



# Carbon Reduction Plan

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The banking industry is not a high-carbon emission industry, however, by utilizing its financial influence, it has the key power to assist customers, companies and suppliers in accelerating the low-carbon transition. In line with our commitment to being an environmentally friendly company, we have established a climate change governance framework based on the contemporary international TCFD standards. We have joined the Equator Principles, setting up standard management mechanisms for large project financing and lending to gradually improve our management of climate risks and opportunities. Additionally, we have signed the "1.5°C Climate Action Declaration" advocated by the The Chinese National Association Of Industry And Commerce, Taiwan (CNAIC), pledging to align with the government's 2050 net-zero pathway planning, integrate industrial and commercial resources to implement industrial low-carbon transformation, and achieve the 1.5°C target set by the Paris Agreement.

In terms of internal operations, the bank has incorporated tasks such as energy conservation, carbon reduction, and increasing green energy, and has set quantitative management indicators. In 2023, there were no violations of environmental protection regulations, and greenhouse gas inventories were initiated at all domestic and overseas sites and subsidiaries. Additionally, innovative recycled and environmentally friendly fabric materials were used to create fashionable employee uniforms and marketing giveaways, pushing the boundaries of green procurement. The employee beach clean-up team was mobilized for the third time, physically removing coastal waste to protect the oceans and instill a sense of environmental sustainability among employees.



<p>2016</p>	<ul style="list-style-type: none"> <li>Implemented and certified for ISO 50001 Energy Management System</li> <li>First purchase of renewable energy certificates (green electricity)</li> <li>Formulated the "Key Points for Supplier Social Responsibility Management"</li> <li>Initiate staged updates for energy-efficient air conditioning and lighting fixtures</li> </ul>	
<p>2017</p>	<ul style="list-style-type: none"> <li>Introduce ESG audit factors in supplier evaluation</li> </ul>	
<p>2018</p>	<ul style="list-style-type: none"> <li>Initiated ISO 14064-1 greenhouse gas inventory at major sites and passed verification</li> </ul>	
<p>2019</p>	<ul style="list-style-type: none"> <li>ISO 50001 demonstration site sets a 3-year goal of 8% energy saving</li> <li>Import digital learning platforms such as "TibaMe" and "CWLC"</li> </ul>	
<p>2020</p>	<ul style="list-style-type: none"> <li>Incorporate ESG factors into the stock investment evaluation process, and include ESG concept stocks in the bank's investment portfolio</li> </ul>	
<p>2021</p>	<ul style="list-style-type: none"> <li>Introduced and signed in support of the TCFD climate-related financial disclosure framework</li> <li>Climate change and environmental risks are incorporated into the Bank's "Risk Management Policy"</li> </ul>	
<p>2022</p>	<ul style="list-style-type: none"> <li>Establish a dedicated climate taskforce</li> <li>Signed the Equator Principles, introducing environmental management standards mechanism for financing plans of large projects</li> <li>The Chinese National Association Of Industry And Commerce, Taiwan (CNAIC) has promoted the "1.5°C Climate Action Declaration" to align with the government's 2050 net-zero pathway.</li> <li>Launched a company-wide ISO 14064-1 greenhouse gas inventory</li> <li>Taking the two office districts in Banqiao, New Taipei City as demonstration sites, the ISO 14001 Environmental Management System was introduced and verified.</li> </ul>	
<p>2023</p>	<ul style="list-style-type: none"> <li>100% coverage of greenhouse gas inventories for all domestic and overseas locations and subsidiaries</li> <li>Completed installation of solar photovoltaic panels on first owned premises</li> <li>Using eco-friendly recycled fabric materials to produce new employee uniforms and marketing gifts, prompting other financial institutions to follow suit</li> </ul>	

## 6-1 Climate Risks and Opportunities

At least eight European countries recorded record-breaking high temperatures on New Year's Day 2023, adding to the phenomenon of extreme weather events such as heat waves, wildfires, floods, and droughts becoming increasingly common over the past decade. Climate change has gradually become a tangible reality from a prophecy, forcing all sectors of the global industry, government, and academia to brace themselves. Climate risk management and opportunity capture have also become a key governance priority for us. After introducing the TCFD framework, the Risk Management Department has incorporated climate change and environmental risks into its risk management policies. This includes risks related to extreme climate events leading to natural disasters, greenhouse gas emissions, pollutant emissions, energy and resource consumption, as well as the need to comply with increasingly stringent international and local environmental protection laws or environmental impact assessment requirements. Continue to strengthen relevant governance and management mechanisms.

### Climate Risk Governance

#### ● Board of Directors

As the highest decision-making unit for climate risk management, it is responsible for approving the Bank's climate risk management strategy and overseeing the effective operation of the climate risk management mechanism. To implement relevant governance, a course on "International Climate Risk Trends, Relevant Regulations, and Current Promotion Status" was held in 2023, with all 12 members of the Board of Directors and the President participating.

#### ● Risk Management Committee

In accordance with the climate risk management strategy approved by the Board of Directors, oversee the Bank's climate risk management mechanism, coordinate and communicate climate risk management matters among all units, and continuously monitor and supervise the implementation performance.

#### ● Risk Management Department

As the dedicated unit for climate risk management, it assists business units in planning, establishing, and integrating climate risk management, executing overall climate risk management monitoring, regularly consolidating bank-wide climate risk management information for reporting to the Risk Management Committee and the Sustainable Development Committee, and disclosing climate risk information in accordance with regulatory requirements.



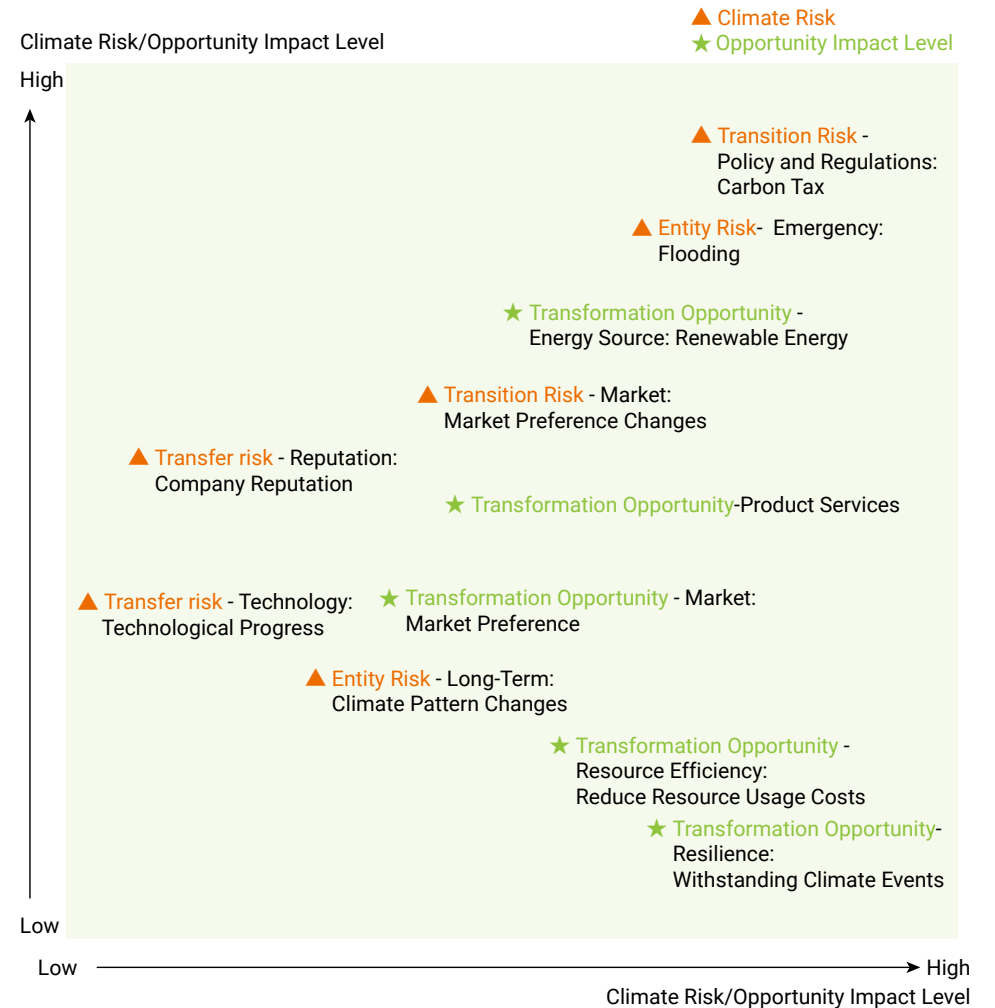
## Climate Risk Strategy

### ● Climate Risk Identification

- ▶ There are many types of climate risks. Our bank identifies climate risks and opportunities based on “the extent of climate risk/opportunity impact” and “the probability of climate risk/opportunity impact”. We clarify significant climate risks and opportunities, with detailed results shown in Figure 2.
- ▶ After identification, the major climate risks are “transition risk - policy and regulation: carbon tax” and “physical risk - acute: flooding”.

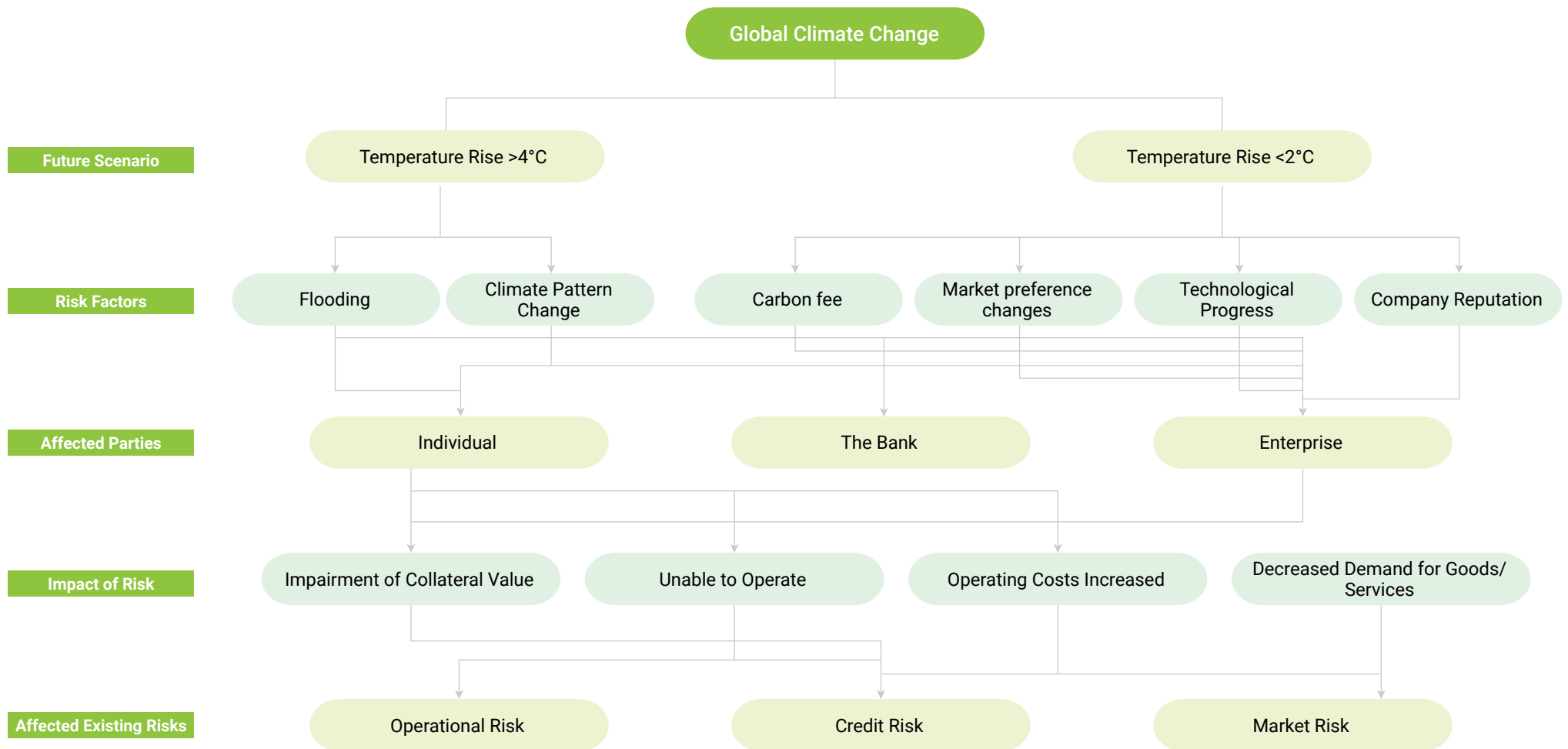
Major Climate Risk Items		Reason
Transition Risk	Policy and Regulations: Carbon Tax	<ul style="list-style-type: none"> <li>• It is identified as a major risk, primarily because its possible occurrence is more imminent than other climate risks.</li> <li>• As our Greenhouse Gas Management Act is amended to the Climate Change Response Act, the imposition of domestic Carbon Taxes is inevitable. Internationally, the European Union has also announced that it will officially implement the Carbon Border Tax in October 2024. Although these policies will not directly affect our bank’s operations in the short term, they will impact our investment and financing targets, thereby affecting their revenue or repayment ability, ultimately reflecting on our bank’s credit risk, market risk, and causing a decrease in our bank’s income, leading to financial impacts.</li> <li>• After Taiwan’s Climate Change Response Act is officially amended in February 2023, the Environmental Protection Administration plans to officially levy a Carbon Tax on high-carbon emission enterprises in 2024. Internationally, the European Union will also officially implement a carbon border tax at the end of the same year. Although these policies will not directly affect the bank’s operations in the short term, they will impact the bank’s investment and financing targets, affecting their revenue or repayment ability, and reflecting on the bank’s credit risk, market risk, resulting in a decrease in the bank’s income and other financial impacts.</li> <li>• In the medium to long term, there may be an expansion of Carbon Taxes to cover all industry categories due to global climate change or adjustments in government policies, leading to an increase in operating costs for the bank, as well as impacting the revenue or repayment abilities of investment and financing targets</li> </ul>
Physical Risks	Immediacy: Flooding	The main impact is on various operating locations and collateral real estate, as their immobility makes them less flexible in responding to climate risks, and there have also been multiple incidents of flooding caused by heavy rains in recent years, making climate risk a significant concern.

### + Identification of Material Climate-Related Risks and Opportunities



Climate risks not only directly impact a bank's operations and profitability, but also affect its existing credit risk, market risk, and other risks. Our bank identifies the impact of different climate risk factors on our bank and counterparties under different future scenarios through the climate risk impact chain. We understand the current climate risk exposure in each operating segment and the affected existing risk conditions.

**+ Climate Risk Impact Chain**



The Existing Risk of Being Affected by Climate Risk Consequences				
Climate Risk Categories		Climate Risk Factors	Existing Risks Affected by Climate Risks	Description
Physical Risks	Immediate	Flooding	Operational risk, credit risk	<ul style="list-style-type: none"> <li>Physical risks, regardless of category, directly impact the Bank's operational capability and give rise to operational risks. Moreover, flooding may lead to a reduction in the value of collateral for loans, which could affect the repayment ability of borrowers and cause changes in credit risk.</li> <li>For transition risks, the carbon tax climate risk factor under the policy and regulation category may not only impact customers but also increase operational costs. Therefore, carbon tax may affect operational risk, credit risk, and market risk. Other climate risks only directly impact customers, indirectly transmitting to market risk and credit risk.</li> </ul>
	Long-Term	Climate pattern change	Operational risk, credit risk	
Transition Risk	Policy and Regulations	Carbon Tax	Operational risk, market risk, credit risk	
	Market	Market preference changes	Market risk, credit risk	
	Technology	Technological progress	Market risk, credit risk	
	Honor	Company reputation	Market risk, credit risk	

**Climate Risk Scenario Analysis Results**

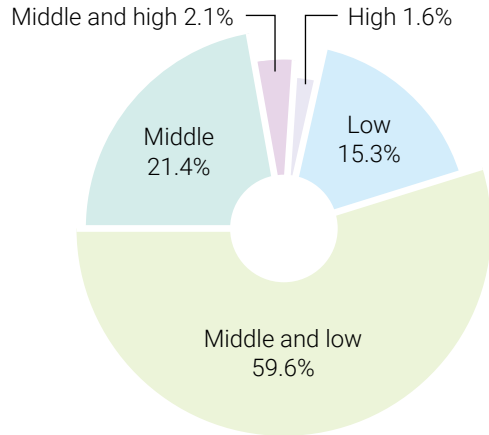
This line sets up two different climate scenarios: "Future global average temperature rise less than 2°C" and "Future global average temperature rise greater than 4°C". "Future global average temperature rise less than 2°C" is a climate scenario with higher transition risk, while "Future global average temperature rise greater than 4°C" is a climate scenario with more severe physical risk. By setting up these two climate scenarios, we can assess the impacts of transition and physical risks on the bank under the most extreme conditions. This year, it is proposed to use 2023 information as the main subject for climate risk scenario analysis. If the data required for scenario analysis, such as customer greenhouse gas emissions data for 2023, is difficult to obtain, the data from the previous year will be used instead.

(1) Physical risk

- I. Based on the results of climate risk identification, when conducting physical risk climate scenario analysis, taking "physical risk-immediate: flooding" as the object of analysis, the Bank takes "future global average temperature rise greater than 4°C" as the baseline scenario, referring to the public data from the National Science and Technology Center for Disaster Reduction and the World Bank ThinkHazard website, evaluates the vulnerability and exposure of collateral for loans and the Bank's domestic and overseas operating locations, and by integrating factors such as building age, floor level and other physical risk related factors, assesses the extent to which operations and business are affected by physical risks.
- II. Results of Physical Risk Climate Scenario Analysis:
  - A. This bank has a total of approximately 45,000 credit collaterals, with a slight increase in total number compared to last year. Among them, the proportion of credit collaterals with high physical risk has decreased to 1.6%, accounting for only 2.3% of the total credit amount secured by collaterals (see Figure 4). It is assessed that the impact from "physical risk - immediacy: flooding" is extremely small.

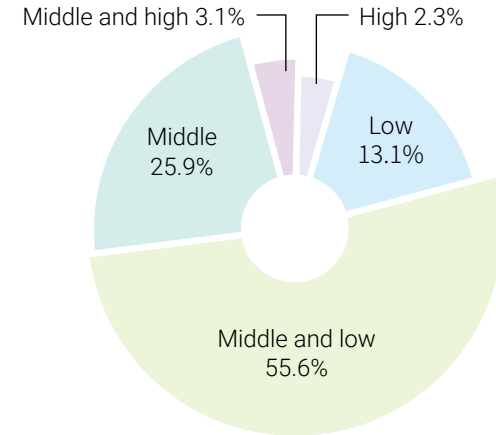
Analysis Results of “Physical Risk - Immediacy: Flooding” Scenario for Domestic and Foreign Credit Collaterals

+ Ratio of Collateral Items for Credit



Unit: Pieces, Percentage

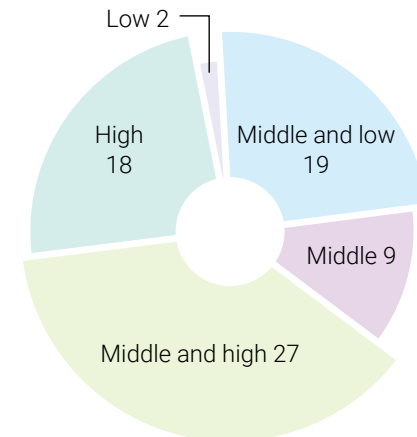
+ Credit Mortgage Collateral Credit Limit Ratio



Unit: New Taiwan Dollar, Percentage

Analysis Results of “Physical Risk - Immediacy: Flooding” Scenario for Domestic and Foreign Operating Locations

B. Regarding the operations aspect, the bank has 61 domestic branches, nine domestic warehouses/logistics centers, one overseas branch, two overseas offices, one overseas logistics center, and one overseas backup center in operation, totaling 75 operating locations, the same as the results of the situation analysis last year. There are seventeen domestic operating locations and one overseas data storage center with high physical risk (as shown in Figure 5), the same as last year’s analysis results. Although seventeen domestic operating locations and one overseas data storage center have high physical risk, each operating location has an emergency response plan in place to effectively respond to potential flooding disasters caused by climate change. Therefore, the impact of “physical risk-immediacy: flooding” on operations is not significant.



Unit: pieces

(2) Transition risks

- ▶ To assess the transition risk, under the baseline scenario of “global average temperature rise below 2°C”, the Bank, in reference to NGFS, additionally sets up three climate scenarios: “Orderly Transition”, “Disorderly Transition”, and “Hot house world (Nationally Determined Contributions, NDCs)”. Based on the greenhouse gas emissions of each operating location and the investment and financing business, as well as the greenhouse gas emissions, the Bank assesses the potential increase in costs or operating expenses due to “Transition Risk-Policy and Regulation: carbon tax”.
- ▶ In the three climate scenarios of the NGFS, carbon tax will have different development situations:

Climate Situation	Estimate the Situation of Carbon Tax Emissions and Development
Global Warming Out of Control	Due to the relatively passive policies of various countries on climate change, carbon prices have not changed; “Disorderly Transition” refers to the initial lack of attention by governments to climate change, until after the carbon emissions peak in 2030, when they accelerate decarbonization and impose a carbon tax.
Disorder Transformation	It refers to the fact that various governments initially did not prioritize climate change, until they began accelerating carbon reduction efforts and imposing Carbon Taxes after the carbon emission peak in 2030.
Order Transformation	Therefore, governments of various countries continue to pay close attention to issues related to climate change, actively encouraging or urging enterprises to undergo low-carbon transformation. Among the three scenarios, this scenario starts imposing high Carbon Taxes the earliest.

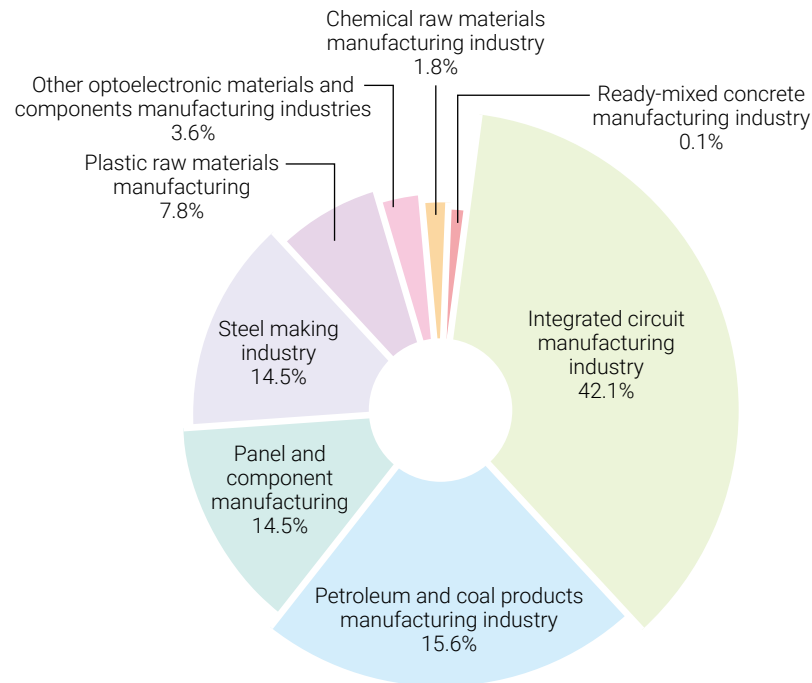
- ▶ Considering that the carbon tax will be implemented starting from high carbon emission industries, the bank will assess the “transition risk - policy and regulations: carbon tax” mainly for high carbon emission industries. Referring to the Environmental Protection Administration’s “List of Emission Sources Required for Greenhouse Gas Emissions Registration and Inventory in the First Batch” and the European Union’s CBAM Carbon Border Adjustment Mechanism’s initial list of applicable products, the bank has defined a list of fifteen high carbon emission industries, such as steel smelting industry and cement manufacturing industry, as detailed in the table.

Far Eastern International Bank’s High-Carbon Emission Industry List		
1. Oil and Natural Gas Mining Industry	2. Petroleum and Coal Products Manufacturing Industry	3. Chemical Raw Material Manufacturing Industry
4. Fertilizer and Nitrogen Compound Manufacturing Industry	5. Plastic Raw Material Manufacturing Industry	6. Synthetic Rubber Raw Material Manufacturing Industry
7. Cement Manufacturing Industry	8. Ready-Mixed Concrete Manufacturing Industry	9. Cement and Concrete Products Manufacturing Industry
10. Iron and Steel Industry	11. Aluminum Smelting Industry	12. Integrated Circuit Manufacturing Industry
13. Panel and Component Manufacturing Industry	14. Other Optoelectronic Materials and Components Manufacturing	15. Electric Power Supply Industry (excluding renewable energy companies)

In terms of credit exposure, the bank conducted a transition risk scenario analysis on the outstanding loan balance of high-carbon emission industries by the end of 2023. In 2023, the bank's outstanding loan balance to high-carbon emission industries was approximately NT\$19.3 billion, with the integrated circuit manufacturing industry accounting for the highest proportion at 42.1%, followed by the petroleum and coal products manufacturing industry at 15.6%. The breakdown of credit exposure to various high-carbon emission industries is shown in the chart below.

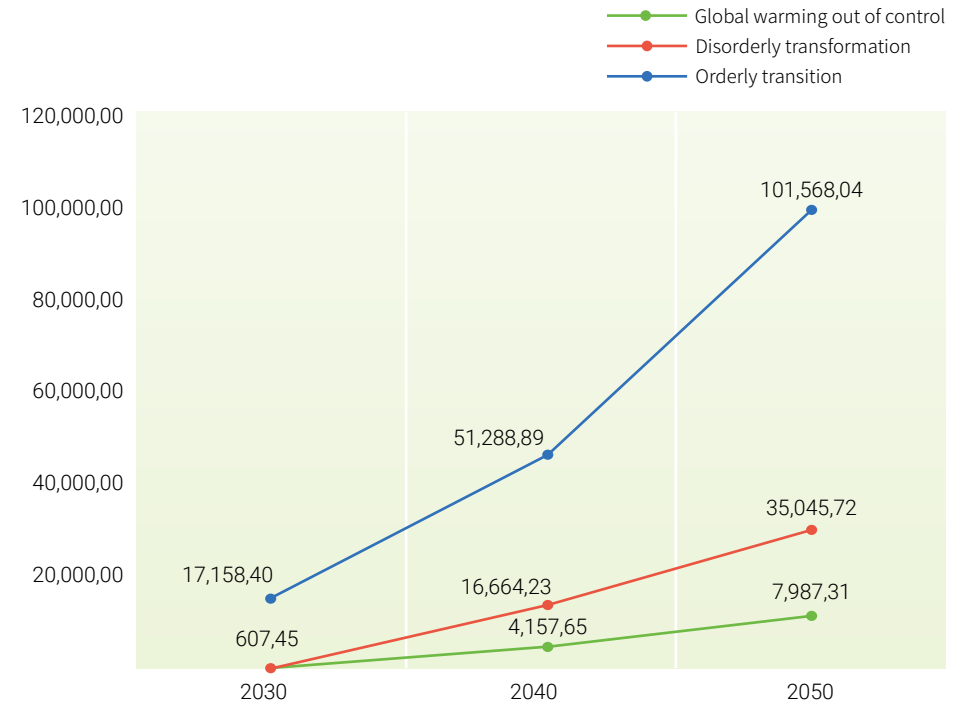
Excluding the loans that have not undergone greenhouse gas inventory, the scenario analysis results show that the main transition risks for the Bank's lending business come from lending clients in the "petroleum and coal products manufacturing industry", "plastic raw materials manufacturing industry" and "steel smelting industry". These three industries are high carbon emission industries. Under the "orderly transition" and "disorderly transition" scenarios, as the Carbon Tax rate will gradually increase over time, the Carbon Tax expenditure of the Bank's lending clients will also continue to grow year by year, relatively increasing the exposure of the Bank's lending business to transition risk impact. Under the "runaway global warming" scenario, the Carbon Tax expenditure remains stable, and the transition risk for the lending business is less noticeable.

**+ Carbon Emission Exposure Distribution of High Carbon Emission Industries in 2023**



Unit: New Taiwan Dollar, Percentage

**+ Analysis Results of "Transformation Risk-Policy and Regulations: Carbon Tax" Scenario for Credit Business**

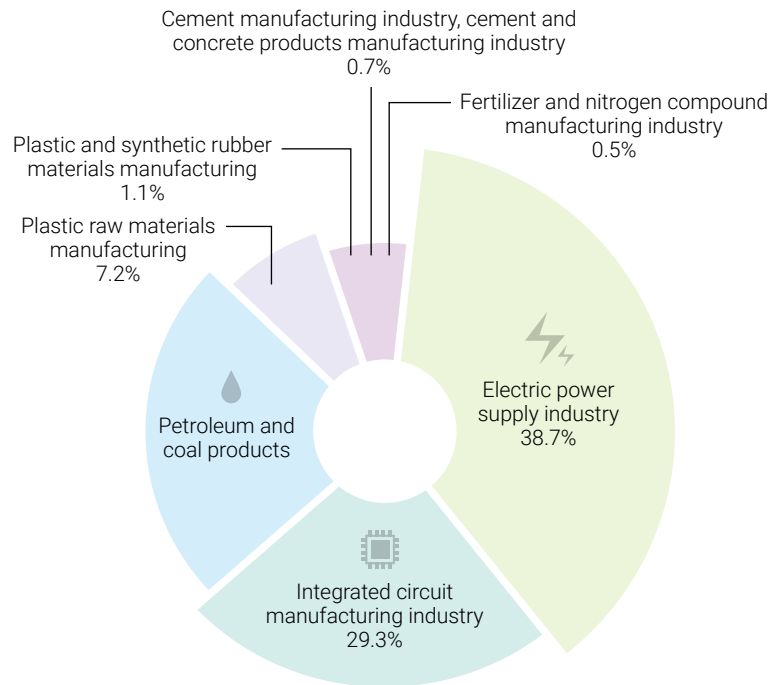


Unit: New Taiwan Dollar, Percentage

For investments in securities, we also conducted a scenario analysis on high-carbon emission industries for investment entities as of the end of 2023. In 2023, the balance of security investments in high-carbon emission industries was approximately NT\$22.2 billion, mainly in the power supply industry (excluding renewable energy companies) and the integrated circuit manufacturing industry, which accounted for 38.7% and 29.3% of the total securities investment in high-carbon emission industries in 2023, respectively.

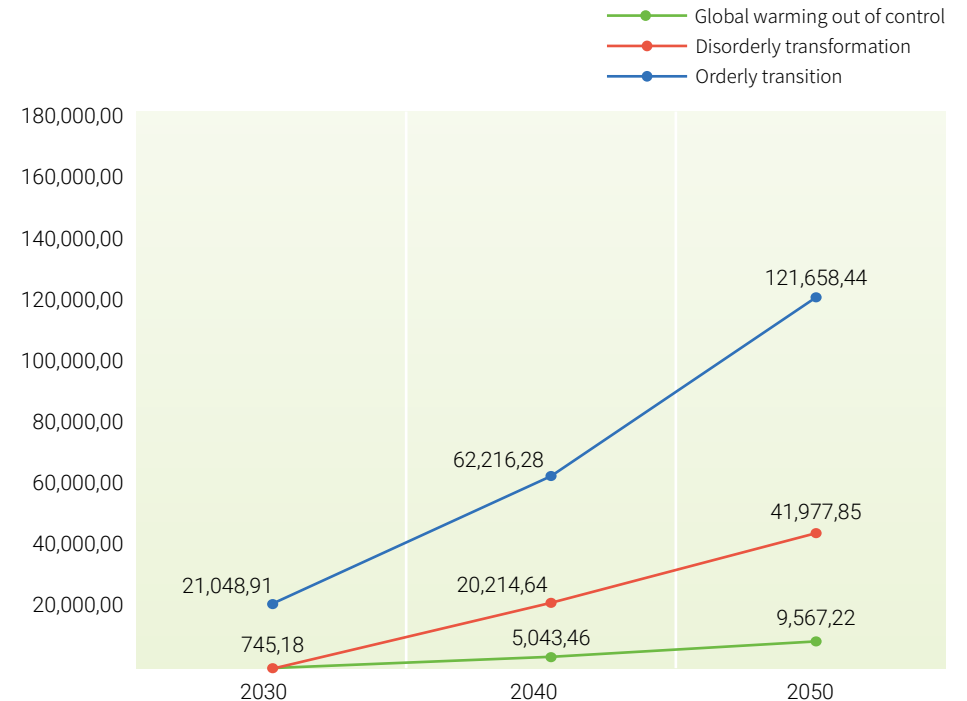
The situation analysis results show that the main transition risks for securities mainly come from the “Electric Power Supply Industry (excluding renewable energy companies)” and the “Cement Manufacturing Industry, and Cement and Concrete Products Manufacturing Industry.” The main reason is that both industries are among the high carbon emission industries; additionally, from observing the long-term trend, it is found that the transition risk exposure trend of securities is the same as the credit exposure. In the “Orderly Transition” and “Disorderly Transition” scenarios, as the Carbon Tax rate will gradually increase over time, the Carbon Tax expenditure of the investment targets will also continue to grow annually. In the “Global Warming Out of Control” scenario, Carbon Tax expenditure remains stable, and transition risk is not significant.

**+ Distribution of Investment Positions in High-Carbon Securities in 2023**



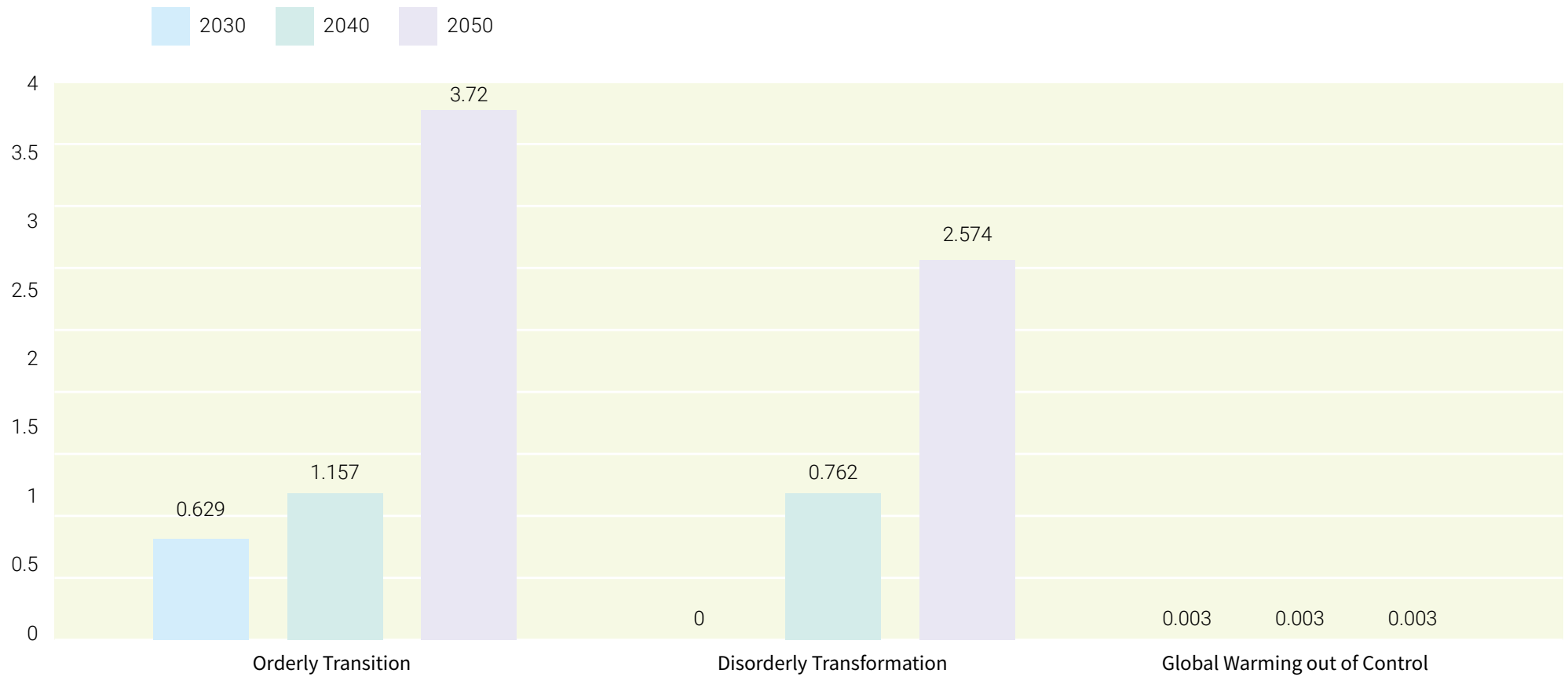
Unit: New Taiwan Dollar, Percentage

**+ Analysis Results of “Transition Risk - Policy and Regulation: Carbon Tax” Scenario for Valuable Securities Investment**



For operations, the Bank’s greenhouse gas emissions mainly come from Scope 2 electricity consumption, which generates much less greenhouse gas emissions compared to traditional manufacturing or technology industries. Based on the current planning status of domestic climate risk-related laws and regulations, the Bank is not yet affected by “transition risk-policy and regulations: carbon tax”. Even if the financial industry is included in the carbon tax scheme by 2050, the impact under the “orderly transition” and “disorderly transition” scenarios would not be too severe.

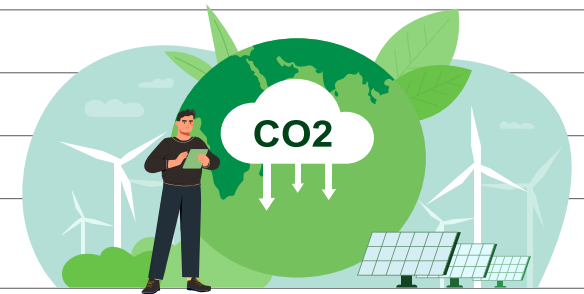
**+ Analysis Results of the “Transition Risk-Policy and Regulation: Carbon Tax” Scenario From an Operational Perspective**



Unit: New Taiwan Dollar, Percentage

● Climate Risk Response Strategy

Category	Factor	Impact Aspects	Response Strategies
Climate Risk	Transition Risk Policy and Regulations - Carbon Tax	Operational	Obtain ISO 14064 certification, inventory your own greenhouse gas emissions
		Investment Legal Currency Credit	Incorporate TCFD recommendations to include climate risk assessments in credit application reviews or investment considerations
			Through the sustainability performance linked to the environmental aspect and coordination with various credit customers, assist customers in mitigating and responding to the impacts of climate risks.
			Continuously monitor the exposure status of trading partners in high-carbon emission industries
	Physical Risks Flash Floods	Operational	Regularly take stock of the physical risk exposure and physical risk response capabilities at each operating location
			Optimize ongoing operational plans, enhance resilience in facing physical risks
	Legal Currency Credit Personal Credit	Incorporating TCFD recommendations, climate risk will be considered in credit application reviews	
Climate Opportunity	Transition Opportunities Resource Efficiency	Operational	Resource recycling and reuse
			Improve energy efficiency - Adopt energy-saving measures
			Reduce water consumption
	Transition Opportunities Energy Sources	Operational	Evaluation considers gradually increasing the use of renewable energy
	Transition Opportunities Product Services	Operational	Promoting low-carbon digital services, improving service efficiency, and striving for customer recognition.
	Transition Opportunities Market Preference Changes	Investment Legal Tender Credit	Providing green financial products such as green bonds and sustainable bonds.
Pay attention to the development status of the green industry, and actively consider green investment and green investment.			
Money		Issuing low-carbon products	



**Climate Risk Management**

● Three Lines of Internal Control Defense

Defense Line	Description
The <b>1<sup>st</sup></b> line of defense	Climate risk is not an independent emerging risk, but rather a driver that propagates to various existing risks, thereby causing financial impacts on the bank. Therefore, climate risk management has been incorporated into the existing three lines of defense of internal control. In accordance with the Bank's climate risk management guidelines, climate risk factors are considered during investment or credit review, to understand the climate risk exposure and governance of high-carbon emission clients, and ensure that the climate risks arising from the Bank's business activities are within the Bank's risk appetite.
The <b>2<sup>nd</sup></b> line of defense	The Risk Management Unit is the second line of defense for the Bank's climate risk management. It regularly conducts climate risk assessments, understands the impact of climate risks on the entire bank, and formulates climate risk management strategies and actions.
The <b>3<sup>rd</sup></b> line of defense	The independent audit unit conducts the third line of defense audit to ensure the implementation of climate risk management norms and operations by the first and second lines of defense.

● Climate Risk Management Process Overview

- ▶ To effectively monitor and manage climate risks, the Bank has established the "Climate Change and Environmental Risk Management Guidelines" and the "Key Points for Climate Risk Management" to follow the risk management process of identification, assessment, monitoring, and management. Conduct climate risk identification for various businesses, operating locations, etc., and after clarifying significant climate risks, proceed with subsequent risk assessments.
- ▶ To assess the materiality of climate risk exposure, our bank adopts a scenario analysis methodology, setting up multiple climate scenarios, assuming potential future extreme climate events, policy and regulatory changes, etc., and combining with the bank's current inventory data to evaluate the impact of climate risks on the bank. Subsequently, for those with high climate risk, our bank will implement control measures through risk avoidance, transfer, or control.

● Climate Risk Management System Overview

Category	Business Aspects of the System
Physical Risks	When reviewing real estate mortgage lending businesses, the credit-related department should assess whether the location of the mortgaged property is in a high physical risk area. If so, additional review is required to determine whether it has the capability to address physical risks. If the property is located in a high-risk area and lacks the ability to mitigate physical risks, it will be classified as a high climate risk business, and appropriate risk management measures will be adopted.
Transition Risk	Considering the risks of transition mainly have a significant impact on high-carbon emission industries, the Bank currently only conducts a pre-transaction review of transition risks for high-carbon emission industries. This is to understand the counterparty's ability to withstand and respond to transition risks, and to determine whether its climate risk attributes are high or low. If the climate risk attributes are high, corresponding risk management measures will be taken.

**Climate Risk Indicators and Targets**

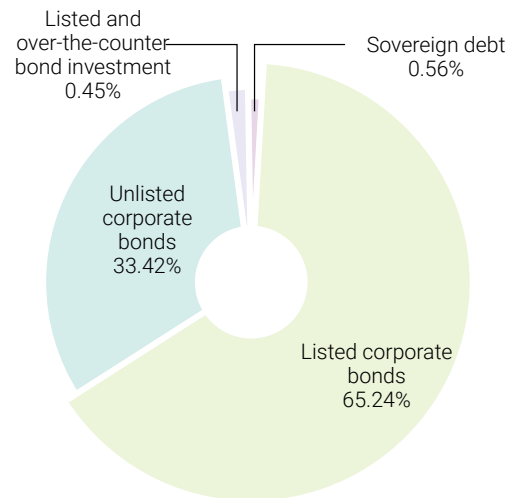
● Greenhouse Gas Emissions

- ▶ This row conducts a Scope 1, 2 and partial Scope 3 greenhouse gas inventory for the head office and all branches according to ISO 14064-1, and has been verified and passed. The total greenhouse gas emissions generated by the Bank’s operations are 5,458.50 tCO<sub>2</sub>e, and the additional greenhouse gas emissions generated by its operations are 9,135,015.43 tCO<sub>2</sub>e.
- ▶ According to the Science Based Targets initiative (SBTi), the main source of greenhouse gas emissions in the financial industry is derived from investment and financing activities. This year, the bank has followed the “Practical Handbook for Financial Carbon Emissions of Domestic Banks’ Investment and Financing Portfolios (Scope 3) (including Inventory Tool Template)” compiled by the Bankers Association to conduct an inventory of the financial carbon emissions from its investment and financing portfolio. The scope of the inventory covers 8 investment and financing accounts listed in the bank’s financial information for 2023, including listed/unlisted equity investments, listed/unlisted corporate bonds, sovereign bonds, listed/unlisted commercial loans, project financing, commercial real estate investments and financing, home mortgages, and auto loans from the bank, its domestic branches, and its overseas Hong Kong branch.

Business Category	Greenhouse Gas Emissions From Business Operations
Investment Section	In total, 6,697,256.81 tCO <sub>2</sub> e of greenhouse gas emissions were generated, of which 31,979.45 tCO <sub>2</sub> e were from listed equity investments, 4,369,348.36 tCO <sub>2</sub> e were from listed bond investments, 2,238,127.20 tCO <sub>2</sub> e were from unlisted bond investments, and 57,801.80 tCO <sub>2</sub> e were from sovereign debt carbon emissions.
Credit Section	The scope of this credit review includes commercial loans (non-specific purpose), residential mortgage loans, commercial real estate loans, auto loans, and project finance. The total greenhouse gas emissions from the lending operations amount to 2,437,758.62 tCO <sub>2</sub> e.

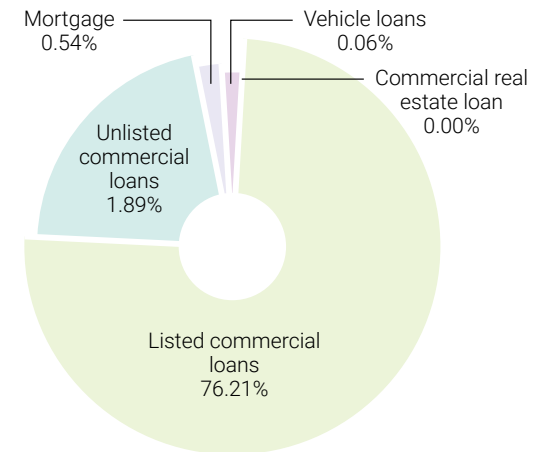
**+ Greenhouse Gas Emissions from Stock and Bond Investments**

**Invested Financial Securities Carbon Emissions 6,697,256.81 metric tonsCO<sub>2</sub>e**



**+ Greenhouse Gas Emissions by Credit Category**

**Authorized Financed Carbon Emissions 62,437,758.62 metric tons CO<sub>2</sub>e**



● Key Indicators and Short, Medium, and Long-Term Goals for Climate Risk Management

Climate Risks/ Opportunities	Orientation	Key Indicators	Short, Medium and Long-Term Goals		
			Short-Term	Mid-Term	Long-Term
Physical Risks Immediacy - Flooding	Credit	The number of cases and valuation amount ratio of real estate collateral in high-risk areas	Continuously inventory the number of real estate collateral located in areas with high physical risk and the proportion of appraisal amounts	Continuously inventory the number of real estate collateral located in areas with high physical risk and the proportion of appraisal amounts	Continuously inventory the number of real estate collateral located in areas with high physical risk and the proportion of appraisal amounts
	Operational	Proportion of operating sites located in areas with high physical risk	Continue to inventory the proportion of operating locations in areas with high physical risks	Continue to assess the proportion of operating locations in areas with high physical risk	Continue to assess the proportion of operating locations in areas with high physical risk
Transition Risk Policy and Regulations - Carbon Tax	Legal Tender Credit	Percentage of new credit customers included in climate risk assessment	The proportion of new CRM system credit customers included in the climate risk factor assessment reaches 80%.	<ul style="list-style-type: none"> <li>▶ Review the implementation of the assessment method for credit business climate risk</li> <li>▶ Refer to the regulations of the competent authorities or international research trends to adjust the evaluation methods in a timely manner</li> </ul>	The proportion of new CRM system credit customers included in climate risk factor assessment reached 100%.
		Number of credit account consolidation results	Environmental-oriented sustainable performance linked cases grew 20% annually	Environmental-oriented sustainable performance linked cases grew 10% annually	Environmental-oriented sustainable performance linked cases grew 10% annually
	Investment & Legal Currency Credit	Limits and proportions of investment and financing targets in high-carbon emission industries	Set entry conditions for high-carbon emission industries	Plan to gradually reduce investment and financing targets for high-carbon emission industries	Plan to gradually reduce investment and financing targets for high-carbon emission industries
		Financed emissions by industry and asset class	<ul style="list-style-type: none"> <li>▶ Continue to inventory financial carbon emissions by industry for investment and financing</li> <li>▶ Considering adopting the methodology of the Science Based Targets initiative (SBTI) to set carbon reduction targets for investments and financing</li> </ul>	<ul style="list-style-type: none"> <li>▶ Continue to inventory financial carbon emissions by industry for investment and financing</li> <li>▶ Pursuing carbon reduction according to SBT goals</li> </ul>	<ul style="list-style-type: none"> <li>▶ Continue to inventory financial carbon emissions by industry for investment and financing</li> <li>→ Implement carbon reduction according to SBT targets</li> </ul>
		Proportion of carbon footprint assessment for investment and lending asset portfolios	Using the PCAF methodology to inventory the carbon emissions of investments and credit assets, comprehensively inventorying the on-balance sheet credit positions through the published methodologies.	Using the PCAF methodology to inventory the carbon emissions of investments and credit assets, comprehensively inventorying the on-balance sheet credit positions through the published methodologies.	Using the PCAF methodology to inventory the carbon emissions of investments and credit assets, comprehensively inventorying the on-balance sheet credit positions through the published methodologies.
	Operational	Greenhouse gas emissions or emission intensity from own operations	Greenhouse gas emissions in 2025 are 3% lower than the base year of 2022	Greenhouse gas emissions in 2030 will be reduced by 8% compared to the base year 2022.	Achieving carbon neutrality by 2050
Climate Opportunity Market - Market Preference Changes	Investment & Legal Currency Credit	Green industry investment and lending balances, and green bond investment balances and percentages	Pay attention to the situation of the green industry, statistically track the annual investment and loan balance and proportion, and actively consider increasing relevant investments and loans	Pay attention to the situation of the green industry, statistically track the annual investment and loan balance and proportion, and actively consider increasing relevant investments and loans	Pay attention to the situation of the green industry, statistically track the annual investment and loan balance and proportion, and actively consider increasing relevant investments and loans
Climate Opportunity Energy Sources - Renewable Energy	Operational	Renewable energy generation	Complete the installation of solar photovoltaic system for Taoyuan Branch building in 2023	According to the carbon reduction target schedule, increase the proportion of renewable energy usage year by year.	According to the carbon reduction target schedule, increase the proportion of renewable energy usage year by year.
Climate Opportunity Products/Services	Operational	<ul style="list-style-type: none"> <li>① Service off-counter rate</li> <li>② Digital Acquisition Rate</li> </ul>	Plan online digital services, boost the usage rate of digital services	Plan online digital services, boost the usage rate of digital services	Plan online digital services, boost the usage rate of digital services
		Paper saving	Promote online digital services to achieve the growth rate of paper reduction	Promote online digital services to achieve the growth rate of paper reduction	Promote online digital services to achieve the growth rate of paper reduction
	Products	The performance of the Green Building Mortgage Program	Continued promotion of green building mortgage projects	Continued promotion of green building mortgage projects	Expand and develop ESG-related lending products
		ESG wealth management or fund product execution results	Continuously promote the listing of ESG-related products, providing customers with investment methods focusing on climate change	Expand the examination of climate change-related financial products, seek more diverse climate change investment solutions, and enable investors to understand the risks and opportunities brought about by climate change.	Expand the examination of climate change-related financial products, seek more diverse climate change investment solutions, and enable investors to understand the risks and opportunities brought about by climate change.

## 6-2 Assisting Industry Low-Carbon Transition

According to the COP28 Global Climate Finance Leadership Statement, it is estimated that more than \$5 trillion in annual global investment is required to drive economic transformation and achieve the “2050 net-zero emissions” target. Taiwan’s Climate Change Response Act was also passed by the Legislative Yuan in its third reading in 2023, formally incorporating the 2050 net-zero carbon emissions target into national policy goals. As the main investment and financing platform for capital markets, the financial industry has become a key engine driving accelerated energy transformation across various industries amid the successive waves of industrial revolution.

In line with the global vision of carbon reduction and the government’s carbon reduction process, we incorporate the ESG performance of our investment and financing targets into our business decisions and business models, channeling capital flows towards the development of a green economy. We guide funds towards companies that emphasize ESG issues, creating financial incentives to encourage corporate investment in the green low-carbon economy. Moreover, we will extend the sustainable impact to the supply chain, striving to establish a green ecosystem for capital and industry. We were also invited to teach the “Introduction to Corporate Sustainability Development” course at the College of Management, Yuan Ze University, to share our related plans with the academia and the new generation of students. Through industry-academia collaboration, we aim to leverage the influence of finance and vow to be the vanguard in humanity’s “race against time to zero carbon” battle.

### Green Credit

- Entrusted Deloitte & Touche to establish an international sustainable finance framework, integrating the ESG lending scope into four dimensions: industry, corporation, fund usage, and loan characteristics. Formulated the “Corporate Banking ESG Lending Business Manual” to establish a management mechanism, and promoted sustainable deposit products for corporate banking.
- For Cathay United Bank’s ESG lending, the proportion of outstanding loan balances for sustainable industries, sustainable enterprises, sustainable uses of funds, and sustainability performance-linked loans serves as the management indicator. By the end of 2023, the total outstanding balance of ESG lending reached NT\$66.7 billion, accounting for 28.2% of Cathay United Bank’s total outstanding loan balance of NT\$236.3 billion, exceeding the preset management target of 20%. In Cathay United Bank’s ESG lending, the balance of sustainability-linked loans grew the highest at 207%, reaching NT\$17.2 billion, accounting for 7.28% of the bank’s total lending balance; while the balance dedicated exclusively to green expenditure categories amounted to NT\$11.2 billion, accounting for 4.74% of the bank’s total lending balance.




Legal and Compliance ESG Lending Framework				
Aspect	Industry	Enterprise	Use of Funds	Loan Features
Item	Sustainable Industry	Sustainable Enterprise	Sustainable Funding Purposes	Sustainable Performance Linked Loan
For Reference Recognition Standards	According to the industry code from the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, select industries with positive impacts on the environment and society, such as renewable energy, circular economy, pollution prevention, or medical industries.	<p>The companies that meet domestic and international sustainability assessment standards or whose main operating activities comply with the forward-looking economic activity technology screening criteria of the "Guidelines for Identifying Sustainable Economic Activities". The instructions are as follows:</p> <ul style="list-style-type: none"> <li>• Its evaluation is based on international ESG ratings (such as MSCI BB or above, selected for DJSI) or the top 20% of domestic corporate governance evaluations</li> <li>• Projects of forward-looking economic activities that account for more than 50% of the company's main revenue and meet the criteria <b>①</b> of having no major environmental pollution or social security penalties in the most recent year, in accordance with the "Sustainable Economic Activities Identification Reference Guidelines"</li> </ul>	The credit fund is specifically used for cases in the green expenditure category or social expenditure category. The definition of the green expenditure category refers to the green credit annotation reporting regulations of the Joint Credit Information Center; the definition of the social expenditure category refers to the social benefit investment plan categories of sustainable development bonds of the Taipei Exchange.	For credit cases that are categorized as "Sustainability Performance-Linked Credit" by the Joint Credit Information Center, the contract stipulates the sustainability performance targets that the company must achieve based on its industry characteristics. Once both parties agree that the conditions have been met, preferential measures such as interest rate reduction, fee exemption, or other incentives will be provided to reward the customer.
2022 Remaining Balance	14.7 billion	27.4 billion	7.5 billion	5.6 billion
2023 Remaining Balance	12.1 billion	38.7 billion	11.9 billion	17.2 billion
YOY Growth	-18%	41%	59%	207%
Total	<b>66.7 billion</b> <b>②</b>			

Note **①** : The definition of major penalties is as follows: If the competent authority for the intended business has set standards, those standards shall apply; if no standards have been set, it refers to cases within the past year where the relevant authority has ordered a suspension of work, suspension of business, business closure, revocation or cancellation of pollution-related permits due to violations of relevant laws and regulations, or cases where a single incident has incurred cumulative fines of NT\$1 million or more.

Note **②** : This is the total count after deducting duplicates.

Note **③** : As of the end of 2023, the outstanding balance of Yuanta Bank's green lending (funds specifically used for green expenditure categories) was NT\$11.2 billion, accounting for 4.74% of Yuanta Bank's total outstanding loans of NT\$236.3 billion; the outstanding balance of sustainability-linked loans was NT\$17.2 billion, accounting for 7.28% of Yuanta Bank's total outstanding loans of NT\$236.3 billion.

■ Outstanding Loan Balance by Sustainable Industry Category

Aspect	Category	Composition	2022 Credit Limit	2023 Credit Limit
 Environmental Aspect	Renewable Energy	Electric power supply industry	6,580,023,927	5,064,454,701
	Electronic Components	LED manufacturing industry, solar cell manufacturing industry	171,313,089	530,792,580
	Water Resources	Water supply, sewerage and waste management industry	5,447,970,033	3,374,248,914
	Pollution Prevention and Control	Non-hazardous waste disposal business, hazardous waste disposal business, non-hazardous waste treatment business, hazardous waste treatment business, resource recycling business, pollution control business	731,557,576	717,229,616
	Transportation	Motorcycle manufacturing industry, bicycle manufacturing industry, bicycle parts manufacturing industry, railway transportation industry, MRT transportation industry, public bus transportation industry	188,202,936	311,484,652
 Social Aspect	Medical Health	Raw materials for pharmaceuticals manufacturing, Western medicine manufacturing, medical biological products manufacturing, Chinese medicine manufacturing, medical chemical products manufacturing, other medical supplies and equipment manufacturing, pharmaceuticals and medical supplies wholesale, pharmaceuticals and medical supplies retail, hospitals, clinics, medical testing industry, unclassified other medical and health care services, residential long-term care services, community-based long-term care services	1,291,901,636	773,592,342
	Sports Services	Wholesale of sporting goods and equipment, retail of sporting goods and equipment, sports services, sports venues, other sports services	192,100,000	249,100,000
	Education	Preschool education, elementary education, junior high school education, senior high school education, college and university education, special education schools, educational assistance services, language education services, art education services, sports and leisure education services, business/information/professional management education services, tutoring and exam preparation education services, other education services.	130,786,336	318,548
Other	Investment	Financial holding companies, other holding companies, trusts or funds and similar financial entities, other financial services	1,296,904,000	1,069,622,500

Note ❶ : Refer to the classification of the Low Carbon Investment (LCI) Registry Taxonomy of the Global Investor Coalition on Climate Change (GIC), the six core strategic industries stipulated by the domestic competent authorities, and the industry definitions. Environmental-friendly and socially beneficial industries are screened according to the industry codes of the Directorate-General of Budget, Accounting and Statistics, such as renewable energy, circular economy, pollution prevention, or medical and health care. These industries may be given priority for appropriate financing assistance to encourage industries that can create positive environmental or social benefits. Investments are categorized as environmental and social aspects based on the actual operating items of the enterprise.

Note ❷ : The "Water Resources" and "Pollution Prevention and Control" categories correspond to the United Nations Sustainable Development Goals SDG14 and SDG15, providing funding to encourage enterprises engaged in wastewater treatment and waste disposal to actively promote action plans for natural ecology and environmental protection. As of the end of December 2023, there are 16 loan cases in the two categories, with an outstanding credit amount of approximately NT\$4.1 billion. In the future, we will continue to actively undertake this type of credit case, providing funding to enterprises that follow the United Nations Sustainable Development Goals.

■ Outstanding Loan Balance by Sustainability Criteria Category

The criteria for identifying a “sustainable enterprise” is to meet the authoritative sustainable assessment organizations at home and abroad or conform to the forward-looking economic activity technology screening standards of the “Guidelines for Identifying Sustainable Economic Activities” based on the main operating activities of the enterprise. It must also meet the screening standards of no major environmental pollution or social security penalties in the most recent year.

■ Promote “Sustainable Time Deposit,” achieving 84 accounts and an accumulated amount of NT\$5.3 billion by the end of 2023. In May 2023, the “Guidelines for Sustainable Development Regular Deposits for Corporate Financial Business Groups” were formulated. The “Sustainable Time Deposit” discloses its fund utilization plan and issues a “Sustainable Development Deposit Certificate” for each deposit, providing customers with assurance. The control mechanism is to compile a monthly management report to check the funds used for green credit and outstanding loans linked to sustainable performance, and monitor the upper limit of the ratio of “sustainable term deposits” balance to loan balance, properly managing the use of sustainable deposit funds.

■ In 2023, 100% of credit approval will adopt the “ESG Assessment Checklist”:

- ▶ Identified 25 cases as high-carbon emission industries, but customers have effectively managed climate risks through greenhouse gas inventory results or reduction targets, and provided supporting documents such as climate risk assessment policies or reports. For major environmental incidents, our bank adopts strict standards in the credit review process, and in accordance with the legal requirements for credit review and approval procedures, we examine whether the client has committed any major environmental violations. For those with serious violations, we will not approve the credit application.
- ▶ Post-lending enhanced review for potential violations of ESG risk events:

① Credit Approval Disclosure	The investigation report must disclose whether there have been any major pollution penalty incidents according to the Joint Credit Information Center’s R09 inquiry. If any such incidents have occurred, the handling unit must provide specific details about the penalties and verify whether improvements have been made to facilitate risk assessment by the reviewing personnel.
② Post-Lending Monitoring Indicators	Every year, a RAR/early warning review is conducted in the middle of the year. The checklist includes “whether the credit customer has violated any major ESG incidents” as a mandatory item to review. If any relevant incident occurs, the handling unit must evaluate whether to adjust the transaction strategy, and those with serious circumstances will be listed on the early warning follow-up list.

- ▶ After reviewing the credit cases in 2023, it was found that two accounts had major pollution violation incidents, but the results showed that both have been improved.

■ In 2023, the focus was on three areas: renewable energy, green buildings, and the circular economy for green lending. Three ESG lending cases were successfully held, including the Far Eastern Resources Development case, which was Taiwan’s first sustainable performance-linked syndicated loan case linked to green office buildings and energy-saving KPIs. The facility structure was linked to sustainable performance indicators and loan interest rate discount incentives, meeting Far Eastern Resources Development’s green financing needs for building a sustainable city and driving the development of green buildings into a positive cycle, creating a win-win situation. This case was also awarded the “Best Sustainability-Linked Loan Real Estate Taiwan” by THE ASSET, an international finance magazine, in early 2024, in recognition of its Triple A Sustainable Finance Award.

Sustainable Enterprise Audit Category Standards	Number of Accounts	Outstanding Loans
Meets the evaluation criteria of domestic and international sustainable organizations. ① MSCI ESG Rating BB or above ② DJSI S&P Global Bronze Class or above ③ Top 20% in domestic corporate governance evaluation	90	32.6 billion
Forward-looking economic activities that meet the “Sustainable Economic Activity Identification Reference Guidelines”	27	6.1 billion

ESG Lending/Types	Account Name	Total Credit Limit	Capital Utilization
Green Spending_Renewable Energy	Edison Green Power Co., Ltd.	NT\$5 billion	Solar power plant
Green expenditure_Pollution Prevention	Hanyang Green Energy Technology Co., Ltd.	NT\$3.7 billion	Incinerator construction and cogeneration of heat and power
Sustainability-Linked Loan	Far Eastern Resources Development Co., Ltd.	NT\$6 billion	Real estate development and operation turnover

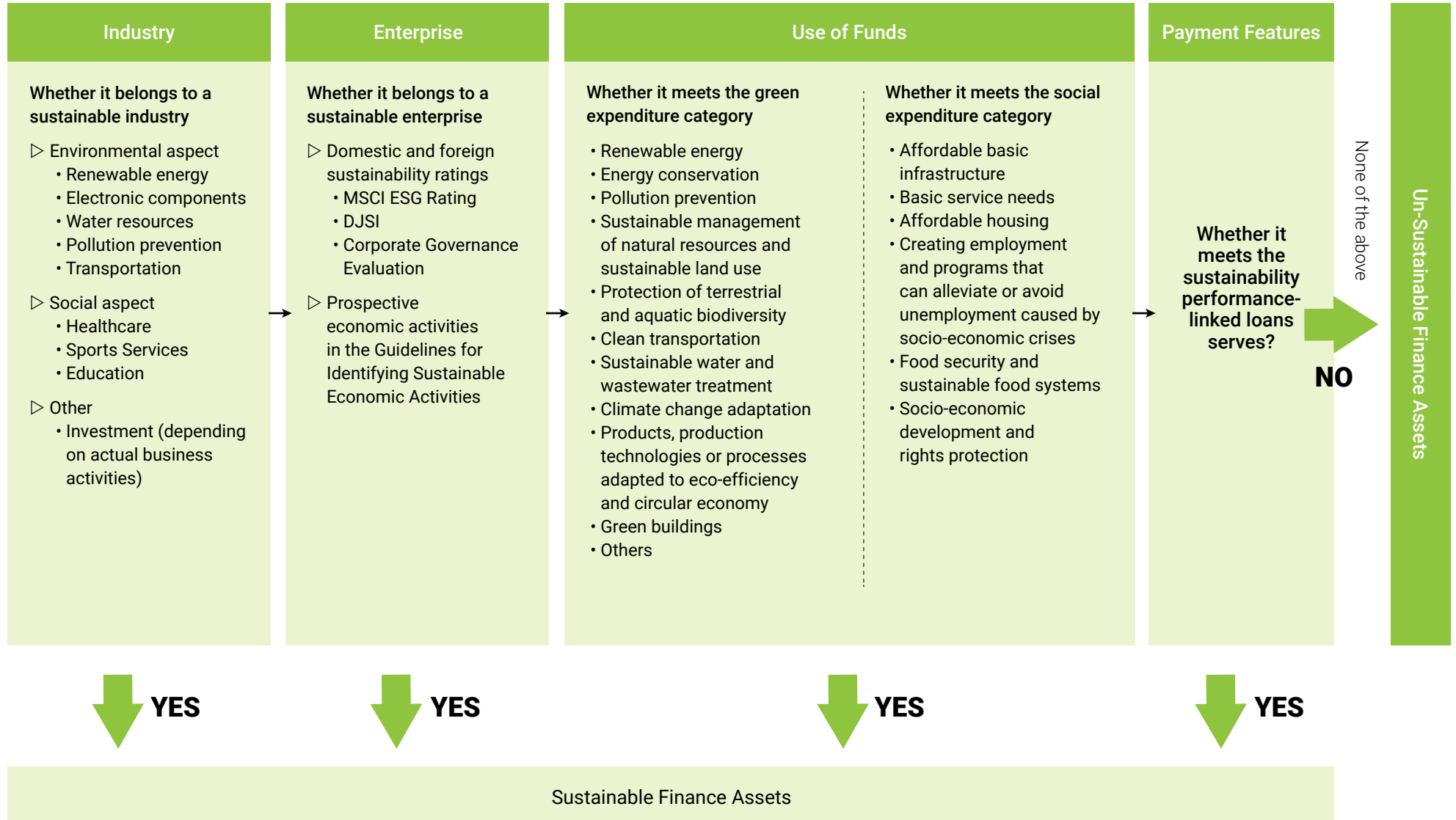
- Strengthen the promotion of ESG lending business regulations, regularly hold staff education and training, and link it to the performance evaluation of business personnel, enhance the awareness of legal and compliance personnel on the promotion of ESG policies, and improve the motivation for undertaking these tasks.
- Cultivate business personnel's relevant literacy in ESG lending, and hold relevant training and seminars:

Pattern	Description	Implementation Effectiveness in 2023
Internal Training	Held an educational training on "Regulations and Inspection Procedures for Sustainable Finance Business in Law and Banking" to enhance colleagues' understanding of ESG business policies.	Held in the first season, lasting 1.5 hours The number of participants was about two hundred people.
	Hosting the "Introduction to the Guidelines for Identifying Sustainable Economic Activities" and a seminar on sustainable enterprise case studies to enhance colleagues' understanding of sustainable finance and net-zero transition.	Held in the second season, duration is 1.5 hours. The number of participants was about two hundred people.
	We formed an industry research team to share case studies on ESG industry trends, such as renewable energy, water resources, circular economy, green buildings, electric vehicles, and related industries, during internal morning meetings via video conference.	A total of eight sessions are planned, with a total duration of four hours. The number of participants was about two hundred people.
External Lecture	To address the issues of the "Carbon Border Adjustment Mechanism (CBAM)" and high-carbon industries, an "ESG Sustainability Seminar" was held to enhance employees' understanding of the impact of ESG trends on industrial development.	Held in the second season, lecture time two hours The number of participants was about two hundred people.

- Following the formulation of "Guidelines for Corporate Green Lending and Sustainability-Linked Loans", the Credit Operations Manual was further revised in March 2023 to provide guidance for front-line business personnel in identifying and complying with ESG business opportunities.
- The ESG checklist will be digitized and implemented in April 2023, and will be fully applied to corporate lending. Each case will be identified, and measures will be designed to avoid greenwashing. A systematic process will be implemented to strengthen the credit investigation and post-lending tracking and management mechanisms. If the purpose of the case is to use funds for green expenditures and sustainability-linked loans, the execution progress of each agreed condition must be regularly tracked and reviewed in post-loan management, and the credit strategy must be adjusted in a timely manner through internal control mechanisms.
- Expand ESG lending engagement and actions, taking the hosting of the Far Eastern Resources Development Company's ESG syndicated loan in 2023 as a benchmark case, which is the first syndicated loan in Taiwan linked to green office buildings and sustainable performance indicators. Through the lending framework, we negotiate with customers to set energy-saving and carbon reduction targets as KPIs, and design a mechanism that links the achievement of these indicators with preferential loan interest rates, providing customers with green funding needs to build sustainable cities and driving a positive cycle in the development of the green building industry. The mechanism for linking loans to energy-saving KPIs is detailed in the chart.

<b>KPI I - Increase in Green Building Area</b>
<ul style="list-style-type: none"> <li>• Green building area ratio: During the contract period, increase by 3% in the first two years; starting from the third year, increase by 5%</li> </ul>
<b>KPI II - Increase in Green Building Development Projects</b>
<ul style="list-style-type: none"> <li>• Obtaining the "Green Building Label": During the contract period, add one project in the first four years, and add one project after the fifth year</li> </ul>
<b>KPI III - Reduction in Electricity Consumption</b>
<ul style="list-style-type: none"> <li>• Unit area electricity consumption of Tpark Research and Office Building in Tpark District (the collateral for this case): During the contract period, reduce by 1% in the first two years, and reduce by 4% after the third year</li> </ul>
<b>KPI V - Improvement in Building Energy Efficiency</b>
<ul style="list-style-type: none"> <li>• Obtaining the "Green Building Label Silver or above" and "Building Energy Efficiency Label 2 or above": During the contract period, achieve one project after the second year</li> </ul>

- The corporate ESG questionnaire will be incorporated into the KYC process for lending starting in 2023. After the questionnaire system is online, it will enable the collection of greenhouse gas emission information from corporate clients, which will be included in the corporate due diligence scope. This information will gradually accumulate in the bank's database to serve as a basis for data analysis.



## Responsible Investing

- In 2023, the Bank formulated its "Sustainable Investment Principles". When making investment decisions and setting stock and bond holding policies, ESG reviews are incorporated. The scope applies to the Bank's investment in bonds, stocks and other securities under the banking book; for long-term equity investments, relevant procedures (CDD, Client Due Diligence) are carried out in accordance with the policy (QR CODE link) stated in the "Stewardship Principles for Institutional Investors", and the implementation of stewardship responsibilities is disclosed regularly.



Investment Process		Due Diligence																			
1. Select investment targets		2. ESG Integration and Risk Assessment	3. Exercise shareholder influence																		
<ul style="list-style-type: none"> <li>In assessing the credit risk of investment targets, high-carbon and high-risk industries are excluded in principle based on the ESG checklist. Investment is strictly prohibited in the sanction lists designated by the Controversial Industries and Money Laundering Prevention Act and the Counter-Terrorism Financing Act.</li> </ul> <table border="1"> <tr> <td>High Carbon Emissions</td> <td>Power generation/steel manufacturing/oil refining/cement manufacturing</td> </tr> <tr> <td>High Risk</td> <td>Fossil Fuel Extraction/Dyeing and Leather Manufacturing</td> </tr> <tr> <td>Highly Controversial</td> <td>Illegal arms/weapons/tobacco manufacturing/illegal gambling/pornographic industry/production and fishing of drift nets</td> </tr> </table> <ul style="list-style-type: none"> <li>Evaluate the financial performance, business operations, and industry prospects of equity and bond instruments</li> <li>Encourage investment in industries, companies and other targets that focus on ESG issues, and include domestic and foreign high-quality sustainable development bonds in the investment portfolio. The following table shows the Bank's holdings of sustainable development bonds over the past three years.</li> </ul> <table border="1"> <thead> <tr> <th>Year</th> <th>Rank</th> <th>Amount (New Taiwan Dollar)</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>8</td> <td>2.1 billion</td> </tr> <tr> <td>2022</td> <td>9</td> <td>2.64 billion</td> </tr> <tr> <td>2023</td> <td>13</td> <td>3.766 billion</td> </tr> </tbody> </table>		High Carbon Emissions	Power generation/steel manufacturing/oil refining/cement manufacturing	High Risk	Fossil Fuel Extraction/Dyeing and Leather Manufacturing	Highly Controversial	Illegal arms/weapons/tobacco manufacturing/illegal gambling/pornographic industry/production and fishing of drift nets	Year	Rank	Amount (New Taiwan Dollar)	2021	8	2.1 billion	2022	9	2.64 billion	2023	13	3.766 billion	<ul style="list-style-type: none"> <li>Focus on the corporate social responsibility performance of equity and bond investment targets, and conduct ESG factor assessments</li> <li>Industries with high carbon emissions and high risks are strictly excluded unless assessed on a project basis and the investment reasons are stated and approved by the business group manager.</li> </ul>	<ul style="list-style-type: none"> <li>To fulfill the responsibility of being an institutional investor, the legal representative must carry out due governance actions, exercising shareholder voting rights or fulfilling directors' powers at regularly held shareholder meetings or board meetings; if opposing major proposals at a shareholder meeting, they must explain the reasons for opposition; if there are concerns about corporate governance or other proposals, they should express their opinion at the meeting and keep a record, and may vote against them.</li> <li>Directors, managers, employees, subsidiaries, or those with substantial control over the company shall not engage in any transactions or conduct involving conflicts of interest in their own name or on behalf of others; when dealing with businesses holding shares in the company, conflicts of interest must be avoided.</li> </ul>
High Carbon Emissions	Power generation/steel manufacturing/oil refining/cement manufacturing																				
High Risk	Fossil Fuel Extraction/Dyeing and Leather Manufacturing																				
Highly Controversial	Illegal arms/weapons/tobacco manufacturing/illegal gambling/pornographic industry/production and fishing of drift nets																				
Year	Rank	Amount (New Taiwan Dollar)																			
2021	8	2.1 billion																			
2022	9	2.64 billion																			
2023	13	3.766 billion																			
		4. Dynamic Adjustment Sections	<p>Continue to monitor the investment targets or industries. If there is any violation of ESG that causes negative impacts, evaluate whether to adjust or divest from them, and conduct an ESG assessment and review of the targets or industries at least once a year.</p>																		

### Responsible Investment Consensus and Action


In 2023, conducting due diligence and governance actions for the Company's investee company, Dah Chung Bills Finance Corporation, after evaluating the company's sustainable development performance and related indicators as good, its corporate governance performance as good, and its Integrity Management practices are in compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.

Agenda Items Participated or Commented by The Bank in 2023	
Attending the shareholders' meeting of Daxin Bills Finance Corporation as a legal representative	Attended the board meeting of Dah Chung Bills Finance Corporation as the representative of a legal entity ( attendance rate 100%)
<ul style="list-style-type: none"> <li>Revised the "Rules of Procedure for Shareholders' Meetings"</li> <li>2022 Profit Distribution Plan, Annual Business Report, and Financial Statements</li> <li>2022 Annual Business Overview, Audit Committee Review of 2022 Final Accounts Report, 2022 Directors' Compensation and Employee Compensation Report</li> </ul>	<ul style="list-style-type: none"> <li>View financial and business performance</li> <li>Senior Manager Performance Evaluation/Merit Pay Allocation Case</li> <li>Credit cases of various companies</li> </ul>

## 6-3 Environmental Management

### Environmental Management Framework

- **Environmental Commitment**  
Following the standards of “ISO 14001 Environmental Management System” and “ISO 50001 Energy Management System”,  
Establish “Environmental and Energy Management Regulations” with the following commitments:
  - ① Comply with energy management regulations, improve energy efficiency
  - ② Establish a comprehensive energy management system and continuously improve energy performance.
  - ③ Committed to preventing environmental pollution and supporting the development of a circular economy.
  - ④ Increase the procurement of energy-efficient products and support innovative energy-saving designs.
  - ⑤ Enhance employees’ energy-saving knowledge and strengthen communication on energy management.
- **Environmental Energy Management Committee**  
The Energy Management Committee, which has been in operation for many years, expanded its scope of management in 2023 and was renamed the “Environmental and Energy Management Committee”. Chaired by a manager, the committee is responsible for planning and integrating the company’s internal environmental and energy management operations. It reviews the environmental impact of the corporate value chain from various aspects, effectively implementing carbon reduction, energy conservation, water conservation, and business waste control, comprehensively improving environmental management efficiency, and striving to fulfill its commitment to environmental protection.
- **Environmental Sustainability International Standard**  
Continuously importing environmental sustainability international standards, regularly commissioning external verification agencies to conduct audits on system effectiveness, continuously promoting various environmental and energy improvement programs to reduce environmental impact, and aligning with the international sustainability development process, gradually moving towards the long-term goal of zero-carbon operations.
- **Environmental Goals**  
Reducing carbon dioxide emissions is the main action for all humanity to face climate risks. Considering that the main source of greenhouse gas emissions for this bank is the use of electricity, energy conservation is adopted as the carbon reduction method. With 2017 as the base year, the goals are “18% carbon reduction by 2025, 23% carbon reduction by 2030, in line with the government’s net-zero carbon emission policy, and gradually moving towards net-zero carbon emissions by 2050.” We will continue to implement target management and promote various energy conservation programs.

Environmental Sustainability International Standard	Certification Year	International Standard Version	Authentication Evidence
ISO 14001 Environmental Management System	2022	ISO 14001: 2015	Banqiao Grand Human Building, Banqiao Cultural Miracle Building
	2023		Headquarters Building
ISO 50001 Environmental Management System	2016	ISO 50001: 2011	Taoyuan Building, Banqiao South Branch
	2019	ISO 50001: 2018	Taichung Freedom Building, Taipei Chongqing Branch
	2023		Headquarters Building, Banqiao Great Person Mall Building, Banqiao Cultural Miracle Building
ISO 14064-1 Greenhouse Gas Inventory	2016	ISO 14064-1: 2006	Headquarters Building
	2017		
	2018		
	2019		
	2020	ISO 14064-1: 2018	All domestic and overseas locations and 2 subsidiaries (Yuan Yin Asset Management Co., Ltd. and Yuan Rong Auto International Co., Ltd.)
	2021		All domestic and overseas locations and all subsidiaries (Yuan Yin Asset Management Co., Ltd., Yuan Rong Auto International Co., Ltd. and Far Eastern International Securities Co., Ltd.)
	2022		
2023			

## Greenhouse Gas Inventory and Verification

To align with international environmental carbon reduction standards, we first initiated greenhouse gas inventory certification for our headquarters building in 2017. In 2022, we proactively expanded the inventory scope to all domestic locations, completing self-inventory of greenhouse gas emissions for 2020 and 2021, with a 100% coverage rate for domestic operational locations. In 2023, the inventory and assurance scope will cover all domestic and overseas locations and subsidiaries, with a 100% data coverage rate.

### ● Historical Greenhouse gas Emissions

Greenhouse Gas Emissions (metric tons CO <sub>2</sub> e)	2017	2018	2019	2020	2021	2022	2023
Scope 1	103.20	112.73	76.40	735.12	692.26	329.55	306.88
Scope 2 (Market Fundamentals)	1,057.32	948.41	962.23	6,072.40	5,825.99	5,292.76	5,151.62
Scope 1+2	1,160.52	1,061.14	1,038.63	6,807.52	6,518.25	5,622.31	5,458.50
Carbon intensity (tonnes CO <sub>2</sub> e/million revenue)	-	-	-	-	-	0.49	0.43
Data coverage	Headquarters Building			Domestic locations		All branch locations of this line and 2 subsidiaries	All branches and subsidiaries of the Company
Data coverage	-	-	-	-	-	98%	100%
Scope 3	-	-	-	2,437.23	2,109.92	1,791.46	9,150,810

Note ① : Starting from 2020, the inventory is conducted in accordance with the ISO 14064-1:2018 standard. The emission factor for electricity is calculated based on the latest version of the coefficient announced by the Bureau of Energy, Ministry of Economic Affairs, which is available before the publication of the report.

Note ② : Data coverage refers to the percentage of sites included in Scope 1 and 2 statistics out of the total number of sites of the Company and its subsidiaries included in the consolidated financial statements for the year. In 2022, the subsidiaries included Yuan Yin Asset Management Co., Ltd. and Yuan Rong Auto International Co., Ltd.; in 2023, Far Eastern International Securities Co., Ltd. joined as a subsidiary.

Note ③ : Scope 3 items 2020~2022 Scope 3 items include purchased goods and services (energy resources), waste generated from operations, employee commuting, downstream transportation and distribution, purchased goods and services, upstream leased assets; 2023 emission category descriptions are detailed in the following table for Scope 3.

### ► Scope 1 and 2

Year	Inventory Status				Confidence Situation			
	Emissions (metric tons CO <sub>2</sub> e)			Carbon Intensity (metric tons of CO <sub>2</sub> e/million units)	Data Coverage	Trust Institution	Description	
	Scope I	Scope II	Total					
2023	306.88	5,151.62	5,458.50	0.43	All branches and subsidiaries of the Company	British Standards Institution (BSI)	Confidence range	Same data scope
				Confidence Criteria			ISO 14064-3: 2019	
				Confident opinion			Unqualified opinion, for reasonable assurance level.	
2022	329.82	5,299.65	5,629.47	0.49	All branches of the company and 2 subsidiaries (Note)	British Standards Institution (BSI)	Confidence range	Same data scope
				Confidence Criteria			ISO 14064-3: 2006	
				Confident opinion			Unqualified opinion, for reasonable assurance level.	

Note: The inventory is conducted in accordance with the ISO 14064-1:2018 standard. Subsidiaries included in 2022 are Yuan Yin Asset Management Co., Ltd. and Yuan Rong Auto International Co., Ltd. From 2023 onwards, Far Eastern International Securities Co., Ltd. will be included. The data covers all subsidiaries.

## ► Scope 3

Scope III		Emissions (metric tons of CO <sub>2</sub> e)	Calculation Instructions
Category 1	Purchase Goods Service	7,810	100% of this category related to operations has been included and calculated. Primarily using the Spend-based method of the GHG Protocol for calculation; Average data method for water usage. The calculation is based on the accounting data for the reporting year, excluding the capital expenditures, postage/courier services, travel and transportation expenses listed by the company.
Category 2	Capital Goods	3,241	100% of this category related to operations has been included and calculated. Calculate using the Spend-based method of the GHG Protocol. Using the accounting classification data of the reporting year and following the company's definition of assets, the calculation is based on the initial amount without using the amortized amount (according to the GHG Protocol definition).
Category 3	Fuel and Energy Related Activities	1,022	According to the GHG Protocol definition, calculating 100% of upstream activities for fuels and energy, including electricity, gasoline, and diesel 100% using the Average data method
Category 4	Upstream Transportation Distribution	914	<ul style="list-style-type: none"> <li>• 100% of this category related to operations has been included and calculated.</li> <li>• Calculated using the spend-based method of the GHG Protocol</li> <li>• Using the accounting classification data for the reporting year, including post office, courier, and other activities</li> </ul>
Category 5	Generated during Operation Abandoned Waste	30	<ul style="list-style-type: none"> <li>• The scope of calculation includes household waste and resource recycling.</li> <li>• Calculate using the waste-type-specific method</li> <li>• The sources of municipal solid waste and recycled quantities are derived by extrapolating the weight of sampled waste from single-family homes, multi-unit residential buildings, and commercial operations to 100%.</li> <li>• The method of treating household waste is incineration.</li> </ul>
Category 6	Business Travel	648	<ul style="list-style-type: none"> <li>• 100% of business travel-related activities have been incorporated and calculated.</li> <li>• Calculation is performed using the Spend-based method and Fuel-based method from the GHG Protocol</li> <li>• Calculations are made using accounting data from the reporting year, including all transportation costs.</li> <li>• Estimate the fuel consumption for private vehicles used for business purposes based on the average fuel price</li> </ul>
Category 7	Employee Commuting	1,272	<ul style="list-style-type: none"> <li>• 100% of employee commuting activities are included and calculated</li> <li>• Calculated using the Distance-based method in the GHG Protocol</li> <li>• The distance is estimated using Google Maps for the commute between the workplace and employee addresses; transportation modes are based on the survey and analysis data from the Ministry of Transportation and Communications Statistics Office, with 250 working days per year</li> </ul>
Category 8	Upstream Asset Leasing	74	<ul style="list-style-type: none"> <li>• The electricity consumption and emissions generated by ATMs located in non-business premises</li> <li>• Calculate using the Average data method from the GHG Protocol</li> <li>• Electricity consumption estimation is performed by estimating the standby power, rated power, standby hours, and full-load hours of the equipment</li> </ul>

Scope III		Emissions (metric tons of CO <sub>2</sub> e)	Calculation Instructions
Category 9	Downstream Transportation and Delivery	447	<ul style="list-style-type: none"> <li>According to the GHG Protocol definition, the calculation boundary includes transportation for customers conducting counter business services, excluding fees not paid by the bank itself.</li> <li>Calculated using the Distance-based method in the GHG Protocol</li> <li>The distance is estimated by dividing the total number of people using the counter by the total area of the county/city where the branch is located, divided by the number of branches, yielding the radius covered by each branch. The transportation data is based on the survey and analysis statistics from the Statistics Office of the Ministry of Transportation</li> </ul>
Category 10	Selling Processed Products	--	<ul style="list-style-type: none"> <li>Not relevant, our company does not have such an activity</li> </ul>
Category 11	Product Sales Usage	--	<ul style="list-style-type: none"> <li>Irrelevant. According to the definition of the GHG Protocol, financial products have no direct emissions. Indirect emissions are optional calculations, such as credit card transactions, customers using mobile phones, tablets, laptops, and other electronic devices to log into apps and systems, etc. These are considered indirect emissions.</li> </ul>
Category 12	End-of-Life Processing for Sold Products	80	<ul style="list-style-type: none"> <li>The calculation scope includes the following operations:               <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Credit card business: includes the burning and disposal of credit cards and monthly paper statements</li> <li><input checked="" type="checkbox"/> General services: including the incineration of passbooks and financial cards</li> <li><input checked="" type="checkbox"/> Mortgage Loan: Includes incineration/destruction of documents such as loan disbursement documents, account statements, and loan payoff statements.</li> <li><input checked="" type="checkbox"/> Credit Loan: Includes the incineration processing of loan disbursement documents</li> <li><input checked="" type="checkbox"/> Corporate loan: includes incineration processing of loan disbursement documents</li> <li><input checked="" type="checkbox"/> Calculate using the waste-type-specific method in the GHG Protocol</li> </ul> </li> </ul>
Category 13	Downstream Asset Leasing	257	<ul style="list-style-type: none"> <li>This rental line is for the use of office buildings, and the calculation scope is the electricity emissions of the tenants.</li> <li>Calculate using the Average data method from the GHG Protocol</li> <li>Calculate the annual EUI (Energy Use Intensity) of building X based on the electricity consumption and rental area</li> </ul>
Category 14	Franchising	--	<ul style="list-style-type: none"> <li>Not relevant, our company does not have such an activity</li> </ul>
Category 15	Investment	9,135,015	<ul style="list-style-type: none"> <li>Referring to the "Domestic Bank Investment and Lending Portfolio Financial Carbon Emissions (Scope 3) Practical Handbook (including Inventory Tool Template)" compiled by the Bankers Association, conduct a financial carbon emissions inventory for the investment and lending portfolio</li> <li>When conducting a carbon emissions audit for the investment and financing portfolio, the client's 2023 financial information and greenhouse gas emission data will be required. If the client's 2023 information cannot be obtained, the latest available client information will be used as a substitute.</li> <li>The scope of business calculation includes equity investments in listed and unlisted companies, corporate bond investments in listed and unlisted companies, sovereign bonds, commercial loans in listed and unlisted companies, project financing, commercial real estate investment and financing, housing loans, and auto loans for 2023 and beyond, totaling 8 items of financial information listed in investment and financing accounts.</li> </ul>
Total		9,150,810	

Note: Scope 3 is a self-assessment item. The scope of assessment, except for Category 15 (Investment), covers the Bank's domestic operations and Hong Kong branch, while the other 14 categories cover all of the Bank's operations and subsidiaries.

## Power Management

### Energy Saving Measures

Conservation Use Electricity	<ul style="list-style-type: none"> <li>In office spaces, use lighting according to usage: for non-business units during lunch breaks, turn off lighting in public areas and offices; for areas with lower lighting needs, such as hallways and stairwells, set interval lighting.</li> <li>Turn on lights; For buildings with emergency exit signs and lights that need to remain illuminated, prioritize the use of high-efficiency LED lights; At the end of business hours, business units should turn off unnecessary lighting and air conditioning.</li> <li>The average indoor air conditioning temperature should not be lower than 26°C (78.8°F), and curtains should be installed to reduce the entry of outdoor radiant heat</li> <li>The elevator is set to partial usage during non-peak hours, to concentrate on transporting passengers.</li> <li>Replace old lighting with new lighting, using the most energy-efficient lighting as the principle, such as replacing T8 with T5 or T5 with LED lights</li> <li>Set personal computers and shared office equipment to low-power and energy-saving modes. Automatically shut down after prolonged periods of inactivity, and turn off the power at the end of each workday.</li> </ul>
Save Gas	<ul style="list-style-type: none"> <li>For non-essential official travel, walk or take public transportation</li> <li>Replace some face-to-face meetings with video or telephone conferences to reduce the number of long-distance travel trips</li> </ul>
Energy-Saving Proposal	<ul style="list-style-type: none"> <li>To promote the spirit of everyone participating in energy conservation and carbon reduction, colleagues are encouraged to submit suggestions for improving the energy management system by filling out the "Energy Management Communication Opinion Form" and submitting it to the Administrative Management Office for consideration.</li> </ul>

### Electricity Saving Results Across the Company

Item		2020	2021	2022	2023	Changes from 2022 to 2023
Electricity	Total electricity consumption (kWh)	12,011,933	11,687,443	10,387,093	9,523,069	-8.32%
	Total electricity consumption (million joules)	43,242,959	42,074,795	37,393,535	34,283,048	
	Scope of inventory	Our domestic and overseas locations				

### Recent Energy-Saving Action Plans

Start year	Energy-saving Optoelectronic Solutions	Runtime	Annual Electricity Consumption (kWh)	Annual Carbon Reduction (tCO <sub>2e</sub> )
2023	Data center relocation to IPC professional data center	Completed	433,262	214.46
	LED replacement of LED luminaires at Zhongxing Branch and Banqiao Human Cultural Building	Completed	40,303	19.95
2022	Taoyuan building installs solar photovoltaic panels	Completed	41,413	21.08
	Partial line break to replace LED lighting fixtures	Completed	48,623	24.75
2021	Replace one split air conditioner unit	Completed	4,483	2.28
	Partial replacement of LED light fixtures	Completed	102,318	52.08
2020	Replace 7 split-type air conditioners	Completed	103,682	52.05
	Freedom Building integrates chilled water piping.	Completed	19,641	9.86
	Partial line break to replace LED lighting fixtures	Completed	57,850	29.04
2019	Partial replacement of air conditioning units (7 units)	Completed	108,231	55.09
	Partial line break to replace LED lighting fixtures	Completed	26,730	13.61



## Water Resource Management

The water resources used in this operation are 100% from the water supply company, and no groundwater or other water sources are utilized. Water used in office buildings and business premises is only for employees and customers, mainly for cleaning, drinking, and air conditioning cooling systems. The domestic wastewater generated during operations is discharged in accordance with relevant regulations. In addition to reviewing the energy-saving effectiveness of water usage in each unit every season, setting 2022 as the base year, and adopting quantitative target management:

2023 Goals	2023 Results	2024 Goals	Weight Loss Measures
Per capita water consumption Decrease by <b>1%</b>	Per capita water consumption Decrease by <b>2.55%</b>	Per capita water consumption Decrease by <b>1%</b>	<ul style="list-style-type: none"> <li>✓ Promoting water-saving measures including installing water-saving devices on faucets in newly-built barrier-free restrooms in branches, and replacing regular toilets with two-stage flush water-saving toilets</li> <li>✓ Post energy-saving slogans in the office, regularly promote the importance of water resources internally, and implement the concept of "water conservation starts from small actions, starting from you and me" in daily operations</li> </ul>

Total Water Consumption		
Item	2022	2023
Total water consumption (square meters)	66,858	65,154
Water scarcity (square meter/person)	26.16	25.49
Scope of inventory	Our domestic and overseas locations	

## Waste Management

### ● Waste Disposal

The waste generated in this line is divided into two main categories: general waste and recyclable resources. No hazardous waste is produced. General waste is collected by waste collection companies and transported to incineration plants for processing. Recyclable resources are properly handled by cleaning companies to reduce secondary environmental impacts. The contracted processing companies are professionally qualified and have been carefully screened.

### ● Waste Quantity Survey

With regard to the inventory of waste quantities over the past two years, the ISO 14064-1:2018 inventory standard was adopted, and it was verified and passed by the British Standards Institution (BSI). The scope of assurance covers domestic sites. In 2022, the limited assurance level was adopted in accordance with ISO 14064-3:2006 for assurance; in 2023, the agreed-upon procedures (AUP) assurance was adopted in accordance with ISO 14064-3:2019.

### ● Waste Management

Set 2022 as the base year and adopt quantitative target management:

2023 Goals	2023 Results	2024 Goals	Weight Loss Measures
Per capita waste generation Decrease by <b>1%</b>	Per capita waste generation Reduced by <b>15.21%</b>	Per capita waste generation Decrease by <b>1%</b>	<ul style="list-style-type: none"> <li>✓ General waste and resources recycling are handled separately</li> <li>✓ Implement a paperless system for electronic documents or operational documents, etc.</li> <li>✓ Promote the digitization of educational training materials</li> <li>✓ Recycle toner cartridges for manufacturers to reuse resources</li> <li>✓ Encourage employees to bring their own eco-friendly cups and promote resource recycling</li> <li>✓ Use both sides of photocopy paper, and regularly carry out document destruction for paper files</li> </ul>

## Circular Economy Management

The self-owned building installation of solar photovoltaic panels plan, with Taoyuan Building as the first site, will start power generation in March 2023. The next step is to purchase green electricity to supplement the shortfall in solar power supply for the site, in order to create the bank's first green branch, gradually moving towards the goal of zero-carbon operations and environmental sustainability transformation. Currently, we are planning to purchase 184,000 kWh of renewable electricity per year to make up for the shortfall at the Taoyuan branch. The electricity purchase contract has been completed in December 2023, and the green electricity supply will officially commence in February 2024.

## Paperless Service

The financial industry has traditionally been a paper-intensive industry due to the voluminous documents required in its operational workflows. In pursuit of reducing paper-based operations, our bank has progressively digitized internal and external document flows, operational forms, business manuals, regulatory management and publication, auditing, and other processes. External services and promotional materials are also moving towards less paper or paperless approaches. In 2023, the average counter-free rate for transactions reached 95.2%, with over 90% of commonly used banking services being accessed through digital platforms, becoming the new norm.

Paperless Service	Electronic Bill	Demineralization of Advertisements and Merchandise	Optimizing the Digital Service Platform for Finance
2023 Implementation Status	There were 9.58 million electronic bills across the bank, of which 100% of Bankee digital accounts used electronic bills, accounting for 30% of the bank's total electronic bills.	Including marketing campaigns for time deposits going paperless, digital passbooks, online de-registration of chattel mortgages for auto loans, and other initiatives	Implementing new online services and optimizing digital experiences, including promoting new types of small cross-border remittances, online deletion of designated incoming account numbers, and three categories of video enhancement for non-designated transfer limits, reducing customers' carbon footprint and time-consuming inconvenience of visiting branches in person.

Performance Indicators for Paperless Services				
Item		2021	2022	2023
Service off-counter rate		94.3%	94.7%	95.2%
Digital acquisition rate		40.1%	47.7%	54.1%
BANKEE digital account number		119 thousand households	169 thousand households	206 thousand households
Paperless Annual Performance	Reduce paper usage	34.84 million	36.17 million	39.79 million
	Reduce greenhouse gas emissions	295.4 tons	306.7 tons	337.3 tons

### ● Digital Learning Platform

Providing a diverse e-Learning platform for internal and external use, in addition to establishing an internal digital learning system (eHRD), we have recently introduced external digital courses such as "Air English Classroom" and "Commonwealth Innovation Academy" to encourage employees to engage in mobile learning and micro-learning. This not only reduces carbon emissions caused by transportation time for learners but also saves on paper materials and human resources.

Digital Learning Platform		Course Topics	2022 Study Hours	2023 Study Hours
Internal	Digital Learning System (eHRD)	Internal product introductions, sales pitches, legal knowledge, etc.	Total hours 78,625	Total hours 83,828 hours
External	Air English Classroom	Business English, diverse topics and current events in English	Total reading time is 131,123 hours.	The total number of hours is 141,390 hours.
	World Innovation College	FinTech knowledge and technical capability	The total reading time is 131,088 hours.	The total number of hours is 152,562 hours.
In 2023, the e-Learning study hours reached 377,780 hours, breaking the all-time high record.				

## 6-4 Supplier Management

Item	Description																												
Supply Chain Scope	We support local procurement. Our suppliers are divided into four main categories: information technology, engineering, services, and others. We prioritize Taiwanese local and overseas local manufacturers as our main partners, in order to boost the local economy, save transportation energy, and reduce environmental pollution during the process. The locations of suppliers, the structure of the supply chain, and the relationships with suppliers did not change significantly from the previous year.																												
Policy	Emphasizing the sustainable operational responsibility of listed companies in the industry supply chain, in order to make good use of and cooperate with suppliers, jointly promote environmental sustainability and protect basic human rights, the "Supplier Social Responsibility Management Guidelines" have been established to build a systematic sustainable procurement process.																												
Concrete Actions	<ul style="list-style-type: none"> <li>• 100% of major suppliers with an annual transaction amount of more than NT\$1 million have signed the "Supplier Social Responsibility Commitment", covering areas such as labor and human rights, health and safety, environmental protection, and ethical standards.</li> <li>• Set up enhanced evaluation standards for different types of procurement cases, and stipulate terms in the contracts to ensure that suppliers meet requirements such as having relevant ISO certifications. For office renovations, in addition to mainly using green building materials, environmental protection requirements for suppliers are also included in the construction or procurement contracts.</li> <li>• For any suppliers in the construction contracting category, they must participate in the contractor safety and health coordination meeting convened by the bank before construction, and appoint a person in charge of on-site safety and health. The person in charge must be fully aware of and sign the Bank's "Contractor Workplace Environmental Hazard Notification Declaration" and "Contractor Occupational Safety, Health and Environmental Management Commitment" and other regulations, truly understand the potential dangers of the work environment and operations, convey them to the assigned employees, and ensure that they have labor insurance, health examinations, and necessary work knowledge, experience and relevant certificates or qualifications. They must also provide necessary education, training and safety equipment, and all relevant training and inspection records are kept on file for reference.</li> </ul>																												
Goal	Suppliers and customers jointly shoulder the sustainable responsibilities of labor rights, environmental protection, and integrity management.																												
Evaluation Mechanism	Issues such as green environmental protection, social responsibility, labor conditions, and environmental protection are included in the evaluation indicators for suppliers. The evaluation results are divided into four levels: excellent A, qualified B, need for improvement C, and unqualified D. One-time transaction suppliers without evaluation records are put on a strict supervision list.																												
	<table border="1"> <thead> <tr> <th>Supplier Evaluation Dimensions</th> <th>Main Content</th> </tr> </thead> <tbody> <tr> <td>General Evaluation</td> <td>Professional competence, service capability, problem-solving ability, willingness to cooperate on ad hoc tasks, industry reputation, evaluation, financial status, and working capital turnover.</td> </tr> <tr> <td>Service Evaluation</td> <td>Product quality, construction progress control, employee turnover rate, etc.</td> </tr> <tr> <td>Corporate Social Responsibility Assessment</td> <td>Labor rights, ethical norms, occupational safety and health management, green environmental protection/social responsibility, sustainable consumption/support for local procurement, etc.</td> </tr> </tbody> </table>	Supplier Evaluation Dimensions	Main Content	General Evaluation	Professional competence, service capability, problem-solving ability, willingness to cooperate on ad hoc tasks, industry reputation, evaluation, financial status, and working capital turnover.	Service Evaluation	Product quality, construction progress control, employee turnover rate, etc.	Corporate Social Responsibility Assessment	Labor rights, ethical norms, occupational safety and health management, green environmental protection/social responsibility, sustainable consumption/support for local procurement, etc.																				
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Corporate Social Responsibility Assessment	Labor rights, ethical norms, occupational safety and health management, green environmental protection/social responsibility, sustainable consumption/support for local procurement, etc.																												
Evaluation Results	In 2023, 100 suppliers were evaluated, of which 80% met the excellent A-level standard, 20% met the qualified B-level standard, and there were no C-level suppliers that needed improvement.																												
	<table border="1"> <thead> <tr> <th>Vendor Evaluation</th> <th>2023</th> <th>2022</th> <th>2021</th> <th>2020</th> <th>2019</th> <th>2018</th> </tr> </thead> <tbody> <tr> <td>Number of reviewers</td> <td>100</td> <td>115</td> <td>118</td> <td>71</td> <td>84</td> <td>62</td> </tr> <tr> <td>The proportion of purchasing amounts for evaluated merchants</td> <td>76.07%</td> <td>77.63%</td> <td>83.85%</td> <td>72%</td> <td>81%</td> <td>72%</td> </tr> <tr> <td>Average score evaluation</td> <td>91.67</td> <td>92.32</td> <td>90.82</td> <td>89.31</td> <td>87.71</td> <td>89.45</td> </tr> </tbody> </table>	Vendor Evaluation	2023	2022	2021	2020	2019	2018	Number of reviewers	100	115	118	71	84	62	The proportion of purchasing amounts for evaluated merchants	76.07%	77.63%	83.85%	72%	81%	72%	Average score evaluation	91.67	92.32	90.82	89.31	87.71	89.45
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Average score evaluation	91.67	92.32	90.82	89.31	87.71	89.45																							
Appeal Mechanism	<ol style="list-style-type: none"> <li>1 The stakeholder section of the official website publishes supplier service personnel and contact information</li> <li>2 Establish a complaint/reporting hotline and publish it on the official website</li> </ol>																												

Key Promises of Suppliers		Content Description
Labor with Human Rights	Prohibition of child labor	All employees must meet the age for completion of compulsory education or the minimum working age required by local laws
	Salary and benefits	Wages paid to employees shall not be less than the minimum wage prescribed by local laws and regulations.
	Respect and non-discrimination	Employees will not be discriminated against in recruitment, employment, remuneration, promotion, education and training, disciplinary action, termination of contract, retirement, and other matters involving employee rights and benefits due to gender, sexual orientation, race, religion, age, disability, marital status, pregnancy, nationality, political views, social origin, or other factors.
Health with Security	Occupational safety	By proper design, engineering and administrative controls, preventive maintenance, safe work procedures, and continuous safety training, workplace safety is controlled to avoid risks to employees.
	Occupational injuries and occupational diseases	Establish procedures and management systems to prevent, manage, track and report work-related injuries and occupational illnesses
	Medical services and first aid	Establish and implement first aid procedures, including but not limited to training first aid personnel, equipping appropriate first aid kits and other equipment, and maintaining first aid and medical records.
Environmental	Environmental permits and reports	Obtain all legally required environmental permits, approvals, and registration documents, and maintain, regularly update data, and comply with operational and reporting requirements as stipulated
	Preventing pollution Save resources	Reduce and eliminate any type of resource consumption and waste by improving production, maintenance and facility procedures, substituting materials, conserving natural resources, recycling and reusing materials, and other feasible methods.
	Greenhouse gas emissions	Reduce energy and resource consumption and greenhouse gas emissions.
Code of Integrity	Integrity management	In all business interactions, uphold the highest standards of integrity, prohibiting any form of bribery, corruption, extortion, theft, abuse of power and improper benefits, including any form or guise of money, gifts, commissions, positions, services, favors, kickbacks, etc.
	Information transparency and cooperation	Disclose information related to labor participation, health and safety, business activities, organizational structure, financial position, cost analysis, and others in accordance with applicable laws and generally accepted industry practices. And allow this line or its cooperating third-party verification units to audit for violations of the commitment letter.
	Avoid conflicts of interest	In business dealings with this company, avoid any potential conflicts of interest. If any potential conflicts of interest are identified, they should be reported to the bank immediately, and appropriate measures should be taken to prevent any possible misconduct that may arise.

## Green Procurement

- Green procurement amount of NT\$26.16 million.
- Office space lighting is gradually being replaced with LED lights, and new branches will consistently use energy-efficient lighting fixtures.
- When renovating office spaces, choose building materials with green building material labels, including low-formaldehyde, fire-resistant materials, mineral fiber boards, and eco-friendly paints.
- When procuring energy equipment, suppliers are required to prioritize providing environmentally-friendly products with eco-labels or similar certifications.
- The employee uniforms are designed using environmentally friendly recycled and regenerated fabrics, creating fashionable staff uniforms. These uniforms will be distributed in the first quarter of 2023, promoting the boundaries of green procurement.