



CTBC HOLDING  
中國信託金控



A circular collage of images representing various aspects of family and community. It includes a modern city skyline, a group of people holding hands, hands holding green leaves, a young family walking outdoors, and a hand holding a red heart-shaped object.

We are  
family

Finance for Generations

2021

Sustainability Report

# Report Overview

■ GRI 102-1, 102-5, 102-51

CTBC Financial Holding Co., Ltd. (hereinafter, "CTBC Holding" or the "Company") has been publishing a Sustainability Report (previously called the "Corporate Social Responsibility Report") every year since 2007, and has been publishing them in English since 2009. The most recent report was published in June 2021.



■ GRI 102-48, 102-50, 102-52

This 2021 Sustainability Report covers the period of Jan. 1 to Dec. 31, 2021. Some of the information was current as of March 31, 2022. There are no restatements of data provided in previous reports. The next report is expected to be published by June 30, 2023. In addition to being printed in Chinese and English, these reports can be viewed and downloaded in the sustainability section of our official website.



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



■ GRI 102-46, 102-54

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



The report has engaged Deloitte Taiwan to perform limited assurance procedures using the Assurance Standard No. 1, "Audit and Review of Non-financial Information", based on the International Standard on Assurance Engagements (ISAE 3000), to which Deloitte has concluded with an opinion of limited assurance. The report was found to comply with the GRI Standards, Sustainability Accounting Standards Board (SASB) and Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies.



Information type	Compliance standard/source	Verification/assurance organization
Financial data	Annual financial statements	KPMG
Sustainability information	Assurance Standard No. 1, "Audit and Review of Non-financial Information", based on the International Standard on Assurance Engagements (ISAE 3000)	Deloitte Taiwan
Environmental information	ISO 50001 Energy Management Systems ISO 14001 Environmental Management Systems ISO 14064-1 Greenhouse Gas Quantification and Reporting ISO 45001 Occupational Health and Safety Management Systems	British Standards Institution (BSI)
Social information	ISO 27001 Information Security Management System BS 10012 Personal Information Management System ISO 9001 Quality Management Systems	British Standards Institution (BSI)/Société Générale de Surveillance (SGS) DNV GL Business Assurance Co., Ltd. (DNV.GL)



■ GRI 102-53

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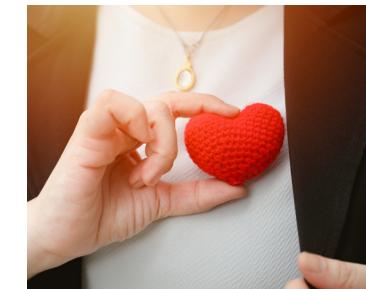
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**CTBC HOLDING**  
中國信託金控

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# Letter from the Chairman

■ GRI 102-14



CTBC Financial Holding Co., Ltd.

Chairman

Wen-Long Yen

A handwritten signature in black ink, appearing to read "WLYen".

With the different waves of COVID-19 variants still impacting the world, business, trade, and daily life have yet to return to pre-pandemic conditions. However, growing numbers of countries and companies are gradually finding a risk management balance and ways to co-exist with the virus.

Throughout the pandemic, CTBC Holding has demonstrated strong resilience. In addition to maintaining our operations through remote backup offices, working from home, and other epidemic-prevention measures, we integrated our smart digital finance developments with zero-contact models to provide fast and convenient services for customers. Furthermore, we have actively supported government policies to provide large amounts of relief loans through our digital loan application platform, thereby maintaining access to financial services while abiding by epidemic-prevention measures. With the efforts of all our employees, we achieved outstanding results in 2021 and created record-high net after-tax profits.

Around the globe, the pandemic has also affected the implementation of the U.N. Sustainable Development Goals (SDGs). Of the 10 most severe global risks for the next decade identified by the World Economic Forum, environmental and social risks account for eight of them, indicating the significant challenges we face as we move toward greater sustainability. Doing our part in 2021, CTBC Holding continued to implement our sustainability strategy through its three pillars of "Responsible Operations", "Sustainable Growth", and "A Connected Society". Through the operations of our Sustainability Committee and ESG Taskforce, we stay up to date with international developments and implement sustainable governance. In particular, as part of the global campaign to achieve net-zero emissions, CTBC Holding will strengthen the integration of its core financial operations, including in financing, insurance, and investment, in order to contribute to the low-carbon transition and sustainability transformation business models.

Moreover, to promote community development, ensure social stability, and improve social capital, we will continue to invest resources in our five key focal areas of charity, anti-drug awareness, sports, education, and arts and culture. For example, the Light up a Life charity fundraiser started by our founder Jeffrey Koo Sr. has now been held for 37 consecutive years,

raising NT\$2.4 billion and helping over 580,000 children. Our anti-drug education efforts have reached over 720,000 people, and we sponsor the New Taipei CTBC DEA basketball team, conducting anti-drug advocacy through sports. Also in the sporting arena, the CTBC Brothers pro baseball team won the 2021 Taiwan Series Championship, increasing the influence on public welfare that we can have through sports. In education, CTBC Business School, founded with the mission of helping deserving and underprivileged students, has become an important talent pool for Taiwan's financial industry. In the arts and culture sphere, the CTBC Arts Festival is continuing to facilitate artistic and cultural exchanges in Taiwan and abroad, while the Love & Arts for Dreams Initiatives have provided an education in arts and culture to over 2,000 students in rural areas.

We are pleased that the impact and value created of our efforts in environmental, social, and governance (ESG) have been highly recognized by external organizations. This includes being selected for several consecutive years as a constituent stock of the Dow Jones Sustainability Indices (DJSI) World Index and Emerging Markets Index as well as of the MSCI Taiwan ESG Leaders Index. We were also ranked first among Taiwanese companies (and fourth among all 200 listed companies) in the Greater China Business Sustainability Index evaluation. Furthermore, CTBC Holding participated in the Bloomberg Gender-Equality Index for the first time in 2022 and was selected as a constituent stock, speaking to our long-term dedication to gender equality.

Moving forward, we will further integrate sustainable thinking into our approach to decision-making and innovation. We will uphold our "We are family" brand spirit and, in line with our "Finance for Generations" commitment, will provide products and services that meet the needs of people of all ages. By implementing sustainable finance, we aspire to create sustainable natural and social environments home to billions of people. Additionally, we strive to strengthen the connection of ESG topics and our core businesses and build a responsible finance ecosystem in order to become the most trusted financial institution with the best governance in the eyes of customers and shareholders alike.

# Letter from the President

■ GRI 102-14



The COP26 climate conference, held at the end of 2021, established a new global consensus regarding the need to move quickly toward net-zero emissions. For financial institutions, the main source of carbon emissions is typically financed emissions resulting from their investing and financing activities. The scale of these emissions are generally hundreds of times larger than an institution's own operational emissions. In other words, if a financial institution wants to achieve net-zero emissions, climate governance focused on business behavior is key.

In the face of the increasingly complex business environment, employees provide the strongest support for companies. That's why, amid the surging uptake of digital finance and need to strengthen human capital, CTBC Holding is committed to empowering its employees. Indeed, we treat our employees like family, striving to inspire them to fulfill their potential and value by offering competitive compensation, complete training and career planning, and a healthy and safe workplace.

On this long journey toward sustainable development, the old adage that "If you want to go fast, go alone, but if you want to go far, go together" could not be more accurate. We partner with stakeholders domestic and foreign to create shared value and, as part of our "Taiwan Champion, Asia Leader" commitment, to continuously pursue innovation and breakthroughs.

CTBC Financial Holding Co., Ltd.

President

Daniel I. Wu

A handwritten signature in black ink, appearing to read "Daniel I. Wu".

## Sustainability Focus

### 1. Proactive climate governance

**We are proactively addressing climate risks and implementing a low-carbon transition.**

CTBC Holding has officially included climate change risks as a key factor in corporate risk management, in accordance with the TCFD framework. The Board of Directors has also approved the inclusion of net-zero emissions in the Company's long-term sustainability roadmap. Furthermore, we have combined internal and external resources to set clear sustainability goals and develop feasible methods for achieving them. For example, in 2020, CTBC Holding became the first Taiwanese company to join the Partnership for Carbon Accounting Financials (PCAF). Then, in early 2022, we officially committed to using the Science Based Targets Initiative (SBTi) methodology to establish our long-term targets on the road to reaching net-zero emissions. CTBC Holding will continue to strengthen the climate resilience of our risk management practices and business endeavors as well as promote low-carbon transition business models for domestic and foreign customers as well as investees.



#### Highlight 1

CTBC Holding became the first financial institution in Asia to conduct and disclose a PCAF methodology-based inventory of its financed emissions.



#### Highlight 2

CTBC Holding became the first company in Taiwan to adopt the climate change scenarios of the Network for Greening the Financial System (NGFS) for stress testing.

## Sustainability Focus

### 2. Comprehensive employee empowerment

**We continue to strengthen our employees' rights and independence, allowing them and the Company to grow together.**

Talent is the key capital driving the Company's sustainable development. Our employees are a key part of the family celebrated in our "We are family" brand spirit. As digital financial development gains pace, we are actively recruiting those with relevant skills who share our corporate culture and values. We provide diverse training mechanisms and competitive compensation and benefits. Furthermore, we have implemented the gender equality goals of the U.N. SDGs as part of our efforts to establish a friendly, equal-opportunity workplace. The percentage of managers in CTBC Holding who are women has been maintained at above 55% in recent years, while the percentage of women in mid-level to senior management positions has been increasing annually. We have also been prioritizing the health of our employees during the COVID-19 pandemic. These efforts have included providing disease prevention equipment and enacting related measures at our sites in Taiwan and abroad. In 2021, to provide further security, we also purchased epidemic prevention group health insurance for over 60,000 employees and their families in Taiwan.



#### Highlight 1

CTBC Holding was included in the 2022 Bloomberg Gender Equality Index.



#### Highlight 2

CTBC Holding was awarded the Best Corporate Employer in Asia Award by HR Asia for the fourth consecutive year.



#### Highlight 3

In 2021, CTBC Holding published Taiwan's first Employee Empowerment Report.

## Sustainability Focus

### 3. Connecting with sustainability partners

**We proactively engage with stakeholders to realize our sustainable vision and targets.**

In addition to serving as the PCAF's regional chair for Asia-Pacific, we were the only Asia-based company to be selected as a member of its Global Core Team. We work with 21 benchmark financial institutions from around the world to not only formulate new standards but also encourage others in the domestic industry to join the partnership. Noting the growing importance of impact investment, CTBC Holding became the first enterprise in Taiwan to join the Global Impact Investing Network (GIIN) and, in late 2021, sponsored the first international forum to advocate impact assessments. Furthermore, we were the first in Taiwan to join the Taskforce on Nature-related Financial Disclosures (TNFD) in February 2022; as one of these initial 250 global members, we look forward to contributing cross-industry knowledge and market experience to help the industry address financial risks related to environmental issues as quickly as possible.

For our investment targets and financing customers, we provide sustainable products and services (e.g., sustainability linked loans) by participating in shareholders' meetings and operational risk assessment procedures. In this way, we leverage our role in order to advocate for action on sustainability-related issues.



#### Highlight 1

CTBC Holding became the PCAF's Asia-Pacific chair and the only Asia-based member of its Global Core Team.



#### Highlight 2

CTBC Bank joined the Bankers Association and Joint Credit Information Center in organizing climate risk management and stress testing projects.

# Sustainability performance highlights



## Environmental .....

- Green financing loans balance topped **NT\$145.1 billion**, with CTBC Bank's green energy technology, circular economy, green buildings, green transportation, and infrastructure loans making up 22% of total corporate financing loans balance
- Selected as the **PCAF**'s Asia Pacific chair and the only Asia-based member of its Global Core Team
- Became the first in Asia to use the PCAF methodology to assess and disclose its financed GHG emissions
- Taiwan Life's low-carbon investments totaled over **NT\$5.8 billion** and are expected to reduce carbon emissions by **1.88 million** tons every year
- Green procurement totaled **NT\$23,629 million** and earned the **Excellence in Green Procurement for Private Enterprises** award from Taiwan's Environmental Protection Administration for the 12th consecutive year
- The first company in Taiwan to join the **Taskforce on Nature-related Financial Disclosures**
- CTBC Bank acted as the lead organizer for the Changfang & Xidao Offshore Wind Farm joint loan project (the first large-scale wind farm financing project led by a domestic financial institution) and earned the **PPP Deal of the Year**, Global from The Asset for the project, in which **25** domestic and international financial institution jointly invested nearly **NT\$90 billion**
- All subsidiaries have fully implemented **ISO 14001 Environmental Management System**, **ISO 50001 Energy Management System**, and **ISO 14064-1 Greenhouse Gases Inventory**, covering **217** locations around Taiwan



# S Social



- Received the HR Asia **Best Corporate Employer in Asia Award** for the fourth consecutive year
- Investments in social welfare totaled **NT\$730.88 million**
- CTBC Securities and CTBC Insurance among **top 20%** of securities and insurance companies in the latest Treating Customers Fairly evaluation
- **176** employees took child care leave without pay, with **77.27%** returning to work, while child care subsidies totaled **NT\$16,137,898**
- 6th consecutive year recognized by **Taiwan i Sport (Certificate of Corporate Wellness)** for mental health and work environment efforts
- The CTBC Poverty Alleviation Program has given **NT\$185.79 million** in loans to help disadvantaged families escape poverty through entrepreneurship, with **45** loans exceeding **NT\$22.5 million** provided in 2021
- International microloans totaled **US\$78.66 million**, as CTBC Bank continues to work with and invest in microloan providers

# G Corporate governance

- Ranked among the top **5%** of performers in the TWSE's 2021 Corporate Governance Evaluation
- Continued to be included as a constituent stock of the **DJSI World Index and Emerging Market Index**
- Selected as a constituent stock of the **Bloomberg Gender Equality Index** for the first time
- Selected as a constituent stock of the first Greater China Business Sustainable Index, **ranking first among Taiwanese companies** and fourth among all 200 listees
- First institution in Taiwan to issue social bonds. In addition, issued a sustainability bond and became the first in Taiwan to be included in the International Capital Market Association's Sustainable Bonds Database
- **287** domestic and international awards, marking the **10th** consecutive year of earning over 100 awards
- The number one financial institution in Taipei City for intercepting and blocking criminal acts. The Company successfully intercepted **996** cases of harm against members of the public. The total amount in these cases reached **NT\$318.8 million**, ranking first in the financial sector
- CTBC Holding and subsidiaries CTBC Bank and Taiwan Life received **CG6013 (2021)** outstanding enterprise certification—the **highest rating available**—from the Taiwan Corporate Governance Association

# Awards and recognition

287 domestic and international honors received in 2021



## Branding, banking, and insurance



The Banker  
Bank of the Year in Taiwan



Global Finance  
Best Bank in Taiwan



FinanceAsia  
Best Bank in Taiwan



Asiamoney  
Best Domestic Bank in Taiwan



The Global Economics  
Best Life Insurance Company in Taiwan

Brand Finance®

Brand Finance  
Top 500 Banking Brands



## Business performance, products, and services



The Asian Banker  
Best Retail Bank in Taiwan



The Asian Banker  
Best Asset/Fund Management Product in Asia Pacific



Euromoney  
Private Banking Services  
Overall in Taiwan



Asia Risk  
House of the Year in Taiwan



Asia Pacific Loan Market Association  
Syndicated Project Finance  
Deal of the Year in Taiwan

ASIAMONEY

Asiamoney  
Best Corporate & Investment Bank in Taiwan, Best Private Bank in Taiwan, and Best for HNW in Taiwan



Global Economics  
Best Claims Management Insurance Company in Taiwan



Professional Wealth Management  
Best Private Bank for Digital Portfolio Management in Asia



The Asset  
ESG Investor of the Year for Insures in Taiwan



## Fintech and digital innovation



**The Asian Banker**  
Best Blockchain Initiative,  
Application or Programme in  
Asia Pacific



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



**International Data Corporation**  
Asia's Leader in Loan



**International Data Corporation**  
FIJA 2022 Special



**Enterprise Asia**  
International Innovation  
Awards - Organization &  
Culture



**International Finance**  
Most Innovative Life Insurance  
Company in Taiwan



**Harvard Business Review**

Digital Transformation Leader,  
Overall Digital Transformation  
Service Industry Pioneer Award  
- No. 1, and Single Item Digital  
Transformation Excellent Operation  
Group - No. 1



Digital Bank of the Year in Taiwan, Best  
Retail Online Banking Experience in  
Taiwan, Best Retail Payments Project  
in Taiwan, Best Mobile Brokerage  
Application in Taiwan, Best Digital  
Insurance Experience in Taiwan, and Best  
Mobile Insurance Application in Taiwan



## Sustainable governance and CSR



**Morgan Stanley (MSCI)**  
Constituent stock of the ESG  
Leaders Index



**FTSE Social Responsibility Index  
(FTSE4Good)**  
Constituent stock of the Emerging  
Markets Index



**The Asset**  
Excellence in ESG - Platinum  
Award Winner



**CommonWealth Magazine**  
Excellence in CSR Award - Large  
Enterprises - No. 8



**Global Views Monthly**  
Corporate Social Responsibility  
Awards, Financial Industry  
Category - Excellence



**TCSA 台灣企業永續獎**

**Taiwan Institute for Sustainable Energy**

Top 10 Domestic Companies Sustainability Model  
Award (Service Industry), Outstanding Professional  
- CEO/President Daniel I. Wu, and Corporate  
Sustainability Report - Financial and Insurance  
Industry - Platinum Award



**Taiwan Corporate Governance Association**  
CG6013 (2021) outstanding enterprise certification -  
CTBC Holding, CTBC Bank, and Taiwan Life

# Sustainability milestones



## Light up a Life

Launched annual charity fundraiser

1985

Established a dedicated  
**CSR Department**

2011

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

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

Independent directors  
supervise the CSR  
Consultation  
Committee

2016

Implemented  
the separation of  
management and  
ownership



Joined  
**CDP (formerly the Carbon Disclosure Project)**

Joined or voluntarily complied with

**Equator Principles**



**Principles for  
Responsible Investment**



**Principles for  
Sustainable Insurance**



**Principles for  
Responsible Banking**



2022

Joined  
**Taskforce on Nature-related Financial Disclosures**



2020

Established  
**the Ethics and Integrity Committee under the Board of Directors**

2018

Established  
**Corporate Sustainability Department (formerly Corporate Sustainability Office)**

Joined

**Taskforce on Climate-related Financial Disclosures** TCFD



**Partnership for Carbon Accounting Financials**



**Global Impact Investing Network**

# ABOUT CTBC HOLDING



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About CTBC Holding

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Sustainable Operations

3

Sustainable Growth

4

Responsible Operations

5

A Connected Society

# About CTBC Holding

I GRI 102-3

## Basic information

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

## Comprehensive financial services

I GRI 102-2,102-6,102-7

We are headquartered in Taipei, Taiwan, but our financial business spans 375 worldwide locations in 14 countries and regions. CTBC Holding has eight subsidiaries, namely CTBC Bank, Taiwan Life, CTBC Securities, CTBC Asset Management, CTBC Venture Capital, CTBC Investments, CTBC Security, and Taiwan Lottery, and the banking subsidiary has the largest global presence of any Taiwanese bank. In 2021, CTBC Holding's after-tax net income totaled NT\$54.20 billion, with an 13.70% after-tax rate of return on common shareholder equity, among the highest in Taiwan's financial holding sector.

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

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

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

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

**CTBC Venture Capital:**Investment in the information technology, cultural and creative, consumer, biotech, renewable energy, conventional, and other industries

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

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

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

## Business performance

I GRI 102-7, 102-45, 201-1

### Key performance indicators

In 2021, CTBC Holding generated after-tax net income of NT\$54.20 billion, with a 13.70% rate of return on common shareholders' equity. Our performance in the remaining key performance indicators was also excellent, ranking top among Taiwan's financial companies.

	2021	2020	2019	2018	2017
CTBC Holding					
Capital adequacy ratio (%)	130.87	125.03	115.72	117.94	139.07
CTBC Bank (consolidated)					
Capital adequacy ratio (%)	14.63	14.61	13.84	14.12	14.47
Non-performing loans ratio (%)	0.57	0.49	0.34	0.43	0.41
Loan loss provision coverage ratio (%)	293.87	272.01	386.64	296.26	306.85



**CTBC HOLDING**  
中國信託金控



Headquarters



Establishment



Capital  
(NT\$ thousand)



Total assets  
(NT\$ thousand)



Employees<sup>1</sup>



Industry



Stock code

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

May 17, 2002

NT\$199,969,796

NT\$7,083,525,780

15,874

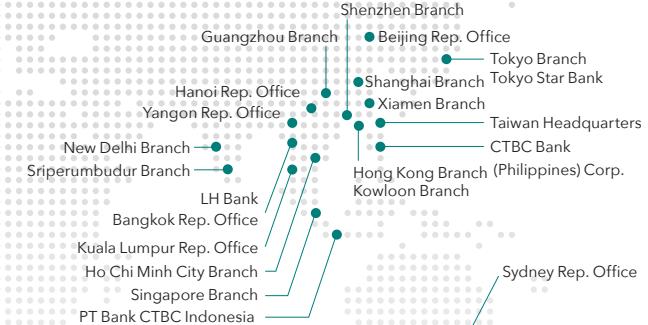
Finance and insurance

2891

## Operating results

GRI 102-7

In 2021, the net revenue and after-tax net profit of CTBC Holding were NT\$186.06 billion and NT\$54.20 billion, respectively. Our earnings per share was NT\$2.73 and our capital was NT\$199.97 billion. Total assets grew by NT\$466.86 billion to reach NT\$7.08 trillion.



## Our global presence

GRI 102-4, 102-6, 102-7, 102-10

In 2021, CTBC Bank completed the acquisition of 10.99% more of the shares of LH Financial Group Public Company Limited (LHFG) in Thailand, for a total shareholding 46.6%. This made CTBC Bank the largest shareholder of LHFG, and the Bank officially incorporated it as a subsidiary. With this expanded presence in Thailand and by leveraging our success and experience in Taiwan, we will be better poised to provide financial products and services needed by Taiwanese and foreign enterprises abroad.

Taiwan branches  
**152**

Overseas branches  
**223**

## Financial disclosures

Unit: NT\$ million

	Analysis item		2021	2020	2019	2018	2017
Basic financial information	Total assets		7,083,526	6,616,667	6,219,435	5,753,248	5,340,734
	Shareholders' equity <sup>Note 1</sup>		430,455	405,231	381,139	315,072	320,901
	Net revenue		186,058	194,406	264,718	314,375	349,764
	Net profit after tax <sup>Note 1</sup>		54,205	42,853	42,880	36,032	37,222
	Total assets turnover (times)		0.03	0.03	0.04	0.06	0.07
Operating capability	Ratio of loans to deposits of banking subsidiary (%)		63.85	63.22	67.35	69.73	67.46
	NPL ratio of banking subsidiary (%)		0.16	0.23	0.17	0.22	0.21
	Average operating revenue per employee		9	9	13	16	17
	Average profit per employee (after tax)		3	2	2	2	2
	Return on assets (%)		0.79	0.67	0.72	0.65	0.73
Profitability	Return on common equity (%)		13.70	11.53	13.04	12.09	12.77
	Net income ratio (%)		29.02	22.04	16.20	11.46	10.64
	Earnings per share (NT\$)		2.73	2.15	2.16	1.85	1.91

	Analysis item		2021	2020	2019	2018	2017
Financial structure	Ratio of debt to total assets (%)		93.61	93.87	93.87	94.52	93.99
	Financial holding company's double leverage ratio (%)		115.26	115.24	115.63	118.36	116.39
Scale of operations	Market share by assets (%)		10.03	10.05	10.35	10.33	10.17
	Market share by net worth (%)		8.72	8.27	8.58	8.55	8.64
	Market share by deposits of banking subsidiaries (%) <sup>Note 2</sup>		6.43	6.33	6.19	5.94	5.78
	Market share by loans of banking subsidiaries (%) <sup>Note 2</sup>		5.79	5.59	5.61	5.50	5.31

Note 1: Shareholders' equity refers to the equity attributable to owners of the parent company; Net profit after tax refers to the net profit attributable to owners of the parent company.

Note 2: The market share of deposits and loans of CTBC Bank is on a non-consolidated basis.

Note 3: Reasons for variations exceeding 20% of the financial ratios for the past two fiscal years:

(1) The decline of the NPL ratio of the banking subsidiary was mainly due to a decrease of non-performing loans and an increase of total loans in 2021.

(2) The increases of average profit per employee and earnings per share were mainly due to an increase of net income after tax in 2021.

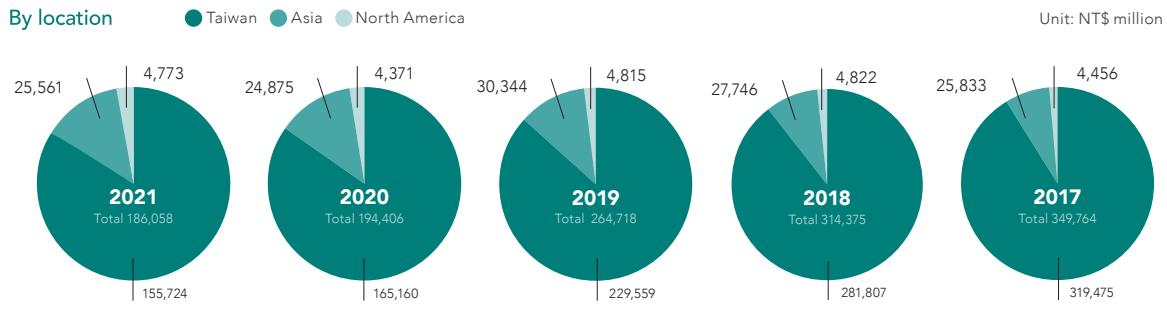
(3) The increase of net income ratio was mainly due to an increase of net income after tax and decrease of net revenue in 2021.

<sup>1</sup> Represents the total number of Taiwan-based full-time employees at CTBC Holding and its subsidiaries as well as full-time employees at overseas branches, excluding temporary, contract-based, and overseas subsidiaries.

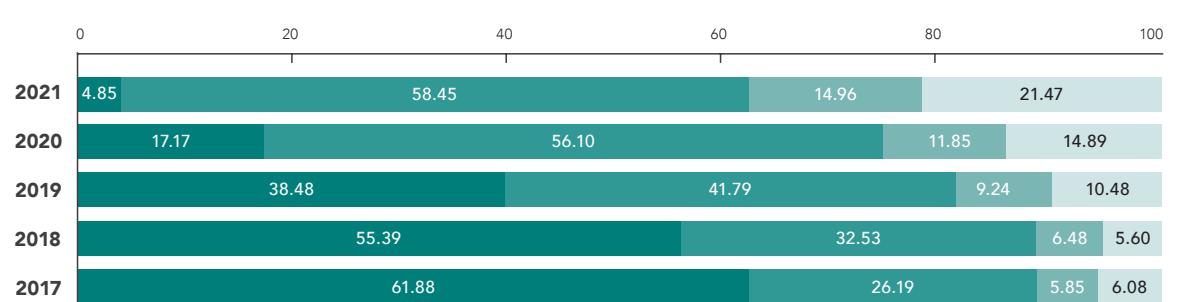
## Revenue breakdown

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

### By location



### By revenue



### By industry

Business category	2021		2020		2019		2018		2017	
	Amount	Percentage								
Insurance	82,366	44.27%	97,662	50.24%	162,729	61.47%	222,158	70.67%	262,340	75.00%
Banking	97,123	52.20%	93,135	47.91%	99,424	37.56%	90,152	28.68%	85,441	24.43%
Securities	3,527	1.90%	2,232	1.15%	1,621	0.61%	1,296	0.41%	1,347	0.39%
Other	3,042	1.63%	1,377	0.71%	944	0.36%	768	0.24%	636	0.18%
Total	186,058	100%	194,406	100%	264,718	100%	314,375	100%	349,764	100%

Unit: NT\$ million

### Credit ratings

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

Subsidiary	Rating agency	Long-term	Short-term	Outlook	Publication date
CTBC Holding	Moody's	A3		Stable	2022/03/04
	S&P Global Ratings	BBB	A-2	Stable	2022/01/11
	Taiwan Ratings	twAA-	twA-1+	Stable	2022/01/11
CTBC Bank	Moody's	A1	P-1	Stable	2022/03/04
	S&P Global Ratings	A	A-1	Stable	2022/01/11
	Taiwan Ratings	twAA+	twA-1+	Stable	2022/01/11
Taiwan Life	S&P Global Ratings	BBB+ (financial capabilities)		Stable	2021/11/08
	Taiwan Ratings	twAA (financial capabilities)		Stable	2021/11/08
CTBC Securities	Taiwan Ratings	twAA-	twA-1+	Stable	2022/01/24
CTBC Asset Management	Taiwan Ratings	twA+	twA-1	Stable	2022/02/17
CTBC Venture Capital	Taiwan Ratings	twA+	twA-1	Positive	2021/10/07

# SUSTAINABLE OPERATIONS



1

About CTBC Holding

2

Sustainable Operations

3

Sustainable Growth

4

Responsible Operations

5

A Connected Society

# Sustainability roadmap

I GRI 102-18,102-19,102-20,102-32

## Sustainable governance and management

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

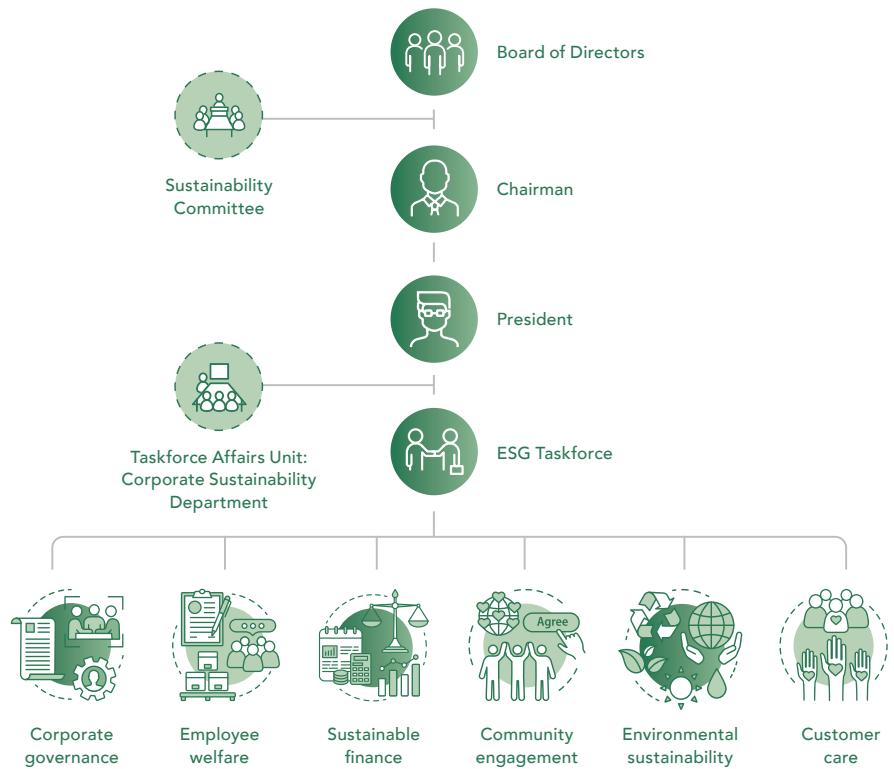
To these ends, CTBC Holding has adopted a world-class three-tier sustainability management structure. The first tier, namely the Sustainability Committee, acts as the highest supervisory unit. The second tier is the ESG Taskforce, composed of top management teams, charged with carrying out daily sustainability-related work. The third tier is the Corporate Sustainability Department<sup>1</sup>, which is responsible for integrating the corporate sustainability strategies and action plans of the Company and its subsidiaries.

The Sustainability Committee comprises independent directors, namely all the independent directors of CTBC Holding and one independent director from Taiwan Life, who meet at least twice a year to review and approve the Company's annual sustainability plan and strategic direction and to supervise and appraise the effectiveness of the implementation of various sustainability initiatives. It also regularly reports to the Board on the Company's sustainability strategy and annual results. The status of ESG implementation and sustainability performance in 2021 has been submitted to CTBC Holding's Board.

The ESG Taskforce is headed by the President of CTBC Holding and leads the management teams of the subsidiaries to establish initiatives related to six key concerns, namely corporate governance, environmental sustainability, employee welfare, sustainable finance, community engagement, and customer care, in order to address related issues and formulate action plans. It conducts quarterly meetings to monitor the progress of various sustainability projects and adjust their implementation.

The Corporate Sustainability Department is under the direct supervision of the President of CTBC Holding and is responsible for promoting sustainability strategies and follow-up plans for the Company and its subsidiaries.

### CTBC Holding sustainability governance structure



<sup>1</sup> The Corporate Sustainability Office was renamed the Corporate Sustainability Department on Jan. 1, 2022.

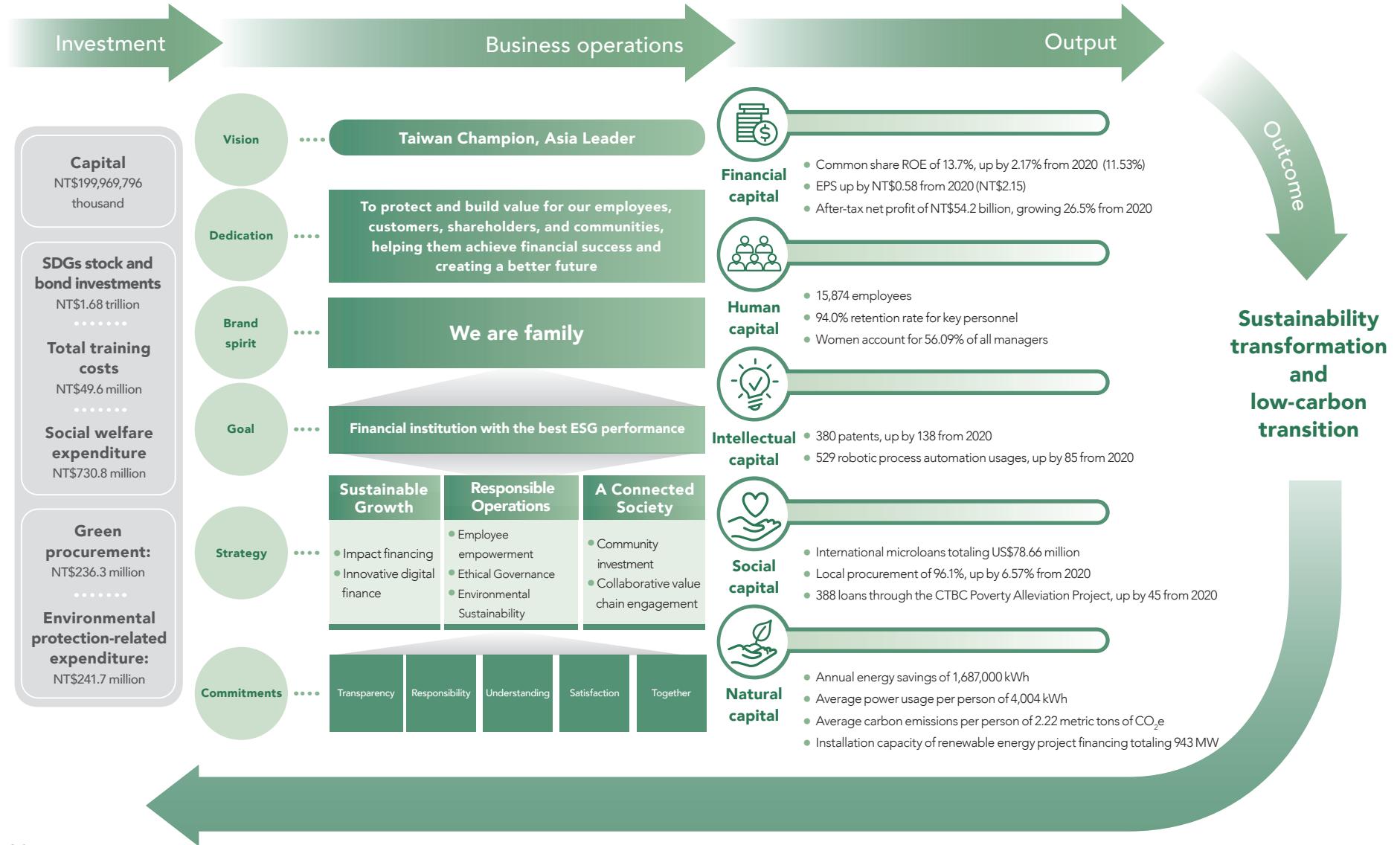
## Sustainability strategy

As one of the leading financial institutions in Asia, CTBC Holding adopts a sustainability strategy guided by the three pillars of "Sustainable Growth," "Responsible Operations," and "A Connected Society," and follows through on its "TRUST" commitment—an acronym we coined to emphasize the importance of corporate governance (Transparency), environmental sustainability (Responsibility), employee welfare (Understanding), customer service (Satisfaction), and community engagement (Together). And, in addition to proactively responding to the SDGs, we also promote the low-carbon economy and inclusive finance as well as implement sustainable operations through low-carbon transition and sustainability transformation.



## Sustainability value creation process

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



## Stakeholder engagement

GRI 102-21, 102-40, 102-42, 102-43

Using the AA 1000 Stakeholder Engagement Standard (SES), we have identified "customers," "investors," "government," "community," "suppliers," and "employees" as our six key stakeholder groups and established multiple transparent communication channels to gather, analyze, and communicate issues of concern to them. The aim of these efforts is to enable stakeholders to understand how CTBC Holding is implementing corporate sustainability. The ESG Taskforce also incorporates stakeholders' concerns into its annual corporate sustainability plan as well as its daily operations. The results of communicating our annual material sustainability topics to stakeholders are reported to the Sustainability Committee and the Board of Directors before the end of each year by the Corporate Sustainability Department. Relevant communications and negotiations that occur during daily operations are disclosed in our Sustainability Report and presented to the Sustainability Committee and Board of Directors the following year.

Stakeholder	Value enhancement	Communication channels and frequency	Communication results in 2021	Corresponding material sustainability issues
Customers	<ul style="list-style-type: none"> <li>Innovative customer experience</li> <li>Provision of convenient products and excellent service, raising of customer satisfaction level</li> <li>Provision of accessible financing systems</li> </ul>	<ul style="list-style-type: none"> <li>Voice of customer (VOC) service platform – any time</li> <li>24-hour toll-free customer service hotline, voice over internet protocol (VoIP), and online customer service mailbox – any time</li> <li>24-hour AI-powered customer service and online live chat - any time</li> <li>E-newsletters – monthly</li> <li>Customer Care Committee – monthly</li> <li>Customer satisfaction surveys – regularly</li> <li>Financial management seminars – annually</li> <li>Public lectures – irregularly</li> <li>Provision of insurance consultation services by the subsidiary Taiwan Life – any time</li> <li>24-hour customer service hotline 0800-024-365</li> <li>Customer complaint handling hotline 0800-057-034</li> <li>Corporate customer service hotline 0800-017-888 (stakeholder section)</li> </ul>	<ul style="list-style-type: none"> <li>1,851 Taiwan Life VOC cases</li> <li>CTBC Bank's smart customer chatbot service, Agent C, served 11 million visits, with a satisfaction rate of 92%</li> <li>CTBC Bank prevented members of the public falling victim to scammers on 996 occasions, saving them NT\$318,807,624 in the process, the highest in Taiwan's financial holding sector</li> </ul>	<ul style="list-style-type: none"> <li>Customer relationship management</li> <li>Digital finance</li> <li>Information security</li> <li>Ethical governance</li> <li>Financial inclusion</li> </ul>
Investors	<ul style="list-style-type: none"> <li>Information disclosure transparency</li> <li>Consideration of long-term value for shareholders</li> </ul>	<ul style="list-style-type: none"> <li>Investor information on Chinese and English websites – any time</li> <li>Investor Relations website – any time</li> <li>Operating performance announcements – monthly</li> <li>Investor conferences – quarterly</li> <li>General Shareholders' Meeting – annually</li> <li>Investor Relations Department: ir@ctbcholding.com</li> <li>Stock-related information: transfer.agency@ctcbcbank.com (stakeholder section)</li> </ul>	<ul style="list-style-type: none"> <li>714 major disclosures and announcements in Chinese/English; 2,699 press releases</li> <li>Organized online analyst meetings quarterly, including 8 Chinese and English investor calls; participated in 12 domestic and foreign online investor forums to explain the Company's strategies and financial performance</li> <li>Published the 2021 CTBC Holding Climate Risk Assessment Report</li> </ul>	<ul style="list-style-type: none"> <li>Ethical governance</li> <li>Regulatory compliance</li> <li>Responsible financing</li> <li>Climate change actions and strategies</li> </ul>
Government	<ul style="list-style-type: none"> <li>Regulatory compliance</li> <li>Tax payment</li> <li>Provision of consultations on the enactment of laws and regulations and awareness efforts regarding laws and regulations</li> <li>Strengthening of climate governance</li> </ul>	<ul style="list-style-type: none"> <li>Provide relevant information for the supervision and reviews of the Banking Bureau, Insurance Bureau, Financial Examination Bureau, and Securities and Futures Bureau – as needed</li> <li>Participate in government and competent authority meetings and provision of suggestions when appropriate – as needed</li> <li>Establish internal norms in accordance with the laws and regulations promulgated by the competent authorities, strengthening of corporate governance, and implementation of ethical management – as needed</li> </ul>	<ul style="list-style-type: none"> <li>Ranked among the top 5% of performers in the TWSE's Corporate Governance Evaluation</li> <li>Earned the Excellence in Green Procurement for Private Enterprises award from Taiwan's Environmental Protection Administration</li> <li>Included in the TWSE RAFI Taiwan High Compensation 100 Index</li> <li>Five subsidiaries, including CTBC Bank, signed the Stewardship Principles for Institutional Investors and reported as scheduled</li> <li>Participated in the Taiwan Sustainability Categorization Standard Implementation Group</li> <li>Published the 2021 CTBC Holding Climate Risk Assessment Report</li> <li>Host of The Bankers Association's climate risk management project team, and leader of the Joint Credit Information Center's Climate-change Stress Test Group</li> </ul>	<ul style="list-style-type: none"> <li>Ethical governance</li> <li>Regulatory compliance</li> <li>Risk management</li> <li>Responsible financing</li> <li>Tax governance</li> <li>Climate change actions and strategies</li> </ul>

Community	<ul style="list-style-type: none"> <li>▪ Respect for local cultures</li> <li>▪ Participation in local charity activities</li> </ul>	<ul style="list-style-type: none"> <li>• Participate in seminars – irregularly</li> <li>• Organize lectures – irregularly</li> <li>• Organize press conferences – irregularly</li> <li>• Sponsor arts and culture, sports, academic, and environmental protection events – irregularly</li> <li>• Organize charity events – annually</li> </ul>	<ul style="list-style-type: none"> <li>• The 36th Light up a Life charity fundraiser raised NT\$144.19 million, which was donated to 296 schools in the Child Welfare League Foundation's Rural Elementary School Student Care and Counseling Project and to sponsor 20 rural performances of the Paper Windmill Foundation</li> <li>• Anti-drug advocacy efforts reached 69,469 person-times, with events including two local exhibition tours and 266 campus and community events held at 178 schools and 115 community sites</li> <li>• Sponsored the Taipei Biennial to encourage people from different generations to experience modern art, with 19 VIP nights and "CTBC exclusive" tours organized for 846 visits as well as 10 events designed for children from rural areas</li> </ul>	<ul style="list-style-type: none"> <li>▪ Social impact</li> <li>▪ Financial inclusion</li> </ul>
Supplier	<ul style="list-style-type: none"> <li>▪ Fair procurement</li> <li>▪ Elevation of ESG awareness and performance</li> </ul>	<ul style="list-style-type: none"> <li>• Business conferences and negotiation meetings – irregularly</li> <li>• Supplier meetings – annually</li> <li>• Labor safety and health and onsite inspections – irregularly</li> <li>• Supplier risk survey</li> <li>• General Administration Department chuan.hsu@ctcbc.com (stakeholder section)</li> </ul>	<ul style="list-style-type: none"> <li>• Suppliers with frequent business dealings completed the sustainability risk self-assessment survey</li> <li>• 131 suppliers attended meetings to discuss the impact of the environment, labor, and human rights on sustainable procurement strategies</li> </ul>	<ul style="list-style-type: none"> <li>▪ Risk management</li> <li>▪ Regulatory compliance</li> <li>▪ Healthy and friendly work environment</li> <li>▪ Sustainable supply chain management</li> </ul>
Employee	<ul style="list-style-type: none"> <li>▪ Respect for human rights</li> <li>▪ Fair treatment</li> <li>▪ Employee health promotion</li> </ul>	<ul style="list-style-type: none"> <li>• People and Matters e-newsletter – monthly</li> <li>• Mobilization meetings – quarterly</li> <li>• Employee communication and complaint channels – irregularly</li> <li>• Employee health seminars – irregularly</li> <li>• Employee satisfaction and organizational climate surveys – irregularly</li> <li>• Sales personnel complaint hotline and mailbox – any time</li> <li>• Ethical management education and training – annually</li> <li>• Employee complaint inbox 0885@ctbcholding.com</li> <li>• Employee hotline (02) 3327-8804 (stakeholder section)</li> </ul>	<ul style="list-style-type: none"> <li>• Issued 12 editions of the People and Matters e-newsletter</li> <li>• Organized 3 mobilization meetings</li> <li>• Published the 2020 CTBC Holding Employee Empowerment Report</li> <li>• CTBC Bank organized 91 events, including health promotion events, health seminars, and on-site doctor's visits, with 593 person-times participating in the health promotion events</li> <li>• Achieved a 100% implementation rate of annual ethical management education and training</li> </ul>	<ul style="list-style-type: none"> <li>▪ Talent recruitment and retention</li> <li>▪ Employee empowerment</li> <li>▪ Labor rights</li> <li>▪ Healthy and friendly work environment</li> <li>▪ Ethical governance</li> </ul>

## Materiality analysis

GRI 102-15, 102-32, 102-47, 102-49, 103-1, 103-2, 103-3

### Material sustainability issue analysis process

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

#### 1 External environment analysis

We referenced international sustainability standards and identified **18** sustainability issues, including stakeholder communications; international guidelines, regulations, trends, and GRI/IIRC standards and SDGs; financial industry-specific issues (SASB, PSI, PRI, EP, and GRI Financial Services Sector Supplement); sustainable investment assessments (e.g., DJSI, CDP, MSCI, and FTSE4Good); peer benchmarking analysis; and business environment analysis.

#### 2 Identification and evaluation

Questionnaires were issued to six key stakeholder groups, and a total of **1457** completed surveys with valid responses were received for the analysis of issues of concern to each group. Meanwhile **12** internal questionnaires were issued, with their results used by ESG Taskforce supervisors and personnel to assess the operational impact of each sustainability issue on revenue, brand/reputation, risk, and external natural and social environment.

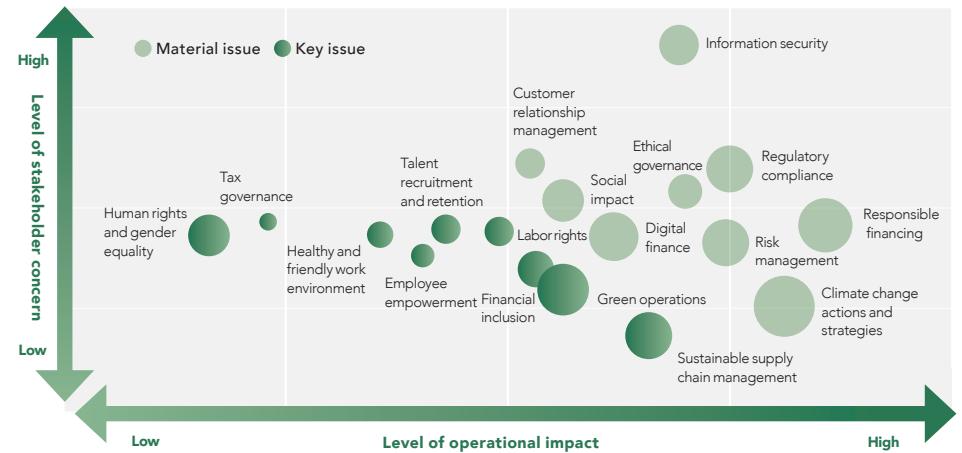
#### 3 Confirmation and disclosure

The distribution of sustainability issues in the materiality matrix were determined through the identification and assessment results, and these findings were reported to the Sustainability Committee. Finally, the Board of Directors approved **9** material issues and **9** key issues and completed the 2021 CTBC Materiality Matrix, which determined the boundaries of information disclosure and the development of management policies.

## CTBC Holding materiality matrix 2021

Description of changes to key issues in 2021: "Human rights and gender equality" has been included as a key issue to reflect the direction of the Company's sustainability strategy as well as international sustainability developments.

Material issues		Key issues	
1	Information security	1	Financial inclusion
2	Regulatory compliance	2	Green operations
3	Responsible financing	3	Sustainable supply chain management
4	Risk management	4	Labor rights
5	Social impact	5	Talent recruitment and retention
6	Ethical governance	6	Healthy and friendly work environment
7	Climate change actions and strategies	7	Human rights and gender equality
8	Digital finance	8	Employee empowerment
9	Customer relationship management	9	Tax governance



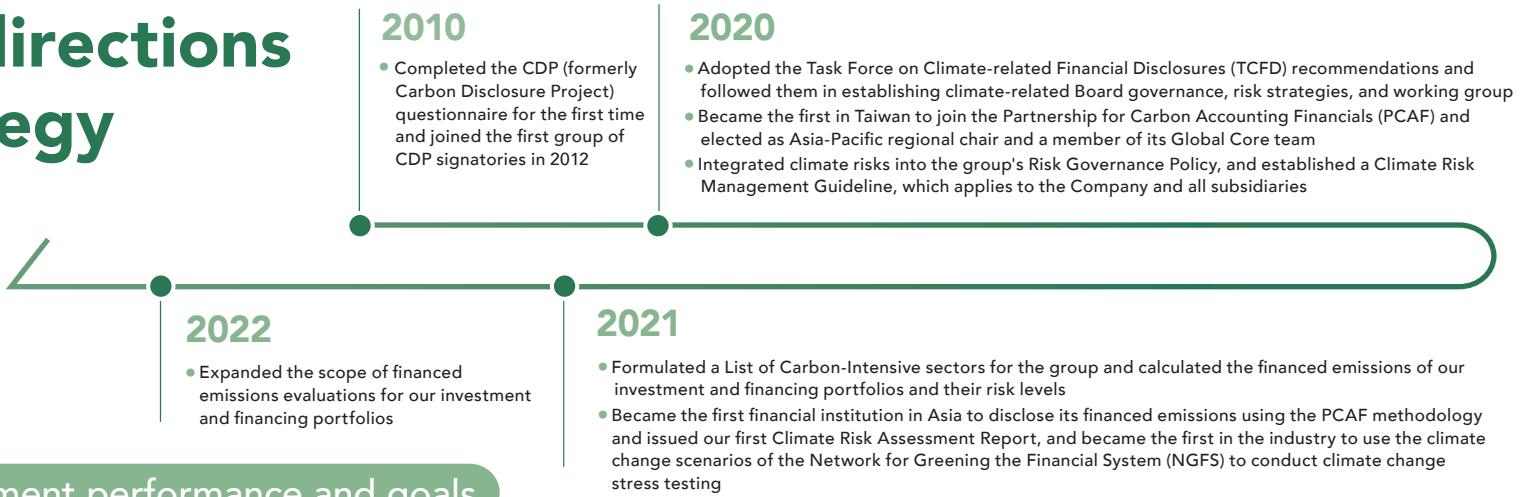
## Material issues, GRI topics, and boundaries of impact

GRI 102-44

For the identified material issues, the corresponding GRI topics and boundaries of impact are listed in the following table, and the relevant management policies and measures are stated in the corresponding chapters. For details of our sustainability targets and performance, refer to the Appendix.

Material issue	Corresponding GRI topic	Location of ESG impact					Management approach	
		Internal		External				
		Direct impact on CTBC Holding and its subsidiaries	Supplier	Customers	Government	Community	Investors	
Risk management	GRI 201 Economic Performance	●	●	●	●	●	●	Responsible operations - Ethical governance
Regulatory compliance	GRI 419 Socioeconomic Compliance GRI 307 Environmental Compliance	●			●			Responsible operations - Ethical governance
Ethical governance	GRI 205 Anti-corruption	●	●	●	●		●	Responsible operations - Ethical governance
Digital finance	GRI 203 Indirect Economic Impacts	●		●				Sustainable growth - Innovative digital finance
Responsible financing	GRI 203 Indirect Economic Impacts GRI G4 Product Combinations	●		●	●		●	Sustainable growth - Impact financing
Information security	GRI 418 Customer Privacy	●		●	●		●	Responsible operations - Ethical governance
Customer relationship management	GRI 417 Marketing and Labeling	●		●				Sustainable growth - Impact financing
Climate change actions and strategies	GRI 201 Economic Performance	●		●	●		●	Sustainable Operations - Climate Directions and Strategy
Social impact	GRI 203 Indirect Economic Impacts	●	●					A Connected Society - Community investment

# Climate directions and strategy



## Climate management performance and goals

Pillars	Key achievements	Future development goals
Governance	<ul style="list-style-type: none"> <li>The Board of Directors is the highest authority responsible for overseeing the risks and opportunities of climate change. Functional committees, namely the Sustainability Committee and Risk Management Committee, have been set up under the Board of Directors to assist in the deliberation of issues related to sustainability and climate change.</li> <li>The risk management unit regularly reported the status of climate risk supervision to the Board of Directors and management, continued to assist subsidiaries in introducing climate risk management mechanisms, and conducted climate risk education and training to improve group-wide awareness of climate risks.</li> </ul>	<ul style="list-style-type: none"> <li>Continually improve the climate finance and related scientific understanding of the Board and management.</li> <li>Enhance their supervision and guidance of the group's operations and the low-carbon transition of its investment and financing businesses, such as by reviewing the group's low-carbon transition plans based on the Science-Based Targets initiative (SBTi).</li> </ul>
Strategies	<ul style="list-style-type: none"> <li>Identified the group's significant climate-related short-, medium-, and long-term risks and opportunities and linked them with material traditional financial risks, including credit, market, insurance, and operational risks.</li> <li>Identified investment and financing objects that are relatively vulnerable to climate risks, including in Carbon-intensive sectors and high-risk regions, and strengthened risk evaluations of, or conducted engagements with customers in Carbon-intensive sectors.</li> <li>Included "net-zero emissions by 2050" in the group's long-term development blueprint as approved by the Board of Directors.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to improve low-carbon transition financial services and products at home and abroad.</li> <li>Gradually change existing investment and financing business policies and practices by combining scenario analysis and strategic planning.</li> <li>Establish short-, medium-, and long-term goals according to the SBTi in order to achieve net-zero emission by 2050.</li> </ul>
Risk management	<ul style="list-style-type: none"> <li>Included climate risks in the risk management framework and added relevant management policies and rules for CTBC Holding and its subsidiaries.</li> <li>Identification and measurement of transition risks: Established the List of Carbon-intensive sectors for the group, investigated risks, and used the PCAF methodology to calculate the financed emissions of investment and financing portfolios, including business loans and investments, coal-fired power project finance, and CTBC Bank mortgages.</li> <li>Identification and measurement of physical risks: Analyzed flood and landslide risk maps, including regarding the real estate collateral of corporate and individuals, self-owned operating sites, and real estate investment assets.</li> <li>Established scenario pathways by referring to the NGFS scenarios in order to comprehensively assess the potential losses of transition and physical risks of the group's investment and financing, property insurance, and other operations.</li> <li>Established risk monitoring indicators and control mechanisms that incorporate climate risks.</li> </ul>	<ul style="list-style-type: none"> <li>Expand the assessment of financed emissions for investment and financing portfolios, based on PCAF Standard, and begin new assessments of Taiwan Life's mortgages, CTBC Bank and Taiwan Life's commercial real estates, and CTBC Bank and Taiwan Life's project finance</li> <li>Improve and establish climate risk control mechanisms or risk limits based on the group's net-zero emissions goal.</li> <li>Continually improve the scope and scale of climate risk scenario analysis/stress testing for investment and financing business.</li> <li>Strengthen the mechanisms for engagement and cooperation with customers in order to better use the group's influence to promote low-carbon transition.</li> </ul>
Indicators and goals	<ul style="list-style-type: none"> <li>Formulated and achieved carbon emission reduction targets for the Company's own operations.</li> <li>Introduced the PCAF methodology and regularly monitored the group's Scope 3 financed emissions.</li> <li>Submitted the SBTi Commitment Letter.</li> <li>Regularly monitored the volume of low-carbon related financial business.</li> </ul>	<ul style="list-style-type: none"> <li>Establish Scope 1, 2, and 3 GHG reduction goals for the group based on the SBTi method and regularly disclose results in each phase.</li> </ul>

## Governance

### Board supervision

The Board of Directors serves as the highest supervisory unit for climate risks and opportunities, and is responsible for the approval, review, and monitoring of risk strategies and policies. It also leads the group in cultivating new climate-related business opportunities. The Sustainability Committee and Risk Management Committee—both functional committees directly under the Board—are responsible for the supervision of key strategies related to climate change.

The CTBC Holding risk management unit regularly reports to the Board of Directors on the changes and assessment results of the group's transition and physical risks to facilitate the Board's understanding. In 2021, we specially invited external experts to conduct two hours of educational workshops for the Board of Directors and the operation management level of CTBC Holding and its subsidiaries on international climate change governance trends as well as key opportunities for low-carbon economic development.

### Role of management

An ESG Taskforce is in place at the management level, with the President of CTBC Holding serving as its executive director and the leader for climate risks and opportunities. The management teams of subsidiaries serve as taskforce members. In order for the presidents and management teams of CTBC Holding and its subsidiaries to better understand sustainability and climate change-related matters, the taskforce holds a quarterly meeting to facilitate cross-subsidiary coordination and to ensure that group resources are allocated effectively and various sustainability projects are reviewed and implemented.

The Chief Risk Officer of CTBC Holding serves as the supervisor of the TCFD Team, leading the risk management units of CTBC Holding and its subsidiaries to establish short-, medium-, and long-term climate risk management plans and to include climate risks in the group's overall risk management framework to maintain climate risk scenario analysis methods that meet the latest international standards.

### Organizational structure and division of responsibilities

The responsibilities and organizational structure for climate risks and opportunities are as follows:

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

## Strategy

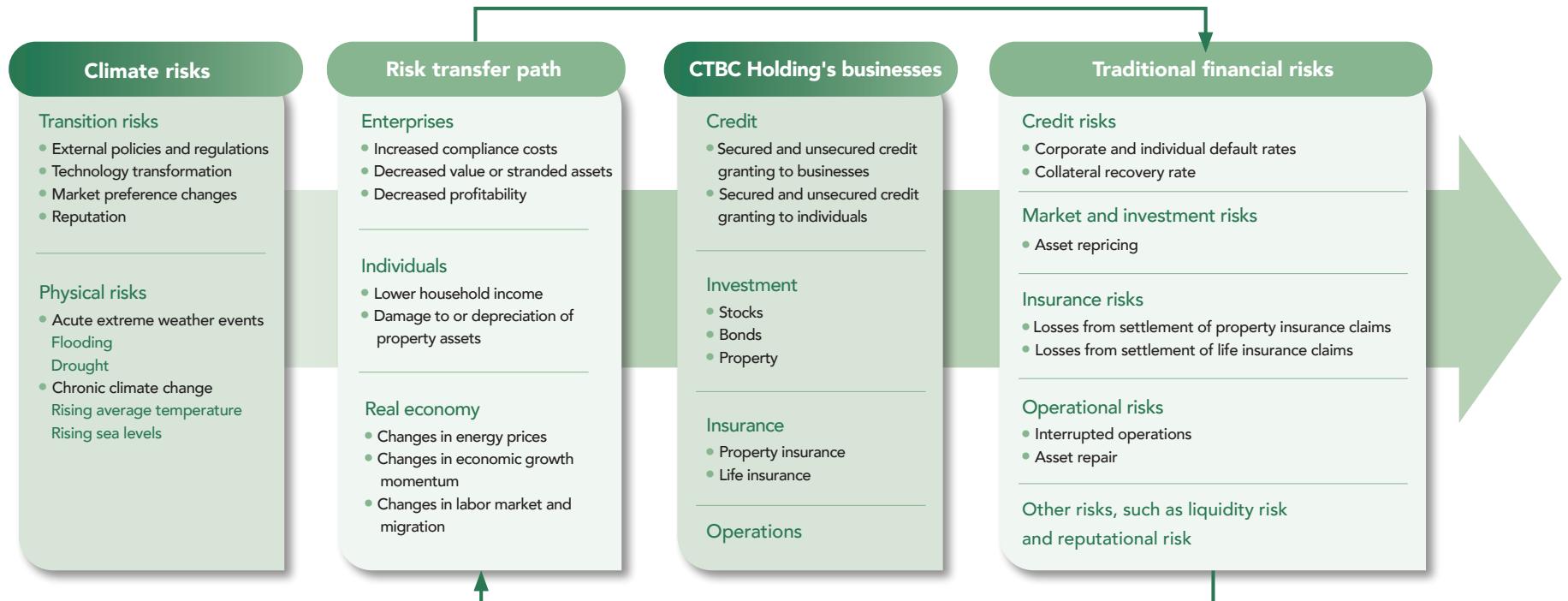
### Identification of climate change risks

The TCFD recognizes two sources of climate risks: (1) transition risks, which arise from the transition to a low-carbon economy, and (2) physical risks, which are caused by climate change or extreme weather. CTBC Holding clearly defines such climate risks in its internal rules, specifying four transition risks (i.e., policy and legal, technology, market, and reputation) and two physical risks (i.e., acute and chronic). We also evaluate the potential impact and impact duration of risks on our business; see page 51 of our 2020 Sustainability Report for results.

### Transmission channels to traditional financial risks

The aforementioned climate risks are not new or independent of other risks. Their socioeconomic impacts can directly or indirectly increase the traditional risks faced by the financial industry (e.g., credit, market, insurance, and operational risks) through the various business activities of financial institutions.

Relationship between climate risks and traditional risks of the financial industry



## Scenario analysis and stress testing

Scenario	Scenario 1	Scenario 2	Scenario 3																																																
NGFS scenario	Net Zero 2050	Delayed transition	Current policies																																																
Aim	Orderly transition to net zero by 2050	Delayed transition to the Paris Agreement's goal (< 2°C)	No carbon reduction measures added to current policies																																																
Temperature rise by the end of this century	1.5°C	1.8°C	3°C and above																																																
Transition risks	Moderately low risk Steady enforcement of climate policies starting from 2021	Moderately high risk Urgent enforcement of climate policies starting from 2031	Low risk Maintaining status quo without issuing new policies																																																
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Note 1: Carbon prices (USD/tCO<sub>2</sub>e) in each region are based on the scenarios released in the NGFS Scenario Explorer; the Integrated Assessment Model (IAM) is REMIND-MagPIE 2.1-4.2; visit <https://data.ene.iiasa.ac.at/ngfs/#/workspaces> for more details.

Note 2: Global GDP growth is based on the scenarios released by the BOE (source: variable paths).

Note 3: Physical risk-related parameters and pathways are based on the FCS' flood risk model and the NGFS' CA Climate Impact Explorer (website: <http://climate-impact-explorer.climateanalytics.org>).

CTBC Holding launched a climate-related scenario analysis pilot project for transition risks and physical risks in 2020, referencing the climate change stress testing framework and methodology released by national supervisory authorities. In 2021, we conducted a group-wide annual climate risk-based stress test by selecting three climate change scenarios published by the Network for Greening the Financial System (NGFS), established by central banks and supervisory bodies around the world in June that year. Individual scenario represents different degrees of transition risks and physical risks. Carbon prices (or carbon taxes) are the main variable of transition risks. Physical risks are linked to different Representative Concentration Pathways (RCPs) in the IPCC AR5<sup>2</sup> based on the rise in temperature.

### Scenario 1

This scenario represents the world's goal to achieve net zero by 2050. To achieve this goal, countries or regions will start enforcing carbon prices (or carbon taxes) and other policies in 2021. Considering the differences in carbon reduction commitments and economic developments, the intensity of policies such as carbon prices may vary from country to country.

### Scenario 2

This scenario assumes that no active action has been taken to reduce carbon emissions by 2030; however, to achieve the Paris Agreement's goal (limiting the temperature rise to 2°C by the end of this century), it is imperative to roll out strong transition policies (e.g., a rapid increase in carbon prices) after 2031.

### Scenario 3

This scenario assumes that countries with no carbon reduction measures are added to current policies. Carbon prices in Greater China and the U.S. remain close to zero and those in the EU even drop year by year. In this scenario, the temperature will increase by 3°C or more at the end of this century, indicating the highest physical risk (RCP 8.5).

## Analysis results

In 2021, CTBC Holding adopted the group-wide common scenarios and had all subsidiaries conduct stress testing on asset portfolios of December 2020 using the same base year and the same methodology simultaneously. The purpose was to explore the impacts of climate-related risks on individual business activities and on the group as a whole for the development of long-term business strategies.

In the climate change stress testing, we utilized three scenarios and two time points for discussion; in individual scenarios, we also took into account the effect of low-carbon transition policies on corporate emissions. Costs were further estimated in two simulations, resulting in a total of 12 outcomes of the scenario analysis. Internally, we concluded that Scenario 1 (Net Zero 2050) in Simulation 1 (NDC<sup>3</sup>) was the most likely result and thus used it as the "reference scenario."

Based on the assessment results on business activities, the impact on the group as a whole by Capital at Risk is explained as below. See Section 5, "Scenario Analysis/Stress Test," of our 2021 Climate Risk Assessment Report for the analysis results of specific businesses.

### Results of scenario analysis under the 2030 risk profile

- For scenarios in 2030, where external indicators in relation to climate change (e.g., carbon prices) and the frequency and intensity of risk events (e.g., flood) materialize, our losses to positions on the reference date were assessed. According to the analysis results, in the reference scenario, the consolidated net value of CTBC Holding would decrease by less than 1%, and in the scenario with the largest loss (Scenario 1 in Simulation 2), the consolidated net worth of CTBC Holding would decrease by approximately 2%.
- In Scenario 1, the estimated losses from transition risks were much higher than those from physical risks. In Scenarios 2 and 3, the estimated losses from physical risks were higher than those from transition risks.

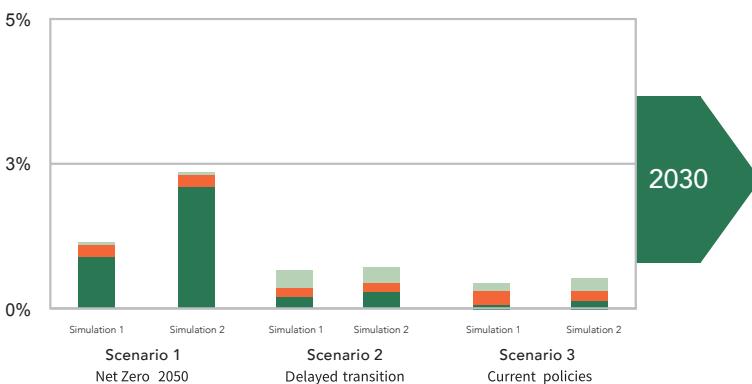
### Results of scenario analysis under the 2050 risk profile

- For scenarios in 2050, where external indicators in relation to climate change (e.g., carbon

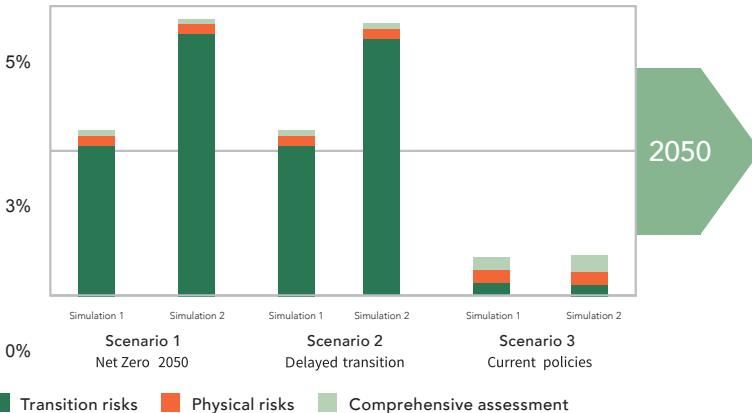
prices) and the frequency and intensity of risk events (e.g., flood) materialize, our losses to positions on the reference date were assessed. According to the analysis results, in the reference scenario, the consolidated net value of CTBC Holding would decrease by approximately 3%, and in the scenario with the largest loss (Scenario 1 in Simulation 2), the consolidated net worth of CTBC Holding would decrease by less than 5%.

- In Scenarios 1 and 2, the estimated losses from transition risks were much higher than those from physical risks. In Scenario 3, the estimated losses from physical risks were higher than those from transition risks. With the aggravation of physical risks in the long term, the estimated derivative losses would be higher than those in 2030.

### Capital at risk



### Capital at risk



<sup>3</sup> NDC: National Determined Contribution, the greenhouse gas reduction commitments proposed by countries around the world to achieve the Paris Agreement's goal

## Climate-related opportunities

We are working proactively to turn three of the abovementioned climate risks (i.e., external policies and regulations, technology transformation, and market preference changes) into opportunities. Five development opportunities have been identified across three areas, namely "stakeholder engagement and communication," "green energy," and "digital services." By referring to domestic and foreign research reports, and based on the major opportunities specified on page 42 of our 2020 Sustainability Report, we have identified the following means of grasping these opportunities.

Area	Development opportunity	Climate-related opportunities and trends	Actions taken	Corresponding risk factors
Green energy	Retail banking and institutional banking	Carbon emission reduction-related business opportunities will be driven by the push toward global net-zero emissions, such as carbon emission reduction efforts in corporate supply chains	Increase the rate of ESG-related financing cases, require that investees with high carbon emission submit low-carbon transition or improvement plans, visit clients and share carbon emission reduction strategies, and expand promotion of the PCAF methodology	External policies and regulations (carbon prices)
	Institutional banking and stock and bond investments	Renewable energy in Asian countries will grow significantly and contribute to two-thirds of global renewable energy capacity between 2020 and 2030	Provide investment and financing for solar, wind, and other renewable energy, and for R&D in such technologies	Technology transformation (green energy)
	Domestic and overseas funds	77% of investors have increased ESG investment significantly or moderately, according to MSCI's 2021 global institutional investor survey	Develop low carbon emission-related funds	Market preference changes (changes in investor preferences)
Digital services	Digital finance	Global net-zero emissions efforts will increase the demand of various enterprises for green power purchasing	Develop a blockchain-based green power transaction platform to improve the efficiency and security of green power purchasing	Technology transformation (green energy)
	Retail banking	Global cashless transaction volume is expected to grow by over 80% between 2020 and 2025, from approximately 1 trillion transactions to nearly 1.9 trillion	Optimize credit card-based digital payment services	Market preference changes (changes in individual customer preferences)

## Stakeholder engagement and communication

In terms of aiding businesses in their low-carbon transitions, CTBC Holding works with customers at different transition stages. For each, we provide tailored suggestions regarding their climate risk management, environmental disclosures, and other issues; for large enterprises and those with high emissions, we also work individually with their senior executives to further facilitate their low-carbon transitions. Recipients of these engagement and communication efforts include businesses in the information technology, service, and automobile manufacturing industries. This assistance is particularly critical for helping large-sized and carbon-intensive customers to reach emission reduction goals. However, more than 90% of companies in Taiwan are small- and medium-sized enterprises. Therefore, moving forward, we will further assist such customers in the R&D of low-carbon technologies and low-carbon transition in order to accelerate and expand our low-carbon financial influence.

CTBC Bank actively participates in the offering of sustainability-linked loans (SLLs) in order to incentivize customers to make the low-carbon transition. Of the 19 SLLs that the Bank underwrote in 2021, nine involved emission reduction goals, and the emission reduction results will be evaluated in 2022. In 2020, approximately 500,000 tons CO<sup>2</sup> were eliminated through our emission reduction-related SLLs.

In 2021, as the PCAF chair for Asia Pacific and a member of its Global Core team, CTBC Holding used the PCAF methodology in a pilot project, evaluating the carbon emissions of power generation financing cases (including both renewable and non-renewable energy cases) on the basis of financing portfolio in December, 2020. We also worked with 21 other global financial players and the Global Core team to formulate the second edition of the PCAF guidelines, released in 2021. In addition, we have also been proactively encouraging other financial institutions in Taiwan to join the PCAF and contribute to the creation of sustainable financial ecosystem in the country. On the back of these efforts, the number of PCAF members in Taiwan has increased from one in 2020 to six as of May 2022.

## Green energy

	Strengths	Implementation and resources	Products and services	Benefits
CTBC Bank	<ul style="list-style-type: none"> <li>CTBC Bank has rich experience in the design and risk evaluation of structured finance and project financing. It can integrate its internal and external resources as needed in planning the financing of projects, and is continuing to develop supply chain-related financing in the renewable energy field.</li> </ul>	<ul style="list-style-type: none"> <li>The Bank has established a dedicated team for renewable energy cases, comprising 27 employees from project management, financial consulting, account officer, risk management, and intermediary teams.</li> </ul>	<ul style="list-style-type: none"> <li>Four wind power- and three solar power-related cases have been undertaken in the past four years.</li> <li>Three renewable energy-related cases were undertaken in 2021, with loans totaling NT\$13.18 billion.</li> </ul>	<ul style="list-style-type: none"> <li>The estimated total revenue in 2021 was approximately NT\$1.8 billion.</li> </ul>

Taiwan Life	<ul style="list-style-type: none"> <li>● Taiwan Life was the country's first insurer to receive approval to participate in an offshore wind power equity investment project, and was the first insurer in Asia to directly participate in the development of offshore wind farms.</li> <li>● It was also the country's first insurer to participate in an offshore wind power-related syndicated loan case and it has the highest credit line in the insurance industry for such, namely for the Formosa 2 and Changfang &amp; Xidao offshore wind farm projects.</li> </ul>	<ul style="list-style-type: none"> <li>● It has appointed 52 employees to teams for sustainable investment and financing trend research, financial analysis, and investment strategy.</li> <li>● It has appointed eight employees to teams for formulating policies to handle post-investment sustainability-related policies as well as related process optimization, management, planning, and integration.</li> </ul>	<ul style="list-style-type: none"> <li>● Cumulative promised investment and financing for solar, wind, and other renewable energies reaches NT\$52.68 billion.</li> <li>● Taiwan Life had 56 investment objects in 2021, including 11 public investments in renewable energy projects, 3 renewable energy-related financing cases, 10 domestic perpetual bonds, 12 overseas perpetual bonds, 19 green energy-related privately placed or mutual funds, and 1 green energy ETF.</li> </ul>	<ul style="list-style-type: none"> <li>● The total amount of investment and financing actually made and provided by it as of the end of December 2021 reached NT\$41.5 billion, an increase of 67% as compared to the balance at the end of 2020.</li> <li>● Its equity or equity fund investment cases constituted approximately 5%-10% of IRR; financing and bond cases constituted approximately 2%-3%.</li> </ul>
CTBC Investments	<ul style="list-style-type: none"> <li>● As the third largest issuer of bond ETFs, it has included carbon emission indicators in its rules for screening the indexes traced for issuance of ETFs to evaluate the risks of ESG investment in emerging countries. It won the second prize of ETF Issuance Contribution Award in ETF and ETN competitions in 2021, in addition to being honored by Asia Asset Management (AAM) with the Best Retail Fund House and ETF Manager of The Year.</li> </ul>	<ul style="list-style-type: none"> <li>● It invested in research into ESG issues.</li> <li>● It signed a memorandum of cooperation on ESG indexes with IDI (ICE Data Indices, LLC), a global data service company, to jointly research and develop products and promote education on investors, and it won the Golden Award for Research Suggestions in 2020 (with the title of "How can investment trust companies include ESG in their investment process), with 5 major participants.</li> </ul>	<ul style="list-style-type: none"> <li>● Issued ESG-related investment products:           <ul style="list-style-type: none"> <li>(1) 15+Year ESG Investment Grade of USD-denominated Corporate Bonds ETF in developed market.</li> <li>(2) ESG key sustainable semiconductor ETF. (The above 2 ETFs are ESG funds recognized by competent authority, and are listed in the special ESG fund section.)</li> <li>(3) 15+year USD-denominated Sovereign Low-carbon ETF Securities Investment Trust Fund in emerging market (it is not an ESG-related fund).</li> <li>(4) Taiwan Green Energy and Electric Vehicles ETF Fund (it is not an ESG-related fund).</li> </ul> </li> <li>● Issued ESG Carbon-emission-based Business Opportunity Multi-Asset Fund in 2022</li> </ul>	<ul style="list-style-type: none"> <li>● The total revenue exceeded NT\$35 million in 2021.</li> </ul>

## Expanding digital services

To facilitate the development of Taiwan's green energy industry, CTBC Bank is working with Foxwell Power to develop the country's first blockchain-based green energy trading platform. It will provide a one-stop shop for green energy buyers, thereby reinforcing information security and reducing labor costs for customers while realizing the digitization of green energy transactions and enhancing the quality of such transactions. In addition, to reduce the negative impact of its financial services on the environment and improve customer convenience, CTBC Bank is creating a comprehensive ecosystem of digital services, including in shopping, transportation, retail, and hospitality. These efforts are giving customers of all ages access to convenient, real-time digital financial services while reducing paper consumption. Three such services that we optimized in 2021 included the following:

Service	Implementation strategies	Resources invested	Achievements in 2021	Benefits
iPad-based digital credit card application service	CTBC Bank established Rules for the Use and Management of Mobile Devices in Promoting Credit Cards, conducted education and training to ensure promoters comply with government regulations on the use of mobile devices, and provided iPad operating and system application courses.	It purchased 200 iPads for use by customers to submit digital credit card applications, as well as spent NT\$5 million in internet access-related costs.	Following a trial in 2020 (48 iPads and 48 promoters), the program was fully launched in 2021, with 240 promoters.	Reduced credit card application paper use by 222,573 sheets (47%), and saved 61,638 sheets of paper that would have otherwise been used during the application review process.
CTBC merchant checkout app	The Bank designed a mobile point of sales system and established an SOP for marketing the system and for stores wishing to adopt it.	It invested approximately NT\$8.3 million in Bluetooth technology in consideration the 2,000-store increase in use of system, which relies on Bluetooth connections with smart devices as well as on electronic receipt technology.	A total of 9.82 million transactions were made using the system, representing a 33% increase in paperless transactions from 2020.	Saved the printing of a cumulative 2.47 million paper receipts.
Digital cardholder rights handbook	The Bank continued to promote the handbook and to make it accessible across other channels.	Invested 40-person days to support the handbook's development.	The number of digital handbooks distributed in 2021 increased by 53,024 from 2020, representing a rise of 15.5%.	Distributed 394,991 digital handbooks, saving 31,599,280 sheets of paper and approximately NT\$13 million in physical delivery costs.

## Risk management

CTBC Holding and its subsidiaries have formulated relevant climate risk management rules in order to reduce the potential impact of climate change on the group:

Business type	Business activities	Climate risk factors	Risks countermeasures
Investments	Non-trading bonds and equity investments (all sectors)	<b>Transition risk factors</b> <ul style="list-style-type: none"> <li>● Policies and legal (carbon costs)</li> <li>● Technology</li> <li>● Market</li> </ul>	<ul style="list-style-type: none"> <li>● Based on sustainable investment policies and rules, subsidiaries have specified exclusion lists and the scope of carbon-intensive industries that should be strictly assessed. When creating investment portfolios, subsidiaries are required to take ESG risks into account by reviewing whether the target investments' ESG scores given by third-party institutions are up to the standard set by the subsidiaries or by assessing the target investments using the internal ESG risk assessment form in order to reduce fluctuations in the overall return on investment and related investment risks.</li> </ul>
	Income-generating real estate investments	<b>Physical risk factors</b> <ul style="list-style-type: none"> <li>● Heavy rainfall, flood, and other climate disasters</li> </ul>	<ul style="list-style-type: none"> <li>● Subsidiaries have established regulations governing real estate investments, which stipulate that risk factors that may affect the transaction prices of real estate purchases must be fully assessed. For investments in real estate development, subsidiaries must evaluate the positive and negative impacts of the investments on local communities and the environment in the four aspects of the ESG checklist (i.e., energy, water, waste, and stakeholder engagement) in order to achieve sustainable development together with local communities and the environment.</li> </ul>

Financing	Business loans for companies in carbon-intensive sectors	<p><b>Transition risk factors</b></p> <ul style="list-style-type: none"> <li>Policies and legal (carbon costs)           <ul style="list-style-type: none"> <li>Technology</li> <li>Market</li> </ul> </li> </ul> <p><b>Physical risk factors</b></p> <ul style="list-style-type: none"> <li>Drought and water shortages</li> <li>High temperatures and power shortages</li> <li>Warming mean temperature</li> </ul>	<ul style="list-style-type: none"> <li>CTBC Bank has a Guideline for Sustainable Finance in Institutional Banking in place. In addition to setting concrete access conditions for thermal coal power generation, coal extraction, and other industries highly sensitive to transition risks, the guideline stipulates that a review of carbon-intensive borrowers' abilities to respond to transition risks be included in the credit analysis process; for example, regarding borrowers' GHG emissions, whether borrowers assess the present and future climate-related risks and opportunities should be examined through interviews and public disclosures, and their response measures noted (e.g. transition or improvement plans). Such information is collected and analyzed to help the group quantify customers' abilities to respond to transition risks. CTBC Bank may further discuss with the customers how to make low-carbon transition plans to mitigate their rising transition risks or make decisions to adjust or optimize the loan portfolio.</li> </ul>
	Mortgages and commercial real estate loans	<p><b>Factors for physical risks</b></p> <ul style="list-style-type: none"> <li>Heavy rainfall, flood, and other climate disasters</li> </ul>	<ul style="list-style-type: none"> <li>Subsidiaries have put in place sound credit-granting measures such as collateral review and valuation/appraisal management. In the credit analysis process, subsidiaries are required to determine whether collateral is located in flood-prone areas and use these findings in their credit granting decision-making or as a reference in determining loan-to-value ratio.</li> <li>CTBC Holding's risk management unit is responsible for regularly monitoring changes in the overall positions located in disaster-prone areas. If the percentage of the positions in high risk areas is mounting significantly, it will initiate the relevant subsidiary's internal review process.</li> </ul>
Property insurance	Typhoon and flood insurance	Physical risks	<ul style="list-style-type: none"> <li>We regularly check underlying climate-related products (e.g., typhoon/flood insurance) and analyzes their risks by location to avoid excessive concentration in specific areas; in addition, CTBC Insurance has carried out underwriting more carefully and processed reinsurance whenever necessary to limit claims to a tolerable range and effectively transfer climate-related risks.</li> </ul>
Own operation	Operating sites	Physical risks	<ul style="list-style-type: none"> <li>To reduce the impact of climate change on business operations, CTBC Holding and its subsidiaries have all made business continuity plans and regularly hold disaster prevention and remote backup drills to respond to sudden natural disasters; related units have also formulated contingency plans in accordance with the Disaster Emergency Response Handbook for Financial Institutions (Template) and real practices, and make preparations and conduct drills to respond to and reduce the impacts of natural disasters such as floods and typhoons on business operations.</li> </ul>

## Effectiveness and targets of climate management

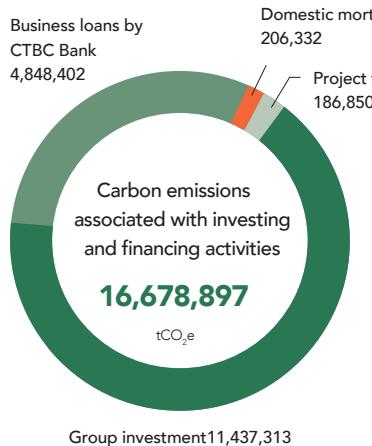
### Transition risk indicators: Financed emissions

CTBC Holding conducted its first financed emissions assessment in 2020, using the PCAF's Global GHG Accounting and Reporting Standard for the Financial Industry and covering the partial financing activities of CTBC Bank, Taiwan Life, and CTBC Securities. In 2021, we expanded the scope to include listed equity and unlisted equity and corporate bonds, business loans, and project finance on power generation as well as mortgages. The 2021 evaluation found that CTBC Holding's financed emissions totaled 16,678,897 tons of carbon dioxide equivalent (tCO<sub>2</sub>e), with an overall data quality score of 2.7 (where 1 indicates the highest data quality and 5 indicates the lowest data quality). See section "3.2 Financed Emissions" of our 2021 Climate Risk Assessment Report for more details.

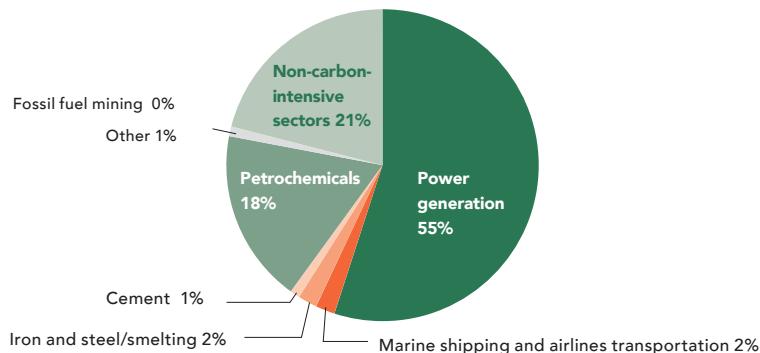
Taking a closer look at the source of the carbon footprint (tCO<sub>2</sub>e/TWD MM) reveals non-renewable energy project finance and power generation to be the main sources of GHG emissions, followed by the petrochemical and cement industries. While these sectors are relatively sensitive to transition risks, the investment/lending units of subsidiaries require better understanding of the transition plans of our customers and investees in the lending/investment evaluation process.

Financed carbon emissions associated with investing and financing activities by sector/business<sup>4</sup>

- Financed emissions by asset

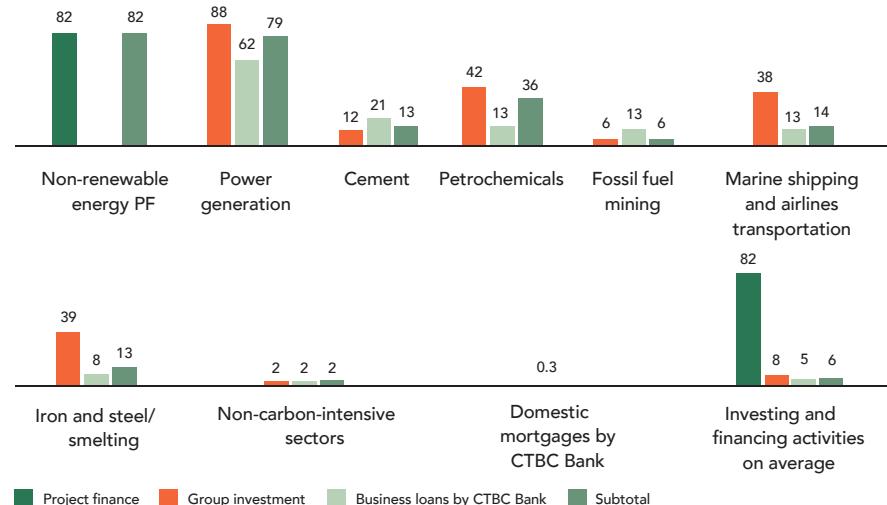


- Financed carbon emissions associated with investing and financing activities by sector/business



### Carbon footprint (tCO<sub>2</sub>e/TWD MM) by sector/business

- Carbon footprint (tCO<sub>2</sub>e/TWD MM)



### Physical risk indicators: Investigation of high-risk exposure

To identify business activities that are highly sensitive to floods or landslides, CTBC Holding regularly checks and monitors high-risk areas in accordance with the Taiwan-wide Disaster Risk Map published by the National Science and Technology Center for Disaster Reduction<sup>5</sup> on its Dr.A Climate Change and Disaster Risk Adaptation Platform. We define areas with level 5 disaster vulnerability as having high slope-related disaster risk. To improve the scale and accuracy of its flood risk analysis, CTBC Holding partnered with Formosa Climate Smart Service (FCS) in 2021. By using FCS' climate data and flood model<sup>6</sup>, CTBC Holding was able to classify the flood risk of commercial and residential real estate and build an internal loss model.

As of December 2021, group business activities sensitive to physical risks were as shown on the following page.

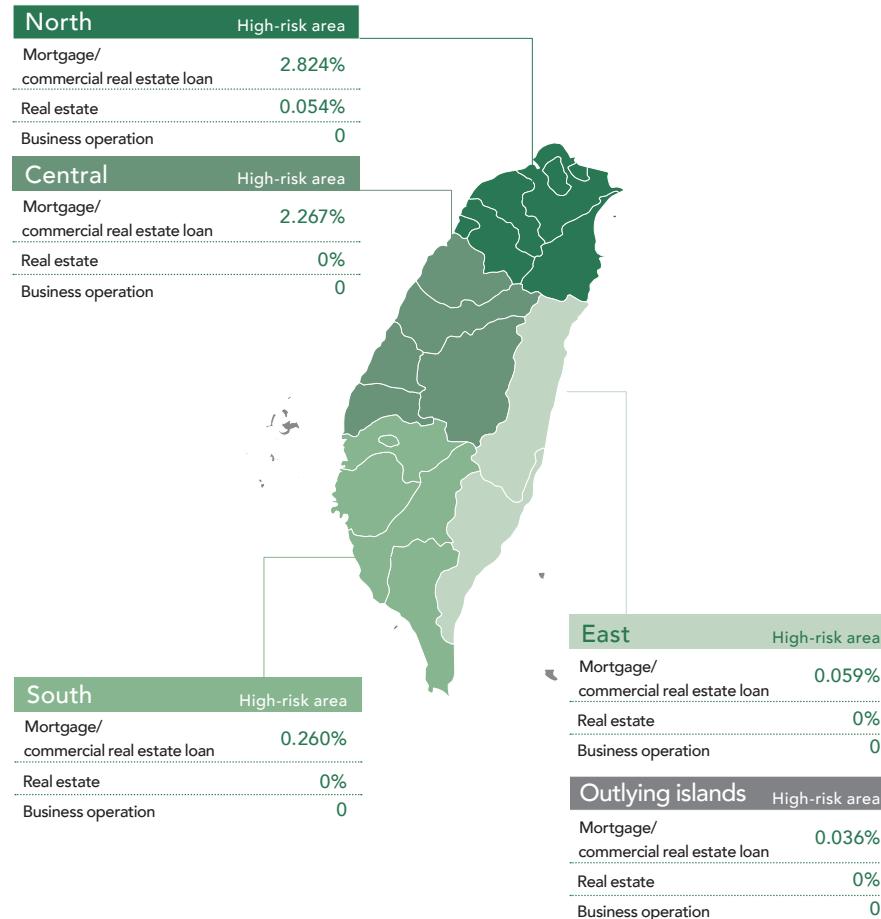
<sup>4</sup> The scope of data includes Group investment, Business loans by CTBC Bank, Domestic mortgages by CTBC Bank and Project finance as of December 2021.

<sup>5</sup> NCDR: National Science and Technology Center for Disaster Reduction

<sup>6</sup> By improving the spatial and temporal resolution, the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP), supported by the Ministry of Science and Technology, converted IPCC AR5's Global Climate Model (GCM) into local data suitable for Taiwan. The FCS selected five groups of the GCM (i.e., CCSM4, CESM1-CAM5, GISS-E2-R, HadGEM2-AO and MIROC5) and referred to the flood protection standards formulated by the Water Resources Agency (WRA) in order to estimate under different climate change scenarios, each administrative district across Taiwan may face flood event at different periods of time due to rainfall

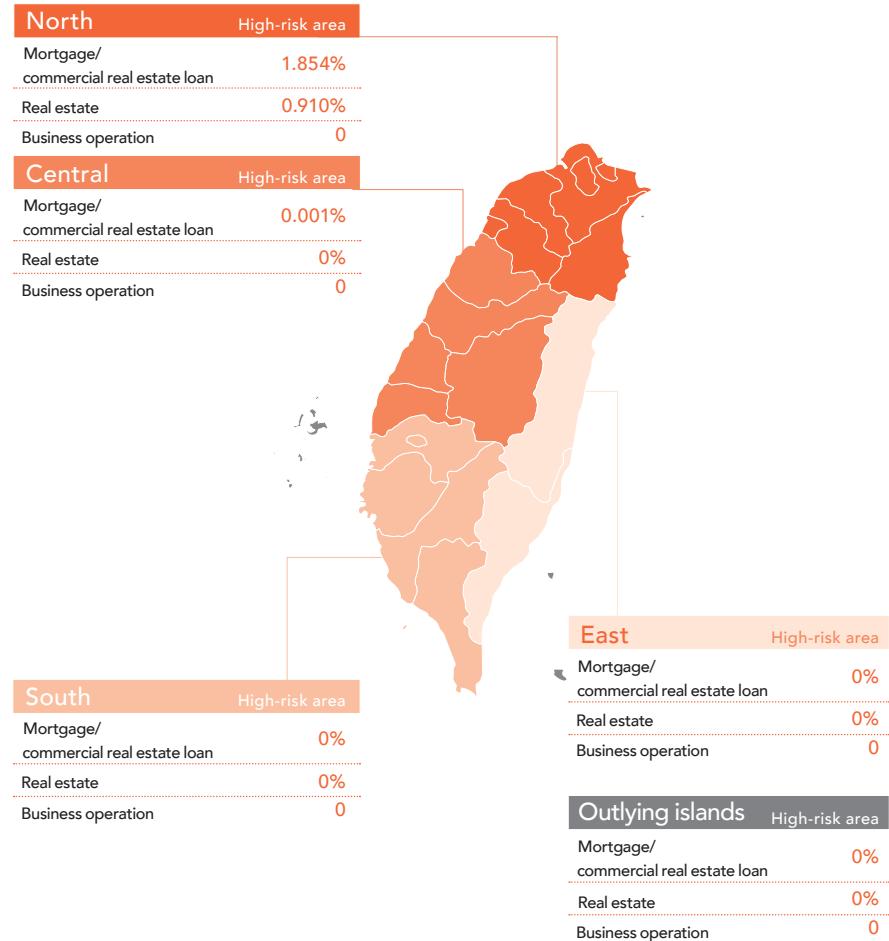
## Flood risk

Item	High-risk area for flooding
Mortgage/commercial real estate loan	Percentage of total loan
Real estate	Investment proportion
Business operation	Number of operations



## Landslide risk

Item	High-risk area for landslide
Mortgage/commercial real estate loan	Percentage of total loan
Real estate	Investment proportion
Business operation	Number of operations



## Internal carbon pricing

We adopt shadow pricing in our investment and financing portfolio evaluations. This enables us to respond quickly to any potential financial impact of carbon-pricing policy changes on CTBC Holding's investment and financing business. By referring to the types of climate change scenarios published in June 2021 by NGFS, which reasonably considered the difference in affordability among countries in different regions, and by assuming that carbon prices in 2050 will have increased significantly from 2030, final carbon prices in different regions were assumed to be different. Therefore, we adopted a range of US\$0.26 to US\$114 as the carbon price per ton for the evaluation and management of the overall carbon-related risks of our investment and financing customers. In the future, we will make rolling adjustments by referring to international carbon-pricing mechanisms and carbon fee trends.

## Adjusting financing portfolio risk exposure

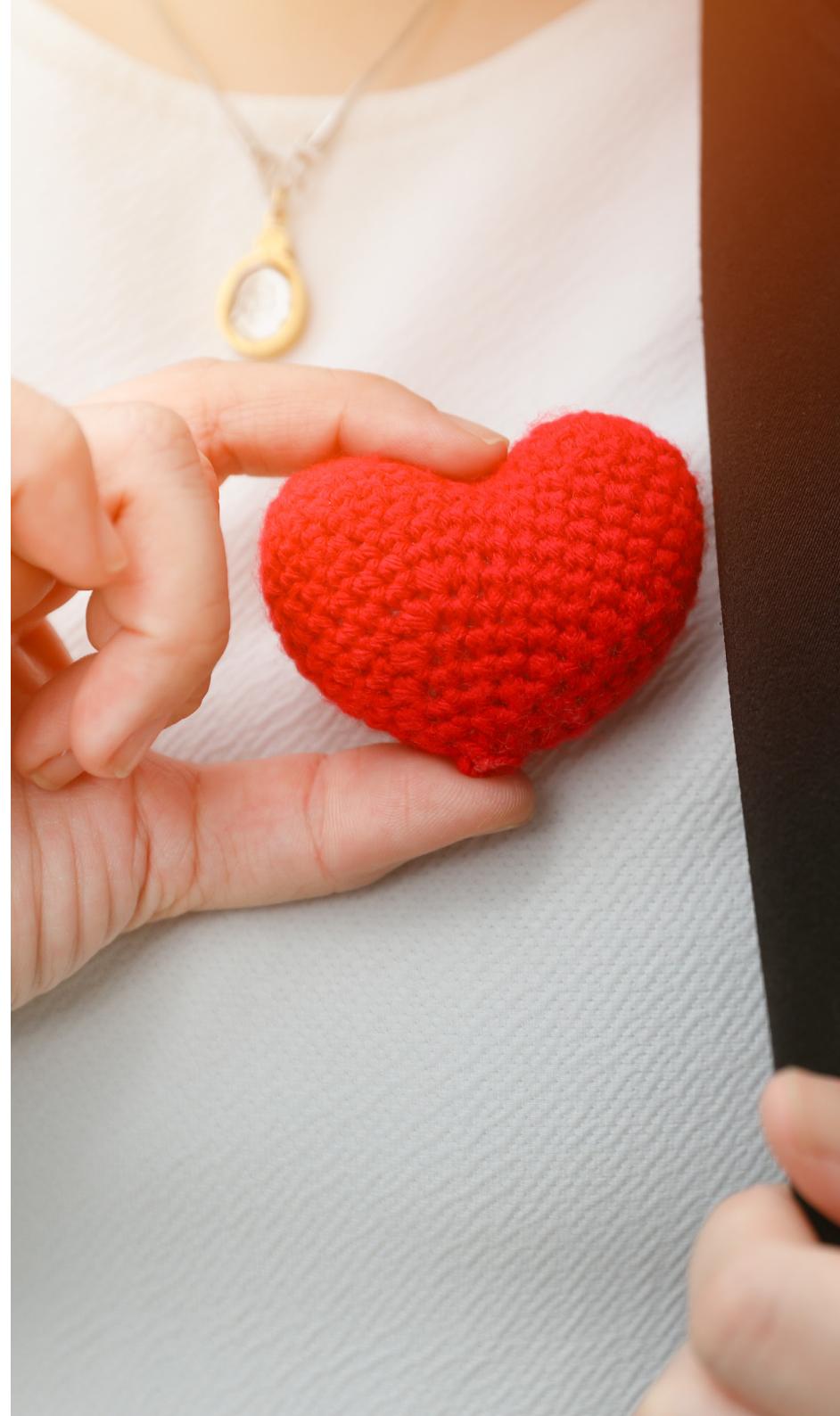
In order to gradually reduce the transformation risk posed by our investment and financing customers, and to utilize our funds to promote the low-carbon transition of the industry, we assessed the financed emissions of our eight largest borrowers that have high carbon emissions by adopting the PCAF methodology. The results, as shown in the table below, indicate that the financed emissions of six of these customers have been significantly reduced. In addition, we have already engaged with the two other customers to help them accelerate their low-carbon transition. Moving forward, we will continue to monitor our financed emissions, to optimize the risk exposure of our customers, and to engage with those that have high risk exposure.

Client No.	Carbon-intensive sectors	Financed emissions (tons)		
		Dec. 30, 2020	June 30, 2021	Change
1	01. Power generation	2,410,445	2,410,445	0
2	07. Other high-emitting companies in Taiwan	93,490	81,423	-12.9%
3	07. Other high-emitting companies in Taiwan	96,349	96,067	-0.3%
4	02. Shipping and aviation	101,090	59,523	-41.1%
5	07. Other high-emitting companies in Taiwan	6,331	7,039	11.2%
6	06. Fossil fuel mining	58,552	53,988	-7.8%
7	01. Shipping and aviation	27,335	15,215	-44.3%
8	02. Shipping and aviation	249,968	82,445	-67.0%

## Science-based emissions reduction targets

CTBC Holding has included net-zero emissions in its group-wide medium- and long-term sustainable development blueprint. We are also referencing the methods of the Science Based Targets initiative (SBTi) in order to establish our own science-based emissions reduction targets. By integrating these targets across our operations and investment and financing portfolios, we hope to do our part in the effort to limit the global temperature rise to 1.5° C, as set forth in the Paris Agreement. Moving forward, we will continue adjusting our investment and financing policies and practices as we seek to build a sounder management system based on the SBTi emission reduction goals. Furthermore, in addition to launching funds based on low-carbon emission industries, we will further encourage and support our customers to cut their emissions and will promote low-carbon transition across the industry value chain.

# SUSTAINABLE GROWTH



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# 03 Sustainable growth



## Commitments

With the growing emphasis on sustainable development and digital technology, CTBC Holding is supervising its subsidiaries to continually develop and deploy innovative financial products and services to in turn achieve sustainable growth.

### We are committed to:

- Developing financial products and services that conform to the U.N. SDGs, including those involving financial inclusion and low-carbon economy, with a view to utilizing our funds to create a virtuous cycle; and
- Creating a financial system accessible by all and using digital technologies to provide customers more convenient, innovative, and secure financial services.



## Challenges

CTBC Holding is committed to using our position in the capital market to drive the sustainable development of the industry as well as the global economy. Given the challenges that this brings, particularly in achieving net-zero by 2050, it is critical that the financial industry work together to exert its influence on investment and financing portfolios in order to accelerate the low-carbon transition and sustainability transformation. The impact of COVID-19 has also made the trends and challenges of digital finance clearer. With the pandemic-induced surge in online financial services, institutions now not only need to meet customers' needs more quickly but must comply with increasingly stringent government laws and regulations regarding information security. Growing competition from non-traditional financial industry institutions also poses a significant challenge.



## Our approach

CTBC Holding strives to create a positive impact in line with the SDGs through its core financial business such as loans, insurance, asset management, and self-owned investment. It also actively adopts and participates in sustainability-related initiatives. We aim to combine our digital technology advantages and international presence as well as to leverage all of our group's resources to expand the impact of our business and achieve sustainable growth.

### Impact financing:

CTBC Holding works with its subsidiaries to implement impact financing through sustainable financing, responsible investment, and sustainable development as well as the development of inclusive financial products and services. In addition, the Company participates in global sustainable finance initiatives and actively adopts international best practices. We are also committed to providing a friendly financial environment and optimizing our customer relationship management.

### Innovative digital finance:

CTBC Holding recruits outstanding digital talent and follows a three-track digital finance development strategy of digital transformation, digital innovation, and digital infrastructure. These efforts facilitate the Company's online and offline digitalization and deliver more accessible financial services and a more consistent and convenient customer experience.



## 2021 performance

In 2021, CTBC Holding's major impact financing efforts included promoting sustainable investment, financing, and insurance products as well as establishing and improving relevant policies and regulations of its subsidiaries. Key achievements in these areas included:

CTBC Bank had green financing balance totaling **NT\$145.158 billion**, representing approximately **21%** of the bank's institutional banking loan balance and an increase of **NT\$4.3 billion (3%)** from 2020.



CTBC Bank became the **first** financial institution in Taiwan to be registered in the Sustainable Bonds Database of the International Capital Market Association (ICMA) and issued **Taiwan's first social bond**.



Investment in ESG stocks and bonds by subsidiaries reached **NT\$166.2 billion**, an increase of over **NT\$29 billion (22%)** from 2020.



Taiwan Life offers products to expand financial inclusion, with the number of inforce policies of such products and their total premiums increasing by **15.5%** and **22.4%**, respectively, from 2020.



Subsidiaries CTBC Bank, Taiwan Life, CTBC Securities, CTBC Investments, and CTBC Insurance issued or amended **eight** sustainable investment-and financing-related policies.



In terms of innovative digital finance, we sought to proactively improve digital applications and customers' digital experience, with key achievements including:

Handled **99%** of labor relief loans online, with **97%** processed automatically via an intelligent application and review system; the number of applications processed was the **most** of any private bank for the second consecutive year.



Digital customer satisfaction reached **90%**, and the rate of digital transactions reached **91.6%**.



## Customer care during the pandemic

### Online applications for relief measures

In addition to the aforementioned online labor relief loan applications, CTBC Bank also accepts online applications for loan relief measures. This provided applicants with a faster turnaround time and minimized infection risk by allowing them to apply online rather than in person. As of Dec. 1, 2021, CTBC Bank had approved 18,272 applications totaling NT\$22.73 billion, accounting for 15% of all such applications approved by domestic banks. In addition, CTBC Bank allowed the public to use its ATMs to apply for the Cabinet's epidemic prevention subsidy for families with children and the Ministry of Labor's support subsidy in June and July 2021, respectively. These could be collected via any of CTBC Bank's over 6,300 ATMs, conveniently located at 7-Eleven stores and CTBC Bank branches nationwide. Of all the subsidies dispersed by CTBC Bank, 60% were applied for via ATM—the highest rate among all banks.

### Zero-contact services

**CTBC Bank** has built a new contactless service model. This includes services such as online reviewing, order placing, wealth management, and long-distance wealth management; see "Leading fintech" in the "Innovative digital finance" section for more details. In addition, customers may make appointments for financial management services via the LINE instant messaging platform or through our online banking. They can also use videoconferencing for these financial management consultations and can upload files as needed to complete transactions.

**CTBC Securities** continues to improve the speed and security of its online account opening and transaction services. In 2021, the number of CTBC Securities accounts opened online reached 48,471, representing a significant increase to 84% from 2020, while the proportion of online orders reached 86%, exceeding the market average of 79%.

**CTBC Investments** analyzes changes in financial market conditions and shares investment insights with investors through an online talk show every Tuesday night. The program received more than 3 million views between March 1, 2020, and Dec. 31, 2021, and has been recognized by Asia Asset Management magazine with the Best Investor Education award for two consecutive years.

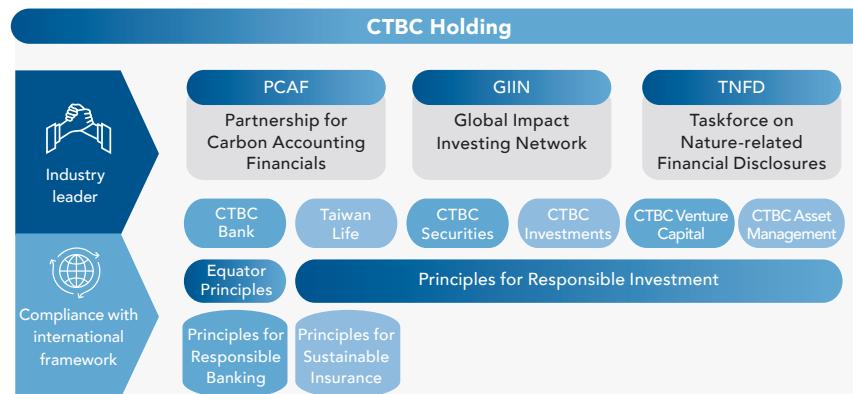
### Customer care and rights

Taiwan Life has established an Emergency Response and Care Team. It is charged with enforcing multiple customer care measures, including compensation and claims settlement for health professionals, claim settlement relaxation services, deferred premium payment, deferred loan interest repayment or interest reduction, and economic relief for loans under policy. For medical insurance products, Taiwan Life has also issued a new insurance endorsement that cancels the 30-day waiting period of policy effectiveness for patients diagnosed with notifiable diseases, ensuring patients diagnosed with COVID-19 are protected.

# Impact financing

## Impact financing as 'Taiwan Champion, Asia Leader'

To protect the rights of our shareholders while creating a positive impact on society and the environment, CTBC Holding, as Taiwan's most international financier, implements impact financing by actively participating in cross-border sustainable finance initiatives, to keep pace with the global sustainable trends and support the transformation of its financial goods and services. The Company also provides comprehensive inclusive finance products and strives to enhance inclusive finance at home and abroad. We also believe that in addition to pursuing profit, enterprises can leverage financing to promote low-carbon transformation, assist disadvantaged groups, reduce the negative impact on the environment and society, and create a more sustainable society.



## Sustainable finance management

Subsidiary	Policies
CTBC Bank	Corporate Core Credit Policy, Investment Risk Management Policy, Responsible Investment Guideline, Guideline for Sustainable Finance in Institutional Banking, and Guideline for Corporate Loans Applicable to the Equator Principles
Taiwan Life	Responsible Investment Policy, and Responsible Investment Operations Regulations
CTBC Securities	Responsible Investment Policy
CTBC Investments	Management Regulation for the Asset Pool of Major Stock Investments
CTBC Venture Capital	Investment and Risk Management Policy, and Responsible Investment Policy

CTBC Holding's Sustainable Finance Policy stipulates the three implementation principles of "Responding proactively and advocating for sustainable finance," "Focusing on creating positive SDGs-related impacts," and "Integrating enterprise resources to expand business synergy" as the guiding principles for the Company and its subsidiaries in promoting sustainable development and finance related-business. All subsidiaries have since dictated in relevant risk, investment, and financing-related policies and regulations that their financing business shall fulfill ESG management obligations and continue to be optimized in the future. In 2021, subsidiaries CTBC Bank, Taiwan Life, CTBC Securities, and CTBC Venture Capital updated or established relevant policies, guidelines, or operating regulations.

Taking the Principles for Responsible Investment as an example, CTBC Holding has established a PRI Taskforce comprising investment units from four subsidiaries, namely Taiwan Life (CTBC Insurance and CTBC Finance), CTBC Securities, CTBC Venture Capital, and CTBC Investments. The performance of each subsidiary is regularly monitored, including the establishment of responsible investment mechanisms and sustainable investment targets. In addition, these subsidiaries, along with CTBC Insurance, have signed the Stewardship Principles for Institutional Investors and a Stewardship Report is published every year. As well as instituting and disclosing stewardship and conflict-of-interest management policies, discussions were held with investment subjects, clear voting policies were formulated, and voting and stewardship status were disclosed.



CTBC Holding  
Sustainable Finance  
Policy

## Sustainable financing

### Industry financing

In 2021, CTBC Bank established the Guideline for Sustainable Finance in Institutional Banking. The guideline prohibits the Bank from granting credit to companies in industries that adversely impact social or public safety, including through crime, terrorism, armaments, and pornography. Regarding ESG Sensitive Sector involving material environmental and social issues (i.e., thermal coal extraction, thermal coal power generation, tobacco production, and oil sands<sup>1</sup>), we have pledged not to grant credit to new companies belonging to such industries unless (1) the funding purposes of the facilities are used for sustainable development or (2) the company is either a state-owned enterprise or has more than a 50% of its shares held by local governments, and on the condition that the company can provide evidence of sustainable transitions; this ensures that we can encourage customers to undertake sustainable transition. Companies classified as ESG high-risk companies or categorized into ESG Sensitive Sector are subject to ESG exposure limit controls<sup>2</sup>. Moreover, in order to promote the development of a low-carbon economy, the Bank has inventoried the status of clients in carbon-intensive industries. For borrowers belonging to such industries, relevant documentation is collected for risk scenario simulation. For companies without low-carbon transition plans, CTBC Bank conducts engagement to encourage these companies' carbon reduction efforts.

In accordance with the Responsible Investment Operations Regulations, Taiwan Life assesses whether corporate lenders have fulfilled their ESG responsibilities during the credit review process and audits the assessments, if necessary. In addition, the full disclosure of the assessment information is required in the credit reports for supervisors across all levels of authority and responsibility to ensure informed financing decision-making. The accompanying table lists examples of Taiwan Life's consideration of ESG-related issues for companies that applied for financing in 2021.

In addition, due to business ownership, Taiwan Life's Responsible Investment Policy and management measures also regulate lending-related matters (see the subsequent "Responsible investment" section for more details).

### Taiwan Life's ESG considerations

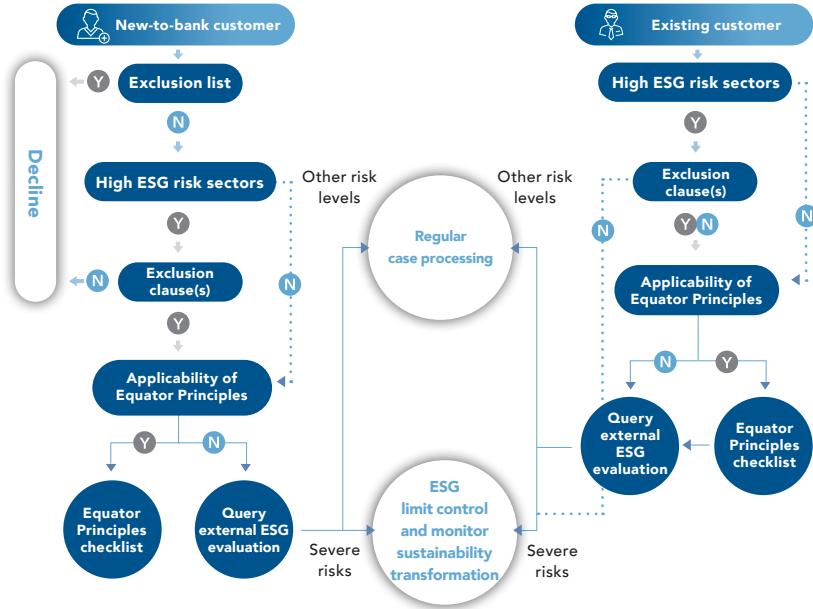
#### Cases not undertaken due to ESG concerns

Financing project	Reasons for deviation	Follow-up actions
Land financing syndicated loan case	The collateral land is located in the offshore area of Danhai New Town in New Taipei City's Tamsui District. After examining a risk map from the National Science and Technology Center for Disaster Reduction, the location of the collateral land was found to have climate-induced flood risk.	In consideration of the aforementioned ESG-related issue, the financing was not granted.
Real estate-backed financing case	News reports indicated the presence of corporate governance-related issues stemming from a fraud case involving a land purchase conducted by the target company. The chairman (joint guarantor of the syndicated loan) and director (the treasurer of the target company) were listed as defendants, raising concerns regarding the target company's ESG.	The contract with the company was about to be renewed; after the incident, the company was put under observation account (EW1) in accordance with CTBC's Observation Account and Early Warning Account Management Guidelines; both parties reached a consensus before the expiration of the case and the remaining loan balance of the company was fully canceled.
Land financing case	The collateral land is located on a hillside conservation site in Hsinchu County's Xinpū Township. After examining a risk map from the National Science and Technology Center for Disaster Reduction, where the collateral land is located, the location of the collateral land was found to have rockslide and landslide risk.	In consideration of the aforementioned ESG-related issue, the financing was not granted.

#### Encouraging clients to promote ESG through SLLs

Financing project	ESG assessment considerations – linked with sustainability index performance	Follow-up actions
Financing syndicated loan case	During the loan period, the company was among those considered for inclusion in the Dow Jones Sustainable Index ("DJSI") by S&P Dow Jones Indices and RobecoSAM.	Interest rate adjustments were offered to incentivize the client to further increase its ESG sustainability.
Financing case	During the loan period, the company was repeatedly selected as a chemical enterprise member of the S&P Global Sustainability Yearbook.	Each year, in the month following the company's inclusion, a discounted rate is offered to incentivize the client to further increase its ESG sustainability.

## Sustainability credit review process



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

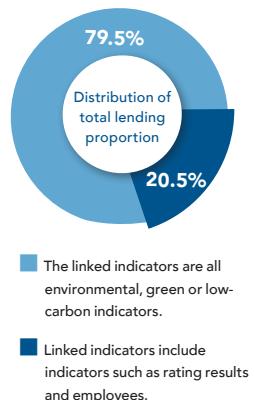
Note 2: Exclusion clause: An exception may be made and limit controls may be lifted for a party that meets the definition of being in a high ESG risk sector if

- (1) it provides certification from an independent third-party organization, that has not been involved in major litigation or negative news reporting, that the funds are for sustainable development or
- (2) its sustainable transition is supported by a state-owned enterprise under the supervision of the local government or by an enterprise of which the local government holds more than 50% of the shares.

## Driving performance

As of the end of December 2021, CTBC Bank's balance of green financing loans in green energy technologies, circular economy, and green buildings totaled NT\$145.158 billion, accounting for 21% of the total balance of CTBC Bank's institutional banking loans—up 3.1% (an increase of over NT\$4.3 billion) from the previous year.

The Bank also continued to actively promote and participate in SLLs at home and abroad. In 2021, it undertook a total of 19 new SLL cases, with a total loan amount of NT\$21.38 billion, representing significant growth from 2020. In 2021, among the performance indicators used in these cases, environmental, green, and low-carbon indicators accounted for the majority. This SLL structure is also commonly used by CTBC Bank to encourage customers to improve their ESG performance when discussing about their ESG related risks. For Taiwan's Life aforementioned two SLL cases, the total loan amount was NT\$5.4 billion.



## Project financing

To stay current with global sustainability trends and strengthen its corporate social responsibility and sustainable financial development, CTBC Bank formally signed on to the Equator Principles in January 2019. Since then, it has actively used the principles to manage potential environmental and social risks of financing cases, thereby reducing negative financial and non-financial impact from the Bank and actively protecting society and the environment.

To implement the review, approval, and management of environmental and social risks based on Equator Principles and the Bank's Code of Corporate Social Responsibility, CTBC Holding's ESG Taskforce has set up an Equator Principle project team. It coordinates among CTBC Bank's business operations, risk, and administrative units in accordance with Guideline for Corporate Loans Applicable to the Equator Principles, such that Equator Principles-related matters are jointly handled, and the environmental and social risk management of credit cases is implemented in a top-down manner. In response to the Equator Principles Association adopting the Equator Principles 4th edition (EP4), CTBC Bank did likewise in advance on July 1, 2020. In addition to expanding the applicable scope of the principles, the new edition adds risk assessments for climate change, human rights, and biodiversity in order to ensure better understanding of the expected environmental and social impacts of projects and to distinguish different project

management requirements according to the degree of impact.

The Bank is also undertaking offshore wind power project financing and similar cases. The internal credit investigation process for such cases is mainly based on environmental and social due diligence reports issued by third-party consulting agencies. Furthermore, case applicability is checked and categorized according to the Equator Principles. Relevant documents are collected as needed for environmental and social risk evaluations. Implementation of Equator Principles is set in contracts, and continual post-lending monitoring and information disclosure are conducted. For more information about the application of the Equator Principles, see the dedicated section on CTBC Bank's website.

Note 1: In CTBC Holding's ESG taskforce, since 2022 EPs related topics have been integrated into PRB Project team's coverage.

Note 2: CTBC Banks' Code of Corporate Social Responsibility has been renamed "Sustainable Development Best Practice Principles" and revised.

#### Equator Principles project highlight: Greater Changhua 1-South East Offshore Wind Farm

CTBC Bank together with other international bank were mandated as the financial advisors for the project financing of the 605MW Greater Changhua 1-South East Offshore Wind Farm. Through the arrangement of the green project financing and also through building local partnership with local suppliers and international enterprises, CTBC supports government mandates to drive the green energy transition and promoting the localization of offshore wind energy sector, and contributes to achieving the sustainable development goals of clean energy development, climate change mitigation, and community development to create positive environmental and social impact.

The Greater Changhua 1 Offshore Wind Farm being developed by Orsted, a Danish renewable-focus, energy company based in Denmark, is one of its four offshore wind projects in Greater Changhua. In April 2018, the 605 MW project has passed the Environmental Impact Assessment review. The project is expected to create about 1,100 direct job opportunities during the development, construction and operation phase.

#### Driving performance

CTBC Bank continued to support domestic renewable energy project financing cases in 2021. These included two offshore wind farm projects, Orsted's Greater Changhua 1 offshore wind project and Zhongneng offshore wind project, and a solar plant project by Yuanyu. The Bank acted as the Mandated Lead Arranger and Bookrunner and the agent banks for the Greater Changhua 1 and Zhongneng project financing, and served as the Mandated Lead Arranger and

Bookrunner of the Yuanyu project financing, with a total loan amount of approximately NT\$13.2 billion. Taiwan Life also participated in the project financing for the Greater Changhua 1 offshore wind project, with a participating amount of NT\$3.5 billion.

2021 renewable energy infrastructure project financing				
	Project	Role of CTBC	Total capacity	Participating amount
	Offshore wind power infrastructure	Greater Changhua 1 Offshore Wind Farm syndicated loan • Mandated Lead Arranger and Bookrunner/Facility Agent/Account Bank	605MW	NT\$8.45 billion
	Offshore wind power infrastructure	Zhongneng Offshore Wind Farm syndicated loan • Mandated Lead Arranger and Bookrunner/ Intercreditor Agent/ Account Bank	300MW	NT\$4.27 billion
	Solar power infrastructure	Yuanyu syndicated loan case • Mandated Lead Arranger and Bookrunner	38MW	NT\$460 million
Total				NT\$13.2 billion

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

CTBC Bank served as the Mandated Lead Arranger and Bookrunner and domestic financial advisor for the Zhongneng Offshore Wind Farm project. A total of approximately NT\$45 billion project debt financing was raised through a successful syndication, attracting a consortium of 20 domestic and foreign banks to participate. The wind farm is located off the coast of Changhua County and will have a 300-MW capacity. It is expected to be completed and achieve commercial operations by the end of 2024.

The two major sponsors for the project are China Steel Corp. and Copenhagen Infrastructure Partners (CIP). The project financing led by CTBC is a unique and landmark transaction in Taiwan offshore wind market which marked the unprecedented highest level of participation of Taiwanese banks in offshore wind project financing to date. In addition to acting as the financial advisor and the Mandated Lead Arranger and Bookrunner, CTBC Bank also serves as the Technical Bank, Documentation Bank, Intercreditor Agent, Account bank, and Hedging Bank for the project.

#### Impact valuation: Changfang & Xidao Offshore Wind Farms

The GIIN methodology was used to collect relevant data of the Changfang & Xidao Offshore Wind Farms project through the five dimensions of impact and core impact indicators. This data is presented below along with the corresponding quantitative or qualitative core impact indicators according to different project impact themes.

Changfang & Xidao Offshore Wind Farms			
Impact category	Impact theme	Strategic goal	Corresponding SDGs
Energy	Clean energy	Mitigate climate change through clean energy and heat production	
Investment goals		<p><b>Green finance</b></p> <ul style="list-style-type: none"> <li>Establish an example for large-scale offshore wind farm financing in Taiwan.</li> <li>After completion, the project is expected to provide 600 MW of wind power, supplying 650,000 households in Taiwan with clean energy. The life expectancy of the wind farm generators is 25 years and the carbon reduction effects are expected to equal 18.69 MtCO<sub>2</sub>e.</li> </ul> <p><b>Supply chain localization</b></p> <ul style="list-style-type: none"> <li>The investment in establishing a domestic wind power supply chain is expected to create 300 direct employment opportunities.</li> </ul> <p><b>Community development and talent cultivation</b></p> <ul style="list-style-type: none"> <li>Community development funds are established to invest in the development of local communities, assist local fishing industry workers in employment transitions, and sign industry-academia partnerships with Taiwanese colleges to develop "apprenticeship and internship programs," thereby increasing employment opportunities for young people and cultivating local wind power professionals.</li> </ul>	
Stakeholders		Environment, construction and maintenance suppliers, Taipower, local residents, government, wind power developers, domestic financial institutions	
Investment result (How much change is happening?)		<p><b>Green finance</b></p> <ul style="list-style-type: none"> <li>A total of 25 domestic and foreign financial institutions participated in the financing for the project. Domestic financial institutions accounted for over 30% of financing and the joint loan amount totaled nearly NT\$90 billion.</li> <li>Support from the ECA of six countries.</li> <li>The highest-ever domestic insurance net retention rate, at 30%.</li> <li>Total installation capacity of 600 MW, which is estimated to power 650,000 households.</li> <li>18.69 MtCO<sub>2</sub>e in carbon reductions over 25 years.</li> </ul> <p><b>Supply chain localization</b></p> <ul style="list-style-type: none"> <li>The first model site in Taiwan for the comprehensive implementation of offshore wind power localization.</li> <li>The highest ratio of localization. The underwater piles, wind turbine installation and transportation were contracted to Taiwanese suppliers.</li> <li>Driving the development of the domestic offshore wind power industry chain, including in the finance, steel, shipping, electromechanical, environmental survey, and construction categories, to promote partnerships in Taiwan's offshore wind power industry.</li> </ul> <p><b>Community development and talent cultivation</b></p> <ul style="list-style-type: none"> <li>The fund that was established has invested in neighborhood activities, community care stations, wetlands protection, and elementary and middle school environmental education material design and workshops. The fund is also expected to be used to build children's playgrounds in the coastal townships.</li> <li>An industry-academia partnership program has been signed with multiple domestic and foreign universities, including the Technical University of Denmark and National Taiwan University. Professional degree courses related to wind power, international visits, and trainee programs have been established. CIP has also completed the selection process for an internship program and is currently training young industry professionals. Additionally, an industry-academia partnership memorandum for an "offshore wind power maintenance and operation apprenticeship program" has been signed with Chienkuo Technology University and China Steel Corp. to cultivate future offshore wind farm maintenance and operations center professionals to realize the goal of retaining young people in townships.</li> </ul>	

The project reflects the leading role held by CTBC Holding in Taiwan's financial market and our financing experience in domestic large-scale offshore wind farm projects from start to finish. By ensuring sufficient funds for the construction and operation of the wind farm, CTBC Holding is able to assist in the policy goal of nationalizing the offshore wind power supply chain. We aim to realize the vision of Taiwan's renewable energy development together by working with various stakeholders.

## Responsible investment

### Responsible investment process

Taiwan Life has formulated responsible investment procedures for different investment types, and determines whether to proceed with investments or reduce investments based on the corresponding evaluation results. For various green, social, and sustainability bonds, funds utilization reports are strictly reviewed to ensure that funds are used to support sustainable environmental development. The scope of responsible investment covers stocks, bonds, funds, lending, building under construction (BUC) cases, transaction counter-parties, and investment service brokers. In 2021, a total of 158 investments were made based on responsible investment assessment results.



## Risk management for responsible investments

CTBC Holding's subsidiaries are prohibited from engaging in investment activities involving criminal or terrorist activity, arms, or pornography; our definition of ESG-sensitive industries is consistent with sustainable financing norms. Furthermore, at Taiwan Life, the ESG performance of an investment subject is evaluated using an external ESG rating system, and the investment subject is reviewed using an ESG risk assessment form. For enterprises that have failed to meet the standards, further engagement and communications are deemed necessary in order to reduce the possibility of investing in high-ESG risk enterprises. Investment amounts or the number of collaboration opportunities may be increased if improvements are observed after the engagement. Regular post-investment management is conducted to ensure that investment subjects regularly monitor their respective levels of involvement and ESG risk-related matters.

In 2021, to strengthen the connection between its investment process and the SDGs, Taiwan Life added an additional step in the risk management and evaluation of responsible investments. Now, before sending a case to the responsible unit supervisor for review, Taiwan Life's SDGs evaluation model is used to evaluate the impact of the case on achievement of the SDGs: in the case of a potential negative SDG impact, further evaluation may be conducted to determine whether the relevant case may have a positive environmental and social impact in the future.

## Engagement with investment targets

In 2021, subsidiaries including Taiwan Life, CTBC Securities, and CTBC Insurance conducted formal engagements with a total of seven companies in different industries on issues such as intellectual property rights, information security, employee human rights, environmental protection, and sustainable information disclosure. The subsidiaries ultimately chose to continue to hold investment positions in five of the companies; the other two companies were included in a potential investment list and their follow-up actions on related issues is continuing to be tracked.

Subsidiary	Object of engagement	Engagement issue(s)	Means of engagement	Details	Outcomes and next steps
Taiwan Life	Two companies in renewable energy industry	SASB information disclosure	Online meeting	We encouraged the disclosure of sustainability-related information in accordance with SASB Standards in order to facilitate better understanding of the company's ESG-related management and actions.	Investment held
	Company in wafer industry	Intellectual property rights promotion and information security control	Written communication and teleconferencing	The company has set up an independent reporting mailbox, organized online courses such as in ethical conduct and integrity regulations, and established a dedicated legal and intellectual property department.	Investment held, continue to pay attention
CTBC Securities	Company in optoelectronics industry	Protection of labor rights	Teleconferencing	We recommended that the company address issues such as the education and training of contractual personnel and labor rights and benefits.	Included in the potential investment list and under monitoring.
	Company in printed circuit board industry	Environmental protection and wastewater treatment	Teleconferencing	We recommended that the company continue to introduce new energy-efficient equipment and technologies, improve its energy efficiency, reduce its waste, optimize related processes, and comply with environmental regulations and international norms.	Included in the potential investment list and under monitoring.
CTBC Insurance	Company in steel industry	Sustainability report disclosure	Written communication	The company will work with a consultancy to compile and publish a sustainability report.	Investment held
	Company in textile industry	Penalties from governments overseas for violating environmental regulations	Teleconferencing	The penalized practices have been improved and the company has continued to carry out carbon reduction efforts.	Investment held

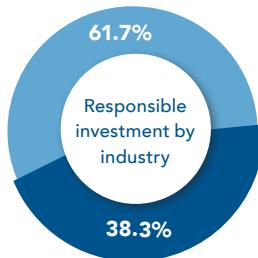
## Promotion effectiveness

CTBC Holding's responsible investment efforts are focused in a variety of fields. These include those of the Taiwanese government's "5 plus 2" industrial innovation, namely green energy technology, circular economy, biotechnology and medicine, the Asian Silicon Valley, smart machinery, and new agricultural industries, as well as green buildings, and green transportation and infrastructure. Together, subsidiaries CTBC Bank, Taiwan Life, CTBC Securities, and CTBC Venture Capital had total equity investments of NT\$110.65 billion in 2021, representing growth of 22% from the previous year.

Through such investments, Taiwan Life has demonstrated its support for sustainable energy in a practical, proactive manner. As of the end of 2021, a total of NT\$5.863 billion had been invested in 10 companies related to solar power generation, low-carbon natural gas power generation, and offshore wind power generation. We estimate that the annual power generation capacity of these projects will reach 5.505 billion kWh, reducing carbon emissions by 1.92 million metric tons a year.

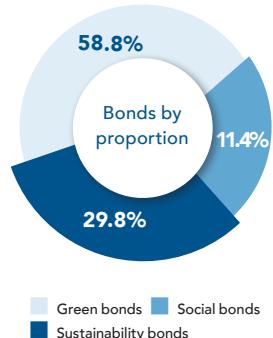
Investment category	Number of projects	Estimated annual power generation upon completion of construction	Actual investment amount
 Offshore wind power generation	1	2.21 billion kWh	NT\$1.836 billion
 Solar power generation	8	1.20 billion kWh	NT\$3.856 billion
 Natural gas power generation	1	2.10 billion kWh	NT\$171 million
<b>Total investment amount</b>			<b>NT\$5.863 billion</b>
<b>Taiwan Life total investment amount</b> <small>Note</small>			<b>About NT\$2 trillion</b>
<b>Proportion of total equity investments in sustainable projects to total investments of Taiwan Life</b>			<b>0.292%</b>

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



- Green energy technology, circular economy, green buildings, and green transportation and infrastructure industries
- Biotechnology and medicine, Asian Silicon Valley, smart machinery, and new agricultural industries

Regarding bond investments, we use sustainability bonds, social bonds, and green bonds issued by trusted domestic and foreign organizations to identify investment subjects. In 2021, Taiwan Life, CTBC Securities, and CTBC Bank had total investments in the aforementioned bonds of NT\$51.348 billion. Green bond investment constituted the majority of this investment, accounting for more than 59%.



- Green bonds
- Social bonds
- Sustainability bonds

In addition, as of March 2022, Taiwan Life had 706 stock and debt investments linked with SDGs, totaling approximately NT\$1.68 trillion. The most commonly linked goal of these investments was SDG 8: Decent work and economic growth, with nearly 8% of the targets linked, followed by SDG 5: Gender equality, SDG 1: No poverty, SDG 10: Reduced inequalities, and SDG 9: Industrial innovation and infrastructure, each of which was linked with more than 7% of the investment targets.

## Impact valuation: Taichung Intercontinental Baseball Stadium

For the build-operate-transfer project of Taichung Intercontinental Baseball Stadium and surrounding land, CTBC Holding has been working with the Taichung City Government and construction companies to build a new landmark for the city. From construction to operation, the project created large amounts of stable employment opportunities for local residents. The completed park is also expected to become a prominent municipal feature that will attract large crowds, which will effectively enhance the local identity of residents and improve the surrounding economy.

Taichung Intercontinental Baseball Stadium			
Impact category	Impact theme	Strategic goal	Corresponding SDGs
Employment	Quality jobs	Increasing job security and stability for workers in precarious employment environment	
Investment goals	<p><b>Responding to the public participation policy</b></p> <ul style="list-style-type: none"> <li>Life insurance investments are used to provide practical support for important public works, with over NT\$2.5 billion invested in the Baseball Stadium Project.</li> </ul> <p><b>City development and employment opportunities</b></p> <ul style="list-style-type: none"> <li>The entire park is expected to provide a minimum of 800 employment opportunities, at least 30% of which will be Taichung residents. Furthermore, over 50% of shopping center's employees will be Taichung residents. This is expected to drive the local economy, helping transform both the residential and commercial areas in Beitun District of Taichung City.</li> </ul> <p><b>Creating an international sports, entertainment, and leisure park, enrich local residents through sustainable management:</b></p> <ul style="list-style-type: none"> <li>Through international-standard spatial planning, merchant recruitment, introduction of management and marketing consultants, comprehensive software and hardware adjustments, the organization of various activities, and its innovative management model, the park will attract various cultural and entertainment events. The park is sustainably managed with the idea of giving back to local residents and marketing Taichung City to the world.</li> </ul>		
Stakeholders	Government, city, Wu Zi Asset Development Co., Ltd., local community		
Investment result (How much change is happening?)	<p><b>Responding to public participation policies</b></p> <ul style="list-style-type: none"> <li>Starting in December 2014, Taiwan Life invested NT\$2.596 billion in development projects. This included an increase in funds according to laws and regulations to accommodate the funding needs of an expanded development's investment in the Baseball Stadium Project, including a baseball stadium, a multipurpose sports center, a parking tower, and a shopping center and an expanded development investment in the baseball stadium project.</li> <li>Through Taiwan Life's extensive corporate resources and professional experience, the promotion of public works has been accelerated. The Baseball Stadium Project in Beitun District has been developed, and the floor area of the shopping center is estimated to be over 100,000 m<sup>2</sup>.</li> </ul> <p><b>Urban development and employment opportunities</b></p> <ul style="list-style-type: none"> <li>Through the investment plan, at least 800 employment opportunities are expected to be created.</li> <li>Employment opportunities were and will be given priority to Taichung City residents during the construction and operation stages. As of Dec. 31, 2021, there were 18 permanent employees, of whom 61% were Taichung City residents.</li> </ul> <p><b>Build an international sports, entertainment and leisure park, and continue to operate to give back to the public</b></p> <ul style="list-style-type: none"> <li>Priority use of the venue is provided to the Taichung City Government for public baseball competitions and events. No venue fees will be collected for 30 days every year.</li> <li>At least 1,300 car parking spaces and 3,350 motorcycle parking spaces shall be provided for use to stadium visitors and the general public.</li> <li>The parking tower and multipurpose sports center received EEWH Green Building Bronze Certification in 2017 and 2019, respectively.</li> </ul>		

## Sustainable product and service offerings

### Sustainable bonds

Following its issuance of Taiwan's first green bond in 2017, CTBC Bank launched Taiwan's first sustainability bond in 2020. In May 2021, it became the first bond issuer in Taiwan to be inducted into the international database of International Capital Market Association (ICMA). That same month, the Bank issued Taiwan's first social bond, with the funds raised being mainly invested in sustainable social development. By doing so, the Bank again demonstrated its determination to fulfill its social responsibility and promote sustainable financial development. Since then, the Bank has continued to actively underwrite sustainability bonds and social bonds at home and abroad. Throughout 2021, CTBC Bank issued and underwrote domestic and foreign sustainable bonds totaling about NT\$3.713 billion. This accounts for more than 4% of total bonds underwritten in the past three years.

CTBC Bank domestic and overseas sustainable bonds underwritten or issued in 2021

Area	Company	Role	Project size	Amount underwritten or issued by CTBC Bank
5 items, including in renewable energy and energy technology development	United Microelectronics Corporation	Co-underwriter	NT\$2.1 billion	NT\$200 million
8 items, including in renewable energy and energy technology development	Goldman Sachs Finance Corp. International Ltd.	Co-underwriter	US\$75 million	NT\$138 million
Basic service requirements	Shinhan Card Co., Ltd.	Co-underwriter	US\$300 million	NT\$692 million
Socioeconomic development and rights protection	CTBC Bank Co., Ltd.	Issuer	NT\$1 billion	NT\$1 billion
4 items, including in clean transportation	CMB International Leasing Management Co., Ltd.	Co-underwriter	US\$900 million EUR 100 million	NT\$935 million
7 items, including in renewable energy	China Construction Bank Corporation	Co-underwriter	RMB 2 billion	NT\$435 million
2 items, including in clean energy	Bank of China Limited	Co-underwriter	RMB 1.8 billion	NT\$313 million

## Green insurance products

In line with our commitment to environmental sustainability and green energy, CTBC Insurance encourages the development and underwriting of insurance policies that have a positive impact on the environment and actively provides green energy industry-linked risk protection. This business grew significantly in 2021, with sales increasing 529% from 2020.

Product	Details	Sales in 2021	Number of policies as of Dec. 31, 2021	Sales in 2020	Sales in 2019
Additional clause of CTBC Home Green Energy Upgrade Insurance	In the event of home damage, the insured property may be repaired or rebuilt with green building materials and equipment.	NT\$64,000	944	NT\$53,000	NT\$27,000
CTBC Toxic and Concerned Chemical Substances Liability Insurance	Liability insurance for third party bodily injury or property damage due to the accidental release of toxic substances and concerned chemical substances.	NT\$77,000	1	NT\$81,000	NT\$150,000
CTBC Erection All Risk Insurance (Solar and Wind Power)	Insurance products to support national energy policy and the green energy industry (e.g., solar equipment, wind power equipment, and hydroelectric equipment).	NT\$2.44 million	76	NT\$78,000	NT\$9,000
CTBC Electronic Equipment Insurance (Solar and Wind Power)	Insurance products to support national energy policy and the green energy industry (e.g., solar equipment, wind power equipment, and hydroelectric equipment).	NT\$3.86 million	264	NT\$1.24 million	NT\$284,000
CTBC Contractors' All Risk Insurance (Hydroelectric power)	Insurance products to support national energy policy and the green energy industry (e.g., solar equipment, wind power equipment, and hydroelectric equipment).	NT\$1.26 million	1	-	-

## Sustainable consultancy services

In integrate our group resources in order to expand the positive influence of CTBC Holding by joining hands with our customers to support their sustainable, low-carbon transformation. In particular, CTBC Bank and its internal sustainable development consulting team works with corporate customers. In addition to sharing insights on international trends regarding issues such as low-carbon transformation, energy management, supply chain sustainability, and the integration of sustainable operations, we also assist customers in assessing the sustainability of their current conditions as well as provide gap analysis and recommendations.

With the sharing of case studies and our own implementation experience, we are able to better ensure that customers implement meaningful follow-up measures. As of May 2022, the Bank had assisted four institutional banking customers in tailor-made ESG engagement and optimization projects. In the future, we will continue to provide sustainable development-related consultations, combine CTBC Holding's innovative sustainable products and services, and establish sustainable partnerships with customers to help them integrate ESG concepts into their strategic development and daily operations and to enhance their ESG risk management in order to create shared value.

## Financial inclusion

### Financial inclusion programs

#### CTBC Poverty Alleviation Program

The CTBC Charity Foundation operates the CTBC Poverty Alleviation Program to help disadvantaged families start businesses, emerge from poverty, and achieve financial independence. In 2021, 45 loans totaling NT\$22.5 million were approved under the program, for a cumulative NT\$185.79 million issued since the program started.

#### SME financing

CTBC Bank operates the SME Financial Service Platform to offer secure and efficient financial services to SME customers. It provides a comprehensive range of financial services for different business life cycle stages, including financing planning, cash management, corporate payroll, and financial counseling. CTBC Bank has also used Big

Data to develop quick financing projects as well as business mobile platforms and simpler remittance and transaction processes, including by providing the eTrust international online banking platform, on which real-time inquiries and transactions can be made depending on the authorization levels of customers. CTBC Bank has seen 21% cumulative growth in its SME loans over the past three years.

As of the end of December 2021, CTBC Bank had 14,235 small business financing cases with a financing balance of NT\$177.3 billion; it also had four financing cases related to community development, with a financing balance of NT\$31.65 million.

#### Personal loan support mechanism

As part of our efforts to keep customers safe during the pandemic while maintaining their access to financial services, we launched the Easy Digital Application service. It accelerates the operation process through the digital core and simple application process. As of the end of 2021, 18,272 cases totaling NT\$22.73 billion had been approved, accounting for 15% of all such cases accepted and approved by domestic banks.

#### Preferential and reverse mortgages

In line with government policy and to supplement Taiwan's existing social insurance and

assistance programs, CTBC Bank offers reverse mortgages to provide older people with additional economic security and to protect their quality of life. Preferential housing loans are also available for newlyweds and young families with newborns. In 2021, CTBC Bank administered NT\$58.79 million in reverse mortgage loans balance, representing annual growth of 46.9%, and NT\$3.71 billion in preferential mortgages for young people.

#### Study abroad loans

In partnership with the Ministry of Education, CTBC Bank has launched a study abroad loan product. The loans aim to reduce the financial burden of students studying abroad, in the process making overseas study possible for some students who, due to economic reasons, may otherwise have been unable to enjoy the experience. In 2021, 71 study abroad loans totaling NT\$85.7 million were approved, for a cumulative amount of NT\$3.19 billion.

#### Overseas microloans

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

	Details	2021	2020	2019
Philippines subsidiary	Through cooperation with five microfinance organizations, we provide indirect financing to micro and small enterprises and individual households, including for operating funds, tuition, daily family expenses, emergency post-disaster maintenance, and medical expenses.	Granted loans totaling PHP 1.8 billion (approximately US\$35.3 million)	Granted loans totaling PHP 2.25 billion (approximately US\$46.3 million)	Granted loans totaling PHP 2.5 billion (approximately US\$51.44 million)
Japanese subsidiary, The Tokyo Star Bank	We provide loans to microfinance organizations to offer financial services for low-income households in Cambodia and Myanmar.	No business undertaken due to pandemic-induced unclear market recovery and risk of stricter international microlending controls	Provided two microfinance organizations in Myanmar with loans totaling US\$12.9 million	Provided two microfinance organizations in Cambodia with loans totaling US\$6 million and another in Myanmar with loans totaling US\$10.5 million
U.S. subsidiary	Our Dream Builder small business loan program helps small businesses with annual turnover of less than US\$1 million to obtain loans from the Small Business Administration.	Provided 118 microloans	Provided 124 microloans	Provided 99 microloans
	Designed friendly loan products to meet the needs of low or middle income individuals and families, including residential mortgage, home mortgage, home renovation, and low down payment mortgage loans.	Granted 9 loans totaling US\$3.03 million	Granted 57 loans totaling US\$25.49 million	Granted 26 loans totaling US\$11.26 million
New Delhi branch, India	We work with three microfinance organizations to indirectly provide financing for micro and small enterprises and individuals across northern and southern India. The loans can be used for paying low interest mortgage loans, auto loans, tuition, daily family expenses, emergency post-disaster repairs, and medical expenses.	Total credit line of INR 1.075 billion (approximately US\$14.33 million)	Total credit line of INR 800 million (approximately US\$10.9 million)	Total credit line of INR 800 million (approximately US\$10.9 million)
Ho Chi Minh City branch, Vietnam	We provide funds indirectly to the unbanked communities for motorcycle loans as well as durable consumption goods and cash loans. At present, CTBC Bank's Vietnam branch has provided credit services to two of the three largest microfinance organizations.	Total credit line of US\$26 million	Total credit line of US\$28 million	Total credit line of US\$28 million

Note 1: Calculated based on a USD/PHP exchange rate of 1:51. Note 2: Calculated based on a USD/INR exchange rate of 1:75.

## CTBC Venture Capital

In 2021, CTBC Venture Capital invested NT\$389 million in cultural and creative industries and social enterprises. Where possible, the entire group supports such enterprises invested in by CTBC Venture Capital. For example, we order milk from the social enterprise ILOVEMILK every month for our staff restaurant in CTBC Financial Park and for distribution via grassroots charitable foundation to rural school baseball teams; Taiwan Lottery has also launched ILOVEMILK-themed lottery products.

CTBC Venture Capital also uses its Venture Capital Haokang News publication to promote new ventures that were affected during the epidemic, such as The Can social enterprise; Terra Treasures Co., Ltd.; and All U people Theater, to support Taiwan's film industry. Films made by companies invested in by CTBC Venture Capital have received 19 nominations at the Golden Horse Awards, with eight winners among them. In 2021, works made possible through the subsidiary's support included the films "I Missed You" and "Waiting for My Cup of Tea" and the TV series "She and Hers Her."

## Wealth management

### Investment research

CTBC Bank's wealth management business incorporates various ESG evaluation criteria into the qualitative analysis of its investment product screening mechanism, and it incorporates ESG considerations into its investment analysis and decision-making processes for clients. In addition to introducing multiple ESG investment products, it has also published various reports covering ESG credit, industries, and trends, such as investment opportunities in low-carbon economy, the credit bond investment under green energy policy, and sustainable ESG investment.

### Providing sustainable products

In 2021, CTBC Bank provided ESG-linked investment products and services, with highlights including:

- The sales volume of ESG funds was approximately NT\$17.7 billion, up nearly 5% from the previous year.
- To celebrate the Earth Day in April, the Bank offered a 70% discount on the subscription fees for people who opened regular savings plans. CTBC expects to encourage

investors to respond to the sustainable management of enterprises, the environment and society with practical actions.

- The Bank also cooperated with fund companies to identify potential ESG-related products and trends, launching 10 ESG funds in 2021.

### Financial education

CTBC Bank maintains an "ESG-themed investment website," which includes basic ESG knowledge and select ESG-related products. In addition, CTBC Bank's YouTube channel, called Money Unjiang, launches video of ESG-related investment topics to help investors establish right knowledge of investment.

- CTBC Bank has published a series of financial management reports via various channels, including newspapers, magazines, and online media. During the pandemic, CTBC Bank has also organized multiple online forums and provided contact-free financial services to bolster public understanding of financial management.
- CTBC provides various investment solutions for small and medium-sized enterprises and private banking. In addition, CTBC also offers the intelligent financial management service with various digital financial management tools. The Bank's Comprehensive Financial Diagnosis service is free of charge and accessible both online and in branches. Investors can also utilize CTBC Robo Advisor platform to plan different financial goals, such as retirement. CTBC Robo Advisor utilizes AI-driven algorithms to monitor the market and automatically adjust investors' portfolios, expecting to help investors achieve their financial goals easily.
- CTBC has also harnessed its financial expertise to train financial management volunteers to travel to rural areas to help underprivileged families and children develop a healthy financial management and debt management mindset, with individual class modules tailored for different target audiences. In 2021, 44 such courses were conducted, benefiting around 565 people.

## ESG credit cards

We issue charitable donation credit cards in conjunction with external charity organizations. For every purchase made with one of these cards, CTBC Bank donates a percentage of the

amount to public interest groups that work with underprivileged people. As of the end of 2021, CTBC Bank had issued four charity credit cards, with approximately 240,000 cards in circulation and a total of NT\$20 million donated to foundations in 2021.

In addition, CTBC Bank has issued a League of Legends card to encourage cardholders to use green public transportation; the number of League of Legends Card issued has exceeded 360,000.

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

## Inclusive insurance products

Taiwan Life has launched numerous financial inclusion insurance products, such as small-amount whole life insurance, micro-insurance, policies for people with pre-existing conditions, insurance policies for people with physical and mental disabilities, and spillover-effect insurance policies. The number of valid policies at the end of 2021 totaled 14,017, up from 12,136 valid policies a year earlier, with premiums totaling NT\$253.46 million, up by 22% from the previous year.

In support of government policies, Taiwan Life offers microinsurance products for economically disadvantaged and other marginalized groups. In 2021, the cumulative insured amount reached NT\$43.9 billion, representing annual growth of 25%. Furthermore, donations are made to the insurance premiums of these groups to further expand the scale and scope of coverage. The microinsurance policies sold by Taiwan Life subsidiary CTBC Insurance in 2021 totaled 1,641, up 22% from the previous year.

For these efforts, in 2021, Taiwan Life received the Micro Insurance Contest Excellent Performance Award and the Micro Insurance Contest Caring for the Physically and Mentally Challenged Award in the Financial Supervisory Commission's Insurance Contest. CTBC Insurance also won two major awards, namely the Micro Insurance Competition Sustainable Care Award and Micro Insurance Competition Performance Excellence Award.

## Trust services for seniors and people with a disability

CTBC Holding offers special needs trust services for older people and people with disabilities to ensure the security of their property and prevent misappropriation and fraud. The services pay for medical care and treatment expenses on behalf of beneficiaries, preventing property management problems that arise as a result of dementia or disability. In 2021, the disadvantaged people trusts and charitable trusts together exceeded NT\$1.6 billion.

## Friendly banking environment

Target customers	Measures
Customers with a visual, hearing, or physical impairment	<ul style="list-style-type: none"> <li>To ensure accessibility for, and the financial rights of, people with a physical or visual impairment, all CTBC Bank branches are fitted with barrier-free ATMs and barrier-free spaces. In 2021, 6,827 of the Bank's ATMs were wheelchair-accessible, accounting for 99.7% of all its ATMs nationwide, while 166 ATMs accessible by people with a visual impairment had been installed.</li> <li>CTBC Bank has launched a new version of its barrier-free internet banking service. Users with visual impairments were specially invited to participate in the design of the service, which ultimately obtained conformance level A for barrier-free website design from the National Communications Commission. The service has three main features. The first was introducing responsive web design to enable customers who have a visual impairment to enjoy a consistent experience whether they are using a desktop computer or mobile device. Next was establishing a shortcut menu and anchors to allow users to quickly jump to key webpages by pressing an access key. Third was providing a voice command function for online banking and exchange rate inquiries. In addition, customers may use dedicated NonVisual Desktop Access (NVDA) screen-reading software or their mobile device's built-in screen reader to utilize the various financial services of our accessible online banking.</li> <li>CTBC Securities is at the forefront of its industry in website accessibility. Its site has anchor points complemented with an access key, sitemap functions, and keyboard-operated web browsing tools to help users who have a visual impairment to "browse" by using special output devices such as readers and braille displays. It obtained conformance level AA for barrier-free website design from the National Communications Commission.</li> <li>All of Taiwan Life's branches have put in place accessible, barrier-free spaces to serve people with disabilities, in addition to dispatching mobile service personnel to serve them via pre-scheduled appointments.</li> <li>Taiwan Life has set up a special service section on its official website, designed and developed in accordance with accessibility specifications. All site functions can be accessed via keyboard and the site can be search quickly and easily, thus ensuring a user-friendly interface for people with an impairment. The site has received a Level A rating for barrier-free website design from the National Communications Commission.</li> </ul>
Customers in remote areas	<ul style="list-style-type: none"> <li>With more than 80 services, CTBC Bank's ATMs offer the most diverse and convenient service in Taiwan. As of Dec. 31, 2021, the Bank had more than 6,800 ATMs located throughout Taiwan (including both those installed in branches and at standalone locations), with 303 of these in rural areas, accounting for 4.4% of all our ATMs nationwide.</li> <li>CTBC Bank has launched "My Way," a 24-hour fully online digital deposit account-opening service. After opening an account, customers can immediately use various digital financial services such as online banking, mobile remittance via the Home Bank app, and online payment services. Nearly 580,000 accounts had been opened this way as of the end of 2021, up 105% from the previous year.</li> </ul>
Older customers and customers who have dementia	<ul style="list-style-type: none"> <li>In response to Taiwan's rapidly aging population, CTBC Bank has been rolling out special assistance counters (full-service counters/accessible counters) since 2015 to provide older customers with service while seated and without the need to fill in forms. As of the end of 2021, 98 branches offered this assistance.</li> <li>In 2020, CTBC Bank collaborated with the Taiwan Alzheimer's Disease Association to provide training materials to improve our service of older customers and those with dementia. In 2022, an seniors-friendly bank will be built by means of related training and lecturers so that front-line staff can better understand, embrace, and support people with dementia. The Bank is also planning a series of media releases to raise awareness of sound financial management for the seniors.</li> </ul>
Foreign nationals	<ul style="list-style-type: none"> <li>In line with the government's bilingual nation policy, CTBC Bank has upgraded 18 branches nationwide into showcase branches fitted with comprehensive dual Chinese–English signage, queue number calling systems, foreign exchange rate display boards, and forms, with close to 60% of the counter service staff at each branch able to serve customers in English.</li> <li>The Bank's 6,800-plus ATMs nationwide provide multi-language options, offering services in 12 languages including Chinese, English, Japanese, Korean, Thai, Vietnamese, Indonesian and German.</li> <li>We boast the greatest scale and scope of foreign currency ATMs in the country, with machines at a total of 152 branches providing U.S. dollar and Japanese yen cash withdrawal services, and certain branches introducing renminbi cash withdrawals.</li> </ul>

## Impact valuation: Sharing Love Small Amount Whole Life Insurance

In addition to the evaluation of investments and financing for projects suitable for IRIS+, we also applied the framework to the small amount whole life insurance product offered by Taiwan Life. We found that the Sharing Love Small Amount Whole Life Insurance constitutes a socially inclusive financial product and highlighted the social care and policy support provided by the product. In contrast to the two other projects, the customers of this product represent its main stakeholders. Although there were fewer corresponding indicators, the targets and contributions were clearer.

### Sharing Love Small Amount Whole Life Insurance

Impact category	Impact theme	Strategic goal	Corresponding SDGs
Financial services	Financial inclusion	Improving access to and use of responsible financial services for historically underserved populations	
<b>Investment goals</b>		<b>Supplement the basic insurance needs of people who are economically disadvantaged and seniors, including as follows:</b>	
<ul style="list-style-type: none"> <li>In response to the competent authority's policy of increasing basic protection for citizens, Taiwan Life launched the Sharing Love Small Amount Whole Life Insurance in 2017. With its low premiums, low insurance threshold, and physical exam exemption, it can meet the basic insurance needs of Taiwanese people.</li> <li>In the face of Taiwan's mandatory labor insurance and traditional insurers' whole life insurance policies, which have an age limit of 65 or younger, Taiwan Life's Sharing Love Small Amount Whole Life Insurance increases the underwriting age limit to 84 and provides insurance review procedures that are simpler than those of normal whole life insurance policies, with premiums that are 10% to 20% less expensive. In principle, physical examinations are not required for applicants, which makes this insurance suitable for seniors and those with slight physical conditions. These policies can satisfy the needs of people from disadvantaged groups and seniors who are not covered by labor insurance.</li> </ul>			
<b>Stakeholders</b>		Policyholders and government	
<b>Investment result (How much change is happening?)</b>		<b>Supplement the basic insurance needs of people from economically disadvantaged groups and senior citizens:</b>	
<ul style="list-style-type: none"> <li>The Sharing Love Small Amount Whole Life Insurance was launched to actively support the government's push to increase basic subsistence for citizens and introduce low-cost basic insurance for those from economically disadvantaged backgrounds and other groups.</li> <li>As of Dec. 31, 2021, there were 12,666 effective policies with total premium income of NT\$748,432,132 of which NT\$240,076,535 was new contract premiums.</li> <li>Since the product's launch in 2017, the number of effective policies has seen annual growth of 26.8%, 26.4%, and 17.8%.</li> </ul>			

Note: On March 31, 2017, the Sharing Love Small Amount Whole Life Insurance product was launched under the name "Taiwan Life Spreading Love Small Amount Whole Life Insurance." It was renamed on Sept. 1, 2020, as "Taiwan Life New Spreading Love Small Amount Whole Life Insurance." On July 1, 2021, the policy was finally renamed as "Taiwan Life Sharing Love Small Amount Whole Life Insurance."

## Customer care

### Treating Customers Fairly Principles

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

### CTBC Bank's TCF implementation

- The Bank has a dedicated unit responsible for reviewing the implementation of TCF principles every year and reporting to senior management and Board of Directors meetings.
- Management procedures for tracking the status of important TCF-related Board resolutions are enforced along with various internal audits and legal compliance management notification mechanisms. These resolutions are monitored and follow-up measures taken as necessary to ensure they are implemented according to their schedule and objectives.
- To reinforce the staff's awareness of financial consumer rights, the business units conduct yearly education and training sessions. In 2021, a total of 10,159 participants (including directors and members of business units) attended the classes.
- For its retail banking, the Bank maintains a Customer Care Committee and a customer experience center to provide regular voice-of-the-customer reports to senior management in order to improve customer satisfaction.
- The Chief Executive Officer of Institutional Banking is the highest responsible supervisor for operational risk management and is also responsible for overseeing the operational risk management mechanisms. The Bank has also set up a retail internal control management department for its retail banking operations. The department is responsible for delivering product risk information and monitoring processes in order to reduce possible risks.
- In 2021, CTBC Bank successfully prevented members of the public falling victim to scammers on 996 occasions, saving them NT\$318,807,624 in the process. It was also honored for having the highest number of such intercepts among all Taipei City financial institutions, receiving five medals from the city government and ranking first in the industry. Furthermore, in accordance with its employee incentive measures, the Bank awarded a total of 1,757 employees for their efforts preventing money laundering and fraud.

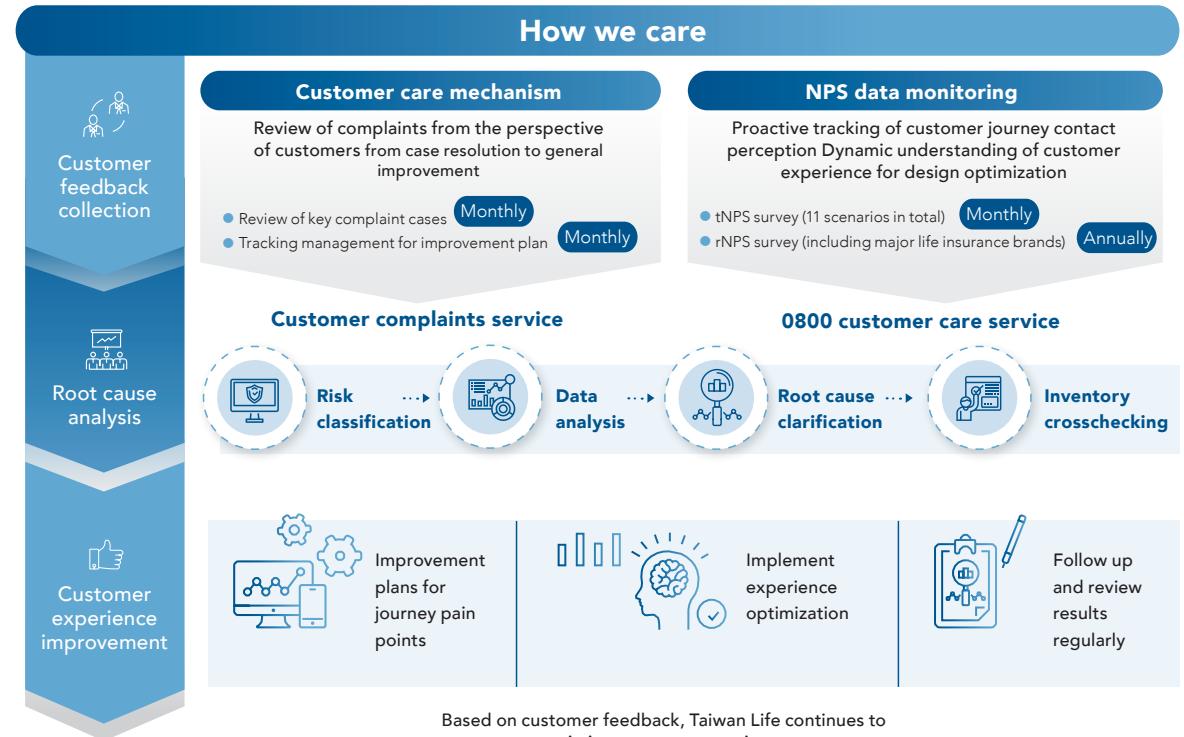
## Taiwan Life's three major TCF strategies

Strategy	Action plan	Details	2021 performance
<b>Embed TCF in our DNA:</b>  Foster a corporate culture of TCF that is present in the daily activities of all employees	Expanded microinsurance coverage among people with disabilities	<ul style="list-style-type: none"> <li>We expanded underwriting coverage, including increasing the underwriting amount limit from NT\$500,000 for two policies to NT\$700,000 for three policies, and adjusting standards for substandard insurance.</li> <li>We also lifted the restriction against level 1 to level 11 disabled groups from applying for disability insurance, and enabled the disabled groups to apply for insurance through e-sales channels by fax.</li> </ul>	The total number of disability coverage was 814; the coverage rate was higher than the previous year.
	IDEA Box staff contest	<ul style="list-style-type: none"> <li>The IDEA Box campaign welcomes staff to propose innovative, TCF-minded solutions, and those whose suggestions are taken on board receive additional points in their performance evaluations.</li> </ul>	Twenty departments submitted 111 proposals, of which 53 were selected and three cases have been implemented.
	Website TCF section	<ul style="list-style-type: none"> <li>A dedicated TCF section was added to the corporate website to raise awareness among customers.</li> </ul>	Since its launch in September 2021 to Dec. 31, 2021, the site recorded 15,415 visits.
<b>Become the first choice of customers:</b>  Enable the best customer journeys and experience through the creation of happy paths via digital innovation and the provision of intelligent customized services	After-settlement care service	<ul style="list-style-type: none"> <li>Customer care services are provided to incapacitated and critically ill policyholders: This includes arranging counseling to support their mental health during the treatment process and providing preferential loans to reduce long-term economic pressure.</li> </ul>	Forty appointments made for after-claims settlement services in 2021.
	iHealth platform	<ul style="list-style-type: none"> <li>Online health consultations are provided through iHealth to help patients avoid the risks of seeking medical treatment during the epidemic; they can also connect with insurance consultants to discuss any protection needs.</li> </ul>	Launched in July 2021.
	TeamWalk Workplace Health Management app	<ul style="list-style-type: none"> <li>The TeamWalk app provides a range of self-health management resources for employees. Able to be synced with wearable fitness trackers, the app encourages exercise through individual, double, and group competition. It also provides group insurance options based on each employee's circumstances and has functions including guarantee inquiries, claim settlement applications, and a one-click button to contact service staff.</li> </ul>	The number of enterprises that signed up to adopt the platform reached 2,500, together comprising 240,000 potential users. The app was launched in August 2021.
	AI health score app	<ul style="list-style-type: none"> <li>This app provides AI-based chronic disease risk prediction models, allowing customers to perform self-assessments of their future health risks and insurance needs, with senior-friendly TCF measures also in place.</li> </ul>	Launched in October 2021.
<b>Promote social sustainability:</b>  Actively participate in public welfare activities to achieve a sustainable good cycle in society	Products for older people and disadvantaged groups	<ul style="list-style-type: none"> <li>Long-term insurance with and without principal guarantees are being introduced, namely the Jinfangxin 85 and Shouhu 85 policies.</li> <li>Launched products with death and cancer protection for "specific mild and moderate disabilities" (Ai Fang Xin Life Insurance).</li> </ul>	
	Priority claims settlement for disadvantaged groups	<ul style="list-style-type: none"> <li>In line with Taiwan Life's disadvantaged group care policy, the three-day clearance rate for microinsurance claim settlement applications is 100%; in 2021, 29 microinsurance claim settlement cases received priority treatment.</li> </ul>	

## Customer data secondary use management

With an eye on meeting the various financial needs of customers, CTBC Holding carefully coordinates and controls how customer data is collected, shared, and used among its subsidiaries. CTBC Bank, CTBC Securities, Taiwan Life, CTBC Insurance, and CTBC Finance—the five subsidiaries that predominantly deal with natural-person customers—obtain consent from customers to utilize their data for joint marketing purposes, with their customer confidentiality policies disclosed on their websites.

Customers may grant consent to the aforementioned companies at any time for the cross-company sharing of their data in order to receive a greater variety of financial product information and services, and likewise may update their information or opt out at any time. When given authorization, CTBC Holding and its subsidiaries will conduct the secondary use of customers' information while adhering to strict protective measures to ensure the data is stored and used securely.



## Listening to our customers

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

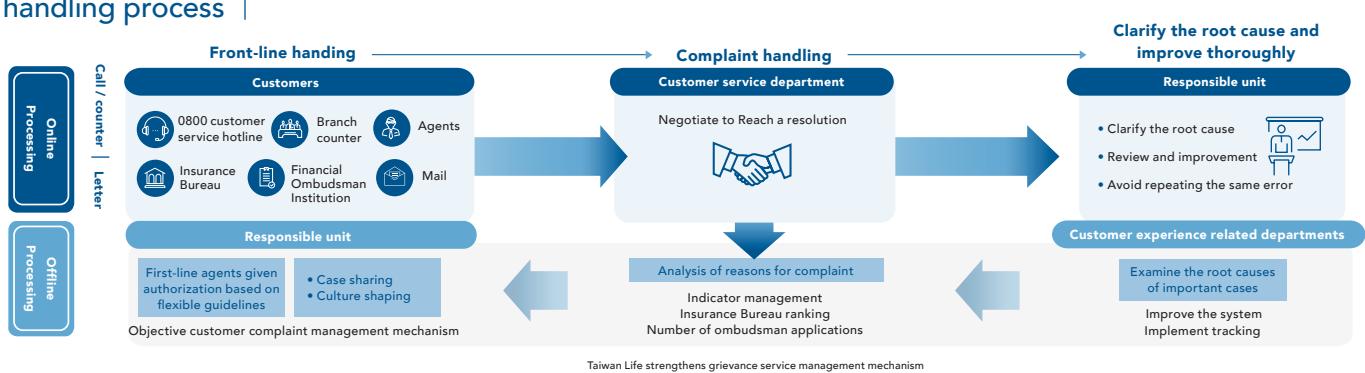
## Convenient and seamless service

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

Agent C Live Chat Service	AI voice assistant	Industry-first merchant information database with AI	Event-Based Service
This chat service served 11 million people in 2021, with a satisfaction rate of 92%.	We integrated a natural language processing-based chatbot service into our customer service center, representing the first use of such conversational AI in Taiwan's financial industry. With it, customers can quickly have their problems solved by "speaking" directly, thereby greatly easing the pain point of customers getting lost in the layers of automated phone service menus.	Big Data analysis and AI were used to overcome data restraints and successfully extract more detailed information from authorization logs. This enabled the rate of notifications that provide merchants' details to be increased from 45% to 90%.	CTBC Bank leverages Big Data analysis to better understand customers' backgrounds, consumption patterns, behavioral preferences, and more, and analyzed structured and unstructured data in order to provide customers with the most suitable products and services based on their needs.

## Customer grievance channels and handling process

CTBC Bank continues to implement and inspect various service standards, internal customer voices, external customer complaints and various customer care plans through customer care committee meetings. Aside from helping us better understand customer needs, this feedback enables us to make tangible improvements to our operations; the relevant document control



and quality of operations also are also ISO 9001-certified. In 2021, CTBC Bank achieved a customer complaint 7-day closure rate of 92.9% and a customer consensus rate of 94%. In addition, a total of 885 suggestions were received from customers. By reporting feedback to relevant business units, we are making improvements to safeguard the rights and interests of our customers.

Taiwan Life, meanwhile, uses a customer service VOC platform to continually monitor feedback. In 2021, there were 1,851 instances of VOC feedback in total, and through its monthly electronic VOC customer service report, customer feedback is shared with relevant units, aiding them in business improvement and thus safeguarding the rights and interests of customers.

To better understand the needs of customers, Taiwan Life has established a comprehensive complaint system, offering a diversity of complaint channels as well as setting up a complaint hotline (0800-213-269) and a dedicated unit to address customer complaints and conduct follow-up services and improvement measures. Through the financial spending dispute (grievance) management system, operating procedures, and early warning mechanism for financial disputes and complaints, we are able to handle customer complaints with discretion. In 2021, the rate of complaint cases for which customers requested that Taiwan Life seek ombudsman assistance was approximately 0.025%, while the rate for which Taiwan Life did request ombudsman assistance was approximately 0.0076%. The success rate of cases referred to the ombudsman was very high, with the customers in 98% of these cases receiving compensation, highlighting the importance with which Taiwan Life treats the grievance process. Taiwan Life adheres to a customer-centric approach, values customer experience, and strives to meet customer demands under reasonable circumstances.

## Customer satisfaction surveys

The details and results of CTBC Bank and Taiwan Life's customer satisfaction survey in 2021 were as follows:

Subsidiary/unit	Details	Results
CTBC Bank retail banking	Topics covered included access, products, and services, with nearly 30 items of survey conducted.	Approximately 660,000 responses were received, with an average satisfaction rate of 88%, reaching our target level.
	The Net Promoter Score (NPS) was used to review and optimize the customer experience.	The NPS for 2021 was 20, 8 points higher than in 2020.
Taiwan Life	The annual rNPS customer experience management optimization mechanism was used, and a monthly tNPS was determined through surveys for 11 types of customer journeys.	The NPS for 2021 was 19 points higher than the previous year, placing Taiwan Life in third place among Taiwan's six major life insurance brands.

Note 1: Relational Net Promoter Score (rNPS) refers to the overall level of recommendation of customers for brands, products, services, etc. in the same time interval (usually on a quarterly or annual basis).

Note 2: Transactional Net Promoter Score (tNPS) refers to the momentary level of recommendation of customers upon completing an experience of a product or service.

# Innovative digital finance

Being key to our competitive edge, the development of digital finance is also critical to the future growth of CTBC Holding and our subsidiaries. That's why we are actively engaged in large-scale digital transformation initiatives aimed at using smart technology and our financial innovation to adapt to customers' needs as well as provide convenient and warm digital financial services. These efforts have been recognized across various industries; In 2021, we received 103 fintech-related awards at home and abroad, including at the Harvard Business Review's Digital Transformation Awards, where we earned the Overall Digital Transformation Service Industry Pioneer Award and Single Item Digital Transformation Excellent Operation Group prize, as well as the Best in Future of Operations award from International Data Corporation.

Innovation strategy	Details	Action plan	2021 performance	2022 goals
Digital transformation	<ul style="list-style-type: none"> <li>Creating a real-time customer experience monitoring mechanism and combining digital technology applications to drive EdgE digital transformation initiatives and create new customer value</li> <li>Creating a culture of innovation that focuses on the customer experience and digital thinking while nurturing digital innovation talent and driving digital transformation</li> </ul>	<ul style="list-style-type: none"> <li>Optimize the customer end-to-end journey.</li> <li>Create innovative solutions using digital technology.</li> <li>Fully implement robotic process automation (RPA) in all subsidiaries to improve operational efficiency and customer satisfaction.</li> <li>Hold an internal innovation contest with incubation mechanism, CTBC Innovation Championship, to encourage innovation</li> </ul>	<ul style="list-style-type: none"> <li>As of the end of 2021, the number of RPA applications had reached 529 and CTBC Holding had a cumulative total of 380 fintech-related patents—the most in the industry.</li> <li>The rate of COVID-19 relief loan applications received online by CTBC Bank was 99%, with 97% of those processed automatically through the intelligent application system; CTBC Bank was ranked first among commercial banks to receive over 360,000 of these applications for two consecutive years.</li> <li>Since the CTBC Innovation Championship was held in 2019, more than 4,000 people have participated in the project; of the 10 pilot cases of the digital innovation project, seven have entered iterative development and been implementation.</li> </ul>	<ul style="list-style-type: none"> <li>Over 600 RPA-related applications</li> </ul>
Digital innovation	<ul style="list-style-type: none"> <li>Maintaining competitive edge in key technologies and expanding business value: Focusing on Big Data, AI, and blockchain technology</li> <li>Strengthening external partnerships to accelerate research and development: Accelerating the launch of innovative online services through business partnerships and strategic investments</li> </ul>	<ul style="list-style-type: none"> <li>CTBC Blockchain Lab: As an industry trailblazer, continue to launch innovative and practical cross-industry blockchain applications.</li> <li>Co-innovate with fintech startups to actively support the government's financial innovation policy.</li> <li>Foster cross-subsidiary collaboration to leverage our industry-spanning presence by using internal and external data to construct a 360-degree view of the customer for both our consumer and corporate customers, elucidating their lifestyles and needs and generating new data-driven opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>Big Data: Empowered business through data-driven precision marketing to support loans to small and micro business, which accounted for 10% in 2021.</li> <li>Artificial intelligence: AI was used to improve process efficiency and risk prevention, including developing an AML platform that reduced the false alarm rate by 4.62%, saving nearly NT\$10 million in labor costs each year.</li> <li>Blockchain: We joined hands with three major national banks, namely Hua Nan Commercial Bank, Bank of Taiwan, and Taiwan Business Bank, to complete a Proof-of-Concept (PoC) of Inter-Bank Repeated Transaction Verification System for Forward Foreign Exchange Transaction, which will be added to the FSC's FinTech Co-Creation Platform.</li> <li>Engaged in external business cooperation and active ecosystem management as follows:           <ul style="list-style-type: none"> <li><b>Transportation ecosystem:</b> Among others, continued offering CPC Pay in partnership with state oil firm CPC Corporation.</li> <li><b>Retail ecosystem:</b> Developed market infrastructure for social network-based vendors, such as by working with the BUY+1 platform to launch Social Commerce Payment and an exclusive loan service for importing vendor data.</li> <li><b>Health ecosystem:</b> Among others, Taiwan Life launched the iHealth Project, a platform that links resources from ASUS and Med-net.</li> <li><b>Open Banking:</b> Partnered with Far EasTone to launch a cross-platform service to make paying phone bills via credit card easier.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Digital customer satisfaction rate of over 90%</li> <li>Digital transaction rate of over 85%</li> </ul>
Digital infrastructure	<ul style="list-style-type: none"> <li>Strengthening the development of cloud-native technology, mainly through private cloud platforms</li> <li>Modernizing core systems and using cloud technology to transform into a development platform to support business growth in the medium to long term</li> </ul>	<ul style="list-style-type: none"> <li>Promote the modernization and transformation of core systems.</li> </ul>	<ul style="list-style-type: none"> <li><b>CTBC Bank:</b> Started the modernization of the core system and the transition to cloud technology, optimized the core system, improved service stability, and developed modular platform services to cost-effectively optimize business operations and foster innovation, with cloud application platforms making up 90% of infrastructure.</li> <li><b>Taiwan Life:</b> Began the building and integration of a new core system and the phased, parallel transition from the existing one.</li> </ul>	<ul style="list-style-type: none"> <li>Continual improvement of digital infrastructure</li> </ul>

## Driving digital innovation

### Digital finance development strategy

The core concept of CTBC Holding's digital finance development strategy is continual innovation to continually improve the customer experience. We were the first financial holding company in Taiwan to establish an internal digital innovation lab, and we led the industry in setting up an Interview Observation Room. We have also established a blockchain lab and an AI Join Lab and recruited outstanding digital talent. With our team of experts and our three-pronged strategy of digital transformation, digital innovation, and digital infrastructure, we are promoting online and offline digital projects to provide customers with a consistent financial service experience across all channels. In doing so, we are also maintaining our leadership in key technologies and enhancing the overall digital competitiveness of the group through the transformation of our technology platforms.

## The internal innovation contest

As the digital age gives rise to increasing competition, cross-border innovation is becoming a key priority. Given these circumstances and customers' changing financial needs, maintaining our competitive advantage will rely on continually introducing innovative new products and services. Our constant investment in such efforts has already paid innovative dividends: as of the end of 2021, we had been granted 380 fintech-related patents—the most of any financial institution in Taiwan.

In order to foster a culture of innovation, we launched the CTBC Innovation Championship in 2019. In the three editions since its inauguration, the contest has received more than 1,200 creative ideas from over 4,000 person-times of participants. We have invested resources and established a fault tolerance mechanism and budget to allow employees to trial selected innovations. In the past two years, we have successfully implemented seven proposals, including ideas related to financial inclusion, new business lines, and insurance and investment gamification. The successful implementation of such case demonstrates the ability of our employees to innovate and the company's support for new ideas.

The CTBC Innovation Championship campaign has not only shaped our innovation and fault-tolerance culture but also helped accelerate our digital transformation. Submissions that were brought to reality in 2021 included Taiwan Life's award-winning TeamWalk Workplace Health Management app, which provides employees with comprehensive services of daily health management and post-health-check group insurance to promote workplace health. Also launched was CTBC Insurance's pay-by-the-day short-term auto insurance policy for self-owned cars (the industry's first short-term auto insurance). We are also happy to see more and more innovative ideas related to green finance winning this competition.



## Leading financial technology

### Application of digital technology in institutional banking

#### Dividend notice digitization

CTBC provides Stock Transfer Agency Services to over 420 issuers and has maintained its leading position in the industry for five decades. In recent years, with the growing market for odd lot trading and the rising number of issuers who issue a quarterly dividend, nearly 10 million dividend notices have been mailed each year. Given this tremendous use of resources, in August 2021, we proactively integrated digital financial technology to launch a dividend eNotice service, the first service of its kind in Taiwan. It enables shareholders to receive their dividend notices more conveniently, securely, and in real time. As of December 2021, 60% of CTBC's Stock Transfer Agency clients who are listed, over-the-counter, and emerging stock companies had signed up for the service. Furthermore, we are continuing to refine the service, expanding it to issuers' shareholders who don't have bank accounts with CTBC. Within three years, the service is expected to have been adopted by more than 80% of our clients who issue dividends regularly. It is estimated that the total annual carbon emissions saved through the service will total 106 tons, which is equivalent to four months of carbon absorption by Daan Forest Park.

#### Blockchain application

CTBC Holding is a member of Taipei's FinTechSpace, through which, in 2021, it completed the proof of concept for the joint risk prevention of foreign exchange transactions.

Specifically, we partnered with three major national banks, namely Hua Nan Bank, Bank of Taiwan, and Taiwan Business Bank, to develop a blockchain-based solution that prevents duplicate foreign transactions in corporate forward contracts. The documentation has been submitted to the competent authorities and is expected to be added to the FSC's FinTech Co-Creation Platform.

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

## AI-powered automation

### Jieba robot:

This solution uses AI to collect, filter, and screen corporate data from overseas for reference in corporate credit reviews, and generates visual reports. Since its inception in 2018, it has prevented nearly NT\$5 billion in risk loss.

### Baozang Robot:

By using Big Data to cross-reference various types of information, so-called "Treasure Maps" are created at the micro level, with insights on expanding enterprise connections and supply chains to help key customers grow their businesses holistically. In contrast, "Treasure Lists" are used at the macro level, providing searchable data on value industry chains and special industries to help customers cultivate specific business opportunities. Since 2020, we have successfully developed a number of clients and are expanding the application top overseas branches.

## Bank-Enterprise Direct Link

As part of its strategy given the growing ubiquity of digital financial services, CTBC Bank launched the Bank-Enterprise Direct Link service in 2021, providing corporate customers with the ability to access financial services through an Application Programming Interface (API) that connects their internal system applications to the Bank's corporate internet banking, or host to host. This enables corporate customers to submit inquiries and

transactions directly to the Bank from their own financial management or Enterprise Resources Planning (ERP) system. They can also obtain their own account information and conduct transactions with confidence thanks to the strict security measures in place. The service has already been adopted by many large enterprises, significantly improving the overall efficiency of their fund management.

## Innovation digital banking services

Putting the spirit of its "Banking My Way" digital banking campaign into practice, CTBC Bank uses AI to create financial services that reflect its customers' everyday needs. Amid the growing demand for digital financial services in everyday scenarios, such as those involving expenses, transportation, and online shopping, we have partnered with industry leaders from various sectors to build a comprehensive digital financial ecosystem that eliminates traditional time and channel constraints. This gives customers convenient access to digital financial services anytime, anywhere. In 2021, our efforts focused on identifying the needs of target groups and using the concept of "Experience × Scenario × Smart" as well as special offers to develop new markets.

 Digital applications	<b>30</b> second	credit card authentication applications on the MyData platform	<b>0</b> contact	video enrollment for insurance policy purchases	<b>5</b> minute	account-opening applications
<ul style="list-style-type: none"> <li>MyData Platform: New customers can apply for a CTBC Bank credit card online without attaching a financial statement. It only takes 30 seconds to complete verification through the MyData platform</li> <li>Smart Insurance (Online Insurance): Working toward an open platform, we are partnering with insurance companies to release a variety of products, giving customers access to online insurance services anytime, anywhere</li> <li>"Three Scans and Three No's" remote application: Taiwan Life has introduced a biometric identity authentication mechanism, so customers do not need to register as a member or download separate software ("No downloads"); instead, they can easily scan their faces three times with a personal mobile device and use encrypted electronic transmission. This ensures that their sensitive insurance information is not found on paper ("No paper") and allows them to complete the insurance through video ("No contact")</li> </ul>				<ul style="list-style-type: none"> <li>Smart and convenient claims platform: Includes the first digital claims application channel in Taiwan, Dragon eClaim; the first claim blockchain to transfer data with hospitals, eClaim Blockchain; Taiwan's first one-stop claims application channel accessible in convenience stores, ibon Convenient Claims; and the Claims Alliance Chain, which provides customers with an industry-leading claims service, allowing them receive claims in as little as 30 minutes</li> </ul>		<ul style="list-style-type: none"> <li>Synergistic services: CTBC Securities leads the industry with its new one-stop online account-opening function offered in partnership with CTBC Bank, cutting the one-week process to 5 minutes and allowing orders to be placed as soon as 24 hours later</li> <li>CTBC Insurance's first pay-by-the-day short-term auto insurance policy for self-owned minibuses</li> </ul>
 Intelligent Wealth Management	NT\$ <b>1000</b>	ROBOGO auto-rebalancing				
<ul style="list-style-type: none"> <li>ROBOGO: Evolved from offering only auto-rebalancing to offer goal-based investing, applying AI technology to enhance the achievement rate of customers' financial goals</li> <li>Penny Piggy: Penny Piggy is the first subscription-style investment service in Taiwan. It helps beginners learn to invest by integrating the act of investing with their daily credit and debit card spending, allowing them to "invest as they spend." This is accomplished by linking their card spending to the service. Once linked, a virtual piggy bank saves a small fraction of each transaction to be invested in a mutual fund once the accumulated "pennies" reaches NT\$100. This patented smart investment system makes financial management easy, particularly for younger people and those new to mutual funds</li> </ul>		<ul style="list-style-type: none"> <li>The Retirement GO platform: Uses Big Data-based algorithms to select funds suitable for long-term investment and retirement</li> <li>Remote Wealth Management Service: To ensure access to financial services, remote wealth management is provided by integrating various digital platforms, allowing customers to schedule a personal financial adviser to provide an online consultation service via CTBC Bank's online banking and LINE instant-messaging accounts. The online service ensures customers can reach a financial adviser via video conference and also provides customers an encrypted platform to upload confidential documents, given that customers are not able to visit a branch</li> </ul>			<ul style="list-style-type: none"> <li>CTBC Spark App: CTBC Securities provides a convenient mobile investment experience, including a recently added service for the regular purchase of U.S. stocks. The app had been downloaded more than 350,000 times since as of the end of 2021, realizing the subsidiary's philosophy of making investment accessible to both CTBC Securities customers and the wider public alike</li> </ul>	
 Innovative payment	<b>1.1</b> million	Downloads of CPC Pay	<b>4</b> million	bills paid via LINE Pay one-stop service		
<ul style="list-style-type: none"> <li>CPC Pay: CPC Pay is Taiwan's first e-wallet for transportation and has features including integrated reward points, best-value prepaid refueling cards, and stored value. As of the end of 2021, it had been downloaded more than 1.1 million times and was used to conduct near 1 million transactions every month</li> </ul>		<ul style="list-style-type: none"> <li>LINE Points loyalty program: The LINE Pay card's LINE Points loyalty program offers features including rapid and instant point accumulation and a points-redemption system usable at any time, with the aim of creating a one-stop payment service model. As of the end of 2021, more than 4 million LINE Pay credit and debit cards had been issued.</li> </ul>				
 Funds adjustment	<b>24</b> hour	BUY+1 online loan applications	<b>3</b> minute	online loan extensions		
<ul style="list-style-type: none"> <li>Combination of external resources: Combine online loans in conjunction with the BUY+1 Social Order Integration System of ClearSoft Tech. Co., Ltd., in addition to being able to apply for loans online 24 hours a day, back-office order data can also be used as proof of financial strength, effectively resolving many vendors' and group buyers' pain points when collecting payments due and turnover needs</li> </ul>		<ul style="list-style-type: none"> <li>Software Certificate Authorization integration with Joint Credit Information Center: With the first lending recommendation of 2021, we can obtain information from public sources to quickly and accurately assess customer risk and thus make appropriate loan application decisions nearly instantly, thereby also allowing customers to apply for loans easily without having to attach financial statements</li> </ul>			<ul style="list-style-type: none"> <li>Online Loan: By using Big Data-driven credit review technology, our online personal loan system can complete loan approval and disbursement in as little as 3 minutes. The rate of online loan applications has increased to nearly 98% of all applications</li> </ul>	
 Other services	<b>2.5</b> million	households tied to personalized ATM services				
<ul style="list-style-type: none"> <li>CTBC merchant checkout app: Allows businesses to use Bluetooth-enabled devices to collect payments and accept electronic signatures to reduce paper use</li> <li>Official CTBC LINE account: First in the industry to launch personalized services, embedded in our official LINE account, including notifications, inquiries, smart customer services, and integration with LINE Pay. In addition, we have also begun offering diversified marketing initiatives through our Facebook page.</li> </ul>		<ul style="list-style-type: none"> <li>Personalized ATM Services: CTBC Bank was the first in Taiwan to launch personalized ATM notification services for those with accounts from any bank. This enables customers to receive real-time notifications of ATM withdrawals and transfers, thus putting their mind at ease. As of the end of 2021, more than 2.5 million CTBC Bank customers and non-customers alike had applied for the service</li> </ul>				

# RESPONSIBLE OPERATIONS



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A Connected Society

# 04 Responsible Operations



## Commitments

A good workplace environment, corporate culture, and corporate governance system are fundamental to the sustainable operation of CTBC Holding. We are determined to reduce our direct or indirect impact on the environment in order to realize truly responsible operations.

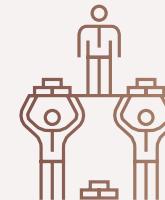
### Our key commitments:

- Maximize value for shareholders by upholding the spirit of ethical management, maintaining our corporate governance system in line with international best practices, and ensuring information disclosures are transparent and sufficient.
- Treat talent as the key capital for our sustainable development; empower colleagues to grow with the Company through an equal-opportunity work environment and a culture of mutual trust.
- Optimize the efficiency of energy and resource use, and through the Company's day-to-day operations and procurement practices, strive to reduce the negative environmental impact of business activities.



## Challenges

In the face of emerging risks such as economic uncertainty, information security, infectious diseases, and climate change, we rely on a robust corporate governance system to address and manage these risks and turn them into opportunities. For an enterprise to operate sustainably in this rapidly changing environment, a skilled and united workforce is critical. Our efforts to strengthen human capital have raised the key question of how to best empower employees so they can grow together with the Company. In addition, the increasingly diverse range of environmental concerns has raised another issue for both us and our business partners, namely how to further reduce our negative impact on the environment.



## Management approach

We have a comprehensive internal structure and management system that guide our continual advancement in ethical governance, employee empowerment, and environmental sustainability as follows:

### Ethical governance:

We are building an ever-stronger foundation for the Company's sustainable management, including by continuing to promote the diversity and independence of the Board and through overall risk management, internal auditing and controls, education and training at all levels, and the linkage of company performance with individual performance.

### Employee empowerment:

We provide competitive compensation, comprehensive training, career development programs, a healthy and safe workplace, and other necessary resources to help our employees reach their potential and increase their value. With the development and use of digital technology, we are also focusing on cultivating talent with outstanding fintech-related abilities.

### Environmental sustainability:

CTBC Holding strives to minimize the impact of its business activities on the environment and maximize benefits for the environment through five major areas: expanding green procurement, implementing sustainability-related education and training, strengthening energy resource management, persistent and regular verification, and partnering with sustainable suppliers.



## Goals and key achievements

In 2021, CTBC Holding's key objectives related to responsible operations included continuing to improve the overall effectiveness of corporate governance and information security management, implementing action plans to empower employees, and expanding the scope of its sustainable environmental management. Key achievements included:

In top 5% of listed companies in the TWSE's Corporate Governance Evaluation



CTBC Holding and subsidiaries CTBC Bank and Taiwan Life received CG6013 (2021) outstanding enterprise certification—the highest rating available from the Taiwan Corporate Governance Association



No major information leaks for key banking, insurance, securities, and lottery subsidiaries



Nearly 706,000 hours of employee education and training, increase by over 18% from 2020



56% of managers were women, and women in middle and senior management rose 2%–3% from 2020



Became the first company in Taiwan to publish **an Employee Empowerment Report**



Expanded ISO 14064-1 greenhouse gas certification to all overseas branches of CTBC Bank, with 13 new locations



Reduced GHG emissions and water use per capita by 6% and 18%, respectively, from 2020



## Employee care in response to COVID-19

- Addressing the impact of COVID-19, in 2021, we purchased epidemic group health insurance for more than 60,000 employees and their dependents in Taiwan. In July that year, we gave NT\$10,000 to every non-managerial full-time employee and an additional NT\$5,000 to every front-line employee to help them purchase epidemic prevention supplies. We also provided condolence payment to employees who tested positive.
- We provided rapid COVID-19 home test kits for employees to help them proactively stay healthy and block the chain of infection. To encourage employees to get vaccinated and rest sufficiently afterward, we introduced paid vaccination leave of up to two days.
- We assisted our staff in the Philippines and Indonesia to purchase large quantities of epidemic-prevention equipment, including masks, protective clothing, automatic disinfectant sprayers, and laptops to work from home.
- In May 2021, CTBC Holding headquarters started shipping 10 oxygen generators to India to improve the work environment for employees there. Furthermore, as the pandemic ravaged countries around the world, we helped arrange charter flights to bring Taiwanese nationals stationed in the Philippines and India back to Taiwan.

# Ethical governance

CTBC Holding has in place policies to promote director diversity as well as strengthen the professionalism and independence of its directors. We are continuing to strengthen our corporate governance, regulatory compliance, risk management, and information security while integrating fintech to create a secure and fertile business environment. Our performance in corporate governance has been well recognized home and abroad; we were ranked among the top 5% of performers in the TWSE's 2021 Corporate Governance Evaluation, while CTBC Holding and subsidiaries CTBC Bank and Taiwan Life received CG6013 (2021) outstanding enterprise certification - the highest rating available - from the Taiwan Corporate Governance Association. For more information, please see the corporate governance awards section.

Action plan	2021 performance	2022 goals
Corporate governance and ethical management	<ul style="list-style-type: none"> <li>19 Board meetings held, with an average attendance rate of 100%</li> <li>100% implementation rate for the group's ethical management annual education and training, with all 22,297 eligible participants completing it</li> <li>Among the top 5% of performers in the TWSE's 2021 Corporate Governance Evaluation</li> <li>CG6013 (2021) outstanding enterprise certification - the highest rating available - from the Taiwan Corporate Governance Association</li> </ul>	<ul style="list-style-type: none"> <li>Protect the independence of the Board and bolster its diversity by maintaining an independent director majority and proposing a female director for the Board's eighth term</li> <li>Continue to organize ethical management education and training, and achieve a 100% training implementation rate for the group</li> <li>Maintain sustainability performance-linked MBOs of at least 2% for the presidents and senior managers of CTBC Holding and its subsidiaries</li> </ul>
Regulatory compliance	<ul style="list-style-type: none"> <li>Completed a comprehensive review and update of the compliance and AML/CFT training materials for new employees according to internal and external regulations</li> <li>Achieved a 100% reporting rate for major compliance alerts within the group</li> <li>Added a group-wide AML/CFT information sharing function to the compliance management system</li> </ul>	<ul style="list-style-type: none"> <li>Continue assessing the needs of the compliance and AML/CFT training program for new employees</li> <li>Thoroughly monitor regulatory compliance risk events within the group</li> <li>Strengthen the efficiency of the group's AML/CFT information-sharing mechanism</li> <li>Optimize the whistleblowing program to improve case-handling efficiency</li> </ul>
Risk management	<ul style="list-style-type: none"> <li>98.44% coverage rate for new supervisors in risk-related education and training</li> </ul>	<ul style="list-style-type: none"> <li>Continue to organize risk-related education and training for new managers</li> </ul>
Information security	<ul style="list-style-type: none"> <li>100% completion rate for the banking, insurance, securities, trust, and lottery subsidiaries in information security- and personal data-related education</li> <li>0 cases of major information leaks for the key banking, insurance, securities, and lottery subsidiaries</li> </ul>	<ul style="list-style-type: none"> <li>100% completion rate for information security- and personal data-related education</li> <li>0 cases of major information leaks for the key subsidiaries</li> </ul>

## Corporate governance and ethical management

GRI 102-22, 102-23, 102-24, 102-25, 102-36

### Corporate governance structure

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

The Company has also established a Corporate Governance Officer (CGO) in accordance with standards promulgated by the competent authorities. The main responsibilities of the CGO include handling matters related to Board and shareholder meetings in accordance with the law, producing Board and shareholder meeting minutes, assisting directors in their appointment and continuing education, providing information required by directors and supervisors to conduct business, assisting directors in legal compliance, and other matters stipulated in the Company's Articles of Incorporation or contracts.

	Number of meetings	Attendance rate	Members	Independent directors	Directors with non-R.O.C. citizenship
Audit Committee	17	100	4	4	1
Remuneration Committee	10	100	3	3	1
Risk Management Committee	10	100	3	2	0
Nomination Committee	12	100	3	2	0
Ethics and Integrity Committee	2	100	3	1	0
Sustainability Committee	2	100	5	4	1

### Independence and conflicts of interest

CTBC Holding was the first financial holding company in Taiwan to have independent directors comprise more than half of its Board members. The Board currently comprises seven directors, of

whom four are independent directors, accounting for 57% of the seats. The average term of the current seven directors is 5.08 years and the Chairman is not involved in day-to-day business operations. In 2021, 19 Board meetings were held, with an attendance rate of 100%. In addition, to further ensure the Board's independence, our Corporate Governance Best Practice Principles specify that the term of office of independent directors may not exceed three terms.

One way that our directors realize CTBC Holding's commitment to ethical management is by upholding a high degree of self-discipline. In accordance with the Company's Rules of Procedure for the Board of Directors and other relevant regulations, if any director or judicial person that a director represents has a personal interest in a matter under discussion which may damage the Company's interests, they should voluntarily recuse themselves regarding a matter, or a Board resolution requires them to recuse themselves regarding a matter, the material details of the potential conflict of interest shall be stated and the person in question shall rescue themselves from the related discussion and voting and shall not exercise their voting rights as a proxy on behalf of another director.

## Board diversity

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

In addition, to further strengthen the capabilities of its subsidiaries' Boards, CTBC Holding has formulated the Operating Guidelines for Appointment of Directors and Supervisors for Subsidiaries. The guidelines require the members of the Board to be rigorously evaluated by the Nomination Committee with respect to their professional capacities in accordance with the nature of each subsidiary's industry, and for the committee to determine their optimal deployment

In terms of gender equality, As of 2021, 15 women were serving in director and supervisor positions across various subsidiaries. CTBC Holding will also propose suitable women directors during the election of the eighth-term Board of Directors in 2022 to further implement gender equality and diversity.

## Distribution of women directors and supervisors

	• CTBC Securities Co., Ltd. 1	• CTBC Bank Corp. ( USA ) 1	• LH Financial Group Public Company Limited 1
	• CTBC Investments Co., Ltd. 1	• CTBC Bank ( Philippines ) Corp. 1	• Land and Houses Bank Public Company Limited 1
	• CTBC Asset Management Co., Ltd. 1 • CTBC Security Co., Ltd. 1 • Taiwan Lottery Co., Ltd. 1 • CTBC Finance Co., Ltd. 1	• CTBC Securities Investment Service Co., Ltd. 1 • CTBC Financial Leasing Co., Ltd. 1 • CTBC Sports Entertainment Co., Ltd. 1 • HH-CTBC Capital Management Co., Ltd.	

## Board director skills and experience

Criteria	Name		Wen-Long Yen	Chao-Chin Tung	Thomas K.S. Chen	Shih-Chieh Chang	Sheng-Yung Yang	Chih-Cheng Wang	Cheung-Chun Lau
Background	Nationality		R.O.C.	R.O.C.	R.O.C.	R.O.C.	R.O.C.	R.O.C.	U.K.
	Gender								
	Age	50-69							
		Over 70							
	Tenure as independent director	3 years or less							
		More than 3 years							
Professional skills	Operational judgment abilities								
	Accounting and financial analysis abilities								
	Management and administration abilities								
	Industry knowledge								
	International market perspective								
	Leadership skills								
	Decision-making skills								
	Risk management skills								
	Legal professional								

## Succession planning

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



## Board performance

### Performance evaluations

To further improve the performance of the Board of Directors, in accordance with the Regulations Governing Board Performance Evaluations, performance evaluations of the Board of Directors as a whole, individual Board members, and functional committee members are conducted on an annual basis. Evaluation results are categorized into four tiers: significantly above average, above average, average, and room for improvement. In addition, an independent performance evaluation of the Board is conducted by independent institution or a panel of experts every three years, with the results used to strengthen the Board of Directors' functions and referenced when considering the reappointment of incumbent directors. The performance evaluation results of individual directors will be referenced in determining their remuneration.

In 2021, the internal performance evaluation period for the Board was Nov. 1, 2020, to Oct. 31, 2021. The results for all directors were "significantly above average" (the highest tier). Also in 2021, the Taiwan Corporate Governance Association was enlisted to conduct an external evaluation of the Board. A summary of the findings are provided below; the complete review methods and evaluation results are disclosed on our website.

### Summary of the external professional institution evaluation

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

## Continuing education

 | GRI 102-27

All CTBC Holding directors participate in continuing education every year, in accordance with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies, in order to more deeply understand emerging trends in corporate governance, corporate sustainable development, and risk management. In 2021, the Corporate Governance Department arranged for directors to attend three such sessions, the topics of which were Practices and Corporate Governance for Boards of Directors and Supervisors: Financial Industry Sustainability Trends and Internalizing TCFD Results into Financial Business, CTBC's TCFD Implementation Status, and Future Planning Suggestions; New Challenges for the Financial Industry in Money Laundering Prevention; and The Treating Customers Fairly Principle in the Financial Industry. The seven directors of CTBC Holding completed a total of 92 hours of certified training with internal and external institutions in the year, as disclosed on the Market Observation Post System (MOPS) and our corporate website.

## Director and executive remuneration

 | GRI 102-26, 102-35, 102-36

### Director remuneration

Our director remuneration policy is formulated based on two internal policies, namely the Non-Independent Directors Remuneration Policy and the Independent Directors Remuneration Policy. Director remuneration is determined with reference to market remuneration survey data and financial industry standards. The importance of individuals to the Company's business

performance and risk management is also taken into consideration by assessing their personal performance, the time they have invested in the Company, ESG implementation, and the Company's financial position. Director remuneration must be approved by the Remuneration Committee and the Board of Directors and is reviewed to ensure it reflects actual operating conditions and related laws and regulations.

## Executive remuneration

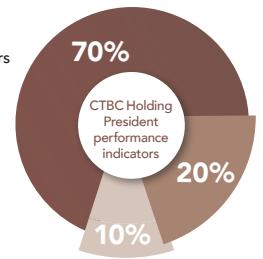
CTBC Holding and its subsidiaries have formulated the Remuneration Policy for Senior Executives and Managers, which ensures executives' compensation packages are designed with reference to market salary survey data and submitted to the Remuneration Committee and the Board of Directors for approval. We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

## President, senior executive, and manager remuneration structure

Managers' remuneration is provided in accordance with practical requirements. Their wage levels are set according to their experience, professional abilities, management functions, and positions. Performance objectives, such as financial and operational indicators, corporate sustainability indicators, and internal control and legal compliance implementation, are also taken into consideration. Starting in 2021, with the aim of encouraging senior managers to work together to drive corporate sustainability development further, the presidents of CTBC Holding and its subsidiaries, as well as their functional heads and other key senior managers related to ESG, have set at least 2% of the ESG related MBO upon their annual performance appraisal, thus ensuring the achievement of our ESG targets.

## CTBC Holding President performance indicators

- Financial and operating indicators
  - Manage and achieve profitability indicators (e.g., ROA, ROE, EPS, and efficiency ratio), relative financial indicators (external assessment results compared to global financial peers regarding business performance, risk tolerance level, and sustainability development)
  - Planning and implementation of projects/ business models/directions and strategies or strategic investments
- Corporate sustainability indicators
  - Represent CTBC Holding to establish and maintain corporate relations and enhance corporate image
  - Facilitate and enhance environmental, social, and corporate governance
- Other indicators
  - Implementation of internal control (including information security risk management)
  - Implementation of legal compliance



## Rate of director (including independent director), president, and vice president remuneration compared to profit after tax

In 2021, the remuneration paid to CTBC Holding's directors, vice presidents, and President by CTBC Holding and all companies in its consolidated financial report totaled NT\$892.727 million, accounting for 1.65% of 2021 consolidated profits after tax. This 2021 remuneration was 12.11% higher than the NT\$796.261million paid in 2020. The increase was mainly due to the higher-than-expected market price affecting the stock appreciation rights.



CTBC Holding  
Ethical Corporate  
Management Best  
Practice Principles



CTBC Holding  
Procedures for Ethical  
Management and  
Guidelines for Conduct



CTBC Holding  
Corporate  
Governance Best  
Practice Principles



CTBC Holding  
Code of Ethical Conduct

## Ethics and integrity

GRI 102-16, 205-2, 205-3

## Ethical management regulations

To effect ethical management, CTBC Holding established the Ethics and Integrity Committee directly under the Board of Directors. The committee is charged with stipulating ethical management policies and prevention plans as well as supervising their implementation. At the beginning of each year, the committee devises the work plan for the next 12 months and entrusts the Corporate Governance Department to implement ethical management-related

functions, education, and training. Every six months, the department summarizes the ethical management performance of the group's companies and reports this to the Ethics and Integrity Committee and the Board of Directors. The department adopts a rolling approach to reviewing and adjusting integrity management policies and precautionary measures in order to ensure compliance with laws and regulations as well as transparency and integrity.

The Company has established, among other regulations, the Ethical Corporate Management Best Practice Principles, Procedures for Ethical Management and Guidelines for Conduct, Corporate Governance Best Practice Principles, Code of Ethical Conduct, Code of Conduct, Anti-Bribery Policy, Procedures for Handling Reporting of Illegal and Unethical or Dishonest Conduct, and Management Policy for Preventing Insider Trading. It also conducts annual integrity promotion, requiring all units to comply with the relevant requirements and to operate with integrity. Furthermore, as part of efforts to continue improving ethical management behavior, directors and senior executives are required to issue statements of compliance with ethical management practices, in accordance with the Ethical Corporate Management Best Practice Principles.

### Stakeholder communication and whistleblowing channels

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

CTBC Holding has established "Procedures for Handling Reporting of Illegal and Unethical or Dishonest Conduct". The Procedures assign the Compliance Department as the contact window for whistleblowing reports, and a dedicated committee has been set up to investigate and review these reports. Moreover, information regarding closed cases is reported to the Board of Directors on a quarterly basis and information regarding cases involving senior vice presidents or higher level executives is reported to the Ethics and Integrity Committee every six months. To protect whistleblowers' right to work, the aforementioned procedures clearly stipulate the confidentiality obligations of those who handle and investigate whistleblowing cases and prohibit any adverse treatment of whistleblowers. Those accused of wrongdoing are provided with the opportunity to respond to allegations during investigations. If an

investigation finds that there has been a breach of ethical conduct, the accountable person is punished in accordance with relevant internal policies, and reviews are conducted as necessary to improve our operation or management systems. We provide various whistleblowing channels, including email, phone, and post, through which illegal and unethical or dishonest conduct may be reported, and reports can be made anonymously. Our website provides a reporting form for whistleblowers to submit reports as well as discloses the protections and rewards available for whistleblowers. Through the whistleblowing mechanism, we aim to foster an ethical and transparent corporate culture. In 2021, a total of 18 cases were reported through the whistleblowing channels. Five of the reports were substantiated; for all these, those at fault have been forwarded to disciplinary action proceedings in accordance with relevant provisions or an improvement plan has been formulated by the unit involved and its implementation has been closely monitored.

### Political contributions

GRI 415-1

CTBC Holding has established Policies of Donations and Sponsorships, which require all donations and sponsorships to satisfy ethical management, ethical conduct, and Company regulations. Relevant principles include (1) that donations and sponsorships of public welfare be included within the budget and (2) that, to ensure healthy corporate governance, the Company's donations to political parties, stakeholders, and public welfare organizations are regularly disclosed to the public. CTBC Holding did not make any political contributions in 2021.

### Training programs

To foster an even stronger culture of ethical management, CTBC Holding and its subsidiaries carried out annual ethical management education and training for its directors, supervisors, and active managers and employees (excluding dispatched personnel) in 2021. By combining such education and training along with its corporate governance and internal control mechanisms, all members of CTBC Holding and its subsidiaries are able to clearly understand the Company's ethical management policies, operating procedures, anti-corruption requirements, and the consequences of unethical behavior. Excluding employees on leave without pay, all 22,297 eligible group employees completed the training, for an implementation rate of 100%. We also conduct relevant training when new directors or supervisors take office and during onboarding for new employees. There are no corruption case reported in 2021.

# Regulatory compliance

## Management mechanisms and current status

CTBC Holding actively monitors the changes in the financial and statutory environment and is committed to establishing a good regulatory compliance culture. The table below details our compliance management mechanisms and the effectiveness of their implementation in 2021.

Area	Implementation results
Supervision and management by the Board of Directors and the Audit Committee	<ul style="list-style-type: none"> <li>The Compliance Department reports biannually to the Audit Committee and the Board on compliance implementation status and follow-up implementation plans, including AML/CFT matters. In the case of any material penalties, major compliance deficiencies or alerts, the Compliance Department shall report to the Board of Directors in a timely manner.</li> <li>Subsidiaries conduct regular ML/FT assessments, and report the assessment results and improvement plans to their Boards of Directors.</li> <li>CTBC Bank, Taiwan Life, and CTBC Securities completed compliance risk assessments in April 2021, and the assessment results and optimization measures were reported to their Boards of Directors.</li> </ul>
Coordination and communication on compliance	<ul style="list-style-type: none"> <li>Biannual meetings are organized for the compliance officers of each department of CTBC Holding. In addition, bi-monthly communication and coordination meetings for compliance officers (or personnel) of CTBC Holding and its subsidiaries are held to ensure the consistency of opinions within the group.</li> </ul>
Management of regulatory changes	<ul style="list-style-type: none"> <li>Communication and review of regulatory changes: The Compliance Department communicates external regulatory changes to the relevant departments and implements monthly tracking of the responses in order to help each unit amend their internal regulations in a timely manner and ensure that all operating activities comply with laws and regulations.</li> <li>Raised effectiveness of legal compliance mechanisms: To ensure alignment with external supervision requirements and optimize internal operating procedures, a total of nine internal compliance-related regulations (e.g., regarding KYC procedures, related parties transaction management, and penalty reporting processing) were revised in 2021, thus strengthening the compliance mechanisms of CTBC Holding and its subsidiaries.</li> </ul>
Compliance self-evaluation	<ul style="list-style-type: none"> <li>Business units and subsidiaries under CTBC Holding are required to conduct compliance self-evaluations every six months to ensure that their businesses and operations comply with regulatory requirements.</li> </ul>

### Compliance education and training

- The Chief Compliance Officer, Compliance Department personnel, and the compliance officers of each CTBC Holding department comply with legal qualification standards. In addition to the aforementioned personnel completing the necessary 30-hour pre-service training course and test, they also receive over 15 hours of additional employee education and training every year. In 2021, the total number of training hours was 2,026.

- In addition to conducting training and sharing on topics related to insider trading prevention, whistleblowing program, related parties and sanctions list reviews, and more, the Compliance Department also invites academics and lawyers from relevant fields to conduct lectures on topics such as AML/CFT, corporate fraud prevention, and intelligent property rights management to enhance the professional knowledge and abilities of our personnel.

### Appraisal of effectiveness of compliance implementation

- After the Chief Compliance Officer of CTBC Holding reviewed the 2021 appraisal results for the compliance implementation of each unit, the results were then submitted to the President for reference in determining the final performance result of each unit as well as to HR departments for annual performance administration. Additionally, to realize functional compliance reporting, the compliance officer of the parent company conducted corresponding appraisals of subsidiaries' compliance officers (or personnel) in accordance with the status of each subsidiary's compliance implementation.

## Employee Code of Conduct

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

The code applies to all individuals working in CTBC Holding through employment, appointment, commitment, or other contractual relationships, including, but not limited to, managers; general, temporary, and part-time employees; and dispatched personnel. New employees are required to sign a statement of commitment on the day they report to work, and the code is reiterated during their orientation course. Every three years, we implement refresher training on the Code of Conduct for all employees. The most recent training year was 2021, and the next annual training is expected to be held in 2024.



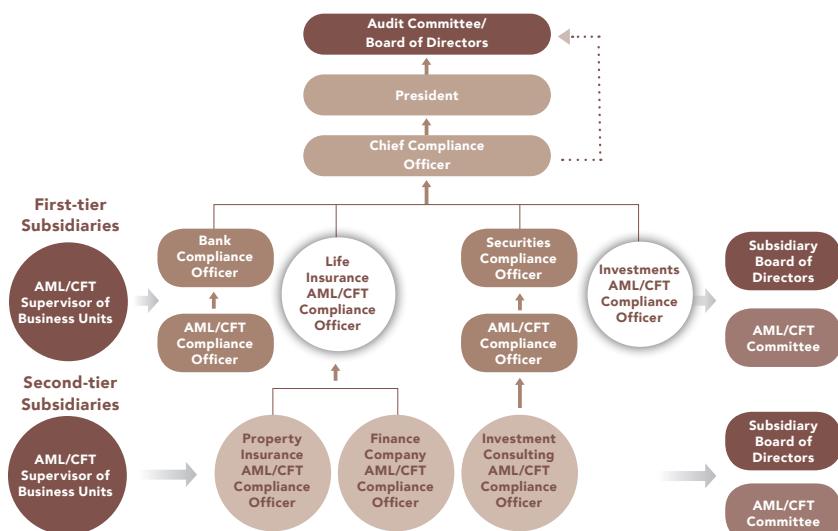
Code of Conduct

## Money laundering and terrorist financing

GRI 102-16, 102-17, 102-33, 102-34

### CTBC Holding's AML and CFT reporting framework

CTBC Holdings actively pays attention to changes in the financial and regulatory environment at home and abroad, and is committed to establishing a good regulatory compliance culture. The 2021 regulatory compliance management mechanism and results are described below.



### Internal policies

To comply with regulations such as the Money Laundering Control Act, Counter-Terrorism Financing Act, and Regulations Governing Anti-Money Laundering of Financial Institutions, CTBC Holding has established the Anti-Money Laundering and Countering the Financing of Terrorism Policy, Procedures for Money Laundering and Terrorist Financing Risk Management, Procedures for Group Anti-Money Laundering and Countering Terrorist Financing Information-Sharing and Application, Procedures for Name Screening on Transaction Parties against Sanction List, and Education and Training Measures for Anti-Money Laundering and

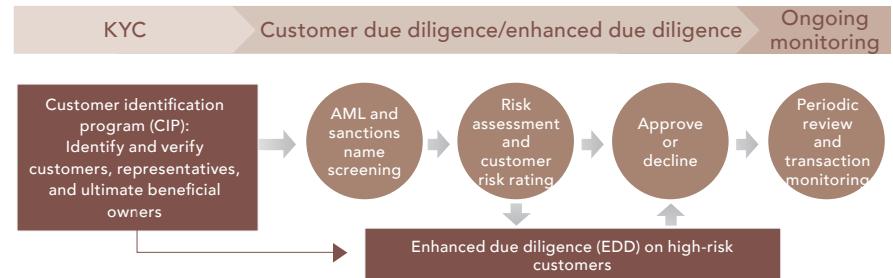
Combating Terrorist Financing. Our subsidiaries formulate their internal policies in accordance with the above mentioned policies and procedures as well as the applicable regulations and guidelines of the competent authorities and trade associations. CTBC Bank, Taiwan Life, CTBC Securities, and CTBC Investments have also established respective Anti-Money Laundering and Countering the Financing of Terrorism Committees.

### Customer risk management

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

Furthermore, CTBC Holding's Procedures for Name Screening on Transaction Parties against Sanction List require that name-screening procedures be complied with for all transactions other than financial products and services (e.g., administrative procurement) in order to mitigate compliance and reputational risks arising from transactions with internationally

### CTBC Bank customer acceptance process



sanctioned parties. For example, subsidiary CTBC Bank's Policy Statement of Global AML/CFT stipulates the relevant customer due diligence (CDD) investigation procedures used to ensure effective risk control.

## Information-sharing platform

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

## Internal and external independent audit

Joint statements on internal control for AML/CFT are issued by the chairmen, presidents, chief auditors, and AML/CFT compliance officers of financial institution subsidiaries, and these statements are also disclosed on the website designated by the FSC. CTBC Bank also enlisted an external CPA to conduct the 2021 AML/CFT audit, the results of which have been reported to the competent authority for review.

## Significant penalties imposed on CTBC Holding and its subsidiaries by the competent authorities and corrective actions taken in 2021

GRI 419-1

Issue for improvement	Corrective actions
The FSC inspected the operation of insurance business by Taiwan Life. It found the following violations of relevant Insurance Act provisions and issued separate penalties for each:	
1. For customers purchasing investment insurance products with funds from policy loan, the company failed to implement the verification mechanism related to the source of insurance premiums. The FSC imposed a penalty of NT\$1.2 million.	1. The revision of the relevant internal regulations and the adjustment of the system review function have been completed, and the relevant control mechanism has been further improved.

2. The company leased real estate property from a third party for use by related parties. The company did not provide documentation evidencing that the transaction conditions were not superior to those of similar transactions before submitting the transaction to the designated level for approval. The FSC imposed a penalty of NT\$2 million.

< Letter No. Jin-Guan-Bao-Shou-Zi-11004911602, dated March 23, 2021 >

2. The relevant checklist has been revised to require that public utility service charges and building management fees be included as part of the transaction terms for comparison in the event that Taiwan Life provides office space leased from a third party to a related party for use. Relevant checklist supporting information shall be submitted to the designated level for approval.

The Hong Kong Monetary Authority deemed the customer due diligence operations of CTBC Bank's Hong Kong Branch between April 1, 2012, and Sept. 30, 2014, to have been in violation of Chapter 615 of Hong Kong's Anti-Money Laundering and Counter-Terrorist Financing Ordinance, Appendix 2, Articles 5(1)(a), 19(3), and 15(b). A penalty of HK\$6 million (approximately NT\$22.5 million) was imposed.

Specific evidence has been submitted to the competent authorities to prove that the improvement of the relevant deficiencies has been completed and that significant resources have been invested in strengthening AML/CFT control measures, including optimizing the name scanning and transaction monitoring functions of the system, implementing in-depth education and training, reviewing the human resources arrangements, and strengthening the content and document management of relevant internal regulations and information reporting forms.

The FSC found unusual transactions of funds between the South Zhongli Branch and the Shipai Branch of CTBC Bank and their customers. The transactions were deemed in violation of Article 45-1 of the Banking Act and a fine of NT\$14 million was imposed.

< Letter No. Jin-Guan-Yin-Kong-Zi-11002119241, dated Dec. 28, 2021 >

We have continually strengthened management measures related to money laundering prevention operations, and continue to strengthen the management and verification mechanism of our operations according to the requirements of the competent authorities. We are also improving the daily actions taken related to customer advocacy and management personnel supervision.

Note: This table discloses non-compliance events involving penalties of NT\$1 million or more.

## Education and training

To further implement effective AML/CFT measures, in addition to requiring at least three hours of related on-the-job training annually for directors and senior managers of CTBC Holding and its financial institution subsidiaries, we require new employees to complete their related education and training within three months of induction and their training completion status is included as part of their performance evaluations. All directors, senior managers as well as the supervisors and personnel of compliance and AML/CFT units met their internal/external training requirements in 2021, with a total of 1,116 training hours completed.

CTBC Holding and its subsidiaries carry out both regular and ad hoc AML/ CFT advocacy to employees, including the sharing of laws, regulations, and enforcement cases; the identification and reporting process of suspicious transactions; and the compliance duties of relevant personnel. According to the different duties of their employees, subsidiaries also conduct customized advocacy while actively encouraging employees to attend AML-related training and apply for AML-related qualifications. The numbers of individuals who attended and completed AML-related training in 2021 for CTBC Bank and Taiwan Life were 26,998 and 10,589, respectively. In addition, supervisors and personnel from compliance and AML/CFT units within CTBC Holding and its subsidiaries have obtained more than 100 international and domestic professional AML/CFT qualifications.

Subsidiary		2021	2020	2019
CTBC Bank	Training batch	139	132	99
	Number of individuals who completed training	26,998	27,376	24,507
	Number of training hours (hour)	75,634	63,638	54,255
Taiwan Life	Training batch	30	26	31
	Number of individuals who completed training	10,589	11,155	11,273
	Number of training hours (hour)	25,027.5	26,742	26,980

## Risk control

GRI 102-11, 102-15, 102-30

### Risk management

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

### Risk management framework

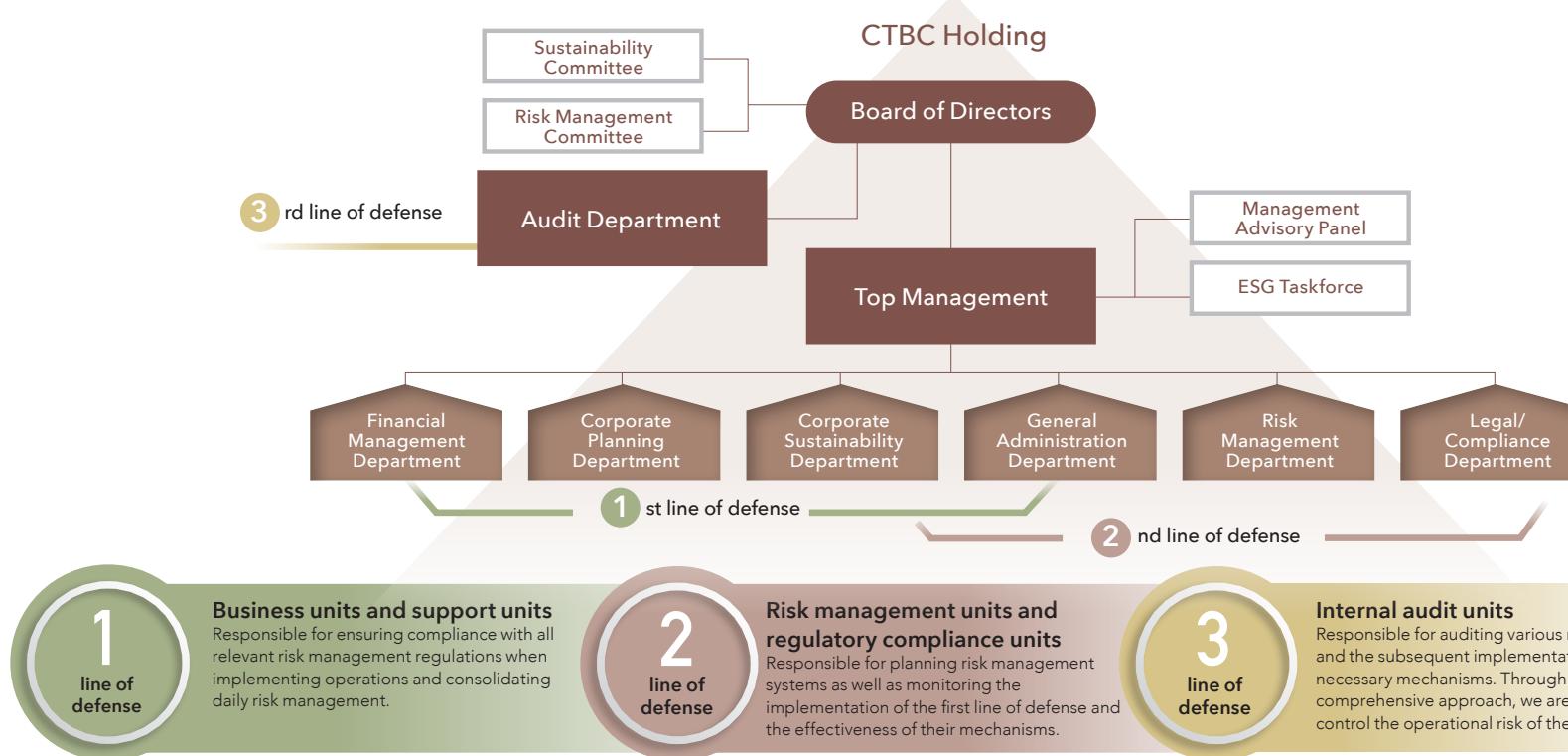
#### Enterprise risk management

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



## Three lines of defense

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

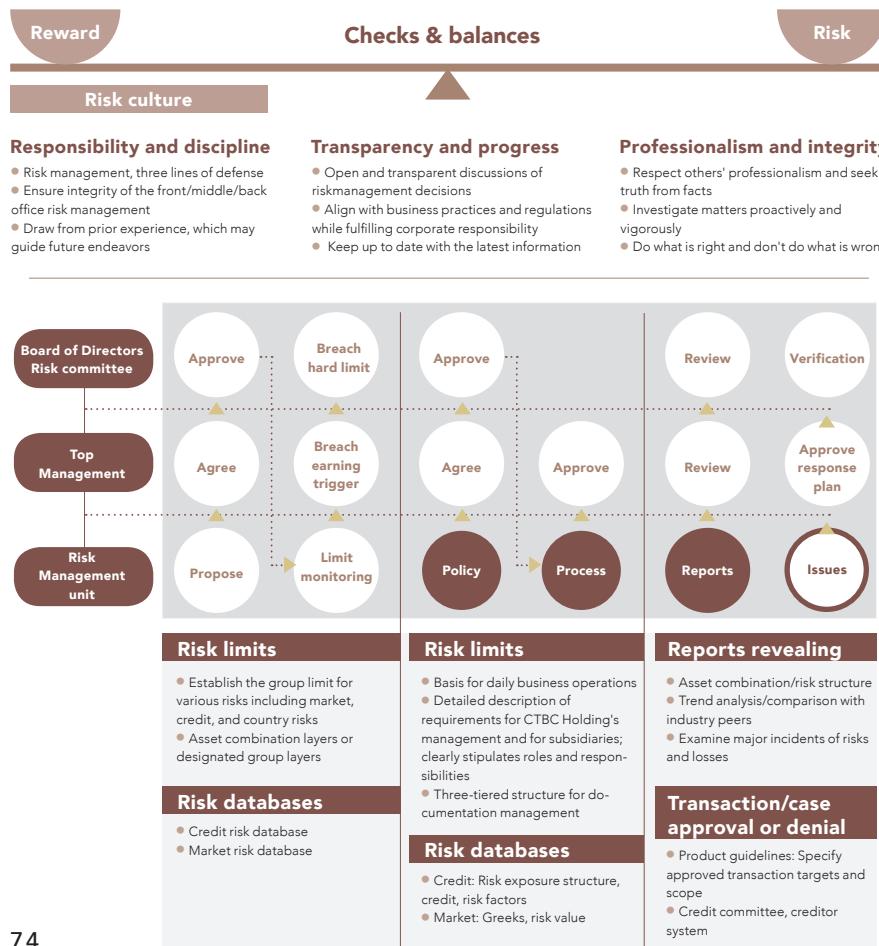


- **Board of Directors:** The Board is the highest supervisory unit. It is responsible for overseeing all type of risk management policy, risk appetite, and position limits, and it ensures the effective operation of risk management functions.
- **Risk Management Committee:** Its members — at least one of whom must be an independent director — are appointed through Board resolutions, assisting the Board in reviewing and approving various risk management matters.
- **Management Advisory Panel:** Management Advisory Panel was formed to assist the Chairman thoroughly perform his supervisory and management functions, and ensure that CTBC Holding's business operations comply with the requirements of the competent authorities and relevant regulations
- **Credit Committee:** The Credit Committee, composed of the President, Chief Risk Officer, and other persons appointed by the Chairman, is responsible to strengthen the credit risk management of CTBC Holding and its subsidiaries, as well as to review and approve critical credit risk cases
- **Risk management units:** Our risk management units follow the guiding principles of the risk management policy and are authorized by senior managers. They maintain the independent management mechanism of the second line of defense, namely planning risk management systems, organizing and reporting group risk management information, and monitoring the implementation of the first line of defense. The risk management units of each subsidiary report to both CTBC Holding's Board of Directors and its Risk Management Department head. This enables the department head to appropriately control overall changes in risk in a timely manner.

## Risk management policy, procedures, and reports

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

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



## Emerging risk management

GRI 102-11, 102-15, 102-30

### Emerging risk identification procedure

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

**STEP 1 .....**  
CTBC Holding initiate the emerging risk identification process

**STEP 2 .....**  
Subsidiaries evaluate emerging risks

**STEP 3 .....**  
CTBC Holding identifies emerging risks

### 2022 emerging risks

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

Risk factor	Risk category	Identification/description	Impact on business operations	Key points of control mechanisms (reduction measures/response strategies)
Information security	Technological risk	<ul style="list-style-type: none"> <li>The Company is hit by either a distributed denial-of-service (DDoS) attack and network connections are interrupted or a long-term advanced persistent threat succeeds, penetrating our internal network environment to steal sensitive data</li> <li>Hackers successfully penetrate and gain access to databases containing personal data</li> </ul>	<ul style="list-style-type: none"> <li>The leaking of personal data, fraudulent transactions, or disrupted operations may cause major financial losses, legal damages, penalties imposed by the competent authorities, and damage to the Company's reputation</li> <li>Fraud activity or the skimming of account passwords would hamper business development</li> </ul>	<ul style="list-style-type: none"> <li><b>Elevate information security awareness:</b> <ol style="list-style-type: none"> <li>Regularly organize information security and personal data education and training, conduct monthly social engineering drills, and continually elevate employees' information security awareness</li> <li>Introduce diverse information security resources and participate in the Financial Information Sharing and Analysis Center (F-ISAC) to establish a domestic information security center joint defense system</li> </ol> </li> <li><b>Strengthen information security management mechanism:</b> <ol style="list-style-type: none"> <li>Subscribe to the DDoS attack traffic scrubbing services of telecommunications companies, establish DDoS defense and response procedures, and conduct regular DDoS attack traffic simulation and defense drill</li> <li>Set up network firewalls, application system firewalls, intruder monitoring systems, personal data anti-leakage systems, junk mail filtering systems, and similar defense</li> <li>Conduct website and app security tests to fortify the security of external application systems, and regularly perform vulnerability scans and comprehensive information security penetration tests to shorten the system vulnerability risk time</li> <li>Establish a digital evidence management system to boost the analysis and forensic investigation of information security incidents</li> </ol> </li> </ul>
Infectious diseases	Social risk	<ul style="list-style-type: none"> <li>The emergence of a highly contagious and severe illness causes community infections or even a global pandemic, leading to citywide lockdowns and impacting financial markets and operational risks</li> </ul>	<p><b>Business aspects:</b> The negative impact on the global physical economy and the intensification of financial market volatility would increase business risks and fluctuations in profit and loss, in turn negative affecting the Company's operations and financial stability</p> <p><b>Company operations:</b></p> <ol style="list-style-type: none"> <li>Epidemic prevention measures, such as limiting in-person exchanges at its headquarters as well as restricting business trips/customer visits, would impact the Company's operations</li> <li>A confirmed case being reported within the Company would have adverse impacts on internal and external stakeholders, such as by affecting customer confidence or employee moral</li> </ol>	<p><b>Business aspects:</b> Conduct real-time monitoring of local epidemics worldwide, including by observing changes in national governments' health measures and in financial markets; when perceived risks increase, activate risk management mechanisms such as business risk inventory and stress testing, to reduce the possible impacts and losses</p> <p><b>Company operations:</b> To ensure the health and occupational safety of all employees, implement measures including the following:</p> <ol style="list-style-type: none"> <li>According to the Contingency Plan for Major Infectious Disease Incidents epidemic prevention level, establish an epidemic response team to monitor the information released by the CDC in real time and propose response measures</li> <li>Provide information related to health protection education and epidemic prevention, and announce epidemic prevention measures by email as necessary during peak periods</li> <li>Regularly review and revise the Contingency Plan for Major Infectious Disease Incidents, hold annual response drills for major infectious disease incidents, and improve the ability to respond when incidents occur</li> </ol>
Economic uncertainty	Economic risk	<ul style="list-style-type: none"> <li>Monitor related risks, such as the restructuring of global industry supply chains; geopolitical risks in the Middle East, Russia and Ukraine, and Asia; rising global debt risks, and rising energy and food prices</li> <li>The interest rate rises in global monetary policies is resulting in shrinking balance sheets, exacerbating volatility in financial markets</li> </ul>	<ul style="list-style-type: none"> <li>The risk of stagnant inflation in the global economy has increased the risk and profit-loss fluctuations of subsidiaries, which may negatively impact the Company's overall operations and financial stability and may incur greater supervision by the competent authority</li> </ul>	<p><b>Overall economic monitoring:</b> Closely monitor relevant economic data, market index interest rates, and related data, especially when central bank monetary policies pivot and market volatility increases, indicating a possible recession. Timely warnings shall be issued</p> <p><b>Credit risk management:</b> All subsidiaries have established comprehensive credit risk management norms and procedures, established professional and objective tiered responsibility audit mechanisms, and formulated credit risk limits based on the risk appetite of subsidiaries</p> <p><b>Market risk management:</b> Appropriate and consistent measurement methods are adopted based on business characteristics and sources of risk. Market risk authority is implemented for control and risks are regularly reported to senior executives and Board of Directors</p> <p><b>Country risk management:</b> Each subsidiary has stipulated comprehensive country risk management policies and practices. They regularly monitor country risk exposures and limits, and the changes in the countries where they operate</p>
Climate policy	Environmental risk	<ul style="list-style-type: none"> <li>Climate change-related policies can come with strict regulations (e.g., carbon fees/taxes, carbon trading mechanisms, and coal/combustion power generation restrictions) which may affect the economic prospects and profitability of business operations</li> </ul>	<ul style="list-style-type: none"> <li>Climate policy impacts high-risk/sensitive sectors, increasing operating and maintenance costs, negatively affecting operational and financial health, and increasing the corporate default rate</li> <li>Increases in credit risks or market risks for subsidiaries (i.e., those in loans, investments, and insurance) and resulting asset value impairments or negative impact on the Company's goodwill</li> </ul>	<ul style="list-style-type: none"> <li>CTBC Holding has formulated Climate Change Risk Management Policies and Guidelines to regulate the group's management mechanisms for transition and physical risks, and each subsidiary shall undertake and customize its own management practices according to their unique management need</li> <li>CTBC Holding has devised a List of Carbon-Intensive Sectors to serve as the basis for each subsidiary to take inventories of its high transition risk exposure and perform risk assessment and scenario analysis for its business</li> <li>CTBC Bank sets limits for ESG sensitive sectors (including thermal coal power generation and oil sands), while Taiwan Life sets strict assessment procedures for sensitive sectors (including thermal coal power generation)</li> <li>Continue to invest in green finance and sustainability-related investment targets in response to government policies and to support corporate energy transformations</li> </ul>

## Shaping employees' risk management awareness

### Education and training

We attach great importance to the risk awareness of our employees and encourage them to actively discover potential risks. Indeed, employees' risk management and control results are a core component of their performance appraisals. By providing risk education training, we equip our employees with the knowledge and skills to practically incorporate risk management and control into everyday risk decisions. Once a risk is discovered, it is reported and escalated to the head of operations following the risk identification–assessment–measurement– monitoring process, with management tools such as risk and control assessments (RCA) and key risk indicators (KRI). Such risks will also be reported to senior managers and the Board regularly. The risk units consolidate all related events and summarize them into instructional materials to be shared with various units via internal meetings. This keeps all relevant employees informed and on alert regarding the reoccurrence of such events.

We have also designed risk courses to further increase our employees' risk awareness. Specifically, to provide new employees with a grounding in risk, we provide general courses online, including an introduction of bank risk management and operational risk management. For junior and midlevel managers, we provide risk management programs that reinforce their understanding of risk.

The training results for 2021 were as follows:

	Trainees (person-times)	Trainees who completed training (person-times)	Completion rate (%)	Total hours	Description
New employees	1,356	1,252	92.33	313	78 people resigned before completing the training; 26 people completed the training in early 2022 and were not included in the 2021 data
Newly appointed managers	128	126	98.44	31.5	Of the two who did not complete the training, one has resigned and the other has been on extended leave

Note: Completion Rate = number of trainees who completed training / total number of trainees

### Internal control and audits

#### Internal control system

To manage our internal control and operating procedures, we require all management units to review whether their internal procedures are consistent with external laws and regulations,

thereby avoiding operational risks and illegal practices. We also require all units to conduct self-inspections to assess their management's supervision and control over areas such as risk culture, risk identification, control activities, the segregation of duties, information and communication, supervisory activities, and corrective measures.

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

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

### Internal audit system

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



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

### Information security

#### Information security management mechanisms and framework

To ensure continual information security management in the Company and its subsidiaries and that trade secrets and confidential client information are protected

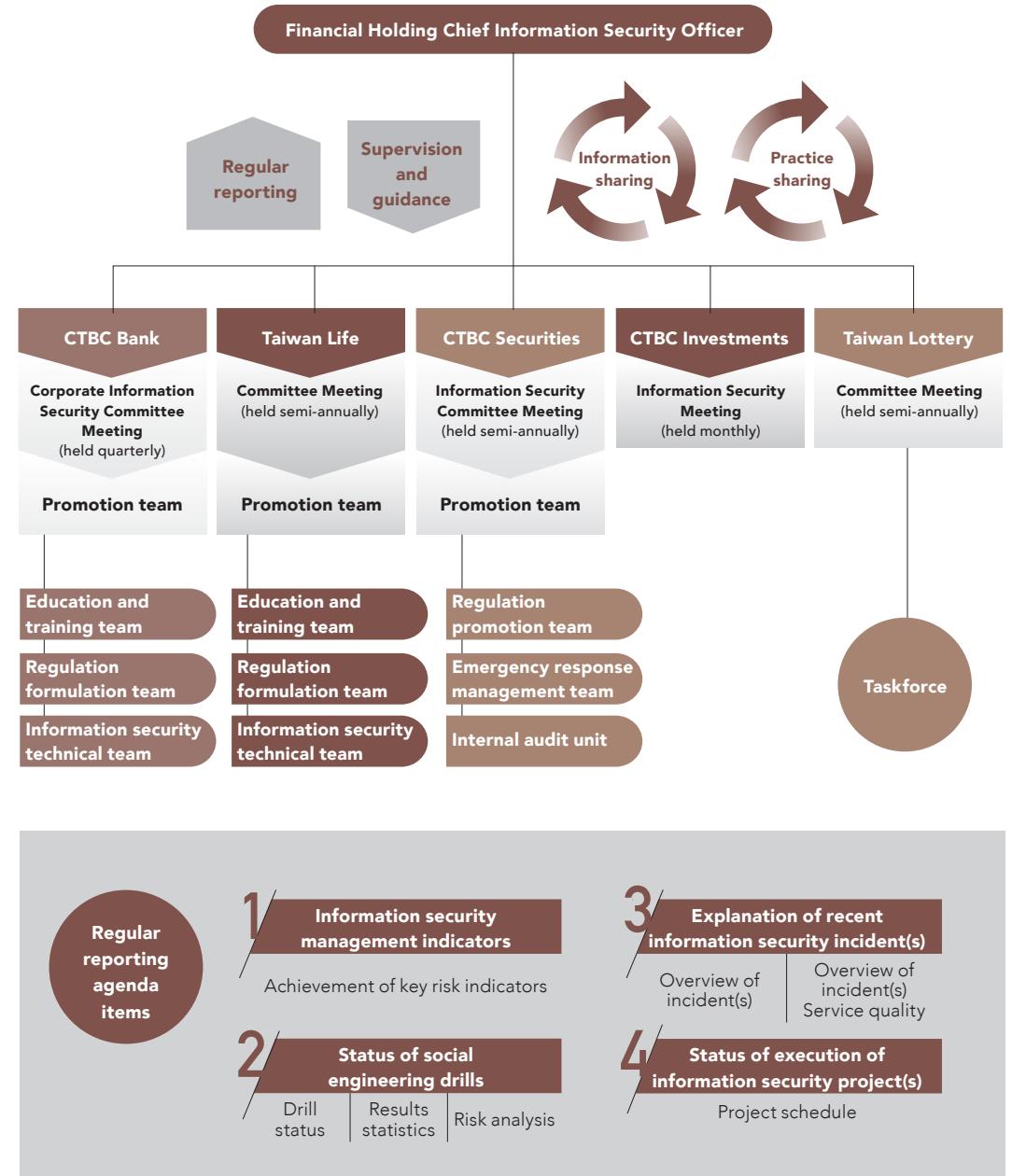
against damages arising from internal or external willful or negligent conduct to their confidentiality, integrity, accuracy, or availability, the Company has established CTBC Holding and Subsidiaries Information Security Officers Joint Committee, meetings of which are convened quarterly. The Chief Information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

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

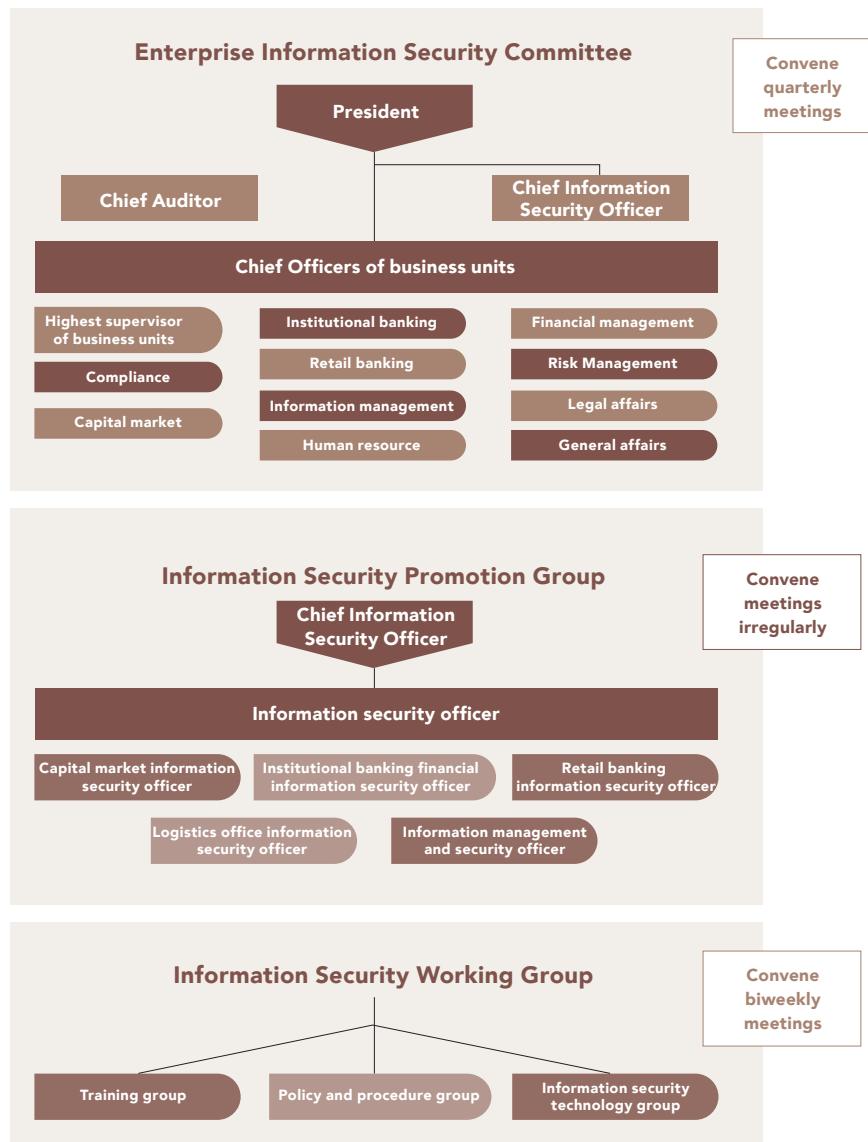
The Enterprise Information Security Committee meets quarterly, with the Bank's President acting as the convener and its chief information security officer as the executive secretary. The meetings are attended by the chief officers of business units, including the compliance, legal, financial, risk management, institutional banking, capital market, retail banking, and information management units, as well as the Chief Auditor. Committee meetings review the Bank's information security policy and relevant information security management and personal information protection measures.

### Information security officers joint committee structure

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



## CTBC Bank's Corporate information Security Committee



## Personal information protection and information security management systems

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

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

CTBC Holding adopts a zero-tolerance strategy regarding the protection of personal data. Except as legally required or with the written authorization of customers, personnel are strictly prohibited from disclosing the personal data of customers in any way. To strengthen the personal data protection management of itself and its subsidiaries, CTBC Holding has formulated a

Personal Data Protection Statement in accordance with the Personal Data Protection Act. It states the objectives of personal data protection and that such is applicable to all employees, consultants, and dispatched personnel of the Company and its subsidiaries. Through education and training, system control, supplier selection and management, and information security inspections, we ensure that the use of personal data meets the requirements of laws and regulations and the expectations of the Company.



## Personal information management measures

CTBC Holding has established Personal Information Protection Instructions in accordance with the relevant laws and regulations related to the protection of personal data and our

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

## Information security management measures

### Identifying information security risks and management mechanisms

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

In order to proactively monitor the execution status of information security protection operations, a Security Operation Center Dashboard has been established in addition to information security risk indicators being set by the information security department. The dashboard monitors over 26 indicators in four key areas (namely anti-virus, anti-hacking, data loss prevention, and regulatory compliance categories), with reference to domestic and foreign information security risk indicators and the Company's own operating status. Alerts are sent on a daily basis to unit heads for items where targets are not met to resolve potential issues as early as possible.

### Information gathering and joint defense

To prevent and manage the occurrence of personal data breaches or security-related events, CTBC Bank established Personal Information Protection Instructions as well as Personal Information Protection and Information Security Management - The Guidance. Every year, the Company faithfully executes relevant personal data security maintenance operations and regularly assesses the effectiveness of its control mechanisms in order to ensure the legal collection and use of customer and employee personal data. Furthermore, in order to comply with relevant IP rights regulations, the Company requires all units to inspect the status of the use of software in all computers every six months to ensure that legal authorization has been obtained for the software and to prevent IP right infringements. Taiwan Life established the Emergency Response Plan for Personal Data Breaches. If an employee discovers or receives a report of a suspected information security incident, including one involving personal data, the employee is required to immediately notify the relevant units and assess the severity of the reported incident. If necessary, the incident response officer will establish an Emergency Response Center within 60 minutes, notify a senior manager, and record the details of the incident. The Emergency Response Center officer position will be assumed by a department head or above of the responsible unit, and task force members of the Corporate Information Security Committee will be responsible for event management, communication and coordination, investigation and evaluation, and public relations and media management. The responsible unit will submit a detailed event report one week after the resolution of the event and conduct a root-cause analysis to reduce the likelihood of such an event reoccurring.

CTBC Holding also continues to pay special attention to information security during long holidays. Taking core subsidiary CTBC Bank as an example, with the aim of being able to respond to threats in a timely manner during the Lunar New Year holiday from Feb. 10 to 16, 2021, the information security unit set up a Special Service Center for Holiday Information Security to monitor internal and external information security risks in real time, regularly reporting the data of various security indicators to relevant supervisors. Also during the Lunar New Year holiday, Taiwan Life formed a holiday security monitoring team to comprehensively strengthen every element of its information security. An SOP of security checks for long holidays has also been launched to monitor all information systems to ensure online service operations continue as usual for customers.

## Personal information protection and information security protection

CTBC Bank, for example, uses repeated drills to deepen employees' familiarity with the information security defense system and thus their understanding of correct operating procedures. In 2021, the Bank performed information security incident drills such as personal data breaches, DDoS attacks, and critical external service system cyberattacks. The results of its personal information protection and information security protection drills for the year were as follows:

Emergency response drill scenario	Personal data breach	DDoS attack	Critical external service system cyberattack
Drill unit	<ul style="list-style-type: none"> <li>Customer Service Department</li> <li>Digital Platform Department</li> <li>Information Department II</li> <li>Global Information Security Department</li> <li>Public Relations Department</li> <li>Internal Control Management Department</li> </ul>	<ul style="list-style-type: none"> <li>Global Information Security Department</li> <li>Information Operations Department</li> <li>ISP providers</li> </ul>	<ul style="list-style-type: none"> <li>Institutional Banking Financial Information Department</li> <li>Global Information Security Department</li> <li>Procedure Planning Department</li> <li>Cash Management Department</li> <li>Operation Management Department</li> </ul>
Result	Successful	Successful	Successful
Material issues	None	None	None
Corrective measures for material issues	None	None	None

Thanks in part to such efforts, no major information security incidents, personal information infringements, or leaks occurred at CTBC Bank or other subsidiaries in 2021.

	2021 major information security incidents	2021 major personal information infringements/leaks
CTBC Bank	None	None
Taiwan Life	None	None
CTBC Securities	None	None
CTBC Investments	None	None
Taiwan Lottery	None	None

## Information security defense-in-depth

### Cybersecurity

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

### Information security

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

### Information security monitoring

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

### Endpoint security

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

### Customer protection

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

### Information security threat intelligence

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

### Application development security

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

## Tax governance

CTBC Holding attaches great importance to tax governance, believing that paying taxes in accordance with the law facilitates economic growth and balanced regional development. Accordingly, we are committed to complying with the local tax laws of each business location, calculating our taxes correctly, and completing tax filings and tax payments within the statutory time limits. In accordance with its tax governance policy, CTBC Holding, along with its subsidiaries in Taiwan and abroad, adhere to the following principles:

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

### Percentage of taxes paid in different countries in 2021

Country	Amount (million)	Percentage(%)
Taiwan	NT\$11,349	82.47
Indonesia	NT\$45	0.33
Philippines	NT\$120	0.87
Canada	NT\$31	0.23
United States	NT\$556	4.04
Japan	NT\$560	4.07
India	NT\$26	0.19
Vietnam	NT\$111	0.81
Hong Kong	NT\$180	1.31
Singapore	NT\$2	0.01
China	NT\$535	3.89
Thailand	NT\$245	1.78
Total	NT\$13,760	100

### Taxes paid in Taiwan from 2017 to 2021

Year	2021	2020	2019	2018	2017
Profit-seeking enterprise income tax	7,890,944	1,781,603	3,033,727	2,863,649	7,174,607
Business tax	3,260,202	3,029,197	2,915,930	2,646,361	2,673,713
Stamp duty	197,837	194,025	181,149	182,358	185,491
Investment tax credit	28,593	543,498	-	15,094	2,820

Note: Taiwan is CTBC Holding's main source of revenue, and the tax paid in Taiwan accounts for approximately 82.47% of the total tax.

# Employee empowerment

Our employees are a critical resource for the sustainable development of the Company and at the heart of our "We are family" ethos. By creating an equal-opportunity working environment and a corporate culture of mutual trust, we empower our colleagues in hope that employees can take pride in their work and grow together with the Company. The attractive corporate image, workplace environment, remuneration packages, career development prospects, and job duties of CTBC Holding have been recognized by the market and our peers.

In 2021, we received the Best Companies to Work for in Asia, Taiwan award from HR Asia for the fourth consecutive year and were named among Taiwan's Most Attractive Employers by global employer branding consultancy Universum, ranking first in the financial sector and 16th overall. We were also voted 22nd among the Top 100 of the Most Preferred Enterprises among the New Generation in a survey by Cheers magazine—the highest of any financial institution. Our key targets and achievements in our recruitment, cultivation, and treatment of employees in 2021 were as follows:

Action plan	2021 performance	2022 goals
Promote workplace diversity and inclusion	<ul style="list-style-type: none"> <li>Full-time employees participated in human rights training, with a completion rate of 100% and total training hours of 14,329</li> <li>There were no reported cases of discrimination, child labor, forced or compulsory labor, or any infringement of employee interests; and people with disabilities were recruited at the levels stipulated by laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Maintain a human rights training completion rate of 100%</li> <li>Continue to recruit people with disabilities at the levels stipulated by laws and regulations</li> </ul>
Talent recruitment and development	<ul style="list-style-type: none"> <li>CTBC Holding and its subsidiaries conducted 1,829 on-site and 2,663 online training courses, with total attendance of 14,623 and 295,320, respectively; staff training hours and expenses totaled 705,915 hours and NT\$ 49.6 million, respectively</li> <li>Published the first report Employee Empowerment Report in Taiwan</li> <li>ESG-related online training courses were planned and designed for employees</li> </ul>	<ul style="list-style-type: none"> <li>Achieve an online employee ESG training completion rate of 80%</li> </ul>
Employee welfare	<ul style="list-style-type: none"> <li>Signed preferential childcare contracts with kindergartens to assist colleagues in their children's childcare needs</li> <li>Signed short-term home care preferential contracts with providers to assist colleagues in their family care needs</li> </ul>	<ul style="list-style-type: none"> <li>Continue to provide employees with child care- and home care-related discounts and welfare measures</li> </ul>

Action plan	2021 performance	2022 goals
Promote workplace health and safety	<ul style="list-style-type: none"> <li>176 employees from various units took unpaid parental leave, and the return-to-work rate was 77.27%; the number of employees who applied for a childcare subsidy rose to 1,228, and the subsidies paid out totaled NT\$16,134,699</li> <li>A dedicated team of health care professionals was maintained on site to care for employees' health; even with the effects of COVID-19, and 65% of all employees got a checkup that year</li> </ul>	<ul style="list-style-type: none"> <li>Maintain a health checkup participation rate of at least 65%</li> </ul>

## Diversity and inclusion

■ GRI 202-1, 202-2

### Gender equality and diversity

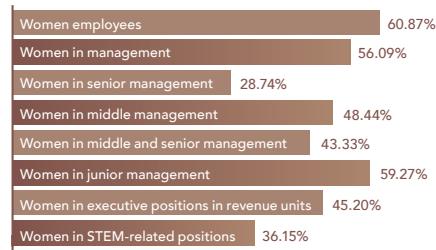
■ GRI 102-8

CTBC Holding adheres to the local regulations in every jurisdiction where it operates across the globe as well as international human rights standards in order to protect employees' legal rights and interests as well as create a diverse, open, equal, and harassment-free work environment. In 2021, CTBC Holding globally had 15,874 full-time employees (excluding overseas subsidiaries), 634 non-full-time (dispatched) employees, and 7,289 commission-based sales representatives, totaling 23,797 employees. Currently, CTBC Holding's main business locations are in Taiwan, North America, Northeast Asia, Greater China, Southeast Asia, and Australia. Local<sup>1</sup> employees are prioritized for management positions in these locations. The local employment rate in Taiwan was 99.70%, and the local employment rate overseas was 90.81%.

As of the end of 2021, women accounted for 60.87% of all employees across the entire Company and 56.09% of all managers, with the proportion of middle and senior managers who are women having increased by 2%-3% from 2020. Nearly 60% of the employees selected as model employees every year are women, indicating the opportunities for career growth provided to all employees regardless of gender.

<sup>1</sup>The geographical definition of "local" is country.

## Proportions of women in CTBC Holding in 2021



Note 1: "Management" refers to personnel who are responsible for the supervision and management of units.

Note 2: "Senior management" refers to managers at the section level and above.

Note 3: "Middle management" refers to managers at the department level and above, other than the senior level.

Note 4: "Junior management" refers to other managers who are responsible for supervision and management other than middle and senior-level management.

Note 5: "STEM" stands for science, technology, engineering, and mathematics.

Note 6: The above table includes only full-time employees in Taiwan, with employees in overseas branches and subsidiaries excluded.

CTBC Holding has always sought to support the employment rights of people with physical and mental disabilities as well as indigenous people. We do so by providing job opportunities through various channels and adjusting these roles to ensure that these employees are in positions and conditions that exceed statutory requirements. In 2021, we employed 115 employees with a physical or mental disability, and 47 employees who identify as indigenous. In addition, CTBC Holding is recruiting transnational talent in Taiwan and abroad in order to expand its competitive advantages and deepen the diversity of its workforce.

## Human rights

GRI 406-1, 412-1, 412-2

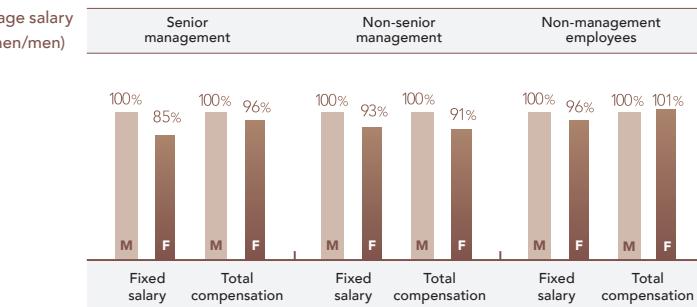
## Human rights policies and commitments

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

In addition to regularly assessing the risk of human rights infringements at all business locations we also map out improvement measures based on the assessment results and work toward the goal of zero human rights risks in the workplace. We have also established policies such as the Occupational Health and Safety Workplace Rules and the Sexual Harassment Prevention Measures Complaints, and Disciplinary Approach. These regulations clarify the roles of relevant human rights units, education and training, and notification procedures in order to protect the rights and interests of employees and maintain a harassment-free work environment. Furthermore, the Company regularly appoints labor-management representatives to hold meetings on the rights, interests, and welfare of its employees. The relevant regulations and employee handbook are available on our internal website for reference by employees at any time.

## Fair pay

We are committed to maintaining a friendly and equal-opportunity workplace. We provide fair remuneration to all employees regardless of gender, age, race, or nationality, ensuring that all employees here are able to contribute and excel equally. In 2021, there was no significant difference in the annual remuneration of women and men employed by CTBC Holding in Taiwan, neither at the management level nor non-management level.



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

Note 2: The scope of employees statistics include full-time employees in Taiwan on December 31, 2021, excluding non-full-year employees.

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

CTBC Holding is dedicated to implementing employee care based on human rights and gender equality. In addition to incorporating international human rights provisions into the employee Code of Conduct, the Company also offers relevant educational training programs to promote employees' awareness of human rights issues. In 2021, we had conducted human rights training to our full time employees, with a completion rate of 100%, and the total training hours were 14,329 hours. There were no reported cases of discrimination, child labor, forced or compulsory labor, or any infringement on employee interests at CTBC Holding in 2021.

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

## Human rights risk assessment and management measures

GRI 412-1

Issue	Target	Indicator and definition	2021 risk value	2021 risk assessment results	Mitigation measures	Compensatory measures
Diversity and Inclusion and Equality in the Workplace	Employees with a physical or mental disability	Employment rate of employees with a physical or mental disability=Number of insured units with unfulfilled quota of employees with a disability in the current year/Total number of insured units	0%	All relevant insured units met the quota of employees with a physical or mental disability; the risk was determined to be low	<ul style="list-style-type: none"> <li>Construct a barrier-free workplace environment that is friendly to people with disabilities</li> </ul>	<ul style="list-style-type: none"> <li>All insured units shall fulfill the quota for hiring employees with a physical or mental disability, in accordance with statutory standards</li> <li>Where hiring the full number of disabled employees is not possible, pay the "difference subsidies"</li> </ul>
Prohibition of child labor	New employees	Zero child labor	0%	No minor under the age of 16 was employed; the risk was determined to be extremely low	<ul style="list-style-type: none"> <li>Recruitment phase: Applicants are required to indicate the correct date of birth on their resumes and sign to certify the accuracy of the information provided</li> <li>Onboarding phase: Employees are required to submit their identification documents on the day they are to commence employment</li> </ul>	<ul style="list-style-type: none"> <li>Because identity documents are checked during onboarding, child labor will not occur; if a child worker misrepresents their age, they will be dismissed immediately in accordance with the provisions of Subparagraph 1 of Paragraph 1 of Article 12 of the Labor Standards Act</li> </ul>
Prohibition of employment discrimination	All employees	Incidence of employment discrimination=Number of employment discrimination cases as determined by the competent authority in the current year/Total number of employees	0%	No employment discrimination cases; the risk was determined to be extremely low	<ul style="list-style-type: none"> <li>The employee handbook specifies that discrimination against any job applicant or employee on the basis of race, class, language, thought, religion, political party, place of origin, place of birth, gender, gender orientation, age, marital status, appearance, facial features, disability, horoscope, blood type, or past membership in any labor union is strictly prohibited.</li> <li>The employee Code of Conduct pledges to establish a diverse work environment free from discrimination and harassment</li> </ul>	<ul style="list-style-type: none"> <li>If an employee's rights are infringed upon and they file a complaint, an internal complaint mechanism is activated, an investigation and interview will be conducted, and immediate and effective handling measures will be taken</li> <li>If a complaint is validated, in addition to assisting in protecting the employee's rights and interests, counseling will be offered as necessary, and the perpetrator(s) will be disciplined according to the work rules and the Employee Incentives and Punishment Measures</li> </ul>
Prohibition of sexual harassment	All employees	Incidence of sexual harassment complaints=Number of persons involved in sexual harassment complaints accepted by the Company internally in the current year/Total number of employees	0.013%	Investigation found two confirmed cases involving two employees; the risk was determined to be low	<ul style="list-style-type: none"> <li>Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment formulated in accordance with the statutory provisions</li> <li>A dedicated unit for sexual harassment complaints, a complaints hotline, and a dedicated email address established for handling relevant cases in accordance with the law</li> <li>Relevant educational courses organized on a regular basis</li> </ul>	<ul style="list-style-type: none"> <li>Employee complaints are addressed immediately and effectively. If a complaint is validated, counseling for the complainant is offered, their privacy is protected, and relevant awareness courses are organized</li> </ul>
Good labor-management relations	All employees	Labor-management dispute involvement rate=Number of persons involved in labor-management disputes as accepted by the competent authority in the current year/Total number of employees	0.41%	The rate was lower than the 2021 national labor-management dispute rate of 10.54% as determined by the Directorate General of Budget, Accounting and Statistics; the risk was determined to be low	<ul style="list-style-type: none"> <li>Employees' rights and interests in accordance with relevant labor laws and regulations</li> <li>Conduct regular labor-management meetings and employee opinion surveys to understand employee needs and address their issues of concern</li> <li>Set up an employee care mechanism to accept employees' complaints through multiple channels and handle complaints impartially and</li> </ul>	<ul style="list-style-type: none"> <li>When an employee requests mediation, whether their claims are legal and reasonable is assessed first; if the request is justified, a settlement plan will be developed</li> </ul>

Employee health management	All employees	Risk management indicator for physical and mental health=Number of questionnaires with high risk results as determined by doctors/Number of survey questionnaires with suspected physical and mental health risks	0%	No high-risk cases	<ul style="list-style-type: none"> <li>Execute employee physical and mental health management policies such as the Workplace Maternal Health Protection Plan, Overwork-Related Hazards Prevention Plan, and Ergonomic-Related Hazards Prevention Plan through the analysis of employee health checkup data, and follow the appropriate advice and management guidelines from doctors</li> </ul>	<ul style="list-style-type: none"> <li>Labor health service nursing personnel analyze employees' health examination reports and related protection plans, and provide health advice; according to the situation of each employee, email and telephone follow-up is conducted, health education materials are provided, and on-site doctors consultations are arranged</li> </ul>
		Number of work cases to be adjusted as recommended by doctors/Number of high-risk disease cases	0%	No health risks were caused by work duties		
	All CTBC Bank and Taiwan Life employees	Risk management indicator for disease cases=Number of high-risk disease cases/Number of cases upon effective data analysis	CTBC Bank: 4.4% Taiwan Life: 0%	CTBC Bank: 18 high-risk cases with employees receiving follow-up care; 413 cases in total Taiwan Life: 72 high-risk cases with employees receiving follow-up care		
Workplace safety management	All CTBC Bank and Taiwan Life employees	Occupational health and safety indicator=Number of high-risk hazards unaddressed/Number of high-risk hazards that can be addressed	CTBC Bank and Taiwan Life: 0%	The analysis data were calculated based on the workplace classification of risks and hazard identification in 2021	<ul style="list-style-type: none"> <li>Through the assessment of workplace risk, the level and control of different potential hazards are quantified</li> </ul>	<ul style="list-style-type: none"> <li>For each incident that occurs, identify the root cause, propose practical improvement suggestions, and include the incident in historical risk assessment data</li> </ul>

Note: The scope and target of the human rights risk assessment comprises full-time employees in Taiwan.

## Employee engagement

GRI 102-41

### Labor-management relations

GRI 402-1

To maintain good labor-management relations, CTBC Holding has built a harmonious communication platform that gives both sides equal footing, and arranges quarterly labor-management meetings. The labor representatives, who are formally voted and selected by all employees, work together with the representatives appointed by the management. None of the labor representatives may hold management positions. Furthermore, for any gender that constitutes half or more of all employees, at least one-third of all representatives must be of that same gender. To protect labor relations and working conditions, the Labor Standards Act stipulates the notice period required for employee termination. Accordingly, if required due to business closure, transfer, loss, or contraction, or because an employee is deemed unfit for their position, a labor contract will be terminated with 10 to 30 days' notice, depending on the employee's seniority.



Taiwan Life  
Collective  
Agreement.

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

In 2017, Taiwan Life's labor union signed a collective agreement with CTBC Holding, marking the first such agreement ever signed in Taiwan's life insurance industry. Membership is open to Taiwan Life employees only; all office employees, excluding those at the district manager level and above, can join. The collective agreement covered 7% of all eligible employees as of Dec. 31, 2021. It stipulates that employees may not be treated unfairly in terms of salaries, performance appraisals, incentives and punishments, promotions, evaluations, or any other regard because of their participation in labor union activities or holding of a labor union position. The agreement also states that Taiwan Life should give prior notice to the union before changing the working conditions of its union members, and that members may submit their opinions on such within 30 days of receiving the notice.

## Number and category of labor disputes

In 2021, CTBC Holding and its subsidiaries mediated a total of six labor-management disputes.

All disputes were resolved and handled appropriately, as detailed below:

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

## Employee opinion survey and communication channels

■ GRI 403-4

We conduct a survey of full-time employees (excluding dispatched employees and Taiwan Life contractors) every two years. By tracking the results of these surveys, we hope to better understand the feelings of employees of all ages and gauge the gap between peer recognition and external benchmarks. This will in turn help us to take practical improvement actions.

Due to the impact of the COVID-19 pandemic, a survey could not be conducted as scheduled in 2021. The most recent employee opinion survey was conducted in 2019. A total of 15,049 employees were surveyed, with a completion rate of 80%. The scope of the survey was CTBC Holding, CTBC Bank (all Taiwan branches, five overseas sub-branches, and 10 overseas branches), CTBC Securities, CTBC Investments, CTBC Venture Capital, CTBC Asset Management, Taiwan Life, TLG Insurance, TLG Capital, and Taiwan Lottery. The employee engagement score was 80 points (out of 100), exceeding the target of 78 points for the year. The 2022 Employee Opinion Survey will target a global participation rate of at least 88%, and we will seek to maintain an employee engagement score of 80 points.

We also maintain a range of other communication channels to make it convenient for employees to share their feedback, which serves as an important basis for our organizational improvement. These channels include a phone line, email inbox, and online form; feedback received through these in 2021 included the following:



## Talent recruitment and development

### Strategic workforce planning

Echoing our two key development strategies of overseas expansion and digital transformation, and with reference to the human resources skill gaps identified within the Company, our recruitment strategy focuses on internationalization and digitalization. We are committed to attracting talent from diverse fields and nationalities at home and abroad, including cross-border elites with "SMART" characteristics (i.e., "Savvy, Mobility, Ambition, Resilience, and Teamwork"). To do so, we are building a talent development and training system that can cater to the Company's business direction in a timely manner.

Financial talent	International talent	Digital talent
Goals		
<ul style="list-style-type: none"> <li>Maintain a presence on campuses and familiarize students with financial practices through on-campus sharing sessions and internship plans</li> <li>Leverage all CTBC Holding resources to develop a comprehensive system for recruiting financial talent</li> </ul>	<ul style="list-style-type: none"> <li>Actively engage with foreign students in Taiwan in anticipation of the Company's international growth and talent needs in the Southeast Asian market</li> </ul>	<ul style="list-style-type: none"> <li>Become entrenched in campuses and enhance awareness of CTBC Holding among outstanding students in preparation for our financial digital transformation</li> </ul>
Strategies		
<ul style="list-style-type: none"> <li>Corporate visits by university departments</li> <li>Online corporate briefing sessions in schools overseas</li> <li>Rising Star Summer Internship Program</li> <li>Management Associate Program</li> </ul>	<ul style="list-style-type: none"> <li>Operate the International Associate (IA) Program to bolster the ranks of financial professionals in Taiwan by bringing in outstanding talent from abroad and providing them with Chinese-language courses as well as other support and benefits to adjust to life in Taiwan</li> <li>Continue to recruit overseas students for summer internships and provide opportunities for long-term development in Taiwan</li> </ul>	<ul style="list-style-type: none"> <li>Launch IT industry-university collaboration internship programs with the aim of providing practical connection opportunities for senior students in information-related disciplines</li> </ul>
Outcomes		
<ul style="list-style-type: none"> <li>A total of 17 open-house sessions were organized, helping over 2,000 students at home and abroad better understand working in the financial sector</li> <li>A total of 28 students enrolled in our summer internship program, of whom four went on to take additional internships with us during the semester</li> <li>The Rising Star internship program attracted applications from some 800 students</li> <li>45 outstanding candidates were selected from nearly 1,200 applicants for the MA program</li> </ul>	<ul style="list-style-type: none"> <li>From among 200 applications from nearly 20 nationalities, 16 people from Thailand, Vietnam, Indonesia, Malaysia, the Philippines, and Hong Kong were enrolled in the IA Program</li> <li>More than 100 foreign students applied for the summer internship group, with 18 admitted</li> <li>Over 1,000 foreign talents were reached by online recruitment activities</li> </ul>	<ul style="list-style-type: none"> <li>More than 150 applicants for IT internships</li> <li>IT and IT Security Division accepted 30 interns, offering five months of training and practical exposure to program development in the finance industry</li> </ul>

## Integrating digital and physical recruitment

As the pandemic continued in 2021, we further digitized our recruitment efforts. By analyzing differences in advertising performance across channels, we targeted high-traffic social networks such as Facebook, Instagram, and LinkedIn with multimedia content. By combining multiple live broadcast events with online recruitment activities on external recruitment platforms, we were able to promote our latest recruitment drives without time or space restrictions. In terms of on-site activities, we observed the epidemic prevention guidelines and adjusted our recruitment process as necessary in response to epidemic restrictions, including by shifting seminars and one-on-one interviews online. In 2021, recruitment expenditure totaled NT\$32.79 million, for per person expenditure of NT\$12,835.

## Talent development

GRI 404-2

### Employee career development

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

### Key employee development projects

#### Global supervisor training

In order to support the medium- and long-term strategic goals of CTBC Holding, we have established a function-oriented talent strategy, regularly review and refine the development and training plans of executives, and continually improve the quality of leadership at all levels. Every year, senior management works with renowned universities and consulting companies at home and abroad, in line with the strategy of the group, to plan annual training according to the ADDIE (analysis, design, development, implementation, and evaluation) teaching model. This training includes management development training for managers at all levels, business language courses, financial insight analysis, overseas branch manager training, and management trainee training as well as the establishment of a cross-unit communication platform to foster cohesive, consistent values across the leadership team and all employees.

We have long cooperated with The Wharton School of the University of Pennsylvania to conduct customized courses, such as the Executive Program for senior executives and the Leadership Development Program for mid-level executives. These help develop the strategic planning, cross-border operation, and innovative thinking capabilities of our leadership team. Furthermore, the Wharton Master Forum is also jointly organized to provide insight on relevant international trends, with domestic and foreign industry experts engaging in discussions exploring diverse topics. Management thinking is also taught through case studies, and decision-making skills exercised through interactive teaching in order to prepare participants for the rapidly changing external environment and cross-industry challenges.

Due to the pandemic, a blended learning approach combining on-site and online courses was adopted in 2021. Training costs for the year totaled NT\$16.34 million; on-site courses had 359 training sessions, 22,594 training hours, and total attendance of 2,872 whereas online courses had 1,424 training sessions, 82,739 training hours, and total attendance of 36,461.

#### Management Associate program

We offer the Management Association (MA) program in order to expand the pool of management trainees and cultivate overseas talent. A range of rotations, training, and evaluations are conducted as part of the program, as follows:

- **MA onboarding training:** In the first month of joining the company, MAs complete 60 hours of general courses over 8 days as well as 120 hours of further training over 15 days according to their specialization, such as credit training for corporate finance MAs and design thinking methods for technology finance MAs.
- **MA rotation training:** Each group of MAs receives two years of on-the-job training by rotating through front-, middle-, and back-office units. They also work with strategic planning units and participate in major internal and external projects, thus quickly accumulating practical financial expertise and improving their overall understanding of the industry.
- **MA training courses:** During the rotation period, MAs also complete over 50 hours of courses, with content such as general knowledge, planning, and financial modules, in order to strengthen their planning and financial analysis capabilities.
- **MA topic evaluation:** Annual presentation evaluations are arranged for MAs every year to assess their planning abilities and financial professional development. Meanwhile, MAs are also regularly reviewed for the skills and behavior required for core management positions.

#### Professional training

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

To enhance employees' professional knowledge and sales skills in ARM/ACM/RM, a development training program was provided to a total of 575 RMs and ARMs at CTBC Bank. The training was available to new employees during their onboarding period. It included credit training, financial analysis, industry analysis, credit investigation report writing, and field visits over 105 hours of courses held across 15 days.

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

##### Certified Financial Planner/Retirement Financial Advisor training

CTBC Bank actively cultivates talent by encouraging employees to obtain CFP® and RFA certifications. In addition to offering certification training class, the Bank provides at least 300 hours of professional training per year to every employee through various learning platforms such as online and offline courses, on-the-job training, and audio recordings to enhance their professional financial knowledge and reinforce their understanding of fair dealing, AML, and risk. CTBC Bank also has a comprehensive database of customer transactions; through precise analysis of it, wealth managers can more effectively understand the needs of customers and perform a tailor-made asset allocation accordingly. CTBC Bank has 327 employees with CFP certificates and 389 employees with RFA certificates.

##### Taiwan Life sales agent training

To improve the skills of Taiwan Life's sales agents, a standardized and systematic education and training system targeting on our 7,289 agents has been established. With content covering various areas, including certification tests, product training, customer demands, and policy risk assessments, the system can help agents to attract new policyholders and increase performance. The system has been recognized with several insurance professional development awards.

#### CTBC Bank reskilling program

The ubiquity of digital technology poses challenges for the financial industry, particularly in term of the digital skills gap and personnel transformation. To address these, CTBC Bank launched a digital reskilling training program in 2020. It helps employees learn the skills required in the digital age while strengthening our digital workforce capital, in turn supporting the development of digital financial business.

- In 2021, we defined 7 key digital skills and worked with external training institutions and internal experts to plan a series of related courses with varying proficiency levels, such as basic, professional, and advanced.
- In 2021, a total of 3,717 participants completed 16 courses on 12 topics such as introduction to AI, Big Data, data analysis, data science, artificial intelligence, and data governance.

## Diverse training platforms

Type	Details and results
Self-development courses	In response to the Company's strategies and general development trends, various types of on-site and distance courses are provided to improve employees' skills and motivation. Two classroom courses, one remote livestream course, and three lectures were arranged in 2021, with 311 participants and an average satisfaction rate of 4.52 out of 5.
Online self-development courses	Popular outside Taiwanese e-learning platform is used to provide various learning resources. By providing employees with courses relevant to their business units, this meets the self-learning needs of the staff, enhances their cross-field knowledge, and supports their units' operations. As of the end of 2021, 219 online courses had been offered, with 14,865 users and an average satisfaction rate of 4.74 out of 5.
Happiness seminars and humanities lectures	We held three lectures on arts, literature, and other humanities topics in 2021, with a satisfaction rate of 4.71 out of 5, providing employees with a myriad of learning resources and creating a workplace atmosphere that embraces a healthy work-life balance.
Language learning	We provide a diverse range of language learning resources and activities. In 2021, these included twelve 1-on-1 and group classes for supervisors, with 38 participants, as well as three English Salon sessions held in cooperation with ICRT and four business English courses in cooperation with language institutions, with a total of 156 participants. The overall average satisfaction was 4.66 out of 5.
CTBC eCollege	This online training platform provides professional and regulatory courses supplemented with multilingual learning resources and an online knowledge base. In 2021, 17,594 employees used the CTBC eCollege website 1,162,272 times, while 13,014 employees used the CTBC eCollege app 194,883 times.
Library resources	Our library is stocked with books and periodicals, which can be searched for and reserved online, as well as provides business information through the Taiwan Industry Economics Services database. As of the end of 2021, the library had a collection of 7,334 books and had facilitated 14,798 uses of the database.
Online library	In response to digital learning innovation in the post-pandemic period, we provide employees with diverse and convenient reading channels to establish a digital learning environment. By the end of 2021, a total of 167 e-books and 15 e-magazines were provided, with a total of 27,449 views.

## Training data

GRI 404-1

In 2021, the total number of registered training hours by CTBC Holding and its subsidiaries' employees reached 705,915 hours and the average number of registered training hours per employee was 48 hours. Employee training expenses totaled NT\$49.60 million. We held 1,829 classroom training sessions, with an attendance total of 14,623. There were 2,663 online training sessions with an attendance total of 295,320.

### Total training hours Unit: hours

Women 60,400	Men 36,750
Management positions Total 97,150	
Women 378,455	Men 230,310
Non-management Total 608,765	

### Average training hours Unit: hours

Women 63.0	Men 49.0
Management positions Total 56.9	
Women 47.9	Men 46.6
Non-management Total 47.4	

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

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

Note 3: The number of employees used in calculating the average number of registered training hours is based on the number of employees in service as of Dec. 31, 2021.

Note 4: The number of registered training hours for CTBC Security is estimated based on the number of employees in service at the end of the year and on the basis of four hours in-service training every month according to Article 10-2 of the Private Security Service Act.

## Human capital development assessment

GRI 404-3

We set a general training and development direction every year, and launch various training programs accordingly. In addition to utilizing the Kirkpatrick Model to review the learning outcomes of our training programs, we also evaluate their effectiveness by using the Jack Phillips' ROI training methodology. The ROI of our training programs is calculated by using the relevant quantitative data of training effectiveness to verify the programs' economic benefits.

Indicator	Item	2019	2020	2021
L5 ROI	Average contribution per person (NT\$ thousand)/net profit after tax / number of employees)	2,108	2,071	2,552
	Human capital ROI	35.1%	39.6%	58.3%
	Return on labor expenses (net profit after tax / labor expenses)	1.10	1.18	1.23
L4 Results	Retention rate of key employees	94.5%	94.2%	94.0%
	Employee turnover rate	9.01%	8.57%	12.66%
	Replenishment rate of internal employees	59.86%	64.96%	53.46%
L3 Behavior	Proportion of key employees holding management positions	25%	28%	30%
	Acquisition rate of licenses necessary for promotion	100%	100%	100%
	Passing rate for legal compliance, risk management, anti-money laundering education and training	100%	100%	100%
L2 Learning	Employee training courses average satisfaction level (5-point system)	Self-development course: 4.74 Happiness seminar: 4.76	Self-development course: 4.54 Happiness seminar: 4.70	Self-development course: 4.52 Happiness seminar: 4.71
L1 Reaction				

## Creating a happy workplace

GRI 201-3, 202-1, 401-2

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

### Remuneration and benefits

We not only provide competitive remuneration but also link the Company's overall strategic targets with employees' individual work goals via a performance management system. Every employee sets individual performance goals (MBO) at the beginning of the year, and managers evaluate employee performance based on their achievements as well as multidimensional appraisal from other managers or peers. To account for differences in the performance evaluation results of individual employees, each performance ranking is conducted with specific consideration given to the employee's unit or position, thereby enhancing the fairness and impartiality of the appraisal. Performance evaluations include key business performance indicators for each unit and a composite indicator of individual compliance with internal controls/legal/ information security standards, cost controls, personal development and team management, and ESG. Rewards, training programs, and career development opportunities are offered based on the performance of each employee. Those who demonstrate both excellence and potential are actively promoted and cultivated for higher positions through an open and transparent promotion scheme. In this manner, employees with greater responsibility are provided with corresponding compensation and benefits, spurring the positive development of the organization as a whole.

#### Remuneration policy

CTBC Holding has formulated a remuneration policy for itself and its subsidiaries and which is applicable to its global operation locations. The policy comprises three main goals, namely maintaining market competitiveness and achieving pay based on job duties and on performance. Our overall remuneration package includes fixed and

variable pay, wherein the fixed pay comprises 12 months' salary, fixed allowances, fixed bonuses while the variable pay comprises a performance bonus and incentive bonuses. The monthly salary is determined based on objective factors, namely the employee's experience and abilities and the value of the position applied for, and is adjusted annually in line with domestic and overseas economic trends, market rates, and personal performance. In 2021, there was a 2%-3% salary increase for CTBC Holding employees in Taiwan, Japan, North America, and Canada, and a 4%-6% increase for those in Southeast Asia and China. The average monthly salary for entry-level employees of CTBC Holding in its major operation location, Taiwan, was 2.8 times Taiwan's minimum wage in 2021, with that of men and women both being 2.9 and 2.7 times the minimum wage, reflecting the competitiveness of our overall remuneration policy.

#### Fixed pay

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

#### Variable pay

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

Furthermore, to motivate employees by providing competitive compensation, we regularly conduct market compensation surveys at every operation location. In 2021, we had 12,824 non-managerial full-time employees in Taiwan. Their salaries for the year totaled NT\$19,963,770,181, and their average and median salaries were as follows:

2020	2021	2020	2021	2020	2021
Weighted average number of employees		Average salary (NT\$ thousands/year)		Median salary (NT\$ thousands/year)	
4,591	Men 4,742	1,519	Men 1,643	1,226	Men 1,331
7,937	Women 8,082	1,389	Women 1,506	1,132	Women 1,219
12,528	Total 12,824	1,437	Total 1,557	1,165	Total 1,259
YoY change 2.36%		YoY change 8.35%		YoY change 8.07%	

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

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

### Long-term and diverse incentives

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

	Applicable personnel	Coverage (%)	Program content	2021 implementation performance
 Restricted stock awards (expected to be issued)	Employees of designated job levels or special job categories of CTBC Holding and its subsidiaries in Taiwan	92.7	Long-term reward instrument in the form of shares with a vested period of five years. Aimed at encouraging employees to hold shares long-term and promote the interests of the Company and its shareholders.	<ul style="list-style-type: none"> <li>None; restricted stock awards to be issued after approval at the shareholders' meeting in June 2022</li> </ul>
 Employee stock appreciation rights	Employees of designated job levels or special job categories of CTBC Holding and its subsidiaries in Taiwan	87.4	Long-term incentives in cash, with a three-year deferral period, thus tying them to the Company's long-term operational performance as an employee retention strategy.	<ul style="list-style-type: none"> <li>At the end of the deferral period, the stock appreciation rights granted in 2018 were executed on Dec. 31, 2021, with a return rate of 350%</li> </ul>

 Employee welfare savings	Employees of CTBC Holding and its subsidiaries in Taiwan	97.8	Employees may set aside a certain amount every month, and the Company will allocate a subsidy for the purchase of CTBC Holding shares that will be placed in a trust.	<ul style="list-style-type: none"> <li>Total annual assets: NT\$4.05 billion</li> <li>Average ROI (long-term holding): 149%</li> </ul>
 Employee shareholding	Employees of CTBC Holding and its subsidiaries in Taiwan	30.2	Employees may allocate a certain amount of additional funds to purchase CTBC Holding shares. The Company will distribute a bonus of 20% over three years to encourage long-term investment.	<ul style="list-style-type: none"> <li>Total assets for the year: NT\$4.01 billion</li> <li>Average ROI (long-term holdings): 106%</li> <li>Participation of non-senior executives: 99%</li> </ul>
 Environmental sustainability rewards	Employees of CTBC Holding and CTBC Bank in Taiwan	79.7	When annual electricity- and water-saving projects reach their targets, the Company will allocate additional incentive funds as a bonus for various energy saving and carbon reduction activities.	<ul style="list-style-type: none"> <li>In 2021, total electricity and water consumption were reduced by 4.68% and 9.78%, respectively. Incentives fund were allocated, including for the 2022 energy-saving competition. In addition, a total of NT\$316,000 was awarded as part of the Energy Saving Competition in 2021 to further encourage colleagues to care for the environment.</li> </ul>

### Three major employee welfare systems

Our Employee Welfare Committee oversees general employee care measures as well as a variety of additional benefit options. We also offer a flexible benefits system for full-time employees in Taiwan; the system works by awarding points every year to employees, who can exchange them for products and services of their choice. Furthermore, in consideration of employee health, we provide health checkup benefits that are superior to the statutory requirement, with one free checkup once a year for employees aged 40 or more and one free checkup every two years for employees under the age of 40.

The core welfare system that CTBC Holding has in place provides employees not only with labor and health insurance, as legally required, but also various subsidies, such as for marriage, family funerals, childbirth, medical treatment, and children's education,

as well as cash gifts for birthdays, bonuses for major holidays, emergency relief and consolation funds, comprehensive group insurance, group annuity insurance, and others. We also offer employees preferential interest rates of less than 1% for home loans, with limits varying depending on rank.

#### Retirement contributions

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

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

#### Rewards and recognition

**BEST Employee:** CTBC Holding holds a BEST Employee competition every year, the winners of which are publicly recognized. **Senior employee recognition program:** This program honor those who have been with us for the long run. Employees who have served at the Company for more than five years are awarded certificates.

**Golden holiday:** Those here for 5 years and 10 years are given a onetime "golden holiday" of five paid days off. **Diamond holiday:** Those here for 15, 20, 25, and 30 years or more receive "diamond holiday" allowances of NT\$20,000, NT\$25,000, NT\$30,000, and NT\$35,000, respectively.

#### Leisure activities

CTBC Holding attaches great importance to ensuring its employees can spend their free time in a satisfying manner. In addition to having organized numerous leisure activities over the years, we support employees in organizing their own club activities. The Company had 35 clubs in 2021, including for golf, English speaking, music, flower arrangement, aerobics, and adventure cycling. Despite numerous activities needing to be canceled due to the pandemic, 922 activities took place, with 4,326 participants and club activity subsidies totaling NT\$4,218,592. Large-scale outdoor events such as the CTBC Holding Golf

Tournament were also organized. With the Company's support and their own team efforts, employees are enjoying more opportunities to get outdoors and develop a healthy body and mind.

#### Volunteering culture

CTBC Holding is committed to supporting public welfare, particularly when it comes to the needs of underprivileged children. We have organized afterschool, financial literacy, and English volunteer groups to allow employees to give back to the society. These groups have been organized to provide systematic, well-structured support for disadvantaged children and families. We are the first financial institution in Taiwan to introduce a leave program to encourage volunteering by employees. Our Good Deed Leave guarantees staff one day of paid leave for every six hours of volunteer service, with each employee able to apply for up to 10 days of leave every year—the most in the industry. Since introduction of the program, CTBC Holding has a total of 2,466 employees participating in volunteer activities, representing approximately 1 in 10 employees. They have contributed 160,000 hours' worth of volunteer services, with 491 days of paid Good Deed Leave granted in 2021.

We also recruit volunteers from among current and retired employees as well as the public to serve as docents at the CTBC Museum, which houses exhibits on the Company's rich history. As of the end of 2021, there were 40 volunteers, of whom 12 were current employees, 4 were retired employees, and 24 were members of the public from all walks of life.

## Creating a healthy workplace

GRI 403-1, 403-3

### Health risk management

GRI 403-1, 403-6, 403-7

Measure	Detail
Organize health seminars Enhance self-health management awareness	<ul style="list-style-type: none"><li>In 2021, CTBC Bank conducted 91 sessions of activities such as health promotion activities, health seminars, and on-site doctor services, with 593 participants and an average satisfaction score for the health promotion activity of above 4.84 (out of a maximum of 5)</li><li>Taiwan Life conducted 300 sessions of the above mentioned activities, with 9,874 participants and the annual average satisfaction score for related activities was 97.5%</li></ul>
Formulate health prevention plans Internalize employees' self-health management actions	<ul style="list-style-type: none"><li>With a focus on ergonomics-related musculoskeletal diseases, maternal health, and overwork-related diseases, measures such as employee health management, case tracking, and care and effectiveness evaluations have been established and the effective management and analysis of annual employee health checkup results has been implemented</li></ul>

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

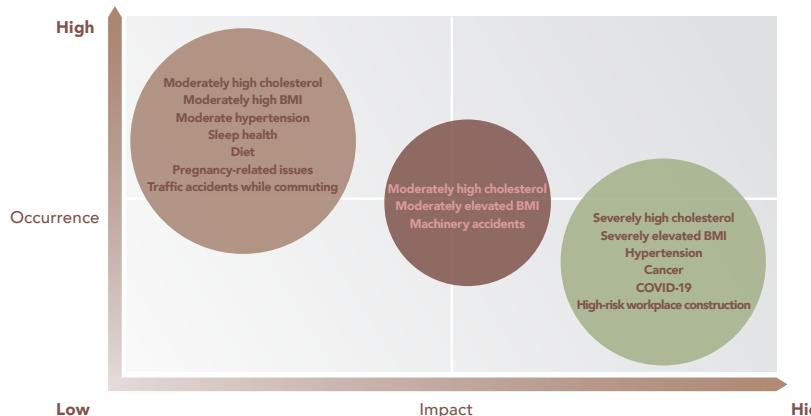
In the past three years, the rate of CTBC Holding employee health checkups was 80%. We also take myriad actions to improve employees' health, including by providing healthy dining choices and conducting health promotion campaigns. Furthermore, we regularly organize courses on stress management, stress relief, and interpersonal communication. We sanitize our workplaces on a regular basis, stabilize the humidity and temperature in the workplace, provide a fully equipped fitness center at our headquarters, and follow up on employees' health checkup results. Such efforts have earned recognition, including received the government's Healthy Workplace Certification and Taiwan i Sport Corporate Certification for consecutive years. Taiwan Life was also recognized with the Health Promotion Award at the 2021 Asia Responsible Enterprise Awards.

#### Continued process improvement



#### Map of employee safety and health risks

GRI 403-7



Risk topic	Likeli-hood	Mitigation/preventive measures	2021 performance
'Three highs' (hyperglycemia, hyperlipidemia, and hypertension)	High	<ul style="list-style-type: none"> <li>Infirmary blood pressure monitoring overwork tracking</li> <li>Hold blood pressure Health Month events</li> <li>Hold dietary health workshops</li> <li>On-site doctor consultations</li> <li>Blood pressure care station tour services</li> </ul>	<ul style="list-style-type: none"> <li>103 on-site doctor consultations with 651 participants</li> <li>9 dietary health lectures with 307 participants</li> <li>58 events held for Blood Pressure Health Month, with 1,655 participants</li> <li>413 people tracked for overwork, with tracking successfully completed for 100% of cases</li> <li>Organized blood pressure care events, with 590 participants and a satisfaction rate of 4.97 out of 5</li> </ul>
High-risk workplace construction	High	Contractor site inspections	337 inspections, with 4 falling risks identified, and an improvement rate during the construction period of 100%
		Site visits	4 site visits conducted
COVID-19	High	<ul style="list-style-type: none"> <li>Online epidemic prevention education activities with nurses</li> <li>Epidemic prevention handbooks</li> <li>Epidemic prevention lectures</li> <li>Health lectures</li> </ul>	<ul style="list-style-type: none"> <li>8 online health education lectures with a total of 512 participants</li> <li>3 handbooks, namely for prevention, high-risk employees, and confirmed infections</li> <li>3 epidemic prevention lectures and activities with a total of 98 participants</li> <li>COVID-19 vaccination lectures with a total of 33 participants and an average satisfaction score of 4.49 out of 5</li> </ul>
Cancer	Low	<ul style="list-style-type: none"> <li>Screenings for four major cancers</li> <li>Health lectures</li> </ul>	<ul style="list-style-type: none"> <li>Free screenings of the four cancers, with 102 participants and an average satisfaction score of 4.76</li> <li>Lectures on lung cancer and quitting smoking, with a total of 72 participants and an average satisfaction score of 4.75 out of 5</li> </ul>
Environmental hazards	Low	Workplace safety advocacy leaflet	5 workplace safety advocacy leaflets
Musculoskeletal disorders	Low	Health education	E-newsletters detailing correct postures for computer use to avoid musculoskeletal pain

Maternal health protection	Low	• Health education	<ul style="list-style-type: none"> <li>2 lectures, "Infant Allergy and Breastfeeding" and "Understanding HPV (Human Papilloma Virus)," with a total of 86 participants and an average satisfaction score of 4.77 out of 5</li> </ul>
General health	Low	• Health education	<ul style="list-style-type: none"> <li>2 lectures, "Toxic-free Frees Your Body" and "A good night's sleep to welcome health," with a total of 100 participants and an average satisfaction score of 4.57 out of 5</li> </ul>
Traffic accidents while commuting	Low	• Education training	<ul style="list-style-type: none"> <li>7 occupational health and safety education sessions, including commuter traffic accident prevention advocacy, with 11,071 participants and a training coverage rate of 98.78%</li> </ul>

## Employee support ■ GRI 401-3

### Employee care during the pandemic

As the effects of COVID-19 continued in 2021, we introduced new measures to keep our workforce safe. In addition to purchasing COVID-19 rapid test kits for employees, we implemented epidemic prevention and tracking measures, including for those with a fever. We partnered with three hospitals (i.e., Kang-Ning General Hospital, Cheng Hsin General Hospital, and Shin Kong Wu Ho-Su Memorial Hospital) to help high-risk employees make COVID-19 test appointments, with 448 employees and 59 employees making rapid and PCR screening appointments, respectively, in 2021. The Company also continued delivering timely epidemic prevention information, boosted morale by sending encouraging messages to colleagues, and arranged counseling sessions to alleviate employee anxiety.

To encourage colleagues to get vaccinated, we provide fully paid vaccination leave of up to two days per dose. We also offer paid vaccine care leave, so that employees can take time off to care for family members after their vaccinations.

In addition, with waves of school closures occurring nationwide, we instituted epidemic prevention and care leave to enable employees to stay home with their children (length of leave depends on school closure duration). Employees required to self-isolate at home are also entitled to up to 14 days of paid leave.

### Safer work choices

CTBC Financial Park implemented a flexible working hour system, providing three staggered shifts for employees to choose from. Staff can choose a suitable time to work according to their personal needs. During the pandemic, commuter diversion measures were implemented to effectively prevent employees from crowding in public transportation areas during peak

traffic hours and reduce the risk of infection. In addition, since the outbreak of the epidemic in 2020, CTBC Holding has established a working from home policy, and adopted VPN remote connections and video conferencing software to facilitate remote working.

### Support for women and families

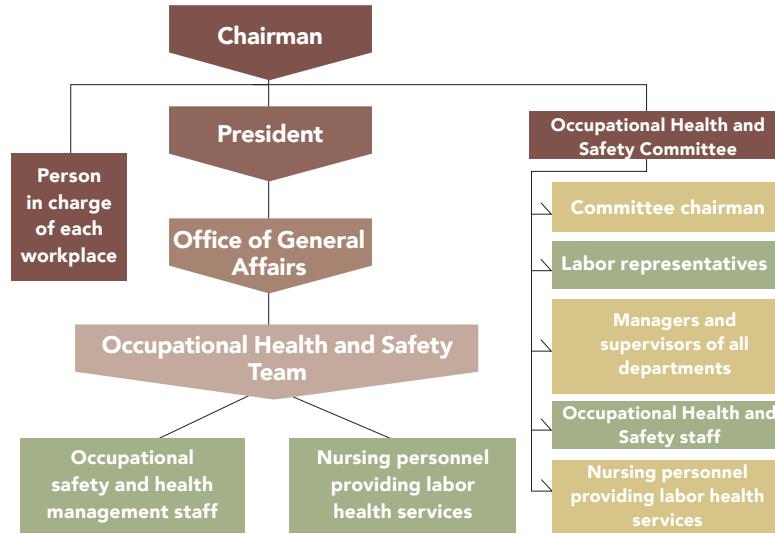
In 2021, CTBC Financial Park as well as many CTBC Bank locations again received Nursing Room Excellence Certification from Taipei City's Department of Health. Employees with a child under the age of 2 are entitled to 60 minutes of breastfeeding/breast milk collection on work days with regular workhours;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

As part of its efforts to provide a safe and friendly work environment for its employees, CTBC Holding has support mechanisms in place for women and families, such as menstrual leave, parental leave, paternity leave, family care leave, and childcare subsidies. In 2021, a total of 176 employees from various units were on unpaid parental leave, and the return-to-work rate was 77.27%. The number of employees who applied for a childcare subsidy reached 1,228, and the subsidies paid out totaled NT\$16,134,699. To encourage employees to have more children and play a part in boosting Taiwan's low birth rate, we also offer a maternity allowance of up to NT\$4,000 per child. Regarding childcare measures, a flexible points-based system allows employees to exchange their points for goods and services, including childcare subsidies. Furthermore, contracts were signed with education providers to arrange for discounts at select kindergartens. In 2021, the crude birth rate of CTBC Holding staff was 32.8‰, far exceeding Taiwan's rate of 6.55‰ and demonstrating the healthy work-life balance afforded by our treatment of employees.

Leave type	Content	Description
Paid maternity leave	Employees who give birth or miscarry at 20 weeks or beyond are entitled to 8 weeks of paid leave (56 days); those who have miscarried over 12 weeks of pregnancy (inclusive) will be given four weeks of leave (28 days). 10-day leave will be given for those who have miscarriages under 12 weeks.	Exceeds the requirements of the Act of Gender Equality in Employment
Co-parent leave and prenatal leave	Employees are entitled to up to seven days of leave to attend prenatal visits and childbirth with a pregnant spouse and to stay home after the birth.	Meets the requirements of the Act of Gender Equality in Employment
Babysitting leave	Employees who have been at the Company for at least six months, and whose spouses are employed, may take leave without pay to care for children aged under 3.	Meets the requirements of the Act of Gender Equality in Employment and the Employment Insurance Act

## Ensuring a safe workplace

### CTBC Bank occupational health and safety management structure



### Occupational health and safety policy and commitment

■ GRI 403-1

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

team, and are verified by a third party. The Administrative Management Department (General Affairs) is the management unit responsible for the OHS rights of CTBC Holding, and formulates relevant OHS policies, which are promulgated and implemented after being approved by the Chief Administration Officer. In addition, it is responsible for proposing the health and safety policies formulated by CTBC Holding; setting qualitative and quantitative goals, such as for general health and safety education and training, environmental monitoring and other projects; tracking the results; and simultaneously planning and executing OHS plans, environmental monitoring, and education and training.

### Occupational health and safety committees

■ GRI 403-4

CTBC Bank, Taiwan Life, and CTBC Security has each established an OHS committee to review and coordinate related matters, with a view to effectively reducing workplace safety risks.

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

## Occupational health and safety risk assessment process

The annual management review meeting of CTBC Bank and Taiwan Life not only reviews the implementation of the previous year's OHS action plan but also discusses the appropriateness of the quantitative targets to be used in formulating the next year's targets.



### Respond to risks in a timely manner

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

In the event of an occupational hazard, a survey and analysis shall be carried out and record made with the presence of a labor representative. The relevant department head or

### Article 18 of the Occupational Safety and Health Act

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

management/supervision personnel and OHS officers will provide immediate support for the investigation and analysis of the cause of the hazard, and will together formulate appropriate countermeasures. Such shall be reported in accordance with the administrative procedures to the occupational safety and health authority, and implement the measures after approval.

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

## Occupational health and safety training

GRI 403-5

### General training

CTBC Bank, Taiwan Life, and CTBC Security conduct OHS training every year to improve employees' health and safety awareness. In 2021, the coverage rate of active employees who participated in the training was 100%, representing 11,071 employees. In addition, 1,520 new employees received related onboard training. For Taiwan Life, 9,151 internal and external employees and 256 new employees underwent on-the-job training, and the induction training coverage rate was 100%.

### Certification training

CTBC Bank and Taiwan Life regularly arrange for professional certification training for employees in every region where they maintain a presence. Recipients of this training include occupational health and safety personnel, first-aid personnel, and fire prevention managers; the training is aimed at instilling health and safety concepts in the work habits of employees at every level. In 2021, a total of 476 employees at CTBC Bank attended the initial and refresher training on OHS management, with a 100% completion rate for both the initial and refresher training. At Taiwan Life, 107 employees attended initial and refresher training in 2021, also with a 100% completion rate. Furthermore, all of the supervisors in CTBC Security's Administrative Department are licensed occupational health and safety personnel. In addition to making arrangements for employees to obtain first aid certification, first aid-related programs are also included in employees' on-the-job training, for which the subsidiary has a completion rate of 100%.

## Contractor training

When it comes to occupational health and safety, CTBC Bank and Taiwan Life lead by example, taking the initiative to work with their partners to jointly address OHS issues. Contractors are required to sign labor safety advocacy and management documents, including health and safety and environmental commitments. They must also accept relevant work hazard notification and inspection findings. In addition, vendors are encouraged to implement independent management.

## Disabling injuries

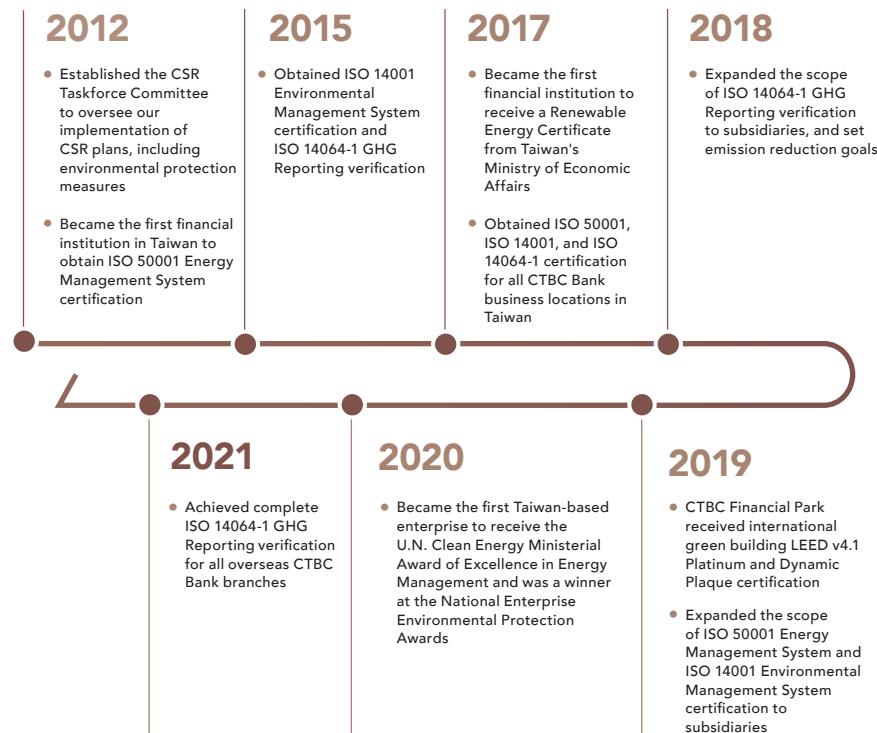
If an employee is injured at work, we will grant them occupational injury leave in accordance with the relevant regulations and the situation, and assist them in applying for a labor insurance subsidy. This ensures they receive the necessary assistance in the shortest possible time and minimizes the impact of the injury. In 2021, a total of 26 people applied for occupational injury leave, and the number of days of occupational injury leave was 433.5. There were no deaths resulting from the performance of duties, and we received no disability injury notifications from contractors. (Refer to the Appendix for detailed injuries data.)

		2021	2020
CTBC Bank	Contractor seminars	20	30
	Contractor construction injuries	0	0
Taiwan Life	Contractor seminars	10	5
	Contractor construction injuries	0	0

# Environmental sustainability

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

Such efforts could not be timelier, with the World Economic Forum's Global Risks Report 2022 identifying biodiversity loss among the three global risks anticipated to have the most damaging effect over the next 10 years, posing a serious threat to the wellbeing of the next generation. Driven by this urgency, in 2022, we became the first company in Taiwan to join the Task Force on Nature-related Financial Disclosures (TNFD). Together with more than 250 fellow member institutions around the world, we will utilize our expertise and experience to formulate a practical disclosure framework. Once completed, this framework will empower us and the entire financial industry to better disclose our environmental risk management measures and performance.



## Highlights

Program	2021 performance	2022 targets
Environmental management systems and certification	<ul style="list-style-type: none"> <li>Received ISO 14064-1 GHG reporting verification for 13 more overseas CTBC Bank branches</li> </ul>	<ul style="list-style-type: none"> <li>Reduce total electricity consumption, GHG emissions, water consumption, and waste by 1% from 2020</li> </ul>
Energy and environmental management	<ul style="list-style-type: none"> <li>Reduced water consumption by 15.15%, from 2020</li> <li>Replaced R22 refrigerant-based equipment at 13 CTBC Bank branches</li> </ul>	<ul style="list-style-type: none"> <li>Have R22 refrigerant-based equipment replaced at a total of 15% of CTBC Bank branches</li> </ul>

## Green operations guidelines

### Environmental sustainability strategy

Our core approach to implementing green operations comprises energy conservation, carbon footprint reduction, and environmental sustainability. To deliver on our "Green Policy, Green Future" promise, we devote significant effort in the five key areas of expanding green procurement, implementing sustainability-related education and training, strengthening energy resource management, persistent and regular verification, and partnering with sustainable suppliers. In addition, we strive to minimize the impact and maximize the benefit of our business activities on the environment. In 2021, CTBC Holding invested NT\$26.57 million in human resources, equipment, training, and management system tutorials and certifications as part of our sustainability strategy.



### Environmental management systems and certification

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

#### CTBC Bank

- GHG Emissions Reporting Certification covers 196 branches: 182 in Taiwan and 14 overseas
- Energy and Environmental Management Certification covers 182 branches in Taiwan

#### Taiwan Life

- GHG Emissions Reporting Certification covers 15 sites: sites in Taiwan and representative office overseas
- Energy and Environmental Management Certification covers 13 sites: Taiwan Life HQ, 7 branches, 2 owned buildings, the HQ and Taichung branch of subsidiary CTBC Insurance, and the HQ of subsidiary CTBC Finance

#### Taiwan Lottery

- GHG Emissions Reporting Certification covers 7 locations: HQ and 6 business service departments
- Energy and Environmental Management Certification covers 7 locations: HQ and 6 business service departments

#### CTBC Securities

- GHG Emissions Reporting Certification covers 10 locations: HQ and 9 branches
- Energy and Environmental Management Certification covers 10 locations: HQ and 9 branches

#### CTBC Investment

- GHG Emissions Reporting Certification covers 2 locations: HQ and 1 branch
- Energy and Environmental Management Certification covers 2 locations: HQ and 1 branch

#### CTBC Venture Capital

- 1 location: HQ

#### CTBC Asset Management

#### CTBC Security

## Green operations management and performance

### Greenhouse gas management

GRI 305-1, 305-2, 305-3

In 2021, CTBC Holding's Scope 1 and 2 emissions totaled 42,195 metric tons of CO<sub>2</sub>e, of which 38,817 metric tons came from Scope 2 electricity consumption. The Scope 1 and 2 emissions total was an increase of 0.68% from 2020 due to the inclusion of emissions from 13 CTBC Bank overseas branches that recently adopted ISO 14064-1.

	Unit: (MT/year)					
	2021	2020	2019	2018	2017	
Metric tons of CO <sub>2</sub> e	Scope 1	3,377	3,596	5,963	4,820	2,864
	Scope 2	38,817	38,310	52,918	42,052	40,517
	Scope 1+2	42,195	41,906	58,881	46,872	43,381
Metric tons of CO <sub>2</sub> e per NT\$1 million of net revenue	0.23	0.22	0.22	0.22	0.15	
Metric tons of CO <sub>2</sub> e per person	2.22	2.36	2.98	2.97	1.93	
Business travel emissions	Unit	2021	2020	2019	2018	2017
Distance traveled by high-speed rail	km	2,021,291	1,887,540	2,443,770	2,551,761	1,947,935
Distance traveled by plane	km	57,170	611,725	8,577,618	8,462,124	8,441,162
CO <sub>2</sub> e	MT	78	167	1,518	1,506	1,416

Note 1: In 2016, Scope 1 and 2 emissions were calculated based on verified data of CTBC Bank only; from 2017 to 2021, the calculation and verification expanded to include other CTBC Holding subsidiaries.

Note 2: Scope 2 emissions are for electricity use, with emission factors of 0.529 (2017), 0.554 (2018), 0.533 (2019), 0.509 (2020), and 0.502 (2021) kg of CO<sub>2</sub>e/kWh. (The 2021 factors were not available during the verification period; therefore, the calculation was based on the 2020 factors.)

Note 3: The air travel mileage calculation of business travel emissions was determined using the calculator on the ICAO website.

Note 4: Business travel carbon emissions in Scope 3 cover all group subsidiaries except for Taiwan Life and CTBC Security. All figures are verified internally, not externally.

## Energy management and carbon reduction

GRI 302-1, 302-3,  
302-4, 305-5

CTBC Holding has been promoting various energy integration projects and objectives on a triennial basis. We have achieved our targets of reducing electricity consumption by 6% each in both phase 1 (2015–2017) and phase 2 (2018–2020). In 2021, CTBC Financial Park and CTBC Bank cut their Scope 2 carbon emissions by a total of 847 MT, and reduced electricity consumption by 1.69 million kWh (2.3%) from 2020. For our 2022 water consumption, we are targeting a 1% reduction from the 2020 level. However, due to the inclusion of 13 CTBC Bank overseas sites in GHG reporting in 2021, electricity consumption of the group increased by 1.43%.

	2021	2020	2019
Solar power generation	93,296 kWh	89,851 kWh	71,693 kWh

<ul style="list-style-type: none"> <li>Reduced run time of ventilation fans in CTBC Financial Park's B1-B5 parking levels by 1 hour per day</li> <li>Delayed startup and advanced shutdown of air conditioning in CTBC Financial Park by 1 hour, respectively; delayed startup of ventilation fans in B1-B5 parking levels by 1.5 hours</li> <li>Conducted annual cleaning of air-conditioners, filters, and cooling towers to increase air-conditioning efficiency</li> <li>Replaced and upgraded 18 old air conditioning in 2020</li> <li>Replaced 1,021 nighttime lights in server rooms with infrared alternatives</li> <li>Advanced AC shutdown across CTBC Bank branches by 30–60 minutes</li> <li>Replaced/removed branch signage lighting and replaced indoor lights with LED lamps, totaling 1,648 lights</li> <li>Replaced/removed branch sign lighting and replaced indoor lamps with LED lamps, totaling 734 lights</li> </ul> <p>All CTBC Holding subsidiaries are ISO 14001, ISO 50001, and ISO 14064-1 certified</p> <ul style="list-style-type: none"> <li>100% CTBC Bank branch coverage rate for ISO 14001, ISO 50001, and ISO 14064-1</li> </ul>
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Amount invested in energy conservation plan (NT\$)	2020	2017	2011
26.57 million	11.35 million	12.11 million	

Base year	2020	2017	2011

Total energy saved (MWh)	2020	2017	2011
1,690	1,730	2,030	

Total carbon reduction (MT)	2020	2017	2011
847	882	1,085	

We have moved aggressively in our own low-carbon transition. In June 2017, CTBC Holding became the first financial institution in Taiwan to obtain a renewable energy certificate from the Ministry of Economic Affairs. As of the end of 2021, we had obtained 323 such certificates. In 2021, we purchased 36,000 kWh of green electricity, totaling 36 renewable energy certificate. We are also actively promoting energy-saving plans and installed solar arrays at CTBC Financial Park and Taichung Financial Building, generating 93,296 kWh of electricity for public use in 2021. CTBC Bank also proactively promotes energy-conservation measures and participates in community events such as Earth Hour.

## Water resource management

GRI 303-1, 303-2, 303-3

The main source of our operating water comes from the state-owned utility Taiwan Water Corp., and we do not use any ground-water. We provide water for use only by staff members and customers in our headquarters and branch locations, and thus do not exert any negative impact on water sources. The discharged water is sewage from daily use, and the disposal method complies with regulation relevant to water pollution prevention. To reduce the potential impact and risks caused by water conditions, CTBC Financial Park fully adopts rainwater retrieving equipment, recycling system and water-saving equipment, and photoelectric switch to adjust the water volume. The underground of CTBC Financial Park is planning to adopt a rain retrieving pool with water storage of 2,625 tons, in order to cope with water shortage linked to extreme weather and be used as flood detention pond. Our total water consumption in 2021 was 341,939 cubic meters, within our target. With 2020 as the base year, our target for 2022 is to reduce water consumption by 1%.

	Unit	2021	2020	2019	2018	2017
Total water consumption <small>Note</small>	m³	341,939	403,000	411,344	365,858	410,216
Water consumption capability	m³/person	25.08	30.61	37.05	37.41	38.01

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

Measures include:



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



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



Installing water-saving faucet and bidirectional toilet equipment

## Waste reduction

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



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



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



We have established a dedicated waste collection area and a kitchen waste collection facility in CTBC Financial Park's underground area to ensure the implementation of recycling by waste category.

In 2021, our expenditure on waste treatment was approximately NT\$5.53 million. With 2020 as the base year, our target for 2022 is to reduce waste by 1%. Data for waste treatment over the past five years is as follows:

Unit: Metric tons/year

	2021	2020	2019	2018	2017
Total generated (A)	1,014	978	752	915	1,165
Recycled (B)	299	366	200	225	203
Incinerated for power generation (C)	700	599	540	676	942
Landfill (D)	15	13	12	14	21

Note 1: The data for total generated (A) and recycled (B) in 2021 covers all CTBC Bank operating sites and headquarters of subsidiaries and was verified using ISO 14064-1:2018 in 2021. The total generated waste increased by 3.7% from 2020 due to the inclusion of 14 overseas branches of CTBC Bank starting in 2021.

Note 2: Incinerated for power generation (C) = (total generated (A) - recycled (B)) \* 97.9% This is calculated based on the "National general waste disposal amount" reported by the Environmental Resource Database of Environmental Protection Administration, which was 97.9% in 2019.

Note 3: Landfill (D) = Total generated (A) - (Recycled (B) + Incinerated for power generation (C))

## Paperless operations

All subsidiaries of the group are committed to transitioning to paperless office operations by introducing electronic document systems. These efforts have already reduced CTBC Bank and Taiwan Life's combined paper purchasing from 210,758 packs in 2020 to 201,065 packs in 2021, saving a total of 4.85 million sheets of paper. The introduction of electronic document systems has reduced carbon emissions by about 34 metric tons. Meanwhile, CTBC Securities and CTBC Investments together saved 10.61 million sheets of paper in 2021, reducing carbon emissions by approximately 74 metric tons. See the Appendix for data on the benefits of our other paperless practices.

## Paperless services

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

Subsidiary	Actions	Performance indicators	2021	2020	2019
CTBC Bank	Encouraging customers to utilize internet and mobile banking, including the use of web ATM services, for interbank transfers, payments, foreign currency exchanges, gold deposits and purchases, and fund subscriptions	Rate of customers using online currency exchanges	78%	77%	70%
		Rate of customers using online fund subscriptions	82%	75%	62%
		Rate of customers using online interbank transfers	87%	82%	73%
	Promoting electronic statements, saving three sheets of A4 paper per statement	Paper sheets saved	120 million	143 million	110 million
		Total carbon reduction (metric tons)	10,940	13,040	10,005
Taiwan Life	Promoting mobile insurance services including mobile insurance, mobile policy proposal, policy consultations, and requirement analysis	Rate of mobile insurance policies (mobile insurance applications / applications through sales personnel)	Nearly 100%	Nearly 100%	Nearly 100%
	Digital distribution of premium payment notices and receipts	Number of electronic transactions	1.57 million	1.41 million	1.22 million
		Total carbon reduction (metric tons)	43	39	33
CTBC Securities	Promoting online/mobile account opening	Paper sheets saved	2,280	930	N/A
		Carbon reduction (metric tons)	16	7	N/A

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

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

## Green procurement

Green procurement is a core part of CTBC Holding's sustainability efforts. Indeed, we have received the Outstanding Contribution to Green Purchasing by a Private Enterprise Award from the Environmental Protection Administration and Taipei City Government's Department of Environmental Protection for 12 and 13 consecutive years, respectively. Our goal is to procure materials and equipment that reduce the burden on the environment while also meeting high quality standards. Our procurement practices give priority to environmentally friendly products and technologies that conform to environmental protection labels, energy labels, water conservation labels, green building material labels, and certification from other government units or public associations, as well as products with environmental protection labels from Europe, the United States, Japan, and South Korea; green products as recognized by public associations; and products with an Energy Star or FSC label. In 2021, our total amount of green procurement exceeded NT\$236.29 million, accounting for nearly 2.45% of all procurement spending.

## Green buildings

CTBC Financial Park is one of the leading domestic examples of energy-conserving and carbon-reducing office buildings. It has received Ecology, Energy, Waste Reduction and Health (EEWH) Green Building Label certification from the Taiwan government and, moving forward, has committed to ensuring that all new buildings' construction plans achieve Green Building Label certification. CTBC Financial Park was also the first building in Taiwan to obtain international green building LEED v4.1 certification and the LEED Dynamic Plaque, and remains Taiwan's sole LEED O+M v4.1 Platinum and Dynamic Plaque recipient, with many efficiency indicators surpassing global standards. Furthermore, three of CTBC Holding buildings, namely those in Taipei's Nangang District, Taichung's Xitun District, and Kaohsiung's Qianzhen District, have already received EEWH Certification or been named a candidate thereof.

# A CONNECTED SOCIETY



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A Connected Society

# 05 Community investment

In line with the U.N. SDGs, CTBC Holding has a keen focus on social investment. We regularly review the social return on such investments and are continuing to seek new synergies by strengthening communication and engagement with our stakeholders.



## Commitments

### Our commitments:

- We promote community development and social stability through our social investments in five key areas (i.e., charity, anti-drug awareness, sports, education, and arts and culture). By leveraging our corporate resources, we also seek to strengthen our social capital.
- We proactively partner with customers, suppliers, domestic and overseas NGOs, government agencies, academic institutions, and other stakeholders in order to create shared value and achieve our sustainability visions and goals.



## Challenges

For three years now, the COVID-19 pandemic has posed significant challenges to community investment programs and participation models for domestic and overseas partners alike. Partners and beneficiaries have also experienced difficulty in cooperation and in accessing resources. Given these circumstances, one of our greatest challenges lies in finding how to best use new technologies and models to sustain partnerships and social assistance to the vulnerable.

CTBC Holding is able to quickly and nimbly adjust its efforts in the aforementioned five key areas while remaining in strict compliance with local epidemic prevention measures. As such, during the pandemic, we have managed to continue our positive influence through community investment and close involvement in domestic and overseas initiatives.



## Management approach

### Community investment:

Both through its own efforts and by encouraging action by others, CTBC Holding has made meaningful pandemic relief contributions, including through donations and volunteering. The group also pools its resources in order to fulfill its core goal of public engagement. And, through constant partnerships with others, we keep our business operating on a virtuous cycle.

### Partner engagement:

CTBC Holding embraces the use of digital communication platforms to strengthen exchanges with its partners, including in trade organizations and sustainability initiatives at home and abroad. Although the pandemic has hindered in-person meetings, we have used these alternative channels to strengthen our relationships with our partners.



## Our response to COVID-19

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

In 2020, CTBC Bank released two videos, "Our Ordinary Home" and "A simple thank you", both celebrating the solidarity of the Taiwanese people in the face of the pandemic. In 2021, Taiwan Life released "Believe in Your Better Self," a video documenting small but meaningful memories of the pandemic era, as shared by Taiwanese residents from all walks of life. The video encourages viewers to practice self-care—part of our efforts to grow with the community and foster an appreciation for the sacrifices of recent years. We also hope to inspire everyone to blaze a new post-pandemic trail.



Taiwan Life Believe  
in Your Better Self

Among those responsible for Taiwan's world-leading handling of the pandemic has been its medical and care workers. In appreciation of this, CTBC Holding has made substantial donations to them. In addition, having noticed the pandemic-induced shortage of home care workers, particularly compared to medical or police personnel, Taiwan Life has provided epidemic insurance through the Lishin Foundation to 283 long-term home care workers.



## Reducing rental rates for our tenants

Considering the havoc wreaked by the pandemic on the catering industry, CTBC Bank reduced rent and management fees by 20%–80% for businesses in CTBC Financial Park between September and November 2021. With reference to government COVID-19 policies, we also instituted rent deferral plans for medium and large businesses in the premises, such as the banquet hall and fitness center. In 2021, we offered NT\$18.24 million in rent reduction for a total of 45 businesses, surpassing NT\$10 million for the second consecutive year. Through these efforts, we have stood by our tenants and helped them through the pandemic.



## Donations

In June 2021, CTBC Holding announced a special fund of NT\$50 million for Taipei City Government, New Taipei City Government, Taipei City Hospital, New Taipei City Hospital, and other entities. The fund supported front-line health care workers by paying for medical assistance, medical equipment, personal protective equipment, and resources. CTBC Bank also launched campaigns to support staff in its Indonesian, Philippine, Vietnamese, and Indian locations, ultimately donating a total of NT\$10 million to local organizations working on the ground to purchase and distribute medical emergency supplies.

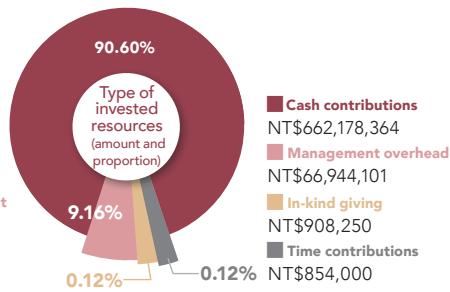
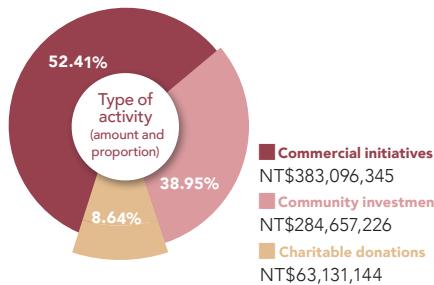
# Community investment

■ GRI 203-1, 203-2

## Goals and performance

### Commercial and social benefits of charitable programs

- Commercial benefits
  - NT\$22.5 million** in CTBC Poverty Alleviation Program loans in 2021 for a total of NT\$180 million
  - NT\$2.3 billion** of earned media value through the CTBC Brothers Baseball Club
  - 100%** registration rate for CTBC Business School
  - 143 graduates** from CTBC Business School are currently employed at CTBC Holding and its subsidiaries
  
- Social benefits
  - NT\$144 million** in donations raised by Light Up a Life in 2021 for a total of NT\$2.4 billion.
  - 549 children cared** for and supported under the Taiwan Dream Project
  - 69,000 additional people** reached by anti-drug awareness activities in 2021, for a total of 720,000 people
  - 21 students** from low-income backgrounds admitted to CTBC Business School in 2021, for a total of 154 such students
  - 440 cases** of entrepreneurial counseling through the CTBC Poverty Alleviation Program in 2021, for a total of 3,249 cases
  - 60K students** helped through overseas assistance
  - 38 schools** participated in the Arts and Culture Educational Partnership in 2021, for a total of 490 schools
  - 479 students** supported by the Dreams Initiative Project in 2021, for a total of 2,384 students
  - 790 entries** submitted for the first CTBC Painting Prize
  - 80 hours** of charity work by CTBC Brothers players in 2021



## Our five core focuses

“We are family” is the brand spirit of CTBC Holding, and we strive to put this into action by supporting not only our employees and customers but our community and country, too. We do primarily through public welfare efforts in five areas: charity, anti-drug awareness, sports, education and arts and culture. Furthermore, by leveraging group resources and the financial industry's core ability to connect with the public, we also encourage the public to do likewise, in turn fostering a culture of civic-mindedness and volunteering.

Using the 17 U.N. SDGs and their 169 targets as our guide, we identified five goals for these efforts, namely no poverty (SDG 1), zero hunger (SDG 2), good health and well-being (SDG 3), quality education (SDG 4), and decent work and economic growth (SDG 8). In addition, with Taiwan having become an aging society in 2018 and on track to become a super-aged society by 2025, senior care has become another key area of our community involvement.

Since 2016, we have used the London Benchmarking Group (LBG) model to evaluate the benefits and impact of our contributions, allowing us to quantify the inputs, outputs, and impacts of such activities. In 2017, social return on investment (SROI) evaluations were introduced to determine the monetary value of our social, economic, and environmental programs, thereby facilitating the most effective distribution of our charitable resources. Prior to 2021, we had completed SROI evaluations of the Taiwan Dream project, the CTBC Brothers Baseball Club, the Dreams Initiative Project, and the CTBC Black Panther Pennant national high school baseball competition.

In 2021, we conducted an SROI assessment for the Home Run Readers literacy initiative. The assessment found that NT\$8.99 in social value was generated for every NT\$1 invested, and it received certification from Social Value International (SVI) in the second quarter of 2022. With a concept dubbed

"Reading X Baseball," it offers free tickets to CTBC Brothers home games to those who complete designated reading tasks.



## Project investment details

Charity	<ul style="list-style-type: none"> <li>Light Up a Life</li> <li>Taiwan Dream Project</li> <li>CTBC Poverty Alleviation Program</li> <li>International assistance</li> </ul>	
Anti-drug awareness	<ul style="list-style-type: none"> <li>Develop anti-drug teaching tools and cultivate anti-drug advocates</li> <li>Promote recidivism reduction treatment approaches</li> <li>Lobby government to allow children to visit incarcerated parents</li> </ul>	
Sports	<ul style="list-style-type: none"> <li>CTBC Youth Baseball Project (little league and junior league)</li> <li>CTBC Black Panther Pennant national high school baseball competition (youth league)</li> <li>Taichung City Baseball Club (adult baseball league)</li> <li>CTBC Brothers Baseball Team (professional league)</li> <li>Sponsorship of golf players and events</li> <li>New Taipei CTBC DEA basketball team</li> </ul>	
Education	<ul style="list-style-type: none"> <li>CTBC Business School</li> <li>Scholarships and financial aid for underprivileged and talented students</li> <li>International academic partnerships</li> <li>CTBC International Academy</li> </ul>	
Arts and culture	<ul style="list-style-type: none"> <li>CTBC Arts Festival</li> <li>CTBC Painting Prize</li> <li>Dreams Initiative Project</li> <li>Taiwan Dream Project Arts Workshop</li> <li>NTT* X CTBC Musical Talent Cultivation Project</li> </ul>	
Common good for all ages	<ul style="list-style-type: none"> <li>Three-Generation Walk for Health</li> <li>Bulao Baseball League for seniors</li> <li>Centenarian Life Survey and Innovation Forum</li> <li>Stanford Center on Longevity Design Challenge Asia</li> <li>VISION 2025 Senior Aging International Trends Forum with CommonHealth Magazine</li> <li>2021 Survey on Indicators of Taiwan's retirement landscape</li> <li>2021 Finance for Seniors Forum</li> <li>Microinsurance premium donations</li> <li>Employee volunteering</li> <li>COVID-19 relief efforts</li> <li>In-home bathing service for remote areas of Pingtung County</li> </ul>	

## Charity

Launched in 1985 by Jeffery Koo Sr., our annual Light Up a Life fundraising campaign was the first corporate charity fundraiser in Taiwan. We also established the CTBC Charity Foundation in 2004, helping children in rural areas engage with schoolwork and set life goals through its Taiwan Dream Project. Meanwhile, the CTBC Poverty Alleviation Program empowers entrepreneurial low-income families to start small but life-changing businesses. Overseas, with the Caring for China's Next Generation on Campus program, we help disadvantaged children gain access to educational resources.

In addition, to improve the employment opportunities of underprivileged communities and generate more surplus funds for social welfare programs while also allowing us to give back and fulfill our corporate responsibility, subsidiary Taiwan Lottery administers the government-sanctioned national lottery. During the fourth term (2014 to 2023), we have pledged to contribute a total of NT\$27 billion to the government. When counting the previous lottery term, as of Dec. 31, 2021, Taiwan Lottery had generated a public welfare lottery surplus of NT\$398.8 billion over the past 15 years, with these funds going toward social welfare programs, the national pension scheme, and the National Health Insurance program.

Project	Description	Environmental/social impact	Business impact
Light Up a Life	<ul style="list-style-type: none"> <li>Taiwan's longest-running privately run charitable campaign</li> <li>Provides funding for care and counseling services for schoolchildren in rural areas</li> <li>Improves the learning environment and family living environment of disadvantaged children in rural areas</li> </ul>	<ul style="list-style-type: none"> <li>A total of NT\$144.61million was raised in the 2021 campaign, all going to fund 296 rural elementary schools through the Child Welfare League Foundation's Rural Elementary School Student Care and Counseling Project, the Taiwan Dream Project, sponsored 27 Taiwan Dream Project sites, 26 CTBC Youth Baseball Project teams, and 20 performances in remote areas by the Paper Windmill Educational Foundation</li> <li>Support provided for approximately 43,000 children in 2021, with their learning and family environments improving as a result</li> <li>Over 580,000 disadvantaged children and family members living in remote areas helped by the campaign over the past 36 years</li> </ul>	<ul style="list-style-type: none"> <li>Brand awareness for the 36th Light Up a Life fundraising of 63% and positive sentiment of more than 80%</li> </ul>

Taiwan Dream Project	<ul style="list-style-type: none"> <li>Protects the health and safety of disadvantaged children</li> <li>Empowers children in rural areas by building their self-confidence and fostering a proud identity based on their hometown</li> </ul> <p>● 27 Taiwan Dream sites in operation ● 549 children receiving long-term help ● 600 community volunteers supporting the project ● Partnered with CTBC Venture Capital-backed social enterprise Pure Milk Co. Ltd. (ILOVEMILK) to provide fresh milk to nearly 1,000 school children in rural areas to boost calcium levels</p>	<p>● Earned media value of more than NT\$6.75 million</p>
CTBC Poverty Alleviation Program	<ul style="list-style-type: none"> <li>Helps parents in disadvantaged families to emerge from poverty by becoming self-reliant through micro-entrepreneurship</li> <li>Integrates resources from CTBC Bank, Taiwan Life, SME credit guarantee funds, and consultant teams to provide comprehensive loans, credit guarantees, micro insurance, and entrepreneurship counseling</li> </ul> <p>● 3,249 cases of entrepreneurial counseling provided ● 561 businesses successfully started by families</p>	<p>● Over NT\$185.79 million in loans as of Dec. 31, 2021</p>
Caring for China's Next Generation on Campus	<ul style="list-style-type: none"> <li>Reduces poverty through education</li> <li>Improves the educational and living conditions of disadvantaged children in China</li> </ul> <p>● 52 education sites established so far ● Project scope extends westward to Kashgar, Xinjiang, northward to Mohe, Heilongjiang, southward to Baisha, Hainan Island, and eastward to Fuyuan, Heilongjiang ● More than 60,000 underprivileged students now have access to more abundant learning resources</p>	<p>● Since the project started in 2013, it has been affirmed by the China Banking and Insurance Regulatory Commission</p>
Public welfare lottery	<ul style="list-style-type: none"> <li>Encourages winners to donate part of their jackpots to charitable causes in order to expand the positive impact of the lottery</li> <li>Employs people from disadvantaged and marginalized groups, including single parents, indigenous people, and those with mental or physical impairments, as salespeople</li> <li>The lottery surplus contributes to government social welfare programs, the national pension scheme, and the National Health Insurance program, benefiting every city, county, and municipality countrywide</li> </ul> <p>● Between 2007 and the end of 2021, total donations from winners exceeded NT\$5.4 billion; benefiting more than 200 social welfare organizations and charity organizations as well as some 7.55 million underprivileged individuals via 1,293 charity events ● There are approximately 43,000 lottery ticket sellers in Taiwan, all benefiting from the steady income provided by the position ● In 2021, a public welfare lottery surplus of NT\$30.23 billion was generated</p>	

## Anti-drug awareness

Drug users in Taiwan have become younger in recent years, and drugs are becoming a more common problem in schools. Acting on the belief that education is the best weapon against drug abuse, CTBC Holding integrated resources from academia and institutions at home and abroad to establish the CTBC Anti-Drug Educational Foundation in 2015. The foundation has organized and conducted exhibitions that teach the public about the dangers of drugs. Our foundation has also provided front-line educators at schools and communities across the country with engaging anti-drug teaching materials so they can teach their students using high-impact learning methods. For example, in 2021, we launched "Unlock Your Addiction: Unlock the Distance Between You and Addiction." This new exhibition is modeled on the escape room games popular among young people, enticing visitors to learn more about addiction through the game. The exhibition ran for 10 weeks and reached more than 10,000 people.

Project	Description	Environmental/social impact	Business impact
Develop antidrug teaching tools and advocacy	<ul style="list-style-type: none"> <li>Develop engaging and impactful anti-drug teaching tools and cultivate advocates to raise anti-drug awareness among the public and students</li> </ul>	<ul style="list-style-type: none"> <li>Reached 69,469 people through two anti-drug touring exhibitions and 266 anti-drug events at 178 schools and in 115 community sites</li> </ul>	<ul style="list-style-type: none"> <li>Received a Silver Award at the Taiwan Sustainability Action Awards and named in the Future Education Taiwan 100 list</li> </ul>
Promote diverse treatment approaches to reduce recidivism	<ul style="list-style-type: none"> <li>Initiate cooperation between industry, government, and academia regarding anti-drug policies and measures to fight substance abuse</li> </ul>	<ul style="list-style-type: none"> <li>Partnered with National Taiwan Normal University to set up the CTBC Center for Addiction Prevention and Policy Research, working with prosecutor's offices, medical institutions, and nonprofit organizations to advocate for deferred prosecution for Category 2 drug offenses</li> </ul>	<ul style="list-style-type: none"> <li>Reached 164 people through seminars, workshops, and lectures, raising their awareness of CTBC Holding's commitment to anti-drug awareness. Also, promoted CTBC corporate values with the many cooperating organizations</li> </ul>
Lobbying government to allow children to visit incarcerated parents	<ul style="list-style-type: none"> <li>Assists the Ministry of Justice's Agency of Corrections in recruiting childcare professionals for female prison wards throughout Taiwan to strengthen the parenting education and child development treatment courses for women inmates</li> </ul>	<ul style="list-style-type: none"> <li>Helped 499 women inmates, 84 families, and 85 children across Taiwan</li> </ul>	<ul style="list-style-type: none"> <li>Generated earned media value of approximately NT\$136,000, while simultaneously establishing mutually beneficial links with the Ministry of Justice and other government entities</li> </ul>

## Sports

CTBC Holding is the first enterprise in Taiwan to sponsor and invest in all levels of baseball, from the youth leagues (U12, U15, and U18) to the senior (including U23) and professional levels. By providing sponsorships and organizing events, we are steering Taiwan's national pastime from strength to strength. And our investment in sports doesn't stop with baseball. We also have a long-running relationship with golf, particularly the women's game, helping to nurture rising talent and support others competing at the highest level.

In 2021, CTBC Holding further expanded its influence in social welfare through sports by establishing CTBC Sports Entertainment Co., Ltd., which manages the New Taipei CTBC DEA basketball team in the T1 League. Named after the U.S. Drug Enforcement Administration, the team hopes to use sport to reach youth with its anti-drug abuse message. By having team members serve as anti-drug awareness ambassadors and role models, we are establishing an effective dialogue with young people. The team used the slogan "No Fear" for its first season, reflecting a spirit of teamwork, fearlessness, and success.

Our sports-related efforts have been widely recognized, earning us Sports Activist Award honors from the Ministry of Education for 11 consecutive years. In particular, in 2021, CTBC Bank won both the Gold Class and Long-Term Sponsorship Award in the Sponsorship Category while Taiwan Life earned the Gold Class in the Sponsorship Category. Taiwan Life also again received Taiwan i Sports (Certificate of Corporate Wellness) in 2021; over the past six years, nine Taiwan i Sports certifications have been awarded to CTBC Holding, CTBC Bank, and Taiwan Life.

Project	Description	Environmental/social impact	Business impact
CTBC Youth Baseball Project	<ul style="list-style-type: none"> <li>Cultivates new talent for Taiwan baseball</li> </ul>	<ul style="list-style-type: none"> <li>Sponsored 26 teams comprising 775 players</li> </ul>	<ul style="list-style-type: none"> <li>Earned media value of more than NT\$23.49 million</li> </ul>
CTBC Black Panther Pennant	<ul style="list-style-type: none"> <li>Long-term title sponsor of the league, providing a platform for young baseball players to realize their potential</li> </ul>	<ul style="list-style-type: none"> <li>The first Sports Science Curriculum was introduced in collaboration with professional baseball schools to nurture youth baseball:</li> <li>Held an exclusive Sports Science Camp for the 2021 championship-winning Pingjen High School baseball team, comprising 50 promising players. By monitoring their performance through professional equipment and inviting experts to analyze the data, the camp provided training advice to players in four major areas: pitching, batting, physical fitness, and sports injury protection.</li> </ul>	<ul style="list-style-type: none"> <li>Earned media value of approximately NT\$100 million</li> </ul>

CTBC Brothers Baseball Club	<ul style="list-style-type: none"> <li>Channels resources to promote baseball and enhance the tournament's brand reputation</li> <li>Organizes grassroots baseball programs to instill a healthy mentality among players</li> </ul>	<ul style="list-style-type: none"> <li>The CTBC Black Panther Pennant Tour added a sports science experience course to expand the understanding of club players.</li> <li>Continue to support the development of baseball in outlying islands, including sponsoring the Lanyu high school baseball teams and Penghu</li> <li>Filmed short documentaries to highlight the influence baseball has on public welfare, with "Baseball dream in Lanyu" (2019) and "Red Clay, Youth Dream" (2020) both recognized by the Taipei Golden Eagle Micro-Movie Festival, and "Duel. The Invisible Opponent" accumulating nearly 2.8 million views in 2021</li> </ul>	
Taichung City Baseball Team	<ul style="list-style-type: none"> <li>Title sponsor for eight consecutive years, strengthening team quality and elevating Taiwan's overall international competitiveness</li> <li>Proactive participation in public welfare by harnessing the influence of sports stars</li> <li>Promotes the sport in Taiwan and fostering baseball culture among the public</li> </ul>	<ul style="list-style-type: none"> <li>In 2021, the team won the championships in both the major and minor league Chinese Professional Baseball League (CPBL) competitions, underlining the winning team culture built over the years</li> <li>Over 80 hours of charity work by coaches and players in 2021</li> <li>In 2021, the number of owned media viewers grew by 11%, and the team's social media management effectiveness ranked No. 1 among all five CPBL teams</li> <li>Optimized the team's flagship store to maximize the use of space, broadcast of matches, and activities to enhance fan engagement</li> <li>Expanded merchandise offerings and continued to launch crossover co-branded products, resulting in record merchandise and advertising figures in 2021</li> <li>Deepened support in home city of Taichung, including by working with the Taichung Metro to build a Brothers-themed station and with Taichung City Government to foster local engagement with sports culture through the "Good Neighbor" project</li> </ul>	<ul style="list-style-type: none"> <li>Earned media value of approximately NT\$2.3 billion</li> </ul>
	<ul style="list-style-type: none"> <li>Long-term sponsor paying the operating expenses of the Taichung City Baseball Team and fostering sports culture in the city</li> <li>Nurtures the next generation of players and provides a stage for them to gain experience and professionalism and to realize their potential</li> </ul>	<ul style="list-style-type: none"> <li>Sponsored the Taichung City Baseball Team since 2015 in order to support the development of local baseball</li> </ul>	<ul style="list-style-type: none"> <li>Recognized at the Sports Administration's Sports Activist Awards for five consecutive years</li> </ul>

<p><b>Home Run Readers</b></p> <ul style="list-style-type: none"> <li>● Promotes reading and sports among the public</li> <li>● In response to the epidemic, the online Home Reading campaign continued in 2021, attracting more than 10,000 readers and setting a new record for online e-book use by the National Library of Public Information, the co-organizer of the campaign</li> <li>● The Youth Essay Contest was held in collaboration with the National Library of Public Information and the online bookstore Youth Books to encourage high school students to read books and write about their experiences, with the total number of submissions reaching a record high of 728</li> <li>● As of Dec. 31, 2021, Home Run Readers has connected 119 libraries and mobile storytelling vehicles in 17 counties and cities across Taiwan, with over 910,000 participants, over 120,000 books borrowed from public libraries, and over 40,000 tickets to CTBC Brothers games given away</li> <li>● Received the Gold Award in the Education Quality Category at the Taiwan Corporate Sustainability Awards</li> </ul>
<p><b>Golf tournaments and support</b></p> <ul style="list-style-type: none"> <li>● Seeks out and nurtures the next generation of Taiwanese golf talent</li> <li>● Creates a world stage for golfers to compete in line with international standards</li> <li>● Promotes sports diplomacy with civilian resources</li> <li>● Sponsored eight golf players in 2021</li> <li>● The 2021 CTBC Invitational Tournament marked the first use of match play scoring in Taiwan for ladies professional golf, with 32 elite players from the Taiwan LPGA Tour playing for a record championship prize of NT\$3 million</li> <li>● The 2021 CTBC Invitational Tournament took comprehensive epidemic prevention measures and thus obtained special permission from New Taipei City Government to allow spectators, with over 2,200 across the three-day event</li> <li>● Sponsored athletes Yu-Sang Hou and Yu-Chiang Hou qualified for the LPGA tour while Ho-Yu An qualified for the 2022 Epson Tour</li> <li>● Earned media value of more than NT\$98.5 million for the 2021 CTBC Invitational Tournament</li> </ul>

## Education

We firmly believe that education provides people with opportunities to change their lives. In 2015, with the educational philosophy of supporting underprivileged and deserving students, Taiwan Lottery funded the establishment of CTBC Business School and offered scholarships and bursaries to students with excellent results or students who are economically disadvantaged. Through industry-academia collaboration and study abroad programs, the school ensures its students are prepared to enter the workforce upon graduation, as it aspires to be the most practically oriented business college in Asia and to cultivate new generations

of leading international bankers.

The school achieved a 100% student enrollment rate for its undergraduate and graduate programs in 2021. It has also passed the initial accreditation review by the Association to Advance Collegiate Schools of Business (AACSB) and become a subsidized school under the Ministry of Education's Program on Bilingual Education for Students in College, with the goal of creating a more internationalized campus.

To deepen its involvement in educational welfare, Taiwan Lottery founded the CTBC International Experimental Education Foundation in 2020 to support the establishment of CTBC International Academy, the first experimental senior high school in southern Taiwan. With the core concept of "One Student, One Curriculum," the academy replaces traditional classroom teaching with an English-oriented teaching and learning environment featuring a variety of elective courses and a hands-on teaching approach, with curricula and resources leading directly into those of CTBC Business School. At the junior high school level, we are building a solid foundation for students' English language skills through a bilingual curriculum, as we aspire for the academy to become the most distinctive six-year experimental educational institution in southern Taiwan and to create a consistent educational path to nurture international financiers.

Project	Description	Environmental/social impact	Business impact
CTBC Business School	<ul style="list-style-type: none"> <li>● Increases employment rate via industry-academic collaboration</li> <li>● Nurtures and trains fintech talent</li> </ul>	<ul style="list-style-type: none"> <li>● Annual admissions quota for underprivileged students, to whom the Hope Bursary is offered; 154 disadvantaged students<sup>Note</sup> were enrolled between 2015 and 2021 with 811 Hope Bursaries totaling NT\$72.71 million granted</li> <li>● Established the Elite Scholarship to attract high school students with outstanding performance, with approximately NT\$9 million granted in 2021</li> <li>● Enrollment rate of 100% in 2021</li> <li>● 70% of 2021 graduates matched with jobs at CTBC Holding</li> </ul>	<ul style="list-style-type: none"> <li>● As of the end of 2021, of the three batches of graduates, 143 had been employed by CTBC Holding and its subsidiaries</li> </ul>

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

## Arts and culture

The CTBC Foundation for Arts and Culture was established in 1996. In its early years, it operated the Novel Hall performance venue, which was Taiwan's leading example of business-arts cooperation; in recent years, the foundation's efforts have shifted to the three focuses of "supporting the performing arts," "promoting the visual arts," and "grassroots arts education."

In 2021, even as the arts and culture industries in Taiwan were deeply affected by the COVID-19 pandemic, the CTBC Arts Festival, with the aim of supporting both the arts and public welfare, worked with performing arts groups to explore the present and future of performing arts. This included through the Dreams Initiative Project, which combines public welfare with arts education in remote areas. In partnership with the renowned U-Theatre troupe, Lian-Dong Elementary School students were trained in drumming and put on a performance, instilling them with the confidence to chase their dreams in the future. Along with the thousand-strong audience, Deputy Culture Minister Tsung-Huang Hsiao was also present at the performance and lauded the CTBC Foundation for Arts and Culture's efforts to bring arts education to remote areas.

The CTBC Foundation for Arts and Culture is also dedicated to promoting contemporary art, and its first CTBC Painting Prize set three records for Taiwan in 2021: the only art prize focused on contemporary paintings in Taiwan; the highest prize money of any painting prize, at NT\$2 million; and the most entries received for any painting contest, at 790. It also administers the Dreams Initiative Project, a benchmark program for taking arts education to remote areas. In the past four years, the project has reached more than 2,000 students and received 23 major domestic and foreign awards, with an SROI evaluation finding that it generates NT\$4.18 of social value for every NT\$1 invested. In 2021, the CTBC Foundation for Arts and Culture partnered with the National Taichung Theater for the NTT+ × CTBC Musicals Talents Cultivation Project to foster musical theater talent by building a unique one-stop model for the staging of shows.

Similarly, CTBC Venture Capital has long been deeply involved in the cultural and creative industry. As well as facilitating access to funds for the cultural and creative industry through a wide range of financial services such as venture capital investments, commercial loans, consumer finance, and trust management provided by CTBC Holding's subsidiaries, it has helped increase the exposure for cultural and creative entrepreneurs and coalesced the soft power of Taiwan's cultural and creative industries to support broader business growth.

Project	Description	Environmental/social impact	Business impact
Supporting the performing arts: CTBC Arts Festival	<ul style="list-style-type: none"> <li>As Taiwan's only action arts festival, it elevates the artistic environment and promotes the diverse development of the performing arts, and to ensure accessibility by all groups, public welfare events with free admission are held every year</li> </ul>	<ul style="list-style-type: none"> <li>2,229 performance, lecture, and workshop participants with a satisfaction rate of 90%</li> <li>A thousand-strong audience at Daan Forest Park to watch Lian-Dong Elementary School students' performance (one of the free-admission events), organized through the Dreams Initiative Project and led by U-Theatre</li> <li>25,000 visitors and 18,000 participants for the "Online Unboxing" event</li> </ul>	<ul style="list-style-type: none"> <li>Earned media value of NT\$7.27 million</li> <li>More than 90% of CTBC Arts Festival attendees surveyed reported having a positive perception of the CTBC brand because of CTBC Holding's long-term support for arts and cultural activities</li> </ul>
Promoting the visual arts: CTBC Painting Prize and Taipei Biennial sponsorship	<ul style="list-style-type: none"> <li>As Taiwan's only contemporary painting contest and with the highest prize of any arts contest in Taiwan, at NT\$2 million, the CTBC Painting Prize supports young artists and encourages original works that reflect the spirit of our time</li> <li>Sponsorship of the Taipei Biennial 2020 and other exhibitions to encourage people to engage more deeply with contemporary art</li> </ul>	<ul style="list-style-type: none"> <li>790 works were submitted for the first CTBC Painting Prize, the most ever for any such contest in Taiwan; 20 works were exhibited at Taipei's Kuandu Museum of Fine Arts, while the first prize and merit prize winners' works will be collected by the CTBC Foundation for Arts and Culture</li> <li>Sponsored the Taipei Biennial 2020 to encourage people from different generations to experience contemporary art, and organized CTBC VIP night and 19 "CTBC exclusive" tours for 846 people as well as 10 events designed for children from rural areas</li> </ul>	<ul style="list-style-type: none"> <li>Earned media value of NT\$4.33 million</li> <li>Satisfaction rate of 94% for VIP night and exclusive guide tour events</li> </ul>
Grassroots arts education: Love & Arts for Dreams Initiatives, Taiwan Dream Project arts workshops, and NTT+ × CTBC Musical Talent Cultivation Project	<ul style="list-style-type: none"> <li>The Dreams Initiative Project works with art instructors to provide students in remote areas with tailor-made courses of over six months, teaching them to perform and giving them the confidence to fulfill their dreams</li> <li>Taiwan Dream Arts Workshops are held at Taiwan Dream sites to help students explore arts and culture and realize their potential</li> <li>NTT+ × CTBC Musical Talent Cultivation Project fosters musical theater talents by building a unique one-stop model for the staging of shows</li> </ul>	<ul style="list-style-type: none"> <li>The Dreams Initiative Project created positive impacts on 479 students and their community residents in 2021 by bringing arts industry, government, and academia together to make arts resources accessible in urban and remote areas</li> <li>Taiwan Dream Arts Workshop tour made 17 stops with 356 participants</li> <li>64 works received for the first call for entries of the NTT+ × CTBC Musical Talent Cultivation Project, and two works will be selected for ticketed performances in 2022, staged with support from NTT and theatre professionals from Taiwan and South Korea</li> </ul>	<ul style="list-style-type: none"> <li>In 2021, the Dreams Initiative Project won the Social Responsibility Award (Gold Award) at the 2021 Agency and Advertiser of the Year Awards and was named among the Top 10 Sustainable Micro-Movies of the Year at the Taipei Golden Eagle Micro-Movie Festival, now having won 23 domestic and international awards in four years</li> <li>91% satisfaction rate among Taiwan Dream Project Arts Workshop student participants</li> <li>Earned media of NT\$15.83 million (including the CTBC Arts Festival's public welfare free-admission events)</li> </ul>

Cultivating the cultural and creative industry	<ul style="list-style-type: none"> <li>Promotes Taiwanese film and television to the world and foster the MIT (Made in Taiwan) cultural and creative industry</li> <li>Through CTBC Venture Capital, provides cultural and creative industry players with stable, long-term funding, assisting the likes of Eslite Spectrum Corp.; HIM International Music Inc.; Pili International Multimedia Co., Ltd.; Kuang Hong Arts Management Inc.; and B'in LIVE Co., Ltd. and stimulating the commercialization, internationalization, and institutionalization of cultural and creative services</li> </ul>	<ul style="list-style-type: none"> <li>Engaged in the long-term cultivation of and investment in Taiwan's creative industries, such as investing in numerous movies through investment portfolio company, MandarinVision, with 2021 investment projects including the films "I Missed You" and "Waiting for My Cup of Tea" and the TV series "She and Hers Her," demonstrating CTBC's success in using financing to cultivate the cultural and creative industry</li> </ul>	<ul style="list-style-type: none"> <li>CTBC Venture Capital performed excellently in the performance appraisal of government fund managers, ranking first in terms of the total number of investments and investment amount over the past 10 years</li> <li>The average audience rating of the 58th Golden Horse Awards ceremony was 3.78, the average effective audience rating was 3.55, and the total audience was 2.96 million</li> </ul>
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## Common good for all ages

In line with CTBC Holding's "We are family" brand spirit, Taiwan Life strives to build a society in which people of all generations coexist in harmony. These efforts take the form of three major commitments: health promotion, active aging, and caring for the disadvantaged. The subsidiary encourages its employees to engage in public welfare-related activates and itself aims to become a corporate leader in ESG practices. In the face of the pandemic, it has supported the community by continuing to organize diverse public service initiatives and by taking advantage of its core competencies. See Taiwan Life's 2021 Sustainability Report for more details.

Project		Description	Environmental/social impact	Business impact
Health promotion	Three-Generation Walk for Health	<ul style="list-style-type: none"> <li>Advocates the power of family support to encourage health consciousness among all generations</li> </ul>	<ul style="list-style-type: none"> <li>Held the Three-Generation Walk for Health for 10 consecutive years, with the online-to-offline Three Generation Meet-up for a Walk event held in 2021 due to the pandemic</li> <li>Provided ideas to encourage family members of all generations to eat, exercise, and walk together, thereby promoting seniors' health and intergenerational bonding</li> </ul>	<ul style="list-style-type: none"> <li>2.78 million people reached via Facebook and nearly 3,500 people participated in the walk, with 13,224 km covered, the equivalent of 11 laps around Taiwan</li> <li>Earned media value of NT\$3.244 million</li> </ul>
Active aging	Bulao Baseball League for seniors	<ul style="list-style-type: none"> <li>Encourages seniors to adopt regular exercise habits and health management</li> <li>Fosters healthy social interaction by helping participants engage in group interaction</li> </ul>	<ul style="list-style-type: none"> <li>Co-hosted Taiwan's first baseball camp for seniors utilizing the resources of Taichung City Baseball Team and in partnership with the Honday Senior Citizen Welfare Foundation, with three sessions in northern, central, and southern Taiwan attended by 160 people providing an opportunity for exchanges between young and old players</li> <li>Added three new teams to the league and recruited 79 new players</li> </ul>	<ul style="list-style-type: none"> <li>Earned media value of NT\$3.259 million</li> </ul>
	Centenarian Life Survey and Innovation Forum	<ul style="list-style-type: none"> <li>Engages in cross-industry collaboration with Taipei Medical University, conducting a survey on the digital transformation of community-based care at 4,446 community care sites, gathering cross-sector insights on digital health applications under the theme "Smart Community and Local Aging"</li> </ul>	<ul style="list-style-type: none"> <li>Released the Centenarian Life Survey, Taiwan's first research report on the digital transformation of on-site care</li> <li>Launched the Centenarian Life Survey and Innovation Forum online, inviting industry, academic, and research experts to share their experiences in community and hospice care; Taiwan Life is also addressing the aging society by forming cross-industry collaborations with the technology and medical sectors to create self-health management services to promote public health</li> </ul>	<ul style="list-style-type: none"> <li>Earned media value of NT\$1.095 million</li> </ul>
	Stanford Center on Longevity Design Challenge Asia	<ul style="list-style-type: none"> <li>Works with Silver Linings Global and, through co-creation competitions between younger and older generations, builds intergenerational bonds and partners with local governments to bring creative ideas to life</li> </ul>	<ul style="list-style-type: none"> <li>Partnered with the Stanford Center on Longevity for five consecutive years to devise solutions to enhance the quality of life for senior citizens through intergenerational co-creation</li> <li>With the competition theme "Re-designing longevity-ready environments," received 26 submissions from 85 participants of 26 schools</li> <li>Collaborated with a local government for the first time in 2021, working with Chiayi City Government to select winners for the Chiayi City Special Award and put them into practice</li> </ul>	<ul style="list-style-type: none"> <li>Earned media value of NT\$3.88 million</li> </ul>
	VISION 2025 Senior Aging International Trends Forum	<ul style="list-style-type: none"> <li>In collaboration with CommonHealth Magazine, the 2021 Forum dived into the topic "Precision Health, Active Longevity," exploring the use of AI to devise accurate aging plans; in addition, with the slogan "Financial Innovation, LOHAS Living for Elderly," Taiwan Life also proposed a retirement preparation plan at the forum</li> </ul>	<ul style="list-style-type: none"> <li>Taiwan Life has participated in the forum for three consecutive years, joining forces with experts from leading industry, government, and academic bodies from home and abroad to propose strategies addressing Taiwan's aging population</li> <li>At the 2021 forum, Taiwan Life proposed a retirement framework of "Three Capitals (LOHAS capital, long-term care capital, and health capital) and Two Plans (future cash flow plan and currently available funds calculation)" to raise awareness that everyone has the ability to prepare for retirement, particularly among 25–54-year-olds, 60% of who are women</li> <li>The online forum video was viewed by 40,000 people</li> </ul>	<ul style="list-style-type: none"> <li>Earned media value of NT\$12.44 million</li> </ul>

	<p><b>Survey on Indicators of Taiwan's retirement landscape</b></p>	<ul style="list-style-type: none"> <li>Conducts surveys jointly with the National Chengchi University (NCCU) College of Commerce on indicators that reflect retirement care issues in Taiwan</li> <li>Taiwan Life's long-term retirement planning advocacy was highlighted by practical actions and solutions</li> <li>The survey results for the retirement confidence, retirement adequacy, and retirement satisfaction indexes and their year-on-year changes are tracked and released annually, raising public awareness of retirement finance, financial knowledge, and retirement planning</li> <li>Earned media value of NT\$11.2 million</li> </ul>
<p><b>Active aging</b></p>	<p><b>2021 Finance for Seniors Forum</b></p>	<ul style="list-style-type: none"> <li>Hosts the forum jointly with NCCU's College of Commerce to deepen ESG initiatives; industry, government, and university experts are invited for cross-industry exchanges and ideas are proposed for the pension system, seniors' medical care, long-term care, and hospice services; also discussed are industry opportunities brought by Taiwan's aging society and ways to strengthen the sustainable impact of financial institutions during this transition</li> <li>The forum advocated for sound banking and finance for seniors, in support of the FSC's efforts to ensure seniors' economic security</li> <li>A total of 180 participants attended the forum, during which 13 experts and scholars from industry, government, and university shared their views on Taiwan's aging society and means of improving retirement planning and promote providing sound banking and finance for seniors</li> <li>Earned media value of NT\$6.2 million</li> </ul>
<p><b>Caring for the disadvantaged</b></p>	<p><b>Micro-insurance premium donations</b></p>	<ul style="list-style-type: none"> <li>Through the donation of microinsurance premiums, we expand the scope and coverage of microinsurance, thus providing accidental death or disability insurance policies for disadvantaged people to practice financial inclusion and strengthen Taiwan's social safety net</li> <li>In collaboration with Taichung City Government, Chiayi County Government, Chiayi Fu An Wang Ya Charity, Chinese Christian Relief Association, R.O.C Lottery Professionals Labor Union, and other organizations, donated premiums totaling NT\$7.225 million to provide a protective umbrella for the disadvantaged</li> <li>Since its inception, the cumulative number of policyholders insured has exceeded 210,000 and the cumulative insured amount has exceeded NT\$43.9 billion</li> <li>Received two awards in the FSC's 2021 Insurance Contest, including the Micro Insurance Contest Excellent Performance Award and Micro Insurance Contest Caring for the Physically and Mentally Challenged Award</li> </ul>
	<p><b>Employee volunteering</b></p>	<ul style="list-style-type: none"> <li>Taiwan Life volunteers travel to rural areas to help seniors interact and socialize</li> <li>Worked with occupational therapists and health promotion teams to teach age-appropriate exercises for seniors at Bjørgaas Foundation locations in Pingtung County and Chiayi County</li> <li>Bringing the trend of digital health to the Plahan long-term care site and Changhua Nursing Home, volunteers guided seniors to play digital fitness games, encouraging them to overcome their fear of digital tools and to use digital fitness to support their self-health management</li> <li>15 volunteers contributed 240 hours of service</li> </ul>
		<ul style="list-style-type: none"> <li>To help disadvantaged families overcome difficulties during the height of COVID-19, we supported the distribution of epidemic prevention kits by the Chinese Christian Relief Association's 1919 Food Bank</li> <li>Corporate volunteers assisted the 1919 Food Bank in counting and packing rice, oats, canned food, noodles, and other supplies for a total of 470 packages for delivery to disadvantaged families in the shortest possible time, allowing their limited funds to be used for children's education and family medical care</li> <li>25 volunteers contributed 150 hours of service</li> </ul>
	<p><b>COVID-19 relief actions</b></p>	<ul style="list-style-type: none"> <li>With the Hondao Senior Citizen's Welfare Foundation, launched the Epidemic Prevention Package fundraising campaign to help vulnerable seniors living alone</li> <li>Taiwan Life staff donated NT\$1.4 million to the campaign in 30 days, benefiting more than 2,000 seniors</li> <li>Earned media value of NT\$663,000</li> </ul>
	<p><b>In-home bathing service for remote areas of Pingtung County</b></p>	<ul style="list-style-type: none"> <li>Released "Believe in Your Better Self," a video encouraging the public to actively adapt to post-pandemic life</li> <li>Garnered more than 530,000 views through Taiwan Life's Facebook and YouTube channels and 1.5 million through other digital media platforms, such as Apple News website</li> <li>Received the Special Jury Award at the 2022 Taipei Golden Eagle Micro-Movie Festival</li> <li>Satisfaction rating exceeding 95% among families of bathing service recipients</li> <li>Earned media value of NT\$417,000</li> </ul>

# Collaborative value chain engagement

## Participation in sustainable organizations and initiatives

■ GRI 102-12, 102-13

In order to grasp global sustainability developments, respond to the 17 U.N. Sustainable Development Goals (SDGs), and create diverse partnerships, CTBC Holding actively participates in international initiatives. In addition to voluntarily complying with the U.N. Principles for Responsible Investment (PRI), Principles for Sustainable Insurance (PSI), and Principles for Responsible Banking (PRB), CTBC Bank also signed the Equator Principles in 2019 and became the first financial institution in Taiwan to join the Partnership for Carbon Accounting Financials (PCAF) and the Global Impact Investing Network (GIIN) in 2020.

We are working hard to implement a low-carbon transition and impact investing. In 2021, we were chosen to serve as PCAF's Asia-Pacific chair and were elected to become the only Asia-based member of its Global Core team. As part of that team, we worked alongside 21 benchmark financial institutions from around the world to formulate the second edition of the PCAF's standards and guidelines, together promoting the vision of net-zero emissions.

Similarly, we hope our participation in GIIN will allow us to better leverage impact assessment management tools and set the degree of contribution to SDGs as the main assessment criteria, thereby more effectively utilizing our capital and creating positive impacts for the financial industry. Furthermore, in February 2022, CTBC Holding became the first company in Taiwan to join the Taskforce on Nature-related Financial Disclosures (TNFD). We hope to strengthen our disclosure of nature-related risks and response measures through our participation in the taskforce, in turn helping prevent negative environmental impacts caused by related operations and fulfilling our responsibility to nature.

### 2019

- The Equator Principles



- Principles for Responsible Investment



- Principles for Sustainable Insurance



- Principles for Responsible Banking



### 2022

- Taskforce on Nature-related Financial Disclosure



### 2020

- Task Force on Climate-Related Financial Disclosure



- Global Impact Investing Network



## Participation in economic and trade organizations and public affairs

■ GRI 102-13

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

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



As one of Taiwan's most important domestic industrial and commercial organizations, the Chinese National Association of Industry and Commerce aims to promote international economic and trade cooperation. As a member of the association, CTBC Holding connects with major industrial and commercial organizations and think tanks in Taiwan by participating in events held by the association and makes recommendations to the government, acting as a bridge between business and government in order to expand its overseas business. We also aid the association in the operation of various national chambers of commerce and industry, including Taiwan-based chambers of commerce, in turn aiding CTBC Bank's overseas branches and thus its overall global expansion.

**Expenditure in 2021** NT\$650,000



The Asian Bankers Association (ABA) was established in 1981. Its mission is to develop the financial industry in Asia Pacific and promote regional economic collaboration. CTBC Holding remains an active member of the ABA and maintain close relationships with over 70 ABA member banks from 25 economies in Asia Pacific and the Middle East, working to further strengthen ties among financial institutions in the region. CTBC Holding President Daniel I. Wu currently serves as a board director and a member of the ABA Advisory Council, offering advice to its board to ensure continuity within ABA's policies and activities in order to uphold its founding principles.

**Expenditure in 2021** NT\$142,500



The Taiwan Japan Association for Business Communication helps Taiwanese businesses to build networks in Japan and third-country markets, promoting the alliance between Taiwan and Japan in industrial investment and technical cooperation. Through the association, we work with Japanese local governments, self-governing bodies, and banks to organize business meetings and trade seminars for fund raising and business matching. We have established diverse exchange channels between Taiwan's private sector and the Japanese government, and helped establish the Association of Japanese Business Leaders and Taiwan-Japan e-Commerce Exchange Committee. These efforts have aimed to deepen connections between Taiwanese and Japanese businesses and encourage the utilization of digital technologies to develop innovative business models. We have created an industry cooperation platform for use with other countries to promote partnerships between the public and private sectors.

**Expenditure in 2021** NT\$170,000



The members of the Third Wednesday Club include the top 100 corporations in Taiwan and financially sound companies that are interested in international trade. The club works to promote economic partnerships with China and Japan as well as trade exchanges among members. Through the club, we aim to use the power of the private sector to strengthen international exchanges and partnerships for Taiwanese corporations. As well as co-founding the club, CTBC Holding also helps promote its international corporate exchanges and sustainable management. We also helped establish club's Young Entrepreneur Group to cultivate the next generation of entrepreneurs, foster innovative thinking, and introduce new ideas for corporate sustainable management and development.

**Expenditure in 2021** NT\$100,000



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

**Expenditure in 2021** NT\$100,000

## Responsible procurement

GRI 102-16, 204-1, 205-2

In line with the U.N. SDGs, CTBC Holding undertakes sustainable operations while taking into account its own business growth and the rights and interests of stakeholders. It also encourages its subsidiaries to promote sustainable supply chain management and pursue sustainable development together with suppliers through the implementation of responsible procurement. In 2021, there was no major changes to supplier locations, supply chain structures, or relationships with suppliers.

## Sustainable supply chain management policy

GRI 102-9

In order to implement environmentally sustainability and fulfill its corporate social responsibility, CTBC Holding has formulated Supplier Management Principles, which outlines the principles and directions for the selection and management of suppliers by both CTBC Holding and its subsidiaries. It states that the supplier selection process should consider whether vendors comply with human rights protection, environmental sustainability, code of conduct, and personal privacy protection requirements. The review and management of suppliers comprise four steps, as listed below.

Step	Summary
Basic requirements	<ul style="list-style-type: none"> <li>Prior to negotiations for procurements of NT\$1 million or more, have manufacturers sign the Supplier Human Rights and Environmental Sustainability Commitment or present their company sustainability policy</li> </ul>
Evaluation and auditing	<ul style="list-style-type: none"> <li>Assess and select outstanding vendors by using a transparent, fair, and reasonable review mechanism</li> <li>Stipulate vendor selection regulations in the procurement management regulations and establish an assessment and selection mechanism</li> <li>Comply with Financial Holding Company Act and other ESG-related laws and regulations for transactions with stakeholders and non-stakeholders</li> <li>Determine the background, financial circumstances and operating status before conducting any transactions to prevent commercial transaction risks</li> </ul>
Risk identification and management	<ul style="list-style-type: none"> <li>Conduct credentials review and risk identification before conducting any transactions with a supplier. Perform a know your customer (KYC) assessment according to the transaction amount to determine their background, financial circumstances, and operational status in order to prevent commercial transaction risks</li> </ul>

	<ul style="list-style-type: none"> <li>Verify stakeholders and conduct AML/CFT and sanction list screenings to ensure transactions comply with the Financial Holding Company Act and other ESG-related laws and regulations</li> <li>Conduct sustainability risk assessment for frequent suppliers; if a supplier is found to have breached its commitments or has significant risks, hold negotiations with the supplier and issue improvement requests; if the circumstances are serious, disqualify the supplier from engaging in any transactions with the Company</li> <li>Conduct company evaluations for construction and maintenance projects or information system development projects and retain the results for future reference after the projects are completed</li> </ul>
Communication and improvement	<ul style="list-style-type: none"> <li>Comply with relevant laws and regulations in order to build a healthy and safe operating environment</li> <li>Convene annual labor safety seminars and supplier meetings</li> <li>Sign labor safety outreach and management agreements on a case-by-case basis and make daily pre-work announcements of safety reminders and hazard notices</li> </ul>

## Supplier procurement guidelines

■ GRI 102-9

We require suppliers to be committed to employee rights and health, prohibit the employment of people under the age of 15, comply with the relevant labor laws,

and implement occupational health and safety education and ESG-oriented corporate social responsibilities. The procurement of various related products and source materials and the manufacturing process must not include any toxic controlled substances stipulated by the Environmental Protection Administration or any controlled substances stipulated by international conventions. All other subcategories are listed below:

Supplier type	Procurement guidelines
Office equipment	<ul style="list-style-type: none"> <li>Energy-using office equipment must comply with the low energy consumption standards of the Bureau of Energy; where necessary, it must have relevant energy conservation labels and green procurement environmental labels as well as comply with relevant energy conservation regulations.</li> </ul>
IT equipment	<ul style="list-style-type: none"> <li>The servers, monitors, and computers, including notebook computers, comprising our IT facilities must comply with the International Energy Conservation Code.</li> </ul>
Advertising and media	<ul style="list-style-type: none"> <li>The agencies and outlets that create and show our advertising and marketing materials must fulfill their social responsibility to provide the audience with diverse and comprehensive information and to ensure its right of access to the media.</li> </ul>
Construction and maintenance	<ul style="list-style-type: none"> <li>Use green building materials that comply with national norms and have green building materials certification seals. All materials used in renovations shall comply with the inspection standards of the National Bureau of Standards, national energy standards, and fire safety regulations.</li> </ul>
Other	<ul style="list-style-type: none"> <li>The leased or purchased of official vehicles leased shall comply with the various national standards and regulations.</li> </ul>

## Local procurement

■ GRI 102-9

CTBC Holding has a long-standing policy of local procurement, and local vendors here are prioritized for all procurement cases. As Taiwan is the main operating region of CTBC Holding, in 2021, 96.1% of our supplier expenditure was with local suppliers—up from 89.53% in 2020. In net terms, the total procurement increased by NT\$1.5 billion from the previous year, with overseas procurements decreasing by NT\$479.84 million.

## Supplier conference

To fulfill our CSR and help our suppliers build a sustainable supply chain, we held the 2021 CTBC Suppliers Conference on Dec. 7 that year, with 131 suppliers attending. In consideration of the growing global concern regarding human rights and sustainable procurement, we used the meeting to teach suppliers about introducing sustainable management mechanisms that meet global standards.

Human rights is one of the three key points of CTBC Holding's Supplier Management Principles. As such, we invited sustainable development consultants to analyze the impact of the environment, labor, and human rights on sustainable procurement strategies at the conference. In addition, based on the ISO 20400 sustainable procurement guidelines, suppliers were reminded to establish a sound management mechanism.

The Company also reiterated the importance of business ethics, environmental protection, and employee rights and welfare in supplier procurement standards, encouraging suppliers to value honest management, CSR, and human rights protection and to carry out sustainable risk assessments. All cooperating suppliers were reminded that they are required to sign the Supplier Human Rights and Environmental Sustainability Commitment. We also reiterated that if a violation of the commitment or a major risk is found, the supplier will be required to make improvements, and that if the circumstances are serious, the supplier's contract will be terminated.

## Independent Limited Assurance Report



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#### INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT

The Board of Directors and Stockholders  
CTBC Financial Holding Co., Ltd.

We have performed a limited assurance engagement on the selected subject matter information (see Appendix) in the Sustainability Report ("the Report") of CTBC Financial Holding Co., Ltd. ("the Company") for the year ended December 31, 2021.

#### 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 GRI Standards and Sector Guidance published by the Global Reporting Initiatives (GRI) and other applicable rules according to its sector features, 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 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, 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.

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#### 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 Auditing Standard No. 46 "Quality Control for Public Accounting Firms" issued by the Accounting Research and Development Foundation of the Republic of China and, accordingly, maintains a comprehensive system of quality controls, including documented policies and 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 are, 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.

The engagement partner on the limited assurance engagement resulting in this independent auditors' limited assurance report is Yin-Chou Chen.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

July 1, 2022

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## Independent Limited Assurance Report

**Deloitte.**

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**INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT**

The Board of Directors and Stockholders  
CTBC Financial Holding Co., Ltd.

We have performed a limited assurance engagement on the selected subject matter information (see Appendix) in the Sustainability Report ("the Report") of CTBC Financial Holding Co., Ltd. ("the Company") for the year ended December 31, 2021.

**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 GRI Standards and Sector Guidance published by the Global Reporting Initiatives (GRI) and other applicable rules according to its sector features, 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 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, 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.

- 1 -

**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 Auditing Standard No. 46 "Quality Control for Public Accounting Firms" issued by the Accounting Research and Development Foundation of the Republic of China and, accordingly, maintains a comprehensive system of quality controls, including documented policies and 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 are, 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.

The engagement partner on the limited assurance engagement resulting in this independent auditors' limited assurance report is Yin-Chou Chen.

*Yin Chou Chen*

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

July 1, 2022

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APPENDIX

## 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/ Custom Indicators)	Descriptions of Indicators	Corresponding Sections	Applicable Criteria
1.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4, Subparagraph 3, Item 1	Number of data breaches, percentage involving personally identifiable information, and number of account holders affected.	Chapter 4 Responsible Operations_Ethical Governance	The number of incidents related to information security incidents, data breaches, personal data breaches, and number of customers affected by data breaches of CTBC Financial Holding and subsidiaries.
2.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4, Subparagraph 3, Item 2	Number and amount of loans outstanding qualified to programs designed to promote development of small business and communities.	Chapter 3 Sustainable Growth_Impact Financing	The number and balance of small business and community development financing cases of CTBC Bank.
3.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4, Subparagraph 3, Item 3	Number of participants in financial literacy initiatives provided to the disadvantaged without adequate banking services.	Chapter 3 Sustainable Growth_Impact Financing	The number of courses and participants in financial literacy initiatives provided to the disadvantaged without adequate banking services.
4.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4, Subparagraph 3, Item 4	Products and services designed by individual operating units to create benefits for the environment or society.	Chapter 3 Sustainable Growth_Impact Financing	The benefits of the Equator Principles project: Greater Changhua I-South East Offshore Wind Farm by CTBC Bank.
5.	Custom Indicator 1	Exposure to physical risk	Chapter 2 Sustainable Operations_Climate Directions and Strategy	The identified flood and landslides risk levels faced by CTBC Bank, Taiwan Life, and CTBC Asset Management for institutional banking real estate financing, housing loan, and real estate investment businesses in Taiwan and conducted an inventory on exposure for high-risk levels.
6.	Custom Indicator 2	Exposure to transition risk	Chapter 2 Sustainable Operations_Climate Directions and Strategy	The scenario analysis uses carbon pricing on transition risk with the scope of corporate bonds, business loans, and financing activities (project financing excluded) of CTBC Bank, Taiwan Life, and CTBC Securities.

(Continued)

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#	Assurance Subject Matter(Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies/ Custom Indicators)	Descriptions of Indicators	Corresponding Sections	Applicable Criteria
7.	Custom Indicator 3	Fair pay	Chapter 4 Responsible Operations_Employee Empowerment	The average gender ratio of fixed salary and total compensation of senior management, non-senior management, and non-management employees.
8.	Custom Indicator 4	Green financing loans	Chapter 3 Sustainable Growth_Impact Financing	The balance of green financing loans in green energy technologies, circular economy, and green buildings of CTBC Bank.
9.	Custom Indicator 5	Green bonds and Sustainable bonds	Chapter 3 Sustainable Growth_Impact Financing	The domestic and foreign sustainable bonds issued and underwritten by CTBC Bank.
10.	Custom Indicator 6	Description of whistleblower policies and procedures	Chapter 4 Responsible Operations_Ethical Governance	The content of "Procedures for Handling Reporting of Illegal and Unethical or Dishonest Conduct" by CTBC Financial Holding.
11.	Custom Indicator 7	Inclusive insurance products	Chapter 3 Sustainable Growth_Impact Financing	The number of valid policies and premiums of financial inclusion insurance products by Taiwan Life on December 31, 2021 and 2020.
12.	Custom Indicator 8	Absenteeism due to disabling injuries	Appendix 5 - Employee data	The total absenteeism due to disabling injuries of CTBC Financial Holding and subsidiaries.

(Continued)

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## GRI Standards Index

GRI Standards Index		Indicator chapter/description	Page
<b>General Disclosure 2016</b>			
102-1	Name of the organization	Report Overview_Sustainability milestones	1
102-2	Activities, brands, products, and services	01 About CTBC Holding	14
102-3	Location of headquarters	01 About CTBC Holding	14-15
102-4	Location of operations	01 About CTBC Holding	14-15
102-5	Ownership and legal form	Report Overview_Sustainability milestones	1
102-6	Markets served	01 About CTBC Holding	14-15
102-7	Scale of the organization	01 About CTBC Holding	14-15
102-8	Information on employees and other workers	04. Responsible Operations_Employee Empowerment	82-83
102-9	Supply chain	05 A Connected Society	115-116
102-10	Significant changes to the organization and its supply chain	01 About CTBC Holding 05 A Connected Society_Collaborative Value Chain Engagement	15 115-116
102-11	Precautionary Principle or approach	04 Responsible Operations_Ethical Governance	72-75
102-12	External initiatives	05 A Connected Society_Collaborative Value Chain Engagement	114
102-13	Membership of associations	05 A Connected Society_Collaborative Value Chain Engagement	114-115
102-14	Statement from senior decision-maker	Report Overview_Sustainability milestones	4-6
102-15	Key impacts, risks, and opportunities	02 Sustainable Operations_Sustainability Strategy 04 Responsible Operations_Ethical Governance 02 Sustainable Operations_Climate Directions and Strategy	22-23 72-75 32-36
102-16	Values, principles, standards, and norms of behavior	04 Responsible Operations_Ethical Governance 05 A Connected Society_Collaborative Value Chain Engagement	67-72 115-116
102-17	Mechanisms for advice and concerns about ethics	04 Responsible Operations_Ethical Governance	70-72
102-18	Governance structure	02 Sustainable Operations_Sustainability Strategy	18
102-19	Delegating authority	02 Sustainable Operations_Sustainability Strategy	18
102-20	Executive-level responsibility for economic, environmental, and social topics	02 Sustainable Operations_Sustainability Strategy	18
102-21	Consulting stakeholders on economic, environmental, and social topics	02 Sustainable Operations_Sustainability Strategy	21-22
102-22	Composition of the highest governance body and its committees	04 Responsible Operations_Ethical Governance	64-65
102-23	Chair of the highest governance body	04 Responsible Operations_Ethical Governance	64-65
102-24	Nominating and selecting the highest governance body	04 Responsible Operations_Ethical Governance	64-65
102-25	Conflicts of interest	04 Responsible Operations_Ethical Governance	64-65
102-26	Role of highest governance body in setting purpose, values, and strategy	04 Responsible Operations_Ethical Governance	66-67
102-27	Collective knowledge of highest governance body	04 Responsible Operations_Ethical Governance	66
102-30	Effectiveness of risk management processes	04 Responsible Operations_Ethical Governance	72-74
102-32	Highest governance body's role in sustainability reporting impacts	02 Sustainable Operations_Sustainability Strategy	18
102-33	Communicating critical concerns	04 Responsible Operations_Ethical Governance	70-72
102-34	Nature and total number of critical concerns	04 Responsible Operations_Ethical Governance	70-72
102-35	Remuneration policies	04 Responsible Operations_Ethical Governance	66-67
102-36	Process for determining remuneration	04 Responsible Operations_Ethical Governance	64-66
102-40	List of stakeholder groups	02 Sustainable Operations_Sustainability Strategy	21-22
102-41	Collective bargaining agreements	04. Responsible Operations_Employee Empowerment	85
102-42	Identifying and selecting stakeholders	02 Sustainable Operations_Sustainability Strategy	21-22
102-43	Approach to stakeholder engagement	02 Sustainable Operations_Sustainability Strategy	21-22
102-44	Key topics and concerns raised	02 Sustainable Operations_Sustainability Strategy	23
102-45	Entities included in the consolidated financial statements	01 About CTBC Holding	14-15
102-46	Defining report content and topic boundaries	Report Overview 02 Sustainable Operations_Sustainability Strategy	1 22-23
102-47	List of material topics	02 Sustainable Operations_Sustainability Strategy	22-23
102-48	Restatements of information	Report Overview	1
102-49	Changes in reporting	02 Sustainable Operations_Sustainability Strategy	22-23
102-50	Reporting period	Report Overview	1

102-51	Date of most recent report	Report Overview	1
102-52	Reporting cycle	Report Overview	1
102-53	Contact point for questions regarding the report	Report Overview	1
102-54	Claims of reporting in accordance with the GRI Standards	Report Overview	1
102-55	GRI content index	Appendix. GRI, SASB	119-123
102-56	External assurance	Appendix-Independent Assurance Opinion Statement	117-118
103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	02 Sustainable Operations_Sustainability Strategy	22-23
	103-2 The management approach and its components	02 Sustainable Operations_Sustainability Strategy	22-23
	103-3 Evaluation of the management approach	02 Sustainable Operations_Sustainability Strategy	22-23

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Economic Series			
#201: Economic Performance 2016	201-1 Direct economic value generated and distributed	01 About CTBC Holding	14-16
	201-2 Financial implications and other risks and opportunities due to climate change	02 Sustainable Operations_Climate Directions and Strategy	24-36
	201-3 Defined benefit plan obligations and other retirement plans	04 Responsible Operations_Employee Empowerment	90-92
202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	04 Responsible Operations_Employee Empowerment	82-83
	202-2 Proportion of senior management hired from the local community	04 Responsible Operations_Employee Empowerment	82-83
#203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	05 A Connected Society_Community Investment	106
	203-2 Significant indirect economic impacts	05 A Connected Society_Community Investment	106
204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	05 A Connected Society_Community Investment	115-116

#205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	04 Responsible Operations_Ethical Governance 05 A Connected Society_Collaborative Value Chain Engagement	67-68 115-116
	205-3 Confirmed incidents of corruption and actions taken	No such record	-
206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No such record	-
Environmental Series			
#302: Energy 2016	302-1 Energy consumption within the organization	04 Responsible Operations_Environmental Sustainability	99
	302-3 Energy intensity	04 Responsible Operations_Environmental Sustainability	99
	302-4 Reduction of energy consumption	04 Responsible Operations_Environmental Sustainability	99
303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	04 Responsible Operations_Environmental Sustainability	100
	303-2 Management of water discharge related impacts	04 Responsible Operations_Environmental Sustainability	100
	303-3 Water withdrawal	04 Responsible Operations_Environmental Sustainability	100
#305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	04 Responsible Operations_Environmental Sustainability	99
	305-2 Energy indirect (Scope 2) GHG emissions	04 Responsible Operations_Environmental Sustainability	99
	305-3 Other indirect (Scope 3) GHG emissions	04 Responsible Operations_Environmental Sustainability	99
	305-5 Reduction of GHG emissions	04 Responsible Operations_Environmental Sustainability	99-100
#307: Environmental compliance 2016	307-1 Non-compliance with environmental laws and regulations	No such record	-

Social Series			
#401: Employment 2016	401-1 New employee hires and employee turnover	04 Responsible Operations_Employee Empowerment	89
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	04 Responsible Operations_Employee Empowerment	90-92
	401-3 Parental leave	04 Responsible Operations_Employee Empowerment	94
#402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	04 Responsible Operations_Employee Empowerment	85
#403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	04 Responsible Operations_Employee Empowerment	92-97
	403-2 Hazard identification, risk assessment, and incident investigation	04 Responsible Operations_Employee Empowerment	92-97
	403-3 Occupational health services	04 Responsible Operations_Employee Empowerment	92-97
	403-4 Worker participation, consultation, and communication on occupational health and safety	04 Responsible Operations_Employee Empowerment	92-97
	403-5 Worker training on occupational health and safety	04 Responsible Operations_Employee Empowerment	92-97
	403-6 Promotion of worker health	04 Responsible Operations_Employee Empowerment	92-97
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	04 Responsible Operations_Employee Empowerment	92-97
	403-10 Work-related ill health	No such record	-
	404-1 Average hours of training per year per employee	004 Responsible Operations_Employee Empowerment	89
#404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	04 Responsible Operations_Employee Empowerment	87-89
	404-3 Percentage of employees receiving regular performance and career development reviews	04 Responsible Operations_Employee Empowerment	89
405:Diversity and Equal Opportunity 2016	405-2 Ratio of basic salary and remuneration of women to men	04 Responsible Operations_Employee Empowerment	83
#406: NonDiscrimination 2016	406-1 Incidents of discrimination and corrective actions taken	04 Responsible Operations_Employee Empowerment	83-85
#412: Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	04 Responsible Operations_Employee Empowerment	84-85
	412-2 Employee training on human rights policies or procedures	04 Responsible Operations_Employee Empowerment	83-85
415: Public Policy 2016	415-1 Political contributions	04. Responsible Operations_Ethical Governance	68
417: Marketing and Labeling 2016	417-2 Incidents of non-compliance concerning product and service information and labeling	No such record	-
	417-3 Incidents of non-compliance concerning marketing communications	No such record	-
#418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	No such record	-
#419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	04 Responsible Operations_Ethical Governance	71

## GRI G4 Financial Service Sector Supplement

	Indicator	Corresponding chapter	Page
FS1	Policies with specific environmental and social components applied to business lines	02. Sustainable Operations_Climate Directions and Strategy 03. Sustainable Growth_Impact Financing 03. Sustainable Growth_Innovative Digital Finance 04. Responsible Operations_Environmental Sustainability 04. Responsible Operations_Employee empowerment	24-25 40 57 97-98 82

FS2	Procedures for assessing and screening environmental and social risks in business lines	03. Sustainable Growth_Impact Financing	40		
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	03. Sustainable Growth_Impact Financing	40		
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	04. Responsible Operations_Employee empowerment	82		
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities	03. Sustainable Growth_Impact Financing	40		
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector	01. About CTBC Holding	14-16		
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	03. Sustainable Growth_Impact Financing 05. A Connected Society _Community Investment	48-49 106		
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	03. Sustainable Growth_Impact Financing 04. Responsible Operations _Environmental Sustainability	41-48 101		
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	04. Responsible Operations_Ethical Governance	72-75		
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues	03. Sustainable Growth_Impact Financing	41		
FS11	Percentage of assets subject to positive and negative environmental or social screening	03. Sustainable Growth_Impact Financing	41		
FS12	Voting policy(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting	03. Sustainable Growth_Impact Financing	41		
FS13	Access points in low-populated or economically disadvantaged areas by type	03. Sustainable Growth_Impact Financing	48-49		
FS14	Initiatives to improve access to financial services for disadvantaged people	03. Sustainable Growth_Impact Financing	48-49		
FS15	Policies for the fair design and sale of financial products and services	03. Sustainable Growth_Impact Financing 04. Responsible Operations_Employee empowerment	48-49, 53-56 82-83		
FS16	Initiatives to enhance financial literacy by type of beneficiary	03. Sustainable Growth_Impact Financing	48-50		

### Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies

Article	Indicators disclosed	Chapter	Page
Article 4, Paragraph 1, Subparagraph 3, Item 1	Number of data breaches, percentage involving personally identifiable information, and number of account holders affected.	04 Responsible Operations_Ethical Governance	80
Article 4, Paragraph 1, Subparagraph 3, Item 2	Number and amount of loans outstanding qualified to programs designed to promote development of small business and communities. <sup>o</sup>	03 Sustainable Growth_Impact Financing	49
Article 4, Paragraph 1, Subparagraph 3, Item 3	Number of participants in financial literacy initiatives provided to the disadvantaged without adequate banking services.	03 Sustainable Growth_Impact Financing	50
Article 4, Paragraph 1, Subparagraph 3, Item 4	Products and services designed by individual operating units to create benefits for the environment or society. (Financial inclusion products; health and elderly related products)	03 Sustainable Growth_Impact Financing	42-43
Article 4, Paragraph 1, Subparagraph 4, Item 1	he number of its full-time employees who are not in a managerial position, the average and medium of the salaries of the full-time employees who are not in a managerial position, and the difference of the three figures from the previous year	04 Responsible Operations_Employee empowerment	83

Article 4, Paragraph 1, Subparagraph 4, Item 2	the company's governance around climate-related risks and opportunities, actual and potential climate-related impacts, how to identify, assess and manage climate-related risks, and metrics and targets used to assess and manage relevant climate-related issues.	02 Sustainable Operations_Climate Directions and Strategy	33-35
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## Sustainability Accounting Standards Board (SASB) comparison table

Dimension	Topic	Accounting metric(s)	Category	Unit(s) of measure	Corresponding chapter	Page	Code
Social Capital	Data Security	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	Quantitative	Number,	04 Responsible Operations_Ethical Governance	80	FN-CB-230a.1
		Description of approach to identifying and addressing data security risks	Discussion and Analysis	percentage (%)	04 Responsible Operations_Ethical Governance	79-80	FN-CB-230a.2
	Financial Inclusion & Capacity Building	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	Quantitative	N/A	03 Sustainable Growth_Impact Financing	49	FN-CB-240a.1
		Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	Quantitative	Number,	03 Sustainable Growth_Impact Financing	Checking accounts are not commonly used services by ordinary Taiwanese consumers; for commonly used free deposit accounts, debit cards, digital finance and other services, there are no different thresholds for use and acquisition regardless of identity and conditions. In addition to providing a variety of financial products that can meet basic needs, CTBC Bank also optimizes counter and digital services for financially disadvantaged groups, upgrades automated service functions, and expands sites, so that all groups can obtain services more conveniently, please refer to "Inclusive Financing" and "Friendly Financial Environment" chapters.	
		Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	Quantitative	Reporting currency	03 Sustainable Growth_Impact Financing	48-49	FN-CB-240a.4
		Commercial and industrial credit exposure, by industry.	Quantitative	Number	2021 Annual Report	440-442	FN-CB-410a.1
Business Model & Innovation	Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	Discussion and Analysis	Number	02 Sustainable Operations_Climate Directions and Strategy 03 Sustainable Growth_Impact Financing	24 40-42	FN-CB-410a.2
		Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	Quantitative	Reporting currency	2021 Annual Report	107-117	FN-CB-510a.1
	Business Ethics	Description of whistleblower policies and procedures	Discussion and Analysis	N/A	04 Responsible Operations_Ethical Governance	68	FN-CB-510a.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	Reporting currency	02 Sustainable Operations_Climate Directions and Strategy	27-28	FN-CB-550a.2

## Our vision for sustainability

With a view to maximizing value for our stakeholders, we have adopted a sustainability strategy guided by the three pillars of Sustainable Growth, Responsible Operations, and A Connected

Corresponding Strategy	Importance in our operations	Response strategy	Long-term goals	2022 goals
Regulatory compliance	Ensure the Company's operations comply with applicable external laws and regulations as well as internal policies and procedures, reduce compliance risks, and create a culture of compliance in the group in order to enhance customer trust and ensure investors' rights.	1. Establish a group-wide culture of compliance. 2. Reduce risks stemming from non-compliance. 3. Enhance the competitiveness of the group.	Continue to optimize the regulatory compliance management system and step up the use of technology to reduce labor time and hard-copy paperwork and to improve management efficiency while ensuring environmental sustainability	<p><b>KPI 1:</b> Continue assessing the needs of the compliance and AML/CFT training program for new employees</p> <p><b>KPI 2:</b> Thoroughly monitor regulatory compliance risk events within the group</p> <p><b>KPI 3:</b> Strengthen the efficiency of the group's AML/CFT information-sharing mechanism</p> <p><b>KPI 4:</b> Optimize the whistleblowing program to improve case-handling efficiency</p>
				<p><b>KPI 1:</b> Continue to strengthen the connections between the Board of Directors and ESG</p> <p><b>KPI 2:</b> Continue to hold directors' refresher training courses and improve the quality and quantity of directors' annual refresher training</p>
Responsible Operations	A well-established corporate governance structure enables the Board of Directors and management to function effectively, achieving operational goals on the basis of balancing and safeguarding the interests of all stakeholders and improving efficiency and competitiveness.	1. Refine our corporate governance organizational structure to provide sufficient support to the Board of Directors. 2. Strengthen the functions and information transparency of the Board of Directors. 3. Integrate domestic and international corporate governance trends and participate in relevant domestic and international assessments and certifications.	<p><b>KPI 3:</b> Continue to provide assistance to the Board of Directors</p> <p><b>KPI 4:</b> Continue to optimize the official website corporate governance information in Chinese and English</p> <p><b>KPI 5:</b> Maintain being selected as a constituent stock of international indices or maintain previous upper rankings in governance related assessments</p>	<p><b>KPI 1:</b> Continue to focus on sustainable management (ESG)</p> <p><b>KPI 2.1:</b> Continue to arrange refresher courses for directors</p> <p><b>KPI 2.2:</b> Continue to include the number of hours of study for directors as a measure of their performance</p> <p><b>KPI 3.1:</b> Continue to ensure all corporate governance and secretariat unit personnel pass the basic corporate governance competence test</p> <p><b>KPI 3.2:</b> Continue to update the content of the directors' performance manual</p> <p>Update the corporate governance page on the official website</p>
				<p>Continue to be selected as a constituent stock of international indices or maintain previous upper rankings in governance-related assessments</p> <p><b>KPI 6.1:</b> Maintain outside director majorities on the boards of CTBC Holding and its key subsidiaries (i.e., CTBC Bank, Taiwan Life, and CTBC Securities)</p> <p><b>KPI 6.2:</b> Diversify the composition of CTBC Holding's Board(e.g., in professional experience, gender, and age.)</p>

Society. We track our performance in sustainability annually, with our performance as follows:

2021 goals	2021 performance	2020 performance
<b>KPI 1:</b> Enhance the compliance and AML/CFT education and training program for new employees	Completed a comprehensive review and update of the compliance and AML/CFT training materials for new employees	Achieved a 100% completion rate of AML/CFT training
<b>KPI 2:</b> Strengthen the reporting mechanism for material compliance alerts	Achieved a 100% reporting rate for major compliance alerts within the group	Achieved a 100% rate of reporting material penalties
<b>KPI 3:</b> Leverage emerging technologies to support compliance functions and reduce paper use, thereby improving compliance management efficiency and implementing sustainable environmental protection  (Target newly set in 2022)	CTBC Bank's compliance management system adopted a compliance risk assessment function, and CTBC Holding's compliance management system incorporated an AML/CFT information sharing function (first phase)  (Target newly set in 2022)	The Bank has completed the first phase of setting up an online internal regulation database; CTBC Holding's online compliance management system is being planned  (Target newly set in 2022)
<b>KPI 1:</b> Strengthen the linkages between the Board of Directors and corporate social responsibility	The Company revised the Regulations Governing Board Performance Evaluations and included sustainable management (ESG) concerns as a measure of Board of Directors performance evaluations	The Company set up a Sustainability Committee under the Board of Directors to assist the Board of Directors in the management and deliberation of corporate sustainability issues
<b>KPI 2:</b> Increase the annual refresher resources for directors and arrange for courses exceeding the statutory 6 hours	The total number of internal and external refresher training hours for the seven directors in 2021 was 92 hours, exceeding the statutory hours.	The total number of training hours of the seven directors was 52 hours, and each director met the six-hour refresher training requirement  (Target newly set in 2021)
<b>KPI 3.1:</b> All corporate governance personnel and personnel in the Secretariat of the Board unit pass the basic corporate governance competence test	All corporate governance personnel and personnel in the secretariat unit passed the basic corporate governance competence test	(Target newly set in 2021)
<b>KPI 3.2:</b> Continue to update the content of the directors' performance manual	Completed the update of the directors' performance manual	(Target newly set in 2021)
<b>KPI 4:</b> Disclose important corporate governance regulations in English on the official website	100%	100%
<b>KPI 5:</b> Be selected as a constituent stock of international indices or be highly ranked in governance-related assessments  (Target newly set in 2022)	<ul style="list-style-type: none"> <li>Continued to be selected as a constituent stock of the DJSI Emerging Markets Index</li> <li>Continued to be selected as a constituent stock of the DJSI World Index</li> <li>Continued to be selected as a constituent stock of the MSCI ESG Leaders Indexes, with an AA rating in ESG rating</li> <li>Continued to be selected as a constituent stock of the FTSE4Good Emerging Index</li> <li>Ranked in the top 5% in the TWSE's 2021 Corporate Governance Evaluation of listed companies</li> <li>Received CG6013 (2021) outstanding enterprise certification—the highest rating available—from the Taiwan Corporate Governance Association</li> </ul>	<ul style="list-style-type: none"> <li>Selected as a constituent stock of the Dow Jones Sustainability Indices (DJSI) Emerging Markets Index</li> <li>Selected as a constituent stock of the DJSI World Index</li> <li>Selected as a constituent stock of the Morgan Stanley Capital International (MSCI) ESG Leaders Indexes</li> <li>Selected as a constituent stock of the FTSE4Good Emerging Index</li> </ul>
(Target newly set in 2022)	(Target newly set in 2022)	(Target newly set in 2022)
(Target newly set in 2022)	(Target newly set in 2022)	(Target newly set in 2022)

	Ethical governance	<p>Integrity is CTBC Holding's important value. We require internal compliance with regulations and codes of conduct and externally communicate our commitment to integrity management and ethical standards, with the goal of becoming a trusted partner to all our stakeholders.</p>	<ol style="list-style-type: none"> <li>1. Develop relevant internal norms, organize related training and promotion programs, and disclose the implementation status.</li> <li>2. Directors and senior managements are required to issue the Declaration of Compliance with Ethical Corporate Management Standards, which in turn will be submitted the Ethics and Integrity Committee and the Board of Directors.</li> <li>3. Formulate anti-corruption statement and abide by relevant laws and regulations.</li> <li>4. Provide internal and external whistleblowing channels and have measures in place to protect whistleblowers.</li> </ol>	Strengthen culture of integrity and implement ethical management	<b>KPI 1:</b> Maintain the implementation rate of the annual ethical management education and training at 100%
					<b>KPI 2:</b> Continue to report to the Ethics and Integrity Committee and the Board of Directors every six months on the implementation status of ethical management
					<b>KPI 3:</b> Have Board directors and senior executives sign the Declaration of Compliance with Ethical Corporate Management Standards upon appointment
Responsible Operations	Risk management	<ol style="list-style-type: none"> <li>1. Optimize the risk management mechanism for overseas branches in order to support the stable expansion of the Bank's businesses.</li> <li>2. Prepare for the adoption of IFRS17 and ICS in the life insurance industry and make early changes in financial statements, asset/liability matching, and risk management.</li> </ol>	<ol style="list-style-type: none"> <li>1. Have CTBC Bank implement the new Basel III system: In line with the new Basel III regulations, CTBC Bank continues to improve its risk assessments and to optimize and refine its risk management systems.</li> <li>2. Taiwan Life shall manage and control financial reporting as well as interest rate risk and asset and liability management.</li> </ol>	Complete adoption of Basel III	<b>KPI 1:</b> Reduce financial impact of BIS compliance with DSIB standards
				NA	NA
	Risk management	<ol style="list-style-type: none"> <li>1. Internal auditing shall be conducted objectively and fairly. Recommendations shall be given to reasonably ensure the implementation of the internal control system in order to assist the Board of Directors and management in checking and evaluating the system's effectiveness.</li> <li>2. The internal control and operational procedures shall be managed to avoid operational risks or illegal deficiencies.</li> </ol>	<p><b>1. Assurance service:</b> Conducting audit work to ensure the implementation of the internal control system based on regulations and internal policies and procedures.</p> <p><b>2. Quality assurance:</b> Developing an ongoing Quality Assurance and Improvement Program (QAIP).</p> <p><b>3. Enhancing the three lines of defense of CTBC Bank's internal control system:</b> closely monitor risk, ensure compliance, and conduct regulatory review initiatives. (BRCC (Business, Risk, Compliance and Control) meeting.</p>	Complete adoption of FRS17 and ICS	Conduct quarterly testing for economic value assessment
Sustainable Growth	Service quality and customer satisfaction	<p><b>[CTBC Bank]</b> Meeting customer needs is the core mission of our business operations and the driving force pushing us to continually improve.</p> <p><b>[Taiwan Life]</b></p> <p><b>1. Claims:</b> The nature of the insurance industry requires us to provide warm, professional service in order to meet customer expectations and needs.</p> <p><b>2. Policy service:</b> Taiwan Life's official website shall integrate query pages and increase the number of online transaction services to 24.</p>	<p>Become a customer-centric, full-service retail bank.</p>	Retail banking customer satisfaction	88%
				Timely closing of customer complaint cases (7-day close-case rate ≥ 90%)	≥90%
				<p><b>1. Work efficiency:</b> Make faster claims application payments.</p> <p><b>2. Customer satisfaction:</b> Better manage and control our claims complaint rate.</p> <p><b>3. Service quality:</b> Use apps to optimize our customer experience.</p> <p><b>4. Digital infrastructure:</b> Launch digital investments.</p>	<p>Three-day settlement rate for free-to-check payment claims: 99%</p> <p>30-day proper processing rate: ≥ 85%</p> <p>50 online transaction services</p>

<b>KPI 1:</b> Educate and train directors, managers, and employees (excluding seconded personnel), achieving a group-wide training rate of 100% and maintaining the group-wide training completion rate at over 95%	Group implementation rate: 100%	Training rate: 100% Training completion rate: 99%
<b>KPI 2:</b> Regularly report to the Ethics and Integrity Committee and Board of Director on the status of ethical management, and implement the annual plan formulated by the Ethics and Integrity Committee	The status of ethical management was reported to the Ethics and Integrity Committee and Board of Directors in January and July 2021	The status of ethical management was reported to the Ethics and Integrity Committee and the Board of Directors in January and July 2020, respectively
<b>KPI 3:</b> Have the Board of Directors and senior managements sign the Declaration of Compliance with Ethical Corporate Management Standards upon appointment	100%	100%
<b>KPI 4:</b> Institute an anti-corruption statement	Set the Anti-Bribery Policy as a higher-level policy	(Target newly set in 2021)
<b>KPI 1:</b> Reduce financial impact of BIS compliance with DSIB standards	100% Completed the application of Basel III LTV regulations and met the BIS minimum DSIB requirements	(Target newly set in 2022)
<b>KPI 2:</b> Assess reserve fund adequacy	Implementation rate: 100%	100%
<b>KPI 3:</b> Monitor assets and liabilities indicators: economic surplus	Implementation rate: 100%	100%
<b>KPI 1:</b> Conduct annual auditing based on relevant laws, regulations, and risk assessment results: 20 full-scope/limited-scope audits, 1 special audit	20 legal required audits 2 strengthened audits 1 designated audit	20 legal required audits 2 strengthened audits 1 designated audit
<b>KPI 2:</b> Conduct a QAIP assessment of the internal audit unit of CTBC Holding at least once	Performed twice	Performed twice
<b>KPI 3:</b> Convene a BRCC meeting every quarter for overseas subsidiary branches	100% Overseas subsidiary branches completed 4 quarterly BRCC meetings	100%
<b>KPI 1:</b> Retail banking customer satisfaction	88%	87%
<b>KPI 2:</b> CTBC Bank customer complaint 7-day closure rate: ≥ 90%	92.90%	95%
<b>KPI 1:</b> Three-day settlement rate for free-to-check payment claims: 96.0%	95%	96.2%
(Target newly set in 2022)	(Target newly set in 2022)	(Target newly set in 2022)
<b>KPI 3:</b> Online transaction services: 24 services	24 online transaction services	11 online transaction services

Corresponding Strategy	Importance in our operations	Response strategy	Long-term goals	2022 goals
Responsible Operations	Information security	<p><b>[CTBC Bank]</b> In the face of rapidly evolving information security (infosec) threats, CTBC Bank protect the information and rights of customers through corporate infosec governance and technology measures, and ensure that financial services and corporate information and assets are safeguarded.</p> <p><b>[Taiwan Life]</b> With the increasing prevalence of cyberattacks, Taiwan Life has established a defense-in-depth framework to protect its websites and internal IT assets. In addition, it is expanding the scope of its international certification for cybersecurity and personal data in order to prevent the occurrence of major incidents and subsequent penalties, and to maintain sound corporate reputation.</p>	<p><b>[CTBC Bank]</b></p> <ul style="list-style-type: none"> <li>• <b>Long-term planning investment:</b> Prepare, optimize, and implement a five-year plan for information security.</li> <li>• <b>Key risks:</b> Identify and establish key indicators and focus on the management of key risks.</li> </ul>	NA
				<p><b>KPI 1:</b> Number of unaddressed high- and medium-risk vulnerabilities of external website's system and source code: 0</p>
				<p><b>KPI 2:</b> Company-wide infection rate of computer viruses or worms: &lt; 1%</p>
	Tax governance			<p><b>KPI 3:</b> Coverage of ISMS certification: 100% of information systems under the Information Technology Department</p>
				<p><b>KPI 4:</b> Coverage of PIMS certification: 100% of department</p>
	Action on climate change			<p><b>KPI 1:</b> Provide education and training for tax-related personnel</p>
				<p><b>KPI 2:</b> Continue to monitor developments in international responsible taxation, balance the impact of business operations and relevant principles, and disclose tax information publicly on a regular basis</p>
				<p><b>KPI 3:</b> Complete tax filings and payments within the statutory deadlines</p>
				<p><b>KPI 4:</b> Do not conduct tax planning or set up companies in tax havens for tax avoidance purposes</p>
				<p><b>KPI 1:</b> Integrate climate change risk factors into business processes and strengthen risk governance processes</p>
				<p><b>KPI 2:</b> Refine the climate risk scenario analysis methodology and extend the assessment scope</p>
				<p><b>KPI 3:</b> Comply with the TCFD framework to improve climate change-related financial disclosures</p>
				<p><b>KPI 4:</b> Continue to engage in green investment and financing</p>

2021 goals	2021 performance	2020 performance
Completion rate for five-year plans: 100%	100%	97%
<b>KPI 1:</b> Number of high- and medium-risk vulnerabilities of external website's system and source code: 0	high- and medium-risk = 0	High risk = 0
<b>KPI 2:</b> Company-wide infection rate of computer viruses or worms: < 1% <1%		0.58%
<b>KPI 3:</b> Coverage of ISMS certification: 100% of information systems under the Information Technology Department	1	100%
<b>KPI 4:</b> Coverage of PIMS certification: 100% of department	1	100%
<b>KPI 1:</b> Provide education and training for tax-related personnel	<b>KPI 1:</b> Provide education and training for tax-related personnel	Conducted internal and external education and training for tax-related personnel
<b>KPI 2:</b> Continue to monitor developments in international responsible taxation, balance the impact of business operations and relevant principles, and disclose tax information publicly on a regular basis	<b>KPI 2:</b> Continue to monitor developments in international responsible taxation, balance the impact of business operations and relevant principles, and disclose tax information publicly on a regular basis	Disclosed Tax Transparency Report and the tax governance policy on official website
<b>KPI 3:</b> Complete tax filings and payments within the statutory deadlines	<b>KPI 3:</b> Complete tax filings and payments within the statutory deadlines	Completed all income tax, business tax, and stamp duty filings and payments within the deadlines
<b>KPI 4:</b> Do not conduct tax planning or set up companies in tax havens for tax avoidance purposes	<b>KPI 4:</b> Do not conduct tax planning or set up companies in tax havens for tax avoidance purposes	Did not set up companies in tax havens or conduct tax planning for tax avoidance purposes
<b>KPI 1:</b> Integrate climate risk factors into business processes and strengthen risk governance procedures	The ESG Taskforce convened four meetings to track climate risk factors and opportunities as well as response measures	The ESG Taskforce convened three meetings to track climate risk factors and opportunities as well as response measures, and the Sustainability Committee was elevated to a functional committee under the Board of Directors
<b>KPI 2:</b> Identify and evaluate climate risks and opportunities and develop climate risk scenario analysis	Risk scenario analysis and stress testing was conducted with reference to internationally accepted climate change scenarios and the findings disclosed in the 2021 Sustainability Report and the 2021 Climate Risk Assessment Report	Climate change risk scenario analysis was conducted and the findings disclosed in the 2020 Sustainability Report
<b>KPI 3:</b> Comply with the TCFD framework to improve climate change-related financial disclosures	Climate change risk-related indicators were disclosed in the 2021 Sustainability Report in accordance with the TCFD framework and the Company's first Climate Risk Assessment Report was published	Climate change risk-related indicators were disclosed in the 2020 Sustainability Report in accordance with the TCFD framework
<b>KPI 4:</b> Continue to engage in green investment and financing projects (e.g., wind power and solar energy)	Green energy (wind, solar power) risk exposure totaled NT\$35.2 billion	Green energy (wind, solar power) risk exposure totaled NT\$17 billion

Corresponding Strategy	Importance in our operations	Response strategy	Long-term goals	2022 goals
Digital finance	We introduce new technologies and implement digital transformation of our business models to provide proper financial services for customers of all ages, create a better customer experience, maintain customer loyalty, and ultimately become a leading regional financial institution in digital finance.	<p><b>Digital transformation:</b> Optimize end-to-end omni-channel digital processes by adopting a customer-centric approach through technological applications.</p> <p><b>Digital innovation:</b> Create API platform services and develop innovative service processes, financial product and business models by leveraging advanced technologies, such as AI and blockchain, and through fintech cooperation.</p> <p><b>Digital infrastructure:</b> Build a foundation for CTBC Holding data-based projects and launch the intelligent transformation of various operations; create a lightweight core system by increasing the rate of cloud-based applications and developing flexible and scalable application architecture; and promote a culture of innovation and agile development.</p>	<p>Digital customer satisfaction rate: &gt; 90%</p> <p>Digital transaction rate: &gt; 80%</p> <ul style="list-style-type: none"> <li>Mobile app utilization rate: &gt;95%</li> <li>Mobile policy owner service rate: &gt;95%</li> <li>Mobile claims utilization rate: &gt;90%</li> </ul>	Digital customer satisfaction rate: > 90%
		<b>Green loans:</b> Support major clients' domestic and international renewable energy-related project financing.	Complete the project financing required to achieve domestic green energy development goals	Mobile app utilization rate: 95% Mobile policy owner service rate: 70% Mobile claims utilization rate: 30%
		<b>Responsible lending:</b> Adopt the Equator Principles to fulfill our social and environmental protection responsibilities.	Become the leading bank in domestic renewable energy project financing	Strive to be the lead arranger and/or financial adviser for offshore wind and/or solar power project financing and assist customers to achieve their financing goals
Sustainable Growth	As the main supplier of corporate funds, the financial industry can support socially and environmentally responsible enterprises through its lending and investment, thereby encouraging more enterprises to address their social responsibilities.		NA	Complete two financing cases for the domestic renewable energy industry (including green energy supply chain customers) and/or waste recycling industry
		Become a customer-centric, full-service retail bank.	Continue to offer ESG products and services	Annually disclose Equator Principles case data
			1. Develop ESG/climate risk limits, promote low carbon transition 2. Continue to optimize responsible investment operations 3. Continue to increase sustainable financial investment and financing	Continue to offer ESG products and services  Use retail banking to drive business/customer carbon footprint disclosure, and complete at least 1 such disclosure
Responsible finance	To realize corporate sustainability and keep pace with international developments, Taiwan Life adheres to the spirit of the U.N. Principles for Responsible Investment (PRI), integrates ESG considerations into its investment decision making, and formulates responsible investment policies. In addition, to fulfill its corporate social responsibility through the sustainable management of the use of funds, the Company reviews the ESG-related information of invested companies to determine whether investees and borrowers fulfill their respective obligations. In addition, Taiwan Life is also working with parent company CTBC Holding on its TCFD-based disclosure efforts.	Subsidiary Taiwan Life voluntarily complies with the PRIs; accordingly, it has formulated and implemented responsible investment policies and investment procedures in accordance with the spirit of the PRIS. Taiwan Life has also established a responsible investment system and integrated ESG criteria and other standards into its investment-related decision making. The evaluation scope comprises all major investment assets, including counterparties and investment service brokers. Furthermore, the ESG-related risk and performance of investee companies are taken into account and integrated into the investment evaluation process and decision-making in order to fulfill the stewardship responsibilities and create long-term investment value. Taiwan Life also engages in constructive communications and interactions with investee companies to promote the sustainable development of investee companies, thereby supporting the long-term interests of customers and having a positive social impact. In response to the risks associated with climate change, Taiwan Life also assists with its parent company CTBC Holding's TCFD-based measurement and disclosure of climate change risks, and is continuing to develop related management mechanisms.		<ul style="list-style-type: none"> <li>Establish a carbon emission management mechanism and regularly disclose quantitative information on climate risks</li> <li>Increase the number of invested companies that adopt SBTi standards</li> <li>Increase sustainable financial investment and financing</li> </ul>
				Develop products that focus on health/vulnerable groups/seniors, expected to develop 6 new products
				5% of AUM in compliance with ESG themes in Q4

2021 goals	2021 performance	2020 performance
<b>KPI 1:</b> Digital customer satisfaction rate: > 90%	90%	88%
<b>KPI 2:</b> Digital transaction rate: > 80%	91.60%	88%
(Target newly set in 2022)	(Target newly set in 2022)	(Target newly set in 2022)
<b>KPI 1:</b> Strive to be the lead arranger and/or financial adviser for offshore wind and/or solar power project financing and assist customers to achieve their financing goals	CTBC Bank acted as the financial adviser and host bank for two offshore wind power projects and as the host bank for one solar power project	Participated in two cases of offshore power financing projects after working with an international financial consultant to assist in the preliminary planning of the offshore wind power project financing
<b>KPI 2:</b> Complete two financing cases for the domestic renewable energy industry (including green energy supply chain customers)	Completed two large-scale offshore wind power project financing cases and one solar power plant project financing case	Completed one financing case for a large-scale solar energy power plant
<b>KPI 3:</b> Annually disclose Equator Principles case data	CTBC Bank's 2021 Equator Principles case data disclosed by July 2022	<ul style="list-style-type: none"> <li>• Relevant measures were revised and officially launched in July 2020, with education and training conducted in line with the fourth edition of the Equator Principles published by the Equator Principles Association</li> <li>• The Bank's 2020 Equator Principles case data were disclosed in January 2021</li> </ul>
<b>KPI 4:</b> Offer green energy products and services	NT\$17.7 billion	NT\$3.1 billion
(Target newly set in 2022)	(Target newly set in 2022)	(Target newly set in 2022)
<ul style="list-style-type: none"> <li>• Ensure major investment projects are in line with the U.N. SDG classification standards</li> <li>• Optimize negotiation mechanisms and the execution of negotiations</li> <li>• Increase sustainable financial investment and financing</li> <li>• Fortify the ESG training and professionalism of internal personnel</li> <li>• Continue to optimize responsible investment operations</li> </ul>	<ul style="list-style-type: none"> <li>• Major investment projects were in line with the U.N. SDG classification standards</li> <li>• Revised the responsible investment risk management and evaluation mechanism</li> <li>• Conducted SASB negotiations with two renewable energy-related companies</li> <li>• The approved amount of sustainable financial investment and financing totaled NT\$52.7 billion</li> </ul>	<ul style="list-style-type: none"> <li>• In line with sustainable financial planning, established responsible investment system and implemented responsible investment operation</li> <li>• The approved amount of sustainable financial investment and financing totaled NT\$42.4 billion</li> </ul>
(Target newly set in 2022)	(Target newly set in 2022)	(Target newly set in 2022)
(Target newly set in 2022)	(Target newly set in 2022)	(Target newly set in 2022)

Corresponding Strategy	Importance in our operations	Response strategy	Long-term goals	2022 goals
Responsible Operations	Sustainable supply chain management	Reduce sustainability-related supply chain risks.	<p>Sustainable supply chain management is carried out through three main steps of assessment and audit, risk identification and management, and communication and improvement. Relevant requirements which are in line with CTBC's sustainable supply chain strategy are also instituted for supplier reviews, and supplier specification and management. At the same time, through a series of management systems and requirements, the sustainability of supply chain is gradually elevated.</p>	<ol style="list-style-type: none"> <li>Continue to refine and execute supplier ESG education and training</li> <li>Continue to refine and execute supplier ESG (including human rights) risk assessment, and follow-up agreements and management</li> <li>Continue to refine sustainable procurement policies and practices</li> </ol> <ol style="list-style-type: none"> <li>Have main/critical suppliers complete ESG education and training</li> <li>Have main/critical suppliers complete ESG (including human rights) risk assessments, and carry out follow-up agreements and management</li> <li>Review connections between purchasing practice and supplier ESG evaluation results</li> </ol>
	Sustainable operating environment	To realize its environmental responsibility as a good corporate citizen, CTBC Holding is realizing its "Green Policy, Green Future" commitment through energy conservation and carbon emission reduction efforts, in the process developing more green products and strategies. By eliciting support from customers and employees alike for its green action plans, the Company is creating a shared goal of environmental sustainability	Continually drive the introduction of new environment-related certifications at all CTBC Holding subsidiaries	<p>Using 2020 as the base year, reduce total electricity consumption, carbon emissions, water consumption, and waste by 3.5% from 2021 to 2023</p> <p>Reduce total electricity consumption, carbon emissions, water consumption, and waste by 1% compared to 2020</p>
	Labor rights	Only through a lawful and appropriate management system that protects employees' rights and interests can we create a happy working environment, enhance team cohesion, and effectively leverage the Company's key assets.	<p><b>1. Maintain healthy labor-management relations:</b> Establish an employee management system compliant with laws and regulations.</p> <p><b>2. Create a friendly work environment:</b> Eliminate the discrimination and unfair treatment of employees.</p>	<p>Lower than the national standards of the Directorate General of Budget, Accounting and Statistics</p> <p>Lower than the national standards of the Directorate General of Budget, Accounting and Statistics</p>
	Talent recruitment and retention	Recruit and retain professional financial management talent in order to maintain our organization's competitiveness and promote its sustainable development.	<ol style="list-style-type: none"> <li>Regularly review compensation levels to ensure their competitiveness and to remain an industry benchmark setter.</li> <li>Encourage senior managers to hold Company shares thereby ensuring management practices that are aligned with the interests of shareholders.</li> </ol>	<p><b>KPI 1:</b> Have the average fixed salary remain within the top 25% of the industry standard</p> <p><b>KPI 2:</b> Percentage of designated managers with total stock value 1.5 times or more than their annual fixed pay: 85%</p>
	Talent development and empowerment management	To facilitate our corporate strategies and meet our organizational needs, we shall continue to invest in systematic learning	<p><b>1. Training investment:</b> Continual addition of learning resources.</p> <p><b>2. Internal inheritance:</b> Increase the ratio of lecturers from internal departments.</p>	<p><b>KPI 1-1:</b> Average education and training per person per year: ≥ 33 hours</p> <p><b>KPI 1-2:</b> Investment rate for management staff training expenses: ≥ 34%</p> <p><b>KPI 2:</b> Investment rate for management staff training expenses: ≥ 30%</p>

2021 goals	2021 performance	2020 performance
<p>1. Have main/critical suppliers complete ESG (including human rights) risk assessments, and carry out follow-up agreements and management</p> <p>2. Have main/critical suppliers complete ESG education and training</p> <p>3. Review connections between purchasing practices and supplier ESG evaluation results</p>	<p>1. Completed training for supplier conference</p> <p>2. Suppliers completed CSR self-assessment questionnaires</p> <p>3. 100% of suppliers signed the supplier human rights and environmental sustainability declaration, requiring them to comply with environmental protection and occupational health and safety regulations; if a breach or major risk is found, the supplier is required to take improvement measures, and in serious cases, will have their contract terminated</p>	<p>1. Organized a supplier conference</p> <p>2. In January 2020, had regular suppliers sign a human rights and environmental sustainability declaration, promising to comply with relevant regulations on environmental protection, occupational health and safety, labor rights, etc., and conducted follow-up human rights risk assessments</p> <p>3. Formulated supplier management principles</p>
Reduce total electricity consumption, carbon emissions, water consumption, and waste by 1.5%	In 2021, electricity consumption was reduced by 2.3% or 1.69 million kwh, cutting 847 tons of carbon emissions	In 2020, electricity consumption was reduced by 2.46% or 1.73 million kwh, cutting 882 tons of carbon emissions
<b>KPI 1:</b> Labor-management dispute involvement rate lower than the national standard issued by the Directorate General of Budget, Accounting and Statistics (number of people involved in labor-management dispute cases as accepted by the competent authority in the current year / total number of employees)	0.41%	0.22%
<b>KPI 2:</b> Employment discrimination case ratio: the number of people in employment discrimination cases in the current year as determined by the competent authorities / total number of employees	0%	0%
<b>KPI 1:</b> Have the average fixed salary remain within the top 25% of the industry standard	The average fixed salary remained within the top 25% of the industry standard	The average fixed salary remained within the top 25% of the industry standard
<b>KPI 2:</b> Percentage of designated managers with total stock value 1.5 times or more than their annual fixed pay: 85%	100%	100%
<b>KPI 1-1:</b> Average education and training per person per year: ≥ 30 hours	Average education and training per person was 49 hours	42 hours
<b>KPI 1-2:</b> Investment rate for management staff training expenses: ≥ 30%	Investment rate for management staff training expenses was ≥ 30%, with achievement rate of 85.43%	34%

Corresponding Strategy	Importance in our operations	Response strategy	Long-term goals	2022 goals
	Talent development and empowerment management	<p>resources, strengthen our internal lecturer system, and explore innovative learning experiences in order to enhance the competitiveness of our employees and supervisors.</p> <p><b>3. Digital experience:</b> Promote and utilize mobile learning.</p> <p><b>4. Talent development:</b> Increase the replenishment rate of internal positions.</p>	<p><b>KPI 2:</b> Percentage of eligible internal lecturers who serve as lecturers: &gt; 18%</p> <p><b>KPI 3:</b> App mobile learning rate among employees: ≥ 75%</p> <p><b>KPI 4:</b> Replenishment rate of internal positions: ≥ 70%</p>	<p><b>KPI 2:</b> Percentage of eligible internal lecturers who serve as lecturers: &gt; 16%</p> <p><b>KPI 3:</b> App mobile learning rate among employees: ≥ 63%</p> <p><b>KPI 4:</b> Replenishment rate of internal positions: ≥ 55%</p>
			Completion of three levels of data analysis skills (general, introductory, and advanced courses)	
			Employees ESG awareness	Introduce online ESG education training for employees, with a completion rate of 80%
				Employee satisfaction survey, global employee participation rate reached over 88%
Responsible Operations	Healthy and friendly environment	<p><b>1. Physical and mental health risk management indicator:</b> Implement employee physical and mental health management policies and medical consultation services such as through the Workplace Maternal Health Protection Plan, Overwork-Related Hazards Prevention Plan, and Ergonomic-Related Hazards Prevention Plan, with physicians evaluating the suitability of work and offering recommendations and management guidelines.</p> <p><b>2. Disease risk management indicator:</b> Based on the results of employees' annual health checkups, physicians identify those with a risk of cerebral and cardiovascular stroke within 10 years and execute disease risk population management accordingly. Employee health management strategies are formulated and assessments and adjustments carried out in a timely manner through teaching groups led by doctors and nurses specializing in occupational health and safety.</p> <p><b>3. Workplace safety risk management indicator:</b> Conduct workplace risk assessments (6 levels) to quantify potential hazard levels and</p>	<p><b>KPI 1:</b> Risk management indicator for physical and mental health: ≤ 0.4%</p> <p><b>KPI 2:</b> Disease risk management indicator: ≤ 4.5%</p> <p><b>KPI 3:</b> Occupational safety risk control indicator: ≤11%</p>	<p>≤0.35%</p> <p>≤4.4%</p> <p>≤12%</p>
		Continue to recruit and offer relevant job opportunities via various channels, and frequently assess the work performance of our employees with disabilities and adjust their roles to ensure they are in positions and conditions that exceed statutory requirements. In addition, recruit transnational talent in Taiwan and abroad in order to expand the workforce's competitive advantages.	Employ sufficient people with mental and physical disabilities to meet statutory standards	<b>KPI 4:</b> Employ sufficient people with mental and physical disabilities
		We support the employment of indigenous people and people with disabilities and are recruiting transnational talent in Taiwan and abroad in order to deepen the diversity of our workforce.		

2021 goals	2021 performance	2020 performance
<b>KPI 2:</b> Percentage of eligible internal lecturers who serve as lecturers: > 16%	Internal qualified lecturer teaching rate was 25%	15%
<b>KPI 3:</b> App mobile learning rate among employees: ≥ 60%	Employees use App mobile learning rate reached 81%	70%
<b>KPI 4:</b> Replenishment rate of internal positions: ≥ 65%	Replenishment rate of internal positions was 54%	65%
(Target newly set in 2022)	(Target newly set in 2022)	(Target newly set in 2022)
(Target newly set in 2022)	(Target newly set in 2022)	(Target newly set in 2022)
(Target newly set in 2022)	(Target newly set in 2022)	(Target newly set in 2022)
<b>KPI 1:</b> Risk management indicator for physical and mental health: < 0.4%	0%	0%
<b>KPI 2:</b> Disease risk management indicator: < 4.5%	4.4%	0.45%
<b>KPI 3:</b> Occupational safety risk control indicator: ≤13%	0%	0%
<b>KPI 4:</b> Frequently assess the work performance of our employees with disabilities and adjust their roles to ensure they are in positions and conditions that exceed statutory requirements	115 people	94 people

Corresponding Strategy	Importance in our operations	Response strategy	Long-term goals	2022 goals
A Connected Society	Financial inclusion	<p>We comply with government regulations by offering microinsurance as well as individual and group insurance. In addition to proactively reaching out to provide services to disadvantaged and marginalized groups, donations are also made toward the insurance premiums of these groups in order to expand the number and scope of those people covered by microinsurance. Insurance products with basic coverage are provided for specific risks to these groups. These products are characterized by low insurance coverage amounts, low premiums, and simple, easy-to-understand language. They are considered commercial insurance. It is hoped that promoting microinsurance can encourage disadvantaged people to independently assess their insurance needs and transfer risk accordingly.</p> <ul style="list-style-type: none"> <li><b>Expand insurance coverage:</b> Strengthen cooperation with qualified and compliant groups and institutions.</li> <li><b>Increase service personnel recruitment:</b> Expand the reach of our service through business development personnel.</li> <li><b>Check service quality regularly:</b> Ensure the rapid processing of insurance and claims services.</li> </ul>	Achieve government-mandated microinsurance gross premium income target	NT\$7.31 million
	Financial inclusion	<p>Through micro-entrepreneurship loan schemes and by leveraging the diverse resources of CTBC Bank and Taiwan Life, small and medium enterprise credit fund and advisory teams provide loans, credit guarantees, entrepreneurial insurance, and entrepreneurship mentoring to locals in various regions in which we operate.</p> <p>The CTBC Poverty Alleviation Program (CPAP) helps underprivileged parents to gain a financial foothold through micro-entrepreneurship.</p>	Cumulative total of CPAP cases: 780 <small><sup>Note 1</sup></small>	Cumulative total of CPAP cases: 630 <small><sup>Note 1</sup></small>
A Connected Society	Community engagement and social impact	<p><b>Charity:</b> Improve the condition of the poverty- and education-related problems faced by disadvantaged children and households.</p> <p><b>Anti-drug awareness:</b> Realize the vision of a "drug-free homeland."</p> <p><b>Sports:</b> Work with star athletes to increase the effectiveness of charity drives.</p> <p><b>Arts and culture:</b> Foster arts and cultural exchanges at home and abroad and bring arts and cultural education to remote areas.</p> <p><b>Education:</b> Support public education through enrollment quotas and grants for disadvantaged students.</p>	Disadvantaged people helped every year: 600,000 Cumulative total of people reached through anti-drug education and recidivism reduction advocacy: 760,000 <small><sup>Note 2</sup></small> Cumulative hours volunteered in social welfare activities by professional baseball players: > 1,150 hours Cumulative total of arts and cultural activity participants: 220,000 Annual number of bursaries provided for disadvantaged students: 80 <small><sup>Note 5</sup></small>	Disadvantaged people helped this year: 600,000 Cumulative total of people reached through anti-drug education and recidivism reduction advocacy: 730,000 <small><sup>Note 2</sup></small> Cumulative hours volunteered in social welfare activities by professional baseball players: > 760 hours <small><sup>Note 3</sup></small> Cumulative total of arts and cultural activity participants: 165,000 <small><sup>Note 4</sup></small> Annual number of bursaries provided for disadvantaged students: 80 <small><sup>Note 5</sup></small>

Note 1: The CTBC Poverty Alleviation Program's cumulative target was originally set at 480 cases. This target was reached in 2021; therefore, the long-term target has been raised.

Note 2: Anti-drug education and advocacy for reduction of recidivism reached a total of 710,000 people in 2022. This target was reached ahead of schedule in 2021; therefore, the 2022 target and the long-term target have been raised.

Note 3: Due to the impact of the pandemic, with the country at a Level 3 alert for 73 days in 2021 (about a fifth of the year) and at Level 2 for 100 days (about a third of the year), stadium attendance limits were in place for 48% of the Chinese Professional Baseball League season; the 2022 target has been adjusted accordingly.

2021 goals	2021 performance	2020 performance
Achieve government-mandated microinsurance gross premium income target	NT\$7.225 million	NT\$7.749 million
Cumulative total of CPAP cases: 480	561 cases	476 cases
<b>KPI 1:</b> Disadvantaged people helped this year: 600,000	798,000 people	600,455 people
<b>KPI 2:</b> Cumulative total of people reached through anti-drug education and recidivism reduction advocacy: 660,000	720,000 people	650,000 people
<b>KPI 3:</b> Cumulative hours volunteered in social welfare activities by professional baseball players: > 700	685 hours <sup>Note 3</sup> (90% achievement rate)	605 hours
<b>KPI 4:</b> Cumulative total of arts and cultural activity participants: 154,000	147,000 people <sup>Note 4</sup>	142,000 people
<b>KPI 5:</b> Cumulative total of disadvantaged students assisted with bursaries: 680	811 people	663 people

Note 4: The pandemic interrupted international arts programs, which affected participation numbers; therefore, the original 2021 target was not met, and the 2022 target has been adjusted accordingly.

Note 5: The long-term goal for helping disadvantaged students was changed from "Cumulative total of disadvantaged students assisted with bursaries" to "Annual number of bursaries provided for disadvantaged students." The 2022 goal has been adjusted accordingly.

**Economic data****Capital adequacy ratios of the Bank and subsidiaries**

unit: NT\$ million

	2021	2020	2019	2018	2017
Net Tier 1 capital	320,692	311,561	308,708	299,688	286,350
Total exposure	5,181,216	4,722,707	4,434,228	4,169,520	4,001,948
Leverage ratio (%)	6.19	6.60	6.96	7.19	7.16

**Donations and sponsorships of CTBC Holding**

Unit: NT\$ thousand

	2021	2020	2019	2018	2017
Arts and culture	44,000	31,100	44,000	44,000	49,000
Sports	383,785	379,824	449,090	445,351	380,641
Charities	106,776	108,083	119,998	111,734	106,101
Educational	123,122	151,822	129,066	144,845	135,028
Economic and trade development	750	720	720	600	450
Emergency relief	62,154	6,202	0	25,285	0

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

	2021	2020	2019	2018	2017
CTBC Bank	100	100	100	100	100
Taiwan Life	100	100	100	100	100
CTBC Securities	100	100	100	100	100
CTBC Investments	100	100	100	100	100
Taiwan Lottery	100	100	100	100	100

## Impact financing data

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### Taxes paid by CTBC Holding by country

Unit: NT\$ million

	2021		2020		2019		2018		2017	
	Amount	Percentage (%)								
Taiwan	11,349	82.47	5,005	51.59	6,131	64.54	5,692	69.50	10,034	76.96
Indonesia	45	0.33	95	0.98	125	1.32	143	1.75	72	0.55
Philippines	120	0.87	243	2.50	180	1.89	165	2.02	153	1.17
Canada	31	0.23	51	0.53	46	0.48	40	0.49	32	0.25
United States	556	4.04	566	5.83	428	4.51	120	1.47	129	0.99
Japan	560	4.07	1,114	11.48	1,437	15.13	1,186	14.49	1,979	15.18
India	26	0.19	40	0.41	24	0.25	17	0.21	5	0.04
Vietnam	111	0.81	215	2.22	91	0.96	80	0.98	58	0.44
Hong Kong	180	1.31	1,623	16.73	708	7.45	426	5.20	312	2.39
Singapore	2	0.01	61	0.63	15	0.16	16	0.20	16	0.12
Mainland China	535	3.89	689	7.10	314	3.31	302	3.69	249	1.91
Thailand	245	1.78	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	13,760	100	9,702	100	9,499	100	8,187	100	13,039	100

### CTBC Bank green financing

Unit: NT\$ million

	2021	2020	2019	2018
Green energy technologies/circular economy loan balance (A)	120,074	135,411	124,127	136,754
Green building loan balance (B)	9,214	5,353	5,963	2,492
Green transportation and infrastructure loan balance (C)	15,870	N/A	N/A	N/A
Total green financing loan balance (A+B+C)	145,158	140,764	130,090	139,246
CTBC Bank institutional banking loan balance (D)	699,935	615,474	625,782	594,397
Proportion of green financing (A+B+C)/(D)	21%	23%	21%	23%

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

Note 2: Green transportation and infrastructure loan balance has been calculated independently since 2021.

Note 3: Excluding the balance of sustainability-linked loans (SLLs).

### CTBC Bank preferential home loans

Unit: NT\$ million

	2021	2020	2019	2018
Balance of reverse housing loans	59	40	38	20
Balance of preferential housing loans for young people	3,712	4,331	4,637	5,648
Total balance of ESG housing loans	3,771	4,371	4,675	5,668
Total housing loan balance	829,987	760,283	713,926	646,461
ESG housing loans as a percentage of total housing loan balance (%)	0.45	0.57	0.65	0.87

## Status of 2021 CTBC Bank project financing audit

CTBC Bank-audited project financing cases	4
EP-applicable audit project financing cases as a percentage of all project financing cases	75%
Cases that achieved first disbursement	3
Case 1	Energy (wind) industry/Class A risk/Asia Pacific region/independently reviewed by a third party
Case 2	Energy (wind) industry/Class A risk/Asia Pacific region/independently reviewed by a third party
Case 3	Energy (solar) industry/Class B risk/Asia Pacific region/not yet independently reviewed by a third party
Cases rejected after review	0

Note: Data reflect project financing cases for which the first disbursement occurred between Jan. 1, 2021, and Dec. 31, 2021.

## ESG-minded credit cards

	Unit: NT\$ million				
	2021	2020	2019	2018	2017
Charity credit card spending	5,648	5,754	7,000	9,000	7,969
Charity credit card rebates (Tzu Chi, Xue Xue, Taiwan Fund for Children and Families, and Paper Windmill)	20	20	28	30	30
Collage affinity card spending	54	80	110	200	283
Collage affinity card rebates (NT\$ thousand)	106	150	250	250	300
Total card spending	555,528	514,600	500,580	488,330	389,798
League of Legends credit cards Spending	13,713	18			

Note: The League of Legends card was launched in mid-December 2020.

## Green products offered through retail banking

	2021	2020	2019	2018	2017
Amount of green products offered (Unit: NT\$100 million)	177 <sup>Note</sup>	31	10	108	85

Note: ESG funds

## CTBC Bank sustainable bonds underwriting and issuance

Unit: NT\$ million

	2021	2020	2019	2018	2017
Green bonds	754	5,182	5,360	352	2,000 <sup>Note 3</sup>
Sustainability and social bonds	2,578 <sup>Note 1</sup>	2,000 <sup>Note 2</sup>	3,161	1,382	0
Total green, sustainability, and social bonds	3,332 <sup>Note 1</sup>	7,182 <sup>Note 2</sup>	8,521	1,735	2,000
Total bonds	59,828	104,322	55,454	49,361	58,982
Green, sustainability, and social bonds as a percentage of total bonds	4.46%	6.88%	15.37%	3.52%	3.39%

Note 1: Including NT\$1 billion in social bonds issued by CTBC Bank in 2021.

Note 2: Including NT\$1 billion in sustainability bonds issued by CTBC Bank in 2020.

Note 3: Including NT\$1 billion in green bonds issued by CTBC Bank in 2017.

## Taiwan Life microinsurance

	2021	2020	2019	2018	2017	2016
Types of microinsurance policies	6	6	6	6	6	6
Number of microinsurance policy underwritten (units)	175	195	217	219	260	289
Number of microinsurance policyholders (people) <sup>Note 1</sup>	50,897	49,915	36,392	25,903	25,491	20,391
Microinsurance premiums (NT\$ thousand)	7,579	7,749	5,165	3,782	2,609	2,631

Note 1: Number of microinsurance policyholders = number of individuals insured under group insurance + number of cases of personal insurance.

Note 2: Data is based on microinsurance coverage as defined by the competent authorities and is consistent with the information publicly disclosed on Taiwan Life's corporate website.

## Sustainable insurance

Unit: NT\$ thousand

	2021		2020		2019		2018		2017		2016	
Product type	Policies	Premiums										
Compulsory automobile liability insurance	188,711	159,821	204,135	167,200	273,946	234,070	316,060	275,470	309,225	304,690	329,356	305,380
Basic residential earthquake insurance	165,394	208,097	149,801	194,210	143,852	178,950	135,927	167,370	131,953	166,490	116,391	145,160
Typhoon and flood insurance (fire insurance)	2,604	26,875	1,412	21,240	1,503	16,790	1,147	17,470	278	18,600	2,312	15,130
Typhoon and flood insurance (car insurance)	133	887	143	960	182	780	227	830	222	1,250	329	1,600
Commercial earthquake insurance	2,923	32,316	1,869	28,540	1,817	18,620	1,584	20,270	471	21,830	2,595	18,810
Microinsurance policies (property insurance)	1,641	240	1,343	340	892	160						

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

Year	2022 target	2021 target	2021	2020	2019	2018	2017
Total ATMs	7,200	6,830	6,830	6,479	6,136	5,789	5,614
Total accessible ATMs	7,197	6,815	6,827	6,466	6,125	5,751	5,539
Percentage of accessible ATMs (%)	99.96	99.8	99.96	99.8	99.8	99.3	98.7
Total ATMs for people with a visual impairment	176	161	166	161	161	161	156

## Charitable trusts

Unit: NT\$ million

	2021	2020	2019	2018	2017
Total amount of trusts for older people and people with disabilities	568	399	359	168	177
Total amount of charitable trusts	1,036	1,036	1,031	14,195	14,147
Total amount of trusts	1,368,808	1,233,431	1,138,300	971,669	772,011

## CTBC Poverty Alleviation Program

	2021	2020	2019	2018	2017
Approved loans (cases)	45	42	45	45	45
Cumulative approved loans (cases)	388	343	301	256	211
Approved loan funding (NT\$ thousand)	22,500	21,000	22,500	22,500 <sup>Note</sup>	22,500
Cumulative approved loan funding (NT\$ thousand)	185,798	163,298	142,298 <sup>Note</sup>	119,798 <sup>Note</sup>	97,298

Note: The number of loans and cumulative number of loans were printed incorrectly in the 2019 report.

## CTBC Bank branches with accessible counters offering full line of services

Year	2022 target	2021 target	2021	2020	2019	2018	2017
Number of branches with full-service accessible counters	100 <sup>Note 1</sup>	100	98 <sup>Note 2</sup>	97	91	85	69
Proportion of branches with full-service accessible counters	66	66	64	64	60	56	46

Note 1: The original estimate for 2022 was an increase of two (Tucheng, Chengdong).

Note 2: The original estimate for 2021 was an increase of three (in Taoyuan South, Chengdong, and Da'an), but the completion of Chengdong was postponed to Q2 of 2022 due to the pandemic and work at Da'an has since been canceled; therefore, the number of completed branches in 2021 was 98.

## Customer data

### Customer satisfaction

			2022 target	2021	2020	2019	2018	2017
CTBC Bank	retail banking	Responses	N/A <sup>Note 1</sup>	660,000	420,000	350,000	350,000	260,000
		Satisfaction (%)	88	88	87	86	85	85
Taiwan Life		Responses	N/A	885 <sup>Note 2</sup>	1,427	3,348	3,292	1,000
		Satisfaction (%)	95 <sup>Note 2</sup>	96	97	97	97	70
CTBC Securities		Responses	1,500	1,494	2,034	3,461	4,147	2,094
		Satisfaction (%)	86	86.1	87.3	86.7	86.2	83.7

Note 1: This mechanism is not suitable for target setting.

Note 2: Due to the changes in satisfaction survey items and frequency in 2021 (described below), the number of survey samples is lower than in previous years and may affect the overall satisfaction level; therefore, the target rate has been set at 95% from 2021 forward. (1) Items: The survey previously included "customer service, payment, contract change, claims settlement, business, over-the-counter" categories; starting in 2021, the "business" category has been removed. (2) Frequency: The survey was previously conducted monthly; starting in 2021, it is conducted every two months.

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

	2022 target	2021 target	2021	2020	2019	2018	2017
Number of alerts forwarded (cases)	N/A <sup>Note</sup>	N/A <sup>Note</sup>	1,495	1,345	1,434	1,897	1,412
7-day closure rate (%)	≥90	≥90	93	95	94.9	98.2	97.9
Question appropriateness (%)	≥90	≥90	94	93.9	94.3	94.1	95.2

Note: This mechanism is not suitable for setting goals.

### CTBC Holding patents

Year	2021	2020	2019	2018	2017	2016
Cumulative number of patents	380	242	222	91	29	2

## Employee data

### Employee engagement

Indicator	Unit	2018	2019	2020	2021	2022 target
Employee engagement <sup>Note 1</sup>	Employee engagement	82	80	80	80	81
Coverage <sup>Note 2</sup>	Percentage of employees surveyed	100%	100%	100%	100%	

Note 1: Employee engagement can be used as a substitute for employee satisfaction.

Note 2: The previous two employee opinion surveys were conducted in 2017 and 2019; due to the impact of the pandemic, the 2021 survey was postponed until 2022.

Indicator	Unit	2018	2019	2020	2021
Employee engagement	Under 35 years old	80	78	78	78
	35-51 years old	83	81	81	81
	52 years old or above	87	83	83	83
	Men	83	81	81	81
	Women	81	79	79	79
	Senior management	94	94	94	94
	Mid-level management	87	87	87	87
	Junior management	86	86	86	86
	Non-management	80	77	77	77

### Employees by nationality

Nationality <sup>Note 1</sup>	Percentage of total employees <sup>Note 2</sup>	Percentage of all supervisory positions <sup>Note 3</sup>
Taiwan	92.20%	91.64%
China (including Hong Kong)	4.46%	3.08%
Singapore	1.20%	2.04%
Vietnam	0.67%	0.68%
India	0.49%	0.99%
Other	0.98%	1.57%

Note 1: The data provided reflects the five most common nationalities among employees, so different countries may be listed from year to year (each employee may select any nationality). Nationalities other than the five most common ones are be classified as "other."

Note 2: All management positions, including junior, middle and senior management positions.

Note 3: If an employee has multiple nationalities, they will be classified according to the nationality used to registered with the company.

### Training and development

	2020	2021
Average training hours	Under 30 years old	62.9
	30-49 years old	46.0
	50 years old or above	41.8
	Men	41.2
	Women	41.8
	Management	60.1
	Non-management	38.9

Note: Calculated to the first decimal point.

## Employees by gender

		2021	2020
Women employees	Proportion	60.87	61.87
	Public objective (%/year)	At least 50.0/2027	
Overall women in management	Proportion	56.09	56.29
	Public objective (%/year)	At least 50.0/2027	55.48/2021年
Women in senior management	Proportion	28.74	23.75
	Public objective (%/year)	to 23.5/2027	
Women in mid-level management	Proportion	48.44	47.23
	Public objective (%/year)	At least 50.0/2027	
Women in mid-level and senior management	Proportion	43.33	41.3
	Public objective (%/year)	At least 50.0/2027	
Women in junior management	Proportion	59.27	59.79
	Public objective (%/year)	At least 50.0/2027	
Women supervisors in revenue units	Proportion	45.2	45.19
	Public objective (%/year)	to 50.0/2027	
Women in STEM-related positions	Proportion	36.15	34.7
	Public objective (%/year)	to 38.2/2027	

## Employment type

	2021			2020			2019			2018			2017		
	Men	Women	Total												
In Taiwan <sup>Note 1</sup>															
Full-time	5,696	8,862	14,558	5,216	7,897	13,113	5,092	7,755	12,847	5,231	8,366	13,597	5,175	8,232	13,407
Temporary	219	377	596	235	403	638	250	422	672	251	471	722	238	450	688
Total	5,915	9,239	15,154	5,451	8,300	13,751	5,342	8,177	13,519	5,482	8,837	14,319	5,413	8,682	14,095
Overseas <sup>Note 2</sup>															
Full-time (including dispatched)	577	739	1,316	585	749	1,334	554	738	1,292	499	636	1,135	442	582	1,024
Temporary	13	25	38	26	19	45	23	14	37	33	21	54	26	21	47
Total	590	764	1,354	627	778	1,405	595	762	1,357	538	666	1,204	472	611	1,083
Commission-based sales representatives in Taiwan <sup>Note 3</sup>															
Commission-based <sup>Note 4</sup>	2,062	3,785	5,847	2,164	3,897	6,061	2,203	3,929	6,132	2,313	4,068	6,381	2,539	4,569	7,108
Mixed contract <sup>Note 5</sup>	378	1,064	1,442	391	1,087	1,478	386	1,108	1,494	413	1,138	1,551	452	1,280	1,732
Total	2,440	4,849	7,289	2,555	4,984	7,539	2,589	5,037	7,626	2,726	5,206	7,932	2,991	5,849	8,840

Note 1: The scope of data includes CTBC Holding, CTBC Bank, Taiwan Life, CTBC Venture Capital, CTBC Asset Management, CTBC Securities, CTBC Investments, CTBC Security, and Taiwan Lottery.

Note 2: The scope of data for 2021 includes part-time employees and commission-based employees.

Note 3: Comprises CTBC Bank overseas branches and offices, excluding overseas subsidiaries.

Note 4: Commission-based sales representatives of Taiwan Life include commission-based and mixed-contract employees.

Note 5: The commission-based and mixed-contract employees are not equivalent to contract-based and temporary employees. The nature of the contracts can be found in Grand Justice interpretation No. 740.

## New employees

Gender	Age range	Full-time employees in Taiwan						Full-time (including dispatched) employees overseas					
		2021	2020	2019	2018	2017	2021	2020	2019	2018	2017	2021	2020
Men	50 years old or above	20	10	18	13	23	7	5	10	10	7		
	30–49 years old	541	427	544	413	410	70	56	67	67	54		
	Under 30 years old	566	419	498	412	399	45	38	47	47	38		
	All ages	1,127	856	1,060	838	832	122	99	124	124	99		
Women	50 years old or above	22	13	10	7	7	1	5	9	9	3		
	30–49 years old	562	357	390	344	388	71	47	81	81	67		
	Under 30 years old	613	613	667	604	578	65	64	75	75	64		
	All ages	1,428	983	1,067	955	973	137	116	165	165	134		
Total		2,555	1,839	2,127	1,793	1,805	259	215	289	289	233		
New employee rate (%)		17.38	14.17	16.09	13.28	15.89	19.55	15.57	25.27	25.27	23.20		

Note 1: The scope of data includes CTBC Holding, CTBC Bank, Taiwan Life, CTBC Capital, CTBC Asset Management, CTBC Securities, CTBC Investments, CTBC Security, and Taiwan Lottery.

Note 2: The scope of data for 2021 includes part-time employees and commission-based employees.

Note 3: New employee rate = number of new employees / average number of people employed during the period.

Note 4: This table does not include sales representatives.

## Employees by age

	2021						2020						2019					
	Management			Non-management			Management			Non-management			Management			Non-management		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Taiwan <sup>Note1</sup>																		
50 years old or above	381	388	769	737	786	1,523	346	343	689	670	542	1,212	330	291	621	633	430	1,063
30-49 years old	367	570	937	3,295	5,326	8,621	385	595	980	2,972	4,810	7,782	422	642	1,064	2,849	4,776	7,625
Under 30 years old	2	0	2	914	1,792	2,706	0	1	1	843	1,606	2,449	1	2	3	857	1,614	2,471
Total	750	958	1,708	4,946	7,904	12,850	731	939	1,670	4,485	6,958	11,443	753	935	1,688	4,339	6,820	11,159
Overseas locations <sup>Note2</sup>																		
50 years old or above	64	32	96	36	55	91	57	29	86	39	51	90	60	31	91	38	34	72
30-49 years old	69	40	109	326	454	780	66	38	104	325	435	760	86	73	159	282	388	670
Under 30 years old	0	0	0	82	158	240	0	0	0	98	196	294	2	2	4	87	209	296
Total	133	72	205	444	667	1,111	123	67	190	462	682	1,144	148	106	254	407	631	1,038
Commission-based sales representatives in Taiwan <sup>Note3</sup>																		
50 years old or above	180	600	780	478	1,322	1,800	191	585	776	444	1,296	1,740	193	576	769	419	1,213	1,632
30-49 years old	301	572	873	977	1,815	2,792	321	605	926	910	1,798	2,708	360	652	1,012	971	1,926	2,897
Under 30 years old	82	63	145	422	477	899	104	85	189	585	615	1,200	97	80	177	549	590	1,139
Total	563	1,235	1,798	1,877	3,614	5,481	616	1,275	1,891	1,939	3,709	5,648	650	1,308	1,958	1,939	3,729	5,668
	2018						2017											
	Management			Non-management			Management			Non-management								
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Taiwan <sup>Note1</sup>																		
50 years old or above	296	241	539	598	523	1,119	283	196	479	538	456	994						
30-49 years old	444	660	1,104	3,028	5,299	8,327	448	664	1,112	3,038	5,297	8,335						
Under 30 years old	1	2	3	864	1,641	2,505	1	1	2	867	1,618	2,485						
Total	743	903	1,646	4,488	7,463	11,951	732	861	1,593	4,443	7,371	11,814						
Overseas locations <sup>Note2</sup>																		
50 years old or above	46	22	68	43	36	79	50	20	70	25	30	55						
30-49 years old	56	51	107	271	376	647	69	53	122	227	337	564						
Under 30 years old	1	0	1	81	152	233	1	0	1	70	142	212						
Total	103	73	176	395	564	959	120	73	193	322	509	831						

	2018						2017					
	Management			Non-management			Management			Non-management		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Commission-based sales representatives in Taiwan <sup>Note3</sup>												
50 years old or above	203	587	790	412	1,219	1,631	206	586	792	460	1,222	1,682
30-49 years old	416	726	1,142	998	1,981	2,979	425	832	1,257	1,121	2,275	3,396
Under 30 years old	99	93	192	598	600	1,198	112	109	221	667	825	1,492
Total	718	1,406	2,124	2,008	3,800	5,808	743	1,527	2,270	2,248	4,322	6,570

Note 1: The scope of data includes CTBC Holding, CTBC Bank, Taiwan Life, CTBC Venture Capital, CTBC Asset Management, CTBC Securities, CTBC Investments, CTBC Security, and Taiwan Lottery.

Note 2: The scope of data for 2021 includes part-time employees and commission-based employees.

Note 3: Comprises CTBC Bank overseas branches and offices, excluding overseas subsidiaries.

Note 4: Commission-based sales representatives of Taiwan Life include commission-based and mixed-contract employees.

Note 5: The commission-based and mixed-contract employees are not equivalent to contract-based and temporary employees. The nature of the contracts

## Employee turnover

Gender	Age range	Full-time employees in Taiwan					Full-time (including dispatched) employees overseas					All full-time employees			
		2021	2020	2019	2018	2017	2021	2020	2019	2018	2017	2021	2020	2019	2018
Turnover rates															
Overall turnover (%)		13.92	11.37	12.14	11.59	13.35	21.89	14.47	18.13	23.16	21.00	14.58	11.66	12.64	12.45
Voluntary resignation (%)		12.66	8.57	9.01	8.52	12.60	20.45	12.87	17.00	23.00	20.20	13.30	8.97	9.68	9.59
Resigned employees															
Men	50 years old or above	97	102	89	83	73	11	17	9	16	13	108	119	98	99
	330-49 years old	505	363	481	410	399	66	44	61	68	58	571	407	542	478
	Under 30 years old	352	216	240	252	242	53	26	39	23	20	405	242	279	275
Women	All ages	954	681	810	745	714	130	87	109	107	91	1,084	768	919	852
	50 years old or above	96	68	47	58	43	5	7	6	7	8	101	75	53	65
	30-49 years old	505	438	429	442	450	81	56	70	86	74	586	494	499	528
	Under 30 years old	491	289	319	320	309	74	40	35	50	39	565	329	354	370
All ages		1,092	795	795	820	802	160	103	111	143	121	1,252	898	906	963
Total		2,046	1,476	1,605	1,565	1,516	290	190	220	250	212	2,336	1,666	1,825	1,815

Note 1: The scope of data includes CTBC Holding, CTBC Bank, Taiwan Life, CTBC Venture Capital, CTBC Asset Management, CTBC Securities, CTBC Investments, CTBC Security, and Taiwan Lottery.

Note 2: The scope of data for 2021 includes part-time employees and commission-based employees.

Note 3: Turnover rate = employee turnover number / the average number of employees during the period.

Note 4: Non-voluntary resignations include reorganization-based transfers, severance recipients, and dismissed employees.

Note 5: This table does not include sales personnel.

## Training

	2021	2020	2019	2018	2017
Classroom training sessions	1,829	2,284	2,258	2,623	2,164
Classroom training participants	14,623	45,796	32,872	49,461	33,710
Online training sessions	2,663	1,397	1,134	980	735
Online training participants	295,320	230,291	198,512	200,548	161,744
Total employee registered training hours	705,915	596,237	669,674	687,194	535,718
Average registered training hours per person	48	42	36	39	37
Total employee training expenses (Unit: NT\$10 thousand)	4,960	5,660	7,858	7,073	6,143
Average training expenses per person (Unit: NT\$)	3,407	3,971	4,212	4,024	4,197
New employees trained	14,329	11,724	11,652	7,628	4,303
New employee training hours	45,063	41,328	58,790	62,010	47,200

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

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

Note 3: The number of employees used in calculating the average number of registered training hours is based on the number of employees in service as of Dec. 31, 2021.

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

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

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

## Absenteeism

	2021			2020			2019			2018			2017		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of days absent	3,753.8	8,959.5	12,713.3	3,768.5	11,537.0	15,305.5	4,986.5	13,177.5	18,164	4,302	11,992	16,294.0	3,451.5	9,906.0	13,357.5
Absenteeism rate (%)	0.10	0.25	0.35	0.11	0.33	0.44	0.16	0.42	0.58	0.12	0.35	0.48	0.1	0.3	0.4

Note 1: Total number of work days = (total number of employees × actual number of work days in the year); the total number of work days in 2021: 3,618,311 days.

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

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

## Parental leave

	2021			2020			2019			2018			2017		
	Men	Women	Total												
Employees eligible for parental leave that year	200	391	599	174	309	483	335	344	679	445	830	1,275	n/a	n/a	n/a
Employees who applied for parental leave that year	21	145	166	17	142	159	13	146	159	19	166	185	20	137	157
Employees eligible to return to work from parental leave taken that year (A)	18	158	176	16	159	175	25	166	191	11	157	168	20	137	157
Employees who returned to work from parental leave taken that year (B)	13	123	136	11	116	127	19	119	138	7	110	117	14	107	121
Return-to-work rate for the year (B/A) (%)	72.22	77.85	77.27	68.75	72.96	72.57	76.00	71.69	72.25	63.63	70.06	69.64	70.00	78.10	77.07
Employees who returned to work from parental leave taken the previous year (C)	15	134	149	16	116	132	8	113	121	19	131	150	4	90	94
Employees who returned to work from parental leave taken the previous year and continued working for at least one year (D)	13	118	131	12	107	119	3	99	102	11	103	114	3	72	75
Retention rate for the previous year (D/C) (%)	86.67	88.06	87.92	75.00	92.24	90.15	37.50	87.61	84.30	57.89	78.63	76.00	75.00	80.00	79.79

## Retention of key talent

	2021	2020	2019	2018	2017
Retention rate of key talent (%)	94.0	94.2	94.5	91.8	93.4

## Disabling injuries

Year	2021			2020			2019			2018			2017		
Total work hours *	29,247,354			27,803,960			24,868,128			26,813,696			26,485,077		
Total work days *	3,623,142			3,475,495			3,108,516			3,351,632			3,313,908		
Gender	Men	Women	Total												
Employees with disabling injuries	9	17	26	5	18	23	5	13	18	3	15	18	2	10	12
Work days lost due to disabling injuries	250	183.5	433.5	91.0	160.5	251.5	81.0	88.0	169.0	208.0	294.5	502.5	184.0	102.5	286.5
Disabling injury frequency rate (FR)	0.31	0.58	0.89	0.18	0.65	0.83	0.20	0.52	0.72	0.11	0.55	0.67	0.08	0.38	0.45
Disabling injury severity rate (SR)	8.55	6.27	14.82	3.27	5.77	9.05	3.26	3.54	6.80	7.75	10.98	18.70	6.95	3.87	10.82
Rate of absenteeism due to disabling injuries (%)	0.01	0.01	0.01	0.00	0.00	0.01	0.00	0.00	0.01	0.01	0.01	0.01	0.01	0.00	0.01

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

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

Note 3: Total work hours (total number of employees x work hours per day x actual number of work days per year); total work days (total number of employees x actual number of work days in the year).

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

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

Note 6: Rate of absenteeism due to disabling injuries = total work days lost due to disabling injuries / total work days  $\times$  100%

## Environment data

### Energy and resource use

	Type	Unit	2021	2020	2019	2018	2017
Non-renewable fuel	Petroleum (octane 92/95)	Liter	202,714	599,143	582,472	631,972	491,337
	Diesel	Liter	8,843	2,439	3,967	4,364	9,562
	Liquefied petroleum gas (LPG)	Liter	0	0	291	291	436
	Liquefied natural gas (LNG)	Cubic meter	14,859	21,741	0	35,982	38,866
Purchased for use	Electricity	kWh	76,170,077	75,093,165	80,341,725	75,089,386	75,753,494
Total energy consumption		mWh	78,232	80,749	85,662	81,197	80,665
Total energy consumption intensity		kWh/person	4,004	4,221	4,814	4,500	4,703
		kWh/square meter	138	143	154	139	160
		kWh/net income per million	409	386	304	239	217

Note 1: Electricity consumption data are verified using ISO 14064-1, and between 2017 and 2021, the calculation and verification expanded to include other CTBC Holding subsidiaries along with CTBC Bank.

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

## Environmental protection-related expenditure

	2021	2020	2019	2018	2017	2016
Environmental protection-related expenditure (Unit: NT\$ million)	24,169	56,887	27,177	25,840	20,957	21,040 <sup>#</sup>

Note: The 2016 expenditure was previously incorrectly reported as NT\$207.2 million and has been revised to NT\$210.4 million.

## Green procurement

Procurement item	2021	2020	2019	2018	2017
Total green procurement (NT\$)	236,294,290	563,593,295	268,166,021	255,621,831	205,168,864
Total procurement (NT\$)	9,637,043,836	8,140,401,045	25,157,919,485	7,776,513,052	13,632,168,180
Proportion of green procurement	2.45	6.92	1.07	3.29	1.51

Note: The high level of green procurement in 2020 was due to large-scale engineering projects conducted that year.

## Supplier data

### Supplier management

Item	2021	2020
Total number of suppliers	250	147
Suppliers that attended annual supplier conference	131	109
Supplier survey responses	131	109
Supplier survey response rate	100%	100%
Suppliers that signed the Supplier Human Rights and Environmental Sustainability Commitment	250	147
Rate of suppliers that signed the commitment	100%	100%

## Paperless operations

		2021	2020
CTBC Bank	Proportion of electronic official documents	81.10%	73.50%
	Paper purchase volume (packs)	157,840	166,213
Taiwan Life	Proportion of electronic official documents	100%	100%
	Proportion of electronic announcements	84.80%	Approximately 76%
CTBC Securities	Paper purchase volume (packs)	43,225	44,545
	Reduction in paper use	9.4 million sheets	6.9 million sheets
CTBC Investments	Carbon reduction	66 metric tons	48 metric tons
	Reduction in paper use	1.21 million sheets	780,000 sheets
	Carbon reduction	8 metric tons	5 metric tons

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

### Supplier engagement

	2021	2020
Total number of suppliers	250	147
Number of suppliers in suppliers engagement	131	109
ESG engagement topics	Human rights management, environmental sustainability, and code of conduct	Human rights management, environmental sustainability, and code of conduct
Number of suppliers who provided improvement plan	Being compiling	0



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