



8 Green Operations



- 94 Assisting the industry in low carbon transformation
- 96 Supplier management
- 99 Management of Energy Saving Targets

8 Green Operations

Intergovernmental Panel on Climate Change (IPCC) gives a warning in its report in early 2022 that the risks associated with global warming were higher than expected, calling for rapid and large-scale action to curb carbon emissions by all countries. The current situation is not that we are fighting to save the earth, but the earth is rescuing us!

Although the banking industry itself is not a carbon-intensive industry, it has the key power to help customers and suppliers accelerate the low-carbon transition with its leverage of capital utilization.. The Bank is making every effort to be an earth-friendly enterprise. In terms of internal operations, we did not violate any environmental regulations in 2021, and continued to promote energy saving or paperless measures, setting management targets; In terms of business, we are committed to becoming a driving force in the transformation of Taiwan's green economy. With the rising number of green industry credits, the Bank promotes paperless services, conducts green procurement, and invites major suppliers to sign the letter of commitment to social responsibility. In addition, the Bank launched the first Coastal Cleanup Campaign in Fulin Xikou, Guanyin Township in Taoyuan, giving colleagues the feeling about their personal impact on the environment, to preserve an everlasting and sustainable earth for all human being together with all stakeholders.

Assisting the industry in low carbon transformation

In the face of the global warming of an average temperature increase of 1.5°C that may be facing by mankind, as pointed out in the United Nations' "Report on Global Warming of 1.5°C", the Glasgow Climate Pact, concluded by world leaders at the end of 2021, explicitly states for the first time a concrete plan to reduce the use of coal. The Taiwan government has also announced its pathway for net zero by 2050, with a target of 60% or more renewable energy in 2050, the achievement of which will mostly depends on the development of "decarbonized electricity" industries such as solar photovoltaics, offshore wind power, bioenergy and other new green energy sources. In line with global and government efforts to reduce carbon emissions, the Bank promotes the cash flow to the development of green economy, expecting to drive the energy transition with the help of the financial core business, and strives to build a green ecosystem for capital and industry.



8 Green Operations

Green credit

- Implement the credit due process: For the review of "The borrower's commitment to environmental protection, corporate ethical management, and social responsibility" of the credit report and review system, 100% of the management review target was achieved in 2021.
- In 2021, there were 201 credit cases in total for enterprises in the green energy technology and renewable energy industry, of which 47 were newly added, with a cumulative balance of NT\$22.8 billion, which is an increase of 13.3% over the previous year.
- In 2021, 6 seminars on green credit cases were organized
- Set up the evaluation indicators for colleagues' performance bonus points for better management; and plan to join the Equator Principles (EPs) and fully incorporate ESG principles into the "Basic Principles for Credit Granting".
- Update the ESG credit case performance scoring standards in 2022, push and promote, and plan to join the Equator Principles (EPs) and fully incorporate ESG principles into the "Basic Principles for Credit Granting".

Green investment

- In 2021, the latest Compliance Statement of "Stewardship Code for Institutional Investors" was completed and ESG assessment was introduced to the investment process:
 - ① In the credit risk assessment, industries with high controversies/high risk/high carbon emission are excluded in principle according to the ESG checklist;
 - ② Incorporate ESG risk, performance and other scoring options in the evaluation process of investment targets;
- By the end of 2021, the Bank held 7 green bonds and 1 ESG sustainable bond with a total amount of NT\$2.1 billion, and invested in 8 ESG constituent stocks of Taiwan stocks with a total amount of NT\$710 million.

Green procurement

- In 2021, the amount of green procurement was NT\$18.06 million, and we were praised by the Taipei City Government as a "model enterprise of green procurement".
- The lighting for office has been successively replaced with LED lamps, and energy-saving lamps are adopted for all new branches.
- The building materials with green building materials label are selected for office renovation, including inflammable building materials with low formaldehyde, mineral fiber board and environmentally friendly paint, etc.
- When purchasing energy equipment, suppliers are requested to give priority to providing environmental products with green labels;



8 Green Operations

Supplier management

The Bank attaches great importance to its sustainable operation responsibility as a listed company in the industry supply chain. To work with suppliers to promote sustainable development of environment and uphold fundamental human rights, we have formulated the "Supplier Social Responsibility Management Guidelines", which require major suppliers with annual transactions of more than NT\$1 million to comply with and sign the "Supplier Social Responsibility Commitment" before signing contracts or transactions. The commitment covers various aspects including labor and human rights, health and safety, environmental protection and ethics.

In addition, we add enhanced assessment criteria for different types of procurement cases, specifying terms in contracts to ensure that suppliers meet the relevant ISO certification requirements. We adopt green building materials for office construction and renovation, including additional environmental protection terms in the engineering or procurement contracts requiring suppliers to implement environmental protection. Particularly, all suppliers for engineering contracting are required to participate in the safety and health coordination meeting held by the Bank and assign the site safety and health leader to be responsible for the prevention of hazards related to the engineering site. Two coordination meetings were held in 2021. Such site safety and health leader must understand and sign our provisions including the "Contractor's Statement for Environmental Hazards in Workplace" and "Contractor's Commitment to Occupational Health and Safety, and Environmental Management", do recognize the potential dangers of the work environment and operation, and pass on those dangers related information to the assigned staff. The leader also must ensure that those staff is covered by labor insurance, enjoy health check and master the necessary work knowledge, experience and hold relevant certificates or qualifications, and shall provide necessary education and training and safety personal protective equipment for all staff. All relevant training and inspection records shall be on file for future reference.

The Bank supports local procurement. Our suppliers are divided into four categories: information, engineering, service and others. We prefer local manufacturers in Taiwan and overseas as our main partners to boost local economy, save energy in transportation, and reduce pollution to environment in the process. With respect to supplier location, supply chain structure and our relationships with suppliers, there were no significant changes from the previous year.



8 Green Operations

Key points of supplier commitment		Description of contents
Labor and human rights	Forbid the use of child labor	Ensure that all employees are of age completing compulsory education or of working age as required by local law.
	Salary and benefits	Ensure that employees are paid at least the minimum wage required by local law.
	Respect and non-discrimination	Ensure that employees are not discriminated against on the basis of gender, sexual orientation, race, religion, age, disability, marital status, pregnancy, nationality, political opinion, social origin and other aspects in recruitment, appointment, salary, promotion, education and training, punishment, termination of agreement, retirement and other matters concerning the rights and benefits of employees.
Health and safety	Occupational safety	Control workplace safety to avoid endangering employees through appropriate design, engineering and administrative controls, protective maintenance, safety operation procedures and continuous safety knowledge training.
	Work injuries and occupational diseases	Develop procedures and management systems to prevent, manage, track and report work-related injuries and occupational diseases.
	Medical services and first aid	Develop and implement first aid procedures, including but not limited to training first-aid personnel, equipping corresponding first-aid kits and other equipment, and keeping first aid and medical records.
Environment	Environmental permit and reporting	Obtain all legally required environmental permits, approvals and registration documents, maintain and update data from time to time as required, and comply with operations and reporting requirements for permits.
	Pollution prevention Resource conservation	Reduce and eliminate any resource consumption and waste of any type by production improvement, maintenance and facility procedures, replacement of materials, conservation of natural resources, material recycling and reuse, and other feasible methods.
	Energy and resource consumption Greenhouse gas emissions	Minimize consumption of energy and resource, and greenhouse gas emissions.
Ethical rules	Ethical corporate management	Uphold the highest ethical standards in all business interactions. Prohibit any bribery, corruption, extortion, theft, abuse of power and improper benefits of any form, including money, gifts, commissions, positions, services, favors, rebates, etc., in any form or name.
	Information disclosure and transparency, and cooperation	<ul style="list-style-type: none"> ● Disclose information on participation in labor, health and safety, and business activities, organizational structure, financial position, cost analysis, etc. in accordance with applicable regulations and common industry practices. ● Allow the Bank or its cooperating third-party certification unit to conduct audits for any breach of commitment.
	Avoid conflicts of interest	<ul style="list-style-type: none"> ● Avoid any possible conflict of interest in business dealings with the Bank. ● Notify the Bank immediately of any potential conflict of interest and take appropriate action to prevent any misconduct as a result.

8 Green Operations

Supplier evaluation

The Bank has included green environmental protection, social responsibility, labor conditions and environmental protection in the evaluation indicators of suppliers, and set the evaluation results for 4 grades: A excellent, B qualified, C to be improved and D unqualified, so as to enhance close cooperation with manufacturers with good quality and fulfilling social responsibility.

In 2021, a total of 118 suppliers were evaluated, of which 75% met Grade A standards, 22% met Grade B standards, and 3% are to be improved. With feedback and communication, manufacturers have put forward their improvement plans. As for manufacturers of one-time transaction without evaluation records, they are included in the list for strict supervision.

Supplier evaluation item	Major content
<input checked="" type="checkbox"/> General evaluation item	Professional ability, service ability, problem-solving ability, cooperation ability for temporary tasks, industry reputation, evaluation, financial position and turnover ability
<input checked="" type="checkbox"/> Service evaluation item	Product quality, construction progress control, employee turnover rate, etc.
<input checked="" type="checkbox"/> Corporate social responsibility evaluation item	Labor and human rights, ethics, occupational safety and health management, green environmental protection and other social responsibilities, sustainable consumption, support for local procurement, etc.

Supplier evaluation	2021	2020	2019	2018
Number of suppliers for evaluation	118	71	84	62
Proportion of purchase amount of evaluated supplies	83.85%	72%	81%	72%
Average evaluation score	90.82 points	89.31 points	87.71 points	89.45 points

8 Green Operations

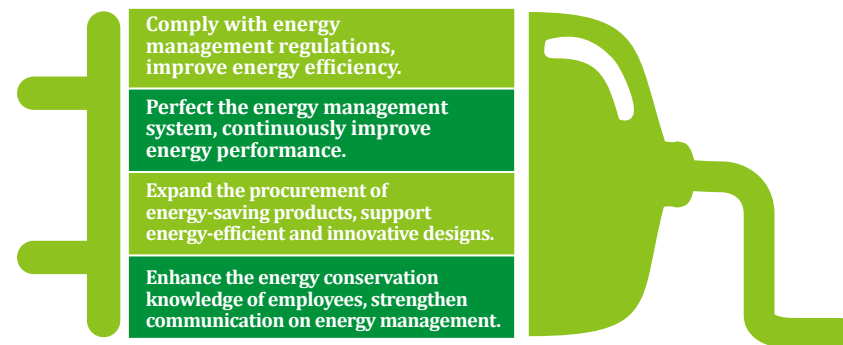
Management of Energy Saving Targets

Reducing carbon dioxide emissions is a human response to climate risk. Since the main source of GHG emissions of the Bank is electricity use, we have set 2020 as the base year for carbon reduction by energy saving, strive to reduce energy use by 5% by 2025, and continue to manage by targets and promote various energy conservation programs.

Energy saving achievement

The Bank updates energy-saving equipment year by year, and promotes energy saving measures in the office as supplement, and reduces the energy consumption little by little in daily operation from the aspects of electricity saving and lighting management. In 2021, the electricity consumption is reduced by 3.43% compared with the previous year, and the target achievement rate is 243%.

Energy Management Policy of Far Eastern International Bank



Energy management performance							
	Item	2017	2018	2019	2020	2021	Changes in 2021 from 2020
Electricity	Total electricity consumption (kWh)	12,388,262	11,979,569	11,844,465	10,983,356	10,606,101	-3.43%
	Total electricity consumption (million Joules)	44,597,743	43,126,448	42,640,074	39,540,114	38,181,964	
	Electricity emission coefficient announced by the Bureau of Energy, Ministry of Economic Affairs	0.554	0.533	0.533	0.509	0.502	
	Carbon emissions (equivalent of carbon dioxide, MT)	6,863	6,637	6,313	5,591	5,324	
Water	Total water consumption	64,740	65,398	65,126	55,528	56,274	-1.34%

Note 1: The 2021 carbon emissions were calculated by the 2020 electricity emission coefficient announced by the Bureau of Energy, Ministry of Economic Affairs.

8 Green Operations

Introduce greenhouse gas inventory

To be in line with the international environmental standards for carbon reduction, the Bank has introduced greenhouse gas inventory and adopted the ISO 14064-1 inventory standard:

- Take operational control as the boundary of inventory
- Greenhouse gas emissions include emissions of carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), and no biomass carbon dioxide emissions;
- Emissions were calculated by IPCC 2013 Global Warming Potential (GWP).
- The Bank's use of energy is mainly about outsourced electricity, followed by gasoline used in business vehicles. In order to continuously improve and identify opportunities for energy saving and improvement, the Bank has set a management target for greenhouse gas reduction.
- Expand the scope of inventory to all bases of the Bank, and adopt ISO 14064-1:2018 for the inventory of greenhouse gas emissions in 2020 and 2021 for all bases. The domestic inventory coverage has reached 100%, of which the emissions of the head office building have been verified by the British Standards Institution (BSI) and passed the inspection. The inspection coverage is expected to increase to 100% in 2023.

Greenhouse gas reduction target (with 2020 as the base year)

Short-term	1-2 years	2%
Mid-term	2-3 years	3%
Long-term	3-5 years	5%

Greenhouse gas emissions (unit: MT CO ₂ e)								
Year		Head office building (verified by BSI)				Head office building (verified by BSI) and all bases		
		2016	2017	2018	2019	2020	2021	Changes in 2021 from 2020
Scope 1	Category 1	124.09	103.20	112.73	76.40	735.12	692.26	-5.83%
Scope 2	Category 2	1,021.46	1,057.32	948.41	962.23	6,072.40	5,825.99	-4.06%
Scopes 1 + 2	Categories 1 + 2	1,145.55	1,160.52	1,061.14	1,038.63	6,807.52	6,518.25	-4.25%
Scope 3	Categories 3~5	-	-	-	-	2,437.23	2,044.71	-16.11%
Scopes 1 + 2 + 3		-	-	-	-	9,244.75	8,562.96	-7.37%



- Note: ❶ The emission coefficient for Category 1 greenhouse gases was calculated by referring to the "EPA Greenhouse Gas Emission Coefficient Management Table 6.0.4".
- ❷ Emissions of Category 2 greenhouse gases are mainly about outsourced electricity. The emission coefficients applicable to the calculation of the emissions for each year are 0.530(2016), 0.554(2017), 0.533 (2018, 2019), 0.509 (2020) kg CO₂e/ kWh, and 0.502 (2021) kg CO₂e/ kWh.
- ❸ Emissions of Categories 3~5 in 2021: (1) Category 3: 9.24 for employee commuting, 0.01 for downstream transportation and distribution; (2) Category 4: 479.80 for procurement of goods and services, 1,140.77 for fuel and energy-related activities (including head office building 177.2982), 130.97 for waste generated from operations (including 27.1894 for head office building), 260.59 for upstream asset leasing; (3) Category 5: 13.62 for the use of products for sale, 9.71 for the disposal of products for sale

8 Green Operations

Achievement of ISO 50001 demonstration bases

To bring our energy saving and carbon reduction actions to be in line with international standards, the Bank has established ISO 50001 system in a systematic, institutionalized and standardized way, and obtained international certification. We have formulated our energy policy, and set up an energy management team led by the President to be responsible for the planning and integration of internal energy management business throughout the Bank. We hold meetings every year to discuss our energy management strategies, review the effectiveness of the annual energy conservation action plan, pursue effective improvement to promote energy efficiency, and reduce operating costs while maintaining our commitment to environmental protection.

ISO 50001 demonstration bases	
Stage 1	<ul style="list-style-type: none"> ● Base selection: select the self-owned building located in Taoyuan City and Nanya branch located in Banqiao District of New Taipei City as two demonstration bases ● Target: Take 2016 as the base year, set the target of total electricity saving of 15% in three years from 2017 to 2019, and develop the action plan ● Results: The target was achieved by reducing electricity consumption by 194,840 kWh and saving electricity by 24.43% in three years.
Stage 2	<ul style="list-style-type: none"> ● Base selection: In 2019, Freedom Building in Taichung and Chongqing Branch in Taipei was added to expand the scope of energy management demonstration bases ● Target: Take 2019 as the base year, set the target of total electricity saving of 8% in three years from 2020 to 2022, and develop the action plan ● Result in 2021: <ol style="list-style-type: none"> 1. The electricity saving is 90,618 kWh, with the rate of 11.46% 2. Implement improvement plans such as replacing chillers or integrating the mechanical and electrical pipelines of chillers, replacing energy-saving lamps, adjusting the optimal contract capacity of electricity, etc., and passed the review and verification by the British Standards Institution (BSI)



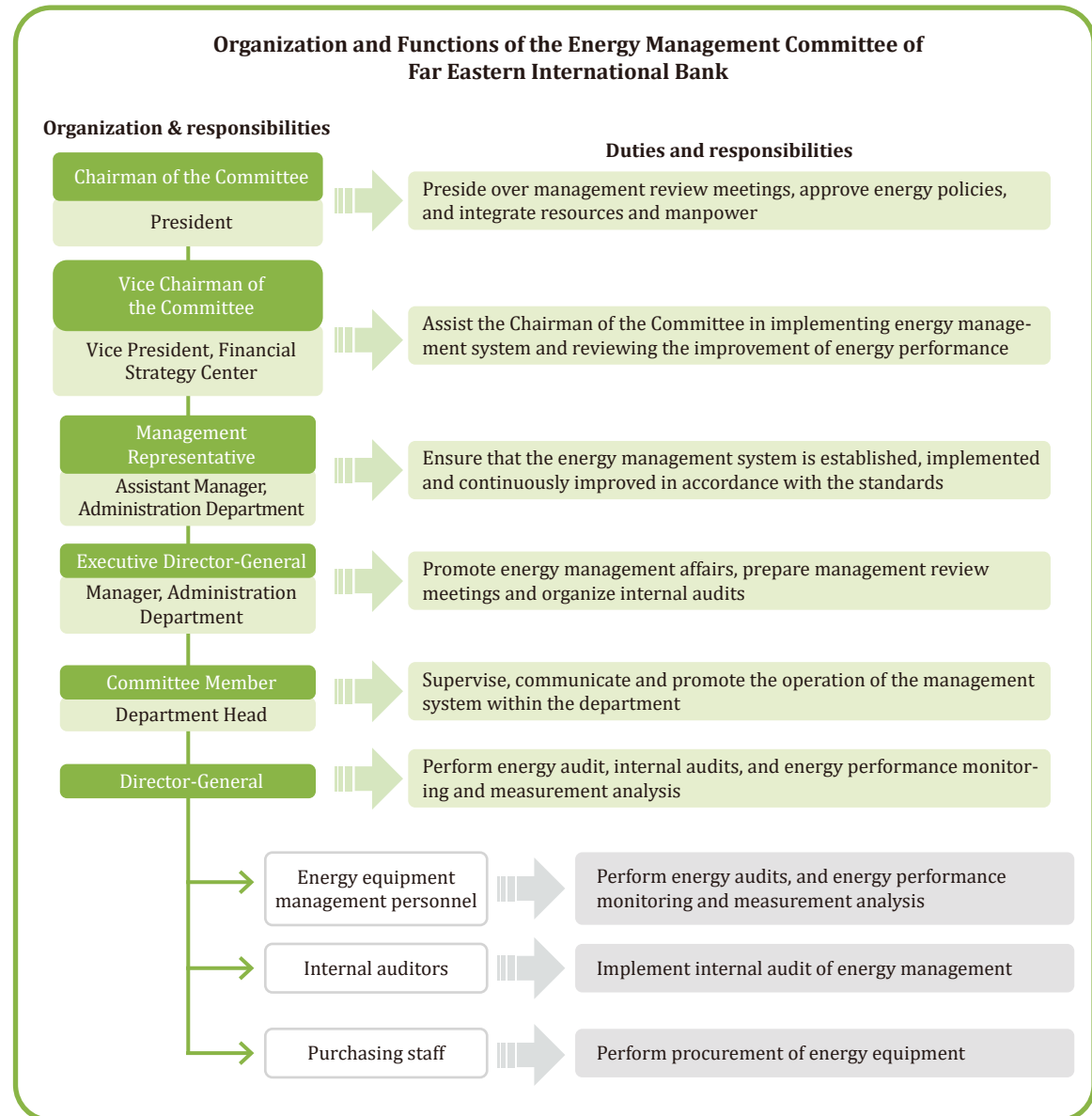
8 Green Operations

Waste management

The Bank promotes waste classification and divides waste into two categories: general waste and resource recovery, and sets up video conferencing networks at all bases, launches paperless operation systems such as electronic documents, etc., so as to reduce paper consumption, and recycle toner cartridges for manufacturers to resource recycling.

Category	2020	2021
General waste	245.78	219.37
Resource recovery	23.88	20.19
Total	269.66	239.56

(Unit: MT)



8 Green Operations

E-learning platform

The Bank provides a diverse internal and external e-Learning platform. In addition to setting an internal e-learning system (eHRD), the Bank has actively introduced external digital courses such as "Studio English Classroom" and "CommonWealth Leader Campus" in recent years to encourage employees for action learning and micro-learning, which not only reduces the carbon emissions caused by trainees' transportation time consumption, but also saves paper for lectures and human resources.

E-learning platform		Learning hours in 2021	
Internal	E-learning system (eHRD)	Orientation training, professional training, introduction of new products, law compliance	<ul style="list-style-type: none"> ● A total of 414 online courses were offered ● The number of participants was 67,216, with a total of 62,548 hours
External	Studio English Classroom	Business English, English of multi-topics and current affairs	The total number of reading hours was 82,102, or about 32 hours per person
	CommonWealth Leader Campus	Fintech knowledge and technology	The total number of reading hours was 42,263, or about 17 hours per person
In 2021, the total number of e-Learning hours on internal and external learning platforms reached 186,913 hours, breaking a record high			

Paperless service

The financial industry requires numerous documents during the operation process, which has always been a paper-consuming industry. With the goal of reducing paperwork, the Bank's internal and external document processes, various work forms, business manuals, laws and regulations management, bulletin boards and audits have been e-processed year by year. In addition, the Bank actively promotes paperless services and continues to optimize various financial digital service platforms to drive the growth of digital platform users, and continues to increase the utilization rate of digital services, reduce carbon footprint and time-consuming inconvenience of customers for visiting branches to handle financial business, and bring the society with convenient, efficient and environmentally friendly financial services. In 2021, the total replacement rate reached 94.3%, and more than 90% of the banking services commonly used by customers were obtained through digital platforms.

	Online transfer	Online withdrawal	Online fund	Online swap	Online deposit
Pre-pandemic 2019 / 12	91.6%	95.9%	67.2%	56.9%	49.2%
	Total replacement rate 89.9%				
Post-pandemic - 1 2020 / 12	96.6%	96.4%	83.6%	71.5%	58.6%
	Total replacement rate 93.7%				
Post-pandemic - 2 2021 / 12	98.0%	96.2%	84.6%	75.0%	60.5%
	Total digital growth 94.3%				