p> <p>Expand procurement of energy-saving products</p>	 <p><b>Conduct regular education and training</b></p> <p>Advocate for environmental protection and energy management</p>	 <p><b>Integrate various relevant resources</b></p> <p>Implement environmental and energy management initiatives</p>	 <p><b>Make continual environmental and energy improvements</b></p> <p>Regular reviews to achieve sustainability targets</p>	 <p><b>Expand corporate influence</b></p> <p>Connect with adjacent companies to form a sustainable energy cycle</p>
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In addition, the Board of Directors of CTBC Holding officially adopted the 2050 net-zero emissions target in early 2022 and submitted SBTi targets at the end of the year. As part of its efforts to continually implement the Environmental Sustainability Policy, it actively promotes energy-saving and carbon reduction across the group and aims to achieve a 4.2% annual reduction in operational carbon emissions based on the base year of 2021.

#### Environmental management systems and certification

Subsidiaries of the group have received ISO 14001 Environmental Management System and ISO 50001 Energy Management Systems certification. Our GHG emissions for all Taiwanese locations have been verified using ISO 14064-1, with more overseas locations adopting the standards. The scope of our branch coverage is shown below.

Subsidiary	Coverage rate by project			Location coverage
	GHG Inventory	Environmental and Energy Management Systems		
	ISO 14064-1	ISO 14001	ISO 50001	
CTBC Holding	100%	0%		• 1 location: HQ
CTBC Bank	100%	92.85%		<ul style="list-style-type: none"> <li>• GHG Emission Reporting Certification covers 196 branches: 182 in Taiwan and 14 overseas</li> <li>• Energy and Environmental Management Certification covers 182 branches in Taiwan</li> </ul>
Taiwan Life	100%	100%		<ul style="list-style-type: none"> <li>• GHG Emission Reporting Certification covers 16 branches: 15 in Taiwan and 1 overseas</li> <li>• Energy and Environmental Management Certification covers 12 branches in Taiwan<sup>2</sup></li> </ul>
Taiwan Lottery	100%	100%		<ul style="list-style-type: none"> <li>• GHG Emission Reporting Certification covers 7 locations: HQ and 6 business service departments</li> <li>• Energy and Environmental Management Certification covers 7 locations: HQ and 6 business service departments</li> </ul>
CTBC Securities	100%	100%		<ul style="list-style-type: none"> <li>• GHG Emission Reporting Certification covers 10 locations: HQ and 9 branches</li> <li>• Energy and Environmental Management Certification covers 10 locations: HQ and 9 branches</li> </ul>
CTBC Investments	100%	100%		<ul style="list-style-type: none"> <li>• GHG Emission Reporting Certification covers 2 locations: HQ and 1 branches</li> <li>• Energy and Environmental Management Certification covers 2 locations: HQ and 1 branches</li> </ul>
CTBC Venture Capital	100%	100%		• 1 location: HQ
CTBC Asset Management	100%	100%		• 1 location: HQ
CTBC Security	100%	100%		• 1 location: HQ

<sup>1</sup>ISO14001 certification is valid from July 9, 2021, to July 8, 2024, and ISO50001 certification is valid from May 17, 2021, to May 16, 2024.

<sup>2</sup>Based on financial reports, the coverage rate includes headquarters, seven branches, CTBC Insurance, and CTBC Finance. The coverage rate for Taiwan Life is 100%.



## Green operations management and performance ■ GRI 302-1, 302-2, 302-3, 302-4, 303-1, 303-2, 303-3, 305-1, 305-2, 305-3, 305-4, 305-5, 306-1, 306-2, 306-3, 306-4, 306-5

### Green buildings

CTBC Financial Park is one of the leading domestic examples of energy-conserving and carbon-reducing office buildings. It has received Ecology, Energy, Waste Reduction and Health (EEWH) Green Building Label certification from the Taiwan government. Furthermore, moving forward, we have committed to ensuring that all new buildings' construction plans achieve Green Building Label certification. CTBC Holding has already obtained EEWH Green Building certification or candidate certificates for five buildings located in Nangang District, Taipei City; Xitun District, Taichung City; and Qianzhen District, Kaohsiung City.

Location	Certification level	Energy conservation	Material and resource recycling	Water conservation
CTBC Financial Park	EEWH Diamond-level green building certification LEED O+M v4.1 Platinum certification	<ul style="list-style-type: none"> <li>CTBC Financial Park reduced energy consumption in 2022 by 570,000 kWh from 2021, representing a 2.02% cut.</li> <li>Uses chilled beam and ice storage systems for cooling.</li> <li>LED lighting is fully implemented, with remote controllers in place.</li> <li>Solar panels with a capacity of 51 kW are in place.</li> </ul>	<ul style="list-style-type: none"> <li>The waste recycling rate has reached 22.49%.</li> <li>Dedicated waste collection areas and centralized kitchen waste facilities are in place, along with scales to effectively manage the weight of waste and recyclables.</li> <li>A dedicated kitchen waste crusher is used to convert kitchen waste into organic fertilizer.</li> </ul>	<ul style="list-style-type: none"> <li>A rainwater-harvesting tank is in place for water-recycling and water-saving irrigation systems.</li> <li>The rainwater storage volume in 2022 was 6,895 tons.</li> <li>Water-saving equipment and toilets are used.</li> <li>Water-saving devices are installed on faucets in office floors, toilets are equipped with photoelectric switches, and dual-flush water-saving devices are in place to optimize water flow in toilets.</li> </ul>
CTBC Taichung Headquarters	EEWH Silver-level green building certification	<ul style="list-style-type: none"> <li>LED lighting is used.</li> <li>Solar panels with a capacity of approximately 21.12 kW are in place.</li> </ul>	<ul style="list-style-type: none"> <li>Recycled or low-carbon building materials were used.</li> <li>Light partitions are installed.</li> <li>Low-E glass curtain walls are used.</li> <li>A combination refrigerated waste storage facility with a volume of 5.544 cubic meters is in place.</li> </ul>	<ul style="list-style-type: none"> <li>Water-saving equipment and toilets were used.</li> <li>A rainwater-harvesting tank with a storage capacity of 521 tons is in place for water-recycling and water-saving irrigation systems.</li> </ul>
Land development project for lot 15 of the Jingmao Section of Taipei's Nangang District	EEWH Gold-level green building candidate certificate	<ul style="list-style-type: none"> <li>LED lighting is used.</li> <li>Solar panels with a capacity of approximately 159 kW are in place.</li> </ul>	<ul style="list-style-type: none"> <li>Recycled or low-carbon building materials were used.</li> <li>Light partitions are installed.</li> <li>Low-E glass curtain walls are used.</li> <li>A combination refrigerated waste storage facility is in place.</li> </ul>	<ul style="list-style-type: none"> <li>Water-saving equipment and toilets were used.</li> <li>A rainwater harvesting tank with a storage capacity of 1,311 tons is in place for water recycling and water-saving irrigation systems.</li> </ul>
Taichung Intercontinental Baseball Stadium BOT Project	EEWH Bronze-level green building certification for the multi-purpose sports center and multi-level parking lot	<ul style="list-style-type: none"> <li>Meets the requirements for daily energy-saving indicators.</li> </ul>	<ul style="list-style-type: none"> <li>Centralized waste collection areas and kitchen waste collection facilities are in place.</li> <li>Green landscaping is featured around dedicated waste collection areas.</li> <li>A resource waste classification and recycling system is in place.</li> </ul>	<ul style="list-style-type: none"> <li>Water-saving equipment and toilets are used.</li> <li>A rainwater-harvesting tank with a storage capacity of 458 tons is in place for water-recycling and water-saving irrigation systems.</li> </ul>
Kaohsiung Main Public Library Cultural and Creative Industries Hall BOT Project	EEWH Silver-level green building candidate certificate	<ul style="list-style-type: none"> <li>LED lighting is used.</li> <li>Solar panels with a capacity of approximately 12 kW are in place.</li> </ul>	<ul style="list-style-type: none"> <li>Recycled or low-carbon building materials were used.</li> <li>Light partitions are installed.</li> <li>Low-E glass curtain walls are used.</li> <li>The roof utilizes environmentally friendly composite thermal insulation bricks.</li> <li>A combination refrigerated waste storage facility with a volume of 77 cubic meters is in place.</li> </ul>	<ul style="list-style-type: none"> <li>Water-saving equipment and toilets were used.</li> <li>A rainwater-harvesting tank with a storage capacity of 2,420 tons is in place for water-recycling and water-saving irrigation systems.</li> </ul>

## Energy management

CTBC Holding has been promoting various energy integration projects and objectives on a triennial basis. We have achieved our targets of reducing electricity consumption by 6% each in phase 1 (2015–2017) and phase 2 (2018–2020). In 2022, CTBC Financial Park and CTBC Bank cut their Scope 2 carbon emissions by a total of 793 metric tons, and reduced electricity consumption by 1.55 million kWh (2.16%) from 2021, achieving our phase 3(2021-2022) target of reducing electricity consumption by 1% each year with 2020 as the base year. We have set the following short-term (2023), medium-term (2025), and long-term (2030) cumulative carbon reduction targets based on the SBTi, using 2021 as the base year: an 8.4% reduction by 2023, a 16.8% reduction by 2025, and a 37.8% reduction by 2030. We evaluate our green energy procurement rate annually in accordance with the SBTi's carbon reduction goals.

Action plan	Execution method
Reduce fugitive emissions	<ul style="list-style-type: none"> <li>In accordance with the Montreal Convention, reduced the use of R22 refrigerant by 11 air conditioning components.</li> <li>Replace and upgrade outdated air-conditioning units. From 2020 to 2022, 42 replacements were completed, with 12 more planned for 2023.</li> </ul>
Improve energy efficiency	<ul style="list-style-type: none"> <li>CTBC Financial Park air-conditioning units are turned on 30 minutes later every day and turned off 30 minutes earlier.</li> <li>Replace all traditional lighting fixtures with LED lights in all branches. The replacement is expected to be completed by the end of 2023.</li> <li>Regularly clean air-conditioning equipment, filters, and cooling towers to improve efficiency.</li> <li>Convert owned buildings into green buildings and obtain LEED or BREEAM green building certification.</li> <li>All CTBC Holding subsidiaries have received ISO 14001, ISO 50001, and ISO 14064-1 certification.</li> <li>Use chilled beam and ice storage systems for cooling to shift peak electricity demand and reduce energy loss.</li> </ul>
Low-carbon energy consumption	<ul style="list-style-type: none"> <li>CTBC Financial Park and CTBC Taichung Headquarters have installed solar power generation equipment to support public electricity consumption. In 2022, solar power generation reached 75,707 kWh.</li> <li>Purchasing green energy/green energy certificates: In 2022, 2 million kWh of green energy is planned to be purchased, with the green energy procurement rate to continue gradually increasing.</li> </ul>

	2022	2021
Amount invested in energy conservation plans (NT\$)	15.28 million	26.57 million
Total energy saved (million kWh)	1.55	1.69
Total carbon reduction (metric tons)	793	847

## Renewable energy

We are actively promoting the transition to a low-carbon. As part of these efforts, we became the first financial institution in Taiwan to receive National Renewable Energy Certification (T-REC) from the Ministry of Economic Affairs in June 2017. As of 2022, we had obtained 374 T-RECs, and plans are in place to purchase 2 million kWh of green energy in 2022. We expect to have acquired a total of 2,000 T-RECs by 2023–2024. Furthermore, to achieve our SBTi carbon reduction goals, we will evaluate our green energy procurement annually and are actively promoting energy saving plans. We aim to purchase 6 million kWh of green energy by 2025, totaling 12 million kWh, and aim for 16 million kWh by 2030, totaling 74 million kWh. CTBC Financial Park and CTBC Taichung Headquarters also have solar power generation equipment installed, contributing 75,707 kWh to the public grid in 2022.

Action plan	2022	2021
Solar power generated (kWh)	75,707	93,296
Renewable energy certification (certificates)	51	68
Green energy purchased (million kWh)	2	0.036
Total carbon reduction (metric tons)	39	66

Note: CTBC has procured a total of 2 million kWh of green energy in 2022 and is expected to be transferred in July 2023.

## Greenhouse gas management

The Board of Directors of CTBC Holding officially adopted the 2050 net-zero emissions target in 2022 and submitted its SBTi targets at the end of the year as part of efforts to actively promote energy conservation and carbon reduction across the group. The total GHG emissions in Scopes 1 and 2 in 2022 amounted to 43,725 metric tons of CO<sub>2</sub>e. Of these, 40,502 metric tons were from electricity use in Scope 2. In addition, CTBC Holding continues to promote energy conservation, carbon reduction, and green energy deployment in its operations; specifically, it has set carbon reduction targets for its operations, aiming to reduce emissions by 4.2% annually according to the baseline of 2021.

	2022	2021	
Metric tons of CO <sub>2</sub> e	Scope 1	3,223	3,377
	Scope 2	40,502	38,817
	Scope 1+2	43,725	42,195
Metric tons of CO <sub>2</sub> e per NT\$1 million of net revenue	0.31	0.23	
Metric tons of CO <sub>2</sub> e per person	2.17	2.22	
Coverage (%)	100	100	

	2022	2021
Distance traveled by high-speed rail	673,454	2,021,291
Distance traveled by plane	591,098	57,170
Metric tons of CO <sub>2</sub> e	121	78

Note 1: The emission factors for electricity are 0.529 (2017), 0.554 (2018), 0.533 (2019), 0.509 (2020), 0.502 (2021), 0.509(2022)CO<sub>2</sub>e/kWh. (If a coefficient had not been announced at the time of assessment, the coefficient of the previous year was used.)

Note 2: In 2022, we expanded Scope 1 and 2 GHG emission verification to include CTBC Holding.

Note 3: The calculation method for air travel emissions in Scope 3 employee business travel is estimated based on the values provided by the ICAO calculator on its website.

Note 4: The boundary for Scope 3 business travel includes CTBC Holding and its subsidiaries, excluding Taiwan Life and CTBC Security. The data is based on self-assessments and has not been externally verified.

Note 5: Due to transition to new accounting system, travel data for 2022 is estimated based on data collected from the original system as of May 2022.

## 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 discharged water is sewage from daily use, and the disposal method complies with regulation relevant to water pollution prevention. To reduce the potential impact and risks caused by water conditions, CTBC Financial Park fully adopts rainwater retrieving equipment, recycling system and water-saving equipment, and photoelectric switch to adjust the water volume. The underground of CTBC Financial Park is planning to adopt a rain retrieving pool with water storage of 2,625 tons, in order to cope with water shortage linked to extreme weather and be used as flood detention pond. Our total water consumption in 2022 was 359,512 cubic meters, within our target. With 2021 as the base year, our target for 2023 is to reduce water consumption by 1%.



Using recycled rainwater for indoor water facilities, HQ fountains, and water treatment equipment



Regularly raising awareness of water conservation practices and holding a water conservation competition



Installing water-saving faucet and binomial toilet equipment

	2022	2021
Total water consumption (m <sup>3</sup> )	359,512	341,939
Water consumption capability (m <sup>3</sup> /person)	24.68	25.08

## Waste management

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 have included:



In the CTBC Financial Park staff cafeteria, disposable plates have been replaced with reusable porcelain and buffet-style dining has been replaced with set meals with various fixed portions.



Food waste is converted into organic fertilizer for use in landscaping around CTBC Financial Park and our adjacent park.



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.

Our expenditure on waste disposal in 2022 was approximately NT\$5.4 million. With 2020 as the base year, we have set a target to reduce total waste by 1% in 2023; a waste reduction competition will be held between the various floors of CTBC Financial Park's buildings throughout the year. Waste management data for recent years is below.

	2022	2021
Total waste generated (A)	1,317	1,313
Total waste disposed (B)	1,009	1,014
Recycled (C)	308	299
Metric tons of waste per person (Mt/person)	0.098	0.105

Note 1: The data for total waste disposed(B) and recycled (B) in 2022 covers all CTBC Bank operating sites and headquarters of subsidiaries and was verified using ISO 14064-1:2018 in 2021.

Note 2: Figures of total waste disposed and metric tons of waste per person shown above were verified and therefore differs from 2022 annual report.

## Paperless operations

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

Subsidiary	Actions	Performance indicators	2022	2021
CTBC Bank	Encouraging 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 subscriptions	Rate of customers using online currency exchanges	84	84
		Rate of customers using online fund subscriptions	82	82
		Rate of customers using online interbank transfers	90	87

Subsidiary	Actions	Performance indicators	2022	2021
	Promoting electronic statements, saving three sheets of A4 paper per statement	Paper sheets saved	177 million	120 million
	Promoting paperless digital services, including digital credit card services, O2O payment integration platform, ATM x LINE personalized services, online personal loan services and ABC booking services	Paper sheets saved	84 million	34 million
	Total carbon reduction (metric tons)		3,045	1,334
	Total carbon reduction (metric tons)		13.1	11
Taiwan Life	Promoting mobile insurance services including mobile insurance, mobile policy proposal, policy consultations, and requirement analysis	Rate of mobile insurance policies (mobile insurance applications / applications through sales personnel)	Nearly 100%	Nearly 100%
		Number of electronic transactions	1.87 million	1.57 million
	Digital distribution of premium payment notices and receipts	Paper sheets saved	1.87 million	1.57 million
	Total carbon reduction (metric tons)		13.1	11

Subsidiary	Actions	Performance indicators	2022	2021
CTBC Securities	Promoting paperless operations and account opening via digital platforms.	Paper sheets saved	8.02 million	9.4 million
		Total carbon reduction (metric tons)		56
CTBC Investment	CTBC Investments Enhancing operational efficiency and reducing paper usage through electronic document management, digitalizing operational processes, and promoting online education and training (CTBC E-College).	Paper sheets saved	460,000	440,000
		Total carbon reduction (metric tons)		3.24
Total paper sheets saved			27,129	16,570
Total carbon reduction (metric tons)			3,117	1,414

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: Taiwan Life's total carbon reduction 2021 is calculated based on the carbon footprint coefficient on the Environmental Protection Administration's Taiwan Product Carbon Footprint website, and has been recalculated and corrected to 11 metric tons.

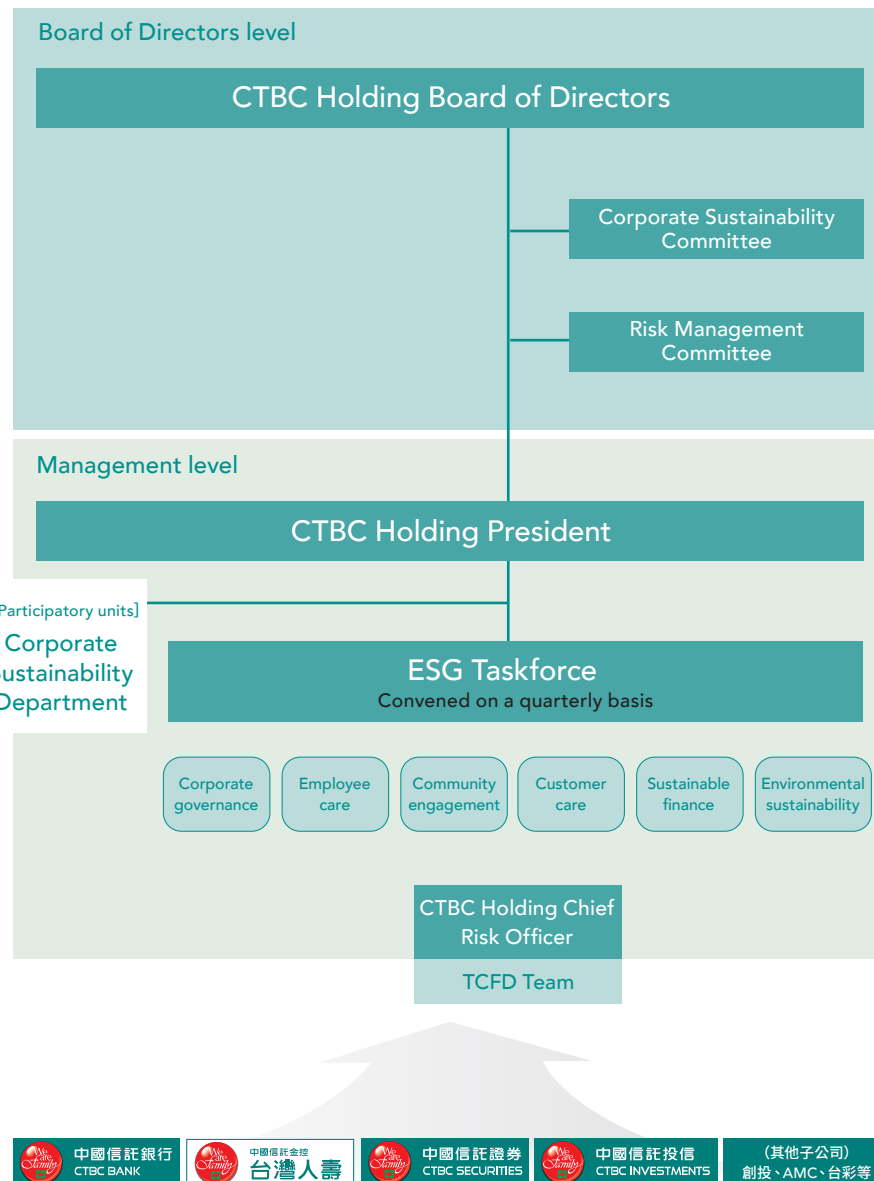
## 4.3 Taskforce on Climate-related Financial Disclosures

Climate change has become an ever more pressing global concern in recent years. In the World Economic Forum's 2023 Global Risks Report, the top three risks all relate to climate change. This highlights the urgent need for climate change risk adaptation and mitigation. In 2015, the Financial Stability Board recognized this and officially established the Taskforce on Climate-Related Financial Disclosures (TCFD). Through its recommendations on governance, strategy, risk management, metrics, and targets, the TCFD enables stakeholders to understand climate-related risks and opportunities. CTBC Holding officially signed on to the TCFD in 2020, subsequently incorporating climate change risks into its corporate governance. We were also the first in Taiwan to join the Partnership for Carbon Accounting Financials (PCAF) and included climate change risks in our Risk Governance Policy. We have also established climate change risk management guidelines for the benefit of the entire group. Looking ahead, to address climate change and promote sustainable development, CTBC Holding will continue to strengthen our climate resilience in risk management and business opportunities. We will work together with all of our stakeholders to raise climate awareness and drive the transition to net-zero emissions by 2050.

# Climate governance

## Climate governance framework

Board of Directors and functional committees	Members	Meeting frequency	Duties
Board of Directors	Directors	Monthly	Highest-ranked supervisory unit for climate change risks and opportunities
Corporate Sustainability Committee	Independent directors	At least twice a year	To review and discuss the Group's annual sustainability plans, strategic directions, and implementation plans including climate-related issues
Risk Management Committee	Deputy Chairman and two Independent Directors.	Monthly	To review and discuss the communications, reporting, and recommendations related to the Group's risk governance including climate risks
ESG Implementation Task Force	The President of CTBC Holding serves as the chairperson, while the executive officers and presidents of the subsidiaries all serve as members.	Quarterly	To oversee six aspects of sustainability: corporate governance, employee welfare, community engagement, customer care, sustainable finance, and environmental sustainability  To coordinate the implementation and review of various sustainability projects within the Group to optimize resource allocation, and supports the promotion of sustainability-related strategies in subsidiaries
TCFD Team	The Chief Risk Officer serves as the supervising officer and the Risk Management Department is in charge of inter-subsidary resource planning and coordination.	Convened as needed	The risk management department of the CTBC Holding plans the Group's climate risk management framework for adoption by subsidiary companies.  It develops a common methodology for climate risk measurement and scenario analysis, ensuring consistent assessments across the Group.



# Climate management | GRI 2-25

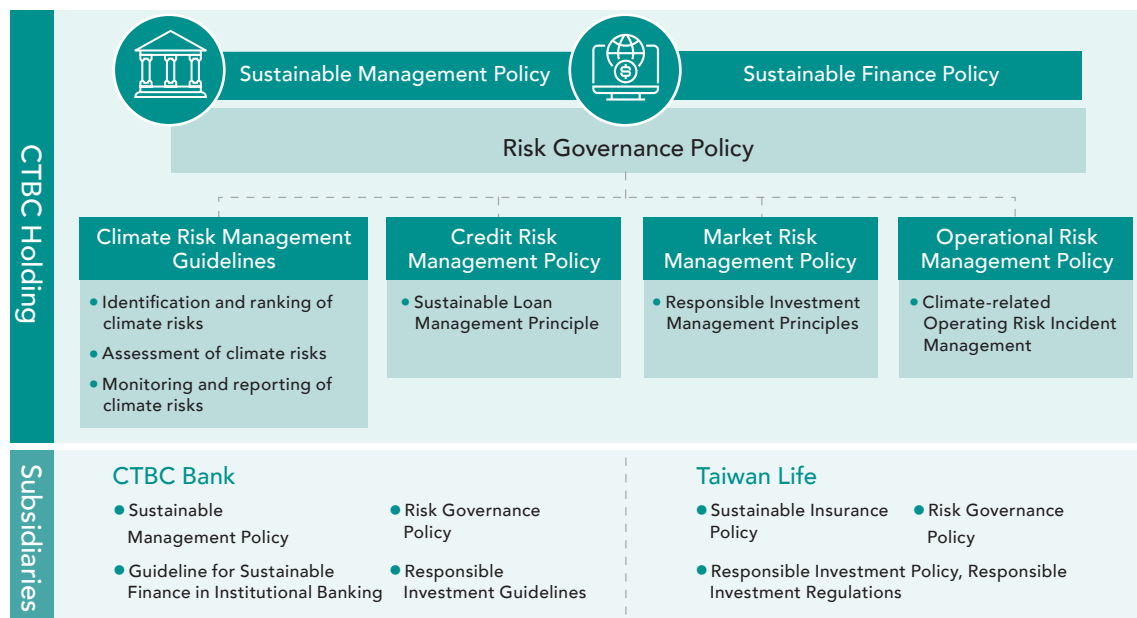
## Climate risk management framework

CTBC Holding has considered climate-related risk factors and formulated management principles in line with the Emerging Risk Identification and Management Procedures since 2018. To reinforce the effectiveness of its climate and ESG risk management, the Company amended its Risk Governance Policy in 2020 to include climate-related risks in the scope of the Group's risk management. In addition to outlining the Company's climate risk management framework, the policy also provides a statement on climate-related risk appetite.

### The group's climate-related risk appetite

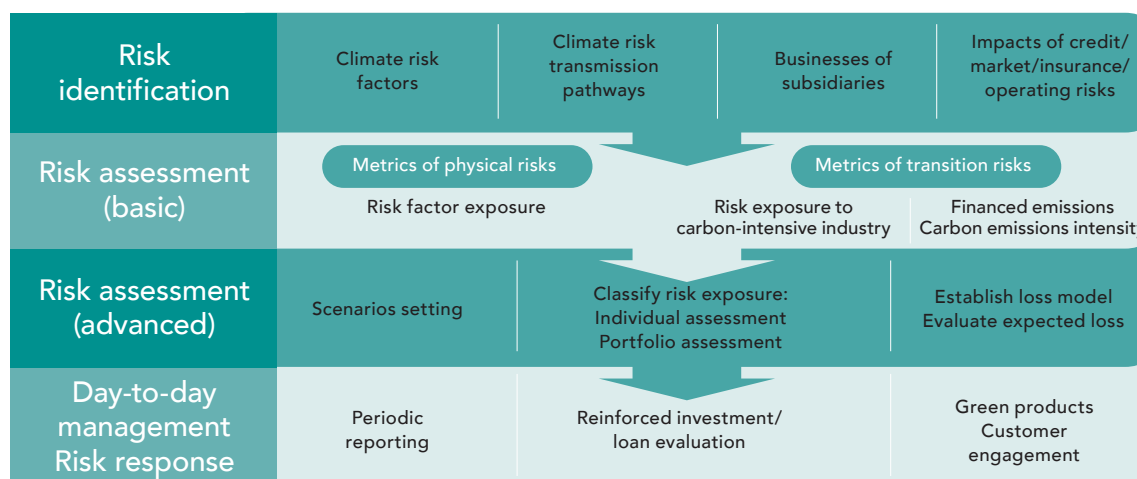
To ensure effective implementation of risk management, we formulated the Climate Risk Management Guidelines and amended the Credit Risk Management Policy, Operational Risk Management Policy, and Financial Market Risk Management Policy to specify the correlations and impacts between each type of existing risks and climate risks. Furthermore, at the request from CTBC Holding's management, all subsidiaries have established ESG or climate risk-related management standards. For example, CTBC Bank consolidated its climate change risk management principles into its Risk Governance Policy in 2021 and formulated its Guideline for Sustainable Finance in Institutional Banking to specify that relevant ESG impacts (including climate issues) be considered when assessing borrowing applications from institutional customers. In addition, in 2020, the Board of Directors of Taiwan Life approved the Sustainable Insurance Policy, which requires insurance operations to take into account ESG-related issues, including climate change. In addition, Taiwan Life's Responsible Investment Policy and Responsible Investment Regulations specify that the investment units must comply with ESG sustainability standards and requirements when assessing a project.

## Risk policy framework



### Risk management procedures

In addition to describing the division of responsibilities and powers between the three lines of defense of risk management, relevant policies and rules also clearly specify the procedures for risk identification, evaluation, and day-to-day risk management and response in writing (as shown in the figure to the bottom).



## Climate strategy | GRI 2-25, 201-2

### Climate risk identification

The TCFD recognizes two sources of climate risks: (1) transition risks, which arise from the transition to a low-carbon economy, and (2) physical risks, which are caused by climate change or extreme weather. CTBC Holding clearly defines such climate risks in its internal rules, specifying four transition risks (i.e., policy and legal, technology, market, and reputation) and two physical risks (i.e., acute and chronic). We also evaluate the potential impact and impact duration of risks on our business. However, climate change risks are neither new nor independent risk categories. Through individual and macroeconomic transmission channels, they directly or indirectly impact the business of financial institutions and exacerbate traditional financial risks such as credit risk, market risk, insurance risk, and operational risk.

CTBC Holding and our major subsidiaries organized a climate risk discussion seminar in 2020 to build a list of common climate risk issues for the Group and to discuss in detail the prioritized materiality of these issues to the Group's major businesses. In light of the ongoing release of climate change scientific research since 2021 and the global shift towards net-zero emissions following the 26th session of the Conference of Parties (COP26), CTBC Holding recognizes the need to revisit the identification of material climate risk issues. Accordingly, in 2022, CTBC Holding invited internal experts from various units of our subsidiaries, including risk, strategy, credit, insurance, and general administration, to assess the likelihood of climate risk factors occurring and evaluate the potential impact on CTBC Holding's core businesses. (e.g., investment/financing, nonlife/life insurance, operational business, securities, and asset management) at different time points (i.e., "before 2030" and "before 2050"). The results were used to establish the CTBC Holding Climate Risk Hotspots Diagram. For the assessment results, refer to our 2022 TCFD Report.

### Climate-related risks

Ranking order	Climate risk description			Impact on business operations	Potential financial impact	Impact duration	Corresponding Existing risk
	Risk type	Risk factor	Description of risk				
1	Transition risk	Policy and legal	Increased carbon emissions costs	Investments/loans, managed fund assets	Carbon tariffs or carbon pricing may lead to increased operating costs for target investment/financing companies, especially those in carbon-intensive industries.	Short-, mid-, and long-term	Credit risk, market risk
2	Transition risk	Policy and legal	Increased sustainability-related regulations	Investments and loans	Stakeholders' requirements (e.g., regulatory authorities, investors, supply chains) for corporate sustainability may increase, making the compliance and management requirements of target investment/financing companies even more important.	Short-, mid-, and long-term	Credit risk, market risk
				Business operations	To fulfill the expectations of internal and external stakeholders, including supervisory bodies and investors, CTBC Holding may need to increase its green energy purchasing rate or set up renewable energy generation facilities in order to achieve net-zero emissions, potentially leading to increased operating costs.	Mid- and long-term	Operational risk, Reputation risk
3	Physical risk	Acute	Increased floods	Investments and loans	The increasing frequency and severity of floods due to climate change may lead to business interruptions and the devaluation of real estate collateral.	Short-, mid-, and long-term	Credit risk, Market risk
				Business operations	The increasing frequency and severity of floods due to climate change may lead to business interruptions and asset losses.	Mid- and long-term	Operational risk
				Nonlife insurance	The increasing frequency and severity of floods due to climate change may cause typhoon and flood insurance claims to increase.	Short-, mid-, and long-term	Insurance risk
4	Transition risk	Technology	Increased expenditure on transition costs	Investments/loans, managed fund assets	Investment/financing targets undertaking low-carbon transition activities (e.g., technical developments in renewable energies, electric vehicles, or smart grids) may face risks associated with technological immaturity or inadequate cost control.	Short- and mid-term	Credit risk, Market risk

Ranking order	Climate risk description			Impact on business operations	Potential financial impact	Impact duration	Corresponding Existing risk
	Risk type	Risk factor	Description of risk				
5	Transition risk	Market	Decrease in carbon-intensive products	Investments/loans, managed fund assets	Consumer preference for businesses or products that are actively transitioning or better at mitigating climate change may lead to declining demand for traditional carbon-intensive products.	Short-, mid-, and long-term	Credit risk, Market risk
6	Transition risk	Reputation	Increased negative feedback from stakeholders	Investments and loans	Internal and external stakeholders providing negative feedback on companies that do not actively engage in transition may be unfavorable to our corporate image and market presence.	Mid- and long-term	Credit risk, Market risk
				Business operations			Reputation risk
7	Physical risk	Acute	Increased droughts	Investments and loans	The increasing frequency and severity of droughts due to climate change may lead to business interruptions or increased costs for water consumption (or purchase).	Short-, mid-, and long-term	Credit risk, Market risk
8	Physical risk	Chronic	Rising average temperature	Investments and loans	The rise in average temperature may lead to increased electricity consumption for air conditioning or reduced productivity, resulting in increased operational costs such as electricity expenses or decreased revenue for companies.	Mid- and long-term	Credit risk, Market risk
				Business operations		Mid- and long-term	Operational risk

## Climate-related opportunities

Guided by the 2022 material climate risk issues and our own climate adaptation mission, we referred to climate-related activities in the international market (e.g., green investments, financing, property and life insurance, sustainability bonds, and securities/funds businesses). We then discussed with business units the potential duration of such activities, the likelihood of their impact on the Company, and the scale of their effects, and subsequently defined two major climate strategies, namely "Green Finance" and "Green Operations." Regarding the former, three important climate opportunities were identified (in ranked order): ① promoting low-carbon products and services, ② focusing on green energy; and ③ enhancing climate resilience. The business activities that we plan to execute in each area are listed below.

### ① Promoting low-carbon products and services

Opportunity	Business development category	Business description	Corresponding major climate risk factors	Notable actions as of 2022	Future action plans
Strengthen stakeholder engagement	Institutional banking and equity/bond investments	We visit customers and share carbon reduction strategies, advocate for carbon footprint methodologies, and assist customers in planning low-carbon transition plans.	① ② ⑥	<ul style="list-style-type: none"> <li>For financing, we cumulatively engaged with 145 enterprises, 53 of which were aware of domestic and international carbon reduction requirements and are evaluating actions to take. Nine improved their ESG ratings from external rating institutions after the engagements.</li> <li>For investments, we cumulatively engaged with nine enterprises, discussing overall ESG operating status, information disclosure, environmental protection-related issues, and more.</li> </ul>	<ul style="list-style-type: none"> <li>Investment and financing departments are continuing to actively engage with enterprises.</li> </ul>



Opportunity	Business development category	Business description	Corresponding major climate risk factors	Notable actions as of 2022	Future action plans
Low-carbon investments and financing and deposit products	Institutional banking and retail banking	<p>We assist corporate clients in reducing their carbon emissions or enhancing their environmental sustainability through low-carbon-related financial products in order to meet international supply chain requirements and regulatory standards; For example:</p> <ul style="list-style-type: none"> <li>• Green loans for expenditure related to carbon reductions and low-carbon regulations</li> <li>• Sustainability-linked loans (SLLs) for carbon reduction/low-carbon KPIs</li> <li>• Green deposits for financing renewable energy power plants</li> </ul>	1 2 5 6	<ul style="list-style-type: none"> <li>• CTBC Bank's SLL balance is NT\$19.925 billion and green loan balance<sup>1</sup> is NT\$19.372 billion.</li> </ul>	<ul style="list-style-type: none"> <li>• CTBC Bank will actively diversify its products and portfolio to meet the carbon reduction needs of different customers. Additionally, it will increase marketing efforts and improve customer willingness to develop low-carbon financial product services. The potential business volume in 2023 is estimated to be NT\$14 billion to NT\$16 billion.</li> </ul>
Green transportation rebate credit card	Retail banking	<p>We offer incentives to promote low-carbon transportation and in turn achieve lifestyle transformation and mitigate the air quality and environmental impact of transportation.</p>	1 5	<ul style="list-style-type: none"> <li>• CTBC Bank has issued green transportation-related rebate cards, including more than 280,000 credit cards and over 210,000 debit cards with League of Legends video game branding. The ALL ME credit card was launched in July 2022; 80,000 of the cards have already been issued. In 2022, these credit cards were used for a total of NT\$75.22 million in consumer spending on public transportation, with the figure estimated to reach NT\$85.4 million in 2023.</li> </ul>	<ul style="list-style-type: none"> <li>• In support of the "lifestyle transformation strategy" in the National Development Council's the 12 strategies for achieving net-zero emissions by 2050, CTBC Bank will continue to actively promote related credit and debit cards. The annual rewards offered through these cards is expected to total NT\$1.76 million in 2023.</li> </ul>
Personal green loans	Retail banking	<p>Offering green building mortgages: In response to the promotion of green building certification and with the support of the tools offered through the government's Green Finance Action Plan 3.0, we are guiding the public to choose sustainable properties when purchasing homes and to mitigate the environmental and climate change impacts of construction.</p> <p>Encouraging customers to engage in green consumption by purchasing green and energy-saving products: Customers applying for credit loans specifically to purchase electric vehicles are entitled to preferential deals.</p>	1 4 5 7 8	<ul style="list-style-type: none"> <li>• The EV loan campaign was launched in August 2022 and has a cumulative loan balance of NT\$100,000. The green building mortgage balance currently stands at NT\$4 million.</li> </ul>	<ul style="list-style-type: none"> <li>• In support of the Green Finance Action Plan 3.0 and customer demand for green mortgages, CTBC Bank will continue to actively promote such business using existing resources, personnel, and cooperation models. We expect to have NT\$300 million available for such loans between 2023 and 2027.</li> </ul>
ESG-themed funds	Investment trust fund businesses and wealth management	<p>In response to the increasing awareness of ESG investments among domestic investors, we are offering greater investment options. In the process, we are educating investors and in turn facilitating industry transformations through ESG investments and fundraising.</p>	4 5 6	<ul style="list-style-type: none"> <li>• As of the end of 2022, the scale of ESG-related investment products exceeded NT\$25 billion, including: ETF of 15 year+ ESG investment-grade USD corporate bonds in developed market, ESG sustainable key semiconductor ETF, ESG carbon opportunities multi-asset funds, ETF of 15-year+ USD sovereign low-carbon bond, Taiwan green energy, and electric vehicle ETF.</li> </ul>	<ul style="list-style-type: none"> <li>• In collaboration with Lombard Odier Asset Management (Europe) Ltd., CTBC Investments has invested approximately NT\$2.7 million annually in ESG-related research resources. CTBC Investments will continue to develop related business, increase its proportion of ESG investment through asset management, and plans to issue one or two ESG-themed products annually.</li> </ul>

Opportunity	Business development category	Business description	Corresponding major climate risk factors	Notable actions as of 2022	Future action plans
New energy-related venture capital	Venture capital services	CTBC Venture Capital and Foxconn Technology Group established a joint venture management consulting company, HH-CTBC Smart Mobility Limited Partnership, and raised private placement funds. The partnership focuses on investments in areas including the new energy vehicle industry and smart manufacturing. We hope to promote the development of new energy vehicle industry through industrial collaboration, thereby reducing the environmental impact from traditional automobiles.	1 4 5 6	<ul style="list-style-type: none"> <li>As of May 2023, the HH-CTBC Smart Mobility Limited Partnership had raised NT\$8.98 billion.</li> </ul>	<ul style="list-style-type: none"> <li>CTBC Venture Capital has committed to investing NT\$1.22 billion to develop green venture capital venture businesses, and will continue to develop green venture capital businesses within a range of tolerable risks.</li> </ul>
Green insurance products	Nonlife insurance business	CTBC Insurance has launched green energy upgrade clauses. In the event of home damage, if the insured property is repaired or rebuilt with green building materials and equipment, the claim settlement can be increased to 150% of the loss. It has also launched green industry and sustainable energy-related insurance products.	4 5 8	<ul style="list-style-type: none"> <li>Sold 1,132 of these policies in 2022</li> </ul>	<ul style="list-style-type: none"> <li>CTBC Insurance will continue to develop and underwrite insurance policies that have a positive impact on the environment and will actively provide risk protection for the green energy industry.</li> </ul>

<sup>1</sup>The scope of data is limited to the loans for green capital purposes as defined by the Joint Credit Information Center.

## 2 Focusing on green energy

Opportunity	Business development category	Business description	Corresponding major climate risk factors	Notable actions as of 2022	Future action plans
Renewable energy investments and financing	Institutional banking	Green electricity and the renewable energy industry are part of the government's six core strategic industries. CTBC Holding supports this policies and green finance through practical actions, and assists in mitigating the impacts of climate change.	1 2 3 4 5	<ul style="list-style-type: none"> <li>CTBC Bank has coordinated and overseen four syndicated loans for renewable energy project financing totaling approximately NT\$19.9 billion. CTBC Bank lent approximately NT\$3.5 billion and served as the management bank, dedicated account management bank, and hedging bank for the project financing.</li> <li>Taiwan Life has provided investment/financing for three offshore wind power generation projects, namely the Formosa 2, Changfang &amp; Xidao, and Mercury Taiwan Holdings Limited projects, with cumulative authorized investments of NT\$16.5 billion.</li> </ul>	<ul style="list-style-type: none"> <li><b>CTBC Bank:</b> The Bank will continue to invest in, and serve as coordinator or co-arranger for, renewable energy projects.</li> <li><b>Taiwan Life:</b> By 2030, the installed capacity of its renewable energy investments is expected to total 1,876 MW, and its cumulative approved investments are forecast to total approximately NT\$8.262 billion.</li> </ul>
Renewable energy project financing consulting services	Institutional banking	By providing consulting services on project-specific hedging strategies, we assist developers in managing market risks (e.g., interest rate fluctuations) through interest rate hedging transactions, thereby reducing the uncertainty faced by developers and banks in sustainable financing projects.	1 2 3 4 5	<ul style="list-style-type: none"> <li>CTBC Bank has provided interest rate hedging recommendations regarding renewable energy project financing for projects and companies including ZhongNeng Offshore Wind Farm; Yunneng Wind Power Co., Ltd.; Yuan-Yu Solar Energy Co., Ltd.; Chenhwa Power Co., Ltd.; and Taiwan Cube Energy Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>CTBC Bank will continue to provide professional capital market-related consulting services.</li> </ul>

3 Enhancing climate resilience

Opportunity	Business development category	Business description	Corresponding major climate risk factors	Notable actions as of 2022	Future action plans
Products for risks from typhoons, floods, earthquakes, and other natural disasters	Nonlife insurance business	Climate change is increasing demand for disaster risk hedging and the need for risk diversification.	3	<ul style="list-style-type: none"> <li>Data on climate-related products (e.g., typhoons and flood insurance) is regularly collected and used to conduct exposure distribution analysis by region in order to avoid excessive concentration in specific areas. In addition, we examine whether the catastrophe (e.g., typhoons) reinsurance contracts can effectively transfer risk within tolerable thresholds based on the catastrophe models provided by reinsurance agents every year. We also continue to enhance our conservative insurance review procedures for underwriting typhoon and flood-related businesses. Such efforts include ensuring appropriate arrangements for reinsurance coverage to maintain claim losses within acceptable limits and effectively transfer climate change risks.</li> </ul>	<ul style="list-style-type: none"> <li>In response to the gradually intensifying risks of climate change-related natural disasters, CTBC Insurance integrates risk detection technology instruments and loss prevention technology personnel to provide customers with incentive-based risk prevention services as well as to prudently underwrite risk and implement risk diversification measures. The potential revenue in 2025 is estimated to be approximately NT\$1 billion.</li> </ul>

Note: For more details on climate-related opportunities, please refer to our 2022 TCFD report.

Internal carbon pricing

In January 2023, Taiwan's Cabinet passed the Climate Change Response Act into law. As well as formally including the net-zero emissions by 2050 goal into law, it also signifies the maturation of carbon pricing in Taiwan. Moreover, in line with the government's advocacy of policies addressing climate change, the TWSE proposed jointly establishing a carbon credit exchange with the Cabinet's National Development Fund in order to enhance the transparency of carbon pricing in Taiwan.

To proactively manage the financial impact of carbon taxes, fees, and carbon exchanges on the group's investment and financing activities, CTBC Holding has included shadow carbon pricing in its scenario analysis and financial evaluations of investment and financing portfolios since 2019. This facilitates the assessment of whether the group's business model and strategies are resilient against climate risks. We set carbon pricing based on the climate change scenarios of by the Network for Greening the Financial System (NGFS), which is founded by central banks and the financial supervisory commissions of various countries. We have observed that carbon prices across the world will significantly rise by 2050 compared with 2030; however, the rate of the carbon price inflation differs across regions because of their varying economic tolerance and net-zero emission efforts. By referring to NGFS estimates, we have set a carbon price of US\$0.55 to US\$531 per ton as the basis for evaluating and managing the carbon risks of investment and financing targets. Going forward, we will continue to monitor changes in carbon-pricing mechanisms at home and abroad and to make timely adjustments accordingly.

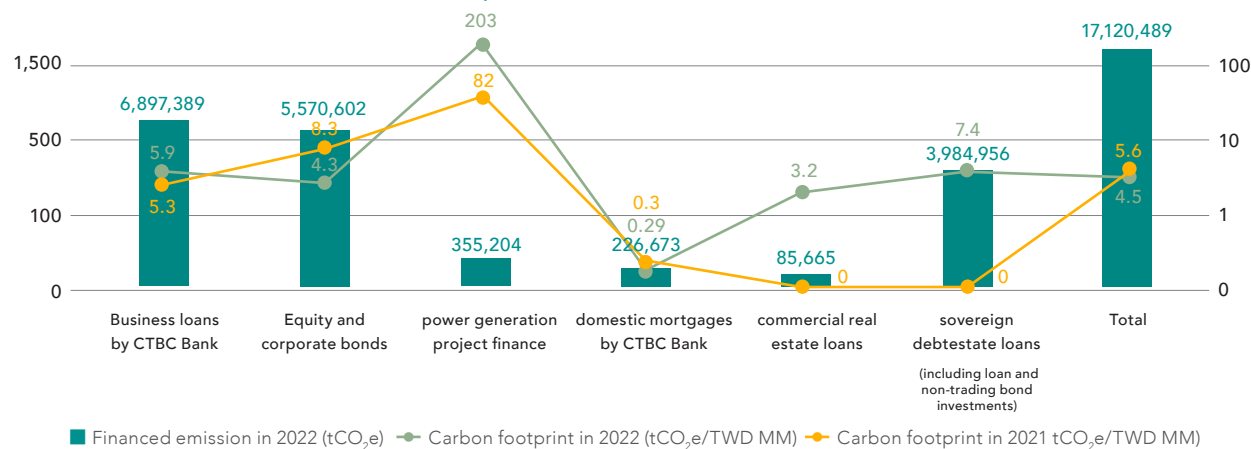
## Climate metrics and targets | GRI 302-2

### Transition risk metrics: financed emissions

Since 2020, CTBC Holding has used the PCAF's Global GHG Accounting and Reporting Standard to conduct an inventory of its financed emissions. The scope covers the business of three major subsidiaries, including banking, investment, insurance, and securities investments of CTBC Bank, Taiwan Life, and CTBC Securities. In 2022, two new asset categories, namely commercial real estate loan and sovereign debt, were added to the scope of the inventory, and the assets managed by subsidiary CTBC Investments were also included.

The latest calculation shows that the overall financed emissions of the group's investment and financing portfolio (retained assets) totaled 17,120,489 tCO<sub>2</sub>e, with an overall data quality score of 2.7 (with a score of 1 being the best data quality and a score of 5 being the worst). The financed emissions of the assets managed by CTBC Investments totaled 5,243,970 tCO<sub>2</sub>e. The calculation results, source of information, and scope of calculations for the group's investment and loans portfolio (retained assets) by asset type are provided below.

Financed emissions (tCO<sub>2</sub>e) and carbon footprint (tCO<sub>2</sub>e/TWD MM)



Note :

1: Sources of information for PCAF finance-related carbon emissions calculations:

Internal sources: internal data warehouse, credit review system, transaction management systems of subsidiaries

External sources: PCAF Emission Factors Database, Bloomberg, Refinitive, 2019 Green Building Evaluation Handbook, and Formosa Climate Smart Service

2: Scope of calculation for each asset:

(1) Business loans by CTBC Bank: Domestic and offshore branches of CTBC Bank

(2) Equity and corporate bonds: Domestic and offshore branches of CTBC Bank, CTBC Securities and its subsidiaries, and Taiwan Life and its subsidiaries

(3) Power generation project finance: Domestic and offshore branches of CTBC Bank; Taiwan Life

(4) Domestic mortgages by CTBC Bank: Domestic and offshore branches of CTBC Bank

(5) Commercial real estate loans: Domestic and offshore branches of CTBC Bank; Taiwan Life

(6) Sovereign Debt

Investments: Domestic and offshore branches and subsidiaries of CTBC Bank, CTBC Securities and its subsidiaries, and Taiwan Life and its subsidiaries

Loans: Domestic and offshore branches of CTBC Bank

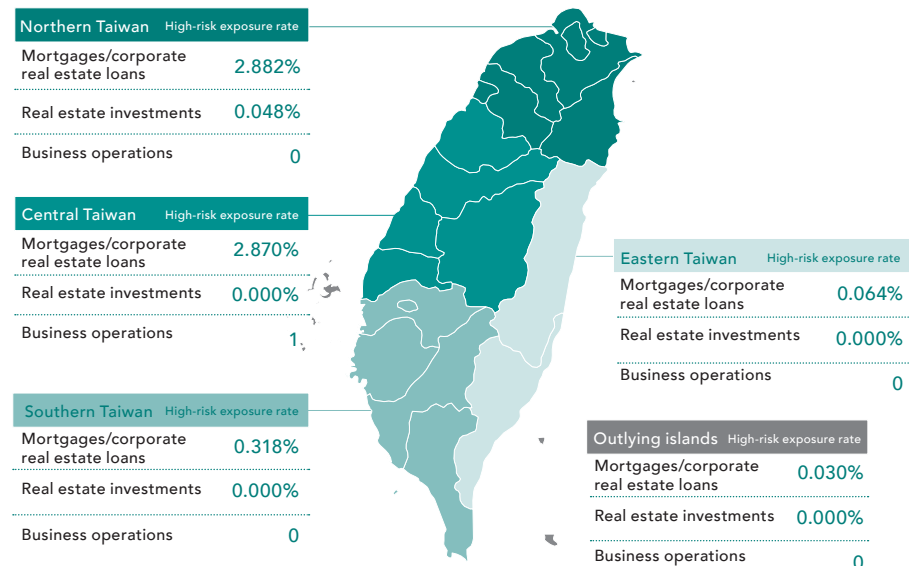
3: For more details on our financed emissions, please refer to our 2022 TCFD Report.

## Physical risk metrics: high-risk exposure to disasters

To understand the physical risks of various business operations within the Group, CTBC Holding conducts regular inventories and monitors the exposure of asset portfolios to high physical risk areas. Regarding landslide risk, the Group referred to the Taiwan-Wide Disaster Risk Map published by the NCDR. A Climate Change Disaster Risk Adaptation Platform and defined areas with hazard vulnerability level 5 as “high landslide risk areas.” For flood risk, the Group has been constantly working to enhance its flood risk analysis scale and hazard accuracy. Since 2021, it has engaged in long-term collaboration with an external organization, FCS, and defines areas with a 50% or higher chance of being flooded (as estimated by FSC) in all administrative regions of Taiwan as “high flood risk areas.” As of December 2022, the group's high-risk area exposure was as follows:

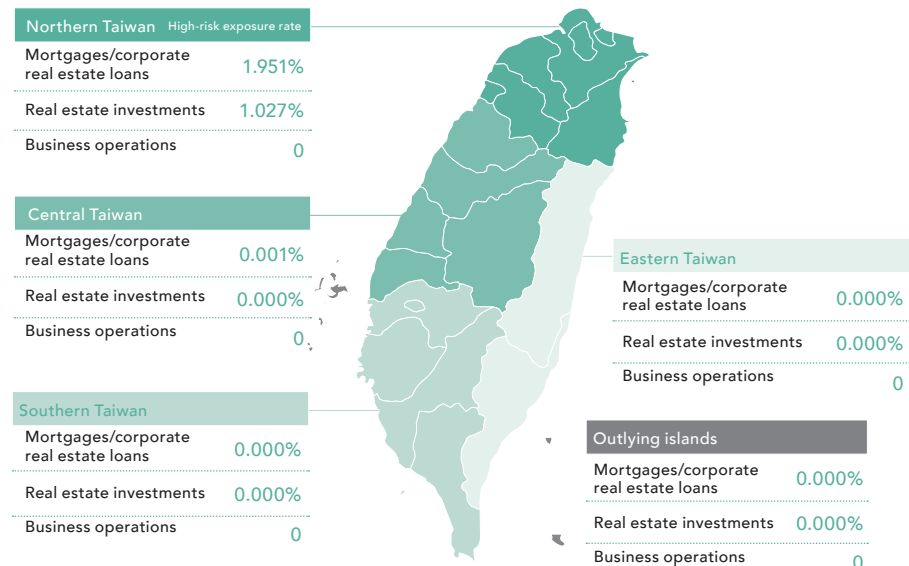
### Flood (physical risk) risk profile

Item	High-risk exposure rate
Mortgages/corporate real estate loans	Outstanding real estate secured loan balance located in high-risk areas / Total outstanding real estate secured loan balance
Real estate investments	Investment amounts in high-risk areas / Total investment
Business operations	Number of operations



### Landslide (physical risk) risk profile

Item	High-risk exposure rate
Mortgages/corporate real estate loans	Outstanding real estate secured loan balance located in high-risk areas / Total outstanding real estate secured loan balance
Real estate investments	Investment amounts in high-risk areas / Total investment
Business operations	Number of operations



Note:

- The amount of real estate investments is calculated based on annual valuations and appraisals.
- Scope of inventory: CTBC Bank's DBU + OBU corporate banking real estate secured loans and retail banking mortgages, Taiwan Life's corporate and personal mortgages, Taiwan Life and CTBC AMC's real estate investments, and CTBC Bank and Taiwan Life's retained (non-leased) operations. (Real estate located within Taiwan)
- NCDR: National Science and Technology Center for Disaster Reduction
- In response to the Sixth Assessment Report published by the IPCC in 2021, FCS utilized representative historical rainfall data from weather stations throughout Taiwan and selected four climate models, namely CNRM-ESM2-1, MRI-ESM2-0, MIROC6, and IPSL-CM6A-LR, to estimate rainfall data in 2022. It then aligned its data with the flood protection standard set by the Ministry of the Interior's Construction and Planning Agency in order to more accurately estimate the probability of flooding.

## 4.4 Taskforce on Nature-related Financial Disclosures | GRI 304-1

According to the 2023 Global Risks Report by the World Economic Forum, biodiversity loss has risen to become the fourth-highest global risk. There is now also global recognition of the close connection between biodiversity and climate change, and that both issues should be regarded with equal importance. CTBC Holding attaches great importance to the depletion of natural resources and the loss of biodiversity globally. In early 2022, it took the lead in joining the Taskforce on Nature-related Financial Disclosures (TNFD) alongside over 250 member institutions worldwide who contribute interdisciplinary expertise and market experience to jointly promote and provide feedback on the development of the TNFD framework. Furthermore, during the final stage of the World Biodiversity Summit, CTBC Holding again led the Taiwanese financial industry by joining forces with over 330 companies from more than 52 countries, with combined revenue exceeding NT\$1.5 trillion, to co-sign the Business for Nature call to action. The call urges large corporations and financial institutions to take immediate action and to assess and disclose their impact and dependence on biodiversity by 2030. In December 2022, we again led the domestic industry by signing on to the Partnership for Biodiversity Accounting Financials (PBAF). By joining the PBAF's Global Core Team, we are working together with international financial institutions to promote the adoption of methodologies addressing biodiversity-related issues. We are also continuing to assess the impact and dependence on biodiversity of ourselves and our value chain. Moving forward, CTBC Holding will further realize its commitment to natural conservation by leveraging impact finance through financing, investment, and other business models in collaboration with stakeholders.

### Nature-related risks and opportunities

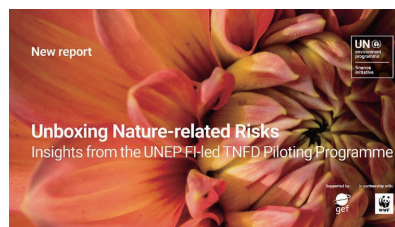
#### Offshore wind power pilot assessment program

In 2022, CTBC Holding used the TNFD's LEAP methodology of L (Locate), E (Evaluate), A (Assess), and P (Prepare) for an internal pilot project evaluating the environmental risks and opportunities associated with its offshore wind power clients/investments. We provided valuable feedback on our application experience with LEAP to the official TNFD organization. Additionally, we actively participated in discussions within the offshore wind power pilot testing working group led by the U.N. Environment Programme Finance Initiative (UNEP

FI) during the latter half of 2022. Alongside 42 global financial institutions, we deliberated on the implementation of the LEAP methodology. In April 2023, the TNFD published its [pilot test report](#), entitled Unboxing Nature-related Risks: Insights from the UNEP FI-led TNFD Piloting Programme. The inclusion of our case study in the report reflects our robust risk management capabilities and active involvement in the U.N.'s sustainability efforts. Moving forward, we will work to assist the TNFD in enhancing the official guidelines that will be announced in September 2023, making them more relevant to the practical needs of global businesses.



<sup>1</sup> According to the "Global Offshore Wind Speeds for 23 Years" data published by international engineering consulting firm 4C Offshore in 2014, 16 of the top 20 wind farms are located in the western coastal areas of Taiwan.



Unboxing Nature-related Risks: Insights from the UNEP FI-led TNFD Piloting Programme.

## Biodiversity conservation | GRI 304-2

### Plant a Tree for the Future

Since 2020, CTBC Bank has actively collaborated with the Vision Project to support the Plant a Tree for the Future initiative, demonstrating a steadfast commitment to environmental sustainability over the past three years. This initiative has garnered the participation of nearly 300 employees, as well as their friends and family, resulting in the successful planting of 6,000 tree saplings. In 2022, the tree planting activity was conducted in partnership with the Tse-Xin Organic Agriculture Foundation. A total of 2,000 saplings were planted in the Wangzailiao Sand Bar in Qigu District, Tainan City, and the Zhuangwei Sand Dunes Ecological Park in Yilan County. Employees, along with their friends and family, were encouraged to step out of their offices and actively participate in green actions by planting various species such as the endemic white-flowered black mangrove, as well as windbreak species like sea hibiscus, thatch screwpine, coastal she-oak, and beach cabbage. These efforts aim to establish coastal forests that serve as a crucial "buffering protection" measure, safeguarding the coastline while preserving biodiversity and regulating climate. CTBC Bank proactively addresses climate change and biodiversity concerns while promoting environmental sustainability. In the future, the bank intends to engage customers and personnel in a wider range of green initiatives, fostering a collective effort towards achieving long-term environmental sustainability goals.



CTBC Bank employee Yi-Ya Liao poses with her husband and two daughters at the event.



Kuo-Chun Luo, CEO of the Vision Project, right, plants seedlings with Yung-Shen Lin, SVP of CTBC Bank's Public Relations and Public Welfare Division, in Tainan City.

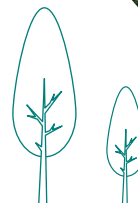


## Fern Park Species Conservation Project

As part of CTBC Holding's commitment to environmental sustainability and ecological protection, it created Taiwan's first outdoor fern conservation park, combining culture, art, and park green spaces.

The park, located right beside CTBC Financial Park, provides nearby residents, customers, and employees with a high-quality community environment. Officially named the Sanchong World Trade Center Park, the space in Taipei's Nangang District was originally a public parking lot. After taking over the space, CTBC Holding collaborated with professors from National Taiwan University to create a unique urban fern ecology park. The park was honored with the Outstanding Design Award in the "Open Space" category at the IFLA Asia-Pac LA Awards, setting a new international milestone for urban design in Taiwan.

Taiwan's natural environment, with its seasonal changes and distribution of tropical and subtropical regions, has allowed the preservation and cultivation of ancient floral species. Ferns are among the most notable such species, with unparalleled longevity and resilience. The richness in quantity and variety is unique globally. With its southwest corner offering the perfect humidity and soil for fern growth, the park boasts over 130 species of ferns and native Taiwanese plants, including brush pot tree, *Selaginella tamariscina*, Japanese beech fern, Oriental chain fern, vegetable fern, and hay-scented fern. Regular ecological lectures and guided tours are held at the park.





## ALL ME cards from marine debris

According to a U.N. Environment Programme report, approximately 80,000 tons of plastic waste flow into the ocean each year. In 2022, as part of its ongoing sustainable environmental protection and carbon footprint reduction efforts, CTBC Bank launched ALL ME, Taiwan's first credit card made from recycled marine debris, producing a total of 50,000 cards. This initiative aims to tackle the issue of plastic waste. The materials used for the ALL ME cards are sourced from discarded PET bottles collected during beach cleanups. The Bank has employed personnel specifically for beach cleaning, resulting in reduced marine pollution, the transformation of waste into usable resources, and the creation of local job opportunities. During the production process, no toxic gases, such as dioxins, are generated through incineration. To achieve zero carbon emissions in the production process, a carbon management system was implemented. Moreover, the Bank continues to incorporate the principles of sustainable environmental protection into other financial products. In the same year, all credit cards from the Bank had their product carbon footprints verified according to British Standards Institution (BSI) ISO 14067, with each found to have a carbon footprint of approximately 804.6 grams.



# SOCIAL

- 5.1 Employee empowerment
- 5.2 Community investment
- 5.3 Partner engagements

# 5



# 5.1 Employee empowerment

CTBC Holding's corporate image, workplace environment, compensations and benefits, career development, and job roles and responsibilities have received widespread recognition. In 2022, in addition to being honored at HR Asia's Best Companies To Work For In Asia awards for the fifth consecutive year, we were once again rated as the best employer in the finance sector in Taiwan by global employer branding consultancy Universum, and moved up No. 13 across all industries.

■ GRI 2-7, 2-8

<p>Key development 1</p>  <p><b>Promote diversity and inclusiveness</b></p>	<p><b>Performance highlights:</b></p> <ul style="list-style-type: none"> <li>• Human rights policy training was organized for full-time employees; training completion rate was 100% with cumulative training of 20,963 hours.</li> <li>• No incidents of discrimination, child labor, forced or compulsory labor, or incidents infringing on employee interests occurred. People with physical disabilities were recruited in line with relevant laws.</li> </ul>
<p>Key development 2</p>  <p><b>Attract and develop talent</b></p>	<p><b>Performance highlights:</b></p> <ul style="list-style-type: none"> <li>• TBC Holding and its subsidiaries cumulatively organized 2,082 classroom training courses in 2022, with attendance of 31,001. A total of 3,753 online training sessions were held with attendance of 365,028. Total required employee training hours totaled 783,995 hours and training costs totaled NT\$67.03 million.</li> <li>• We launched the Top Gun Plan in line with the group's business strategies and formulated various elite development plans based on key functions. Focusing on systematic development, we are building a talent pool of people with independent thinking skills and perseverance, who can work together toward their goals. In 2022, we recruited 240 such staff for five key roles: management associate, treasury associate, international relationship manager, junior relationship manager, and junior financial advisor.</li> </ul>
<p>Key development 3</p>  <p><b>Care for employees</b></p>	<p><b>Performance highlights:</b></p> <ul style="list-style-type: none"> <li>• In partnership with the Taiwan Institute of Psychotherapy, we provide employees and their spouses eight free counseling sessions a year.</li> <li>• Two dedicated counselor rooms have been set up at our HQ and Neihu admin building since 2022. Psychologists are stationed on site to provide counseling for employees during office hours. The rooms' utilization rate has reached 40%.</li> <li>• Psychologists from the Taiwan Institute of Psychotherapy were invited to organize three manager sensitivity training sessions in order for front-line supervisors. The satisfaction rating for the courses was 4.83 points out of 5, and we plan to organize further training to help managers better care for employees in 2023.</li> </ul>
<p>Key development 4</p>  <p><b>Ensure a safe workplace</b></p>	<p><b>Performance highlights:</b></p> <ul style="list-style-type: none"> <li>• We support the SDGs and GRI topics, including GRI 403: Occupational Health and Safety, which stipulates healthy and safe working conditions as a basic human right. To this end, we are committed to maintaining workplaces that are healthy and safe, and in 2022 were named an Occupational Health and Safety Benchmark Enterprise by the Ministry of Labor's Occupational Safety and Health Administration.</li> <li>• We partner with vendors and suppliers to put our occupational health and safety philosophy into practice, including by requiring suppliers to sign a commitment to promoting and managing occupational health and safety, issuing operational hazard warnings before commencing projects, and accepting random on-site inspections. In 2022, we organized 32 contractor hazard warning and training sessions as well as 47 on-site occupational health and safety engineering inspections.</li> <li>• CTBC Holding was the first in the finance sector to partner with Buddhist Tzu Chi Stem Cells Center to organize a stem cell donation and blood test event. We encouraged employees to donate 10 ml of blood each to increase the chances of leukemia patients finding bone marrow donors. The event was participated in by 308 employees.</li> <li>• We optimized our health promotion service procedures and established a massage reservation system (including service satisfaction survey). The service was used by 1,338 persons and achieved an average satisfaction rating of 4.82 points out of 5.</li> </ul>

## Diversity and inclusiveness | GRI 202-2, 401-2, 401-3, 405-1, 405-2

### Employee structure

We strictly comply with the local laws of our operating sites around the world as well as international human rights standards in order to protect the legal rights and interests of employees and create work environments that are diverse, open, equal, and free from harassment. In 2022, CTBC Holding had a total of 15,337 full-time employees in Taiwan. In our overseas operations, we had 1,527 full-time employees, 735 part-time employees, and 8,069 contract workers, for a total of 25,668 people. 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. In 2022, the local employment rate in Taiwan was 99.69% (of which senior managers account for 0.58%), and the local employment rate overseas was 88.93%. Refer to "[Employee data](#)" to see the breakdown of employees by employment type and age.

### Gender equality

As of the end of 2022, women accounted for 60.51% of all employees across the entire Company and 56.70% of all managers, with the proportion of middle and senior managers who are women having increased by 2.15% from 2021, indicating the opportunities for career growth provided to all employees regardless of gender.

### Male and female managers in Taiwan

Position	Number	% of total	Target
Board of Directors	54 men	88.52%	
	7 women	11.48%	
Senior management	66 men	71.74%	
	26 women	28.26%	29.0% by 2027
Middle management	119 men	47.98%	
	129 women	52.02%	
Junior management	606 men	40.75%	
	881 women	59.25%	50.0% by 2027
All managers	791 men	43.30%	
	1,036 women	56.70%	50.0% by 2027
All employees	6,057 men	39.49%	
	9,280 women	60.51%	50.0% by 2027
Executive positions in revenue units	321 men	53.68%	
	277 women	46.32%	50.0% by 2027
STEM-related positions	92 men	63.45%	
	53 women	36.55%	38.2% by 2027

### 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 are able to contribute and excel equally. In 2022, there was no significant difference in the annual remuneration of women and men employed by CTBC Holding in Taiwan, neither at the management level nor the non-management level.

### Average remuneration (women/men) in Taiwan

2022 average remuneration in Taiwan (women/men)		
Type of employee	Fixed salary	Total compensation
Senior management	84%	91%
Non-senior management	93%	92%
Non-management employees	95%	97%

Note:

1. "Senior management" refers to managers at the division level and above, and Executive Vice Presidents, certified by the head office. "Non-senior management" refers to managers who are responsible for supervision and management other than senior management. "Non-management employees" refers to employees in non-management positions.

2. The scope of the data is full-time employees in Taiwan as of Dec. 31, 2022, excluding those not employed for a full year.

3. Reasons for differences in compensation include the number of employees, their positions, and their individual performance.

### Bloomberg GEI

Bloomberg launched the Bloomberg Gender-Equality Index (GEI) in 2016, each year selecting benchmark enterprises around the world that are highly supportive of gender equality. The GEI uses five criteria to evaluate enterprises' diversity and gender-equality policies and performance, including leadership and talent pipeline, equal pay and gender-equal pay, inclusive culture, anti-sexual harassment policies, and external brand.

We have always been committed to providing opportunities regardless of gender. These efforts have been recognized by the GEI, which has selected CTBC Holding as a constituent stock in 2022 and 2023.

### Diversity and inclusion

#### People with a disability, indigenous people, and foreign nationals

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 2022, we employed 105 employees with a physical or mental disability, and 44 employees who identify as indigenous. 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. A total of 51 foreign nationals were employed at our Taiwan operations in 2022.

## Supporting employees and their families

### Childbirth subsidies and childcare benefits

To alleviate employee concerns and prioritize their well-being, we have implemented a range of benefits including fee and subsidy provisions for family care and wedding celebrations, enabling employees to focus on their personal needs and loved ones. Additionally, we have established agreements with nurseries to offer discounted rates for employees requiring childcare services. In 2022, a total of 1,435 employees applied for childcare subsidies, amounting to NT\$18,934,949 in grants.

Furthermore, we prioritize providing a secure work environment and safeguarding the rights and interests of employees by offering support mechanisms such as menstruation leave, parental leave, paternity leave for prenatal checkups and childbirth, family care leave, and childcare subsidies. Our implementation of paid maternity and paternity leave complies with the Labor Standards Act, ensuring fundamental employee benefits. In 2022, 174 employees from various units were expected to return from parental leave without pay, with a return rate of 78.16%.

System	Content
Paid maternity leave	Employees who give birth or miscarry at 20 weeks or beyond are entitled to eight weeks of paid leave (56 days); those who miscarry at 12 or more weeks are entitled to four weeks of leave (28 days). Ten days of leave is available for those who miscarry before 12 weeks. Based on their individual health conditions, pregnant employees may file for maternity leave starting from four weeks before their due date, and can return to work upon the end of the maternity leave.
Paid co-parent leave and prenatal leave	Employees are entitled to up to seven days of leave to attend prenatal visits and childbirth with a pregnant spouse. Co-parent leave applications may be filed multiple times 15 days before and after a spouse's childbirth.
Babysitting leave	Employees who have been at the Company for at least six months may take leave without pay to care for children aged under 3.

### Nursing Room Excellence Certification

In 2021, CTBC Financial Park as well as many CTBC Bank locations again received Nursing Room Excellence Certification from Taipei City's Department of Health. Employees with a child under the age of 2 are entitled to 60 minutes of breastfeeding/breast milk collection on work days with regular workhours; on days with extended working hours, they are entitled to an additional 30 minutes. These rights are extended to fathers and other non-breastfeeding parents, allowing them time to feed their children. In 2022, the nursing rooms were used by 112 people.

### Children's educational subsidies

We provide educational subsidies for the children of our employees. All children who receive 80 points or above on academic subjects and 80 points or above on student conduct scores on their report cards are eligible to apply for a one-time NT\$3,000 to NT\$4,000 subsidy every six months. In 2022, a total of 1,443 students applied for these subsidies, which cumulatively reached NT\$5,381,500.

## Creating a happy workplace | GRI 2-23, 201-3, 202-1, 401-2

To recruit and to retain talent, CTBC Holding provides competitive salaries and benefits as well as outstanding career development plans and a comfortable work environment. In recent years, we have been repeatedly selected as a constituent stock of the TWSE RAFI® Taiwan High Compensation 100 Index by Taiwan Index Plus Corporation.

### Competitive 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, which is applicable to its global operation locations. The policy comprises three main goals, namely maintaining market competitiveness, achieving pay based on job duties, and pay for performance scheme. Our overall remuneration package includes fixed pay and variable pay, wherein the fixed pay comprises 12 months' salary, fixed allowances, and fixed bonuses while the variable pay comprises a performance bonus, incentive bonuses, and long-term incentives. To motivate employees by offering competitive compensation, we regularly consult market compensation surveys at every operation location. In 2022, there was a 2%–3% salary increase for CTBC Holding employees in Taiwan, Japan, North America, and Canada, and a 4%–6% 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 2.7 times Taiwan's minimum wage in 2022, with that of men and women both being 2.8 and 2.6 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 business 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.

The long-term incentive program is specifically designed to attract and retain the talent needed by the Company. It serves as a motivation and boosts employees' loyalty to the company. The program is tied to the Company's long-term operational performance. As a result, it enables employees to share in the Company's performance achievement, thereby create more profits for both the Company and shareholders. The main form of long-term incentive is restricted stock awards, which have two types of target beneficiaries. The first type includes employees in specific job grades or special job categories within the group; their reward amount is determined based on factors such as the Company's economic profit (EP) allocation ratio and each employee's individual performance. Employees who meet the performance requirements within five years will receive 100% of the shares. The second type of beneficiaries are strategically critical personnel. In order to achieve the Company's third five-year plan, high-level executives propose strategic plans, the Company evaluates their strategies and ability to achieve the goals set out in the plans, with the results linked to their long-term incentives. The aim is to motivate executives to take on challenging work and strive to achieve ambitious goals. The number of shares allocated to the second type of employee is determined based on their contribution to the Company and the duration of their tenure during the third five-year plan period. The actual percentage of shares awarded is calculated based on the Company's return on equity (ROE) within five years and the accounting profit (AP) growth rate as well as individual performance indicators achievement rate.

Furthermore, in 2022, we had 13,268 non-managerial full-time employees in Taiwan. Their salaries for the year totaled NT\$ 19,489,311,000, and their average and median salaries were as follows:

	2022			2021			Year-on-year change (%)
	All employees	Women	Men	All employees	Women	Men	
Weighted average no. of employees	13,268	8,353	4,915	12,824	8,082	4,742	3.46
Average salary (NT\$ thousands/year)	1,469	1,415	1,560	1,557	1,506	1,643	-5.65
Median salary (NT\$ thousands/year)	1,225	1,186	1,291	1,259	1,219	1,331	-2.70

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

CTBC Holding has set up a number of long-term reward mechanisms to encourage our employees to value the company's long-term operating performance, share the results, and enhance organizational retention.

	Scope	Coverage (%)	Program content	2022 implementation performance
Restricted stock awards	Employees of designated job levels or special job categories of CTBC Holding and its subsidiaries in Taiwan	91.3	Long-term reward instrument in the form of shares with a vesting period of five years. Aimed at encouraging employees to hold long-term shares and promote the interests of the Company and its shareholders.	<ul style="list-style-type: none"> <li>Expected to be approved at the June 2023 shareholders' meeting and the vesting date is Dec. 31, 2027.</li> </ul>
Employee stock appreciation rights	Employees of designated job levels or special job categories of CTBC Holding and its subsidiaries in Taiwan	84.1	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.	<ul style="list-style-type: none"> <li>The stock appreciation rights issued in 2019 were executed when the lockup expired on Dec. 31, 2022. The rate of return has reached 98%.</li> </ul>
Employee welfare savings	Employees of CTBC Holding and its subsidiaries in Taiwan	97.9	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>Annual total assets: NT\$4.26 billion</li> <li>Average ROI (long-term shareholding): 109%</li> </ul>
Employee shareholding	Employees of CTBC Holding and its subsidiaries in Taiwan	69.5	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>Annual total assets: NT\$4.49 billion</li> <li>Average ROI (long-term shareholding): 70%</li> <li>Participation below senior management level: 99%</li> </ul>

## Diverse support for employee welfare

Our Employee Welfare Committee oversees general employee care measures as well as a variety of additional benefit options. We also offer a flexible benefits system for full-time employees in Taiwan; the system works by awarding points every year to employees, who can exchange them for products and services of their choice. Furthermore, 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. Dedicated nursing teams have also been set up to care for employees' health. The completion rate of employees' health examinations has reached 86% despite the effects of COVID-19.

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.

### Caring for retired employees

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. To protect the rights of appointed staff, the Company may approve additional pension funds for them on a case-by-case basis such that the sum of their pension, retirement fund, and labor pension received from the Company is equal to the total sum they are eligible to receive under the Labor Standards Act.

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 held a BEST Employee and Best Team competition every year since 2005, the winners of which are publicly recognized.

**Senior employee recognition program:** This program honors 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.

**Golden holiday:** Those here for 5 and 10 years are given a onetime "golden holiday" of five paid days off.

**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 31 clubs in 2022, including for golf, English speaking, music, flower arrangement, aerobics, and adventure cycling. Despite numerous activities needing to be canceled due to the pandemic, 1,071 activities took place, with 8,027 participants and club activity subsidies totaling approximately NT\$6,026,000. Large-scale outdoor events such as the CTBC Holding Golf Tournament were also 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.

### Massage therapy

For many years, CTBC Holding has provided massage therapy services to assist our employees in alleviating stress and work-related pressures. As part of this initiative, we have partnered with organizations for people with a visual impairment and employed over 15 highly skilled and certified visually impaired massage therapists. Prior to the pandemic, these therapists served an average of more than 1,000 individuals per month. Through these efforts, we aim to support the resilient and hardworking spirit of visually impaired individuals and empower them to overcome life's challenges. By offering diverse employment opportunities to individuals with physical and mental challenges, our goal is to foster mutually beneficial outcomes.

### Volunteering culture

CTBC Holding is committed to supporting public welfare, particularly when it comes to the needs of underprivileged children. We have organized afterschool, 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. We are 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. Since introduction of the program, CTBC Holding has a total of 2,474 employees participating in volunteer activities, representing approximately 1 in 10 employees. They have contributed 160,000 hours' worth of volunteer services, with 772 days of paid Good Deed Leave granted in 2022.

We also recruit volunteers from among current and retired employees as well as the public to serve as docents at the CTBC Museum, which was established in December 2014 and houses exhibits on the Company's rich history. As of the end of 2022, we had 40 such volunteers, of whom 10 were current employees, 6 were retired employees, and 24 were members of the public from all walks of life.

### Flexible work hours

To cater to employees' life and work demands, as well as adapt to environmental changes and developmental needs, the Company offers a range of flexible and diverse options when it comes to working hours. Currently, in addition to implementing the "four-week and eight-week flexible hour" systems approved at the labor-management relations conference in compliance with the Labor Standards Act, to accommodate different business and human resource requirements, CTBC Financial Park has also adopted flexible commuting hours. This allows employees to select one of three shifts according to their personal needs. Furthermore, in order to safeguard employee health during the COVID pandemic, we have implemented staggered employee shifts to avoid overcrowding at public transportation facilities during peak hours, thus reducing the risk of infection.

### Working from home

Even before the pandemic, CTBC Holding was already providing working from home mechanisms for certain managers. To mitigate operational disruptions caused by employee infections during the pandemic, we have expanded the scope of WFH opportunities through the utilization of VPN systems that adhere to information security management requirements. Furthermore, the implementation of remote work arrangements has been adjusted based on the specific needs of each department. In 2022, a total of 671,795 VPN connections were established. Recognizing the potential increase in family expenses resulting from remote work, we provided a one-time epidemic prevention subsidy of NT\$10,000 in 2021. Additionally, employees were eligible to apply for meal subsidies in accordance with Company regulations while working from home.



## Attracting and developing talent | GRI 2-23, 401-1, 404-1, 404-2, 404-3

### Talent development strategies

We believe that people are the foundation of an enterprise. The Company's growth relies on the continued efforts of each and every employee, so it is our responsibility to treat our employees like family. CTBC Holding is dedicated to upholding this belief that people are a company's most valuable asset by implementing a competency-oriented talent strategy. This entails organizing diverse professional and management training courses for employees at all levels, diligently recording personnel performance and potential, and devising comprehensive career development roadmaps. Through a combination of on-the-job training, project assignments, and multinational, cross-departmental, and cross-functional rotational programs, we have successfully built a robust talent pool. Furthermore, we collaborate with esteemed colleges and universities both domestically and abroad, including a longstanding partnership with the Wharton School of the University of Pennsylvania, enabling us to deliver customized courses, seminars, and forums while leveraging exceptional faculty and development resources for mid-tier and senior managers. This strategic approach empowers us to effectively navigate the rapidly-changing external operating environment and industry trends, thus enabling us to maintain our leadership position.

### Recruitment channels

As the labor market and recruitment trends have changed since the pandemic, we have adapted by expanding our reach to a broader pool of job seekers through the effective management of diverse social media platforms, including Facebook, Instagram, LinkedIn, and YouTube. Leveraging these channels, we have shared recruitment information in video formats to engage potential candidates. Additionally, we have utilized live-streamed activities and online recruitment campaigns on external recruitment platforms to further enhance our visibility and attract talent. Concurrently, we have fostered partnerships with educational institutions through industry-academic collaborations, encompassing initiatives such as internship programs, corporate visits, and curriculum planning. This strategic approach aims to equip high-performing students with specialized knowledge relevant to the finance industry, offering them a competitive advantage and positioning them as valuable assets to our Company. To facilitate the selection process, we have provided job seekers with the option of both online and face-to-face interviews, alleviating spatial and time constraints and ensuring a high-quality selection experience. In 2022, recruitment expenditure totaled NT\$52.76 million, for per person expenditure of NT\$15,921.

### Mentoring program

CTBC Holding's mentoring program plays a crucial role in its talent development system. It facilitates the engagement of managers of all ranks and high-performing senior employees as mentors to support new employee training and various elite cultivation projects. Through instruction and experience sharing, mentors guide new employees in adapting to the corporate culture and work models, enabling them to follow a path of growth. This program also fosters meaningful interactions among employees and establishes a supportive network.

One example of our comprehensive training initiatives is the Enterprise Junior Relationship Manager Program, a one-and-a-half year program that includes professional courses, business experience, and a robust coaching and mentoring system. To ensure the effectiveness of the coaching and mentoring system, we have designed three major mentor systems that cover training strategies, resource allocation, professional development, and fundamental skills. This approach aims to cultivate enterprise financial consultants who possess both business development and risk management capabilities. Additionally, CTBC Holding was the first in Taiwan's financial sector to introduce an International Associate Program for overseas Chinese and foreign nationals. This two-year training program includes Mandarin language courses, team-building activities, and the enhancement of work-related competencies. To aid in their career development, internal supervisors serve as career coaches, imparting business experience, offering career advice, and sharing strategies for overcoming setbacks and challenges. This guidance helps program participants to assimilate quickly into the workplace, bridge cultural differences, and significantly enhance their work performance.

In addition to nurturing internal talent, we are committed to providing students with hands-on opportunities through industry mentoring and coaching mechanisms in collaboration with esteemed academic institutions. In 2022, CTBC Holding established a five-school alliance with National Cheng Chi University, National Tsing Hua University, Fu Jen University, Tamkang University, and Feng Chia University. Together, we introduced an inter-school fintech course that combines theoretical learning with practical applications. Alongside acquiring professional fintech knowledge through diverse themes across different universities, course participants engage in innovative business proposal competitions as an alternative to traditional examinations. Throughout the process, industry teachers from CTBC Holding lend their expertise and support to the students' proposals. By integrating

valuable industry-specific experiences into academic theoretical learning, we aim to foster a new generation of fintech experts.

## Strategic talent planning

Corresponding with our two key development strategies of overseas expansion and digital transformation, and by analyzing and identifying our internal human resource gaps, CTBC Holding's recruitment strategies have focused on financial, international, and tech talent. We are dedicated to recruiting interdisciplinary professionals from home and abroad who come from diverse fields and nationalities and are equipped with "SMART" (Savvy, Mobility, Ambition, Resilience, Teamwork) personality traits. We also adjust and build our talent development and training system in a timely manner based on the Company's business directions.

### Finance specialists

#### Goals:

- Continue on-campus efforts to familiarize students with financial practices through corporate visits, experience sharing, and internship programs.
- Leverage group resources to build a well-rounded finance talent cultivation system in order to nurture outstanding talent.

#### Body:

- Corporate visits by colleges and universities
- Online corporate briefing sessions for overseas schools
- Talent Cultivation Program with National Taiwan University's School of Management
- CTBC Holding's Rising Star Summer Intern Program
- CTBC Holding's Management Associate (MA) Program

#### Results:

- In 2022, 20 physical and online recruitment events were held, assisting nearly 2,000 students at home and abroad to understand industry-specific financial practices.
- In 2022, we collaborated with National Taiwan University's School of Management to organize the Talent Cultivation Program; 75 students applied and 22 were accepted to participate in the program.
- In 2022, the Rising Star Summer Intern Program attracted nearly 700 applicants, with 35 third-year undergraduate students and first-year graduate students accepted. After the internships, four participants were offered the opportunity to intern further during the academic year.
- In 2022, the MA program received nearly 1,200 applicants; 44 outstanding candidates were accepted.

### Tech talent

#### Goals:

- To meet the demand for technological and finance transformation, we need to develop a large number of talented tech professionals. To this ends, we jump-started our efforts by familiarizing high-performing students with CTBC Holding.

#### Body:

- We launched an IT industry-academia internship program targeting fourth-year undergraduate and second-year graduate students, giving them the chance to understand industry operations.

#### Results:

- More than 200 people applied for the IT department's corporate internship program.
- A total of 48 interns were admitted to the IT and information security departments, receiving four months of training including hands-on programming, information security practice drills, and surveillance analytics.

### International talent

#### [International Business Associates]

#### Goals:

- To support the Company's international expansion, we are working to recruit quality, business-savvy individuals with high potential and willingness to work abroad. By systematically training them while engaging in experience transfer, we are able to enhance the quality of entry-level personnel in oversea locations.

#### Body:

- In 2022, we launched the International Business Associate program, through which we provide pre-work training, job rotations at home and abroad, foreign language training, a global career coach system, and opportunities for rapid promotions.

Note: The International Business Associate program was renamed as the International Relationship Manager (IRM) program in 2023.

#### Results:

- After IRM participants were enrolled in July 2022, we conducted a comprehensive four-week pre-work training program that encompassed diverse course content. We also organized 16 international business career sharing sessions featuring senior managers from Taiwan and overseas, along with two luncheons. Furthermore, we facilitated a cumulative total of 864 hours of second foreign language training, aiming to equip IRM participants with trilingual competencies and accelerate their development as essential talent within our talent pool.

## International talent

### [Overseas Chinese students in Taiwan]

#### Goals:

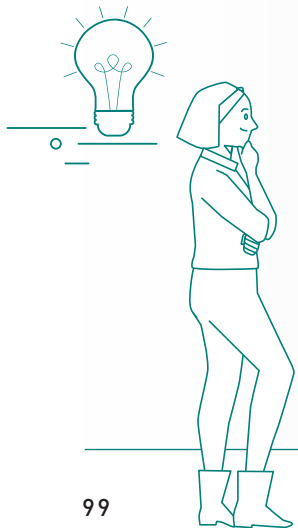
- To strengthen the Company's international business expansion plan, we are scouting talent needed for the Southeast Asian market and actively engaging with overseas Chinese students in Taiwan.

#### Body:

- The International Associate program recruits high-performing recent graduates from overseas Chinese backgrounds and helps them to develop finance careers in Taiwan. It provides benefits including Mandarin courses as well as stable residency.
- We recruit summer interns from among overseas Chinese students and give them the opportunity for long-term career development in Taiwan.

#### Results:

- We partnered with Contact TW from the Ministry of Economic Affairs in 2022 to organize three on-campus seminars for overseas Chinese students. Cumulatively, more than 1,000 students participated in online and physical seminars.
- The International Associate overseas Chinese talent plan attracted nearly 200 applicants in 2022, and 11 international overseas Chinese students from Thailand, Vietnam, Indonesia, and the Philippines were admitted to develop finance careers in Taiwan.
- The Rising Star Summer Intern Program attracted nearly 70 applicants in 2022, with nine overseas Chinese students from nine countries admitted.



## Performance evaluations

### [Management by objectives (MBO)]

To ensure the correlation between organizational strategies and individual business activities, the Company adopts an MBO management method for formulating its annual objectives.

The objectives are set in a top-down, multi-layered approach. At the beginning of each year, all departments draft departmental and individual objectives based on strategies and the delegation of duties. At the same time, the content of the individual objectives is formulated after forming a consensus through communication between the employees and their supervisors. At mid-year, the status of achieving the objectives is reviewed as necessary. In case of changes in the external environment or of organizational strategies and operating objectives, the supervisors and employees can immediately revise the individual work objectives based on business needs in accordance with the strategic changes.

The comprehensive objective-setting process helps all employees to focus in the same direction and co-create an outstanding performance, thereby achieving synergistic personal, team, and organizational growth.

### [Multi-dimensional 360-degree feedback]

The Company organizes 360-degree feedback evaluations of managers of all ranks every year. Managers can understand the differences between practice and their own knowledge through the multidimensional feedback from key related parties, thereby understanding how and where their personal improvement and development may be needed.

This evaluation method is applied to the management teams of all subsidiaries within the Company. In addition, junior, middle, or senior managers are selected based on the scale and needs of each subsidiary/business unit/ The feedback is obtained through a questionnaire, the content of which includes the various management and professional competencies of the person being evaluated, such as teamwork, performance and objectives, leadership and management, employee development, and visions and strategic planning. The subordinates, peers, managers, and the person being evaluated are all invited to complete the questionnaire.

A personalized report will be compiled from the survey results and given to the person being evaluated as a reference for the continual optimization of their personal competencies. Concurrently, an overall insight analytical report will be generated to help the highest-ranking manager at the subsidiary/business unit to understand the leadership and management performance that they oversee in order to make long-term, continual improvement.



## Employee career development

We carefully maintain a global talent pool system, emphasize the career development needs of various types of talent attributes, and utilize a dual-track development mechanism for professional and managerial positions. Through scientific and data-based analysis, we plan learning journeys according to organizational development strategies and short-, medium-, and long-term goals; design the optimal learning experience for each position; and devise unique individual development programs, including for the cultivation of international talent. In line with CTBC Bank's international expansion-focused strategy, we continue to strengthen cross-border communication, international management, and cross-cultural training. For all new recruits as well as staff and management personnel at all levels, we provide resources such as courses and online forums and help them accumulate professional skills through courses, knowledge sharing, and on-the-job learning. We also arrange one-on-one meetings to discuss employees' individual career development plans, and cross-functional rotations, thereby ensuring the achievement of their personal goals as well as the goals of CTBC Holding.

### Key development programs (business units)

#### 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 770 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 110 hours of courses held across 17 days.

- Participants must complete three 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 as 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 adviser training

CTBC Bank actively cultivates talent by encouraging employees to obtain Certified Financial Planner® (CFP), retirement financial adviser (RFA), financial planner for

elder cares, family trust planner, and HNWI Wealth Manager.

In addition to offering certification training classes, 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 audio recordings to enhance their professional financial knowledge and reinforce their understanding of fair dealing, AML, and risk management. 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. In 2022, there were 377 CTBC Bank employees with CFP certification, 460 with RFA certification, and 91 certified in financial planning for elder care. We also launched specialized training courses for family trust planning and high-asset wealth management, demonstrating our commitment to training professional personal finance specialists.

#### Taiwan Life sales agent training

To improve the skills of Taiwan Life's sales agents, a standardized and systematic business education and training system targeting on our 8,017 sales agent has been established. The training encompasses a wide range of topics, including certificate courses, product knowledge, customer needs, insurance policy diagnostics, asset allocations, and high-end financial planning. This comprehensive system covers basic, advanced, and professional certification training, enabling the Company to effectively attract new policyholders and premiums. Taiwan Life has consistently achieved remarkable training outcomes, earning multiple awards for cultivating insurance industry talent.

### Key development program (management associates)

We operate the MA program to accelerate the development of our key talent pool and cultivate talent with management as well as domestic and international business development potential. In addition, we have built a unique task rotation and thematic evaluation mechanism, and our MA program is also the only one in Taiwan's finance sector that offers the opportunity for two promotions during the two-year program.

#### ● MA orientation:

In their first month, new MAs complete a 10-day general course curriculum that covers corporate culture, corporate strategies, team cohesion, and more. They then complete 8 to 15 days of professional training based on their respective division (e.g., credit authorization training for enterprise finance, channel and product training for personal finance, or design thinking for technology finance).

● **MA rotation training:**

Each group of MAs receives two years of on-the-job training by rotating through front middle and back-office units. They also work with strategic planning units and participate in major internal and external projects, thus quickly accumulating practical financial expertise and improving their overall understanding of the industry.

● **MA training courses:**

During rotational period, the MAs complete general knowledge, planning, operations management, and professional finance knowledge courses to strengthen their planning, financial analysis, and professional financial expertise.

● **MA mentor system:**

We arrange for senior managers to regularly instruct MAs and share with them work and career development experiences. This guidance allows the MAs to learn to see things from a managerial perspective, helping them grow into future professional managers.

● **MA topic evaluations:**

Annual presentation evaluations are arranged for MAs every year to assess their planning abilities and financial professional development. Meanwhile, MAs are also regularly reviewed by the skills and behavior required for core management positions.

**Key development program (senior managers)**

To execute CTBC Holding's mid- to long-term strategic goals, we have formulated a function-oriented talent strategy that continues to develop and strengthen the competencies of senior managers, thereby enhancing the organization's talent pool.

- We promote the talent management cycle, which involves formulating a functional model, inspecting relevant talent, talent development, and talent deployment. This process aims to establish a comprehensive talent pool and ensure the availability of personnel at all management levels. Additionally, we regularly evaluate and enhance managers' talent development and training plans to cultivate their international perspective and foster creative thinking. This is achieved through on-the-job training, coach feedback, project assignments, as well as multinational, cross-business, and cross-functional job rotations.
- The training roadmap for managers at each rank encompasses various aspects, including corporate philosophy and the transmission of organizational culture. It also focuses on continuous training in management skills and professional competencies. To facilitate learning, we integrate both in-person training

and online courses with distance learning techniques. Furthermore, we utilize internal case studies to convey the Company's management mindset. These interactive training methods aim to enhance decision-making and critical thinking skills among managers, preparing them for the challenges of a rapidly changing management environment.

- We have long cooperated with the University of Pennsylvania's Wharton School of Business to conduct customized courses, such as the Executive Program for senior executives and the Leadership Development Program for mid-level executives. These help develop the strategic planning, cross-border operation, and innovative thinking capabilities of our leadership team. Furthermore, the Wharton Master Forum is also jointly organized to provide insight on relevant international trends, with domestic and foreign industry experts engaging in discussions exploring diverse topics.

**Key development program (digital technology)**

The development of digital finance is a crucial aspect of CTBC Holding's growth strategy, and it represents a significant competitive advantage that we take great pride in. In alignment with the advancements in digital technology, we actively invest in large-scale digital transformation initiatives. These efforts aim to address customer needs through smart technologies and innovative financial experiences, offering convenient and user-centric digital finance services that have garnered widespread recognition. Additionally, we place a strong emphasis on enhancing employees' digital competencies and facilitating their transformation and activation within the organization. In 2020, CTBC Bank launched a digital skill training project for employees, helping them acquire the new competencies required for the digital age. This enables us to proactively build a pool of digital talent and develop comprehensive digital finance services.

- In 2022, we defined seven key digital competencies as part of the project's objectives and collaborated with external training institutions and internal experts to design a diverse curriculum. This curriculum includes both general knowledge courses provided by external institutions and specialized courses developed internally.
- In 2022, we implemented 18 thematic courses for topics including AI, Big Data, data analytics, data science, and data governance, and training 5,443 people.
- In 2022, by collaborating with an external professional institution, we were the first in Taiwan to develop a data governance certification system. Designed to build participants' understanding of data governance, the training was

participated in by 107 people, 68 of whom ultimately received the certification. Moreover, by promoting general knowledge courses and gradually enhancing data literacy throughout the Company, we are preparing for the launch of data governance-related services in the future.

## Diverse training platforms

- **Personal development courses:** In line with corporate strategies and development trends, we provide various personal development and distance-learning courses to motivate employees and boost their competencies. Six in-class courses, two distance learning courses, and 12 workplace seminars were held in 2022, with 1,987 participants and an average satisfaction rating of 4.7 out of 5.
- **Online personal development courses:** We purchased programs from a leading Taiwanese e-learning platform, Hahow, to provide diverse learning resources to satisfy employees' personal development needs and enhance their interdisciplinary knowledge. Relevant courses are also provided to support the achievement of departmental goals. As of Dec. 31, 2022, 349 online courses had been offered, with 29,399 users and an average satisfaction rating of 4.7 points out of 5.
- **Happiness seminars and humanities lectures:** We held five in-person seminars, one live-streamed seminar, and two hybrid seminars in 2022, with attendance of 635 people and an average satisfaction rating of 4.7 points. The seminars provide employees with a myriad of learning resources and creating a workplace atmosphere that embraces a healthy work-life balance.
- **Language learning:** We provide a diverse range of language learning resources and activities. In 2022, these included 33 one-on-one and group classes for supervisors, with 72 participants. There were also two English Salon sessions held in cooperation with ICRT and five business English courses in cooperation with language institutions, with a total of 184 participants. The overall average satisfaction was 4.7 out of 5.
- **CTBC eCollege:** This online training platform provides professional and regulatory courses supplemented with multilingual learning resources and an online knowledge base. As of Dec. 31, 2022, the eCollege had been used 1,771,550 times by 18,997 employees. The eCollege app had been used 224,876 times by 11,575 employees.
- **Library:** Our library is stocked with books and periodicals, which can be searched for and reserved online, as well as provides business information through the Taiwan Industry Economics Services database. As of the end of 2022, the library had a collection of 7,681 books and had facilitated 17,191 uses of the database.
- **Online library:** In response to digital learning innovation in the post-pandemic period, we provide employees with diverse and convenient reading channels to establish a digital learning environment. As of the end of 2022, a total of 348 e-books and 15 e-magazines were available and had been viewed 53,392 times.

## Training data

In 2022, the total number of registered training hours by CTBC Holding and its subsidiaries' employees reached 783,995 hours, and the average number of registered training hours per employee was 51 hours. Employee training expenses totaled NT\$67.03 million. We held 2,082 classroom training sessions, with an attendance total of 31,001. There were 3,753 online training sessions with an attendance total of 365,028.

	2022	2021
Classroom training sessions	2,082	1,829
Classroom training attendance	31,001	14,623
Online training sessions	3,753	2,663
Online training attendance	365,028	295,320
Total employee training hours	783,995	705,915
Average training hours per employee	51	48
Total training expenditure (NT\$10,000)	6,703	4,960
Training expenditure per person (NT\$)	4,370	3,407
New employee training attendance	20,951	14,329
New employee training hours	81,893	45,063

Note 1: The training hours comprise those reported by CTBC Holding, CTBC Bank, CTBC Venture Capital, CTBC Asset Management, CTBC Securities, 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, 2022.

Note 4: The attendance, hours, and sessions data does not include 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 of in-service training every month according to Article 10-2 of the Private Security Service Act.

## Sustainability courses

CTBC Holding is committed to enhancing the awareness of sustainable development among its employees. To achieve this, we actively organize ESG-related education courses, regularly provide e-papers on environmental and energy management, and hold information security advocacy campaigns.

### ESG Course 1: Carbon governance in financial services

Carbon governance has emerged as a global trend, with achieving net-zero emissions being a crucial objective for the future of humanity. CTBC Holding

takes a comprehensive approach to this topic, guiding our staff through a step-by-step understanding of how the financial services sector can implement net-zero emissions. The course covers fundamental knowledge, the international current status, the industry's current status, and the impact of the finance sector in realizing the net-zero emissions goal, among other aspects. As of Dec. 31, 2022, a total of 10,785 employees had taken the course<sup>1</sup>.

### ESG Course 2: Good Life Goals: How to Implement the SDGs in Everyday Life

To ensure that our employees can effectively contribute to each of the 17 SDGs, CTBC Holding organized the "Good Life Goals: How to Implement the SDGs in Everyday Life" course. As of Dec. 31, 2022, a total of 21,887 employees had taken this course<sup>2</sup>.

<sup>1</sup> The scope of data is employees of CTBC Holding and CTBC Bank.

<sup>2</sup> The scope of data is employees of CTBC Holding, CTBC Bank, Taiwan Life, CTBC Securities, CTBC Investments, and commission-based sales representatives of Taiwan Life.

### Transfer and rotation policy

CTBC Holding offers opportunities for functional or departmental rotations periodically based on employees' developmental needs and the organization's requirements. This approach aims to inspire personal motivation and promote organizational cohesion, ultimately enhancing operational effectiveness. Additionally, rotational mechanisms are implemented for certain functions to prevent fraud, aligned with management needs. Alternatively, the company also provides flexible task adjustments for employees who may not be suited for their current roles or are underperforming. Work rotations are utilized to alleviate the stress that can arise from extended periods in a single position, thereby prioritizing the physical and mental well-being of employees.

The rotational mechanism consists of two categories: within a department or between departments. When an employee has served in a particular function for more than two years, they can apply for a rotation within their department's HR unit. Approval and subsequent rotation will be granted after an interview process. Currently, we implement planned rotations for MAs to actively broaden their financial knowledge and gain experience in strategic planning; they are the primary targets for our internal rotation policy.

### International assignments

#### Multinational talent development

CTBC Holding is dedicated to expanding its international business operations, recognizing that a well-rounded talent pool is crucial to our success. In addition to recruiting and developing local talent in various countries, expatriates play a vital role in our international operations, taking on responsibilities such as business

expansion, management, and the transmission of corporate culture. Each year, we survey employees' willingness to serve on international assignments, considering the supply and demand of talent based on the needs of our oversea business. By proactively identifying high-performing individuals with potential for expatriate roles, we can provide them with systematic training, including pre-assignment inspection, foreign language training, on job training at headquarters, and more. This comprehensive approach accelerates the assimilation of expats into the local environment and allows them to leverage their strengths effectively.

#### Developing international talent for overseas expansion

Given that enterprise finance business accounts for nearly 80% of our expatriate positions, CTBC Holding launched the International Relationship Manager (IRM) plan in 2022. We recruit and train recent graduates interested in overseas developments, and develop them into international bankers with expertise in enterprise financing through cross-business unit training modules as well as an international rotation mechanism, overseas internships, and more.

#### Making overseas posts more attractive

Since 2021, CTBC Holding has offered favorable measures to support the career development of employees willing to transfer abroad, encouraging them to nurture local industries and customers. To ensure they can find safe housing arrangements, we have implemented competitive benefits, including subsidies for the education expenses of their children, housing allowances, and medical insurance. We are committed to ensuring that they receive strong family support so they can excel in their work.

#### Encouraging international transfers

CTBC Holding established the Global Job Opportunities Platform in 2019 to make it easier for employees to apply for international assignments. Moreover, to encourage CTBC Holding talent in various regions to relocate overseas and take on diverse international assignments, we partnered with external consultants to revamp our International Assignment Policy, which serves as a guiding principle for international mobility. Our operations in every country can formulate their own work criteria and measures based on this policy, ensuring that outstanding talent can freely develop international careers of their choice outside of Taiwan. Key elements in this approach include the following:

- **Consistent standards:** Consistent management standards are designed to be enacted at our operations worldwide in order to support the multinational mobility of global talent.
- **Custom packages:** Differentiated compensation systems designed based on specific work purposes and scenarios.
- **Market alignment:** We provide highly competitive benefits that match those of global benchmark enterprises.

CTBC Holding currently has more than 300 Taiwanese employees working overseas, nearly 100 of whom have opted to transition from international assignees to local employees. These employees already form the backbone of CTBC Holding's efforts to develop local franchising businesses. Going forward, we will continue to perfect our multinational talent reserve mechanism and improve relevant support measures in order to meet our mid- and long-term international development needs and ensure the execution and continuation of our strategic plans.

### Human capital development assessment

We set a general training and development direction every year, and launch various training programs accordingly. In addition to utilizing the Kirkpatrick Model to review the learning outcomes of our training programs, we also evaluate their effectiveness by using the Jack Phillips' ROI training methodology. 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	2022 <sup>3</sup>	2021
L5 ROI	● Average contribution per person (net profit after tax / number of employees)	2,225	2,552
	● Human capital ROI	49.77%	58.30%
	● Return on labor expenses (net profit after tax / labor expenses)	1.32	1.23
L4 Results	Retention rate of key employees	92.8%	94.0%
L3 Behavior	● Employee turnover rate	14.66%	12.66%
	● Replenishment rate of internal employees	68.50%	53.46%
	● Proportion of key employees holding management positions	37.0%	35.4%
L2 Learning	● Acquisition rate of licenses necessary for promotion	100%	100%
	● Passing rate rate for legal compliance, risk management, anti-money laundering education and training	100%	100%
L1 Reaction	Employee training courses average satisfaction level (5-point system)	Self-development courses: 4.68 Happiness seminars: 4.70	Self-development courses: 4.52 Happiness seminars: 4.71

<sup>3</sup> A significant one-time loss in 2022 from epidemic prevention insurance policies sold by a property insurance subsidiary are is excluded in order to present normal data. (Net income impact loss of NT\$21,257,694,000; after-tax net profit impact loss of NT\$19,057,894,000)

## Upholding human rights | GRI 2-23, 406-1

### Human rights policies and commitments

To support the implementation of international human rights conventions, we have integrated human rights into our Code of Conduct for employees and formulated the CTBC Holding Human Rights Policy and CTBC Bank Modern Slavery Statement. We require our employees, suppliers, and partners to abide by these regulations in order to protect the interests of all of our stakeholders.

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. We have also established policies such as the Occupational Health and Safety Workplace Rules and the Sexual Harassment Prevention Measures, Complaints, and Disciplinary Approach. These regulations clarify the roles of relevant human rights units, education and training, and notification procedures in order to protect the rights and interests of employees and maintain a harassment-free work environment. Furthermore, 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 2022, we provided human rights training to our full-time employees, with a completion rate of 100% and the total training of 20,963 hours. There were no reported cases of discrimination, child labor, forced or compulsory labor, or any infringement on employee interests at CTBC Holding in 2022.

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.



CTBC Holding is committed to creating an even friendlier human rights environment. To this end, in December 2022, we signed Taiwan's National Action Plan on Business and Human Rights, which actively complies with the standards and philosophies of the U.N. Guiding Principles. As a signatory, we will work with the government, NGOs, enterprises, and the public to jointly build a more diverse society that offers prosperity to all.

### Human rights risk assessment and management

Issue	Target	Indicator and definition	2022 risk value	2022 risk assessment results	Mitigation measures	Compensatory measures
Diversity and Inclusion and Equality in the Workplace	Employees with a physical or mental disability	Employment rate of employees with a physical or mental disability= Number of insured units with unfulfilled quota of employees with a disability in the current year / Total number of insured units	0%	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>Construct a barrier-free workplace environment that is friendly to people with disabilities</li> </ul>	<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> </ul>
Prohibition of child labor	New employees	Zero child labor	0%	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 are required to indicate the correct date of birth on their resumes and sign to certify the accuracy of the information provided</li> <li>Onboarding phase: Employees are required to submit their identification documents on the day they are to commence employment</li> </ul>	<ul style="list-style-type: none"> <li>Because identity documents are checked during onboarding, child labor will not occur; if a child worker misrepresents their age, they will be dismissed immediately in accordance with the provisions of Subparagraph 1 of Paragraph 1 of Article 12 of the Labor Standards Act</li> </ul>
Prohibition of employment discrimination	All employees	Incidence of employment discrimination= Number of employment discrimination cases as determined by the competent authority in the current year/ Total number of employees	0%	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 any job applicant or employee on the basis of race, class, language, thought, religion, political party, place of origin, place of birth, gender, gender orientation, age, marital status, appearance, facial features, disability, horoscope, blood type, or past membership in any labor union 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, justness, and openness in order to prevent any form of employment discrimination</li> </ul>	<ul style="list-style-type: none"> <li>If an employee's rights are infringed upon and they file a complaint, an internal complaint mechanism is activated, an investigation and interview will be conducted, and immediate and effective handling measures will be taken</li> <li>If a complaint is validated, in addition to assisting in protecting the employee's rights and interests, counseling will be offered as necessary, and the perpetrator(s) will be disciplined according to the work rules and the Employee Incentives and Punishment Measures</li> </ul>

Issue	Target	Indicator and definition	2022 risk value	2022 risk assessment results	Mitigation measures	Compensatory measures
Prohibition of sexual harassment	All employees	Incidence of sexual harassment complaints= Number of persons involved in sexual harassment complaints accepted by the Company internally in the current year/ Total number of employees	0.0065%	Investigation found one confirmed cases involving one employee; the risk was determined to be low	<ul style="list-style-type: none"> <li>Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment formulated in accordance with the statutory provisions</li> <li>A dedicated unit for sexual harassment complaints, a complaints hotline, and a dedicated email address established for handling relevant cases in accordance with the law</li> <li>Relevant educational courses organized on a regular basis</li> </ul>	<ul style="list-style-type: none"> <li>Employee complaints are addressed immediately and effectively. If a complaint is validated, counseling for the complainant is offered, their privacy is protected, and relevant awareness courses are organized</li> </ul>
Good labor-management relations	All employees	Labor-management dispute involvement rate= Number of persons involved in labor-management disputes as accepted by the competent authority in the current year/ Total number of employees	0.32%	The rate was lower than the 2022 national labor-management dispute rate of 5.06 % 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 employee's 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 employee's complaints through multiple channels and handle complaints impartially and properly in a confidential manner, thereby eliminating potential labor-management disputes</li> </ul>	<ul style="list-style-type: none"> <li>When an employee requests mediation, whether their claims are legal and reasonable is assessed first; if the request is justified, a settlement plan will be developed</li> </ul>
Employee health management	All employees	Risk management indicator for physical and mental health= Number of questionnaires with high risk results as determined by doctors/ Number of survey questionnaires with suspected physical and mental health risks	0%	No high-risk cases	<ul style="list-style-type: none"> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>For high-risk cases, we will strive to understand the correlations between health and their work and to adjust their tasks per procedure, including through investigations and communication.</li> </ul>
		Number of work cases to be adjusted as recommended by doctors/ Number of high-risk disease cases	0%	No health risks were caused by work duties		
	All CTBC Bank and Taiwan Life employees	Risk management indicator for disease cases= Number of high-risk disease cases/ Number of cases upon effective data analysis	4.91%	21 high-risk cases with employees receiving follow-up care; 427 cases in total		
Workplace safety management	All CTBC Bank and Taiwan Life employees	Occupational health and safety indicator= Number of high-risk hazards unaddressed/ Number of high-risk hazards that can be addressed	0%	The analysis data were calculated based on the workplace classification of risks and hazard identification in 2022	<ul style="list-style-type: none"> <li>Through the assessment of workplace risk, the level and control of different potential hazards are quantified</li> </ul>	<ul style="list-style-type: none"> <li>For each incident that occurs, identify the root cause, propose practical improvement suggestions, and include the incident in historical risk assessment data</li> </ul>

## Employee engagement | GRI 2-26, 2-30, 402-1

### Labor-management relations

To maintain positive labor-management relations, CTBC Holding has built a harmonious communication platform that gives both sides equal footing, and arranges quarterly labor-management meetings. The labor representatives, who are formally selected by all employees, work together with the representatives appointed by 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 matters relating to labor conditions must be submitted to and approved at a meeting, and clearly stated in the work rules and announced to all. Matters relating to employee welfare are also regularly compiled and reported during the meetings. In addition, to protect labor relations and working conditions, the Labor Standards Act stipulates the notice period required for employee termination as follows:

Seniority	Notice period
Less than one year and over three months	10 days
Less than three years and over one year	20 days
Three years or more	30 days

In 2017, 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 covered 6.5% of all eligible employees as of Dec. 31, 2022. It stipulates that employees may not be treated unfairly in terms of salaries, performance appraisals, incentives and punishments, promotions, evaluations, or any other regard because of their participation in trade union activities or holding of a trade union position.



### Number and types of labor disputes

In 2022, CTBC Holding and its subsidiaries mediated a total of five labor-management disputes. All disputes were resolved and handled appropriately, as detailed below:

Type	Dispute content	Future improvements
Employment relationship	Disputed the legal termination of employment	Enhance communication regarding employee's rights and interests
Bonuses and remuneration including year-end bonuses, pensions, and overtime pay	Disputed severance pay, pension, and overtime pay due to misunderstanding of the nature of bonuses and incentives	
Job adjustment	Disputed the adjustment of job duties	

### Employee opinion surveys and communication channels

We see talent as an important Company asset. As such, we strive to understand the thoughts and ideas of employees across different generations, and for them to propose suggestions and improvements. To understand the status of communications between managers and employees, we started conducting employee opinion surveys in 2021. Moreover, to increase the frequency of interactions between managers and staff, managers now discuss work arrangements with employees at the end of quarters (March, June, and September) to address work-related challenges and recognize achievements in a timely manner. We hope that this mechanism will make communication more immediate and that employees can receive the assistance they need; moreover, they can also achieve a sense of accomplishment and a sense of direction from their manager's feedback, thereby enhancing their happiness at work. The response rate of the employee opinion survey for the quarterly review in 2022 was 99.4%, indicating strong two-way communication between management and employees. In addition, performance reviews are conducted during the year-end assessment with 98.2% of the employees agreed managers gave career advice, reminder or assistance and felt that their managers had engaged in effective communications regarding their work performance. These results reflect CTBC Holding's unwavering commitment to talent cultivation and dedication of both time and resources to achieving positive outcomes.

## Promote a safe workplace | GRI 2-23, 403-1, 403-2, 403-4, 403-5, 403-7, 403-8, 403-9

### Occupational health and safety policy and commitment

To prevent occupational incidents and protect the safety and health of employees of CTBC Holding (i.e., employees of CTBC Holding and workers under the direction or supervision of the person in charge of the workplace), CTBC Holding and its subsidiaries formulate occupational health and safety (OHS) management measures, OHS work codes, regulations, and automatic inspection plan in accordance with the Occupational Safety and Health Act. Subsidiaries CTBC Bank and Taiwan Life have introduced ISO 45001 which is Occupational Health and Safety Management Systems standards and continue to improve the performance of the OHS management system through procedures such as rigorous identification of hazard factors, risk assessment, materiality ranking, formulation of action plans, and hazard resolution. Overall inspections and reviews are conducted by the internal units, together as an OHS management team, and are verified by a third party.

The Administrative Management Department is in charge of the occupational safety and health at CTBC Holding. It drafts relevant OSH policies, and upon resolution from the OSH management team, the policies will be announced and enacted. In addition, it is in charge of offering suggestions to the safety and health policies drafted by CTBC Holding and sets qualitative and quantitative objectives to track relevant results, such as the general safety and health training, and environmental surveillance and more. It also plans and executes the occupational safety and health plan, environmental inspections, and education and training.

We support the SDGs and GRI topics, including GRI 403: Occupational Health and Safety, which stipulates healthy and safe working conditions as a basic human right. To this end, we are committed to maintaining workplaces that are healthy and safe, and in 2022 were named an Occupational Health and Safety Benchmark Enterprise by the Ministry of Labor's Occupational Safety and Health Administration.

### Occupational health and safety committees

CTBC Holding subsidiaries CTBC Bank, Taiwan Life, and CTBC Security have each established an Occupational Health and Safety Committee, which reviews and mediates various OHS-related matters in order to effectively reduce workplace safety risks. From 2020 to 2022, CTBC Bank assisted in handling five workplace engineering control improvement projects.

In terms of contractor management, each project's unit and OHS personnel are responsible for arranging a mediation meeting with contractors and relevant

supervisory units prior to the project commencing. During this meeting, contractors will be briefed on potential hazards associated with the project's contractual operations, as well as CTBC Holding's health and safety standards. Contractors are also encouraged to provide their own OHS suggestions during the meeting.

Committee members	Labor representation	Meeting frequency	Duties		
<b>CTBC Bank</b>					
1 chairman 4 OHS officers 9 nursing Staff 7 labor representatives	Approx. 1/3	Quarterly	<ul style="list-style-type: none"> <li>• Advise on proposed OHS policies</li> <li>• Coordinate and propose OHS management plans</li> <li>• Review the implementation of OHS education and training</li> <li>• Review the operating environment monitoring plan, monitoring results, and implementation measures</li> <li>• Review health management, occupational disease prevention, and health promotion matters</li> <li>• Review health and safety proposals</li> <li>• Review the results of regular inspections and OHS audits by public institutions</li> <li>• Review precautions against risks related to machinery, equipment, and raw materials</li> <li>• Review occupational hazard investigation reports</li> <li>• Assess on-site OHS management performance</li> <li>• Review contractor OHS management matters</li> <li>• Other OHS management matters</li> </ul>		
<b>Taiwan Life</b>					
1 chairman 1 OHS officer 3 department heads 1 nursing staff 6 labor representatives	Approx. 1/2				
<b>CTBC Security</b>					
1 chairman 2 OHS officers 5 labor representatives	Approx. 1/3				

### Occupational health and safety training

#### General training

In 2022, the completion rates of on-the-job OHS training for existing and new employees at CTBC Bank both reached 100%. Eight OHS training sessions were organized for existing employees, with total attendance of 10,957; 28 sessions of new employee OHS training were given, with total attendance of 2,352.

### Specialized license training

CTBC Bank regularly arranges specialized license training for employees throughout all of its operations. Training areas include OHS personnel, first aid, and fire management. Both the new training and retraining rates have reached 100%, reflecting the successful implementation of a top-down approach, fostering a culture of health and safety as intrinsic workplace habits among all employees.

Category	Indicator	2022	2021	2020	2019
New training	Total training hours (unit: person-hours)	684	2,059	1,281	1,400
	Sessions	27	55	36	42
	Participants	35	123	58	67
Retraining	Total training hours (unit: person-hour)	1,167	1,878	1,881	2,292
	Sessions	63	90	85	117
	Participants	295	357	358	442

### Contractors

When it comes to OHS, CTBC Bank leads by example, taking the initiative to work with its partners to jointly address OHS issues. Construction contractors are required to sign OHS advocacy and management documents, including the Supplier Human Rights and Environmental Sustainability Commitment. They are also informed of operational hazards and undergo periodic inspections, all aimed at promoting effective self-management among our vendors. As a result of these efforts, the following outcomes have been achieved:

Category	Indicator	2022	2021	2020	2019
Contractor hazard warning meetings	Total training hours (unit: person-hour)	168	165	236	408
	Sessions	32	22	30	56
	Participants	224	202	245	475
Engineering audits and inspections	Sessions	29	11	17	48
Contractor injuries	No. of incidents reported	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 2022, a total of 32 people applied for occupational injury leave, and the number of days of occupational injury leave was 425.5. Of these people, 12 of them were injured in traffic accidents on the way to or from work, 10 suffered a fall while on a work-related errand, and 10 tripped. There were no deaths resulting from the performance of duties, and we received no disability injury notifications from contractors. (Refer to the Appendix for detailed injuries data.)

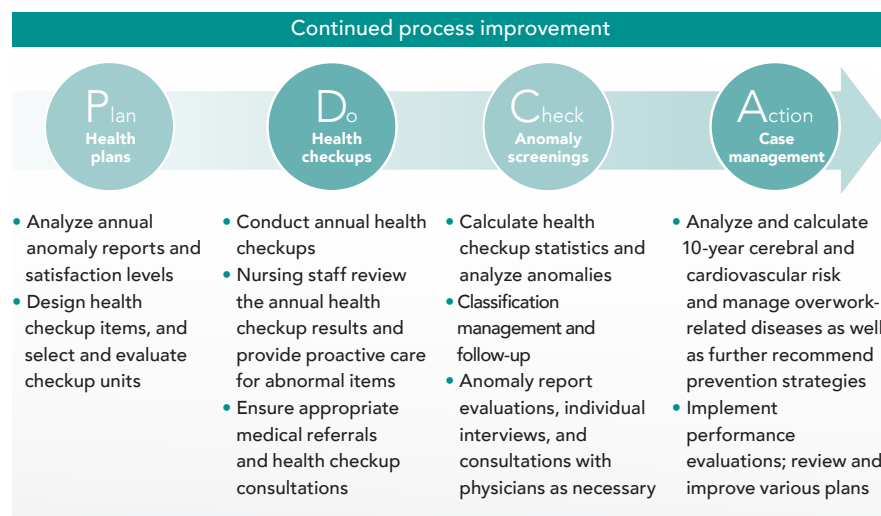
Year	2022			2021		
Total work hours	31,745,724			29,247,354		
Total workdays	3,935,340			3,623,142		
Gender	Men	Women	Total	Men	Women	Total
Employees with a disabling injury	15	17	32	9	17	26
Work days lost due to disabling injuries	188.5	237	425.5	250.0	183.5	433.5
Disabling injury frequency rate	0.47	0.54	1.01	0.31	0.58	0.89
Disabling injury severity rate	5.94	7.47	13.40	8.55	6.27	14.82
Absenteeism due to disabling injuries (%)	0.00	0.01	0.01	0.01	0.01	0.01

## Creating a healthy workplace | GRI 403-3, 403-6

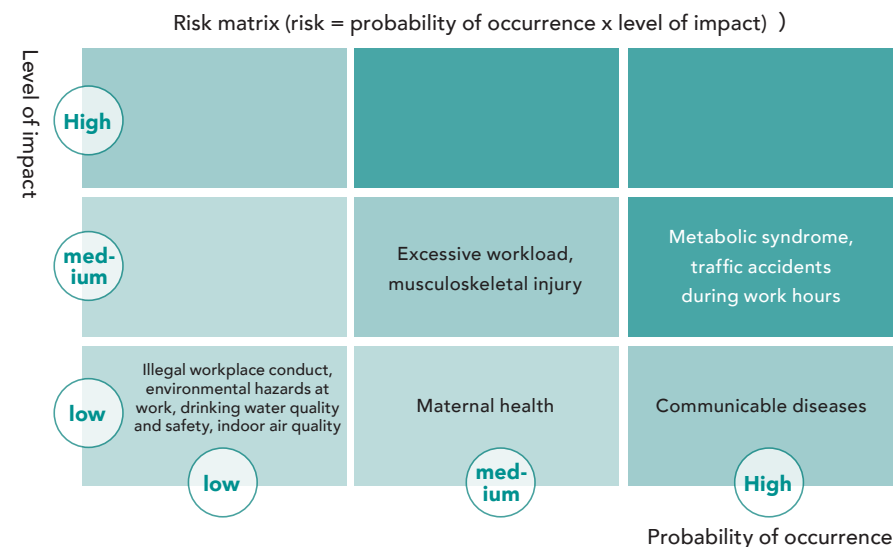
### Health risk management

CTBC Bank and Taiwan have 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. 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 through support and follow-up services, to help them recover and ultimately control their health conditions.

In the past three years, the rate of CTBC Holding employee health checkups was 80%. We also take myriad actions to improve employees' health, including by providing healthy dining choices and conducting health promotion campaigns. 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. Such efforts have earned recognition, including received the government's Healthy Workplace Certification and Taiwan iSport Corporate Certification for consecutive years.



## Employee health and safety risk matrix



Standardized level of impact		Standardized probability of occurrence	
Type	Descriptions	Type	Descriptions
High	Cannot work, may even lead to death	High	Usually occurs within a year
moderate	may cause stress at work	moderate	sometimes occurs within a year
low	but may continue to work normally	low	rarely occurs within a year

Risk topic	Risk level	Mitigation/preventive measures	2022 implementation results
Metabolic syndrome	High	<ul style="list-style-type: none"> <li>Blood pressure monitoring in medical room</li> <li>Onsite doctor services</li> <li>Healthy diet advocacy</li> <li>Health education leaflets</li> </ul>	<ul style="list-style-type: none"> <li>Blood pressure monitoring service in medical room used by 1,358 people</li> <li>96 on-site doctor visits serving 365 people</li> <li>3 healthy diet seminars with 92 participants</li> <li>6 leaflets on healthy eating, exercise, and health education</li> </ul>
Illegal workplace conduct	Low	<ul style="list-style-type: none"> <li>Organize risk self-assessments for each department</li> </ul>	<ul style="list-style-type: none"> <li>Risk of illegal workplace conduct calculated to be low for all CTBC Bank departments</li> </ul>
Excessive workload	Moderate	<ul style="list-style-type: none"> <li>Follow-up monitoring</li> </ul>	<ul style="list-style-type: none"> <li>Followed up on 427 people; completion rate 100%</li> </ul>
Communicable diseases	Moderate	<ul style="list-style-type: none"> <li>Reinforce office cleaning and disinfection</li> <li>Flu vaccinations</li> <li>Health education leaflets</li> </ul>	<ul style="list-style-type: none"> <li>Organized 2,687 instances of emergency disinfection</li> <li>Organized 2 rounds of publicly funded flu vaccinations with 240 participants</li> <li>4 leaflets on COVID-19 protection measures</li> </ul>

Risk topic	Risk level	Mitigation/preventive measures	2022 implementation results
Environmental hazards at work	Low	<ul style="list-style-type: none"> <li>• Workplace environmental hazard inspections</li> <li>• Workplace safety leaflets</li> </ul>	<ul style="list-style-type: none"> <li>• 1 workplace environmental hazard inspection</li> <li>• 2 leaflets on workplace safety</li> </ul>
Musculoskeletal injury	Moderate	<ul style="list-style-type: none"> <li>• Training and education</li> <li>• Health seminars</li> <li>• Fitness tests</li> <li>• Health promotion and education</li> <li>• Self-awareness surveys</li> </ul>	<ul style="list-style-type: none"> <li>• 36 OHS training sessions (including on preventing workplace ergonomic hazards and fitness exercises) with 13,309 participants</li> <li>• 1 health seminar titled, "How to Prevent Sports Injuries," with 55 participants and a satisfaction rating of 4.63 points out of 5</li> <li>• 1 sports education promotion leaflet</li> <li>• Bank-wide musculoskeletal discomfort self-awareness survey, with a coverage rate of 98.53%</li> </ul>
Maternal health	Low	<ul style="list-style-type: none"> <li>• Health seminars</li> </ul>	<ul style="list-style-type: none"> <li>• 1 health seminar, "FAQs on Breastfeeding and Infant and Child Social Emotional Development," with 37 participants and a satisfaction rating of 4.85 points out of 5</li> </ul>
Traffic accidents during work hours	Moderate	<ul style="list-style-type: none"> <li>• Shuttle bus service</li> <li>• Spontaneous vehicle inspections</li> </ul>	<ul style="list-style-type: none"> <li>• 4 rounds of spontaneous vehicle inspections with 0 abnormalities found</li> </ul>
Drinking water quality and safety	Low	<ul style="list-style-type: none"> <li>• Regular drinking water quality tests</li> </ul>	<ul style="list-style-type: none"> <li>• 1,160 water dispensers tested, with 0 abnormalities found</li> </ul>
Indoor air quality	Low	<ul style="list-style-type: none"> <li>• Regular office CO<sub>2</sub> concentration tests</li> </ul>	<ul style="list-style-type: none"> <li>• 162 tests conducted, with an average CO<sub>2</sub> concentration of 750 ppm, meeting internal regulations.</li> </ul>

### Providing Employee Assistance Programs (EAP)

We have partnered with the Taiwan Institute of Psychotherapy to provide every employee and their immediate family members with eight free counseling sessions each year since 2010. All associated fees are born by the Company. By providing access to professional counseling, we aim to effectively address employees' mental, emotional, and workplace interpersonal issues and concerns. To provide more immediate support, in 2022, we established two dedicated counselor rooms: one at our HQ and the other at our Neihu administration building. There, on-site psychologists are available for face-to-face counseling sessions with employees. All counseling services adhere to strict privacy and confidentiality policy, ensuring that employees feel comfortable discussing their own and their family members' problems with our professional counselors. We also provide psychological wellness care through our Mind Rest Monthly internal e-newsletter, which shares ways to relieve workplace and home-life stress along with methods of self-reflection.

### Financial benefits

Core benefits	
Competitive mortgage rates for employees	We provide mortgages for employees of NT\$3 million to NT\$15 million based on their position, with competitive interest rates.
Competitive consumer loans for employees	We offer consumer loans of NT\$150,000 to NT\$800,000 for employees based on their position, with competitive interest rates.
Employee welfare savings trust	Employees can join the CTBC Holding employee welfare savings trust and allocate NT\$1,000 to NT\$3,000 of their monthly salaries to be deposited into the trust, with CTBC Bank contributing the same amount.
Bank service promotions	Employees who use CTBC Bank ATMs with their salary accounts are entitled to 10 interbank transactions and five interbank withdrawals per month with service fees waived. They can also take advantage of competitive employee foreign exchange rates and transaction fees, enjoy favorable transaction fees when processing trust funds, and benefit from advantageous auto insurance policies for both compulsory and voluntary car and motorcycle coverage.

## Employee care during the pandemic

As the COVID-19 pandemic continued in 2022, in addition to regularly providing free rapid test kits to employees, CTBC Holding took out epidemic prevention group health insurance for our Taiwan-based employees and their spouses. To stay on top of changes to the epidemic as well as our employees' health, we executed follow-up measures to monitor the health of employees who tested positive. Throughout the pandemic, we communicated the Group's epidemic prevention actions through weekly statistics on confirmed cases, aiming to reassure employees. We also offered counseling services to alleviate their stress and concerns. To encourage vaccination, we granted vaccination leave (1 to 2 days per dose) to employees, exceeding the statutory requirements, also allowing them to care for recently vaccinated family members. Furthermore, in support of employees with children whose schools had closed, we provided epidemic prevention care leave based on the duration of school closures. In the event that employees were required to undergo home quarantine, we offered paid epidemic prevention quarantine leave along with health education. Additionally, a condolence payment of NT\$26,000 was provided to help employees maintain financial stability.

## 52<sup>nd</sup> Earth Day campaign

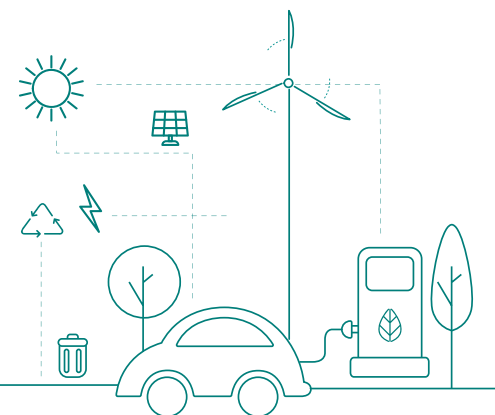
To implement the group's sustainability policy and celebrate the 52nd Earth Day, CTBC Investments organized the "52 Challenges for Loving Earth" campaign from late April 2022 to late March 2023. Weekly themes were announced every Monday during these 52 weeks, and to encourage the active participation of all employees, a raffle was drawn at the end of each week. The weekly themes were wide-ranging, including planting a potted plant, going plastic bag-free for a week, paying attention to environmental protection issues and news, and reusing something that would otherwise be thrown out. Employees shared their results and thoughts as well as related links online each week with everyone in the Company, making ESG actions a part of their daily lives. The campaign was a resounding success; the highest number of weekly participants was 119, representing a participation rate of 71%. The initiative was reported on in the media, including in the Green Finance column of Mirror Media. The success demonstrates that CTBC Investments' sustainability efforts include not only launching ESG-related financial products but also internalized sustainability into a part of our corporate DNA through action.



Promotional campaign for the "52 Challenges for Loving Earth" campaign.



Eric Chang, President of CTBC Investments, introduces the activities wall for the "52 Challenges for Loving Earth" campaign.





## 5.2 Community investment GRI 203-1, 203-2

### Five focuses for social investment

"We are family" is the brand spirit of CTBC Holding, and we strive to put this into action by supporting not only our employees and customers but our community and country, too. We do primarily through public welfare efforts in five 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 (SDG 1), zero hunger (SDG 2), good health and well-being (SDG 3), quality education (SDG 4), and decent work and economic growth (SDG 8). While continuing to implement existing charity projects, we also continue to innovate in order to give back to the community more effectively.

Since 2016, we have used the London Benchmarking Group (LBG) 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. Prior to 2022, we had completed SROI evaluations of the Taiwan Dream project, the CTBC Brothers Baseball Club, the Dreams Initiative Project, and the CTBC Black Panther Pennant national high school baseball competition.

In 2022, the Home Run Readers was found to yield NT\$8.99 in social value for every NT\$1 invested. This result was also certified by Social Value International (SVI). In addition, Taiwan Life's Three Generation Walk for Health campaign was found to yield NT\$5.51 in social value for every NT\$1 invested; the evaluation marked not only Taiwan Life's first SROI report but the first SROI on such an activity in Taiwan.

### SROI reports



Taiwan Dream Project SROI Report

CTBC Brothers sponsorship SROI Report

Home Run Readers SROI Report

Dreams Initiatives Project SROI Report

CTBC Black Panther Pennant SROI Report

### Activity by type

Type of activity (amount and proportion)		
	Amount	Proportion
Charitable donations	NT\$2,137,265	0.24
Commercial initiatives	NT\$575,428,174	64.97
Community investment	NT\$308,132,604	34.79

### Resource investment by type

Type of invested resources (amount and proportion)		
	Amount	Proportion
Cash contributions	NT\$812,544,215	91.74
Time contributions	NT\$1,678,378	0.19
In-kind giving	NT\$798,450	0.09
Management overhead	NT\$70,677,000	7.98

### Social Investment Report

We have released a Social Investment Report drafted with reference to the Social Reporting Standard, a comprehensive guideline for social initiatives. Developed by



German academic institutions, the standard was established in 2011 by the Social Reporting Initiative, a coalition of renowned NGOs and the German government. The subsections of each report chapter—"Vision and Goals," "Resources Invested," "Project Details," and "Outcomes and Impacts"—present CTBC Holding's philosophies, social investment strategies, and performance in the five areas of charity, anti-drug awareness, sports, education, and arts and culture. [Follow this link](#) to read the report.

# CTBC Holding's social engagement efforts

## Performance in five areas of focus

### Charity

#### Projects

- Light Up a Life
- Taiwan Dream Project
- CTBC Poverty Alleviation Program
- International assistance



#### 2022 implementation results (commercial/social benefits)

- Loans through the CTBC Poverty Alleviation Program of NT\$25.5 million in 2022 and of more than NT\$207.4 million cumulatively
- 967 cases of startup coaching through the CTBC Poverty Alleviation Program in 2022 and 4,216 cases cumulatively
- NT\$155 million raised in 37th Light Up a Life campaign and NT\$2.56 billion raised cumulatively
- Taiwan Dream Project provided care for 540 children
- Aid provided to nearly 70,000 schoolchildren overseas

### Anti-drug awareness

#### Projects

- Develop anti-drug teaching tools and cultivate anti-drug advocates
- Promote recidivism reduction treatment approaches
- Lobby government to allow children to visit incarcerated parents



#### 2022 implementation results (commercial/social benefits)

- Anti-drug awareness campaign reached 212,682 people in 2022 and 910,000 cumulatively

### Sports

#### Projects

- CTBC Youth Baseball Project (little league and junior league) Sponsorship Program
- CTBC Black Panther Cup (youth league)
- Taichung City Baseball Team (adult baseball league)
- CTBC Brothers Club (professional league)
- Sponsorship of golf players and events
- New Taipei CTBC DEA basketball team
- CTBC Flying Oyster



#### 2022 implementation results (commercial/social benefits)

- Earned media value for CTBC Brothers baseball Team, New Taipei CTBC DEA basketball team, and CTBC Flying Oyster esports team of NT\$2.5 billion, NT\$170 million, and NT\$44 million, respectively
- Professional baseball, golf, basketball, and esports athletes engaged in charity events for 172 hours

### Education

#### Projects

- CTBC Business School
- Scholarships and financial aid for underprivileged and talented students
- International academic partnerships
- CTBC International Academy
- CTBC Nonprofit Kindergarten



#### 2022 implementation results (commercial/social benefits)

- CTBC Holding and subsidiaries have cumulatively recruited 273 graduates from CTBC Business School
- CTBC Business School admitted 13 scholarship students in 2022 and 167 cumulatively

### Arts and Culture

#### Projects

- CTBC Arts Festival
- CTBC Painting Prize
- Dreams Initiatives Project
- Taiwan Dream Project Arts Workshop
- NTT\*x CTBC Musical Talent Cultivation Project



#### 2022 implementation results (commercial/social benefits)

- Earned media of NT\$34,213,902 (PR value: NT\$171,069,510), and more than 90% of the public believed that CTBC Holding invested more toward arts and charity than industry competitors.
- The CTBC Arts Festival organized a total of 34 performances and seminars with performers from home and abroad, attracting 6,901 attendees; 400 underprivileged students from remote areas were also invited to attend. The CTBC Painting Prize exhibition was visited by 12,057 people. The Dreams Initiatives Project was awarded the Arts Education Contribution Award from the Ministry of Education and the Gold Prize in the Sustainability Action Plan category of the Taiwan Sustainable Action Awards, and has cumulatively won 25 domestic and international awards and benefited 2,412 people. The NTT\* x CTBC Musical Talent Cultivation Project, a pioneering one-stop theater development project, held six performances of two productions in its first year, with nearly 1,000 tickets sold.

### Volunteering culture

- **Four "caring bank" charity volunteer teams:** CTBC Holding's mission is to be a "Caring Bank," and we have organized afterschool, 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.
- **The industry's first Good Deed Leave:** 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. Since introduction of the program, CTBC Holding has had a total of 2,474 employees participate in volunteer activities, representing approximately 1 in 10 employees. They have contributed 168,000 hours' worth of volunteer services, benefiting more than 106,000 underprivileged children.

### 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.

Project	Description	Environmental/social impact	Business impact
Light Up a Life	<ul style="list-style-type: none"> <li>Taiwan's longest-running privately run charitable campaign.</li> <li>Provides funding for care and counseling services for schoolchildren in rural areas.</li> <li>Improves the learning environment and family living environment of disadvantaged children in rural areas.</li> </ul>	<ul style="list-style-type: none"> <li>Raised NT\$155.87 million in 2022, all of which was donated to the Child Welfare League Foundation's Rural Elementary School Student Care and Counseling Project, helping 326 elementary schools in remote areas, and to the Paperwindmill Cultural Foundation, sponsoring the staging of 17 performances in remote areas.</li> <li>Support provided for approximately 42,000 children in 2022, with their learning and family environments improving as a result.</li> <li>Over 620,000 disadvantaged children and family members living in remote areas helped by the campaign over the past 30 years.</li> </ul>	Brand awareness for the 37th Light Up a Life campaign of 67% and positive sentiment for related advertising of more than 81%
Taiwan Dream Project	<ul style="list-style-type: none"> <li>Protects the health and safety of disadvantaged children.</li> <li>Empowers children in rural areas by building their self-confidence and fostering a proud identity based on their hometown.</li> </ul>	<ul style="list-style-type: none"> <li>28 Taiwan Dream community sites in operation</li> <li>540 children receiving care and support</li> <li>668 community volunteers supporting the program</li> </ul>	Over NT\$1.79 million in earned media
CTBC Poverty Alleviation Program	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.	<ul style="list-style-type: none"> <li>Provided 967 cases of entrepreneurial counseling in 2022, and 4,216 cases cumulatively.</li> <li>Helped launch 96 businesses in 2022, and 657 businesses cumulatively. In 257 of the cases, the recipients have already risen out of poverty, for a rate of nearly 40%.<sup>Note</sup></li> </ul>	Over NT\$207.4 million in loans since the program's inception
Caring for China's Next Generation on Campus	<ul style="list-style-type: none"> <li>Reduces poverty through education.</li> <li>Improves the educational and living conditions of disadvantaged children in China.</li> </ul>	<ul style="list-style-type: none"> <li>53 education sites established</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>Nearly 70,000 underprivileged students now have access to more abundant learning resources.</li> </ul>	Since the project started in 2013, it has been recognized by the China Banking and Insurance Regulatory Commission

Note: As of Dec. 31, 2022, a cumulative total of 647 people (excluding those who applied to the program multiple times) had launched businesses through the CTBC Poverty Alleviation Program, with 257 people successfully exiting poverty. The poverty alleviation rate is 39.7%. If including all cases, a total of 657 businesses have been started.

### Case study

CTBC Poverty Alleviation Program – Ms. Wang is a recipient of assistance from the CTBC Poverty Alleviation Program and an entrepreneurial success story, after having become a single parent to two children at a young age.

To provide for her family, she worked as an egg collector at a chicken farm, a formwork plasterer, and a part-time farm worker picking papayas. Sometimes, she worked for as little as NT\$670 per day and didn't even have enough money for a meal. Seeking stable employment, she gathered the courage to take over a stand selling chicken meat. However, financial disputes with financial backers at the start of her entrepreneurial journey landed her with more than NT\$1 million in debt. But she didn't give up.

By joining the CTBC Poverty Alleviation Program, Ms. Wang was able to obtain operating capital and set up a repayment plan under the guidance of a financial consultant. She learned to calculate her costs and profits, and after a few months began to balance her income vs. expenses, thus ending the need to worry about money day to day. Her daughters also pitched in to help with her stall and her business gradually became more stable. After a few years of hard work, she now enjoys up to NT\$200,000 in gross monthly revenue and is on the verge of being debt-free.



After years of being chased by mounting debts, Ms. Wang was given a new chance at life through the CTBC Poverty Alleviation Program. She now cherishes every single day of her work.

## Anti-drug awareness

Drug users in Taiwan have become younger in recent years, and drugs are becoming a more common problem in 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 that teach the public about the dangers of drugs. Our foundation has also provided front-line educators at schools and communities across the country with engaging anti-drug teaching materials so they can teach their students using high-impact learning methods.

Following our anti-drug awareness campaign in 2022, we have created the "Say No to Drugs - Campus Exhibition" specifically designed for college students, targeting their unique traits and characteristics. Through the construction of five risky scenarios that college students are particularly vulnerable to, we aimed to heighten their awareness and sensitivity to these situations. Additionally, we incorporated entertaining games to help them grasp the significance of cultivating positive interests and stress-relieving activities.

We have also established the CTBC Center for Addiction Prevention and Policy Research in collaboration with National Taiwan Normal University. This center serves as a hub for conducting extensive research on various conditions related to addiction. Additionally, we collaborated with prosecutor's offices, medical institutions, and nonprofit organizations to develop a platform for "deferred prosecution for Category 2 drug offenses," fostering a comprehensive approach to addressing this issue.

Project	Description	Environmental/ social impact	Business impact
Develop anti-drug teaching tools and advocacy	We develop engaging and impactful anti-drug teaching tools and cultivate advocates to raise anti-drug awareness among the public and students.	Reached 212,682 people through anti-drug campaigns, which included 4 regional exhibitions, 73 public exhibitions, and 388 on-campus anti-drug awareness events at 154 schools.	Reached more than 210,000 people through exhibitions, workshops, and activities to raise their awareness of our commitment to anti-drug awareness, representing approximately NT\$654,000 in earned media
Promote diverse treatment approaches to reduce recidivism	We foster cooperation between industry, government, and academia regarding anti-drug policies and measures to fight substance abuse.	Partnered with National Taiwan Normal University to set up the CTBC Center for Addiction Prevention and Policy Research, working with the district prosecutor's office, medical institutions, and nonprofit organizations to establish deferred prosecution for grade 2 drug offenses.	Reached 164 people through forums, workshops, and seminars to raise their awareness of our continued anti-drug awareness promotion efforts
Lobbying government to allow children to visit incarcerated parents	We assist the Ministry of Justice's Agency of Corrections in recruiting childcare professionals for female prison wards throughout Taiwan to strengthen the parenting education and child development treatment courses for women inmate.	Helped 115 women inmates, their children, and families across Taiwan.	Approximately NT\$249,000 in earned media

### Case study

Anchi was born into a family of drug dealers and abandoned at a young age. Her adopted parents doted on her and she began forming many wonderful childhood memories. Later, however, her birth mother reappeared and regained custody. Constant conflict ensued, with Anchi the victim of constant physical abuse. Finally, Anchi ran away from home before coming of age. She wandered from place to place and began using and selling drugs. Her boyfriend betrayed her, and she was incarcerated for dealing.

After being released, she remained on the drug scene, where she met, married, and had a child with her current husband. Later, they were both arrested and incarcerated. Not wanting to miss out on her child's childhood, she chose to take her child to prison with her. It was there, in prison, that Anchi realized she needed to give her child warmth and love. The playground had large slides and various play sets, and each day there were different courses, including from childcare to parent-child co-learning, yoga, and toy car driving. Through parenting-related group sessions and lectures, the prison taught incarcerated mothers how to deal with children in different stages of development. Touched by the many people still willing to help and care for her, Anchi started anew after being released. She is now a new person and is standing by her commitment to not let down the people who helped and cared for her.



## 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.

In 2022, the CTBC Brothers won the championship of Taiwan's major league competition—the Chinese Professional Baseball League—for the second consecutive year. Throughout the pandemic, we prioritized the development of social media and "self-media" (independently operated social media accounts). As a result, not only did the CTBC Brothers lead other teams in number of followers on official social media accounts, but we also pioneered the first Twitch subscription service to expand the baseball management business models. The cumulative number of viewers for our live broadcasts on our official channel surpassed 10 million during the 2022 games. Meanwhile, CTBC Bank continues to support the CTBC Black Panther Cup, known as a Taiwanese version of Japan's famed Koshien Stadium, providing a platform to nurture high school talent. Furthermore, Taiwan Life sponsors the Taichung City Baseball Team, while the CTBC Charity Foundation sponsors 26 little league and junior league baseball teams through the CTBC Youth Baseball Project, contributing to the development



CTBC Holding supports the development of basketball in Taiwan. These efforts include our subsidiary, CTBC Sports Entertainment Co., Ltd., managing the New Taipei CTBC DEA team, which aims to use sport to reach younger people with its anti-drug abuse message.

### 023 World Baseball Classic

To show our unwavering support for our national team in the prestigious World Baseball Classic (WBC), CTBC Bank proudly served as the exclusive sponsor of the 2023 WBC Pool A held in Taiwan. This marked a momentous occasion as Taiwan hosted the WBC for the first time in a decade. With a cumulative attendance of nearly 120,000 passionate baseball fans witnessing the live games in the stadium, our sponsorship aimed to provide steadfast backing to the national team through concrete actions. In addition to allocating substantial resources to ensure the games reached a level of competitiveness on par with Major League Baseball, CTBC Bank organized an engaging live broadcast party at its Nangang headquarters, accommodating over 6,000 fans from Taipei and Taichung. Simultaneously, we facilitated online-to-offline support for the games through the Home Run Taiwan chatroom, effectively extending the reach of the WBC experience. The cumulative viewership of the live-streamed videos surpassed an impressive 3.01 million views. CTBC Bank also played a crucial role in sponsoring the organizer's invitation of Mariano Rivera, a legendary MLB figure, to visit Taiwan. Furthermore, we sponsored charitable events associated with Rivera, including a seminar attended by coaches and baseball players. Moreover, through the sponsorship provided by the CTBC Charity Foundation, young baseball teams were able to partake in Rivera's baseball camp. Our objective was to offer aspiring players the chance to interact closely with a baseball icon and gain invaluable experiences, thereby fostering the development of future baseball talent.



Taiwan's national team demonstrated the spirit of perseverance during the series, racking up two wins and two losses. Yu Chang, who currently plays in the MLB, was named MVP by the WBC.

CTBC Bank was the sole sponsor of Pool A in the 2023 WBC series in Taiwan—an example of how we support the national team with concrete actions.



of young baseball players.

In 2021, to further expand our influence in social welfare through sports, we established CTBC Sports Entertainment Co., Ltd., which manages the New Taipei CTBC DEA basketball team in the T1 League. Named after the U.S. Drug Enforcement Administration, the team aims to use sport to reach younger people with its anti-drug abuse message. In the 2021-2022 season, our home arena, Xinzhuang Gymnasium, was voted "the most fun home arena" and our team had the largest number of followers on social media among all T1 League teams. For the 2022-2023 season, our team adopted the slogan "Dream on." We bolstered our roster by signing star player Wen-ting Tseng prior to the season and made significant improvements to our home court infrastructure. Moreover, we focused on enhancing our coaching staff and acquiring talented foreign players. These endeavors helped the team embody the principles of teamwork and fearlessness on the court. In addition to their athletic pursuits, our players took on the role of anti-drug ambassadors and actively participated in CTBC Holding's anti-drug awareness education and charity initiatives. Through these endeavors, we strengthened the synergies between the team and the Company.

CTBC Sports Entertainment also founded the CTBC Flying Oyster esports team in January 2022 to take part in the League of Legends Pacific Championship Series. The team came second in the competition's spring games and won the championship in its summer games, thus qualifying for the League of Legends World Championship. Leading by example, the team's members are promoting the professionalization of esports while also delivering a responsible gaming message that highlights the difference between esports and gaming addiction.

We have also long supported golf, in particular the women's game. By supporting players as well as organizing and sponsoring tournaments, we have built a stage that allows Taiwan talent to develop at international standards. The 2022 CTBC Invitational was held at the Kaohsiung Golf & Country Club, marking the tournament's first staging in southern Taiwan. Sixty-four female golfers from Taiwan, Japan, and Thailand competed for the grand prize of NT\$1 million, with the results also counting toward world rankings. The three-round, 54-hole event drew more than 2,000 spectators, and the 1,358 people in attendance on the final day marked the largest single-day crowd in the golf club's history. Going forward, we will continue to provide outstanding Taiwanese golfers with international-grade tournaments to enhance their competitiveness.

CTBC Holding's investments to support public welfare through sports have been widely acknowledged over the years. In 2022, in addition to CTBC Holding

winning Sports Activist Awards honors from the Sports Administration for the 12th consecutive year, CTBC Bank and Taiwan Life also bested their previous records by cumulatively winning six awards at the Sports Administration's Sports Activist Awards, with both winning the Gold Award in the Sponsorship Category, the Sponsorship Award in the Sponsorship Category (Long-term), and the Bronze Award in Promotion Category. In addition, CTBC Holding, CTBC Bank, and Taiwan Life have all received numerous Taiwan i sport certificates since the honor was established seven years ago, highlighting the consistent recognition of our sports promotion efforts in the workplace.



CTBC Holding supports the development of basketball in Taiwan. These efforts include our subsidiary, CTBC Sports Entertainment Co., Ltd., managing the New Taipei CTBC DEA team, which aims to use sport to reach younger people with its anti-drug abuse message.



Vice President William Lai, center, presents a Sports Activist Award to CTBC Holding Chief Administration Officer Roger Kao, joined by CTBC Brothers star player Chih-hao Chang. CTBC Holding has received the honor from the Sports Administration for 12 consecutive years.

Project	Description	Environmental/social impact	Business impact
CTBC Youth Baseball Project	<ul style="list-style-type: none"> <li>We are committed to providing long-term support to address education-related problems in remote areas and giving schoolchildren more opportunities to acquire diverse skill sets.</li> <li>Since 2014, CTBC Holding has been providing academic coaching, nutritious meals, and sporting equipment upgrades in the schools that we sponsor, so that young athletes can achieve balanced mental and physical development.</li> <li>We built CTBC Charity Park to provide an off-site training grounds for CTBC Youth Baseball Project participants.</li> </ul>	<ul style="list-style-type: none"> <li>Sponsored 26 teams comprising 734 athletes.</li> <li>Upholding the belief that sports is just as important as academics, CTBC Holding provided academic coaching, nutritious meals, and sporting equipment upgrades in the schools that we sponsor, so that young athletes can achieve balanced mental and physical development.</li> </ul>	Over NT\$2.24 million in earned media in 2022
CTBC Black Panther Cup	<ul style="list-style-type: none"> <li>We are the long-term title sponsor of the league, providing a platform for young baseball players to realize their potential.</li> <li>Resources are channeled to promote baseball and enhance the tournament's brand reputation.</li> <li>We organize grassroots baseball programs to instill a healthy mentality among players.</li> </ul>	<ul style="list-style-type: none"> <li>Cumulatively, more than 1,700 teams with over 35,000 coaches and players have signed up for the competition over the past 10 years; the 2022 tournament was participated in by a record-breaking 118 women athletes.</li> <li>Relaunched social media presence and set up a dedicated official website for the long-term storage of tournament records; the website received 130,000 visits in 2022, while social media content cumulatively received 2.35 million views.</li> <li>In 2022, we took the CTBC Black Panther Pennant Tour to Penghu for the first time to promote baseball education in the island county; cumulatively, approximately 2,909 people participated in this event.</li> </ul>	Approximately NT\$86 million in earned media in 2022
CTBC Brothers Baseball Club	<ul style="list-style-type: none"> <li>Strengthening team quality and elevating Taiwan's overall international competitiveness.</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 the CPBL championship for the second consecutive season in 2022, with young players showing off the results of their training.</li> <li>Organized a special theme day celebrating popular Japanese anime Kimetsu no Yaiba in 2022 and continued to optimize social media content to increase the number of subscribers, thereby developing a new model of sports management in Taiwan.</li> <li>Actively participated in various charity events throughout the group, including Light Up a Life and the CTBC Youth Baseball Project, and collaborated with Taichung-based NGO Down Syndrome Foundation R.O.C. to organize charity events for the third consecutive year.</li> </ul>	NT\$2.5 billion in earned media in 2022 NT\$150 million in product sales in 2022
Taichung City Baseball Team	We have sponsored the Taichung City Baseball Team since 2015 to support the development of local baseball and build a platform to enhance athletes' skills.	Paid for the operating and administrative expenses of the Taichung City Baseball Team in order to nurture the next generation of baseball players and to promote sports and exercise in the city; campus tours were also organized to promote baseball education, and charity events were held, including the Taiwan Life × Bulao Baseball League friendly tournament, in order to expand our impact.	Received a Sports Activist Award for the sixth consecutive year
Home Run Readers	Promoting reading and sports among the public.	<ul style="list-style-type: none"> <li>In 2022, an SROI evaluation found the project yielded NT\$8.99 in social value for every NT\$1 invested—the most of any Taiwan education-related SROI report to be accredited internationally.</li> <li>In 2022, the New Taipei CTBC DEA joined in to form a "baseball and basketball alliance" in order to expand our Reading × Sports initiative.</li> <li>With the National Library of Public Information and online bookstore Youth Books, organized the annual Youth Essay Contest to encourage senior high school and vocational high school students to read and share their thoughts about reading; in 2022, a junior high school category was added and a record-breaking total of 1,270 entries were received.</li> <li>As of Dec. 31, 2022, the Reading × Baseball initiative has partnered with 128 libraries and mobile storytelling vehicles in 17 counties and cities across Taiwan, with over 1,157,495 participants, over 140,000 books borrowed from public libraries, and 53,942 baseball and basketball game tickets given away.</li> </ul>	Received the Social Inclusion Award at the 2022 Taiwan Corporate Sustainability Awards

Project	Description	Environmental/social impact	Business impact
New Taipei CTBC DEA	<ul style="list-style-type: none"> <li>Prudent basketball team management to enhance the competitiveness of the T1 professional basketball league.</li> <li>The only professional basketball team whose mission is to promote anti-drug awareness, actively engaging in anti-drug promotional campaigns and the group's charity projects to maximize social impact.</li> <li>Team emphasizes teamwork and fearlessness on the court and aims to usher in a new "Golden Age" for Taiwanese basketball.</li> </ul>	<ul style="list-style-type: none"> <li>Placed third in the 2021-2022 regular season and fourth in the playoffs.</li> <li>In the 2021-2022 season, ranked No. 1 in the league in terms of social media, news exposure, and TV viewership.</li> <li>Successful team management in 2021-2022, with home court voted "the most fun home area" and Chia-Hao Wei voted the "Most Popular Player."</li> <li>Actively developed young players, with Gadiaga voted best rookie and Ping-Sheng Lin voted the best defensive player and player with the best steal; the team was also voted the best team and best defensive team.</li> <li>In the 2021-2022 season, an anti-drug campaign was set up on the walls of the home court in Xinzhuang Stadium; more than 12,413 people participated by signing the walls, pledging to abstain from illicit drug use.</li> </ul>	Over NT\$170 billion in earned media in 2022
CTBC Flying Oyster	<ul style="list-style-type: none"> <li>First Taiwanese esports team to be managed like a professional sports team, with the goal of promoting the professional esports industry.</li> <li>Actively engages in charity events and leverages the influence of pro gamers to promote healthy internet and gaming habits.</li> <li>Enhances the competitiveness of Taiwan's gaming industry.</li> </ul>	<ul style="list-style-type: none"> <li>Won the League of Legends Pacific Championship Series summer tournament and ranked 16th in the World Tournament.</li> <li>Top Lane player Shi Jie Xu named a national athlete for the 2022 Asian Games (postponed due to the pandemic).</li> </ul>	<p>NT\$44 million in earned media</p> <p>League of Legends co-branded credit card reached nearly 70,000 people</p>
Golf tournaments and support	<ul style="list-style-type: none"> <li>Seeks out and nurtures the next generation of Taiwanese golf talent.</li> <li>Creates a world stage for golfers to compete in line with international standards.</li> <li>Promotes sports diplomacy with private resources.</li> </ul>	<ul style="list-style-type: none"> <li>We sponsored eight professional women golfers in 2022.</li> <li>The 2022 CTBC Invitational saw 64 women golfers from Taiwan, Japan, and Thailand compete for the grand prize of NT\$1 million, with the results also counting toward world rankings. The three-round event drew more than 2,000 spectators, and the 1,358 people in attendance on the final day marked the largest single-day crowd in the Kaohsiung Golf &amp; Country Club's history.</li> <li>Provided diverse sponsorship and development opportunities to help aspiring golfers realize their dreams; in 2022, these CTBC Lady Golf Stars performed exceptionally well, with Yu-Sang Hou passing the LPGA qualifier, Ssu-Chia Cheng winning the championship in the Epson Tour Island Resort Championship, and Yuting Shi winning the championship in the JLPGA Tournament GOLF5 LADIES.</li> </ul>	NT\$11 million in earned media for the 2022 CTBC Invitational
Charity engagements	We encourage the professional athletes that we sponsor to participate in charity activities in order to use their influence to create a cycle of kindness.	In 2022, professional athletes and coaches that we sponsor engaged in charity events for 172 hours.	

### Case study

With the support of CTBC Bank, a group of rookie players from an outlying island formed the Lanyu High School Baseball Team and competed in the CTBC Black Panther Cup. The team from the remote island was a little unorthodox, with a mix of body types— tall and short, large and slender—and, unlike their rivals, with two girls: one playing left field and one as catcher. But they were united in their determination to pursue their sporting dreams, even if they were starting from zero. The team went all out, and when they finally got that first point in team history, moving from 0 to 1, the crowd cheered like thunder. That single run represented hope, inspiring these young people to break free of insecurity. Although they ultimately lost by 10 points, the players did themselves and all of Lanyu proud. They had gotten to enjoy the sport they love and learned that it's not always about winning or losing.



The video "From 0 to 1" documents the training, perseverance, and breakthroughs of the Lanyu High School Baseball Team.



## Arts and culture

CTBC Holding sees its efforts in the arts and culture sphere as invaluable cultural investments, and has sponsored various exhibitions and performances of all types from home and abroad for many years. In 2022, we sponsored various exceptional arts and culture events nationwide, including the Taipei round of Jolin Tsai's Ugly Beauty world tour; Paperwindmill Theatre's kids play, "Norza: The Adventure of Dragon Palace,"; and the 2022 Taiwan Lantern Festival in Kaohsiung, as well as international exhibitions, including "Mind of Genius: Salvador Dali Exhibition," "Alive Art: Renaissance," and "Disney in Concert: Aladdin." From musical performances to arts exhibitions, we are committed to bringing arts and culture to the lives of the public through a diverse variety of mediums, and for these efforts have been honored at the Ministry of Culture's Arts & Business Awards on 14 occasions.

The CTBC Foundation for Arts and Culture is dedicated to promoting contemporary art, and the inaugural edition of its CTBC Painting Prize received 790 entries—the most of any competition in the field. The accompanying art exhibition received 12,057 visitors and four award-winning artworks were put on display at CTBC Financial Park to use our corporate stature to continue promoting the arts. Meanwhile, the Dreams Initiatives Project supports arts and culture education in remote areas. The project collaborates with arts instructors to create customized education programs for rural schools. It was awarded the Arts Education Contribution Award from the Ministry of Education and the Gold Prize in the Social Inclusion category of the Taiwan Sustainability Action Awards in 2022, and has cumulatively won 25 domestic and international awards and benefited 2,412 people. To develop new talents for Taiwan's theaters, we co-organized the inaugural NTT+ × CTBC Musical Talent Cultivation Project with National Taichung Theater in order to develop a one-stop platform for cultivating musical talent. Six performances of two productions were staged in its first year, with nearly 1,000 tickets sold.

Project	Description	Environmental/social impact	Business impact
CTBC Arts Festival	As Taiwan's only action arts festival, elevates the artistic environment and promotes the diverse development of the performing arts, and to ensure accessibility by all groups, public welfare events with free admission are held every year.	<ul style="list-style-type: none"> <li>• 5 performances and 34 seminars and workshops, attracting nearly 6,901 people</li> <li>• Launched the "Object Theater" NFT, with all 800 limited edition NFT tokens exchanged, generating significant media buzz.</li> <li>• Collaborated with Taiwan's benchmark exhibition venue to arrange international contemporary performances and organized for nearly 400 students from remote areas and social welfare groups to attend.</li> </ul>	NT\$10,916,766 in earned media 93% of attendees surveyed reported having a positive perception of the CTBC Holding brand because of the Company's long-term support for arts and cultural activities
CTBC Painting Prize	The only contemporary painting award in Taiwan, supporting young artists and encouraging original works that reflect modern issues.	The contest encourages young and middle-aged artists to explore contemporary issues and is intended to address the dearth of painting awards in Taiwan. A total of 790 works were submitted for the first CTBC Painting Prize, the most ever for any such contest in Taiwan; 20 received awards, with some exhibited at Taipei's Kuandu Museum of Fine Arts, attracting 12,057 visitors while the grand prize winner and four others will be kept by the CTBC Foundation for Arts and Culture for promotional display at CTBC Financial Park.	NT\$8,192,783 in earned media
Dreams Initiatives Project	Works with art instructors to provide students in remote areas with tailor-made courses of over six months, teaching them to perform and giving them the confidence to fulfill their dreams.	The innovative program has integrated industry, government, and academia, bridging the urban-rural gap and ensuring equal opportunities for arts and cultural education among schoolchildren in remote and rural regions. In 2022, we partnered with Puppet & Its Double Theater for a three-year initiative aimed at gradually promoting arts education in rural areas, involving training seed teachers and providing guidance for quality projects. Over the course of five years, we have supported 2,412 students in rural areas.	NT\$2,068,642 in earned media Awarded the Arts Education Contribution Award from the Ministry of Education and the Gold Prize from in the Social Inclusion category at the Taiwan Sustainability Action Awards in 2022, and has cumulatively won 25 domestic and international awards
Taiwan Dream Project Arts Workshop	Taiwan Dream Arts Workshops are held at Taiwan Dream sites to help students explore arts and culture and realize their potential.	17 workshops with nearly 380 participants	90% satisfaction rating among Taiwan Dream Project Arts Workshop student participants

Project	Description	Environmental/social impact	Business impact
NTT* x CTBC Musical Talent Cultivation Project	We collaborated with National Taichung Theater to invite teachers from Taiwan and South Korea to help aspiring Taiwanese talent stage original musicals in a unique one-stop model involving every step from scripting to production to staging.	6 performances of two productions in its first year, with nearly 1,000 tickets sold	NT\$7,030,679 in earned media
CTBC Venture Capital investments to support the cultural and creative industries	Invested NT\$10 million in "Workers: The Movie."	<ul style="list-style-type: none"> <li>Utilized local elements to ensure the film resonated with the public, initiating a discussion about the living conditions of individuals from diverse socioeconomic backgrounds and allowing viewers to gain a deeper understanding of the perseverance, hard work, and dedication of the main characters, underlining the film's positive social impact.</li> <li>Amid the scarcity of foreign movies in the post-pandemic period, there emerged opportunities for the growth of high-quality domestic productions; by providing support to talented Taiwanese production teams, we also contributed to the creation of job opportunities within the local film industry.</li> </ul>	"Workers: The Movie" was released theatrically on March 31, 2023, and had box office revenue of NT\$39.18 million as of May 28, 2023
	Partnership and promotions with investee All U People Theatre.	<ul style="list-style-type: none"> <li>"No. 6 Renai Road" was a new stage comedy by All Up People Theatre that explores the day-to-day lives of the staff at Sun Yat-sen Memorial Hall, who stand witness to the site's history.</li> <li>As well as providing promotional ticket prices to CTBC Holding employees, we also offered VIP tickets to wealth management customers to enjoy the family-friendly show.</li> </ul>	"No. 6 Renai Road 6" was performed for three days from Oct. 8 to 10, 2022; all performances sold out, with ticket sales of NT\$9.9 million, and additional shows for 2023 are being planned

### Case study

"It's been 15 years since I won a top prize. This award is a huge encouragement for me," says artist Tsai Yi-Ju after winning first place in the CTBC Painting Prize for "Good Time – The War without Gunfire – War No. 19." "The other contestants are all very talented. I even refreshed the webpage several times to confirm the award recipients." The first CTBC Painting Prize drew 790 submissions - the most ever for such a contest in Taiwan. The competition was fierce, as many of the contestants were renowned emerging artists who collaborated frequently with various galleries.

Tsai grew up in an iron factory. His only connection with art while growing up was casually graffitiing the factory floors and walls. At his teenager years, he became immersed in the billiards industry. By chance, he began painting again and was enrolled into National Chiayi University Teachers College Arts and Crafts Education Department with a test score that was second to last. Since then, painting has become an inseparable part of him. Tsai recalls an incident after he completed his compulsory military service, when he was squatting in his rental house and mixing paint. His classmate, driving a new car, came visit. As the headlights lit up his body, he experienced an incisive realization.

"Many of my classmates had chosen the teaching profession, so the path to their future was already brightly lit. In contrast, I was at a loss. My future resembled an infinitely spinning circle of paint." However, even in the toughest of times, Tsai never thought of giving up his creative pursuit. "Working in this profession, my family and friends frequently ask me if I can see a future. Going back to what's in my heart, all I want to do is to speak through painting."



Yi-Ju Tsai poses with "Good Time – The War without Gunfire – War No. 19," which was awarded first place in the CTBC Painting Prize.



Tsai offers CTBC Charity Foundation Chairman Jeffrey Koo Jr. a guided tour of the inaugural CTBC Painting Prize exhibition.

### 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 and offered scholarships and bursaries to students with excellent results or students 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.

The employment matchmaking rate of the 2022 graduates from CTBC Business School was 99%. Of all those graduating with undergraduate and graduate degrees, more than 80 were accepted, including three as MAs, two as IRMs, 20 as JRMAs, and 10 as reserve financial specialists. Cumulatively for the school's four graduating classes so far, 207 graduates have gone on to work at CTBC Holding or one of our 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, with curricula and resources leading directly into those of CTBC Business School. At the junior high school level, we are building a solid foundation for students' English language skills through a bilingual curriculum, as 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.

Project	Description	Environmental/social impact	Business impact
CTBC Business School	<ul style="list-style-type: none"> <li>Increases employment rate via industry-academic collaboration.</li> <li>Nurtures and trains fintech talent.</li> </ul>	<ul style="list-style-type: none"> <li>We maintain an annual admissions quota for underprivileged students, to whom the Hope Bursary is offered; 167 disadvantaged students were enrolled between 2015 and 2022, with 951 Hope Bursaries totaling NT\$84.26 million granted.</li> <li>Established the Elite Scholarship to attract high school students with outstanding performance, with approximately NT\$14.5 million granted in 2022.</li> <li>2022 graduate employment matchmaking rate of 99%</li> </ul>	<p>Graduated 4 classes so far, and cumulatively 207 graduates have gone on to work at CTBC Holding and subsidiaries</p>

### Financial literacy at CTBC Museum

CTBC Bank proactively addresses the SDGs by prioritizing SDG 1 (no poverty) and SDG 4 (quality education). CTBC Museum, established in 2015, is committed to promoting inclusive financing and education, in line with our core business in finance. Through exhibitions, financial courses, educational camps, and school visits, the museum aims to expand students' financial perspectives, cultivate digital financial skills, and provide practical financial knowledge applicable in daily life. To date, the museum has welcomed over 430,000 visitors.

In addition to organizing annual financial education exhibitions with diverse themes, such as stock market knowledge, domestic and foreign currencies, banking history, and the stories behind Taiwanese banknotes, which are open to the public free of charge, the museum also offers finance education courses tailored for different age groups. In particular, the museum hosts a series of programs called "Developing Little Financial Experts," integrating financial topics into the curriculum for all 12 grades of basic schooling through interactive games that encourage parental involvement. These programs cover a wide range of subjects, including identifying counterfeit money, understanding cash flow, distinguishing between wants and needs, exploring the stories behind banknotes, and engaging in financial knowledge challenges. So far, the museum has organized a total of 303 game sessions with over 26,000 participants.

Since 2021, the museum has collaborated with educational institutions to deliver financial knowledge education to students in Taipei City. Through initiatives like the creation of the Cool Coin Car, an educational tool encompassing ancient forms of currency, from shells to virtual currencies, and conducting tours in Taipei campuses, the museum aims to provide high-quality financial knowledge outside the traditional classroom setting. Additionally, the museum has authorized the use of the award-winning learning platform "Taipei CooC-Cloud" to leverage its finance education tools. This collaboration facilitates the provision of comprehensive financial knowledge to students at various grade levels. Notably, the museum was the first private entity to provide financial knowledge teaching materials to the Taipei City Government's Department of Education.



CTBC Museum, using the concept of "mobile desks of knowledge," launched the Cool Coin Car, an educational tool encompassing ancient forms of currency, from shells to virtual currencies, to allow visitors to explore finance from a historical perspective. The Cool Coin Car is available for educational institutions, which may apply to use in on their own campuses.



In 2022, CTBC Museum collaborated with the Keelung City Government's Department of Education to promote a 2022 career development education and vocational exploration exhibition for elementary schools. The collaborative effort aimed to use a variety of experiential-based courses to help students dream and develop new perspectives regarding their future careers.

## Taiwan Life's social engagement efforts

Taiwan Life has always been committed to addressing various social issues. By utilizing our core competencies in insurance, we have launched a diverse range of innovative action plans that have positively impacted society. In addition to aligning our efforts with government policies and practicing inclusive finance, we have actively collaborated with stakeholders such as benchmark organizations, academic institutions, and social welfare groups. Together, we advocate for concepts like health promotion and co-prosperity across all age groups. Our commitment to making a sustainable impact is reflected in our approach to insurance: creating and sharing value with the community. For more information on our initiatives, refer to Taiwan Life's 2022 Sustainability Report.

Project	Description	Environmental/social impact	Business impact
Microinsurance	We provide personal and group microinsurance products for disadvantaged individuals, families, and other groups. We have been expanding the targets and range of our care provided through microinsurance by donating microinsurance premiums since 2015, ensuring support for disadvantaged families in the case of an accidental death or disabling injury.	<ul style="list-style-type: none"> <li>In collaboration with three NGOs, namely the Chia-Yi Fu An Wang Ya Charity, Chinese Christian Relief Association, and R.O.C. Lottery Professionals Labor Union, donated premiums totaling NT\$7.303 million to provide a protective umbrella for the disadvantaged.</li> <li>Since its inception, the microinsurance scheme has insured over 262,000 people with an insured amount exceeding NT\$56.38 billion.</li> </ul>	Received the Caring for the Physically and Mentally Disadvantaged Award in the microinsurance category of the FSC's 2022 Insurance Contest
Three-Generation Walk for Health	Taiwan Life has been organizing the Three Generation Walk for Health for 11 consecutive years, inviting the whole family to engage in exercise with the ultimate aim of using familial support to encourage self-health management among older adults. This walk has also become a fixed family day event for Taiwan Life.	<ul style="list-style-type: none"> <li>In 2022, online and three physical walks were hosted across Taipei, Taichung, and Kaohsiung, with 6,413 participants.</li> <li>The online walk was organized by Taiwan Life's Facebook page and utilized our proprietary TeamWalk workplace health management app, further using digital technology to expand the impact of our care for older adults.</li> <li>Collaborated with sports charity ambassadors from the CTBC Brothers baseball team, New Taipei CTBC DEA basketball team, and the Brothers' cheerleaders, the Passion Sisters, to encourage the public to participate in the walk and pay attention to self-health management.</li> <li>Launched the Grandparents Shuttle Bus Service to help older adults from charity groups and from New Taipei's Pingxi District, which has the oldest average resident age, to take part in the walk; 40 corporate volunteers from Taiwan Life also accompanied them throughout the walk.</li> <li>An SROI report in 2022 found NT\$5.51 in social value generated for every NT\$1 invested.</li> </ul>	<ul style="list-style-type: none"> <li>Received the Social Empowerment in Asia award at Enterprise Asia's 2022 Asia Responsible Entrepreneurship Awards, and the Bronze Award in the Promotion Category at the Ministry of Education's 2022 Sports Activist Awards</li> <li>Over 2.14 million people reached through Facebook page</li> <li>Over NT\$46.685 million in earned media</li> </ul>
Survey on Indicators of Taiwan's retirement landscape and Finance for Seniors Forum	<ul style="list-style-type: none"> <li>Collaborated with National Chengchi University (NCCU) since 2020 to organize an annual survey on indicators that reflect retirement care issues in Taiwan as well as the related Finance for Seniors Forum.</li> <li>Continued to monitor Taiwanese citizens' retirement confidence, adequacy, and satisfaction indexes in 2022, and invited experts and scholars from home and abroad to the seminar to discuss trends in health care for older adults, retired life, and long-term care.</li> </ul>	<ul style="list-style-type: none"> <li>Used the forum as a communication platform to bring together industry, government, and academia. Former Deputy Premier Shen Jong-chin gave the commencement speech while Wan-I Lin, a key promoter of the "White Paper on the Aging Society," shared the government's policy in response to Taiwan's impending super-aged society status. In addition, 15 experts and scholars from diverse fields and countries shared their ideas for bringing innovative solutions to Taiwan, as well as discussed the feasibility of various products and services to address the needs of aging societies, along with industry opportunities. The forum helped the public to get an early start in planning for a self-sufficient retired life as well as their related health care needs.</li> <li>320 forum participants and over 10,000 live-stream viewers</li> </ul>	<ul style="list-style-type: none"> <li>In 2020, we became the first in the insurance industry to launch a survey on retirement indicators and established the Finance for Seniors Forum, the first such event addressing the financing needs of older adults in Taiwan</li> <li>Awarded Bronze in the Social Inclusion category at the Taiwan Institute for Sustainable Energy's 2022 Taiwan Sustainability Action Awards</li> <li>NT\$92.20 million in earned media</li> </ul>

Project	Description	Environmental/social impact	Business impact
Aging-friendly survey	We collaborated with United Daily News to conduct a comprehensive survey on aging friendliness to identify the needs and challenges faced by the public in an aging society. Together with experts from various fields, we worked on proposing solutions and initiatives aimed at creating happiness in Taiwan.	<ul style="list-style-type: none"> <li>According to the survey, the public's dissatisfaction rate with the level of friendliness toward older adults in Taiwan was 48%. The survey highlighted that the main concerns revolved around medical services (30.8%) and access to safe residential environments (24.7%).</li> <li>During the forum announcing the results, Minister without Portfolio Wan-I Lin, a key promoter of Taiwan's "White Paper on the Aging Society," emphasized the urgency of the aging crisis, particularly noting the challenges that will arise in 2026. The survey provided valuable insights into the pain points surrounding unfriendly measures and services for older adults. We invited experts from industry, government, and academia to discuss immediate problems and needs in an aging society, providing policymakers with valuable references. Additionally, various reports were produced, offering aging-friendly solutions.</li> <li>50,000 live-stream viewers</li> </ul>	NT\$15.15 million in earned media
Aging trend forum	Partnered with CommonWealth Magazine to host the aging trend forum, inviting experts and scholars to share retirement strategies.	<ul style="list-style-type: none"> <li>Gathered experts from diverse fields to discuss retirement strategies, including Taiwan Insurance Institute Chairman Hsien-Nung Kuei, NTU Hospital Superintendent Ming-Shiang Wu, and Golden Bell Best Actress Award winner Chuan Wang. Taiwan Life Chairman Tai-Keh Cheng proposed a "three preparations" theory, urging the public to start preparing with regard to older-age mental acuity, living quality, and health as early as possible, and to plan for three costs of retirement: living, medical, and long-term care costs.</li> <li>Cumulatively, 242 people participated in the forum and over 94,000 people watched the live stream.</li> </ul>	NT\$8.85 million in earned media
Bulao Baseball League for seniors	<ul style="list-style-type: none"> <li>Encouraged older adults to adopt regular exercise habits and develop self-health management awareness.</li> <li>Advocated playing baseball among older adults and taught them skills to ensure an enjoyable, injury-free experience.</li> </ul>	<ul style="list-style-type: none"> <li>In partnership with the Hondao Senior Citizens Welfare Foundation and utilizing resources from the Taichung City Baseball Team, organized the Bulao Baseball League for older adults for the third consecutive year; organized four baseball camps and matches in 2022, with 263 participants.</li> <li>Taiwan Life teamed up with the Taichung City Baseball Team, CTBC Brothers, Bulao Baseball League, and Lixing Elementary School Little League Team for a cross-generational friendly tournament, with 302 participants.</li> </ul>	NT\$14.43 million in earned media
Sustainable Insurance and Sustainable Impact Forum	We collaborated with the Economic Daily News to organize the forum and invite influential figures from industry, government, and academia to discuss ESG trends and targets.	<ul style="list-style-type: none"> <li>Corresponding with the government's 2050 net-zero emissions goal, Taiwan Life organized the Sustainable Insurance and Sustainable Impact Forum, the first such event hosted by an insurer in Taiwan. The forum was attended by influential figures from industry, government, and academia, including National Development Council Minister Min-Hsin Kung, FSC Vice Chairperson Tsuey-Ling Hsiao, KPMG Sustainability Consulting Taiwan Managing Director Niven Huang, and National Cheng chi University Professor Jin-Lung Peng, to discuss ESG trends and targets.</li> <li>Taiwan Life is committed to integrating ESG awareness into the design of our products and services. Having invested in sustainable finance for eight years, our approved investments/financing has totaled NT\$55.87 billion. Moving forward, we will continue to leverage our core competencies in insurance to expand the sustainable impact of our responsible financing.</li> <li>The forum was attended by nearly 300 figures from finance, insurance, and other fields.</li> </ul>	NT\$18.65 million in earned media
Survey on national medical/healthcare and insurance needs	We have partnered with Economic Daily News to conduct a survey on national medical/healthcare and insurance needs since 2020.	We focused on the theme of workplace health in 2022, surveying office workers on their health management and medical insurance needs. The questionnaire survey was highly correlated with our products and services; Taiwan Life's proprietary health management tool TeamWalk app and other products were included in the questions. The results indicated that enterprises and employees are increasingly focused on health issues post pandemic, with 58.5% of office workers expressing interest in purchasing insurance that incentivizes power walking. We have also published numerous articles to educate the public about wise insurance choices.	NT\$21.35 million in earned media
In-home bathing service for remote areas of Pingtung County	We work with the Bjorgaas Foundation to provide in-home bathing services for frail or disabled senior citizens and people with a physical or mental disability who live in rural areas of Pingtung, and to maintain and repair mobile bathing equipment.	Conducted in-home bathing services in seven remote townships in Pingtung County for the sixth consecutive year, helping 2,733 people since the launch in July 2017.	Satisfaction rating of 100% among families of bathing service recipients

## Dedicated Corporate Volunteers

Taiwan Life is committed to realizing its corporate social responsibility, and it partners with NGOs to organize events to this end. We also encourage our employees to actively participate in diverse charitable actions, aiming to become corporate pioneers who embody the principles of ESG. Our ultimate vision is to foster a culture of "everyone volunteers," with our recent performance as follows:

### Enhanced the professional competencies of volunteers

- **Integrating our insurance core business with charitable services:** In collaboration with the Federation for the Welfare of the Elderly and the Taiwan Academy of Banking and Finance, we have jointly designed professional training materials for long-term care and finance volunteers. These materials are available through our employee training platform. Volunteers can access the training anytime, anywhere, enabling them to undergo systematic training.
- **Dementia-friendly courses:** To enhance the quality of service provided by our volunteers, we partnered with the Federation for the Welfare of the Elderly in 2022 to develop a "Certificate Course for Caregivers of Dementia Patients." This professional volunteer training course aims to bridge any gaps in long-term care through Taiwan Life's operations nationwide. Furthermore, social workers from the Bjorgaas Foundation organized practical training sessions on caring for dementia patients, covering topics such as understanding dementia, managing common behavioral problems in dementia patients, and wheelchair training. The goal is to comprehensively enhance the volunteers' awareness of dementia.

### Organized 14 volunteering activities, with a total of 252 participants contributing 1,362 hours of service

- As well as helping older adults to join in the Three Generation Walk for Health, volunteers also taught them one-on-one on how to use social media.
- In addition to donating rapid test kits during the pandemic, we actively encouraged our volunteers to help distribute test kits to older adults living alone in New Taipei's Pingxi District. This initiative aimed to reduce the risk of cluster infections and ensure the safety of vulnerable individuals. We also supported public health by collaborating with the public health center of Miaoli County to hold hepatitis and liver cancer screenings for 180 residents.
- Partnered with the Bjorgaas Foundation to design three day-trip itineraries for older adults with dementia at the Pingtung Daycare Center. The older adults were each accompanied by a volunteer throughout their trips as they toured an arts museum, flower market, and traditional market.
- Collaborated with the Hondao Senior Citizens Welfare Foundation to conduct financial education focused on fraud prevention for older adults via video as well as one-on-one sessions with volunteers.
- Mobilized volunteers to monitor the blood pressure of baseball players during a cross-generational tournament and assisted them in putting on protective gear. Volunteers also maintained order on the field to help the games progress smoothly.
- Volunteers helped older adults at the Hondao Senior Citizens Welfare Foundation's Chiayi site to dress up and pose for vintage-inspired photos to recapture their youth, as well as sang and danced with them.
- Assisted the 1919 Food Bank in packing and distributing 350 packages of food and supplies for delivery to disadvantaged families to ease their burdens during the pandemic.



A Taiwan Life volunteer hands out COVID-19 test kits to older adults who live alone in Pingxi District.



A Taiwan Life volunteer helps an older woman with makeup to achieve a vintage look for a nostalgia-rich and confidence-building photoshoot.

Volunteers from Taiwan Life accompany a grandfather (left) and grandmother during the Three Generation Walk for Health.

## Taiwan Lottery's social engagement efforts

The core value of issuing Taiwan's government-sanctioned public welfare lottery is indeed public welfare, chiefly by providing employment opportunities for disadvantaged groups and enhancing social benefits. Taiwan Lottery salespeople are all members of disadvantaged and marginalized groups, including indigenous people, people from low-income households, and single parents. After deducting prize payout, sales, and management costs, the proceeds from public welfare lottery sales are allocated for social welfare purposes. Specifically, 50% is distributed to local governments to fund welfare initiatives for disadvantaged groups, including children, women, older adults, people with a disability, and social assistance. Forty-five percent of the funds is allocated to the national pension scheme to build a more comprehensive social security net, and 5% is allocated to the universal National Health Insurance program to provide reliable health care resources for Taiwan's entire population. Each lottery product sold, regardless of whether it's a winner, contributes to a sustainable cycle of goodwill and brings more positive outcomes to Taiwan.

Subsidiary Taiwan Lottery was established by CTBC Bank to handle matters related to the issuance, sales, promotions, drawing, and prize redemption of the public welfare lottery. By administering the lottery, we have been able to increase the employment opportunities for people from disadvantaged groups and create more public welfare earnings for use in social causes. After winning the right to run the third and fourth terms of the lottery from 2007 to 2013 and 2014 to 2023, respectively, CTBC Bank was awarded the right for the fifth term of 2024 to 2033 by the Ministry of Finance.

Between January 2007 and Dec. 31, 2022, Taiwan Lottery provided NT\$427.74 billion in public welfare lottery earned to the government. These funds have been used to subsidize the social welfare spending of various city and county governments, the national pension scheme, and the National Health Insurance program. Also during these 17 years running the third and fourth terms of the lottery, we have donated in NT\$41.61 billion in rebates to the government to fund various social welfare measures to ensure further care for disadvantaged groups. In addition, starting from the fifth term, on top of the annual donation of NT\$2.7 billion, we will, throughout the 10-year term, provide a total of NT\$607 million to support lottery retailers and NT\$150 million to promote the lottery's reputation as a force for public welfare good and to foster a sound lottery market. By successfully running the lottery, CTBC Holding is able to achieve our goals of giving back to the community and fulfilling our corporate social responsibility.

Project	Description	Environmental/social impact	Business impact
Issuance of the public welfare lottery	<ul style="list-style-type: none"> <li>A lottery distributor can earn 8% to 10% of the sales commission for every lottery ticket sold. These lottery dealers are all members of disadvantaged groups, including physically or mentally challenged individuals, indigenous people, single parents, or low-income families and more.</li> <li>The lottery's annual surplus funds government social welfare programs, the national pension scheme, and the National Health Insurance program, benefiting every city, county, and municipality countrywide.</li> <li>Large prize winners are encouraged to donate a portion of their jackpots to charitable causes in order to expand the positive impact of the lottery. These contributions are used to subsidize the education, food supply, and medical care of disadvantaged groups; the construction or purchase of facilities or hardware equipment for social welfare organizations; and emergency assistance and disaster relief efforts.</li> </ul>	<ul style="list-style-type: none"> <li>Provides employment and steady income for approximately 45,000 lottery dealers nationwide.</li> <li>Generated a public welfare lottery surplus of NT\$28.94 billion for the government in 2022.</li> <li>From 2007 to Dec. 31, 2022, total donations from lottery winners exceeded NT\$5.75 billion, benefiting more than 200 social welfare and charity organizations as well as some 7.65 million underprivileged people via 1,349 charity events.</li> </ul>	<p>In 2022, annual lottery sales reached NT\$133.1 billion, growing approximately 1% from the previous year</p>

### Case Study

The Hualien Baseball Little League Tournament was founded by a lottery player who won a share of a large jackpot on Dec. 6, 2012, and decided to use his winnings to revitalize baseball in the rural county. The winner had liked to play the sport as a child but had to give it up due to his family's financial circumstances. Wishing for every child in Hualien to have the opportunity he did not, the lottery winner organized the large-scale national little league tournament on the area's lush, mountainous land. Having celebrated its 10th anniversary in December 2022, the event has hosted approximately 3,000 little league players, many of whom have been scouted and gone on to play professionally at home and abroad. The tournament's continuing success reflects not only the thoughtfulness of the lottery winner but also the intrinsically public-minded nature of the lottery and the cycles of kindness that it creates.

The Hualien Baseball Little League Tournament, funded by the donation of a public welfare lottery jackpot winner, has been hosted for 10 years and helped countless young baseball players realize their dreams, with many going on to play professionally.

## 5.3 Partner engagements | GRI 2-28

### Engagements in sustainable organizations and initiatives

To stay current with sustainability developments across the world and in line with SDG 17 Partnerships for the Goals, CTBC Holding actively participates in international initiatives. As early as 2012, for example, we signed on to the CDP. We also became the first company in Taiwan to join the Taskforce on Nature-related Financial Disclosures (TNFD) in February 2022. In addition, we voluntarily joined global benchmark enterprises in formulating the first version of its standards. We hope to reduce the negative effects of our businesses on the natural environment through relevant engagements, and to realize our responsibilities in preserving natural ecology. In addition, we continue to serve as the Asia-Pacific chair of the Partnership for Carbon Accounting Financials (PCAF), guiding our peers in the finance industry to co-create a sustainable financing ecosystem.

#### Coalition of Movers and Shakers on Sustainable Finance

In support of our 2050 net-zero policy and to promote sustainable development, CTBC Holding, E.SUN Financial Holding, Yuanta Financial Holdings, First Financial Holding, and Cathay Holdings answered the call from the FSC to formulate the Coalition of Movers and Shakers on Sustainable Finance in September 2022. CTBC Holding serves as the chair of the coalition in 2023 as well as the convener of its Data and Risk Control Working Group. Through our participation, we hope to proactively leverage our impact as an industry leader in the five major sustainable issues of green procurement, funding and engagement, information disclosure, assistance and promotion, and international outreach, thereby driving the entire financial industry to achieve sustainable development.

#### Equator Principles

In line with international sustainable management developments, CTBC Bank strengthened its CSR and sustainable financial performance by formally signing on to the Equator Principles in January 2019. By adhering to globally recognized best practices in the finance industry, we proactively mitigate environmental and social risks associated with our credit cases in order to minimize adverse financial and non-financial consequences while safeguarding society and the environment.

#### Principles for Responsible Banking

To actively realize the financial industry's potential positive impact in the promotion of ESG, CTBC Bank announced its voluntary compliance with the U.N. Principles for Responsible Banking (PRB) in 2019. This commitment reflects our dedication to investing in sustainable development within the global finance sector while providing professional and considerate financial services to our customers through a robust corporate structure. Our aim is to fulfill our corporate social responsibility and foster a vision of sustainability and mutual benefit. For more information on CTBC Bank's implementation of the PRB, refer to its [2021 Self-evaluation Report](#).



The first annual Coalition of Movers and Shakers on Sustainability conference concluded successfully under the leadership of CTBC Holding.





## Principles for Responsible Investment

As an insurance company, Taiwan Life plays a crucial role in promoting the transition to a low-carbon economy and driving sustainable change in the capital market. By aligning with the U.N.'s Principles for Responsible Investment (PRI), we have developed a comprehensive responsible investment system with robust policies and procedures in place. Our evaluations now incorporate the links with the SDGs in order to raise awareness among investees and financing enterprises regarding sustainability issues. Ultimately, we hope to ensure that every dollar we invest goes on to create an even greater impact.

## Principles for Sustainable Insurance

Taiwan Life adopted the Principles for Sustainable Insurance (PSI) in 2019. We provide ESG training for all major business operations and external business units, and promote sustainable development awareness among customers and policyholders via these business units. We are also continuing to develop innovative ESG-themed insurance products.

## Global Impact Investing Network

The Global Impact Investing Network (GIIN) is a U.S.-based NGO committed to increasing the scale and benefits of impact investments. To execute our sustainable strategy and to be more aligned with international trends in impact investing, CTBC Holding became the first in Taiwan to join GIIN. In addition, we published Taiwan's first GIIN report in May 2022, namely the [CTBC Holding Impact Valuation Pilot Study Report 2021](#). By utilizing GIIN's IRIS+ impact valuation tool, we assessed the impact of three of our projects, namely the Changfang & Xidao Offshore Wind Farm, BOT Project of Taichung Intercontinental Baseball Stadium and Surrounding Land, and Sharing Love Small Amount Whole Life Insurance.

To further enhance our impact investment policy, we published Taiwan's [first Impact Investing Report](#) in 2023 to specify the Company's definition and vision of impact investment for the first time. For the report, the subsidiary took an inventory of its private equity and sustainability bond targets using international frameworks and standards including the SDGs, the five dimensions of the Impact Management Project (IMP), and the IRIS+ impact themes and categories. The impact investments covered in the report are correlated with six major IRIS+ impact themes, namely Clean Energy, Energy Efficiency, Pollution Prevention, Access to Quality Health Care, Smallholder Agriculture, and Waste Management. We examined representative cases for each impact theme, and described the impact results of the six investment targets through the IMP methodology.

## Taskforce on Climate-related Financial Disclosures

Addressing the risks from climate change has become an urgent matter. According to the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations, CTBC Holding has formally included climate risk as a key factor in its corporate risk management practices. As a capital manager and owner, CTBC Holding plays an integral role in the low-carbon transformation. Since formally adopting the Financial Stability Board's TCFD recommendations in 2020, we have added the risk of climate change to the group's Risk Governance Policy and formulated the Climate Risk Management Guidelines, which serve as a guideline for the group in implementing climate change-related risk management. For more information, refer to the chapter on "[Climate-related Financial Disclosures](#)."

## Partnership for Carbon Accounting Financials

The Partnership for Carbon Accounting Financials (PCAF) was established in 2015. It coordinates with financial institutions to help them measure and disclose the greenhouse gas emissions of their investment and financing portfolios. In 2019, PCAF launched the world's first methodology for measuring financed emissions, namely The Global GHG Accounting and Reporting Standard for the Financial Industry. CTBC Holding was the first financial institution in Taiwan to join the PCAF, and we became the organization's regional chair for Asia-Pacific and a member of its Global Core Team, working with 21 other members from around the world to formulate the second edition of the standard. Moreover, as we strive to verify our own financed emissions and to expand our impact, we are proactively inviting fellow financial institutions to join the PCAF to jointly create a more sustainable financial ecosystem.

## Taskforce on Nature-related Financial Disclosures

In 2022, CTBC Holding became the first in Taiwan to join the Taskforce on Nature-related Financial Disclosures (TNFD). Following the TNFD's LEAP (Location, Evaluation, Assess, Preparation) evaluation methodology and the principle of materiality, we launched a pilot study on our major investment and financing businesses, and provided relevant feedback to the TNFD. Subsequently, we were invited to join the TNFD's official pilot team, in which we share our evaluation experiences. Furthermore, we are continuing to encourage our customers to take proactive measures in order to prevent adverse impacts on the natural environment resulting from relevant business activities. Through these ongoing customer engagements, we strive to fulfill our responsibility in natural and ecological conservation. For more information, refer to the chapter on "[Nature-related Financial Disclosures](#)."

## Partnership for Biodiversity Accounting Financials

CTBC Holding signed on to the Partnership for Biodiversity Accounting Financials (PBAF) in December 2022. By joining this initiative, we hope to collaborate with international financial institutions to advance the implementation of methodologies addressing biodiversity-related issues. We are committed to conducting ongoing assessments of our own reliance on biodiversity, as well as evaluating the associated risks within our value chain. Moving forward, we aspire to have an even greater impact by leveraging business models such as loans and investments to fulfill our responsibility in conserving the natural ecology.

## Participation in trade organizations and public affairs

As one of Taiwan's most highly regarded business leaders and the country's first entrepreneur to be appointed an Ambassador-at-Large, late CTBC Holding founder Dr. Jeffrey Koo, Sr. helped to establish various international economic and trade organizations, integrate domestic industrial and commercial sectors, and 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 successfully lobbied for the Confederation of Asia-Pacific Chambers of Commerce and Industry and the Asian Bankers Association to headquarter their secretariats in Taipei City.

We also assist in the management of young and second-generation entrepreneurial associations, including The Third Wednesday Club, and the formation of alliances to encourage international trade. Through such efforts, CTBC Holding still upholds the spirit of economic and trade diplomacy promoted by Koo and continues to actively participate in key economic and trade organizations, including those below.

### The Chinese National Association of Industry and Commerce, Taiwan, CNAIC

One of the country's key industrial and commercial associations, the Chinese National Association of Industry and Commerce, Taiwan has long been dedicated to promoting international trade and industry collaborations. In line with our strategy of expanding offshore business, CTBC Holding is an active member of the association, using it to network with major industrial and commercial organizations and think tanks in Taiwan and build relationships with commercial and industrial associations as well as overseas Taiwanese enterprise associations. We also use our membership to expand the business of CTBC Bank's overseas branches. In addition, we partner with industry and commercial leaders and corporate entities at home and abroad to provide suggestions to the government via the association in order to promote international economic cooperation with industry groups and achieve our foreign trade goals.

**Roles:** CTBC Bank Chairman Morris Li serves as the Executive Supervisor  
The Tokyo Star Bank Chairman Tsing-Yuan Hwang serves as the Executive Board Director  
**2022 expenditure: NT\$650,000**

### Monte Jade Science & Technology Association of Taiwan, MJTAIWAN

Founded in 2002, the Monte Jade Science & Technology Association of Taiwan consists of prominent enterprises and academic figures from across the country. Embodying the same entrepreneurial spirit as its counterpart in Silicon Valley, the Taiwan chapter strives to serve as a platform that fosters knowledge exchange and economic growth among Chinese individuals worldwide. One of its primary goals is to facilitate access to startup capital, upgrades, and transformations for SMEs in Taiwan through technology entrepreneurship and investment. In line with our commitment to promoting digital transformation and innovative technologies, CTBC Holding supports SMEs and microbusinesses. By joining the Taiwan chapter, we aim to contribute to the innovative development of various industries and foster socioeconomic progress within Taiwan.

**Roles:** CTBC Holding President James Chen serves as a Board Director  
**2022 expenditure: NT\$220,000**

### Taiwan Japan Association for Business Communication, TJABC

The mission of the Taiwan Japan Association for Business Communication is to assist enterprise clients to develop networking opportunities in Japan and abroad. It promotes investment and technical cooperation alliances between Taiwan and Japan, and encourages interaction between members. The association also provides opportunities and platforms for contacting and mediating with relevant government agencies and industry organizations. As a member, CTBC Holding has jointly organized various enterprise conferences as well as economic and trade seminars and other activities with Japanese county governments, regional self-governing bodies, and local banks. We have also assisted in recruiting and mediating with vendors, thereby forming diverse channels of interaction between private entities and Japan. In addition, we have lobbied both governments to build an industry cooperation and innovation platform for partnering with other countries.

**Roles:** CTBC Bank Senior Advisor for International Affairs Amb. Chi-Tai feng serves as Chairman  
**2022 expenditure: NT\$170,000**

## The Asian Bankers Association, ABA

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 60 ABA member banks from 20 economies in Asia Pacific and the Middle East, working to further strengthen ties among financial institutions in the region. During his tenure as CTBC Holding President, Daniel I. Wu served as the association's chairman for two consecutive terms (from 2014 to 2018). During his terms of service, Wu was committed to encouraging compliance with the Basel II/Basel III Framework and promoting integration of International Financial Reporting Standards (IFRS) in the region in order to help the ABA's member financial institutions comply with international monitoring standards and to enhance interaction among the financial sectors of countries within the region. CTBC Bank has served as a director of the ABA for many terms, supporting its operations, mission, and policy initiatives.

**Roles:** CTBC Bank Chairman Morris Li serves as a Board Director

**2022 expenditure: NT\$142,500**

## Cross-Strait CEO Summit, CSCS

The Cross-Strait CEO Summit aims to establish a civilian trade exchange platform for corporations on both sides of the strait. The annual summit is held in Taiwan and China on a rotating basis. The participants discuss the overall strategy and direction of cross-strait industrial cooperation. Through participation in annual summits and related industry cooperation promotion teams, CTBC Holding assists in the development of the cross-strait financial industry, modernized services, and arts and culture industry partnerships in order to establish a normalized, long-lasting, practical, open, and interactive exchange platform for related industries in Taiwan and China. We aim to build consensus within the industries to act as the basis for cross-strait partnerships.

**Roles:** CTBC Holding Vice Chairman Thomas K.S. Chen serves as a Board Director and Deputy Convener of the finance team

CTBC Venture Capital Chairman Chih-Kang Wang serves as the Convener of the modern services industry and cultural and creative team

**2022 expenditure: NT\$100,000**

## Participate in or support groups and initiatives whose goals are consistent with the Paris Agreement

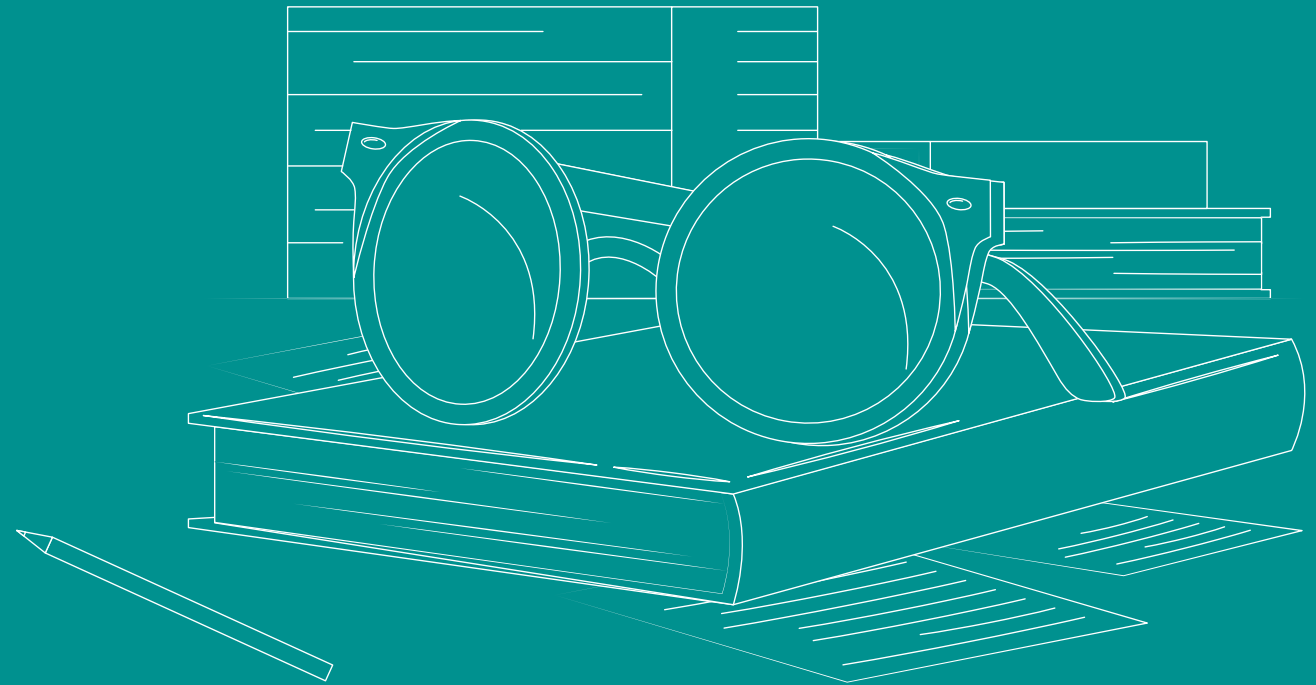
Besides focusing on promoting their business objectives, the economic trade or associations and initiatives that the Company partakes in are also actively committed to issues related to climate change. There was no climate-related direct lobbying activities made by CTBC in 2022. The table below is a list of economic and trade organizations, associations, and initiatives that the Company either participates in or supports, which actively lobby for issues related to climate change and whose stance is consistent with the Paris Agreement; for initiatives or organizations not mentioned in this Chapter, please refer to Chapter 4 Environment for details:

Economic, trade and initiatives organizations	Lobbying and activities related to climate change	The Company's role
The Chinese National Association of Industry and Commerce (CNAIC)	1. Formulated a Sustainable Research and Development Committee 2. Announced the "1.5°C Climate Action Declaration"	<ul style="list-style-type: none"> <li>• Morris Li, Chairman of CTBC Bank serves as the Executive Board Supervisor</li> <li>• Chairman Tsing-Yuan Hwang of The Tokyo Star Bank, Limited, serves as the Executive Board Director</li> </ul>
Asian Bankers Association (ABA)	In the ABA online conferences in 2022, the topic in the third meeting, "Promoting a Sustainable World: Fostering Green Finance" corresponds with and advocates for corporate responsibility in promoting a sustainable environment	<ul style="list-style-type: none"> <li>• Morris Li, Chairman of CTBC Bank serves as a Board Director</li> </ul>
Monte Jade Science & Technology Association of Taiwan (MJTAIWAN)	Most of the members are in high-tech sector (e.g., TSMC, Foxconn, or Mediatek) with worldwide operations, and the corporate members have voluntarily joined carbon reduction industry supply chains; The association has also held multiple forums on net-zero emissions and energy transformation, and corresponds with the Paris Agreement	<ul style="list-style-type: none"> <li>• James Chen, President of CTBC Financial Holding, serves as a Board Director</li> </ul>
Cross-Strait CEO Summit (CSCS)	Focused on "building a new industry cooperative model to build green and digital new economy" in the 2022 summit, in which thematic speeches on "Inspiring green and low-carbon industry movement, and promoting the establishment of a Green Silk Road" and "Cross-Strait business opportunities in net-zero emission" were organized	<ul style="list-style-type: none"> <li>• Thomas K.S. Chen, Vice Chairman of CTBC Financial Holding serves as a Board Director and Deputy Convener of the Finance Team</li> <li>• Chih-Kang Wang, Chairman of CTBC Venture Capital, serves as the Convener of the Modern Services Industry and Cultural and Creative Team</li> </ul>
Equator Principles	The EP4 published in 2020 specifically stated that it is in support of the Paris Agreement	<ul style="list-style-type: none"> <li>• Formally signed Equator Principles in January 2019</li> <li>• Deployed standards and rules from the Equator Principles throughout the credit investigation process</li> <li>• Regularly disclose information on the <a href="#">Equator Principles website</a></li> </ul>
Partnership for Carbon Accounting Financials (PCAF)	Published the Strategic Framework for Paris Alignment Guidelines	<ul style="list-style-type: none"> <li>• The first Asian company to engage in finance carbon emissions inventory and disclosure by using the PCAF methodology</li> <li>• Serves as the Chair of PCAF Asia-Pacific</li> <li>• The only Asian member in PCAF's Global Core Team</li> </ul>
131 Global Impact Investing Network (GIIN)	Openly supports Paris Agreement in public settings and conferences	<ul style="list-style-type: none"> <li>• The only Taiwanese GIIN member</li> </ul>

# GOVERNANCE

- 6.1 Ethical governance
- 6.2 Regulatory compliance
- 6.3 Risk management
- 6.4 Information security
- 6.5 Sustainable supply chain
- 6.6 Tax governance

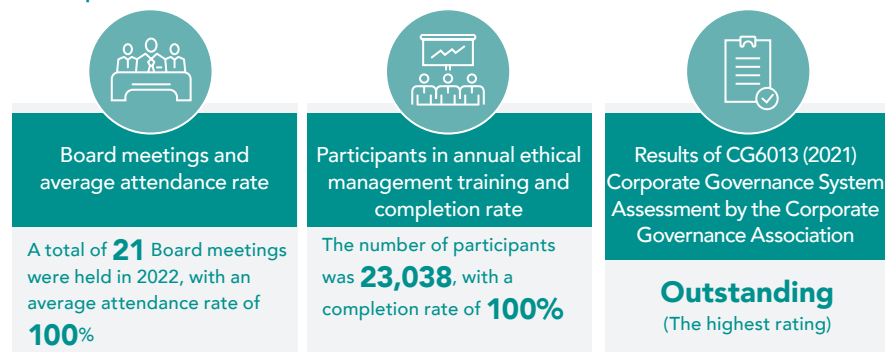
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## 6.1 Ethical governance

CTBC Holding has in place policies to promote director diversity as well as strengthen the professionalism and independence of its directors. We are continuing to strengthen our corporate governance, regulatory compliance, risk management, and information security while integrating fintech to create a secure and fertile business environment. Our performance in corporate governance has been well recognized home and abroad; CTBC Holding, CTBC Bank, and Taiwan Life were awarded Corporate Governance System Assessment CG6013 (2021) certification with the highest rating (Outstanding) from the Taiwan Corporate Governance Association. For more information, please see the [corporate governance awards section](#).

### 2022 performance



### Corporate governance | GRI 2-9, 2-10, 2-12, 2-15, 405-1

#### Corporate governance structure

CTBC Holding implements the separation of management and ownership, as part of which the Board of Directors supervises and guides the Company operation, including its sustainable management efforts. CTBC Holding has six functional committees to assist the Board of Directors in its operations and business decision-making, namely the Audit Committee, Remuneration Committee, Risk Management Committee, Nomination Committee, Ethics and Integrity Committee, and Corporate Sustainability Committee.

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, producing Board and shareholder meeting minutes, assisting directors in their appointment and continuing education, providing information required by directors and supervisors to conduct business, assisting directors in legal compliance, and other matters stipulated in the Company's Articles of Incorporation or contracts.

	Meetings	Attendance rate	Members	Independent directors	Directors with non-R.O.C. citizenship
Audit Committee	19	100%	4	4	1
Remuneration Committee	11	100%	3	3	1
Risk Management Committee	13	100%	3	2	0
Nomination Committee	14	100%	3	2	0
Ethics and Integrity Committee	3	100%	3	1	0
Corporate Sustainability Committee	7	100%	4 <sup>1</sup>	4	1

#### 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 tenure of the current seven directors is 3.72 years<sup>2</sup>. In 2022, 21 Board meetings were held, with an 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.

<sup>1</sup> After the election of the eighth term of the Board of Directors on June 17, 2022, the number of members in the Corporate Sustainability Committee was reduced from five to four.

<sup>2</sup> After the election of the eighth term of the Board of Directors on June 17, 2022, three new directors were appointed. As a result, the average tenure of directors slightly decreased compared to previous years.








To avoid conflicts of interest, our directors uphold a high degree of self-discipline. 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 recuse themselves from the related discussion and voting and shall not exercise their voting rights as a proxy on behalf of another director.

### Board diversity

The Company's Rules for Director Elections and Corporate Governance Best Practice Principles contain diversity requirements such as the composition of directors (e.g., gender, age, and nationality) and their expertise and skills (e.g., professional background, professional skills, and industrial experience). The Nomination Committee references the Company's development strategies and the Board's functions in order to nominate suitable director candidates, who are then voted on at shareholders' meetings. To ensure Board diversity that in turn supports the effective functioning of the Board, we include "the composition and structure of the Board" in Board performance evaluations. These evaluations, along with stakeholder feedback, serve as impetus for the Company to continue to increase the diversity of the Board.

In addition, 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.

### Board director skills and experience

Director	Non-executive director	Non-executive director	Non-executive director	Independent director	Independent director	Independent director	Independent director
Core items of diversity	Wen-Long Yen	Thomas K.S. Chen	Chun-Ko Chen	Sheng-Yung Yang	Cheung-Chun Lau	Wen-Yen Hsu	Chung-Hui Jih
Nationality	Republic of China	Republic of China	Republic of China	Republic of China	United Kingdom	Republic of China	Republic of China
Gender							
Age	80~89	70~79	70~79	50~59	60~69	50~59	60~69
Tenure of independent directors (years)				3.6	3.6	0.5	0.5
Independence <sup>3</sup>	✓	✓	✓	✓	✓	✓	✓
Operational judgment abilities	✓	✓	✓				
Accounting and finance abilities		✓		✓	✓		✓
Management and administration abilities	✓	✓	✓	✓	✓	✓	✓
Industry knowledge	✓	✓	✓	✓	✓	✓	✓
International market perspective	✓	✓	✓	✓	✓	✓	✓
Leadership skills	✓	✓	✓	✓	✓	✓	✓
Decision-making skills	✓	✓	✓	✓	✓	✓	✓
Risk management skills		✓				✓	
Legal professional			✓				
Global Industry Classification Standard Level 1 industry experience	Financials	Financials	Financials	Financials	Financials	Financials	Financials Information Technology

<sup>3</sup> External directors are assessed for independence based on the following criteria. To be considered independent, the director must meet at least four out of the nine standards, including meeting at least two out of the first three standards:  
 (a) The director did not serve as an executive of the Company in 2022.  
 (b) In 2022, neither the directors nor their family members received remuneration exceeding US\$60,000 from any subsidiary company of CTBC Holding. However, this limit does not apply to cases permitted under the provisions of US SEC4200.  
 (c) In 2022, the family members of the directors did not hold positions as executives in the Company or any of its subsidiaries.  
 (d) The director is not a consultant to the Company or the management team, and they do not have any conflicts of interest with the Company's consultants.  
 (e) The director is not a stakeholder of the Company's main customers and suppliers.  
 (f) The director does not have any service contracts with other companies or their management teams.  
 (g) The director is not a stakeholder of primary non-profit organizations receiving donations from the Company.  
 (h) In 2022, the director is not a CPA of the company, nor are they an employee of accounting firms that provide certifying services.  
 (i) The director does not have a conflict of interest with the independent operations of the Board of Directors.

Note1: Board members' skills and experience: [https://ir.ctbcholding.com/html/gov\\_board\\_director\\_skill.php](https://ir.ctbcholding.com/html/gov_board_director_skill.php)  
 Note2: Board member profiles, including academic and professional experience: [https://ir.ctbcholding.com/html/gov\\_board\\_member.php](https://ir.ctbcholding.com/html/gov_board_member.php)

CTBC Holding made progress in promoting gender equality at the Board of Directors election in June 2022. The new Board not only maintained a majority of independent directors but also added one woman as an independent director. Furthermore, in 2022, women held a total of 26 director and supervisor positions across our subsidiaries, demonstrating the active implementation of our diversity policies.

### Succession planning

CTBC Holding evaluates candidates in accordance with our development blueprint. We take into consideration a comprehensive range of criteria such as familiarity with the Company's corporate culture and business controls as well as candidates' own expertise in the management of subsidiaries, in addition to their professional qualifications and experience. 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. We also recruit professionals in the financial industry or government-industry-academic circles. For further details, refer to the Succession Planning for Board Members and Management Positions policy on our website.

## Board of Directors

■ GRI 2-10, 2-11, 2-16, 2-17, 2-18, 2-19, 2-20, 205-2, 205-3

### 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 members, 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 2022, the internal performance evaluation period for the Board was Nov. 1, 2021, to Oct. 31, 2022. The results for all directors were "significantly above average" (the highest tier).

The performance evaluation results are reported to the Nomination Committee, Remuneration Committee, and the Board of Directors on an annual basis, serving as a reference for enhancing the operation of the Board and selecting or nominating directors (including independent directors). In addition, the performance evaluation results of individual directors are used as the basis for calculating individuals' remuneration.

An external independent organization or team of external experts also conducts an external evaluation of the Board's performance every three years. In 2021, CTBC Holding enlisted the services of the Taiwan Corporate Governance Association to conduct an external Board performance evaluation. Guided by the association's recommendations, the Corporate Governance Department conducted improvement plans with related units to strengthen corporate governance mechanisms and performance. A summary of the findings are provide below, the results and method of the performance evaluation are disclosed on our website.

#### Summary of the external professional institution evaluation

- Independent directors take up more than half of the seats of the Board. The independence, professionalism, and transparency of the Board are laudable.
- The independent directors fully participated in discussions regarding the environmental and other major issues facing the Company in order to reach a consensus on major developmental goals and strategies and to enhance the leadership capacity of the Board.
- The Board values sustainable operations, devotes effort to ESG-related concerns, and receives related awards from domestic and overseas institutions, which is praiseworthy.
- The Board values communications with stakeholders. There is a specific section on the Company website providing multiple communication channels. Topics of concern to stakeholders and feedback from them is periodically submitted to the Corporate Sustainability Committee and the Board.



### 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 such as those in corporate governance, sustainable development, and risk management. In 2022, the Corporate Governance Department arranged for directors to attend five such courses, namely "Global Technology Risks and Information Security Governance Strategies," "Net Zero Future: Board ESG Decision-making," "Principles of

Treating Customers Fairly," "Global Trends in AML/CFT," and "The Responsibility of Directors and Operation of Board Meetings." The seven directors of CTBC Holding completed a total of 89 hours of certified training with internal and external institutions in the year, as disclosed on the Market Observation Post System (MOPS) and our corporate website.

## 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, ESG implementation, and Company's financial position. Director remuneration must be approved by the Remuneration Committee and the Board of Directors and is reviewed to ensure it reflects actual operating conditions and related laws and regulations.

## 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. Furthermore, the Company regularly evaluates and monitors its overall compensation policy.

To ensure that the MBO of executives is closely aligned with the short- and long term business targets of the Company and the interests of our shareholders, the principle of the manager remuneration policy is to offer competitive fixed pay and variable pay based on the economic profits (EP) of each subsidiary's business units. The allocation ratio is reviewed annually and set based on individual performance. Long-term incentives are primarily granted in the form of restricted stock awards in order to attract and retain the talent needed by the Company, foster employee loyalty, and encourage long-term shareholding by executives. This aligns the interests of employees with those of the Company, in turn creating greater value for the Company and shareholders alike. Variable pay generally accounts for a higher percentage of total remuneration than the fixed pay does, and puts an emphasis on long-term incentives.

## Remuneration structure for Presidents, senior executives, and managers

The remuneration for managers is determined by considering their experience, professional capabilities, managerial duties, and positions, as well as their performance in various aspects such as financial and operational indicators, sustainable business indicators, internal controls, and legal compliance. The remuneration structure is closely linked to these performance targets. Among them, long-term incentive in the form of restricted stock awards has two types of target beneficiaries. The first type includes employees in specific job grades or special job categories within the group; their reward amount is determined based on factors such as the Company's EP allocation ratio and each employee's individual performance. Employees who meet the performance requirements within five years will receive 100% of the shares. The second type of beneficiaries are strategically critical personnel. In order to achieve the Company's third five-year plan, high-level executives propose strategic plans, the Company evaluates their strategies and ability to achieve the goals set out in the plans, with the results linked to their long-term incentives. The aim is to motivate executives to take on challenging work and strive to achieve ambitious goals. The number of shares allocated to the second type of employee is determined based on their contribution to the Company and the duration of their tenure during the third five-year plan period. The actual percentage of shares awarded is calculated based on the Company's return on equity (ROE) within five years and the accounting profit (AP) growth rate as well as individual performance indicators achievement rate.

Since 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 been required to have ESG-related targets account for at least 2% of their performance evaluation objectives. This measure aims to ensure the achievement of ESG goals.

For example, the three major issues in 2022 were ethical governance, risk management, and information security. For two of these issues, the MBOs of functional heads, including the Corporate Governance Officer and Chief Risk Office, were set according to the ethical management and corporate governance KPIs and risk management indicators they are responsible for, with ESG-related targets accounting for at least 2% of objectives.



## CTBC Holding President performance indicators

	Financial and operating indicators	Corporate sustainability indicators
Indicators	<ul style="list-style-type: none"> <li>• 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)</li> <li>• Planning and implementation of projects/ business models/directions and strategies or strategic investments</li> </ul>	<ul style="list-style-type: none"> <li>• Represent CTBC Holding to establish and maintain corporate relations and enhance corporate image</li> <li>• Facilitate and enhance environmental, social, and corporate governance</li> </ul>
Percentage	<b>90%</b>	<b>10%</b>

In addition to the above indicators, the CTBC Holding President's performance evaluation includes specific items such as "effectiveness of internal control implementation," "effectiveness of information security implementation," and "effectiveness of compliance system implementation." These specific items do not have weighting in the overall evaluation. If the minimum requirements are not met during the year-end evaluation, points will be deducted. Moreover, if the performance for any of the specific items fails to meet the target, the evaluation result cannot be the highest grade; this ensures a close connection between risk management and performance.

### Remuneration of directors (including independent directors), President, and vice presidents as a percentage of net profit after tax

The remuneration paid by CTBC Holding and all companies in the consolidated financial statement to CTBC Holding's directors, President, and vice presidents in 2022 totaled NT\$1,624,717 thousand (accounting for approximately 4.98% of the net income after tax in 2022).

The total remuneration paid in 2022 increase 81.99% from that paid in 2021, which was NT\$892,727 thousand; this increase was mainly caused by a rise in the CTBC Holding's common stock price.

## Ethics and integrity | GRI 415-1

### Ethical management regulations

To effect ethical management, CTBC Holding established the Ethics and Integrity Committee directly under the Board of Directors. The committee is charged with stipulating ethical management policies and prevention plans as well as supervising their implementation. At the beginning of each year, the committee devises the work plan for the next 12 months and entrusts the Corporate Governance Department to implement ethical management-related functions, education, and training. Besides, CTBC Holding also assesses and analyses the risk of unethical conduct annually, and consolidates and reports the implementation of ethical management of CTBC Group to Ethics and Integrity Committee and the Board of Directors biannually to enhance the ethical management. A rolling approach is used for reviewing and adjusting integrity management policies and precautionary measures in order to ensure compliance with laws and regulations as well as transparency and integrity.

The Company has established, among other regulations, the Ethical Corporate Management Best Practice Principles, Procedures for Ethical Management and Guidelines for Conduct, Corporate Governance Best Practice Principles, Code of Ethical Conduct, Code of Conduct, Anti-Bribery Policy, Procedures for Handling Whistleblowing Cases, and Management Policy for Preventing Insider Trading, which are disclosed in its website and in external correspondence. The Directors, executives, and all employees are strictly required to comply with these regulations. Directors and executives are also required to issue Statements of Ethical Management Compliance. The signing rate is 100%. To further strengthen our commitment to integrity, the Company will reiterate the relevant ethical management rules to all employees every six months, emphasizing the compliance and implementation of ethical management when providing services. Additionally, annual ethical training is provided to directors and employees to ensure the consistent implementation of ethical management throughout the organization.

### 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 Whistleblowing Cases to govern the principles and processes of receiving, investigating, and handling whistleblowing cases. The Compliance Department is responsible for accepting whistleblowing cases in accordance with the procedures. Furthermore, a dedicated committee has been formed to investigate and review whistleblowing cases. Subsidiaries also follow the same procedures in establishing their own whistleblowing systems, aiming to enhance and cultivate a culture of integrity and transparency across the group.

CTBC Holding and its subsidiaries provide various whistleblowing channels (e.g. email, phone, and post) through which illegal and dishonest conduct may be reported, and reports can be made anonymously. Confidentiality is maintained throughout the investigation process and any adverse action against the whistleblower is prohibited in order to safeguard their rights of work. Those accused of wrongdoing or otherwise involved in a case will have sufficient opportunities to present their statements and defenses during the investigation. If the investigation confirms the presence of illegal or dishonest behavior, appropriate disciplinary action will be taken in accordance with relevant internal regulations. Furthermore, an assessment will be conducted to determine whether improvements to operational procedures or management systems are necessary. In cases where the reported allegations are found to be substantiated through the investigation by the dedicated committee, the progress and outcome of the investigation will be reported on a quarterly basis to the respective company's Board of Directors. Cases involving CTBC Holding or subsidiary senior executives at the level of vice president or above will be separately reported to CTBC Holding's Ethics and Integrity Committee for review on a semi-annual basis.

In 2022, a total of 163 cases were reported through the whistleblowing channels across the group. Over 85% of these cases did not satisfy the acceptance criteria (e.g., they were customer complaints) and were not accepted accordingly; those who submitted these reports were promptly informed of the decision. The remaining cases were accepted and underwent investigation and review processes in accordance with the established procedures. Seven of these reports were substantiated. None of these cases involved corruption, fraud, embezzlement, or the provision of illegal donations. In accordance with our internal regulations, the individuals involved in these cases have been subjected to disciplinary actions and/or improvement plans have been formulated by the relevant units with ongoing monitoring.

## Political contributions

CTBC Holding has established Policies of Donations and Sponsorships, which require all donations and sponsorships to 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 2022.

## Training programs

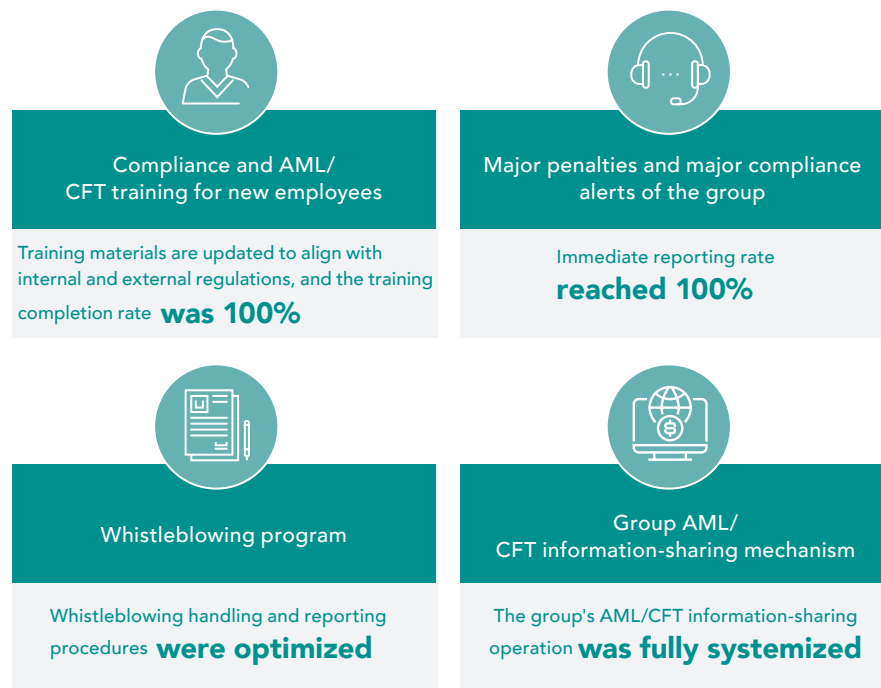
To foster an even stronger culture of ethical management, CTBC Holding and its subsidiaries carried out annual ethical management education and training for its directors, supervisors, and active managers and employees (excluding dispatched personnel) in 2022. By combining such training along with its corporate governance and internal control mechanisms, all members of CTBC Holding and its subsidiaries are able to clearly understand the Company's ethical management policies, operating procedures, anti-corruption requirements, and the consequences of unethical behavior. Excluding employees on leave without pay, all 23,038 eligible group employees completed the training, for an implementation rate of 100%. We also conduct relevant training when new directors or supervisors take office and during onboarding for new employees. There are no corruption cases were reported in 2022.



## 6.2 Regulatory compliance | GRI 2-27

CTBC Holding has established a regulatory compliance system in accordance with the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries as well as relevant laws and regulations. Through a comprehensive set of rules and management mechanisms, CTBC Holding works hard to ensure adherence with all legal requirements and strives to foster a culture of compliance throughout the organization.

### 2022 performance



### Management mechanisms 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 2022.

Area	Current status
Supervision and management by the Board of Directors and Audit Committee	<ul style="list-style-type: none"> <li>CTBC Holding and its financial subsidiaries, including CTBC Bank, Taiwan Life, CTBC Securities, and CTBC Investments, have compliance departments dedicated to ensuring compliance with laws and regulations. These departments report semi-annually to the Audit Committee and the Board of Directors on the execution of compliance activities and follow-up plans. Any major penalties, rating downgrades by competent authorities, major compliance deficiencies, failure, or alert cases are promptly reported to the Board of Directors.</li> <li>CTBC Holding's financial subsidiaries conduct money laundering and terrorist/proliferation financing risk assessments annually. CTBC Bank, Taiwan Life, and CTBC Securities also conduct compliance risks assessments annually. The report the results and enhancement plans of these assessments are reported to their respective boards of directors.</li> </ul>
Coordination and communication on compliance	<ul style="list-style-type: none"> <li>Legal updates management: CTBC Holding's Compliance Department forwards daily updates on external regulatory changes to relevant departments and tracks their responses on a monthly basis. It also assists each unit in promptly revising internal regulations to ensure that the Company's operations comply with legal requirements.</li> <li>Compliance officer meetings: Semi-annual meetings are organized for the unit compliance officers of each CTBC Holding business unit. In addition, communication and coordination meetings for compliance officers (or personnel) of CTBC Holding and its subsidiaries are held every two months to share important compliance issues and facilitate discussions, ensuring the alignment of opinions within the Company and the group.</li> </ul>
Compliance self-evaluations	<ul style="list-style-type: none"> <li>CTBC Holding and its subsidiaries conduct semi-annual self-evaluations on compliance to ensure that all business operations are in compliance with regulatory requirements.</li> </ul>
Compliance training	<ul style="list-style-type: none"> <li>The compliance officers (or personnel) of CTBC Holding and its subsidiaries, along with personnel of designated compliance department and the unit compliance officers, participate in 15 hours of annual compliance-related on-the-job training. In 2022, the total training hours exceeded 1,906.</li> </ul>
Evaluation of compliance implementation results	<ul style="list-style-type: none"> <li>CTBC Holding conducts an appraisal on the effectiveness of compliance implementation annually. In 2022, the appraisal results were reviewed by the Chief Compliance Officer and then reported to the President for reference during the performance evaluation of each unit. In addition, to facilitate functional compliance reporting throughout the group, the parent company's Chief Compliance Officer is responsible for appraising the performance of its subsidiaries' compliance officers (or personnel) based on the effectiveness of their compliance implementation.</li> </ul>

## Employee Code of Conduct

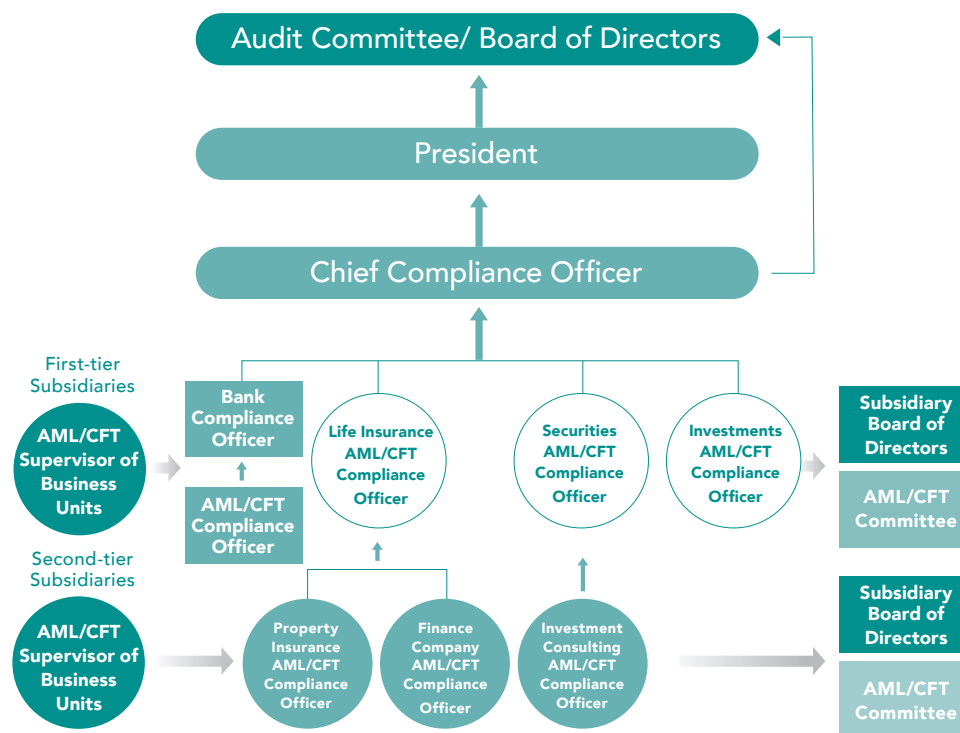
Our Code of Conduct serves as our foundation for employee conduct. It details the legal norms and obligations that employees are expected to observe in their work. Through the consolidation of the business units and implementation units, as well as the monitoring of regulatory compliance units and risk management units, we protect our customers' rights by ensuring comprehensive compliance in the sale of financial products.

The code applies to all individuals working in CTBC Holding through employment, appointment, commitment, or other contractual relationships, including, but not limited to, managers; general, temporary, and part-time employees; and dispatched 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 2021, and the next annual training is expected to be held in 2024.

## Anti-Money laundering countering terrorist financing

### Internal policies and reporting framework

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 Laundering and Countering the Financing of Terrorism Policy, Procedures for Money Laundering, Terrorist Financing and Proliferation Financing Risk Management, Procedures for Group Anti-Money Laundering and Countering Terrorist Financing Information-Sharing and Application, Procedures for Name Screening on Transaction Parties against Sanction List, 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. In addition, CTBC Bank, Taiwan Life, CTBC Securities, and CTBC Investments have established AML/CFT committees to hold regular meetings and discuss important AML/CFT-related issues.

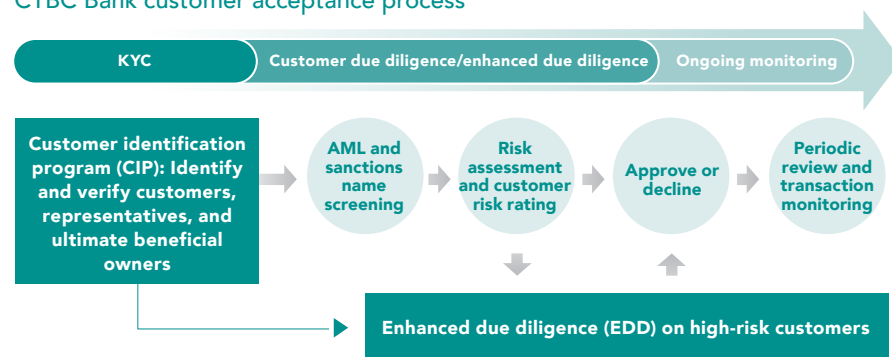


## Customer risk management

CTBC Holding's Procedures for Money Laundering, Terrorist Financing and Proliferation Financing Risk Management 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, TF and PF 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 including obtaining the approval of senior managers prior to establishing or creating new business relationships with such customers. In addition, business relationships will not be established with individuals, legal persons, or entities that are sanctioned under the Counter-Terrorism Financing Act.

CTBC Bank's [Global AML/CFT Policy Statement](#) outlines the customer due diligence (CDD) procedures for ensuring effective risk management.

### CTBC Bank customer acceptance process



### Information-sharing platform

CTBC Holding has established an AML/CFT information-sharing mechanism for the group in accordance with the Procedures for Group Anti-Money Laundering and Countering Terrorist Financing Information-Sharing and Application. This mechanism is designed to enhance the monitoring of customer profiles and suspicious transactions across subsidiaries. In 2022, the comprehensive systemization of information sharing within the group was completed, reducing manual workloads and strengthening data maintenance and management. These efforts have effectively enhanced the overall effectiveness of ML/TF risk

management across the group. In addition, we have established a negative news database that shares daily real-time negative news with each subsidiary to leverage such information in checking business relationships and taking necessary measures.

### Statement of internal AML/CFT control system

Each financial subsidiary issues a Statement on Internal Control Statement for AML/CFT, which is co-signed by the subsidiary's chairman, president, chief auditor, and chief AML/CFT compliance officer. These statements are then disclosed on the website designated by the FSC.

Penalties imposed on CTBC Holding and its subsidiaries by the competent authority and improvement measures taken in 2022

Reasons	Improvement measures
N/A	N/A

Note: In 2022, CTBC Holding and its subsidiaries were not subject to any major penalties as defined in Article 2 of the FSC's Regulations Governing Public Disclosure by the Financial Supervisory Commission of Major Enforcement Actions for Violations of Financial Legislation.

### Training and education

To further implement effective AML/CFT measures, all directors, senior managers, and the supervisors and personnel of compliance and AML/CFT units met their internal and external training requirements in 2022. In addition, newly hired employees were required to complete relevant training within three months of onboarding.

CTBC Holding and its subsidiaries carry out both regular and ad hoc AML/CFT advocacy to employees, including the sharing of laws, regulations, and case studies; 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 trainings and actively encourage employees to attend AML-related courses and apply for AML-related certifications. In 2022, a total of 27,772 and 11,281 trainees of CTBC Bank and Taiwan Life completed the related training, respectively. The staffs of CTBC Holding and its subsidiaries' compliance and AML/CFT units have nearly 100 professional AML/CFT certifications from domestic and international authorities.

Company	Training	2022	2021
CTBC Bank	Trainees (person-times)	27,772	26,998
	Total training hours	77,620	75,634
Taiwan Life	Trainees (person-times)	11,281	10,589
	Total training hours	27,442.5	25,027.5

# 6.3 Risk management

GRI 2-25



Risk management training hours

Trainees: **21,377**, Trainees who completed training: **19,521**

Completion rate: **91%**, Scope of data is CTBC Bank, Taiwan Life, CTBC Holding, and CTBC Securities

## Risk management

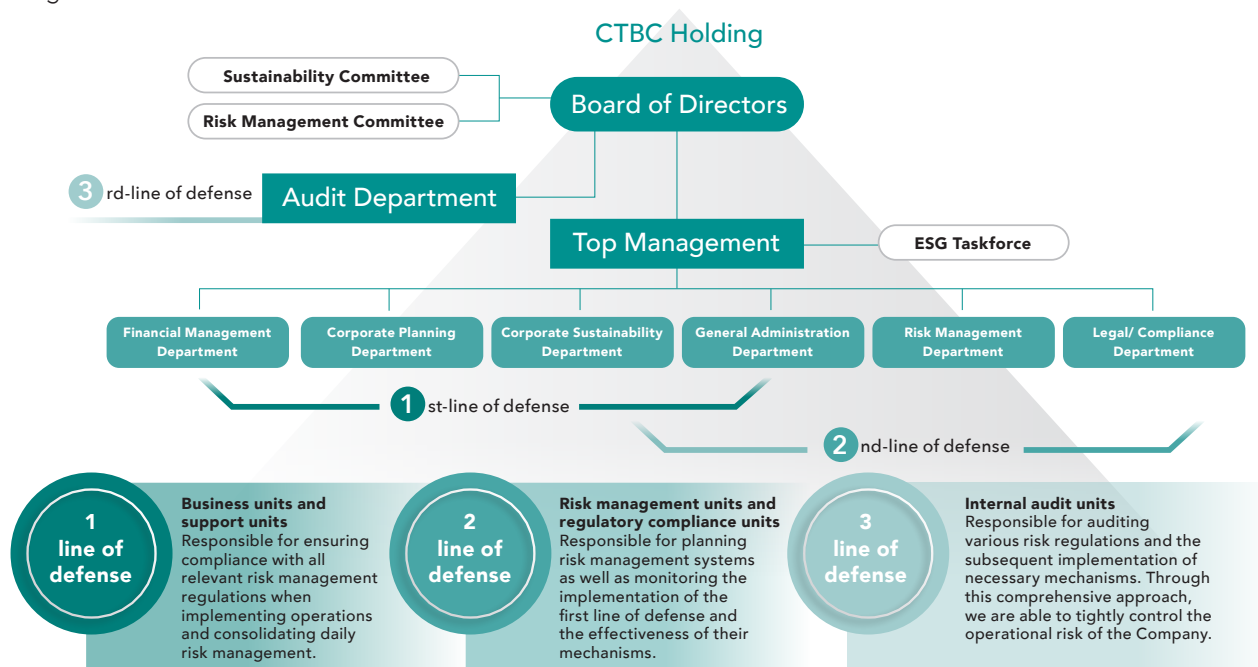
As global political and economic changes can profoundly influence and shape financial trends, CTBC Holding is keenly aware of the importance of effective risk management. As a result, we have established a sound risk management framework and a comprehensive risk management strategy. For day-to-day operations, 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

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, 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 of 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.
- **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, asset and liability management, 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 limit 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.

## Employee risk management awareness

### 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 evaluations. By providing risk training and education, 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 the relevant authorities 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 midlevel managers, we provide risk management programs that reinforce their understanding of risk. The training results for 2022 were as follows:

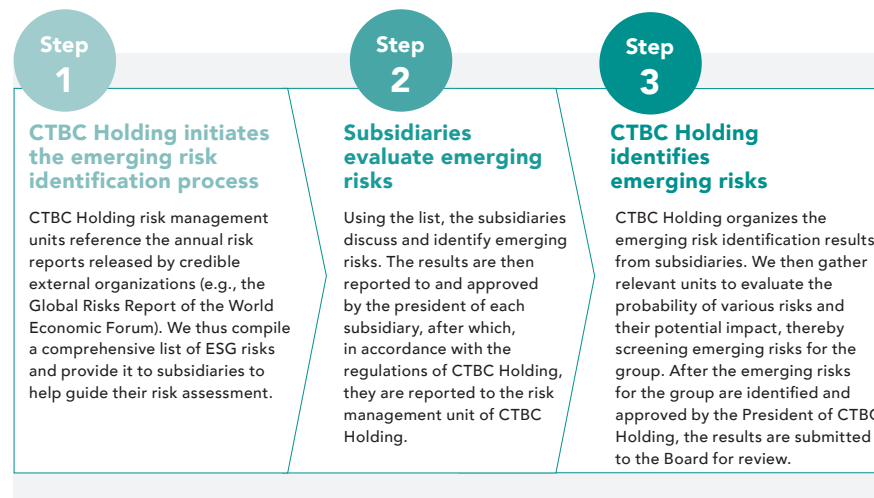
Subjects	Trainees	Trainees who completed training	Completion rate	Total hours	Details
New employees	2,699	2,654	98%	2,677.5	33 people resigned before completing the training
Newly appointed managers	194	194	100%	108.5	

Remarks: Completion rate = trainees who completed training / trainees

## Emerging risks

### 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.



## 2023 emerging risk identification results

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 an indicator's threshold is exceeded, the responsible management unit shall immediately address the situation and escalate the issue.

Risk type	Risk factor	Identification/description	Impact	Mitigation measures and response strategies
Geopolitical risks	Global political polarization and conflicts	<ul style="list-style-type: none"> <li>Since the outset of the U.S.–China trade war, the scope of competition has escalated beyond customs duties and intellectual property rights. The two countries are now competing in various fields, rallying allies to impose restrictions, particularly in technological areas such as wafer production, which involves important strategic materials. The Western bloc, led by the United States, has gradually established semiconductor encirclement networks, while China and Russia are actively expanding their influence on the other end. Throughout the terms of both President Trump from the Republican Party and the current President Biden from the Democratic Party, the competitive relationship between the United States, China, and Russia has not shown signs of easing and may even be heading towards a prolonged polarized conflict.</li> </ul>	<ul style="list-style-type: none"> <li>CTBC Holding is the most internationalized financial institution in Taiwan. The total of exposure ratio of China, Hong Kong, and Russia to the group exceeds 5%, with China and Hong Kong accounting for most of this. If the conflict between the two blocs continues, it could lead to accelerated deglobalization processes, resulting in soaring prices of industrial components and raw materials or unstable political and economic conditions in China, hindering the normal development of local industries. These factors could result in CTBC Holding's investment and financing targets facing business risks, increased breach of contracts by financing customers, and risks of falling prices of invested assets. Consequently, this would impact CTBC Holding's net worth and total capital adequacy ratio.</li> </ul>	<ul style="list-style-type: none"> <li><b>Macroeconomic situation monitoring:</b> The group continues to closely track relevant economic data, fluctuations of market benchmark interest rates, and exchange rates; in particular, alerts are promptly issued when there is a change of direction in central banks' monetary policy, intensifying market volatility, and signs of economic downturn.</li> <li><b>Country risk management:</b> To reduce concentration risks in individual regions and countries, CTBC Holding has increased its presence in 14 countries and regions. In addition to Greater China, it has focused on developing its presence in Japan, North America, and Southeast Asia. In recent years, we have actively expanded its business in Southeast Asia in particular, such as through branches in Vietnam, India, and Singapore. We have also become the largest shareholder of Thailand's LH Financial Group.</li> <li><b>Credit risk management:</b> To properly manage the credit risk arising from changes in internal and external political and economic situations affecting investment and financing targets, CTBC Holding's subsidiaries have established comprehensive credit risk management regulations and procedures. For example, at our largest subsidiary, CTBC Bank, management mechanisms are adjusted based on the various risk characteristics of countries in which it has branches. Each subsidiary reduces concentration risk through risk diversification by setting risk limits for countries, special products, industries, single name, and corporate groups. Furthermore, to strengthen risk management in China, risk control guidelines have been formulated to properly manage China-related risks of both CTBC Holding and its subsidiaries.</li> <li><b>Market risk management:</b> In response to changes in external financial market conditions and business strategies, relevant investment activities are diversified across various currencies (exposures include USD, EUR, JPY, CNY, and other Asian currencies). We also adopt the principle of risk diversification for various investment targets. In addition to China, the Company mainly allocates its position in different industries and regions, such as the United States, Japan, Europe, and Southeast Asia. There are monitoring indicators or limits and corresponding management mechanisms in place for interest rates, exchange rates, equities, and other commodities. We also control market risk limits in order to mitigate potential losses. Relevant implementation results are regularly reported to senior management and the Board of Directors.</li> </ul>
		<ul style="list-style-type: none"> <li>Because many international supply chains and factories are located in Greater China, these polarized conflicts may force various countries to choose sides. As a result of "friendshoring" actions, the prices of components and international commodities are likely to remain elevated. This will increase operational and decision-making risks for businesses. Furthermore, considering the upcoming period of political transition in China in 2028, the succession process may potentially lead to social unrest, resulting in a highly unstable economic environment and industrial structure. This, in turn, could lead to revenue losses for businesses and impact the operation and financial performance of CTBC Holding's investment and financing targets.</li> </ul>		



Risk type	Risk factor	Identification/description	Impact	Mitigation measures and response strategies
Technological risks	Challenges in applying AI in financial services	<ul style="list-style-type: none"> <li>Financial industries have practical applications of AI. According to predictions from various companies and research institutions, AI capabilities are expected to undergo significant advancements by 2030, thanks to the continuous evolution of generative AI technologies. Within the next five years, it is anticipated that more internal operational procedures, intelligent customer service operations, and employee work modes will be carried out in a more automated and efficient manner.</li> <li>However, the application of AI involves large-scale data analysis, learning, and complex algorithmic models. Due to the highly regulated and data-intensive nature of the financial industry, introducing AI applications may pose potential risks of service disruption. These risks can stem from biases in the deployed models, inadequate infrastructure, shortage of technology talent, or technological monopolies.</li> </ul>	<ul style="list-style-type: none"> <li>AI is currently applied in various areas of CTBC Holding, including customer service, marketing, and KYC. We also continue to evaluate various suitable new AI technologies to apply in the group's business operations. However, the application of AI in various business scenarios can also create additional risks; for example, biases in applied AI models, the inadequate evaluation of technical architecture, and the insufficient accuracy and completeness of model training data can all lead to biased or inexplicable product recommendations or forecast results. This can result in customer dissatisfaction and potential compliance risks.</li> <li>To properly monitor the ongoing development of AI technology applications, CTBC Holding will strengthen relevant sound management systems in the future. Thus, there may be an increase in costs for operations management.</li> <li>With the rapid development of various fields of AI, talent shortages for relevant emerging technologies may lead to the inability to establish or provide services in a timely manner. Furthermore, if generative AI technology or its key technologies are monopolized by large technology companies, the application of relevant technologies may be restricted, leading to potential increases in operating costs.</li> </ul>	<ul style="list-style-type: none"> <li>The technical architecture (including software and hardware evaluations) must be reviewed and approved before new technologies are adopted. The implementation process must comply with relevant internal procedures and regulations.</li> <li>Regulations must be established for managing AI and machine learning models. Through a risk-based differentiation model management mechanism, the development, construction, validation, application, and monitoring processes of relevant models will be controlled based on their risk levels.</li> <li>We must continue to monitor emerging technology trends, develop strategies for our tech workforce, and make proactive arrangements to meet their needs in advance.</li> </ul>

## 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 our healthy risk culture, when setting personal work objectives at the start of every year, we require supervisors above a certain level to include the implementation of internal control systems, information security, and regulatory compliance among their objectives. This ensures that risk management and performance evaluations are closely related. If the minimum requirements are

found to have not been met during the year-end evaluation, points will be deducted. Moreover, if any of the specific items fail to meet the target value, the evaluation result cannot be the highest grade.

### 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.

# 6.4 Information security

## 2022 performance



### Information security training

#### CTBC Bank:

1. Bank employees received over **36,000** hours of training in information security and personal information awareness, achieving a training completion rate of **100%**. The personnel responsible for information security underwent a total of **1,381.5** hours of training, including professional information security courses and occupational training.
2. Four Information Security Week events were organized to enhance employee awareness of information security issues such as ransomware, social engineering, file downloads, and sensitive data. These events featured animations and questionnaires with a total participation of **41,054** individuals.

#### Taiwan Life:

1. In 2022, the information security and personal data protection training courses were completed by **9,749** and **9,825** people, respectively, with a completion rate of **100%**.
2. Eleven information security professionals completed the required training hours for information security in accordance with internal and external regulations. These staff are also encouraged to obtain information security certifications, to cultivate needed information security talent by professional domains and competency maps. As of the end of 2022, a total of 20 information security certifications had been obtained.

#### CTBC Investments:

1. Employees received over **318** hours of information security and personal data training, with a training rate of **100%**. The personnel in charge of information security received a total of **45** hours of training in information security project courses and occupational training.



### Information security exercises

- CTBC Bank conducted monthly email phishing drills without prior warning, involving over 12,000 domestic and overseas employees. These drills were designed to address current events and their potential impact. Following each drill, the Bank promptly announced the results.
- Taiwan Life conducted social engineering exercises as well as information security and personal data protection awareness campaigns for its employees. The content covered legal regulations, penalty cases, and information security incident sharing.
- CTBC Investments conducted internal and external information security exercises twice a year. These exercises included seven different scenarios based on current events. Through scenario-based discussions and practical exercises, issues were identified and information security reports prepared. Based on the findings in the reports, relevant information security policies were revised accordingly. The subsidiary also conducted unannounced phishing email drills for all employees on a monthly basis, with the email content referring to current events. In cases where the performance in the exercises was unsatisfactory, additional training was provided to enhance employees' awareness and understanding of information security risks.



### Establish effectiveness verification mechanisms for information security procedures and KPIs

- CTBC Bank completed **53** operational reviews encompassing areas such as vulnerability management, information security protection, and monitoring and response. Furthermore, the subsidiary has implemented **74** inspection mechanisms and designed **53 KPIs** to ensure effective oversight.
- CTBC Investments completed **11** operational reviews in the same areas. It has established **19** inspection mechanisms and designed **28 KPIs**.



### Simulation exercises of cyberattacks on financial institutions<sup>4</sup>

Simulated cyberattack exercises conducted in CTBC Bank resulted in the following outcomes:

1. External simulated attacks: A total of **114** simulated attacks were carried out, with none of them succeeding, resulting a **100% defense rate**.
2. Internal simulated attacks: A total of **289** simulated attacks were carried out, with none of them succeeding, resulting a **100% defense rate**.

<sup>4</sup>This exercise, known as the BAS (Banking Attack Simulation) exercise, is conducted by the FSC in collaboration with financial and information security firms. Its purpose is to test the information security monitoring and incident response capabilities of financial institutions.

## Information security management mechanisms and framework

To ensure continual information security management in the Company and its subsidiaries and that trade secrets and confidential client information are protected against damages arising from internal or external willful or negligent conduct to their confidentiality, integrity, accuracy, or availability, the Company has established CTBC Holding and Subsidiaries Information Security Officers Joint Committee, meetings of which are convened quarterly. The Chief Information Security Officer of CTBC Holding acts as the convener of Information Security Officers Committee meetings, which are attended by the information security officers of the group's subsidiaries, namely CTBC Bank, Taiwan Life, CTBC Securities, CTBC Investments and Taiwan Lottery. The Information Security Officer is responsible for the consistency of information security policies and strategies across all group companies. As such, the subsidiaries benefit from the exchange of information and learning from one another's information security management.

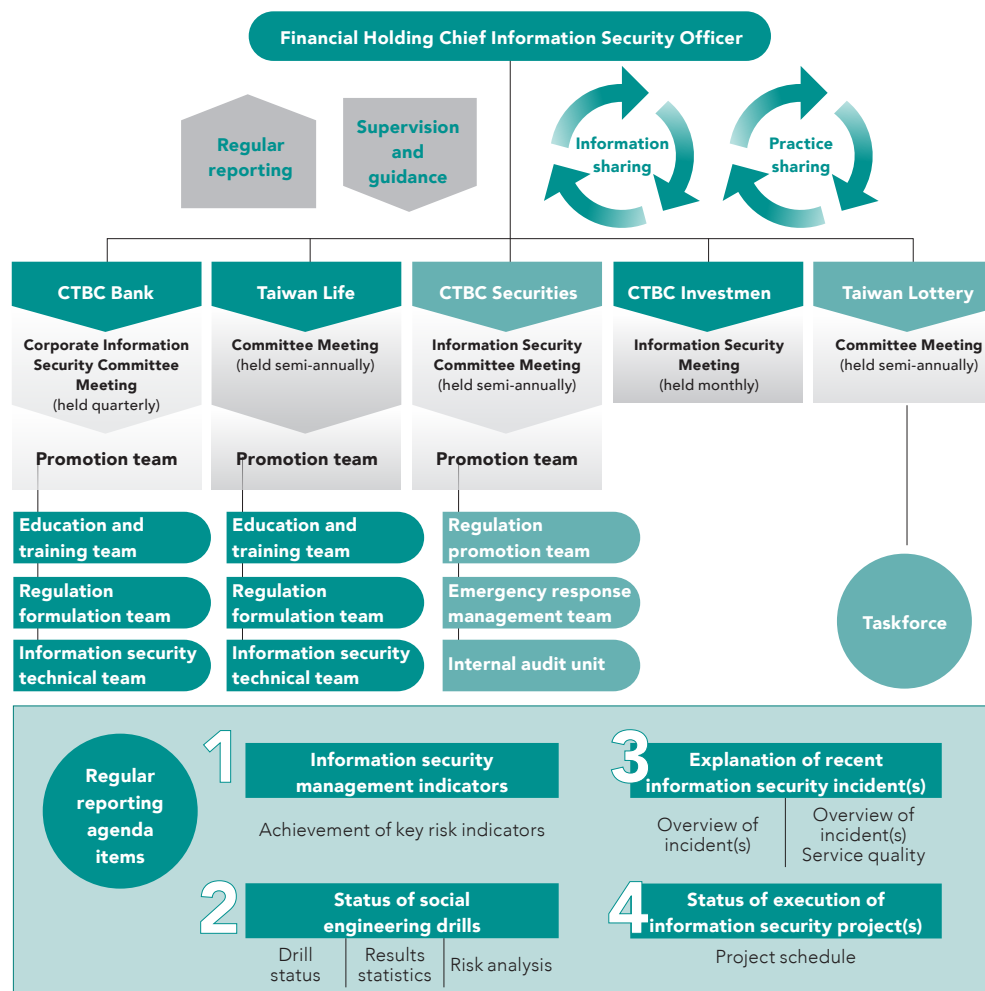
In addition, the core subsidiaries of CTBC Holding have their own information security governance hierarchy in place. For example, to ensure continual information security management of the Bank and that its trade secrets and confidential client information are protected against damages arising from internal or external willful or negligent conduct comprising their confidentiality, integrity, accuracy, or availability, CTBC Bank established the Enterprise Information Security Committee in 2013 as its highest information security management authority. Responsible for two subgroups, namely the Information Security Promotion Group and the Information Security Working Group, the committee is charged with communicating and coordinating in a timely manner to ensure cross-organizational security information management and personal information protection.

The Enterprise Information Security Committee meets quarterly, with the Bank's President acting as the convener and its chief information security officer as the executive secretary. The meetings are attended by the chief officers of business units, including the compliance,

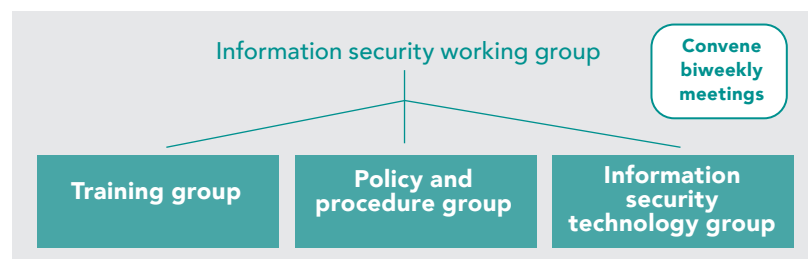
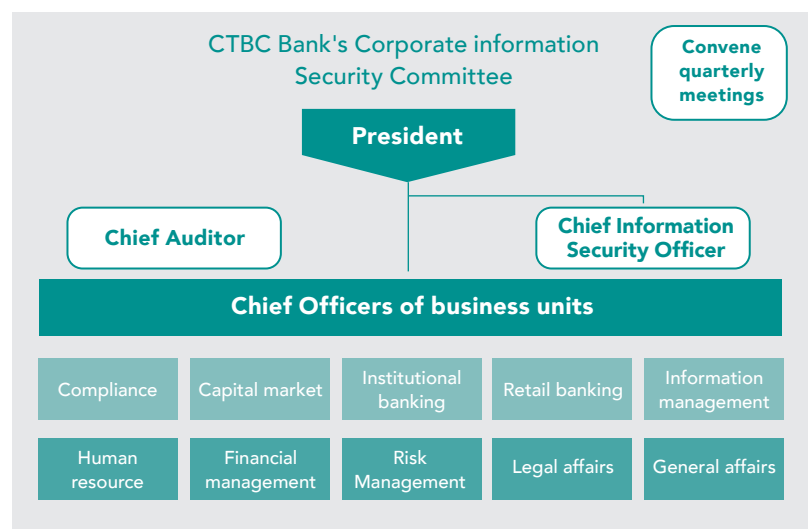
legal, financial, risk management, institutional banking, capital market, retail banking, and information management units, as well as the Chief Auditor. Committee meetings review the Bank's information security policy and relevant information security management and personal information protection measures.

### Information security officers joint committee structure

In order to manage internal control and operating procedures, we strictly require each management unit to check whether internal procedures are consistent with external regulations to avoid operational risks or violations of laws and regulations; we also require that all units perform self-evaluations on items such as risk control practice at the management level, risk identification, risk control activities and division of duties, information and communication, monitoring activities, and corrective actions.



## CTBC Bank's Corporate information Security Committee



## Information security and personal data protection

### Information security protection measures

#### Cybersecurity

- Conduct monthly public system vulnerability scanning and make improvements to reduce the system's vulnerability to attacks.
- Establish an information security joint prevention mechanism to enhance defenses against cyberattacks.
- Enforce segmentation and firewall controls to prevent viruses from spreading within the network.
- Establish a multilevel DDoS attack prevention mechanism to conduct real-time monitoring and filtering of potential DDoS attacks.
- Establish a next-generation website intrusion blocking and trajectory analysis system to prevent outer network penetration by hackers.

#### Information security

- Establish a data leakage prevention system and coordinate organizational operation procedures to reduce the risk of confidential or sensitive information leakage.
- Establish an examination system for employee personal information access to strengthen the control mechanism for personal information access.
- Establish database trajectory monitoring to clearly observe data flows.

#### Information security monitoring

- Assign designated information security incident monitoring center personnel to conduct real-time monitoring of potential information security risks.
- Adopt MITRE ATT&CK to continue enhancing information security monitoring.
- Establish a next-generation cyberattack and behavior analysis system to defend against advanced persistent threats.

#### Endpoint security

- Establish an anti-virus system along with multilevel information security monitoring mechanism to prevent virus-based attacks.
- Establish employee internet access risk management to reduce the risk of virus-based attack resulting from employee internet use.
- Establish a next-generation secure email gateway to reduce the risk of social-engineering attacks.

#### Customer protection

- Establish an anti-phishing website and anti-rogue app monitoring mechanism and establish a joint prevention mechanism with the Financial Information Sharing and Analysis Center (F-ISAC) and the 165 Anti-Fraud hotline in order to reduce customers' risk.
- Establish an email authentication mechanism to protect customers from social engineering email attacks.

### Information security threat intelligence

- Obtain major domestic and overseas information security intelligence and establish a joint prevention mechanism with the Financial Information Sharing and Analysis Center (F-ISAC).
- Establish an internal information-sharing center and properly utilize the group's resource to enhance information security intelligence management abilities.

### Application development security

- Establish application system development safety requirement, system safety check, online evaluation standard, and fix requirements.
- Strengthen the app safety development and testing mechanism and integrate it into the development kit procedures.

### Information security exercises and tests

- Conduct information security incident functional and full-scale exercises to examine the effectiveness of information security incident handling measures.
- Mandate an international information security team to conduct red team assessments to ensure the effectiveness of the defense-in-depth mechanism.
- Mandate an external information security team to periodically conduct penetration and mobile app tests to identify online safety risks.
- Design information security defense-in-depth validity test models and examine the effectiveness of information security protection mechanisms through automated information security attack simulation tools.

### Information security governance transformation project

- Strengthens Taiwan Life's cybersecurity governance and establish a cybersecurity collaborative defense mechanism. It has already obtained ISO 22301 certification for information security resilience and continues to evaluate the effectiveness of its cybersecurity insurance. These efforts are aimed at building a comprehensive information security framework to ensure security across all areas.

## Identifying information security risks and management mechanisms

The World Economic Forum's Global Risks Report consistently identifies cyberattacks, data fraud or theft, and disruption of critical information infrastructure as high-risk technology threats. 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 and evaluates their potential impact on the Company. The Bank establishes management and controls mechanisms as well as monitoring mechanisms for major risks, and the relevant evaluation results are approved by the Chief Information Security Officer. The Bank has 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. To effectively manage cybersecurity risks and mitigate potential damage caused by information security incidents, CTBC Bank is taking proactive measures by carefully evaluating and considering purchase of cybersecurity insurance. The Bank is currently conducting an analysis of the various cybersecurity insurance products available in the market to enhance its overall risk management framework for information security. In addition, we are actively training cybersecurity professionals as well as encouraging them to receive regular professional cybersecurity training. This helps them maintain a high level of awareness and sensitivity in identifying cybersecurity risks.

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. Additionally, the Personal Security Operation Center Dashboard has been implemented to empower employees to evaluate their personal cybersecurity risk exposure level and security practices. This dashboard also enables unit supervisors to identify individuals with higher level of cybersecurity risk exposure or weaker security habits. With this information, targeted educational initiatives can be provided to enhance their security awareness and practices.

To effectively manage these risks, Taiwan Life has incorporated them into its key risk indicators. The company has followed international cybersecurity standards and frameworks such as ISO 27001 and NIST CSF in establishing a multi-layer defense approach that mitigates various types of attacks. Through appropriate protective mechanisms at the network, application system, hardware, operating system, and data levels, Taiwan Life detects and blocks security threats, thereby strengthening its defenses against critical risks.

CTBC Investments has established its own Information Security Policy. The policy serves as a guideline for the division of responsibilities within the information security management organization, personnel education and training, computer hardware and software, network, and physical environment management. By adhering to the guidelines for incident response and management, the company aims to effectively respond to and manage information security incidents. These

efforts are supplemented by three information security defense systems in order to reduce information security risks. First, the Intrusion Prevention System is designed to detect and issue alerts for internet attacks or intrusion behavior. It provides real-time responses to security incidents, reducing the risk of information leakage and enhancing overall information security. Second, the advanced threat protection system is designed to detect and analyze various stages of advanced persistent threats. By cross-analyzing collected data and identifying suspicious patterns, it enables timely detection of attackers' intent before any significant damage occurs. This allows for effective countermeasures and control to minimize the spread and impact of the attack. Additionally, root cause analysis and improvement actions are conducted after incidents to reduce the likelihood of similar incidents in the future. Third, the Security Information and Event Management system assists in accurately detecting threats across the entire enterprise and setting priorities. It provides intelligent insights that facilitate rapid responses, thus reducing the impact of security incidents.

### Introduction of personal information protection and information security management systems

Major subsidiaries and operational business units have obtained certifications for relevant international information security management systems. CTBC Bank, Taiwan Life, and CTBC Insurance have obtained ISO 27001 Information Security Management System (ISMS) certification and BS 10012 Personal Information Management System (PIMS) certification. The systems undergo regular audits by internationally recognized third-party organizations, providing a higher level of professionalism and efficiency. By reducing unknown security risks and establishing a secure and trustworthy information environment, the subsidiaries are better able to protect the interests and rights of their customers. Taiwan Life has designated its Information Security Department to oversee and coordinate information security and personal data protection. It is integrating information security and personal data management across various areas, including risk assessment, policy and regulatory compliance, operational procedures, and personal data usage tracking. The subsidiary is committed to maintaining the effectiveness of its BS 10012 Personal Information Management certification and, in 2022, it became the first life insurance company in Taiwan to obtain ISO 27701 Privacy Information Management System certification. This certification demonstrates its proactive response to the FSC's Financial Cyber Security Action Plan and Emphasis on Information Security Supervision in the Insurance Industry.

CTBC Holding is actively working toward building a comprehensive personal data management framework. The relevant international certifications obtained by each subsidiary are as follows:

Company	Personal Information management system certification	Information security management system certification
CTBC Bank	BS 10012:2017 (PIMS)	ISO/IEC 27001 (ISMS)
Taiwan Life	BS 10012:2017 (PIMS) ; ISO 27701:2019 (PIMS)	ISO/IEC 27001 (ISMS)
CTBC Insurance	BS 10012:2017 (PIMS)	ISO/IEC 27001 (ISMS)
CTBC Securities	-	ISO/IEC 27001 (ISMS)

### Information gathering and joint defense

CTBC Holding has established an Information Security Monitoring Center that conducts 24/7 monitoring of the internal security environment, continuously examining changes in information systems, services, endpoint devices, and data storage devices. The center is equipped with automated anomaly detection mechanisms that trigger alerts in the case of abnormal activities. In the event of a security incident, the center follows established protocols for incident handling and reporting.

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. 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.

Taiwan Life, the Financial Information Sharing and Analysis Center (F-ISAC), CTBC Holding, and subsidiaries have established a group-wide cybersecurity collaborative mechanism to enhance cybersecurity defense. This mechanism facilitates information sharing, analysis, and coordination among the entities involved, thereby strengthening the collective defense against cybersecurity threats. CTBC Investments, in collaboration with F-ISAC, also utilizes the financial cybersecurity intelligence alert and collaboration mechanism to enhance the overall cybersecurity governance capabilities of the financial industry. This strengthens the operational procedures for financial cybersecurity collaborative defense, aiming to improve the overall cybersecurity resilience of the industry.

## Personal information management measures

CTBC Holding has established Personal Information Protection Instructions and a Personal Data Protection Statement in accordance with the relevant laws and regulations related to the protection of personal data and our commitment to sound management. The Information Security Officer or the person otherwise designated by the CTBC Holding President shall serve as the convener of the Personal Data Security Management Committee and allocate management personnel and resources for the effective implementation and supervision of the Company's personal data protection mechanisms. In order to ensure that the use of personal data meets the requirements of laws and regulations and the expectations of the Company, in the event of a personal data infringement, in addition to handling the emergency response to the infringement in accordance with the relevant provisions, the Company will report the incident to the Employee Compensation Review Committee Office and, in the case of a major personal data accident, the violator will be subject to the maximum punishment and removal from office.

CTBC Bank established Personal Information Protection Instructions as well as Personal Information Protection and Information Security Management - The Guidance, to prevent and manage the occurrence of personal data breaches or security-related events. 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.

Taiwan Life has established the Personal Data Breach Incident Emergency Response Plan, which outlines the procedures to be followed in the event of information security and personal data incidents. According to internal regulations, relevant departments are promptly notified in the event of such incidents. If necessary, an emergency response center will be established, led by a commander responsible for incident management, communication coordination, investigation assessment, and public relations with the media. The response team will work to address the incident and require the responsible units to submit detailed incident reports. Root cause analysis will be conducted to reduce the likelihood of similar incidents occurring in the future. In addition, to strictly protect customers' personal data, the information system platform displays only the minimum amount of data required for business purposes, reducing exposure opportunities. The information security defense architecture has also been strengthened, including data classification, computer internet access control, installation of data leakage prevention software on personal computers, internet isolation architecture, monitoring of abnormal network traffic, and privileged account management. These measures are in place to prevent DDoS attacks and advanced persistent

threats. Comprehensive monitoring is conducted for computer virus protection, hacker intrusion prevention, and data leakage risks. Regular reminders are issued to the relevant units for items that do not meet the standards.

CTBC Investments has established Personal Information Security Measures based on its Personal Data Management Policy. The measures regulate the collection, processing, and use of personal data in various business activities to ensure information security and prevent personal data leakage. They serve as a common set of principles for employees when collecting, processing, and using personal data, aiming to achieve the goals of personal data protection and management.

## Personal data protection and information security defense

### Information security incident exercise

Taking CTBC Bank as an example, in addition to strengthening the information security defense system every year, in 2022, the Bank conducted information security incident exercises based on scenarios such as an institutional banking personal data infringement, a decentralized service disruption, and the hacking of key external service systems. Through these exercises, the bank aimed to familiarize employees with the correct operational procedures and enhance their skills in handling such incidents. The results of the personal data protection and information security defense exercises in 2022 are as follows:

Emergency response drill scenario	Institutional banking personal breach	DDoS Attack	Critical external service system cyberattack
Drill units	Corporate Trust Department Operation Management Department Transfer Agency Department Institutional Banking Customer Service Department Compliance Department Institutional Banking IT Department I Cybersecurity Management Department Legal Affairs Department Public Relations Department	Cybersecurity Management Department Information Operations Department ISP providers Information security testing company	Institutional Banking Financial Information Department Cybersecurity Management Department Procedure Planning Department Cash Management Department Operation Management Department
Result	Successful	Successful	Successful
Material issues	N/A	N/A	N/A
Corrective measures for material issues	N/A	N/A	N/A

Taiwan Life holds regular exercises for personal data breach emergency response, information security incident reporting and response, and DDoS attacks. The company has also implemented an automated attack-defense drill mechanism to shorten the cycle of attack drills and detect vulnerabilities early for improvement, thereby strengthening defense capabilities, response capabilities, and overall information security resilience.

CTBC Investments formulates—and then executes—annual exercise plans that include the schedule, method, participating units, scenarios, and targets of the exercises. The exercises for information security incidents include but are not limited to the following scenarios. The departments/units responsible for information security take recent internal and external information security incidents into account as reference scenarios for exercises.

- Loss of media or information equipment containing customers' personal information.
- Website hacked or improperly configured, causing the leak of customers' personal information.
- Internal employees are suspected of leaking customers' personal information.
- Errors in paper or electronic notification, causing leaks of customers' personal information.
- Internet system suffers a malicious denial-of-service attack, causing an interruption to internet transactions.
- Electronic commerce (EC) system security mechanism is hacked, causing harm to customers.
- Information system is hacked, causing damage or incorrect information and preventing the system from operating correctly.

### Major information security incidents

As a result of the aforementioned efforts, in 2022, CTBC Bank and other subsidiaries did not experience any significant information security incidents<sup>5</sup>, personal data breaches, or data leakage incidents.

Subsidiary	2022 major information security incidents	2022 major personal information infringements/leaks
CTBC Bank	None	None
Taiwan Life	None	None
CTBC Securities	None	None
CTBC Investments	None	None
Taiwan Lottery	None	None

<sup>5</sup> Definition of a significant information security incident: a financial impact of NT\$5 million or more with formal investigation and intervention by the competent authority resulting in severe reputation loss

## 6.5 Sustainable supply chain

### Sustainable supply chain management

We implement our sustainable supply chain strategy across three dimensions: business ethics, environmental protection, and employee rights and welfare. We require our suppliers to prioritize CSR, ethical management, integrity, caring for and protecting the interests of employees, and upholding human rights without discrimination. CTBC Holding and our subsidiaries prioritize the use of materials and equipment that are environmentally friendly, such as those with green energy or power-saving labels, in order to reduce the impact on the environment. We strive to increase our number of green purchases and total green procurement expenditure every year. In 2023, CTBC Holding will establish Green Procurement Principles for it and subsidiaries to follow and to encourage participation by our partners. We will continue to uphold the spirit of sustainable management and move toward sustainable development together with our suppliers.

#### Supply chain management policy

In order to implement environmental sustainability and fulfill its corporate social responsibility, CTBC Holding has formulated Supplier Management Principles, 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, as listed below.

**Basic requirements**

- 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 sustainability policy

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**Evaluation and auditing**

- Assess and select outstanding vendors by using a transparent, fair, and reasonable review mechanism
- Stipulate vendor selection regulations in the procurement management regulations and establish an assessment and selection mechanism
- Comply with Financial Holding Company Act and other ESG-related laws and regulations for transactions with stakeholders and non-stakeholders
- Determine the background, financial circumstances and operating status before conducting any transactions to prevent commercial transaction risks



### Risk identification and management

- 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
- 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
- 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
- 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

### Communication and improvement

- Comply with relevant laws and regulations in order to build a healthy and safe operating environment
- Convene annual labor safety seminars and supplier meetings
- Sign labor safety outreach and management agreements on a case-by-case basis and make daily pre-work announcements of safety reminders and hazard notices

## Supplier procurement guidelines

We require suppliers to be committed to 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 guidelines
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.
IT equipment	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	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 safety regulations.
Other	The leased or purchased of official vehicles leased shall comply with the various national standards and regulations.

## Supplier management

Item	2022	2021
Total suppliers (companies)	318	250
Supplier Conference attendees (companies)	155	131
Supplier survey response rate (companies)	155	131
Supplier survey response rate (%)	100%	100%
Supplier Human Rights and Environmental Sustainability Commitment signees (companies)	318	250
Supplier Human Rights and Environmental Sustainability Commitment signees (%)	100%	100%

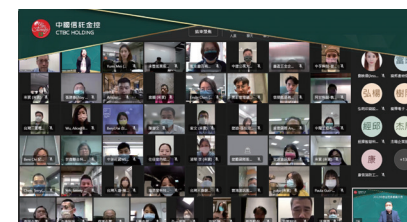
## Supplier engagements

Item	2022	2021
Total suppliers (companies)	318	250
Suppliers engaged (companies)	155	131
ESG discussion topics	Human rights management, environmental sustainability, code of conduct	Human rights management, environmental sustainability, code of conduct
Suppliers that provided improvement plans (companies)	Collecting	0

## Supplier Conference

We have held the CTBC Holding Supplier Conference annually since 2020 to proactively assist suppliers in implementing sustainable management mechanisms. The 2022 Supplier Conference was held on Dec. 9, 2022, with over 155 suppliers participating. Since the event's inception, nearly 400 suppliers have attended. At the event, CTBC Holding shared its experiences in implementing ESG practices and human rights development management. The aim was to collaborate with suppliers and align with international standards to build a sustainable supply chain.

We hope companies can leverage their influence to encourage more like-minded individuals to join the sustainable development movement. In order to enhance the provision of professional information to our suppliers collaborating with CTBC Holding, the 2022 Supplier Conference featured renowned sustainable development consultants who shared their valuable insights on implementing human rights management within enterprises. This knowledge exchange aims to mitigate human rights risks in our business operations while highlighting the pivotal role suppliers play in driving corporate sustainable development. Our objective is to forge sustainable partnerships with our suppliers, fostering shared value creation collectively.



Our 2022 Supplier Conference was held online in December last year. More than 155 of our suppliers participated.

Notably, CTBC Holding not only shares

its approach to sustainability and practical experiences through the Supplier Conference but also continually sets procurement standards for its suppliers. These standards are formulated based on three key considerations, namely business ethics, environmental protection, and employee rights and welfare. Suppliers are required to prioritize ethical management, CSR, and human rights protection and to conduct sustainable risk assessments. All suppliers are required to sign the Supplier Human Rights and Environmental Sustainability Commitment. In the event of a violation or significant risk, suppliers will be asked to make improvements. In serious cases, the supplier's contract may be terminated.

Over the past three years, all suppliers participating in the conference have responded positively and actively contributed to the development of a sustainable supply chain management mechanism.

## Responsible procurement | GRI 204-1

In line with the U.N. SDGs, CTBC Holding undertakes sustainable operations while taking into account 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 through the implementation of responsible procurement. When procuring products and services, we follow the appropriate standards regarding non-conflict area sourcing, human rights, labor welfare, environmental impact, and business ethics; this helps ensure that we work with suppliers committed to sustainable development.

## Local procurement

CTBC Holding has a long-standing policy of local procurement, and local vendors here are prioritized for all procurement cases. As Taiwan is the main operating region of CTBC Holding, in 2022, 98.95% of our supplier expenditure was with local suppliers—up from 96.1% in 2021. In net terms, the total procurement increased by NT\$11.04 billion from the previous year, with overseas procurements decreasing by NT\$146.49 million.

## Green procurement

Green procurement is a core part of CTBC Holding's sustainability efforts. Indeed, we have received the Outstanding Contribution to Green Purchasing by a Private Enterprise Award from the Environmental Protection Administration and Taipei City Government's Department of Environmental Protection for 13 and 14 consecutive years, respectively. 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. In 2022, our total amount of green procurement exceeded NT\$250.30 million, accounting for nearly 1.21% of all procurement spending.

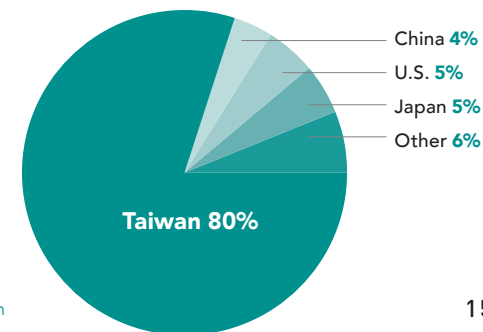
# 6.6 Tax governance | GRI 207-1, 207-2, 207-3, 207-4

## Tax policy

CTBC Holding attaches great importance to tax governance. We believe that, in addition to fulfilling our corporate sustainability goals and corporate social responsibilities, paying taxes in accordance with the law facilitates economic growth and balanced regional development. Accordingly, we have in place a robust Tax Governance Policy and the Board of Directors serves as the highest decision-making and supervisory body for tax management. This ensures the effective implementation of the following tax governance principles in compliance with the tax regulations and standards of every location we operate in:

- 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's main operating location is Taiwan, which accounted for approximately 80% of its global tax payments in 2022. The second-largest operating location is Japan. The tax distribution across regions is shown in the graph below.



Note: The amounts and proportions of tax paid in different regions by the Company in previous years are shown in the Appendix.

# Appendix

## Independent Limited Assurance Report | GRI 2-5



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### English Translation of a Report Originally Issued in Chinese

#### Independent Accountant's Limited Assurance Report

##### To CTBC Financial Holding Co., Ltd

We have been engaged by CTBC Financial Holding Co., Ltd ("CTBC") to perform a limited assurance engagement, to report on CTBC's selected sustainability performance information ("the Subject Matter") for the 2022 Sustainability Report ("the Report").

##### Selected Information and the Applicable Criteria

Regarding the Subject Matter and the applicable criteria ("Criteria"), please refer to appendix A.

##### Management's Responsibility

The CTBC management's responsible for preparation of the Report according to the rules of Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies and applicable criteria, including referencing to GRI Standards issued by Global Sustainability Standards Board. The CTBC management is responsible for selecting the Criteria, and for presenting the Report in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

##### Our Responsibility

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with Standards of Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the Accounting Research and Development Foundation in Taiwan. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a limited assurance report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.



##### Our Independence and Quality Control

We are in conformity with related independence and other ethics requirements in The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, which basic principles are integrity, objectivity, professional competence and due care and professional behavior.

We are in conformity with Standard on Quality Control 1 "Quality Control for Public Accounting Firms" to establish and maintain a sound system of quality control, including code of professional ethics, professional standards and those written policies and procedures in applicable regulations.

##### Description of procedures performed

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 a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other appropriate procedures.

Our procedures included:

- Conducted interviews with CTBC's key personnel to understand the process for collecting, collating and reporting the subject matter during the reporting period;
- Executing analytical procedures for selected information; Collecting and assessing other supporting documentation and obtaining management representation letter; When necessary, testing documentation on a sample basis;
- Tested, on a sample basis, underlying source information to check the accuracy of the data; and
- Reading CTBC's Sustainability Report to confirm with the consistency of the indicators in Sustainability Report which contribute to the selected information.



**Limitations**

Non-financial information contained within the Report are subject to measurement uncertainties. The selection of different measurement techniques can result in materially different measurement. Also assurance engagements are based on selective testing of information being examined. Any internal control is subjected to limitations. Consequently, it is not possible to detect all existing material misstatements whether resulting from fraud or error.

**Conclusion**

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the subject matter, in order for it to be in accordance with the Criteria.

Ernst & Young  
June 16, 2023  
Taipei, Taiwan, Republic of China

*Notice to Readers*  
The reader is advised that the assurance report has been prepared originally in Chinese. In the event of a conflict between the assurance report and the original Chinese version or difference in interpretation between the two versions, the Chinese language assurance report shall prevail



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**Appendix A:**

No.	Chapter	Content Title	Selected Information	Applicable Criteria	Other Description																		
1	6.4	Information security Personal data protection and information security defense	<p><b>Major information security incidents</b> As a result of the aforementioned efforts, in 2022, CTBC Bank and other subsidiaries did not experience any significant information security incidents, personal data breaches, or data leakage incidents.</p> <table border="1"> <thead> <tr> <th>Subsidiary</th> <th>2022 major information security incidents</th> <th>2022 major personal information infringements/leaks</th> </tr> </thead> <tbody> <tr> <td>CTBC Bank</td> <td>None</td> <td>None</td> </tr> <tr> <td>Taiwan Life</td> <td>None</td> <td>None</td> </tr> <tr> <td>CTBC Securities</td> <td>None</td> <td>None</td> </tr> <tr> <td>CTBC Investments</td> <td>None</td> <td>None</td> </tr> <tr> <td>Taiwan Lottery</td> <td>None</td> <td>None</td> </tr> </tbody> </table>	Subsidiary	2022 major information security incidents	2022 major personal information infringements/leaks	CTBC Bank	None	None	Taiwan Life	None	None	CTBC Securities	None	None	CTBC Investments	None	None	Taiwan Lottery	None	None	The number of information security incidents and personal information infringements/leaks in CTBC Bank and other five subsidiaries from 2022/01/01 to 2022/12/31.	Under index 1 Schedule 1-3 item 1 Article 4 of the Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies.
Subsidiary	2022 major information security incidents	2022 major personal information infringements/leaks																					
CTBC Bank	None	None																					
Taiwan Life	None	None																					
CTBC Securities	None	None																					
CTBC Investments	None	None																					
Taiwan Lottery	None	None																					
2	3.1	Sustainable Finance CTBC Poverty Alleviation Program SME financing	<p>loan balance of NTS29.84 million 435 loan cases had been approved</p> <p>In 2022 alone, we successfully processed 21,750 cases, resulting in a financing balance of NTS103,054 million.</p>	The loan balance and cases had been approved of CTBC Poverty Alleviation Program and SME financing from 2022/01/01 to 2022/12/31.	Under index 2 Schedule 1-3 item 1 Article 4 of the Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies.																		
3	3.1	Sustainable Finance Financial planning for disadvantaged people courses	By utilizing our financial expertise, we have trained volunteers and deployed them to remote regions in order to raise the understanding of disadvantaged families and children regarding finances and debt management. Unique learning modules were created for various groups, with 63 classes held in 2022. 884 people benefited from the courses in 2022.	The number of courses conducted by CTBC Bank finance management volunteers and number of participants from 2022/01/01 to 2022/12/31.	Under index 3 Schedule 1-3 item 1 Article 4 of the Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies.																		



No.	Chapter	Content Title	Selected Information	Applicable Criteria	Other Description	
4	Appendix	CTBC Bank green financing	CTBC Bank green financing		The loan balance of CTBC Bank green financing from 2022/01/01 to 2022/12/31.	Under index 4 Schedule 1-3 item 1 Article 4 of the Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies.
			Unit: NTS million			
			Green energy technologies/circular economy/green power and renewable energy industry loan balance (A)	2022 193,737		
			Green loan balance (CPS Noted Joint Collection of Green Expenditures) (B)	19,372		
Sustainability-linked loan balance (C)		19,925				
Total green financing loan balance (A+B+C)		233,034				
5	3.1 Sustainable Finance	CTBC Bank	Underwritten 5 domestic and foreign sustainable bonds, totaling approx. NTS1.46 billion		Domestic and foreign sustainable bonds and totaling approx. of CTBC Bank from 2022/01/01 to 2022/12/31.	
			Unit: NTS million			
		Taiwan Life	Type	Cumulative authorized amount as of Dec. 31, 2022		
			Sustainability bonds	Domestic	17,400	
		Foreign	18,432			
6	6.4 Information security	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 and evaluates their potential impact on the Company. The Bank 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. The Bank has set up a Security Operations Center (SOC) and conducted 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.	Information security protection and identification Ways to recognize risk of CTBC.		




No.	Chapter	Content Title	Selected Information	Applicable Criteria	Other Description
6	6.4 Information security	Identifying information security risks and management mechanisms	Additionally, the Personal Security Operation Center Dashboard has been implemented to empower employees to evaluate their personal cybersecurity risk exposure level and security practices. This dashboard also enables unit supervisors to identify individuals who have a higher level of cybersecurity risk exposure or weaker security habits. With this information, targeted educational initiatives can be provided to enhance their security awareness and practices.		Information security protection and identification Ways to recognize risk of CTBC.
			CTBC Investments has established its own Information Security Policy. The policy serves as a guideline for the division of responsibilities within the information security management organization, personnel education and training, computer hardware and software, network, and physical environment management. By adhering to the guidelines for incident response and management, the company aims to effectively respond to and manage information security incidents. These efforts are supplemented by three information security defense systems in order to reduce information security risks.		
		Item	Content		
		Cybersecurity	<ul style="list-style-type: none"> <li>● Conduct monthly public system vulnerability scanning and make improvements</li> <li>● Establish a multilevel DDoS attack prevention mechanism</li> </ul>		
Customer protection	<ul style="list-style-type: none"> <li>● Establish an anti-phishing website and anti-toque-app monitoring mechanism</li> <li>● Establish an email authentication mechanism</li> </ul>				
Information security threat intelligence	<ul style="list-style-type: none"> <li>● Establish a joint prevention mechanism with the Financial Information Sharing and Analysis Center (F-ISAC).</li> <li>● Establish an internal information-sharing center</li> </ul>				
Information security exercises and tests	<ul style="list-style-type: none"> <li>● Conduct information security incident functional and full-scale exercises</li> <li>● Mandate an international information security team to conduct red team assessments</li> <li>● Mandate an external information security team to periodically conduct penetration and mobile app tests</li> <li>● Design information security defense-in-depth validity test models</li> </ul>				
Information security governance transformation project	<ul style="list-style-type: none"> <li>● Taiwan Life obtained ISO 22301 certification for information security resilience</li> </ul>				




No.	Chapter	Content Title	Selected Information			Applicable Criteria	Other Description
			Company	Personal information management system certification	Information security management system certification		
6	6.4 Information security	Introduction of personal information protection and information security management systems	CTBC Bank	BS 10012:2017(PIMS)	ISO/IEC 27001 (ISMS)	Information security protection and identification Ways to recognize risk of CTBC.	
			Taiwan Life	BS 10012:2017(PIMS); ISO27701:2019	ISO/IEC 27001 (ISMS)		
			CTBC Insurance	BS 10012:2017(PIMS)	ISO/IEC 27001 (ISMS)		
			CTBC Securities	-	ISO/IEC 27001 (ISMS)		
7	6.1 Ethical Management	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.			whistleblowing system and procedures of CTBC.	
			CTBC Holding has established Procedures for Handling Whistleblowing Cases to govern the principles and processes of receiving, investigating, and handling whistleblowing cases. The Compliance Department is responsible for accepting whistleblowing cases in accordance with the procedures. Furthermore, a dedicated committee has been formed to investigate and review whistleblowing cases. Subsidiaries also follow the same procedures in establishing their own whistleblowing systems, aiming to enhance and cultivate a culture of integrity and transparency across the group.				
			CTBC Holding and its subsidiaries provide various whistleblowing channels (e.g., email, phone, and post), through which illegal and dishonest conduct may be reported, and reports can be made anonymously. Confidentiality is maintained throughout the investigation process and any adverse action against the whistleblower is prohibited in order to safeguard their right of work. Those accused of wrongdoing or otherwise involved in a case will have sufficient opportunities to present their statements and defenses during the investigation. If the investigation confirms the presence of illegal or dishonest behavior, appropriate disciplinary action will be taken in accordance with relevant internal regulations. Furthermore, an assessment will be conducted to determine whether improvements to operational procedures or management systems are necessary. In cases where the				



No.	Chapter	Content Title	Selected Information		Applicable Criteria	Other Description
			Selected Information	Applicable Criteria		
			reported allegations are found to be substantiated through the investigation by the dedicated committee, the progress and outcome of the investigation will be reported on a quarterly basis to the respective company's Board of Directors. Cases involving CTBC Holding or subsidiary senior executives at the level of vice president or above will be separately reported to CTBC Holding's Ethics and Integrity Committee for review on a semi-annual basis.			
8	2.4 Communication with stakeholders and materiality analysis	External environment analysis and issue selection	We referenced the following in order to identify materiality: (1)Matters of concern to stakeholders through meetings including investor conferences, supplier conference, etc. (2)International guidelines/standards, such as GRI Standards, IIRC, and SDGs (3)Financial industry-specific standards, such as SASB, PSI, PRI, EP, and GRI Financial Services Sector Supplement (4)Sustainability indexes/ratings, such as DJSI, CDP, MSCI, and FTSE4GOOD (5)Peer benchmarking analysis (6)Business environment analysis (7)Sustainability issues were identified	The process of understanding the organization's context of CTBC.		
		Identification and evaluation	Surveys were distributed to the six major stakeholder groups (including external parties), with 1,415 completed surveys with valid responses received. In addition, 12 surveys were completed by executives and colleagues of the ESG Taskforce. Both surveys entailed the comprehensive evaluation of stakeholder concerns, the impact of each issue on the Company's operations, and the environmental and social impacts associated with each issue.	The process of assessing the significance of the impacts of CTBC.		
		Confirmation and disclosure	The identification and evaluation results were reported to the Corporate Sustainability Committee and approved by the Board of Directors. Nine material issues were identified and distributed in the 2022 materiality matrix.	The process of prioritizing the most significant impacts for CTBC's reporting.		
		Positive and negative impact assessment of material issues	The assessment of these impacts was conducted by CTBC Holding's Corporate Sustainability Department, CTBC Bank's Corporate Planning Department, and CTBC Holding's Risk Management Department. These departments evaluated the respective issues, and an external consultant provided guidance and assistance in aggregating and calculating the results.	The process of identifying actual and potential impacts of CTBC.		



No.	Chapter	Content Title	Selected Information			Applicable Criteria	Other Description
			2022				
9	Appendix	Absenteeism	Number of days absent	3281.0	9519.4	12800.4	Men and women absenteeism of CTBC from 2022/01/01 to 2023/12/31.
			Absenteeism rate (%)	0.08	0.24	0.33	
10	4.2 Green operations	Water resource management	Our total water consumption in 2022 was 359,512 cubic meters			Total water consumption of CTBC from 2022/01/01 to 2023/12/31.	
11	5.1 Employee empowerment	Employee opinion surveys and communication channels	The response rate of the employee opinion survey for the quarterly review in 2022 was 99.4%, indicating strong two-way communication between management and employees. In addition, performance reviews are conducted during the year-end assessment with 98.2% of the employees agreed managers gave career advice, reminder or assistance and felt that their managers had engaged in effective communications regarding their work performance. These results reflect CTBC Holding's unwavering commitment to talent cultivation and dedication of both time and resources to achieving positive outcomes.			Employee opinion results of CTBC from 2022/01/01 to 2023/12/31.	
12	5.1 Employee empowerment	Average remuneration (women/men) in Taiwan	2022 average remuneration in Taiwan (women/men)			Average remuneration (women/men) by type of employee of CTBC from 2022/01/01 to 2023/12/31.	
			Type of employee	Fixed salary	Total compensation		
			Senior management	84%	91%		
			Non-senior management	93%	92%		
Non-management employees	95%	97%					



## ASSURANCE STATEMENT

**SGS TAIWAN LTD.'S REPORT ON MATERIALITY ANALYSIS IN THE CTBC FINANCIAL HOLDING CO., LTD.'s SUSTAINABILITY REPORT FOR 2022**

**NATURE AND SCOPE OF THE ASSURANCE**  
 SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by CTBC Financial Holding Co., Ltd. (hereinafter referred to as CTBC Holding) to conduct an independent assurance of the materiality analysis chapter in the Sustainability Report for 2022 (hereinafter referred to as the SR Report). The scope of assurance is based on the SGS Sustainability Report Assurance methodology to assess the text and data in accompanying tables contained in the materiality analysis chapter presented during verification (2023/05/26) in CTBC Holding headquarter. The assurance process did not include the evaluation of specific performance information outside the scope, such as climate-related financial disclosures (TCFD) and sustainability accounting standards (SASB).

SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

**INTENDED USERS OF THIS ASSURANCE STATEMENT**  
 This Assurance Statement is provided with the intention of informing all CTBC Holding's Stakeholders.

**RESPONSIBILITIES**  
 The information in relation to the material sustainability issue analysis process of CTBC Holding's Sustainability Report of 2022 and its presentation are the responsibility of the management of CTBC Holding. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the report content within the scope of verification with the intention to inform all CTBC Holding's stakeholders.

**ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE**  
 The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance and standards.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options	Level of Assurance
A	SGS ESG & SRA Assurance Protocols

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**SCOPE OF ASSURANCE**

The scope of the assurance included evaluation of content veracity of the materiality assessment process in determining the reported material topics (as listed below) at a moderate level of scrutiny.

Material Topics
Ethical governance
Risk management
Information security
Regulatory compliance
Customer relationship management
Social impact
Digital finance
Responsible financing
Climate change actions and strategies

**ASSURANCE METHODOLOGY**

The assurance comprised a combination of pre-assurance research, interviews with relevant superintendents in Taiwan, documentation and record review where relevant.

**LIMITATIONS AND MITIGATION**

Report content not relevant to material sustainability issue analysis process has not been reviewed nor checked back to source as part of this assurance process.

**STATEMENT OF INDEPENDENCE AND COMPETENCE**

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from CTBC Holding, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

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**FINDINGS AND CONCLUSIONS**

**ASSURANCE OPINION**

On the basis of the methodology described and the verification work performed, we are satisfied that the disclosure with inclusivity, materiality, responsiveness, and impact information in the scope of assurance is reliable, and has been fairly stated and prepared.

**CONCLUSIONS, FINDINGS AND RECOMMENDATIONS**

CTBC Holding has established effective processes for reviewing stakeholder concerns, international guidance and trends on sustainability, sector supplements, and benchmarking analysis to underpin issues that are relevant to CTBC Holding's sustainable development. A variety of engagement efforts such as survey and communication to employees, customers, investors, government authorities, communities, and suppliers are implemented to analyse stakeholder concerns. Internal ESG Taskforce supervisors and personnel were also consulted to assess the operational impact of each sustainability issue.

Formal reviews were in place to assess the environmental and social impacts of each sustainability issue. CTBC Holding has determined the material topics of 2022 based on the outcomes of the material sustainability issue analysis process. Evidence such as CTBC Holding sustainability policies, stakeholder questionnaires, impact analysis records and material topic matrix were reviewed to evaluate the content veracity of the materiality assessment process presented in CTBC Holding's Sustainability Report of 2022.

CTBC Holding has demonstrated its process on identify and fairly represented impacts that encompass a range of environmental, social and governance topics from wide range of sources, such as activities, policies, programs, decisions and products and services. The final list of material topics was reported to the Sustainability Committee and approved by CTBC Holding's Board of Directors, which were also integrated with the organisation's risk management process.

The report has properly disclosed information related to CTBC Holding's methodology on material sustainability issue analysis. For future reporting, when conducting impact assessments, CTBC Holding may determine the significance of potential/actual impacts by assessing the severity/scale and probability of occurrence using detailed criteria. Overseas subsidiaries are encouraged to be included in the scope of impact assessment to enhance the inclusivity of the material sustainability issue analysis process.

Signed:  
For and on behalf of SGS Taiwan Ltd.



Stephen Pao  
Knowledge Deputy General Manager  
Taipei, Taiwan  
19 June, 2023  
[www.sgs.com](http://www.sgs.com)

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# Sustainability indexes

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Anticorruption	Businesses should work against corruption in all its forms, including extortion and bribery	06. Governance-Ethical governance	133-138

## Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies

Article	Indicators disclosed	Corresponding chapter	Page
Article 2	At the end of the most recent fiscal year, the company falls into the food industry, chemical industry and financial and insurance industry prescribed in the Taiwan Stock Exchange Corporation Key Points for Classifying and Adjusting Categories of Industries of Listed Companies.	Report overview	2
Article 3	A listed company which meets the requirements under Article 2 of the Rules shall prepare an annual sustainability report for the preceding year by referring to the Global Reporting Initiatives (GRI) Standards published by the GRI, Sector Disclosure and other applicable rules according to its sector features. In the report, the company shall disclose its identified material economic, environmental and social topics, management approach, topic-specific disclosure, and its reporting requirements, which shall, at a minimum, meet the core option of the GRI Standards.	02. Sustainability roadmap-Sustainability governance, management and strategy	18-21
	The sustainability report mentioned in the preceding paragraph shall include relevant environmental, social and corporate governance risk assessments and lay out the performance indicators to manage the material topics identified.	02. Sustainability roadmap-Stakeholder engagement and materiality analysis	22-29
	In the sustainability report, a listed company shall disclose what Content Index of the GRI Standards corresponds to the contents of the report and specify in the report whether the topic-specific disclosures have been assured or verified by a third party.	Appendix-Sustainability indexes	161-172
	The topic-specific disclosure referred to in Paragraph 1 shall be evaluated and disclosed by adopting the standards in compliance with the rules of the competent authorities. If the competent authorities have not promulgated the applicable standards, the company shall adopt the approach of evaluation commonly used in practice.	Appendix-Independent limited assurance report	155-160

Article	Indicators disclosed	Corresponding chapter	Page
	In addition to the content referred to in the preceding article, the sustainability report prepared by a listed company shall emphasize the following matters.		
Article 4	A. Number of data breaches, percentage involving personally identifiable information, and number of account holders affected.	Appendix-Sustainability indexes	171-172
	B. Number and amount of loans outstanding qualified to programs designed to promote development of small business and communities.	A: 06. Governance-Information security	146-152
	C. Number of participants in financial literacy initiatives provided to the disadvantaged without adequate banking services.	B: 03. Sustainable finance-Impact finance	55
	D. Products and services designed by individual operating units to create benefits for the environment or society.	C: 03. Sustainable finance-Impact finance D: 03. Sustainable finance-Impact finance	54,55 37-46
Article 4, Paragraph 1	A listed company under Article 2 shall disclose the following: the company's governance around climate-related risks and opportunities, actual and potential climate-related impacts, how to identify, assess and manage climate-related risks, and metrics and targets used to assess and manage relevant climate-related issues.	04. Environmental-TCFD	76-85
Article 5	The sustainability reports prepared by the food industry and the listed companies, chemical industry and finance and insurance industry prescribed under Subparagraph 2, Paragraph 1, Article 2 of the Rules shall obtain a CPA's letter of opinion issued according to the rules published by the Accounting Research and Development Foundation, ROC; the scope thereof shall all include the reporting requirements disclosed pursuant to Items 1 to 7, Subparagraph 1, Items 1 to 4, Subparagraph 2, and Items 1 to 4, Subparagraph 3, Article 4 of the Rules.		
	The listed company prescribed under Paragraph 1, Article 2 of the Rules shall disclose the sustainability report and the link to the file of that report posted on the company's website on the internet information reporting system designated by TWSE by June 30. However, if the listed company does not prepare a sustainability in the most recent year or does not prepare the report by referring to the GRI Standards, or the sustainability report has obtained a CPA's letter of opinion according to the rules mentioned in the preceding paragraph, the filing may be completed by September 30.	Report overview 02. Sustainability roadmap-Sustainability governance, management and strategy	2 18-20
	A listed company shall establish the operational procedure for preparation and validation of the sustainability report, and include this procedure in its internal control system.		

## Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Article	Indicators disclosed	Corresponding chapter	Page
Article 3	In promoting sustainable development initiatives, TWSE/TPEX listed companies shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance.	02. Sustainability roadmap-Communication with stakeholders and materiality analysis	22-29
	TWSE/TPEX listed companies shall, in accordance with the materiality principle, conduct risk assessments of environmental, social and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy.		
Article 4	To implement sustainable development initiatives, TWSE/TPEX listed companies are advised to follow the principles below:	04. Environmental	69-89
	1. Exercise corporate governance.	05. Social	91-131
	2. Foster a sustainable environment.	06. Governance	133-154
	3. Preserve public welfare.		
	4. Enhance disclosure of corporate sustainable development information.		

Article	Indicators disclosed	Corresponding chapter	Page
Article 6	TWSE/TPEX listed companies are advised to follow the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the Code of Ethical Conduct for TWSE/TPEX Listed Companies to establish effective corporate governance frameworks and relevant ethical standards so as to enhance corporate governance.	06. Governance-Ethical governance	133-138
Article 7	<p>The directors of a TWSE/TPEX listed company shall exercise the due care of good administrators to urge the company to perform its sustainable development initiatives, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its sustainable development policies.</p> <p>The board of directors of a TWSE/TPEX listed company is advised to give full consideration to the interests of stakeholders, including the following matters, in the company's furtherance of its sustainable development objectives:</p> <ol style="list-style-type: none"> <li>1. Identifying the company's sustainable development mission or vision, and declaring its sustainable development policy, systems or relevant management guidelines;</li> <li>2. Making sustainable development the guiding principle of the company's operations and development, and ratifying concrete promotional plans for sustainable development initiatives; and</li> <li>3. Enhancing the timeliness and accuracy of the disclosure of sustainable development information.</li> </ol> <p>The board of directors shall appoint executive-level positions with responsibility for economic, environmental, and social issues resulting from the business operations of a TWSE/TPEX listed company, and to report the status of the handling to the board of directors. The handling procedures and the responsible person for each relevant issue shall be concrete and clear.</p>	02. Sustainability roadmap-Sustainable governance, management, and strategy 06. Governance-Ethical governance	18-21 133-138
Article 8	TWSE/TPEX listed companies are advised to, on a regular basis, organize education and training on the promotion of sustainable development initiatives, including promotion of the matters prescribed in paragraph 2 of the preceding article.	05. Social-Attracting and developing talent 06. Governance-Ethical governance	97-104 133-138
Article 9	<p>For the purpose of managing sustainable development initiatives, TWSE/TPEX listed companies are advised to create a governance structure for promotion of sustainable development, and establish an exclusively (or concurrently) dedicated unit to be in charge of proposing and enforcing the sustainable development policies, systems, or relevant management guidelines, and concrete promotional plans and to report on the same to the board of directors on a periodic basis.</p> <p>TWSE/TPEX listed companies are advised to adopt reasonable remuneration policies, to ensure that remuneration arrangements support the strategic aims of the organization, and align with the interests of stakeholders.</p> <p>It is advised that the employee performance evaluation system be combined with sustainable development policies, and that a clear and effective incentive and discipline system be established.</p>	02. Sustainability roadmap-Sustainability governance, management and strategy 05. Social-Employee empowerment 06. Governance-Ethical governance	18-21 92-96 136,137
Article 10	TWSE/TPEX listed companies shall, based on respect for the rights and interests of stakeholders, identify stakeholders of the company, and establish a designated section for stakeholders on the company website; understand the reasonable expectations and demands of stakeholders through proper communication with them, and adequately respond to the important sustainable development issues which they are concerned about.	02. Sustainability roadmap-Communication with stakeholders and materiality analysis	22-29
Article 11	TWSE/TPEX listed companies shall follow relevant environmental laws, regulations and international standards to properly protect the environment and shall endeavor to promote a sustainable environment when engaging in business operations and internal management.	04. Environmental-Green operations 04. Environmental-TNFD	72-76 86-89
Article 12	TWSE/TPEX listed companies are advised to endeavor to utilize energy more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.	04. Environmental-Green operations	72-76

Article	Indicators disclosed	Corresponding chapter	Page
Article 13	<p>TWSE/TPEX listed companies are advised to establish proper environment management systems based on the characteristics of their industries. Such systems shall include the following tasks:</p> <ol style="list-style-type: none"> <li>1. Collecting sufficient and up-to-date information to evaluate the impact of the company's business operations on the natural environment.</li> <li>2. Establishing measurable goals for environmental sustainability, and examining whether the development of such goals should be maintained and whether it is still relevant on a regular basis.</li> <li>3. Adopting enforcement measures such as concrete plans or action plans, and examining the results of their operation on a regular basis.</li> </ol>	04. Environmental-Green operations	72-76
Article 14	<p>TWSE/TPEX listed companies are advised to establish a dedicated unit or assign dedicated personnel for drafting, promoting, and maintaining relevant environment management systems and concrete action plans, and should hold environment education courses for their managerial officers and other employees on a periodic basis.</p>	04. Environmental-Green operations	72-76
Article 15	<p>TWSE/TPEX listed companies are advised to take into account the effect of business operations on ecological efficiency, promote and advocate the concept of sustainable consumption, and conduct research and development, procurement, production, operations, and services in accordance with the following principles to reduce the impact on the natural environment and human beings from their business operations:</p> <ol style="list-style-type: none"> <li>1. Reduce resource and energy consumption of their products and services.</li> <li>2. Reduce emission of pollutants, toxins and waste, and dispose of waste properly.</li> <li>3. Improve recyclability and reusability of raw materials or products.</li> <li>4. Maximize the sustainability of renewable resources.</li> <li>5. Enhance the durability of products.</li> <li>6. Improve efficiency of products and services.</li> </ol>	04. Environmental-Green operations 05. Governance-Sustainable supply chain	72-76 152-154
Article 16	<p>To improve water use efficiency, TWSE/TPEX listed companies shall properly and sustainably use water resources and establish relevant management measures.</p> <p>TWSE/TPEX listed companies shall construct and improve environmental protection treatment facilities to avoid polluting water, air and land, and use their best efforts to reduce adverse impact on human health and the environment by adopting the best practical pollution prevention and control measures.</p>	04. Environmental-Green operations	72-76
Article 17	<p>TWSE/TPEX listed companies are advised to assess the current and future potential risks and opportunities that climate change may present to enterprises and to adopt related measures.</p> <p>TWSE/TPEX listed companies are advised to adopt standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:</p> <ol style="list-style-type: none"> <li>1. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the company.</li> <li>2. Indirect greenhouse gas emissions: emissions resulting from the utilization of energy such as imported electricity, heating, or steam.</li> <li>3. Other indirect emissions: emissions resulting from corporate activities that are not indirect emissions from energy, but are from other sources of emissions owned or controlled by the company.</li> </ol> <p>TWSE/TPEX listed companies are advised to compile statistics on greenhouse gas emissions, volume of water consumption and total weight of waste and to establish policies for energy conservation, carbon and greenhouse gas reduction, reduction of water consumption or management of other wastes. The companies' carbon reduction strategies should include obtaining carbon credits and be promoted accordingly to minimize the impact of their business operations on climate change.</p>	04. Environmental-Green operations 04. Environmental-TCFD	72-76 76-85



Article	Indicators disclosed	Corresponding chapter	Page
Article 18	<p>TWSE/TPEX listed companies shall comply with relevant laws and regulations, and the International Bill of Human Rights, with respect to rights such as gender equality, the right to work, and prohibition of discrimination.</p> <p>A TWSE/TPEX listed company, to fulfill its responsibility to protect human rights, shall adopt relevant management policies and processes, including:</p> <ol style="list-style-type: none"> <li>1. Presenting a corporate policy or statement on human rights.</li> <li>2. Evaluating the impact of the company's business operations and internal management on human rights, and adopting corresponding handling processes.</li> <li>3. Reviewing on a regular basis the effectiveness of the corporate policy or statement on human rights.</li> <li>4. In the event of any infringement of human rights, the company shall disclose the processes for handling of the matter with respect to the stakeholders involved.</li> </ol>	05. Social-Employee empowerment	91-112
Article 19	<p>TWSE/TPEX listed companies shall comply with the internationally recognized human rights of labor, including the freedom of association, the right of collective bargaining, caring for vulnerable groups, prohibiting the use of child labor, eliminating all forms of forced labor, eliminating recruitment and employment discrimination, and shall ensure that their human resource policies do not contain differential treatments based on gender, race, socioeconomic status, age, or marital and family status, so as to achieve equality and fairness in employment, hiring conditions, remuneration, benefits, training, evaluation, and promotion opportunities.</p> <p>TWSE/TPEX listed companies shall provide an effective and appropriate grievance mechanism with respect to matters adversely impacting the rights and interests of the labor force, in order to ensure equality and transparency of the grievance process. Channels through which a grievance may be raised shall be clear, convenient, and unobstructed. A company shall respond to any employee's grievance in an appropriate manner.</p>	05. Social-Employee empowerment	91-112
Article 20	<p>TWSE/TPEX listed companies shall provide information for their employees so that the employees have knowledge of the labor laws and the rights they enjoy in the countries where the companies have business operations.</p>	05. Social-Employee empowerment	91-112
Article 20	<p>TWSE/TPEX listed companies are advised to provide safe and healthful work environments for their employees, including necessary health and first-aid facilities and shall endeavor to curb dangers to employees' safety and health and to prevent occupational accidents.</p>	05. Social-Creating a healthy workplace	108-109
Article 20	<p>TWSE/TPEX listed companies are advised to organize training on safety and health for their employees on a regular basis.</p>	05. Social-Promote a safe workplace	109-112
Article 21	<p>TWSE/TPEX listed companies are advised to create an environment conducive to the development of their employees' careers and establish effective training programs to foster career skills.</p> <p>TWSE/TPEX listed companies shall establish and implement reasonable employee welfare measures (including remuneration, leave and other welfare etc.) and appropriately reflect the business performance or achievements in the employee remuneration, to ensure the recruitment, retention, and motivation of human resources, and achieve the objective of sustainable operations.</p>	05. Social-Employee empowerment	91-112
Article 22	<p>TWSE/TPEX listed companies shall establish a platform to facilitate regular two-way communication between the management and the employees for the employees to obtain relevant information on and express their opinions on the company's operations, management and decisions.</p> <p>TWSE/TPEX listed companies shall respect the employee representatives' rights to bargain for the working conditions, and shall provide the employees with necessary information and hardware equipment, in order to improve the negotiation and cooperation among employers, employees and employee representatives.</p> <p>TWSE/TPEX listed companies shall, by reasonable means, inform employees of operation changes that might have material impacts.</p>	05. Social-Employee empowerment	91-112

Article	Indicators disclosed	Corresponding chapter	Page
<a href="#">Article 22-1</a>	TA TWSE/TPEX listed company is advised to treat customers or consumers of its products or services in a fair and reasonable manner, including according to the following principles: fairness and good faith in contracting, duty of care and fiduciary duty, truthfulness in advertising and soliciting, fitness of products or services, notification and disclosure, commensuration between compensation and performance, protection of the right to complain, professionalism of salespersons etc. Said company shall also develop the relevant strategies and specific measures for implementation.	03. Sustainable finance-Impact finance	37-61
<a href="#">Article 23</a>	TWSE/TPEX listed companies shall take responsibility for their products and services, and take marketing ethics seriously. In the process of research and development, procurement, production, operations, and services, the company shall ensure the transparency and safety of their products and services. They further shall establish and disclose policies on consumer rights and interests, and enforce them in the course of business operations, in order to prevent the products or services from adversely impacting the rights, interests, health, or safety of consumers.	03. Sustainable finance-Impact finance	37-61
<a href="#">Article 24</a>	TWSE/TPEX listed companies shall ensure the quality of their products and services by following the laws and regulations of the government and relevant standards of their industries. TWSE/TPEX listed companies shall follow relevant laws, regulations and international guidelines in regard to customer health and safety and customer privacy involved in, and marketing and labeling of, their products and services and shall not deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.	03. Sustainable finance-Impact finance	37-61
<a href="#">Article 25</a>	TWSE/TPEX listed companies are advised to evaluate and manage all types of risks that could cause interruptions in operations, so as to reduce the impact on consumers and society. TWSE/TPEX listed companies are advised to provide a clear and effective procedure for accepting consumer complaints to fairly and timely handle consumer complaints, shall comply with laws and regulations related to the Personal Information Protection Act for respecting consumers' rights of privacy and shall protect personal data provided by consumers.	03. Sustainable finance-Impact finance	37-61
<a href="#">Article 26</a>	TWSE/TPEX listed companies are advised to assess the impact their procurement has on society as well as the environment of the community that they are procuring from, and shall cooperate with their suppliers to jointly implement the corporate social responsibility initiative. TWSE/TPEX listed companies are advised to establish supplier management policies and request suppliers to comply with rules governing issues such as environmental protection, occupational safety and health or labor rights. Prior to engaging in commercial dealings, TWSE/TPEX listed companies are advised to assess whether there is any record of a supplier's impact on the environment and society, and avoid conducting transactions with those against corporate social responsibility policy. When TWSE/TPEX listed companies enter into a contract with any of their major suppliers, the content should include terms stipulating mutual compliance with corporate social responsibility policy, and that the contract may be terminated or rescinded any time if the supplier has violated such policy and has caused significant negative impact on the environment and society of the community of the supply source.	06. Governance-Sustainable supply chain	152-154
<a href="#">Article 27</a>	TWSE/TPEX listed companies shall evaluate the impact of their business operations on the community, and adequately employ personnel from the location of the business operations, to enhance community acceptance. TWSE/TPEX listed companies are advised to, through equity investment, commercial activities, endowments, volunteering service or other charitable professional services etc., dedicate resources to organizations that commercially resolve social or environmental issues, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.	05. Social-Community investment	113-127

Article	Indicators disclosed	Corresponding chapter	Page
	TWSE/TPEX listed companies shall disclose information according to relevant laws, regulations and the Corporate Governance Best Practice Principles for TWSE/TPEX listed Companies and shall fully disclose relevant and reliable information relating to their sustainable development initiatives to improve information transparency.		
	Relevant information relating to sustainable development which TWSE/TPEX listed companies shall disclose includes:		
Article 28	1. The policy, systems or relevant management guidelines, and concrete promotion plans for sustainable development initiatives, as resolved by the board of directors.	02. Sustainability roadmap-Sustainability governance, management and strategy	18-21
	2. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.	02. Sustainability roadmap-Stakeholder engagement and materiality analysis	22-29
	3. Goals and measures for promoting the sustainable development initiatives established by the companies, and performance in implementation.	02. Sustainability roadmap-Sustainability goals and performance	30-35
	4. Major stakeholders and their concerns.	06. Governance-Sustainable supply chain	152-154
	5. Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues.		
	6. Other information relating to sustainable development initiatives.		
	TWSE/TPEX listed companies shall adopt internationally widely recognized standards or guidelines when producing sustainability reports, to disclose the status of their implementation of the sustainable development policy. It also is advisable to obtain a third-party assurance or verification for reports to enhance the reliability of the information in the reports. The reports are advised to include:	Report overview	2
Article 29	1. The policy, system, or relevant management guidelines and concrete promotion plans for implementing sustainable development initiatives.	02. Sustainability roadmap-Sustainability governance, management and strategy	18-21
	2. Major stakeholders and their concerns.	02. Sustainability roadmap-Stakeholder engagement and materiality analysis	22-29
	3. Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.	02. Sustainability roadmap-Sustainability goals and performance	30-35
	4. Future improvements and goals.	Appendix-Independent limited assurance report	155-160

## Sustainable Accounting Standards Board, SASB

Code	Accounting metric(s)	Corresponding chapter	Pages
FN-CF-220a.2	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	No such record	150-152
FN-CF-230a.1 FN-CB-230a.1	(1) Number of data breaches (2) percentage involving personally identifiable information (PII) (3) number of account holders affected	06. Governance-Information security	150-152
FN-CF-230a.3 FN-CB-230a.2	Description of approach to identifying and addressing data security risks	06. Governance-Information security	148-150
FN-CB-240a.1	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	03. Sustainable finance-Financial inclusion	54-55

Code	Accounting metric(s)	Corresponding chapter	Pages
FN-CB-240a.3	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	03. Sustainable finance-Impact finance	54-57
FN-CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	03. Sustainable finance-Impact finance	55
FN-CB-410a.1	Commercial and industrial credit exposure, by industry.	06. Governance-Risk management 2022 CTBC Holding Annual Report	144-145 446-451
FN-CB-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	03. Sustainable finance-Impact finance	37,38,47-49
FN-CB-510a.1	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	2022 CTBC Holding Annual Report	274-277
FN-CB-510a.2	Description of whistleblower policies and procedures	06. Governance-Ethical governance	137,138
FN-CB-550a.2	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	06. Governance-Risk management	143

## Social responsibility ISO 26000

Core Subject	Corresponding chapter	Pages
Organizational Governance	02. Sustainability roadmap-Sustainability governance, management and strategy	18-21
	06. Governance-Ethical governance	133-138
Human rights	03. Sustainable finance-Impact finance	45
	05. Social-Employee empowerment	91-112
Labour practices	05. Social-Employee empowerment	91-112
	04. Environmental-Green operations	72-76
Environment	04. Environmental-TCFD	76-85
	04. Environmental-TNFD	86-89
Fair operating practices	03. Sustainable finance-Impact finance	37-61
	06. Governance-Ethical governance	137,138
	06. Governance-Information security	150,151
	06. Governance-Sustainable supply chain	152-154
Consumer issues	03. Sustainable finance-Impact finance	57-61
	06. Governance-Information security	150-152
Community involvement and development	03. Sustainable finance-Innovative digital banking	62-67
	05. Social-Employee empowerment	107-112
	05. Social-Community investment	113-127

## Sustainability KPIs

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 performance for each of the nine material issues as follows:

Material topic	Importance in our operations	Response strategy	Medium-term target (2027)
Ethical 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 participate in relevant domestic and international assessments and certifications</li> <li>4. Enhance the quality of shareholders' meetings and ensure the equal treatment of shareholders</li> </ol>	Maintain a highly rating in governance-related assessments
			Continue to improve corporate governance reputation
			Expand the CTBC group's governance system
			Optimize the CTBC group's meeting procedures
			Enhance the quality of shareholders' meetings and ensure the equal treatment of shareholders
	Integrity is a key value of CTBC Holding. 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, assess the risk of unethical conduct, 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> </ol>	Continue to implement ethical governance
<ol style="list-style-type: none"> <li>3. Ensure operating procedures 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>			

Material topic	2023 goals	2022 goals	2022 performance	
Ethical governance	Maintain a highly rating in governance-related assessments	Continue being selected as a constituent stock of international indices or maintain highly rankings in governance-related assessments	100% completed	
	Disclose governance-related information transparently and timely	Optimized the corporate governance section on the official website	The information disclosed in the corporate governance section on the official website was more user-friendly and summarized	
	Strengthen governance-related regulations and institutions	Maintain a majority of external directors in CTBC Holding and key subsidiaries (CTBC Bank, Taiwan Life, and CTBC Securities)		100% completed
		Diversify the composition of CTBC Holding's Board (e.g., in professional experience, gender, and age)		<ul style="list-style-type: none"> <li>• Maintained a majority of independent directors</li> <li>• The new term of the Board added a woman director</li> <li>• Every director owns different expertise and experience</li> </ul>
		Continue to arrange refresher courses for directors		The Company arranged five training courses for directors, namely "Global Technology Risks and Information Security Governance Strategies," "Net Zero Future: Board ESG Decision-making," "Principles of Treating Customers Fairly," "Global Trends in AML/CFT," and "The Responsibility of Directors and Operation of Board Meetings"
		Continue to include the number of hours of study for directors as a measure of their performance		The annual training hours for all directors totaled 89 (an average of 12.7 hours per person), exceeding the statutory requirement
		Continue to ensure all corporate governance and secretariat unit personnel pass the basic corporate governance competence test		As of November 2022, all corporate governance personnel and personnel in the secretariat unit passed the basic corporate governance competence test
	Enhance the efficiency of Board meetings	Continue to raise the Board's awareness of sustainable development (ESG)		Starting from the second half of 2022, provide quarterly reports to the Board on the planning and implementation status of the group's greenhouse gas inventory and verification schedule
		Continue to update the content of the directors' performance manual		Completed the update of the directors' performance manual
	Support shareholder activism and information rights		(Target newly set in 2023)	(Target newly set in 2023)
	Comply with the principles of integrity	Maintain the implementation rate of the annual ethical management education and training at 100%		100% completed
		Continue to report to the Ethics and Integrity Committee and the Board of Directors every six months on the implementation status of ethical management		100% completed
		Have Board directors and senior executives sign the Declaration of Compliance with Ethical Corporate Management Standards upon appointment		100% completed
Enhance the group wide evaluation mechanism for unethical conduct		Assess the scope based on actual conditions, and conduct annual evaluations on business activities that have higher risks of unethical conduct	Completed the assessment of unethical conduct included CTBC Holding and key subsidiaries (CTBC Bank, Taiwan Life, CTBC Insurance and CTBC Securities etc.)	

Material topic	Importance in our operations	Response strategy	Medium-term target (2027)
Risk management	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	Assurance service: Conduct audit work to ensure the implementation of the internal control system based on regulations and internal policies and procedures	N/A
	2. The internal control and operational procedures shall be managed to avoid operational risks or illegal deficiencies	Quality assurance: Develop an ongoing Quality Assurance and Improvement Program (QAIP)	N/A
	<b>CTBC Bank:</b> Optimize the risk management mechanism for overseas branches in order to support the stable expansion of the Bank's businesses	The Bank's subsidiaries strengthen their three lines of defense in the internal control system	The Bank's subsidiaries strengthen their three lines of defense in the internal control system
	<b>Taiwan Life:</b> Improve the own risk and solvency assessments and business objectives	Continue to optimize the Bank's risk identification abilities, risk management system, risk modules, and management system	Maintain and strengthen the Bank's risk-bearing capacity as a D-SIB
Information security	<b>CTBC Bank:</b> In the face of rapidly evolving information security threats, CTBC Bank protects the information and rights of customers through corporate information security governance and technology measures, and safeguards financial services and corporate information and assets	Efficiently identify, measure, respond to, and monitor various business risks and control potential risks within acceptable levels to achieve a reasonable balance between risk and return	Continue to improve the links of the own risk and solvency assessments with business objectives, investment plans, capital management, and risk management in order to optimize risk appetite management
	<b>Taiwan Life:</b> To ensure information security, Taiwan Life prioritizes proactive measures and response preparations. It employs five key strategies, namely information security governance, defensive security, monitoring and response, intelligence sharing and joint defense, and personal information protection, to establish comprehensive and robust information security and safeguard personal information. By minimizing the occurrence of unforeseen incidents and penalties, the company upholds its corporate reputation	1. Long-term planning investment: Prepare, optimize, and implement a five-year plan for information security 2. Key risks: Identify and establish key indicators and focus on the management of key risks	1. Major personal data breach: 0 per year 2. Major information security incidents: 0 per year 3. Third-party network security rating: Average annual rating is the first level 4. Automatic intelligence sharing and joint defense: The intelligence of more than 3 items is automatically shared, and defense is joint 5. Strengthen emerging technologies and responses to threats and risks; number of security issues exposed: 0 6. Build a zero-trust network architecture: Completed implementing more than 1 item
		<b>continue to be selected in the DJSI</b> 1. In accordance with the Financial Supervisory Commission's Financial Cyber Security Action Plan 2.0 and continue to enhance the supervisory role of management in information security 2. Consider information security risks when making business decisions, foster an organizational culture that values information security, and establish more mature information security governance	<b>Information security governance:</b> Make adjustments and improvements based on the assessment of the maturity of information security governance, continue to be selected in the DJSI, and strive for recognition in awards related to information security
		<b>Information security protection:</b> 1. Build a zero-trust network architecture, establish an automated information security incident response system, and enhance digital resilience 2. Continuously monitor emerging technologies for information security threats and enhance protection technologies for physical, network, endpoints, servers, and database systems	<b>Information security protection:</b> Information security/personal information incidents reported to the competent authorities: 0
	<b>Cyber resilience:</b> 1. Establish an automated information security and intelligence sharing mechanism to create a financial cybersecurity joint defense system 2. Continue to improve the real-time and the effectiveness of information security incidents, monitor the correlation analysis of intelligence, and enhance collaborative operational efficiency 3. Investigate and handle intelligence from the Financial Information Sharing and Analysis Center, groups, and news promptly, enhance cross-organizational coordination and communication, and assistant and response capabilities 4. Maintain the effectiveness of information security and personal data protection management systems certification, and continue to promote the integration of information security and personal data management to ensure customer privacy and security	<b>Cyber resilience:</b> Maintain the effectiveness of information security, protection of personal data, and cyber resilience and other management system certifications	

Material topic	2023 goals	2022 goals	2022 performance
Risk management	Conduct annual auditing based on relevant laws, regulations, and risk assessment results: 26 full-scope/limited-scope audits, 2 special audits	Conduct annual auditing based on relevant laws, regulations, and risk assessment results: 26 full-scope/limited-scope audits, 1 special audit	100% completed: 26 full-scope/limited-scope audits, 2 special audits
	Conduct a QAIP assessment of the internal audit unit of CTBC Holding at least once	Conduct a QAIP assessment of the internal audit unit of CTBC Holding at least once	100% completed: twice
	N/A (BAU operations have been established and do not require follow-up)	Overseas branches/subsidiaries operate quarterly through BRCC meetings	100% completed
	Develop agile risk management systems to respond effectively and support business development, and keep up with the trends in international risk management while complying with BASEL III	Reduce financial impacts while BIS complies with the DSIBs regulations	The Bank mitigated financial impacts by developing proactive risk management and early warning mechanisms and optimizing its risk management techniques
	Strengthen asset-liability management to comply with IFRS 17 and the new risk-based capital system (RBC2)	Perform quarterly economic value evaluations	100% completed: Performed quarterly economic value evaluations and reported them during IFRS 17 implementation meetings
Information security	<ul style="list-style-type: none"> <li>1. Major personal data breach: 0</li> <li>2. Major information security incidents: 0</li> <li>3. Build third-party network security rating mechanisms</li> <li>4. Establish an automated integration application mechanism for information security and intelligence</li> </ul>	<ul style="list-style-type: none"> <li>1. Major personal data breach: 0</li> <li>2. Major information security incidents: 0</li> </ul>	100% completed
	<ul style="list-style-type: none"> <li>1. Unaddressed high- and medium-risk vulnerabilities of external website's system and source code: 0</li> <li>2. Companywide infection rate of computer viruses or worms: &lt; 1%</li> <li>3. Coverage of ISMS certification: 100% of the information systems under the Information Technology Department</li> <li>4. Coverage of PIMS certification: 100% of department</li> </ul>	<ul style="list-style-type: none"> <li>1. Unaddressed high- and medium-risk vulnerabilities of external website's system and source code: 0</li> <li>2. Companywide infection rate of computer viruses or worms: &lt; 1%</li> <li>3. Coverage of ISMS certification: 100% of the information systems under the Information Technology Department</li> <li>4. Coverage of PIMS certification: 100% of department</li> </ul>	100% completed



Material topic	Importance in our operations	Response strategy	Medium-term target (2027)
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	Establish a culture of compliance within the Company, and ensure regulatory compliance by maintaining comprehensive rules and regulations as well as concrete management mechanisms	Fully digitalize routine compliance affairs to reduce labor and time consumption and improve the efficiency of compliance operations  Continue to optimize and implement various compliance management mechanisms and effectively monitor the compliance of the Company's overall operations
Climate change actions and strategies	A global consensus on the need for a low-carbon economy is gradually forming, prompting competent authorities in Taiwan and abroad to introduce climate-related transition risk regulations. In addition, the increasing frequency of climate-related physical risk events may affect the operations and profitability of CTBC Holding.	International standards, such as those of the PCAF, are incorporated following the TCFD framework, and methodologies for climate-related scenario analysis are developed to integrate risk issues into the group's strategies and risk management framework	Strengthen the measurement and management of climate risks and expand the use of the Company's financial influence to promote low-carbon transitions
Digital finance	Key technologies keep Taiwan in the leading position, and the overall digital competitiveness of the group is improved through the transformation of technology platforms	<ol style="list-style-type: none"> <li>1. Provide the best products and customer experience to support business objectives</li> <li>2. Forward-looking exploration and long-term strategic planning</li> <li>3. Focus on information transformation projects to empower businesses to be competitive</li> </ol>	Digital customer satisfaction rate: > 90% Digital transaction rate: > 90% Mobile application utilization rate: > 95% Mobile policy owner service rate: > 95%
Responsible financing	<b>CTBC Bank:</b> 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	Provide customers with sustainable finance products, such as green loans, sustainability-linked loans, and "ESG portfolio lending," and satisfy customers' needs by providing a variety of products	Maintain a leading position in the green energy finance market <hr/> NA <hr/> NA
	<b>Taiwan Life:</b> Sustainable finance has become a critical global concern. In addition to considering investment returns, companies have a social responsibility to promote ecological balance and address climate change-related factors. To expand our influence, Taiwan Life carefully manages every dollar of capital entrusted to it by customers and investors. We not only contribute to global sustainable development but also implement the U.N. SDGs	By incorporating responsible investment processes, the Company actively supports energy transition-related investment and financing projects. It also increases its renewable energy positions and advocate for sustainable finance	NA <hr/> Strengthen stewardship and demonstrate shareholder's ownership through ongoing engagements, and expand influence on invested companies to achieve sustainable development <hr/> ESG investment and financing positions total: NT\$55 billion <hr/> <ol style="list-style-type: none"> <li>1. Prepare a comprehensive range of health promotion products</li> <li>2. Optimize and revise the insurance policies for the impairments</li> </ol> <hr/> In Q4, AUM that complies with the ESG-themed targets accounted for 20.0%.

Material topic	2023 goals	2022 goals	2022 performance
Regulatory compliance	Continue to develop and promote the digitalization of compliance affairs and enhance the efficiency of compliance management	Continue maintaining the compliance and AML/ CFT training program for new employees	Training materials were updated to align with internal and external regulations, and the completion rate for new employee training was 100%
	Effectively monitor the group's compliance risks and respond to risk events in real time	Thoroughly monitor compliance risk events within the group	The immediate reporting rate of the group's material penalties and major compliance alerts was 100%
	Supervise the implementation of risk-based compliance inspections to strengthen the awareness of the subsidiaries' frontline staff	Strengthen the efficiency of the group's AML/CFT information-sharing mechanism	The group's AML/CFT information-sharing operations were systematized
	Continue to cultivate compliance talents and strengthen education and training on compliance	Optimize the whistleblowing program to improve case-handling efficiency	The optimization of whistleblowing case handling and reporting procedures were completed
Climate change actions and strategies	Enhance the scope of the group's financed emissions inventory in accordance with the PCAF methodology	Integrate climate risk factors into business processes and strengthen risk governance procedures	The ESG Taskforce held 4 meetings to track climate risk factors and opportunities as well as response measures
	Improve the methodology for climate risk scenario analysis and extend the scope of evaluation	Improve the methodology for climate risk scenario analysis and extend the scope of evaluation	Climate risk scenario analysis was conducted with reference to internationally accepted scenarios such as those of the NGFS and IPCC
	Comply with the TCFD framework to improve climate change-related financial disclosures	Comply with the TCFD framework to improve climate change-related financial disclosures	Climate risk-related metrics were disclosed in the 2022 Sustainability Report in accordance with the TCFD framework, and the 2021 Climate-related Scenario Analysis (Sustainability Report Supplementary Document) was published in late 2022
	Continue to engage in green investment and financing	Continue to engage in green investment and financing	Green energy (wind power, solar power) risk exposure totaled NT\$48.17 billion
Digital finance	Digital customer satisfaction rate: > 90%	Digital customer satisfaction rate: > 90%	Digital customer satisfaction rate: 90%
	Digital transaction rate: > 90%	Digital transaction rate: > 85%	100% completed: Digital transaction rate: 94%
ESG	Mobile application utilization rate: 95%	Mobile application utilization rate: 95%	Mobile application utilization rate: 98.7%
	Mobile policy owner service rate: 85%	Mobile policy owner service rate: 70%	Mobile policy owner service rate: 83.0%
	Mobile claims utilization rate: 30%	Mobile claims utilization rate: 30%	Mobile claims utilization rate: 18.84%
	ESG responsible financing balance: NT\$250 billion	Strive to be the lead arranger and/or financial adviser for renewable energy (including offshore wind, solar, and thermal power) financing and assist customers to achieve their financing goals	100% completed
	ESG responsible financing balance: NT\$250 billion	ESG responsible financing balance: NT\$250 billion	100% completed
NA	Annually disclose Equator Principles case data	100% completed	
NA	Continue to offer ESG products and services	ESG products and services sales volume: NT\$9 billion	
NA	Establish a carbon emission management mechanism and regularly disclose quantitative information on climate risks	Conducted carbon emission and industry investment analysis of fixed-income investment positions and formulated subsequent position control mechanisms	
		Increase investments in companies that adopt the SBTi standards	100% completed: Increase in invested companies that have proposed adopting the SBTi standards: 10%
	ESG investment and financing positions total: NT\$50 billion	Increase sustainable financial investment and financing	100% completed: ESG investment and financing positions totaled approximately NT\$49.7 billion, representing annual growth of approximately 20%
	Continue to develop ESG insurance products (for health promotion, older adults, and disadvantaged groups)	Develop products that focus on health/vulnerable groups/seniors; expected to develop 6 new products	Long-term health promotion products with spillover effects were launched on Dec. 30; the company originally aimed for 3 policies with spillover effects, but 5 such policies have been introduced
	AUM that comply with the ESG-themed targets: 10.5% by Q4	AUM that comply with the ESG-themed targets: 5% by Q4	100% completed: AUM that comply with the ESG-themed targets: 8%

Material topic	Importance in our operations	Response strategy	Medium-term target (2027)
Customer relationship management	<p><b>CTBC Bank</b> Implement the CTBC's slogan "We are family." Fair customer treatment is the core of CTBC's corporate culture. It values the financial service needs of different customers and enhances the overall experience between customers and the Company.</p> <p><b>Taiwan Life</b> 1. Claims: The nature of the insurance industry requires us to provide warm, professional service in order to meet customer expectations and needs. 2. Policy service: Taiwan Life's official website shall integrate query pages and increase the number of online transaction services to 24.</p>	<p><b>CTBC Bank</b> Become a customer-centric, full-service retail bank.</p> <p>1. Work efficiency: Make faster claims application payments. 2. Customer satisfaction: Better manage and control our claims complaint rate. 3. Service quality: Use apps to optimize our customer experience. 4. Digital infrastructure: Launch digital investments.</p>	<p>Retail banking customer satisfaction of 89% or No. 1 in NPS among competitors</p> <p>Timely closing of customer complaint cases; 7-day closure rate: ≥ 90%</p> <p>Complete a carbon footprint disclosure for at least 3 products/services from a business or customer unit</p> <p>Three-day settlement rate for free-to-check payment claims: 96.5%</p> <p>Maintain a positive NPS for customer referrals or increase that NPS, or be No. 1 in NPS among competitors</p> <p>30-day proper processing rate: ≥ 85%</p> <p>50 online transaction services</p>
	<p>We have built a localized microloan program for entrepreneurship by integrating resources from CTBC Bank, Taiwan Life, the Small and Medium Enterprise Credit Guarantee Fund of Taiwan, and our consultancy team, providing comprehensive services such as loan funding, credit guarantees, microinsurance, and consultations for startups.</p>	<p>The CTBC Poverty Alleviation Program (CPAP) helps disadvantaged families to start microbusinesses and emerge from poverty.</p>	<p>Cumulative total of CPAP cases: 830</p>
Social impact	<p>CTBC Holding promotes microinsurance to encourage disadvantaged people to independently assess their insurance needs and transfer risk accordingly.</p>	<p>1. <b>Expand insurance coverage:</b> Strengthen cooperation with qualified compliant groups and institutions. 2. <b>Increase service personnel recruitment:</b> Expand the reach of our service through business development personnel. 3. <b>Check service quality regularly:</b> Ensure the rapid processing of insurance and claims services.</p>	<p>NA</p>
	<p>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.</p>	<p><b>Charity:</b> Improve the condition of the poverty- and education-related problems faced by disadvantaged children and households.</p>	<p>Disadvantaged people helped: 600,000</p>
		<p><b>Anti-drug awareness:</b> Realize the vision of a "drug-free homeland."</p>	<p>People reached through anti-drug education and recidivism reduction advocacy: 200,000</p>
		<p><b>Sports:</b> Work with star athletes to increase the effectiveness of charity drives.</p>	<p>Cumulative hours volunteered in social welfare activities by professional athletes: &gt; 1,150 hours</p>
		<p><b>Arts and culture:</b> Foster arts and cultural exchanges at home and abroad and bring arts and cultural education to remote areas.</p>	<p>Cumulative total of arts and cultural activity participants: 260,000</p>
<p><b>Education:</b> Support public education through enrollment quotas and grants for disadvantaged students.</p>	<p>Bursaries provided for disadvantaged students every year: 50</p>		

Note 1: This field in the 2021 Sustainability Report was mistakenly entered as the internal budget.

Note 2: Update the calculation scope to include players from all sports, including baseball, basketball, and esports.

Material topic	2023 goals	2022 goals	2022 performance
Customer relationship management	Retail banking customer satisfaction of 89% or No. 1 in NPS among competitors	Retail banking customer satisfaction: 88%	100% completed: Retail banking customer satisfaction: 89%
	Timely closing of customer complaint cases; 7-day closure rate: ≥ 90%	Timely closing of customer complaint cases; 7-day closure rate: ≥ 90%	100% completed: Timely closing of customer complaint cases; 7-day closure rate: 93.16%
	Complete a carbon footprint disclosure for at least 2 products/services from a business or customer unit	Complete a carbon footprint disclosure for at least 1 product/service from a business or customer unit	100% completed: Completed carbon footprint inventory for 3 products/services, and assisted the EPA in formulating carbon footprint of a product-product category rules for On-line financial service (CFP-PCR)
	Three-day settlement rate for free-to-check payment claims: 96%	Three-day settlement rate for free-to-check payment claims: 96%	Three-day settlement rate for free-to-check payment claims: 94.5%
	Maintain a positive NPS for customer referrals or increase that NPS, or be No. 1 in NPS among competitors	N/A	In 2022, according to a survey by an external market research company, Taiwan Life reached No. 1 in the ranking of competing products
	30-day proper processing rate: ≥ 77%	30-day proper processing rate: ≥ 75%	100% completed
	To support the updates of the Policyholder Portal, the current online trading items will be maintained.	To support the updates of the Policyholder Portal, the current online trading items will be maintained.	A total of 24 online trading items are available on the Policyholder Portal for policyholders to trade by themselves
Social impact	710 businesses were started under the CTBC Poverty Alleviation Program	630 businesses were started under the CTBC Poverty Alleviation Program	100% completed : 657 businesses were started under the CTBC Poverty Alleviation Program
	NA	Achieve government-mandated microinsurance gross premium income target of NT\$4.98 million (Note 1)	In collaboration with the Taichung City Government, Chiayi County Government, and organizations including the Chia-Yi Fu An Wang Ya Charity, Chinese Christian Relief Association, and R.O.C. Lottery Professionals Labor Union, CTBC Holding donated NT\$7,302,609 in microinsurance premiums
	Disadvantaged people helped: 600,000	Disadvantaged people helped: 600,000	100% completed: Disadvantaged people helped: 850,000
	People reached through anti-drug education and recidivism reduction advocacy: 200,000	Cumulative total of people reached through anti-drug education and recidivism reduction advocacy: 730,000	100% completed: Cumulative total of people reached through anti-drug education and recidivism reduction advocacy: 910,000
	Cumulative hours volunteered in social welfare activities by professional athletes: > 1,000 hours	Cumulative hours volunteered in social welfare activities by professional baseball player: 760 hours	Cumulative hours volunteered in social welfare activities by professional athletes: 857 hours (Note 2)
	Cumulative total of arts and cultural activity participants: 187,000	Cumulative total of arts and cultural activity participants: 165,000	100% completed: Cumulative total of arts and cultural activity participants: 167,000
	Bursaries provided for disadvantaged students every year: 50	Bursaries provided for disadvantaged students: 80	100% completed: Bursaries provided for disadvantaged students: 50

## Economic data

### Capital adequacy ratios of the Bank and its subsidiaries

Unit: NT\$ million

	2022	2021	2020	2019	2018	2017
Net Tier 1 capital	345,675	320,692	311,561	308,708	299,688	286,350
Total exposure	5,864,261	5,181,216	4,722,707	4,434,228	4,169,520	4,001,948
Leverage ratio (%)	5.89	6.19	6.60	6.96	7.19	7.16

### Donations and sponsorships of CTBC Holding

Unit: NT\$ thousand

	2022	2021	2020	2019	2018	2017
Arts and culture	40,000	44,000	31,100	44,000	44,000	49,000
Sports	551,642	383,785	379,824	449,090	445,351	380,641
Charity	2,800,745	2,806,776	2,808,083	2,819,998	2,811,734	2,806,101
Education	137,141	123,122	151,822	129,066	144,845	135,028
Economic and trade development	91,984	89,941	87,648	92,114	106,373	112,764
Emergency relief	8	62,154	6,202	0	25,285	0
Total	3,621,521	3,509,751	3,464,678	3,534,268	3,577,588	3,483,534

Note:

- Note: Starting in this year's report, the economic and trade development data includes annual credit guarantee funds and microinsurance donations and the charity data includes an additional NT\$2.7 billion in annual lottery business rebates; the data for previous year has been updated accordingly.
- In addition to the donations and sponsorships included the data above, our subsidiaries also made purchase on CTBC Brothers advertising billboards, tackets and merchandise, etc.

2022	2021	2020	2019	2018	2017
35,733	13,419	12,174	14,543	14,455	17,232

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

	2022	2021	2020	2019	2018	2017
CTBC Bank	Information security and personal information: 100%	Information security and personal information: 100%	Information security and personal information: 100%	Information security and personal information: 100%	Information security and personal information: 100%	Information security and personal information: 100%
Taiwan Life	Information security and personal data: 100%	Information security and personal data: 100%	Information security and personal data: 100%	Information security and personal data: 100%	Information security and personal data: 100%	Information security and personal data: 100%
CTBC Securities	100%	100%	100%	100%	100%	100%
CTBC Investments	Information security: 98% Personal data: 100%	Information security: 99% Personal data: 100%	Information security: 99% Personal data: 100%	Information security: 100% Personal data: 100%	Information security: 100% Personal data: 100%	Information security: 100% Personal data: 100%
Taiwan Lottery	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: 100% Personal data: 100%	Information security: 100% Personal data: 100%

## Taxes paid by CTBC Holding by country | GRI 207-4

Unit: NT\$ million

	2022		2021		2020		2019		2018	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Taiwan	15,427	79.92	11,349	82.47	5,005	51.59	6,131	64.54	5,692	69.50
Indonesia	156	0.81	45	0.33	95	0.98	125	1.32	143	1.75
Philippines	169	0.88	120	0.87	243	2.50	180	1.89	165	2.02
Canada	52	0.27	31	0.23	51	0.53	46	0.48	40	0.49
United States	971	5.03	556	4.04	566	5.83	428	4.51	120	1.47
Japan	996	5.16	560	4.07	1,114	11.48	1,437	15.13	1,186	14.49
India	49	0.24	26	0.19	40	0.41	24	0.25	17	0.21
Vietnam	125	0.65	111	0.81	215	2.22	91	0.96	80	0.98
Hong Kong	167	0.87	180	1.31	1,623	16.73	708	7.45	426	5.20
Singapore	23	0.12	2	0.01	61	0.63	15	0.16	16	0.20
Mainland China	762	3.95	535	3.89	689	7.10	314	3.31	302	3.69
Thailand	405	2.10	245	1.78	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>19,302</b>	<b>100.00</b>	<b>13,760</b>	<b>100</b>	<b>9,702</b>	<b>100</b>	<b>9,499</b>	<b>100</b>	<b>8,187</b>	<b>100</b>

## Taxes paid in Taiwan from 2018 to 2022

Unit: NT\$ thousand

Item	2022	2021	2020	2019	2018
Corporate income tax	11,499,667	7,890,944	1,781,603	3,033,727	2,863,649
Business tax	3,705,003	3,260,202	3,029,197	2,915,930	2,646,361
Stamp duty	222,599	197,837	194,025	181,149	182,358
Investment tax credits	38,833	101,852	543,498	-	15,094

## Impact finance data

### CTBC Bank green financing

Unit: NT\$ million

	2022	2021	2020	2019	2018
Green energy technologies/circular economy/green power and renewable energy industry loan balance (A)	193,737 <sup>1</sup>	142,019	139,072	127,375	136,754
Green loan balance (CPS Noted Joint Collection of Green Expenditures) (B)	19,372 <sup>2</sup>	N/A	N/A	N/A	2,492
Sustainability-linked loan balance (C)	19,925 <sup>3</sup>	N/A	N/A	N/A	N/A
<b>Total green financing loan balance (A+B+C)</b>	<b>233,034</b>	<b>142,019</b>	<b>139,072</b>	<b>127,375</b>	<b>139,246</b>
CTBC Bank institutional banking loan balance (D)	1,018,322	699,935	615,474	625,782	594,397
<b>Proportion of green financing (A+B+C)/(D)</b>	<b>23%</b>	<b>21%</b>	<b>23%</b>	<b>21%</b>	<b>23%</b>

Note 1: Excluding duplication with green loan balance (B) and sustainability-linked loan balance (C).

Note 2: The figure cover loan for green funds as defined by the Joint Credit Information Center

Note 3: Excluding duplication with green loan balance (B).

## Status of 2022 CTBC Bank project financing audit

項目	內容
CTBC Bank-audited project financing cases	4
EP-applicable audit project financing cases as a percentage of all project financing cases	100%
Cases that achieved first disbursement	2
Case 1	Energy (solar) industry/Class B risk/Asia Pacific region/not yet independently reviewed by a third party
Case 2	Energy (solar) industry/Class B risk/Asia Pacific region/not yet independently reviewed by a third party
Cases rejected after review	1

## CTBC Bank sustainable bonds underwriting and issuance

Unit: NT\$ million

	2022	2021	2020	2019	2018
Green bonds	764	1,135	5,182	5,360	352
Sustainability and social bonds	-	1,830	2,000	3,161	1,382
Total green, sustainability, and social bonds	764	2,965	7,182	8,521	1,735
*Other sustainable bond underwriting and total issuance	694 <sup>1</sup>	748 <sup>2</sup>	-	-	-
Total bonds	19,378	59,828	104,322	55,454	49,361
Green, sustainability, and social bonds as a percentage of total bonds	3.94%	4.96%	6.88%	15.37%	3.52%

Note 1: Includes sustainability-linked bonds and blue bonds.

Note 2: Includes transition bonds.

## CTBC Poverty Alleviation Program

	2022	2021	2020	2019	2018
Approved loans (cases)	47	45	42	45	45
Cumulative approved loans (cases)	435	384	343	301	256
Approved loan funding (NT\$ thousand)	25,500	20,500	21,000	22,500	22,500
Cumulative approved loan funding (NT\$ thousand)	207,431	181,931	163,298	142,298	119,798

## CTBC Bank preferential home loans

Unit: NT\$ million

	2022	2021	2020	2019	2018
Balance of reverse housing loans	69	59	40	38	20
Balance of preferential housing loans for young people	3,140	3,712	4,331	4,637	5,648
Total balance of ESG housing loans	3,209	3,771	4,371	4,675	5,668
Total housing loan balance	946,790	829,987	760,283	713,926	646,461
ESG housing loans as a percentage of total housing loan balance (%)	0.34	0.45	0.57	0.65	0.87

## ESG investment products offered through retail banking

	2022	2021	2020	2019	2018
Amount of ESG products offered (Unit: NT\$100 million)	90	177	31	10	108

Note: The ESG concept products in the table above include foreign bonds, ETFs, and funds that meet the regulations of the competent authority and have been listed in the ESG fund section of the FUNDCLEAR fund information platform.

## ESG-minded credit cards

Unit: NT\$ million

	2022	2021	2020	2019	2018
Charity credit card spending	5,861	5,648	5,754	7,000	9,000
Charity credit card rebates (Tzu Chi, Taiwan Fund for Children and Families, Paper Windmill cards and Xue Xue)	20	20	20	28	30
Collage affinity card spending	54	54	80	110	200
Collage affinity card rebates (NT\$ thousand)	108	106	150	250	250
Total card spending	577,506	555,528	514,600	500,580	488,330

	2022	2021	2020
League of Legends credit card spending	18,363	13,713	18
ALL ME credit card spending	1,363		

Note: The ALL ME credit card was launched in July 2022.

## Sustainable insurance

Product type	2022		2021		2020		2019		2018	
	Policies	Premiums (NT\$ thousand)	Policies	Premiums (NT\$ thousand)	Policies	Premiums (NT\$ thousand)	Policies	Premiums (NT\$ thousand)	Policies	Premiums (NT\$ thousand)
Compulsory automobile liability insurance	190,798	165,108	188,711	159,821	204,135	167,200	273,946	234,070	316,060	275,470
Basic residential earthquake insurance	174,082	219,822	165,394	208,097	149,801	194,210	143,852	178,950	135,927	167,370
Typhoon and flood insurance (fire insurance)	3,294	39,550	2,604	26,875	1,412	21,240	1,503	16,790	1,147	17,470
Typhoon and flood insurance (car insurance)	151	1,191	133	887	143	960	182	780	227	830
Commercial earthquake insurance	3,562	45,576	2,923	32,316	1,869	28,540	1,817	18,620	1,584	20,270
Microinsurance policies (property insurance)	2,247	294	1,641	240	1,343	340	892	160	-	-

## Taiwan Life microinsurance

	2022	2021	2020	2019	2018
Types of microinsurance policies	4	6	6	6	6
Number of microinsurance policy underwritten (units)	158	175	195	217	219
Number of microinsurance policyholders (people <sup>Note</sup> )	51,930	50,897	49,915	36,392	25,903
Microinsurance premiums (NT\$ thousand)	7,620	7,579	7,749	5,165	3,782

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



## Charitable trusts

Unit: NT\$ million

	2022	2021	2020	2019	2018
Total amount of trusts for older people and people with disabilities	2,136	568	399	359	168
Total amount of charitable trusts	1,026	1,036	1,036	1,031	14,195
Total amount of trusts	1,673,885	1,368,808	1,233,431	1,138,300	971,669

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

Year	2023 target	2022	2021	2020	2019	2018
Total ATMs	7,463	7,118	6,830	6,479	6,136	5,789
Total accessible ATMs	7,460	7,115	6,827	6,466	6,125	5,751
Percentage of accessible ATMs (%)	99.96	99.96	99.96	99.8	99.8	99.3
Total ATMs for people with a visual impairment	466	416	166	161	161	161

## CTBC Bank branches with accessible counters offering full line of services

Year	2023 target	2022	2021	2020	2019	2018
Number of branches with full-service accessible counters	110	99	98	97	91	85
Proportion of branches with full-service accessible counters	69	65	64	64	60	56

## Customer data

## Customer satisfaction

			2023 target	2022 target	2022	2021	2020	2019	2018
CTBC Bank	Retail banking	Responses	N/A <sup>1</sup>	N/A <sup>1</sup>	660,000	660,000	420,000	350,000	350,000
		Satisfaction (%)	89	88	89	88	87	86	85
	Corporate banking	Responses	N/A	N/A	1,188	1,282	N/A	1,665	N/A
		Satisfaction (%)	N/A	N/A	92	92	N/A	94	N/A
Taiwan Life	Responses	N/A	N/A	1,050	885 <sup>2</sup>	1,427	3,348	3,292	
	Satisfaction (%)	95	95	96	96	97	97	97	
CTBC Securities	Responses	1,500	1,500	1,644	1,494	2,034	3,461	4,147	
	Satisfaction (%)	87	86	87	86	87	87	86	

Note: 1. This mechanism is not suitable for target setting.

Note: 2. Due to the changes in satisfaction survey items and frequency in 2021 (described below), the number of survey samples is lower than in previous years and may affect the overall satisfaction level; therefore, the target rate has been set at 95% from 2021 forward.

(1) Items: The survey previously included "customer service, payment, contract change, claims settlement, business, over-the-counter" categories; starting in 2021, the "business" category has been removed.

(2) Frequency: The survey was previously conducted monthly; starting in 2021, it is conducted every two months.

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

	2023 target	2022 target	2022	2021	2020	2019	2018
Number of alerts forwarded (cases)	N/A <sup>1</sup>	N/A <sup>1</sup>	1,284	1,495	1,345	1,434	1,897
7-day closure rate (%)	≥ 90	≥ 90	93.2	93	95	94.9	98.2
Question appropriateness (%)	≥ 90	≥ 90	93.4	94	93.9	94.3	94.1

Note 1: This mechanism is not suitable for target setting.

## CTBC Holding patents

Year	2022	2021	2020	2019	2018
Cumulative number of patents	471	380	242	222	91

## Environment data

### Energy and resource use

Type	Unit	2022	2021	2020	2019	2018	
Non-renewable fuel	Petroleum (octane 92/95)	Liter	229,092	202,714	599,143	582,472	631,972
	Diesel	Liter	6,432	8,843	2,439	3,967	4,364
	Liquefied petroleum gas (LPG)	Liter	0	0	0	291	291
	Liquefied natural gas (LNG)	Cubic meter	16,999	14,859	21,741	0	35,982
Purchased for use	Electricity	kWh	79,055,646	76,170,077	75,093,165	80,341,725	75,089,386
Total energy consumption	mWh	81,377	78,232	80,749	85,662	81,179	
Total energy consumption intensity	kWh/person	3,920	4,004	4,221	4,814	4,500	
	kWh/square meter	142	138	143	154	139	
	kWh/net income per million	568	409	386	304	239	

Note:

- Scope of data: CTBC Holding subsidiaries were included as of 2018. Regarding banking services, the 2018 to 2020 data includes only Taiwan operations and the Hong Kong branch; all offshore branches of CTBC Bank have been included since 2021.
- The calculation for coverage rate is based on operating sites.

### Environmental protection-related expenditure

	2022	2021	2020	2019	2018
Environmental protection-related expenditure (Unit: NT\$)	255,510,000	241,690,000	568,870,000	271,770,000	258,400,000

## Paperless operations

Performance indicators (Note)		2022	2021	2020	2019
CTBC Bank	Proportion of electronic official documents	85.4	81.10	73.5	
	Paper purchase volume (packs)	160,884	157,840	166,213	
Taiwan Life	Proportion of electronic official documents	100	100	100	100
	Proportion of electronic announcements	77.6	84.8	76	72
	Paper purchase volume (packs)	47,675	43,225	44,545	48,680

Note: 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)

## Green procurement

Procurement item	2022	2021	2020	2019	2018
Total green procurement (NT\$)	250,304,060	236,294,290	563,593,295	268,166,021	255,621,831
Total procurement (NT\$)	20,641,661,015	9,637,043,836	8,140,401,045	25,157,919,485	7,776,513,052
Proportion of green procurement	1.21	2.45	6.92	1.07	3.29

## Energy-saving plan investment

	2022	2021	2020	2019	2018
Energy-saving plan investment (NT\$)	15.28 million	26.57 million	11.35 million	12.11 million	3.37 million
Total energy reduction from energy-saving plan (kWh)	1,550,000	1,690,000	1,730,000	2,030,000	1,760,000
Total carbon reduction from energy-saving plan (tonCO <sub>2</sub> e)	793	847	882	1,085	975

## Renewable energy

Action plan	2022	2021	2020	2019	2018
Electricity generated by solar power equipment (kWh)	75,707	93,296	89,851	71,693	77,000
Renewable energy certification (certificates)	51	68	63	64	77
Green energy procurement (kWh)	2,000,000	36,000			
Total reduction in carbon emissions (metric tons)	39	66	45	36	41

Note: CTBC has procured a total of 2 million kWh of green energy in 2022 and is expected to be transferred in July 2023.

## Greenhouse gas management

		2022	2021	2020	2019	2018
Metric tons of CO <sub>2</sub> e	Scope 1	3,223	3,377	3,596	5,963	4,820
	Scope 2	40,502	38,817	38,310	52,918	42,052
	Scope 1+2	43,725	42,195	41,906	58,881	46,872
Metric tons of CO <sub>2</sub> e per NT\$1 million of net revenue		0.31	0.23	0.22	0.22	0.22
Metric tons of CO <sub>2</sub> e per person		2.17	2.22	2.36	2.98	2.97
Coverage rate (%)		100	100	100	100	100

		2022	2021	2020	2019	2018
Distance traveled by high-speed rail (km)		673,454	2,021,291	1,887,540	2,443,770	2,551,761
Distance traveled by plane (km)		591,098	57,170	611,725	8,577,618	8,462,124
MT of CO <sub>2</sub> e		121	167	1,518	1,506	1,416

- Note:
- In 2022, the calculation and verification were expanded to include CTBC Holding.
  - Scope 2 emissions are for electricity use, with emission factors of 0.529 (2017), 0.554 (2018), 0.533 (2019), 0.509 (2020), 0.502 (2021) and 0.509(2022) kg of CO<sub>2</sub>e/kWh. (If a coefficient had not been announced at the time of assessment, the coefficient of the previous year was used.)
  - The air travel mileage calculation of business travel emissions was determined using the calculator on the ICAO website.
  - Business travel carbon emissions in Scope 3 cover all group subsidiaries except for Taiwan Life and CTBC Security. All figures are verified internally, not externally.
  - The carbon emissions of Scope 3 fuel and energy-related activities are based on the EPA's electricity carbon footprint coefficient of 0.0882 kg of CO<sub>2</sub>e/kWh, excluding emissions associated with power generation. The emissions from other sources, namely material mining and raw material transportation, refining and combustion, power grid transmission and distribution to user sockets, and waste disposal in power generation operations, totaled approximately 6972.7 MTCO<sub>2</sub>e.
  - Due to transfer of expense management system, travel data in 2022 is estimated based on the data of the prior system.

## Water resource management

	2022	2021	2020	2019	2018
Total water consumption (cubic meter)	359,512	341,939	403,000	411,344	365,858
Water consumption capability (cubic meter/person)	24.68	25.08	30.61	37.05	37.41

## Waste management

	2022	2021	2020	2019	2018
Total waste generated (A) (Mt)	1,317	1,313	1,344	952	1,140
Waste disposed (B) (Mt)	1,009	1,014	978	752	915
Recycled (C) (Mt)	308	299	366	200	225

- Note:
- The data for waste disposal (B) and recycled (C) in 2022 covers all CTBC Bank operating sites and the headquarters of all CTBC Holding subsidiaries, and was verified using ISO 14064-1:2018
  - The Scope 3 emissions resulting from waste generated were calculated based on the carbon footprint factor of 0.34 MTCO<sub>2</sub>e/kWh for the waste incineration treatment service and carbon footprint factors for waste recycling services, as announced by the EPA. The calculated Scope 3 emission totaled approximately 500.7 MTCO<sub>2</sub>e.

## Employee data

### New employees

		Full-time employees in Taiwan					Full-time (including dispatched) employees overseas				
Gender	Age	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Men	50 years old or above	48	20	10	18	13	29	7	5	10	10
	30–49 years old	731	541	427	544	413	147	70	56	67	67
	Under 30 years old	700	566	419	498	412	83	45	38	47	47
	Total	1,479	1,127	856	1,060	838	259	122	99	124	124
Women	50 years old or above	30	22	13	10	7	25	1	5	9	9
	30–49 years old	722	562	357	390	344	150	71	47	81	81
	Under 30 years old	1,083	844	613	667	604	135	65	64	75	75
	Total	1,835	1,428	983	1,067	955	310	137	116	165	165
Total		3,314	2,555	1,839	2,127	1,793	569	259	215	289	289
New employee rate (%)		20.89	17.38	14.17	16.09	13.28	40.03	19.55	15.57	25.27	25.27

Note 1: The scope of data includes CTBC Holding, CTBC Bank, Taiwan Life, CTBC Capital, CTBC Asset Management, CTBC Securities, CTBC Investments, CTBC Security, and Taiwan Lottery.

Note 2: The scope of data for 2021 includes part-time employees and commission-based employees.

Note 3: New employee rate = number of new employees / average number of people employed during the period.

Note 4: This table does not include sales representatives.

### Employee turnover

		Full-time employees in Taiwan					Full-time (including dispatched) employees overseas					All full-time employees				
		2022	2021	2020	2019	2018	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
Turnover type																
Overall turnover (%)		15.12	13.92	11.37	12.14	11.59	20.25	21.89	14.47	18.13	23.16	15.55	14.58	11.66	12.64	12.45
Voluntary resignation (%)		14.66	12.66	8.57	9.01	8.52	18.85	20.45	12.87	17.00	23.00	15.00	13.30	8.97	9.68	9.59
Turnover by age and gender																
Men	50 years old or above	104	97	102	89	83	11	11	17	9	16	115	108	119	98	99
	30–49 years old	552	505	363	481	410	73	66	44	61	68	625	571	407	542	478
	Under 30 years old	409	352	216	240	252	37	53	26	39	23	446	405	242	279	275
	All ages	1,065	954	681	810	745	121	130	87	109	107	1,186	1,084	768	919	852
Women	50 years old or above	117	96	68	47	58	8	5	7	6	7	125	101	75	53	65
	30–49 years old	605	505	438	429	442	110	81	56	70	86	715	586	494	499	528
	Under 30 years old	612	491	289	319	320	49	74	40	35	50	661	565	329	354	370
	All ages	1,334	1,092	795	795	820	167	160	103	111	143	1,501	1,252	898	906	963
Total		2,399	2,046	1,476	1,605	1,565	288	290	190	220	250	2,687	2,336	1,666	1,825	1,815

Note 1: The scope of data includes CTBC Holding, CTBC Bank, Taiwan Life, CTBC Venture Capital, CTBC Asset Management, CTBC Securities, CTBC Investments, CTBC Security, and Taiwan Lottery.

Note 2: The scope of data for 2021 includes part-time employees and commission-based employees.

Note 3: Turnover rate = employee turnover number / the average number of employees during the period.

Note 4: Non-voluntary resignations include reorganization-based transfers, severance recipients, and dismissed employees.

Note 5: This table does not include sales personnel.

## Employees by employment type

	2022			2021			2020			2019			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
In Taiwan															
Full-time	6,057	9,280	15,337	5,696	8,862	14,558	5,216	7,897	13,113	5,092	7,755	12,847	5,231	8,366	13,597
Temporary	266	417	683	219	377	596	235	403	638	250	422	672	251	471	722
Total	6,323	9,697	16,020	5,915	9,239	15,154	5,451	8,300	13,751	5,342	8,177	13,519	5,482	8,837	14,319
Overseas															
Full-time (including dispatched)	698	829	1,527	577	739	1,316	585	749	1,334	554	738	1,292	499	636	1,135
Temporary	26	26	52	13	25	38	26	19	45	23	14	37	33	21	54
Total	724	855	1,579	590	764	1,354	611	768	1,379	577	752	1,329	532	657	1,189
Commission-based sales representatives in Taiwan															
Commission-based	2,195	4,158	6,353	2,062	3,785	5,847	2,164	3,897	6,061	2,203	3,929	6,132	2,313	4,068	6,381
Mixed contract	508	1,208	1,716	378	1,064	1,442	391	1,087	1,478	386	1,108	1,494	413	1,138	1,551
Total	2,703	5,366	8,069	2,440	4,849	7,289	2,555	4,984	7,539	2,589	5,037	7,626	2,726	5,206	7,932

Note 1: The scope of data includes CTBC Holding, CTBC Bank, Taiwan Life, CTBC Venture Capital, CTBC Asset Management, CTBC Securities, CTBC Investments, CTBC Security, and Taiwan Lottery.

Note 2: The scope of data for 2021 includes part-time employees and commission-based employees.

Note 3: Comprises CTBC Bank overseas branches and offices, excluding overseas subsidiaries.

Note 4: Commission-based sales representatives of Taiwan Life include commission-based and mixed-contract employees.

Note 5: The commission-based and mixed-contract employees are not equivalent to contract-based and temporary employees. The nature of the contracts can be found in Grand Justice interpretation No. 740.

## Employees by age

	2022						2021						2020					
	Management			Non-management			Management			Non-management			Management			Non-management		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Taiwan																		
50 years old or above	426	502	928	840	964	1,804	381	388	769	737	786	1,523	346	343	689	670	542	1,212
30–49 years old	365	534	899	3,476	5,479	8,955	367	570	937	3,295	5,326	8,621	385	595	980	2,972	4,810	7,782
Under 30 years old	0	0	0	950	1,801	2,751	2	0	2	914	1,792	2,706	0	1	1	843	1,606	2,449
Total	791	1,036	1,827	5,266	8,244	13,510	750	958	1,708	4,946	7,904	12,850	731	939	1,670	4,485	6,958	11,443
Overseas locations																		
50 years old or above	84	36	120	47	58	105	64	32	96	36	55	91	57	29	86	39	51	90
30–49 years old	58	45	103	392	472	864	69	40	109	326	454	780	66	38	104	325	435	760
Under 30 years old	0	0	0	117	218	335	0	0	0	82	158	240	0	0	0	98	196	294
Total	142	81	223	556	748	1,304	133	72	205	444	667	1,111	123	67	190	462	682	1,144
Commission-based sales representatives in Taiwan																		
50 years old or above	167	587	754	553	1,539	2,092	180	600	780	478	1,322	1,800	191	585	776	444	1,296	1,740
30–49 years old	260	548	808	1,172	2,089	3,261	301	572	873	977	1,815	2,792	321	605	926	910	1,798	2,708
Under 30 years old	81	73	154	470	530	1,000	82	63	145	422	477	899	104	85	189	585	615	1,200
Total	508	1,208	1,716	2,195	4,158	6,353	563	1,235	1,798	1,877	3,614	5,481	616	1,275	1,891	1,939	3,709	5,648

	2019						2018					
	Management			Non-management			Management			Non-management		
	Men	Women	Total	Male	Women	Total	Men	Women	Total	Men	Women	Total
<b>Taiwan</b>												
50 years old or above	330	291	621	633	430	1,063	296	241	539	598	523	1,121
30–49 years old	422	642	1,064	2,849	4,776	7,625	444	660	1,104	3,028	5,299	8,327
Under 30 years old	1	2	3	857	1,614	2,471	1	2	3	864	1,641	2,505
Total	753	935	1,688	4,339	6,820	11,159	741	903	1,646	4,490	7,463	11,953
<b>Overseas locations</b>												
50 years old or above	60	31	91	38	34	72	46	22	68	43	36	79
30–49 years old	86	73	159	282	388	670	56	51	107	271	376	647
Under 30 years old	2	2	4	87	209	296	1	0	1	81	152	233
Total	148	106	254	407	631	1,038	103	73	176	395	564	959
<b>Commission-based sales representatives in Taiwan</b>												
50 years old or above	193	576	769	419	1,213	1,632	203	587	790	412	1,219	1,631
30–49 years old	360	652	1,012	971	1,926	2,897	416	726	1,142	998	1,981	2,979
Under 30 years old	97	80	177	549	590	1,139	99	93	192	598	600	1,198
Total	650	1,308	1,958	1,939	3,729	5,668	718	1,406	2,124	2,008	3,800	5,808

## Employees by nationality

Nationality	Percentage of total employees	Percentage of all supervisory positions
Taiwan	91.66%	91.76%
China (including Hong Kong)	4.86%	2.83%
Singapore	1.22%	2.16%
Vietnam	0.84%	0.77%
India	0.50%	1.13%
Other	0.93%	1.34%

Note 1: The data provided reflects the most common nationalities among employees; therefore, different nationalities may be listed from year to year. Each employee may select any nationality. Nationalities other than the five most common ones are categorized as "Other."

Note 2: All management positions, including junior, middle and senior management positions.

Note 3: If an employee has multiple nationalities, they will be classified according to the nationality used to registered with the company.

## Training and development

		2022	2021	2020	2019	2018
Average training hours	Under 30 years old	76.7	62.9	-	-	-
	30–49 years old	47.7	46.0	-	-	-
	50 years old or above	36.8	41.8	-	-	-
	Men	52.0	46.9	41.2	-	-
	Women	50.4	49.5	41.8	-	-
	Management	58.8	56.9	60.1	-	-
	Non-management	49.9	47.4	38.9	-	-

Note: Calculated to the first decimal point.

## Absenteeism

	2022			2021			2020			2019			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of days absent	3,281.0	9,519.4	12,800.4	3,753.8	8,959.5	12,713.3	3,768.5	11,537	15,305.5	4,986.5	13,177.5	18,164	4,302	11,992	16,294
Absenteeism rate (%)	0.08	0.24	0.33	0.10	0.25	0.35	0.11	0.33	0.44	0.16	0.42	0.58	0.12	0.35	0.48

Note 1: Total number of work days = (total number of employees × actual number of work days in the year); the total number of work days in 2021 was 3,618,311.

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

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

## Retention of key talent

	2022	2021	2020	2019	2018
Retention rate of key talent (%)	92.8	94.0	94.2	94.5	91.8

## Parental leave

	2022			2021			2020			2019			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Employees eligible for parental leave that year	69	653	722	200	391	591	174	309	483	335	344	679	445	830	1,275
Employees who applied for parental leave that year	30	195	225	21	145	166	17	142	159	13	146	159	19	166	185
Employees eligible to return to work from parental leave taken that year (A)	28	165	193	18	158	176	16	159	175	25	166	191	11	157	168
Employees who returned to work from parental leave taken that year (B)	17	134	151	13	123	136	11	116	127	19	119	138	7	110	117
Return-to-work rate for the year (B/A) (%)	60.71	81.21	78.24	72.22	77.85	77.27	68.75	72.96	72.57	76.00	71.69	72.25	63.63	70.06	69.64
Employees who returned to work from parental leave taken the previous year (C)	13	95	108	15	134	149	16	116	132	8	113	121	19	131	150
Employees who returned to work from parental leave taken the previous year and continued working for at least one year (D)	10	93	94	13	118	131	12	107	119	3	99	102	11	103	114
Retention rate for the previous year (D/C) (%)	76.92	97.89	87.04	86.67	88.06	87.92	75.00	92.24	90.15	37.50	87.61	84.30	57.89	78.63	76.00



## Disabling injuries

Year	2022			2021			2020			2019			2018		
Total work hours *	31,745,724			29,247,354			27,803,960			24,868,128			26,813,696		
Total work days *	3,935,340			3,623,142			3,475,495			3,108,516			3,351,632		
Gender	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Employees with disabling injuries	15	17	32	9	17	26	5	18	23	5	13	18	3	15	18
Work days lost due to disabling injuries	188.5	237	425.5	250.0	183.5	433.5	91.0	160.5	251.5	81.0	88.0	169.0	208.0	294.5	502.5
Disabling injury frequency rate (FR)	0.47	0.54	1.01	0.31	0.58	0.89	0.18	0.65	0.83	0.20	0.52	0.72	0.11	0.55	0.67
Disabling injury severity rate (SR)	5.94	7.47	13.40	8.55	6.27	14.82	3.27	5.77	9.05	3.26	3.54	6.80	7.75	10.98	18.70
Absenteeism due to disabling injuries (%)	0.00	0.01	0.01	0.01	0.01	0.01	0.00	0.00	0.01	0.00	0.00	0.01	0.01	0.01	0.01

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 × 100%

## Supplier data

### Supplier training

		2022	2021	2020	2019	2018
CTBC Bank	Number of awareness-raising sessions with contractors during projects	32	22	30	56	35
	Supplier injuries (incidents)	0	0	0	0	2
Taiwan Life	Number of formal training sessions with contractors during projects (times)	7	10	5	6	3
	Supplier injuries (incidents)	0	0	0	0	0

### Supplier management

Item	2022	2021	2020	2019	2018
Total number of suppliers	318	250	147		
Suppliers that attended annual supplier conference	155	131	109		
Supplier survey responses	155	131	109		
Supplier survey response rate	100%	100%	100%	X	X
Suppliers that signed the Supplier Human Rights and Environmental Sustainability Commitment	318	250	147		
Rate of suppliers that signed the commitment	100%	100%	100%		

Note: The supplier database was rebuilt in 2021; therefore, the number of suppliers increased significantly from 2020

## Supplier engagement

Item	2022	2021	2020	2019	2018
Total suppliers	318	250	147		
Suppliers in supplier engagements	155	131	109		
ESG engagement topics	Human rights management, environmental sustainability, and code of conduct	Human rights management, environmental sustainability, and code of conduct	Human rights management, environmental sustainability, and code of conduct	X	X
Suppliers that provided an improvement plan	TBD	0	0		

Note: The supplier database was rebuilt in 2021, so the number of suppliers increased significantly compared to 2020

## Governance data

### Distribution of women among directors and supervisors

Company	Independent directors	Directors	Supervisors
CTBC Bank Co., Ltd.	1	2	-
CTBC Securities Co., Ltd.	1	-	-
CTBC Investments Co., Ltd.	-	1	-
CTBC Security Co., Ltd.	-	1	1
CTBC Asset Management Co., Ltd.	-	-	1
CTBC Finance Co., Ltd.	-	-	1
CTBC Securities Investment Service Co., Ltd.	-	-	1
CTBC Financial Leasing Co., Ltd.	-	-	1
CTBC Sports Entertainment Co., Ltd.	-	-	1
CTBC Bank Corp. (USA)	1	-	-
CTBC Bank (Philippines) Corp.	-	1	-
Tokyo Star Business Finance, Ltd.	-	1	1
LH Financial Group Public Company Limited	1	-	-
Land and Houses Bank Public Company Limited	1	1	-
Land and Houses Securities Public Company Limited	3	1	-
Land and Houses Fund Management Company Limited	-	1	-
Land and Houses Advisory Company Limited	-	2	-



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