

2022

TAICHUNG BANK
SUSTAINABILITY REPORT



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About the Report

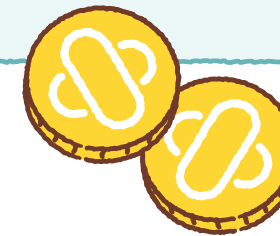
The report is written by Taichung Commercial Bank Co., Ltd. (hereinafter referred to as "Taichung Bank" or "the Bank") and follows the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, the GRI Universal Standards and material topics guidelines issued by the Global Reporting Initiative, the SASB Standards issued by the Sustainability Accounting Standards Board, and introduced Task Force on Climate-related Financial Disclosures (TCFD) topics; it is compiled with reference to the United Nations Sustainable Development Goals (SDGs). All financial numbers are presented in New Taiwan Dollars, and financial statements are made conforming to the International Financial Reporting Standards (IFRSs). The report, which can be found on the official website of Taichung Bank, can be downloaded and read in digital format, thus demonstrating the Bank's spirit of practicing sustainable values.

Duration of the Report

The report has been issued since June 2015, and the report for 2023 is the ninth issue of the report (starting from 2022, the "Corporate Social Responsibility Report" has been renamed the "Sustainability Report"). Additionally, the English version of the report has been issued since 2020, and the Bank continues to compile and publicly disclose information every year.

Scope and Boundary of the Report

The content of the report states the achievements and performance of Taichung Bank regarding the key issues of sustainable development in the year 2022 (from January 1, 2022, to December 31, 2022). The report does not cover the relevant activities of the Bank's subsidiary companies except for consolidated financial statements. Additionally, the scope and core of disclosure are in the Taiwan area, and there is no significant difference between this year's report and the report of the previous year.



Assurance of the Report

Taichung Bank entrusts Deloitte & Touche Accounting Firm to comply with TWSAE3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (formulated with reference to the International Standard on Assurance Engagements ISAE 3000), for limited assurance. The assurance report is detailed in the appendix (the source of the information is provided by the senior executives of each unit after review, and it is issued after review and approval by the Corporate Governance and Nomination Committee).

Feedback

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ESG Section https://www.tcbbank.com.tw/ESG/E_05.html





Message from the Chairman

We Move Forward Together to Promote Sustainable Development

The 27th UN Climate Change Conference of the Parties (COP27) held in November, 2022 adopted the slogan, "Together for Implementation" to ask the world to unite, and COP27 hopes that the financial industry can make capital flow to the sustainable economy and market. Additionally, the Global Risks Report 2023 issued by the World Economic Forum (WEF) in January, 2023 points out that environmental risks will account for 6 out of 10 major risks in the globe within the next 10 years. While resisting impacts from climate change, Taichung Bank embraces the challenge, showing its strong will. In addition to introducing the Sustainability Accounting Standards Board (SASB) Standards and Task Force on Climate-related Financial Disclosures (TCFD), and actively signing as the Supporter of TCFD promulgated by the Financial Stability Board (FSB), the Bank has formulated performance appraisal indicators relevant to sustainability in its credit extending business, thus implementing the philosophy of sustainability by playing the role of a capital provider. Upholding the corporate brand spirit of "We Do Our Best For You" for seven decades, the Bank integrates five core values into the element of sustainability, and implements sustainable development step by step with action. Additionally, we elaborate the influence of the financial market, and concern about the issues of sustainability with stakeholders to achieve our goals.

Implementing Sustainable Management with Stable Operation

Due to the extension of the Russo-Ukrainian War, energy crises that European countries are facing, an increase in the inventory stock caused by the ripple effect generated from the supply chain because of the successive spread of the COVID-19 pandemic, technological conflicts between China and the USA, the inflation trend and many other factors, the global economy, people's lives have been negatively impacted. Although Taichung Bank is facing weak economic performance across the world, it upholds the management models of "increasing profits with stable quantity," and "making progress while ensuring stability" to dauntlessly move forward on the road full of challenges. By the end of 2022, our total assets that grew steadily reached NT\$796.6 billion, and our net profit after tax reached NT\$5.3 billion. With respect to operation and governance, the Bank fulfills the responsibility of an institutional investor and strengthens the quality of disclosing information about due diligence governance to improve the interests and benefits of our customers and shareholders. Additionally, we give back to society to show our gratitude, bring together community care and invest in resources. We have spontaneously organized over 100 public welfare activities and invited participation in these events to enable the Bank to move forward, and prosper for generations to come.

The sustainable management achievements have won approval from a variety of parties. In addition to winning the "Golden Security Award for 8 consecutive years, and the Sports Promoter Award—"Sponsorship Class Gold Award" and "Sponsorship Class Long-term Sponsorship Award" given by the Ministry of Education for 3 consecutive years, we received the "Golden Excellence Award" given by the Joint Credit Information Center to excellent institutions on credit information inquiry. Moreover, we were ranked as one of top 6% to 20% of the Taiwan Stock Exchange (TWSE) listed companies in the 9th TWSE "Corporate Governance Evaluation", and chosen to be the constituent stock of "Taiwan High Compensation 100 Index" and "Taiwan Employment Creation 99 Index." Furthermore, we were selected the excellent performance bank of the "New Southbound Policy Target Countries Credit Extending Program" by the Financial Supervisory Commission; won the "Excellent Award for the Growth of Credit Guarantee Financing Amount Submitted by New Southbound Countries" and the "Excellent Award for Credit Guarantee Submitted on COVID-19 Projects" given by the Overseas Credit Guarantee Fund (Taiwan); the "TCH eFCS Specific Write-off Operations Promotion Award" given by the Taiwan Clearing House; the Taichung City Happy Workplace "Star Award—Three Star Award," "Five-Star Award for Promoting Happiness (Group Award)," and "Happiness Creativity Award;" and a number of other awards and honors.



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Appendixes

Protecting Our Homeland and Supporting Green Finance

Adhering to the "customer first" philosophy, Taichung Bank places importance on customers' rights and interests and listens to customers' opinions. In implementing information security and risk control, we enhance financial customer protection and service quality, as well as strengthen anti-fraud warning measures online and offline. Over the past few years, in response to the digitalization trend, we have integrated finance with technological application, so as to continuously promote innovative financial services and effectively strengthen digital services. For example, we have plans to construct a "customer survey system" to effectively collect customers' feedback, add new functions of online number taking for reserved time/immediate number taking to shorten waiting time, and promote the online comprehensive mobile wealth management specialists system. Moreover, we are dedicated to building a friendly finance environment by adding 20 ATMs with voice services for the visually impaired, providing live texting customer service, and making all operating units across Taiwan join dementia-friendly organizations. We also provide video conferencing and sign language translation services to meet the needs of the disadvantaged, realizing inclusive financing.

To implement the philosophy of green finance, the Bank has applied its sustainability thinking to all of its businesses. We have promoted the project of "Medical Staff Loans" to appreciate the hard work of medical teams, the "Young Entrepreneurship and Start-up Fund Loan" to support the cultural and creative industries, the "New Southbound Project Financing Credit Guarantee," and numerous green financing loans to assist enterprises with low-carbon transformation and industrial upgrade. Beyond this, two of our branches have installed Solar Photovoltaics Construction in respond to the issue of carbon neutrality. Additionally, we have implemented policies ranging from energy saving, carbon reduction, the promotion of the paperless service, and the recycling and reuse of resources to green loans, green procurement, and sustainable management of the supply chain. Moreover, we have gradually enlarged the range of greenhouse gas emission inventory at our operating units. We implement the spirit of green operation from the top down to devote ourselves to protecting our homeland and loving the Earth.

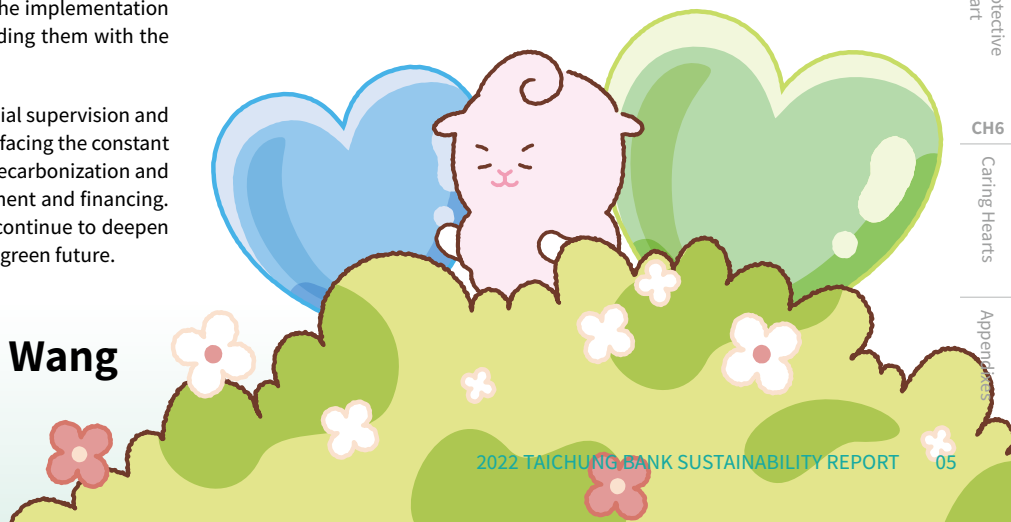
Caring for Our Employees by Creating a Happy Workplace

The Bank knows that employees are the foundation of innovation, operation and sustainable development. Therefore, we place importance on the work experience and vocational development of each of our employees, and we offer diverse education and training courses based on their levels and positions to cultivate talents in the fields of digital technology, climate risks, foreign languages and so on, and strengthen their lifelong skills and knowledge to enhance the value and work identity of our employees.

To create a happy and healthy workplace, the Bank has carried out numerous measures to care for our employees. We listen to the suggestions of the Labor Union to facilitate the harmonious labor relations. Meanwhile, we promote health and safety care for our employees by creating a diversified, friendly, safe, and excellent work environment that respects labor rights. Additionally, we provide our employees with competitive remuneration and complete benefits, such as our optimized leave system, welfare and subsidies, and the implementation of employee assistance programs (EAPs). Finally, we help our staff members plan an ideal life after retirement by providing them with the Employee Stock Ownership Trust (ESOT).

To achieve the goal of "2050 Net Zero" the Bank focuses on the four major principles of "stable operating structure, financial supervision and control, digital experience creation, and sustainable value enhancement," which serve as chief strategies for the future. In facing the constant fluctuation of the financial market, and the challenge of extreme climate, the Bank will continue to elevate our power of decarbonization and keep up with the trend of transformation. We will develop with mutual goals around the world, supporting green investment and financing. At the same time, we will take legal compliance, internal audit, risk identification and management into consideration, continue to deepen sustainable finance, strengthen our manpower capital, and enhance low-carbon competitiveness to move toward a more green future.

Signature of the Chairman **Kuei-Fong Wang**





Taichung Bank

The Bank, formerly known as "Taichung District Joint Saving Company (hereinafter referred to as 'the Company')," was founded in April 1953. The Company started operations in August of the same year. To meet the needs of promulgation and implementation of the Banking Act and its business development, the Company was renamed "Taichung District Small and Medium-sized Enterprise Bank" (hereinafter referred to as "Taichung Enterprise Bank") in 1978. Later on, to expand its scale of operations and achieve capital popularization, Taichung Enterprise Bank started selling its stocks on the stock market on May 15, 1984, gradually solidifying its business foundation. With the efforts of all staff members of Taichung Enterprise Bank, its operation scale prospered day by day, and in December 1998, it was reorganized into "Taichung Commercial Bank," transforming it into a genuine business bank.

At the end of 2022, the Bank had a total of 84 branch organizations all over Taiwan (including 1 offshore banking unit (OBU)), and 1 overseas branch in Labuan, Malaysia. As we celebrate our 70th anniversary, we have become an international commercial bank by following the trend of globalization. In the future, we will also aim at our "century-old foundation," while continuing to take into account business development, risk control, compliance with laws and regulations, and information security. We are committed to expanding our assets and operating volume to strengthen competitiveness and continue Taiwan's cultivation, deploy to foreign markets, and expand our financial territories.

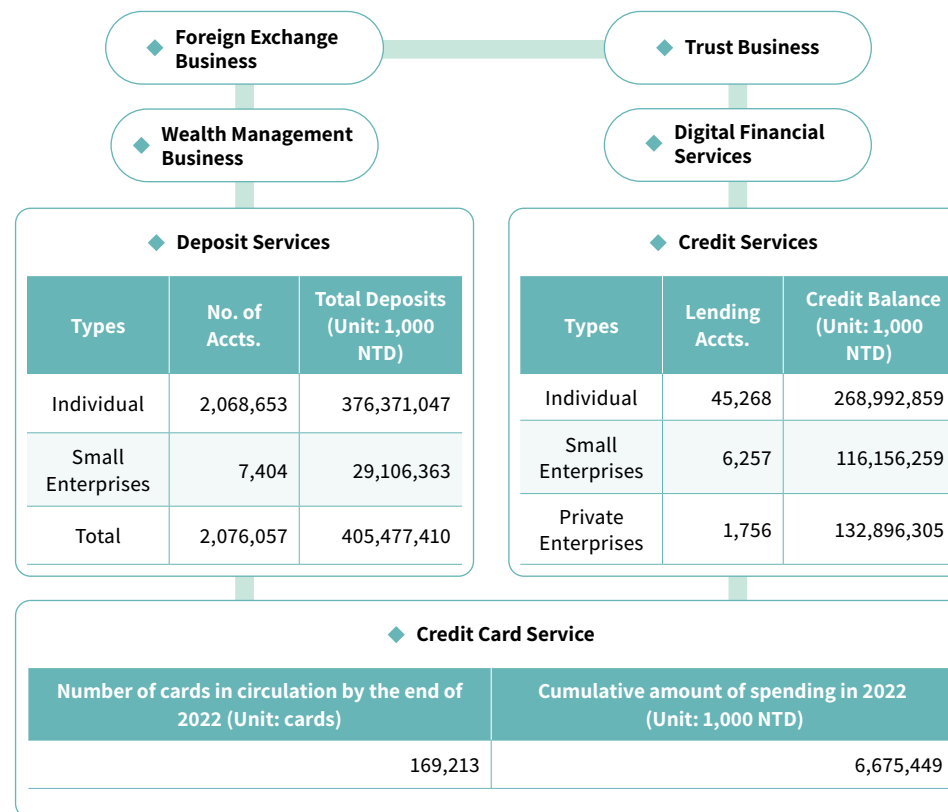
COMPANY INFORMATION

Information Up Until: December 31, 2022

Company Name	Taichung Commercial Bank Co., Ltd.
Stock Symbol	2812
Paid-in Capital	NT\$50,154,465 thousand dollars
Total Assets	NT\$796,605,148 thousand dollars*
Headquarters	No. 87, Min Chuan Road, West District, Taichung (Taiwan)
Total Number of Employees	2,822 persons
Business Locations	Domestic: 84 branches (including the OBU branch) Abroad: 1 branch and 3 Marketing Offices

*Subsidiary companies excluded.

Taichung Bank 2022 Financial Ecosystem



Note 1: The information in the table above was collected as of the end of December 2022. The total amount of deposits is the balance of New Taiwan Dollar deposits; the credit balance includes collections.

Note 2: An enterprise is considered a small enterprise when it meets any one of the following requirements:

- (1) The enterprise has been established less than 5 years; (2) Employs less than 20 employees;
- (3) Capital of NT\$5 million or less; (4) Annual revenue of NT\$10 million or less.



Management Philosophy

The Five Core Values



Service

With our attentive attitudes, we show professional and enthusiastic service, providing customers with excellent and satisfactory commitments.



Products

With our innovative thinking, we strive for perfection and to customize our products to create stable and diverse financial needs.



Public Welfare

Taking action in an active way, we care for the society and show our love to pass on our extraordinary and genuine enterprise image.



Professionalism

With a strict foundation, we are cautious and pragmatic. We elaborate synergy to launch the solid development of sustainable management.



Public Welfare

Taking action in an active way, we care for the society and show our love to pass on our extraordinary and genuine enterprise image.

Brand Spirit - "We Do Our Best For You"

The core businesses of Taichung Bank, Taichung Bank Insurance Brokers Co., Ltd., Taichung Commercial Bank Securities Co., Ltd., Taichung Bank Leasing Corporation Limited, Taichung Bank Finance Leasing (SUZHOU) Corporation Limited, Taichung Bank Venture Capital Co., Ltd., and Taichung Bank Securities Investment Trust Co., Ltd. have passed on the brand spirit of "We Do Our Best For You" to the public, providing comprehensive financial services. Additionally, the businesses undertake and implement the five core values of "Service, Products, Specialties, Customers, and Public Welfare" that the financial industry is entrusted with.

Corporate Mascots —"TCBBANK Family"



In 2021, Taichung Bank collaborated with the social innovation organization (Memes Creative Partnership Co., Ltd) to design cute mascots for the TCBBANK Family—Azhong, Tammy, Silver, and Mei—which symbolizes Taichung Bank's warmth and friendliness to customers and our digital innovative professionalism. This new image reduces the distance between the Bank and our customers, providing the most intimate, the fastest, and most convenient financial service experience.

With Objectives and Prospects of Being- "The First-line in Taiwan," "Most Anticipated by Society" and "Most Reliable to Customers"

Taichung Bank has stood firmly for nearly 70 years, and it has always satisfied the needs of customers with its most ardent original intention. The Bank has promised to establish the most professional financial team, carefully keeping its commitment to its customers to gradually achieve the objectives and prospects of being "The First-line in Taiwan," "Most Anticipated by Society" and "Most Reliable to Customers."



The First-line in Taiwan

Although the financial environment keeps changing, Taichung Bank still preserves the power and its original intention to move forward. The Bank continues to enhance the core value of the financial service industry and implement a policy of "legal compliance, risk management and performance management" to achieve our prospect.



Most Anticipated by Society

Yesterday, we departed from Taichung. Today, we stand firmly in Taiwan, and tomorrow, we will move toward the world. With the enterprising brand spirit of "stable operating structure, financial supervision and control, digital experience creation, and sustainable value enhancement" we have continuously exceeded society's expectations and customer demands to become the all-directional financial group closest to consumers.









Most Reliable to Customers

By implementing our enterprise philosophy locally, in pursuit and meeting the orientation of "treating customers fairly," we pay closer attention to customer value in our business process, build deep "cross-generational" relationships with customers, and become the public's preferred financial service partner.



Subsidiary and Sub-subsidiary Companies/Affiliates

To improve its competitive advantages in "local finance," "finance for small and medium-sized enterprises (SMEs)," and "diversified finance," the Bank has started engaging in investment to establish subsidiary and sub-subsidiary companies with 100% stock ownership. Additionally, the Bank integrates with re-invested affiliates to establish and construct the diversified finance organizational structure to implement the value and mission of the enterprise in sustainable management, gradually realizing the prospect of expanding its international domain.

Subsidiary and Sub-subsidiary Companies/Affiliates		Main Products/Services	Details
Subsidiary Companies	Taichung Commercial Bank Securities Co., Ltd.	The main business includes brokerage, dealing, underwriting, margin trading and short selling, futures trading assistants, accepting orders to trade foreign securities and other financial business.	
	Taichung Bank Leasing Corporation Limited	The main business covers leasing business, installments, domestic factoring business, financing loans and so on.	
	Taichung Bank Insurance Brokers CO., Ltd.	The company provides customers with comprehensive professional insurance services including the diverse commodities of life insurance and property insurance. Additionally, it has pioneered in digital transformation, the patent of "audio-visual electronic contract signing system" to provide customers with the most complete transaction security and implement the principle of treating customers fairly. Moreover, the company continues to make efforts to optimize its customers' experience and thoroughly discloses the important information of commodities to provide them with the most valuable insurance services.	
Sub-subsidiary Companies	Taichung Bank Venture Capital Co., Ltd.	The main business includes 1. Venture Capital (VC)—Providing potential enterprises at home and abroad with capital. 2. Management Consulting—Providing operation, management and consulting services for invested businesses.	
	Taichung Bank Finance Leasing (SUZHOU) Corporation Limited	The main business is financial leasing, and it focuses on China's direct leasing, sale-leaseback and other product service markets.	
Affiliates	Taichung Bank Securities Investment Trust Co., Ltd.	The company is mainly involved in securities investment trust, discretionary investments, general agent for offshore funds and other businesses that are approved by competent authorities.	



Management Performance

1 Management Performance

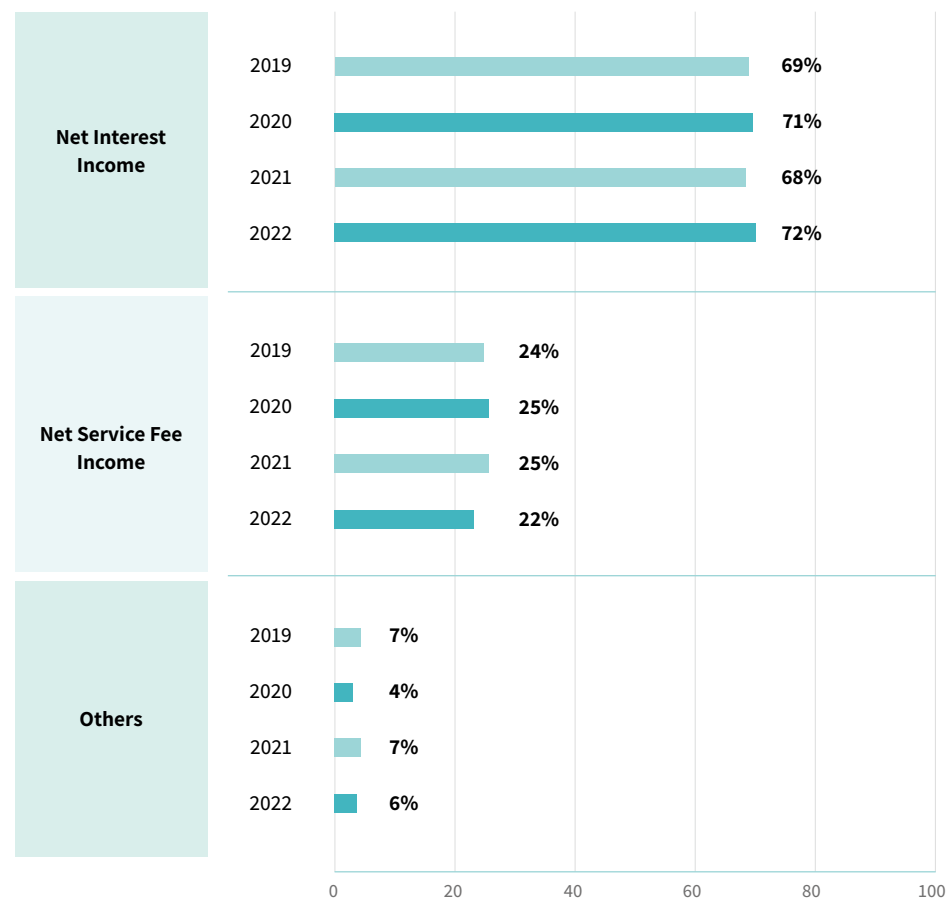
Unit: NT\$ thousand; %

Item/Year	2019	2020	2021	2022
Net Profit	12,095,628	11,643,742	13,721,874	15,017,164
Total Assets	682,688,922	736,770,021	772,678,393	807,962,828
Shareholders' Equity	51,309,206	57,321,753	63,459,985	69,229,626
Net Profit After Tax	4,319,883	4,025,533	4,796,274	5,344,205
Earnings Per Share (EPS) (NTD)	1.01	0.94	1.05	1.12
Employee Welfare Costs	3,833,009	3,970,323	4,305,442	4,504,161
Return on Assets (ROA)	0.63	0.57	0.64	0.68
Return on Equity (ROE)	8.72	7.41	7.94	8.06
Market Value	44,506,019	45,045,883	55,143,025	64,197,716

Note 1: For relevant information, please refer to the 2022 Financial Statements. (To download the Financial Report, visit the official website of Taichung Bank → English → Download → Financial Statements)

Note 2: The EPS for 2019, 2020, and 2021 were numbers that had been retroactively adjusted. The numbers were NT\$1.16, NT\$1.03, NT\$1.10 respectively prior to retroaction.

2 Revenue Sources



Note: This is the consolidated financial information of the Bank and its subsidiary companies.

3 Tax Payable and Donations

Unit: NT\$ thousand

Item/Year		2019	2020	2021	2022
Tax Payable	Profit-seeking Enterprise Income Tax	747,421	638,960	657,435	1,128,160
	Sales Tax	599,228	550,473	579,295	709,597
	Stamp Tax	43,463	42,165	44,701	54,164
	Others (Land value tax, house tax and so on)	30,867	25,105	25,066	24,911
Donations		121,368	141,988	87,607	90,239

Note: The information is chiefly for Taichung Bank.

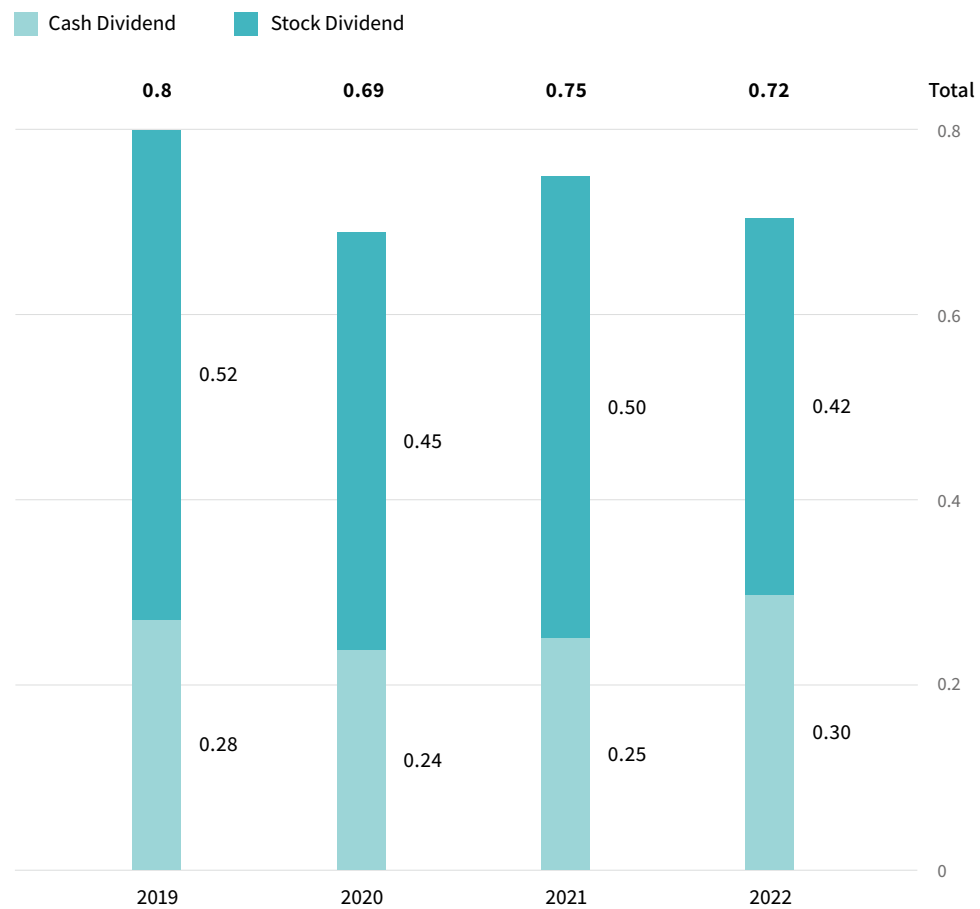
5 Credit Rating

Rating Agency: Taiwan Branch of Moody's Investors Service Pty Ltd in Australia

Credit Rating Date	Taiwan Ratings			International Ratings		
	Long Term	Short Term	Prospect	Long Term	Short Term	Prospect
May 24, 2019	A-(twn)	F1(twn)	Stable	BB+	B	Stable
May 12, 2020	A-(twn)	F1(twn)	Stable	BB+	B	Stable
April 28, 2021	A(twn)	F1(twn)	Stable	BBB-	F3	Stable
April 12, 2022	A(twn)	F1(twn)	Stable	BBB-	F3	Stable

4 Distribution of Dividends

Unit: New Taiwan Dollar



CH1

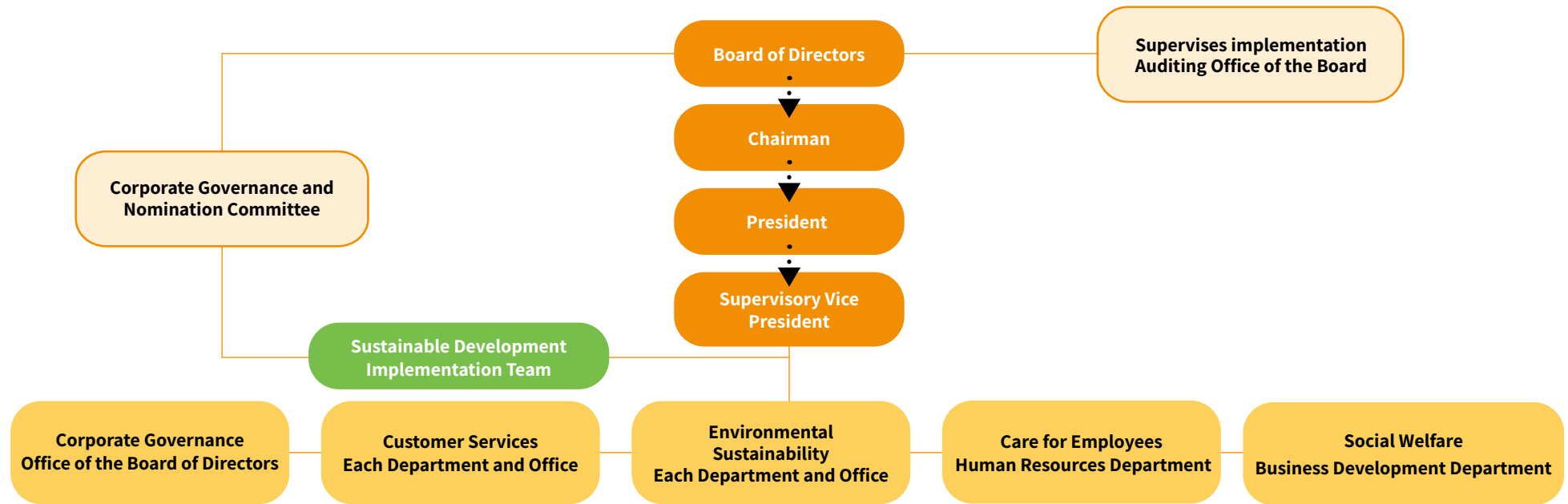
Enterprising Heart

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1.1 Sustainable Governance

While engaging in business operations, Taichung Bank actively practices sustainable development to meet the international trend of balancing environmental, social, and corporate governance (ESG) development. With its corporate citizenship, Taichung Bank actively fulfills its corporate social responsibility through its contribution to the country's economy; improving the quality of life of its employees, community, and society; and promoting competitive advantage based on sustainable development. Upholding respect for social ethics and other rights and interests of stakeholders, the Bank attaches importance to ESG factors while pursuing sustainable business and profitability, and incorporates them into its management and operations.



Sustainable Development Implementation Framework

In order to put the management concept of sustainable development into practice, the Bank's Board of Directors has established the Corporate Governance and Nomination Committee to serve as the highest advising unit on sustainable development and has formulated the "Taichung Commercial Bank Co., Ltd. Sustainable Development Code." Additionally, the Sustainable Development Implementation Team, has been established to implement and promote sustainable development work. The Team takes the form of a task force, with members from various departments. It coordinates sustainability related issues, collects and compiles information for the Sustainability Report, presents it to the Corporate Governance and Nomination Committee, and publishes the Report with the approval of the Board of Directors. The Business Department acts as the integration unit to assist the relevant departments in corporate governance, human resources, general affairs, legal and regulatory compliance, credit extending, and risk management in the implementation of sustainable development related issues. Furthermore, each year, the Department regularly reports to the Corporate Governance and Nomination Committee as well as the Board of Directors on the effectiveness of sustainable development implementation.

Sustainable Development Strategies of Taichung Bank

Taichung Bank engages in the three major aspects of economy, environment and society by playing the accountable role of an enterprise while implementing sustainable management. The Bank further extends these aspects to the five main axis of "sustainable governance," "customers' rights and interests," "environmental sustainability," "employee care," and "social welfare" to follow the international trend to concern about the issue of sustainability, and put sustainable development into practice by formulating "Taichung Commercial Bank Co., Ltd. Sustainable Development Code."

2022 Sustainable Development



Sustainable Governance

18 Issues of Concern Corporate Governance, Integrity Management, Operation and Financial Performance, Risk Management

Sustainable Concept Adhering to the concept of sustainable finance and the principle of integrity management, the Bank internalized in all aspects of the company's operations, and established a sound corporate governance system to increase the sustainable values of the enterprise as the goal.

Sustainable Results

- When establishing business relationships programs with external parties, the Bank included integrity management clauses in the contract; internally conducted courses on treating customers fairly and with integrity for the directors, managers and related personnel of the bank to participate in, with training completion rate reaching 100%.
- Domestically, the "Mailiao Branch" was established in Mailiao Township, Yunlin County to balance the situation of lacking local financial services and implement inclusive financing. Overseas, the Kota Kinabalu Marketing Office of the Malaysia Labuan Branch was established to deepen the new southbound economic and trade relationship and gradually move towards the international market.
- Held Shareholders Meeting and four investor conferences every year to disclose the company's financial status and operating performance.
- In 2022, the total hours of climate risk-related education and training courses were 262 hours.
- Formulated various risk management policies and management mechanisms as the guiding principles of the risk management system to effectively control risks.
- In 2022, there were a total of 942 self-inspection cases.



Employee Care

18 Issues of Concern Labor Relations, Talent Cultivation and Development, Workplace Health and Safety, Human Rights and Equality

Sustainable Concept We regard employees as the most important asset of our company, and know that talents are the key to building the core competitiveness of the company. We attach importance to the professional development of each employee and strive to create a friendly, safe and excellent working environment.

Sustainable Results

- A total of four labor-management meetings were convened in 2022, aiming to coordinate labor-management relations and promote labor-management cooperation.
- The 2022 Organizational Climate Questionnaire had a company approval rate of 99.7%.
- Promoted digital learning system and purchased online courses for professional advancement. This year, a total of 29,740 people participated in training programs.
- A total of four health lectures and health consultations held this year.
- Conducted education and training courses for human rights policies, with a total of 91 hours and an employee participation rate of 100%.



Social Welfare

18 Issues of Concern Social Care

Sustainable Concept With humanities and academic education, philanthropy, sports development and community services as the four major aspects, we actively participate in various public welfare events, to raise the general public's awareness in paying attention to public welfare culture, and practice the concept of love thy neighbor, and contribute to the society at large.

Sustainable Results

- The Bank's business units across Taiwan have all joined dementia-friendly organizations. Additionally, dementia-friendly angels (bank clerks) are available in these business units to provide our customers with appropriate assistance and services, implementing "friendly finance".
- This year, a total of 110 public welfare activities were held, including promoting financial management knowledge, adopting, greening and beautifying public facilities, sponsoring or participating in neighborly activities.
- 15,317 bags of blood were collected at the 5th "Care with Heart, Blood and Love" blood drive; with a total of nearly 52,000 bags of blood donated in the past 5 years.



Environmental Sustainability

18 Issues of Concern

Green Activities, Energy Saving and Carbon Reduction, Sustainable Investment and Financing, Climate Change Response, Sustainable Supply Chain

Sustainable Concept

Striving to introduce ESG elements into various financial businesses—externally, supported with our own strengths, and encouraged collaborating manufacturers to actively practice environment sustainability and safeguard human rights issues. Internally, in order to properly manage the risks of climate change and net-zero transformation, climate risk management is included as one of the operating decisions, to reduce the impact on the environment.

Sustainable Results

- Initiated the "Little Green Man Program," aiming to plant 5,000 trees in the next three years.
- This year, the Solar Photovoltaics Construction for our Shengang and Wufeng branches were completed.
- The Bank has instituted the paperless policy online since 2018, and over the past five years (2018-2022), we've reduced 2,332,660 pieces of paper consumption. All branches of the Bank used a total of 6,175 boxes of carbon footprint labeled paper in 2022. Our main buildings (Min Chuan Building and Min Zu Building) used a total of 532 boxes of FSC-labeled toilet paper this year.
- According to the different needs of various customers, the bank provided "Green Consumer Loans", "Sewage and Sewer Drainage Equipment Piping Financing,", "Certain Factories Transformation Financing Project", "Solar Photovoltaic Power Generation Equipment Financing Project", and "High-quality SME Financing Project" financial sustainability plans to meet customers' sustainability needs.
- To implement energy-saving and carbon-reduction measures, all power is turned off and plugs are unplugged on non-business days. In response to the "Earth Hour" event, from March 25th to March 27th, all business units across Taiwan and our main buildings (Min Chuan Building and Min Zu Building) extended powering off to 2 hours.
- Strengthened climate risk management and monitoring, and strengthened the identification, assessment and disclosure of climate change risks.
- Encouraged collaborating manufacturers to jointly sign compliance with relevant regulations such as environmental protection, occupational safety and health, and labor rights. Percentage of new suppliers screened meeting environmental standards reached 100%.
- The interior building materials of business units were mainly with domestic and foreign environmental protection labels and green building materials labels.



Customers' Rights and Interests

18 Issues of Concern

Information Security and Personal Data Protection, Legal Compliance and Anti-money Laundering, Treating Customers Fairly, FinTech and Innovation

Sustainable Concept

Plan businesses for customers based on their needs, and hear customer needs, optimize service procedures, cooperate with government policies, strictly follow government agency laws and regulations, protect consumer rights and personal information, build a diversified system that everyone can use, and provide more innovative, convenient and secure financial services while enhancing digital financial services.

Sustainable Results

- In 2022, there were 0 information leakage incidents or personal information leakage incidents.
- Every unit in every branch has Chief Compliance Officers who are responsible for the advocacy and implementation of legal compliance. Full-time Chief Compliance Officers at Headquarters departments were established to meet certain conditions, and to strengthen the implementation of the legal compliance system by the Headquarters departments, and to introduce, construct and implement internal regulations.
- Provided 24-hour customer service chatbot - "Smart Tammy" and added live texting customer service this year to instantly resolve customers' inquiries.
- The bank accounts for 100% of domestic accessible ATMs.
- By the end of 2022, there were 15 bilingual branches in Taiwan.
- Customers' average satisfaction with the service quality of the bank's wealth management specialists reached 98.49%.
- Continued to optimize the Bank's online/mobile banking services to make financial services more convenient, and reduced time and distance constraints.

1.2

Performance Affirmation



Environmental Sustainability

- Received the Class 1 Silver Award in the financial and insurance industry for the sustainability report category in the 15th "Taiwan Corporate Sustainability Award (TCSA)" given by the TAISE.
- Adopted the "ISO 14001:2015 Environmental Management System" and passed verification.
- Verified by "ISO 14064-1:2018 Greenhouse Gas Inventory."
- Signed as the Supporter of TCFD promulgated by FSB.
- The newly-committed amount of ESG credit business reached NT\$10.1 billion in 2022.

Social Care

- Included as a constituent stock of the "Taiwan Employment Creation 99 Index" for 6 consecutive years (2017–2022).
- Included as one of the constituent stocks of the "Taiwan High Compensation 100 Index" for 8 consecutive years (2015–2022).
- For 3 consecutive years (2020-2022), won the Sports Promoter Award - "Sponsorship Class Gold Award" and "Sponsorship Class Long-term Sponsorship Award" given by the Ministry of Education.
- Won the Procurement Award – Third Prize - on the 2022 "Buying Power Social Innovation Products and Service Procurement Incentive Mechanism" given by the Small and Medium Enterprise Administration, Ministry of Economic Affairs.
- Selected the Taichung City Happy Workplace - "Star Award - Three Star Award", "Five-Star Award for Promoting Happiness (Group Award)", and "Happiness Creativity Award".
- Won the 2022 Lohas Enterprise Poll - "Financial Management and Consulting - Gold Award" by the 1111 Job Bank.
- Won the "Euro Clearing Elite Quality Recognition Award" from JPMorgan Chase Bank and the "Straight-through Processing (STP) Award" from Bank of New York Mellon.

Corporate Governance

- Won the "TCH eFCS Specific Write-off Operations Promotion Award" given by Taiwan Clearing House.
- Received the "Golden Security Award" given by the Joint Credit Information Center of to the outstanding institution in the implementation of credit information security control, and the "Golden Excellence Award" given to the excellent institution on the credit information inquiry.
- Won the "Excellent Award for the Growth of Credit Guarantee Financing Amount Submitted by New Southbound Countries" and the "Excellent Award for Credit Guarantee Submitted on COVID-19 Projects" given by the Overseas Credit Guarantee Fund (Taiwan).
- Selected the excellent performance bank for the 5th phase of the "New Southbound Policy Target Countries Credit Extending Program" by the Financial Supervisory Commission.
- Won the "Excellent Performance Award for Debt Collection of Credit Guarantee Cases" by the Small & Medium Enterprise Credit Guarantee Fund of Taiwan.
- Passed the 2022 Taiwan Intellectual Property Management System (TIPS) re-certification with Level A (subject matter: trademark and patents).
- Won the ranking of "TOP 5000 Large Enterprises in Taiwan" by by China Credit Information Service, Ltd. (CRIF).
- Won the "Best Customer Recommendation Award" by the Wealth Magazine on the Wealth Management Awards.
- Won the 2022 Taiwan Excellent Trademark Award - "Innovative Design Excellence Award" given by Economic Daily News .
- Ranked 467th bank in Tier 1 Capital among the top 1000 banks around the world by *The Banker*, a British magazine in 2022, and continuously maintaining the rank among of the world's top 500 bank.
- Won the "Excellence and Best Customer Recommendation Award" and "Best New Southbound Contribution Award" by the Excellence Bank Evaluation.

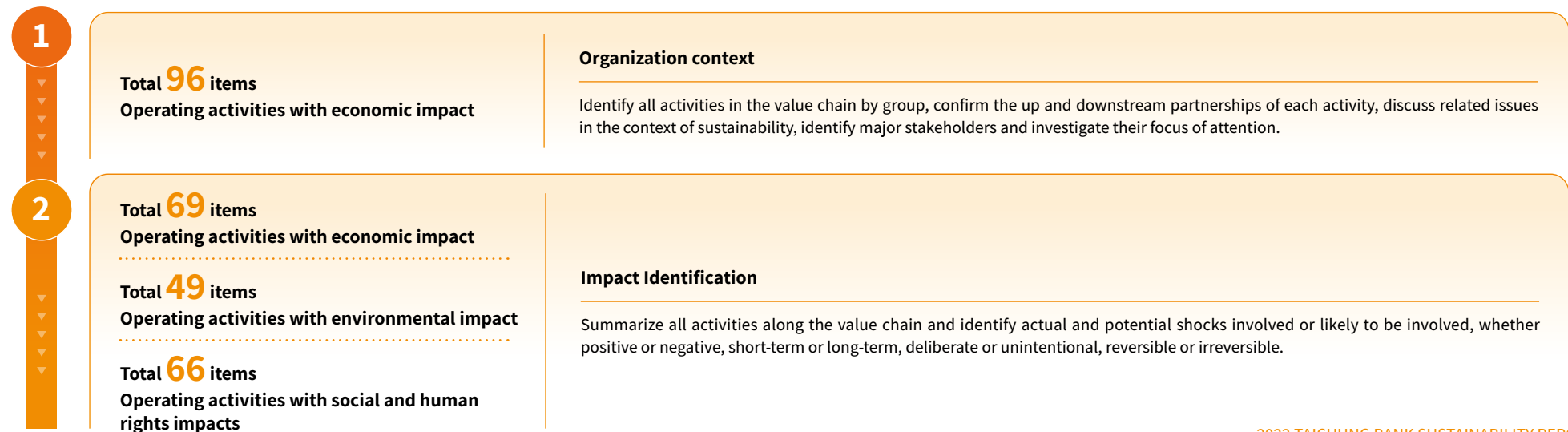
1.3 External Initiatives and Important Exchanges of Opinion

To promote domestic financial industry development and enhance employees' professional learning abilities, the Bank not only actively communicated and negotiated with stakeholders, but also participated in important public and registered associations or organizations relating to sustainability and the financial industry, and conducted exchanges on important issues; communicated on important issues, worked together to continuously promote the steady development of the financial industry:

The Bankers Association of the Republic of China (BAROC)	Taiwan Academy of Banking and Finance
Taiwan Financial Services Roundtable (TFSR)	Financial Information Service Co., Ltd.
Taichung City Bankers Association	Lions Club International
Trust Association of R.O.C. (TAROC)	Rotary Club
Taiwan Mobile Payment Co., Ltd.	Junior Chamber International
National Credit Card Center of R.O.C.	Kiwanis International

1.4 Stakeholder Engagement

The Bank's regular materiality assessment is an important foundation for corporate risk review and the reporting quality of the sustainability report. Following the recommendations of the GRI Standards (2021 version), Taichung Commercial Bank has identified and disclosed major issues in 2022 through the following four steps:



3

Top 3 positive impact activities | Integrity Management, Corporate Governance; Climate Change Response

The top 3 negative impact activities | Climate Change Response, FinTech and Innovation, Information Security and Personal Data Protection

Level of Significance

Integrate the impact identification results of economy, environment, society and human rights. The size of the positive impact that have occurred is judged based on scope and scale, and the irreparability of negative impact is considered; the potential positive and negative impact are judged by their occurrence rate.

4

**Total decisions 12 items
 Significant positive impact issues**

**Total decisions 9 items
 Significant negative impact issues**

Decision of Significance

Summarize all activities into sustainable issues, and draw a materiality matrix based on the size of positive and negative impacts and the degree of concern of stakeholders.



1 Organization Context

In order to more accurately grasp the connection between the issues of concern to stakeholders and the long-term value creation of the Bank, the Bank refined the materiality analysis method in 2022. Additionally, the Bank convened the Sustainable Development Implementation Team of members of its corporate governance, customer service, environmental sustainability, employee care, and social welfare teams to jointly discuss and identify stakeholders based on the spirit of the AA 1000 Accountability Principles, taking into account the relevant cases from various business development departments and the financial industry, and to determine the eight categories of stakeholders as follows: employees, customers, suppliers, shareholders, government, reporters, contractors, trade unions.



2 Impact Identification

In the process of identifying impact significance, the Bank divided them into positive and negative impacts. Consideration factors for positive impacts include actual impacts (scale, scope) and potential occurrence. Negative impact considerations include actual impact (scale, scope, irreparability) and potential occurrence. Among Taichung Bank's 96 operating activities, 69 have economic impacts; 49 activities have environmental impacts, and the significance score of negative impacts is about twice that of positive impacts; 66 operating activities have social and human rights impacts, with the significance of positive social impact higher than that of negative impact.



3 Level of Significance

Based on the impact assessment results of three aspects: economy, environment, society and human rights, the significance of the comprehensive negative impact generated by all of the Bank's operating activities is higher than the comprehensive positive impact. After summarizing the 96 operating activities into 18 sustainable issues, the main stakeholders were asked about the level of concern for each issue. The number of returned questionnaires was 89 from employees, 33 from customers, 24 from suppliers, 15 from shareholders, 11 from the government, 9 from reporters, 7 from contractors, and 5 from trade unions, totaling 193.



Employees

Impact to Company

Employees are the foundation of corporate operations. The Bank focuses on the work experience and professional development of each employee, provides diverse and comprehensive on-the-job training and clear career planning, so employees can thrive in the organization and identify with the company, creating a harmonious labor relationship for the enterprise and the society.

Top 3 Topics of Concern

1. Talent Cultivation and Development
2. Operation and Financial Performance
3. Labor Relations

Corresponding Approach

- Talent Cultivation and Development: Arrange various professional training courses and IDP (Individual Development Plan) according to the Bank's annual education and training policy in "Key Points for the Implementation of Education and Training of New Recruits".
- Operation and Financial Performance: Through the official website of Taichung Bank, shareholders' meetings, investor conferences, annual reports, financial reports, and public information announced to the competent authority, the Bank's financial status and operating performance are informed.
- Labor Relations: Regularly hold labor-management meetings, or provide channels, report/email and other communication channels to listen to labor-management suggestions to protect the rights and interests of employees.



Customer

Impact to Company

Customers are the lifeline of the company, and customers' intentions affect the future development direction of the Bank. Taichung Commercial Bank's core value is "Customer First." We have always attached great importance to the rights and interests of our consumers, and will always listen to their concerns to improve the Bank's product suitability planning, and ultimately give customers the best financial services.

Top 3 Topics of Concern

1. Integrity Management
2. Human Rights and Equality
3. Talent Cultivation and Development
3. Green Activities

Corresponding Approach

- Integrity Management: The Bank has formulated relevant regulations such as "Procedures for Ethical Management and Guidelines for Conduct" and "Professional Ethics and Behavioral Guidelines for Financial Management Professionals" to implement integrity management policy, actively prevent dishonest behavior, and maintain customers' trust in the Bank.
- Human Rights and Equality: In order to respect fundamental human rights recognized internationally, the Bank follows relevant United Nations international human rights conventions/principles/declarations, etc., and has formulated the "Taichung Commercial Bank Human Rights Policy" to protect the basic human rights of relevant stakeholders.
- Talent Cultivation and Development: The Bank formulated the "Taichung Commercial Bank's Service Quality Improvement and Assessment Guidelines" and conducts various business education and training, strengthens staff service etiquette, and improves business functions to create a better customer experience. Additionally, to encourage employees to actively pursue financial related certificates to improve their professional functions, reward and subsidy measures were formulated.
- Green Activities: In addition to incorporating sustainable elements into the Bank's investment and financing, news of green activities are also shared on our platforms, where we the Bank can pay attention to and participate in relevant activities with our customers.



Suppliers

Impact to Company

The goods and services provided by suppliers directly or indirectly affect the service experience provided by the Bank to customers. By selecting high-quality suppliers at the starting point as the Bank's green development goal, gradually from top to bottom, we extend and build a sustainable supply chain that is friendly to the environment.

Top 3 Topics of Concern

1. Legal Compliance and Anti-money Laundering
2. Information Security and Personal Data Protection
3. Human Rights and Equality

Corresponding Approach

- **Legal Compliance and Anti-money Laundering:** In order to practice corporate social responsibility, the "Taichung Commercial Bank Co., Ltd. Sustainable Development Code" was formulated to urge suppliers to implement relevant regulations on matters such as environmental protection, occupational safety and health, or labor rights.
- **Information Security and Personal Data Protection:** Based on the business relationships, when providing internal information to external units, to confirm the legitimacy of companies engaging in entrusted personal data operations, the Bank has formulated the "Guidelines for Personal Data Management". Moreover, in addition to the competent authority, the person in charge of the project must stipulate the items specified in the outsourcing contract per regulations, and require the external unit to sign the "Supplier Confidentiality Agreement". External units without company representation or in absence of confidentiality contracts are required to sign a "Personal Confidentiality Agreement" to protect their rights and interests.
- **Human Rights and Equality:** In addition to complying with relevant labor laws and regulations, the Bank has formulated the "Taichung Commercial Bank Human Rights Policy" which includes provisions on equal opportunities and diversity and inclusiveness, healthy and safe workplace, freedom of association, labor-management consultation, and privacy protection. Moreover, the official website of Taichung Bank, hotline, written mail/e-mail, and other communication channels are provided for customers to use.



Shareholders

Impact to Company

Shareholders are an important driving force in the Bank's sustainable operation, and long-term supporters of the company's operating decisions and strategies, while injecting and consolidating the Bank's working capital. In order to enable shareholders to truly grasp the operating dynamics, the Bank has strengthened the quality of disclosed information and communicated with investors, so as to live up to the trust of shareholders.

Top 3 Topics of Concern

1. Operation and Financial Performance
2. Integrity Management
3. Energy Saving and Carbon Reduction

Corresponding Approach

- **Operation and Financial Performance:** Through the official website of Taichung Bank, shareholders' meetings, investor conferences, annual reports, financial reports, and public information announced to the competent authority, the Bank's financial status and operating performance are informed.
- **Integrity Management:** Based on the business philosophy of integrity, transparency and responsibility, the Bank not only formulates integrity policies, regularly analyzes and evaluates the risk of dishonest behavior within the scope of business, but also signed a statement of compliance with the "Code of Due Diligence and Governance for Institutional Investors", and formulated the "Taichung Commercial Bank Due Diligence Policy". The official website of Taichung Bank discloses the implementation of honest management and has established communication channels such as investor contact portal and whistleblower mailbox to strengthen the implementation of honest management and safeguard shareholders' rights and interests.
- **Energy saving and carbon reduction:** Disclose the annual greenhouse gas inventory report on the official website of Taichung Bank, and plan to carry out Solar Photovoltaics Construction in two branches every year, and apply for green energy certificates.



Government

Impact to Company

The financial industry is highly supervised by the competent authorities. In order to respond quickly and accurately to the requirements of the competent authorities, Taichung Bank keeps abreast of the latest laws and regulations, and formulates various internal measures to respond to relevant government policies, and fulfills our duties in the financial industry.

Top 3 Topics of Concern

1. Treating Customers Fairly
2. Risk Management
3. Labor Relations

Corresponding Approach

- Treating customers fairly: To implement the Treating Customers Fairly Principles and shaping a fair treatment culture, this year, the Bank set up a Treating Clients Fairly Committee, and formulated related establishment methods, policies and strategies.
- Risk Management: To meet and exceed the requirements and expectations of the competent authorities on the Bank's various risk indicators and ensure the Bank's various risk tolerance capabilities, the aforementioned information will be regularly disclosed on the official website of Taichung Bank.
- Labor Relations: Regular labor-management meetings are held in accordance with the relevant labor laws and regulations and the relevant measures of the Bank.



Reporters

Impact to Company

The media is an important partner for a company to enhance its positive brand image. It assists the Bank in conveying corporate value to the public, and a key channel for exerting corporate influence.

Top 3 Topics of Concern

1. Labor Relations
2. Energy Saving and Carbon Reduction
3. Green Activities

Corresponding Approach

- Labor Relations: In order to create a happy and healthy workplace, in addition to complying with labor laws and regulations, the Bank also implements many measures to care for and benefit employees that are superior to statutory ones, so as to promote harmony between labor and management.
- Energy Saving and Carbon Reduction: In order to practice green energy development, in terms of sustainable environmental management, the Bank has obtained greenhouse gas inventory and external verification of the environmental management system, and disclosed it on the official website of Taichung Bank.
- Green Activities: Formulated social media management procedures for the Bank's channels (Facebook, Instagram) and established a hierarchy for reviewing press releases to maintain the correctness of the bank's ESG activities and corporate image.



Contractor

Impact to Company

In response to the international trend of sustainable development, the Bank has worked with more partners to fulfill its sustainable development responsibilities and commitments, such as abiding by good moral goals, emphasizing labor rights and promoting environmental sustainability.

Top 3 Topics of Concern

1. Risk Management
2. FinTech and Innovation
3. Operation and Financial Performance

Corresponding Approach

- Risk Management: The Bank has signed as the Supporter of TCFD promulgated by FSB. In order to enhance the financial disclosure of climate risks, relevant information is disclosed in the Chapter 5 of the report, *Protective Heart*, based on the four frameworks.
- FinTech and Innovation: In response to future trends in financial technology innovation, the Bank is focused on developing four major platforms: applications, data, reporting, and monitoring. Additionally, it has established internet operation standards to safeguard the bank's finances, reputation, customer assets, and stakeholders' data security. The Bank also implemented anti-fraud alert mechanisms across various digital channels to reduce the incidence of phishing fraud cases.
- Operation and Financial Performance: The Bank published various financial data and reports on the legally regulated platform as scheduled, and urged business units to achieve their annual budget goals through internally formulated "Comprehensive Performance Evaluation of Business Units" to ensure profitability and operational performance.



Unions

Impact to Company

It is one of the main bridges for communication between the company and employees, advocating for the rights that employees deserve. It enables employees to participate in the Bank's operational decision-making, leading them to pay more attention to public issues, and assisting the company in implementing the principles of fairness and justice.

Top 3 Topics of Concern

1. Workplace Health and Safety
2. Sustainable Supply Chain
3. Social Care

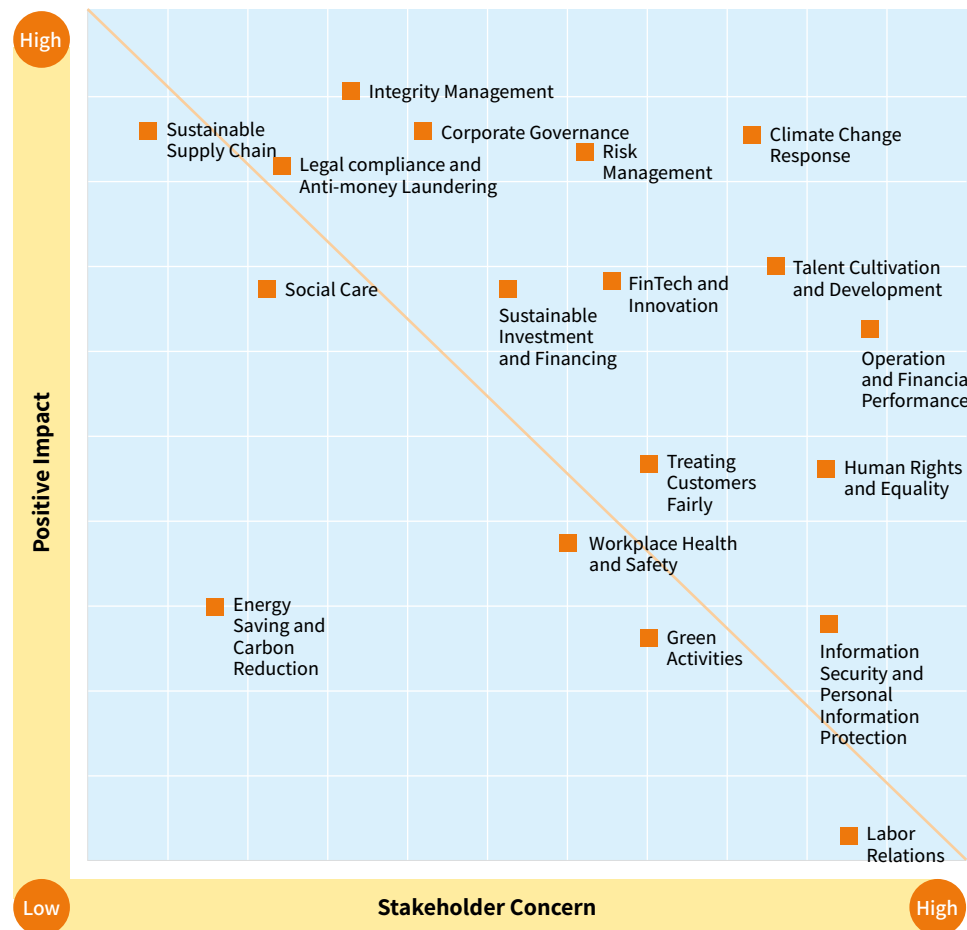
Corresponding Approach

- Workplace Health and Safety: In order to ensure the safety and health of employees, the Bank has established the "Safety and Health Guidelines" in accordance with the "Occupational Safety and Health Act". The Bank also discloses the training achievements of occupational safety and health personnel, health examination rates, safety drill scenarios, and statistics on occupational accidents in the report. Sustainable Supply Chain:
- Sustainable Supply Chain: The daily procurement of meals for the employees' cafeteria is sourced from Taiwan's seasonal agricultural products, avoiding processed and preserved items to reduce carbon emissions. For indoor decoration, simplicity and practicality are prioritized, and high-energy-efficient air conditioning equipment is used. Additionally, LED lights are fully adopted in new construction and renovation projects.
- Social Care: With a grateful heart, we encourage employees to voluntarily organize various community service activities. Furthermore, we promote a mechanism where employees can exchange their volunteer work during holidays for vacation rewards.

4 Major Decisions

Using stakeholder concern as the X-axis and positive/negative impact as the Y-axis, a matrix diagram of material issues is plotted. From the matrix of positive impact, 12 material issues with high levels of concern and impact are identified. From the matrix of negative impact, nine material issues are selected as key content for disclosure in the report, totaling 13 material issues. Compared to the previous reporting period, the table below shows the differences in material issues for 2022:

Environmental Aspect	Newly added Climate Change Response	Deleted Greenhouse Gas Emissions, Energy Saving and Carbon Reduction; Green Procurement	
Social Aspect	Newly added Human Rights and Equality; Treating Customers Fairly	Deleted Protection of Customers' Rights and Interests; Employees Welfare	Adjusted Talent Cultivation and Development
Governance Aspect	Newly added FinTech and Innovation	Deleted Product and Service Quality, Sustainable Management; Sustainable Credit Extending Policy	Adjusted Legal Compliance and Anti-money Laundering, Operation and Financial Performance, Information Security and Personal Data Protection; Sustainable Investment and Financing



5 Management Practices

Material Issues - Corporate Governance

GRI TOPIC		205 Anti-corruption; 206 Anti-competitive Behavior; GRI 2 2-9-2-21
Impact	Positive	To protect shareholders' rights, to incentivize companies to optimize resources, and to improve efficiency to enhance corporate competitiveness with a sound corporate governance system.
Policy		"Rules of procedures for Board of Directors Meetings" "The Corporate Governance Best Practice Principles" "Rules Governing the Scope of Powers of Independent Directors" "Rules for Performance Evaluation of Board of Directors and Functional Committees"
Agreement		By utilizing a professional and independent board of directors to effectively make key decisions and exercise responsible oversight allows the company to garner favor from investors and establishes a solid communication bridge between the company and regulatory authorities.
Negotiation Parties		Shareholders, Competent Authorities
Negotiation Channels		<ul style="list-style-type: none"> Shareholders Services Dept: (02)2395-7388 (04)2223-6021#5588, #5525 Audit Committee number and e-mail: (04)2221-7619/supervisor@tcbbank.com.tw
Negotiation Frequency		<ul style="list-style-type: none"> Irregular Annual shareholder meeting Published annually in the annual report
Project/Action		Enhance the corporate governance framework by establishing functional committees (Audit Committee, Remuneration Committee, Corporate Governance and Nomination Committee, Risk Management Committee, Treating Clients Fairly Committee) under the Board of Directors.
Performance Index		<ol style="list-style-type: none"> Board performance evaluation Ranking of corporate governance evaluation for TWSE Listed Companies
Objectives	Short Term	Review and revise the Bank's corporate governance-related regulations based on the corporate governance evaluation indicators announced by Taiwan Stock Exchange (TWSE) and the Corporate Governance Best Practice Principles.
	Mid Term	In response to global trends, deepen the connection between board performance evaluation and ESG considerations.
	Long Term	In accordance with the "Corporate Governance 3.0 - Sustainable Development Blueprint," enhance corporate governance measures, continuously enhance the functions of the board of directors, and create sustainable value for the company.
SDGs Alignment		Goal 16 Peace, Justice and Strong Institutions 16.7 Ensure responsive, inclusive, participatory, and representative decision-making at all levels.

Material Issues - Integrity Management

GRI TOPIC		GRI 2 2-15, 27
Impact	Positive	Adhering to the principle of integrity as the foundation of business philosophy enables fulfilling social responsibilities and enhancing corporate image.
Policy		<p>"Ethical corporate Management Best Practice Principles"</p> <p>"Procedures for Ethical Management and Guidelines for Conduct"</p> <p>"Rules to Prevent Insider Trading between Taichung Commercial Bank and Investment Enterprises"</p> <p>"Procedures for Handling Material Inside Information"</p> <p>"Code of Conduct for Directors and Executives"</p> <p>"Procedures for Handling Whistleblower Cases"</p> <p>"Code of Conduct for Employees"</p>
Agreement		Based on the principles of integrity, transparency, and accountability, we establish policies grounded in honesty and conduct our business activities in a fair and transparent manner, aiming to achieve sustainable management.
Negotiation Parties		Shareholders, competent authorities, customers
Negotiation Channels		<ul style="list-style-type: none"> Whistleblowing mailbox: rcu@tcbbank.com.tw Whistleblowing Hotline: (04)2224-9775
Negotiation Frequency		<ul style="list-style-type: none"> Irregular Published in the annual report
Project/Action		The Corporate Governance and Nomination Committee regularly reviews the integrity management policy and evaluates the implementation results.
Performance Index		Report on the Risk Assessment of unethical Behavior
Objectives	Short Term	Committed to continuously implementing education and training programs for directors, senior executives, and all employees to enhance the professionalism of the board of directors and foster a culture of integrity.
	Mid Term	Optimizing the methodology for assessing the risk of unethical behavior.
	Long Term	Continue to cooperate in formulating legal and regulatory measures to ensure integrity in operations, strengthen the corporate culture of integrity, and implement relevant anti-fraud measures.
SDGs Alignment		<p>Goal 16 Peace, Justice and Strong Institutions</p> <p>16.6 Develop effective, accountable, and transparent institutions at all levels.</p>

Material Issues - Risk Management

	GRI TOPIC	GRI 2 2-24
CH1 Enterprising Heart	Impact	Positive Implement risk management and promote the sound operation and development of the Bank, ensure the quality of assets and finances, and achieve sustainable business goals.
		Negative If the Bank fails to effectively respond to significant unexpected events, resulting in operational disruptions that affect customers' rights and interests, it will have a negative impact on the Bank's achievement of sustainable business goals.
CH2 Genuine Heart	Policy	"Market risk management policy" "Liquidity risk management policy" "Credit risk management policy" "Operational risk management policy"
	Agreement	Based on the business scale and risk level, various risk management mechanisms are established to implement risk management systems and control procedures, aiming to effectively manage risks.
CH3 Our Hearts	Negotiation Parties	Investors, regulatory authorities, internal managers
	Negotiation Channels	<ul style="list-style-type: none"> Capital adequacy and risk management disclosure information are publicly disclosed on the official website of Taichung Bank every six months. They are disclosed in the annual report and sustainability report every year.
CH4 United Hearts	Negotiation Frequency	<ul style="list-style-type: none"> Disclosures are made every six months on the official website of Taichung Bank. They are disclosed annually in the annual report and sustainability report.
	Project/Action	In compliance with regulatory amendments by competent authorities, considering the business development of the Bank, and in response to organizational structural adjustments, regular reviews and revisions of risk management processes and policy measures are conducted to effectively and accurately assess the risks faced.
CH5 Protective Heart	Performance Index	<ol style="list-style-type: none"> Adhere to the "Bank Capital Adequacy and Capital Level Management Regulations" to prevent systemic risks. Attendance rate of directors in the Risk Management Committee. Enhance risk management and monitoring mechanisms to facilitate the sustainable development of the Bank.
CH6 Caring Hearts	Objectives	Short Term <ol style="list-style-type: none"> Meet the statutory ratios. Achieve 100% attendance rate. Review and adjust relevant policies, optimize risk management dashboard, and establish climate risk management monitoring.
		Mid Term <ol style="list-style-type: none"> Meet the statutory ratios. Achieve 100% attendance rate. Strengthen and enhance risk management dashboards, review and adjust, and optimize climate risk quantification monitoring.
		Long Term <ol style="list-style-type: none"> Meet the statutory ratios. Achieve 100% attendance rate. Continuously enhance risk management dashboard monitoring and management, and improve the accuracy of climate risk quantification value monitoring.
	SDGs Alignment	Goal 16 Peace, Justice and Strong Institutions 16.10 Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements.

Material Issues - Operation and Financial Performance

GRI TOPIC		201 Economic Performance	
Impact	Positive	Expanding and deepening the image and trust of stakeholders in the Bank contributes to the advancement of various business initiatives.	Financial performance is a reflection of the stability and efficiency of business operations. Improving operation and financial performance enhances employees' and shareholders' confidence in and support of the company's future development, enjoying a favorable reputation and facilitating development in various aspects of the company.
	Negative	Poor or declining operation and financial performance will impact employee and shareholder confidence, raise concerns about the company's operations, and result in a sense of mistrust.	
Policy		"Articles of Incorporation" "Shareholders' Meeting Rules" "Budget Preparation, Review, and Implementation Guidelines"	
Agreement		Expand the international financial footprint and strive towards the goal of becoming a global international commercial bank.	By strengthening financial structure and cost control, we aim to continuously create stable operation and financial performance that benefits all stakeholders, contributing to our sustainable development goals.
Negotiation Parties		Customers, shareholders, investors	
Negotiation Channels		<ul style="list-style-type: none"> Monthly disclosure of financial and business information. Quarterly disclosure of financial information on the Public Information Platform and the official website of Taichung Bank. 	
Negotiation Frequency		<ul style="list-style-type: none"> Annual shareholder meetings, and publication of annual reports to announce financial condition and operating performance. 	
Project/Action		<ol style="list-style-type: none"> Gradually expanding into New Southbound markets, strengthening the network of financial services in Southeast Asia. Establishing branch offices in underserved financial areas, and promoting local finance and balanced urban-rural development. 	
Performance Index		Establishment of additional branches	
Objectives	Short Term	90 locations	
	Mid Term	95 locations	
	Long Term	100 locations	
SDGs Alignment		Decent Work and Economic Growth 8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance, and financial services for all. Goal 17 Global Partnerships for the Goals 17.14 Enhance policy coherence for sustainable development.	

Material Issues - Information Security and Personal Data Protection

GRI TOPIC		418 Customer Privacy
Impact	Positive	By implementing robust management systems, we can protect against intentional or accidental threats from both internal and external sources. Regarding personal data protection, we adhere to the PDCA (Plan-Do-Check-Act) cycle, enhance employee awareness of information security, and ensure the protection of personal data to safeguard customers' rights and interests and earn trust.
	Negative	Lack of awareness among personnel regarding information security and personal data protection can make them vulnerable to intentional or accidental threats and attacks from both internal and external sources. This can lead to significant cybersecurity incidents such as operational disruptions or personal data breaches.
Policy		"Information Security Policy" "Operating Guidelines for Information Security Organization" "Operating Guidelines for Information Security Management System" "Operating Guidelines for Information Security Documentation and Record Management" "Operating Guidelines for Information Personnel Security Management"
Agreement		Build a robust financial transaction environment and safeguard customer data while enhancing the stability and reliability of digital financial services, and elevating customer satisfaction and trust. Dedicate efforts to prevent and mitigate the risks of information security incidents.
Negotiation Parties		Customers, Employees
Negotiation Channels		<ul style="list-style-type: none"> Customers: "The official website of Taichung bank" and "contact us" sections, 24-hour customer service hotline: Nationwide landline direct dial 4499888 (For mobile phones and outlying islands, please add 04)/0809-096888 Postal address: P.O. Box 78, Min Chuan Road Post Office, Taichung Employees: Email, telephone contact the IT Security/Personal Data Protection Department
Negotiation Frequency		Irregular
Project/Action		<ol style="list-style-type: none"> Obtain verification such as ISO 27001 Information Security Management System and BSI 10012 Personal Information Management System. Implement ISO 22301 Business Continuity Management System. Complete computer system information security assessment operations, including vulnerability scanning, penetration testing, DDoS attack simulation, and social engineering exercises.
Performance Index		Customer complaint cases
Objectives	Short Term	0 cases
	Mid Term	0 cases
	Long Term	0 cases
SDGs Alignment		Goal 16 Peace, Justice and Strong Institutions 16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all.

Material Issues - Legal Compliance and Anti-money Laundering

GRI TOPIC		GRI 2 2-27
Impact	Positive	Banks are required to strictly adhere to all financial regulations(including anti-money laundering) , and internal control system requirements.To avoid penalties from regulatory authorities and mitigate compliance risks, measures such as establishing regulatory frameworks, designing implementing control mechanism of operational processes, and conducting educational training and awareness campaigns are implemented to prevent or minimize factors that may adversely affect the Bank itself. Additionally, maintaining a clean compliance record enables the Bank to apply for new business initiatives or branch establishment with regulatory authorities.
	Policy	"Regulations for Regulatory Compliance System implementing" "Guidelines for Reporting Regulatory Compliance Incidents" "The Measure for Management on Transactions other than Credit Extension with Interested parties" "Procedure for Handling Whistleblowing Cases" "The Guideline for Intellectual Property Management" "The Guidelines of Anti-Money Laundering and Counter Terrorism Financing" "Measures for Assessing Money Laundering and Terrorism Financing Risk and Adoption of Prevention Program" "Guidelines on Responsibilities of the Three Lines of Defense of Anti-Money Laundering and Counter Terrorism Financing" "The Groups Plan and Policy of Anti-money Laundering and Countering the Financing of Terrorism" "Guidelines on Comprehensive Assessment of Money Laundering and Terrorism Financing Risks" "Guidelines on Assessment of Customer Money Laundering and Terrorism Financing Risks and Customer Due Diligence" "Guidelines on Anti-Money Laundering and Counter Terrorism Financing Name Screening" "Guidelines on Monitoring and Reporting of Suspicious Transactions" "The Measure of Personal Data File Security Protection" "Guidelines on Personal Data Protection and Maintenance" "Guidelines on Personal Data Management" "Guidelines on Personal Data Operation" "Guidelines on Implementation of Personal Data Management System"
	Agreement	During operational processes, evaluate and establish management measures related to regulatory compliance, and implement the risk management system and control operations for compliance, in order to effectively manage compliance risks.
	Negotiation Parties	Investors, regulatory authorities, internal managers
	Negotiation Channels	"The official website of Taichung bank" and "contact us" sections
	Negotiation Frequency	Irregular
	Project/Action	In accordance with the announced penalty cases, interpretations, and regulatory amendments by the regulatory authorities, evaluate and handle the review and revision of internal regulations, operational procedures, and relevant business manuals of the Bank.
	Performance Index	The ratio of qualified personnel of compliance and anti-money laundering measures.in managerial positions in each unit.
Objectives	Short Term	60%
	Mid Term	80%
	Long Term	100%
SDGs Alignment		Goal 16 Peace, Justice and Strong Institutions 16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all.

Material Issues - Treating Customers Fairly

GRI TOPIC		417 Marketing and Labeling
Impact	Positive	Customers can experience professional and consistent service from the bank, and they can provide feedback for us to handle promptly, creating a positive feedback loop.
Policy		"Treating Customers Fairly Policy of Taichung Commercial Bank" "Treating Customers Fairly Strategy of Taichung Commercial Bank"
Agreement		With a focus on customer experience as the core, continuously promote sustainable innovation and inclusive financial services.
Negotiation Parties		Customers, competent authorities
Negotiation Channels		<ul style="list-style-type: none"> "The official website of Taichung bank" and "contact us" sections, 24-hour customer service hotline: Nationwide landline direct dial 4499888 (Please add 04 for mobile phones and outlying islands)/0809-096888
Negotiation Frequency		Irregular
Project/Action		<ol style="list-style-type: none"> Establishing a Treating Customers Fairly Committee. Conducting education and training on treating customers fairly.
Performance Index		Customer complaint cases
Objectives	Short Term	180 cases
	Mid Term	165 cases
	Long Term	150 cases
SDGs Alignment		Goal 8 Decent Work and Economic Growth 8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance, and financial services for all.

Material Issues - Sustainable Investment and Financing

GRI TOPIC		201 Economic Performance		
Impact	Positive	Expand sustainable financing, leverage financial influence, urge customers to transform, and promote the development of enterprises that have a positive impact on the environment and society.	Promote the willingness of the public to connect to sewage systems to improve the quality of home living and enhance the banking industry's sustainable contributions to the environment and society.	Incorporate ESG assessment into the investment process and implement responsible investment principles by continuously monitoring invested companies and engaging with them, influencing their path towards sustainability.
	Negative	In line with sustainable financing and international trends, there's concern of potential customer attrition, or potential impact on revenue from loan interest due to providing preferential conditions for sustainable financing. This may result in an impact on operations.	The spatial and temporal distribution of precipitation in Taiwan is uneven, making it susceptible to the effects of climate change, which will impact the water demand of the population.	As domestic and international ESG-related regulations become increasingly stringent, failure to carefully assess the ESG risks of invested companies may potentially increase operation and profitability risks.
Policy		"Credit Policy" "Operational Guidelines for Solar Photovoltaic Power Generation Equipment Financing Project" "Operational Guidelines for Taichung Bank's Certain Factories Transformation Financing Project" "Operational Guidelines for Taichung Bank's Youth Entrepreneurship and Startup Fund Loan"	"Operational Guidelines for Sewage and Sewer Drainage Equipment Piping financing"	"Due diligence governance policy"
Agreement		Uphold the spirit of the Equator Principles, and implement sustainable investments in Taichung Commercial Bank, incorporate ESG considerations into financial products, and increase the Bank's ESG lending amount to promote sustainable development in the industry.	Assist the government in promoting the construction of sewage drainage systems and enhance the efficiency of sewage user takeover projects.	Statement of adherence to the "Code of Due Diligence and Governance for Institutional Investors"
Negotiation Parties		Customers	Customers and competent authorities	Investee company
Negotiation Channels		<ul style="list-style-type: none"> Corporate Banking Department (04)2223-6021 	<ul style="list-style-type: none"> "The official website of Taichung Bank" and "contact us" sections Consumer Banking Department (04)2223-6021#6870 	<ul style="list-style-type: none"> Communicate with the management level through written correspondence, email, telephone, meetings, or participation in conferences. Express opinions at shareholder meetings. Propose resolutions at shareholder meetings. Participate in shareholder voting.
Negotiation Frequency		Irregular	Irregular	Irregular
Project/Action		"Young Entrepreneurship and Start-up Fund Loan Project."	"Sewage and Sewer Drainage Equipment Piping Financing Project"	Incorporate ESG assessment into the investment process.
Performance Index		Yearly ESG credit business New commitment amount	Sewage and drainage equipment pipeline financing project transfer rate	ESG investment proportion
Objectives	Short Term	Yearly ESG credit business New commitment amount NT\$8 billion.	10%	Establish responsible investment and risk assessment processes.
	Mid Term	Yearly ESG credit business New commitment amount NT\$10 billion.	15%	Establish positions in sustainable development financial products.
	Long Term	Yearly ESG credit business New commitment amount NT\$15 billion.	20%	Increase the investment proportion in sustainable development financial product positions.
SDGs Alignment		<p>Goal 8 Decent Work and Economic Growth</p> <p>8.2 Enhance the productive capacity of the economy through diversification, technological upgrading, and innovation, with a focus on high value-added and labor-intensive industries.</p> <p>8.3 Encourage formalization and growth of micro, small, and medium-sized enterprises, including access to financial services channels.</p> <p>8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance, and financial services for all.</p> <p>Goal 9 Industry, Innovation and Infrastructure</p> <p>9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.</p>	<p>Goal 6 Clean Water and Sanitation</p> <p>6.b. Support and strengthen the participation of local communities in improving water and sanitation management.</p> <p>Goal 9 Industry, Innovation and Infrastructure</p> <p>9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.</p>	<p>Goal 8 Decent Work and Economic Growth</p> <p>8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance, and financial services for all.</p>

Material Issues - Climate Change Response

GRI TOPIC		201 Economic Performance \ 305 Emissions	302 Energy
Impact	Positive	Enhance the Bank's climate change risk monitoring and management mechanisms in accordance with government climate-related policies and regulations	In the medium to long term, reducing greenhouse gas emissions and increasing self-sufficiency in renewable energy can enhance business resilience and drive towards climate-friendly development.
	Negative	Conform to government policies aiming to achieve net-zero goals may result in more stringent requirements for greenhouse gas emissions reduction, energy efficiency, and electricity consumption. This could potentially increase operational costs.	In the short term, it may result in potential impacts such as an increase in the scope of feasible business activities and higher costs associated with equipment installation.
Policy		"Taichung Commercial Bank Co., Ltd. Sustainable Development Code" "Taichung Commercial Bank Risk Management Policy."	"Taichung Commercial Bank Co., Ltd. Sustainable Development Code"
Agreement		In order to implement climate risk management and financial-related disclosures, the Bank officially signed as the Supporter of TCFD in June 2022.	Implement environmental protection and energy-saving measures in accordance with government policies.
Negotiation Parties		In order to implement climate risk management and financial-related disclosures, the Bank officially signed as the Supporter of TCFD in June 2022.	General public, employees, customers, suppliers
Negotiation Channels		<ul style="list-style-type: none"> Public disclosure on the official website of Taichung Bank, in annual reports, and sustainability reports. 	<ul style="list-style-type: none"> Public disclosure on the official website of Taichung Bank, in annual reports, and sustainability reports.
Negotiation Frequency		Annually	Annually disclosed
Project/Action		Annually, we publicly disclose TCFD in accordance with its four pillars and report to regulatory authorities. Additionally, a risk management report is submitted on a quarterly basis to monitor the Bank's climate risks and develop contingency policies based on climate analysis results. We regularly review climate-related information and data for policy adjustments in the future. We are fully committed to addressing and mitigating the impacts of climate change on the bank.	<p>1. Energy:</p> <ol style="list-style-type: none"> Gradually replace energy-consuming equipment. Install Solar Photovoltaics Construction in two company-owned buildings annually. Use electric vehicles, hybrid vehicles, or fuel cell electric vehicles as official vehicles. <p>2. Environment: Review work environment with ISO 14001 environmental management system.</p>
Performance Index		Implement the TCFD and enhance climate risk management and monitoring.	<ol style="list-style-type: none"> Reduction in electricity consumption. Certified by ISO 14001 environmental management system.
Objectives	Short Term	<ol style="list-style-type: none"> Identify the correlation between climate risks and traditional risks. Develop climate risk management mechanisms, and establish climate change risk scenario analysis procedures. Annually, publicly disclose TCFD following its four pillars and report to regulatory authorities. A risk management report is submitted on a quarterly basis to monitor the Bank's climate risks. 	<ol style="list-style-type: none"> A 1% reduction in per capita electricity consumption annually. Verified by ISO 14001 environmental management system. The Headquarters has passed the verification.
	Mid Term	<ol style="list-style-type: none"> Implement comprehensive climate risk management throughout the bank and review, adjust, and strengthen policies related to climate risk monitoring and management. Annually, publicly disclose TCFD following its four pillars and report to regulatory authorities. A risk management report is submitted on a quarterly basis to monitor the Bank's climate risks. 	<ol style="list-style-type: none"> Reduce electricity consumption per capita by 1% annually. Add 2 operational locations.
	Long Term	Annually, publicly disclose TCFD in accordance with its four pillars and report to regulatory authorities. The Risk Management Committee and the Board of Directors report on monitoring the Bank's climate risks on a quarterly basis.	<ol style="list-style-type: none"> Reduce electricity consumption by 10% compared to 2021. Add 4 operational locations.
SDGs Alignment		<p>Goal 13 Climate Action</p> <p>13.2 Integrate climate change measures into national policies, strategies and planning.</p> <p>13.3 Enhance institutional and staff capacity to respond to climate change.</p>	<p>Goal 7 Affordable and Clean Energy</p> <p>7.a. Increase access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology.</p>

Material Issues - Labor Relations

GRI TOPIC		402 Labor/Management Relations
Impact	Negative	If company fails to create an equal employment environment and provide favorable working conditions, it may not only lead to labor disputes but also impact talent recruitment and retention, and even harm corporate reputation and brand image.
Policy		Complying with relevant labor laws and regulations, employee promotion and salary adjustment policies, employee welfare fund regulations, implementation guidelines for employee welfare subsidies, guidelines for handling sexual harassment complaints and disciplinary actions, and issuing statements regarding the prevention and management of sexual harassment.
Agreement		Enhancing employee engagement and providing various welfare programs, fostering harmonious labor-management relations, and promoting cooperation between labor and management.
Negotiation Parties		Employees
Negotiation Channels		<ul style="list-style-type: none"> • Labor-management meetings. • Provide hotline, written/electronic mail, etc.
Negotiation Frequency		<ul style="list-style-type: none"> • Regular labor-management meetings. • Occasional meetings
Project/Action		<ol style="list-style-type: none"> 1. Conduct labor-management meetings on a quarterly basis and review employee compensation and benefits annually (regularly). Additionally, the "Corporate Internal Portal" of the Bank provides business information and a forum for employee communication, where employees are free to express their opinions 2. Employees can communicate their opinions through a dedicated hotline or directly to the Human Resources Department's supervisors. They can also send their opinions in written or electronic form to the Human Resources Department. The bank ensures the confidentiality of employees who provide feedback and promptly responds to employee opinions, handles cases of harassment, and prevents misconduct or unlawful activities.
Performance Index		<ol style="list-style-type: none"> 1. Frequency of labor-management meetings. 2. Time frame for investigating sexual harassment complaints.
Objectives	Short Term	<ol style="list-style-type: none"> 1. Labor-management meetings are held four times a year. 2. Sexual harassment complaints are investigated within three months.
	Mid Term	<ol style="list-style-type: none"> 1. Labor-management meetings are held four times a year. 2. Sexual harassment complaints are investigated within three months.
	Long Term	<ol style="list-style-type: none"> 1. Labor-management meetings are held four times a year. 2. Sexual harassment complaints are investigated within three months.
SDGs Alignment		<p>Goal 8 Decent Work and Economic Growth</p> <p>8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment</p> <p>8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and ensure equal pay for work of equal value.</p>

Material Issues - Talent Cultivation and Development

GRI TOPIC		404 Training and Education
Impact	Positive	Diversified cultivation of financial talents can provide customers with professional, convenient, high-quality and complete financial services, and enhance the core competitiveness and advantages of the company, so employees feel valued by the company, thereby enhancing employees' recognition of corporate culture, reducing brain drain, and making employees more willing and actively participate in or comply with the management of the company.
	Negative	If education and training do not meet the needs of employees or are not well-established, it will affect employees' career development.
Policy		Annual education and training plans, key points for implementing training for new employees.
Agreement		Employees are provided with a clear view of their career blueprint and career development maps are designed for each position. A comprehensive training plan is provided, allowing employees to align with their career development and receive cultivation. This ensures that employees are placed in suitable positions, strengthens their lifelong skills, and fosters a concept that is beneficial for lifelong learning and retirement career planning.
Negotiation Parties		Employee
Negotiation Channels		<ul style="list-style-type: none"> Various professional training courses, development programs, and Individual Development Plans (IDPs).
Negotiation Frequency		Regularly held
Project/Action		<ol style="list-style-type: none"> Develop an annual education and training plan based on the development strategy of the bank, and establish more specific training courses based on different positions and levels. Through comprehensive education and training programs and professional competency assessments, identify high-potential talents for future development and establish a talent pool within the company. To comply with the government's initiative to promote bilingualism in banks, we are actively enhancing the English language proficiency of our employees by implementing short, medium, and long-term plans.
Performance Index		<ol style="list-style-type: none"> Class schedules, number of participants, online course rates, and test pass rates. The percentage of employees passing English proficiency exams.
Objectives	Short Term	<ol style="list-style-type: none"> Continuously offer 40 sessions of digitalization and diversified skills training courses. The number of employees obtaining English proficiency certification reaches 250.
	Mid Term	<ol style="list-style-type: none"> Continuously offer 45 sessions of digitalization and diversified skills training courses. The number of employees obtaining English proficiency certification reaches 350.
	Long Term	<ol style="list-style-type: none"> Continuously offer 50 sessions of digitalization and diversified skills training courses. The number of employees obtaining English proficiency certification reaches 450.
SDGs Alignment		<p>Goal 4 Quality Education</p> <p>4.5 Eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.</p> <p>4.A Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, nonviolent, inclusive and effective learning environments for all.</p>

Material Issues - Human Rights and Equality

GRI TOPIC		405 Diversity and Equal Opportunity
Impact	Positive	Committed to creating a diverse and equal employment environment, maintaining the advantage of localization, and ensuring the rights and interests of local workers.
	Negative	If company fails to create an equal employment environment and provide favorable working conditions, it may not only lead to labor disputes but also impact talent recruitment and retention, and even damage reputation and brand image.
Policy		Complying with laws and regulations relevant to the Labor Standards Act, and the Bank's "code of conduct for employees," and "employee work rules."
Agreement		In response to the Ministry of Labor's promotion of employment equality and the prevention of workplace gender stereotypes leading to gender discrimination or workplace harassment, our company adheres to the Gender Equality in Employment Act to establish a gender-equal work environment.
Negotiation Parties		Employee
Negotiation Channels		<ul style="list-style-type: none"> The official website of Taichung Bank, hotline, written/electronic mail. New employee education training, etc.
Negotiation Frequency		Held periodically
Project/Action		<ol style="list-style-type: none"> 1. Disclose the "human rights policy" and procedures for handling whistleblower cases on the official website of Taichung Bank. 2. Prioritize hiring employees from where the Bank's branches are doing business; avoid employing workers significantly engaged in organizational activities, while ensuring compliance with relevant labor laws and regulations set by the government. 3. Prohibit child labor and establish employee code of conduct and work rules to safeguard the labor rights and interests of all employees. 4. Include the promotion of human rights policy and gender equality and a friendly workplace as mandatory training topics for new employees.
Performance Index		Gender equality in supervisory positions, situations related to parental leave with salary suspension, and the status of human rights policy education and training.
Objectives	Short Term	<ol style="list-style-type: none"> 1. Female executives account for more than 1/3 of all executives. 2. The training rate of employees on human rights policy education reaches 100%.
	Mid Term	<ol style="list-style-type: none"> 1. Female executives account for more than 1/3 of all executives. 2. The training rate of employees on human rights policy education reaches 100%.
	Long Term	<ol style="list-style-type: none"> 1. Female executives account for more than 1/2 of all executives. 2. The training rate of employees on human rights policy education reaches 100%.
SDGs Alignment		<p>Goal 5 Gender Equality</p> <p>5.2 Eliminate all forms of violence against women and girls in public and private spheres, including trafficking, sexual and other types of exploitation.</p> <p>5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.</p> <p>5.C Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels.</p>

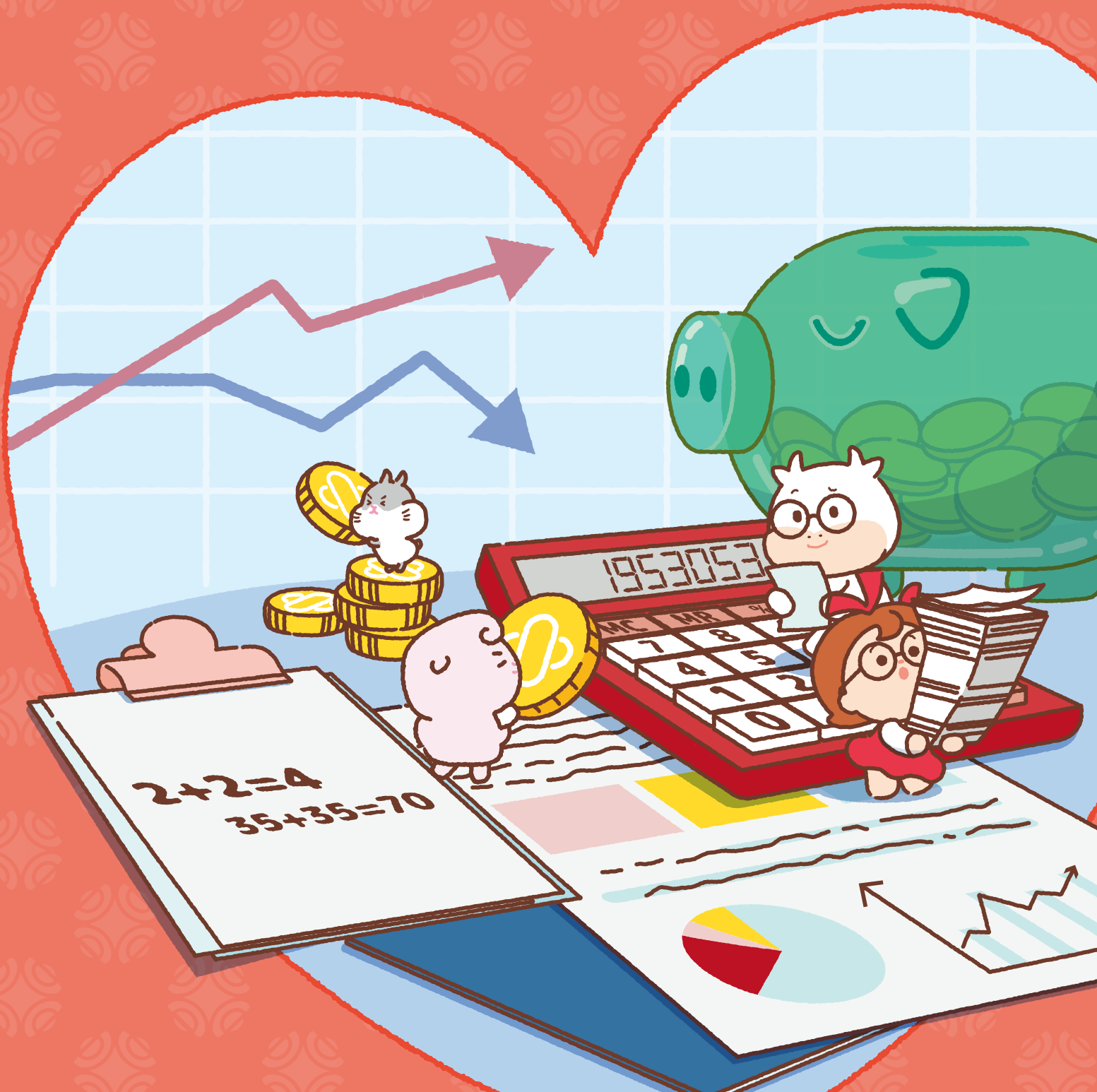
Material Issues - FinTech and Innovation

GRI TOPIC		201 Economic Performance
Impact	Positive	Continuously adopting financial technology innovations and optimizing our digital financial services to build a digital financial ecosystem, aiming to provide customers with more convenient and user-friendly financial service experiences.
	Negative	If digital technology applications are implemented, customers may spend more time using mobile devices, resulting in increased power consumption. There is also a higher risk of hacker attacks and phishing scams, leading to customer losses. Additionally, due to the limitations of mobile devices, the development of functionalities may not fully consider the needs of diverse groups, including individuals with disabilities and vulnerable populations.
Policy		"Operational Guidelines for Opening Digital Deposit Accounts via Online Channels for Customers" "Management Guidelines for Internet Banking" "Operational Guidelines for Collaboration between Taichung Commercial Bank and Third-Party Service Providers" "Management Guidelines for Handling Linked Deposit Accounts at Taichung Commercial Bank"
Agreement		Expand diverse online application channels to reduce the inconvenience of customers visiting branches and enhance the quality of internet banking and digital banking services. Meet the various financial service application needs of different customer segments, bringing digital finance closer to users' lifestyles and experiences. Strive towards sustainable financial development with multiple dimensions, including integrating finance into daily life, promoting inclusive and user-friendly financial services.
Negotiation Parties		Customers, general public, employees, suppliers
Negotiation Channels		<ul style="list-style-type: none"> Announcements on the official website of Taichung Bank and push notifications on our mobile app.
Negotiation Frequency		Irregular
Project/Action		"Robotic Process Automation (RPA) - Automation of Business Processes" "Little Green Man Program" "Mobile Number Interbank Transfers" "Digital Deposit Accounts and Digital Banking" "FIDO Identity Recognition Applications"
Performance Index		Target number of digital account openings.
Objectives	Short Term	Launch digital banking platform.
	Mid Term	The goal is to reach 50,000 accounts.
	Long Term	The goal is to reach 150,000 accounts.
SDGs Alignment		Goal 8 Decent Work and Economic Growth 8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors

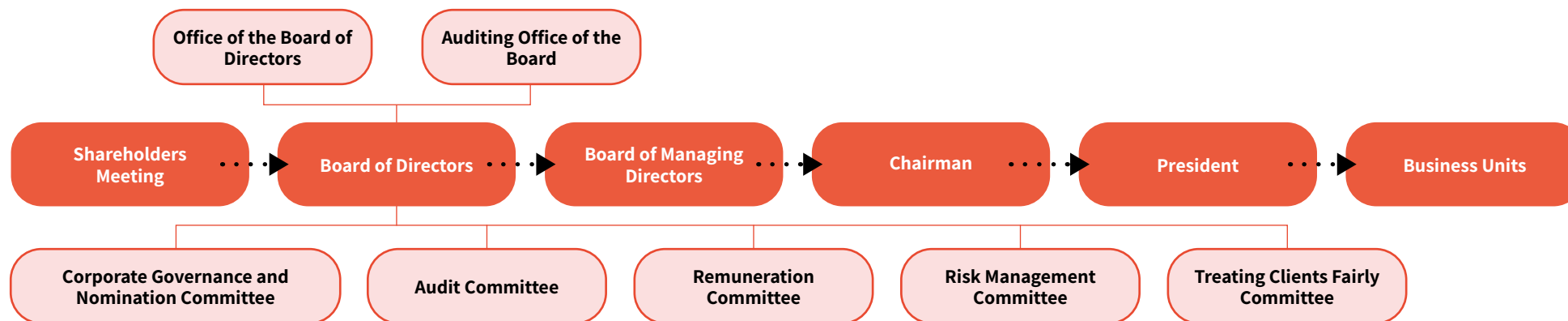
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Genuine Heart

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2.1 Corporate Governance



2.1.1 Operational Governance

The Bank was established with the objective of sustainable operation, and operates based on good corporate governance and integrity management.

The Bank continues to strengthen the functions of the Board of Directors, enhance the leadership and management of the operation team, disclose information in a timely, transparent and accurate manner, and attach importance to corporate governance and sustainable operation. In 2022 (in the 9th session), the Bank was ranked as one of the top 6% to 20% of TWSE Listed Companies in the "Corporate Governance Evaluation" by the Taiwan Stock Exchange, which affirms Taichung Bank's determination and achievements in building a corporate governance system.

The Bank's Board of Directors is the highest governing body of the Bank. In order to establish a sound corporate governance system and to improve the quality of decision-making by the Board of Directors, the Corporate Governance and Nomination Committee, Audit Committee, Remuneration Committee, Risk Management Committee, and Treating Clients Fairly Committee are established under the Board of Directors according to their duties, responsibilities and functions. In addition, these committees are responsible for the discussion and decision-making on important proposals and topics including economic, social and environmental issues.

Since 2018, the Bank has set up a Chief Corporate Governance Officer, who is professionally qualified with at least three years of managerial position experience in a financial related institution or a public

company in handling legal affairs, legal compliance, internal audit, financial affairs, stock affairs, or corporate governance affairs. The Chief Corporate Governance Officer completes annual on-the-job training as required by law and is responsible for supervising and implementing the operation of corporate governance. Furthermore, the main responsibilities are to handle matters relating to board meetings and shareholders meetings according to laws, produce minutes of board meetings and shareholders meetings, assist in the directors taking office and continuous development of directors, furnish information required for business execution by directors, assist directors with legal compliance, and handle matters regarding the change of directors, and other matters set out in the Bank's Articles of Incorporation or contracts. "The Regulation Governing the Standard Operating Procedures for Handling Demands by Directors" is further established to provide support to directors and establish communication channels between directors and the Bank, in order to strengthen the supervision and management functions of the Board of Directors.

The Bank's "Rules of procedures for Board of Directors Meetings" stipulate that the board meeting shall be held at least once every quarter. In 2022, a total of 12 board meetings were held with an actual attendance rate of 100%.

In order to perfect the corporate governance mechanism and to take into consideration the importance of directors and managers in exercising their rights and fulfilling their obligations, as well as to effectively reduce the legal and financial risks borne by directors and the Bank, we take "Directors and Officers Liability Insurance" out on its directors and managers every year.

2.1.2

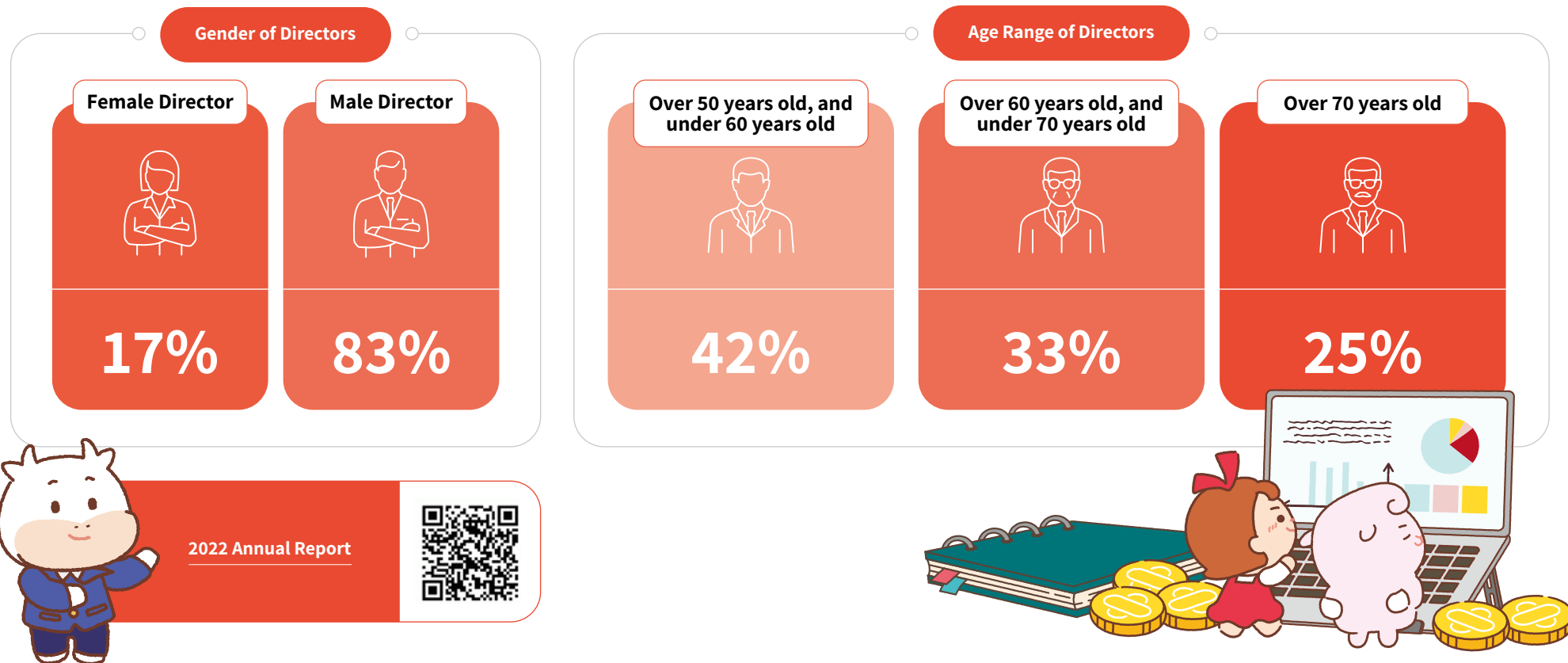
Composition and Operation of the Board of Directors

The Bank's Articles of Incorporation stipulate that the Board of Directors shall be composed of 7 to 15 directors. Additionally, the number of independent directors shall not be fewer than 3 persons, and shall not be less than 1/5 of the seating of directors. The tenure of directors is 3 years.

The Bank's 24th Board of Directors were elected at the shareholders meeting on June 30, 2020. The Board consists of 12 directors (1 executive director (President) and 11 non-executive directors). To promote the diversity of directors, the Board of Directors includes 4 managing directors, 1 foreign director, and 2 female directors, which is higher than the proportion of female directors of listed companies and TPEX listed companies in Taiwan (listed companies: 14.47%, TPEX listed companies: 15.48%). The average tenure of each director is 6 years. Additionally, the Board has 4 independent directors. To ensure the objectivity of independent directors in exercising their duties and responsibilities and to avoid undermining

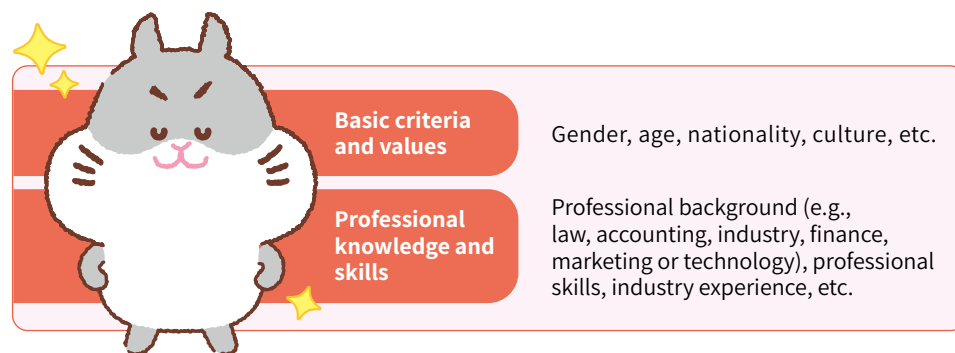
their independence due to long tenure, none of the independent directors has served for more than 9 consecutive years. The Chairman of the Bank does not serve for any managerial position at the Bank.

The Bank actively incorporates diversity into the composition of its Board of Directors. "The Corporate Governance Best Practice Principles" stipulate that board members shall generally possess the knowledge, skills and qualities necessary to perform their duties. The list of the Bank's Board of Directors indicates that the Board is composed of members who possess business judgment, leadership and decision-making, operational management, perspectives on international markets and crisis management skills, as well as extensive practical experience and expertise, which help to enhance the quality of the Board's decision-making and strengthen the internal supervision mechanism. Please refer to the 2022 Annual Report for the details of the composition of the Board of Directors, Directors' educational attainment, experiences and concurrent positions.



2.1.3 Well-established Director Nomination System

"The Corporate Governance Best Practice Principles" stipulate the diversification policy of board members. The election of directors also follows the Bank's "Articles of Incorporation" and adopts a candidate nomination system. Furthermore, the "Regulations for the Election of Directors" stipulate that the composition of the Board of Directors shall take into account diversification while appointing appropriate directors based on the operation, business model, and development needs of the Bank. The two major criteria for the election of directors include:



The concrete management objectives and current achievements of the Bank's diversification policy have been disclosed on the official website of Taichung Bank in the "[Corporate Governance](#)" section.

2.1.5 Board Performance Evaluation

In order to enhance the functions of the Board of Directors and implement corporate governance, the Bank has stipulated the "Rules for Performance Evaluation of Board of Directors and Functional Committees." In addition, the Bank conducts an evaluation on the performance of the Board of Directors and functional committees each year. The items of Board performance evaluation include the participation of the Board of Directors in corporate operations, improving the decision-making quality of the Board of Directors, the composition and structure of the Board of Directors, the selection and further education of directors, internal control, and their participation in sustainable management (ESG). The evaluation is conducted through internal self-evaluation by the Board of Directors, self-evaluation by individual board members, the appointment of external professional organizations, experts, or other appropriate methods. The evaluation shall be conducted by external professional and independent organizations or external teams of experts and scholars at least once every three years. Additionally, the evaluation shall be completed by the end of the first quarter of the following accounting year. Moreover, the results of the evaluation shall be submitted to the Board of Directors, and shall serve as references for the remuneration, nomination and tenure renewal of individual board members.

2.1.4 Directors' Further Education

The Bank formulates the education and training plan for the Board of Directors each year, and submits the plan to the Corporate Governance and Nomination Committee. The total hours of further education reported for 2022 was 189 hours, and all directors met the requirements for further education. The further education courses for directors in 2022 included climate change and sustainable governance, financial customer protection, Treating Customers Fairly Principles, friendly finance, integrity management, and information security risks and governance to make them comprehend international sustainability and financial development trends, and coping methods for risks that the Bank is facing, help them build the culture and value of treating customers fairly from the top down at the Bank, and enhance the enterprise's abilities to face information security incidents and respond to crises. In order to enhance the functions of the Board of Directors, the Bank also offers courses or forums organized by external organizations, and encourages directors to attend additional external courses to align with international important risk management indicators or knowledge, so as to strengthen the risk governance function of the Board of Directors, and to give full play to the functions of operational decision-making and leadership supervision.



For detailed information about the further education of directors, please refer to

[2022 Annual Report](#)



In early 2023, the Bank appointed an external professional and independent consultancy firm, EY Advisory Services Inc., to conduct a performance evaluation of the Board of Directors and functional committees for 2022. The evaluation and analysis were conducted through document review, interviews with individual board members, and by examining and analyzing the self-evaluation questionnaires of each director. Then, a performance evaluation report was generated on the basis of a comprehensive evaluation. In brief, the Bank's comprehensive performance in terms of "board structure", "members" and "procedures and information" were rated as "advanced", "advanced", and "basic" respectively. The results of the evaluation were submitted to the Board of Directors on March 29, 2023.

The internal performance evaluation of the Board of Directors and functional committees for 2022 was completed by the end of the first quarter of 2023, and the results of the evaluation were submitted to the Board of Directors on March 29, 2023. In general, the integral operation of the Board of Directors and functional committees was good. The evaluation results will serve as references for the Board of Directors and functional committees in continuing to improve.

2.1.6

Remuneration Policy for Directors and Managers



Directors

- In accordance with the Article 27-1 of the Bank's Articles of Incorporation, the Board of Directors is authorized to determine the remuneration of the Chairman, Vice Chairman, Resident Managing Directors, Managing Directors, Independent Directors, and Directors by referring to industry standards. In addition to the industry standards, the remuneration of directors is issued upon taking their individual performance, the Bank's operational performance and the Board of Directors' performance into consideration.
- The directors are paid a fixed transportation allowance and research fee monthly.
- The Article 35 of the Bank's Articles of Incorporation stipulates, "The Bank shall set aside 0.5% to 3% of the Bank's annual profits (if applicable) as employee compensation, which shall be distributed in shares or cash by the resolution of the Board of Directors; the Bank may set aside not more than 2.5% of the Bank's annual profits as director remuneration by the resolution of the Board of Directors....."
- The Remuneration Committee proposes the distribution of director remuneration and submits the proposal to the Board of Directors for resolution before reporting it to the shareholders meeting.
- In accordance with the Article 27-1 of the Bank's Articles of Incorporation, independent directors are not included in the distribution of the Bank's earnings.



Salary Indexes for President and Executive Vice President

The remunerations of the President and Executive Vice President are determined based on their individual professional qualifications and with reference to industry salary standards before they are submitted to the Remuneration Committee, and then approved by the Board of Directors. In addition to the fixed monthly salary and allowances, bonuses and special bonuses are paid depending on the annual overall operational achievements (including the execution of corporate governance and ESG) in accordance with the Operational Performance Bonus Regulations. Apart from that, by taking account the future risks, the operational performance bonuses for the senior officers of departments and those with a higher position are partially deferred and may only be paid when the respective officers or their heads are not involved in illegal or negligent operation incidents that may cause tremendous losses to the Bank.

2.1.7

Operation of Functional Committees



Corporate Governance and Nomination Committee

A total of 6 meetings were held in 2022, with an average attendance rate of 100%.



Audit Committee

A total of 13 meetings were held in 2022, with an average attendance rate of 100%.



Remuneration Committee

A total of 8 meetings were held in 2022, with an average attendance rate of 100%.



Risk Management Committee

A total of 4 quarterly meetings and 3 extraordinary meetings were held in 2022.



Treating Clients Fairly Committee










A total of 3 meetings were held in 2022.



For detailed information about the operation of functional committees, please refer to

[2022 Annual Report](#)



Committee	Year of Establishment	Operation	Articles of Incorporation and Procedures
 Treating Clients Fairly Committee	2022	The committee is under the jurisdiction of the Board of Directors. The committee has a chairperson, who is the Chairman of the Board or a director appointed by the Chairman. The committee is composed of the President, Executive Vice President, Chief Compliance Officer of Head Institution and Chief Information Security Officer. The chairperson is in charge of appointing a member to serve as a convener who takes charge of holding the committee meeting.	To promote and supervise affairs related to treating customers fairly at Taichung Bank in accordance with the "Treating Customers Fairly Principles for the Financial Service Industry" promulgated by Financial Supervisory Commission.
 Corporate Governance and Nomination Committee	2021	The committee is composed of one director and two independent directors. The committee holds at least one meeting every year, and extraordinary meetings may be held when deemed necessary.	
 Audit Committee	2014	The committee is composed of four independent directors. The committee holds at least one meeting every quarter, and extraordinary meetings may be held when deemed necessary.	
 Remuneration Committee	2011	The three-member committee is appointed by the resolution of the Board of Directors, and more than half of its members shall be independent directors. The committee holds at least two meetings every year, and extraordinary meetings may be held when deemed necessary.	
 Risk Management Committee	2007	The committee has a chairperson, who is the Chairman of the Board or a director appointed by the Chairman. The committee holds a meeting every 3 months and may convene extraordinary meetings according to business needs.	

2.2 Integrity Management

In order to implement the integrity management policy, the "Corporate Governance and Nomination Committee" was established on January 14, 2021, and designates the Office of the Board of Directors to promote integrity management with the aim to assist the Board of Directors in implementing integrity management, promoting sustainable management, strengthening the corporate governance constitution and practicing sustainable development. The implementation of the integrity management policy is reported to the Corporate Governance and Nomination Committee and the Board of Directors annually.

2.2.1 Policies and Systems

The Bank has established the "Ethical Corporate Management Best Practice Principle" as well as the "Procedures for Ethical Management and Guidelines for Conduct", which are applicable to the Bank, its subsidiaries, and business groups and organizations that have directly or indirectly contributed funds exceeding 50% of the total funds received, and other institutions or juridical persons that possess substantial control abilities. These regulations stipulate the matters to which directors, managers, employees, and mandataries of the Bank or its subsidiaries, enterprises and organizations, or persons having substantial control over such companies specified in the scope stated above, shall pay attention and follow the laws and regulations when conducting business and executing the duties.

A clear system has been established for the recusal of directors due to the conflicts of interest. In addition to the recusal required by the relevant laws and regulations, the "Rules of procedures for Board of Directors Meetings" also specify certain matters that directors shall recuse themselves from. If any director or juridical person represented by a director is an interested party with respect to any agenda item, he/she shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the Bank, he/she may not participate in the discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.

Furthermore, the "Code of Conduct for Directors and Executives" clearly defines the matters that directors and managers shall pay attention to when executing their duties. Moreover, it stipulates that directors and

managers shall exercise reasonable care and due diligence in supervising the Bank to prevent unethical behaviors, to review the effectiveness of implementation from time to time, and to make improvements continuously.

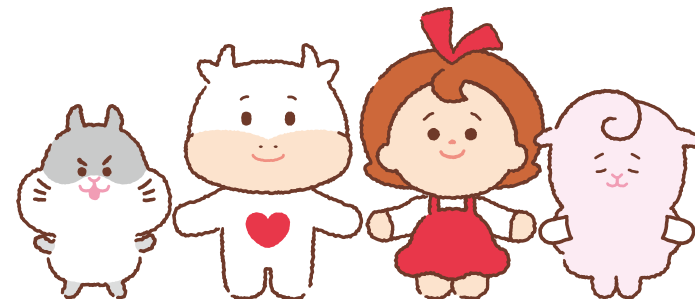
The Bank conducts its business activities and establishes business relationship programs with others in a fair and transparent manner, and makes observance of integrity management policies and related matters (e.g., prohibition of receiving commissions, kickbacks or other improper benefits) part of the terms and conditions of the contracts regarding manpower dispatch, real estate rental, system procurement, maintenance service and so on.

In order to strengthen employees' compliance with and attention to the business execution process so as to conform to the Bank's internal control systems, the "Code of Conduct for Employees" has been established. The Code specifies the matters that all employees are forbidden to do when engaging in various operations, trade practices or executing their duties. Upholding the principles of fairness, reasonableness, equality, reciprocity, and good faith to maintain a fair trading order, the Bank has also formulated the "Employee Work Rules," which set forth the incentive and sanction measures, to increase the awareness of employees to the risk prevention in transaction and administrative operation. In 2022, the Bank did not report any legal actions against confirmed corruption incidents, and did not involve in any anti-competitive practice, anti-trust and monopolization actions.



For detailed information about the recusal of directors due to the conflicts of interest, please refer to

[2022 Annual Report](#)



In order to equip all employees and managers with proper knowledge and judgment on laws and regulations as well as ethical conduct, the Bank organized internal education, training and awareness-raising programs (excluding business partners) related to integrity management every year. The content included personal data protection system, the Treating Customers Fairly (TCF) principle, whistleblower protection, important interests and benefits of customers, financial consumer protection, the integrity, ethics and legal responsibilities of financial practitioners, anti-money laundering education, employee confidentiality, professional ethics and so on. Additionally, each year, external organizations were appointed to conduct courses on TCF and integrity management for the Bank's directors, its subsidiaries' directors and supervisors, managers and related personnel. The course completion rate reached 100%.

Moreover, the Bank organized the training of "Treating Customers Fairly and Friendly Finance Services at the Bank" and "Treating Customers Fairly Principles and Integrity Management" for the directors, corporate governance supervisors, managers, directors and supervisors of its subsidiary companies, legal compliance supervisors, and relevant personnel, and a total of 72 persons participated in the training.

The statistics of education and training programs are as follows



Education and Training Programs

Each year, education and training programs are held for all directors, managers and employees on issues such as anti-money laundering and combating the financing of terrorism, the TCF Principles, corporate governance and corporate integrity. Furthermore, courses such as "Self-inspection Training Course for Employees" are held on a regular basis to strengthen the concept and implementation of the three lines of defense by means of case studies.



Regulatory Advocacy

The Bank's policy on integrity management, including the "Ethical Corporate Management Guidelines for Conduct, Unethical Conduct and Prevention Measures", is advocated to all directors, managers and employees every year. Additionally, the "Procedures for Handling of Material Inside Information" as well as the "Self-Regulatory Rules on Disclosure of Merger and Acquisition Information" are compiled and advocated to all employees for the important points to note when executing their duties.



Online Test

Each year, online courses and tests related to the implementation of integrity management are conducted for all employees.

In 2022, a total of 2,817 employees completed the courses, with a total of 39,438 hours attended. The courses covered topics such as personal data protection system, anti-money laundering, consumer finance and credit extending business, TCF Principles, integrity management policy, whistleblower protection and important rights and interests of customers.

The Bank's "Procedure for Handling Whistleblowing Cases" specify the review and investigation procedures, the recusal provisions of interested parties, the dedicated unit, and the reward and confidentiality mechanisms for whistleblowers. Anonymous whistleblowing cases are not accepted. However, if the content of the whistleblowing report is necessary to investigate, the case may be handled in accordance with the aforementioned procedures. Additionally, the whistleblower hotline, email and mailing address are set up on the official website of the Bank. To encourage whistleblowers to report any illegal, criminal, fraudulent or law-breaking conduct in the Bank, if whistleblowing incidents are confirmed, whistleblowers shall be granted appropriate reward.

Furthermore, the person who accepts, investigates and involves the whistleblowing case shall keep the

identity of the whistleblower confidentially and shall not leak any information about the whistleblower's identity. Moreover, the whistleblower shall not be laid off, dismissed, transferred to a lower position, cut the salary, damaged the interests that he or she may enjoy in accordance with laws, contracts and habits, or other adverse punishments.

In 2022, the Bank received a total of 24 whistleblowing cases, and among which, one case has been confirmed (the Bank's staff violated the rule to act as agent for customer to handle business). Upon the resolution of the Bank's Human Resources Arbitration and Evaluation Committee, the staff was punished with serious demerit, and the training was held to improve the employees' cognition to avoid the occurrence of a similar incident.

2.3 Legal Compliance

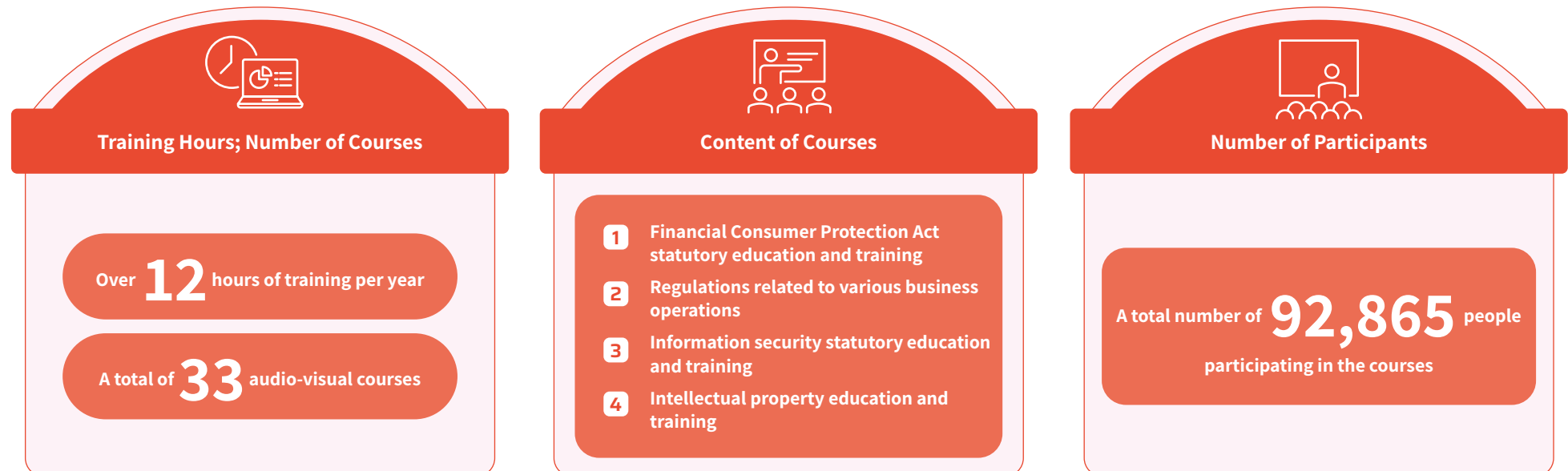
In accordance with the “Implementation Rules of Internal Control and Internal Audit System of Financial Holding Companies and Banking Industries,” the Bank formulated the “Implementation Rules of Legal Compliance System,” based on which a regulatory compliance system was established. A senior managerial officer whose position is equivalent to Vice General Manager is assigned to act as the Chief Compliance Officer of Head Institution, who is in charge of all regulatory compliance affairs and regularly reports to the Audit Committee and the Board of Directors, in order to enable the Board of Directors to understand the implementation of the regulatory compliance system for appropriate decision making.

The Bank is committed to implementing a regulatory compliance system with an aim to enhance the law-abiding awareness of employees. The Legal & Compliance Department is responsible for the planning, management and execution of the regulatory compliance system, including the establishment of a regulatory compliance system as a conveying, consultation and communication channel for legal updates, continuing to pay attention to the changes in laws and regulations; the formulation and update of relevant internal regulations to conform to laws and regulations in a timely manner, and to supervise all units in handling laws and regulations compliance self-evaluation operation every 6 months; and the regular execution of legal and regulatory compliance education and training. In 2022, there was no report of any major violation of laws and regulations exceeding NT\$1 million at the Bank.

To protect the rights and interests of consumers and to implement integrity management, the Bank

formulated Employee Work Rules, Consumer Protection Policy, Consumer Dispute Handling System, and the Policy and Strategy of Treating Customers Fairly Principles, Ethical Corporate Management Best Practice Principle and Procedures for Ethical Management and Guidelines for Conduct to ensure the compliance with ethical conduct and implementation of consumer protection. In addition, for setting up new types of businesses, financial products or important business activities, including cooperative promotion, work entrustment, and business cooperation agreements, etc., legality and legitimacy assessments are conducted to ensure comply with laws and regulations as well as consumer rights. In 2022, there was no report of violation of product and service information and labelling laws and regulations or of violation of marketing communication laws and regulations at the Bank.

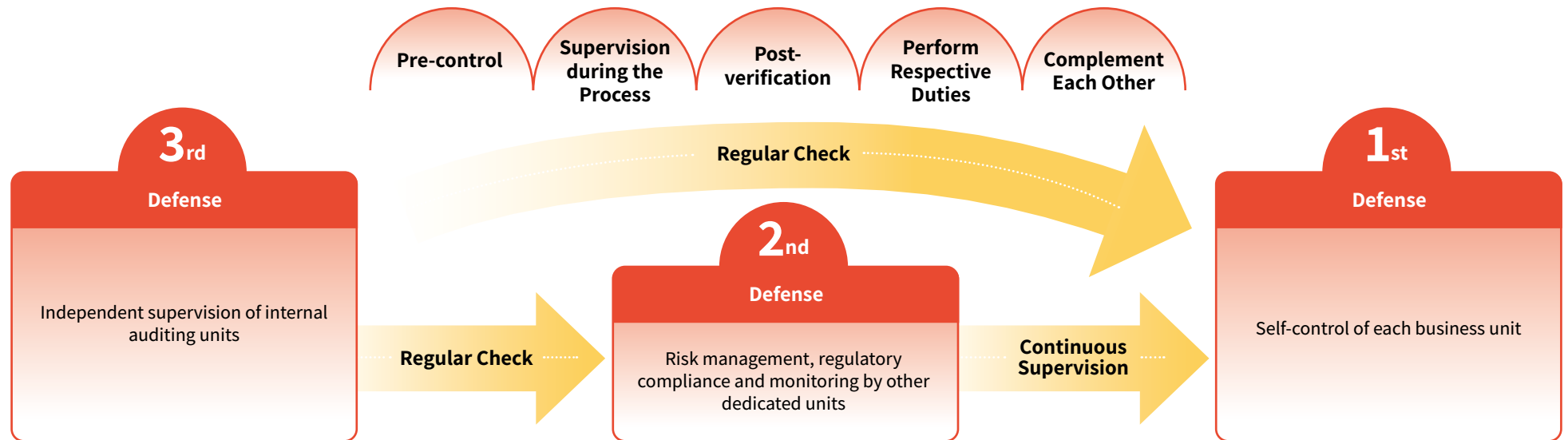
To establish a culture of regulatory compliance and to enhance the convenience of regulatory compliance education, the Bank provides 12 hours of online education and training per year for employees from all positions to choose according to their needs. The content includes 33 audio-visual courses divided in four categories: “Financial Consumer Protection Act statutory education and training,” “Regulations related to various business operations,” “Information security statutory education and training,” and “Intellectual property education and training.” Through legal explanations and sharing of case studies, specific examples are used as a guidance for employees to establish regulatory compliance concepts. Additionally, tests are conducted after each course to verify the effectiveness, with a total number of 92,865 people participating in the courses.



2.4 Risk Management

2.4.1 Independent Supervision of Internal Auditing Units

In order to effectively improve the internal control system and strengthen the corporate constitution, and to promote the implementation of the concept of the three lines of defense of internal control, the Bank established the "Code of Practice for the Three Lines of Internal Control" by taking reference to the "Code of Practice for Three Lines of Defense in Internal Control System Established by Banks" issued by the Bankers Association of the Republic of China. The structure and primary functions of the three lines of defense of the Bank's internal control are as follows:

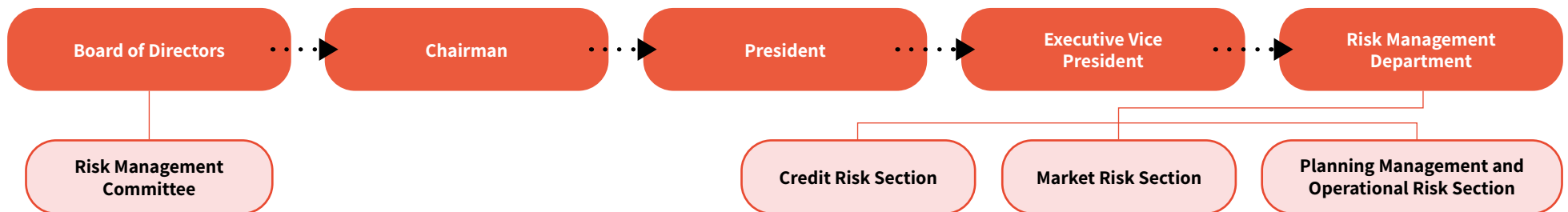


	Implementation Unit	Scope of Power and Responsibility	Implementation Method
First Line of Defense	<ol style="list-style-type: none"> Each business unit Transaction unit of the headquarter department Units with duties involving the first line of defense 	<ul style="list-style-type: none"> Responsible for the identification and management of risks, the designing and implementation of effective internal control procedures based on the risk characteristics, in order to cover all relevant operation activities. Assume the risks arising from their respective day-to-day affairs in terms of their functions and business scope. 	<ul style="list-style-type: none"> Continually monitored, by transaction. Conduct self-inspection each month. Execute risk and control self assessment (RCSA) each month. Conduct legal compliance self-evaluation every 6 months.

	Implementation Unit	Scope of Power and Responsibility	Implementation Method
Second Line of Defense	1. Risk Management Department 2. Legal & Compliance Department 3. Other headquarter departments	<ul style="list-style-type: none"> Other functions and units that are independent of the first line of defense and do not lie in the scope of third line of defense; assist and supervise the first line of defense in identifying and managing risks based on their characteristics. Responsible for the formulation of the Bank's overall risk management policy for each major risk category, the supervision of the overall risk tolerance and the current status of risk tolerance, and the reporting of risk control status to the Board of Directors or senior management. 	Continually or periodically implemented, by risk.
Third Line of Defense	Auditing Office of the Board	<ul style="list-style-type: none"> Carry out the audit operation in an independent and transcendent spirit. Assist the Board of Directors and senior management in examining and evaluating the effectiveness of risk management as well as internal control system. Include the effectiveness assessment of risk monitoring on the first and second lines of defense, and provision of suggestions for improvement in a timely manner, in order to reasonably ensure that the internal control system can be implemented continuously and effectively, and as a basis for reviewing and revising the internal control system. 	<ul style="list-style-type: none"> Internal Audit: Regularly conduct internal audit for the first and second lines of defense, assess the effectiveness of internal control, and report the audit results to the Audit Committee and the Board of Directors. Self-Inspection: Supervise the business management unit of the second line of defense to formulate the self-inspection content and procedure, reexamine self-inspection executed by the first and second lines of defense, and report the results of the reexamination to the Audit Committee and the Board of Directors. Defects from self-inspection listed by the first line of defense are delivered to the business management unit of the second line of defense by mail to supervise operating units to avoid similar mistakes. Every quarter, take turns holding the internal control joint session with the Legal & Compliance Department, Risk Management Department and Information Operation Department to build a horizontal communication mechanism to discuss over internal control, legal compliance weaknesses, and high risk businesses, and based on which the departments review the operational procedure and internal control to strengthen the operation of the three lines of defense.

2.4.2 Risk Management Organizational Framework

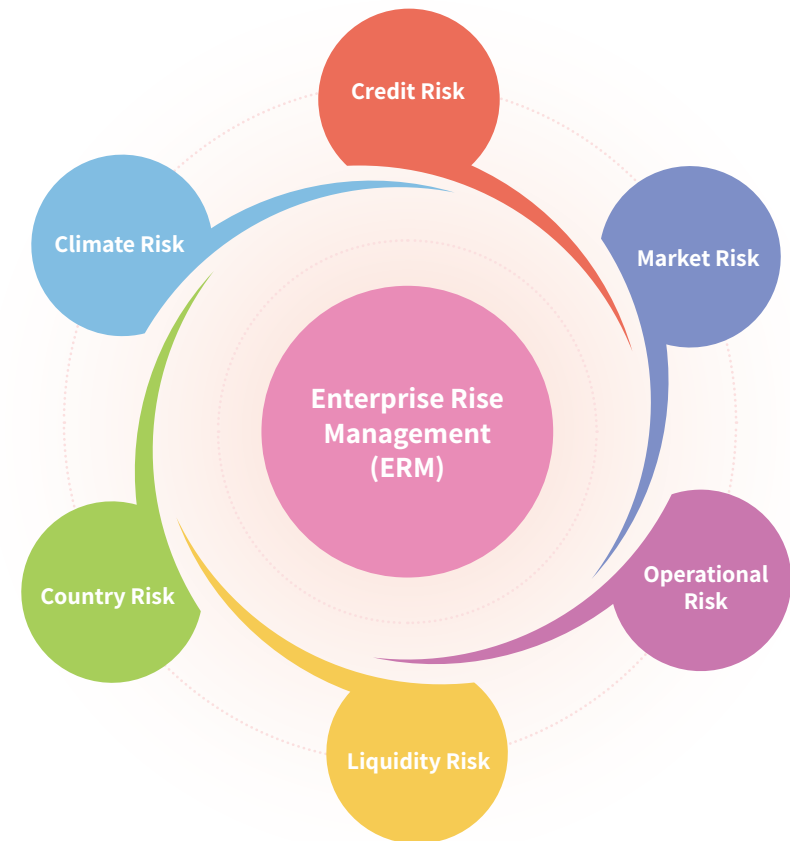
The Board of Directors of Taichung Bank is the highest decision-making unit for risk management and bears the ultimate responsibility for overall risk. In order to strengthen the function of risk management, a risk management committee is established under its jurisdiction to implement risk management decisions approved by the Board of Directors and to review various risk management related matters, in order to ensure the smooth operation of risk management. The Risk Management Committee holds regular meetings every quarter to supervise the implementation effectiveness of risk management, risk exposure status, risk decision-making, compliance with relevant risk management regulations and other matters; and reports to the Board of Directors. The Risk Management Department implements and tracks the follow-up status of relevant units on various risk management resolutions and deliverables of the Board of Directors and the Risk Management Committee.



In order to implement risk management and promote the sound operation and development of Taichung Bank to ensure asset and financial quality, Taichung Bank has set forth the risk management policy, which was approved by the Board of Directors, as the guiding principle of the risk management system. In addition, Taichung Bank establishes various risk management mechanisms according to the scale of operation and the degree of risks with an aim to implement the risk management system and control procedures to effectively control risks.

Taichung Bank formulates various risk management policies and management mechanisms, and sets stop-loss mechanisms or various risk concentration limits for various transactions, investment, credit extending and other businesses based on their nature to avoid the excessive concentration of risks. In order to effectively identify, measure and monitor various risks, risk management procedures have been established. Additionally, the Bank also regularly reviews and continuously amends and revises various risk management regulations for the basis of risk management implementation. The Bank's risk management procedures and risk management scopes are as follows. Among which, the Bank has enhanced the transparency of climate risk management and introduced the TCFD to disclose the climate risk chapter in the Sustainability Report to increase the identification of climate risks and disclosure of climate risk information. Please refer to "5.1 Responding to Climate Change" for the corresponding details on climate risks.

Risk Management Procedure



Risk Identification



Credit Risk

Refers to the risk of breach of contract arising from the borrower's or counterparty's failure to perform contractual obligations due to the deterioration of the borrower's constitution or other factors (e.g., disputes with the counterparties).

Market Risk

Refers to unfavorable price changes in the market, which leads to possible losses on the balance sheets of departments and positions. Market prices refer to interest rates, exchange rates, the prices of equity securities and commodity prices.

Operational Risk

Refers to risks caused by the inappropriateness or errors of internal operation, personnel and systems, or external events. It includes legal risks, but excludes strategy risks and reputation risks.

Liquidity Risk



Refers to losses likely caused by the Bank's failure to obtain funding to afford its increases in assets or to meet its liabilities of their due debts (e.g. in response to withdrawals from depositors, drawings for credit extending service, or other cash outflows of interest, fees or off-balance sheet transactions).



Country Risk

Refers to the creditor's right of country risk arising from the Bank's multinational operations, where the debtor fails to fulfill its contractual obligations due to political, economic or financial factors in the country where the debtor is located and it incurs the risk of losses on the Bank.

Climate Risk


- Transitional risks associated with the low-carbon economy: The transition to the low-carbon economy may involve a wide range of changes in policy, law, technology and market in order to meet the requirements of climate change mitigation and adaptation. Transitional risks may present varying degrees of financial and reputation risks depending on the nature, pace and focus of change.
- Physical risks associated with the impact of climate change: Refers to the chronic risk of a single event and the risk of long-term changes in climate patterns.

Items	Risk Management Effectiveness in 2022	Risk Management Targets for 2023
 <p>Integrated Risk Management</p>	<ul style="list-style-type: none"> Reported to the Financial Supervisory Commission pursuant to the "Information Required to be Reported in Compliance with the Supervisory Review Principle by Domestic Banks" in writing. Promoted the LIBOR indicator transition as scheduled across departments, and reported qualitative and quantitative analyses on a regular basis. The Risk Management Committee provided in-depth analysis and discussion of important risk issues on the newly added Risk Focus in its quarterly report. Issued industrial economics and other news of the relevant departments and positions of the Bank or its suggestions, and provided "Risk Management Bulletin" to senior management, in order to keep track of the economic situation, industry trends, and financial trends in real time. Evaluated the impact of the outbreak of the Severe Pneumonia with Novel Pathogens (COVID-19), the test scenarios of operational risks and the distribution of cash dividends on the Bank's capital and stress test. Released the "Risk Monitor" a risk management dashboard, to monitor 65 important indicators, and used yellow lights to give reminders when the indicators showed poor trends, turned from positive to negative value, fell below expected levels, approached early warnings or exceeded the limits. Tracked and reported the situation of the COVID-19 outbreak and its response measures. Set up the "LTV and I2R Trial Calculation Zone" to provide operating units with trial calculation service of I2R (net interest margin risk weighting) for credit extending cases before submission, in order to jointly improve the capital consumption of the entire Bank. Issued a project report on restrictions on energy use in China, exploring the causes of the policy, the risk exposures of the Bank, the subsequent impact and the proposed direction for future actions. Included capital consumption and risk reduction efficiency in the operational performance assessment of the Bank's operating units to reduce the impact of credit extending business on the capital adequacy ratio, as well as to improve overall capital returns. Established a total of 14 risk categories along with altogether 199 monitoring indicators by referring to the key risk categories set out by the Basel Committee on Banking Supervision, in order to strengthen the role and functions of the headquarter business management unit's two lines of defense, and presented the risk monitoring report targeting each risk category and the primary business content. Followed the market discipline principle under the Pillar III of the Basel II in the disclosure of information related to the capital adequacy and risk management of the year. Held regular Risk Management Committee meetings to report on various risk exposure situations, to enable the understanding of the overall risk exposures of the Bank in real time to facilitate early response. Formulated, revised and regularly reviewed risk management related policies. Planned and executed the Bank's TCFD to align with international standards and to strengthen both the management of climate related risk and the financial disclosure of the local banks. In June, 2022, the Bank signed to serve as the Supporter of TCFD to implement the Bank's sustainable development. 	<ul style="list-style-type: none"> Continue to strengthen the capital standards of the Bank and evaluate the feasibility of planning and issuance of various capital instruments. Cooperate with the competent authority to amend the accrual method and change the accrual method for significant financial investments to the threshold corresponding deduction method. In response to climate risks, continuously improve the Bank's climate risk management, and refer to relevant documents home and abroad to keep identifying and managing the risks. Additionally, include the TCFD in a specific chapter in the Sustainability Report. In order to promptly respond to changes in the financial market and to control and monitor possible risks, the Bank will continue to pay attention to risk incident issues and present evaluation in the Risk Management Bulletin.
 <p>Credit Risk Management</p>	<ul style="list-style-type: none"> Analyzed specific asset portfolios (e.g., risk exposures to China, real estate, SMEs, Dual Control System of Total Energy Consumption and Energy Intensity in China) and formulated related countermeasures. Strengthened the control and early warning measures under Article 72-2 of the Banking Act. Introduced "Loan-to-Value (LTV)" in response to the new accrual system, developed a risk and remuneration assessment platform, and analyzed the connection between risk-weighted assets and net income for each credit extending business. Strengthened the control and reporting verification mechanism for credit extending, investment and total amount of loans from lending to other banks and other financial institutions in Mainland China. Continuously heightened the concentration of monitoring and reporting of real estate loans. Activated the risk limit assessment and early warning mechanism for industries with elevated risks and country risks. 	

Items	Risk Management Effectiveness in 2022	Risk Management Targets for 2023
 <p>Market Risk Management</p>	<ul style="list-style-type: none"> Conducted matters in relation to LIBOR transition. Calculated and declared the liquidity coverage ratio (LCR). Calculated and declared the net stable funding ratio (NSFR). Calculated the new version of interest rate risk in the banking book (IRRBB). Reported on the status of derivative transactions to the Board of Directors. Performed management by exception of the initial margin and performance bond for derivative transactions investment quota to customers. Conducted offsetting transaction and transaction review for derivative transactions of customers. Conducted evaluation, verification and review operation for derivative transactions. Monitored the market price and relevant market information of long-term and short-term investment targets. Monitored the limit of foreign-exchange trading departments and positions at mid-day and end-of-day. 	<ul style="list-style-type: none"> Continue to strengthen the capital standards of the Bank and evaluate the feasibility of planning and issuance of various capital instruments. Cooperate with the competent authority to amend the accrual method and change the accrual method for significant financial investments to the threshold corresponding deduction method. In response to climate risks, continuously improve the Bank's climate risk management, and refer to relevant documents home and abroad to keep identifying and managing the risks. Additionally, include the Task Force on Climate-related TCFD in a specific chapter in the Sustainability Report. In order to promptly respond to changes in the financial market and to control and monitor possible risks, the Bank will continue to pay attention to risk incident issues and present evaluation in the Risk Management Bulletin.
 <p>Operational Risk Management</p>	<ul style="list-style-type: none"> Evaluated the Bank's capital adequacy and completed the formulation of capital planning in accordance with the "Taichung Commercial Bank Capital Management Policy". Introduced "Loan-to-Value (LTV)" for loans secured by real estate in response to the new accrual system of Basel III. Regularly reviewed the appropriateness of the Risk Management Department's operation and management policies, rules, guidelines, and regulations. Conducted operational risk detection and monitoring, formulated the top three operational risks for the year, and regularly reviewed and revised the monitoring indicators, monitoring values and early warning values. Linked the risks to Loss Data Collection (LDC) of operational risks and controlled the self-assessment mechanism. Continuously strengthened the quality of operational risk incident reporting as well as the material contingency judgment mechanism. 	

2.4.5

Emerging Risk Identification

Risk Categories	Names of Risks	Descriptions	Impact or Influence on Operation	Countermeasures
 <p>Environment</p>	Climate Policy Risk	Transitional risks related to the low-carbon economic policy and physical risks related to the influence of extreme climate change.	Some countries have started imposing carbon taxes in line with the implementation of carbon emissions, and other countries are following suit. Taiwan is currently discussing over the imposition of carbon fees, and investment and financial industries with high carbon emissions will surely be affected.	1. Identify and evaluate the risks and opportunities associated with climate risks on operation, strategies, products and financial planning over different periods (short-, medium- and long-term); and formulate measures such as situational analysis and stress tests, qualitative and quantitative monitoring indexes and adjustment and response strategies to absorb the risks of the Bank's operational plan and business strategies.

Risk Categories	Names of Risks	Descriptions	Impact or Influence on Operation	Countermeasures
 Environment	Climate Policy Risk	Transitional risks related to the low-carbon economic policy and physical risks related to the influence of extreme climate change.	Some countries have started imposing carbon taxes in line with the implementation of carbon emissions, and other countries are following suit. Taiwan is currently discussing over the imposition of carbon fees, and investment and financial industries with high carbon emissions will surely be affected.	<ol style="list-style-type: none"> Clearly delineate the responsibilities for climate risk management in each line of defense in accordance with the defense line structure stipulated in the Bank's Code of Practice for the Three Lines of Internal Control. Identify the connection between climate risk and other risks, such as credit risk, market risk, operational risk, and liquidity risk, and implement differentiated-based risk management measures according to the risk sequence identified or assessed. Establish key indicators based on the length of time affected by climate risks with representative historical data while taking into consideration the differences in industry characteristics, geographic location, and credit ratings, in order to analyze, measure, disclose, and handle climate risks.
 Technology	Information Technology Risks	To ensure the telecommunications security of information operation systems and operational procedures to reduce damage to and loss of information asset operation.	The waste of costs or erroneous operation caused by the poor effectiveness and results of information software and hardware may lead to the financial loss of the Bank.	<ol style="list-style-type: none"> 1. Establish a network attack defense mechanism <ul style="list-style-type: none"> Set up a firewall as the first-line security protection of the Bank's network to protect it from being accessed arbitrarily. Establish an intrusion prevention system, regularly renew attack feature codes and analyze attack behavior, and immediately block network attacks with prevention rules designed in advance. The Bank has rented distributed denial-of-service attack defense services from Chunghwa Telecom Co., Ltd. to avoid the consumption of resources of external networks or network equipment systems and to ensure the normal services of the Bank's external websites. 2. Establish a malware defense mechanism <ul style="list-style-type: none"> Install Trend Micro anti-virus software on the Bank's personal computers and servers, and scan the hard disk drive (HDD) on a weekly schedule. Have management personnel analyze statistical reports and monitor infection incidents. Prevent receiving suspicious mail in the Bank's mailbox through the verification of external mail servers using mail filtering equipment, the detection of spam, the scanning of malicious software, and the analysis of embedded URLs in mail. Immediately analyze websites, and scan for malicious software and website content through website filter and control management equipment. The equipment will instantly block inappropriate websites or websites with malicious content and notify users of the reasons of blocking on their viewers. Introduce an application control solution for ATMs, and establish the whitelist of applications to enable ATMs to execute applications that have been permitted under the monitoring mechanism. 3. Formulate, conduct drills of and review the contingency plans <ul style="list-style-type: none"> Conduct drills and review on information host systems rated at the "important" level in different scenarios at least once every six months. Additionally, conduct drills on obstacle recovery for servers rated at the "secondary" or "ordinary" level on a regular basis in different scenarios. Formulate threat scenarios such as the intrusion of information systems, the encroachment on personal data, mail social engineering and distributed denial-of-service (DDoS) attacks, and execute drills on information security reporting and response.

2.4.6

Risk Culture Promotion

To encourage our employees to actively discover potential risks and strengthen risk culture, the Bank regularly assigns employees to participate in courses related to training for core talents in the banking industry organized by the Taiwan Academy of Banking and Finance (TABF) every year. Additionally, the department organizes education and training related to risks derived from climate change every year to continuously help the Bank's Board of Directors, senior supervisors and general employees to pay more attention to green issues such as climate change risks in the ESG policy.

To improve sustainable risk management, the Bank assigned employees to participate in the Sustainable Finance Professional Training Programme organized by the TABF in 2022, and we won the first prize in the Group Performance Award, and the first prize in the Individual Performance Award. Additionally, the Bank assigned employees to participate in the "Corporate Sustainability Management Certification Training Class" organized by the Taiwan Institute for Sustainable Energy (TAISE). The employees completed the

training and obtained the certification of corporate sustainability managers to implement sustainable risk management and training for climate risk managers.

Furthermore, the Bank has incorporated risk management indicators into the performance assessment of operating units. With regard to the business risks, a variety of authorization structure levels, business risk limits and control regulations, reporting procedures, handling methods for exceeding risk limits, risk management reports, etc. must be formulated to ensure immediate and effective risk control. Additionally, the Bank makes adjustment in accordance with the amendment of laws and regulations by the competent authorities, the business development status of the Bank, and the organization structure to review and revise the risk management procedure and policy measures on a regular basis in order to effectively measure the risks faced by the Bank.

2.5

Internal Audit and Internal Control

Taichung Bank established a general auditing system and an Auditing Office of the Board under the Board of Directors in accordance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries." The Auditing Office of the Board is responsible for the internal audit system, examines and evaluates the effectiveness of the internal control system, provides timely suggestions for improvement to ensure the continuous and effective implementation of the internal control system.

The Office carries out the audit operation in an independent and transcendent spirit, and its chief tasks include formulating an annual audit plan for subsidiaries and units according to the business risk characteristics of each unit and supervising the business management unit to formulate the content and procedures for self-inspection as well as the execution of self-inspection by each unit.

The Office conducts a routine audit and a special audit at least once every year on its and all its

subsidiaries' operation, finance, asset custody and information departments; a special audit at least once every year on other management units; a routine audit at least once every year on all its operation centers and foreign business units; and a special project audit on its subsidiaries at least once every six months. The Bank has completed its annual audit operation for the year 2022, and defects found at inspection have been improved by units within an assessed period. Additionally, units which have not improved by the scheduled time are put under surveillance and tracked until improvements have been completed. The Bank has formulated relevant performance indicators to manage material topics that are identified to check if the content of the Sustainability Report covers the ESG related risk assessment. Additionally, the Bank publicizes information in accordance with relevant laws and regulations and the Corporate Governance Best Practice Principles for the Banking Industry to thoroughly disclose relevant and reliable sustainable development information. The Auditing Office of the Board incorporated internal audit to strengthen inspection in 2022.

2.6 Anti-Money Laundering

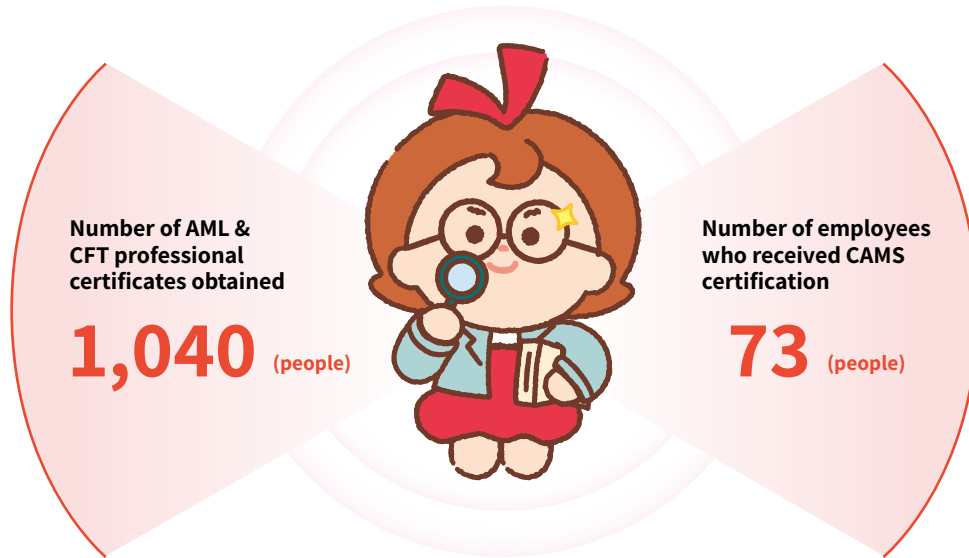
In view of the threats posed by money laundering and terrorism to global social security and economy, the international association "Financial Action Task Force on Money Laundering (FATF)" has kept urging all countries to reinforce the anti-money laundering (AML) and combating the financing of terrorism (CFT) system in the hope to prevent the expansion of unlawful conduct. With the aim of cooperating with government's anti-money laundering and combating the financing of terrorism mechanism and improving internal control system, the Bank's Board of Directors has appointed the Chief Compliance Officer of Head Institution to act as the dedicated senior officer for anti-money laundering and combating the financing of terrorism since 2017. Furthermore, the Anti-money Laundering Section has been set under the Legal & Compliance Department to supervise the Bank's anti-money laundering and combating the financing of terrorism operation. Besides the formulation of anti-money laundering and combating the financing of terrorism related rules and regulations as well as the operation handbook, the AML and CFT Management Team has also been formed, which is chaired by the Chief Compliance Officer of Head Institution and comprised of the senior officers of the following departments as its team members: Business Development Department, Consumer Banking Department, International Banking Department, Legal & Compliance Department, Risk Management Department, System Development Department, Digital Financial Department, Trust Department, Loan Administration Department, Wealth Management Department, and Corporate Banking Department. The team regularly examines the anti-money laundering and combating the financing of terrorism implementation status, reviews defects and discusses improvement measures to ensure the establishment, integration and operation of the anti-money laundering and combating the financing of terrorism mechanisms.

To comply with the Money Laundering Control Act, the Counter-Terrorism Financing Act, and the Regulations Governing Anti-Money Laundering of Financial Institutions, the Bank has formulated the "The Groups Plan and Policy of Anti-money Laundering and Countering the Financing of Terrorism", "The Guidelines of Anti-Money Laundering and Counter Terrorism Financing", and "Measures for Assessing Money Laundering and Terrorism Financing Risk and Adoption of Prevention Program", all of which have been approved and promulgated by the Board of Directors and are in effect for our units at home and abroad to abide by. To regulate the Due Diligence Investigation operation for our customers, the Bank has stipulated the "Inspection and Management Guidelines for the Establishment of Business Relations" to establish the operation procedure to identify customers while building business relations with them, including identifying beneficial owners, judging politically exposed persons (PEPs), and taking control measures for high-risk customers. For example, before building or creating business transactions relations, the actions shall be approved by unit supervisors holding a position of deputy manager or above to comprehend the wealth and capital sources of customers. Additionally, the "Guidelines on Assessment of Customer Money Laundering and Terrorism Financing Risks and Customer Due Diligence" specify that customers' backgrounds, occupations, and the characteristics of their social and economic activities, regions, and the organizational type and framework of non-natural person customers to identify the risks of customers laundering money and financing terrorism. Moreover, the guidelines specify that if customers are individuals, legal persons or groups that are sanctioned by the Counter-Terrorism Financing Act, or customers or their representatives, beneficial owners, high level managers are currently holding or held a foreign political exposed position (including international organizations), they shall be considered high risk customers and shall be verified as well as their family members and close associates.

AML and CFT Management Team Organizational Chart



With a view to continuously enhance employees' professional competence of anti-money laundering and combating the financing of terrorism, the Bank encourages employees to obtain the CAMS certification (CAMS: Certified Anti-Money Laundering Specialist) and domestic AML and CFT professional certification, and to continuously enrich their professional knowledge. There were 73 employees in total who obtained the CAMS (Certified Anti-Money Laundering Specialist) certification and 1,040 employees who received AML and CFT professional certification awarded by the Financial Supervisory Commission by the end of 2022. The Bank has also established AML and CFT (Anti-Money Laundering and Combating the Financing of Terrorism) systems for customer name checking, risk assessment, transaction monitoring and Due Diligence Investigation data retention to assist the execution of anti-money laundering and combating the financing of terrorism.



2022			
Internal Courses		External Courses	
Number of courses offered / participated	21	Number of courses offered / participated	11
Number of participants	1,282	Number of participants	28
Number of course hours offered	82	Number of course hours offered	96
Total hours of courses attended	5,339.5	Total hours of courses attended	169

2.7 Information Security

The Bank has strengthened the personal data protection mechanism and enhanced information service quality regarding to the security control and protection of customers' personal data. Additionally, the Bank has passed the formal assessment and received the "BS10012: 2017 Personal Information Management System" certificate, an international standard published by the British Standards Institution (BSI) to strengthen information security in the aspects of personal data protection, asset classification and risk management, physical facilities and environmental safety, telecommunications and operation management, the development, maintenance and management of systems, the sustainable operation and management of the enterprise, access control and management, incident management and analysis and legal compliance. We have implemented personal data protection in each of our operational process to demonstrate our resolution to good administration and protection.

Through trainings and advocacy programs, the Bank has strengthened employees' awareness of the risks of data leakage or misuse to protect the security of customers' personal data. Regarding the implementation of the EU's General Data Protection Regulation (GDPR), EU citizens' personal data inventory and related control measures have been carried out, and specific practices or penalty cases in the EU region are continuously monitored to respond to the potential impact of the GDPR.

2.7.1

Information Security Management Framework

To effectively supervise and promote information security policies, projects and tasks, the Bank has established the "Information Security Promotion Committee", and the Chief Information Security Officer serves as the convener to organize the promotion of information security policies and the integration of resource dispatch. Additionally, the Information Security Implementation Team holds the information security management and review meeting every half a year to report information security management framework (ISO 27001), internal and external issues and the requirements of stakeholders to the committee members. The committee cooperates with relevant units to assess and control internal and external threats from the angle of risk management to create an information security environment for the development of financial technology (FinTech).

The Bank has established a unit dedicated to information security. The unit is responsible for the

governance of information security, for planning information security protection and execution, and for strengthening the information security cognition of all employees to effectively manage information security risks and operation management. Additionally, the unit helps enhance the Bank's capacity of information security management.

Furthermore, to show support for the promotion of information security, the management level requests the Chairman, President, Chief Auditor, the supervisor of the unit in charge of information security to sign the statement of integral execution of information security and report it to the Board of Directors every year to implement the supervision of the Board of Directors and strengthen corporate governance to safeguard our customers' rights and interests.

2.7.2

Information Security Action Project

To protect our customers' rights and interests and the sustainable operation goal of the enterprise, the Bank's information system enhances its disaster response capability and shortens its recovery time with the structure of two places and three centers. Additionally, every half a year, we plan drills for different scenarios for our core and conduct at least one drill and review the process. Moreover, we drill our staff in the recovery of obstacles in our open system and backup server to reduce operational risks and elevate the level of our customer services.

The Bank's information security intelligence advocacy is announced on the enterprise information portal for employees to delve into. The Bank executes social engineering drills twice every year, and arranges social engineering cognition courses to strengthen employees' awareness of information security. With respect to information security education and training, the directors are asked to participate in information security governance project training courses, and all employees are requested to receive information security education and training on a regular basis each year. In 2022, a total of 2,768 people participated in the information security education and training, and the pass rate reached 99.96%. To strengthen information security management, the Bank has conducted the evaluation of information security maturity, and trained personnel at designated information security units to obtain the international information security certification. A total of 6 colleagues have obtained 11 international information security certificates.

To respond to the development of digital finance, and to ensure that our customers use mobile applications safely, the Bank carries out mobile APP tests on a regular basis each year, and has obtained the Mobile Application Basic Security (MAS seal). Additionally, we have entrusted a professional third party to conduct

security checks in accordance with the Open Web Application Security Project (OWASP) to enhance our customers' trust.

With the aim of responding to the "Regulations on Financial Institutions Conducting Information Security Assessment for Computer Systems" implemented by the Financial Supervisory Commission and its affiliated associations, the Bank has entrusted an accounting office to serve as an independent third party to examine the integrity and appropriateness of existing control measures for self-built and outsourced computer systems through assessment methods described in the regulations to discover possible and potential information security threats and weaknesses to implement relevant control measures in the technical and management aspects, and to improve and enhance the security protection capabilities of Internet and information systems.

The "Financial Information Security Action Project" promoted by the Financial Supervisory Commission encourages the financial industry to continuously strengthen information security protection capabilities. The Bank has signed the "Memorandum of Understanding for National Joint Cyber Security Defense and Intelligence Sharing" with the Taichung Investigation Office of Investigation Bureau, Ministry of Justice (hereinafter referred to as the Investigation Bureau) to fortify the protection power of both parties for joint cyber security defense. Through intelligence sharing, joint information security defense and suggestions, the action project effectively monitors overall information security risks, reinforcing information security protection capabilities to ensure the information security of the Bank, and to safeguard our customers' rights and interests.

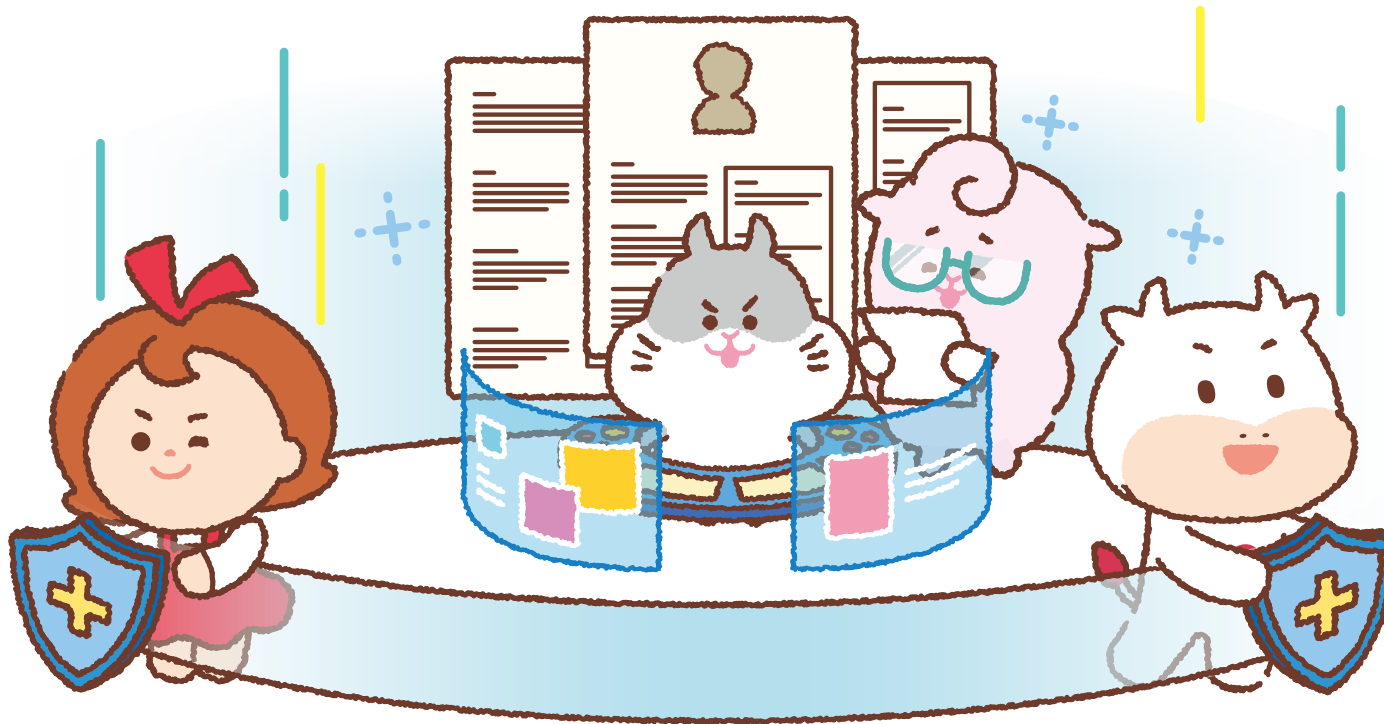
2.7.3

Personal Data Protection Measures

To implement and execute the personal data protection system, the Bank has formulated the "Guidelines for Personal Data Management". Additionally, Taichung Bank has created appropriate control mechanisms for the storage, transmission and use of personal data and files. We have established the management and review mechanisms for access rights, data encryption and exchange, communication encryption for the financial end, control over the system development procedure, the auditing and monitoring of the database, control over the portable storage media, the inventory of personal data, the filing and preservation of mail, personal data selection by the content of mail, control over Internet connection, the filing and protection of the journal and so on.

The Bank checks customers' data and files on a regular basis, and destroys them as regulated when their retention periods expire or when they have no value to be kept or referred to to prevent the leakage of our customers' personal data. In 2022, the number of information leakage incidents, the number of customers being affected by information leakage incidents and the percentage of leakage incidents related to personal information were all zero (as shown in the following table). There was no occurrence of information leakage incidents, and there was no confirmed complaint of encroaching upon customers' privacy or losing customers' data.

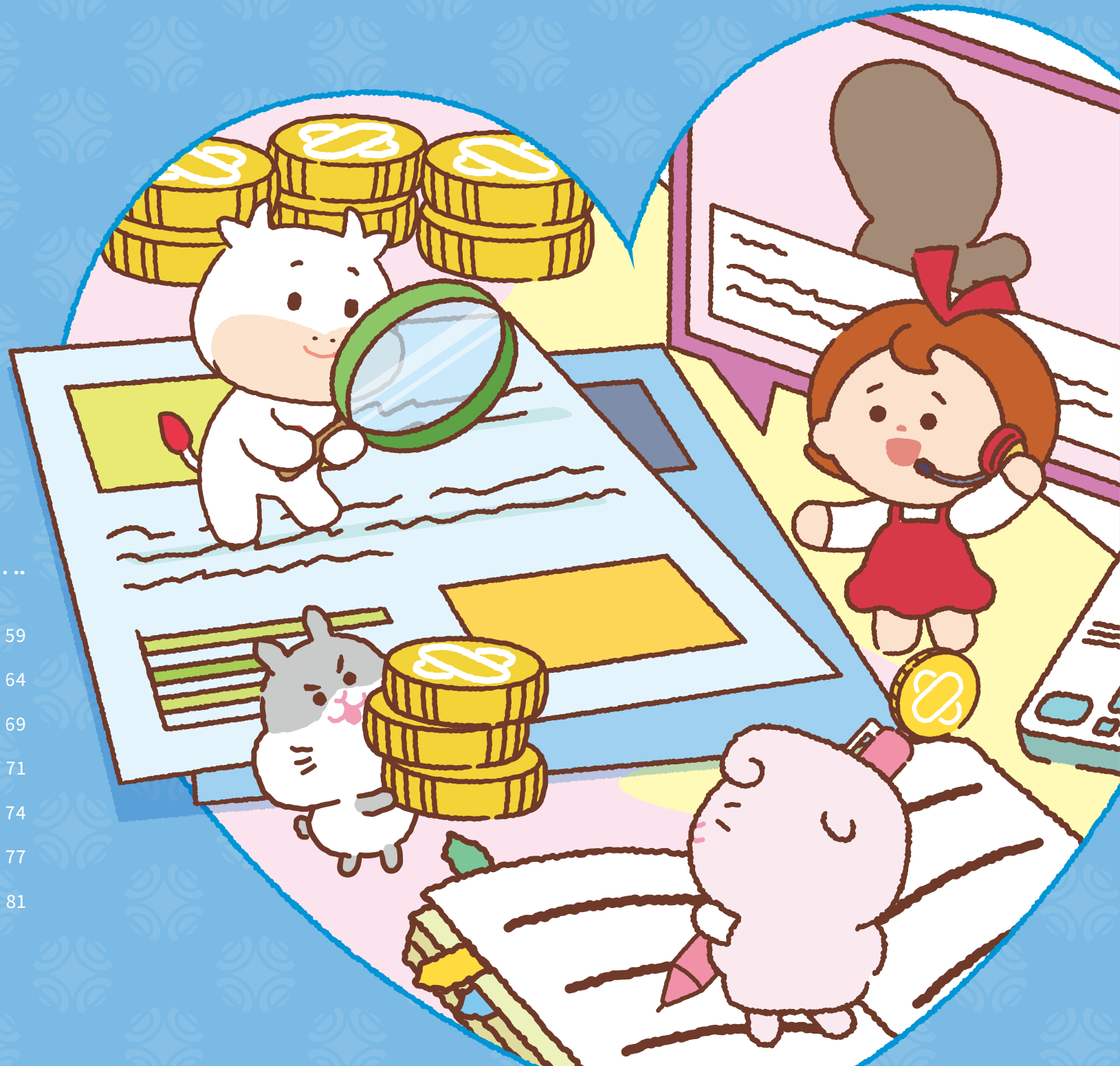
Information Leakage Incidents in 2022	
Number of Information Leakage Incidents	0
Number of Customers Affected by Information Leakage Incidents	0
Percentage of Leakage Incidents Related to Personal Data	0%



CH3

Caring with Our Hearts

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3.1

Customer Relations

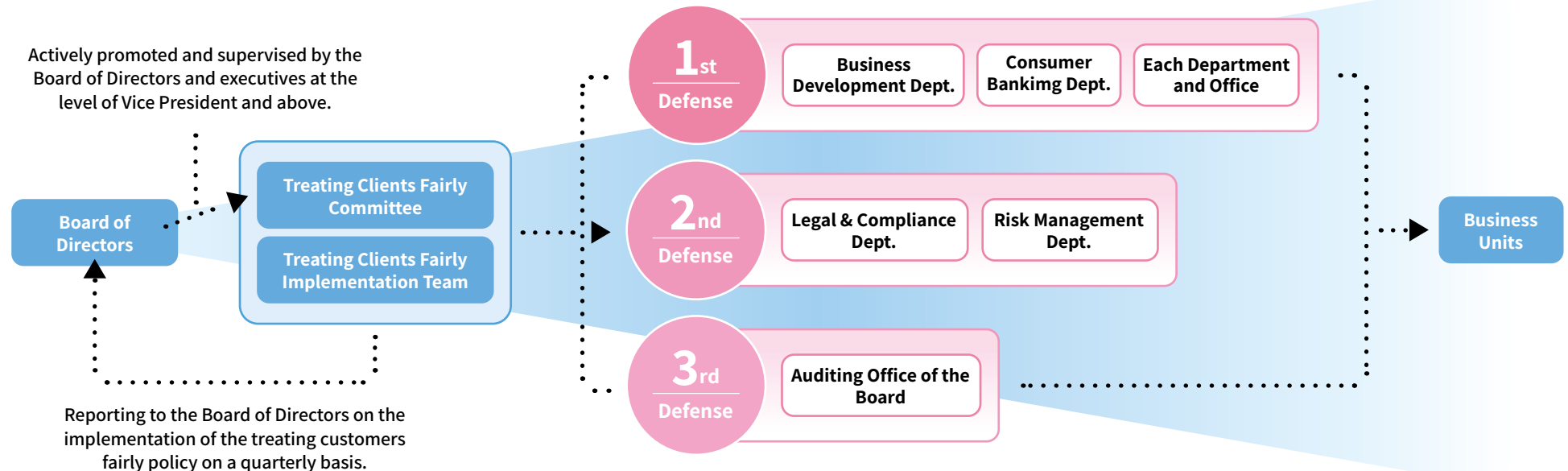
In response to the trend of protecting financial consumers in the world, we stress "human-based" financial services. While developing its business, the Bank continues to establish a corporate culture that values the protection of financial consumers, and we treat financial consumers in a fair and reasonable way. Additionally, keeping the mission of "Caring with Our Hearts and Shining Brightly" in mind, we listen for our clients' needs, place importance on their rights, and provide them with diverse and convenient financial services. Furthermore, we incorporate the concept of inclusive financing to devote to the management of the enterprise, continue to improve customer experience and bring the spirit of sustainable development into full play.

3.1.1

Establishing Treating Customers Fairly Principles

To shape a corporate culture of treating customers fairly, the bank has established policies and strategies based on the Financial Consumer Protection Act and the Financial Supervisory Commission's "Treating Customers Fairly Principles for the Financial Service Industry". We are committed to fulfilling our obligation to protect financial consumers.

To demonstrate our determination, Taichung Commercial Bank actively implements the spirit of treating customers fairly through various aspects to enhance the level of fair treatment. In April 2022, the Board of Directors established the "Treating Clients Fairly Committee" with the personal leadership and supervision of directors and senior executives. This top-down approach aims to shape the corporate culture and values. Additionally, a "Treating Clients Fairly Implementation Team" was established under the committee to strengthen the operation of three lines of defense. We are dedicated to becoming a customer-centric financial institution, providing services that meet customers' needs, transcending time and space constraints, and delivering a warm and welcoming service experience.



Effectiveness of Treating Customers Fairly Implementation

To enhance the understanding of Treating Customers Fairly Principles among all employees, the bank organized annual "Treating Customers Fairly" educational training courses. These courses involved sharing case studies related to suspected violations of TCF Principles, customer complaints, and disputed cases in various business areas. The aim was to strengthen employees' awareness of financial consumer rights. In the year 2022, a total of 210 training sessions were conducted, with a total of 9,472 participants (including directors and staff from the headquarters and branch offices).

In the year 2022, the bank actively engaged in providing assistance and preventive measures to combat fraud cases. According to the statistics from the Ministry of the Interior's Police Administration, a total of 114 cases were successfully held back with the Bank's proactive care and questioning. The cumulative amount involved in these cases was NT\$47,084,211. In accordance with the Employee Rewards and Penalties Policy, employees who successfully prevented these cases were rewarded. A total of 185 employees were recognized and rewarded for their contributions.

To uphold the spirit of protecting financial consumers and maintain the fair exchange market, we market and label our financial products and services in accordance with "Financial Consumer Protection Act", "Banking Act", and the regulations of competent authorities. The information of all products is thoroughly disclosed on the official website of Taichung Bank, bills, application forms, direct mail advertising, brochures and flyers. No records of penalties or sanctions for disclosing false information in the year 2022.

Customer Risk Management

Upholding the service spirit of "Caring with Our Hearts and Shining Brightly", Taichung Bank holds fast to our customers' rights. In accordance with the policy and strategy of the Treating Customers Fairly Principles, we implement the protection of consumers, ensure that our customers comprehend the property of commodities and risks that they may face and adopt the principle of pre-control, midway control and post-control.

If the Bank engages in wealth management business, we utilize system controls and regular report reviews to prevent excessive sales. We established a "Financial Product Review Committee" and a "Review Team" to ensure that all financial products purchased by customers from the Bank go through professional reviews in terms of legality, issuer conditions, product structure, risk level, and other aspects before being approved for sale.



Preventive Measures for Customer Risk Management

- Implementing Know Your Customer (KYC) by implementing rigorous and compliant KYC procedures, we enable customers to choose suitable financial products that safeguard their financial consumer rights. We also prioritize the investment rights of vulnerable customers and utilize system controls and regular reports for monitoring purposes.
- Fortifying Know Your Product (KYP), we have established a "Financial Product Review Committee" and a "Review Team" to ensure that all financial products offered to customers undergo professional review (including legal compliance, issuing institution requirements, product structure, risk level, etc.) before being made available for sale.
- To ensure compliance, the Bank implements recording confirmation procedures for certain activities, including large-scale purchases by non-professional investors, transactions involving high-risk products for specific vulnerable customers and elderly customers, purchases of non-principal-guaranteed overseas structured products, qualification applications for professional investors, and off-site investment risk assessment. These activities require prior completion of the transaction recording confirmation process.
- To strengthen the education of financial service personnel in promoting or selling financial products, they must provide full disclosure of investment risks to avoid engaging in sales practices where the complexity of the product does not match the customer's investment experience and level of expertise.
- Conducting "Ethics and Professionalism Education Training" for financial specialists every 6 months to reinforce employees' understanding of legal compliance and their responsibility to safeguard customers' rights and interests.

In-Process Risk Prevention for Customer Risk Management

- Every year, a credit monitoring and review of financial service personnel is conducted to timely understand their credit and financial status, and prevent any potential misconduct. Additionally, two self-deposit transaction checks for financial service personnel are carried out annually to enhance vigilance against improper fund transactions.
- If there is a short-term loss, financial service personnel will conduct client interviews and provide analysis of the recent market situation.

Post-event Risk Management for Clients

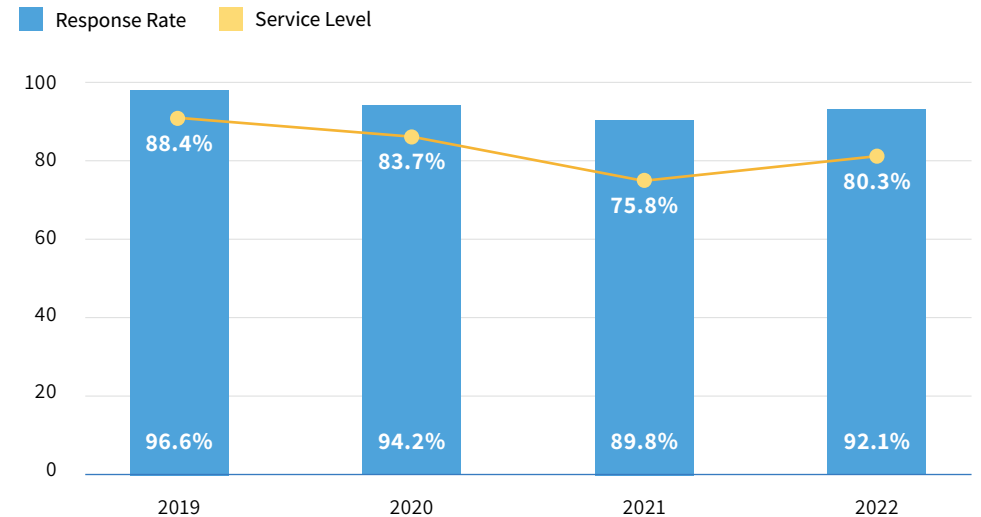
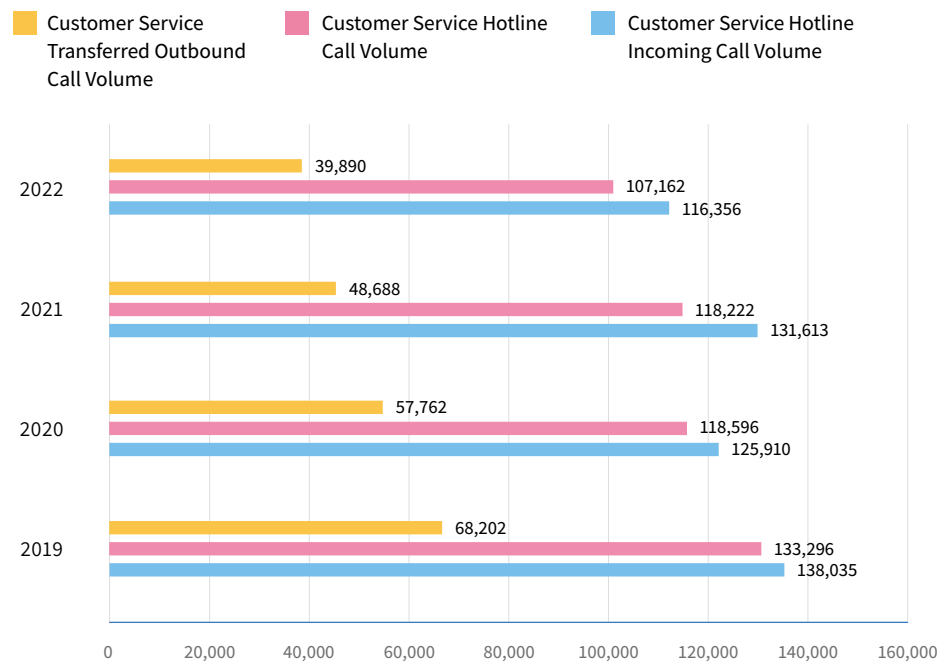
- Establish a reasonable remuneration system for wealth management professionals, including the amount of commissions, growth of assets entrusted by clients, growth of client base, completeness of education and training, attainment of professional certifications and so on.
- Strengthen the implementation of Treating Customers Fairly Principles by incorporating them into the Key Performance Indicators (KPIs) assessment of financial professionals. This assessment includes auditing deficiencies, customer complaints and disputes, service quality monitoring, and abnormal transaction monitoring. The wealth management supervisors assist in the post-event tracking to ensure the effective execution of pre-control measures.

3.1.2

Customer Communication Channels

To enhance service quality, we provide customers with diverse and real-time consultation channels to address their inquiries and assist with issue resolution. Customers can directly communicate their feedback to our branch offices. Additionally, we offer a 24/7 customer service hotline (0809-096888 or 4499888 for local calls within Taiwan; please dial 04 for mobile and outlying island calls), as well as options for communication via letters, email, and our intelligent customer service system (including a 24/7 AI chatbot and live texting customer service from Monday to Friday, 9:00 a.m. to 6:00 p.m.). These channels allow customers to voice their concerns and ensure that their feedback is effectively addressed and responded to.

Four-year Customer Service Hotline Statistics Table

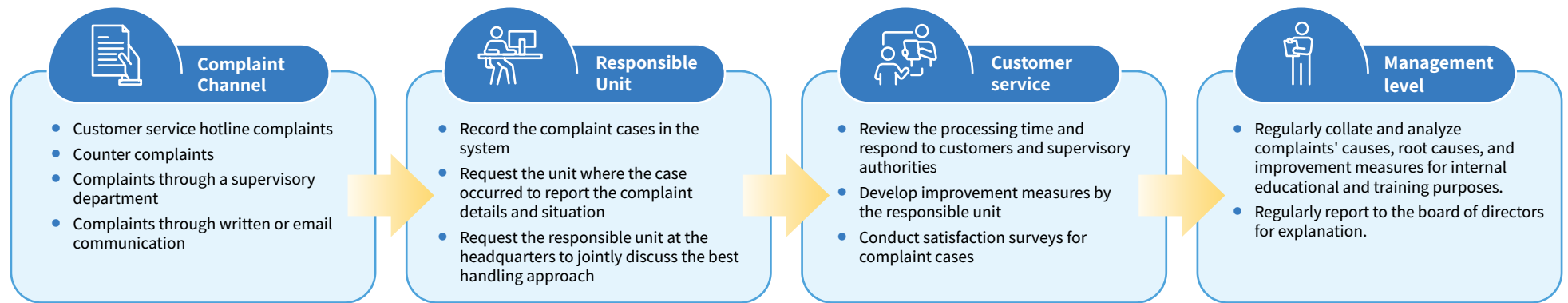


Note 1: The response rate of the customer service hotline is the ratio of total answered calls to the total incoming calls.
 Note 2: The service level is the percentage of calls answered within 30 seconds.

To better comprehend the satisfaction and feedback of our customers regarding various services provided by the bank, and to use it as a basis for the development and improvement of products and services, we plan to establish a "Customer Survey System". This system will conduct surveys in various aspects, including customer satisfaction, product or service evaluation, product loyalty, and friendly finance services. It is scheduled to launch in 2023, allowing us to genuinely listen to and value the voices of our customers, and to collect feedback and suggestions in a more efficient manner. These inputs will be carefully reviewed and serve as the basis for enhancing our products, services, and operational processes. We will continuously optimize the "FAQ section" on the official website of Taichung Bank. This includes adding keyword search functionality and implementing backend features. Based on common customer inquiries, we will provide convenient search functions for eight major categories, including the utilization of electronic financial security mechanisms, internet banking, batch processing services, authorized services for subsidiary companies, mobile banking, mobile payments, check printing, and virtual account collections through the E-Butler service.

To handle customer complaints effectively and enhance the service quality and image of the bank, we have established a dedicated unit for handling financial consumer disputes. This unit collaborates in processing customer complaint cases, aiming to improve the efficiency of complaint resolution. Complaints received through various channels, such as the customer service hotline, branch counters, supervisory authorities, arbitration centers, emails, and letters, are all recorded in the "Complaint Management System". By utilizing a systematic approach, we manage the processing flow and quantify the volume of complaint cases, ensuring that customers receive timely responses. Subsequently, we review the issues raised in the complaint cases and make improvements to prevent recurrence.

Taichung Commercial Bank Customer Complaint Mechanism



The bank values the rights of every customer to file a complaint. We approach issues with a proactive attitude, ensuring timely handling of customer complaints and engaging in discussions with relevant departments to determine the best course of action. After the resolution of a complaint case, we conduct satisfaction surveys to demonstrate our commitment to the complainant. To effectively manage the number and quality of cases, we regularly review the types and handling of financial consumer disputes each month. We request each business unit to develop improvement measures and quarterly compile and analyze the content of complaint cases. This serves as the basis for improving service quality and developing educational materials for training and awareness purposes. We also organize "Common Complaints Education and Training" courses periodically to reinforce our staff's attitudes and understanding of handling complaints and compliance with legal requirements. Additionally, we report the previous year's complaint cases to the Board of Directors on a regular basis to keep the management informed of the overall handling of complaint cases throughout the bank.

Complaint Case Summary Table

Year	Source of Complaints		Total cases
	Competent Authorities (number of cases)	Received by the Bank (number of cases)	
2019	111	70	181
2020	104	100	204
2021	109	140	249
2022	86	94	180

Customer feedback is the driving force for the bank to strive towards providing high-quality service. We firmly believe that with a dedicated and enthusiastic service attitude, listening to customer needs, and promptly responding to and resolving customer issues, we can earn their trust and convey our corporate image of "We Do Our Best For You".

Note: In 2022, the majority of complaints were related to deposit and remittance services (46 cases) and specifically account disputes (14 cases). To address the aforementioned complaint categories, the following improvement measures were proposed:

- Reiterate the importance of verifying the account name and other relevant information accurately before proceeding with non-passbook deposit transactions. This is to prevent errors in account crediting or deposit misplacements.
- Starting from August 8th, 2022, when handling premature termination of fixed-term deposits for personal accounts not owned by the depositor, it is required to conduct a pre-transaction confirmation by contacting the depositor directly via the Bank's IVR recording system. This is to fulfill the Bank's due obligation of a good manager.

3.1.4 Protecting Customers' Rights and Interests

In view of the increasing number of fraud cases, to protect our customers' rights and interests, reduce the risk of scams, prevent personal losses, and safeguard financial assets for elderly customers and vulnerable groups, the bank has implemented the following measures:

Measures to Reduce Fraud Risk in 2022

Caring Inquiries

When customers aged 65 and above conduct cash withdrawal transactions of equivalent NT\$30,000 or more, the branch should implement counter inquiries to show concern.

When an elderly, physically disabled, or mentally disabled customer wishes to open an account, enhance the assessment of the suitability and appropriateness of the transactions. If a customer is accompanied by someone during in-branch transactions such as deposits, withdrawals, transfers, or remittances, Bank staff should verify the relationship between the customer and the accompanying person.

Measures to Prevent Overseas Fraud

The bank has implemented the "Criminal Investigation Bureau - Fraud Prevention List Inquiry" feature in its foreign exchange system. When processing outgoing foreign currency remittances, the system checks if the recipient's account is listed as a fraudulent account. If there's suspicion of overseas fraud, the customer is informed and assisted in contacting the Anti-Fraud Helpline at 165 to protect their rights and interests.

The Bank Utilizes Short URL Applications and Reverse Web Page Lookup

We plan to implement mechanisms such as short URL applications and reverse web page lookup in order to facilitate customers in correctly verifying the short URL links sent by the bank, thereby avoiding the risk of fraud and personal data leakage.

Fast Identity Online (FIDO) Binding Verification

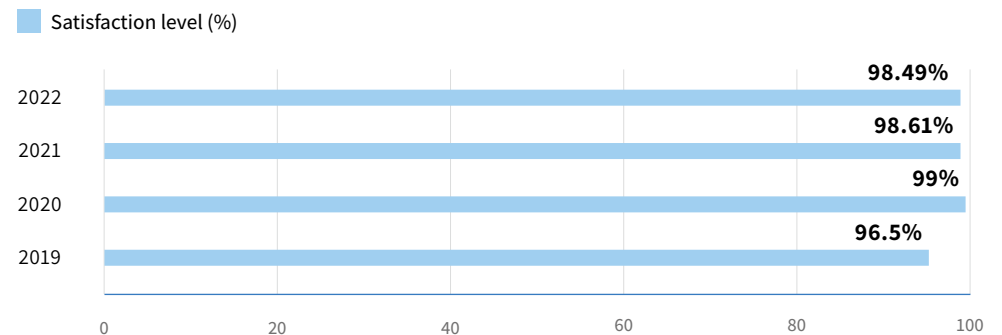
By implementing FIDO device binding verification, we can effectively protect customers from the risk of personal information and account asset theft. Furthermore, it can be further aligned with the government-led F-FIDO (Finance-Fast Identity Online, Financial Action Identity Verification Alliance) to simplify the verification of personal data.

Optimization of ATM Services

Starting from November 2022, when personal account holders make transfer transactions of NT\$10,000 or more at physical ATMs, the system will automatically send SMS and email notifications to customers to ensure their rights and interests.

3.1.5 Customer Satisfaction Survey

Taichung Bank conducts biannual customer satisfaction surveys regarding the service quality of its financial specialists to enhance the monitoring of their sales and service quality. The average satisfaction rate consistently exceeds 95%.



3.2 Sustainable Finance

3.2.1 Uninterrupted Financial Services

To provide our customers with a safe and convenient transaction environment, Taichung Bank pays close attention to the development of the COVID-19 pandemic. In addition to adhering to the relevant regulations of the Central Epidemic Command Center, we even took pandemic prevention measures to protect our employees, such as remote and work-from-home arrangements, flexible shifts, and rotating work groups to reduce the probability of cross infection among colleagues, and to ensure uninterrupted financial services at the Bank.

Due to the impact of the COVID-19 pandemic, individuals, businesses, and enterprises have been greatly affected. Taichung Bank cares deeply, and fully supports the government's pandemic prevention policies. Since 2020, we have implemented various relief measures to support the public during the epidemic. In 2022, we continued to provide relief measures for personal account holders, offering a 3 to 6-month extension of principal or interest payment for individuals with existing loans affected by the pandemic. During the extension period, no penalty fees or delayed interest were charged.

Unit: NT\$ thousand

Aspect	ESG-related Products and Services	2020		2021		2022	
		Cases	Amount	Cases	Amount	Cases	Amount
Society	Individual Customers Measures for Principal and Interest Relief (Approval Status)	782	6,344,427	970	6,146,024	263	1,873,379
	Workers' Relief Loans (Disbursement Status)	6,459	645,130	3,811	381,100	-	-

To assist credit card customers affected by the COVID-19 pandemic, a relief program was implemented allowing them to apply for a 3 to 6-month deferment of credit card bill payments. During the deferment period, no default fees or revolving interest were charged. A total of 119 cases were approved in 2020, 156 cases in 2021, and 83 cases in 2022.

3.2.2 Green Financial Services and Products

"Little Green Man Program"



Starting from 2022, we have collaborated with the "Tse-Xin Organic Agriculture Foundation" to launch the "Little Green Man Program". This program encourages customers to participate in carbon reduction with the goal of planting 5,000 tree seedlings within the next three years, which can reduce approximately 50 metric tons of carbon emissions. We also guide customers to use online transfers and online payments instead of traditional paper-based transactions, (such as encouraging customers to switch from paper bills to electronic bills). We actively promote paperless and contactless digital financial services, aiming to raise awareness among the public about sustainable environments and carbon reduction through the "Little Green Man Program".

"Green Consumer Loans" and "Sewage and Sewer Drainage Equipment Piping Financing" Projects

- 1 To fulfill our commitment to green finance and sustainable water resource development, we revised the "Green Consumer Loans" on June 29, 2022. This encourages our mortgage customers to purchase green energy, energy-saving, and environmentally friendly equipment, as well as use green building materials for renovation or repairs, or to meet funding needs related to electric vehicles or motorcycles.
- 2 We continue to offer the "Sewage and Sewer Drainage Equipment Piping Financing" project, loans, providing funding for the demolition or repair of houses for customers approved by various county/city water resources bureaus for sewage pipelines. In 2022, we received 14 referrals from the water resources bureaus regarding the sewage and drainage equipment pipeline financing project. We disbursed 7 loans with a total amount of NT\$16.28 million in 2022.

"Certain Factories Transformation Financing Project"

In response to the ongoing fervor of ESG issues, the bank also guides customers to proactively address the risks associated with the ESG wave. In addition to providing funding for customers to replace outdated equipment and meet future shipping standards, we also offer the "Certain Factories Transformation Financing Project". This project encourages customers to establish comprehensive fire protection, environmental, and sewage treatment facilities, integrate agricultural land factories, and continuously move towards the legalization of land use.

Six Core Strategic Industry Promotion Plan

This program is a national development direction set by the government, with a target of 15% of electricity generation coming from green and renewable energy industries by 2025. The bank offers the "Solar Photovoltaic Power Generation Equipment Financing Project" to assist customers in the construction and acquisition of renewable energy equipment, in line with national development policies.

"High-quality SME Financing" Project

The majority of the bank's customers are SMEs. SMEs have smaller operating scales and capital amounts compared to large enterprises. However, they still face climate risks and the impacts of international regulatory changes. In the process of transformation, it is crucial for them to receive assistance from financial institutions. Therefore, the bank aims to be the strongest support for SMEs and has launched the "High-quality SME Financing" project. This loan provides the necessary funds for the operation of SMEs and helps them navigate through the challenges of transformation.

"Taichung Commercial Bank Young Entrepreneurship and Start-up Fund Loan" Project

Post-pandemic, many industries are awaiting recovery, and there are also many people planning to start their own businesses. In line with the Ministry of Economic Affairs and Ministry of Culture, Taichung Bank has launched the "Taichung Bank Young Entrepreneurship and Start-up Fund Loan" initiative to provide young entrepreneurs with favorable conditions for the necessary funds for their business ventures. This initiative not only promotes credit services but also fulfills social responsibility.

Carbon Reduction Actions

In addition to establishing various digital financial services to reduce paper usage, the Bank will also establish a "Carbon Passport" to record the amount of carbon reduced due to the reduction of paper usage from our customers.



The Bank fulfilling its stewardship responsibility by integrating the Principles for Responsible Investment (PRI) into its relevant processes. Considering ESG factors for sustainable business practices, various management mechanisms have been established and continuously strengthened and implemented, ensuring the sustainable and sound development of investment operations.

The Bank regularly discloses its compliance with stewardship on the official website of Taichung Bank and updates it at least once a year.

Documents disclosed on the official website of Taichung Bank

Statement of adherence to the "Stewardship Principles for Institutional Investors" and the "Stewardship Policy."

- Fulfilling Due Stewardship Principles Status for 2018 (https://www.tcbbank.com.tw/pdf/FulfillingDue_107.pdf)
- Fulfilling Due Stewardship Principles Report for 2019 (https://www.tcbbank.com.tw/pdf/FulfillingDue_108.pdf?v1.1.141)
- Fulfilling Due Stewardship Principles Report for 2020 (https://www.tcbbank.com.tw/pdf/FulfillingDue_109.pdf?v1.2.113)
- Fulfilling Due Stewardship Principles Report for 2021 (https://www.tcbbank.com.tw/pdf/Intro/FulfillingDue_110.pdf?v1.3.101)
- Shareholders' Meeting Voting Records for 2022 (https://www.tcbbank.com.tw/pdf/Intro/ShareholdersMeetingVote_11106.pdf)

Specific Achievements in 2022

Given the rapid development of green finance and ESG, it is not only a change in the financial investment evaluation criteria but also a new perspective on crisis management in the face of a rapidly changing world and unpredictable risks. However, green finance goes beyond pursuing financial returns in investment and financing decisions. It requires considerations of potential environmental impacts and incorporating potential returns, risks, and costs related to the environment into financial decision-making and daily business operations, guiding economic resources, and promoting the sustainable development of the social environment.

The bank adheres to the principles of responsible investment while gradually increasing the proportion of investments in green and sustainable bonds. We have also established positions in ESG sustainable funds to actively support the sustainable low-carbon and green projects of investee companies. In line

with international trends in stewardship and institutional investor operations, the bank takes diligent governance actions to focus on the ESG issues of investee companies, enhance investment value, and improve the overall interests of our fund providers. On July 30, 2018, we signed the statement of compliance with "Stewardship Principles for Institutional Investors" and updated it in accordance with the revised "Stewardship Principles for Institutional Investors" by Taiwan Stock Exchange Corporation, completed on December 24, 2020. Externally, we have set up a dedicated section on institutional investor stewardship governance on the official website of Taichung Bank to disclose our stewardship governance performance. Internally, we have incorporated ESG issues into our investment evaluation process and established "Stewardship Policy" to regulate our practices.

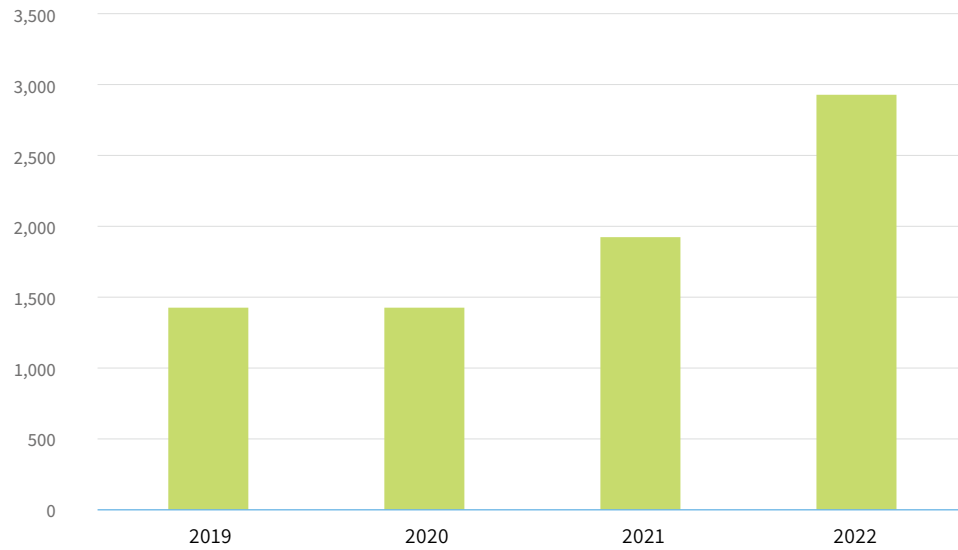
Unit: NT\$1 million

ESG-related Products	Content	2019 Investment Amount	2020 Investment Amount	2021 Investment Amount	2022 Investment Amount	2022 Difference from Previous Year
Invest in Green and Sustainable Bonds	Taiwan Dollar Bonds	NTD \$1,400	NTD \$1,400	NTD \$1,900	NTD \$2,900	+NTD \$1,000
	Foreign Currency Bonds	USD \$36.4	USD \$49.9	USD \$40.1	USD \$65.3	+USD \$25.2
Invest in ETFs (Exchange-Traded Funds)	ESG Sustainable ETFs	NTD \$0	NTD \$8.8	NTD \$40.8	NTD \$64.9	+NTD \$24.1
Invest in Funds	ESG Sustainable Funds	NTD\$0	NTD\$0	NTD\$27.7	NTD\$30.2	+ NTD\$2.5
Sustainability-Linked Bonds (Note)	Taiwan Dollar Bonds	-	-	-	NTD \$200	+NTD \$200

Note: The Taipei Exchange announced on July 8, 2022 the implementation of the Over-The-Counter (OTC) trading system for Sustainability-Linked Bonds (SLBs).

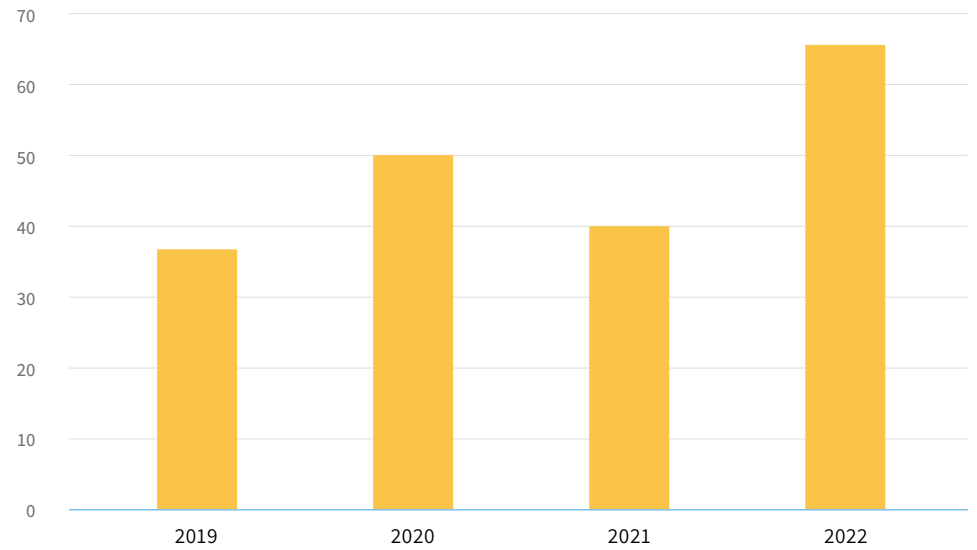
Green and Sustainable Bonds (NTD)

New Taiwan Dollars: 1 million



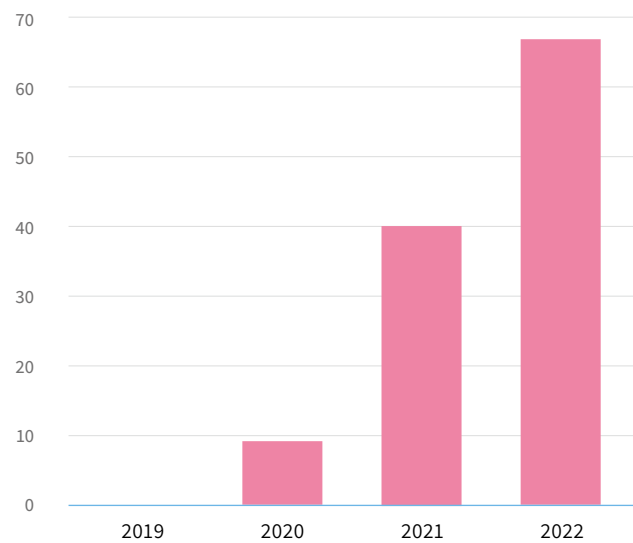
Green and Sustainable Bonds (forex)

US Dollars: 1 million



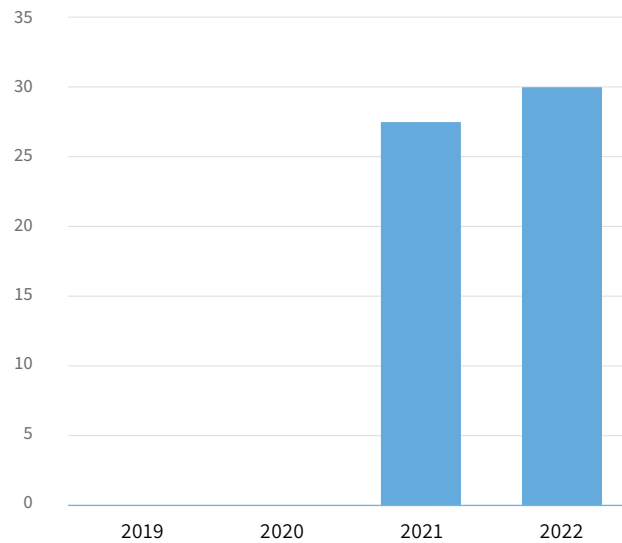
ESG Sustainable ETFs

New Taiwan Dollars: 1 million



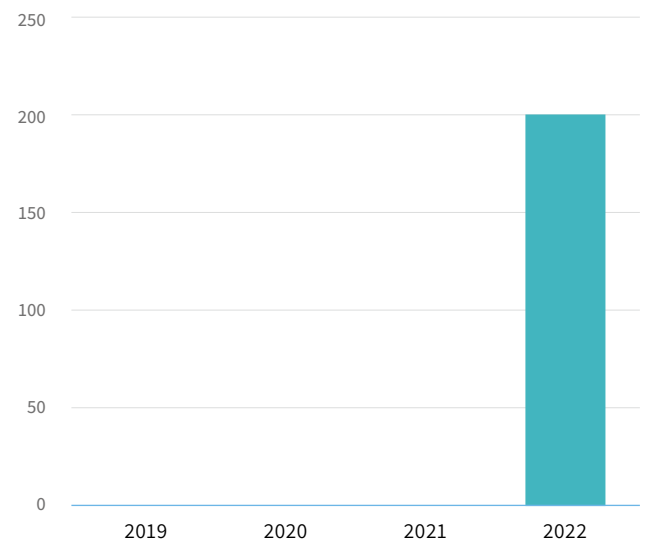
ESG Sustainable Funds

New Taiwan Dollars: 1 million



Sustainability-Linked Bonds (NTD)

New Taiwan Dollars: 1 million



In 2022, the Bank continued to allocate resources toward environmentally and socially friendly industries. The categorization of the fund usage is shown in the following table:

Unit: NT\$1 million

ESG Industry Investment	Use of Funds	Investment amount in 2022
Environmentally Friendly	Renewable Energy and Energy Efficiency	1,023
	Green Transportation	306
	Green Buildings and Infrastructure	852
	Agriculture and Forestry	127
	Circular Economy	1,786
	Solar Energy	500
Socially Friendly	Healthcare and Medical	208
	Social Welfare	303
ESG Sustainable ETF		65
ESG Fund		30
Total Sustainable Industry Investments		5,200

The Six Core Strategic Industry categories are built upon the government's promotion of the 5+2 Innovative Industries and the development of AI and 5G technologies. Through strategies such as promoting industry excellence, enhancing technological innovation, expanding international cooperation, and creating a favorable environment, including establishing Taiwan's brand, providing flexible and diversified financial support, creating a safe environment for industries to develop, and gathering and cultivating digital and bilingual talents and other communication environments, Taiwan aims to become a key player in global economic recovery and supply chain restructuring. In the process of industrial transformation, Taichung Bank has strengthened its green credit financing in recent years, providing businesses with funding for green transformation and equipment improvement. The bank incorporates ESG principles into its credit business, aiming to contribute to environmental sustainability.

2022 Six Core Strategic Industry Categories

2022 Six Core Strategic Industry Categories:	Total (New Taiwan Dollars)
Information and Digital Industry Credit	NT\$70,840,231,000
Advanced Cybersecurity Industry Credit	
Taiwan Precision Health Industry	
National Defense and Strategic Industry	
Green Energy and Renewable Energy Industry	
Livelihood and Defense Industry	

With environmental pollution and climate change issues receiving increasing global attention, sustainable development has become the primary goal of global economic transformation. As a provider of financial services, Taichung Bank is dedicated to promoting green finance, enhancing the breadth and depth of green credit. The Bank upholds the spirit of the Equator Principles to carry out risk assessment and implement on-site visits in the phase of credit extending. For customers who violate the Equator Principles, their cases would not be accepted, or the Bank would elevate interest rates for loans to safeguard our environment. On the other hand, in addition to supporting the installation of renewable energy equipment, the Bank actively assists in industrial transformation, promotes pollution prevention and control, and contributes to the construction of green buildings. We guide companies to prioritize ESG issues, shaping a virtuous cycle of sustainable development in industries.

ESG categories	Loan balance in 2022 (unit: NT\$1 million)
Energy Efficiency	3,750.95
Energy Conservation	1,400.82
Pollution Prevention	3528.75
Environmental Sustainability Management and Land Use of Natural Resources	931.53
Protection of Regional and Aquatic Biodiversity	72.51
Clean Transportation	840.1
Sustainable Water Resources and Wastewater Treatment	1,708.66
Climate Change Adaptation	52.48
Products, Production Technologies, or Processes with Ecological Efficiency and Circular Economy Adaptation	126.59

ESG categories	Loan balance in 2022 (unit: NT\$1 million)
Green Buildings	1,311.51
Affordable Basic Living Infrastructure	370.45
Basic Service Needs	746.77
Affordable Housing	715.56
Job Creation and Programs to Mitigate or Avoid Unemployment Caused by Socio-economic Crises	199.85
Food Security and Sustainable Food Systems	714.89
Social and Economic Development and Rights Protection	709.74
Total	17,181.16

Loan projects to Promote the development of small and startup SMEs			
Small and startup SMEs with 10 or fewer employees			
Cases		Balance	
Number of loans	12,563	Number of loans	86,110,002
Number of overdue loans	24	Number of overdue loans	16,045

Loan projects to Promote the development of small and startup SMEs			
Small and startup SMEs with a capital of less than NT\$5 million			
Cases		Balance	
Number of loans	9,599	Number of loans	20,021,617
Number of overdue loans	21	Number of overdue loans	40,525

3.3 Responsible Products

3.3.1 Local Cashback on Credit Cards

Taichung Bank collaborates with Dajia Jenn Lann Temple to issue the "Mazu Peace Card", which allocates a fixed percentage of the monthly credit card spending to support Dajia Jenn Lann Temple and contribute to the development of local religious activities, fulfilling its social responsibility to give back to local communities. In addition, in partnership with Maria Social Welfare Foundation, we issued the "Maria Public Welfare Recognition Card", where a fixed percentage of the monthly card spending is allocated to support Maria Social Welfare Foundation, providing better facilities and comprehensive care for children with disabilities.

Issuing Charity Cards to Spread Love in the World

Program Theme Program Motivations Program Implementation	Gather the power of social welfare and charity groups to jointly practice the concept of love	"Dajia Jenn Lann Temple Safety Recognition Card" <ul style="list-style-type: none"> In 2020, a total of NT\$2,261,849 was allocated as a rebate to Dajia Jenn Lann Temple, and a NT\$700,000 sponsorship was provided for the Dajia Matsu Pilgrimage Cultural Festival. In 2021, a total of NT\$2,140,877 was allocated as a rebate to Dajia Jenn Lann Temple, and a NT\$700,000 sponsorship was provided to the Dajia Matsu Pilgrimage Cultural Festival. In 2022, a total of NT\$2,131,699 was allocated as a rebate to Dajia Jenn Lann Temple, and a NT\$700,000 sponsorship was provided for the Dajia Matsu Pilgrimage Cultural Festival.
	Help the development of traditional religious practices in the country and provide proper and comprehensive care for children with disabilities.	"Maria Public Welfare Recognition Card" <ul style="list-style-type: none"> In 2020, a total of NT\$69,454 was allocated as a rebate to Maria Social Welfare Foundation. In 2021, a total of NT\$61,670 was allocated as a rebate to Maria Social Welfare Foundation. In 2022, a total of NT\$67,069 was allocated as a rebate to Maria Social Welfare Foundation.
	In 2022 Taichung Bank continued to arrange credit card-transaction gifts and recruitment bonuses. We also encouraged our employees to promote the Matsu Safety Recognition Card and Maria Charity Recognition Card and participate in activities such as the Dajia Matsu Pilgrimage Cultural Festival.	

3.3.2 SME Financial Services

Taichung Bank is committed to providing financial services for SMEs. Although SMEs have relatively smaller capital and face limitations in operational scale, they also confront increasing global competition and industry pressures. However, SMEs are the foundation of Taiwan's economic development, and financial institutions play a crucial role in financing and supporting their operational growth. Taichung Bank aims to serve as the most trusted and reliable financial partner for SMEs by offering a range of financial products and wealth management services tailored to their needs.

By actively promoting credit guarantee funds, including SME Credit Guarantee Fund, Agricultural Credit Guarantee Fund, and Overseas Credit Guarantee Fund, Taichung Bank provides specialized loans to SMEs that may have insufficient collateral or limited banking experience. Through the flexible utilization of credit guarantee funds, SMEs can benefit from the transfer of credit guarantee to obtain financing assistance from the Bank, enabling them to achieve effective growth during their operational stages.

In cooperation with the government's "New Southbound Project Financing Credit Guarantee", Taichung Bank assists SMEs in investing in New Southbound countries. By providing operational financing, the bank supports the development of SMEs' ventures in the New Southbound region, helping to establish a solid foundation for business growth. In recognition of these efforts, Taichung Bank was rated as an excellent bank in the fifth phase of the Financial Supervisory Commission's "Incentivizing Domestic Banks Who Strengthen Credit Programs for New Southbound Policy Customers" as well.

In 2022, Taichung Bank continued to provide diversified financial products and assistance to businesses in obtaining funding

Project Name	Project Description	Project Benefits
Taichung Commercial Bank Young Entrepreneurship and Start-up Fund Loan	In line with the various ministries and departments of the Executive Yuan, Taichung Bank supports the Young Entrepreneurship and Start-up Fund Loan, creating a favorable environment for young entrepreneurs, promoting the entrepreneurial spirit, fostering economic development, and providing assistance in obtaining the necessary funds and subsidized interest rates for entrepreneurship and business operations.	Since the launch of the Young Entrepreneurship and Start-up Loan Fund, a total of 72 accounts have been processed, with a loan amount of NT\$78.4 million disbursed. (In 2022, the Bank processed 20 accounts, with a loan amount of NT\$20.1 million.)
Designated Factory Transformation Financing Plan	To guide customers in managing their factories and ensuring legal land use, we provided a "Designated Factory Transformation Financing Plan" to assist unregistered factories with obtaining the managing funds needed to improve their sewage management, environmental protection equipment, and fire protection facilities. Through the cooperation between the Taichung City Government and the SME Credit Insurance Fund, the credit insurance plan helped the client successfully obtain specific factory registration qualifications, thereby achieving sustainable land use.	In 2022, we have assisted one client in applying for the management plan approval for factory registration, with an allocated loan amount of NT\$1,891,052. We will continue to monitor the progress of clients in completing the management process and obtaining the factory registration certificate.

3.3.3 ESG Financial Products

Since 2020, we have gradually incorporated ESG issues into the selection criteria for our wealth management products and have been increasing the availability of ESG-related products each year. This provides investors who prioritize the green economy with more investment options and promotes the concept of sustainable investing.

Number of Listed ESG Compliant Commodities and Inventory

Commodities	Year		
	2020	2021	2022
Number of Commodities	121	202	216
Inventory Amount (NTD)	3,093,038,791	4,282,693,395	7,277,976,130

3.4 Diversified Innovation

3.4.1 Online Service Section for Branches

With the easing of the epidemic, the Bank continues to enhance online financial services. In August 2022, we introduced new online features, including "Appointment Slot Reservation" and "Real-time Number Ticketing". Customers can now access the official website of Taichung Bank or mobile app to obtain a number or QR code through the "Branch Appointment Reservation" section, and visit the operating units according to the reserved time or check the real-time queue status for handling transactions. This provides time-saving and convenient customer service experience.

3.4.2 Providing Customers with Value-added Services

Virtual Account Collection Function

- 1 Integration with the electronic Financial Collection System (eFCS) of Taiwan Bills Finance Corp to provide real-time collection services for tuition fees. Customers can simply choose their preferred mobile payment method (such as iPass MONEY) and scan the three-sectioned barcode on the bill to complete the payment.
- 2 Optimized virtual account collection service for corporate clients, and added a "Virtual Account Collection Payment Details Statement" within the corporate internet banking platform. This statement provides real-time aggregation of transactions and amounts from various channels, enhancing user reconciliation efficiency.

Enhancing Financial Experience of Customers

To enhance the convenience of salary transfer transactions at the counter, the Bank has introduced the "Corporate Payroll Service". Customers can pre-select the designated transaction date and choose to include non-business days for salary transfers. After the transaction is completed, customers are actively notified of the results, making it convenient for them to fulfill various salary transfer needs at the counter.

Optical Character Recognition (OCR) Technology Introduced for Identity Card Recognition

Customers can now enjoy a simplified and enhanced experience when applying for credit cards, digital account opening, and loans. With the implementation of OCR technology, customer information can be automatically recognized from their identification documents, reducing the need for manual data entry. This streamlines the application process and improves overall customer satisfaction.

Full-Service Mobile Financial Advisor System

The "Full-Service Mobile Financial Advisor System" was launched in 2022, providing comprehensive services including asset review, quick order placement, and more. It assists financial advisors in designing personalized financial plans for clients and executing real-time transactions. With simplified transaction processes and precise services, clients can experience the dedication of Taichung Bank.

3.4.3

Enhancing Trust 2.0 Service Quality

To transform the previous focus on wealth management in trust services and develop truly customized trust business, Taichung Bank actively responds to the government's Trust 2.0 "Comprehensive Trust" promotion plan implemented since 2020. We continue to provide comprehensive trust products and services and actively assist in promotion:

Development Process of Trust 2.0 Services



Promotion

January 2022	Taichung Bank formed a cross-industry alliance to promote the "Love MAX Project."
March 2022	Participated in the "Trust Industry and Legal Profession Collaboration and Outlook Seminar" organized by the Trust Association.
March 2022	Conducting promotional activities for Trust 2.0 business at Providence University and National Kaohsiung University of Science and Technology.
December 2022	Conducted promotional activities for Trust 2.0 business at Department of Finance, National Yunlin University of Science and Technology, and a promotional briefing session for Taichung Bank Retirement Association Trust 2.0 business.

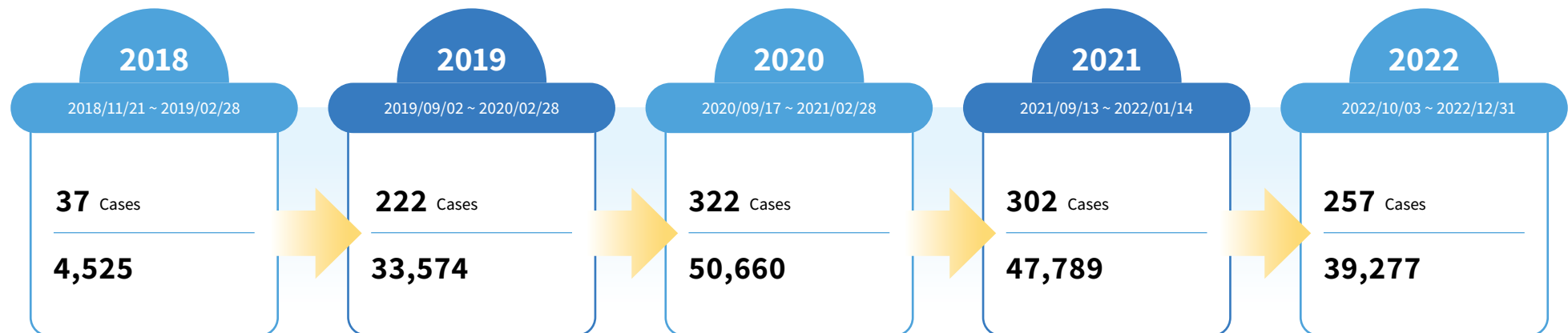
Additionally, starting from 2022, we've established a dedicated real estate trust business, and a branch business system for the disbursement of real estate transaction funds. This aims to digitize trust operations by automatically importing information from developers and sales agencies, automating account deposits, generating automated form notifications, and integrating other automated information processes. This reduces the risk of operational errors and ensures compliance with regulatory requirements set by regulatory authorities.

In the future, we will continue to invest resources and seek cross-industry alliances with various sectors to provide consumers with comprehensive trust services in one place. We will also apply for and engage in leasing rights and superficies trust businesses to establish community elderly care services, such as retirement homes. We aspire to become a key driver of the Trust 2.0 comprehensive trust project, ensuring that people from all walks of life can enjoy the functions and services of the trust mechanism.

3.4.4 Lottery Retailer Financing Project

To safeguard the seasonal capital needs and rights of disadvantaged, physically disabled, and mentally disabled financial consumers, we have provided the "lottery retailer financing project" loan program since 2018. In the past five years, we have approved an accumulative total of 1,140 loan cases with a total of NT\$1,758,250,000.

Unit: NT\$1 million



3.4.5

"Loan for Happiness" and "Lucky Pregnancy Loan" Loan Programs

We have promoted the loan programs of "Loan for Happiness" and "Lucky Pregnancy Loan" in line with the government's policy of encouraging people to get married and have children to meet our customers' financial needs. The two programs were conducted in 2018 and 2020 respectively. The "Lucky Pregnancy Loan" program disbursed one loan in 2022 with an amount of NT\$300,000.

3.4.6

"Medical Staff Loans" Project

To show care and support for the hardworking and dedicated medical personnel, the "Medical Staff Loans" project was launched on October 14, 2022. Targeting healthcare professionals as the customer base, the Bank provides financial assistance for their funding needs. In 2022, four cases were disbursed with a total amount of NT\$4,350,000.

3.4.7

Corporate Capital Increase Employee Stock Subscription Credit Loan Projects

In light of TWSE/TPEX Listed Companies and emerging stock companies, the Bank conducts the credit extending business of employee stock purchase derived from the issuance of new shares for capital increase (including the transfer of treasury stocks). In addition to in accordance with the operation of TWSE/TPEX Listed Companies and emerging stock companies, and the grades of these companies assessed by Taiwan Corporate Credit Risk Index (TCRI), we incorporate the performance of these companies' corporate social responsibility (such as ESG, the assessment grades of TWSE Listed Companies and so on) into one of conditions and indexes for assessing their credit extending to encourage them to promote sustainable finance. From August 26, 2020 to December 31, 2022, a total of 78 companies have been approved. Since its inception, 111 loan cases were disbursed, with a cumulative amount of NT\$114.17 million.

Program Duration	Cases	Amount (unit: NT\$10,000)
2020	18	2,926
2021	81	7,587
2022	12	904

3.5

Digital Finance

With the development and innovation of financial technology, contactless financial services have become an irreversible trend. The bank actively develops digital financial services through cross-industry collaborations and a more diverse range of innovative financial services. We aim to meet the financial application needs of different customer segments, moving towards a life-integrated, inclusive, and customized service approach. By bringing digital finance closer to users' lives, we contribute to the sustainable development of the environment.

3.5.1

Development Goals of Digital Finance

In response to the wave of digital finance, Taichung Bank hopes to become a "Bank that Makes Dreams Come True" and has established five key strategies: "Continuous Optimization of Digital Infrastructure", "Integration of Online and Offline Channels", "Technology Assistance", "Digital Marketing and Customer Acquisition", and "Ecosystem Development". With these strategies as the foundation, the bank actively undergoes digital transformation.

In 2021, the Bank established the Digital Financial Department and implemented a series of organizational restructuring to facilitate the development of digital finance. This includes accelerating the Bank's digital transformation by continuously recruiting experienced professionals in digital financial products, marketing across various channels, data analysis and predictive modeling, and emerging fintech. The Bank aims to strengthen backup personnel mechanisms and promote team collaboration in development operations (such as agile development). Measures to ensure that new hires receive guidance from senior

staff members, and guide them to quickly engage in development work. The Bank strengthens the introduction of emerging technologies, and provides education and training on these technologies. Moreover, the method of teamwork is adopted to enhance the professional capabilities of our employees, enabling them to cope with the rapid changes in digital finance. The Bank adopts standardized project management processes, where senior staff members serve as project leaders, responsible for directing and assigning tasks, as well as assisting in resolving issues encountered by project members to enhance the efficiency of team operations.

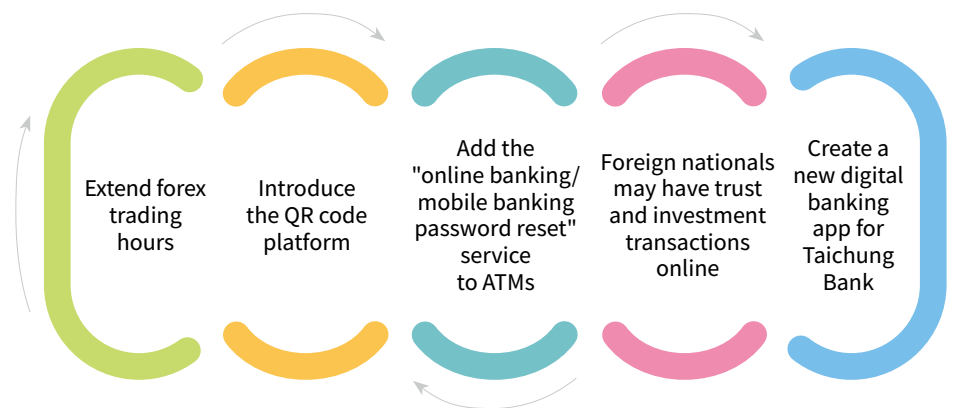
The digital finance development of the bank focuses on two main areas: "Development of Digital Financial Platforms" and "Development of Financial Data Marketing". The short, medium, and long-term development goals are as follows:

	Development of Digital Financial Platforms	Development of Financial Data Marketing
Short-term Goals	<p>Platform innovation, responsive services</p> <ul style="list-style-type: none"> Integrating the existing mobile banking app with the newly launched digital banking app. Implementing FIDO authentication mechanism. 	<p>Strengthening the foundation and talent development</p> <ul style="list-style-type: none"> With the establishment of data analysis and AI application workflows and talent training as the main focus, the bank aims to construct a complete data analysis operational process and application model. This will serve as the foundation for medium to long-term plans.
Medium to Long-term Goals	<p>Integrated operations and brand development</p> <ul style="list-style-type: none"> Plan to launch a dedicated mobile banking app for corporate clients, integrating services related to corporate payroll transfers, corporate investment/financing, and transaction authorization approval. The new digital banking app, along with the new corporate banking app, will provide both individual and corporate customers with a complete and comprehensive experience of circular digital financial services. 	<p>Scene application and sustainable marketing</p> <ul style="list-style-type: none"> In line with the IT core transformation project, the establishment of data middleware, application middleware, and other related peripheral systems will be carried out. The goal is to strengthen and expand the bank's data sources, databases, and various infrastructure. Continuous expansion of scene applications such as "customer experience, process optimization, risk management, precision marketing" will be pursued. By leveraging data, the bank aims to understand customers' needs at different stages of their lives, provide personalized and attentive services, and enhance the scale of data analysis applications and prospects for sustainable data development within the bank.

3.5.2

Optimizing Online Banking/Mobile Banking Services

Taichung Bank continues to optimize its internet and mobile banking services. This includes extending the trading hours for foreign exchange transactions in internet banking/mobile banking, planning to implement a QR Code platform to provide P2P (person-to-person) transfers and general payment functions in mobile banking, enabling customers to reset their internet banking passwords through ATMs using a three-step security mechanism (bank card, ID verification, SMS OTP). In addition, foreign nationals can invest in domestic and foreign marketable securities through Internet and mobile banking for non-discretionary money trust investment, providing customers with more convenient financial services. Furthermore, to safeguard customers' rights and interests, Taichung Bank has strengthened its fraud prevention measures in internet banking and mobile banking since 2022. This includes adding anti-fraud reminder messages and transaction confirmation messages before customers initiate transfer transactions in internet banking/mobile banking. The bank has also added caring questions for elderly customers in the "Personal Internet Banking/Mobile Banking Service Application and Agreement" form to confirm if there is a companion present and whether their reading, writing, and behavioral abilities are normal when applying for services. These measures aim to reduce financial fraud cases.



3.5.3 Internal Technology Applications



AI Technology Application

Creating a predictive and technical model for the online banking foreign exchange transaction customer base. Through the predictive model, customer preferences for foreign exchange products can be understood, thereby achieving personalized recommendations and precise marketing.



UiPath Application Tools

In 2022, the new application tool UiPath was introduced to optimize the internal operational processes of the bank. It has enabled the implementation of robotic process automation (RPA) for tasks such as "daily search for tax and accounting news" and "debt certificate expiration process interruption", effectively reducing the duration of internal operations within the bank.



Enhancement of Foreign Currency Host System

On December 26, 2022, the "Foreign Currency Host System" was migrated from physical machines to virtual machines, adopting virtual devices that shorten the backup recovery time, facilitate management, save manpower, and reduce infrastructure costs, thereby improving the operational efficiency of the foreign exchange system.

3.5.4 Multiple Payment Channels

To provide customers with more diverse and convenient payment options, we offer mobile payment tools that can be linked to credit cards and financial accounts. Cardholders can link their credit cards to mobile payment tools such as JKoPay, LINE Pay, O'Pay, and Gama Pay. Financial accounts can be linked and linked deductions can be made with JKoPay and Gama Pay. Through contactless financial services, we aim to enhance a more convenient and secure experience for our customers.

Unit: Number of transactions: NT\$

Year Item	2022		2021		2021 Number of transactions Growth rate	Transaction Amt. growth rate
	No. of Transactions	Transaction Amt	No. of Transactions	Transaction Amt		
Mobile Payment (Credit Card + Financial Account)	378,149	540,040,318	207,193	275,291,950	82.5%	96.1%



3.6 Inclusive Financing

3.6.1 Promoting Balanced Urban and Rural Development

To fulfill corporate social responsibility and promote the accessibility of financial services, in accordance with the encouragement of the Financial Supervisory Commission to banks in areas where the number of financial institution branches is expected to increase, on December 26, 2022, the "Mailiao Branch" was established in Mailiao Township, Yunlin County. With the aim of deeply cultivating business development in the local area, the Bank aims to provide more financial services for Yunlin people to choose from, expand the breadth of financial services, as well as improving the foundation for economic development, attracting private investment, and promoting balanced urban and rural development.



90 Branches
2023 Goal

Number of Business Units

95 Branches
2025 Goal

100 Branches
2030 Goal



3.6.2 Establishing Additional Foreign Locations Expanding More Business Locations

In order to align with the government's New Southbound Policy and deepen our presence in the ASEAN and Malaysian markets, we have established one branch and three marketing offices in Malaysia (Kuala Lumpur, Penang, and Kota Kinabalu). The Kota Kinabalu Marketing Office was set up in June 2022, making it the first Taiwanese-owned bank to establish a presence in the region. It aims to provide a comprehensive financial services platform for Taiwanese businesses expanding into Malaysia. In the future, we will continue to expand our foreign presence and develop a global financial territory, with the goal of reaching 100 operating units.

3.6.3 Promoting Bilingual Service Environment

As Financial Supervisory Commission promotes domestic banks to establish frontline service counters in a bilingual environment and provide bilingual consultation services. In 2022, 12 bilingual branches were established, bringing the total number of bilingual branches to 15. The establishment includes the following:

Environment and Facilities

Establishing a bilingual service environment at the counter, including signage, automated service areas, ticketing machines, multimedia systems, and AI bidirectional translation devices that support over 40 languages.

Information System

Provide bilingual telephone consultations for internet banking, digital financial services, and call centers. Additionally, the locations of bilingual branches are displayed in both languages on the official website of Taichung Bank.

Bilingual Forms

Bilingual Forms: Bilingual forms are provided to make sure that foreign customers understand the content of the forms, such as "remittance application form," "Application for Exchange Foreign Currency Banknotes," and "Application for Issuance of Documentary Credit."

Bilingual Service Personnel

We have designated staff members with bilingual proficiency to assist with bilingual consultation services for various financial transactions.

3.6.4 Creating a Friendly Finance Environment

Taichung Bank continues to focus on financial inclusiveness issues, aiming to enhance friendly finance services and care for customers with disabilities, elderly individuals, and marginalized groups. The goal is to meet the needs of populations that have been overlooked by traditional financial institutions. The specific actions and measures taken in 2022 are as follows:

Aspects	Specific Actions and Measures
<p>Environment</p>	<p>All business halls across Taiwan have dedicated personnel to assist individuals with disabilities in providing guidance services.</p> <p>A magnifying glass is placed in each business hall across Taiwan to assist visually impaired individuals in viewing documents.</p> <p>In accordance with the existing structures of certain branches, elevating platforms are installed to provide customers with an accessible environment.</p>
<p>Communication</p>	<p>All accessible counters in domestic operating units provide video sign language translation services (limited to deposit, withdrawal, transfer, and remittance services in New Taiwan Dollars).</p> <p>Live texting customer service is available for individuals with hearing impairments (Monday to Friday, 9:00 a.m. to 6:00 p.m.).</p>
<p>Service</p>	<p>ATM withdrawal fees for interbank transactions are waived for individuals with disabilities.</p> <p>Dual-view Braille documents are provided for the visually impaired, such as ATM fee waiver application forms, important customer rights notices, and credit card issuance notifications.</p> <p>An additional audio prompt for customers aged 65 and above has been added to the telephone banking voice system. When operating the system, customers can press the number 65 on their phone (or mobile device) to be transferred to a dedicated representative.</p>

Aspects

Specific Actions and Measures

Service

When facing individuals with visual or physical disabilities who are unable to provide a physical signature, a seal/stamp, fingerprint, or other suitable symbol can be used as a substitute for the signature.

Newly added ATM multilingual services include interfaces in 5 additional languages: Japanese, Korean, Indonesian, Thai, and Vietnamese, in addition to the existing Chinese and English interfaces. This caters to the diverse needs of new residents, foreign workers, tourists, and other ethnic groups.

In June 2022, twenty ATMs were installed with audio services for individuals with visual impairments. Additionally, a "screen privacy" feature is provided to protect privacy and account security, allowing visually impaired individuals to operate with peace of mind.

Employee Training/ Internal Policies

All operating branches of the Bank in Taiwan have joined dementia-friendly organizations, and have staff members who are dementia-friendly angels (bank clerks). In order to create a more inclusive and friendly finance environment, we have established the "Friendly Finance Incentive Measures" to reward business units and colleagues who demonstrate exemplary friendly service.

For directors, supervisors, and unit managers, a 3-hour training course on board operations practices and corporate governance is provided, focusing on Treating Customers Fairly Principles and friendly finance service.

We offer financial friendliness service education and training, which includes courses on the Convention on the Rights of Persons with Disabilities, understanding the characteristics and needs of individuals with disabilities, knowledge related to guide dogs, and guidelines for accommodating activities for individuals with disabilities.

We have established processes and standards to provide services to individuals with disabilities in various business operations.

The Bank has newly formulated the "Operating Guidelines for Fair Treatment of Elderly Customers in Wealth Management Business by Taichung Commercial Bank". This includes considerations for elderly-friendly services and products, incorporating KYC requirements specific to elderly customers, as well as restrictions and control measures related to sales of products by relationship managers.

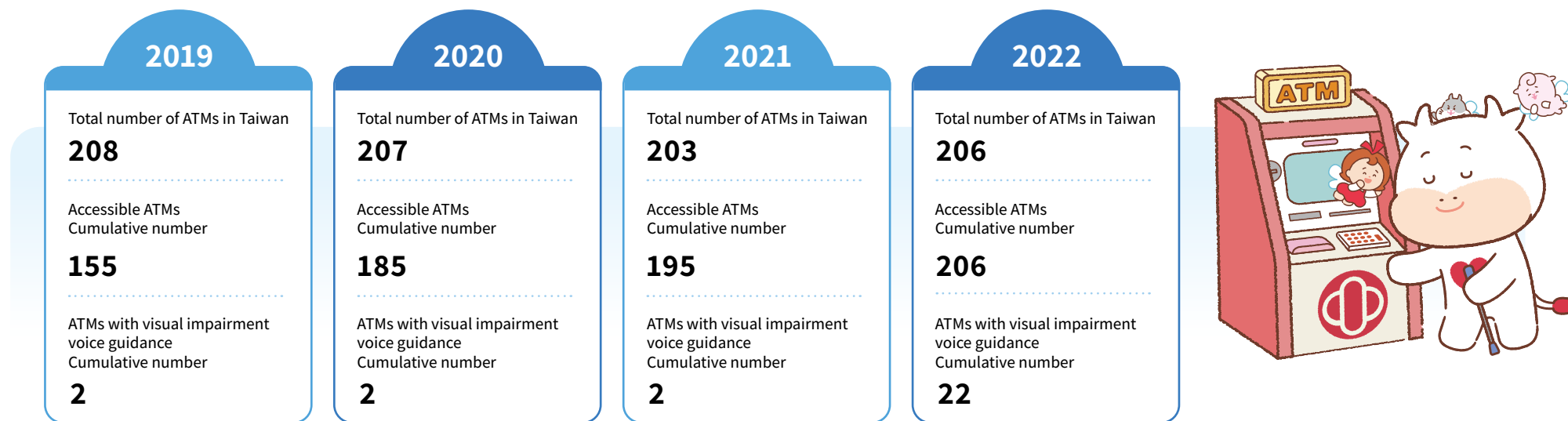
Mobile Devices

We provide an accessible online environment for individuals with disabilities. Under the "Simplified Personal Online Banking" section, we have added the "New Taiwan Dollar Loan Balance Inquiry" function to enhance friendly finance services.

To provide a more user-friendly online banking experience for elderly customers, we have increased the font size of the login keyboard in the online banking interface.

Accumulated status of accessible ATMs and ATMs with visual impairment support in the past four years until now

Unit: ATM Machines

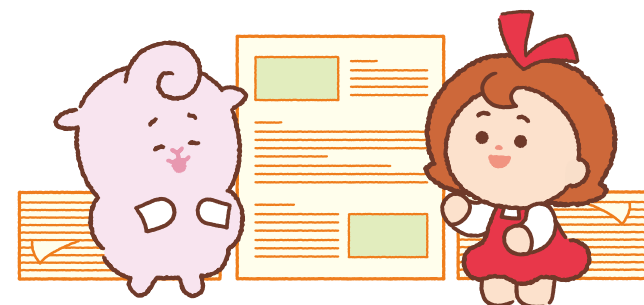


In order to enhance a friendly and accessible financial environment, the official website of Taichung Bank has been developed as an accessible web page and has obtained the A level of the Public Information Accessibility Webpage certification. Our online banking platform and online ATMs have also been awarded the Web Accessibility Mark for Online Banking by the National Communications Commission. We are actively planning to implement accessible transfer services for mobile banking. Since 2022, all ATMs in Taiwan have been accessible ATMs, and to ensure friendly finance services, the ratio of the bank's ATMs equipped with visual impairment voice guidance reached 10.7% of the total ATMs in Taiwan in 2022. Our goal is to reach 20.29% by the end of 2024 and 40.09% by the end of 2026 to expand our service coverage.

3.6.5 Debt Negotiation Mechanism

Taichung Bank adheres to the spirit of assisting vulnerable groups and complies with the implementation of the "Consumer Debt Clearance Statute" by the government. We have established a dedicated debt negotiation window to provide various programs to assist consumers in debt resolution. We plan debt repayment schedules based on the debtor's actual repayment capacity to effectively help reduce their financial burden, facilitate smooth debt repayment, and assist individuals in regaining their pace and confidence in life. The following is the summary of debt negotiation cases handled by the bank in the past four years:

Year	Number of debt negotiation cases handled	Number of completed signed agreements
2019	339	215
2020	370	173
2021	316	160
2022	326	144
Total	1,351	692

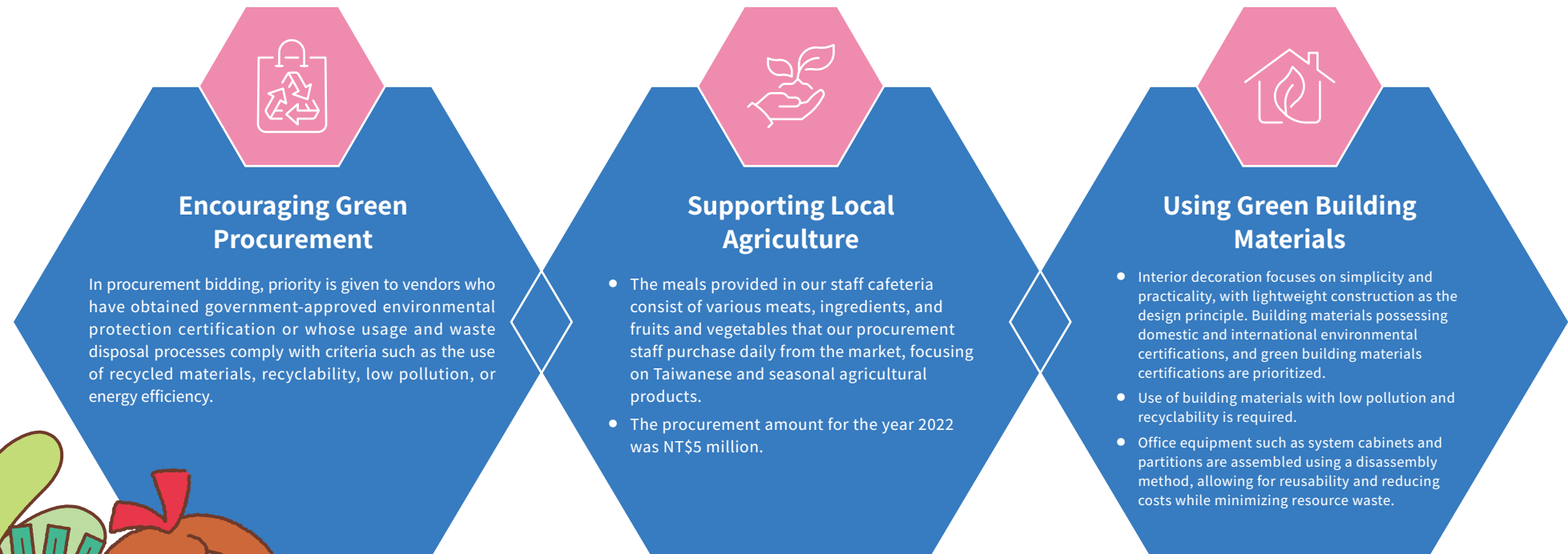


3.7

Sustainable Procurement and Supply Chain Management (SCM)

The Bank's suppliers mainly consist of engineering contractors, information equipment providers, office equipment suppliers, and consumable suppliers. The Bank adheres to the principle of local procurement, giving priority to local cooperative vendors in all procurement cases. This approach promotes local economic development and effectively reduces carbon emissions caused by transportation. Taichung Bank's primary operational focus is in Taiwan, and in 2022, 100% of its procurement activities were conducted locally in Taiwan.

To fulfill the bank's commitment and responsibility towards supplier management, we collaborate with our suppliers to uphold good ethical standards, prioritize labor rights, and promote environmental sustainability. We encourage our suppliers to actively engage in sustainable development initiatives. In 2022, we successfully implemented the signing of the "Letter of Commitment on Ethical Corporate Management, Human Rights and Environmental Sustainability" with 119 suppliers. This commitment requires suppliers to adhere to principles of integrity management, environmental protection, occupational health and safety, and labor rights. Compared to the previous year, we added 67 new suppliers who were screened using environmental and social standards, making 100% of new suppliers meet these criteria.



CH4

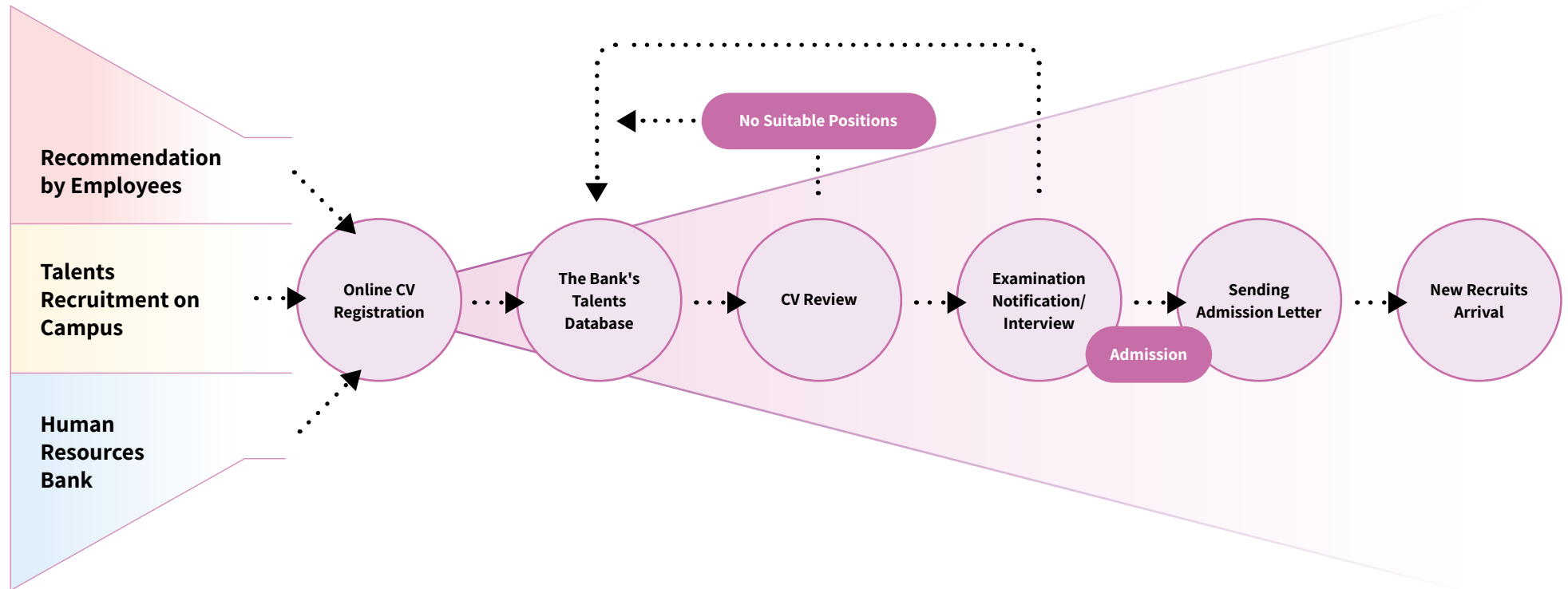
United Hearts

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4.1 Recruitment and Retention

By the end of 2022, Taichung Bank had a total of 2,822 regular employees. The talent recruitment process is as follows:



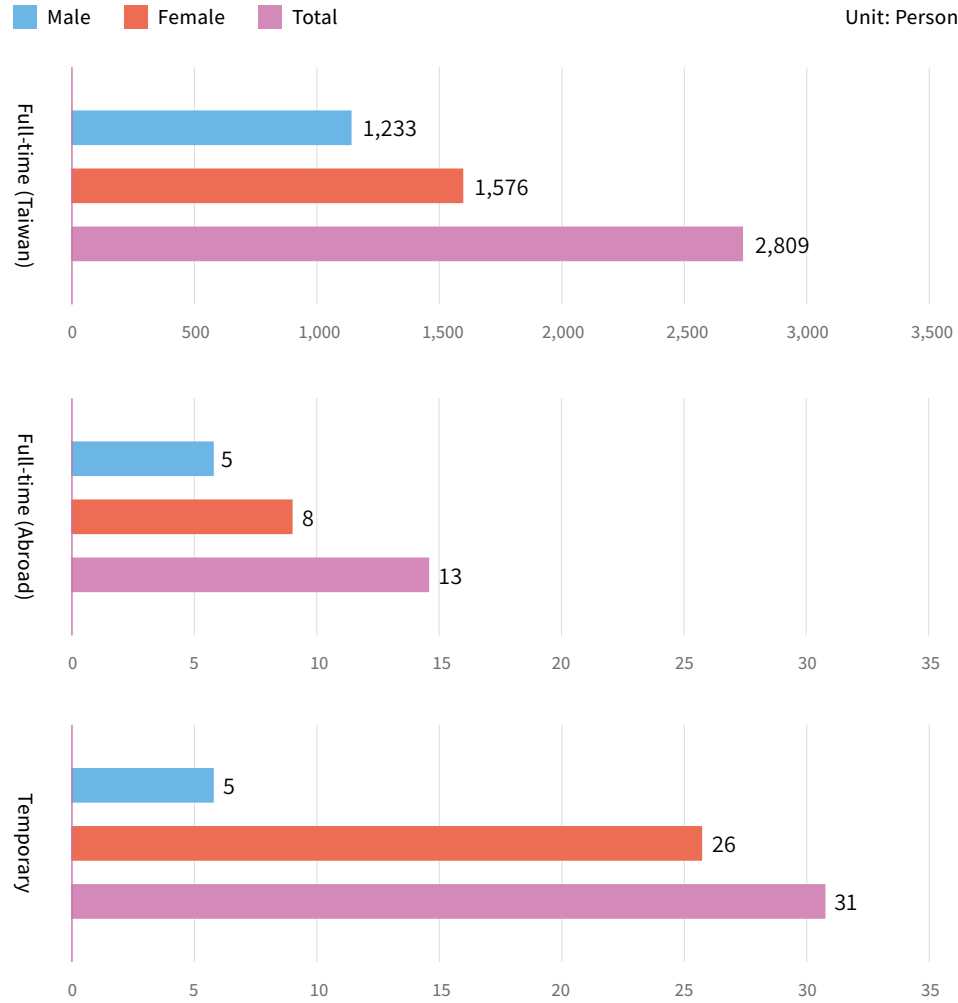
Taichung Bank is well aware that talents are the Bank's important assets and the key to determining the Bank's competitive advantage. The Bank looks forward to recruiting diverse talents through multiple channels, inheriting the corporate philosophy, creating corporate value, and achieving the vision of sustainable business and pursued excellence.

The Bank is committed to creating a diverse and equal employment environment, maintaining the advantage of localization, and ensuring the rights and interests of local laborers. We give priority to the recruitment of employees from where our business unit is located, and to those who do not execute other tasks related to organizational activities at a major percentage. All of the senior management personnel (manager level and above) in our main operating base in Taiwan are local residents and senior management personnel of our foreign bases are also Taiwanese employees. The Bank strictly abides by Taiwan government's labor-related laws and regulations. It prohibits the employment of child labor and formulates the code of conduct of employees and employees' work rules to ensure the labor rights and interests of all employees. The government law states that when the company undergoes major operational changes, it will give at least 10 days prior notice based on the employees' seniority to reduce the impact on employees.

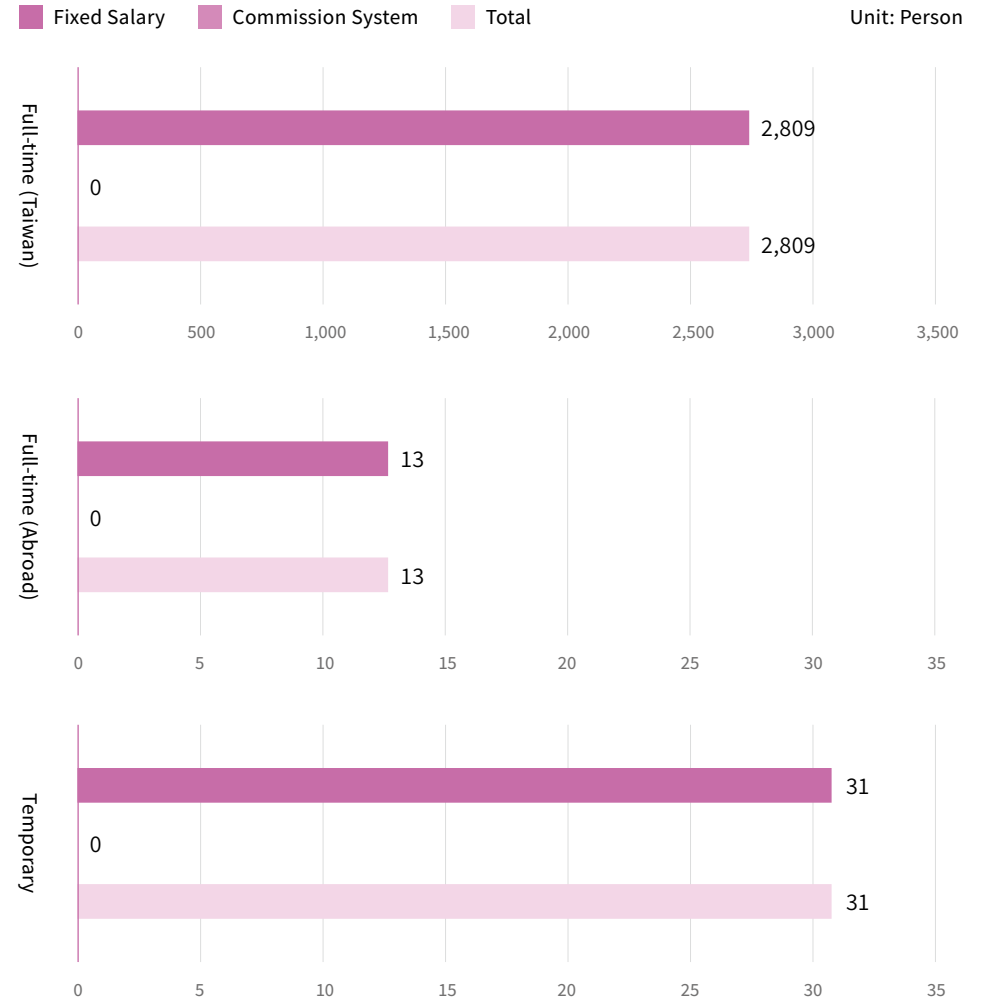
4.1.1

Manpower Structure

1 Employee Structure—Divided by Gender



2 Employee Structure—Divided by Fixed Salary and Commission System



Note 1: All employees of the Bank are full-time employees who are permanently employed.

Note 2: Part-time employees who are non-employee workers of the Bank include, but are not limited to kitchen staff, security guards and cleaning staff.

3 Structure of Full-time Employees—Distinguished by Gender, Age, Supervisory Position and General Position

Unit: Person

Gender/Age		Area	Taiwan		Abroad		Total	Percentage
Gender	Age Range	Supervisors	Regular Employees	Supervisors	Regular Employees			
Male	50 years and older	335	150	4	0	489	17.33%	
	30 to 49	158	301	1	0	460	16.30%	
	Under 30	0	289	0	0	289	10.24%	
	Total (Male)	493	740	5	0	1,238	43.87%	
Female	50 years and older	179	93	0	0	272	9.64%	
	30 to 49	135	511	2	5	653	23.14%	
	Under 30	0	658	0	1	659	23.35%	
	Total (Female)	314	1,262	2	6	1,584	56.13%	
Total		807	2,002	7	6	2,822	100%	
Percentage		28.60%	70.94%	0.25%	0.21%	100%	-	

Note 1: The number of employees not in supervisory positions was 2,008 in 2022, 1,995 in 2021, and 1,911 in 2020.

Note 2: Supervisors refer to those who hold management positions.

4 Statistical Table for the Number of Disabled Employees Employed at the End of December 2022 (Taiwan Area)



24 persons

Actual number of disabled employees

28 persons

Number of disabled employees in accordance with laws and regulations

4 persons

Number of disabled employees in the under-the-quota category



Note 1: There are 21 disabled employees in the Bank, 3 of them are severely disabled and 4 are recruited from the under-the-quota category.

Note 2: The Bank gives priority to reviewing the resumes of individuals with disabilities when recruiting employees and continues to provide job opportunities through the Bank's recruitment plan and human resources bank.

5 The Newly Employed/Turnover Rate

Unit: Person

Year	Number at the End of the Year		Gender	Female			Male			Total		The Newly Employed/ Turnover Rate
	Female	Male	Age Range	Under 30	30 to 49	50 years and older	Under 30	30 to 49	50 years and older	Female	Male	
2019	1,466	1,144	New recruits	326	83	3	151	85	13	412	249	22.02%
			Leaving	145	95	3	79	56	14	243	149	13.06%
2020	1,500	1,172	New recruits	195	61	10	132	66	11	266	209	15.60%
			Leaving	99	81	18	71	70	34	198	175	12.25%
2021	1,562	1,216	New recruits	238	62	12	130	66	11	312	207	16.53%
			Leaving	103	85	20	73	52	28	208	153	11.50%
2022	1,584	1,238	New recruits	249	67	11	146	78	15	327	239	16.95%
			Leaving	155	124	27	95	84	33	306	212	15.51%

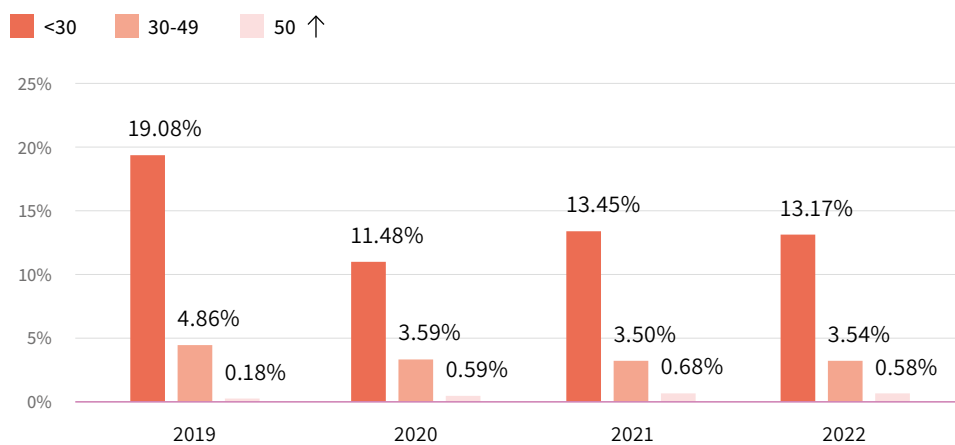
Note 1: The number of leaving individuals, including ending contracts and retirement. Student workers are excluded.

Note 2: Turnover rate = number of leaving individuals / (number of employees at the end of the year + number of leaving individuals)

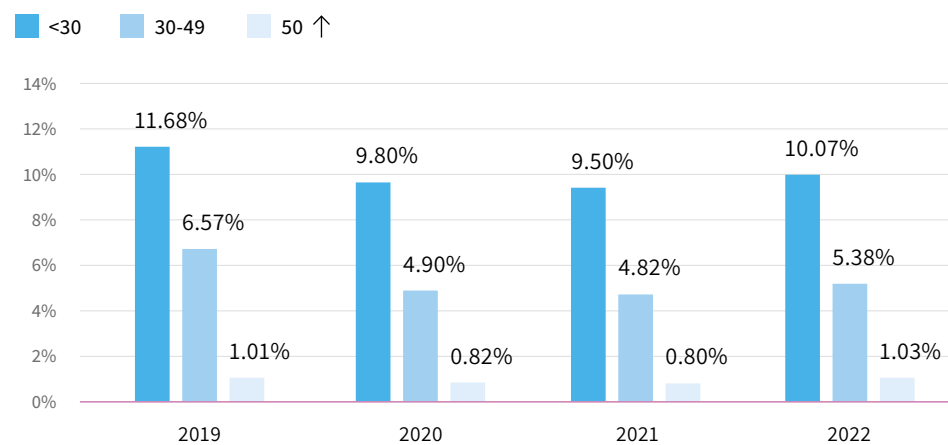
Note 3: New recruitment rate = number of new recruits / (number of employees at the end of the year + number of leaving individuals)

Note 4: Leaving individuals in 2022 were mostly bank tellers and financial planners. Among which, bank tellers were mostly fresh graduates, and they left office mostly because they transferred to other industries or they had difficulty adapting themselves to the work environment at a bank. Financial planners often transferred to other financial industries due to different salaries each company provides. In light of the aforementioned reasons, the Bank provided different bonus coefficients for each position, and conducted salary adjustments based on the appraisal levels of individual employees, the categories of positions, future developments, and compa-ratio. Additionally, we conducted the survey of the "questionnaire of organizational climate" to comprehend problems that our colleagues encountered at work and work atmosphere.

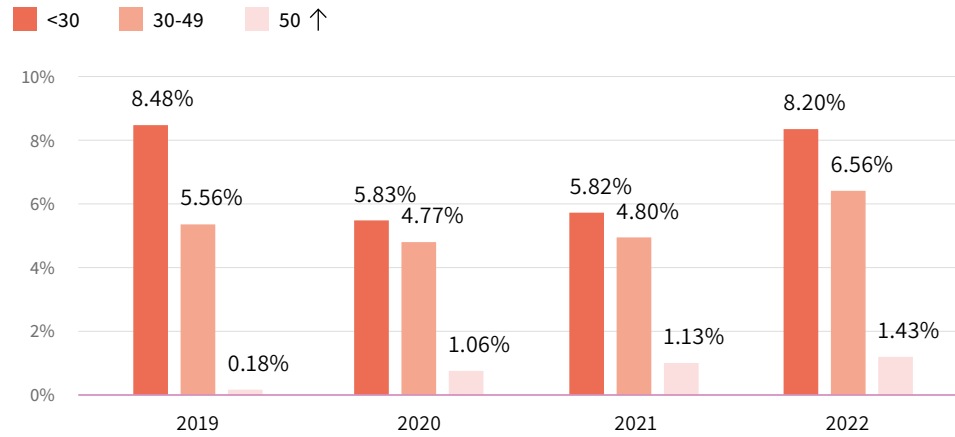
2019-2022 new recruitment rate at different ages (female)



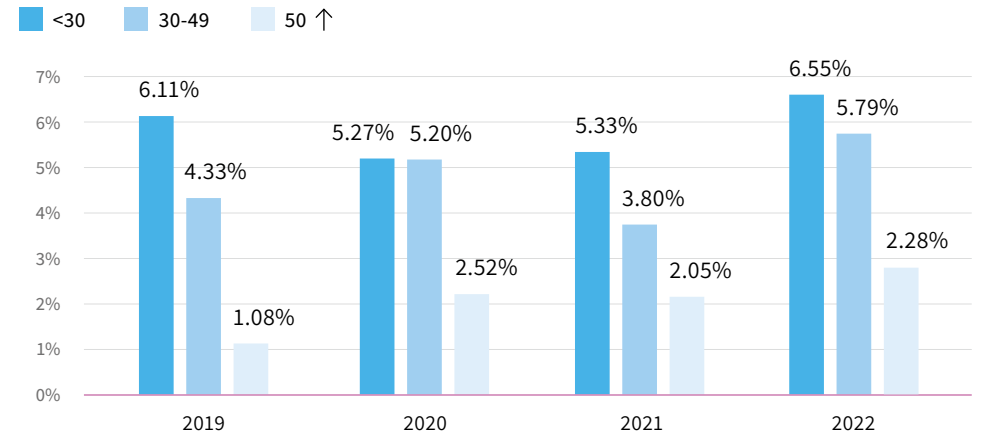
2019-2022 new recruitment rate at different ages (male)



2019-2022 turnover rate at different ages (female)



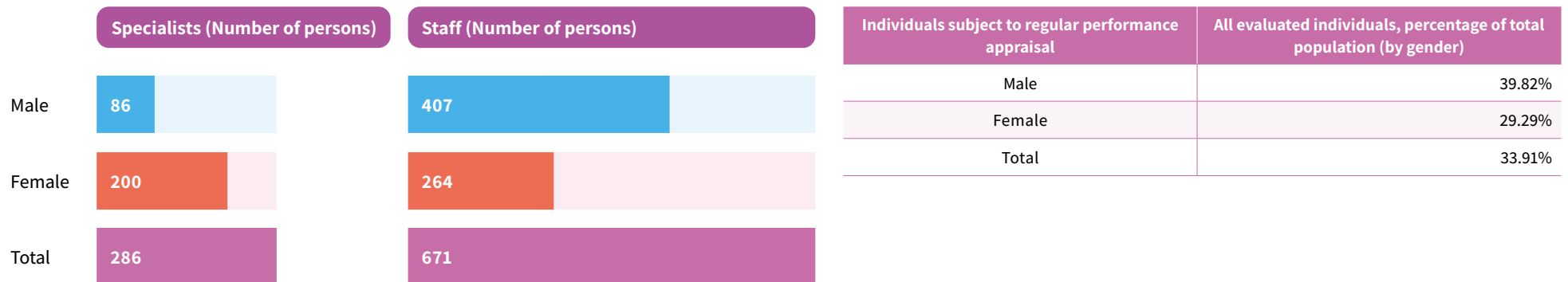
2019-2022 turnover rate at different ages (male)



4.1.2 Employee Performance Appraisal Management

All employees of the Bank are required to undergo annual performance evaluation. Through performance management, employees can effectively improve their "job performance", "professional knowledge and skills", "service attitude", and "compliance with laws and regulations". It can also strengthen organizational effectiveness. The annual performance evaluation results will be used as a reference for talent development when it comes to operational performance bonuses, salary adjustments, and promotions.

Additionally, due to employees' different positions, the frequency and method of regular assessment of business/financial personnel's performance is added to evaluation. The percentage of individuals subject to such assessment to the total number of employees is as follows:



Note: Base date is December 31, 2022

4.2 Salaries and Benefits

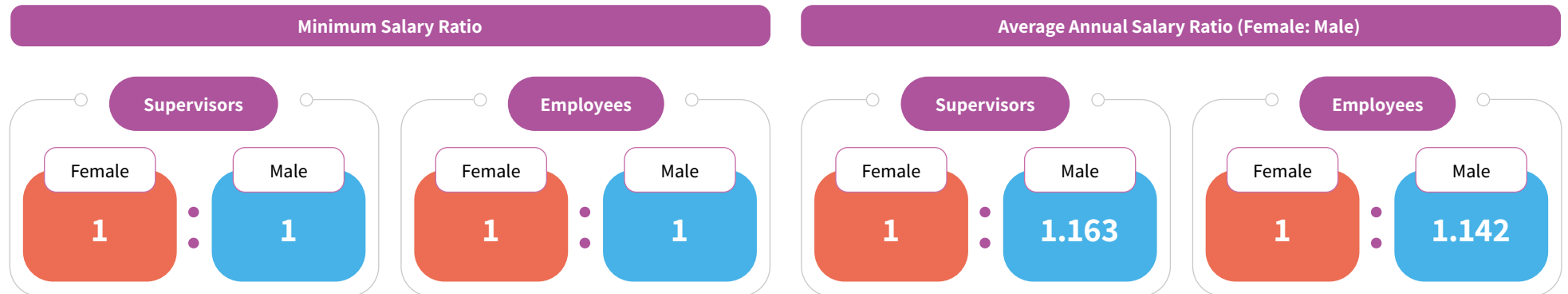
Taichung Bank's salary system is divided into recurring salary (main salary; various allowances) and non-recurring salary (such as overtime payment). Salaries are differentiated according to new recruits' education, positions, performance, and required professional skills. Salaries are not decided by gender. New recruits will participate in the salary survey of the enterprise management consulting company. Following a fair and competitive salary system, new employees' salaries are designed by a comparison to the comparable positions in the same industry. The entrance salary of both male and female entry-level employees is better than the minimum salary stipulated by the law and is 1.27 times the minimum salary.

The annual salary of employees is 13 months, including 12 months of salary and 1 month of Spring Festival bonus. Additionally, depending on the operational performance of the current year, individual performance of employees and other conditions, operational performance bonuses will be issued. To implement the link between performance bonuses and future risks and to prevent managers from engaging in high-risk businesses in pursuit of high remuneration, some operational performance bonuses have been deferred and issued in two years since 2014. The Bank's remuneration policy does not cover the severance pay and clawback mechanism for the Board of Directors and high-level management. Please refer to the Salaries and Benefits—Employee Retirement System in the section of ["Manpower Resources" on the official website of Taichung Bank for more information about the retirement welfare of the Bank's staff.](#)

To take care of employees' lives and improve their work efficiency, the Bank has established the "Taichung Commercial Bank Employees Benefits Committee" in accordance with the "Employee Welfare Fund Act" to provide various benefits and subsidies (including those for marriage, childbirth, birthday, funeral, travel, children's education scholarships, holiday gifts and so on.) in hope that cohesion among staff will be increased. In addition, to create a complete retirement plan, those who are eligible for the new retirement policy in accordance with government regulations will have 6% of their monthly wages allocated to individuals' pension accounts in the Bureau of Labor Insurance. For those who are eligible for the older retirement policy, the actuarial company is entrusted with the calculation of actuarial provision rate. The company will allocate the retirement reserve to the "Labor Retirement Reserve Account" in the Trust Dept. of the Bank of Taiwan every month according to the reported provision rate.

Taichung Bank has been included in the Taiwan High Compensation 100 Index for 8 consecutive years since 2015. It also has been included in the Taiwan Employment Creation 99 Index for 6 consecutive years since 2017. This shows that Taichung Bank has been recognized for its abilities to accrue revenues and for its employees' compensation and benefits. In 2022, Taichung Bank's expenditure of salaries and benefits amounted to NT\$3.94771 billion, which accounts for 28.18% of its revenue (excluding foreign countries). It is expected that the Bank will attract more outstanding talents and provide support for more than 2,000 families.

1 Salary Ratio Table of Employees at All Levels



Note 1: In 2022, there were more male supervisors in the Bank than female. There were also more male staff taking positions which require professional skills (such as information, construction and maintenance and so on. Salary structure differs from that for general employees) than female. Therefore, in the average annual salary ratio, men earn more than women.

Note 2: According to the GRI Sustainability Reporting Standards Disclosure Item 405-2, the ratio in terms of minimum salary plus salary is presented as female: male for the 2022 salary ratio table.

Note 3: The table only covers salary information in Taiwan.

2 Fact Sheet of Employee Benefits

Benefit Items	Explanations
Employee Stock Ownership Trust	<ol style="list-style-type: none"> To improve the welfare of the Bank's employees, to assist employees to save and invest for a long term and accumulate wealth to promote a stable life after retirement, and to enhance cohesion among employees in the Bank through holding the Bank's stocks and sharing the business results of the Bank, "Taichung Commercial Bank Co., Ltd. Employee Stock Ownership Association" was set up to provide services of employees stock ownership trust. Employees can freely choose to participate. They can choose to increase or decrease the amount within the listed range at a specified time. It will be a monthly fixed trust deposit. The Bank's bonus depends on EPS from the previous year and the relative provision ratio of the annual assessment level multiplied by the individual employee's deposit from the previous year.
Employee Insurance Planning	<ol style="list-style-type: none"> In addition to labor insurance, national health insurance and the provision of 6% labor pension from employees' arrival date in accordance with the law, the Bank also provides additional insurance to take care of employees and enhance employees' welfare. The additional insurances include group injury insurance, accident insurance for medical treatment, life insurance, surgery insurance for daily hospitalization and so on. Medical insurance for cancer treatment was added from August 2019 onward. We also plan group insurance exclusively for employees, including life insurance, critical illness insurance, accident insurance and medical insurance among others. Employees can freely choose what meets their needs to insure themselves and their dependents for more complete protection.
Various Benefits and Subsidies	<ol style="list-style-type: none"> The Bank provides various benefits and subsidies for childbirth, marriage, birthday celebration, funeral, birthday party and education scholarships for employees' children. In response to the government policy of increasing the fertility rate, the maternity benefit was increased from NT\$2,000 to NT\$10,000 from 2020 onward. In 2022, a total of NT\$720,000 was issued. To advocate legitimate leisure activities, the "Measures for Clubs Management and Subsidies" has been formulated. Through the operation of activities clubs and subsidies, employees are encouraged to actively participate in public activities to achieve physical and mental health.
Employee Travel Benefits	To train employees' physical fitness, adjust their physical and mental health, and promote interpersonal exchanges among colleagues, each department plans its own travel itinerary and locations every year in accordance with the resolution of the Bank's Employees Welfare Committee which allocates a fixed amount to individual employees' accounts.
Employee Assistance Programs (EAPs)	Caring for employees' health and lives, the Bank specially carries out an employee assistance program: "3-Mindful Project—Efforts, Care, and Happiness" to promote employees' physical and mental health and to support their work-life balance, (3-Mindful project for taking care of employees: corporate efforts/professional care/employees' happiness).
Distribution of Benefits to Employees	In order to stimulate employees' morale, according to Article 235-1, Paragraph 3 of the Company Act, the Bank distributes remuneration to employees based on a certain percentage of its profits in the current year. It calculates the proportion of each employee's share of stock and cash with reference to their performance appraisals and terms of office.
Regular Health Examination	<ol style="list-style-type: none"> According to the "Regulation of the Labor Health Protection", employers should conduct regular health examinations at different frequencies according to employees' ages. The Bank provides all employees with free health examinations every two years. From August 1, 2020 onward, the Bank's managers will be provided with a subsidy for the cost of a health examination every two years to conduct a more in-depth health examination.
Employee Leave System	<p>Taichung Bank has established the regulations for leave and Employees' Leave Management Rules in accordance with the law. Some of its regulations provide more benefits than the current law:</p> <ol style="list-style-type: none"> The Bank provides 10 days of marriage leave for an individual employee's marriage matters, 3 days of marriage leave for children and 1 day of marriage leave for brothers and sisters. 10 days of bereavement leave will be granted for employees whose parents, adoptive parents, step-parents, and spouse pass away. Up to 30 days of ordinary sickness leave (including miscarriage prevention leave and menstrual leave of more than 3 days) will be paid, and those who exceed 30 days will be paid half of the salary.

3 Salary Information of Full-time Employees Who Are Not in Supervisory Positions

Unit: Person; NT\$1,000

Items	2019	2020	2021	2022	Differences compared with the previous year
Number of full-time employees not in supervisory positions	2,225	2,364	2,428	2,485	57
Average salary	1,061	1,032	1,058	1,047	(11)
Median salary	939	867	876	883	7

Note: According to the No. 920001301 Taiwan Finances regulation established on March 27, 2003, the term "non-supervisory positions" in this table does not include managers.

4 Annual Employees' Average Benefits Expenses

Unit: Person; NT\$1,000

Items	2019	2020	2021	2022	Differences compared with the previous year
Employees' benefits expenses/per person	1,327	1,290	1,313	1,364	51
Total benefits expenses for non-supervisory employees	1,808,130	1,677,345	1,767,282	1,877,064	109,782
Benefits expenses for non-supervisory employees/per person	1,034	909	920	956	36

Note 1: The information in this table is total, excluding foreign countries and Board of Directors' remuneration.

Note 2: The number of employees is calculated based on the annual average number of employees.

Note 3: Due to the severe COVID-19 pandemic, the Bank provided an epidemic prevention allowance of NT\$5,000 per person in 2021 to let employees pay for pandemic prevention expenses. Additionally, in May, 2022 when there was a great demand for rapid test kits due to the outbreak of the COVID-19 pandemic, to sympathize with employees who might have extra expenditure due to the pandemic, the Bank provided an epidemic prevention allowance of NT\$2,500 per person to reduce the burden of various expenses to be paid by employees.

4.3 Cultivation and Training

The Bank believes that education and training are the key factors for the sustainable development and progress of an enterprise. To cultivate outstanding talents and meet employees' developmental needs at all levels, the department specializing in employees' training formulates an annual education and training plan according to the Bank's development strategy. Additionally, the training is designed to incorporate specific training courses for different positions and different levels. Meanwhile, the quality, depth, and effectiveness of the courses are improved so as to cultivate human capital and create a competitive advantage.

4.3.1

Complete Training System and Digital Learning

Skills and knowledge inheritance and support are the important corporate culture of the Bank. For employees' career planning and adaptive development, the Bank promotes various education and training. It selects professional colleagues as lecturers to share work skills and pass down professional knowledge. Over the years, it has cooperated with external training institutions such as the Taiwan Academy of Banking and Finance and the Trust Association to provide professional financial competency training in legal compliance, money laundering prevention, derivative financial products, and trust regulations.

The Bank has built a digital learning system and planned courses such as leadership, professional competency, mental stress relief, workplace English, TOEIC tests, and friendly finance to make learning more flexible. In response to the pandemic, the Bank has adopted both in-person meetings and video meetings for education and training. Meanwhile, digital software is used to assist physical training so that colleagues can learn without interruption during the COVID-19 pandemic.

Categories	Content	Training Outcomes
Trainings for New Recruits	To enable new recruits to quickly understand the Bank's business and culture, daily operating procedures, and control points, such as understanding the Bank's history and culture, company organization, individual's workplace blueprint and promotion system, the combination of career development and company vision, compliance with various laws and regulations, related rights and obligations, and introduction to employees' benefits matters.	Number of trainees: 792 Online course rate: 86.67% Test pass rate: 100%
Professional Training (Job Specific Training)	To enable employees to have skills for their work requirements, provide various education and training according to the needs of each job, and plan employees' career development map so that employees can receive training in line with their career development.	Number of trainees: 9,501 Online course rate: 60.18% Test pass rate: 100%
Management Training	To strengthen leadership abilities including professional knowledge, competency, management capabilities and other skills which supervisors must possess. To hold lectures on "Corporate Governance and Integrity Management", and provide relevant courses such as regulations, professional skills, sensitivity, or courses that strengthen the leadership and management capabilities of supervisors.	Number of trainees: 938 Online course rate: 18.52% Test pass rate: 100%
Laws and Regulations Compliance Training	To strengthen colleagues' concept of adhering to the law and abiding by laws and disciplines, and improve their work knowledge to ensure that they comply with internal norms and legal regulations in executing business. To regularly hold education and training on legal compliance, money laundering prevention, internal audit, internal control and so on.	Number of trainees: 1,293 Online course rate: 86.36% Test pass rate: 100%
Other Trainings	To provide diversified courses such as sustainable finance, information security, financial technology, intellectual property management, marketing skills, innovation and so on to broaden employees' horizons and sensitivity to the financial environment so as to enhance their professional skills.	Number of trainees: 1,330 Online course rate: 50% Test pass rate: 100%
Digital Audio-Visual Courses	To enable colleagues to receive education and training flexibly without being restricted by time and space, and foster the development of their diversified learning methods to enhance their professional skills and competitiveness. The content of these required or elective courses covers leadership, professional competency, workplace English, TOEIC tests, treating customers fairly, mental stress relief, and other aspects.	Number of trainees: 29,740 Total browsing hours: 62,877.8 hours
Certificate Incentives and Subsidies	Those who have obtained professional financial licenses and passed foreign language tests are subject to the Bank's "Certificate Incentives and Subsidies Measures" which encourage employees to use their spare time for self-study, enriching their professional knowledge to enhance workplace competitiveness.	Number of subsidized certificates: 1,295 Amount of subsidies: NT\$1,252,858

4.3.2

Education and Training Statistics

Education and training can cultivate colleagues' common values, enhance organizational cohesion, and improve work efficiency. As the financial market is changing rapidly, for colleagues to be familiar with the latest financial knowledge, commodity information, regulations and market trends, and to provide customers with high-quality and professional services, the Bank conducts various training programs according to different business services (such as: deposit, credit, foreign exchange, wealth management and so on) and assigns employees across the board to participate in internal and external education and training courses to absorb new knowledge.

1 Training Results

Items	2019	2020	2021	2022 (Note)
Internal training classes	243	224	191	240
Number of participants in internal training	14,066	13,861	15,770	43,594
Total hours of internal training	133,034	105,762	109,791	161,197
External courses attended	465	446	339	301
Number of participants in external training	1,069	1,518	1,023	818
Total hours of external training	10,849	11,810	7,511	7,839
Average employee training hours	56	44	42	60
Average employee training cost (NT\$)	5,186	3,499	3,015	5,064
Total cost of employee training (NT\$)	13,535,858	9,349,691	8,375,683	14,290,224

Note: In 2022, internal training classes, the number of participants in internal training, and the total hours of internal training included audio-visual courses.

2 Average Training Hours for Supervisory and General Positions in 2022



3 Human Rights Policy Education and Training in 2022

In compliance with the Universal Declaration of Human Rights (UDHR) proclaimed by the United Nations, the United Nations Guiding Principles on Business and Human Rights, the United Nations Global Compact (UNGC), the United Nations International Labor Organization (ILO), and other principles proclaimed by international human rights treaties, [Taichung Bank has formulated the human rights policy](#), and incorporated its human rights policy, gender equality, and friendly workplace promotion in the compulsory education and training for new recruits. The contents include introduction to relevant laws and regulations (such as gender equality law, sexual harassment prevention, occupational safety and health, personal data protection, among others), introduction to reporting and appealing channels, workplace blueprint and promotion system, employees' career development, employees' rights and obligations, and welfare matters. Through education and training, the Bank promotes the protection of human rights and strive to create a safe and equal work environment free from discrimination and harassment. In 2022, there was no discrimination and assault case against indigenous people, and the Bank conducted education and training courses related to the human rights policy. The employee training rate reached 100%, with a total of 91 training hours.

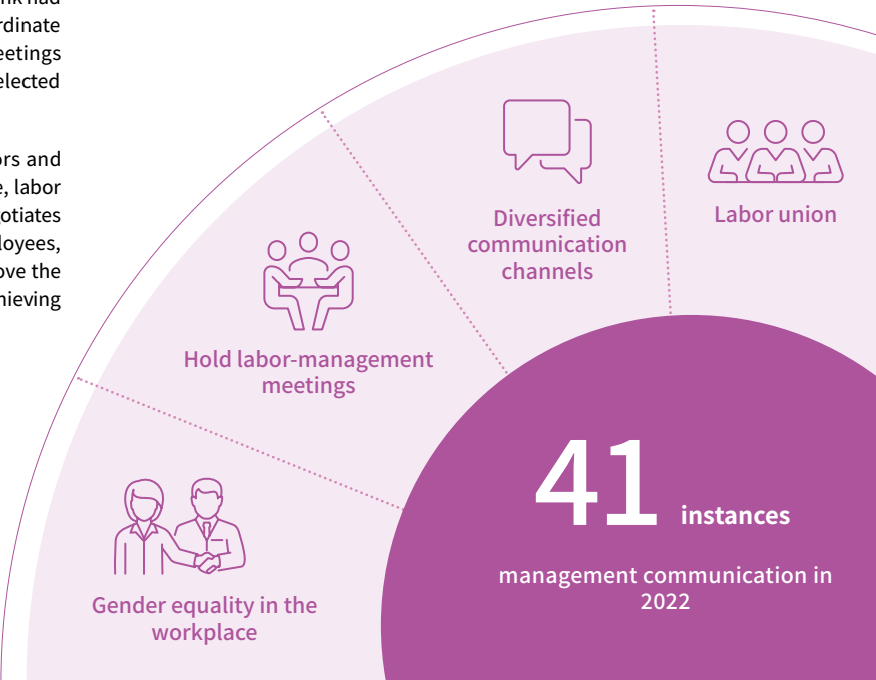
4.4 Happy Workplace

4.4.1 Harmonious Labor Relations

A good employer-employee relationship is one of the key elements for the success of an enterprise. In 2022, Taichung Bank had six labor representatives and six management representatives. It regularly held labor-management meetings to coordinate labor-management relations and promote labor-management cooperation. A total of four labor-management meetings were held this year. Representatives fully discussed the issues of concern to employees. The two parties have also selected representatives for group negotiation and will choose an appropriate timing to negotiate.

The labor union was established on March 27, 1999. It regularly convenes meetings involving the Board of Directors and member representatives. The Union also elects labor representatives to participate in the Employee Welfare Committee, labor management meetings, and Labor Retirement Fund Supervision Committee meetings held by the Bank. The Union negotiates and revises the "Taichung Bank Employee Work Rules". The Rules aim to protect the rights and interests of all employees, improve employees' intelligence, improve working conditions, bridge the opinions of employees and employers, improve the Bank's productivity, enhance employees' welfare, and promote labor-management cooperation with the purpose of achieving sustainable operation in Taichung Commercial Bank.

Number of Taichung Commercial Bank Labor Union in 2022



Note: Employees who did not participate in the labor union did not sign other group agreements.

4.4.2 Diversified Communication Channels for Employees' Opinions

Effective two-way communication can enhance employees' cohesion and identity for the Bank. To prevent the occurrence of malpractices, if colleagues find illegal or sexual harassment incidents, supervisors or colleagues violate internal control rules, engage in high-risk speculative activities, etc., they can report the incidents through written documents, emails, the Bank's internal website or complaint hotline, and other formal complaint channels. The Bank keeps the identities of the employees who reflects their opinions confidentially and will respond immediately. There was no employee complaint case in 2022.

4.4.3 Organizational Climate Survey

To enable our colleagues to work, learn and grow happily in Taichung Bank, the Bank has created a dynamic and warm organizational environment to achieve a beautiful vision together. The Bank occasionally surveys staff with the rank of deputy manager or lower (excluding work-study students) with the organizational climate questionnaire. The dimensions of the survey include work atmosphere, workplace interpersonal relationships, identification with the Bank, career development, and so on to understand our colleagues' work experience. In 2022, a total of 2,611 questionnaire copies were distributed, with 1,936 copies being recovered. The recovery rate was approximately 74.1%. The relevant survey results are as follows:

Year	Satisfaction	Work Atmosphere	Workplace Interpersonal Relationships	Identification with the Bank	Career Development
2022	Whole Population	98.24%	99.80%	99.70%	99.70%
	Male	94.39%	98.81%	96.31%	97.50%
	Female	95.13%	98.39%	97.20%	98.56%

Improved Practices

- To implement employee care, create a warm work environment and a good interactive organizational culture, and take the initiative to attend to colleagues' physical, mental, family, economic and work conditions, the "Employee Life Care Survey Form" has been formulated.
- To encourage our colleagues to take more vacations to balance their body and mind and to balance their life and work, specific incentive measures such as departmental and individual vacation rates are set up.

Number of Employee Complaints Cases in the Past Four Years

Unit: Number of Cases

2019	2020	2021	2022
3	3	0	0

4.4.4 Creating Gender Equality in the Workplace

In response to the Ministry of Labor's promotion of employment equality and to avoid gender stereotypes in the workplace that causes workplace gender discrimination and workplace sexual harassment, the Bank follows the measures to promote work equality laid out in the Act of Gender Equality in Employment, the relevant regulations on the prevention of sexual harassment in the workplace, and the prevention of employment discrimination in the Employment Service Act to establish gender quality in the workplace. To prevent the occurrence of sexual harassment incidents, a workplace with gender equality is established to protect the rights and interests of victims. In accordance with the regulations of Sexual Harassment Prevention Act, the Bank keeps all relevant grievance cases "confidential". Additionally, in accordance with the protection measures for the person involved formulated in the "Guidelines for Complaint and Punishment of Sexual Harassment Cases", the complainant is protected from being revenged or punished unfavorably. A total of 1 sexual harassment case was accepted and handled in 2022. The handling process was carried out in accordance with regulations. An investigation team shall be established immediately after the receipt of the case, and the investigation shall be carried out within 7 days. The investigation process and information were kept confidential, and the investigation report was submitted to the "Employee Sexual Harassment Complaint Handling Committee". Relevant personnel involved in the incident were punished and transferred from their original positions to other positions. The incident was reported to the competent authority in accordance with the due procedures.

Taichung Bank is also committed to creating a good work environment and harmonious labor relations. It follows various labor laws and regulations to protect the rights and interests of employees. Additionally, to promote gender equality, it has established "menstruation leave", "family care leave", "maternity inspection leave", "paternity leave for maternity inspection and paternity leave", "maternity leave", "miscarriage prevention leave", "relevant regulations on parental leave without pay" and so on. Moreover, the management department can inquire about employees' business trip status from the business trip management system to understand employees' business trip status and whether they work overtime. The relevant labor law has also been reiterated many times. The overall labor-management relationship is harmonious, creating a win-win situation for the business growth of the enterprise and the rights and interests of employees.

Statistics on the Percentage of Women in Each Group in the Past Four Years

Items	2019	2020	2021	2022
Percentage of female employees	56.17%	56.14%	56.23%	56.13%
Percentage of female supervisors	37.35%	36.93%	37.93%	38.82%
Percentage of female junior supervisors	43.59%	42.72%	44.44%	46.10%
Percentage of female middle-ranked and senior supervisors	24.60%	25.30%	24.90%	23.57%
Percentage of women in supervisory positions with revenue growth functions (e.g., business)	31.57%	31.50%	28.92%	33.59%
Percentage of female employees in non-supervisory positions	63.83%	63.79%	63.41%	63.15%
Percentage of female employees as new recruits	62.33%	56.00%	60.12%	57.77%

Note 1: Junior supervisors include division chiefs, deputy section chiefs, and assistant managers.

Note 2: Middle-ranked and senior supervisors include deputy managers, deputy executive vice presidents and above.

The Situation of Parental Leave Without Pay

Items	Male	Female	Total
Number of newly added people who had parental leave without pay in 2022 (A)	26	45	71
Number of people applying for leave without pay at the end of maternity leave in 2022 (B)	4	19	23
Application rate in 2022 (B/A)	15%	42%	32%
Number of people who had had parental leave without pay and should be reinstated in 2022 (C)	5	42	47
Number of people who had had parental leave without pay and was reinstated in 2022 (D)	3	34	37
Reinstatement rate in 2022 (D/C)	60%	81%	79%
Number of people who had had parental leave without pay and was reinstated in 2021 (E)	1	21	22
Number of people who were reinstated from parental leave in 2021 and were still employed after one-year employment in 2022 (F)	1	13	14
Retention rate in 2022 (F/E)	100%	62%	64%

4.5 Health and Safety

To provide a safe and secure work environment for all employees and stakeholders, Taichung Bank has set up a designated occupational safety and health unit in accordance with the "Occupational Safety and Health Act" and the "Guidelines for Occupational Safety and Health Management". The unit is in charge of drafting and planning safety and health affairs, and continuously improving occupational safety and health management. Additionally, upholding the core philosophy of disaster prevention and control, it has formulated the Rules for Occupational Safety and Health and established a safety maintenance supervisory group which convenes a safety meeting every year, and continuously improves occupational safety and health management to construct a healthy and happy workplace.

4.5.1 Employee Safety Concept and Habit Development

- 1 To promote employee safety and health rules to prevent occupational disasters, each department formulates an annual "automatic inspection plan" to implement self-management of safety and health.
- 2 To effectively manage occupational safety and health personnel in each business unit, the Bank designed the "list of occupational safety and health personnel in each unit" and cooperated with the system of human resources to automatically transfer staff after the personnel are transferred to a different department. The Bank also arranged regular training for them. In 2022, 53 supervisors and 51 supervisors received the primary training and secondary training for "occupational safety and health business supervisors" respectively, 4 staff members and 15 staff members attended the primary and secondary "safety and health education and training for the first aid personnel" respectively, and 11 employees and 8 employees participated in the primary and secondary "workshops and training for fire management personnel" respectively. Additionally, the Bank designed education and training materials for current employees to increase their professional qualities.
- 3 **Safety Management Control of Contractors:**
The Bank's procurement, design, and construction are all in accordance with the relevant regulations of occupational health and safety. Health and safety management matters are proposed and incorporated into the construction's bidding documents, such as charts or construction safety and health policies, and are listed in the contract for implementation. Additionally, in the electromechanical and construction contracts, the Bank requests all contractors to strictly abide by the Air Pollution Control Act, the Noise Control Act, the Waste Disposal Act and other environmental regulations. The Bank also holds a coordination meeting prior to construction in accordance with the "Notices from Business Units for Contracting Work" to notify contractors of safety matters and urge contractors to implement and execute them. Moreover, in accordance with the Occupational Safety and Health Act, the Bank shall conduct safety and health education and training required by work and disaster prevention for personnel stationed at construction sites based on the properties of their tasks, and provide them with qualified personal protective devices. Dangerous machinery and equipment shall not be used until they have passed the qualification check by an inspection organization.
- 4 Each business department conducts two safety contingency measures drills every year, and they conduct safety contingency measures drills every half a year, including the disaster prevention drill for the first half of the year, and the anti-robbery drill for the second half of the year. At the Headquarters of the Bank, we have divided into the "reporting and contact class, fire extinguishing class, medical class, evacuation guidance class, and safety protection class" to conduct the simulation scenarios of reporting, fleeing for one's life and extinguishing fire respectively in the firefighting drill to make sure all staff members are familiar with the operation of equipment and disaster emergency response for disasters after practicing simulation scenarios. The drills raise employees' hazard awareness and cultivate employees' self-protection and disaster response abilities. Moreover, they help strengthen the procedures for the notification of various construction hazards in each business department, and the Headquarters assist in the implementation of relevant hazard notification operations.
- 5 The number of major occupational accident (death/disability) cases in the workplace of Taichung Bank in 2022 was 0. There were a total of 17 injury (disability) cases, and most of them were traffic accidents. The Bank strengthened the reminder of traffic safety upon the review at the safety maintenance meeting at the year of 2022.

Items	Employees	
	Male	Female
Total Working Hours of Employees in 2022	5,621,424 (Hours)	
Injury Rate (IR) %	0.228	0.418
Occupational Disease Rate (ODR) %	0	0
Lost Days Rate (LDR) %	0.132	0.286
Number of Deaths due to Work (Number of cases)	0	0

Note 1: Injury (disability): Include employees who are unable to go to work the next day after being treated for injury and takes an occupational injury leave or pass away. Minor injuries are not included (the problem can be solved by on-site first aid or medical treatment).

Note 2: Number of lost days: The number of calendar days is calculated from the next day after the accident occurs, and the employee is unable to go to work and takes an occupational injury leave.

Note 3: Injury rate (IR) = number of injuries x 200,000 working hours / total working hours

Note 4: Lost days rate (LDR) = lost days / total days (8 hours per day)

Note 5: Occupational disease rate (ODR) = number of patients with occupational diseases / total number of employees

Note 6: Non-employees include contractors, visitors, and other personnel who are active in the factory. The occupational disease rate and lost days rate in this category are not included in the statistics because the data cannot be collected.

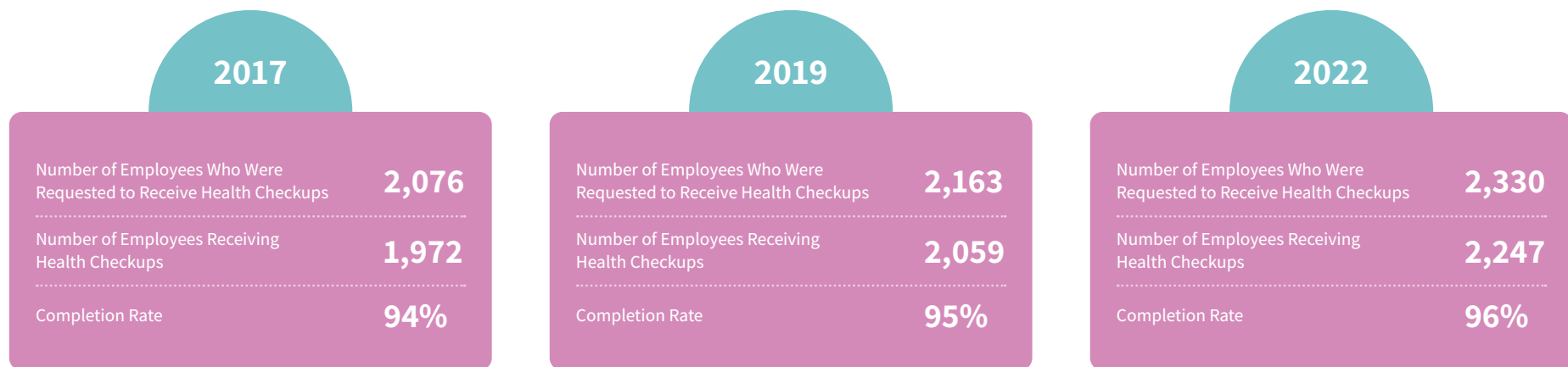
Note 7: The total working hours of employees in 2022 = total number of employees x daily working hours x number of working days in 2022.

4.5.2 Occupational Safety and Health Promotion Management

In 2022, there was no confirmed case of occupational disease or work-related disease determined by the doctor of the department of occupational medicine at the Bank.

In accordance with the Labor Health Protection Project of the Ministry of Labor

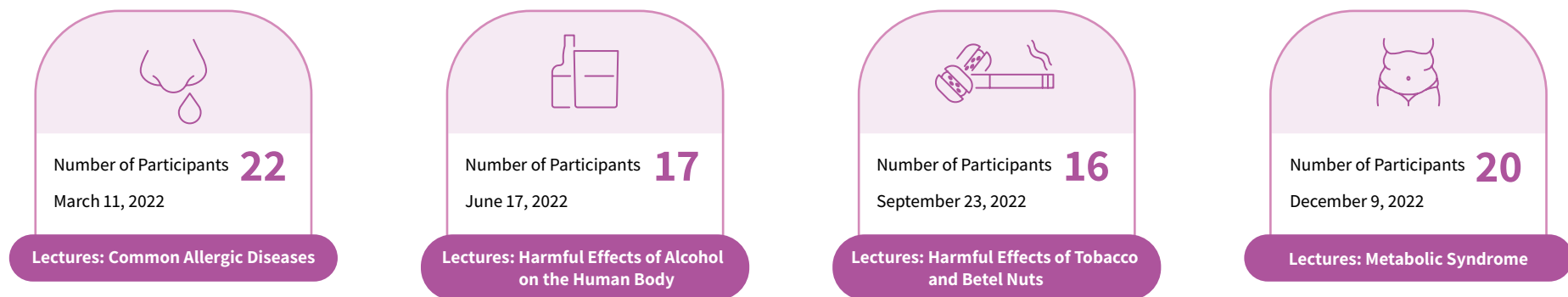
- To identify and assess the hazards of workplace environment and operations in accordance with the "Ergonomic Hazard Prevention Project".
- In accordance with the "Project for the Prevention of Diseases Triggered by Abnormal Workloads," the Bank surveys the health conditions of employees and their relations with operations. Paramedics analyze, assess, manage and keep the records of health checkups which are carried out every two years to enable our employees to know more about their own health and to continue to track their abnormalities to achieve the goal of "early detection, early treatment." Additionally, the paramedics assess laborers with high health risks by adopting necessary prevention and health promotion measures. Taichung Bank provides its employees with a regular health checkup every two years which is better than what is regulated in the government's law. The health checkup rate of employees that has been recorded since 2017 is as follows:



Note: Due to the COVID-19 pandemic in 2021, employees' physical checkups were postponed for one year.

3 In 2021, the Bank formulated the "Prevention Plan for Unlawful Infringement in Execution of Duties" to protect employees' workplace safety and avoid workplace bullying incidents. The investigation of illegal infringement cases in the workplace was conducted once in 2022. There was no case of illegal workplace violations in each department.

4 A medical office is established, and in accordance with the provisions of the Labor Health Protection Act, nurses are hired to handle on-site labor health services. Physicians specially engaged in labor health services provide on-site services and conduct health lectures or health consultations on a quarterly basis to enhance employees' health awareness. Physicians' health lectures and health consultations in 2022 are as follows:



5 In accordance with the "Work Guidelines for Maternal Health Protection in the Workplace" which ensures that risk factors in the workplace are reduced and eliminated, female employees who are pregnant or less than one year after childbirth are not allowed to engage in work that may affect maternal health during fetal development, pregnancy, or breastfeeding. The Bank provides pumping rooms that are designed exclusively for mothers to collect milk. This service aims to create a friendly work environment for female employees under the principles of maternity protection and employment equality.

CH5

Protective Heart

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5.1 Responding to Climate Change

Over the recent years, the risk of climate change has become a pressing issue that the world is facing. According to the Global Risk Report newly proposed by the World Economic Forum (WEF), the aspect of climate and environment included 6 out of 10 major long-term risks (within the future 10 years). The six risks are "failure to mitigate climate change", "failure of climate change adaptation", "natural disasters and extreme weather events", "biodiversity loss and ecosystem collapse", "natural resource crises", and "large-scale environmental damage incidents" in that order. Additionally, the 6th Assessment Report (AR6) issued by the Intergovernmental Panel on Climate Change (IPCC) of the United Nations pointed out that "the entire climate system has been through unprecedented change in the increase of temperature over the past few years compared with that over a few centuries, and even over 20 years ago". Therefore, the impact on global enterprises and markets brought by climate change has become the most urgent risk.

The TCFD was established by the FSB, and its task is to formulate a set of consistent suggestions for voluntary climate-related financial disclosures to evaluate the climate-related risks and opportunities of organizations. To effectively conduct climate risk management and information disclosures, the Bank continuously conforms to the four major core structures of TCFD (including governance, strategies, risk management, and indicators and goals) to disclose information related to climate risks. Additionally, the Bank officially signed and became the Supporter of TCFD in June, 2022. We analyzed and identified the Bank's climate resilience of physical risks and transition risks in different scenarios by referring to suggestions from organizations home and abroad. We also discriminated the impacts of short, medium and long-term climate-related risks and opportunities on the Bank's traditional risks (such as credit, markets, and operational risks) to implement the Bank's sustainable development and climate risk management.

5.1.1 Four Major Core Structures of TCFD



Governance

Enterprises' governance for climate-related risks and opportunities.



Strategies

Climate-related risks and opportunities bring actual and potential impact on the business, strategies and financial planning of enterprises.



Risk Management

The procedures of enterprises identifying, assessing and managing climate-related risks.



Indicators and Goals

Indicators and goals that assess and manage climate-related risks and opportunities.

	Explanations	Promotion Plans
Governance	Disclosing how enterprises manage climate-related risks and opportunities	<p>The Board of Directors supervises climate-related risks and opportunities</p> <p>The Board of Directors is the Bank's highest decision-making unit for the management of climate risks, and the Corporate Governance and Nomination Committee under it is in charge of the promotion of sustainable development. The Sustainable Development Implementation Team organizes issues related to sustainable development, and edits and compiles climate-related financial disclosures in the Sustainability Report. The report is then presented to the Corporate Governance and Nomination Committee, and is issued upon the verification of the Board of Directors. The Risk Management Committee formulates the management mechanism of climate-related risks, and conducts the management and monitoring of climate risks. Additionally, the committee proposes suggestions regarding the formulation of climate strategies to the Board of Directors, and executes risk management policies verified by the Board of Directors and reviews issues related to risk management. At present, the Bank has incorporated climate risk monitoring into the report of the Risk Management Committee which reports at the committee meeting once every three months. However, a temporary Risk Management Committee meeting may be convened in case of emergency to improve the Bank's management of climate risks. The Bank has incorporated climate risks into the sustainable development code and risk management policy.</p> <p>The role the management plays in assessing and managing climate-related risks and opportunities</p> <p>The Sustainable Development Implementation Team organizes issues related to sustainable development and climate-related risk financial disclosures, and strengthens the disclosures of the Sustainability Report to enhance information transparency and create sustainable value. The Risk Management Department is the Bank's climate risk monitoring and management unit. The department is in charge of executing climate risk management resolutions and matters designated by the Board of Directors, the Risk Management Committee, and the top management, and keeping track of the results of these affairs handled by relevant units.</p> <p>Senior management and staff at all levels should conduct annual education and training on climate risk related issues or participate in external training courses to improve the Bank's ability to identify and manage climate risk.</p>
Strategies	Disclosing existing and potential climate-related risks and their potential impact on corporate financial planning	<p>The Bank discriminates short, medium and long-term climate-related risks and opportunities</p> <p>To identify and assess climate risks at different periods (short, medium, and long-term), describe risks and opportunities related to operations, strategies, products, and financial planning, and draw matrices of climate change risks and opportunities to identify the possibility of occurrence.</p> <p>Climate-related risks and opportunities that impact business, strategies, and financial planning of the Bank</p> <p>Upon assessing major climate risks and opportunities, the Bank describes the correlation of its traditional risks (such as credit risk, market risk, operational risk, and liquidity risk) and financial impacts. We assess major impacts and further formulate responding strategies in accordance with the possibility of impacts and occurrence frequency of events in light of climate-related management risks. By referring to the framework of TCFD, we incorporate and assess collateral materials that might suffer from physical risks caused by climate change. To implement the stewardship policy, we have incorporated ESG and climate-related risk issues into the investment process. We concern about, analyze and assess the relevant risks and opportunities of invested companies, and exclude investment in controversial industries.</p> <p>The resilience of the Bank on strategies, and taking different climate-related scenarios into consideration (including 2°C or more harsh conditions)</p> <p>The Bank has formulated measures such as situational analysis, and qualitative and quantitative monitoring indexes and adjustments of response strategies, and referred to the Fifth Assessment Report (AR5) of the IPCC to define the situations of climate change in the future with the Representative Concentration Pathways (RCPs) to carry out the physical risk scenario analysis with the current buildings of the Bank. Additionally, we abide by the "Operation Planning of Taiwan's Banks Conducting Situational Analysis for Climate Change" to carry out situational analysis for climate risks to absorb the risks of the Bank's operational plan and business strategies. We have previously incorporated responding measures for the Bank's potential operational risks and opportunities caused by climate risks into our sustainable development code and risk management policy. In response to sudden climate incidents, we have stipulated notification methods and emergency response manuals for major incidents. The definite of major impacts is regulated in accordance with the competent authorities' "Regulations Governing Scope, Reporting Procedures and Other Compliance Matters of Material Contingencies to be Reported by Financial Institutions".</p>

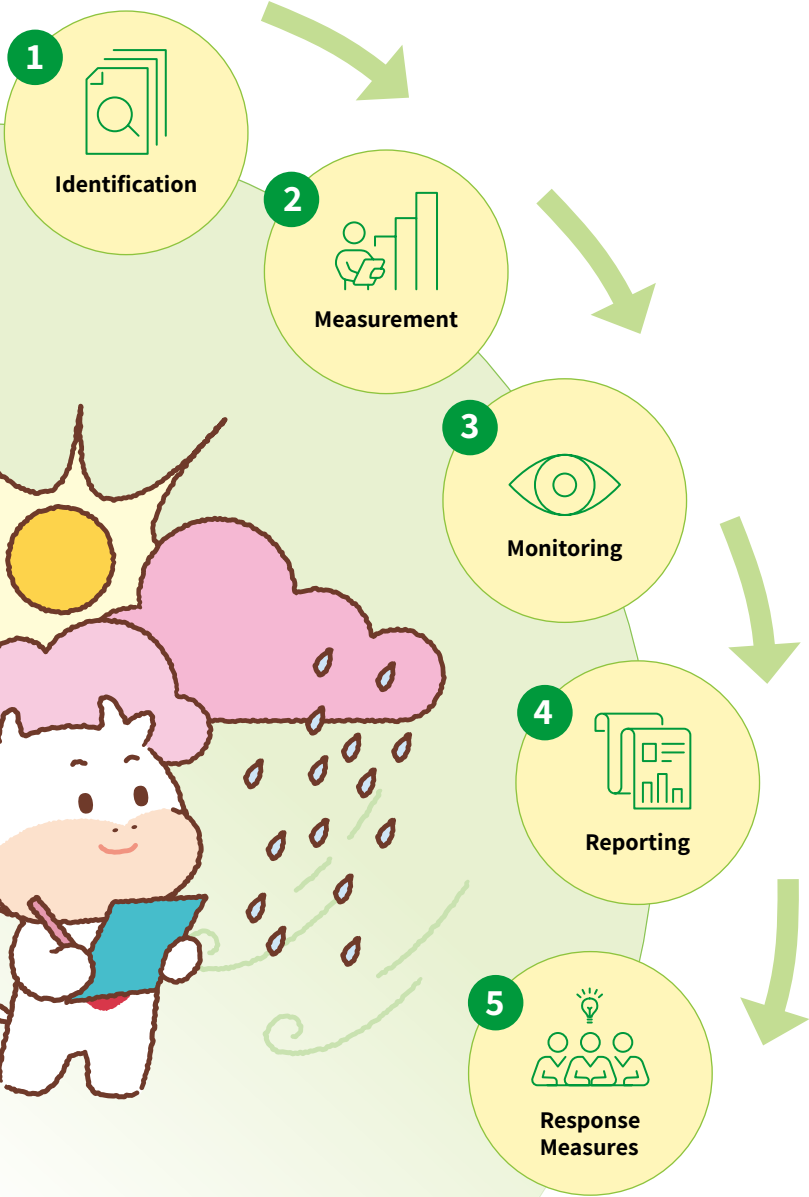
	Explanations	Promotion Plans
<p>Risk Management</p>	<p>Disclosing processes for corporate reviewing, assessing and managing of climate-related risks</p>	<p>Processes for the Bank to identify and assess climate-related risks</p> <p>To identify management risks caused by climate change, the Bank assesses and analyzes the risks of internal operational activities by interviewing departments and collecting information first. We conclude climate change risks and design a climate risk questionnaire in line with the positions and responsibilities of units and have them fill out the questionnaire. Additionally, we identify the connection between climate risks and other risks, such as credit risk, market risk, operational risk, and liquidity risk based on the possibility of impacts and occurrence frequency of incidents, assess major climate risks and opportunities, and further formulate responding strategies according to the risk sequence identified or assessed. By referring to the "Banks' Code of Practice for Three Lines of Defense in Internal Control System", the Bank has formulated the "Taichung Commercial Bank's Code of Practice for Three Lines of Defense in Internal Control System" to build its internal structure of three defense lines to clearly delineate the responsibilities in each line of defense to enable units to comprehend their individual risks (including climate-related risks) at the Bank and the role the control structure plays to strengthen the communication and negotiation of risk management and internal control tasks. The three lines of defense each have their tasks. Moreover, climate risks have been incorporated into the levels of detailed responsibilities to improve the Bank's communication and coordination mechanisms for climate risks.</p> <p>Processes of the Bank managing climate-related risks</p> <p>To assess management and communication processes: (1) Internal: Climate risk management procedure: climate risk identification → climate risk measurement → climate risk monitoring → climate risk reporting → climate risk measures. (2) External: By conforming to the four major core structures of TCFD, the Bank presented climate risks in a chapter of the Sustainability Report which includes climate risk governance, management procedures, the identification of opportunities and risks, scenario analysis and so on.</p> <p>Processes of the Bank identifying, assessing and managing climate-related risks that are integrated into the entire risk management system</p> <p>The Bank plans response policies with internal documents and data relevant to the results of climate analysis, and incorporates climate-related risks into the Bank's sustainable development rules, credit policy, and risk management policy. Additionally, we review climate-related information and data on a regular basis to thoroughly respond to climate change to lower its impact on the Bank.</p>
<p>Indicators and Goals</p>	<p>Disclosing key indicators and goals for organizations to assess and manage climate-related risks and opportunities</p>	<p>Indexes used by the Bank in assessing climate-related risks and opportunities by following their strategies and risk management processes</p> <p>The Bank reviews, adds or revises the key risk indicators (KRIs) of operational risks and its risk tolerance by adding the "number of reporting loss incidents due to operational risks caused by climate risks," monitoring climate risks (such as typhoon, flood, mudslide and so on) that lead to the actual loss of the Bank's buildings due to operational risk incidents, and setting the tolerance of risks to assess the physical climate-related risks which the Bank's buildings face.</p> <p>The Bank discloses Scopes 1, 2 and 3 (if applicable) greenhouse gas emissions and relevant risks</p> <p>Since 2018, the Bank has disclosed the Greenhouse Gas Inventory Report on the official website of Taichung Bank, summarizing the amount of greenhouse gas emissions or removal. We have investigated our main buildings (Min Chuan Building and Min Zu Building), South Taichung branch (including dormitory), and Taiping branch (including staff training center), which are mainly office buildings and data processing rooms. The investigation is carried out in accordance with ISO 14064-1 (2006 version)/CNS 14062-1, and the Greenhouse Gas Inventory and Reporting Protocol of the Environmental Protection Agency of the Executive Yuan. Inventory parameters adopt the Operation Control Act, and the amount of greenhouse gas emissions or removal are summarized. Currently, Scopes 1 and 2 are used to disclose the amount of greenhouse gas emissions. With respect to financed emissions in the Category 15 of Scope 3, the Bank has referred to the methodology of Partnership for Carbon Accounting Financials (PCAF) to calculate domestic stocks, equities, and the investment of corporate bonds. If the Bank's credit joins PCAF in the future, the credit will be investigated and calculated with the Category 15 of Scope 3 for the credit of SMEs in the database of PCAF.</p> <p>Goals that the Bank uses in managing climate-related risks and opportunities and their performance in achieving the goals</p> <p>Energy Saving and Carbon Reduction Goals</p> <p>Short-term goal: Saving 1% of electricity consumption per capita.</p> <p>Medium-term goal: Saving 1% of electricity consumption per capita per year.</p> <p>Long-term goal: Compared to 2021, 2030 will save 10% of total electricity consumption per capita.</p>

Organizational Structure of Climate Governance



Risk Management Responsibility for Climate Change in Three Lines of Defense in Internal Control

The Bank has incorporated climate risks into our "sustainable development code", "credit policy", and "risk management policy". Incorporating climate risks into the Bank's integrated risk management mechanism helps strengthen the Bank's management of climate-related risks. The aforementioned provisions have been verified by the Board of Directors and been in effect. To effectively complete its internal control system and strengthen the constitution of the enterprise, the Bank implements the three defense lines of the internal control to facilitate the sustainable development of the Bank. Please refer to "2.4 Risk Management" for more information about the management responsibilities of the Bank's three lines of defense.



- 1**

 - Referring to TCFD recommendations and FSC guides in the identification, assessment, and management of climate-related risks and opportunities.
 - The Risk Management Committee meeting is held every quarter to probe into the issue of climate-related risks.
- 2**

 - Assessing the likelihood of risk occurrence and impacts through external research analysis.
 - Evaluating the frequency of occurrence, impacts, and the degree of benefits through the internal operational experience of business personnel.
- 3**

 - Carrying out the operation and planning of climate risks and differentiated management by adopting suggested scenarios by organizations home and abroad.
- 4**

 - Identifying the adjustment measures for climate risks and opportunities. Upon assessment and analysis, reporting the results to the Board of Directors, the Risk Management Committee and relevant departments.
- 5**

 - Adjusting relevant measures based on opinions proposed by the Board of Directors, committees and relevant departments, and formulating response policies for climate-related risks.

5.1.4 Climate Change Risks and Opportunities

The Bank will enhance transparency for the management of climate risks, and incorporate potential risks and opportunities of our operations into the sustainable development code and risk management policy. To respond to sudden climate incidents, notification methods and emergency response manuals for major incidents will be made. Climate-related risks have been divided into two categories:

Transition risks related to a low-carbon economy

Divided into policy and regulatory risk, technical risk, consumer preference/market supply and demand imbalance risk, reputation risk such as green financing and regulatory variability.

Physical risks related to climate change

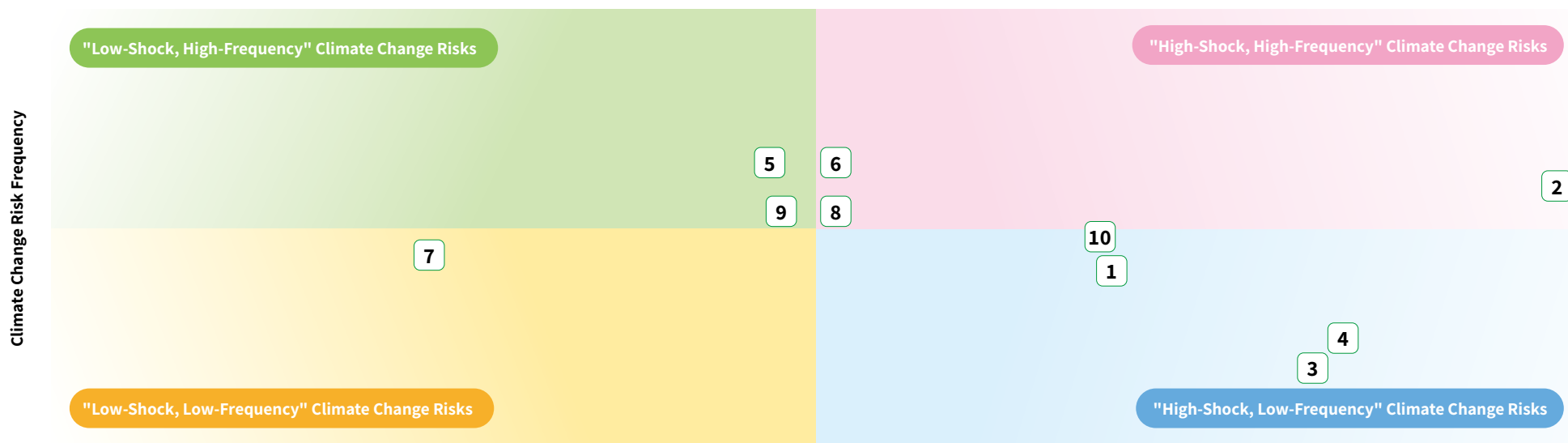
Divided into immediate risk and long-term risk. To evaluate the impact of high risk and disaster-stricken area on the Bank's business locations and investment and financing regions, and further seek potential development opportunities.

Climate Risk Assessment Items

Categories	Risk Types	Descriptions	Impact or Influence on Financial Affairs	Corresponding Traditional Risks	Length of Time being Affected
Physical Risk	Immediate Risk	1. Extreme weather causes damage to the company's business buildings, operations, and information equipment, and has direct impact on the company's various points of operations.	Damage to the Bank's buildings increases maintenance charge and operational costs to maintain information equipment and repair damaged buildings.	Operational risk	Short
		2. Extreme weather causes depreciation in value of credit collateral, or credit customers causes business interruption, or loss of personnel and property.	Credit customers have difficulty in repayment due to business interruption, resulting in the bad debts expenses of the Bank.	Credit risk	Short
	Long-term Risk	3. With rising sea levels, branch locations are faced with flooding, which in turn leads to damage to operating locations or equipment, and the disruption of operations.	Extra operational costs shall be added to operating locations to repair damaged equipment. Additionally, the disruption of operations impacts revenues.	Operational risk	Long
		4. Rising sea level causes the value depreciation of credit collateral, and damage to the credit and investment departments of the enterprise's operational headquarters and assets, which will affect the creditor's rights and cause a potential bad debt crisis.	The value of the enterprise's real estate and production are impacted due to the impact of risks, which in turn affects the default rate of investment and finance.	Credit risk; market risk	Long
Transitional Risk	Policy and Regulatory Risk	5. GHG reduction requirements or energy-saving policies or regulations are becoming more stringent, and penalties are imposed for failure to comply, or insufficient disclosure of climate-related risks is subject to litigation.	Fees and expenses increase because penalties are imposed, and it affects the company's credibility as well.	Operational risk	Medium
		6. In order to mitigate climate change, policies or regulations on carbon prices, carbon taxes/emissions, carbon reduction targets, and reporting obligations have become stricter, which may lead to a reduction in operating profits for the creditor or investor, and affect the company's creditor's rights.	The low-carbon policies and regulations affect the profits of investment and finance receivers, and increase fees, which affects the profits of the Bank and the repayment abilities of clients.	Credit risk; market risk	Medium

Categories	Risk Types	Descriptions	Impact or Influence on Financial Affairs	Corresponding Traditional Risks	Length of Time being Affected
Transitional Risk	Technical Risk	7. In response to climate change transition risks, if we fail to successfully develop financial technology and lead in paperless green cash flow, energy saving, and carbon reduction through digital finance and electronic services, customers will be less willing to conduct business with the bank.	No successful transition risks will lead to the decrease of customers' willingness to conduct business with the Bank, which will affect profits.	Operational risk; Liquidity Risk	Medium
		8. In response to climate change transition risks, if investment and finance receivers (credit customers, investment companies) are forced to transform their industries in the future or develop products and technologies that are more energy-efficient and environmentally friendly, additional costs may be incurred due to the transition, which will indirectly affects profits.	The enterprise has to spend additional costs in response to low-carbon transition, which affects the profits of clients, and indirectly impacts the revenue of the Bank.	Credit risk; market risk	Long
	Customer Preference/Market Supply and Demand Imbalance Risk	9. The Banks' failure to launch relevant sustainable financial products and services in a timely manner may lose out on opportunities in climate change-related markets, and may lose business and customers.	Failing to respond to the market trend loses business and customers, which affects business transactions between customers and the Bank, and results in a decline in revenue.	Credit risk; market risk; Liquidity Risk	Medium
	Reputation Risk	10. If the Bank's credit customers' environmental pollution is reported by the media, it may indirectly affect their credibility and revenue; and if they fail to actively engage in climate change issues which stakeholders are concerned about, it may affect their image and reputation.	The failed credibility of credit customers leads to the failed loyalty of the Bank's customers, and affects the credit rating of clients.	Credit risk; Liquidity Risk	Short

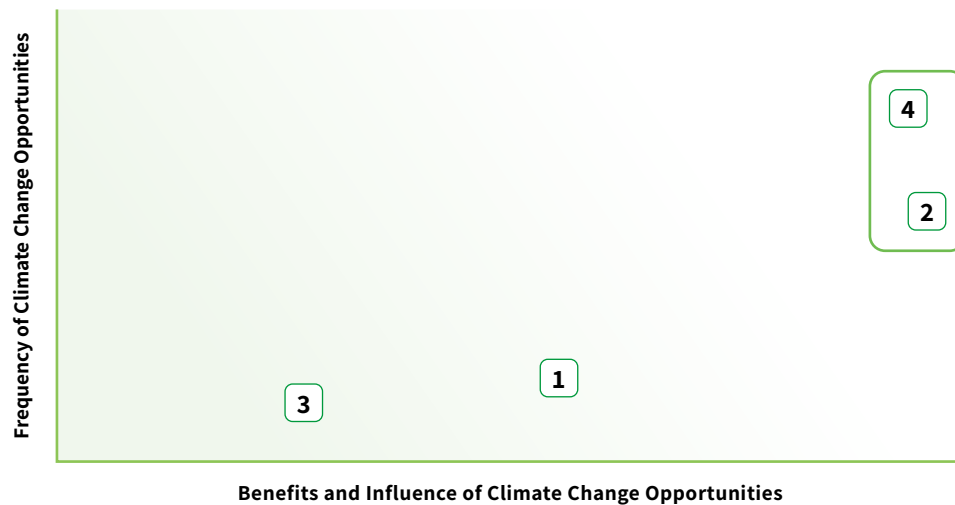
Diagram of The Bank's Climate Risk Matrix Analysis Results



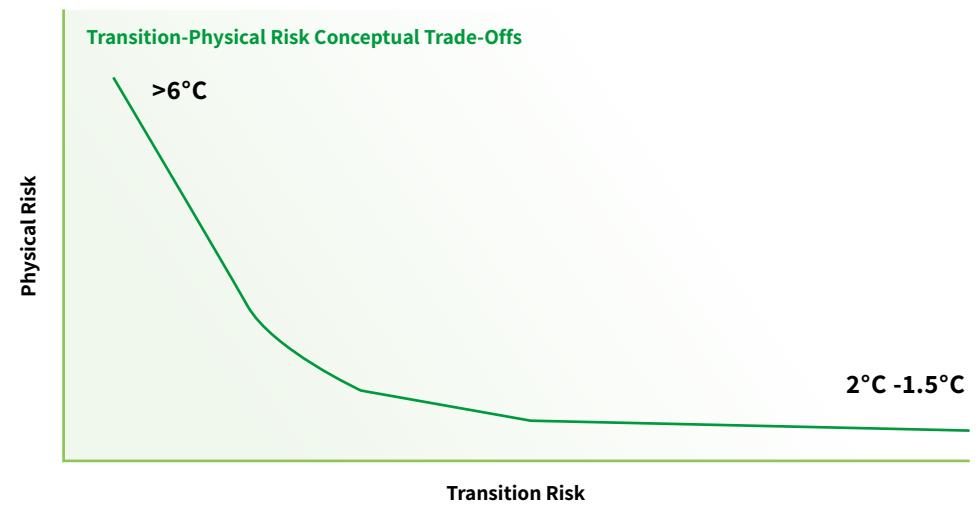
Climate Risk Assessment Items

Description	Length of Time Being Affected
1. To purchase the latest energy-saving equipment for data processing rooms, and build more efficient systems to improve energy efficiency and save operating costs.	Medium
2. To optimize digital financial services and develop financial technology to improve convenience, which will help increase customer base and expand business opportunities. To promote the use of electronic accounts, electronic transactions, and billing services to reduce labor costs and attract consumers.	Short
3. To issue green credit cards to attract targeted groups and consumers who practice sustainability.	Short
4. To promote urban renewal financing projects, transform old buildings into energy-saving and carbon-reducing, ecologically friendly communities; and provide preferential project loans for green buildings, so more people are willing to buy green buildings.	Long

Diagram of The Bank's Climate Opportunity Matrix Analysis Results



Relationship Diagram of Transition Risks and Physical Risks



(Source: TCFD, The Use of Scenario Analysis in Disclosure of Climate-Related Risks and Opportunities, 2017)

5.1.5 Scenario Analysis

To assess the Bank's tenacity in facing climate change risks, we refer to scenarios suggested in relevant documents home and abroad to conduct scenario analysis for climate change risks to assess the influence of climate risks on the Bank's operations, and to probe into our tenacity in facing climate risks in different climate risk scenarios.

Operation Planning for Taiwan's Banks Conducting Scenarios Analysis for Climate Change

The Bank adopted scenario analysis to assess its tenacity in facing climate change risks in accordance with the "Operation Planning for Taiwan's Banks Conducting Scenario Analysis for Climate Change". The scenario for macro-economic factors in the aforementioned operation planning adopted the scenarios of Orderly, Disorderly, Hot House World, and Too Little, Too Late generated in the second phase of the Network for Greening the Financial System (NGFS) in 2021 to serve as the base of the macro-economic factors for each scenario. The environmental factors were based on the scenario of the Representative Concentration Pathways (RCPs) set by the Fifth Assessment Report (AR5) of the Intergovernmental Panel on Climate Change (IPCC), and adopted the scenarios of RCP8.5 (non-transition) and RCP2.6 (active transition) to assess the ratios of expected loss (EL) from the risk exposures of general enterprises and individuals (Expected Loss (EL) = Probability of Default (PD) x Loss Given Default (LGD) x Exposure at Default (EAD)) to net worth and pre-tax income in the base year in the scenarios of orderly transition, disorderly transition, and non-policy transition in 2030 and 2050 respectively.

The calculation base and range criterion for this "Operation Planning for Taiwan's Banks Conducting Scenario Analysis for Climate Change" were the debt asset positions and profit and loss information in 2022 based on individuals to consider the influence of climate change risks on credit risk positions home and abroad. Internal and external credit positions, bonds and equity investment presented in bankbooks were included in this calculation range of scenario analysis for climate change to assess the ratios of expected loss (EL) from the risk exposures of general enterprises and individuals to net worth and pre-tax income in the base year in the scenarios of orderly transition, disorderly transition, and non-policy transition in 2030 and 2050 respectively.

Descriptions of Different Scenarios

2050 Orderly (Net Zero) Transition Scenario

The 2050 Net Zero Transition Scenario which is also known as the orderly transition scenario corresponds to the 2050 Net Zero scenario of NGFS and the RCP2.6 scenario of IPCC. The scenario is used to assess the potential risks of a bank in the path towards net zero emissions by 2050 around the globe step by step.

Disorderly Transition Scenario

The disorderly transition scenario corresponds to the Delay Transition Scenario of NGFS and the RCP2.6 scenario of IPCC. The scenario is used to assess the potential risks of a bank in the path towards net zero emissions by 2050 although the transition is delayed.

Non-policy Transition Scenario

The non-policy transition scenario corresponds to the Baseline Transition Scenario of NGFS and the RCP8.5 scenario of IPCC. The scenario is used to assess the potential risks of a bank due to climate change brought by the non-transition policy.

Economic Indicators/Scenarios		Growth Rate of GDP (Year on Year (YOY))	Unemployment Rate	Long-term Interest Rate
Orderly Transition	2030s	3.23%	3.92%	2.06%
	2050s	1.21%	3.89%	2.19%
Disorderly Transition	2030s	1.46%	4.61%	1.98%
	2050s	1.15%	3.37%	2.20%
Non-policy Transition	2030s	3.00%	4.15%	2.06%
	2050s	1.30%	4.39%	2.17%

Ratios of Expected Loss (EL) from Credit Risks to Net Worth and Pre-tax Income in the Base Year in Different Scenarios

Ratio	Orderly Transition Scenario		Disorderly Transition Scenario		Non-policy Transition Scenario	
	2030s	2050s	2030s	2050s	2030s	2050s
Ratio of Expected Loss (EL) to Pre-tax Income in the Base Year (%)	65.29%	68.94%	71.65%	87.3%	63.65%	73.03%
Ratio of Expected Loss (EL) to Net Worth (%)	6.1%	6.44%	6.69%	8.16%	5.95%	6.83%

Personal Credit

Ratio	Orderly Transition Scenario		Disorderly Transition Scenario		Non-policy Transition Scenario	
	2030s	2050s	2030s	2050s	2030s	2050s
Ratio of Expected Loss (EL) to Pre-tax Income in the Base Year (%)	11.39%	12.34%	16.39%	10.36%	12.12%	15%
Ratio of Expected Loss (EL) to Net Worth (%)	1.06%	1.15%	1.53%	0.97%	1.13%	1.4%

Physical Risk Analysis for the Bank

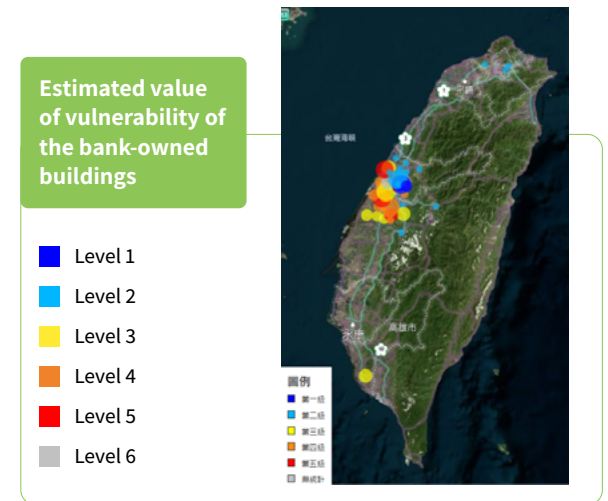
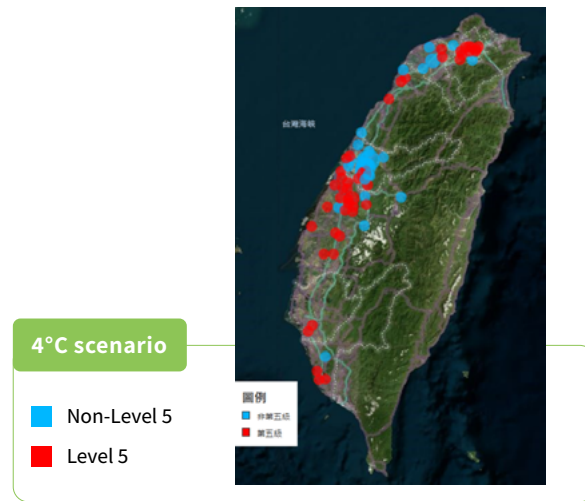
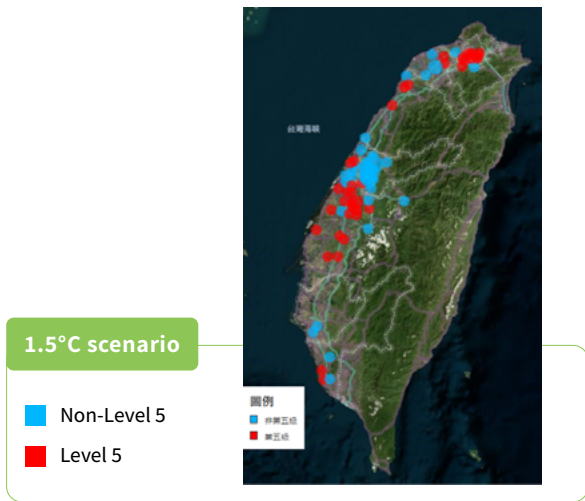
To enhance transparency for the management of climate risks, the Bank signed to become the Supporter of TCFD in June, 2022, and incorporated TCFD into the Bank's risk management policy to increase the identification of climate risks by referring to the climate change disaster and risk adaptive platform of the National Science and Technology Center for Disaster Reduction to estimate the climate in the middle of this century (between 2036 and 2064). We adopted the 1.5°C and 4°C global warming scenarios for parameters to analyze the distribution of the Bank's operating locations that face physical risks. Additionally, the RCP8.5 scenario of the Fifth Assessment Report (AR5) of the Intergovernmental Panel on Climate Change (IPCC) was adopted to simulate, analyze and calculate the amount of money being affected at regions with extremely high flooding risks (with the level 5 vulnerability) where the Bank's buildings are located caused by extreme climate incidents, and to formulate responding and control measures.

In the 4°C global warming scenario, nine more operating locations of the Bank were added to high risk regions compared with the 1.5°C global warming scenario. In the RCP8.5 scenario hypothesis, the estimated

General Corporate Credit Extending and Foreign Corporate Credit Extending Positions

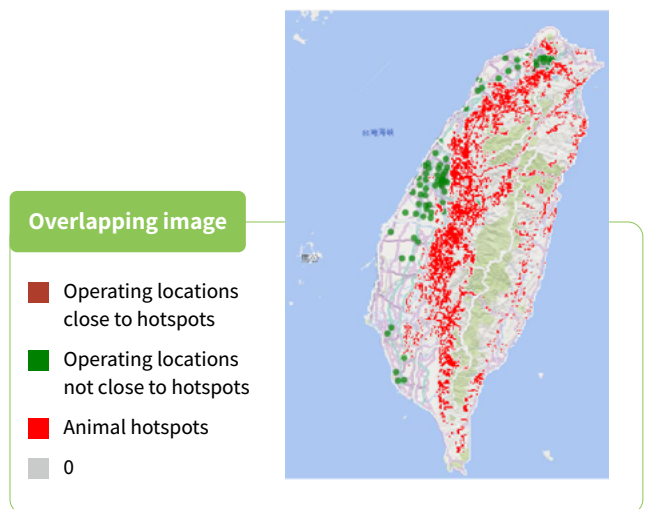
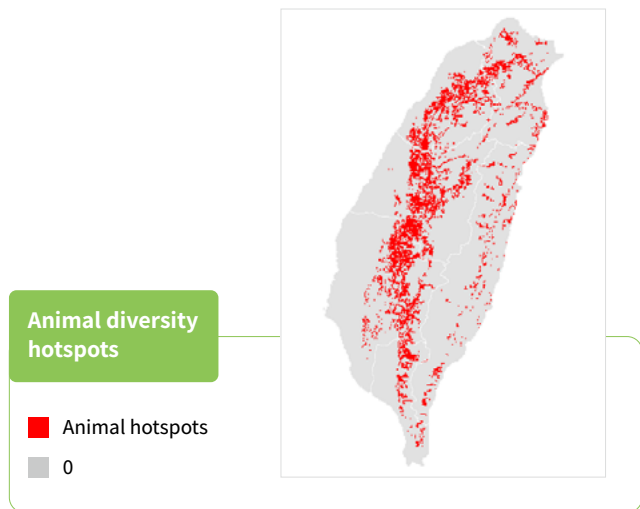
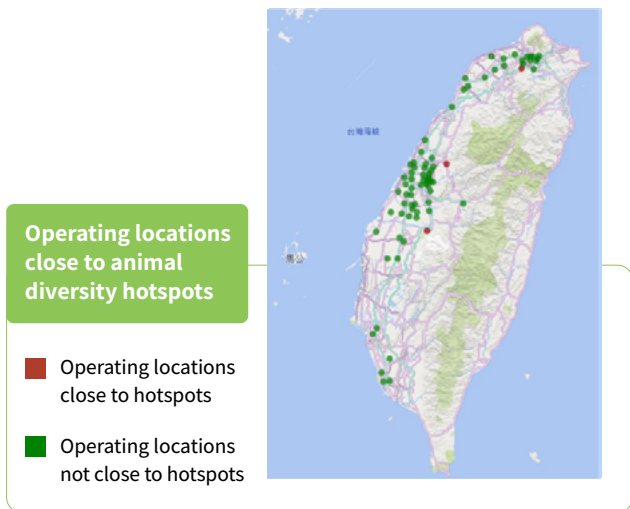
Ratio	Orderly Transition Scenario		Disorderly Transition Scenario		Non-policy Transition Scenario	
	2030s	2050s	2030s	2050s	2030s	2050s
Ratio of Expected Loss (EL) to Pre-tax Income in the Base Year (%)	51.07%	52.13%	51.79%	71.28%	46.5%	52.11%
Ratio of Expected Loss (EL) to Net Worth (%)	4.77%	4.87%	4.84%	6.66%	4.35%	4.87%

amount of the Bank's buildings at regions with the high risk of flooding (with the level 5 vulnerability) being affected was approximately NT\$214 million, accounting for 0.03% of the Bank's total assets. To avoid the flooding of the Bank's buildings caused by extreme climate, the interruption of the Bank's operations, and the impact on our colleagues on their way to work in the future, we will plan response policies in line with the results of the analysis, and review climate-related information and data on a regular basis. Additionally, the Bank will save backup information and data for at least five years for the company to make adjustments to the policies in the future. In response to sudden climate incidents, we have stipulated notification methods and emergency response manuals for major incidents. The definite of major impacts is regulated in accordance with the competent authorities' "Regulations Governing Scope, Reporting Procedures and Other Compliance Matters of Material Contingencies to be Reported by Financial Institutions". The Bank is dedicated to responding to these incidents wholeheartedly to reduce the impact of climate change on the Bank.



Biodiversity

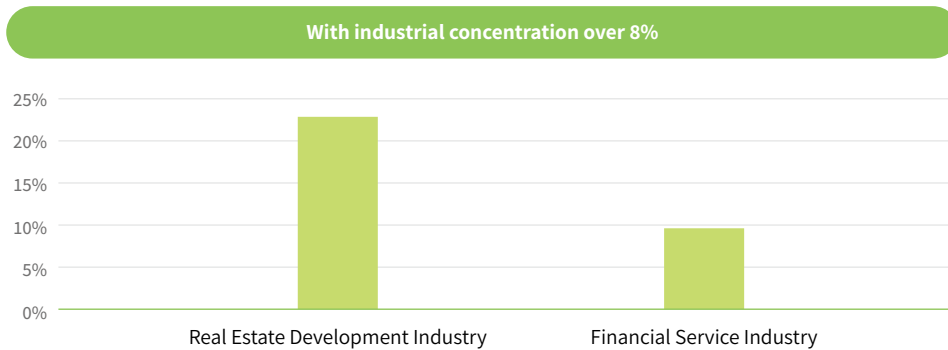
The Task Force on Nature-related Financial Disclosures (TNFD) was established in 2021, and it targets the natural environment which humans and the operations of enterprises rely on. In addition to covering risks related to climate change, it includes nature-related risks such as biodiversity and the ocean. After comparing and analyzing the image of animal diversity hotspots made by the Forestry Bureau, Council of Agriculture, Executive Yuan with the image of the Bank's operating locations, it is found that the Bank has three operating locations which is closer to animal diversity hotspots, accounting for 3.6%. As the Bank's operating locations are chiefly located in metropolitan areas, they have lower impact on animal diversity hotspots. In the future, we will continue to pay attention to relevant databases home and abroad to conduct research and analysis.



The Bank's Financing Positions

The Bank's industries with exceeding 8% of credit concentration ratio (industrial credit balance/corporate credit ratio) are real estate development industry and financial service industry, which are classified based on the intensity of industrial carbon emissions by the scenario analysis and planning for the climate risks of Taiwan's banks. They belong to intensity category I (with comparatively low intensity of carbon emissions).

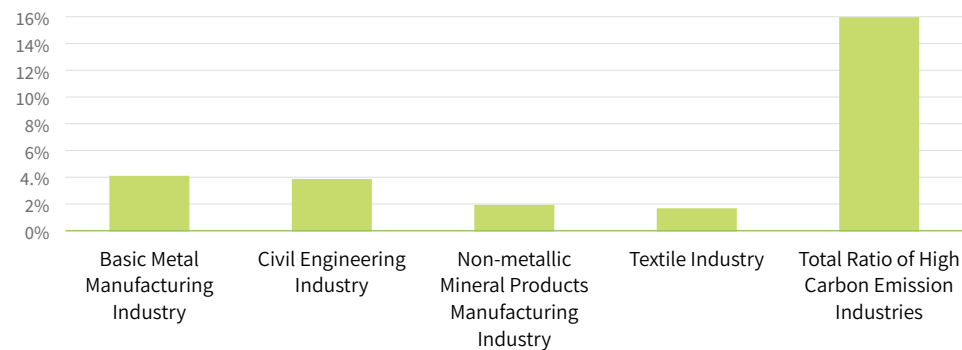
Carbon Emission Grade of Industries with High Credit Concentration (over 8%)



Credit Exposure Positions

The Ministry of Economic Affairs inspects and verifies six major high energy-consuming and high carbon emission industries (chemical engineering industry, electrical machinery and electronics industry, basic metal industry, non-metallic mineral products industry, textile industry; pulp and paper industry), and their potential physical risks and transition risks. Credit exposure positions are classified based on the intensity of industrial carbon emissions by the scenario analysis and planning for the climate risks of Taiwan's banks. They belong to the credit extending ratio (industrial credit balance/corporate credit ratio) of emission intensity categories V and IV as the following diagram:

Ratio of Credit Balance

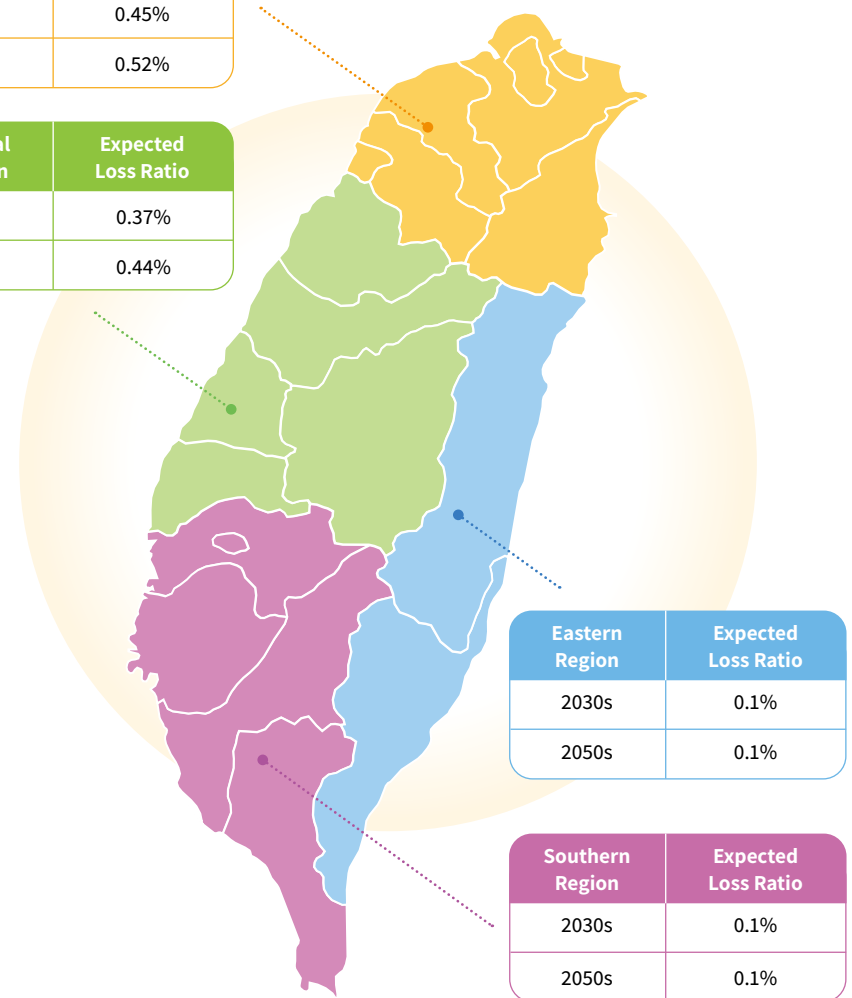


Distribution of Physical Risks of Corporate Financing Positions

The Bank adopted RCP8.5 non-policy scenario from the Fifth Assessment Report (AR5) of the Intergovernmental Panel on Climate Change (IPCC), and referred to the "Operation Planning for Taiwan's Banks Conducting Scenario Analysis for Climate Change" to calculate the expected loss (EL) of the Bank's domestic financing positions. We summarized the disclosures of different regions, and calculated the expected loss ratio of domestic corporate financing positions in 2030 and 2050 respectively.

Northern Region	Expected Loss Ratio
2030s	0.45%
2050s	0.52%

Central Region	Expected Loss Ratio
2030s	0.37%
2050s	0.44%



Transition Risks for Equity Investment Positions

The Bank referred to the "Practical Manual for Climate-related Risk Management of Taiwan's Banks" which suggests that equity investment positions be introduced into the model of estimated stock prices. We adopted the Stated Policies Scenario (SPS) proposed by the International Energy Agency (IEA) and its estimated tariffs, along with the three estimated carbon tariff suggestions and expected emissions of the 2°C scenario (Below2°C) provided by the Network for Greening the Financial System (NGFS), Nationally Determined Contributions (NDCs), and the 2050 Net Zero scenario. The expected loss amount affected by carbon tariffs may lead to the drop of stock prices. The range of the decline is multiplied by estimated loss amount for the Bank's holding positions is as shown in the graph. Additionally, we analyzed the expected loss ratio in 2030, 2040, and 2050 to calculate the tenacity of the Bank's equity investment positions in facing the risks of climate change.

Responsive Measures: The Bank has stipulated the ESG-related assessment process, and incorporated climate change factors and sustainable development inspection. In the future, the Risk Management Committee will continue to disclose information about the monitoring of climate risks, closely pay attention to the current situations of high carbon emission industries, and keep renewing current laws and regulations and the latest information to continuously monitor climate risks. We hope to pay close attention to impact caused by climate change, promote the transformation of clients' industries, and make great contributions to Taiwan's net zero goal and policy in 2050 with our influence on the financial industry.

Unit: Expected loss ratio

Transition Risks for Equity Investment			
Items	2030	2040	2050
SPS	1.0%	1.5%	2.1%
Below2°C	1.2%	1.8%	3.0%
NDCs	1.1%	1.6%	2.0%
Net Zero	1.6%	1.9%	0.0%

Note: Expected loss of equity investment positions = stock price loss x investment positions

Climate Risk Scenario Analysis for Investment Positions

In accordance with the "Operation Planning for Taiwan's Banks Conducting Scenario Analysis for Climate Change", the Bank conducted scenario analysis for climate change to assess its tenacity in facing climate change risks, and assessed the ratios of expected loss (EL) from the risk exposures of Bank's bonds and equity securities positions (bankbooks) to the net worth and pre-tax income in the base year in the scenarios of orderly transition and disorderly transition in 2030 and 2050 and in the scenario of adding RCP2.6 to physical risks. The explanations are as follows:

Proportion of EL to Net Worth

Year	Basic Scenario	Orderly Transition	Disorderly Transition
2030s	0.17%	0.26%	0.32%
2050s	0.17%	0.42%	0.53%

Proportion of EL to Pre-tax Income

Year	Basic Scenario	Orderly Transition	Disorderly Transition
2030s	1.86%	2.83%	3.46%
2050s	1.86%	4.47%	5.66%

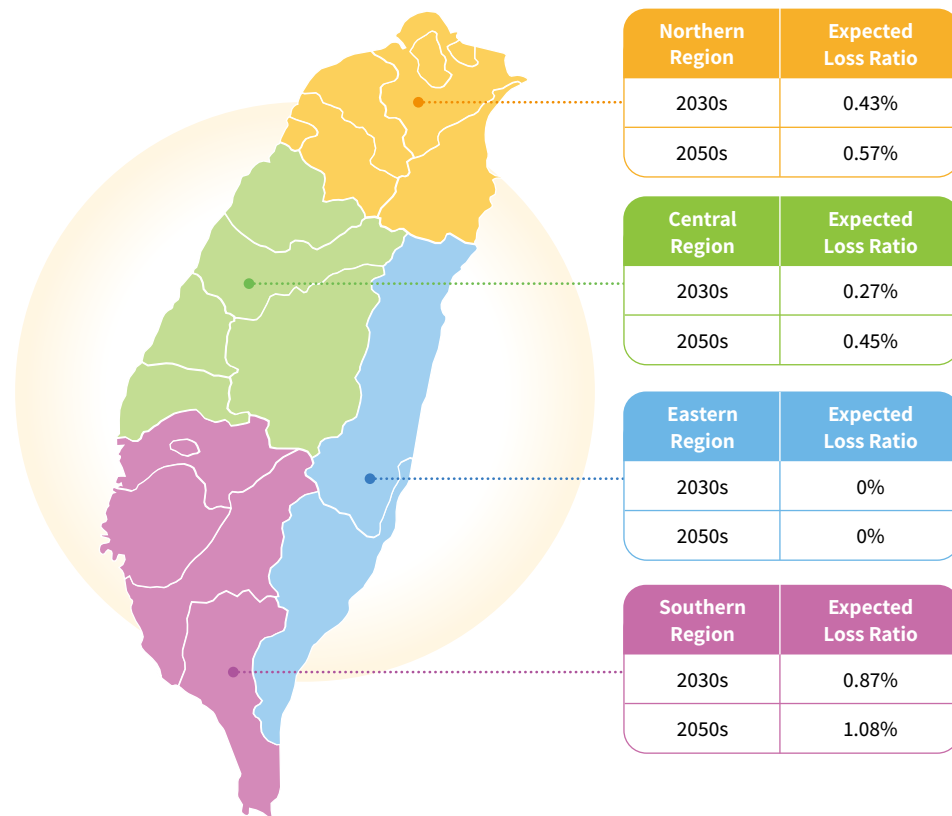


Distribution of Physical Risks for Investment Positions

With respect to the scenario of physical risks, the Bank adopted RCP8.5 non-policy scenario in the Fifth Assessment Report (AR5) of the Intergovernmental Panel on Climate Change (IPCC), and referred to the "Operation Planning for Taiwan's Banks Conducting Scenario Analysis for Climate Change" to calculate the expected loss (EL) of the Bank's domestic investment positions (bonds and equity securities positions (bankbooks), excluding state-owned enterprises). We summarized and disclosed the distribution in different regions, and calculated the expected loss ratios of investment positions in 2030 and 2050 respectively. The findings are as shown in the diagrams below:

Scenario Differences

This scenario adopted the newly-added scenario set by the Network for Greening the Financial System (NGFS) compared with the previous year, and it was the scenario adopted in the "Operation Planning for Taiwan's Banks Conducting Scenario Analysis for Climate Change". We also added scenario analysis for climate change risks for investment positions and added the scenarios of 1°C and 4°C physical risks based on the impact of climate risks that our operating locations face to improve the Bank's tenacity in facing climate risks.



5.1.6

Financial Carbon Emission Calculation of Investment and Financing Combination

Founded in 2015, Partnership for Carbon Accounting Financials (PCAF) is chiefly composed of banks in the Netherlands and North America, and has proposed the first set of standardized tools in the world for the financial industry. By referring to the methodology of PCAF, the Bank calculated the investment positions for domestic stocks, equities and corporate bonds. Additionally, we calculated for our credit clients who had publicly disclosed carbon emissions for financing positions, and classified them with the industrial classification system of the Central Bank. In the future, we will formulate calculation guidelines for the financial carbon emissions of investment and financing combination in line with the "Net Zero Promotion Platform for the Financial Industry", and carry out the calculation of the Bank's Category 15 of Scope 3.

Upon inspection, the total emissions for the Category 15 of Scope 3 of the Bank's investment positions were 137,532.34 metric tons. Among which, the basic metal manufacturing industry accounted for 34.671%,

which was the industry with the highest emissions of the Bank's investment combination, being followed by the non-metallic mineral products manufacturing industry (15.320%), and the chemical materials manufacturing industry (14.818%). The aforementioned industries are high energy consumption and high carbon emission industries inspected by the Ministry of Economic Affairs. As these industries have higher emissions, they face more risks from climate change in the future. Additionally, with respect to financing positions, the real estate industry was the industry with the highest emissions (40.217%) among carbon emission credit customers which the Bank publicly disclosed, being followed by the non-metallic mineral products manufacturing industry (36.065%), and the chemical materials manufacturing industry (10.735%). In the future, the Bank will continue to respond to the relevant measures of the competent authorities to guide enterprises to conduct net zero transition, fulfilling our responsibility to alleviate climate change risks with the influence of the financial industry.

Investment Positions

Industry Categories	Scope 3 (Metric ton)	Proportion
Basic Metal Manufacturing Industry	47,684.34	34.671%
Non-metallic Mineral Products Manufacturing Industry	21,070.05	15.320%
Chemical Materials Manufacturing Industry	20,379.05	14.818%
Electronics Components Manufacturing Industry	18,641.97	13.555%
Textile Industry	10,601.48	7.708%
Petroleum and Coal Products Manufacturing Industry	5,708.84	4.151%
Information and Communication Industry	3,552.32	2.583%
Finance and Insurance Industry	2,780.87	2.022%
Transportation and Warehousing	1,840.42	1.338%
Computers, Electronic and Optical Products Manufacturing Industry	1,497.07	1.089%
Electrical Equipment Manufacturing Industry	1,404.74	1.021%
Plastic Products Manufacturing Industry	766.48	0.557%
Rubber Products Manufacturing Industry	705.97	0.513%
Real Estate Industry	541.37	0.394%
Beverage Manufacturing Industry	157.54	0.115%
Service Industry	133.29	0.097%
Motor Vehicles and Parts Manufacturing Industry	33.06	0.024%
Wearing Apparel and Clothing Accessories Manufacturing Industry	32.32	0.023%
Wholesale and Retail Sale Industry	1.16	0.001%
Total	137,532.34	100%

Financing Positions

Industry Categories	Scope 3 (Metric ton)	Proportion
Real Estate Industry	18,907.06	40.217%
Non-metallic Mineral Products Manufacturing Industry	16,951.02	36.056%
Chemical Materials Manufacturing Industry	5,046.80	10.735%
Basic Metal Manufacturing Industry	1,698.45	3.613%
Land Transportation Industry	716.25	1.524%
Beverage Manufacturing Industry	700.27	1.490%
Electrical Equipment Manufacturing Industry	627.47	1.335%
Electronics Components Manufacturing Industry	615.34	1.309%
Accommodation and Hotel Services Industry	528.19	1.124%
Telecommunications Industry	459.98	0.978%
Civil Engineering Industry	275.41	0.586%
Medical Goods Manufacturing Industry	155.56	0.331%
Metal Products Manufacturing Industry	139.81	0.297%
Wholesale Industry	61.11	0.130%
Computers, Electronic and Optical Products Manufacturing Industry	57.94	0.123%
Mechanical Equipment Manufacturing Industry	44.62	0.095%
Professional, Scientific and Technical Services Industry	14.14	0.030%
Food Manufacturing Industry	6.68	0.014%
Architecture and Construction Industry	3.84	0.008%
Rubber Products Manufacturing Industry	2.28	0.005%
Finance and Insurance Industry	0.62	0.001%
Total	47,012.85	100%

Note: 3% of total assets for financial carbon emissions from financing activities.

5.2 Energy Saving

Early Term

2021

CO₂e Goal | To save 1% of electricity usage per capita, equivalent to 20 tons of CO₂e.

- To manage and replace old equipment.
- Green building eco-friendly elevator system.

Medium Term

2022-2024

Goal | To save 1% of electricity usage per capita.

- To regularly advocate energy saving, and post energy-saving slogans to reduce energy consumption in all areas of operations.

Long Term

2030

Goal | Total electricity saving of 10% per capita usage, compared to 2021.

- New building of the Headquarters to adopt gold level green building and silver level smart building.
- Business buildings to adopt first-class energy-saving products and LED lighting in all electrical equipment of interior decorations.

Energy-saving Air Conditioning

Taichung Commercial Bank is committed to energy-saving air conditioning and cooperates with the energy-saving policy of the Bureau of Energy of the Ministry of Economic Affairs. In response to the national power-saving action, "Energy-saving Operation" stickers are posted at the lobbies of all business buildings, windows and doors are installed with curtains, sunshades, and other shading materials. Air-conditioning units all have high energy efficiency (high EER value). Our Headquarters is equipped with a variable air volume air conditioning system (with room temperature being set at 26°C). Our branches adopt a frequency conversion multi-type air conditioning system, which has excellent frequency conversion control technology, and which is regularly maintained to achieve stable performance. Used with electric fans, the operations of an air conditioning compressor can be reduced, which improves indoor air quality, saves energy, reduces energy consumption, and achieves energy saving and carbon reduction. Additionally, all old air conditioning units are replaced during branch renovations to save energy. According to statistics, air conditioning replacement, repair and maintenance costs this year were approximately NT\$2.5 million.

Note: EER value (Energy Efficiency Value) is the electricity used when air conditioning generates the cooling capacity. If the cooling capacity is the same, but less electricity is used, the higher the EER value is, the more electricity is saved.

Energy-saving Lighting

1. Taichung Commercial Bank cooperates with the government's energy-saving policy. In light of electricity used for lighting in office buildings accounting for 40% of the total electricity consumption, the Bank's construction and renovation fully adopted LED lights, with a replacement rate of about 100% in 2022. Additionally, damaged light fixtures at our Headquarters were gradually replaced with LED lights, with about 632 lights being replaced, which effectively has reduced heat sources to lower electricity usage.
2. Illumination in the offices and parking lots is measured annually on a regular basis because the lighting there should be provided in a timely manner. Outdoor nightlights use photo-sensor auto lights, while advertising billboard lights are adjusted according to the season. Billboard lights are turned on after sunset and turned off at 11:00 p.m.
3. During the interior renovation of the Bank's office buildings, through good spatial planning and traffic flow arrangement, office spaces have more natural lighting, which reduces the use of artificial lighting, thereby achieving energy saving and carbon reduction.
4. To respond to the event of "Earth Hour" organized by the World Wide Fund for Nature (or World Wildlife Fund, WWF) this year, the Bank turned off lights between 8:30 p.m. and 9:30 p.m. on March 26. Additionally, our operating units extended the Earth Hour (from 8:00 p.m. to 10:00 p.m. on March 25, 26 and 27 for two hours each day) to appeal everyone to love our environment and protect the Earth.

Lighting Time of Advertising Signs

November to the following February Winter Months	17:30 — 23:00
March to May Winter Months	18:00 — 23:00
June to August Summer Months	18:30 — 23:00
September to October Summer Months	18:00 — 23:00

Video Conferencing

To improve time efficiency, save personnel travel costs, avoid unexpected risks, facilitate timely decision-making, and respond to market changes, video conferences are used to conduct branch education and training, and inter-branch communications.

Solar Photovoltaics Construction

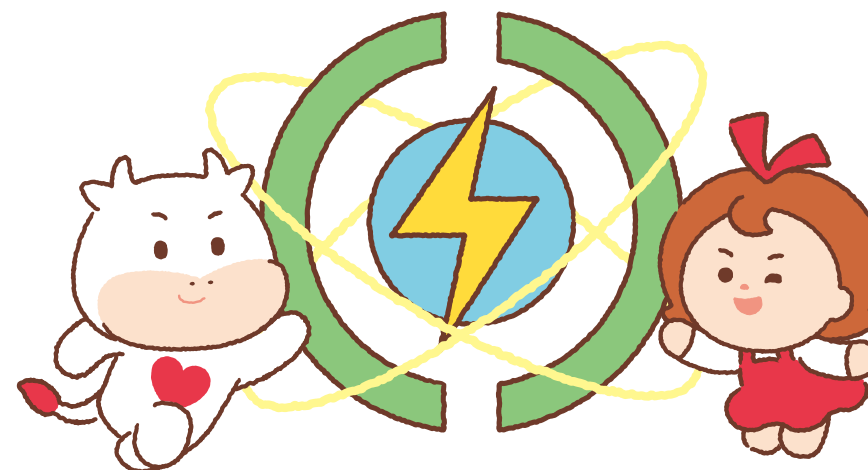
The solar photovoltaics construction has been carried out successively since 2021 at different branches. The progress of each branch is as follows:

1. The construction at Shengang Branch and Wufeng Branch was completed in 2022 (The green energy certificate is being applied, so there is no relevant certified carbon emission reduction and number of Renewable Energy Certificates (RECs)).
2. The construction at Pitou Branch and Hemei Branch is in the works.

The results of implementation of the above energy-saving measures are detailed in the table below:

Greenhouse Gas Emission Inventory and Verification

Year	2019	2020	2021	2022	2022
Boundaries	Verification				Inventory
	Min Chuan Building and Min Zu Building	Main buildings (Min Chuan Building and Min Zu Building), South Taichung branch (including dormitory), and Taiping branch (including staff training center)			Units Home and Abroad
Scope 1 (tCO ₂ e)	239.339	258.771	215.478	224.749	550.714
Scope 2 (tCO ₂ e)	1,658.669	1,750.310	1,761.197	1,669.508	5,402.471
Scope3 (tCO ₂ e)	-	-	389.972	-	-
Total Emission (tCO ₂ e)	1,898.01	2,009.080	2,366.648	1,894.257	5,953.185
Number of People	665	717	869	758	2,822
Intensity (tCO ₂ e/person)	2.854	2.802	2.723	2.499	2.110
Compared with the Previous Year	-	Reduced by 2%	Reduced by 3%	Reduced by 8%	-



Energy Use Amount

Boundaries		Min Chuan Building and Min Zu Building		Main buildings (Min Chuan Building and Min Zu Building), South Taichung branch (including dormitory), and Taiping branch (including staff training center)	
Energy Types	Unit	2019	2020	2021	2022
Purchased Electricity	kWh	3,111,949	3,438,722	3,460,112	3,372,744
Energy Use Intensity (EUI)	kWh/person	4,680	4,796	3,982	4,450
Natural Gas	Cubic Meter (m ³)	22,671	20,486	17,003	1,488
	Megajoules	759,207	686,071	569,426	49,830
Gasoline	Liter	78,619	70,297	47,306	52,099.13
	Megajoules	2,566,973	2,295,253	1,544,585	1,701,078
Diesel	Liter	1,481	1,189	1,092	950
	Megajoules	52,076	41,808	38,397	334,04
Total Fuels	Megajoules	3,378,255	3,023,097	2,152,378	1,784,312
Total Energy Consumption	kWh	4,050,353	4,278,471	4,057,995	3,868,157
Number of People	Person	665	717	869	758
Energy Intensity Per Capita	kWh/person	6,091	5,967	4,670	5,103

Note 1: The Global Warming Potential (GWP) value contains GWP values published in the IPCC reports in 1996, 2001, 2007, and 2013, and is selected by the organization according to the needs of the accounting baseline. The default is the IPCC Sixth Assessment Report (2021) [The selection of GWP can be adjusted according to needs].

Note 2: Greenhouse gas baseline setting is made by referring to the Operational Control Act. Scope 3 is Category 3—Employee Commuting.

Note 3: Carbon emission calculation formula:

- Electricity consumption * CO₂ equivalent emissions per kWh of electricity = metric tons of carbon dioxide equivalent (Energy Bureau of the Ministry of Economic Affairs)
- The carbon emission coefficient of electricity in 2019 is 0.509 (KgCO₂e/kWh), the carbon emission coefficient of electricity in 2020 is 0.502 (KgCO₂e/kWh), the carbon emission coefficient of electricity in 2021 is 0.509 (KgCO₂e/kWh), and the carbon emission coefficient of electricity in 2022 is 0.459 (KgCO₂e/kWh).
- Except for electricity, the rest of the coefficients use the Greenhouse Gas Emission Coefficient Management Table Version 6.0.4 of the Environmental Protection Agency of the Executive Yuan.

Note 5: Company vehicles: There were 19 company vehicles in 2019, 36 in 2020, 43 in 2021, and 47 in 2022.

Note 6: Due to the COVID-19 pandemic, the number of employees dining in the restaurant at our Headquarters decreased in 2021, and due to the renovation of the restaurant in 2022, resulting in a decrease in total natural gas consumption.

Note 7: Data verification for 2019–2021 has been completed and revised. However, after data collection in 2022, verification has not been completed.

BSI Verification

To respond to low-carbon economy, the Bank introduced ISO 14064-1:2018 Greenhouse Gas Inventory System in 2020, and has obtained the verification of British Standards Institution (BSI) for three consecutive years (2020-2022). Additionally, we introduced ISO 14001:2015 Environmental Management System in 2022, and passed the verification of BSI.



5.3.1

Water Retention

The "Water Retention Indicator" for buildings has been established through promoting water circulation capacity in the foundation, and expanding water retention and infiltration pools to improve water circulation capacities and ecological environment, adjust microclimate, and alleviate urban climate change.

Better foundational water retention increases the ability of the foundation to conserve rainwater, which benefits the activity of soil microorganisms, thereby improving the activity of the soil, and maintaining the balance of the natural ecological environment in the building's foundation.

Many of our office buildings are old. For future building renovation planning, we will install permeable paving materials and increase greening in the foundation. In addition, the construction of the new building for our Headquarters will reduce the excavation rate of the basement first level by less than 60%. This will increase the water permeability and the depth of planting and soil coverage on the ground floor level, which ensures that plants have a good growing environment. Moreover, pavements for driveways, footpaths and squares are designed with permeable pavements to increase water retention. Furthermore, the planters for rooftops, balconies, and basement floors will be designed to capture rainwater to achieve a water retention function.

5.3.2

Water Resource Management

Items	Explanations
Water Source	<ol style="list-style-type: none"> 1. Our water is sourced from Taiwan Water Company, and is used daily in the bank. Our use has no significant impact on the water source. Groundwater is used to clean restrooms, thereby reducing tap water usage.
Water Safety	<ol style="list-style-type: none"> 1. Cleaning building water towers once a year, testing water quality to check whether pH value and chlorine content meet the standard, and checking water tower and water reservoir equipment to ensure water safety. 2. Regularly inspecting and maintaining drinking water dispensers, and testing water quality to see if they meet standards. Additionally, replacing filters to ensure the safety of daily drinking water.
Water Conservation	<ol style="list-style-type: none"> 1. Using water-saving toilets, and replacing water-consuming toilets with two-stage flushing settings. 2. Adopting automatic sensors for the urinal flushing device, and adjusting appropriate flushing time.

Items	Explanations
Water Conservation	3. Adjusting faucet water output to 60% of original water output, and promoting complete turning off of the faucet.
	4. Regularly checking and repairing toilets, water towers, reservoirs, or other pipe joints for leaks.
	5. Watering plants in the morning and evening when the sun is weak, and evaporation rate is low.
	6. Changing restroom cleaning water to groundwater to save on tap water usage.
	7. Through a variety of methods such as posters, slogans, and educational courses, the concept of saving water is integrated into the everyday lives of our employees, in order to achieve the goal of water conservation.
Water Management	1. Kitchen wastewater treatment is equipped with grease traps and is regularly maintained and cleaned.
	2. Restroom sewage goes directly into sewers built by county or city governments, and it is treated by county or city governments. Therefore, wastewater treatment conforms to the laws and regulations.
	3. Identification is carried out in accordance with ISO 14001 standards. As water resources management is not a major issue, there is no relevant impact.

Water Consumption Data

Boundaries		Min Chuan and Min Zu Buildings		Main buildings (Min Chuan Building and Min Zu Building), South Taichung branch (including dormitory), and Taiping branch (including staff training center)		
Items	Unit	2019	2020	2021	2022	
Total Running Water Consumption	Million Liter	13.46	12.407	14.358	11,856	
Carbon Dioxide Equivalent	Metric Ton	2.154	2.169	2.510	1.909	
Number of People	Person	665	717	869	758	
Water Consumption Per Capita	Million Liter/Person	0.020	0.017	0.017	0.016	
Boundaries		Operating Units / Headquarters Building / Min Chuan and Min Zu Buildings / Headquarters Building				
Items	Unit	2019	2020	2021	2022	
Total Running Water Consumption	Million Liter	-	103.304	104.756	42,842	
Number of People	Person	-	1,947	1,909	2,052	
Water Consumption Per Capita	Million Liter/Person	-	0.053	0.055	0.021	

Note 1: The sources of water usage are from Taiwan Water Corporation and Taipei Water Department. Groundwater consumption is not included in the data.

Note 2: Data for 2019 is not available.

5.3.3

Interior Environments

Taichung Commercial Bank's interior design focuses on simplicity and functionality, and adopts lightweight decoration as our design principles. The "interior environmental indicators" are assessed chiefly in four parts: sound environment, light environment, ventilation, and interior building materials and decoration.

Items	Explanations
Sound Environment	Filing cabinets and partitions are detachable, environmentally friendly, and reusable to reduce costs and avoid waste.
Light Environment	Indoor lighting consists of anti-glare lights, grilles and highly efficient energy-saving lamps (will be gradually updated). Exterior glass walls are light glass or low-emissivity glass (low-E glass), not high-reflection glass or heavy-color tinted glass to allow for good natural lighting.
Ventilation	Central air-conditioning system is equipped with a Fresh Air System to maintain healthy air circulation indoors. Since 2017, we have begun testing CO ₂ content at our Headquarters' offices to ensure the comfort of our working environments.
Interior Materials and Furnishings	With respect to interior furnishings, we encourage minimizing interior decorating, and promote integrating old office furniture with new space, which not only reuses items and reduces waste, but also meets the requirements of environmental protection.

Note: During interior decoration planning, we use building materials with internationally approved Green Mark labels or Green Building Material labels. Waste generated by remodeling is properly categorized.

5.3.4

Paperless Policy and Resource Circulation

1 Reducing Paper Output

In response to green environmental protection, we implement the paperless policy. Since 2014, we have suggested our colleagues use digital certificates and inquire through tax settlement and declaration software. Additionally, our online official document system was officially launched in November 2018.

2 Internal Online System

We promote paperless service, and build an internal online system, including education and training courses, internal official document system, daily reports and so on.

3 Electronic Statements

To promote environmental protection and paperless operations, and increase energy saving and carbon reduction benefits, Taichung Commercial Bank has launched online credit card application services. We incentivize cardholders to adopt paperless billing by waiving their annual fees. We also no longer send agreement terms or rights handbooks. Agreement terms and rights are available online where cardholders can scan the QR code on their cardholder sleeve, and access the information anytime.

Year \ Item	Number of E-bill Applications in Current Year	Number of Mobile Bill Applications in Current Year	Number of Online Credit Card Applications in Current Year (Paperless)
2020	4,546	4,010	1,684
2021	6,161	5,215	2,549
2022	6,480	5,044	4,494

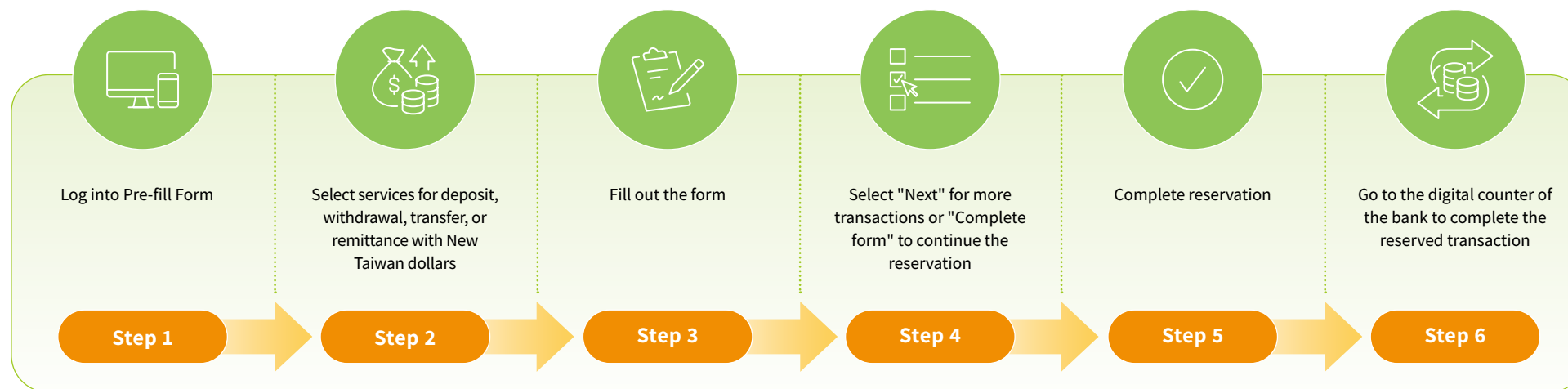
4 Online Accounting Process

In response to social efforts in energy conservation and carbon reduction, and implementing sustainable development responsibilities, our entire accounting is now through an online approval process to reduce the number of paper vouchers. 192,809 transactions took place in 2022, which reduces the number of vouchers by 192,809, as well as the cost for manual registration.

5 Internet Counters

Online counter service promotes online transactions, where services that were handled at the counter can now be online. Services include deposits, withdrawals, transfers, and remittances, and online pre-filling of forms, and they reduce customers' on-site waiting time and paper consumption.

Easy Pre-fill Form Flow Chart



6 Benefits of Promoting Paperless Policy

In response to energy conservation and carbon reduction, and the implementation of corporate social responsibility, many of our operations have become paperless or reduced the use of paper and vouchers. Since implementing going paperless in 2018, Taichung Commercial Bank has reduced paper consumption by a total of 2,332,660 sheets (equivalent to a reduction of 14,929 kilograms of carbon emissions). The main items and results are as follows:

No.	Items	2019		2020		2021		2022	
		Number of Transactions	Reduced Paper Usage (sheets)	Number of Transactions	Reduced Paper Usage (sheets)	Number of Transactions	Reduced Paper Usage (sheets)	Number of Transactions	Reduced Paper Usage (sheets)
1	Official Electronic Documentation Online Management System	79,603	238,809	89,187	267,561	85,621	256,863	71,261	213,783
2	Batch Accounting Process	137,206	137,206	157,210	157,210	172,766	172,766	192,809	192,809
3	Payment Processing Platform	-	-	4,416	4,416	31,477	31,477	31,769	31,769
4	Prepaid Fee Sharing System	5,580	5,580	6,458	6,458	6,916	6,916	7,234	7,234
5	Property Depreciation and Amortization Automation	16,615	16,615	20,164	20,164	29,833	29,833	36,827	36,827
6	Online Payment of Interest on Bills to Save Stamp Duty	65,944	65,944	66,505	66,505	37,454	37,454	26,455	26,455
7	Business Expense Designation Center Processing	12,237	12,237	-	-	-	-	-	-
8	Online Application for Transaction Adjustments	1,736	1,736	-	-	-	-	-	-
	Total	318,921	478,127	343,940	522,314	364,067	535,309	366,355	508,877

Note 1: The carbon footprint of every 500 sheets of A4 Paper Star printer paper is 3.2 kg (Based on the Environmental Protection Administration, Executive Yuan on carbon footprint label information).

Note 2: The payment processing platform was launched in September 2020, with online banking remittance, to reduce paper consumption for withdrawals and remittance vouchers.

Note 3: "Business Expense Designation Center" and "Online Application for Transaction Adjustments" have been incorporated into item 2 of "Batch Accounting Processing" in 2020.

5.3.5 Resource Recycling Classification Method

Flat Recyclables

Newspapers, printer paper, magazines, paper bags, recycled paper and other pressed paper pulp products are bundled (used books are bundled separately from other waste paper) and sent to recycling groups.

Bulk Recyclables

General recyclables, various types of bottles and cans, containers, lunch boxes, plastics, metals, acrylics, styrofoam, light tubes, light bulbs, batteries, and waste medicine containers for environmental sanitation are sorted and handed over to recycling groups.



Other Recyclables

To notify manufacturers or local cleaning personnel for the removal of glass, large office furniture, home appliances, air conditioners, computers, and other large recyclable waste.

Kitchen Waste

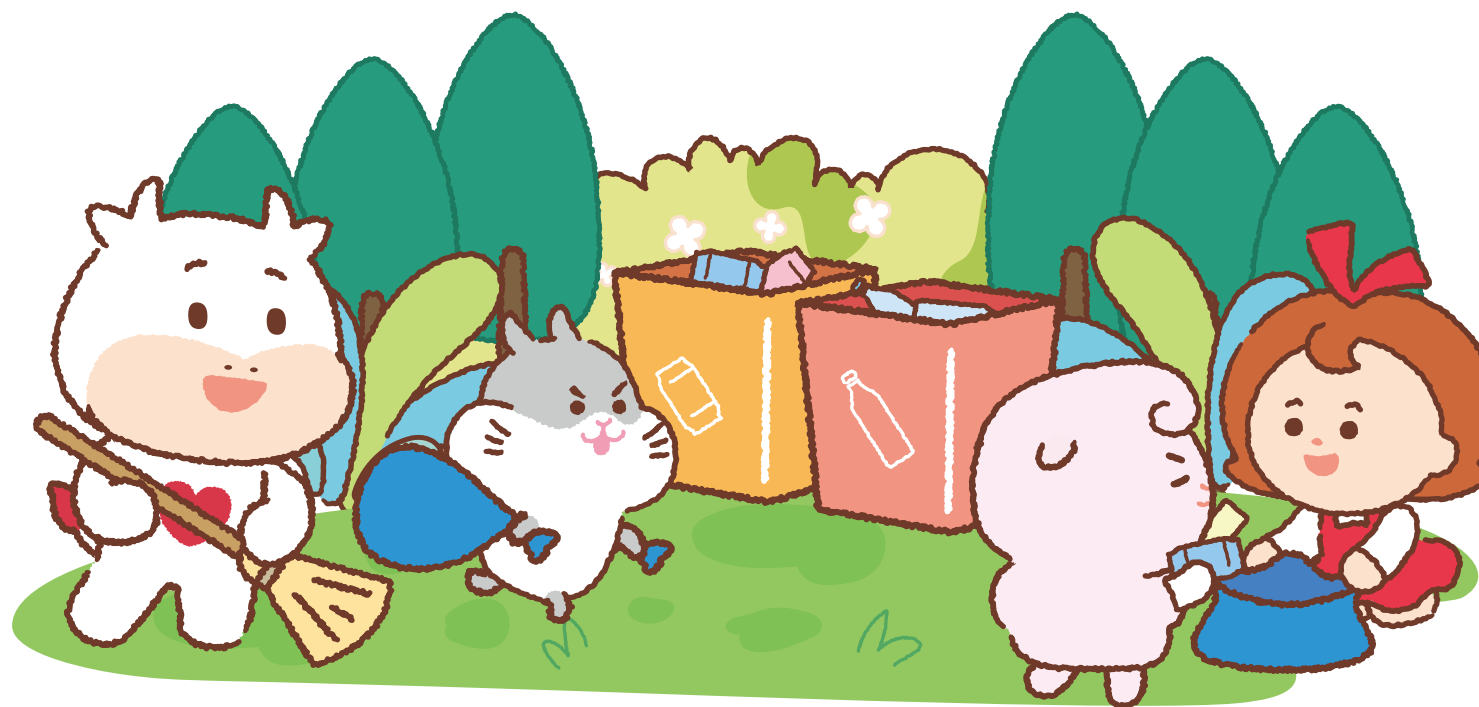
Leftover food, fruits, vegetables, or expired food that can still be used are handed over to animal husbandry vendors to reuse as feed. About 5 metric tons are recycled every year.

Information about Waste Generated at Headquarters Buildings (Min Chuan) over the Past Four Years

Unit: Metric ton

Year	2019	2020	2021	2022
General Garbage	35.88	35.88	35.88	23.17
Kitchen Waste	5.52	5.52	5.52	19.96
Recycling Amount	-	-	-	16.97
Total Weight	41.4	41.4	41.4	60.1
Intensity Generated Per Capitat	0.062	0.058	0.048	0.079
Recycling Rate (%)	-	-	-	0.61

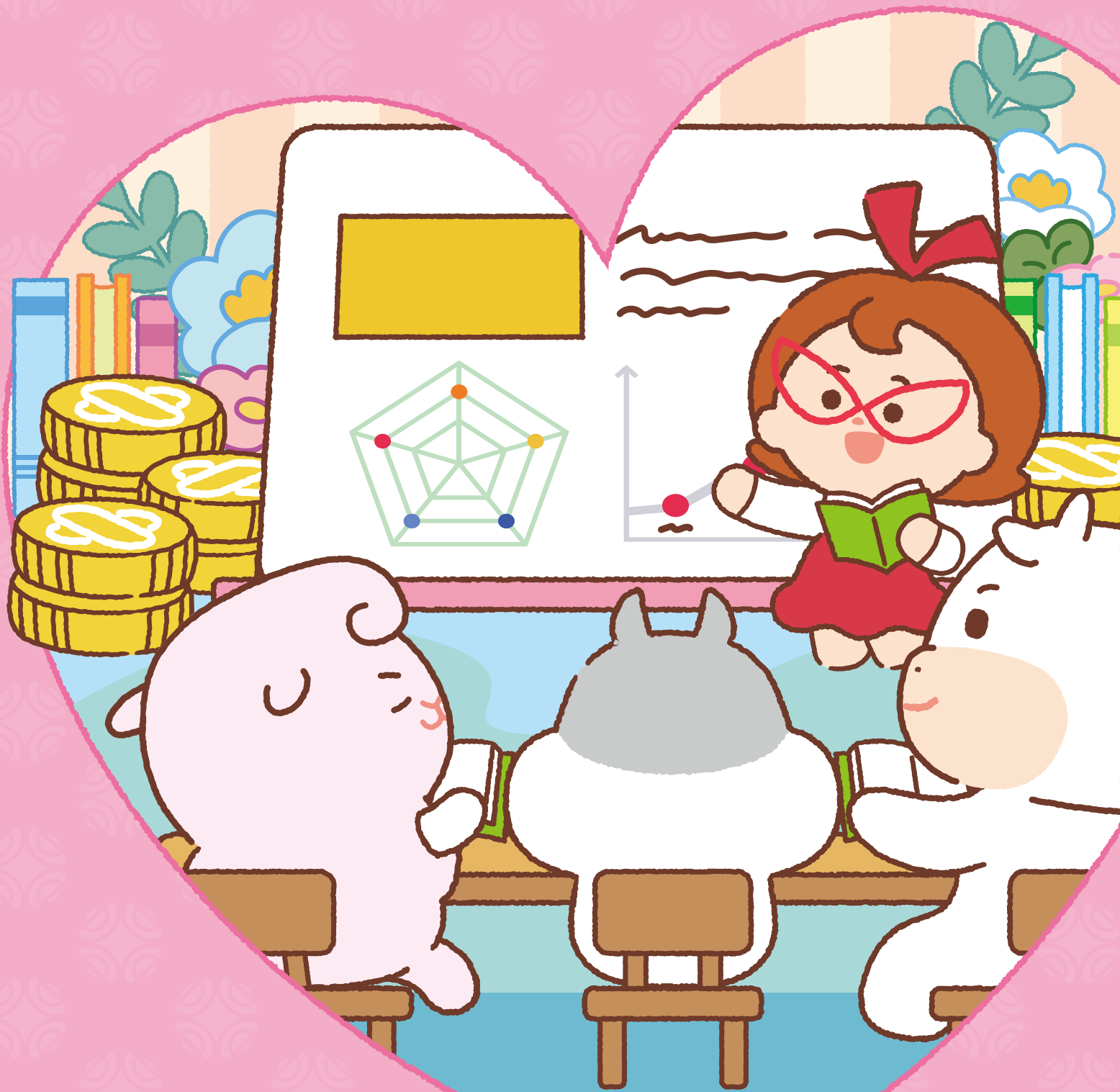
Note: Recycling Rate = (Recycling Amount + Kitchen Waste) * 100% / Total Weight



CH6

Caring Hearts

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6.2	Local Care	129
6.3	Sports Promotion	131



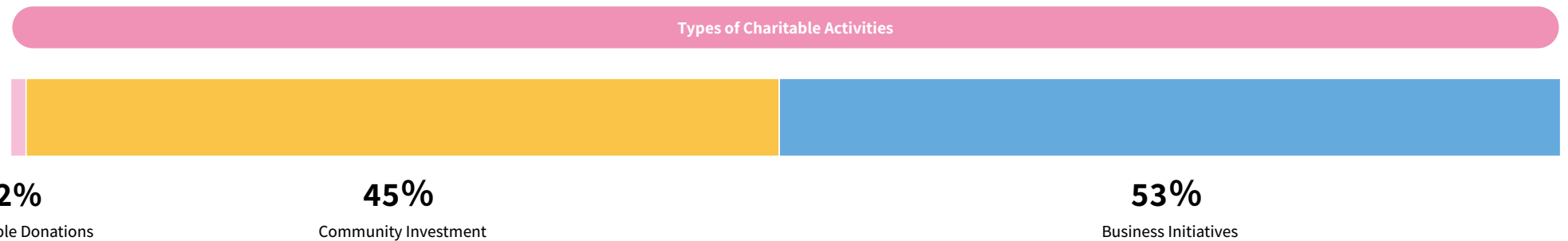
Taichung Bank is going to be in operation for seventy years. Our colleagues have been deeply involved in the local area for a long time, and have established profound relationships with local enterprises, social groups, and the public. The relationships are not limited to financial services, but are more like partnerships. When it comes to the five core values of "services, products, professionalism, customers, and charity" that the financial industry undertakes to implement, the Bank has long put these concepts into positive practices. It cares for society, shows love, and conveys the enterprise's "We Do Our Best for You" spirit of caring with sincerity. Based on this spirit of benefiting and giving back to the society, Taichung Bank will continue to implement these concepts. It hopes that by calling on colleagues to participate in actions that realize these concepts, it will gather the infinite power of everyone and spread the energy of love.

Total Social Investment over the Past Three Years

Unit: NT\$



- (1) Business initiative: The Bank integrates its core competencies, or holds various public welfare activities to build financial knowledge for disadvantaged groups and the general public, cultivate their green environmental protection and health consciousness, enhance their willingness to participate in public welfare activities, promote the prosperity of the society and improve the enterprise's influence.
- (2) Community investment: It includes the three major long-term investment categories of culture and academia, social care, and sports development. The Bank co-organizes public welfare activities with community organizations and supports groups or individuals to solve social issues and improve social stability, implementing the enterprise's prospect.
- (3) Charitable donation: Providing one-time or timely cash, products and supplies to make social welfare more efficient and complete.



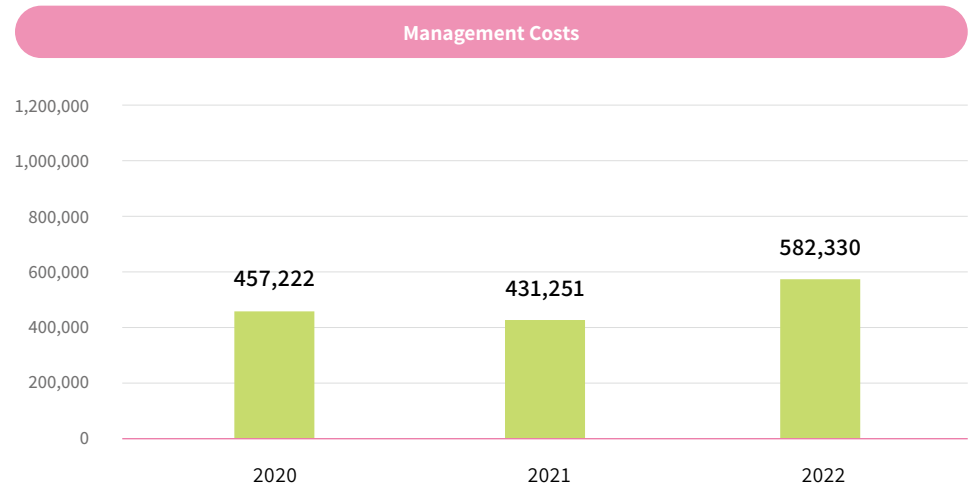
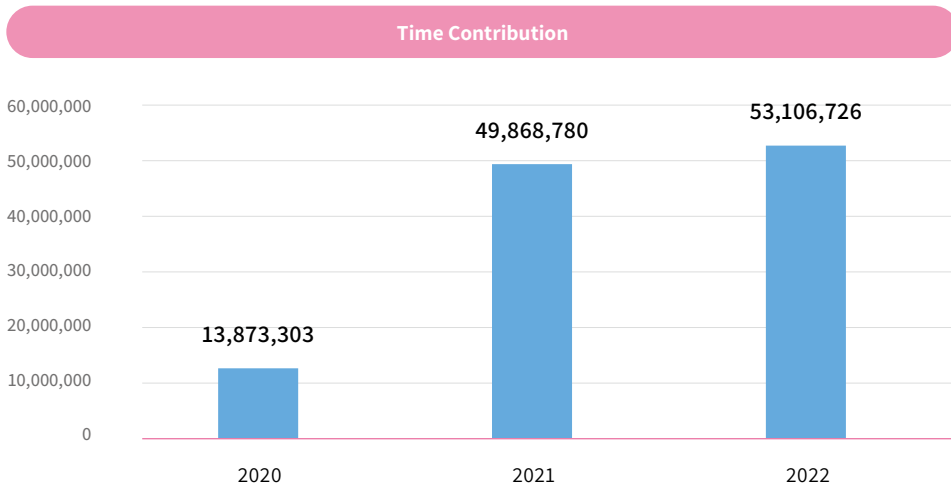
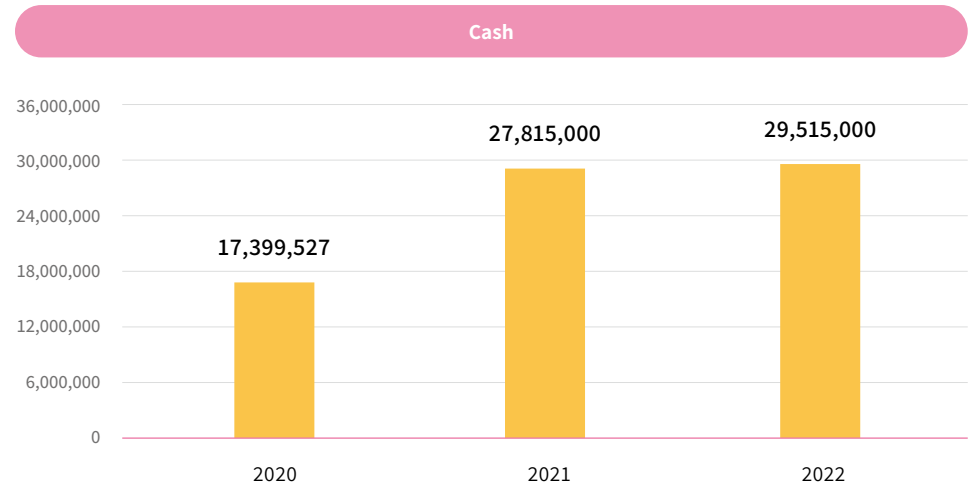
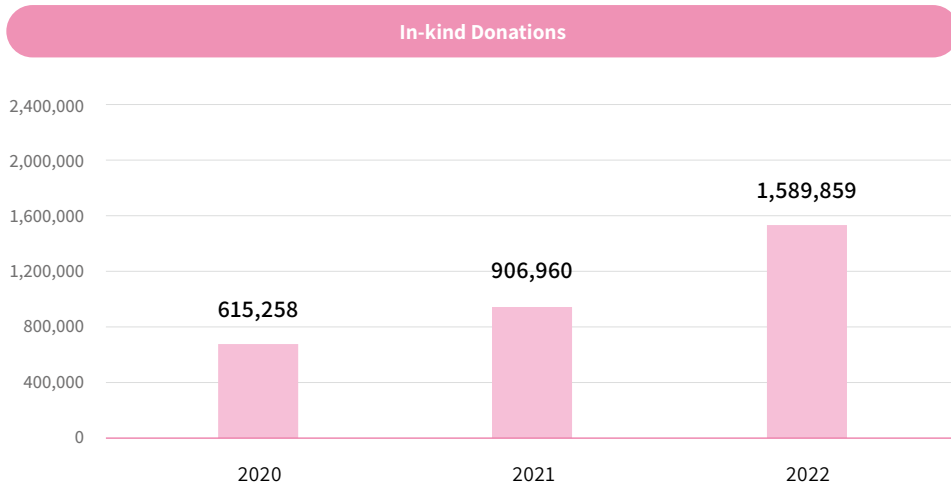
Charitable Donations

Community Investment

Business Initiatives

Type of Donations over the Past Three Years

Unit: NT\$



6.1 Financial Education

6.1.1 Social Care Financial Education

Adhering to the spirit of "benefiting from the society and giving back to the society", Taichung Bank expresses its care for the society with practical actions, and actively promotes "entering the campus and community for financial knowledge promotion activities". Through fundamental education, and the efforts of the Bank's employees, the Bank promotes financial management and consumption knowledge to achieve the goal of popularizing financial knowledge.

Financial Knowledge Promotion in 2022	Substantial Benefits/Invested Resources
Sessions Held	51 sessions
Number of Participants	1,057 people
Cumulative Sessions between 2015 and 2022	246 sessions

Note: Including students, teenagers, new immigrants, senior citizens, minorities, low-income households, and community residents who are thought by the Bank to have insufficient knowledge about financial education, such as neighborhood residents defined in the "Q&A for Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies."

Students Visit the Bank to Gain Knowledge On-site

Financial education is indispensable education. Many people sink into the miserable "moonlight clan" because they lack wealth management knowledge. In view of this, Fu Chun Elementary School in Taichung City arranged a visit to our Fengyuan branch for the fifth and sixth graders. Through the on-site experience, school children were able to learn about what services a bank provides and how it operates through the financial education. Additionally, the implementation of financial education helps students form correct saving and consumption, loaning and credit, risk management and investment concepts, cultivating them with transferable wealth management skills that they can be benefited from all their lives.



Item	Cumulative Goals between 2015 and 2022	Cumulative Goal in 2025	Cumulative Goal in 2030
Financial Knowledge Promotion Sessions Held	246 sessions	350 sessions	500 sessions

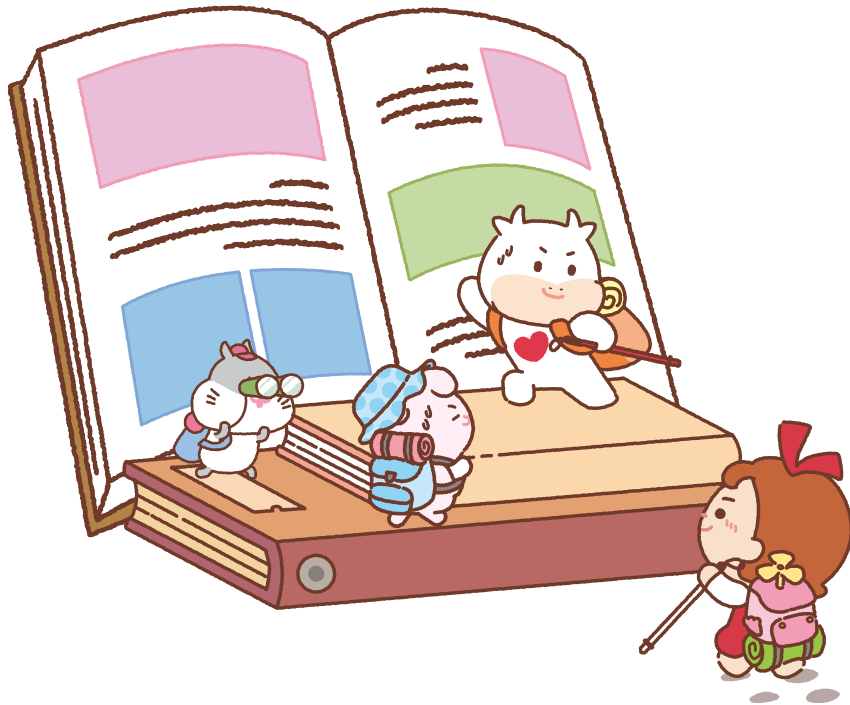
Caring for the Elderly by Teaching Them Correct Consumption and Financial Concepts

Our Xinzhuan branch hopes to build a good relationship with its neighbors by caring for the elderly and serving as the anti-fraud guard. Therefore, the branch held a financial consumption knowledge and education promotion event for senior citizens with the Joint Activity Center of Xinzhuan District Office, New Taipei City. We help senior citizens build correct consumption, financial and wealth management concepts with our professional service and experience, enhancing their financial knowledge.



Saying No to Illegitimacy Bravely with the Police

As investing is prevalent among people, the fraud ring is eyeing with hostility. Our Longjing branch worked with Lifan Police Station to promote anti-drug, anti-fraud and anti-theft knowledge to our customers. People and the police shared their experiences, and discussed solutions to these issues to raise people's awareness of crises, enhance their financial common sense, and implement the Bank's social responsibility.



6.1.2 Academic Education

The Bank continues to organize the industry-academia collaboration internship project with universities and colleges. In 2022, 64 students from 15 universities and colleges participated in the internship project, and among which, 27 students have completed the internship project and started working as the Bank's clerks.

Since Taichung Bank established the Taichung Commercial Bank Cultural and Educational Foundation on September 30, 1975, students with outstanding academic performance have been awarded scholarships by the foundation each year. The scholarship has won praises and positive responses from all walks of life. In the future, in addition to continuing to provide scholarships to outstanding students, the foundation will organize activities featuring "Love and Care—We Do Our Best for You" to contribute to the society and serve the population. In 2022, there were 8 winners. Each winner was awarded NT\$10,000 by the Taichung Commercial Bank Cultural and Educational Foundation.

Names of Universities and Colleges	Number of Scholarship Awardees
CTBC Business School	1
Takming University of Science and Technology	1
Chihlee University of Technology	1
Chung Yuan Christian University	1
Chinese Culture University	1
National Cheng Kung University	1
Tamkang University	1
Soochow University	1

Moreover, to shorten the distance between universities and the enterprise, the Bank passes down the seed of hope during the graduation season by providing scholarships to students at Da Der Commercial and Technical Vocational School, a private school in Changhua County, and patronizing their graduation, and by providing sponsorship fees for the graduation at Holy Savior High School in the hope of paying back the society with goodness, relieving the burdens of fresh graduates from schooling and life, and bringing them closer to their dreams.

6.2 Local Care

6.2.1 Incentive Program for Operating Units Engaging in Corporate Social Activities

Since 2015, Taichung Bank has decided to spread the seeds of good deeds to make the company closer to where it is located. It invites and encourages 80 business organizations across Taiwan to spontaneously participate in public welfare activities. These activities include organizing financial management and financial knowledge promotion events, adopting or beautifying public facilities and cleaning communities, participating in activities for creating bonds in the communities, and charitable fairs, serving as volunteers for environmental protection and resource classification activities, volunteering in institutions that offer services to disadvantaged groups, and calling on colleagues to purchase special agricultural products produced by disadvantaged families. Moreover, since 2021, the Bank has formulated the "Guidelines for Voluntary Service Hours of Taichung Bank's Employees" to promote the incentive mechanism of exchanging the hours of leave with voluntary service hours (non-working time) to encourage our operating units to voluntarily participate in local public welfare activities, and we show our approval of and appreciation for our colleagues who are enthusiastic about social welfare. Between 2015 and 2022, the Bank has held 504 public welfare activities (including 110 events held in 2022). The Bank's employees have made efforts to encourage their relatives, friends, and customers to respond to the call and to contribute to Taiwan.

Achievements of Operating Units Engaging in Corporate Social Activities in 2022

Activities	Sessions	Number of Participants
Financial Common Sense Promotion (Same as 6.1 Financial Education)	51 sessions	1,057 people
Participation in Community Activities	6 sessions	281 people
Environmental Cleaning in the Community	40 sessions	814 people
Blood Donation Activities (Some sessions were held by operating units.)	10 sessions	183 people
Participation in Sports Activities	2 sessions	40 people
Caring for Disadvantaged Groups	1 sessions	23 people

Note 1: This invested amount has been covered by the amount in the previous chapter.

Note 2: Activity sessions and the number of participants were calculated based on applications and conclusion reports provided by operating units.

Charity Fair Held in Winter for Children at Taiwan Fund for Children and Families in Changhua

To help financially disadvantaged families in Changhua, our Lugang branch worked with Taiwan Fund for Children and Families in Changhua to hold a charity fair on Baoshan Campus of National Changhua University of Education. People were attracted to our stand once the fair started, and we took the opportunity to invite people to support the good deed.



Creating Friendly Relations with Our Neighbors

Jiangling Neighborhood which is located close to our Xindian branch has a population of over 5,000 people. Residents in the neighborhood are mostly families of retired public servants and teachers. To keep the community clean, our colleagues patrol Jiangling Neighborhood to clean up the entire area, which shortens the distance between our branch and the residents, and enables us to listen to their opinions. Additionally, residents can sort the garbage to keep the environment clean, reduce the consumption of resources on the Earth, and learn to recycle and reuse resources.



Protecting Ecological System on Banping Mountain

Banping Mountain Nature Park and Lotus Pool are two famous tourist attractions in Kaohsiung. Since 1997 when mining stopped, the government has turned Banping Mountain lush with greenery by planting a great number of plants. Our Kaohsiung branch encourages our colleagues and the general public to get close to the Nature. We not only strengthen the promotion of environmental education, but also launch mountain and park cleaning activities to protect the terrestrial ecosystem. We fulfill the sustainable development goals (SDGs) with real action.



6.2.2 Social Activities

- Since 2010, the Bank has participated in the charity cash donation activity held by the Eden Social Welfare Foundation, and has set up cash donation boxes in the business lobby of each branch. During the past 12 years, the foundation has received approximately NT\$2.51 million in donations.
- To care for disadvantaged groups, the Bank has cooperated with the Chinese Deaf Association since 2021. Each operating unit of the Bank provides sign language interpretation service via video conferencing to build a friendlier and barrier-free environment for the hearing impaired, implementing the spirit of the Convention on the Rights of Persons with Disabilities (CRPD).
- To empathize with the first-line paramedics at the Taichung Veterans General Hospital who participated in and prescribed medicine for the PCR medicine drive-through at its large screening station, the Bank provided 800 boxes of drinks to show our appreciation to them in the hope of giving them power to move forwards when we coped with the COVID-19 pandemic.
- To shorten digital divide for children in remote areas, the Bank donated 3 recycled laptop computers to the baseball team of National Chung Hsing Senior High School, and renewed 500G solid state drive (SSD), keyboards, and mice. Additionally, we designated our professional information personnel to lecture on the practical skills of "computer repair, backup and recovery".
- The direct mail (DM) which the Bank attaches to the mail for credit card bills publishes information about fundraising and fundraising invoices monthly to support Zenan Homeless Social Welfare Foundation to help homeless and poverty-stricken people, elders, people with physical or mental disabilities, and single mothers.
- In addition to patronizing the Dajia Matsu Pilgrimage Cultural Festival for a long time, the Bank has helped with advertisements, and invited our customers, employees, and their families and friends to participate in the "BIKE for Thousands of People" and the "Dajia Matsu Marathon BOBI Run".
- The Bank assisted in the promotion of medical research and development, and the cultivation of medical talents, donated a total of NT\$4 million to the Jung Hsing Medical Development Foundation in 2022 to help them continue to deepen precision medicine and develop advanced medicine.

6.2.3

The 5th "Care with Heart, Blood and Love" Blood Donation Activity

From September 2 through October 15, 2022, Taichung Bank and its branches in Central Taiwan organized the fifth "Care with Heart, Blood and Love" blood donation activity with Taichung Blood Center to implement our sustainability value, and extend life with love that never fails to build a more loving and caring society.

This activity collected a total of 15,317 bags of blood. Over the past 5 years, we have collected nearly 52,000 bags of blood. We hope to organize the blood donation activity every year to alleviate the problem of inadequate blood supplies, and to make the general public pay more attention to the blood donation activity. We hope that the execution of public welfare will be more multifaceted and diverse, and enhance inclusiveness, and that we can fulfill our social responsibility, making efforts to care for the health of the public.



6.3

Sports Promotion

The Bank has long supported the development of various sports activities, including archery, go-kart racing, and baseball at home and abroad as well as cultivating swimming and billiard players. It has been awarded the Sports Promoter award—"Sponsorship Class Gold Award" and "Sponsorship Class Long-term Sponsorship Award" given by the Ministry of Education for 3 consecutive years

Items in 2022	Substantial Benefits/Invested Resources
Expenses	NT\$24,630,000
Number of Participants	About 816 people
Cumulative Participation Hours	608 hours

- In 2022, the Bank launched a 3-year sponsorship of the swimmer WANG, KUAN-HONG. WANG won two gold medals and two silver medals in the "National Intercollegiate Athletic Games", and won the bronze medal in the FINA Swimming World Cup in Germany and Canada.
- Since 2019, the Bank has sponsored billiards player LI, HSIN-YU in her attempt to promote the balanced development of the sports field, support sports players to pursue their dreams bravely, and provide them with more career development opportunities. In 2022, LI won the fifth prize in the "National Women's Billiard Tournament No. 157".
- To improve domestic archery players' skills, the Bank has long sponsored the Chinese Enterprise Archery League organized by the Chinese Taipei Archery Association since 2019, and established the Taichung Bank Eagles Archery Team to participate in the competition. In 2022, our team won the first prize in men's ten-point arrow competition, the third prize in the women's ten-point arrow competition, and the seventh prize for the overall ranking.
- Since 2018, the Bank has been organizing the "Super Speed Super Racing Track Elite Club Go-Kart Competition", and the Bank invited its customers of different age groups to participate in the super speed activity to create positive energy by supporting sports. In 2022, we even supported domestic car racers to participate in international competitions, and they won the fourth prize in the IAME ASIA Cup DD2 Master and the third prize in the ROTAX RACING World Cup Electric Vehicle Category.
- The Bank has long sponsored the "Chung Kuang Cup Little League Championship" of the Chen Chung-Kuang Cultural and Educational Foundation (since 2016). Additionally, the Bank has sponsored the "CareCup Baseball Game" of the Taiwan Indigenous Baseball Development Association (TIBDA) (since 2019) and paid attention to aboriginal sports groups in the hope of helping national sports take firm root in Taiwan.



(Photo of WANG, KUAN-HONG provided by WANG, KUAN-HONG)



(Photo on Facebook page of the Chinese Enterprise Archery League)



(Photo on Facebook page of the Taiwan Indigenous Baseball Development Association (TIBDA))



(Photo on Facebook page of Chung Kuang Cup Little League Championship)



Appendixes

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Comparison Table of Sustainability Accounting Standards Board (SASB)	140
Sustainability Disclosure Indicators—Finance and Insurance Industry	141
Comparison Table of Task Force on Climate-related Financial Disclosures (TCFD)	141
Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies	142
Accountant's Limited Assurance Report	143

Comparison Table of Global Reporting Initiative (GRI)

Usage Statement	Taichung Commercial Bank has compiled the Sustainability Report in accordance with GRI Standards, and the duration of the report is from January 1, 2022 to December 31, 2022
GRI 1 Used	GRI 1: Foundation 2021
Suitable GRI Sector Standards	No suitable GRI sector standards are available.

GRI Standards/Other Sources	Disclosure Items	Location	
		Chapters	Page
GRI 2: General Disclosures			
2-1	Organizational details	Taichung Bank	P6
2-2	Entities included in the organization's sustainability reporting	Taichung Bank	P6
2-3	Reporting period, frequency and contact point	About the Report	P3
2-4	Restatements of information	About the Report	P3
2-5	External assurance	About the Report Appendix—Accountant's Limited Assurance Report	P3、P143
2-6	Activities, value chains and other business relationships	Taichung Bank 3.7 Sustainable Procurement and Supply Chain Management (SCM)	P6、P81
2-7	Employees	4.1.1 Manpower Structure	P84-85
2-8	Workers who are not employees	4.1.1 Manpower Structure	P84
2-9	Governance structure and composition	2.1.2 Composition and Operation of the Board of Directors	P39
2-10	Nomination and selection of the highest governance body	2.1.3 Well-established Director Nomination System	P40
2-11	Chair of the highest governance body	2.1.2 Composition and Operation of the Board of Directors	P39
2-12	Role of the highest governance body in overseeing the management of impacts	1.1 Sustainable Governance	P13
2-13	Delegation of responsibility for managing impacts	1.1 Sustainable Governance	P13
2-14	Role of the highest governance body in sustainability reporting	1.1 Sustainable Governance	P13
2-15	Conflicts of interest	2.2.1 Policies and Systems	P43
2-16	Communication of critical concerns	In 2022, the Market Observation Post System issued 41 major messages, and 26 of which are regular events, while 15 of them are irregular ones.	

GRI Standards/Other Sources	Disclosure Items	Location	
		Chapters	Page
GRI 2: General Disclosures			
2-17	Collective knowledge of the highest governance body	2.1.4 Directors' Further Education	P40
2-18	Evaluation of the performance of the highest governance body	2.1.5 Board Performance Evaluation	P40
2-19	Remuneration policies	2.1.5 Board Performance Evaluation 2.1.6 Remuneration Policy for Directors and Managers 4.2 Salaries and Benefits	P40-41 P88
2-20	Process of determine remuneration	2.1.6 Remuneration Policy for Directors and Managers	P41
2-21	Annual total compensation ratio	Omission requirements: a; b Reasons for omission: In accordance with the item of "Confidentiality constraints" in Requirement 6 of GRI 1. Explanation for omission: The Bank has formulated the guidelines for the pay confidentiality rules, and thus, the data shall not be disclosed.	
2-22	Statement on sustainable development strategy	Message from the Chairman	P4-5
2-23	Policy commitments	1.4 Stakeholder Engagement 2.2 Integrity Management 4.3 Cultivation and Training	P17-18 P43-44 P90
2-24	Embedding policy commitments	2.2 Integrity Management 3.7 Sustainable Procurement and Supply Chain Management (SCM)	P43、P81
2-25	Processes to remediate negative impacts	1.4 Stakeholder Engagement	P17-18
2-26	Mechanisms for seeking advice and raising concerns	2.2.3 Whistleblowing System	P52
2-27	Compliance with laws and regulations	Over the past two years (2021–2022), there were a total of 3 non-major punishment cases, with a total fine of NT\$500,000.	
2-28	Membership associations	1.3 External Initiatives and Important Exchanges of Opinion	P17
2-29	Approach to stakeholder engagement	1.4 Stakeholder Engagement	P17-18
2-30	Collective bargaining agreements	4.4.1 Harmonious Labor Relations	P93
GRI 3: Disclosures of Material Topics			
3-1	Process of determining material topics	1.4 Stakeholder Engagement	P17-18
3-2	List of material topics	1.4 Stakeholder Engagement	P23-36
3-3	Management of material topics	1.4 Stakeholder Engagement	P24-36

Material Topics

	GRI Standards	Disclosure Items	Names of Chapters	Page	
CH1	Corporate Governance				
Enterprising Heart	GRI 3: Material Topics 2021	3-3	Management of material topics	1.4 Stakeholder Engagement	P24
	GRI 205: Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	2.2.1 Policies and Systems	P43
	GRI 206: Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.2.1 Policies and Systems	P43
CH2	Integrity Management				
Genuine Heart	GRI 3: Material Topics 2021	3-3	Management of material topics	1.4 Stakeholder Engagement	P25
	Risk Management				
	GRI 3: Material Topics 2021	3-3	Management of material topics	1.4 Stakeholder Engagement	P26
CH3	Operation and Financial Performance				
Caring with Our Hearts	GRI 3: Material Topics 2021	3-3	Management of material topics	1.4 Stakeholder Engagement	P27
	GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	Management Performance	P10-11
		201-3	Defined benefit plan obligations and other retirement plans	4.2 Salaries and Benefits	P88
CH4	Information Security and Personal Data Protection				
United Hearts	GRI 3: Material Topics 2021	3-3	Management of material topics	1.4 Stakeholder Engagement	P28
	GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.7.3 Personal Data Protection Measures	P57
CH5	Legal Compliance and Anti-money Laundering				
Protective Heart	GRI 3: Material Topics 2021	3-3	Management of material topics	1.4 Stakeholder Engagement	P29
	Treating Customers Fairly				
	GRI 3: Material Topics 2021	3-3	Management of material topics	1.4 Stakeholder Engagement	P30
CH6	GRI 417: Marketing and Labeling	417-1	Requirements for product and service information and labeling	3.1 Customer Relations	P59
		417-2	Incidents of non-compliance concerning product and service information and labeling	2.3 Legal Compliance	P45
		417-3	Incidents of non-compliance concerning marketing communications	2.3 Legal Compliance	P45
Sustainable Investment and Financing					
Appendixes	GRI 3: Material Topics 2021	3-3	Management of material topics	1.4 Stakeholder Engagement	P31
	GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	Management Performance	P10-11

GRI Standards		Disclosure Items	Names of Chapters	Page
Climate Change Response				
GRI 3: Material Topics 2021	3-3	Management of material topics	1.4 Stakeholder Engagement	P32
GRI 201: Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	5.1 Responding to Climate Change	P100-102
GRI 302: Energy	302-1	Energy consumption within the organization	5.2 Energy Saving	P116-117
	302-3	Energy intensity	5.2 Energy Saving	P116-117
	302-4	Reduction of energy consumption	5.2 Energy Saving	P116-117
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	5.2 Energy Saving	P116-117
	305-2	Energy indirect (Scope 2) GHG emissions	5.2 Energy Saving	P116-117
	305-3	Other indirect (Scope 3) GHG emissions	5.2 Energy Saving	P116-117
	305-4	GHG emissions intensity	5.2 Energy Saving	P116-117
	305-5	Reduction of GHG emissions	5.2 Energy Saving	P116-117
Labor Relations				
GRI 3: Material Topics 2021	3-3	Management of material topics	1.4 Stakeholder Engagement	P33
GRI 402: Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	4.1 Recruitment and Retention	P83
Talent Cultivation and Development				
GRI 3: Material Topics 2021	3-3	Management of material topics	1.4 Stakeholder Engagement	P34
GRI 404: Training and Education	404-1	Average hours of training per year per employee	4.3.2 Education and Training Statistics	P92
	404-2	Programs for upgrading employee skills and transition assistance programs	4.3 Cultivation and Training	P90-93
	404-3	Percentage of employees receiving regular performance and career development reviews	4.1.2 Employee Performance Appraisal Management	P87
Human Rights and Equality				
GRI 3: Material Topics 2021	3-3	Management of material topics	1.4 Stakeholder Engagement	P35
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	2.1.2 Composition and Operation of the Board of Directors 4.1 Recruitment and Retention	P39 P84-85
	405-2	Ratio of basic salary and remuneration of women to men	4.2 Salaries and Benefits	P88
FinTech and Innovation				
GRI 3: Material Topics 2021	3-3	Management of material topics	1.4 Stakeholder Engagement	P36
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	Management Performance	P10-11


GRI 200: Economic Series				
Series	Indicators	Explanations	Corresponding Chapters	Page
GRI 202: Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	4.2 Salaries and Benefits	P88
	202-2	Proportion of senior management hired from the local community	4.1 Recruitment and Retention	P83
GRI 204: Procurement Practices	204-1	Proportion of spending on local suppliers	3.7 Sustainable Procurement and Supply Chain Management (SCM)	P81
GRI 205: Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	2.2.1 Policies and Systems 2.2.2 Education and Training 4.3.1 Complete Training System and Digital Learning	P43-44 P91
	205-3	Confirmed incidents of corruption and actions taken	2.2.1 Policies and Systems	P43
GRI 206: Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	2.2.1 Policies and Systems	P43

GRI 300: Environmental Series				
Series	Indicators	Explanations	Corresponding Chapters	Page
GRI 303: Water and Effluent (2018)	303-1 (Management Approach)	Interactions with water as a shared resource	5.3.1 Water Retention 5.3.2 Water Resource Management	P118-119
	303-2 (Management Approach)	Management of water discharge-related impacts	5.3.2 Water Resource Management	P118-119
	303-3	Water withdrawal	5.3.2 Water Resource Management	P118-119
GRI 306: Waste (2020)	306-2 (Management Approach)	Management of significant waste-related impacts	5.3.4 Paperless Policy and Resource Circulation	P120-122
	306-3	Waste generated	5.3.5 Resource Recycling Classification Method	P122-123
GRI 308: Environmental Assessment for Suppliers	308-1	New suppliers that were screened using environmental criteria	3.7 Sustainable Procurement and Supply Chain Management (SCM)	P81

GRI 400: Social Series				
Series	Indicators	Explanations	Corresponding Chapters	Page
GRI 401: Employment	401-1	New employee hires and employee turnover	4.1.1 Manpower Structure	P86-87
	401-2	Benefits provided to full-time employees that are not provided to temporary or parttime employees	4.2 Salaries and Benefits	P88-89
	401-3	Parental leave	4.4.4 Creating Gender Equality in the Workplace	P94-95
GRI 403: Occupational Health and Safety (2018)	403-1 (Management Approach)	Occupational health and safety management system	4.5 Health and Safety	P96
	403-3 (Management Approach)	Occupational health services	4.5 Health and Safety	P96
	403-4 (Management Approach)	Worker participation, consultation, and communication on occupational health and safety	4.5 Health and Safety	P96-98
	403-5 (Management Approach)	Worker training on occupational health and safety	4.5 Health and Safety	P96-98
	403-6 (Management Approach)	Promotion of worker health	4.5 Health and Safety	P96-98
	403-7 (Management Approach)	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.5.1 Employee Safety Concept and Habit Development	P96-97
	403-9	Work-related injuries	4.5.1 Employee Safety Concept and Habit Development	P96-97
	403-10	Work-related ill health	4.5.1 Employee Safety Concept and Habit Development	P96-97
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	4.3.2 Education and Training Statistics	P93
GRI 411: Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	4.3.2 Education and Training Statistics	P93
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	3.6 Inclusive Financing 6.2 Local Care	P77-80 P129-131
	413-2	Operations with significant actual and potential negative impacts on local communities	N/A	
GRI 414: Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	3.7 Sustainable Procurement and Supply Chain Management (SCM)	P81
GRI 415: Public Policy	415-1	Political contributions	N/A	

Note: GRI principles 2016 version are adopted except GRI 303 and GRI 403 using 2018 version, and GRI 306 using 2020 version.

Comparison Table of Sustainability Accounting Standards Board (SASB)

Themes	Code	Unit	Accounting Indicators	Corresponding Chapters	Page
Data Security	FN-CB-230a.1	Number; Percentage	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	2.7.3 Personal Data Protection Measures	P57
	FN-CB-230a.2	NA	Description of approach to identifying and addressing data security risks	2.7 Information Security	P55
Financial Inclusion & Capacity Building	FN-CB-240a.1	Number; Reporting currency	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	3.2.3 Implementing the Principles for Responsible Investment (PRI)	P69
	FN-CB-240a.2	Number; Reporting currency	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	3.2.3 Implementing the Principles for Responsible Investment (PRI)	P69
	FN-CB-240a.3	Number	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	3.4.4 Lottery Retailer Financing Project	P73
	FN-CB-240a.4	Number	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	6.1.1 Social Care Financial Education	P127
Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	FN-CB-410a.1	Reporting currency	Commercial and industrial credit exposure, by industry	3.2.3 Implementing the Principles for Responsible Investment (PRI)	P66-69
	FN-CB-410a.2	N/A	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	3.2.3 Implementing the Principles for Responsible Investment (PRI)	P66-69
Business Ethics	FN-CB-510a.1	Reporting currency	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	N/A. Please refer to "2.2.1 Policies and Systems".	P43
	FN-CB-510a.2	N/A	Description of whistleblower policies and procedures	2.2.3 Whistleblowing System	P44
Systemic Risk Management	FN-CB-550a.1	Basic Point	Global Systemically Important Bank (G-SIB) score, by category	Not applicable. Taichung Bank is not one of the global systemically important banks.	
	FN-CB-550a.2	N/A	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	Please refer to P.169 and P.181 of the 2022 Annual Report.	

Activity Metrics	Code	Measurement Units	Content of Indicators	Corresponding Chapters	Chapters/ Page
	FN-CB-000.A	Number; Reporting currency	(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business	Taichung Bank	P6
	FN-CB-000.B	Number; Reporting currency	(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate	Taichung Bank	P6

Sustainability Disclosure Indicators—Finance and Insurance Industry

Indicators	Unit	Corresponding Chapters	Page
Number of data breaches, percentage involving personally identifiable information, and number of account holders affected.	Quantity, percentage (%)	2.7.3 Personal Data Protection Measures	P57
Number and amount of loans outstanding qualified to programs designed to promote development of small business and communities.	Quantity, Reporting currency	3.2.3 Implementing the Principles for Responsible Investment (PRI)	P69
Number of participants in financial literacy initiatives provided to minority groups without adequate banking services.	Quantity	6.1.1 Social Care Financial Education	P127
Products and services designed by individual operating units to create benefits for the environment or society.	N/A	3.3.2 SME Financial Services	P70

Comparison Table of Task Force on Climate-related Financial Disclosures (TCFD)

Items	Corresponding Chapters	Page
1 To specify the supervision and governance of the Board of Directors and the management for climate-related risks and opportunities.	5.1.1 Four Major Core Structures of TCFD 5.1.2 Climate Governance	P100 P103
2 To specify how identified climate risks and opportunities affect the business, strategies and financial affairs of an enterprise (short-term, medium-term; long-term).	5.1.1 Four Major Core Structures of TCFD 5.1.4 Climate Change Risks and Opportunities	P100-102 P105-107
3 To specify the influence of extreme climate incidents and transition action on financial affairs.	5.1.1 Four Major Core Structures of TCFD 5.1.4 Climate Change Risks and Opportunities 5.1.5 Scenario Analysis	P100 P105-113
4 To specify how the processes of identifying, assessing and managing climate risks are integrated into the entire risk management system.	5.1.1 Four Major Core Structures of TCFD 5.1.3 Climate Risk Management Procedure	P100-102 P104
5 If scenario analysis is adopted to assess tenacity in facing climate change risks, scenarios, parameters, hypotheses, analytical factors and chief influence on financial affairs shall be illustrated.	5.1.5 Scenario Analysis	P107-113
6 If there is any transformation project in response to the management of climate-related risks, the enterprise shall explain the content of the project, and indicators and goals used for identifying and managing physical risks and transition risks.	5.1.1 Four Major Core Structures of TCFD 5.2 Energy Saving	P100-102 P115
7 If internal carbon pricing (ICP) is used as a planning tool, the base of price making shall be illustrated.	There is no internal carbon pricing at the Bank.	
8 If a climate-related goal is set, the enterprise shall explain activities, the scopes of greenhouse gas emissions, planning schedules, progress that is achieved each year, and other information. However, if carbon offsets or renewable energy certificates (RECs) are used to achieve relevant goals, the enterprise shall explain the source and number of carbon offsets, or the number of RECs.	1.4 Stakeholder Engagement 5.2 Energy Saving	P32 P116-117
9 Greenhouse gas inventory and assurance.	5.2 Energy Saving	P116-117

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

Article	Content	Corresponding Chapters	Page
Article 2	At the end of the most recent fiscal year, the company falls into the food industry, chemical industry and financial and insurance industry prescribed in the Taiwan Stock Exchange Corporation Key Points for Classifying and Adjusting Categories of Industries of Listed Companies shall prepare and file a sustainability report in Chinese according to these Rules.	About the Report	P3
Article 3	A listed company which meets the requirements under Article 2 of the Rules shall prepare an annual sustainability report for the preceding year by referring to the Universal Standards, Sector Standards, and Topic Standards published by the Global Reporting Initiatives (GRI). In the report, the company shall disclose its identified material economic, environmental and social topics and impacts, topic-specific disclosure, and its reporting requirements. The sustainability report mentioned in the preceding paragraph shall include relevant environmental, social and corporate governance risk assessments and lay out the performance indicators to manage the material topics identified. In the sustainability report, a listed company shall disclose what Content Index of the GRI Standards corresponds to the contents of the report and specify in the report whether the topic-specific disclosures have been assured or verified by a third party. The topic-specific disclosure referred to in Paragraph 1 shall be evaluated and disclosed by adopting the standards in compliance with the rules of the competent authorities. If the competent authorities have not promulgated the applicable standards, the company shall adopt the approach of evaluation commonly used in practice or the universally applicable international approach.	About the Report 1.4 Stakeholder Engagement 2.4.1 Independent Supervision of Internal Auditing Units Appendix—Accountant's Limited Assurance Report	P3 P17-18 P46-47 P143
Article 4	The sustainability report prepared by a listed company shall incorporate the content referred to in the preceding article and, in the event of companies in the food industry and those listed as prescribed under Subparagraph 2, Paragraph 1, Article 2 of the Rules, or in the chemical industry or the financial and insurance industry, shall strengthen the disclosure of sustainability metrics by industry. The listed companies mentioned in the preceding paragraph shall obtain a letter of opinion issued by a certified public accountant in accordance with the standards promulgated by the Accounting Research and Development Foundation for the disclosure of sustainability metrics for their industries in accordance with Appendices 1-1 to 1-3.	Appendix—Sustainability Disclosure Indicators	P141
Article 4-1	A listed company specified in Article 2 shall dedicate a specific section of the report to the disclosure of climate-related information. The applicable timetables for the disclosure of Scope 1 and Scope 2 greenhouse gas (GHG) emissions under the preceding paragraph are as follows: I. Those in the iron and steel industry, cement industry, or having a paid-in capital of NT\$10 billion or more shall disclose the data for the individual company from 2023, and disclose the data for the parent company and all subsidiaries in the consolidated financial statements from 2025. II. Those having a paid-in capital of NT\$5 billion or more but less than NT\$10 billion shall disclose the data for the individual company from 2025, and disclose the data for the parent company and all subsidiaries in the consolidated financial statements from 2026. III. Those having a paid-in capital of less than NT\$5 billion shall disclose the data for the individual company from 2026, and disclose the data for the parent company and all subsidiaries in the consolidated financial statements from 2027. The listed companies specified in Article 2 shall conduct the assurance of their Scope 1 and Scope 2 GHG emissions according to the following timetables: I. Those in the iron and steel industry, cement industry, or having a paid-in capital of NT\$10 billion or more shall complete assurance for the individual company from 2024, and complete assurance for the parent company and all subsidiaries in the consolidated financial statements from 2027. II. Those having a paid-in capital of NT\$5 billion or more but less than NT\$10 billion shall complete assurance for the individual company from 2027, and complete assurance for the parent company and all subsidiaries in the consolidated financial statements from 2028. III. Those having a paid-in capital of less than NT\$5 billion shall complete assurance for the individual company from 2028, and complete assurance for the parent company and all subsidiaries in the consolidated financial statements from 2029.	5.2 Energy Saving	P116-117

Article	Content	Corresponding Chapters	Page
Article 5	<p>CPAs conducting assurance of sustainability metrics under Article 4, Paragraph 2, and the CPA firms to which they belong, and the personnel conducting GHG assurance under Article 4-1, Paragraph 3, and the institutions to which they belong, all shall comply with the relevant provisions of the Directions for the Implementation of Assurance Institutions of Sustainability Reports of TWSE and TPEX Listed Companies, which shall be applicable from 2024.</p> <p>The listed company prescribed under Paragraph 1, Article 2 of the Rules shall disclose the sustainability report and the link to the file of that report posted on the company's website on the internet information reporting system designated by TWSE by June 30.</p> <p>However, if the listed company does not prepare a sustainability in the most recent year or does not prepare the report by referring to the GRI Standards, or the sustainability report has obtained a CPA's letter of opinion according to the rules mentioned in Article 4, Paragraph 2, the filing may be completed by September 30.</p> <p>A listed company shall establish the operational procedure for preparation and validation of the sustainability report, and include this procedure in its internal control system.</p>	5.2 Energy Saving	P116-117

Accountant's Limited Assurance Report

INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT

The Board of Directors and Stockholders
Taichung Commercial Bank Co., Ltd.

We have performed a limited assurance engagement on the selected subject matter information (see Appendix) in the Sustainability Report ("the Report") of Taichung Commercial Bank Co., Ltd. ("the Company") for the year ended December 31, 2022.

Responsibilities of Management for the Report

Management is responsible for the preparation of the Report in accordance with Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies and Universal Standards, Sector Standards and Topic Standards published by the Global Reporting Initiative (GRI), and for such internal control as management determines is necessary to enable the preparation of the Report that is free from material misstatement.

Auditors' Responsibilities for the Limited Assurance Engagement Performed on the Report

We planned and conducted our work on the selected subject matter information (see Appendix) in the Report in accordance with the Statements of Assurance Engagements Standards 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the Accounting Research and Development Foundation of the Republic of China to issue a limited assurance report on the preparation, with no material misstatement in all material respects, of the Report. The nature, timing and extent of procedures performed in a limited assurance engagement are different from and more limited than a reasonable assurance engagement and, therefore, a lower assurance level is obtained than a reasonable assurance.

We applied professional judgment in the planning and conduct of our work to obtain evidence supporting the limited assurance. Because of the inherent limitations of any internal control, there is an unavoidable risk that even some material misstatements may remain undetected. The procedures we performed include, but not limited to:

- Obtaining and reading the Report.
- Inquiring management and personnel involved in the preparation of the Report to understand the policies and procedures for the preparation of the Report.
- Inquiring the personnel responsible for the preparation of the Report to understand the process, controls, and information systems in the preparation of the selected subject matter information.
- Analyzing and examining, on a test basis, the documents and records supporting the selected subject matter information.

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Inherent Limitations

The subject information included non-financial information, which was under more inherent limitations than financial information. The information may involve significant judgment, assumptions and interpretations by the management, and the different stakeholders may have different interpretations of such information.

Independence and Quality Controls

We have complied with the independence and other ethical requirements of the Norms of Professional Ethics for Certified Public Accountant in the Republic of China, which contains integrity, objectivity, professional competence and due care, confidentiality and professional behavior as the fundamental principles. In addition, the firm applies Statement of Quality Management Standard 1 "Quality Management for Public Accounting Firms" issued by the Accounting Research and Development Foundation of the Republic of China and, accordingly, requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the selected subject matter information in the Report is, in all material respects, not prepared in accordance with the above mentioned reporting criteria.

Other Matters

We shall not be responsible for conducting any further assurance work for any change of the subject matter information or the criteria applied after the issuance date of this report.

The engagement partner on the limited assurance report is Hsu-Ni Fang.

Deloitte & Touche
Taipei, Taiwan
Republic of China
May 24, 2023

Notice to Readers

For the convenience of readers, the independent auditors' limited assurance report and the accompanying summary of selected subject matter information have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' limited assurance report and summary of selected subject matter information shall prevail.

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APPENDIX

SUMMARY OF SELECTED SUBJECT MATTER INFORMATION

#	Assurance Subject Matter	Descriptions of Indicators	Corresponding Sections	Applicable Criteria
1.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4, Paragraph 1, Appendix 1-3, Number 1	Number of data breaches, percentage involving personally identifiable information, and number of account holders affected	2.7.3 Personal Data Protection Measures	Number of information leakage incidents, percentage of leakage incidents related to personal data, and number of customers affected by information leakage incidents.
2.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4, Paragraph 1, Appendix 1-3, Number 2	Number and amount of loans outstanding qualified to programs designed to promote development of small business and communities	3.2.3 Implementing the Principles for Responsible Investment (PRI)	Number and amount of loans of small and startup SMEs with 10 or fewer employees or with a capital of less than NT\$5 million.
3.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4, Paragraph 1, Appendix 1-3, Number 2	Number of participants in financial literacy initiatives provided to minority groups without adequate banking services	6.1 Financial Education	Number of disadvantaged participants who lack banking services being provided with financial education.
4.	Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies Article 4, Paragraph 1, Appendix 1-3, Number 4	Products and services designed by individual operating units to create benefits for the environment or society	3.3.2 SME Financial Services	Number and loan amount of project "Teaching Commercial Bank Young Entrepreneurs and Start-up Fund Loan" and "Designated Factory Transformation Financing Plan".
5.	SASB FN-CB-230x.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	2.7.3 Personal Data Protection Measures	Number of information leakage incidents, percentage of leakage incidents related to personal data, and number of customers affected by information leakage incidents.
6.	SASB FN-CB-240x.1	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	3.2.3 Implementing the Principles for Responsible Investment (PRI)	Number and amount of loans of small and startup SMEs with 10 or fewer employees or with a capital of less than NT\$5 million.

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