

O-Bank 2022 Sustainability Report



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Editor's Note

Fulfilling our corporate social responsibilities is the first of many steps that O-Bank takes to "fulfilling oneself by benefiting others." To achieve sustainable operation and development, O-Bank deeply believes that the most important mission for a company is to pursue profit while at the same time caring for the environment and society.

O-Bank formed a Corporate Social Responsibility (CSR) Committee in 2015. We maintain a corporate culture of "Always Sincere, Always Here" in the spheres of corporate governance, customer relationships, employee care, environmental protection, and social engagement. In 2021, we addressed a sixth sphere of green finance, thus taking a systematic approach to the implementation of our many different CSR plans. The results of our CSR efforts are disclosed in sustainability reports. By means of these reports, O-Bank hopes to stay in close communication with all concerned stakeholders so that they can better understand our thinking and how we act upon it. Since publishing our first sustainability report in 2016, O-Bank has regularly published one each year in late June (Since 2021, English version sustainability report has been regularly published one each year in August). This year's will be the 8th sustainability report, and there has been no need to restate any of the information contained therein. More reports will follow each year to publicly disclose various corporate social responsibility actions.

This sustainability report covers O-Bank's CSR achievements in the six dimensions of corporate governance, customer relationships, employee care, environmental protection, social engagement, and green finance from January 1 to December 31 of 2022. Also, to ensure the completeness of reporting on certain programs and activities, parts of the report present information dating back to before 2022. Disclosures in this report cover all of O-Bank's domestic and overseas business locations. Apart from the O-Bank headquarters building in Taipei's Neihu District, this also includes the Taoyuan Branch, Hsinchu Branch, Taichung Branch, Kaohsiung Branch, and Tainan Region Business Department, overseas it also includes the Hong Kong Branch and the Tianjin Representative Office. The statistical data set out in this report comprehensively cover all of O-Bank's domestic and overseas business locations, but not the affiliated enterprises that are covered in O-Bank's consolidated financial statements. Information on the results of social engagement efforts includes the community service activities of the O-Bank Education Foundation. All financial figures in this report are denominated in NT Dollars and have been certified by a CPA.

In its content and structure, the O-Bank 2022 Sustainability Report is modeled on the Global Reporting Initiative's Sustainability Reporting Standards (GRI Standards) and the AA1000 AccountAbility Principles, and the SASB standards for commercial banks and consumer finance, and was also drafted with reference to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, the ISO 26000 Guidance on Social Responsibility, the International Integrated Reporting Council's Integrated Reporting Framework, the UN Global Compact disclosure guidelines, and the UN Sustainable Development Goals. The Sustainability Report has been submitted to and approved by the CSR Committee of the Board of Directors, and retained the British Standards Institution to independently certify our Sustainability Report on the basis of the "GRI Standards (2021)" and the AA1000 AccountAbility Principles (The high level assurance of Type 2 of AA1000AS v3), as shown in Appendix 8. At the same time, O-Bank retained Deloitte Taiwan to prepare independent limited assurance reports on 13 specific sustainability performance indicators in accordance with the Accounting Research and Development Foundation's "Standard on Assurance Engagements 3000: Assurance Engagements Other than Audits or Reviews of Historical Financial Information," which were drafted with reference to the International Standard on Assurance Engagements 3000 (ISAE 3000). Deloitte Taiwan's limited assurance reports are presented in Appendix 9.

To protect the environment, this report has been printed under strict quantity control, using soy ink on paper certified by the Forest Stewardship Council. An electronic version is available for downloading from the CSR section of the O-Bank website. If you have any suggestions regarding this report, you are welcome to contact us:

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Letter from Chairperson

In addition to pursuing growth and creating economic value, an enterprise must create social value, act as a force for good in society, and maintain a corporate sustainability that facilitates the emergence of a synergistic co-existence between the economy, the natural environment, and society. O-Bank has long been dedicated to achieving our goal of corporate sustainability. Ever since our founding in 1999 as the Industrial Bank of Taiwan, and then our reorganization and listing in 2017 as O-Bank, O-Bank has acted in the spirit of "fulfilling oneself by benefiting others," working with all stakeholders to create a shared prosperity and achieve sustainable development for the company, the environment, and society.

Over the past year, against the backdrop of global economic volatility, O-Bank's profits have maintained good growth momentum. 2022 earnings per share (EPS) came to NT\$1.80, standalone net profit after tax was NT\$5.0 billion, and consolidated profit after tax came to NT\$5.8 billion, all of which were up sharply from the previous year. O-Bank's principal objective in recent years has been to pursue high-quality profits, and the Bank hopes to use its resources as effectively as possible. Moving forward, the Bank will continue expanding its customer base, developing diverse products, improving operating efficiency, and reaping the benefits of group synergy in order to create a small but beautifully-run boutique bank.

In the course of a company's growth, we firmly believe that a company's mission is not merely to earn profits; besides pursuing profit, a company must also care for the environment and society, and work toward a vision in which all stakeholders share in win-win outcomes for all.

I chair the Corporate Social Responsibility Committee that we formed in 2015. O-Bank's President serves as the committee's vice chairperson, and the rest of the committee's membership is composed of the chiefs of O-Bank's related units. Since the founding of this committee, we have begun to fulfill our corporate social responsibilities in a more systematic manner, steadily advancing commitments in the six dimensions of corporate governance, employee care, customer relationships, environmental protection, social engagement, and green finance. In recent years, in response to the issue of climate change and the issue of net zero, we have even more actively incorporated a sustainability-oriented mindset into the running of our business. For example, we have signed on to the Equator Principles, carried out our first green bond issue, become a TCFD Supporter, incorporated ESG risk factors into the investment decision-making process and the review process for financing decisions, joined the Partnership for Carbon Accounting Financials (PCAF), and carried out carbon emission inventories for our investment and financing portfolios, thus moving steadily toward the achievement of green finance, in hopes of using the power of finance to spur sustainable development in all different industries.

Apart from guiding corporate customers to attach proper importance to sustainability issues, we believe that retail customers are an important part of the effort to create a sustainable environment. For this reason, in March 2022 O-Bank launched a "Consumer Spending Carbon Calculator" function and became the first bank in Asia to adopt Mastercard's Carbon Calculator. Consumers can use the function to see an itemized list of carbon emissions for every purchase paid for using the O-Bank mobile banking app or via the O-Bank online banking site. In this manner, O-Bank encourages customers to reduce the amount of carbon emissions they generate through their daily purchases. In addition, O-Bank has pledged that renewable energy will account for 50% of power consumption at all global business locations by the year 2030, and 100% by the year 2050. The hope is that O-Bank, its corporate customers, and its retail customers can join hands with all the Bank's stakeholders in a shared effort to achieve the goal of the 1.5°C Paris Agreement.

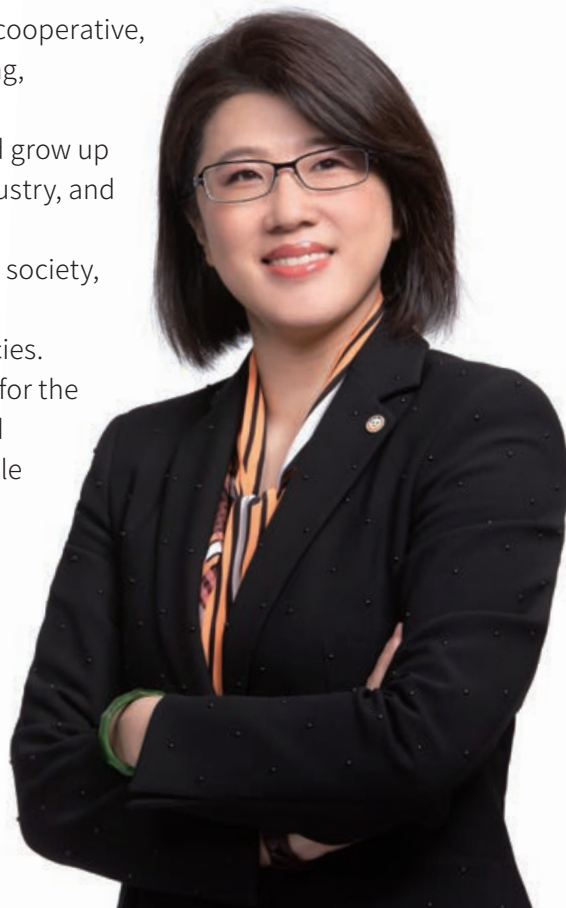
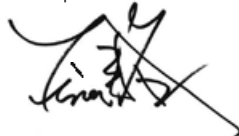
After years of determined effort, O-Bank has become a Certified B Corporation, a distinction that signifies that the recipient meets the highest international standards for performance in the fulfillment

of corporate social responsibility. We are the first Taiwanese financial services firm to become a B Corporation, as well as the first Taiwanese listed company to do so. This achievement demonstrates the depth of our commitment to employees, the environment, and society. What we seek is not simply to be "the best IN the world," but to be "the best FOR the world." Besides, O-Bank in the past received an "Excellence in Corporate Social Responsibility Award" from CommonWealth Magazine for four years in a row. We've also won numerous "Taiwan Corporate Sustainability Awards" from the Taiwan Institute for Sustainable Energy over the years. In 2022, we won a Corporate Sustainability Report Award, a Taiwan Top 100 Corporate Sustainability Award in the Corporate Comprehensive Performance category, and a "Gender Equality Leadership Award" and "Creativity in Communication Leadership Award" in the Best Practice category. In addition, O-Bank has received an excellent score in the ESG Risk Ratings published by Sustainalytics, an ESG and corporate governance research, ratings and analytics firm. As of April 2023, O-Bank received a score of 8.7, and according to the Taiwan Depository & Clearing Corporation Investor Relations (IR) Platform, this is the highest score received by any financial institution in Taiwan, the third highest score among all Taiwanese listed companies, and is among the top 1% among rated companies worldwide. In these and many other ways, O-Bank has been striving with determination to operate sustainably and enjoy a shared well-being with all stakeholders.

Moving forward, in an effort to realize our vision of prospering with employees, profiting with clients and shareholders, co-existing with the environment, and benefiting with society, O-Bank will continue implementing the following CSR strategies:

1. Insist on integrity, and realize our corporate culture of "Always Sincere, Always Here" in relationships with employees, clients, shareholders, public society, and all stakeholders.
2. Commit to sustainable business management and strive to maximize shared value for employees, clients, shareholders, and all stakeholders.
3. Uphold the law, value corporate governance, and effectively manage risks.
4. Work to balance employees' work and life, provide them with high-quality care, multifaceted talent development plans, and a comfortable and safe work environment.
5. Promote our corporate culture, value teamwork, build a warm, cooperative, and friendly workplace, and give employees a sense of belonging, happiness, and mission.
6. Provide sophisticated services, enhance professional value, and grow up with our clients, to make contributions to the economy and industry, and further create a win-win situation.
7. Actively promote and lead innovation in the Bank, industry, and society, in accordance with governmental policies.
8. Value and continue to implement environmentally friendly policies.
9. Carry out public welfare and arts and education activities, care for the community and students, give back to the local community and society, and promote and lead employees to engage in charitable service.

Chairperson Tina Y. Lo



2022 Sustainability Performance Highlights



Corporate Governance

Among top 5% in the TWSE Corporate Governance Evaluation

O-Bank scored among the top 5% of listed companies in the Taiwan Stock Exchange's "2022 Corporate Governance Evaluation."

Certification for "Excellent Performance" in corporate governance system assessment

Awarded an excellent performance certification by the Taiwan Corporate Governance Association under the CG6012 (2019) Corporate Governance System Assessment.

Board members take part in 135 hours of ongoing professional development

O-Bank directors completed a combined total of 135 hours of continuing education, which was higher than the statutory minimum and 100% of O-Bank's own target for continuing education hours.

Maintained ISO 27001 certification for our information security management system

O-Bank has continued to obtain annual ISO 27001 certification for its information security management system, thus ensuring information security and mitigating cyber risks.



Customer Relationships

17 charity affinity cards

O-Bank launched 3 new charity affinity cards in 2022, bringing the total number of such cards to 17. Users of the charity affinity cards account for 10% of all O-Bank customers.

Fighting COVID-19 with preferential loans and fee reductions or waivers

O-Bank addressed the economic impact of COVID-19 by launching a Preferential Loan Program for B Corporations and Social Enterprises, and provide individual customers with loan repayment deferrals as well as interest rate reductions.

Measures to provide convenience to financial consumers during pandemic

Many services normally handled at service counters are now handled via video customer service to reduce risks associated with trips to the bank.



Employee Care

TWSE RAFI Taiwan High Compensation 100 Index

O-Bank was selected as a component of the TWSE RAFI Taiwan High Compensation 100 Index.

Women account for roughly 45% of management

Men and women each account for roughly half of all employees. Women account for 45% of management and 55% of all promotions.

Same-sex spouses receive equal benefits

O-Bank set an industry first by ensuring that same-sex spouses of employees receive the same benefits and allowances as spouses of other married employees.

O-Bank leave benefits exceed statutory requirements

Maternity leave, and paternity leave at O-Bank all exceed statutory requirements. O-Bank also offers family ties leave, community service leave, honor leave, long service leave, adoption leave, and organ donation leave, and so on.

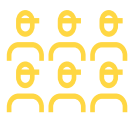
Care for Pregnant Employees

O-Bank provides pregnant employees with one glass of fresh milk each day, individual consultations with on-site physicians, access to breastfeeding and lactation rooms, health education, and information on how to seek medical assistance.

Active lifestyles, healthy workplace

O-Bank has received a Badge of Accredited Healthy Workplace from the Ministry of Health and Welfare and a "Taiwan i Sports" certification from the Ministry of Education.





Environmental Protection

Net zero emissions at all business locations by 2050

Pledged to achieve net zero emissions at all business locations by 2050, and set carbon reduction targets with reference to science-based targets (SBTs).

Greenhouse gas inventories cover 100% of business locations worldwide

O-Bank greenhouse gas inventories now cover 100% of O-Bank's business locations throughout the world, and newly cover Scope 3 emissions.

Expanded ISO 14001 environmental management system

O-Bank has expanded its ISO 14001:2015 environmental management system and obtained certification for it. The scope of certification covers all business locations throughout Taiwan. The system ensures effective and comprehensive environmental management.

Achieved environmental management targets

Power usage per employee at business locations throughout Taiwan was down by 11.78% year-on-year, and water usage per employee was down by 15.08% year-on-year.

Kitchen Waste Recycling Program

Kitchen waste at the O-Bank headquarters building is composted, and employees can then take it home and use it for gardening. Resources are thus recycled and reused, and waste is reduced.



Green Finance

Measures to improve responsible lending and responsible investment

Incorporate ESG risk factors into corporate credit review procedures and investment decision-making procedures, and use the power of finance to spur sustainable development of industry.

Formally signed on to the Equator Principles

As the world's 124th financial institution to sign on to the Equator Principles, O-Bank examines the environmental and social risks associated with project financing.

Joined the Partnership for Carbon Accounting Financials (PCAF) and increased the coverage of carbon inventories

O-Bank is the fourth financial services firm in Taiwan to join the PCAF; 90% of all lending positions are covered by carbon inventories, 100% of all investment positions are covered by carbon inventories, and O-Bank continues to monitor and control positions in carbon-intensive industries.

Completed scenario analysis of climate risks

Completed a scenario analysis of climate-related physical and transition risks, and incorporated climate change factors into the review procedures for possible investees and the corporate clients in industries that pose high climate risks; O-Bank makes climate-related disclosures in line with the recommendations of the Task Force on Climate-related Financial Disclosures, and has become a TCFD Supporter.



Social Engagement

Introduces Taiwan's first "Consumer Spending Carbon Calculator"

First bank in Taiwan to develop a "Consumer Spending Carbon Calculator" that can be used to check the carbon footprint of each card purchase. Also launched a "Low-Carbon Lifestyle" Debit Card and adopted a carbon reduction reward system, thus using the power of finance to spur broad-based participation in the effort to reduce CO₂ emissions.

O-Bank sets industry first in pushing for green consumption

O-Bank was the first in Taiwan's banking industry to call for conscious consumption. O-Bank is working with 28 social enterprises and B Corporations to promote the "Green Consumption Power" project.

O-Bank Social Impact program, first of its kind in Taiwan

Funds deposited in special Social Impact Deposit accounts are used solely for the specific purpose of backing microloans to help economically disadvantaged persons.

Support for social enterprises' product

O-Bank received a "Buying Power" Award for the 6th consecutive year from the Ministry of Economic Affairs for purchasing of products from social enterprises.

Support for 36 students from underprivileged backgrounds

For seven straight years, O-Bank has carried out its Summer Seed Internship Program for students from underprivileged backgrounds. Over this time, 36 students have benefitted from the program.

1,243 young artists benefit from "Stars of Tiding" art advocacy project

The "Stars of Tiding" art advocacy project, which has now been held for the past 13 years, has provided strong support to 1,243 up-and-coming young artists.

1. Sustainability Management and Stakeholders



1.1 Sustainability Policy and Its Implementation

Sustainable business is O-Bank's goal, and we maintain our corporate culture of "Always Sincere, Always Here" in relations with employees, customers, shareholders, the public, and all stakeholders. To fulfill our corporate social responsibility, O-Bank in January 2015 established the "Corporate Social Responsibility Committee." Responsible for setting CSR-related systems and policies, and for implementing plans, the committee holds regular meetings to track the execution of each project, and each year it is responsible for reporting to the Board of Directors on each unit's annual CSR plans and targets. O-Bank's Corporate Social Responsibility Committee reviews major topics and publishes a sustainability report each year to update readers on our recent achievements. Once the report has been approved by the Corporate Social Responsibility Committee and published, it is reported to the Board of Directors in order to facilitate communication with all stakeholders so that the latter can better understand O-Bank's CSR activities.

To conduct sustainability management in a long-term and systematic manner, O-Bank has established a Sustainable Development Section under the Corporate Communications Department (an O-Bank organizational chart is set out in Chapter 2, Fig. 2-1) to promote sustainability measures throughout the Bank and ensure their effective implementation. Co-workers from the Sustainable Development Section and other related units are very involved in CSR work. At this point, four employees work full-time on sustainability matters, while another 12 employees spend a portion of their working hours on sustainability operations and promotion, ensuring that sustainability policies are properly carried out throughout the entire Bank.

To continue enhancing our CSR measures, O-Bank has adopted short-term, mid-term, and long-term strategic goals for environmental, social, and corporate governance (ESG) issues (see Table 1-1), and on that basis has launched a bank-wide sustainability action plan.

Table 1-1: O-Bank's Short-term, Mid- and Long-term ESG Strategies

ESG Strategies	Short-term	Mid- and Long-term	Associated Targets of UN Sustainable Development Goals (SDGs)	Associated Goals of the Taiwan Sustainable Development Goals
Environmental (E)	<ol style="list-style-type: none"> 1. Continue conserving energy, reducing carbon emissions, implementing green purchasing, and using renewable energy resources to reduce the environmental burden of O-Bank's operations. 2. Acting in line with the Equator Principles, O-Bank will establish an environmental and social risk assessment framework for project financing. 3. Formulate a fully developed ESG evaluation mechanism for responsible lending and responsible investment, adopt management targets, and use our role as a financial intermediary to spur sustainable development of various industries. 4. Inventory portfolio emissions, and include portfolio emissions as one aspect that receives attention during assessments of possible investments and financing transactions. 	<ol style="list-style-type: none"> 1. Pursue low power-consumption in our operations, and collaborate with upstream and downstream firms in industry value chains to promote environmental protection policies. 2. Acting in line with the Science Based Targets initiative (SBTi), we have adopted Scope 1 and Scope 2 greenhouse gas emission reduction targets, and will continue increasing our reliance on renewable energy, and have pledged to achieved net zero CO₂ emissions by 2050. 3. We will continue to increase the positions of financing and investments that provide environmental and/or social benefits, and carry out responsible lending and responsible investing. 	<ol style="list-style-type: none"> 6.3 Improve water quality, eliminate pollution, and eliminate dumping of waste. 7.2 Increase global renewable energy sharing. 8.4 Reduce the linkage between economic growth and environmental degradation. 12.5 Generate less waste by "avoiding, reducing, recycling, and reusing." 12.6 Encourage companies to adopt sustainable industrial and commercial methods. 	<ol style="list-style-type: none"> 6. Ensure environmental quality and sustainable management of environmental resources. 7. Ensure that all can enjoy affordable, stable, sustainable, and modern energy. 8. Spur inclusive and sustainable economic growth, increase labor productivity, ensure that all people enjoy high-quality job opportunities. 11. Build cities and rural towns characterized by inclusivity, safety, resilience, and sustainability. 12. Spur the rise of a green economy, ensure sustainable consumption and production modes. 13. Complete mitigation and adaptation activities to respond to climate change and its effects.

ESG Strategies	Short-term	Mid- and Long-term	Associated Targets of UN Sustainable Development Goals (SDGs)	Associated Targets of the Taiwan Sustainable Development Goals
Social (S)	<ol style="list-style-type: none"> 1. Build an environment where employees can work with peace of mind, establish a comprehensive professional development system, provide competitive salary and benefits, and provide for balanced development by addressing the three aspects of "recruiting talent," "developing talent," and "retaining talent." 2. Continue launching financial products with CSR features and use financial resources to give back to society. 3. Remain involved in community service to care for the needs of students who are from remote areas or underprivileged backgrounds, and underprivileged groups; support social enterprises and B Corporations and network with them to use business as a force for good. 	<ol style="list-style-type: none"> 1. Attract and develop professional talent, create organizational competitiveness, and build a positive corporate culture from top to bottom. 2. Work to achieve financial inclusion, give consideration to financial inclusion during the process of financial product design, and create digital banking services that offer both convenience and a human touch. 3. Put our financial industry expertise to work for community service, and exert a positive influence for the needy. 	<ol style="list-style-type: none"> 1.4 Ensure that all have fair access to new technologies and financial services. 4.3 Ensure that all have fair and affordable access to education. 4.5 Eliminate education inequality, and ensure that the underprivileged have access to education. 5.1 Eliminate all forms of discrimination against women. 5.5 Ensure that women have fair opportunities to take part in policymaking and leadership. 8.3 Encourage the growth of micro, small, and medium-sized enterprises, including by obtaining access to financial services. 8.5 Enable all persons to have a good job, and achieve equal pay for equal work. 8.6 Reduce the numbers of youth who experience unemployment, interruption of schooling, or failure to receive training. 8.8 Protect the rights and interests of labor, and promote workplace safety. 9.3 Ensure that small industrial and commercial firms have more channels to access financial services, including affordable loans. 	<ol style="list-style-type: none"> 1. Strengthen care and services designed to ensure social & economic security for underprivileged groups. 4. Ensure comprehensive, fair, and high-quality education, and advocate life-long learning. 5. Achieve gender equality and empowerment for all women. 8. Spur inclusive and sustainable economic growth, increase labor productivity, ensure that all people enjoy high-quality job opportunities. 10. Reduce inequalities, both domestic and among different countries. 12. Spur the rise of a green economy, ensure sustainable consumption and production modes.
Governance (G)	<ol style="list-style-type: none"> 1. Establish an open and transparent governance system, continue implementing corporate governance, and implement legal compliance, risk management, auditing, and other internal controls. 2. Respond to market changes and business development, regularly adjust and adopt appropriate risk management approaches, and adopt sound risk management policies. 3. Act in line with competent authority guidance, establish climate change risk assessment procedures and management mechanisms, incorporate climate change risks and opportunities into business decision-making processes, and periodically make climate risk financial disclosures. 	<ol style="list-style-type: none"> 1. Monitor domestic and international supervisory trends, strengthen control of legal compliance and internal audits, and continue improving corporate governance. 2. To deal with unprecedented or unforeseeable risks, establish procedures for identification and management of emerging risks. 3. Strengthen the powers and structure of the board of directors, and deepen the link between the board and sustainability performance. 	<ol style="list-style-type: none"> 8.10 Strengthen the institution's ability to provide financial services to all people. 10.5 Improve regulations and supervision of financial markets and institutions worldwide, and strengthen implementation of financial regulations. 13.1 Strengthen ability to recover from natural disasters and adapt to climate-related risks. 16.5 Reduce all forms of corruption and bribery. 16.6 Develop effective, responsible, and transparent systems. 16.b Promote and implement non-discriminatory laws and policies to achieve sustainable development. 	<ol style="list-style-type: none"> 8. Spur inclusive and sustainable economic growth, increase labor productivity, ensure that all people enjoy high-quality job opportunities. 13. Complete mitigation and adaptation activities to respond to climate change and its effects. 16. Spur the emergence of a peaceful and diverse society, ensure equality before the law, and build a system that has credibility and broadly reflects the will of the people.

1.1.1 Corporate Social Responsibility Committee

O-Bank's CSR Committee is chaired by O-Bank's Chairperson and has 12 members. O-Bank's President serves as the committee's Vice Chairperson. The committee's membership composed of the highest-ranking manager of each CSR-related function. To establish the CSR committee's place and role in O-Bank's organizational structure, the "CSR Committee Organizational Rules" was implemented after approval by the Board of Directors in December 2015.

O-Bank's CSR Committee is divided into a Corporate Governance subcommittee, Customer Relationships subcommittee, Employee Care subcommittee, Environmental Protection subcommittee and Social Engagement subcommittee. In 2021, the O-Bank CSR Committee set up a Green Finance subcommittee to respond to the international trend toward the development of green finance, and to coordinate with the Financial Supervisory Commission's (FSC's) launch of the "Green Finance Action Plan 3.0". The heads of the subcommittees are appointed by the Committee Chairperson, and the subcommittees are served by one to two executive secretaries responsible for communication and coordination. The CSR Committee's organizational structure is shown in Fig. 1-1. In 2022, the CSR Committee held four work meetings and completed 92 projects focusing on the six dimensions of corporate governance, employee care, customer relationships, environmental protection, social engagement, and green finance.

Fig. 1-1: Organizational Chart of the Corporate Social Responsibility Committee



To ensure effective implementation of sustainability measures, O-Bank's President, all members of senior management, and all units each year set corporate social responsibility key performance indicators (CSR KPIs) which, after discussion by the Corporate Social Responsibility Committee, are submitted to the Board of Directors for approval. The President's CSR KPIs include indicators for the ratio of the company's reliance on renewable energy, green procurement ratio, promotion of climate-related strategies and measures, and achievement of ESG-related portfolio targets. The CSR KPIs for members of senior management include success in increasing the share of financing provided to environmentally- and socially-friendly enterprises, success in decreasing the share of financing provided to firms in carbon-intensive industries, success in increasing share of holdings of assets with excellent ESG performance, completion of climate scenario analyses and stress tests, success in decreasing operating CO₂ emissions, and success in increasing the coverage of portfolio carbon emission inventories. The idea is to take a top-to-bottom approach in promoting CSR measures in order to achieve sustainable business practices.

In addition to setting CSR KPIs each year, O-Bank also incorporates CSR KPIs into employees' performance reviews. CSR KPIs account for 5~10% of the total score in each person's performance review, and a performance review score will affect an employee's performance bonus. The purpose of this measure is to strengthen the linkage between sustainability performance and employee compensation. CSR KPIs are also factored into performance evaluations for the O-Bank President and all members of senior management. Performance scores in such areas as CSR, legal compliance, internal control, risk control (including corporate governance and ethical management), and other non-financial indicators account for no less than 30% of a person's total performance evaluation score, and performance evaluation results are linked to short-term variable bonuses in order to encourage the O-Bank President and members of senior management to achieve CSR goals.

1.1.2 Sustainable Development Best Practice Principles

In order to fulfill our corporate social responsibility, O-Bank adopted a set of nine CSR Principles in December 2015 to provide a yardstick for setting project goals and evaluating the success of CSR undertakings. In 2016, O-Bank adopted a set of "Corporate Social Responsibility Best Practice Principles" on the basis of the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies." In line with the spirit of the aforementioned Principles, O-Bank has adopted guidelines, policies, and procedures to address the five dimensions of CSR, and has implemented them upon their approval by the Board of Directors. On that basis, O-Bank has continued to update our CSR Best Practice Principles in accordance with the requirements of the competent authorities and domestic and international sustainability trends, in 2021 adding a chapter on "Development of Green Finance" and changing the name to the "Sustainable Development Best Practice Principles."

Main spirit of the O-Bank Sustainable Development Best Practice Principles:

1. Insist on integrity, and realize our corporate culture of "Always Sincere, Always Here" in relationships with employees, clients, shareholders, public society, and all stakeholders.
2. Commit to sustainable business management and strive to maximize shared value for employees, clients, shareholders, and all stakeholders.
3. Uphold the law, value corporate governance, and effectively manage risks.
4. Work to balance employee's work and life, provide them with high-quality care, multifaceted talent development plans, and a comfortable and safe work environment.
5. Promote our corporate culture, value teamwork, build a warm, cooperative, and friendly workplace, and give employees a sense of belonging, happiness, and mission.
6. Provide sophisticated service, enhance professional value, and grow up with our clients, to make contributions to the economy and industry, and further create a win-win situation.

7. Actively promote and lead innovation in O-Bank, industry, and society, in accordance with governmental policies.
8. Value and continue to implement environmentally friendly policies.
9. Carry out public welfare and arts and education activities, care for the community and students, give back to the local community and society, and promote and lead employees to engage in charitable service.

In order to align with the UN's sustainability initiatives and implement sustainable development goals, O-Bank voluntarily complies with the UN Principles for Responsible Banking (PRB) and has incorporated its set of six principles into the O-Bank "Sustainable Development Best Practice Principles." These Principles expressly require O-Bank to disclose in its annual sustainability report the results of the self-assessments called for by the Principles for Responsible Banking. The six principles for responsible banking focus on: alignment; impact and target setting; clients and customers; stakeholders; governance and culture; and transparency and accountability. The Principles for Responsible Banking, and O-Bank's responsive measures, are set out below in Table 1-2.

Table 1-2: Principles for Responsible Banking, and O-Bank's Responsive Measures

Principles for Responsible Banking	O-Bank's Responsive Measures
Alignment	<ul style="list-style-type: none"> • UN Sustainable Development Goals (SDGs): O-Bank's short-, mid-, and long-term ESG strategies are linked to the SDGs. O-Bank actively seeks to exercise its influence as a financial institution, tapping into its expertise to push for sustainable development. • Paris Climate Agreement: O-Bank has committed to achieve net-zero emissions by 2050, in hopes of being part of the effort to achieve the Paris Climate Agreement vision of controlling global warming. • Equator Principles: O-Bank is the 124th financial institution in the world to formally sign on to the Equator Principles, and as such it reviews and controls the environmental and social risks associated with project financing. • TCFD Supporter: O-Bank makes climate-related disclosures in line with the recommendations of the Task Force on Climate-related Financial Disclosures, and identifies, analyzes, and controls climate-related physical and transition risks. • Partnership for Carbon Accounting Financials (PCAF): O-Bank has joined the PCAF and adopted the international methodology to measure portfolio emissions.
Impact and Target Setting	<ul style="list-style-type: none"> • ESG-related investment and financing targets: O-Bank has incorporated ESG risk factors into review procedures for corporate finance deals and investments, and has adopted targets for increasing investments in companies with excellent ESG performance while decreasing investments in companies with poor ESG performance. The purpose of these measures is to spur various industries to implement sustainable development. • Targets for lower investments in and financing of carbon-intensive industries: O-Bank has drawn up a list of the 10 biggest carbon-intensive industries, and has set limits on the share of its financing and investments that may go to carbon-intensive industries. The idea is to limit the flow of O-Bank funds toward industries that have a significantly adverse environmental impact. • Targets for higher investments in and financing of environmentally- and socially-friendly industries: O-Bank encourages the flow of funds toward environmentally- and socially-friendly industries, and has adopted targets for higher investments in and financing of such industries, including renewable energy, medicine, and education. The idea is to spur beneficial development of the environment and society.
Clients and Customers	<ul style="list-style-type: none"> • Review of corporate customers' ESG risks and climate risks: O-Bank has incorporated ESG and climate-related risk factors into review procedures for corporate finance deals, in order to prompt customers to control ESG and climate-related risks, thereby encouraging customers to pay balanced attention to corporate growth and sustainable development. • Work with retail banking customers to reduce carbon emissions and act as a force for good: O-Bank has tapped into its financial industry expertise and combined it with a dedication to ESG concepts to launch related products and undertakings – including "Social Impact" deposits and loans, the Consumer Spending Carbon Calculator, and the "Green Consumption Power" project – to enable customers to use financial products and services to act in a way that benefits the environment and society.

Principles for Responsible Banking	O-Bank's Responsive Measures
Stakeholders	<ul style="list-style-type: none"> O-Bank has identified six major stakeholder categories and surveys them each year to understand the issues that are of most concern to them. O-Bank interacts with them via a diverse range of communication channels, and acts via different activities to spur stakeholders to be concerned about sustainable development. For more detailed information, see section "1.3.2 Stakeholder Engagement" in this report.
Governance and Culture	<ul style="list-style-type: none"> The O-Bank Corporate Social Responsibility Committee (which is under the Board of Directors) is the Bank's ultimate oversight authority with respect to matters concerning sustainable development, and the Committee's various subcommittees are responsible for formulating and implementing sustainability-related strategies and action plans. O-Bank has established a Sustainable Development Section under its Corporate Communications Department to promote CSR measures throughout the Bank and help other units carry out CSR-related matters. Corporate social responsibility key performance indicators (CSR KPIs) have been incorporated into performance reviews for the O-Bank President, members of senior management, and all employees. They account for 5~10% of the total score in each person's performance review, in order to ensure that they achieve ESG targets.
Transparency and Accountability	<ul style="list-style-type: none"> Each year, O-Bank publishes a sustainability report that discloses measures taken to implement the Principles for Responsible Banking, and the results thereof. This information is provided to all stakeholders so that they can comprehensively understand O-Bank's actions in this regard. O-Bank updates its website as necessary. The Bank's latest sustainability-related actions are treated as matters that must be updated promptly for the reference of all stakeholders.

1.2 Identification of Stakeholders

When O-Bank established the Corporate Social Responsibility Committee in 2015, after studying the makeup of the stakeholders of peer companies in the financial industry both at home and overseas, O-Bank categorized employees, customers, shareholders, suppliers, government agencies, the local community, the public, NPOs/NGOs, CSR experts and scholars, artists, media, and labor unions as potential stakeholders. Following cross-departmental internal meetings and discussions by CSR representatives, O-Bank eliminated CSR experts and scholars, labor unions, media, and NPOs/NGOs as potential stakeholders based on the principle of "relevance to the business of O-Bank's departments and frequency of contact." Artists and the local community were combined into a single broadly-defined stakeholder category we call "the public," resulting in the following six major stakeholder categories: employees, customers, shareholders, suppliers, government agencies, and the public. These categories have been approved by the Corporate Social Responsibility Committee. O-Bank maintained these same six stakeholder categories in 2022, so the makeup of O-Bank's stakeholders did not change.

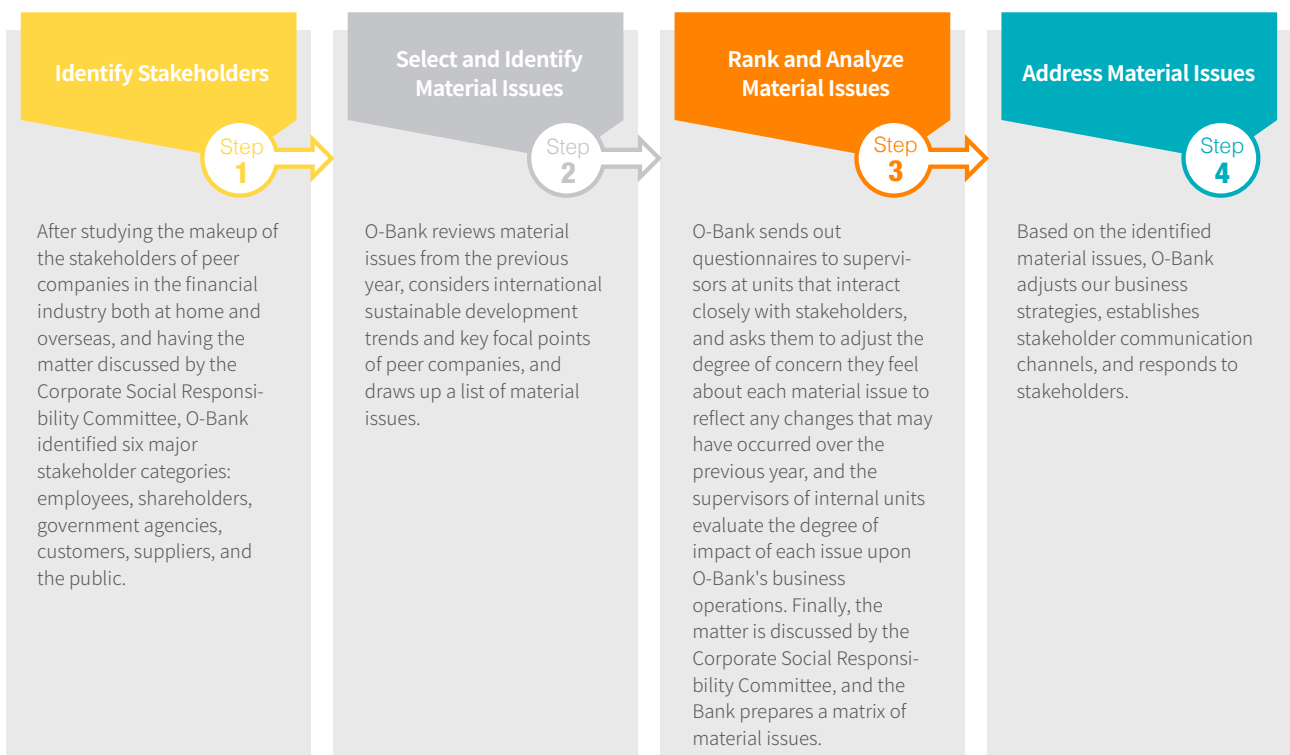


Fig. 1-2: O-Bank's Six Major Stakeholder Categories

1.3 Identifying and Analyzing Material Issues

O-Bank each year identifies material issues for that particular year. In the past, the Bank sent out questionnaires to survey the degree of stakeholder concern regarding each material issue, and the members of the Corporate Social Responsibility Committee evaluated the degree of impact of each issue upon O-Bank's business operations. Based on the results, the Bank ranked and analyzed the materiality of the various issues. On the basis of the "GRI Universal Standards 2021" issued by the Global Reporting Initiative (GRI), O-Bank in preparing its 2022 sustainability report, for the purpose of identification and analysis of material issues, switched to using "degree of impact on the economy, the environment, and human rights (society)" and "degree of impact on the company's business operations." Finally, based on the identified material issues, the Bank adjusted business strategies and conducted Enterprise Risk Management (ERM) procedures for material issues as a whole, and provided a response to stakeholders.

Fig. 1-3: Process for Identifying Stakeholders and Analyzing Material Issues



1.3.1 Identification and Analysis of Material Issues

To understand and categorize the issues that are of concern to our stakeholders, O-Bank has communicated via a diverse range of channels, and at the same time has adjusted and re-analyzed the material issues in this year's report with an eye to international sustainability trends and the issues of principal concern to peer companies in Taiwan and around the world. The 18 material issues set out in the O-Bank 2022 Sustainability Report are largely the same as those in the 2021 Sustainability Report, except that new "green finance" and "climate strategies" have been added. To understand the degree of impact that stakeholders feel that various material issues of concern have on the economy, the environment, and human rights (society), O-Bank sent out questionnaires to members of the Corporate Social Responsibility Committee and to members of CSR-related units (all of which interact closely with stakeholders) and asked them, based on their past interactions with those types of stakeholders, to

evaluate the degree of impact of each material issue on the economy, the environment, and human rights (society) (see the Y axis in Fig. 1-4). Next, O-Bank CSR Committee assigned scores to indicate the degree of impact of various issues upon the Bank's business operations (see the X axis in Fig. 1-4).

The following is a matrix for analysis of double materiality of O-Bank's 2022 material issues:

Fig. 1-4: Matrix for Analysis of Selected Material Issues of Concern to O-Bank Stakeholders



As a result of double materiality analysis, 15 material issues of concern to O-Bank stakeholders were identified as issues of high concern in 2022 that also had a high degree of impact on the economy, the environment, and human rights (society) as well as O-Bank's business operations. These issues were submitted to and approved by the Corporate Social Responsibility Committee, and were the principal focus of this year's report. There were 15 such material issues. Firstly, there were the original 12 issues of 2021, as follows: ethical best practices and corporate governance, legal compliance and internal audits, risk management, information security, operating performance, innovation and strategies, transparency and product disclosures, service quality and customer satisfaction, employee salary and benefits, employee development and training, equal and friendly working environment, and financial inclusion. In addition, 2022 featured the three additional material issues of green finance, climate strategies, and environmental sustainability. For more information on the impact of each issue, O-Bank's approach to managing the impact, and the scope of impact, see Table 1-3.

Table 1-3: Impact of Selected Material Issues, and Approaches to Their Management

"○"Directly Related; "#"Commercially Related; "※"Indirectly Related

Material Issue	Description of Impacts (incl. key risks and opportunities)	Corresponding GRI Topic	Management Approaches		Scope of Impact
			Policy or Commitment	Related Section (management action)	
Ethical Best Practices and Corporate Governance	Potential negative impact: A financial services enterprise is charged with the safekeeping of people's properties. If it engages in unethical behavior or lacks of transparency in corporate governance, it could be punished by the government, or loss of the trust of customers and shareholders will seriously affect the company's business performance and cause the company to lose operating revenues. O-Bank upholds ethical management as one of our core values, and we rely on a professional and independent Board of Directors to exercise key decision-making and diligent oversight functions in order to gain the trust and support of stakeholders.	GRI 205: Anti-corruption GRI 206: Anti-competitive Behavior	<ul style="list-style-type: none"> Ethical Corporate Management Best Practice Principles Criteria Governing Codes of Ethical Conduct Corporate Governance Best Practice Principles 	3.1 Governance Framework 3.2 Ethical Best Practices 3.3 Legal Compliance	Company and employees (○) Customers (#) Suppliers (#) Shareholders (※) Government agencies (※)
Legal Compliance and Internal Audits	Potential negative impact: A financial services enterprise is a closely supervised type of business, and needs to rigorously maintain legal compliance. Failures in legal compliance and internal audit systems lead to illegal conduct and generate increased operational risks and reputational risks, thus causing losses for both companies and customers. O-Bank rigorously complies with financial laws and regulations as well as its internal audit system in order to ensure that employees obey laws and regulations.	GRI 205: Anti-corruption GRI 418: Customer Privacy GRI 2: General Disclosures (2-27 Compliance with laws and regulations)	<ul style="list-style-type: none"> Principles for Three Lines of Defense for Internal Control Rules Governing O-Bnak's Legal Compliance System Policy on Anti-Money Laundering and Countering the Financing of Terrorism Policy Statement on Personal Information Management 	3.2 Ethical Best Practices 3.3 Legal Compliance 3.5 Information Security	Company and employees (○) Customers (#) Suppliers (#) Shareholders (※) Government agencies (※)

Material Issue	Description of Impacts (incl. key risks and opportunities)	Corresponding GRI Topic	Management Approaches		Scope of Impact
			Policy or Commitment	Related Section (management action)	
Risk Management	<p>Potential negative impact: By correctly identifying traditional and emerging risks and then properly implementing risk management, it is possible to prevent or mitigate various risks that may have a negative impact on the Bank, and at the same time it is also possible, when a major contingency occurs, to mitigate operational risks, maintain normal operations, and control risks within an acceptable scope.</p> <p>Actual positive impact: When market or environmental risks materialize, effective risk management can enhance the Bank's competitiveness and bolster the trust of customers and shareholders.</p>	GRI 201: Economic Performance	<ul style="list-style-type: none"> • Risk Management Policy • Credit Extension Policy • Rules for Managing Operational Risk • Guidelines for Managing Credit Risk • Rules for Managing Market Risk • Rules for Major Unexpected Events • Major Accident Emergency Response and Recovery Plan Implementation Guidelines 	3.4 Risk Management	Company and employees (○) Customers (#) Suppliers (#) Shareholders (※) Government agencies (※)
Transparency and Product Disclosures	<p>Potential negative impact: Establishing channels for transparent and open disclosure of information (including financial information, governance matters, and product disclosures) so that stakeholders can learn more about and place greater trust in the Bank and can also avoid losses to the Bank or its stakeholders.</p> <p>Actual positive impact: Complete disclosure of company and product information by measures such as, enabling shareholders to understand operations and financial conditions, customers to clearly understand the contents of financial products, and the general public to recognize O-Bank's sustainable actions, enhances stakeholders' trust in the Bank.</p>	GRI 417: Marketing and Labeling	<ul style="list-style-type: none"> • Policy for Disclosing Information on Capital Adequacy and Risk Management 	3.1 Governance Framework 4.2 Service Quality and Customer Experience	Customers (#) Shareholders (※) Government agencies (※)
Operating Performance	<p>Actual positive impact: Securing profit and growth is the fundamental goal of businesses, and keeping up a solid business performance over the long term is crucial for sustainable development. O-Bank's operating performance continues to improve, which helps boost business promotion efforts on all fronts.</p>	GRI 201: Economic Performance	<ul style="list-style-type: none"> • Articles of Incorporation • Rules for Implementing Management by Objectives • Procedural Rules Governing Shareholders' Meetings 	2.2 Operating Performance and Reputation 2.3 Market Environment and Development Strategies 3.1 Governance Framework	Company and employees (○) Shareholders (※)

Material Issue	Description of Impacts (incl. key risks and opportunities)	Corresponding GRI Topic	Management Approaches		Scope of Impact
			Policy or Commitment	Related Section (management action)	
Innovation and Strategies	Potential positive impact: The company must map out clearly defined short-, medium-, and long-term development strategies, and must continue to innovate, set itself apart, and become more competitive in order to seize quickly upon market opportunities.	GRI 201: Economic Performance	• Articles of Incorporation	2.1 About O-Bank 2.3 Market Environment and Development Strategies	Company and employees (○) Customers (#) Shareholders (※)
Information Security	Potential negative impact: A financial services enterprise bears a responsibility to build a safe financial transactions environment and rigorously protect customer information. Ensuring information security is all the more important with digital financial services in order to win consumers' trust and avoid information security incidents.	GRI 418: Customer Privacy	• Information Security Policy	3.5 Information Security 4.3 Customer Privacy and Transaction Security	Company and employees (○) Customers (#) Government agencies (※)
Service Quality and Customer Satisfaction	Actual positive impact: Deliver a premium financial services experience and well-planned complaint channels, continue enhancing customer satisfaction, build strong customer relations. Potential negative impact: Ongoing provision of good service quality and enhancement of customer satisfaction rates can prevent damage to brand image and reputation.	GRI 417: Marketing and Labeling	• Principles for Fair Treatment of Customers • Rules for Handling Customer Complaints and Financial Consumer Disputes	4.1 Financial Services and Innovation 4.2 Service Quality and Customer Experience 4.3 Customer Privacy and Transaction Security	Customers (#) Government agencies (※)
Green Finance	Actual negative impact: With respect to industries that pose environmental and social risks, O-Bank has a list of banned counterparties and assigns ESG risk grades for investment and financing deals, and based on the risk grades conducts risk control at different levels of rigor. Actual positive impact: The Bank can take advantage its role as a financial intermediary to spur various industries to move toward sustainable development, and to guide its funds toward environmentally- and socially-friendly industries.	GRI 201: Economic Performance GRI 305: Emissions	• Sustainable Credit and Investment Policy	7.2 Responsible Loans 7.3 Responsible Investment 7.4 Responsible Products	Customers (#) Government agencies (※)

Material Issue	Description of Impacts (incl. key risks and opportunities)	Corresponding GRI Topic	Management Approaches		Scope of Impact
			Policy or Commitment	Related Section (management action)	
Climate Strategies	<p>Actual negative impact: To mitigate the impact of climate change, enterprises must actively manage and respond to climate risks, and banks, apart from emissions generated by their own operations, also need to inventory portfolio emissions and guide customers to reduce carbon emissions, so that all parties can work together to build a sustainable environment.</p> <p>Actual positive impacts: Climate strategies attract new types of customer groups, such as renewable energy firms and electrical vehicle firms, and a bank can also invest in green bonds and expand climate-related business opportunities.</p>	GRI 201-2: Climate-related Financial Impacts, and other Risks and Opportunities GRI 305: Emissions	<ul style="list-style-type: none"> • Environmental Management Policy • Climate Risk Management Policy 	6.3 CO ₂ Emissions Inventories 7.1 Climate-related Risks and Opportunities	Customers (#) Suppliers (#) Government agencies (※)
Environmental Sustainability	<p>Actual negative impact: Company operations continue to consume various resources. The company must improve its resource consumption efficiency and reduce the negative environmental impact of company operations before it can co-exist in harmony with the environment.</p> <p>Potential positive impact: Lowering consumption of various energy resources and reducing waste can spur environmental conservation and biodiversity.</p>	GRI 204: Procurement Practices GRI 302: Energy GRI 303: Water and Effluents GRI 305: Emissions GRI 306: Effluents and Waste GRI 308: Supplier Environmental Assessment GRI 414: Supplier Social Assessment	<ul style="list-style-type: none"> • Environmental Management Policy 	6.1 Environmental Management Policies and Targets 6.2 Management of Energy and Resources 6.3 CO ₂ Emissions Inventories 6.4 Green Purchasing and Supplier Management	Company and employees (○) Suppliers (#) The Public (※)
Employee Compensation and Benefits	Actual positive impact: To attract outstanding talent who can spur progress and development, O-Bank has established a well-conceived and fair compensation system, and provides competitive salaries and benefits.	GRI 201: Economic Performance GRI 202: Market Presence GRI 401: Employment	<ul style="list-style-type: none"> • Rules Governing Employee Compensation • Working Regulations 	5.2 Employee Compensation and Benefits	Company and employees (○)
Employee Development and Training	Actual positive impact: A company relies on professional talent to grow and develop. To become more competitive, O-Bank must continue to enhance employee development and training, and effectively develop and retain talent.	GRI 404: Training and Education	<ul style="list-style-type: none"> • Guidelines for Implementing Employee Training • Working Regulations 	5.3 Employee Cultivation and Development	Company and employees (○)

Material Issue	Description of Impacts (incl. key risks and opportunities)	Corresponding GRI Topic	Management Approaches		Scope of Impact
			Policy or Commitment	Related Section (management action)	
Equal and Friendly Working Environment	Actual positive impact: By providing a diverse, equal, and healthy working environment and open channels for internal communications, and by building a happy workplace that meets employee needs, O-Bank can attract and retain talent more successfully.	GRI 402: Labor/ Management Relations GRI 403: Occupational Health and Safety GRI 405: Diversity and Equal Opportunity GRI 406: Non-discrimination GRI 411: Rights of Indigenous Peoples	<ul style="list-style-type: none"> Human Rights Policy Occupational Safety and Health Rules 	5.1 Employee Composition, and Promotion of a Friendly Work Environment 5.4 Communication and Engagement with Employees	Company and employees (○) Government agencies (※)
Financial Inclusion	Actual positive impact: O-Bank uses its core strengths to create business models that are conducive to social and environmental sustainability, and enable more consumers to effectively obtain financial services. These conditions will in turn guide industries to develop sustainably, thus bringing about sustainable finance.	GRI 203: Indirect Economic Impacts	<ul style="list-style-type: none"> Articles of Incorporation 	4.1 Financial Services and Innovation 7.4 Responsible Products	Customers (#) The Public (※) Government agencies (※)

With respect to the 15 material issues of high concern to O-Bank stakeholders in 2022, O-Bank has adopted corresponding strategies, key performance indicators (KPIs), and long-term goals. The Corporate Social Responsibility Committee periodically reviews the Bank's progress in addressing these issues, and the results, to ensure that each strategy and goal is met. See Table 1-4.

Table 1-4: Material Issues and Development Goals

Material Issues	Strategies	Key Performance Indicators (KPIs)	Goals for 2022	Success in Meeting Targets	Goals for 2023	Goals for 2025
Ethical Best Practices and Corporate Governance	Strengthen the ethical best practice mindset of all O-Bank employees, ensure that employees implement the "Ethical Corporate Management Best Practice Principles," the "Criteria Governing Codes of Ethical Conduct," and the "Corporate Governance Best-Practice Principles." Improve the oversight effectiveness of a professional and independent Board of Directors, enhance the Bank's corporate governance, and build up trust with stakeholders.	<ul style="list-style-type: none"> • Completion rate for training programs on ethical best practice • Attendance rate at Board of Directors meetings • Board diversity • Improvement measures and status in accordance with external rating indicators 	<ul style="list-style-type: none"> • 100% completion rate for training programs on ethical best practice. • Raise the avg. attendance rate at Board of Directors meetings. • Adopt a Board diversity policy. • Prepare plans to obtain better ratings from outside rating bodies regarding corporate governance items and recommended items. 	<ul style="list-style-type: none"> • 100% completion rate for training programs on ethical best practice in 2022. • The attendance rate at each meeting of the Board of Directors in 2022 was 100%, and the average attendance rate for all meetings as a whole was also 100%. • In 2022, O-Bank adopted a "Board of Directors Diversity Policy, Standards for Independence, and Plan for Continuing Education and Succession" and disclosed it on the company website. • Actively implement a corporate governance improvement program, and report on the status of implementation to the Board of Directors for review and approval. 	<ul style="list-style-type: none"> • Continue to maintain 100% completion rate for training programs on ethical best practice. • Formulate a Board diversity policy, incorporate quantified diversity targets, and increase the share of female directors. • Ensure that the share of female directors on the 9th Board of Directors is higher than their share on the 8th Board of Directors. 	<ul style="list-style-type: none"> • Continue to maintain 100% completion rate for training programs on ethical best practice. • Acting in line with the competent authorities' policies, and referring to the corporate governance performance indicators of international sustainability ratings bodies, O-Bank will enhance its corporate governance practices.

Material Issues	Strategies	Key Performance Indicators (KPIs)	Goals for 2022	Success in Meeting Targets	Goals for 2023	Goals for 2025
Legal Compliance and Internal Audits	Strengthen compliance management measures and enhance compliance awareness, including AML/CFT matters, protection of personal information, and compliance with the "Financial Consumer Protection Act"; implement an independently operated internal audit system; work to achieve zero infractions.	<ul style="list-style-type: none"> Completion rate for legal compliance training Implementation rate for compliance self-assessments Frequency of reports on audit work 	<ul style="list-style-type: none"> Continue implementing company-wide legal compliance training activities and testing. Conduct a legal compliance self-assessment and a compliance test once each half-year to derive more benefits from legal compliance operations. Report once per quarter on the Bank's conduct of internal audit matters to the Board of Directors and the Audit Committee. 	<ul style="list-style-type: none"> Complete required legal compliance training activities. Completion rate for legal compliance training in 2022 was 100%. Once each half-year, complete a semi-annual legal compliance self-assessment and conduct compliance tests on key business units using a risk-based approach. The implementation rate for compliance self-assessments was 100% in 2022. Reported once per quarter on the Bank's conduct of internal audit matters. In 2022, the Chief Auditor reported each quarter to the Board of Directors and the Audit Committee. 	<ul style="list-style-type: none"> Acting in line with its annual legal compliance plan, O-Bank will continue to improve legal compliance measures. Maintain a 100% completion rate for legal compliance training and a 100% implementation rate for compliance self-assessments. Continue reporting once per quarter on the Bank's conduct of internal audit matters to the Board of Directors and the Audit Committee. 	<ul style="list-style-type: none"> Continue to closely monitor changes to the financial and legislative environment at home and abroad, and improve the compliance management of O-Bank and its overseas branches and subsidiaries; maintain a 100% completion rate for legal compliance training and a 100% implementation rate for compliance self-assessments.
Risk Management	In response to international trends regarding capital adequacy ratios, O-Bank has: (a) established market-sensitive, quantified mechanisms to improve risk management comply with legal requirements; (b) improved its business continuity management system; and (c) strengthened its system for management of emerging risks.	<ul style="list-style-type: none"> Introduce and set up new system for calculation of market risk capital charges Frequency of operational continuity drills State of compliance with recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) 	<ul style="list-style-type: none"> Research the Basel Committee on Banking Supervision's "Fundamental Review of the Trading Book (FRTB)" and quantitative methodology, and analyze the differences between the new and old methods of calculating capital charges. Carry out annual business continuity drills involving remote backup and local backup. Conduct analyses of climate-related physical and transition risks. 	<ul style="list-style-type: none"> In 2022, O-Bank completed in-house training for risk management personnel on new system for calculation of market risk capital charges. In 2022, O-Bank carried out calculations on products for which a new market risk capital charge system had been adopted. In 2022, O-Bank completed two annual business continuity drills, with one involving remote backup and one involving local backup. In 2022, O-Bank completed analyses of climate-related physical and transition risks. 	<ul style="list-style-type: none"> Compare the FRTB standardized approach versus the FRTB internal model approach for the calculation of capital charges, and evaluate which capital charge method is best for O-Bank. Increase the frequency of local-backup business continuity drills to once each half-year. Continue carrying out annual analyses of climate-related physical and transition risks. 	<ul style="list-style-type: none"> Complete the setup of new system for calculation of market risk capital charges, set up the capital consumption method that is best for O-Bank and complies with the competent authority's capital charge legal requirements.

Material Issues	Strategies	Key Performance Indicators (KPIs)	Goals for 2022	Success in Meeting Targets	Goals for 2023	Goals for 2025
Information Security	O-Bank has built a fully fleshed out cyber security management and protection measures, and has cultivated a strong cyber security consciousness among all Bank employees.	<ul style="list-style-type: none"> • ISO 27001: 2013 information security management system certification • Training hours in information security • Number of social engineering drills 	<ul style="list-style-type: none"> • Obtain ISO 27001: 2013 information security management system certification. • All O-Bank employees attend three hours of information security training. • Conduct two social engineering drills. 	<ul style="list-style-type: none"> • In 2022, O-Bank obtained ISO 27001: 2013 information security management system certification. • In 2022, O-Bank completed three hours of information security training per employee. • In 2022, O-Bank completed two social engineering drills. 	<ul style="list-style-type: none"> • Adopt timetable and plan for obtaining ISO 27001: 2022 information security management system certification. • All O-Bank employees attend three hours of information security training. • Conduct two social engineering drills. • Evaluate and introduce a cyber security governance maturity assessment system. 	<ul style="list-style-type: none"> • Maintain ISO 27001 certification for our information security management system. • Continue to build an information security strategy and framework that effectively handles cyber risks and vulnerabilities, and build out a cyber security governance and protection system.
Operating Performance	Improve returns on capital, and seek better return on equity.	<ul style="list-style-type: none"> • Return on equity 	<ul style="list-style-type: none"> • Return on equity continues to post positive growth. 	<ul style="list-style-type: none"> • Standalone ROE in 2022 was 13.59%, which dropped to 5.64% after factoring out the one-off profit from the merger of a subsidiary. This figure was up from the previous year. 	<ul style="list-style-type: none"> • Return on equity continues to post positive growth (Note). 	<ul style="list-style-type: none"> • Acting in line with short-term, mid-term, and long-term strategic goals, achieve key performance indicators (KPIs).
Innovation and Strategies	Strengthen digital capabilities, use data for overall operations and procedures, and optimize digital experience and operations; formulate an intellectual property rights management system, and protect the results of innovative R&D.	<ul style="list-style-type: none"> • Percent of Bank employees to receive professional data training • Percent of Bank employees with professional license(s) in data technology • Certification from the Taiwan Intellectual Property Management System (TIPS) 	<ul style="list-style-type: none"> • 20% of Bank employees receive professional data training. • 10% of Bank employees obtain professional license(s) in data technology. • Adopt trademark management rules and obtain Class A certification from the Taiwan Intellectual Property Management System (TIPS). 	<ul style="list-style-type: none"> • 23% of Bank employees received professional data training in 2022. • 14.6% of Bank employees obtained professional license(s) in data technology in 2022. • O-Bank had adopted trademark management rules and obtained Class A certification from the Taiwan Intellectual Property Management System (TIPS). 	<ul style="list-style-type: none"> • Cumulative 40% of Bank employees receive professional data training. • Cumulative 25% of Bank employees obtain professional license(s) in data technology. • Adopt patent management rules and obtain Class A certification from TIPS. 	<ul style="list-style-type: none"> • Cumulative 50% of Bank employees receive professional data training. • Cumulative 40% of Bank employees obtain professional license(s) in data technology. • Maintain Class A certification from the Taiwan Intellectual Property Management System (TIPS).
Transparency and Product Disclosures	Fully disclose products and information in line with principles for fairness and good faith, and in compliance with applicable laws and regulations.	<ul style="list-style-type: none"> • Number of legal violations • Number of customer complaints 	<ul style="list-style-type: none"> • No violations of applicable legislation, and no related customer complaints. 	<ul style="list-style-type: none"> • No related matters took place in 2022. 	<ul style="list-style-type: none"> • No violations of applicable legislation, and no related customer complaints. 	<ul style="list-style-type: none"> • No violations of applicable legislation, and no related customer complaints.

Material Issues	Strategies	Key Performance Indicators (KPIs)	Goals for 2022	Success in Meeting Targets	Goals for 2023	Goals for 2025
Service Quality and Customer Satisfaction	Take the customer experience as the core, establish a corporate culture of treating customers fairly, and ensure high-quality services.	<ul style="list-style-type: none"> • Customer satisfaction • Share of customer complaints properly handled within five days 	<ul style="list-style-type: none"> • Customer satisfaction rate of 80% or higher. • 80% or more of customer complaints properly handled within five days. 	<ul style="list-style-type: none"> • The customer satisfaction rate in 2022 was 88.5%. • 90% of customer complaints were properly handled within five days in 2022. 	<ul style="list-style-type: none"> • Customer satisfaction rate of 85% or higher. • 80% or more of customer complaints will continue to be properly handled within five days. 	<ul style="list-style-type: none"> • Customer satisfaction rate of 86% or higher. • 80% or more of customer complaints will continue to be properly handled within five days.
Green Finance	Incorporate ESG risk factors into business decisions, and work to direct funds toward sectors that are friendly to the environment and society.	<ul style="list-style-type: none"> • Share of outstanding balance of financing provided to environmentally- and socially-friendly industries • Outstanding balance of sustainability-linked loans 	<ul style="list-style-type: none"> • Increase the share of outstanding balance of financing provided to environmentally- and socially-friendly industries. • Increase the outstanding balance of sustainability-linked loans. 	<ul style="list-style-type: none"> • The share of the outstanding balance of financing provided to environmentally- and socially-friendly industries was 5.32% in 2022. • The outstanding balance of sustainability-linked loans was NT\$3.539 billion in 2022. 	<ul style="list-style-type: none"> • The share of the outstanding balance of financing provided to environmentally- and socially-friendly industries will reach 6.75%. • Outstanding balance of sustainability-linked loans underwritten will reach NT\$4.5 billion. 	<ul style="list-style-type: none"> • The share of the outstanding balance of financing provided to environmentally- and socially-friendly industries will reach 7.5%. • Outstanding balance of sustainability-linked loans underwritten will reach NT\$6.5 billion.
Climate Strategies	Strengthen the climate risk management mechanism, and exercise differentiated management of asset portfolios with high climate risk.	<ul style="list-style-type: none"> • Carbon inventory coverage ratio of financing and investment portfolio • Share of outstanding balance of financing provided to customers from carbon-intensive industries • Share of investments in companies from carbon-intensive industries 	<ul style="list-style-type: none"> • Complete carbon inventories for portfolio emissions among O-Bank customers in carbon-intensive industries. • Outstanding balance of financing provided to customers from carbon-intensive industries is limited to 5%. 	<ul style="list-style-type: none"> • O-Bank completed carbon inventories for portfolio emissions among its customers in carbon-intensive industries in 2022. • The outstanding balance of financing provided to customers from carbon-intensive industries was lower than 5%. 	<ul style="list-style-type: none"> • Financing portfolio coverage ratio reaches 90%, and investment portfolio coverage ratio reaches 100%. • Outstanding balance of financing provided to customers from carbon-intensive industries will be limited to 4.5%. • The outstanding balance of investments in carbon-intensive industries as a share of total outstanding investments was below 20%. 	<ul style="list-style-type: none"> • Continue to improve carbon emission inventories of financing and investments portfolio . • Further reduce the outstanding balance of financing provided to customers from carbon-intensive industries to 4.25%. • The outstanding balance of investments in carbon-intensive industries as a share of total outstanding investments was limited to no more than 18%.
Environmental Sustainability	Implement energy conservation and carbon reduction measures, reduce the environmental impact of company operations, and co-exist in harmony with the environment.	<ul style="list-style-type: none"> • Environmental management targets for electricity and water usage 	<ul style="list-style-type: none"> • Taking 2020 as the baseline year, O-Bank seeks to reduce power usage per employee by 2%, and water usage per employee by 2%. 	<ul style="list-style-type: none"> • Taking 2020 as the baseline year, power usage per employee in 2022 was down by 16.09% and water usage per employee was down by 24.75%. 	<ul style="list-style-type: none"> • Taking 2020 as the baseline year, O-Bank seeks to reduce power usage per employee by 3%, and water usage per employee by 3%. 	<ul style="list-style-type: none"> • Taking 2020 as the baseline year, O-Bank seeks to reduce power usage per employee by 4.5%, and water usage per employee by 5%.

Material Issues	Strategies	Key Performance Indicators (KPIs)	Goals for 2022	Success in Meeting Targets	Goals for 2023	Goals for 2025
Employee Compensation and Benefits	Provide competitive compensation and benefits to retain talent.	<ul style="list-style-type: none"> Participation rate in Employee Share Ownership Trust Provide employee benefits that exceed statutory requirements 	<ul style="list-style-type: none"> Expand eligibility for Employee Share Ownership Trust, increase participation rate. Provide types of work leave that exceed statutory requirements. 	<ul style="list-style-type: none"> The participation rate in the Employee Share Ownership Trust rose from 67.3% to 74.3% in 2022. A wider range of employees became eligible for adoption leave, organ donation leave, and family ties leave in 2022. 	<ul style="list-style-type: none"> Seek for the participation rate in the Employee Share Ownership Trust to rise to 80%. Provide new benefits (for childbirth, retirement, etc.) that exceed statutory requirements. 	<ul style="list-style-type: none"> Seek for the participation rate in the Employee Share Ownership Trust to rise to 85%. Continue working to optimize employee benefits.
Employee Development and Training	Create an organizational learning climate, and implement a performance management system.	<ul style="list-style-type: none"> Avg. training hours per employee Share of employees who participate in performance reviews 	<ul style="list-style-type: none"> Avg. 40 training hours per employee. 100% of employees participate in performance reviews. 	<ul style="list-style-type: none"> Avg. training hours per employee came to 49.5 hours in 2022. 100% of employees participated in performance reviews in 2022. 	<ul style="list-style-type: none"> Avg. 50 training hours per employee. 100% of employees participate in performance reviews. 	<ul style="list-style-type: none"> Maintain avg. 72 hours training hours per employee. 100% of employees participate in performance reviews.
Equal and Friendly Working Environment	Establish an equal and friendly working environment, enable employees to work with peace of mind.	<ul style="list-style-type: none"> Employee satisfaction rate Rate of participation in employee health examinations 	<ul style="list-style-type: none"> 87% employee satisfaction rate. 86% rate of participation in employee health examinations. 	<ul style="list-style-type: none"> The employee satisfaction rate was 87.7% in 2022. The rate of participation in employee health examinations was 88% in 2022. 	<ul style="list-style-type: none"> Maintain an employee satisfaction rate of at least 88%. Maintain at least an 89% rate of participation in employee health examinations. 	<ul style="list-style-type: none"> Maintain an employee satisfaction rate of at least 89%. Maintain at least a 90% rate of participation in employee health examinations.
Financial Inclusion	Consider the needs of users and act in line with the "shared well-being" concept to enable different groups to enjoy a diverse range of services.	<ul style="list-style-type: none"> Outstanding balance of transactions with B Corporations and social enterprises Dollar amounts of "Social Impact" loans and deposits Number of robo-advisor service customers Number of public welfare affinity cards issued 	<ul style="list-style-type: none"> Increase the outstanding balance of transactions with B Corporations and social enterprises. Increase the dollar amounts of "Social Impact" loans and deposits. At least 20,000 robo-advisor service customers. Number of public welfare affinity cards issued increased from the previous year. 	<ul style="list-style-type: none"> The outstanding balance of the deposits of B Corporations and social enterprises was NT\$2.1 million. Cumulative amounts of "Social Impact" loans and deposits were more than NT\$3 million. 23,000 robo-advisor service customers in 2022. Number of public welfare affinity cards issued in 2022 increased 0.5% from previous year. 	<ul style="list-style-type: none"> The outstanding balance of the deposits of B Corporations and social enterprises will increase by 20% over the previous year. Cumulative amounts of "Social Impact" loans and deposits will increase by 30% over the previous year. At least 26,000 robo-advisor service customers. Number of public welfare affinity cards issued increased 10% from previous year. 	<ul style="list-style-type: none"> The outstanding balance of the deposits of B Corporations and social enterprises will increase by 20% over the previous year. Cumulative amounts of "Social Impact" loans and deposits will increase by 25% over the previous year. At least 28,000 robo-advisor service customers. Number of public welfare affinity cards issued increased 8% from previous year.

Note: 2023 goals are based on 2022 return on equity after factoring out one-off profits.

In addition, making reference to the International Integrated Reporting Council's Integrated Reporting Framework, O-Bank has disclosed a summary of key capital inputs and outputs in 2022 in order to review sustainable resource allocations and the resulting value creation.

Table 1-5: Summary of Capital Inputs and Outputs Required for Corporate Value Creation in 2022

Unit: NT dollars

	Inputs	Summary of Outputs
Financial capital	<ul style="list-style-type: none"> • Paid-in capital: NT\$30.3 billion • Total standalone assets: NT\$356 billion • Standalone operating expenses: NT\$3.3 billion 	<ul style="list-style-type: none"> • Standalone net profit after tax was NT\$5.034 billion. After factoring out one-off profits this leaves NT\$2.004 billion, up slightly from NT\$1.841 billion in 2021. • Standalone ROE was 13.59%, which dropped to 5.64% after factoring out the one-off profit from the merger of a subsidiary. This figure was up from 5.12% in 2021. • EPS of NT\$1.80 dropped to NT\$0.69 after factoring out one-off profits, which was slightly up from NT\$0.63 in 2021.
Intellectual capital	<ul style="list-style-type: none"> • Employee allowances for professional license exams: NT\$160,000 • Systems development expenses: NT\$41.11 million 	<ul style="list-style-type: none"> • Avg. number of professional licenses per employee: 2.4 • Introduced a TIPS-compliant intellectual property rights management system, and obtained Class A certification from the Taiwan Intellectual Property Management System (TIPS). • Systems development expenses in 2022 were mainly used to optimize O-Bank's system services, such as: development of diversified operating systems that companies can choose among. The existing system was taken, and the functions and services provided by that system were optimized.
Human capital	<ul style="list-style-type: none"> • Employee salary expenses: NT\$1.9 billion • Training expenses: NT\$4.53 million 	<ul style="list-style-type: none"> • Employee satisfaction rate: 87.76% • Avg. training hours per employee: 49.5 hours • Avg. training expenses per employee: NT\$4,243 • Avg. contribution per employee to net profit after tax: NT\$4.64 million
Social capital	<ul style="list-style-type: none"> • Based on a guideline provided by the Business for Social Impact (B4SI) framework (see 8. Social Engagement), we calculate a total output of NT\$15.11 million for public-interest projects. 	<ul style="list-style-type: none"> • 5 education events held in remote townships reached 112 students. • 9 students from disadvantaged families participated in the O-Bank Summer Seed Internship Program in 2022, which brought the cumulative participation since the Program's inception to 36. • The O-Bank Public Welfare Affinity Card Platform issues 17 affinity cards in cooperation with various NGOs and schools. • More than 29,000 persons have participated in the "Green Consumption Power@O-Bank" project. • "Social Impact" loans were provided to 41 medium-low income or low-income borrowers. • First bank in Taiwan to launch the "Consumer Spending Carbon Calculator" function.
Natural capital	<ul style="list-style-type: none"> • Green purchasing expenses: NT\$7.14 million • Disbursements related to energy conservation and carbon reduction: NT\$610,000 	<ul style="list-style-type: none"> • At all of O-Bank's business locations throughout Taiwan, power usage per employee came to 5,580.04 kWh, down by 11.78% from 2021. • At all of O-Bank's business locations throughout Taiwan, water usage per employee came to 0.0152 megaliters, down by 15.08% from 2021. • A verified inventory of market-based GHG emissions (Scope 1 and 2) within O-Bank's operational boundaries throughout all of Taiwan quantified these emissions at 3,025 tonnes of CO₂e. GHG emissions per employee were 3.08 tonnes of CO₂e, and thus down by 10% from 2021. • 67.82% of purchases by value were local procurements.

1.3.2 Stakeholder Engagement

To continue working to understand the views and opinions of all stakeholders, O-Bank has a special "CSR section" on website which includes a feedback function that stakeholders can use to answer questionnaires to offer suggestions and opinions. In addition, O-Bank has also set up a special "Stakeholders section" on website that includes information on a special stakeholder contact window. O-Bank provides stakeholders with a variety of convenient channels for communication in order to facilitate timely and effective interaction. The main communication channels, frequencies, and results are as shown here below in Table 1-6:

Table 1-6: Stakeholder Communication Channels, and Frequency of Communications

Stakeholders	Purpose of Engagement	Matters of Concern	Our Response	Communication Channels, Frequencies, and Results
Employees	Talent is an important key to a company's competitiveness, and is a company's important asset. A company must continually care for and cultivate its talent in order to raise employees' satisfaction rate.	<p>Operating performance</p> <p>Ethical best practices and corporate governance</p> <p>Information security</p>	<p>2.2 Operating Performance and Reputation</p> <p>3.2 Ethical Best Practices</p> <p>3.5 Information Security</p> <p>4.3 Customer Privacy and Transaction Security</p>	<ul style="list-style-type: none"> Quarterly labor-management meetings are held to airviews on labor issues and discuss ways to improve working conditions. Irregularly scheduled employees' assemblies and departmental meetings are held to communicate company policies and understand employees' working conditions and spur two-way communication between management and staff. On December 22, 2022 O-Bank convened an employees' assembly and invited an expert to deliver a lecture on "How to Achieve Net-zero Emissions." The total number of participants was 139. The "TOUCH News" journal is issued once per year to convey company policies and news, and to provide employees a platform for expressing their views. The 10th edition of "TOUCH News" journal was published in August 2022 to communicate the company's internal policies to its employees. O-Bank surveys employee satisfaction and needs once per year to understand their true needs and what they expect of the company. During the employee satisfaction survey carried out in January 2022, the company received 940 responses, for a response rate of 97.01%. The overall employee satisfaction rate was 87.76%, and the employee engagement rate was 86.19%, which shows how effective the company's various employee care policies have been. O-Bank has established an online platform for attendance management as well as education and training. This platform provides real-time access to information, and a means for assessing satisfaction with courses, thus affording employees a way to express their views. O-Bank carried out seven ESG-related training activities in 2022, attracting a total participation of 2,725. O-Bank held a "social marketplace," inviting five social enterprises to display and sell their products at the main lobby of the O-Bank headquarters building. This event afforded employees an opportunity to become more familiar with social enterprises and their guiding philosophies. We have established an "employee complaint mailbox," a "sexual harassment reporting mailbox," a "We Care" suggestion mailbox, and other means of direct communication. We have set up an employee chat group on social media to provide information on employee care policies and activities, and to spur two-way communication.

Stakeholders	Purpose of Engagement	Matters of Concern	Our Response	Communication Channels, Frequencies, and Results
Customers	Keeping customers' needs firmly in mind, O-Bank provides professional, high-quality financial services that increase customer stickiness and satisfaction.	<p>Risk management</p> <p>Ethical best practices and corporate governance</p> <p>Legal compliance and internal audits</p>	<p>3.4 Risk Management</p> <p>3.2 Ethical Best Practices</p> <p>3.2 Ethical Best Practices</p> <p>3.3 Legal Compliance</p>	<ul style="list-style-type: none"> • Provides online video call customer service, round-the-clock and 365 days a year, to offer customers quick response times. • Customers can contact O-Bank's complaint window by phone, video call, or email at any time to express their views. • Uses the company website to provide product prospectuses and post information about products, including special features, risks, and charges. • Uses online fan pages on various social media (Facebook, Instagram, YouTube) to provide information on products and services, and to respond to consumer feedback in real-time. • Provides corporate customers with dedicated relationship management (RM) services to ensure prompt handling of customer issues and suggestions. • Raises corporate customers' awareness of carbon reduction issues, and encourages them to set science-based carbon reduction targets. In 2022, O-Bank sent emails to 41 corporate customers to engage on such matters. • Conducts a customer survey once per year. The results of a survey of users in 2022 showed that 88.5% of users were either satisfied or very satisfied with O-Bank's services and products.
Shareholders	Shareholders and investors are the foundation that supports a company's growth, so a company needs to carry out adequate information disclosure and periodically hold shareholders' meetings and investor conferences so that shareholders and investors can clearly understand the company's performance and its future prospects.	<p>Legal compliance and internal audits</p> <p>Operating performance</p> <p>Ethical best practices and corporate governance</p>	<p>3.2 Ethical Best Practices</p> <p>3.3 Legal Compliance</p> <p>2.2 Operating Performance and Reputation</p> <p>3.2 Ethical Best Practices</p>	<ul style="list-style-type: none"> • Holds one annual shareholders meeting and promptly discloses material information on the Market Observation Post System (MOPS) website as well as our own corporate website. O-Bank held a general shareholders meeting on June 17, 2022 and reported to shareholders on its operating status and its sustainability measures. The meeting was attended by 1,733 persons. • Holds two investor conferences per year to disclose financial information and business strategies. Held four investor conferences in 2022 to report to investors on its operating status and its sustainability measures. The conferences were attended by a total of 78 persons. • Uses the special "Investors Section" on our website to make quarterly financial disclosures and publish unaudited consolidated income figures on a monthly basis. • Posts information on our website regarding the state of communications with independent directors, the chief internal auditor, and certified public accountants, and indicates the dates and results thereof. • Provides a channel for communication with our shareholder services agent to help shareholders handle related matters.

Stakeholders	Purpose of Engagement	Matters of Concern	Our Response	Communication Channels, Frequencies, and Results
Government agencies	Financial services enterprises are a closely supervised type of business. They need to actively understand government policies, rigorously maintain legal compliance, and work together with the government to create a financial supervisory system that is characterized by good faith, transparency, and trustworthiness.	<p>Legal compliance and internal audits</p> <p>Risk management</p> <p>Ethical best practices and corporate governance</p>	<p>3.2 Ethical Best Practices 3.3 Legal Compliance</p> <p>3.4 Risk Management</p> <p>3.2 Ethical Best Practices</p>	<ul style="list-style-type: none"> • Takes part in government agency roundtable discussions, conferences, and annual meetings to coordinate with and respond to government policies. • Maintains strict legal compliance to coordinate with the competent authority's supervision and audits; takes part in evaluations. • Engages in reciprocal visits with competent authorities to establish channels for direct interactions. Reported on February 3, 2023 to the FSC Banking Bureau on the O-Bank Consumer Spending Carbon Calculator project. Five staff members from the Banking Bureau participated in the meeting. • Engages in two-way communications via official documents and email.
The public	Members of the general public are an important part of a company's effort to achieve its community service ideas. O-Bank engages in a diverse range of activities to interact with the public and work for a shared well-being.	<p>Legal compliance and internal audits</p> <p>Ethical best practices and corporate governance</p> <p>Risk Management</p>	<p>3.2 Ethical Best Practice 3.3 Legal Compliance</p> <p>3.2 Ethical Best Practice</p> <p>3.4 Risk Management</p>	<ul style="list-style-type: none"> • Established a Corporate Communications Department, a spokesperson, and a deputy spokesperson to promptly provide accurate information on O-Bank. • Issues news releases and holds press conferences as the need arises, and has a special "news and events" section on our website to provide the general public with access to information on O-Bank and the status of our development. Held two press conferences in 2022, which were attended by a total of 112 persons. • Uses a social media fan page to communicate our image as a committed contributor to community services, and to increase the appeal of and participation in public interest issue. • Takes part in forums and conferences organized by non-profits, academic bodies, and civic organizations in order to hear what society demands. Took part in six lectures or courses held in 2022 by NGOs or institutions of higher education, shared information on measures taken by O-Bank to achieve sustainability. • Holds irregularly scheduled cultural and artistic performances, lectures, and community service activities, and takes part in curated exhibits, to give back to society and interact directly with members of the public. Took part in October 2022 in FinTech Taipei, exhibited O-Bank's digital banking functions and the Consumer Spending Carbon Calculator.

Stakeholders	Purpose of Engagement	Matters of Concern	Our Response	Communication Channels, Frequencies, and Results
Suppliers	Suppliers are partners that grow together with a company and stride alongside it toward sustainable operations, so a company needs to engage in continuous communication with its suppliers and join with them in implementing their corporate social responsibilities.	<p>Ethical best practices and corporate governance</p> <p>Risk Management</p> <p>Transparency and product disclosures</p>	<p>3.2 Ethical Best Practice</p> <p>3.4 Risk Management</p> <p>3.1 Governance Framework</p> <p>4.2 Service Quality and Customer Experience</p>	<ul style="list-style-type: none"> Any supplier whose turnover with O-Bank meets or exceeds a certain amount is required to fill out a "Supplier Self-Assessment Form Regarding Fulfillment of Corporate Social Responsibilities" so that we can understand how well the supplier is meeting CSR obligations and promoting sustainable development. 60 suppliers filled out a Self-Assessment Form in 2022. O-Bank continues to communicate with suppliers on sustainability issues. O-Bank conducts occasional on-site inspection visits to our suppliers, fill out an "O-Bank On-Site Supplier Inspection Questionnaire," and interacts with them directly. O-Bank visited five suppliers in 2022 to encourage them to achieve sustainable development. Occasionally contacts suppliers by telephone or email to engage in two-way communications. Holds meetings with suppliers to discuss contract matters and establish channels for direct communication.

2. Overall State of the Company



2.1 About O-Bank

O-Bank uses a five-letter acronym (TOUCH) to highlight O-Bank's five core values (Trust, Outstanding, Unity, Creativity, and Honor), and actively advances a corporate culture of "Always Sincere, Always Here." Remaining true to our founding ideal of human caring, O-Bank acts in line with a company spirit of "fulfilling oneself by benefiting others," "win-win cooperation," "standing by our word," and "working in solidarity for a shared prosperity," thus building long-term customer relationships based on mutual trust. A forward-looking approach, active innovation, and professional expertise are the keys that enable O-Bank to seize upon business opportunities while pursuing sustainability and growth of the highest quality.

O-Bank's Chinese name "Wangdao," alludes to a spirit of inclusiveness, taking the righteous path, and fulfilling oneself by benefiting others. The English letter "O" represents fulfillment and the unending cycle of life. O-Bank firmly believes that, by acting on this spirit to the benefit of all stakeholders – including employees, customers, shareholders, and the public – it can achieve our vision of prospering with employees, profiting with clients and shareholders, co-existing with the environment, and benefiting with society.



O-Bank's head office in Taipei's Neihu District

2.1.1 Company Profile

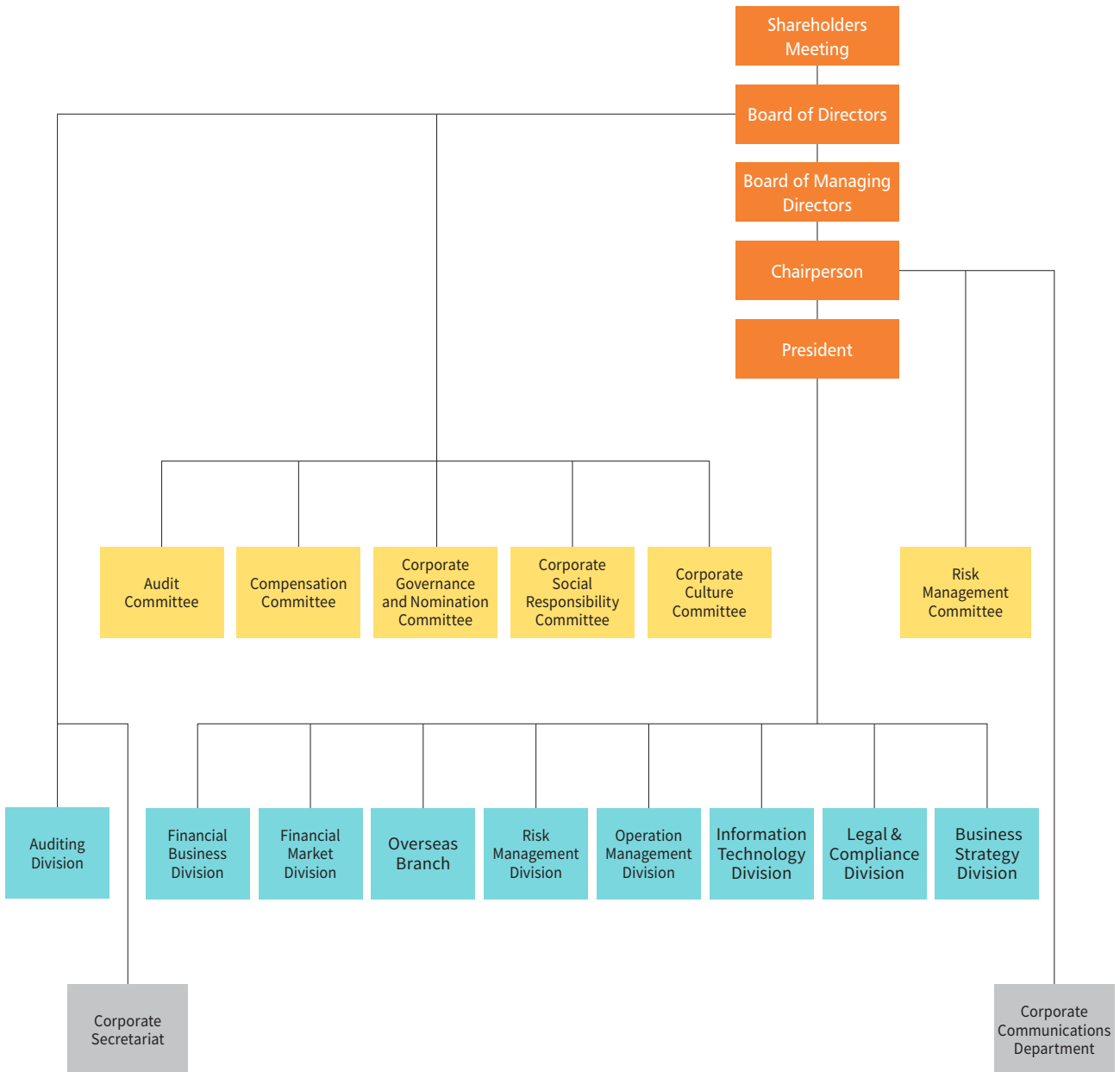
O-Bank's predecessor, the Industrial Bank of Taiwan (IBT), was established in July 1999 by veteran financier Kenneth Lo and former Central Bank Governor Samuel C. Shieh as Taiwan's first financial institution to open as an industrial bank with the support of a private-sector enterprise. IBT's main task was to coordinate with national economic development strategies and help the government support the development of Taiwanese industry.

In the face of changes in Taiwan's industrial structure, once IBT had achieved assigned mission, we reorganized as a commercial bank in 2017 and was renamed O-Bank Co., Ltd. The purpose of this reorganization was to respond to the increasing diversity of needs in today's financial markets. In addition to further developing various lines of corporate banking business (e.g. short-, medium-, and long-term loans, trade finance, factoring and financing of accounts receivable, financial product transactions, financing of asset securitization, trust business, foreign exchange, and international finance), O-Bank has also branched out into retail banking by providing online financial services such as deposits, payments, loans, financial planning, and insurance, using digital technology to achieve our vision of financial inclusion and become the first native digital bank in Taiwan. In May 2017, O-Bank listed our shares on the Taiwan Stock Exchange, thus becoming Taiwan's first bank to list in over a decade for the first time.

O-Bank has located head office and main business department in the Taipei Neihu Technology Park, and maintains numerous business locations throughout Taiwan. Apart from the O-Bank headquarters building in Taipei's Neihu District, this also includes the Taoyuan Branch, the Hsinchu Branch, the Taichung Branch, the Kaohsiung Branch, and the Tainan Region Business Department. Overseas, meanwhile, O-Bank has a Hong Kong Branch and a representative office on the mainland in Tianjin.

Fig. 2-1: O-Bank Organizational Chart

Current as of: Jan. 1, 2022



As Taiwan's first native digital bank and operating primarily through digital channels, O-Bank approaches business with a digital banking mindset as we work to provide consumers with more convenient and secure financial services, and to achieve our vision of financial inclusion. O-Bank's retail banking services make use of the most advanced information systems built to the most rigorous specifications. These include the Temenos core banking platform from Switzerland and the cloud-based Salesforce.com customer service system. O-Bank also employs big data analysis to take full advantage of the competitive edge offered by financial technology. This allows O-Bank to respond to market needs with speed and precision.

O-Bank provides a wide range of innovative retail banking services (see Fig. 2-2), including fully online account openings, fully online applications for unsecured loans, online purchasing of shares in investment funds, and 24-hour video customer service. And beyond that, O-Bank has set an industry first by launching a robo-advisor service that provides consumers with affordable professional investment advice, which means that ordinary consumers can now benefit from investment advice based on big-data

analysis. In addition, O-Bank launches parent-child accounts, accepts online applications to open foreign exchange accounts, allows to send digital red envelopes, and makes a wide variety of account transfers. A consumer need only download O-Bank's mobile app or log into our online bank to open an account fully online using a mobile device. The availability of all sorts of convenient and secure financial services means that "your mobile handset is your bank."

Fig. 2-2: Retail Banking Services

Deposits

Customers can use the O-Bank App at any time of day to carry out account transfers, pay bills and fees, execute foreign exchange transactions, or carry out direct collections and debits. Customers can also check monthly account statements whenever they want, which makes it easy to manage accounts. In addition, customers can enroll in a variety of high-interest rate programs for demand deposits and time deposits without the need to go a physical branch.

Consumer Transactions

Consumer Transactions: The available balance for O-Bank debit card transactions is linked to a customer's deposit account, which enables consumers to effectively control spending and avoid overdrafts. In addition, the O-Bank debit card offers unlimited cashback rewards on payments made both domestically and abroad. A notification is made individually for each card transaction, which safeguards the interests of the consumer. Beginning in 2022, O-Bank Mastercard holders can turn on the "Consumer Spending Carbon Calculator" function via O-Bank internet banking or through the O-Bank mobile app to see an itemized list of estimated carbon emissions per purchase.

Loans

O-Bank offers a wide range of different loan products to meet the needs of different types of borrowers, who benefit from quick, simple, and convenient application procedures that meet their needs quickly.



Investments

O-Bank was the first in the industry to launch a robo-advisor service that makes use of big data analytics and algorithms to provide investment portfolio suggestions tailored to meet the varying needs and risk tolerances of individual customers. The service also automatically provides suggestions for position adjustments in response to changing market conditions. In addition, the minimum investment amount for O-Bank robo-advisor service customers is NT\$1,000. This greatly lowers the barrier to consumer participation, and achieves the goal of financial inclusion.

Insurance

Customers can purchase insurance products including savings type, protection type, and investment-linked insurance. Having these options available means that customers can plan out their finances to ensure that their insurance needs and assets are properly managed at each stage of their lives.

2.1.2 The O-Bank Group Business Network

Since the year 2000, O-Bank has used M&A deals and equity purchases to build up a network of O-Bank Group affiliates that provide a diverse range of products and financial services. O-Bank in 2007 acquired California-based EverTrust Bank, which provides deposit, commercial lending, and commercial real estate lending services in Los Angeles and Silicon Valley. This was an important first step in O-Bank's plan to build a global business network. In that same year, O-Bank took an equity stake of approximately 28% in China Bills Finance Corporation, thus branching out into the short-term bills business. Cooperation among O-Bank's units handling business operations, technology, and channels has generated synergies.

In April 2011, O-Bank further expanded into the field of leasing by establishing the IBT Leasing Co., which then in June established the IBT International Leasing Corp. (IBTIL) in Suzhou, China. To seek continued growth and diverse development, IBT Leasing and Jih Sun International Leasing & Finance merged on December 1, 2022 to form a new entity named "Infinite Finance Co., Ltd.," which has emerged as the fourth largest company in Taiwan's leasing industry. O-Bank is the second largest shareholder in Infinite Finance Co., and profits from Infinite Finance will be recognized by O-Bank as "share of profit of an associate" using the equity method. Hopefully the two companies can take advantage of their respective areas of expertise to create synergies and economies of scale.

The O-Bank Group has been actively expanding its business presence both at home and abroad (Fig. 2-3), and is integrating group resources to help customers at different stages of development to continue strengthening their competitiveness. At the same time, O-Bank has expanded retail banking business and developed in the field of digital finance to the point where these lines of business have become mutually complementary with O-Bank's original corporate financial business. As a result, O-Bank is able to provide customers with a complete across-the-board range of financial services.

Fig. 2-3: The O-Bank Group Business Network



2.1.3 B Corp Certification

The B Corp Certification program is run by B Lab, a US non-profit organization. It encourages companies to break free of the conventional capitalist emphasis on maximizing profits, and begin seeking instead to maximize shared value. The program assesses company's overall impact across five dimensions of governance, workers, environment, community, and customers. The objective is to encourage corporations to use business as a force for good, and to focus on being not just the "best IN the world," but also "the best FOR the world."

O-Bank in recent years has made a concerted effort to plan and execute a variety of CSR actions. O-Bank obtained B Corp certification quickly and smoothly after applying for it in 2017, thus becoming Taiwan's 21st B Corporation and the first among them that is a listed company and a financial services provider. Not only that, O-Bank was the first listed bank in the world to obtain B



O-Bank obtains B Corp Certification, seeks to use business as a force for good



O-Bank Chairperson Tina Y. Lo led the effort to obtain B Corp Certification, and is promoting a B Corp campaign

Corp certification. Re-certification is required once every three years, so O-Bank went through the review process again in March 2021 and received an even higher score than the first time, a clear indication that O-Bank has again received positive international attention for continued pursuit of sustainable operations.

The O-Bank philosophy of "fulfilling oneself by benefiting others" concurs quite well with the B Corp emphasis on companies competing not just to be "the best IN the world," but also to be "the best FOR the world." O-bank will continue working together with all stakeholders to create win-win outcomes for all, and to achieve our vision of "prospering with employees, profiting with clients and shareholders, co-existing with the environment, and benefiting with society."

2.2 Operating Performance and Reputation

2.2.1 Operating Performance

2022 consolidated net revenue for the O-Bank Group came to NT\$12.121 billion (up 30% from 2021), while standalone net revenue was NT\$9.064 billion (up 64% from 2021). 2022 standalone net revenue is further broken down by source, i.e. domestic versus overseas (Fig. 2-4) and line of business (Fig. 2-5).

Fig. 2-4: Sources of O-Bank 2022 Net Revenue (domestic vs. overseas)

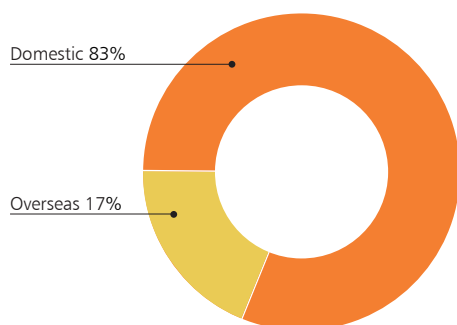
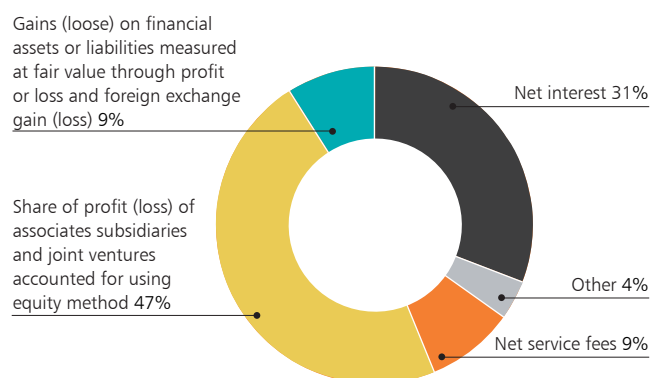


Fig. 2-5: Sources of O-Bank 2022 Net Revenue (by line of business)



2022 consolidated net profit before tax came to NT\$6.617 billion, while standalone net profit before tax came to NT\$5.242 billion; consolidated net profit after tax came to NT\$5.808 billion (up 82% from 2021), and standalone net profit after tax came to NT\$5.034 billion (up 173% from 2021; EPS came to NT\$1.8, while ROE and ROA came to 13.59% and 1.5%, respectively). The sharp growth in profits in 2022 was due to the fact that IBT Leasing and Jih Sun International Leasing & Finance merged on December 1, 2022 to form a new entity named "Infinite Finance Co., Ltd.," which has earned NT\$3 billion in profits for O-Bank. After factoring out this one-off profit, then O-Bank's standalone net profit after tax comes to NT\$2 billion, which is also up 9% from 2021 and the highest figure since O-Bank restructured as a commercial bank in 2017. Figures for O-Bank standalone net revenue, standalone net profit before tax, and standalone net profit after tax for the past five years are set out in Fig. 2-6 and Fig. 2-7.

Fig. 2-6: O-Bank Net Revenue, 2018~2022

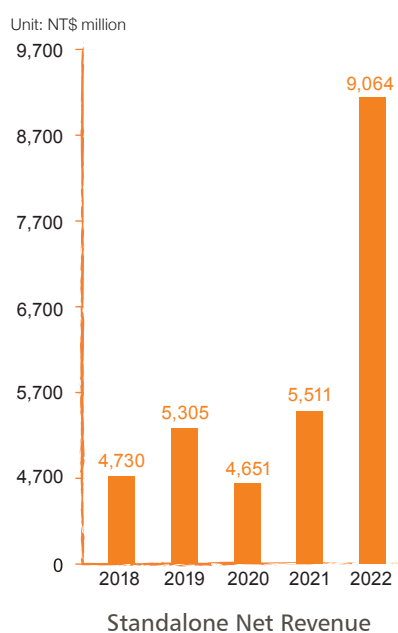


Fig. 2-7: O-Bank Net Profit before Tax and after Tax, 2018~2022

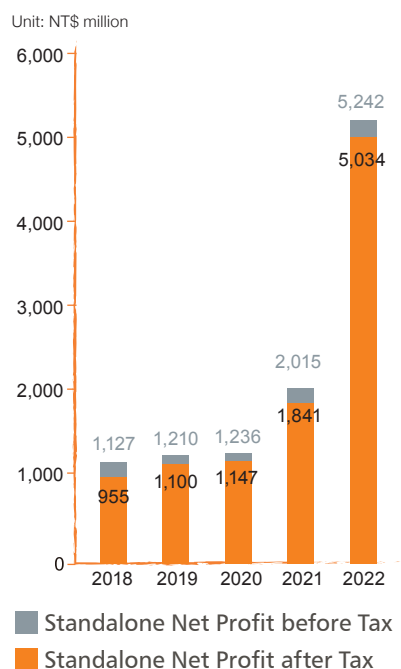
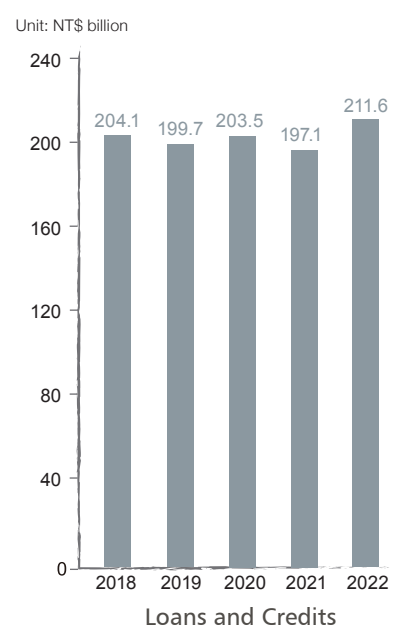


Fig. 2-8: Loans and Credits, 2018~2022



Note: Numbers in Fig. 2-6 to Fig. 2-8 are for the standalone.

As of end-2022, O-Bank had total assets of NT\$355.95 billion, loans and credits stood at NT\$211.6 billion (Fig. 2-8). As of capital adequacy ratios, the BIS ratio was 14.49%, the Tier 1 ratio stood at 12.72%, and the common equity ratio was 12.09%. The Taiwan Ratings Corporation assigned O-Bank long- and short-term credit ratings of twA and twA-1. Moving forward, O-Bank will tap into digital technology and adopt an innovative mindset to effectively expand our retail banking business and continue enhancing our corporate financial services to create business synergies and seek stable growth momentum.

Table 2-1: O-Bank Operating Performance, 2021~2022

Unit: NT\$ thousand

	Item	2022	2021
Overview of operations	Net revenue	9,063,976	5,511,300
	Total assets	355,954,326	315,063,551
	Shareholders' equity	37,722,239	36,380,906
	Total liabilities	318,232,087	278,682,645
	Operation Expense	3,339,734	3,021,932
	Net profit after tax	5,034,471	1,840,842
Performance indicators	Net revenue per employee	8,354	5,723
	Net profit after-tax per employee	4,640	1,912
	Earnings per share (NT\$)	1.80	0.63
	Return on assets (%)	1.5	0.57
	Return on equity (%)	13.59	5.12

	Item	2022	2021
Economic value distributed	Operating costs	1,692,727	1,656,663
	Employee wages and benefits	1,920,746	1,666,457
	Payments of dividends	1,165,040	946,645
	Payments of government taxes	223,209	252,217
	Political donations	0	0
	Donations	11,281	6,551
	Subtotal	5,013,003	4,528,533
	Economic value retained	4,050,973	982,767

Note 1: Net revenue per employee = net revenue / number of O-Bank employees worldwide; Net profit after-tax per employee = net profit after tax / number of O-Bank employees worldwide

Note 2: Numbers in Table 2-1 are for the standalone.

Note 3: Economic value retained = Direct economic value (net revenue) - economic value distributed

2.2.2 Awards and Recognition

Following our founding, O-Bank pursued excellence while growing and prospering right alongside our many corporate clients. Since reorganizing as a commercial bank in 2017 and branching out into the retail banking services market, O-Bank has launched many innovative new digital financial services which have won numerous awards. Moreover, O-Bank has fulfilled our corporate social responsibilities by acting in the spirit of "fulfilling oneself by benefiting others." By pursuing ESG concerns and continuing to incorporate a "sustainability-oriented mindset" into the running of our business, O-Bank has earned widespread praise, including the awards listed below in Table 2-2.

Table 2-2: Awards Won by O-Bank since 2002

Year	Award
2002	• Received the "Best Risk Management Award" at the Taiwan Academy of Banking and Finance "Taiwan Banking and Finance Best Practice Awards."
2003	• Noted financial publications Asia Money, The Asset, and Financial Asia name the first IBT Collateralized Loan Obligation (CLO-1) "Deal of the Year" among 2003 domestic asset securitization issues in Asia.
2004	• Received the "Best Product Design Award" at the Taiwan Academy of Banking and Finance "Taiwan Banking and Finance Best Practice Awards."
2011	• IBT Educational Foundation received "National Civic Service Award."
2012	• Received the "Golden Quality Award" from the Joint Credit Information Center.
2014	• Received the "Golden Quality Award" from the Joint Credit Information Center.
2016	• Received a "Corporate Sustainability Report Award – Silver Medal" from the Taiwan Institute for Sustainable Energy.
2017	<ul style="list-style-type: none"> • Received a "Corporate Sustainability Report Award – Gold Medal" from the Taiwan Institute for Sustainable Energy. • Won two awards from Gartner ("2017 Gartner Eye on Innovation Award for Asia Pacific" and "Most Innovative Digital Business Model") at the third Gartner Eye on Innovation Awards for the Asia Pacific region. • Obtained "B Corp Certification" from US-based B Lab. • Received a 2nd Class "Buying Power" Award" at the Small and Medium Enterprise Administration "Buying Power – Social Innovation Products and Services Procurement".

Year	Award
2018	<ul style="list-style-type: none"> • Received the "Rookie Award" in the medium-sized enterprise category of CommonWealth Magazine "Excellence in Corporate Social Responsibility Award". • Received "Corporate Sustainability Report Award – Silver Medal" and "Gender Equality Award" from the Taiwan Institute for Sustainable Energy. • Received 2nd Class and Special Class "Buying Power" Awards at the Small and Medium Enterprise Administration "Buying Power – Social Innovation Products and Services Procurement". • Received an "Award for Outstanding Corporate Image" from the Foundation for Public Relations. • Selected by the Taiwan Stock Exchange as a component of the TWSE RAFI Taiwan High Compensation 100 Index. • Recognized as "The Best Digital Bank in Taiwan" at the 2018 Asian Banker Taiwan Awards. • O-Bank was named an "Information Visionary" at the 2018 IDC Digital Transformation Awards. • Received the "Best Digital Banking Award" at the Taiwan Academy of Banking and Finance "Taiwan Banking and Finance Best Practice Awards." • Received a 2018 "Award for Excellence" from Global Views Monthly for the "Bank With the Best Digital Services." • At the 2018 National Brand Yushan Awards of Republic of China National Enterprise Competitiveness Development Association, O-Bank won First Prize in "Enterprise Excellence" category and receives the "Best Product Award" for robo-advisor service. The O-Bank President received an "Outstanding Business Leader" Award. • O-Bank was recognized by the Financial Supervisory Commission as one of the top performing banks in providing SME loans.
2019	<ul style="list-style-type: none"> • Received a 6th place Award in the medium-sized enterprise category of CommonWealth Magazine "Excellence in Corporate Social Responsibility Award." • Received "Corporate Comprehensive Performance Award," "Gender Equality Award," "People Development Award," "Creativity in Communication Award," and "Corporate Sustainability Report Award – Gold Medal" from the Taiwan Institute for Sustainable Energy. • Received a 2nd Class "Buying Power" Award at the Small and Medium Enterprise Administration "Buying Power – Social Innovation Products and Services Procurement". • Selected by the Taiwan Stock Exchange as a component of the TWSE Corporate Governance 100 Index. • Selected by the Taiwan Stock Exchange as a component of the TWSE RAFI Taiwan High Compensation 100 Index. • Recognized as having the "Best Cloud-Based Initiative, Application or Programme in Taiwan" at the 2019 Asian Banker Taiwan Awards. • Received a 2019 "Award for Excellence" from Global Views Monthly for the "Bank With the Best Digital Services."
2020	<ul style="list-style-type: none"> • Received a second place Award in the medium-sized enterprise category of CommonWealth Magazine "Excellence in Corporate Social Responsibility Award." • Received "Corporate Comprehensive Performance Award," "Gender Equality Award," "Creativity in Communication Award," and "Corporate Sustainability Report Award – Silver Medal" from the Taiwan Institute for Sustainable Energy. • Received 3rd Class and Special Class "Buying Power" Awards at the Small and Medium Enterprise Administration "Buying Power – Social Innovation Products and Services Procurement". • Received "Award for Outstanding Corporate Image," "Award for Excellence in Brand Communication," and "Award for Excellence in Corporate Social Responsibility" from the Foundation for Public Relations. • Scored among the top 5% in the Taiwan Stock Exchange's "2020 Corporate Governance Evaluation." • Selected by the Taiwan Stock Exchange as a component of the TWSE Corporate Governance 100 Index. • Selected by the Taiwan Stock Exchange as a component of the TWSE RAFI Taiwan High Compensation 100 Index. • Received the "Best Online Bank Award" from Excellence magazine.
2021	<ul style="list-style-type: none"> • Received a second place Award in the medium-sized enterprise category of CommonWealth Magazine "Excellence in Corporate Social Responsibility Award." • Received TCSA "Corporate Comprehensive Performance Award," "Gender Equality Leadership Award," "Creativity in Communication Leadership Award," "Corporate Sustainability Report Award – Gold Medal," and GCSA "Great Practice Award" in the World Class category (Social Impact program) from the Taiwan Institute for Sustainable Energy. • Received 3rd Class and Special Class "Buying Power" Awards at the Small and Medium Enterprise Administration "Buying Power – Social Innovation Products and Services Procurement". • Received "Excellent Performance" certification of CG6012 (2019) Corporate Governance System Assessment from the Taiwan Corporate Governance Association. • Scored among the top 5% in the Taiwan Stock Exchange's "2021 Corporate Governance Evaluation." • Selected by the Taiwan Stock Exchange as a component of the TWSE RAFI Taiwan High Compensation 100 Index. • Received the "Best Online Bank Award" from Excellence magazine. • Received the "Best Digital Information Service Award" in the Bank category of "2021 Digital Financial Service Award" from Commercial Times.

Year	Award
2022	<ul style="list-style-type: none"> • In the Jan. 2023 ESG Risk Rating published by Morningstar Sustainalytics, O-Bank received an excellent ESG Risk Rating of 8.7, the top rating among financial institutions in Taiwan, and 3rd highest among all Taiwanese listed companies (current as of Apr. 2023). • At the Taiwan Corporate Sustainability Awards (TCSA), O-Bank received a "Top 100 Corporate Sustainability Award," a "Gender Equality Leadership Award," a "Creativity in Communication Leadership Award," and a "Corporate Sustainability Report Silver Award." • 3rd Class "Buying Power" Award from the Small and Medium Enterprise Administration in the latter's Awards Program for Purchasing of Products and Services from Social and Innovative Enterprises. • Scored among the top 5% in the Taiwan Stock Exchange's "2022 Corporate Governance Evaluation." • Selected by the Taiwan Stock Exchange as a component of the TWSE RAFI Taiwan High Compensation 100 Index. • Taipei City Workplace Gender Equality Certification Gold Award. • Received the "Best Online Bank Award" from Excellence magazine. • Hong Kong Mandatory Provident Fund Schemes Authority's Good MPF Employer Award & e-Contribution Award



O-Bank received four major Taiwan Corporate Sustainability Awards in 2022



3rd Class "Buying Power" Award



Excellence magazine "Best Online Bank Award"

2.3 Market Environment and Development Strategies

2.3.1 Banking Sector Business Environment and Future Prospects

In 2022, the COVID-19 pandemic started to gradually subside, but warfare sparked a sharp rise in global prices for energy and commodities, and pandemic control measures in some regions had an adverse impact on global supply chains. Multiple factors caused global inflation, which spurred countries around the world to take deflationary measures. Repeated interest rate hikes, however, triggered capital market volatility and put a damper on global economic growth. In Taiwan, the ongoing serious state of the pandemic and international troubles reduced end-user demand, all of which hurt Taiwan's export growth. Fortunately, however, as the pandemic began to subside in Taiwan our government gradually eased disease control measures and a rebound in domestic demand-driven consumption became a mainstay of the Taiwan economy. Our Directorate-General of Budget, Accounting and Statistics (DGBAS) has announced that Taiwan's economic growth in 2022 hit 2.45%. Income before tax for the financial industry as a whole came to NT\$479.8 billion, down by 48.7% year-on-year due mainly to two factors. First, insurers suffered major losses due to payouts on COVID-19 related insurance policies. And second, investment returns dropped off because of sharp volatility in global stock and bond markets. Banks, on the other hand, saw their profits rise 12% year-on-year due to higher interest rates and increased lending.

Looking ahead to 2023, deflationary monetary policies around the world will continue to depress end-user demand, product prices will remain low, and industrial supply chains will make inventory

adjustments. Global economic growth is expected to slow down, and external trade should also fall off a bit. Although domestic demand will support Taiwan's economy, it will still be constrained by slowing global economic growth and weakening demand, which will dampen Taiwan's export growth momentum. The Executive Yuan's Directorate-General of Budget, Accounting and Statistics expects the Taiwan economy to grow 2.12% in 2023.

As for the future business environment in the domestic banking industry, stabilization of Taiwan's domestic economic growth, easing of import-driven inflation, and the possibility that the world's major economies might ease up on their deflationary monetary policies are expected to help banks stay profitable; however, due to the uncertainty of any economic recovery in China and unclear prospects for the global economy, the momentum of bank lending will be under pressure. Also, international bodies and domestic competent authorities are paying close attention to the ESG measures taken by financial services firms. In addition to the "United Nations Principles for Responsible Banking" and "Principles for Responsible Investment," the Financial Supervisory Commission has launched a "Green Finance Action Plan 3.0," a "Corporate Governance 3.0 – Sustainable Development Roadmap," the "Guidelines for Domestic Banks' Climate Risk Financial Disclosures," and the "Sustainable Development Guidemap for TWSE and TPEX Listed Companies." These actions will spur financial service providers to accelerate their efforts to implement responsible financing and responsible investment, to continue monitoring climate change issues and implementing greenhouse gas inventory reports, and to comprehensively pursue sustainable development.

2.3.2 O-Bank's Development Strategy

Banks have come to look upon the application of financial technologies as an important way to boost their competitiveness. At the same time, non-financial institutions are now able to rely on their technological expertise to embark upon the financial services industry. Moreover, this trend has prompted banks to make a serious effort to build up their digital capabilities. O-Bank, after six years of working to build up our retail banking services, has accumulated considerable digital banking experience and a solid customer base. Moving forward, in addition to further optimizing the digital services experience and improving customer stickiness, O-Bank will also focus on seizing upon business opportunities in the lending business and in tailor-made wealth management services. O-Bank will continue making a greater variety of stock and bond investment and structured instruments available, and will work to create a diverse product line and comprehensive wealth management platform to deepen and broaden its customer base. As our retail wealth management product lineup grows more comprehensive, O-Bank's retail and corporate banking businesses become increasingly complementary, and O-Bank is simultaneously developing both payroll accounts and wealth management services. In addition, O-Bank has established a digital innovation team to work out various digital innovation business models and set up multiple financial application scenarios in order to meet the borrowing needs of more customers.

In the area of corporate banking, O-Bank will continue to pursue a "boutique bank" strategy to cultivate more customers, and will work to expand our existing customer base to include customers positioned everywhere from upstream to downstream in industry value chains. At the same time, O-Bank is developing medium market enterprise (MME) and offshore financial services customers. In addition, O-Bank continues to strengthen its corporate wealth management platform, improve its structured financing, its trade financing, its Treasury Marketing Unit (TMU), and its cash management products. In addition to meeting the need of customers for fine-tuned wealth management services, O-Bank is thus able to increase fee income, continue improving overall corporate banking profits, and ensure sustainable growth momentum.

As for investee enterprises, IBT Leasing Co. and Jih Sun International Leasing & Finance merged on December 1, 2022 to form a new entity named "Infinite Finance Co., Ltd." The merger has created a much bigger company, and will take advantage of the two merging entities' different strengths to create synergies and economies of scale. In addition, O-Bank has also joined with China Everbright Bank and China CYTS Tours Holding Co. to set up Beijing Sunshine Consumer Finance Co. as a joint venture. Beijing Sunshine uses innovative digital financial services to meet market needs in mainland China and simultaneously develop the markets for both SME and retail financing in the mainland. In the US, EverTrust Bank will continue adjusting its asset portfolio and making its products more diverse, and will improve returns on capital. Meanwhile, China Bills Finance Corporation will respond prudently to market changes, strengthen its risk control capability, continue to seek new customers, and adjust its customer structure.

Given the trend toward pursuit of sustainable development, O-Bank will continue to ramp up our sustainability undertakings and seek to improve our performance in the areas of corporate governance, customer relationships, employee care, environmental protection, and social engagement. But beyond that, O-Bank will also continue to make concerted efforts to engage in green finance, practice responsible lending and investment, incorporate ESG factors into corporate credit underwriting procedures and investment screening procedures, and actively manage climate risks; in addition, O-Bank will also continue to launch financial products that embody CSR ideals, join with customers to engage in environmentally and socially friendly activities, and achieve a greater degree of financial inclusion. Acting in line with the core philosophy that O-Bank sums up in a five-letter acronym – TOUCH (trust, outstanding, unity, creativity, and honor) – O-Bank will continue working to create sustainable value for all stakeholders.

Table 2-3: O-Bank Short-term and Mid- to Long-term Business Development Plans

Stage of Plan	Development Strategies and Plans	Description
Short-term development plan (1-3 years)	1. Optimize personal digital financial services and develop more tailor-made wealth management products.	Further optimize the digital services experience, develop more application scenarios for retail customers, launch a fully developed personal wealth management services platform, make a much richer product lineup available, and improve our ability to provide tailor-made services.
	2. Continue to pursue a "boutique bank" strategy to cultivate more corporate financial customers.	Providing high quality will continue to be the primary strategy as O-Bank works to strengthen asset quality and maximize returns on capital. At the same time, O-Bank will develop our medium-sized enterprises financing business and improve overall performance in corporate banking.
	3. Strengthen universal banking and expand lending to micro and small businesses in order to generate synergies.	O-Bank's corporate and retail business units will generate synergies and work together to develop both payroll accounts and tailor-made wealth management services; and will also expand lending to micro and small businesses as well as digital small loans to create business opportunities.
	4. Continue fulfilling CSR obligations, enhance ESG measures.	O-Bank has continued to conduct CSR undertakings, enhanced our ESG measures, and actively sought to obtain better ratings from outside rating agencies, so as to create sustainable value for all stakeholders.

Stage of Plan	Development Strategies and Plans	Description
Mid- to long-term development plan (4-10 years)	1. Develop application scenarios through strategic partnerships and use digital finance innovations to strengthen digital applications and elevate O-Bank's value as a financial intermediary.	Seek cooperation with business entities from other sectors, launch a diverse range of financial service scenario applications and integrate digital data in order to enhance O-Bank's business performance.
	2. Strengthen O-Bank's relationships with both corporate and retail customers, become their main banker.	Maintain a real-time grasp of market conditions and customer needs, provide comprehensive financial solutions, and become the main banker and financial planning consultant for customers.
	3. Use strategic investments or strategic partnerships to improve business performance.	Integrate group resources to increase the scale of operations, and continue evaluating strategic investment opportunities that could make O-Bank's businesses more complementary and enhance business performance.
	4. Practice sustainable finance, achieve a greater degree of financial inclusion.	Continue to monitor sustainable development trends at home and abroad, improve policies related to sustainable finance, practice responsible lending and investment, and steadily achieve a greater degree of financial inclusion.

3. Corporate Governance



Sound corporate governance is the cornerstone of corporate sustainability. O-Bank acts in line with a set of core values that it sums up in a five-letter acronym – TOUCH (trust, outstanding, unity, creativity, and honor). O-Bank's highest governing body, the Board of Directors, has created an open and transparent governance system that provides a foundation for corporate sustainability. To effectively optimize internal controls, O-Bank has adopted the "three lines of defense" model for effective risk management and control, each with clearly defined responsibilities, in order to help each unit to understand its overall risk level as well as the roles and functions of the control framework, to improve risk management, and to strengthen communication and coordination of information among the various internal control tasks. By doing these things, we can achieve comprehensive internal controls. Accordingly, O-Bank has adopted risk management evaluation policies to ensure proper implementation and oversight of procedures for identifying, measuring, monitoring, controlling, and reporting risks. Also, O-Bank thoroughly carries out our responsibility for oversight, as assigned by the Board of Directors, at each level of the company, in order to improve the implementation of operations and controls throughout the organization. At the same time, O-Bank has established a comprehensive internal audit and legal compliance system, promotes regulatory compliance, conducts related training and testing, and uses internal control mechanisms to assist the Board of Directors and management in their efforts to evaluate the operational effectiveness of internal controls. And, with an eye to the rapid development of digital finance, O-Bank has adopted rigorous information security defense measures and holds annual information security drills in order to continuously upgrade our security controls. And in response to the international trend toward greater emphasis on tax governance, O-Bank has adopted a tax governance policy to ensure effective tax management.

In 2021, O-Bank commissioned the Taiwan Corporate Governance Association to conduct a certification of its corporate governance system, which involves a comprehensive assessment of various systems (i.e. their comprehensiveness, quality of their implementation, and effectiveness of their feedback mechanisms), and received a "superior performance" certification (valid from October 25, 2021 to October 24, 2023) under the Association's CG6012 (2019) Corporate Governance System Assessment in recognition of ongoing efforts to improve its corporate governance.

3.1 Governance Framework

3.1.1 Operations of the Board of Directors

O-Bank's Board of Directors has 15 seats (14 currently occupied), including three independent directors (21.4% of the total). All directors serve three-year terms, and may serve successive terms if re-elected. The Board of Directors is responsible for reviewing the company's business plan, capital increases and decreases, organizational rules, budgets and year-end accounts, appointment and dismissal of managerial officers, important loans, and approval of matters of material importance. In addition, the Board of Directors has set up a five-member Board of Managing Directors that meets when the Board is not in session to exercise the powers of the Board of Directors within the scope of authorization granted by the latter.

The directors, who have diverse professional backgrounds, skill sets, and industry experience, take part each year in professional development courses targeted specifically to their needs as directors. Course content touches upon such fields as economics, law, environment and society, and is designed to help directors continually hone their professional knowledge and legal expertise so they can ensure that the company is soundly run. For independent directors, their nomination, election, terms of office, and holding of concurrent positions are handled in accordance with the provisions of the "Securities and Exchange Act" and the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," and their independence and qualifications are reviewed and assessed on the basis of the Taiwan Stock Exchange's qualification requirements for independent directors. Also, to

avoid the problem of independent directors losing their independence due to long-term service, all the independent directors of O-Bank have not served for three consecutive terms.

O-Bank elected our 8th Board of Directors on June 19, 2020. The terms of the directors will run until June 18, 2023. Men account for 86% of currently serving directors and women account for 14%. The youngest director is Tina Y. Lo who is 51 years old, and the oldest Director is Kenneth C.M. Lo who is 81 years old. The gender and age distribution of the directors is set out below in Table 3-1. The O-Bank Board of Directors meets at least once every two months. In 2022, it met eight times, and the average attendance rate was 100%. The Board of Managing Directors met 19 times and had an average attendance rate of 98.92%. The O-Bank Board of Directors in 2022 approved a total of 132 proposals, including important motions on matters pertaining to governance, economic, and social concerns, and amendments to internal rules in order to coordinate with legislative action or to meet business or risk management needs. Proposals pertaining to key material events were reported to the Board of Directors in accordance with the "O-Bank Standards for Delegation of Duties and Division of Authority and Responsibility" and the "O-Bank Procedural Rules Governing Board Meetings," were then thoroughly discussed by the board members, and approved by resolution before material information disclosures were made in accordance with the "Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities" and the "O-Bank Operating Procedures for the Handling of Material Inside Information." The authorized units handled and followed up appropriately on these disclosures, 20 of which dealt with governance matters and 6 of which dealt with social matters. None were related to environmental concerns.

Table 3-1: Gender and Age Distribution of O-Bank Directors

As of April 18, 2023

	Gender Distribution		Age Distribution		
	Male	Female	Younger than 30	30~50	Older than 50
Number of persons	12	2	0	0	14
Share	86%	14%	0%	0%	100%

Table 3-2: Directors and Supervisors

As of April 18, 2023

Title	Name	Gender	Experience (Education)	Other Position
Chairperson (Managing Director)	Ming Shan Investment Co., Ltd. (Rep.: Tina Y. Lo)	Female	Vice Chairman, O-Bank Vice Chairman, EverTrust Bank Member, MIT Sloan Asian Executive Board Vice President, Chinese National Association of Industry and Commerce (CNAIC) and convener, CNAIC's Young Entrepreneur Committee Director, Bankers Association of the Republic of China Chief Executive, O-Bank Hong Kong Branch President, IBT Management Corporation MBA, MIT (Massachusetts Institute of Technology) Sloan School of Management, USA	Note 1
Managing Director	Kenneth C.M. Lo	Male	Chairman, O-Bank Chairman, EverTrust Bank Director, Cross-Strait Common Market Foundation Managing Director, Cross-Strait CEO Summit Chairman/Honorary Chairman, Chinese National Association of Industry and Commerce President Chinatrust Commercial Bank M.A. in Finance, The University of Alabama	Note 2

Title	Name	Gender	Experience (Education)	Other Position
Managing Director	Taiwan Cement Corporation (Rep.: Edward Chien-Chiang Huang)	Male	Chairman, Heping Chairman, Ho-Ping Industrial Port Corporation Chairman, Feng Sheng Industrial Co., Ltd. Chairman, TCC Fuzhou Cement Co., Ltd. Director, Ho-Ping Power Company Bachelor's degree, Department of Transportation and Communication Management Science, National Cheng Kung University	Note 3
Managing Director	Ming Shan Investment Co., Ltd. (Rep: Chih-Ming Chien)	Male	Chairman, Infinite Finance Co., Ltd. Director, IBT Leasing Co., Ltd. Director, IBT International Leasing Corp. President, China Bills Finance Corp. Senior Vice President, O-Bank Risk Management Department Bachelor's degree, Department of Finance and Cooperative Management, National Chung Hsing University	Note 4
Independent Managing Director	Fu-Hsiung Hu	Male	Independent Director, Walsin Lihwa Corporation Chairman, Taiwan Cooperative Securities Co., Ltd. Chairman, Joint Credit Information Center Director, Taiwan Ratings Director, Mega International Commercial Bank Director, Taiwan Cooperative Bank Committee Member, Executive Yuan Financial Restructuring Fund Committee Managing Director, Central Trust of China Vice Chairperson, Executive Yuan Council of Agriculture MBA, National Taiwan University	Note 5
Independent Director	Hank H.K. Lin	Male	Chairman, EY Cultural and Educational Foundation Supervisor, Union MechTronic Inc. Director, Shine-On BioMedical co., Ltd. Director, Globe Union Industrial Corp. Managing Partner/CPA, EY Taiwan MBA, City University of New York (Brooklyn College)	Note 6
Independent Director	Richard R.C. Liu	Male	Independent Director, Taiwan Aulisa Medical Devices Technologies, Inc. Director, Taishin Bank Independent Director, First Commercial Bank Managing Director, Hua Nan Bank Secretary General of Ministry of Finance Master of Economics, University of San Francisco Master of Public Administration, National Chengchi University	Note 7
Director	Tai Ya Investment Co., Ltd. (Rep.: Shih-Tze Chen)	Female	Chairman, Ming Shan Investment Co., Ltd. Chairman, Yi Chang Investment Co., Ltd. Chairman, Tai Hsuan Investment Co., Ltd. Chairman, Tai Ya Investment Co., Ltd. Director, Kogyoku Foods Co., Ltd. Director, O-Bank Education Foundation Supervisor, IBT II Venture Capital Co., Ltd. Director, International Bank of Taipei Managing Director, O-Bank Bachelor's degree, Department of Foreign Languages & Literatures, National Taiwan University	Note 8
Director	Abag Investment Holdings Co., Ltd. (Rep.: George C.J. Cheng)	Male	Chairman, Abag Enterprise Co., Ltd. Chairman, Abag Investment Holdings Co., Ltd. Chairman, SanHo Development Co., Ltd. Director/President, San Ho Plastics Fabrication Co., Ltd. MBA, St. John's University	Note 9

Title	Name	Gender	Experience (Education)	Other Position
Director	Mark J.C. Lee	Male	Chairman, Sung Yuan Development Co., Ltd. Director, Bai Tong Investment Co., Ltd. Director, Heng Gi Lie Investment Ltd. President, Heng Tong Machinery Co., Ltd. President, Heng Kuo Co., Ltd. Bachelor's degree, Department of Accounting, Feng Chia University	Note 10
Director (President)	Tai Ya Investment Co., Ltd. (Rep.: Elton F.Y. Lee)	Male	President, O-Bank Deputy President, O-Bank Hong Kong Branch Director, EverTrust Bank Senior Vice President/Head of Financial Business Division, HSBC Taiwan First President of Suzhou Branch/Vice President of Taiwanese Business Platform in Shenzhen Branch, HSBC (China) MBA, Manchester Business School	Note 11
Director	Yi Chang Investment Co., Ltd. (Rep.: Gordon W.C. Lin)	Male	Chairman, Prudential Fortune Investment Co., Ltd. Chairman, IBT Leasing Co., Ltd. Chairman, IBT International Leasing Corp. Director, IBTS Holdings Ltd. Chairman, IBT Securities Co., Ltd. Director, O-Bank Education Foundation Deputy President, O-Bank MBA, National Taiwan University	Note 12
Director	Yi Chang Investment Co., Ltd. (Rep.: Roy J.Y. Yeh)	Male	Chairman, IBT Management Corporation Chairman, IBT VII Venture Capital Co., Ltd. Director, IBT International Leasing Corp. Director/President, IBT Leasing Co., Ltd. Chief Corporate Banking Officer/Senior Executive Vice President of Risk Management Department, O-Bank Bachelor's degree, Department of Insurance, Tamkang University	Note 13
Director	Bill K.C. Lin	Male	Director, EasyCard Investment Holding Co., Ltd. Director, EasyCard Corporation Director, UUPON INC. Director, Curdoctor Information Service Corp. Independent Director, GOMAJI Corp. Ltd. Director, Taiwan Internet and E-Commerce Association (TiEA) Chairman, 17Life Chairman, PayEasy.com Founder and CEO, Payeasy Digital Integration Co., Ltd. Executive Consultant of Internet Banking, Taishin International Bank Sales supervisor of Credit Card Business, Taishin International Bank MBA, Chinese Culture University EMBA, National Taiwan University	Note 14

Note 1: Positions concurrently assumed by representative Tina Y. Lo: Vice Chairman, EverTrust Bank; Director, The Eisenhower Fellows Association in the Republic of China; Director, Taiwan Institute of Financial Incorporation; Director, Ming Shan Investment Co., Ltd.; Director, Yi Chang Investment Co., Ltd.; Director, Cross-strait Common Market Foundation; Director, Tai Hsuan Investment Co., Ltd.; Director, Tai Ya Investment Co., Ltd.; Director, IBT Holdings Corp.; Director, KC Investments Corp.; Director, Lucky Bamboo Investments Limited; Managing Director of Taiwan Listed Companies Association; Managing Supervisor, Friends of the Police Association; Vice President, Chinese National Association of Industry and Commerce; Director, The Bankers Association of Taipei; Director, Bankers Association of the Republic of China; Honor Director, Taiwan Women on Boards Association; Director, Criminal Investigate Association of Republic of China.

- Note 2: Positions concurrently assumed by Kenneth C.M. Lo: Chairman, O-Bank Education Foundation; Chairman, Hong Ju Investment Co., Ltd.; Director, National Taiwan University Economic Research Foundation; Director, C.F. Koo Foundation; Director, Taiwan Cement Corporation; Director, Institute for National Policy Research; Director, Andrew T. Huang Medical Education Promotion Fund; Executive Director, Cross-Strait CEO Summit; Director, Taipei Municipal Jianguo High School Alumni Association; Supervisor, NTU Alumni Association; Supervisor, NTU Alumni Association of Taipei; Honorary Chairman, Chinese National Association of Industry and Commerce.
- Note 3: Positions concurrently assumed by representative Edward Chien-Chiang Huang: Chairman, Tai-Jie Transport & Stowage Corporation; Chairman, Feng Sheng Industrial Co., Ltd.; Chairman, E.G.C. Cement Corporation; Chairman, Ho-Ping Industrial Port Corporation; Chairman, TCC Fuzhou Cement Co., Ltd.; Chairman, TCC Fuzhou Yangyu Port Co., Ltd.; Chairman, TCC (DongGuan) Cement Company Limited; Director, Taiwan Cement Engineering Corporation; Director, TCC Information Systems Corporation; Director, Taiwan Transport & Stowage Co., Ltd.; Director, Ho-Ping Power Company; Director, Ta-Ho Maritime Corporation; Director, Taiwan Cement (Dutch) Holdings B.V.; Director, TCC Shaoguan Cement Co., Ltd.; Director, Chiefolk Company Limited; Director, Hong Kong Cement Company Limited; Director, Hong Kong Concrete Co., Ltd.; Director, Quon Hing Concrete Co., Ltd.; Director, Pan Asia Corp.; Director, CHC Resources Corp.; Director, CR Classification Society; Director, TCC International Holdings Ltd.; Director, TCC International Ltd. (TCCI).
- Note 4: Positions concurrently assumed by representative Chih-Ming Chien: Chairman, Infinite Finance Co., Ltd.; Director, Jih Sun Formosa Auto Leasing Co., Ltd.; Director, Jih Sun International Leasing & Finance Co., Ltd.; Director, IBT International Financial Leasing Corp.; Supervisor, Chun Teng New Century Co., Ltd.
- Note 5: Independent executive director Fu-Hsiung Hu concurrently serves as Independent Director of Walsin Lihwa Co., Ltd.
- Note 6: Positions concurrently assumed by independent director Hank H.K. Lin: Chairman, EY Cultural and Educational Foundation; Director, Globe Union Industrial Corp.; Director, Taichung Municipal Jumei Social Welfare Charity Foundation; Director, PANJIT Semiconductor; Supervisor, Union MechTronic Inc.
- Note 7: Independent director Richard R.C. Liu concurrently serves as: Independent Director of Taiwan Anlisa Medical Equipment Technology Co., Ltd.
- Note 8: Positions concurrently assumed by representative Shih-Tze Chen: Chairman, Ming Shan Investment Co., Ltd.; Chairman, Yi Chang Investment Co., Ltd.; Chairman, Tai Hsuan Investment Co., Ltd.; Chairman, Tai Ya Investment Co., Ltd.; Director, Kogyoku Foods Co., Ltd.; Director, O-Bank Education Foundation; Director, Paradise Palms Ltd.; Director, KC Park Co.; Director, SKY Capital International Group Inc.; Director, Triple Ace Management Co., Ltd. (BVI); Director, Crystal Lake Global Limited; Director, Eagle Base Holdings Limited; Director, Eagle Dynasty Investments Limited; Director, Global Sail Holdings Limited; Director, KC Investments Corp.; Director, Star International Pacific Ltd.; Director, Lucky Bamboo Investments Limited; Director, Kenneth Menifee, Inc.; Director, KC Holdings (Delaware), Inc.; Director, Kenneth Parc, Inc; Director, Sapphire Crystal Ltd; Supervisor, IBT II Venture Capital Co., Ltd.; Supervisor, Prudential Fortune Investment Co., Ltd.; Supervisor, Hong Ju Investment Co., Ltd.
- Note 9: Positions concurrently assumed by representative George C.J. Cheng: Chairman, San Ho Development Co., Ltd.; Chairman, Abag Enterprise Co., Ltd.; Chairman, Abag Investment Holdings Co., Ltd.; Director, San Ho Plastics Fabrication Co., Ltd.
- Note 10: Positions concurrently assumed by Mark J.C. Lee: Chairman, Sung Yuan Development Co., Ltd.; Director, Chia Wheel Enterprises Co., Ltd.; Director, Heng Jih Song Accurate Industries Co., Ltd.; Director, Heng Tin Feng Invest Development Co., Ltd.; Director, Tong Chuan Invest Development Co., Ltd.; Director, Bai Tong Investment Co., Ltd.; Director, Heng Ying Mahinery Co., Ltd.; Director, Heng Tong Assets Management Co., Ltd.; Director, Heng Tong Machinery Co., Ltd.; Director, Heng Gi Lie Investment Ltd. Company; Director, Chang Yan Investment Co., Ltd.; Director, Hong Fu Investment Co., Ltd.; Director, Siang Tai Investment Co., Ltd.; Director, Hong Da Investment Co., Ltd.; Director, Heng Kuo Co., Ltd.
- Note 11: Positions concurrently assumed by representative Elton F.Y. Lee: President, O-Bank; Director, EverTrust Bank.
- Note 12: Positions concurrently assumed by representative Gordon W.C. Lin: Chairman, Prudential Fortune Investment Co., Ltd.; Supervisor, Gamma Paradigm Capital/Research.
- Note 13: Representative Roy J.Y. Yeh concurrently serves as: Chairman, IBT Management Corporation; Chairman, IBT VII Venture Capital Co., Ltd.
- Note 14: Positions concurrently assumed by Bill K.C. Lin: Director, Curdoctor Information Service Corp; Independent Director, GOMAJI Corp. Ltd.; Chairman, Taiwan Tele-Wise Love Charity Alliance

Table 3-3: Remuneration Ranges

As of Dec. 31, 2022

Remuneration Ranges	Name of Directors			
	Remuneration of Directors		Remuneration of Directors (include relevant remuneration received by directors who are also employees)	
	O-Bank	Companies in the Consolidated Financial Statements	O-Bank	Companies in the Consolidated Financial Statements
Less than NT\$1,000,000	Nelson An-Ping Chang, Edward Chien-Chiang Huang, Chih-Ming Chien, Shih-Tze Chen, George C.J. Cheng, Elton F.Y. Lee, Gordon W.C. Lin, Roy J.Y. Yeh, Nina Y.C. Lo	Nelson An-Ping Chang, Edward Chien-Chiang Huang, Chih-Ming Chien, Shih-Tze Chen, George C.J. Cheng, Nina Y.C. Lo	Nelson An-Ping Chang, Edward Chien-Chiang Huang, Chih-Ming Chien, Shih-Tze Chen, George C.J. Cheng, Gordon W.C. Lin, Roy J.Y. Yeh, Nina Y.C. Lo	Nelson An-Ping Chang, Edward Chien-Chiang Huang, Chih-Ming Chien, Shih-Tze Chen, George C.J. Cheng, Nina Y.C. Lo
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	Hank H.K. Lin, Richard R.C. Liu	Hank H.K. Lin, Richard R.C. Liu, Elton F.Y. Lee	Hank H.K. Lin, Richard R.C. Liu	Hank H.K. Lin, Richard R.C. Liu
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	Fu-Hsiung Hu	Fu-Hsiung Hu	Fu-Hsiung Hu	Fu-Hsiung Hu
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	Abag Investment Holdings Co., Ltd.	Abag Investment Holdings Co., Ltd.	Abag Investment Holdings Co., Ltd.	Abag Investment Holdings Co., Ltd.
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	Kenneth C.M. Lo, Mark J.C. Lee, Bill K.C. Lin, Taiwan Cement Corporation	Kenneth C.M. Lo, Mark J.C. Lee, Gordon W.C. Lin, Roy J.Y. Yeh, Bill K.C. Lin, Taiwan Cement Corporation	Kenneth C.M. Lo, Mark J.C. Lee, Bill K.C. Lin, Taiwan Cement Corporation	Kenneth C.M. Lo, Mark J.C. Lee, Gordon W.C. Lin, Roy J.Y. Yeh, Bill K.C. Lin, Taiwan Cement Corporation
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	Yi Chang Investment Co., Ltd., Tai Ya Investment Co., Ltd.	Yi Chang Investment Co., Ltd., Tai Ya Investment Co., Ltd.	Yi Chang Investment Co., Ltd., Tai Ya Investment Co., Ltd.	Yi Chang Investment Co., Ltd., Tai Ya Investment Co., Ltd.
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	Tina Y. Lo, Ming Shan Investment Co., Ltd.	Tina Y. Lo, Ming Shan Investment Co., Ltd.	Tina Y. Lo, Ming Shan Investment Co., Ltd.	Tina Y. Lo, Ming Shan Investment Co., Ltd.
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)	-	-	Elton F.Y. Lee	Elton F.Y. Lee

Remuneration Ranges	Name of Directors			
	Remuneration of Directors		Remuneration of Directors (include relevant remuneration received by directors who are also employees)	
	O-Bank	Companies in the Consolidated Financial Statements	O-Bank	Companies in the Consolidated Financial Statements
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)	-	-	-	-
Greater than or equal to NT\$100,000,000	-	-	-	-
Total	21	21	21	21

Note 1: The compensation amounts disclosed here are not a conceptual equivalent to the "income" defined in the Income Tax Act. As such, these numbers are meant for information disclosure instead of taxation.

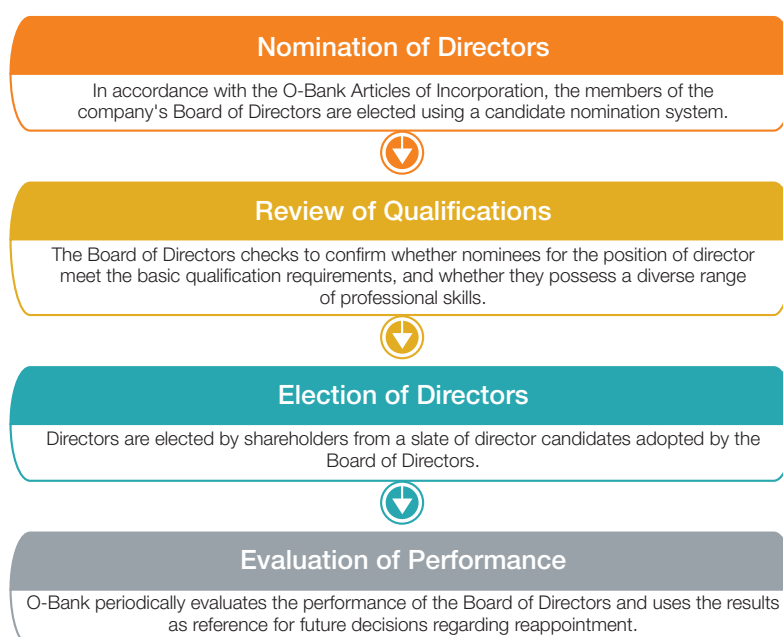
Note 2: Article 22 of the O-Bank Articles of Incorporation states that O-Bank must pay compensation to its directors (including independent directors) regardless whether the Bank operates at a profit or loss, and the Articles authorize the Board of Directors to set directors' compensation on the basis of the degree of their participation in the Bank's business operations and the value of their contributions, and to make reference to the level of remuneration paid by peer institutions. In years when O-Bank operates at a profit, the special bonuses it pays out to directors must not exceed 2.5% of those profits, and independent directors are not to share in these bonuses; moreover, if the Bank still has an accumulated deficit, the Bank must first retain the amount required to cover the losses. The distribution of director compensation must be reported each year to the general shareholders meeting. The Bank must report to shareholders on the percentage of profits, and total amounts, distributed to directors in the previous year.

Note 3: Severance pay and retirement benefits for O-Bank chairpersons are calculated in the same way as those paid to ordinary employees. Other directors do not receive severance pay or retirement benefits.

● Board of Directors Diversity Policy

In accordance with the O-Bank Articles of Incorporation, the members of the company's Board of Directors are elected using a candidate nomination system. O-Bank does not consider such factors as gender, age, ethnicity, and nationality, but simply recruits elite talent who possess professional expertise and experience in a diverse range of fields that the Bank needs for its future development. In order to achieve its corporate governance goals and meet the Bank's development needs, the Board of Directors as a whole possesses a wide range of professional abilities, including; ability to make judgments about operations and to manage business; ability to perform accounting and financial analysis; risk management ability; crisis management ability; expert knowledge of financial matters and industry; an international market perspective and ability to engage in investing and M&A activities; leadership and policymaking ability; corporate sustainability; legal matters; information technology and other knowledge, skills, and competence necessary for performance of its duties.

Fig. 3-1: Procedures for Selection of Members of the O-Bank Board of Directors



● **Diversity of Board Member Skills**

O-Bank's 8th Board of Directors values diversity, and has elite members with expertise in finance, industry, and academia. Nine of the directors hold Master's degrees in the fields of economics, commerce, business management, accounting, insurance, public administration, and foreign languages. The Board of Directors as a whole has expertise in business decision making, business management, leadership, etc. Among the most notably accomplished members are Tina Y. Lo, Kenneth C.M. Lo, Shih-Tze Chen, and Elton F.Y. Lee. For example, Hank H.K. Lin, Mark J.C. Lee, and Gordon W.C. Lin are among the directors best versed in financial accounting. Kenneth C.M. Lo, Chih-Ming Chien, and Roy J.Y. Yeh are especially adept at risk management and crisis response. Tina Y. Lo, Edward Chien-Chiang Huang, Richard R.C. Liu, and George C.J. Cheng have a particularly strong knowledge of international markets. In addition, Fu-Hsiung Hu, Hank H.K. Lin, and Bill K.C. Lin have strong expertise in information technology. Board members all have the knowledge, skill, and experience necessary to perform their duties, and the members individually have expertise in finance, treasury operations, commerce, law, and industry.

Table 3-4: Diversity of Board Member Professional Expertise

Name of the Directors	Diversification Ability	Operational Judgment and Operational Management Capabilities	Accounting and Financial Analysis Skills	Risk Management Ability	Crisis Handling Ability	Financial Professional and Industry Knowledge	International Market Outlook and Ability to Invest in Mergers and Acquisitions	Leadership and Decision-Making	Corporate Sustainability Knowledge	Legal Knowledge	Information Technology and Information Security Capabilities
Tina Y. Lo		✓	✓	✓	✓	✓	✓	✓	✓		
Kenneth C.M. Lo		✓	✓	✓	✓	✓	✓	✓	✓		
Edward Chien-Chiang Huang		✓		✓	✓	✓	✓	✓	✓		
Chih-Ming Chien		✓	✓	✓	✓	✓		✓	✓	✓	
Fu-Hsiung Hu		✓		✓		✓	✓	✓	✓	✓	✓
Hank H.K. Lin		✓	✓	✓	✓	✓	✓				✓
Richard R.C. Liu		✓	✓	✓		✓	✓		✓	✓	✓

Name of the Directors	Diversification Ability	Operational Judgment and Operational Management Capabilities	Accounting and Financial Analysis Skills	Risk Management Ability	Crisis Handling Ability	Financial Professional and Industry Knowledge	International Market Outlook and Ability to Invest in Mergers and Acquisitions	Leadership and Decision-Making	Corporate Sustainability Knowledge	Legal Knowledge	Information Technology and Information Security Capabilities
Shih-Tze Chen	✓	✓	✓	✓	✓	✓	✓	✓	✓		
George C.J. Cheng	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Mark J.C. Lee	✓	✓	✓	✓	✓	✓		✓	✓	✓	
Elton F.Y. Lee	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Gordon W.C. Lin	✓	✓	✓	✓	✓	✓	✓	✓	✓		
Roy J.Y. Yeh	✓	✓	✓	✓	✓	✓	✓		✓	✓	
Bill K.C. Lin	✓	✓	✓	✓	✓	✓		✓	✓		✓

Note: All members of the O-Bank Board of Directors have professional expertise in risk management. Most notably, Chairperson Tina Y. Lo once worked in the risk management department at CTBC Bank, Honorary Chairman Kenneth C.M. Lo once chaired the loan review committee at CTBC Bank, independent director Fu-Hsiung Hu is a former chairperson and chair of the risk management committee at the Joint Credit Information Center, independent director Hank H.K. Lin formerly chaired the risk management committee at EY Taiwan, and director Gordon W.C. Lin once worked in the credit review department at CTBC Bank.

● Professional Development

To strengthen the professional expertise of our directors and reap greater benefits from corporate governance, O-Bank arranges regular professional development courses to help directors keep up to date on domestic and foreign legislative developments. In 2022, O-Bank directors completed a combined total of 135 hours of training in accordance with the provisions of the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies," thus achieving a target completion rate of 100%.

Table 3-5: Participation by O-Bank Directors in Continuing Education in 2022 & 2023 (through end-May 2023)

Date	Course	Participant(s)	Course Hours
2022.01.24	Legal liability in "struggles for corporate control," and related case studies	Nina Y.C. Lo	3
2022.02.16	Corporate risks and opportunities posed by climate change and net-zero emissions policies	Elton F.Y. Lee	3
2022.02.18	Unlocking the key passwords in corporate financial reports	Fu-Hsiung Hu	3
2022.02.22	Introduction to struggles for corporate control and the Commercial Case Adjudication Act	Fu-Hsiung Hu, George C.J. Cheng	6
2022.03.09	Lecture on corporate governance (No.120): a future world under China-US rivalry	Fu-Hsiung Hu	3
2022.03.16	Ethical business practices and fair treatment of customers	Tina Y. Lo, Kenneth C.M. Lo, Nelson An-Ping Chang, Roy J.Y. Yeh, Fu-Hsiung Hu, Hank H.K. Lin, Richard R.C. Liu, Shih-Tze Chen, George C.J. Cheng, Mark J.C. Lee, Elton F.Y. Lee, Gordon W.C. Lin, Nina Y.C. Lo, Bill K.C. Lin	28

Date	Course	Participant(s)	Course Hours
2022.03.17	Corporate risks and opportunities posed by climate change and energy policy trends	Richard R.C. Liu	3
2022.03.29	Breach of trust by directors and supervisors, and the elements of special breach of trust	Hank H.K. Lin	3
2022.04.01	Risks and opportunities posed to Taiwan by economic integration within the Asia-Pacific region	Kenneth C.M. Lo, Richard R.C. Liu, Shih-Tze Chen	9
2022.04.14	Using green semiconductor technology to bring prosperity to human life	Fu-Hsiung Hu	3
2022.04.18	The global net-zero challenge: how corporate leaders guide low-carbon and ESG transformation initiatives	Hank H.K. Lin	3
2022.04.21	A quick interpretation of preparation for the ESG disclosure requirements of Corporate Governance 3.0	Bill K.C. Lin	3
2022.05.04	AML/CFT case studies for banks	Tina Y. Lo, Kenneth C.M. Lo, Edward Chien-Chiang Huang, Roy J.Y. Yeh, Fu-Hsiung Hu, Hank H.K. Lin, Richard R.C. Liu, Shih-Tze Chen, George C.J. Cheng, Mark J.C. Lee, Elton F.Y. Lee, Gordon W.C. Lin, Nina Y.C. Lo, Bill K.C. Lin	14
2022.05.20	Responding to global net-zero and corporate ESG actions	Bill K.C. Lin	3
2022.05.26	Lecture on corporate governance: On the importance of corporate sustainability reports	Bill K.C. Lin	3
2022.06.13	Inventoring and verifying greenhouse gas emissions	Bill K.C. Lin	3
2022.06.17	Financial information that directors are most likely to overlook	Bill K.C. Lin	3
2022.08.11	A discussion of corporate tax governance and TaxTech solutions with a view to ESG trends and the pandemic situation	Gordon W.C. Lin	3
2022.08.24	AI security	Elton F.Y. Lee	3
2022.08.26	An examination of the latest amendment to the "Business Mergers and Acquisitions Act and tax issues"	Roy J.Y. Yeh	3
2022.09.05	Latest international carbon border tax trends and possible responses	Hank H.K. Lin	3
2022.09.28	Corporate net-zero sustainable planning and prospects (water resources, carbon credits, energy resources)	Edward Chien-Chiang Huang	6
2022.09.28	Corporate sustainability and succession: transformation of succession among company directors and shareholders, and trends among Asian-style family offices	Mark J.C. Lee	3
2022.10.05	Global anti-tax evasion developments and some international audit case studies	Tina Y. Lo	3
2022.10.25	Important economic and trade issues, 2022: research and outlook	Fu-Hsiung Hu	3
2022.11.04	Growth of Walsin Technology Corp. in passive components industry	Fu-Hsiung Hu	3
2022.11.08	A new high for corporate governance: building ethically run enterprises	Edward Chien-Chiang Huang	3
2022.11.08	Ethical Corporate Management Best Practice Principles	Chih-Ming Chien	3

Date	Course	Participant(s)	Course Hours
2022.11.11	Preliminary remarks from the corporate perspective on FinTech crime and prevention of money laundering	Chih-Ming Chien	3
2023.03.10	"Transition to Sustainability" course series, No.1 of 4: Challenges and opportunities amid the global transition to a net-zero economy	Kenneth C.M. Lo, Shih-Tze Chen	6
2023.03.27	"Enterprise resilience, Taiwan's competitiveness"	Gordon W.C. Lin	3
2023.03.31	Latest Transnational Tax Rules: Impact and Response for the Enterprise (Case Studies)	Tina Y. Lo	3
2023.05.03	Practicte of Corporate Governance Perspective of Technology Trend and Cyber Risk	Tina Y. Lo, Kenneth C.M. Lo, Edward Chien-Chiang Huang, Chih-Ming Chien, Fu-Hsiung Hu, Hank H.K. Lin, Richard R.C. Liu, Shih-Tze Chen, George C.J. Cheng, Mark J.C. Lee, Elton F.Y. Lee, Gordon W.C. Lin, Roy J.Y. Yeh, Bill K.C. Lin	14

● Communication with Directors

O-Bank has already disclosed on our website the state of our independent directors' communications with the company's chief auditor and our certified public accountant (CPA). These disclosures include the dates and results of all such communications, which enhances transparency regarding the full discharge by independent directors of their duties. For example, the chief auditor submits reports to the Audit Committee on the annual audit plan, audit activities, and the Internal Control Statement, and O-Bank holds regular meetings to review our internal control system. At meetings of the Audit Committee, and in separate sessions with the Bank's independent directors, the CPA reports and communicates on financial report audits and reviews, audit plans, and related matters.

● Director Performance Evaluations

O-Bank has established performance goals to elevate the role of the Board of Directors, and our Board of Directors has adopted the "O-Bank Co., Ltd. Rules Governing the Performance Evaluation of the Board of Directors" in order to enhance the effectiveness of the Board's operations. These Rules require the Board of Directors and our functional committees to conduct an internal board performance evaluation at least once a year and to commission an independent outside professional institution or an independent outside team of experts and scholars to conduct a board performance evaluation once every three years. The focal points of internal board performance evaluations include: degree of participation in the running of the company; the quality of decision making by the Board of Directors and its functional committees; the composition and structure of the Board of Directors and its functional committees; the election of the directors; understanding of director's duties; professionalism and continuing professional education; internal controls, and other important topics such as implementation of corporate social responsibility initiatives; measures taken by the Board of Directors to spur the company to undertake ESG initiatives. In the future we will assess and draw up plans to incorporate the issue of O-Bank's performance in managing economic, environmental, and human rights (social) impacts into internal performance evaluations for directors. In the first quarter of 2023, O-Bank completed our 2022 Board of Directors performance evaluation and will use it as reference in improving the performance of the directors, setting director compensation, nominating candidates for election to the Board. It was found that, overall: (a) the Board of Directors and its functional committees operated well and were able to discharge their duty to guide and oversee corporate policies, important lines of business, and risk management; (b) the various functional committees operated well and effectively strengthened the functions of the board; and (c) the

Board members properly understood their duties, actively participated in the running of the company, made appropriate decisions, and effectively promoted governance quality.

In addition, O-Bank in 2021 commissioned the Taiwan Corporate Governance Association (TCGA) to conduct an outside evaluation of the performance of its Board of Directors during the period from June 1, 2020 to May 31, 2021. In addition to examining open-ended questionnaires filled out by O-Bank personnel, as well as various reference material and open-source information, the TCGA also conducted on-site interviews with the O-Bank chairperson, independent directors, the certified public accountant, the president, and members of the management team to evaluate the performance of the Board of Directors in the following eight areas: the composition of the board; direction provided by the board; powers authorized by the board; the board's oversight functions; the board's communication functions; internal controls and risk management; the board's self-regulation; and other matters, such as board meetings and support systems. The TCGA submitted its O-Bank Board of Directors Performance Report on October 12, 2021. O-Bank then forwarded the performance report and a proposed corrective action plan on December 29, 2021 to the 5th meeting of the 1st Corporate Governance and Nomination Committee as well as the 12th meeting of the 8th Board of Directors for review and approval, and on December 17, 2022 the Bank submitted a report on its implementation of the recommendations in the performance evaluation to the 9th meeting of the 1st Corporate Governance and Nomination Committee as well as the 20th meeting of the 8th Board of Directors for review and approval. O-Bank's 2022 internal performance evaluations for the Board of Directors as well as its 2021 outside performance evaluations for the Board of Directors have both been disclosed on the company website, and O-Bank is preparing to conduct the next outside performance evaluations for the Board of Directors in 2024.



*Board of Directors
performance
assessment*

3.1.2 Functional Committees

To strengthen the Board of Directors' management and oversight functions, O-Bank has established various functional committees under the Board, and the Board of Directors has approved the organizational rules of each functional committee (Audit Committee; Compensation Committee; Corporate Governance and Nomination Committee; Corporate Social Responsibility Committee; Corporate Culture Committee). These professional and independent functional committees improve O-Bank's corporate governance.

1. Audit Committee

The O-Bank Board passed a resolution in February 2011 to replace the supervisors with an Audit Committee, and approved the "Audit Committee Organizational Rules." In June of 2011, the General Shareholders Meeting approved the establishment of the Audit Committee, and an Audit Committee system was implemented beginning from the time of the 5th Board of Directors. The three members of the committee are all independent directors and their primary duties are to supervise the following: fair presentation of financial statements; any appointment or dismissal of the certified public accountant, and review of its independence and performance; effective implementation of the internal control system; the company's compliance with laws and regulations; and management of existing or potential risks. The Audit Committee met 8 times in 2022, and the committee members compiled a combined attendance rate of 100%.

2. Compensation Committee

To build a comprehensive compensation policy and system, O-Bank's Board established a Compensation Committee in 2009. The three members of the committee are all independent directors and their primary duties are to assist the Board in reviewing and supervising overall compensation policies as well as to evaluate and approve the compensation of Board members and senior executives. In carrying out its duties, the Compensation Committee evaluates market research performed by consulting firms and compensation levels at peer companies, takes performance evaluations into account, and uses its findings as its criteria for evaluating compensation. Also, one of the Compensation Committee's top principles is to ensure that directors, managerial officers, and sales staff do not pursue compensation by taking risk that exceeds established risk tolerance levels. The Compensation Committee met 7 times in 2022 and the attendance rate was 100%.

3. Corporate Governance and Nomination Committee

In order to improve the system for election of directors and build a Board of Directors with a diverse and professional membership, O-Bank established our Corporate Governance and Nomination Committee in November 2020, and has been acting via our functional committees to continue improving our corporate governance system. This committee's membership includes three directors, and more than half of the members are independent directors. Their primary duties include: formulating the standards that directors are required to meet; reviewing director candidates and making nominations; formulating and reviewing directors' completion of professional development courses and their succession planning; adopting O-Bank's "Corporate Governance Best-Practice Principles" and "Rules Governing the Performance Evaluation of the Board of Directors"; and overseeing and supervising corporate governance evaluations and performance evaluations of the Board. The Corporate Governance and Nomination Committee met four times in 2022, and the attendance rate was 100%.

4. Corporate Social Responsibility Committee

To fulfill our corporate social responsibilities, O-Bank formed a Corporate Social Responsibility (CSR) Committee in January 2015 and officially established an organizational charter for the committee in December of the same year. The CSR Committee has six subcommittees and is responsible for setting CSR-related procedures, policy directions, and implementation plans. O-Bank's Chairperson, President, all members of senior management, and supervisors of related units are the members of the Committee, which holds meetings once each quarter to track progress in all projects. The Committee met four times in 2022. The members of this Committee include two directors (the Chairperson and President), and the attendance rates were 100% and 75%. O-Bank submits a sustainability report each year to the Board of Directors to report on our implementation of CSR plans and the results of consultations between O-Bank and our stakeholders in order to continuously improve O-Bank's CSR performance.

5. Corporate Culture Committee

To bring all employees on board with our corporate culture of "always sincere, always here" as well as the company's core values that O-Bank sums up in the five-letter acronym TOUCH (trust, outstanding, unity, creativity, and honor), O-Bank set an industry first by establishing our Corporate Culture Committee. This committee is responsible for drafting and implementing plans for specific CSR activities. From time to time it communicates with employees and familiarizes them with internal policies in order to thoroughly instill the corporate culture. The Corporate Culture Committee met once in 2022. The members of this Committee include two directors (the Chairperson and President), and the participation was 100%. In

addition, the Corporate Culture Committee conducts an employee satisfaction survey, an employee needs survey, and an employee engagement survey once per year, and responds with policies that are based on the survey results. In this way, O-Bank works to build up a strong corporate culture and a positive atmosphere.

3.1.3 Shareholder Structure and Communication

O-Bank holds General Shareholders Meeting once per year. Matters addressed by shareholders meeting resolutions include the following: amendment of the Articles of Incorporation; election and dismissal of directors; examination and approval of the statements and books prepared and submitted by the Board of Directors; capital increases and decreases; distributions of earnings, and dividends; and other matters that the law requires to be settled by shareholders meeting resolutions. O-Bank has established "O-Bank Procedural Rules Governing Shareholders' Meetings," which includes provisions governing how shareholders' meetings must be held, deadlines for delivery of meeting notices, and meeting procedures in order to uphold the rights and interests of shareholders. In addition, e-voting has been used for shareholders' meetings since 2012, so shareholders now have more ways to exercise their voting rights. Also, O-Bank attaches importance to communicating and interacting with shareholders, and has a number of different channels to accomplish it. A special "Investors Section" on the company website provides detailed disclosures of company information, regularly publishes financial performance figures, puts out information on investor conferences and shareholders' meetings, and provides contact information for the O-Bank spokesperson and deputy spokesperson so that shareholders can express their views at any time. O-Bank adopted a resolution at our 2022 General Shareholders Meeting to pay cash dividends of NT\$0.29989170 per share for 2021. The total amount of the cash dividends was NT\$819,145,290. The company also paid dividends of NT\$0.425 per share of preferred stock, and preferred stock dividends came to a total of NT\$127,080,950. As of the date of record, the structure of O-Bank shareholders was as set out in Table 3-6.

Table 3-6: Structure of O-Bank Shareholders

Date of Record: April 18, 2023

Common Shares

Unit: Shares

Type of Shareholder	Government Agencies	Financial Institutions	Other Juridical Persons	Foreign Institutions and Natural Persons	Individuals	Treasury Shares	Total
Persons	1	6	126	138	35,216	1	35,488
Shares Held	100	13,052,273	1,899,024,607	186,872,724	632,520,597	2,522,000	2,733,992,301
Ownership Stake	0.00%	0.48%	69.45%	6.84%	23.14%	0.09%	100.00%

Preferred Shares

Unit: Shares

Type of Shareholder	Government Agencies	Financial Institutions	Other Juridical Persons	Foreign Institutions and Natural Persons	Individuals	Treasury Shares	Total
Persons	0	1	44	1	4,033	0	4,079
Shares Held	0	4,855,000	235,105,265	298	59,053,437	0	299,014,000
Ownership Stake	0.00%	1.62%	78.63%	0.00%	19.75%	0.00%	100.00%

3.2 Ethical Best Practice

3.2.1 Ethics and Integrity

1. Policy Initiatives

To build up a strong culture of ethical best practices, in addition to adopting a set of "Code of Ethical Conduct" to serve as guidelines for its directors, managerial officers, rank-and-file employees, and consultants, O-Bank has also made reference to the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies" in formulating our "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management." These documents require the company to abide by the "Company Act," "Securities and Exchange Act," "Business Entity Accounting Act," "Political Donations Act," "Anti-Corruption Act," "Government Procurement Act," "Act on Recusal of Public Servants Due to Conflicts of Interest," and other applicable laws and regulations which set out concrete provisions governing matters to be observed by employees in carrying out their duties. O-Bank also conducts annual reviews of the effectiveness of the "Codes of Ethical Conduct," the "Ethical Corporate Management Best Practice Principles," and the "Procedures for Ethical Management and Guidelines for Conduct." To build greater awareness of the need for ethical best practices, O-Bank every year conducts annual ethical conduct risk self-assessments for all employees. O-Bank has also adopted a "Declaration of Intent to Comply With the O-Bank Ethical Management Policy" and a "Statement of Consent to Comply With the O-Bank Ethical Management Policy," which are to be signed by senior management, current employees, and newly hired employees. In addition, O-Bank also plans to incorporate the provisions of our "Procedures for Ethical Management and Guidelines for Conduct" into contracts executed with companies that do business with O-Bank, or (for a company that does business with O-Bank) we will separately sign a "Statement of Ethical Management, Human Rights, and Environmental Sustainability Commitments," thus requiring the counterparty to join with O-Bank in complying with the principles of ethical management and commitments regarding human rights and environmental sustainability, which include the following: neither party shall provide or give improper benefits (any improper thing or service of value, nor shall either party induce or entice any insider of the other party to act in breach of their occupational duties. From May 2022 to end-2022, O-Bank executed a "Statement of Ethical Management, Human Rights, and Environmental Sustainability Commitments" with 167 parties that we do business with, or 84% of our counterparties. Also, in order to effectively help employees scrupulously abide by ethics requirements during their daily work, O-Bank has set up a special email box for ethics issues. Any employee with questions regarding such issues is welcome to use this email box to seek advice.

2. State of Implementation

To continue implementing ethical best practice policies, the Corporate Governance Subcommittee (part of the Corporate Social Responsibility Committee, which is under the O-Bank Board of Directors) is responsible for the following: formulating ethics policies and measures for preventing malfeasance; promoting and monitoring matters related to ethical management; ensuring that directors, managerial officers, rank-and-file employees, and mandataries do not violate ethical principles; tracking the benefits generated by the implementation of various ethical management initiatives; engage in ongoing consideration of possible corrective actions; and reporting to the Board of Directors at least once per year. The main duties of the Corporate Governance Subcommittee are set out in the "Ethical Corporate Management Best Practice Principles," which states as follows:

- (1) The Corporate Governance Subcommittee shall incorporate ethics and moral values into the company's business strategy and adopt related internal rules to provide prevention measures against corruption and malfeasance, thereby ensuring ethical management which complies with the requirements of laws and regulations.

- (2) The Corporate Governance Subcommittee shall adopt programs to prevent unethical conduct, and set out in each program standard operating procedures and conduct guidelines with respect to the company's operations and business. To ensure ethical corporate management, O-Bank – acting in compliance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" – has: established effective internal control systems and accounting systems; conducted regular audits on our domestic business, financial, asset custody, and information units as well as other management units; and retained a certified public accountant to conduct regular audits of the company's internal control systems to ensure efficient internal controls and to implement ethical best practices.
- (3) The Corporate Governance Subcommittee shall plan the internal organization, structure, and allocation of responsibilities and set up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct. To avoid corruption-related risks, O-Bank has adopted a number of different standard operating procedures, adopted malfeasance prevention measures that are in line with legislative requirements in Taiwan as well as all other jurisdictions where the O-Bank maintains establishments, and implemented risk identification procedures for risk control self assessments (RCSAs), and assessed business corruption risks. Each of our functional units uses the assessment results to control risks and avoid the risk of corruption within the company. O-Bank has already assessed related risks at 100% of its business locations throughout all the world, and the results did not reveal any irregularities.
- (4) The Corporate Governance Subcommittee shall promote and coordinate outreach and training activities that focus on ethics policy.
- (5) The Corporate Governance Subcommittee shall establish and implement a whistleblower system.
- (6) The Corporate Governance Subcommittee shall assist the Board of Directors and management in auditing and assessing whether the corruption prevention measures taken by O-Bank for the purpose of implementing ethical management are effectively operating, and shall regularly prepare reports on the assessment of compliance with ethical management in operating procedures.

O-Bank has adopted many different internal anti-corruption measures. In addition to implementing a regular job rotation system among employees with certain functions, O-Bank has also instituted a "negotiated leave" system to reduce the risk of corruption occurring in the course of operations. As for the implementation of ethical business management by subsidiaries, O-Bank has adopted a set of "Regulations Governing the Management of Invested Companies," established firewalls between O-Bank and our subsidiaries as well as among subsidiaries, and taken steps to ensure that all subsidiaries have established fully developed internal control procedures and management procedures. Also, acting in accordance with laws and regulations that the company's subsidiaries are required to comply with, O-Bank handles the following matters: management of information security service systems; management of customer information and maintenance its confidentiality; prevention of the acceptance of improper benefits; limiting of business cooperation and sharing of resources; limiting of extension of credit to or other transactions with stakeholders and substantive stakeholders; prevention of insider trading; and administration of the company's internal operating guidelines.

3. Whistleblower System

To encourage internal and external personnel to blow the whistle on unethical or improper conduct, O-Bank has adopted a "Whistleblowing Policy" and posted a Whistleblower System to our corporate website. Any person who discovers that a director, supervisor, manager, employee, or mandatary of O-Bank or a member of the O-Bank Group, or a person having substantial control of O-Bank or the Group,

has possibly committed crimes, cheating, or regulatory violations, may submit a whistleblowing report to the O-Bank Auditing Division and the convener of the Audit Committee via telephone, email, or the postal service. After it has been confirmed that a whistleblower report has been accepted, an investigation must be launched within seven days, and an investigation report must be completed within 15 working days; when necessary, the deadline for completion of the report may be extended to 30 working days, and a progress report must be submitted once each five working days to the case officer for the whistleblower case in question. If an investigation substantiates that the alleged perpetrator in a whistleblowing report has violated applicable legislation, the whistleblowing report shall be forwarded to O-Bank's human resources unit, and O-Bank shall take disciplinary action in accordance with its "Rules for Employee Recognition and Discipline," and if the legal violation is serious O-Bank may refer the whistleblowing report directly to law enforcement authorities for appropriate action. In addition, to ensure that a whistleblower understands how the case is being handled, the whistleblower shall receive timely progress reports via telephone, email, or some other means. Also, a whistleblower's identity and the content of what is reported are kept secret. And promise to protect the whistleblower, will not punished for reporting incidents, to implement corporate governance and integrity management. A total of 20 emails were submitted to the O-Bank whistleblower box in 2022. Of these, 20 of the emails made no accusations against any specific persons and therefore did not meet the conditions set out in Article 4 and Article 6 of the O-Bank Rules for the Handling of Whistleblower Cases.

Table 3-7: Number and Type of O-Bank Whistleblower Cases in 2022

		Number of Cases Rejected				20			
		Number of Cases Accepted				0			
Types		From Outside Informant				From Inside Informant			
		Named Informant		Anonymous Informant		Named Informant		Anonymous Informant	
		Found Untrue	Found True	Found Untrue	Found True	Found Untrue	Found True	Found Untrue	Found True
Cases Accepted	Misappropriation or embezzlement of company funds	0	0	0	0	0	0	0	0
	Offering or acceptance of bribes	0	0	0	0	0	0	0	0
	Illegal possession or unauthorized disposal of Bank property	0	0	0	0	0	0	0	0
	Forgery that causes loss or damage to the company	0	0	0	0	0	0	0	0
	Disclosure of Bank secrets, or of employee or customer information	0	0	0	0	0	0	0	0
	Taking bribes, engaging in corruption, committing jobbery, or profiting from improper benefits directly or indirectly when executing managerial or supervisory duties	0	0	0	0	0	0	0	0
	Other crimes, cheating, or likely legal violation	0	0	0	0	0	0	0	0
Cases Rejected		0	20	0	0	0	0	0	0
Total		0	20	0	0	0	0	0	0

4. Management of Stakeholder Conflicts of Interest

O-Bank has adopted a set of "Rules Governing Extension of Credit to Interested Parties" and "Rules of Order for Meetings of the Board of Directors." When a director or a juristic person represented by the director is an interested party with respect to any proposal for a board meeting, the director shall explain the interested party relationship at the meeting, and the director shall exercise recusal during discussion and voting on that proposal, and may not act as another director's proxy to exercise voting rights on that matter, so as to prevent any conflict of interest. In 2022, instances of recusal by O-Bank directors to avoid conflicts of interest were as shown in below in Table 3-8. A summary of interested-party transactions that O-Bank directors, managerial officers, and major shareholders have entered into with the Bank is set out in Table 3-9.

Table 3-8: Exercise of Recusal Due to Conflict of Interest by O-Bank Directors in 2022

Date	Content of Motion	Director	Cause for Avoidance	Participation in Voting
2022.02.24 The 8 th Board of Directors in its 13 th meeting	Proposal for making a donation to the O-Bank Education Foundation	Tina Y. Lo, Kenneth C.M. Lo, Shih-Tze Chen, Nina Y.C. Lo	In compliance with Article 14 of the Procedural Rules Governing Board Meetings (Interested Parties)	The Bank's directors stand by the principle of recusal and refrain from participating in the discussion of and voting on motions that may cause conflicts of interest.
	Proposal for making a donation to the Chinese National Association of Industry and Commerce	Tina Y. Lo, Kenneth C.M. Lo, Nelson An-Ping Chang, Shih-Tze Chen, Nina Y.C. Lo		
2022.03.16 The 8 th Board of Directors in its 14 th meeting	Release of non-competition restrictions on directors	Nelson An-Ping Chang		
	Proposal for director remunerations and employee remunerations for 2021	Directors recusing themselves from motion on director remunerations: the entire number of non-independent directors – Tina Y. Lo, Kenneth C.M. Lo, Nelson An-Ping Chang, Roy J.Y. Yeh, Shih-Tze Chen, George C.J. Cheng, Mark J.C. Lee, Elton F.Y. Lee, Gordon W.C. Lin, Nina Y.C. Lo, Bill K.C. Lin Directors recusing themselves from motion on employee remunerations: Elton F.Y. Lee		
	Revision of the full-range monthly salary standard for staff of various grades in the Hong Kong region of the Bank	Elton F.Y. Lee		
2022.05.04 The 8 th Board of Directors in its 15 th meeting	The Bank's donation to the Criminal Investigation and Prevention Association of the Republic of China	Tina Y. Lo, Kenneth C.M. Lo, Shih-Tze Chen, Nina Y.C. Lo		
2022.06.22 The 8 th Board of Directors in its 16 th meeting	Proposal for making a donation to the Eisenhower Fellows Association in the R.O.C.	Tina Y. Lo, Kenneth C.M. Lo, Shih-Tze Chen, Nina Y.C. Lo		

Date	Content of Motion	Director	Cause for Avoidance	Participation in Voting
2022.07.21 The 8 th Board of Directors in its 17 th meeting	The Bank approved the merger of its subsidiary IBT Leasing Co., Ltd. and Jih Sun International Leasing Co., Ltd.	Roy J.Y. Yeh, Gordon W.C. Lin		The Bank's directors stand by the principle of recusal and refrain from participating in the discussion of and voting on motions that may cause conflicts of interest.
	The Bank returned the share payment through its subsidiary IBT Leasing Co., Ltd. by reducing capital in kind	Roy J.Y. Yeh, Gordon W.C. Lin		
2022.08.23 The 8 th Board of Directors in its 18 th meeting	Application for a change in the terms of an existing loan	Hank H.K. Lin	In compliance with Article 33-1 of the Banking Act (Interested Parties)	
	Proposal for reviewing a loan application by one of the Bank's borrowers	Edward Chien-Chiang Huang		
2022.11.02 The 8 th Board of Directors in its 19 th meeting	The Bank's donation to the Chamber of Commerce and Industry of the Republic of China	Tina Y. Lo, Kenneth C.M. Lo, Shih-Tze Chen	In compliance with Article 14 of the Procedural Rules Governing Board Meetings (Interested Parties)	
	Proposal for making a donation to the National Taiwan University Economic Research Foundation	Tina Y. Lo, Kenneth C.M. Lo, Shih-Tze Chen		
	Selection of the chairman of the investment business	Chih-Ming Chien		
	Removal of non-compete restrictions on directors of the Bank	Chih-Ming Chien		
	The case of changing the members of the Risk Management Committee of the Bank	Chih-Ming Chien		
2022.12.27 The 8 th Board of Directors in its 20 th meeting	Credit application for four credit accounts of the Bank	Tina Y. Lo, Kenneth C.M. Lo, Roy J.Y. Yeh, Shih-Tze Chen, Chih-Ming Chien, Elton F.Y. Lee, Gordon W.C. Lin	In compliance with Article 33-1 of the Banking Act (Interested Parties)	
	2023 Audit plan	Elton F.Y. Lee	In compliance with Article 14 of the Procedural Rules Governing Board Meetings (Interested Parties)	
	The Bank's 2023 audit plan for insurance agency business	Elton F.Y. Lee		
	Adjustment and appointment represent the Bank to select the chairman of the invested enterprise	Roy J.Y. Yeh		

Table 3-9: Summary of Interested-party Transactions that O-Bank Directors, Managerial Officers, and Major Shareholders have Entered into with the Bank in 2022

Unit: NT\$ thousand

		Directors	Major Shareholders	Managerial Officers	Total
Deposit	Ending balance	1,199,751	27,839	84,110	1,311,700
	Interest expense	22,971	379	7,524	30,874
Lending	Ending balance	-	242,000	-	242,000
	Interest revenue	-	26	-	26
Service Fee Income	Ending balance	157,270	16,823	12,934	187,027
	Service fee income	2	-	3	5

Note: "Major shareholders" are defined in this table as those with an ownership stake of at least 5%.

5. Education and Training

To ensure that all employees comply with the "Ethical Corporate Management Best Practice Principles" in the conduct of their job duties, and that they observe strict legal compliance, O-Bank's legal compliance, auditing, and human resources units in 2022 jointly held 24 on-site and online courses. These courses attracted a total attendance of 14,388 persons who completed a combined 15,494.3 course hours (see Table 3-10), which made for a course completion rate of 100%. With respect to domestic matters, O-Bank carries out outreach activities to familiarize employees with important legislative amendments, major enforcement actions, matters pertaining to ethical best practice and corporate social responsibility, internal audit systems, principles for fair treatment of consumers, anti-money laundering, confidentiality rules, protection of personal information, and other important topics. As for overseas legal compliance matters, O-Bank holds education and training courses focusing on selected topics, and in 2023 began holding risk management policy training courses for employees throughout the Bank. In addition, O-Bank in 2022 hired Deloitte & Touche to hold a series of four "Personal Information Protection Courses" for risk management supervisors and officers, attracting a total attendance of 1,946. As for "ethical best practice" training activities, O-Bank retained the Taiwan Corporate Governance Association to hold an "Ethical Business Practices and Fair Treatment of Customers" lecture and an "AML/CFT Case Studies for Banks" seminar to strengthen O-Bank Board members' concept of ethical business practices and AML/CFT matters. The lecture and seminar attracted a total attendance of 28. To better familiarize rank-and-file employees with ethics and compliance, O-Bank's various units acted separately in once again holding outreach activities focusing on ethics rules. These activities, which were designed to ensure better compliance and prevent unethical behavior, attracted a total attendance of 1,149.



"Ethical Business Practices and Fair Treatment of Customers" lecture

Table 3-10: O-Bank Education and Training Activities in 2022

Name of Course	Number of Sessions	Target Audience	Hours	Attendance	Person Hours
Training & panel discussion for chief compliance officers	1	Chief compliance officers from the various units	1	113	113
Online training & testing for compliance	2	All employees	0.5	1,926	963
Education and training series for protection of personal information	2	All employees in Taiwan	1	1,834	1,834
	2	Operational risk managers	1	112	112
In-depth analysis of the "Financial Consumer Protection Act"	1	All employees in Taiwan	3	972	2,916
Annual Online Legal Compliance Training and Testing for the Hong Kong Branch	1	All employees from the Hong Kong Branch	1	87	87
AML/CFT education & training	1	All employees	3	870	2,610
Annual Online AML Training and Testing for the Hong Kong Branch	1	All employees from the Hong Kong Branch	1	87	87
OJT workshop for compliance personnel	1	Chief compliance officers from the various units	3	70	210
Information security training courses	3	All employees	1	3,592	3,592
	1	All employees	0.25	1,065	266.3
Self-audit training	1	Personnel engaged in self-audit work	1	926	926
Comprehensive training on occupational safety and health	2	Personnel required to meet training hours requirement for current year	1	229	229
	1	Personnel required to meet training hours requirement for current year	2	179	358
"Ethical Business Practices and Fair Treatment of Customers" lecture	1	Directors	2	14	28
AML/CFT case studies for banks	1	Directors	1	14	14
Insider trading	1	All employees	0.5	1,149	574.5
Ethical management outreach, education, and training	1	All employees	0.5	1,149	574.5
Total	24			14,388	15,494.3

3.2.2 Internal Control and Audit Systems

Acting in compliance with the ROC Bankers Association's "Guidelines on the Three Lines of Defense for Internal Controls of Banks," O-Bank has established our internal control system (see Fig. 3-2), for which three lines of defense are set up to ensure our proper and effective operation and O-Bank's sound management.

Fig. 3-2: Three Lines of Defense in the O-Bank Internal Control System



The O-Bank's Auditing Division reports directly to the Board. Our internal auditors carry out auditing duties in an impartial, objective, independent, and detached manner, and do not hold any position that conflicts with or restricts their auditing duties, so as to reasonably ensure the effective operation of internal controls. The frequency of on-site examinations of domestic and overseas units and subsidiaries is based on the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" and the "Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies," and is incorporated into the annual audit plan. The chief auditor reports once per quarter on these matters to the Board of Directors and the Audit Committee to help the Board of Directors and management stay up to date on O-Bank's implementation of audit matters. The O-Bank Board of Directors holds an internal control system review forum with auditors every half-year to review internal control deficiencies, and meeting minutes are produced. Also, the Auditing Division monitors a routine self-inspection on all first-line-of-defense units at least semiannually and a special self-inspection at least every month. However, if the unit has conducted a routine self-inspection, the Auditing Division has conducted a routine business audit, a financial examination agency has conducted a routine business audit or self-evaluation on affairs concerning compliance with applicable acts and regulations in that month, a special self-inspection can be exempted in that month. Additionally, routine self-audits must be conducted at least semi-annually, and special self-audits at least monthly, and the Auditing Division must provide audit training each year for personnel engage in self-inspection work.

In response to the sustainability requirements put forward in recent years by international rating agencies and domestic competent authorities, O-Bank has actively pursued sustainability measures on many different fronts. In addition to conducting risk assessments related to environmental, social, and corporate governance issues, and adopting related risk management policies and strategies, the O-Bank Auditing Division also takes the state of the Bank's various units' implementation of their annual CSR targets and focuses on this information in its internal audits, and the Auditing Division has also amended its audit manual to facilitate assessments of how well units are implementing sustainability undertakings. Audit findings in 2022 have not turned up any information regarding systemic problems, or material deficiencies or irregularities. In addition, the O-Bank 2023 Audit Plan includes the Bank's success in implementing ESG targets among the matters to receive priority attention in each unit's annual audit. The 2023 Audit Plan was approved at the 8th Board of Directors in its 20th meeting on December 27, 2022.

The O-Bank Auditing Division completed audits of businesses and operations at O-Bank's various departments and subsidiaries in 2022 in accordance with the annual audit plan as well as instructions from the competent authority. The resulting audit findings for each department and subsidiary were tracked in the Bank's system for ongoing monitoring until resolution, in order to optimize the internal control system and improve the effectiveness of internal controls and continue strengthening the supervision of auditing operations at overseas branches.

3.3 Legal Compliance

3.3.1 Legal Compliance

To thoroughly implement our compliance policy, O-Bank establishes an annual legal compliance plan, and in addition to reviewing compliance systems, structures, and regulations, O-Bank also prepares an integrated overview of the handling of legal compliance matters by O-Bank as a whole. This overview covers matters such as each department's compliance self-assessment and the causes of serious compliance failures, suggestions for improvement, compliance assessment results, education and training, and the handling of insurance agent services. The head office Chief Compliance Officer reports semi-annually to the Board of Directors and the Audit Committee to help the Board of Directors and senior management effectively understand the state of O-Bank's legal compliance. In addition, O-Bank has established "Rules Governing the Procedures for Legal Compliance System," which have been approved by the Board of Directors. These Rules incorporate laws, regulations, anti-money laundering legislation, personal data protection legislation, codes of ethics, financial consumer protection requirements, sustainable development principles, and principles of fair treatment of consumers into the Bank's legal compliance system, where O-Bank maintains compliance. Acting via a clear internal control system, O-Bank ensures that our routine management and operating activities can remain continually compliant with applicable legal requirements, thus improving sound business practices and developments.

To ensure that each line of business is conducted in accordance with legal requirements, the head of Legal and Compliance Division, acting in compliance with laws and regulations as well as rules governing the review of new products: (a) first signs or issues a letter of consent before O-Bank applies for approval of (or launches) a new product, new service, or new line of business; and (b) assists with pre-launch review of products and services to examine personal information risk, ML/TF risk, and consumer protection matters. In addition, O-Bank's compliance unit promptly informs other units of changes to external laws, regulations, and rules, and it also assists other units to review, establish/and amend internal rules. At the same time, the compliance unit helps with the planning and implementation of the entire Bank's compliance-related courses and training, both in-person and online.

O-Bank supervises compliance at overseas branches in accordance with the competent authority's "Self-Regulatory Rule Governing Management Regime for Compliance, Anti-Money Laundering, and Countering the Financing of Terrorist of Foreign Branch (Subsidiary) for Domestic Member of the Bankers Association of the Republic of China" and holds periodic meetings with the chief compliance officers of the Hong Kong Branch and EverTrust Bank (O-Bank's US subsidiary) to ensure proper implementation of legal compliance measures. Also, O-Bank periodically reviews the monthly and semi-annual compliance reports of the Hong Kong Branch Compliance Division as well as the compliance-related items on the meeting agenda of the EverTrust Bank Board of Directors. These matters are reported to the O-Bank Board of Directors on a periodic basis.

In 2022, O-Bank was not involved in fraud, money laundering, insider trading, anti-competitive behavior, anti-trust or monopolistic behavior, corruption, market manipulation, or any other related behavior that violated applicable legislation, nor did it receive any major sanctions or penalties from any competent authority for violations of financial acts or regulations. In addition, it did not incur losses due to any litigation in connection with the sale or provision of financial products or services, and properly complied with all applicable internal and external statutory and regulatory requirements. When a financial examination identifies a deficiency at O-Bank that violates legislation or important internal rules, the unit where the deficiency was found, the Compliance & AML/CFT Department, the Audit Department, and the Risk Management Department will jointly examine the reason for the deficiency's occurrence and its

possible impacts, will propose a corrective action plan, and will then monitor the state of the deficiency and implementation of the corrective action. Depending on circumstances, the matter may be reported to the Board of Directors together with an explanation of corrective action measures.

3.3.2 Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT)

To coordinate with the requirements of the competent authorities regarding AML/CFT matters, O-Bank has adopted a Risk-Based Approach in assessing the ML/TF risks that we face, has established related internal rules and management mechanisms, and carries out related education and training for employees. To respond to different ML/TF risk typologies, O-Bank hired Deloitte Consulting to carry out a project to optimize the Bank's monitoring and control of suspected ML/TF transactions. The project includes two aspects. A risk-based approach was used to optimize the threshold for tripping alerts on possible ML/TF transactions, and the effectiveness of red flags was analyzed. The project was completed in February 2020. In addition, O-Bank in 2021 retained EY Management Services to advise the Bank in its conduct of a comprehensive ML/TF risk assessment. We incorporated EverTrust Bank (O-Bank's US subsidiary) into our institutional ML/TF risk assessment, and hired Ernst & Young (Hong Kong) to assess the O-Bank Hong Kong Branch's ML/TF risks and to conduct a comprehensive review of the branch's implementation of its AML/CFT system. This project was completed in October 2022.

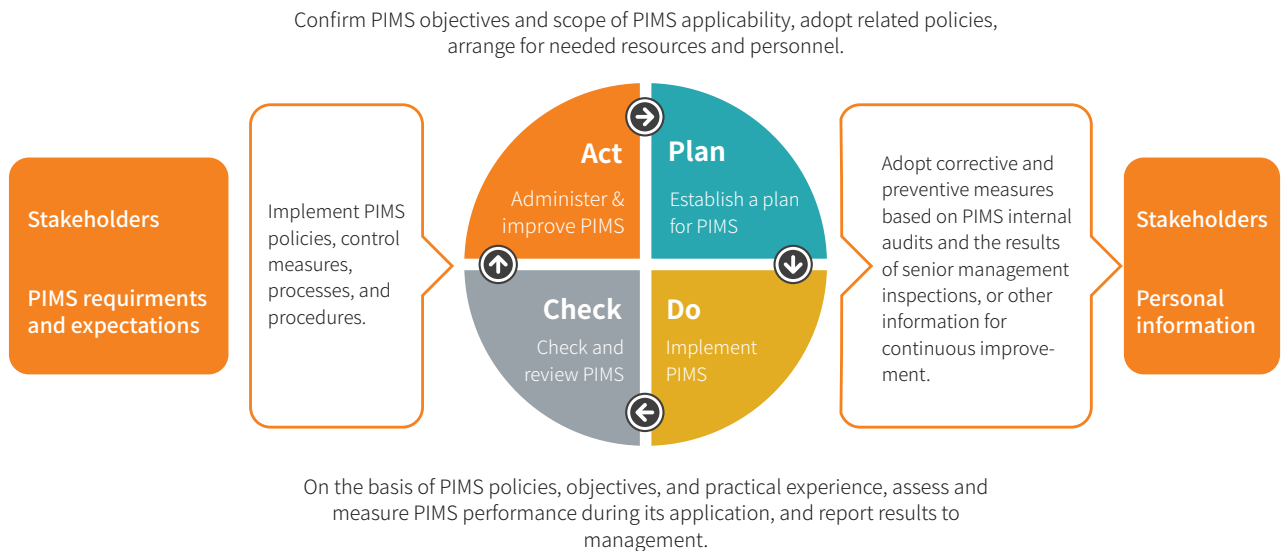
In addition, O-Bank carries out a comprehensive AML/CFT evaluation every year that focuses on four aspects: customers; products and services; transactions & delivery channels; and regions. On the basis of the evaluation results, O-Bank develops annual risk prevention programs. To ensure that each line of business is conducted in compliance with AML/CFT laws and regulations, the head office chief AML/CFT officer, acting in compliance with laws and regulations, must first review new products and services to assess ML/TF risk before O-Bank applies for approval of (or launches) a new product, new service, or new line of business. Also, to ensure effective control of ML/TF risks by overseas branches, the comprehensive anti-money laundering system developed by the Hong Kong Branch in 2017 and went online in December 2018. In addition, the head office has established the "O-Bank Group Policy for Sharing AML/CFT Information," the "O-Bank Rules Governing the Management Regime for AML/CFT of Foreign Branches (Subsidiaries)," and the "O-Bank Group Operation Procedures for Sharing of AML/CFT Information" in order to strengthen the Group's AML/CFT governance and information sharing mechanisms. Once each half-year, O-Bank reports to the Audit Committee and the Board of Directors on the state of AML/CFT operations at its head office and throughout the group. In 2022, O-Bank was involved in zero money laundering violations.

3.3.3 Personal Information Protection

O-Bank continues improving our protection and management of personal information. Making reference to the latest version of the BS 10012 Personal Information Management System (PIMS), taking an institutionalized, documented, and systematized approach, and following the Plan-Do-Check-Act (PDCA) management model, O-Bank has established a PIMS (see Fig. 3-3). Our personal information management policy is faithfully implemented by analyzing operating procedures, information systems, and third-party management and exercising stringent control over the acquisition, handling, use, transmission, storage, sealing, and destruction of personal information. O-Bank also considers the matter from the perspectives of "organization," "procedures," and "information technologies" and takes a top-down approach, using a strategic eye to define organizational management and operations. By analyzing operating procedures and information systems, O-Bank reviews the personal lifecycle, all the way from acquisition, handling, use, transmission, storage, and sealing, to destruction of personal information. Throughout the process, the location, access to, and control of personal information is tracked. At the same time, O-Bank

reviews and minimizes personal information not needed for business purposes in order to reduce the organization's management and control costs. O-Bank continues to carry out a "BS10012 Maintenance, Consulting, and Advisory Service" project to improve the protection and management of personal information.

Fig. 3-3: O-Bank Personal Information Management System (PIMS)



O-Bank has incorporated the management of personal information into its legal compliance management system, and has established a Personal Information Management Team, which is composed of the Legal & Compliance Division, Risk Management Division and the Information Technology Division. This Team is charged with responsibility for: promoting the protection of personal information and control measures and plans; assisting all departments with their management of personal information; planning and conducting personal information management, education, and training activities; and formulating measures for responding to various supervisory requirements that relate to the protection of personal information. The Team seeks to ensure compliance with legal requirements and to implement the personal data protection system.

Also, to ensure effective implementation of the personal information management system, in addition to establishing a Personal Information Management Team, O-Bank has also set up a Personal Information Management Committee (Fig. 3-4), which is chaired by the president of O-Bank and counts several members of senior management as its members. The Committee holds an annual personal information protection meeting to review and oversee Bank-wide personal information management system matters reported by the Personal Information Security Management Team. Such matters include the examination (or acceptance of file-and-use registrations of) rules governing personal information management, and the oversight and direction of crisis management and response. After that, the Personal Information Management Committee submits these matters to the Risk Management Committee, which deliberates upon personal information security maintenance and

Fig. 3-4: O-Bank Personal Information Management Framework



conducts a self-assessment report to confirm the effective implementation of the personal information risk management system, then reports it to the Board of Directors for review and discussion. On November 21, 2022, the Committee convened its annual meeting to review and decide on matters related to personal information as well as present a personal information self-evaluation report to the Risk Management Committee and the Board of Directors.

To ensure effective management of personal information protection, in addition to including personal information management among the items that must receive attention in annual internal audits, O-Bank each year also retains a third-party institution to audit O-Bank's protection of personal information. O-Bank has obtained BS10012: 2017 certification for six consecutive years for our personal information management system, thus complying with a requirement of the competent authority and keeping in line with international standards. In addition, to enhance employee awareness of the importance of personal information protection, and to improve their ability to respond to incidents, O-Bank each year offers regular company-wide training courses on personal information protection. These activities are complemented by training in legal compliance, plus activities designed to better familiarize employees with related legislation. In this manner, O-Bank seeks to incorporate awareness of personal information protection into our corporate culture, so as to honor our commitment to personal information protection. In 2022, O-Bank held four "Personal Information Protection Courses," which focused on different topics for the benefit of different types of participants. O-Bank also launched a digital learning platform, which is used to carry out legal compliance training and testing. There were separate sessions in the first and second halves of the year, and personal information matters were among the topics covered.



BS10012: 2017 Personal Information Management System certification

3.4 Risk Management

3.4.1 Risk Management Policies and Operations

A financial services firm must formulate rigorous risk management policies to ensure that, when applied to different trading methods, product types, and routine operations, the firm is able to prudently assess various potential risks and control them effectively, thus maintaining compliance with the requirements of both domestic and overseas supervisory authorities. Acting in line with the overall business environment, our own risk management capabilities, and external legislation, O-Bank has adopted a "Risk Management Policy" that has since been approved by the Board of Directors. We have also adopted numerous internal rules governing credit, operational, market, liquidity, climate change, money laundering, and terrorism financing risks, and has reported them for approval at the appropriate level of management in accordance with the principles of hierarchical delegation of responsibilities. The related operating procedures include risk identification, measurement, monitoring, reporting, and countermeasures.

1. Risk Management Framework

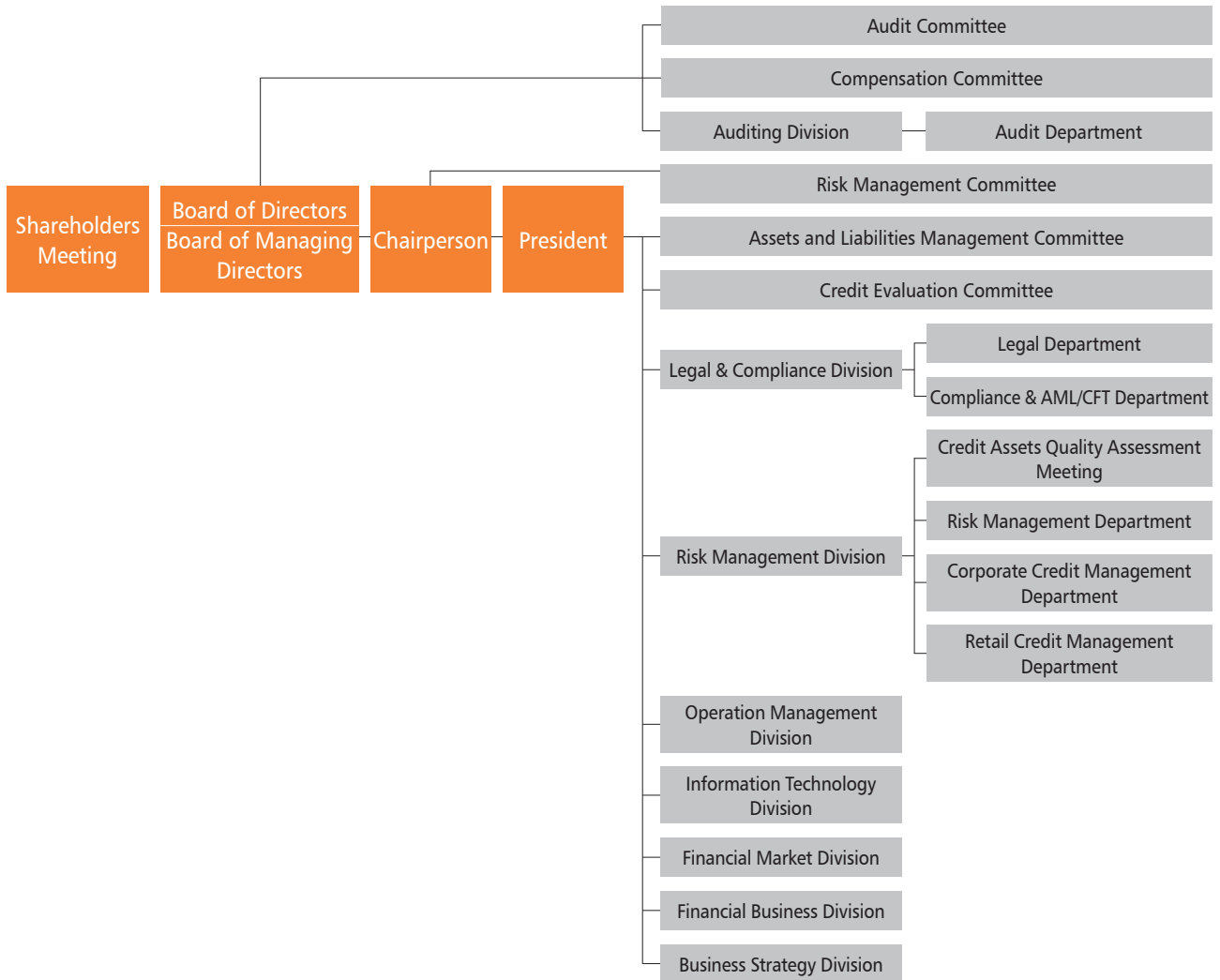
The highest authority in O-Bank's risk management organization is the Board of Directors, which approves risk management mechanisms and risk tolerance based on the overall business strategy and business environment. And to ensure effective implementation of bank-wide all risk management procedures: (a) under the Chairperson of Board there is a "Risk Management Committee," which examines risk management mechanisms and risk management proposals that approved level are the Board of Directors meeting, and monitors how effectively various risks are being managed and reviewed; and (b) under the President there are an "Assets and Liabilities Management Committee," a "Credit Evaluation Committee," and a responsible department meetings regularly to discuss and review risk management proposals.

O-Bank has three risk management units, namely, the Risk Management Department, the Corporate Credit Management Department, and the Retail Credit Management Department. (a) The Risk Management Department is responsible for building comprehensive risk management mechanisms; identifying, measuring, monitoring, controlling, reporting, and responding to our credit risks, market risks, operational risks, liquidity risks, and interest rate sensitivity risks; controlling our impaired assets; assessing asset quality; and supervising and monitoring effectiveness of risk management throughout O-Bank. (b) The Corporate Credit Management Department is responsible for drafting and revising internal rules of corporate credit risks; rating and controlling corporate credit risks; inspecting corporate credit extensions and post-credit reviews; reviewing corporate lending contracts and collateral; and controlling lending facilities. (c) The Retail Credit Management Department is charged with adopting and amending internal rules of retail credit risks; scoring and controlling retail credit risks; inspecting retail credit extensions; and conducting post-credit reviews.

During the risk monitoring of O-Bank, all exceptions such as violations of policies, limits, and authorizations are reported, processed and improved immediately. At the same time, to ensure full disclosure of risk control situations, O-Bank disclosed the "Risk Management Policy" approved by the Board of Directors on the official website, as well as the risk management organization and its implementation. Meanwhile, our risk management units regularly report on the state of Bank-wide risk management at meetings of the Board of Directors and the Risk Management Committee, and we also disclose the implementation in the annual financial report. In addition, the audit unit each year conducts an internal audit on transaction services market risk management procedures (including risk measurement systems and risk reporting forms, and the state of management of interest rate risk in the banking book) in order to ensure the overall effectiveness of the Bank's risk management.

Fig. 3-5: O-Bank's Risk Management Organization Chart

Current as of Feb. 16, 2023



2. Risk Management

O-Bank's risk management policy covers risk definitions, risk management objectives, risk management organization and scope of risk management functions, the responsibilities and authorities of authorized personnel, ownership of risk management functions, risk tolerance, risk measurement methods, risk countermeasures, communication of risk management information, and reporting mechanisms. In addition, in order to fully disclose the rights and obligations of the guarantor and the scope of the guaranteed liability, O-bank send a guaranteed liability notification regularly to the borrower(s) for the joint & several guarantors' maximum guaranteed amount and the guaranteed debt amount each year. O-Bank controls different types of risk as described below:

Fig. 3-6: Framework of O-Bank's Risk Management Policies



(1) Credit Risks

The "Credit Policy" and "Credit Risk Management Principles" are approved by the O-Bank Board of Directors as the implementation indicators and risk control for credit management. O-Bank pursues sound credit assets quality and optimal earnings targets. According to the fundamental principles of public welfare, security, liquidity, profitability, and growth prospects, to prudently evaluate the borrower's credit including the source of repayment, the purpose of loan, the collateral, and the prospective risks and benefits of the loan. To establish the control mechanism of the credit asset portfolio and concentration limits. In addition, in order to control related-party transactions and strengthen the connectivity between related-party borrower's data, O-Bank completed a customer information system (CIS).

In order to understand how changing economic and financial conditions affect O-Bank's risk-bearing capacity and capital adequacy, O-Bank carried out stress tests in accordance with the FSC's "Guidelines for the Conduct of Stress Tests by Domestic Banks." The results of these stress tests will serve as important bases for risk management, and will be used for ongoing adjustments to the direction of business operations, credit policies, and risk assessment procedures. The purpose is to ensure that, when there are changes in the external environment, the Bank can still maintain adequate capital and pursue a proper balance between risk and returns in order to achieve its operational and management objectives. As of year-end 2022, the 10 industrial sectors in which O-Bank had the most significant risk concentrations (and their total loan amounts) were as shown in Table 3-11 below.

Table 3-11: 10 Industrial Sectors in which O-Bank has the Most Significant Risk Concentrations (and their total loan balance)

Current as of Dec. 31, 2022 Unit: NT\$ million

Sector	Total Loan Balance
1. Finance & insurance	53,934
2. Individual consumers	37,746
3. Manufacturing	37,332
4. Real estate	28,308
5. Wholesaling & retail	9,568
6. Publishing, audio/video, information & communication	5,710
7. Medical, health care, & social services	2,608
8. Electricity and gas supply	2,601
9. Construction engineering	1,849
10. Water & sewage services	1,685

Note 1: The sector categorizations are based on the loan recipient and depositor categories adopted in statistics published by the Directorate-General of Budget, Accounting and Statistics and the Central Bank.

Note 2: The term "individual consumer" means a natural person who borrows money under their own name.

(2) Market and Liquidity Risks

On the basis of three main product categories (equity, interest rate, and exchange rate products) and their respective features, O-Bank has adopted internal rules that set out express provisions governing risk management indicators, exposure limits, reporting of instances in which exposure limits are exceeded, and the managerial personnel who are authorized for deciding upon response measures under such circumstances. To address market and liquidity risks, O-Bank (taking care to ensure legal compliance and rigorous management that ensure a properly balanced dual focus on both profitability and security)

responds each year to changing financial market conditions, the supervisory authority's liquidity risk measures, and plans for the company's business footprint, by adopting management approaches and risk limits. Once these management approaches and risk limits have been reviewed and approved by the Assets and Liabilities Management Committee and the Risk Management Committee, they are then submitted to the Board of Directors for final approval. Also, acting in line with the Basel Committee on Banking Supervision's "Fundamental Review of the Trading (FRTB)," which the competent authorities have announced that it will be formally enforced starting from 2025, O-Bank already launched related research and assessment work to facilitate the effort in 2022 to bring the Bank in line with international standards as soon as possible.

(3) Operational Risk

O-Bank's operational risk management policy includes clear-cut risk identification, control assessment, and reporting that govern such matters as organization framework, scope of risk management functions, locus of authority and responsibility, requirements, and implementation tools, including loss data collection (LDC), risk and control self-assessment (RCSA), key risk indicators (KRIs), and Clean Desk (CD). To ensure that operational risk management mechanisms can be operated smoothly, O-Bank has included operational risk management work among the items receiving attention in each company unit's annual performance reviews, with units assigned a rating of 1 to 5 depending on how well they have carried out operational risk management work. The performance reviews are conducted at year's end. In addition, in order to improve the operating efficiency and oversight of our internal control system, O-Bank has been working since 2018 to establish a Governance, Risk Management, and Compliance (GRC) management platform. The platform's operational risk management module was launched in 2019.

To heighten employees' awareness of the need to maintain the confidentiality of operating secrets and the security of personal information, we continue to pursue our Clean Desk initiative, and in view of the initiative's progress have adopted a set of "Clean Desk Operational Risk Management Rules," which all company units will be expected to observe in their daily operations. O-Bank's risk management units conduct random monthly surveys to check how well each company unit is implementing the Clean Desk rules. As part of the surveys, each company unit conducts random internal checks after working hours to see whether documents and folders have been left lying on the surfaces of desks, office equipment, and cabinets, whether printouts have been left in printer trays, and whether employees have failed to either lock their notebook computers or store them in a locked cabinet. In 2022, a total of 147 random surveys were conducted, which was equal to 86% compliance with the rules. Any unit that fails to comply with rules will have points deducted in its annual operational risk management performance evaluation, and will also report any irregularities to the unit supervisor so that the latter may carry out internal awareness raising activities and take corrective actions. We will continue overseeing our various units to ensure that they properly implement this work and effectively reduce the risk of operating secrets and personal information being improperly divulged or stolen.

To ensure that supervisory information is reported more accurately and in a more timely manner, O-Bank has adopted a system for filing of financial statements via the Financial Supervisory Commission's One-Stop Window for Reporting of Financial Supervisory Information, and in November 2019 established a new section under the Risk Management Department to administer the handling of statutorily required reporting forms. Since that time, the new section has gradually taken over related tasks from other units throughout O-Bank in order to achieve compliance with the "Guidelines for Handling Defects in Filing of Supervisory Information by Domestic Banks."

(4) Brand Risk

Since reorganizing as a commercial bank, O-Bank has pursued brand exposure through many different channels, including social media. O-Bank has adopted a set of "Procedures for the Use of Social Media" to ensure that company information and the O-Bank brand image are properly presented in new media, and to manage associated risks. Also, in order to ensure that O-Bank information is presented in an accurate, consistent, and appropriate manner, we have also adopted a "Management Mechanism for the Public Statements of O-Bank Employees," which specifies who is authorized to speak publicly on behalf of the company, including the Chairperson, President, Head of Financial Business Division, Head of Legal & Compliance Division, Head of Business Strategy Division (and Deputy Spokesperson), Head of Operation Management Division, and Head of Corporate Communications Department (and Spokesperson). This type of restricted authorization ensures that public communications are accurate and reflect well on the company image. At the same time, O-Bank has set up a Public Relations Section under the Corporate Communications Department to assist the company in managing brand image and communications. The Public Relations Section monitors news reports on the company on a daily basis and checks for any mentions of the company on social media to stay current on news and consumer sentiment. When necessary, O-Bank responds quickly to maintain the company's reputation and brand image, and to avoid the risk of misunderstandings or improper information causing harm to O-Bank's brand image. In addition, O-Bank has established a comprehensive mechanism for inter-departmental liaison and communications so the company can quickly respond to the wishes of stakeholders.

3. Crisis Management

When any unit experiences a major event, to ensure that business continues as usual and customer rights and interests are safeguarded, and to minimize harm to persons and property, O-Bank has adopted the "Major Accident Emergency Response and Recovery Plan Implementation Guidelines" and the "Organizational Guidelines for the Emergency Response Committee." The Emergency Response Committee is chaired by the President of O-Bank. It is responsible for ensuring that the company is able to promptly notify the proper persons when a major event occurs, and it gathers information from different units to facilitate prompt action in response to emergencies.

To maintain our ability to respond promptly to emergency situations, O-Bank continues to conduct emergency response drills to sharpen our readiness to control operational risks. In October 2022, O-Bank conducted a drill on the deposit of funds into the Central Bank's Interbank Funds Transfer Guarantee Special Account (hereinafter, "Special Account") to ensure that O-Bank will not encounter a situation in which our funds in the Special Account are insufficient to cover our interbank cash withdrawals or funds transfers on a non-banking day, which would affect the rights and interests of customers as well as O-Bank's reputation. In October 2022, acting in accordance with our operational continuity drill plans for both information and business operations, O-Bank conducted simulation drills which confirmed that O-bank's remote backup and recovery facilities can still be started up normally, and key operations and trading processes can still operate normally – even when information systems at the O-Bank head office, the Asia Plaza Building, and the First International Computer Inc. Building (Yangguang St., Neihu Dist., TPE) are hit by a major disaster that prevents normal operations. During the drills, personnel from the Auditing Division met with personnel from O-Bank's various units to observe the conduct of the drill, and they achieved the goal of verifying the Bank's ability to continue conducting business under emergency conditions. The following Bank units take part in the annual drills, and are responsible for the following tasks:

- Information Task Group: This task group is composed of personnel from the Infrastructure and System Services Department, Application System Development Department, and Core Banking System Development Department. Acting in accordance with the "Standard Drilling and Testing Procedures for Information Systems Continuity," this task group focuses on procedures for network reconnection and systems restoration.



O-Bank conducted operational continuity drills for both information and business operations in 2022

- Business Operations Task Group: This task group is composed of personnel from the Operation Planning Department, Corporate Operation Department, Retail Operation Department, Corporate Finance Department, Wealth Management Department, Deposit and Payment Department, Digital Innovation Department, Treasury Department, Corporate Cash Management and e-Banking Department, Risk Management Department, General Affairs Department, Hong Kong Branch, and Trust Department. On the basis of the plan for annual drills, this task group validates and tests the transaction procedures and systems for each line of business.
- Communications Task Group: The Strategic Planning Department is responsible for liaison and communications with all company units.

Also, in order to respond promptly to material events and control related risks, O-Bank (acting in accordance with the "Directions Governing the Scope of Reportable Major Contingencies, Reporting Procedures, and Other Compliance Matters" issued by the Financial Supervisory Commission) has adopted a "Mechanism for Handling Major Contingencies." O-Bank experienced no major contingencies in 2022.

3.5 Information Security

3.5.1 Information Security Management Policy

To ensure proper implementation of the information security management system and exactly implement of the information security operations, the O-Bank Board of Directors has adopted an Information Security Policy, the O-bank Information Security Department is responsible for information security, and the Chief Information Security Officer coordinates the promotion of information security policies and the deployment of resources throughout the Bank. In addition, O-bank established an "information security promotion team" and an "information security implementation and examination team." Convened by the Head of Information Technology Division, the information security promotion team is responsible for supervising and deciding on matters related to the information security management system. The team convenes each half-year to examine the implementation status of the information security management system and provide needed resources, and it met twice in 2022. It must, on an annual basis, have its Chairperson, President, Head of Auditing Division, Head of Legal & Compliance Division, and Chief Information Security Officer jointly issue the internal control system statement and submit it to the Board of Directors and senior management, which are responsible for oversight. In addition, O-Bank has also retained a cyber security professional to serve as a cyber security consultant and provide us with appropriate and professional cyber security policymaking advisory opinions.

O-Bank the information operations comply with applicable laws and regulations on information security, O-Bank sets the information security policies and goals, adopts implementation and maintenance measures, reviews and amends policies, regulations and risk assessment. Following the PDCA (Plan-Do-Check-Act) cycle in an ongoing effort to improve and strengthen all relevant aspects. O-Bank received the ISO 27001 certification for the information security management in 2017, and completed recertification the three-year cycle in 2022. O-Bank retains an impartial third-party to conduct a re-inspection every year to maintain the continued validity of the ISO 27001 certification, ensure effective operation of the information security management system, thoroughly implement it in the course of routine business operations, raise the level of information security, and safeguard the security of customer information.



O-Bank obtains ISO 27001 Certification for its Information Security Management System

O-Bank's information security goals are as follows:

- Ensure the confidentiality of information assets by enforcing control of access to information, and by requiring that only authorized personnel are given such access.
- Ensure the completeness of information operations management to prevent unauthorized alteration.
- Ensure the continuous functioning of information operations.
- Ensure the compliance of information operations with applicable laws and regulations.

3.5.2 Protective Measures for Information Security

O-Bank has acquired information security tools and established information security controls to maintain and strengthen the protection of the information security. To ensure the security of the information environment, O-Bank has installed the following: an antivirus software system, double-layer firewalls, intrusion prevention system, file and server access control, network traffic anomaly detection system, automatic updating of patches, website links control, instant messaging control, email filtering, control of USB devices, data leakage prevention, database monitoring, control of mobile devices, privileged accounts management, two-factor authentication, notebook hard disk encryption, advanced persistent threat (APT) prevention, protection against distributed denial-of-service (DDoS) attacks, endpoint detection and response, network detection and response system, and vulnerability tracking and management system. As for application systems, O-Bank already has scanning tools for source code, website, open source code and online testing methods. At the same time, in order to reduce the losses that could result from electronic equipment damage, O-Bank purchases "electronic equipment damage insurance" each year, and when a sudden accident damages or destroys electronic equipment, this insurance can mitigate the risk of indemnification for which the Bank might be liability due to an interruption to business operations. In 2022, O-Bank's cyber security expenses (including software and hardware licensing expenses) accounted for 9% of the total information budget.

Each year O-Bank retains a third-party professional information security organization to evaluate the information security of computer systems and mobile apps, so as to strengthen the security of network communications, computer systems, IoT equipment, and various applications. This organization's evaluation includes, for example, scanning of O-Bank servers for vulnerabilities, system penetration tests, the staging of mock hacker attacks to analyze the types of hacker attacks that the Bank might face and where our systems might be vulnerable. Matters receiving attention in information system security

assessments include the following: inspection of information architecture; inspection of network activity; testing of network equipment, servers, terminal equipment, and IoT devices; customer-end application programs; inspection of security settings; compliance inspections; and social engineering drills. Mobile app security analyses (which are conducted in accordance with the "Basic Security Testing Baseline for Mobile Applications" issued by the Industrial Development Bureau, Ministry of Economic Affairs) involve analysis of the information security technologies on both mobile apps and at the server end. As for professional development for company personnel, O-Bank performs periodic education, training, and e-mail awareness activities to help employees better understand the importance of information security, related threats, and legislative trends. O-Bank also performs annual social engineering drills for all employees. After the 2022 drills, 0.08% of phishing emails were opened, 0.08% of email links were clicked into, and 0.24% of email attachments were opened. Employees who failed to handle emails in accordance with the social engineering drills were provided additional training and re-tested to make them more alert to phishing attacks. In addition, O-Bank's dedicated cyber security officers in 2022 obtained a total of 14 international cyber security certifications to continue improving their cyber security technical proficiency. Also, to coordinate with the "Financial Information Security Action Plan" issued by the Financial Supervisory Commission, O-Bank has adopted the Cybersecurity Assessment Tool (CAT) of the US Federal Financial Institutions Examination Council (FFIEC) to conduct information security maturity evaluations, and on the basis of the evaluation results we have carried out periodic reviews and taken corrective actions. Our 2022 security maturity evaluation established a baseline, thus meeting the legal compliance goal. Based on the evaluation results, our outside advisor suggested that we carry out certain inspections and improvement measures.

O-Bank periodically conducts internal cyber risk assessment to identify cyber risks and understand the degree of risk to which each type of cyber asset is exposed. Factors considered include cyber asset value, vulnerabilities, threats, internal issues, external issues (including legislation, major cyber security incidents, high-tech changes, and changes in industry), and the needs of stakeholders. O-Bank also takes appropriate security defense measures to mitigate cyber risks. O-Bank also conducts internal cyber security tests and vulnerability scans in order to quickly discover system vulnerabilities and resolve them, and at the same time we make use of outside information and case studies to review and assess our own internal vulnerabilities and risks and set up defenses.

3.5.3 Information Security Drills

When the company's information system suffers under the malicious attack, employees must be able to immediately report the problem, handle it, and minimize the impact of disasters. To improve our emergency response capabilities, O-Bank performs information security drills focusing on denial-of-service (DoS) attacks, malware attacks, and leaks of personal information, as follows:

- Denial-of-service attack drills: O-Bank and ISP (Internet Service Provider) each year to conduct denial-of-service attack drills to ensure that employees are familiar with contact persons in each other's organizations, who is authorized to do what, and proper procedures. O-Bank also amends our Denial-of-Service Attack Response Plan in due course.
- Malware attack drills: O-Bank conducts annual malware attack drills to raise employees how to recognize the malware attack upon a personal computer or server, report it, isolate and handle the problem, and restore the equipment to proper working order.
- Drills for handling leaks of personal information: Each year, O-Bank simulates different personal information leak scenarios. Depending on the scope and degree of the impact, more departments may be invited to take part in a drill. Post-drill discussions are held to ensure that employees are fully familiar with response procedures so that they can respond rapidly during the next drill or in the event of an actual incident.

O-Bank has adopted cyber security incident reporting and handling procedures, and has set up a rating system to distinguish between cyber security incidents of differing degrees of severity. After the cyber security response unit receives a cyber security incident report, it resolves the cyber security incident within the mandated time period, and after handling the incident it conducts a cause analysis and takes corrective action to prevent recurrence of the cyber security incident. In 2022, O-Bank experienced a total of two information system irregularities, which upon investigation were found to have been caused by software and/or hardware malfunctions and problems with remote connection management by outside service providers rather than hacker intrusions or virus infections. The incidents did not cause any loss of Bank information or customer data, nor did the Bank receive any sanctions or incur any monetary loss due to any litigation connected with customer data protection matters.

3.6 Tax Governance

3.6.1 Tax Policy

Acting in a spirit of tax compliance and fulfillment of corporate social responsibilities, O-Bank implements tax strategies, manages tax costs, and effectively manages tax risks. We have established a sound tax management system and tax governance culture, fulfilling our obligations as a socially responsible corporate citizen. O-Bank's tax governance policy is as follows:

- Properly comply with the tax legislation in every jurisdiction where O-Bank operates, correctly calculate tax liabilities, and pay tax returns within the legally prescribed time period.
- Transactions with related parties are conducted at arm's length, shall be compliant with the tax legislation in every jurisdiction where O-Bank operates, and O-Bank shall prepare transfer pricing documentation for the purpose of complying with transfer pricing regulations.
- With respect to changes in tax legislation (whether it is the tax legislation in every jurisdiction where O-Bank operates or is international tax legislation), O-Bank shall be able to conduct comprehensive and detailed evaluations of the impacts of such changes, and be able to quickly develop response measures in order to properly limit the scope of tax risks and achieve the goal of sustainable corporate development.
- While ensuring that the Policy complies with the tax legislation in every jurisdiction where O-Bank operates, O-Bank shall carry out appropriate tax planning to prevent double taxation, lower tax costs, and enhance shareholder value.
- Abide by financial reporting standards and related legal requirements, periodically disclose tax information to stakeholders in financial reports and other public information to ensure the transparency and openness of tax information.
- Maintain open communications with tax authorities, proactively participate in tax seminars by providing practical perspectives and insights of the industry, and provide any support which is beneficial to the tax environment and taxation system.
- Conduct ongoing trainings to cultivate talent and enhance professional tax expertise.

The Board of Directors is the ultimate decision-making authority for O-Bank's tax risk management mechanisms. The Board of Directors approves overall tax governance policies to ensure the effective implementation of tax management mechanisms. The Finance and Accounting Department is O-Bank's tax management unit. It is responsible for ensuring that taxes are properly handled, reported, and paid by due dates, and that related documents are properly retained. It also prepares reports on major tax matters and submits them from time to time to the Board of Directors.

3.6.2 Tax Governance and Communication

In order to manage tax risks, O-Bank's Finance and Accounting Department conducts semi-annual compliance self-assessments and quarterly self-audits to ensure that taxes are filed and paid in accordance with the law. O-Bank personnel engaged in tax matters continue to receive financial support for participation in outside training activities and conferences so they can improve their tax knowledge and properly implement the tax agent system, thus taking advantage of their experience while keeping their abilities up to date and reducing tax risks. The terms and conditions for transactions between O-Bank and related parties are the same as those for transactions with non-related parties. O-Bank's transactions are thus conducted at arm's length, are compliant with host-country legislation, and are supported by proper transfer pricing documentation to demonstrate compliance with transfer pricing rules. For more detailed information on O-Bank tax matters in different tax jurisdictions in 2022, see Table 3-12.

O-Bank prepares our financial reports in compliance with International Financial Reporting Standards (IFRSs) as approved and issued by the Financial Supervisory Commission, and discloses tax information to stakeholders to ensure transparent and open tax information. As for communication on tax matters, O-Bank provides diverse and convenient communication channels, and has special-purpose contact windows and email addresses for different types of stakeholders to make it easier for them to provide their views regarding tax matters. To maintain open lines of communication with tax authorities, in addition to consulting with the tax authorities regarding questions about routine tax matters, O-Bank personnel engaged in tax matters also take active part in conferences held by tax authorities in order to learn more about tax matters and to have opportunities to communicate face-to-face with tax authority personnel. O-Bank has also joined the Bankers Association Of The Republic Of China and the Taiwan Securities Association in order to participate in discussions on tax issues and express our views and recommendations.



Tax Policies

Table 3-12: Detailed Information on O-Bank Tax Matters in Different Tax Jurisdictions in 2022

Unit: NT\$ million

Tax Jurisdiction	Main Activity	Number of Employees	Standalone Net Revenue	Income from Sales with Third Parties	Income from Internal Sales	Income before Income Tax	Tangible Assets other than Cash and Cash Equivalents	Income Taxes Paid in Cash	Income Taxes Payable
Taiwan	Banking	997	7,521	7,482	39	4,341	2,272	2	57
Hong Kong	Banking	98	1,543	1,469	74	901	9	24	147
Mainland China	Non-profit business activities	4	0	0	0	0	0	0	0
Total		1,099	9,064	8,951	113	5,242	2,281	26	204

Note 1: References to "O-Bank places of business throughout the world" include places of business in Taiwan, Hong Kong (the Hong Kong Branch), and mainland China (the Tianjin Representative Office).

Note 2: The term "Number of employees" in this Table includes O-Bank's 14 directors.

Note 3: O-Bank's adjusted effective tax rate for 2022 was 19.64%, roughly equal to Taiwan's income tax rate of 20%.

Note 4: Due to the special characteristics of the financial industry, the term "standalone net revenue" in this table means "operating revenues."

Table 3-13: Tax Matters in Different Tax Jurisdictions in 2022 for O-Bank Group (Including Subsidiaries Included in Consolidated Financial Statements)

Unit: NT\$ million

Tax Jurisdiction	Name of Company	Main Activity	Number of Employees (Note 1)	Consolidated Net Revenue	Income from Sales with Third Parties	Income from Internal Sales	Profit before Income Tax	Tangible Assets other than Cash and Cash Equivalents	Income Taxes Paid in Cash	Income Taxes Accrued
Taiwan	O-Bank	Banking	1,170	9,592	9,542	50	5,367	2,352	676	639
	China Bills Finance	Brokerage, dealing, and underwriting of bonds and bills								
	IBT Management Corporation	Investment consulting								
	IBT VII Venture Capital Co.	Venture capital investing								
	Chun Teng New Century Co.	Ordinary investing								
	IBT Leasing Co. (Jan. 2021 ~ Nov. 2021) (Note 2)	Leasing								
Hong Kong	O-Bank Hong Kong Branch	Banking	98	1,543	1,469	74	901	9	24	147
USA	IBT Holdings Corp. and its subsidiary, EverTrust Bank	Holding company and bank	102	986	986	0	349	44	96	160
Mainland China	O-Bank Tianjin Representative Office	Non-profit business activities	4	0	0	0	0	0	0	0
Total			1,374	12,121	11,997	124	6,617	2,405	796	946

Note 1: The term "Number of employees" in this Table includes O-Bank's 14 directors, and another 14 directors who are not currently employed at O-Bank (including eight directors from China Bills Finance Corporation, one from IBT Management Corporation, and five from IBT Holdings Corp. and its subsidiary).

Note 2: On Dec. 1, 2022 IBT Leasing Co., Ltd. (a former subsidiary of O-Bank) merged with Jih Sun International Leasing & Finance Co. to form a new entity named Infinite Finance Co., Ltd. O-Bank is the second largest Infinite Finance Co. shareholder with an equity stake of around 44.48%. Accordingly, since Dec. 1, 2022 Infinite Finance's profits are recognized by O-Bank using the equity method.

Note 3: O-Bank's adjusted effective tax rate for 2022 was 24.80% because the tax rates in some tax jurisdictions were higher than Taiwan's statutory tax rate of 20%.

Note 4: Due to the special characteristics of the financial industry, the term "consolidated net revenue" in this table means "operating revenues."

4. Customer Service



Acting in line with the core philosophy summed up in a five-letter acronym – TOUCH (Trust, Outstanding, Unity, Creativity, and Honor) – O-Bank has long offered our corporate customers comprehensive solutions, providing corporate business services such as corporate banking, global transactions banking, business finance, securitization, and trust services. The solutions are achieved by creating boutique financial services via real-time, professional, and secured ways. Since reorganizing as a commercial bank in 2017, O-Bank has branched out into retail banking with fintech to build up the first native digital bank in Taiwan. From the consumer's point of view, O-Bank provides retail financial products that meet the needs of customers. Besides, on the basis of customer opinions and feedback, O-Bank makes innovation continually, turning O-Bank's vision of inclusive finance – "Easy Access," "Borderless," and "Zero Time Lag" – into reality.

4.1 Financial Services and Innovation

4.1.1 Enhanced Financial Services

1. Corporate Finance Services

O-Bank offers corporate clients an e-banking platform, which includes a unique integrated security tool that includes the five major features: "scalable security management," "to-do lists," "integrated balance & transaction report," "my favorites," and "alerts/notifications." Adequately taking into account both convenient and secure transactions, O-Bank creates the solutions which could let our customers carry the bank wherever they go. In addition, the e-banking platform has also launched at Hong Kong Branch and the service is available to both corporate and retail customers.



O-Bank Corporate e-Banking Services

O-Bank corporate customers can use the e-banking platform to carry out integrated payment/collection services, and access to the real-time account & transaction reports. The customers can also use this single platform to integrate cash flows, and easily complete cross-border and supra-regional transactions. These features have efficiently reduced customers' costs and improved the benefit of their capital utilization. In addition, O-Bank offers Automated Clearing House (ACH) services, which enable our clients to carry out regular, multiple, and small amount payment/collection services. Customers can easily make inquiries online, e.g. check on the progress of third-party collection and payments, track the progress of seal/signature verifications, and view transaction reports.

O-Bank's corporate e-banking platform enhances each year to reach corporate customers' business requirement. For example: (a) a brand new online payroll service enables customers to schedule individual or batch salary payments on either weekdays or weekends; (b) a faster and more efficient payment/collection services through which multiple large-amount transactions can be completed in a short period of time; (c) a newly launched corporate virtual account and convenience stores funds collection service provide customers with multiple payment receipt channels, which help customers identify the sources of funds and make the reconciliation and funds collection more efficiently; and (d) security control components have been upgraded and support multiple browsers and operating systems. In these and other ways, O-Bank continues to provide corporate customers with secure and convenient corporate e-banking services.

To enable corporate customers to obtain real-time access to account and related information, O-Bank communicates with corporate customers via the "e-Advice" automated messaging service. With the integration of communication, payment, and service channels, this system provides corporate customers with over 90 types of business information, including account reconciliation statements, transaction vouchers, and ordinary notifications. Corporate customers have the option of activating automated Email notifications, which keep them constantly up to date on account information while cutting down on the consumption of paper-based documentation.

In addition to launching a Corporate Internet Banking service and an "e-Advice" automated messaging system, which enable corporate customers to conduct transactions and check account information at any time and place, O-Bank also provides a wide range of flexible corporate deposit programs that cater to large, medium, and small size enterprises with preferential deposit rates that could be customized to meet the requirement of customers. In addition, in response to government policies and market conditions, O-Bank also launches NTD and USD special rate schemes when appropriate to meet the needs of customers who hold large amounts of funds. In this manner we enhance relationships with customers and develop stable and lasting sources of funds.

In addition, O-Bank assumes buyer credit risk and engages in accounts receivable management to meet the need for accounts receivable services that arises for corporate customers in connection with their provision of products and services. Where customers have questions about accounts receivable services, O-Bank provides explanations and suggestions, and makes inquiries regarding buyer credit limits and transaction histories; for factoring service customers, O-Bank provides online accounts receivable transfer and inquiry services so that customers can have real-time access to account information.

O-Bank "Number One" Real Estate Investment Trust (REIT) was listed on the Taiwan Stock Exchange in 2018, and was the first REIT to be launched in Taiwan in roughly a decade. In addition to providing another capital market vehicle for raising funds, this REIT has increased the liquidity of corporate customers' real estate, given investors a way to invest in real estate at lower dollar amounts, and afforded investors a greater range of investment options. Also, O-Bank faithfully fulfills our responsibilities as trustee by helping investors to earn returns, and hopes to re-energize Taiwan's REITs market.

2. Retail Digital Financial Services

O-Bank has relied on digital financial technology to build up the first native digital bank in Taiwan. Through mobile devices, customers can use multiple types of financial services online, including fully online account openings, fully online applications for loans, online purchasing of shares in investment funds, upgrading of digital accounts, and currency swaps. All such transactions can now be completed online, thus saving customers the time it takes to travel to a bank branch and wait in line at a service counter. In addition, O-Bank offers customers a wide range of convenient account transfer options. Besides using QR Codes and the "shake to connect" function to complete account transfers, once a customer's mobile phone number has been linked to their



O-Bank QR Code shake-to-pay function



O-Bank online Red Envelope function



O-Bank online currency swap function

O-Bank deposit account number, inputting the phone number is all it takes to make a deposit or transfer funds to their O-Bank account. This has greatly increased the convenience of account transfers.

O-Bank continues to develop innovative app functions to satisfy customers' different daily needs: (a) With the O-Bank Red Envelope function, customers can use their mobile phones to send cash-filled "red envelopes" as gifts to friends and relatives. And now, for the first time, these red envelopes can even be sent to people without an O-Bank account. (b) Applications can now be submitted online to open foreign exchange accounts. At any hour of the day or night, customers can use their O-Bank mobile app to apply to open a foreign exchange account. From 9 a.m. to 9 p.m. on business days customers can buy and sell 12 different foreign currencies online. The app also has a price alert function that keeps customers instantly updated on foreign exchange rate movements. (c) With parent-child accounts, the O-Bank accounts of parents and children are linked to each other so that the parents can use the O-Bank app to check the details of their child's spending activity and account transactions in real time, and set limits on the amounts that their child can withdraw or transfer, and limit the amount of their child's debit purchases.

O-Bank has also launched many new tools for payment of bills and fees. Customers can use the O-Bank app to pay electricity bills, water bills, gas bills, phone and Internet bills, fuel taxes, parking fees, and credit card bills. And to help with customers' bookkeeping tasks, the O-Bank app has a payment management function that can be used to present information on the nature and amount of all expenditures by customers, and by integrating account transactions, debit card purchases, and iPass Card tap purchases, the items of expenditure are automatically categorized.



O-Bank online bill payment function



O-Bank payment management function



O-Bank customers can download their passbook cover page and detailed information on the most recent three months of account activity

To meet the needs of customers for a wide variety of payment options, O-Bank has joined the EMV standard (EMV stands for Europay, Mastercard, and Visa), and now customers can easily make payments by using the O-Bank app to scan the QR Codes of participating merchants. In addition, to make it easier for customers to obtain proof of financial capacity, instead of showing up in person at a service counter, customers can directly use the O-Bank app to download their passbook cover page and detailed information on the most recent three months of account activity, thus saving time.

In recent years, the issue of climate change and the carbon reduction trend have attracted constantly increasing concern. In addition to what governments and companies are doing to reduce carbon emissions, O-Bank believes that ordinary consumers also have the ability in the course of their everyday spending to reduce the carbon emissions generated by their purchases. In 2022, O-Bank launched the first "Consumer Spending Carbon Calculator" function in Taiwan, adopted Mastercard's Carbon Calculator, and began accessing Mastercard's big data database, thus enabling O-Bank, based on the item purchased and the amount spent by customers, to estimate the approximate carbon footprint of each credit card purchase. All O-Bank customers holding a Mastercard credit card can use the "Consumer Spending Carbon Calculator" function free of charge to conveniently peruse the carbon footprint of every single credit card purchase. This function helps to raise the awareness of consumers of the need to reduce carbon emissions.

4.1.2 Financial Innovation

1. Online Unsecured Loans 2.0

To make it faster and more convenient for customers to apply online for unsecured loans, O-Bank continues to optimize our process for the submission of online applications for unsecured loans. Someone who is not an existing O-Bank customer can directly apply online for an unsecured loan without the need to apply a deposit account first. Besides simplifying the application procedure and reducing interruptions, this approach also shortens a customer's wait for needed funds. In addition, O-Bank has joined the personalized digital services platform (MyData) of the Ministry of Digital Affairs, which means that a customer can grant one-time authorization online to O-Bank to access all government-owned personal data on that person. This relieves the customer of any need to obtain proof of financial capacity, accelerates the application review, and allows for a more efficient online loan application process. In 2022, O-Bank introduced an automated funds disbursement function. After a loan has been approved, customers can go online to select the time when the funds will be disbursed, and the time of disbursement is not limited to the bank's business hours, which means that customers' need for funds can be met right away. O-Bank incorporates the optimization of the online loan application process into the annual performance review of internal units to ensure that they will continue seeking to enable customers to handle their banking business more efficiently.

Besides working to establish a more efficient online loan application process, O-Bank also continues using innovative technologies to improve our internal operations and risk controls. O-Bank has adopted an online loan application process that employs optical character recognition (OCR) business card recognition technology that can automatically fill in customers' information from their business cards (which ensures more accurate input of information) and an online video chat function (which enables O-Bank to check the reasonableness of an IP address, mobile phone number, or E-mail address used by a customer to apply online for a loan, and can lower the risk of impersonation) to provide customers with more convenient and secure loan applications. These technologies provide customers with the best loan service, because it is more convenient and risks are effectively controlled.

2. Robo-advisor Service for Investments

To achieve financial inclusion, O-Bank set an industry first in 2017 with the launch of a robo-advisor service that employs big-data algorithms to generate recommendations on what to trade and when, with each customer's risk tolerance and investment preferences factored into the algorithm to ensure an appropriate portfolio.

Customers can freely choose lump sum investments or dollar-cost averaged investments, and for NT\$1,000 can

make use of our robo-advisor service. The availability of such low-threshold investment services helps to achieve financial inclusion. Since the launch of the robo-advisor service, O-Bank has also introduced a "Dividend Robot" and made use of a robo-advisor service backed by funds industry leader Allianz Global Investors to meet the varied financial planning needs of investors. O-Bank has also begun accepting payment in foreign currencies for robo-advisor services so that investors using these services can avoid foreign exchange losses. In addition to US Dollars, O-Bank was the first in the industry to accept payment for Dividend Robo-advisor services in South African Rand.



O-Bank robo-advisor service provides a wide range of financial planning approaches based on investor preferences

3. Wide Range of Distinctive Card Designs

O-Bank debit cards come in over 100 unique card designs that customers can choose from based on their personal preferences, and to further personalize the card designs, O-Bank works with popular manga authors, illustrators, and artists to design unique debit cards. In 2022, we introduced various new co-branded cards and affinity cards, including New Taipei Kings Co-Branded Cards, Become the Miracle Association Affinity Cards, and Stella Matutina Girls' High School Affinity Cards.



New Taipei Kings Co-Branded Cards



Become the Miracle Association Affinity Cards



Stella Matutina Girls' High School Affinity Cards

4.2 Service Quality and Customer Experience

4.2.1 Treating Customers Fairly

1. Principles of Fair Treatment of Customers

To ensure that customers are treated fairly and reasonably during the provision of financial products and services, and to continue improving the implementation of the Principles of Fair Treatment of Customers, O-Bank in November 2020 adopted the "Organizational Charter for the Committee on Fair Treatment of Customers" and established the Committee on Fair Treatment of Customers. The Committee is chaired by O-Bank President and is responsible for overall planning regarding the Principles of Fair Treatment of Customers and their implementation. The Committee also reports to the Board of Directors on the implementation of the Principles and the results of implementation assessments. The Board of Directors oversees the work of the Committee and provides suggestions when appropriate. In addition, O-Bank has also adopted a set of "Principles and Rules of Fair Treatment of Customers" to provide guidelines to O-Bank's various units in protecting financial consumers, and to internalize customer fair treatment as an element of O-Bank's core corporate culture.

To demonstrate our commitment to the Principles of Fair Treatment of Customers, O-Bank's Committee on Fair Treatment of Customers meets regularly to review the state of implementation of the principles. The Committee convenes for a routine meeting once per quarter to review customer complaints, cases involving operational risk, and related education and training activities in order to ensure that O-Bank, in providing products and services, can treat its customers fairly and reasonably. In addition, the Committee also convenes for at least one annual meeting per year to evaluate how well O-Bank's principal units have performed in developing and implementing customer fair treatment practices, and to conduct an annual review. The Committee on Fair Treatment of Customers held an annual meeting on February 17, 2023 to review the results of the assessment of O-Bank's implementation of the Principles of Fair Treatment of Customers in 2022, and submitted a report to the Board of Directors on March 14, 2023.

To raise the awareness of directors and all employees regarding the need for fair treatment of customers, O-Bank in 2022 hired an attorney from KPMG Taiwan to hold a course in "ethical best practices and

fair treatment of customers" for all members of the O-Bank Board of Directors. To help the directors develop a better understanding of the actual implementation of fair treatment of customers so they can make sure that the Bank's various units properly see to the needs of different types of people as those units go about providing financial products and services, the KMPG instructor discussed real cases and provided illustrations of 10 principles for fair treatment of consumers, including the following: adequacy of contractual disclosures, fairness of pricing and charges, implementation of Know Your Product (KYP) procedures, attaching proper importance to safeguarding the interests of underprivileged and disabled financial consumers, considering the needs of the elderly and the disabled from design through sale, and proper handling and reporting of customer complaints. In addition, some O-Bank directors have also taken active part in "consumer affairs seminars for banking industry personnel" held by the Taiwan Academy of Banking and Finance and "financial consumer dispute case study conferences" held by the Financial Ombudsman Institution in order to learn about what financial services firms can do to treat customers more fairly and provide more customer-friendly financial services. Online courses focusing on compliance self-assessments and the "Financial Consumer Protection Act" are available to all O-Bank employees, and in 2022 O-Bank completed employees awareness campaigns and training activities focusing on the "Financial Consumer Protection Act" and the "Principles and Rules of Fair Treatment of Customers" in order to strengthen employees' understanding of the fair treatment of customers, and to call on them to act accordingly.

2. Friendly Financial Services

To continue improving customer-friendly financial services and to establish a corporate culture that from top-to-bottom values friendly financial services, the O-Bank Board of Directors on August 23, 2022 approved the "O-Bank Guidelines for Friendly Banking Services." The Deposit and Payment Department is in charge of ensuring friendly financial services. This Department is responsible for overseeing the work of the Bank's various units to ascertain that the services they provide are customer-friendly, and it periodically reports on such matters to the Committee on Fair Treatment of Customers. This Department also submits an annual report to the Board of Directors.

Persons with disabilities enjoy reduced service charges when they make an interbank cash withdrawal, and O-Bank provides a 24-hour customer service hotline, a video call customer service line, and a text messaging service to attend to persons with special needs. For example, visually impaired persons can call our customer service hotline at any time of the day, and our customer service personnel will help them to check their account information or help them with questions about how to make use of barrier-free online banking. The hearing-impaired can use online texting to communicate with our customer service personnel, and if they use video call customer service or appear at a service counter they can also communicate via text.



O-Bank real time customer interaction



O-Bank Friendly Online Banking App

In addition, O-Bank also provides barrier-free websites and barrier-free online banking services, and has obtained an A-class web accessibility accreditation badge from Taiwan's Ministry of Digital Affairs. While paying balanced attention to the needs for cyber security and consumer interests, O-Bank enables customers to check account information, transfer NT dollars, change user IDs and passwords, and check interest rates and exchange rates, and anyone with a special need may also go to an O-Bank business lobby or a branch office and have an account opened by service personnel. With respect to physical banking locations, O-Bank assures that the barrier-free facilities at its places of business all conform with the "Design Code for Barrier-Free Facilities in Buildings" and the "Procedures and Approval Principles for Alternative Improvement Plans to Fit Existing Public Buildings with Barrier-Free Facilities" issued by the Ministry of the Interior's Construction and Planning Agency. O-Bank has also installed service bells at the entrances/exits to its business lobbies and installed "barrier-free service counters" whereby the height of cash counting machines on tables are modified so that persons with disabilities can watch cash counting machines while they are in operation.

O-Bank, acting in compliance with the "Self-Regulatory Rules for Fair Treatment by Banks of Elderly Customers," adopted a set of measures for fair treatment of elderly customers, including identification of who constitutes elderly customers, adoption of customer service procedures, adoption of measures to prevent exploitation or swindling of elderly customers, provision of customer-friendly services, and optimization of elderly customer complaint handling procedures. O-Bank also maintains a record of its implementation reviews to ensure the effectiveness of related service procedures and policies. In addition, O-Bank also launched a preferential loan program for female borrowers to provide for their funding needs at key points in life, such as marriage, childbirth, advanced studies, and business startups. In 2022, there were 50 applications submitted for preferential loans for female borrowers, and funds were disbursed for 15 loans totaling NT\$4.41 million.

In order to provide non-citizens with friendly, barrier-free financial services, O-Bank's 24-hour customer service hotline, video call customer service line, and text messaging service are all available in bilingual format. In addition, the O-Bank website also has an English-language version that customers can use to check account information, transfer NT dollars, and change user IDs and passwords. And to create a customer-friendly bilingual financial services environment, O-Bank's most frequently used office forms are available in bilingual versions. These include account opening application forms, digital account upgrade application forms, proof of employment certificates, foreign currency outward remittance application forms, and the English Name Certification for Customer Information File. Our office forms are gradually being bilingualized.



O-Bank Friendly Online Banking



O-Bank Bilingual Account Opening Application Form

4.2.2 Disclosure of Product Risks

1. Strengthened the Product Suitability System

O-Bank values customer needs and service quality, has long worked to cultivate the abilities of our professional traders, and provides tailor-made financial products designed with an eye to market conditions and customer characteristics. To develop a thorough understanding of each customer's financial status, investment experience, investment goals, ability to assume risks, the degree of their product understanding, and other such characteristics, as well as the suitability of a transaction involving

the financial products to be traded, O-Bank has adopted a Know-Your-Customer (KYC) system to confirm the risk bearing capability of customers and product suitability, safeguard customer interests, ensure smooth trading operations, recommend financial products that match customers' risk tolerances, implement Know-Your-Customer procedures, and evaluate what level of level of risk in a financial product is tolerable to each customer.

In order to ensure proper implementation of the product suitability system, O-Bank has adopted the following: "Rules Governing Suitability of Financial Derivatives," "Guidelines for Control of Financial Derivative Transaction Credit Risks," "Guidelines for Pricing of Financial Derivatives," "Guidelines for the Sale of Structured Products," "O-Bank Rules for the Establishment of a Commodities Review Panel and for Its Conducting Review," "O-Bank Guidelines for Financial Product Review," "Guidelines for Wealth Management Product Applicability," "O-Bank Know-Your-Customer (Natural Person) Guidelines," "O-Bank Know-Your-Customer (Legal Person) Guidelines," and "O-Bank Guidelines for Promotion of Wealth Management Business and Management of Customer Account Risks." In addition, O-Bank reviews its standards regarding the reasonableness of financial derivatives prices in order to prevent prices from getting away from the market and leading to transactions taking place at unreasonable prices. The idea is to safeguard the interests of customers and reduce customer complaints. All O-Bank financial products are compliant with applicable legal and regulatory requirements, and O-Bank has adopted comprehensive internal processes and legal compliance systems. All of our products and services have already undergone compliance assessments.

In addition to providing financial products on the basis of different customer types and needs, O-Bank has also adopted a set of "Credit Guidelines for Personal Unsecured Loans," which expressly identify certain types of customers to which O-Bank is not allowed to extend loans, e.g. businesses engaged in sex or pornography, gambling operations, or parties engaged in illegal fundraising. All of O-Bank's retail customers must undergo this credit check procedure. In 2022, O-Bank refused to extend loans to a total of 38 applicants who posed high ESG risks.

2. Full Disclosure of Product Information

To protect customers' rights and interests, the content of an O-Bank business contract and related documents has to be reviewed by the Legal & Compliance Division or an outside attorney to make sure that nothing violates mandatory and prohibitory legal provisions, and that the contract and documents are compliant with standard form contracts and any legal provisions regarding required and prohibited stipulations, so as to safeguard customers' interests. In addition, the important content of the business contract and related documents is all printed in bold or prominent colors, and O-Bank service personnel are asked to provide the customer with a detailed explanation regarding the important content of the contract, including interest rates, fees, and methods of collection, to ensure that the customer fully understands the financial product and associated risks.

In addition, O-Bank has adopted a set of "Guidelines for Advertisement Solicitation and Sales Campaigns," and all O-Bank advertisements, promotional materials, and videos must be carefully checked using the "Promotional Material Checklist for Advertising, Business Solicitations, and Sales Campaigns" and forwarded to the Legal & Compliance Division for review to ensure that the advertising contains no improprieties, misrepresentations, or any statements that would be misleading to consumers or in violation of applicable laws or regulations. And before a financial product marketing activity is launched, O-Bank provides its customer service and business units with education and training to ensure that they transmit correct information to customers.

For corporate customers, O-Bank posts information on our website (on such matters as corporate lending, syndicated lending, trade financing, receivables factoring, securitizations, and trust services), provides prospectuses for financial instruments, and in our securities business provides prospectuses. Meanwhile, O-Bank makes disclosures on our website regarding deposits, lending fees, and fee standards for our trade financing and foreign exchange businesses so that corporate customers can obtain complete information on product characteristics, risks, and fees before entering into a transaction.

For retail customers, O-Bank has introduced the robo-advisor and fund services and provides funds information, prospectuses, investor brochures, and risk/return record on our website. Moreover, O-Bank discloses our fund fees and fee policies of our trust services to ensure customers can well-understand the whole picture of the product characteristics, risks, and fees before making an investment. As for overseas bond products, when a customer subscribes to an overseas bond issue, O-Bank always provides the customer with the bond prospectus and our risk disclosure statement in order to clearly disclose and explain the terms of the bond issue and the related risks.

As for personal loans, O-Bank rigorously implements Know-Your-customer (KYC) and Anti-Money Laundering (AML) policies, and has established related operating standards to provide loan products that meet customer needs. O-Bank also ensures that product pricing and credit policy are compliant with internal and external requirements.

In the area of insurance products, O-Bank uses a "Currency Risk Statement for Non-Investment-Linked Life Insurance Contracts Operated in a Foreign Currency," an "Investment Preferences Questionnaire and Non-Investment Grade Fund Risk Disclosure Statement," an "Insurance Product Risk Assessment Questionnaire," and an "Assessment Form and Insurance Solicitor Report on Policyholder and Insured Party Needs and Suitability" to clearly explain the exchange rate risks and investment risks associated with insurance products, and to ensure that customers are provided with insurance products that meet their needs. Relying on our systems designed to ensure product suitability and full disclosure of product information, O-Bank in 2022 was able to avoid any violations of legislation governing the labeling of products and services, nor were there any violations of legislation on truth in marketing and advertising.

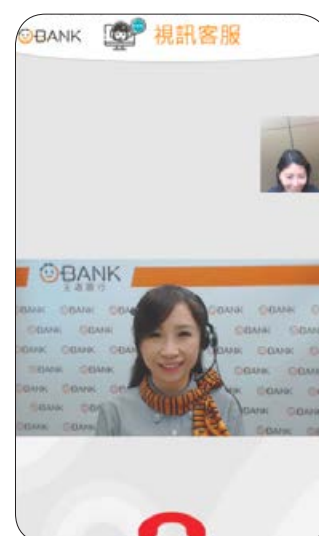
4.2.3 Handling and Tracking of Customer Complaints

1. 24-hour Video Call Customer Service

O-Bank set an industry first by launching a 24-hour, year-round video call customer service, thus overcoming the limitations of time and space that apply to brick-and-mortar banking operations, and making it possible to promptly handle customer requests. Customers can make use of the O-Bank app's real-time text chat, telephone customer service, or video customer service at any time or place, and can also use O-Bank's 24-hour service hotline to get in touch with customer service specialists. The O-Bank customer service unit achieved a satisfaction rate of 96% in 2022.

2. Customer Complaint Procedures and Results

Based on the "Principles and Rules of Fair Treatment of Customers," O-Bank has adopted a set of "Rules for Handling Customer Complaints and Financial Consumer Disputes," which addresses such matters as the scope of consumer disputes, organizational framework, the method of acceptance, handling procedures, resolution deadlines, progress inquiries,



O-Bank offers 24-hour video call customer service

follow-up checks, education and training, and a periodic review mechanism. These Rules establish a clear and effective mechanism for handling customer complaints. Complaint handling deadlines are as follows:

- When the complaint accepting unit receives a complaint, if it is necessary to refer the matter to another responsible unit, the referral must be completed within five hours.
- Within one working day of our receipt of the referral, the responsible unit must contact the customer, inform them how long it will take to look into the complaint, expecting that the customer will receive a response as quickly as possible.
- Within three working days of the receipt of the referral, the responsible unit must inform customer that an appropriate method of handling the matter has been decided upon, and must provide an explanation.
- Within five working days of the receipt of the referral, the responsible unit must appropriately handle the complaint and inform the customer of how the matter was handled.
- If the subject matter of the complaint makes it necessary to meet with a government agency or an entity other than O-Bank, or if it is necessary to make a determination regarding the rights and interests of the customer and O-Bank, and it will take a relatively long time to contact the parties in question and come to a conclusion on questions at issue (e.g. if the matter involves monetary compensation, termination of contract, complex operational matters, or a repeat complainer), within 30 working days of our receipt of the complaint O-Bank must appropriately handle the complaint and inform the customer of how the matter was handled.

The Retail Operation Department tracks the progress of corrective actions taken in response to each customer complaints. It also checks progress and reviews case handling results at its monthly and annual meetings to help senior supervisors and internal control units to inspect corrective actions and avoid further occurrence of customer complaints. The Retail Operation Department periodically collects information on violations of the Principles of Fair Treatment of Customers, and reports on case details, discussed corrective actions, progress toward implementation of those actions at routine meetings of the Committee on Fair Treatment of Customers as well as the Committee's annual meeting. Major customer complaints are referred by the Committee on Fair Treatment of Customers to the Board of Directors. In 2022, two major customer complaints were referred to the Board of Directors. In addition, O-Bank has also designated the "Rules for Handling Customer Complaints and Financial Consumer Disputes" as a matter requiring attention in company-wide legal compliance education and training activities in order to ensure that employees are aware of customer complaint handling procedures and requirements, and are able to handle complaints quickly and fairly.

In 2022, O-Bank received 40 customer complaints. The number of complaints as a share of all customers declined from 2021. The share of customer complaints appropriately resolved within five working days of their submission and the customer notified of the result reached 90%, and there were no instances of mis-selling. O-Bank continues to attach importance to efficient handling of customer complaints, and 100% of all customer complaints in 2022 were resolved. In addition, O-Bank in 2022 incurred losses of NT\$58,049 due to card-not-present (CNP) fraud, while losses connected with card fraud and bank advances came to NT\$0.

Table 4-1: O-Bank Customer Complaint Statistics, 2020~2022

Year	2022	2021	2020
Number of complaints	40	50	48
Number of customers	387,437	367,736	350,747
Complaint rate	0.0103%	0.0136%	0.0137%
Complaint cases involving financial consultations	1	4	1
Percent of complaint cases involving financial consultations	3%	8%	2%

Note: In 2022 there were a total of 40 customer complaints referred from competent authorities (including the Financial Supervisory Commission and the Financial Ombudsman Institution). Of these cases, 0% remain open, 8% were further investigated by the competent authority, and 3% involved financial consultations.

Table 4-2: Time Required for Resolution of O-Bank Customer Complaints in 2022

Days till Case Closed	5 Days or Less	6~30 Days	>30 Days
Number of cases closed	36	3	1
Cases closed/total cases (%)	90.0%	7.5%	2.5%

4.2.4 Customer Satisfaction

O-Bank continues to build a sound service quality management framework, regularly collects customer opinions and feedback, and uses quantitative analysis as well as interdepartmental communication and cooperation to improve the customer service experience. To ensure that the digital financial services provided by O-Bank meet the needs of different customer segments, O-Bank each year carries out a satisfaction survey for customers that frequently use our online banking services. Questions asked include the following: Can you find the function you need? Do the currently available functions satisfy all your financial needs? Do the functions have a fast enough processing speed? Is the system highly stable? The questionnaire also asks open-ended questions that give respondents opportunities to provide suggestions for improvements, so that we can continue to optimize O-Bank's digital financial services. A 2023 survey targeted customers who had logged on to O-Bank's online banking platform from September through November of 2022, and the survey results showed that 88.5% of the users indicated they were either "satisfied" or "very satisfied" with O-Bank's products and services. O-Bank customer satisfaction surveys make use of the Net Promoter Score (NPS), and O-Bank's NPS score of 29 (Note 4-1) indicates that users are generally happy with and promote O-Bank's overall digital services.

In addition, to improve service quality and increase customer satisfaction, O-Bank has established an interdepartmental Service Quality Team, which employs a systematic approach to collect Voice of the Customer (VOC) feedback, and convenes for regular meetings to review service quality and identify areas where improvement is needed. The Team tracks the implementation of corrective actions on a monthly basis to be sure that O-Bank's products and services can satisfy customer needs and reduce customer complaints. In 2022, seven items of VOC feedback were converted into concrete action plans to continue improving the customer experience, including the following: O-Bank starts providing users with real-time

Note 4-1: Individual NPS scores range from 0 to 10. The percentage of respondents who rate their customer experience from 0 to 6 points are subtracted from the percentage of those who give scores of 9~10, and the resulting number represents the overall NPS score. The higher the score, the more willing a customer is to recommend the brand to others.

text notifications to remind them of loan payment deadlines; a customer whose mobile payment app that is bound to an O-Bank account is verified and the customer indicates that they have forgotten their password, they can directly transfer to an O-Bank app and connect to our video call customer service, which greatly improves ease of use and efficiency; and the English-language version of O-Bank's video call customer service now has an English step-by-step guide, which makes it much easier for non-citizens to make use of the service

Fig. 4-1: VOC Feedback Process of the O-Bank Service Quality Team



4.3 Customer Privacy and Transaction Security

To maintain the confidentiality of customers' personal information, O-Bank only collects the personal information of customers that we need in order to provide the services requested, takes care to ensure that personal information in our possession is well managed and protected, and only provides it to be used for the purposes and within the scope originally stated by the organizer of an activity. O-Bank is not allowed to provide customer's personal information to any third party or use it for any other purpose unless we have provided prior explanation and obtained the customer's consent. In addition, O-Bank requires any third party with which it shares a customer's personal information to act in compliance with the "Personal Data Protection Act" and O-Bank's own rules on personal information. These measures ensure that such information is fully protected during the process of transmission. In 2022, O-Bank (acting with customer consent) used the personal data of 329,556 customers (85.06% of all customers) for advertising and other secondary purposes.

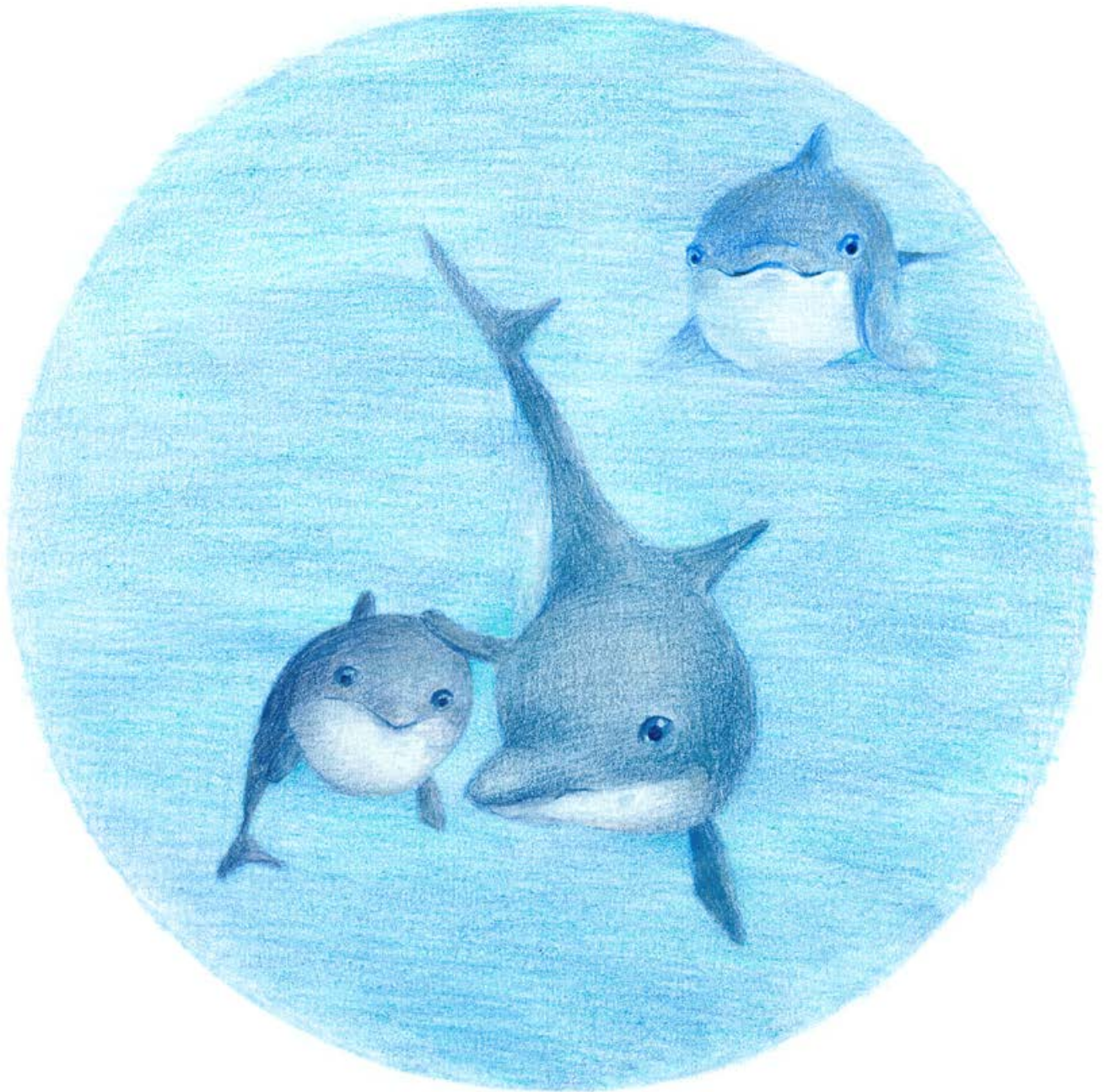
O-Bank uses a Security Socket Layer (SSL) to encrypt and transmit data, has a firewall to prevent network attacks, uses passwords ranging from 4 to 16 digits in length, and stores passwords in encrypted form to prevent them from being stolen. Acting on the basis of the highest information protection standards, O-Bank uses a combination of physical, electronic, and process management protective measures to protect non-public personal information collected by O-Bank. By rigorously controlling the security of customers' transactions and information, O-Bank in 2022 avoided any leaks of customer information or violations of customer privacy, and we did not receive any related complaints.

To ensure the security of customers' transactions and information, O-Bank has adopted the following security control mechanisms for our e-banking operations:

- (1) Security certification: O-Bank employs multi-factor authentication (including user numbers, passwords, and CAPTCHA tests) to reduce the likelihood of customers' password-protected accounts from being broken into.
- (2) Secure transmission: O-Bank uses the highest SSL certificate available to ensure data secrecy and integrity.

- (3) Electronic signatures: A customer provides an electronic signature when authorizing a transaction. This approach safeguards the interests of both parties and provides assurance of non-repudiation.
- (4) Device binding: Device binding provides an additional authentication factor to ensure that a transaction is being conducted by the actual customer, and thus improve transaction security.
- (5) Biometrics: Using the fingerprint or facial identification functions of their mobile devices, O-Bank customers can log in and carry out transactions with enhanced security and convenience.
- (6) Phishing detection: An anti-phishing system searches for fake O-Bank websites or apps and takes them offline to protect the security of consumers.

5. Happy Workplace



O-Bank acts on our corporate culture of "always sincere, always here" to create a happy workplace that is safe, fair, and friendly. O-Bank firmly believes that only happy employees can provide services that will be satisfactory to customers, and then go on from there to achieve strong business results and drive sustainable growth. Through a set of outstanding human resources policies, O-Bank has created a work environment where employees enjoy peace of mind, has built a comprehensive professional development system and open channels of communication, offers competitive compensation and benefits, and cares in a concrete way for the balanced development of employees by addressing the three aspects of "recruiting talent," "developing talent," and "retaining talent."

5.1 Employee Composition and Promotion of a Friendly Work Environment

5.1.1 Diverse Hiring

As of end-2022, O-Bank had 983 employees in the Taiwan region and 102 employees overseas, making for a total of 1,085 employees (up by 12.67% from the previous year), including 165 persons in management and 920 rank-and-file personnel. The composition of O-Bank employees by gender, age, occupation, level of education, employment type, and nationality is shown in Tables 5-1, 5-2, 5-3, and 5-4. In addition, at all business locations both in Taiwan and overseas, O-Bank puts top priority on local hiring. In Taiwan, 99.80% of all employees are local hires, including 100% of all junior management, senior management, and executive management (Note 5-1). Overseas, 91.18% of all employees are local hires, including 100% of all junior management positions. The two senior management and executive management positions are not local hires.

In response to needs generated by the development of digital financial services, O-Bank continued to recruit financial professionals in 2022. As a result, newly hired employees accounted for 38.06% of all O-Bank employees as of year-end 2022 (for further information, see Table 5-5). Because of the rapid development of financial technology and shifting needs in the job market in recent years, O-Bank's voluntary turnover rate was 26.08%, our involuntary turnover rate was 0.37%, and our overall turnover rate was 26.45% (for further information, see Table 5-6). However, thanks to O-Bank's excellent human resources policies and highly cohesive organizational culture, among all employees 10.69% have been on staff for 10 years or more, and 8.29% have been on staff for 15 years or more.

In response to digital finance developmental trends, O-Bank makes active use of multiple channels to recruit digital financial professionals from all different specialties who can make O-Bank a stronger competitor. For example, O-Bank uses social media to build up our digital image and attract the younger generations to seek employment at O-Bank. O-Bank also cooperates closely with institutions of higher education to promote the cultivation of financial talent, provide internship opportunities, and find people with strong potential in financial innovation. In addition, because sustainable finance has come to take on increasing importance in recent years, O-Bank continues to recruit people with relevant experience who can come in and help us implement sustainability and green finance undertakings. At the same time, at school campus job fairs we make a special effort to recruit students who have an interest in sustainability issues. By means of group training activities and individual on-the-job training, we develop recent graduates into sustainable finance professionals who in the future will be able to help companies to pursue sustainable development.

Note 5-1: The term "junior management position" refers to a department deputy head, a managerial officer of a domestic bank branch, or a head of a section or team; the term "senior management position" refers to a head of a center, or a head of a company unit; the term "executive management position" refers to the President, the head of a division-level unit, the Secretary General of the Board of Directors, the Chief Auditor, or the Chief Executive of the Hong Kong Branch.

Table 5-1: Composition of O-Bank Employees by Gender, Age, Occupation, and Work Location in 2022

Location/Occupation		Taiwan		Overseas		Total	Share of All Employees (%)
Gender	Age	Management	Rank-and-File	Management	Rank-and-File		
Male	Age 50 or older	51	73	3	19	146	13.46%
	Age 31~49	35	256	1	22	314	28.94%
	Age 30 or younger	0	87	0	4	91	8.39%
	Subtotal	86	416	4	45	551	50.78%
Female	Age 50 or older	38	47	2	4	91	8.39%
	Age 31~49	34	260	1	32	327	30.14%
	Age 30 or younger	0	102	0	14	116	10.69%
	Subtotal	72	409	3	50	534	49.22%
Total		158	825	7	95	1,085	100%
Share of All Employees (%)		14.56%	76.04%	0.65%	8.76%		

Note: The above figures are current as of Dec. 31, 2022, and only include regular full-time employees, of whom there are 1,085. O-Bank also has nine part-time employees (see Table 5-2), or 0.8% of all O-Bank personnel. The term "management" above refers to personnel holding a management-level position, i.e. section head or higher.

Table 5-2: O-Bank Employees in 2022 by Employment Type, Gender, and Employment Location

Location/Gender		Taiwan	Overseas
Male	Permanent employees	502	49
	Temporary employees	2	0
	Non-guaranteed hours employees	0	0
	Full-time employees	502	49
	Part-time employees	2	0
Female	Permanent employees	481	53
	Temporary employees	6	1
	Non-guaranteed hours employees	0	0
	Full-time employees	481	53
	Part-time employees	6	1

Note 1: The above figures are current as of Dec. 31, 2022.

Note 2: Temporary part-time personnel are blind massage workers or persons who provide office support services.

Note 3: With regard to workers who are not O-Bank employees, as of Dec. 31, 2022, there were 26 persons from temporary agencies (15 males and 11 females). Some of them worked in Taiwan at the O-Bank headquarters building as building management staff, while others were employees of Royal Human Resources Management Inc. and Core Asia Human Resources Management Co., Ltd. and worked as security guards, sanitation workers, central control room personnel, and chauffeurs. At our overseas business locations there were no person working for O-Bank who were not O-Bank employees. Compared with 2021, the number of non-employee personnel increased by one person. In the future, acting in accordance with the GRI Standards, O-Bank will expand the range of personnel identified as "non-employee personnel."

Table 5-3: Composition of O-Bank Employees by Level of Education in 2022

Location/Occupation		Taiwan		Overseas		Total	Share of All Employees (%)
Gender	Education	Management	Rank-and-File	Management	Rank-and-File		
Male	Ph.D.	0	0	0	0	0	0.00%
	Master's degree	55	117	4	9	185	17.05%
	Bachelor's (or junior college) degree	31	275	0	28	334	30.78%
	High school or lower	0	24	0	8	32	2.95%
Female	Ph.D.	0	0	0	0	0	0.00%
	Master's degree	32	92	1	4	129	11.89%
	Bachelor's (or junior college) degree	40	286	2	34	362	33.36%
	High school or lower	0	31	0	12	43	3.96%
Total		158	825	7	95	1,085	100%

Note: The above figures are current as of Dec. 31, 2022. The term "management" above refers to personnel holding a management-level position, i.e. section head or higher.

Table 5-4: Composition of O-Bank Employees in 2022 by Nationality

Region of Employment	Taiwan				Overseas				Total	Share of All Employees (%)
Nationality	Executive Management	Senior Management	Junior Management	Rank-and-File	Executive Management	Senior Management	Junior Management	Rank-and-File		
Taiwan	9	47	102	823	1	1	0	7	990	91.24%
China (including Hong Kong)	0	0	0	1	0	0	5	88	94	8.66%
Malaysia	0	0	0	1	0	0	0	0	1	0.1%
Total	983				102				1,085	100%
Local Hiring Rate (%)	99.80%				91.18%					

Note: The above figures are current as of Dec. 31, 2022.

Table 5-5: New Hires at O-Bank in 2022

Location/Occupation		Taiwan		Overseas		Total	Share of All Employees (%)
Gender	Age	Management	Rank-and-File	Management	Rank-and-File		
Male	Age 50 or older	7	14	0	7	28	2.58%
	Age 31~49	5	113	0	10	128	11.80%
	Age 30 or younger	0	35	0	2	37	3.41%
	Subtotal	12	162	0	19	193	17.79%
Female	Age 50 or older	4	24	0	5	33	3.04%
	Age 31~49	2	101	1	18	122	11.24%
	Age 30 or younger	0	55	0	10	65	5.99%
	Subtotal	6	180	1	33	220	20.28%
Total		18	342	1	52	413	38.06%
		360		53			
Share of All New Hires (%)		87.17%		12.83%			

Note: The above figures are current as of Dec. 31, 2022. The term "management" above refers to personnel holding a management-level position, i.e. section head or higher.

Table 5-6: Turnover at O-Bank in 2022

Location/Occupation		Taiwan		Overseas		Total	Share of All Employees (%)
Gender	Age	Management	Rank-and-File	Management	Rank-and-File		
Male	Age 50 or older	6	12	0	1	19	1.75%
	Age 31~49	3	57	0	5	65	5.99%
	Age 30 or younger	0	29	0	6	35	3.23%
	Subtotal	9	98	0	12	119	10.97%
Female	Age 50 or older	2	15	0	4	21	1.94%
	Age 31~49	4	85	3	13	105	9.68%
	Age 30 or younger	0	34	0	8	42	3.87%
	Subtotal	6	134	3	25	168	15.48%
Total		15	232	3	37	287	26.45%
		247		40			
Share of All Turnover Employees (%)		86.06%		13.94%			

Note: The above figures are current as of Dec. 31, 2022. The term "management" above refers to personnel holding a management-level position, i.e. section head or higher.

5.1.2 Workplace Equality

All O-Bank business locations both at Taiwan and overseas abide by local laws and regulations, comply with labor legislation, and treat our employees in a manner consistent with the principles of fairness, tolerance, and respect. We strive to create a zero discrimination, zero harassment work environment where no one receives unequal treatment due to gender, age, marital status, sexual orientation, ethnicity, religion, political position, or nationality. We also recruit employees using an open selection process, and provide equal employment opportunity. In addition, acting in accordance with international human rights regulations (such as the "UN Universal Declaration of Human Rights," the "UN Global Compact," the "ILO Conventions," the "UN Guiding Principles on Business and Human Rights," the ILO "Declaration of Fundamental Principles and Rights at Work"), O-Bank has adopted the "O-Bank Co., Ltd. Human Rights Policy," which was approved by the Bank's Chairperson and establishes appropriate management methods and procedures to ensure equal rights. In order to safeguard employee rights and interests, O-Bank does not employ child labor under 16 or involuntary labor, prohibits discrimination and inhumane treatment, and ensures that violations do not take place.



《O-Bank Co., Ltd.
Human Rights
Policy》

The O-Bank Corporate Social Responsibility Committee's Employee Care Subcommittee each year, acting with reference to international human rights frameworks and the human rights reports of financial institutions, assesses human rights risks that O-Bank employees could possibly face. Our Human Resources Department then uses human resources data to determine the likelihood of occurrence of various risks, sets management targets, and on the basis of such determinations establishes mitigation and compensation measures to reduce the harm and impact that related human rights risks cause to employees. Further details on the O-Bank procedure for identifying human rights risks are set out in Fig. 5-1, while assessment results and the particulars of mitigation and compensation measures are set out in Table 5-7. In 2022, a total of 126 employees (12.8% of all employees) were identified with a likelihood of various risks occurring, and we have carried out mitigation and compensation measures in each of their cases.

And to instill in all employees a deeper awareness of basic human rights issues, all full- and part-time employees at all business locations throughout the world are required to attend at least one hour

Fig. 5-1: Procedure for Identifying Human Rights Risks



of human rights education and training activities each year (including sexual harassment, equal rights, personal data protection, and standing up against workplace violence). In 2022, the completion rate of all employees' human rights education and training requirements reached 100%, and total training hours for the year amounted to 1,690.75 hours. In addition, education and training on human rights policies are also conducted for security guards, with a training completion rate of 100%. In 2022, no incident occurred at O-Bank involving any violation of human rights.

Table 5-7: Assessment of Human Rights Risks & Related Mitigation or Compensation Measures

Risks	Affected Parties	Indicator	Risk in 2022	Risk Assessment Result	Mitigation Measures	Compensation Measures
Employment discrimination	Job seekers and employees	Number of cases involved in cases deemed "employment discrimination" by the competent authority as % of total employees	0%	Assessed as "low risk"	<ul style="list-style-type: none"> The "Human Rights Policy" requires workplace diversity, and prohibits unequal treatment or any form of discrimination based on gender, sexual orientation, ethnicity, skin color, social class, age, marital status, linguistic background, ideology, religion, party affiliation, nationality, facial features, or disability status. 	<ul style="list-style-type: none"> Where an employment discrimination complaint is found upon investigation to have merit, O-Bank helps to uphold the rights and interests of the person who has suffered discrimination and provide psychological counseling resources, and acting in line with the O-Bank Rules for Employee Recognition and Discipline, we also discipline persons who have engaged in discriminatory behavior. No employment discrimination cases took place in 2022.
Diversity, tolerance, and equality	Job seekers and persons with disabilities	Shortfall in employment of the legally required number of persons with disabilities as % of number of employees enrolled in labor insurance	0%	Assessed as "low risk"	<ul style="list-style-type: none"> Built a barrier-free workplace. Set up special website sections for recruiting persons with disabilities. Each unit is required to hire a sufficient number of persons with disabilities to meet legal requirements. 	<ul style="list-style-type: none"> In 2022 hired seven persons with disabilities, thus meeting the required percentage. If for any reason it is not possible to hire a sufficient number of persons with disabilities, O-Bank must pay to the competent authority for labor matters a compensatory charge for the hiring shortfall.
Sexual harassment	All employees	Number of cases filed and persons involved as % of total employees	0%	Assessed as "low risk"	<ul style="list-style-type: none"> Based on work characteristics and employee needs, provided safe work environments to prevent workplace harassment. Incorporated sexual harassment prevention coursework into mandatory courses for newly hired employees. 	<ul style="list-style-type: none"> Adopted a set of "Measures for Prevention of Sexual Harassment and Investigation/ Handling of Complaints" and "Guidelines for Sexual Harassment Prevention, Complaints, and Discipline"; set up a Mailbox for Sexual Harassment Complaints and a mechanism for independent investigations. There were no sexual harassment complaints filed in 2022.

Risks	Affected Parties	Indicator	Risk in 2022	Risk Assessment Result	Mitigation Measures	Compensation Measures
Excessive working hours	All employees	Number of persons reporting > 40 hrs overtime/month as % of total employees	8.5%	Assessed as "high risk"	<ul style="list-style-type: none"> Adopted the "O-Bank Rules for Management of Employee Overtime," which provides that an immediate supervisor bears responsibility for overseeing the overtime work under his/her supervision, and must reasonably allocate employee workloads to prevent excessive concentration of workloads. O-Bank urges employees to go home when their work for the day comes to a reasonable stopping point so they can strike a balance between work and their personal lives. 	<ul style="list-style-type: none"> Employees who work beyond normal hours may apply for overtime pay or compensatory time off.
Workplace health	All employees	Number of job adjustments as % of workplace accidents and hospitalizations	0%	Assessed as "low risk"	<ul style="list-style-type: none"> Bank arranges employee health examinations each year. The list checks performed is more extensive than what is required by law, and necessary follow-ups are conducted. O-Bank has a special health section on our website, which continues to provide information on the pandemic and health issues in general. 	<ul style="list-style-type: none"> After conducting a questionnaire survey of persons with musculoskeletal disorders, O-Bank arranged for massage therapists to work onsite at the Bank (the headquarters building, the customer service center, the data center) to provide employees with shoulder, neck, and back massages on appointment.
		Number of high-risk persons surveyed as % of persons with musculoskeletal disorders	4%	Assessed as "low risk"		
	Female employees	Number of pregnant female employees as % of job adjustments	0%	Assessed as "low risk"	<ul style="list-style-type: none"> For any female employee who applies each month for prenatal leave, O-Bank evaluates her physical and mental condition as well as workload during pregnancy and for one year postpartum. 	<ul style="list-style-type: none"> Workplace nurses and occupational safety and health officers use a "Self-Assessment Form for Female Employees Who Are Pregnant or Within Their First Postpartum Year" to assess their risk grades, so that on-site physicians can provide suggestions. There was no instance in 2022 in which a female employee's pregnancy made a job adjustment necessary.

Risks	Affected Parties	Indicator	Risk in 2022	Risk Assessment Result	Mitigation Measures	Compensation Measures
Workplace safety	All employees	Number of workplace accidents & deaths as % of total employees	0.6%	Assessed as "low risk"	<ul style="list-style-type: none"> Adopted a set of "Working Rules for Occupational Safety and Health," which set out health standards and matters requiring attention in the workplace. Conducts occupational safety and health training every year. 	<ul style="list-style-type: none"> Bank's internal work rules prescribe procedures for the handling of workplace accidents and the provision of compensation. Depending on an employee's injury or illness, we provide compensation for medical expenses, disability, or death. Our 2022 workplace risk level was down by 0.2 percentage points from the preceding year, and we did not experience any serious workplace accidents or deaths.
	Temporary staff dispatched by outside employment agencies	Number of temp staff as % of employees involved in workplace safety incidents	0%	Assessed as "low risk"	<ul style="list-style-type: none"> Confirmed that cooperating temp agencies have all adopted a set of Working Rules for Occupational Safety. 	<ul style="list-style-type: none"> There were no workplace safety incidents involving temp staff in 2022.
Child labor	Job seekers	Number of child laborers as % of total employees	0%	Assessed as "low risk"	<ul style="list-style-type: none"> The "O-Bank Human Rights Policy" prohibits the employment of child labor under 16. Properly checked ID documents of new personnel during recruitment and reporting-in phases. 	<ul style="list-style-type: none"> If a person under 16 years of age has deliberately concealed their age and identity while seeking employment, their employment shall be terminated in accordance with the Labor Standards Act. No child labor was employed in 2022.
Labor-management relations	All employees	Number of persons involved in labor disputes as % of total employees	0%	Assessed as "low risk"	<ul style="list-style-type: none"> Periodically holds labor-management meetings in accordance with labor legislation. To safeguard employee interests and ensure unobstructed communications, O-Bank has set up a Mailbox for Employee Complaints and conducts an annual Survey on Employee Satisfaction. O-Bank organizes one "WeCare 2.0" activity per month to create opportunities for interaction between employees and executive management. 	<ul style="list-style-type: none"> When an employee's complaint is found to be legally compliant and reasonable, O-Bank launches an internal investigation to work out a solution. The share of complaints involving labor-management disputes in 2022 was 0%.

Risks	Affected Parties	Indicator	Risk in 2022	Risk Assessment Result	Mitigation Measures	Compensation Measures
Privacy	All employees	Instances of misuse of personal data as % of number of employees	0%	Assessed as "low risk"	<ul style="list-style-type: none"> Bank holds regular training courses on personal data protection each year. In 2022, the completion rate of all employees' human rights education and training requirements reached 100%, and there were no instances of misuse of personal data. Acting in accordance with the O-Bank "Personal Information Management Policy," we inform customers of our purpose in collecting their personal information and the range of uses to which it may be put, and we pay balanced attention to management requirements and the need to protect employee privacy. 	<ul style="list-style-type: none"> Where a complaint regarding improper use of personal data is found upon investigation to have merit, O-Bank helps to maintain the rights and interests of the aggrieved party or parties and, acting in line with the O-Bank Rules for Employee Recognition and Discipline, we also discipline persons who have improperly used personal data. No incidents involving improper use of personal data occurred in 2022.

Note 1: Human rights risk level % = Number of employees identified as being at risk as % of total employees

Note 2: The figures in this table only cover employees in Taiwan. The coverage ratio of the human rights assessment was 90.6%.

Note 3: Risk ratings are set by comparing yearly average data on the basis of legislation or employee self-evaluation questionnaires.

Note 4: With respect to identified high-risk issues, a total of seven business locations implemented mitigation plans, including three in Taipei (the Head Office; Asia-Pacific Trade Center Building; First International Computer Building) plus the Taoyuan Branch, the Taichung Branch, the Kaohsiung Branch, and the Tainan Region Business Department.

O-Bank attaches great importance to gender equality, and has set a goal of women accounting for 50% of all our employees by 2025. The ratio of men to women among all employees in 2022 was 50.78% to 49.22%, meaning that women had accounted for nearly half of all employees for eight consecutive years; also, by end-2022, average seniority as of end-2022 was 4.34 years among female employees and 4.27 years among males. Within management ranks, women accounted for 45.45% all management personnel, including 52.34% of junior management personnel (56 of 107 junior management personnel), 31.25% of senior management personnel (15 of 48 senior management personnel), and 40% of executive management personnel (4 of 10 executive management personnel), while women accounted for 55.13% of all promotions in 2022. These figures show that all employees enjoy gender-neutral competition and equal opportunities for career development and advancement. Women accounted for 37.5% of supervisors in business units, and 37.5% of female supervisors held positions requiring a STEM background. In addition, O-Bank in 2022 established a "Women's Empowerment Group" that held a wide range of activities. For example, the Group invited co-workers to view videos intended to raise consciousness about diversity and co-existence, holds "Dialogue in the Dark" social enterprise awareness raising activities, organizes movie viewing and discussion events, and holds cross-generational workplace communication & lecture events. These undertakings help employees discover their strengths, identify where they fit in, and create a diverse range of opportunities to develop and express themselves.



Women's Empowerment Group holds wide range of activities

To create a work environment characterized by gender equality and respect, O-Bank has adopted the "Measures for Prevention of Sexual Harassment and Investigation/Handling of Complaints" and the "Guidelines for Sexual Harassment Prevention, Complaints, and Discipline." These measures and guidelines explicitly prohibit any acts of gender harassment, discrimination, or intimidation, and establish a mechanism for investigation and handling of sexual harassment. After receiving a sexual harassment complaint, O-Bank is required to decide within seven working days whether to consider the complaint. If we decide to consider the complaint then we will establish an ad hoc team to conduct an investigation, which must be concluded within two months, although the investigation may be extended one month if necessary, in which case the parties to the process must be notified. There were no sexual harassment complaints filed in 2022. O-Bank also includes gender equality, prevention of sexual harassment, and concern for disadvantaged groups among the issues that must be addressed in the training courses attended by newly hired employees. Such training was attended in 2022 by 372 persons (100% of all new hires). To further promote gender equality, O-Bank since 2018 has implemented employee-friendly workplace policies that are neutral with respect to sexual orientation. All employees receive the same benefits and entitlements, and O-Bank has taken a lead in the industry by granting employees with same-sex spouses the same types of marriage leave, paternity leave for prenatal checkups, paternity leave, bereavement leave, and various other benefits funded by the Employee Benefits Committee. O-Bank is doing everything we can to build a friendly workplace and achieve diversity and equality. O-Bank seeks to create a gender-equal work environment, and in 2022 won the Taipei City Workplace Gender Equality Certification Gold Award.

O-Bank also attaches importance to the employment rights of indigenous employees. In addition to providing indigenous employees with the same pay and benefits that others receive, O-Bank also offers "ritual and festival leave for indigenous people," whereby such employees are allowed to take one day off work to take part in the traditional rituals and festivals of their ethnic community to respect the customs and cultures of the ethnic groups to which the employees belong. As of year-end 2022, O-Bank had one indigenous employee in Taiwan. This employee did not hold a management position, accounted for 0.1% of all employees in Taiwan, and there were no incidents that infringed upon that employee's rights. In addition, O-Bank has also installed a wide range of barrier-free facilities for persons with physical or mental disabilities, including outdoor barrier-free access ramps and handrails as well as indoor barrier-free corridors, elevators, and lavatories to ensure a comfortable working environment for employees with disabilities. As of year-end 2022, O-Bank had seven employees with physical or mental disabilities at global business locations worldwide. None of them held management positions, all of them worked in Taiwan, and they accounted for 0.64% of all employees; based on numbers in Taiwan, employees with disabilities accounted for 0.71% of all employees in Taiwan (0.89% of the number of persons enrolled in the Labor Insurance program). These numbers meet minimum statutory requirements (see Table 5-8).

Table 5-8: O-Bank Hiring of Persons with Disabilities

	Gender	2022	2021	2020
Number of Employees with Disabilities	Male	0	0	2
	Female	7	7	5
	Total	7	7	7

Note: The O-Bank head office in 2022 employed 785 persons who were enrolled in the Labor Insurance program, including seven persons with physical disabilities. This number meets the statutory requirement for at least 1% of all employees to be persons with disabilities.

Also, in the event of a material operational change, or if any of the situations set out in Articles 11, 13, and 16 of the "Labor Standards Act" arises, O-Bank will first communicate with employees in order to safeguard their rights and interests, and if such a situation involves the termination of a labor contract, will observe the minimum period of advance notice (as set out in the "O-Bank Work Rules") in providing employees with advance notification. Where a worker has worked continuously for more than three months but less than one year, the notice shall be given 10 days in advance; where a worker has worked continuously for more than one year but less than three years, the notice shall be given 20 days in advance; where a worker has worked continuously for more than three years, the notice shall be given 30 days in advance. O-Bank will also issue the employee(s) severance pay in accordance with Article 17 of the "Labor Standards Act" in order to safeguard the rights and interests of the employee(s).

5.1.3 Working Environment and Healthcare

1. Workplace Safety

To prevent workplace accidents, O-Bank has worked together with five labor representatives to adopt a set of "Working Rules for Occupational Safety and Health" in accordance with the "Occupational Safety and Health Act" of the Ministry of Labor. The O-Bank President exercises coordinated management of labor safety and health throughout the Bank, while unit supervisors are responsible for implementing it. The Working Rules apply to all business locations and workers in Taiwan. In addition to regulating the frequency of servicing of government vehicles as well as firefighting, cool/heating, and drinking water equipment, the Working Rules set out health standards and matters requiring attention in the workplace. With respect to situations in which an accident has occurred, the Rules provide detailed principles regarding first-aid measures, the use of emergency equipment, and accident reporting procedures. The Rules further safeguard the right of employees to leave their work position without being punished when a reportable workplace incident or hazard occurs or arises, or when they feel they are in danger of suffering a workplace accident or being subject to a workplace hazard. At the same time, O-Bank's internal work rules also prescribe procedures for the handling of workplace accidents. In the event of a workplace accident, these internal work rules require that a supervisor at the appropriate level of management report the accident to the Chief Occupational Safety and Health Officer and take all necessary first-aid or rescue actions in order to reduce the injuries and damage resulting from the workplace accident.

In addition, O-Bank regularly conducts occupational safety and health training, which covers such matters as workplace hazard identification, traffic safety during the commute to and from work, and disaster response. Occupational safety and health personnel familiarize employees with safety and health management matters, while each unit within O-Bank is responsible for conducting its own safety and health management work in order to minimize the risk of occupational accidents. In 2022, O-Bank held three safety and health training courses and two fire and earthquake preparedness team drills that attracted a total attendance of 492.



Regularly occupational safety and health training

O-Bank, acting in accordance with the law, provides occupational injury leave and helps employees apply for labor insurance and group insurance benefits so that employees can receive needed assistance as quickly as possible after an accident. In 2022, there were no instances of occupational disease among any

full-time or part-time O-Bank employees due to working conditions or work activities, while there were six recordable incidents. All these were the result of traffic accidents involving regular full-time employees commuting to or from work. Among firms to which O-Bank outsources operations, no employees experienced any occupational accidents involving injury, death, or occupational disease. Statistical information on occupational injuries among O-Bank employees in 2022 are shown below in Table 5-9, and we have adopted a target of limiting the overall absence rate to less than 0.5% in 2023.

Table 5-9: Recordable Incidents and Absence Rate among O-Bank Employees in 2022

Location	Item	Recordable Occupational Injuries	Total Recordable Incident Rate (%)	Missed Work Days	Lost Time Incident Rate (%)
	Gender				
Taiwan	Male	4	1.85	365.5	0.14%
	Female	2	0.93	719.9	0.27%
	Total	6	2.78	1,085.4	0.40%
Overseas	Male	0	-	119.1	0.04%
	Female	0	-	232.8	0.09%
	Total	0	-	351.9	0.13%

Note 1: These statistics are current as of Dec. 31, 2022, and include only regular full-time employees, not contract employees.

Note 2: Total working hours =2,163,320 hours (Number of persons x working days in the year x Number of working hours per day); Total working days =270,165 (Number of persons x working days in the year)

Note 3: Total Recordable Incident Rate = Number of Recordable occupational injuries / Total working hours x one million hours

Note 4: Lost Time Incident Rate = (days lost to occupational injuries + days lost to sick leave + days lost to menstrual leave) / Total working hours x 100%

Note 5: The total recordable incident rate and absence rate of part-time employees were both 0.

To prevent poor workplace air quality from affecting employees' health and work efficiency, O-Bank prohibits smoking in all office areas and within 10 meters of the entrance to any building, and has installed pre-cooling air handling units and fresh air inlets on our office buildings to maintain good air quality in office environments. Also, office areas are cleaned every day, and on a regular basis these areas are disinfected in order to reduce employee contact with work environment risk factors. O-Bank also tests indoor CO₂ emissions twice a year, and the test results are all in compliance with the regulations. At offices located in areas with serious air pollution, O-Bank installs air purifiers and provides persons who work there with a special allowance to offset the cost of lung CT scans. The CT scan results can help employees be more aware of the health impact of air pollution. O-Bank also tests indoor air quality every two years, and the test results are all in compliance with the regulations. In August 2018, the Taipei City Government issued O-Bank an "Indoor Air Quality Voluntary Management Certificate" (valid through July 2023), which demonstrates the success of O-Bank's efforts to ensure good workplace air quality.



O-Bank receives "Indoor Air Quality Voluntary Management Certificate"

In response to the COVID-19 pandemic, O-Bank established an emergency response team and formulated disease control measures. To ensure business continuity, O-Bank's employees arrive at work and leave along separate pathways, engage in offsite work and have completed work-from-home drills. To maintain a safe work environment, O-Bank takes our employees' temperatures every day and provides alcohol hand cleanser. During working hours, all employees are required to wear masks, office areas are kept extra clean, and disinfections are carried out with increased frequency. To care for employees' health, O-Bank regularly checks employees' travel and contact histories, and any employee who has possible COVID

symptoms is urged to immediately see a doctor, after which O-Bank continues to monitor the employee's condition. If a co-worker is notified by the authorities to go into home quarantine, O-Bank provides quarantine leave with full pay. Also, to avoid mass gatherings, O-Bank has temporarily postponed all unnecessary indoor and outdoor activities, business trips, and in-person meetings. Whenever possible, meetings are held online or via teleconference instead.

2. Employee Health Maintenance

To promote employee health, O-Bank arranges employee health examinations each year, and the list of checks performed is more extensive than what is required by law. Employees aged 40 or older can receive one free health examination per year, while employees under the age of 40 can receive one free health examination every other year. The hospital that conducts the health examinations then sets up individual appointments as necessary to discuss the results and provide health management recommendations. O-Bank has assessed employee health risks on the basis of: the results of employees' health examinations; and surveys carried out under the O-Bank Ergonomic Hazard Prevention Program, the Program for Prevention of Ailments Induced by Exceptional Workload, the Program for Prevention of Wrongful Harm During the Execution of Job Duties, and Self Health Assessments During Pregnancy and the First Year Post-Partum. On the basis of the results, O-Bank has developed health management plans and provided risk mitigation measures, and provided individual employees with suggestions on how to deal with specific risks. The idea is to elevate employees' awareness of the need to care for their own health. The results of O-Bank 2022 employee health risk assessments are as shown in Table 5-10. With respect to assessed items with a relatively high abnormality rate, O-Bank steps up the provision of mitigation measures in order to maintain employees' physical and mental health.

Table 5-10: O-Bank 2022 Employee Health Risk Assessments

No.	Assessed Item		Abnormality Rate	Mitigation Measures
1	Abnormal checkup findings	Cholesterol	39.78%	<ul style="list-style-type: none"> • Set up a special "Health Information Section" on our digital learning platform to provide information regarding nutrition, posture management, disease management and prevention, mental health management. The idea is to make it easier for employees to obtain accurate health information. • Set up a health kiosk where employees can make use of treadmills, stationary bicycles, stepper machines, dartboard machines, practice putting greens, and other such equipment that employees can use while they're on break. • Launch a wide range of posture management courses, including calisthenics, athletic competitions, and physical fitness courses. • Hold lectures on exercise and health to share information on correct exercise posture and how to improve one's diet. • Order healthy boxed lunches for employees once per month and partially subsidize the cost, to encourage employees to pay attention to healthy eating habits.
2		Blood pressure	5.51%	
3		Blood sugar	13.26%	

No.	Assessed Item		Abnormality Rate	Mitigation Measures
4	Exceptional workload	Workload surveys	3.17%	<ul style="list-style-type: none"> Based on the seriousness of conditions mentioned in questionnaire responses, arrange consultations with an on-site physician. A labor safety unit supervisor or unit supervisor is referred to a high-risk colleague to help assess that colleague's work environment and work style, and on this basis we adjust that colleague's work assignment or working hours.
5		Psychology surveys	7%	<ul style="list-style-type: none"> O-Bank cooperates with the Teacher-Chang Foundation to arrange free counseling services focusing on such matters as family relationships, interpersonal relationships, opposite-sex relationships, and adaptation to the workplace. Also, for the sake of privacy, employees can contact Teacher-Chang Foundation directly to schedule counseling sessions.
6	Ergonomic hazards	Musculoskeletal survey	4%	<ul style="list-style-type: none"> Arrange 20-minute neck and back massage sessions for employees at the Bank (the headquarters building, the customer service center, the data center), and post information on correct sitting postures to the special "Health Information Section" on our website.
7	Prevention of wrongful harm during the execution of job duties		0%	<ul style="list-style-type: none"> Adopted measures to prevent and punish workplace violence, conducts awareness campaigns to emphasize that workplace violence is prohibited, and periodically conducts activities under the Program for Prevention of Wrongful Harm During the Execution of Job Duties. There were no instances of wrongful harm in 2022.
8	Protection of maternal health		0%	<ul style="list-style-type: none"> Bank provides maternity leave and paternity leave that exceed statutory requirements. Provides breastfeeding and lactation rooms. Provides pregnant employees with one glass of fresh milk each day.

Note: The figures in this table only cover employees in Taiwan.

To prevent exceptional workloads from causing illness, O-Bank uses workload surveys and psychology surveys to assess whether employees have potential risks of stress, and is cooperating with the Teacher-Chang Foundation to arrange counseling services focusing on such matters as family relationships, interpersonal relationships, opposite-sex relationships, and adaptation to the workplace. In addition, O-Bank observes musculoskeletal disorders to understand the musculoskeletal injuries that co-workers may suffer as a result of having spent long hours sitting in offices or possibly not maintaining good posture. O-Bank has set up a health kiosk in our headquarters building, and is planning to launch posture management courses, hold athletic competitions, and hire visually impaired massage therapists from the Eden Social Welfare Foundation who will work onsite at O-Bank to help employees care for their musculoskeletal health. For matters of pregnancy, O-Bank prepares special care measures for female employees when they are pregnant, are in their first year post-partum, or are lactating, and on the basis of the "Form for Self Health Assessments by Laborers During Pregnancy and the First Year Post-Partum" O-Bank adopts hazard assessment and control measures, and implements health protection measures for pregnant employees. When an employee has a health concern, O-Bank periodically arranges for individual consulting with an on-site physician.

To further build up exercise as a popular lifestyle option among employees, O-Bank has established many different clubs for people interested in adopting downshifted lifestyles or pursuing such activities as basketball, golf, yoga, badminton, aerobics, jogging and swimming. Company funding for these clubs

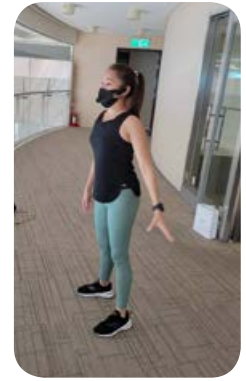
in 2022 totaled NT\$1,422,249 and serves to encourage employees to join clubs that take part in physically active pursuits. In recognition of O-Bank's outstanding efforts in this area, the Ministry of Education's Sports Administration in 2018 granted O-Bank "Taiwan i Sports" certification, which will remain current through October 2023. At the same time, O-Bank has received a Badge of Accredited Healthy Workplace (remains current through December 2024) from the Ministry of Health and Welfare's Health Promotion Administration. These honors highlight the success that O-Bank has achieved through our efforts to promote a healthy work environment.



Well-equipped employee lounge promotes a healthy workplace



Employees on each floor are invited to exercise on Wednesday afternoons with a trainer



O-Bank's aerobics club



O-Bank's golf club

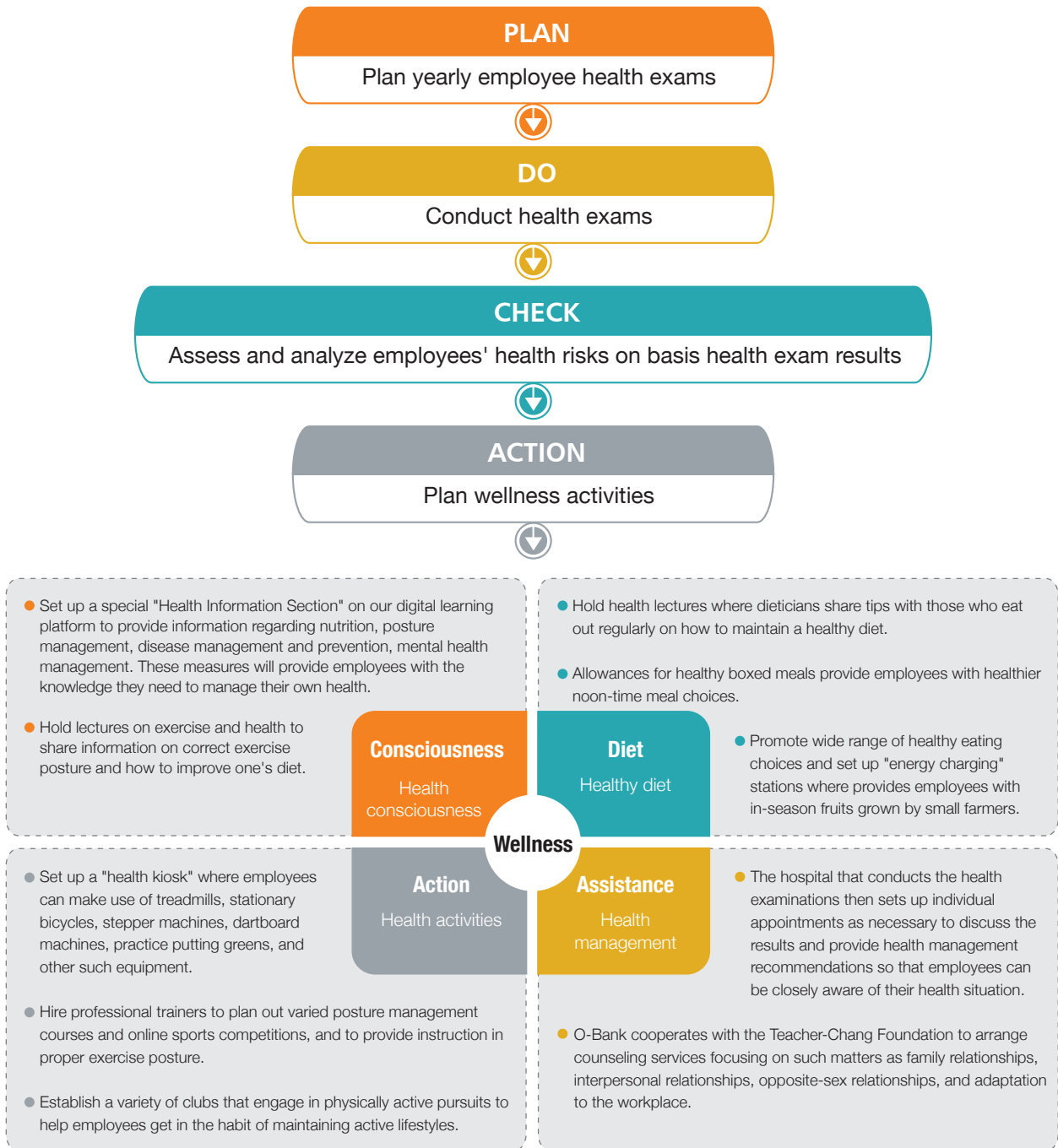


O-Bank received a Badge of Accredited Healthy Workplace



O-Bank received "Taiwan i Sports" certification

Fig. 5-2: Health Assessment Procedures and Healthcare Measures for O-Bank Employees



5.2 Employee Compensation and Benefits

5.2.1 Fair Compensation

1. Compensation System and Compensation Disclosure

To attract superior talent and encourage employees to perform at their best, O-Bank has a compensation system that accords balanced attention to the needs for both internal fairness and external competitiveness. Compensation is set on the basis of each employee's educational attainments, work experience, abilities, performance, occupation, and the professional expertise required for the person's job, without any discrimination on the basis of gender, age, ethnicity, or other such factors. The O-Bank Board of Directors has a Compensation Committee that reports to it. The Compensation Committee, which is comprised of the entire number of independent directors, periodically examines and evaluates

the compensation of directors and executive officers, and determines the performance review standards and compensation peer groups for sales staff. It also reviews the competitiveness of compensation provided by O-Bank each year by making reference to compensation benchmarks among peer institutions.

For regular full-time O-Bank employees, all basic starting salaries are above the minimum basic wage required by the "Labor Standards Act," the monthly fixed salaries of new university graduates hired in 2022 were 1.3 times higher than the legally required minimum basic monthly wage (Note 5-2) for both men and women, and the hourly wages of part-time employees, both male and female, satisfied the legally required minimum hourly wage. In addition, to encourage employees to pursue excellence and sustainable growth, O-Bank uses a system of reasonable compensation to incentivize employees. Besides 12 months of fixed salary, O-Bank also issues performance bonuses and sales bonuses on the basis of company earnings and individual performance in any given year, provides two months of holiday allowances, in order to build a fair and incentivizing compensation system.

To encourage employees to pursue excellence, O-Bank links corporate performance to employee performance bonuses. Each year, based on that year's return on equity (ROE), we provision a different share of pre-tax earnings to fund employee performance bonuses, which reward employees for tapping into their potential and seeking excellence (for information on linkages and provisioning ratios, see Table 5-11 below). In addition, our business units (including the business units and their supervisors) all adopted quantified performance targets and linked these to pay levels for those units' supervisors and personnel. In 2022, variable compensation provided by O-Bank to the supervisors and employees of its various units accounted for 38% of their total compensation. For the sake of risk control, O-Bank has adopted a bonus deferral and clawback mechanism for personnel who are responsible for selling all types of financial products and services. Disbursement of 10~20% of their sales bonuses is deferred until the following year, and if a particular person has engaged in improper selling conduct or has violated domestic or foreign legal provisions or prohibitions, thus causing a loss to the company, harming our reputation, or affecting our ability to grow our business, depending on the severity of the circumstances O-Bank may cancel an unpaid deferred bonus or claw back a bonus that has already been paid.

Table 5-11: O-Bank Current ROE-Linked Employee Bonus Provisioning Ratios

Return on Equity of the Year (ROE)	Appropriation of Earning Before Taxes (EBT) to be Performance Bonuses
ROE < 5%	The appropriation of total EBT for performance bonuses is based on the actual ROE percentage
5% ≤ ROE < 8%	O-Bank appropriates 6%~8% of the total EBT as performance bonuses
8% ≤ ROE < 11%	O-Bank appropriates 9%~10% of the total EBT as performance bonuses
11% ≤ ROE < 15%	O-Bank appropriates 10.5%~11.5% of the total EBT as performance bonuses
15% ≤ ROE < 20%	O-Bank appropriates 12%~12.5% of the total EBT as performance bonuses
ROE ≥ 20%	O-Bank appropriates no more than 13% of the total EBT as performance bonuses

Note 5-2: Items factored into a "monthly fixed salary" include monthly fixed pay and meal allowances. The Ministry of Labor adjusted the minimum wage to NT\$25,250 per month on Jan. 1, 2022. The phrase "1.3 times higher than the legally required minimum basic monthly wage" as used above means 1.3 times the basic monthly wage in 2022.

O-Bank has adopted "Rules Governing Employee Compensation" and is making a concerted effort to build a compensation and benefits system that is competitive in the marketplace. O-Bank provides employees a basic monthly salary, meal allowances, and a wide variety of bonuses, enrolls employees in the Labor Insurance, National Health Insurance, and Labor Pension programs, and provides other employee benefits. Salary and benefits per employee at business locations throughout the world come to an average of NT\$1.782 million per year. Also, O-Bank each year adjusts salaries on the basis of the economic growth rate, the consumer price index, each employee's individual performance, job duties, and potential for future development. Personnel promoted in the previous year who have continued to show outstanding performance will receive larger pay raises to ensure the retention of their services. Over 87% of employees who took part in performance evaluations in 2022 obtained salary adjustments, which averaged 3.1%. The largest single salary adjustment was more than 20% (including a pay raise for promotion).

In 2022, the average salary for all O-Bank employees at business locations throughout the world was NT\$1.434 million, and the median was NT\$1.023 million, while in the Taiwan region it was NT\$1.301 million, and the median was NT\$0.964 million. Among all non-managerial employees, the average salary was NT\$1.279 million and the median was NT\$1.032 million. Information on the salaries paid by O-Bank in the past three years to full-time non-managerial employees in Taiwan is set out in Table 5-12. O-Bank has been included as a component of the TWSE RAFI Taiwan High Compensation 100 Index for five consecutive years beginning in 2018, an indication just how much O-Bank has done to provide employees with competitive compensation.

Table 5-12: Salaries of O-Bank Full-time Non-managerial Employees in Taiwan from 2020 to 2022

Unit: NT\$

Year	2022	2021	2020
Full-time employees (Note 1)	800	698	746
Average salary (Note 2)	1,279,000	1,251,000	1,169,000
Median salary	1,032,000	1,023,000	986,000

Note 1: The term "full-time non-managerial employees" means all persons employed in salaried positions in 2022 for 6 months or longer, but it excludes executive officers, employees of overseas branches and some part-time employees. The numbers are calculated on a weighted average basis.

Note 2: The term "average salary" is calculated by taking the accrued annual salaries of the full-time non-managerial employees referred to in Note 1, including regular earnings (basic salary and any fixed monthly allowances and bonuses), overtime pay, and irregular earnings (allowances, bonuses, and employee compensation not issued on a monthly basis), and then dividing by the number of full-time non-managerial employees.

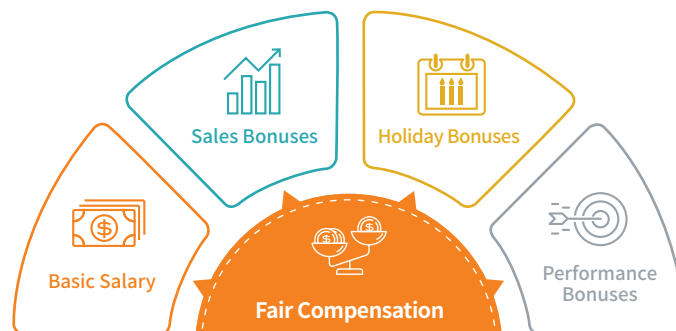
O-Bank has implemented the principle of equal pay for equal work and has pledged that salaries and compensation will not differ due to gender. The female-to-male compensation ratio for employees in various occupational grades at business locations throughout the world are as shown in Table 5-13. The gap between female and male compensation arises because females and males are differently distributed among different functions and occupational grades. O-Bank annually reviews the reasonableness of employee compensation to ensure that individual compensation levels fall within the salary grade for each particular occupational grade. The average salary at business locations throughout the world was NT\$1.224 million for female O-Bank employees and NT\$1.606 million for males. Further breaking down

these figures, the female-to-male compensation ratio for members of executive management was 1:1.79, for members of senior management this ratio was 1:1.14, for members of junior management this ratio was 1:1.06, and for rank-and-file employees this ratio was 1:1.23 (see Note 5-3).

Table 5-13: Female-to-Male Compensation Ratios in 2022 in Various Occupational Grades throughout the World

Occupational Grade	Avg. Gap in Annual Salaries	Median Gap in Annual Salaries	Avg. Gap in Bonuses	Median Gap in Bonuses
≥ 15	73.9%	84.0%	52.2%	67.1%
14	76.7%	108.4%	74.3%	104.6%
13	77.8%	124.0%	86.3%	130.4%
12	99.9%	97.7%	90.7%	96.8%
11	95.9%	102.2%	99.4%	106.7%
10	100.6%	99.8%	100.6%	107.0%
9	103.3%	99.0%	100.1%	132.2%
8	102.6%	103.6%	104.8%	115.9%
≤ 7	95.4%	115.7%	103.2%	107.9%
Overall	76.2%	112.8%	67.5%	119.6%

Fig. 5-3: O-Bank's Fair and Incentivizing Compensation System



Note 5-3: Figures for "total annual compensation" are based on annualized figures for persons currently employed as of Dec. 31, 2022. Items factored into total annual compensation include annual fixed salary, the three major holiday bonuses, performance bonuses, sales bonuses, and employee compensation.

2. Compensation System for Executive Management

Compensation for executive management at O-Bank is set in accordance with the "Rules Governing Employee Compensation" and the "Rules Governing Provisioning for and Payment of Performance Bonuses," which were formulated and approved by the Compensation Committee and the Board of Directors. Benefits payable include fixed salaries and variable bonuses, the amounts of which are submitted to the Compensation Committee for review. Fixed salaries are set on the basis of each person's job duties, professional qualifications, abilities, performance, and with reference to peer institution pay levels, while variable bonuses are reasonably distributed with an eye to the company's overall business performance, future risks, and each individual's performance. The company's overall business performance includes profitability and return on equity (ROE), while an individual's performance includes financial performance indicators and non-financial strategies as well as internal control and sustainability performance indicators.

One reason why the bonuses paid to O-Bank's executive management are variable is so that the bonuses will be clearly linked to the company's profitability and return on equity. At the same time, however, to encourage employees to attach importance to long-term business objectives, to encourage them to develop a clear understanding of future risks, and to encourage them to avoid short-termism, payments of some of the bonuses of the President and other executive management at O-Bank are deferred, based on links to the Bank's equity. Payments of 20% of variable performance bonuses are deferred over a three-year period and linked to the company's shares in order to establish a close link with the company's long-term business performance, and to ensure that bonus payments are not accelerated due a change in someone's term of appointment to a particular position. In addition, if violation by a member of executive management of internal control rules or risk management principles causes expected or actual losses, and that person's culpability is ascertained, then during the aforementioned deferral period (three years) O-Bank may cancel an unpaid deferred bonus up to an amount commensurate with that person's degree of responsibility for the loss, thereby linking long-term business performance to the sustainable business system.

Also, to link the job performance of members of executive management to the company's long-term performance, while at the same time encouraging members of executive management to hold company stock, O-Bank has adopted minimum shareholding requirements for members of executive management. For the Bank President, beginning from the year next following completion of three full years as Bank President, the value of their O-Bank shareholdings (including shares held through the Employee Share Ownership Trust) must be more than twice the amount of their fixed salary for the current year; and for other members of executive management, beginning from the year next following completion of three full years in their position, the value of their O-Bank shareholdings (including shares held through the Employee Share Ownership Trust) must be more than the amount of their fixed salary for the current year. As of end-2022, the value of the Bank President's O-Bank shareholdings (including shares held through the Employee Share Ownership Trust) was 2.02 times the amount of their fixed salary for the current year, and the value of the O-Bank shareholdings (including shares held through the Employee Share Ownership Trust) of other members of executive management was 1.23 times the amount of their fixed salary for the current year.

Information on total compensation paid to O-Bank's Chairperson, President, and other members of executive management is set out in Table 5-14 below. Therein, the variable bonuses paid to the President and other members of executive management depend on individual performance. Indicators of individual performance include financial indicators (e.g. income before tax, achievement of short- and long-term business goals, return on equity, and asset quality) and non-financial indicators (e.g. the company's core values, strategic goals, innovation, legal compliance, internal control and risk control, sustainable

development goals, and climate change targets). The share accounted for non-financial indicators does not fall below 30% in any case. The President's individual performance indicators are set out in Table 5-15. In 2022, O-Bank set the President's variable bonus on the basis of success in achieving targets for income before tax, pre-tax return on equity, NPL ratio, asset quality, legal compliance and internal controls, corporate social responsibility, management and teamwork, and customer service quality. Variable bonus accounted for 60% of the President's total compensation.

Table 5-14: Compensation Paid in 2022 to O-Bank's Chairperson, President, and Other Members of Executive Management

Unit: NT\$ thousand

Title	Name	Total Remuneration
Chairperson	Tina Y. Lo	22,075
President	Elton F.Y. Lee	38,280
Total compensation paid to other members of executive management (other than the President)	Roger Y.F. Lin, Niel W.F. Chang, Chia-chi Wang, Yu-hua Chih, Cheng-chou Hsu, Vivian H.J. Fan, Chiu-ling Chao, Joy Siew, Feng-jen Lai, Hsiung-jung Chen, Yung-chih Wang, Yun-tao Chin, Huan-wen Fang, Wen W.C. Shao, Fu-chang Tien, Tun-jen Hsieh, Kong-wen Yeh, Wei-chou Chih, Juo-heng Tang, Chun-chieh Wang, Hsing-chieh Tan, Hui-hsien Kuo, Li-chen Hong	132,201

Comparative Information on the President's Compensation

Multiple between President's compensation versus the compensation of the second-highest paid member of executive management	1.85 times
Multiple between President's variable bonus versus the variable bonus of the second-highest paid member of executive management	1.78 times
Multiple between President's compensation versus the median compensation of employees (other than the president) at business locations throughout the world	35.9 times
Multiple between annual increase in President's compensation versus annual increase in the median compensation of employees (other than the president) at business locations throughout the world	6.41 times

Note 1: Terms of appointment the President and other members of executive management in 2022: Roger Y.F. Lin, Niel W.F. Chang (Jan. 1~Mar. 9); Chia-chi Wang, Yu-hua Chih, Cheng-chou Hsu (Aug. 24~Dec. 31); Vivian H.J. Fan, Chiu-ling Chao, Joy Siew, Feng-jen Lai, Hsiung-jung Chen, Yung-chih Wang, Yun-tao Chin, Huan-wen Fang, Wen W.C. Shao, Fu-chang Tien (Aug. 29~Dec. 31); Tun-jen Hsieh, Kong-wen Yeh (Jan. 1~June 22); Wei-chou Chih, Juo-heng Tang, Chun-chieh Wang, Hsing-chieh Tan (Mar. 1~Dec. 31); Hui-hsien Kuo (Nov. 3~Dec. 31); Li-chen Hong (Nov. 3~Dec. 31)

Note 2: The total compensation of the President includes a fixed salary of NT\$12,179,000 and variable bonuses of NT\$26,101,000.

Note 3: The annual salaries referred to above include salaries, bonuses, incentive bonuses, allowances, retirement pensions, access to company dormitory quarters and vehicles, and other such forms of compensation.

Table 5-15: President's Individual Performance Indicators

Subject	Type of Indicators	Weighting	Items
President	Financial indicators	53%	Income before tax, ROE, and asset quality
	Non-financial indicators	12%	Legal compliance and internal controls
		6%	Project procedures
		9%	Customer service
		10%	Corporate social responsibility
		10%	Management & teamwork

5.2.2 Benefits and Human Caring

Remaining true to our ideal of human caring, O-Bank has planned out multiple employee benefit and protection systems, and has acted each year to build up the content of benefits so that employees can work with peace of mind, enjoy their jobs, and maintain a healthy work-life balance.

1. Employee Benefits and Protections

O-Bank's company benefits apply to all regular full-time employees in Taiwan. In addition to providing employees with such benefits as the three major holiday bonuses, holiday gifts, birthday gift certificates, marriage, childbirth, and bereavement allowances, company-paid employee dinner gatherings, preferential treatment at cooperating commercial establishments, and preferential treatment at specially contracted childcare organizations, O-Bank has also adopted a set of "Rules for Administration of Employee Loans." Such loans (either secured or unsecured) are provided on preferential terms to fund purchases of homes or consumer goods. In 2021, O-Bank launched an Employee Relief Loan program to help co-workers who have major difficulties to deal with. Types of loans offered include natural disaster relief loans and medical emergency relief loans, for which the company subsidizes part of the monthly interest payments to help employees weather temporary rough patches in their lives. Also, to share with employees the fruits of our business success, O-Bank has established an Employee Share Ownership Plan. From the day they join the company, all employees can apply for membership in this Plan, under which a specified amount is deducted from the monthly salary of participating employees and used to purchase, via a trust arrangement, shares in O-Bank (with O-Bank kicking in an employer contribution to increase the amount of the purchases) so that employees can take part in the fruits of the company's growth. The percentage of the employer contribution is based on an employee's occupational grade and performance. For an employee whose job performance is rated as "excellent" for two consecutive years, the employer contribution may be set as high as 140% and the employee will be allowed to increase their stock purchases, subject to no upper limit. As of 2023, in order to encourage outstanding employees to remain long-term, O-Bank now provides extra employer contributions to reward excellence. When an employee with especially outstanding performance pledges to continue serving for a specified period of time, the company will further increase its employer contributions up to as high as 500%. As of end-April 2023, the participation rate in the Employee Share Ownership Trust stood at 85%.

To safeguard the well-being of employees, O-Bank enrolls them in all the Labor Insurance and National Health Insurance programs that are available for full-time and part-time employees in Taiwan, and also arranges comprehensive group insurance for employees and their family members at business locations worldwide. The group policy provides life, accident, hospitalization, medical, and cancer insurance. In addition, to ensure that employees can retire without worries, O-Bank makes monthly contributions (equal to 2% of total payroll disbursements) to a retirement reserve that is managed by the Ministry of Labor's Bureau of Labor Funds in a special bank account. These monthly contributions are made in compliance with the provisions of the "Labor Standards Act," the "Labor Pension Act," and the "Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds." Retirement reserve allocations in 2022 amounted to NT\$4.161 million. For employees eligible to participate in the new pension system set out in the "Labor Pension Act," a monthly retirement reserve allocation equal to no less than 6% of each employee's basic monthly salary is contributed to an individual labor pension account at the Bureau of Labor Insurance. Contributions of this type in 2022 totaled NT\$49.766 million. For employees at our Hong Kong Branch, O-Bank has implemented a Mandatory Provident Fund arrangement that is even more generous than legally required, while our Tianjin Representative Office complies with local law by providing the so-called "five types of insurance and one housing allowance" (endowment insurance, medical insurance, work injury insurance, unemployment insurance, maternity insurance, and a housing allowance).

O-Bank offers grants for employees at business locations worldwide (including contract employees and hourly employees) to take outside courses needed for work purposes, pursue academic degrees and advanced studies, and take various certification tests. In 2022, 432 such subsidies were provided to encourage employees to continue engaging in professional development and advanced studies, and came to a total of NT\$2,164,080. An overview of O-Bank employee benefits and protections is provided below in Table 5-16.

Table 5-16: Benefits and Protections for All Full-time O-Bank Employees in Taiwan

Benefits	Description
1. Enrollment in insurance	O-Bank enrolls employees in the Labor Insurance and National Health Insurance programs, and also arranges comprehensive group insurance that provides employees with enhanced life, accident, hospitalization, medical, and cancer coverage.
2. Employee health examinations	O-Bank periodically provides free health examinations that exceed regulatory requirements. Employees aged 40 or older can receive one free health examination per year, while employees under the age of 40 can receive one free health examination every other year.
3. Gift cash and gift certificates	O-Bank provides gift cash and gift boxes on the three major holidays (Lunar New Year, Dragon Boat Festival, and Mid-Autumn Festival), and gives employees birthday gift certificates.
4. Preferential treatment at childcare facilities	O-Bank employees enjoy preferential treatment at specially contracted childcare organizations.
5. Retirement pension system	Acting in accordance with the "Labor Standards Act," the "Labor Pension Act," and the "Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds," O-Bank has adopted a set of "Employee Retirement Rules" and a retirement pension system to ensure that employees receive a proper pension.
6. Flextime system	O-Bank has instituted a flextime work system that enables employees to choose one of three different time slots when they will arrive at and leave work, and when someone has an especially important need they can apply to switch to part-time work. Also, to help employees care for their families, the law makes certain employees eligible to reduce their work hours, and O-Bank has expanded the range of this eligibility to beyond that provided for by law. In addition to persons caring for children under three years of age, employees who care for other family members (e.g. a parent or spouse) may also flexibly adjust when they arrive at and leave work, or may shorten their work hours; at the same time, O-Bank also promotes a hybrid work model, whereby employees who receive a job performance rating of "outstanding" have the option of work-from-home arrangements three days per quarter.
7. Employee Share Ownership Trust	From the day they join the company, any full-time employee may join O-Bank's Employee Share Ownership Trust to purchase company stock. The company also issues bonuses that vary in amount depending on each employee's performance in the preceding year.
8. Preferential employee loans	O-Bank provides employee loans on preferential terms to fund purchases of homes or consumer goods, and loans to deal with natural disasters or medical emergencies.
9. Ongoing professional development	O-Bank offers grants for employees to take outside courses, pursue academic degrees, go abroad for advanced studies, and take various certification tests. (This also applies to employees at business locations worldwide; contract employees and hourly employees may also apply to attend course that are necessary for work purposes.)
10. Other benefits	O-Bank provides marriage, childbirth, and bereavement allowances, company-paid employee dinner gatherings, preferential treatment at cooperating commercial establishments, funding for various activities clubs, an employee carwash at the headquarters building, a laundry service, and a lunchbox ordering service.

2. Employee Benefits Committee

O-Bank has an Employee Benefits Committee, which has made allocations to the employee benefits fund in accordance with the provisions of the "Employee Welfare Fund Act," as follows: 1% of O-Bank's authorized capital at the time of our establishment; 0.05% of O-Bank's total monthly operating revenues; and 0.5% of the monthly wage and allowances of each employee (deducted from each employee's pay). In 2022, the total disbursements of the Employee Benefits Committee came to NT\$9,148,903. These disbursements funded such benefits as marriage allowances, bereavement allowances, relief for injury or illness, club recreational activities, holiday allowances, birthday allowances, and other such benefits and allowances. On average, each employee in Taiwan received NT\$9,307 in benefits. For details on benefits paid out in 2022, see Table 5-17.

Table 5-17: Benefits Paid out in 2022 by the O-Bank Employee Benefits Committee

Item	Applications	Total Payouts (NT\$)
Marriage allowances	20	100,000
Childbirth allowances	17	54,000
Healthcare allowances for spouses, parents, and children of employees	52	486,944
Bereavement allowances	16	90,000
Birthday gift certificates	952	1,866,600
Company-paid employee dinner gatherings	843	1,255,294

Note: These figures only reflect the average employee benefits paid out to persons employed in the Taiwan region. The figures for number of applications reflect the number of application filed by persons who were still employed by O-Bank on the date of application.

3. Care for Families and Maintenance of a Healthy Workplace

In addition to helping employees achieve work-life balance by offering injury or sick leave, menstrual leave, parental leave, paternity leave for prenatal checkups, prenatal leave, paternity leave, and family leave, O-Bank goes beyond the statutory minimum with additional paid leave options such as: family ties leave (for employees who need to care for family members); paternity leave (so that employees can accompany their spouses during childbirth); honor leave (for employees whose performance meets prescribed standards); and community service leave (to encourage employees to take part in community service activities). In addition, there is no limit on the number of days that employees can take off to participate in activities organized by the O-Bank Community Volunteer Club. An employee who applies for unpaid leave due to injury, illness, or childcare responsibilities can still choose whether to keep their social insurance coverage current. Those who take unpaid leave due to injury or illness can continue to stay enrolled in the company's group insurance. In addition to various types of paid leave, O-Bank also has a library, an employee lounge, a music room, and an art gallery where employees can go to relax. O-Bank's various measures to care for families and maintain a healthy workplace are outlined below in Table 5-18.

Table 5-18: O-Bank's Measures to Care for Families and Maintain a Healthy Workplace

Activity	Description
1. Leave benefits that exceed statutory requirements (paid leave)	<ul style="list-style-type: none"> • Special leave: Special leave system that exceeds statutory requirements. • Childbirth leave: Female employees receive 57 days of paid leave after childbirth. • Paternity leave: Employees receive eight days of paid leave after their spouse gives birth. • Family ties leave: Employees receive two days of paid leave to accompany a parent, spouse, or child on doctor's visits. When an employee's child is attending the first day of elementary school, the employee may take a half-day off to accompany the child. • Community service leave: Employees receive paid leave to take part in community service activities. • Long service leave: Employees who have completed 5 years of service receive three days of long service leave. Employees then receive an additional five days of long service leave upon completion of 10 years, 15 years, and 20 years of service, respectively, at O-Bank. • Honor leave: An employee who receives a score of "A" or higher in his/her performance review may take half-day off for honor leave. • Adoption leave: An employee who applies with a court to adopt a child and completes transfer of the child to his/her household registry may take two days for adoption leave. • Organ donation leave: An employee who needs time off after donating bone marrow or an organ may take five days of organ donation leave.
2. Unpaid leave system	<ul style="list-style-type: none"> • O-Bank has adopted a set of "Rules Governing Unpaid Leave." Under these Rules, an employee is allowed to apply for unpaid leave to attend professional development courses, recover from injury or illness, or care for a child.
3. Employee lounge and coffee bar	<ul style="list-style-type: none"> • These are excellent spaces to enjoy coffee or tea and take time for a bit of relaxation.
4. Library	<ul style="list-style-type: none"> • The O-Bank library stocks a wide variety of books, periodicals, and magazines for employees' enjoyment.
5. Art gallery	<ul style="list-style-type: none"> • The O-Bank Group headquarters building has an art gallery that serves as the venue for occasional arts activities, including concerts, arts and culture lectures, and art exhibits.
6. Supportive measures for same-sex spouses	<ul style="list-style-type: none"> • Employees with same-sex spouses receive the same benefits as other married employees, including marriage leave, paternity leave for prenatal checkups, paternity leave, bereavement leave, and the various allowances provided by the Employee Benefits Committee.
7. Gender-neutral restrooms	<ul style="list-style-type: none"> • O-Bank has installed gender-friendly restrooms to ensure that all employees can enjoy peace of mind.
8. Gender-neutral dress code	<ul style="list-style-type: none"> • Gender-specific restrictions have been removed from the company dress code.
9. Safe transportation for employees working past 10 p.m.	<ul style="list-style-type: none"> • For employees who get off work after 10 p.m., O-Bank arranges free taxi calling service and records the vehicle's license plate number to ensure employee safety.



Employee lounge and coffee bar



Library



Gender-neutral restrooms

4. Care for Pregnant Employees, Parental Leave

To ensure that female employees can enjoy a safe and comfortable work environment during and after pregnancy, O-Bank has safe and comfortable breastfeeding and lactation rooms as required by law, and provides pregnant employees with one glass of fresh milk each day to supplement their nutrition. In 2022, a total of 55 employees were eligible for parental leave (22 men and 33 women). 10 employees took unpaid parental leave. Also, eight persons were due for reinstatement in 2022, of whom five were actually reinstated. The reinstatement rate was 63%. The four employees who took unpaid leave in 2021, were subsequently reinstated in that same year and continued to be employed in 2022. The retention rate was 67% (see Table 5-19).

Table 5-19: Unpaid Parental Leave at O-Bank in 2022

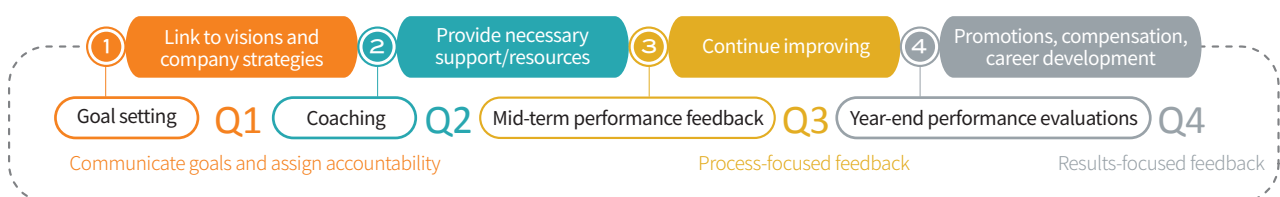
Item	Gender		Total
	Male	Female	
Number of persons on unpaid parental leave in 2022	-	10	10
Number of persons due for reinstatement in 2022 after unpaid parental leave (A)	-	8	8
Number of persons due for reinstatement in 2022 after unpaid parental leave who were actually reinstated (B)	-	5	5
Reinstatement rate (B/A)	100%	63%	63%
Number of persons reinstated in 2021 after unpaid parental leave (C)	-	6	6
Number of persons reinstated in 2021 after unpaid parental leave who continued to be employed after 1 full year in 2022 (D)	-	4	4
Retention rate (D/C)	-	67%	67%

5.3 Employee Cultivation and Development

5.3.1 Performance Management

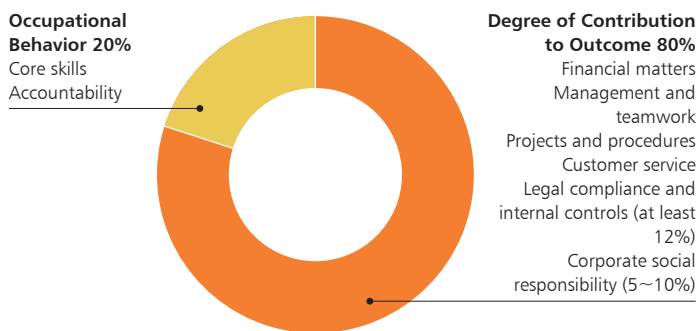
O-Bank has a comprehensive performance evaluation system and conducts a three-phase (planning, implementation, review) annual performance management process. O-Bank also carries out goal setting, coaching, mid-year performance feedback, and year-end performance evaluations. The performance management cycle is as shown in Fig. 5-4, and is designed to encourage employees to pursue excellence. During each phase, O-Bank complements the process with an electronic performance management platform, online and offline informational meetings, FAQs, and performance management training courses. These measures help both management and rank-and-file employees to better understand the key points, come to a meeting of the minds regarding work goals, and implement the performance management system.

Fig. 5-4: O-Bank Performance Management Cycle



The content of O-Bank performance reviews consists of "degree of contribution to outcomes" (accounts for 80% of the score) and "occupational behavior" (accounts for 20% of the score). The term "degree of contribution to outcomes" includes six aspects (financial matters; management and teamwork; projects and procedures; legal compliance and internal controls; customer services; and corporate social responsibility), and the results of performance evaluations affect an individual's compensation and chances for promotion. Therein, "corporate social responsibility" targets account for 5~10% of the score. Each unit must set annual sustainability-related targets to encourage employees to conduct their work in such a way as to spur sustainable development. Also, in order to implement protection and fair treatment of financial consumers, and to strengthen cyber security management, O-Bank will also incorporate principles for financial consumer protection and fair treatment of consumers as well as cyber security controls into our "legal compliance and internal control" targets. Moreover, "legal compliance and internal controls" accounts for at least 12% to ensure that employees will implement protection and fair treatment of consumers, and to foster a greater awareness of the need for cyber security.

Fig .5-5: Focal Points of O-Bank Performance Reviews



O-Bank strives to ensure that our performance evaluation process is fair, impartial, and open. Management and rank-and-file employees engage in two-way feedback and conduct an initial evaluation. After that, members of executive management carry out an inter-departmental calibration of performance evaluation standards for employees at the same grade, and conduct secondary evaluations to ensure the consistency of standards throughout O-Bank. In 2022, a total of 1,015 employees were required to undergo performance evaluations (the requirement applies to any person who commenced employment at O-Bank prior to 30 September of the current year, and to employees who have satisfactorily completed their probationary period). All 1,015 of those employees underwent a performance evaluation. Information on these employees' gender composition and where they work is set out below in Table 5-20. In addition, the O-Bank President and division-level supervisions meet once every two weeks to hold an agile conversation where, by giving each other real-time feedback, they continue to inspect, revise, and review business goals. Also, when conducting year-end performance evaluations, the President links these business goals to performance reviews and conducts group performance evaluations on the various division-level units and assigning them performance scores in order to strengthen teamwork spirit and reap greater benefits from our work.

Table 5-20: O-Bank Employee Performance Evaluations in 2022

Type	Number of Persons in Taiwan	% of All Performance Evaluations	Number of Persons Overseas	% of All Performance Evaluations
Male	469	46.21%	46	4.53%
Female	458	45.12%	42	4.14%
Total	927	91.33%	88	8.67%
Management	151	14.88%	7	0.69%
Rank-and-file	776	76.45%	81	7.98%
Total	927	91.33%	88	8.67%

Note: Persons hired on Oct. 1 or later were not required to undergo a performance evaluation in 2022.

5.3.2 Training and Learning

On the basis of our business strategy, the company's core values, and skills requirements, O-Bank has devised a comprehensive training development plan and career development blueprint that provide courses focusing on strategy, leadership, communication, and innovation, which different types of management personnel attend as necessary. Also, depending on the nature of their jobs and the differing legal compliance requirements, rank-and-file employees attend a wide range of training courses that focus on financial matters, legal compliance, specific job skills, and general knowledge. For employees planning to leave their jobs, the O-Bank Human Resources Department provides career development consulting services, including resume editing suggestions and job interview consulting, to help employees to plan well for the next phase of their careers. This approach will spur our employees' continued competitiveness in the job market.

To make effective use of learning resources, O-Bank arranges for employees to attend both in-house and out-of-house courses, and has also launched a digital learning platform – O-Bank Digital Academy – that offers an abundance of online courses. O-Bank in 2021 further made our O-Bank Digital Academy content available via a mobile app so that employees can attend digital courses at any time or place, thus providing employees with flexible and convenient learning channels. In response to the development of digital financial services, O-Bank in recent years has launched a series of courses to impart basic digital knowledge. These courses focus on a number of issues related to fintech innovation, and take an easily understandable approach to introduce digital knowledge while illustrating the concepts with case histories and well known happenings in the financial industry.

In addition, O-Bank attaches great importance to ethical best practices, and continues to advocate for principles of good faith that oppose the offering of bribes, acceptance of bribes, and corruption. O-Bank communicates with and reaches out to employees by training new hires, offering courses on legal compliance and anti-money laundering, holding lectures on special topics, and administering questionnaires. Throughout the entire year there were no instances of corruption or unethical behavior. In 2022, all O-Bank employees (including contract employees and hourly employees) completed courses focusing on anti-corruption, legal compliance, the Provisions of the "Financial Consumer Protection Act", the "Principles for Fair Treatment of Customers" and information security. The 2022 completion rate was 100%, and the attendance at legal compliance courses totaled 15,494.3 hours.

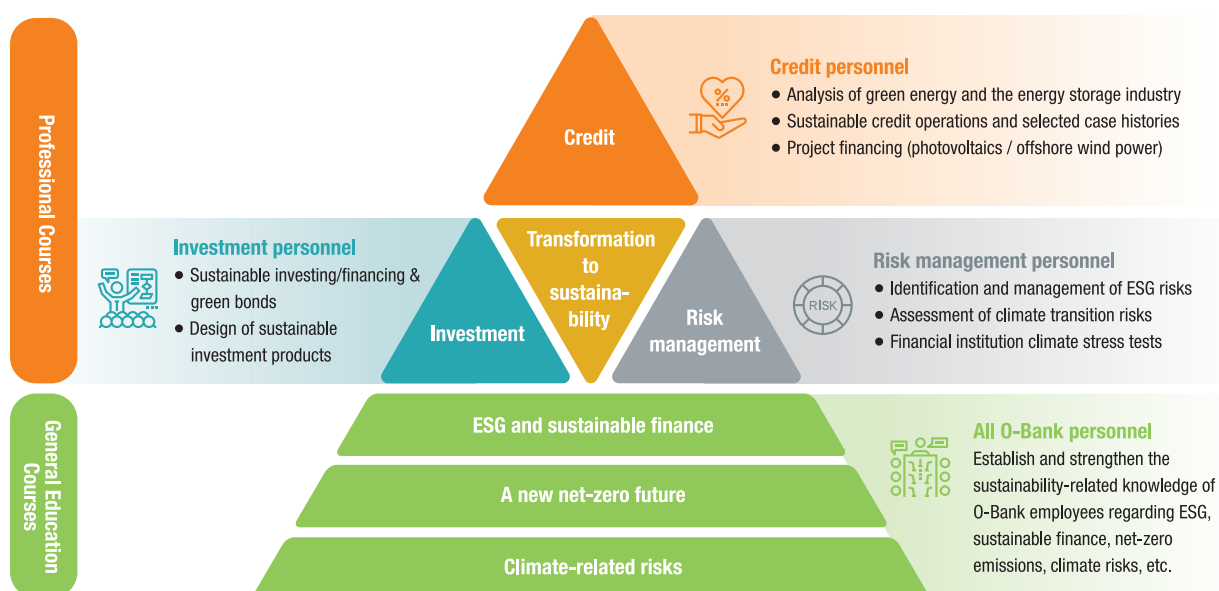
In order to establish a sustainability-oriented mindset among our employees, O-Bank offers online "Understanding Corporate Social Responsibility" education and training courses that address such matters as: the organizational structure and duties of the O-Bank Corporate Social Responsibility Committee; the O-Bank Corporate Social Responsibility Guidelines; and O-Bank's CSR undertakings and the key focal points of future development efforts. Also, in response to the trend toward development of sustainable finance, O-Bank has incorporated such topics as climate change, the Equator Principles, net-zero emissions, and the inventorying of portfolio emissions into employee training courses. Besides inviting outside lecturers to speak on sustainability issues and trends, cultivate an ESG mindset among co-workers, and encourage co-workers to weave a sustainability mindset into their everyday work routines, O-Bank personnel responsible for sustainability matters also serve as lecturers when we hold training on "introduction to PCAF methodology" and "database operations." Details on related courses are set out in Table 5-21 below.

Table 5-21: O-Bank Sustainability-related Courses in 2022

Name of Course	Number of Sessions	Target Audience	Hours	Attendance	Person Hours
Lecture: "Delivering on Your Promises in ESG"	1	Attendees from various O-Bank units	1	179	179
A Simple Introduction to ESG	1	Employees from throughout O-Bank	0.25	1,043	261
Guidelines for Promoting Sustainability of Corporate Lending (ESG Risk Checklist)	3	Designated business personnel	0.5	392	196
The Provisions of the "Financial Consumer Protection Act" and the "Principles for Fair Treatment of Customers"	1	Employees from throughout O-Bank	3	972	2,916
"How to Achieve Net-Zero Emissions"	1	Attendees from various O-Bank units	1	139	139
Total	7	-	5.75	2,725	3,691

In addition to holding sustainability-themed courses for all employees to strengthen their awareness of ESG and sustainability issues, O-Bank also actively cultivates in-house sustainability specialists, and holds special courses focusing on credit operations, investment operations, risk management, and other such specialties (course titles include: Sustainable Credit Operations and Selected Case Histories; Design of Sustainable Investment Products; Identification and Management of ESG Risks; etc.) in order to cultivate sustainability specialists in each unit. The details of the O-Bank Training Framework for Transition to Sustainability are shown in Fig. 5-6 below. We have made a special budgetary allocation and reported it to the Corporate Social Responsibility Committee for approval.

Fig. 5-6 : O-Bank Training Framework for Transition to Sustainability



O-Bank held 443 in-house in-person education and online training activities in 2022, while there were 716 workshops run by outside entities. In total, these activities attracted 42,022 participants. O-Bank personnel logged a total of 52,815.36 education and training hours, average training hours per employee came to 49.5 (approx. 6.2 days), and average training expenditures came to NT\$4,242.6 per employee. Training hours logged by O-Bank employees in 2022 are set out in Table 5-22.

Table 5-22: O-Bank's Employee Education and Training Hours in 2022

Unit: Hours

Job Type	Training Hours			Hours Per Employee
	Male	Female	Total	
Management	5,255.5	4,185.1	9,440.6	57.2
Share of total management training hours	55.7%	44.3%	100%	-
Non-management	22,005.3	21,369.4	43,374.7	48.1
Share of total non-management training hours	50.7%	49.3%	100%	-
Total	27,260.8	25,554.5	52,815.3	49.5
Share of total training hours	51.6%	48.4%	100%	-
Average training hours per person	50.9	48.1	49.5	

Note 1: All figures in this table for employees receiving training include regular full-time employees in Taiwan and overseas, but do not include the Chairperson, student part-timers, chauffeurs, or security guards. The total number of employees receiving training was 1,067, including 536 men v.s. 531 women, and 165 management personnel v.s. 902 non-management personnel (the term "management personnel" refers to supervisory personnel serving at the level of section head or higher).

Note 2: O-Bank in 2022 had 28 part-time employees, who in 2022 attended a total of 84 hours of training, for an average of three hours per person. Topics covered by mandatory courses included anti-corruption, legal compliance, cyber security, protection of personal information, and ethical best practices.

To encourage all full-time and part-time employees (including contract and hourly personnel) to elevate their professional skills and obtain financial certifications, O-Bank provides grants to offset the cost of testing for certifications required by internal rules. When an employee registers to test for a certification, regardless whether the employee does so voluntarily or because such certification is required for a particular job or by law, O-Bank pays the cost the first time the employee registers for any given test. Besides helping to strengthen employees' financial professionalism, such grants also help to improve O-Bank's overall service quality. Also, O-Bank in 2022 established a corporate banking relationship manager (RM) certification program. This program provides courses on such topics as "introduction to credit examinations," "banking business," and "products," in order to encourage junior relationship managers (JRMs) to obtain necessary professional licenses. By setting up a solid and fully built up certification system, O-Bank supports the efforts of JRMs to develop their careers, and we also seek to accumulate a deep pool of corporate banking talent. Information on the professional licenses held by O-Bank employees in 2022 is set out in Table 5-23.

Table 5-23: Professional Licenses Held by O-Bank Employees, 2020~2022

Type of License	Year	2022	2021	2020
Banks' Internal Control and Audit Exam		428	391	393
Certified Internal Auditor		1	0	0
Certified Information Systems Auditor		2	2	2

Type of License	Year	2022	2021	2020
Exam on Financial Market Knowledge and Professional Ethics		428	413	395
Trust Services Competency Exam		376	350	322
Structured Commodities Salesperson Qualification Exam		130	127	121
Financial Derivatives Salesperson Qualification Exam		81	76	57
Securities Brokerage Salesperson Qualification Exam		76	63	63
Securities Brokerage Senior Salesperson Qualification Exam		117	118	115
Personal Insurance Salesperson Qualification Exam		229	211	213
Property Insurance Salesperson Qualification Exam		170	154	153
Exam for Personal Insurance Salespeople Selling Foreign Currency, Non-Investment Products		69	61	61
Entry-level Lending Personnel Qualification Exam		188	165	159
Entry-level Forex Personnel Qualification Exam		157	143	137
Bond Trading Competency Exam		23	27	28
Forex Trading Competency Exam		10	7	7
Bills Salesperson Qualification Exam		38	36	36
Securities Investment and Trust Salesperson Qualification Exam		68	73	76
Securities Analyst Qualification Exam		6	6	5
ACAMS Certification		6	9	8
Cyber Defense License		2	12	0

Note: This table does not include overseas employees. The figures indicate the number of certifications valid as of year-end.

To review the results of employee training programs, O-Bank has used the Kirkpatrick Model to examine and measure the learning results of different training programs in order to verify the benefits of human and capital inputs, and to further optimize the content of education and training, thereby ensuring that employees have sufficient professional skills and expertise to respond to rapidly changing financial markets. The results of the Kirkpatrick Model of learning evaluations are as shown in Table 5-24.

Table 5-24: Kirkpatrick Model for Evaluation of Learning in Employee Training at O-Bank

Level	Description	Assessment Method	Key Training Programs	2022 Assessment Results
Reaction level (Level 1)	Ask about course satisfaction.	<ul style="list-style-type: none"> Satisfaction surveys 	<ul style="list-style-type: none"> Courses on finance, general knowledge, job skills, and management 	<ul style="list-style-type: none"> Avg. course satisfaction rate: 90.5%
Learning level (Level 2)	Review the degree of acquisition of skills.	<ul style="list-style-type: none"> Post-course testing Course drills 	<ul style="list-style-type: none"> Legally required training Training in IPR concepts Training in information systems 	<ul style="list-style-type: none"> Pass rate in legally required training courses: 100% Pass rate in courses on IPR concepts: 100% Completion rate in courses for information system administrators: 100%

Level	Description	Assessment Method	Key Training Programs	2022 Assessment Results
Behavior level (Level 3)	Observe how participants' on-the-job behavior has changed.	<ul style="list-style-type: none"> Action plan Project evaluation Obtaining of qualifications 	<ul style="list-style-type: none"> Training cyber security Promoting a culture of accountability RM Specialist Certification Program 	<ul style="list-style-type: none"> Social engineering drills effectively reduced opening of phishing emails to 0.07%. Trained employees to familiarize them with accountability, and made use of performance evaluation system to encourage employees to pursue excellence. Established an RM Specialist Certification Program, used professional training and modular assessments to cultivate RM professionals. Rate for obtaining of qualifications for corporate business units:73.1%
Results level (Level 4)	Calculate the impact of training upon the enterprise.	<ul style="list-style-type: none"> Contribution per capita Reduce operating costs 	<ul style="list-style-type: none"> Cultivation of in-house lecturers Contribution per capita 	<ul style="list-style-type: none"> In-house instructors taught courses and prepared their own teaching materials, saving NT\$493,000 in training costs. Contribution of NT\$4.64 million per capita

Note: Contribution per capita = 2022 standalone net profit after tax / 2022 total number of employees

5.3.3 Talent Development and Training

To meet our personnel needs in a rapidly changing financial environment, besides recruiting new talent from outside, O-Bank places great importance on discovering and training in-house talent. Acting on the basis of our organizational and business strategy, core values, and skills requirements, we continue to plan out a comprehensive training development plan and career development blueprint that provide courses focusing on strategy, leadership, communication, and innovation, which different levels of management personnel attend as necessary. For junior management positions, the human resources management tasks of selection, training, hiring, retention serve as the framework, and together with accountability these form the junior management; for senior- and executive management positions, training focuses on strengthening leadership and strategic planning ability. The management studies program builds up the leadership abilities of executives at all different levels so that they can exert influence, build highly efficient teams, and achieve goals. In addition, to ensure that knowledge and experience are passed on to newer employees, since 2014 O-Bank has been training an in-house team of instructors who systematically share their professional knowledge and job skills with their fellow employees. These instructors have also developed several hundred professional courses for the benefit of other employees. O-Bank annually evaluates the performance of these instructors and grants them public recognition by periodically conferring our O-Bank Springtime Awards. The purpose is to encourage the instructors to continue improving their teaching skills and professional knowledge, and continue contributing to further development of O-Bank's business operations.

To encourage employees to take the initiative in developing their job skills, each employee carries out an annual Individual Development Plan (IDP) in which they express their thoughts regarding future job rotations or their career development, and they also discuss and formulate an IDP with a supervisor. Depending on each employee's needs, O-Bank also helps employees to take advantage of job rotation either within O-Bank or between O-Bank affiliates to develop multiple specialties and develop a broader career. In 2022, the job rotation rate (including reassignments and promotions) among O-Bank

employees was 24.3%. Also, in order to equip employees with more diverse skills and special types of expertise, O-Bank beginning from 2023 will implement an "Inter-Departmental Job Rotation Program for Entry-Level and Junior Employees," in which employees will be sent out on two-month rotations to other departments to expand their personal career perspectives and cultivate people with cross-disciplinary abilities. At the same time, implementation of this Program will be linked to the performance management system. In the first year, 11 front-office, middle-office, and back-office units are to take part in the Program, and by 2025 the number of participating units is scheduled to rise to 36.

To ensure continuity of leadership and talent, O-Bank launched an "Executive Succession Development and Management Tier Program" in June 2022. Using various multi-dimensional techniques (e.g. objective talent assessment tools, internal performance measures, and practical observations) to examine existing team talent status across multiple dimensions, we select potential talent for key positions from Executive management, and use competency assessment tools to evaluate the readiness of the succession team, linking company strategy and development plans in the design of management-level talent development plans. These include leadership training for executive management, periodic meetings and guidance sessions with the President, the institution of a presidential deputy system, a job rotation program for the members of O-Bank executive management and arrangements in which directors or supervisors at O-Bank are sent to serve short stints at subsidiaries. Progress in implementing the Program will be reported each year to the Board of Directors in order to strengthen organizational competitiveness. Besides establishing a pool of successor talent, this approach can also help to pave the way for a smoother handover from one President to the next, so that the company's business operations will not be affected.

In addition to the training of in-house talent, O-Bank also works to bolster the financial knowledge of students at colleges and universities, thereby imparting a better understanding of the financial industry and encouraging students to pursue a career in financial services. In recent years, O-Bank has collaborated with the National Taiwan University Department of Economics in holding a "Lectures Series on Finance and Industry." In this lecture series, members of O-Bank executive management deliver lectures in which they share their insights on business ethics, banking business, financial technology, and other financial industry topics, thus helping students to better understand the current state and future prospects of the financial industry. O-Bank also receives visits by school groups. In 2022, O-Bank hosted a visit by groups from Fu Jen Catholic University and Kun Shan University. The visit was an excellent opportunity for O-Bank to familiarize the university students with the bank and its business operations.

To discover outstanding new talent, O-Bank recruits undergraduate and graduate students to take part in the "Summer Internship Program for University Students." Participants attend introductory courses on the banking industry, take part in team competitions, and prepare research reports. This program provides currently enrolled students with opportunities to build up real-life workplace experience. Besides arranging attendance in professional courses and participation in actual banking work, O-Bank also assigns employees to act as mentors of the interns and lead them to learn workplace practices and ethics. This helps the students develop an advance understanding of bank's workplace culture, and facilitates their preparations for entry into the work world. A total of 24 students took part in the "O-Bank Summer Internship Program for University Students" in 2022, and about 200 have taken part since it was launched in 2016.



O-Bank's Summer Internship Program provides university students with a close look at the financial services industry.

5.4 Communication and Engagement with Employees

5.4.1 Communication Platform and Exchange Activities

To maintain harmonious labor-management relations, O-Bank convenes labor-management meetings at legally mandated intervals to discuss labor safeguards set out in labor legislation. Examples include legal provisions governing overtime work and the assignment of evening work to women. After a resolution is approved at a labor-management meeting, it is incorporated into the O-Bank Work Rules and announced to all employees. O-Bank also continues to conduct outreach measures to familiarize all employees with important rules governing work attendance and overtime in order to safeguard the rights and interests of labor. In 2022, O-Bank's labor dispute rate was 0% (Note 5-4). In addition, O-Bank's employment discrimination rate was 0%.

To generate more opportunities for direct interaction between employees and executive management, O-Bank organized 11 "WeCare 2.0" activities in 2022, which afforded employees opportunities during specifically reserved time periods to go to the offices of executive management and engage in conversation with them. Such interactions spur two-way communication between the company and employees. O-Bank also holds regular employees' assemblies, where O-Bank reports business results to all employees and communicates with them on company policies, so that employees can better understand the current state of the company. We held one such assembly in 2022. In addition, O-Bank has a Mailbox for Employee Complaints and a Mailbox for Sexual Harassment Complaints. No complaints were received in 2022. All documents and communications submitted via these mailboxes are treated as confidential to protect the complainants. O-Bank has also established a WeCare Mailbox to encourage employees to make suggestions and keep the company informed of employee needs. A total of 10 suggestions were received in 2022. In response to the great popularity of online social media, O-Bank has set up a Facebook Group for O-Bank employees where we announce various activities and keep employees up to date on company information.

Besides establishing a wide variety of communication channels, O-Bank each year also holds Family Day activities to spur interaction among employees and each other's families. In 2022, O-Bank held a "Zero-Waste Family Day" activity and invited employees and their family members to use scrap wood to make cute little robot figures. The activity was a good chance for families to have fun together, and at the same time it promoted awareness of the United Nations Sustainable Development Goals (SDGs).

O-Bank encourages employees to take part in company activities, and administers a wide range of award programs to grant recognition to teams and individuals that have made especially impressive contributions. For example, O-Bank's "Program for Recognition of Contributions to Business" provides encouragement to employees who have created significant value over an extended period; the "O-Bank Springtime Awards" provide recognition to employees who have gone above and beyond to pass on experience and knowledge to others; and the "Trophy for 10 Years of Service" are awarded to employees who have stayed with O-Bank for a long time, in order to thank them for their long-term contributions to the company.

O-Bank firmly believes that corporate culture is the core driver in a company's march toward sustainable development. To act on our corporate culture of "always sincere, always here," O-Bank set an industry first in Taiwan by establishing a Corporate Culture Committee in 2013, which implements a number of different employee care measures designed to boost organizational cohesiveness. These measures

Note 5-4: The figure for O-Bank's labor dispute rate is based on the formula used by the Ministry of Labor, which defines the dispute rate as "the number of persons involved in labor disputes divided by the number of total employees." In the Taiwan region in 2022, O-Bank experienced no labor disputes.

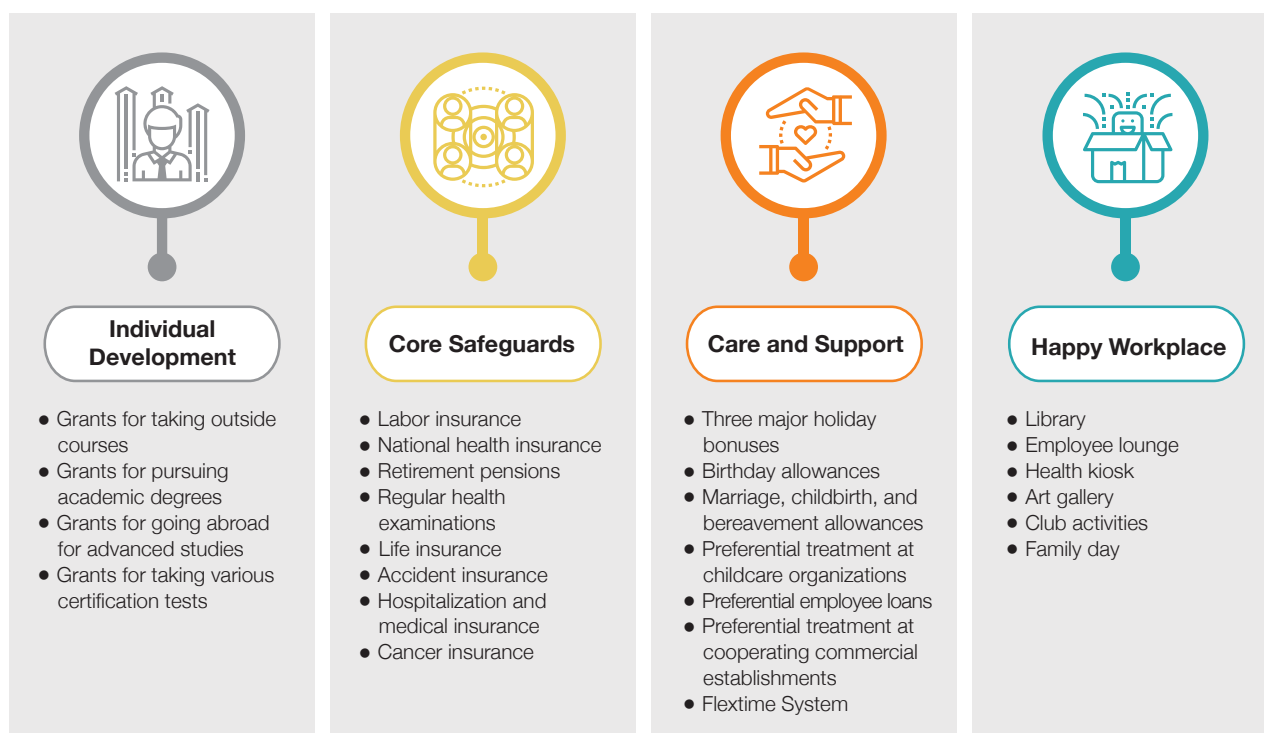
include birthday and job anniversary cards (employees receive cards to mark birthdays and anniversaries of their commencement of employment at O-Bank), Family Day activities (to show care for both O-Bank's employees and their families) and a summer internship program for employees' children (participation in O-Bank internships helps children develop job skills). In addition, the Corporate Culture Committee publishes the "TOUCH News" journal to convey company policies and O-Bank's corporate philosophy, and to instill among employees a deeper feeling of identification with O-Bank.

To respond to organizational restructuring and personnel changes in this time of transition, the Corporate Culture Committee in 2020 launched an "Accountability Action Plan" designed to develop proactive, detail-oriented, achievement-oriented and effective-communication employee competency and create a corporate culture of accountability that will ultimately make the organization more competitive. By combining oversight with encouragement, O-Bank is establishing an atmosphere of accountability. Measures to achieve this outcome include the following: accountability scoring has been incorporated into performance reviews; accountability issues are factored into hiring decisions and receive attention in the evaluation of employee performance during their probationary period; and O-Bank uses internal communication channels to share accountability concepts with employees. The idea is to take a top-down approach in building a culture of accountability, leading all employees in a campaign where everyone challenges themselves to pursue excellence and innovation.

5.4.2 Employee Satisfaction

A total of 940 employees responded to the 2022 O-Bank Employee Satisfaction and Employee Engagement Survey (response rate: 97.01%). The satisfaction rate was 87.76% and the employee engagement rate was 86.19%, which shows how effective the company's various employee care policies have been. O-Bank will continue acting in line with our corporate culture of "always sincere, always here" to build a happy company where employees enjoy peace of mind, fairness, and a friendly atmosphere.

Fig. 5-7: O-Bank Offers Multiple Benefits to Create a Happy Workplace



6. Environmental Sustainability



O-Bank seeks to operate sustainably. While working to grow our business, O-Bank also pays due attention to protecting the environment. Measures to achieve this include replacing energy-consuming equipment, resource recycling, purchasing renewable energy certificates, using green electricity and increasing the green purchase ratio to reduce the negative environmental impact of our business activities. To respond to global climate change and reduce carbon emissions, O-Bank in 2018 instituted an ISO 14001:2015 environmental management system and obtains annual ISO certification. The system ensures effective and comprehensive environmental management, including tight control over the use of power and water as well as generation of waste. The scope of the ISO certification covers all O-Bank business locations throughout Taiwan. And in order to effectively inventory and monitor carbon emissions generated in the course of operations, O-Bank in 2018 has also instituted an ISO 14064-1:2018 greenhouse gas inventory system and obtains annual ISO certification, and from 2022 these certifications cover the Hong Kong Branch and the Tianjin Representative Office, while inventories and verifications cover 100% of all O-Bank global business locations. Beginning in 2021, O-Bank installed an ISO 50001:2018 energy management system at its headquarters building to measure and monitor energy usage, thus ensuring more efficient energy usage. In addition, O-Bank encourages efforts by suppliers to jointly work on fulfilling CSR obligations. Working together, we can achieve good moral standards, respect the human rights of laborers, and promote environmentally sustainable development. O-Bank has adopted the walkways outside our headquarters building, placing large planters along the walkways and keeping the plants properly pruned and free of disease. O-Bank uses a wide variety of means to do what we can for the environment and pursue a low-carbon, sustainable type of growth.

Regarding the issues of minimizing climate change and advancing towards net zero emissions, O-Bank is actively driving a number of low-carbon transformation plans. In addition to lowering the power consumption of daily operations and increasing energy efficiency, we have committed to the target of reaching 50% renewable energy usage at all global business locations by 2030, and 100% by 2050 to reach the target of net zero emissions by 2050. In addition, as a member of the Chinese National Association of Industry and Commerce, we publicly support its "1.5°C Climate Action Declaration" and pledge to support the plans and goals of "Taiwan's Pathway to Net-Zero Emissions in 2050", consolidating commercial resources to carry out industrial low-carbon transformation. At the same time, O-Bank follows the "Sustainable Development Guidemap for TWSE and TPEX Listed Companies" of the Taiwan Financial Supervisory Commission to conduct annual greenhouse gas inventory and certification as well as set operational carbon reduction goals to achieve the vision of the Paris Agreement to control global warming to within 1.5°C.

6.1 Environmental Management Policies and Targets

6.1.1 Using Digital Finance to Achieve a Customer-friendly Environment

After reorganizing as a commercial bank in 2017, O-Bank became the first native digital bank in Taiwan, and our borderless services have created an environmentally friendly business model. In addition to offering consumers more convenient access to financial services, the borderless service model of a digital bank greatly reduces the energy consumption that would otherwise accompany the establishment of physical branches. Consumers no longer need to expend fuel to travel to physical branches to conduct their banking business, and online transactions generally do not involve the printout of paper vouchers. This result is a low-energy-consumption business model that contributes to achievement of O-Bank's vision of operating in harmony with the natural environment.

6.1.2 Setting and Achievement of Environmental Management Targets

In order to systematically reduce the negative environmental impact of our business activities, and to effectively prevent the occurrence of incidents that violate environmental protection rules, O-Bank has instituted an ISO 14001:2015 environmental management system at its headquarters building since 2018, and subsequently received ISO certification. O-Bank further undergoes a recertification process each year in an ongoing effort to establish comprehensive and sound environmental management mechanisms while ensuring the company's ability to effectively implement various environmental management activities, thus seeking further improvements. In 2021, O-Bank expanded its ISO 14001:2015 environmental management system to cover all business locations throughout Taiwan. And in order to mitigate climate change by reducing operating CO₂ emissions, O-Bank employs version 2.1 of the Science Based Target Initiative's Science-based Target Setting Tool to set Scope 1 and Scope 2 GHG reduction targets for all O-Bank global business locations. These targets are included as a corporate social responsibility target in the annual performance evaluation of the Head of the Operations Management Division. The objective is to jointly achieve the goal of the 1.5°C Paris Agreement.



ISO 14001:2015 – Environmental management systems certificate



ISO 14064-1:2018 – Greenhouse gases statement (All business locations throughout Taiwan and Tianjin Representative Office)



ISO 14064-1:2018 – Greenhouse gases statement (Hong Kong Branch)



ISO 50001:2018 – energy management system

O-Bank has adopted an environmental management policy, and it has set short-term, medium-term, and long-term environmental management targets (see Table 6-1) as well as annual greenhouse gas emission reduction targets (see Table 6-2) for all global business locations. O-Bank has disseminated environmental management policy throughout the organization via e-mail, and has also printed out small cards and distributed them to all employees. The cards state the following pledges:

- We will achieve efficient use and reuse of energy and resources.
- We will reduce waste and promote recycling.
- We will use green products, install energy-efficient equipment, and promote green energy.
- We will take part in environmental protection activities, pollution prevention activities, and continue working for further improvements.
- We will rigorously comply with applicable laws, contractual requirements, and agreements; adopt an environmental protection policy and continue promoting it.
- We will develop digital banking in an effort to create co-existence between the environment and technology.

- We will bring about sustainable operations, thus ensuring O-Bank's development and profitability while achieving environmental protection.

Table 6-1: Setting of Environmental Management Targets for O-Bank Global Business Locations

	Short-term (2023)	Mid-term (2025)	Long-term (2030)
Target for reduction of power usage per capita	3.0%	4.5%	6.0%
Target for reduction of water usage per capita	3.0%	5.0%	8.0%
Target for reduction of waste per capita	1.0%	3.0%	5.0%

Note 1: The comparison baselines for the reduction targets in this table are the figures for all O-Bank business locations throughout Taiwan in 2020 (power usage: 6,696.17 kWh per capita; water usage: 0.0202 megaliters per capita. Also, the scope of waste was expanded in 2022 from the O-Bank headquarters building to include global business locations. Accordingly, the comparison baselines for the waste reduction targets in this table are the figures for all O-Bank global business locations in 2022, which is 0.050 tonnes per capita.

Note 2: The term "O-Bank global business locations" includes the O-Bank headquarters building, the customer service center, the data center, the Zhongxiao Dunhua Branch (was already moved on Nov. 21, 2022), the Taoyuan Branch, the Hsinchu Branch, the Taichung Branch, the Kaohsiung Branch, and the Tainan Region Business Department, however, it does not include subsidiaries at the O-Bank headquarters building, one of which is the China Bills Finance Corporation (which occupies 100% of the floor space on the building's 3rd floor) and another of which is IBT Leasing Co., Ltd. (which occupies 61.14% of the floor space on the building's 6th floor; was already moved on Dec. 1, 2022); Overseas locations include the Hong Kong Branch and the Tianjin Representative Office.

Table 6-2: Annual GHG Emission Reduction Targets for O-Bank Global Business Locations (v.s. base year of 2022)

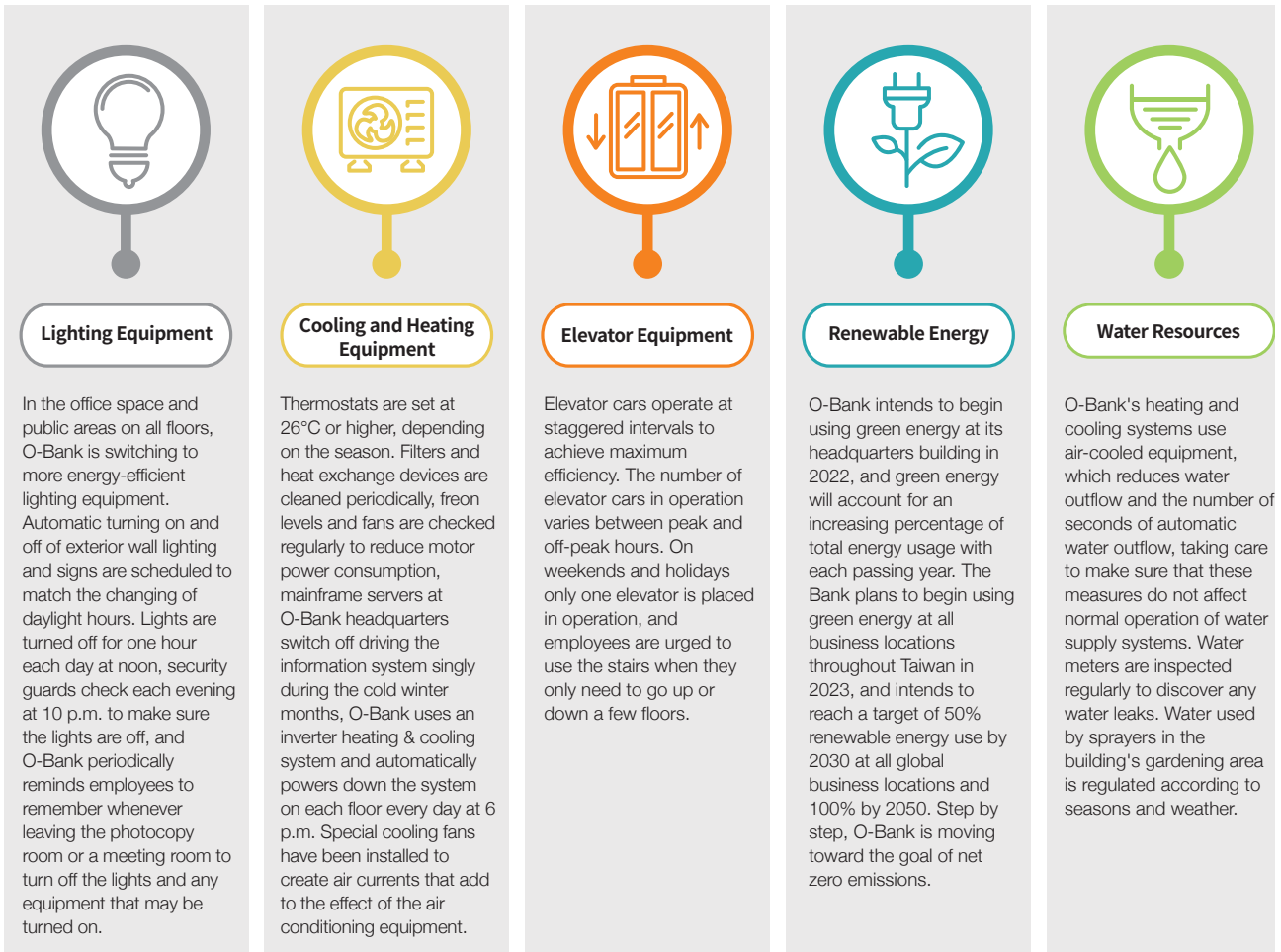
Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Target for reduction of total GHG emissions	10%	15%	21%	28%	35%	40%	45%	50%	54.2%	58.4%

Note 1: Beginning in 2022, O-Bank expanded the scope of its greenhouse gas emission inventory from business locations throughout Taiwan to business locations around the world. As a result, the basis of comparison for reduction in total greenhouse gas emissions is 3,106.3 tons in total emissions for O-Bank's global locations in 2022 on a market basis (Scope 1 and Scope 2).

Note 2: O-Bank uses version 2.1 of the Science Based Target Initiative's Science-based Target Setting Tool to set reduction goals for Scope 1 and Scope 2 greenhouse gas emissions for global business locations, setting a scenario of controlling global warming to 1.5°C or less. Based on the total greenhouse gas emissions for O-Bank's global business locations in 2022, coverage of the greenhouse gas emissions target is 70.7% (Scope 1 and Scope 2 emissions/total emissions)

Note 3: O-Bank has set a Scope 3 emissions target for global business locations of reducing 2023 Scope 3 emissions by 1% from 2022.

Fig. 6-1: Specific O-Bank Environmental Management Actions



6.2 Management of Energy and Resources

6.2.1 Energy Management

1. Smart Energy-saving in the Data Center

The data center is one of the main sources of power consumption in a digital banking business. To conserve energy in the data center, the O-Bank financial computing center puts top priority on low power consumption and high performance when selecting computing devices, server racks, cooling/heat dissipation systems, power supply and distribution systems, and maintenance management systems. In addition, the financial computing center also uses computational fluid dynamics (CFD) to plan out a data center closed-loop cooling system featuring cold and hot channels. Analyzing the diffusion of heat from data center equipment helps to understand airflow characteristics, thus facilitating optimization of cooling and heat dissipation systems.



3D virtual reality screen

At the same time, the O-Bank data center has established a Data Center Intelligent Management (DCIM) platform, which uses 3D virtual reality screens to provide round-the-clock real-time information on the operating conditions of all data center equipment (including power supply and distribution systems, cooling systems, temperature and humidity sensors, fire prevention systems, video surveillance, and door access systems). This approach enables accurate measurement and optimization of the data center environment, thereby avoiding wastage of resources and unnecessary energy consumption. O-Bank maintained an annualized power usage effectiveness (PUE) rating of about 1.6 and an average monthly power efficiency rating of as good as 1.15 from April 2022 to March 2023. These ratings meet the Green Grid silver and platinum benchmarks for data center efficiency, respectively.

2. Improvements to Lighting Equipment

In addition to building a data center with smart energy-saving features, O-Bank is also replacing energy-inefficient lighting in our head office. As part of the Energy Testing and Improvements Plan, O-Bank is switching to more efficient lighting. In 2022, a total of 190 incandescent and T8 fluorescent light fixtures were replaced with more environmentally friendly LED lamps, which led to the conservation of some 20,522 kWh of power. This meant a reduction of 10,446 kilos in carbon-equivalent emissions, and an energy savings of 69.7%. For further details, see Table 6-3.

Table 6-3: Lighting Improvements at O-Bank Headquarters Building

1. Parking lot lighting	40W T8 lamps → LED 14W T8 lamps (80 lamps)	Annual savings: 6,760 kWh	Annual CO ₂ e reduction: 3,441 kg
2. Vault lighting	80W T8 lamps → LED 26W lamps (20 lamps)	Annual savings: 810 kWh	Annual CO ₂ e reduction: 412 kg
3. Art gallery ceiling lighting	100W halogen lamps → LED 16W lamps (4 lamps)	Annual savings: 924 kWh	Annual CO ₂ e reduction: 470 kg
4. Scooter parking lot lighting	40W T8 lamps → LED 14W T8 lamps (70 lamps)	Annual savings: 5,915 kWh	Annual CO ₂ e reduction: 3,011 kg
5. Elevator lighting	50W halogen lamps → LED 8W cup lamps (14 lamps)	Annual savings: 5,150 kWh	Annual CO ₂ e reduction: 2,621 kg
6. Business lobby reception table lighting	168W halogen lamps → LED 20W strip lamps (2 strips)	Annual savings: 962 kWh	Annual CO ₂ e reduction: 490 kg
Total	Annual savings: 20,521 kWh (approx. 73,879 Megajoules)		Annual CO ₂ e reduction: 10,445 kg

Note 1: kWh saved per year = wattage difference between new and old fixtures x days used x avg. hrs. used per day x number of fixtures replaced / 1,000

Note 2: CO₂ emissions (kgs of CO₂e emissions) = kWh saved per year x CO₂ emission factor

Note 3: The CO₂ emission factor for electricity here is the 2021 CO₂ emission factor for electricity usage as announced by the Bureau of Energy, Ministry of Economic Affairs. The carbon emission factor is 0.509 kg CO₂e/kwh.

Note 4: The figures for kWh savings and CO₂e reduction as set out in this table reflect comparisons with equipment from 2021 before it was replaced.

3. Management of Power Usage and Power Consumption

O-Bank continues to improve our hardware power control systems to reduce power consumption. For example: an inverter air conditioning is used, and settings match the seasons to ensure pleasant temperatures; a variety of sun shades are used to improve indoor cooling efficiency; elevator traffic is directed by a smart control system, with the cars operating at staggered intervals to achieve maximum efficiency, and the number of elevator cars in operation varies between peak and off-peak hours, with only one elevator in operation on weekends and holidays. In addition, O-Bank also continues to encourage employees take energy saving measures around the office. For example, lights in office areas are turned off at noon for one hour; co-workers are encouraged to walk the stairs instead of taking elevators, to dispense with suits and ties in the summer months, and to turn off air conditioners, video conference equipment, and other such devices when they are not in use; and in every conference room, next to light switches a note reminds users to "turn off the lights on the way out." Small actions like these by every employee add up to meaningful energy savings.

In 2022, total power usage at all of O-Bank's business locations throughout Taiwan came to 5,485,180 kWh. This included 61,600 kWh of renewable energy, in the form of solar power. Power usage per employee came to 5,580.04 kWh, down by 11.78% compared to the previous year. Also, O-Bank did not install its own power generation equipment of any sort, either renewable or non-renewable. For further details, see Table 6-4.

Table 6-4: Total Power Usage at O-Bank Business Locations throughout Taiwan, 2020~2022

Item/Year	2022	2021	2020
Total power usage from the Taiwan Power Company (kWh)	5,423,580	5,522,059	5,584,602
Total renewable energy (renewable power wheeling) usage (kWh)	61,600	-	-
Total power usage (megajoules)	19,746,648.0	19,879,412.8	20,104,567.2
Renewable energy certificates (kWh)	-	30,000	88,000
CO ₂ emission factor for electricity (kg of CO ₂ e/kWh)	0.509	0.502	0.509
CO ₂ emissions (tonnes of CO ₂ e)	2,760.60	2,772.07	2,842.56
Headcount for business locations throughout Taiwan	983	873	834
Power usage per employee (kWh/person)	5,580.04	6,325.38	6,696.17
Carbon emissions per employee (tonnes of CO ₂ e/person)	2.81	3.18	3.41
Standalone net revenue (NT\$ million)	9,064	5,511	4,651
Energy usage per unit of net revenue (kWh/NT\$ million)	605.2	1,002.0	1,200.7
Carbon emissions per unit of net revenue (tCO ₂ e/NT\$ million)	0.305	0.503	0.611

Note 1: The CO₂ emission factor for electricity here is the 2021 CO₂ emission factor for electricity usage as announced by the Bureau of Energy, Ministry of Economic Affairs. The carbon emission factor is 0.509 kg CO₂e/kwh.

Note 2: CO₂ emissions (tonnes of CO₂e) = power usage (kWh) x CO₂ emission factor / 1,000

Note 3: 1 unit of electricity = 1 kWh = 3.6 megajoules

Note 4: The term "O-Bank business locations throughout Taiwan" includes the O-Bank headquarters building, the customer service center, the data center, the Zhongxiao Dunhua Branch (was already moved on Nov. 21, 2022), the Taoyuan Branch, the Hsinchu Branch, the Taichung Branch, the Kaohsiung Branch, and the Tainan Region Business Department, which constitute 100% of all business locations throughout Taiwan; it does not include the power usage of subsidiaries at the O-Bank headquarters building, one of which is the China Bills Finance Corporation (which occupies 100% of the floor space on the building's 3rd floor) and another of which is IBT Leasing Co., Ltd. (which occupies 61.14% of the floor space on the building's 6th floor; was already moved on Dec. 1, 2022).

In 2022, O-Bank began to include the power usage of its overseas business locations in its statistics. Total power usage at the O-Bank Hong Kong Branch was 172,516 kWh, and at its Tianjin Representative Office was 12,158 kWh. Total power usage at all of O-Bank global business locations was 5,669,854 kWh, and power usage per employee came to 5,225.67 kWh. For further details, see Table 6-5.

Table 6-5: Total Power Usage at O-Bank Global Business Locations, 2022

Item	O-Bank Global Business Locations
Total power usage (kWh)	5,669,854
Total power usage (megajoules)	20,411,474
CO ₂ emission factor for electricity (kg of CO ₂ e/kWh)	Taiwan 0.509 / Hong Kong 0.39 / Tianjin 0.5703
CO ₂ emissions (tonnes of CO ₂ e)	2,834.82
Headcount for global business locations	1,085
Power usage per employee (kWh/person)	5,225.67
Carbon emissions per employee (tonnes of CO ₂ e/person)	2.61
Standalone net revenue (NT\$ million)	9,064
Energy usage per unit of net revenue (kWh/NT\$ million)	625.54
Carbon emissions per unit of net revenue (tCO ₂ e/NT\$ million)	0.31

Note 1: The CO₂ emission factor for electricity here is the 2021 CO₂ emission factor for electricity usage as announced by the Bureau of Energy, Ministry of Economic Affairs. The carbon emission factor is 0.509 kg CO₂e/kwh. The Hong Kong branch uses the emissions factor of 0.39 announced by China Light and Power (CLP) in 2021. The Tianjin Representative office uses the emissions factor of 0.5703 announced by the Chinese Ministry of Ecology and Environment in 2022.

Note 2: CO₂ emissions (tonnes of CO₂e) = power usage (kWh) x CO₂ emission factor / 1,000

Note 3: 1 unit of electricity = 1 kWh = 3.6 megajoules

O-Bank does not have own-generated electricity or supply heat, cooling, steam, or other such power sources. Other fuel consumption information is set out in Table 6-6, in which all figures indicate fossil fuels used by company vehicles.

Table 6-6: Energy Usage and Consumption by O-Bank Business Locations throughout Taiwan, 2020~2022

Item/Year	2022	2021	2020
92/95/98 octane gasoline (liters)	31,370.83	36,056.85	47,640.77
Diesel (liters)	2,335.20 (incl. consumption by generators)	2,602.14 (incl. consumption by generators throughout Taiwan)	467.14 (not incl. consumption by generators)
LPG (liters)	0	0	0
Natural gas (cubic meters)	0	0	0
Energy usage, incl. power usage (MWh)	5,686.71	5,756.63	5,874.54
Energy usage, incl. power usage (megajoules)	20,472,173.10	20,723,881.17	21,148,355.84
Headcount for business locations throughout Taiwan	983	873	834

Item/Year	2022	2021	2020
Coverage	90.6%	90.7%	91.2%
Energy usage per capita (MWh/person)	5.79	6.59	7.04
Energy usage per capita (megajoules/person)	20,826.22	23,738.7	25,357.7
Energy usage per unit of net revenue (MWh/NT\$ million)	0.63	1.04	1.26

Note 1: The Environmental Protection Administration's Carbon Footprint Calculation Platform (<https://cfp-calculate.tw/>) indicates that 1 liter of gasoline results in emissions of roughly 3.02 kg CO₂e. Using the 2021 CO₂ emission factor for electricity usage (0.509 kg CO₂e/ kWh) as announced by the Bureau of Energy, Ministry of Economic Affairs, we estimated that 1 liter of gasoline is roughly equivalent to 5.93 kWh of electricity usage.

Note 2: The Environmental Protection Administration's Carbon Footprint Calculation Platform indicates that 1 liter of diesel fuel results in emissions of roughly 3.38 kg CO₂e. Using the 2021 CO₂ emission factor for electricity usage (0.509 kg CO₂e/ kWh) as announced by the Bureau of Energy, Ministry of Economic Affairs, we estimated that 1 liter of diesel is roughly equivalent to 6.64 kWh of electricity usage.

6.2.2 Water Resources Management

100% of the water used by O-Bank throughout Taiwan is obtained from the Taiwan Water Corporation. O-Bank does not make direct use of underground or surface water. O-Bank's waste water is discharged into the Taipei City sewage system and treated at a sewage treatment plant at a quality level that meets Taiwan's national Effluent Standards. This approach ensures that rivers, lakes, the ocean, and other bodies of water are not polluted. O-Bank continues to improve the water efficiency of our physical plant through various measures, including the following: headquarters building air conditioning equipment uses an air-cooled system, which greatly reduces water consumption; infrared sensors at restroom taps automatically adjust water flow to conserve water, and water-supply equipment is regularly cleaned, with filters changed and inspected for energy conservation and to ensure clean water for all employees; water used by sprayers in planters is regulated according to seasons and weather; and the waterfall fish pond has a circular filtration system that maximizes water efficiency by recirculating it.

In 2022, total water usage by O-Bank throughout Taiwan was 14.916 megaliters, down by 4.77% from the previous year. Average water usage per person was 0.0152 megaliters, down by 15.08% from the previous year. For further details, see Table 6-7. Water utility fees at the Hong Kong Branch and Tianjin Representative Office are included in property management fees and data is excluded from this calculation.

Table 6-7: Total Water Usage at O-Bank Business Locations throughout Taiwan, 2020~2022

Item/Year	2022	2021	2020
Total water usage (megaliters)	14.916	15.663	16.827
CO ₂ emission factor for water (kg of CO ₂ /kWh)	0.0554	0.0554	0.0633
CO ₂ emissions (kg of CO ₂ e)	826.35	867.73	1,065.15
Headcount for business locations throughout Taiwan	983	873	834
Water usage per employee (megaliters/person)	0.0152	0.0179	0.0202
Carbon emissions per employee (kg of CO ₂ /person)	0.84	0.99	1.28

Item/Year	2022	2021	2020
Standalone net revenue (NT\$ million)	9,064	5,511	4,651
Water usage per unit of net revenue (kiloliters/NT\$ million)	1.65	2.84	3.62
Carbon emissions per unit of net revenue (kg/NT\$ million)	0.091	0.157	0.229

Note 1: The CO₂ emission factor for water here is based on the 2022 CO₂ emission factor for water usage as announced by the Taipei Water Department.

Note 2: CO₂e emissions (kgs of CO₂e emissions) = total water usage (kiloliters) x CO₂ emission factor

Note 3: 1 unit of water = 1,000 liters = 0.001 megaliters

Note 4: The term "O-Bank business locations throughout Taiwan" includes the O-Bank headquarters building, the customer service center, the data center, the Zhongxiao Dunhua Branch (was already moved on Nov. 21, 2022), the Taoyuan Branch, the Hsinchu Branch (since water utility fees are not separable from property management fees, data of Hsinchu Branch is excluded from this calculation), the Taichung Branch, the Kaohsiung Branch, and the Tainan Region Business Department; it does not include the water consumption of subsidiaries at the O-Bank headquarters building, one of which is the China Bills Finance Corporation (which occupies 100% of the floor space on the building's 3rd floor) and another of which is IBT Leasing Co., Ltd. (which occupies 61.14% of the floor space on the building's 6th floor; was already moved on Dec. 1, 2022).

Note 5: The total dissolved solids of the Taipei Water Department and the nationwide water services are beneath 1,000 mg/L (source: Taipei Water Department's "Summary Comparison of Taipei Water Quality with U.S., Japan, E.U., W.H.O. Guidelines and Water Quality Standards in Taiwan), i.e. the water used by O-Bank business locations throughout Taiwan is all freshwater. According to the Aqueduct Water Risk Atlas (<https://www.wri.org/applications/aqueduct/water-risk-atlas>), developed by the World Resources Institute, Taiwan is not experiencing water stress.

6.2.3 Waste Management

Most of the waste generated by O-Bank's operations qualifies as ordinary domestic waste, as it contains no hazardous or toxic matter. Waste sorting is practiced in the break rooms on each floor in all global business locations. Waste bins are labeled to indicate where to throw away different types of waste, and for all waste collection and disposal operations O-Bank retains the services of a professional waste disposal firm that has obtained a waste disposal permit from the Taipei City Department of Environmental Protection. All waste is transported in sealed containers to avoid any spread of pollutants. In Taiwan, unrecyclable waste is transported to a Taipei City Department of Environmental Protection refuse incineration plant capable of converting waste incineration into electrical power, including the Neihu, Beitou, and Muzha incineration plants. Recyclable waste is transported to a licensed recycling facility. Waste at the Hong Kong Branch is removed by a qualified professional waste disposal company, while waste at the Tianjin Representative Office is collected and treated by government agencies.

O-Bank advocates for the reuse of waste paper at all global business locations, provided that adequate measures are taken to ensure information security, and continues to promote waste reduction measures, including the following: (a) resource recycling in accordance with the "Environmental Management Policy" (b) bottled water is not provided at meetings, and co-workers are instead expected to use their own personal mugs; (c) vending machines no longer sell bottled water; and (d) the employee lounge no longer provides bottled water or drinking straws. With regard to the packaging of employees' daily meals, and the kitchen waste from those meals, O-Bank continues working to raise employee awareness of the need to purchase fewer dine-out meals in order to generate less waste from single-use dishes and utensils, and the Bank is also conducting an "eat your plate clean" campaign to encourage employees not to waste food. In 2022, we launched a "Kitchen Waste Recycling Program," in which kitchen waste at the O-Bank headquarters building is composted, and employees can then take it home and use it for gardening. In addition, O-Bank is the first native digital bank in Taiwan. Customers can access a wide range of financial services online, including fully online account openings, fully online loan applications, and online purchasing of shares in investment funds. O-Bank uses email, mobile apps, and text messages

to disseminate account data and other information to customers, which greatly decreases the usage of paper for application forms, notices, account statements, and the like. This approach reduces the generation of waste and avoids the consumption of resources incurred in the process of physical delivery. Digitization of financial services creates an environmentally friendly business model that features low energy consumption.



O-Bank provides recycling stations at pantries on each floor



The O-Bank headquarters building recycles kitchen waste into compost for employee use

O-Bank global business locations weigh and register their waste each day. In 2022, total waste at the O-Bank headquarters building came to 32.63 tonnes, and per capita waste amounted to 0.058 tonnes, while the recycling rate was 37.60%. For further details, see Table 6-8. In 2022, total waste at all O-Bank global business locations came to 54.09 tonnes, and the recycling rate was 36.32%. For further details, see Table 6-9.

Table 6-8: Total Ordinary and Recyclable Waste Volume at O-Bank Headquarters Building, 2020~2022

Year	Total Waste (tonnes)	Waste per Person (tonnes)	Volume of Ordinary Waste (tonnes)		Recycling Volume (tonnes)					Recycling Rate
			Incineration Volume	Landfill Volume	Paper	Plastic	Metal (Fe/Al)	Kitchen Waste	Other	
2020	80.29	0.133	67.02	1.89	9.22	0.68	0.45	-	1.04	14.13%
2021	96.55	0.157	79.55	5.92	9.42	0.45	0.13	-	1.09	11.49%
2022	32.63	0.058	20.20	0.17	10.40	0.44	0.17	1.08	0.18	37.60%

Note 1: Incineration volume = (Total waste - Recycling volume) x 99.17%. This figure is calculated by taking the "volume of nationwide general waste disposal" as disclosed by the Environmental Protection Administration. The 2022 waste incineration ratio (excluding recycled waste) was roughly 99.17%.

Note 2: Landfill volume = Total waste - recycling volume - incineration volume

Note 3: Recycling rate = recycling volume / total waste x 100%

Note 4: Figures in this table are for the O-Bank headquarters building, and beginning from 2022 include the O-Bank Education Foundation, but they exclude the affiliated enterprises China Bills Finance Corporation and IBT Leasing Co., Ltd.

Note 5: Landfill, recycling, or incineration of waste is all carried out and processed offsite.

Note 6: Waste is collected daily on each floor by waste collection personnel, who transport it to a waste facility, weigh it, and record the data.

Table 6-9: Total Ordinary and Recyclable Waste Volume at O-Bank Global Business Locations, 2022

Year	Total Waste (tonnes)	Waste per Person (tonnes)	Volume of Ordinary Waste (tonnes)	Recycling Volume (tonnes)					Recycling rate
				Paper	Plastic	Metal (Fe/Al)	Kitchen Waste	Other (batteries, glass bottles, etc.)	
2022	54.09	0.050	34.45	15.97	1.86	0.33	1.08	0.4	36.32%

Note 1: Recycling rate = recycling volume / total waste x 100%

Note 2: Waste is collected daily on each floor by waste collection personnel, who transport it to a waste facility, weigh it, and record the data.

6.3 CO₂ Emissions Inventories

O-Bank initiated an ISO 14064-1:2018 greenhouse gas inventory system in 2018. Beginning in 2019, O-Bank expanded its ISO 14064-1 greenhouse gas inventory system to cover all business locations throughout Taiwan. Using the operational control approach, O-Bank's annual GHG inventory report now covers the O-Bank headquarters building, the customer service center, the data center, the Zhongxiao Dunhua Branch (was already moved on November 21, 2022), the Hsinchu Branch, the Taichung Branch, the Kaohsiung Branch, the Taoyuan Branch, and the Tainan Region Business Department. In 2022, O-Bank's GHG inventory was expanded to include the Hong Kong Branch and the Tianjin Representative Office, therefore inventories and verifications covered 100% of O-Bank global business locations. 2022 emissions are the comparison baselines for reduction targets. After completing quantification and reporting of GHG emissions, O-Bank established greenhouse gas inventories that cover the full range of emission sources, types, amounts, and ratios. For Scope 3, O-Bank, acting in accordance with the criteria for significance of indirect emissions, identified those with relatively low degrees of correlation, eliminated them, and included category 1 (purchased goods and services), category 3 (fuel- and energy-related activities), category 5 (waste generated in operations, Hong Kong Branch only), category 6 (business travel), and category 7 (employee commuting) within the scope of GHG inventories (categories 1, 3, and 5 were included in the inventory for the first time in 2022). ISO 14064-1:2018 certification was performed by the British Standards Institution (BSI) for all Taiwan business locations and the Tianjin Representative Office, and by Accredited Certification International Limited (ACI) for the Hong Kong branch.

In 2022, a verified inventory of total GHG emissions within O-Bank's business locations throughout all of Taiwan, calculated on a market basis, quantified these emissions at 4,300 tonnes of CO₂e (Scope 1-3). Total emissions were up by about 24% from the previous year. Per capita carbon emissions at business locations throughout Taiwan were 4.37 tonnes of CO₂e, increasing approximately 10% due to inclusion of emissions in categories 1, 3, and 5 of Scope 3 in inventories beginning in 2022, as well as a 13% year-on-year increase in the number of employees in the Taiwan region.

Including only Scope 1 and Scope 2 emissions, carbon emissions for O-Bank's Taiwan business locations were 3,025.36 tonnes calculated on a market basis, and per capita emissions were 3.08 tonnes, down approximately 10% from per capita emissions of 3.43 tonnes in 2021. In addition, Scope 1 and Scope 2 emissions per NT\$1 million of standalone net revenue for all Taiwan business locations came to 0.334 tonnes CO₂e (or 10.1 tonnes when converted to US dollars). For further details on GHG emissions at O-Bank business locations throughout Taiwan in 2022, see Tables 6-10 and 6-11.

Table 6-10: GHG Emissions from O-Bank Business Locations throughout Taiwan in the Past Two Years

year		Scope 1	Scope 2		Scope 3				Total CO ₂ e Emissions	
		Direct Emissions	Energy Indirect Emissions (market-based)	Energy Indirect Emissions (location-based)	Category 1: Purchased Goods and Services	Category 3: Fuel- and Energy-related Activities	Category 6: Business Travel	Category 7: Employee Commuting	Market-based	Location-based
2022	Tonnes CO ₂ e	264.76	2,760.60	2,791.96	207.79	483.79	1.16	581.83	4,300	4,331
	Market-based share (%)	6.16%	64.20%		4.83%	11.25%	0.03%	13.53%	100%	
2021	Tonnes CO ₂ e	225.25	NA	2,772.07	0	0	0.19	465.80	NA	3,463
	Share (%)	6.50%		80.04%	0%	0%	0.01%	13.45%		100%

Note 1: This table covers GHG inventories for 90.6% of global business locations (by number of employees).

Note 2: On a market basis, total Scope 1 and Scope 2 GHG emissions were 3,025.4 tonnes of CO₂e in 2022; on a location basis, total Scope 1 and Scope 2 GHG emissions were 3,056.7 tonnes of CO₂e.

Table 6-11: CO₂-equivalent Emissions of 7 Key GHGs from O-Bank Business Locations throughout Taiwan, 2022

	CO ₂		CH ₄		N ₂ O		HFCs		PFCs		SF ₆		NF ₃		CO ₂ e Emissions of 7 Key GHGs
	Direct Emissions	Indirect Emissions	Direct Emissions	Indirect Emissions	Direct Emissions	Indirect Emissions	Direct Emissions	Indirect Emissions	Direct Emissions	Indirect Emissions	Direct Emissions	Indirect Emissions	Direct Emissions	Indirect Emissions	
Tonnes CO ₂ e	77.08	4,035.19	0.72	0	2.29	0	184.67	0	0	0	0	0	0	0	4,300
Share of total (%)	1.8%	93.8%	0.0%	0.0%	0.1%	0.0%	4.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100%

Note 1: Global warming potential (GWP) values are adapted from the IPCC Sixth Assessment Report, 2021.

Note 2: Indirect emissions are calculated on a market basis in this table.

The verified GHG emissions (Scope 1 to 3) of O-Bank global business locations in 2022, calculated on a market basis, came to 4,391 tonnes CO₂e, and per capita carbon emissions came to 4.05 tonnes CO₂e; Including only Scope 1 and Scope 2 GHG emissions, O-Bank's global emissions calculated on a market basis was 3,106.36 tonnes, and per capita emissions were 2.86 tonnes. In addition, Scope 1 and Scope 2 carbon emissions at global business locations per NT\$1 million of standalone net revenue came to 0.343 tonnes CO₂e (or about 10.4 tonnes when converted to US dollars). For further details on GHG emissions at O-Bank global business locations in 2022, see Tables 6-12 and 6-13.

Table 6-12: GHG Emissions from O-Bank Global Business Locations, 2022

	Scope 1	Scope 2		Scope 3					Total CO ₂ e Emissions	
	Direct Emissions	Energy Indirect Emissions (market-based)	Energy Indirect Emissions (location-based)	Category 1: Purchased Goods and Services	Category 3: Fuel- and Energy-Related Activities	Category 5: Waste Generated in Operations (Hong Kong branch only)	Category 6: Business Travel	Category 7: Employee Commuting	Market-based	Location-based
Tonnes CO ₂ e	271.54	2,834.82	2,866.17	207.83	488.00	6.09	1.16	581.98	4,391	4,423
Market-based share (%)	6.18%	64.55%		4.73%	11.11%	0.14%	0.03%	13.25%	100%	
Carbon emissions per unit of net revenue (tonnes of CO ₂ e/NT\$ thousand)	0.000030	0.000313	0.000316	0.000142					0.000484	0.000488

Note 1: This table covers GHG inventories for 100% of global business locations (by number of employees).

Note 2: On a market basis, total Scope 1 and Scope 2 GHG emissions were 3,106.4 tonnes of CO₂e in 2022; On a location basis, total Scope 1 and Scope 2 GHG emissions were 3,137.7 tonnes of CO₂e.

Note 3: Carbon emissions per unit of net revenue is calculated based on O-Bank's stand-alone net revenue of NT\$9.064 billion.

Table 6-13: CO₂-equivalent Emissions of 7 Key GHGs from O-Bank Global Business Locations, 2022

	CO ₂		CH ₄		N ₂ O		HFCs		PFCs		SF ₆		NF ₃		CO ₂ e Emissions of 7 Key GHGs
	Direct Emissions	Indirect Emissions	Direct Emissions	Indirect Emissions	Direct Emissions	Indirect Emissions	Direct Emissions	Indirect Emissions	Direct Emissions	Indirect Emissions	Direct Emissions	Indirect Emissions	Direct Emissions	Indirect Emissions	
Tonnes CO ₂ e	83.10	4,119.89	0.74	0	3.03	0	184.67	0	0	0	0	0	0	0	4,391
Share of total (%)	1.9%	93.8%	0.0%	0.0%	0.1%	0.0%	4.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100%

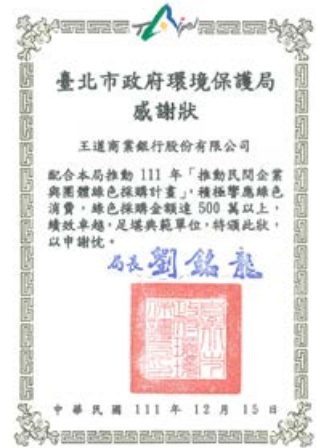
Note 1: Global warming potential (GWP) values are adapted from the IPCC Sixth Assessment Report, 2021.

Note 2: Indirect emissions are calculated on a market basis in this table.

The international community is working to achieve net zero emissions (carbon neutrality), and to implement the provisions of Taiwan's "Greenhouse Gas Reduction and Management Act" (which requires that the country's GHG emissions be cut by 2050 to no more than 50% of the 2005 level). O-Bank, in order to properly play our role as a corporate citizen, has pledged to reach a "net-zero emissions" target of 50% renewable energy use by 2030 at all global business locations, and 100% by 2050. In this way, O-Bank is reducing the company's indirect Scope 2 emissions, which makes up the largest portion of the bank's GHG emissions. In recent years, besides purchasing renewable energy certificates, O-Bank began acquiring green energy wheeling in 2022 via power purchase agreements with Sunnyfounder and Mr. Watt, which in 2022 supplied 61,600 kWh of green energy at the O-Bank headquarters building, or 1.1% of total power usage at all global business locations. We intend to increase our reliance on green energy each year moving forward in order to do our part to contribute to the global carbon reduction effort, and seeking a harmonious co-existence between business operations and the natural environment.

6.4 Green Purchasing and Supplier Management

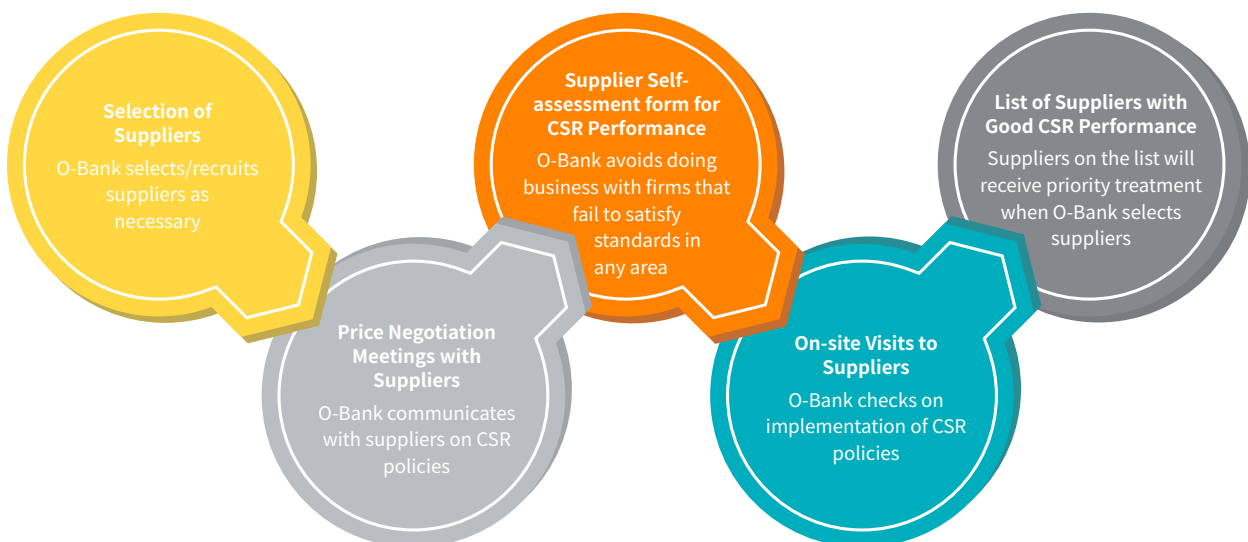
O-Bank's suppliers are primarily construction contractors and providers of IT equipment, office equipment, and office supplies. To act upon the company philosophy of maintaining environmentally friendly operations, O-Bank's "Purchasing and Payment Management Procedure" clearly states that purchasing operations shall pro-actively select green products, prioritize purchasing or leasing products with the EPA environmental badge or recycling mark, and gradually increase the proportion of business that it does with green suppliers. In 2022, some 67.82% of O-Bank's global purchases by value were local procurements. In addition, O-Bank makes a concerted effort to promote green purchasing. In 2022, the total amount of purchasing transactions that qualified as green purchasing transactions as defined by the Taiwan Environmental Protection Administration's "Green Purchasing Declaration Platform" came to NT\$7,135,643 or 1.2% of total purchasing transactions. Also, because the total amount of O-Bank's green purchasing exceeded NT\$5 million, the Bank received a letter of appreciation from the Taipei City Government Department of Environmental Protection.



O-Bank receives letter of appreciation from the Taipei City Government Department of Environmental Protection for its green purchasing activities

To govern our management of suppliers, O-Bank has adopted a set of "O-Bank Rules for Promotion of Fulfillment of Corporate Social Responsibilities by Suppliers." When choosing among suppliers, O-Bank includes CSR issues among the criteria that factor into our decision. The idea is to collaborate with suppliers in jointly achieving good moral standards, respecting the human rights of laborers, and promoting environmentally sustainable development. This approach has been taken in order to fulfill O-Bank's responsibilities and commitments to our suppliers. To help suppliers fulfill their corporate social responsibilities, O-Bank communicates our corporate social responsibility policies to suppliers during negotiations, and uses the "O-Bank Supplier Self-Assessment Form Regarding Fulfillment of Corporate Social Responsibilities" to assess whether suppliers' operations have any negative impact on the environment and society. Assessment standards include compliance with occupational health and safety (OHS) regulations, no discrimination, prohibition of child and forced labor, guaranteed minimum basic compensation, carrying out environmentally sustainable development, and legal violations and legal penalties within the past six months to avoid transactions with suppliers that do not fulfill their corporate social responsibilities.

Fig. 6-2: O-Bank's Supplier Management Process



The "O-Bank Rules for Promotion of Fulfillment of Corporate Social Responsibilities by Suppliers" require all suppliers (either new or long-standing) from which O-Bank purchases goods or services exceeding NT\$1 million to carry out a self-assessment. O-Bank had a total of 184 suppliers in 2022, of which 60 were required to carry out a self-assessment. Their total purchasing amount came to NT\$323,239,507 or 56.1% of total purchasing. The percent of required self-assessments actually conducted was 100%. O-Bank was further required to conduct on-site visits to five suppliers, and O-Bank conducted on-site visits to five suppliers, so the percent of required on-site visits actually conducted was 100%. Among the suppliers that had completed self-assessments or submitted to on-site visits, none had business practices that either had a material negative impact, or could potentially have such an impact, in such areas as environmental protection, safety & health, or the interests of employees and laborers. For further details, see Table 6-14.

Table 6-14: O-Bank Supplier CSR Self-assessments and on-site Visits, 2020~2022

Item/Year	2022	2021	2020
Total number of suppliers	184	142	160
Suppliers required to conduct self-assessments	60	42	48
Suppliers that conducted self-assessments	60	42	48
Percent of required self-assessments actually conducted	100%	100%	100%
Suppliers found deficient after self-assessment	0	0	0
Suppliers required to receive on-site visits	5	5	5
Suppliers that received on-site visits	5	9	9
Percent of required on-site visits actually conducted	100%	180%	180%
Suppliers found deficient after on-site visits	0	0	0

Note 1: The number of firms required to submit to on-site visits was equal to 10% of the number of firms required to conduct CSR self-assessments in the previous year.

Note 2: There were 65 new suppliers in 2022, of which 19 (or 29.23% of the total) supplied enough to be required to conduct a self-assessment.

Note 3: O-Bank made 5 on-site visits to suppliers in 2022 (i.e. one visit each to 5 different suppliers).

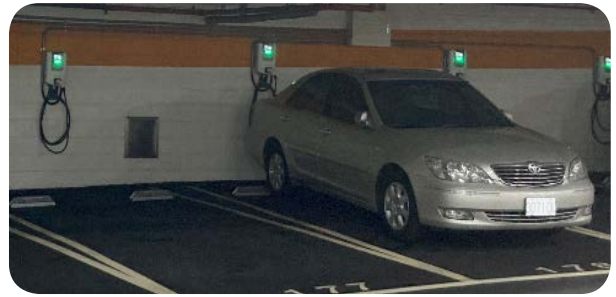
To support and encourage O-Bank's suppliers to endeavor to jointly fulfill O-Bank's corporate social responsibility (CSR). Any firm whose CSR self-assessment results show the firm to be qualified will receive priority consideration during the comparison of procurement tenders. Such consideration incentivizes better CSR performance. If a supplier violates our business ethics and CSR commitments or causes significant environmental or social impact, thus suffering serious damage to our image, reputation, or financial condition, O-Bank may subject the supplier to special monitoring and suspend it from submitting tenders for O-Bank's purchasing, maintenance, and special project contracts. In 2022, one O-Bank supplier was rated as "excellent" and four were rated as "good," and in filling out their self-assessment form regarding fulfillment of corporate social responsibilities, no supplier came up with a rating of "poor."

6.5 Environmental Sustainability Activities

O-Bank encourages employees to work for environmental protection in the course of their daily lives. Besides continuing to communicate our policy on energy conservation at working environments, O-Bank also calls on employees to donate secondhand books, board games, and other such items to cooperating organizations to spur the reuse of resources. In addition, O-Bank uses a wide variety of environmental sustainability activities to raise the environmental consciousness of employees, take concrete action to protect the environment, and promote sustainable development.

1. Green Transport Program

To reduce carbon emissions resulting from the work commutes of our employees, O-Bank has launched a Green Transport Program to encourage employees to take public transportation or ride bicycles. For those who choose to bike to work, bicycle parking spaces are provided free of charge in the underground parking lot at the O-Bank headquarters building. For those who need to drive to work, besides encouraging those who live near each other to register for carpooling, O-Bank has also installed six electric vehicle charging stations in the underground parking lot below the O-Bank headquarters building so that employees can drive their electric vehicles to work. We hope to gradually increase the use of green transportation and reduce emissions from employee commuting, per Scope 3, category 7. In addition, O-Bank replaced a portion of the combustion engine vehicles in its corporate fleet to electric vehicles or hybrid vehicles in 2023, with an expected reduction in Scope 1 mobile source emissions of more than 5% versus 2022.



Electric vehicle charging stations in O-Bank parking lot

2. Sustainability Newsletter

In 2022, O-Bank issued six editions of its Sustainability Newsletter. In addition to helping employees better understand net-zero and sustainability issues, the newsletter also seeks to provide individuals with tips on how to live their lives in a way that generates fewer carbon emissions, so that everyone can work together to protect the environment and fulfill O-Bank's corporate social responsibilities.

O-Bank Sustainability Newsletter

3. Holds Environmental Protection Training

On December 22, 2022, O-Bank held an in-house lecture on "How to Achieve Net-Zero Emissions." In addition to helping employees better understand the current state of O-Bank's operating carbon emissions, we also invited an outside expert to provide an overview of the National Development Council's "Taiwan's Pathway to Net-Zero Emissions in 2050." This speaker familiarized employees with the different categories of carbon emissions, circular economy issues, future global carbon reduction trends, and the



O-Bank lecture on "How to Achieve Net-Zero Emissions"

like. Hopefully, by building up among employees a solid understanding of climate change issues, we can invite O-Bank employees to come together in a shared effort to make good on the company's pledge to achieve net-zero carbon emissions by 2050.

4. Energy Conservation Competition

In order to encourage all employees to conserve energy in the course of their daily work at the office, the O-Bank headquarters building launched an Energy Conservation Competition in May 2022. Each floor's energy conservation percentage is announced each month and compared against figures for the previous month and for the same month in the previous year, and recognition is granted to the floor that turns in the best performance to encourage co-workers get in the habit of turning off lights and equipment when not in use. Power usage at the headquarters building from May through December of 2022 was down by 5,961 kWh from the same period in 2021, which translates to a savings of 3.03 tonnes CO₂e.

5. Internal Carbon Pricing

In order to promote low-carbon business operations, O-Bank in 2022 adopted the implicit pricing method for setting internal carbon price. Taking electricity charges paid by O-Bank for renewable energy as the benchmark, we found that it takes an extra expenditure of NT\$3,556 for each reduction of 1 tonne CO₂e in emissions. We use this figure as the basis for internal pricing when we switch to more energy-efficient equipment, purchase renewable energy, distribute prize money for the Energy Conservation Competition, and take other such measures.

6. Activities to Protect the Ocean and Clean up Beaches

The O-Bank Community Volunteer Club held a beach clean-up activity in the latter half of 2022 after the pandemic began to subside. The act of picking up marine waste serves to remind employees of the need to reduce their use of plastics, engage in recycling, and sort waste. The O-Bank Chairperson joined with about 40 employees and headed out to Venus Beach in Wanli Township in New Taipei City, where they picked up some 65 kilos of trash.



O-Bank cleans up Guihou Beach



7. Green Finance



Financial institutions play an important role in the global transition to net-zero. By tapping into their power as financial intermediaries, they can spur firms in other industries to move toward sustainable development. O-Bank in recent years has made a concerted effort to pursue green finance measures in hopes of progressing hand-in-hand with customers toward a low-carbon transformation. In addition to establishing a fully developed climate change management framework and introducing climate-related scenario analyses, O-Bank has fully incorporated ESG (Environment, Social, Governance) risk factors into due diligence procedures for the review of loans and investments, and is gradually encouraging enterprises in different sectors to appreciate the importance of ESG concerns. In addition, O-Bank has actively adopted multiple international standards and implemented sustainable finance. For example, O-Bank disclosed climate-related information in conformance with Task Force on Climate-related Financial Disclosures (TCFD) requirements and became a TCFD Supporter; signed on to the Equator Principles and reviewed the environmental and social risks associated with project financing; joined the Partnership for Carbon Accounting Financials (PCAF); and began calculating inventory portfolio emissions. In addition to actively managing portfolio emissions, O-Bank also works to meld ESG concepts into its financial business. In recent years, O-Bank has continued to launch products and services that are beneficial to the environment and society, and has used the power of finance fulfill its corporate social responsibilities.

7.1 Climate-related Risks and Opportunities

7.1.1 Climate Risk Policies and Governance

In the face of the constantly increasing risks related to climate change, O-Bank has actively sought to assess the climate-related risks and opportunities we could generate, and additionally focuses on emerging risks in our risk management policy. Emerging risk factors now expressly include climate change, and when O-Bank conducts various lines of business or engages in strategic planning, we must take emerging risks into account. Furthermore, acting in accordance with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) regarding climate change disclosures in the four thematic areas of Governance, Strategy, Risk Management, and Metrics and Targets, O-Bank has defined climate change issues, identified high-risk as well as high-opportunity issues related to climate change, assessed the possible financial impacts of those issues, and formulated response measures in order to strengthen O-Bank's resilience to climate change risks while also boosting O-Bank's ability to seize upon related business opportunities. O-Bank applied in May 2021 to become a TCFD Supporter.

Core Elements of TCFD

Governance	Strategy	Risk Management	Metrics and Targets
<p>1. The Board of Directors is O-Bank's ultimate oversight authority with respect to matters concerning risk management, while the Green Finance Subcommittee (part of the Corporate Social Responsibility Committee, which is under the O-Bank Board of Directors) is responsible for overall management of climate risks, and information on climate-related issues and measures to manage them are included in each year's sustainability report and reported to the Board of Directors.</p> <p>2. The Risk Management Committee deliberates upon climate-related issues. This Committee is chaired by the Bank's Chairperson, and its members include two directors (directors Kenneth C.M. Lo and Chih-Ming Chien), the Bank's President, and the heads of the Bank's various divisions. The Committee reports once each year to the Board of Directors on measures it has taken to manage climate-related risks.</p> <p>3. O-Bank periodically provides all employees with training on climate-related financial disclosures in order to improve their knowledge of climate change issues.</p>	<p>1. Make it a matter of corporate strategy for all related units throughout O-Bank to identify possible climate-related risks and opportunities, and determine probabilities of occurrence over short (0~3 years), medium (3~5 years), and long (5~10 years) time frames.</p> <p>2. With respect to the three highest-risk and three highest-reward climate-related issues that could have a significant impact, assess the types, scope, and the amount of financial impact, and study possible response strategies.</p> <p>3. O-Bank will assess transition risks on the basis of various climate risk scenarios developed by the Network for Greening the Financial System (NGFS); will assess physical risks in Taiwan on the basis of the RCP 8.5 scenario of the National Science and Technology Center for Disaster Reduction (NCDR); for assessing physical risks in low-lying and windy areas in Hong Kong, O-Bank will use the Hong Kong Drainage Services Department's relatively high-risk scenarios for physical risks facing coastal low-lying & windy residential areas; and to assess physical risks in other areas, O-Bank will use climate risk data from the ThinkHazard! database.</p>	<p>1. While distinguishing between different degrees of impact on business and operations, as well as short-, medium-, and long-term probabilities of occurrence, use a consistent assessment method to identify high-risk and high-reward climate-related issues.</p> <p>2. According to the particular features of different lines of business, formulate appropriate management measures and assess management costs in order to avoid being affected by risks.</p> <p>3. Address climate-related risks and other emerging risks in the company's existing risk management framework, and adopt a "Climate Risk Management Policy;" adopt a "Sustainable Credit and Investment Policy," "Guidelines for Corporate Sustainability-linked Loans," a "Financial Transactions Handbook," and an "Equity Transactions Handbook," and incorporate ESG risk factors and climate risk factors into credit management procedures.</p>	<p>1. Emissions from O-Bank's own operations and portfolio emission intensities are used as metrics.</p> <p>2. O-Bank conducts an annual inventory of the GHG emissions at its business locations (see "6.3 CO₂ Emissions Inventories"), and uses the PCAF methodology to inventory portfolio emissions (See 7.1.5 Portfolio Emissions and Management of Carbon-intensive Industries).</p> <p>3. Adopt short-, medium-, and long-term O-Bank environmental management targets and annual carbon reduction targets (see 6.1 Environmental Management Policies and Targets); monitor the investment and loan balances and portfolio emissions of the 10 biggest carbon-intensive industries (See 7.1.5 Portfolio Emissions and Management of Carbon-intensive Industries).</p>

Note 1: The Network for Greening the Financial System (NGFS) has designed a set of three types of hypothetical scenarios for the course of climate change, as follows: orderly scenarios (2nd highest transition risks), disorderly scenarios (highest transition risks), and hot house world scenarios (lowest transition risks).

Note 2: The IPCC Fifth Assessment Report puts forward a set of Representative Concentration Pathways (RCPs) to redefine four possible future climate change scenarios. RCP 8.5 assumes a high greenhouse gas emissions scenario (with radiative forcing still on the increase in the year 2100).

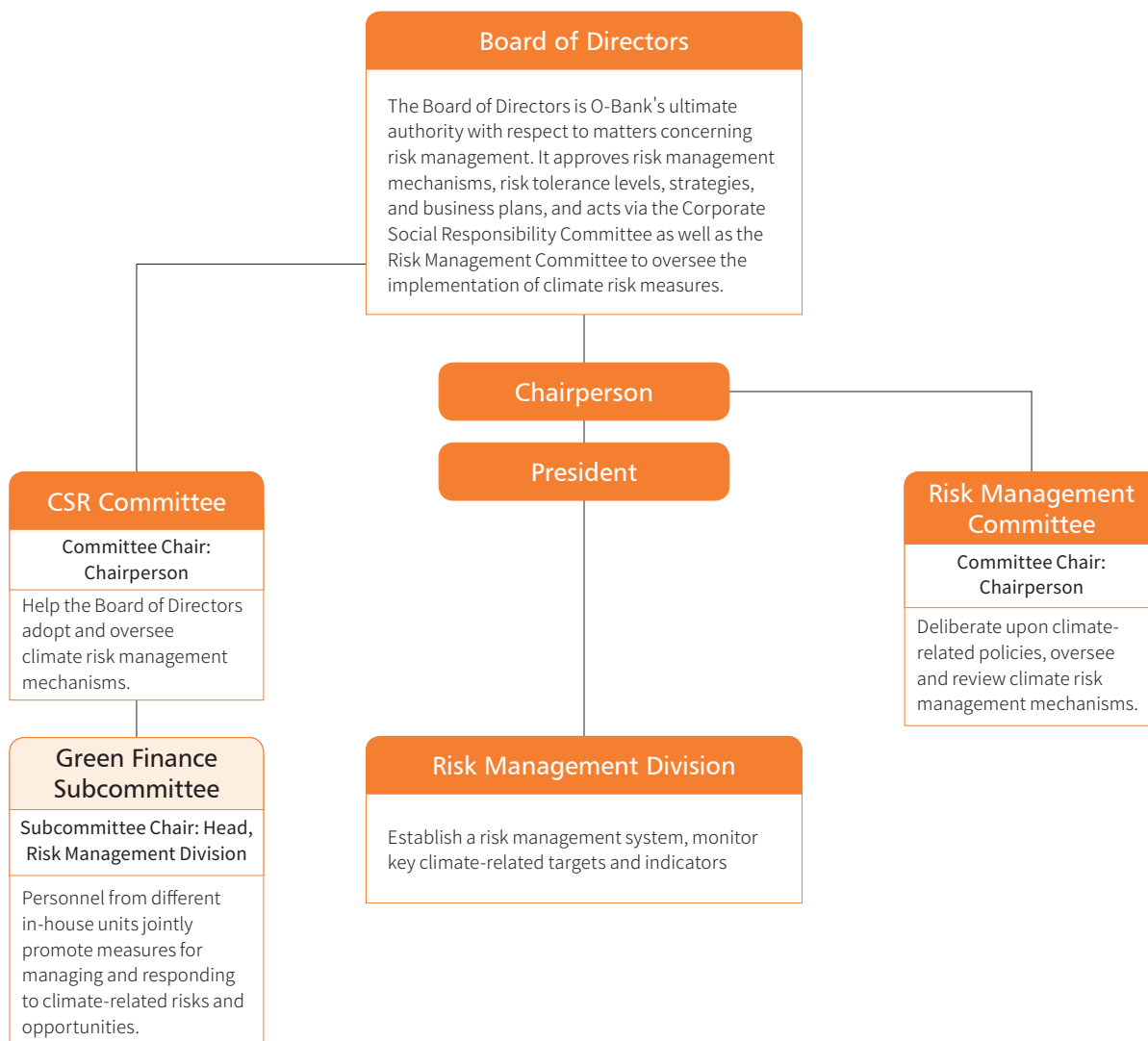
The O-Bank Board of Directors has adopted a "Climate Risk Management Policy" which expressly provides that the Board of Directors is O-Bank's ultimate oversight authority, and the Board's Corporate Social Responsibility Committee is responsible for overall management of climate risks, while the Risk Management Committee deliberates upon climate-related policies. O-Bank has established a fully developed climate risk governance framework, has incorporated climate risk matters into its internal

control procedures, and has clearly delineated between the professional responsibilities of the members of senior management who make up the different lines of defense against climate risks (see Fig. 7-1). In addition, O-Bank reports each year to the Risk Management Committee and the Board of Directors on its measures to manage climate risks. In December 2022, the Bank reported to the Risk Management Committee and to the Board of Directors, respectively, that it had begun implementing the TCFD Recommendations, and in May 2023 O-Bank reported to the Risk Management Committee on the results of its climate scenario analyses.

Fig. 7-1: O-Bank's Three Lines of Defense Against Climate Risks



Fig. 7-2: O-Bank Climate Risk Governance Framework



7.1.2 Climate-related Risks and Opportunities: Identification of Issues

Making reference to TCFD reports on climate-related risks and opportunities and the analysis of climate-related trends in the global financial industry, O-Bank drew up a list of 23 climate-related risks and 15 climate-related opportunities. The proper company divisions and their supervisors identified any correlations between their own line of business and each risk or opportunity, then conducted climate scenario analysis to assess both the likelihood of risks and opportunities materializing as well as the impact thereof. The result was a climate risk matrix (Fig.7-3) and a climate opportunity matrix (Fig. 7-4). These matrices set out three major types of climate-related risks (Operational impact of increase in the severity and frequency of extreme weather events; Business impact of increase in the severity and frequency of extreme weather events; Stigmatization of sector) and three major types of opportunities (Higher rankings in sustainability and ESG indices; Increased financial asset diversification; New revenue streams from new environments, markets, and products).

Fig. 7-3: O-Bank Climate Risk Matrix

Degree of Impact	High		<ul style="list-style-type: none"> ● Operational impact of increase in the severity and frequency of extreme weather events ● Business impact of increase in the severity and frequency of extreme weather events ● Stigmatization of sector
		<ul style="list-style-type: none"> ● Increased stakeholder concern or negative feedback ● Litigation risk ● Sea level rise 	<ul style="list-style-type: none"> ● Lending that could create or contribute to systemic risk for the economy ● Inability to attract co-financiers and/or investors due to uncertain risks related to the climate ● Changes in consumer behavior ● Regulation and supervision of climate-related risk in the financial sector ● Low-carbon alternative products and services ● Mandates on and regulation of existing products and services
	Low	<ul style="list-style-type: none"> ● Loss of clients due to a fund's poor environmental performance outcomes ● Shifts in consumer preferences ● Higher pass-through carbon prices (carbon tax) from suppliers 	<ul style="list-style-type: none"> ● Higher operating costs for customers due to increased climate-related risks ● Higher costs for raw materials ● Higher average temperatures ● More rigorous carbon emissions disclosure requirements ● Higher operating costs due to increased pass-through carbon prices (carbon tax) ● Higher pass-through carbon prices (carbon tax) from counterparties ● Regulation and supervision of climate-related risk in the financial sector ● Cost of switch to low-carbon technologies
		Likelihood of Occurrence	
		Low	High

Note: O-Bank climate change-related risk assessment categories include: current and emerging policy risks; legal risks; technical risks; market risks; reputational risks; acute risks; and chronic risks.

Fig. 7-4: O-Bank Climate Opportunity Matrix

Degree of Impact	High	<ul style="list-style-type: none"> • Ability to diversify business activities 	<ul style="list-style-type: none"> • Increased demand for funds to invest in companies that have a positive environmental impact • Consumers accept digital banking services • Good reputation spurs increased demand for products/services • Development of low-carbon financial products 	<ul style="list-style-type: none"> • Higher rankings in sustainability and ESG indices • Increased financial asset diversification • New revenue streams from new environments, markets and products • Take part in renewable energy projects and utilize energy efficiency assessment methods 	
		<ul style="list-style-type: none"> • Good reputation secures access to more funds 	<ul style="list-style-type: none"> • Use R&D and innovation to develop new products and services 	<ul style="list-style-type: none"> • Development of low-carbon online services 	
	Low	<ul style="list-style-type: none"> • Move to a more efficient building 	<ul style="list-style-type: none"> • Consumers prefer ESG products 	<ul style="list-style-type: none"> • Reduce usage and exhaustion of water resources 	
		Likelihood of Occurrence			High

With respect to the three major types of climate-related risks set out above, O-Bank has drafted response measures to reduce the related effects. The financial impact is expected to come to approximately NT\$30.2 billion, and the estimated cost of risk management measures is NT\$22.57 million. With respect to the three major types of climate-related opportunities set out above, each of O-Bank's related departments has developed products and services related to its particular line of business. The dollar amount of the financial impact is expected to come to approximately NT\$19.2 billion, and the estimated cost of opportunity management measures is NT\$9.5 million. The three major climate-related risk issues and three major climate-related opportunity issues are the following:

Climate-related Risks	Type of Financial Impact	Risk Management Measures
Operational impact of increase in the severity and frequency of extreme weather events (physical risks)	<ol style="list-style-type: none"> 1. Extreme weather event causes power outage or flooding at a place of business, thus leading to increased costs for equipment repair and business interruption. 2. Reduced demand for products and services, reduced employee productivity, etc. 	<ol style="list-style-type: none"> 1. Established an Emergency Response Committee and adopted a "Remote Backup and Recovery Plan" and an "Equipment Purchasing Plan" to ensure that emergency response measures can be promptly activated in the event of a disaster. 2. Conducts an annual business impact analysis and a business continuity plan exercise to ensure that disasters will not cause a business interruption. 3. Regularly maintains the data center equipment and power generator, has purchased commercial fire insurance, and has determined a list of personnel who will remain at their jobs in the event of a typhoon.

Climate-related Risks	Type of Financial Impact	Risk Management Measures
Business impact of increase in the severity and frequency of extreme weather events (physical risks)	<ol style="list-style-type: none"> 1. Real estate pledged as collateral is damaged in a natural disaster and loses value. 2. Loan and investment positions in the transportation, agriculture, and real estate sectors are exposed to risk due to extreme weather. 3. Green power generator units are damaged by a natural disaster, leading to insufficient power sales, which in turn affects the yield of securitization products. 4. Domestic high-net-worth customers move overseas, reducing O-Bank's wealth management client base. 	<ol style="list-style-type: none"> 1. When making a loan secured by real estate, avoid risks by assessing the property's location (e.g. if it is located on or near slope land or a waterway), the age of the structure, and the floor on which the property is located, in order to take appropriate steps to avoid risk. 2. Incorporate ESG and climate risk factors into credit management procedures, and when a corporate customer is in an industry that poses high climate risks, O-Bank must conduct a climate risk assessment. A high-risk customer's credit rating must be downgraded, and depending on the details of the individual case, O-Bank will collect appropriate collateral, require corrective action within a limited time period, raise the interest rate, and conduct follow-up assessments. 3. Incorporate ESG risk and climate risk checks into investment decision making procedures, and when a prospective investee is in an industry that poses high climate risks, O-Bank must conduct a climate risk assessment. For a high-risk investee, a follow-up assessment must be conducted each year. 4. Avoid geographical or sectoral over-concentration of trust assets.
Stigmatization of sector (transition risks)	Sector stigmatization in such high climate risk industries as thermal power, steel, petroleum refining, or cement will expose O-Bank's loan and investment positions in such industries to increased risk.	<ol style="list-style-type: none"> 1. Carefully assess borrowers from stigmatized sectors, adopt review procedures from the Equator Principles, incorporate project financing customers' environmental risks, social risks and climate risks into credit investigation rules, and include customers' relevant management measures in credit agreements. 2. Include the investment decision-making process among items to receive attention during ESG and climate risk evaluations, annually identify stigmatized sectors, and conduct ongoing monitoring. 3. In investment assessment reports, address the annual greenhouse gas emissions, water usage, and power consumption generated by O-Bank's medium- and long-term investment targets, and avoid investing in targets that might be stigmatized or controversial.

Climate-related Opportunities	Type of Financial Impact	Opportunity Management Measures
Higher rankings in sustainability and ESG indices	Receiving higher rankings in sustainability and ESG indices helps O-Bank to attract investors from both home and abroad, and generates more opportunities to obtain funds.	<ol style="list-style-type: none"> 1. Utilize existing manpower to study and draw up measures to improve O-Bank's ESG performance and win higher ratings from outside ESG raters. 2. Enhance the quality of information disclosure and strengthen communication with stakeholders so that stakeholders can better understand O-Bank's financial and operating conditions as well as our CSR undertakings.
Increased financial asset diversification	<ol style="list-style-type: none"> 1. Issue green bonds or continue issuing sustainability bonds. 2. Develop green industry-related factoring or financial securitization products. 3. Direct a higher percentage of investments toward green bonds or sustainability bonds, and increase the share of loans to green industry. 	<ol style="list-style-type: none"> 1. Provide education and training to internal corporate banking personnel, and build up knowledge about emerging industries. 2. Revise policies related to the development of new financial products or new lines of business. 3. Adopt sustainable credit and investment policies and incorporate ESG indicators into corporate finance credit investigation procedures and investment decision-making procedures.

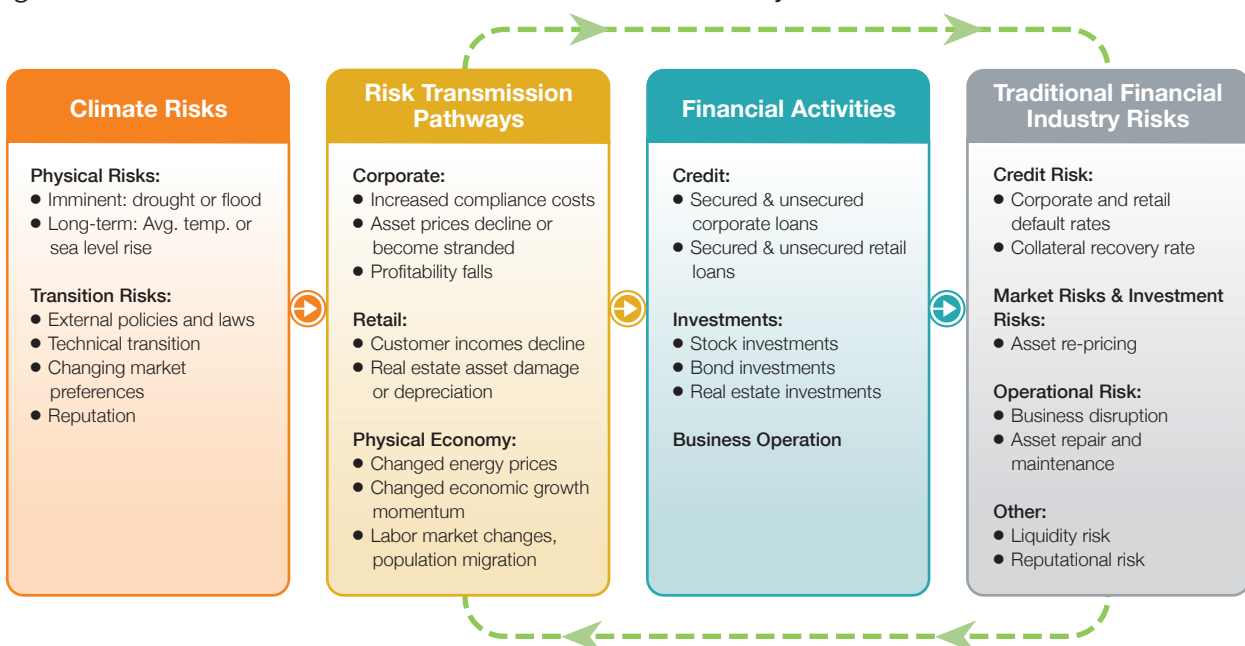
Climate-related Opportunities	Type of Financial Impact	Opportunity Management Measures
New revenue streams from new environments, markets, and products	<ol style="list-style-type: none"> 1. Develop client base for new-type businesses in such industries as solar power and electric vehicles. 2. Develop Lower Carbon fund, insurance risk transfer products, and other such solutions to meet new customer needs. 3. Assess the possibility of selling green industry financial asset securitization to increase financial consulting, trust management, and service fee income. 4. Broaden O-Bank's ESG-related investment targets to cover green industry and electric vehicles. 	<ol style="list-style-type: none"> 1. Provide education and training to internal corporate banking personnel, and build up knowledge about emerging industries. 2. Adopt rules governing the extension of credit to emerging industries, and adopt responsible loan targets. 3. Engage in a broader range of ESG-related investments, and adopt responsible investment targets.

Note: The financial impact of the three major climate-related risk issues and three major climate-related opportunity issues, and the cost of management measures, are calculated by adding up the total amounts of all affected business operations and transactions, and amounts are not risk-weighted.

7.1.3 Analysis of Climate-related Physical and Transition Risks

In recent years, extreme weather events triggered by climate change have caused massive economic losses and spurred countries around the world to gradually strengthen their controls of GHG emissions in order to avoid further exacerbation of global warming. At the same time, countries are also actively guiding their various industries to make low-carbon transitions in hopes that everyone working together can achieve the global warming control targets set out in the Paris Agreement. Climate change issues have become emerging risks that financial institutions must thoroughly understand and respond to. In addition to affecting O-Bank's own business operations, climate change has an even bigger impact on our loan and investment portfolios. In order to assess the impact of climate change issues on investment and loan activities, O-Bank has inventoried and analyzed the possible impacts of climate change, including physical risks generated by extreme weather events, and transition risks generated by legislative, technical, and market changes. Based on our analysis results, in order to reduce the impact of climate risks, O-Bank has developed a risk management strategy, and has assessed how the impact of climate risks is transmitted to traditional financial industry risks, including credit risks, market risks, operational risks, and liquidity risks.

Fig. 7-5: Financial Institution Climate Risk Transmission Pathways



In order to effectively assess the possible impact of climate risks on O-Bank's own operations as well as its investments and financing services, O-Bank: (a) will use the "very high GHG emissions" scenario (RCP8.5) put forward in the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC AR5) and adopted by Taiwan's National Science and Technology Center for Disaster Reduction (NCDR), to assess physical risks in the Taiwan region; (b) for assessing physical risks in low-lying and windy areas in Hong Kong, O-Bank will use the Hong Kong Drainage Services Department's relatively high-risk scenarios for physical risks facing coastal low-lying & windy residential areas; and (c) to assess physical risks in other areas, O-Bank will use climate risk data from the ThinkHazard! database. The scopes of the evaluations include business locations, investment properties, and real estate loan collateral; and O-Bank conducts climate risk analyses based on the various scenarios contemplated in the GCAM5.3 V3.3 Phase3 data set, which was adopted by the Network for Greening the Financial System (NGFS), to assess transition risks. The scopes of the evaluations include business locations as well as investments and financing services. Details regarding the overall scope of assessments are set out in Table 7-1.

Table 7-1: Scope of Assessments of Physical Risks and Transition Risks

Climate Risks	Business Items	Impacts of Risks	Existing Risks	Duration of Risk
Physical Risks	Investment property Places of business	<ul style="list-style-type: none"> Value of investment properties declines due to extreme weather events. Value of business locations declines or business is interrupted due to extreme weather events. 	Operational risks	Mid- and long-term
	Financing business	<ul style="list-style-type: none"> Value of Real estate loan collateral pledged by financing recipients declines due to extreme weather events. 	Credit risks	Mid- and long-term
Transition Risks	Places of business	<ul style="list-style-type: none"> The carbon emissions of business locations are affected by future carbon prices, thus increasing operating costs. 	Operational risks	Short-, mid-, and long-term
	Financing and investment business	<ul style="list-style-type: none"> The carbon emissions of investee companies or financing recipients are affected by future carbon prices, causing the implementation of low-carbon transition plans to increase their operating costs. 	Investing: market risks Financing: credit risks	Mid- and long-term

1. Analysis of Physical Risk Scenarios

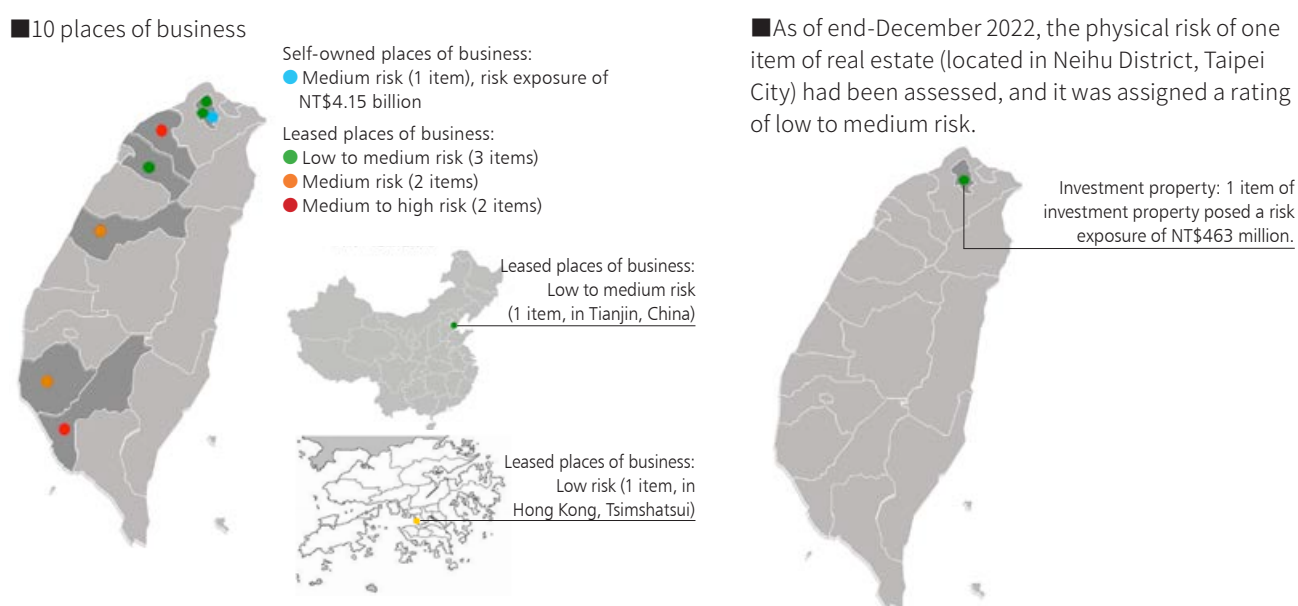
Typhoons and short rainstorms are Taiwan's main forms of extreme weather events, and they occasionally cause natural catastrophes. In order to understand the possible impacts of extreme climate conditions, O-Bank uses scenario analysis to assess the physical flooding risk that faces O-Bank's asset portfolio. The scope of analysis includes business locations, investment properties, and real estate loan collateral. O-Bank uses climate risk information from the National Science and Technology Center for Disaster Reduction (NCDR), the Hong Kong Drainage Services Department (DSD), and the ThinkHazard! database to assess the "degree of damage" and "degree of vulnerability" that extreme climate catastrophes might possibly cause in specific areas in the future, then we use our own internal data to assess "degree of exposure" and, finally, develop a standardized calculation of a composite risk score for each factor. Based on the calculation results, we have taken the areas where our properties are located and categorized them into low-risk areas, low- to mid-risk areas, mid-risk areas, mid- to high-risk areas, and high-risk areas. The analysis results are presented as follows:

a. Business Locations and Investment Properties

Treating O-Bank's December 31, 2022 asset portfolio as the baseline, O-Bank's possible exposures to physical climate risks are as shown in the table and figures set out below.

Level of Risk	Business Locations	Investment Properties
High-risk area	0	0
Mid- to high-risk area	2	0
Mid-risk area	3	0
Low- to mid-risk area	4	1
Low-risk area	1	0

Fig. 7-6: Global Distribution of O-Bank Business Locations and Investment Properties



Note: The primary physical risks of the business locations leased by O-Bank are borne by the property owners, so there is no corresponding exposure amount.

Regarding the physical risks that face business locations and investment properties, O-Bank conducts a BCP drill each year to ensure that in the event of a disaster the Bank will be able to launch emergency response measures. O-Bank also periodically maintains its data center equipment and power generator, has purchased commercial fire insurance, and has determined a list of personnel who will remain at their jobs in the event of a typhoon. These measures are designed to ensure that the occurrence of a disaster will not cause a business interruption or serious losses.

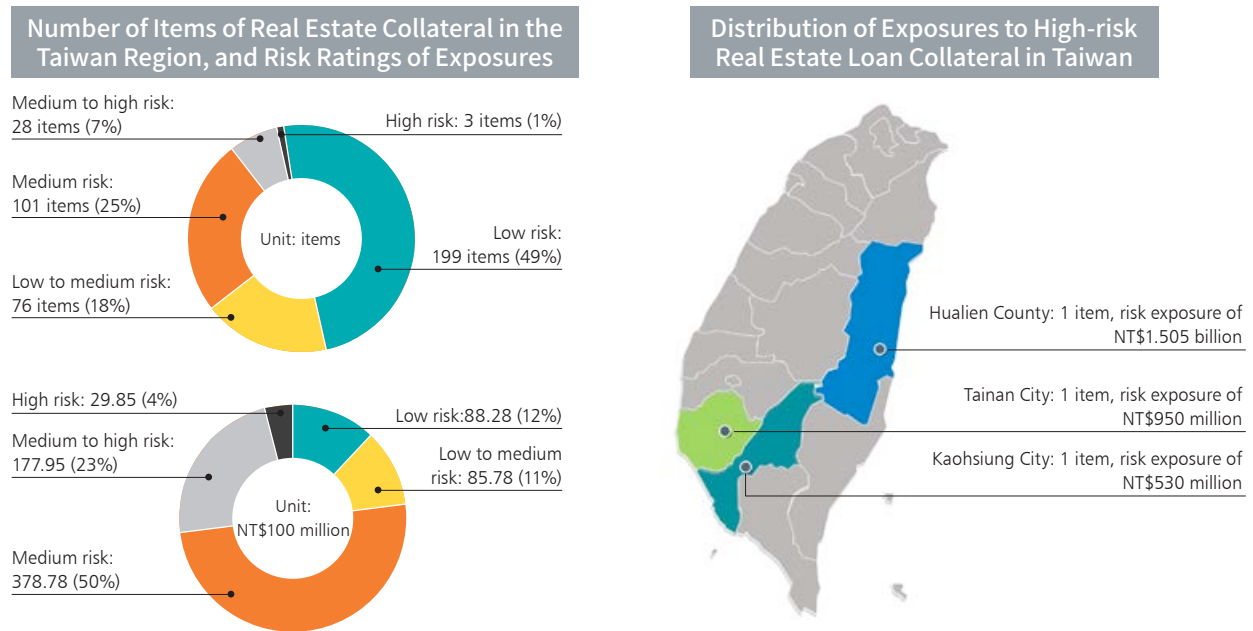
b. Real Estate Loan Collateral

The occurrence of climate change-related flood events can reduce the value of real estate loan collateral, thus affecting credit risks. Based on the area where real estate loan collateral is located, O-Bank analyzes its climate-related physical risk. After conducting an inventory, O-Bank identified seven items of high-risk-area real estate loan collateral used to back O-Bank corporate financing or personal home loans (0.22% of all real estate-backed loans, 3.77% of the total value of real estate collateral, and 1.03% of the outstanding loan balance). The possible exposures of O-Bank's real estate loan collateral to physical climate risks are as shown in Fig. 7-7 and 7-8 below. Therein, one item of real estate collateral at our Hong Kong Branch is

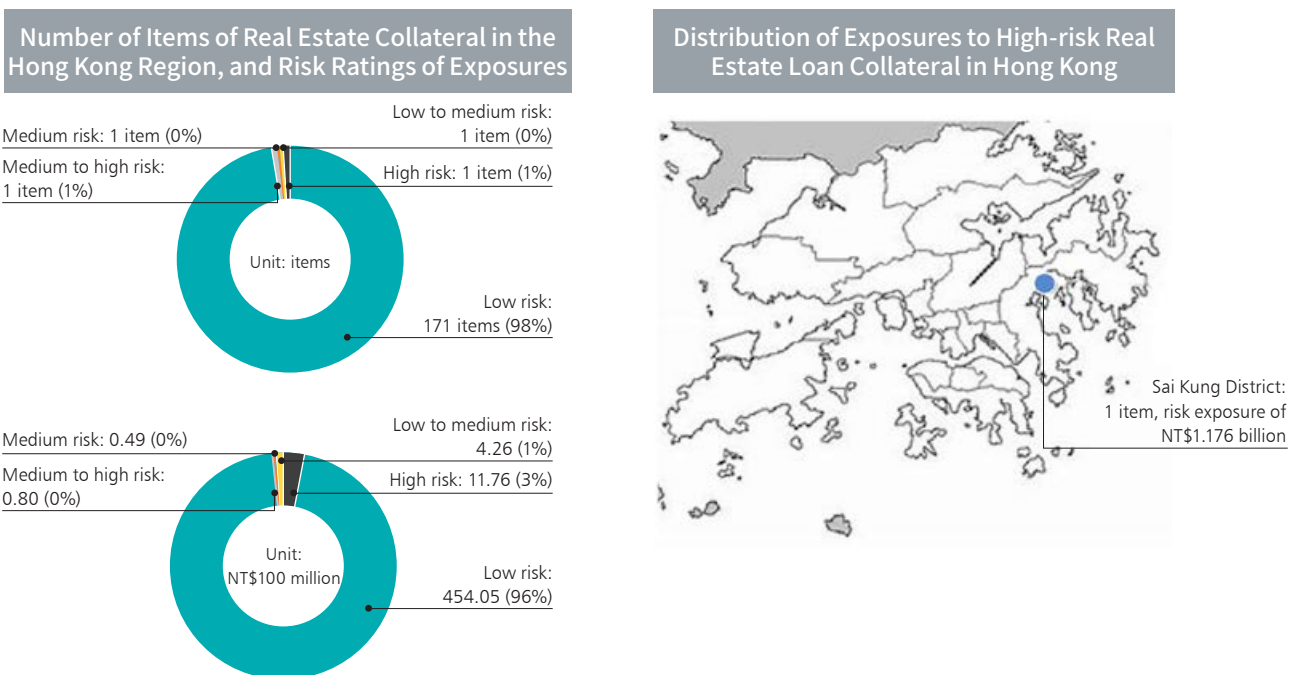
located in a high-risk area and accounts for 0.56% of the total number of items of real estate collateral at our Hong Kong Branch, roughly 2.65% of the combined value thereof, and 1.8% of the outstanding balance of loans at our Hong Kong Branch; one item of real estate collateral in the Hong Kong region is located in a high-risk area and accounts for 0.57% of the total number of items of real estate collateral in the Hong Kong region, roughly 2.49% of the combined value thereof.

Fig. 7-7: Distribution of Real Estate Loan Collateral Corporate Credit

■ There were 407 items of real estate collateral located in Taiwan, three of which (0.7%) were classed as high-risk and together had a total value of NT\$2.985 billion, or roughly 3.9% of the total value of all real estate collateral.

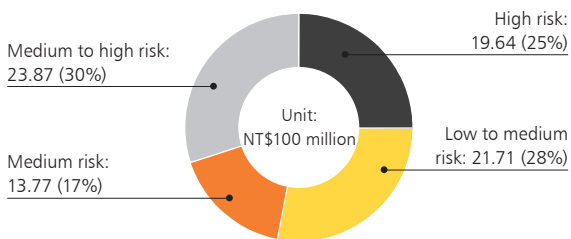
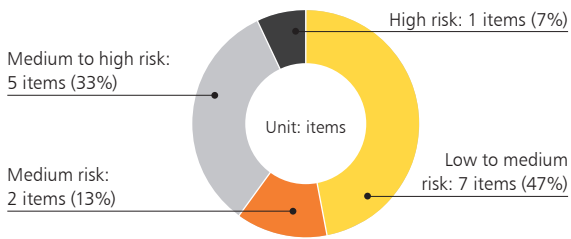


■ There were 175 items of real estate collateral located in Hong Kong, one of which (0.6%) was classed as high-risk, was located in Sai Kung District, and had a value of NT\$1.176 billion, or roughly 2.5% of the total value of all real estate collateral.



■ There were 15 items of real estate collateral located in overseas, one of which (6.7%) was classed as high-risk, was located in Tianjin Municipality, and had a value of NT\$1.964 billion, or roughly 24.9% of the total value of all real estate collateral.

Number of Items of Real Estate Collateral in other Regions, and Risk Ratings of Exposures



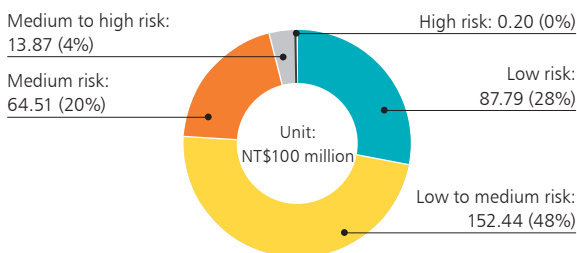
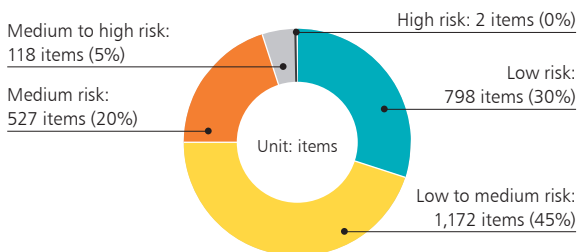
Distribution of Exposures to High-risk Real Estate Loan Collateral in other Regions



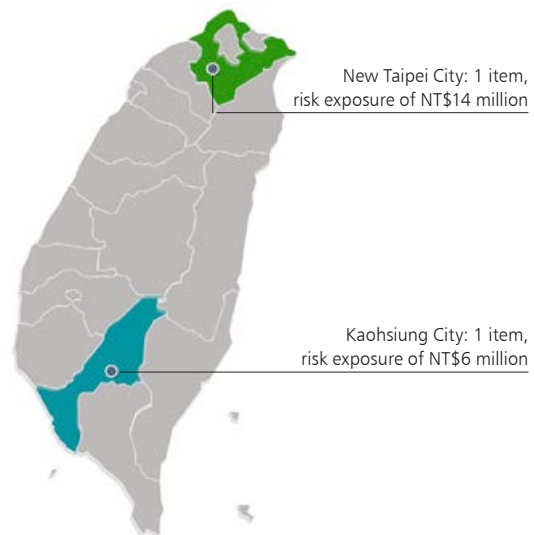
Table 7-8: Distribution of Real Estate Collateral for Retail Credit

■ There were 2,617 items of real estate collateral located in Taiwan, two of which (0.08%) were classed as high-risk and together had a total value of NT\$0.02 billion, or roughly 0.1% of the total value of all real estate collateral.

Number of Items of Real Estate Collateral, and Risk Ratings of Exposures



Distribution of Exposures to High-risk Real Estate Loan Collateral



In addition, O-Bank has analyzed the physical risks of sectors in which the Bank has relatively high credit concentrations (i.e. sectors that account for 8% or more of O-Bank's total outstanding loan balance). Those sectors are finance and insurance (27.3%), manufacturing (20%), and real estate (17.7%). Among real estate-backed loans to borrowers in these sectors, there are five items of high-risk-area real estate loan collateral (some 0.16% of all real estate-backed loans, 3.76% of the total value of all real estate collateral, or 1.03% of the outstanding loan balance). As for physical risks associated with credit positions

in industries that pose high climate risks (including the 10 biggest carbon-intensive industries and enterprises in industries that have a harmful environmental impact, see section 7.1.5), there is one item of high-risk-area real estate loan collateral (some 0.03% of all real estate-backed loans, 0.92% of the total value of all real estate collateral, or 0.19% of the outstanding loan balance).

Fig. 7-9: Distribution of Real Estate Collateral for Sectors in which O-Bank has Relatively High Credit Concentrations (i.e. sectors that account for 8% or more of O-Bank's total outstanding loan balance)

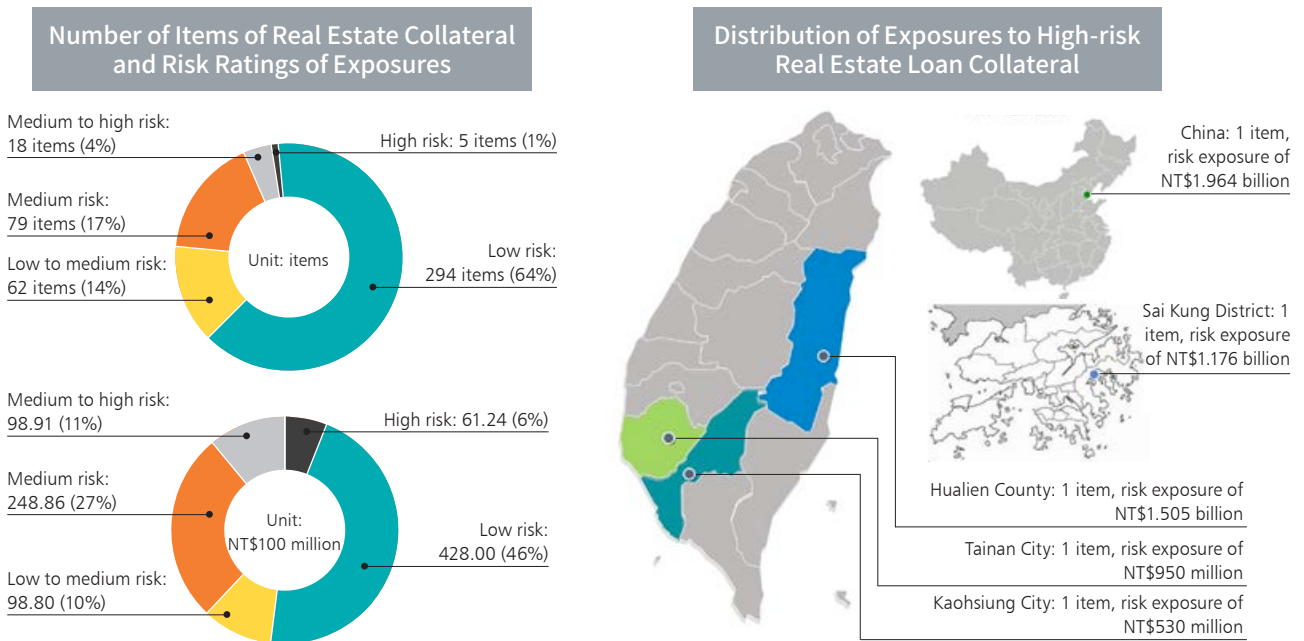
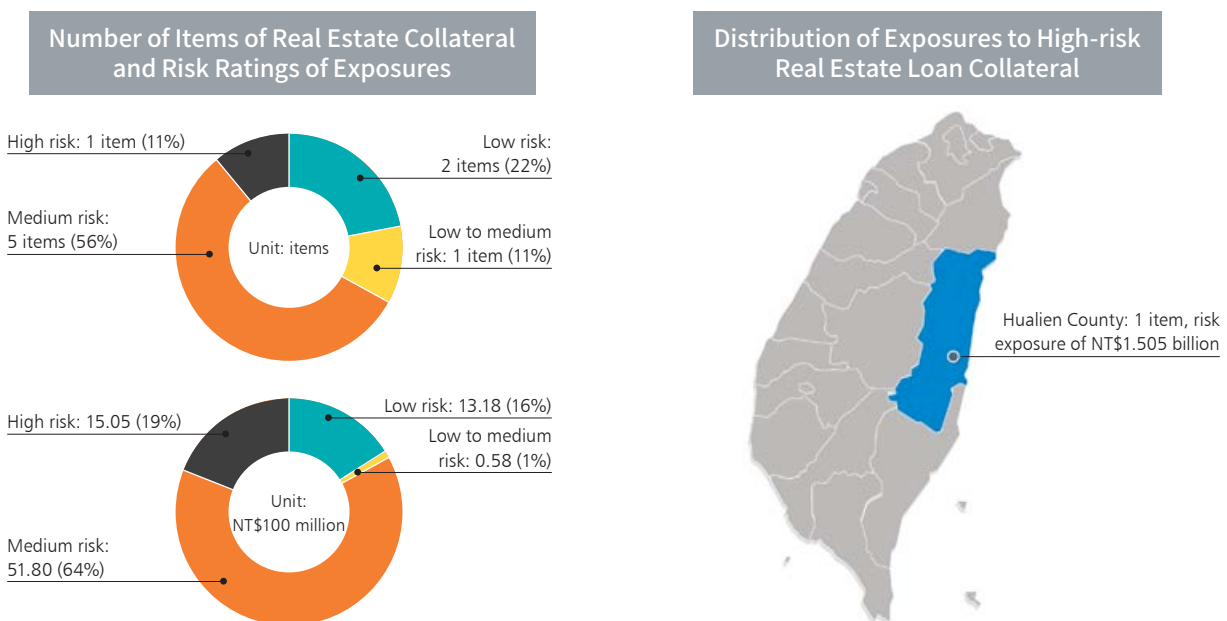


Fig. 7-10: Distribution of Real Estate Collateral for O-Bank Loan Positions in Industries that Pose High Climate Risks



Note: The real estate loan collateral exposures referred to in Fig. 7-7 to Fig. 7-10 are equal to the value of real estate loan collateral.

O-Bank each year compiles and analyzes statistics on high-risk-area real estate loan collateral, and periodically reports the results of its analyses to the Risk Management Committee in order to observe and monitor the distribution of real estate loan collateral and the share of outstanding loans that it accounts for, and to appropriately avoid or control the use of real estate as collateral to back loans to sectors or customers that are exposed to high physical risks.

2. Analysis of Transition Risk Scenarios

Because GHG emissions continue to exacerbate global warming, countries around the world have been adopting targets aimed at achieving net carbon neutrality by 2050, and are using policies and legislation to collect carbon taxes or carbon levies, or are employing other means to regulate the emissions generated by various economic activities. During the course of a low-carbon transition, in addition to the impact of the transition on a bank's own operations, a bank's corporate customers and investments may experience an increase in operating costs and even a drop in operating revenues, which would in turn impact the bank's investment and loan activities.

In order to understand the possible impacts of transition risks, O-Bank conducts climate risk analyses based on the various scenarios contemplated in the V3.3 Phase3 data set, which was adopted by the Network for Greening the Financial System (NGFS). GCAM5.3 posits orderly, disorderly, and hot house world scenarios for the transition to net zero, which it uses to project the carbon price overhead of investee companies and financing recipients. The climate change scenarios used by O-Bank are described as follows:

Table 7-2: NGFS climate change scenarios

Type of Scenario	Suppositions of Scenario	Temperature Target	Climate Policy	Technological Changes	CO ₂ Removal Technologies	Regional Policy Differences
Orderly transition to Net Zero 2050	Countries adopt aggressive climate policies, there is hope that global temp. rise may be held to within 1.5°C or 2°C. Transition risks are 2 nd highest in this scenario.	1.5°C	Prompt and smooth	Rapid changes	Medium usage	Medium degree of difference
Disorderly & delayed transition to net zero	Carbon emissions peak in 2030, then carbon reductions accelerate around the world; or, emission reductions work is done principally in certain countries or industries, net zero is finally achieved. Transition risks are highest.	1.6°C	Delayed	Rapid/slow changes	Low usage	High degree of difference
Hot house world scenario involving nationally determined contributions	Countries generally fail to achieve carbon reduction targets, or some countries continue to implement current climate policies while other regions lack new climate change mitigation policies. Transition risks are lowest in this scenario.	2.6°C	Nationally determined contributions	Slow changes	Low usage	Low degree of difference

Fig. 7-11: NGFS Climate Change Scenario

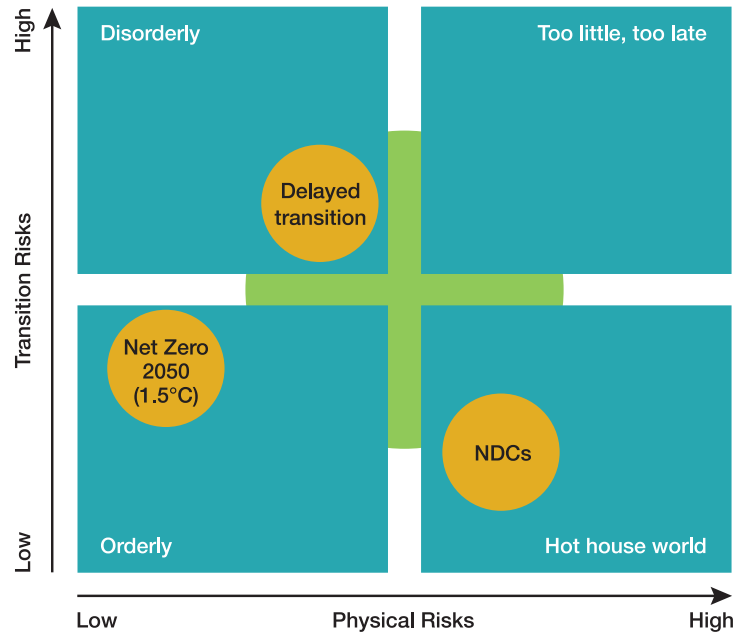


Table 7-3: NGFS V3.3 Phase3 GCAM5.3 Climate Change Scenario Carbon Price Factors in Regions where O-Bank has Its Main Exposures

Type of Scenario	Taiwan Region Carbon Levy Factors		
	2030	2040	2050
Net zero 2050	2,933	5,400	17,308
Delayed transition	0	3,553	11,943
Nationally determined contributions	13	13	13

Type of Scenario	Hong Kong Region Carbon Levy Factors		
	2030	2040	2050
Net zero 2050	2,958	4,873	21,196
Delayed transition	0	3,435	17,602
Nationally determined contributions	13	13	13

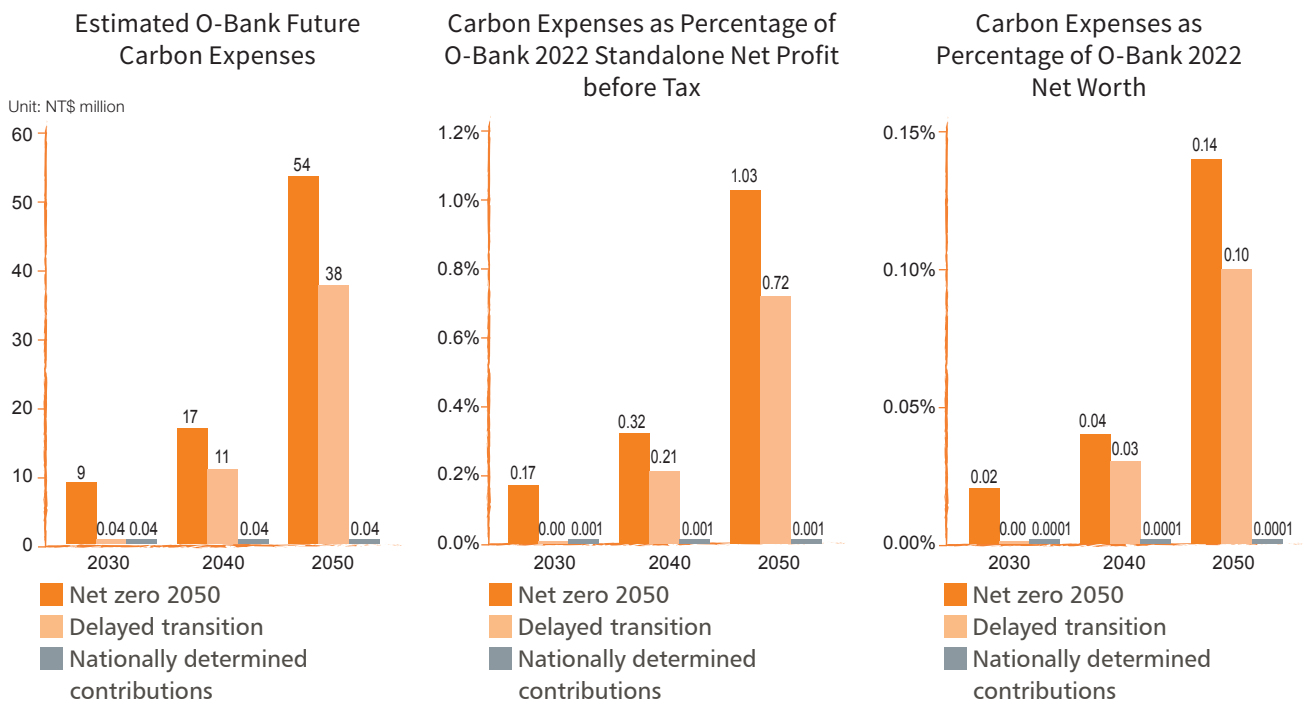
Note: Carbon price unit – TWD/tCO_{2e}, based on an exchange rate of US\$1 = TWD30.72270 as of Dec. 30, 2022.

O-Bank uses the 2030, 2040, and 2050 carbon prices in the three aforementioned scenarios to calculate the possible carbon levy expenses generated by the Bank's future asset portfolios. The scope of analysis includes business locations as well as investment and financing activities. The analysis results are presented as follows:

a. Business Locations

O-Bank conducts an annual inventory of GHG emissions at its business locations throughout the world, and obtains third-party verification of its carbon emissions (see section 6.3). In 2022, Scope 1 and 2 carbon emissions at O-Bank's business locations throughout the world came to 3,106 tCO₂e. Based on this emissions volume, O-Bank has projected possible carbon expenses for 2030, 2040, and 2050, and carbon levy expenses as percentages of O-Bank's 2022 standalone net profit before tax and 2022 net worth under each of the different scenarios are as shown in Fig. 7-12.

Fig. 7-12: Carbon Expenses and Carbon Levy Expenses at O-Bank Business Locations throughout the World as Percentages of 2022 Standalone Net Profit before Tax and Net Worth under Different Climate Scenarios

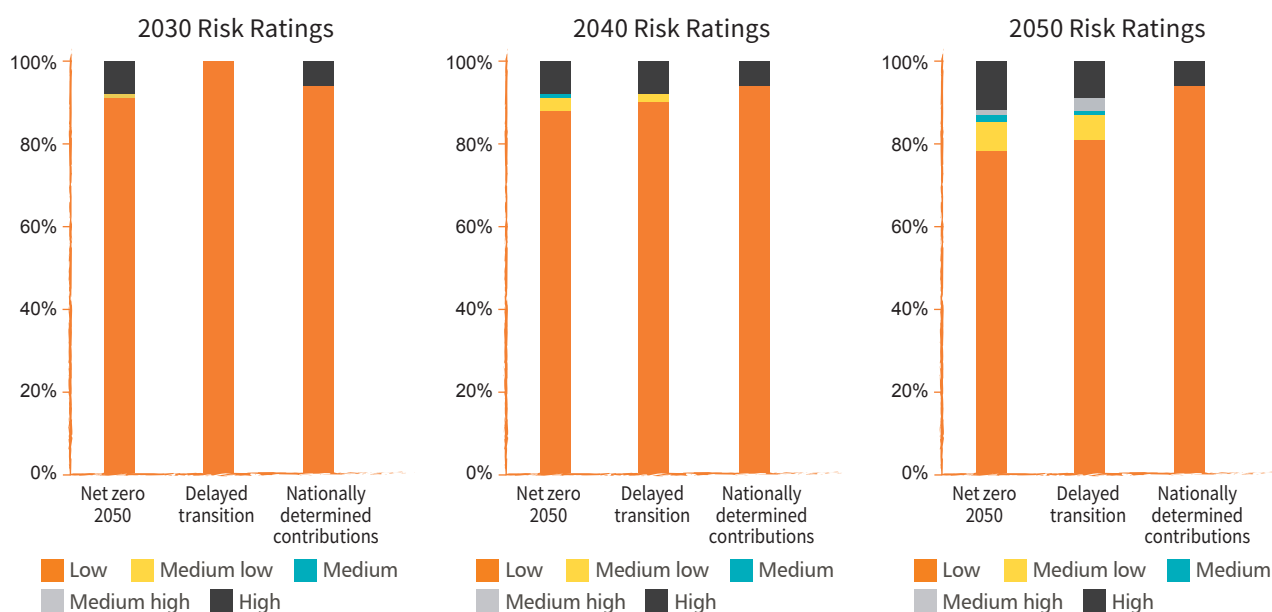


In order to reduce carbon levy expenses that might be generated in the future, O-Bank has actively introduced the use of renewable energy (green energy), and set targets of 50% reliance on green energy by 2030 and 100% reliance on green energy by 2050. The Bank regularly checks with the Corporate Social Responsibility Committee to monitor its progress toward achievement of these targets, and conducts awareness raising activities at its business locations to ensure that they are carrying out energy conservation and carbon reduction measures in order to lower operating CO₂ emissions (see section 6.2). The idea is to mitigate the carbon cost impact of transition risks. In 2022, O-Bank incurred about NT\$610,000 in expenditures for switching to green energy, replacing energy-inefficient lighting and other equipment, etc.

b. Investment and Loan Activities

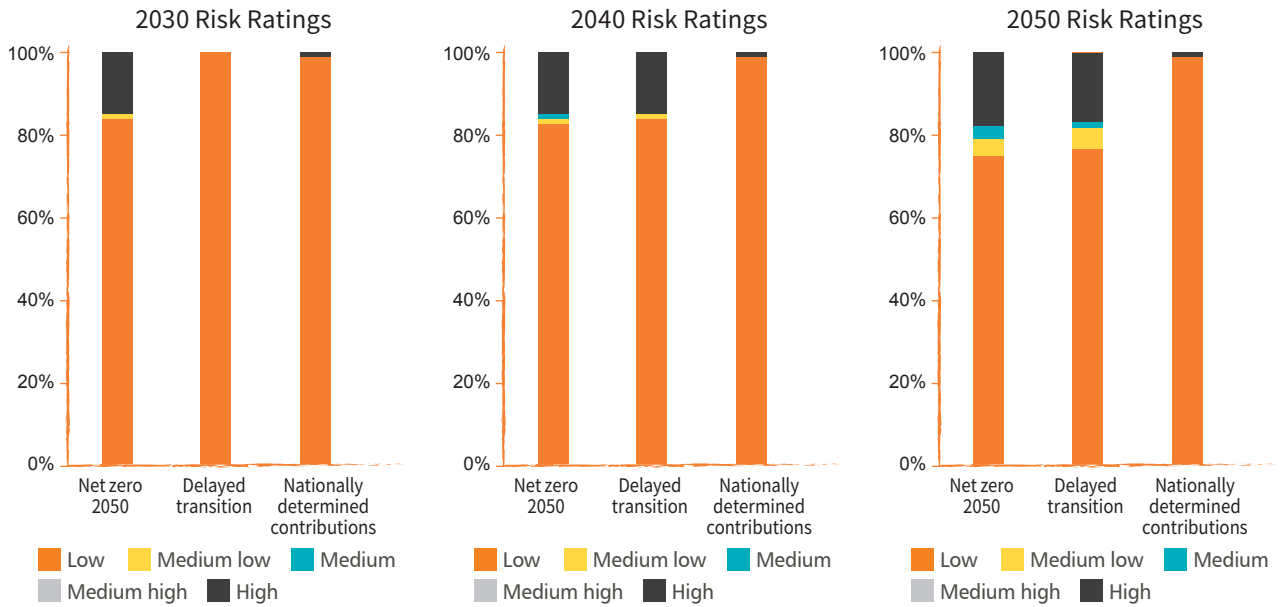
O-Bank conducts an annual inventory of the GHG emissions of its investee companies and financing recipients (see section 7.1.5), and uses the inventory results to conduct scenario analyses. In 2022, O-Bank inventoried 90% of its financing positions, and found that the Scope 1 and Scope 2 emissions generated thereby amounted to 43.84 million tCO₂e, and on this basis has estimated the share of each financing recipient's net worth that its possible carbon expenses may account for in 2030, 2040, and 2050. Then, based on the share of each financing recipient's net worth that its projected carbon expenses are projected to generate under different scenarios, financing recipients are assigned one of five different risk ratings, as follows: low risk (share of net worth is 20% or lower); low to medium risk (share is greater than 20%, no greater than 40%); medium risk (share is greater than 40%, no greater than 60%); medium to high risk (share is greater than 60%, no greater than 80%); high risk (share is greater than 80% or the net worth is negative). Loan position risk rating distributions under different climate scenarios in 2030, 2040, and 2050 are set out below in Fig. 7-13, and the percentage of loan positions rated as high risk did not exceed 12% under any climate scenario. As for investments, O-Bank inventoried 100% of medium- and long-term investment (Note 7-1) positions and found that the Scope 1 and Scope 2 emissions generated by those investments amounted to 418 million tCO₂e (not including the emissions associated with sovereign bonds), and on this basis projected carbon levy expenses as a percentage of each investee company's net worth in 2030, 2040, and 2050, then based on the percentages we assigned risk ratings (see Fig. 7-14), and the percentage of investment positions rated as high risk did not exceed 18% under any climate scenario.

Fig. 7-13: O-Bank Loan Position Risk Rating Distributions under Different Climate Scenarios



Note 7-1: The investment balance set out in this table include the stocks of listed companies, bank debentures, corporate bonds, foreign and domestic government bonds, and other mid- and long-term investment positions. They do not include short-term trading positions or investments made for the purpose of fund flow management.

Fig. 7-14: O-Bank Investment Position Risk Rating Distributions under Different Climate Scenarios



O-Bank also inventoried 95% of the financing positions and 100% of the medium- and long-term investment positions of the Hong Kong Branch. The Scope 1 and Scope 2 emissions connected with the financing positions totaled 380,000 tCO₂e. On this basis we have estimated the share of each financing recipient's net worth that possible carbon expenses generated by itself may account for in 2030, 2040, and 2050. Then based on the percentages we assigned risk ratings (see Fig. 7-15), and the percentage of loan positions rated as high risk did not exceed 21% under any climate scenario. As for investments, O-Bank found that the Scope 1 and Scope 2 emissions generated by those investments amounted to 111 million tCO₂e (not including the emissions associated with sovereign bonds), and on this basis projected carbon levy expenses as a percentage of each investee company's net worth in 2030, 2040, and 2050, then based on the percentages we assigned risk ratings (see Fig. 7-16), and the percentage of investment positions rated as high risk did not exceed 8% under any climate scenario.

Fig. 7-15: O-Bank Hong Kong Branch Loan Position Risk Rating Distributions under Different Climate Scenarios

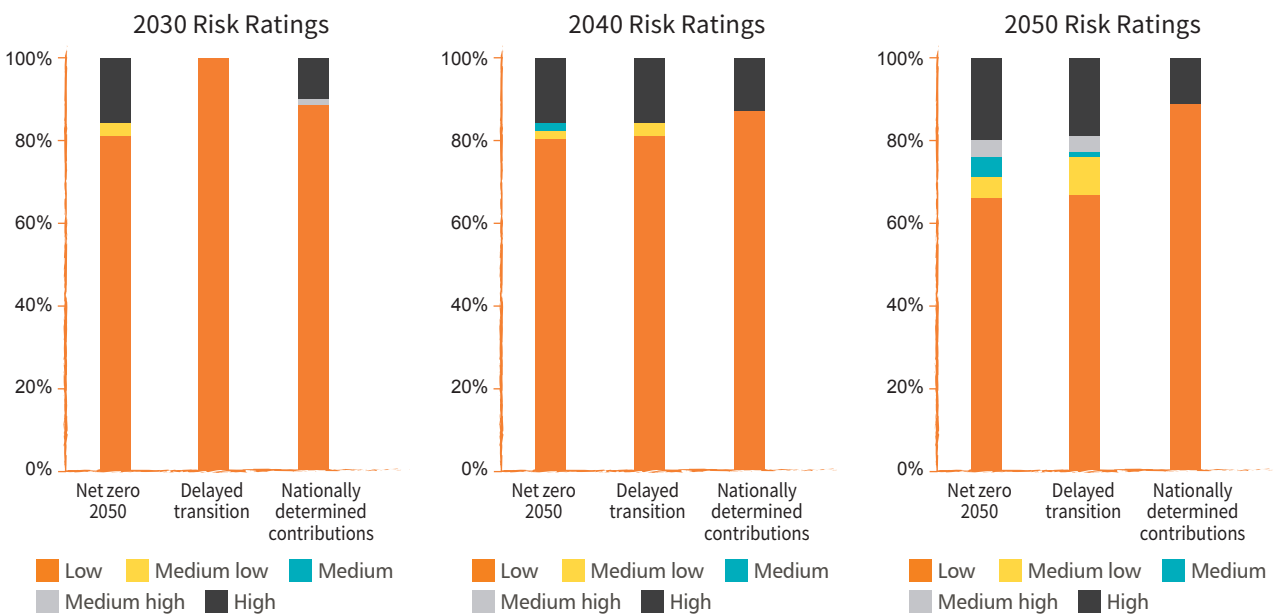
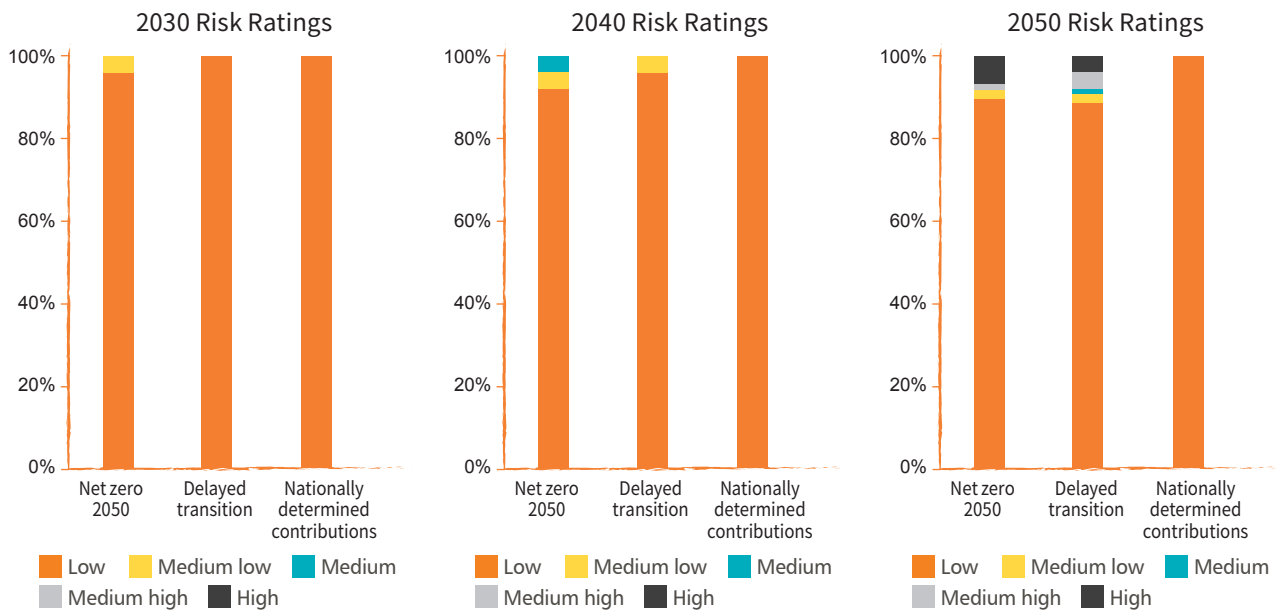
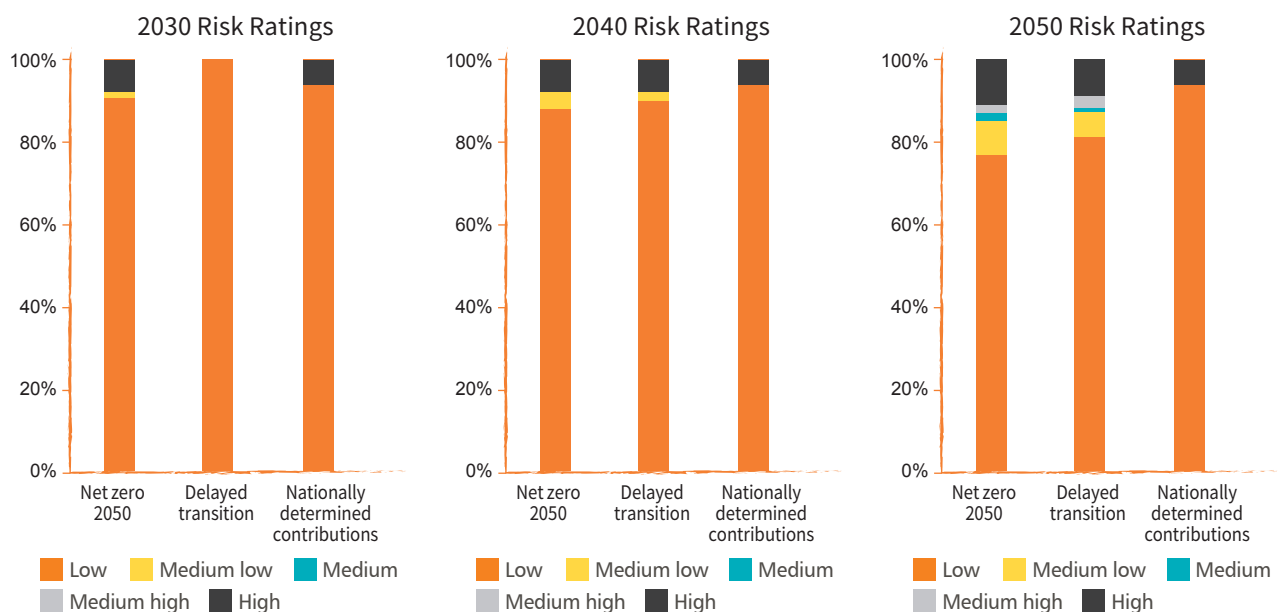


Fig. 7-16: O-Bank Hong Kong Branch Investment Position Risk Rating Distributions under Different Climate Scenarios



In addition, O-Bank has also analyzed the transition risks of sectors in which the Bank has relatively high credit concentrations (i.e. sectors that account for 8% or more of O-Bank's total outstanding loan balance.) The Scope 1 and Scope 2 emissions generated by the finance and insurance sector, the manufacturing sector, and the real estate sector amount to a combined total of 20.05 million tCO₂e. On the basis of this figure, O-Bank has projected possible carbon expenses that will be generated by each loan recipient as a percentage of its net worth in 2030, 2040, and 2050, then based on the percentages we assigned risk ratings (see Fig. 7-17), and the percentage of investment positions rated as high risk did not exceed 12% under any climate scenario.

Fig. 7-17: Sector Risk Rating Distributions under Different Climate Scenarios for Sectors in Which O-Bank has Relatively High Credit Concentrations (i.e. sectors that account for 8% or more of O-Bank's total outstanding loan Balance)



As for transition risks associated with investment and loan positions in industries that pose high climate risks (including the 10 biggest carbon-intensive industries and enterprises in industries that have a harmful environmental impact, see section 7.1.5), as of end-2022, the outstanding balance of loans to industries that pose high climate risks stood at NT\$8.7 billion, and these loans generated Scope 1 and Scope 2 emissions of 32.34 million tCO₂e. On the basis of this figure, O-Bank has projected possible carbon expenses that will be generated by each financing recipient as a percentage of its net worth in 2030, 2040, and 2050, then based on the percentages we assigned risk ratings (see Fig. 7-18), and the percentage of investment positions rated as high risk did not exceed 21% under any climate scenario. Total investments in industries that pose high climate risks is NT\$11.4 billion, and the Scope 1 and Scope 2 emissions generated thereby amount to 307 million tCO₂e. On the basis of this figure, O-Bank has projected possible carbon expenses that will be generated by each investee company as a percentage of its net worth in 2030, 2040, and 2050, then based on the percentages we assigned risk ratings (see Fig. 7-19), and the percentage of investment positions rated as high risk did not exceed 53% under any climate scenario.

Fig.7-18: Risk Rating Distributions under Different Climate Scenarios for O-Bank Loans to Industries that Pose High Climate Risks

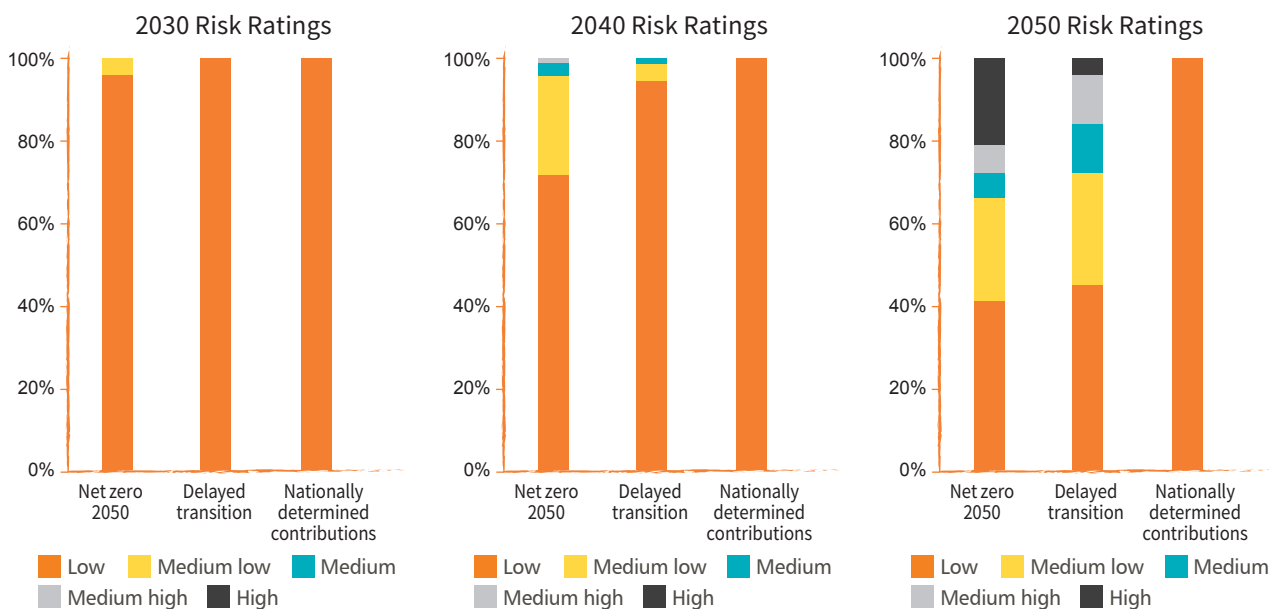
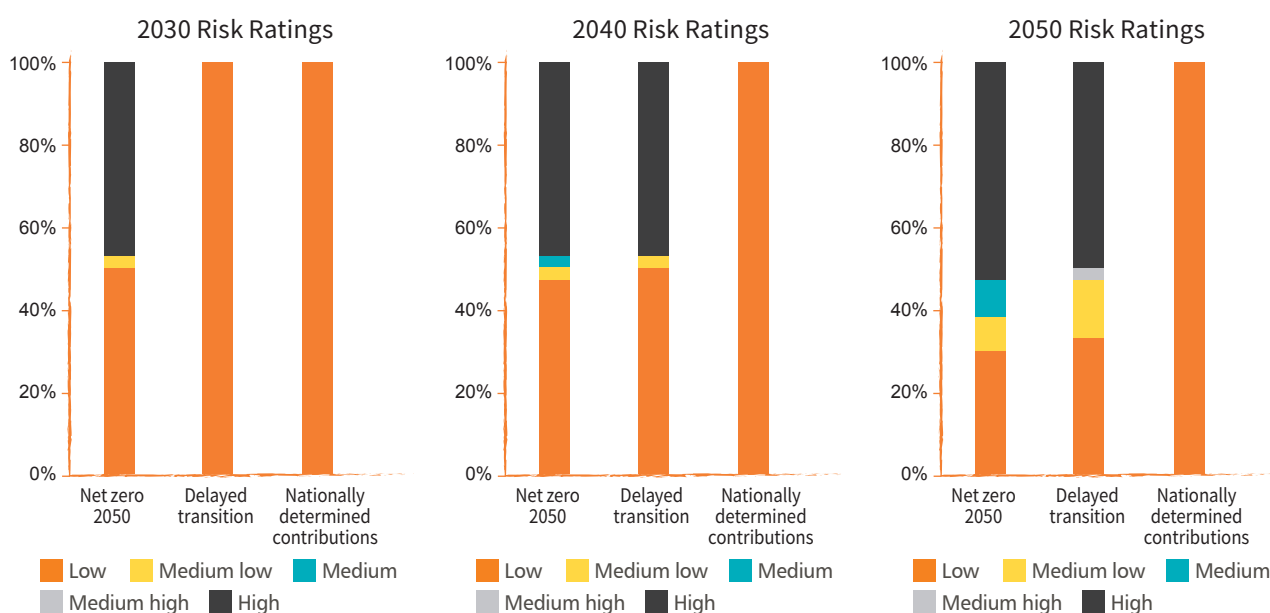


Fig. 7-19: Risk Rating Distributions under Different Climate Scenarios for O-Bank Investments in Industries that Pose High Climate Risks



O-Bank each year compiles and analyzes statistics on the carbon levy expenses of investee companies and financing recipients, and periodically reports the results of its analyses to the Risk Management Committee in order to observe and monitor the carbon emissions of investee companies and financing recipients, and to appropriately avoid or control the sectors that are exposed to high transition risks.

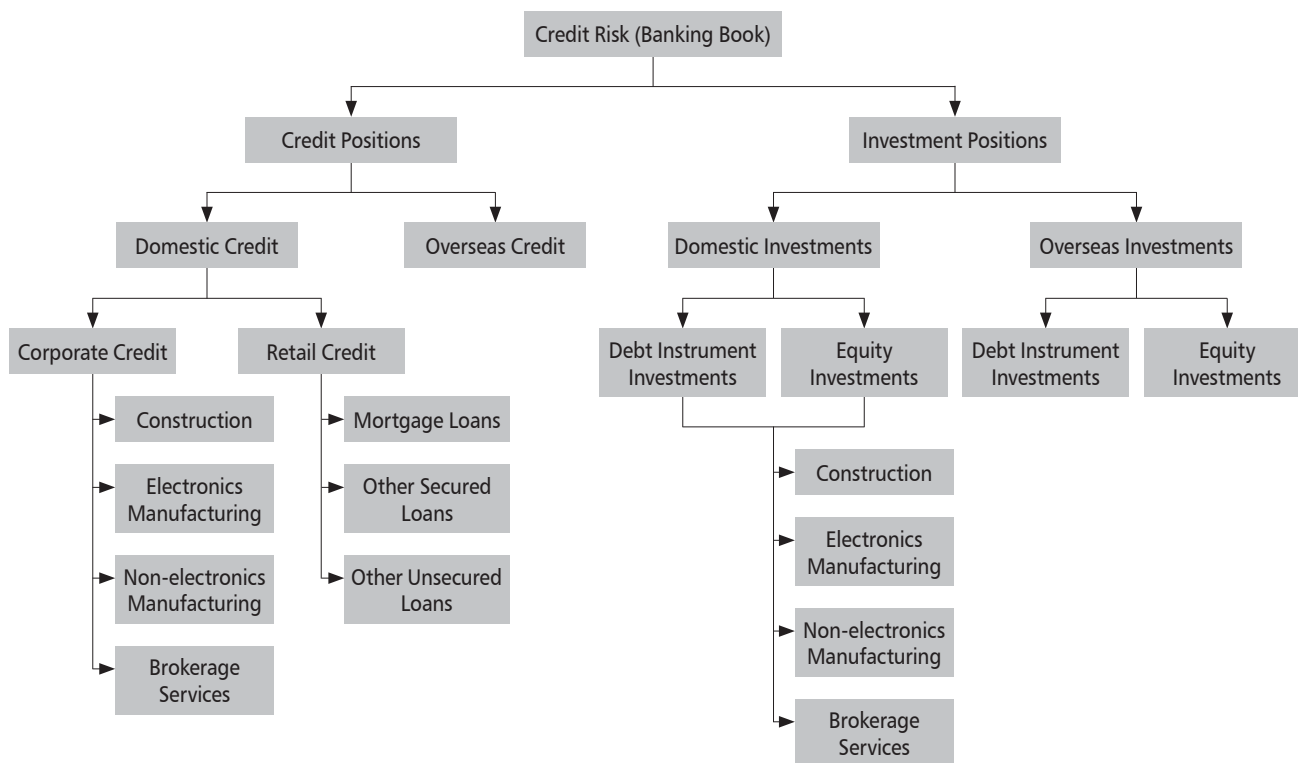
7.1.4 Climate Scenario Analysis – Climate Stress Tests

In order to understand the financial impact generated by climate change risk factors, as well as O-Bank's tolerance for climate risks, the Bank has adopted the ROC Bankers Association's "Guidelines for the Conduct of Climate Scenario Analyses by Domestic Banks" to conduct climate risk stress tests. These Guidelines combine climate risk and traditional financial stress test scenarios to conduct scenario analyses. For our scenario analysis methodology, we adopted the MESSAGE-GLOBIOM 1.1 Integrated Assessment Model (IAM) and the NGFS Phase2 simulation of the NiGEM macro-economic model to provide the macro-economic factors of every analysis scenario. In addition, we took the representative concentration pathways (RCPs) of the IPCC Fifth Assessment Report (AR5) to serve as the bases for our environmental data. Taking these suppositions, we consider the possibilities of an orderly transition, a disorderly transition, and a no policy scenario, and also contemplate different timelines and bank business cycles, with 2030 and 2050 put forward as possible scenario timeframes. We then calculate Probabilities of Default (PDs), Losses Given Default (LGDs), and Exposure at Default (EAD), to estimate Expected Losses (ELs) under various different climate scenarios in order to assess the Bank's overall risk-bearing capacity.

This stress test was based on the December 31, 2022 financial asset portfolios of O-Bank's domestic and overseas branches as well as our Offshore Banking Unit (OBU), and adopts "static asset-liability assumptions." On this basis, O-Bank projected possible climate risks that we might face under different climate scenarios. In addition, this stress test only considered the impact of climate-related risks on domestic and overseas credit exposures. Meanwhile, the scope of assessments of investment and financing positions included on and off-balance sheet credit exposures, debt instruments, and equity investments in banking book (see Fig. 7-20); however, such assessments did not include: derivatives'

counterparty credit risk; trading book market risk and operational risk; exposures to domestic government agencies and financial services firms; exposures to multilateral development organizations; and repo (RP/RS) trades.

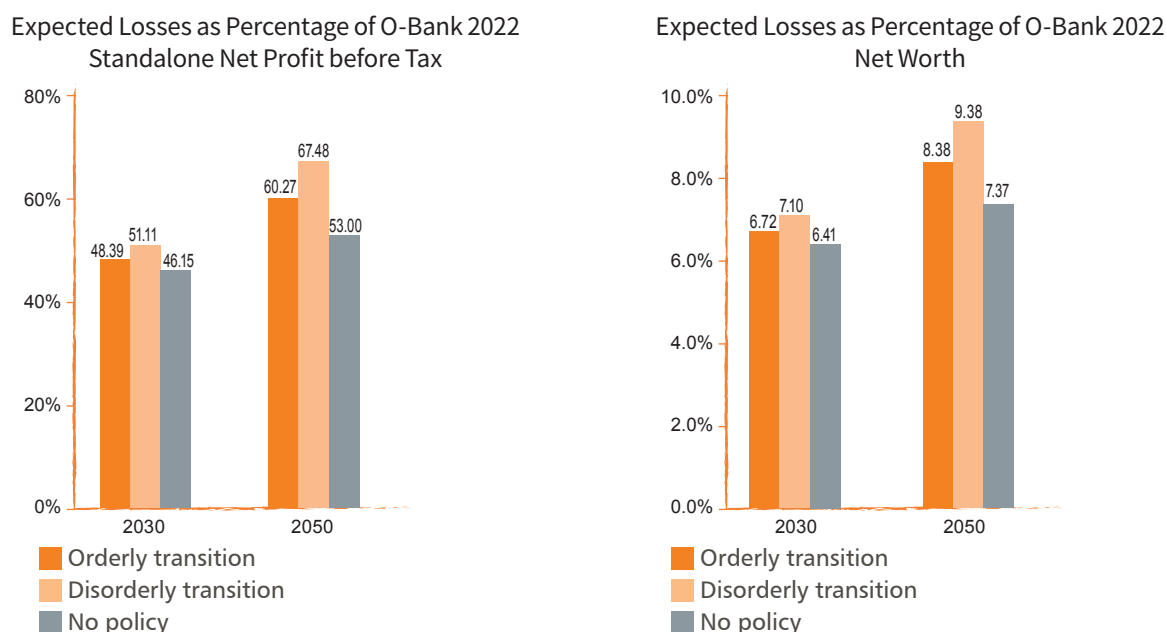
Fig. 7-20: Climate Risk-adjusted Credit Risk Calculation Framework Based on the "Guidelines for the Conduct of Climate Scenario Analyses by Domestic Banks"



The results of O-Bank's stress tests show that in a disorderly transition scenario, where action to achieve net-zero emissions gets started late, the increased carbon reductions achieved by our low-carbon transformation policy would cause a more clear-cut reduction in our investment- and financing-related business revenues. The expected losses and increase in losses would be more significant than under the orderly transition scenario or the no policy scenario.

O-Bank further analyzed expected losses on credit risks under different climate scenarios as percentages of O-Bank 2022 standalone net profit before tax and net worth, and our findings are set out in Fig. 7-21. Expected losses under different climate scenarios as percentages of 2022 standalone net profit before tax ranged from 46.15% to 67.48%, and as percentages of 2022 net worth ranged from 6.41% to 9.38%. By using the results of stress testing, O-Bank is able to conduct a quantified assessment of credit exposures and expected losses under different climate scenarios. Moving forward, this will help us to make improvements and formulate related risk assessment procedures and management measures in order to mitigate financial impacts and make the bank more resilient in the face of climate change. Various documents are generated in connection with the annual scenario analyses of the physical and transitional risks of climate change (see section "7.1.3 Analysis of Climate-related Physical and Transition Risks") and the stress testing described in this section. Such documents, which include information on selection of scenarios, assessment results, and response measures, must be retained for at least five years.

Fig. 7-21: Expected Losses on Credit Risks under Different Climate Scenarios as Percentages of O-Bank 2022 Standalone Net Profit before Tax and Net Worth



7.1.5 Portfolio Emissions and Management of Carbon-intensive Industries

1. Portfolio Emissions

In order to measure and inspect the carbon footprint of investment and corporate loan positions, O-Bank in February 2022 signed on to the Partnership for Carbon Accounting Financials (PCAF) to inventory (using the methods set out in the Global GHG Accounting and Reporting Standard for the Financial Industry, which was developed by the PCAF) the GHG emissions of investment and corporate loan positions. And at various PCAF meetings held in September 2022 in the Asia-Pacific region, O-Bank interacted with member institutions and shared information regarding its own carbon reduction processes and measures.

The baseline for the inventory of GHG emissions of investment and corporate loan positions was December 31, 2022. The scope of the inventory covered 90% of O-Bank's outstanding corporate credit and 100% of O-Bank's total medium- and long-term investments. The types of assets inventoried were the following: listed equity and corporate bonds; business loans and unlisted equity; project finance; and sovereign debt. The inventory revealed that total Scope 1 and Scope 2 carbon emissions of O-Bank's investment and loan recipients recognized by the bank came to 680,000 tCO₂e, average carbon emissions per NT\$1 million investment and loan activities came to 3.20 tCO₂e, and overall data quality (Note 7-2) was awarded a score of 3.18 points. We also inventoried the Scope 3 emissions of our investment and financing activities, and based on this inventory we recognized Scope 3 emissions of 710,000 tCO₂e on investment and loan activities, while average Scope 3 carbon emissions per NT\$1 million investment and loan activities came to 3.36 tCO₂e, and overall data quality was awarded a score of 3.40 points. The carbon emissions of O-Bank's investment and loan activities were as shown in Table 7-4.

Note 7-2: PCAF assigns data quality scores on the basis of carbon emissions data sources used for carbon inventories. Data quality scores range from 1 to 5, with 1 being the top score and 5 being the worst.

Table 7-4: 2022 Carbon Emissions of O-Bank's Investment and Loan Portfolio

Asset Type	Balance (NT\$ Million)	As % of Investment and Loan Positions	Scope 1 Emissions (tCO ₂ e)	Scope 2 Emissions (tCO ₂ e)	Scope 1 & 2 Emissions (tCO ₂ e)	Avg. Scope 1 & 2 Emissions per NT\$1 Million Investments and Loans (tCO ₂ e)	Scope 3 Emissions (tCO ₂ e)	Avg. Scope 3 Emissions per NT\$1 Million Investments and Loans (tCO ₂ e)
Listed equity and corporate bonds	37,126.93	16.19%	276,708.46	33,968.22	310,676.69	8.37	135,832.97	3.66
Business loans and unlisted equity	155,696.57	67.90%	142,258.21	83,708.64	225,966.85	1.45	571,563.05	3.67
Project finance	925.03	0.40%	2,736.38	89.17	2,825.55	3.05	4,375.24	4.73
Sovereign debt (Note 2)	18,161.46	7.92%	139,475.34	-	139,475.34	7.68	-	-
Total	211,909.99	92.41%	561,178.39	117,766.03	678,944.43	3.20	711,771.26	3.36

Note 1: Statistics for GHG emissions of corporate loan and investment portfolios as of year-end 2022 are calculated using the PCAF "Listed equity and corporate bonds", "Business loans and unlisted equity", "Project finance" and "Sovereign debt" asset categories. Therein, the principal sources of GHG emissions data are annual reports, sustainability reports, and other public information issued by companies. With respect to corporate loan or investment targets for which GHG emissions have not yet been quantified, or for which no carbon emissions data are available, the PCAF database has been used to estimate carbon emission figures.

Note 2: O-Bank conducts inventories of Scope 1 sovereign debt emissions using the PCAF Standards. The inventories do not include Scope 2 sovereign debt emissions or Scope 3 emissions data.

2. Management of Carbon-intensive Industries

In response to climate change risks, O-Bank has drawn up a list of the 10 biggest carbon-intensive industries. This list was drawn up with reference to the sectors covered during the initial phase of the European Union's Carbon Border Adjustment Mechanism (CBAM) and the list of greenhouse gases subject to controls by Taiwan's Environmental Protection Administration. As of year-end 2022, the balance of investments in and loans directed to the 10 biggest carbon-intensive industries stood at roughly NT\$17.54 billion, or 7.65% of O-Bank's total corporate investment and loan positions. The total Scope 1 and Scope 2 carbon emissions of the investment and loan recipients recognized by the bank came to roughly 360,000 tCO₂e, average carbon emissions per NT\$1 million investment and loan activities came to 20.52 tCO₂e, and the outstanding balances of O-Bank investments in and loans to the 10 biggest carbon-intensive industries (as well as GHG emissions in those industries) in 2022 are shown below in Table 7-5.

In addition, O-Bank has set limits on the amount it may invest in and loan to carbon-intensive industries. The outstanding loan balance provided to customers from carbon-intensive industries as a share of total outstanding loan balance must be reduced to 4.5% or less by 2023, 4.25% or less by 2025, and 4% or less by 2030. The share of on-balance sheet investments in banking book in carbon-intensive industries are scheduled to be less than 20% by 2023, less than 17% by 2026, and less than 13% by 2030 in order to prevent O-Bank funds from being channeled toward carbon-intensive industries, which have a relatively large impact on the environment.

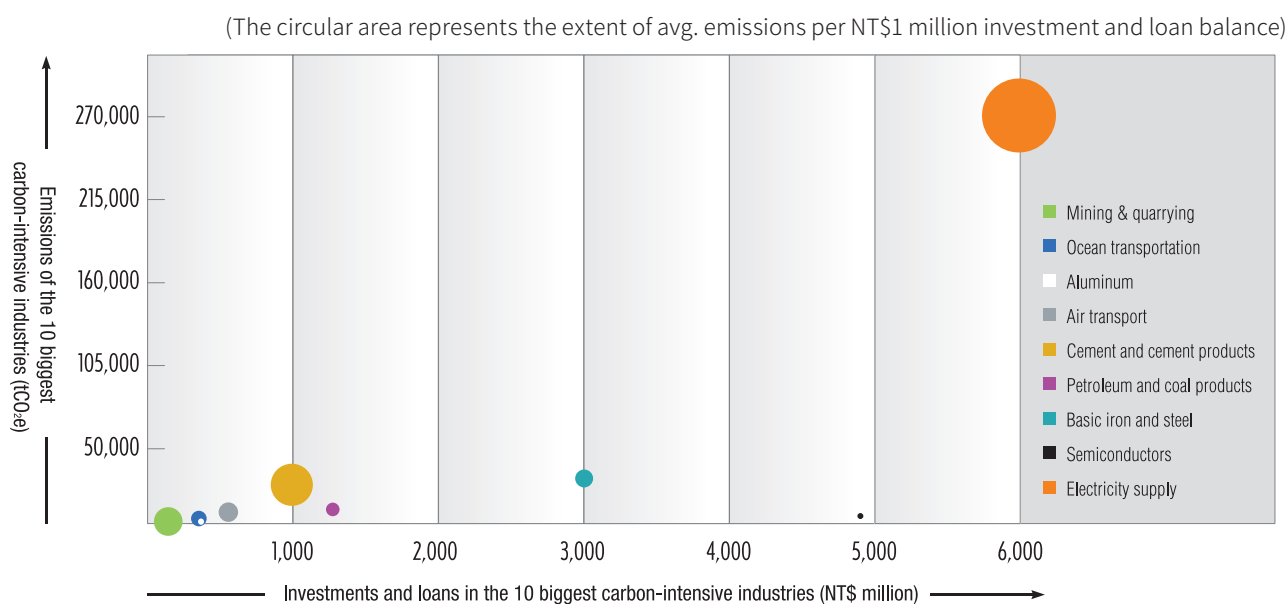
Table 7-5: O-Bank Corporate Loan and Investment Portfolios' GHG Emissions in the 10 Biggest Carbon-intensive Industries in 2022

10 Biggest Carbon-intensive Industries	Balance (NT\$ million)					
	Outstanding Loan Balance	Outstanding Loan Balance as % of Total Loan Balance	Outstanding Investment Balance	Outstanding Investment Balance as % of Total Investment Balance	Total Balance	Total Balance as % of Balance of Investment and Loan Positions
Electricity supply (Note)	0.00	0.00%	5,979.41	10.79%	5,979.41	2.61%
Air transport	545.00	0.31%	0.00	0.00%	545.00	0.24%
Basic iron and steel	2,997.08	1.72%	0.00	0.00%	2,997.08	1.31%
Ocean transportation	150.00	0.09%	194.73	0.35%	344.73	0.15%
Cement and cement products	700.00	0.40%	300.00	0.54%	1,000.00	0.44%
Petroleum and coal products	0.00	0.00%	1,303.16	2.35%	1,303.16	0.57%
Aluminum	357.52	0.21%	0.00	0.00%	357.52	0.16%
Semiconductors	1,587.34	0.91%	3,287.75	5.93%	4,875.09	2.13%
Mining & quarrying	137.89	0.08%	0.00	0.00%	137.89	0.06%
Fertilizers and nitrogen compounds	0.00	0.00%	0.00	0.00%	0.00	0.00%
Total	6,474.83	3.72%	11,065.04	19.96%	17,539.87	7.65%

10 Biggest Carbon-intensive Industries	Carbon Emissions (tCO ₂ e)					
	Emissions from Loan Balance	Avg. Emissions per NT\$1 Million Loan Balance	Emissions from Investment Balance	Avg. Emissions per NT\$1 Million Investment Balance	Total Emissions	Avg. Emissions per NT\$1 Million Investment and Loan Balance
Electricity supply (Note)	0.00	-	275,493.82	46.07	275,493.82	46.07
Air transport	7,739.03	14.20	0.00	-	7,739.03	14.20
Basic iron and steel	29,951.88	9.99	0.00	-	29,951.88	9.99
Ocean transportation	1,950.39	13.00	1,397.78	7.18	3,348.17	9.71
Cement and cement products	21,079.42	30.11	4,083.21	13.61	25,162.63	25.16
Petroleum and coal products	0.00	-	9,341.60	7.17	9,341.60	7.17
Aluminum	870.96	2.44	0.00	-	870.96	2.44
Semiconductors	2,769.63	1.74	2,444.05	0.74	5,213.68	1.07
Mining & quarrying	2,716.30	19.70	0.00	-	2,716.30	19.70
Fertilizers and nitrogen compounds	0.00	-	0.00	-	0.00	-
Total	67,077.60	10.36	292,760.48	26.46	359,838.07	20.52

Note: "Electricity supply" is limited to electricity generated at combined-cycle gas turbine plants, other than electricity produced using renewable energy power generation equipment.

Fig. 7-22: O-Bank Investments and Loans in the 10 Biggest Carbon-intensive Industries in 2022, their Balance, Emissions, and Avg. Emissions per NT\$1 Million Investment and Loan Balance



O-Bank hopes to work together with corporate customers and investee companies to reduce carbon emissions. In 2022, O-Bank sent out emails to 41 corporate customers in carbon-intensive industries (100% of all such customers, and 4.6% of all of O-Bank's corporate borrowers) to provide them with the latest information on net-zero trends. At the same time, O-Bank encourages customers to implement energy conservation and carbon reduction measures, and to adopt science-based carbon reduction targets. O-Bank loan application forms, moreover, expressly state the Bank's ESG principles and policies, and request that corporate customers sign on in support thereof in order to fulfill their corporate social responsibilities. In addition, O-Bank also explains to investee companies that the Bank strongly hopes to see those companies take steps to reduce their carbon emissions, and encourages them to set science-based carbon reduction targets. O-Bank has sent out emails to engage on such matters with five investee companies, which represent 80.52% of O-Bank's investments in companies in carbon-intensive industries, and 5.2% of O-Bank's total corporate investments.

3. Management of Industries that Pose High Climate Risks

In order to effectively manage climate risks, O-Bank screens climate risk factors when it conducts due diligence on possible investments and loans, and when a prospective investee company or loan recipient is in an industry that poses high climate or environmental risks (Note 7-3) the Bank will fill out a "TCFD Climate Risk Checklist" to check on how the prospective investee company or loan recipient handles high climate change risk. The screening content includes the following matters:

- The party's climate risk management policies or documents
- Whether the party reports periodically to its board of directors or management regarding climate risks
- How the party has assessed and responded to physical and transition risks

Note 7-3: The term "industries that pose high climate or environmental risks" as defined by O-Bank includes the "10 biggest carbon-intensive industries" (see Table 7-5), enterprises in industries that have a harmful environmental impact (enterprises engaged in the tanning and dressing of leather and pelts; textile enterprises; enterprises engaged in the manufacture of raw chemicals; enterprises engaged in the manufacture of pulp and paper), and enterprises listed in the Taiwan EPA's National GHG Registry as generating annual GHG emissions of greater than 25,000 tonnes.

- The party's response measures and training programs adopted in preparation for climate-related disasters
- Whether information on the party's GHG emissions comes from its own internal inventory, its external disclosures, or an outside party's check
- Whether the party has set a GHG reduction target, and whether it achieved its target for the previous year
- Whether the party has adopted measures at its business locations to reduce operating CO₂ emissions

When a "TCFD Climate Risk Checklist" shows that a party falls within a high-risk category, if that party is a corporate borrower, O-Bank will lower its credit rating and depending on the facts of the individual case may require the customer to post collateral, require it to implement corrective action within a prescribed period of time, or raise the customer's loan interest rate in order to reduce the impact of climate risk upon O-Bank's loan business. In the case of a high-risk investment, if O-Bank still wishes to make the investment, the decision must be approved by the bank President, and the investment must be reviewed each year to re-assess its climate risks and any improvement in order to judge whether to continue holding the asset, thereby appropriately avoiding or controlling investment positions that pose high climate risk.

4. Management of Coal-related Industries

O-Bank has pledged that from 2023 forward we will no longer provide corporate finance, project financing, or investments to enterprises that derive more than 50% of their operating revenues from specified types of coal and unconventional extraction of oil and gas (Note 7-4) (unless such funds are used for sustainable development or transformation purposes); O-Bank has further pledged to withdraw by 2035 from related sectors, including the following:

- Enterprises that engage in specified types of coal mining, electric power enterprises that supply coal-fired electricity, and infrastructure projects related to specified types of coal. (Note 7-5)
- Sectors and related infrastructure projects that involve tar sands, shale oil and gas, arctic oil and gas, ultra-deep-water oil and gas, and unconventional extractions of liquefied natural gas.

7.2 Responsible Loans

In our loan business, besides acting in accordance with the five fundamental credit criteria (contribution to the public interest, security, liquidity, profitability, and growth prospects) in order to control loan assets quality, O-Bank has also taken steps in recent years to align more closely with the international trend toward responsible finance. O-Bank in 2021 signed on to the Equator Principles, and examined how they related to the environmental and social risks factors of project financing. Besides, O-Bank in 2022 incorporated the environmental, social, and governance risks into our corporate credit underwriting procedures, and prudently assessed ESG risk factors and related measures in order to mitigate the negative environmental and social impact of corporate loan projects, and to fulfill O-Bank's social responsibilities as a financial services firm.

Note 7-4: The term "specified types of coal" means thermal coal, and does not include metallurgical coal (coking coal). The term "unconventional extraction of oil and gas" means the use of unconventional technologies for the production or extraction of oil and gas, including shale oil and gas, tar sands, arctic oil and gas, ultra-deep-water oil and gas, and liquefied natural gas extracted by unconventional means.

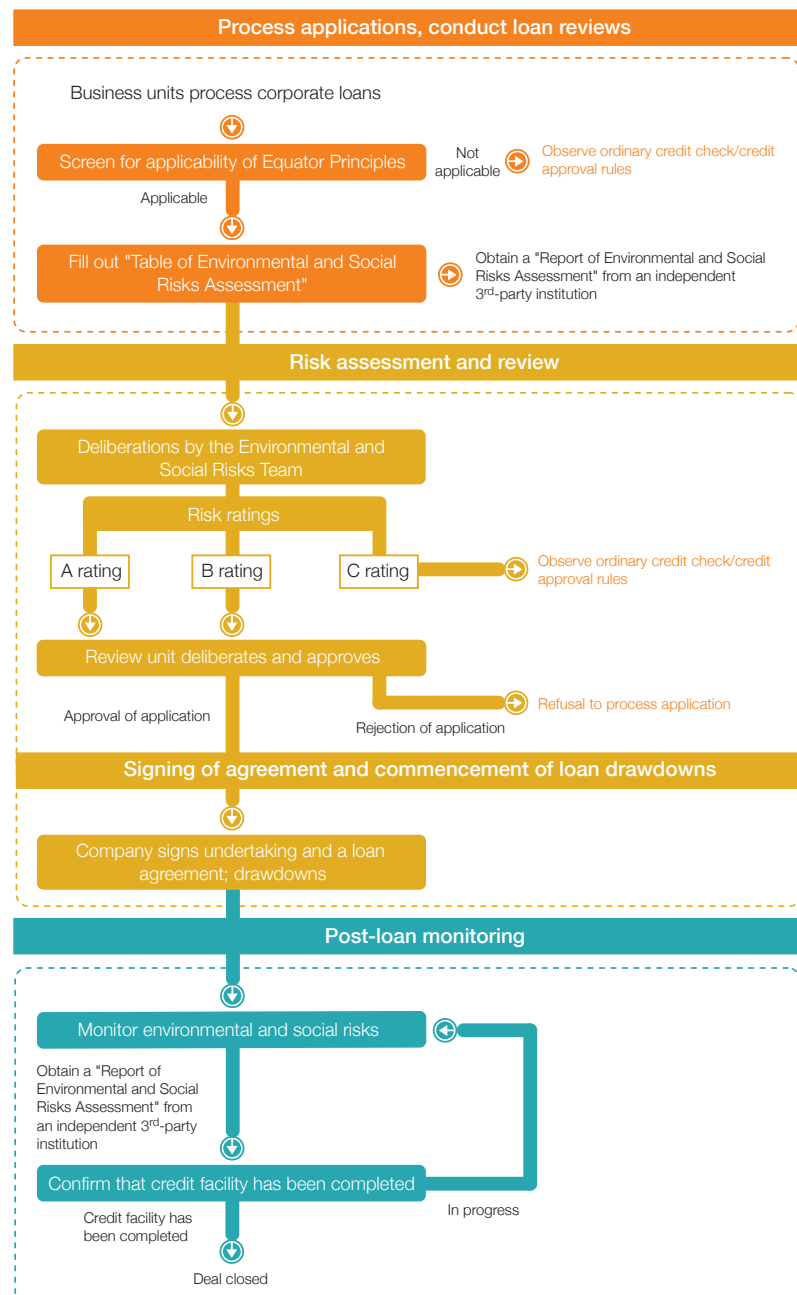
Note 7-5: The term "related infrastructure projects" includes sectors related to a product's entire lifecycle, e.g. transportation, processing, refining facilities, etc.

7.2.1 Equator Principles

In 2015, the Board of Directors adopted a "Credit Extension Policy" which requires O-Bank to abide by the Equator Principles when reviewing project finance or investments. Then in 2017 O-Bank amended its "Credit Extension Policy" in line with the spirit of the Equator Principles to broaden the applicability of the Policy from the previous project finance to further include corporate loans, and the range of matters to receive attention in risk assessments was broadened to include a focus on whether the borrower fulfills its duties in the areas of environmental protection, corporate ethics, risk management, and social responsibility. This approach is intended to mitigate O-Bank's credit risks.

In August 2021, O-Bank became the 124th financial institution in the world to formally sign on to the Equator Principles, adopted a set of "Guidelines for Corporate Loans Under the Equator Principles," and established an Environmental and Social Risks Team that is chaired by the Head of the Risk Management Division. This Team reviews the environmental and social risks associated with projects financed in accordance with the Equator Principles (Note 7-6) and assigns risk ratings of A (high), B (medium), or C (low). For projects with a risk rating of A or B, assessments and reviews of environmental and social risks are required in order to mitigate the projects' possible environmental and social risks. Information regarding the procedure for O-Bank's handling of loans in line with the Equator Principles is presented in Fig. 7-23. As of end-2022, O-Bank had carried out a total of seven project financing

Fig. 7-23: Procedure for O-Bank's Handling of Corporate Loans under the Equator Principles



Note: Social and environmental risk ratings for corporate loans are assigned by O-Bank's Environmental and Social Risks Team, which is chaired by the Head of the Risk Management Division.

Note 7-6: For project financing deals of US\$10 million or more, or where the amount that O-Bank lends as either a participant lender or sole lender is US\$50 million or more – and the proceeds are to be used to finance project development or operations, to serve as a project-related bridge loan, to provide project-related refinancing, or to finance an M&A deal – the deal must be screened for compliance with the Equator Principles.

deals, all of which were handled in line with the Equator Principles, five of which have reached Financial Close, and none of which were rejected post-audit. For a description of a deal handled in line with the Equator Principles, see Table 7-6.

Table 7-6: Equator Principles-compliant Project Financing Deals Conducted by O-Bank in 2022

Name of project	Location	Description of Project
Project T	Tainan, Taiwan	Project T is a fishery and electricity symbiosis solar project which located in Madou District, Tainan. In O-Bank's EP assessment process, we considered a range of social and environmental factors including environmental management, biological and cultural resources protection, noise controls, GHG emissions, land development, and other requirements of the EP. The risk rating was assigned as grade B (medium risk) accordingly. The project with potential limited adverse environmental and social risks impacts are few in number, site-specific, and readily addressed through mitigation measures.
Project F	Yilan, Taiwan	Project F is a 50 MW Energy Storage System (ESS) which was built in Suao, Yilan, Taiwan. Considering to the characteristics of the ESS and its location in the outskirts area, its impact to the ecosystem and society is comparatively less than other power plant projects. Nevertheless, in the due diligence and assessment process, O-Bank followed EP and look into its management system, local legislation compliance, stakeholders' consultation (such as agency consultation and aboriginal community consultation), and environmental matters (such as biodiversity, aboriginal heritage, and other requirements). Consequently, the risk rating was assigned as grade C (low risk) which means that this project with minimal or no adverse environmental and social risks impacts after the assessment.
Project S	Tainan, Taiwan	The 120 MW indoor fishery and electricity symbiotic solar power plant located in Jiangjun District, Tainan, Taiwan. This project has appointed an independent third-party institution in the UK to act as an environmental and social consultant and a Report of Environmental and Social Risk Assessment has been issued. O-Bank took environmental management, biological and cultural resources protection, noise controls, GHG emissions, land development, and other requirements of the EP in the due diligence and assessment process. The risk rating was assigned as grade B (medium risk) according to the Equator Principles, which means that most of the impacts of this project (limited to a specific location) are reversible and easily resolved by mitigation measures.

7.2.2 Incorporated ESG Evaluations into Corporate Loan Procedures

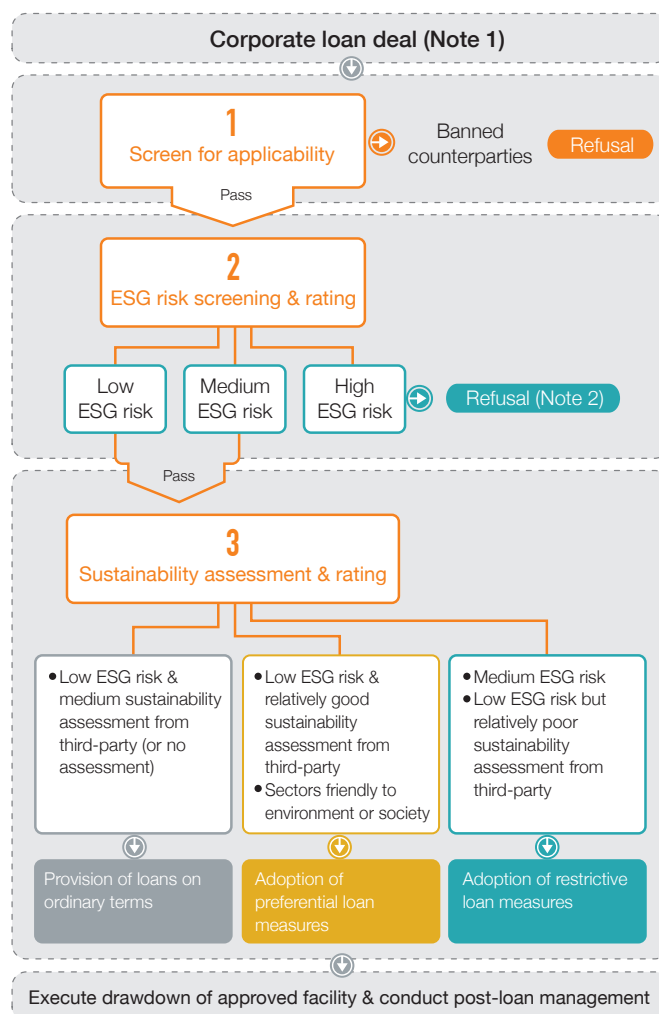
For many years, O-Bank has successively adopted regulations addressing ESG-related credit checks for corporate customers, including: the disclosure and confirmation of Securities and Exchange Act or other banking-related regulations; the adoption of Equator Principles requirements within the credit scoring criteria; and the authority credit line approval needs to be raised to the next level if the customer's KYC risk is a high-risk level, etc. In addition, O-Bank uses various Web search, Joint Credit Information Center (JCIC) and other tools to check whether a credit applicant has been involved with severe negative incidents such as environmental protection, product safety, industrial safety, or labor rights. If such incidents have occurred, the credit unit must assess and fully disclose the influence, apply methods like downgrading the credit rating, collecting collateral, or requiring corrective action within a limited period, and conduct a follow-up assessment of any ongoing influence. For example, when a borrower is either from China or relies on China for more than 50% of its production capacity, in order to confirm whether it is in compliance with environmental protection regulations there, O-Bank needs to ask them to offer documents that certify successful completion of environmental impact assessment and final acceptance as well as permits for waste discharge for the reference of loan evaluation.

In order to further promote responsible loan, O-Bank has incorporated ESG evaluations into corporate loan procedures. As a result, all customers' corporate loan projects must undergo an ESG evaluation, and after it has been confirmed that a prospective borrower is not a banned counterparty (see Table 7-7), an "ESG Comprehensive Assessment Form" must be filled out. It is then assigned a low, medium or high ESG risk score by checking environmental, social and governance-oriented risk indicators performance, such

as their GHG emissions, environmental penalties, human rights risks, violation of labor rights regulations, transparency of corporate disclosures, board independence, penalties for breach of good faith, or judicial decisions, and making reference to a third-party sustainability assessment of the corporate customer. On the basis of this risk rating a decision is made on whether to offer financing on preferential terms, or whether restrictive conditions are required. Where a customer's ESG risk score falls within high-risk territory, we do not provide financing to the customer. Where a customer's ESG risk score falls within medium-risk territory, or a customer's ESG risk score falls within low-risk territory but the customer has received a relatively poor third-party sustainability assessment, unless the customer intends to use the loan proceeds for green expenditures, in our credit assessment report we will describe the borrower's response strategy and implementation with respect to the relevant risks, and we are required to downgrade the borrower's credit rating, and on a case-by-case basis we may collect appropriate collateral, or require corrective action before a specified deadline, or raise the interest rate, and then continue to conduct on-going evaluations. Where a customer's ESG risk score falls within low-risk territory and the customer has received a relatively good third-party sustainability assessment, O-Bank will grant appropriate financing assistance or provide preferential conditions. In so doing, we seek to take full advantage of our power as a financial intermediary to guide industries toward sustainable development.

In line with the procedure described above, O-Bank has adopted a set of "Guidelines for Promoting Sustainability of Corporate Loans," which apply to all corporate loan projects. The ESG risk assessment procedure for O-Bank corporate loan is as shown in Fig. 7-24. In 2022, no O-Bank customer was assessed as posing high ESG risk, while one customer was assigned medium ESG risk. That customer is a manufacturer of raw chemicals. It is in a carbon-intensive industry as well as an industry that has a harmful environmental impact. Moreover, as a company that appears on the Taiwan EPA's National GHG Registry, this customer's emissions are subject to regulation, and the outstanding balance of loans to this customer account for 0.28% of O-Bank's total outstanding balance of loans to all corporate customers.

Fig. 7-24: ESG Risk Assessment Procedure for O-Bank Corporate Loans



Note 1: During the loan review and post-loan management processes, an ESG Comprehensive Assessment Form must be filled out, to serve as supporting documentation for the credit analysis report.

Note 2: For a customer that presents high ESG risks but would use loan proceeds for green expenditures, an exception may be made to allow the project to go forward, but if authority to approve the amount of the loan rests with a person below the level of President, approval authority should be elevated to the level of President.

Table 7-7: Banned O-Bank Counterparties

1. Countries appearing on an O-Bank Legal & Compliance Division sanctions list, and enterprises from such a country.
2. Parties that have been designated by a foreign government, international organization, or a competent authority in Taiwan as sanctioned entities due to violation of AML/CFT legislation.
3. Enterprises that engage in illegal manufacturing/buying/selling of arms, illegal involvement in gambling or pornography, or engage in environmental destruction and refuse to conduct an environmental impact assessment, or illegally trap and kill animals.
4. Enterprises that engage in any of the activities listed below, if over 50% of their operating revenues are derived from the listed activities, unless the profits thereof are used for sustainable development purposes. <ul style="list-style-type: none">• Providers of electric power that engage in production of coal-fired power;• Sand and gravel extraction, related mining activities, and extraction of specified coal (Note 1);• Engagement by oil and natural gas enterprises in exploration, extraction, preliminary treatment, and preparation of unconventional oil and gas (Note 2);• Engagement by petroleum and coal product manufacturers in production of semi-coke, coke, coal tar, etc.;• Engagement by gas fuel suppliers in the manufacture of gas fuels, and the supply of gas fuels to users either via gas lines or through its bottling in liquid form;• Enterprises that engage in the wholesaling of liquid and gas fuels, and related products;• Engagement by land transport, water transport, air transport, or freight forwarding enterprises in the scheduled or unscheduled transport of specified coals using all types of conveyances;• Engagement by harbor service enterprises in coal-related harbor, wharf, dock, lighthouse, and channel management.
5. Enterprises engaged in forestry that involves the felling of timber in tropical rain forests, old-growth forests, or statutorily protected zones.
6. Enterprises engaged in cast-net catching, gillnetting, or other significantly destructive methods (e.g. electrocution, explosions, etc.), or the manufacture of gillnetting equipment.

Note 1: The term "specified coal" means "thermal coal" and does not include "coking coal."

Note 2: The term "unconventional oil and gas" means oil and gas that are produced or extracted using unconventional technologies, such as shale oil and gas, tar sands, arctic oil & gas, liquified natural gas derived by unconventional extractions, ultra-deep-water oil & gas, tight-sands gas, and methane gas.

In addition, O-Bank has incorporated ESG screening procedures for corporate financing deals into its customer due diligence process. For example, if the entity has ever been sanctioned for environmental protection infractions but has already taken corrective actions that have been recognized as adequately completed by the Environmental Protection Administration, then that entity may reduce their risk score on the ESG Comprehensive Assessment Form by one point. This arrangement is intended to encourage corporate customers to achieve better environmental performance. In addition, O-Bank in recent years has come to place increasing importance on the measures that companies take to achieve net-zero carbon emissions, O-Bank has begun using its corporate customer due diligence process to determine whether the entity has taken any measures to reduce its carbon emissions or met with any difficulties or restrictions. This topic has been included in order to understand what sort of progress corporate customers are making toward the achievement of net-zero carbon emissions. O-Bank hopes to use its power as a financial intermediary to encourage its corporate customers actively pursue ESG measures, and properly appreciate the importance of environmental and social concerns. O-Bank wants to join hands with its corporate customers to spur a range of different industries to move toward sustainable development.

7.2.3 Management of Sustainable Credit Business, and Results

To encourage the provision of financing in sectors that are friendly to development of both the environment and society, O-Bank's "Guidelines for Promoting Sustainability of Corporate Loans" set out categories under "sectors that are friendly to the environment or society" and "sectors that pose risks to the environment or society." The term "friendly industries" includes green energy, bicycles, pollution control, healthcare, education, and other industries which, when loaned to, such loans qualify as green expenditures as defined by the Joint Credit Information Center. As of end-2022, loans and credits to sectors friendly to environment or society stood at NT\$9.741 billion, or 5.32% of O-Bank's total outstanding balance of loans to all corporate customers, as shown in Table 7-8. To determine whether a prospective loan qualifies as "green credit," O-Bank assesses the borrower's intended use of loan proceeds to determine whether it meets the Joint Credit Information Center's definition of "green expenditures." All assessment records are retained within the system (Note 7-7).

Table 7-8: O-Bank Loans in 2022 to Sectors that are Friendly to the Environment or Society

	Sector	2022 Outstanding Loan Balance (Unit: NT\$ million)	Borrowers in 2022
Environment (Note 1)	Green energy	2,382.7	14
	Bicycles	582.5	5
	LED	78.8	1
	Pollution control	1,776.1	9
	Green credit (Note 2) to other industries	1,549.5	8
Society (Note 3)	Medicine & care	3,237.1	11
	Education	134.8	2
Total for sectors that are friendly to environment or society		9,741.5	50
Balance as a share of total outstanding loans to all corporate customers			5.32%

Note 1: "Green energy" includes solar battery manufacturers, electricity suppliers (generation of power from renewable energy), battery manufacturers (green energy batteries); "bicycles" includes bicycle manufacturers, bicycle parts manufacturers, motorcycle manufacturers (electric motorcycles); LEDs includes LED manufacturers; "pollution control" includes manufacturers of pollution control equipment, wastewater and sewage treatment enterprises, and enterprises engaged in the removal and treatment of hazardous and non-hazardous waste, resource recycling enterprises, and pollution remediation enterprises.

Note 2: In addition to the environmental and social sectors defined by O-Bank, other recipients of "green credit" are enterprises that will use loan proceeds in a manner that qualifies as "green expenditures" as defined by the Joint Credit Information Center, including enterprises engaged in: (1) renewable energy, (2) energy efficiency, (3) pollution prevention and control, (4) environmentally sustainable management of living natural resources and land use, (5) terrestrial and aquatic biodiversity conservation, (6) clean transportation, (7) sustainable water and wastewater management, (8) climate change adaptation, (9) eco-efficient and/or circular economy adapted products, production technologies and processes, or (10) green buildings. Counting only O-Bank loan recipients engaged in green expenditures as defined by the Joint Credit Information Center, O-Bank has a total of 31 such borrowers, with a combined outstanding loan balance of NT\$5.679 billion, which accounts for 3.1% of O-Bank's total outstanding balance of loans to all corporate customers.

Note 3: "Medicine & care" includes hospitals, clinics, medicines and medical supplies, medical laboratory testing, medical and health care, and care services; "Education" includes schools at all levels, educational support enterprises, and enterprises engaged in the teaching of languages, arts, sports and leisure, management, and tutorial education.

Note 7-7: O-Bank periodically reports its total "green credit" amounts to the competent authority to ensure the accuracy and transparency of its publicly disclosed green credit data, and to effectively avoid any likelihood of greenwashing.

For sectors that pose the risk of possibly causing damage to the environment or society (e.g. petroleum and coal products; mining and quarrying; fertilizers and nitrogen compounds; cement and cement products; basic iron and steel; aluminum; tanning and dressing of leather and pelts; pulp and paper; gambling; tobacco and alcohol wholesaling; and arms dealers), O-Bank uses a more rigorous credit review process to control risks. For example, this process includes the following: firms in carbon-intensive industries and/or industries that pose high environmental risks, in addition to filling out an "ESG Comprehensive Assessment Form" must also fill out a "TCFD Climate Risk Checklist for Corporate Credit" to serve as supporting documentation for credit assessment reports, and enterprises that engage in illegal manufacturing/buying/selling of arms, or illegal involvement in gambling, pornography, or other sectors that pose risks to society, are classed as banned counterparties. As of year-end 2022, the loan balance to such sectors stood at NT\$4.573 billion, as shown in Table 7-9.

Table 7-9: O-Bank Loans in 2022 to Sectors that Pose Risks to the Environment or Society

	Sector	2022 Outstanding Loan Balance (Unit: NT\$ million)	Borrowers in 2022
Environment	Petroleum and coal products	0	0
	Mining & quarrying	137.9	1
	Fertilizers and nitrogen compounds	0	0
	Cement and cement products	1,100.1	3
	Basic iron and steel	2,877.1	12
	Aluminum	357.5	3
	Tanning and dressing of leather; dressing and dyeing of fur	33.6	1
	Paper & paper products	66.4	1
Society	Gambling and betting activities	0	0
	Wholesale of tobacco products and alcoholic beverages	0	0
	Munitions	0	0
Total for sectors that pose risks to environment or society		4,572.6	21
Balance as a share of total outstanding loans to all corporate customers			2.5%

In addition to adopting lists of "sectors that are friendly to the environment and/or society" and "sectors that pose risks to the environment and/or society," O-Bank also makes use of its financial resources and its corporate customers' sustainability goals to encourage corporate customers to formulate and achieve sustainability plans or action plans. Making reference to the Sustainability Linked Loan Principles (SLLP) – which were issued by the Loan Market Association (LMA), the Loan Syndications and Trading Association (LSTA), and the Asia Pacific Loan Market Association (APLMA) – O-Bank actively contacts corporate customers to discuss sustainability-linked loans. Based on the characteristics of particular industries, the Bank sets sustainability performance targets that individual corporate customers must achieve to enjoy preferential credit conditions.

As of end-2022, O-Bank has underwritten 11 sustainability-linked loans designed to meet sustainability performance targets in all three ESG areas (environmental, social, and governance concerns), including the following: reduction of GHG emissions; reduction of product power consumption; power consumption

per unit of operating revenues; water consumption per unit of operating revenues; water reuse rate; waste reuse rate; increased employment opportunities for local indigenous residents; international ESG ratings performance; etc. Borrowers that meet their annual targets can enjoy interest rate reductions. By providing concrete financial incentives, O-Bank encourages corporate customers to achieve sustainability targets. O-Bank has approved sustainability-linked loans in a total amount of NT\$5.733 billion. Of these, 9 loans have been disbursed and come to a total outstanding balance of NT\$3.539 billion, or 1.93% of O-Bank's total outstanding balance of loans to all corporate customers. Two of the borrowers have achieved their contractually stipulated annual sustainability targets, and have therefore been granted interest rate reductions.

7.3 Responsible Investment

7.3.1 Principles for Responsible Investment

O-Bank voluntarily complies with the UN Principles for Responsible Investment (PRI), and has incorporated its set of six principles into the O-Bank "Financial Transactions Handbook." In addition to pursuing economic value with its investments, O-Bank also considers whether an investment is likely to create environmental and social value, so as to achieve the co-existence of economic, environmental, and social well-being. O-Bank's progress toward achieving the six Principles for Responsible Investment is outlined below in Table 7-10.

Table 7-10: O-Bank's Implementation of the UN Principles for Responsible Investment (PRI)

The Six Principles for Responsible Investment	O-Bank's approach to implementation
1. We will incorporate ESG issues into investment analysis and decision-making processes.	<ul style="list-style-type: none"> • Has incorporated ESG risk factors into investment decision procedures, and works to increase holdings of assets with relatively good ESG performance while reducing positions with poor ESG performance. • Has adopted a list of banned counterparties and sensitive industries in order to avoid investing in companies pose high risk to the environment and society. • Has screened the climate risk factors of industries that pose high climate risks, so as to monitor and track high climate risk investment assets.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.	<ul style="list-style-type: none"> • Has signed onto the Taiwan Stock Exchange Corporation Stewardship Principles for Institutional Investors. • Has adopted a set of "Stewardship Guidelines" and "Voting Guidelines and Directions for Disclosures" in order to actively exercise ownership rights. • Uses dialogue, engagement, and voting rights to interact with investee companies and exercise the active stewardship role of a company owner.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.	<ul style="list-style-type: none"> • Periodically reviews investee companies' ESG disclosures, including ESG ratings from international ratings bodies, ESG measures and performance, and climate-related actions in order to encourage investee companies to improve their ESG measures and make ESG disclosures.
4. We will promote acceptance and implementation of the Principles within the investment industry.	<ul style="list-style-type: none"> • Has invited affiliated enterprises to jointly implement responsible investing.
5. We will work together to enhance our effectiveness in implementing the Principles.	<ul style="list-style-type: none"> • Have actively participated in summits and conferences on sustainable finance and climate change in order better understand ESG trends and ESG investment issues, and to exercise our influence as a financial institution.
6. We will each report on our activities and progress towards implementing the Principles.	<ul style="list-style-type: none"> • Have a special "Stewardship Section" on the O-Bank website where we annually post a stewardship report, voting logs from shareholders' meetings, and engagement logs. • Each year's sustainability report discloses the state of O-Bank's compliance with the Principles for Responsible Investment.

7.3.2 Incorporated ESG Evaluations into Investment Procedures

O-Bank has incorporated evaluations of ESG risk factors into all decision-making procedures for all investment positions. When selecting among prospective investee companies, O-Bank first eliminates banned investments (see Table 7-11) from consideration and screens for sensitive industries, and then, making reference to a third-party sustainability assessment of the corporate customer, O-Bank classifies a prospective investee company as having relatively good ESG performance, ordinary ESG performance, or relatively poor ESG performance, and sets proportional goals in order to increase holdings of assets with good ESG performance while reducing positions with poor ESG performance in hopes of directing the Bank's funds toward companies that place importance on taking measures to address environmental, social, and governance concerns.

For a prospective investee company that has not been rated by a third-party sustainability assessment institution, O-Bank uses an "ESG Comprehensive Assessment Form" to assess ESG risks (including: GHG emissions, sanctions for environmental protection infractions, human rights risks, sanctions for labor legislation infractions, transparency of disclosures of corporate information, independence of the board of directors, sanctions or adverse court judgments for business ethics infractions) and will not invest in any company assigned a "high risk" rating. If O-Bank intends to invest in a company assigned a "medium risk" rating, it must state its reasons, obtain approval from the President, and deem the company as having relatively poor ESG performance. For a prospective investee company with low ESG risk, O-Bank may follow ordinary investment decision-making procedures. O-Bank has incorporated the aforementioned procedures into the O-Bank "Financial Transactions Handbook" and the "Equity Transactions Handbook" to ensure proper assessment of the ESG risks of all investee companies. ESG risk assessment procedures for O-Bank investments are set out in Fig. 7-25 below. In 2022, investee companies that were assigned a relatively poor ESG performance rating after a third-party sustainability assessment accounted for roughly 11.31% of O-Bank's total investment positions, while investee companies that have not been rated by a third-party sustainability assessment institution but have been assigned a medium ESG risk score after the filling out of an "ESG Comprehensive Assessment Form" account for roughly 1.32% of O-Bank's total investment positions. The two types are all in high climate risk sectors such as petrochemicals and cement.

Table 7-11: O-Bank Banned Investments

1. Countries appearing on an O-Bank Legal & Compliance Division sanctions list, and enterprises from such a country.
2. Parties that have been designated by a foreign government, international organization, or a competent authority in Taiwan as sanctioned entities due to violation of AML/CFT legislation.
3. Enterprises that engage in illegal manufacturing/buying/selling of arms, illegal involvement in gambling or pornography, or engage in environmental destruction and refuse to conduct an environmental impact assessment, or illegally trap and kill animals.
4. Enterprises that engage in any of the activities listed below, if over 50% of their operating revenues are derived from the listed activities, unless the profits thereof are used for sustainable development purposes (e.g. green bonds, sustainability bonds). <ul style="list-style-type: none"> • Providers of electric power that engage in production of coal-fired power; • Sand and gravel extraction, related mining activities, and extraction of specified coal (Note 1); • Engagement by crude petroleum and natural gas enterprises in exploration, extraction, preliminary treatment, and preparation of unconventional oil and gas (Note 2); • Engagement by petroleum and coal product manufacturers in production of semi-coke, coke, coal tar, etc.; • Engagement by gas fuel suppliers in the manufacture of gas fuels, and the supply of gas fuels to users either via gas lines or through its bottling in liquid form; • Enterprises that engage in the wholesaling of liquid and gas fuels, and related products; • Engagement by land transport, water transport, air transport, or freight forwarding enterprises in the scheduled or unscheduled transport of specified coals using all types of conveyances; • Engagement by harbor service enterprises in coal-related harbor, wharf, dock, lighthouse, and channel management.

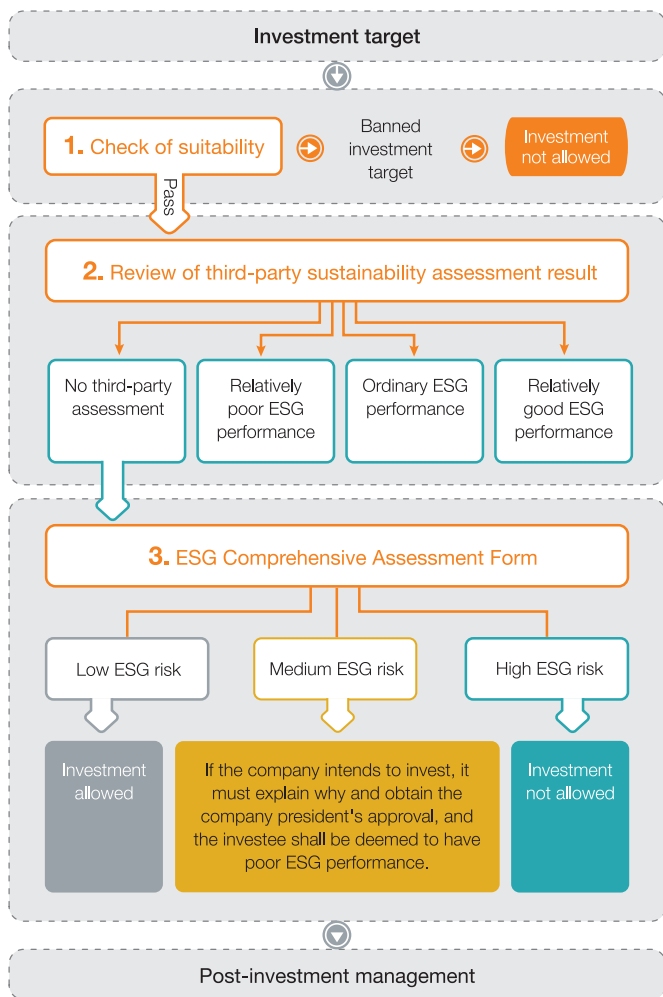
5. Enterprises engaged in forestry that involves the felling of timber in tropical rain forests, old-growth forests, or statutorily protected zones.

6. Enterprises engaged in cast-net catching, gillnetting, or other significantly destructive methods (e.g. electrocution, explosions, etc.), or the manufacture of gillnetting equipment.

Note 1: The term "specified coal" means "thermal coal" and does not include "coking coal."

Note 2: The term "unconventional oil and gas" means oil and gas that are produced or extracted using unconventional technologies, such as shale oil and gas, tar sands, arctic oil & gas, liquified natural gas derived by unconventional extractions, ultra-deep-water oil & gas, tight-sands gas, and methane gas.

Fig. 7-25: ESG Risk Assessment Procedures for O-Bank Investments



Note 1: ESG evaluations must be conducted for all investments (with the exception of trading book positions, positions taken for the purpose of fund flow management, and investment positions for which the issuer is a government agency).

Note 2: O-Bank has taken part in third-party sustainability assessments (MSCI ESG Ratings, Sustainalytics ESG Risk Ratings, and Taiwan Stock Exchange Corporate Governance Evaluations), and on the basis of these assessments has set criteria for what constitutes relatively good, ordinary, and relatively poor ESG performance.

7.3.3 Sustainable Investments: Management and Engagement

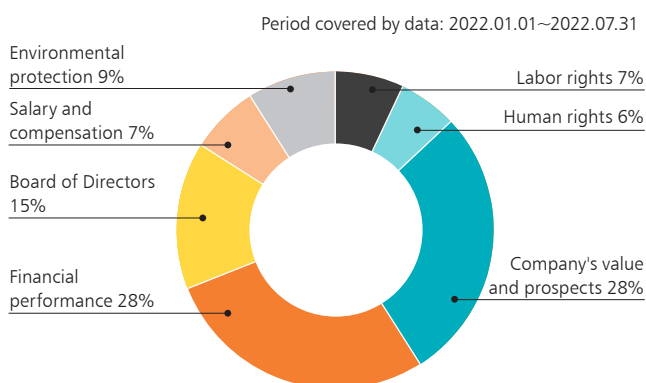
As of year-end 2022, O-Bank investment positions in assets with excellent ESG performance stood at NT\$25.5 billion, and total investment positions in sustainable bonds came to NT\$3.72 billion. Combined, the two types of investment positions described above accounted for about 68% of O-Bank's total investment positions. Therein, the sustainability bonds that O-Bank has invested in qualify as "Green Bonds," "Social Bonds," or "Sustainability Bonds" as defined by Bloomberg, or qualify as "sustainable-use-of-proceeds bonds" as defined by the Taipei Exchange (TPEX), and in this manner O-Bank avoids greenwashing behavior on the part of bond issuers. In the future, O-Bank will continue acting in line with the Principles for Responsible Investment and, while paying balanced attention to the needs for profitability and risks diversification, will actively invest in assets that are beneficial to the environment and society.

O-Bank has signed onto and complies with the "Taiwan Stock Exchange Corporation Stewardship Principles for Institutional Investors," which means the Bank is committed to fulfilling its duties as an asset owner and spurring its investee companies to bring about healthy economic, environmental, and social development. O-Bank posts a "Stewardship Report" each year on its own website as well as the website of the Taiwan Stock Exchange. This report publicly discloses the Bank's implementation of stewardship duties in the

course of its investment activities. In addition, O-Bank has also adopted a set of "Voting Guidelines and Directions for Disclosures," actively attends the shareholders' meetings of investee companies in order to exercise its voting rights, and discloses voting logs and engagement logs on its website.

In 2022, O-Bank participated in 35 votes at the shareholders' meetings of investee companies, and attended 66 earnings conferences as well as 56 seminars and small conference calls held by investee companies at securities firms. On those occasions, O-Bank posed 182 questions to investee companies regarding ESG topics such as the following: the share of their board seats held by independent directors; whether a capital increase or an issue of convertible bonds would harm the interests of the original shareholders; whether the investee company had raised salaries in the current year; the reason for a sharp increase in CO₂ emissions in the current year; the share of hazardous process waste that is recycled; the handling of employee COVID infections and their knock-on impact on production; and the handling of return to Taiwan for vacation during the pandemic by Taiwanese supervisors at overseas manufacturing facilities. ESG-related matters of this sort accounted for 44% of all instances of engagement with investee companies (see Fig. 7-26).

Fig. 7-26: Topics of O-Bank Engagement with Investee Companies



Also, in order to avoid any possible conflict of interest between O-Bank and its investee companies, O-Bank has adopted the "Directions on a Financial Transaction Unit's Conduct of Transactions with Related Parties and/or Stakeholders," the "Directions on Prevention of Conflicts of Interest," and the "Criteria Governing Codes of Ethical Conduct" to strengthen regulation of conflicts of interest between O-Bank and its investee companies. Moreover, O-Bank continues to employ education and awareness campaigns, delegation of responsibilities, information control, firewall design, and monitoring to maintain control, relying on strict ethics standards to prevent possible conflicts of interest. As of 2022, O-Bank has not experienced any investment-related conflicts of interest.

7.4 Responsible Products

7.4.1 Financial Inclusion

O-Bank has used financial technology to create convenient, simple, and quick digital financial services in order to realize O-Bank's vision of financial inclusion characterized by "low access threshold, borderless service, and zero lag time." As of year-end 2022, O-Bank had a total of 387,000 personal deposit accounts holding a total of NT\$22.656 billion in deposits. Of these personal deposit accounts, 8,617 belonged to persons living in remote locations (Note 7-8), 3,301 belonged to foreign nationals, and 194 belonged to persons with physical or mental disabilities (Note 7-9). A total of about 18,000 persons had submitted roughly 19,000 applications for personal unsecured loans amounting to a combined total of NT\$12.537 billion, and 276,861 discrete customers held a total of 276,989 valid O-Bank debit cards.

Note 7-8: The figure for the number of people in remote areas was calculated with reference to statistics on remote areas updated and issued by the Ministry of Health and Welfare in April 2021. The areas in question included 55 indigenous districts, 18 offshore island districts, and 20 other remote districts, or 93 such districts in all.

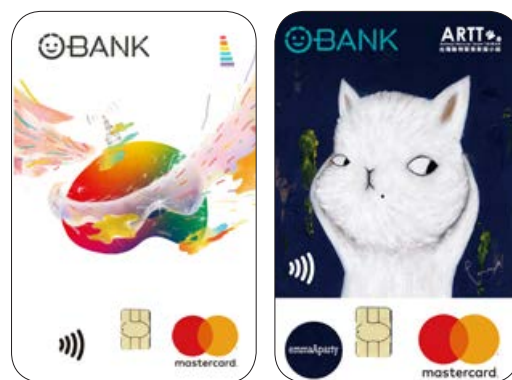
Note 7-9: The figure for persons with disabilities indicates the total number of persons in 2022 who logged on to barrier-free banking sites or made use of barrier-free mobile apps, but within such persons does not include anyone who visited an ordinary website or made use of an ordinary mobile app.

Also, in order to assist with the development of Taiwanese small and medium enterprises (SMEs), O-Bank has set up a commercial banking department, and has established exclusive teams in the north, central and south areas to actively develop business with medium enterprises (Note 7-10). Each year O-Bank sets a target for loan amount in the current year, and incorporates performance targets for related departments; in addition, with respect to micro-enterprises, O-Bank has established a digital banking department to enable micro-enterprises to apply online for financial services, thus helping them to obtain needed working capital. As of year-end 2022, O-Bank had a total of 555 SME deposit accounts, and the total funds deposited in these accounts stood at roughly NT\$10.256 billion. A total of 533 loans had been made to 225 SMEs, amounting to a combined total of NT\$31.805 billion, none of which were classified as non-performing or non-accrual loans; the total outstanding balance of new loans made to SMEs in 2022 was NT\$3.828 billion, which accounted for 36.6% of the total value of new loans to private companies. Also, there were 355 unsecured loans or revolving loans to 161 ordinary enterprises, and the outstanding loan amount stood at NT\$22.851 billion.

Due to the COVID-19 pandemic, some customers have been having difficulties repaying mortgage loans or unsecured loans. To address this problem, O-Bank allowed such customers to apply for principal repayment deferrals of up to six months. During the deferral period, liquidated damages and deferred interest are waived. As of December 2022, a total of more than 500 customers had applied for deferrals. In addition, O-Bank also provided a loan interest reduction program, and in cooperation with a policy announced by the Financial Supervisory Commission, O-Bank extended the deadline for repayment deferral applications until December 2023. For corporate customers, O-Bank coordinated with Central Bank policy by continuing through end-June 2022 to administer the "Preferential Loan Program for B Corporations and Social Enterprises," under which such firms can receive preferential loans of up to NT\$16 million at 0.85% interest, and by offering various service fee reductions or waivers. These measures are designed to help B Corporations and social enterprises deal with the impact of the pandemic.

7.4.2 Charity Affinity Card Platform

To put the spirit of "fulfilling oneself by benefiting others" into action, O-Bank in 2018 launched a charity affinity card platform and joined hands with non-profit organizations to issue charity affinity cards, including Rainbow Cards, Stray Animal Cards, Children-Are-Us Cards, Junyi Education Cards, Yunus Social Enterprise Cards, Garden of Hope Cards, Eden Social Welfare Cards, Angel Heart Family Cards, Taiwan Public Welfare League Cards, Faith for Animals Cards, "Become the Miracle Association" cards, Rainbow Bridge Church Cards, and Temple of Jinshan Fortune Charity Association Cards. When O-Bank customers use these affinity cards to pay for domestic or overseas purchases, O-Bank routes 0.2% cashback benefits to the cooperating community service organizations respectively, including



Rainbow Affinity Cards

Stray Animal Affinity Cards

Note 7-10: The term "small and medium-sized enterprise (SME)" as used here by O-Bank is an SME as defined by the competent authority, i.e. an enterprise whose paid-in capital is no more than NT\$100 million, or which hires fewer than 200 regular employees. The term "micro-enterprise" as used here by O-Bank is an SME with less than five regular employees.

Taiwan Tongzhi Hotline Association, the Animal Rescue Team TAIWAN, the Children ARE US Foundation (CAREUS), the Junyi Academy Foundation, the Foundation for Yunus Social Enterprise Taiwan, the Garden of Hope Foundation, the Eden Social Welfare Foundation, the Angel Heart Family Social Welfare Foundation, the Taiwan Public Welfare League, Faith for Animals, "Become the Miracle" Association, Rainbow Bridge Church, and Temple of Jinshan Fortune Charity Association. By tapping into the power of consumers, O-Bank gives non-profit organizations long-term, and stable financial support. In addition, the face of each affinity card bears a special design that identifies the affinity organization, which means that each swipe of an affinity card calls attention to the cause that the cardholder supports.



Junyi Education Affinity Cards



Children-Are-Us Affinity Cards



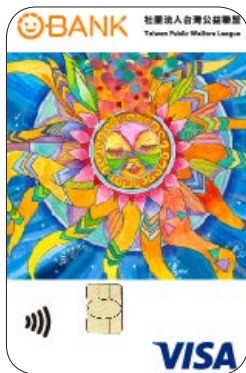
Eden Social Welfare Affinity Cards



Garden of Hope Affinity Cards



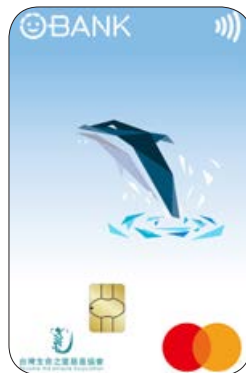
Angel Heart Family Affinity Cards



Taiwan Public Welfare League Affinity Cards



Faith for Animals Affinity Cards



SMA Affinity Cards



Rainbow Bridge Church Affinity Cards



Temple of Jinshan Fortune Affinity Cards

Since 2020, O-Bank has further extended the concept of socially beneficial consumption into the schools, having now issued affinity cards in cooperation with National Sun Yat-sen University, Tamkang University, Taipei Municipal Jianguo High School, and Stella Matutina Girls' High School. When customers make domestic or overseas purchases with the above mentioned affinity cards, O-Bank routes 0.2% to 0.8% of the spending amount as cashback benefits to the schools' endowment funds, thus supporting the development of schools and the education of young talents. As of end-2022, O-Bank had issued a total of over 36,000 charity affinity cards and donated more than NT\$1.28 million in cashback benefits to cooperating community service entities and schools. In 2022, O-Bank processed applications for 1,948 charity affinity cards and donated a total of NT\$245,000 in cashback benefits to cooperating community service entities and schools.



Stella Matutina Girls' High School Affinity Cards



National Sun Yat-sen University Affinity Cards



Tamkang University Affinity Cards



Jianguo High School Affinity Cards

7.4.3 Green Products and Services

In response to climate change and efforts to reduce carbon emissions, O-Bank hopes to use its power as a financial institution and work together with customers to achieve energy conservation and carbon reduction. In March 2022, O-Bank was the first bank in Taiwan to launch a "Consumer Spending Carbon Calculator" and adopt Mastercard's Carbon Calculator function, which enables all holders of an O-Bank Mastercard debit card to apply to activate the free-of-charge "Consumer Spending Carbon Calculator." They can then use the function to see an itemized list of carbon emissions for every purchase paid for via the O-Bank online banking site or using the O-Bank mobile banking app. The hope is that this may prompt a gradual shift toward more conscious consumption and lower-carbon lifestyles, with everyone working together to reduce global carbon emissions.

In addition, to encourage customers to purchase energy-efficient products, O-Bank offers a green loan and green mortgage program. Under this program, if the borrower intends to use the loan proceeds to purchase an electric car or motorcycle, a hybrid electric vehicle, energy-efficient household appliances, a home in a green building or a home built using green construction materials, then the borrower can receive a discount of NT\$3,000 on the loan processing fee. (Note 7-11)

7.4.4 Financial Support Programs for B Corporations and Social Enterprises

O-Bank firmly believes that entities with business operations that are good for the environment and society deserve to obtain better financial resources. As a B Corporation, O-Bank continues to support the development of other B Corporations in Taiwan. O-Bank has set an industry first by launching a Financial Support Program for B Corporations. Special services offered under this Program include preferential corporate deposit accounts, preferential corporate payroll accounts, and preferential loans. Beyond using financial resources to support B Corporations, O-Bank also directs our resources toward B Corp employees. While working to make the world a better place, O-Bank hopes to be the most reliable backstop for Taiwan's B Corporations.

As a strong supporter of social enterprises that work to resolve social and environmental problems, O-Bank has introduced preferential corporate deposit accounts and preferential corporate payroll accounts, and has adopted multiple standards for determining what constitutes a social enterprise, i.e. an enterprise meeting any of the following descriptions qualifies as a social enterprise: is registered on the

Note 7-11: As of May 2023, O-Bank had underwritten nine green loans worth a total of NT\$69.69 million, which accounted for 0.23% of O-Bank's total outstanding balance of retail loans.

"Social Innovation Database" of the MOEA's Small and Medium Enterprise Administration; is a participant in the Social Innovation Lab; has registered as a social enterprise on the Taiwan NPO Self-Regulation Alliance's social enterprises registration platform; or meets the narrow definition of the term "social enterprise" in the Project for Social Enterprises Action Plan. The idea is to expand the coverage of the financial support program for social enterprises to include all social enterprises, and to gather together the forces of more social enterprises so that they can all collaborate to achieve the vision of co-existing with the environment and benefiting with society.

Table 7-12: Financial Support Programs for B Corporations and Social Enterprises

Tiered-Rate NTD Demand Deposit Accounts for B Corporations and Social Enterprises	Preferential payroll accounts for B Corporations and Social Enterprises	Special Loan Program for B Corporations
<ol style="list-style-type: none"> 1. Maximum preferential interest of 1.03% for tiered-rate NTD demand deposits. 2. No cap on balance of preferential-rate deposits. 	<ol style="list-style-type: none"> 1. 0.8% interest rate on payroll demand savings deposit accounts. 2. No ATM fee for the first 20 interbank cash withdrawals each month. 3. No ATM fee for the first 20 interbank transfers each month. 4. No ATM fee for the first 5 interbank deposits each month. 5. Special debit card design for B Corporations and social enterprises. 	<ol style="list-style-type: none"> 1. Waiver of account management fees. 2. Waiver of loan term modification fees. 3. No restrictions on early loan repayment. 4. Reduced service charges for NT Dollar interbank transfers.

Note: In response to the Central Bank's rate hike policy, O-Bank began offering preferential "Tiered-Rate NTD Demand Deposit Accounts for B Corporations and Social Enterprises" from Mar. 30, 2023 (adjusting the top interest rate bracket to 1.03%), and also from Mar. 30, 2023 adjusted the annual interest rate on payroll deposit accounts with a demand feature to 0.8%.

7.4.5 ESG Investments

To provide customers with a diverse range of sustainable investment products to choose from, O-Bank carefully screens to identify investment products that meet ESG criteria. As of end-2022, O-Bank offers 35 ESG funds (107 Fund Codes), all of which meet the FSC's "Supervisory Principles for Review of the Disclosures of Domestic and Offshore ESG Funds." In addition, O-Bank also offers 99 offshore bonds that are recognized by Bloomberg as "Green Bonds," "Social Bonds," or "Sustainability Bonds," or whose issuers have recognized by an international ratings body as having excellent ESG performance. The ESG investment products meeting the above standards have roughly NT\$442 million in assets under management, or about 15% of O-Bank's investment product lineup. O-Bank, acting via its subscription platform, makes it possible for customers to read the prospectuses for ESG funds and offshore bonds, and also discloses its products' sustainability investment targets and metrics. In this manner, O-Bank and customers work together in joint pursuit of sustainable, long-term returns.

8. Social Engagement



8.1 O-Bank's Thinking

O-Bank has long acted in the spirit of "fulfilling oneself by benefiting others." We firmly believe that enterprises have well-developed systems and resource integration ability, as well as outstanding industry expertise, and can give back to society by taking advantage of these strengths. This would enable enterprises' social engagement efforts to become a force for social progress. To effectively manage the resources invested for social welfare projects, O-Bank utilizes the B4SI (Business for Social Impact) Framework as a guide to quantify and measure the social and business impact of each social welfare project. For details, see Table 8-1 and Fig. 8-1 and 8-2.

Fig. 8-1: O-Bank's 2022 Investments in Social Welfare Projects by Type of Resources Invested

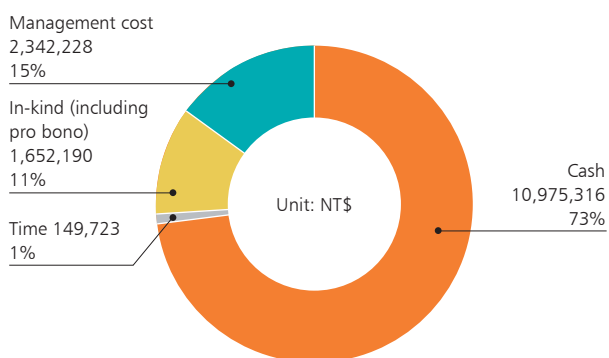


Fig. 8-2: O-Bank's 2022 Investments in Social Welfare Projects by Type of Project

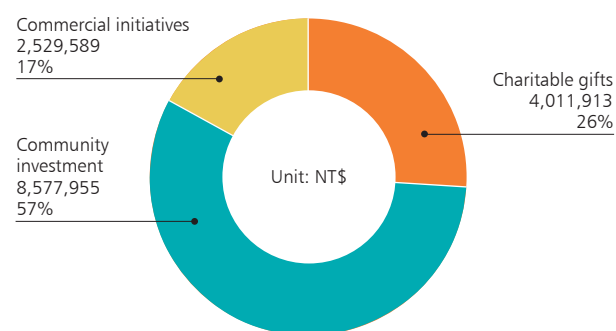


Table 8-1: Evaluation of O-Bank's 2022 Social Engagement Programs under the BS4I Framework

Project	SDGs Target	Program Description	Environmental/Social Impact	Business Impact
Caring for Students in Remote Areas	SDGs 4. Quality Education	Members of O-Bank Community Volunteer Club visit rural schools for anti-fraud education, "Cinema for the Mind" events, and holiday care activities, bringing resources to remote schools and accompanying local children.	<ol style="list-style-type: none"> Held five activities for 112 students in 2022. Donated two public broadcast DVD for schools' permanent use. 	-

Project	SDGs Target	Program Description	Environmental/Social Impact	Business Impact
Support for Social Enterprises & B Corporations	SDGs 12. Responsible Consumption and Production	Collaborated with social enterprises and B corporations on actions including social enterprise and B corporation joint market, social enterprise lectures, product purchases, and dedicated financial support projects, supporting their continued efforts to address environmental and social issues.	<ol style="list-style-type: none"> 1. Held one joint market in 2022, inviting five B corporations and social enterprises to set up stalls at O-Bank headquarters and increase exposure. 2. Purchased holiday gifts from five B corporations and social enterprises for employees, customers, and press. 3. Continued to work with social enterprise Blueseeds' "Adopt a Herb Garden" program, donating all hand cleanser products made from naturally grown herbs to Jiqing Elementary School and Pingling Elementary School. In 2022, 64 bottles of hand cleanser products was donated. 4. Held one social enterprise lecture in 2022, inviting a speaker from B corporation Bettermilk to share the company's brand principles. 	<ol style="list-style-type: none"> 1. Recognized for six consecutive years since 2017 with the "Buying Power – Social Innovation Products and Services Procurement" award. 2. Deposits by Social Enterprises and B Corporations have exceeded NT\$2 million and more than 200 salary transfer accounts were opened since program was launched in 2022.
Charity Affinity Cards	SDGs 10. Reduced Inequalities	Created a Charity Affinity Card platform. For clients using the affinity card in domestic or international transactions, O-Bank will take a percentage of the cash-back reward for donations to cooperating charity organizations and schools. Clients can show their values each time they use the credit card. (See 7.4.2 Charity Affinity Card Platform for details).	<ol style="list-style-type: none"> 1. Worked with 16 nonprofit organizations and schools in 2022, providing long-term and stable donation support. 2. As of the end of 2022, accumulated cash-back donations to cooperating nonprofits and schools exceeded NT\$1.28 million since program was launched in 2018. 	<ol style="list-style-type: none"> 1. Charity Affinity Card applications have exceeded 360,000 between program launch in 2018 and end-2022, making up 10% of individual client base.
Green Consumption Power@ O-Bank	SDGs 12. Responsible Consumption and Production	To support cardholders' sustainable consumption, purchases from cooperating green brands with O-Bank debit cards receive 4.22% cash back (reflecting 4/22 Earth Day).	<ol style="list-style-type: none"> 1. Taiwan's first bank to promote conscious consumption. 2. A total of 29,000 people have participated between program launch in 2019 and end-2022. 3. Worked with a total of 28 B corporations and social enterprises in 2022. 	<ol style="list-style-type: none"> 1. Received "Buying Power – Social Innovation Products and Services Procurement" special recognition award in 2020.

Project	SDGs Target	Program Description	Environmental/Social Impact	Business Impact
Social Impact Program	SDGs 1. No Poverty	Clients' Social Impact Program deposits are designated for loan applications by the economically disadvantaged, providing small, zero-fee, and low-interest impact loans to help the economically disadvantaged during urgent situations.	<ol style="list-style-type: none"> 1. Supported a total of 41 low and middle-low income borrowers between program launch in 2020 and end-2022. 2. Worked with five nonprofits and social enterprises helping disadvantaged people find employment. 	<ol style="list-style-type: none"> 1. In 2022, adopted the Social Return on Investment (SROI) methodology developed by Social Value UK to publish an evaluation report, which found an SROI index of 5.61. The evaluation report was certified by Social Value International in 2023. 2. Received "Buying Power – Social Innovation Products and Services Procurement" special recognition award in 2021. 3. Total loans have exceeded NT\$3 million between program launch in 2020 and end-2022.
Consumer Spending Carbon Calculator and Low-Carbon Lifestyle Debit Card	SDGs 13. Climate Action	<ol style="list-style-type: none"> 1. First in Taiwan to provide "Consumer Spending Carbon Calculator" function. O-Bank's Mastercard clients can check estimated carbon emissions for each charge for free. 2. Launched "Low-Carbon Lifestyle Debit Card" linking carbon emissions from charges with cash back. Lower carbon emissions per NT\$1 enjoy higher percentage of cash back. Clients purchasing from cooperating green consumption brands with O-Bank credit cards receive 4.22% cash back (reflecting 4/22 Earth Day), as well as brand discounts. 	<ol style="list-style-type: none"> 1. First bank in Asia to adopt Mastercard's Carbon Calculator, Taiwan's first bank to determine cash back percentage based on carbon emissions, establishing consumer carbon consciousness. 2. Low-Carbon Lifestyle Debit Card uses 82% biodegradable material, receiving Climate Impact Partners' "Carbon Neutral" mark, and lowering the environmental burden of the physical card. 3. Collaborated with 26 B corporations and social enterprises in 2022. 	<ol style="list-style-type: none"> 1. Average charges by Low-Carbon Lifestyle Card holders at green shops are 4.7 times higher than the overall client base. 2. Average savings of Consumer Spending Carbon Calculator users are 2.1 times higher than the overall client base. 3. Proportion of linking e-payment methods for Consumer Spending Carbon Calculator users is 4.5 times higher than overall customer base.

Project	SDGs Target	Program Description	Environmental/Social Impact	Business Impact
Developing Talent for the Future	SDGs 8. Decent Work and Economic Growth	<ol style="list-style-type: none"> The "Summer Seed Internship Program" provides students from underprivileged students to intern in the finance industry, improving their future employment competitiveness while earning wage compensation. "Long-term Scholarship and Employment Program for Outstanding Interns" selects outstanding interns for scholarships each semester and guaranteed employment, giving underprivileged students peace of mind while pursuing studies and employment upon graduation. Through university classes taught by O-Bank managers and enterprise visits by university students, O-Bank helps university students understand enterprise operations and connect with industry practice. 	<ol style="list-style-type: none"> A total of 36 underprivileged students have participated in the "Summer Seed Internship" between program launch in 2015 and end-2022. A total of seven outstanding interns were selected to join the "Long-term Scholarship and Employment Program for Outstanding Interns" between program launch in 2018 and end-2022. Worked with one university to open a course, and held two university student enterprise visits in 2022. 	<ol style="list-style-type: none"> A total of three interns were employed at O-Bank after graduation between program launch in 2018 and end-2022.
Community Service and Donations	SDGs 17. Partnerships for the Goals	O-Bank supports nonprofits through donations over the long term, helping nonprofits in different fields to continue making a social impact. In addition, O-Bank holds resource drives with employees, donating receipts and used books to those who need them.	<ol style="list-style-type: none"> Total value of charity donations in 2022 was NT\$11,020,913 (including material donations). Donated 1,190 boxes of masks to four Hong Kong social welfare organizations in 2022. Employees donated 92 receipts to nonprofit organizations in 2022. Employees donated 325 books and nine board games to provide rural students with reading and entertainment resources. 	-
Beach Clean-up	SDGs 14. Life Below Water	Members of O-Bank Community Volunteer Club collect refuse at beaches together, developing a habit of reducing plastic consumption, trash sorting, and resource recycling (for details see 6.5 Environmental Sustainability Activities).	<ol style="list-style-type: none"> Held one beach clean-up in Venus Beach, New Taipei City, in 2022. A total of 36 volunteers of O-Bank collected approximately 65 kgs of refuse. 	-

8.1.1 O-Bank's Approach

Since O-Bank was first founded in 1999, we have embraced the ideals of giving back to society and engaging in sustainable business, and has carried out our corporate culture of "Always Sincere, Always Here" across social outreach and philanthropic activities. In recent years, O-Bank has made a special effort to assist schools in remote areas, where the children of immigrants account for a relatively large share of all students. O-Bank works hard to promote financial literacy and care for children's emotional needs, and has designed a variety of highly educational activities in hopes of reducing the inequality of opportunity that results from the urban-rural divide. In addition, O-Bank has also cooperated actively with social enterprises and B Corporations, tapping into the strength of enterprises to mitigate environmental and social problems. In addition to holding a series of procurement events, O-Bank has also launched special services designed specifically to support the development of social enterprises and B Corporations.

In addition, since reorganizing as a commercial bank, O-Bank has begun to provide retail digital financial services, and has launched a series of financial products with CSR features. The idea is to use our power as a financial institution to give back to society and create a prosperity in which O-Bank, consumers, and society can all share. In 2018, O-Bank launched a Charity Affinity Card platform that makes it easy for customers to engage in charitable giving by taking the cashback rewards from purchases and redirecting them to selected non-profit organizations. In 2019, O-Bank launched the "Green Consumption Power@ O-Bank" project to encourage consumers to buy products that have a positive impact on the environment and society. This act established O-Bank as the first bank in Taiwan to advocate for conscious consumption. In 2020, O-Bank further deepened the link between financial services and corporate social responsibility when launched the "Social Impact Program". The funds deposited in these special accounts will be used solely for the specific purpose of backing microloans to help economically disadvantaged persons deal with financial emergencies. In 2022, O-Bank was the first in Taiwan to launch a "Consumer Spending Carbon Calculator" function that can be used to check the carbon footprint of card purchases. In this manner, O-Bank has joined with customers to achieve low-carbon lifestyles. We all intend to do our part to mitigate climate change.

In line with our belief that a company should give back to society on an ongoing basis, O-Bank established the O-Bank Education Foundation (O-BankEF) in the year after our founding. In the O-BankEF's early years, it focused especially on encouraging youth to have the courage to innovate, start up new businesses, and pursue their dreams. The O-BankEF held the "WeWin Entrepreneurship Competition" for 10 years in a row, and tapped into the resources of industry, government, and academia to support youth entrepreneurship. In recent years, however, as society has grown increasingly diverse, culture and creativity have come to attract more and more attention, and the Foundation has shifted its focus to arts and education activities. The O-BankEF uses the concert hall and art gallery at the O-Bank headquarters in Neihu Technology Park to hold concerts, seminars, and exhibits, which local residents are invited to attend. Since 2010, the O-BankEF has held the "Stars of TiDing" art advocacy project as a venue for new and aspiring artists. In these and other ways, the Foundation has done much to enrich Taiwanese culture. In 2022, O-BankEF initiated the project's next stage, the "Stars of TiDing 2.0" project grants, encouraging young arts and music works to connect creativity with society through the spirit of transdisciplinary collaboration.

8.1.2 O-Bank Community Volunteer Club

O-Bank established the O-Bank Community Volunteer Club in 2015 to take part in community service work. O-Bank Chairperson Tina Y. Lo, who chairs the Bank's CSR Committee, serves as the Club's honorary president. Employees who spend their working hours striving to achieve strong business results also have opportunities as Club members to do their part for the community and give back to society. O-Bank offers paid community service leave to encourage employees to take active part in community service activities, and there is no limit on the number of days that employees can take off to participate in activities organized by the O-Bank Community Volunteer Club. As of year-end 2022, 115 employees were members of the Club, or 12% of the company's total payroll. O-Bank employees put in a total of 212 hours of volunteer service, for an average of 0.22 hours of volunteer work per employee.

Table 8-2: Volunteer Work by O-Bank Community Volunteer Club in 2021 and 2022

	2022	2021
Number of volunteers	115 persons	153 persons
Total hours volunteered	212 hours	149 hours
Average volunteer hours per employee	0.22 hours per employee	0.17 hours per employee

8.2 Caring for Students in Remote Areas

Since 2015 O-Bank has made a special effort to assist schools in remote areas, where the children of immigrants account for a relatively large share of all students. O-Bank has helped to start up a diverse range of extracurricular learning activities, including financial literacy classes, anti-fraud education, the "Cinema for the Mind" program, and community service programs on holidays to provide students with many different kind of learning and life experiences.

Table 8-3: Activities to Care for Students in Remote Areas in 2021 and 2022

	2022	2021
Number of sessions	5	6
Participation by volunteers	17 times	33 times
Entities served	2	3

1. Anti-fraud Education Activities

With the rise in financial fraud in recent years, as members of the financial industry we have the responsibility to educate the public and promote understanding of all types of fraud, helping people remain alert and protect their property. In addition to anti-fraud promotion during the course of daily transactions with customers, in 2022 O-Bank held anti-fraud education activities at Jiqing Elementary School in the Ruifang District and Pinglin Elementary School in Pinglin District of New Taipei City. Through role-playing, pictures, and other fun educational activities, O-Bank introduced 59 students in rural schools to common scams and how to prevent them, such as failed bank transfers, text message phishing, impersonating families, or internet dating fraud, acting early to build anti-fraud consciousness in students.



O-Bank volunteers hold an anti-fraud class at Jiqing Elementary School



O-Bank volunteers hold an anti-fraud class at Pinglin Elementary School

2. "Cinema for the Mind" Program

To enable children from remote areas to enjoy the beauty of films, pick up the humanitarian spirit inherent in the story lines, and develop a different sort of world view, O-Bank introduces movies with educational value at remote schools. In November 2022, O-Bank held two "Cinema for the Mind" events at Jiqing Elementary School and Pinglin Elementary School in rural New Taipei City, with a total of 40 students participating. Members of the O-Bank Community Volunteer Club conducted discussions where students talked about their thoughts and feelings after watching the movies. Cinema-inspired education activities thus served to enrich the mental universe of young students. In addition, O-Bank purchased animated DVDs (complete with copyright clearance for charity broadcast purposes) and donated them to the schools, which are thus licensed in perpetuity to broadcast the DVDs on school property. This affords more students opportunities to view and learn from the movies.



O-Bank held a "Cinema for the Mind" event at Jiqing Elementary School



O-Bank held a "Cinema for the Mind" event at Pinglin Elementary School

3. Holiday Care Activities

To accompany children from remote areas during holiday periods, members of the O-Bank Community Volunteer Club in late December 2022 held a holiday care activity at Pinglin Elementary School in rural New Taipei City's Pinglin District. In this activity, the O-Bank volunteers led 13 children as they engaged in crafts projects to make Christmas gift items. Volunteers led students in decorating toilet paper rolls into unique Santa Claus figures and sharing ways to help others, showing them that they can be a Santa Claus that brings warmth to someone's life and giving deeper meaning to the holiday.



Members of the O-Bank Community Volunteer Club hold a Christmas care activity at Pinglin Elementary School in rural New Taipei City

8.3 Support for Social Enterprises & B Corporations

O-Bank continued its long-term engagement in a wide variety of exchanges with social enterprises and B Corporations, and takes concrete action in many different ways to support their efforts on behalf of the environment and society. O-Bank wants to take action in more ways to ensure a harmonious co-existence between nature and society. Among the various cooperative projects that O-Bank, social enterprises, and B Corporations undertook in 2022, some of the more notable included: the social enterprise and B corporation joint market, procurement of products from social enterprises, and social enterprise lectures.

Table 8-4: Activities to Support Social Enterprises & B Corporations in 2022 and 2021

	2022	2021
Number of sessions	11	12
Cooperating partners	32	29

1. Social Enterprise and B Corporation Joint Market

In recent years, O-Bank has held regular "Social Enterprise and B Corporation Joint Market", inviting social enterprises and B Corporations to sell environmentally and socially friendly products in the lobby of O-Bank's headquarters, giving O-Bank employees an opportunity to learn about a variety of social enterprises and B Corporations. In December 2022, O-Bank held a Joint Market on Christmas Eve and invited all employees to participate, mobilizing the power of employees to support social enterprises and B corporations and their products through tangible action.



O-Bank invited five social enterprises and B Corporations to set up booths at O-Bank's Joint Market

2. Social Innovation Product Purchasing Arrangements

O-Bank purchases products every year from social enterprises to give as holiday gifts. Purchases in 2022 included: mullet roe gift boxes from Taiwan Good Fish; quinoa gift boxes from Djulis, and gift boxes of contract farmed rice from Guppy Inclusive. In addition, O-Bank regularly purchases fruit from Tsaichiya Fruits and Suan-Lian Pear Corporation for the use of our employees. The total amount of these purchases came to NT\$1,260,000. Giving products from social enterprises as gifts to employees, customers, and members of the press makes more people aware of the "shared well-being" concept of social enterprises, and hopefully encourages them to buy such products themselves. As a result of this support for the products of social enterprises, O-Bank earned the "Buying Power – Social Innovation Products and Services Procurement" Award from the Small and Medium Enterprise Administration for the 6th consecutive year in 2022.



O-Bank purchases gift boxes of contract farmed rice from Guppy Inclusive as holiday gifts

3. Donation of Organic Herbal Hand Cleanser Products

After the COVID-19 pandemic broke out in early 2020, O-Bank and Bluseeds Co. jointly launched the "Adopt an Herb Garden" program, in which O-Bank adopts a specified acreage of herb fields that Bluseeds works using natural farming methods. Extracts from the herbs grown in the adopted fields are made into hand cleanser products that were donated four times in 2022 to two schools with long-term cooperation with O-Bank, Jiqing Elementary School and Pinglin Elementary School, enabling the children of these schools to use the hand cleanser and prevent the spread of the pandemic. In addition to protecting the health of children, the program also supports the use of chemical-free natural farming methods and provides stable job opportunities for contract farmers.



O-Bank and Bluseeds Co. jointly launched the "Adopt an Herb Garden" program, in which herbs grown in adopted fields are made into hand cleanser products that are donated to elementary schools

4. Social Enterprise Lectures

O-Bank periodically invites representatives of social enterprises to head office to talk about their thinking regarding the startup and running of their business activities, so that more people can develop a deep understanding of the philosophy of social enterprises and on that basis choose to support their products. In July 2022, O-Bank invited CSR lecturer Hu-Zhen Chen (founding partner of Pure Milk Co.) to deliver a "social enterprise lecture" as part of the summer internship courses for university students. In his lectures, Mr. Chen described the guiding philosophy of Pure Milk Co., and gave a detailed picture of the problems and challenges facing Taiwan's milk industry. O-Bank colleagues and interns learned about the improvements that Pure Milk Co. is working to achieve, and had opportunities for in-depth interaction with the lecturer, reflecting on what each person can do as an individual in their daily lives to help the environment and society.

5. 21 Days of Green

In response to Earth Day, which falls on April 22 each year, the B Corporation Greenvines, Social Enterprise Insights, and B-Lab Taiwan have joined hands with the Taiwan Environmental Information Association to jointly hold "21 Days of Green" activities, in which the people of Taiwan are invited to opt to live simple green lifestyles for 21 consecutive days and thus act as a positive force for change. In April 2022, O-Bank took part in activities advocated under the "21 Days of Green" campaign, and acted as a cooperating brand while joining in on the "Consumer Spending Carbon Calculator" project in an active effort to promote green consumption.

6. Participation in the "Stone Soup" Project Held by Do You a Flavor

To promote the saving of food as well as sharing and utilization of surplus food, O-Bank has long cooperated with the social enterprise Do You a Flavor to jointly organize food drives. In recent years O-Bank has encouraged employees to take extra canned goods, rice, noodles, and other food items they may have at home and donated them to Do You a Flavor, which then makes the food into meals that it distributes to the homeless. In 2022, O-Bank led 24 summer interns to participate in the "Stone Soup" project held by Do You a Flavor, helping interns understand issues of homelessness through lecture. They also prepared a dinner for the homeless through a food drive, helping interns view homelessness from another perspective through personal participation.



O-Bank and social enterprise Do You a Flavor jointly organize food drives

8.4 Giving back to Society by Taking Advantage of O-Bank Strengths

1. "Green Consumption Power" Project

To encourage customers to engage in green consumption by purchasing products that have a positive impact on the environment and society, the "Green Consumption Power@O-Bank" project was launched in late 2019. Consumers using O-Bank's debit cards to purchase brands participating in green consumption get a cashback reward of 4.22% (the "4.22" percentage alludes to the fact that Earth Day falls on April 22 each year) from O-Bank, which supports consumers' choices. Under the Green Consumption Power project, there is a monthly cap on the amount of cashback rewards that each cardholder can receive per month. The idea is to encourage the type of consumption that will contribute to environmental protection and fair trade without encouraging overconsumption. O-Bank is the first bank in Taiwan to advocate for conscious consumption. As of the end of December 2022, more than 29,000 persons had participated in the "Green Consumption Power@O-Bank" project, with nearly 5,300 participating in 2022, and O-Bank had brought together 28 social enterprises and B Corporations to promote conscious consumption, as shown below:



O-Bank has set an industry first by promoting the concept of conscious consumption



Green Brands in the "Green Consumption Power@O-Bank" Project

2. O-Bank Social Impact Program

Many disadvantaged persons in our society with an urgent need for cash find it difficult to obtain bank loans or to receive such loans on relatively favorable terms, and this ends up causing them even bigger problems in living. To help such persons through difficult times, O-Bank launched the Social Impact Program in late 2020. O-Bank invites customers to open time deposit accounts under the Social Impact Program, and the funds deposited in these special accounts are used solely for the specific purpose of backing microloans that will be provided with no processing fee and at low interest rates to help economically disadvantaged persons deal with financial emergencies. O-Bank intends to take advantage of our banking expertise and tap into the power of our customers to arrange for funds from the exact same sources as before to have an impact unlike that of before.



O-Bank Social Impact Program

一樣的存款，
不一樣的影響！

影響力存款一年期定儲
年利率**1.59%**，
幫助弱勢群體重建生活。

O-Bank cooperates with NPOs and social enterprises that provide job mentoring to the economically disadvantaged, and relies on the evaluations and referrals of the cooperating entities to help persons employed or mentored by those entities to obtain needed funds. In addition, some of the cooperating entities arrange for loan payments to be withdrawn from each paycheck. Borrowers can thus build up a good credit record that will make it easier for them to obtain loans from banks in the future. Entities cooperating with O-Bank on the Social Impact Program include the First Social Welfare Foundation (including DIYI Social Enterprise), Taiwan Women's Development Association (including the Taipei City Pine Age Social Welfare Foundation), Sunny Bubao Sewing Cooperative, Good Food Enterprise Co., Ltd. and Jieh Huey Foundation.

 <p>第一社會福利基金會 The First Social Welfare Foundation</p>	<p>The First Social Welfare Foundation over the years has gradually evolved into a sheltered cleaning team (DIYI Social Enterprise) that hires persons with disabilities, middle-aged and elderly seeking to return to the workforce, women who are either single mothers or have suffered domestic abuse, and other disadvantaged persons. These jobs help the employees to improve their finances and lives.</p>
	<p>The Taiwan Women's Development Association provides job training to women from dysfunctional families to help them achieve economic independence. And for underprivileged women seeking to rejoin the workforce, the Association provides opportunities to work as long-term caregivers.</p>
	<p>Sunny Bubao Sewing Cooperative was founded after a major typhoon in 2009 to create jobs for women who had lost their homes to the typhoon in Shanlin District of Kaohsiung City in southern Taiwan.</p>
 <p>食藝餐飲有限公司 Good Food Enterprise Co., Ltd.</p>	<p>Good Food Enterprise Co., Ltd runs a restaurant chain that provides job opportunities to disadvantaged women and youth. In this manner, the company actively supports its economically disadvantaged employees, attaches great importance to ESG concerns, and seeks to make a difference.</p>
 <p>介惠基金會</p>	<p>Jieh Huey Foundation, acting in line with the principle of "locals helping locals," provides professional care to the elderly and infirm, and creates job opportunities for local women and youth, thus continuing to empower remote communities and promote the provision of professional care services.</p>

In addition to allowing economically disadvantaged employees and successfully mentored employees of the Social Impact Program's cooperating entities to apply for Social Impact Loan, O-Bank in April 2021 further expanded eligibility to anyone in Taiwan holding government-issued proof of low income or medium-low income status. In October 2022, O-Bank further extended eligibility to those with proof of meeting the government's definition of "a family in hardship", and those caring for a relative with a certificate of disability. There is no processing fee, and the borrower will enjoy a 2-percent interest rate discount compared to the general annual rate, so that more people with a need will be able to obtain bank loans and get through difficult times. As of end-2022, a total of 214 applications were received, and 41 low- or medium-low-income households had received "Social Impact" loans. Of these, six low- or medium-low-income households received "Social Impact" loans in 2022.

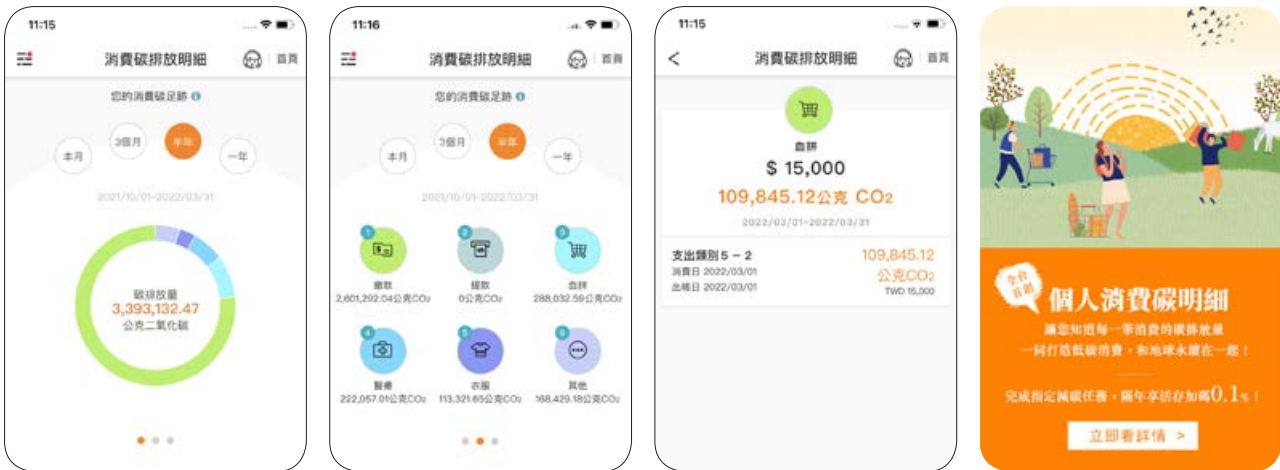


O-Banks Social Impact Program receives SROI certification

To understand and measure the influence of the Social Impact Program on society, in 2022 O-Bank adopted the Social Return on Investment (SROI) methodology. This methodology developed by Social Value UK gathers feedback from stakeholders through qualitative interviews and quantitative surveys, and calculations and analysis arrived at a SROI index of 5.61, meaning that every NT\$1 invested creates NT\$5.61 in social value. O-Bank's "Social Impact Loan Program Social Return on Investment Evaluation Report" was certified by Social Value International in January 2023, showing international organizations' recognition of the Social Impact Program.

3. Consumer Spending Carbon Calculator and the "Low-Carbon Lifestyle Debit Card"

In response to climate change and efforts to reduce carbon emissions, O-Bank, in addition our commitment to achieving net zero CO₂ emissions at all business locations by 2050, also hopes to use our power as a financial institution and work together with customers to achieve energy conservation and carbon reduction. In March 2022, O-Bank launched Taiwan's first "Consumer Spending Carbon Calculator" function and became the first bank in Asia to adopt Mastercard's Carbon Calculator. All holders of an O-Bank Mastercard who apply to activate the "Consumer Spending Carbon Calculator" function can use the function to see an itemized list of carbon emissions for every purchase paid for via the O-Bank online banking site or using the O-Bank mobile banking app, which means that customers can begin to understand how much effect their goods and services purchases have upon the environment. This may prompt a gradual shift toward more conscious consumption and lower-carbon lifestyles. In addition, O-Bank offers preferential demand deposit rates to consumers who activates the "Consumer Spending Carbon Calculator" function. Customers who achieve the annual carbon reduction target in year 2022 will have an extra 0.1 percentage points added on to their NT Dollar demand deposit account annual interest rates for the entire following year. In this manner, we are using our resources to spur more consumers to take part in the campaign to reduce CO₂ emissions.



Consumer Spending Carbon Calculator

In addition to making a "Consumer Spending Carbon Calculator" function available completely free of charge, O-Bank has also launched the Low-Carbon Lifestyle Debit Card, the first debit card in Taiwan that makes it possible to set cashback reward percentages on the basis of carbon emissions. When a consumer's average carbon emissions per NT Dollar spent in a given month are below a specific level, that consumer receives an extra 0.5% cashback reward on all purchases made that month. In this way, O-Bank encourages customers to adopt low-carbon lifestyles. In addition, O-Bank has invited long-term social enterprise partners and B Corp partners to become Low-Carbon Lifestyle Debit Card participating green shops. An O-Bank customer that uses a Low-Carbon Lifestyle Debit Card to pay for the purchase of products from any of 26 green shops can receive an extra cashback reward of 4.22% plus brand discounts. In this manner, O-Bank continues encouraging customers to buy socially and environmentally friendly products.

O-Bank's "Low-Carbon Lifestyle Debit Card" is made out of 82% biodegradable polylactide (PLA) produced from inedible corn, eliminating the petrochemicals commonly used in cards. Emissions produced in the process of manufacturing the card are offset through participation in six global carbon exchange programs, achieving carbon neutrality. As a result, the Low-Carbon Lifestyle Debit Card has received the "Carbon Neutral Mark" from Climate Impact Partners, reducing the burden "plastic currency" places on the earth at the source.



O-Bank's Low-Carbon Lifestyle Debit Card receives the "Carbon Neutral" certification mark from Climate Impact Partners



Low-Carbon Lifestyle Debit Card



26 social enterprises and B Corporations have become Low-Carbon Lifestyle Debit Card participating green shops

8.5 Developing Talent for the Future

8.5.1 Internship Program for Students from Underprivileged Backgrounds

1. O-Bank Summer Seed Internship Program

O-Bank launched a Summer Internship Program in 2012 to provide summer internship opportunities for customers' children who are enrolled in universities. The scope of participation was expanded in 2014 to include the children of O-Bank employees, so that children of O-Bank employees who are interested in the financial industry can have a rich range of experiences both in the classroom and at internship jobs. The internship program participants spoke highly of the program, so O-Bank in 2015 launched a new O-Bank Summer Seed Internship Program to make internships additionally available to students from underprivileged backgrounds. In addition to gaining financial knowledge and undergoing training at actual institutions, seed program participants are also paid for their work. This makes their summer jobs all the more meaningful, and prepares them to be more competitive in their future job searches.

The O-Bank Summer Seed Internship Program includes both classroom lectures and internships. In the classroom lectures, senior O-Bank colleagues teach the students about their various financial specialties and describe the operations of O-Bank's different divisions. These lectures enabled the interns to quickly develop a comprehensive understanding of business practices in the banking industry. In the internships, the participants all serve in different units, including key units engaged in such areas as sales and back office operation. Each intern has opportunities to become deeply familiar with actual banking operations. O-Bank employees take them on tours of O-Bank's corporate customers, and accompany them in writing reports. At every step of the process, the purpose is to allow the interns to gain industry knowledge and practical experience and does not treat students as temporary workers who deal with general affairs. The Summer Seed Internship Program accepted nine students from underprivileged families in 2022, and 36 since the program began and three of them joined O-Bank as full-time or part-time employees after graduating.

2. Long-term Scholarship and Employment Program for Outstanding Interns

O-Bank feels it is very worthwhile for the business community to provide underprivileged students who are short on resources but long on determination with extra resources to assist them in developing their careers. O-Bank deeply appreciates talent, and for that reason in 2018 launched the "Long-term Scholarship and Employment Program for Outstanding Interns," in which interns who excel in the Summer Seed Internship Program and are officially declared to be from a low- or medium-low-income background are granted scholarships amounting to NT\$50,000 per semester. Scholarship funds are disbursed from the time a student is selected until graduation, and upon graduation they can be recruited by O-Bank. By means of this long-term support, O-Bank hopes to afford underprivileged students a smoother and more worry-free academic experience, and to facilitate their direct entry into the workforce upon graduation. As of 2022, seven outstanding students have been selected to take part in this program.

8.5.2 Cooperation with Schools

1. University Courses

To help more students understand financial practice and the importance of carrying out corporate social responsibility, in the second half of 2022 O-Bank collaborated with the National Taiwan University Economics Department to open the "O-Bank Finance and Industry Practical Course". O-Bank managers shared their experience in topics including corporate finance, digital finance, risk management, fintech, sustainable finance, and ESG. In addition to familiarizing students with banking practices, one purpose of the lectures was to instill in students an awareness that, in addition to earning profits, a company needs to address environmental and social issues. A second purpose was to encourage students when they eventually enter the work world to do their part to contribute to CSR undertakings.



O-Bank personnel teaching a course at the National Taiwan University Economics Department

2. University Students Enterprise Visits

O-Bank hosts visits each year by school groups to help students understand business operations and the financial industry. In December 2022, O-Bank hosted two university student visits from the Kun Shan University Department of Financial Management and the Fu Jen Catholic University Departments of Finance and International Business. The visits familiarize university students with banking operations and digital banking trends, and to let them know what sorts of skills and traits are needed by financial industry personnel to help students ready themselves for the job market and making themselves more competitive in the future.



Kun Shan University students visit O-Bank



Fu Jen Catholic University Students visit O-Bank

8.6 Community Service and Donations

8.6.1 Donations in 2022

Total charitable donations by O-Bank in 2022 amounted to NT\$11,034,858. Included among the recipients were the O-Bank Education Foundation, the NTU Economic Research Foundation, the Taiwan Eisenhower Fellows Foundation, and the Ministry of Education Sports Administration. O-Bank continues to show concern for matters involving arts, culture, creativity, and education. In addition, O-Bank has long donated to the Chinese National Association of Industry and Commerce, Taiwan (CNAIC) to help fund their participation in public discourse concerning financial, economic, and industrial policies. O-Bank also made material donations to support a number of charity partners. For example, O-Bank took DVDs (complete with copyright clearance for charity broadcast purposes) purchased for the "Cinema for the

Mind" program, as well as Blueseeds hand cleanser from the "Adopt an Herb Garden" program, and donated them to Jiqing Elementary School and Pinglin Elementary School. Due to Hong Kong's severe pandemic conditions and lack of anti-pandemic materials, O-Bank donated 1,190 boxes of masks to four local social welfare organizations in May 2022 to provide them with necessary resources and protect the organizations' health and safety. Details of all O-Bank external donations are listed below in Table 8-5. There were no donations related to political causes or lobbying.

Table 8-5: Donations Made by O-Bank in 2022

Unit: NT\$

Recipient	Amount
O-Bank Education Foundation	5,600,000
Sports Administration, Ministry of Education	3,500,000
Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	800,000
Criminal Investigation and Prevention Association, R.O.C	300,000
Chang Bing Show Chwan Memorial Hospital	150,000
NTU Economic Research Foundation	140,000
B Lab Taiwan	100,000
Taiwan Eisenhower Fellows Foundation	30,000
Taiwan Prevent Blindness Foundation	10,000
Hong Kong Yan Chai Hospital, Hong Kong Society for Community Organization, Hong Kong New Arrivals Services Foundation Limited, The Boys' & Girls' Clubs Association of Hong Kong (material donations)	365,858
Jiqing Elementary School, Ruifang District & Pinglin Elementary School, Pinglin District, New Taipei City (material donations)	39,000
Total	11,034,858

Note: This table does not include cash-back reward for donations from Charity Affinity Cards.



O-Bank donates masks to Hong Kong Yan Chai Hospital



O-Bank sponsors the Chang Bing Show Chwan Memorial Hospital 2022 "B.E.S.T. Innovation Class"

8.6.2 Solicitation of Material Donations

O-Bank holds book drives each year to narrow the urban-rural resource gap. In 2022, O-Bank gathered the power of its employees to donate 325 used books to the online secondhand book platform SPBook for its "Build Children's Dreams with Reading" program. This program converts books donated by the public to purchasing vouchers and provides them to rural schools, enabling students to purchase the books they need through the SPBook platform and addressing the mismatch between donations and students' needs. Meanwhile, O-Bank took the initiative to understand the needs of the nonprofit organization "Twilight Box" to accompany high-risk children, then collected and donated used tabletop games and comic books to the organization, bringing resources to those who need it. In addition, O-Bank set up a receipt donation box in O-Bank headquarters building. Receipts thus collected are donated periodically to Eden Social Welfare Foundation, the Taiwan Foundation for Rare Disorders, and the Sunshine Social Welfare Foundation.



O-Bank collects and donates secondhand tabletop games and comic books for the nonprofit organization Twilight Box

8.7 Cultivation of Arts and Cultural Education

8.7.1 Nurturing Up-and-coming Arts Talent

To encourage aspiring artists' creative work, the O-Bank Education Foundation (O-BankEF) has carried out the "Stars of TiDing" art advocacy project annually since 2010, provide a platform and generous administrative resources that give young artists an opportunity to display their special talents. Over 12 years, the "Stars of TiDing" project has supported more than 1,000 new talents. It progressed to the next stage in 2022 with the "Stars of TiDing 2.0" project grants, extending resources towards arts development and education to cultivate future artists. In 2022, O-BankEF assisted 37 young artists with 14 exhibitions, supporting a total of 1,243 artists since the project began.

1. Upgrading Support with "Stars of TiDing 2.0", Encouraging New Arts Talent to Collaborate Across Fields

To continue discovering local youth with exceptional creativity and talent, O-BankEF held the "2023 Stars of TiDing 2.0" project grants, with three categories for applications: visual arts, performing arts, and transdisciplinary arts. The project grants were targeted towards students entering arts-related departments of universities. In addition to providing chosen entrants with the use of the art gallery and the concert hall at the O-Bank Group headquarters, O-BankEF also provided funding totaling NT\$1.4 million, encouraging students at university arts departments to expand into creative collaboration projects across disciplines.

To strengthen arts curation capabilities, Dean Kuang-Yi Chen of the Fine Art College of the National Taiwan University of Art, served as curator of the visual arts category of "Stars of TiDing 2.0" and held a curator empowerment workshop. In addition to describing the themes and special characteristics of the project grants, speakers from a variety of fields shared their practical experience in exhibitions, developing the necessary skills for arts exhibition curation for the 19 applicants joining the workshop.

"Stars of TiDing 2.0" received 71 proposals across the three categories, including 36 visual arts, 19 performing arts, and 16 transdisciplinary performance arts. Proposals were rich and diverse in content, including documentary films, video installations, green technology, dance theater, jazz, instrumental ensembles and solos. A total of 13 proposals were accepted across the three categories, and grant recipients will put their work on display from May 2023 to April 2024.



"2023 Stars of TiDing 2.0" Project Grants flags near O-Bank Headquarters



Professional curators lead group discussions on curation proposals at the "Curator Empowerment Workshop"

Table 8-6: "2023 Stars of TiDing 2.0" Project Grants Summary

Category	Entries Received	Entries Accepted	Artists Supported	Expected Funding (NT\$)
Visual Arts	36	3	9	600,000
Performing Arts	19	8	24	400,000
Transdisciplinary Arts	16	2	10	400,000
Total	71	13	43	1,400,000



Experts and scholars were invited to serve as judges, selecting teams with potential from submitted entries for funding support and venue



Judges visit grant recipients in visual arts, as the project's producer presents the plan's concept and exhibition contents

2. "Stars of TiDing" Gain Name Recognition with Creative Gift Items

Since 2011, the O-BankEF has selected some of the winning entries from the "Stars of TiDing" exhibition and featured them in the O-Bank's annual desk calendar. These are given as gift items to recipients in the business community, government agencies, customers, and other stakeholders to help the featured artists gain recognition. For 2023, the calendar employed the theme of "the lucky rabbit of wealth" for the year of the rabbit, with a cute rabbit design to symbolize good luck for the year. The interior of the calendar utilized the theme of "plants and seasons", selecting 12 works from outstanding artists exhibited in previous years along with original texts. A total of 8,900 calendars were produced, promoting the work of young artists and receiving wide acclaim.



O-Bank Group 2023 desk calendar used the Year of the rabbit as a design theme, and illustrations used selected works from "Stars of TiDing" winners to display plants and flowers as well as seasonal characteristics

8.7.2 Platform to Support Artistic Activities

Cultural diversity is one of Taiwan's most precious intangible assets. To continue developing our country's cultural soft power, and the O-BankEF participates in concerts, exhibitions, lectures, and the "Taipei Art District Festival." The Foundation leverages such free arts activities to build a platform for a shared appreciation of the arts, lower the barrier to arts appreciation, and expose the public to everyday art, enriching their spirits and lives. As of the end of 2022, the O-BankEF had held a total of 399 arts and cultural activities.

1. Concert Series

In addition to arranging performances and exhibitions by young artists in the "Stars of TiDing" project grants, the O-BankEF invited a variety of domestic and international musicians to engage in a series of performances and deliver lectures on music. The performances included solos, ensembles, chamber music, and jazz. In 2022, due to the COVID-19 pandemic, eight concerts were held online and three in person. Performers provided easy-to-understand guided listening, leading the audience into a beautiful world of music and raising understanding and appreciation. Audiences scored their overall satisfaction at an average of 4.9 points. In 2022, O-BankEF held three in-person concerts and nine online concerts, attracting 265 in-person visitors and an online audience of 10,621, continuing to provide young musicians with a stage for performance during the pandemic.

2. Exhibition Series

The O-BankEF actively supports artistic creation, providing free venues, financial support, and marketing resources, encouraging chosen entrants of project grants to enter society, expanding community collaboration and arts promotion activities, and realizing the corporate social responsibility of sustainable caring through the medium of art. Due to the COVID-19 pandemic, one "Stars of TiDing" exhibition, "the Roar of the Crowd" was held in the first half of 2022. The Foundation also worked with the National Hsinchu Living Arts Center to hold a joint exhibition for the winners of the "Luminous Art Marketing" award, continuing to provide up-and-coming talent with opportunities for exposure.

In 2022, the O-BankEF established a "Curator of the Year" to serve as an issue proponent, and invited Kuandu Museum of Fine Art Director Chien-Hung Huang to serve as the first curator. Proposals were solicited on the theme of "Smart City". The O-BankEF then held the "Three Produces Myriad Things – Relational Creativity in Environmental Work" exhibition, taking tangible action to imagine a future in which a "workshop" can perform relational creative environmental work in an artificial smart city. In 2022, two chosen entrants held exhibits: "Unfamiliar Beauty" combined interactive AR technology to interpret the beauty of cities and hometowns; "Beyond the World.obj" utilized installations, animation, and videos to explore understanding and projection in information spaces.

During the exhibition period, chosen entrants planned and held activities such as noontime guided tours and campus promotions, expanding public participation in the arts. During the year, a total of five arts exhibitions, two in-person opening ceremonies, two online opening videos, and 24 educational extension and promotion activities were held, with more than 1,500 people attending.



Concerts were broadcast by livestream or recorded video, allowing audiences to enjoy them despite pandemic restrictions



"Stars of TiDing 2.0" chosen entrants respond to the annual theme of "Smart City" through an exhibition

3. Art Lectures Series

The O-BankEF annually invites experts from the arts community to deliver lectures on specialized topics. These events give the public a deeper understanding of artistic and cultural matters, and they also give promising young artists opportunities to interact with other art experts. As of the end of 2022, a total of 32 events had been held as part of the art lectures series.

At the end of 2022, renown design commentator Dung-Lung Wu planned three lectures on good living on the theme of "Aesthetics in Travel, Travel in Life", inviting three professional lecturers from different fields, including photography, cooking, and design aesthetics. Photographer DingDong Lee, food writer Millio Lu, and lecture series planner Dung-Lung Wu. They shared their work over the years and their philosophies on the aesthetics of life, attracting a total of 383 participants.



Design commentator Dung-Lung Wu shares his experiences with featured design hotels in Japan's Kansai region



Food writer Millio Lu shares 18 unforgettable markets from her travels and their specialty foods

Table 8-7: Impact of Performance Activities, 2020~2022

Year	2022	2021	2020
Exhibitions	5	5	8
Educational Promotions	24	5	7
Concerts	11 (Note 1)	4 (Note 2)	12
Lectures	3	1	1

Note 1: Due to the impact of COVID-19, nine concerts were held online.

Note 2: Due to the COVID-19 pandemic and government policies, concerts were temporarily suspended.

8.7.3 Arts and Business Collaborating to Nurture the Seeds of Culture

1. Sponsorship of the 2022 Taipei International Choral Festival and Promoting International Choral Exchange

To deepen the development of artistic talent and promote choral music in Taiwan, the O-BankEF employed an arts and business collaboration model to support the Taipei Philharmonic Foundation in holding the 2022 Taipei International Choral Festival, encouraging international choral interchange. Due to the impact of the COVID-19 pandemic, this event combined in-person and online choral competitions held in parallel, and integrated a music festival and camp courses. In total, the festival's 11 in-person concerts drew a total audience of 3,776 and four online concerts drew more than 9,000 listeners.

To strengthen relations between the Bank, employees, and clients, the O-BankEF specially sponsored the festival's "Chorus Asia II" concert, inviting more than 100 O-Bank colleagues and clients to participate and enjoy. In addition, O-BankEF held the "O-Bank Mini Musical Theater Experience Course" in conjunction with O-Bank's Family Day. In the course, a professional choral teacher taught breathing exercises, and combined rhythm with physical activity to lead parents and children enjoy classics from "The Sound of Music", giving colleagues an opportunity for family interaction. A total of 31 people participated in the activity.

2. Sponsorship of the Ming Hwa Yuan Arts & Cultural Group and Passing on the Legacy of Taiwan's Outstanding Opera Culture

To encourage an outstanding Taiwan traditional opera troupe, O-BankEF supported the Ming Hwa Yuan Arts & Cultural Group and continued to bring native theatrical arts to the national and international stage. The O-BankEF sponsored Ming Hwa Yuan's public performance of "The Sixteen Prefectures of Yanyun" at the National Theater of the National Performing Arts Center.

In "The Sixteen Prefectures of Yanyun", Ming Hwa Yuan's National Award for Arts-winning lead director Sheng-Kuo Chen drew on the Later Zhou and Northern Liao's struggle for the sixteen prefectures of Yanyuan during the Five Dynasties and Ten Kingdoms period. Chen fused current events, personal experience, books, and even other types of theater to rejuvenate a classic. He also used brilliant young performing talent to introduce a young audience to traditional Chinese opera. A total of 104 O-Bank colleagues and clients were invited to experience the beauty of traditional theater together, expanding its social influence and making a contribution towards the sustainable development of Taiwan's local theater.



Funded the Taipei International Choral Festival, supporting spectacular performances by domestic and international choirs



Funded a packed performance of "The Sixteen Prefectures of Yanyun" by the Ming Hwa Yuan Arts & Cultural Group

8.7.4 Driving the Establishment of the Taiping Elementary School Museum, Preserving Tu-Shui Huang's "Bust of a Girl" at His Alma Mater

To carry out the company's ideals of giving back to Taiwan's education and developing the arts, O-BankEF initiated the Taiping Elementary School Museum Operations and Establishment project in May 2022. The project curates the precious work "Bust of a Girl" by Taiwan's first sculptor to study in Japan, Tu-Shui Huang, at his alma mater. Former National Palace Museum Director Mun-Lee Lin served as the project leader, and a project office was established in collaboration with the Museum of National Taipei University of Education. Beginning by cataloging the school's rich collection of historical objects and organizing its open storeroom, the project preserves and enlivens the school's precious artifacts through the establishment of a micro-museum. By sharing the culture of the school and its locale with the public, it sets a benchmark for sustainably managed community museums.

The Taiping Elementary School Museum invited National Award for Arts winner Sheng-Yuan Huang of Fieldoffice Architects for spatial planning. It integrates "campus history" with "campus aesthetics", and brings the vibrant life of the school's "little garden" into the museum. The museum appropriately preserves and promotes while considering history, art, public access, and local sentiment to create a place where visitors can hear the sounds of learning in the campus, smell the fragrance of grain in the fields, see the history of Dadaocheng, and come close to Tu-Shui Huang's masterpiece "Bust of a Girl". The aspiration is to establish Taiwan's only campus arts and environmental museum in Taiping Elementary School, preserving precious works from Taiwan's art history, and carry out social participation through action in arts and culture.



Tu-Shui Huang's "Bust of a Girl" in 1920 curated at Taiping Elementary School in Taipei (photograph by Hong-Chi Huang in Taiping Elementary School archives).



O-BankEF Chairman Kenneth C. M. Lo donates NT\$10 million to support the establishment of the Taiping Elementary School Museum (photograph by Hong-Chi Huang)



Sheng-Yuan Huang of Fieldoffice Architects describes the design concept for the Taiping Elementary School Museum through a model



Group photo after project leader Mun-Lee Lin, former chairman of the National Culture and Arts Foundation, presented the design concept of the museum to Chairman Kenneth C. M. Lo as well as the principal of Taiping Elementary School and alumni

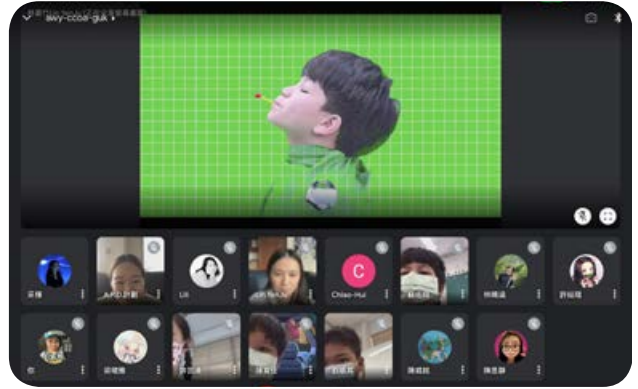
8.7.5 Caring for the Disadvantaged through the Arts

The O-BankEF seeks to facilitate the growth of young artistic talent and bolster the self-confidence of children from remote rural areas or disadvantaged backgrounds so that they can have more courage to pursue their dreams. In line with its belief that arts education is most effective when it starts at an early age, the O-BankEF has collaborated with rising young artists from the "Stars of TiDding" since 2013 to hold a series of educational programs for youth, especially for underprivileged children in the Neihu District of Taipei. The events include guided tours of art exhibits, hand-on activities, and displays of works created by event participants, helping students build confidence and promoting cultural equality.

In 2022, O-BankEF held nine hands-on activities. In addition to serving Neihu Elementary School, the scope was expanded to faculty and students of Xihu Elementary School and Jiqing Elementary School in Ruifang. Participating artists and teams included: "Star of TiDding" Wei-Cheng Lin, who used markers and watercolors to guide students to display the little monsters in their hearts on paper; the A.P.D. Project, which held five "Pacha-QQ Floating Agent" joint workshops between three schools, using Hans Christian Andersen's "A Match Girl" and the works of Korean contemporary artist Ayoung Kim as text to reflect on the impact of technology on life and the environment, using a mind map as a form of collective creation; The National Taipei University of Technology "Unfamiliar Beauty" team, which invited students to O-Bank's art gallery to personally experience a fusion between art and interactive technology and inspire their imagination in technological art; The Chang Gung University and Taipei National University of the Art team "Beyond the World.obj" team, which used a series of technology art installations to lead students to think about the connection between the world and ontological objects in a world of ubiquitous digital technology. A total of 140 students participated, with 550 people viewing the display of works by event participants at Neihu Elementary School.



Students divide into groups and perform in front of a green screen at the "Pacha-QQ Floating Agent" workshop at Jiqing Elementary School



Due to the pandemic, hands-on activities were held online; in the June course, students shared stories about the future recorded on video



Selected entrants lead students in experiencing works that combing art with interactive technology



Neihu elementary school students share the stop-motion stories they have created with their classmates

8.7.6 Training of Arts & Culture Volunteers

In 2011, the O-BankEF established its O-BankEF Volunteer Team to give back to society and participate in arts and culture activities. In the following year, the O-BankEF began recruiting volunteers to staff the reception desk, act as ushers, and other public-facing roles at the O-BankEF's activities. The O-BankEF also regularly provided volunteers with lectures, courses, and occasional arts outings related to photography and arts. The Volunteer Team had 20 members in 2022. Due to the COVID-19 pandemic, multiple events were switched to an online format, the Volunteer Team supported just six events, putting in a total of 115 service hours.



Foundation volunteers take a group photo with performers after an event



Performers thank arts volunteers for their service at the reception desk

Appendix

Appendix 1: GRI Sustainability Reporting Standards Content Index

Topics suffixed by a hash sign (#) are material topics.

Reporting Disclosure	Reporting below complies with GRI Standards on the reporting period from January 1, 2022, to December 31, 2022
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	N/A

GRI Standards/ Other Sources	GRI Standards Index	GRI Indicator	Chapter/Description	Page Number	Omission/ Note
General Disclosures					
GRI 2: General Disclosures 2021	2-1	Organizational details	2.1 About O-Bank	34	Cannot be omitted.
	2-2	Entities included in the organization's sustainability reporting	Editor's Note	3	
	2-3	Reporting period, frequency and contact point	Editor's Note	3	
	2-4	Restatements of information	Editor's Note	3	
	2-5	External assurance	Editor's Note Appendix 8: Independent Assurance Opinion Statement Appendix 9: Limited Assurance Report	3 234 236	
	2-6	Activities, value chain and other business relationships	Editor's Note 2.3 Market Environment and Development Strategies 4.1 Financial Services and Innovation 6.4 Green Purchasing and Supplier Management 7.4 Responsible Products	3 42 85 148 188	
	2-7	Employees	5.1 Employee Composition and Promotion of a Friendly Work Environment	99	
	2-8	Workers who are not employees	5.1 Employee Composition and Promotion of a Friendly Work Environment	99	
	2-9	Governance structure and composition	1.1 Sustainability Policy and Its Implementation 3.1 Governance Framework 3.2 Ethical Best Practice 3.3 Legal Compliance	10 47 61 69	
	2-10	Nomination and selection of the highest governance body	3.1 Governance Framework	47	

GRI Standards/ Other Sources	GRI Standards Index	GRI Indicator	Chapter/Description	Page Number	Omission/ Note
GRI 2: General Disclosures 2021	2-11	Chair of the highest governance body	O-Bank's Chairperson isn't serving concurrently as Chief Executive Officer. O-Bank has adopted the "Principles of Hierarchical Delegation of Responsibilities" which set division of responsibility of Board Director and General Manager to fulfill hierarchical responsibility and implemented delegation of authority in hierarchical level.		
	2-12	Role of the highest governance body in overseeing the management of impacts	1.1 Sustainability Policy and Its Implementation	10	
	2-13	Delegation of responsibility for managing impacts	3.2 Ethical Best Practice	61	
	2-14	Role of the highest governance body in sustainability reporting	1.1 Sustainability Policy and Its Implementation	10	
	2-15	Conflicts of interest	3.1 Governance Framework 2022 Annual Report	47 374 410 420	
	2-16	Communication of critical concerns	3.1 Governance Framework	47	
	2-17	Collective knowledge of the highest governance body	3.1 Governance Framework	47	
	2-18	Evaluation of the performance of the highest governance body	1.1 Sustainability Policy and Its Implementation 3.1 Governance Framework	10 47	
	2-19	Remuneration policies	3.1 Governance Framework 5.2 Employee Compensation and Benefits	47 114	
	2-20	Process to determine remuneration	3.1 Governance Framework 5.2 Employee Compensation and Benefits	47 114	
	2-21	Annual total compensation ratio	5.2 Employee Compensation and Benefits	114	
	2-22	Statement on sustainable development strategy	Letter from Chairperson 1.1 Sustainability Policy and Its Implementation	5 10	
	2-23	Policy commitments	1.1 Sustainability Policy and Its Implementation 5.1 Employee Composition and Promotion of a Friendly Work Environment 7.3 Responsible Investment	10 99 185	

GRI Standards/ Other Sources	GRI Standards Index	GRI Indicator	Chapter/Description	Page Number	Omission/ Note
GRI 2: General Disclosures 2021	2-24	Embedding policy commitments	1.1 Sustainability Policy and Its Implementation 5.1 Employee Composition and Promotion of a Friendly Work Environment 7.3 Responsible Investment	10 99 185	
	2-25	Processes to remediate negative impacts	5.1 Employee Composition and Promotion of a Friendly Work Environment 5.4 Communication and Engagement with Employees	99 132	
	2-26	Mechanisms for seeking advice and raising concerns	1.3.2 Stakeholder Engagement	29	
	2-27#	Compliance with laws and regulations	No violations of laws or regulations occurred in 2022.		
	2-28	Membership associations	Member, The Bankers Association of the Republic of China (BAROC) Member, Trust Association of R.O.C. Member, The Third Wednesday Club Member, Chinese National Association of Industry and Commerce, Taiwan (CNAIC) Member representative (Tina Y. Lo, Chairperson), Taiwan Financial Services Roundtable (TFSR) Member, The Bankers Association of Taipei Member, B Lab Taiwan		
	2-29	Approach to stakeholder engagement	1.1 Sustainability Policy and Its Implementation 1.2 Identification of Stakeholders 1.3 Identifying and Analyzing Material Issues	10 15 16	
	2-30	Collective bargaining agreements	N/A		N/A.; O-Bank has not established a union, and thus does not engage in collective bargaining.
Material Topics					
GRI 3: Material Topics 2021	3-1	Process to determine material topics	1.3 Identifying and Analyzing Material Issues	16	Cannot be omitted.
	3-2	List of material topics	1.2 Identification of Stakeholders 1.3 Identifying and Analyzing Material Issues	15 16	
	3-3	Management of material topics	1.3 Identifying and Analyzing Material Issues	16	

GRI Standards/ Other Sources	GRI Standards Index	GRI Indicator	Chapter/Description	Page Number	Omission/ Note
GRI 200: Economics Series					
GRI 201: Economic Performance 2016	201-1#	Direct economic value generated and distributed	2.2 Operating Performance and Reputation 3.1 Governance Framework 3.6 Tax Governance 5.2 Employee Compensation and Benefits 8.6 Community Service and Donations	38 47 81 114 209	
	201-2#	Financial implications and other risks and opportunities due to climate change	7.1 Climate-related Risks and Opportunities	153	
	201-3#	Defined benefit plan obligations and other retirement plans	5.2 Employee Compensation and Benefits	114	
	201-4	Financial assistance received from government	The O-Bank Hong Kong Branch received financial subsidies totaling HK\$1,939,483.91 from the Hong Kong government in 2022.		
GRI 202: Market Presence 2016	202-1#	Ratios of standard entry level wage by gender compared to local minimum wage	5.2 Employee Compensation and Benefits	114	
	202-2#	Proportion of senior management hired from the local community	5.1 Employee Composition and Promotion of a Friendly Work Environment	99	
GRI 203: Indirect Economic Impacts 2016	203-1#	Infrastructure investments and services supported	2.1 About O-Bank 4.1 Financial Services and Innovation 7.4 Responsible products 8.2 Care for Students in Remote Areas	34 85 188 199	
	203-2#	Significant indirect economic impacts	2.1 About O-Bank 4.1 Financial Services and Innovation 7.1 Climate-related Risks and Opportunities 8.2 Care for Students in Remote Areas 8.6 Community Service and Donations	34 85 153 199 209	
GRI 204: Procurement Practices 2016	204-1#	Proportion of spending on local suppliers	6.4 Green Purchasing and Supplier Management	148	
GRI 205: Anti- corruption 2016	205-1#	Operations assessed for risks related to corruption	3.2 Ethical Best Practice	61	
	205-2#	Communication and training about anti-corruption policies and procedures	3.2 Ethical Best Practice 3.3 Legal Compliance 5.3 Employee Cultivation and Development	61 69 124	
	205-3#	Confirmed incidents of corruption and actions taken	No related incident occurred in 2022.		

GRI Standards/ Other Sources	GRI Standards Index	GRI Indicator	Chapter/Description	Page Number	Omission/ Note
GRI 206: Anti-competitive Behavior 2016	206-1#	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No related issue occurred in 2022. 3.3 Legal Compliance	69	
GRI 207: Tax 2019	207-1	Approach to tax	3.6 Tax Governance	81	
	207-2	Tax governance, control, and risk management	3.2 Ethical Best Practice 3.6 Tax governance	61 81	
	207-3	Stakeholder engagement and management of concerns related to tax	3.6 Tax Governance	81	
	207-4	Country-by-country reporting	3.6 Tax Governance	81	
GRI 300: Environmental Series					
GRI 302: Energy 2016	302-1#	Energy consumption within the organization	6.2 Management of Energy and Resources	138	
	302-3#	Energy intensity	6.2 Management of Energy and Resources	138	
	302-4#	Reduction of energy consumption	6.2 Management of Energy and Resources	138	
GRI 303: Water and Effluents 2018	303-1#	Interactions with water as a shared resource	Not available.		
	303-2#	Management of water discharge related impacts	6.2 Management of Energy and Resources	138	
	303-3#	Water withdrawal	6.2 Management of Energy and Resources	138	
GRI 305: Emissions 2016	305-1#	Direct (Scope 1) GHG emissions	6.3 CO ₂ Emissions Inventories	145	
	305-2#	Energy indirect (Scope 2) GHG emissions	6.3 CO ₂ Emissions Inventories	145	
	305-3#	Other indirect (Scope 3) GHG emissions	6.3 CO ₂ Emissions Inventories	145	
	305-4#	GHG emissions intensity	6.3 CO ₂ Emissions Inventories	145	
	305-5#	Reduction of GHG emissions	6.1 Environmental Management Policies and Targets 6.2 Management of Energy and Resources 6.3 CO ₂ Emissions Inventories	135 138 145	

GRI Standards/ Other Sources	GRI Standards Index	GRI Indicator	Chapter/Description	Page Number	Omission/ Note
GRI 306: Waste 2020	306-1#	Waste generation and significant waste-related impacts	6.2 Management of Energy and Resources	138	
	306-2#	Management of significant wasterelated impacts	6.2 Management of Energy and Resources	138	
	306-3#	Waste generated	6.2 Management of Energy and Resources	138	
	306-4#	Waste diverted from disposal	6.2 Management of Energy and Resources	138	
	306-5#	Waste directed to disposal	There is no direct disposal waste in O-Bank.		
GRI 308: Supplier Environmental Assessment 2016	308-1#	New suppliers that were screened using environmental criteria	6.4 Green Purchasing and Supplier Management	148	
	308-2#	Negative environmental impacts in the supply chain and actions taken	6.4 Green Purchasing and Supplier Management	148	
GRI 400: Social Series					
GRI 401: Employment 2016	401-1#	New employee hires and employee turnover	5.1 Employee Composition and Promotion of a Friendly Work Environment	99	
	401-2#	Benefits provided to full-time employees that are not provided to temporary or parttime employees	5.2 Employee Compensation and Benefits	114	
	401-3#	Parental leave	5.2 Employee Compensation and Benefits	114	
GRI 402: Labor/ Management Relations 2016	402-1#	Minimum notice periods regarding operational changes	5.1 Employee Composition and Promotion of a Friendly Work Environment	99	
GRI 403: Occupational Health and Safety 2018	403-1#	Occupational health and safety management system	5.1 Employee Composition and Promotion of a Friendly Work Environment	99	
	403-3#	Occupational health services	5.1 Employee Composition and Promotion of a Friendly Work Environment	99	
	403-4#	Worker participation, consultation, and communication on occupational health and safety	"O-Bank Occupational Health and Safety Code" was formulated with the participation of five labor representatives. There is no health and safety committee.		
	403-5#	Worker training on occupational health and safety	5.1 Employee Composition and Promotion of a Friendly Work Environment	99	

GRI Standards/ Other Sources	GRI Standards Index	GRI Indicator	Chapter/Description	Page Number	Omission/ Note
GRI 403: Occupational Health and Safety 2018	403-6#	Promotion of worker health	5.1 Employee Composition and Promotion of a Friendly Work Environment	99	
	403-9#	Work-related injuries	5.1 Employee Composition and Promotion of a Friendly Work Environment	99	
	403-10#	Work-related ill health	5.1 Employee Composition and Promotion of a Friendly Work Environment	99	
GRI 404: Training and Education 2016	404-1#	Average hours of training per year per employee	5.3 Employee Cultivation and Development	124	
	404-2#	Programs for upgrading employee skills and transition assistance programs	5.3 Employee Cultivation and Development	124	
	404-3#	Percentage of employees receiving regular performance and career development reviews	5.3 Employee Cultivation and Development	124	
GRI 405: Diversity and Equal Opportunity 2016	405-1#	Diversity of governance bodies and employees	3.1 Governance Framework 5.1 Employee Composition and Promotion of a Friendly Work Environment	47 99	
	405-2#	Ratio of basic salary and remuneration of women to men	5.2 Employee Compensation and Benefits	114	
GRI 406: Non-discrimination 2016	406-1#	Incidents of discrimination and corrective actions taken	No related incident occurred in 2022. 5.1 Employee Composition and Promotion of a Friendly Work Environment	99	
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	5.1 Employee Composition and Promotion of a Friendly Work Environment	99	
GRI 411: Rights of Indigenous Peoples 2016	411-1#	Incidents of violations involving rights of indigenous peoples	No related incident occurred in 2022. 5.1 Employee Composition and Promotion of a Friendly Work Environment	99	
GRI 413: Local Communities 2016	413-2	Operations with significant actual and potential negative impacts on local communities	No significant actual and potential negative impacts on local communities from O-Bank's operations.		
GRI 414: Supplier Social Assessment 2016	414-1#	New suppliers that were screened using social criteria	6.4 Green Purchasing and Supplier Management	148	
	414-2#	Negative social impacts in the supply chain and actions taken	6.4 Green Purchasing and Supplier Management	148	

GRI Standards/ Other Sources	GRI Standards Index	GRI Indicator	Chapter/Description	Page Number	Omission/ Note
GRI 415: Public Policy 2016	415-1	Political contributions	No political contributions in 2022.		
GRI 417: Marketing and Labeling 2016	417-1#	Requirements for product and service information and labeling	4.2 Service Quality and Customer Experience	89	
	417-2#	Incidents of non- compliance concerning product and service information and labeling	No related incident occurred in 2022. 4.2 Service Quality and Customer Experience	89	
	417-3#	Incidents of non- compliance concerning marketing communications	No related incident occurred in 2022. 4.2 Service Quality and Customer Experience	89	
GRI 418: Customer Privacy 2016	418-1#	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No related substantiated complaints received in 2022. 4.3 Customer Privacy and Transaction Security	96	

Appendix 2: SASB (Sustainability Accounting Standards Board) Index

Reporting industry standards include Commercial Banks (FN-CB) and Consumer Finance (FN-CF)

Commercial Banks (FN-CB)				
Sustainability Disclosure Topics	Code	Accounting Metric	Category	Chapter
Data Security	FN-CB-230a.1	(1) Number of data breaches (2) percentage involving personally identifiable information (PII) (3) number of account holders affected	Quantitative	3.5.3 Information Security Drills
	FN-CB-230a.2	Description of approach to identifying and addressing data security risks	Discussion and Analysis	3.5.2 Protective Measures for Information Security 3.5.3 Information Security Drills
Financial Inclusion & Capacity Building	FN-CB-240a.1	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	Quantitative	7.4.1 Financial Inclusion
	FN-CB-240a.2	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	Quantitative	7.4.1 Financial Inclusion
	FN-CB-240a.3	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	Quantitative	7.4.1 Financial Inclusion
	FN-CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	Quantitative	8.2 Care for Students in Remote Areas
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	FN-CB-410a.1	Commercial and industrial credit exposure, by industry	Quantitative	3.4.1 Risk Management Policies and Operations
	FN-CB-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	Discussion and Analysis	7.2 Responsible Loans
Business Ethics	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	Quantitative	3.3.1 Legal Compliance
	FN-CB-510a.2	Description of whistleblower policies and procedures	Discussion and Analysis	3.2.1 Ethics and Integrity
Systemic Risk Management	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	Discussion and Analysis	3.4.1 Risk Management Policies and Operations 7.1 Climate-related Financial Risks and Opportunities

Activity Metrics	Code	Activity Metric	Category	Chapter
-	FN-CB-000.A	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	Quantitative	7.4.1 Financial Inclusion
	FN-CB-000.B	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	Quantitative	7.4.1 Financial Inclusion

Note: The term "small business" as referred to in this Appendix means O-Bank's small and medium enterprise (SME) customers.

Consumer Finance (FN-CF)

Sustainability Disclosure Topics	Code	Accounting Metric	Category	Chapter
Customer Privacy	FN-CF-220a.1	Number of account holders whose information is used for secondary purposes	Quantitative	4.3 Customer Privacy and Transaction Security
	FN-CF-220a.2	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	Quantitative	3.5.3 Information Security Drills
Data Security	FN-CF-230a.1	(1) Number of data breaches (2) percentage involving personally identifiable information (PII) (3) number of account holders affected	Quantitative	3.5.3 Information Security Drills
	FN-CF-230a.2	Card-related fraud losses from (1) card-notpresent fraud and (2) card-present and other fraud	Quantitative	4.2.3 Handling and Tracking of Customer Complaints
	FN-CF-230a.3	Description of approach to identifying and addressing data security risks	Discussion and Analysis	3.5.2 Protective Measures for Information Security
Selling Practices	FN-CF-270a.1	Percentage of total remuneration for covered employees that is variable and linked to the amount of products and services sold	Quantitative	5.2.1 Fair Compensation
	FN-CF-270a.4	(1) Number of complaints filed with the Consumer Financial Protection Bureau (CFPB), (2) percentage with monetary or nonmonetary relief, (3) percentage disputed by consumer, (4) percentage that resulted in investigation by the CFPB	Quantitative	4.2.3 Handling and Tracking of Customer Complaints
	FN-CF-270a.5	Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products	Quantitative	3.3.1 Legal Compliance
Activity Metrics	Code	Activity Metric	Category	Chapter
-	FN-CF-000.A	Number of unique consumers with an active (1) credit card account and (2) pre-paid debit card account	Quantitative	7.4.1 Financial Inclusion (O-Bank issues debit card products only.)
	FN-CF-000.B	Number of (1) credit card accounts and (2) pre-paid debit card accounts	Quantitative	7.4.1 Financial Inclusion (O-Bank issues debit card products only.)

Appendix 3: Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies

Article	Article Content	Chapter
Article 3	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 1: GRI Sustainability Reporting Standards Content Index Appendix 8: BSI Independent Assurance Opinion Statement
Article 4, Annex 1-3	Number of data breaches, percentage involving personally identifiable information, and number of account holders affected.	3.5.3 Information Security Drills
	Number and amount of loans outstanding qualified to programs designed to promote development of small business and communities.	7.4.1 Financial Inclusion
	Number of participants in financial literacy initiatives provided to the disadvantaged without adequate banking services.	8.2 Care for Students in Remote Areas 8.5 Developing Talent for the Future
	Products and services designed by individual operating units to create benefits for the environment or society.	7.4 Responsible Products 8.4 Giving back to Society by Taking Advantage of O-Bank Strengths
Article 4, Subparagraph 1, Annex 2	Describe how the board of directors and management exercise oversight and governance of climate-related risks and opportunities.	7.1 Climate-related Financial Risks and Opportunities
	Describe how identified climate-related risks and opportunities affect the enterprise's business, strategies, and finances (short, medium, and long term).	7.1 Climate-related Financial Risks and Opportunities
	Describe the financial impacts of extreme weather events and transition actions.	7.1 Climate-related Financial Risks and Opportunities
	Describe how procedures for identification, assessment, and management of climate risks are integrated into the overall risk management system.	7.1 Climate-related Financial Risks and Opportunities
	If you use scenario analysis to assess your resilience to climate-related risks, you must explain the scenarios, parameters, and analytical factors you use, as well as the main financial impacts.	7.1 Climate-related Financial Risks and Opportunities
	If you have a transition plan in place for managing climate-related risks, please describe the plan's content as well as the metrics and targets used for identifying and managing physical risks and transition risks.	7.1 Climate-related Financial Risks and Opportunities
	If you use internal carbon pricing as a planning tool, you must describe the pricing basis.	6.5 Environmental Sustainability Activities
	If you have set climate-related targets, you must describe the GHG activities and emissions scopes covered, the timeframes, and the annual progress toward target attainment. If you use carbon offsets or renewable energy certificates (RECs) to achieve related targets, you must specify the source and quantity of the carbon offsets' carbon credits, or the quantity of the RECs.	6.1.2 Setting and Achievement of Environmental Management Targets 6.2 Management of Energy and Resources 6.3 CO ₂ Emissions Inventories
Greenhouse gas inventory and assurance information	6.3 CO ₂ Emissions Inventories	
Article 4	For the disclosure of sustainability metrics for their industries in accordance with Annex 1-3, the sustainability report shall obtain a CPA's letter of opinion issued according to the rules published by the Accounting Research and Development Foundation, ROC.	Appendix 9: Limited Assurance Report

Note: The term "small business" as referred to in this Appendix means O-Bank's small and medium enterprise (SME) customers.

Appendix 4: Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Chapter	Content		Reference
Chapter 1	General Principles	Discloses the goal, entity applied to, and principles of best practices.	1. Sustainability Management and Stakeholders 2. Overall State of the Company
Chapter 2	Exercising Corporate Governance	Regulate and exercising corporate governance.	3. Corporate Governance
Chapter 3	Fostering a Sustainable Environment	Fostering a sustainable environment.	6. Environmental Sustainability
Chapter 4	Preserving Public Welfare	Preserving public welfare.	8. Social Engagement
Chapter 5	Enhancing Disclosure of Corporate Social Responsibility Information	Enhancing disclosure of corporate social responsibility information.	Editor's Note
Chapter 6	Supplementary Provisions	Regulate and improve the exiting CSR system.	1. Sustainability Management and Stakeholders 2. Overall State of the Company

Appendix 5: ISO 26000 Index

Category	Issue	Reference
Organizational governance	System by which an organization makes and implements decisions in pursuit of its objectives	1. Sustainability Management and Stakeholders 2. Overall State of the Company
Human rights	Due diligence	3. Corporate Governance
	Human rights risk situation	5. Happy Workplace
	Avoidance of complicity	3. Corporate Governance
	Resolving grievances	5. Happy Workplace
	Discrimination and vulnerable groups	5. Happy Workplace
	Civil and political rights	5. Happy Workplace
	Economic, social and cultural rights	8. Social Engagement
	Fundamental principles and rights at work	5. Happy Workplace
Labor practices	Employment and employment relationships	5. Happy Workplace
	Conditions of work and social protection	5. Happy Workplace
	Social dialogue	5. Happy Workplace
	Health and safety at work	5. Happy Workplace
	Human development and training in the workplace	5. Happy Workplace
The environment	Prevention of pollution	6. Environmental Sustainability
	Sustainable resource use	6. Environmental Sustainability
	Climate change mitigation and adaptation	6. Environmental Sustainability 7. Green Finance
	Protection of the environment, biodiversity and restoration of natural habits	-
Fair operating practices	Anti-corruption	3. Corporate Governance
	Responsible political involvement	3. Corporate Governance
	Fair competition	4. Customer Service
	Promoting social responsibility in the value chain	4. Customer Service 8. Social Engagement
	Respect for property right	3. Corporate Governance
Consumer issues	Fair marketing, factual and unbiased information and fair contractual practices	4. Customer Service
	Protecting consumers' health and safety	4. Customer Service
	Sustainable consumption	7. Green Finance 8. Social Engagement
	Consumer service, support, and complaint and dispute resolution	4. Customer Service
	Consumer data protection and privacy	4. Customer Service
	Access to essential services	4. Customer Service
	Education and awareness	4. Customer Service

Category	Issue	Reference
Community involvement and development	Community involvement	8. Social Engagement
	Education and culture	8. Social Engagement
	Employment creation and skills development	8. Social Engagement
	Technology development and access	8. Social Engagement
	Wealth and income creation	8. Social Engagement
	Health	8. Social Engagement
	Social investment	8. Social Engagement

Appendix 6: UN Global Compact Index

Category	Issue	Reference
Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights.	5. Happy Workplace
	Make sure that they are not complicit in human rights abuses.	5. Happy Workplace
Labour	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	5. Happy Workplace
	The elimination of all forms of forced and compulsory labour.	5. Happy Workplace
	The effective abolition of child labour.	5. Happy Workplace
	The elimination of discrimination in respect of employment and occupation.	5. Happy Workplace
Environment	Businesses should support a precautionary approach to environment challenges.	6. Environmental Sustainability
	Undertake initiatives to promote greater environmental responsibility.	6. Environmental Sustainability
	Encourage the development and diffusion of environmentally friendly technologies.	6. Environmental Sustainability
Anti-Corruption	Businesses should work against corruption in all its forms, including extortion and bribery.	3. Corporate Governance

Appendix 7: Sustainable Development Goals Index

Sustainable Development Goals	Reference
1. End Poverty in all its forms everywhere.	5. Happy Workplace 8. Social Engagement
2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture.	8. Social Engagement
3. Ensure healthy lives and promote well-being for all at all ages.	5. Happy Workplace
4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	5. Happy Workplace
5. Achieve gender equality and empower all women and girls.	5. Happy Workplace
6. Ensure availability and sustainable management of water and sanitation for all.	6. Environmental Sustainability
7. Ensure access to affordable, reliable, sustainable and modern energy for all.	6. Environmental Sustainability
8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	2. Overall State of the Company 5. Happy Workplace
9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	2. Overall State of the Company 4. Customer Service
10. Reduce inequality within and among countries.	5. Happy Workplace 8. Social Engagement
11. Make cities and human settlements inclusive, safe, resilient and sustainable.	6. Environmental Sustainability
12. Ensure sustainable consumption and production patterns.	6. Environmental Sustainability 7. Green Finance 8. Social Engagement
13. Take urgent action to combat climate change and its impacts.	6. Environmental Sustainability 7. Green Finance
16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.	3. Corporate Governance 5. Happy Workplace
17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development.	8. Social Engagement

Appendix 8: Independent Assurance Opinion Statement



INDEPENDENT ASSURANCE OPINION STATEMENT

O-Bank 2022 Sustainability Report

The British Standards Institution is independent to O-Bank Co., Ltd. (hereafter referred to as O-Bank in this statement) and has no financial interest in the operation of O-Bank other than for the assessment and verification of the sustainability statements contained in this report.

This independent assurance opinion statement has been prepared for the stakeholders of O-Bank only for the purposes of assuring its statements relating to its sustainability report, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by O-Bank. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to O-Bank only.

Scope

The scope of engagement agreed upon with O-Bank includes the followings:

1. The assurance scope is consistent with the description of O-Bank 2022 Sustainability Report.
2. The evaluation of the nature and extent of the O-Bank's adherence to AA1000 AccountAbility Principles (2018) and the reliability of specified sustainability performance information in this report as conducted in accordance with type 2 of AA1000AS v3 sustainability assurance engagement.

This statement was prepared in English and translated into Chinese for reference only.

Opinion Statement

We conclude that the O-Bank 2022 Sustainability Report provides a fair view of the O-Bank sustainability programmes and performances during 2022. The sustainability report subject to assurance is materially correct without voluntary omissions based upon testing within the limitations of the scope of the assurance, the information and data provided by the O-Bank and the sample taken. We believe that the performance information of Environment, Social and Governance (ESG) are correctly represented. The sustainability performance information disclosed in the report demonstrate O-Bank's efforts recognized by its stakeholders. Our work was carried out by a team of sustainability report assurers in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that O-Bank's description of their approach to AA1000AS v3 and their self-declaration in accordance with GRI Standards were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- a review of issues raised by external parties that could be relevant to O-Bank's policies to provide a check on the appropriateness of statements made in the report
- discussion with managers on O-Bank's approach to stakeholder engagement. Moreover, we had sampled 2 external stakeholders to conduct interview
- interview with 29 staffs involved in sustainability management, report preparation and provision of report information were carried out
- review of materiality assessment process
- review of key organizational developments
- review of the extent and maturity of the relevant accounting systems for financial and non-financial reports
- review of the findings of internal audits
- the verification of performance data and claims made in the report through meeting with managers responsible for gathering data
- review of the processes for gathering and ensuring the accuracy of data, followed data trails to initial aggregated source and checked sample data to greater depth during site visits

- the consolidated financial data are based on audited financial data, we checked that this data was consistently reproduced
- review of supporting evidence for claims made in the reports
- an assessment of the organization's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000AP (2018)

Conclusions

A detailed review against the Inclusivity, Materiality, Responsiveness and Impact of AA1000AP (2018) and sustainability performance information as well as GRI Standards is set out below:

Inclusivity

In this report, it reflects that O-Bank has continually sought the engagement of its stakeholders and established material sustainability topics, as the participation of stakeholders has been conducted in developing and achieving an accountable and strategic response to sustainability. There are fair reporting and disclosures for the information of Environment, Social and Governance (ESG) in this report, so that appropriate planning and target-setting can be supported. In our professional opinion the report covers the O-Bank's inclusivity issues and has demonstrated sustainable conduct supported by top management and implemented in all levels among organization.

Materiality

The O-Bank publishes material topics that will substantively influence and impact the assessments, decisions, actions and performance of O-Bank and its stakeholders. The sustainability information disclosed enables its stakeholders to make informed judgements about the O-Bank's management and performance. In our professional opinion the report covers the O-Bank's materiality assessment process and material issues.

Responsiveness

O-Bank has implemented the practice to respond to the expectations and perceptions of its stakeholders. An Ethical Policy for the O-Bank is developed and continually provides the opportunity to further enhance O-Bank's responsiveness to stakeholder concerns. Topics that stakeholder concern about have been responded timely. In our professional opinion the report covers the O-Bank's responsiveness issues.

Impact

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

Performance information

Based on our work described in this statement, specified sustainability performance information such as GRI Standards disclosures disclosed in this report, O-Bank and BSI have agreed upon to include in the scope. In our view, the data and information contained within O-Bank 2022 Sustainability Report are reliable.

GRI Sustainability Reporting Standards (GRI Standards)

O-Bank provided us with their self-declaration of in accordance with GRI Standards 2021 (For each material topic covered in the applicable GRI Sector Standard and relevant GRI Topic Standard, including the disclosures of applicable economic, environmental, and social information, comply with all reporting requirements for disclosures). Based on our review, we confirm that sustainable development disclosures with reference to GRI Standards' disclosures are reported, partially reported or omitted. In our professional opinion the self-declaration covers the O-Bank's sustainability topics.

Assurance level

The high level assurance provided is in accordance with AA1000AS v3 in our review, as defined by the scope and methodology described in this statement.

Responsibility

This sustainability report is the responsibility of the O-Bank's chairman as declared in his responsibility letter. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of Lead auditors experienced in relevant sectors, and trained in a range of sustainability, environmental and social standards including AA1000AS, ISO 14001, ISO 45001, ISO 14064 and ISO 9001. BSI is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.



...making excellence a habit.™

For and on behalf of BSI:

Peter Pu, Managing Director BSI Taiwan

Statement No: SRA-TW-2022026
2023-06-14

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A Member of the BSI Group of Companies.



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INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT

O-Bank Co., Ltd.

We have performed a limited assurance engagement on the selected subject matter information (see Appendix) in the Sustainability Report (“the Report”) of O-Bank Co., Ltd. (“the Company”) for the year ended December 31, 2022.

Responsibilities of Management for the Report

Management is responsible for the preparation of the Report in accordance with Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies and Universal Standards, Sector Standards and Topic Standards published by the Global Reporting Initiative (GRI), and for such internal control as management determines is necessary to enable the preparation of the Report that are free from material misstatement.

Auditors' Responsibilities for the Limited Assurance Engagement Performed on the Report

We planned and conducted our work on the selected subject matter information (see Appendix) in the Report in accordance with the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board to issue a limited assurance report on the preparation, with no material misstatement in all material respects, of the Report. The nature, timing and extent of procedures performed in a limited assurance engagement are different from and more limited than a reasonable assurance engagement and, therefore, a lower assurance level is obtained than a reasonable assurance.

We applied professional judgment in the planning and conduct of our work to obtain evidence supporting the limited assurance. Because of the inherent limitations of any internal control, there is an unavoidable risk that even some material misstatements may remain undetected. The procedures we performed include, but not limited to:

- Obtaining and reading the Report.
- Inquiring management and personnel involved in the preparation of the Report to understand the policies and procedures for the preparation of the Report.
- Inquiring the personnel responsible for the preparation of the Report to understand the process, controls, and information systems in the preparation of the selected subject matter information.
- Analyzing and examining, on a test basis, the documents and records supporting the selected subject matter information.

Inherent Limitations

The subject information included non-financial information, which was under more inherent limitations than financial information. The information may involve significant judgment, assumptions and interpretations by the management, and the different stakeholders may have different interpretations of such information.

Independence and Quality Controls

We have complied with the independence and other ethical requirements of the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, which contains integrity, objectivity, professional competence and due care, confidentiality and professional behavior as the fundamental principles. In addition, the firm applies Statement of Quality Management Standard 1 “Quality Management for Public Accounting Firms” issued by the Accounting Research and Development Foundation of the Republic of China and, accordingly, requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the selected subject matter information in the Report is, in all material respects, not prepared in accordance with the above mentioned reporting criteria.

Other Matters

We shall not be responsible for conducting any further assurance work for any change of the subject matter information or the criteria applied after the issuance date of this report.

Deloitte & Touche

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 25, 2023

SUMMARY OF SELECTED SUBJECT MATTER INFORMATION

#	Assurance Subject Matter (Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies/SASB ¹ Standards/Designated indicators)	Descriptions of Indicators	Corresponding Section	Applicable Criteria
1.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports, Article 4, Appendix 1-3, No.1/SASB FN-CB-230a.1	Number of data breaches, percentage involving personally identifiable information, and number of account holders affected.	3.5.3 Information security drills	Number of data breaches, percentage involving personally identifiable information, and number of account holders affected.
2.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports, Article 4, Appendix 1-3, No.2/SASB FN-CB-240a.1	Number and amount of loans outstanding qualified to programs designed to promote development of small business and communities.	7.4.1 Financial inclusion	Number of loans for s small and medium enterprises and the loans outstanding at the end of the year in Taiwan.
3.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports, Article 4, Appendix 1-3, No.3/SASB FN-CB-240a.4	Number of participants in financial literacy initiatives provided to the disadvantaged without adequate banking services.	8.2 Care for Students in Remote Areas 8.5 Developing Talent for the Future	Number of participants from schools in remote areas (Jiqing Elementary School, Ruifang District & Pinglin Elementary School, Pinglin District, New Taipei City) attending anti-fraud education activities and college students attending O-Bank Summer Seed Internship Program.
4.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports, Article 4, Appendix 1-3, No.4	Products and services designed by individual operating units to create benefits for the environment or society.	7.4 Responsible Products 8.4 Giving back to Society by Taking Advantage of O-Bank Strengths	Benefits of environmental and social projects (Green Consumption Power project, Social Impact program, Charity affinity card)
5.	SASB FN-CB-240a.2	(1) Number and (2) amount of past due and non-accrual loans qualified to programs designed to promote small business and community development	7.4.1 Financial Inclusion	Number and outstanding amount of past due and non-accrual loans for small and medium enterprises in Taiwan.

¹ Refers to the SASB standards formulated by the Sustainability Accounting Standards Board.

#	Assurance Subject Matter (Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies/SASB ¹ Standards/Designated indicators)	Descriptions of Indicators	Corresponding Section	Applicable Criteria
6.	SASB FN-CB-240a.3	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	7.4.1 Financial Inclusion	Number of financial accounts with free access to basic functions for persons living in remote locations, foreign nationals, and persons with physical or mental disabilities.
7.	SASB FN-CB-410a.1	Commercial and industrial credit exposure, by industry	3.4.1 Risk Management Policies and Operations	Loan outstanding amount of top ten industries by monetary amount of credit exposure.
8.	SASB FN-CB-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	7.2.2 Incorporated ESG Evaluations into Corporate Loan Procedures	ESG risks and Equator Principles assessment process for corporate lending.
9.	SASB 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	3.3.1 Legal Compliance	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.
10.	SASB FN-CB-000.A	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	7.4.1 Financial Inclusion	Number and value of checking and savings accounts by segment: personal and small and medium enterprises in Taiwan.
11	SASB FN-CB-000.B	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	7.4.1 Financial Inclusion	Number and value of loans (exclude unsecured loans or revolving loans) by segment: personal, small and medium enterprises, and corporate in Taiwan.
12	Designated indicator 1	Loan balance for sectors friendly to environment or society	7.2.3 Management of sustainable credit business, and results	Loan balance for sectors friendly to environment or society in Taiwan.
13	Designated indicator 2	Total renewable energy usage	6.2.1 Energy management	Total renewable energy (renewable power wheeling) usage (kWh).



 BANK 王道銀行