



Corporate Governance

A changing situation brings risks and challenges, but also opportunities and hope. In this new era where the world is like a game of chess, coupled with the interplay of emerging risks, technological innovations, changing customer behavior, and evolving regulations and supervision, the financial industry must operate by entrenching internal stability on one hand, while enhancing external flexibility on the other. This is to prevent any harm to investors' interests or any erosion of stakeholders' trust in the financial system, which could impede the development of the economy, industries, and society. The company has established a corporate governance code and code of ethics to build an effective corporate governance structure. This ensures compliance with regulations and sound internal management and control mechanisms. We are committed to enhancing the company's investment value and social reputation, pursuing long-term stable growth and sustainable operations, giving back to shareholders, taking care of employees, accumulating national economic capital, inheriting social wealth, and building a competitive and trustworthy evergreen enterprise.

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3-1 Board of Directors Operations

The Company treats shareholders fairly and strengthens the transparency of the director nomination review process. The election of directors adopts the candidate nomination system. The Board of Directors selects an independent accounting firm to audit the financial and internal control implementation, and also regularly discusses the internal control system with the internal audit personnel. The key points for the general operation of the 2023 Board of Directors are as follows:

● Diversified Composition of the Board of Directors

1. The directors possess professional knowledge and practical experience in management, with backgrounds spanning different fields such as finance, law, management, and varied experience in industry, government, and academia. Their capabilities encompass international market perspectives, industry knowledge, operational management, financial analysis, and more, enabling them to handle operational judgments, major decisions, supervision of the management team, risk management, and other critical responsibilities in the ever-changing and complex environment of the financial industry.
2. Out of the 11th directors, none of the directors have employee status; one independent director with a term of less than three years, one with a term of four years or more but less than six years, and one with a term of six years or more; the age distribution of the directors is four aged 81 or above, four aged 71 to 80, and three aged 61 to 70.
3. Gender equality in the composition of the Board of Directors is embodied in the fact that the Chairperson is a woman, and the female directors account for 27%, achieving the goal of more than 25% of the total number of directors for a single gender.
4. The board diversity policy is published in the corporate governance section of [the official website](#).

● Overall Attendance Rate

1. The annual plan convened five board meetings, with an overall attendance rate of 91%.
2. The shareholders' meeting was convened on June 16th, with more than half of the directors attending in person; the convener of the Audit Committee attended in person.

● Director Training

Directors participate in training courses on new knowledge related to corporate governance developments. Each director has met or exceeded the annual training hours required by regulations. The content of courses related to corporate sustainability issues includes "Today and Tomorrow of Industrial AI-ization - The Impact of ChatGPT and Corporate Response", "Global Net Zero Transition", "Sustainable Finance and Climate Change", "Discussion on Corporate Governance and Risk Management", etc.

● Communication on Critical Major Events

The relevant authorities will regularly or irregularly report major issues to the Board of Directors for review or deliberation according to practical operations or regulatory requirements, so as to enable the Board of Directors to grasp and communicate with them in a timely manner, and provide instructions.

● Director Independence and Conflict of Interest Management

When the agenda of the board of directors meeting involves the interests of the directors themselves or the legal entities they represent, the directors shall recuse themselves from discussion and voting, and shall not exercise voting rights on behalf of other directors. Their recusal due to conflicts of interest shall be properly disclosed in the [company's annual report](#).

Participate in Third-Party Evaluation

Every year, we participate in the corporate governance evaluation held by the Taiwan Stock Exchange. Through objective and professional assessments, we understand the potential for improvement in five areas of governance and internal control systems: protecting shareholders’ rights, treating shareholders equally, strengthening the structure and operation of the board of directors, enhancing information transparency, and implementing corporate social responsibility. According to the results of the 9th evaluation announced in 2023, our bank ranked among the top 5% of listed companies, achieving the highest rating level, maintaining the same level as the previous two years.



● Board of Directors Performance Evaluation

► Internal evaluation

- ❶ Evaluation frequency: Performance evaluation of the Board of Directors and functional committees is conducted annually.
- ❷ Evaluation Method: The evaluation scope covers the overall and individual members. Each deliberative unit will conduct an overall evaluation based on the evaluation form, while individual members will fill out a self-evaluation questionnaire according to their job position. The scores will then be compiled and aggregated. The assessment content is divided into two dimensions: “overall” and “individual members”. The former dimension includes the degree of participation in company operations, the quality of board decisions, the composition and structure of the board, the selection and continuous learning of directors, and internal control, among other aspects. The latter dimension includes grasping the company’s goals and tasks, recognizing directors’ responsibilities, participating in company operations, managing and communicating internal relationships, directors’ professionalism and continuous learning, and internal control, among other aspects.

► External evaluation

- ❶ Evaluation frequency: Once every three years, with the next evaluation scheduled for 2025.
- ❷ Evaluation method: In April 2022, Ernst & Young Management Consulting Services Company, an external professional independent organization, was commissioned to conduct an external evaluation, with the evaluation period covering 2020 to 2022.
- ❸ Evaluation Result: The bank’s overall performance in the three major aspects of board structure, members, processes, and information is at the “Advanced” level, meaning it meets the basic requirements of the competent authority and relevant regulations, has an established and effective set of practices, or actively enhances performance in that aspect.

2023 Board of Directors Performance Internal Evaluation Results		
Scope of evaluation		Score
Board of Directors	Overall Assessment	98
	Director Self-Assessment	98
Audit Committee	Overall Assessment	100
	Director Self-Assessment	99.7
Compensation Committee	Overall Assessment	100
	Director Self-Assessment	99.1

Director Biographies

The 11th term of the directors is from July 20, 2021 to July 19, 2024. The director information is as follows:

Title	Name	Initial Election Date	Main Educational Background and Experience	Currently Holds Other Positions
Chairman	Yue DING Industry Co., Ltd. Hou Chin-Ying	1995.5.19	<ul style="list-style-type: none"> • Master of Economics from Vanderbilt University, USA • Master's and Bachelor's degree in Economics from National Taiwan University • Chair and Professor of the Department of Banking, and Professor of the Department of Public Finance and Taxation at National Chengchi University • Chairman of the Taiwan Academy of Banking and Finance • Supervisor of Far Eastern New Century Corporation 	Southern Taiwan University of Science and Technology Director
Vice Chairman	Douglas Tong Hsu	1991.12.09	<ul style="list-style-type: none"> • Honorary Doctorate in Management from the National Yang Ming Chiao Tung University • Master of Business Administration from University of Notre Dame, USA • Columbia University Economics Research Institute • Chairman of Far Eastern New Century Corporation 	<ul style="list-style-type: none"> • Chairman of Far Eastern New Century Corporation • Chairman of Asia Cement Corporation • Chairman of the Board of Far Eastern Department Stores Co., Ltd. • Chairman of Far EasTone Telecommunications Co., Ltd. • Chairman of U-Ming Marine • Chairman of the Board of Oriental Union Chemical Corp. • Director of Everest Textile Co.,Ltd
Executive Director	Far Eastern New Century Corporation representative Wang Hsiao-I	1991.12.09	<ul style="list-style-type: none"> • Management Research Credit Program from National Taiwan University • Bachelor's degree in Business Administration from National Chung Hsing University • Director and Chief Senior Vice President of Far Eastern New Century Corporation 	<ul style="list-style-type: none"> • Director of Far Eastern New Century Corporation/Executive Director of Philanthropy • Director of Yuan Yin Asset Management Co., Ltd.
Executive Director	Asia Cement Corporation Representative Chung Tsung-Ming	2003.5.29	<ul style="list-style-type: none"> • Master of Business Administration from National Chengchi University • Certified public accountant from Deloitte & Touche 	<ul style="list-style-type: none"> • Chairman of Dynapack International Technology Corp. • Director of Vactronics technologies inc.
Director	Far Eastern New Century Corporation representative Cheng Cheng-Yu	2006.6.27	<ul style="list-style-type: none"> • Master of Institute of International Business from National Taiwan University • Bachelor's degree in Law from National Chung Hsing University • Vice President of Far Eastern New Century Corporation 	<ul style="list-style-type: none"> • President of Far Eastern New Century Corporation Administration Headquarters • Chairman of DWS Far Eastern Investments Limited • Director of Oriental Union Chemical Corp. • Director of Ding Ding Integrated Marketing Service Co.,Ltd. • Supervisor of Yuan Yin Asset Management Co., Ltd.
Director	Far Eastern New Century Corporation representative Wu Chun-Pang	2017.6.15	<ul style="list-style-type: none"> • Master of Business Administration from the University of Missouri, USA • Bachelor of Law from National Taiwan University • Regional General Manager of Deutsche Bank AG • Vice Chairman of Citibank Taiwan • President of Fubon Bank • Fidelity Investments Taiwan Regional General Manager • Managing Director, Citigroup Global Markets Taiwan • Taiwan Regional General Manager of Bankers Trust New York Corporation Tokyo Branch • Vice President at Bankers Trust New York Corporation's Head Office in New York • President of YungShin Global Holding Corporation • Vice President of JPMorgan Chase Bank for Hong Kong and Taipei Region 	To the Independent Directors of Primax Electronics Ltd.

Title	Name	Initial Election Date	Main Educational Background and Experience	Currently holds other positions
Director	Asia Cement Corporation Representative Hsu Shih-Chun	2000.5.21	<ul style="list-style-type: none"> Ph.D. in Business Administration from the University of Michigan, USA The first Dean of the College of Management at National Taiwan University Chairman of the Bank of Kaohsiung Professor at Yuan Ze University 	<ul style="list-style-type: none"> Independent Director of Eslite Corporation Director of Far Eastern Electronic Toll Collection Co. Director of Fetc International Co., Ltd. Professor Kao, Jen-Yan, Chair Professor of Academic Lecture at Feng Chia University
Director	Representative of U-Ming Marine Yu Ming-Te	2000.5.21	<ul style="list-style-type: none"> Ph.D. in Economics from The Ohio State University Professor of Finance from National Taiwan University President of Providence University President of University of China University of Technology Dean of the College of Management, National Yang Ming Chiao Tung University Dean of the College of Management, Yuan Ze University Member of the Executive Yuan Financial Restructuring Fund Management Committee Member of the National Development Fund Management Committee of the Executive Yuan Asian Development Bank Consultant 	<ul style="list-style-type: none"> Independent Director of JMicon Technology Corp. Independent Director of Mister International Enterprise Corp. Independent Director of Comestibles Master Co., Ltd. Director of Harbinger VIII Venture Capital Corp. Lecture Professor at Providence University
Independent Director and Managing Director	Wang Hsiao-Hui	2018.6.20	<ul style="list-style-type: none"> Graduated from the Accounting Department of National Chengchi University Certified Public Accountant at Deloitte & Touche Supervisor of CTCI Advanced Systems Inc. 	<ul style="list-style-type: none"> Independent Director of Les Enphants Co., Ltd. Director of Tns Foundation
Independent Director	Chang Hsiu-Lien	2015.6.16	<ul style="list-style-type: none"> Graduated from the Department of Economics at National Taiwan University, and obtained a master's degree from the Graduate Institute of Economics Chairman of Taiwan Financial Holdings and Bank of Taiwan Vice Chairman of the Financial Supervisory Commission Permanent Secretary for Minister of Finance Director-General of The National Treasury Administration Deputy Director-General of the Monetary Affairs Bureau, Deputy Secretary for Financial Services Deputy Director of the Economic Research Department, Council for Economic Planning and Development, Executive Yuan 	<ul style="list-style-type: none"> Oxford Park Director Director of Advancharis Co., Ltd. Supervisor of Airtech Engineers Ltd.
Independent Director	Chang Chia-Chu	2023.6.16	<ul style="list-style-type: none"> Minister of Economic Affairs Permanent Secretary for The Ministry of Transportation and Communications President of Chung Hua University Chairman of China Steel Corporation Chairman of China Airlines Co., Ltd. Chairman of China Development Industrial Bank Chairman of CDIB Capital Group Chairman of China Development Financial Holding Company 	<ul style="list-style-type: none"> Chairman of Transportation and Traffic Foundation Director of Eslite Corporation Advisory Committee Member of the Big Data Management Research Center at Soochow University Advisory Committee Member of Cyber Security Center of Excellence at Soochow University

The Board of Directors Establishes Functional Committees

To assist the Board of Directors in carrying out its supervisory and guiding functions, three functional committees are established under the Board of Directors, each responsible for discussing important proposals and key issues related to economics, environment, society, and risks, and reporting their conclusions and recommendations to the Board of Directors for resolution.

Committee	Composition and Members	Proportion of Independent Directors	Main Responsibilities	2023 Operation Situation
Corporate Sustainability Committee	<ol style="list-style-type: none"> The members are appointed by the resolution of the Board of Directors. The term of office for the committee members is the same as that of the appointing board of directors. 	67%	<ul style="list-style-type: none"> Promote and strengthen the integrity management system Promote and develop matters related to corporate sustainability Supervise other sustainability-related work matters as resolved by the Board of Directors 	Convened two meetings Attendance Rate 100%
Audit Committee	<ol style="list-style-type: none"> The committee is chaired by independent directors. The term of the commissioners is the same as that of the board of directors. 	100%	<ul style="list-style-type: none"> Proper presentation of the company's financial statements The appointment, dismissal, independence, and performance of the visa accountant Effective implementation of internal control within the company The company follows relevant laws and regulations. Management of existing or potential risks to the company 	Convened four meetings Attendance Rate 100%
Compensation Committee	The members shall be appointed by resolutions adopted by the Board of Directors, and their term of office shall be the same as the term of the Board of Directors that appointed them. The Committee shall consist of no fewer than three members, and a majority of the members shall be Independent Directors. The professional qualifications of the members shall comply with the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange" (Note ❶).	67%	<ul style="list-style-type: none"> Formulate and regularly review the policies, systems, standards, and structures for evaluating the performance and compensation of directors and managers, and make recommendations to the board of directors Regularly evaluate and determine the compensation and remuneration of directors and managers, and make recommendations to the board of directors The performance evaluation and compensation for directors and managers will be reasonably determined with reference to the prevailing standards in the industry, taking into consideration their individual performance, the Bank's operating performance and its future risks (Note ❷) 	Convened two meetings Attendance Rate 100%

Note ❶ : Among the three committee members, two are male and one is female; the convenor is Wang Hsiao-Hui, an independent director.

Note ❷ : 1. To attract, motivate, and retain outstanding talents, the Bank's overall employee compensation policy aims to exceed the market standard. Types of compensation include fixed salaries and variable compensation (including various bonuses and employee compensation, where employee compensation is paid in the form of stocks or cash). Variable compensation is reasonably allocated based on operating conditions, future risks, and individual performance, with a compensation structure based on position, performance, and development potential, creating a win-win-win situation for the company, employees, and shareholders.

2. The annual compensation for the President and Vice Presidents increased by 15.5% compared to the previous year, which is approximately 9.9 times the median of the employees' annual total compensation. Meanwhile, the median of the employees' annual total compensation increased by 7.1% compared to the previous year. The median of the employees' annual total compensation is calculated based on the median salary of full-time employees who do not hold managerial positions. Please refer to the information disclosed about corporate governance in 2023 Annual Report for the annual remuneration of the President and Vice Presidents.

3-2 Information Disclosure

Facing the investment market and investors, our bank provides correct, timely, publicly transparent company-related information, and maintains smooth communication channels. To provide investors with sufficient and detailed information on the Bank’s financial status, business operations, development strategies, etc., to enhance their investment confidence in the Bank and provide comprehensive reference information for their investment decisions.

Information Disclosure Channel	
Institutional Investors Conference	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Quarterly legal briefings are held. <input checked="" type="checkbox"/> The legal entity briefing presentation and video recording are immediately posted on the website.
Shareholders’ Meetings	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Annual shareholders’ meeting held <input checked="" type="checkbox"/> The shareholders’ meeting will adopt a case-by-case voting method, with each agenda item for recognition and discussion to be voted on individually. <input checked="" type="checkbox"/> In addition to attending the meeting in person, shareholders can also participate in the voting on agenda items through the electronic voting platform established by the Taiwan Depository and Clearing Corporation.
Chinese and English websites	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Set up an investor section to disclose important information in Chinese and English, announce major resolutions of the Board of Directors in real time, and disclose financial, operational, dividend, important information, corporate governance, and sustainability-related information.
Open Information Observatory	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Financial information and other material information are announced in real-time on the Market Observation Post System; 35 major announcements were released in 2023.
Annual Report	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Annual reports are issued in Chinese and English <input checked="" type="checkbox"/> Publish Chinese and English sustainability reports annually
Spokesperson	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Establish a spokesperson, deputy spokesperson, and a dedicated department for investor relations affairs to provide channels for investors to contact and provide feedback.
News Release	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Regularly publish news to communicate operating strategies, performance or fintech advancements, or discuss sustainability issues <input checked="" type="checkbox"/> An annual media luncheon is held at the end of the year, where the CEO and Deputy Group Presidents answer questions from reporters face-to-face.



3-3 Legal Compliance

The Company complies with all applicable national and international laws, strives to achieve overall compliance, has a Chief Compliance Officer of Legal Compliance Department at the headquarters who reports directly to the President at the organizational level to ensure independence, and has established a “Compliance System Implementation Regulations” approved by the Board of Directors to ensure compliance. The chief compliance officer of the general institution shall report to the board of directors on the implementation of the compliance system every six months. The responsibilities of this General Division are to oversee the bank’s overall legal compliance affairs, establish a proactive and preventive legal compliance system, formulate an annual execution plan, systematically integrate the legal compliance operations of each department, and conduct on-site inspections, evaluations, education and training, establish a legal compliance digital platform to provide Q&A on common issues, strengthen employees’ compliance awareness, monitor the improvement status of each unit, and control the legal compliance risks of the bank’s operations in advance.

In 2023, the bank did not violate any laws or regulations and did not receive any penalties from government agencies.

Effectiveness of Management and Implementation of Legal Compliance in 2023																						
Compliance Laws and Regulations	Conduct Training and Promotion	Evaluate the Implementation Effectiveness																				
<ul style="list-style-type: none"> ✓ Collect daily changes in regulations and industry penalties, promptly disseminate information to all colleagues through an online system, and conduct 60 internal related inspections. ✓ Added 560 cases for tracking and controlling compliance with amended legal compliance. ✓ The Legal Compliance Quarterly Meeting is attended by designated compliance officers from each department to establish a system for regulatory communication, consultation, and reporting. ✓ Publish a legal compliance journal every quarter to promote laws, regulations, and disciplinary cases in the industry. ✓ Amend or adjust internal regulations as appropriate or in accordance with legal changes, and proactively review internal operations or regulations for compliance using a compliance checklist. 	<ul style="list-style-type: none"> ✓ The implementation of the legal compliance system, important laws and regulations, and the quarterly legal compliance newsletter were included as regular reporting items in 4 senior management meetings. ✓ Organized compliance officer education and training for all departments, with compliance officers across the company receiving a total of 378 hours of relevant courses. ✓ Implement legal compliance education and training for all employees, covering important laws and regulations, latest internal and external rules, review of internal deficiencies, administrative penalty cases, etc. The total number of training hours received by all employees on relevant education and training was 17,101 hours. 	<ul style="list-style-type: none"> ✓ Evaluate the legal compliance operations of each unit, the evaluation results are shown in the table below: <table border="1"> <thead> <tr> <th rowspan="2">Unit</th> <th rowspan="2">Units</th> <th colspan="3">Assessment Level</th> </tr> <tr> <th>A/Excellent</th> <th>B/Good</th> <th>C/OK</th> </tr> </thead> <tbody> <tr> <td>Head Office</td> <td>9</td> <td>1</td> <td>6</td> <td>2</td> </tr> <tr> <td>Line Breaks and Subdivisions</td> <td>79</td> <td>2</td> <td>67</td> <td>10</td> </tr> </tbody> </table>			Unit	Units	Assessment Level			A/Excellent	B/Good	C/OK	Head Office	9	1	6	2	Line Breaks and Subdivisions	79	2	67	10
Unit	Units	Assessment Level																				
		A/Excellent	B/Good	C/OK																		
Head Office	9	1	6	2																		
Line Breaks and Subdivisions	79	2	67	10																		
<ul style="list-style-type: none"> ✓ 24 general inspections and 4 project inspections were completed through on-site legal compliance inspections ✓ Supervise various units to conduct self-assessments of legal compliance, and conduct preliminary reviews on their self-assessment contents ✓ Track the progress of improvements made in response to violations of laws and regulations by various units or deficiencies identified in external inspections, and have the chief compliance officer of the parent organization report to the board of directors. ✓ For the application of new products and services, ensure compliance with laws and regulations through the approval process; for promotional materials, relevant contracts, press releases, etc., conduct legal compliance reviews ✓ Conducted two “Fair Customer Treatment Principles Self-Assessment and Review Operations” for various business groups and units ✓ Handled subsidiary legal compliance control measures two times, supervised their implementation ✓ Strengthened the legal compliance management mechanism of the Hong Kong Branch to ensure the dedication and independence of the local compliance officer. Held four online compliance meetings, conducted risk assessments for legal compliance, anti-money laundering, and counter-terrorism financing, as well as a compliance manpower assessment for the Hong Kong Branch. Additionally, the Hong Kong Branch reported the “Minutes of the Legal Compliance and Anti-Money Laundering Meeting” and the “Legal Compliance Checklist” on a monthly basis, and filled out relevant reports monthly. 																						

Anti-Money Laundering and Combating the Financing of Terrorism Management


The Anti-Money Laundering and Countering the Financing of Terrorism Division (AML/CFT) under the Legal Compliance Department is the dedicated unit for AML/CFT. All staff members have obtained the Certified Anti-Money Laundering Specialist (CAMS) certification. The head of the division is appointed by the Board of Directors from among the senior management, and is responsible for overseeing the implementation of mechanisms for identifying, assessing, and monitoring AML/CFT across the bank, thereby fulfilling the bank's role as the second line of defense in AML/CFT. The head office and each business unit also have designated AML/CFT supervisors who meet the qualifications and have completed the required AML/CFT on-the-job training, possessing the necessary expertise to perform their duties. In 2023, apart from actively reporting 32 suspected money laundering transaction cases for investigation by the competent authority, the key points regarding management measures and achievements are as follows:



Management and Effectiveness of AML/CFT in 2023

Administration and Reporting	Training and Promotion	Supervision and Evaluation																						
<ul style="list-style-type: none"> ✓ Report to the Audit Committee and the Board of Directors semi-annually. ✓ Convened the AML/CFT Branch Supervisory Manager Monthly Meeting and the Financial Compliance Quarterly Meeting to promote relevant laws and regulations. ✓ Held a quarterly meeting for head office supervisory managers, reported the Bank's AML/CFT work achievements, promoted operational mechanisms, and highlighted internal and external audit deficiencies, etc. ✓ Convened a quarterly meeting on AML/CFT management between the head office and Hong Kong branch, coordinated operational mechanisms, and tracked the progress of major issues or projects. In addition, the Hong Kong branch should submit the AML/CFT checklist on a monthly basis, which will be reviewed by the Anti-Money Laundering Office and an inspection report will be issued. ✓ Adjust internal AML/CFT regulations in a timely manner according to changes in external laws and regulations. ✓ Continuously engage external consultants to assist in optimizing relevant systems, and conduct audits by accountants to validate the effectiveness of AML/CFT-related internal control systems. 	<ul style="list-style-type: none"> ✓ Conduct AML/CFT quarterly meeting. ✓ Each employee receives at least two hours of relevant education and training throughout the year, totaling 6,127 hours. The training completion rate for personnel who have completed the statutory hours reaches 100%. 	<ul style="list-style-type: none"> ✓ 21 general inspections and two special inspections of AML/CFT on-site inspections were completed, reviewing the implementation of various anti-money laundering prevention mechanisms. ✓ Assess the AML/CFT evaluation operations of each unit, the evaluation results are as follows: <table border="1" data-bbox="1182 911 2107 1139"> <thead> <tr> <th rowspan="2">Unit</th> <th rowspan="2">Units</th> <th colspan="4">Assessment Level</th> </tr> <tr> <th>A/Excellent</th> <th>B/Good</th> <th>C/OK</th> <th>D/Poor</th> </tr> </thead> <tbody> <tr> <td>Head Office</td> <td>8</td> <td>0</td> <td>4</td> <td>4</td> <td>0</td> </tr> <tr> <td>Line Breaks and Subdivisions</td> <td>71</td> <td>0</td> <td>58</td> <td>12</td> <td>1</td> </tr> </tbody> </table> ✓ Reported currency transactions above a certain amount 11,349 cases, reported suspected money laundering transaction cases 32 cases 	Unit	Units	Assessment Level				A/Excellent	B/Good	C/OK	D/Poor	Head Office	8	0	4	4	0	Line Breaks and Subdivisions	71	0	58	12	1
Unit	Units	Assessment Level																						
		A/Excellent	B/Good	C/OK	D/Poor																			
Head Office	8	0	4	4	0																			
Line Breaks and Subdivisions	71	0	58	12	1																			

Intellectual Property Rights Management

<p>Policies and Commitments</p>	<ul style="list-style-type: none"> ■ Promote technological and business model innovation, effective management, utilization and protection of intellectual property of the Bank to strengthen corporate governance structure and achieve the goal of sustainable operation. ■ In 2023, the "Guidelines for Trademark Management" were formulated to manage the acquisition, utilization, maintenance, and dispute resolution of trademarks across the entire organization. 												
<p>Implementation and Achievements</p>	<ul style="list-style-type: none"> ■ Continue the existing intellectual property management policies and plans, and gradually improve the management mechanisms ■ The application and registration status of trademark rights and patent rights shall be managed and recorded by the respective responsible management units. In addition to submitting new patent or trademark applications as needed for business purposes, extensions shall be filed for trademarks that are about to expire. <table border="1" data-bbox="432 592 2096 767"> <thead> <tr> <th colspan="4">Status of Trademark and Patent Applications in 2023</th> </tr> <tr> <th>Application Items</th> <th>① Trademark Registration</th> <th>② Trademark Extension</th> <th>③ Patent Application</th> </tr> </thead> <tbody> <tr> <td>Details</td> <td>2 domestic trademarks</td> <td>6 domestic trademarks and 1 foreign trademark</td> <td>2 domestic invention patents</td> </tr> </tbody> </table> <ul style="list-style-type: none"> ■ Regarding the collaboration contract signed by FEIBwin YouTube Channel and external collaborations, as well as the consent forms signed by interviewees or actors appearing on the channel, it is stipulated that the bank will obtain the copyrights. ■ All employees sign the "Employee Code of Conduct" annually, agreeing to "comply with intellectual property-related laws and regulations and relevant regulations of the Bank, and without the consent of the intellectual property rights holder, they shall not copy, imitate, use, disclose, dispose of, damage or infringe upon the intellectual property rights of others in any other way" and "when using computers, the Internet, or various audio-visual products related to intellectual property rights, they should use legal and genuine software or obtain authorization for use, and shall not download illegal software or infringe upon the intellectual property rights of others." New employees also sign a confidentiality agreement to prevent infringement. ■ Conduct intellectual property rights education and training courses for all employees, including basic concepts of intellectual property rights, case studies, and promote the Bank's intellectual property management plan and policies. ■ Each unit conducts confidentiality education and training every quarter to enhance employees' understanding of the importance of confidentiality obligations. Additionally, during the regularly held legal compliance education and training, the content includes intellectual property rights education and the Bank's intellectual property management plan and policies. 	Status of Trademark and Patent Applications in 2023				Application Items	① Trademark Registration	② Trademark Extension	③ Patent Application	Details	2 domestic trademarks	6 domestic trademarks and 1 foreign trademark	2 domestic invention patents
Status of Trademark and Patent Applications in 2023													
Application Items	① Trademark Registration	② Trademark Extension	③ Patent Application										
Details	2 domestic trademarks	6 domestic trademarks and 1 foreign trademark	2 domestic invention patents										
<p>Intellectual Property Inventory and Achievements</p>	<ul style="list-style-type: none"> ■ Trademark rights: A total of 39 registered trademarks, including 36 domestic trademarks and three foreign trademarks. ■ Patent Rights: A total of 29 domestic patents have been obtained, including nineteen utility model patents, three invention patents, and seven design patents. ■ Annual new copyright: <ul style="list-style-type: none"> ▶ 49 videos on the FEIBwin YouTube Channel ▶ Quarterly publication of the "Legal Compliance Newsletter" ▶ Publish "HR Quarterly" every quarter ▶ The official website has added 5 videos introducing the FEIB for corporations. 												

3-4 Risk Management

● Risk Management Policy

- ▶ Establish risk management policies for the entire bank to comply with, and to enhance the bank’s resilience against the impact of climate risks, climate risks will be incorporated into the overall risk management policies, and the “Climate Change and Environmental Risk Management Guidelines” will be formulated to guide, supervise and manage the board of directors and senior management, as well as for the three lines of defense of internal control units to follow and implement climate risk management accordingly.
- ▶ Utilize qualitative indicators such as internal and external risk management regulations like various operational procedures, quantitative indicators such as asset quality ratios, and establish relevant risk appetites as references for operational strategies.
- ▶ Establish an independent risk control dedicated unit to monitor and implement the operation of the risk management system.
- ▶ The risk management process includes identifying, measuring, monitoring, and reporting various risks. It is adjusted in response to changes in the operating environment and business operations to effectively identify, measure, supervise and control all existing and potential risks within the bank’s acceptable range, while balancing risks and reasonable profits to achieve sustainable corporate development and profit goals.



● Management Scope

- ▶ This sets up a Risk Management Committee and an independent Risk Control dedicated unit, the Risk Management Department, and adopts a three lines of defense internal control mechanism to ensure smooth implementation and operation of relevant management. In carrying out on-balance sheet and off-balance sheet businesses, which involve risks such as credit risk, market risk, interest rate risk, liquidity risk, operational risk, and other risks like climate change and environmental risks, the Bank has established management guidelines to implement risk management in its main businesses like investment and lending. For each major risk category, measurement indicators have been set up for regular assessment and monitoring.
- ▶ In 2023, the “Risk Management Policy” was revised to include risk appetites for credit, market, operational, interest rate, liquidity, climate, and environmental risks, among others. The “Operational Risk Management Guidelines” were also amended to include operational risk tolerance levels to guide, supervise, and manage the Board of Directors and senior management, as well as for each unit to implement risk management. Asset quality will continue to be strictly controlled, and international political and economic situations and their impact on major events and industries, such as cross-strait geopolitics and the impact of foreign customer Asian currency exchange rates, will be analyzed to take prompt responsive measures. Consumer finance and credit card businesses will also implement differentiated management and execute various risk control measures in response to external environmental changes such as inflation.

● Regular Reports

The Risk Management Committee meets quarterly, and the Risk Management Department reports and thoroughly discusses the implementation effectiveness, exposure status, and risk decisions regarding credit risk, market risk, and operational risk management. The implementation of liquidity and interest rate risk control is discussed at the quarterly Asset and Liability Management Committee meeting, providing senior management with reference for relevant decisions. The resolutions or conclusions of the meetings are also reported to the Board of Directors.

● Audit Examination

In addition to striving to prevent fraud and corruption, the internal audit system is designed to identify potential internal and external risks in advance, assisting in the implementation of risk management and compliance systems to achieve sound corporate governance. In line with international development trends and the FSC’s Corporate Governance 3.0 Sustainable Development Blueprint, the promotion of ESG sustainability-related work will be included in the audit items. Furthermore, to strengthen consumer protection and uphold the principle of fair treatment, audits will be strengthened on issues such as employees safeguarding customers’ passbooks/financial cards/password envelopes, off-premises account opening and collection/payment operations, prevention of misappropriation of customers’ funds, sales control of financial products for the elderly, insurance solicitation operations, handling of customer complaints, prevention of investment clients purchasing properties for speculation, and control mechanisms for loan applications by dummy borrowers. The annual audits for 2023 were completed as scheduled, including 37 planned enhanced project audits and 51 actual audits conducted. All audit findings were addressed in a timely manner, and there were no major penalties imposed by the Financial Supervisory Commission. For 2024, 35 enhanced project audits are planned.

Statistics of Relevant Management Certificates Obtained by Auditors	
Item	Cumulative Number of People
Certified Internal Auditor	3
Certified Information Systems Auditor	1
Certified Anti-Money Laundering Specialist	1



Climate Risk Management

- These “Climate Change and Environmental Risk Management Guidelines” clearly stipulate that the Board of Directors is the highest decision-making unit, the Risk Management Department is the dedicated unit, and the Audit Department conducts at least one audit of related operations every year.
- Main progress in 2023:
 - ▶ For buildings and real estate collateral lending businesses of operating locations that are susceptible to climate change impacts on their normal use or value, as well as transition risks for credit investment businesses, the “Climate Risk Management Guidelines” have been formulated to facilitate the identification and assessment of climate risks by first and second line of defense units.
 - ▶ Completed the first TCFD carbon footprint assessment and scenario analysis of operational/investment and financing physical and transition risks, as well as disclosure.
 - ▶ Conducting the first domestic bank climate change scenario analysis and disclosure, enhancing climate risk resilience.

Highlights of Climate Change and Environmental Risk Management Guidelines	
Title	Content
Risk Definition	Includes risks related to greenhouse gas emissions, pollutant emissions, energy and resource consumption involved in addressing climate change, natural disasters, and environmental protection; as well as risks of complying with international and local environmental laws and regulations, such as air, wastewater, waste, toxic substances, noise emission management or environmental impact assessment requirements.
Risk Management Objectives	Depending on the scale and complexity of the business, develop a sound climate change and environmental risk management mechanism in an orderly manner to effectively identify, assess, monitor, and manage climate change and environmental risks, enhancing the Bank’s resilience to climate change risks.
Risk Management Process	Establish processes for risk identification, measurement, monitoring, and management to reasonably assess risks and establish relevant control regulations
Risk Management Countermeasures	Based on the climate change and environmental risk assessment results, take appropriate management countermeasures, such as risk transfer, avoidance, or control.
Risk Management Organization Structure and Responsibilities	Defines the organizational structure and authority guidelines for the Board of Directors, Risk Management Committee, Risk Management Department, various departments/ business groups, and Audit Department. The Board of Directors is the highest decision-making unit, the Risk Management Department is the dedicated unit, and the Audit Department conducts an audit of relevant operations at least once a year.
Risk Management Report	The Risk Management Department regularly provides risk management reports to senior management, the Risk Management Committee, and the Board of Directors for their decision-making reference, and regularly discloses them externally.

Business Continuity Management

This line introduces the implementation of a Business Continuity Management System (BCMS), which in 2023 will be based on the international standard ISO 22301:2019. It will establish relevant plans, implementation methods, management systems, organizational structures and responsibilities, management review methods, and emergency response procedures. This ensures that in the event of any unpredictable abnormal incidents, the company can respond quickly, take emergency measures to control the extent of damage, and promptly restore normal business operations, providing stable and uninterrupted secure financial services. The Audit Department conducts at least one audit of relevant operations each year. The imported business continuity management system ISO 22301:2019 passed BSI certification in September, valid until October 2026.

Abnormal Event Definition

- ▲ An event that can cause business operations to become unsustainable.
- ▲ Events that may or have already caused operational disruptions
- ▲ An event that may or has already caused significant loss
- ▲ Such as major natural disasters, intentional or negligent acts, severe statutory infectious diseases, information system incidents, etc.

Human Rights Risk Management

- Implementing the spirit and fundamental principles of human rights protection enshrined in the United Nations Universal Declaration of Human Rights (UDHR), the International Labor Organization’s (ILO) Declaration on Fundamental Principles and Rights at Work, etc. The Bank follows the Equator Principles and laws and regulations of its operating locations to review, assess and manage potential human rights risks faced by stakeholders such as employees, customers, suppliers, and establish guidelines and smooth grievance handling mechanisms.
- To raise employees’ awareness of human rights issues and implement respect for human rights and gender equality, advocacy courses are held annually:
- Labor rights, occupational health and safety management are included in the supplier evaluation points and the content of the supplier’s social responsibility commitment letter.
- The review of human rights for investment targets follows the stewardship policies and statements in accordance with the “Stewardship Principles for Institutional Investors.” This covers investment operations, and the fulfillment of stewardship responsibilities is regularly disclosed.
- Regarding human rights review for financing targets, the credit application review process uses the “ESG Assessment Checklist” 100% of the time for item-by-item evaluation.

Labor Rights-Related Courses for the Year 2023	Number of People Completed Training
Preventing workplace harassment	2,521 Participants
Labor rights promotion	2,521 Participants
No workplace sexual harassment.	2,521 Participants
Understanding the Convention on the Rights of Persons with Disabilities and the characteristics and tendencies of the needs of the elderly	2,548 Participants
Understanding labor laws	546 managerial level employees

Human Rights Risk Assessment, Implementation of Management Measures						
Identification Issue	Target	Definition	Risk Value	Risk Level	Preventive and Mitigation Measures	Remedial Measures
Freedom of Association	All employees	Incidence rate = Number of employees filing complaints for violation of freedom of association received by the competent authority in the current year / Total number of employees	0%	Low	<ul style="list-style-type: none"> • The Employee Welfare Committee encourages colleagues to participate in proper leisure and welfare activities, and has established the “Club Activity Management Regulations”. In 2023, there are 5 clubs. • No company trade union 	<ul style="list-style-type: none"> • Provides annual application for club funding subsidies • No collective agreement in 2023
Prohibited Child Labor	New employee	Zero child labor employment	0%	Low	<ul style="list-style-type: none"> • The “Labor Rules” stipulate that no one under the age of 16 can be employed. • The applicant should state their date of birth on the resume and sign to confirm the accuracy of the information • Submit identity documents on the day of employee check-in 	<ul style="list-style-type: none"> • When verifying identification documents during check-in, if it is discovered that the applicant has concealed or falsified personal information, employment will be denied.
	Vendor staff	No child labor found	0%	Low	<ul style="list-style-type: none"> • The main content of the corporate social assessment for supplier evaluation includes labor rights • Supplier’s Social Responsibility Commitment explicitly prohibits the use of child labor 	<ul style="list-style-type: none"> • Refuse to deal with suppliers who receive low evaluations or are found to employ child labor • Establish a complaint/reporting hotline and publish it on the official website

Human Rights Risk Assessment, Implementation of Management Measures


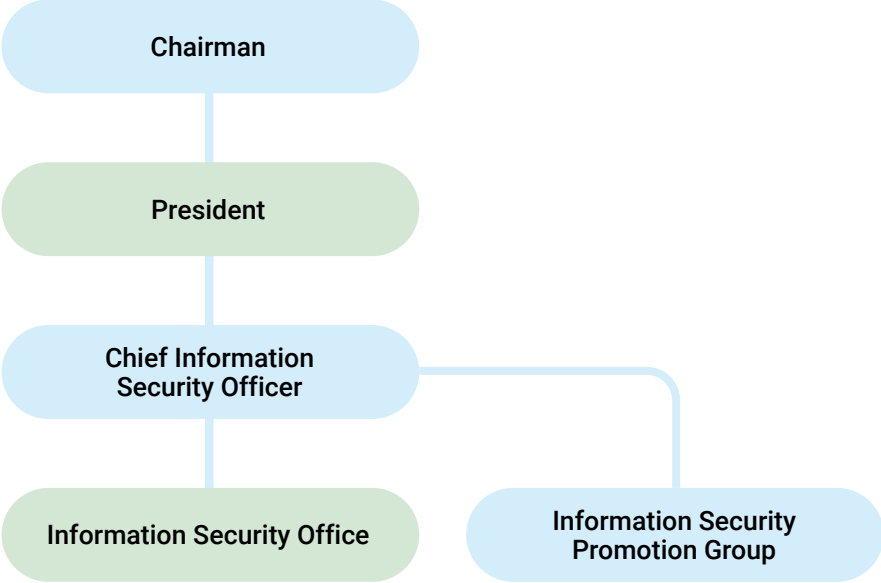
Identification Issue	Target	Definition	Risk Value	Risk Level	Preventive and Mitigation Measures	Remedial Measures
Prohibited Employment Discrimination	All employees	Occurrence rate = Number of employees recognized by the competent authority as constituting employment discrimination cases in the current year / Total number of employees	0%	Low	<ul style="list-style-type: none"> The "Work Rules" and all personnel regulations comply with labor laws and international norms, and are applied uniformly to all employees. There is no discriminatory treatment based on race, class, language, thought, religion, political affiliation, place of origin, birthplace, gender, sexual orientation, age, marital status, appearance, facial features, physical or mental disability, blood type, zodiac sign, or previous union membership status in recruitment, assignment, working conditions, promotion, transfer, rewards and punishments, training, benefits, dismissal, retirement, layoffs, performance evaluations, and related regulations and operations. Regularly hold relevant courses to prevent employment discrimination and ensure equal employment opportunities 	Establish a grievance pipeline, and immediately initiate an investigation procedure and make effective dispositions for any grievances.
Prohibited Forced Labor	All employees	Incidence rate = Number of forced labor complaint cases received by the competent authority in the current year / Total number of employees	0%	Low	<ul style="list-style-type: none"> If an employee and supervisor agree in advance to overtime work, and the employee is unable to accept work outside of regular working hours due to health or other legitimate reasons, the supervisor shall not force the employee, and shall not engage in any coercive labor practices such as debt threats, withholding of documents, etc. Provide labor law education courses for managerial levels to establish awareness that forced labor is not permitted 	<ul style="list-style-type: none"> Receive complaints and take effective action on cases immediately Organizing promotional courses to reiterate the prohibition of forced labor
Good Labor/ Management Relations	All employees	Involvement rate = Number of employees involved in labor-management dispute cases accepted by the competent authority in the current year / Total number of employees (Directorate-General of Budget, Accounting and Statistics 2023 National Labor-Management Dispute Involvement Rate 1.5%)	0.1%	Low	<ul style="list-style-type: none"> In accordance with relevant labor laws and regulations, establish various personnel management systems to ensure the rights and interests of workers. Hold regular labor-management meetings to discuss and promote issues related to workers' rights Established an interactive discussion area called "A Date with You" on the digital platform, allowing employees to have instant and diverse channels for communication and inquiries. 	<ul style="list-style-type: none"> Accept mediation applications, evaluate whether their claims are legal and reasonable, and formulate settlement plans for justified requests
Prohibited Sexual Harassment	All employees	Prevalence rate = Number of people involved in sexual harassment complaint cases received by the company in the current year / Total number of employees	0%	Low	<ul style="list-style-type: none"> Establish "Regulations for the Prevention of Sexual Harassment, Grievance and Disciplinary Procedures" set up a dedicated sexual harassment complaint unit, complaint hotline and dedicated email address, and handle relevant cases in accordance with the law Establish a "Sexual Harassment Complaint Processing Committee" responsible for investigating and handling complaint cases Regular sessions on preventing and addressing sexual harassment 	<ul style="list-style-type: none"> Receive complaints and take effective action on cases immediately Conduct advocacy programs to reiterate the prohibition of sexual harassment Establish an investigation committee, and if proven true, impose punishment according to the work rules and disciplinary regulations
Safety Work Environment	All employees	Incidence rate = (Number of employees injured or killed by occupational accidents within the company during the year) / Total number of employees	0%	Low	<ul style="list-style-type: none"> Set up an occupational safety and health organization and personnel to carry out related operations Implement a "Workplace Harassment Prevention Program" to assess and control potential hazard factors and levels. 	<ul style="list-style-type: none"> Implementation of improvement measures for high-risk factors of illegal infringement in the workplace Implementation of occupational accident reporting and handling Provide occupational hazard compensation and consolation payments
	Vendor staff	Number of unqualified suppliers/ Number of evaluated suppliers in the annual supplier evaluation	0%	Low	<ul style="list-style-type: none"> The main content of the corporate social assessment for supplier evaluation includes occupational health and safety management. Suppliers commit to key points including occupational safety management, prevention and management of occupational injuries or diseases, medical services, and emergency response procedures. 	<ul style="list-style-type: none"> Suppliers with low evaluations are required to improve or have their dealings rejected Establish a complaint/reporting hotline and publish it on the official website

Human Rights Risk Assessment, Implementation of Management Measures

Identification Issue	Target	Definition	Risk Value	Risk Level	Preventive and Mitigation Measures	Remedial Measures
Employees Health Management	All employees	Abnormal workload risk indicator for disease onset = Number of people judged by physicians to have a risk of disease onset due to abnormal workload / Number of people surveyed on workload	0%	Low	<ul style="list-style-type: none"> Implement the "Abnormal Workload-Induced Disease Prevention Plan", "Human Factors Hazard Prevention Plan", and "Maternity Protection Plan", manage and arrange medical consultations according to different levels Regular employee health checkups: Providing health examinations superior to legal requirements (once a year for those aged 65 and above, once every three years for those below 65), with graded management and medical consultation arrangements Organize health promotion activities across the bank and plan incentive funds Providing subsidies for dynamic and static clubs, as well as lectures on physical and mental health In response to the COVID-19 pandemic, we provide employees with staggered work schedules, work-from-home arrangements, and anti-epidemic supplies to implement preventive measures. We keep track of the pandemic situation and monitor the health of our employees. 	<ul style="list-style-type: none"> Regularly track high-risk individuals and provide medical assistance Labor Insurance, Group Insurance, and Pandemic Insurance Claims Provide occupational accident reporting, compensation, and pensions
		Human factor hazard risk index = Number of persons determined by physicians to have work-related human factor hazards / Number of persons surveyed for musculoskeletal symptoms	0%	Low		
	Female employees	Workplace maternity risk indicator = number of maternal workers determined by physicians to have work-related health hazards / number of maternal workers	0%	Low		
Personal Data Protection	All employees	Incidence rate = Number of personal data breaches for the company in that year / Total number of employees	0%	Low	<ul style="list-style-type: none"> The "Employee Code of Conduct" clearly stipulates that employees should properly maintain the documents under their management, and personal data shall not be collected, processed, or used arbitrarily except for legal and specific purposes, and shall comply with the provisions and restrictions of the Personal Data Protection Act. Passed BS10012:2017 PIMS Personal Information Management System Certification Marketing activities 100% compliant with personal data protection regulations Organize promotional courses annually to supervise employees in implementing compliance. 100% of employees signed a personal data confidentiality agreement and completed a two-hour training course. 	<ul style="list-style-type: none"> Formulate contingency strategies and plans for events Coordinate investigation, assessment, and response assistance, implement response plans Convene an event review meeting and report to the personal data protection management team
	Dear all customers	Occurrence rate = Number of company's personal data breach cases in the year / Total number of customers	0%	Middle		
The Right to Fair Use of Financial Services	Dear all customers	Ranking in the bottom 75% for fair guest treatment evaluation	0%	Low	<ul style="list-style-type: none"> Establish a Fair Customer Treatment Promotion Team Implement education and training, with employees receiving at least 3 hours of relevant courses annually, including laws and regulations on financial consumer protection, case studies, simulations of responses to consumers, etc., to internalize Fair Customer Treatment as a behavioral code for all staff Conduct a "Understanding the Convention on the Rights of Persons with Disabilities and the Characteristics and Needs of the Elderly" promotion course to help all colleagues understand the diverse needs of these groups, and aim to establish a friendly service environment and service methods for them 	<ul style="list-style-type: none"> Improve or enhance employee education and training on deducted items in the financial industry's Treating Customers Fairly evaluation, aiming to achieve the top 25% ranking in the optimal tier

3-5 Information Security and Personal Data Protection

Information Security Management

<p>Policies and Commitments</p>	<p>The Board of Directors approves the "Information Security Policy" as the standard for implementing information security measures in the bank. This clearly declares the bank's determination to uphold information security, and provides guidelines for relevant personnel to follow, in order to avoid or mitigate the potential impact risks of any information security incidents, while safeguarding the interests of the company and its customers from harm.</p>
<p>Organizational Structure</p> 	<ul style="list-style-type: none"> To address the threats and challenges of financial information security, our bank has appointed Chang Chia-Chu, who has a background in information security, to participate in the operations of the board of directors. This move aims to enhance the governing body's understanding of information security trends and foster an organizational culture that emphasizes the importance of information security. Designate the Information Security Office as the dedicated unit for information security, and establish an Information Security Promotion Group: <ol style="list-style-type: none"> Responsible for researching domestic and international cybersecurity situations and formulating future cybersecurity strategies, comprehensively addressing control frameworks, establishing completeness, corporate culture and employee mindset, incident reporting and handling capabilities, threat management and patching capabilities, and emerging cybersecurity risks, to construct a management system that complies with international information security standards (ISO 27001:2013). Conduct information security education and promotion, establish comprehensive information security incident standard handling procedures, conduct emergency response drills, and be fully prepared for the ever-increasing information security threats The Chief Information Security Officer is concurrently held by the Vice President of the Operations Service Division, who coordinates the promotion and coordination of information security policies and resource allocation, supervises and directs various information security enhancement tasks, and reports regularly to the Board of Directors on the implementation of information security measures.  <pre> graph TD Chairman[Chairman] --- President[President] President --- CISO[Chief Information Security Officer] CISO --- ISO[Information Security Office] CISO --- ISPG[Information Security Promotion Group] </pre>
<p>Incident Notification Mechanism</p>	<ul style="list-style-type: none"> Establish a notification and handling process for information security incidents. After receiving notification, the Information Technology Department and Information Security Department will record the incident and determine the incident level according to the "Information Security Incident Classification Principles" and the extent of its impact. Once identified as a major information security incident, it will be immediately reported to the Information Security Department and the supervising unit of the head office. The Office of Information Technology and Information Security Office need to eliminate and resolve the issue within the target processing time, and after the incident is resolved, conduct a root cause analysis and take corrective and preventive measures to prevent the recurrence of the incident.

Information Security Management



1. Deepen Cybersecurity Governance and Joint Cybersecurity Defense	2. Enhance Detection and Auditing	3. Strengthen Cybersecurity Monitoring and Cybersecurity Resilience
<p>1.1 The validity period of the ISO 27001:2013 Information Security Management System certification is until October 2026.</p> <p>1.2 Introduced the Business Continuity Management System ISO 22301:2019, and obtained BSI certification in September, valid until October 2026</p> <p>1.3 Completed the information security governance maturity assessment in June, achieving the "Advanced" level, indicating that most of the Bank's information security control measures have been automated and continuously improved.</p> <p>1.4 Established an information security implementation team and a business continuity management team, holding regular management review meetings, and conducting an annual review of the information security policy, business continuity management policy, and all management system documents. In 2023, a total of 29 management system documents were revised.</p> <p>1.5 Cybersecurity Professional Advancement: The bank has cumulatively obtained 71 international cybersecurity certifications in both managerial and technical categories, accounting for 9% of the bank's total assets (791 billion).</p> <p>1.6 To enhance the board members' understanding of cybersecurity situations and emphasize the cybersecurity organizational culture, in addition to recruiting directors with cybersecurity backgrounds, all board members have completed cybersecurity professional training courses. The course content includes risks and challenges faced by the financial industry, cybersecurity threats and countermeasures faced by the financial industry, cybersecurity development trends and recommendations, etc.</p> <p>1.7 In April, we signed a "National Cybersecurity Co-defense and Intelligence Sharing Memorandum of Cooperation" with the Taipei Investigation Bureau of the Ministry of Justice Investigation Bureau, which helps us obtain more comprehensive cybersecurity intelligence and enhance our cybersecurity protection and response capabilities.</p> <p>1.8 To enhance the operational efficiency of cybersecurity co-defense, the Bank's Cybersecurity Monitoring Center completed the integration with the Competent Authority's "Financial Cybersecurity Co-Defense Monitoring Center" to form a shared cybersecurity defense network with the industry.</p> <p>1.9 Awarded the Information Resilience Spearhead Award by the British Standards Institution (BSI), which is one of the leading information security awards in Taiwan. This recognition demonstrates the Bank's efforts in maintaining information resilience from a holistic perspective and innovative information security performance in compliance with international standards such as ISO 27001:2013 for Information Security Management, BS 10012:2017 for Data Protection Management, and ISO 22301:2019 for Business Continuity Management in digital financial services.</p> <p>1.10 Invested NT\$63 million in information security costs, including NT\$63 million in software and hardware license fees and NT\$420 thousand in personnel training fees, accounting for 10% of the total IT budget (NT\$662.8 million)</p> <p>1.11 Every year, we secure "Professional Liability Insurance for Financial Institutions" with an insured amount of NT\$200 billion. The insurance coverage includes errors or omissions in performing or failing to perform professional services across the bank, mitigating or reducing the risk of compensation arising from business interruptions, or damages suffered by clients or third parties.</p>	<p>2.1 Commissioned a third-party consulting company to conduct assessments and audits, including computer information system security assessments, SWIFT Customer Security Program (CSP) compliance reviews, and personal data protection project audits, all of which completed compliance reviews, inspections, and audits.</p> <p>2.2 Conduct social engineering drills through email, and implement online training courses and tests for personnel with relatively low cybersecurity awareness</p> <p>2.3 Conduct general information security education courses for all employees and new hires, including social engineering, information security and personal data protection, business continuity management, Internet of Things, and cloud management, etc.</p> <p>2.4 For system administrators and application system developers who use high-privilege accounts for maintenance, conduct advanced information security courses, including hacker techniques and maintenance precautions, common web vulnerabilities and countermeasures, etc.</p>	<p>3.1 Establish an automatic joint defense mechanism to detect and immediately block large-scale information gathering activities, in order to improve the timeliness of cybersecurity monitoring and incident prevention.</p> <p>3.2 To strengthen the information security protection mechanism, enhance the current malware detection system in use, and add blocking functionality to achieve 7*24 malware detection, alerting, and blocking.</p> <p>3.3 Conducting major cybersecurity incident, personal data incident, and ATM accident scenario drills</p> <p>3.4 Conducted 53 sets of operational continuity enhancement capacity drills and information system backup drills.</p> <p>3.5 Conduct distributed denial-of-service (DDoS) attack and defense drill</p> <p>3.6 When implementing off-site backup drills, the core systems will be incorporated into the verification of actual external business operations</p> <p>3.7 Imported the service to automatically detect counterfeit websites and mobile apps impersonating the bank, detected 10 counterfeit incidents, completed the blocking and removal of these counterfeit websites, and found no incidents of customers being defrauded.</p>

Information Security Management



2023 Annual Results

Information Security Incident	2022	2023
Number of data security incidents	0	0
Customer data was lost due to an information security incident.	0	0
Number of customers affected by information security incidents	0	0
Financial losses due to information security incidents	0	0



2024 Plans

- Continue to undergo regular reviews by the British Standards Institution (BSI) to maintain the validity of international standard management system certificates for information security and business continuity operations.
- To improve the capabilities required for cybersecurity governance and operations, and to enrich the diverse cybersecurity talent pool, we encourage personnel to obtain relevant cybersecurity professional certifications. The target for 2024 is to increase by eleven certifications, achieving an annual growth of 25%.
- Conducting cybersecurity professional courses for board members
- To enhance the defensive capabilities against hacker attacks, it is proposed to introduce the following cybersecurity defense tools:
 - 1 Replace the malicious email attack defense system to improve the detection and interception rate of malicious emails (including encrypted malicious attachments), with a target completion date of June.
 - 2 Establish a web resource protection mechanism to defend against attacks that utilize massive access to webpages, causing service disruption. The goal is to complete this by June.
 - 3 Evaluate the introduction of the Zero Trust management architecture and Zero Trust network architecture's three core mechanisms of identity authentication, assess the current maturity of Zero Trust in our bank, and formulate management systems. Adopt the principle of least privilege to strengthen control over remote connections, with the goal of completion by December.
 - 4 Import web application vulnerability scanning tools, simulate hacker mindsets and attack methods for testing, thereby enhancing the security of systems providing external services, with the goal of completion by December.
 - 5 Introduce a vulnerability tracking management platform to systematically manage the vulnerability scanning and patching process, replacing manual tracking and retaining complete vulnerability remediation records. The goal is to complete this by June.
- To enhance the ability to respond to cyber attacks, we plan to organize a red team and blue team cybersecurity exercise. We will engage an external cybersecurity company to act as the red team, simulating hacker techniques and behavior to conduct attack drills. Our employees will form the blue team to defend and respond in real-time, in order to validate our detection capabilities and response speeds against hackers. The goal is to complete this exercise by December.
- Conducting operational continuity capacity enhancement implementation drills and information system backup drills
- The Cybersecurity Monitoring Center continues to strengthen the depth and breadth of intelligence analysis with the "Financial Cybersecurity Defense and Monitoring Center" of the competent authority, enhancing the efficiency of the joint defense operating mechanism to achieve the overall effectiveness of joint defense.

Medium and Long Term Goal

- Maintain the effectiveness of international information security management standards, keep up with the times to improve the information security management system, and continuously use the PDCA method to establish a virtuous cycle of improvement mechanisms
- To strengthen cybersecurity protection capabilities, the cybersecurity talent cultivation program continues to be promoted.
- To strengthen cybersecurity monitoring and protection, we are planning to evaluate the introduction of the three core mechanisms of device authentication and trust inference in a zero-trust network architecture, with the goal of completing this by 2025.

Personal Data Protection Management

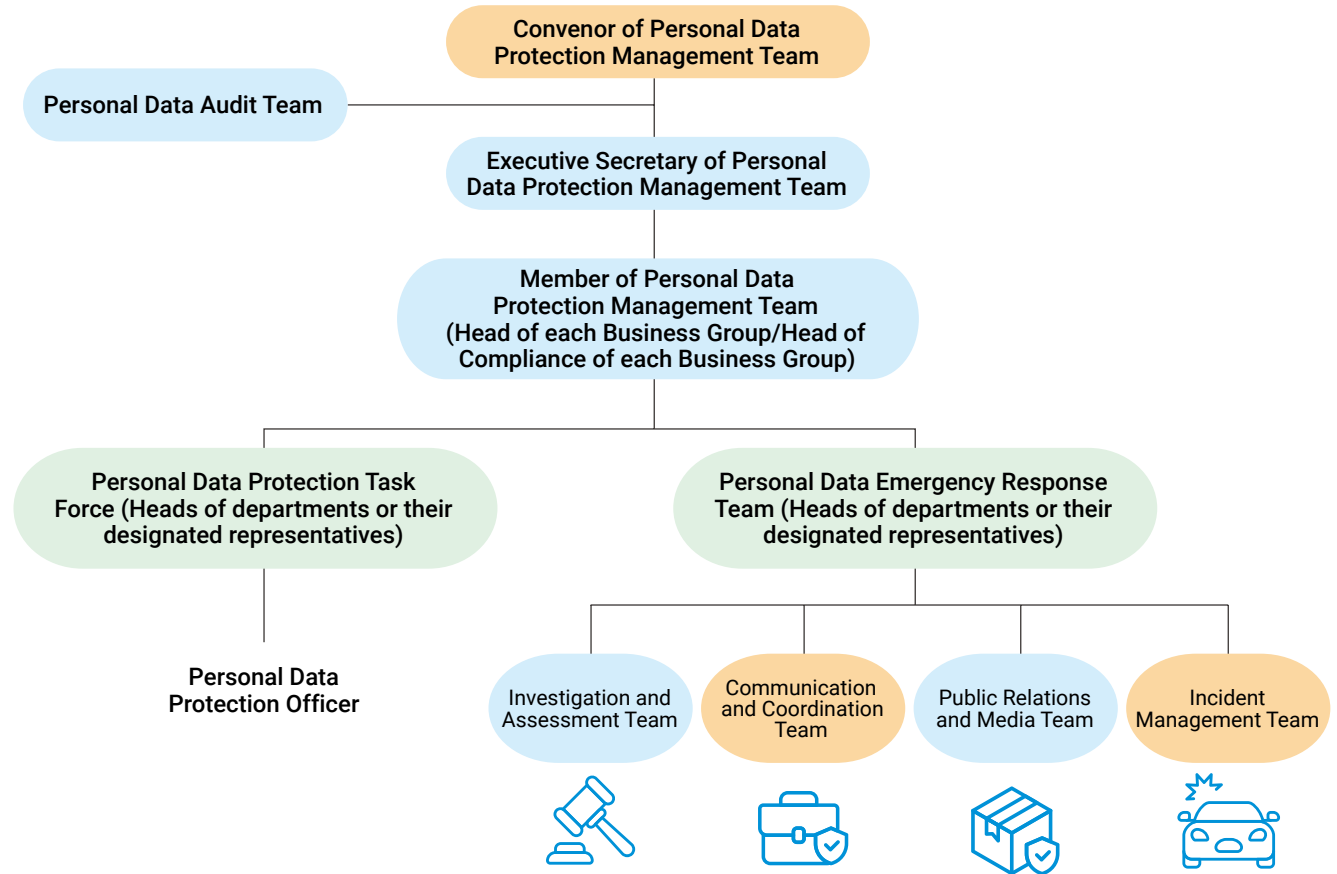
Policy Promise

Comply with and implement personal data management, maintenance and enforcement in accordance with the Personal Data Protection Act and related laws and regulations, as well as regularly review and continuously improve it.

Organizational Structure

- To ensure the legal collection and use of customers' personal data, and to maintain the security of relevant personal data, the bank has established a comprehensive personal data protection management system.
- In addition to the existing Information Services Steering Committee, a cross-departmental "Personal Data Protection Management Team" and related teams have been established, with the Vice President of Operations Services serving as the convener, overseeing related matters across the bank. The bank has also trained seed personnel to cultivate a sense of personal data protection awareness and compliance in internal operations.
- Regarding how to collect, process, and use customer data, as well as the relevant rights customers have over their data, all are openly disclosed, including being stated in transaction contracts and announced on the official website, and actively notified to new customers with whom we have dealings.

+ FEIB Personal Data Protection Management Organizational Structure Diagram



Personal Data Protection Management

When a suspected personal data security incident is discovered, the duty to report must be fulfilled to the unit supervisor of the discovering unit, the unit supervisor of the business responsibility unit, and the executive secretary. Once it is determined to be a personal data security incident, the executive secretary shall immediately report to the convener of the Personal Data Protection Management Team, and the supervisor of the business responsibility unit shall make a preliminary determination of the severity level of the incident.



Events Reporting Mechanism

Incident Level	Level Identification	Key Points for Reporting and Handling
Level 1 incident	Less than 50 personal records were leaked, and there was no media inquiry or report about the incident.	<ol style="list-style-type: none"> 1 The unit supervisor discovers the accident data and notification form and provides them to the responsible business unit. 2 If the incident is under control, the business director updates the contents of the notification form, files it for reference, notifies the executive secretary, and closes the case. 3 Within 5 working days from the date of awareness, if the situation remains uncontrolled, and the supervisor of the responsible business unit further identifies it as a Level 2 incident, it shall be handled in accordance with the relevant regulations for Level 2 incidents; if it threatens the Bank's operations or damages the rights and interests of a large number of parties concerned, the major contingency notification process must be executed simultaneously.
Level 2 incident	If one of the following criteria is met, it is considered a Level 2 incident: <ol style="list-style-type: none"> 1 More than 50 personal data records were leaked 2 The accident has received media attention. 3 The content of the leak includes special personal data outside of the incident 4 An accident occurred and was not controlled for more than five working days. 5 The incident has been noticed by law enforcement or regulatory authorities. 6 Endangering normal operations leading to business disruptions 	<ol style="list-style-type: none"> 1 The supervisory unit discovers and provides the accident data and notification processing form to the responsible business unit, which then carries out emergency response and immediately notifies the executive secretary. 2 The executive secretary receives notification, consults with the convener of the Personal Data Protection Management Team, and forms an emergency response team if necessary to coordinate handling, investigate and assess, and formulate contingency plans for public relations and media. 3 When it endangers operations or infringes on the rights and interests of a large number of stakeholders, the business unit responsible must notify the FSC within 72 hours and complete the major contingency notification procedures at the same time.

2023 Implementation and Achievements

- Zero data breach incidents occurred.
- Passed the re-certification of the British Standards Institution (BSI) BS10012:2017 PIMS Personal Information Management System, with the certification valid until July 2026.
- We have commissioned an accountant to complete the personal data protection project audit for the previous fiscal year to verify the implementation of relevant internal control systems, and the results comply with relevant regulations.
- The activity is 100% compliant with personal data protection laws and relevant regulations, and there have been no violations of laws or regulations imposed by the competent authorities.
- Held two personal data management review meetings to review the operation status of personal data management and discuss relevant issues.
- Review the personal data file list semi-annually, achieve a 100% completion rate, and perform personal data risk assessments
- Colleagues 100% completed signing the Personal Data Confidentiality Statement, and each person received at least two hours of personal data protection education and training.
- Conducting a personal data leak incident simulation exercise, the annual simulation exercise theme is "Data leak caused by misplaced credit cards at an outsourced card manufacturing vendor"

2024 Plans

- There are "zero" data breach incidents.
- The re-evaluation of the BS10012:2017 PIMS Personal Information Management System Certification conducted by the British Standards Institution (BSI)
- The previous year's personal data protection project audit was completed by accountants to confirm the implementation of relevant internal control systems, and the results complied with relevant regulations.
- Convened two personal data management review meetings, conducted a personal data breach incident simulation exercise
- Review the personal data file lists twice a year, once in the first half and once in the second half, and conduct personal data risk assessments.
- New employees sign a personal data confidentiality agreement, and current employees receive at least two hours of personal data protection education and training.

Medium and Long Term Goal

Comply with and implement the Personal Data Protection Act and its relevant laws and regulations, and implement a personal data protection management system in accordance with internal regulations to ensure that no personal data leakage incidents occur.



3-6 Integrity Management

The management philosophy of “integrity, diligence, simplicity, prudence, and innovation” is deeply rooted in the hearts of our colleagues, embodied in the culture of upright operations. The “Code of Integrity Management” is formulated as a guideline for sustainable development, and an Ethical Corporate Management Promotion Team is set up as a dedicated unit.

- Code of Ethics for Business Integrity
- The “Guidelines for Handling Whistleblower Cases of Illegal, Unethical, and Dishonest Conduct” were revised in 2023, and the name was changed to “Guidelines for Handling Whistleblower Cases”.
- Code of Ethics
- Employee Code of Conduct

Major Corruption Risk	Key Points of Employee Code of Conduct
Prevent conflicts of interest	It is necessary to recuse oneself from handling cases involving conflicts of interest.
Avoid seeking private gains	<ul style="list-style-type: none"> • It is not allowed to accept gifts, entertainment or borrow money from people related to business. • You may not use other people’s names to conduct private transactions with our bank, or use other people’s accounts or lend out your own account for transferring customer or personal funds; you may not privately exchange money with customers or keep their passbooks, seals, property, etc. on their behalf; you may not take unauthorized or proxy actions for customers that are not related to your duties. • During working hours, employees shall not handle matters unrelated to their duties. Taking up concurrent positions or other jobs outside the company requires assignment or approval. • Procurement operations, engineering contracting or business outsourcing, implement tendering, bidding or negotiation procedures and report for approval
Avoid infringement others’ interests	<ul style="list-style-type: none"> • All correspondence and information related to clients must be properly kept and kept confidential. • For all work-related creations, you cannot plagiarize or infringe on others’ intellectual property rights in any way. • There shall be no disruption of the work order, threatening, intimidating, insulting, or other acts against others.
Fair trade	Treat customers, competitors, and employees fairly, and do not obtain undue benefits through manipulation, concealment, misuse of information obtained through one’s position, making false statements about important matters, or other unfair trading practices.
Proper use of company assets	Protect company assets, avoid theft, negligence or waste; properly maintain and keep confidential any documents related to business or management.
Compliance with laws and regulations	The operation complies with the Banking Act, the Securities and Exchange Act, and other laws and regulations, adheres to professional ethics; and does not send documents or messages containing illegal or harmful content to public order and good morals through various communication methods.

- Key Points for Supplier Social Responsibility Management
Include terms of ethical business conduct in contracts with suppliers, trading partners, and other counter parties, explicitly prohibiting any form of bribery, corruption, extortion, and improper benefits, including gifting any form or type of money, commissions, positions, services, favors, kickbacks, etc.





2023 Evaluation Mechanism

- An integrity management risk assessment is conducted annually. In 2023, after analyzing 101 business categories across the entire organization, the risk of integrity management violations was found to be low for all categories.
- At the eleventh session, 100% of directors, vice presidents and above senior management completed signing the "Statement of Compliance with Integrity Management Policy".
- All 2,532 senior managers and employees below them have completed signing the employee code of conduct at 100%.
- The "Integrity Management Related Regulations" digital course, which consolidates the Employee Code of Conduct, Code of Ethics, and Whistleblower Case Handling Guidelines, was completed by 2,532 participants, with a 100% completion rate.
- To avoid improper sales by investment-linked insurance professionals and protect elderly clients, online courses such as "Professional Ethics and Code of Conduct for Investment-linked Insurance Professionals" and "Friendly Service for Elderly Clients by Insurance Agents" were conducted, with a total of 3,020 participants completing the training, achieving a 100% completion rate.
- Conduct vendor evaluation, evaluate 100 vendors
- When the Audit Department conducts audits of various units, it strengthens the audits on issues such as the opening of system permissions for various systems, the control of business expenditures, and mandatory leave for employees. It also includes the safekeeping of customer documents and certificates by wealth management personnel and operations related to external collection and payment as key audit items.
- Regarding donations to political parties, interest groups, and non-profit organizations, they are disclosed on the official website in accordance with the "Donation Management Regulations". In 2023, there were no donations made to political parties or political organizations.
- No legal actions related to anti-competitive behavior, anti-trust, and monopolistic practices, no legal proceedings initiated due to fraud, bribery, or violation of other financial regulations by the organization or its employees, and no monetary losses resulting from such incidents.
- There were three reported cases filed, among which one case was found to be true and has been transferred to the judicial authority for investigation and trial, while the other two cases were dismissed after investigation found no violation of integrity management business practices.
- We were invited by the FSC to give a presentation on corporate culture of integrity. Only our bank and the First Bank were invited from domestic banks. The presentation focused on how our bank builds and implements a corporate culture of integrity. The audience included the Chairperson, Vice Chairperson, and heads of departments of the FSC. The presentation was given by our Executive Vice President, Lin Chien-Chung.



2024 Goal

- 100% of directors and senior managers signed the Statement of Integrity Management and Compliance
- Complete the integrity risk assessment
- Maintain smooth channels and processes for filing complaints



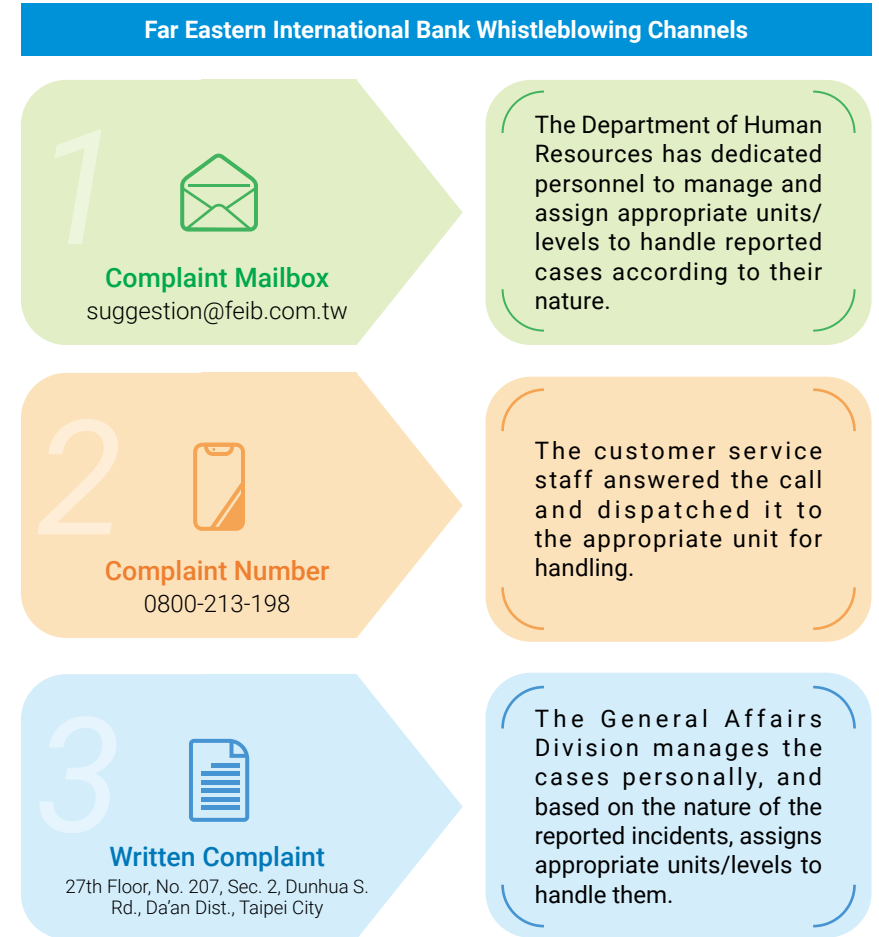
Medium and Long Term Goal

- The lack of integrity risk businesses are all low-risk level.
 - For the "zero" high-risk product sales: Regularly review bonus regulations, and shape the concept of integrity through performance and compensation
 - The "zero" competent authority penalizes cases involving corrupt behavior: through the selection/training/performance appraisal system,
- Introduce a personnel management system based on the integrity values of this institution, in order to deepen the integrity DNA.



Whistleblowing System and Whistleblower Protection

- To establish a whistleblowing channel for reporting fraud and corruption cases, encouraging the reporting of any illegal or unIntegrity Management within the organization, the "Employee Grievance Handling Guidelines" and "Whistleblower Case Handling Standards" clearly stipulate provisions such as whistleblowing channels, designated personnel or units for receiving reports, investigation and handling procedures, acceptance of anonymous reports, notification and measures after case investigation, case closure mechanisms, and protection of whistleblowers from unfair treatment. The above-mentioned relevant regulations are announced to colleagues on the official website or internal website, and promoted annually, with regular reminders.
- Established employee reward and disciplinary guidelines and a personnel review committee to impose corresponding disciplinary actions on those who violate rules and regulations.
- To strengthen the prevention of financial service personnel misappropriating customer funds and other incidents that jeopardize the sound operation of banks, the "Abnormal Reporting Measures for Individual Financial Business Groups" have been formulated. It clearly defines the reporting process, inspection methods, subsequent processing mechanisms, and protection measures for whistleblowers when employee or fund abnormalities are discovered.
- The Integrity Management Team regularly reports to the Board of Directors annually on the Integrity Management policies and supervision of their implementation, with the report including the investigation and handling of reported cases. In 2023, all relevant whistleblower cases were handled in accordance with the "Regulations for Handling Whistleblower Cases." The cases were assigned to independent units for investigation based on the circumstances. By the end of the year, no cases of violations of Integrity Management practices were found to be substantiated among the closed cases. Among them, one case where the survey results and the allegation in the complaint differed and there was no evidence; one case where it was determined and filed for reference, in which no evidence of the allegations stated in the complaint was found, and the whistleblower was notified to provide specific evidence, but no response was received within the deadline, making it difficult to investigate. In accordance with the "Whistleblower Case Handling Guidelines", no action could be taken; one case where preliminary investigation found the allegations to be true, but further action will be considered after the judicial authorities have completed their proceedings.



Category	Receive Report	Survey Results			Nature of Cases	
		Differs from the description in the complaint letter In or out, or unsubstantiated	The petitioner did not rectify the specifics. Evidence proves it difficult to investigate	If verified to be true, after external judicial authorities have completed the review, further disciplinary measures will be considered.	Violation of rules Number of cases	Corruption involved Number of cases
Number of Cases	3	1	1	1	1	0